



# AUDIT COMMITTEE

Report to the  
Board of Harbor Commissioners

“FOR INFORMATION ONLY”

**DATE:** APRIL 17, 2023

**TO:** BOARD OF HARBOR COMMISSIONERS

**SUBJECT:** FINANCIAL PERFORMANCE RESULTS FOR  
FISCAL YEAR 2022/23 ENDED MARCH 31, 2023

Financial performance results for the first nine 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 March, cargo volumes (as measured by TEUs or twenty-foot equivalent units) decreased by 14.7% relative to budget and 20.1% relative to the prior fiscal year. In summary, performance results for the Harbor Department are as follows:

FYTD March 2023	Actuals (Cargo Volumes in Thousands, \$ in Millions)	Actual-to- Budget Comparison	Year-on-Year Comparison
Cargo Volumes	6,334	↓ (14.7%)	↓ (20.1%)
Operating Revenues	\$455.0	↓ (2.3%)	↓ (2.3%)
Operating Expenses	\$194.0	↓ (22.5%)	↓ (0.4%)
Operating Income	\$261.0	↑ 21.2%	↓ (3.7%)
Net Income	\$149.0	↑ 177.7%	↑ 4.0%

Shipping Services decreased as the Port of Los Angeles continues to experience soft container volumes. Relative to budget, Operating Revenues decreased by 2.3% as lower wharfage, delays in recording Clean Truck Fund Rate collections and lower one-time operating reimbursements were only partially offset by higher space assignment rates and other favorable activities. In comparison to the prior fiscal year, total Operating Revenues decreased by 2.3% due to lower wharfage revenues which were partially offset by the Clean Truck Fund Rate collections and higher rental revenues.

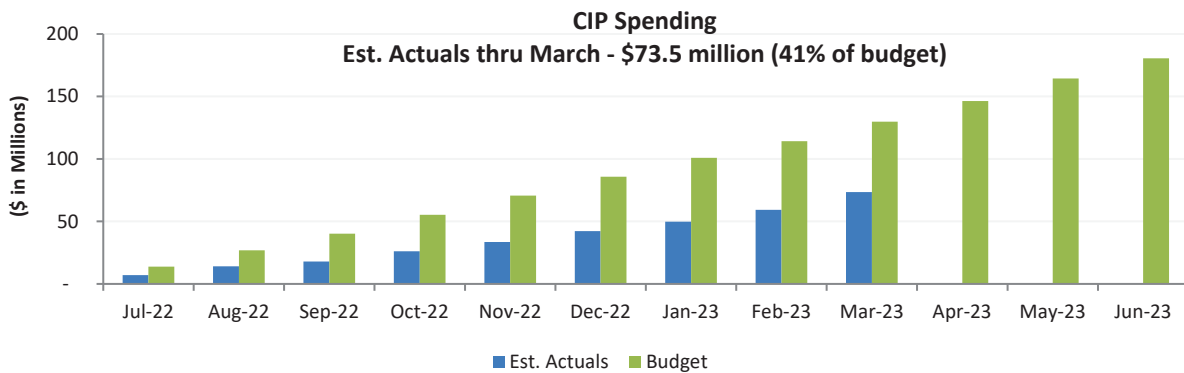
**SUBJECT: FINANCIAL PERFORMANCE RESULTS**

Operating Expenses were 22.5% lower than budget primarily due to lower salaries and benefits expenses, delayed Clean Truck Fund Rate subsidies, and invoicing delays related to city and outside services expenses. Relative to the prior fiscal year, total Operating Expenses decreased by 0.4% due to lower electricity costs which were partially offset by higher outside services and higher container incentives.

Operating Margin for the month of March was 57.4% versus a budget of 46.3% and a prior year figure of 58.2%.

Capital Improvement Program (CIP)

CIP spending for the nine-month period ended March 31, 2023 was estimated to reach \$73.5 million or about 41% 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:

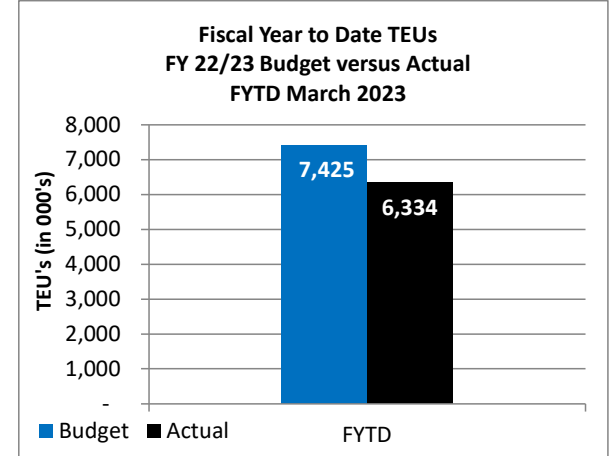
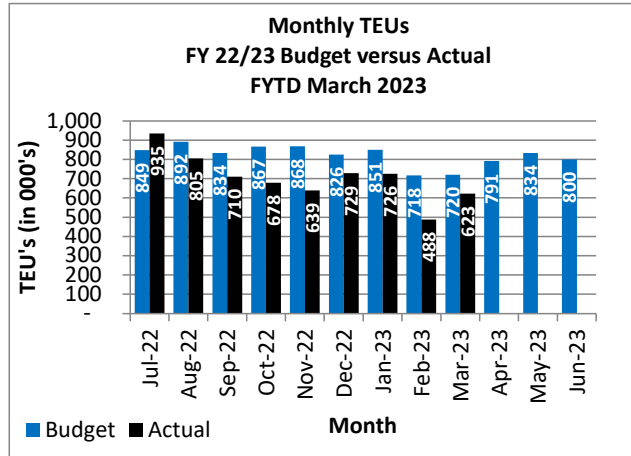
1. TEU Throughput Comparison – FYTD March 2023
2. Actual-to-Budget FY 2022/23 – March
3. Year-to-Year Performance Report YTD March 31, 2023 and 2022

Author: E. Estrada  
 MB:JS:MM/Finance  
 cc: Deputy Executive Directors

HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES  
TEU THROUGHPUT COMPARISON - FYTD MARCH 2023

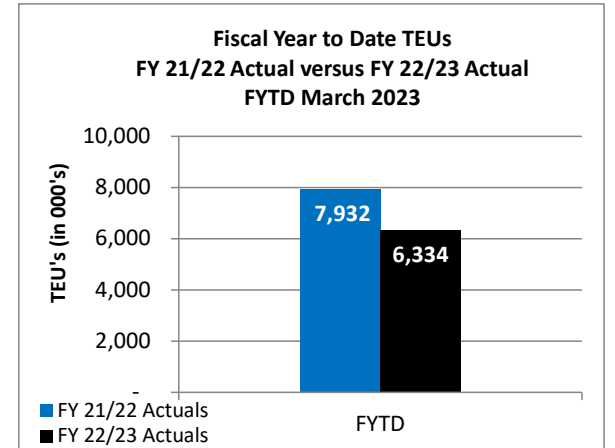
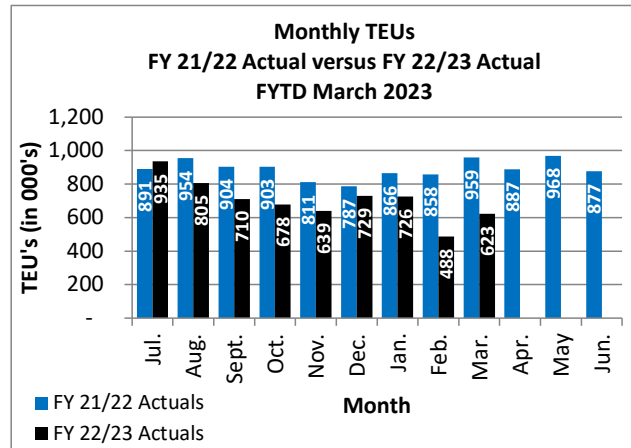
Budget versus Actuals Comparison  
FY 22/23 Budget vs. FY 22/23 Actuals

(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	639	-26.3%	↓
Dec-22	826	729	-11.8%	↓
Jan-23	851	726	-14.6%	↓
Feb-23	718	488	-32.0%	↓
Mar-23	720	623	-13.4%	↓
Apr-23	791			
May-23	834			
Jun-23	800			
FYTD	7,425	6,334	-14.7%	↓
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	639	-21.2%	↓
Dec.	787	729	-7.3%	↓
Jan.	866	726	-16.1%	↓
Feb.	858	488	-43.1%	↓
Mar.	959	623	-35.0%	↓
Apr.	887			
May	968			
Jun.	877			
FYTD	7,932	6,334	-20.1%	↓
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 - March 2023	Fiscal YTD - March 2023	(Unfavorable)/Favorable	
			\$	%
<b>Operating Revenues</b>				
Shipping Services	324,163	325,943	(1,780)	(0.5%)
Rentals	78,296	72,751	5,545	7.6%
Royalties, Fees and Other Revenues	27,459	31,156	(3,698)	(11.9%)
Clean Truck Program Revenues	25,132	35,774	(10,642)	(29.7%)
<b>Total Operating Revenues</b>	<b>455,049</b>	<b>465,625</b>	<b>(10,576)</b>	<b>(2.3%)</b>
<b>Operating Expenses</b>				
Gross Salaries & Benefits	117,642	134,731	17,090	12.7%
Capitalization	(20,781)	(12,601)	8,180	(64.9%)
Net Salaries & Benefits	96,861	122,130	25,270	20.7%
Marketing & Public Relations	1,940	2,480	540	21.8%
Travel	470	791	321	40.6%
Outside Services	19,135	31,070	11,935	38.4%
Materials & Supplies	4,080	4,224	145	3.4%
City Services	37,050	46,653	9,603	20.6%
Allocations to Capital - Overhead		(14,607)	(14,607)	100.0%
Other Operating Expenses	33,223	46,453	13,230	28.5%
Clean Truck Program Expenses	1,241	11,041	9,801	88.8%
<b>Total Operating Expenses</b>	<b>193,999</b>	<b>250,236</b>	<b>56,237</b>	<b>22.5%</b>
<b>Income Before Depreciation</b>	<b>261,050</b>	<b>215,389</b>	<b>45,661</b>	<b>21.2%</b>
Provision For Depreciation	118,885	120,187	1,302	1.1%
<b>Income From Operations</b>	<b>142,165</b>	<b>95,202</b>	<b>46,963</b>	<b>49.3%</b>
Non-Operating Revenue	23,744	41,099	(17,355)	(42.2%)
Non-Operating Expenses	16,940	82,649	65,708	79.5%
<b>Net Income</b>	<b>148,969</b>	<b>53,653</b>	<b>95,316</b>	<b>177.7%</b>

\$ in thousands	Current Fiscal Year	Prior Fiscal Year	Year-over-Year	
	FY 2022/23	FY 2021/22	Change	
	Fiscal YTD - March 2023	Fiscal YTD - March 2022	(Unfavorable)/Favorable	
			\$	%
<b>Operating Revenues</b>				
Shipping Services	324,163	370,160	(45,997)	(12.4%)
Rentals	78,296	67,007	11,289	16.8%
Royalties, Fees and Other Revenues	27,459	23,971	3,488	14.5%
Clean Truck Program Revenues	25,132	4,829	20,303	420.4%
<b>Total Operating Revenues</b>	<b>455,049</b>	<b>465,967</b>	<b>(10,918)</b>	<b>(2.3%)</b>
<b>Operating Expenses</b>				
Gross Salaries & Benefits	117,642	120,005	2,364	2.0%
Capitalization	(20,781)	(20,868)	(87)	0.4%
Net Salaries & Benefits	96,861	99,138	2,277	2.3%
Marketing & Public Relations	1,940	1,455	(485)	(33.3%)
Travel	470	165	(304)	(184.4%)
Outside Services	19,135	15,751	(3,384)	(21.5%)
Materials & Supplies	4,080	3,122	(958)	(30.7%)
City Services	37,050	39,496	2,446	6.2%
Other Operating Expenses	33,223	34,425	1,202	3.5%
Clean Truck Program Expenses	1,241	1,265	25	1.9%
<b>Total Operating Expenses</b>	<b>193,999</b>	<b>194,816</b>	<b>817</b>	<b>0.4%</b>
<b>Income Before Depreciation</b>	<b>261,050</b>	<b>271,151</b>	<b>(10,101)</b>	<b>(3.7%)</b>
Provision For Depreciation	118,885	106,805	(12,080)	(11.3%)
<b>Income From Operations</b>	<b>142,165</b>	<b>164,346</b>	<b>(22,180)</b>	<b>(13.5%)</b>
Non-Operating Revenue	23,744	16,724	7,020	42.0%
Non-Operating Expenses	16,940	37,884	20,943	55.3%
<b>Net Income</b>	<b>148,969</b>	<b>143,186</b>	<b>5,783</b>	<b>4.0%</b>