

SUMMARY STATEMENT

ITEM NO.: DRPA-17-112

**SUBJECT: 2018 DRPA Operating Budgets
Funding of 2018 OPEB Contribution**

COMMITTEE:

Finance Committee

COMMITTEE MEETING DATE:

November 29, 2017

BOARD ACTION DATE:

December 6, 2017

PROPOSAL: That the DRPA Commission adopt an Operating Budget for the year 2018.

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

BACKGROUND: The proposed 2018 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, and the Operating Budget Review Committee and Finance staff. The proposed budget is then presented to the Finance Committee for review.

The operating budgets for all DRPA operations show an increase of \$3,907,593 vs. the 2017 budget, resulting in a combined increase of 3.94%.

DRPA Operating Budget

The 2018 DRPA Operating Budget proposes total operating expenditures of \$95,087,903 this represents an increase of \$3,608,311 or a 3.94% increase compared to the 2017 approved budget. (The DRPA operating budget does not include the E-ZPass Customer Service Center and One Port Center operations.)

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

E-ZPass Customer Service Center

The proposed 2018 Operating Budget for the E-ZPass Customer Service Center (operated by Conduent on behalf of the New Jersey ETC Group, of which the DRPA is a member) is \$6,388,957, representing an increase of \$313,514 or 5.16% from the 2017 approved budget. The increase in the proposed budget is primarily attributable to anticipated higher expenditures based on new cost allocation formulas, as stipulated in the new E-ZPass contract.

One Port Center (OPC)

The proposed 2018 Operating Budget for One Port Center is \$1,611,451, which represents a decrease of \$14,231 (or -0.88%) from the 2017 approved budget. (The annual \$363,333 redevelopment fee paid to the Camden Redevelopment Agency, as per an amended agreement dated March 14, 2013, is included in the Indenture Budget).

Total DRPA Budgets

The operating budgets, for all operations described above, total \$103,088,311 vs. a 2017 approved budget of \$99,180,718. This represents a \$3,907,593 increase in the operating budgets or a combined 3.94% increase for the aforementioned budgets. Total estimated DRPA revenues, including toll revenues, interest income and miscellaneous revenues, of approximately \$349.5 million support these operations. (Note: PATCO revenues are not included in this figure as they are shown in the 2018 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 2018 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 \$21.1 million. The Authority intends to further reduce this unfunded liability for retiree healthcare and other post-employment costs through this fourth contribution of \$5.0 million, which is the approximate ARC (annual required contribution) per its last actuarial study.

SUMMARY:

Amount for DRPA Operating Budget:	\$95,087,903
Source of Funds:	Revenue Fund, General Fund
Amount for E-ZPass Customer Service Center:	\$6,388,957
Source of Funds:	Revenue Fund
Amount for One Port Center:	\$1,611,451
Source of Funds:	Revenue Fund
Amount for OPEB Contribution:	\$5,000,000
Source of Funds:	General Fund

RESOLUTION

RESOLVED: That the 2018 DRPA Operating Budgets attached hereto are hereby approved;

FURTHER RESOLVED: That the DRPA shall not expend funds in excess of the total authorized 2018 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:	\$95,087,903
Source of Funds:	Revenue Fund, General Fund
Amount for E-ZPass Customer Service Center:	\$6,388,957
Source of Funds:	Revenue Fund
Amount for One Port Center:	\$1,611,451
Source of Funds:	Revenue Fund
Amount for OPEB Contribution:	\$5,000,000
Source of Funds:	General Fund

Consultative & Deliberative Work Product

Delaware River Port Authority

2018 Proposed Operating Budget

Grand Summary

			<u>Variance</u>	
	<u>2017 Approved</u>	<u>2018 Proposed</u>	<u>Amount</u>	<u>Percentage</u>
	<u>Budget</u>	<u>Budget</u>		
Payroll:				
Regular	\$ 36,820,338	\$ 38,371,220	\$ 1,550,882	4.21%
Overtime	1,376,842	1,394,413	17,571	1.28%
ESE	34,178,927	36,027,613	1,848,686	5.41%
Total Operating Payroll	72,376,107	75,793,246	3,417,139	4.72%
Other Expenses:				
Equipment & Tools	409,622	444,403	34,781	8.49%
Furniture & Fixtures	16,615	25,595	8,980	54.05%
Repairs & Maint	4,281,846	4,280,615	(1,231)	-0.03%
Vehicle Rep & Supp	822,600	618,025	(204,575)	-24.87%
Professional Service	2,980,032	3,113,530	133,498	4.48%
Contract Services	10,007,572	10,116,416	108,844	1.09%
Rentals	4,105	222,605	218,500	5322.78%
Adv & Marketing	68,750	73,700	4,950	7.20%
Training	422,567	334,165	(88,402)	-20.92%
Travel, Meeting & Dev	123,846	116,003	(7,843)	-6.33%
Uniforms	392,933	364,878	(28,055)	-7.14%
Office Supplies	181,365	156,705	(24,660)	-13.60%
Printing	6,450	9,250	2,800	43.41%
Postage	59,600	60,075	475	0.80%
Memberships & Subs	99,774	118,768	18,994	19.04%
Utilities/Telephone	2,615,137	2,446,930	(168,207)	-6.43%
Insurance	3,404,944	3,577,098	172,154	5.06%
Reserve - Self Ins	175,000	175,000	-	0.00%
Data Processing	648,623	977,803	329,180	50.75%
Miscellaneous	83,230	63,500	(19,730)	-23.71%
Total Other Expenses	26,804,611	27,295,065	490,454	1.83%
Total	\$ 99,180,718	\$ 103,088,311	\$ 3,907,593	3.94%

Consultative & Deliberative Work Product

Delaware River Port Authority

2017 Proposed Operating Budget

Delaware River Port Authority				
			<u>Variance</u>	
	<u>2017 Approved Budget</u>	<u>2018 Proposed Budget</u>	<u>Amount</u>	<u>Percentage</u>
Payroll:				
Regular	\$ 36,820,338	\$ 38,371,220	\$ 1,550,882	4.21%
Overtime	1,376,842	1,394,413	17,571	1.28%
ESE	34,178,927	36,027,613	1,848,686	5.41%
Total Operating Payroll	72,376,107	75,793,246	3,417,139	4.72%
Other Expenses:				
Equipment & Tools	407,622	444,403	36,781	9.02%
Furniture & Fixtures	16,615	25,595	8,980	54.05%
Repairs & Maint	4,055,306	3,987,929	(67,377)	-1.66%
Vehicle Rep & Supp	822,600	618,025	(204,575)	-24.87%
Professional Service	2,535,408	2,712,060	176,652	6.97%
Contract Services	3,657,262	3,417,814	(239,448)	-6.55%
Rentals	4,105	222,605	218,500	5322.78%
Adv & Marketing	68,750	73,700	4,950	7.20%
Training	422,567	334,165	(88,402)	-20.92%
Travel, Meeting & Dev	121,846	116,003	(5,843)	-4.80%
Uniforms	392,933	364,878	(28,055)	-7.14%
Office Supplies	180,065	155,405	(24,660)	-13.70%
Printing	5,450	9,250	3,800	69.72%
Postage	59,600	60,075	475	0.80%
Memberships & Subs	99,774	118,768	18,994	19.04%
Utilities/Telephone	2,063,971	1,959,320	(104,651)	-5.07%
Insurance	3,282,758	3,458,358	175,600	5.35%
Reserve - Self Ins	175,000	175,000	-	0.00%
Data Processing	648,623	977,803	329,180	50.75%
Miscellaneous	83,230	63,500	(19,730)	-23.71%
Total Other Expenses	19,103,485	19,294,656	191,171	1.00%
Total	\$ 91,479,592	\$ 95,087,903	\$ 3,608,311	3.94%

Consultative & Deliberative Work Product**Delaware River Port Authority****2017 Proposed Operating Budget****One Port Center**

			<u>Variance</u>	
	<u>2017 Approved Budget</u>	<u>2018 Proposed Budget</u>	<u>Amount</u>	<u>Percentage</u>
Payroll:				
Regular	\$ -	\$ -	\$ -	
Overtime			-	
ESE			-	
Total Operating Payroll	-	-	-	
Other Expenses:				
Equipment & Tools			-	
Furniture & Fixtures			-	
Repairs & Maint	226,540	292,686	66,146	29.20%
Vehicle Rep & Supp			-	
Professional Service	158,124	141,970	(16,154)	-10.22%
Contract Services	566,366	569,145	2,779	0.49%
Rentals			-	
Adv & Marketing			-	
Training			-	
Travel, Meeting & Dev			-	
Uniforms			-	
Office Supplies	1,300	1,300	-	0.00%
Printing			-	
Postage			-	
Memberships & Subs			-	
Utilities/Telephone	551,166	487,610	(63,556)	-11.53%
Insurance	122,186	118,740	(3,446)	-2.82%
Reserve - Self Ins			-	
Data Processing			-	
Miscellaneous			-	
Total Other Expenses	1,625,682	1,611,451	(14,231)	-0.88%
Total	\$ 1,625,682	\$ 1,611,451	\$ (14,231)	-0.88%

Consultative & Deliberative Work Product

Delaware River Port Authority

2017 Proposed Operating Budget

Customer Service Center

			<u>Variance</u>	
	<u>2017 Approved Budget</u>	<u>2018 Proposed Budget</u>	<u>Amount</u>	<u>Percentage</u>
Payroll:				
Regular	\$ -	\$ -	\$ -	
Overtime			-	
ESE			-	
Total Operating Payroll	-	-	-	
Other Expenses:				
Equipment & Tools	2,000		(2,000)	
Furniture & Fixtures			-	
Repairs & Maint			-	
Vehicle Rep & Supp			-	
Professional Service	286,500	259,500	(27,000)	-9.42%
Contract Services	5,783,944	6,129,457	345,513	5.97%
Rentals			-	
Adv & Marketing			-	
Training			-	
Travel, Meeting & Dev	2,000	-	(2,000)	-100.00%
Uniforms			-	
Office Supplies			-	
Printing	1,000	-	(1,000)	-100.00%
Postage			-	
Memberships & Subs			-	
Utilities/Telephone			-	
Insurance			-	
Reserve - Self Ins			-	
Data Processing			-	
Miscellaneous			-	
Total Other Expenses	6,075,444	6,388,957	313,513	5.16%
Total	\$ 6,075,444	\$ 6,388,957	\$ 313,513	5.16%