



AUDIT COMMITTEE

Report to the
Board of Harbor Commissioners

“FOR INFORMATION ONLY”

DATE: FEBRUARY 14, 2023

TO: BOARD OF HARBOR COMMISSIONERS

SUBJECT: FINANCIAL PERFORMANCE RESULTS FOR
FISCAL YEAR 2022/23 ENDED JANUARY 31, 2023

Financial performance results for the first seven 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 January, cargo volumes (as measured by TEUs or twenty-foot equivalent units) decreased by 12.8% relative to budget and 14.6% relative to the prior fiscal year. In summary, performance results for the Harbor Department are as follows:

FYTD January 2023	Actuals (Cargo Volumes in Thousands, \$ in Millions)	Actual-to- Budget Comparison	Year-on-Year Comparison
Cargo Volumes	5,223	↓ (12.8%)	↓ (14.6%)
Operating Revenues	\$382.7	↑ 3.4%	↑ 8.0%
Operating Expenses	\$152.9	↓ (22.7%)	↑ 2.4%
Operating Income	\$229.8	↑ 33.3%	↑ 12.1%
Net Income	\$141.8	↑ 217.8%	↑ 34.1%

Shipping Services increased relative to budget primarily due to higher space assignments and higher wharfage revenues, however, relative to the prior fiscal year, shipping services decreased as lower wharfage and lower dockage was only partially offset by higher space assignments and higher pilotage. Relative to budget, Operating Revenues increased by 3.4% as higher space assignment rates, higher rental revenues, and higher Harbor Maintenance Tax receipts were partially offset by lower one-time operating reimbursements and delays in recording Clean Truck Fund Rate collections. In comparison to the prior fiscal year, total Operating Revenues increased by 8.0% due to

SUBJECT: FINANCIAL PERFORMANCE RESULTS

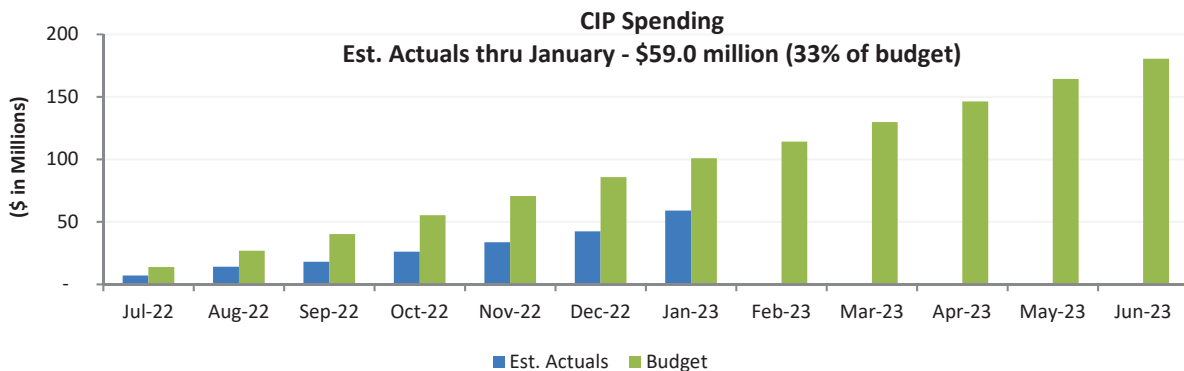
Clean Truck Fund Rate collections, higher rental revenues, and higher space assignment rates which were only partially offset by lower wharfage.

Operating Expenses were 22.7% 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 outside services and higher container incentives which were only partially offset by lower city services expenses.

Operating Margin for the month of January was 60.0% versus a budget of 46.6% and a prior year figure of 57.8%.

Capital Improvement Program (CIP)

CIP spending for the seven-month period ended January 31, 2022 was estimated to reach \$59.0 million or about 33% 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 January 2023
2. Actual-to-Budget FY 2022/23 – January
3. Year-to-Year Performance Report YTD January 31, 2023 and 2022

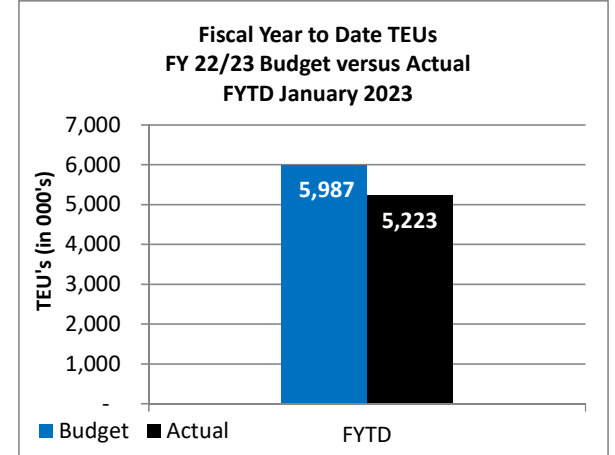
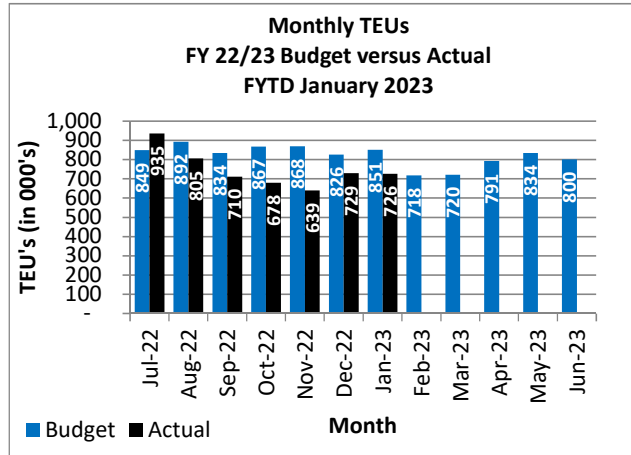
Author: E. Estrada
 MB:JS:MM/Finance
 cc: Deputy Executive Directors

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

TRANSMITTAL 1

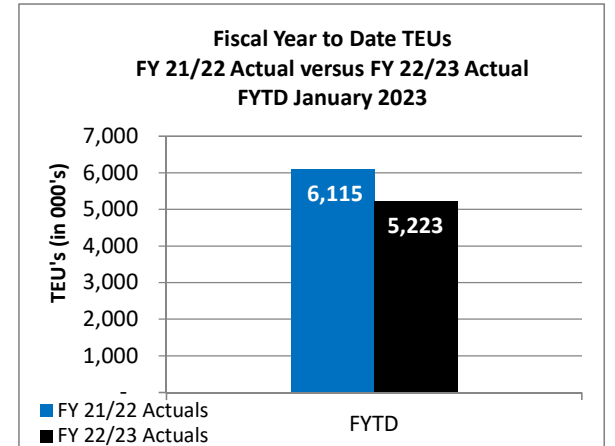
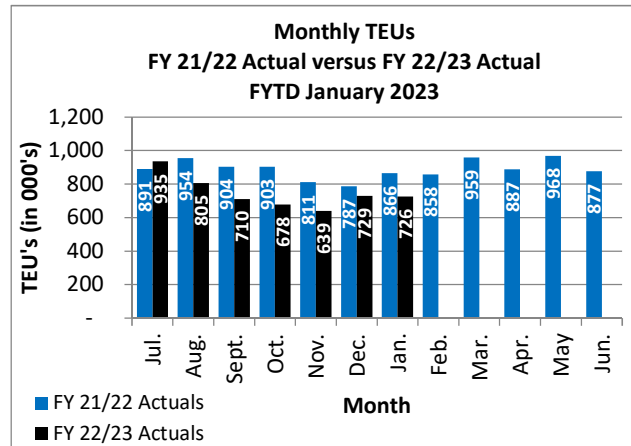
Budget versus Actuals Comparison
FY 22/23 Budget vs. FY 22/23 Actuals

(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			
Mar-23	720			
Apr-23	791			
May-23	834			
Jun-23	800			
FYTD	5,987	5,223	-12.8%	↓
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			
Mar.	959			
Apr.	887			
May	968			
Jun.	877			
FYTD	6,115	5,223	-14.6%	↓
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 - January 2023	Fiscal YTD - January 2023	(Unfavorable)/Favorable	
			\$	%
Operating Revenues				
Shipping Services	273,902	256,853	17,048	6.6%
Rentals	66,729	60,785	5,944	9.8%
Royalties, Fees and Other Revenues	20,465	24,654	(4,189)	(17.0%)
Clean Truck Program Revenues	21,562	27,824	(6,262)	(22.5%)
Total Operating Revenues	382,658	370,117	12,541	3.4%
Operating Expenses				
Gross Salaries & Benefits	92,481	104,951	12,470	11.9%
Capitalization	(16,450)	(9,801)	6,649	(67.8%)
Net Salaries & Benefits	76,031	95,150	19,119	20.1%
Marketing & Public Relations	1,351	1,966	615	31.3%
Travel	319	597	278	46.6%
Outside Services	14,139	24,683	10,544	42.7%
Materials & Supplies	2,702	3,253	551	17.0%
City Services	29,847	36,283	6,436	17.7%
Allocations to Capital - Overhead		(11,361)	(11,361)	100.0%
Other Operating Expenses	27,465	38,655	11,189	28.9%
Clean Truck Program Expenses	1,025	8,575	7,549	88.0%
Total Operating Expenses	152,879	197,800	44,922	22.7%
Income Before Depreciation	229,779	172,317	57,462	33.3%
Provision For Depreciation	91,324	93,479	2,155	2.3%
Income From Operations	138,456	78,838	59,618	75.6%
Non-Operating Revenue	15,020	32,177	(17,157)	(53.3%)
Non-Operating Expenses	11,655	66,393	54,738	82.4%
Net Income	141,820	44,621	97,199	217.8%

\$ in thousands	Current Fiscal Year	Prior Fiscal Year	Year-over-Year	
	FY 2022/23	FY 2021/22	Change	
	Fiscal YTD - January 2023	Fiscal YTD - January 2023	(Unfavorable)/Favorable	
			\$	%
Operating Revenues				
Shipping Services	273,902	276,699	(2,797)	(1.0%)
Rentals	66,729	54,762	11,967	21.9%
Royalties, Fees and Other Revenues	20,465	18,766	1,699	9.1%
Clean Truck Program Revenues	21,562	4,092	17,471	427.0%
Total Operating Revenues	382,658	354,319	28,339	8.0%
Operating Expenses				
Gross Salaries & Benefits	92,481	92,692	212	0.2%
Capitalization	(16,450)	(15,642)	808	(5.2%)
Net Salaries & Benefits	76,031	77,051	1,020	1.3%
Marketing & Public Relations	1,351	1,196	(154)	(12.9%)
Travel	319	118	(200)	(169.6%)
Outside Services	14,139	11,414	(2,725)	(23.9%)
Materials & Supplies	2,702	2,154	(548)	(25.4%)
City Services	29,847	31,110	1,263	4.1%
Other Operating Expenses	27,465	25,548	(1,917)	(7.5%)
Clean Truck Program Expenses	1,025	766	(260)	(33.9%)
Total Operating Expenses	152,879	149,356	(3,523)	(2.4%)
Income Before Depreciation	229,779	204,964	24,816	12.1%
Provision For Depreciation	91,324	78,967	(12,356)	(15.6%)
Income From Operations	138,456	125,997	12,459	9.9%
Non-Operating Revenue	15,020	14,260	759	5.3%
Non-Operating Expenses	11,655	34,493	22,838	66.2%
Net Income	141,820	105,764	36,056	34.1%