



AUDIT COMMITTEE

Report to the
Board of Harbor Commissioners

“FOR INFORMATION ONLY”

DATE: AUGUST 22, 2023

TO: BOARD OF HARBOR COMMISSIONERS

SUBJECT: FINANCIAL PERFORMANCE RESULTS FOR
FISCAL YEAR 2023/24 ENDED JULY 31, 2023

Financial performance results for the first month of the Fiscal Year 2023/24 are below and have been summarized relative to both budget and the prior fiscal year. For the month of July, cargo volumes (as measured by TEUs or twenty-foot equivalent units) decreased by 30.4% relative to budget and 26.8% relative to the prior fiscal year. In summary, performance results for the Harbor Department are as follows:

FYTD July 2023	Actuals (Cargo Volumes in Thousands, \$ in Millions)	Actual-to- Budget Comparison	Year-on-Year Comparison
Cargo Volumes	684	↓ (30.4%)	↓ (26.8%)
Operating Revenues	\$45.4	↓ (35.2%)	↓ (24.9%)
Operating Expenses	\$30.6	↓ (2.7%)	↑ 41.1%
Operating Income	\$14.8	↓ (61.6%)	↓ (61.8%)
Net Income	\$3.9	↓ (82.5%)	↓ (85.1%)

Shipping Services decreased relative to both budget and prior year due to lower demand for wharfage revenues and lower space assignments. Relative to budget, Operating Revenues decreased by 35.2% primarily due to lower wharfage, delays in recording Clean Truck Fund Rate collections and lower space assignment rates. In comparison to the prior fiscal year, total Operating Revenues decreased by 24.9% due to lower wharfage revenues, lower Clean Truck Fund Rate collections, and lower space assignments revenue which were partially offset by the higher rental revenues and higher credit for tenant services.

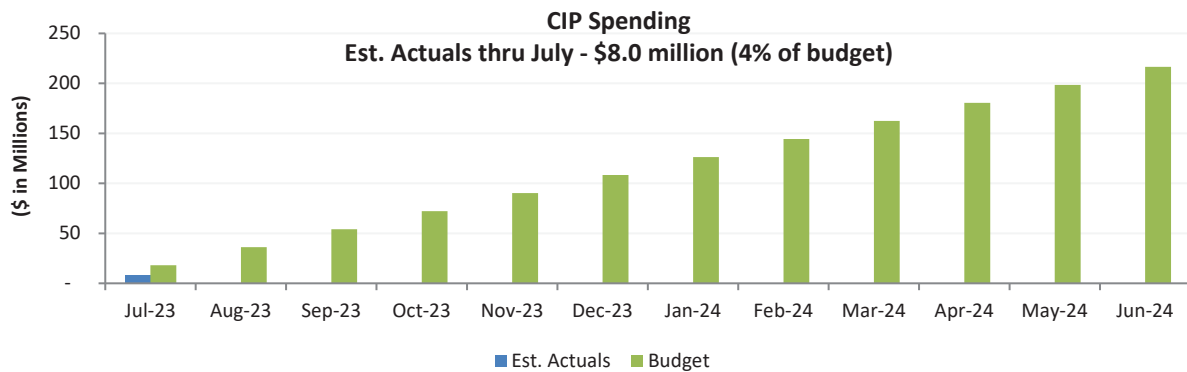
SUBJECT: FINANCIAL PERFORMANCE RESULTS

Operating Expenses were 2.7% lower than budget primarily due to timing of outside services and city services which was partially offset by higher salaries and benefits expenses and capital allocations. Relative to the prior fiscal year, total Operating Expenses increased by 41.1% due to higher salary and benefits and higher insurance costs which were partially offset by lower spend on outside services.

Operating Margin through the month of July was 32.6% versus a budget of 55.0% and a prior year-to-date figure of 64.1%.

Capital Improvement Program (CIP)

CIP spending for the one-month period ended July 31, 2023, was estimated to reach \$8.0 million or about 4% of the total \$216.5 million CIP adopted budget.



Marla Bleavins

MARLA BLEAVINS

Deputy Executive Director & Chief Financial Officer

Transmittals:

1. TEU Throughput Comparison – FYTD July 2023
2. Actual-to-Budget FY 2023/24 – July
3. Year-to-Year Performance Report YTD July 31, 2023 and 2022

Author: E. Wang

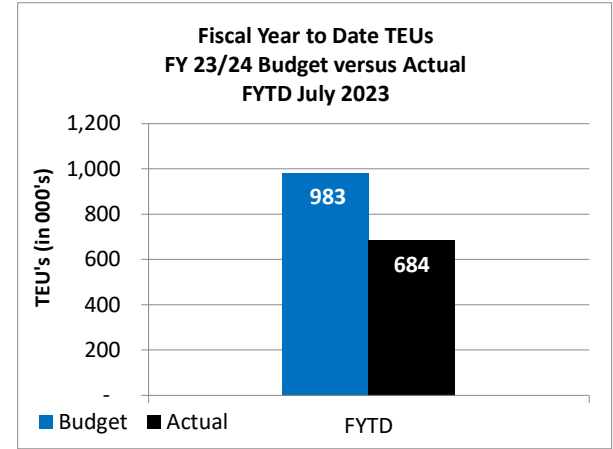
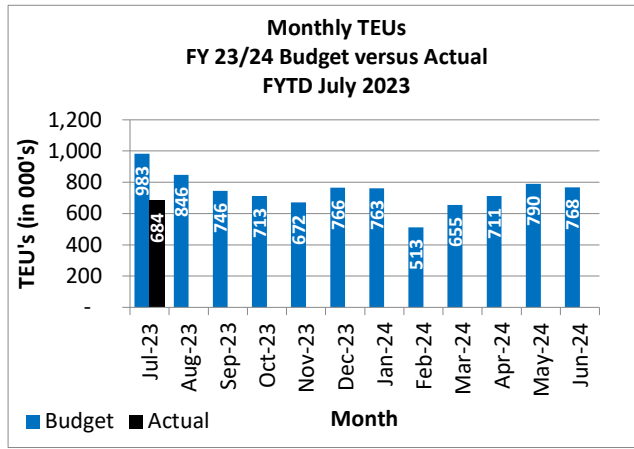
MB:JS:MM/Finance

cc: Deputy Executive Directors

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

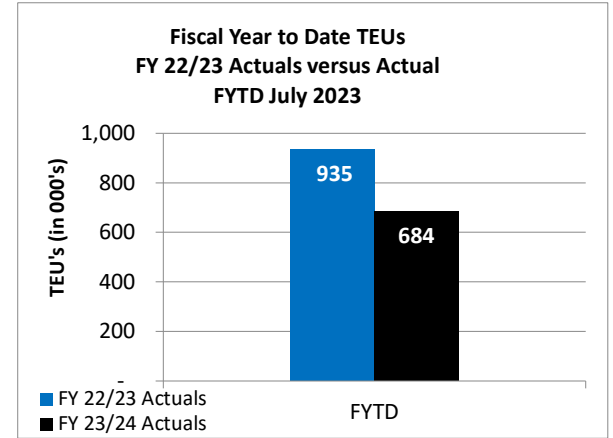
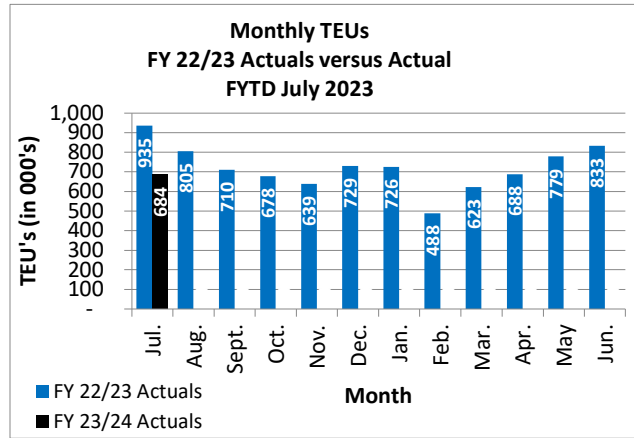
**Budget versus Actuals Comparison
FY 23/24 Budget vs. FY 23/24 Actuals**

(in 000's) Month	TEU's		% Δ	Δ
	FY 23/24 Budget	FY 23/24 Actuals		
Jul-23	983	684	-30.4%	↓
Aug-23	846		-100.0%	↓
Sep-23	746		-100.0%	↓
Oct-23	713		-100.0%	↓
Nov-23	672		-100.0%	↓
Dec-23	766		-100.0%	↓
Jan-24	763		-100.0%	↓
Feb-24	513		-100.0%	↓
Mar-24	655		-100.0%	↓
Apr-24	711		-100.0%	↓
May-24	790		-100.0%	↓
Jun-24	768		-100.0%	↓
FYTD	983	684	-30.4%	↓
FY 23/24 Budget	8,925			



**Year-to-Year Actuals Comparison
FY 22/23 Actuals vs. FY 23/24 Actuals**

(in 000's) Month	TEU's		% Δ	Δ
	FY 22/23 Actuals	FY 23/24 Actuals		
Jul.	935	684	-26.8%	↓
Aug.	805	0	-100.0%	↓
Sept.	710	0	-100.0%	↓
Oct.	678	0	-100.0%	↓
Nov.	639	0	-100.0%	↓
Dec.	729	0	-100.0%	↓
Jan.	726	0	-100.0%	↓
Feb.	488	0	-100.0%	↓
Mar.	623	0	-100.0%	↓
Apr.	688	0	-100.0%	↓
May	779	0	-100.0%	↓
Jun.	833	0	-100.0%	↓
FYTD	935	684	-26.8%	↓
FY 22/23 Actuals	8,635			



\$ in thousands	Fiscal Year Actual	Fiscal Year Budget	Actual-to-Budget Comparison	
	FY 2023/24 Fiscal YTD - Jul 2023	FY 2023/24 Fiscal YTD - Jul 2023	\$	%
Operating Revenues				
Shipping Services	33,463	51,207	(17,744)	(34.7%)
Rentals	12,534	13,268	(734)	(5.5%)
Royalties, Fees and Other Revenues	(788)	1,884	(2,672)	(141.8%)
Clean Truck Program Revenues	232	3,723	(3,490)	(93.8%)
Total Operating Revenues	45,441	70,082	(24,641)	(35.2%)
Operating Expenses				
Gross Salaries & Benefits	20,429	16,257	(4,173)	(25.7%)
Capitalization	(3,910)	(1,299)	2,611	(201.1%)
Net Salaries & Benefits	16,519	14,958	(1,561)	(10.4%)
Marketing & Public Relations	57	252	196	77.5%
Travel	106	66	(40)	(59.8%)
Outside Services	512	3,735	3,224	86.3%
Materials & Supplies	341	414	72	17.5%
City Services	4,955	5,618	663	11.8%
Allocations to Capital - Overhead		(1,643)	(1,643)	100.0%
Other Operating Expenses	8,113	7,969	(144)	(1.8%)
Clean Truck Program Expenses	38	133	95	71.6%
Total Operating Expenses	30,641	31,503	862	2.7%
Income Before Depreciation	14,800	38,579	(23,779)	(61.6%)
Provision For Depreciation	13,537	15,111	1,573	10.4%
Income From Operations	1,262	23,468	(22,206)	(94.6%)
Non-Operating Revenue	4,131	1,664	2,467	148.3%
Non-Operating Expenses	1,474	2,758	1,283	46.5%
Net Income	3,920	22,374	(18,455)	(82.5%)

\$ in thousands	Fiscal Year Actual	Prior Fiscal Year	Year-over-Year Change	
	FY 2023/24	FY 2022/23	(Unfavorable)/Favorable	
	Fiscal YTD - Jul 2023	Fiscal YTD - Jul 2022	\$	%
Operating Revenues				
Shipping Services	33,463	45,516	(12,053)	(26.5%)
Rentals	12,534	11,624	911	7.8%
Royalties, Fees and Other Revenues	(788)	(803)	14	(1.8%)
Clean Truck Program Revenues	232	4,151	(3,919)	(94.4%)
Total Operating Revenues	45,441	60,488	(15,047)	(24.9%)
Operating Expenses				
Gross Salaries & Benefits	20,429	12,054	(8,376)	(69.5%)
Capitalization	(3,910)	(2,041)	1,869	(91.6%)
Net Salaries & Benefits	16,519	10,013	(6,506)	(65.0%)
Marketing & Public Relations	57	(26)	(83)	318.1%
Travel	106	19	(87)	(466.2%)
Outside Services	512	924	412	44.6%
Materials & Supplies	341	248	(94)	(37.8%)
City Services	4,955	4,698	(258)	(5.5%)
Other Operating Expenses	8,113	5,813	(2,300)	(39.6%)
Clean Truck Program Expenses	38	32	(5)	(16.3%)
Total Operating Expenses	30,641	21,720	(8,921)	(41.1%)
Income Before Depreciation	14,800	38,768	(23,968)	(61.8%)
Provision For Depreciation	13,537	12,912	(626)	(4.8%)
Income From Operations	1,262	25,856	(24,594)	(95.1%)
Non-Operating Revenue	4,131	1,874	2,258	120.5%
Non-Operating Expenses	1,474	1,500	26	1.7%
Net Income	3,920	26,230	(22,310)	(85.1%)