

Ogdensburg Bridge and Port Authority: Period 7 – Operating Report

Executive Summary – OBPA

<i>In 000's, except \$/unit</i>	Month		3rd Quarter			Full Year		
	October 2006	October 2005	Forecast	Budget	Prior Yr	Forecast	Budget	Prior Yr
Gross Revenue	\$468	\$358	\$1,407	\$1,249	\$1,170	\$5,031	\$5,078	\$4,753
Net Gain (Loss)	\$62	\$(44)	\$37	\$(145)	\$(67)	\$(699)	\$(581)	\$(390)
Tolls (total crossings)	43,390	42,484	117,000	120,000	116,862	500,000	480,000	500,166
Toll revenue per crossing	\$3.77	\$3.06	\$3.85	\$3.54	\$3.07	\$3.50	\$3.54	\$2.99
Revenue / ft ² (Park)	\$6.24	\$6.03	\$6.24	\$6.10	\$6.00	\$6.10	\$6.10	\$5.62
Key Ratios:								
Operating Margin						(13.9%)	(11.4%)	(8.2%)
Return on Assets						(1.5%)	(1.2%)	(0.8%)

Earnings and Working Capital Bullets:

- **Month Drivers**
 - Bridge Crossing - mix improvements
 - Timing of salary, wages, utilities understating period expenses
 - Timing of budgeted interest
- **Quarter Drivers**
 - Expense timing understating cumulative expenses
 - Ship timing will bolster third quarter revenue
 - Legal fees continue to pressure quarter expenses (two cases)
- **Full Year Drivers**
 - Heavy industrial option may impact full year outlook
 - Significant legal fees pending due to two cases in litigation
 - Occupancy rate in excess of 98% in the park
 - Corn gluten ship timing: two budgeted, one anticipated
 - Increased bridge traffic may add \$50k for full year revenue

Market and Customer Activity:

- Customer interest remains strong necessitating a shell building
- OBPA is actively engaged in regional economic development
- Port development efforts continue for the 2007 season

Operations:

- Ship frequency driving third quarter revenue
- Outbound corn gluten ship anticipated this season
- Aging port equipment resulting in maintenance and financial challenges

Safety/Regulatory:

- NYSDOL PESH Audit response pending - 12/09/2006
- External Auditors beginning preliminary audit work

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 (two 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 in the period by \$62K due to increased revenue of \$45K from several miscellaneous items and reduced expenses of \$55K primarily due to timing issues. Expenses were under budget by \$66K in the period as a result of 1/12 budget distribution. Cumulative losses after depreciation (\$246K) are unfavorable to budget by \$37K due to a net shortfall in revenue. Cumulative revenue is unfavorable to budget by \$183K due to salt ship timing (\$160K) and lack of one corn gluten ship (\$52K) and other miscellaneous items. Cumulative expenses are favorable to budget by \$146K due to timing issues on wages and utilities expense which are offset by maintenance expense and legal fees. Management will continue to monitor the OBPA's financial situation and make adjustments accordingly.

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October bridge crossings are down 4.5% versus prior month, but remain 2% above the year-over-year comparison continuing the increased traffic trend. The airport has experienced decreased (4%) fuel sales and a 15% increase in passenger traffic on a cumulative basis for 2006.

Preparations are underway for the 2007 annual budget. The budget will be presented to the Budget Committee in December and to the full board for January approval. CSEA contract negotiation preparations continue and OBPA has received 2007 calendar year health insurance premium quotes reflecting an 11.4% increase in active employee insurance coverage.

A Request for Proposal was issued by OBPA to financial institutions for the Industrial Park shell building financing with a 12/21/2006 due date.

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 engaged in regional transportation and economic development discussions through active participation in the Northern Tier Expressway Corridor Study Public Hearings, Regional Air Task Force meetings reviewing Essential Air Service (EAS) proposals, Development Authority of the North Country to gauge client telecommunication needs, continued dialogue with the NYS DOT Rail Division, the North Country Symposium Steering Committee, North Country Alliance participation, and other various economic entities including Joint Economic Development Committee (JEDC) and the Ogdensburg Growth Fund.

Port development and promotion continues through the engagement of large regional entities in port-related discussions. Leveraging connections through NYS Empire State Development and the St. Lawrence Seaway Development Corporation, OBPA obtained a meeting with the Fort Drum's Deputy Garrison Commander as part of our ongoing efforts to promote the use of the port facilities. Outreach and promotion of the port for the 2007 shipping season continues including: hosting a meeting of the Council of Upstate Ports expanding joint marketing/promotion/lobbying opportunities for upstate ports, a port mailing to 115 Great Lakes/Seaway shippers/brokers, a Montreal meeting with a stevedoring firm, and two networking functions for bulk commodities.

Customer interest in the park remains strong with several site visits and tours conducted with follow-up visits planned for January. Outreach to existing tenants and new prospects continue in advance of the proposed shell building. Port development efforts continue.

Operations Update

OBPA received two salt ships in November bringing our total salt received to 161,365 tons. We expect one more partial ship to be delivered in December. Corn gluten continues to be delivered and stockpiled at the Port with an outbound vessel expected this season. Maintenance work on winter equipment is complete, efforts continue to secure exemptions to FAA and TSA regulations, and work continues on the 2007-08 budget

The Bridge Rehabilitation Project NYSDOT Local Project Agreement awaits approval by the NYSDOT. Airport field inspections for perimeter fencing (60% complete) and passenger terminal (30% complete) projects continue. Met with engineers to discuss Ogdensburg International Airport (OGS) Capital Improvement Program (CIP) funding for infrastructure improvements and work continues on the Bridge Administration Building (BAB) renovations to increase available rental space.

Productivity metrics continue to be refined and will be available in future reports.