



AUDIT COMMITTEE

Report to the
Board of Harbor Commissioners

“FOR INFORMATION ONLY”

DATE: JANUARY 18, 2023

TO: BOARD OF HARBOR COMMISSIONERS

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

Financial performance results for the first six 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 December, cargo volumes (as measured by TEUs or twenty-foot equivalent units) decreased by 12.4% relative to budget and 14.3% relative to the prior fiscal year. In summary, performance results for the Harbor Department are as follows:

FYTD December 2022	Actuals (Cargo Volumes in Thousands, \$ in Millions)	Actual-to- Budget Comparison	Year-on-Year Comparison
Cargo Volumes	4,497	↓ (12.4%)	↓ (14.3%)
Operating Revenues	\$322.9	↓ (0.5%)	↑ 15.8%
Operating Expenses	\$123.9	↓ (27.5%)	↓ (1.0%)
Operating Income	\$199.0	↑ 29.6%	↑ 29.6%
Net Income	\$122.9	↑ 183.5%	↑ 80.0%

Shipping Services increased relative to both budget and the prior fiscal year primarily due to higher space assignment rates and higher wharfage. Relative to budget, Operating Revenues decreased by 0.5% as delays in recording Clean Truck Fund Rate collections and lower one-time operating reimbursements were partially offset by higher shipping services. In comparison to the prior fiscal year, total Operating Revenues increased by 15.8% due to higher shipping services, Clean Truck Fund Rate collections, and higher rental revenues.

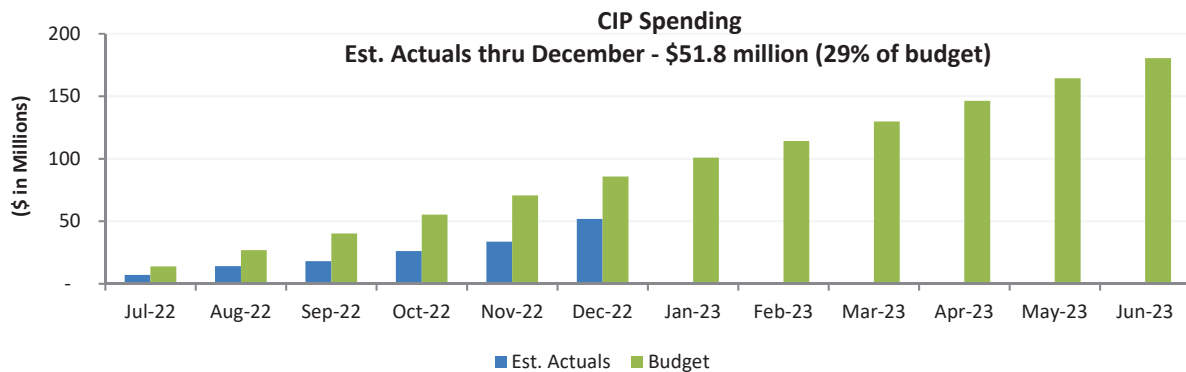
SUBJECT: FINANCIAL PERFORMANCE RESULTS

Operating Expenses were 27.5% lower than budget primarily due to lower salaries and benefits expenses, lower Clean Truck Fund Rate subsidies, and lower container incentives, as well as delays in recording electricity, city services, and outside services expenses. Relative to the prior fiscal year, total Operating Expenses decreased by 1.0% as delays in recording electricity expenses were only partially offset by higher outside services, higher container incentives and higher other operating expenses.

Operating Margin for the month of December was 61.6% versus a budget of 47.3% and a prior year figure of 55.1%.

Capital Improvement Program (CIP)

CIP spending for the six-month period ended December 31, 2022 was estimated to reach \$51.8 million or about 29% 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 December 2022
2. Actual-to-Budget FY 2022/23 – December
3. Year-to-Year Performance Report YTD December 31, 2022 and 2021

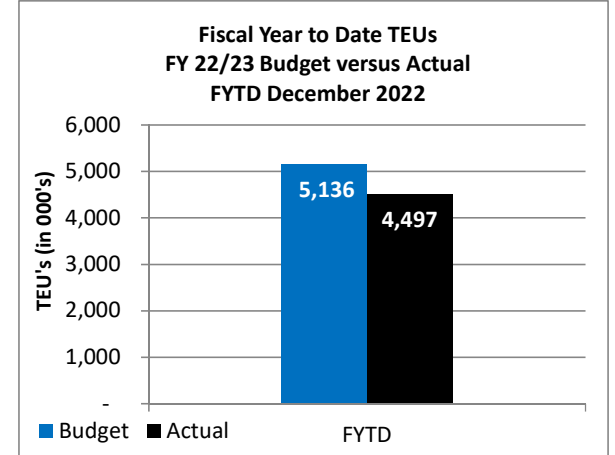
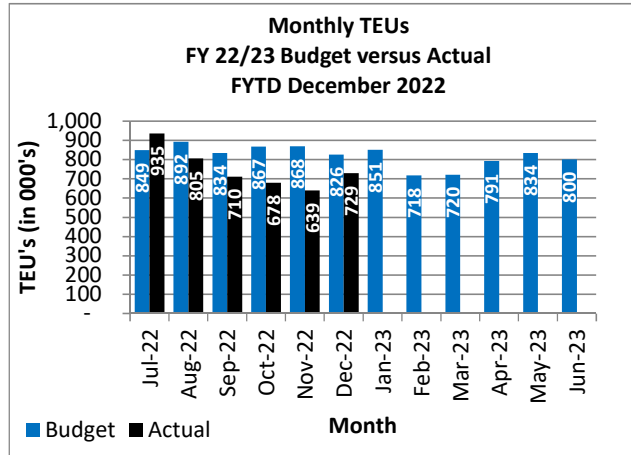
Author: E. Estrada
 MB:JS:MM/Finance
 cc: Deputy Executive Directors

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

TRANSMITTAL 1

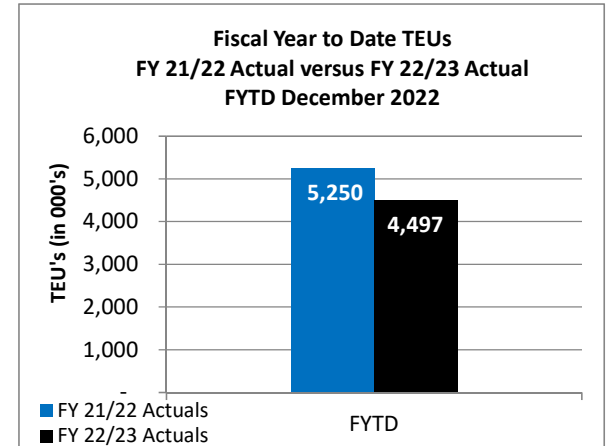
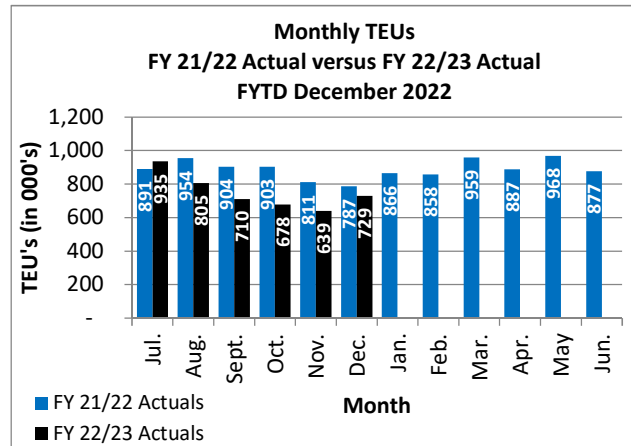
Budget versus Actuals Comparison
FY 22/23 Budget vs. FY 22/23 Actuals

(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			
Feb-23	718			
Mar-23	720			
Apr-23	791			
May-23	834			
Jun-23	800			
FYTD	5,136	4,497	-12.4%	↓
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			
Feb.	858			
Mar.	959			
Apr.	887			
May	968			
Jun.	877			
FYTD	5,250	4,497	-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 - December 2022	Fiscal YTD - December 2022	(Unfavorable)/Favorable	
			\$	%
Operating Revenues				
Shipping Services	244,234	230,569	13,666	5.9%
Rentals	47,076	48,909	(1,834)	(3.7%)
Royalties, Fees and Other Revenues	16,112	21,118	(5,005)	(23.7%)
Clean Truck Program Revenues	15,533	23,849	(8,317)	(34.9%)
Total Operating Revenues	322,955	324,445	(1,490)	(0.5%)
Operating Expenses				
Gross Salaries & Benefits	78,660	90,011	11,350	12.6%
Capitalization	(13,654)	(8,401)	5,253	(62.5%)
Net Salaries & Benefits	65,007	81,610	16,604	20.3%
Marketing & Public Relations	1,158	1,638	481	29.3%
Travel	381	542	162	29.8%
Outside Services	12,417	20,949	8,532	40.7%
Materials & Supplies	2,356	2,729	372	13.6%
City Services	24,645	30,952	6,307	20.4%
Allocations to Capital - Overhead		(9,738)	(9,738)	100.0%
Other Operating Expenses	17,219	34,883	17,664	50.6%
Clean Truck Program Expenses	747	7,341	6,594	89.8%
Total Operating Expenses	123,930	170,908	46,978	27.5%
Income Before Depreciation	199,026	153,538	45,488	29.6%
Provision For Depreciation	78,118	80,125	2,007	2.5%
Income From Operations	120,907	73,413	47,495	64.7%
Non-Operating Revenue	12,256	27,715	(15,459)	(55.8%)
Non-Operating Expenses	10,217	57,766	47,549	82.3%
Net Income	122,947	43,363	79,584	183.5%

\$ in thousands	Current Fiscal Year	Prior Fiscal Year	Year-over-Year	
	FY 2022/23	FY 2021/22	Change	
	Fiscal YTD - December 2022	Fiscal YTD - December 2021	(Unfavorable)/Favorable	
			\$	%
Operating Revenues				
Shipping Services	244,234	219,975	24,260	11.0%
Rentals	47,076	40,005	7,071	17.7%
Royalties, Fees and Other Revenues	16,112	15,020	1,092	7.3%
Clean Truck Program Revenues	15,533	3,827	11,706	305.9%
Total Operating Revenues	322,955	278,826	44,129	15.8%
Operating Expenses				
Gross Salaries & Benefits	78,660	79,138	478	0.6%
Capitalization	(13,654)	(13,666)	(12)	0.1%
Net Salaries & Benefits	65,007	65,473	466	0.7%
Marketing & Public Relations	1,158	515	(643)	(124.8%)
Travel	381	107	(273)	(254.0%)
Outside Services	12,417	9,327	(3,090)	(33.1%)
Materials & Supplies	2,356	1,780	(576)	(32.3%)
City Services	24,645	26,007	1,362	5.2%
Other Operating Expenses	17,219	21,417	4,198	19.6%
Clean Truck Program Expenses	747	576	(171)	(29.7%)
Total Operating Expenses	123,930	125,203	1,273	1.0%
Income Before Depreciation	199,026	153,623	45,402	29.6%
Provision For Depreciation	78,118	64,830	(13,288)	(20.5%)
Income From Operations	120,907	88,793	32,115	36.2%
Non-Operating Revenue	12,256	12,508	(252)	(2.0%)
Non-Operating Expenses	10,217	33,008	22,791	69.0%
Net Income	122,947	68,294	54,653	80.0%