SUMMARY STATEMENT

ITEM NO.: DRPA-14-154              SUBJECT: 2015 DRPA Operating Budgets; Funding of 2015 OPEB Contribution

COMMITTEE: New Business

COMMITTEE MEETING DATE: December 10, 2014

BOARD ACTION DATE: December 10, 2014

PROPOSAL: That the DRPA Commission adopt an Operating Budget for the year 2015 and fund Compact-related and other strategic studies through its General Fund.

PURPOSE: To approve an Operating Budget consistent with anticipated revenues and as required by the 1998 Bond Indenture

BACKGROUND: The proposed 2015 DRPA Operating Budgets, which are attached hereto, reflect the priorities of bridge operations, security, maintenance and safety. The Budgets were developed based on input from Department Chiefs, Directors and staff, and further refined through a formal review process led by the Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, the Operating Budget Review Committee and the Finance Committee.

The operating budgets for all DRPA operations show an increase of $2,851,482 vs. the 2014 budget, resulting in a combined increase of 3.31%.

DRPA Operating Budget
The 2015 DRPA Operating Budget proposes total operating expenditures of $80,993,234 this represents an increase of $2,950,616 or a 3.78% increase compared to the 2014 approved budget. (The DRPA operating budget does not include the E-ZPass Customer Service Center, One Port Center and Ferry operations.)

(Note: That estimated legal expenses associated with the U.S. Grand Jury subpoena, estimated to be approximately $0.9 million, will be funded by General Fund monies.)

Proposed operating budgets for One Port Center, E-ZPass Customer Service Center and Ferry operations are described below:

E-ZPass Customer Service Center
Proposed 2015 Operating Budget for the E-ZPass Customer Service Center (operated by ACS on behalf of the New Jersey ETC Group) is $6,423,233, representing an increase of $160,005 or 2.55% from the 2014 approved budget. The increase in the proposed budget is primarily attributable to increased transaction costs in 2014.

One Port Center (OPC)
Proposed 2015 Operating Budget for One Port Center is $1,581,849 which represents a decrease of $188,237 or -10.63% from the 2014 approved budget.

Ferry
Proposed 2015 Operating Budget for the Ferry is $30,000 representing a decrease of $70,903 or -70.27% from the 2014 approved budget.

The operating budgets for all operations described above total $89,028,316 vs. a 2014 approved budget of $86,176,834. This represents a $2,851,482 increase in the operating budgets or a combined 3.31% increase for the aforementioned budgets. Total estimated DRPA revenues, including toll revenues, interest income and miscellaneous revenues, of approximately $302.8 million support these operations.

(Note PATCO revenues are not included in this figure as they are shown in the 2015 PATCO Operating Budget Resolution).

The DRPA shall not expend funds in excess of this total authorization figure without a Resolution of the Board of Commissioners to increase said authorization.

Funding of the 2015 OPEB (GASB 45) Contribution

At its April 16, 2014 meeting, the Authority’s Board authorized via DRPA 14-057, the initial $10,790,000 contribution to its OPEB 155 Irrevocable Trust. At present, the accrued and unfunded liability on the Authority’s financial records totals approximately $31 million. The Authority intends to further reduce this unfunded liability for retiree healthcare and other post-employment costs through this second contribution of $5.0 million, which is the approximate ARC (annual required contribution) per its last actuarial study.
Funding Compact-related and non-recurring strategic studies

The Authority’s Compact (Article XII) mandates the performance of various management audit of its operational effectiveness and efficiencies, within a five year period. The Authority’s Board, in past resolutions, has authorized the performance of various management study audits, on a more frequent basis. For 2015, the Authority has budgeted for two management audits, one each for PATCO and the bridges, totaling $412,000. In addition, the 2015 budget contemplates the performance of three additional studies (the PATCO threat/vulnerability assessment, Strategic Staffing Resource Analysis and a Strategic Initiatives study), totaling $700,000. The total amount for these studies totals $1,112,000.

SUMMARY:

Amount for DRPA Operating Budget: $80,993,234
Source of Funds: Revenue Fund, General Fund

Amount for E-ZPass Customer Service Center: $6,423,233
Source of Funds: Revenue Fund

Amount for One Port Center: $1,581,849
Source of Funds: Revenue Fund

Amount for Ferry: $30,000
Source of Funds: General Fund

Amount for OPEB Contribution: $5,000,000
Source of Funds: General Fund

Amount for Compact and Non-Recurring Studies: $1,112,000
Source of Funds: General Fund
RESOLUTION

RESOLVED: That the 2015 DRPA Operating Budgets attached hereto are hereby approved;

FURTHER RESOLVED: That the DRPA shall not expend funds in excess of the total authorized 2015 Operating Budgets unless such Budgets have been amended by Resolution of the Board of Commissioners to increase said authorization.

SUMMARY: Amount for DRPA Operating Budget: $80,993,234 Source of Funds: Revenue Fund, General Fund

Amount for E-ZPass Customer Service Center: $6,423,233 Source of Funds: Revenue Fund

Amount for One Port Center: $1,581,849 Source of Funds: Revenue Fund

Amount for Ferry: $30,000 Source of Funds: General Fund

Amount for OPEB Contribution: $5,000,000 Source of Funds: General Fund

Amount for Compact/Non-Recurring Studies: $1,112,000 Source of Funds: General Fund