



AUDIT COMMITTEE

Report to the
Board of Harbor Commissioners

“FOR INFORMATION ONLY”

DATE: OCTOBER 27, 2021

TO: BOARD OF HARBOR COMMISSIONERS

**SUBJECT: FINANCIAL PERFORMANCE RESULTS FOR
FISCAL YEAR 2020/21 ENDED SEPTEMBER 30, 2021**

Financial performance results for the first three 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 September, cargo volumes (as measured by TEUs or twenty-foot equivalent units) increased by 6.9% relative to budget and 1.7% relative to the prior fiscal year. In summary, performance results for the Harbor Department are as follows:

FYTD September 2021	Actuals (Cargo Volumes in Thousands, \$ in Millions)	Actual-to- Budget Comparison	Year-on-Year Comparison
Cargo Volumes	2,749	↑ 6.9%	↑ 1.7%
Operating Revenues	\$145.5	↑ 13.4%	↓ (6.7%)
Operating Expenses	\$68.8	↓ (10.7%)	↑ 26.4%
Operating Income	\$76.7	↑ 49.7%	↓ (24.4%)
Net Income	\$24.8	↑ 2,741.6%	↓ (60.0%)

Shipping Services increased relative to budget, but decreased relative to the prior fiscal year due to higher accruals for year-end compensation adjustments relative to the prior year. Relative to budget, Operating Revenues increased by 13.4% primarily due to higher wharfage, higher space assignments, higher utility reimbursements, higher CTP revenues, and higher dockage revenues. In comparison to the prior fiscal year, total Operating Revenues decreased by 6.7% due to lower wharfage, which was only partially offset by higher space assignments, higher utility reimbursements, and higher other operating revenues.

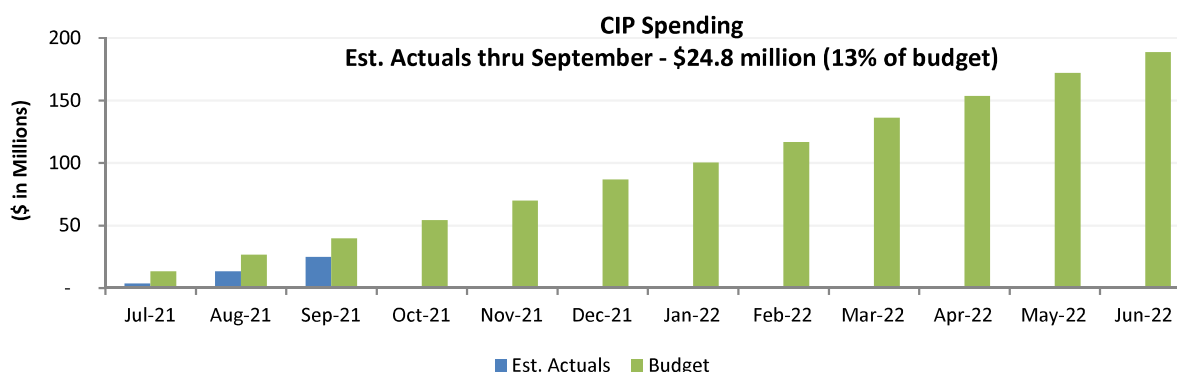
SUBJECT: FINANCIAL PERFORMANCE RESULTS

Operating Expenses were 10.7% lower than budget primarily due to lower container incentives, lower salaries and benefits, invoicing delays related to outside services, and lower insurance, which were only partially offset by higher electricity. Relative to the prior fiscal year, total Operating Expenses increased by 26.4% due to higher salaries and benefits as well as higher electricity and higher city services.

Operating margin for the FYTD period through September was 52.8% versus a budget of 40.0% and a prior year figure of 65.1%.

Capital Improvement Program (CIP)

CIP spending for the three-month period ended September 30, 2021 was estimated to reach \$24.8 million or about 13% of the total \$188.7 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.



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MARLA BLEAVINS
Deputy Executive Director & Chief Financial Officer

Transmittals:

1. TEU Throughput Comparison – FYTD September 2021
2. Actual-to-Budget FY 2020/21 – September
3. Year-to-Year Performance Report YTD September 30, 2021 and 2020

Author: E. Estrada

MB:JS:MM/Finance

cc: Deputy Executive Directors

\$ in thousands	Fiscal Year Actual	Fiscal Year Budget	Actual-to-Budget	
	FY 2021/22	FY 2021/22	Comparison	
	Fiscal YTD - September 2021	Fiscal YTD - September 2021	(Unfavorable)/Favorable	
			\$	%
Operating Revenues				
Shipping Services	117,838	103,738	14,100	13.6%
Rentals	19,790	20,721	(932)	(4.5%)
Royalties, Fees and Other Revenues	6,495	3,349	3,146	93.9%
Clean Truck Program Revenues	1,421	488	933	191.5%
Total Operating Revenues	145,544	128,296	17,248	13.4%
Operating Expenses				
Gross Salaries & Benefits	41,945	43,947	2,002	4.6%
Capitalization	(5,193)	(3,971)	1,222	(30.8%)
Net Salaries & Benefits	36,752	39,977	3,225	8.1%
Marketing & Public Relations	297	832	535	64.4%
Travel	61	115	53	46.4%
Outside Services	4,650	7,284	2,633	36.2%
Materials & Supplies	1,026	1,623	597	36.8%
City Services	14,429	15,294	865	5.7%
Allocations to Capital - Overhead		(4,873)	(4,873)	100.0%
Other Operating Expenses	11,197	16,364	5,167	31.6%
Clean Truck Program Expenses	354	402	48	11.9%
Total Operating Expenses	68,766	77,017	8,250	10.7%
Income Before Depreciation	76,778	51,279	25,499	49.7%
Provision For Depreciation	27,202	40,386	13,184	32.6%
Income From Operations	49,575	10,893	38,682	355.1%
Non-Operating Revenue	2,845	18,181	(15,336)	(84.4%)
Non-Operating Expenses	27,571	28,200	628	2.2%
Net Income	24,849	874	23,974	2741.6%

\$ in thousands	Current Fiscal Year	Prior Fiscal Year	Year-over-Year Change	
	FY 2021/22	FY 2020/21	(Unfavorable)/Favorable	
	Fiscal YTD - September 2021	Fiscal YTD - September 2020	\$	%
Operating Revenues				
Shipping Services	117,838	132,842	(15,004)	(11.3%)
Rentals	19,790	19,700	90	0.5%
Royalties, Fees and Other Revenues	6,495	2,899	3,596	124.0%
Clean Truck Program Revenues	1,421	586	835	142.6%
Total Operating Revenues	145,544	156,027	(10,483)	(6.7%)
Operating Expenses				
Gross Salaries & Benefits	41,945	34,247	(7,698)	(22.5%)
Capitalization	(5,193)	(6,215)	(1,021)	16.4%
Net Salaries & Benefits	36,752	28,033	(8,719)	(31.1%)
Marketing & Public Relations	297	781	484	62.0%
Travel	61	18	(44)	(250.2%)
Outside Services	4,650	4,189	(462)	(11.0%)
Materials & Supplies	1,026	919	(108)	(11.7%)
City Services	14,429	12,983	(1,446)	(11.1%)
Other Operating Expenses	11,197	7,405	(3,792)	(51.2%)
Clean Truck Program Expenses	354	96	(258)	(269.6%)
Total Operating Expenses	68,766	54,422	(14,344)	(26.4%)
Income Before Depreciation	76,778	101,605	(24,827)	(24.4%)
Provision For Depreciation	27,202	38,337	11,134	29.0%
Income From Operations	49,575	63,268	(13,693)	(21.6%)
Non-Operating Revenue	2,845	6,120	(3,275)	(53.5%)
Non-Operating Expenses	27,571	7,252	(20,319)	(280.2%)
Net Income	24,849	62,136	(37,287)	(60.0%)