Continuous Improvement Team Case Study: Analyzing Opportunities Within Port Districts

June 15, 2017

Port of Vancouver USA

THE PORT OF / *Possibility*

PORT OF VANCOUVER USA

- *800 acres of operating port – marine and industrial*
- *Over 500 acres for future development*
- *More than 50 industrial tenants*
- *5 marine terminals; 13 shipping berths*

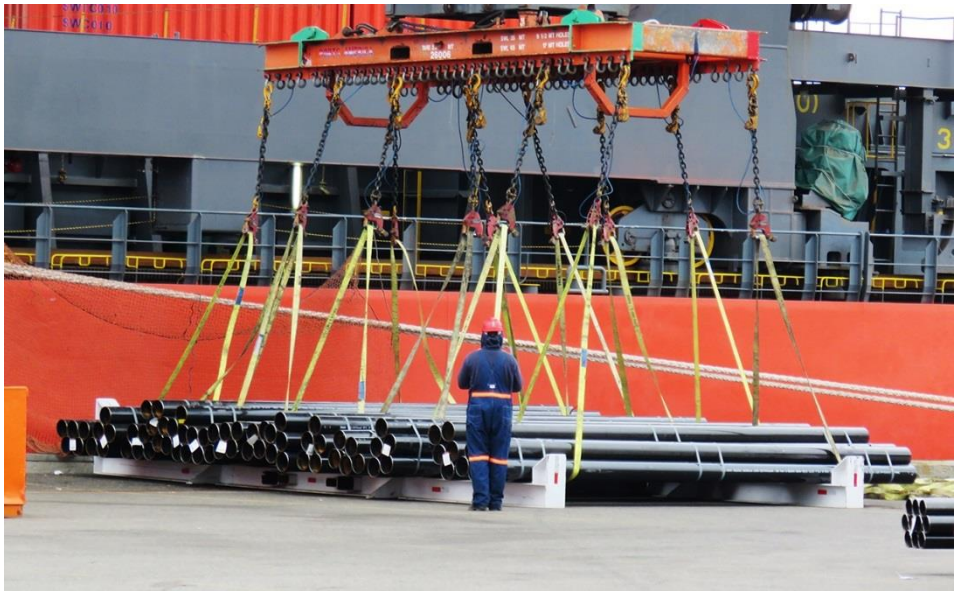
LOWER COLUMBIA RIVER CHANNEL

- 43-foot channel extends 105 miles inland
- 46 million tons of international trade in 2012
- $24 billion in cargo value
- 40,000 jobs depend on the channel

Source: Pacific NW Waterways Assoc.

MARINE OPERATIONS

GLOBAL ECONOMY



Imported steel pipe

Diverse Cargos including:

- Project Cargo/Heavy Lift
- Wind energy
- Steel
- Copper concentrate
- Petroleum products
- Mineral bulks
- Wood Pulp
- Grains and legumes
- Automobiles
- Scrap Steel

50 INDUSTRIAL TENANTS

- *Heaters*
- *Aluminum window frames*
- *Cabinetry*
- *Malt for beer*
- *Specialty gardening supplies*
- *Plastics*
- *Recycling*

2017 BUDGET

- *2017 budget: $85 million*

2016 Cargo:

- *7.49 million metric tons of cargo moved across docks*
- *410 vessels*
- *65,100 rail cars*

Tax Levy:

- *Tax levy held steady at $9-10 million since 2012*
  - *$89 per year for property valued at $250,000*

TOTAL TONNAGE

7.49 million metric tons

7.6% increase over 2015

VESSEL CALLS

410 vessels called on the port

3.3% decrease over 2015

RAIL CARS

65,100 rail cars handled through the port*

**300 carried wind components*

16.5% increase over 2015

BENEFITING THE COMMUNITY

The port is a driving force in economic growth in Clark County and Vancouver.

- *3,237 direct jobs*
- *2,658 induced jobs*
- *2,759 indirect jobs*
- *20,200 jobs associated with port activities*

ECONOMIC
Impacts

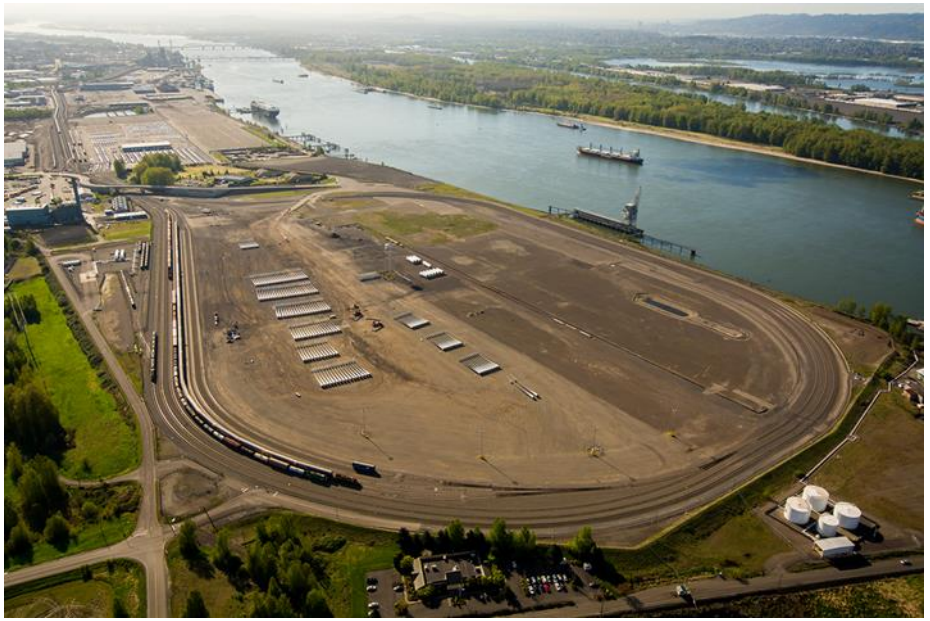
	2010	2014
Economic benefit to the region	$1.6 billion	$2.9 billion
Salaries, wages and consumer spending	$449 million	$584 million
Direct, induced, indirect, related jobs	17,000 jobs	20,200 jobs
Local and state taxes	$82 million	$102 million
Business revenue	$551 million	$767 million
Local goods and service purchases	$160 million	$397 million

Economic impact study by Martin Associates 2014

RIVER, ROAD AND RAIL

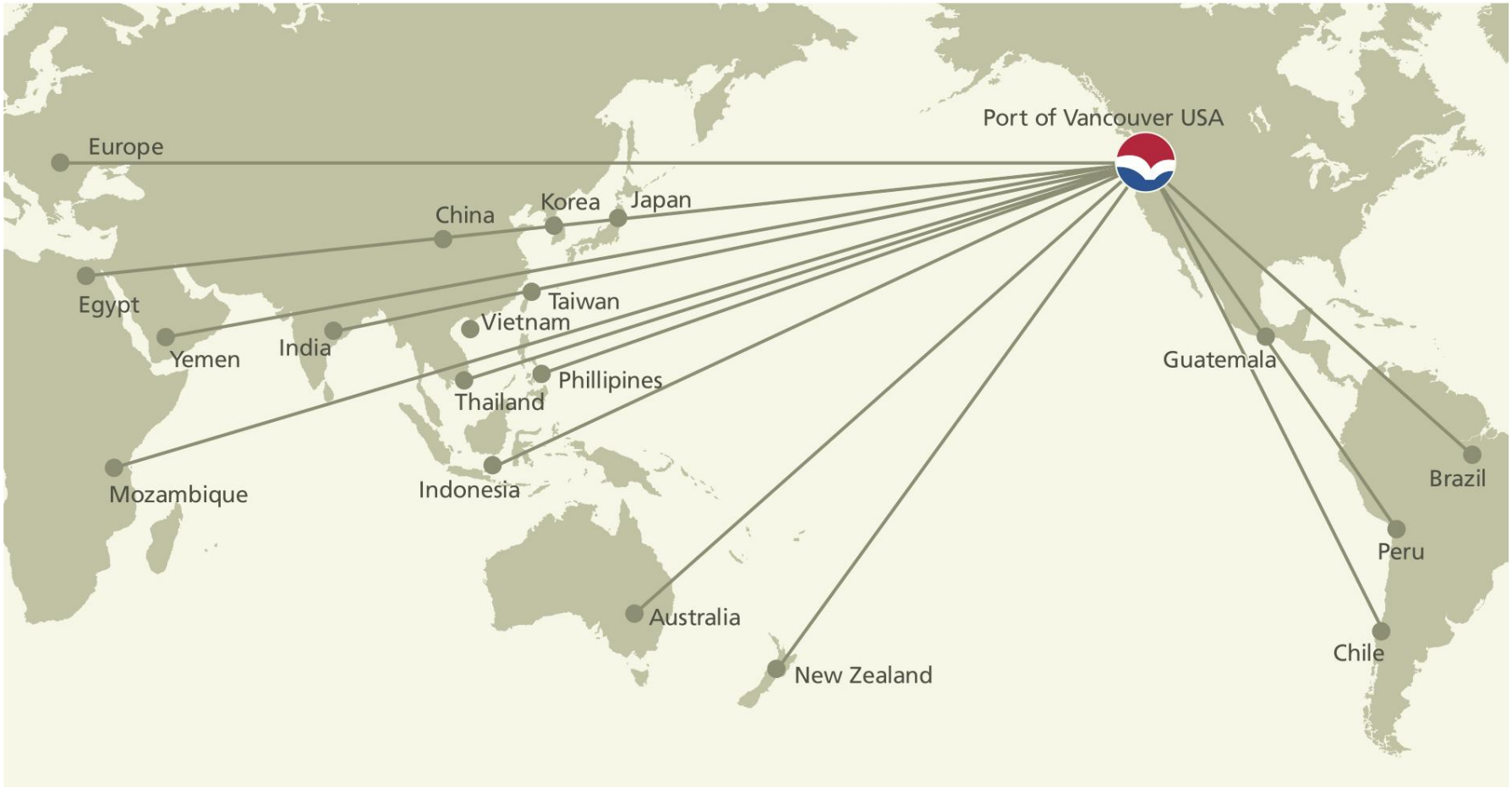
POV'S LOCATION MAKES IT ATTRACTIVE TO CUSTOMERS

The port's location at the crossroads of ocean-bound and river shipping lanes, interstate highways and national rail lines is one of its strongest attributes.



PORT OF VANCOUVER USA

TRADE PARTNERS



PROJECTS

CENTENNIAL INDUSTRIAL PARK

67 acres - Light Industrial Property

- 17 acres ready-to-build
- 50 adjacent acres available for future development
- Constructing a 125,000 sq. foot industrial building
- Adjacent to global marine terminal and international rail network

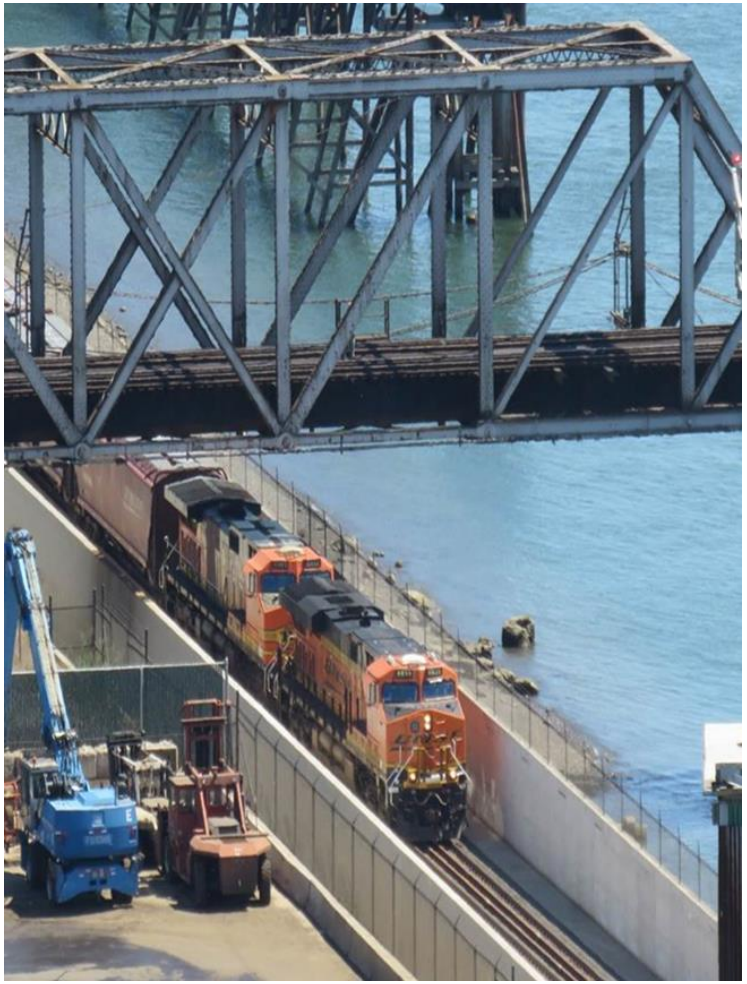
Port of Vancouver USA

West Vancouver Freight Access

Rail Construction Project Elements

WEST VANCOUVER FREIGHT ACCESS PROJECT BENEFITS

- $251 million rail infrastructure investment
- Started in 2005; operational August 2015
- Serves existing and future tenants and customers
- Creates new rail entrance
- Increases internal rail track from 16 to 50+ miles
- Builds unit train capacity
- Supports dual rail carrier access
- Increases capacity from 50,000 to 400,000 rail cars
- Creates between 1,000 and 2,000 new, permanent jobs
- Creates 4,000 construction jobs
- Attracting $500 million in private-sector investment
- Reduces congestion on regional rail system by 40%



WEST VANCOUVER FREIGHT ACCESS

A NEW RAIL ENTRANCE – THE TRENCH

TERMINAL 5

- Statement of Interest
- 86 acres available
- Mineral bulk or auto facility
- 8,500 ft. unit train capacity
- 43 ft. deep draft channel
- Quick access for ocean going vessel traffic and major freight corridors

FUTURE GROWTH

VANCOUVER ENERGY
PETROLEUM BY RAIL

- Largest proposed transfer terminal in North America
- Final stages of permitting
- North American crude
- Railed to POV and shipped for processing to West Coast and potentially foreign markets

- Four unit trains per day
- 380,000 barrels per day
- 22 million tons annually
- Loading one Panamax per day

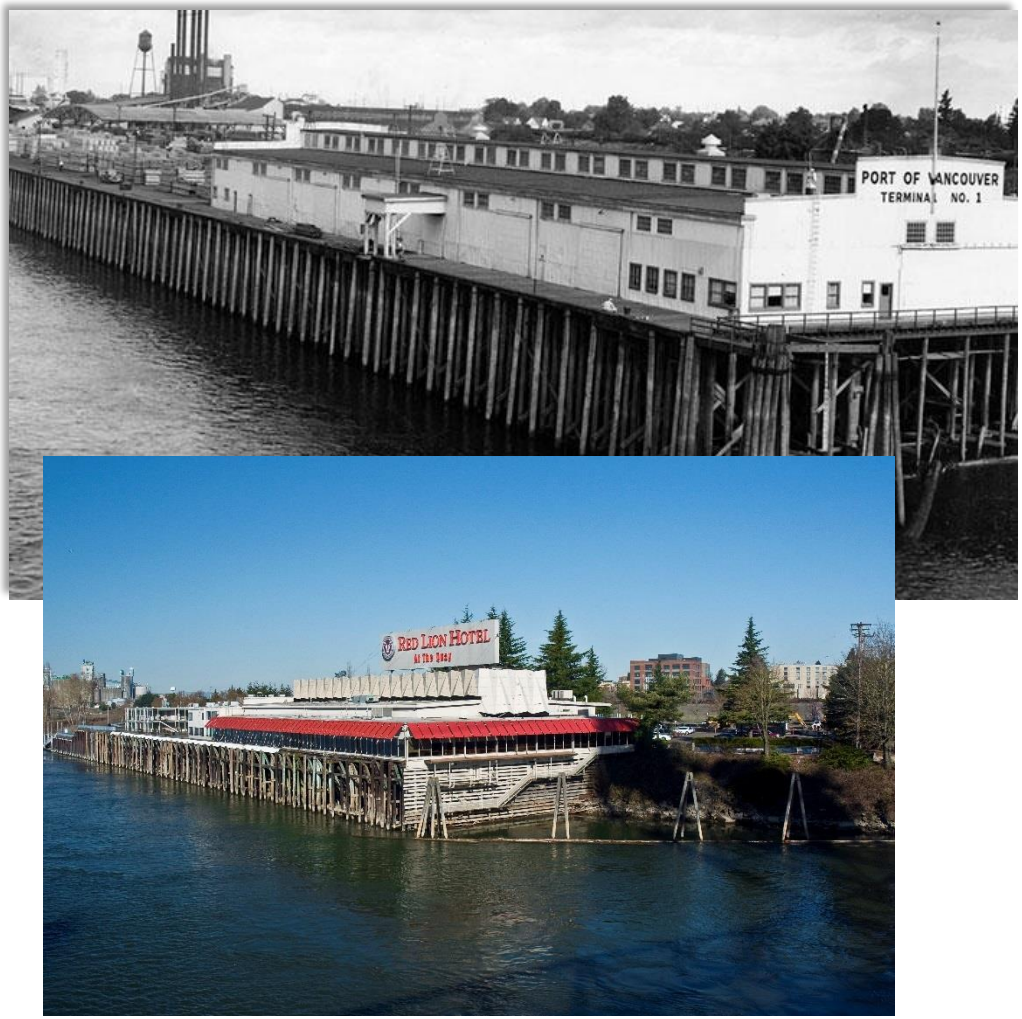
COLUMBIA GATEWAY
FUTURE DEVELOPMENT OPPORTUNITIES

- More than 500 acres zoned heavy industrial
- Potential for liquid bulks, dry bulks, autos and industrial
- Rail served
- Largest water-side development opportunity on the West Coast
- Greenfield opportunity could be operational in five years

WATERFRONT PROJECT

WATERFRONT PROJECT TERMINAL 1

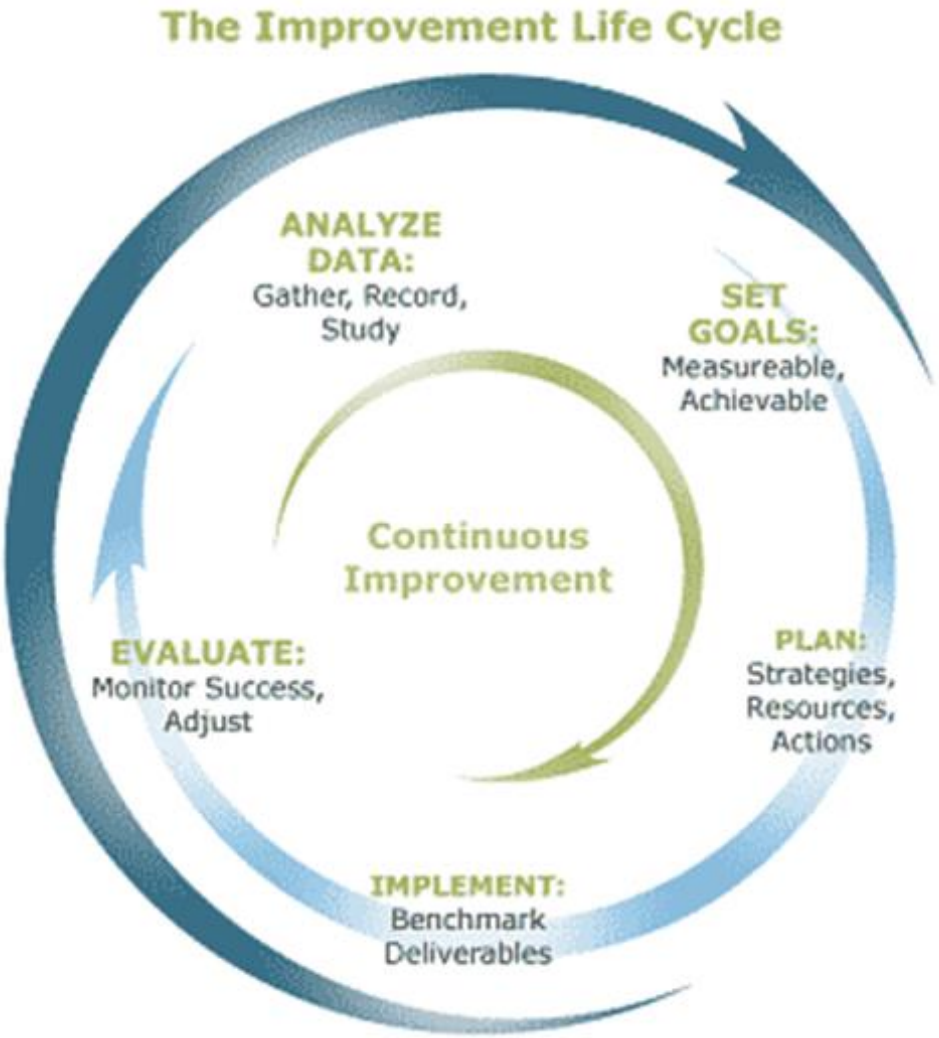
- 10-acre waterfront site
- Site could include hotel, retail, commercial and public areas
- Submitted Concept Development Plan to City of Vancouver December 2016. Approval expected Summer 2017
- Former home of the Red Lion and Quay Restaurant



- Birthplace of the Port of Vancouver
- Vital link between downtown Vancouver, the waterfront park and Columbia Waterfront LLC
- Entrance to our community

PROCESS DEVELOPMENT

CONTINUOUS IMPROVEMENT PROCESS



- A process that helps improve the way the port does business by:
  - Exceeding Stakeholder expectations
  - Increasing Revenue
  - Promoting economic development and sustainability (Profitability)

CONTINUOUS IMPROVEMENT TEAM

- The continuous improvement team is a cross functional employee team that improves business processes through problem solving, implementing and measuring and monitoring process improvement recommendations.

CONTINUOUS IMPROVEMENT VISIONING WORKBOOK

- The workbook is used with future-focused targets for action. It will assist the team through each stage of the continuous improvement process and help build a final product. The team coordinator is there to assist others when completing each section of this workbook.

Port of Vancouver USA

Leadership | Stewardship | Partnership

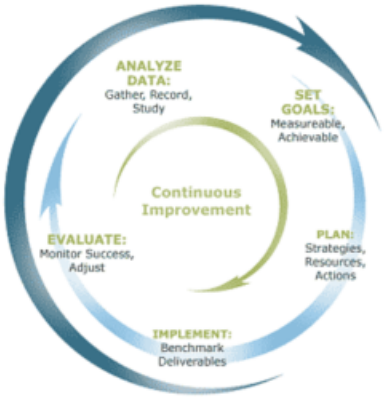
Vision

A premier port that is globally recognized and well capitalized with state-of-the-industry facilities, infrastructure and service providing accountable economic benefit.

Mission

The port's mission is to provide economic benefit to our community through leadership, stewardship and partnership in marine, industrial and waterfront development.

The Improvement Life Cycle



Purpose of Establishing a Continuous Improvement Team

To create a process that helps the Port of Vancouver USA improve the way it conducts business by exceeding customer expectations, increasing sales and promoting economic development.

Continuous Improvement Team

The continuous improvement team is a cross functional employee team that improves business processes through problem solving, implementing and measuring and monitoring process improvement recommendations.

Continuous Improvement Workbook (Below)

The workbook is used with future-focused targets for action. It will assist the team through each stage of the continuous improvement process and help build a final product. The team coordinator is there to assist others when completing each section of this workbook.

Continuous Improvement Team Coordinator

Name: _____

Contact Information: _____

TEAM FORMATION

Team Member(s):

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____

Team Leader: _____

Recorder: _____

Team Guidelines:

- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____

SET GOALS

TARGET FOR ACTION:

- _____
- _____
- _____

RATIONALE FOR TARGET FOR ACTION:

- Why is this target important to the Port of Vancouver USA customers?

- Why is this target important to your port?

- Why is this target important to economic development in the State of Washington?

PROFILE OF SUCCESS

Imagine that this team is highly successful working on this target for action. Customers are more passionate about the opportunities and products that the Port of Vancouver is creating. The Leadership Team, Board of Commissioners, and port employees are passionate about this teams recommendations and the work this team has done. The recommendations this team has come up with are wildly successful. Given that context:

- Define the future state; what outcomes do we want to see?

- Brainstorm the key characteristics, features and attributes of success. What does success look like? Don't say how you got there, tell what it looks like.

- Come to consensus on your profile of success. What additional information, if any, do you need to finalize your profile of success?

PLAN

CRITICAL SUCCESS FACTORS

- What are the critical success factors for achieving success?

- What are a handful of "things' we have to begin doing today in order to achieve our profile of success?

- What resources is it going to take for the Port of Vancouver to achieve the level of success it desires? (Capital, Labor, Consultants, Etc.)

- Sometimes it helps to think in terms of "Headlines" (The What) and "Definers" (The How-To). This will help later during the action planning step.

Example:

Headline: Port Leadership Supports Continuous Improvement Team's Recommendation

Definers:

- Leadership attends presentation of the teams recommendation
- Leadership actively supports the team behind the scenes
- Leadership shares information that may be unknown to team members that may have an impact on the target for action.

WHAT ARE THE TEAMS CRITICAL SUCCESS FACTORS' HEADLINES AND DEFINERS?

HEADLINES	DEFINERS

PLAN (CONTINUED)

Before the team completes its recommendation to the Port's Leadership Team, it needs to consider two more items: The costs and benefits of the recommendations, and how it can measure the success of the team's recommendation.

COST/BENEFIT ANALYSIS

Complete the following worksheet for each of the Critical Success Factors, or recommendations, the team identified. Ask for feedback from the stake holders who will be affected by the Critical Success Factors.

CRITICAL SUCCESS FACTOR
Costs:
Benefits:

Measuring Success

- How will the team know that it's recommendation(s) have been successful?
- How will the team measure success? Document the measurements below.

WHAT?	HOW?	WHEN?	WHO?

PLAN (CONTINUED)

ACTION PLANNING

Action Planning can be done in many ways. A structured approach always helps the team to stay on track. The team should create specific action steps for each Critical Success Factor. Identify the action steps the team will need from now until completion. For each action step, designate who will be responsible, resources needed and completion time. The action plan form below will assist the team.

ACTION STEPS	WHO NEEDS TO DO IT	RESOURCES NEEDED	COMPLETION DATE

PRESENT THE TEAMS RECOMMENDATION AND ACTION PLAN TO THE LEADERSHIP TEAM

IMPLEMENT

After presenting the team's recommendations to the Leadership Team, make any needed adjustment to the action plan.

NECESSARY ADJUSTMENTS:

- _____
- _____
- _____
- _____

IMPLEMENT THE TEAMS ACTION PLAN

Once approved, implement the action plan

MONITOR RESULTS

Measure, monitor and communicate results

REVIEW AND REVISE

Review the results and revise the team's action plan if necessary.

CELEBRATE SUCCESS!

SOLUTION

RESULT:

Port of Vancouver USA

Comprehensive Opportunity Analysis Review (C.O.A.R.)

This finely tuned process allows port employees responsible for identifying opportunities to connect with the internal resources necessary to make good decisions; and conversely, facilitates a synergistic flow of information throughout the organization that encourages teamwork, creativity and continuous improvement:

- Input & Analyze Data
- Set Goals
- Plan
- Implement
- Evaluate

Please complete responses for the activity of key criteria to evaluate opportunities.

Project Title:	**Date Submitted:**
Project Lead:	**Anticipated Project Start Date:**
Sponsor:	**Estimated Completion Date:**

Project Definition:

Alignment with Key Initiatives and Strategic Plan:

Market Justification: *(Sales/Marketing)* *Completed By:*_____

Also include the following information, if applicable:
- *Diversification of cargo/customer mix*
- *Compatibility/Capability*

Financial Justification: *(Finance)* *Completed By:*_____

Also include the following information, if applicable:
- *Cost/Benefit Analysis*
- *Return on Investment*
- *Life Cycle Costs (Below)*
- *Availability of grants or other funding*

Life Cycle Cost:

	Year 1	Year 2	Year 3	Year 4	Year 5
Implementation:	$	$	$	$	$
Staffing Needs:	$	$	$	$	$
Purchases (e.g., equip):	$	$	$	$	$
Maintenance/ Support:	$	$	$	$	$
Other:	$	$	$	$	$
Totals:	$	$	$	$	$

Life Cycle Cost: $

Legal Considerations: *Completed By:*_____

Also include the following information, if applicable:
- *Site port authority for unique projects*
- *Identify requirements for property/easements*
- *Explain if additional legal research is necessary*

Delivery Schedule: *(All)* *Completed By:*_____

Also include the following information, if applicable:
- *Project delivery schedule (permitting, design, construction)*
- *Can this project be phased?*
- *Can we deliver on time? Explain constraints.*
- *Does this project impact delivery of another project? Explain.*

Organization Wide Operational Impacts: *Completed By:*_____

Also include the following information, if applicable:
- *Operational efficiencies (All Departments)*
- *Safety improvements*
- *Sustainability (Environental/Financial/Etc.)*
- *Property considerations*

Environmental Considerations/Impacts/Benefits: *(Environmental)* *Completed By:*_____

☐ECS/NEPA (Federal)
☐SEPA (Port/County/City)
☐Floodplain (County/City)
☐HPA (WDFW)
☐Section 10/404 (Corps)
☐Section 401 Water Quality (DOE)
☐NPDES (DOE)
☐Demolition (City/SWCAA)
☐ Archaeology Predetermination/Permit (City/DAHP)
☐Section 106 (Federal)
☐Executive Order 05-05 (CRAB)
☐Shoreline ☐Exemption (City, DOE)
☐Critical Areas (County/City)
☐Section 7 ESA (Corps, NOAA, USFW)
☐Aquatic Use Authorization/PMA (DNR)
☐PATON (USCG)
☐ Air Discharge Permit (SWCAA)
☐ Tree Plan/Permit (County/City)

Political & Economic Considerations/Community Impacts/Benefits: *(E.A.) Completed By:*_____

Summary of Major Issues: *(All)*

Major Issues	Mitigation or Contingency
1.	1.
2.	2.
3.	3.
4.	4.
5.	5.

Summary of Recommendation:

Submitted By:

Project Advocate *(Signature, Date)*

Project Sponsor *(Signature, Date)*

Summary of Decision:

IN ACTION:

Port of Vancouver USA

Opportunity Analysis

This finely tuned process allows port employees responsible for identifying opportunities to connect with the internal resources necessary to make good decisions; and conversely, facilitates a synergistic flow of information throughout the organization that encourages teamwork and creativity.

Please complete responses for the activity of key criteria to evaluate opportunities.

Project Title: Project Element	**Date Submitted:** 5.10.17
Project Lead: Chrissy Lyons	**Anticipated Project Start Date:** 7.1.17
Sponsor: Mike Schiller	**Estimated Completion Date:** 1.1.2020

Project Definition:

Project Element is a light industrial recruitment via WA Department of Commerce and CREDC. They are looking to construct and operate an industrial facility on the West coast. This clean manufacturing facility will require no external storage or rail and maritime shipping services. Commercial truck traffic supporting the operation is expected to be less than 5 vehicles daily. The operation is expected to employ approximately 90 people in skilled and technical fields and up to 125 people at full build out.

The Port proposes a long term (initial term of 20 years) ground lease of approximately 5-6 acres in the Port's Centennial Industrial Park for constructing and operating a light industrial manufacturing facility. Exhibit A outlines the leasehold site layout on lots 3 & 4. Exhibit B outlines the leasehold site layout on an adjusted lot 3.

Project Element would be the developer of a 3 phase build out for a total of approximately 140,000 sf of warehouse with power requirements as outlined below.

- Phase I – Initial 85,000 sf warehouse, office with site improvements, operational January 2020. Requires 4MW electrical capacity.
- Phase II – build out additional 35,000 sf of warehouse with site improvements, operational July 2020. Requires additional 4MW electrical capacity.
- Phase III – build out of additional 20,000 sf of warehouse with site improvements, operational January 2021. Requires an additional 2MW electrical capacity.

The electrical requirements could trigger the T5 substation to be built. The Port and CPU are currently working on developments costs of the substation and transmission lines.

Alignment with Key Initiatives and Strategic Plan:

MAXIMIZE INDUSTRIAL BUSINESS TO GENERATE AND SUSTAIN DIVERSIFIED REVENUES.

Market Justification: *(Sales/Marketing)* *Completed By:*_____

Project Element provides the hi-tech/clean manufacturing that the Port and our partners are trying to attract to the region. This is a global company and has the potential to attract other cluster markets.

As indicated in Exhibit B layout, there is sufficient land to accommodate other potential facility layouts and future expansion options.

Also include the following information, if applicable:

- *Diversification of cargo/customer mix*
- *Compatibility/Capability*

Financial Justification: *(Finance)* *Completed By: Jack Flug*

The Port would lease approximately 5 acres of unimproved land to Element in CIP. Capital improvements would include the buildout of the power substation and the relocation of 35th avenue. Total capital costs to the Port are approximately $5M. Overall costs may come down once the Port better understands Clark PUD's contribution to the power substation costs. In addition, the capital costs incurred by the Port have additional benefit beyond this customer which have not been factored into this analysis such as the power substation.

The Port is considering a 20 year lease. Lease rate is $.08/sq ft per month. Payback is approximately 20 years. Currently ROI and IRR are at 0%. Finance would recommend that we update the analysis once we have better information regarding the Port's overall costs. Finance has inputted the incremental revenue stream, expenses and capital expenditures into the Port's overall cash flow. Finance would recommend that the Port consider deferring the timing of capital expenditures in 2018 to accommodate the capital needed for this opportunity rather than take on additional debt.

Below is the summary of financial analysis and the Port's overall cash flow:

Port of Vancouver
Margin Template
Project Name *Element*

Port Land Leases Unimproved Lot

Project - Subtasks	*Sq Ft*	*Monthly Rate/Sq Ft*	*Annual Rate/Sq Ft*	*Initial Investment*	*2017*	*2018*	*2019*	*2020*	*2021*	*2022*	*Project Total 2017-2039*
Revenue						2.00%	2.00%	2.00%	2.00%	2.00%	
Land Lease - Construction Period	217,800	0.0400	0.48		52,272	106,635	108,768	-	-	-	*267,674*
Land Lease - Lot: Operating	217,800	0.0800	0.96		-	-	-	219,542	223,933	228,412	*5,334,303*
CAM - Land - Lot	217,800	0.0013	0.02		-	-	-	3,568	3,639	3,712	*86,682*
Stormwater: Total Land Area	217,800	0.0037	0.04		-	-	-	10,154	10,357	10,564	*246,712*
Leasehold Taxes		0.0154	0.18		6,712	13,692	13,966	28,189	28,753	29,328	*719,294*
Total Revenue		*0.1404*	*1.68*		58,984	120,327	122,733	261,453	266,682	272,016	*6,654,665*
Direct Expenses											
Dept 20 expenses as a % of Warehouse and Land											
Leasehold Taxes		0.0154									
Commission Expense - Broker		-									
Other Exp - POV		-									
Total Direct Expenses		*0.0154*									
Margin											
%											
Depreciation Expense											
Operating Income											
%											
Capital Expenditure											
Net Cash Flow											
Cumulative Net Cash Flow											

Financial Metrics

Cash Flow Metrics		
Cumulative Net Cash Flow		
Net Present Value (NPV)		
Payback Period - Years		
Retun on Investment (Gain/(Loss))		
Annualized Retun on Investment		
Internal Rate of Return (IRR)		
Total Cost of Ownership (TCO)		
Commissionable Revenue (Lease - Capital)		
Financial Statement Metrics		
Margin %		73.45%
Annualized Return on Assets (ROA)		5.01%
Assumptions		
Capital Expenditures		$ 4,881,494
Useful life of Building		20.00
Weighted Avg Cost of Capital		4.25%

Capital Expenditures

	Date	Total Cost	Port Total	% Allocation	Allocated Costs
Phase 1: Power Inf	1/1/2020	9,650,000	$ 5,150,000	50.00%	$ 2,575,000
Phase 2: Power Inf	1/1/2025	3,000,000	$ 500,000	50.00%	$ 250,000
Roadway and Circle	1/1/2020	1,056,494	$ 1,056,494	100.00%	$ 1,056,494
Site Improvements	1/1/2020	1,000,000	$ 1,000,000	100.00%	$ 1,000,000
Total Capital Expenditures		*14,706,494*	*7,706,494*		*4,881,494*

Financial Metrics

		Actual
Cash Flow Metrics		
Cumulative Net Cash Flow		$ 6,670
Net Present Value (NPV)		($1,391,765)
Payback Period - Years		19.73
Retun on Investment (Gain/(Loss))		0.01%
Annualized Retun on Investment		0.00%
Internal Rate of Return (IRR)		0.01%
Total Cost of Ownership (TCO)		$ 6,647,995
Commissionable Revenue (Lease - Capital)		$ 5,601,977
Financial Statement Metrics		
Margin %	73.45%	
Annualized Return on Assets (ROA)	5.01%	
Assumptions		
Capital Expenditures	$ 4,881,494	
Useful life of Building	20.00	
Weighted Avg Cost of Capital	4.25%	

Port of Vancouver
Cash Flow Detail - DRAFT
Updated as of: 5/12/2017

	Actuals FY-15	Actuals FY-16	orecast/Budge FY-17	2018	2019	2020	2021	2022
Operations								
Operating Revenue				2.00%	2.00%	2.00%	2.00%	2.00%
Current Operations	38,163,908	35,909,163	37,241,552	37,386,383	38,134,110	38,896,793	39,674,728	40,468,223
Identified Incremental Revenue - Element	-	-	52,272	106,635	108,768	233,264	237,929	242,688
Unidentified Incremental Revenue	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total Operating Revenue	38,163,908	35,909,163	37,293,824	37,493,018	38,242,878	39,130,056	39,912,658	40,710,911
Operating Expenses				2.00%	2.00%	2.00%	2.00%	2.00%
Operating Expenses - Current Operations	29,244,446	29,846,357	29,516,439	30,106,768	30,708,904	31,323,082	31,949,543	32,588,534
Identified Incremental Expenses - Element	-	-	114,005	34,284	34,970	35,669	36,382	37,110
Unidentified Incremental Expenses	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total Operating Expenses	29,244,446	29,846,357	29,630,444	30,141,052	30,743,873	31,358,751	31,985,926	32,625,644
Operating Income	**8,919,462**	**6,062,806**	**7,663,379**	**7,351,966**	**7,499,005**	**7,771,306**	**7,926,732**	**8,085,267**
% of Revenues	**23.37%**	**16.88%**	**20.55%**	**19.61%**	**19.61%**	**19.86%**	**19.86%**	**19.86%**
Nonoperating								
Nonoperating Revenue	17,695,163	10,586,695	10,464,732	10,122,858	10,122,858	10,122,858	10,122,858	10,122,858
Nonoperating Expenses	(1,308,812)	(4,781,525)	(3,410,081)	(3,178,316)	(2,740,892)	(1,745,444)	(1,234,160)	(1,034,160)
LTGO Bond Debt Service	(5,706,677)	(5,712,820)	(5,716,666)	(5,714,941)	(5,707,484)	(5,713,507)	(5,706,731)	(5,841,917)
LOC & Revenue Bond Debt Service	(283,392)	(853,559)	(2,345,737)	(4,252,737)	(5,246,535)	(5,737,898)	(5,735,320)	(5,736,510)
	10,396,281	(761,209)	(1,007,751)	(3,023,135)	(3,572,052)	(3,073,991)	(2,553,354)	(2,489,730)
Capital Projects-Net	(29,601,957)	(18,709,122)	(41,728,774)	(28,000,000)	(7,000,000)	(7,000,000)	(7,000,000)	(7,000,000)
Increase (Decrease) in Cash	**(10,286,214)**	**(13,407,525)**	**(35,073,146)**	**(23,671,169)**	**(3,073,047)**	**(2,302,686)**	**(1,626,622)**	**(1,404,463)**
LOC/Bond Issuance								
LTGO Bonds	-	-	-	-	-	-	-	-
Line of Credit: Draws/Repayments	11,000,000	(14,400,000)	-	-	-	-	-	-
Revenue Bonds: Taxable (Net)	-	40,000,000	30,000,000	20,000,000	-	-	-	-
Issuance Costs	-	(512,596)	(393,060)	(250,000)	-	-	-	-
Total	**11,000,000**	**25,087,404**	**29,606,940**	**19,750,000**	**-**	**-**	**-**	**-**
Bond Reserve								
Beginning Balance	-	-	-	-	-	-	-	-
New Additions	-	-	-	-	-	-	-	-
Endging Balance	-	-	-	-	-	-	-	-
Cash Balance								
Unrestricted less Internal Reserve	1,309,009	17,596,713	13,455,937	9,534,768	6,461,721	4,159,035	2,532,413	1,127,950
Restricted (Property Tax,Deposits,FSA,Comp,3Fund)	3,565,163	860,520	1,085,525	1,085,525	1,085,525	1,085,525	1,085,525	1,085,525
Internal 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
Ending Cash Balance	**12,874,172**	**26,457,233**	**22,541,463**	**18,620,293**	**15,547,246**	**13,244,561**	**11,617,939**	**10,213,476**
Debt Service								
LTGO Bond Debt Service	(5,706,677)	(5,712,820)	(5,716,666)	(5,714,941)	(5,707,484)	(5,713,507)	(5,706,731)	(5,841,917)
Line of Credit								
Revenue Bond								
Total Debt Se								
Debt Service								
Debt Service								
Debt Service								
Debt Service								

Debt Service Ratio: Parity - Revenue Bonds (125%/150%)	-		**4.40**	**2.96**	**2.10**	**2.13**	**2.18**	**2.21**	**2.21**
Debt Service Ratio: Subordinate - Revenue Bonds (125%/150%)	-		**6.97**	**3.85**	**2.39**	**2.01**	**1.90**	**1.93**	**1.93**
Debt Service Ratio: All - Revenue Bonds (100%/150%)	-		**4.40**	**2.96**	**2.10**	**2.13**	**2.18**	**2.21**	**2.21**
Debt Service Ratio - Revenue Bonds: Operating Income Only	**31.47**		**7.10**	**3.07**	**1.73**	**1.43**	**1.35**	**1.38**	**1.41**

Debt Outstanding									
GO Bonds	**50,135,000**	**46,210,000**	**42,135,000**	**37,895,000**	**33,475,000**	**28,920,000**	**24,225,000**	**19,270,000**	
Line of Credit	14,400,000	-	-	-	-	-	-	-	
Revenue Bonds	-	40,000,000	70,000,000	89,095,000	87,679,440	85,718,201	83,693,281	81,597,361	
Total Revenue Bonds	**14,400,000**	**40,000,000**	**70,000,000**	**89,095,000**	**87,679,440**	**85,718,201**	**83,693,281**	**81,597,361**	
Capital Expenditures, Net of Grants	***FY-15***	***FY-16***	***FY-17***	***2018***	***2019***	***2020***	***2021***	***2022***	***Total***
	29,601,957	18,709,122	41,728,774	27,724,254	12,085,464	11,160,464	10,160,464	5,660,464	152,603,596
			-	4,631,494					
Available Capacity Unidentified Capital Expenditures	-	-	-	(4,355,748)	(5,085,464)	(4,160,464)	(3,160,464)	1,339,536	2,243,684
Total Capital Expenditures Targets	**29,601,957**	**18,709,122**	**41,728,774**	**28,000,000**	**7,000,000**	**7,000,000**	**7,000,000**	**7,000,000**	**154,847,280**

Legal Review: *(Port Counsel)* *Completed By:*_____

Also include the following information, if applicable:
- *Site port authority for unique projects*
- *Identify requirements for property/easements*
- *Explain if additional legal research is necessary*

Delivery Schedule: *(Engineering/Environmental)* *Completed By:*___*M. Edberg*

Project will require significant electrical power subgrades. This may require new transmission, new substation and additional feeder distribution mains. There is an anticipated cost share from the port and a new agreement with CPU will be required.

Estimated cost to relocate the roadway and utilities is approximately $1,000,000. Part of the this cost can be attributed to the lot proposed for Wall to Wall.

Time to relocate the road will be significantly less than to construct the facility. It is unclear if any other port investment is required outside of the road relocation and electrical improvements.

Also include the following information, if applicable:
- *Project delivery schedule (permitting, design, construction)*
- *Can this project be phased?*
- *Can we deliver on time? Explain constraints.*
- *Does this project impact delivery of another project? Explain.*

Operational Impacts: *(Operations Terminal/Rail/Property)* *Completed By: TK 5-10-17*

- No Rail
- No Marine/Terminal Component
- Traffic - 5 additional small delivery vehicles – minimal impact
- Do not know enough about operational process to comment on sustainability and property impacts
- Will project element require any increased security from the Port?

Also include the following information, if applicable:

- *Operational efficiencies*
- *Safety improvements*
- *Sustainability*
- *Property considerations*

Environmental Considerations/Impacts/Benefits: *(Environmental)* *Completed By:__Matt Harding___*

Most environmental permits and approvals were completed with the development of the CIP property. This project would require an updated tree plan and mitigation approval from the City which could be completed within a couple months from completed building design.

PB Comments:

1) Is there any way to not relocate NW 35th Circle? For example, require the users to design around the road or transfer and allocate relocation costs to Element or Wall to Wall.
2) Was the road built with grant funds and is it ok to remove? Do we need approval from the granting agency and/or do we need to pay the money back?

☐ECS/NEPA (Federal)	☐Section 106 (Federal)
☐SEPA (Port/County/City)	☐Executive Order 05-05 (CRAB)
☐Floodplain (County/City)	☐Shoreline ☐Exemption (City, DOE)
☐HPA (WDFW)	☐Critical Areas (County/City)
☐Section 10/404 (Corps)	☐Section 7 ESA (Corps, NOAA, USFW)
☐Section 401 Water Quality (DOE)	☐Aquatic Use Authorization/PMA (DNR)
☒NPDES (DOE)	☐PATON (USCG)
☐Demolition (City/SWCAA)	☐ Air Discharge Permit (SWCAA)
☐ Archaeology Predetermination/Permit (City/DAHP)	☒ Tree Plan/Permit (County/City)

Political Considerations/Community Impacts/Benefits: *(External Affairs) Completed By: Abbi Russell*

This seems like a great opportunity to attract an advanced manufacturing company, create 125 skilled jobs in our community and support synergies with high-tech in our region. Industries like this are typically seen as providing a attractive product and well-paying jobs that are desireable to many in the general public as well as port partners and elected officials.

There could be questions about whether the company will hire within the community, and if hyperlocal workers (Vancouver/Clark County) will have the training and skills needed to be competitive for these jobs.

Manufacturers like this often run 24/7/365 because of the way their operations work. Fruit Valley neighbors may have questions about noise, air quality and traffic issues from an around-the-clock operation.

Some have a perception that the port is financially overextended, and the level of required investment could bring that perception forward again and create concerns about financial viability and future capabilities.

Summary of Major Issues: *(Project Delivery Manager)*

Major Issues	Mitigation or Contingency
1. Will the City allow us to move the road	1.
2. What is the cost share in the substation	2.
3. If we move the road what about Dept of Commerce Grant?	3.
4. Doesn't the city own the road we want to move?	4.
5. Do we have enough power for T5 if Element is consuming 24MW of the 60MW of available power	5.

Port of Vancouver USA

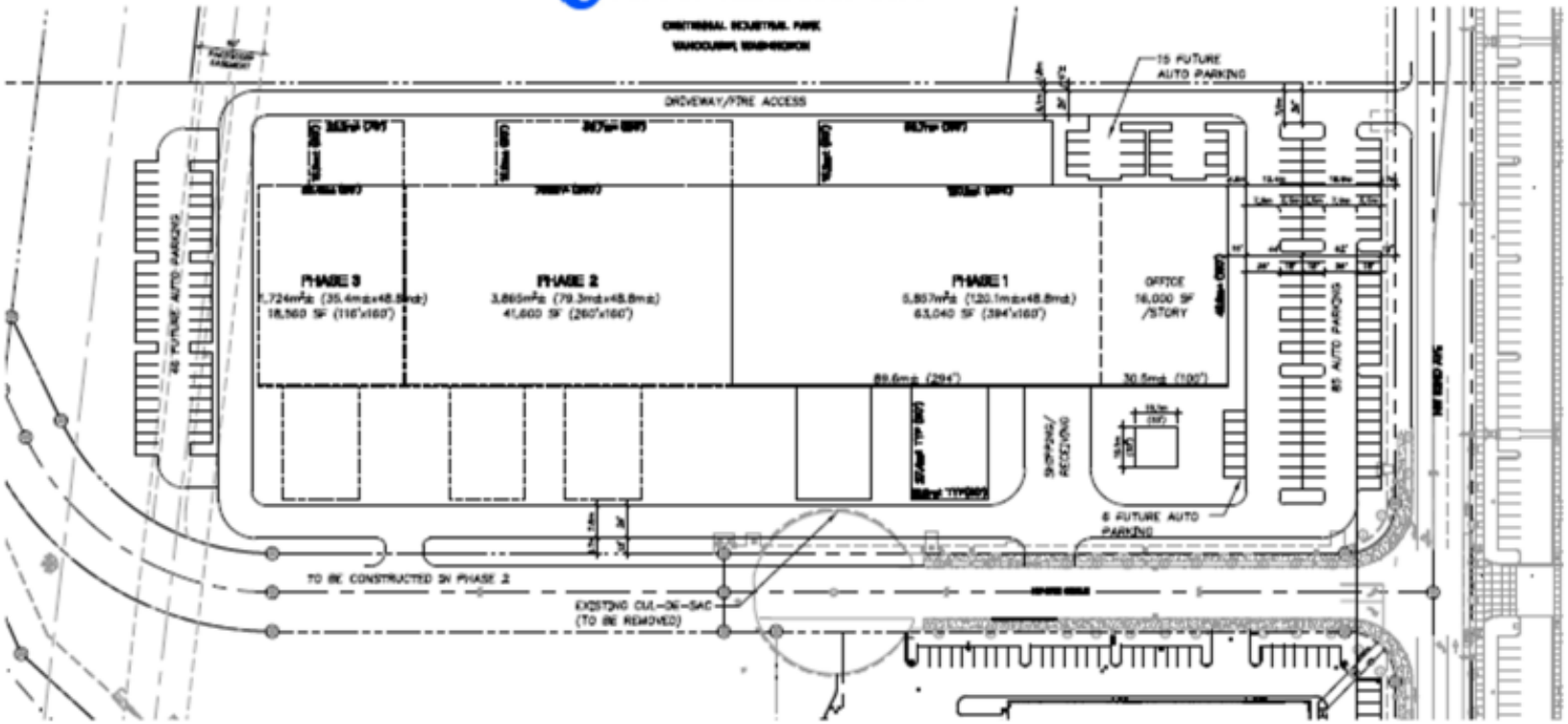


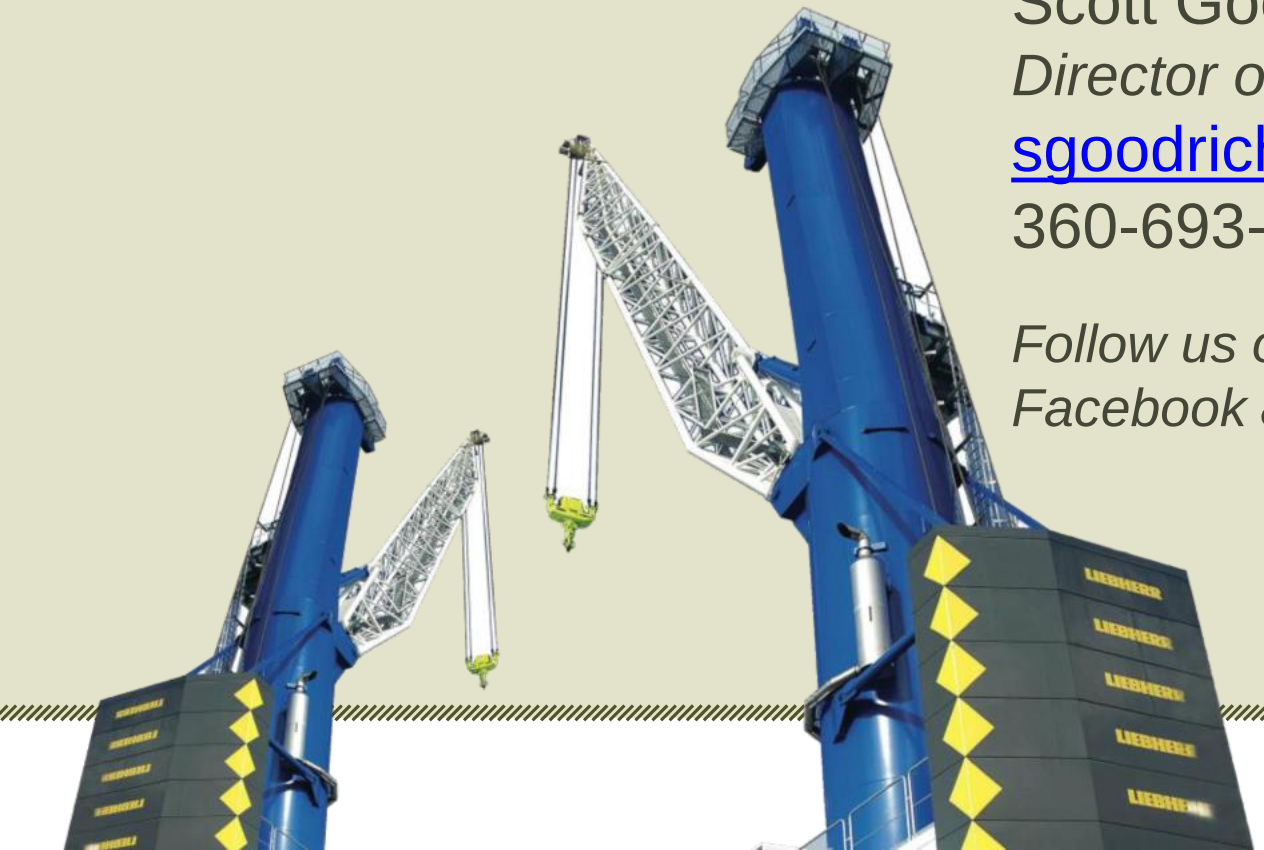
Exhibit A-Lot 3 and 4

BENEFITS

- Greater efficiency/less redundancy and potential upfront cost reduction
- Faster turnaround time on decisions.
- More success/increased revenue.
- Better relationships with stakeholders.
- Strengthens reputation.
- Empowers employees.
- Strengthens communication within the organization.
- Builds teamwork and strengthens internal port values.
- Improves accuracy and responsible decision making

QUESTIONS?

PORT OF POSSIBILITY



Scott Goodrich
Director of Finance & Accounting
sgoodrich@portvanusa.com
360-693-3611

Follow us on Twitter @portvanusa, Facebook & LinkedIn