



AUDIT COMMITTEE

Report to the
Board of Harbor Commissioners

“FOR INFORMATION ONLY”

DATE: OCTOBER 16, 2020

TO: BOARD OF HARBOR COMMISSIONERS

**SUBJECT: FINANCIAL PERFORMANCE RESULTS FOR
FISCAL YEAR 2020/21 ENDED SEPTEMBER 30, 2020**

Financial performance results for the first three 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 September, cargo volumes (as measured by TEUs or twenty-foot equivalent units) increased by 32.1% relative to budget and 5.8% relative to the prior fiscal year. In summary, performance results for the Harbor Department are as follows:

FYTD September 2020	Actuals (Cargo Volumes in Thousands, \$ in Millions)	Actual-to- Budget Comparison	Year-on-Year Comparison
Cargo Volumes	2,702	↑ 32.1%	↑ 5.8%
Operating Revenues	\$156.0	↑ 37.4%	↑ 25.5%
Operating Expenses	\$54.4	↓ (23.4%)	↓ (10.5%)
Operating Income	\$101.6	↑ 139.0%	↑ 60.0%
Net Income	\$62.1	↑ 1,741.4%	↑ 232.1%

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 37.4% as higher wharfage and higher rentals were only partially offset by lower space assignments, lower one-time operating reimbursements, and lower parking fees. In comparison to the prior fiscal year, total Operating Revenues increased by 25.5% as higher wharfage revenues and higher rentals were only partially offset by lower one-time reimbursements, lower annual Clean Truck Program fees, and lower space assignments.

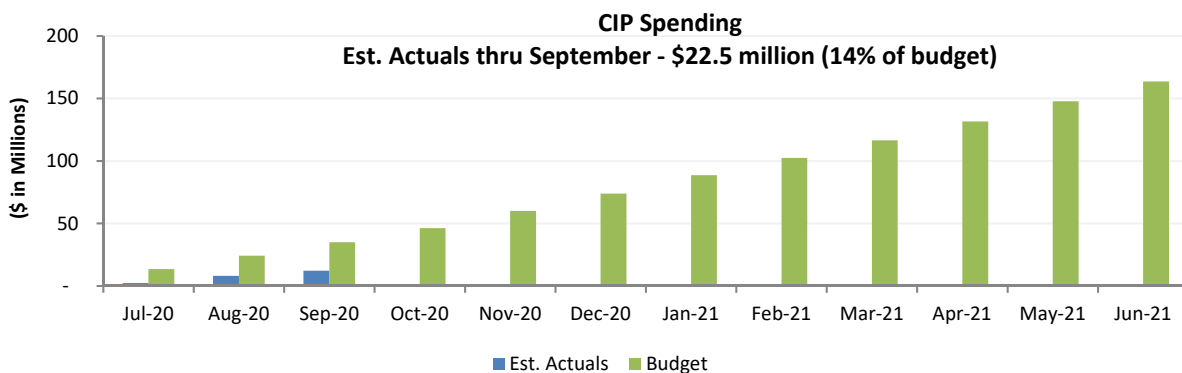
SUBJECT: FINANCIAL PERFORMANCE RESULTS

Operating Expenses were 23.4% lower than budget primarily due to lower average salaries and benefits per employee and invoicing delays with respect to outside services. Relative to the prior fiscal year, total Operating Expenses decreased by 10.5% as lower container incentives, lower salaries and benefits, and lower outside services were only partially offset by higher sponsorship activities.

Operating margin for the Fiscal Year-to-Date period through September was 65.1% versus a budget of 37.4% and a prior year figure of 51.1%.

Capital Improvement Program (CIP)

CIP spending for the three-month period ended September 30, 2020 is estimated to have reached \$22.5 million or about 14% 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
Deputy Executive Director & Chief Financial Officer

Transmittals:

1. TEU Throughput Comparison – FYTD September 2020
2. Actual-to-Budget FY 2020/21 – September
3. Year-to-Year Performance Report YTD September 30, 2020 and 2019

Author: E. Estrada

MB:JS:MM/Finance

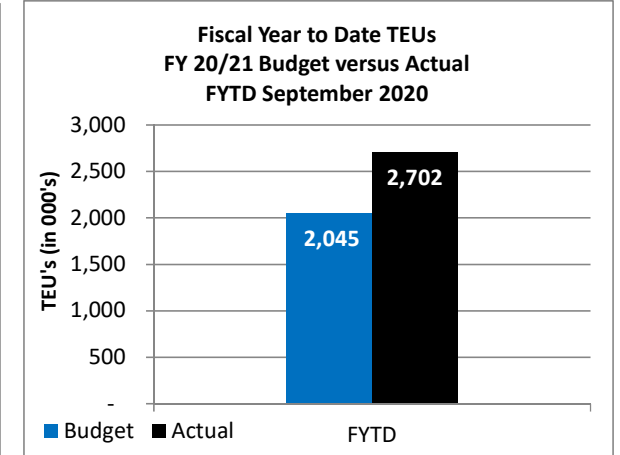
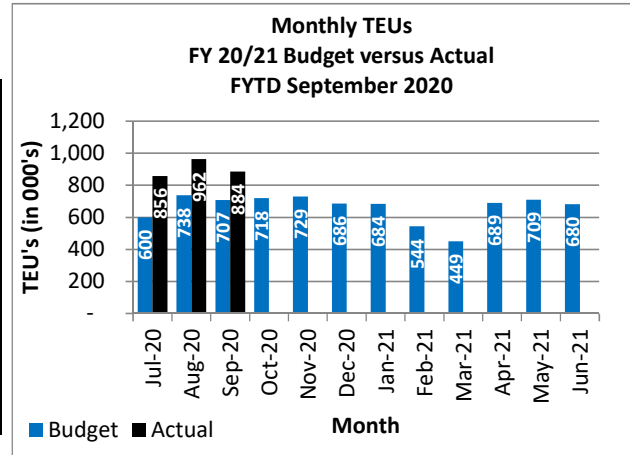
cc: Deputy Executive Directors

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

TRANSMITTAL 1

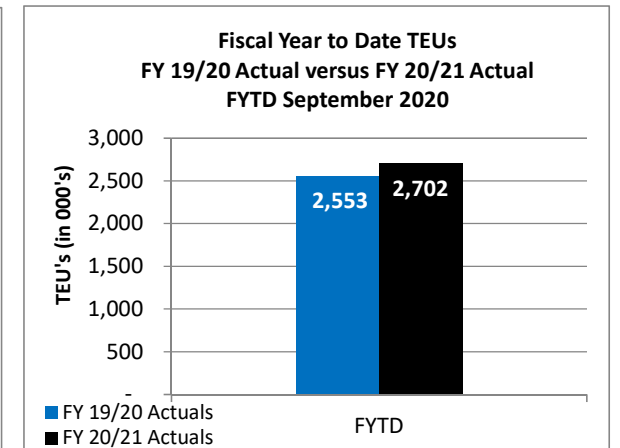
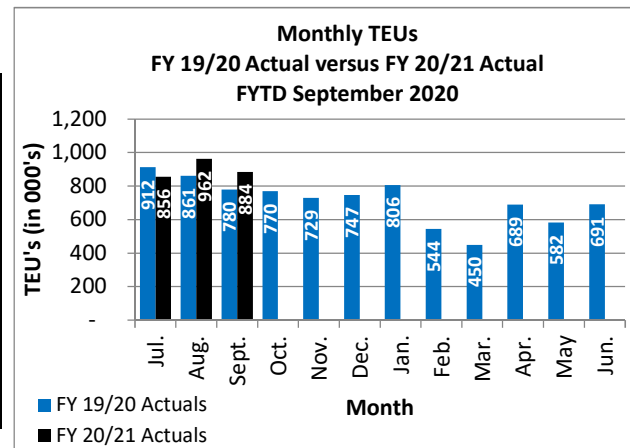
Budget versus Actuals Comparison
FY 20/21 Budget vs. FY 20/21 Actuals

(in 000's)	TEU's			
Month	FY 20/21 Budget	FY 20/21 Actuals	% Δ	Δ
Jul-20	600	856	42.7%	↑
Aug-20	738	962	30.4%	↑
Sep-20	707	884	24.9%	↑
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	2,045	2,702	32.1%	↑
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			
Month	FY 19/20 Actuals	FY 20/21 Actuals	% Δ	Δ
Jul.	912	856	-6.1%	↓
Aug.	861	962	11.7%	↑
Sept.	780	884	13.3%	↑
Oct.	770			
Nov.	729			
Dec.	747			
Jan.	806			
Feb.	544			
Mar.	450			
Apr.	689			
May	582			
Jun.	691			
FYTD	2,553	2,702	5.8%	↑
FY 19/20 Actuals	8,561			



\$ in thousands	Fiscal Year Actual	Fiscal Year Budget	Actual-to-Budget Comparison	
	FY 2020/21	FY 2020/21	(Unfavorable)/Favorable	
	Fiscal YTD - Sep. 2020	Fiscal YTD - Sep. 2020	\$	%
Operating Revenues				
Shipping Services	132,842	92,765	40,077	43.2%
Rentals	19,700	17,041	2,659	15.6%
Royalties, Fees and Other Revenues	2,899	3,266	(367)	(11.2%)
Clean Truck Program Revenues	586	519	67	12.9%
Total Operating Revenues	156,027	113,591	42,436	37.4%
Operating Expenses				
Gross Salaries & Benefits	34,247	42,208	7,960	18.9%
Capitalization	(6,215)	(3,384)	2,831	(83.7%)
Net Salaries & Benefits	28,033	38,824	10,791	27.8%
Marketing & Public Relations	781	1,243	462	37.2%
Travel	18	44	26	59.8%
Outside Services	4,189	9,518	5,329	56.0%
Materials & Supplies	919	1,777	859	48.3%
City Services	12,983	14,262	1,279	9.0%
Allocations to Capital - Overhead		(4,574)	(4,574)	100.0%
Other Operating Expenses	7,405	9,609	2,204	22.9%
Clean Truck Program Expenses	96	383	287	75.0%
Total Operating Expenses	54,422	71,086	16,664	23.4%
Income Before Depreciation	101,605	42,506	59,099	139.0%
Provision For Depreciation	38,337	41,885	3,549	8.5%
Income From Operations	63,268	620	62,648	10103.0%
Non-Operating Revenue	6,120	19,220	(13,100)	(68.2%)
Non-Operating Expenses	7,252	23,626	16,373	69.3%
Net Income	62,136	(3,785)	65,921	1741.4%

\$ in thousands	Current Fiscal Year	Prior Fiscal Year	Year-over-Year Change	
	FY 2020/21	FY 2019/20	(Unfavorable)/Favorable	
	Fiscal YTD - Sep. 2020	Fiscal YTD - Sep. 2019	\$	%
Operating Revenues				
Shipping Services	132,842	100,371	32,471	32.4%
Rentals	19,700	18,288	1,412	7.7%
Royalties, Fees and Other Revenues	2,899	4,239	(1,339)	(31.6%)
Clean Truck Program Revenues	586	1,432	(847)	(59.1%)
Total Operating Revenues	156,027	124,330	31,697	25.5%
Operating Expenses				
Gross Salaries & Benefits	34,247	35,543	1,296	3.6%
Capitalization	(6,215)	(5,067)	1,148	(22.6%)
Net Salaries & Benefits	28,033	30,476	2,444	8.0%
Marketing & Public Relations	781	341	(440)	(129.0%)
Travel	18	230	212	92.4%
Outside Services	4,189	4,562	373	8.2%
Materials & Supplies	919	1,004	85	8.5%
City Services	12,983	12,730	(253)	(2.0%)
Other Operating Expenses	7,405	11,415	4,010	35.1%
Clean Truck Program Expenses	96	52	(44)	(85.3%)
Total Operating Expenses	54,422	60,809	6,387	10.5%
Income Before Depreciation	101,605	63,521	38,084	60.0%
Provision For Depreciation	38,337	39,431	1,094	2.8%
Income From Operations	63,268	24,090	39,178	162.6%
Non-Operating Revenue	6,120	10,105	(3,985)	(39.4%)
Non-Operating Expenses	7,252	15,486	8,234	53.2%
Net Income	62,136	18,709	43,427	232.1%