



AUDIT COMMITTEE

Report to the
Board of Harbor Commissioners

“FOR INFORMATION ONLY”

DATE: APRIL 16, 2019

TO: BOARD OF HARBOR COMMISSIONERS

SUBJECT: FINANCIAL PERFORMANCE RESULTS FOR
FISCAL YEAR 2018/19 ENDED MARCH 31, 2019

Financial performance results for the first nine months of Fiscal Year (“FY”) 2018/19 are below and have been summarized relative to both budget and the prior fiscal year. For the month of March, cargo volumes (as measured by TEUs or twenty-foot equivalent units) increased 12.7% relative to March 2018. Fiscal year-to-date (“FYTD”) TEUs are 5.5% higher relative to prior FYTD results. In summary, FYTD performance results for the Harbor Department are as follows:

FYTD March 2019	Actuals (Cargo Volumes in Thousands, \$ in Millions)	Actual-to- Budget Comparison	Year-on-Year Comparison
Cargo Volumes	7,358	↑ 3.5%	↑ 5.5%
Operating Revenues	\$377.8	↓ (2.3%)	↓ (0.7%)
Operating Expenses	\$171.3	↓ (15.1%)	↑ 7.9%
Operating Income	\$206.5	↑ 11.8%	↓ (6.8%)
Net Income	\$125.6	↑ 128.5%	↑ 17.3%

Through the first nine months of FY 2018/19, Shipping Services revenues declined relative to both budget and the prior fiscal year due to higher accruals for calendar year-end compensation adjustments and lower realized rates. Relative to budget and the prior fiscal year, total Operating Revenues decreased by 2.3% and 0.7% respectively as lower Shipping Services and higher credits for tenant services were only partially offset by higher rental revenues, higher Harbor Maintenance Tax receipts and higher utility reimbursements.

Operating Expenses were favorably impacted as lower headcounts as well as invoicing delays with respect to outside services and city services drove total Operating Expenses 15.1% below budget. Relative to the prior fiscal year, total Operating Expenses increased

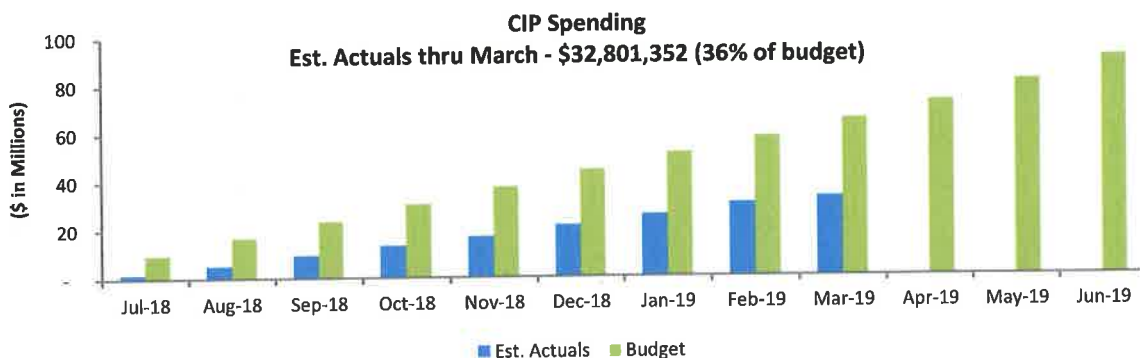
SUBJECT: FINANCIAL PERFORMANCE RESULTS

by 7.9% due to higher outside services, higher electricity expenses, higher city services spending as well as higher cruise incentive payouts.

Operating margins for the FYTD period were reported at 54.7% versus a budget of 47.8% and a prior year figure of 58.3%. However, it is important to note that as vacancies are filled, and, as invoicing issues are resolved, operating expenses are anticipated to trend towards budget as FY 2018/19 progresses.

Capital Improvement Program (CIP)

CIP spending for the FYTD period ended March 31, 2019 based on internal estimates reached \$32.8 million or about 36% of the total \$91.0 million CIP adopted budget. The Harbor Department currently expects annual CIP spending to fall below the adopted FY 2019 CIP budget.



Marla Bleavins

MARLA BLEAVINS
Deputy Executive Director & Chief Financial Officer

Transmittals:

1. TEU Throughput Comparison – FYTD March 2019
2. Actual-to-Budget FY 2018/19 – March
3. Year-to-Year Performance Report YTD March 31, 2019 and 2018

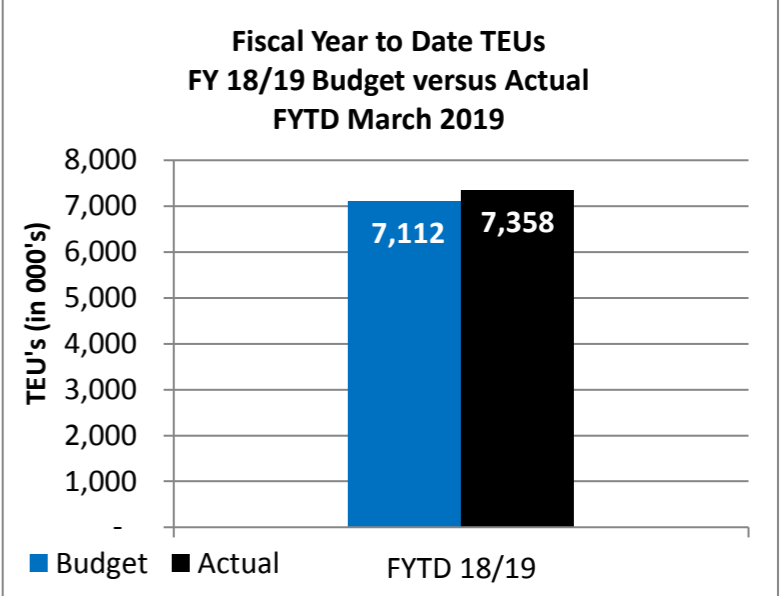
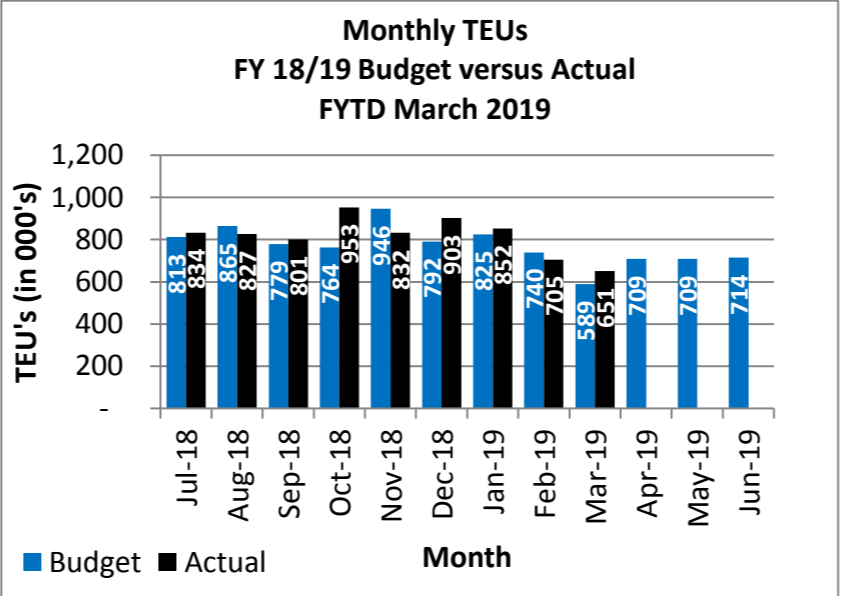
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JS:MM/Finance
cc: Deputy Executive Directors

HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES
TEU THROUGHPUT COMPARISON - FYTD MARCH 2019

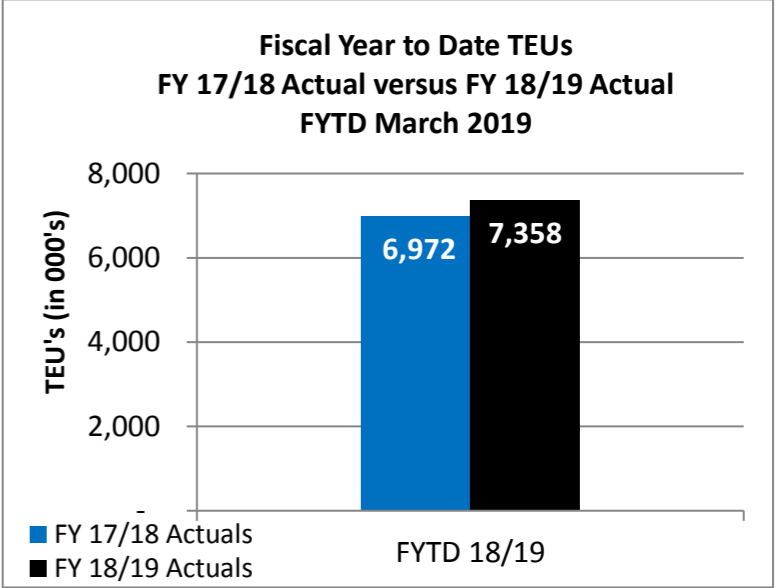
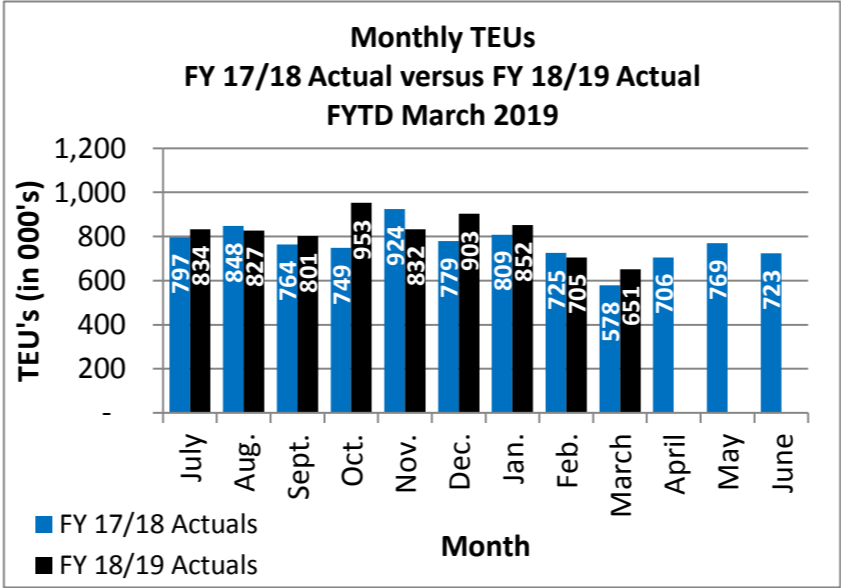
Budget versus Actuals Comparison
FY 18/19 Budget vs. FY 18/19 Actuals

(in 000's)	TEU's		% Δ	Δ
Month	FY 18/19 Budget	FY 18/19 Actuals		
Jul-18	813	834	2.6%	↑
Aug-18	865	827	-4.5%	↓
Sep-18	779	801	2.9%	↑
Oct-18	764	953	24.7%	↑
Nov-18	946	832	-12.0%	↓
Dec-18	792	903	14.1%	↑
Jan-19	825	852	3.3%	↑
Feb-19	740	705	-4.6%	↓
Mar-19	589	651	10.4%	↑
Apr-19	709			
May-19	709			
Jun-19	714			
FYTD 18/19	7,112	7,358	3.5%	↑
FY 18/19 Budget	9,244			



Year-to-Year Actuals Comparison
FY 17/18 Actuals vs. FY 18/19 Actuals

(in 000's)	TEU's		% Δ	Δ
Month	FY 17/18 Actuals	FY 18/19 Actuals		
July	797	834	4.6%	↑
Aug.	848	827	-2.5%	↓
Sept.	764	801	4.9%	↑
Oct.	749	953	27.2%	↑
Nov.	924	832	-9.9%	↓
Dec.	779	903	15.9%	↑
Jan.	809	852	5.4%	↑
Feb.	725	705	-2.7%	↓
March	578	651	12.7%	↑
April	706			
May	769			
June	723			
FYTD 18/19	6,972	7,358	5.5%	↑
FY 17/18 Actuals	9,170			



\$ in thousands	Fiscal Year Actual	Fiscal Year Budget	Actual-to-Budget	
	FY 2018/19	FY 2018/19	Comparison	
	Fiscal YTD - Mar. 2019	Fiscal YTD - Mar. 2019	\$	%
Operating Revenues				
Shipping Services	309,975	325,315	(15,340)	(4.7%)
Rentals	50,134	42,751	7,382	17.3%
Royalties, Fees and Other Revenues	16,348	16,668	(320)	(1.9%)
Clean Truck Program Revenues	1,304	1,768	(465)	(26.3%)
Total Operating Revenues	377,761	386,503	(8,743)	(2.3%)
Operating Expenses				
Gross Salaries & Benefits	103,546	117,042	(13,496)	(11.5%)
Capitalization	(16,812)	(10,099)	(6,714)	66.5%
Net Salaries & Benefits	86,734	106,943	(20,209)	(18.9%)
Marketing & Public Relations	2,012	2,756	(744)	(27.0%)
Travel	526	744	(218)	(29.3%)
Outside Services	20,426	31,730	(11,303)	(35.6%)
Materials & Supplies	4,098	6,433	(2,335)	(36.3%)
City Services	35,772	39,221	(3,449)	(8.8%)
Allocations to Capital - Overhead		(9,927)	9,927	(100.0%)
Other Operating Expenses	21,123	23,122	(1,999)	(8.6%)
Clean Truck Program Expenses	570	814	(245)	(30.1%)
Total Operating Expenses	171,261	201,837	(30,576)	(15.1%)
Income Before Depreciation	206,500	184,666	21,833	11.8%
Provision For Depreciation	119,812	131,710	(11,898)	(9.0%)
Income From Operations	86,688	52,957	33,731	63.7%
Non-Operating Revenue	47,240	18,735	28,505	152.1%
Non-Operating Expenses	(8,301)	(16,701)	8,400	(50.3%)
Net Income	125,627	54,991	70,636	128.5%

\$ in thousands	Current Fiscal Year	Prior Fiscal Year	Year-over-Year	
	FY 2018/19	FY 2017/18	Change	
	Fiscal YTD - Mar. 2019	Fiscal YTD - Mar. 2018	\$	%
Operating Revenues				
Shipping Services	309,975	320,389	(10,414)	(3.3%)
Rentals	50,134	46,333	3,801	8.2%
Royalties, Fees and Other Revenues	16,348	11,795	4,554	38.6%
Clean Truck Program Revenues	1,304	1,835	(531)	(28.9%)
Total Operating Revenues	377,761	380,351	(2,590)	(0.7%)
Operating Expenses				
Gross Salaries & Benefits	103,546	102,808	739	0.7%
Capitalization	(16,812)	(15,424)	(1,388)	9.0%
Net Salaries & Benefits	86,734	87,383	(649)	(0.7%)
Marketing & Public Relations	2,012	2,285	(273)	(11.9%)
Travel	526	548	(22)	(4.1%)
Outside Services	20,426	15,620	4,806	30.8%
Materials & Supplies	4,098	4,882	(783)	(16.0%)
City Services	35,772	30,038	5,734	19.1%
Other Operating Expenses	21,123	17,481	3,642	20.8%
Clean Truck Program Expenses	570	525	44	8.4%
Total Operating Expenses	171,261	158,762	12,499	7.9%
Income Before Depreciation	206,500	221,588	(15,089)	(6.8%)
Provision For Depreciation	119,812	122,142	(2,330)	(1.9%)
Income From Operations	86,688	99,446	(12,758)	(12.8%)
Non-Operating Revenue	47,240	12,625	34,615	274.2%
Non-Operating Expenses	(8,301)	(4,967)	(3,335)	67.1%
Net Income	125,627	107,105	18,522	17.3%