



DELAWARE RIVER PORT AUTHORITY

2008 Budget Briefing
December 5, 2007



Overview of Presentation

- Major Financial Issues/Trends
- Major Financial Goals/Strategies
- Overview of 2008 Proposed Capital Program
- Historical View:
 - Major Financial Accomplishments (2004 -2007)
- Overview of 2008 Proposed Operating Budgets
 - Major Revenue Assumptions
 - Major Expense Assumptions



Major Financial Issues/Trends

Capital Budget

- Bond project funds expected to be exhausted before, or by, mid-year 2008
- New projects require significant use of General Funds (est. \$ 62+ mil.)
- New significant funding source required to fund \$1.1 billion 5-year Capital Program and to restore annual General Fund contribution to previous levels.

Operating Budgets

- Slight revenue increases being outpaced by increases in operating expenses
- General Fund annual contribution decreasing
- GASB 45 – Funding decision must be made
- Debt service- reflects debt service for both fixed and synthetic fixed debt (variable rate debt plus swap)
 - 2007 Port District Project Bond refunding in progress



2008 Operating Budget

Major Financial Goals/Strategies

- No change in DRPA toll or PATCO fare structures
- Continued maintenance/repair of DRPA facilities
- Cost containment of personnel and non-personnel expenditures
- Maintain Investment Grade Ratings



Overview of Proposed Capital Program

2008 Capital Program Funding Limited to Active Projects and Priority New Start Projects

Proposed Total Net Capital Program (2008 fiscal year)	\$93.6 Million
Funded Projects underway (as of 12/31/07)	<u>- 6.3 Million</u>
New Start Projects	\$87.3 Million
Remaining Bond Funds (est. as of 12/31/07)	<u>-24.9 Million</u>
Unfunded Projects – General Fund Requirement	\$62.4 Million

Projected capital requirements (incl. federal/state funding) – 2008 thru 2011 (and beyond) \$1.1 Billion



2008 Proposed Capital Program

DRPA Share Estimated Project Cost (\$000's)*

	2008	2009	2010	2011	2012/ Later	Total
Benjamin Franklin Bridge	\$16,445	\$15,125	\$17,300	\$11,500	\$9,600	\$69,970
Walt Whitman Bridge	\$10,610	\$19,800	\$63,750	\$52,500	\$71,350	\$218,010
Commodore Barry Bridge	\$7,850	\$2,400	\$6,100	\$5,750	\$3,000	\$25,100
Betsy Ross Bridge	\$560	\$6,000	\$4,350	\$0	\$13,000	\$23,910
Multi - or All Bridges	\$1,800	\$6,372	\$11,900	\$3,100	\$18,300	\$41,472
Facility Security	\$12,250	\$16,500	\$3,500	\$8,000	\$15,000	\$55,250
Other Projects	\$4,200	\$6,357	\$5,858	\$10,425	\$37,347	\$64,187
Ferry	\$220	\$1,280	\$0	\$0	\$5,000	\$6,500
Cruise Terminal	\$1,700	\$9,000	\$9,000	\$0	\$0	\$19,700
PATCO	\$20,826	\$30,881	\$71,156	\$64,657	\$148,080	\$335,601
Technology	\$7,415	\$15,975	\$10,175	\$0	\$0	\$33,565
Miscellaneous Schedules	\$6,474	\$7,450	\$7,450	\$7,450	\$7,450	\$36,274
Capital Labor	\$3,206	\$3,500	\$3,500	\$3,500	\$3,500	\$17,206
Total Proposed Capital Program	\$93,556	\$140,640	\$214,039	\$166,882	\$331,627	\$946,745

*Net of Federal/State Funding



Major Financial Accomplishments: 2004 through 2007

DRPA addressed potential fiscal year 2004 budget deficit of \$15 million

- Restructured E-ZPass discount program
- Restructured health care program to contain rising costs of coverages
- Migrated E-ZPass processing to NJ Customer Service Center
- Significantly reduced staffing by 124 positions through early retirement program and layoffs
 - April 2003 – Total DRPA/PATCO employees – 1,015
 - December 2007 – Total employees - 891
- Instituted cost containment program which sharply curtailed non-personnel budget (including travel, sponsorships, etc.)
- Reduced PPC subsidies:
 - Restructured Ferry Operations
 - Spun off World Trade Center operations
 - Phased out AmeriPort, closing operations in mid-2006



Overview of 2008 Proposed Operating Budgets

DRPA Operating Budget +4.9%

(less PPC, E-ZPass CSC, One Port Center)

Total DRPA Operating Budgets +4.4%

(incl. PPC, E-ZPass CSC, One Port Center)

PATCO Operating Budget + 3.6%

Total DRPA/PATCO Operating Budgets + 4.1%



Overview of 2008 Proposed Operating Budgets

2008 BUDGETED REVENUES

Bridge Tolls (net of snow reserve)	\$195.42
E-ZPass Other Revenues	2.00
One Port Center	1.73
PATCO Fares / Other Revenue	20.72
PPC (Ferry, Cruise)	0.68
Interest	14.64
Misc.	2.68
Total	<u>\$237.87</u>

2008 BUDGETED EXPENSES

DRPA Operating Expenses	\$ 72.30
NJ E-ZPass Customer Service Center	4.41
One Port Center Expenses	1.65
PPC Expenses (Ferry, Cruise)	1.30
PATCO Operating Expenses	42.46
Debt Service – Revenue and Port District Project Bonds	99.34
Auction Dealer Fees (variable rate bonds)	1.06
Biennial Inspection	2.44
Operating Leases / Commitments	3.74
Deposit to General Fund	9.17
Total	<u>\$237.87</u>

Overview of 2008 Proposed Operating Budgets

2008 Projected Revenues (Millions of Dollars)

	<u>07 Budget</u>	<u>08 Budget</u>
Bridge Tolls (net of snow reserve)	\$193.41	\$195.42
E-ZPass Other Revenues (membership fees)	1.75	2.00
One Port Center	1.60	1.73
PATCO Fares / Other Revenue	20.62	20.72
PPC (Ferry, Cruise)	0.90	0.68
Interest	16.09	14.64
Misc.	1.56	2.68
Total	<u>\$235.93</u>	<u>\$237.87</u>

2008 Projected Expenses

DRPA Operating Expenses	\$ 68.94	\$ 72.30
NJ E-ZPass Customer Service Center	4.29	4.41
One Port Center Expenses	1.59	1.65
PPC Expenses (Ferry, Cruise)	1.47	1.30
PATCO Operating Expenses	40.99	42.46
Debt Service for Revenue Bonds	70.73	68.55
Debt Service for Port District Project Bonds	30.79	30.79
Biennial Inspection	0.00	2.44
Operating Leases / Commitments	3.66	3.74
Auction Dealer Fees (variable rate bonds)	0.00	1.06
Deposit to General Fund	13.47	9.17
Total	<u>\$235.93</u>	<u>\$237.87</u>



Major Revenue Assumptions

- **DRPA: Toll Revenues - \$ 195.45 million - \$2.0 mil. increase (up 1.0%)**
 - Toll revenues based on actual 2007 projected revenues of \$196.2 mil. (no revenue growth and a \$1.5 million provision for 3 snow days)
 - No change in toll rate or E-ZPass discount program structures (E-ZPass discount remaining for commercial accounts) and for commuters (\$18 commuter discount for 18 trips/month)

- **Interest income : \$14.6 million - \$1.4 million decrease (- 9.0%)**
 - Lower rates and projected lower principal amount reducing earnings on General Fund investments.

- **E-ZPass: \$ 2.0 million - \$0.25 million increase (up 14.3%)**
 - E-ZPass membership fee – anticipated growth by approximately \$250k over budgeted revenues for 2007 (DRPA receives 8.5% of total membership fees per contract)

- **PATCO: \$20.7 million - \$99,400 increase (up 0.5%)**
 - Passenger ridership expected to be flat vs. 2007 budgeted numbers (9.5 million)
 - Average passenger fare slightly higher - \$2.047/fare



Major Revenue Assumptions

- **Ferry: \$65,000**
 - \$50K Contract fee from Hornblower plus \$15K in misc. revenue (misc. charter fee)
- **Cruise: \$0.6 million - \$218,000 decrease (down 26.0%)**
 - Ten (10) Home Port calls (2007 budget over 20 port calls)
 - Cruise operation anticipates a deficit of \$0.6 million, slightly higher than 2007 budgeted deficit



Major Expense Assumptions

- **DRPA –budget-to-budget increase - \$3.4 million (up 4.9%)**
 - Projected salary/ESE expense increase of \$1.6 million (incl. payroll, healthcare, pension and other costs)
 - Staffing of 619 Employees (includes 51 Public Safety employees assigned to PATCO)
 - Other non-payroll related expenses increasing by \$1.8 million (or 10.7%) vs. 2007 (incl. increased repairs/maintenance, professional services fees, vehicle repair costs, etc.)
- **Biennial Inspection costs of approximately \$2.44 million budgeted for 2008**
- **E-ZPass CSC Operations – \$0.1 million increase (up 2.8%)**
- **PATCO – Increase of \$1.5 million increase (up 3.6%)**
 - Staffing – 343 total positions (incl. temps) vs. 347 in 2007 budget
 - Payroll related expenses - \$0.4 million increase (up 1.4%)
 - \$1.06 million increase (9.0% incr.) in non-payroll related expenses (primarily driven by budgeted increases in purchased power, professional and contractual services.
- **PPC Operations (Ferry and Cruise) – combined decrease of \$172,000**
 - Ferry – operating expenses decreasing by \$10,600 vs. 2007 budget. (Ferry operation expected to experience small net profit in 2008)
 - Cruise Terminal – budgeted expenses decreasing by approximately \$161,600 vs. 2007 budget; decreasing costs attributable to reduced net port calls.