



AUDIT COMMITTEE

Report to the
Board of Harbor Commissioners

“FOR INFORMATION ONLY”

DATE: JUNE 18, 2020

TO: BOARD OF HARBOR COMMISSIONERS

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

Financial performance results for the first eleven months of Fiscal Year (FY) 2019/20 are below and have been summarized relative to both budget and the prior fiscal year. Through May, cargo volumes (as measured by TEUs or twenty-foot equivalent units) declined 8.2% relative to budget and 11.8% relative to the prior fiscal year. In summary, performance results for the Harbor Department are as follows:

FYTD May 2020	Actuals (Cargo Volumes in Thousands, \$ in Millions)	Actual-to- Budget Comparison	Year-on-Year Comparison
Cargo Volumes	7,869	↓ (8.2%)	↓ (11.8%)
Operating Revenues	\$427.1	↓ (6.1%)	↓ (8.7%)
Operating Expenses	\$226.5	↓ (10.9%)	↑ 7.3%
Operating Income	\$200.6	↑ 0.1%	↓ (21.8%)
Net Income	\$56.1	↑ 91.1%	↓ (63.7%)

Shipping Services revenues declined relative to budget and the prior fiscal year due to lower wharfage, lower pilotage, and lower space assignments. Operating Revenues decreased by 6.1% compared to budget as lower shipping services and lower clean truck program revenues were only partially offset by higher rentals, higher one-time reimbursements, and higher Harbor Maintenance Tax receipts. In comparison to the prior fiscal year, operating revenues decreased by 8.7% as lower shipping services and lower Harbor Maintenance Tax receipts were only partially offset by higher rentals and higher clean truck program revenues.

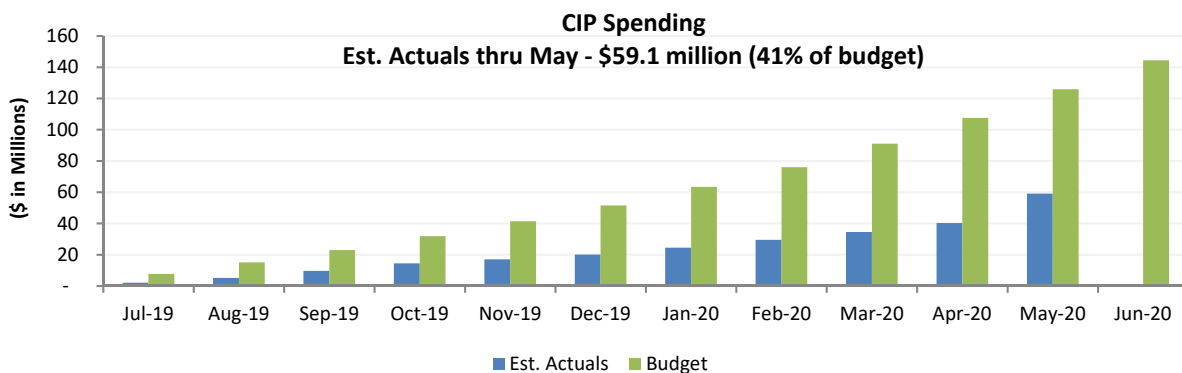
SUBJECT: FINANCIAL PERFORMANCE RESULTS

Lower headcount and invoicing delays with respect to outside services, materials and supplies, and city services drove total Operating Expenses 10.9% below budget. Relative to the prior fiscal year, total Operating Expenses increased by 7.3% due primarily to higher salary expenses, higher city services, and higher container incentive payouts.

Operating margins for the month of May were reported at 47.0% versus a budget of 44.1% and a prior year figure of 54.8%. 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 ends.

Capital Improvement Program (CIP)

CIP spending for the eleven-month period ended May 31, 2020 is estimated to reach \$59.1 million or about 41% of the total \$144.4 million CIP adopted budget. Staff expects annual CIP spending to fall below the adopted FY 2020 CIP budget.



Marla Bleavins

MARLA BLEAVINS
Deputy Executive Director & Chief Financial Officer

Transmittals:

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

Author: E. Estrada

MB:MM/Finance

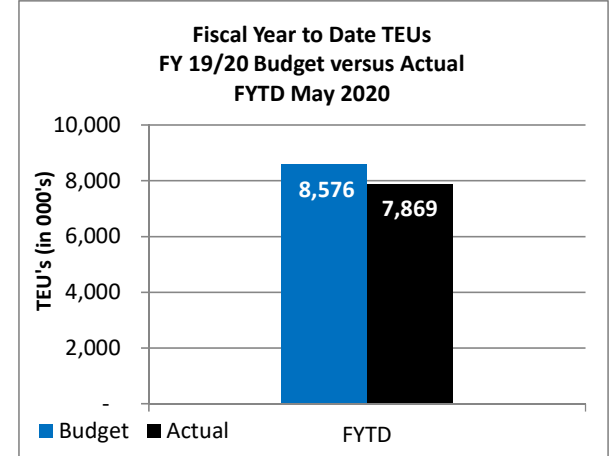
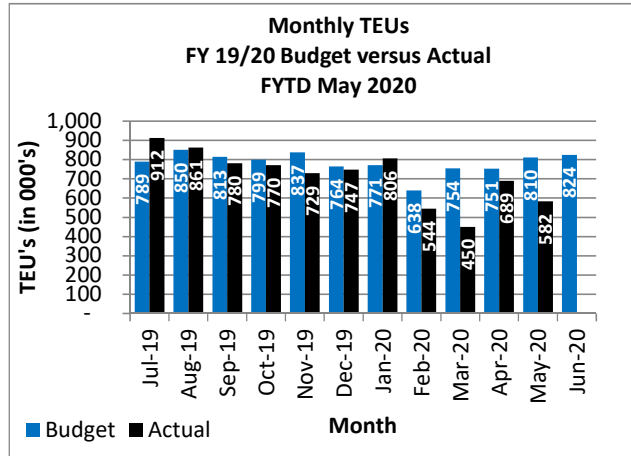
cc: Deputy Executive Directors

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

TRANSMITTAL 1

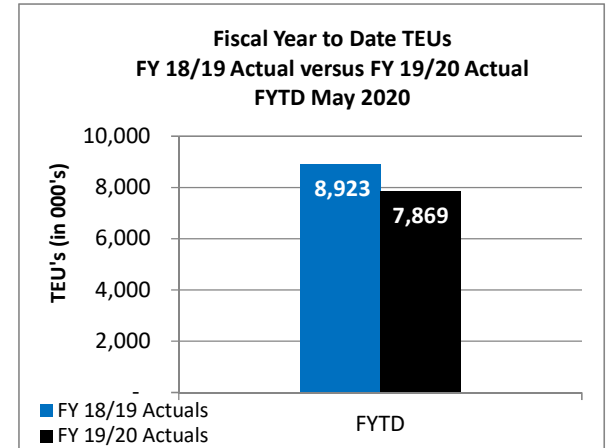
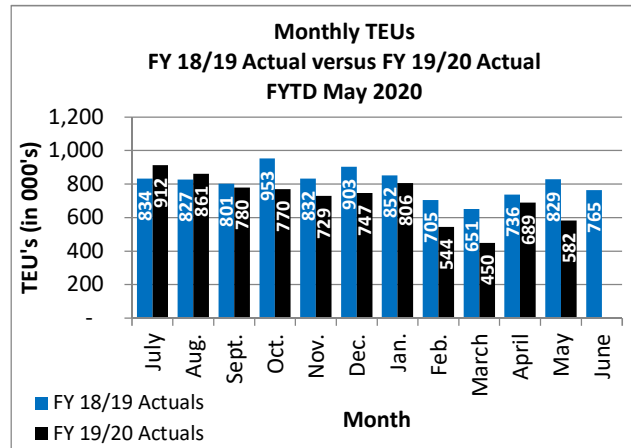
Budget versus Actuals Comparison
FY 19/20 Budget vs. FY 19/20 Actuals

(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	450	-40.4%	↓
Apr-20	751	689	-8.3%	↓
May-20	810	582	-28.2%	↓
Jun-20	824			
FYTD	8,576	7,869	-8.2%	↓
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	450	-30.9%	↓
April	736	689	-6.4%	↓
May	829	582	-29.8%	↓
June	765			
FYTD	8,923	7,869	-11.8%	↓
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 - May 2020	Fiscal YTD - May 2020	\$	%
Operating Revenues				
Shipping Services	332,655	373,950	(41,295)	(11.0%)
Rentals	70,478	59,755	10,723	17.9%
Royalties, Fees and Other Revenues	20,938	17,604	3,334	18.9%
Clean Truck Program Revenues	3,054	3,445	(391)	(11.4%)
Total Operating Revenues	427,125	454,754	(27,630)	(6.1%)
Operating Expenses				
Gross Salaries & Benefits	137,495	146,110	8,616	5.9%
Capitalization	(22,088)	(12,193)	9,895	(81.2%)
Net Salaries & Benefits	115,407	133,917	18,510	13.8%
Marketing & Public Relations	2,230	3,044	814	26.7%
Travel	519	966	447	46.2%
Outside Services	23,336	34,187	10,851	31.7%
Materials & Supplies	4,955	7,577	2,622	34.6%
City Services	48,686	50,793	2,107	4.1%
Allocations to Capital - Overhead		(14,938)	(14,938)	100.0%
Other Operating Expenses	30,609	37,765	7,157	19.0%
Clean Truck Program Expenses	798	966	168	17.4%
Total Operating Expenses	226,540	254,277	27,737	10.9%
Income Before Depreciation	200,585	200,478	107	0.1%
Provision For Depreciation	143,631	153,520	9,889	6.4%
Income From Operations	56,954	46,957	9,996	21.3%
Non-Operating Revenue	33,478	50,632	(17,154)	(33.9%)
Non-Operating Expenses	34,373	68,262	33,889	49.6%
Net Income	56,059	29,328	26,731	91.1%

\$ in thousands	Current Fiscal Year	Prior Fiscal Year	Year-over-Year	
	FY 2019/20	FY 2018/19	Change	
	Fiscal YTD - May 2020	Fiscal YTD - May 2019	(Unfavorable)/Favorable	
			\$	%
Operating Revenues				
Shipping Services	332,655	377,667	(45,012)	(11.9%)
Rentals	70,478	61,237	9,242	15.1%
Royalties, Fees and Other Revenues	20,938	27,349	(6,412)	(23.4%)
Clean Truck Program Revenues	3,054	1,412	1,642	116.3%
Total Operating Revenues	427,125	467,664	(40,540)	(8.7%)
Operating Expenses				
Gross Salaries & Benefits	137,495	127,163	(10,332)	(8.1%)
Capitalization	(22,088)	(20,580)	1,507	(7.3%)
Net Salaries & Benefits	115,407	106,582	(8,824)	(8.3%)
Marketing & Public Relations	2,230	2,259	29	1.3%
Travel	519	755	236	31.2%
Outside Services	23,336	25,692	2,356	9.2%
Materials & Supplies	4,955	5,827	872	15.0%
City Services	48,686	41,646	(7,040)	(16.9%)
Other Operating Expenses	30,609	27,877	(2,731)	(9.8%)
Clean Truck Program Expenses	798	579	(219)	(37.8%)
Total Operating Expenses	226,540	211,217	(15,323)	(7.3%)
Income Before Depreciation	200,585	256,447	(55,863)	(21.8%)
Provision For Depreciation	143,631	145,963	2,332	1.6%
Income From Operations	56,954	110,485	(53,531)	(48.5%)
Non-Operating Revenue	33,478	52,791	(19,314)	(36.6%)
Non-Operating Expenses	34,373	8,977	(25,396)	(282.9%)
Net Income	56,059	154,300	(98,241)	(63.7%)