



AUDIT COMMITTEE

Report to the
Board of Harbor Commissioners

“FOR INFORMATION ONLY”

DATE: MAY 15, 2020

TO: BOARD OF HARBOR COMMISSIONERS

**SUBJECT: FINANCIAL PERFORMANCE RESULTS FOR
FISCAL YEAR 2019/20 ENDED APRIL 30, 2020**

Financial performance results for the first ten months of Fiscal Year (FY) 2019/20 are below and have been summarized relative to both budget and the prior fiscal year. Through April, cargo volumes (as measured by TEUs or twenty-foot equivalent units) declined 6.2% relative to budget and 10.0% relative to the prior fiscal year. In summary, performance results for the Harbor Department are as follows:

FYTD April 2020	Actuals (Cargo Volumes in Thousands, \$ in Millions)	Actual-to- Budget Comparison	Year-on-Year Comparison
Cargo Volumes	7,288	↓ (6.2%)	↓ (10.0%)
Operating Revenues	\$389.5	↓ (5.8%)	↓ (7.9%)
Operating Expenses	\$202.7	↓ (12.9%)	↑ 7.6%
Operating Income	\$186.8	↑ 3.3%	↓ (20.4%)
Net Income	\$53.0	↑ 110.8%	↓ (63.2%)

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 5.8% compared to budget and 7.9% relative to the prior year as lower shipping services and delays in Harbor Maintenance Tax receipts were only partially offset by higher rentals.

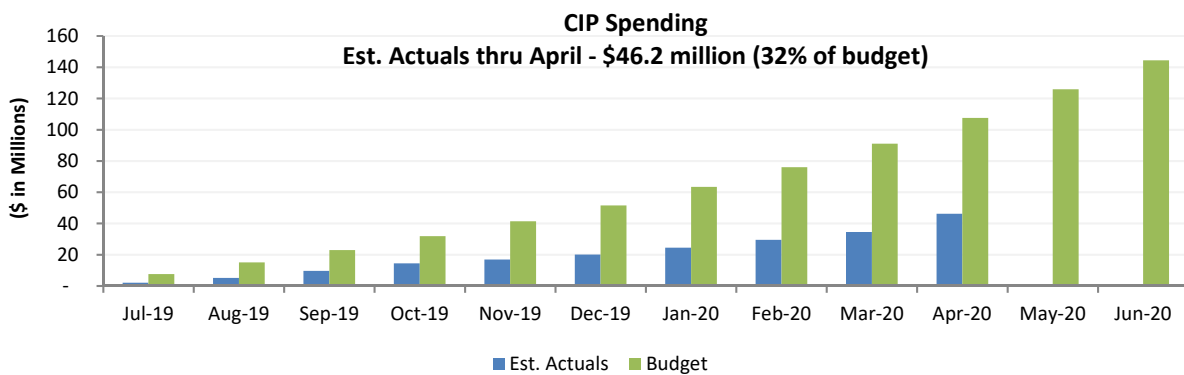
Lower headcount and invoicing delays with respect to outside services, materials and supplies, and city services drove total Operating Expenses 12.9% below budget. Relative to the prior fiscal year, total Operating Expenses increased by 7.6% due primarily to higher salary expenses, higher city services, and higher container incentive payouts.

SUBJECT: FINANCIAL PERFORMANCE RESULTS

Operating margins for the month of April were reported at 48.0% versus a budget of 43.7% and a prior year figure of 55.5%. 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 ten-month period ended April 30, 2020 is estimated to reach \$46.2 million or about 32% of the total \$144.4 million CIP adopted budget. Staff expects annual CIP spending to fall below the adopted FY 2020 CIP budget.



MARLA BLEAVINS
Deputy Executive Director & Chief Financial Officer

Transmittals:

1. TEU Throughput Comparison – FYTD April 2020
2. Actual-to-Budget FY 2019/20 – April
3. Year-to-Year Performance Report FYTD April 30, 2020 and 2019

Author: E. Estrada

MB:MM/Finance

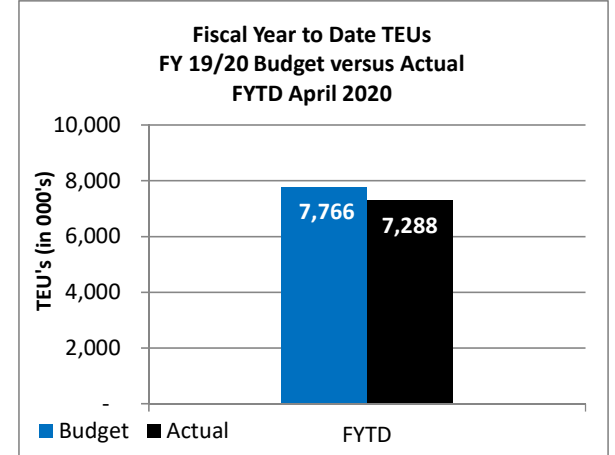
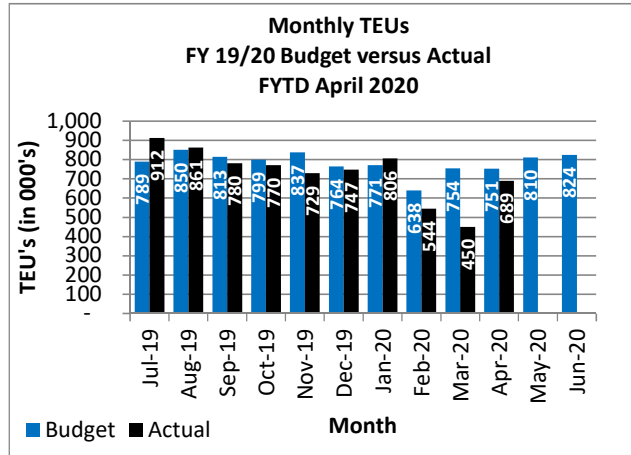
cc: Deputy Executive Directors

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

TRANSMITTAL 1

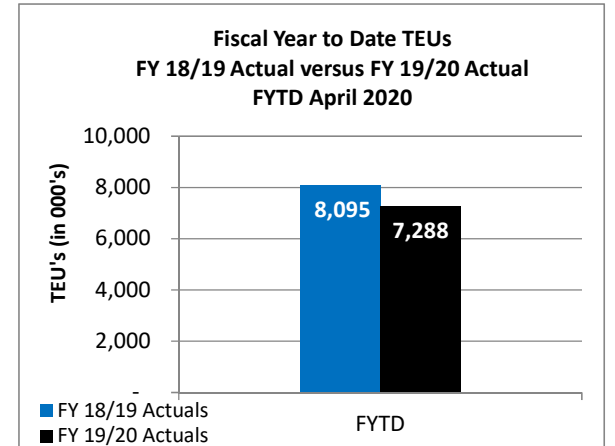
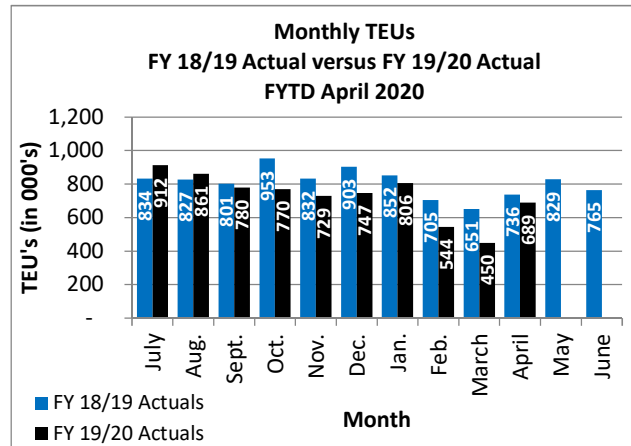
Budget versus Actuals Comparison
FY 19/20 Budget vs. FY 19/20 Actuals

(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	689	-8.3%	↓
May-20	810			
Jun-20	824			
FYTD	7,766	7,288	-6.2%	↓
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	689	-6.4%	↓
May	829			
June	765			
FYTD	8,095	7,288	-10.0%	↓
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 - Apr. 2020	Fiscal YTD - Apr. 2020	\$	%
Operating Revenues				
Shipping Services	306,657	337,888	(31,230)	(9.2%)
Rentals	66,124	56,276	9,848	17.5%
Royalties, Fees and Other Revenues	13,816	16,337	(2,521)	(15.4%)
Clean Truck Program Revenues	2,890	2,947	(57)	(1.9%)
Total Operating Revenues	389,487	413,447	(23,960)	(5.8%)
Operating Expenses				
Gross Salaries & Benefits	125,742	132,925	7,183	5.4%
Capitalization	(19,739)	(11,084)	8,654	(78.1%)
Net Salaries & Benefits	106,003	121,840	15,837	13.0%
Marketing & Public Relations	2,221	2,904	683	23.5%
Travel	519	891	372	41.7%
Outside Services	19,975	31,036	11,061	35.6%
Materials & Supplies	4,385	7,217	2,832	39.2%
City Services	41,548	46,097	4,548	9.9%
Allocations to Capital - Overhead		(13,580)	(13,580)	100.0%
Other Operating Expenses	27,249	35,408	8,158	23.0%
Clean Truck Program Expenses	779	874	95	10.9%
Total Operating Expenses	202,680	232,687	30,007	12.9%
Income Before Depreciation	186,807	180,760	6,046	3.3%
Provision For Depreciation	131,158	139,564	8,406	6.0%
Income From Operations	55,649	41,197	14,452	35.1%
Non-Operating Revenue	29,221	46,170	(16,949)	(36.7%)
Non-Operating Expenses	31,875	62,223	30,348	48.8%
Net Income	52,995	25,144	27,851	110.8%

\$ in thousands	Current Fiscal Year	Prior Fiscal Year	Year-over-Year Change	
	FY 2019/20	FY 2018/19	(Unfavorable)/Favorable	
	Fiscal YTD - Apr. 2020	Fiscal YTD - Apr. 2019	\$	%
Operating Revenues				
Shipping Services	306,657	340,070	(33,413)	(9.8%)
Rentals	66,124	58,169	7,955	13.7%
Royalties, Fees and Other Revenues	13,816	23,363	(9,547)	(40.9%)
Clean Truck Program Revenues	2,890	1,394	1,496	107.3%
Total Operating Revenues	389,487	422,996	(33,509)	(7.9%)
Operating Expenses				
Gross Salaries & Benefits	125,742	114,606	(11,136)	(9.7%)
Capitalization	(19,739)	(18,644)	1,095	(5.9%)
Net Salaries & Benefits	106,003	95,962	(10,041)	(10.5%)
Marketing & Public Relations	2,221	2,067	(154)	(7.5%)
Travel	519	619	99	16.0%
Outside Services	19,975	22,956	2,981	13.0%
Materials & Supplies	4,385	5,076	691	13.6%
City Services	41,548	37,320	(4,228)	(11.3%)
Other Operating Expenses	27,249	23,710	(3,539)	(14.9%)
Clean Truck Program Expenses	779	572	(207)	(36.2%)
Total Operating Expenses	202,680	188,282	(14,399)	(7.6%)
Income Before Depreciation	186,807	234,715	(47,908)	(20.4%)
Provision For Depreciation	131,158	132,958	1,801	1.4%
Income From Operations	55,649	101,756	(46,107)	(45.3%)
Non-Operating Revenue	29,221	50,784	(21,563)	(42.5%)
Non-Operating Expenses	31,875	8,619	(23,256)	(269.8%)
Net Income	52,995	143,921	(90,927)	(63.2%)