



AUDIT COMMITTEE

Report to the
Board of Harbor Commissioners

“FOR INFORMATION ONLY”

DATE: SEPTEMBER 20, 2021

TO: BOARD OF HARBOR COMMISSIONERS

**SUBJECT: FINANCIAL PERFORMANCE RESULTS FOR
FISCAL YEAR 2020/21 ENDED AUGUST 31, 2021**

Financial performance results for the first two months of the new Fiscal Year 2021/22 are below and have been summarized relative to both budget and the prior fiscal year. For the month of August, cargo volumes (as measured by TEUs or twenty-foot equivalent units) increased by 6.5% relative to budget and 1.5% relative to the prior fiscal year. In summary, performance results for the Harbor Department are as follows:

FYTD August 2021	Actuals (Cargo Volumes in Thousands, \$ in Millions)	Actual-to- Budget Comparison	Year-on-Year Comparison
Cargo Volumes	1,845	↑ 6.5%	↑ 1.5%
Operating Revenues	\$106.7	↑ 21.0%	↓ (8.4%)
Operating Expenses	\$39.3	↓ (19.1%)	↑ 10.0%
Operating Income	\$67.4	↑ 70.2%	↓ (16.5%)
Net Income	\$28.9	↑ 356.9%	↓ (47.9%)

Shipping Services increased relative to budget, but decreased relative to the prior fiscal year due to earlier wharfage accrual adjustments than prior year. Relative to budget, Operating Revenues increased by 21.0% primarily due to higher wharfage, higher space assignments, higher utility reimbursements, higher work accommodation revenues, and higher dockage revenues. In comparison to the prior fiscal year, total Operating Revenues decreased by 8.4% due to lower wharfage, which was only partially offset by higher utility reimbursements, higher space assignments, and higher miscellaneous other operating revenues.

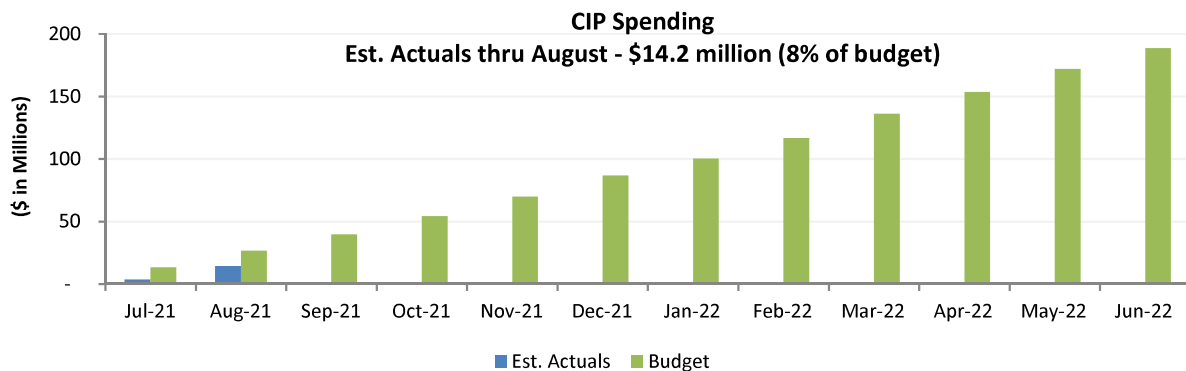
SUBJECT: FINANCIAL PERFORMANCE RESULTS

Operating Expenses were 19.1% lower than budget primarily due to lower salaries and benefits, invoicing delays related to outside services, lower insurance, lower container incentives, higher aggregate overhead allocations, and lower city services which were only partially offset by higher electricity. Relative to the prior fiscal year, total Operating Expenses increased by 10.0% due to higher salaries and benefits than last fiscal year.

Operating margin for the FYTD period through August was 63.2% versus a budget of 44.9% and a prior year figure of 69.3%.

Capital Improvement Program (CIP)

CIP spending for the two-month period ended August 31, 2021 was estimated to reach \$14.2 million or about 8% 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 August 2021
2. Actual-to-Budget FY 2020/21 – August
3. Year-to-Year Performance Report YTD August 31, 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 - August 2021	Fiscal YTD - August 2021	(Unfavorable)/Favorable	
			\$	%
Operating Revenues				
Shipping Services	86,292	69,665	16,627	23.9%
Rentals	15,613	15,988	(374)	(2.3%)
Royalties, Fees and Other Revenues	4,183	2,165	2,018	93.2%
Clean Truck Program Revenues	570	325	245	75.3%
Total Operating Revenues	106,658	88,142	18,515	21.0%
Operating Expenses				
Gross Salaries & Benefits	25,697	28,979	3,282	11.3%
Capitalization	(3,823)	(2,647)	1,176	(44.4%)
Net Salaries & Benefits	21,873	26,331	4,458	16.9%
Marketing & Public Relations	260	618	358	58.0%
Travel	49	53	3	6.3%
Outside Services	2,070	4,236	2,166	51.1%
Materials & Supplies	597	943	346	36.7%
City Services	9,354	10,221	867	8.5%
Allocations to Capital - Overhead		(3,249)	(3,249)	100.0%
Other Operating Expenses	4,803	9,113	4,310	47.3%
Clean Truck Program Expenses	258	289	32	10.9%
Total Operating Expenses	39,264	48,555	9,291	19.1%
Income Before Depreciation	67,394	39,588	27,807	70.2%
Provision For Depreciation	14,731	26,924	12,193	45.3%
Income From Operations	52,663	12,664	39,999	315.9%
Non-Operating Revenue	1,953	12,121	(10,168)	(83.9%)
Non-Operating Expenses	25,730	18,462	(7,268)	(39.4%)
Net Income	28,886	6,322	22,564	356.9%

\$ in thousands	Current Fiscal Year	Prior Fiscal Year	Year-over-Year Change	
	FY 2021/22	FY 2020/21	(Unfavorable)/Favorable	
	Fiscal YTD - August 2021	Fiscal YTD - August 2020	\$	%
Operating Revenues				
Shipping Services	86,292	99,464	(13,172)	(13.2%)
Rentals	15,613	15,043	570	3.8%
Royalties, Fees and Other Revenues	4,183	1,524	2,659	174.4%
Clean Truck Program Revenues	570	373	197	52.9%
Total Operating Revenues	106,658	116,404	(9,746)	(8.4%)
Operating Expenses				
Gross Salaries & Benefits	25,697	22,441	(3,256)	(14.5%)
Capitalization	(3,823)	(4,170)	(346)	8.3%
Net Salaries & Benefits	21,873	18,271	(3,602)	(19.7%)
Marketing & Public Relations	260	626	366	58.5%
Travel	49	13	(36)	(274.2%)
Outside Services	2,070	2,381	311	13.0%
Materials & Supplies	597	625	29	4.6%
City Services	9,354	8,591	(763)	(8.9%)
Other Operating Expenses	4,803	5,122	319	6.2%
Clean Truck Program Expenses	258	73	(185)	(252.4%)
Total Operating Expenses	39,264	35,703	(3,561)	(10.0%)
Income Before Depreciation	67,394	80,701	(13,307)	(16.5%)
Provision For Depreciation	14,731	25,588	10,856	42.4%
Income From Operations	52,663	55,113	(2,450)	(4.4%)
Non-Operating Revenue	1,953	3,958	(2,005)	(50.7%)
Non-Operating Expenses	25,730	3,641	(22,089)	(606.7%)
Net Income	28,886	55,430	(26,544)	(47.9%)