

**PORT OF OSWEGO AUTHORITY
ANNUAL BUDGET AND FINANCIAL PLAN
2018 – 2019**

A. Relationship with unit of government on whose behalf or benefit the Authority was established.

The Port of Oswego Authority is a body corporate and politic, constituting a public benefit corporation. The authority shall have power over the survey, development and operation of port facilities and industrial projects in the port district which embraces the city of Oswego, the town of Scriba and all lands and water under and in the Oswego River and Lake Ontario lying or situated within the boundaries of the city of Oswego and/or the town of Scriba, and the coordination of the same with existing or future agencies of transportation with a view to the increase and efficiency of all such facilities and projects and the furtherance of commerce and industry, environmental protection, aesthetics, health, welfare, safety, recreational opportunities, and historical appreciation in the district.

B. Description of the budget process.

The Authority currently monitors performance against an operating budget. The operating budget governs the use of funds generated by Port operations. All expenses for administration, operations and maintenance are included in the operating budget. Development of the operating budget is coordinated by the Accounting Manager under the direction of the Executive Director. The budget is proposed to the Authority members in January prior to the beginning of the next fiscal year and is approved by the members at a meeting in February.

Throughout the year, monthly financial statements are produced, usually 30 days after the end of each month. The profit and loss statement is presented for the month and year to date in order to monitor performance against budget projections.

A capital budget is not formally done at this time. Capital projects are funded on a case by case basis using grants and matching with surplus funds from operations.

C. Description of the principal budget assumptions, including sources of revenues, staffing and future collective bargaining costs, and programmatic goals.

Revenue sources for the Port include dockage, wharfage, stevedoring, loading/unloading, rent, storage, marina slip rental, gas sales and various marina related items. In 2017-2018, stevedoring comprises 28.8% of overall revenues at \$0.86 million, with rental revenue making up 22.3% at \$0.66 million, marina income is 16.2% at \$0.48 million, loading/unloading income is 15.9% at \$0.47 million, and the remaining \$0.5 million coming from the remaining sources.

Payroll and related benefits equal \$1.93 million which make up 62.3% of total expenses. During fiscal year 2017-2018 the Port has received \$0.01 million from the NYS CVAP, \$0.09 million

from the NYS BIG grant for the gas dock at the Oswego Marina and \$0.32 million from a NYS grant for the CNY Inland Port.

For 2018-2019 aluminum activity is anticipated to increase due to the change in director. We will attempt to mend customer relations and therefore, dockage, wharfage, storage, stevedoring and loading/unloading are all expected to increase. The handling of agricultural products is expected to increase and a potential breakwall project also indicate a rise for these revenue streams. Rental income is expected to decrease as a salt contract is not confirmed.

Payroll expenses are anticipated to increase 3% for Port employees but there will be a decrease in the salary of the Executive Director with the departure of the previous director. With the hope that customer relations improve it is anticipated that movement of product will increase and longshoremen payroll will increase. Therefore, NYS Retirement, Social Security, Medicare, Unemployment and disability are anticipated to increase as they are a function of the increased payroll. General insurance is expected to decrease again in the coming year with an RFP for insurance taking place. A new rate for electricity will bring a reduction in fuel, light & power. Additionally, with the departure of the previous director, fees for consultants will decline.

D. Provide a self-assessment of budgetary risks.

Rental income does not have significant risk as the Port has agreements with each rental customer. It will actually increase in 2018-2019 with the upcoming breakwall project. Aluminum, salt and grain activity are dependent on the markets that they are in so there is risk involved. The marina operation also holds risk as they depend on the recreational funds that people have. In 2017-2018 it was down across the board for the marina because of the High-Water Emergency on Lake Ontario and the resulting damage and delays associated with the high water. We are expecting the marina income to increase in 2018-2019.

Expenses related to operations are dependent on the movement of commodities. If there is a reduction in that activity then the payroll expense for operating labor, longshoremen, goes down. The longshoremen are called in based on need through the International Longshoreman's Association Local 1570A. Payroll would decrease in this instance, reducing risk.

E. Revised forecast of the current year's budget.

See Budget and Financial Plan 2018-2019

F. Reconciliation that identifies all changes in estimates from the projections in the previously approved budget or plan.

See Budget and Financial Plan 2018-2019

For fiscal year 2017-2018 storage revenue is 71% lower than budgeted. This is due to the poor customer relations with the prior director in conjunction with the waiving of storage fees for aluminum customers for January-March in an effort to draw customers back to the Port. Dockage, Wharfage, Loading/Unloading, Stevedoring and Miscellaneous are 78%, 53%, 44%, 33% and 48%

less than budgeted, respectively, as there were fewer vessels than expected and therefore less product to move. As described above Marina income is 21% under budget.

Payroll, ILA Pension and Contract trucking are expected to be 25%, 36% and 85% lower than budgeted, respectively, due mainly to lower longshoremen costs with cargo movement down, as well as, two vacant positions. General Insurance expense continues to decline as it is 39% below budget. Travel expense will be 69% below budget due to reduced spending with the departure of the previous director. Health insurance costs are 40% over budget, due to another large increase in rates. Professional services will be more than \$0.23 million over budget due to unexpected legal services in regard to the previous director. Building and equipment repairs is 25% over budget due mainly to repairs to Dome 1 roof and repairs to bases of Domes 1 & 2 that were unanticipated. Museum expenses are 169% over budget as there was an emergency repair to the water main and water meter.

- G. Statement of the last completed fiscal year's actual financial performance in categories consistent with the proposed budget or financial plan.

See Budget and Financial Plan 2017-2018

- H. Projection of the number of employees, including sources of funding, the numbers of full-time and full-time equivalents, and functional classifications.

The exact number of employees varies from day to day due to the longshoremen being called in as needed. Funding of all payroll comes from operating revenue of the Port.

There are 10 full-time employees:

- Management – 2
- Clerical – 5
- Maintenance/Mechanics – 2
- Marina – 1

This year there have been 69 part-time employees classified as:

- Longshoremen – 54
- Clerical - 1
- Security – 7
- Marina – 5
- Custodial - 1
- Summer Labor – 1

The longshoremen will have 7 full-time equivalent employees.

- I. Statement of each revenue-enhancement and cost-reduction initiative that represents a component of any gap-closing program and the annual impact on revenues, expenses and staffing.

With the departure of the previous director, the director is reaching out to all of the Port's customers in an effort to repair relationships and to draw them back to the Port. This includes free storage for aluminum for the months of Jan-March. We anticipate that doing so will result in a return to higher quantities of aluminum moving through the Port. Additionally, the gas dock at the Oswego Marina will be completed before April and that in conjunction with a return to lower water levels than last year should return Marina activity to previous levels.

In an effort to reduce general insurance costs an RFP for these services will be going out during 2018-2019. The new director will continue to monitor labor in order to reduce expense for longshoremen which also has an effect on the workers compensation insurance. He will also be evaluating all spending as he takes over.

- J. Statement of the source and amount of any material non-recurring resource that is planned for use in any given fiscal year.

In fiscal year 2018-2019, the Port expects to receive the remaining funds from the NYS BIG grant for the gas dock project. CVAP funds will also be applied for from the marina.

Additionally, funds from FEMA are expected. It is unknown when they will actually be finalized and received.

- K. Statement of any transactions that shift material resources from one year to another and the amount of any reserves. None

- L. Statement of borrowed debt projected to be outstanding at the end of each fiscal year covered by the budget or financial plan; the planned use or purpose of debt issuances; scheduled debt service payments for both issued and proposed debt; the principal amount of proposed debt and assumed interest rate(s); debt service for each issuance as a percentage of total pledged revenues, listed by type or category of pledged revenues; cumulative debt service as a percentage of available revenues; and amount of debt that can be issued until legal limits are met.

See Attached Debt Schedule

- M. Statement of the annual projected capital cost broken down by category and sources of funding, and for each capital project, estimates of the annual commitment, total project cost, expected date of completion and the annual cost for operating and maintaining those capital projects or capital categories that, when placed into service, are expected to have a material impact on the operating budget.

See Attached Capital Project Schedule

PORT OF OSWEGO AUTHORITY
Budget & Financial Plan
2018-2019

Capital Project Schedule

| | Prior Years | Current Yr (Projected) 4/1/17-3/31/18 | Next Year 4/1/18-3/31/19 | Proposed 4/1/19-3/31/20 | Source |
|-----------------------------|--------------------|--|-------------------------------------|------------------------------------|---------------------------|
| East Terminal Pier Rehab/ | \$ 1,313,191.95 | \$ - | \$ - | \$ - | 77.8% Grant Port funds |
| West Side Pier Improvements | \$ 63,003.01 | | \$ - | \$ - | Port funds |
| Gas Dock Improvements | \$ - | \$ 129,906.25 | \$ 120,093.75 | \$ - | Port funds 68% Grant |
| Oswego Intermodal Phase 2 | \$ - | \$ 10,931.83 | \$ 29,102.96 | | 77.8% Grant Port funds |

PORT OF OSWEGO AUTHORITY
Budget & Financial Plan
2018-2019

Projected Debt Schedule at March 31st

| | Current Yr (Projected) 4/1/17-3/31/18 | Next Year 4/1/18-3/31/19 | Proposed 4/1/19-3/31/20 | Proposed 4/1/20-3/31/21 | Proposed 4/1/21-3/31/22 |
|---|--|-------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Debt Outstanding (Principal) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Debt Service Payments (Principal & Interest) | \$ 481,017.63 | \$ - | \$ - | \$ - | \$ - |
| Proposed Debt | None | None | None | None | None |

PORT OF OSWEGO AUTHORITY
Budget & Financial Plan
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| Revenue & Financial Sources | Last Yr (Actual) | | Current Yr (Projected) | | Next Year | | Proposed | | Proposed | |
|---|---------------------|-----------------|---------------------------|-----------------|-----------------|-----------------|-----------------|--|----------|--|
| | 4/1/16-3/31/17 | 4/1/17-3/31/18 | 4/1/17-3/31/18 | 4/1/18-3/31/19 | 4/1/19-3/31/20 | 4/1/20-3/31/21 | 4/1/21-3/31/22 | | | |
| Operating Revenues | | | | | | | | | | |
| Charges for Services | \$ 2,859,395.00 | \$ 1,758,205.63 | \$ 2,317,330.00 | \$ 2,350,000.00 | \$ 2,400,000.00 | \$ 2,420,000.00 | \$ 2,420,000.00 | | | |
| Rentals & Financing Income | \$ 711,805.00 | \$ 662,182.68 | \$ 628,300.00 | \$ 632,000.00 | \$ 638,000.00 | \$ 642,000.00 | \$ 642,000.00 | | | |
| Other Operating Revenues | \$ 516,845.00 | \$ 496,171.42 | \$ 521,260.00 | \$ 522,000.00 | \$ 523,000.00 | \$ 523,000.00 | \$ 523,000.00 | | | |
| Non-Operating Revenues | | | | | | | | | | |
| Investment Earnings | \$ 1,816.00 | \$ 2,438.95 | \$ 2,000.00 | \$ 2,000.00 | \$ 2,000.00 | \$ 2,000.00 | \$ 2,000.00 | | | |
| State Subsidies/Grants | \$ 2,236,349.00 | \$ 418,244.93 | \$ 2,112,675.13 | \$ - | \$ - | \$ - | \$ - | | | |
| Federal Subsidies/Grants | \$ 87,821.00 | \$ - | \$ 4,500,000.00 | \$ - | \$ - | \$ - | \$ - | | | |
| Other Non-Operating Revenues | \$ - | \$ 288,130.00 | \$ - | \$ - | \$ - | \$ - | \$ - | | | |
| Proceeds from the Issuance of Debt | | | | | | | | | | |
| Total Revenues & Financing Sources | \$ 6,414,031.00 | \$ 3,625,373.61 | \$ 10,081,565.13 | \$ 3,506,000.00 | \$ 3,563,000.00 | \$ 3,587,000.00 | \$ 3,587,000.00 | | | |
| Expenditures | | | | | | | | | | |
| Operating Expenditures | | | | | | | | | | |
| Salaries and Wages | \$ 1,297,658.00 | \$ 1,094,778.24 | \$ 1,361,882.60 | \$ 1,370,000.00 | \$ 1,370,000.00 | \$ 1,370,000.00 | \$ 1,370,000.00 | | | |
| Other Employee Benefits | \$ 785,927.00 | \$ 655,989.00 | \$ 757,866.00 | \$ 760,000.00 | \$ 762,000.00 | \$ 762,000.00 | \$ 762,000.00 | | | |
| Professional Services Contracts | \$ 42,088.00 | \$ 244,003.53 | \$ 83,000.00 | \$ 65,000.00 | \$ 65,000.00 | \$ 65,000.00 | \$ 65,000.00 | | | |
| Supplies and Materials | \$ 52,352.00 | \$ 26,913.17 | \$ 31,500.00 | \$ 50,000.00 | \$ 50,000.00 | \$ 50,000.00 | \$ 50,000.00 | | | |
| Other Operating Expenditures | \$ 1,277,458.00 | \$ 1,125,593.34 | \$ 1,128,420.40 | \$ 1,012,000.00 | \$ 1,012,000.00 | \$ 1,012,000.00 | \$ 1,012,000.00 | | | |
| Non-Operating Expenditures | | | | | | | | | | |
| Payment of Principal on Bonds and Financing Arrangements | \$ 267,967.00 | \$ 300,000.00 | \$ 50,000.00 | \$ 50,000.00 | \$ 50,000.00 | \$ 50,000.00 | \$ 50,000.00 | | | |
| Interest and Other Financing Charges | \$ 62,624.00 | \$ 181,017.63 | \$ 2,000.00 | \$ 2,000.00 | \$ 2,000.00 | \$ 2,000.00 | \$ 2,000.00 | | | |
| Subsidies to Other Public Authorities | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | | |
| Capital Asset Outlay | \$ 864,492.00 | \$ 157,500.00 | \$ 6,200,000.00 | \$ 100,000.00 | \$ 100,000.00 | \$ 100,000.00 | \$ 100,000.00 | | | |
| Grants and donations | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | | |
| Other Non-Operating Expenditures | \$ - | \$ 17,000.00 | \$ 10,000.00 | \$ 10,000.00 | \$ 10,000.00 | \$ 10,000.00 | \$ 10,000.00 | | | |
| Total Expenditures | \$ 4,650,566.00 | \$ 3,802,794.91 | \$ 9,624,669.00 | \$ 3,419,000.00 | \$ 3,421,000.00 | \$ 3,421,000.00 | \$ 3,421,000.00 | | | |
| Capital contributions | | | | | | | | | | |
| Excess(Deficiency) of Revenues and Capital Contributions Over Expenditures | \$ 1,763,465.00 | \$ (177,421.30) | \$ 456,896.13 | \$ 87,000.00 | \$ 142,000.00 | \$ 166,000.00 | \$ 166,000.00 | | | |