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# Delaware River Port Authority

2013 Capital and Operating Budget Briefing  
December 12, 2012

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# Overview of Presentation

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- 2012 Financial Achievements
- Major Financial Goals/Challenges
- Overview of 2013 Proposed Capital Program
  - Major Projects
  - Vehicle Trends
- Overview of 2013 Proposed Operating Budgets
  - Major Revenue Assumptions
  - Major Expense Assumptions
    - Historical Staffing
  - Indenture Budget Assumptions

# 2012 Financial Achievements

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## **DRPA approved Finance Plan has resulted in significant savings to the Authority:**

- DRPA repaid \$95.7 million in Revenue and PDP bond debt in April
- DRPA negotiating for reduction in LOC rates
- DRPA refunding most of its tax-exempt PDP debt – late December 2012

## **Operating Budget Achievements:**

- DRPA and PATCO projected actual expenses will be significantly under budget
- Significant savings in PATCO purchased power due to electricity reverse auction

## **Bond Ratings – Outlook on DRPA Revenue/PDP bonds improved (December 2012)**

Moody's – improvement from “negative” to “stable”

S&P – improvement from “stable” to “positive”

# 2013 Major Financial Goals / Challenges

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## **Capital Budget**

- DRPA exhausted existing bond project funds in August 2012 and has been funding capital expenditures through use of General Fund
  - DRPA will continue to use General Fund to temporarily fund 2013 capital budget and reimburse the General Fund with bond proceeds.
  - DRPA may opt not to completely reimburse General Fund thereby reducing debt service on a new issue.
- New Revenue bond issue to fund 2013 Capital Budget
  - Expected issuance by mid-year based on market conditions and traffic study completion.

## **Operating Budgets**

- Major challenges: Significant Pension, Healthcare and E-ZPass CSC expense increases
  - Pension: increase of \$3.0 million or 69.60%
  - Healthcare: increase of \$0.7 million or 3.33%
  - E-ZPass CSC: increase of \$0.9 million 17.05%
- PATCO budgeted operating subsidy projected to increase by less than 1% over 2012
  - Total budgeted operating subsidy increase is \$0.17 million

# 2013 Major Financial Goals / Challenges

## (continued)

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- Continued maintenance/repair of Authority facilities (Bridges / PATCO)
- Cost containment of personnel and non-personnel expenditures
- Manage Authority's operations and its capital program to maintain or improve Investment Grade Ratings
  - Revenue Bonds:
    - **Moody's Investors Service:** Moody's affirmed A3 ratings with a "stable outlook" (up from "negative") - December 2012
    - **Standard & Poor's Ratings Services:** S&P affirmed A- ratings, with a "positive outlook" (up from "stable") - December 2012
  - PDP Bonds: Baa3 (Moody's), BBB- (S&P)

# Overview of 2013 Proposed Capital Program

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## 2013 Capital Budget Funding

Total Net Capital Budget (2013 fiscal year)	\$119.3 Million
2013 Capital Budget Total Cost to Complete (Includes years 2013 and beyond)	\$538.2 Million
Projected Capital Program Requirements (net of Federal/State funding) for years 2013 through 2017 (and beyond)	\$746.0 Million

# 2013 Proposed Capital Program

	DRPA Share Estimated Project Cost (\$000's)*					
	2013	2014	2015	2016	2017/Later	Total
Benjamin Franklin Bridge	\$3,650	\$8,500	\$20,250	\$9,100	\$21,500	\$63,000
Walt Whitman Bridge	\$34,750	\$15,200	\$24,500	\$43,350	\$32,500	\$150,300
Commodore Barry Bridge	\$3,525	\$32,000	\$34,300	\$27,600	\$8,000	\$105,425
Betsy Ross Bridge	\$3,000	\$4,900	\$7,600	\$100	\$2,400	\$18,000
Multi-Bridges or All Facilities	\$5,325	\$6,675	\$4,975	\$3,525	\$13,175	\$33,675
Facility Security	\$733	\$100	\$0	\$5,750	\$23,250	\$29,833
DRPA Other	\$2,680	\$2,250	\$0	\$0	\$0	\$4,930
Ferry	\$320	\$0	\$0	\$0	\$0	\$320
PATCO	\$43,117	\$71,335	\$82,021	\$39,619	\$14,150	\$250,242
Technology	\$10,038	\$12,079	\$5,928	\$778	\$547	\$29,370
All Schedules (A, B, D, T, V, P & Capital Labor)	\$12,137	\$12,200	\$12,200	\$12,200	\$12,200	\$60,937
<b>Total Capital Program</b>	<b>\$119,275</b>	<b>\$165,239</b>	<b>\$191,774</b>	<b>\$142,022</b>	<b>\$127,722</b>	<b>\$746,032</b>

\* Net of Federal/State Funding

# Major Projects in 2013 Budget

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Location	Description	2013 (M)	Total (M)
BFB	South Walkway Bicycle & Pedestrian Ramp	\$0.60	\$3.4
WWB	Redeck Suspended Span and Anchorage Spans - Design & Construction	\$31.0	\$35.0
WWB	Deleading and Repainting - Phase 3 (Suspended Span, Towers & Anchorages)	\$0.5	\$71.0
CBB	Deleading and Repainting	\$0.5	\$87.0
BRB	Bridge Resurfacing	\$3.0	\$15.5
PATCO	Rehabilitation of Fleet	\$49.0	\$144.0
PATCO	Track Rehabilitation Across the BFB	\$15.0	\$73.0
PATCO	Lindenwold Yard Track Rehabilitation & Lindenwold Viaduct	\$0.5	\$42.5
PATCO	Install Elevators in Remaining Stations	\$0.1	\$17.5
Technology	Enterprise Resource Planning System	\$1.0	\$16.0
<b>Total Cost</b>		<b>\$101.2</b>	<b>\$504.9</b>

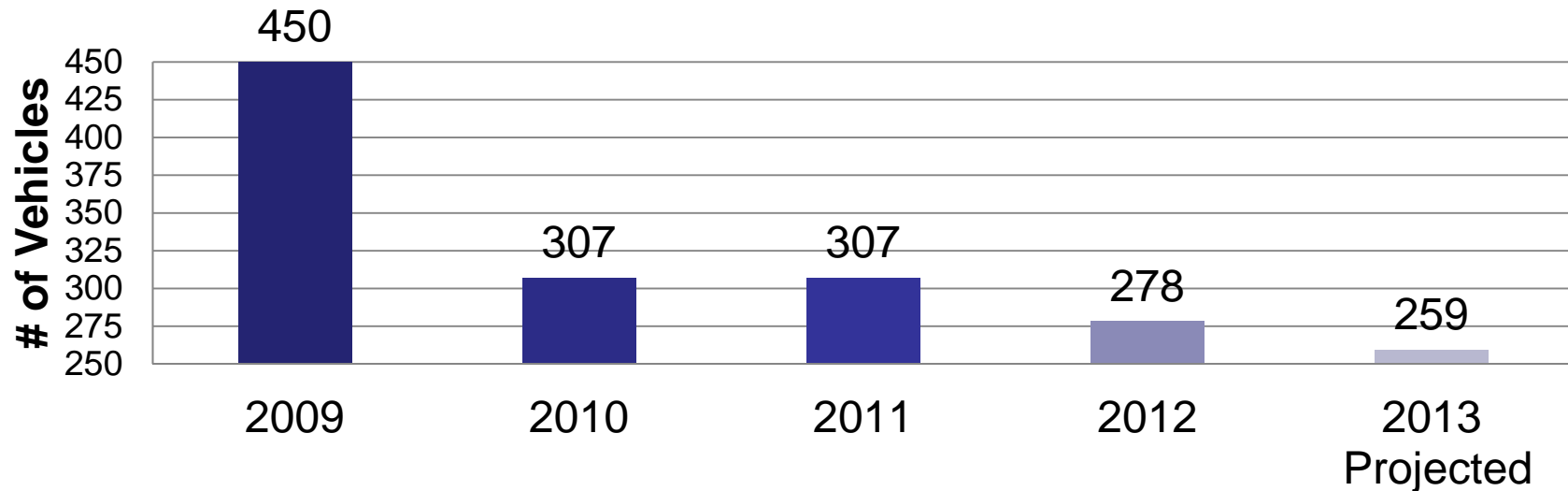


# 2013 Capital Budget Vehicle Trends

**Fleet Management Group Established in 2010**

Fleet Registered Vehicle Reduction Summary						
Year	2009	2010	2011	2012	2013 (Projection)	Total Change
# of Vehicles	450	307	307	278	259	
Year to Year Change	N/A	(143)	0	(29)	(19)	(191)

**Fleet Registered Vehicle Reduction Chart**



# Overview of 2013 Proposed and 2012 Approved Revenues

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Revenues (Millions of Dollars)	2013 Budget	2012 Budget	Increase (Decrease)	% Δ
Bridge Tolls (net of snow reserve)	\$290.55	\$287.44	\$3.11	1.08%
E-ZPass Membership Fees	\$2.20	\$2.00	\$0.20	10.00%
One Port Center	\$1.61	\$1.62	(\$0.01)	-0.78%
PATCO Fares / Other Revenue	\$26.79	\$25.62	\$1.17	4.56%
Ferry	\$0.03	\$0.06	(\$0.03)	-47.83%
Interest	\$6.65	\$7.93	(\$1.28)	-16.15%
Miscellaneous	\$2.00	\$2.51	(\$0.51)	-20.12%
<b>Total</b>	<b>\$329.83</b>	<b>\$327.18</b>	<b>\$2.65</b>	<b>0.81%</b>

# Major Revenue Assumptions

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- **DRPA: Toll Revenues : \$290.5 million - \$3.1 million increase (up 1.08%)**
- **E-ZPass: \$2.2 million – \$0.2 million increase (up 10.0%)**
- **PATCO: \$26.8 million - \$1.2 million increase (up 4.6%)**
- **Interest income: \$6.6 million - \$1.3 million decrease (down 16.15%)**
- **Ferry: \$30K - \$27,000 decrease (down 47.8%)**

# Overview of 2013 Proposed Operating Budgets

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## Total Overall Authority Budgets down 6.29%

- **Total DRPA Operating Budgets** **3.47%**  
(incl. E-ZPass CSC, One Port Center and Ferry)
- **PATCO Operating Budget** **2.96%**
- **Indenture Related Expenses** **(14.49%)**

## DRPA and PATCO Budget increase without Pension increase

- **DRPA** **0.33% \***
- **PATCO** **2.00% \***

\*DRPA % increase calculated without \$2.58 million pension increase

\*PATCO % increase calculated without \$0.47 million pension increase

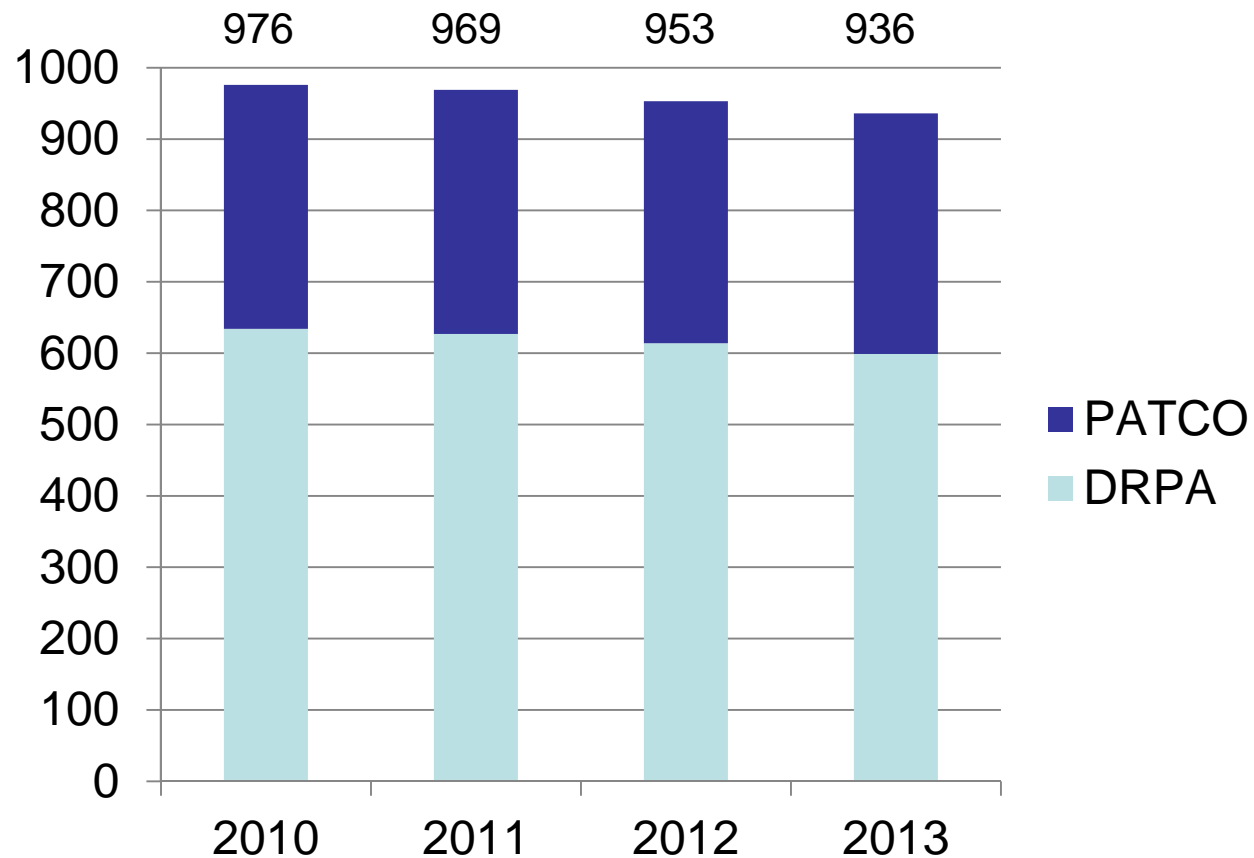
# Overview of 2013 Proposed and 2012 Approved Budgets

Operating Expenses (Millions of Dollars)	2013 Budget	2012 Budget	Increase (Decrease)	% Δ
DRPA Operating Expenses	\$76.04	\$74.14	\$1.90	2.56%
NJ - E-ZPass Customer Service Expenses	\$6.43	\$5.49	\$0.94	17.05%
One Port Center	\$1.87	\$1.88	(\$0.01)	-0.07%
Ferry	\$0.06	\$0.06	(\$0.00)	-0.26%
<b>Sub-total</b>	<b>\$84.40</b>	<b>\$81.58</b>	<b>\$2.83</b>	<b>3.47%</b>
PATCO	\$46.64	\$45.30	\$1.34	2.96%
<b>Total Operating Expenses</b>	<b>\$131.04</b>	<b>\$126.88</b>	<b>\$4.17</b>	<b>3.42%</b>
Indenture Budgets (Millions of Dollars)	2013 Budget	2012 Budget	Increase (Decrease)	% Δ
Biennial Inspection	\$0.25	\$3.00	(\$2.75)	-91.67%
Operating Leases / Commitments	\$4.09	\$4.01	\$0.08	1.91%
<b>Sub-total</b>	<b>\$4.34</b>	<b>\$7.01</b>	<b>(\$2.67)</b>	<b>-38.13%</b>
Debt Service Revenue Bonds	\$96.55	\$100.38	(\$3.83)	-3.81%
Debt Service Port District Project Bonds	\$19.26	\$29.79	(\$10.53)	-35.34%
Revenue Bond Letter of Credit / Remarketing Fees	\$6.50	\$10.93	(\$4.43)	-40.56%
<b>Sub-total</b>	<b>\$122.32</b>	<b>\$141.10</b>	<b>(\$18.78)</b>	<b>-13.31%</b>
<b>Total Indenture Budgets</b>	<b>\$126.66</b>	<b>\$148.11</b>	<b>(\$21.45)</b>	<b>-14.49%</b>
<b>Total Overall Budgets</b>	<b>\$257.70</b>	<b>\$274.99</b>	<b>(\$17.29)</b>	<b>-6.29%</b>

# Historical Staffing

## Operating Budgets

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# Indenture Budget Assumptions

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- Projected Bi-ennial costs for 2013: \$ 250,000
- PDP Debt Service savings from \$71.4 million early redemption of PDP bonds coupled with savings from completed 2012 PDP refunding
- Revenue Bond issuance: Anticipated increase in revenue bond debt service attributable to 2013 Revenue Bond issuance to fund the second portion of the 2013 capital plan (estimated \$15.0 million debt service based on anticipated issuance)
- Letter of Credit costs: Significant decrease of \$4 - \$5 million in the underlying letter of credit costs for the 2008 and 2010 Revenue Refunding Bonds due to 2012-13 LOC restructuring plan
  - Fewer variable rate bonds outstanding due to annual pay down of principal
  - DRPA has to renew or replace existing LOCs by the end of March 2013 and mid-July 2013)