

Integrated Financial Model First Quarter Update

Committee on Finance
May 6, 2014

Net Operating Revenues through March 2014 are 7% under budget

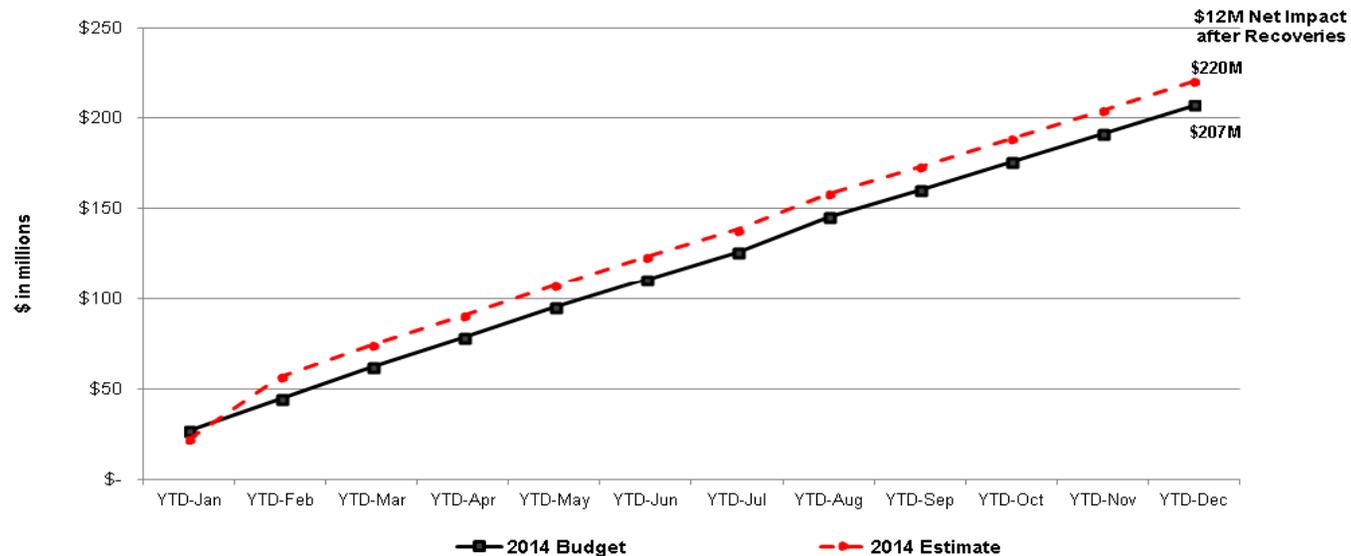
Primarily due to the impacts of winter weather. In addition Non-operating revenue, in particular grants and PFC applications, are under plan, which at this time are expected to recover by year end.

\$ in millions	YTD Actual	Variance to Budget	%
Gross Operating Revenue	\$ 1,051.6	(\$ 5.5)	(1%)
Operating Expenses	700.2	18.9	3%
Net Operating Revenue before Net Expenses /(Revenues) related to Superstorm Sandy	351.4	(24.4)	(7%)
Net Expenses/(Revenues) related to Superstorm Sandy	(22.4)	(22.4)	
Net Operating Revenue	373.8	(2.0)	(1%)
Non-Operating Revenue	94.7	(87.3)	(92%)
Net Revenue available for Debt Service	\$ 468.5	(\$89.3)	(16%)

While overtime for 2014 is currently estimated to be \$12M over plan, mitigation efforts are expected to correct in the forecast period

Department	2014 OT Hours			2014B YearTotal	Performance
	Actual	Budget	YTD Variance		
Rail	83,678	65,904	17,774	257,357	▼
Aviation	50,577	47,925	2,651	208,552	▶
Tunnels, Bridges & Terminals	46,247	44,436	1,810	171,586	▶
Real Estate & Development	192	157	35	598	▶
Port Commerce	2,112	2,508	(396)	9,644	▲
Other Departments	16,987	16,994	(6)	66,412	▲
Police	316,759	278,592	38,167	882,481	▼
Snow & Ice, Other Emergency and Sandy	255,248	77,643	177,784	186,560	
Agency Grand Total	771,798	534,159	237,819	1,783,189	

* Overtime hours associated with the Super Bowl were 22,000 over budget, which is equivalent to \$3.4 million using an agency average hourly rate



Net operating revenues are forecast to be in line with the Base case

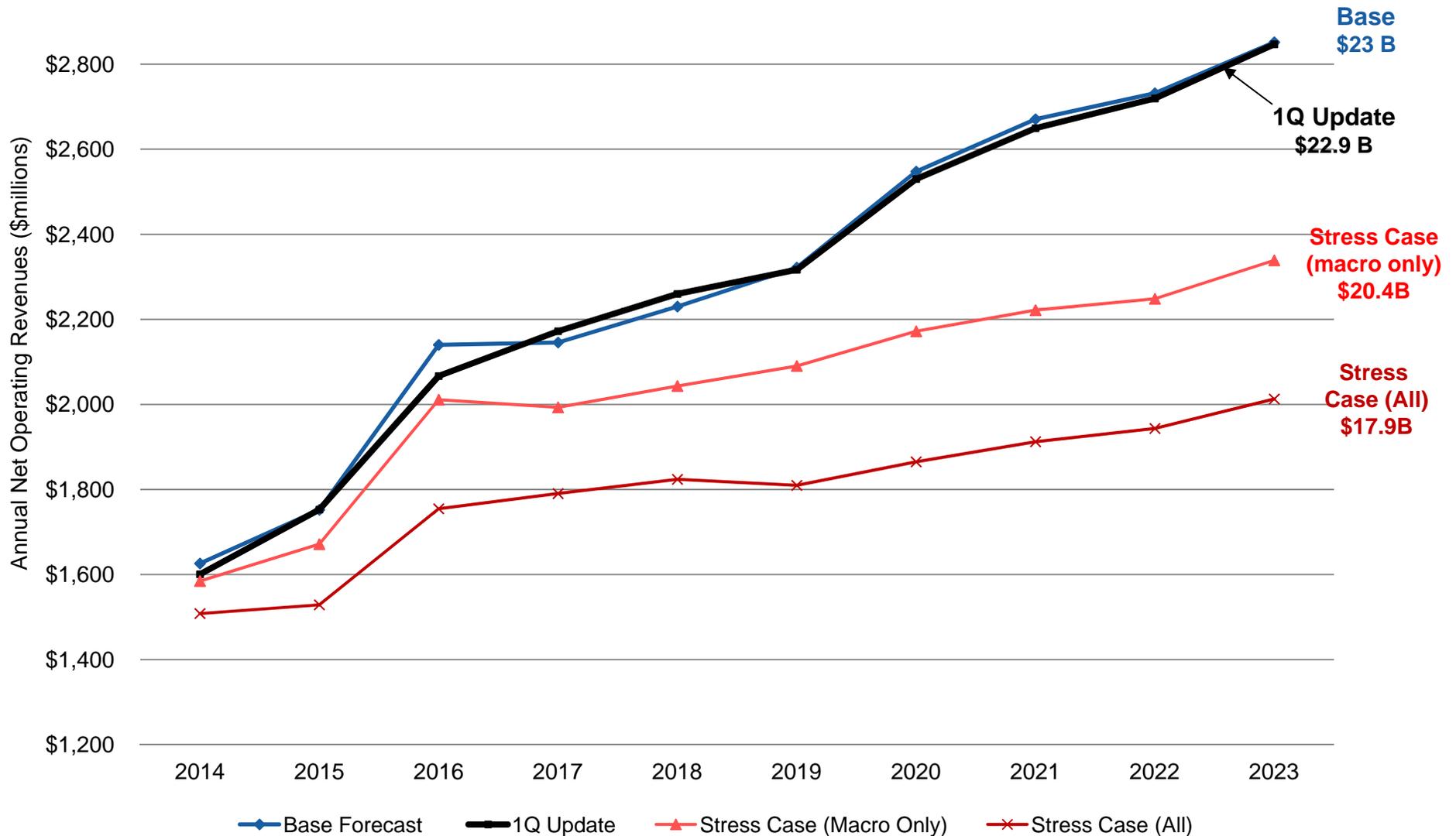
(\$ millions)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-2023
NET OPERATIVE REVENUES											
Base	\$1,626	\$1,759	\$2,130	\$2,135	\$2,223	\$2,315	\$2,545	\$2,668	\$2,729	\$2,849	\$22,979
1Q Update	1,602	1,753	2,067	2,172	2,255	2,317	2,530	2,650	2,720	2,847	22,911
Variance	(\$24)	(\$7)	(\$63)	\$38	\$31	\$2	(\$15)	(\$18)	(\$10)	(\$2)	(\$69)

2014: Severe weather impact on 2014 activity

2016-2018: Timing adjustment to revenue initiatives related to realization of air rights revenues

2020-2023: Adjustments to revenue associated with Aviation lease agreements to reflect more efficient support facilities

First quarter results are in line with the base forecast established for this year



Differences between the baseline and the first quarter update results are primarily driven by:

- Impacts to tunnel & bridge vehicles and PATH ridership due to severe weather of the first quarter of the year
- Reduction in Port Commerce cargo activity primarily due to lower than expected 2013 results, and other conditions experienced at the port (including weather), which temporarily shifted shipping routes to other ports
- Timing adjustment to revenue initiatives related to air rights
- Adjustments to Aviation lease agreements to reflect more efficient support facilities
 - Significant investment from potential tenants
 - Proposed rentals lower than originally expected in the forecast
 - Required demolition of inefficient and old buildings.

Based on the 1Q update results we are recommending no changes to Capital Capacity for the ten years

(\$ millions)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	2014-2023
NET REVENUES:											
1Q Update	\$ 2,528	\$ 2,596	\$ 2,878	\$ 2,930	\$ 2,791	\$ 2,821	\$ 3,064	\$ 3,220	\$ 3,331	\$ 3,397	\$ 29,555
CAPITAL CAPACITY:											
1Q Update - Capital Plan	4,235	3,665	2,990	2,585	2,368	2,527	2,395	2,358	2,255	2,236	27,600
Contingency	150	50	-	-	-	-	-	-	-	-	200
OUTSTANDING DEBT:											
1Q Update	19,628	21,189	22,235	22,853	23,604	24,491	25,038	25,424	25,727	25,840	
RESERVES											
General Reserve Fund (GRF)	2,116	2,264	2,363	2,418	2,485	2,564	2,612	2,643	2,665	2,668	
Consolidated Bond Reserve Fund (CBRF)	1,124	772	807	822	789	782	823	888	1,055	1,119	
Total Reserves	\$ 3,240	\$ 3,036	\$ 3,170	\$ 3,240	\$ 3,274	\$ 3,346	\$ 3,435	\$ 3,530	\$ 3,720	\$ 3,787	

We continue to monitor net revenues and capital spending quarterly

- We have implemented the gate funding process, and capital projects are going through rigorous reviews to comply with the requirements established for Gate 2 (design) and Gate 3 (construction) before they move forward in their delivery process
- In conjunction with Capital Planning, Project Management, Engineering and the Line Departments, we are finalizing the identification of projects that could be delayed or deferred should future updates of the IFM show deterioration of net revenues
- Quarterly monitoring will enable us to react early and make changes to the Capital Plan as required to comply with the tests and ratios in the IMF

The chart depicts the capital plan by committed projects vs. projects subject to gate review (\$ in millions)

