

ALBANY PORT DISTRICT COMMISSION
2020 Forecast - Actual Results through August 31, 2020

	<u>Year to Date</u> <u>Jan - Aug 2020</u>	<u>Forecast</u> <u>Sept - Dec 2020</u>	<u>Forecast</u> <u>2020</u>	<u>Budget</u> <u>2020</u>	<u>Forecast to</u> <u>Budget</u> <u>Variance</u>	<u>Proposed</u> <u>2021</u>
Operating Revenue:						
Rental Income	2,319,023	1,159,512	3,478,535	3,467,431	11,104	3,564,757
Dockage Fees						
Dockage Fees	194,393	94,609	289,002	255,909	33,093	322,903
Wharfage Fees						
Liquid Fertilizer / Molasses	7,402		7,402	40,000	(32,598)	8,142
Grain	50,000	0	50,000	50,000	0	50,000
Heavy Lift/Project	37,111	30,000	67,111	98,957	(31,846)	75,822
Steel	18,748	20,000	38,748	101,524	(62,776)	42,623
Woodpulp	61,724	30,000	91,724	104,545	(12,821)	111,897
Total Wharfage Fees	174,984	80,000	254,984	395,026	(140,042)	288,484
Buckeye Revenue	100,000	50,000	150,000	150,000	0	150,000
Stevedore Fees and Services	125,792	188,333	314,125	245,000	69,125	325,000
Equipment Rental-Crane	120,120	40,000	160,120	156,890	3,230	160,000
Security Fees	241,863	160,000	401,863	382,458	19,405	374,590
Other Services and Revenue	4,691	6,000	10,691	20,708	(10,017)	10,000
Total Operating Revenue	3,280,866	1,778,454	5,059,320	5,073,422	(14,102)	5,195,734
Operating Expenses:						
Payroll, Payroll Taxes and Fringe Benefits	1,602,363	834,595	2,436,958	2,569,350	(132,392)	2,799,705
Other Post Retirement Benefit Expense	0	100,000	100,000	100,000	0	100,000
Repairs, Maintenance and Utilities	116,714	125,000	241,714	265,500	(23,786)	226,500
Crane Parts and Repairs	4,106	25,000	29,106	55,000	(25,894)	55,000
Insurance	151,082	75,541	226,622	229,553	(2,931)	250,000
Professional and Consulting Fees	118,431	130,000	248,431	507,000	(258,569)	187,000
Service Contracts	135,836	67,918	203,754	240,000	(36,246)	215,000
Security and Safety Costs	20,610	97,608	118,218	137,300	(19,082)	141,000
Education & Training	3,510	1,000	4,510	10,000	(5,490)	24,000
Office Supplies & Expense	10,678	25,000	35,678	50,300	(14,622)	46,300
Advertising, Promotion and Association Dues	93,613	107,662	201,275	264,502	(63,227)	212,965
Contingency	0	0	0	180,000	(180,000)	180,000
Total Operating Expense	2,256,941	1,589,324	3,846,265	4,608,505	(762,240)	4,437,470
Operating Income (Expense) before other Item	1,023,925	189,130	1,213,055	464,917	748,138	758,264
Depreciation and Other (Income) Expenses:						
Depreciation Expense	1,768,333	1,105,645	2,873,978	2,947,307	(73,329)	2,857,760
Interest Income	(7,132)	(700)	(7,832)	(14,400)	6,568	(10,000)
Interest Expense	124,257	59,378	183,634	200,738	(17,104)	210,975
Waterfront Development	229,782	29,200	258,982	269,750	(10,768)	284,750
Municipal Support	79,808	79,808	159,616	163,000	(3,384)	170,000
Net Depreciation and Other (Income) Expense	2,195,048	1,273,331	3,468,379	3,566,395	(98,016)	3,513,485
Change in Net Position Before Capital Funding	(1,171,123)	(1,084,201)	(2,255,324)	(3,101,478)	846,154	(2,755,221)
Capital Contributions and Grant Revenue	495,224	4,457,000	4,952,224	12,094,900	(7,142,676)	10,000,000
Change in Net Position	(675,899)	3,372,799	2,696,900	8,993,422	(6,296,522)	7,244,779

ALBANY PORT DISTRICT COMMISSION (“APDC”)
2021 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 2021 budgets.

Overall, the 2021 budget anticipates an increase in the APDC’s net position of approximately \$7 million. This anticipated increase assumes capital contributions of \$10 million in 2021. Capital contributions are typically grants received from state or federal sources. Absent of the capital contributions for 2021, the budget anticipates generating approximately \$760,000 to fund capital projects.

Certain items are reimbursable from Federal Marine Terminals (“FMT”) in accordance with the Terminal Operating Agreement (“Agreement”) between APDC and FMT. Accounting rules require these items to be recorded as expenses when incurred by APDC and revenue recognized when reimbursed by FMT; however, due to the unpredictable nature of these items and that on a net basis do not impact the operating budget, these items are not included for budgeting purposes.

During the development of the budget, proposed goals have been identified to guide the allocation of resources proposed for 2021 and beyond. Accomplishing these goals will bring new facilities online, stabilize and grow real estate revenue, develop enterprise-wide cybersecurity practices, and position the APDC for future growth.

2021 Budget Goal	Objective	Metric
New roadway and terminal improvement design	Design completed	Design completion percentage
New roadway and terminal improvement - construction	Construction Bid, construction awarded for roadway, construction underway for roadway	Design doc and bid doc completion, construction completion percentage
Shed 1 reuse or demo plan	Shed 1 plan established	Established plan and bid documents prepared and put out and completed
Re-program/re-purpose available land	Create revenue/development opportunities	Percentage change of available vacant acres
	Re-use plan for 700 Smith Blvd, clean up complete, lease option/lease presented and approved	Clean up plan approved, clean up complete, lease option or lease presented and approved
	Re-use plan for 877 S Pearl Street/13 Binghamton	Lease or sale options presented/approved

2021 Budget Goal (cont.)	Objective	Metric
Continue Port expansion efforts	Obtain necessary regulatory approvals	Approvals in place
	Design & permitting access and bridge	Application submitted & received
	Permitting on heavy Lift Quay	Application submitted
	Pursue federal and state grant funding opportunities (5-6 major sources)	Funding Awarded
	Business development results	Percentage of land leased or number of business development commitments
	Funding/Financing Plan in Place	% Completion
	Site Clearing and pre-development	% Completion
Retain imports	Lumber shipments to big box store's various distribution centers in the Northeast	Shipments of 20,000 s.t. 6 ships
	Wood pulp from Europe to various destinations in the U. S. and Canada	Annual volume of 50,000 s.t. annually
Obtain new import business	Winter Port Business Development	12,000 s.t. of products, primarily steel, from Europe to Mid-Western and Canadian destinations during closure of the Great Lakes through May
	Calcium Chloride that is primarily shipped to Canada and some U. S. destinations.	Shipments totaling 8,000 s.t annually
	Containerboard from Europe for various paper companies and brokers in Canada, New York & New Jersey	Shipments of 3,000 s.t. annually
	Shipments of more than the two major energy construction projects.	Import shipments for major energy construction projects
	Identify and secure shipments of international or domestic steel to move over our facilities	Shipments of 3,000 s.t. annually
Expand ocean carrier calls	Develop additional business for ocean carrier that carries forest products - either import or export	Two additional shipments for return loads
Obtain barge business	Continue marketing program aimed at South Atlantic and Gulf Coast barge operators to secure either heavy lift/project or general cargo business	Shipments moving over Ro-Ro ramp or terminal
Obtain wind energy business	Obtain land-based wind energy project shipments	Number of wind energy projects secured

Significant revenue and expense assumptions that have been used in the development of the 2021 budget are presented below.

REVENUE ASSUMPTIONS:

Revenue derived from operations is budgeted at approximately \$5.2 million. Budgeted operating revenue for 2021 represents \$136,000 increase compared to the current operating revenue projection for 2020. There is not one specific driver of this budgeted increase; it is the result of net growth in rental income along with a budgeted increase in maritime-related revenue. The maritime-related categories have been budgeted with a slight increase, with the expected increase to 40 ships in 2021.

- Rental income through the leasing of APDC-owned real property is the largest single operating revenue component. Income from real estate represents over 68% of APDC's operating revenue. APDC's real estate portfolio serves as a stabilizing force to offset volatility in the maritime sector. Rental revenue is expected to increase by modest inflationary adjustments to rents, generally through CPI, as prescribed in the individual leases. APDC has completed negotiations for a new lease on the DEC building which will provides an increase in rental revenue. The budget reflects 9 months at the new rate, due to current and expected delays from COVID 19 changes in overall state operations. APDC also completed negotiations for an expanded lease for RIS on the Rensselaer side of the port.
- 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). Additionally, the Agreement with FMT 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. The 2021 budget reflects the fixed amount of the payment (\$200,000) and the additional \$45,000 for the expansion of the FMT agreement. We do expect the 10% revenue share as defined under the terms of the Agreement and for both 2020 and 2021.
- Services Revenue consists of fees generated primarily from two activities: security charges for the terminal and terminal escort charges for those entering the terminal without the necessary Transportation Working Identification Credentials ("TWIC"). Also included in this category are the charges collected for FMT's use of the APDC's mobile harbor cranes. Of the amount budgeted for 2021, \$375,000 is for security charges and represents about 4,200 hours of chargeable security services and 2,100 TWIC escorts. The 2021 budget anticipates 450 hours of billable crane hours, generating \$160,000 of revenue. The crane revenue activity is correlated to the anticipated handling needs of an additional woodpulp customer. Similar to certain other break bulk commodities, movement of woodpulp shipments drive crane utilization.

- The Facility Related category primarily represents the revenue recognized through various reimbursements received primarily from FMT for the use of fuel, utilities, equipment rentals and other similar items utilized in the daily operation of APDC's terminal. As these items are effectively offset by expenses, this category is not budgeted in 2021.

EXPENSE ASSUMPTIONS:

- 11 full-time salaried employees
- 6 full-time hourly employees
- 6 regular part-time security employees
- 2 new positions
- Static association membership (AAPA, NAPA, CEG, Green Marine, Capital Region Chamber, etc.)

Expenses incurred from operations ("OpEx") are budgeted at approximately \$4.4 million and this amount reflects a 11% increase over the current projection of operating expenses for 2020. The major drivers of this increase are Professional fees, Safety and Security costs and Advertising and Promotion as detailed below.

- OpEx incurred for Salaries and related expenses are budgeted at approximately \$1.8million for 2021. Included in the 2021 budget is an allocation of \$135,000 to fund two new positions and an approximately \$60,000 pool for salary adjustments. The pool for salary adjustments is to be distributed at the discretion of the CEO. APDC's NYS Retirement payment for 2021 is \$123,000 higher than 2020 due to an adjustment for prior years. Approximately \$300,000 of the proposed salary expense has a revenue offset through the billing of security services.
- Professional Services are expected to decrease by about \$60,000. The 2020 estimated amount includes a fee due to CBRE for their services related to the DEC lease agreement.
- Administrative Expenses are expected to increase over the 2020 projections. This increase reflects the significant decrease in 2020 expenses due to APDC's reduction of expenses during COVID 19 restrictions.
- Facilities Equipment & Maintenance are expected to decrease in 2021 slightly, by \$15,000. Crane Parts and Repair are budgeted consistent with 2020, but greater than the projection due to the uncertainty of possible repairs.
- Security and Safety costs for 2021 are projected to increase over the 2020 projections but are inline with the 2019 budget. We have again budgeted \$80,000 to replace cameras throughout the property.

NON-OPERATING ACTIVITIES:

- Non-operating revenue is income derived from APDC's investment portfolio.
- Within the non-operating expense categories are contractual amounts related to non-capital lease obligations of the APDC and various interest and transaction charges related to other lease obligations.
- During 2014Q2 the APDC entered into a master lease agreement with a commercial bank for purposes of funding current and future capital items. Various APDC-owned assets are pledged as collateral under the terms of the lease agreement. An additional sub-lease was executed during Q4 2018 to partially fund capital project costs.
- For 2021, we have again included a contingency amount representing approximately 4% (or \$180,000) of operating expenses is being proposed to help stabilize the volatility in various maritime and maritime-related revenue activities and/or reduce the impact of unanticipated expenses on net position.

CAPITAL ITEMS:

- The 2021 budget anticipates generating approximately \$760,000 to fund necessary capital repairs and replacements in 2021 and reflect the fluctuations addressed earlier in this document. The performance of operating activities during 2021 will either reduce or increase the resources used to fund APDC's capital needs.
- Capital contributions totaling \$10 million is expected to be recorded by APDC in 2021. These amounts will be restricted for capital-related activities and are projected to supplement the amounts generated by APDC 2021 operating activities.