



AUDIT COMMITTEE

Report to the
Board of Harbor Commissioners

“FOR INFORMATION ONLY”

DATE: MARCH 9, 2020

TO: BOARD OF HARBOR COMMISSIONERS

**SUBJECT: FINANCIAL PERFORMANCE RESULTS FOR
FISCAL YEAR 2019/20 ENDED FEBRUARY 29, 2020**

Financial performance results for the first eight months of Fiscal Year (FY) 2019/20 are below and have been summarized relative to both budget and the prior fiscal year. Through February, cargo volumes (as measured by TEUs or twenty-foot equivalent units) declined 1.8% relative to budget and 8.3% relative to the prior fiscal year. In summary, performance results for the Harbor Department are as follows:

FYTD February 2020	Actuals (Cargo Volumes in Thousands, \$ in Millions)	Actual-to- Budget Comparison	Year-on-Year Comparison
Cargo Volumes	6,149	↓ (1.8%)	↓ (8.3%)
Operating Revenues	\$318.0	↓ (2.9%)	↓ (6.6%)
Operating Expenses	\$160.4	↓ (15.7%)	↑ 8.8%
Operating Income	\$157.6	↑ 14.9%	↓ (18.4%)
Net Income	\$49.1	↑ 302.8%	↓ (61.2%)

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 2.9% compared to budget primarily driven by lower shipping services, which were only partially offset by higher rentals and higher one-time reimbursements. Relative to the prior year, Operating Revenues declined by 6.6% as lower shipping services and lower Harbor Maintenance Tax receipts, were only partially offset by higher rental revenues and higher clean truck program revenues.

Lower headcounts and invoicing delays with respect to outside services, materials and supplies, and city services, drove total Operating Expenses 15.7% below budget. Relative to the prior fiscal year, total Operating Expenses increased by 8.8% due primarily

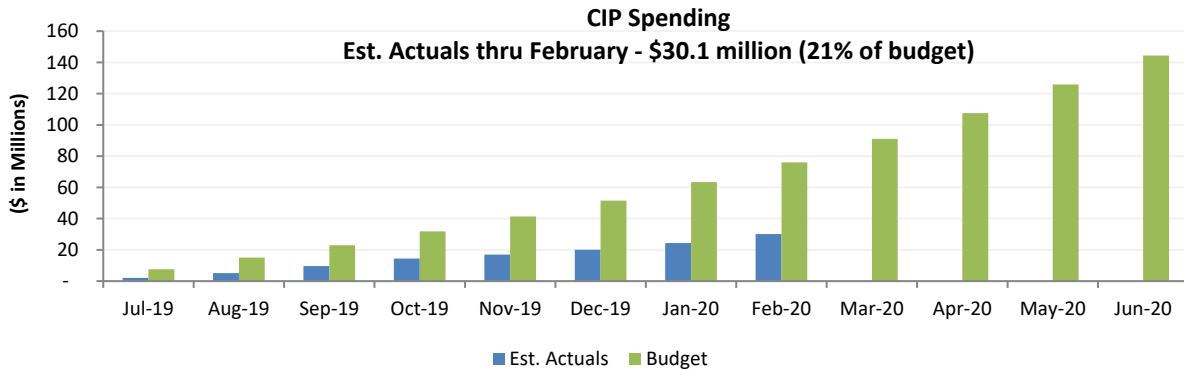
SUBJECT: FINANCIAL PERFORMANCE RESULTS

to higher average positions filled, higher container incentive payouts, and higher fire services payouts.

Operating margins for the month of February were reported at 49.6% versus a budget of 41.9% and a prior year figure of 56.7%. 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 eight-month period ended February 29, 2020 is estimated to reach \$30.1 million or about 21% 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

MARLA BLEAVINS
Deputy Executive Director & Chief Financial Officer

Transmittals:

1. TEU Throughput Comparison – FYTD February 2020
2. Actual-to-Budget FY 2019/20 – February
3. Year-to-Year Performance Report FYTD February 29, 2020 and February 28, 2019

Author: E. Estrada

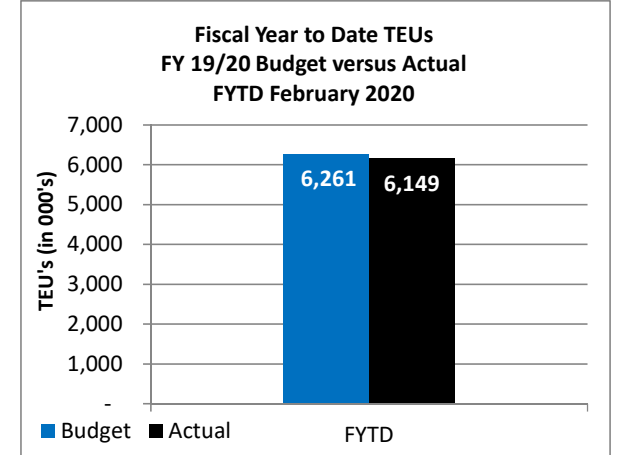
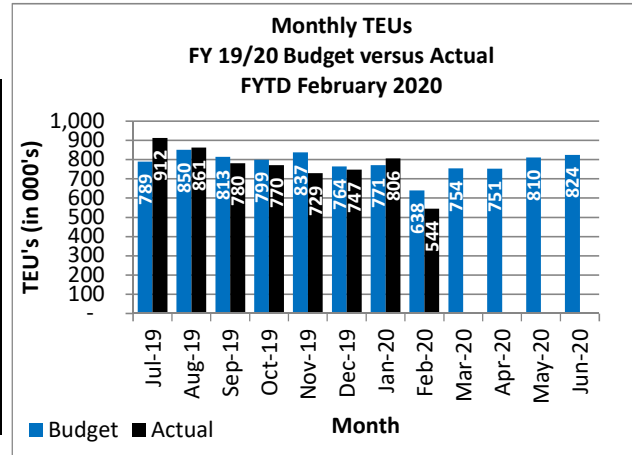
MB:MM/Finance
cc: Deputy Executive Directors

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

TRANSMITTAL 1

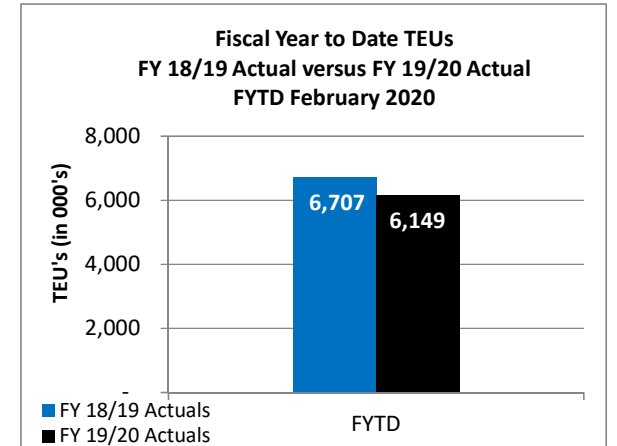
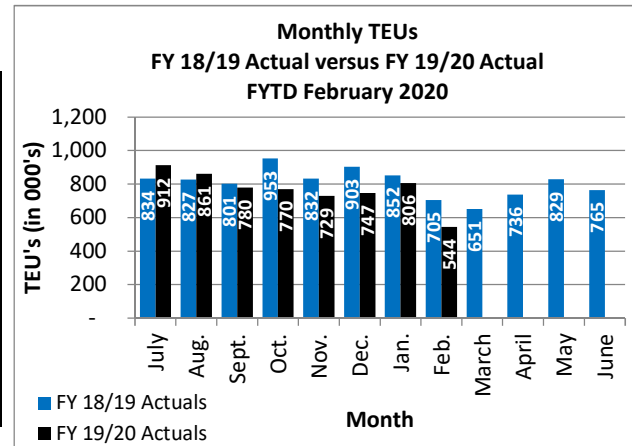
Budget versus Actuals Comparison
FY 19/20 Budget vs. FY 19/20 Actuals

(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			
Apr-20	751			
May-20	810			
Jun-20	824			
FYTD	6,261	6,149	-1.8%	↓
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			
April	736			
May	829			
June	765			
FYTD	6,707	6,149	-8.3%	↓
FY 18/19 Actuals	9,688			



\$ in thousands	Fiscal Year Actual	Fiscal Year Budget	Actual-to-Budget	
	FY 2019/20	FY 2019/20	Comparison	
	Fiscal YTD - Feb. 2020	Fiscal YTD - Feb. 2020	(Unfavorable)/Favorable	
			\$	%
Operating Revenues				
Shipping Services	253,379	271,505	(18,126)	(6.7%)
Rentals	50,407	44,028	6,378	14.5%
Royalties, Fees and Other Revenues	11,696	9,535	2,161	22.7%
Clean Truck Program Revenues	2,498	2,412	86	3.6%
Total Operating Revenues	317,980	327,481	(9,501)	(2.9%)
Operating Expenses				
Gross Salaries & Benefits	98,894	106,741	7,847	7.4%
Capitalization	(14,938)	(8,868)	6,070	(68.5%)
Net Salaries & Benefits	83,956	97,873	13,917	14.2%
Marketing & Public Relations	1,912	2,604	691	26.6%
Travel	496	673	177	26.3%
Outside Services	14,646	26,347	11,700	44.4%
Materials & Supplies	3,340	6,052	2,712	44.8%
City Services	33,185	36,885	3,700	10.0%
Allocations to Capital - Overhead		(10,864)	(10,864)	100.0%
Other Operating Expenses	22,378	30,084	7,706	25.6%
Clean Truck Program Expenses	470	685	215	31.4%
Total Operating Expenses	160,384	190,339	29,955	15.7%
Income Before Depreciation	157,596	137,142	20,454	14.9%
Provision For Depreciation	105,074	111,651	6,577	5.9%
Income From Operations	52,522	25,491	27,031	106.0%
Non-Operating Revenue	24,242	36,733	(12,491)	(34.0%)
Non-Operating Expenses	27,710	50,047	22,336	44.6%
Net Income	49,053	12,177	36,876	302.8%

\$ in thousands	Current Fiscal Year	Prior Fiscal Year	Year-over-Year Change	
	FY 2019/20	FY 2018/19	(Unfavorable)/Favorable	
	Fiscal YTD - Feb. 2020	Fiscal YTD - Feb. 2019	\$	%
Operating Revenues				
Shipping Services	253,379	279,331	(25,952)	(9.3%)
Rentals	50,407	46,266	4,140	8.9%
Royalties, Fees and Other Revenues	11,696	14,071	(2,375)	(16.9%)
Clean Truck Program Revenues	2,498	949	1,548	163.1%
Total Operating Revenues	317,980	340,618	(22,639)	(6.6%)
Operating Expenses				
Gross Salaries & Benefits	98,894	91,341	(7,552)	(8.3%)
Capitalization	(14,938)	(14,669)	269	(1.8%)
Net Salaries & Benefits	83,956	76,673	(7,283)	(9.5%)
Marketing & Public Relations	1,912	1,838	(74)	(4.0%)
Travel	496	457	(39)	(8.6%)
Outside Services	14,646	17,502	2,856	16.3%
Materials & Supplies	3,340	3,634	294	8.1%
City Services	33,185	27,904	(5,281)	(18.9%)
Other Operating Expenses	22,378	19,097	(3,281)	(17.2%)
Clean Truck Program Expenses	470	318	(152)	(47.9%)
Total Operating Expenses	160,384	147,422	(12,961)	(8.8%)
Income Before Depreciation	157,596	193,196	(35,600)	(18.4%)
Provision For Depreciation	105,074	104,005	(1,070)	(1.0%)
Income From Operations	52,522	89,191	(36,669)	(41.1%)
Non-Operating Revenue	24,242	45,434	(21,192)	(46.6%)
Non-Operating Expenses	27,710	8,180	(19,530)	(238.8%)
Net Income	49,053	126,445	(77,392)	(61.2%)