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ALBANY PORT DISTRICT COMMISSION
2015 PROPOSED BUDGET
Overview

In accordance with the requirements under the Public Authorities Accountability Act (“PAAA”), public authorities with a December 31, fiscal year are required to adopt, make available on their website, and report in the Public Authority Reporting Information System (“PARIS”) their 2015 budgets. The 2015 Albany Port District Commission (“APDC”) Proposed Budget (“2015 Budget” or “Budget”) was presented to the APDC Finance Committee (“Committee”) on September 17, 2014. The Committee has made a favorable recommendation to the APDC Board for the adoption of the 2015 Budget. If adopted by the Board, APDC will meet the PAAA requirement of having the Budget adopted, posted on APDC’s website, and reported in PARIS by November 1, 2014.

Overall, the 2015 Budget anticipates an increase in the APDC’s net position of approximately \$85,000 to \$44.5 million. This anticipated increase assumes capital contributions of \$700,000 in 2015; typically, capital contributions are grants received from local, state, or federal sources. Absent of the capital contributions for 2015, the Budget projects a decrease of approximately \$615,000 in APDC’s 2015 net position.

Significant revenue and expense assumptions that have been used in the development of the 2015 Budget are presented below.

REVENUE ASSUMPTIONS:

Revenue derived from operations is budgeted at approximately \$5.5 million. In July 2014, the APDC authorized an increase in certain components of the APDC Tariff. Those increases took effect on September 1, 2014 and are included as appropriate in the Budget.

- Real Estate Related activities are the largest single operating revenue component for APDC. Of the approximately \$3.3 million of anticipated Real Estate Related operating revenue, just over \$3.1 million, or 95% is derived from the leasing of APDC-owned real property. As the attached 2015 projected APDC rent roll indicates, 25 tenants lease real property from APDC of various sizes and configurations. While many companies are long term tenants of APDC, in 2015 it is anticipated that two new tenants will each lease approximately 1.5 acres of property located at 900 South Pearl Street. These leases for these anticipated tenants (AIG, Inc. and the Capital District Transportation Authority) are expected to generate new aggregate revenue of \$27,500 in 2015.
- Maritime Related revenue consists of revenue derived from vessels being berthed at APDC-owned docks (dockage) and charges generated from the loading and unloading of vessels (wharfage). It is projected that these activities in 2014 will significantly outperform the 2014 budget and while management remains fairly

bullish on the revenue generated from these activities in 2015, the Budget anticipates a modest correction in these activities during the second half of the year. This anticipation results in a decrease of Maritime Related revenue of about \$85,000 or 7% as compared to the forecasted revenue for 2014.

- Stevedore Related revenue consists primarily of the revenue activities generated under the Terminal Operating Agreement (“Agreement”) with Federal Marine Terminals, Inc. (“FMT”). The Agreement consists of two primary revenue components: a fixed amount related to FMT’s operation of the APDC maritime terminal and a revenue sharing payment that is triggered upon FMT gross revenue exceeding specified thresholds. Additionally, other revenue within this category is offset by Stevedore Related expenses.

The decrease in the Budget as compared to the 2014 forecast (approximately \$90,000 or 17.5%) is attributable to a lower anticipated revenue share payments from FMT in 2015. Revenue sharing payments are forecasted to be \$174,000 in 2014 as compared to \$102,000 in the 2015 Budget. This decrease is the result of reduced activities within the Maritime Related revenue category.

- Security revenue is expected to decrease in 2015 by approximately \$30,000. This decrease reflects reduced charges for security services related to Maritime Related activities.
- The Services, Other & Miscellaneous categories are expected to remain flat in 2015. Forecasted revenue for these categories in 2014 includes one-time charges related to significant and non-reoccurring storage activities.

EXPENSE ASSUMPTIONS:

Expenses incurred from operations are budgeted at approximately \$4.1 million.

- Expense incurred for Salaries, Fringe Benefits, and Related items are budgeted at just over \$2.7 million for 2015. This represents a modest increase of about 1% (\$31,000) over the 2014 forecast. The 2015 budgeted includes a 4% increase in APDC staff salaries. The 2015 Budget does not anticipate creating any new positions.

A significant factor mitigating the degree of the increase in this category from the 2014 forecast is a lower APDC contribution to the New York State Local Retirement System in 2015. The amount of this expected contribution is provided by the New York State Comptroller and is \$185,000 as compared to \$235,000 for 2014.

- Professional Services are expected to increase by \$44,000. This 9% increase over the 2014 forecasted amount is attributable to anticipated increases in commercial

and general liability insurance premiums and an increase in the cost of various service contracts.

- Stevedore Related expenses consist primarily of cost incurred by the APDC for equipment and facilities used by FMT in the discharge of FMT obligations under the Agreement. The costs are passed to FMT, recovered and recognized as revenue by the APDC.
- Administrative Expenses are expected to increase by 20% or \$38,000 over the 2014 projected amount. This increase is primarily attributable to an allocation of \$20,000 to fund the 2015 Port Industry Day. The remaining variance is spread throughout various office-related activities.
- Facilities Equipment & Maintenance are expected to increase in 2015 by just under \$111,000. This increase is 30% over the forecasted amount for 2014 and reflects increases in repairs related to buildings, roads, and equipment as well as security related items.

NON-OPERATING ACTIVITIES:

- Within these activities are amounts related to non-capital lease obligations of the APDC and various interest and transaction charges related to non-capital lease obligations. The increase in 2015 is attributable to the interest payments required under the APDC installment purchase agreement with Bank of America. This transaction closed on June 30, 2014 and matures in 2021.

CAPITAL ITEMS:

- The 2015 Budget anticipates generating nearly \$1.1 million to fund necessary capital repairs and replacements in 2015. This falls below the budgeted depreciation amount of \$1.7 million. The performance of operating activities during 2015 will either detract or augment the resources to fund APDC's capital needs.
- Grants totaling \$700,000 are projected to be awarded to APDC in 2015. These amount are expected to be restricted for capital-related activities and are projected to supplement the amounts generated by APDC 2015 operating activities.

ALBANY PORT DISTRICT COMMISSION
2015 PROPOSED BUDGET
with comparative data

	2013 Actual	Approved 2014 Budget	Projected 2014 Actual	Proposed 2015 Budget
OPERATING REVENUE				
REAL ESTATE RELATED				
LEASES	\$ 3,160,262	\$ 3,174,996	\$ 3,105,806	\$ 3,116,886
LICENSES	150,000	150,000	150,000	150,000
MARITIME RELATED				
DOCKAGE	445,794	383,988	695,600	647,500
WHARFAGE	313,384	349,996	448,026	411,067
STEVEDORE RELATED	233,824	262,608	512,688	423,100
SECURITY	358,625	309,996	632,571	602,000
SERVICES	7,120	5,496	7,500	7,500
OTHER & MISCELLANEOUS	<u>159,915</u>	<u>91,800</u>	<u>156,420</u>	<u>119,200</u>
TOTAL OPERATING REVENUE	<u>4,828,924</u>	<u>4,728,880</u>	<u>5,708,611</u>	<u>5,477,253</u>
 OPERATING EXPENSES				
SALARIES & FRINGE				
SALARIES	1,454,604	1,590,624	1,657,036	1,714,157
FRINGE BENEFITS	762,050	483,420	911,603	871,737
FICA & OTHER	100,779	98,496	123,500	137,400
PROFESSIONAL SERVICES & CONSULTANTS				
AUDITING SERVICES	43,268	39,492	36,500	32,000
A & E SERVICES	11,440	96,000	7,000	15,000
APPRAISAL SERVICES	20,125	-	5,000	5,000
INSURANCE	263,649	294,996	275,000	295,000
MARKETING	5,737	5,600	16,500	15,000
SERVICE CONTRACTS	46,358	9,000	33,000	60,000
CONSULTANTS	134,622	144,996	130,000	125,000
STEVEDORE RELATED	53,234	62,640	103,233	82,000
ADMINISTRATIVE	183,709	187,356	189,671	227,500
FACILITIES, EQUIPMENT, & MAINTENANCE	450,797	409,884	372,583	483,297
OTHER & MISCELLANEOUS	-	-	-	-
TOTAL OPERATING EXPENSES	<u>3,530,371</u>	<u>3,422,504</u>	<u>3,860,626</u>	<u>4,063,091</u>
NON OPERATING REVENUE	1,300,000	-	-	-
 NON OPERATING EXPENSES				
AMORTIZATION, INTEREST, & OTHER CHARGES	46,255	90,000	82,554	119,137
WATERFRONT DEVELOPMENT	<u>336,018</u>	<u>252,000</u>	<u>210,000</u>	<u>210,000</u>
TOTAL NON OPERATING EXPENSES	<u>382,273</u>	<u>342,000</u>	<u>292,554</u>	<u>329,137</u>
CAPITAL REPAIR & REPLACEMENT RESERVE	2,216,280	964,376	1,555,431	1,085,025
DEPRECIATION	<u>1,404,662</u>	<u>1,440,000</u>	<u>1,600,000</u>	<u>1,700,000</u>
CHANGE IN NET POSITION BEFORE CAPITAL FUNDING	811,618	(475,624)	(44,569)	(614,975)
CAPITAL CONTRIBUTIONS	<u>5,075,131</u>	<u>6,999,996</u>	<u>6,500,000</u>	<u>700,000</u>
INCREASE/(DECREASE) IN NET POSITION	5,886,749	6,524,372	6,455,431	85,025
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BEGINNING NET POSITION	<u>32,059,140</u>	<u>37,945,889</u>	<u>37,945,889</u>	<u>44,401,320</u>
ENDING NET POSITION	<u>\$37,945,889</u>	<u>\$44,470,261</u>	<u>\$44,401,320</u>	<u>\$44,486,345</u>