



## AUDIT COMMITTEE

Report to the  
Board of Harbor Commissioners

### “FOR INFORMATION ONLY”

**DATE: JUNE 15, 2021**

**TO: BOARD OF HARBOR COMMISSIONERS**

**SUBJECT: FINANCIAL PERFORMANCE RESULTS FOR  
FISCAL YEAR 2020/21 ENDED MAY 31, 2021**

Financial performance results for the first eleven 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 May, cargo volumes (as measured by TEUs or twenty-foot equivalent units) increased by 37.9% relative to budget and 27.1% relative to the prior fiscal year. In summary, performance results for the Harbor Department are as follows:

FYTD May 2021	Actuals (Cargo Volumes in Thousands, \$ in Millions)	Actual-to- Budget Comparison	Year-on-Year Comparison
Cargo Volumes	10,003	↑ 37.9%	↑ 27.1%
Operating Revenues	\$524.0	↑ 23.6%	↑ 22.7%
Operating Expenses	\$229.3	↓ (11.2%)	↑ 1.2%
Operating Income	\$294.7	↑ 77.8%	↑ 46.9%
Net Income	\$148.5	↑ (2,900.7%)	↑ 165.0%

Shipping Services revenue increased relative to both budget and the prior fiscal year primarily due to higher cargo volumes as May cargo volumes exceeded one million TEUs and represented the best month ever in the 114-year history of the Port of Los Angeles.

Relative to budget, total Operating Revenues increased by 23.6% as higher wharfage, higher rentals, and higher utility reimbursements were only partially offset by delayed Harbor Maintenance Tax receipts. In comparison to the prior fiscal year, total Operating Revenues increased by 22.7% due primarily to higher wharfage, higher rentals, and higher utility reimbursements, which were only partially offset by delayed Harbor Maintenance Tax receipts, lower parking fees, and lower operating reimbursements.

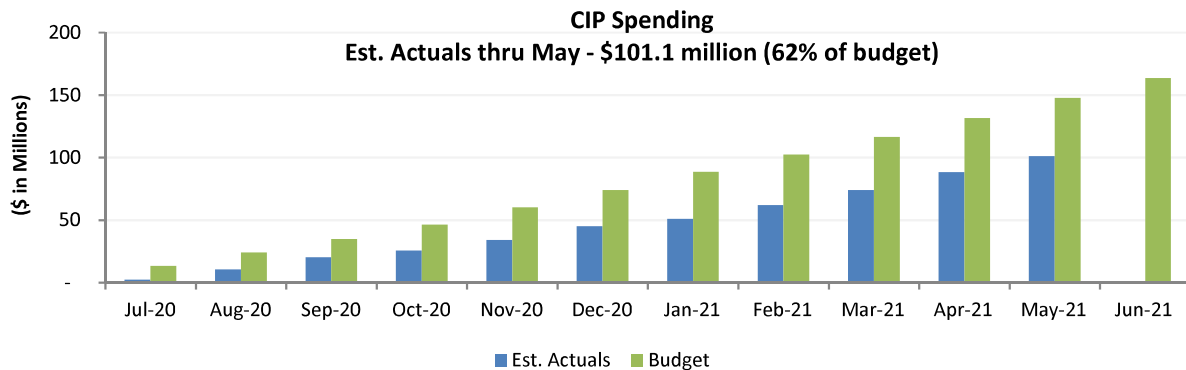
SUBJECT: FINANCIAL PERFORMANCE RESULTS

Operating Expenses were 11.2% lower than budget but 1.2% higher relative to the prior fiscal year-to-date period. In comparison to budget, delayed salaries and benefits recognition as well as invoicing delays with respect to outside services drove operating expenses lower. Relative to the prior fiscal year, the increase was driven by higher salaries and benefits and higher electricity expenses, which were only partially offset by lower divisional outside services and materials spending, lower container incentives, lower promotional expenses, and lower taxes and assessments.

Operating margin for the FYTD period through May was 56.2% versus a budget of 39.1% and a prior year figure of 47.0%.

Capital Improvement Program (CIP)

CIP spending for the eleven-month period ended May 31, 2021 is estimated to have reached \$101.1 million or 62% of the total \$163.6 million CIP adopted budget. The Harbor Department anticipates CIP spending to be lower than budgeted through fiscal year-end.



*Marla Bleavins*  
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MARLA BLEAVINS  
 Deputy Executive Director & Chief Financial Officer

Transmittals:

1. TEU Throughput Comparison – FYTD May 2021
2. Actual-to-Budget FY 2020/21 – May
3. Year-to-Year Performance Report YTD May 31, 2021 and 2020

Author: E. Estrada

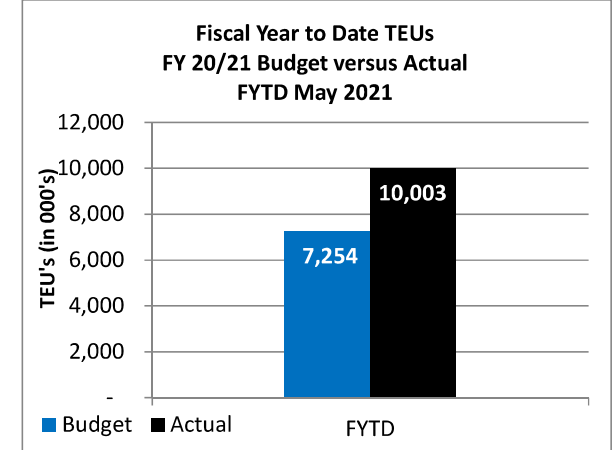
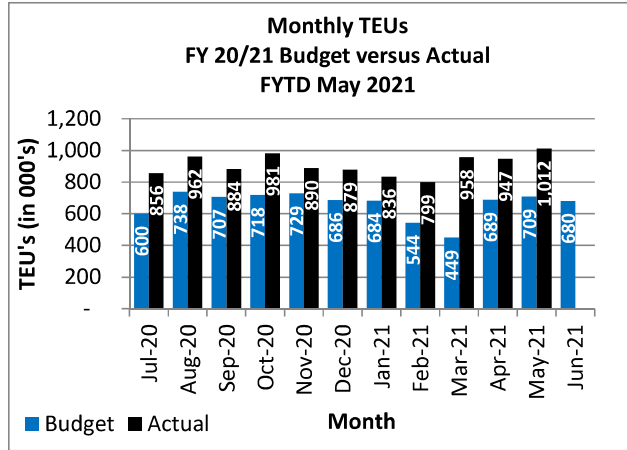
MB:JS:MM/Finance  
 cc: Deputy Executive Directors

HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES  
TEU THROUGHPUT COMPARISON - FYTD MAY 2021

TRANSMITTAL 1

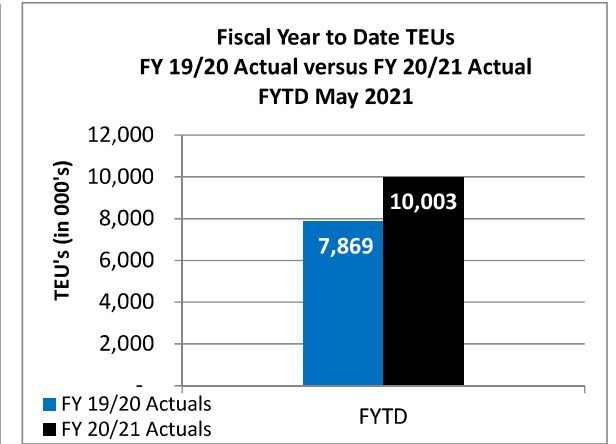
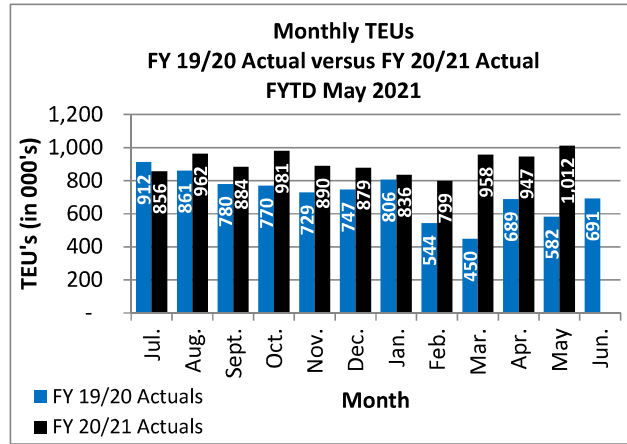
Budget versus Actuals Comparison  
FY 20/21 Budget vs. FY 20/21 Actuals

(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	836	22.2%	↑
Feb-21	544	799	46.9%	↑
Mar-21	449	958	113.0%	↑
Apr-21	689	947	37.4%	↑
May-21	709	1,012	42.7%	↑
Jun-21	680			
FYTD	7,254	10,003	37.9%	↑
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	836	3.6%	↑
Feb.	544	799	46.9%	↑
Mar.	450	958	113.0%	↑
Apr.	689	947	37.4%	↑
May	582	1,012	74.0%	↑
Jun.	691			
FYTD	7,869	10,003	27.1%	↑
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 - May 2021	Fiscal YTD - May 2021	(Unfavorable)/Favorable	
			\$	%
<b>Operating Revenues</b>				
Shipping Services	430,692	336,560	94,133	28.0%
Rentals	75,519	68,023	7,496	11.0%
Royalties, Fees and Other Revenues	15,611	17,349	(1,739)	(10.0%)
Clean Truck Program Revenues	2,148	1,902	246	12.9%
<b>Total Operating Revenues</b>	<b>523,969</b>	<b>423,834</b>	<b>100,135</b>	<b>23.6%</b>
<b>Operating Expenses</b>				
Gross Salaries & Benefits	148,193	157,519	9,326	5.9%
Capitalization	(23,730)	(12,407)	11,323	(91.3%)
Net Salaries & Benefits	124,463	145,112	20,648	14.2%
Marketing & Public Relations	1,237	2,308	1,071	46.4%
Travel	70	133	64	47.7%
Outside Services	20,885	30,455	9,570	31.4%
Materials & Supplies	3,844	5,910	2,066	35.0%
City Services	46,969	52,220	5,251	10.1%
Allocations to Capital - Overhead		(16,771)	(16,771)	100.0%
Other Operating Expenses	31,151	37,840	6,688	17.7%
Clean Truck Program Expenses	671	880	208	23.7%
<b>Total Operating Expenses</b>	<b>229,290</b>	<b>258,085</b>	<b>28,795</b>	<b>11.2%</b>
<b>Income Before Depreciation</b>	<b>294,679</b>	<b>165,749</b>	<b>128,930</b>	<b>77.8%</b>
Provision For Depreciation	140,288	153,580	13,292	8.7%
<b>Income From Operations</b>	<b>154,391</b>	<b>12,169</b>	<b>142,222</b>	<b>1168.7%</b>
Non-Operating Revenue	18,349	70,124	(51,775)	(73.8%)
Non-Operating Expenses	24,195	87,597	63,402	72.4%
<b>Net Income</b>	<b>148,545</b>	<b>(5,304)</b>	<b>153,848</b>	<b>(2900.7%)</b>

\$ in thousands	Current Fiscal Year	Prior Fiscal Year	Year-over-Year	
	FY 2020/21	FY 2019/20	Change	
	Fiscal YTD - May 2021	Fiscal YTD - May 2020	(Unfavorable)/Favorable	
			\$	%
<b>Operating Revenues</b>				
Shipping Services	430,692	332,655	98,037	29.5%
Rentals	75,519	70,478	5,040	7.2%
Royalties, Fees and Other Revenues	15,611	20,938	(5,327)	(25.4%)
Clean Truck Program Revenues	2,148	3,054	(906)	(29.7%)
<b>Total Operating Revenues</b>	<b>523,969</b>	<b>427,125</b>	<b>96,845</b>	<b>22.7%</b>
<b>Operating Expenses</b>				
Gross Salaries & Benefits	148,193	137,495	(10,699)	(7.8%)
Capitalization	(23,730)	(22,088)	1,642	(7.4%)
Net Salaries & Benefits	124,463	115,407	(9,057)	(7.8%)
Marketing & Public Relations	1,237	2,230	993	44.5%
Travel	70	519	450	86.6%
Outside Services	20,885	23,336	2,451	10.5%
Materials & Supplies	3,844	4,955	1,111	22.4%
City Services	46,969	48,686	1,717	3.5%
Other Operating Expenses	31,151	30,609	(543)	(1.8%)
Clean Truck Program Expenses	671	798	127	15.9%
<b>Total Operating Expenses</b>	<b>229,290</b>	<b>226,540</b>	<b>(2,751)</b>	<b>(1.2%)</b>
<b>Income Before Depreciation</b>	<b>294,679</b>	<b>200,585</b>	<b>94,094</b>	<b>46.9%</b>
Provision For Depreciation	140,288	143,631	3,343	2.3%
<b>Income From Operations</b>	<b>154,391</b>	<b>56,954</b>	<b>97,437</b>	<b>171.1%</b>
Non-Operating Revenue	18,349	33,478	(15,129)	(45.2%)
Non-Operating Expenses	24,195	34,373	10,177	29.6%
<b>Net Income</b>	<b>148,545</b>	<b>56,059</b>	<b>92,486</b>	<b>165.0%</b>