

ALBANY PORT DISTRICT COMMISSION (“APDC”)  
**2017 PROPOSED BUDGET**  
*Overview*

In accordance with the requirements of 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 2017 budgets.

Overall, the 2017 budget anticipates an increase in the APDC’s net position of nearly \$9.7 million to \$54 million. This anticipated increase assumes capital contributions of \$11.5 million in 2017; capital contributions are typically grants received from state or federal sources. Absent of the capital contributions for 2017, the budget projects a decrease of approximately \$1.5 million in APDC’s 2017 net position.

Certain items are reimbursable from Federal Marine Terminals (“FMT”) in accordance with the Terminal Operating Agreement (“Agreement”) between APDC and FMT. Previously these reimbursable items were represented in the budget as expenses and, separately, corresponding revenue offsets. This practice is not consistent with how this activity is recorded in APDC’s financial statement and effective with the 2017 proposed budget has been discontinued.

Significant revenue and expense assumptions that have been used in the development of the 2017 budget are presented below.

**REVENUE ASSUMPTIONS:**

Revenue derived from operations is budgeted at approximately \$4.6 million. Budgeted operating revenue for 2017 represents a decrease of approximately \$219,000 or 4.5% as compared to the current projection of 2016 Operating Revenue.

- Real Estate Related activities is APDC’s largest single operating revenue component. Overall, this revenue is expected to remain flat from the 2016 projection. Of the approximately \$3.2 million budgeted for 2017, 95% is derived from the leasing of APDC-owned real property. Currently, twenty-three tenants lease real property of various sizes and configurations from the APDC; which is expected to remain consistent in 2017.
- Maritime Related revenue is generated from charges for vessels being berthed at APDC-owned docks (dockage) and charges generated from the loading and unloading of vessels (wharfage). For 2017, revenue from these activities are budgeted at \$197,000 less than the amount projected for 2016. Of this amount, \$108,000 is attributable to lower anticipated dockage revenue for lay berths, scrap metal, and heavy lift vessels offset by 44% growth in revenue derived from grain vessel dockage.

- Stevedore Related revenue consists primarily of revenue activities generated under the Agreement with 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, fee revenue generated from FMT’s use of APDC mobile harbor cranes is contained within this category.

The decrease in the Budget as compared to the 2016 is attributable to an anticipated decrease in FMT’s utilization of APDC’s mobile harbor cranes. The \$105,000 decrease is primarily attributable to lower anticipated crane utilization in 2017 (170 fewer billable crane hours are budgeted in 2017).

- Security revenue consists of two components: security charges for vessels and terminal escort charges for those entering the terminal without the necessary Transportation Working Identification Credentials (“TWIC”). Of the amount budgeted for 2017, \$260,000 is for security charges and represents about 4,700 hours of chargeable security services.
- The Other & Miscellaneous category primarily represents income generated from APDC’s investment portfolio. Previously this category captured various reimbursements received primarily from FMT for the use of fuel, utilities, and other similar items utilized in the daily operation of APDC’s terminal.

#### **EXPENSE ASSUMPTIONS:**

Expenses incurred from operations are budgeted at approximately \$3.5 million and represents an approximately \$128,000 or 3.8% increase over the current projection of operating expenses for 2016.

- Expense incurred for Salaries, Fringe Benefits, and related items are budgeted at approximately \$2.3 million for 2017. This represents an estimated increase of approximately \$25,000 or 1% over the 2016 forecast. Included in the 2017 budget are allocations related to a reorganization plan that has been developed and will be presented separately.
- Professional Services are expected to increase by about \$170,500. This increase over the 2016 forecasted amount is primarily attributable to the anticipated expense for retaining a consulting firm in 2017 to continue with subsequent phases of APDC’s strategic assessment. Additionally, certain items that had previously been carried in the “Consultants” category have been evaluated and now properly classified as “Service Contracts” in 2017.

- Administrative Expenses are expected to increase by \$8,000 over the 2016 projected amount. This increase is primarily attributable the net effect of modest increases and decreases spread across various office-related activities.
- Facilities Equipment & Maintenance are expected to decrease in 2017 by \$58,000. This decrease is 20% under the forecasted amount for 2016. Of the \$58,000 reduction in the category, approximately \$46,000 is attributable to items (utilities, fuel, etc.) that are reimbursable by FMT, which as stated previously are no longer being budgeted. The remaining amount is primarily attributable to net decreases in the expected costs of equipment rental and non-capitalized building repair.

#### **NON-OPERATING ACTIVITIES:**

- Within these activities are contractual amounts related to non-capital lease obligations of the APDC and various interest and transaction charges related to non-capital lease obligations. In 2015, the APDC executed agreements with the cities of Albany and Rensselaer. Those agreements carried a one-year term and expired on August 31, 2016 resulting in an approximately \$422,000 reduction of non-operating expenses for 2017.
- For 2017, a contingency amount representing approximately 5% of operating expenses is being proposed to help stabilize the volatility in various maritime and maritime-related revenue activity and/or reduce the impact of unanticipated expenses on net position.

#### **CAPITAL ITEMS:**

- The 2017 budget anticipates generating approximately \$781,000 to fund necessary capital repairs and replacements in 2017 and is flat as compared to the 2016 projection. The performance of operating activities during 2017 will either reduce or increase the resources used to fund APDC's capital needs.
- Grant revenue totaling \$11.5 million is expected to be recorded by APDC in 2017. These amounts will be restricted for capital-related activities and are projected to supplement the amounts generated by APDC 2017 operating activities.

ALBANY PORT DISTRICT COMMISSION  
2017 PROPOSED Budget

	2016 Approved Budget	2016 YTD	2016 Projection	2017 PROPOSED Operating Budget
<b>OPERATING REVENUE</b>				
<b>REAL ESTATE RELATED</b>				
Revenue - Rental Income	\$ 3,086,771	\$ 2,386,674	\$ 3,202,838	\$ 3,202,838
Buckeye Revenue	150,000	100,000	150,000	150,000
<b>MARITIME RELATED</b>				
Dockage	547,432	208,204	338,981	245,895
Wharfage	444,390	271,526	366,180	262,725
<b>STEVEDORE RELATED</b>				
SECURITY	450,000	209,269	320,235	215,000
SERVICES	450,000	262,274	348,374	400,000
OTHER & MISCELLANEOUS	8,450	4,239	8,450	75,000
	<u>129,750</u>	<u>72,416</u>	<u>84,871</u>	<u>49,500</u>
<b>TOTAL OPERATING REVENUE</b>	<u>\$ 5,266,793</u>	<u>\$ 3,514,602</u>	<u>\$ 4,819,929</u>	<u>\$ 4,600,958</u>
<b>OPERATING EXPENSES</b>				
<b>SALARIES &amp; FRINGE</b>				
Salaries	\$ 1,629,487	\$ 1,215,866	\$ 1,583,021	\$ 1,605,830
Fringe Benefits	549,564	290,706	543,054	535,564
FICA & Other	122,284	91,030	104,131	114,046
<b>PROFESSIONAL SERVICES &amp; CONSULTANTS</b>				
Auditing Services	32,000	32,000	32,000	32,000
A & E Services	10,000	-	10,000	15,000
Appraisal Services	6,000	6,300	8,800	7,500
Insurance	265,000	170,101	202,657	195,000
Service Contracts	60,000	56,732	76,178	196,900
Consultants	150,000	266,293	296,293	350,000
<b>STEVEDORE RELATED</b>				
ADMINISTRATIVE	25,500	35,947	35,947	-
FACILITIES, EQUIPMENT, & MAINTENANCE	191,150	206,649	237,914	264,346
	<u>378,800</u>	<u>233,720</u>	<u>286,000</u>	<u>227,800</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>\$ 3,419,785</u>	<u>\$ 2,605,346</u>	<u>\$ 3,415,996</u>	<u>\$ 3,543,986</u>
<b>NON-OPERATING EXPENSES</b>				
Amortization, Interest & Other Charges	\$ 96,678	\$ 86,426	\$ 102,168	\$ 95,838
Waterfront Development	195,000	183,199	183,199	180,000
Municipal Support-Albany	333,333	333,333	333,333	-
Municipal Support-Rensselaer	66,667	66,667	66,667	-
<b>TOTAL NON-OPERATING EXPENSES</b>	<u>\$ 691,678</u>	<u>\$ 669,624</u>	<u>\$ 685,366</u>	<u>\$ 275,840</u>
<b>CAPITAL REPAIR &amp; REPLACEMENT RESERVE</b>	\$ 1,155,330	\$ 239,632	\$ 718,567	\$ 781,131
<b>CONTINGENCY</b>	-	-	-	180,000
<b>DEPRECIATION &amp; NON-CASH ITEMS</b>	<u>2,308,770</u>	<u>1,516,627</u>	<u>2,229,554</u>	<u>2,333,770</u>
<b>CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS</b>	<u>\$ (1,153,440)</u>	<u>\$ (1,276,995)</u>	<u>\$ (1,510,987)</u>	<u>\$ (1,732,639)</u>
<b>CAPITAL CONTRIBUTIONS</b>	3,077,625	448,946	3,000,000	11,500,000
<b>INCREASE/(DECREASE) IN NET POSITION</b>	<u>\$ 1,924,185</u>	<u>\$ (828,049)</u>	<u>\$ 1,489,013</u>	<u>\$ 9,767,361</u>

ALBANY PORT DISTRICT COMMISSION  
2017 PROPOSED BUDGET  
Capital Items

**SOURCES**

CAPITAL REPAIR & REPLACEMENT RESERVE	\$ 781,131
CAPITAL CONTRIBUTIONS	<u>15,311,469</u>

<b>TOTAL SOURCES</b>	<u>16,092,600</u>
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**USES**

SOUTH WHARF RECONSTRUCTION PROJECT	7,500,000
BIG LIFT MARITIME WAREHOUSE	8,000,000
BOA MASTER LEASE	452,600
EQUIPMENT	90,000
VEHICLES	<u>50,000</u>

<b>TOTAL USES</b>	<u>16,092,600</u>
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<b>SURPLUS/(DEFECIT)</b>	<u>\$ -</u>
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