



AUDIT COMMITTEE

Report to the
Board of Harbor Commissioners

“FOR INFORMATION ONLY”

DATE: FEBRUARY 23, 2022

TO: BOARD OF HARBOR COMMISSIONERS

**SUBJECT: FINANCIAL PERFORMANCE RESULTS FOR
FISCAL YEAR 2021/22 ENDED JANUARY 31, 2022**

Financial performance results for the first seven months of the Fiscal Year 2021/22 are below and have been summarized relative to both budget and the prior fiscal year. For the month of January, cargo volumes (as measured by TEUs or twenty-foot equivalent units) increased by 3.5% relative to budget but decreased by 2.7% relative to the prior fiscal year. In summary, performance results for the Harbor Department are as follows:

FYTD January 2022	Actuals (Cargo Volumes in Thousands, \$ in Millions)	Actual-to- Budget Comparison	Year-on-Year Comparison
Cargo Volumes	6,115	↑ 3.5%	↓ (2.7%)
Operating Revenues	\$354.3	↑ 11.8%	↑ 4.2%
Operating Expenses	\$149.4	↓ (14.7%)	↑ 5.6%
Operating Income	\$204.9	↑ 44.5%	↑ 3.2%
Net Income	\$105.8	↑ 324.4%	↑ 0.3%

Shipping Services increased relative to budget, but decreased relative to the prior fiscal year due to lower cargo volumes and higher accruals for year-end compensation adjustments. Relative to budget, Operating Revenues increased by 11.8% primarily due to higher shipping services, higher utility reimbursements, higher CTP revenues, and higher one-time operating reimbursements. In comparison to the prior fiscal year, total Operating Revenues increased by 4.2% due to higher utility reimbursements, higher rentals, higher CTP revenues, and higher one-time reimbursements, which was only partially offset by lower shipping services.

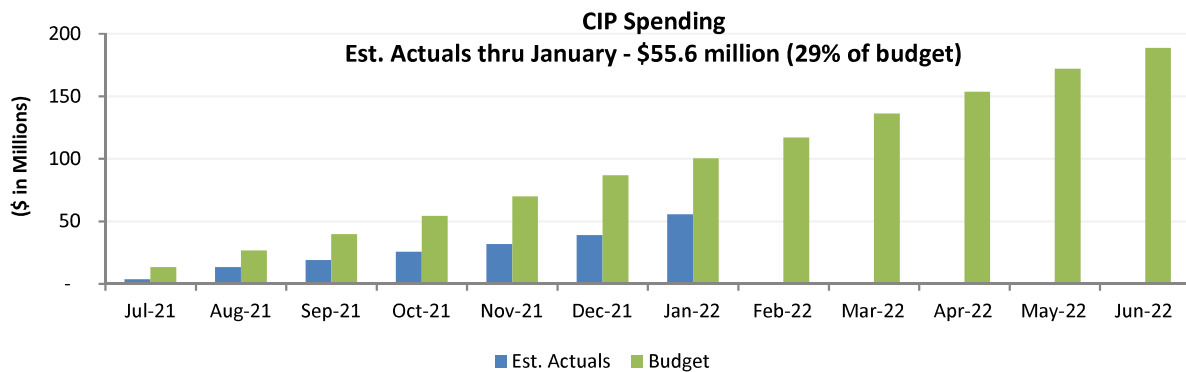
SUBJECT: FINANCIAL PERFORMANCE RESULTS

Operating Expenses were 14.7% lower than budget primarily due to lower salaries and benefits, lower container incentives, and invoicing delays related to city services, which were only partially offset by higher electricity. Relative to the prior fiscal year, total Operating Expenses increased by 5.6% due to higher electricity, higher outside services, and higher container incentives, which were only partially offset by lower salaries and benefits.

Operating margin for the FYTD period through January was 57.8% versus a budget of 44.8% and a prior year figure of 58.4%.

Capital Improvement Program (CIP)

CIP spending for the seven-month period ended January 31, 2022 was estimated to reach \$55.6 million or about 29% of the total \$188.7 million CIP adopted budget. At this stage in the fiscal year, the Harbor Department currently expects to stay within the CIP adopted budget through fiscal year-end.



Marla Bleavins

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MARLA BLEAVINS
 Deputy Executive Director & Chief Financial Officer

Transmittals:

1. TEU Throughput Comparison – FYTD January 2022
2. Actual-to-Budget FY 2021/22 – January
3. Year-to-Year Performance Report YTD January 31, 2022 and 2021

Author: E. Estrada

MB:JS:MM/Finance

cc: Deputy Executive Directors

\$ in thousands	Fiscal Year Actual	Fiscal Year Budget	Actual-to-Budget Comparison	
	FY 2021/22	FY 2021/22	(Unfavorable)/Favorable	
	Fiscal YTD - January 2022	Fiscal YTD - January 2022	\$	%
Operating Revenues				
Shipping Services	276,699	253,650	23,049	9.1%
Rentals	54,762	54,633	129	0.2%
Royalties, Fees and Other Revenues	18,766	7,459	11,308	151.6%
Clean Truck Program Revenues	4,092	1,138	2,954	259.7%
Total Operating Revenues	354,319	316,880	37,440	11.8%
Operating Expenses				
Gross Salaries & Benefits	92,692	101,779	9,086	8.9%
Capitalization	(15,642)	(9,265)	6,377	(68.8%)
Net Salaries & Benefits	77,051	92,514	15,463	16.7%
Marketing & Public Relations	1,196	1,640	443	27.0%
Travel	118	396	278	70.2%
Outside Services	11,414	19,226	7,812	40.6%
Materials & Supplies	2,154	3,848	1,695	44.0%
City Services	31,110	35,583	4,473	12.6%
Allocations to Capital - Overhead		(11,370)	(11,370)	100.0%
Other Operating Expenses	25,548	32,376	6,828	21.1%
Clean Truck Program Expenses	766	810	45	5.5%
Total Operating Expenses	149,356	175,023	25,667	14.7%
Income Before Depreciation	204,964	141,857	63,107	44.5%
Provision For Depreciation	78,967	94,233	15,266	16.2%
Income From Operations	125,997	47,623	78,374	164.6%
Non-Operating Revenue	14,260	42,423	(28,163)	(66.4%)
Non-Operating Expenses	34,493	65,124	30,631	47.0%
Net Income	105,764	24,922	80,842	324.4%

\$ in thousands	Current Fiscal Year	Prior Fiscal Year	Year-over-Year Change	
	FY 2021/22	FY 2020/21	(Unfavorable)/Favorable	
	Fiscal YTD - January 2022	Fiscal YTD - January 2021	\$	%
Operating Revenues				
Shipping Services	276,699	278,631	(1,932)	(0.7%)
Rentals	54,762	51,603	3,160	6.1%
Royalties, Fees and Other Revenues	18,766	8,717	10,049	115.3%
Clean Truck Program Revenues	4,092	1,228	2,863	233.1%
Total Operating Revenues	354,319	340,179	14,140	4.2%
Operating Expenses				
Gross Salaries & Benefits	92,692	95,245	2,553	2.7%
Capitalization	(15,642)	(14,433)	1,208	(8.4%)
Net Salaries & Benefits	77,051	80,812	3,761	4.7%
Marketing & Public Relations	1,196	962	(234)	(24.4%)
Travel	118	39	(79)	(202.4%)
Outside Services	11,414	8,627	(2,787)	(32.3%)
Materials & Supplies	2,154	2,392	238	10.0%
City Services	31,110	29,798	(1,312)	(4.4%)
Other Operating Expenses	25,548	18,495	(7,053)	(38.1%)
Clean Truck Program Expenses	766	355	(411)	(115.6%)
Total Operating Expenses	149,356	141,479	(7,877)	(5.6%)
Income Before Depreciation	204,964	198,700	6,264	3.2%
Provision For Depreciation	78,967	89,169	10,201	11.4%
Income From Operations	125,997	109,531	16,465	15.0%
Non-Operating Revenue	14,260	12,121	2,139	17.6%
Non-Operating Expenses	34,493	16,255	(18,238)	(112.2%)
Net Income	105,764	105,398	366	0.3%