
2015 YTD Quarter 2 Financial Review

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By

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Agenda

- Review Impact of Decrease in Log Exports
- Review Outlook of Log Exports
- Budget Reductions
- Total Operating Results
- Line of Business Results

Review Impact of Decrease in Log Related Activity

Log Related	Q1 Worst Case (50 MMBF)	Q1 Most Likely (60 MMBF)	Q2 Outlook
Net decrease in Log Activity (Budget 81 MMBF)	(\$1,329,494)	(\$1,022,225)	On track for most likely scenario
Net Surplus before Depr (Cash Flow)	\$ 320,957	\$ 628,226	
Net Deficit after Depr	(\$1,582,891)	(\$1,275,622)	
Other Adjustments			
Decrease in other expenses	\$ 320,600	\$ 320,600	same
Net Surplus before Depr	\$ 641,557	\$ 948,826	

Notes:

- *Net Decrease is all timber related direct revenue less direct expenses*
- *Adjustments includes reduction in part-time staffing, forestry advocacy, studies (dredge, aquatic, PMA, other), no China trip, no merit pool*

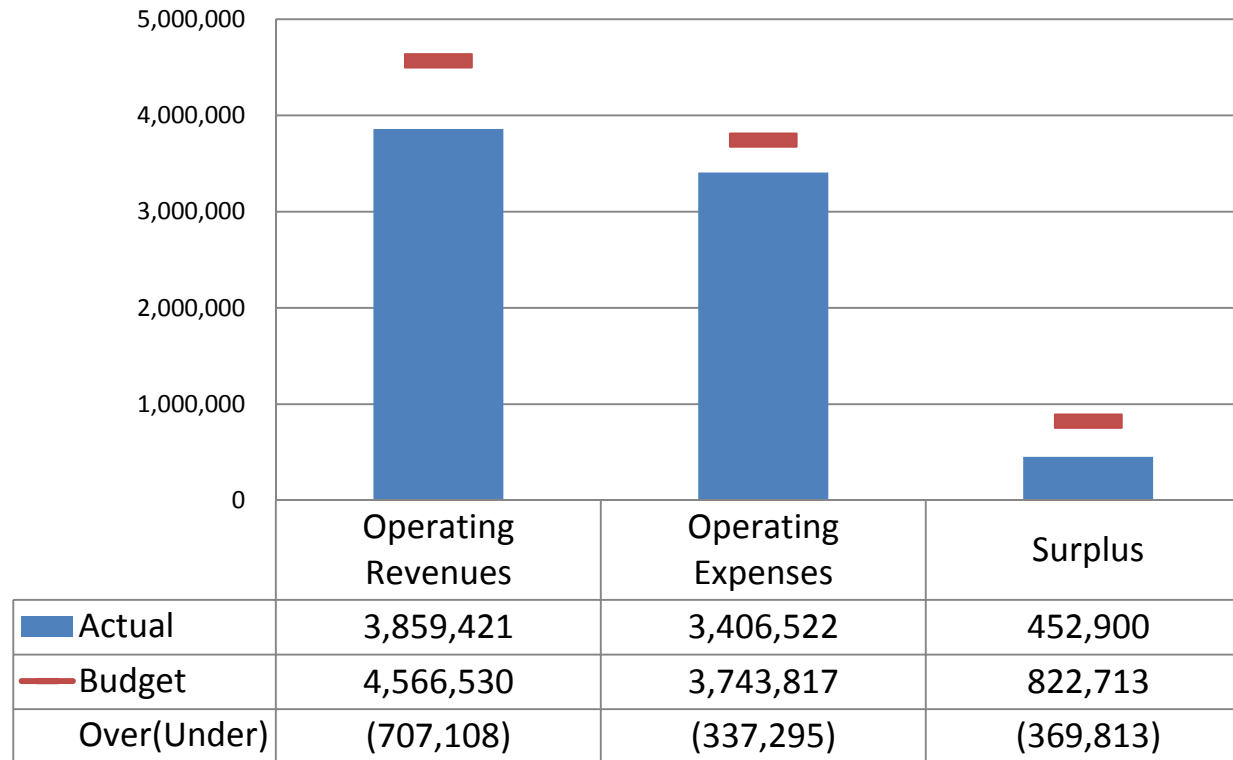
Improved Outlook of Log Exports

Q1 Outlook	Q2 Outlook
Strong currency makes US exports expensive	Same
Slower overall growth in China	Same
High inventory of logs in China	Slightly lower inventory
Reluctance of Chinese banks to issue LOC to facilitate imports	Slight improvement
	Other opportunities
	Inbound Alcan barges from Canada for dewater and export (began June 29 th)

Budget Reductions

	Budget Book				Adjusted	Contingent	Comments
	FM	Bus Dev	Admin	Total			
Process Analyst			51,600	51,600	51,600		From 1 to .5 FTE
Purch/Contract			21,900	21,900	65,600		From .75 to 0 FTE
FM seasonal help	18,900			18,900	18,900		Not hire
JWM summer help					2,500		reduced hours
Market Studies		25,000		25,000		-	Composites needs \$
Forestry Advocacy					25,000		Reduce to \$0
EDC Contract						35,000	From \$50k to \$15k
Terminal 3 Dredge				-	45,000		From \$75k to \$30k
Aquatic Lease					25,000		Reduce to \$0
PMA Survey					15,000		Reduce to \$0
Other Services					10,000		Various
Contingency							\$105k FIA of \$150k Study + Mkt
China Trip & Other					22,000		
Merit Pool					40,000		
Total	18,900	25,000	73,500	117,400	320,600	35,000	

Operating Activity
(Excludes Non-Operating & Depreciation)



Revenues: lower due to decrease in log exports, tanker dockage, rentals

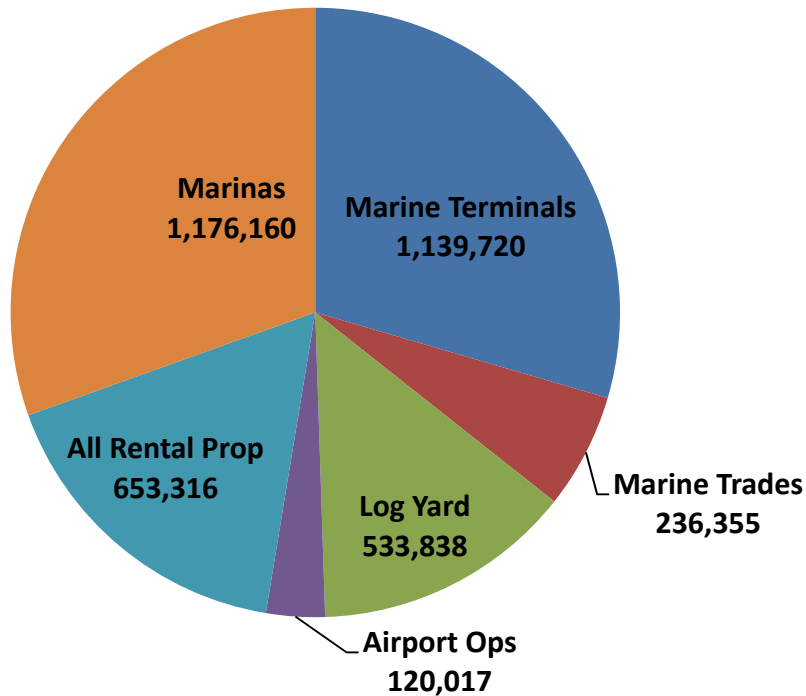
Expenses: lower in MT & LY due to lower activity; under in salaries due to reducing new positions, enacting budget reductions and timing of some expenses

Annual Surplus History: 2014 = \$2.6M; 2013 = \$2.4M; 2012 = \$1.6M; 2011 = \$1.5M; 2010 = \$.9M

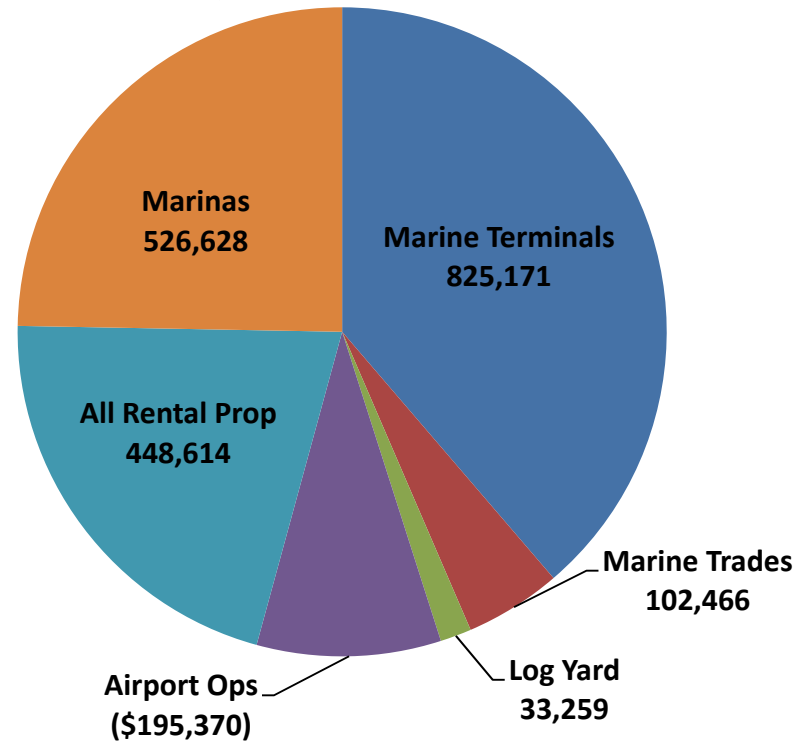
2015 Projected Net Surplus: \$.9 million (Budget = \$1.65M)

2015 Q2 by Line of Business

Operating Revenues \$3,859,421



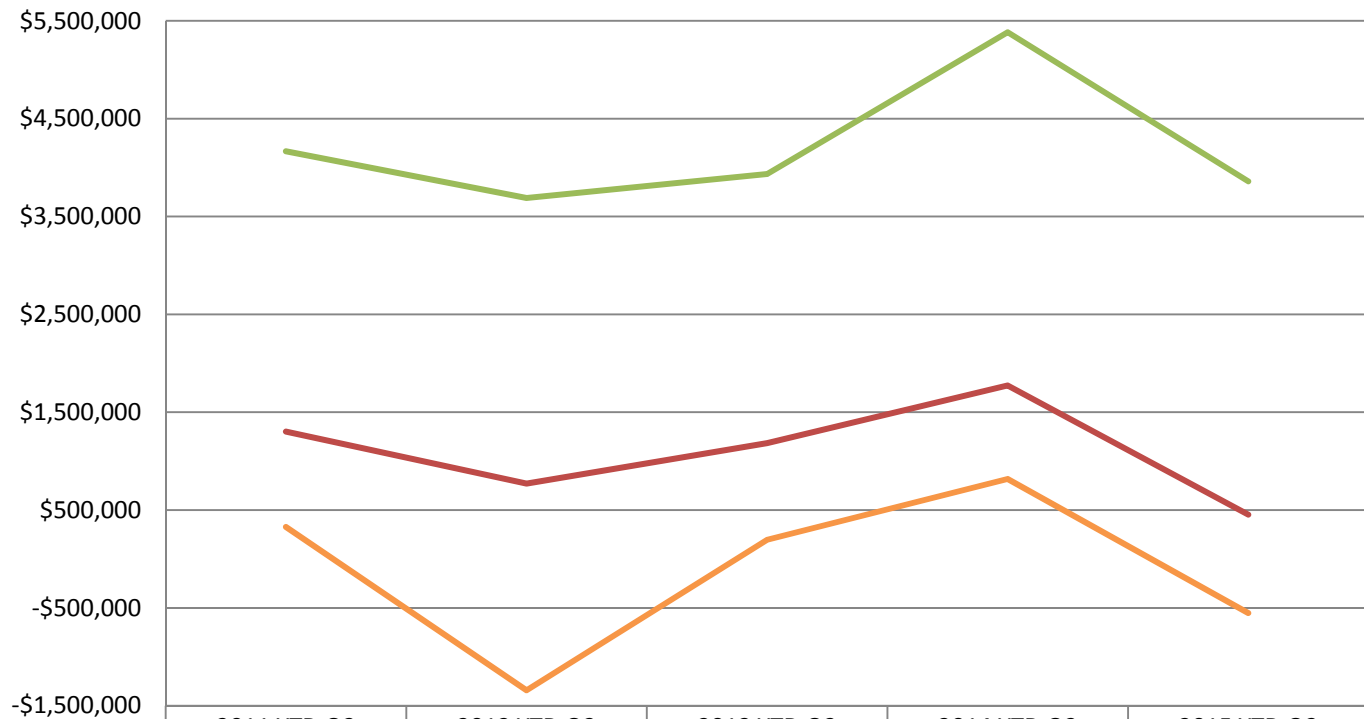
Operating Margin \$1,740,767
 Before Allocated Costs \$1,287,883
 & Depreciation \$1,006,195



Op Margin %					
MT	72%	LY	6%	RP + ARP	69%
MTA	43%	Airport	(163%)	Marinas	45%

YTD Q2 Trend: Revenues & Net Surplus

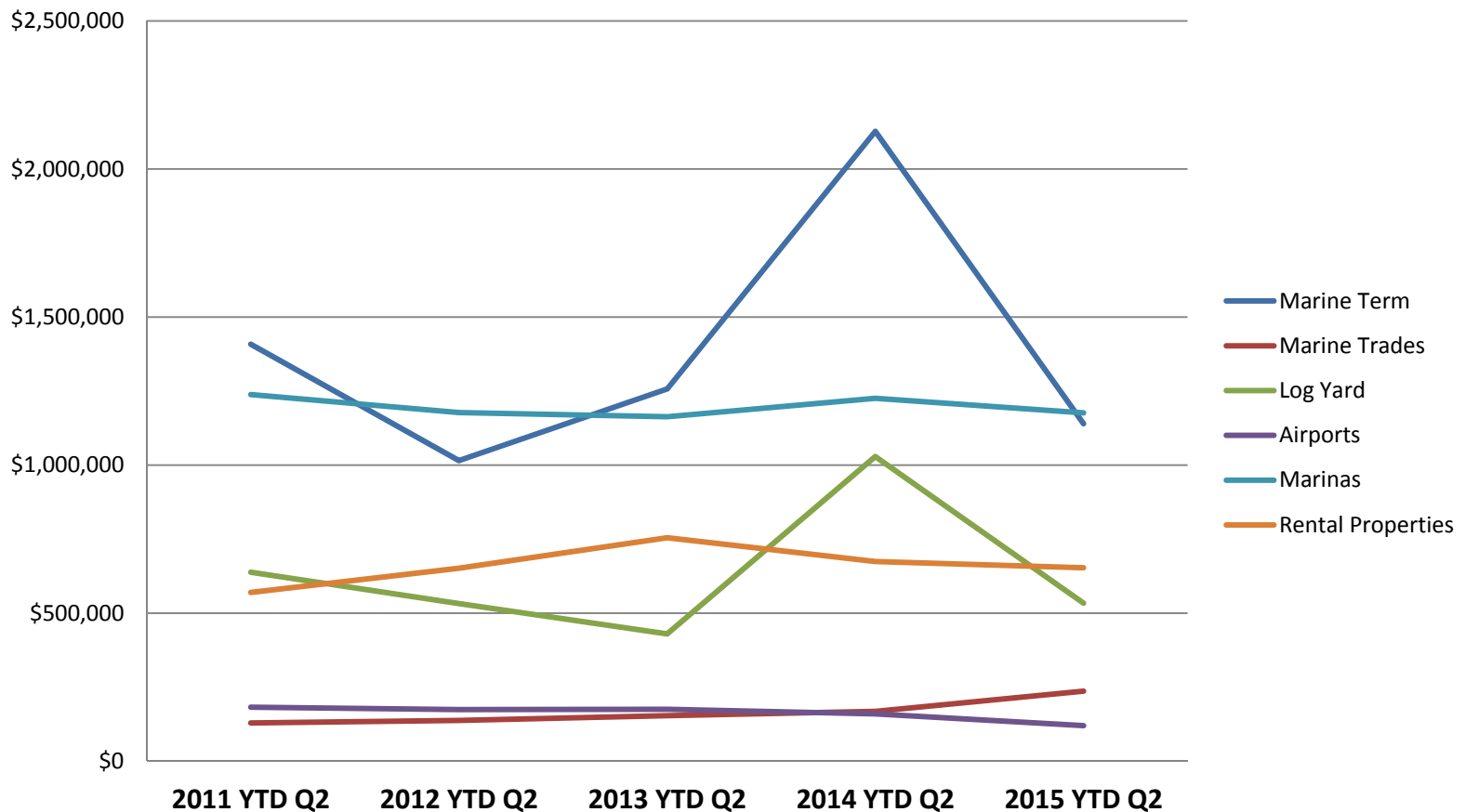
YTD 2nd Quarter Operating Results



	2011 YTD Q2	2012 YTD Q2	2013 YTD Q2	2014 YTD Q2	2015 YTD Q2
Op Revenues	4,166,235	3,688,691	3,933,998	5,383,643	3,859,405
Net Surplus w/o Depr	1,301,684	770,922	1,183,656	1,772,976	452,884
Depreciation	975,026	2,113,284	987,059	955,925	1,006,195
Op Net with Depr	326,658	(1,342,361)	196,597	817,050	(553,311)

YTD Q2 Trend: Revenues by LOBs

YTD 2nd Quarter Revenue by Line of Business



MT & LY Activity

- Log export decrease
 - Cyclical and difficult to predict
 - MT revenues decrease more than expenses since dockage and wharfage do not have variable costs
 - LY labor utilization managed by supplementation
 - Lower overtime, lower use of Facilities Maint labor
- LY rafting activity has been good
- MT tanker repair competing with Asia
 - Unplanned customer will help offset lower revenues
- MT & LY combined net impact of \$1mil decrease

Marine Trades & Marinas

- Seasonality factors
- Marine Trades expected to meet budget
- Marinas rate rollback
 - Some increase in occupancy
 - Loss of revenues greater than gain from occupancy
 - PABH expected to be slightly under for year
 - JWM expected to be on budget for the year

Airport Operations

- Hangar rentals remain slightly lower
- Budget did not include commercial air service
- Unbudgeted Expenses to attract air service
 - \$48k market demand study – contingency used
 - \$55k marketing new air service (planned)
(2016: landing fee waivers, other incentives)
 - Unknown costs for TSA or capital improvements
- Expenses will exceed budget if marketing plan (above) enacted & contingency not used

Rental Properties & Airport RP

- Revenues remain lower & expected to be under budget at year end
 - Ongoing negotiations with existing and potential tenants present opportunities for increase
- \$1mil Reclassification for FAA grant compliance
 - Expenses expected to be on budget for the year
 - Analysis in Q3 intended to ensure proper classification between departments

General & Admin

- Maint Expenses expected to be close to budget
 - Timing of expenses difficult to predict
 - Mech Maint – emergent issues driving Q2 overage
 - Facilities Maint – seasonal position will not be filled for expense reduction plan
- Business Development under budget
 - Bus Dev – budget reductions in effect (China trip, Forestry, EDC)
- Admin Expenses expected to be less than budget
 - Admin new staff positions reduced
 - Temp process analyst 1 to .5 FTE
 - Purchasing .75 to 0 FTE

NonOperating

- General NonOp
 - Interest and tax receipts expected to be on budget
 - Timing of environmental grants and insurance are difficult to predict, but a favorable insurance recovery is expected to exceed budget
 - Insurance litigation costs difficult to predict
- Capital NonOp
 - Grant revenue difficult to predict
 - Property tax receipts expected to be on budget
 - Bond expenses expected to be on budget



Any questions ?