



## AUDIT COMMITTEE

Report to the  
Board of Harbor Commissioners

### “FOR INFORMATION ONLY”

**DATE: JANUARY 22, 2026**

**TO: THE BOARD OF HARBOR COMMISSIONERS**

**SUBJECT: FINANCIAL PERFORMANCE RESULTS FOR FISCAL YEAR ENDED JUNE 30, 2025**

#### **SUMMARY:**

This report discusses key factors that impacted the unaudited Fiscal Year (“FY”) 2025 financial performance of the City of Los Angeles (“City”) Harbor Department (“Harbor Department” or “Department”). Furthermore, this report compares the Harbor Department’s FY 2025 financial performance to the results projected within its adjusted Adopted FY 2025 Budget as well as the prior fiscal year. It should be noted that FY 2025 figures are not final and are subject to change pending the year-end audit process.

Cargo volumes (as measured by TEUs or twenty-foot equivalent units) of 10.522 million TEUs for the fiscal year (FY) ending June 30, 2025 represented a 15.6% increase relative to budget and a 14.1% increase relative to the prior FY. In summary, performance results for the Harbor Department are as follows:

<b>FY Ended June 2025*</b>	<b>Actuals (in Millions)</b>	<b>Actual-to- Budget Comparison</b>	<b>Year-on-Year Comparison</b>
<b>Cargo Volumes</b>	10.522	↑ 15.6%	↑ 14.1%
<b>Operating Revenues</b>	\$798.7	↑ 16.6%	↑ 13.0%
<b>Operating Expenses</b>	\$346.4	↓ (16.9%)	↑ 19.2%
<b>Operating Income</b>	\$452.3	↑ 68.7%	↑ 8.6%
<b>Net Income</b>	\$409.9	↑ 364.3%	↑ 35.3%

Cargo volumes increased in FY 2025 primarily due to retailers advancing shipments in the face of tariff-related trade uncertainty. On a year-over-year basis, the 14.1% increase in cargo volumes was driven by a 13.7% increase in loaded imports and a 23.9% increase in empties.

**SUBJECT: FINANCIAL PERFORMANCE RESULTS**

Total Operating Revenues increased by 13.0% versus FY 2024 due to higher Harbor Maintenance Tax (HMT) Receipts and higher wharfage revenues. Total Operating Expenses increased by 19.2% relative to the prior fiscal year due to higher salary and benefits expenses, clean truck fees, city services, litigation costs, outside services and other miscellaneous costs. The combination of higher Operating Revenues and higher Operating Expenses led to a 9.3% increase in Operating Income relative to the prior Fiscal Year.

**DISCUSSION:**

As of June 30, 2025, the Harbor Department met or exceeded the following key performance metrics indicative of healthy operations:

TABLE 1: KEY FINANCIAL METRICS

Performance Metric	Minimum	As of 6/30/25
Debt Rating	AA	✓ AA+
Debt Service Coverage	2.0x	✓ 3.4x
Operating Margin	45.0%	✓ 56.6%

As noted within Table 1 above, as of June 30, 2025, the Harbor Department has continued to maintain its AA+ debt rating. Additionally, the Department's 3.4x debt service coverage ratio exceeded the 2.0x minimum required under the Port's Financial Policies as well as the 1.25x minimum coverage required under the Port's Bond Indenture. Furthermore, the Harbor Department's 56.6% operating margin (calculated as operating income before depreciation divided by total Operating Revenues) exceeded a separately established key financial metric to maintain a minimum operating margin of 45.0%.

**CARGO VOLUMES:**

FY 2025 cargo volumes of 10,521,673 TEUs represented a 15.6% increase relative to budget and a 14.1% increase relative to FY 2024 levels. Total loaded containers of 6,867,282 represented a 9.4% increase relative to the prior year. This increase was primarily driven by a 13.7% increase in loaded imports, which was partially offset by a 4.5% decrease in loaded exports. Empty containers totaling 3,654,391 represented a year-over-year increase of 23.9%. Transmittal 1 provides a detailed monthly breakout of FY 2025 TEUs relative to both budget and the prior fiscal year.

SUBJECT: FINANCIAL PERFORMANCE RESULTS

**OPERATING REVENUES:**

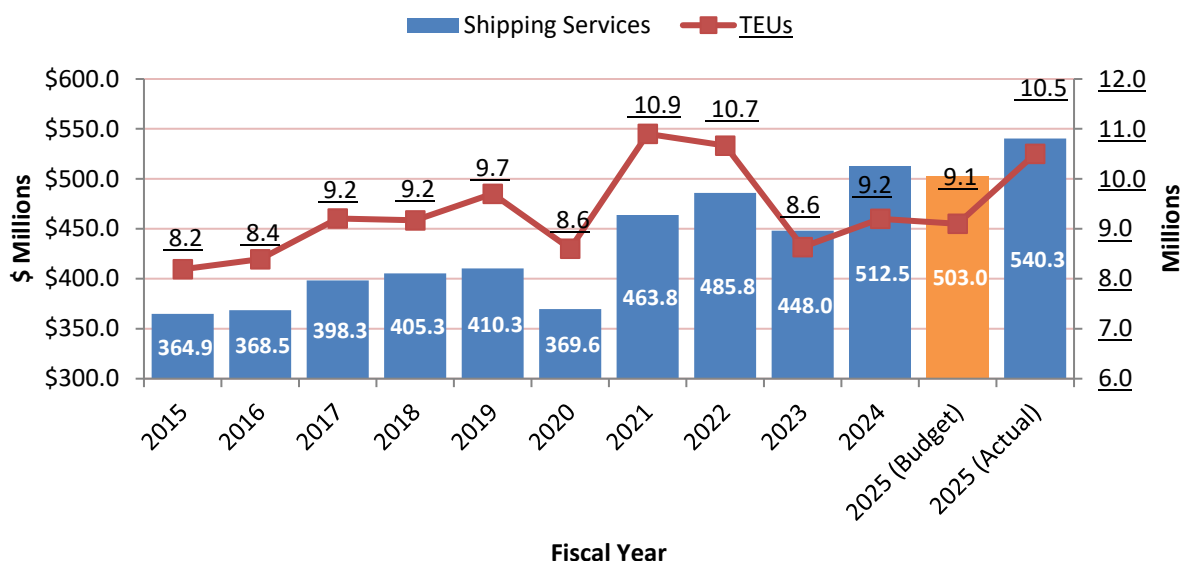
TABLE 2: FY 2025 OPERATING REVENUES

FY 2025 – Ended June 30 (\$ in thousands)	FY 2025 Actual	FY 2025 Budget	FY 2024 Prior Year	% Variance vs. Budget	% Variance vs. Prior Year
Shipping Services	540,307	502,977	512,465	↑ 7.4%	↑ 5.4%
Rentals	117,926	107,598	116,748	↑ 9.6%	↑ 1.0%
Royalties, Fees and Other Revenues	92,939	37,743	32,288	↑ 146.2%	↑ 187.8%
Clean Truck Program Revenues	47,514	36,396	45,539	↑ 30.5%	↑ 4.3%
<b>Total Operating Revenues</b>	<b>798,686</b>	<b>684,714</b>	<b>707,040</b>	<b>↑ 16.6%</b>	<b>↑ 13.0%</b>

**Higher Harbor Maintenance Tax Receipts and Wharfage Revenues Drive an Increase in Operating Revenues** – Relative to budget, operating revenues increased by 16.6% due to higher HMT Receipts, higher wharfage revenues, higher rental income, higher utility reimbursements and higher Clean Truck Program collections, which were only partially offset by higher credit for tenant services. Relative to the prior fiscal year, total Operating Revenues increased by 13.0% due to higher HMT receipts, higher wharfage revenues, higher utility reimbursements and higher Clean Truck Program collections, which were only partially offset by higher credits for tenant services.

As noted within Table 3 below, TEU volumes grew from FY 2024 and continues to be a key driver of Shipping Services revenues at the Port.

TABLE 3: SHIPPING SERVICES AND TEU TRENDS: FY 2015 – FY 2025



Further details regarding variances within other revenue accounts are provided below:

**SUBJECT: FINANCIAL PERFORMANCE RESULTS****• Shipping Services**

- Actuals vs. Budget: Shipping Services increased by \$37.3 million relative to budget as \$1.8 million in lower space assignment revenues were more than offset by the following:
  - \$37.8 million in higher wharfage due to higher cargo volumes and TEU rates;
  - \$1.0 million in higher pilotage; and
  - \$0.3 million in higher dockage revenues
- Actuals vs. Prior Year: Shipping Services increased by \$27.8 million relative to the prior fiscal year as \$3.1 million in lower space assignment revenues were more than offset by the following:
  - \$29.5 million in higher wharfage due to higher cargo volumes and higher TEU rates;
  - \$1.3 million in higher pilotage; and
  - \$0.1 million in higher dockage revenues.

**• Rentals**

- Actuals vs. Budget: Rentals increased by \$10.3 million relative to budget as a \$3.4 million decline in land rent received from SA Recycling was more than offset by:
  - \$9.3 million in higher receipts from Westrec;
  - \$1.9 million in higher receipts from Union Pacific;
  - \$0.8 million due to a compensation with Linde;
  - \$0.6 million due to a compensation reset with Ultramar;
  - \$0.5 million due to a compensation reset with Fisherman's Pride;
  - \$0.5 million due to a compensation reset with Cal Marine; and
  - \$0.1 million due in various CPI increases.
- Actuals vs. Prior Year: Rentals increased by \$1.2 million relative to the prior fiscal year as a \$3.3 million decline in land rent received from SA Recycling was more than offset by:
  - \$0.9 million due to higher guaranteed rent from Union Pacific;
  - \$0.9 million due to a compensation reset with Linde;
  - \$0.6 million due to a compensation reset with Ultramar;
  - \$0.5 million due to a CPI increase at PBF Energy;
  - \$0.3 million due to a CPI increase at Vopak;
  - \$0.3 million due to a compensation reset with Cal Marine; and
  - \$1.0 million in various CPI increases/compensation resets.

**• Royalties, Fees and Other Revenues**

- Actuals vs. Budget: Royalties, fees and other revenues increased by \$55.2 million primarily due to \$55.1 million in higher HMT receipts.

**SUBJECT: FINANCIAL PERFORMANCE RESULTS**

- Actuals vs. Prior Year: Royalties, fees and other revenues increased by \$60.7 million primarily due to \$60.6 million in higher HMT receipts.
- **Clean Truck Program (“CTP”) Revenues**
  - Actuals vs. Budget: CTP revenues increased by \$11.1 million relative to budget primarily due to \$12.0 million in higher Clean Truck Fund Rate (“CTFR”) collections, which were only partially offset by \$0.7 million in lower annual truck fees and \$0.2 million in lower concession application fees.
  - Actuals vs. Prior Year: CTP revenues increased by \$2.0 million relative to the prior year primarily due to \$2.7 million in higher CTFR collections, which were only partially offset by \$0.6 million in lower annual truck fees and \$0.1 million in lower concession application fees.


**OPERATING EXPENSES:**

TABLE 4: FY 2025 OPERATING EXPENSES

FY 2025 – Ended June 30 (\$ in thousands)	FY 2025 Actual*	FY 2025 Budget	FY 2024 Prior Year	% Variance vs. Budget	% Variance vs. Prior Year
Net Salaries & Benefits	160,216	199,383	149,086	↓ (19.6%)	↑ 7.5%
Marketing & Public Relations	3,220	4,382	3,279	↓ (26.5%)	↓ (1.8%)
Travel	812	1,404	768	↓ (42.2%)	↑ 5.7%
Outside Services	39,953	63,019	33,817	↓ (36.6%)	↑ 18.1%
Materials & Supplies	6,884	9,394	6,438	↓ (26.7%)	↑ 6.9%
Rentals & Incentives	23,322	20,573	13,530	↑ 13.4%	↑ 72.4%
Clean Truck Fees	14,451	18,926	6,169	↓ (23.6%)	↑ 134.3%
City Services	52,101	68,497	45,145	↓ (23.9%)	↑ 15.4%
Allocations to Capital - Overhead		(20,301)		n/a	n/a
Other Operating Expenses	45,431	51,346	32,303	↓ (11.5%)	↑ 40.6%
<b>Total Operating Expenses</b>	<b>346,390</b>	<b>416,623</b>	<b>290,535</b>	<b>↓ (16.9%)</b>	<b>↑ 19.2%</b>

**OPERATING EXPENSES (vs. Budget):**

**Lower Salaries and Benefits, Outside Services and City Services Primarily Drove Total Operating Expenses below Budget** – Total Operating Expenses of \$346.4 million fell 16.9% or \$70.2 million below budget. Details for each major Operating Expense category and a comparison relative to their respective budgets are as follows:





- **Net Salaries & Benefits: \$160.2 million**  **by \$39.1 million or 19.6%.**  
Net Salaries & Benefits expenses declined relative to budget due to \$21.7 million of greater expense allocations to capital as well as \$17.4 million in lower gross salaries, benefits and overtime.

Of the \$21.7 million in higher expense allocations to capital, \$19.2 million of this figure was related to higher indirect overhead allocations which were broadly applied across the Harbor Department’s capital program and \$2.5 million in higher direct allocations of salaries, benefits and overtime expenses to specific capital projects. It is important to note that the indirect allocations to overhead serve to reduce Net Salaries & Benefits





**SUBJECT: FINANCIAL PERFORMANCE RESULTS**

expenses; however, they are budgeted within a separate operating expense account outside of Net Salaries & Benefits expenses.

Salaries, benefits, and overtime expenses, prior to capital allocations decreased by \$17.4 million relative to budget. This decrease was primarily driven by lower salaries and benefits per person and fewer average positions (907 vs. 953).

- **Marketing and Public Relations: \$3.2 million  by \$1.1 million or 26.5%.**  
Spending fell below budget due to \$0.8 million in lower promotional, sponsorship and advertising spending and \$0.3 million in higher overhead allocations.
- **Travel: \$0.8 million  by \$0.6 million or 42.2%.**  
Lower spending relative to budget was the result of fewer trips than expected for both business development and training and employee development purposes. In addition, \$0.1 million of overhead costs were capitalized over the course of FY 2025.
- **Outside Services: \$39.9 million  by \$23.1 million or 36.6%.**  
Primary drivers of the lower spending in Outside Services were as follows:
  - **Construction & Maintenance** (lower by \$11.1 million) primarily due to lower wharf maintenance and dredging;
  - **Overhead Capitalization** (higher by \$3.5 million) as overhead capitalization was not budgeted for outside services;
  - **Information Technology** (lower by \$2.7 million) due to lower implementation and consulting services;
  - **Waterfront/Commercial Real Estate** (lower by \$1.8 million) due to lower cruise services;
  - **Environmental Management** (lower by \$1.4 million) due to lower environmental assessment spending;
  - **City Attorney** (lower by \$0.7 million) due to lower outside counsel spending;
  - **Commercial and Industrial Real Estate** (lower by \$0.5 million) due to lower spending on wharfing billing upgrades;
  - **Port Police** (lower by \$0.4 million) due to lower security consulting costs; and
  - **Miscellaneous Other** (lower by \$1.0 million) due to lower overall consultant spending;
- **Materials and Supplies: \$6.9 million  by \$2.5 million or 26.7%.**  
The lower than budget result in this category is primarily driven by materials and supplies spending within the Development Bureau (which accounted for more than 80% of all materials and supplies spending throughout the Department) that was \$1.5 million lower than budgeted. Materials and supplies spending were further driven lower by \$0.5 million in higher capitalization of materials and supplies expenses than budgeted. Lastly, materials spending throughout the remainder of the Harbor Department was \$0.5 million below budget.

**SUBJECT: FINANCIAL PERFORMANCE RESULTS**


- **Rentals & Incentives: \$23.3 million  by \$2.7 million or 13.4%.**  
Rentals & Incentives spending increased by \$2.7 million relative to budget as \$4.9 million in higher container incentive payouts were only partially offset by \$1.8 million in lower office, maintenance and special events equipment rentals and \$0.4 million in lower cruise incentive payouts.
- **Clean Truck Program: \$14.5 million  by \$4.5 million or 23.6%.**  
Included in Rentals, Incentives and Subsidies but reported separately are Clean Truck Program expenses. For Fiscal Year 2025, Clean Truck Program subsidies were \$4.5 million less than budgeted.
- **City Services: \$52.1 million  by \$16.4 million or 23.9%.**  
Lower expenses were driven by: Fire services (\$8.0 million lower), higher capitalization of overhead allocations (\$5.2 million higher), City Attorney (\$1.8 million lower), Recreation and Parks (\$1.2 million lower) and Miscellaneous City Services (\$0.2 million lower).
- **Other Operating Expenses: \$45.4 million  by \$5.9 million or 11.5%.**  
Other Operating Expenses decreased relative to the budget by \$5.9 million, primarily due to \$8.8 million of favorable variances comprised of:
  - **Utilities** (lower by \$4.1 million) due to higher overhead allocations and lower electricity expenses;
  - **Overhead Allocations** (lower by \$3.1 million) due to lower capitalization of indirect expenses;
  - **Workers' Compensation** (lower by \$0.9 million) due to lower workers' compensation reserves than anticipated;
  - **Taxes and Assessments** (lower by \$0.3 million) due to lower tax assessments than expected; and
  - **Miscellaneous** lower spending of \$0.4 million.

These favorable variances were only partially offset by \$2.9 million in higher claims and settlement reserve activities.

**OPERATING EXPENSES (vs. Prior Year):**


**Higher Salary & Benefits, Higher Container Incentives and Higher Clean Truck Fees Drove an Increase in Total Operating Expenses versus Prior Year** – Total Operating Expenses of \$346.4 million increased 19.2% or \$55.9 million relative to the prior fiscal year. Details for each major Operating Expense category and a comparison relative to their respective prior fiscal year figures are as follows:


**SUBJECT: FINANCIAL PERFORMANCE RESULTS**


- **Net Salaries & Benefits: \$160.2 million  by \$11.1 million or 7.5%.**  
Net Salaries & Benefits expenses increased by \$11.1 million relative to the prior fiscal year due to \$12.7 million of increases in gross salaries, benefits and overtime which were only partially offset by \$1.6 million in higher expense allocations to capital.

Salaries and benefits increased by \$12.7 million relative to the prior year primarily due to higher average positions (907 vs. 861), higher overtime expenses and higher miscellaneous employee benefits.

Expense allocations to capital were \$1.6 million higher than prior year due to \$4.1 million in higher indirect overhead allocations which were only partially offset by \$2.5 million in lower direct allocations of salaries, benefits and overtime expenses to specific capital projects.

- **Marketing and Public Relations: \$3.2 million  by \$0.1 million or 1.8%.**  
Marketing and Public Relations spending decreased by \$0.1 million relative to the prior year as \$0.7 million in lower community promotional and advertising expenses were almost completely offset by \$0.6 million in higher sponsorship and business promotional expenses.

- **Travel: \$0.8 million  by \$0.1 million or 5.7%.**  
Travel expenses increased by \$0.1 million relative to the prior fiscal year due to higher event registration expenses.





- **Outside Services: \$39.9 million  by \$6.1 million or 18.1%.**  
Outside Services increased relative to prior year by \$6.1 million as \$7.6 million in higher spending was only partially offset by \$1.5 million in lower spending throughout the Harbor Department, detailed as follows.

\$7.6 million in higher spending was primarily driven by ERP implementation efforts and other technology upgrades within the Information Technology (higher by \$6.0 million) and Accounting divisions (higher by \$1.5 million) as well as net increases in other consultant spending of \$0.1 million throughout the Department.

This higher spending was partially offset by \$1.2 million in higher overhead capitalization and \$0.3 million in lower cruise operator expenses.











- **Materials and Supplies: \$6.9 million  by \$0.5 million or 6.9%.**  
Materials and supplies expenses increased by \$0.5 million due to higher spending within the Construction & Maintenance (\$0.8 million), which was only partially offset by lower spending within Information Technology (\$0.2 million) and net decreases of \$0.1 million in materials and supplies spending throughout the Department.

## SUBJECT: FINANCIAL PERFORMANCE RESULTS

- Rentals & Incentives: \$23.3 million  by \$9.8 million or 72.4%.**  
 Rentals & Incentives spending increased by \$9.8 million relative to prior year as \$11.3 million in higher container incentive payouts were only partially offset by \$0.9 million in lower cruise incentive payouts and \$0.6 million in lower environmental incentive payouts.
- Clean Truck Program: \$14.5 million  by \$8.3 million or 134.3%.**  
 Included in Rentals, Incentives and Subsidies but reported separately are Clean Truck Program expenses. For Fiscal Year 2025, Clean Truck Program subsidies were \$8.1 million higher and Clean Truck Program Admin costs were \$0.2 million higher than prior year.
- City Services: \$52.1 million  by \$7.0 million or 15.4%.**  
 City services expenses increased by \$7.0 million relative to the prior year due to \$3.8 million in higher Recreation & Parks spending and \$3.7 million in higher Fire services spending. This higher spending was only partially offset by \$0.5 million in lower City Attorney and miscellaneous City Services spending.
- Other Operating Expenses: \$45.4 million  by \$13.1 million or 40.6%.**  
 Other Operating Expenses increased relative to the prior year by \$13.1 million due to \$6.2 million in higher claims and settlement reserves, \$4.3 million in higher electricity expenses, \$1.6 million in higher provisions for bad debt, \$0.9 million in higher water expenses, \$0.8 million in higher insurance expenses and \$0.5 million in higher workers' compensation provisions. This higher spending was only partially offset by \$1.2 million in higher overhead capitalization.

**OTHER ITEMS:**

TABLE 5: FY 2025 OPERATING INCOME AND NET INCOME

FY 2025 – Ended June 30 (\$ in thousands)	FY 2025 Actual	FY 2025 Budget	FY 2024 Prior Year	% Variance vs. Budget	% Variance vs. Prior Year
<b>Operating Income</b>	<b>452,296</b>	<b>268,092</b>	<b>416,505</b>	 <b>68.7%</b>	 <b>8.6%</b>
Less: Depreciation	(152,673)	(152,410)	(149,883)	 0.2%	 1.9%
Plus: Non-Operating Revenues	121,996	46,840	54,321	 160.5%	 124.6%
Less: Non-Operating Expenses	(11,720)	(74,232)	(18,099)	 (84.2%)	 (35.3%)
<b>Net Income</b>	<b>409,899</b>	<b>88,289</b>	<b>302,844</b>	 <b>364.3%</b>	 <b>35.3%</b>

- Depreciation: \$152.7 million**
  - Depreciation was flat relative to budget but increased by \$2.8 million relative to the prior year due to higher capital spending in recent years.
- Non-Operating Revenues: \$122.0 million**
  - Actuals vs. Budget:* Non-Operating Revenues increased by \$75.2 million relative to budget due to mark-to-market investment valuation adjustments (\$39.8 million), higher interest income (\$26.2 million), higher miscellaneous non-operating settlements & reimbursements (\$7.9 million), higher non-

**SUBJECT: FINANCIAL PERFORMANCE RESULTS**

operating grants (\$0.6 million), higher investment income (\$0.5 million) and higher state pass-through grants (\$0.2 million).

- *Actuals vs. Prior Year:* Non-Operating Revenues increased by \$67.7 million relative to budget due to higher mark-to-market investment valuation adjustments (\$39.0 million), higher interest income (\$19.7 million), higher miscellaneous non-operating settlements & reimbursements (\$7.8 million), higher non-operating grants (\$1.0 million) and higher investment income (\$0.4 million) which was only partially offset by lower gains on asset sales (\$0.2 million).
- Non-Operating Expenses: \$11.7 million
  - *Actuals vs. Budget:* Non-Operating Expenses decreased by \$62.5 million relative to budget due to lower pass-through grant expenses (\$42.1 million), lower interest expense (\$12.6 million), lower capital projects closed to expense (\$5.7 million) and lower bond issuance costs (\$2.1 million).
  - *Actuals vs. Prior Year:* Non-Operating Expenses decreased by \$6.4 million relative to prior year due to lower interest expense (\$7.3 million) and lower pass-through grant expenses (\$0.3 million) which were only partially offset by higher bond issuance costs (\$1.0 million) and higher capital projects closed to expense (\$0.2 million).

**CAPITAL IMPROVEMENT PROGRAM (CIP):**

**Budget Performance** – Unaudited spending in FY 2025 was \$127.8 million or 50.4% of the Adopted Capital Improvement Program Budget of \$257.7 million with actual and budgeted spending by category as follows:

TABLE 6: FY 2025 CIP ACTUALS vs. BUDGET

FY 2025 – Ended June 30 (\$ in thousands)	FY 2025 Actual	FY 2025 Budget	\$ Variance vs. Budget	% Variance vs. Budget
Transportation	37,425	49,545	12,120	24.5%
Terminals	33,999	52,247	18,248	34.9%
Security	5,307	6,406	1,099	17.2%
Public Access:				
San Pedro Waterfront	14,643	19,771	5,128	25.9%
Wilmington Waterfront	7,038	12,052	5,014	41.6%
Environmental Enhancements	2,334	20,067	17,733	88.4%
Other Public Access	587	515	(72)	(14.0%)
Maritime Services	26,509	73,236	46,727	63.8%
Unallocated	-	23,835	23,835	n/a
<b>Total CIP</b>	<b>\$127,842</b>	<b>257,674</b>	<b>129,832</b>	<b>50.4%</b>

FY 2025 CIP spending fell \$129.8 million below budget due to the following:

- Maritime Services Projects were \$46.7 million below budget primarily due to delayed spending on the following: Starkist demolition and storage lot conversion

**SUBJECT: FINANCIAL PERFORMANCE RESULTS**

(\$11.1 million), deferred maintenance projects (\$8.9 million), pile driving barge, barge-mounted crane and barge support workboat (\$5.3 million), HAB HVAC replacement (\$3.0 million), ERP cloud migration (\$2.6 million), Badger Avenue Bridge wire rope replacement (\$2.5 million), Goods Movement Workforce Training Facility (\$2.2 million), 1025 S Seaside Ave demolition and lot conversion (\$2.1 million) and AltaSea warehouse and site improvement (\$2.0 million).

- Terminal Improvement Projects were \$18.2 million below budget primarily due to delayed spending on the following: Shell and PBF Energy MOTEMS improvements (lower by \$11.0 million), Fenix wharf and rail improvements (lower by \$5.1 million), million) and Terminal Island Maintenance Support Facility development (lower by \$2.7 million).
- Environmental Enhancement Projects were \$17.7 million below budget primarily due to delays in development of the Electrical Infrastructure Improvement Program (lower by \$15.2 million) and AMP earth switchgears retrofit (lower by \$1.5 million).

Over the course of FY 2025, \$45.7 million was spent to complete construction activities on 37 projects. Major completed projects (FY 2025 CIP spending in parenthesis) include the following:

- **B. 177-178 Wharf Restoration (\$14.2 million):** With a total project budget of \$25.2 million, this project includes design and construction of approximately 382 linear feet of concrete wharf (62-feet-wide). The wharf is upgraded to include additional seismic analysis to comply with the POLA seismic code. The previous wharf was demolished and a new, higher capacity rectangular wharf was constructed that provides more utility to the tenant. Staff estimates that approximately \$22.4 million (89% of budget) has been spent through June 2025, pending final project closeouts.
- **San Pedro Waterfront – B. 74-83 Promenade Phase II (\$9.7 million):** With a total project budget of \$31.4 million, this project includes construction of a 30-foot-wide promenade along the water's edge at the former Ports O'Call site. The project scope includes the following: demolition, new piles, structural improvements, promenade balconies, site furnishings, hardscaping, landscaping including trees along promenade, utilities, grading, construct a promenade pier structure at the southern terminus, and redesign of a mudflat structure for seismic code updates. Staff estimates that approximately \$27.4 million (87.1% of budget) has been spent through December 2024, pending final project closeouts.
- **B. 100 Advance Electrical Infrastructure Demonstration (\$1.9 million):** With a total project budget of \$10.3 million, this project included design and construction of a wireless zero emission-charging infrastructure and a feasibility study of wireless charging as a future standard for Port operation. This work included the design and construction of electrical infrastructure for ten wireless chargers connected to a battery

**SUBJECT: FINANCIAL PERFORMANCE RESULTS**

bank system, two addition wireless chargers for opportunity charging, and reporting on the performance and operational impacts of the charging system on a Container Terminal. Staff estimates that approximately \$7.3 million (71% of budget) has been spent through January 2025, pending final project closeouts.

- **Port Cyber Resilience Center (\$1.6 million):** With a total project budget of \$12.6 million, this project included development of CRC requirements with stakeholders, design CRC, including project prioritization and phasing, build out facility infrastructure, including cabling, install computer hardware and software, testing, implementation, and new phases and enhancements. Staff estimates that approximately \$7.9 million (62.9% of budget) has been spent through May 2025, pending final project closeouts.
- **Port Police Radio System – Phase 2 (\$1.5 million):** With a total project budget of \$15.0 million, this project included development and installation of a brand-new radio system for the Port Police with the newly approved 700MHz band. Work included implementing the upgraded radio system infrastructure (including enhancing resiliency, redundancy and interoperability) using the new frequencies. Staff estimates that approximately \$14.3 million (96% of budget) has been spent through June 2025, pending final project closeouts.
- **Front Street Beautification (\$0.6 million):** With a total project budget of \$11.2 million, this project included design and construction of a twenty-two (22)-foot wide landscaped area with a multi-use path along the north side of Front Street adjacent to the China Shipping Terminal. Project elements include pedestrian lighting, landscaping, and various site amenities. Re-classification of hazardous soil testing and report renewal is required. Staff estimates that approximately \$10.1 million (90.2% of budget) has been spent through September 2024, pending final project closeouts.

**SUBJECT: FINANCIAL PERFORMANCE RESULTS**

Remaining FY 2025 CIP spending of \$82.1 million was utilized to continue design and construction activities on several projects throughout the Port. Major in-process projects (FY 2025 CIP spending in parenthesis) include the following:

- **SR-47/Harbor Blvd. Interchange Reconfiguration (\$33.6 million):** With a total project budget of \$130.0 million, this project began construction in March 2025 and includes modifications to the existing on and off ramps at Harbor Boulevard approaching the Vincent Thomas Bridge. Construction is currently projected to be completed in November 2026.
- **Oracle ERP Cloud Migration (\$11.6 million):** With a total project budget of \$29.5 million, this project migrates the Port's Oracle EBS financial system to a new Oracle ERP Cloud system. The new system will include all new, enhanced, & improved functionalities for various modules as stated in the original scope. Migration is currently projected to be completed by February 2026.

*Matthew Marchese*

for JEFFREY STRAFFORD  
Chief Financial Officer

Transmittals:

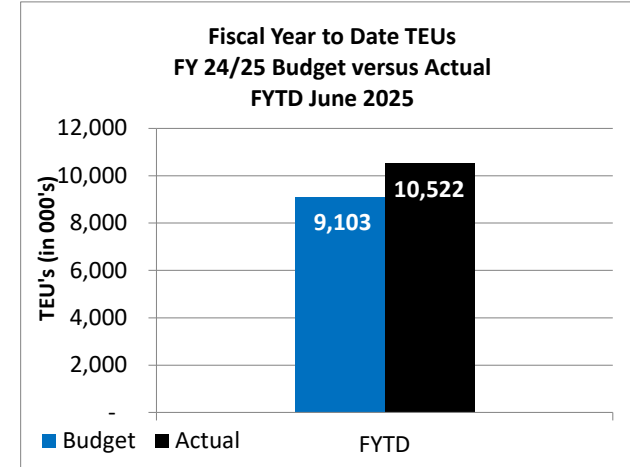
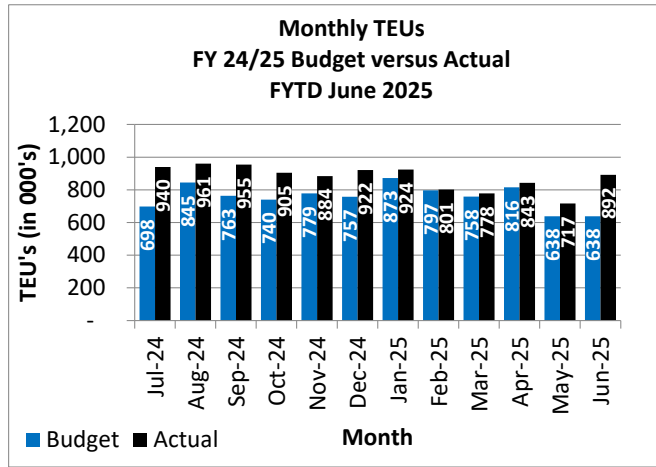
1. TEU Throughput Comparison – FY Ended June 30, 2025
2. Actual-to-Budget FY 2025 – June
3. Year-to-Year Performance Report FY June 30, 2025 and 2024

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JS/Finance  
cc: Deputy Executive Directors

# HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES TEU THROUGHPUT COMPARISON - FYTD JUNE 2025

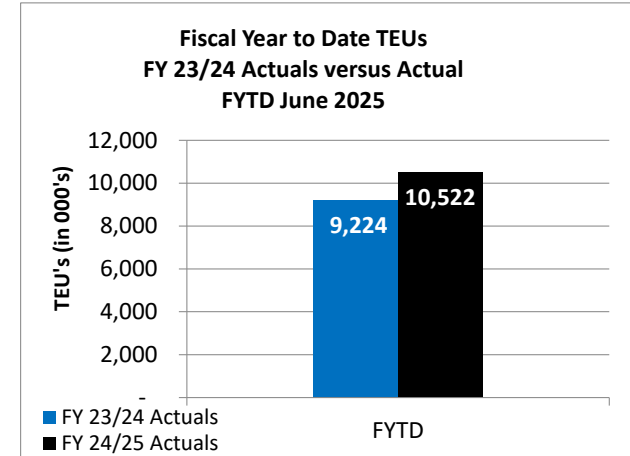
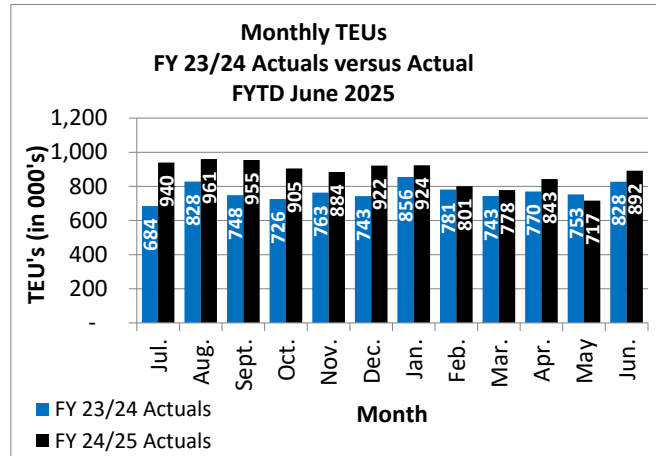
### Budget versus Actuals Comparison FY 24/25 Budget vs. FY 24/25 Actuals

(in 000's)	TEU's			
	Month	FY 24/25 Budget	FY 24/25 Actuals	% Δ
Jul-24	698	940	34.6%	↑
Aug-24	845	961	13.7%	↑
Sep-24	763	955	25.1%	↑
Oct-24	740	905	22.3%	↑
Nov-24	779	884	13.6%	↑
Dec-24	757	922	21.7%	↑
Jan-25	873	924	5.9%	↑
Feb-25	797	801	0.5%	↑
Mar-25	758	778	2.7%	↑
Apr-25	816	843	3.3%	↑
May-25	638	717	12.3%	↑
Jun-25	638	892	39.8%	↑
<b>FYTD</b>	<b>9,103</b>	<b>10,522</b>	<b>15.6%</b>	<b>↑</b>
FY 24/25 Budget	9,103			



### Year-to-Year Actuals Comparison FY 23/24 Actuals vs. FY 24/25 Actuals

(in 000's)	TEU's			
	Month	FY 23/24 Actuals	FY 24/25 Actuals	% Δ
Jul.	684	940	37.3%	↑
Aug.	828	961	16.0%	↑
Sept.	748	955	27.6%	↑
Oct.	726	905	24.7%	↑
Nov.	763	884	15.9%	↑
Dec.	743	922	24.1%	↑
Jan.	856	924	8.0%	↑
Feb.	781	801	2.6%	↑
Mar.	743	778	4.7%	↑
Apr.	770	843	9.4%	↑
May	753	717	-4.8%	↓
Jun.	828	892	7.8%	↑
<b>FYTD</b>	<b>9,224</b>	<b>10,522</b>	<b>14.1%</b>	<b>↑</b>
FY 23/24 Actuals	9,224			



The Port of Los Angeles - Harbor Department  
FYE June 30, 2025

TRANSMITTAL 2

\$ in thousands	Fiscal Year Actual	Fiscal Year Budget	Actual-to-Budget		Notes (\$ in millions)
	FY 2024/25	FY 2024/25	Comparison		
	Fiscal YTD - Jun 2025	Fiscal YTD - Jun 2025	\$	%	
<b>Operating Revenues</b>					
Shipping Services	540,307	502,977	37,330	7.4%	Higher revenues from wharfage \$37.8, pilotage \$1.0 and dockage \$0.3, partially offset by lower revenues from space assignment <\$1.8>
Rentals	117,926	107,598	10,328	9.6%	Higher revenues from Westrec \$9.3, Union Pacific \$1.9, Linde \$0.8, Ultramar \$0.6, Fisherman's Pride \$0.5, Cal Marine \$0.5, general CPIs \$0.1, partially offset by land rent reclassification to wharfage at SA Recycling <\$3.4>
Royalties, Fees and Other Revenues	92,939	37,743	55,196	146.2%	Primarily from higher Harbor Maintenance Tax receipts \$55.1
Clean Truck Program Revenues	47,514	36,396	11,117	30.5%	Higher CTFR collections \$12.0, partially offset by lower annual truck fees <\$0.7> and concession app fees <\$0.2>
<b>Total Operating Revenues</b>	<b>798,686</b>	<b>684,714</b>	<b>113,972</b>	<b>16.6%</b>	
<b>Operating Expenses</b>					
Gross Salaries & Benefits	196,001	213,435	17,434	8.2%	Lower salary and benefits per person and lower headcount
Capitalization	(35,786)	(14,052)	21,733	(154.7%)	Higher overhead allocations \$19.2 and higher direct allocations \$2.5
Net Salaries & Benefits	160,216	199,383	39,167	19.6%	
Marketing & Public Relations	3,220	4,382	1,162	26.5%	Lower promotional/sponsorship/advertising \$0.8 and higher overhead allocations \$0.3
Travel	812	1,404	592	42.2%	Lower travel for business development and training
Outside Services	39,953	63,019	23,066	36.6%	Lower wharf maintenance and dredging \$11.1, higher overhead capitalization \$3.5, lower IT implementation and consulting services \$2.7, lower cruise services \$1.8, lower environmental assessments \$1.4, lower outside counsel \$0.7, lower wharfing technology spending \$0.5, lower security consulting \$0.4 and lower overall consultant spending \$1.0
Materials & Supplies	6,884	9,394	2,510	26.7%	Lower spending within Development Bureau \$1.5, higher overhead capitalization \$0.5 and lower overall spending \$0.5
Rentals and Incentives	23,322	20,573	(2,749)	(13.4%)	Higher container incentive payouts <\$4.9>, partially offset by lower office, maintenance and special events equipment rentals \$1.8 and lower cruise incentive payouts \$0.4
Clean Truck Program Expenses	14,451	18,926	4,475	23.6%	Lower spending on CTFR Subsidies \$4.5
City Services	52,101	68,497	16,396	23.9%	Lower Fire \$8.0, higher Overhead Allocations \$5.2, lower City Attorney \$1.8, lower Rec & Parks \$1.2 and lower misc. other city services \$0.2
(1) Allocations to Capital - Overhead		(20,301)	(20,301)	100.0%	Higher aggregate overhead allocations \$15.0
(2) Other Operating Expenses	45,431	51,346	5,915	11.5%	Lower utilities \$4.1, higher overhead allocations \$3.1, lower workers' compensation reserves \$0.9, lower tax assessments \$0.3 and lower miscellaneous \$0.4, partially offset by higher claims and settlements reserves <\$2.9>
<b>Total Operating Expenses</b>	<b>346,390</b>	<b>416,623</b>	<b>70,232</b>	<b>16.9%</b>	
<b>Income Before Depreciation</b>	<b>452,296</b>	<b>268,092</b>	<b>184,204</b>	<b>68.7%</b>	
Provision For Depreciation	152,673	152,410	(263)	(0.2%)	
<b>Income From Operations</b>	<b>299,623</b>	<b>115,681</b>	<b>183,942</b>	<b>159.0%</b>	
(3) Non-Operating Revenue	121,996	46,840	75,156	160.5%	Higher mark-to-market valuation adjustments \$39.8, higher interest income \$26.2, higher misc. non-operating settlements and reimbursements \$7.9, higher non-operating grants \$0.6, higher investment income \$0.5 and higher pass-through grants \$0.2.
(4) Non-Operating Expenses	11,720	74,232	62,512	84.2%	Lower pass-through grant disbursements \$42.1, lower interest expense \$12.6, lower capital projects closed to expense \$5.7 and lower bond issuance costs \$2.1
<b>Income before Capital Contributions</b>	<b>409,899</b>	<b>88,289</b>	<b>321,610</b>	<b>364.3%</b>	
Capital Contributions	15,098	96,672	81,574	84.4%	
<b>Change in Net Position</b>	<b>424,997</b>	<b>184,960</b>	<b>240,036</b>	<b>129.8%</b>	

Notes:

- (1) Overhead is allocated to individual accounts for presentation of actual results; however, it is not allocated to individual accounts for budgeting purposes. Allocation to Overhead - Capital for the fiscal year-to-date period totaled \$35.3 million.  
(2) Primarily for: Utilities \$31.1; Insurance \$6.7; Litigation/claims \$6.2; Memberships/subscriptions/books \$1.2; Provision for bad debts \$1.2; Workers' compensation \$1.1; Taxes & assessments \$0.8; Misc. \$0.2; and Overhead allocations <\$3.1>  
(3) Primarily for: Interest income \$65.9; Mark-to-market valuation adjustment \$39.8; Settlements/rebates \$6.7; Federal/state operating grants \$5.0; JPA income \$2.5; Late charges/discounts/misc. \$1.8; and Pass-through grant receipts \$0.2  
(4) Primarily for: Interest expense \$10.4; Bond issuance costs \$1.1; and capital projects closed to expense \$0.2

The Port of Los Angeles - Harbor Department  
FYTD June 30, 2025 and 2024

TRANSMITTAL 3

\$ in thousands	Fiscal Year Actual FY 2024/25 Fiscal YTD - Jun 2025	Prior Fiscal Year FY 2023/24 Fiscal YTD - Jun 2024	Year-over-Year Change (Unfavorable)/Favorable		Generated Notes
			\$	%	
<b>Operating Revenues</b>					
Shipping Services	540,307	512,465	27,842	5.4%	Higher revenues from wharfage \$29.5, pilotage \$1.3 and dockage \$0.1, partially offset by lower revenues from space assignment <\$3.1>
Rentals	117,926	116,748	1,178	1.0%	Higher revenues from Union Pacific \$0.9, Linde \$0.9, Ultramar \$0.6, PBF Energy \$0.5, Vopak \$0.3, Cal Marine \$0.3, general CPIs \$1.0, partially offset by land rent reclassification to wharfage at SA Recycling <\$3.3>
Royalties, Fees and Other Revenues	92,939	32,288	60,651	187.8%	Primarily from higher Harbor Maintenance Tax receipts \$60.6
Clean Truck Program Revenues	47,514	45,539	1,975	4.3%	Higher revenues from CTFR collections \$2.7, partially offset by lower annual truck fees <\$0.6>, and concession app fees <\$0.1>
<b>Total Operating Revenues</b>	<b>798,686</b>	<b>707,040</b>	<b>91,646</b>	<b>13.0%</b>	
<b>Operating Expenses</b>					
Gross Salaries & Benefits	196,001	183,285	(12,716)	(6.9%)	Higher headcounts, higher overtime expenses and higher miscellaneous employee benefits
Capitalization	(35,786)	(34,199)	1,586	(4.6%)	Higher overhead allocations \$4.1, partially offset by and lower direct allocations <\$2.5>
Net Salaries & Benefits	160,216	149,086	(11,130)	(7.5%)	
Marketing & Public Relations	3,220	3,279	59	1.8%	Lower community promotional/advertising \$0.7, almost completely offset by higher sponsorships/business promotional <\$0.6>
Travel	812	768	(44)	(5.7%)	Higher event registrations <\$0.1>
Outside Services	39,953	33,817	(6,136)	(18.1%)	Higher spending within IT <\$6.0>, Accounting <\$1.5>, and misc. <\$0.1>, partially offset by higher overhead capitalization \$1.2 and lower WCREC \$0.3
Materials & Supplies	6,884	6,438	(446)	(6.9%)	Higher spending from C&M <\$0.8>, partially offset by lower spending from IT \$0.2 and misc. \$0.1
Rentals and Incentives	23,322	13,530	(9,792)	(72.4%)	Higher container incentive payouts <\$11.3>, partially offset by lower cruise incentive payouts \$0.9 and lower environmental incentive payouts \$0.6
Clean Truck Program Expenses	14,451	6,169	(8,282)	(134.3%)	Higher spend on CTFR Subsidies <\$8.1> and CTFR Admin Fees <\$0.2>
City Services	52,101	45,145	(6,956)	(15.4%)	Higher spending on Recreation and Parks <\$3.8> and Fire <\$3.7>, partially offset by lower City Attorney and misc. spending \$0.5
(1) Other Operating Expenses	45,431	32,302	(13,129)	(40.6%)	Higher claims and settlements <\$6.2>, electricity <\$4.3>, provisions for bad debt <\$1.6>, water <\$0.9>, insurance <\$0.8> and workers' compensation <\$0.5>, partially offset by higher overhead capitalization \$1.2
<b>Total Operating Expenses</b>	<b>346,390</b>	<b>290,535</b>	<b>(55,856)</b>	<b>(19.2%)</b>	
<b>Income Before Depreciation</b>	<b>452,296</b>	<b>416,505</b>	<b>35,791</b>	<b>8.6%</b>	
Provision For Depreciation	152,673	149,883	(2,790)	(1.9%)	
<b>Income From Operations</b>	<b>299,623</b>	<b>266,622</b>	<b>33,001</b>	<b>12.4%</b>	
(2) Non-Operating Revenue	121,996	54,321	67,675	124.6%	Higher mark-to-market valuations adjustments \$39.0, higher interest income \$19.7, higher misc. settlements/reimbursements \$7.8, higher non-operating grants \$1.0, higher investment income \$0.4, partially offset by lower gains on asset sales <\$0.2>
(3) Non-Operating Expenses	11,720	18,099	6,379	35.2%	Lower interest expense \$7.3 and lower pass-through grant disbursements \$0.3, partially offset by higher bond issuance costs <\$1.0> and higher capital projects closed to expense <\$0.2>
<b>Income before Capital Contributions</b>	<b>409,899</b>	<b>302,844</b>	<b>107,055</b>	<b>35.3%</b>	
Capital Contributions	15,098	54,252	39,154	72.2%	
<b>Net Income</b>	<b>424,997</b>	<b>357,096</b>	<b>67,901</b>	<b>19.0%</b>	

Notes:

- (1) Primarily for: Utilities \$31.1; Insurance \$6.7; Litigation/claims \$6.2; Memberships/subscriptions/books \$1.2; Provision for bad debts \$1.2; Workers' compensation \$1.1; Taxes & assessments \$0.8; Misc. \$0.2; and Overhead allocations <\$3.1>  
(2) Primarily for: Interest income \$65.9; Mark-to-market valuation adjustment \$39.8; Settlements/rebates \$6.7; Federal/state operating grants \$5.0; JPA income \$2.5; Late charges/discounts/misc. \$1.8; and Pass-through grant receipts \$0.2  
(3) Primarily for: Interest expense \$10.4; Bond issuance costs \$1.1; and capital projects closed to expense \$0.2