



## AUDIT COMMITTEE

Report to the  
Board of Harbor Commissioners

### “FOR INFORMATION ONLY”

**DATE:** May 16, 2013

**TO:** THE AUDIT COMMITTEE OF THE BOARD OF HARBOR COMMISSIONERS

**FROM:** FINANCE

**SUBJECT:** REVENUE ENHANCEMENT AND EFFICIENCY MEASURES

#### Status of Revenue Enhancement Initiatives

Focus on revenue producing projects	In Fiscal Year 2012-13, of the \$286 million capital budget close to 80% of the projects help generate revenues. For FY2013-14, with a budget of \$399 million, revenue generating projects, that is those related to terminal improvements and transportation, comprise about \$380 million of the total or approximately 95% of total CIP.
Premium pricing for “advantaged” terminals	In the midst of a five year reset discussions for APMT
Meet or exceed the Port’s rates of return when using its resources	Finance measures every contemplated transaction against the Port’s hurdle rates. All recent contemplated transactions meet or exceed such rates.
Minimize incentives and discounting	No new incentives or discounts contemplated. No existing incentives or discounts have been eliminated.
Align rates to the rate of inflation	Currently contemplating the establishment of a general rate increase based on an annual consumer price index.
Monitor and adjust rates for specific, readily comparable services on an annual basis where permits allow and ensure permits allow for such	On-going review

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## Measurement Factors

(EBID \$ in 000s)	YTD April FY2011-12	YTD April FY2012-13	Δ %
Operating Margin	58%	53%	-8.6%
EBID	\$199,487	\$176,618	-11.5%
ROA	3.0%	2.4%	-20.0%
RONA	4.3%	3.4%	21.0%
Operating Expense/TEU	\$21.35 <sup>1</sup>	\$24.94 <sup>1</sup>	16.8%

<sup>1</sup>For the period through March