



## AUDIT COMMITTEE

Report to the  
Board of Harbor Commissioners

### “FOR INFORMATION ONLY”

**DATE: OCTOBER 20, 2022**

**TO: BOARD OF HARBOR COMMISSIONERS**

**SUBJECT: FINANCIAL PERFORMANCE RESULTS FOR  
FISCAL YEAR 2022/23 ENDED SEPTEMBER 30, 2022**

Financial performance results for the first three months of the Fiscal Year 2022/23 are below and have been summarized relative to both budget and the prior fiscal year. For the month of September, cargo volumes (as measured by TEUs or twenty-foot equivalent units) decreased by 4.8% relative to budget and 10.9% relative to the prior fiscal year. In summary, performance results for the Harbor Department are as follows:

<b>FYTD September 2022</b>	<b>Actuals</b> (Cargo Volumes in Thousands, \$ in Millions)	<b>Actual-to- Budget Comparison</b>	<b>Year-on-Year Comparison</b>
<b>Cargo Volumes</b>	2,451	↓ (4.8%)	↓ (10.9%)
<b>Operating Revenues</b>	\$156.4	↓ (1.4%)	↑ 7.5%
<b>Operating Expenses</b>	\$56.1	↓ (32.6%)	↓ (16.2%)
<b>Operating Income</b>	\$100.3	↑ 33.2%	↑ 27.7%
<b>Net Income</b>	\$61.8	↑ 353.0%	↑ 132.3%

Shipping Services increased relative to both budget and the prior fiscal year primarily due to higher space assignment rates. Relative to budget, Operating Revenues decreased by 1.4% as delays in recording Clean Truck Program fees and utility reimbursements, lower one-time operating reimbursements, and higher credit for tenant services were only partially offset by higher space assignment rates and higher Harbor Maintenance Tax receipts. In comparison to the prior fiscal year, total Operating Revenues increased by 7.5% primarily due to higher Harbor Maintenance Tax receipts and higher space assignment rates.

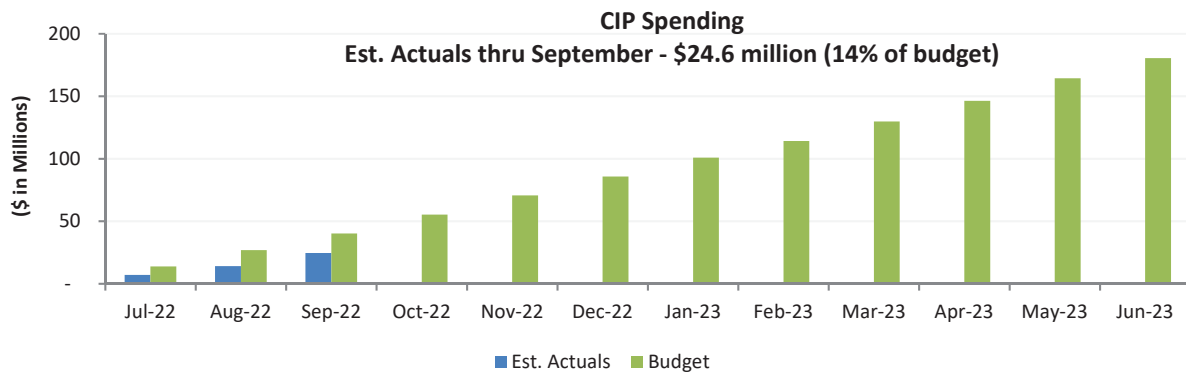
**SUBJECT: FINANCIAL PERFORMANCE RESULTS**

Operating Expenses were 32.6% lower than budget due to delays in recording electricity, outside services, and Clean Truck Program administrative expenses, as well as lower container incentive disbursements and lower salaries and benefits expenses. Relative to the prior fiscal year, total Operating Expenses decreased by 16.2% as delays in recording electricity expenses and lower salaries and benefits expenses were only partially offset by higher marketing expenses and higher other miscellaneous operating expenses.

Operating margin for the month of September was 64.1% versus a budget of 47.5% and a prior year figure of 54.0%.

Capital Improvement Program (CIP)

CIP spending for the three-month period ended September 30, 2022 was estimated to reach \$24.6 million or about 14% of the total \$180.5 million CIP adopted budget. At this early stage in the fiscal year, the Harbor Department currently expects to stay within the CIP adopted budget through fiscal year-end.



*Marla Bleavins*

MARLA BLEAVINS  
Deputy Executive Director & Chief Financial Officer

Transmittals:

1. TEU Throughput Comparison – FYTD September 2022
2. Actual-to-Budget FY 2022/23 – September
3. Year-to-Year Performance Report YTD September 30, 2022 and 2021

Author: E. Estrada

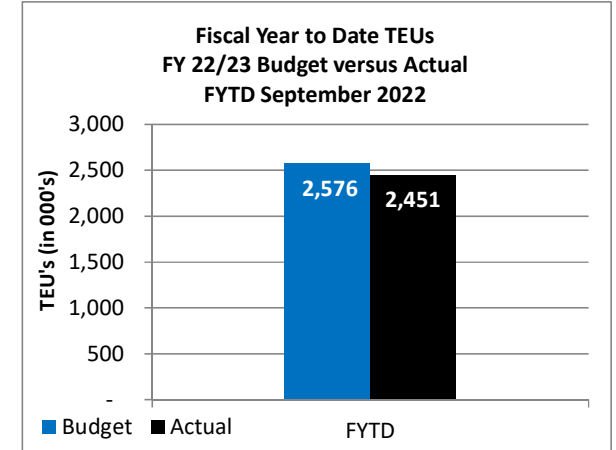
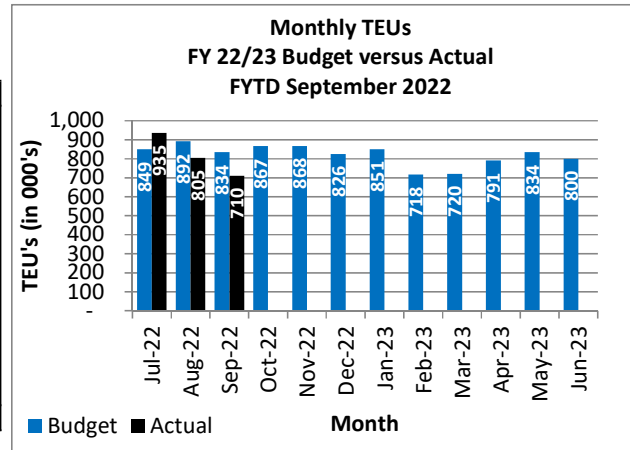
MB:JS:MM/Finance

cc: Deputy Executive Directors

**HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES  
TEU THROUGHPUT COMPARISON - FYTD SEPTEMBER 2022**

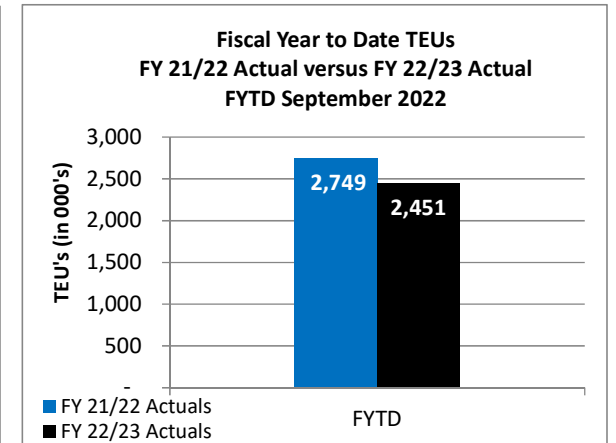
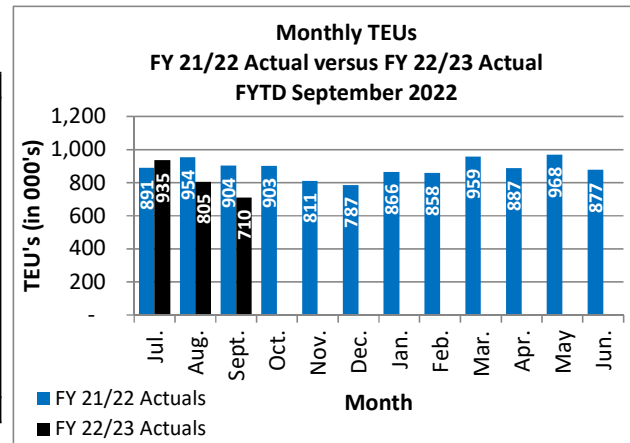
**Budget versus Actuals Comparison  
FY 22/23 Budget vs. FY 22/23 Actuals**

(in 000's)	TEU's			
Month	FY 22/23 Budget	FY 22/23 Actuals	% Δ	Δ
Jul-22	849	935	10.2%	↑
Aug-22	892	805	-9.7%	↓
Sep-22	834	710	-14.9%	↓
Oct-22	867			
Nov-22	868			
Dec-22	826			
Jan-23	851			
Feb-23	718			
Mar-23	720			
Apr-23	791			
May-23	834			
Jun-23	800			
FYTD	2,576	2,451	-4.8%	↓
FY 22/23 Budget	9,850			



**Year-to-Year Actuals Comparison  
FY 21/22 Actuals vs. FY 22/23 Actuals**

(in 000's)	TEU's			
Month	FY 21/22 Actuals	FY 22/23 Actuals	% Δ	Δ
Jul.	891	935	5.0%	↑
Aug.	954	805	-15.6%	↓
Sept.	904	710	-21.5%	↓
Oct.	903			
Nov.	811			
Dec.	787			
Jan.	866			
Feb.	858			
Mar.	959			
Apr.	887			
May	968			
Jun.	877			
FYTD	2,749	2,451	-10.9%	↓
FY 21/22 Actuals	10,664			



\$ in thousands	Fiscal Year Actual	Fiscal Year Budget	Actual-to-Budget	
	FY 2022/23	FY 2022/23	Comparison	
	Fiscal YTD - September 2022	Fiscal YTD - September 2022	(Unfavorable)/Favorable	
			\$	%
<b>Operating Revenues</b>				
Shipping Services	120,345	113,675	6,670	5.9%
Rentals	23,132	22,468	664	3.0%
Royalties, Fees and Other Revenues	8,390	10,523	(2,134)	(20.3%)
Clean Truck Program Revenues	4,544	11,925	(7,381)	(61.9%)
<b>Total Operating Revenues</b>	<b>156,410</b>	<b>158,591</b>	<b>(2,181)</b>	<b>(1.4%)</b>
<b>Operating Expenses</b>				
Gross Salaries & Benefits	38,503	45,226	6,723	14.9%
Capitalization	(6,406)	(4,200)	2,206	(52.5%)
Net Salaries & Benefits	32,096	41,026	8,929	21.8%
Marketing & Public Relations	899	841	(58)	(6.9%)
Travel	165	243	78	32.1%
Outside Services	4,164	8,767	4,602	52.5%
Materials & Supplies	1,148	1,308	160	12.2%
City Services	14,386	15,505	1,118	7.2%
Allocations to Capital - Overhead		(4,869)	(4,869)	100.0%
Other Operating Expenses	3,058	16,838	13,780	81.8%
Clean Truck Program Expenses	216	3,641	3,425	94.1%
<b>Total Operating Expenses</b>	<b>56,134</b>	<b>83,301</b>	<b>27,167</b>	<b>32.6%</b>
<b>Income Before Depreciation</b>	<b>100,276</b>	<b>75,290</b>	<b>24,985</b>	<b>33.2%</b>
Provision For Depreciation	39,063	40,062	1,000	2.5%
<b>Income From Operations</b>	<b>61,213</b>	<b>35,228</b>	<b>25,985</b>	<b>73.8%</b>
Non-Operating Revenue	5,081	11,798	(6,717)	(56.9%)
Non-Operating Expenses	4,494	33,383	28,889	86.5%
<b>Net Income</b>	<b>61,800</b>	<b>13,643</b>	<b>48,157</b>	<b>353.0%</b>

\$ in thousands	Current Fiscal Year	Prior Fiscal Year	Year-over-Year	
	FY 2022/23	FY 2021/22	Change	
	Fiscal YTD - September 2022	Fiscal YTD - September 2021	(Unfavorable)/Favorable	
			\$	%
<b>Operating Revenues</b>				
Shipping Services	120,345	117,838	2,506	2.1%
Rentals	23,132	19,790	3,342	16.9%
Royalties, Fees and Other Revenues	8,390	6,495	1,895	29.2%
Clean Truck Program Revenues	4,544	1,421	3,123	219.8%
<b>Total Operating Revenues</b>	<b>156,410</b>	<b>145,544</b>	<b>10,866</b>	<b>7.5%</b>
<b>Operating Expenses</b>				
Gross Salaries & Benefits	38,503	41,945	3,442	8.2%
Capitalization	(6,406)	(5,193)	1,213	(23.4%)
Net Salaries & Benefits	32,096	36,752	4,656	12.7%
Marketing & Public Relations	899	297	(602)	(203.1%)
Travel	165	61	(104)	(169.3%)
Outside Services	4,164	4,650	486	10.5%
Materials & Supplies	1,148	1,026	(122)	(11.9%)
City Services	14,386	14,429	42	0.3%
Other Operating Expenses	3,058	9,440	6,381	67.6%
Clean Truck Program Expenses	216	354	138	39.0%
<b>Total Operating Expenses</b>	<b>56,134</b>	<b>67,009</b>	<b>10,875</b>	<b>16.2%</b>
<b>Income Before Depreciation</b>	<b>100,276</b>	<b>78,535</b>	<b>21,741</b>	<b>27.7%</b>
Provision For Depreciation	39,063	27,202	(11,861)	(43.6%)
<b>Income From Operations</b>	<b>61,213</b>	<b>51,333</b>	<b>9,880</b>	<b>19.2%</b>
Non-Operating Revenue	5,081	2,845	2,236	78.6%
Non-Operating Expenses	4,494	27,571	23,077	83.7%
<b>Net Income</b>	<b>61,800</b>	<b>26,606</b>	<b>35,194</b>	<b>132.3%</b>