

## SUMMARY STATEMENT

ITEM NO.: DRPA-16-132

SUBJECT: 2017 DRPA Operating Budgets;  
Funding of 2017 OPEB Contribution

COMMITTEE:

Finance Committee

COMMITTEE MEETING DATE:

November 30, 2016

BOARD ACTION DATE:

December 7, 2016

**PROPOSAL:** That the DRPA Commission adopt an Operating Budget for the year 2017 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 2017 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, Chief Financial Officer, the Operating Budget Review Committee and the Finance Committee.

The operating budgets for all DRPA operations show an increase of \$5,613,657 vs. the 2016 budget, resulting in a combined increase of 6.00%.

### DRPA Operating Budget

The 2017 DRPA Operating Budget proposes total operating expenditures of \$91,479,592 this represents an increase of \$6,238,145 or a 7.32% increase compared to the 2016 approved budget. (The DRPA operating budget does not include the E-ZPass Customer Service Center, One Port Center and Ferry operations.)

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

### E-ZPass Customer Service Center

Proposed 2017 Operating Budget for the E-ZPass Customer Service Center (operated by ACS on behalf of the New Jersey ETC Group) is \$6,075,444, representing a decrease of \$510,694 or -7.75% from the 2016 approved budget. The decrease in the proposed budget is primarily attributable to savings in the new operations contract.

### One Port Center (OPC)

Proposed 2017 Operating Budget for One Port Center is \$1,625,682 which represents a decrease of \$71,150 or -4.19% from the 2016 approved budget. (The annual \$363,333 PILOT payment, or payment- in- lieu of taxes, is included in the Indenture Budget).

Ferry

Owner transfer of the Ferry operation is intended to take place by year's end, therefore no funds are budgeted for the 2017 fiscal year.

The operating budgets for all operations described above total \$99,180,718 vs. a 2016 approved budget of \$93,567,061. This represents a \$5,613,657 increase in the operating budgets or a combined 6.00% increase for the aforementioned budgets. Total estimated DRPA revenues, including toll revenues, interest income and miscellaneous revenues, of approximately \$ 335.7 million support these operations. (Note PATCO revenues are not included in this figure as they are shown in the 2017 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 2016 OPEB (GASB 45) Contribution

At its April 16, 2015 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 \$26 million. The Authority intends to further reduce this unfunded liability for retiree healthcare and other post-employment costs through this fourth contribution of up to \$5.0 million, the final figure which will be determined after the annual actuarial review of the ARC (annual required contribution).

**SUMMARY:**      **Amount for DRPA Operating Budget: \$91,479,592**  
                         **Source of Funds: Revenue Fund, General Fund**  
                         **Amount for E-ZPass Customer Service Center: \$6,075,444**  
                         **Source of Funds: Revenue Fund**  
                         **Amount for One Port Center: \$1,625,682**  
                         **Source of Funds: Revenue Fund**  
                         **Amount for Ferry: \$0**  
                         **Source of Funds: General Fund**  
                         **Amount for OPEB Contribution: \$ NTE \$5.0 million**  
                         **Source of Funds: Revenue and General Fund**

**RESOLUTION**

**RESOLVED:** That the 2017 DRPA Operating Budgets attached hereto are hereby approved;

**FURTHER RESOLVED:** That the DRPA shall not expend funds in excess of the total authorized 2016 Operating Budgets unless such Budgets have been amended by Resolution of the Board of Commissioners to increase said authorization. (Staff is authorized to adjust or reallocate budgeted funds, within the total approved 2017 budget, to other operating expense line items, if necessary, using the Operating Change order process. All expenditures are still subject to procurement approval processes and policies.)

**SUMMARY:** Amount for DRPA Operating Budget: \$91,479,592  
Source of Funds: Revenue Fund, General Fund  
Amount for E-ZPass Customer Service Center: \$6,075,444  
Source of Funds: Revenue Fund  
Amount for One Port Center: \$1,625,682  
Source of Funds: Revenue Fund  
Amount for Ferry: \$0  
Source of Funds: General Fund  
Amount for OPEB Contribution: \$ NTE \$5.0 million  
Source of Funds: Revenue and General Fund