



AUDIT COMMITTEE

Report to the
Board of Harbor Commissioners

“FOR INFORMATION ONLY”

DATE: NOVEMBER 15, 2022

TO: BOARD OF HARBOR COMMISSIONERS

**SUBJECT: FINANCIAL PERFORMANCE RESULTS FOR
FISCAL YEAR 2022/23 ENDED OCTOBER 31, 2022**

Financial performance results for the first four 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 October, cargo volumes (as measured by TEUs or twenty-foot equivalent units) decreased by 9.1% relative to budget and 14.3% relative to the prior fiscal year. In summary, performance results for the Harbor Department are as follows:

FYTD October 2022	Actuals (Cargo Volumes in Thousands, \$ in Millions)	Actual-to- Budget Comparison	Year-on-Year Comparison
Cargo Volumes	3,129	(9.1%)	(14.3%)
Operating Revenues	\$210.3	(3.3%)	6.4%
Operating Expenses	\$82.7	(27.3%)	(1.7%)
Operating Income	\$127.6	23.2%	12.5%
Net Income	\$76.7	213.9%	60.1%

Shipping Services increased slightly relative to both budget and the prior fiscal year as higher space assignment rates were partially offset by lower container activity. Relative to budget, Operating Revenues decreased by 3.3% due to delays in recording Clean Truck Program fees, lower one-time operating reimbursements, lower wharfage, and other unfavorable activities which 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 6.4% as higher Harbor Maintenance Tax receipts, higher Clean Truck Program fees and higher space assignment rates were only partially offset by lower wharfage.

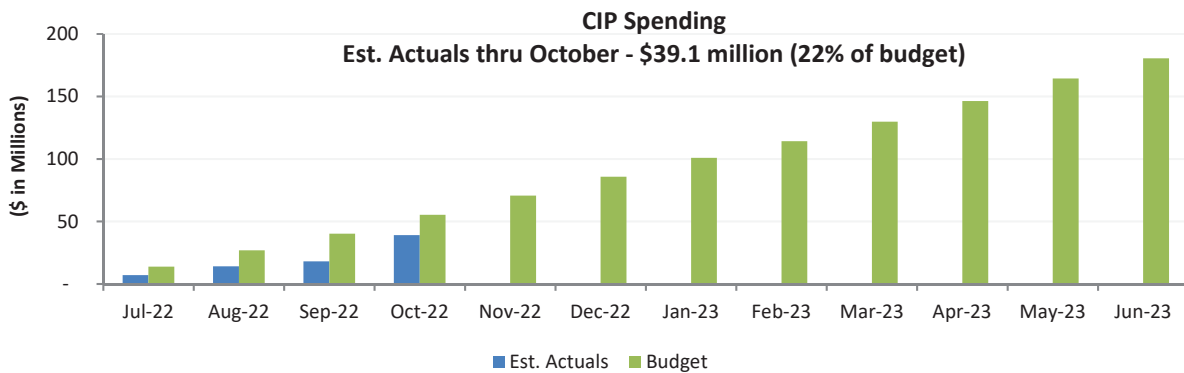
SUBJECT: FINANCIAL PERFORMANCE RESULTS

Operating Expenses were 27.3% lower than budget primarily due to lower salaries and benefits expenses, delays in recording electricity and outside services expense, and lower Clean Truck Program subsidies. Relative to the prior fiscal year, total Operating Expenses decreased by 1.7% as delays in recording electricity expenses were only partially offset by higher container incentives and higher city services.

Operating margin for the month of October was 60.7% versus a budget of 47.6% and a prior year figure of 57.4%.

Capital Improvement Program (CIP)

CIP spending for the four-month period ended October 31, 2022 was estimated to reach \$39.1 million or about 22% of the total \$180.5 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

MARLA BLEAVINS
Deputy Executive Director & Chief Financial Officer

Transmittals:

1. TEU Throughput Comparison – FYTD October 2022
2. Actual-to-Budget FY 2022/23 – October
3. Year-to-Year Performance Report YTD October 31, 2022 and 2021

Author: E. Estrada

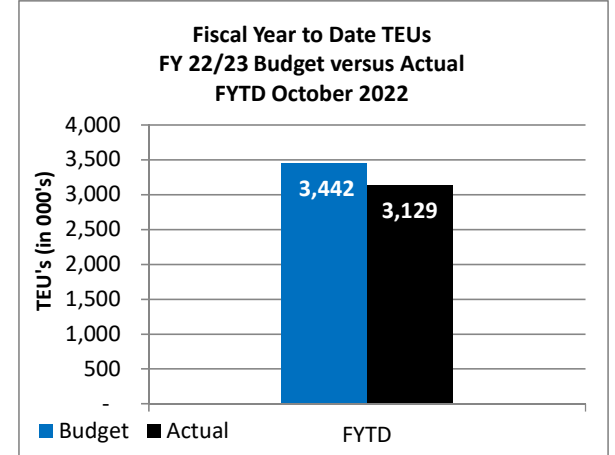
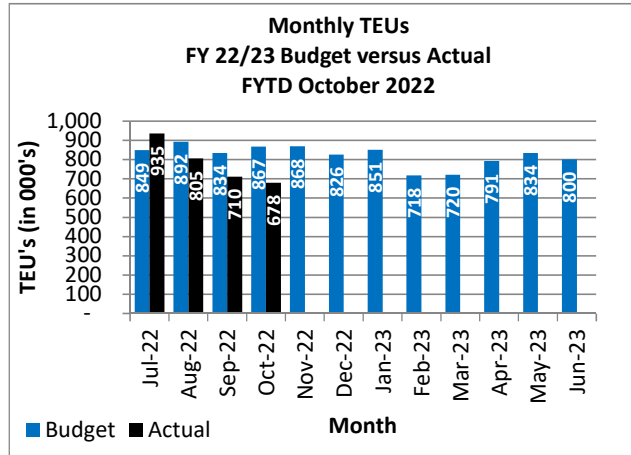
MB:JS:MM/Finance

cc: Deputy Executive Directors

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

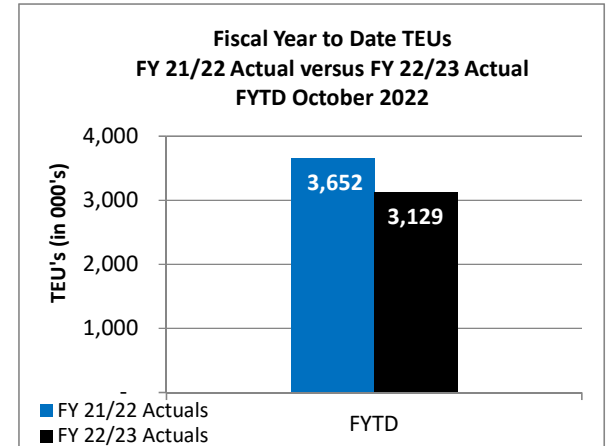
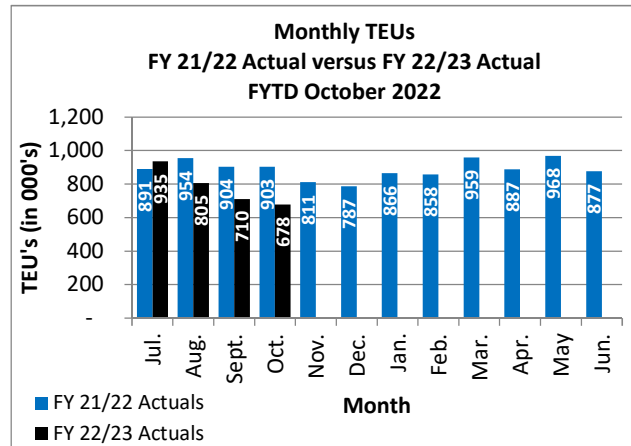
Budget versus Actuals Comparison
FY 22/23 Budget vs. FY 22/23 Actuals

(in 000's)	TEU's		% Δ	Δ
Month	FY 22/23 Budget	FY 22/23 Actuals		
Jul-22	849	935	10.2%	↑
Aug-22	892	805	-9.7%	↓
Sep-22	834	710	-14.9%	↓
Oct-22	867	678	-21.7%	↓
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	3,442	3,129	-9.1%	↓
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		% Δ	Δ
Month	FY 21/22 Actuals	FY 22/23 Actuals		
Jul.	891	935	5.0%	↑
Aug.	954	805	-15.6%	↓
Sept.	904	710	-21.5%	↓
Oct.	903	678	-24.8%	↓
Nov.	811			
Dec.	787			
Jan.	866			
Feb.	858			
Mar.	959			
Apr.	887			
May	968			
Jun.	877			
FYTD	3,652	3,129	-14.3%	↓
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 - October 2022	Fiscal YTD - October 2022	(Unfavorable)/Favorable	
			\$	%
Operating Revenues				
Shipping Services	155,097	152,722	2,374	1.6%
Rentals	34,991	34,668	322	0.9%
Royalties, Fees and Other Revenues	11,362	14,119	(2,758)	(19.5%)
Clean Truck Program Revenues	8,874	15,900	(7,025)	(44.2%)
Total Operating Revenues	210,323	217,410	(7,087)	(3.3%)
Operating Expenses				
Gross Salaries & Benefits	51,278	60,097	8,819	14.7%
Capitalization	(8,888)	(5,600)	3,288	(58.7%)
Net Salaries & Benefits	42,389	54,497	12,108	22.2%
Marketing & Public Relations	967	1,106	139	12.6%
Travel	264	373	110	29.3%
Outside Services	6,948	11,596	4,649	40.1%
Materials & Supplies	1,590	1,724	134	7.8%
City Services	18,987	20,662	1,676	8.1%
Allocations to Capital - Overhead		(6,492)	(6,492)	100.0%
Other Operating Expenses	11,132	25,498	14,367	56.3%
Clean Truck Program Expenses	442	4,875	4,432	90.9%
Total Operating Expenses	82,719	113,840	31,121	27.3%
Income Before Depreciation	127,604	103,570	24,034	23.2%
Provision For Depreciation	52,064	53,417	1,352	2.5%
Income From Operations	75,540	50,153	25,387	50.6%
Non-Operating Revenue	7,153	15,793	(8,640)	(54.7%)
Non-Operating Expenses	5,983	41,510	35,527	85.6%
Net Income	76,710	24,436	52,274	213.9%

\$ in thousands	Current Fiscal Year	Prior Fiscal Year	Year-over-Year	
	FY 2022/23	FY 2021/22	Change	
	Fiscal YTD - October 2022	Fiscal YTD - October 2021	(Unfavorable)/Favorable	
			\$	%
Operating Revenues				
Shipping Services	155,097	154,484	613	0.4%
Rentals	34,991	30,170	4,820	16.0%
Royalties, Fees and Other Revenues	11,362	9,862	1,500	15.2%
Clean Truck Program Revenues	8,874	3,084	5,791	187.8%
Total Operating Revenues	210,323	197,600	12,723	6.4%
Operating Expenses				
Gross Salaries & Benefits	51,278	55,712	4,434	8.0%
Capitalization	(8,888)	(10,561)	(1,672)	15.8%
Net Salaries & Benefits	42,389	45,151	2,762	6.1%
Marketing & Public Relations	967	306	(662)	(216.5%)
Travel	264	68	(196)	(289.1%)
Outside Services	6,948	6,330	(618)	(9.8%)
Materials & Supplies	1,590	1,121	(470)	(41.9%)
City Services	18,987	15,727	(3,260)	(20.7%)
Other Operating Expenses	11,132	14,995	3,863	25.8%
Clean Truck Program Expenses	442	436	(6)	(1.4%)
Total Operating Expenses	82,719	84,133	1,414	1.7%
Income Before Depreciation	127,604	113,467	14,137	12.5%
Provision For Depreciation	52,064	39,679	(12,385)	(31.2%)
Income From Operations	75,540	73,788	1,752	2.4%
Non-Operating Revenue	7,153	3,999	3,154	78.9%
Non-Operating Expenses	5,983	29,883	23,900	80.0%
Net Income	76,710	47,903	28,806	60.1%