



## AUDIT COMMITTEE

Report to the  
Board of Harbor Commissioners

### “FOR INFORMATION ONLY”

**DATE: DECEMBER 15, 2022**

**TO: BOARD OF HARBOR COMMISSIONERS**

**SUBJECT: FINANCIAL PERFORMANCE RESULTS FOR  
FISCAL YEAR 2022/23 ENDED NOVEMBER 30, 2022**

Financial performance results for the first five 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 November, cargo volumes (as measured by TEUs or twenty-foot equivalent units) decreased by 12.6% relative to budget and 15.6% relative to the prior fiscal year. In summary, performance results for the Harbor Department are as follows:

<b>FYTD November 2022</b>	<b>Actuals</b> (Cargo Volumes in Thousands, \$ in Millions)	<b>Actual-to- Budget Comparison</b>	<b>Year-on-Year Comparison</b>
<b>Cargo Volumes</b>	3,768	(12.6%)	(15.6%)
<b>Operating Revenues</b>	\$257.3	(4.2%)	7.0%
<b>Operating Expenses</b>	\$104.6	(25.8%)	(0.8%)
<b>Operating Income</b>	\$152.6	19.5%	13.1%
<b>Net Income</b>	\$88.8	181.4%	41.9%

Shipping Services decreased relative to both budget and the prior fiscal year as lower container activity was partially offset by higher space assignment rates. Relative to budget, Operating Revenues decreased by 4.2% due to delays in recording Clean Truck Program fees and utility reimbursements, as well as lower wharfage and lower one-time operating reimbursements 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 7.0% as higher Clean Truck Program fees, higher rental revenues, and higher space assignment rates were only partially offset by lower wharfage.

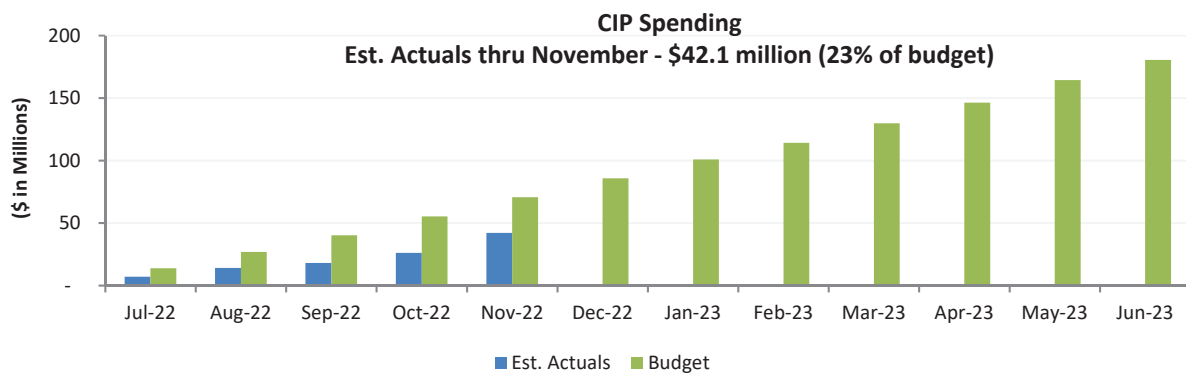
**SUBJECT: FINANCIAL PERFORMANCE RESULTS**

Operating Expenses were 25.8% lower than budget primarily due to lower salaries and benefits expenses, lower Clean Truck Program 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 0.8% as delays in recording electricity expenses and lower salaries and benefits were only partially offset by lower overhead allocations, higher container incentives and higher city and outside services.

Operating margin for the month of November was 59.3% versus a budget of 47.5% and a prior year figure of 56.1%.

Capital Improvement Program (CIP)

CIP spending for the five-month period ended November 30, 2022 was estimated to reach \$42.1 million or about 23% 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 November 2022
2. Actual-to-Budget FY 2022/23 – November
3. Year-to-Year Performance Report YTD November 30, 2022 and 2021

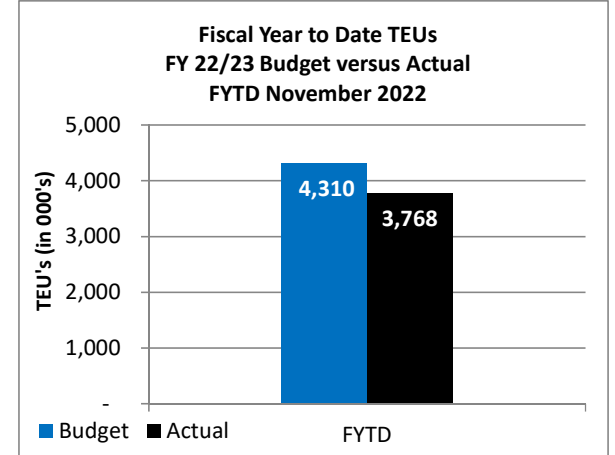
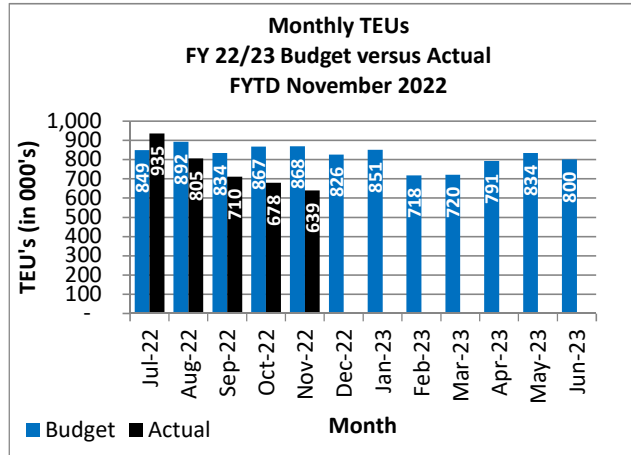
Author: E. Estrada  
 MB:JS:MM/Finance  
 cc: Deputy Executive Directors

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

TRANSMITTAL 1

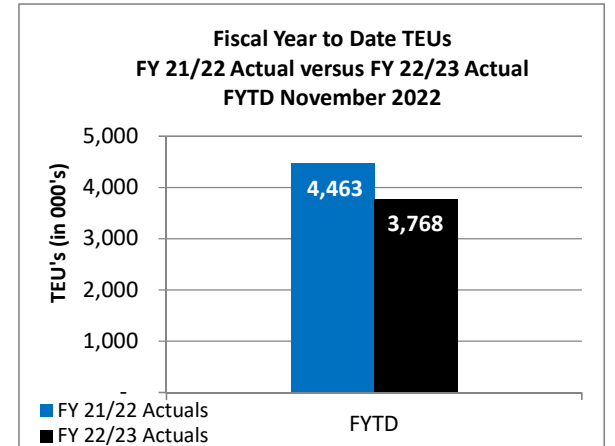
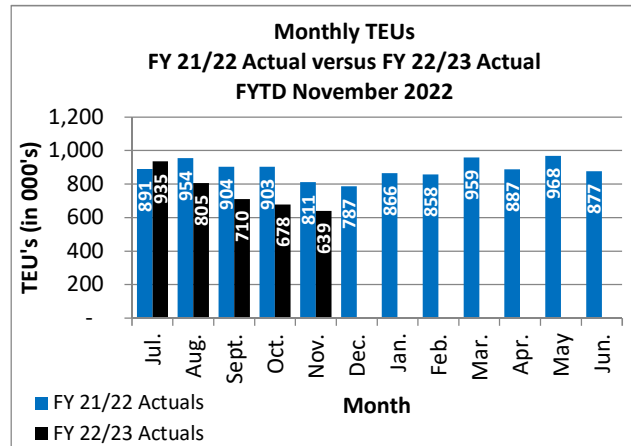
Budget versus Actuals Comparison  
FY 22/23 Budget vs. FY 22/23 Actuals

(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			
Jan-23	851			
Feb-23	718			
Mar-23	720			
Apr-23	791			
May-23	834			
Jun-23	800			
FYTD	4,310	3,768	-12.6%	↓
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			
Jan.	866			
Feb.	858			
Mar.	959			
Apr.	887			
May	968			
Jun.	877			
FYTD	4,463	3,768	-15.6%	↓
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 - November 2022	Fiscal YTD - November 2022	(Unfavorable)/Favorable	
			\$	%
<b>Operating Revenues</b>				
Shipping Services	189,528	191,727	(2,199)	(1.1%)
Rentals	41,210	39,391	1,819	4.6%
Royalties, Fees and Other Revenues	14,116	17,679	(3,562)	(20.2%)
Clean Truck Program Revenues	12,444	19,875	(7,431)	(37.4%)
<b>Total Operating Revenues</b>	<b>257,299</b>	<b>268,671</b>	<b>(11,372)</b>	<b>(4.2%)</b>
<b>Operating Expenses</b>				
Gross Salaries & Benefits	66,568	75,105	8,537	11.4%
Capitalization	(11,699)	(7,001)	4,699	(67.1%)
Net Salaries & Benefits	54,868	68,104	13,236	19.4%
Marketing & Public Relations	1,033	1,359	326	24.0%
Travel	360	481	121	25.2%
Outside Services	9,173	15,307	6,133	40.1%
Materials & Supplies	1,960	2,103	143	6.8%
City Services	22,236	25,791	3,556	13.8%
Allocations to Capital - Overhead	-	(8,115)	(8,115)	100.0%
Other Operating Expenses	14,332	29,817	15,485	51.9%
Clean Truck Program Expenses	682	6,108	5,426	88.8%
<b>Total Operating Expenses</b>	<b>104,646</b>	<b>140,956</b>	<b>36,310</b>	<b>25.8%</b>
<b>Income Before Depreciation</b>	<b>152,653</b>	<b>127,715</b>	<b>24,938</b>	<b>19.5%</b>
Provision For Depreciation	65,080	66,771	1,691	2.5%
<b>Income From Operations</b>	<b>87,573</b>	<b>60,945</b>	<b>26,629</b>	<b>43.7%</b>
Non-Operating Revenue	9,958	20,254	(10,296)	(50.8%)
Non-Operating Expenses	8,728	49,638	40,910	82.4%
<b>Net Income</b>	<b>88,803</b>	<b>31,561</b>	<b>57,242</b>	<b>181.4%</b>

\$ in thousands	Current Fiscal Year	Prior Fiscal Year	Year-over-Year	
	FY 2022/23	FY 2021/22	Change	
	Fiscal YTD - November 2022	Fiscal YTD - November 2021	(Unfavorable)/Favorable	
			\$	%
<b>Operating Revenues</b>				
Shipping Services	189,528	191,527	(1,998)	(1.0%)
Rentals	41,210	33,767	7,443	22.0%
Royalties, Fees and Other Revenues	14,116	11,667	2,450	21.0%
Clean Truck Program Revenues	12,444	3,494	8,950	256.1%
<b>Total Operating Revenues</b>	<b>257,299</b>	<b>240,455</b>	<b>16,844</b>	<b>7.0%</b>
<b>Operating Expenses</b>				
Gross Salaries & Benefits	66,568	68,666	2,098	3.1%
Capitalization	(11,699)	(12,261)	(561)	4.6%
Net Salaries & Benefits	54,868	56,406	1,537	2.7%
Marketing & Public Relations	1,033	391	(642)	(164.1%)
Travel	360	84	(276)	(328.1%)
Outside Services	9,173	7,834	(1,339)	(17.1%)
Materials & Supplies	1,960	1,525	(435)	(28.6%)
City Services	22,236	20,975	(1,261)	(6.0%)
Other Operating Expenses	14,332	17,753	3,421	19.3%
Clean Truck Program Expenses	682	564	(119)	(21.0%)
<b>Total Operating Expenses</b>	<b>104,646</b>	<b>105,531</b>	<b>886</b>	<b>0.8%</b>
<b>Income Before Depreciation</b>	<b>152,653</b>	<b>134,923</b>	<b>17,730</b>	<b>13.1%</b>
Provision For Depreciation	65,080	52,169	(12,911)	(24.7%)
<b>Income From Operations</b>	<b>87,573</b>	<b>82,755</b>	<b>4,818</b>	<b>5.8%</b>
Non-Operating Revenue	9,958	11,269	(1,311)	(11.6%)
Non-Operating Expenses	8,728	31,433	22,705	72.2%
<b>Net Income</b>	<b>88,803</b>	<b>62,591</b>	<b>26,212</b>	<b>41.9%</b>