



**ALBANY PORT DISTRICT COMMISSION
FINANCE COMMITTEE**

October 23, 2019
3:00 P.M.

AGENDA

- 1) Approval of Minutes from the September 23, 2019 Finance Committee Meeting (Attached)**
- 2) Monthly Financial Update (Attached)**
- 3) Review 2020 Proposed Budget**
- 4) Enter Executive Session¹**
- 5) Exit Executive Session**
- 6) Next Meeting: April 22, 2020**

¹ Only if necessary (and if approved by a majority vote of the Commission), to discuss

- a. matters which will imperil the public safety if disclosed;
- b. any matter which may disclose the identity of a law enforcement agent or informer;
- c. information relating to current or future investigation or prosecution of a criminal offense which would imperil effective law enforcement if disclosed;
- d. discussions regarding proposed, pending or current litigation;
- e. collective negotiations pursuant to article fourteen of the civil service law;
- f. the medical, financial, credit or employment history of a particular person or corporation, or matters leading to the appointment, employment, promotion, demotion, discipline, suspension, dismissal or removal of a particular person or corporation;
- g. the preparation, grading or administration of examinations; and
- h. the proposed acquisition, sale or lease of real property or the proposed acquisition of securities, or sale or exchange of securities held by such public body, but only when publicity would substantially affect the value thereof.



**ALBANY PORT DISTRICT COMMISSION
MINUTES OF FINANCE COMMITTEE MEETING
SEPTEMBER 23, 2019**

Chairman Coffey called the meeting to order. In attendance were Commissioners Steffens and Tagliento. Also present were CEO Hendrick, General Counsel Jordan, Economic Development and Procurement Director Daly, CFO Stuto, Director of Security Williams, Deputy Director of Security Teller and Lynn Zeronda (CFO For Hire).

Chairman Coffey introduced the minutes of the July 24, 2019 meeting. No changes were made to the minutes. Chairman Coffey called for a motion to approve the minutes. A motion was made by Commissioner Steffens, seconded by Chairman Coffey passed unanimously.

THIRD QUARTER FINANCIAL REVIEW

Lynn Zeronda presented the financial report through September. She stated that wharfage was slow, as forecasted, and crane hours are down due to lesser ship calls, which was expected. The staff continues to manage grant revenues and projects are proceeding strongly. The demolition of Warehouse 1 will be tied to TIGER grant funding. She stated that we are coming under the deficit that was forecasted, due to the team's hard work. She believes that the new infrastructure that will be coming online should lead to more maritime activity.

Chairman Coffey directed staff to review earlier forecasts that were reported to the Board to see what occurred in the past. More onus should be put on business development and marketing staff. Port staff could look to utilize outside assistance from the CEG or AAPA to see what trends can be predicted.

Commissioner Steffens directed business development and marketing staff to identify new markets to mitigate losses.

2020 PROPOSED BUDGET

Chairman Coffey welcomed Christine Stuto as the Port's new Chief Financial Officer.

CFO Stuto presented the 2020 proposed budget to the Board. Included in the budget narrative are 5 proposed goals to guide allocation of resources for 2020 and beyond. CFO Stuto discussed the objectives and metrics that have been developed regarding the new roadway and terminal improvement designs, the construction of a new warehouse, the reprogramming of available land, monitoring cybersecurity risk and the continuation of the Port's expansion efforts. Increased revenues are anticipated as the Port will be entering into new or expanded agreements with FMT, Rensselaer Iron & Steel and NYSDEC. Expenses incurred from operation are budgeted to increase by 17 percent over 2019 amounts. The budget for Port Maintenance operations is comparable to 2019. The budget for Security operations increased due to the need for the replacement of certain cameras within the Port District, but staff will be applying for Port Security Grant funding to offset those costs. The 2020 proposed budget includes a three-year Capital plan.

Chairman Coffey thanked CFO Stuto for her first budget presentation. He was pleased that metrics were associated the 2020 fiscal year goals. He requested that a section be added to the budget memo addressing budget risks, in particular, the Port's revenue risks. CFO Stuto will augment budget goals to include maritime business development goals

The 2020 proposed budget will be posted on the Port's website and delivered to the city clerks and libraries of both Albany and Rensselaer for the public to view.

EXECUTIVE SESSION

There were no items for discussion in Executive Session.

Chairman Coffey called for a motion to adjourn the meeting. A motion was made by Commissioner Steffens, seconded by Commissioner Tagliento and passed unanimously. The meeting was adjourned.

ALBANY PORT DISTRICT COMMISSION

2019 Forecast - Actual Results through September 30, 2019

	September 2019	Year to Date Jan-Sept 2019	Forecast Oct-Dec 2019	Forecast 2019	Budget 2019	Forecast to Budget Variance
Operating Revenue:						
Rental Income	286,271	2,670,481	858,000	3,528,481	3,328,552	199,929
Dockage Fees	9,242	179,190	43,000	222,190	293,535	(71,345)
Wharfage Fees:						
Calcium Chloride	-	-	-	-	19,500	(19,500)
Liquid Fertilizer	35,040	40,000	-	40,000	40,000	0
Grain	-	50,000	-	50,000	50,000	-
Heavy Lift/Project	2,108	51,347	25,000	76,347	299,710	(223,363)
Steel	(13,061)	39,463	20,500	59,963	67,375	(7,412)
Woodpulp	8,961	71,005	26,000	97,005	91,875	5,130
Total Wharfage Fees	33,047	251,815	71,500	323,315	568,460	(245,145)
Buckeye Revenue	-	100,000	-	100,000	-	100,000
Stevodore Fees and Services	18,921	167,202	56,601	223,803	250,000	(26,197)
Crane Equipment Rental	11,095	104,685	37,000	141,685	350,000	(208,315)
Security Fees	35,985	275,150	90,000	365,150	364,950	200
Other Services and Revenue	352	18,121	1,850	19,971	600	19,371
Total Operating Revenue	394,913	3,766,644	1,157,951	4,924,595	5,156,097	(231,502)
Operating Expenses:						
Payroll, Payroll Taxes and Fringe Benefits	181,331	1,897,977	517,170	2,415,147	2,740,097	(324,950)
Other Post Retirement Benefit Expense	-	-	100,000	100,000	312,150	(212,150)
Repairs, Maintenance and Utilities	27,234	224,289	45,453	269,742	251,500	18,242
Crane Parts and Repairs	495	152,041	62,000	214,041	55,000	159,041
Insurance	16,931	151,757	49,215	200,972	218,000	(17,028)
Professional and Consulting Fees	6,163	253,553	16,500	270,053	304,000	(33,947)
Service Contracts	24,105	180,958	55,600	236,558	208,680	27,878
Security and Safety Costs	364	22,895	13,060	35,955	131,000	(95,045)
Education and Training	-	2,055	1,000	3,055	5,000	(1,945)
Office Supplies and Expense	2,684	27,973	5,652	33,625	43,090	(9,465)
Advertising, Promotion and Association Dues	10,163	166,167	16,560	182,727	219,691	(36,964)
Contingency	-	-	-	-	180,000	(180,000)
Total Operating Expense	269,469	3,079,663	882,210	3,961,873	4,668,208	(706,335)
Operating Income (Expense) before other items	125,444	686,981	275,741	962,722	487,889	474,833
Depreciation and Other (Income) Expenses:						
Depreciation Expense	181,698	1,530,168	546,000	2,076,168	1,996,000	80,168
Interest Income	(2,344)	(14,704)	(6,000)	(20,704)	(82,500)	61,796
Interest Expense	18,752	172,439	56,168	228,607	215,726	12,881
Waterfront Development	-	237,892	9,245	247,137	267,675	(20,538)
Taxes	-	23,991	-	23,991	-	23,991
Municipal Support	47,415	118,100	39,366.00	157,466	146,000	11,466
(Gain) Loss on Sale of Asset	-	(4,863)	0.00	(4,863)	-	(4,863)
Net Depreciation and Other (Income) Expenses	245,521	2,063,022	644,779	2,707,801	2,542,901	164,900
Change in Net Position Before Capital Funding	(120,077)	(1,376,041)	(369,038)	(1,745,079)	(2,055,012)	309,933
Capital Grant Revenue	1,004,029	1,390,700	50,000	1,440,700	8,900,000	(7,459,300)
Change in Net Position	883,951	14,659	(319,038)	(304,379)	6,844,988	(7,149,367)

ALBANY PORT DISTRICT COMMISSION
STATEMENT OF NET POSITION
For the Nine Months Ending September 30, 2019 and 2018, Respectively

	9/30/2019	9/30/2018
ASSETS AND DEFERRED OUTFLOW OF RESOURCES		
CURRENT ASSETS		
Cash	\$3,004,105	\$3,487,440
Investments	1,489,800	3,364,607
Accounts Receivable	479,502	486,536
Grants Receivable	1,292,148	7,846,319
Rents Receivable	69,794	
Prepaid & Other Assets	85,548	101,984
TOTAL CURRENT ASSETS	\$6,420,898	\$15,286,886
NET PROPERTY & EQUIPMENT	\$69,724,876	\$61,102,590
TOTAL ASSETS	\$76,145,774	\$76,389,476
Deferred Outflow (GASB 68 Pension)	356,838	238,854
TOTAL	\$76,502,612	\$76,628,330
LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION		
LIABILITIES		
Obligation under Capital Lease-Bank of America	\$6,537,954	\$5,180,383
Opeb Liability	3,236,517	2,552,472
Net Pension Liability	129,174	351,607
Deferred Rental Income	91,620	86,133
Accounts Payable	312,741	2,474,434
Retainage Payable	733,649	996,246
Misc Payable	532	
Accrued Expenses	235,549	283,042
Security Deposits	108,116	144,605
TOTAL LIABILITIES	\$11,385,852	\$12,068,923
Deferred Inflow of Resources	1,713,566	60,277
NET POSITION	\$63,403,194	\$64,499,130
TOTAL	\$76,502,612	\$76,628,330

Albany Port District Commission
Analytical Review of 2019 Forecast with Actual Results through September 30, 2019

This review factors in the information presented at 6/30/19 as well as results and forecasts for the quarter ended 9/30/19. Items that remained as expected and previously reported have not been covered in this report.

Revenues:

- As with previous months, grant revenue has not been nearly what was expected when 2019 budget was designed. The forecast remains conservative as it is a bit unpredictable what work will be accomplished. That being said, September does include the \$1m for TIGER on older costs as we have discussed with TIGER reps. This will ultimately fund the demo of the shed; however, their allowing us to reclass certain items to draw the \$1m currently will enable us to obtain the funds now.
- Dockage and wharfage fees continue to be under budget. Since 6/30/19 these categories have been reviewed and forecasts adjusted accordingly. During the past couple of months, a few heavy lift and steel vessels we had forecast did not come to fruition. Forecasts for overall wharfage fees have been adjusted down by approximately \$90,000 since June 30.
- As was anticipated at 6/30/19, the Buckeye revenue although not budgeted; was forecast and received.
- Crane rental income remains well below budget. At June 30 the estimate showed the income to be approximately ½, or \$175,000 below the budget. Crane rental income for the last quarter, though, was quite low to typical. This ties with the lower dockage/wharfage noted above. As such, for the September 30 forecast, it is expected to be under budget by about \$208,000.
- Interest income has bounced back up a bit as a result of being able to investment a portion of the \$4m of ESD grant receipt back into investments. Investment income anticipated at about \$21,000 will remain considerably below the originally budgeted \$82,500; however, has gotten a bit rosier since the forecast at 6/30/19.

Expenses:

- As a group, operating expenses have remained similarly forecast at September 30 as they were at June 30 with only about a \$19,000 change in overall expectation. Within the operating expenses, the only highlights are:
 - The savings over budget expected in payroll and associated personnel costs have held as anticipated from June 30 and as during the last quarter. This is based on having known of the key changes well in advance.
 - While the forecast for repairs and maintenance had been lowered from the June 30 figures during the last quarter, September's actual was a bit higher than expected. It is still expected that year end costs will exceed budget only by about 7%.
 - It should be noted that as requested during the last board meeting, education and training has been broken out into its own line on the report.
- Municipal support is now forecast to be above budget by approximately \$11,000 as the result of reaching a municipal support agreement with Rensselaer.

Overall assessment:

As communicated previously, while capital grant revenue is a key to the budget process and overall revenue of the port, those revenues essentially fund capital items that ultimately appear on the statement of net position as assets. Grant revenues will ebb and flow as work progresses and as different grant requirements are in process.

With that, the key line to review is exclusive of grant revenue: change in net position before capital funding. At 6/30/19, the deficit was forecast to be \$1.6m. At 8/31/19 it was expected to be at a similar amount. However as discussed above, expected year end figures for the maritime and crane rental revenues have been adjusted downward for 9/30/19. A conservative approach continues to be taken with respect to forecasting of revenue and the last quarter was quite slow. The original budget, though, showed a \$2.1m deficit, so despite having to reduce the revenue forecast as of 9/30/19 for 12/31/19, we expect to remain 'better than' budget by about \$310,000 with one quarter to go.