



**ALBANY PORT DISTRICT COMMISSION
FINANCE COMMITTEE**

OCTOBER 28, 2020

12:00 P.M.

Pursuant to the Governor's Executive Order No. 202.1, issued March 12, 2020, Article 7 of the Public Officers Law related to public body meetings is suspended and the October 28, 2020, Finance Committee meeting will be held remotely. Commissioners and APDC staff are authorized to attend the meeting by conference call. Specified APDC staff will meet in person to facilitate the meeting. In accordance with the Executive Order the meeting will be available for public viewing via on-line live video transmission and recorded, as public in-person access to the meeting is not permitted.

AGENDA

- 1) Approval of Minutes from the September 23, 2020 Finance Committee Meeting (Attached)**
- 2) Third Quarter Financial Update (Attached)**
- 3) Review Proposed 2021 Budget (Attached)**
- 4) Enter Executive Session¹**
- 5) Exit Executive Session**
- 6) Next Meeting: April 21, 2021**

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.

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**ALBANY PORT DISTRICT COMMISSION
MINUTES OF FINANCE COMMITTEE MEETING
SEPTEMBER 23, 2020**

Due to the pandemic the September 23, 2020 Board of Commissioners meeting was held remotely pursuant to the Governor's Executive Order No. 202.1, issued March 12, 2020, which suspended Article 7 of the Public Officers Law related to public body meetings. Chairman Coffey called the meeting to order. Also in attendance were Commissioners Steffens, Cinquanti and Tagliento. Also present were CEO Hendrick, General Counsel Jordan, Economic Development and Procurement Director Daley, CFO Stuto and Administrative Assistant DiLillo.

Chairman Coffey introduced the minutes of the July 22, 2020 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 and seconded by Commissioner Cinquanti and passed unanimously.

THIRD QUARTER 2020 FINANCIAL REVIEW

CFO Stuto presented the Financial Statement for the quarter ending August 31, 2020 and the projections for the remainder of the year. CFO Stuto reported that change in net position has decreased. Grant revenues were at \$573,000. Expenses are running below what was budgeted, due to cutbacks from the pandemic. CFO Stuto stated that revenue remains strong. She indicated that several more ships came in than this time period last year and that they have forecasted to expect several more ships through the end of the year.

CFO Stuto reported that the forecast for Sept. through Dec. 2020 includes a variance in payroll and fringe benefits of \$132,000. This relates to the unfilled budgeted position for business development offset by overtime costs in maintenance and security. She noted that the remaining variances and expenses are also consistent with what was reported last month, with the other large

variances being a decrease in professional and consulting fees of \$200,000 and the unused contingency budget to \$180,000. CFO Stuto also reported that the adjusted forecast sets operating expenses at \$1,589,000 for a net operating income of \$189,000 and that the change in net position is projected to be 3.3 million.

Chairman Coffey stated that risk on revenues is based on rental income and that most of the Port's expenses are fixed. He asked CFO Stuto if she expects to see any surprises on the forecast for the balance of the year? CFO Stuto replied that she did not.

EXECUTIVE SESSION

Chairman Coffey called for a motion to enter executive session for a discussion regarding the proposed 2021 Budget in order to discuss the employment history of a particular person or matters leading to the employment of a particular person. A motion was made by Commissioner Steffens, seconded by Commissioner Cinquanti and passed unanimously.

No action was taken during Executive Session. The regular meeting resumed.

PROPOSED 2021 BUDGET

CFO Stuto presented the proposed 2021 Budget to the Finance Committee. Along with an overview, the budget included the 2021 Budget goals, revenue assumptions, expense assumptions, non-operating activities and capital items. Some discussion followed the presentation.

Chairman Coffey suggested that a reserve account be included in the budget to set aside capital for the operations and maintenance of Port properties. Chairman Coffey complimented CFO Stuto on the job she did with the budget and that he appreciated her responsiveness to questions she had received.

OTHER BUSINESS

No other business was discussed.

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

ALBANY PORT DISTRICT COMMISSION
2020 Forecast - Actual Results through September 30, 2020

	September 2020	Year to Date Jan-Sept 2020	Forecast Oct - Dec 2020	Forecast 2020	Budget 2020	Forecast to Budget Variance
Operating Revenue:						
Rental Income	292,762	2,611,785	878,287	3,490,073	3,467,431	22,642
Dockage Fees	9,284	203,678	85,000	288,678	255,909	32,769
Wharfage Fees:						
Calcium Chloride	-	-	-	-	-	-
Liquid Fertilizer	25,141	32,542	-	32,542	40,000	(7,458)
Grain	-	50,000	-	50,000	50,000	-
Heavy Lift/Project	2,406	39,517	25,000	64,517	98,957	(34,440)
Steel	11,396	30,144	10,000	40,144	101,524	(61,380)
Woodpulp	3,672	65,396	25,000	90,396	104,545	(14,149)
Total Wharfage Fees	<u>42,615</u>	<u>217,599</u>	<u>60,000</u>	<u>277,599</u>	<u>395,026</u>	<u>(117,427)</u>
Buckeye Revenue	-	100,000	50,000	150,000	150,000	-
Stevedore Fees and Services	34,183	159,975	155,000	314,975	245,000	69,975
Crane Equipment Rental	5,390	125,510	35,000	160,510	156,890	3,620
Security Fees	28,943	270,805	130,000	400,805	382,458	18,347
Other Services and Revenue	205	4,896	3,680	8,576	20,708	(12,132)
Total Operating Revenue	<u>413,382</u>	<u>3,694,249</u>	<u>1,396,967</u>	<u>5,091,216</u>	<u>5,073,422</u>	<u>17,794</u>
Operating Expenses:						
Payroll, Payroll Taxes and Fringe Benefits	182,475	1,784,838	644,194	2,429,032	2,569,350	(140,318)
Other Post Retirement Benefit Expense	-	-	100,000	100,000	100,000	-
Repairs, Maintenance and Utilities	25,504	142,217	100,335	242,552	265,500	(22,948)
Crane Parts and Repairs	-	4,106	25,000	29,106	55,000	(25,894)
Insurance	17,014	168,095	60,000	228,095	229,553	(1,458)
Professional and Consulting Fees	24,573	143,004	230,000	373,004	507,000	(133,996)
Service Contracts	15,962	151,798	45,000	196,798	240,000	(43,202)
Security and Safety Costs	2,448	23,057	90,870	113,928	137,300	(23,372)
Education and Training	-	3,510	2,000	5,510	10,000	(4,490)
Office Supplies and Expense	1,604	12,281	25,000	37,281	50,300	(13,019)
Advertising, Promotion and Association Dues	2,891	96,504	90,033	186,537	264,502	(77,965)
Contingency	-	-	-	-	180,000	(180,000)
Total Operating Expense	<u>272,470</u>	<u>2,529,411</u>	<u>1,412,433</u>	<u>3,941,844</u>	<u>4,608,505</u>	<u>(666,661)</u>
Operating Income (Expense) before other items	140,912	1,164,838	(15,466)	1,149,372	464,917	684,455
Depreciation and Other (Income) Expenses:						
Depreciation Expense	222,043	1,990,377	1,063,664	3,054,041	2,947,307	106,734
Interest Income	(4)	(7,136)	(1,000)	(8,136)	(14,400)	6,264
Interest Expense	14,434	138,690	43,697	182,388	200,738	(18,350)
Waterfront Development	220	230,002	29,000	259,002	269,750	(10,748)
Municipal Support	39,904	119,712	39,904	159,616	163,000	(3,384)
(Gain) Loss on Sale of Asset	-	-	-	-	-	-
Net Depreciation and Other (Income) Expense	<u>276,597</u>	<u>2,471,645</u>	<u>1,175,266</u>	<u>3,646,911</u>	<u>3,566,395</u>	<u>80,516</u>
Change in Net Position Before Capital Funding	(135,685)	(1,306,807)	(1,190,732)	(2,497,539)	(3,101,478)	603,939
Capital Grant Revenue	1,879,443	2,374,667	2,577,557	4,952,224	12,094,900	(7,142,676)
Change in Net Position	<u>1,743,758</u>	<u>1,067,859</u>	<u>1,386,826</u>	<u>2,454,685</u>	<u>8,993,422</u>	<u>(6,538,737)</u>

ALBANY PORT DISTRICT COMMISSION
STATEMENT OF NET POSITION
For the Nine Months Ending Wednesday, September 30, 2020

	9/30/2020	9/30/2019
ASSETS AND DEFERRED OUTFLOW OF RESOURCES		
CURRENT ASSETS		
Cash	\$635,196.73	\$3,004,104.78
Investments	999,683.69	1,489,800.00
Accounts Receivable	260,983.29	479,502.30
Grants Receivable	1,981,382.80	1,292,148.27
Rents Receivable	98,416.03	71,087.12
Prepaid & Other Assets	84,258.00	85,548.43
TOTAL CURRENT ASSETS	\$4,059,920.54	\$6,422,190.90
NET PROPERTY & EQUIPMENT	\$73,146,975.77	\$69,724,876.47
TOTAL ASSETS	\$77,206,896.31	\$76,147,067.37
Deferred Outflow (GASB 68 Pension)	289,331.00	356,838.00
TOTAL	\$77,496,227.31	\$76,503,905.37
LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION		
LIABILITIES		
Obligation under Capital Lease-Bank of America	\$5,193,886.39	\$6,537,953.94
Opeb Liability	3,311,956.96	3,236,516.96
Net Pension Liability	283,973.00	129,174.00
Deferred Rental Income	93,492.34	92,912.71
Accounts Payable	871,062.65	312,741.28
Retainage Payable	147,181.25	733,649.38
Misc Payable		531.83
Accrued Expenses	1,701,534.99	235,549.14
Security Deposits	108,198.36	108,115.81
TOTAL LIABILITIES	\$11,711,285.94	\$11,387,145.05
Deferred Inflow of Resources	1,277,713.00	1,713,566.00
NET POSITION	\$64,507,228.37	\$63,403,194.32
TOTAL	\$77,496,227.31	\$76,503,905.37

2020 Budget Goal	Objective	Metric	Status 9-30-2020
New roadway and terminal improvement design	Design completed	Design completion percentage	Warehouse design complete and construction underway, roadway and terminal design underway - new design team to connect to expansion roadway plan
New warehouse - construction	Construction completed	Construction completion percentage	Construction underway, 30% completion
Re-program/re-purpose available land	Create revenue/development opportunities	Percentage change of available vacant acres	20% reduction in available/vacant land
	Re-use plan for 700 Smith Blvd	Number of parcels mapped as leased, sold or under development integrated with relevant information	Clean up plan near approved, renewed appraisal underway, re-use plan underway, commercial proposals in negotiations
	Re-use plan for 877 S Pearl Street/13 Binghamton		General interest, no current proposals; recommendation to issue RFI for RE services
	Close on sale of 900 S Pearl Street		Property sale executed
Continue Port expansion efforts	Obtain necessary regulatory approvals	Approval granted of FGEIS, approval of access design and permits	Next step site plan approval
	Design & permitting access and bridge		Resources this quarter focused on NYSERDA submissions and three development options and scenarios, concepts contribute toward site permitting work. Meetings and calls have continued with permitting agencies.
	Pursue federal and state grant funding opportunities (5-6 major sources)		Three submissions made at state level, exploring new state and federal funding opportunities, bond/special counsel and financing teams engaged and assisted with team development for OSW submissions
	Business development results	Number of business development meetings, percentage of land leased or number of business development commitments	For expansion, 2 MOUs signed and 1 lease option signed
Identify, monitor and report cybersecurity risk	Increase awareness of cybersecurity risks	Percentage of staff who have completed a cybersecurity awareness program offered through a Center for Internet Security affiliated provider	All staff have completed cyber security training in the 1st quarter.
	Formalize change control management process	Numbers of user, equipment or access adds, changes and/or deletes	Completed in the 2nd quarter.
	Formalize risk registry	Number of items that are identified as high	Completed in the 2nd quarter.

2020 Budget Goal (Maritime)	Objective	Metric	Status 9-30-2020
Retain imports	Continue efforts with railroads to provide best pricing for wood pulp shipments to ensure retention of this market sector business	Ships and tons of imported woodpulp on an annual basis. (6 ships-60,000 tons)	5 ships - 40,621 s.t. One ship due in November and another due in December with approximately 12,125 s.t
	Retain shipments of imported calcium chloride that is primarily shipped to Canada	Shipments totaling 10-12,000 s.t. annually (8,000 s.t. annually)	Actions with receiver to change supply chain strategy from containers to break bulk continue.
Obtain New Import Business	Obtain shipments of imported lumber destined to Connecticut previously moving through Philadelphia port terminals	Short tons of lumber secured	Secured trial shipment of 165 s.t. in May. Three vessel calls in October, November and December with estimated total of 5,800 s.t.
	Working with foreign company with office in New Jersey to obtain shipments of Kraft liner board	Obtain 18,000 short tons of Kraft linerboard annually	Since trial shipment of 41 s.t. in June no shipments have taken place. No indication of future shipments this year. Market development did not take place as
	Identify and secure steel shipments to move over our facilities	Breakbulk shipments of imported steel (3 shipments - 3,000 s.t.)	Situation same 2,097 s.t. thru 3d quarter
	Obtain shipments of more than the two major energy construction projects we are working on in Ohio and Pennsylvania	Import shipments for major energy construction projects	Projects not taking place due to various factors such as production delays and projects being put on hold. 1 shipment of 1,213 st. Major project in 2nd qtr 2021.
	<u>Domestic, land based wind energy project shipments.</u> Maintain contact with wind energy firms to obtain shipments of blades, nacelles and towers	Wind energy shipments moving over our facilities	No new domestic wind energy projects have been identified susceptible to our handling.
Obtain international and domestic project cargo shipments over the Ro-Ro ramp	Continue efforts begun to develop new international project cargo shipments	Number of International project cargo shipments moving over new Ro-Ro ramp	The one ro-ro move anticipated was changed to lift-on/lift off at customer's request. No other opportunities at this point in time. Efforts continue.
	Develop marketing program aimed at South Atlantic and Gulf coast barge operators to secure domestic project cargo	Number of Domestic project cargo shipments moving over new Ro-Ro ramp	Domestic shipments of power generation products are moving via lift-on/lift off over our docks and not ro-ro. We have handled 7 domestic shipments via
Obtain new export business	<u>Exportation of logs in container</u> Working with New Zealand company and local service provider to cut, stow and ship logs in containers to China	100 x 40' containers per week or 4,000 annually on a seasonal basis	The port continues to work on this goal. Covid-19 has impacted the container industry , the industry is in a state of flux with supply chain, chassis and return of empty equipment situations being
	<u>Exportation of hay from New York to Middle East</u> Working with major New Jersey agriculture company, university extension and farmers to develop new market for farmers	Shipments of hay in containers a new market for New York farmers	The port continues to work on this goal. Hay farmers looking for new markets to no avail as container industry in state of flux.

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
Stevodore 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)	2,779,188
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)	4,416,953
Operating Income (Expense) before other Item	1,023,925	189,130	1,213,055	464,917	748,138	778,781
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	(2,734,704)
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)	7,265,296

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 provide 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 \$45,000 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 in line 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.
- The amount of unspent contingency in 2021 will be evaluated to create a Replacement Reserve account.

CAPITAL ITEMS:

- The 2021 budget anticipates generating approximately \$780,000 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.