

2022 Strategic Plan Mid-Year Update



Port of Vancouver USA

Today's Presentation

- Review of key milestones for each goal area in the first half of 2022
- Market and commercial trends for 2023
- Mid-year financial update
- Financial forecast for 2023





Community Goals Mid-Year Progress

- Terminal 1 projects
 - Red Lion deconstruction
 - Vancouver Landing completion
 - AC Marriott Hotel opening
 - Dock replacement funding
- LPC 50-year lease and groundbreaking ceremony
- Community Engagement presentation
- Port tours





Economic Development Goals Mid-Year Progress

- I-5 Bridge Modified Locally Preferred Alternative
 - Freight advocacy
- Foreign Trade Zone
- Workforce development
 - Maritime interns
 - Human Resources intern
 - Economic Development intern
 - Laborers, operator apprenticeship





Environmental Goals Mid-Year Progress

- Climate Action Plan
- Terminal 2 stormwater upgrades
- Parcel 3 berm commitments completed
- Tribal engagement
- Partnerships and knowledge sharing – Lower Columbia Estuary Partnership Grattix Grant





Organizational Goals Mid-Year Progress

- Employee turnover and retention trends
- DEI committee and consultant RFP
- Business Continuity and Resiliency table-top training
- Coast Guard audit
- Remote work policy implementation
- Vaccine clinics





Marine/Commercial Goals

Mid-Year Progress

- First Subaru EV vehicles
- Wind energy
- One-year operating agreement with Metro Ports
- Nu-Tech manufacturing facility



Looking Ahead to 2023

Marine/Industrial Priorities

- Market trends
- Potential markets
- New operator at Berth 7
- Expansion for existing tenants
- Labor supply and challenges



Assessment, Expectations for US Economy

"Consumer psychology is an ingredient in spending decisions, and consumers' nerves right now look more frayed than their bank accounts... 'People really hate inflation,' said Andrew Haughwout, director of household and public policy research at the New York Fed."

From WSJ Article "People Have Money but Feel Glum – What Does That Mean for the Economy?"

Professional Forecasters Outlook

Professional economic forecasters predict economic **growth will slow but remain positive through 2023**. This is despite deflated consumer sentiment and widespread belief a recession is imminent.



Macroeconomic Indicators: The #'s

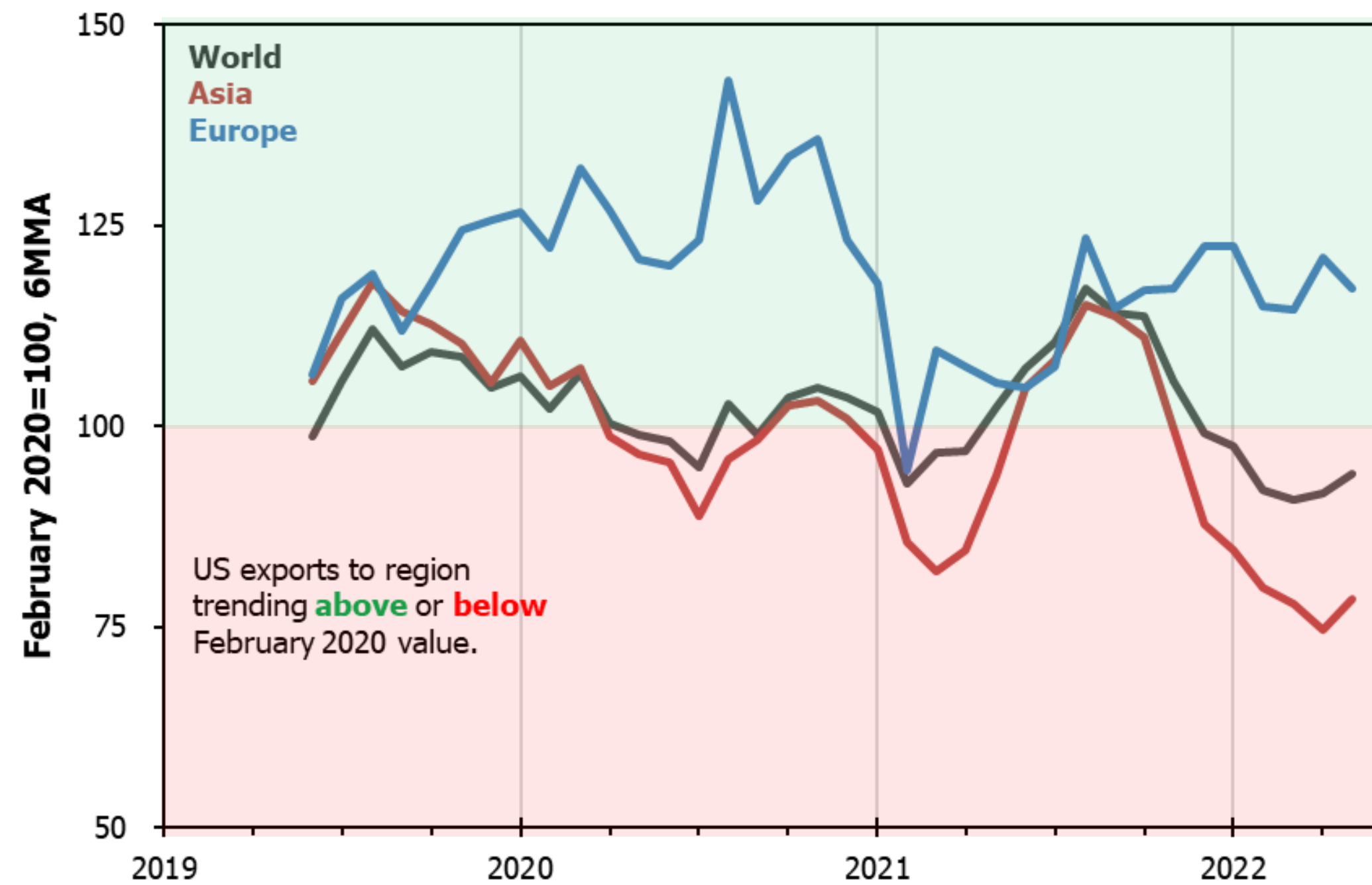
- **Q1 2022** – US households had \$18.5 trillion in cash reserved in savings – \$5 trillion more than measurements heading into the pandemic.
- **May 2022** – Personal consumption expenditure highest recorded.
- **May 2022** – Consumer sentiment polls measured near Great Recession era lows.
- **June 2022** – Unemployment Rate 3.6%
- Total Nonfarm Job Openings have declined two consecutive months but are still above 11M – compared to 7M recorded February 2020.
- **June 2022** – Consumer Price Index for all items increased 9.1% year-over-year.
- **June 2022** – Interest in the term “recession” reached highest ever recorded on *Google* search engine.



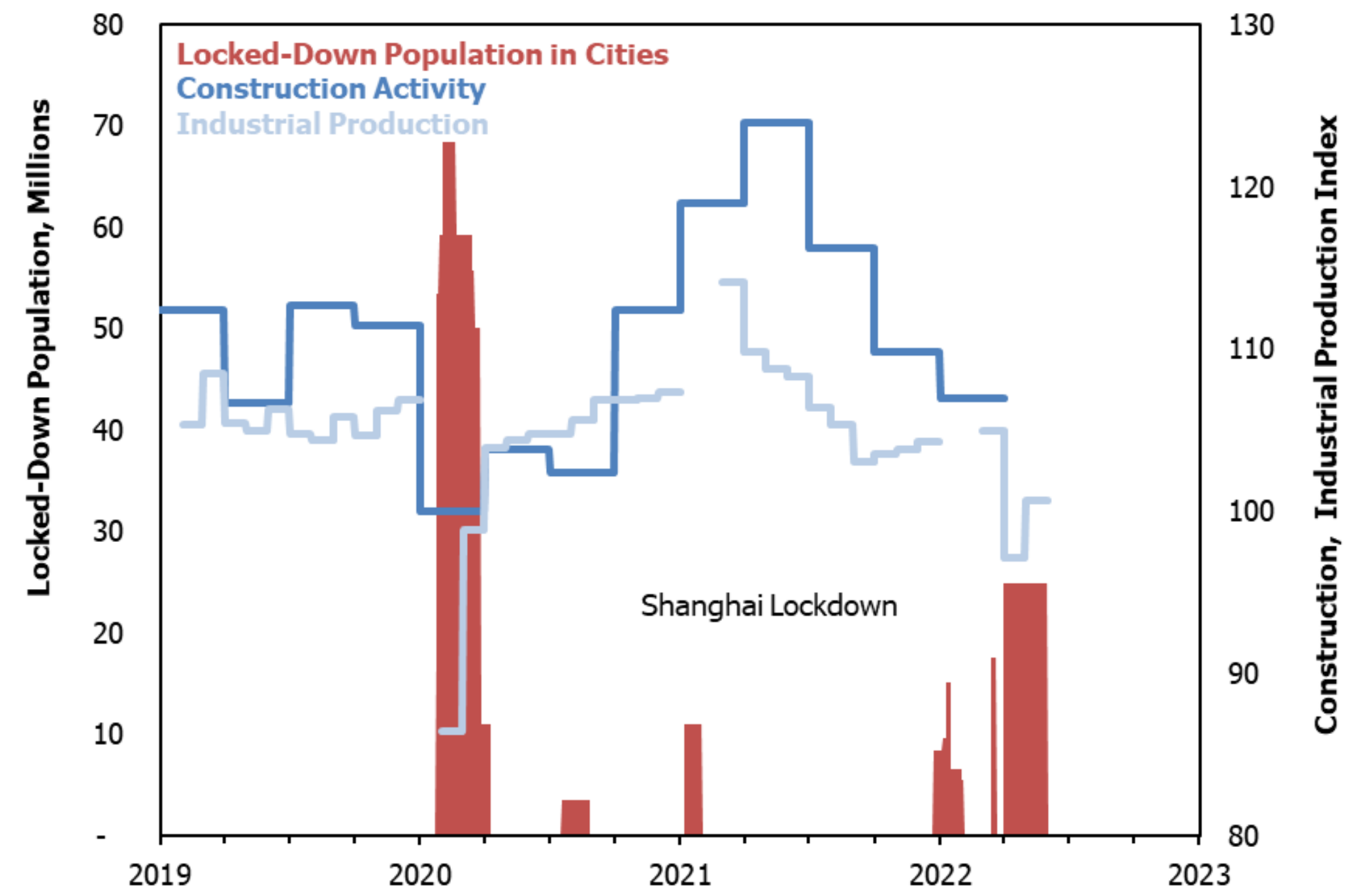
60% of Exported Scrap is Destined for Asia and Future Demand May Diminish

"China – which consumes about three times as much steel scrap as the EU and over four times as much as the US – is an area of particular concern. The country's COVID-19 lockdowns suppressed industrial activity in April and May, further compromising what was already a weakened economic position." - ITR Economics

Monthly US scrap metal exports to Asia have measured below February 2020 total for 20 of the last 27 months, compared to just 7 of last 27 months for Europe



Covid-19 Lockdown Impact on Construction Activity, Industrial Production in China





Financial Goals Mid-Year

Progress

- Establishment of Tax Increment Area
- Renaissance Trail successful grant – Phases 4 and 5
- Asset management – facilities
- Emphasis on cyber security and business resiliency



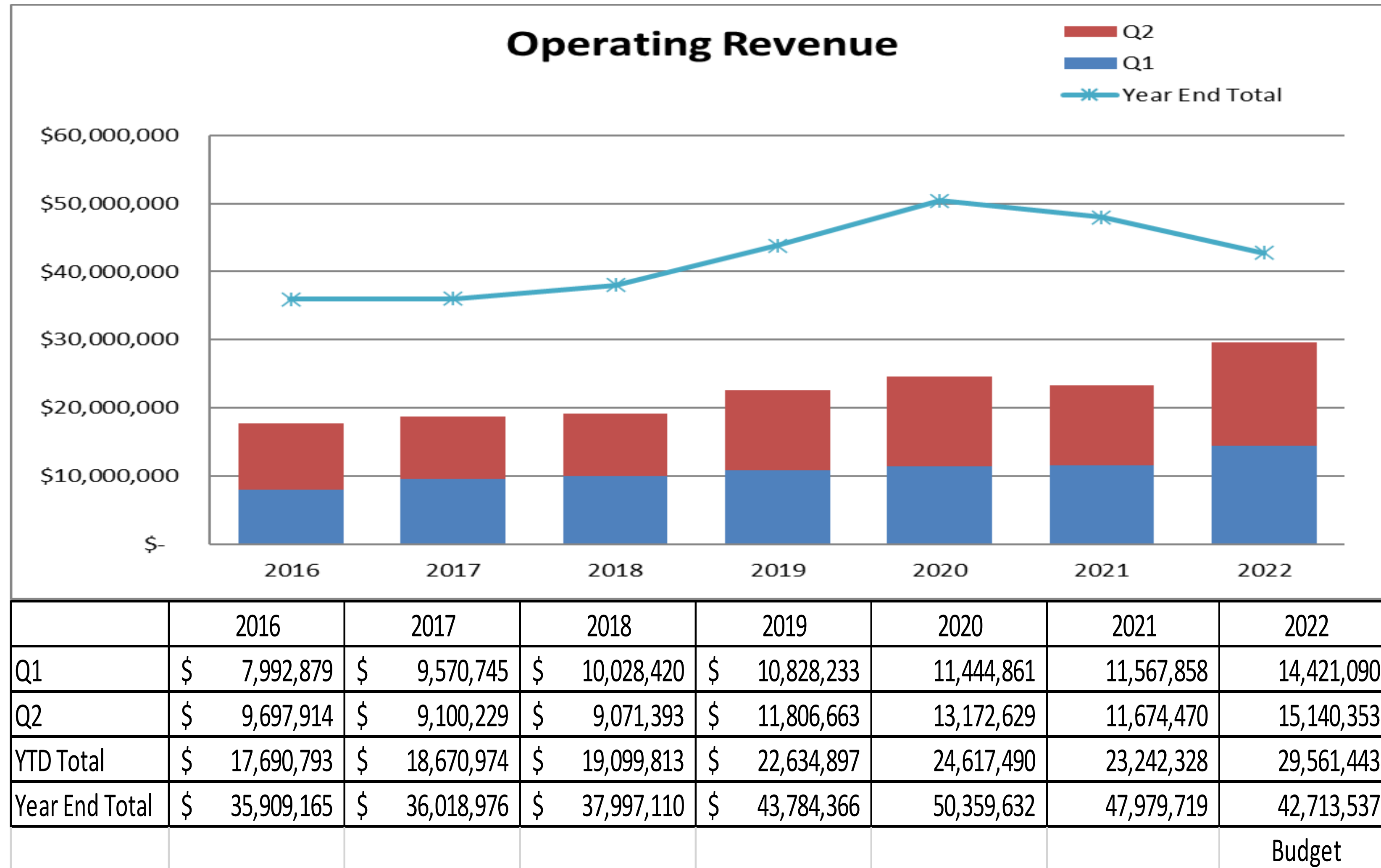


Financial Goals Mid-Year Progress

- Market trends and impacts
 - Interest rates
 - Insurance rates – property, cyber security
 - Supply chain challenges – impact on project timing, procurement, costs
 - Labor shortage – impact on construction costs
 - Revenues and expenses
 - Cash flow



Operating Revenue



Year-to-Date Key Highlights

Mid-Year 2022 vs. Mid-Year 2021

- **Increased Volumes** Overall tonnage in the first half of 2022 increased 9.08% or 321,970 mt compared with the same period last year.
- **Increased Revenue** Highest first half revenue. First half 2022 Operating Revenues increased 27.19% or \$6.32M compared with the same period last year mainly due to increased steel, sodium hydroxide, windmills commodities, loading/unloading operations, dockage, equipment rental, crane operations, storage, handling, service & facilities, security sales and services.
- **Increased Expense** First half 2022 Operating Expenses increased 31.28% or \$5.20M compared with the same period last year mainly due to increased Terminal labor/Facility expenses.
- **Forecast Increased Net Income** First half 2022 actual \$7.74M compared with budget \$2.92M, Year-end forecast \$10-11M compared with budget \$5.84M.



Looking Ahead to 2023

Financial/Budget Tools

- Debt issuance
- TIF legislation
- Grants
- Legislative funding requests



Thank You!

