Port of Vancouver USA

Board of Commissioners Meeting

SEPTEMBER 12, 2023
Open Forum

To provide virtual oral comment during the board meeting, you must register no later than 12:00 p.m. Monday, September 11, 2023, by emailing povcommissioners@portvanusa.com
Action Items
Action Item E-1

Approve Parties’ Agreement to Settle Claims and Sign Consent Decree
Action Item E-2

Approve Lease Agreement between the Port of Vancouver and Plastics NW, Inc.
Unfinished Business

PORT CONTRACTS LOGS
New Business
Accounts Payable
CEO Report
CEO Report I-1

Project Updates
Berth 17 Rehabilitation Project
CONTRACTOR: ADVANCED AMERICAN CONSTRUCTION, Inc.

- Project: 95% Complete
- Shore Power Ready for Vessel
- Water Lines and Sewer Lines Ready for Vessel
- Mooring Points/Capstan’s Installed and Ready for Vessel
Berth 17 Rehabilitation Project
CONTRACTOR: ADVANCED AMERICAN CONSTRUCTION, Inc.

• Fence Installation
Berth 17 Rehabilitation Project
CONTRACTOR: ADVANCED AMERICAN CONSTRUCTION, Inc.

- Western Power Station Complete
Berth 17 Rehabilitation Project
CONTRACTOR: ADVANCED AMERICAN CONSTRUCTION, Inc.

• 95% of Lighting Installed
Quayside Place ADA Sidewalk Ramp
CONTRACTOR: MCDONALD EXCAVATION

- Existing Curb Removal
- Demo and Subgrade
- Concrete Placement
Quayside Place ADA Sidewalk Ramp
CONTRACTOR: MCDONALD EXCAVATION

• Concrete Cure Work
Port Administrative Building ADA Motorized Door Project

CONTRACTOR: HARRY’S LOCKSMITH

- Project Complete
- Installed 7 Motorized Swing Arms
Port Administrative Building ADA Motorized Door Project
CONTRACTOR: HARRY’S LOCKSMITH

- Push Button Actuators
- Wireless Receiver, Transmitters
2023 Berth 13-14 Repairs
CONTRACTOR: STATELINE, LLC

- Project Substantially Complete
- Replacement Fender Bumpers
- Chain Assemblies
- Timber Bracing Replacement
Terminal 1 LPC Zoom Info Bldg. (Not Port Project)
CONTRACTOR: ROBERTSON & OLSON

- Passed 1 year of construction
- Structural steel canopy installation
- Exterior membrane application
- Access terrace from Daniels Way
CIP Lot 2 Nu-Tech (Not Port Project)
CONTRACTOR: OBRIEN

- Civil Work Complete
- Landscaping In
- Final Building Finish Work
- Operational Startup
CEO Report
Commissioners Reports
Upcoming Events

Next Commission Meeting
• Regular Commission Meeting – Tuesday, September 26, 9:30 a.m.

Community Events
• Lincoln Neighborhood Association meeting – Wednesday, Sept. 13, 6:30 p.m. via Zoom
• Elktoberfest at Vancouver Elks Lodge – Friday, Sept. 15, 4:00 p.m. – 10:00 p.m.; German fare, vendor marketplace and carnival games for kids
• Arnada neighborhood-wide yard sale – Saturday, Sept. 16, 8:00 a.m. – 2:00 p.m.
• Fort Vancouver Seafarers Center 57th anniversary picnic and fundraiser – Sunday, Sept. 17, 1:00 p.m. at the Center. All welcome but RSVP at 360-694-9300.
• Bird language for beginners at the Water Resources Education Center – Saturday, Sept. 30, 9:30 a.m. - 12:00 p.m.  Space is limited and registration required – call 360-487-7111.
• First Day of Fall – Saturday, Sept. 23
• Vancouver Farmers Market – Saturdays (9:00 a.m. – 3:00 p.m.) and Sundays (10:00 a.m. – 3:00 p.m.) at 8th & Esther Street downtown Vancouver
Communicating with the Commission

• Share your thoughts during Open Forum, the public comment period for all regularly scheduled commission meetings.
• Email the commissioners at povcommissioners@portvanusa.com
• Speak to the commissioners by calling the port office at 360-693-3611 for specific contact information.
• Mail your comments to:
  POV Board of Commissioners
  3103 NW Lower River Road, Vancouver, WA 98660
• For more information, visit the port’s website: www.portvanusa.com
Port of Vancouver USA
3103 NW Lower River Road
Vancouver, WA 98660
info@portvanusa.com
360-693-3611
2023 Mid-Year Update Workshop

Strategic Plan
Financial Update and Forecast
Market and Commercial Trends
Today’s Presentation

- Review of Key Areas of Progress of Strategic Plan in the First Half of 2023
- Mid-Year Financial Update
- Financial Forecast for 2024
- Market and Commercial Trends
Community Goals
Mid-Year Progress

• In-Person Connections to the Community
  • Tours
  • Events
  • Port Lecture Series
• T1 Progress and Use of Space
• Outreach
Economic Development Goals
Mid-Year Progress

• I-5 Replacement Bridge
• Advocacy for Freight Mobility
• Identification of Bridge Design Impacts to T1
• River Cruises
• Tenant Outreach
Environmental Goals
Mid-Year Progress

• Climate Action Plan
  • Fleet Electrification
  • Renewable Diesel
  • Renewable Energy
• Water Quality
  • Stormwater Treatment Project
Organizational Goals
Mid-Year Progress

- Staffing
- Diversity, Equity, and Inclusion
• Workforce Development
Marine/Commercial Goals
Mid-Year Progress

• Infrastructure Investments
• Berth 7 – Facility Improvements/Innovation
• Berths 8 & 9 – Facility Improvements/Expansion
• Berth 17
• Foreign Trade Zone (FTZ) – 2 Wind Original Equipment Manufacturers (OEMs) for Canadian Cargo
Financial Goals
Mid-Year Progress

- Diverse Set of Financial Tools
- Strong Oversight and Continual Tracking of Market Trends and Interest Rates
- Pro-Active Planning and Forecasting
- Maintenance of Assets – Building Assessments
OPERATING REVENUE

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POV KEY PERFORMANCE INDICATORS

### Operating Activity Indicators

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<th>Year</th>
<th>Operating Margin</th>
<th>Operating Ratio</th>
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<td>2017</td>
<td>25.83%</td>
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<td>2018</td>
<td>29.33%</td>
<td>70.67%</td>
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<td>2019</td>
<td>23.30%</td>
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<td>2020</td>
<td>26.66%</td>
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<tr>
<td>2021</td>
<td>28.50%</td>
<td>71.50%</td>
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<tr>
<td>2022</td>
<td>26.20%</td>
<td>73.80%</td>
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<td>2023</td>
<td>30.07%</td>
<td>69.93%</td>
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2023 CAPITAL PROGRAM

$30,000,000
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
$-

2023 Capital Expenditure

- 2023 Actuals YTD: $11,090,196
- 2023 Capital Forecast Remaining: $16,056,550
2023 CASH PLAN – PER PLAN

2023 BUDGET CASH PLAN

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2023 CASH PLAN – PER FORECAST

### 2023 FORECAST CASH PLAN

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<tbody>
<tr>
<td>Restricted</td>
<td>$2,573,066</td>
<td>$2,571,892</td>
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<td>Reserve</td>
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<tr>
<td>Unrestricted</td>
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<td>$56,560,491</td>
<td>$57,721,098</td>
<td>$61,415,165</td>
<td>$58,915,204</td>
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<td>$57,280,201</td>
<td>$60,746,846</td>
<td>$42,026,083</td>
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INVESTMENT SUMMARY

**Investment Strategy for Cash**
- $5-7M: Key Bank – 4.5%
- $10-13M: Government Securities – >=5.0%
- Remaining Funds: Local Government Investment Pool (LGIP) - Currently >5.25%

**Objectives for Government Securities**
- Adhere to POV’s Investment Policy
- Maintain $10-13M balance
- Ladder maturity of investments
- Seek investments of 5% or greater that have limited call provisions
Decreased Volumes Overall tonnage in the first half of 2023 decreased by 16% or 621,324 mt compared with the same period last year. This decrease is in alignment with the 2023 budget.

Decreased Revenue First half 2023 Operating Revenues decreased by 10% or $3.09M compared with the same period last year mainly due to decreased sorghum, wheat, steel, sodium hydroxide, windmills commodities, wharfage, loading/unloading operations, equipment rental, crane operations, storage, handling, service & facilities, security sales and services.

Decreased Expense First half 2023 Operating Expenses decreased by 15% or $3.30M compared with the same period last year mainly due to decreased Terminal labor/Facility expenses.

Forecast Increased Net Income First half 2023 actual $7.96M compared with budget $3.49M, Year-end forecast $10-11M compared with budget $6.97M.
Looking Ahead to 2023-2024

Financial/Budget Tools

- TIF Legislation
- Legislative Funding Requests
- Grants
- Debt Issuance
Market and Commercial Trends
Renewable Electricity Production & Raw Material Demand

The passage of the Inflation Reduction Act in the United States, combined with incentives from prior legislation, will further supplement the domestic expansion of green technologies. Other nations have instituted means to lower carbon emissions too. This fundamental shift in how energy is produced and dispatched will create dramatic change in raw material demand – type and amount.

<table>
<thead>
<tr>
<th>Raw Material Needs by Electricity Generation Type</th>
<th>Wind</th>
<th>Solar</th>
<th>Coal</th>
<th>Gas</th>
<th>Nuclear</th>
<th>Hydro</th>
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<tr>
<td>Concrete &amp; Cement</td>
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<td>4,050</td>
<td>870</td>
<td>400</td>
<td>760</td>
<td>14,000</td>
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<td>Iron &amp; Steel</td>
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<td>9,480</td>
<td>314</td>
<td>171</td>
<td>168</td>
<td>67</td>
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</table>

Data Source: Department of Energy, World Nuclear Association
*Soda ash a component of glass production is handled on the Columbia River

“...we’re going to have a material shortage. For us to do the green transition...with the technologies we know solar, wind, EVS...we need 3 times as much copper and 10 times as much nickel and 18 times as much graphite...we need to look within the constraints of what we actually have and might be able to build-out in the next 10 to 20 years.”

– Peter Zeihan, Demographer & Geopolitical Strategist, March 8, 2023

Commodities handled by Port of Vancouver.

Gifts from Uncle Sam
United States, tax credits and other incentives for selected clean technologies
As % of average total cost, 2022

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<tr>
<th>Commodities</th>
<th>Prior legislation</th>
<th>Inflation Reduction Act</th>
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<td>Carbon capture and storage</td>
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<td>Green hydrogen</td>
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<td>Utility solar</td>
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<td>Onshore wind</td>
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<td>Utility battery storage</td>
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<td>Efficiency in homes</td>
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<td>Residential solar</td>
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<td>New EV* purchases</td>
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Source: Goldman Sachs

*Electric vehicle

The Economist
Vessel Counts Year-to-Date Lowest in 6 Years

Columbia River Vessel Counts, Running Total

Running total through June:
- 2023 – 588
- 2017-2022 Average – 681

6-Year Min/Max Band (2017-2022)

6-Year Average (2017-2022)
Looking Ahead
SECOND HALF 2023 & 2024

Softening Outlook
• Lower volumes seen across majority of business segments as inflation and interest rates create slowing demand
• A return to historical levels after three years of elevated volumes portends a slower growth period

POV Remains Well Positioned
• Subaru plans to produce 400,000 electric vehicles in its Japanese plants by 2028 as it tries to get 40 percent of its global sales from EVs by the end of the decade
• POV grows in conjunction with Subaru as the highest volume Subaru port in the US
• POV remains the largest & most diversified wind energy port on the US West Coast
• Infrastructure planning continues to adapt to accommodate ever larger wind components
Thank You!