



AUDIT COMMITTEE

Report to the
Board of Harbor Commissioners

“FOR INFORMATION ONLY”

DATE: NOVEMBER 17, 2020

TO: BOARD OF HARBOR COMMISSIONERS

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

Financial performance results for the first four 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 October, cargo volumes (as measured by TEUs or twenty-foot equivalent units) increased by 33.3% relative to budget and 10.8% relative to the prior fiscal year. In summary, performance results for the Harbor Department are as follows:

FYTD October 2020	Actuals (Cargo Volumes in Thousands, \$ in Millions)	Actual-to- Budget Comparison	Year-on-Year Comparison
Cargo Volumes	3,683	↑ 33.3%	↑ 10.8%
Operating Revenues	\$204.5	↑ 29.4%	↑ 22.6%
Operating Expenses	\$72.1	↓ (23.9%)	↓ (12.3%)
Operating Income	\$132.4	↑ 109.5%	↑ 56.4%
Net Income	\$80.6	↑ 6,448.5%	↑ 191.3%

Shipping Services revenue increased relative to both budget and the prior fiscal year primarily due to higher volumes. For the month of October, the Port of Los Angeles recorded its highest single monthly TEU count ever after breaking the record just two months earlier in the month of August. Relative to budget, total Operating Revenues increased by 29.4% as higher wharfage and higher rentals were only partially offset by lower space assignments, lower one-time operating reimbursements, and lower pilotage fees. In comparison to the prior fiscal year, total Operating Revenues increased by 22.6% as higher wharfage revenues and higher rentals were partially offset by lower one-time reimbursements, lower annual Clean Truck Program fees, lower space assignments, and higher credits for tenant services.

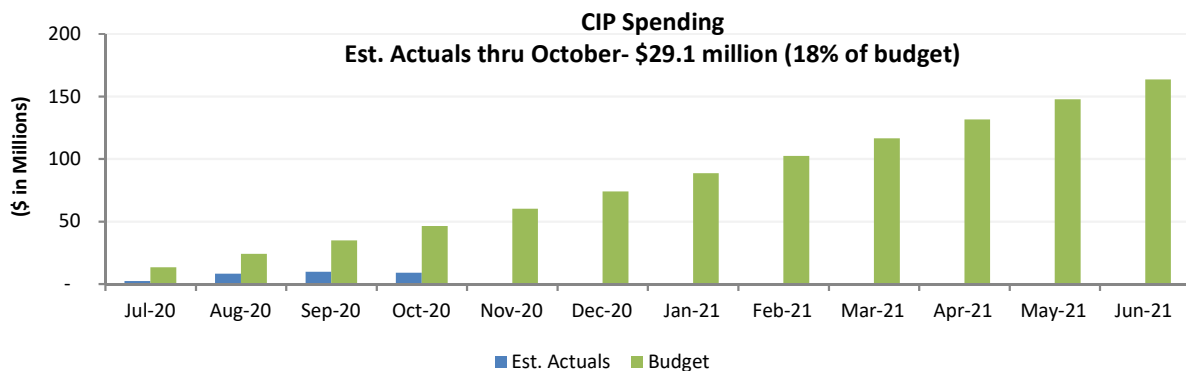
SUBJECT: FINANCIAL PERFORMANCE RESULTS

Operating Expenses were 23.9% lower than budget primarily due to lower average salaries and benefits per employee and invoicing delays with respect to outside services and insurance. Relative to the prior fiscal year, total Operating Expenses decreased by 12.3% primarily due lower container incentives, lower salaries and benefits, and lower outside services.

Operating margin for the FYTD period through October was 64.7% versus a budget of 40.0% and a prior year figure of 50.7%.

Capital Improvement Program (CIP)

CIP spending for the four-month period ended October 31, 2020 is estimated to have reached \$29.1 million or about 18% 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 October 2020
2. Actual-to-Budget FY 2020/21 – October
3. Year-to-Year Performance Report YTD October 31, 2020 and 2019

Author: E. Estrada

MB:JS:MM/Finance

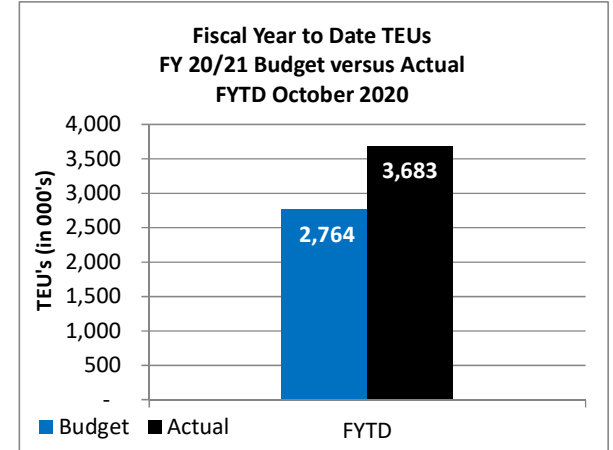
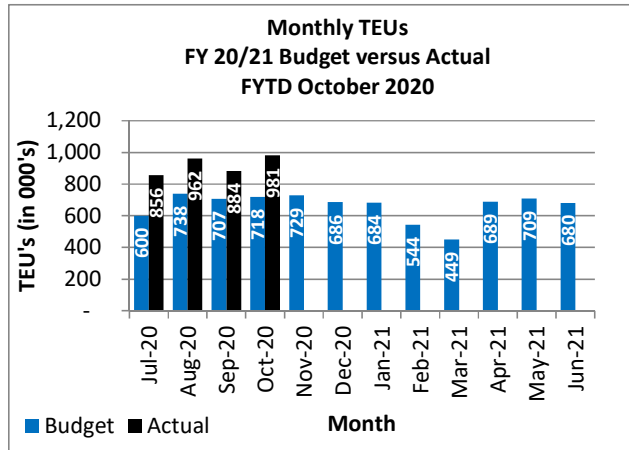
cc: Deputy Executive Directors

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

TRANSMITTAL 1

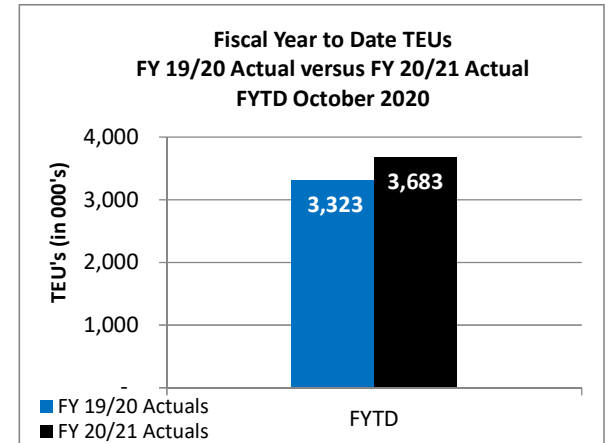
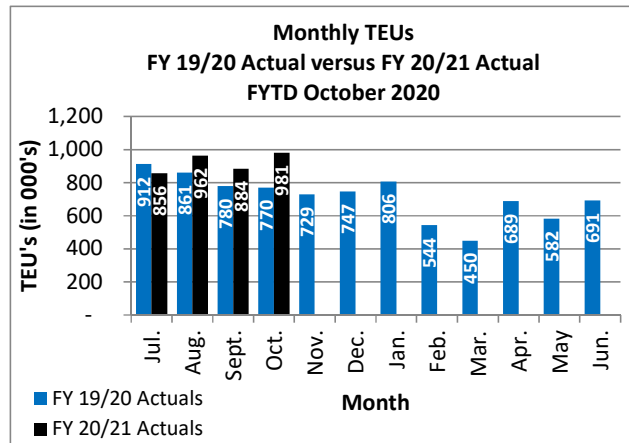
Budget versus Actuals Comparison
FY 20/21 Budget vs. FY 20/21 Actuals

(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	962	30.4%	↑
Sep-20	707	884	24.9%	↑
Oct-20	718	981	36.5%	↑
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	2,764	3,683	33.3%	↑
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			
Dec.	747			
Jan.	806			
Feb.	544			
Mar.	450			
Apr.	689			
May	582			
Jun.	691			
FYTD	3,323	3,683	10.8%	↑
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 - Oct. 2020	Fiscal YTD - Oct. 2020	(Unfavorable)/Favorable	
			\$	%
Operating Revenues				
Shipping Services	168,678	125,403	43,275	34.5%
Rentals	31,155	27,113	4,041	14.9%
Royalties, Fees and Other Revenues	3,886	4,764	(878)	(18.4%)
Clean Truck Program Revenues	774	692	82	11.9%
Total Operating Revenues	204,493	157,972	46,521	29.4%
Operating Expenses				
Gross Salaries & Benefits	46,156	56,251	10,095	17.9%
Capitalization	(8,138)	(4,512)	3,626	(80.4%)
Net Salaries & Benefits	38,018	51,739	13,721	26.5%
Marketing & Public Relations	820	1,376	556	40.4%
Travel	24	106	81	77.0%
Outside Services	4,412	12,177	7,766	63.8%
Materials & Supplies	1,285	2,287	1,003	43.8%
City Services	17,578	19,022	1,444	7.6%
Allocations to Capital - Overhead		(6,099)	(6,099)	100.0%
Other Operating Expenses	9,734	13,718	3,985	29.0%
Clean Truck Program Expenses	242	469	227	48.4%
Total Operating Expenses	72,112	94,796	22,684	23.9%
Income Before Depreciation	132,381	63,176	69,205	109.5%
Provision For Depreciation	51,068	55,847	4,779	8.6%
Income From Operations	81,313	7,329	73,984	1009.5%
Non-Operating Revenue	8,268	25,452	(17,184)	(67.5%)
Non-Operating Expenses	8,996	31,550	22,554	71.5%
Net Income	80,584	1,231	79,354	6448.5%

\$ in thousands	Current Fiscal Year	Prior Fiscal Year	Year-over-Year	
	FY 2020/21	FY 2019/20	Change	
	Fiscal YTD - Oct. 2020	Fiscal YTD - Oct. 2019	(Unfavorable)/Favorable	
			\$	%
Operating Revenues				
Shipping Services	168,678	131,538	37,140	28.2%
Rentals	31,155	28,217	2,938	10.4%
Royalties, Fees and Other Revenues	3,886	5,446	(1,560)	(28.6%)
Clean Truck Program Revenues	774	1,613	(840)	(52.0%)
Total Operating Revenues	204,493	166,815	37,678	22.6%
Operating Expenses				
Gross Salaries & Benefits	46,156	48,550	2,394	4.9%
Capitalization	(8,138)	(6,968)	1,170	(16.8%)
Net Salaries & Benefits	38,018	41,582	3,564	8.6%
Marketing & Public Relations	820	1,327	507	38.2%
Travel	24	330	306	92.6%
Outside Services	4,412	7,059	2,647	37.5%
Materials & Supplies	1,285	1,604	319	19.9%
City Services	17,578	15,657	(1,920)	(12.3%)
Other Operating Expenses	9,734	14,449	4,716	32.6%
Clean Truck Program Expenses	242	173	(69)	(39.8%)
Total Operating Expenses	72,112	82,181	10,069	12.3%
Income Before Depreciation	132,381	84,634	47,747	56.4%
Provision For Depreciation	51,068	52,631	1,562	3.0%
Income From Operations	81,313	32,003	49,310	154.1%
Non-Operating Revenue	8,268	13,197	(4,930)	(37.4%)
Non-Operating Expenses	8,996	17,532	8,536	48.7%
Net Income	80,584	27,668	52,916	191.3%