



AUDIT COMMITTEE

Report to the
Board of Harbor Commissioners

“FOR INFORMATION ONLY”

DATE: MAY 10, 2023

TO: BOARD OF HARBOR COMMISSIONERS

**SUBJECT: FINANCIAL PERFORMANCE RESULTS FOR
FISCAL YEAR 2022/23 ENDED APRIL 30, 2023**

Financial performance results for the first ten 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 April, cargo volumes (as measured by TEUs or twenty-foot equivalent units) decreased by 14.5% relative to budget and 20.4% relative to the prior fiscal year. In summary, performance results for the Harbor Department are as follows:

FYTD April 2023	Actuals (Cargo Volumes in Thousands, \$ in Millions)	Actual-to- Budget Comparison	Year-on-Year Comparison
Cargo Volumes	7,022	↓ (14.5%)	↓ (20.4%)
Operating Revenues	\$503.9	↓ (3.4%)	↓ (4.4%)
Operating Expenses	\$219.8	↓ (20.5%)	↑ 2.4%
Operating Income	\$284.1	↑ 15.7%	↓ (9.0%)
Net Income	\$161.3	↑ 141.9%	↓ (6.2%)

Shipping Services decreased as the Port of Los Angeles continues to experience soft container volumes. Relative to budget, Operating Revenues decreased by 3.4% as lower wharfage, delays in recording Clean Truck Fund Rate collections and lower one-time operating reimbursements were only partially offset by higher space assignment rates, higher rental revenue, and other favorable activities. In comparison to the prior fiscal year, total Operating Revenues decreased by 4.4% due to lower wharfage revenues and other unfavorable activities which were partially offset by the Clean Truck Fund Rate collections and higher rental revenue.

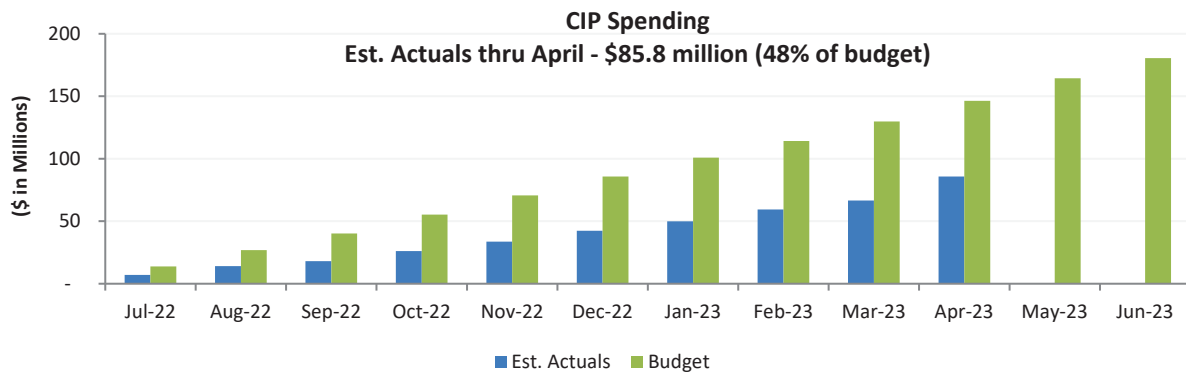
SUBJECT: FINANCIAL PERFORMANCE RESULTS

Operating Expenses were 20.5% lower than budget primarily due to lower salaries and benefits expenses, delayed Clean Truck Fund Rate subsidies, and invoicing delays related to city and outside services expenses. Relative to the prior fiscal year, total Operating Expenses increased by 2.4% due to higher Clean Truck Fund Rate subsidies, higher outside services, higher container incentives, and higher other unfavorable variances which were partially offset by lower electricity costs.

Operating Margin for the month of April was 56.4% versus a budget of 47.0% and a prior year figure of 59.3%.

Capital Improvement Program (CIP)

CIP spending for the ten-month period ended April 30, 2023, was estimated to reach \$85.8 million or about 48% 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 April 2023
2. Actual-to-Budget FY 2022/23 – April
3. Year-to-Year Performance Report YTD April 30, 2023 and 2022

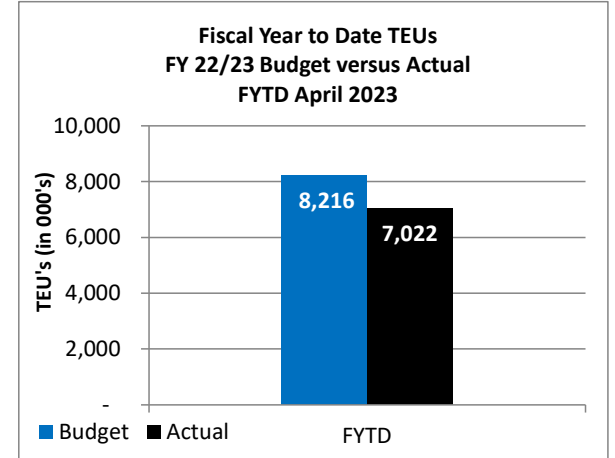
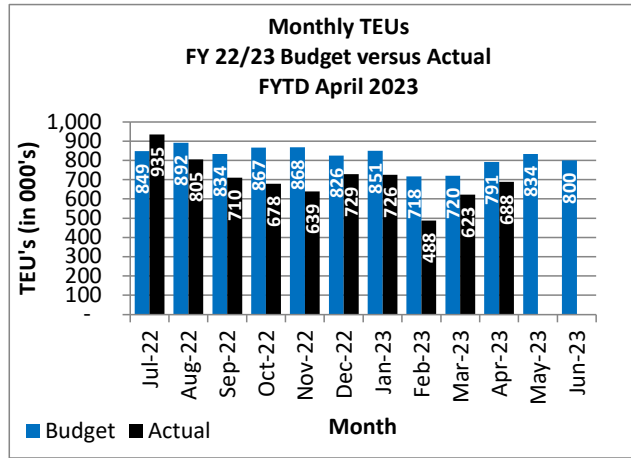
Author: E. Estrada
MB:JS:MM/Finance
cc: Deputy Executive Directors

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

TRANSMITTAL 1

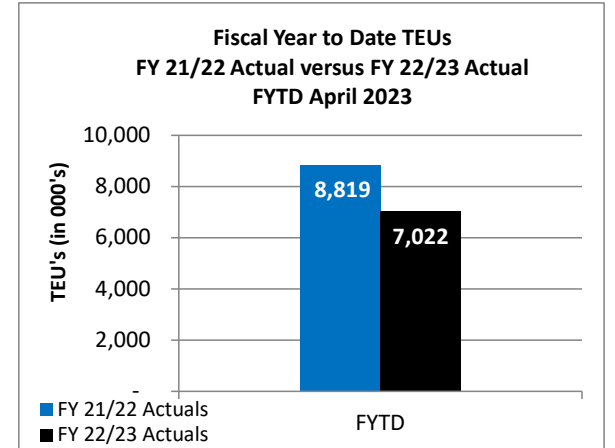
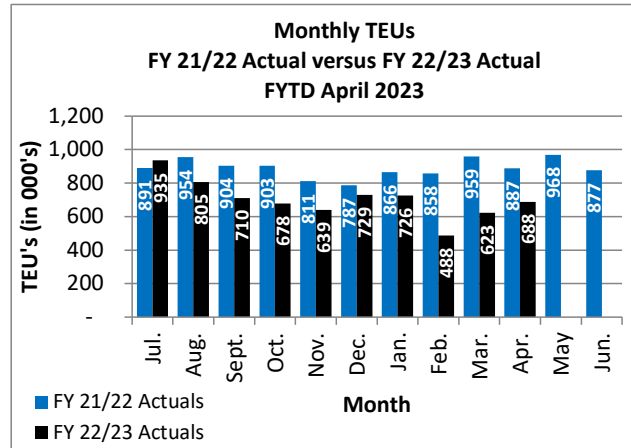
Budget versus Actuals Comparison
FY 22/23 Budget vs. FY 22/23 Actuals

(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	726	-14.6%	↓
Feb-23	718	488	-32.0%	↓
Mar-23	720	623	-13.4%	↓
Apr-23	791	688	-13.0%	↓
May-23	834			
Jun-23	800			
FYTD	8,216	7,022	-14.5%	↓
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	726	-16.1%	↓
Feb.	858	488	-43.1%	↓
Mar.	959	623	-35.0%	↓
Apr.	887	688	-22.5%	↓
May	968			
Jun.	877			
FYTD	8,819	7,022	-20.4%	↓
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 - April 2023	Fiscal YTD - April 2023	(Unfavorable)/Favorable	
			\$	%
Operating Revenues				
Shipping Services	356,020	363,232	(7,212)	(2.0%)
Rentals	90,408	84,338	6,070	7.2%
Royalties, Fees and Other Revenues	29,375	34,522	(5,148)	(14.9%)
Clean Truck Program Revenues	28,060	39,749	(11,689)	(29.4%)
Total Operating Revenues	503,862	521,841	(17,978)	(3.4%)
Operating Expenses				
Gross Salaries & Benefits	129,698	149,611	19,912	13.3%
Capitalization	(23,223)	(14,001)	9,222	(65.9%)
Net Salaries & Benefits	106,475	135,610	29,134	21.5%
Marketing & Public Relations	2,209	2,736	527	19.3%
Travel	490	877	387	44.1%
Outside Services	21,417	34,073	12,656	37.1%
Materials & Supplies	4,716	4,881	165	3.4%
City Services	43,469	51,791	8,322	16.1%
Allocations to Capital - Overhead		(16,230)	(16,230)	100.0%
Other Operating Expenses	37,055	51,509	14,454	28.1%
Clean Truck Program Expenses	3,980	11,152	7,172	64.3%
Total Operating Expenses	219,811	276,398	56,587	20.5%
Income Before Depreciation	284,051	245,443	38,609	15.7%
Provision For Depreciation	131,971	133,541	1,571	1.2%
Income From Operations	152,081	111,901	40,180	35.9%
Non-Operating Revenue	30,770	45,561	(14,791)	(32.5%)
Non-Operating Expenses	21,564	90,776	69,212	76.2%
Net Income	161,287	66,686	94,601	141.9%

\$ in thousands	Current Fiscal Year	Prior Fiscal Year	Year-over-Year	
	FY 2022/23	FY 2021/22	Change	
	Fiscal YTD - April 2023	Fiscal YTD - April 2022	(Unfavorable)/Favorable	
			\$	%
Operating Revenues				
Shipping Services	356,020	412,830	(56,810)	(13.8%)
Rentals	90,408	78,356	12,052	15.4%
Royalties, Fees and Other Revenues	29,375	30,637	(1,262)	(4.1%)
Clean Truck Program Revenues	28,060	5,142	22,918	445.7%
Total Operating Revenues	503,862	526,965	(23,103)	(4.4%)
Operating Expenses				
Gross Salaries & Benefits	129,698	134,324	4,626	3.4%
Capitalization	(23,223)	(22,751)	472	(2.1%)
Net Salaries & Benefits	106,475	111,573	5,098	4.6%
Marketing & Public Relations	2,209	1,475	(734)	(49.7%)
Travel	490	201	(289)	(144.2%)
Outside Services	21,417	17,728	(3,689)	(20.8%)
Materials & Supplies	4,716	3,827	(889)	(23.2%)
City Services	43,469	41,701	(1,768)	(4.2%)
Other Operating Expenses	37,055	36,583	(472)	(1.3%)
Clean Truck Program Expenses	3,980	1,582	(2,398)	(151.6%)
Total Operating Expenses	219,811	214,671	(5,140)	(2.4%)
Income Before Depreciation	284,051	312,294	(28,243)	(9.0%)
Provision For Depreciation	131,971	119,701	(12,270)	(10.3%)
Income From Operations	152,081	192,593	(40,513)	(21.0%)
Non-Operating Revenue	30,770	18,861	11,909	63.1%
Non-Operating Expenses	21,564	39,416	17,852	45.3%
Net Income	161,287	172,039	(10,751)	(6.2%)