



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:

FYTD December 2021	Actuals (Cargo Volumes in Thousands, \$ in Millions)	Actual-to- Budget Comparison	Year-on-Year Comparison
Cargo Volumes	5,250	↑ 3.2%	↓ (3.7%)
Operating Revenues	\$278.8	↑ 4.6%	↓ (3.2%)
Operating Expenses	\$125.2	↓ (16.8%)	↑ 7.6%
Operating Income	\$153.6	↑ 32.4%	↓ (10.6%)
Net Income	\$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.

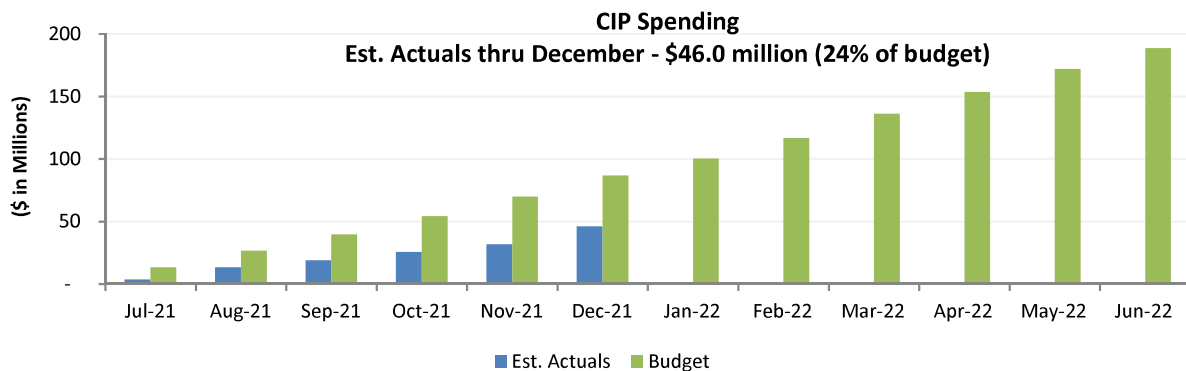
SUBJECT: FINANCIAL PERFORMANCE RESULTS

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

Author: E. Estrada

MB:JS:MM/Finance

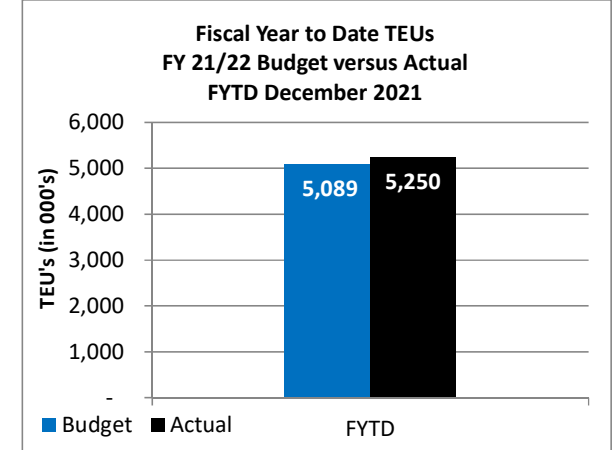
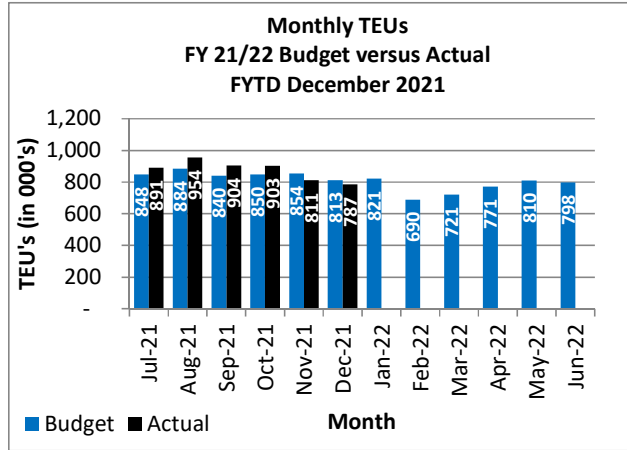
cc: Deputy Executive Directors

HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES
TEU THROUGHPUT COMPARISON - FYTD DECEMBER 2021

TRANSMITTAL 1

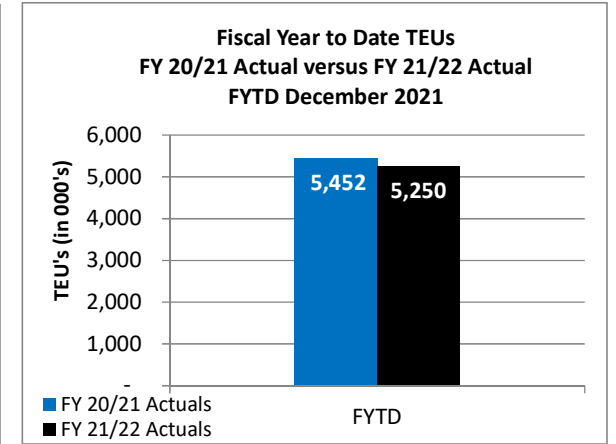
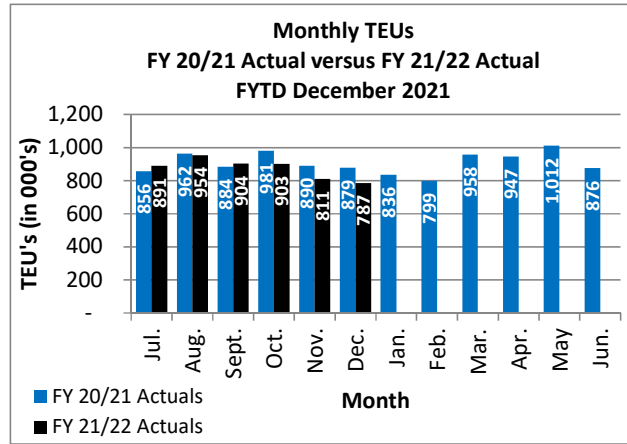
Budget versus Actuals Comparison
FY 21/22 Budget vs. FY 21/22 Actuals

(in 000's)	TEU's		% Δ	Δ
Month	FY 21/22 Budget	FY 21/22 Actuals		
Jul-21	848	891	5.0%	↑
Aug-21	884	954	8.0%	↑
Sep-21	840	904	7.6%	↑
Oct-21	850	903	6.2%	↑
Nov-21	854	811	-5.0%	↓
Dec-21	813	787	-3.2%	↓
Jan-22	821			
Feb-22	690			
Mar-22	721			
Apr-22	771			
May-22	810			
Jun-22	798			
FYTD	5,089	5,250	3.2%	↑
FY 21/22 Budget	9,700			



Year-to-Year Actuals Comparison
FY 20/21 Actuals vs. FY 21/22 Actuals

(in 000's)	TEU's		% Δ	Δ
Month	FY 20/21 Actuals	FY 21/22 Actuals		
Jul.	856	891	4.0%	↑
Aug.	962	954	-0.8%	↓
Sept.	884	904	2.3%	↑
Oct.	981	903	-8.0%	↓
Nov.	890	811	-8.8%	↓
Dec.	879	787	-10.5%	↓
Jan.	836			
Feb.	799			
Mar.	958			
Apr.	947			
May	1,012			
Jun.	876			
FYTD	5,452	5,250	-3.7%	↓
FY 20/21 Actuals	10,879			



\$ 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	
			\$	%
Operating Revenues				
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%
Total Operating Revenues	278,826	266,569	12,257	4.6%
Operating Expenses				
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%
Total Operating Expenses	125,203	150,574	25,371	16.8%
Income Before Depreciation	153,623	115,995	37,628	32.4%
Provision For Depreciation	64,830	80,772	15,941	19.7%
Income From Operations	88,793	35,224	53,569	152.1%
Non-Operating Revenue	12,508	36,362	(23,854)	(65.6%)
Non-Operating Expenses	33,008	55,893	22,885	40.9%
Net Income	68,294	15,693	52,601	335.2%

\$ 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	\$	%
Operating Revenues				
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%
Total Operating Revenues	278,826	288,112	(9,286)	(3.2%)
Operating Expenses				
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%)
Total Operating Expenses	125,203	116,341	(8,862)	(7.6%)
Income Before Depreciation	153,623	171,772	(18,148)	(10.6%)
Provision For Depreciation	64,830	76,518	11,688	15.3%
Income From Operations	88,793	95,254	(6,461)	(6.8%)
Non-Operating Revenue	12,508	10,773	1,735	16.1%
Non-Operating Expenses	33,008	12,584	(20,424)	(162.3%)
Net Income	68,294	93,443	(25,149)	(26.9%)