



## AUDIT COMMITTEE

Report to the  
Board of Harbor Commissioners

### “FOR INFORMATION ONLY”

**DATE: SEPTEMBER 10, 2020**

**TO: BOARD OF HARBOR COMMISSIONERS**

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

Financial performance results for the first month of the new Fiscal Year 2020/21 are below and have been summarized relative to both budget and the prior fiscal year. For the month of July, cargo volumes (as measured by TEUs or twenty-foot equivalent units) increased by 42.7% relative to budget but decreased 6.1% relative to the prior fiscal year. In summary, performance results for the Harbor Department are as follows:

<b>FYTD July 2020</b>	<b>Actuals</b> (Cargo Volumes in Thousands, \$ in Millions)	<b>Actual-to- Budget Comparison</b>	<b>Year-on-Year Comparison</b>
<b>Cargo Volumes</b>	856	↑ 42.7%	↓ (6.1%)
<b>Operating Revenues</b>	\$52.3	↑ 35.7%	↑ 6.5%
<b>Operating Expenses</b>	\$17.7	↓ (9.2%)	↓ 0.6%
<b>Operating Income</b>	\$34.7	↑ 81.2%	↑ 10.6%
<b>Net Income</b>	\$22.5	↑ 527.5%	↑ 28.0%

Shipping Services increased relative to both budget and the prior fiscal year due to higher wharfage revenues. Relative to budget, shipping services increased due to higher volumes resulting in a total Operating Revenues increase of 35.7%. In comparison to the prior fiscal year, total Operating Revenues increased by 6.5% as higher wharfage revenue driven by higher rates were only partially offset by lower Clean Truck Program revenues and lower rentals income.

Operating Expenses were 9.2% lower than budget primarily due to lower average salaries, lower insurance expense, and invoicing delays related to outside services which were only partially offset by higher city services expenses. Relative to the prior fiscal year, total Operating Expenses decreased by 0.6% as lower electricity usage was partially

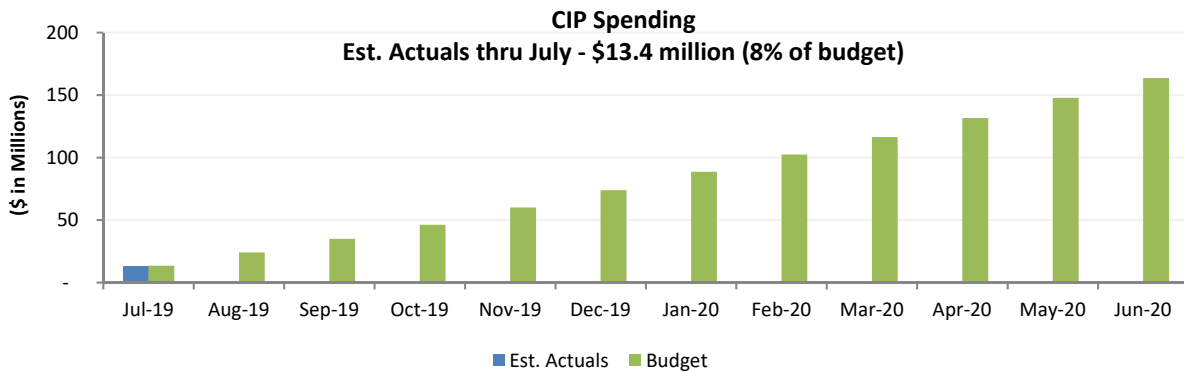
SUBJECT: FINANCIAL PERFORMANCE RESULTS

offset by higher promotional/sponsorship activities, higher average filled positions, and slightly higher miscellaneous materials and supplies spending.

Operating margin for the month of July was 66.3% versus a budget of 49.6% and a prior year figure of 63.9%.

Capital Improvement Program (CIP)

CIP spending for the one-month period ended July 31, 2020 was estimated to reach \$13.4 million or about 8% of the total \$163.6 million CIP adopted budget. At this early stage in the fiscal year, the Harbor Department currently expects to stay within the CIP adopted budget through fiscal year-end.



MARLA BLEAVINS  
Deputy Executive Director & Chief Financial Officer

Transmittals:

1. TEU Throughput Comparison – FYTD July 2020
2. Actual-to-Budget FY 2020/21 – July
3. Year-to-Year Performance Report YTD July 31, 2020 and 2019

Author: E. Estrada

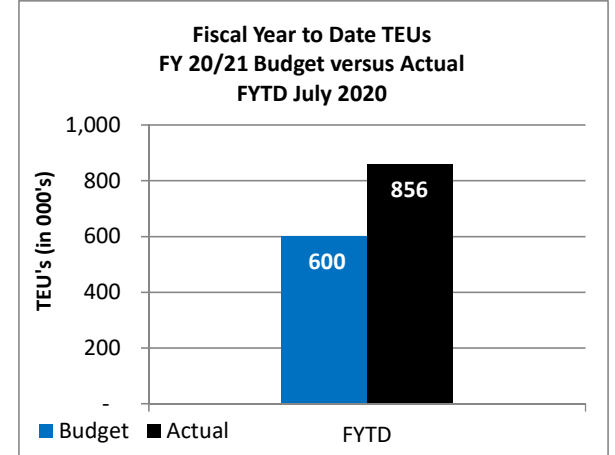
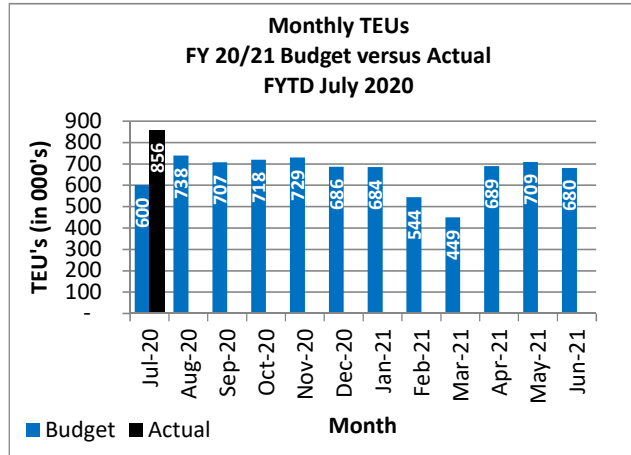
MB:JS:MM/Finance  
cc: Deputy Executive Directors

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

TRANSMITTAL 1

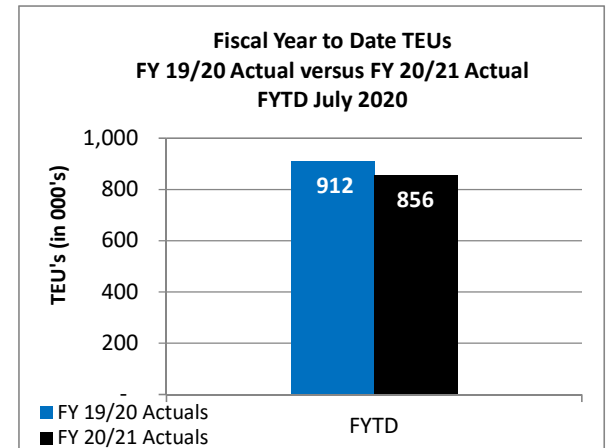
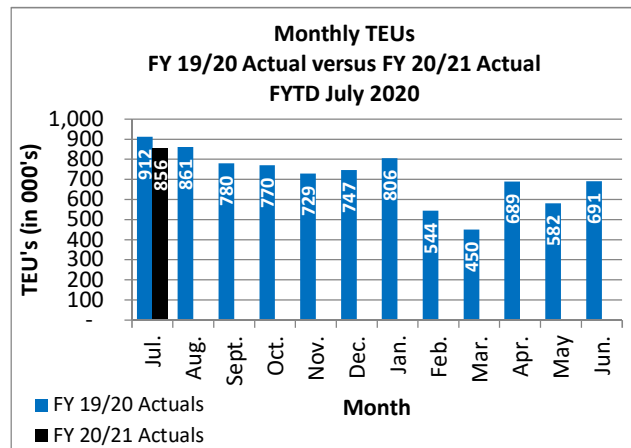
Budget versus Actuals Comparison  
FY 20/21 Budget vs. FY 20/21 Actuals

(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			
Sep-20	707			
Oct-20	718			
Nov-20	729			
Dec-20	686			
Jan-21	684			
Feb-21	544			
Mar-21	449			
Apr-21	689			
May-21	709			
Jun-21	680			
FYTD	600	856	42.7%	↑
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			
Sept.	780			
Oct.	770			
Nov.	729			
Dec.	747			
Jan.	806			
Feb.	544			
Mar.	450			
Apr.	689			
May	582			
Jun.	691			
FYTD	912	856	-6.1%	↓
FY 19/20 Actuals	8,561			



	Fiscal Year Actual	Fiscal Year Budget	Actual-to-Budget	
	FY 2020/21	FY 2020/21	Comparison	
\$ in thousands	Fiscal YTD - Jul. 2020	Fiscal YTD - Jul. 2020	(Unfavorable)/Favorable	
			\$	%
<b>Operating Revenues</b>				
Shipping Services	41,167	27,788	13,379	48.1%
Rentals	10,281	9,715	566	5.8%
Royalties, Fees and Other Revenues	704	907	(204)	(22.4%)
Clean Truck Program Revenues	190	173	17	9.7%
<b>Total Operating Revenues</b>	<b>52,342</b>	<b>38,584</b>	<b>13,758</b>	<b>35.7%</b>
<b>Operating Expenses</b>				
Gross Salaries & Benefits	12,411	13,957	1,547	11.1%
Capitalization	(2,336)	(1,128)	1,208	(107.1%)
Net Salaries & Benefits	10,075	12,829	2,754	21.5%
Marketing & Public Relations	380	758	379	49.9%
Travel	13	8	(5)	(61.2%)
Outside Services	1,107	2,344	1,237	52.8%
Materials & Supplies	254	538	284	52.8%
City Services	4,251	378	(3,873)	(1025.5%)
Allocations to Capital - Overhead		(1,525)	(1,525)	100.0%
Other Operating Expenses	1,567	4,027	2,459	61.1%
Clean Truck Program Expenses	4	78	74	95.1%
<b>Total Operating Expenses</b>	<b>17,651</b>	<b>19,435</b>	<b>1,785</b>	<b>9.2%</b>
<b>Income Before Depreciation</b>	<b>34,691</b>	<b>19,148</b>	<b>15,543</b>	<b>81.2%</b>
Provision For Depreciation	12,820	13,962	1,142	8.2%
<b>Income From Operations</b>	<b>21,871</b>	<b>5,186</b>	<b>16,685</b>	<b>321.7%</b>
Non-Operating Revenue	2,387	6,232	(3,845)	(61.7%)
Non-Operating Expenses	1,791	7,838	6,047	77.1%
<b>Net Income</b>	<b>22,466</b>	<b>3,580</b>	<b>18,886</b>	<b>527.5%</b>

\$ in thousands	Current Fiscal Year	Prior Fiscal Year	Year-over-Year	
	FY 2020/21	FY 2019/20	Change	
	Fiscal YTD - Jul. 2020	Fiscal YTD - Jul. 2019	(Unfavorable)/Favorable	
			\$	%
<b>Operating Revenues</b>				
Shipping Services	41,167	36,663	4,504	12.3%
Rentals	10,281	10,885	(604)	(5.5%)
Royalties, Fees and Other Revenues	704	501	203	40.4%
Clean Truck Program Revenues	190	1,077	(887)	(82.4%)
<b>Total Operating Revenues</b>	<b>52,342</b>	<b>49,126</b>	<b>3,216</b>	<b>6.5%</b>
<b>Operating Expenses</b>				
Gross Salaries & Benefits	12,411	11,727	(684)	(5.8%)
Capitalization	(2,336)	(1,760)	575	(32.7%)
Net Salaries & Benefits	10,075	9,966	(108)	(1.1%)
Marketing & Public Relations	380	73	(307)	(422.4%)
Travel	13	76	63	82.4%
Outside Services	1,107	1,237	130	10.5%
Materials & Supplies	254	154	(100)	(65.4%)
City Services	4,251	4,197	(54)	(1.3%)
Other Operating Expenses	1,567	2,015	447	22.2%
Clean Truck Program Expenses	4	34	30	89.0%
<b>Total Operating Expenses</b>	<b>17,651</b>	<b>17,751</b>	<b>101</b>	<b>0.6%</b>
<b>Income Before Depreciation</b>	<b>34,691</b>	<b>31,375</b>	<b>3,316</b>	<b>10.6%</b>
Provision For Depreciation	12,820	13,053	234	1.8%
<b>Income From Operations</b>	<b>21,871</b>	<b>18,321</b>	<b>3,550</b>	<b>19.4%</b>
Non-Operating Revenue	2,387	1,910	476	24.9%
Non-Operating Expenses	1,791	2,673	882	33.0%
<b>Net Income</b>	<b>22,466</b>	<b>17,559</b>	<b>4,908</b>	<b>28.0%</b>