



AUDIT COMMITTEE

Report to the
Board of Harbor Commissioners

“FOR INFORMATION ONLY”

DATE: OCTOBER 14, 2020

TO: BOARD OF HARBOR COMMISSIONERS

**SUBJECT: FINANCIAL PERFORMANCE RESULTS FOR
FISCAL YEAR 2020/21 ENDED AUGUST 31, 2020**

Financial performance results for the first two months of Fiscal Year 2020/21 are below and have been summarized relative to both budget and the prior fiscal year. For the Fiscal Year-to-Date period through August, cargo volumes (as measured by TEUs or twenty-foot equivalent units) increased by 35.9% relative to budget and 2.5% relative to the prior fiscal year. In summary, performance results for the Harbor Department are as follows:

FYTD August 2020	Actuals (Cargo Volumes in Thousands, \$ in Millions)	Actual-to- Budget Comparison	Year-on-Year Comparison
Cargo Volumes	1,818	↑ 35.9%	↑ 2.5%
Operating Revenues	\$116.4	↑ 52.1%	↑ 31.8%
Operating Expenses	\$35.7	↓ (25.3%)	↓ (13.0%)
Operating Income	\$80.7	↑ 181.0%	↑ 70.7%
Net Income	\$55.4	↑ 2,330.5%	↑ 232.9%

Shipping Services revenue increased relative to both budget and the prior fiscal year as the Port handled its highest-ever monthly TEU volumes in August. Relative to budget, the higher wharfage from the increase in volumes as well as higher rentals primarily drove total Operating Revenues up by 52.1%. In comparison to the prior fiscal year, total Operating Revenues increased by 31.8% as higher wharfage revenues and higher rentals were only partially offset by lower one-time reimbursements and annual Clean Truck Program fees.

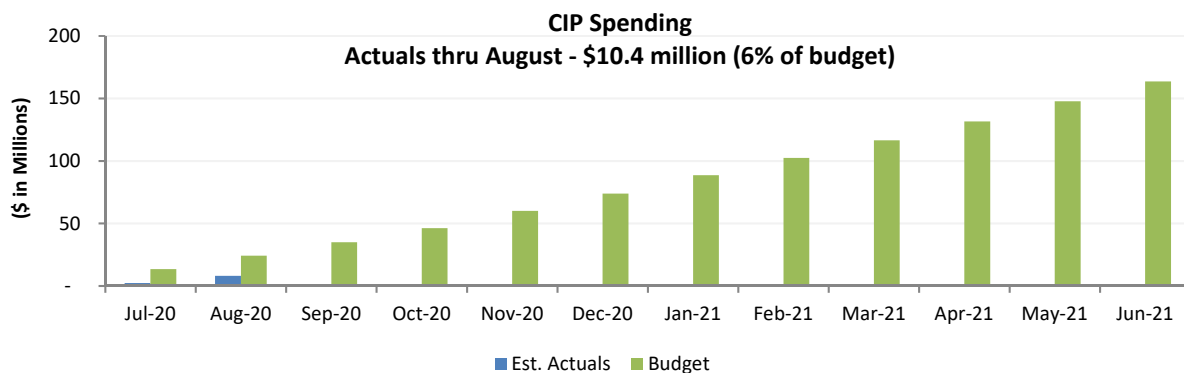
SUBJECT: FINANCIAL PERFORMANCE RESULTS

Operating Expenses were 25.3% lower than budget primarily due to lower average salaries and benefits per employee, lower outside services, and lower insurance expense. Relative to the prior fiscal year, total Operating Expenses decreased by 13.0% as lower container incentives and salaries and benefits were only partially offset by higher sponsorship activities.

Operating margin for the month of August was 69.3% versus a budget of 37.5% and a prior year figure of 53.5%.

Capital Improvement Program (CIP)

CIP spending for the two-month period ended August 31, 2020 reached \$10.4 million or about 6% of the total \$163.6 million CIP adopted budget. At this early 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 August 2020
2. Actual-to-Budget FY 2020/21 – August
3. Year-to-Year Performance Report YTD August 31, 2020 and 2019

Author: E. Estrada

MB:JS:MM/Finance

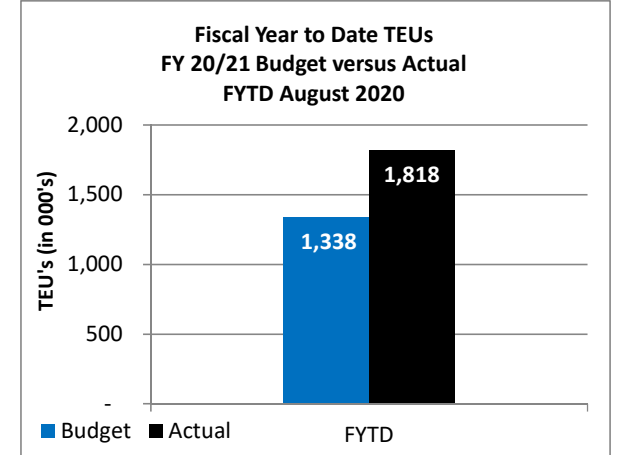
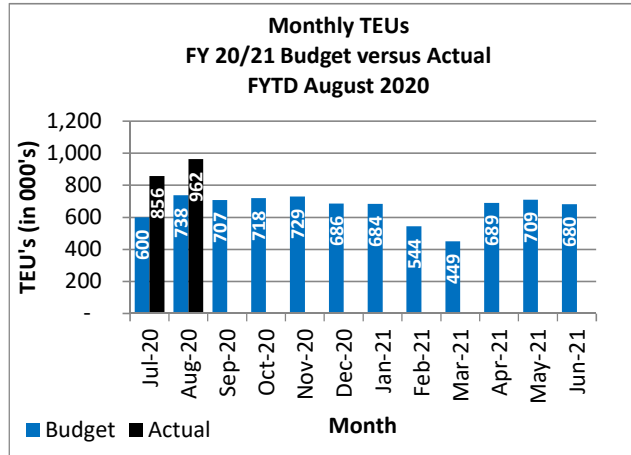
cc: Deputy Executive Directors

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

TRANSMITTAL 1

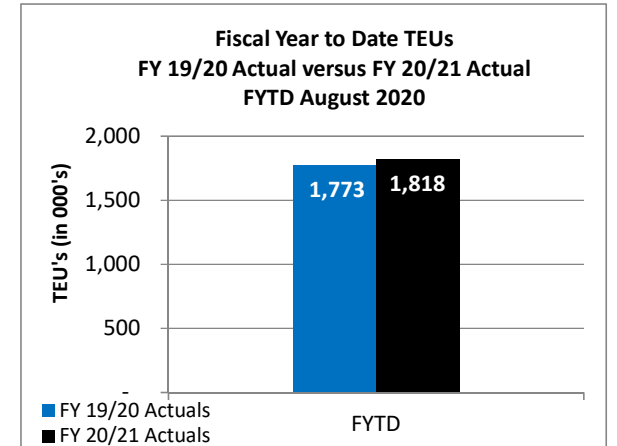
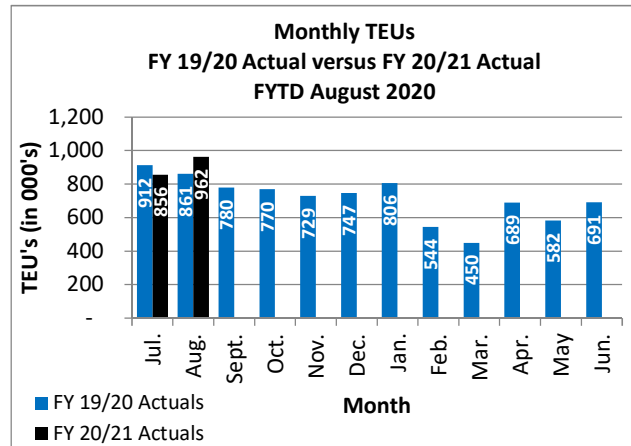
Budget versus Actuals Comparison
FY 20/21 Budget vs. FY 20/21 Actuals

(in 000's)	TEU's		% Δ	Δ
Month	FY 20/21 Budget	FY 20/21 Actuals		
Jul-20	600	856	42.7%	↑
Aug-20	738	962	30.4%	↑
Sep-20	707			
Oct-20	718			
Nov-20	729			
Dec-20	686			
Jan-21	684			
Feb-21	544			
Mar-21	449			
Apr-21	689			
May-21	709			
Jun-21	680			
FYTD	1,338	1,818	35.9%	↑
FY 20/21 Budget	7,934			



Year-to-Year Actuals Comparison
FY 19/20 Actuals vs. FY 20/21 Actuals

(in 000's)	TEU's		% Δ	Δ
Month	FY 19/20 Actuals	FY 20/21 Actuals		
Jul.	912	856	-6.1%	↓
Aug.	861	962	11.7%	↑
Sept.	780			
Oct.	770			
Nov.	729			
Dec.	747			
Jan.	806			
Feb.	544			
Mar.	450			
Apr.	689			
May	582			
Jun.	691			
FYTD	1,773	1,818	2.5%	↑
FY 19/20 Actuals	8,561			



	Fiscal Year Actual	Fiscal Year Budget	Actual-to-Budget	
	FY 2020/21	FY 2020/21	Comparison	
\$ in thousands	Fiscal YTD - Aug. 2020	Fiscal YTD - Aug. 2020	(Unfavorable)/Favorable	
			\$	%
Operating Revenues				
Shipping Services	99,464	60,713	38,751	63.8%
Rentals	15,043	13,256	1,788	13.5%
Royalties, Fees and Other Revenues	1,524	2,224	(700)	(31.5%)
Clean Truck Program Revenues	373	346	27	7.8%
Total Operating Revenues	116,404	76,539	39,865	52.1%
Operating Expenses				
Gross Salaries & Benefits	22,441	27,841	5,400	19.4%
Capitalization	(4,170)	(2,256)	1,914	(84.8%)
Net Salaries & Benefits	18,271	25,585	7,314	28.6%
Marketing & Public Relations	626	937	311	33.2%
Travel	13	19	6	29.8%
Outside Services	2,381	6,104	3,723	61.0%
Materials & Supplies	625	1,227	602	49.0%
City Services	8,591	9,554	962	10.1%
Allocations to Capital - Overhead		(3,049)	(3,049)	100.0%
Other Operating Expenses	5,122	7,222	2,100	29.1%
Clean Truck Program Expenses	73	226	153	67.7%
Total Operating Expenses	35,703	47,825	12,121	25.3%
Income Before Depreciation	80,701	28,715	51,986	181.0%
Provision For Depreciation	25,588	27,924	2,336	8.4%
Income From Operations	55,113	791	54,322	6867.6%
Non-Operating Revenue	3,958	12,464	(8,506)	(68.2%)
Non-Operating Expenses	3,641	15,740	12,099	76.9%
Net Income	55,430	(2,485)	57,915	(2330.5%)

\$ in thousands	Current Fiscal Year	Prior Fiscal Year	Year-over-Year	
	FY 2020/21	FY 2019/20	Change	
	Fiscal YTD - Aug. 2020	Fiscal YTD - Aug. 2019	(Unfavorable)/Favorable	
			\$	%
Operating Revenues				
Shipping Services	99,464	69,502	29,962	43.1%
Rentals	15,043	14,367	677	4.7%
Royalties, Fees and Other Revenues	1,524	3,153	(1,629)	(51.7%)
Clean Truck Program Revenues	373	1,291	(918)	(71.1%)
Total Operating Revenues	116,404	88,312	28,092	31.8%
Operating Expenses				
Gross Salaries & Benefits	22,441	23,777	1,336	5.6%
Capitalization	(4,170)	(3,521)	648	(18.4%)
Net Salaries & Benefits	18,271	20,256	1,984	9.8%
Marketing & Public Relations	626	129	(497)	(384.6%)
Travel	13	132	119	90.0%
Outside Services	2,381	2,230	(151)	(6.8%)
Materials & Supplies	625	498	(127)	(25.5%)
City Services	8,591	8,506	(86)	(1.0%)
Other Operating Expenses	5,122	9,252	4,131	44.6%
Clean Truck Program Expenses	73	43	(30)	(71.3%)
Total Operating Expenses	35,703	41,046	5,343	13.0%
Income Before Depreciation	80,701	47,267	33,434	70.7%
Provision For Depreciation	25,588	26,274	686	2.6%
Income From Operations	55,113	20,993	34,120	162.5%
Non-Operating Revenue	3,958	3,907	50	1.3%
Non-Operating Expenses	3,641	8,247	4,607	55.9%
Net Income	55,430	16,653	38,777	232.9%