



## AUDIT COMMITTEE

Report to the  
Board of Harbor Commissioners

### “FOR INFORMATION ONLY”

**DATE: FEBRUARY 14, 2020**

**TO: BOARD OF HARBOR COMMISSIONERS**

**SUBJECT: FINANCIAL PERFORMANCE RESULTS FOR  
FISCAL YEAR 2019/20 ENDED JANUARY 31, 2020**

Financial performance results for the first seven months of Fiscal Year (FY) 2019/20 are below and have been summarized relative to both budget and the prior fiscal year. Through January, cargo volumes (as measured by TEUs or twenty-foot equivalent units) declined 0.3% relative to budget and 6.6% relative to the prior fiscal year. In summary, performance results for the Harbor Department are as follows:

<b>FYTD January 2020</b>	<b>Actuals (Cargo Volumes in Thousands, \$ in Millions)</b>	<b>Actual-to- Budget Comparison</b>	<b>Year-on-Year Comparison</b>
<b>Cargo Volumes</b>	5,605	↓ (0.3%)	↓ (6.6%)
<b>Operating Revenues</b>	\$290.9	↓ (1.0%)	↓ (2.8%)
<b>Operating Expenses</b>	\$143.1	↓ (14.9%)	↑ 7.5%
<b>Operating Income</b>	\$147.8	↑ 17.6%	↓ (11.0%)
<b>Net Income</b>	\$53.0	↑ 230.9%	↓ (55.9%)

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 1.0% 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 2.8% 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 14.9% below budget.

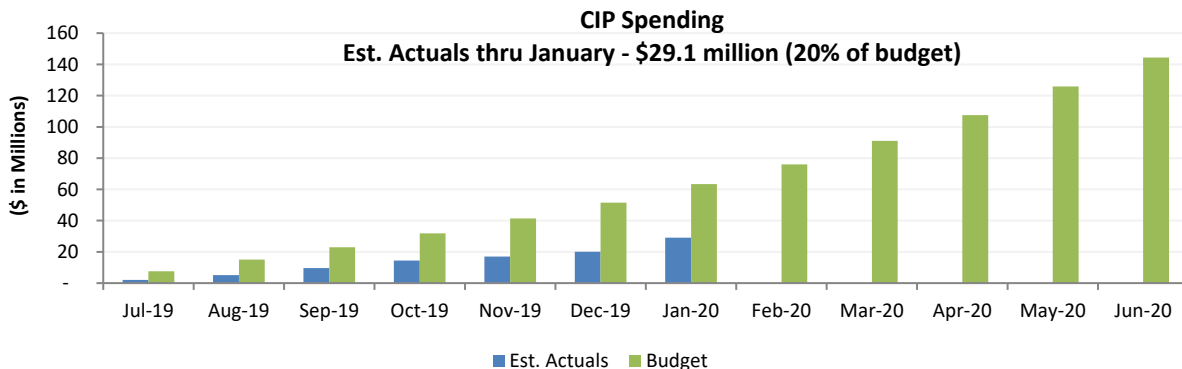
**SUBJECT: FINANCIAL PERFORMANCE RESULTS**

Relative to the prior fiscal year, total Operating Expenses increased by 7.5% due primarily to higher average positions filled and higher container incentive payouts.

Operating margins for the month of January were reported at 50.8% versus a budget of 42.8% 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 seven-month period ended January 31, 2020 is estimated to reach \$29.1 million or about 20% 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 &amp; Chief Financial Officer

**Transmittals:**

1. TEU Throughput Comparison – FYTD January 2020
2. Actual-to-Budget FY 2019/20 – January
3. Year-to-Year Performance Report FYTD January 31, 2020 and 2019

Author: E. Estrada

MB:MM/Finance

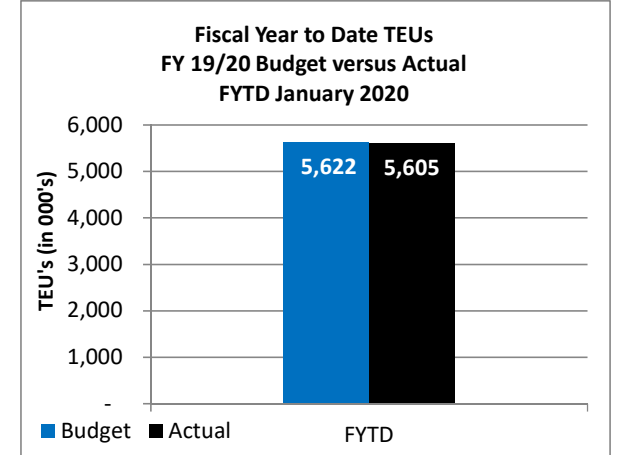
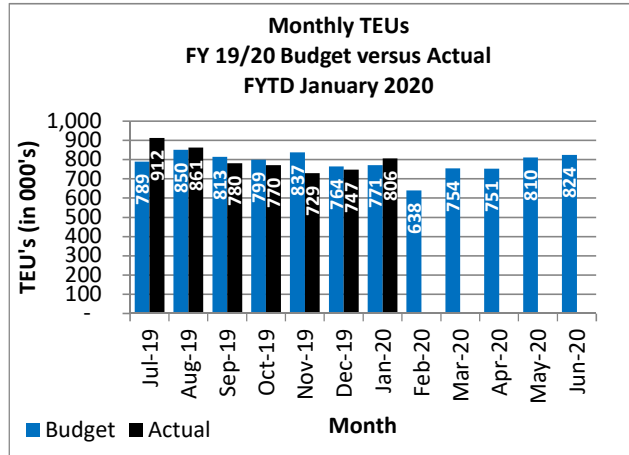
cc: Deputy Executive Directors

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

TRANSMITTAL 1

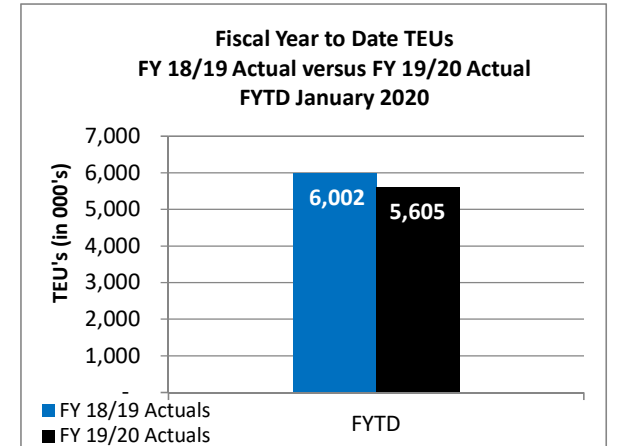
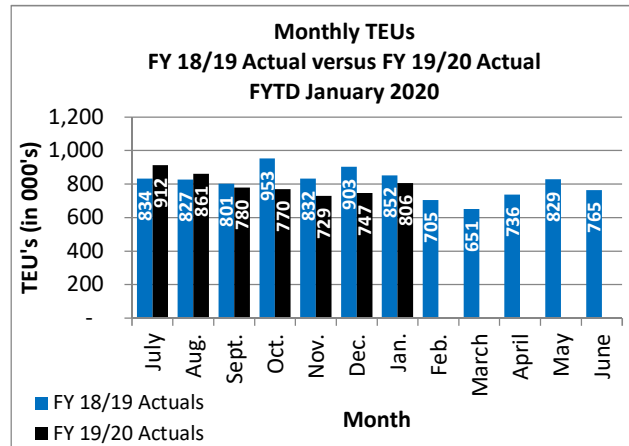
Budget versus Actuals Comparison  
FY 19/20 Budget vs. FY 19/20 Actuals

(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			
Mar-20	754			
Apr-20	751			
May-20	810			
Jun-20	824			
FYTD	5,622	5,605	-0.3%	↓
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			
March	651			
April	736			
May	829			
June	765			
FYTD	6,002	5,605	-6.6%	↓
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 - Jan. 2020	Fiscal YTD - Jan. 2020	\$	%
<b>Operating Revenues</b>				
Shipping Services	231,679	242,258	(10,580)	(4.4%)
Rentals	46,510	40,532	5,977	14.7%
Royalties, Fees and Other Revenues	10,590	8,590	2,001	23.3%
Clean Truck Program Revenues	2,124	2,359	(235)	(10.0%)
<b>Total Operating Revenues</b>	<b>290,903</b>	<b>293,740</b>	<b>(2,836)</b>	<b>(1.0%)</b>
<b>Operating Expenses</b>				
Gross Salaries & Benefits	87,674	93,675	6,001	6.4%
Capitalization	(12,974)	(7,759)	5,215	(67.2%)
Net Salaries & Benefits	74,699	85,916	11,216	13.1%
Marketing & Public Relations	1,725	2,459	734	29.9%
Travel	477	616	139	22.6%
Outside Services	13,213	22,876	9,663	42.2%
Materials & Supplies	2,982	5,414	2,432	44.9%
City Services	28,812	32,319	3,508	10.9%
Allocations to Capital - Overhead		(9,506)	(9,506)	100.0%
Other Operating Expenses	20,846	27,376	6,530	23.9%
Clean Truck Program Expenses	334	614	280	45.6%
<b>Total Operating Expenses</b>	<b>143,087</b>	<b>168,083</b>	<b>24,996</b>	<b>14.9%</b>
<b>Income Before Depreciation</b>	<b>147,816</b>	<b>125,656</b>	<b>22,159</b>	<b>17.6%</b>
Provision For Depreciation	91,869	97,695	5,825	6.0%
<b>Income From Operations</b>	<b>55,947</b>	<b>27,962</b>	<b>27,985</b>	<b>100.1%</b>
Non-Operating Revenue	22,291	32,271	(9,979)	(30.9%)
Non-Operating Expenses	25,270	44,227	18,957	42.9%
<b>Net Income</b>	<b>52,968</b>	<b>16,006</b>	<b>36,962</b>	<b>230.9%</b>

\$ in thousands	Current Fiscal Year	Prior Fiscal Year	Year-over-Year Change	
	FY 2019/20	FY 2018/19	(Unfavorable)/Favorable	
	Fiscal YTD - Jan. 2020	Fiscal YTD - Jan. 2019	\$	%
<b>Operating Revenues</b>				
Shipping Services	231,679	243,229	(11,550)	(4.7%)
Rentals	46,510	42,614	3,896	9.1%
Royalties, Fees and Other Revenues	10,590	12,476	(1,886)	(15.1%)
Clean Truck Program Revenues	2,124	854	1,270	148.7%
<b>Total Operating Revenues</b>	<b>290,903</b>	<b>299,173</b>	<b>(8,270)</b>	<b>(2.8%)</b>
<b>Operating Expenses</b>				
Gross Salaries & Benefits	87,674	80,606	(7,068)	(8.8%)
Capitalization	(12,974)	(13,192)	(218)	1.6%
Net Salaries & Benefits	74,699	67,414	(7,285)	(10.8%)
Marketing & Public Relations	1,725	1,751	26	1.5%
Travel	477	349	(128)	(36.6%)
Outside Services	13,213	15,213	2,000	13.1%
Materials & Supplies	2,982	3,262	280	8.6%
City Services	28,812	28,928	117	0.4%
Other Operating Expenses	20,846	15,900	(4,946)	(31.1%)
Clean Truck Program Expenses	334	246	(88)	(35.8%)
<b>Total Operating Expenses</b>	<b>143,087</b>	<b>133,063</b>	<b>(10,024)</b>	<b>(7.5%)</b>
<b>Income Before Depreciation</b>	<b>147,816</b>	<b>166,110</b>	<b>(18,294)</b>	<b>(11.0%)</b>
Provision For Depreciation	91,869	81,991	(9,879)	(12.0%)
<b>Income From Operations</b>	<b>55,947</b>	<b>84,119</b>	<b>(28,173)</b>	<b>(33.5%)</b>
Non-Operating Revenue	22,291	44,019	(21,727)	(49.4%)
Non-Operating Expenses	25,270	8,043	(17,227)	(214.2%)
<b>Net Income</b>	<b>52,968</b>	<b>120,095</b>	<b>(67,127)</b>	<b>(55.9%)</b>