

Financial, Marketing, and Strategic Planning Progress Report

2019 Mid-Year

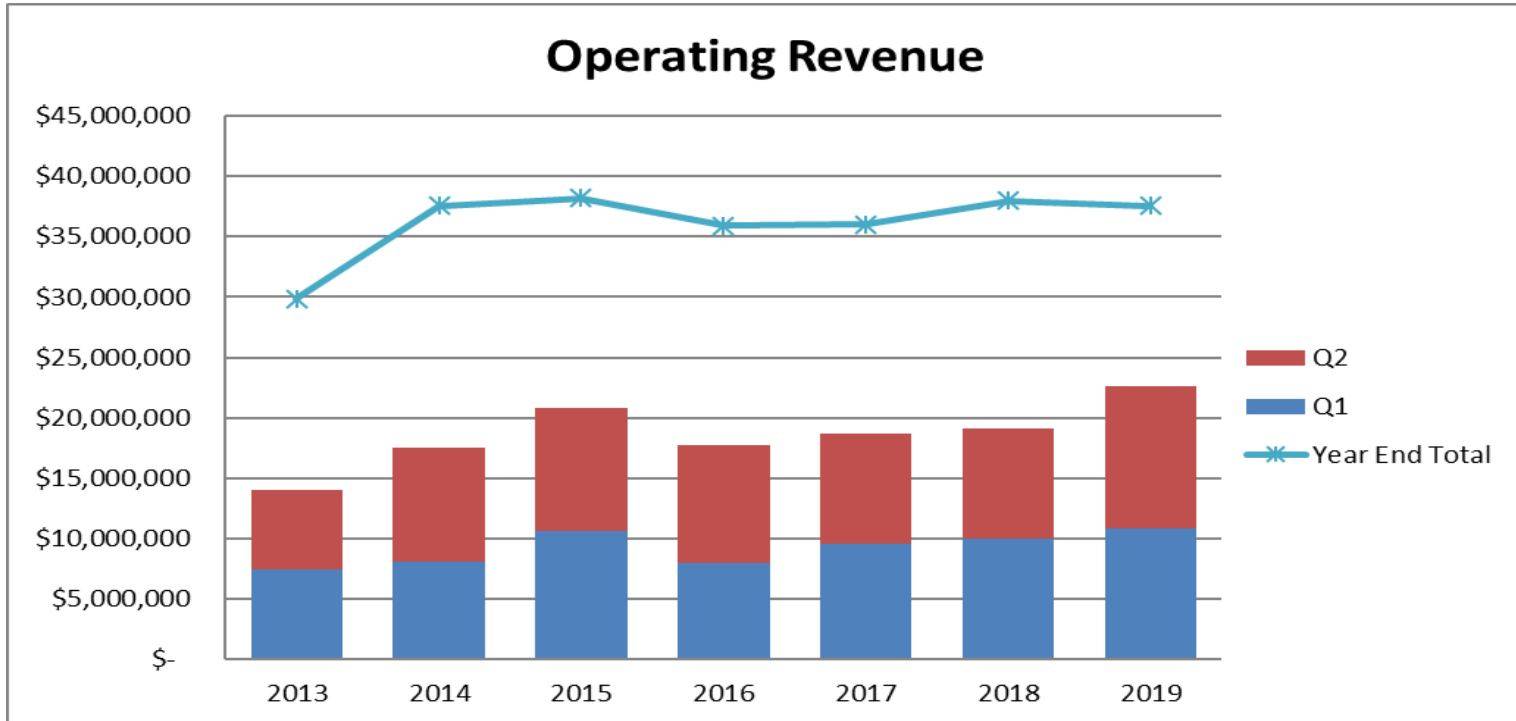
AUGUST 13, 2019



Financial Overview



Financial Overview

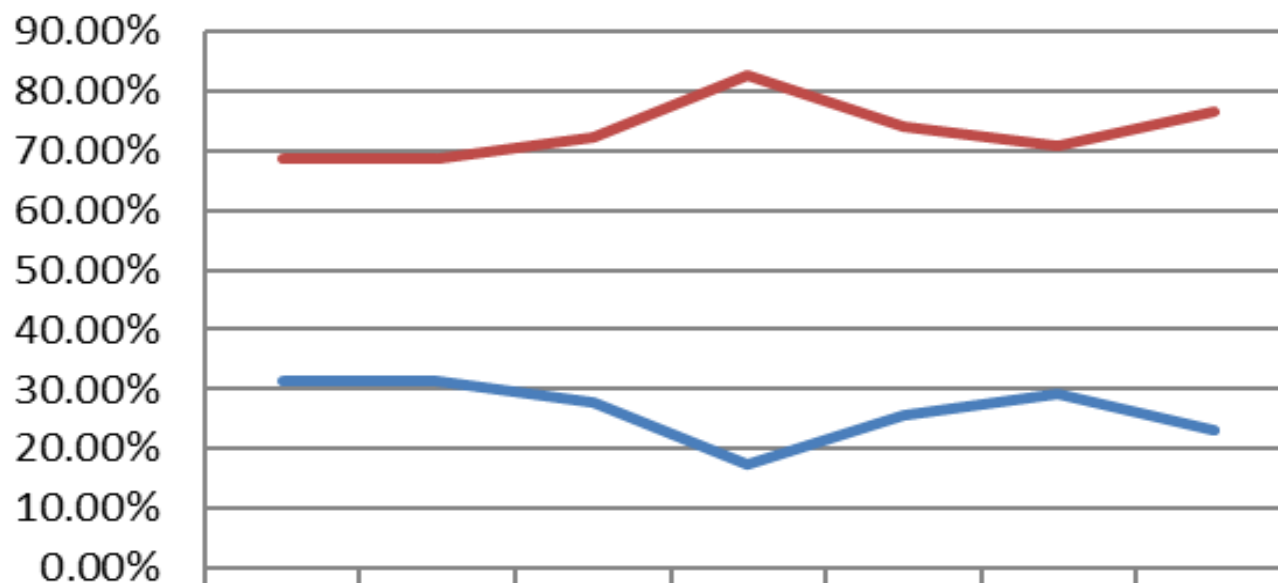


	2013	2014	2015	2016	2017	2018	2019
Q1	\$ 7,497,703	\$ 8,076,913	\$ 10,639,181	\$ 7,992,879	\$ 9,570,745	\$ 10,028,420	\$ 10,828,233
Q2	\$ 6,570,057	\$ 9,412,799	\$ 10,141,919	\$ 9,697,914	\$ 9,100,229	\$ 9,071,393	\$ 11,806,663
YTD Total	\$ 14,067,760	\$ 17,489,712	\$ 20,781,100	\$ 17,690,793	\$ 18,670,974	\$ 19,099,813	\$ 22,634,897
Year End Total	\$ 29,876,866	\$ 37,547,083	\$ 38,163,903	\$ 35,909,165	\$ 36,018,976	\$ 37,997,110	\$ 37,545,404
							Budget



Financial Overview

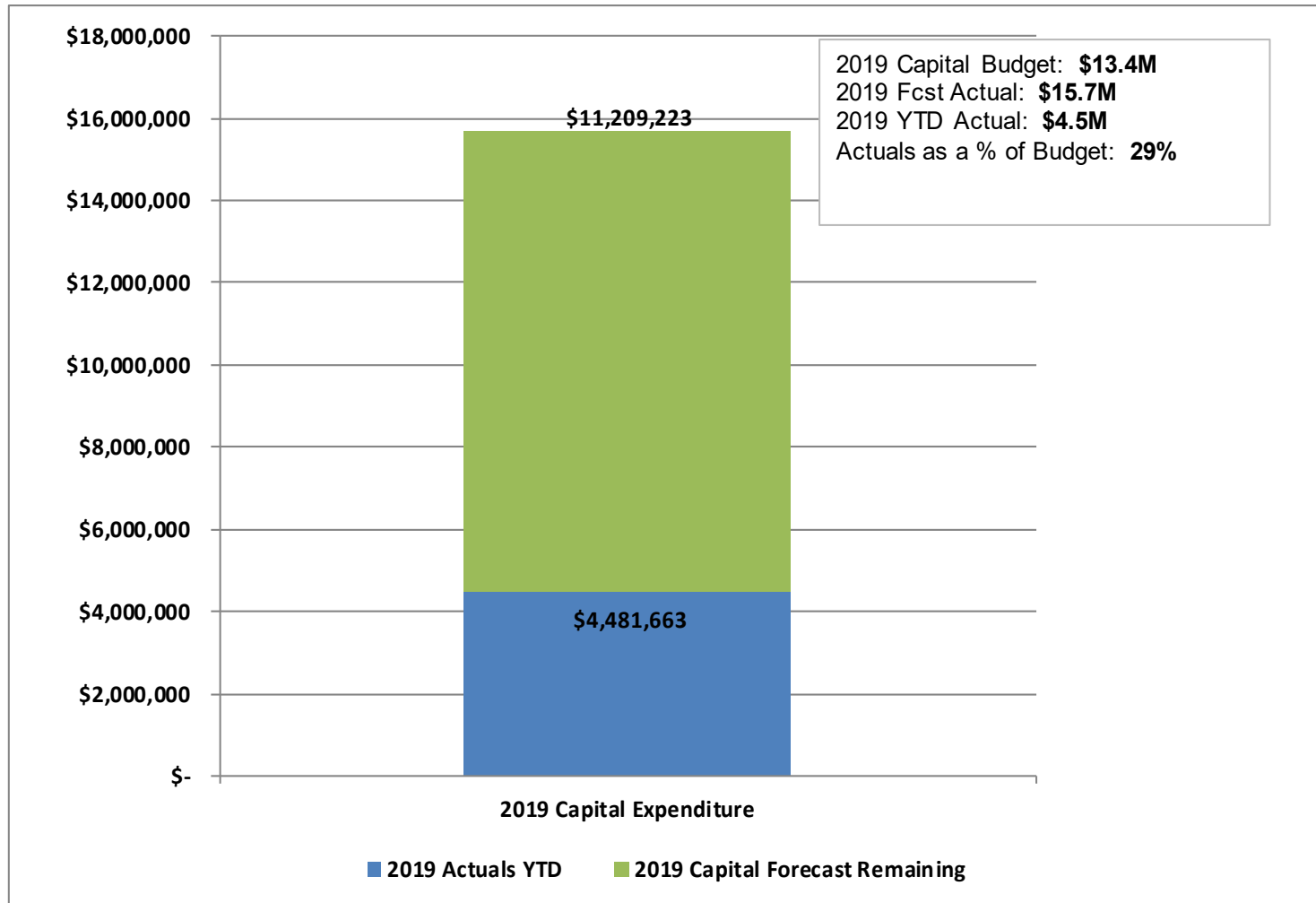
Operating Activity Indicators



	2013	2014	2015	2016	2017	2018	2019
Operating Margin	31.27%	31.33%	27.76%	17.39%	25.83%	29.33%	23.30%
Operating Ratio	68.73%	68.67%	72.24%	82.61%	74.17%	70.67%	76.70%

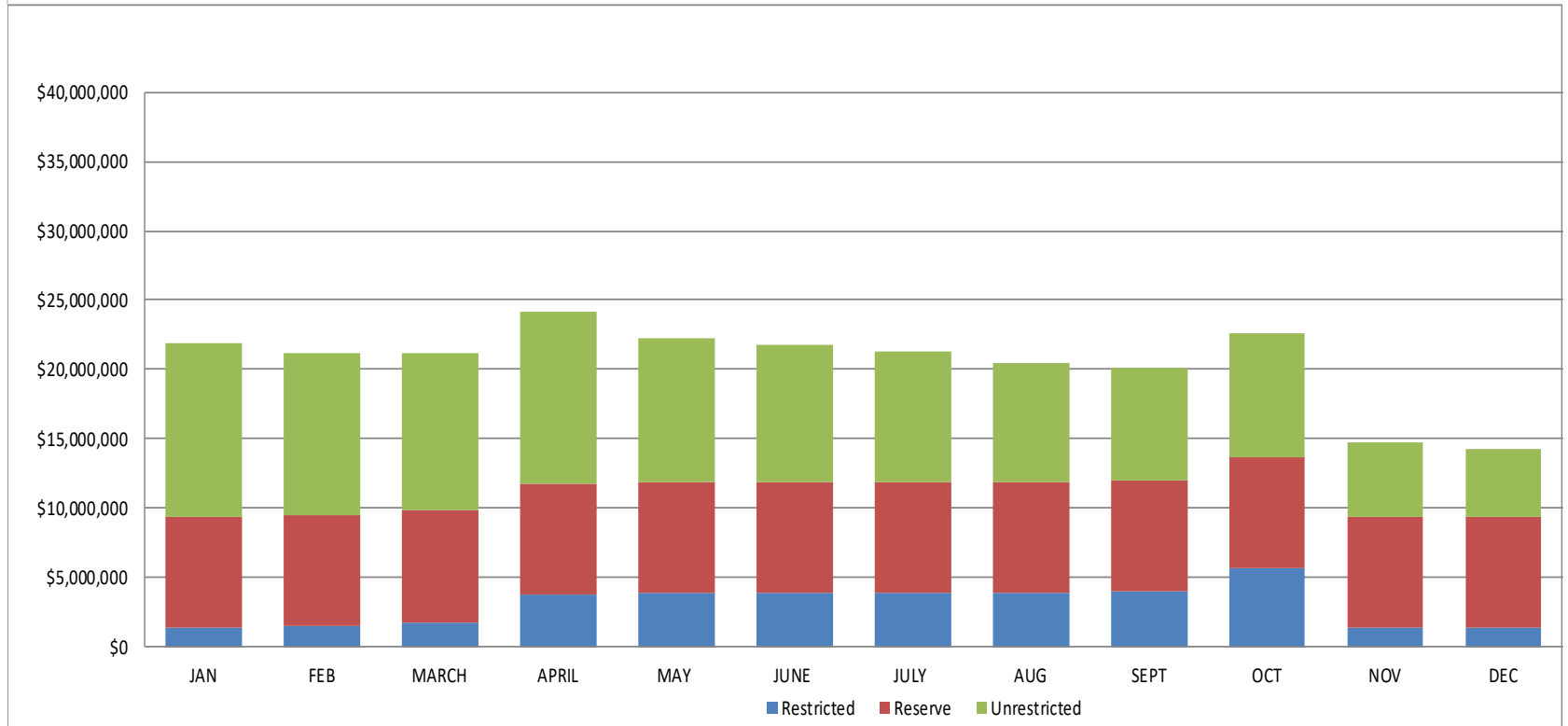


Financial Overview



Financial Overview

2019 BUDGETED CASH PLAN

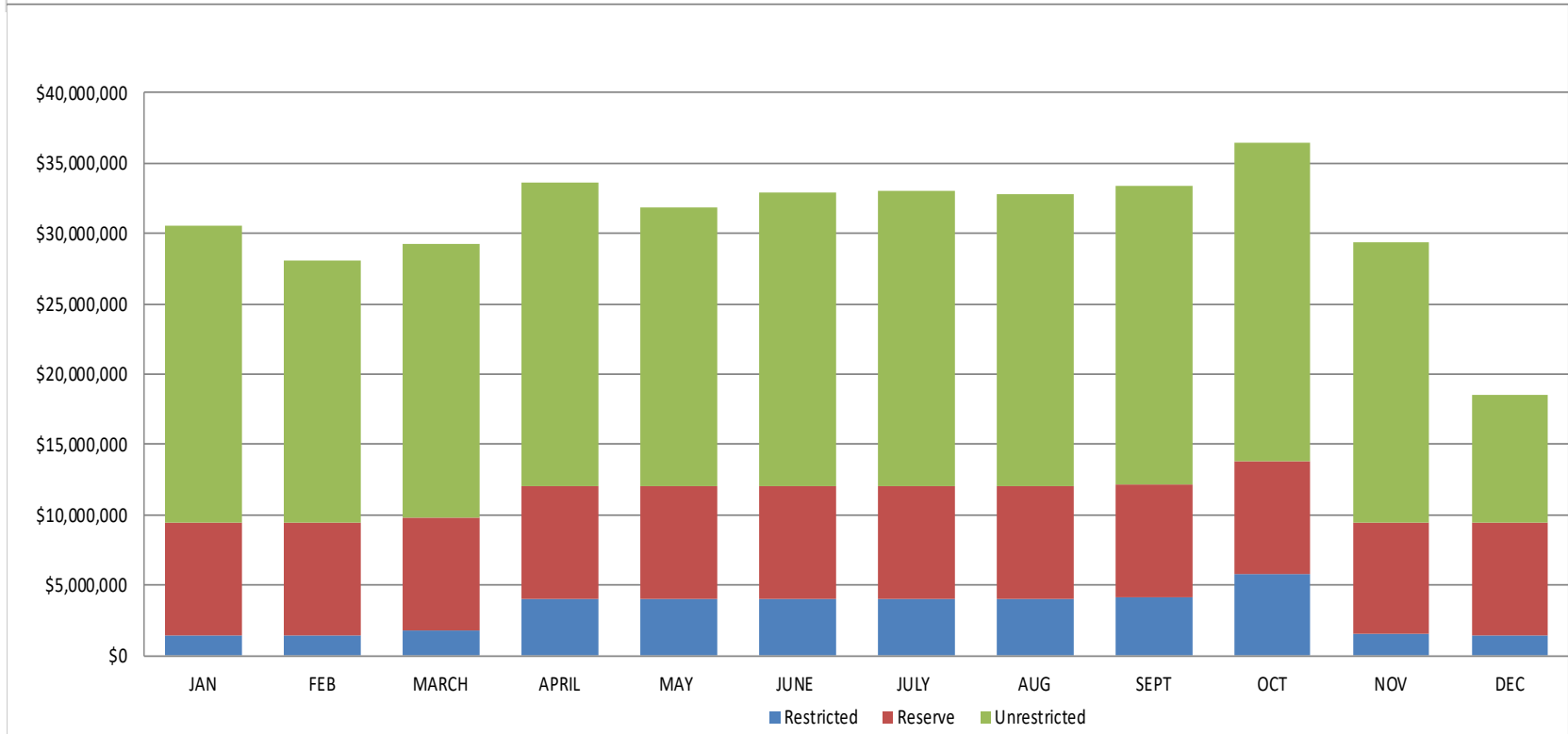


	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
Restricted	\$ 1,413,570	\$ 1,518,017	\$ 1,802,821	\$ 3,774,186	\$ 3,862,714	\$ 3,890,110	\$ 3,917,506	\$ 3,934,057	\$ 4,033,938	\$ 5,710,226	\$ 1,381,608	\$ 1,398,160
Reserve	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
Unrestricted	\$ 12,503,203	\$ 11,686,696	\$ 11,404,559	\$ 12,386,977	\$ 10,355,611	\$ 9,880,474	\$ 9,405,338	\$ 8,540,945	\$ 8,120,156	\$ 8,881,331	\$ 5,338,652	\$ 4,855,384
Total Cash	\$ 21,916,773	\$ 21,204,713	\$ 21,207,380	\$ 24,161,163	\$ 22,218,325	\$ 21,770,584	\$ 21,322,843	\$ 20,475,002	\$ 20,154,095	\$ 22,591,557	\$ 14,720,260	\$ 14,253,544



Financial Overview

2019 ACTUAL CASH PLAN



	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
Restricted	\$ 1,478,664	\$ 1,449,513	\$ 1,820,416	\$ 4,038,468	\$ 3,994,668	\$ 4,000,202	\$ 4,027,598	\$ 4,044,150	\$ 4,144,031	\$ 5,820,319	\$ 1,491,701	\$ 1,453,430
Reserve	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
Unrestricted	\$ 21,039,244	\$ 18,637,485	\$ 19,485,411	\$ 21,556,844	\$ 19,899,888	\$ 20,863,033	\$ 20,944,395	\$ 20,799,155	\$ 21,182,808	\$ 22,648,424	\$ 19,906,219	\$ 9,103,560
Total Cash	\$ 30,517,908	\$ 28,086,998	\$ 29,305,827	\$ 33,595,312	\$ 31,894,556	\$ 32,863,235	\$ 32,971,993	\$ 32,843,305	\$ 33,326,839	\$ 36,468,742	\$ 29,397,920	\$ 18,556,991



Financial Overview

Year-to-Date Key Highlights

Mid-Year 2019 vs. Mid-Year 2018

- Increased Volumes
 - Overall tonnage in the first half of 2019 had an increase of 429,600 MT compared with the same period last year



Financial Overview

Year-to-Date Key Highlights cont.

- Increased Revenue
 - Highest first half operating revenues in POV's history
 - First half 2019 operating revenues have increased 18.5% (\$3.5M)
 - Increased marine dockage, wharfage, facilities, loading/unloading operations and lease revenue



Financial Overview

Year-to-Date Key Highlights cont.

- Increased Expense
 - First half 2019 operating expenses have increased 28.6% (\$3.9M) compared with the same period last year mainly due to terminal labor/facility expenses & professional services fees
 - Expenses are directly related to the type of cargo that is moved
 - Refunded \$5.725MM LTGO Bond Costs savings are estimated to be \$530K



Marine & Industrial Mid-year Update and Business Goals

ALEX STROGEN,
CHIEF COMMERCIAL OFFICER



Marine & Industrial Business Goals

Goal:

- Pursue opportunities that utilize the port's property and infrastructure investments to create jobs and support the economy.

Mid-Year Milestones:

- New 3-year lease for 12,000 sf to Boeki USA
- Marketed available laydown/storage space to accommodate customers' needs
- Sale of Lot 6 to Fisher Construction Group
- Continuous development of industry relationships, market research analysis, and marketing resources



Marine & Industrial Business Goals

Mid-Year Milestones cont.

- 3 vessels carrying a total of 279 wind blades in the second quarter
 - The blades are all destined for regional renewable energy projects

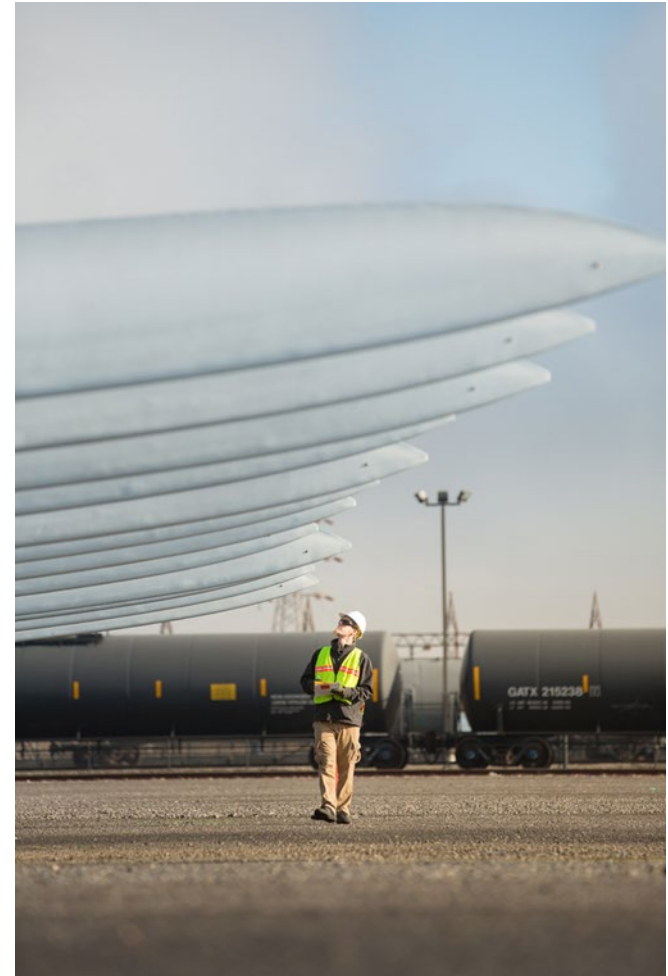
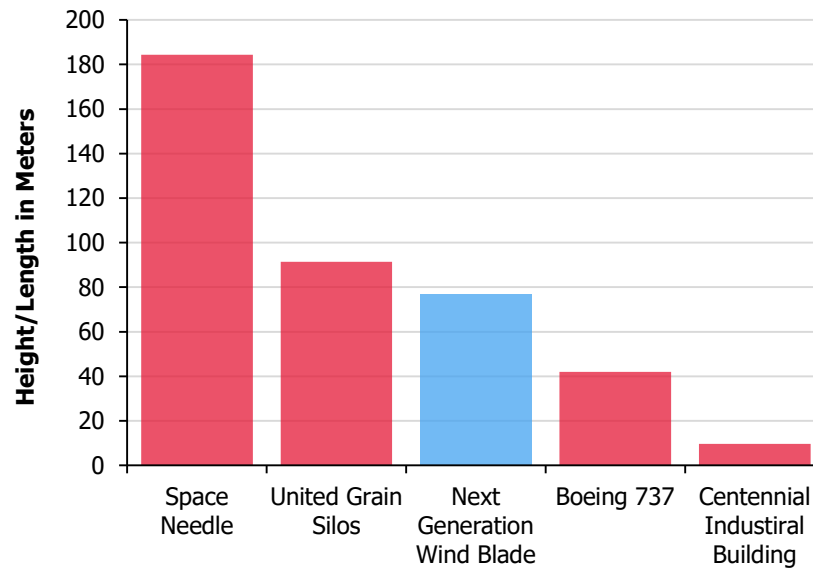


Marine & Industrial Business Goals

What's Next:

- Prepare to handle the next generation of wind blades

How big are next generation wind blades?



Marine & Industrial Business Goals

Challenges:

Job gains have been solid, on average, in recent months, and the unemployment rate has remained low. Although growth of household spending appears to have picked up from earlier in the year, **indicators of business fixed investment have been soft.**"

Federal Open Market Committee Statement from June 19, 2019 – Federal Reserve

"From the 1960s, this indicator [**yield curve inversion**] has been reliable in terms of foretelling a recession, and also importantly, it has not given any false signals yet."

Campbell Harvey – Finance Professor at Duke University

"**China's economy is slowing, again.** Last year, when America's president, Donald Trump, first levied tariffs on China, the country still managed to increase its exports by 10%. This year Chinese exports have all but stopped growing."

China's growth is slowest in nearly three decades: get used to it – The Economist



Marine & Industrial Business Goals

Challenges cont.

- US-China trade war
 - Trade talks with China continue to deteriorate and cause uncertainty
 - Through the first half of 2019, US businesses have shifted their logistics chains away from China
 - The shifting trade lanes are evident at the Port of Vancouver USA as well

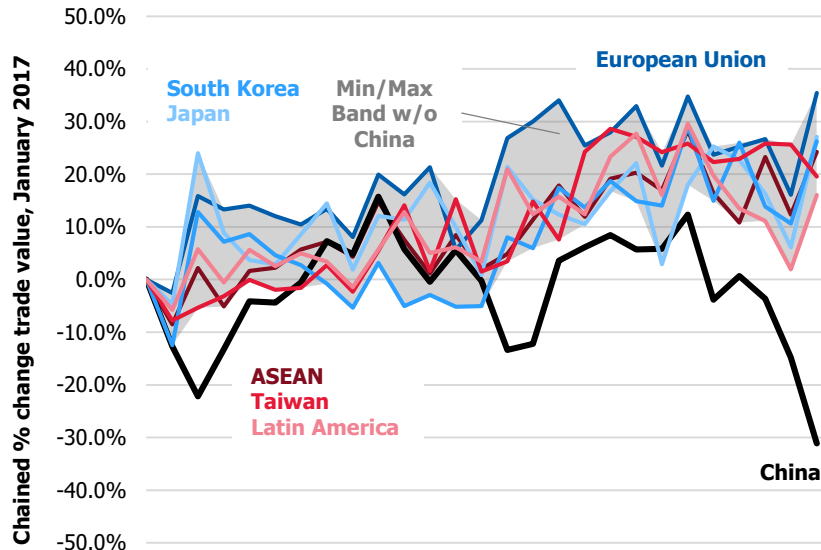


Marine & Industrial Business Goals

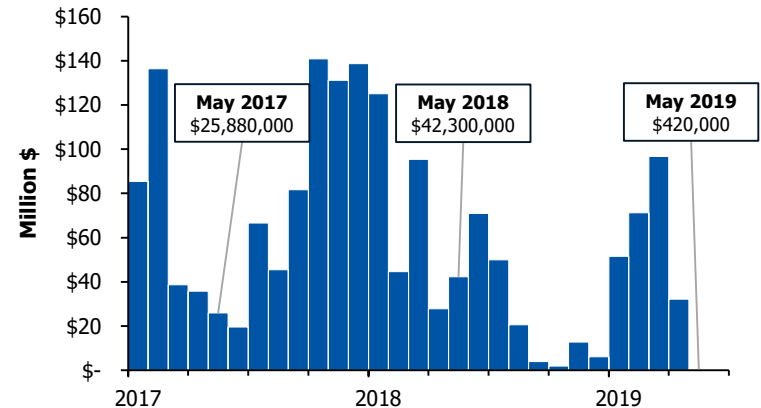
Challenges cont.

- US-China trade war

The US trade rift with China has led to increased activity with other international trade partners



Total value of goods traded with China via Port of Vancouver since January 2017



Data Sources: US Census Bureau



Marine & Industrial Business Goals

Goal:

- Support growth and economic opportunities for existing tenants and strengthen outreach.

Mid-Year Milestones:

- Tenant, Trobella, expanded to 12,250 sf
- Special tenant meeting – presentation by Vancouver City Manager regarding recommendations from “A Stronger Vancouver”



Marine & Industrial Business Goals

Mid-Year Milestones cont.

- Tenant Breakfast – 20 tenants in attendance; project updates, cyber security
- Continuous e-mail updates and communications to tenants



Marine & Industrial Business Goals

What's Next:

- Continue to work with industrial and maritime tenants on expansion strategies
- Hire Administrative Sales Coordinator position
- Continue to market available properties
- Fall Tenant Event



Marine & Industrial Business Goals

Goal:

- Ensure the port's cargo portfolio is diversified by leveraging resources to respond to customer needs and market demands.

Mid-Year Milestones:

- Diverse mix of cargo including autos, steel, wind blades, bentonite clay, soybeans and wheat



Economic Development Goals



Economic Development Goals

Goal:

- Support local efforts to maintain an adequate supply of commercial and industrial real estate.

Mid-Year Milestones:

- Completed 2018 Economic Impact Analysis
- Worked with CREDC to advance land for jobs update



Economic Development Goals

What's Next:

- Share results of POV Economic Impact Analysis
- Develop Land Use Strategy Plan for 2020 Completion



Economic Development Goals

Goal:

- Take a leadership role in supporting regional, multi-modal transportation and improving freight mobility.

Mid-Year Milestones:

- Mill Plain freight corridor solution found
- I-5 Bridge Task Force
- Federal Infrastructure Tracking



Economic Development Goals

Mid-Year Milestones cont.

- Designated routes for large equipment – working with the City and WSDOT for the Columbia River High, Wide and Heavy Corridor



Economic Development Goals

What's Next:

- 32nd Avenue extension working group updates
- I-5 Bridge replacement effort – port leadership

Challenges:

- Urban freight mobility environment
- Competing interests
- Funding



Economic Development Goals

Goal:

- Support the development of a skilled workforce to align with regional needs and increase job opportunities across the port district.

Mid-Year Milestones:

- 2 Internships – Project Management/EcDev
- Port Apprenticeship Program – Maintenance
- WSU(V) Partnerships – Stormwater, Engineering, Brew Lab, Business



Economic Development Goals

What's Next:

- Workforce development discussions with tenants
- Formalize WSU partnership opportunities

Challenges:

- Communicating connecting opportunities to tenants and broader workforce



Community Goals



Community Goals

Goal:

- Strengthen community outreach and communication.

Mid-Year Milestones:

- Community Newsletter, Solstice Newsletter
- Night Market – expanded to the deck with food carts!



Community Goals

Mid-Year Milestones cont.

- Port Report
- Port/C-Tran public service announcements



Community Goals

What's Next:

- Night Market Schedule:
 - September 6th (Friday)
 - October 4th (Friday)
 - November 22nd and 23rd (Friday and Saturday)
- Clark County Historical Museum Ports Exhibit (Sep. 5)
- Hooked on Nature Dinner with Columbia Springs (Oct. 5)
- Booville (Oct. 26)
- Christmas Ships Viewing (Dec. 19)
- Hire Communications Coordinator



Community Goals

Goal:

- Provide opportunities and events to increase public access on port property.

Mid-Year Milestones:

- Trail Segment 2 completed
- Lecture series
- Port tours

What's Next:

- Complete port tours



Community Goals

Goal:

- Implement the vision of a destination waterfront at Terminal 1.

Mid-Year Milestones:

- Appropriation of \$4.7M from legislature for Vancouver Landing and East Portal stormwater
- Donation of \$500,000 from Vancouver Rotary Foundation for Vancouver Landing
- Request for qualifications (RFQ) and selection of developer for blocks A and C



Community Goals

Mid-Year Milestones cont.

- Ground stabilization permit for the hotel, Vancouver Landing, and Renaissance Trail has been received
- 30% design completed for Daniels Way, Renaissance Trail, Access Road 5, the Vancouver Landing, and East Portal
- Worked with City and Warehouse '23 on an interim parking solution



Community Goals

Mid-Year Milestones cont.

- New Terminal 1 sign installed on Columbia Street



Community Goals

What's Next:

- Implement interim parking solution
- Night Market growth and transition
- Re-routing of portions of the Renaissance Trail during construction
- T-1 financing recommendations
- Vesta hotel groundbreaking August 22
- LEED Gold certification



Photo courtesy of Vesta Hospitality/DLR Group



Community Goals

What's Next cont.

- T1 hotel, Vancouver Landing, and Renaissance Trail ground stabilization construction begins
- Request for Qualifications (RFQ) for landscape architect
- Contract negotiations with developer



Community Goals

Challenges:

- Timing – design, permits, construction to meet deadlines for state funds
- Timing – having Vancouver Landing done in time for Rotary's 100th anniversary in 2021
- Funding from legislature, other partners will be key in determining next steps



Environmental Goals



Environmental Goals

Goal:

- Protect air quality, water resources, and land managed by the port through deliberate and proactive efforts in all aspects of the port's operations.

Mid-Year Milestones:

- Clean Energy Resolution and Policy
- Climate Action Plan
 - Compiling existing POV climate and air quality efforts
 - Met with Vancouver Schools re: SWCAA monitoring stations



Environmental Goals

What's Next:

- Work with on-call air quality consultant to identify options for next steps in Climate Action Plan
- Follow-up meetings with Vancouver Schools re: SWCAA monitoring stations once school resumes
- Create web-friendly site that identifies existing strategies
- Work on 2019 climate and air quality initiatives (fleet upgrades), Renewable Energy Certificates (RECS), energy efficiency



Environmental Goals

Challenges:

- Right-size plan to be effective and successful at POV
- Understand what we control, influence, guide



Environmental Goals

Goal:

- Maintain the port's Sustainability Program to ensure that port operations are based on economic, environmental, and social values.

Mid-Year Milestones:

- Commission Workshop – 2018 Sustainability Report
- Sustainability Team set 2019 goals/targets
- Vancouver Lake stewardship



Environmental Goals

What's Next:

- Complete 2019 Sustainability Year-end targets
 - People: Engage community, increase jobs
 - Planet: Enhance wildlife, preserve history
 - Profit: Record tonnage, clean audits

Challenges:

- Prioritizing initiatives



Financial Goals

SCOTT GOODRICH,

DIRECTOR OF FINANCE & ACCOUNTING



Financial Overview

Goal:

- Strengthen the port's financial sustainability.

Mid-Year Milestones:

- Record first half Operating Revenues
- Conducted Request for Qualifications (RFQ) for refunding of the port's LTGO 2009 bonds – Key Bank selected
- Refunding resulted in a \$530,000 savings to taxpayers; lowered interest rate
- Analyzed financial feasibility of diverse cargoes, especially wind blades



Financial Goals

Goal:

- Develop and communicate a long-term strategy for the use of property taxes and debt financing policies and tools.

Mid-Year Milestones:

- Working group convened to analyze options

What's Next:

- Discussion and recommendations for long-term financing strategies
- Long-term maintenance funding strategy
- Continued analysis of funding new commercial and industrial developments



Financial Goals

Goal:

- Develop a rolling 20-year comprehensive, scheduled maintenance plan to maximize operational capacity, efficiency and life expectancy of port assets.

Mid-Year Milestones:

- Developed prioritized list of maintenance items – timeline, budget
- Fuel system synchronization
- GIS system partnership with Clark County



Financial Goals

Mid-Year Milestones cont.

- Completed building assessment of major assets on port property – roofs, asphalt, etc.



Organizational Goals



Organizational Goals

Goal:

- Analyze risks and develop a plan for business continuity, resiliency, and disaster recovery.

Mid-Year Milestones:

- Received \$150,000 FEMA port security grant
- Request for Qualifications (RFQ) issued
- Cross-departmental committee reviewed proposals, conducted interviews, and selected Ankura



Organizational Goals

What's Next:

- Consultant to conduct business impact analysis interviews with all departments for initial assessment
- Focus will be on department processes
- Project completion by January 2020

Challenges:

- New perspective for departments
- Business Continuity and Resiliency Plan (BCRP) Team consists of 17 departments



Organizational Goals

Goal:

- Recruit and retain talented and diverse staff who support effective internal and external communications, continuous improvement and innovation of port business and service to the community.

Mid-Year Milestones:

- Turnover rate tracking at <10% for 2019
- Recruited and filled key positions in a timely manner
- Updated employee manual



Organizational Goals

Mid-Year Milestones cont.

- Take Your Child To Work Day!
 - Record number of attendees



Organizational Goals

What's Next:

- Complete recruitment for open positions
- Use workforce data to guide outreach/recruitment efforts
- 2019/2020 wellness committee
- Continue cross-departmental training opportunities
- Identify professional development/training needs



Challenges:

- Competitive recruiting environment



Thank You

