

Ogdensburg Bridge and Port Authority: Period 03 – Operating Report

**Executive Summary – OBPA**

In 000's, except \$/unit	Month		First Quarter			Full Year		
	June 2007	June 2006	Actual	Budget	Prior Yr	Act/Forecast	Budget	Prior Yr
Gross Revenue	\$404	\$356	\$1,213	\$1,263	\$1,106	\$5,176	\$5,186	\$5,174
Net Gain (Loss)	\$(59)	\$(125)	\$(61)	\$(171)	\$(278)	\$(495)	\$(632)	\$(519)
Tolls (total crossings)	48,496	46,185	130,107	125,000	129,021	500,000	500,000	507,582
Toll revenue per crossing	\$3.25	\$2.99	\$3.53	\$3.60	\$3.40	\$3.60	\$3.60	\$3.43
Revenue / ft <sup>2</sup> (Park)	\$6.36	\$6.12	\$6.36	\$6.36	\$6.11	\$6.30	\$6.30	\$6.16
<b>Key Ratios:</b>								
Operating Margin						(10.0%)	(12.0%)	(10.0%)
Return on Assets						(1.1%)	(1.3%)	(1.10%)

**Earnings and Capital Bullets:**

- **Month Drivers**
  - Reduced expenses due to ship timing and maintenance.
  - Reduced revenue due to invoice timing on a salt ship.
- **Quarter Drivers**
  - Unfavorable revenue due to timing and customer loss at port.
  - Bridge crossings continue to rise (+4% budget versus actual)
  - Expenses influenced by salt ship timing.
- **Full Year Drivers**
  - Increased port activity offsetting customer loss.
  - Significant legal fees due to pending litigation (six cases)
  - Occupancy rate at 97% in the park.
  - All available space rented at the airport.

**Market and Customer Activity:**

- Port development efforts continue for the 2007 season
- Customer interest remains strong necessitating a shell building
- Additional port commodities were identified through client discussions

**Operations:**

- Aging port equipment resulting in maintenance and financial challenges
- Commodity shipments (salt, corn, cottonseed) continue
- Continued to pursue FAA ARFF (firefighting) exemption for the airport.

**Safety/Regulatory:**

- Safety continues to be a focus of the organization (Hartford Insurance)
- EO#3 compliance efforts (Web casting) are underway.
- Year-end audits are complete.

**Productivity Update:**

- Marine Terminal productivity metrics are attached.

**Period Discussion**

OBPA's financial forecast remains unchanged from prior periods projecting a full year loss of \$(495K), favorable to budget by \$137K and favorable to prior year by \$24K. The full-year forecast assumes market and customer activity remains strong and assumes 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 (six 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 \$59K. Cumulative losses before capital contributions (\$61K) are favorable to budget by \$110K due to reduced revenue (\$50K) due to salt ship invoice timing and a (\$160K) reduction in expenses due to ship timing (\$52K), reduced maintenance expense (\$51K), and insurance premium reductions (\$21K).

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June bridge crossings increased by 5% versus prior month, and remain 2.5% above the year-over-year comparison continuing the increased traffic trend. The airport has experienced decreased 25% fuel sales and a 5% increase in passenger traffic on a cumulative basis for the fiscal year.

Other miscellaneous financial items of note during the period include: Solicitations for the direct damage bridge policy, forwarding budget certifications to the NYSDOB (Division of Budget), and CSEA negotiations.

### Market and Customer Activity

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, the Development Authority of the North Country (DANC), the St. Lawrence County Legislature, St. Lawrence County IDA, St. Lawrence Valley Air Task Force, the City of Ogdensburg, and various other regional economic entities including the Joint Economic Development Committee (JEDC) which promote regional growth.

Port development and promotion efforts continue with outreach to a number of potential port prospects and marine transport firms. Discussions were held with a Quebec firm outlining future port cargo opportunities. Several potential cargos are being investigated by staff as a result of port outreach programs including new commodities and a barge shuttle service. Anticipated additions to the port include citrus pulp for a local feed mill, anticipation of dried distiller grains (DDG's), and corn gluten pending final customer negotiations. The Authority anticipates an outbound shipment of corn from the Port of Ogdensburg via barge this season. A heavy lift (locomotive cargo) was also completed and the RFP for the North Country Freight Needs Study & Comprehensive Plan for the Port of Ogdensburg was issued.

Customer interest in OBPA facilities remained strong throughout the period with several site visits and tours conducted of Authority assets. Park occupancy is nearly 100%. Authority staff, the IDA, ESD and the City of Ogdensburg continue to have discussions with two existing park tenants in an effort to facilitate potential expansion plans. Two new firms are commencing operations at the airport next month. Outreach to existing businesses and new prospects continue for the upcoming year in anticipation of the shell building construction.

### Operations Update

Port development efforts continue through outreach to several Port prospects. Salt deliveries and cotton seed continue to be delivered to customers. Efforts are ongoing to secure exemptions to FAA and TSA regulations, and work continues on Homeland Security, FAA, and USCG Regulations. Staff continues to work with Big Sky to facilitate passenger issues and improve operational performance.

Marine Terminal Metrics have been developed and are now in use to measure port productivity improvements. Safety continues to be a focus of the organization with continued training and a safe work record of our maintenance staff.