

ALBANY PORT DISTRICT COMMISSION
2022 Budget with 2021 Forecast - Actual Results through July 31, 2021

	<u>Year to Date</u> <u>Jan - July 2021</u>	<u>Forecast</u> <u>Aug - Dec 2021</u>	<u>Forecast</u> <u>2021</u>	<u>Budget</u> <u>2021</u>	<u>Approved</u> <u>Budget</u> <u>2022</u>
Operating Revenue:					
Rental Income	2,069,516	1,481,787	3,551,303	3,564,757	3,635,098
Dockage Fees					
Dockage Fees	261,766	137,000	398,766	322,903	398,000
Wharfage Fees					
Liquid Fertilizer / Molasses	0	40,000	40,000	8,142	32,000
Grain	50,000	0	50,000	50,000	50,000
Heavy Lift/Project	99,046	0	99,046	75,822	100,000
Steel	118,395	10,000	128,395	42,623	125,000
Woodpulp	58,008	60,000	118,008	111,897	120,000
Total Wharfage Fees	325,448	110,000	435,448	288,484	427,000
Buckeye Revenue	50,000	100,000	150,000	150,000	150,000
Stevedore Fees and Services	245,030	252,083	497,114	325,000	430,000
Equipment Rental-Crane	215,040	40,000	255,040	160,000	250,000
Security Fees	238,775	134,500	373,275	374,590	370,000
Other Services and Revenue	78,741	5,440	84,181	10,000	10,000
Total Operating Revenue	3,484,317	2,260,811	5,745,128	5,195,734	5,670,098
Operating Expenses:					
Payroll, Payroll Taxes and Fringe Benefits	1,681,894	1,067,611	2,749,505	2,779,188	2,790,230
Other Post Retirement Benefit Expense	0	100,000	100,000	100,000	100,000
Repairs, Maintenance and Utilities	164,046	143,471	307,517	226,500	322,500
Crane Parts and Repairs	63,778	40,000	103,778	55,000	70,000
Insurance	124,850	99,504	224,355	250,000	265,000
Professional and Consulting Fees	140,575	50,000	190,575	187,000	251,000
Service Contracts	92,169	117,816	209,985	215,000	185,000
Security and Safety Costs	72,268	62,275	134,543	141,000	141,500
Education & Training	0	15,000	15,000	24,000	30,000
Office Supplies & Expense	32,963	22,960	55,923	46,300	52,000
Advertising, Promotion and Association Dues	43,331	127,792	171,123	212,965	220,000
Contingency	0	0	0	180,000	180,000
Total Operating Expense	2,415,875	1,846,429	4,262,304	4,416,953	4,607,230
Operating Income (Expense) before other Item	1,068,442	414,382	1,482,824	778,781	1,062,869
Depreciation and Other (Income) Expenses:					
Depreciation Expense	1,523,758	1,446,447	2,970,205	2,857,760	3,500,000
Interest Income	(283)	(400)	(683)	(10,000)	(1,000)
Interest Expense	104,919	85,861	190,780	210,975	149,589
Waterfront Development	232,430	52,230	284,660	284,750	282,890
Municipal Support	80,132	80,132	160,263	170,000	170,000
Net Depreciation and Other (Income) Expense	1,940,957	1,664,269	3,605,226	3,513,485	4,101,479
Change in Net Position Before Capital Funding	(872,515)	(1,249,888)	(2,122,402)	(2,734,704)	(3,038,611)
Capital Contributions and Grant Revenue	3,551,037	6,459,658	10,010,695	10,000,000	248,000,000
Change in Net Position	2,678,522	5,209,770	7,888,293	7,265,296	244,961,389

ALBANY PORT DISTRICT COMMISSION
2022 BUDGET
Capital Items

	2022	2023	2024
SOURCES			
CAPITAL REPAIR & REPLACEMENT RESERVE	\$ 461,389	\$ 500,000	\$ 500,000
CAPITAL CONTRIBUTIONS **	<u>248,000,000</u>	<u>26,000,000</u>	<u>5,000,000</u>
TOTAL SOURCES	<u>248,461,389</u>	<u>26,500,000</u>	<u>5,500,000</u>
USES			
EXTERNAL BIG LIFT TRANSPORTATION ROUTE	750,000	1,500,000	
MARINE TERMINAL RECONSTRUCTION	5,700,000		
UPGRADES PER DEC LEASE RENEWAL	400,000		
80 ACRE EXPANSION	240,000,000	23,500,000	-
OTHER PROJECTS	1,000,000	1,000,000	5,000,000
EQUIPMENT	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
TOTAL USES	<u>247,950,000</u>	<u>26,100,000</u>	<u>5,100,000</u>
SURPLUS/(DEFECIT)	<u>\$ 511,389</u>	<u>\$ 400,000</u>	<u>\$ 400,000</u>

** Capital Contributions includes State and Federal Transportation, Economic Development and Energy programs.

ALBANY PORT DISTRICT COMMISSION (“APDC”)
2022 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 2022 budgets.

Overall, the 2022 budget anticipates an increase in the APDC’s net position of approximately \$245 million. This anticipated increase assumes capital contributions of \$248 million in 2022. Capital contributions are typically grants received from state or federal sources. Absent of the capital contributions for 2022, the budget anticipates generating approximately \$458,000 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 2022 and beyond. Accomplishing these goals will bring new facilities online, stabilize and grow real estate revenue, position the APDC for future growth and contribute to environmental justice and address climate change.

2022 Budget Goal	Objective	Projected Completion Date	Metric
New roadway -including expansion extension - improvement design	Design completed	Dec-22	Design completion percentage
Comprehensive terminal improvement design	Design completed	Jun-22	Design completion percentage
Roadway improvement - construction	Construction Bid, construction awarded for roadway, construction underway for roadway	Jun-23	Design doc and bid doc completion, construction completion percentage
Comprehensive terminal improvement - construction	Construction Bid, construction awarded for terminal, construction underway for roadway	Dec-22	Design doc and bid doc completion, construction completion percentage
Shed 1 reuse plan, improve roof, electrical, flooring, canopy exterior and rail siding	Shed 1 plan established	Oct-22	Established plan and bid documents prepared and put out and completed, building fully utilized

2022 Budget Goal (Cont.)	Objective	Projected Completion Date	Metric
Identify supplemental resources, including grant funding for road, terminal, shed 1 project	Provide supplemental resources, up to \$5 million toward projects	Ongoing	Funding Awarded
Retain / Support Port tenants	Meet one on one with Port tenants, identify retention plans, identify new business opportunities	Quarterly	Percentage of tenant meetings, percentage of lease renewals, new leases
APDC marketing, communications update	Streamline, unify strategic marketing, communication, outreach and writing that represents the Port	Ongoing	Add communications/writing position, implement strategic communications plan
Re-program/re-purpose available land	Create revenue/development opportunities	Ongoing	Percentage change of available vacant acres
	Identify any additional land development opportunities	Ongoing	Lease or sale options presented/approved
	Re-use plan for 877 S Pearl Street/13 Binghamton, undertake further feasibility engineering	Dec-22	Lease or sale options presented/approved
	Re-use plan for any other developable properties	Dec-22	Lease or sale options presented/approved
Continue Port expansion efforts	Obtain necessary regulatory approvals for OSW project	Dec-22	Approvals in place
	Obtain necessary Bethlehem IDA authorization for OSW project	Feb-22	Authorization and agent administrative work complete
	Execute final agreements	Mar-22	Agreements executed
	Construction Bid, construction awarded, construction underway	May-22	Design doc and bid doc completion, construction completion percentage
	Site Clearing, construction in progress	Jun-22	% Completion
	Maritime scope put out for bid; partnership developed	Jun-22	Scope defined, bid, partnership developed, resources identified
	Pursue federal and state grant funding opportunities for expansion and project opportunities	Jun-22	Funding Awarded
	Undertake strategic assessments of opportunities and economic development impact	Dec-22	Number of recommendations / outcomes
	Business development results	Ongoing	Percentage of land leased or number of business development commitments
Develop Future Revenue Stream	Develop offshore wind energy project business; possible storage, staging or manufacturing	Ongoing	Number of commitments for use
Realign Maritime Interface with FMT	Establish point of contact and chain of command on both parts, convey expectations inc marketing goals	Jun-22	Documentation of engagement
Retain Tonnage Passing the Wharf	Retain wood pulp from Europe to various destinations in the U. S. and Canada		% Change from previous year
		Ongoing	

2022 Budget Goal (Cont.)	Objective	Projected Completion Date	Metric
Increase Tonnage Passing the Wharf	Secure Winter Port Business: Primarily steel business that would sail to the Great Lakes	Ongoing	% Change from previous year
	Containerboard from Europe for various paper companies and brokers in Canada, New York & New Jersey	Ongoing Ongoing	% Change from previous year
Develop future Revenue Streams	Shipments of more than the two major energy construction projects.	Ongoing	Number of commitments
	Identify and secure shipments of international or domestic steel to move over our facilities	Ongoing	Number of commitments
Increase Ships entering the Port	Develop additional business for ocean carrier that carries forest products - either import or export	Ongoing	% Change from previous year
	Continue marketing program aimed at South Atlantic and Gulf Coast barge operators to secure either heavy lift/project or general cargo business	Ongoing	% Change from previous year
Increase Longshoreman Hours	Obtain land-based wind energy project shipments	Ongoing	Number of wind energy projects secured

Significant revenue and expense assumptions that have been used in the development of the 2022 budget are presented below.

REVENUE ASSUMPTIONS:

Revenue derived from operations is budgeted at approximately \$5.6 million. Budgeted operating revenue for 2022 represents \$450,000 increase from 2021 budget and a slight decrease compared to the current operating revenue projection for 2021. 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 which is expected to remain at the 2021 level.

- Rental income through the leasing of APDC-owned real property is the largest single operating revenue component. Income from real estate represents over 64% 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 completed negotiations for a new lease on the DEC building at the end of 2020 which allows for an increase in rental revenue. Required updates to the building are expected to be complete by the beginning of 2022 after COVID 19 related delays. The budget reflects the full year at the new rate.
- 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 2022 budget reflects the fixed amount of the payment (\$245,000) and anticipates a 10% revenue share as defined under the terms of the Agreement.

- 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 2022, \$370,000 is for security charges and represents about 3,000 hours of chargeable security services and 2,000 TWIC escorts. The 2022 budget anticipates 700 hours of billable crane hours, generating \$250,000 of revenue. The crane revenue activity is correlated to the continued handling needs of the additional wood pulp customer and steel shipments that occurred in 2021. 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 2022.

EXPENSE ASSUMPTIONS:

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

Expenses incurred from operations ("OpEx") are budgeted at approximately \$4.6 million and this amount reflects a 4% increase over the budgeted operating expenses for 2021. The major drivers of this increase are Repairs and Maintenance and Crane parts and repairs as well as Engineering Services and Consulting expenses as detailed below.

- OpEx incurred for Salaries and related expenses are budgeted at approximately \$2.8 million for 2022. The overall change from the projected 2021 expense is 1.48%, which consists of a \$92,000 increase in overall salaries and FICA and a \$52,000 decrease in fringe benefits. Included in the 2022 budget is a previously approved Communications Specialist, an adjustment for specific position salaries to improve competitiveness and retention and a pool for salary adjustments which combine for the approximately 4.72% increase in salaries and FICA. APDC's NYS Retirement

payment for 2022 is \$70,000 lower than 2021, which included 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 budgeted at an increase of \$60,000. \$30,000 will be a one-time consulting fee for the Sage Intacct accounting system, the remainder of the increase are consulting fees to be incurred for business development assistance.
- Administrative Expenses are expected to increase over the 2021 projections. The major driver in this area is education and training. APDC hopes to be able to participate in more offerings with the lifting of Covid-19 restrictions in 2022.
- Facilities Equipment & Maintenance has a budgeted increase of \$15,000 from the current year end projection. This increase is significantly higher than what was budgeted in 2021, but we expect continued roof and road repairs along with increase cleaning supply costs. Crane Parts and Repair are budgeted at a decrease from projections, the consideration is that some of the 2021 repairs will help offset 2022 repair needs.
- Security and Safety costs budget remains at the same as was budgeted for 2021.

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. In 2021 Q1, APDC extended the original 2014 lease for another 4 years.
- 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 2022 will be moved into a Replacement Reserve account.

CAPITAL ITEMS:

- The 2022 budget anticipates generating approximately \$461,000 to fund necessary capital repairs and replacements in 2022 and reflects the fluctuations addressed earlier in this document. The performance of operating activities during 2022 will either reduce or increase the resources used to fund APDC's capital needs.
- Capital contributions totaling \$248 million is expected to be recorded by APDC in 2022. These amounts will be restricted for capital-related activities and are projected to supplement the amounts generated by APDC 2022 operating activities.