

Ogdensburg Bridge and Port Authority: Period 6 – Operating Report

Executive Summary – OBPA

In 000's, except \$/unit	Month		2nd Quarter			Full Year		
	September 2006	September 2005	Forecast	Budget	Prior Yr	Forecast	Budget	Prior Yr
Gross Revenue	\$439	\$493	NA	\$1,270	\$1,273	\$5,031	\$5,078	\$4,753
Net Gain (Loss)	\$(70)	\$(14)	NA	\$(121)	\$(98)	\$(699)	\$(581)	\$(390)
Tolls (total crossings)	45,474	44,465	153,490	154,000	153,157	500,000	480,000	500,166
Toll revenue per crossing	\$3.55	\$3.02	NA	\$3.54	\$2.83	\$3.50	\$3.54	\$2.99
Revenue / ft ² (Park)	\$6.28	\$6.00	NA	\$6.10	\$6.00	\$6.10	\$6.10	\$5.62
Key Ratios: Metrics TBA			TBA	TBA	TBA	TBA	TBA	TBA

Earnings and Working Capital Bullets:

- **Month Drivers**
 - Reduced stevedoring activity at the port impacts revenue
 - Unfavorable expense due to aviation fuel purchase timing
 - Ship timing continues to impact periodic results
- **Quarter Drivers**
 - Expense timing understating cumulative expenses
 - Ship timing will bolster quarter revenue results
 - Legal fees continue to pressure quarter expenses
- **Full Year Drivers**
 - Heavy industrial option may impact full year outlook
 - Significant legal fees due to three cases in litigation
 - Occupancy rate in excess of 98% in the park
 - Corn gluten ship timing: two budgeted, one possible
 - Increased traffic may add \$50k for full year revenue

Market and Customer Activity:

- Customer interest remains strong necessitating a shell building
- Customer recruitment efforts continue
- Port development efforts proceeding on schedule

Operations:

- Aging port equipment resulting in maintenance and financial challenges
- May have an additional 14,000 tons of salt or \$24K in revenue
- Outbound corn gluten ship possible depending on timing

Safety/Regulatory:

- FOIL Audit draft report received – response by 11/06
- NYS DOL PESH Audit results received - response pending
- Federal Highway Administration survey completed

Productivity Update:

- Metrics are being refined for this area and will be available in future reports

Forecast/Outlook

OBPA's financial forecast remains unchanged from the prior period at a full year loss of \$(699), unfavorable to budget by \$118K and prior year by \$309K. In anticipation of this shortfall, OBPA's management has closed the gap by \$147K through a combination of operational and capital spending reductions. The full-year forecast assumes market and customer activity remains strong through the remaining quarters. 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 (three cases) are not reflected in the forecast and have the potential to significantly influence the full year outlook in as yet undetermined favorable or unfavorable outcomes.

Financial Overview

On a periodic basis, revenue exceeded expense before depreciation by \$49K due to reduced revenue of \$28K due to reduced stevedoring activity at the port. Expenses exceed budget by \$50K in the period as a result of the timing of aviation fuel purchases. On a cumulative basis revenue is unfavorable to budget by \$178K due to salt ship timing (\$160K) and lack of one corn gluten ship (\$52K) and other miscellaneous items. Cumulative expenses are below budget by \$87K due to timing issues on wages, maintenance expense, utilities, and general office expense. Management will continue to monitor the OBPA's financial situation and make adjustments accordingly.

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Cash Balances over the last four quarters are flat at 4.59% average yield on an average \$3.6 million balance. September bridge crossings are down 16% compared to the prior (peak) month, but remain 1% above the year-over-year comparison continuing the increased traffic trend. The airport has experienced increased 6% fuel sales and a 17% increase in passenger traffic on a cumulative basis.

Preliminary preparations are underway for the development of the Authority operating budget for the fiscal year ending March 31, 2008 with filing due at the Office of the State Comptroller by January 1, 2008. A Request for Proposal for Banking Services for financing of an Industrial Park shell building is also underway.

OBPA representatives recently attended two Public Authority Accountability Governance training sessions in Watertown, New York. Information obtained in these sessions will greatly influence future committee meetings and operations at OPBA. Staff is assessing the potential impact and will report these recommended changes to the full board.

Market and Customer Activity

OBPA continues to raise its profile as a regional economic driver through education, media relations, and customer recruitment efforts. During the period OBPA coordinated a ninety-plus student industry tour of the railroad as part of a regional industry tour, participated in an interview with WPBS-TV, and participated in several local/regional economic development initiatives. Economic development initiatives include: development of contacts at the Maple Ridge Wind Farm, discussion of potential rail yard redevelopment with Town of Norfolk officials, involvement in the North Country Symposium Steering Committee, future development discussions with Town of Oswegatchie and Town of Lisbon officials, and continued dialogue with St Lawrence County Industrial Development and NYS Empire State Development officials designed to augment joint development.

Customer interest in the park remains strong. Several company visits were conducted last month in response to our latest marketing effort and follow-up discussions continue. Empire Zone benefits and SLC IDA funding sources remain key elements in the recruitment process. Outreach to existing tenants and new prospects continue in advance of the proposed shell building. Port development efforts continue with Canadian bulk commodities, a bulk commodity broker, a Canadian barge company, and winter mooring opportunities. All discussions present future opportunities that utilize the Port of Ogdensburg.

Operations Update

OBPA received our fifth salt ship on October 22, 2006 bringing our total salt received to 106,210 tons. We expect three more ships and salt deliveries to customers continue. Corn gluten continues to be delivered to the Port with the possibility of an outbound ship this season. Staff continues to meet with multiple port prospects and establish rates for cargo. Bridge maintenance painting for the 2006 season is concluded and the Bridge Rehabilitation Project NYSDOT Local Project agreement has been approved by the NYSDOT. A Board resolution approving this agreement is required. Maintenance work continues on winter equipment with port loaders presenting significant maintenance and financial challenges.

Airport field inspections for perimeter fencing and passenger terminal projects continue. Efforts continue to secure exemptions to F.A.A. and T.S.A ARFF regulations. A Request for Proposal (RFP) for Essential Air Service has been issued by the U.S. Department of Transportation for 2007 and 2008. Productivity metrics continue to be refined and will be available in future reports.