



## AUDIT COMMITTEE

Report to the  
Board of Harbor Commissioners

### “FOR INFORMATION ONLY”

**DATE: JANUARY 27, 2022**

**TO: BOARD OF HARBOR COMMISSIONERS**

**SUBJECT: FINANCIAL PERFORMANCE RESULTS FOR  
FISCAL YEAR 2021/22 ENDED DECEMBER 31, 2021**

Financial performance results for the first six months of the Fiscal Year 2021/22 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) increased by 3.2% relative to budget but decreased by 3.7% relative to the prior fiscal year. In summary, performance results for the Harbor Department are as follows:

<b>FYTD December 2021</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>	5,250	↑ 3.2%	↓ (3.7%)
<b>Operating Revenues</b>	\$278.8	↑ 4.6%	↓ (3.2%)
<b>Operating Expenses</b>	\$125.2	↓ (16.8%)	↑ 7.6%
<b>Operating Income</b>	\$153.6	↑ 32.4%	↓ (10.6%)
<b>Net Income</b>	\$68.3	↑ 335.2%	↓ (26.9%)

Shipping Services increased relative to budget, but decreased relative to the prior fiscal year due to higher accruals for year-end compensation adjustments relative to the prior year. Relative to budget, Operating Revenues increased by 4.6% primarily due to higher space assignments, higher utility reimbursements, higher CTP revenues, and higher operating reimbursements, which were only partially offset by lower rentals. In comparison to the prior fiscal year, total Operating Revenues decreased by 3.2% due to lower wharfage, which was only partially offset by higher space assignments, higher utility reimbursements, higher CTP revenues, higher operating reimbursements, and higher rentals.

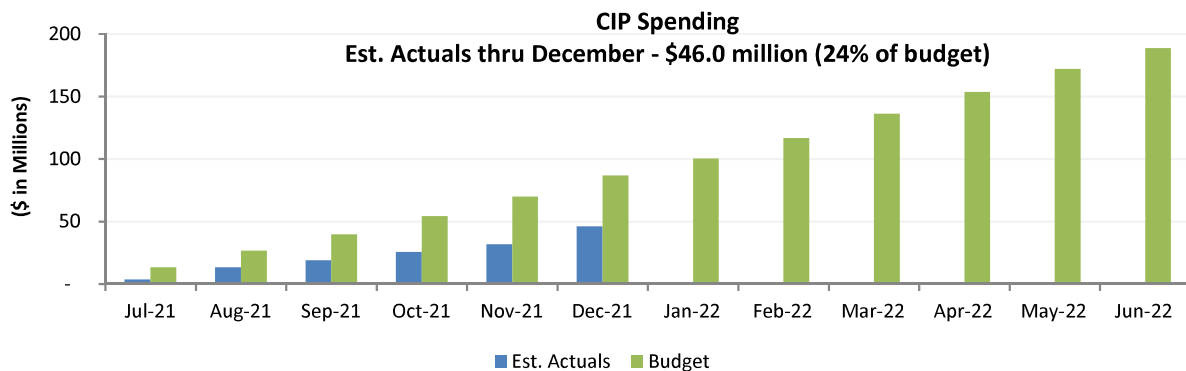
**SUBJECT: FINANCIAL PERFORMANCE RESULTS**

Operating Expenses were 16.8% lower than budget primarily due to lower salaries and benefits, invoicing delays related to outside services as well as lower container incentives. Relative to the prior fiscal year, total Operating Expenses increased by 7.6% due to higher electricity, higher outside services, and higher container incentives, which were only partially offset by lower promotional activity and lower other operating revenues.

Operating margin for the FYTD period through December was 55.1% versus a budget of 43.5% and a prior year figure of 59.6%.

Capital Improvement Program (CIP)

CIP spending for the six-month period ended December 31, 2021 was estimated to reach \$46.0 million or about 24% of the total \$188.7 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*

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**MARLA BLEAVINS**  
 Deputy Executive Director & Chief Financial Officer

Transmittals:

1. TEU Throughput Comparison – FYTD December 2021
2. Actual-to-Budget FY 2020/21 – December
3. Year-to-Year Performance Report YTD December 31, 2021 and 2020

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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 - December 2021	Fiscal YTD - December 2021	(Unfavorable)/Favorable	
			\$	%
<b>Operating Revenues</b>				
Shipping Services	219,975	216,141	3,833	1.8%
Rentals	40,005	42,937	(2,933)	(6.8%)
Royalties, Fees and Other Revenues	15,020	6,516	8,504	130.5%
Clean Truck Program Revenues	3,827	975	2,852	292.5%
<b>Total Operating Revenues</b>	<b>278,826</b>	<b>266,569</b>	<b>12,257</b>	<b>4.6%</b>
<b>Operating Expenses</b>				
Gross Salaries & Benefits	79,138	87,316	8,177	9.4%
Capitalization	(13,666)	(7,941)	5,724	(72.1%)
Net Salaries & Benefits	65,473	79,374	13,902	17.5%
Marketing & Public Relations	515	1,409	894	63.5%
Travel	107	335	227	67.9%
Outside Services	9,327	15,982	6,655	41.6%
Materials & Supplies	1,780	3,320	1,539	46.4%
City Services	26,007	30,501	4,494	14.7%
Allocations to Capital - Overhead		(9,746)	(9,746)	100.0%
Other Operating Expenses	21,417	28,687	7,269	25.3%
Clean Truck Program Expenses	576	712	136	19.1%
<b>Total Operating Expenses</b>	<b>125,203</b>	<b>150,574</b>	<b>25,371</b>	<b>16.8%</b>
<b>Income Before Depreciation</b>	<b>153,623</b>	<b>115,995</b>	<b>37,628</b>	<b>32.4%</b>
Provision For Depreciation	64,830	80,772	15,941	19.7%
<b>Income From Operations</b>	<b>88,793</b>	<b>35,224</b>	<b>53,569</b>	<b>152.1%</b>
Non-Operating Revenue	12,508	36,362	(23,854)	(65.6%)
Non-Operating Expenses	33,008	55,893	22,885	40.9%
<b>Net Income</b>	<b>68,294</b>	<b>15,693</b>	<b>52,601</b>	<b>335.2%</b>

\$ in thousands	Current Fiscal Year	Prior Fiscal Year	Year-over-Year Change	
	FY 2021/22	FY 2020/21	(Unfavorable)/Favorable	
	Fiscal YTD - December 2021	Fiscal YTD - December 2020	\$	%
<b>Operating Revenues</b>				
Shipping Services	219,975	241,858	(21,883)	(9.0%)
Rentals	40,005	38,971	1,034	2.7%
Royalties, Fees and Other Revenues	15,020	6,212	8,808	141.8%
Clean Truck Program Revenues	3,827	1,071	2,755	257.1%
<b>Total Operating Revenues</b>	<b>278,826</b>	<b>288,112</b>	<b>(9,286)</b>	<b>(3.2%)</b>
<b>Operating Expenses</b>				
Gross Salaries & Benefits	79,138	77,192	(1,946)	(2.5%)
Capitalization	(13,666)	(11,852)	1,813	(15.3%)
Net Salaries & Benefits	65,473	65,340	(133)	(0.2%)
Marketing & Public Relations	515	955	440	46.1%
Travel	107	43	(65)	(152.9%)
Outside Services	9,327	6,927	(2,400)	(34.6%)
Materials & Supplies	1,780	1,874	93	5.0%
City Services	26,007	25,628	(379)	(1.5%)
Other Operating Expenses	21,417	15,240	(6,177)	(40.5%)
Clean Truck Program Expenses	576	334	(242)	(72.4%)
<b>Total Operating Expenses</b>	<b>125,203</b>	<b>116,341</b>	<b>(8,862)</b>	<b>(7.6%)</b>
<b>Income Before Depreciation</b>	<b>153,623</b>	<b>171,772</b>	<b>(18,148)</b>	<b>(10.6%)</b>
Provision For Depreciation	64,830	76,518	11,688	15.3%
<b>Income From Operations</b>	<b>88,793</b>	<b>95,254</b>	<b>(6,461)</b>	<b>(6.8%)</b>
Non-Operating Revenue	12,508	10,773	1,735	16.1%
Non-Operating Expenses	33,008	12,584	(20,424)	(162.3%)
<b>Net Income</b>	<b>68,294</b>	<b>93,443</b>	<b>(25,149)</b>	<b>(26.9%)</b>