

Ogdensburg Bridge and Port Authority: Period 10 – Operating Report

Executive Summary – OBPA

<i>In 000's, except \$/unit</i>	Month		Fourth Quarter			Full Year		
	January 2007	January 2006	Forecast	Budget	Prior Yr	Forecast	Budget	Prior Yr
Gross Revenue	\$466	\$358	\$1,138	\$1,136	\$1,129	\$5,187	\$5,078	\$4,753
Net Gain (Loss)	\$(40)	\$(93)	\$(372)	\$(219)	\$(238)	\$(504)	\$(581)	\$(390)
Tolls (total crossings)	32,467	32,917	99,000	96,000	102,964	500,000	480,000	500,166
Toll revenue per crossing	\$3.97	\$2.60	\$3.75	\$3.54	\$3.21	\$3.50	\$3.54	\$2.99
Revenue / ft ² (Park)	\$6.24	\$5.88	\$6.25	\$6.10	\$6.00	\$6.22	\$6.10	\$5.62
Key Ratios:								
Operating Margin						(9.7%)	(11.4%)	(8.2%)
Return on Assets						(1.1%)	(1.2%)	(0.8%)

Earnings and Capital Bullets:

- **Month Drivers**
 - Bridge Crossing - mix improvements
 - Expenses exceeded budget (maint. legal, bridge inspection)
 - Utilities under budget due to favorable weather
- **Quarter Drivers**
 - Outbound salt shipments under budget by \$31K
 - Bridge crossings continue to rise (+10% budget versus actual)
 - Legal fees continue to pressure expenses (four cases)
- **Full Year Drivers**
 - Corn gluten ship timing: two budgeted, less than one realized
 - Significant legal fees pending due to three cases in litigation
 - Occupancy rate at 100% in the park
 - Increased bridge traffic may add \$50k for full year revenue

Market and Customer Activity:

- Port limiting factor identified through customer contact – heavy lift crane
- Customer interest remains strong necessitating a shell building
- Port development efforts continue for the 2007 season

Operations:

- Decreased outbound salt shipments reduces revenue by \$59K ytd
- Commodity shipments (salt, corn, corn gluten, cottonseed) continue
- Aging port equipment resulting in maintenance and financial challenges

Safety/Regulatory:

- Right-to-Know training was conducted during the period.
- OSC Audit Response was prepared by staff.

Productivity Update:

- Metrics are being refined for this area and will be available in FY 2007-8 reports

Forecast/Outlook

OBPA's financial forecast remains unchanged from prior periods projecting a full year loss of \$(504K), favorable to budget by \$77K and unfavorable to prior year by (\$113K). The full-year forecast assumes market and customer activity remains strong through the fourth quarter and reflects payment by Ainsworth for the Heavy Industrial Option. OBPA continues to experience significant financial pressures due to aging equipment, unplanned maintenance needs, and significant legal fees resulting from unplanned litigation. Potential outcomes of litigation (four cases) are not reflected in the forecast and have the potential to significantly influence the full year outlook.

Financial Overview

On a periodic basis, expense exceeded revenue in the period by \$40K. Expenses were over budget by \$34K in the period. Cumulative losses before capital contributions (\$172K) are favorable to budget by \$243K due to a slight gain in revenue in all categories with the exception of Port Warehousing (\$93K). Cumulative revenue is favorable to budget by \$70K due to favorable gains in bridge tolls \$37K, rental income \$34K, and interest income \$40K, but were significantly offset by Port Warehousing Income (\$93K). Cumulative expenses are favorable to budget by \$174K due to insurance (\$20K), utilities (\$65K), and office expense (\$48K) which is offset by legal fees (\$75K).

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January bridge crossings decreased by 13% versus prior month, and remain 2% above the year-over-year comparison continuing the increased traffic trend. The airport has experienced decreased 8% fuel sales and a 9% increase in passenger traffic on a cumulative basis for fiscal year..

Other miscellaneous financial items of note during the period include: Preparation of the Authority's Office of the State Comptroller (OSC) Audit Report response, creation of a debt financing analysis for building 14 financing proposals, CSEA negotiations, and examining insurance policy renewal options.

Market and Customer Activity

Customer interest in OBPA facilities remains strong with several site visits and tours conducted at both the Port and Industrial Park. Park occupancy is currently at 100%. Outreach to existing businesses and new Port prospects continue. Discussions with the Development Authority of the North Country and park tenants regarding improved fiber optic connectivity continue.

Port development and promotion continues with outreach to a number of potential port prospects with proposed rates. An appropriation request for 2008 was submitted for bulk handling equipment for the Port for two front end loaders and a new truck scale. A grant application to the Department of Homeland Security's Infrastructure Protection Program (IPP) was also submitted to improve security at the Port.

Outreach to wind farms and bio-energy firms continue with several productive meetings held during the period including general interests in exploring the utilization of the Port for the export of Dried Distillers Grain (DDGs). Heavy lifts and bulk commodity limitations were identified and cited as impediments to new cargo by potential customers. In light of this, OBPA will explore funding options for crane acquisition through grant sources or other means to increase port cargo capability.

Without the combined efforts of our elected officials and economic development organizations, regional development would not be possible. OBPA would like to recognize the efforts of its elected officials and partner agencies including Senators Clinton and Schumer, Congressman McHugh, Senator Wright, Assemblyman Aubertine, NYS Empire State Development, St. Lawrence County Legislature, St. Lawrence County IDA, St. Lawrence Valley Air Task Force, the City of Ogdensburg, and other various other regional economic entities including the Joint Economic Development Committee (JEDC) which promote regional growth.

Operations Update

Port development efforts continue work with staff on several Port prospects and cargo rates. Efforts continue to stay abreast of changing regulations through attendance at a regional USCG security meeting. Salt deliveries to customers continue. Corn gluten and cotton seed continues to be delivered to customers. Efforts continue to secure exemptions to FAA and TSA regulations, and work continues on Homeland Security Regulations.

The Bridge Rehabilitation Project NYSDOT Local Project Agreement awaits approval by the NYS Comptrollers Office. Airport field inspections at the passenger terminal are 80% complete and the project continues on schedule. Presently working with Big Sky to facilitate data and communication systems in the new Passenger Terminal. Safety continues to be a focus of the organization with Right-to-Know training conducted during the period.