



## AUDIT COMMITTEE

Report to the  
Board of Harbor Commissioners

### “FOR INFORMATION ONLY”

**DATE: APRIL 15, 2020**

**TO: BOARD OF HARBOR COMMISSIONERS**

**SUBJECT: FINANCIAL PERFORMANCE RESULTS FOR  
FISCAL YEAR 2019/20 ENDED MARCH 31, 2020**

Financial performance results for the first nine months of Fiscal Year (FY) 2019/20 are below and have been summarized relative to both budget and the prior fiscal year. Through March, cargo volumes (as measured by TEUs or twenty-foot equivalent units) declined 5.9% relative to budget and 10.3% relative to the prior fiscal year. In summary, performance results for the Harbor Department are as follows:

<b>FYTD March 2020</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>	6,599	↓ (5.9%)	↓ (10.3%)
<b>Operating Revenues</b>	\$346.1	↓ (6.9%)	↓ (8.4%)
<b>Operating Expenses</b>	\$183.4	↓ (13.2%)	↑ 7.1%
<b>Operating Income</b>	\$162.7	↑ 1.3%	↓ (21.2%)
<b>Net Income</b>	\$41.5	↑ 101.9%	↓ (67.0%)

Shipping Services revenues declined relative to budget and the prior fiscal year due to lower wharfage, lower space assignments, and lower pilotage. Operating Revenues decreased by 6.9% compared to budget and 8.4% relative to the prior year as lower shipping services and delays in Harbor Maintenance Tax receipts were only partially offset by higher rentals.

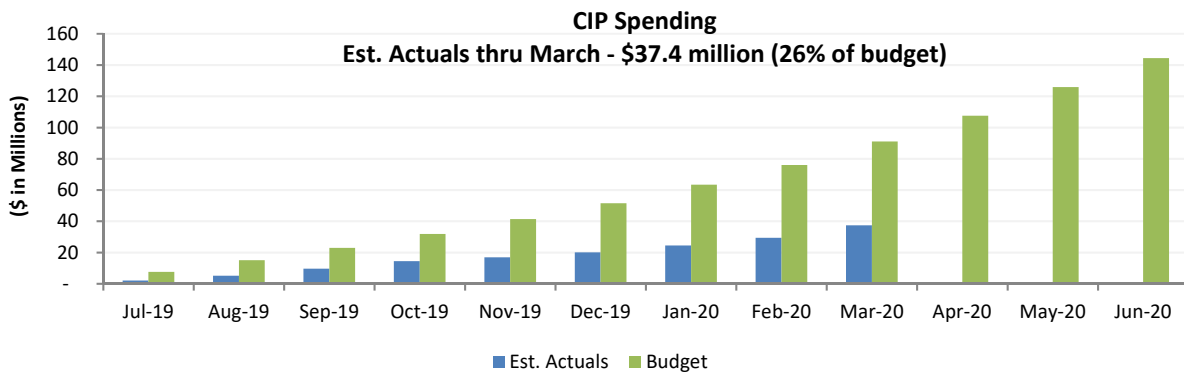
Lower headcount and invoicing delays with respect to outside services, materials and supplies, and city services, drove total Operating Expenses 13.2% below budget. Relative to the prior fiscal year, total Operating Expenses increased by 7.1% due primarily to higher average positions filled, higher container incentive payouts, and higher fire services payouts.

SUBJECT: FINANCIAL PERFORMANCE RESULTS

Operating margins for the month of March were reported at 47.0% versus a budget of 43.2% and a prior year figure of 54.7%. 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 2019/20 progresses.

Capital Improvement Program (CIP)

CIP spending for the nine-month period ended March 31, 2020 is estimated to reach \$37.4 million or about 26% of the total \$144.4 million CIP adopted budget. At this stage in the fiscal year, staff expects annual CIP spending to fall within in the adopted FY 2020 CIP budget.



MARLA BLEAVINS  
Deputy Executive Director & Chief Financial Officer

Transmittals:

1. TEU Throughput Comparison – FYTD March 2020
2. Actual-to-Budget FY 2019/20 – March
3. Year-to-Year Performance Report FYTD March 31, 2020 and 2019

Author: E. Estrada

MB:MM/Finance

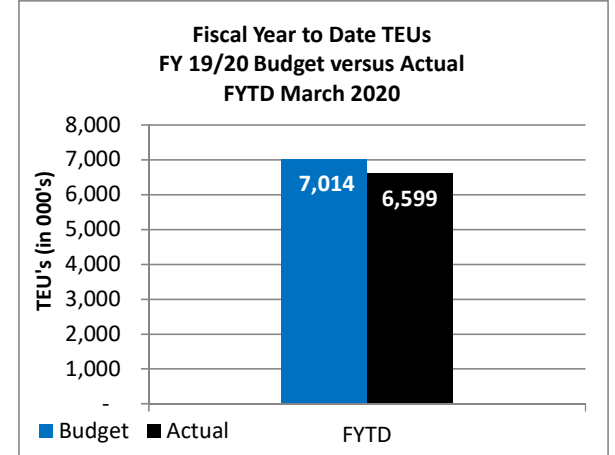
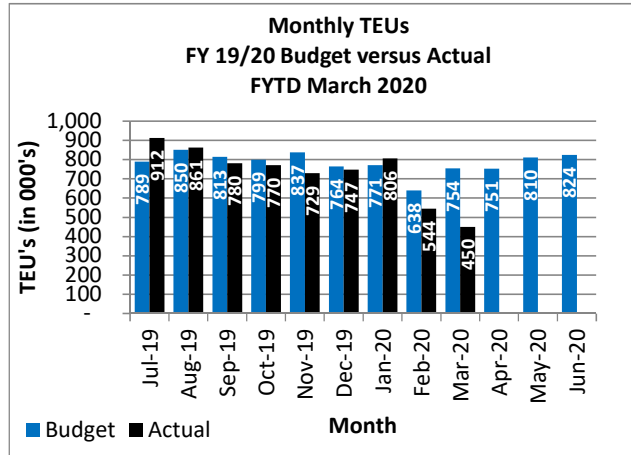
cc: Deputy Executive Directors

HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES  
TEU THROUGHPUT COMPARISON - FYTD MARCH 2020

TRANSMITTAL 1

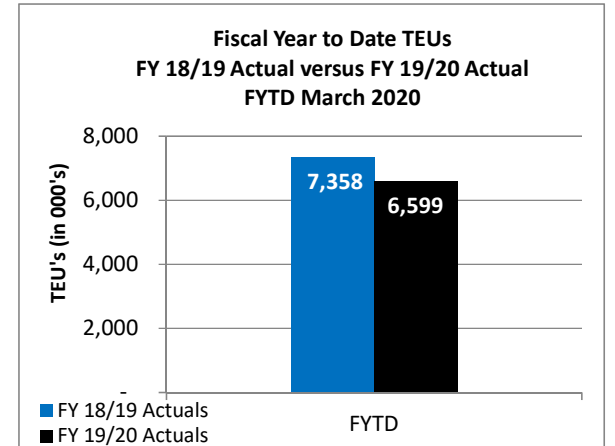
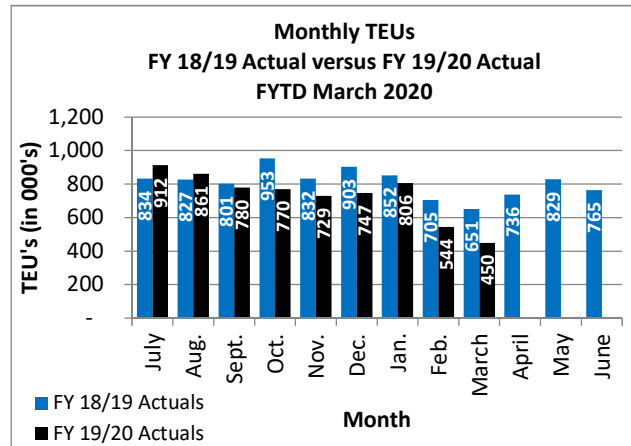
Budget versus Actuals Comparison  
FY 19/20 Budget vs. FY 19/20 Actuals

(in 000's)	TEU's		% Δ	Δ
Month	FY 19/20 Budget	FY 19/20 Actuals		
Jul-19	789	912	15.6%	↑
Aug-19	850	861	1.3%	↑
Sep-19	813	780	-4.1%	↓
Oct-19	799	770	-3.6%	↓
Nov-19	837	729	-12.9%	↓
Dec-19	764	747	-2.2%	↓
Jan-20	771	806	4.5%	↑
Feb-20	638	544	-14.8%	↓
Mar-20	754	450	-40.4%	↓
Apr-20	751			
May-20	810			
Jun-20	824			
FYTD	7,014	6,599	-5.9%	↓
FY 19/20 Budget	9,400			



Year-to-Year Actuals Comparison  
FY 18/19 Actuals vs. FY 19/20 Actuals

(in 000's)	TEU's		% Δ	Δ
Month	FY 18/19 Actuals	FY 19/20 Actuals		
July	834	912	9.4%	↑
Aug.	827	861	4.2%	↑
Sept.	801	780	-2.7%	↓
Oct.	953	770	-19.1%	↓
Nov.	832	729	-12.4%	↓
Dec.	903	747	-17.3%	↓
Jan.	852	806	-5.4%	↓
Feb.	705	544	-22.9%	↓
March	651	450	-30.9%	↓
April	736			
May	829			
June	765			
FYTD	7,358	6,599	-10.3%	↓
FY 18/19 Actuals	9,688			



\$ in thousands	Fiscal Year Actual	Fiscal Year Budget	Actual-to-Budget Comparison	
	FY 2019/20	FY 2019/20	(Unfavorable)/Favorable	
	Fiscal YTD - Mar. 2020	Fiscal YTD - Mar. 2020	\$	%
<b>Operating Revenues</b>				
Shipping Services	274,179	305,457	(31,278)	(10.2%)
Rentals	56,728	48,531	8,197	16.9%
Royalties, Fees and Other Revenues	12,521	15,085	(2,565)	(17.0%)
Clean Truck Program Revenues	2,724	2,895	(171)	(5.9%)
<b>Total Operating Revenues</b>	<b>346,151</b>	<b>371,968</b>	<b>(25,816)</b>	<b>(6.9%)</b>
<b>Operating Expenses</b>				
Gross Salaries & Benefits	113,450	119,795	6,345	5.3%
Capitalization	(17,381)	(9,976)	7,404	(74.2%)
Net Salaries & Benefits	96,069	109,819	13,750	12.5%
Marketing & Public Relations	2,094	2,744	650	23.7%
Travel	526	780	254	32.6%
Outside Services	17,857	28,745	10,888	37.9%
Materials & Supplies	3,985	6,723	2,738	40.7%
City Services	36,929	41,463	4,534	10.9%
Allocations to Capital - Overhead		(12,222)	(12,222)	100.0%
Other Operating Expenses	25,388	32,487	7,099	21.9%
Clean Truck Program Expenses	594	769	175	22.7%
<b>Total Operating Expenses</b>	<b>183,443</b>	<b>211,309</b>	<b>27,866</b>	<b>13.2%</b>
<b>Income Before Depreciation</b>	<b>162,708</b>	<b>160,659</b>	<b>2,050</b>	<b>1.3%</b>
Provision For Depreciation	117,806	125,607	7,802	6.2%
<b>Income From Operations</b>	<b>44,902</b>	<b>35,051</b>	<b>9,851</b>	<b>28.1%</b>
Non-Operating Revenue	26,321	41,708	(15,387)	(36.9%)
Non-Operating Expenses	29,762	56,228	26,467	47.1%
<b>Net Income</b>	<b>41,461</b>	<b>20,531</b>	<b>20,930</b>	<b>101.9%</b>

\$ in thousands	Current Fiscal Year	Prior Fiscal Year	Year-over-Year Change	
	FY 2019/20	FY 2018/19	(Unfavorable)/Favorable	
	Fiscal YTD - Mar. 2020	Fiscal YTD - Mar. 2019	\$	%
<b>Operating Revenues</b>				
Shipping Services	274,179	309,975	(35,796)	(11.5%)
Rentals	56,728	50,134	6,595	13.2%
Royalties, Fees and Other Revenues	12,521	16,348	(3,828)	(23.4%)
Clean Truck Program Revenues	2,724	1,304	1,420	108.9%
<b>Total Operating Revenues</b>	<b>346,151</b>	<b>377,761</b>	<b>(31,609)</b>	<b>(8.4%)</b>
<b>Operating Expenses</b>				
Gross Salaries & Benefits	113,450	103,546	(9,903)	(9.6%)
Capitalization	(17,381)	(16,812)	568	(3.4%)
Net Salaries & Benefits	96,069	86,734	(9,335)	(10.8%)
Marketing & Public Relations	2,094	2,012	(83)	(4.1%)
Travel	526	526	0	0.0%
Outside Services	17,857	20,426	2,569	12.6%
Materials & Supplies	3,985	4,098	113	2.8%
City Services	36,929	35,772	(1,157)	(3.2%)
Other Operating Expenses	25,388	21,123	(4,265)	(20.2%)
Clean Truck Program Expenses	594	570	(25)	(4.4%)
<b>Total Operating Expenses</b>	<b>183,443</b>	<b>171,261</b>	<b>(12,182)</b>	<b>(7.1%)</b>
<b>Income Before Depreciation</b>	<b>162,708</b>	<b>206,500</b>	<b>(43,792)</b>	<b>(21.2%)</b>
Provision For Depreciation	117,806	119,812	2,006	1.7%
<b>Income From Operations</b>	<b>44,902</b>	<b>86,688</b>	<b>(41,785)</b>	<b>(48.2%)</b>
Non-Operating Revenue	26,321	47,240	(20,919)	(44.3%)
Non-Operating Expenses	29,762	8,305	(21,457)	(258.4%)
<b>Net Income</b>	<b>41,461</b>	<b>125,623</b>	<b>(84,161)</b>	<b>(67.0%)</b>