



## AUDIT COMMITTEE

Report to the  
Board of Harbor Commissioners

### “FOR INFORMATION ONLY”

**DATE: JANUARY 20, 2021**

**TO: BOARD OF HARBOR COMMISSIONERS**

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

Financial performance results for the first six 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 (FYTD) period through December, cargo volumes (as measured by TEUs or twenty-foot equivalent units) increased by 30.5% relative to budget and 13.6% relative to the prior fiscal year. In summary, performance results for the Harbor Department are as follows:

<b>FYTD December 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>	5,452	↑ 30.5%	↑ 13.6%
<b>Operating Revenues</b>	\$288.1	↑ 22.3%	↑ 17.5%
<b>Operating Expenses</b>	\$116.2	↓ (16.3%)	↓ (4.0%)
<b>Operating Income</b>	\$171.9	↑ 77.5%	↑ 38.4%
<b>Net Income</b>	\$93.5	↑ 2,223.0%	↑ 131.1%

Shipping Services revenue increased relative to both budget and the prior fiscal year primarily due to higher volumes. Relative to budget, total Operating Revenues increased by 22.3% as higher wharfage and higher rentals were only partially offset by lower space assignments, lower parking fees, and lower one-time operating reimbursements. In comparison to the prior fiscal year, total Operating Revenues increased by 17.5% as higher wharfage revenues were partially offset by lower one-time reimbursements and lower parking fees.

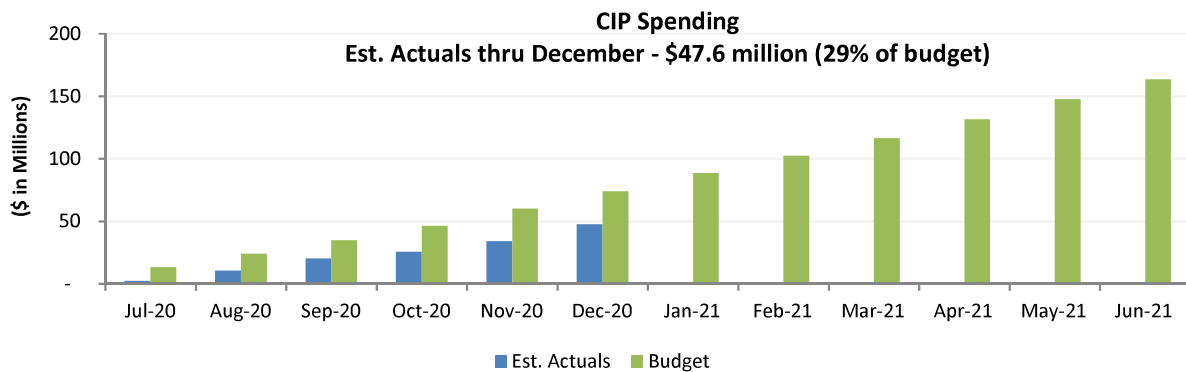
SUBJECT: FINANCIAL PERFORMANCE RESULTS

Operating Expenses were 16.3% lower than budget primarily due to lower average salaries and benefits per employee as well as invoicing delays with respect to outside services. Relative to the prior fiscal year, total Operating Expenses decreased by 4.0% primarily due to lower container incentives and lower outside services, which were only partially offset by higher salaries and benefits, higher city services, and higher electricity expense.

Operating margin for the FYTD period through December was 59.7% versus a budget of 41.1% and a prior year figure of 50.6%.

Capital Improvement Program (CIP)

CIP spending for the six-month period ended December 31, 2020 is estimated to have reached \$47.6 million or about 29% of the total \$163.6 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.



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MARLA BLEAVINS  
 Deputy Executive Director & Chief Financial Officer

Transmittals:

1. TEU Throughput Comparison – FYTD December 2020
2. Actual-to-Budget FY 2020/21 – December
3. Year-to-Year Performance Report YTD December 31, 2020 and 2019

Author: E. Estrada

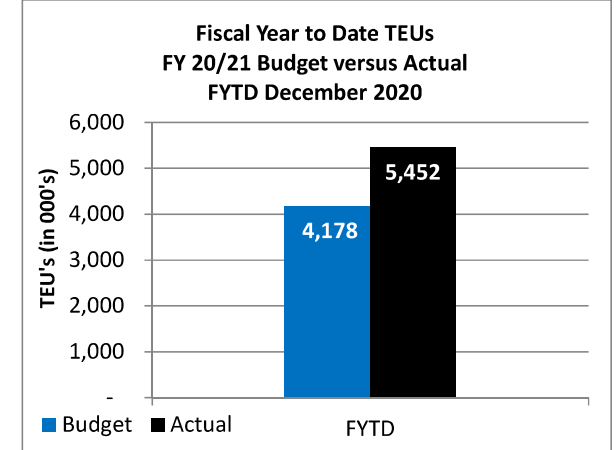
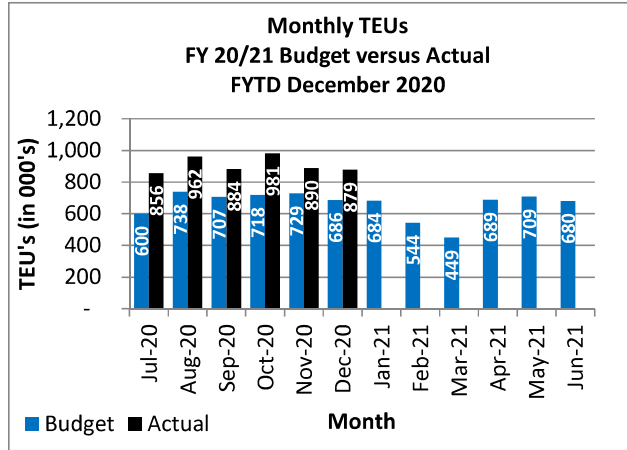
MB:JS:MM/Finance  
 cc: Deputy Executive Directors

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

TRANSMITTAL 1

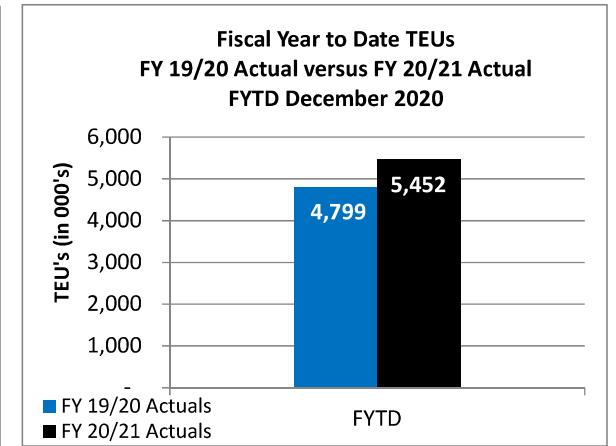
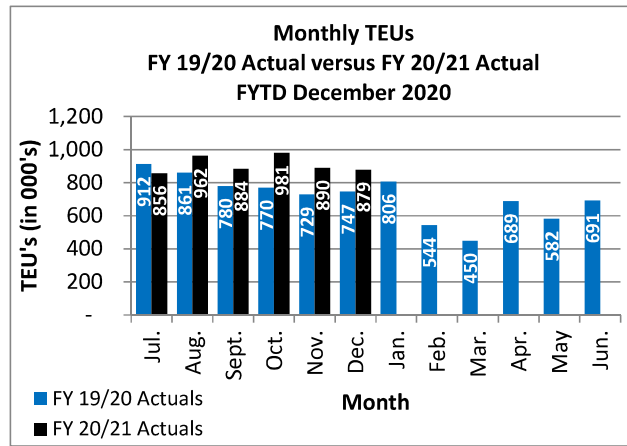
Budget versus Actuals Comparison  
FY 20/21 Budget vs. FY 20/21 Actuals

(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	884	24.9%	↑
Oct-20	718	981	36.5%	↑
Nov-20	729	890	22.1%	↑
Dec-20	686	879	28.2%	↑
Jan-21	684			
Feb-21	544			
Mar-21	449			
Apr-21	689			
May-21	709			
Jun-21	680			
FYTD	4,178	5,452	30.5%	↑
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	884	13.3%	↑
Oct.	770	981	27.3%	↑
Nov.	729	890	22.1%	↑
Dec.	747	879	17.7%	↑
Jan.	806			
Feb.	544			
Mar.	450			
Apr.	689			
May	582			
Jun.	691			
FYTD	4,799	5,452	13.6%	↑
FY 19/20 Actuals	8,561			



\$ in thousands	Fiscal Year Actual	Fiscal Year Budget	Actual-to-Budget	
	FY 2020/21	FY 2020/21	Comparison	
	Fiscal YTD - Dec. 2020	Fiscal YTD - Dec. 2020	(Unfavorable)/Favorable	
			\$	%
<b>Operating Revenues</b>				
Shipping Services	241,858	190,247	51,611	27.1%
Rentals	38,971	36,777	2,195	6.0%
Royalties, Fees and Other Revenues	6,212	7,609	(1,398)	(18.4%)
Clean Truck Program Revenues	1,071	1,038	34	3.3%
<b>Total Operating Revenues</b>	<b>288,112</b>	<b>235,670</b>	<b>52,442</b>	<b>22.3%</b>
<b>Operating Expenses</b>				
Gross Salaries & Benefits	77,192	83,984	6,792	8.1%
Capitalization	(11,852)	(6,767)	5,085	(75.1%)
Net Salaries & Benefits	65,340	77,216	11,876	15.4%
Marketing & Public Relations	955	1,870	916	49.0%
Travel	43	156	113	72.7%
Outside Services	6,927	17,589	10,661	60.6%
Materials & Supplies	1,774	3,570	1,797	50.3%
City Services	25,628	28,462	2,834	10.0%
Allocations to Capital - Overhead		(9,148)	(9,148)	100.0%
Other Operating Expenses	15,240	18,503	3,263	17.6%
Clean Truck Program Expenses	334	643	309	48.0%
<b>Total Operating Expenses</b>	<b>116,241</b>	<b>138,863</b>	<b>22,622</b>	<b>16.3%</b>
<b>Income Before Depreciation</b>	<b>171,872</b>	<b>96,808</b>	<b>75,064</b>	<b>77.5%</b>
Provision For Depreciation	76,518	83,771	7,253	8.7%
<b>Income From Operations</b>	<b>95,354</b>	<b>13,037</b>	<b>82,317</b>	<b>631.4%</b>
Non-Operating Revenue	10,773	38,440	(27,667)	(72.0%)
Non-Operating Expenses	12,584	47,450	34,866	73.5%
<b>Net Income</b>	<b>93,543</b>	<b>4,027</b>	<b>89,516</b>	<b>2223.0%</b>

\$ in thousands	Current Fiscal Year	Prior Fiscal Year	Year-over-Year	
	FY 2020/21	FY 2019/20	Change	
	Fiscal YTD - Dec. 2020	Fiscal YTD - Dec. 2019	(Unfavorable)/Favorable	
			\$	%
<b>Operating Revenues</b>				
Shipping Services	241,858	198,101	43,757	22.1%
Rentals	38,971	37,205	1,766	4.7%
Royalties, Fees and Other Revenues	6,212	7,998	(1,787)	(22.3%)
Clean Truck Program Revenues	1,071	1,929	(858)	(44.5%)
<b>Total Operating Revenues</b>	<b>288,112</b>	<b>245,234</b>	<b>42,878</b>	<b>17.5%</b>
<b>Operating Expenses</b>				
Gross Salaries & Benefits	77,192	73,257	(3,935)	(5.4%)
Capitalization	(11,852)	(10,636)	1,216	(11.4%)
Net Salaries & Benefits	65,340	62,621	(2,719)	(4.3%)
Marketing & Public Relations	955	1,594	639	40.1%
Travel	43	436	394	90.3%
Outside Services	6,927	10,674	3,747	35.1%
Materials & Supplies	1,774	2,393	620	25.9%
City Services	25,628	24,372	(1,256)	(5.2%)
Other Operating Expenses	15,240	18,673	3,433	18.4%
Clean Truck Program Expenses	334	302	(32)	(10.6%)
<b>Total Operating Expenses</b>	<b>116,241</b>	<b>121,065</b>	<b>4,825</b>	<b>4.0%</b>
<b>Income Before Depreciation</b>	<b>171,872</b>	<b>124,169</b>	<b>47,703</b>	<b>38.4%</b>
Provision For Depreciation	76,518	78,914	2,396	3.0%
<b>Income From Operations</b>	<b>95,354</b>	<b>45,254</b>	<b>50,099</b>	<b>110.7%</b>
Non-Operating Revenue	10,773	19,297	(8,524)	(44.2%)
Non-Operating Expenses	12,584	24,076	11,492	47.7%
<b>Net Income</b>	<b>93,543</b>	<b>40,475</b>	<b>53,068</b>	<b>131.1%</b>