

# Budget

DECEMBER 15, 2022

# 2023



## OUR MISSION

# Keep the Region Moving.

Meet the critical transportation infrastructure needs of the bistate region's people, businesses, and visitors by providing the highest quality and most efficient transportation and port commerce facilities and services to move people and goods within the region, provide access to the nation and the world, and promote the region's economic development.

## Port Authority of NY & NJ Facilities



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# LETTER FROM THE BOARD OF COMMISSIONERS & EXECUTIVE DIRECTOR

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Dear Governors,

As the Board of Commissioners for the Port Authority of New York and New Jersey, we are proud to present to you the agency's approved 2023 Budget of \$8.3B that was developed to support our mission of managing vital infrastructure benefiting the New York-New Jersey metropolitan region. We adopted this Budget at our December 2022 meeting.

Our Budget approval vote capped a truly remarkable 101<sup>st</sup> year for the Port Authority. Every one of our facilities steadfastly served this region and powered its economy. During a year that saw the region and the world still recovering from the pandemic's devastating impact, the agency made dramatic progress toward our goal of delivering world-class facilities and maintaining best-in-class standards in safety, security, customer experience, operational excellence, sustainability, and employer of choice.

With the 2023 Budget, we continue to recover from the impact of the \$3B COVID-related revenue loss that the agency suffered through the 24-month period ending March 2022. This Budget will support the ongoing need to operate, maintain, and invest in our infrastructure and build on the momentum of our accomplishments in 2022. To this end, our 2023 Budget identifies these priorities by providing resources for:

- **The Agency's Capital Projects** to deliver new, world-class 21<sup>st</sup> century infrastructure serving the region, amounting to nearly \$3B of Capital Spending in 2023. These projects include the ongoing transformation of the Port Authority's three major airports, the replacement of the outdated Midtown Bus Terminal, the installation of a modern fare-payment system for PATH, the expansion of capacity on the PATH commuter railroad, and essential state-of-good repair projects at our legacy facilities such as the multi-project "Restoring the George" program at the George Washington Bridge.
- **Security Operations** totaling nearly \$1B for police, civilian, and cyber security expenses to protect the agency's facilities, employees, and customers. This amounts to the agency's largest security budget in its history and provides critical funding to strengthen safety and security at the agency's brick and mortar facilities, as well as to strengthen the agency's cyber security posture.
- **Improvements to Customer Experience and Operational Standards**, including nearly \$2B for the operation and maintenance of the agency's existing facilities and \$13M dedicated to developing new customer experience innovations and initiatives.
- **Sustainable and Environmental Best Practices** to reach the agency's previously announced goal of reducing the carbon footprint of all facility operations to net-zero by 2050, funded by more than \$55M to advance the agency's commitment to its 2050 net-zero goal.
- **Investment in the Agency's Workforce** through employee engagement initiatives, training, development, and retention priorities, totaling more than \$48M.

The agency's 2023 core Operating Expense Budget of \$3.7B reflects an increase of \$112M, or 3.2%, compared to the 2022 core Operating Expense Estimate due to higher labor, security, and maintenance costs from increasing volumes at Port Authority facilities. The agency's 2023 Capital Spending Budget of \$2.9B reflects an increase of \$719M, or 33%, compared to the 2022 Capital Spending Estimate. This Capital Spending Budget reflects a fiscally responsible phased-in approach to restoring spending after substantial reductions were enacted in 2020 and 2021 as a result of the COVID-19 pandemic. As such, the 2023 Capital Spending Budget remains well below both pre-pandemic projected spending for 2023 and actual pre-pandemic 2019 Capital Spending levels. The 2023 Budget also includes \$1.7B for Debt Service and Deferred Expenses.

The 2023 Budget ensures that the Port Authority will continue to provide the people of New York and New Jersey with safe and reliable transportation facilities, and will continue to seek to upgrade these facilities to world-class standards.

We thank you for your leadership and the opportunity to serve this agency with a mission so critically important to the region and the country.



**Kevin J. O'Toole**, *Chairman*



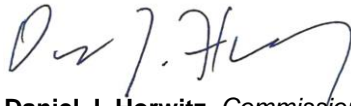
**Jeffrey H. Lynford**, *Vice Chairman*




**Steven M. Cohen**, *Commissioner*



**Leecia Eve**, *Commissioner*



**Daniel J. Horwitz**, *Commissioner*



**Gary LaBarbera**, *Commissioner*



**Dana M. Martinotti**, *Commissioner*




**Kevin P. McCabe**, *Commissioner*



**Michelle E. Richardson**, *Commissioner*



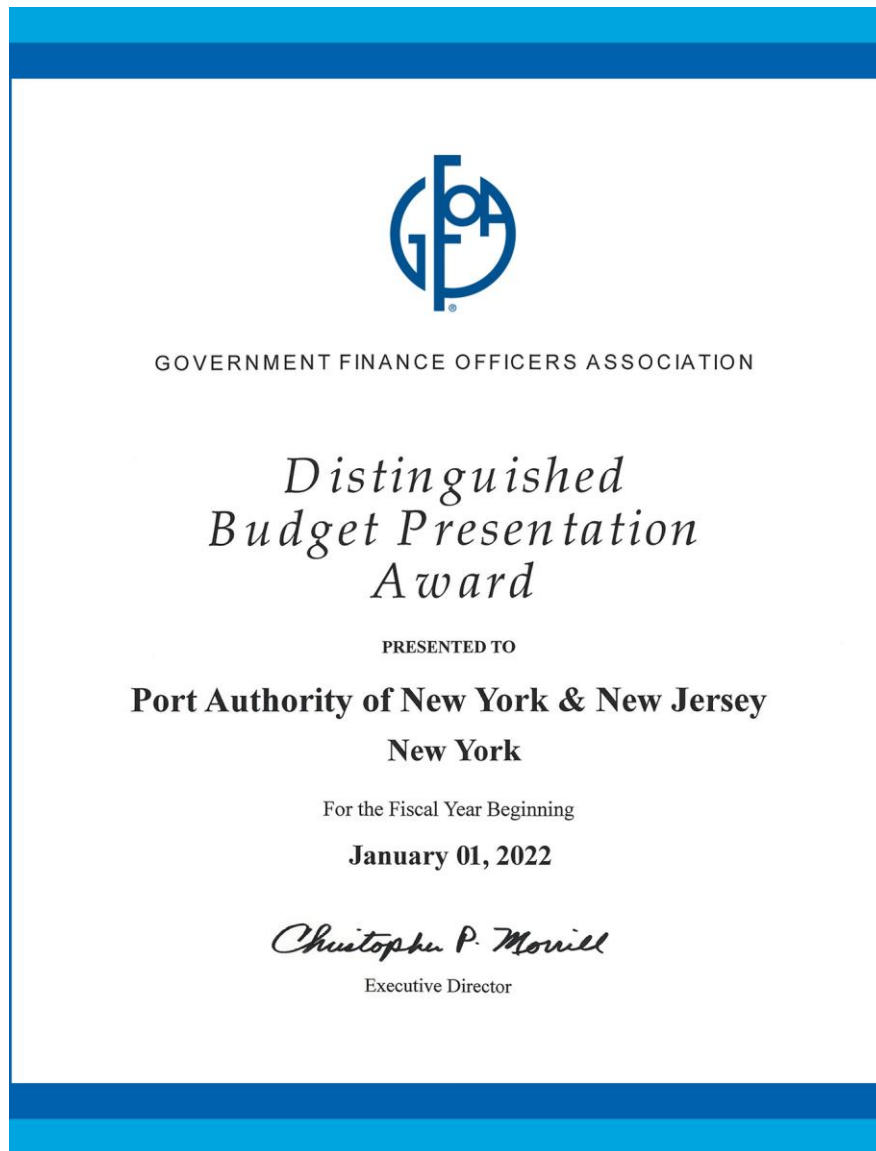
**Rossana Rosado**, *Commissioner*



**Richard Cotton**, *Executive Director*

## GOVERNMENT FINANCE OFFICERS ASSOCIATION AWARD

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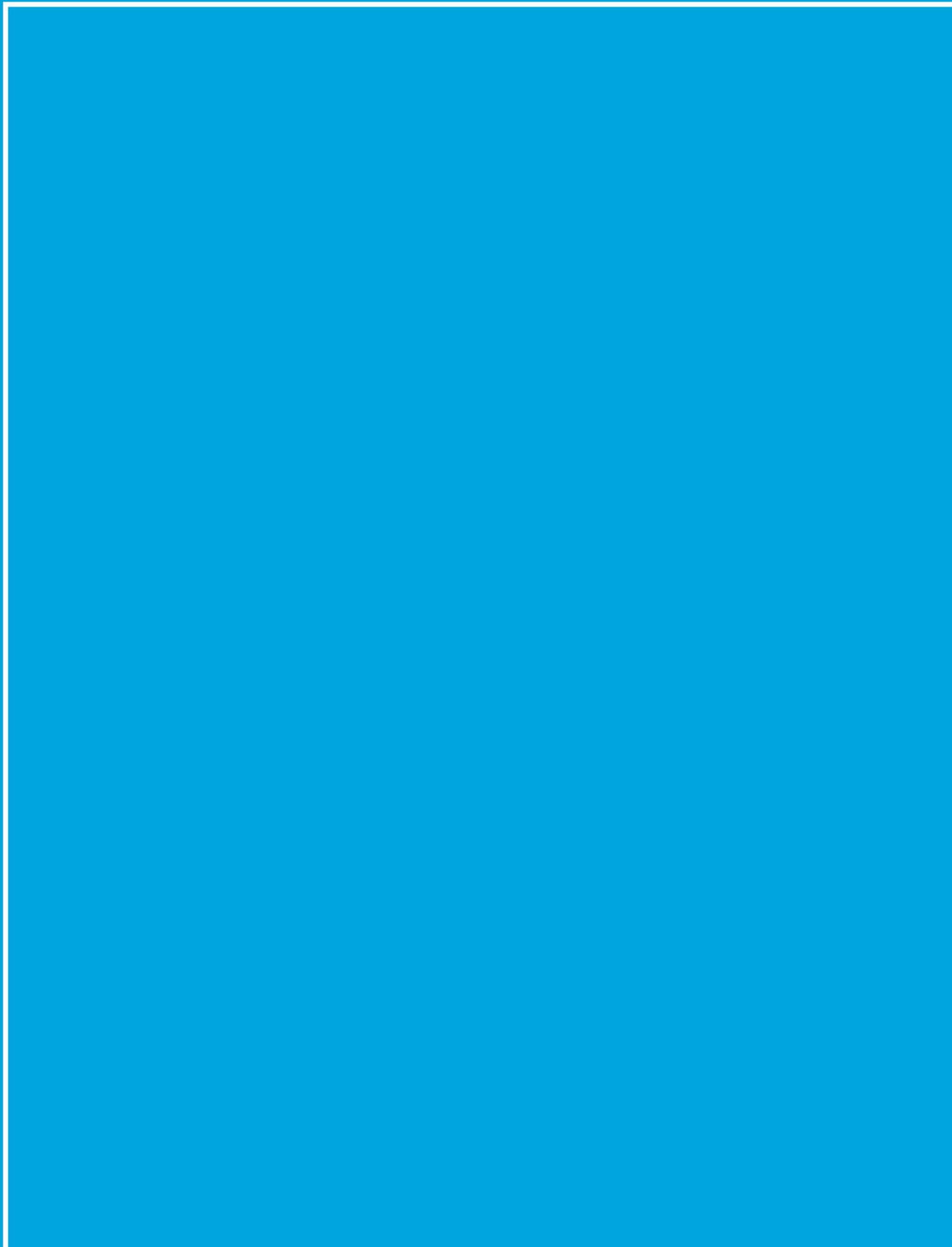
The Government Finance Officers Association of the United States and Canada (“GFOA”) presented a Distinguished Budget Presentation Award to the Port Authority for its Annual Budget for the fiscal year beginning January 01, 2022. To receive this award a governmental unit must publish a Budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

This award is valid for a period of one year only. The Port Authority believes its current Budget continues to conform to program requirements and is submitting it to GFOA to determine its eligibility for another award.

*The Goethals Bridge—a critical crossing linking New York and New Jersey—provides important connections to highway networks, railroads, the Elizabeth-Port Authority Marine Terminal, and Newark Liberty International Airport.*



# Budget Summary



## 2023 BUDGET OVERVIEW

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The Port Authority's mission is simple yet economically vital to the New York and New Jersey region: to keep the region moving. And, the Port Authority—who is dedicated to getting people and goods where they need to go, be it by land, air, rail, or sea—has been doing this for over one-hundred years. Together, the Port Authority's vital network of facilities moves millions of people and millions of tons of cargo locally, nationally, and globally as it operates some of the busiest transportation systems across the nation and the world.

The 2023 Budget is best understood in the context of the continuing adverse impacts of the COVID-19 pandemic on the Port Authority's activity volumes and subsequently its financial health. Following the onset of the pandemic in 2020 the agency took deliberate and decisive actions to reduce its Operating and Capital spending in response to the \$3B revenue loss it experienced for the 24-month period ending March 2022 resulting from the precipitous decline in activity volumes across its facilities, all the while keeping its facilities operating and advancing major capital projects in construction. The 2023 Budget reflects the ongoing recovery of activity volumes and revenues as compared to pre-pandemic projections, and accordingly, phases-in additional spending in a fiscally responsible manner.

As the Port Authority works to keep the region moving, its employees are focused on advancing the agency's strategic priorities that guide its decision-making, and ultimately, its Budget. These strategic priorities include:

- **Capital Plan** The Port Authority embraces a commitment to revitalize the region's transportation facilities and deliver 21<sup>st</sup> century infrastructure through the agency's Capital Plan. The 2023 Budget provides nearly \$3B of Capital Spending to invest in 21<sup>st</sup> century facilities, including the ongoing transformation of the Port Authority's three major airports into world-class facilities, planning for the replacement of the Midtown Bus Terminal, implementing a new 21<sup>st</sup> century fare collection system for PATH and AirTrain, expanding capacity on the PATH commuter railroad, and investing in essential state of good repair work critical to the upkeep of legacy facilities, to name a few.
- **Safety & Security** The Port Authority's priority is to ensure the safety of agency facilities and the people who move through them. The 2023 Budget funds the agency's *largest Security Budget ever*—totaling nearly \$1B of police, civilian, and cyber security expenses—to ensure the safety and security of its customers, employees, and facilities, and make critical investments to strengthen the agency's cyber security posture.
- **Customer Experience & Operational Excellence** The Port Authority is committed to improving the public's day-to-day experience at its facilities based on global best practices and strives to be best-in-class, both operationally and financially. The 2023 Budget provides nearly \$2B for the ongoing operations and maintenance of the agency's assets, in addition to dedicating \$13M to develop new and innovative technology and customer experience projects and initiatives.
- **Sustainability** The Port Authority is committed to vital environmental and sustainable best practices and to reducing the carbon footprint of all operations associated with its facilities to net-zero by 2050. The 2023 Budget invests over \$55M to advance its commitment to the 2018 Paris Climate Accords, with funding focused on vehicle fleet electrification initiatives, greenhouse gas reducing projects, and key resiliency efforts to advance the agency's climate resiliency goals.
- **Employer of Choice** The Port Authority is committed to fostering an employee experience that attracts, develops, and retains highly skilled and dedicated people. The 2023 Budget dedicates over \$48M in support of this priority focused on employee engagement, training, retention, and development.

Behind these strategic priorities are six standards reflecting how the Port Authority works to meet its priorities. These include: 1) unwavering integrity; 2) prioritizing diversity and inclusion; 3) implementing global best practices; 4) leveraging 21<sup>st</sup> century technology; 5) embracing collaboration; and, 6) executing initiatives with

speed. These priorities and standards are ingrained into the agency’s operations and the realization of its mission, which are reflected through the Port Authority’s prioritization of Budgeted resources.

To put it simply, the 2023 Budget Uses of \$8.3B—which consists of \$3.7B for Operating Expenses, \$2.9B for annual Capital Spending, \$1.6B for Debt Service, and \$0.1B for Deferred Expenses—aligns with the Port Authority’s mission to keep the region moving. And, it accomplishes all of this through a responsible and deliberate allocation of the agency’s resources, particularly in response to the challenging economic environment in which the Port Authority is currently operating and the lingering impacts of the COVID-19 pandemic.

<b>\$8.3B 2023 BUDGET SOURCES</b>	<b>\$8.3B 2023 BUDGET USES</b>
<ul style="list-style-type: none"> <li>• \$6.4B of Gross Operating Revenues</li> <li>• \$1.0B of Bond Issuances</li> <li>• \$0.5B of Grants, Contributions, &amp; Other</li> <li>• \$0.4B of Passenger Facility Charges</li> </ul>	<ul style="list-style-type: none"> <li>• \$3.7B for Operating Expenses</li> <li>• \$2.9B for Capital Spending</li> <li>• \$1.6B for Debt Service</li> <li>• \$0.1B for Deferred Expenses</li> </ul>

**2023 Budget Sources Overview**

The 2023 Budget Sources totals \$8.3B, consisting of \$6.4B of Gross Operating Revenues, \$1.0B of Bond Issuances, \$0.5B of Grants, Contributions, & Other Revenues, and \$0.4B of Application of Passenger Facility Charges (“PFCs”) as detailed further below. Note, 2023 Gross Operating Revenues continue to reflect the adverse impacts of COVID-19 on the agency’s revenue streams as these amounts remain below pre-pandemic 2023 projections. Their ongoing recovery is essential progress in building back towards the revenue assumptions on which the agency’s \$37B 2017-2026 Capital Plan is built.

- **Gross Operating Revenues** total \$6.4B in the 2023 Budget, reflecting an increase of \$467M, or 8% versus the 2022 Gross Operating Revenue Estimate. Overall, this increase is driven by aviation revenues resulting from the ongoing passenger recovery (aviation passenger activity is forecasted to exceed pre-pandemic 2019 levels in 2023,) higher cost recoveries, and incremental rental revenues (particularly in relation new facilities and terminals coming on-line at Newark and LaGuardia airports and the commencement of JFK Redevelopment.)The 2023 Gross Operating Revenue Budget also reflects incremental lease rental revenues at the World Trade Center campus, and an automatic inflation-based bridge and tunnel toll adjustment scheduled for January 8, 2023 as mandated by prior Port Authority Board of Commissioner actions in 2008, 2011, and 2019 which was triggered by the 14% increase in the Consumer Price Index (“CPI”) from September 2020 to September 2022.
- **Grants, Contributions, & Other Revenues**—which includes contributions in aid of construction, various federal aid programs, financial income, and other miscellaneous revenue sources—total \$517M in the 2023 Budget, reflecting a decrease of (\$24M,) or (4%) versus the 2022 Grants, Contributions, & Other Revenues Estimate driven by lower COVID-19 Federal Funding based on the timing of eligible reimbursable expenses, in addition to lower Superstorm Sandy grant funding as spending on Superstorm Sandy projects winds-down. This Estimate-to-Budget decrease is partially offset by increased financial income resulting from higher assumed interest rates in-line with projected market conditions.
- **Application of Passenger Facility Charges (“PFC”)**—which reflects fees collected from passengers utilizing the airports and are then applied to eligible airport Capital projects—totals \$369M in the 2023 Budget, reflecting an increase of \$183M, or 98% versus the 2022 Application of PFC Estimate driven by the schedule of applying PFCs against eligible projects.
- **Bond Issuances** total \$1.0B in the 2023 Budget and aligns with the funding strategy and needs of the 2023 Capital Spending Budget.

## 2023 Budget Uses Overview

The 2023 Budget Uses totals \$8.3B, consisting of \$3.7B for Operating Expenses, \$2.9B for annual Capital Spending, \$1.6B for Debt Service, and \$0.1B for Deferred Expenses as detailed further below. Overall, the 2023 Budget Uses ensures that the agency maintains its commitment to high standards of safety, security, cleanliness, and customer service while continuing to rebuild the region's aging infrastructure with 21<sup>st</sup> century facilities designed to enhance customer experience and accommodate future growth.

- **Operating Expenses** total \$3.7B in the 2023 Budget, reflecting a core increase of \$112M, or 3.2% versus the 2022 Core Operating Expense Estimate. The 2023 Core Operating Expense Budget invests in the agency's priorities and standards—including safety and security, cyber security, sustainability and resiliency, customer experience, diversity and inclusion, and other new technology, innovation, and employer of choice projects and initiatives—and includes some incremental spending in recognition of the challenging economic and inflationary environment in which the agency is operating.

When viewed over the period of 2019 through 2023, the 2023 Core Operating Expense Budget equates to a *compound annual growth rate of approximately 2.8%*. This four-year growth rate compares favorably to historic, normalized inflation rates, demonstrating the ongoing prudent management of the agency's fiscal resources throughout the pandemic, from the cost reduction measures the agency took at the onset of the pandemic to the actions it has taken over the past two years to continue to manage its costs responsibly.

The 2023 Operating Expense Budget also includes two distinct and separate “Non-Core” spending categories totaling \$80M, reflecting an increase of \$49M versus the total 2022 “Non-Core” Operating Expense Estimate driven by: 1) \$18M of funding necessary to support incremental expenses directly related to new or expanded facilities in the agency's portfolio; and, 2) \$31M of incremental Operating Expenses that are either completely reimbursable from third parties or funded through the 2023 Capital Spending Budget but due to General Accepted Accounting Principles (“GAAP”) are required to be included as Operating Expenses.

- **Capital Spending** totals \$2.9B in the 2023 Budget, reflecting an increase of \$719M, or 33% versus the 2022 Capital Spending Estimate to advance the agency's core transportation mission and invest in projects that rebuild the region's aging infrastructure with 21<sup>st</sup> century facilities.

While the 2023 Capital Spending Budget phases-in additional spending in a fiscally responsible manner from the reduced spending levels in 2020 and 2021 that were required as result of COVID-19, Capital Spending continues to reflect reductions and constraints that are the product of the pandemic. And as such, the 2023 Capital Spending is still well below both pre-pandemic projected spending for 2023 and actual pre-pandemic 2019 Capital Spending levels (which totaled \$3.3B.)

- **Debt Service** from Operations totals \$1.6B in the 2023 Budget, reflecting an increase of \$143M, or 10% versus the 2022 Debt Service Estimate driven by higher forecasted market-driven borrowing rates in 2022 and 2023 in addition to higher scheduled principal payments on existing outstanding bonds.
- **Deferred Expenses** total \$116M in the 2023 Budget, reflecting an increase of \$42M, or 57% versus the 2022 Deferred Expense Estimate driven by the timing of the Port Authority's vehicle and equipment replacement program purchases resulting from pandemic-related supply chain issues reducing spend in 2022.

## REVENUES & RESERVES

Pursuant to Port Authority Bond Resolutions

	Year ended December 31 <sup>st</sup>			
(\$ in thousands)	2021 Actual	2022 Budget	2022 Estimate	2023 Budget
<b>Gross Operating Revenues*</b>	<b>\$5,133,344</b>	<b>\$5,760,366</b>	<b>\$5,920,015</b>	<b>\$6,387,151</b>
Operating & Maintenance Expenses	3,030,700	3,168,707	3,234,286	3,376,048
Allocated Expenses	239,656	276,028	263,923	283,905
<b>Total Operating Expenses (Core &amp; Non-Core)*</b>	<b>3,270,356</b>	<b>3,444,735</b>	<b>3,498,209</b>	<b>3,659,953</b>
Operating Asset Obligations	708	—	—	—
<b>Total Expenses*</b>	<b>3,271,064</b>	<b>3,444,735</b>	<b>3,498,209</b>	<b>3,659,953</b>
<b>Net Operating Revenues</b>	<b>\$1,862,280</b>	<b>\$2,315,631</b>	<b>\$2,421,806</b>	<b>\$2,727,198</b>
Financial Income/(Loss) with Fair Value of Investments	(13,548)	23,435	(118,880)	97,757
Contributions in Aid of Construction	271,456	265,042	322,501	280,878
Application of PFCs	147,557	256,286	185,975	369,034
Tower 4 Liberty Bond Contributions	66,715	34,745	34,745	34,732
Grants in Connection with Operating Activities	256,609	201,381	154,804	142,914
Pass-Through Grant Program Payments	(2,613)	(16,731)	(4,056)	(2,391)
<b>Non-Operating Revenues</b>	<b>726,176</b>	<b>764,158</b>	<b>575,089</b>	<b>922,924</b>
<b>Net Revenues Available for Debt Service &amp; Reserves</b>	<b>\$2,588,456</b>	<b>\$3,079,789</b>	<b>\$2,996,895</b>	<b>\$3,650,122</b>
Interest on Bonds & Other Asset Obligations	1,031,008	1,043,095	934,540	1,061,818
Interest Expense Incurred During Construction**	138,077	120,000	200,000	174,138
Debt Maturities & Retirements	398,600	454,355	463,107	478,055
Repayment of Asset Financing Obligations	26,678	26,348	1,648	1,735
Goethals Bridge Replacement DFA	58,619	59,499	59,499	60,392
<b>Total Debt Service</b>	<b>1,652,982</b>	<b>\$1,703,297</b>	<b>\$1,658,794</b>	<b>\$1,776,138</b>
<b>Revenues After Debt Service &amp; Transfers to Reserves</b>	<b>\$935,474</b>	<b>\$1,376,492</b>	<b>\$1,338,101</b>	<b>\$1,873,984</b>
Direct Investment in Facilities	(870,697)	(1,464,000)	(1,030,000)	(1,600,000)
Non-Cash Pension Adjustment & OPEB Adjustment***	164,135	61,373	118,210	59,444
Change in Accounting Principles****	(21,038)	(22,512)	(22,511)	(24,086)
<b>(Decrease) / Increase in Reserves</b>	<b>207,874</b>	<b>(48,647)</b>	<b>403,800</b>	<b>309,342</b>
Reserve Balances, January 1*****	3,201,008	3,438,460	3,408,882	3,812,682
<b>Reserve Balances, December 31</b>	<b>\$3,408,882</b>	<b>\$3,389,813</b>	<b>\$3,812,682</b>	<b>\$4,122,024</b>

\* Effective January 1, 2022, the Port Authority adopted GASB statement No. 87 "Leases". This GASB provision requires that the Port Authority classify certain lease agreements containing "fixed" lease payments, for both lessor and lessee, as a financing arrangement for the right to use an asset. Pursuant to Port Authority Bond Resolutions, treatment of rental income and rent expense are recognized based on the rental terms contained in the respective lease agreements.

\*\* Effective January 1, 2021, the Port Authority adopted GASB statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period." This statement requires that the Port Authority account for interest expense incurred during construction periods as an Operating Expense, however, prior to this the agency Budgeted these amounts in the Capital Spending Budget as part of the total cost to carry out the agency's 2017-2026 Capital Plan. As such these amounts are accounted for in the agency's Total Debt Service Budget, but for Budgeting purposes are reflected in Capital Spending.

\*\*\* Non-cash Pension & Other Post-Employment Benefits ("OPEB") reflects actual and projected annual actuarial plan valuations per GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" and per GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" to isolate potential volatility (which could either increase or decrease Operating Expenses as shown above) associated with these valuations. Budget and actual/projected Operating Expenses reflect the agency's cash contributions for both pension and OPEB.

\*\*\*\* Change in Accounting Principles reflects GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," as amended by GASB Statement No. 85 "Omnibus 2017", implemented by the Port Authority as of January 1, 2018.

\*\*\*\*\* 2023 Budget beginning reserves based on estimates prior to year-end 2022.

## 2023 TOTAL EXPENDITURE BUDGET ("USES")

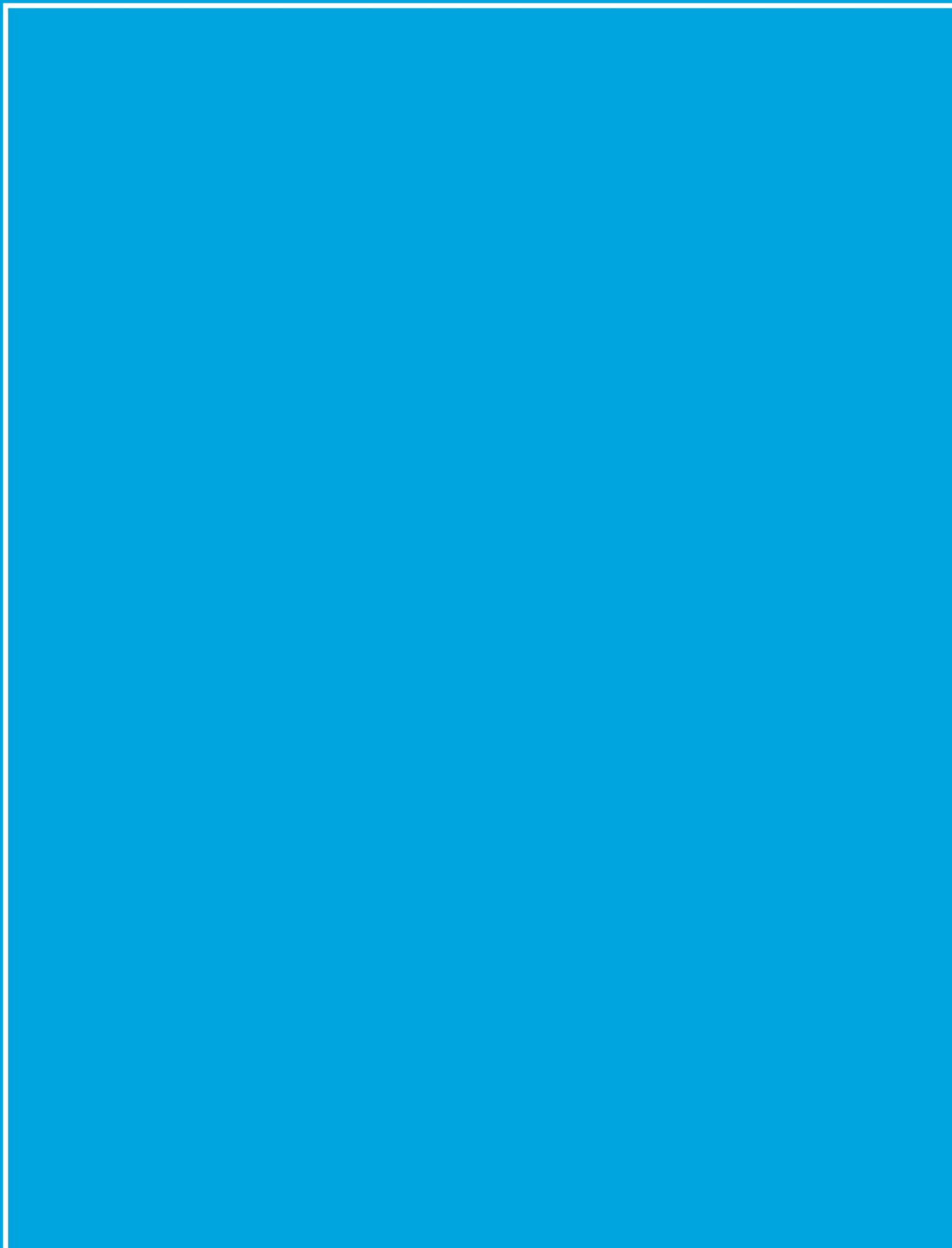
(\$ in thousands)	Operating Expenses	Capital Spending	Debt Service & Deferred Expenses	Total Uses
Aviation	\$940,676	\$663,823	–	\$1,604,499
Tunnels, Bridges, & Terminals	290,150	239,952	11,103	541,205
PATH	286,385	265,369	–	551,754
World Trade Center	171,765	28,575	384	200,724
Operation Services	108,716	2,514	52,526	163,756
Port	81,507	21,813	–	103,320
Office of the Chief Operating Officer	16,681	–	–	16,681
<b>Total Line Departments</b>	<b>1,895,880</b>	<b>1,222,046</b>	<b>64,013</b>	<b>3,181,939</b>
<b>Engineering</b>	<b>112,204</b>	<b>1,076,459</b>	<b>9,234</b>	<b>1,197,897</b>
Port Authority Police Department	634,514	–	1,917	636,431
Security Operations & Programs	144,098	13,743	2,560	160,401
Preparedness, Intelligence, & Inspections	23,307	–	–	23,307
Security Business Resource Management	11,614	–	–	11,614
Office of the Chief Security Officer	1,863	–	–	1,863
<b>Total Security Departments</b>	<b>815,396</b>	<b>13,743</b>	<b>4,477</b>	<b>833,616</b>
<b>Major Capital Projects/WTC Construction</b>	<b>4,707</b>	<b>306,778</b>	<b>–</b>	<b>311,485</b>
<b>Technology Services</b>	<b>109,755</b>	<b>1,579</b>	<b>36,239</b>	<b>147,573</b>
Treasury	15,803	–	1,000	16,803
Comptrollers'	14,020	–	–	14,020
Management & Budget	6,360	–	–	6,360
Financial Planning	2,801	1,200	–	4,001
Storm Mitigation & Resilience	–	–	–	–
Office of the Chief Financial Officer	7,454	–	–	7,454
<b>Total Finance Departments</b>	<b>46,438</b>	<b>1,200</b>	<b>1,000</b>	<b>48,638</b>
Inspector General/Office of Investigations	16,641	18,619	–	35,260
Audit	10,344	2,986	–	13,330
<b>Total Inspector General</b>	<b>26,985</b>	<b>21,605</b>	<b>–</b>	<b>48,590</b>
<b>General Counsel/Law</b>	<b>24,708</b>	<b>14,300</b>	<b>–</b>	<b>39,008</b>
Human Capital/Human Resources	25,356	–	–	25,356
Labor Relations	2,357	–	–	2,357
<b>Total Human Capital/Human Resources</b>	<b>27,713</b>	<b>–</b>	<b>–</b>	<b>27,713</b>
Office of Sustainability	4,718	–	–	4,718
Project Management Office	–	8,365	–	8,365
Real Estate	5,368	–	–	5,368
Planning & Regional Development	4,335	177	–	4,512
Office of the Chief Development Officer	1,936	–	–	1,936
Office of Continuous Improvement	1,192	–	–	1,192
<b>Total Development Departments</b>	<b>17,549</b>	<b>8,542</b>	<b>–</b>	<b>26,091</b>
<b>Procurement</b>	<b>13,584</b>	<b>1,894</b>	<b>–</b>	<b>15,478</b>
Marketing	9,075	–	1,500	10,575
Media Relations	2,745	–	–	2,745
Office of the Chief Communications Officer	1,621	–	–	1,621
<b>Total Communications Departments</b>	<b>13,441</b>	<b>–</b>	<b>1,500</b>	<b>14,941</b>
<b>Gateway</b>	<b>–</b>	<b>14,654</b>	<b>–</b>	<b>14,654</b>
<b>Chief Health &amp; Safety Officer</b>	<b>11,669</b>	<b>–</b>	<b>–</b>	<b>11,669</b>
<b>Diversity &amp; Inclusion Office</b>	<b>9,077</b>	<b>–</b>	<b>–</b>	<b>9,077</b>
<b>Office of the Secretary</b>	<b>6,357</b>	<b>–</b>	<b>–</b>	<b>6,357</b>
<b>Intergovernmental Affairs</b>	<b>4,652</b>	<b>372</b>	<b>–</b>	<b>5,024</b>
<b>Executive Director</b>	<b>2,120</b>	<b>–</b>	<b>–</b>	<b>2,120</b>
<b>Ethics &amp; Compliance</b>	<b>1,980</b>	<b>–</b>	<b>–</b>	<b>1,980</b>
Debt Service from Operations	–	174,138	1,602,000	1,776,138
Insurance Premiums & Self Insurance	172,066	25,048	–	197,114
Municipal Rents & PILOTS	370,756	–	–	370,756
Regional Programs	–	12,500	–	12,500
Corporate Allocations	(27,084)	–	–	(27,084)
<b>Total Corporate Expenditures</b>	<b>515,738</b>	<b>211,686</b>	<b>1,602,000</b>	<b>2,329,424</b>
<b>Total Budget Uses</b>	<b>\$3,659,953</b>	<b>\$2,894,858</b>	<b>\$1,718,463</b>	<b>\$8,273,274</b>

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*The Port Authority Police Department (“PAPD”) is proud to serve the region and its people by making sure that every one of the Port Authority’s customers, commuters, and employees is safe.*



## **Budget Details**



## SOURCES & USES OF FUNDS

The Port Authority is a self-sustaining agency with no power to levy taxes or assessments and raises the necessary funds (“Sources”) for the operation, improvement, construction, or acquisition of its facilities (“Uses”) primarily upon the basis of its own credit. As a matter of fiscal discipline, it ensures that its Sources of Funds equals its Uses of Funds to maintain a balanced Budget.

The Sources of Funds for the 2023 Budget total \$8.3B, reflecting the agency’s ongoing recovery from the COVID-19 pandemic as well as planned revenue growth that is essential to support the revenue assumptions on which the agency’s \$37B 2017-2026 Capital Plan is built. These projections reflect the ongoing recovery from the \$3B revenue loss the agency incurred for the 24-month period ending March 2022 as a result of the precipitous decline in activity volumes across the agency’s facilities due to the COVID-19 pandemic, but still remains below pre-pandemic projections for 2023.

Sources of Funds <i>(\$ in thousands)</i>	2022 Estimate	2022 Budget	2023 Budget
Gross Operating Revenues	\$5,920,015	\$5,760,366	<b>\$6,387,151</b>
Bond Issuances	559,375	1,355,000	<b>1,000,000</b>
Grant, Contributions, & Other Revenues	541,489	523,334	<b>517,089</b>
Application of PFCs	185,975	256,286	<b>369,034</b>
<b>Total</b>	<b>\$7,206,854</b>	<b>\$7,894,986</b>	<b>\$8,273,274</b>

\* Other Sources includes unspent proceeds from prior years’ bond issuances, financial income, and the application of monies from the Consolidated Bond Reserve Fund for purposes for funding capital investments in the Port Authority’s facilities.

Uses of funds for the 2023 Budget total \$8.3B, funding investments to ensure that the Port Authority maintains its commitment to high standards of safety, security, cleanliness, and customer service while continuing to rebuild the region’s aging infrastructure with 21<sup>st</sup> century facilities designed to enhance customer experience and accommodate future growth.

The 2023 Budget Uses reflects a responsible and deliberate allocation of the agency’s resources, particularly in response to the challenging economic environment in which the Port Authority is operating and the lingering impacts of the pandemic. These amounts, however, are still well below pre-pandemic 2023 projections.

Uses of Funds <i>(\$ in thousands)</i>	2022 Estimate	2022 Budget	2023 Budget
Operating Expenses, Core	\$3,467,627	\$3,403,710	<b>\$3,580,416</b>
Operating Expenses, Non-Core*	30,582	41,025	<b>79,537</b>
Capital Spending*	2,175,529	2,736,393	<b>2,894,858</b>
Debt Service from Operations**	1,458,794	1,583,297	<b>1,602,000</b>
Deferred Expenses***	74,322	130,561	<b>116,463</b>
<b>Total</b>	<b>\$7,206,854</b>	<b>\$7,894,986</b>	<b>\$8,273,274</b>

\* The 2023 Operating Expense Budget incorporates \$80M of “Non-Core” Operating Expenses held distinct and separate from the Core Operating Expense Budget including: 1) expenses funded through the Capital Spending Budget but due to GAAP are required to be included as Operating Expenses (\$25M.) and as such, the 2022 Spending Budget has been reduced accordingly; 2) non-recurring expenses that are completely reimbursable by third parties (\$37M.) and, 3) incremental operating and maintenance expenses directly related to new or expanded facilities in the agency’s portfolio (\$18M.)

\*\* Effective January 1, 2021 the Port Authority adopted GASB statement No. 89 “Accounting for Interest Cost Incurred before the End of a Construction Period.” This GASB provision requires that the Port Authority account for interest expense forecasted during construction periods as an Operating Expense, however, prior to this the agency Budgeted these amounts in the Capital Spending Budget as part of the total cost to carry out the agency’s 2017-2026 Capital Plan. As such these amounts are accounted for in the agency’s Total Debt Service Budget, but for Budgeting purposes are reflected in Capital Spending.

\*\*\* Deferred Expenses are expenditures that are made in the current year but that benefit multiple years, such as vehicle purchases and replacements and software and hardware investments. As such, these expenses are deferred and then amortized and reflected in the agency’s Operating Expense Budget over their useful life.

# GROSS OPERATING REVENUES

The 2023 Gross Operating Revenue Budget of \$6.4B reflects an increase of \$467M, or 8% versus the 2022 Gross Operating Revenue Estimate.

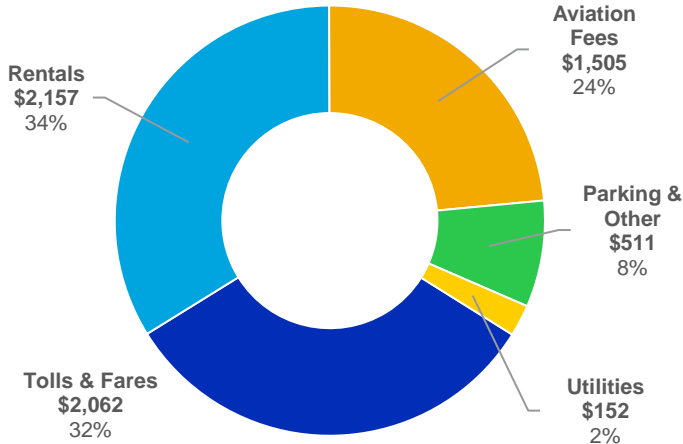
This revenue growth reflects the agency's ongoing recovery from the \$3B pandemic-related revenue loss it incurred for the 24-month period ending March 2022 but is still below pre-pandemic projections for 2023. This revenue growth is essential in building back towards the revenue assumptions on which the agency's Capital Plan is built.

Overall, this Estimate-to-Budget revenue growth is driven by:

- + **\$191M for Rentals**—including both fixed rent and activity-driven variable rents—resulting from incremental aviation revenues driven by continued passenger activity growth and higher rental revenues related to the airport Redevelopment programs, in addition to incremental lease revenues, particularly at the WTC campus;
- + **\$130M for Aviation Fees** driven by higher recoverable expenses in-line with the 2023 Budget Uses, as well as activity-driven AirTrain fare and Ground Transportation Access Fee growth, and an automatic inflation-based AirTrain fare adjustment as mandated by prior Port Authority Board of Commissioner (“Board”) actions;
- + **\$121M for Tolls & Fares** driven by an automatic inflation-based bridge and tunnel toll adjustment as mandated by prior Port Authority Board actions in 2008, 2011, and 2019 which was triggered by the 14% increase in CPI from September 2020 to September 2022, in addition to incremental PATH fare revenues resulting from the projected incremental recovery of PATH ridership volumes; and,
- + **\$29M for Parking & Other** revenues driven by increased average per-stay parking payments resulting from longer lengths of stay at the agency's airport parking garages.

Note, the 2023 Gross Operating Revenue Budget does not assume any further extension of rent relief to certain retailers and tenants operating at Port Authority facilities, which began in April 2020 and has been extended—with various modifications and reductions—through year-end 2022<sup>1</sup>.

2023 GROSS OPERATING REVENUE BUDGET BY CATEGORY (\$ in millions)



<sup>1</sup> Excludes aviation financial relief to in-terminal concessionaires, on-airport rental car companies, and on-airport parking operations as authorized in the Coronavirus Response and Relief Supplemental Appropriation Act and the American Rescue Plan Act COVID-19 Federal Funding relief bills—this is treated as a “pass through” from the Port Authority's allocation of federal aid and is neither reflected in the Budget nor the calculations for capital capacity.

## 2023 Gross Operating Revenue Budget by Category & Business Segment

(\$ in thousands)	Total	TB&T	PATH	Aviation	Port	WTC	Development
Tolls & Fares	\$2,062,015	\$1,917,279	\$144,736	–	–	–	–
Rentals	2,156,582	42,325	9,853	1,445,732	274,810	367,323	16,539
Aviation Fees	1,505,586	–	–	1,505,586	–	–	–
Parking & Other	511,211	10,524	1,813	354,952	115,652	27,736	534
Utilities	151,757	1,761	147	119,189	3,697	20,694	6,269
<b>Total</b>	<b>\$6,387,151</b>	<b>\$1,971,889</b>	<b>\$156,549</b>	<b>\$3,425,459</b>	<b>\$394,159</b>	<b>\$415,753</b>	<b>\$23,342</b>

- Tolls & Fares**—which are derived from vehicular tolls collected from the agency’s bridges and tunnels and from fares collected from the PATH transit system—total \$2.1B in 2023, reflecting an increase of \$121M, or 6% versus the 2022 Gross Operating Revenue Estimate driven by an automatic inflation-based bridge and tunnel toll adjustment of approximately \$100M (more below,) as well as the projected ongoing recovery of PATH ridership in 2023 as compared to the 2022 Estimate.

The increase in CPI from September of 2020 to September of 2022 of 14% has triggered an automatic inflation-based toll adjustment as established by three Board resolutions (2008, 2011, and 2019.) The increase of \$1.00 is effective January 8, 2023 (discount plans will continue in effect.)

- Rentals**—which are derived from both fixed and percentage rental agreements with tenants operating at agency facilities—total \$2.2B in 2023, reflecting an increase of \$191M, or 10% versus the 2022 Gross Operating Revenue Estimate driven by: 1) incremental aviation rentals resulting from passenger-driven percentage and variable rent increases, in addition to higher rental revenues particularly in relation to airport Redevelopment facilities and terminals coming on-line and the commencement of JFK Redevelopment; 2) incremental WTC rentals; 3) scheduled fixed rent escalations; and, 4) the assumed cessation of COVID-19 rent relief by year-end 2022.
- Aviation Fees**—which are comprised of flight fee cost recovery revenues in addition to AirTrain fares and the Airport Ground Transportation Access Fee for taxis and other for-hire-vehicles (“FHV”)—total \$1.5B in 2023, reflecting an increase of \$130M, or 9% versus the 2022 Gross Operating Revenue Estimate.

This Estimate-to-Budget increase is driven by: 1) higher recoverable expenses in-line with the 2023 Budget Uses; 2) incremental Access Fee revenues driven by increased passenger activity; and, 3) higher AirTrain fare revenues driven by higher projected ridership and a fare increase of \$0.25 effective March 5, 2023 based on the automatic inflation-based AirTrain fare adjustment as established by the Board (discount plans will continue in effect.)

- Parking & Other Fees**—which are derived from public and tenant parking, Port activity fees, WTC tenant service fees, and various other fees such as third-party reimbursements—total \$511M in 2023, reflecting an increase of \$29M, or 6% versus the 2022 Gross Operating Revenue Estimate driven by: 1) increased average per-stay parking payments resulting from longer lengths of stay at the agency’s airport parking garages; and, 2) higher One WTC tenant services revenues driven by higher projected occupancy levels.
- Utilities**—which are derived from the resale of electricity, water, steam, and other fuels—total \$152M in 2023, reflecting a decrease of (\$4M,) or (3%) versus the 2022 Gross Operating Revenue Estimate as recoverable utility expenses are anticipated to slightly decline in 2023 as market-driven energy rates are forecasted to gradually decrease from high rates in 2022.

## Gross Operating Revenue Category Descriptions

**Aviation Fees** Amounts derived from various cost recovery formulas contained in agreements with airlines operating at the Port Authority's three main airports based on the Port Authority's Operating Expenses and Capital Spending. These fees include Flight Fees, Landing Fees, Monorail Fees, Fuel Service Fees, and Federal Inspection Fees.

This category also includes AirTrain fares and the Airport Ground Transportation Access Fee, which is assessed on FHV trips (both pick-ups and drop-offs) and taxi trips (only pick-ups) accessing the airports.

**Parking & Other** Amounts derived from hourly or daily fee rates for the use of public and tenant parking lots located at Port Authority aviation and bus terminal facilities.

This category also includes various other fees such as Port Cargo Facility Charges ("CFC") which are paid by ocean carriers to reimburse Port Authority investments in eligible intermodal transportation and road capacity projects at the seaports, Port dockage and wharfage fees which are tariffs charged for use of public berths, and One WTC Tenant Service Recoveries which reimburse the Port Authority for services provided to tenants, amongst others.

**Rentals** Amounts charged for the use of space at various Port Authority facilities. There are two primary types of rentals: 1) fixed rentals, which are fixed monthly amounts, stipulated in tenant lease agreements; and, 2) percentage and variable rentals, which are based on certain types of revenue producing activities.

**Tolls & Fares** Amounts generated from tolls collected at the Port Authority's six vehicular bridge and tunnel vehicular crossings and fares charged to riders using the PATH transit system.

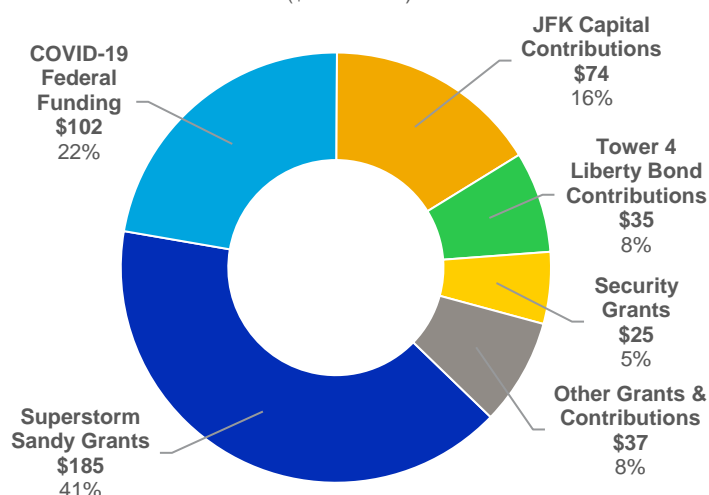
**Utilities** Amounts derived from the resale of electricity, water, steam, and other fuels to tenants based on consumption levels.

## GRANTS & CONTRIBUTIONS

The 2023 Grants & Contributions Budget—which includes contributions in aid of construction and grants in connection with operating activities from various federal aid programs—totals \$456M in 2023, reflecting a decrease of (\$52M,) or (10%) versus the 2022 Grants & Contributions Estimate.

This Estimate-to-Budget decrease is driven by lower COVID-19 Federal Funding grant support at the airports based on the timing of eligible reimbursable expenses and lower PATH Superstorm Sandy recoveries as the spending on the portfolio of Superstorm Sandy projects is declining.

2023 GRANT & CONTRIBUTIONS REVENUE BUDGET  
BY GRANT PROGRAM  
(\$ in millions)



### 2023 Grants & Contributions Budget by Grant Program

(\$ in thousands)	2021 Actual	2022 Budget	2022 Estimate	2023 Budget
Superstorm Sandy Grants	\$221,656	\$231,727	\$197,341	<b>\$184,659</b>
COVID-19 Federal Funding	245,767	168,175	125,739	<b>101,966</b>
JFK Capital Contributions	–	–	81,001	<b>73,633</b>
Tower 4 Liberty Bond Contributions	66,715	34,745	34,745	<b>34,732</b>
Security Grants	16,669	24,150	19,355	<b>24,605</b>
Other Grants & Contributions	41,360	25,639	49,813	<b>36,538</b>
<b>Total</b>	<b>\$592,167</b>	<b>\$484,436</b>	<b>\$507,994</b>	<b>\$456,133</b>

- **Superstorm Sandy Grants**—which includes Federal Emergency Management Agency (“FEMA”) and Federal Transit Authority (“FTA”) funding—totals \$185M in 2023, reflecting a decrease of (\$13M,) or (6%) versus the 2022 Grants & Contributions Estimate as spending on the portfolio of Superstorm Sandy winds-down as the projects reach completion.
- **COVID-19 Federal Funding** totals \$102M in 2023, reflecting a decrease of (\$24M,) or (19%) versus the 2022 Grants & Contributions Estimate driven by the timing of eligible reimbursable expenses.
- **JFK Capital Contributions**—which includes payments from the JFK Developers to be received as part of their contractual rent obligations—total \$74M in 2023, reflecting a decrease of (\$7M,) or (9%) versus the 2022 Grants & Contributions Estimate in alignment with the contractually agreed-upon payment schedule.
- **Tower 4 Liberty Bond Contributions**—which reflect the reimbursement of Tower 4 Liberty Bond debt service payments from the WTC Tower 4 net lessee to the Port Authority—total \$35M in 2023 as set by the debt service schedule. This is flat versus the 2022 Grants & Contributions Estimate.
- **Security Grants**—which includes multiple federal risk management grant programs—totals \$25M in 2023, reflecting an increase of \$5M, or 27% versus the 2022 Grants & Contributions Estimate driven by the timing of spend on various security programs.

- **Other Grants & Contributions**—which consist of various airport, port, WTC, and other grant sources—total \$36M in 2023, reflecting a decrease of (\$13M,) or (27%) versus the 2022 Grants & Contributions Estimate driven by fewer WTC Westfield contribution payments for North Temporary Access as the project was completed and turned-over to Westfield in 2022.

## Grants & Contributions Category Descriptions

**Airport FAA Grants** Federal Aviation Administration (“FAA”) grants in support of the nation’s airport and airspace system consisting of two programs: 1) airport Noise Compatibility Program projects that aim to mitigate noise in communities surrounding airports; and, 2) Airport Improvement Program (“AIP”) grants to airports that are publicly owned and open to the public that can be used for planning and development.

**COVID-19 Federal Funding** Federal relief funding provided through FEMA and three legislative Acts to aid in the agency’s ongoing response and recovery from the COVID-19 pandemic.

**JFK Capital Contributions** Fixed contributions to be received in relation to the JFK New Terminal One (“NTO”) Developers for improvements to various assets such as roadways, parking lots, and AirTrain stations.

**Port Grants** Various grants in support of the agency’s ports and marine terminals, including: 1) Federal Highway Administration (“FHWA”) funding for the Cross Harbor Freight Movement Program Environmental Impact Statement (“EIS”) at Greenville Yard; 2) Economic Development Administration (“EDA”) grants to ensure present and future generations of large commercial vessels can be accommodated at the agency’s ports; and, 3) Harbor Maintenance Tax funds provided through the United States Army Corps of Engineers (“USACE”) for harbor maintenance, such as dredging and pier rehabilitation.

**Security Grants** Multiple federal risk management grant programs that support programs and activities that protect critical surface transportation infrastructure and the travelling public from acts of terrorism, major disasters, and other emergencies. The major Security grant programs include: 1) Urban Area Security Initiatives (“UASI”) programs; 2) Transit Security; and, 3) Port Security.

**Superstorm Sandy Grants** Federal Emergency Management Agency (“FEMA”) and Federal Transit Authority (“FTA”) grant funding for eligible expenses related to the emergency response, recovery, and restoration of the Port Authority’s infrastructure following the substantial damage incurred after Superstorm Sandy in 2011.

**Tower 4 Liberty Bond Contributions** Reimbursement of Tower 4 Liberty Bond debt service payments from the WTC Tower 4 net lessee to the Port Authority under the terms of the Tower 4 Repayment Agreement.

**WTC Contributions** Various contributions from third parties related to the agency’s development of the WTC campus, including: 1) capital contributions due from the WTC Tower 3 net lessee for the construction of WTC Tower 3; and, 2) required capital contributions for the construction of the One WTC façade maintenance.

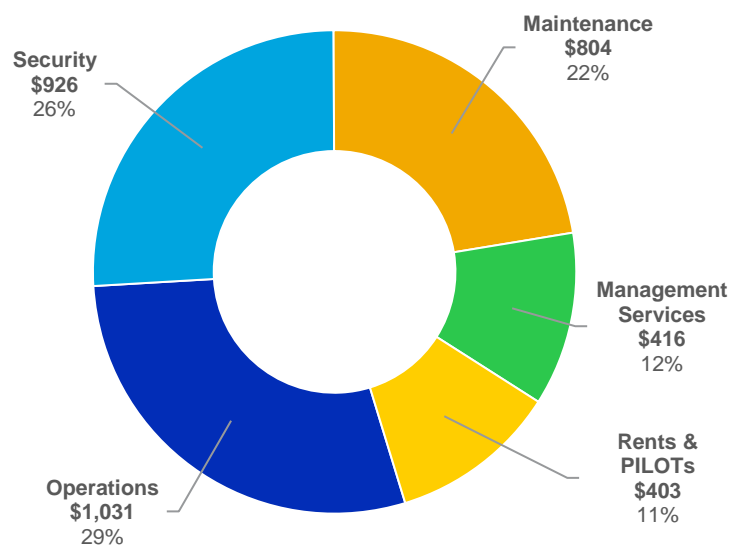
## OPERATING EXPENSES

### Core Operating Expenses

The 2023 Core Operating Expense Budget totals \$3.6B, reflecting an increase of \$112M, or 3.2% versus the 2022 Core Operating Expense Estimate.

The 2023 Core Operating Expense Budget works to manage overall growth within long-term inflationary trends while ensuring investments are made in the agency's key priority areas—including safety and security, cyber security, sustainability and resiliency, customer experience, diversity and inclusion, and other new technology, innovation, and employer of choice related projects and initiatives—in addition to a non-discretionary City Rent increase and incremental revenue collection-related expenses. The 2023 Core Operating Expense Budget also includes incremental spending resulting from market-driven conditions—particularly for higher energy and material and service costs—in recognition of the challenging economic and inflationary environment in which the agency is operating.

CORE 2023 OPERATING EXPENSE BUDGET  
BY CATEGORY  
(\$ in millions)



When viewed over the period of pre-pandemic 2019 through 2023, the 2023 Core Operating Expense Budget equates to a *compound annual growth rate of approximately 2.8%*. This four-year growth rate is an important benchmark as it compares favorably to historic, normalized inflation rates, demonstrating the ongoing prudent management of the agency's fiscal resources throughout the pandemic, from the cost reduction measures the agency took at the onset of the pandemic to the actions it has taken over the past two years to continue to manage its costs responsibly.

### 2023 Core Operating Expense Budget by Category & Business Segment

(\$ in thousands)	Total	TB&T	PATH	Aviation	Port	WTC	Allocated & Other
Operations	\$1,030,777	\$174,037	\$161,741	\$545,273	\$39,594	\$88,282	\$21,850
Security	926,095	198,305	79,663	518,320	26,883	86,060	16,864
Maintenance	804,412	149,114	157,814	332,043	46,798	83,828	34,815
Management Services	416,399	37,474	45,841	80,479	30,763	22,341	199,501
Rents & PILOTS	402,733	4,034	1,580	293,166	27,743	61,637	14,573
<b>Total Core</b>	<b>\$3,580,416</b>	<b>\$562,964</b>	<b>\$446,639</b>	<b>\$1,769,281</b>	<b>\$171,781</b>	<b>\$342,148</b>	<b>\$287,603</b>

- **Operations**<sup>2</sup>—which includes funding for facility operations, utility expenses, customer care representatives, revenue collection contracts, agency insurance, and AirTrain, shuttle bus, parking lot,

<sup>2</sup> Operations excludes "Non-Core" Operating Expenses, including: 1) fully reimbursable JFK AirTrain "spotter" expenses (\$19M;); 2) New or Expanded Facility funding (\$13M;); 3) fully reimbursable EWR Fuel Farm expenses (\$10M;); 4) net zero and sustainability studies (\$7M;); and, 5) incremental WTC passthrough utility expenses (\$0.4M.)

and taxi dispatch operations, amongst others—totals \$1.0B in the 2023 Budget and is essentially flat to the 2022 Operating Expense Estimate.

This Estimate-to-Budget performance is driven by: 1) incremental expenses at the airports to respond to increased passenger volumes, including support for shuttle buses, customer experience efforts, and revenue processing fees; and, 2) an increase in toll processing and collection contracts as a result of the complete transition to cashless tolling at the agency's bridges and tunnels. This is partially offset by lower assumed market-driven energy rates in 2023 as rates are forecasted to gradually decline (although still be well above the historical norm.)

- **Security**<sup>3</sup>—which includes police, civilian, and cyber security expenses to provide safe and secure facilities—totals \$926M in the 2023 Budget, reflecting an increase of \$53M, or 6% versus the 2022 Operating Expense Estimate. This amount reflects an all-time-high for the agency as the Port Authority's continues to prioritize the safety and security of its customers and employees and strengthen its cyber security posture.

This Estimate-to-Budget growth is driven by: 1) new policing and security initiatives to ensure the safety and security of the traveling public; 2) funding to advance three new Police Classes to backfill attrition; 3) the implementation of police body cameras; 4) incremental cyber security investments to advance recommendations from the agency's independent cyber security assessment; and, 5) contractual labor escalations

- **Maintenance**<sup>4</sup> of property, facilities, and equipment totals \$804M in the 2023 Budget, reflecting an increase of \$29M, or 4% versus the 2022 Operating Expense Estimate. This Estimate-to-Budget increase is driven by: 1) increased Engineering maintenance routines to address increased usage at agency facilities as well as cyclical inspections and condition surveys; 2) incremental snow and ice removal expenses in alignment with the agency's three-year average; and, 3) inflationary escalations.
- **Management Services**—which includes corporate expenses, Staff Department labor, Line Department management/oversight, and technology and communication services—totals \$416M in the 2023 Budget, reflecting an increase of \$26M, or 7% versus the 2022 Operating Expense Estimate driven by: 1) a projected increase in claims activity and payments; 2) incremental technology spending to support critical enterprise systems; and, 3) an assumed filling of vacant positions in line with historical norms (higher than normal vacancies in 2022 resulted in substantial labor underruns in 2022.)
- **Rents & PILOTs** total \$403M in the 2023 Budget, reflecting an increase of \$8M, or 2% versus the 2022 Operating Expense Estimate driven by: 1) a non-discretionary Newark City Rent increase triggered by strong revenue growth forecasted at Newark-based facilities; 2) contractual rent escalations; and, 3) a non-discretionary WTC PILOT payment increase driven by increased property values and tax rates as set by the City of New York.

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<sup>3</sup> Security excludes "Non-Core" Operating Expenses for PAPD airport Redevelopment traffic mitigation (\$18M.)

<sup>4</sup> Maintenance excludes "Non-Core" Operating Expenses, including: 1) reimbursable Port dredging (\$8M;) and, 2) New or Expanded Facility funding (\$5M.)

## “Non-Core” Operating Expenses

In addition to the 2023 Core Operating Expense Budget of \$3.6B, the 2023 Operating Expense Budget includes two distinct and separate “Non-Core” categories. These “Non-Core” Operating Expense categories total \$80M in the 2023 Budget, reflecting an increase of \$49M versus the 2022 “Non-Core” Operating Expense Estimate driven by: 1) new Operating Expenses of \$18M necessary to support new or expanded facilities, such as the new Terminal A at EWR; and, 2) an additional \$31M of Operating Expenses that have either revenue or Capital offsets as detailed further below.

- **New or Expanded Facilities** total \$18M in the 2023 Budget, reflecting fully incremental funding versus the 2022 Estimate to provide for operation and maintenance expenses directly related to new or expanded facilities in the agency’s portfolio.

This distinct and separate “Non-Core” category funds: 1) the new and larger Newark Liberty International Airport (“EWR”) Terminal A, as well as Terminal B1 gate operations; 2) LaGuardia Airport’s (“LGA”) Central Hall which is projected to open mid-year 2023; 3) EWR’s public parking and rental car operations scheduled to be partially open year-end 2022; 4) the resumption of New York Stewart International Airport’s (“SWF”) Customs and Border Protection (“CBP”) staffing costs in its new Federal Inspections Facility as international flights return; and, 5) incremental WTC passthrough utility expenses in support of the new Performing Arts Center (“PAC”) and Greek Orthodox Church.

- **Capital & Revenue Offsets** total \$62M in the 2023 Budget, reflecting an increase of \$31M versus the 2022 “Non-Core” Capital & Revenue Offset Operating Expense Estimate. This “Non-Core” category includes Operating Expenses that are either non-recurring expenses that are completely reimbursable from third parties or expenses funded through the 2023 Capital Spending Budget but due to GAAP are required to be included as Operating Expenses.

This “Non-Core” Estimate-to-Budget increase is driven by: 1) incremental airline requested fully reimbursable passthrough EWR Fuel Farm expenses in alignment with the level of service set and agreed upon by the airlines on EWR’s Fuel Committee; 2) new Port dredging expenses fully funded through the United States Army Corps of Engineers (“USACE”) Harbor Maintenance Tax, allowing the agency to substantially increase its dredging program; 3) new sustainability and net zero consultant studies essential to advancing the agency’s sustainability and net zero ambitions, which are funded through the Capital Spending Budget; and, 4) an acceleration of airport Redevelopment traffic mitigation expenses as the JFK Redevelopment program ramps-up, which is also funded through the Capital Spending Budget.

## Operating Expense Category Descriptions

**Allocated & Other** Comprised of costs for Staff Department and development expenses allocated to facilities' Operating Expense and Capital Spending Budgets in accordance with the agency's allocation policies.

**Maintenance** Costs incurred to keep property, facility structures, and equipment operating at a high level of performance. Activities include electrical, general maintenance (including for elevators and escalators, tunnel pumps, automotive maintenance, and servicing, etc.) inspections, mechanical, janitorial/grounds keeping, and snow and ice removal.

**Management Services** Costs incurred for functions that support facility business operations as well as agency-wide management, including corporate costs related to agency oversight and support and Departmental management.

**Operations** Costs incurred for facility operations, including utility expenses, customer care representatives, revenue collection contracts, insurance, and AirTrain, shuttle bus, parking lot, and taxi dispatch operations.

**Rents & Payments in Lieu of Taxes ("PILOT")** Payments to governmental agencies and other landlords in return for the use of land, buildings, offices, or other property.

**Security** Costs incurred—both police and civilian—to provide safe and secure facilities by maintaining vigilance for potential threats, investing in infrastructure and new technology (including cyber security,) and utilizing best practices in security and emergency preparedness.

## AUTHORIZED POSITIONS

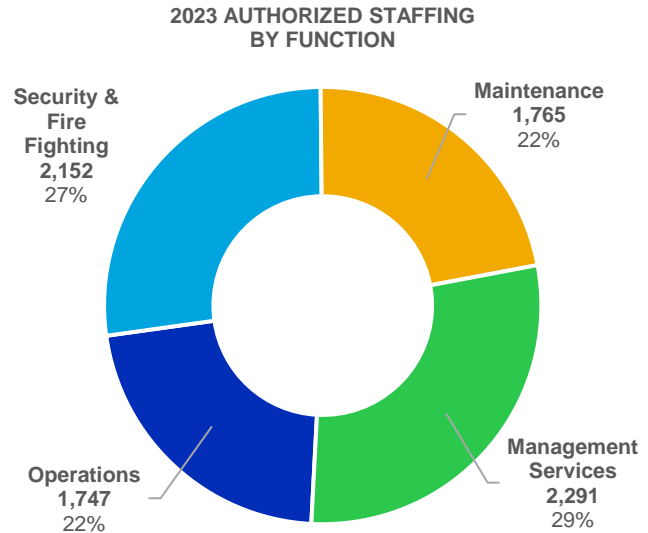
The 2023 Budget holds the agency's authorized headcount flat to 2022 authorized levels of 7,955 represented and non-represented positions.

Nearly 70% of the agency's workforce are represented employees of various collective bargaining units, all of which support the agency's core operations, maintenance, policing, and airport rescue and firefighting activities.

The balance are the agency's non-represented employees that represent nearly 30% of the agency's workforce supporting day-to-day operations across all business functions, including management and advisory, supervisory, technical, engineering, and administrative support roles.

These positions support both the Operating Expense and Capital Spending Budgets and are allocated according to the type of work being performed.

In addition to the authorized headcount of 7,955, the 2023 Budget includes 89 new temporary, project-based positions. 76 are in support of the JFK Redevelopment Program that is substantially ramping-up in 2023 and 13 are in support of the installation and roll-out of a new and modern PATH fare system.



### Authorized Positions Category Descriptions

**Maintenance** Employees that keep the agency's facilities performing at a high level of service, including: 1) daily maintenance activities, including preventative maintenance; 2) craft-based maintenance programs to ensure the structural integrity of the agency's assets, including code and regulatory compliance; and, 3) critical emergency response.

**Management Services** Employees that support business operations, including capital program delivery, by: 1) developing strategic business and transportation planning; 2) managing revenue programs; 3) overseeing and implementing contractual agreements; 4) providing Department-wide administrative services; and, 5) advancing facility management and Departmental oversight by means of financial services and analyses.

**Operations** Employees that ensure facilities are operating at high level of performance and provide an exemplary customer experience at the agency's bridges and tunnels, airports, PATH transit system, ports, and WTC campus.

**Security & Airport Rescue Fire Fighting** Uniformed employees in the Port Authority Police Department ("PAPD") and aviation Aircraft Rescue and Firefighting ("ARFF") departments to provide safe and secure facilities and emergency preparedness to protect the region and those who traverse it.

## Authorized Positions by Department

Department	2021	2022	2023
Aviation (incl. ARFF)	1,539	1,541	1,541
PATH	1,270	1,270	1,270
Tunnels, Bridges, & Terminals	886	876	793
Operations Services	446	421	426
Port	189	190	196
World Trade Center	24	24	24
Office of the Chief Operating Officer	6	7	7
<b>Total Line Departments</b>	<b>4,360</b>	<b>4,329</b>	<b>4,257</b>
Port Authority Police Department	1,852	1,852	1,862
Security Operations & Programs	98	100	151
Security Business Resource Management	62	64	66
Preparedness, Intelligence, & Inspections	27	25	24
Office of the Chief Security Officer	6	5	5
<b>Total Security Departments</b>	<b>2,045</b>	<b>2,046</b>	<b>2,108</b>
<b>Engineering</b>	<b>543</b>	<b>543</b>	<b>543</b>
Comptrollers'	84	84	84
Treasury	32	33	33
Management & Budget	30	28	27
Financial Planning	9	10	10
Office of the Chief Financial Officer	13	12	12
<b>Total Finance Departments</b>	<b>168</b>	<b>167</b>	<b>166</b>
Inspector General / Office of Investigations	68	68	68
Audit	62	62	63
<b>Total Inspector General</b>	<b>130</b>	<b>130</b>	<b>131</b>
<b>Major Capital Projects / WTC Construction</b>	<b>109</b>	<b>109</b>	<b>109</b>
Human Capital / Human Resources	117	93	97
Labor Relations	10	11	10
<b>Total Human Capital / Human Resources</b>	<b>127</b>	<b>104</b>	<b>107</b>
<b>General Counsel / Law</b>	<b>97</b>	<b>97</b>	<b>97</b>
<b>Technology Services</b>	<b>89</b>	<b>89</b>	<b>93</b>
<b>Procurement</b>	<b>75</b>	<b>75</b>	<b>75</b>
Real Estate	19	18	17
Project Management Office	16	16	16
Planning & Regional Development	16	15	15
Office of Sustainability	13	14	14
Office of the Chief Development Officer	6	7	7
Office of Continuous Improvement	4	3	5
<b>Total Development Departments</b>	<b>74</b>	<b>73</b>	<b>74</b>
<b>Chief Health &amp; Safety Officer</b>	<b>–</b>	<b>52</b>	<b>52</b>
Marketing	26	27	27
Media Relations	11	10	10
Office of the Chief Communications Officer	3	3	4
<b>Total Communication Departments</b>	<b>40</b>	<b>40</b>	<b>41</b>
<b>Diversity &amp; Inclusion Office</b>	<b>30</b>	<b>31</b>	<b>32</b>
<b>Office of the Secretary</b>	<b>19</b>	<b>19</b>	<b>18</b>
<b>Priority Programs</b>	<b>16</b>	<b>18</b>	<b>19</b>
<b>Intergovernmental Affairs</b>	<b>16</b>	<b>16</b>	<b>16</b>
<b>Gateway</b>	<b>6</b>	<b>6</b>	<b>6</b>
<b>Ethics &amp; Compliance</b>	<b>6</b>	<b>6</b>	<b>6</b>
<b>Office of the Executive Director</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>Total Authorized Positions</b>	<b>7,955</b>	<b>7,955</b>	<b>7,955</b>
<i>JFK Redevelopment Project-Based Positions</i>	–	–	76
<i>PATH New Fare System Project-Based Positions</i>	–	–	13

## THE PORT AUTHORITY'S BOARD OF COMMISSIONERS

The Governor of each state appoints six members to the agency's Board of Commissioners for overlapping six-year term. Each appointment is subject to the approval of the respective State Senate. Commissioners serve as public officials of their respective states, and without remuneration. The Governors retain the right to veto the actions of Commissioners from their respective states.



**CHAIRMAN**  
**KEVIN J. O'TOOLE**  
Managing Partner  
O'Toole Scrivo Fernandez  
Weiner Van Lieu, LLC



**VICE CHAIRMAN**  
**JEFFREY H. LYNFORD**  
President and CEO  
Educational Housing  
Services, Inc.



**STEVEN M. COHEN**  
Commissioner



**LEE CIA EVE**  
Partner, Ichor Strategies



**DANIEL J. HORWITZ**  
Partner  
McLaughlin & Stern, LLP



**GARY LABARBERA**  
President  
Building and Construction  
Trades Council of Greater  
New York



**DANA M. MARTINOTTI**  
Councilwoman  
Cliffs Park Board  
of Education/  
Borough of Cliffs Park



**KEVIN P. MCCABE**  
Partner  
River Crossing  
Strategy Group

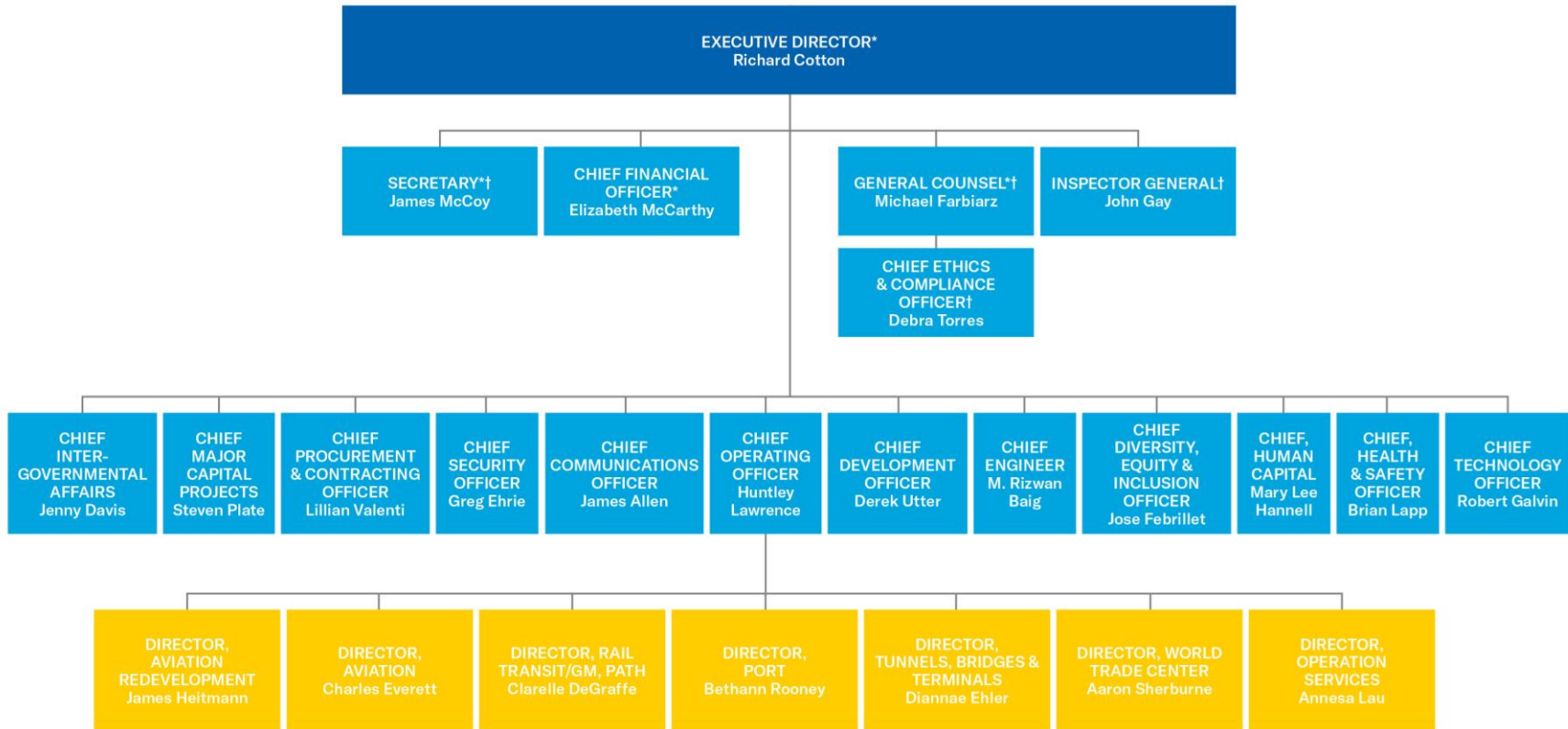


**MICHELLE E. RICHARDSON**  
Executive Director  
Hudson County Economic  
Development Corporation



**ROSSANA ROSADO**  
Commissioner  
NYS Division of Criminal  
Justice Services

# THE PORT AUTHORITY'S OFFICERS & EXECUTIVE MANAGEMENT



\* Officers of the Port Authority. In addition to those listed here, pursuant to the by-laws of the Port Authority, the following also serve as officers: a Chairman (Kevin J. O'Toole), a Vice Chairman (Jeffrey H. Lynford), a Deputy Executive Director (Vacant), a Comptroller (Daniel McCarron), and a Treasurer (Sherien Khella).

† Also has reporting line to the Board of Commissioners

Organizational Chart as of January 31, 2023

## CAPITAL SPENDING

The 2023 Capital Spending Budget totals \$2.9B, providing funding to advance the agency's core transportation mission and invest in projects that rebuild the region's aging infrastructure with 21<sup>st</sup> century facilities in alignment with the projects and programs prioritized in the agency's 2017-2026 Capital Plan. The 2023 Capital Spending Budget reflects an increase of \$719M, or 33% versus the 2022 Capital Spending Estimate. As compared to the 2022 Capital Spending Budget, the 2023 Capital Spending reflects an increase of \$158M, or 5.8%. 2022 Capital Spending is estimated to be lower than Budget driven by COVID-19 related JFK Redevelopment program delays, as well as lower required spending on state of good repair projects.

While the 2023 Capital Spending Budget phases-in additional spending in a fiscally responsible manner from the reduced spending levels in 2020 and 2021 that were required as result of COVID-19, Capital Spending continues to reflect reductions and constraints that are the product of the pandemic. And as such, the 2023 Capital Spending remains well below both pre-pandemic projected spending for 2023 and actual pre-pandemic 2019 Capital Spending levels (which totaled \$3.3B.)

Capital Spending* (\$ in thousands)	2021 Actual	2022 Budget	2022 Estimate	2023 Budget
Aviation†	\$1,225,645	\$1,617,969	\$1,346,916	<b>\$1,454,509</b>
Tunnels, Bridges, & Terminals	423,704	396,862	341,654	<b>633,482</b>
PATH	332,463	345,471	310,349	<b>510,793</b>
World Trade Center	126,869	93,212	103,394	<b>166,549</b>
Port	43,051	63,724	48,526	<b>101,133</b>
Regional Programs & Other	2,690	219,155	24,690	<b>28,392</b>
<b>Total**</b>	<b>\$2,154,422</b>	<b>\$2,736,393</b>	<b>\$2,175,529</b>	<b>\$2,894,858</b>

\* Effective January 1, 2021 the Port Authority adopted GASB statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period." This statement requires that the Port Authority account for interest expense forecasted during construction periods as an Operating Expense, however, prior to this the agency Budgeted these amounts in the Capital Spending Budget as part of the total cost to carry out the agency's 2017-2026 Capital Plan. As such these amounts are accounted for in the agency's Total Debt Service Budget, but for Budgeting purposes are reflected in Capital Spending.

\*\* Capital Spending Budget funding sources includes Consolidated Bonds and Commercial Paper, Consolidated Bond Reserve Funds, PFCs, and Contributions in Aid of Construction.

† The 2022 Capital Spending Budget and the 2023 Capital Spending Budget excludes Capital Project-related expenditures that are included in the Capital Plan but due to GAAP are required to be included as Operating Expenses, Non-Core of (\$18M) and (\$25M,) respectively.

The 2023 Capital Spending Budget builds on the significant milestones that the agency achieved in 2022, including:

- At the airports, EWR's brand-new state-of-the-art Terminal A which features cutting-edge digital technology, superior dining, and retail options in approximately 1M square feet of space that will include 33 common-use gates to handle larger aircraft and a modernized check-in, security, and baggage claims areas. And at LGA, "A Whole New LGA" is nearing completion as the UNESCO 2021 Prix Versailles award-winning "best new airport in the world" Terminal B was completed, including landside roadways and airside paving work, and Delta's Terminal C headhouse, supporting roadways, and East Garage connector opened to the public. Construction has also started at JFK's Terminal 4 and new Terminal 1, as the Redevelopment of JFK into a world-class gateway takes off.
- At the bridges and tunnels, permanent cashless tolling operations will be completed by year-end 2022 at all of the agency's bridge and tunnel vehicular crossings. This critical project will reduce travel times, enhance safety, and advance the agency's ambitious sustainability goals by reducing auto emissions and fuel consumption. Furthermore, critical state-of-good repair projects at the PABT have been completed, and substantial strides have been made on the agency's ambitious \$2B "Restoring the George" program, including the complete replacement of all suspender ropes on the north side of the bridge.
- At PATH, as part of the comprehensive PATH Improvement Plan effort to improve PATH service, construction related to enabling 9-car train operations on the Newark to World Trade Center lines has been completed, which will help add capacity, reduce delays, and improve the customer experience for

all PATH riders. Furthermore, elevator and escalators upgrades at the Exchange Place and Newport Stations to improve customer experience were completed.

The 2023 Capital Spending Budget builds-upon this incredible progress the agency has made transforming its facilities into 21<sup>st</sup> century facilities—even in the wake of pandemic related constraints and challenges—and will advance key projects, including:

- At the airports, work will wind-down at a “Whole New LGA” and phase 2 of EWR’s new state-of-the art Terminal A will advance. Critically, construction activities will ramp-up under the JFK Redevelopment program to deliver a unified, modern airport with world-class passenger amenities, expanded taxiway and gate capacity, state-of-the-art security, and streamlined roadway access.

Planning will also continue for the EWR Visioning Plan that advances an airport transformation already underway with the opening of a new Terminal A, a new parking garage/centralized rental car facility, and the EWR AirTrain program that will replace the current EWR AirTrain with a new AirTrain system that will meet increasing passenger demands and provide for a 21<sup>st</sup> century customer experience for airport visitors and employees.

- At the bridges and tunnels, work will continue to advance the GWB suspender rope replacement project as well as several other key components of the nearly \$2B “Restoring the George” program that will maintain the structural health of the bridge for the millions of customers who use it every year, including the opening of the north sidewalk to the public.

Planning work for the new Midtown Bus Terminal will also continue. The planning envisions a 21<sup>st</sup> century commuter hub that increases capacity for bus riders, improves customer experience, reduces street congestion and carbon emissions from bus operations, adds new public green space to the nearby community, and contributes to the transformation of the Midtown West area into a world-class commercial and transportation center.

- At PATH, Harrison Station’s reconstructed southwest headhouse will open in 2023 with ADA-accessibility and amenities such as an elevator, a public plaza with seating, and additional bicycle parking. Furthermore, additional railcars are expected to be delivered in 2023 to support 9-car operations to improve reliability and increase capacity on the Newark to WTC line.

The replacement of the outdated PATH fare collection system with a modern, account-based system that will support contactless media is also scheduled for a phased deployment to begin in the second half of 2023, which will help the agency provide world-class customer service.

- And at the Ports, the start of major construction on the Port Newark Port Street Corridor project will advance which will ultimately help alleviate traffic, reduce greenhouse gas emissions, improve air quality for surrounding communities, and help the agency more efficiently move goods in and out of the Port Newark. In addition, work will commence on a southbound track connection from Elizabeth Express Rail to help enhance throughput at the Ports.

## The Port Authority's 2017-2026 Capital Plan

The Port Authority's Capital Plan is developed using a comprehensive planning process and risk-based prioritization that considers asset conditions, operational and revenue impacts, threat assessments, customer service, regional benefits, regulatory and statutory requirements, and long-term affordability. The comprehensive planning process includes an annual assessment of the factors that impact the continuing operations of the Port Authority's facilities, such as contractual, municipal lease, and other relationships, as well as regional needs, customer demands, and industry specific business environments. These factors provide inputs to the Port Authority's integrated financial model, which is used to determine available capital capacity and the size of the Capital Plan.

The capital capacity assumed in each Capital Plan is allocated to the various projects under consideration using a comprehensive risk-based approach. In determining funding allocation the first priority is to ensure sufficient funds to deliver the projects that are currently in construction. Next, funds are allocated to maintain assets in full operational capacity and provide for projects required by law or for security purposes. Funds are then allocated to provide for projects that will restore and fortify assets damaged by Superstorm Sandy, and finally to other high priority projects that will expand and improve transportation assets.

For additional details on the agency's process of selecting and identifying capital projects to be funded and the listing of capital projects, refer to the Port Authority's current Capital Plan: <https://www.panynj.gov/port-authority/en/about/capital-plan.html>.

Note, the Port Authority continues to evaluate the extent to which and how the 2017-2026 Capital Plan should be modified to guide future Capital Spending in light of the adverse impacts of COVID-19 on the agency's cash flow and capital capacity. This effort includes an intensive reevaluation of the elements of the overall Capital Plan, and of individual projects and the timing thereof.

## DEBT SERVICE

The 2023 Debt Service Budget includes \$1.8B of total debt service inclusive of interest expense incurred during construction, reflecting an increase of \$117M, or 7% versus the 2022 Debt Service Estimate driven by higher forecasted market-driven borrowing rates in 2022 and 2023, and higher scheduled principal payments on existing outstanding bonds.

The Port Authority's strong credit quality allows it to efficiently access capital markets at competitive interest rates to finance long-term capital investments in its facilities. The Port Authority is projected to have a total of \$27.8B of total Obligations outstanding as of December 31, 2022, including approximately \$25.0B of Consolidated Bonds and Notes. The Port Authority's Debt Service Budget reflects the principal and interest payments for these Obligations, in addition to the cost of issuing new debt.

	Year ended December 31 <sup>st</sup>			
(\$ in thousands)	2021 Actual	2022 Budget	2022 Estimate	2023 Budget
<b>Consolidated Bonds &amp; Notes</b>				
Interest on Consolidated Bonds & Notes	\$1,093,913	\$1,102,366	\$1,083,148	<b>\$1,165,838</b>
Principal on Consolidated Bonds & Notes	398,600	454,355	463,107	<b>478,055</b>
Cost of Issuance	5,009	4,865	4,853	<b>2,758</b>
<b>Subtotal</b>	<b>\$1,497,522</b>	<b>\$1,561,586</b>	<b>\$1,551,108</b>	<b>\$1,646,651</b>
<b>Special Obligations</b>				
Goethals Bridge Developer Financing Arrangement	58,620	59,499	59,499	<b>60,392</b>
Tower 4 Liberty Bonds**	66,715	34,745	34,745	<b>34,732</b>
Principal on Special Obligations*	25,000	24,700	-	<b>-</b>
Interest on Special Obligations*	1,130	18,825	9,500	<b>30,476</b>
Debt Service on MOTBY Obligation	3,995	3,942	3,942	<b>3,887</b>
<b>Subtotal</b>	<b>\$155,460</b>	<b>\$141,711</b>	<b>\$107,686</b>	<b>\$129,487</b>
<b>Total Debt Service</b>	<b>\$1,652,982</b>	<b>\$1,703,297</b>	<b>\$1,658,794</b>	<b>\$1,776,138</b>
Less Interest Expense Incurred During Construction***	(138,077)	(120,000)	(200,000)	<b>(174,138)</b>
<b>Debt Service from Operations</b>	<b>\$1,514,905</b>	<b>\$1,583,297</b>	<b>\$1,458,794</b>	<b>\$1,602,000</b>

\* Includes Variable Rate Master Notes, Commercial Paper Obligations, and an assumed Bank Financing Facility in 2023.

\*\* Debt service related to 4WTC Liberty Bonds are reimbursable to the agency by the 4 WTC Net Lessee and are included in 2023 Contributions.

\*\*\* Effective January 1, 2021 the Port Authority adopted GASB statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period." This statement requires that the Port Authority account for interest expense incurred during construction periods as an Operating Expense, however, prior to this the agency Budgeted these amounts in the Capital Spending Budget as part of the total cost to carry out the agency's 2017-2026 Capital Plan. As such these amounts are accounted for in the agency's Total Debt Service Budget, but for Budgeting purposes are reflected in Capital Spending.

- **Debt Service on Consolidated Bonds & Notes** total \$1.6B in the 2023 Budget, reflecting an increase of \$96M, or 6% versus the 2022 Debt Service Estimate driven by: 1) higher market-driven interest rates forecasted in the 2023 Budget for both new money issued in 2022 as well as planned new money issuances in 2023; and, 2) higher scheduled principal amortization of existing bonds.

Consolidated Bonds and Notes comprise approximately 93% of the 2023 Debt Service Budget.

- **Debt Service on Special Obligations**, total \$129M in the 2023 Budget, reflecting an increase of \$21M, or 19% versus the 2022 Debt Service Estimate driven by an increase in interest expenses as a result of higher short-term interest rates forecasted in the 2023 Budget.

Special Obligations comprise approximately 7% of the 2023 Debt Service Budget.

## OUTSTANDING OBLIGATIONS & FINANCING

The Port Authority is financially self-sustaining, and as such, the agency must raise the funds necessary for the improvement, construction, or acquisition of its facilities primarily upon the basis of its own credit. The Port Authority's credit quality allows the agency to access capital markets at competitive interest rates to finance long-term capital investments made for its facilities.

Ratings for both Consolidated Bonds and Special Obligations issued by the Port Authority are typically assigned by S&P Global Ratings, Fitch Ratings, and Moody's Investors Service, Inc. at the time of each debt issuance. The Port Authority's most recent ratings—including an explanation of the significance of such rating—may be obtained from the ratings service issuing such rating. The Port Authority's Annual Reports also contain a snapshot summary of credit ratings assigned to outstanding debt obligations of the Port Authority as of the date of each publication.

Each rating reflects only the view of the ratings service issuing such rating and is not a recommendation by such ratings service to purchase, sell, or hold any maturity of Port Authority obligations or as to market price or suitability of any maturity of the obligations for a particular investor. There is no assurance that any rating will continue for any period of time or that it will not be revised or withdrawn. A revision or withdrawal of a rating may have an effect on the market price of Port Authority obligations.

The table below shows the Port Authority's outstanding and planned obligations and financing resulting from current assumptions regarding the financing of the 2023 Capital Spending Budget. Budgeted amounts are subject to change based on market conditions and Capital Plan needs. To review annual debt service requirements of the outstanding obligations, reference Note D – Outstanding Financing Obligations of the [Annual Report](#).

(\$ in thousands)	As of December 31 <sup>st</sup>						
	2021 Actual	Issued/ Accreted	2022 Repaid/ Refunded	2022 Estimate	2023 Issued/ Accreted	2023 Repaid/ Refunded	2023 Budget
Consolidated Bonds & Notes	\$24,189,474	\$1,759,200	(\$977,245)	\$24,971,429	\$2,100,000	(\$1,578,055)	\$25,493,374
Tower 4 Liberty Bonds	1,236,905	–	(2,200)	1,234,705	–	(2,200)	1,232,505
Goethals Replacement DFA	1,023,286	–	(1,011)	1,022,275	–	(1,975)	1,020,300
Short-Term Borrowing	574,000	2,792,493	(2,867,175)	499,318	8,029,238	(7,878,556)	650,000
MOTBY Obligation	43,697	2,294	(5,000)	40,991	2,152	(5,000)	38,143
Variable Rate Master Notes	44,600	–	–	44,600	–	–	44,600
<b>Total Obligations</b> <i>(at PAR Value)</i>	<b>\$27,111,962</b>	<b>\$4,553,987</b>	<b>(\$3,852,631)</b>	<b>\$27,813,318</b>	<b>\$10,131,390</b>	<b>(\$9,465,786)</b>	<b>\$28,478,922</b>
Unamortized Premium/ (Discount)*	1,858,532	79,244	(78,994)	1,858,782	–	(79,589)	1,779,193
<b>Total Obligations</b> <i>(at Book Value)</i>	<b>\$28,970,494</b>	<b>\$4,633,231</b>	<b>(\$3,931,625)</b>	<b>\$29,672,100</b>	<b>\$10,131,390</b>	<b>(\$9,545,375)</b>	<b>\$30,258,115</b>

\* Includes unamortized issuance premiums and discounts related to Consolidated Bonds & Notes.

Limitations applicable to Port Authority obligations are not, unless otherwise indicated, "legal limits" established by State constitutions or laws but rather are set forth in, or calculated in accordance with, the contracts with the holders of such obligations as adopted by the Port Authority's Board. Port Authority obligations are subject to the issuance tests and limitations contained in the various resolutions pertaining to such obligations and by policies established by the Port Authority.

There are two broad categories of the Port Authority's outstanding obligations—1) Consolidated Bonds & Notes; and, 2) Special Obligations—as described in further detail below.

- 1. Consolidated Bonds & Notes**—which includes both long-term debt obligations referred to as Consolidated Bonds and short-term debt obligations referred to as Consolidated Notes, collectively

referred to as “Consolidated Bonds” herein—are established pursuant to the Consolidated Bond Resolution adopted by the Port Authority on October 9, 1952 (the “Consolidated Bond Resolution”), under which additional Consolidated Bonds may not be issued, except such Consolidated Bonds issued to refund other Consolidated Bonds, except under one or another of three conditions, each of which requires that a certain future calendar year’s debt service is met at least 1.3 times by certain revenues.

Under the current Board resolution establishing and authorizing the issuance of particular series of Consolidated Bonds (“Series Resolution”), Consolidated Bonds may be issued for purposes in connection with financing additional facilities (in addition to those for which the Port Authority has already issued bonds secured by a pledge of its General Reserve Fund (“GRF”)) only if the Port Authority has first certified its opinion that such issuance will not, among other things, materially impair its ability to fulfill its undertakings to the holders of Consolidated Bonds as more specifically set forth in such Series Resolution.

All Consolidated Bonds are equally and ratably secured by a pledge of the Net Revenues as defined in the Consolidated Bond Resolution of all existing facilities of the Port Authority and any additional Port Authority facility which may hereafter be financed in whole or in part through Consolidated Bonds. Consolidated Bonds are further secured by a pledge of the Port Authority’s GRF in the manner and to the extent set forth provided in Section 6 of the Consolidated Bond Resolution and by a pledge of the moneys in the Consolidated Bond Reserve Fund established by Section 7 of the Consolidated Bond Resolution.

The proceeds of Consolidated Bonds may be used for any purpose for which at the time of issuance of Consolidated Bonds the Port Authority is authorized by law to issue its obligations.

2. **Special Obligations** of the Port Authority are payable from the proceeds of obligations of the Port Authority issued for such purposes, including Consolidated Bonds issued in whole or in part for such purposes, or from Net Revenues (as defined below) deposited into the Consolidated Bond Reserve Fund, and in the event such Net Revenues are insufficient therefore, from other Port Authority monies legally available for such payments when due.

Net Revenues—for purposes of defining the Port Authority’s special obligations—with respect to any date of calculation, are the Port Authority’s revenues pledged under the Consolidated Bond Resolution and remaining after: 1) payment or provision for payment of debt service on Consolidated Bonds as required by the applicable provisions of the Consolidated Bond Resolution; 2) payment into the GRF of the amount necessary to maintain it at the amount specified in the General Reserve Fund Statutes; and, 3) applications to the authorized purposes under Section 7 of the Consolidated Bond Resolution.

These Special Obligations are not secured by, or payable from, the General Reserve Fund. Additionally, they do not create any lien on, pledge of, or security interest in any revenues, reserve funds, or other of the Port Authority.

The Port Authority’s Special Obligations as shown in the table above for the period from 2021 Actuals through the 2023 Budget include:

- **Tower 4 Liberty Bonds** The Port Authority is a co-borrower/obligor with respect to the New York Liberty Development Corporation, Liberty Revenue Bonds, Series 2011 (4 World Trade Center Project) issued by the New York Liberty Development Corporation on November 15, 2011 in the aggregate principal amount of approximately \$1.2B (the “Tower 4 Liberty Bonds”).

In connection with the issuance of the Tower 4 Liberty Bonds, the Port Authority entered into a Tower 4 Bond Payment Agreement with the Tower 4 Trustee to make debt service payments of principal and interest on the bonds (net of fixed rent paid or payable under the City of New York’s Tower 4 space lease, which has been assigned by the Tower 4 Silverstein net lessee directly to the Tower 4 bond

trustee for the payment of a portion of the debt service on the Tower 4 Liberty Bonds) to the Tower 4 bond trustee during the term of the agreement through November 15, 2051.

Certain Port Authority debt service payments related to Tower 4 Liberty Bonds are reimbursable to the Port Authority from Tower 4 cash flow and to the extent Tower 4 cash flow is not sufficient, would accrue interest until reimbursed or paid with an overall term for such reimbursement or payment not in excess of 40 years from the issuance date of the original Tower 4 Liberty Bond financing.

In September 2021, the Tower 4 Liberty Bonds were refinanced to achieve debt service savings. The final maturity of the Tower 4 Liberty Bonds is unchanged.

- **Goethals Bridge Replacement Developer Financing Arrangement (“DFA”)** On August 30, 2013, the Port Authority and a private developer entered into an agreement (“the Project Agreement”) for the design, construction, financing, and maintenance of a replacement Goethals Bridge (“the Replacement Bridge”). Starting in July 2018, the Port Authority was required to make a payment to the private developer in the amount of \$1.02B, subject to certain adjustments, for the construction of the Replacement Bridge.

In lieu of a cash payment, the private developer extended a loan in that principal amount to the Port Authority, to be repaid in monthly payments of principal and interest (the “DFA Payments”) to the private developer. The DFA Payments are payable over the term of the Project Agreement, which has a scheduled expiration date of June 30, 2053—the thirty-fifth anniversary of the substantial completion date of the Replacement Bridge. The DFA Payments are subject to certain deductions for non-compliance and/or lane unavailability by the private developer pursuant to the terms of the Project Agreement.

- **Short-Term Borrowing** This category consists of both Commercial Paper Obligations and planned Special Obligation Institutional Loan Program as described in further detail below:
  - i. **Commercial Paper Obligations** These Port Authority obligations are issued to provide interim financing for authorized capital projects at Port Authority facilities and may be outstanding until December 31, 2025 under the current approved program, which consists of three separate series known as Series A, Series B, and Series C. The maximum aggregate principal amount that may be outstanding at any one time is \$250M for Commercial Paper Series A, \$250M for Series B, and \$250M for Series C. To increase the availability of sufficient liquidity for the Port Authority to pay the maturing principal amount and the interest due at maturity, the Port Authority has entered into liquidity facilities for each Series. To date, the liquidity facilities have not been drawn upon. The liquidity facilities will expire on January 31, 2023.
  - ii. **Special Obligation Institutional Loan Program** The Port Authority anticipates establishing a Special Obligation Institutional Loan Program that includes the use of a credit or revolving credit facility as an alternative to commercial paper.
- **Marine Ocean Terminal at Bayonne Peninsula (“MOTBY”) Obligation** A Port Authority obligation representing the amounts due to the Bayonne Local Redevelopment Authority for the purchase of certain parcels of the Marine Ocean Terminal at Bayonne Peninsula.
- **Variable Rate Master Notes** These Port Authority obligations may be issued in a total aggregate principal amount outstanding at any one time not to exceed \$400M under the current authorized program. The proceeds of each note shall be used for: 1) Capital Spending in connection with any one or more of the Port Authority’s facilities; 2) refunding directly, by offers to exchange, or otherwise, all or any part of any bonds, notes or other Port Authority obligations; and, 3) for incidental purposes, including certain costs of, and relating to, such Notes.

## DEFERRED EXPENSES

The 2023 Deferred Expense Budget totals \$116M, reflecting a decrease of (\$14M,) or (11%) versus the 2022 Deferred Expense Budget as detailed below. The agency's Deferred Expenses includes funding for: 1) vehicle purchases and replacements, including electric vehicles and busses; 2) software and hardware technology investments; and, 3) leased and owned property investments, primarily for office space relocations and alterations.

The below Deferred Expense table below shows the purchase price the agency is anticipated to incur for each program which is then deferred and recognized as an operating expense in the agency's annual Operating Expense Budget over the useful life of each asset.

<i>(\$ in thousands)</i>	2021 Actual	2022 Budget	2022 Estimate	2023 Budget
Vehicle Purchase Program	\$68,550	\$65,641	\$22,994	<b>\$35,543</b>
Technology Investments	17,425	18,325	25,430	<b>36,239</b>
Office Space Moves & Alterations	9,727	9,986	2,930	<b>16,982</b>
Asset Management Program	3,737	9,000	9,000	<b>9,234</b>
Toll Collection Customer Service Center	–	6,552	1,844	<b>9,123</b>
Security & Other	2,347	21,057	12,124	<b>9,342</b>
<b>Total</b>	<b>\$101,786</b>	<b>\$130,561</b>	<b>\$74,322</b>	<b>\$116,463</b>

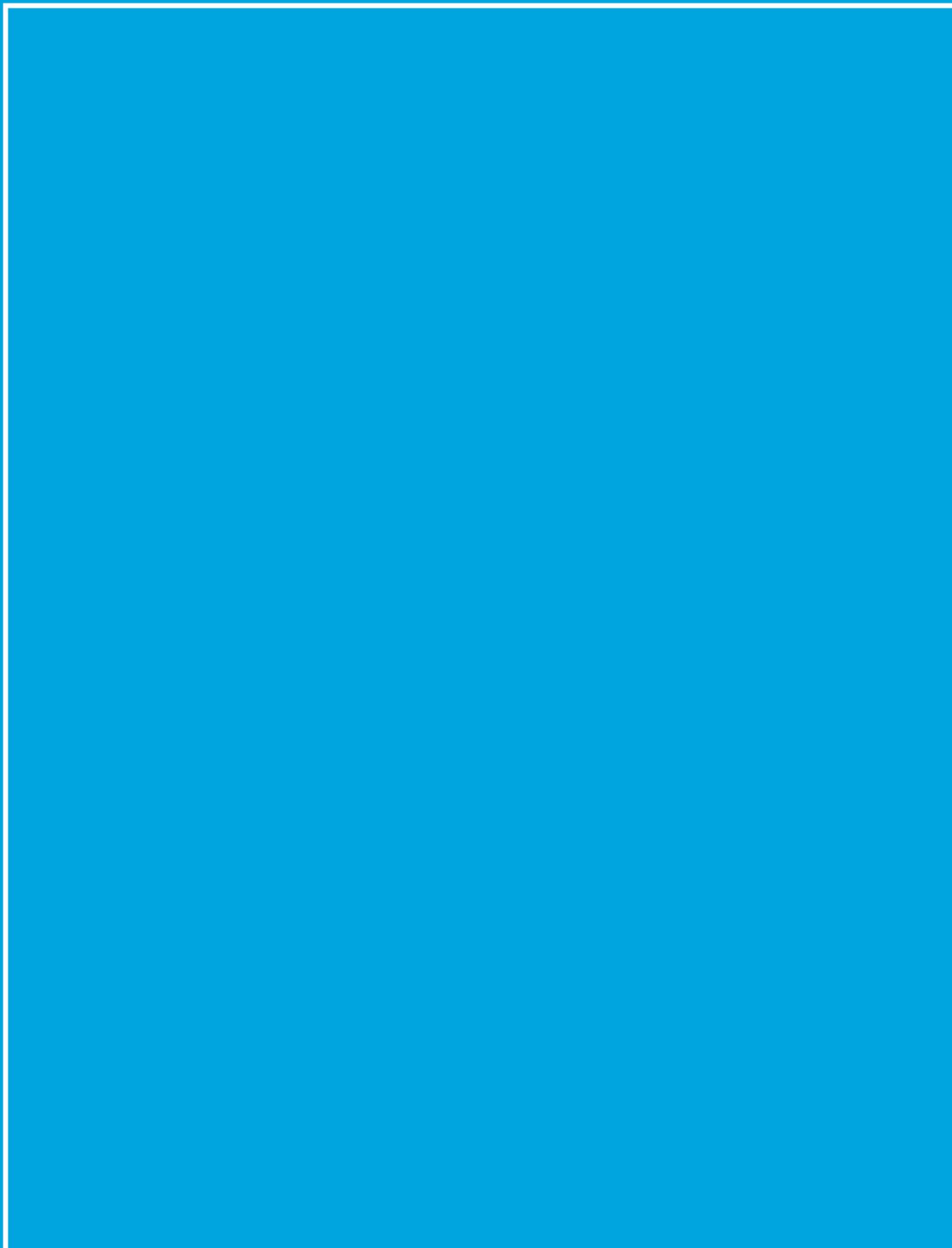
- Vehicle Purchase Program**—which includes funding for vehicle purchases and replacements, including electric vehicles (“EV”) and busses—totals \$36M in 2023, reflecting an increase of \$13M, or 55% versus the 2022 Estimate. The 2023 spending budget funds the purchase of vehicles and equipment to replace existing vehicles which are beyond their useful life or damaged beyond repair.
- Technology Investments**—which includes investments in software and hardware to maintain and improve the agency’s technology infrastructure—totals \$36M in 2023, reflecting an increase of \$11M, or 43% versus the 2022 Estimate.
- Office Space Moves & Alterations**—which includes funding for office space relocation projects and alterations of owned or leased property—totals \$17M in 2023, reflecting an increase of \$14M, or 80% versus the 2022 Estimate.
- Asset Management Program**—which reflects the implementation of the Enterprise Asset Management (“EAM”) asset lifecycle management program for all facilities across the agency—totals \$9M in 2023 and is essentially flat to the 2022 Estimate.
- Toll Collection Customer Service Center**—which funds the design and implementation of TB&T’s new Customer Service Center system for E-ZPass and Toll by Mail (“TbM”) toll processing—totals \$9M in 2023, reflecting an increase of \$7M, or 95% versus the 2022 Estimate in alignment with the project implementation schedule.
- Security & Other**—which includes investments for equipment to support Port Authority Police operations, such as radios and firearms, and other civilian security equipment purchases—totals \$9M in 2023, reflecting a decrease of (\$3M,) or (33%) versus the 2022 Estimate.

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*The Port of New York and New Jersey—the U.S. East Coast's largest port—can accommodate the world's largest vessels and handle all types of cargo.*



# Departmental Budget Summaries



## **BASIS OF DEPARTMENTAL BUDGET SUMMARIES**

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Because 2022 continues to be impacted by the volatility and uncertainty of COVID-19, particularly in relation to the agency's activity volume recovery, the Budget Summary and Budget Details sections of the 2023 Budget Book have been prepared by comparing the 2023 Budget to the 2022 Estimate. The following Departmental Budget Summary has been prepared using the more traditional comparison of the 2023 Budget versus the 2022 Budget.

## TUNNELS, BRIDGES, & TERMINALS (“TB&T”)

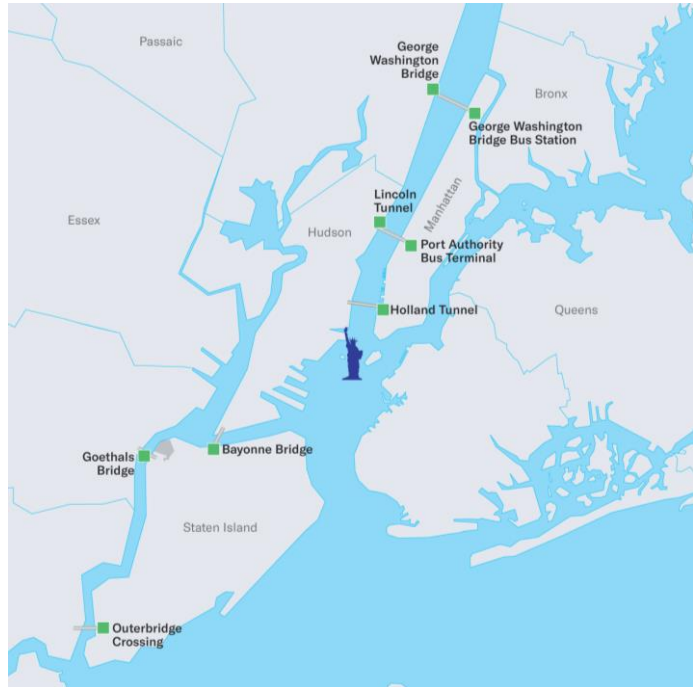
### Mission

TB&T’s mission is to “Keep the Region Moving” by connecting the road networks of New York and New Jersey to serve and facilitate the movement of millions of people and goods safely, efficiently, and conveniently throughout the region each year.

### Facilities

TB&T’s facilities—which operate 24 hours-a-day, 7 days-a-week, 365 days-a-year—connect New York and New Jersey to the rest of the country. TB&T facilities include:

- **Vehicular Bridges** The George Washington Bridge (“GWB”)—the busiest bridge in the world—and three Staten Island Bridges (“SIB”), which consist of the Bayonne Bridge (“BB”), the Goethals Bridge (“GB”), and the Outerbridge Crossing (“OBX”)
- **Vehicular Tunnels** The Lincoln Tunnel (“LT”) and Holland Tunnel (“HT”)
- **Bus Terminals** The Port Authority Bus Terminal (“PABT”)—the largest bus terminal in the nation and the busiest in the world—and the GWB Bus Station (“GWBBS”)



A rendering envisioning the new Midtown Bus Terminal .

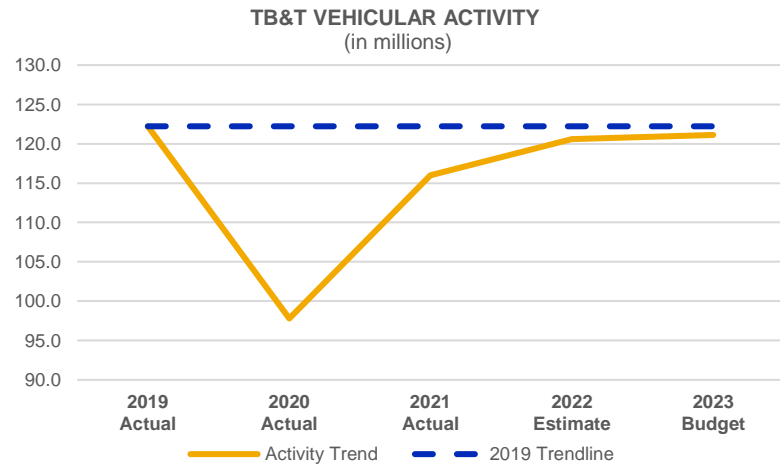


### Core Functions

- Operate and maintain four long-span vehicular bridges, two trans-Hudson vehicular tunnels, and two bus terminals.
- Deliver a Capital Spending and Operating Expense program that: 1) ensures best-in-class safety and security standards across all TB&T facilities; and, 2) provides for the future needs of the region.
- Attract and maintain a diverse, inclusive, and skilled workforce to manage, operate, and provide Port Authority patrons best-in-class facilities and customer experience.
- Provide a state-of-the-art toll revenue collection system comprised of an All-Electronic Tolling ("AET") environment at all bridge and tunnel toll crossings.

### Activity Volumes

In 2023, approximately 121M vehicles are projected to use the Port Authority’s bridge and tunnel crossings—this reflects a decrease of (2M) vehicles, or (2%) versus the 2022 Budget and is flat to the 2022 Estimate. This projection represents a conservative forecast in the event of a worsened economic outlook for 2023/2024, as well as the adverse impacts of higher market-driven fuel prices on vehicular traffic.



### Staffing

TB&T’s 793 authorized positions consist of employees dedicated to operating, maintaining, managing, and providing Capital support to the facilities.

*Operations* staff are responsible for facility management, incident and emergency response, traffic and electronic toll collection management, and bus and passenger operations. *Maintenance* staff perform daily maintenance activities including preventive and corrective maintenance routines. *Management* staff support the operations and maintenance of the facilities and provide department-wide management oversight, including Capital project delivery.

### Goals, Objectives, & Performance Measures

TB&T’s strategic objectives focus on advancing the agency strategic priority/goals of enhancing operational excellence, safety and security, and customer experience by improving facility mobility at interstate vehicle crossings, mitigating crashes at those facilities, and increasing elevator and escalator reliability and restroom satisfaction at the PABT. In addition, TB&T supports the agency’s strategic priority/goal to maintain and revitalize the region’s transportation infrastructure through the Capital investments detailed in the 2023 Capital Spending section below.

Further details on TB&T’s strategic priorities/goals, objectives, and performance measures are provided below.

Goals & Definitions	2023 Objectives*	2022 Actuals	2021 Actuals
<b>Operational Excellence</b>			
Maintain median travel speeds during weekdays from 6am to 10pm at all vehicular crossings to facilitate the efficient movement of goods and people.	Median vehicular speeds at the crossings during weekdays from 6am to 10pm in both the eastbound and westbound directions will meet a minimum of 82% of the posted speed limit.	<u>Eastbound: 82.1%**</u> <u>Westbound: 88.6%**</u>	<u>Eastbound: 88.9%**</u> <u>Westbound: 85.5%**</u>
<b>Safety &amp; Security</b>			
Facilitate safety and travel time reliability by ensuring key crash locations are monitored and mitigations are implemented to reduce crashes.	<ol style="list-style-type: none"> <li>1. Reduce the overall average crash rate as compared to the 2022 crash rate of 14.2 crashes per million vehicles.</li> <li>2. Reduce the number of crashes at the top 10 incident hot spots as compared to the 2022 top 10 incident hot spot crashes of 855.</li> </ol>	<u>Overall Crash Rate Reduction: (0.5%**</u> decrease compared to 2021 – <i>Avg. Overall Crash Rate: 14.2 crashes per million vehicles</i>  <u>Top 10 Hot Spot Crash Rate Reduction: (4%**</u> decrease compared to 2021 – <i>Top 10 Hot Spot Crashes: 855</i>	<u>Overall Crash Rate Reduction: (20.1%**</u> decrease compared to 2019 (pre-pandemic) – <i>Avg. Overall Crash Rate: 14.3 crashes per million vehicles</i>  <u>Top 10 Hot Spot Crash Rate Reduction: (22%**</u> decrease compared to 2019 (pre-pandemic) – <i>Top 10 Hot Spot Crashes: 908</i>
<b>Customer Experience</b>			
Maintain positive customer experience and satisfaction at the PABT restrooms and achieve high levels of availability of PABT's elevators and escalators.	<ol style="list-style-type: none"> <li>1. Achieve an overall restroom satisfaction rating minimum of 83%.</li> <li>2. Achieve an overall availability of escalators and elevators minimum of 93%.</li> </ol>	<u>Overall Restroom Satisfaction: 83%</u>  <u>Overall Availability of Escalators and Elevators: 95%</u>	<u>Overall Restroom Satisfaction: 79%</u>  <u>Overall Availability of Escalators and Elevators: 96%</u>

\* Objectives measure performance through year-end 2023.

\*\* As a result of the adverse impacts of COVID-19 on TB&T vehicular volumes and their subsequent ongoing recovery, 2021 and 2022 performance measure Actuals should be treated as anomalous until activity levels and operations have returned to pre-pandemic levels.

### Gross Operating Revenues

TB&T's 2023 Gross Operating Revenue Budget of \$2.0B reflects an increase of \$62M, or 3% versus the 2022 Gross Operating Revenue Budget.

This Budget-to-Budget increase is driven by:

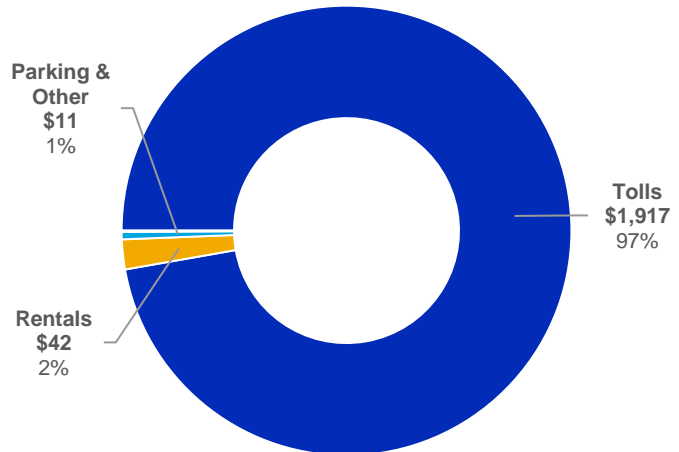
- **Tolls** total \$1.9B in 2023, reflecting an increase of \$62M, or 3% versus the 2022 Budget driven by automatic inflation-based bridge and tunnel toll adjustment as mandated by prior Board actions that was triggered by the 14% increase in CPI from September 2020 to September 2022.

The impact of the toll rate increase is partially offset by slightly lower vehicular volumes and increased net violations resulting from the agency's full transition to cashless tolling by year-end 2022.

- **Rentals** total \$42M in 2023, reflecting an increase of \$1M, or 2% versus the 2022 Budget driven by higher display advertising revenues resulting from new billboards at the PABT.

Compared to the 2022 Gross Operating Revenue Estimate, TB&T's 2023 Gross Operating Revenue Budget reflects an increase of \$96M, or 5% driven by the previously mandated inflation-based bridge and tunnel toll adjustment.

2023 GROSS OPERATING REVENUE BUDGET  
BY CATEGORY  
(\$ in millions)



### Gross Operating Revenue by Category

(\$ in thousands)

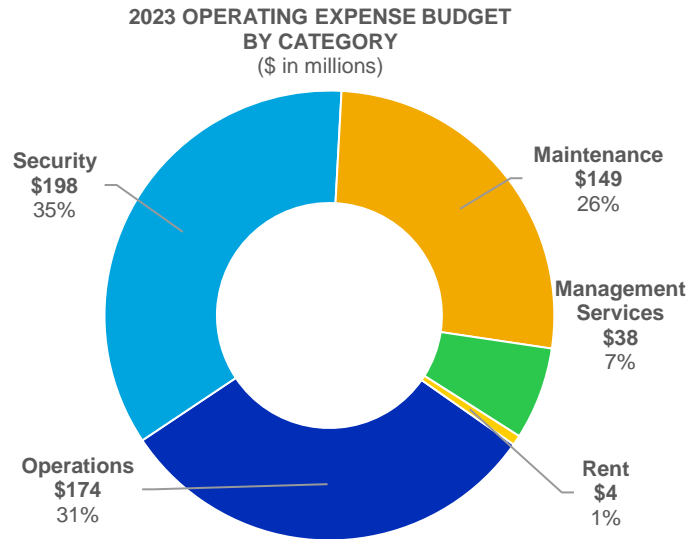
	2021 Actual	2022 Budget	2022 Estimate	2023 Budget
Tolls	\$1,759,244	\$1,855,590	\$1,827,143	<b>\$1,917,279</b>
Rentals	29,160	\$41,556	38,158	<b>42,325</b>
Parking & Other	6,939	\$10,636	9,238	<b>10,524</b>
Utilities	1,410	\$1,434	1,736	<b>1,761</b>
<b>Total</b>	<b>\$1,796,753</b>	<b>\$1,909,216</b>	<b>\$1,876,275</b>	<b>\$1,971,889</b>

### Operating Expenses

TB&T’s 2023 Operating Expense Budget totals \$623M, providing funding for revenue collection, cleaning, asset maintenance, and traffic and customer service management to provide safe and reliable facility operations for the traveling public.

As compared to the 2022 Operating Expense Budget, the 2023 Operating Expense Budget reflects an increase of \$33M, or 6% driven by: 1) higher toll processing and collections costs to support the full implementation of cashless tolling at the agency’s bridges and tunnels; 2) incremental PABT and GWBBS cleaning expenses in-alignment with increased activity; 3) incremental Engineering condition surveys and major maintenance projects to maintain condition facilities and assets; 4) an automatic license plate reader (“ALPR”) revenue recovery initiative to help identify and catch toll violators driving with suspended vehicle registrations; and, 5) market-driven inflationary escalations for labor, contracts, energy, and insurance.

Compared to the 2022 Operating Expense Estimate, TB&T’s 2023 Operating Expense Budget reflects an increase of \$40M, or 7%.



### Operating Expense by Category

(\$ in thousands)

	2021 Actual	2022 Budget*	2022 Estimate	2023 Budget
Operations	\$169,173	\$163,914	\$167,245	<b>\$174,037</b>
Security	172,342	181,697	192,058	<b>198,305</b>
Maintenance	132,539	144,122	133,150	<b>149,114</b>
Management Services	38,204	35,798	29,730	<b>37,474</b>
Rent	4,170	3,917	3,979	<b>4,034</b>
<b>Subtotal</b>	<b>516,428</b>	<b>529,448</b>	<b>526,162</b>	<b>562,964</b>
Allocates <sup>5</sup>	48,119	59,717	56,735	<b>59,670</b>
<b>Total**</b>	<b>\$564,547</b>	<b>\$589,165</b>	<b>\$582,897</b>	<b>\$622,634</b>

\* Reflects reallocations of costs between Departments.

\*\* Budget and Actual/Projected Operating Expenses reflect the agency’s cash contributions for both pension and OPEB and excludes Non-Cash Pension & Other Post-Employment Benefits (“OPEB”) actuarial plan valuations per GASB Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions” and per GASB Statement No. 68 “Accounting and Financial Reporting for Pensions.”

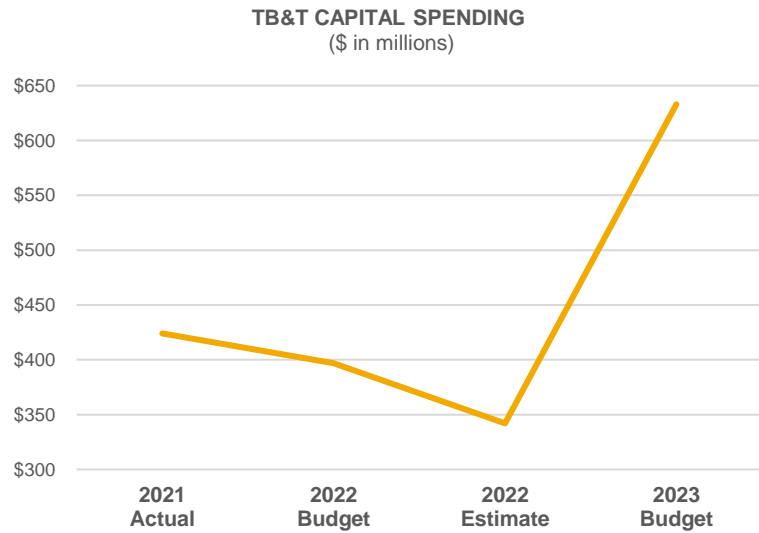
<sup>5</sup> Allocated excludes “Non-Core” Operating Expenses, including: 1) net zero and sustainability studies (\$7M;) and, 2) reimbursable employee COVID-19 testing 2022 expenses (\$5M.)

### Capital Spending

TB&T's 2023 Capital Spending Budget totals \$633M. The 2023 Capital Spending Budget includes funding for ongoing construction at the GWB for the suspender rope replacement project and several other key projects under the \$2B "Restoring the George" program, state of good repair work, including the mitigation of latent salt damage at the HT, as well as planning efforts associated with the Midtown Bus Terminal replacement.

As compared to the 2022 Capital Spending Budget, the 2023 Capital Spending Budget reflects an increase of \$237M, or 60% versus as spending accelerates for the Midtown Bus Terminal replacement and LT Access programs.

Further detail on Significant Capital Projects included in the 2023 Capital Spending Budget is provided below.



## Significant Capital Projects (\$ in thousands)

Project Title & Description	Operational Impacts	2023 Budget
<p><b>“Restoring the George” Program</b></p> <p>Includes 11 high-priority projects at the GWB, the largest being the replacement of all 592 suspender ropes and rehabilitation of main cables. These projects also include rebuilding the Palisades Interstate Parkway Helix, doubling capacity for bikes and pedestrians, installing a pedestrian safety fence, rehabilitating the main span upper and lower-level steel, repaving of the eastbound upper level, and providing for the rehabilitation of approach ramps and bridges.</p>	Maintains structural integrity and state of good repair of the bridge and associated elements.	\$165,080
<p><b>Midtown Bus Terminal Replacement Planning</b></p> <p>Planning for the advancement and further definition of capital projects related to the development of a new Midtown Bus Terminal and related infrastructure to replace the current PABT, including planning for required parking and staging facilities.</p>	Advances the planning process for the replacement of the PABT to meet future capacity requirements.	\$140,000
<p><b>Lincoln Tunnel Access</b></p> <p>Rehabilitation of the Pulaski Skyway, a new road for Route 1 and 9 Truck North, and the replacement of the Wittpenn Bridge.</p>	Improve the roadways and approaches leading to the LT, foster economic activity, and improve regional competitiveness.	\$109,929
<p><b>Cashless Tolling at HT &amp; GWB</b></p> <p>Includes continuing infrastructure modifications, toll booth removals, and roadway realignment at the toll plazas at the GWB and HT.</p>	Provides for seamless movement of traffic, saves commuter time, enhances safety, reduces traffic accidents and congestion, and decreases vehicular emissions.	\$43,952
<p><b>HT Mitigation of Latent Salt Damage</b></p> <p>Provides for integrity repairs of mechanical, electrical, and plumbing systems that were damaged by Superstorm Sandy.</p>	Maintains structural integrity and state of good repair of tunnel infrastructure.	\$40,705

## PORT AUTHORITY TRANS-HUDSON (“PATH”)

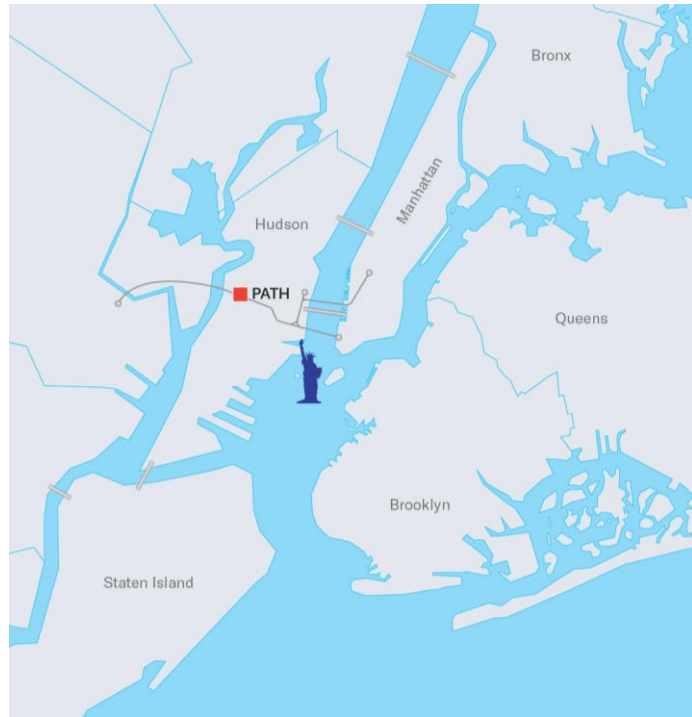
### Mission

PATH’s mission is to “Keep the Region Moving” as a vital connection between New Jersey and New York by providing safe, reliable, and efficient rail transit service that contributes to enhanced regional mobility and economic development for millions of riders each year.

### Facilities

The PATH transit system encompasses 14 route miles and 13 stations—6 in New York and 7 in New Jersey—as well as the Journal Square Transportation Center (“JSTC”). The system is comprised of a complex network of electrical cables, communications equipment, and signals, track, and tunnel infrastructure.

PATH’s fleet of 350 active vehicles operates 24-hours a day, 7 days a week, making it one of the few 24-hour rail transit systems in the world. As part of PATH’s efforts to improve reliability and increase capacity, PATH’s fleet is anticipated increase by up to 416 vehicles through year-end 2023.



PATH connects northeastern NJ cities of Newark, Harrison, Jersey City, and Hoboken as well as Lower and Midtown Manhattan.



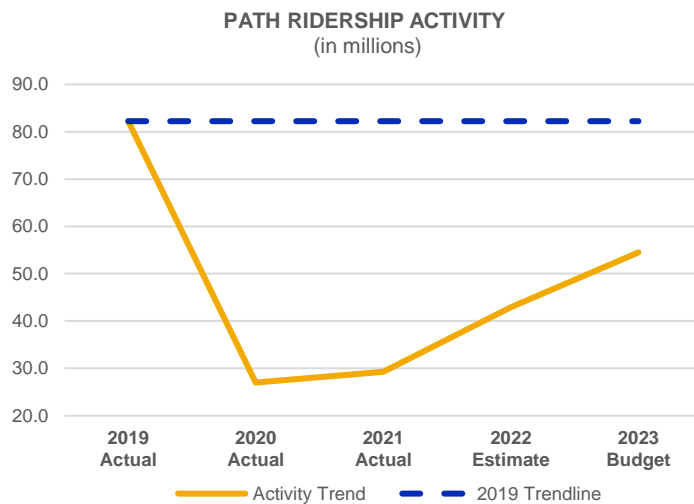
### Core Functions

- Operate and maintain a safe, reliable, and efficient rail transit system and bus transportation terminal at JSTC.
- Continue to improve the reliability, timeliness, and cleanliness of rail service and advance efforts to enhance customer experience.
- Deliver a Capital program that focuses on supporting the 9-Car Train Program on the WTC to Newark line, advance the PATH Improvement Plan, and close-out Superstorm Sandy resiliency efforts.
- Comply with federal safety and environmental rules and regulations.

### Activity Volumes

In 2023 approximately 54M riders are projected to use the PATH transit system—this reflects a decrease of (12M) riders, or (17%) versus the 2022 Budget driven by continuing weakness in PATH ridership reflecting the adverse impacts of remote work on mass transit ridership.

Compared to pre-pandemic 2019 ridership levels, 2023 ridership is projected to be at 66% of 2019 levels as PATH ridership continues its ongoing steady growth from the nadir of activity in 2020.



### Staffing

PATH’s 1,270 authorized positions consist of employees dedicated to operating, maintaining, managing, and providing Capital support to the PATH transit system and JSTC.

*Operations* staff manage the movement of trains, develop and maintain train schedules, and provide passenger information and customer care programs throughout the stations, including compliance with Federal Railroad Administration (“FRA”) regulations. *Maintenance* staff ensure reliable and efficient train movement by inspecting, repairing, or replacing components of railcars, tracks, station structures, signals, and power distribution and communication systems. *Management* and administrative staff support the operation and maintenance of facilities, and provide Department-wide oversight, including capital program delivery.

### Goals, Objectives, & Performance Measures

PATH’s strategic objectives focus on advancing the agency’s strategic priorities/goals of enhancing operational excellence and customer experience by driving improvements in on-time train performance and service reliability and reducing delays. In addition, PATH supports the agency’s strategic priority/goal to maintain and revitalize the region’s transportation infrastructure through the Capital investments detailed in the 2023 Capital Spending section below.

Further details on PATH’s strategic priorities/goals, objectives, and performance measures are provided below.

Goals & Definitions	2023 Objective*	2022 Actuals	2021 Actuals
<b>Operational Excellence &amp; Customer Experience</b>			
Limit the average percentage of train trips delayed or annulled in a 24-hour time frame.	Limit the average number of train trips delayed or annulled to a maximum of 2.0% each quarter.	<u>Quarterly Average: 2.1%</u> – Q1: 2.0% – Q2: 2.3% – Q3: 1.9% – Q4: 2.4%	<u>Quarterly Average: 1.3%</u> – Q1: 2.1% – Q2: 0.9% – Q3: 0.8% – Q4: 0.9%
<b>Operational Excellence</b>			
Operate a high percentage of AM and PM peak period revenue service train trips on-time as compared to total scheduled trains.	Achieve both an AM and PM peak period on-time performance of a minimum of 98% each quarter.**	<u>AM Peak Period On-Time Trips Average: 96.9%</u> – Q1: 95.9% – Q2: 95.8% – Q3: 98.4% – Q4: 97.5%	<u>AM Peak Period On-Time Trips Average: 98.6%</u> – Q1: 96.7% – Q2: 98.7% – Q3: 97.8% – Q4: 99.0%
		<u>PM Peak Period On-Time Trips Average: 98.4%</u> – Q1: 99.1% – Q2: 98.5% – Q3: 98.3% – Q4: 97.5%	<u>PM Peak Period On-Time Trips Average: 98.9%</u> – Q1: 98.2% – Q2: 98.3% – Q3: 99.3% – Q4: 98.6%
<b>Operational Excellence</b>			
Achieve a planned mean distance between failure—the number of miles, on average, a PATH train travels before breakdown or failure occurs that results in delay.	Achieve a minimum mean distance between failure of 76,809 miles.	<u>Mean Distance Between Failure: 57,526 miles</u>	<u>Mean Distance Between Failure: 76,809 miles</u>

\* Unless otherwise stated, Objectives measure performance through year-end 2023.

\*\* To meet industry best standards, the 2021 and 2022 Peak Period Performance metric is re-calculated based on the number of trips in a peak period instead of number of days.

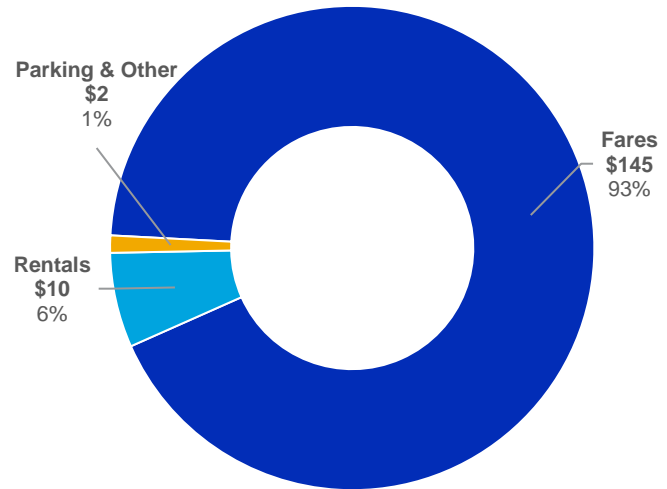
### Gross Operating Revenues

PATH's 2023 Gross Operating Revenue Budget totals \$157M, reflecting a decrease of (\$28M,) or (15%) versus the 2022 Gross Operating Revenue Budget.

Key Budget-to-Budget variance drivers include:

- **Fares** reflect a decrease of (\$30M,) or (17%) versus the 2022 Budget driven continuing weakness in PATH ridership reflecting the ongoing impacts of remote work.  
  
PATH fares remain unchanged in 2023.
- **Rentals** reflect an increase by \$1M, or 15% versus the 2022 Budget driven by incremental advertising revenues, in addition to the assumed reduction of rental vacancy rates at JSTC.

2023 GROSS OPERATING REVENUE BUDGET BY CATEGORY (\$ in millions)



Compared to the 2022 Gross Operating Revenue Estimate, PATH's 2023 Gross Operating Revenue Budget reflects an increase of \$32M, or 26% driven by the ongoing steady growth of ridership volumes.

### Gross Operating Revenue by Category

(\$ in thousands)

	2021 Actual	2022 Budget	2022 Estimate	2023 Budget
Fares	\$77,448	\$174,720	\$113,753	<b>\$144,736</b>
Rentals	6,067	8,549	8,334	<b>9,853</b>
Parking & Other	1,553	1,471	2,360	<b>1,813</b>
Utilities	152	238	147	<b>147</b>
<b>Total</b>	<b>\$85,220</b>	<b>\$184,978</b>	<b>\$124,594</b>	<b>\$156,549</b>

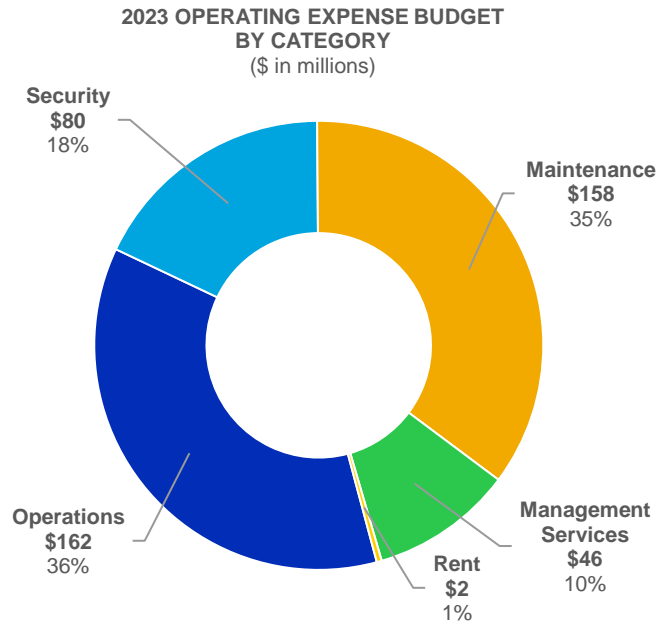
### Operating Expenses

PATH’s 2023 Operating Expense Budget totals \$510M, providing funding to ensure the safety and security of PATH’s passengers, employees, and contractors, in addition to maintaining, protecting, and preserving critical infrastructure and assets.

Of note, the 2023 Operating Expense Budget includes: 1) funding for a Reliability Consultant to develop an Operations and Maintenance Reliability Program with the goal of reducing train delays; 2) training classes to fill authorized vacancies; and, 3) temporary project-based positions to provide customer assistance during the rollout of the new Fare Payment System.

As compared to the 2022 Operating Expense Budget, the 2023 Operating Expense Budget reflects an increase of \$29M, or 6% driven by: 1) market-driven inflationary escalations for labor, contracts, energy, and insurance; 2) funding for the testing of the new railcars anticipated in 2023; 3) 8 temporary project-based Passenger Information Agents at PATH to provide customer assistance during the rollout of the new Fare Payment system; and, 4) incremental policing and security investments to help ensure the safety of the traveling public.

Compared to the 2022 Operating Expense Estimate, PATH’s 2023 Operating Expense Budget reflects an increase of \$7M, or 1%.



### Operating Expense by Category

(\$ in thousands)

	2021 Actual	2022 Budget*	2022 Estimate	2023 Budget
Operations	\$157,447	\$149,469	\$164,436	<b>\$161,741</b>
Security	73,016	70,856	71,697	<b>79,663</b>
Maintenance	154,340	154,920	157,375	<b>157,814</b>
Management Services	48,106	42,834	46,109	<b>45,841</b>
Rent	1,524	1,544	1,541	<b>1,580</b>
<b>Subtotal</b>	<b>434,433</b>	<b>419,623</b>	<b>441,158</b>	<b>446,639</b>
Allocates <sup>6</sup>	57,698	61,854	62,475	<b>63,616</b>
<b>Total**</b>	<b>\$492,131</b>	<b>\$481,477</b>	<b>\$503,633</b>	<b>\$510,255</b>

\* Reflects reallocations of costs between Departments.

\*\* Budget and Actual/Projected Operating Expenses reflect the agency’s cash contributions for both pension and OPEB and excludes Non-Cash Pension & Other Post-Employment Benefits (“OPEB”) actuarial plan valuations per GASB Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions” and per GASB Statement No. 68 “Accounting and Financial Reporting for Pensions.”

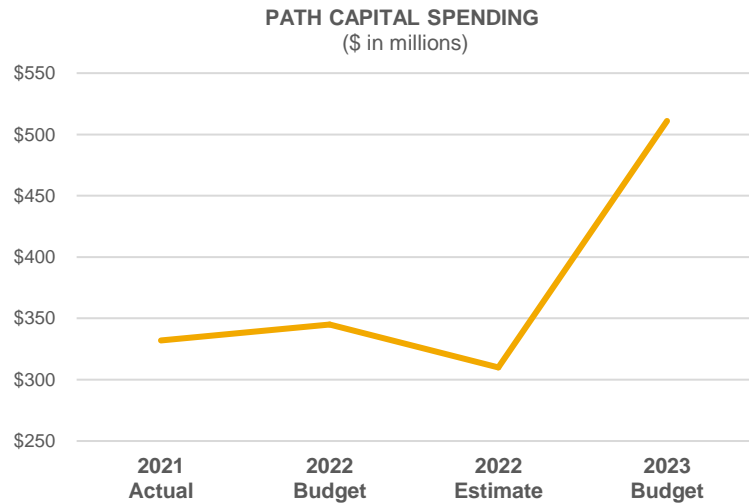
<sup>6</sup> Allocated excludes “Non-Core” Operating Expenses, including: 1) net zero and sustainability studies (\$7M); and, 2) reimbursable employee COVID-19 testing 2022 expenses (\$5M).

### Capital Spending

PATH’s 2023 Capital Spending Budget totals \$511M. This spending supports the capital components of the PATH Improvement Plan, including delivery of additional railcars to support the operation of 9-car trains on the Newark to WTC line, start of construction for the replacement of Substation 2, and continues work on the replacement of the Fare Collection System. Spending also supports Superstorm Sandy resiliency work.

As compared to the 2022 Capital Spending Budget, the 2023 Capital Spending Budget reflects an increase of \$165M, or 48% driven by the delivery schedule of additional railcars to support the future operation of 9-car trains in addition to an acceleration of spending for the replacement of substation 2.

Further detail on Significant Capital Projects included in the 2023 Capital Spending Budget is provided below.



### Significant Capital Projects (\$ in thousands)

Project Title & Description	Operational Impacts	2023 Budget
<p><b>PATH Car Purchase</b></p> <p>Provides for the purchase of 72 new PA-5cars to increase system-wide capacity.</p>	Supports 9-car operations on Newark to WTC line and shorter headways on other lines.	\$123,899
<p><b>Replacement of Substation 2</b></p> <p>Provides for construction of a new substation and compressor plant to replace the existing Substation 2 in Jersey City, NJ.</p>	Replaces the existing substation which has reached the end of its useful life.	\$43,783
<p><b>Tunnel E &amp; F Program</b></p> <p>Provides system and electrical corrosion protection in Tunnels E and F between Exchange Place and WTC, as well as replacing auxiliary power equipment at the Exchange Place station.</p>	Returns damaged assets to a state of good repair.	\$43,071
<p><b>Restoration of Hoboken, Newport, Exchange Place, &amp; Grove Street Stations</b></p> <p>Provides for restoration of architectural, structural, electrical, and other support systems damaged by flood waters during Superstorm Sandy.</p>	Returns damaged assets to a state of good repair.	\$34,909
<p><b>Superstorm Sandy Substation Program (7,8,9,14)</b></p> <p>Provides for the construction of new replacement substations which are at the end of serviceable life and sustained damage during Superstorm Sandy.</p>	Replaces assets that were damaged in Superstorm Sandy to maintain reliable service in the future.	\$30,001
<p><b>Replacement of Fare Collection System</b></p> <p>Provides for the replacement of the outdated PATH fare collection system with an account-based system that will support contactless media, including debit/credit cards and mobile devices.</p>	Provides for world-class customer service and ensures that the reliability of the fare collection system can meet the demands of PATH's growing ridership.	\$28,163
<p><b>PATH Rail Extension to Newark Liberty Rail Link Station Planning</b></p> <p>Planning efforts to lay the groundwork for extending PATH rail infrastructure from its existing terminus at Newark Penn Station to a new Newark Liberty Rail Link Station at EWR.</p>	Provides for increased regional transit and aims to reduce travel time and increase travel time predictability for air travelers as well as for commuter access from Newark's South Ward and neighboring communities to points east in New Jersey and Lower Manhattan.	\$10,000

## AVIATION

### Mission

Aviation's mission is to “Keep the Region Moving” by ensuring the safety, security, and efficiency of the region's airport system to best serve its customers and building infrastructure that meets the demand for air transportation of people, goods, and related services.

### Facilities

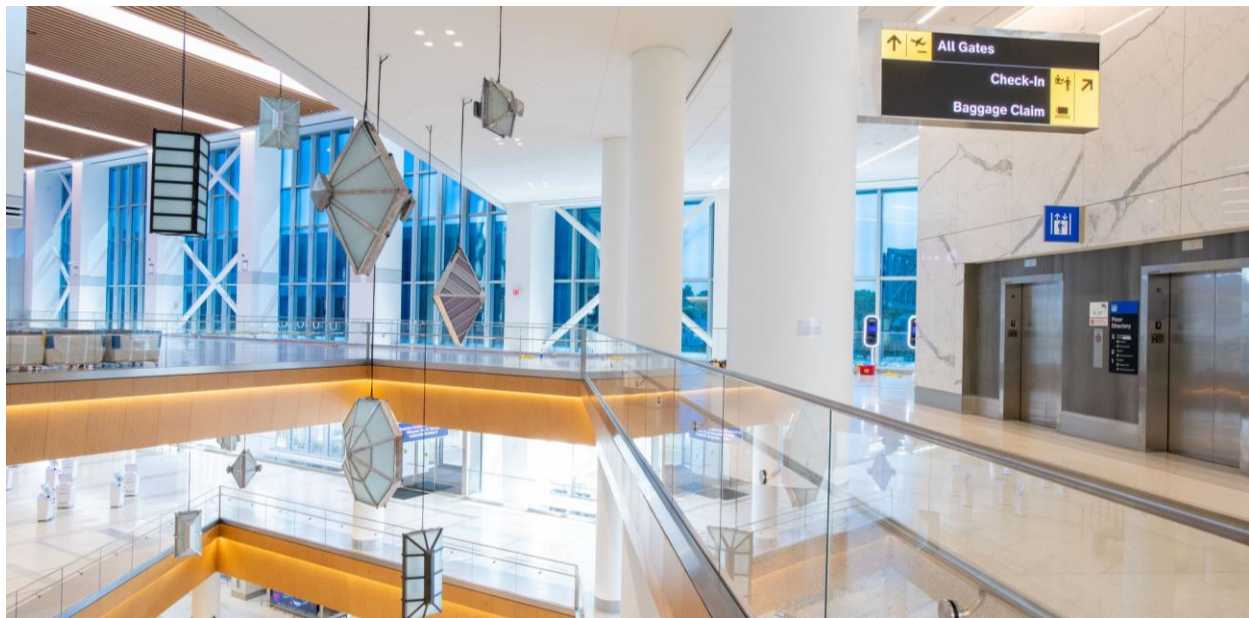
The Port Authority's airports represent the largest network of airports in the world, enabling millions of passenger journeys each year.

John F. Kennedy International Airport (“JFK”) serves as the region's chief international gateway, while Newark Liberty International Airport (“EWR”) serves both national and international markets. LaGuardia Airport (“LGA”) serves as the premier short-haul facility in the region. New York Stewart International Airport (“SWF”) provides short-haul and low-cost international service while Teterboro Airport (“TEB”) serves general aviation clients.

All three of Aviation's major airports—EWR, JFK, and LGA—are undergoing a \$30B transformation to become modern, world-class gateways.



LGA's new Delta Terminal C represents 21<sup>st</sup> century world-class air travel designed for optimal efficiency and speed.

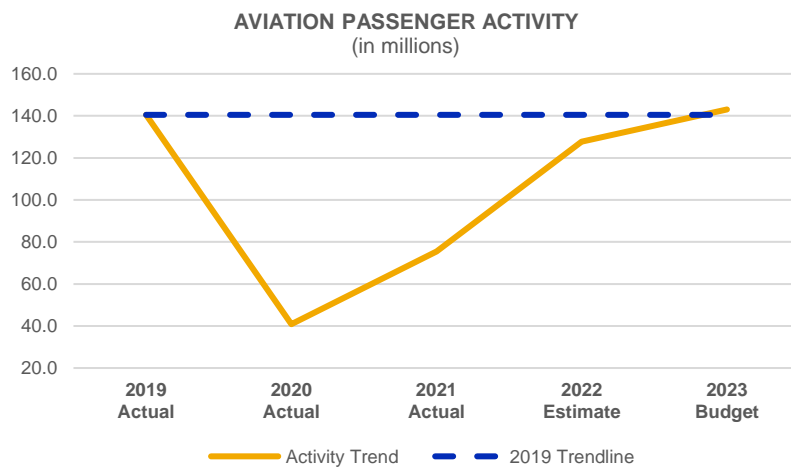


### Core Functions

- Position Port Authority airports on a path to transform current facilities into 21<sup>st</sup> century gateways to the region that meet global best-in-class standards for operations and customer experience.
- Develop, manage, and maintain passenger terminals, runways, and cargo facilities in compliance with Federal Aviation Administration (“FAA”) regulatory standards.
- Negotiate agreements and handle tenant relationships with airlines that rent passenger terminals and terminal gates, hangars, and cargo spaces, as well as with retail merchants and concessionaires.
- Manage security and coordinate with the Transportation Security Administration (“TSA”) and Customs and Border Protection (“CBP”) to ensure passenger safety and security.

### Activity Volumes

In 2023, approximately 143M passengers are projected to use the Port Authority’s aviation facilities—this reflects an increase of 17M passengers, or 13% versus the 2022 Budget driven by the ongoing international passenger and business travel recovery.



### Staffing

Aviation’s 1,541 authorized positions consist of employees dedicated to operating, maintaining, managing, and providing Capital support to the airports.

*Operations* staff operate and manage aeronautical, landside, security, and customer care functions, while complying with FAA rules and regulations. *Maintenance* staff provide maintenance to ensure each airport’s assets, infrastructure, and equipment operate at a high level of performance, including in alignment with code and regulatory compliance. *Management* staff provide support to facility operations and maintenance and department-wide oversight, including capital program delivery. And *Security* staff reflect the aircraft rescue and firefighting (“ARFF”) police force who represent the first line of defense in the event of an airport ground emergency or a fire that breaks out on an aircraft or airport facility.

Of note, the 2023 Budget includes Capital funding for 76 new temporary, project-based positions necessary to support the transformation of JFK into a unified, world-class international gateway through the JFK Redevelopment program.

### Goals, Objectives, & Performance Measures

Aviation’s strategic objectives focus on advancing the agency’s strategic priorities/goals of enhancing operational excellence, safety and security, and customer experience by improving the movement of goods and people, ensuring airside safety, and improving airport passenger satisfaction. In addition, Aviation supports the agency’s strategic priority/goal to maintain and revitalize the region’s transportation infrastructure through the Capital investments detailed in the 2023 Capital Spending section below.

Further details on Aviation’s strategic priorities/goals, objectives, and performance measures are provided below.

Goals & Objectives	2023 Objective*	2022 Actuals	2021 Actuals
<b>Operational Excellence &amp; Customer Experience</b>			
Limit the average time an aircraft spends taxiing to the runway ("taxi-out time") or taxiing to the gate ("taxi-in time").	Limit the number of taxi-in/taxi-out events of greater than 90 minutes to a maximum 0.4% of aircraft operations at JFK, EWR, and LGA.	<u>JFK</u> : 2,459 out of 416,535 operations, or 0.6%	<u>JFK</u> : 1,098 out of 303,997 operations, or 0.4%**
		<u>LGA</u> : 1,488 out of 348,642 operations, or 0.4%	<u>LGA</u> : 309 out of 187,578 operations, or 0.2%**
		<u>EWR</u> : 1,460 out of 374,253 operations, or 0.4%	<u>EWR</u> : 570 out of 292,433 operations, or 0.2%**
<b>Customer Experience</b>			
Improve overall airport passenger satisfaction as measured by Airport Council International's Airport Service Quality ("ASQ") Overall Satisfaction survey—ratings are on a scale of 1 (low) to 5 (high).	Achieve a minimum overall ASQ rating of: – JFK: 4.00 – EWR: 4.07 – LGA: 4.25	<u>Overall ASQ Rating:</u> – JFK: <b>3.82</b> – EWR: <b>3.69</b> – LGA: <b>4.11</b>	<u>Overall ASQ Rating:</u> – JFK: <b>4.06</b> – EWR: <b>3.91</b> – LGA: <b>4.17</b>
<b>Safety &amp; Security</b>			
Limit any Vehicle/Pedestrian Deviation ("VPD") runway incursion occurrences at an airport involving the incorrect presence of an aircraft, vehicle, or person on the protected area of a surface designated for the landing and take-off of aircraft.	Achieve zero VPDs at all Port Authority airports.	<u>VPDs by Airport:</u> – JFK: <b>0</b> – LGA: <b>2</b> – EWR: <b>2</b> – TEB: <b>0</b> – SWF: <b>0</b>	<u>VPDs by Airport:</u> – JFK: <b>4</b> – LGA: <b>0</b> – EWR: <b>1</b> – TEB: <b>1</b> – SWF: <b>0</b>

\* Unless otherwise stated, Objectives measure performance through year-end 2023.

\*\* As a result of the adverse impacts of COVID-19 on Aviation's passenger and flight volumes and their subsequent ongoing recovery, 2021 and 2022 performance measure Actuals should be treated as anomalous until activity levels and operations have returned to pre-pandemic levels.

### Gross Operating Revenues

Aviation’s 2023 Gross Operating Revenue Budget totals \$3.4B, reflecting an increase of \$518M, or 18% versus the 2022 Gross Operating Revenue Budget.

This increase is driven by:

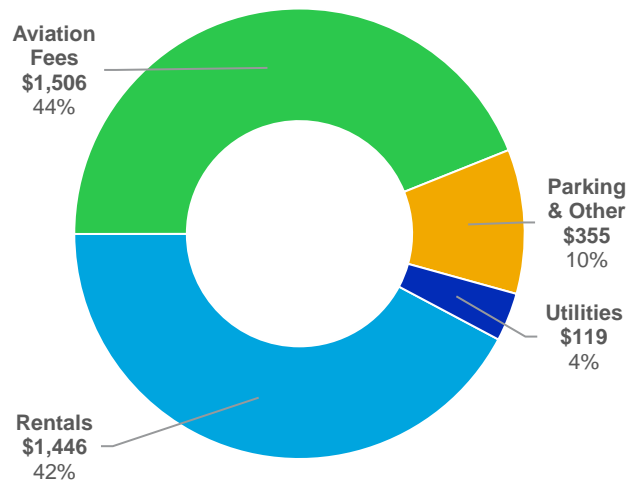
- **Rentals**—including both fixed and activity-based percentage rentals—total \$1.5B in 2023, reflecting an increase of \$274M, or 23% versus the 2022 Budget driven by: 1) activity-based variable and percentage rentals in-line with the ongoing activity recovery; 2) higher rentals associated with the airport Redevelopment programs; and, 3) scheduled contractual increases.
- **Aviation Fees**—which include flight fees, fuel fees, AirTrain fares, and the Airport Ground Transportation Access Fee—total \$1.4B in 2023, reflecting an increase of \$149M, or 11% versus the 2022 Budget.

This Budget-to-Budget increase is driven by: 1) higher flight and fuel fee cost recoveries driven by incremental recoverable expenses; 2) incremental activity-driven Ground Transportation Access Fees; and, 3) increased AirTrain fares due to projected increases in activity levels, in addition to the automatic inflation-based adjustment for fares as established by prior Board actions.

- **Parking & Other Fees** total \$355M in 2023, reflecting an increase of \$81M, or 29% versus the 2022 Budget driven by increased average per-stay parking payments resulting from longer lengths of stay.

Compared to the 2022 Gross Operating Revenue Estimate, Aviation’s 2023 Gross Operating Revenue Budget reflects an increase of \$298M, or 10%.

2023 GROSS OPERATING REVENUE BUDGET  
BY CATEGORY  
(\$ in millions)



### Gross Operating Revenue by Category

(\$ in thousands)

	2021 Actual	2022 Budget	2022 Estimate	2023 Budget
Rentals	\$970,937	\$1,171,422	\$1,294,462	<b>\$1,445,732</b>
Aviation Fees	1,213,743	1,356,939	1,375,579	<b>1,505,586</b>
Parking & Other	224,391	274,145	333,871	<b>354,952</b>
Utilities	99,017	104,492	123,578	<b>119,189</b>
<b>Total</b>	<b>\$2,508,088</b>	<b>\$2,906,998</b>	<b>\$3,127,490</b>	<b>\$3,425,459</b>

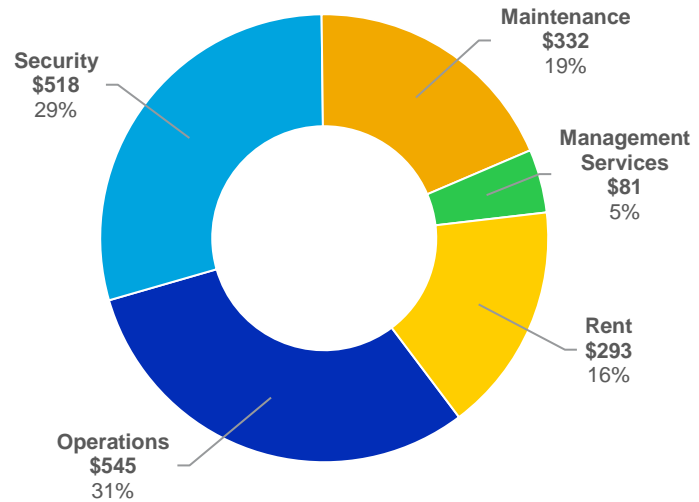
### Core Operating Expenses

Aviation’s 2023 Core Operating Expense Budget totals \$1.9B, providing funding for general airport operations, cleaning, asset maintenance, traffic mitigation, and customer experience initiatives to provide the public with safe, clean, and best-in-class airports.

As compared to the 2022 Operating Expense Budget, the 2023 Core Operating Expense Budget reflects an increase of \$94M, or 5% driven by: 1) market-driven inflationary escalations for labor, contracts, energy, and insurance; 2) incremental expenses associated with higher passenger volumes, including support for shuttle busses, customer experience efforts, parking lot operations, and revenue processing fees; 3) incremental police and security guard investments in alignment with increased activity levels; and, 4) a non-discretionary Newark City Rent increase triggered by strong revenue growth at EWR.

Compared to the 2022 Operating Expense Estimate, Aviation’s 2023 Operating Expense Budget reflects an increase of \$42M, or 2%.

2023 OPERATING EXPENSE BUDGET BY CATEGORY (\$ in millions)



### Core Operating Expense by Category

(\$ in thousands)

	2021 Actual	2022 Budget*	2022 Estimate	2023 Budget
Operations <sup>7</sup>	\$484,303	\$511,699.00	\$553,567	<b>\$545,273</b>
Security <sup>8</sup>	447,009	473,755	491,507	<b>518,320</b>
Maintenance <sup>9</sup>	314,814	323,815	324,909	<b>332,043</b>
Management Services	77,196	79,412	78,085	<b>80,479</b>
Rent	277,979	289,497	288,319	<b>293,166</b>
<b>Subtotal</b>	<b>1,601,301</b>	<b>1,678,178</b>	<b>1,736,387</b>	<b>1,769,281</b>
Allocated <sup>10</sup>	100,748	127,807	121,611	<b>131,195</b>
<b>Total**</b>	<b>\$1,702,049</b>	<b>\$1,805,985</b>	<b>\$1,857,998</b>	<b>\$1,900,476</b>

\* Reflects reallocations of costs between Departments.

\*\* Budget and Actual/Projected Operating Expenses reflect the agency’s cash contributions for both pension and OPEB and excludes Non-Cash Pension & Other Post-Employment Benefits (“OPEB”) actuarial plan valuations per GASB Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions” and per GASB Statement No. 68 “Accounting and Financial Reporting for Pensions.”

<sup>7</sup> Operations excludes “Non-Core” Operating Expenses, including: 1) fully reimbursable JFK AirTrain “spotter” expenses (\$19M.); 2) New or Expanded Facility funding (\$13M.); and, 3) incremental fully reimbursable EWR Fuel Farm expenses (\$10M.)

<sup>8</sup> Security excludes “Non-Core” Operating Expenses for PAPD airport Redevelopment traffic mitigation (\$18M.)

<sup>9</sup> Maintenance excludes “Non-Core” Operating Expenses for New or Expanded Facility funding (\$5M.)

<sup>10</sup> Allocated excludes “Non-Core” Operating Expenses, including: 1) net zero and sustainability studies (\$7M.); and, 2) reimbursable employee COVID-19 testing 2022 expenses (\$5M.)

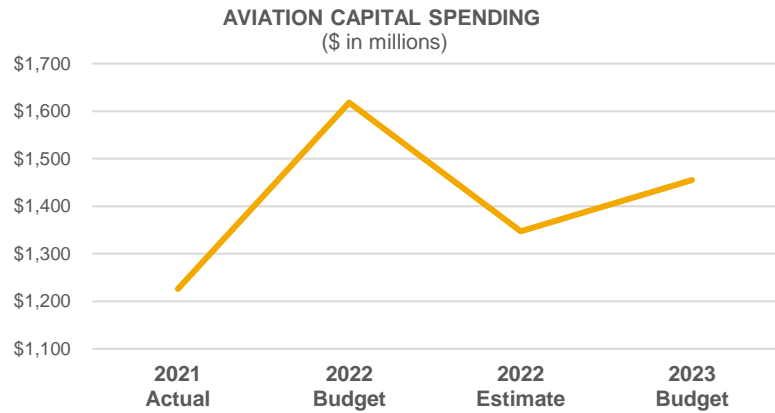
### Capital Spending

Aviation’s 2023 Capital Spending Budget totals \$1.5B, reflecting a decrease of (\$163M,) or (10%) versus the 2022 Capital Spending Budget as spending on the “Whole New LGA” Redevelopment program winds-down as this transformative program is reaching completion.

The 2023 spending includes the second phase of the 21<sup>st</sup> century, world class new Terminal A at EWR, the ramp-up for construction activities for the JFK

Redevelopment program that was delayed due to COVID-19 in 2022, and advances the AirTrain EWR replacement project.

Further detail on Significant Capital Projects included in the 2023 Capital Spending Budget is provided below.



Significant Capital Projects *(\$ in thousands)*

Project Title & Description	Operational Impacts	2023 Budget
<p><b>JFK Redevelopment</b></p> <p>Planning for airport infrastructure improvements and program support for 3<sup>rd</sup> party terminal developments, including airside enhancements and roadway modifications to improve efficiency and reduce delays.</p>	Supports the modernization and transformation of JFK to accommodate passenger growth and provide best-in-class terminals, roadway networks, and customer experience.	\$565,556*
<p><b>EWR Terminal A Redevelopment</b></p> <p>Replace the outdated Terminal A building with a modern facility that meets increasing passenger levels, accommodates larger aircraft, and upgrades all supporting infrastructure.</p>	Allows the airport to accommodate a projected increase in passengers and provide a world-class terminal, while meeting all safety, security, and other operational requirements.	\$301,000
<p><b>LGA Redevelopment</b></p> <p><b>Western Half:</b> Replaces the existing 1964 Terminal and related infrastructure largely through a private consortium under a public-private partnership model as part of the construction of a new single integrated airport.</p> <p><b>Eastern Half (Delta):</b> Supports the replacement of Terminal C by Delta as part of the construction of a new single integrated airport.</p>	Allows the airport to accommodate a projected increased passenger load and provide best-in-class levels of service, while efficiently meeting all safety, security, and other operational requirements.	\$234,741*
<p><b>AirTrain EWR</b></p> <p>Advances the replacement of the existing AirTrain system at EWR which has reached the end of its useful life.</p>	Replaces the outdated system to meet increasing passenger demands and improve reliability.	\$139,409
<p><b>JFK Bergen Substation</b></p> <p>Provides for end-of-life replacement of the Van Wyck and Bergen Substations at JFK with a new substation.</p>	Maintains state of good repair of critical electrical system infrastructure.	\$50,909
<p><b>Newark Visioning</b></p> <p>Provides for a planning effort to study the growth potential at EWR. The Vision Plan will provide a phased Development Plan—short, medium, and long term—of the airport’s terminals, infrastructure, cargo, and sustainability.</p>	Supports the modernization and transformation of EWR to accommodate passenger growth and provide best-in-class terminals, roadway networks, and customer experience.	\$8,000

\* Dollars represent Port Authority capital investment and does not include private capital investments.

# PORT

## Mission

Port's mission is to “Keep the Region Moving” by developing and managing competitive port infrastructure and services that expedite the movement of cargo and cruise passengers in a secure, environmentally sound, and fiscally responsible manner.

## Facilities

The Port of New York and New Jersey (“PONYNJ”) is in the center of the largest consumer region in the country, serving more than 28M local consumers with 5M containers loaded and unloaded at its docks each year. And as of October 2022, PONYNJ has been the nation’s busiest container port for two months in a row, marking its 26<sup>th</sup> consecutive month of moving extraordinary record monthly cargo volume.

PONYNJ is comprised of the following facilities:

1) Port Newark; 2) Elizabeth-Port Authority Marine Terminal; 3) Port Jersey-Port Authority Marine Terminal; 4) Brooklyn-Port Authority Marine Terminal, including Red Hook Container Terminal; 5) Howland Hook Marine Terminal; and, 6) the Greenville Yard-Port Authority Marine Terminal.

In addition, the Port operates: 1) the Elizabeth Industrial Park; 2) Ferry Transportation; and, 3) a Class 1 freight railroad—New York-New Jersey Rail, LLC—which provides local cross-harbor transportation for freight railcars across the Hudson River utilizing a float barge system.



PONYNJ is the gateway to one of the most concentrated consumer markets in North America.

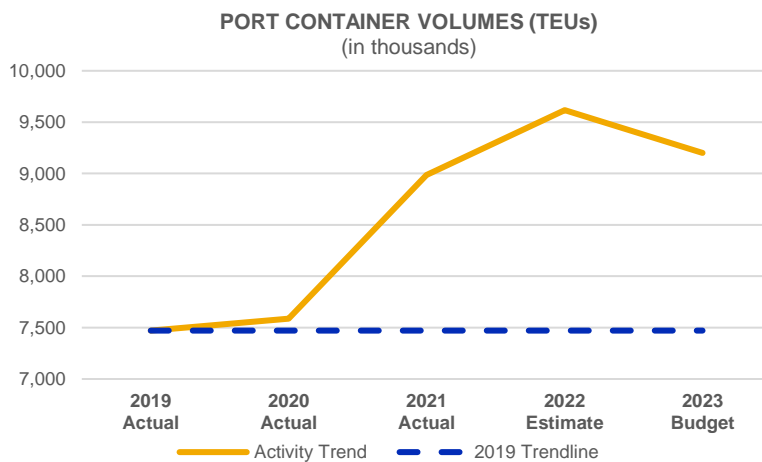


### Core Functions

- Develop and maintain all Port facility common areas and marine terminals, focusing on asset management, service reliability, service efficiency, security, and environmental stewardship.
- Promote Port facilities as the premier gateway port on the east coast for cargo owners, ocean carriers, logistics service providers, automotive manufacturers, bulk cargo businesses, and cruise lines.
- Manage and deliver Port Capital programs, including terminal development, port-wide rail facilities, and landside infrastructure.
- Oversee the management of Port’s real estate portfolio, including leasing, administration, and facilitation of improvements, programs, and initiatives across Port facilities.
- Undertake innovative planning for future port development and partner with port stakeholders, regional governments, and the business community on implementation.

### Activity Volumes

PONYNJ handles approximately \$230B of vessel-borne cargo each year. The critical advantage of the port to trading partners and to state, regional, national, and global stakeholders, with other users along the supply chain, is providing direct and efficient access to highways, rail transportation networks, warehousing, and third-party logistics providers that serves a local and regional market consisting of 134M consumers.



In 2023, Port’s container Twenty-Foot Equivalent Units (“TEUs”) are projected to total 9.2M—this reflects an increase of 0.9M, or 11% versus the 2022 Budget driven by a projected increase in market share.

### Staffing

Port’s 196 authorized positions consist of employees dedicated to operating, maintaining, managing, marketing, and providing Capital support across Port facilities.

*Operations* staff ensure that the facilities are operated in a manner that allows for the safe and efficient movement of international cargo to and from Port facilities. *Maintenance* staff maintain the marine terminals and port system and ensure compliance with applicable codes and regulations. *Management* staff support the operations and maintenance of facilities and provide department-wide oversight, including capital program delivery.

Note, the 2023 Budget includes 6 incremental authorized positions to support the operation, maintenance, and testing of Fire Protection Life Safety (“FPLS”) assets to ensure these critical resources are appropriately maintained.

## Goals, Objectives, & Performance Measures

Port’s strategic objectives focus on advancing the agency’s strategic priorities/goals of enhancing operational excellence and sustainability by increasing cargo volumes and the movement of cargo by rail and improving port productivity by decreasing container dwell times. In addition, Port supports the agency’s strategic priority/goal to maintain and revitalize the region’s transportation infrastructure through the Capital investments detailed in the 2023 Capital Spending section below.

Further details on Port’s strategic priorities/goals, objectives, and performance measures are provided below.

Goals & Definitions	2023 Objective*	2022 Actuals	2021 Actuals
<b>Operational Excellence &amp; Sustainability</b>			
Increase intermodal rail utilization by growing the volume of cargo moved by rail.	Achieve a minimum of 706,774 containerized cargo shipments moved by rail in 2022.	<u>Cargo Shipments by Rail:</u> <b>706,774</b> – 47.1% of ExpressRail System capacity, a decrease of (0.3%) YoY	<u>Cargo Shipments by Rail:</u> <b>709,094</b> – 47.3% of ExpressRail System capacity, an increase of 0.5% YoY
<b>Operational Excellence &amp; Sustainability</b>			
Increase the percentage of truck visits that exchange more than one container on the same trip and reduce the container dwell time.	<ol style="list-style-type: none"> <li>Increase the percentage of truck visits that exchange more than one container to 28.5%, or a 3% increase as compared to 2022.</li> <li>Decrease the import container dwell time below 2022 levels of 6.2 days wait time.</li> </ol>	<u>Trucks Exchanging More than One Container:</u> <b>27.7%</b> , a (2.8%) decrease YoY  <u>Container Dwell Time:</u> <b>6.2 days</b>	<u>Trucks Exchanging More than One Container:</u> <b>28.5%</b>  <u>Container Dwell Time:</u> <b>6.2 days</b>
<b>Operational Excellence</b>			
Continue moving critical goods throughout the region and the world.	<ol style="list-style-type: none"> <li>Achieve a twenty-foot equivalent unit (“TEU”) container volume of 9.2M TEUs.</li> <li>Maintain US container market share above the pre-pandemic historical average of 15.2%.**</li> </ol>	<u>TEU Containers:</u> <b>9.5M</b> , an increase of 5.7% YoY** – 513 vessels with greater than 9,000 TEUs  <u>US Container Market Share:</u> <b>17.3%***</b>	<u>TEU Containers:</u> <b>9.0M</b> , an increase of 18.5% YoY** – 523 vessels with greater than 9,000 TEUs  <u>US Container Market Share:</u> 16.1%***

\* Unless otherwise stated, Objectives measure performance through year-end 2023.

\*\* As a result of COVID-19 related supply chain challenges and increased consumer demand, Port experienced record activity volumes in 2021 and 2022 which is anticipated to return close to pre-pandemic levels 2023 onward; as such, 2021 and 2022 performance measure Actuals should be treated as anomalous until activity levels and operations have normalized.

\*\*\* Port is no longer able to derive US market share in the same manner it had in previous Budget Books. The revised reported figures use loaded import volumes as a proxy for market share.

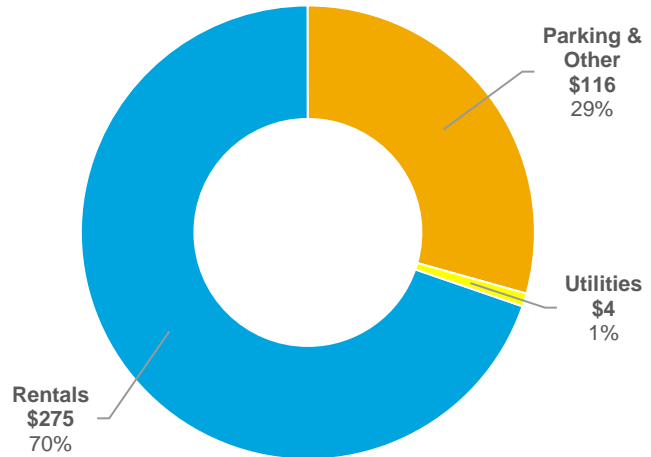
### Gross Operating Revenues

Port’s 2023 Gross Operating Revenue Budget totals \$394M, reflecting an increase of \$17M, or 5% versus the 2022 Gross Operating Budget.

This increase is driven by:

- Parking & Other Fees**—which includes Cargo Facility Charges (“CFCs”) and wharfage and dockage fees—reflect an increase of \$7M, or 6% versus the 2022 Budget driven by higher projected throughput activity and CFCs resulting from projected increases in activity volumes.
- Rentals**—which are derived from leased property corresponding to fixed land rents from various tenant agreements and throughput fees derived from container and other activity—reflect an increase of \$9M, or 4% versus the 2022 Budget driven by higher container throughput revenue resulting from a projected increase in container activity, as well as scheduled contractual escalations.

**2023 GROSS OPERATING REVENUE BUDGET BY CATEGORY**  
(\$ in millions)



Compared to the 2022 Gross Operating Revenue Estimate, Port’s 2023 Gross Operating Revenue Budget reflects a decrease of (\$3M,) or (1%.)

### Gross Operating Revenue by Category

(\$ in thousands)

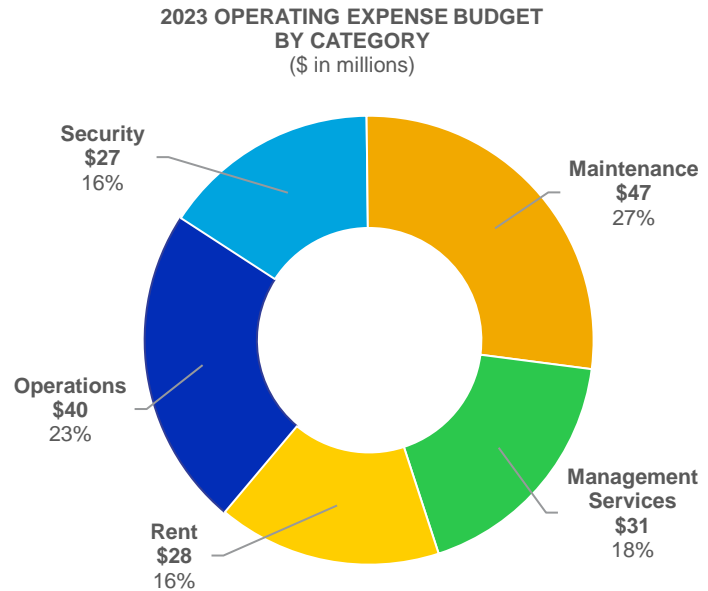
	2021 Actual	2022 Budget	2022 Estimate	2023 Budget
Rentals	\$279,818	\$265,318	\$281,360	<b>\$274,810</b>
Parking & Other	106,231	108,833	112,748	<b>115,652</b>
Utilities	2,365	2,633	3,079	<b>3,697</b>
<b>Total</b>	<b>\$388,414</b>	<b>\$376,784</b>	<b>\$397,187</b>	<b>\$394,159</b>

### Core Operating Expenses

Port’s 2023 Core Operating Expense Budget totals \$183M, providing funding to support the operation and maintenance of Port facilities—such as berth dredging and fender repairs—while expanding best practices to provide safe and reliable facility operations.

As compared to the 2022 Operating Expense Budget, the 2023 Core Operating Expense Budget reflects an increase of \$8M, or 4% driven by: 1) market-driven inflationary escalations for labor, contracts, energy, and insurance; 2) incremental policing and security investments; and, 3) incremental FPLS positions and maintenance investments.

Compared to the 2022 Operating Expense Estimate, Port’s 2023 Operating Expense Budget reflects an increase of \$7M, or 4%.



### Operating Expense by Category

(\$ in thousands)

	2021 Actual	2022 Budget*	2022 Estimate	2023 Budget
Operations	\$35,224	\$36,373	\$37,113	<b>\$39,594</b>
Security	26,933	25,593	26,896	<b>26,883</b>
Maintenance <sup>11</sup>	45,567	45,673	47,329	<b>46,798</b>
Management Services	32,374	29,288	26,443	<b>30,763</b>
Rent	26,203	27,218	27,731	<b>27,743</b>
<b>Subtotal</b>	<b>166,301</b>	<b>164,145</b>	<b>165,512</b>	<b>171,781</b>
Allocated <sup>12</sup>	8,476	11,367	10,680	<b>11,454</b>
<b>Total**</b>	<b>\$174,777</b>	<b>\$175,512</b>	<b>\$176,192</b>	<b>\$183,235</b>

\* Reflects reallocations of costs between Departments.

\*\* Budget and Actual/Projected Operating Expenses reflect the agency’s cash contributions for both pension and OPEB and excludes Non-Cash Pension & Other Post-Employment Benefits (“OPEB”) actuarial plan valuations per GASB Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions” and per GASB Statement No. 68 “Accounting and Financial Reporting for Pensions.”

<sup>11</sup> Maintenance excludes “Non-Core” Operating Expenses for fully reimbursable USACE dredging (\$8M.)

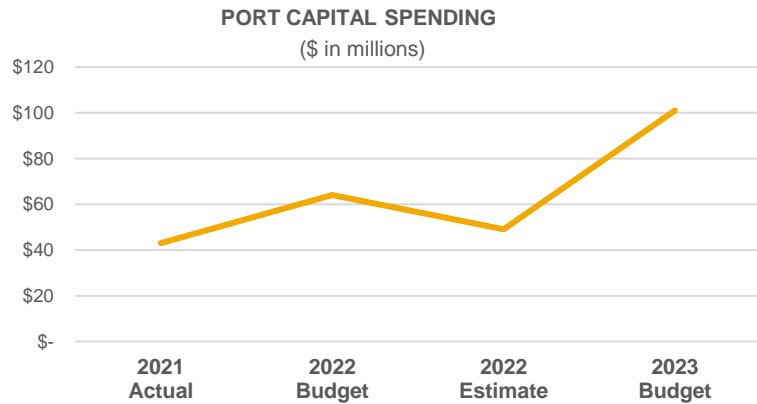
<sup>12</sup> Allocated excludes “Non-Core” Operating Expenses, including: 1) net zero and sustainability studies (\$7M); and, 2) reimbursable employee COVID-19 testing 2022 expenses (\$5M.)

### Capital Spending

Port’s 2023 Capital Spending Budget totals \$101M, reflecting an increase of \$37M, or 59% versus the 2022 Capital Spending Budget driven by the timing of project spend for the rehabilitation of Berths E-1 and E-2.

This spending includes the start of construction for improvements to the Port Street Corridor at Port Newark, and the continuation of design and construction activities to perform state of good repair work at Port facilities, including the rehabilitation of Berth E-1 and E-2 at Port Jersey, to name a few.

Further detail on Significant Capital Projects included in the 2023 Capital Spending Budget is provided below.



### Significant Capital Projects (\$ in thousands)

Project Title & Description	Operational Impacts	2023 Budget
<p><b>Port Street Corridor</b></p> <p>Provides for the replacement of the Corbin Street ramp and the realignment of Kellogg, Marlin, and Port Streets and associated roadways at Port Newark's northern access.</p>	Maintains structural integrity and state of good repair of critical roadway system infrastructure.	\$21,968
<p><b>Rehabilitation of Berths at Port Newark, Elizabeth, &amp; Brooklyn Piers</b></p> <p>Provides for priority repairs, rehabilitation, and/or replacement of wharves, piers, and berths at multiple Port facilities.</p>	Maintains structural integrity and state of good repair of critical wharf structures.	\$19,854
<p><b>Rehabilitation of Berth E-1 &amp; E-2</b></p> <p>Provides for the removal and disposal of the exterior platform of Berths E-1 and E-2 as well as the restoration and replacement of the interior platform at Port Jersey, including installation of steel sheet piling bulkhead.</p>	Maintains structural integrity and state of good repair of critical wharf structures.	\$14,311
<p><b>ExpressRail Elizabeth Southbound Connector</b></p> <p>Provides for the construction of a southbound railroad track connecting ExpressRail Elizabeth to the Conrail Garden State Secondary.</p>	Advances the planning process to enhance throughput capacity and efficient rail movement across the ExpressRail network.	\$1,888

## WORLD TRADE CENTER (“WTC”)

### Mission

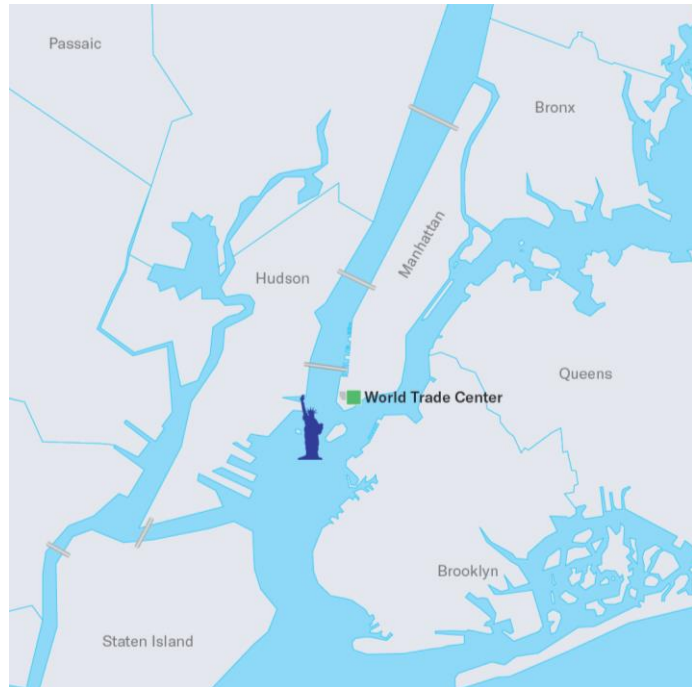
WTC’s mission is to “Keep the Region Moving” by operating, maintaining, and promoting the WTC campus by overseeing regulatory guidelines, managing stakeholder relationships through open communication and teamwork, and preserving the WTC’s status as a landmark of remembrance and international significance.

### Facilities

The WTC is a 16-acre campus home to the Oculus/Transportation Hub along with over 80 different retailers, One WTC, 3 WTC, 4 WTC, 7 WTC, the 9/11 Memorial & Museum, Liberty Park, and the future Saint Nicholas National Shrine, Ronald O. Perelman Performing Arts Center (“PAC”), 2 WTC, and 5 WTC.

These facilities are either owned and operated by the Port Authority or operated by respective stakeholders. Port Authority owned facilities include:

- The WTC Transportation Hub;
- Liberty Park;
- The Vehicle Security Center, below-grade Vehicle Roadway Network, and other site-wide infrastructure; and,
- One WTC (joint venture of the Port Authority and the Durst Organization).



The Oculus, one of New York’s architectural gems, is home of the WTC Transportation Hub and dozens of retailers.



## Core Functions

- Operate and maintain all Port Authority spaces at the WTC site, including public areas, critical infrastructure, and the WTC Transportation Hub.
- Oversee site-wide processes and functions, including compliance with applicable agency-wide guidelines, codes, rules, and regulations.
- Maintain WTC Campus Security equipment and manage WTC Campus credentialing functions in coordination with WTC Security, the Port Authority Police Department, and the New York City Police Department.
- Negotiate, implement, and manage business partner agreements and stakeholder relationships to maximize the value of the WTC.

## Staffing

WTC's 24 authorized positions consist of employees who provide Department-wide oversight, handle real estate and business relationships, facilitate property and revenue management, and ensure an exceptional customer experience for the public.

## Goals & Objectives

WTC's strategic objectives focus on advancing the agency's strategic priorities/goals of enhancing operational excellence, safety and security, and customer experience by implementing protective measures and critical infrastructures inundated by Superstorm Sandy, overseeing site-wide property management services to attract and improve tenant experience, and ensuring the safety and security of the site. In addition, WTC supports the agency's strategic priority/goal to maintain and revitalize the region's transportation infrastructure through the Capital investments detailed in the 2023 Capital Spending section below.

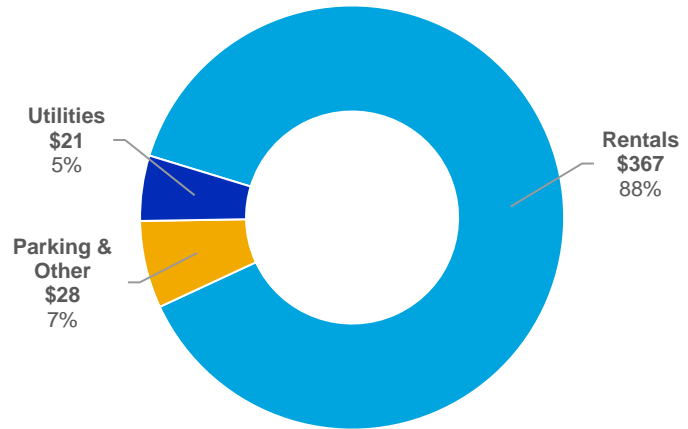
### Gross Operating Revenues

WTC’s 2023 Gross Operating Revenue Budget totals \$416M, reflecting an increase of \$54M, or 15% versus the 2022 Gross Operating Revenue Budget.

This increase is driven by:

- **Rentals** reflect an increase of \$48M, or 15% versus the 2022 Budget driven by: 1) higher rent resulting from increased occupancy levels; 2) the assumed start of Tower 2 ground rent; 3) increased Observation Deck revenues; and, 4) incremental PILOT revenues associated with higher PILOT expenses anticipated in 2023.
- **Parking & Other Fees** reflect an increase of \$4M, or 16% versus the 2022 Budget driven by higher tenant requests based on projected occupancy levels at One WTC.
- **Utility** revenues reflect an increase of \$2M, or 10% versus the 2022 Budget driven by market-driven electricity rate increases.

2023 GROSS OPERATING REVENUE BUDGET  
BY CATEGORY  
(\$ in millions)



Compared to the 2022 Gross Operating Revenue Estimate, WTC’s 2023 Gross Operating Revenue Budget reflects an increase of \$45M, or 12%.

### Gross Operating Revenue by Category

(\$ in thousands)

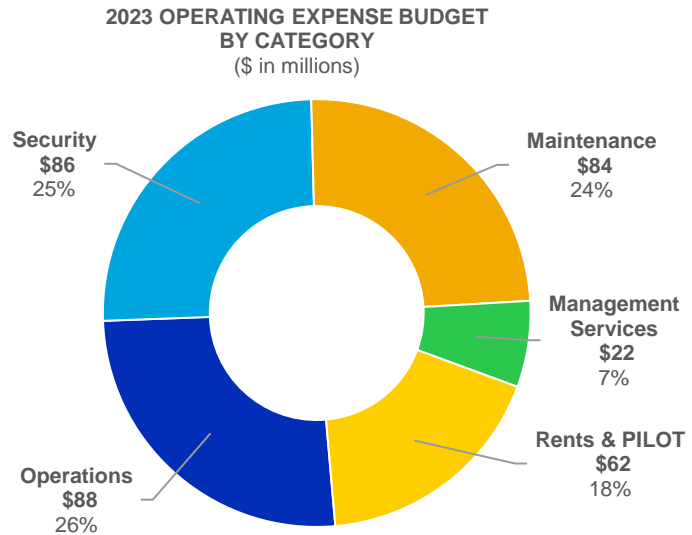
	2021 Actual	2022 Budget	2022 Estimate	2023 Budget
Rentals	\$298,720	\$318,946	\$326,080	<b>\$367,323</b>
Parking & Other	17,520	23,863	23,822	<b>27,736</b>
Utilities	17,257	18,831	20,581	<b>20,694</b>
<b>Total</b>	<b>\$333,497</b>	<b>\$361,640</b>	<b>\$370,483</b>	<b>\$415,753</b>

### Operating Expenses

WTC’s 2023 Operating Expense Budget totals \$353M, providing critical funding for site-wide operating costs, police and security guard expenses, and One WTC operating expenses.

As compared to the 2022 Operating Expense Budget, the 2023 Operating Expense Budget reflects an increase of \$12M, or 4% driven by: 1) market-driven inflationary escalations for labor, contracts, energy, and insurance; and, 2) increased PILOT payments to the City of New York due to increases in both the assessed values of properties and the tax rate as the region recovers from COVID-19.

Compared to the 2022 Operating Expense Estimate, WTC’s 2023 Operating Expense Budget reflects an increase of \$18M, or 5%.



### Operating Expense by Category

(\$ in thousands)

	2021 Actual	2022 Budget*	2022 Estimate	2023 Budget
Operations <sup>13</sup>	\$84,961	\$80,550	\$87,683	<b>\$88,282</b>
Security	73,603	83,467	82,635	<b>86,060</b>
Maintenance	68,397	79,655	76,887	<b>83,828</b>
Management Services	31,497	26,988	21,941	<b>22,341</b>
Rents & PILOTs	60,339	59,242	56,172	<b>61,637</b>
<b>Subtotal</b>	<b>318,797</b>	<b>\$329,902</b>	<b>\$325,318</b>	<b>342,148</b>
Allocated <sup>14</sup>	8,017	10,790	10,148	<b>10,830</b>
<b>Total**</b>	<b>\$326,814</b>	<b>\$340,692</b>	<b>\$335,466</b>	<b>\$352,978</b>

\* Reflects reallocations of costs between Departments.

\*\* Budget and Actual/Projected Operating Expenses reflect the agency’s cash contributions for both pension and OPEB and excludes Non-Cash Pension & Other Post-Employment Benefits (“OPEB”) actuarial plan valuations per GASB Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions” and per GASB Statement No. 68 “Accounting and Financial Reporting for Pensions.”

<sup>13</sup> Operations excludes “Non-Core” Operating Expenses for the new PAC and Greek Orthodox facilities (\$0.4M.)

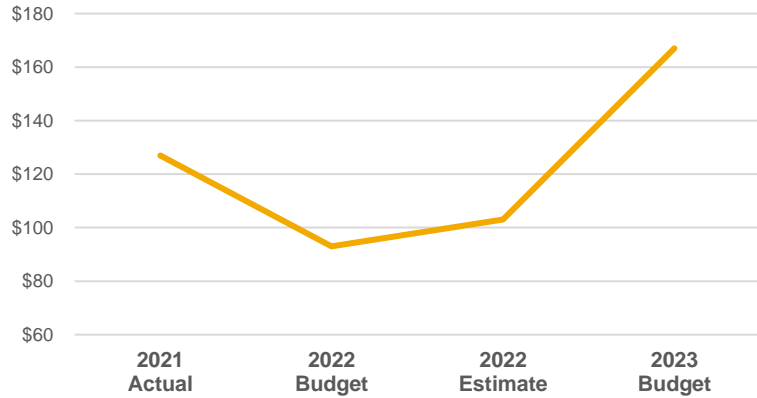
<sup>14</sup> Allocated excludes “Non-Core” Operating Expenses, including: 1) net zero and sustainability studies (\$7M); and, 2) reimbursable employee COVID-19 testing 2022 expenses (\$5M.)

### Capital Spending

WTC’s 2023 Capital Spending Budget totals \$167M. This spending supports continued salt damage remediation in areas inundated by Superstorm Sandy, the completion of the Property Management Facility, and implementation of projects to attract and improve the tenant experience at One WTC.

As compared to the 2022 Capital Spending Budget, the 2023 Capital Spending Budget reflects an increase of \$73M, or 79% driven by the timing of spend on the above projects, which were reduced in 2022 due to COVID-19 spending constraints.

**WTC CAPITAL SPENDING**  
(\$ in millions)



Further detail on Significant Capital Projects included in the 2023 Capital Spending Budget is provided below.

### Significant Capital Projects (\$ in thousands)

Project Title & Description	Operational Impacts	2023 Budget
<p><b>Construction of Bathtub Vehicular Access/Foundation for the Ronald O. Perelman PAC</b></p> <p>Create a helix ramp that connects grade at Vesey Street to the One WTC loading dock level and provides structure to grade for a new performing arts center.</p>	Provides a second means of vehicular ingress and egress to the roadway network and provides a foundation for a new performing arts center.	\$25,134
<p><b>Latent Salt Damage Remediation</b></p> <p>This design-build project provides for concrete repairs, reinforcement, and replacement of structures, as well as protective measures for structural steel and concrete at below grade areas inundated by Superstorm Sandy.</p>	Restores the long-term structural integrity to critical infrastructure facilities that support transit operations.	\$25,000
<p><b>Construction of Property Management Facility</b></p> <p>Provides for the program space needed for site-wide property management services and various operational facilities.</p>	Ensures the proper accommodation for site management and policy staff.	\$15,000
<p><b>One WTC</b></p> <p>Capital projects to maintain the base building in a state of good repair and provide for tenant improvement allowances associated with occupancy.</p>	Maintain and attract new tenants and remain competitive in the current leasing environment to ensure that the building maintains its Class A office standard.	\$14,253
<p><b>WTC River Water Pump Station Upgrade</b></p> <p>Provides for state of good repair rehabilitation of the existing pump station headhouse and replacement of the existing sluice gates and infrastructure, advancing the facility towards compliance with environmental regulations.</p>	Ensures compliance with the New York State Department of Environmental Conservation permit.	\$4,801

# SUSTAINABILITY AT THE PORT AUTHORITY

The Port Authority is committed to the long-term sustainability of the region while meeting the critical infrastructure needs of New York and New Jersey.

Environmental sustainability has been a focus for the Port Authority since 1993 when the agency first developed its Environmental Policy Statement. This was followed by the creation of sustainability guidelines for design and construction in 2004, the agency’s first greenhouse gas (“GHG”) emissions inventory in 2006, and its inaugural sustainability policy in 2008. And in 2018, the Port Authority became the first public transportation agency in the United States to embrace the Paris Climate Agreement setting aggressive interim GHG reduction targets that called for a 35% reduction by 2025 and an 80% reduction by 2050. In October 2021, the Port Authority raised its climate action targets to align with new U.S. economy-wide goals, committing to a 50% GHG reduction by 2030 for its direct GHG emissions and “net zero” emissions by 2050 across all of its activities, including those attributed to the third parties operating at or visiting agency facilities.

Fundamentally, sustainability—from advancing alternative, renewable, and energy efficiency projects, to focusing on waste reduction, to advancing electrification efforts—is at the core of how the Port Authority operates. Sustainability is one of six of the agency’s strategic priorities/goals that guide its decision making, and ultimately, its Budget. Accordingly, the agency’s 2023 Budget dedicates over \$55M to advance its climate action targets, with funding focused on vehicle fleet electrification initiatives and GHG reducing projects (in addition to key resiliency efforts to advance the agency’s climate resiliency goals.) The Port Authority also invests considerable effort to enable and encourage its third-party tenants and stakeholders to transition to zero emissions vehicles and invest in energy efficiency projects, amongst other, to meet the agency’s target of Net Zero emissions by 2050.

## Mission, Goals, Objectives & Performance Measures

The Port Authority’s sustainability mission, goals, and objectives are directly linked to its commitment to meeting a 50% GHG reduction by 2030 for its direct GHG emissions and “net zero” emissions by 2050 across all of its activities, including those attributed to the third parties operating at or visiting agency facilities.

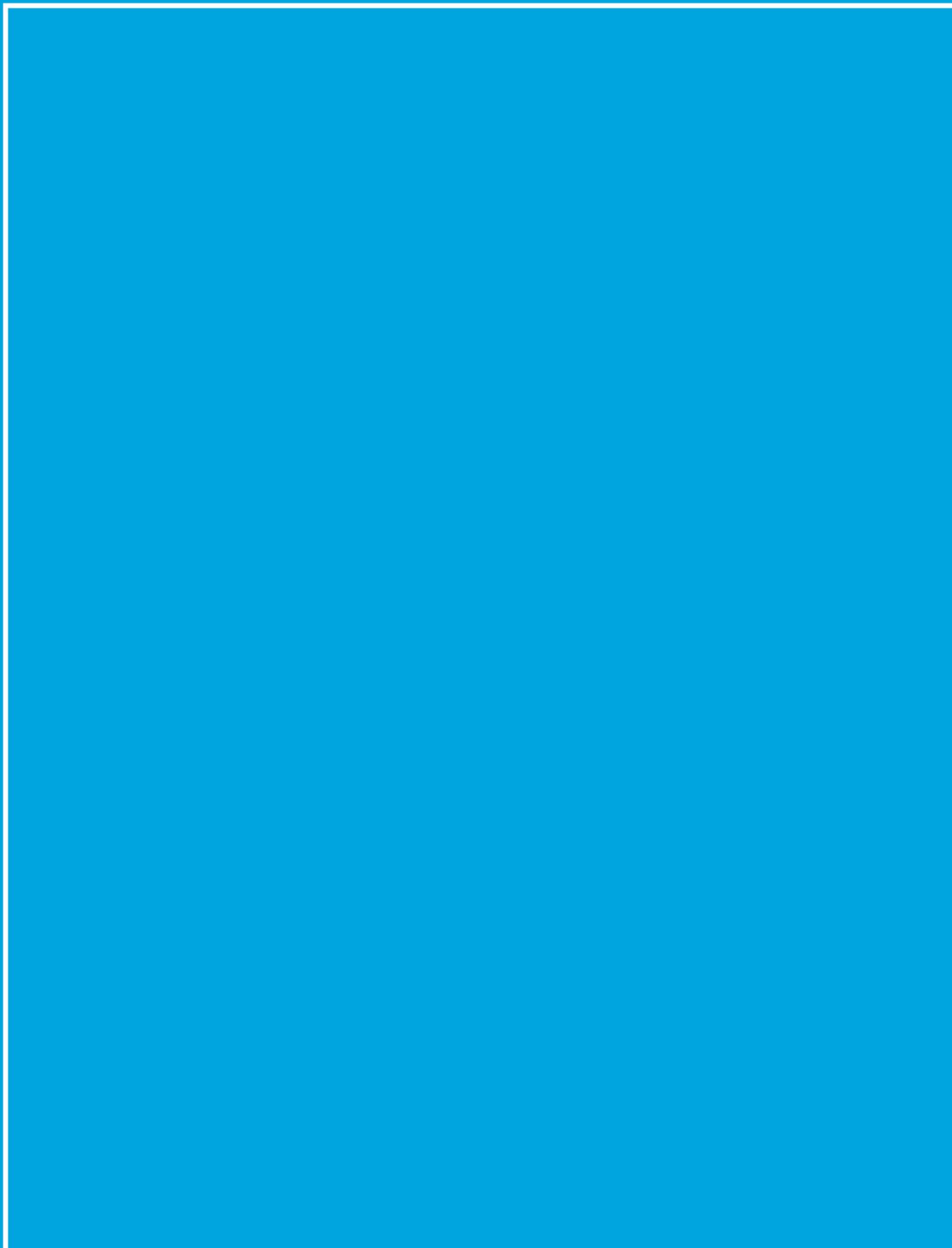
Goal & Definition	2023 Objective*	2022 Actuals*	2021 Actuals
<b>Sustainability</b>			
Reduce direct GHG emissions (35%) by 2025 in alignment with the Port Authority’s GHG reduction commitments.	Achieve a cumulative GHG reduction of 27%.	<u>Cumulative Direct GHG Reduction: (24%)</u> , or a reduction of 7,600 metric tons (includes app. 2% from reduced carbon intensity of the agency’s electricity supply).	<u>Cumulative Direct GHG Reduction: (24%)</u> , or a reduction of 7,600 metric tons (includes app. 2% from reduced carbon intensity of the agency’s electricity supply).

\* Unless otherwise stated, Objectives measure performance through year-end 2023.

*The Port Authority is committed to vital environmental and sustainable best practices and to reducing the carbon footprint of all operations associated with its facilities to net-zero by 2050, with solar generation one component of this commitment. The agency continues to explore opportunities to further on-site solar generation.*



## **Budget Process and Financial Policies**



## BUDGET PROCESS

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Each calendar year, consistent with longstanding Port Authority policy and governance best practices, the agency undertakes a comprehensive and collaborative planning process to develop the ensuing year's annual Budget. The process ensures the proposed Budget that both advances the Port Authority's mission to keep the region moving and aligns with its six strategic priorities and standards. As prescribed by its By-Laws, the Port Authority's Board must approve an annual Expenditure Budget ("Uses") comprised of: 1) Operating Expenses; 2) annual Capital Spending; 3) Debt Service; and, 4) Deferred Expenses.

In tandem with developing the annual Budget Uses, the agency develops its annual Budget Sources, which are comprised of: 1) Gross Operating Revenues; 2) Bond Issuances; 3) aviation Passenger Facility Charges; and, 4) Grants, Contributions, & Other Revenues. As policy, the agency aligns Budget Uses with Budget Sources to ensure a balanced plan.

### Developing the Budget

Each year the Chief Financial Officer's ("CFO") Management and Budget Department ("MBD") is responsible for leading the annual Budget process in close coordination with each Department across the agency.

First, MBD sets preliminary Departmental targets for the Operating Expense and Deferred Expense Budgets, which typically reflect core long-term inflation-based growth for labor and materials and services (non-labor) and incorporates other known impacts in-line with the agency's priorities, standards, and business goals and objectives. Other adjustments are then made as needed to align with actual Budget performance as experienced during the current year. These initial Budget targets are then reviewed by the CFO and other executive leadership, adjusted as necessary, and released to the Departments with planning and Budget instructions.

Departmental finance teams then work across their businesses and facilities to develop Departmental Budgets that prioritize resources within the Budget target and ensure alignment with strategies and initiatives that are consistent with the planning context and strategic priorities of the agency. During this process Departments also work to develop their revenue budgets based on a common set of economic and business variables as provided by the Planning and Regional Development Department, in addition to known contractual and other business environment changes.

Second, in coordination with MBD, the Port Authority's Project Management Office ("PMO") develops the annual Capital Spending Budget in close collaboration with each Department. This Capital Spending Budget is typically set in-alignment with the spending approved in the agency's ten-year Capital Plan (note, due to COVID-19, the agency's approved 2017-2026 Capital Plan is being re-evaluated.) As projects advance through the different stages of the project delivery life cycle, the Capital Plan Oversight Committee ("CPOC") reviews and monitors the individual project's spending plans. The annual Capital Spending Budget is then based on the forecasted spending for all active capital projects, as well as projects expected to start in the following year.

Finally, the Debt Service Budget is developed by the CFO's Treasury Department, taking into consideration the scheduled principal and interest on currently outstanding obligations, as well as debt service on debt expected to be issued in the year to support planned capital spending.

### Reviewing & Adopting the Budget

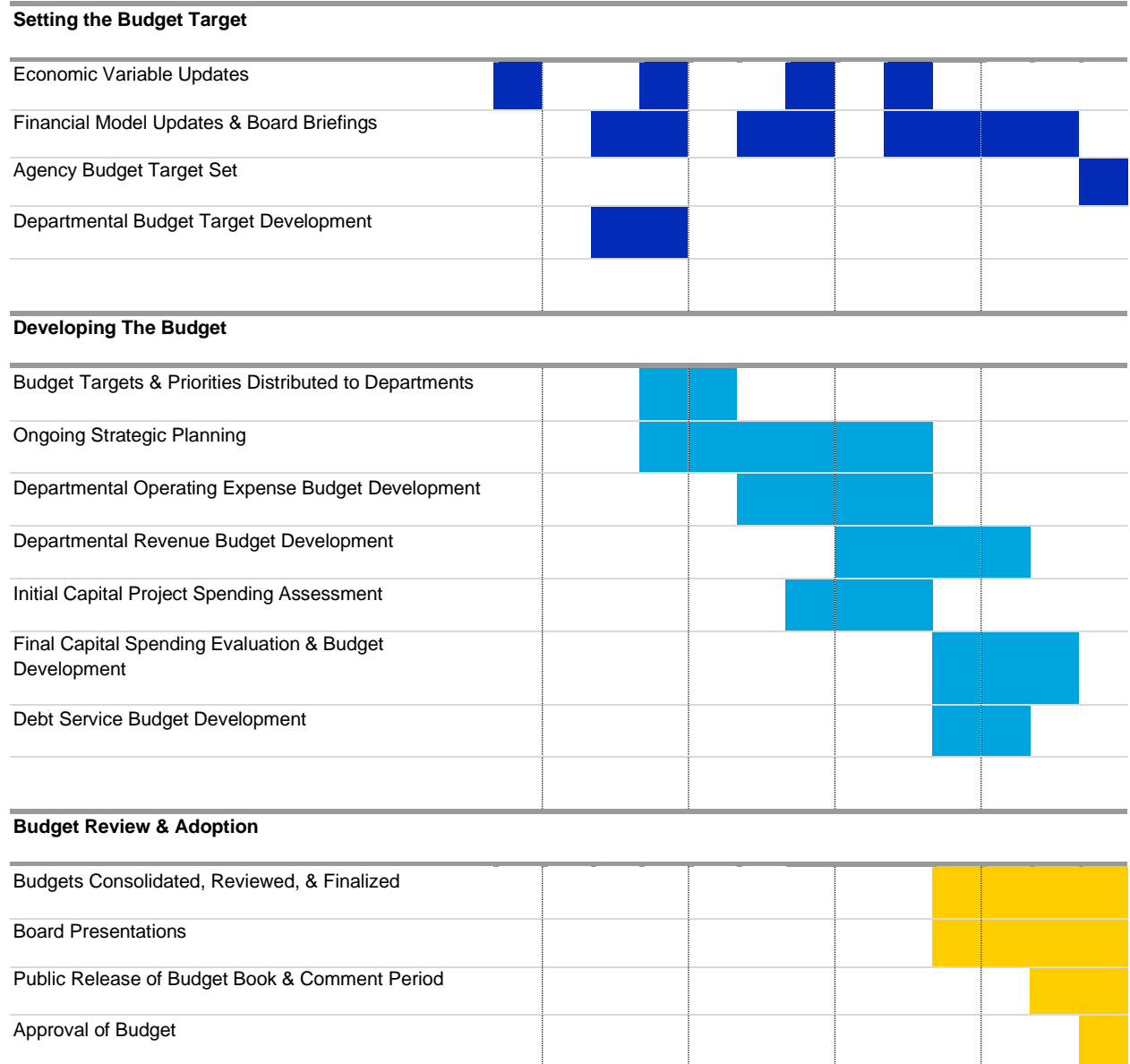
Departments submit their Budgets for review and consolidation by MBD, the Office of Financial Planning, and PMO, typically during the second half of the of the year. Evaluations are then completed to provide comments and assess the financial impact and accuracy of the submissions and make adjustments to achieve the agency's Budget target as required. Ultimately, executive leadership is briefed on the Budget submissions and an iterative process ensues to ensure Departmental Budgets align with the agency's Budget target, priorities, standards, and strategic planning goals and objectives.

Throughout this process the Board’s Committees on Finance and Operations are briefed regularly. A proposed Budget is formally presented to the Board in November, followed by a proposed Budget Book posting online for public review and comment in November in advance of the Board’s consideration for formal approval in December. Public comments are reviewed, assessed, and summarized to the Board, with any recommended modifications or adjustments included. The Budget package is then presented to the Board to request authorization, generally at the December Board Meeting.

In general, developing the Port Authority’s annual Budget is a 12-month process as illustrated below. When circumstances warrant, the process may be modified or extended.

### Typical Budget Process Timeline

Dec Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec



Current and future communications regarding the Budget are available in the Port Authority Press Room:

<https://www.panynj.gov/port-authority/en/press-room.html>

# FINANCIAL POLICIES

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## Financial Structure

The Port Authority is a municipal corporate instrumentality and political subdivision of the States of New York and New Jersey and raises the necessary funds for the improvement, construction, or acquisition of its facilities, primarily upon the basis of its own credit. The Port Authority has no power to levy taxes or assessments. Further, its Consolidate Bond and Notes and other Special Obligations are not obligations of the two States or of either of them and are not guaranteed by the States or by either of them. The Port Authority's revenues are principally derived from the tolls, fares, fees, rentals, and other charges for the use of, and privileges at, its facilities. These revenues are used to operate, maintain, and provide security throughout all Port Authority facilities.

## Basis of Accounting & Budgeting

The Port Authority Budgets in an enterprise fund (which includes the accounts of the Port Authority and its blended component units) using the accrual basis of accounting, meaning revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Port Authority follows accounting principles generally accepted in the United States of America, "GAAP", as prescribed by the Governmental Accounting Standards Board, "GASB".

The Port Authority's Budgeted Revenues & Reserves schedule is prepared pursuant to the Port Authority's Bond Resolutions and differs in some respects from GAAP.

Primary differences between the Port Authority's Budget based on its Bond Resolution versus GAAP are as follows:

1. The inclusion of principal amortization on outstanding Port Authority debt in lieu of depreciation and amortization related to capital investments. This is intended to demonstrate to bondholders and the public that the Port Authority is generating sufficient cash flows to meet its debt service obligations;
2. The recognition of Passenger Facility Charges as a reimbursement of previous capital cash outlays when allowed by the FAA in lieu of when accrued based on flight activity;
3. Continued recognition of lease income and expense on the basis of the terms of the lease agreements rather than as financing arrangements as required by the newly adopted GAAP-based GASB Statement No. 87 "Leases". The primary difference is the elimination of the GAAP basis lease amortization and the classification of certain revenues and expense as operating versus non-operating;
4. Exclusion of unearned rental income related to the 2014 transfer of the Port Authority's interests in the WTC Retail Joint Venture.

As a policy, the Port Authority strives for a balanced Budget, which is achieved when the revenues (Sources of Funds) are equal to the expenses (Uses of Funds) for the fiscal year.

For further information regarding the reconciliation of the Port Authority's GAAP basis financial statements to the Bond Resolution basis, see Note A-4 of the Consolidated Financial Statements.

## Reserve Funds

The Port Authority and its Board have established various financial measures designed to ensure that the agency is able to sustain its projects, plan for the future, manage through economic downturns, and fund Debt Service. The Port Authority maintains two reserve funds which were established in accordance with applicable laws, statutes, and resolutions: 1) the General Reserve Fund; and, 2) the Consolidated Bond Reserve Fund.

1. **The General Reserve Fund ("GRF")** was established pursuant to Chapter 5 of the Laws of New Jersey of 1931 and Chapter 48 of the Laws of New York of 1931, which have been amended and

supplemented, and is pledged in support of the Port Authority's Consolidated Bonds and Notes. The GRF requires that the Port Authority apply surplus revenues from its facilities to maintain the GRF in an amount equal to 10% of the par value of outstanding bonds legal for investment. Amounts deposited into the GRF may be accumulated or applied only to the purpose set forth in the GRF Statutes and agreements with the holders of such Port Authority bonds secured by a pledge of the GRF.

2. **The Consolidated Bond Reserve Fund** was established by the Port Authority's Consolidated Bond Resolution as adopted on October 9, 1952 and serves as additional security for all Consolidated Bonds. The Consolidated Bond Reserve Fund is funded through the balance remaining of the Port Authority's Net Revenues (as defined in the Consolidated Bond Resolution) after deducting payments for Debt Service upon all Consolidated Bonds and Notes and the amount necessary to maintain the GRF at its statutorily required amount. Amounts deposited into the Consolidated Bond Reserve Fund may be accumulated or applied only for the purpose of the Consolidated Bond Reserve Fund.

The agency has set specific targets for the balances of the reserve funds at any given time, as well as other debt-related ratios, including the Additional Bonds Test (as set forth in Section 3 of the Consolidated Bond Resolution.) Of note, the Port Authority has a long-standing policy of maintaining, to the extent practicable, the aggregate amount of both reserve funds in an amount equal to at least the next two years' bonded Debt Service on outstanding debt secured by a pledge of the GRF.

### Port Authority Investment Policies

Port Authority policy provides for cash funds of the Port Authority to be deposited in banks with offices located in the Port District, provided that the total funds on deposit in any bank do not exceed 50% of the bank's combined capital and permanent surplus. These funds must be fully secured by deposit of collateral having a minimum fair value of 110% of actual daily balances in excess of that part of the deposits secured through the Federal Deposit Insurance Corporation ("FDIC") and the New Jersey Governmental Unit Deposit Protection Act ("GUDPA"). The collateral must consist of obligations of the United States of America, the Port Authority, the State of New York or the State of New Jersey held in custodial bank accounts in banks in the Port District having combined capital and surplus in excess of \$1M.

The investment policies of the Port Authority are established in conformity with its agreements with the holders of its obligations, generally through resolutions of the Board or its Committee on Finance. For the Port Authority, but not necessarily its component units, individual investment transactions are executed with recognized and established securities dealers and commercial banks. Investment securities are maintained, in the Port Authority's name, by a third-party financial institution acting as the Port Authority's agent. Securities transactions are conducted in the open market at competitive prices. Transactions are completed when the Port Authority's securities custodian, in the Port Authority's name, makes or receives payment upon receipt of confirmation that the securities have been transferred at the Federal Reserve Bank of New York or other repository in accordance with the Port Authority's instructions. The notable exception is the execution of Tri-Party Repurchase Agreements. These transactions are completed when the Tri-Party custodian posts collateral to the Port Authority's account in exchange for investment funds.

Proceeds received in connection with Consolidated Bonds and other asset financing obligation issuances may be invested, on an interim basis, in conformance with applicable federal laws and regulations, in obligations of (or fully guaranteed by) the United States of America (including such securities held pursuant to repurchase agreements) and collateralized time deposit accounts.

Consolidated Bond Reserve Fund and GRF amounts may be invested in obligations of (or fully guaranteed by) the United States of America. Additionally, amounts in the Consolidated Bond Reserve Fund and the GRF (subject to certain limitations) may be invested in obligations of the State of New York or the State of New Jersey, collateralized time accounts, and Port Authority bonds actually issued and secured by a pledge of the GRF.

Operating funds may be invested in various items including: 1) direct obligations of the United States of America, obligations of United States government agencies, and sponsored enterprises that have the highest short-term ratings by two nationally recognized firms; 2) investment grade negotiable certificates of deposit and negotiable Bankers' Acceptances with banks having AA or better long-term debt rating, premier status and with issues actively traded in secondary markets; 3) commercial paper obligations having only the highest short-term ratings separately issued by two nationally recognized rating agencies; 4) United States Treasury and municipal bond futures contracts; 5) certain interest rate exchange contracts with banks and investment firms; and, 6) certain interest rate options contracts that are limited to \$50M of underlying securities with a maturity of no greater than five years with primary dealers in United States Treasury securities. The Board of Commissioners has from time-to-time authorized other investments of operating funds.

It is the general policy of the Port Authority to limit exposure to declines in fair values by limiting the weighted average maturity of the investment portfolio to less than two years. Extending the weighted average maturity beyond two years requires explicit written approval of the CFO of the Port Authority. Committee on Finance authorization is required to extend the weighted average maturity beyond five years.

The Port Authority has, from time to time, entered in reverse repurchase (yield maintenance) agreements under which the Port Authority contracted to sell a specified United States Treasury security to a counterparty and simultaneously agreed to purchase it back from that party at a predetermined price and future date. All reverse repurchase agreements sold are matched to repurchase agreements ("REPO") bought, thereby minimizing market risk. The credit risk is managed by a daily evaluation of the fair value of the underlying securities and periodic cash adjustments, as necessary, in accordance with the terms of the repurchase agreements.

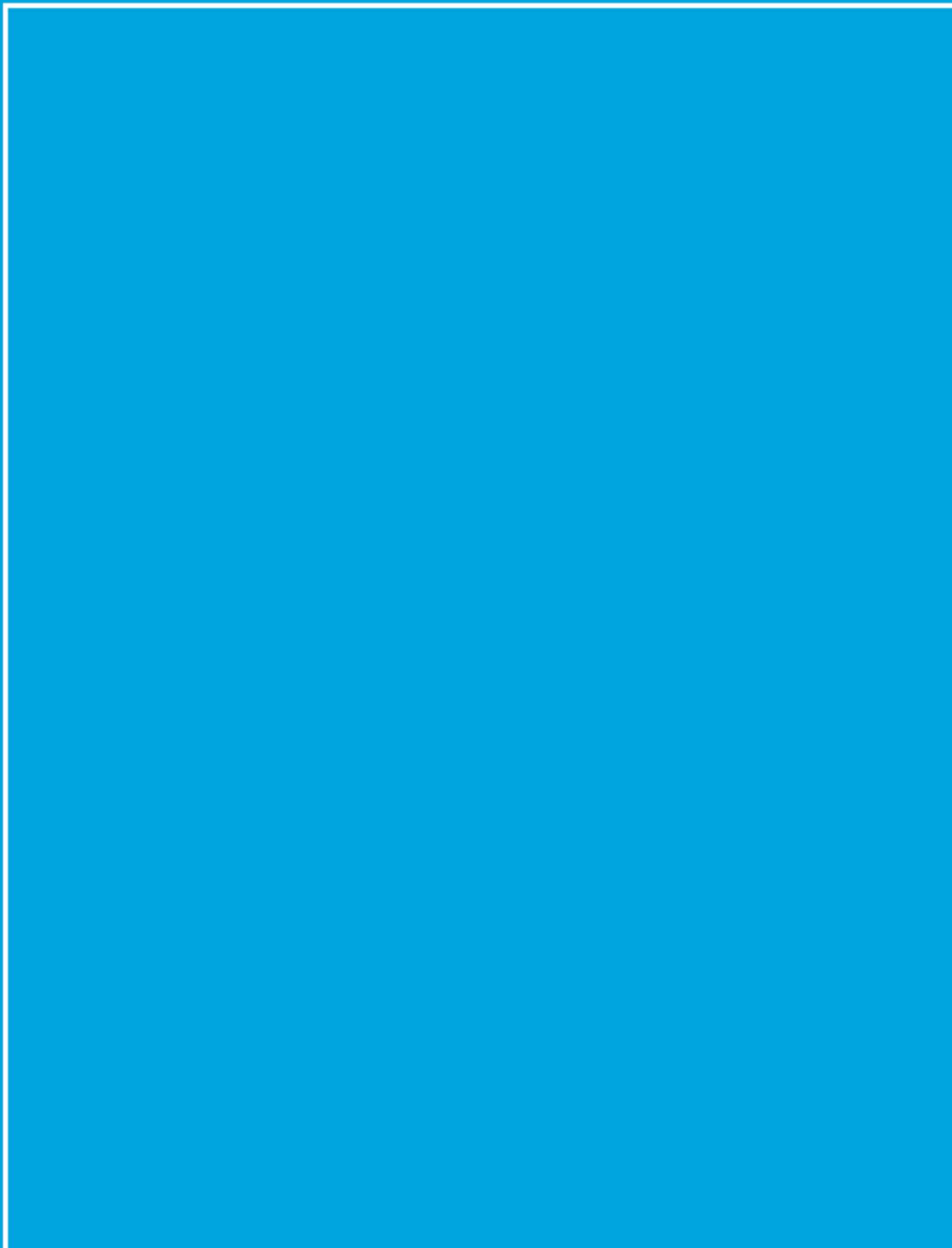
For further information on the Port Authority Investment Policies, please reference the Port Authority's current Financial Statements: [Financial Statements Information | Port Authority of New York and New Jersey \(panynj.gov\)](#).

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*The New Terminal One at JFK will be equipped with state-of-the-art technology and designed to provide first-class travel experience at a world-class global gateway.*



# Appendix



## APPENDIX 1. ECONOMIC OUTLOOK

As a part of the annual Budget process, the Port Authority’s Planning & Regional Development Department develops a Regional Economic Outlook leveraged in the agency’s financial models and Budget target setting to forecast activity volumes and subsequently revenues and expenses, amongst others. The information provided herein provides an overview of the Regional Economic Outlook, which is based on contemporary data and forecasts obtained from various third-party sources, including the Blue Chip Economic Indicators<sup>15</sup> and Oxford Economics. And as such, it is subject to the uncertainty of underlying assumptions that may ultimately differ from actual events, especially when viewed over a longer time period.

### Economic Trends & Outlook

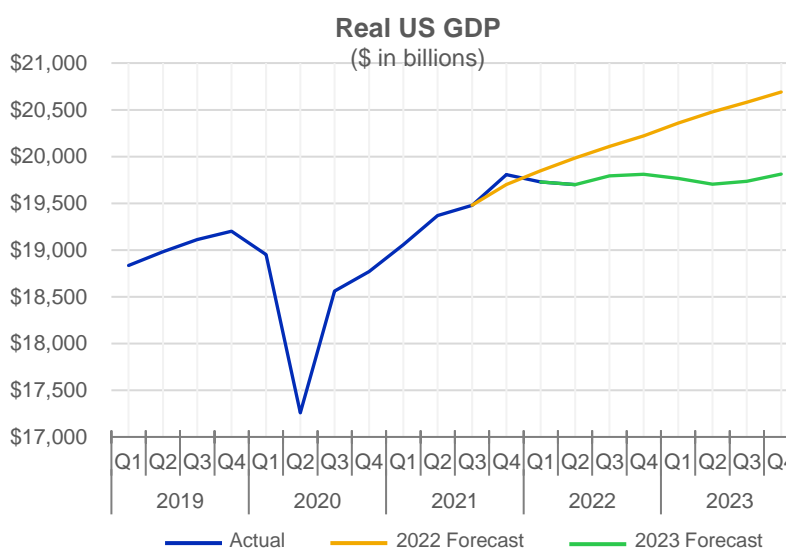
This section discusses the trends of key economic indicators that influence the agency’s revenue-generating activities and financial models—primarily economic output, inflation, and employment.

#### ECONOMIC OUTPUT

Overall, economic outlook—as measured by real gross domestic product (“GDP”)—reflects a downward adjustment in the agency’s 2023 forecast as compared to the agency’s 2022 forecast.

This downward adjustment is attributed to the cooling of consumer demand in response to the Federal Reserve’s continued rate increases, which are forecasted to continue into 2023.

For perspective, the 2022 forecast projected real GDP growth of 3.2% and 2.4% in 2022 and 2023, respectively, while the 2023 outlook projects real GDP growth of 2.0% and 0.0% in 2022 and 2023, respectively.



Note, even as the Bureau of Economic Analysis (“BEA”) restated the last few years of historical GDP data to reflect a smaller decline in 2020 and slightly higher growth in 2021 as reflected in Oxford Economics’ December 2022 growth rate outlook, this re-baselining did not materially change Oxford’s growth prospects for 2023. Further, expectations of flat 2023 GDP growth are consistent with the recent Blue Chip Economic Indicators consensus view that also anticipates an economic slowdown in 2023.

Consumer spending, a major component of GDP, is also expected to grow at a decelerated rate of 0.5% in 2023. This represents a sharp step down from the unprecedented surge in goods consumption that pushed consumer spending to an annual growth rate of 8% in 2021, fueling record growth in port and truck freight activity.

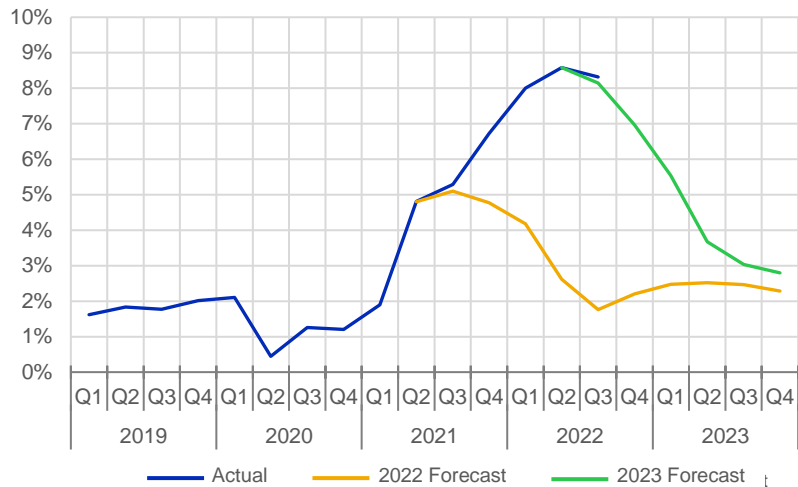
<sup>15</sup> Each month since 1976, Blue Chip Economic Indicators polls over 50 of America’s business economists, collecting their forecasts of U.S. economic growth, inflation, interest rates, and a host of other critical indicators of future business activity. The median of all economists surveyed is reported out as the consensus view along with high and low projections that represent the average of the ten highest and lowest opinions.

## INFLATION

Inflation growth is forecasted to slow in 2023 from historic highs in 2022 as goods-focused pandemic consumption moderates, supply chain disruptions ease, and the Federal Reserve’s aggressive monetary policy posture dampens consumer spending.

While inflation appears to have crested and started to recede, it is still expected to remain above the Federal Reserve’s 2.0% target rate in 2023 with an average year-over-year increase of 3.7% assumed in the agency’s 2023 forecast. The Port Authority continues to monitor the adverse impacts of inflation on the cost of its operations and Capital Plan.

CPI-U Index (Yr-o-Yr Growth by Quarter)

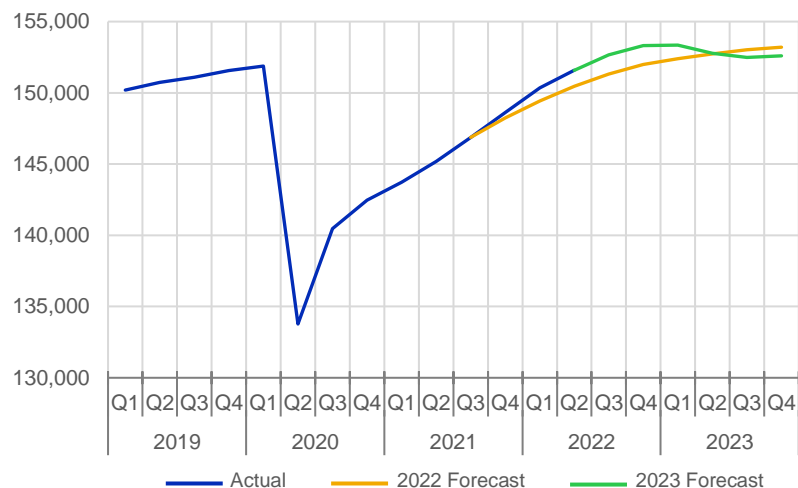


## EMPLOYMENT

Despite monetary tightening headwinds, recent U.S. employment growth to-date has come in higher than the 2022 forecast.

Nationally, job gains were most prominent in the leisure and hospitality, health care, construction, and social assistance industries. And, according to the Bureau of Labor Statistics, national and regional employment trends tracked similarly in 2022, rising 4.2% and 3.9%, respectively. As the Port Authority’s New York-New Jersey metropolitan region has a heavier concentration of employment in the leisure and hospitality industries, these findings corroborate the shared strength of national and regional employment recovery in 2022.

US Employment



Looking ahead, the 2023 forecast shows U.S. employment falling slightly in the second and third quarters of 2023—reflecting the forecasted impacts of a mild recession—before beginning to pick-up at the end of 2023.

## Conclusion

Despite the Port Authority’s best forecasting efforts, the trajectory and ultimate impact of the COVID-19 pandemic and current recessionary fears continue to remain uncertain and is subject to many developments and actions outside of the Port Authority’s control. The Port Authority will continuously monitor regional, national, and international economic trends to facilitate appropriate responses to any deviations its 2023 forecast.

## APPENDIX 2. REVENUES & RESERVES (MULTI-YEAR PROJECTION)

Pursuant to Port Authority Bond Resolutions

(\$ in thousands)	Year ended December 31 <sup>st</sup>					
	2021 Actual	2022 Budget	2022 Estimate	2023 Budget	2024 Budget	2025 Budget
Gross Operating Revenues*	\$5,133,344	\$5,760,366	\$5,920,015	\$6,387,151	\$6,666,963	\$6,894,935
Total Expenses*	3,271,064	3,444,735	3,498,209	3,659,953	3,784,154	3,893,499
<b>Net Operating Revenues</b>	<b>\$1,862,280</b>	<b>\$2,315,631</b>	<b>\$2,421,806</b>	<b>\$2,727,198</b>	<b>\$2,882,809</b>	<b>\$3,001,436</b>
Financial Income/(Loss) with Fair Value of Investments	(13,548)	23,435	(118,880)	97,757	82,974	85,501
Contributions in Aid of Construction	271,456	265,042	322,501	280,878	338,368	287,362
Application of PFCs	147,557	256,286	185,975	369,034	303,008	310,032
Tower 4 Liberty Bond Contributions	66,715	34,745	34,745	34,732	34,720	34,699
Grants in Connection with Operating Activities	256,609	201,381	154,804	142,914	116,506	18,301
Pass-Through Grant Program Payments	(2,613)	(16,731)	(4,056)	(2,391)	(1,216)	(916)
<b>Non-Operating Revenues</b>	<b>726,176</b>	<b>764,158</b>	<b>575,089</b>	<b>922,924</b>	<b>874,360</b>	<b>734,979</b>
<b>Net Revenues Available for Debt Service &amp; Reserves</b>	<b>\$2,588,456</b>	<b>\$3,079,789</b>	<b>\$2,996,895</b>	<b>\$3,650,122</b>	<b>\$3,757,169</b>	<b>\$3,736,415</b>
Interest on Bonds & Other Asset Obligations	1,031,008	1,043,095	934,540	1,061,818	1,075,006	1,131,034
Interest Expense Incurred During Construction**	138,077	120,000	200,000	174,138	220,000	200,000
Debt Maturities & Retirements	398,600	454,355	463,107	478,055	521,115	527,615
Repayment of Asset Financing Obligations	26,678	26,348	1,648	1,735	1,773	21,715
Goethals Bridge Replacement DFA	58,619	59,499	59,499	60,392	61,298	62,217
<b>Total Debt Service</b>	<b>\$1,652,982</b>	<b>\$1,703,297</b>	<b>\$1,658,794</b>	<b>\$1,776,138</b>	<b>\$1,879,192</b>	<b>\$1,942,581</b>
<b>Revenues After Debt Service &amp; Transfers to Reserves</b>	<b>\$935,474</b>	<b>\$1,376,492</b>	<b>\$1,338,101</b>	<b>\$1,873,984</b>	<b>\$1,877,977</b>	<b>\$1,793,834</b>
Direct Investment in Facilities	(870,697)	(1,464,000)	(1,030,000)	(1,600,000)	(2,250,000)	(1,770,000)
Non-Cash Pension Adjustment & OPEB Adjustment***	164,135	61,373	118,210	59,444	-	-
Change in Accounting Principles****	(21,038)	(22,512)	(22,511)	(24,086)	(25,773)	(27,577)
<b>(Decrease) / Increase in Reserves</b>	<b>207,874</b>	<b>(48,647)</b>	<b>403,800</b>	<b>309,342</b>	<b>(397,796)</b>	<b>(3,743)</b>
Reserve Balances, January 1*****	3,201,008	3,438,460	3,408,882	3,812,682	4,122,024	3,724,228
<b>Reserve Balances, December 31</b>	<b>\$3,408,882</b>	<b>\$3,389,813</b>	<b>\$3,812,682</b>	<b>\$4,122,024</b>	<b>\$3,724,228</b>	<b>\$3,720,485</b>

\* Effective January 1, 2022, the Port Authority adopted GASB statement No. 87 "Leases". This GASB provision requires that the Port Authority classify certain lease agreements containing "fixed" lease payments, for both lessor and lessee, as a financing arrangement for the right to use an asset. Pursuant to Port Authority Bond Resolutions, treatment of rental income and rent expense are recognized based on the rental terms contained in the respective lease agreements.

\*\* Effective January 1, 2021, the Port Authority adopted GASB statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period." This statement requires that the Port Authority account for interest expense incurred during construction periods as an Operating Expense, however, prior to this the agency Budgeted these amounts in the Capital Spending Budget as part of the total cost to carry out the agency's 2017-2026 Capital Plan. As such these amounts are accounted for in the agency's Total Debt Service Budget, but for Budgeting purposes are reflected in Capital Spending.

\*\*\* Non-cash Pension & Other Post-Employment Benefits ("OPEB") reflects actual and projected annual actuarial plan valuations per GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" and per GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" to isolate potential volatility (which could either increase or decrease Operating Expenses as shown above) associated with these valuations. Budget and actual/projected Operating Expenses reflect the agency's cash contributions for both pension and OPEB.

\*\*\*\* Change in Accounting Principles reflects GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," as amended by GASB Statement No. 85 "Omnibus 2017", implemented by the Port Authority as of January 1, 2018.

\*\*\*\*\* 2023 Budget beginning reserves based on estimates prior to year-end 2022.

## APPENDIX 2A. INFORMATION ON PORT AUTHORITY OPERATIONS

Pursuant to Port Authority Bond Resolutions

Year ended December 31<sup>st</sup>

(\$ in thousands)	Gross Operating Revenues*	Operating Expenses (Core & Non-Core)*	Earnings Before Interest, Depreciation and Amortization ("EBIDA")	Grants, Contributions & PFCs	Capital Spending**	2023 Free Cash Flow	2022 Estimate Free Cash Flow
<b>Interstate Transportation Network</b>							
Holland Tunnel	\$211,878	\$104,794	\$107,084	\$42,981	\$58,266	\$91,799	\$66,642
Lincoln Tunnel	312,865	133,156	179,709	1,221	173,364	7,566	108,280
George Washington Bridge & Bus Station	911,358	153,090	758,268	961	207,566	551,663	556,269
Bayonne Bridge	47,659	27,469	20,190	122	7,000	13,312	22,418
Goethals Bridge	271,545	27,305	244,240	133	8,101	236,272	240,870
Outerbridge Crossing	175,232	16,481	158,751	122	12,631	146,242	153,008
Port Authority Bus Terminal	41,352	161,834	(120,482)	991	26,554	(146,045)	(128,386)
Midtown Bus Terminal Replacement	–	–	–	–	140,000	(140,000)	(35,000)
<b>Subtotal - Tunnels, Bridges &amp; Terminals</b>	<b>1,971,889</b>	<b>624,129</b>	<b>1,347,760</b>	<b>46,531</b>	<b>633,482</b>	<b>760,809</b>	<b>984,101</b>
PATH	151,194	481,330	(330,136)	123,341	498,878	(705,673)	(506,794)
WTC Transportation Hub	–	14,109	(14,109)	–	20,317	(34,426)	(28,551)
Journal Square Transportation Center	5,355	16,387	(11,032)	–	11,915	(22,947)	(15,905)
<b>Subtotal PATH</b>	<b>156,549</b>	<b>511,826</b>	<b>(355,277)</b>	<b>123,341</b>	<b>531,110</b>	<b>(763,046)</b>	<b>(551,250)</b>
<b>Total Interstate Transportation Network</b>	<b>2,128,438</b>	<b>1,135,955</b>	<b>992,483</b>	<b>169,872</b>	<b>1,164,592</b>	<b>(2,237)</b>	<b>432,851</b>
<b>Aviation</b>							
LaGuardia Airport	497,708	380,077	117,631	23,830	275,766	(134,305)	(283,401)
John F. Kennedy International Airport	1,588,181	860,597	727,584	149,005	667,759	208,830	509,964
Newark Liberty International Airport	1,269,104	665,478	603,626	35,760	503,029	136,357	(72,470)
Teterboro Airport	61,404	35,880	25,524	777	7,414	18,887	4,122
Stewart International Airport	9,062	25,954	(16,892)	2,853	541	(14,580)	(13,340)
PFC Program	–	–	–	369,034	–	369,034	185,975
<b>Total Aviation</b>	<b>3,425,459</b>	<b>1,967,986</b>	<b>1,457,473</b>	<b>581,259</b>	<b>1,454,509</b>	<b>584,223</b>	<b>330,850</b>
<b>Port</b>							
Port Newark	116,106	96,934	19,172	3,685	42,989	(20,132)	17,697
Elizabeth – PA Marine Terminal	189,758	30,476	159,282	3,371	7,963	154,690	168,541
Brooklyn – PA Marine Terminal	7,716	14,104	(6,388)	463	8,132	(14,057)	(7,694)
Red Hook Container Terminal	962	7,597	(6,635)	–	3,691	(10,326)	(5,194)
Howland Hook Marine Terminal	25,354	13,652	11,702	401	–	12,103	8,259
Greenville Yard	1,154	194	960	–	–	960	944
New York & New Jersey Rail, LLC	7,843	6,914	929	7,627	17,063	(8,507)	(5,305)
Port Jersey - Port Authority Marine Terminal	43,743	20,666	23,077	5,342	19,890	8,529	4,670
PA Industrial Park at Elizabeth	1,403	223	1,180	–	–	1,180	1,164
Ferry Transportation	120	761	(641)	–	1,405	(2,046)	(970)
<b>Total Port</b>	<b>394,159</b>	<b>191,521</b>	<b>202,638</b>	<b>20,889</b>	<b>101,133</b>	<b>122,394</b>	<b>182,112</b>
<b>Development</b>							
Essex County Resource Recovery Facility	2,860	250	2,610	–	–	2,610	2,722
Bathgate Industrial Park	–	42	(42)	–	–	(42)	(39)
Teleport	10,500	9,568	932	–	–	932	1,552
Newark Legal & Communications Center	–	37	(37)	–	–	(37)	(85)
Hoboken Waterfront	8,556	239	8,317	–	–	8,317	7,888
Queens West Waterfront	1,426	–	1,426	–	–	1,426	1,223
<b>Total Development</b>	<b>23,342</b>	<b>10,136</b>	<b>13,206</b>	<b>–</b>	<b>–</b>	<b>13,206</b>	<b>13,261</b>
<b>World Trade Center</b>							
WTC Site	5,040	161,223	(156,183)	18,415	119,319	(257,087)	(197,335)
WTC Retail, LLC	18,450	8,474	9,976	–	2,302	7,674	23,920
One World Trade Center	250,789	131,849	118,940	–	24,611	94,329	76,362
WTC 2, 3, 4, & 7	141,474	52,105	89,369	34,732	–	124,101	103,631
<b>Total World Trade Center</b>	<b>415,753</b>	<b>353,651</b>	<b>62,102</b>	<b>53,147</b>	<b>146,232</b>	<b>(30,983)</b>	<b>6,578</b>
Regional & Other	–	704	(704)	–	28,392	(29,096)	(25,406)
<b>Total Port Authority</b>	<b>\$6,387,151</b>	<b>\$3,659,953</b>	<b>\$2,727,198</b>	<b>\$825,167</b>	<b>\$2,894,858</b>	<b>\$657,507</b>	<b>\$940,246</b>

\* Effective January 1, 2022 the Port Authority adopted GASB statement No. 87 "Leases". This GASB provision requires that the Port Authority classify certain lease agreements containing "fixed" lease payments, for both lessor and lessee, as a financing arrangement for the right to use an asset. Pursuant to Port Authority Bond Resolutions, treatment of rental income and rent expense are recognized based on the rental terms contained in the respective lease agreements.

\*\* Effective January 1, 2021 the Port Authority adopted GASB statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period." This statement requires that the Port Authority account for interest expense incurred during construction periods as an Operating Expense, however, prior to this the agency Budgeted these amounts in the Capital Spending Budget as part of the total cost to carry out the agency's 2017-2026 Capital Plan. As such these amounts are accounted for in the agency's Total Debt Service Budget, but for Budgeting purposes are reflected in Capital Spending.

## APPENDIX 3. GLOSSARY

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**Additional Bonds Test** A debt service coverage ratio test required under the Port Authority's Consolidated Bond Resolution. This test sets forth that prior to the issuance of Consolidated Bonds it must be determined that Net Revenues will be sufficient to cover the annual maximum debt service amount by at least 1.3x.

**Agency Provision** The agency provision in the Capital Plan is provided to address future needs of the agency, which may or may not be specifically known at this point in time.

**Allocated Expenses** Expenses allocated from centralized general management and administrative services to Operating facilities and Capital projects, using labor as the basis for allocation.

**American Rescue Plan Act ("ARPA")** Signed into law on March 11, 2021, ARPA provides \$1.9T in relief to address the continued impacts of COVID-19 on the economy, public health, state and local governments, individuals, and businesses.

The Port Authority's airports were awarded approximately \$493M under the airport funding provision contained in ARPA. Of this, approximately \$60M is attributable to financial relief to in-terminal concessionaires, on-airport rental car companies, and on-airport parking operations (collectively referred to as "Concessionaires.") The balance of these funds is to provide the Port Authority relief for eligible operating and development costs. The Port Authority expects that a portion of ARPA may accrue to the benefit of the airlines rather than the Port Authority as a result of cost recovery agreements with the signatory airlines operating at its airports.

**Balanced Budget** A balanced budget is achieved when the Sources of Funds is equal to the planned spending or Uses of Funds for the fiscal year.

**Budget** A formal financial estimate of expected Sources and Uses setting forth the Port Authority's financial operations for a calendar year, formally adopted as an annual Budget.

**Capital Spending** Expenditures for projects that are either expected to prolong the service lives of existing assets beyond their originally assigned life or lead to the development of a new or improved asset or a higher level of service at a facility.

**Capital Plan** Reflects the current assessment of the anticipated need for Capital Spending over a specific period of time for the modernization, renovation, rehabilitation, expansion, or acquisition of existing and additional facilities.

**The Coronavirus Aid, Relief, & Economic Security Act ("CARES Act")** Signed into law March 27, 2020, the CARES Act provides over \$2T of economic relief to workers, families, small businesses, industry sectors, and other levels of government that have been hit hard by the public health crisis created by COVID-19.

The Port Authority's airports were allocated approximately \$450M under the airport funding provision contained in the federal CARES Act allocated to eligible U.S. airports. Due to a portion of these funds being applied to expenses associated with cost recovery agreements between the Port Authority and airlines operating at its airports, approximately \$232M of these federal funds were credited to airlines operating under these cost recovery agreements. The balance of these funds accrued to the benefit of the Port Authority and are reflected in 2020 financial results.

**Cargo Facility Charges ("CFC")** Cost-recovery fee for capital infrastructure investments made by the Port Authority at its Ports. This fee applies to all laden cargo containers, vehicles and bulk cargo, break-bulk cargo, general cargo, heavy lift cargo, and other special cargo discharged from, or loaded onto, vessels at Port Authority leased and public berths.

The capital infrastructure investments that are recovered through the CFC provide for an efficient, safe, and environmentally sustainable Port by providing additional intermodal transportation and road capacity, thereby

decreasing congestion within the rail, roadway, and terminal gate systems. This ultimately decreases the cost of doing business in the Port and therefore benefits the region through increased economic growth realized by the Port's continued trade competitiveness both on the East Coast and nationally.

**Commercial Paper Obligations ("CP")** Certain short-term special obligations of the Port Authority to provide interim financing for the payment of Capital Spending or to refund certain Port Authority obligations. Payment of the principal and interest on CP is subject in all respects to the payment of debt service on Consolidated Bonds as required by the applicable provisions of the Consolidated Bond Resolution and to the payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund statutes.

CP, and the interest thereon, are not secured by or payable from the General Reserve Fund.

**Contributions in Aid of Construction** Funding provided by federal, state, and other entities in aid of the Port Authority's capital construction.

**The Coronavirus Response & Relief Supplemental Appropriations Act ("CRRSA")** Signed into law on December 27, 2020, CRRSA provides \$2.3T of COVID-19 stimulus and continuing many of the programs of CARES Act by adding new phases, new allocations, and new guidance to address issues related to the continuation of the COVID-19 pandemic.

The Port Authority's airports were awarded approximately \$122M under the airport funding provision contained in CRRSA allocated to eligible U.S. airports. Of this, approximately \$15M is attributable to financial relief to Concessionaires. The balance of these funds is to provide the Port Authority relief for eligible operating and development costs. The Port Authority expects that a portion of CRRSA may accrue to the benefit of the airlines rather than the Port Authority as a result of cost recovery agreements with the signatory airlines operating at its airports.

**Consolidated Bonds & Notes** Long-term direct and general obligations of the Port Authority issued pursuant to the Port Authority's Consolidated Bond Resolution for which the full faith and credit of the Port Authority is pledged for the payment of principal thereof and interest thereon.

**Consolidated Bond Reserve Fund ("CBRF")** A special reserve fund created by Section 7 of the Port Authority's Consolidated Bond Resolution. The CBRF consists of the balance remaining of all Net Revenues of the Port Authority's existing facilities after deducting payments for debt service upon all Consolidated Bonds and any amount necessary to maintain the General Reserve Fund at its statutorily required amount. This Fund is pledged as additional security for all outstanding Consolidated Bonds.

**Consolidated Bond Resolution** The Port Authority's Consolidated Bond Resolution, adopted in 1952, authorized and established the Port Authority's ability to issue Consolidated Bonds for purposes for which the Port Authority is authorized by law to issue bonds secured by a pledge of its General Reserve Fund. Such purposes include financing Port Authority facilities, as well as the refunding of outstanding Port Authority bonds and other debt obligations.

**COVID-19** Known as the severe acute respiratory syndrome SARS-CoV-2 coronavirus ("COVID-19"), a virus in humans causing respiratory illness.

**Debt Service** Represents interest payments, accruals, and mandatory and accelerated amortization (by sinking fund payments, serial maturities, bank loan payments, etc.) on outstanding debt charged to the Operating and Reserve Funds.

**Deferred Expenses** Expenditures that are made in the current year but that benefit multiple years, such as vehicle purchases and replacements and software and hardware investments. As such, these expenses are deferred and then amortized and reflected in the agency's Operating Expense Budget over their useful life.

**Direct Investment in Facilities** Represents funds appropriated from the Consolidated Bond Reserve Fund (“CBRF”) and transferred to the capital funds for capital construction purposes.

**EBIDA** A common financial acronym standing for Earnings Before Interest, Depreciation, and Amortization.

**Facility** A location classification defining a complete and self-contained unit owned, leased, or operated by the Port Authority. For example, JFK, Elizabeth Marine Terminal, and the HT are all facilities of the Port Authority.

**Flight Fees** Fees paid to the Port Authority by airlines operating at JFK, LGA, and EWR as compensation for the Port Authority’s ongoing design, construction, operation, and maintenance of certain public aircraft facilities. The revenue is calculated on the basis of the direct and allocated costs of operating and maintaining such public aircraft facilities and the weight of aircraft using the airport.

**General Reserve Fund (“GRF”)** A special Port Authority reserve fund established by the States of New York and New Jersey pursuant to statutes adopted in 1931 and amended and supplemented thereafter that is pledged to support all outstanding Port Authority Consolidated Bonds.

The General Reserve Fund is funded through surplus revenues from all existing Port Authority facilities and is statutorily required to be maintained at an amount equal to 10% of the par value of all outstanding Port Authority bonds legal for investment (as defined in the statutes).

**Gross Operating Revenues** Revenues derived from the operation of Port Authority facilities, including rentals, tolls, fares, aviation fees, and other charges derived in connection with the use of, and privileges granted at, Port Authority facilities.

**Net Operating Revenues (“NOR”)** The amount of Gross Operating Revenues remaining after deducting the Port Authority’s Operating Expenses, as more specifically defined in the Consolidated Bond Resolution.

**Net Position** Represents the difference between Port Authority assets and deferred outflows of resources, and liabilities and deferred inflows of resources.

**Operating Asset Obligations** Principal and interest expenses solely related to the Fund for Regional Development Buy-Out Obligation, which will end in 2021.

**Operating Expenses** Expenses incurred in connection with the operation, maintenance, security, management, and administration of Port Authority facilities, including direct, prorated, and allocated expenses.

**Passenger Facility Charges (“PFC”)** Pursuant to the Federal Aviation Safety and Capacity Expansion Act of 1990, as amended, the Port Authority is authorized to impose a PFC on passengers utilizing its airports. Pursuant to federal law, the collection and expenditure of PFCs requires prior approval of the Federal Aviation Administration (“FAA”) and is restricted to aviation-related, PFC-eligible projects.

**Port District** A geographical area of about 1,500 square miles in the States of New York and New Jersey centering about New York Harbor. The Port District includes the Cities of New York and Yonkers in New York State, and the Cities of Newark, Jersey City, Bayonne, Hoboken, and Elizabeth in the State of New Jersey, and over 200 other municipalities, including all or part of seventeen counties, in the two States.

**Prorated Expenses** Centralized Line Department, operations and maintenance services, and engineering general expenses that are prorated directly to individual operating facilities and business programs based on their prorated share of direct labor costs.

**Sources of Funds** Includes: 1) Projected Gross Operating Revenues, 2) Planned Bond Issuances, 3) Anticipated Grants, Contributions, and Miscellaneous Revenues; and, 4) expected Application of PFCs.

**Special Project Bonds (“SPB”)** Special limited obligations of the Port Authority that may be issued from time to time for the purpose of financing a single project for any lessee or for the purpose of refunding all or any part

of a prior series of SPB, or a combination of such purposes. Neither the full faith and credit of the Port Authority nor any of its reserve funds are pledged for the payment of principal and interest.

**Subordinate Bonds** Special obligations of the Authority that are subordinate to Consolidated Bonds and Notes. The principal of and interest on Subordinate Bonds will be payable from net revenues deposited to the Consolidated Bond Reserve Fund. Subordinate Bonds are on parity with other special obligations of the Authority including Commercial Paper Obligations, Variable Rate Master Notes, and Versatile Structure Obligations.

**Uses of Funds** Includes: 1) Operating Expenses; 2) annual Capital Spending; 3) Debt Service; and, 4) Deferred Expenses. When the Uses of Funds is equal to revenues generated by the Sources of Funds, the Budget is balanced.

**Variable Rate Master Notes (“VRMN”)** Certain special obligations of the Port Authority authorized to be issued for purposes of payment for Capital Spending, to refund prior Port Authority obligations, and for certain incidental purposes. VRMN carry variable interest rates in accordance with specified indices and are subject to prepayment at the option of the Port Authority, or upon demand of the holders thereof. Payment of the principal of and interest on VRMN is payable from the proceeds of obligations issued for such purposes, including from Consolidated Bonds or from Net Revenues as defined for purposes of VRMN deposited to the Consolidated Bond Reserve Fund.

Payment of the principal of and interest on VRMN is subject in all respects to the payment of debt service on Consolidated Bonds as required by the applicable provisions of the Consolidated Bond Resolution and to the payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund statutes. VRMN, and the interest thereon, are not secured by or payable from the General Reserve Fund.

**4WTC Associated Payments** The Port Authority is a co-borrower/obligor with respect to the New York Liberty Development Corporation, Liberty Revenue Bonds, Series 2021A (4 World Trade Center Project) issued by the New York Liberty Development Corporation. In connection with the issuance, the Port Authority entered into a Tower 4 Bond Payment Agreement with the Tower 4 bond trustee to make certain debt service payments of principal and interest on the bonds. Port Authority debt service payments related to Tower 4 Liberty Bonds in whole or in part are reimbursable to the Port Authority from the 4 WTC Net Lessee under the terms of the Tower 4 Repayment Agreement.

## APPENDIX 4. ACRONYMS

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<b>AET</b> All-Electronic Tolling	<b>FEMA</b> Federal Emergency Management Agency
<b>AIP</b> Airport Improvement Program	<b>FHV</b> For-Hire-Vehicle
<b>ALPR</b> Automatic License Plate Reader	<b>FHWA</b> Federal Highway Administration
<b>ARPA</b> American Rescue Plan Act	<b>FPLS</b> Fire Protection Life Safety
<b>ARFF</b> Aircraft Rescue and Fire Fighting	<b>FRA</b> Federal Railroad Administration
<b>ASQ</b> Airport Service Quality	<b>FTA</b> Federal Transit Authority
<b>BB</b> Bayonne Bridge	<b>GAAP</b> Generally Accepted Accounting Principles
<b>BEA</b> Bureau of Economic Analysis	<b>GASB</b> Government Accounting Standards Board
<b>CARES Act</b> The Coronavirus Aid, Relief, & Economic Security Act	<b>GB</b> Goethals Bridge
<b>CBRF</b> Consolidated Bond Reserve Fund	<b>GDP</b> Gross Domestic Product
<b>CBP</b> Customs and Border Protection	<b>GFOA</b> The Government Finance Officers Association
<b>CBTC</b> Communications Based Train Control System	<b>GHG</b> Green House Gas
<b>CFC</b> Cargo Facility Charges	<b>GRF</b> General Reserve Fund
<b>CFO</b> Chief Financial Officer	<b>GUDPA</b> Government Unit Deposit Protection Act
<b>ConRAC</b> Consolidated Rental Car Facility	<b>GWB</b> George Washington Bridge
<b>CP</b> Commercial Paper	<b>GWBBS</b> George Washington Bridge Bus Station
<b>CPI</b> Consumer Price Index	<b>HT</b> Holland Tunnel
<b>CPOC</b> Capital Plan Oversight Committee	<b>JFK</b> John F. Kennedy International Airport
<b>CRRSA</b> The Coronavirus Response & Relief Supplemental Appropriation Act	<b>JFKIAT</b> JFK International Air Terminal, LLC
<b>CSO</b> Chief Security Officer	<b>JSTC</b> Journal Square Transportation Center
<b>DEI</b> Diversity, Equity, & Inclusion	<b>LGA</b> LaGuardia Airport
<b>DFA</b> Developer Financing Arrangement	<b>LT</b> Lincoln Tunnel
<b>EDA</b> Economic Development Administration	<b>MBD</b> Management & Budget Department
<b>EIS</b> Environmental Impact Statement	<b>M&amp;S</b> Material & Services
<b>EWR</b> Newark Liberty International Airport	<b>MOTBY</b> Marine Ocean Terminal at Bayonne
<b>EBIDA</b> Earnings Before Interest, Depreciation, & Amortization	<b>mtCO<sub>2e</sub></b> Metric tons of carbon dioxide equivalent
<b>FAA</b> Federal Aviation Administration	<b>NYS DOT</b> New York State Department of Transportation

**NOR** Net Operating Revenue

**NTO** New Terminal One

**NYS DOT** New York State Department of Transportation

**ObDeck** WTC Observatory Deck

**OPEB** Other Post-Employment Benefits

**OBX** Outerbridge Crossing

**PABT** Port Authority Bus Terminal

**PAC** Performance Arts Center

**PAPD** Port Authority Police Department

**PATH** Port Authority Trans-Hudson

**PFC** Passenger Facility Charge

**PILOT** Payment in Lieu of Taxes

**PMO** Project Management Office

**PONYNJ** Port of New York & New Jersey

**REPO** Repurchase Agreement

**RtW** Return to Work

**SIB** Station Island Bridges

**SPB** Special Project Bonds

**SWF** New York Stewart International Airport

**TbM** Toll-by-Mail

**TB&T** Tunnels, Bridges, & Terminals

**TEB** Teterboro Airport

**TEU** Twenty Foot Equivalent Unit

**TSA** Transportation Security Administration

**UASI** Urban Area Security Initiatives

**USACE** United States Army Corps of Engineers

**VPD** Vehicle/Pedestrian Deviations

**VRMN** Variable Rate Master Notes

**WTC** World Trade Center

The plaza at the WTC features a remarkable vista of One WTC, the Oculus, and lively and colorful murals that provide a perfect backdrop for a selfie or family photo.



**PORT  
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