



AUDIT COMMITTEE

Report to the
Board of Harbor Commissioners

“FOR INFORMATION ONLY”

DATE: DECEMBER 21, 2017

TO: BOARD OF HARBOR COMMISSIONERS

**SUBJECT: FINANCIAL PERFORMANCE RESULTS FOR
FISCAL YEAR 2017/18 ENDED NOVEMBER 30, 2017**

Financial performance results for the first five months of Fiscal Year (“FY”) 2017/18 are listed below and have been summarized relative to both budget and the prior fiscal year. For the month of November, cargo volumes (as measured by TEUs or twenty-foot equivalent units) increased by 5.3% relative to November 2016. November TEUs of 924,225 represented the most containerized monthly cargo processed in the Harbor Department’s 110-year history. In summary, performance results for the Harbor Department are as follows:

FYTD November 2017	Actuals (Cargo Volumes in Thousands, \$ in Millions)	Actual-to- Budget Comparison	Year-on-Year Comparison
Cargo Volumes	4,081	↑ 1.9%	↑ 3.9%
Operating Revenues	\$221.8	↑ 7.3%	↑ 6.4%
Operating Expenses	\$86.7	↓ (13.4%)	↑ 2.3%
Operating Income	\$135.1	↑ 26.7%	↑ 9.3%
Net Income	\$71.1	↑ 82.4%	↑ 41.8%

Through the first five months of FY 2017/18, cargo volume growth has led to an increase in Shipping Services relative to both budget and the prior fiscal year-to-date (“FYTD”) period. Relative to budget, Total Operating Revenues increased by 7.3% as the aforementioned increase in Shipping Services, the receipt of Harbor Maintenance Tax funds as well as higher land rentals were only partially offset by higher credits for tenant services as well as lower utility reimbursements. Relative to the prior fiscal year, Total Operating Revenues increased by 6.4% as higher Shipping Services, higher land rentals, the receipt of Harbor Maintenance Tax funds and higher utility reimbursements were only slightly offset by lower one-time settlement revenues and higher credits for tenant services.

DATE: DECEMBER 21, 2017

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SUBJECT: FINANCIAL PERFORMANCE RESULTS

Operating Expenses were favorably impacted as lower headcounts, invoicing delays with respect to outside services and city services as well as lower utility costs drove total Operating Expenses 13.4% below budget. Relative to the prior fiscal year, total Operating Expenses increased by 2.3% as lower salary capitalization, MOU salary increases, higher port information portal pilot project spending and higher electricity expenses were only partially offset by lower average filled positions.

Operating margins for the FYTD period were reported at 60.9% versus a budget of 51.6% and a prior year figure of 59.3%. However, it is important to note that as vacancies are filled, and, as invoicing delays are resolved, operating expenses are anticipated to trend towards budget as FY 2017/18 progresses.

Capital Improvement Program (CIP)

CIP spending for the FYTD period ended November 30, 2017 based on internal estimates reached \$26.2 million or about 27% of the total \$97.7 million CIP adopted budget. The Harbor Department currently expects to stay within the CIP adopted budget through fiscal year-end.

Mark Blewett FOR

EUGENE D. SEROKA
Executive Director

Transmittals:

1. TEU Throughput Comparison – FYTD November 2017
2. Actual-to-Budget FY 2017/18 – November
3. Year-to-Year Performance Report YTD November 30, 2017 and 2016

Author: M. Marchese

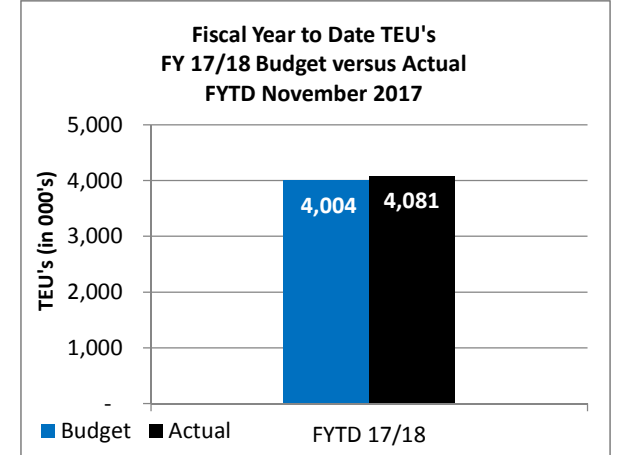
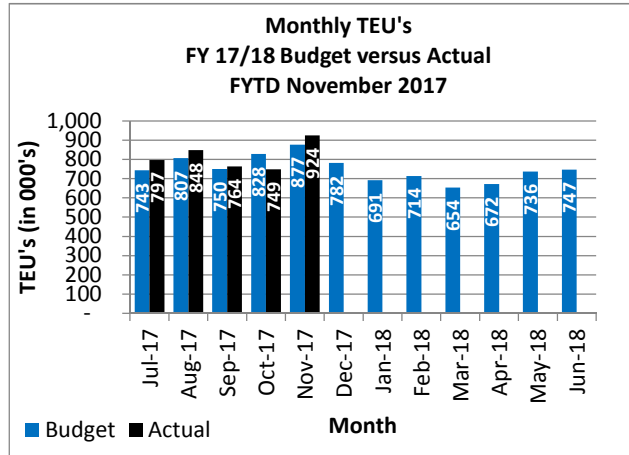
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cc: Deputy Executive Directors

HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES
TEU THROUGHPUT COMPARISON - FYTD NOVEMBER 2017

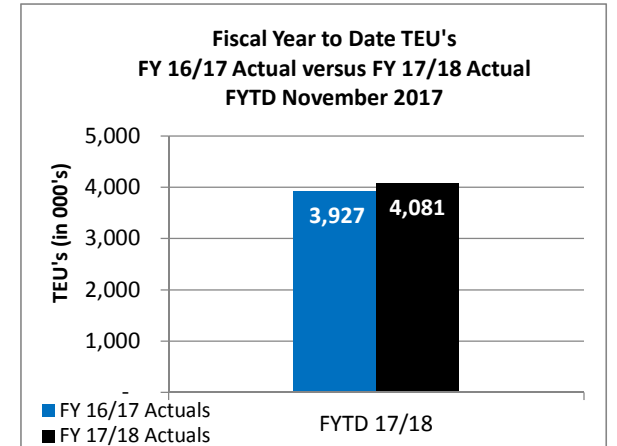
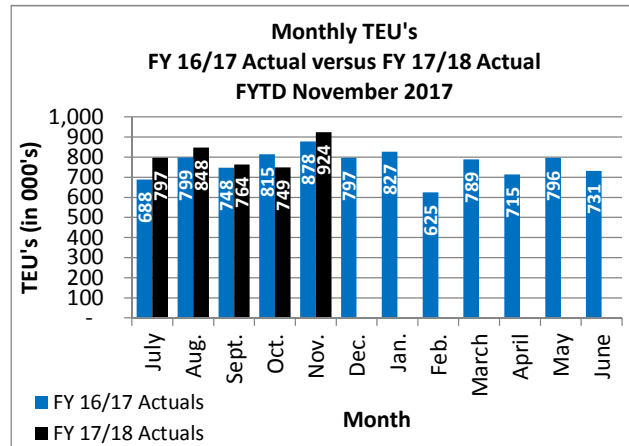
Budget versus Actuals Comparison
FY 17/18 Budget vs. FY 17/18 Actuals

(in 000's)	TEU's		% Δ	Δ
Month	FY 17/18 Budget	FY 17/18 Actuals		
Jul-17	743	797	7.2%	↑
Aug-17	807	848	5.1%	↑
Sep-17	750	764	1.9%	↑
Oct-17	828	749	-9.5%	↓
Nov-17	877	924	5.4%	↑
Dec-17	782			
Jan-18	691			
Feb-18	714			
Mar-18	654			
Apr-18	672			
May-18	736			
Jun-18	747			
FYTD 17/18	4,004	4,081	1.9%	↑
FY 17/18 Budget	9,000			



Year-to-Year Actuals Comparison
FY 16/17 Actuals vs. FY 17/18 Actuals

(in 000's)	TEU's		% Δ	Δ
Month	FY 16/17 Actuals	FY 17/18 Actuals		
July	688	797	15.8%	↑
Aug.	799	848	6.1%	↑
Sept.	748	764	2.2%	↑
Oct.	815	749	-8.1%	↓
Nov.	878	924	5.3%	↑
Dec.	797			
Jan.	827			
Feb.	625			
March	789			
April	715			
May	796			
June	731			
FYTD 17/18	3,927	4,081	3.9%	↑
FY 16/17 Actuals	9,206			



\$ in thousands	Fiscal Year Actual	Fiscal Year Budget	Actual-to-Budget Comparison		Notes (\$ in millions)
	FY 2017/18 Fiscal YTD - Nov. 2017	FY 2017/18 Fiscal YTD - Nov. 2017	\$	%	
Operating Revenues					
Shipping Services	187,809	174,279	13,530	7.8%	Higher than budgeted wharfage due to higher than budgeted TEUs \$11.4, higher space assignment \$2.2 and higher dockage \$0.4, partially offset by lower pilotage <\$0.5>
Rentals	25,724	23,781	1,943	8.2%	Higher than budgeted Westrec Marina \$1.4 and Union Pacific Railroad \$0.6 as well as higher than budgeted misc. receipts \$1.0, partially offset by lower than budgeted receipts for PBF <\$1.1>
Royalties, Fees and Other Revenues	7,315	7,907	(592)	(7.5%)	Higher credits for tenant services <\$3.0>, lower utility reimbursements <\$1.1> and lower misc. permits and fees <\$0.2>, partially offset by Harbor Maintenance Tax receipt \$3.3, higher one-time reimbursements \$0.2 and higher reimbursements for Port Police services \$0.2
Clean Truck Program Revenues	938	721	217	30.1%	Higher annual truck fees than budgeted
Total Operating Revenues	221,786	206,688	15,098	7.3%	
Operating Expenses					
Gross Salaries & Benefits	57,585	63,264	(5,679)	(9.0%)	Lower average filled positions and lower average salaries
Capitalization	(8,219)	(6,172)	(2,048)	33.2%	Overhead allocations <\$3.5>, partially offset by lower direct capitalization \$1.5
Net Salaries & Benefits	49,366	57,093	(7,727)	(13.5%)	
Marketing & Public Relations	1,730	1,283	446	34.8%	
Travel	362	385	(23)	(6.1%)	
Outside Services	6,945	11,890	(4,945)	(41.6%)	Dredging invoicing delays <\$1.1>, Environmental assessment invoicing delays <\$1.0>, outside legal counsel invoicing delays <\$0.6>, misc. invoicing delays <\$0.5>, C&M invoicing delays/lower hiring hall spending <\$0.4>, security camera invoicing delays <\$0.4>, overhead capitalization <\$0.3>, supply chain and BGO consultant invoicing delays <\$0.2>, cruise terminal invoicing delays <\$0.2> and prior period adjustment related to LAREX contract <\$0.2>
Materials & Supplies	2,491	2,995	(504)	(16.8%)	Port Police invoicing delays <\$0.2>, overhead allocations <\$0.2> and maintenance improvement program invoicing delays <\$0.1>
City Services	16,272	19,628	(3,356)	(17.1%)	Overhead allocation <\$1.6>, lower fire services <\$0.9>, Recreation and Parks prior period adjustment <\$0.3>, lower misc. services <\$0.2>, lower public works costs <\$0.2> and lower City Attorney costs <\$0.1>
(1) Allocations to Capital - Overhead		(5,716)	5,716	(100.0%)	Higher aggregate overhead allocations <\$0.7>
(2) Other Operating Expenses	9,257	12,026	(2,768)	(23.0%)	Lower electricity <\$1.0>, overhead allocations <\$0.7>, environmental incentive invoicing delays <\$0.5>, lower water & gas <\$0.3>, lower insurance <\$0.2> and lower litigation/claim payouts <\$0.1>
Clean Truck Program Expenses	233	448	(215)	(48.1%)	
Total Operating Expenses	86,655	100,032	(13,377)	(13.4%)	
Income Before Depreciation	135,131	106,657	28,475	26.7%	
Provision For Depreciation	67,582	74,457	(6,875)	(9.2%)	
Income From Operations	67,550	32,200	35,350	109.8%	
(3) Non-Operating Revenue	6,621	8,449	(1,828)	(21.6%)	Delayed receipt of state passthrough grants <\$5.3> and lower JPA income <\$0.1>, partially offset by higher gain on land sale \$2.1, higher interest income \$1.4 and higher federal grants \$0.1
(4) Non-Operating Expenses	(3,028)	(1,653)	(1,375)	83.2%	Retirement of crane assets <\$1.1>, higher interest expense <\$0.2> and higher state passthrough disbursements <\$0.2>, partially offset by higher interest capitalization \$0.1
Net Income	71,143	38,996	32,147	82.4%	

Notes:

- (1) Allocations to capital - overhead are allocated to individual accounts within the presentation of actual results; however, these overhead allocations are not allocated to individual accounts for budgetary purposes. Allocations to capital - overhead for the fiscal year-to-date period totaled \$6.4 million relative to a budget of \$5.7 million.
- (2) Primarily for: Electricity \$5.7; Insurance \$1.2; Water & Gas \$0.8; Telephone \$0.7; Equipment Rental/Permits/License/Fees \$0.6; Environmental Incentives \$0.5; Memberships/Subscriptions/Books \$0.4; Taxes/Assessments \$0.1; Overhead Capitalization (\$0.7)
- (3) Primarily for: Interest Income \$3.6; Gain on Land Sale \$2.1; JPA Income \$0.5; State Passthrough Revenue \$0.2, Late Charges/Discounts/Misc. \$0.1; Federal Grant Revenue \$0.1
- (4) Primarily for: Interest Expense \$13.7; Capitalized Interest <\$13.5>; Retirement of Crane Assets \$1.1; Capital Projects Closed to Expense \$1.1; Commercial Paper Admin. Costs \$0.4; State Passthrough Expenses \$0.2

\$ in thousands	Current Fiscal Year	Prior Fiscal Year	Year-over-Year		Notes (\$ in millions)
	FY 2017/18	FY 2016/17	Change		
	Fiscal YTD - Nov. 2017	Fiscal YTD - Nov. 2016	\$	%	
Operating Revenues					
Shipping Services	187,809	170,086	17,722	10.4%	Higher overall wharfage \$15.8, higher pilotage \$0.9 and higher dockage \$0.6 and higher space assignments \$0.4
Rentals	25,724	20,342	5,382	26.5%	Union Pacific compensation reset and catch-up payment \$2.8; Eagle Marine land rent (booked as space assignment in prior FY) \$1.3; higher gross receipts at Westrec Marina \$0.4, Vopak CPI increase \$0.3 general CPI increases \$0.4 and Shore Terminals holdover payment \$0.2
Royalties, Fees and Other Revenues	7,315	17,258	(9,943)	(57.6%)	Lower one-time refunds & reimbursements <\$12.6>, higher credits for tenant services <\$1.0>, lower parking fees <\$0.2> and lower misc. permits & fees <\$0.1>, partially offset by Harbor Maintenance Tax receipt \$3.3 and higher utility reimbursements \$0.7
Clean Truck Program Revenues	938	700	238	34.0%	Higher annual truck fees
Total Operating Revenues	221,786	208,386	13,400	6.4%	
Operating Expenses					
Gross Salaries & Benefits	57,585	59,173	(1,588)	(2.7%)	Lower average filled positions, partially offset by MOU salary and benefit increases
Capitalization	(8,219)	(10,557)	2,338	(22.1%)	Lower direct capitalization \$1.9 and lower overhead allocations \$0.4
Net Salaries & Benefits	49,366	48,615	750	1.5%	
Marketing & Public Relations	1,730	1,219	510	41.9%	
Travel	362	185	177	95.8%	
Outside Services	6,945	5,933	1,012	17.1%	Higher information technology spending \$0.9, higher waterfront and commercial real estate expenses \$0.2, higher federal advocacy spending \$0.2, higher security camera maintenance spending \$0.2 and Bond Assistance Program catch-up payments \$0.2, partially offset by lower building maintenance/hiring hall spending <\$0.3>, prior period adjustment related to LAREX contract <\$0.2>, lower outside counsel spending <\$0.1> and lower misc. spending <\$0.1>
Materials & Supplies	2,491	1,800	691	38.4%	Higher C&M materials spending \$0.5 and lower overhead capitalization \$0.4, partially offset by port police invoicing delays <\$0.2>
City Services	16,272	18,076	(1,804)	(10.0%)	Lower fire services <\$1.6>, lower city attorney spending <\$0.3>, higher overhead accruals <\$0.3>, lower personnel services <\$0.2> and lower misc services <\$0.2>, partially offset by higher Rec and Parks accruals \$0.8
(1) Other Operating Expenses	9,257	8,681	577	6.6%	Higher electricity \$0.4 and higher telephone \$0.2
Clean Truck Program Expenses	233	215	17	8.1%	
Total Operating Expenses	86,655	84,724	1,931	2.3%	
Income Before Depreciation	135,131	123,663	11,469	9.3%	
Provision For Depreciation	67,582	75,373	(7,792)	(10.3%)	
Income From Operations	67,550	48,289	19,261	39.9%	
(2) Non-Operating Revenue	6,621	3,488	3,133	89.8%	Higher gain on land sale \$2.0, higher interest income \$1.2, higher JPA Income \$0.5 and higher state passthrough income \$0.1, partially offset by lower federal grants <\$0.4>, lower environmental insurance reimbursements (ACTA/Dominguez Oil Release) <\$0.2> and lower misc. non-operating revenues <\$0.1>
(3) Non-Operating Expenses	(3,028)	(1,590)	(1,437)	90.4%	Lower interest expense capitalization <\$2.1>, higher retirement of crane assets <\$1.0>, higher capital projects closed to expense <\$1.0> and higher state passthrough disbursements <\$0.1>, partially offset by lower interest expense \$1.9 and bond administration costs \$0.9
Net Income	71,143	50,187	20,956	41.8%	

Notes:

- (1) Primarily for: Electricity \$5.7; Insurance \$1.2; Water & Gas \$0.8; Telephone \$0.7; Equipment Rental/Permits/License/Fees \$0.6; Environmental Incentives \$0.5; Memberships/Subscriptions/Books \$0.4; Taxes/Assessments \$0.1; Overhead Capitalization (\$0.7)
- (2) Primarily for: Interest Income \$3.6; Gain on Land Sale \$2.1; JPA Income \$0.5; State Passthrough Revenue \$0.2; Late Charges/Discounts/Misc. \$0.1; Federal Grant Revenue \$0.1
- (3) Primarily for: Interest Expense \$13.8; Capitalized Interest <\$13.5>; Retirement of Crane Assets \$1.1; Capital Projects Closed to Expense \$1.1; Commercial Paper Admin. Costs \$0.4; State Passthrough Expenses \$0.2



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Board of Harbor Commissioners

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DATE: JANUARY 17, 2018

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**SUBJECT: FINANCIAL PERFORMANCE RESULTS FOR
FISCAL YEAR 2017/18 ENDED DECEMBER 31, 2017**

Financial performance results for the first six months of Fiscal Year (“FY”) 2017/18 are listed below and have been summarized relative to both budget and the prior fiscal year. For the month of December, cargo volumes (as measured by TEUs or twenty-foot equivalent units) decreased by 2.2% relative to December 2016. Despite this monthly decline, fiscal year-to-date (“FYTD”) TEUs exceeded prior FYTD results by 2.9%, and the more than 9.3 million TEUs moved during calendar year 2017 represented the most containerized cargo processed in a calendar year in the Harbor Department’s 110-year history. In summary, performance results for the Harbor Department are as follows:

FYTD December 2017	Actuals (Cargo Volumes in Thousands, \$ in Millions)	Actual-to- Budget Comparison	Year-on-Year Comparison
Cargo Volumes	4,861	↑ 1.6%	↑ 2.9%
Operating Revenues	\$264.2	↑ 7.3%	↑ 12.8%
Operating Expenses	\$103.8	↓ (18.2%)	↑ 2.4%
Operating Income	\$160.4	↑ 34.5%	↑ 20.8%
Net Income	\$83.7	↑ 161.1%	↑ 79.9%

Through the first six months of FY 2017/18, cargo volume growth has led to an increase in Shipping Services relative to both budget and the prior FYTD period. Relative to budget, Total Operating Revenues increased by 7.3% as the aforementioned increase in Shipping Services, higher land rentals as well as the receipt of Harbor Maintenance Tax funds were only partially offset by higher credits for tenant services and lower utility reimbursements. Relative to the prior fiscal year, Total Operating Revenues increased by 12.8% as higher Shipping Services, higher land rentals, the receipt of Harbor Maintenance Tax funds and higher utility reimbursements were only slightly offset by higher credits for tenant services.

DATE: JANUARY 17, 2018

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SUBJECT: FINANCIAL PERFORMANCE RESULTS

Operating Expenses were favorably impacted as lower headcounts, invoicing delays with respect to outside services and city services, lower utility costs as well as container incentive payout delays drove total Operating Expenses 18.2% below budget. Relative to the prior fiscal year, total Operating Expenses increased by 2.4% as lower salary capitalization, MOU salary increases, higher port information portal pilot project spending and higher construction and maintenance materials spending were only partially offset by city services invoicing delays and lower average filled positions.

Operating margins for the FYTD period were reported at 60.7% versus a budget of 48.5% and a prior year figure of 56.7%. However, it is important to note that as vacancies are filled, and, as invoicing delays are resolved, operating expenses are anticipated to trend towards budget as FY 2017/18 progresses.

Capital Improvement Program (CIP)

CIP spending for the FYTD period ended December 31, 2017 based on internal estimates reached \$29.9 million or about 31% of the total \$97.7 million CIP adopted budget. The Harbor Department currently expects to stay within the CIP adopted budget through fiscal year-end.

Mark Bleavins
FOR

EUGENE D. SEROKA
Executive Director

Transmittals:

1. TEU Throughput Comparison – FYTD December 2017
2. Actual-to-Budget FY 2017/18 – December
3. Year-to-Year Performance Report YTD December 31, 2017 and 2016

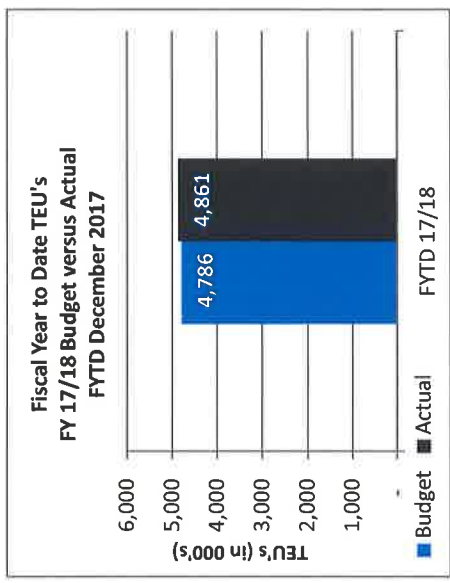
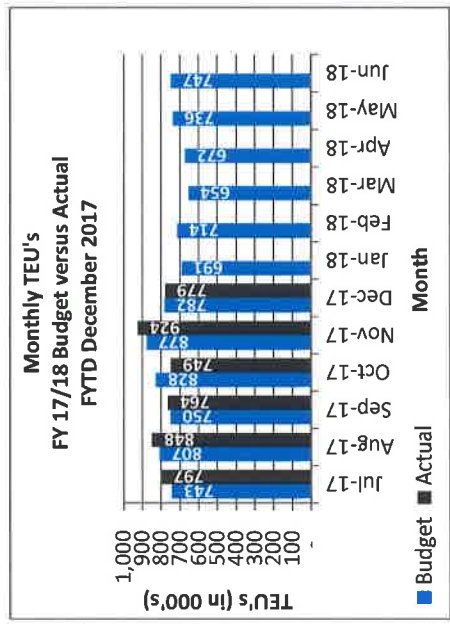
Author: M. Marchese

MB:MM/Finance

cc: Deputy Executive Directors

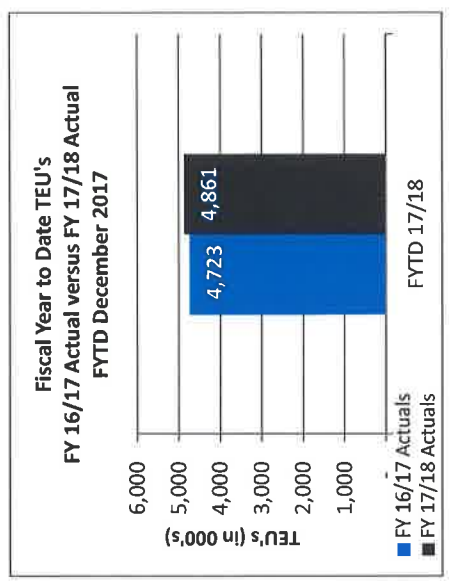
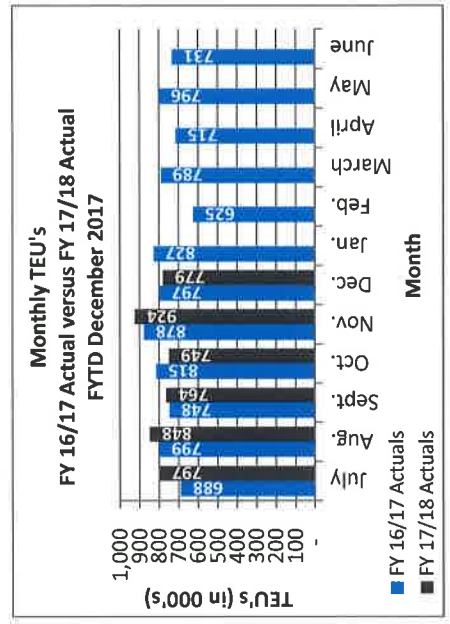
Budget versus Actuals Comparison
FY 17/18 Budget vs. FY 17/18 Actuals

(in 000's)	FY 17/18 Budget	FY 17/18 Actuals	% Δ	Δ
Jul-17	743	797	7.2%	↑
Aug-17	807	848	5.1%	↑
Sep-17	750	764	1.9%	↑
Oct-17	828	749	-9.5%	↓
Nov-17	877	924	5.4%	↑
Dec-17	782	779	-0.3%	↓
Jan-18	691			
Feb-18	714			
Mar-18	654			
Apr-18	672			
May-18	736			
Jun-18	747			
FYTD 17/18	4,786	4,861	1.6%	↑
FY 17/18 Budget	9,000			



Year-to-Year Actuals Comparison
FY 16/17 Actuals vs. FY 17/18 Actuals

(in 000's)	FY 16/17 Actuals	FY 17/18 Actuals	% Δ	Δ
July	688	797	15.8%	↑
Aug.	799	848	6.1%	↑
Sept.	748	764	2.2%	↑
Oct.	815	749	-8.1%	↓
Nov.	878	924	5.3%	↑
Dec.	797	779	-2.2%	↓
Jan.	827			
Feb.	625			
March	789			
April	715			
May	796			
June	731			
FYTD 17/18	4,723	4,861	2.9%	↑
FY 16/17 Actuals	9,206			



	Fiscal Year Actual		Fiscal Year Budget		Actual-to-Budget		Notes (\$ in millions)
	FY 2017/18	Fiscal YTD - Dec. 2017	FY 2017/18	Fiscal YTD - Dec. 2017	\$	%	
\$ in thousands							
Operating Revenues							
Shipping Services	222,659		208,206		14,454	6.9%	Higher than budgeted wharfrage due to higher than budgeted TEUs \$12.2, higher space assignment \$2.4 and higher dockage \$0.4, partially offset by lower pilotage <\$0.8>
Rentals	32,306		27,391		4,915	17.9%	Higher than budgeted Union Pacific Railroad \$3.0 and Westrec Marina \$2.0 as well as higher than budgeted misc. receipts \$1.0, partially offset by lower than budgeted receipts for PBF <\$1.1>
Royalties, Fees and Other Revenues	8,203		9,589		(1,386)	(14.5%)	Higher credits for tenant services <\$3.4>, lower utility reimbursements <\$1.4> and lower misc. permits and fees <\$0.3>, partially offset by Harbor Maintenance Tax receipt \$3.3, higher one-time reimbursements \$0.2 and higher reimbursements for Port Police services \$0.2
Clean Truck Program Revenues	1,066		980		85	8.7%	Higher annual truck fees \$0.1
Total Operating Revenues	264,234		246,167		18,068	7.3%	
Operating Expenses							
Gross Salaries & Benefits	68,919		75,841		(6,922)	(9.1%)	Lower average filled positions and lower average salaries
Capitalization	(10,001)		(7,406)		(2,595)	35.0%	Overhead allocations <\$4.3>, partially offset by lower direct capitalization \$1.7
Net Salaries & Benefits	58,918		68,435		(9,517)	(13.9%)	
Marketing & Public Relations	1,927		1,799		128	7.1%	
Travel	390		416		(25)	(6.1%)	
Outside Services	8,522		19,936		(11,414)	(57.3%)	GE Portal Project invoicing delays <\$5.5>, dredging invoicing delays <\$1.4>, environmental assessment invoicing delays <\$1.2>, misc. invoicing delays <\$0.7>, outside legal counsel invoicing delays <\$0.6>, security camera invoicing delays <\$0.5>, C&M invoicing delays/lower hiring hall spending <\$0.4>, overhead capitalization <\$0.4>, cruise terminal invoicing delays <\$0.3>, supply chain and BGO consultant invoicing delays <\$0.2> and prior period adjustment related to LAREX contract <\$0.2>
Materials & Supplies	2,843		3,602		(759)	(21.1%)	Port Police invoicing delays <\$0.3>, overhead allocations <\$0.2>, maintenance improvement program invoicing delays <\$0.2> and misc. invoicing delays <\$0.1>
City Services	19,628		23,513		(3,886)	(16.5%)	Overhead allocation <\$1.9>, fire services invoicing delay <\$1.0>, lower misc. services <\$0.4>, Recreation and Parks prior period adjustment <\$0.3>, public works invoicing delays <\$0.2> and City Attorney invoicing delays <\$0.1>
(1) Allocations to Capital - Overhead			(6,859)		6,859	(100.0%)	Higher aggregate overhead allocations <\$0.8>
(2) Other Operating Expenses	11,259		15,505		(4,246)	(27.4%)	Lower electricity <\$1.2>, container incentive payout delay <\$1.2>, overhead allocations <\$0.8>, environmental incentive invoicing delays <\$0.4>, lower water & gas <\$0.4>, lower insurance <\$0.2>, telephone invoicing delays <\$0.2> and lower litigation/claims/settlements <\$0.1>, partially offset by higher equipment rentals \$0.3
Clean Truck Program Expenses	307		540		(232)	(43.1%)	
Total Operating Expenses	103,794		126,887		(23,092)	(18.2%)	
Income Before Depreciation	160,440		119,280		41,160	34.5%	
Provision For Depreciation	81,099		89,348		(8,248)	(9.2%)	
Income From Operations	79,341		29,932		49,408	165.1%	
Non-Operating Revenue	7,522		10,821		(3,299)	(30.5%)	Delayed receipt of federal/state passthrough grants <\$6.6> and lower JPA income <\$0.7>, partially offset by higher gain on land sale \$2.1 and higher interest income \$1.9
Non-Operating Expenses	(3,114)		(8,676)		5,562	(64.1%)	Lower federal/state passthrough disbursements \$6.6, lower capital projects closed to expense \$0.2 and higher interest capitalization \$0.1, partially offset by retirement of crane assets <\$1.1> and higher interest expense <\$0.2>
Net Income	83,749		32,077		51,672	161.1%	

Notes:
 (1) Allocations to capital - overhead are allocated to individual accounts within the presentation of actual results; however, these overhead allocations are not allocated to individual accounts for budgetary purposes. Allocations to capital - overhead for the fiscal year-to-date period totaled \$7.7 million relative to a budget of \$6.9 million.
 (2) Primarily for: Electricity \$6.8; Insurance \$1.5; Water & Gas \$0.9; Equipment Rental/Permits/License/Fees \$0.8; Telephone \$0.6; Environmental Incentives \$0.6; Memberships/Subscriptions/Books \$0.5; Taxes/Assessments \$0.1; Overhead Capitalization: (\$0.8)
 (3) Primarily for: Interest Income \$4.4; Gain on Land Sale \$2.1; JPA Income \$0.5; Late Charges/Discounts/Misc. \$0.2; State Passthrough Revenue \$0.2; Federal Grant Revenue \$0.1
 (4) Primarily for: Interest Expense \$16.5; Capitalized Interest <\$16.2>; Retirement of Crane Assets \$1.1; Capital Projects Closed to Expense \$1.1; Commercial Paper Admin. Costs \$0.4; State Passthrough Expenses \$0.2

	Current Fiscal Year FY 2017/18		Prior Fiscal Year FY 2016/17		Year-over-Year Change		Notes (\$ in millions)
	Fiscal YTD - Dec. 2017	Fiscal YTD - Dec. 2016	Fiscal YTD - Dec. 2017	Fiscal YTD - Dec. 2016	\$	%	
\$ in thousands							
Operating Revenues							
Shipping Services	222,659	201,728	201,728	201,728	20,931	10.4%	Higher overall wharfage \$19.2, higher pilotage \$1.0, higher dockage \$0.6 and higher space assignments \$0.1
Rentals	32,306	26,188	26,188	26,188	6,118	23.4%	Union Pacific compensation reset and catch-up payment \$3.1, Eagle Marine land rent (booked as space assignment in prior FY) \$1.5, general CPI increases \$1.2, higher gross receipts at Westrec Marina \$0.5, Vopak CPI increase \$0.3, Shore Terminals holdover payment \$0.1 and Fastlane CPI increase \$0.1, partially offset by a prior year catchup in PBF Energy rentals <\$0.7>
Royalties, Fees and Other Revenues	8,203	5,323	5,323	5,323	2,881	54.1%	Harbor Maintenance Tax receipt \$3.3, higher utility reimbursements \$0.7 and higher parking fees \$0.2, partially offset by higher credits for tenant services <\$1.1>, lower one-time refunds & reimbursements <\$0.1> and lower misc. permits & fees <\$0.1>
Clean Truck Program Revenues	1,066	952	952	952	114	12.0%	Higher annual truck fees \$0.1
Total Operating Revenues	264,234	234,191	234,191	234,191	30,043	12.8%	
Operating Expenses							
Gross Salaries & Benefits	68,919	67,853	67,853	67,853	1,066	1.6%	Lower average filled positions, partially offset by MOU salary and benefit increases
Capitalization	(10,001)	(11,592)	(11,592)	(11,592)	1,590	(13.7%)	Lower direct capitalization \$1.2 and lower overhead allocations \$0.4
Net Salaries & Benefits	58,918	56,262	56,262	56,262	2,656	4.7%	
Marketing & Public Relations	1,927	1,564	1,564	1,564	363	23.2%	
Travel	390	211	211	211	180	85.2%	
Outside Services	8,522	8,649	8,649	8,649	(127)	(1.5%)	Lower building maintenance/hiring hall spending <\$0.8>, lower equipment maintenance <\$0.2>, lower environmental assessment spending <\$0.2>, prior period adjustment related to LAREX contract <\$0.2>, lower outside counsel costs <\$0.1> and community relations invoicing delays <\$0.1>, partially offset by higher GE Portal project spending \$0.9, higher security camera maintenance spending \$0.2, Bond Assistance Program catch-up payments \$0.2, higher waterfront and commercial real estate expenses \$0.1 and higher federal advocacy spending \$0.1
Materials & Supplies	2,843	2,231	2,231	2,231	612	27.4%	Higher C&M materials spending \$0.5 and lower overhead capitalization \$0.4, partially offset by port police invoicing delays <\$0.2> and maintenance improvement program invoicing delays <\$0.1>
City Services	19,628	21,628	21,628	21,628	(2,001)	(9.3%)	Invoicing delays with respect to fire services <\$1.6>, city attorney <\$0.3>, personnel services <\$0.2> and misc services <\$0.1> as well as higher overhead accruals <\$0.3>, partially offset by higher Rec and Parks accruals \$0.5
(1) Other Operating Expenses	11,259	10,503	10,503	10,503	756	7.2%	Higher electricity \$0.3, higher equipment rentals \$0.2, higher telephone \$0.1 and higher water & gas \$0.1
Clean Truck Program Expenses	307	299	299	299	8	2.6%	
Total Operating Expenses	103,794	101,347	101,347	101,347	2,447	2.4%	
Income Before Depreciation	160,440	132,844	132,844	132,844	27,596	20.8%	
Provision For Depreciation	81,099	88,779	88,779	88,779	(7,680)	(8.7%)	
Income From Operations	79,341	44,065	44,065	44,065	35,276	80.1%	
(2) Non-Operating Revenue	7,522	4,060	4,060	4,060	3,462	85.3%	Higher gain on land sale \$2.1, higher interest income \$1.6, higher JPA income \$0.5 and higher state passthrough income \$0.1, partially offset by lower federal grants <\$0.5>, lower environmental insurance reimbursements (ACTA/Dominguez Oil Release) <\$0.2> and lower misc. non-operating revenues <\$0.1>
(3) Non-Operating Expenses	(3,114)	(1,578)	(1,578)	(1,578)	(1,536)	97.4%	Lower interest expense capitalization <\$2.2>, higher retirement of crane assets <\$1.0>, higher capital projects closed to expense <\$1.0> and higher state passthrough disbursements <\$0.2>, partially offset by lower interest expense \$2.0 and bond administration costs \$0.9
Net Income	83,749	46,547	46,547	46,547	37,202	79.9%	

Notes:

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- (2) Primarily for: Interest Income \$4.4; Gain on Land Sale \$2.1; JPA Income \$0.5; Late Charges/Discounts/Misc. \$0.2; State Passthrough Revenue \$0.2; Federal Grant Revenue \$0.1
- (3) Primarily for: Interest Expense \$16.5; Capitalized Interest <\$16.2>; Retirement of Crane Assets \$1.1; Capital Projects Closed to Expense \$1.1; Commercial Paper Admin. Costs \$0.4; State Passthrough Expenses \$0.2