

**Report of Operations
Port Oswego Authority
FY 2013- 2014**

The Port Authority is a critical economic transportation entity in Central New York. It provides cargo operations for a score of companies, seeking domestic and international shipment of goods and services. The port operates internationally as well as domestically in the North East of US. While providing world-class port services to local agriculture and manufacturing companies and local business. It enables export of NY goods to the world market, with some of its agriculture goods reaching Asia Markets. With its Key Performance Indicators (KPI) in place to serve as guiding objectives, the port experienced a year of transition and business reaffirmation. Under the direction of Chairman Terrance Hammill and the entire Board of Directors, the Port has set a 2014 performance standard that will serve to guide the future success of the Port Authority.

FY 2013- 2014 was a challenging year for the port; it was marked with massive Board of Director changes. In addition the CEO-Executive Director departed to another position in the Port Management role in the Southern USA. The board placed an intern manager with diminutive port experience. Hence the port operations were in a transitional direction and the fiscal performance indicates some market changes. The Port income was within expectations, while labor expenses and operations increased dramatically. The port survived the intern management, while the board was searching for a new executive with broad world experience to drive it to the next professional plateau. The new executive Director (CEO) was hired in January 2014.

The FY 2013 -2014 Port again surpassed the planned fiscal expectations with income of just under \$ 5 million a decrease of 6% from FY 2012-2013.

While all business sectors of the Authority show growth in volume, its profitability suffered. The interim management philosophy of keeping all as contracts current, honoring 5-year-old contract pricing agreements without any pricing escalations hurt its fiscal outcome.

Salt shipments were in record high amounts, with excess of 60,000 during a harsh Central New York Winter. Port handling the salt lowers the local community snow removal budget and lower the overall tax impact to its local counties. While it also provides 5 people a job at the port. Strong agriculture shipments from Perdue Agribusiness and potash from Citi-Crop Production services, allowed for a volume increase in its bulk sector. Aluminum shipments increased in volume, achieving record tonnage but profitability was challenging due to high labor costs. The port continued to show flexibility in shipping various commodities and has an accompanied growth in truck and rail movements in FY 2013-2014.

The Port of Oswego boasts an impressive roaster of companies utilizing its facilities including: Novelis, Maurine, Albemarle, Glencore, Sparague Energy, ESSROC, ARG International, Rio Tinto, Goldman Sachs, Standard Charter Bank, Deutsche Bank,

Trafigura, Perdue Agriculture and others. It serves companies and business including the individual farmer enabling them to reach the world market.

Products and goods from these entities not only move locally in Central New York, but the port road and rail ships to Ohio, Pennsylvania, Virginia, Indiana, Tennessee, Kentucky and Texas.

The Port Oswego Marina continued to thrive and showed increased in revenues, due to string fueling operation and transient vessel business. The Board of Directors approved the acquisition of a TOWBOAT U.S. franchise. The additional services added additional revenue to the recreational and commercial boating community. The Port signed a commercial agreement with National Fueling Inc., allowing the Oswego Marina to fuel operating transit mega yachts. By being the exclusive provider of marina grade fuel to the Palmer-Johnson mega yachts that transition via Oswego to the St. Lawrence Seaway world-wide destinations hence the large increase in fuel business.

With the increase in port operational activities, the Board of Directors continues to invest in facilities and equipment to meet the commercial demand of a growing customer base. The Port of Oswego acquired another expansion site of 24-acres including warehouse structure at a former paper company site.

This year the Port designed and permitted the Oswego Intermodal Center (OIC), which should be under construction June 2014. Once completed in early 2015, the project will allow for movement of cargo from East Terminal to a 12 acre plus parcel owned by the Port Authority this enhancing the operations and increasing product storage. The site will greatly enhance the operating ability of CSX rail operations with a 45-plus rail car yard, enabling handling of multiple types of cargoes.

The Port will continue to serve as a multimodal operation, assisting Central New York companies in meeting their transportation logistics. The port has a great professional staff, experienced labor, and new executive leadership. The Chairman of the Board and the new leadership has ambitious plans for the port in FY 2014-2015.