



Port of Johnstown



Port of Johnstown 2017 Year End Review

Prepared by: Barb DeJong, Rhonda Code, Kevin Saunders and Robert Dalley

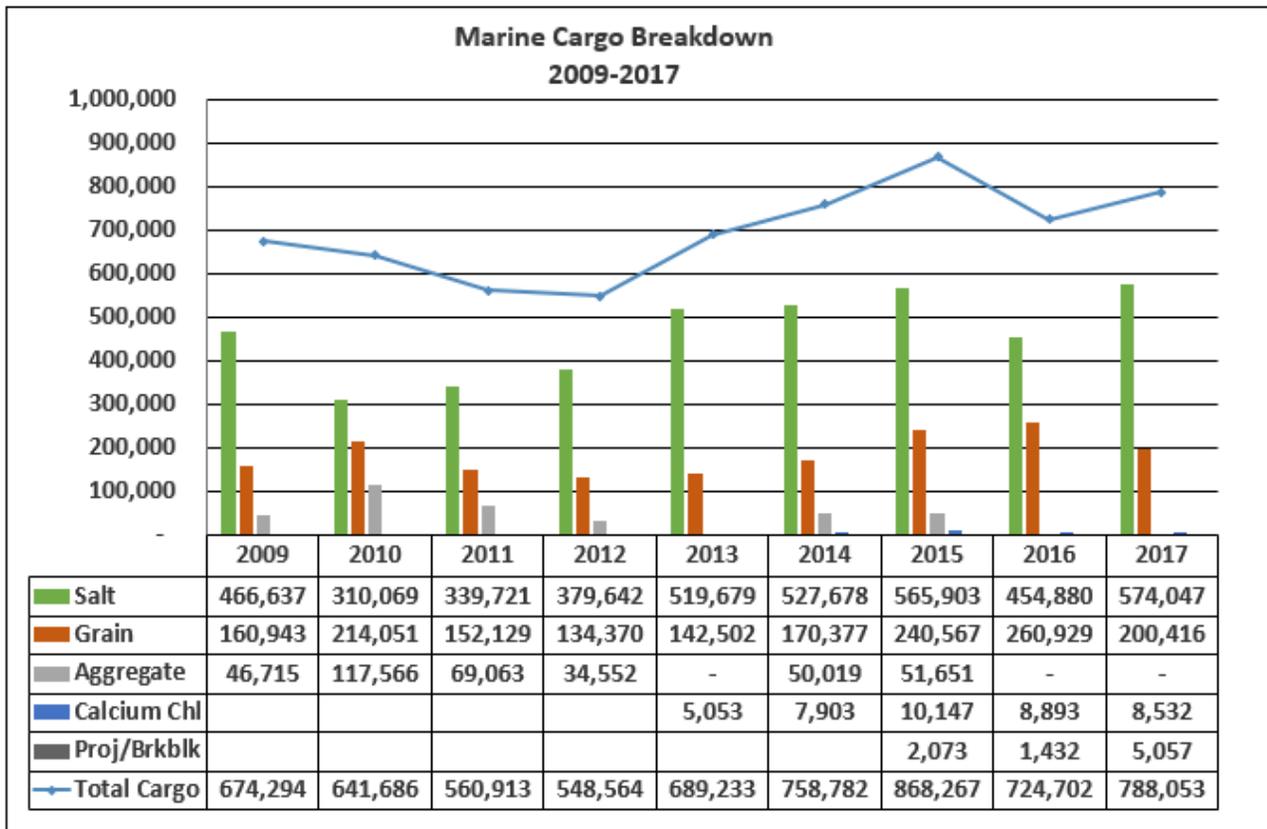
Date: Jan. 24, 2018

Marine Business Report

Cargo

The Port finished off the year with a total of 788,053 metric tons of cargo processed over the docks with the Lower Lakes Towing Ltd. vessel Manitoulin being the last vessel of the year arriving on December 28, 2017 carrying a load of salt. Salt continues to lead the way with a record year of 574,047 mt, while grain was down due to a combination of less grain arriving at the port and approximately 37,000 mt of soybean remaining in storage at the grain elevator. This is expected to go out by vessel in early 2018 when the St. Lawrence Seaway reopens.

Break bulk cargo was another good news story for the township's port with steel beams arriving from Europe for the construction industry, utilizing the ports newly expanded laydown areas.



- In 2013 we had 22,000 metric tons of Bauxite which is included in the total cargo

Traffic

The port experienced an increase in vessel traffic in 2017, with additional Fed Nav vessels visiting the port to export grain and lakers bringing in salt. There were two vessels that arrived carrying steel cargo, a new cargo for the port.

The port also received an increase in requests from vessels that were experiencing issues either with breakdowns or access to the regular docks that they visit.

The port was proud to showcase their facility during its Port Day community event and public tours were provided by both the Canadian Coast Guard vessel Corporate Teather and the Canadian Navy Vessel HMCS Goose Bay. The vessels tours proved to be a popular event with over 1500 people in attendance.

	Vessel	Commodity	Metric Tonnes	Receive/Ship
1	John B. Aird	Salt	5,008	R
2	Henry Jackman	Salt	27,196	R
3	Robert S. Pierson	Salt	16,526	R
4	Frontenac	Salt	24,574	R
5	Algoma Olympic	Corn	25,789	R
6	Laurentien	Salt	30,487	R
7	Robert S. Pierson	Salt	16,440	R
8	Spartan & Spartan II	Calcium Chloride	4,829	R
9	Niagara	Salt	30,485	R
10	The Canadian Empress	Cruise / Passengers		
11	The Canadian Empress	Cruise / Passengers		
12	The Canadian Empress	Cruise / Passengers		
13	Algowood	Salt	27,288	R
14	HMCS Goose Bay	Public tours - Port Day		
15	Corporal Teather	Public tours - Port Day		
16	Niagara	Salt	30,486	R
17	Ocean Georgie Bain	Stop over		
18	Damia Desgagnes	Stop over		
19	Rt. Hon. Paul Martin	Salt	30,314	R
20	The Canadian Empress	Cruise / Passengers		
21	Spartan & Spartan II	Calcium Chloride	3,703	R
22	US Brig Niagara	Tall ship Stop over		
23	Federal Mackinac	Break Bulk Cargo	2,736	R
24	Henry Jackman	Salt	27,061	R
25	Argentia Degagnes	Corn	4,727	S
26	Robert S. Pierson	Salt	16,468	R
27	Whitfish Bay	Salt	29,357	R
28	Robert S. Pierson	Salt	16,258	R
29	Algolake	Salt	22,707	R
30	Nomadic Hjellevstad	Break Bulk Cargo	1,937	R
31	Kaliutik/Ecosse & MM170	Project Cargo	385	S
32	Rt. Hon. Paul Martin	Salt	30,280	R
33	Robert S. Pierson	Salt	16,742	R
34	Algolake	Salt	1,551	R
35	Federal Clyde	Soybeans	21,277	S
36	Algolake	Salt	9,984	R
37	Algolake	Salt	18,509	R
38	Kaministiquia	Soybeans	25,304	S
39	Federal Welland	Soybeans	23,086	S
40	Rosaire A Desgagnes	Corn - 4426.49 Wheat - 2179.58	6,606	S
41	M/V Nunalik	Soybeans	7,547	S
42	Federal Kushiro	Wheat	17,079	S
43	Ojibway	Soybeans 15,895.650 Wheat 29.365	15,925	S
44	Evans Spirit	Soybeans	11,709	S
45	Thunder Bay	Salt	29,015	R
46	Algoma Olympic	Salt	27,574	R
47	Federal Alster	Soybeans	20,480	S
48	Ojibway	Soybeans	15,998	S
49	Algolake	Salt	28,057	R
50	Acadia Desgagnes	Corn	4,890	S
51	Algosteel	Salt	24,458	R
52	Manitoulin	Salt	22,176	R
53	Algolake	Salt	15,048	R
		TOTAL TONNES	788,053	

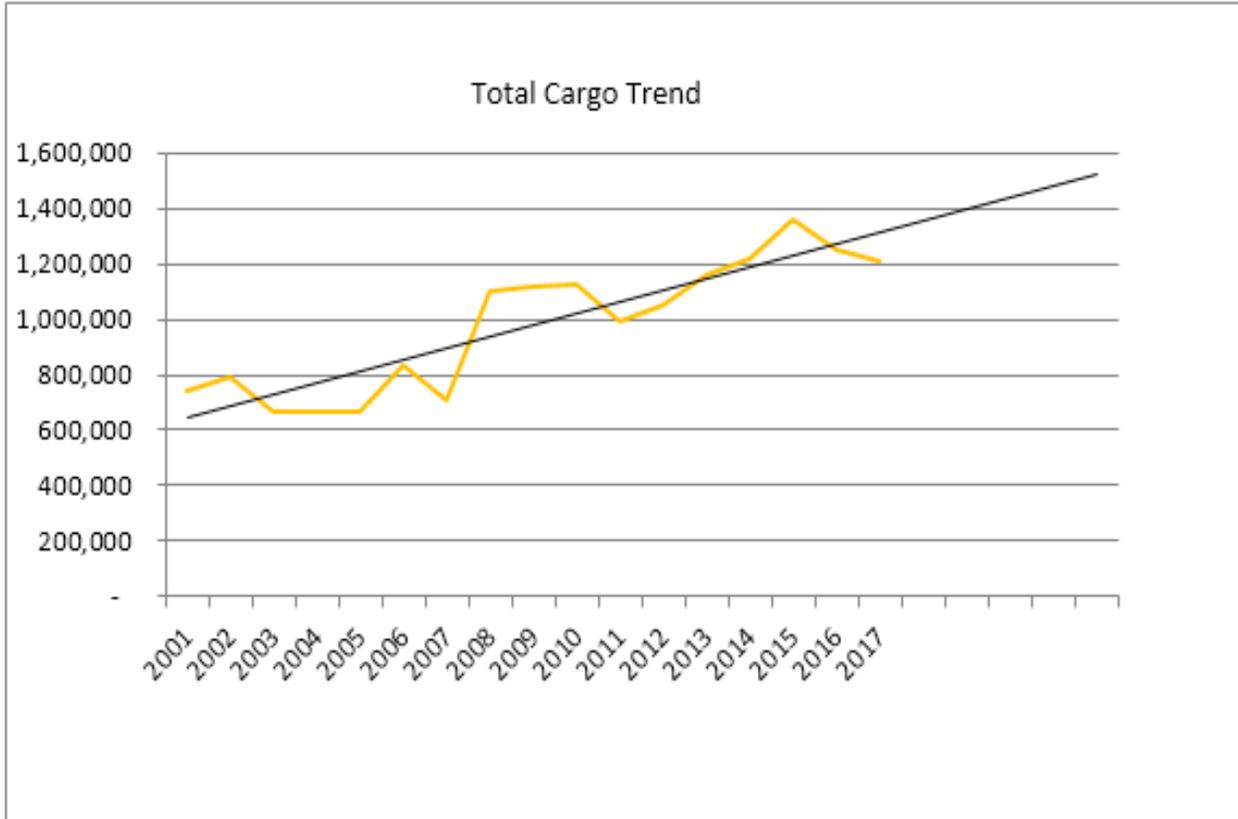
Total Cargo 2017

Total cargo processed at the port in 2017 totaled 1,209,404 metric tons and is the second highest year on record for the port. Compared to 2001 when the township first took over operations of the port, cargo has increased from an average of 772,192 mt to 1,164,998 an increase of over 50% and the trend continues to move in a positive direction.

Average Cargo 2001 to 2008 = 772,192 mt

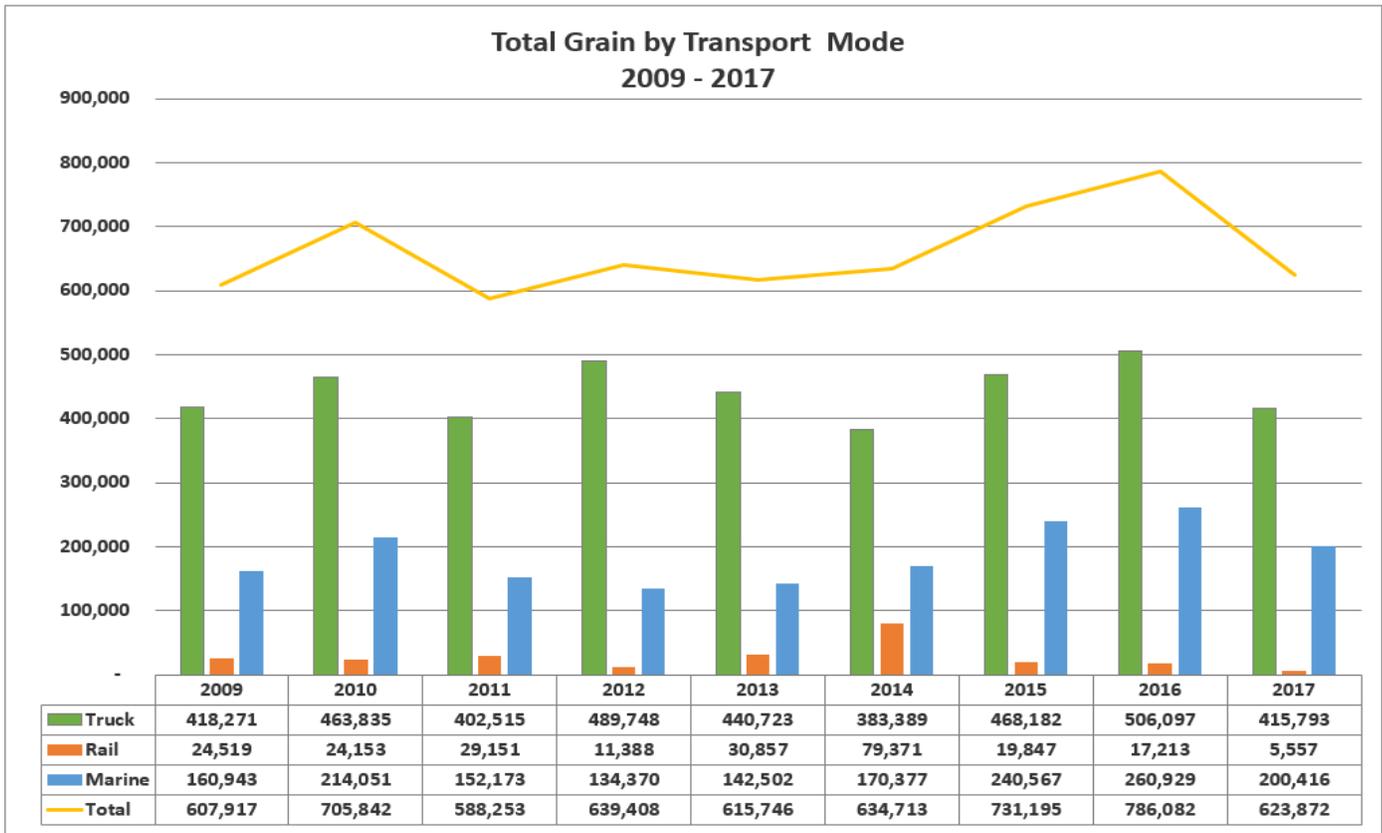
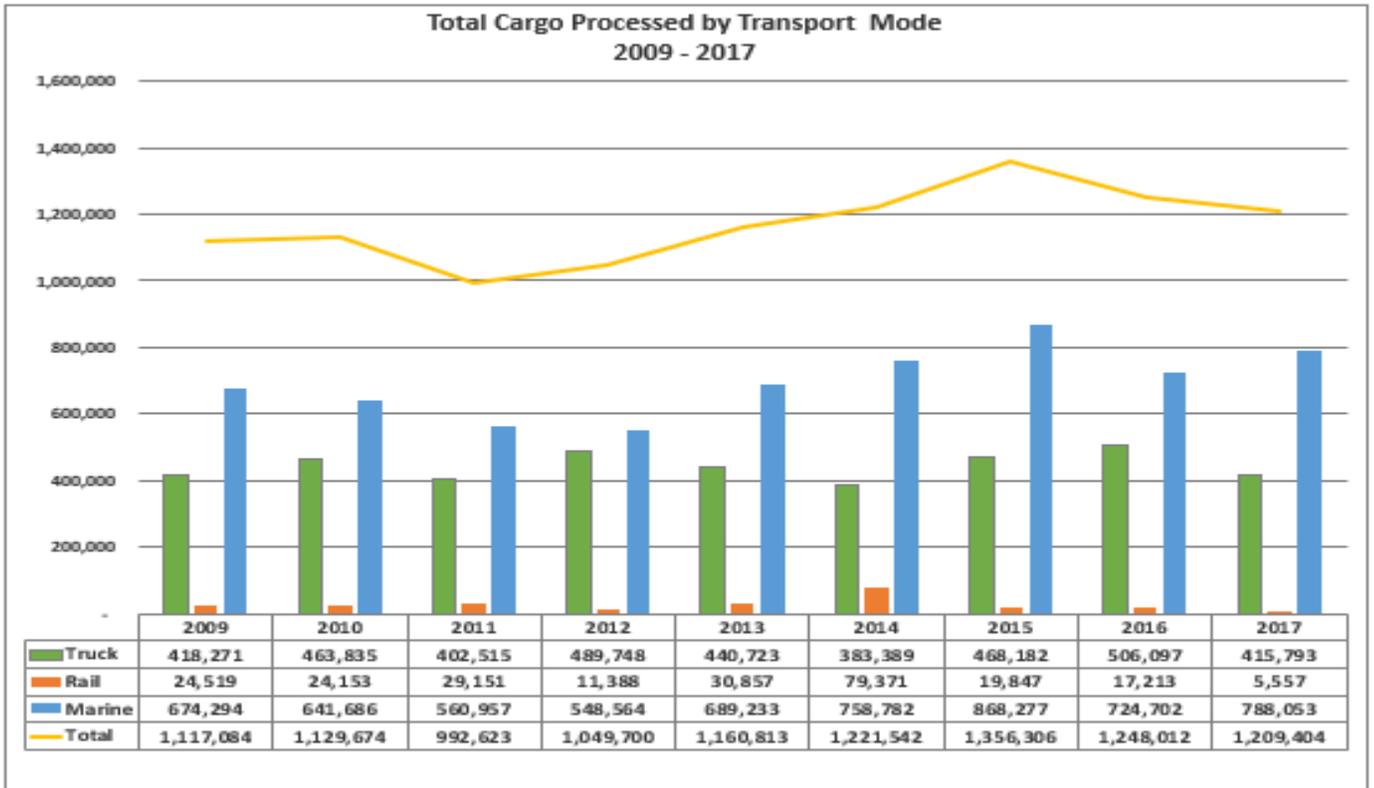
Average Cargo 2009 to 2017 = 1,164,998

An average increase of 392,806 mt (51%)

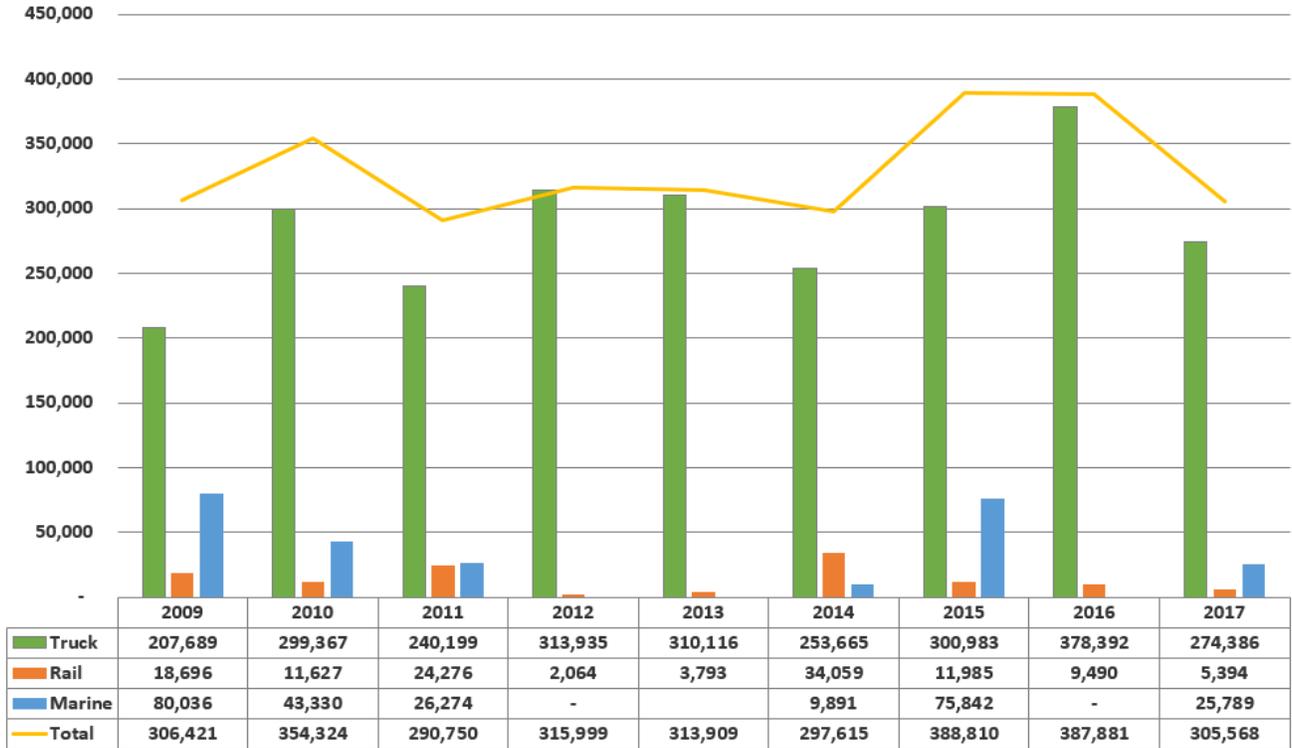


Cargo Transportation Trends for 2017

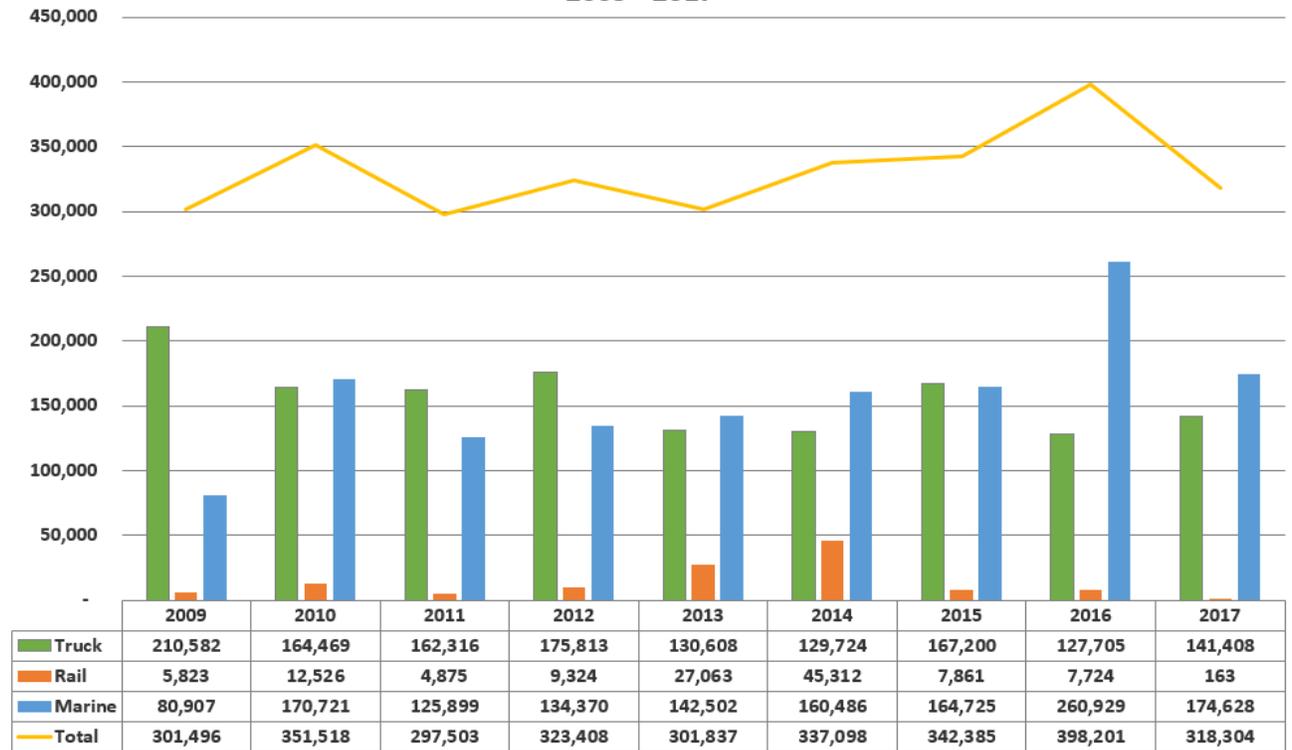
Cargo is received and shipped by three different transportation modes: marine, truck and rail. Marine (65%) continues to lead the way as the mode of transport preferred for bulk products in and out of the port, followed by trucking (34%) and then rail (1%).



**Grain Receiving by Transport Mode
2009 - 2017**



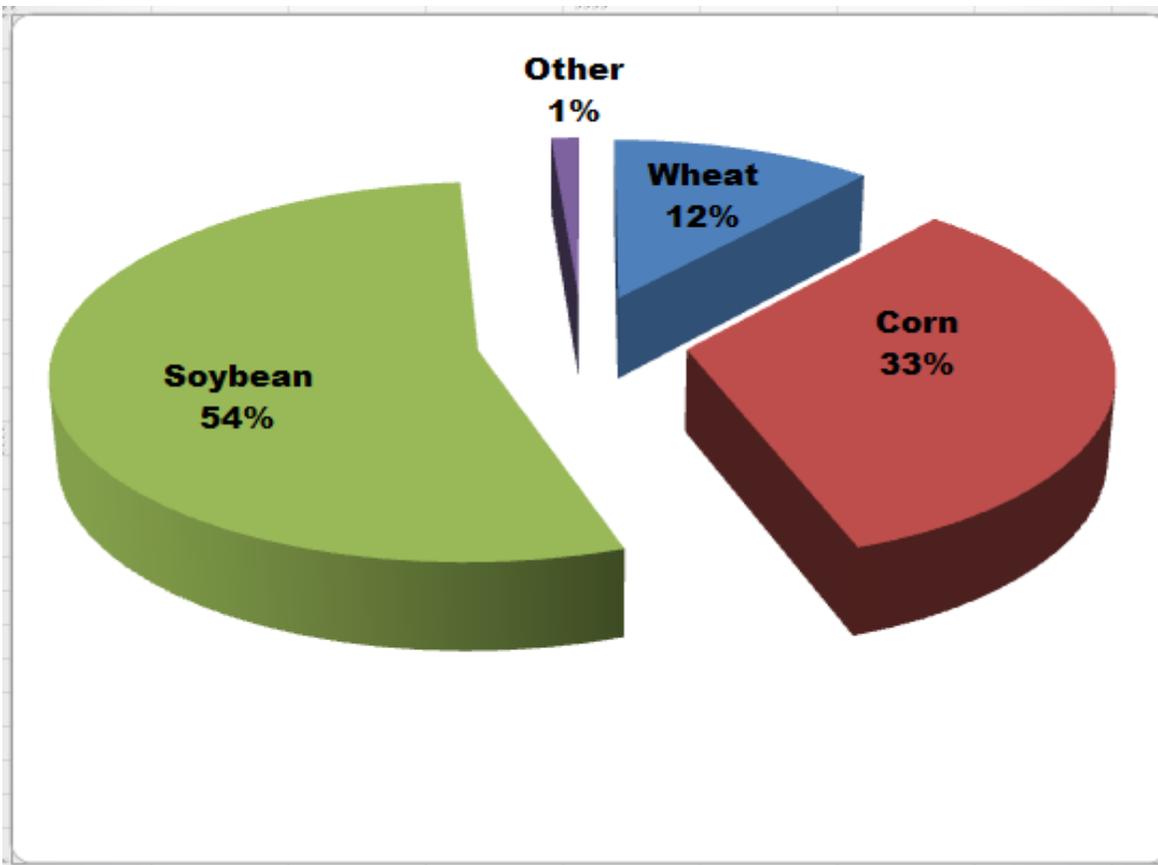
**Grain Shipping by Transport Mode
2009 - 2017**



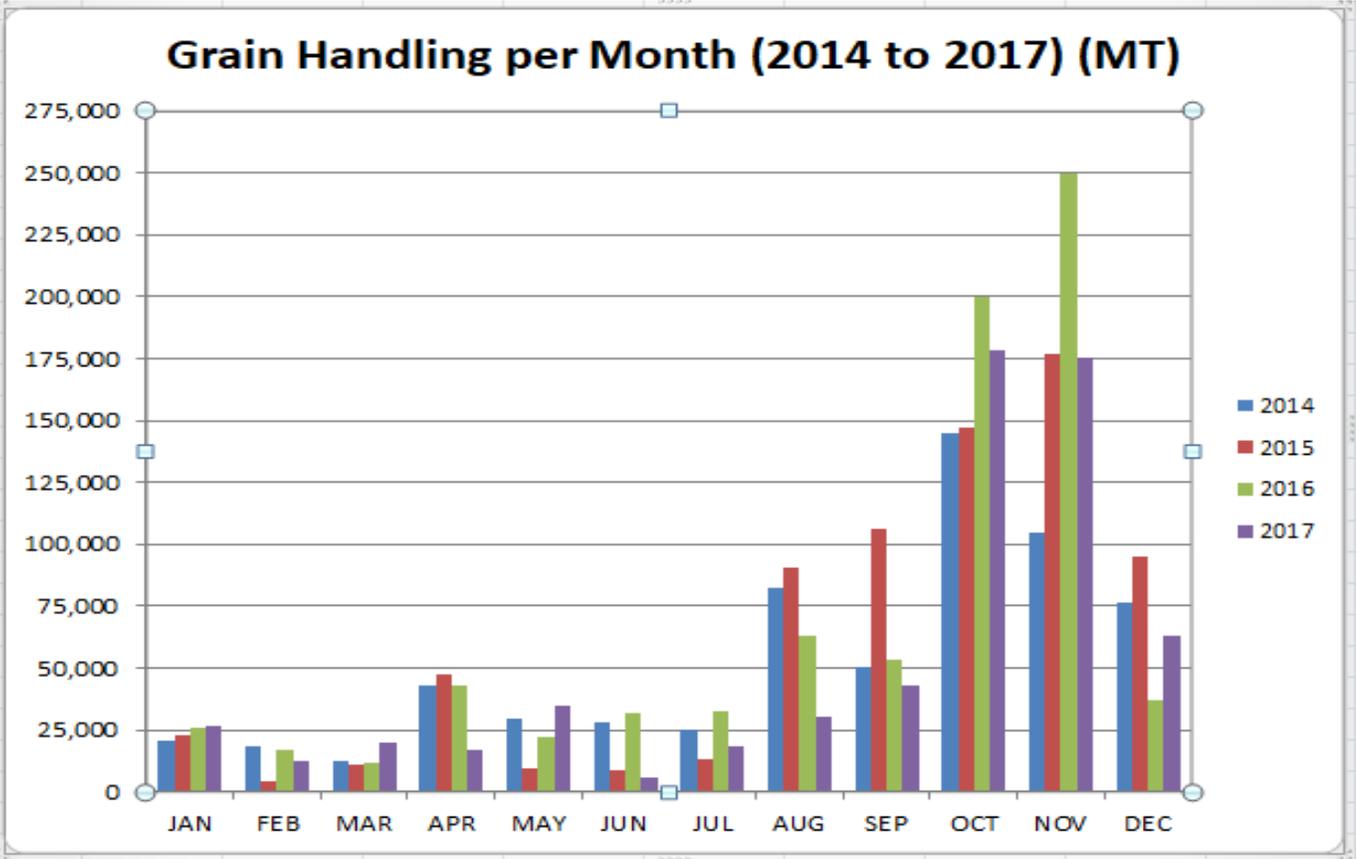
Grain Business Report

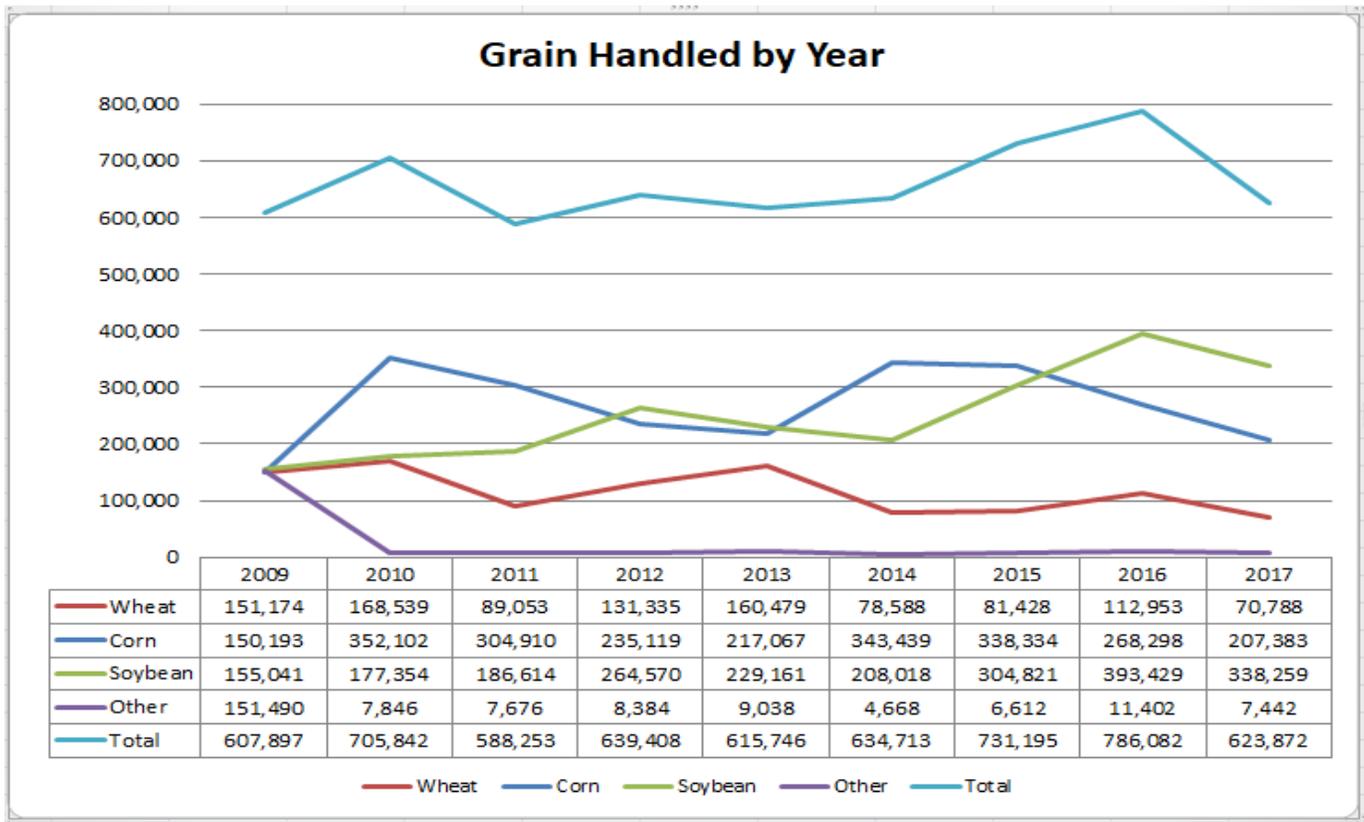
Overall, the volume of grain handled through the elevator was 623,872 MT. This represents a 20.6% decrease when compared to the record setting volume in 2016. To put this in perspective, it should be noted that the grain handled in 2017 is on par with the average grain handled over the previous 10 years.

The cold and wet weather in the 2017 growing season certainly had an impact on the amount of grain seen at the Port. The soybean harvest began two weeks later than usual which in turn backed up the corn harvest. The area was very fortunate in that some much needed warm weather arrived late September and early October. Unfortunately, it arrived too late to benefit the soybean crop but, its arrival did benefit the corn crop in the area. The chart shown below illustrates the volume of each commodity handled by the Port. The highest volume crop handled by the Port is soybean while wheat continues its downward trend in terms of volume.



The chart below outlines the volume of grain handled per month over the last four years to put it into perspective. It should be noted that even though 2017 could be considered a “down” year in terms of volume when compared to 2016, the last quarter is comparable to 2014 and 2015.





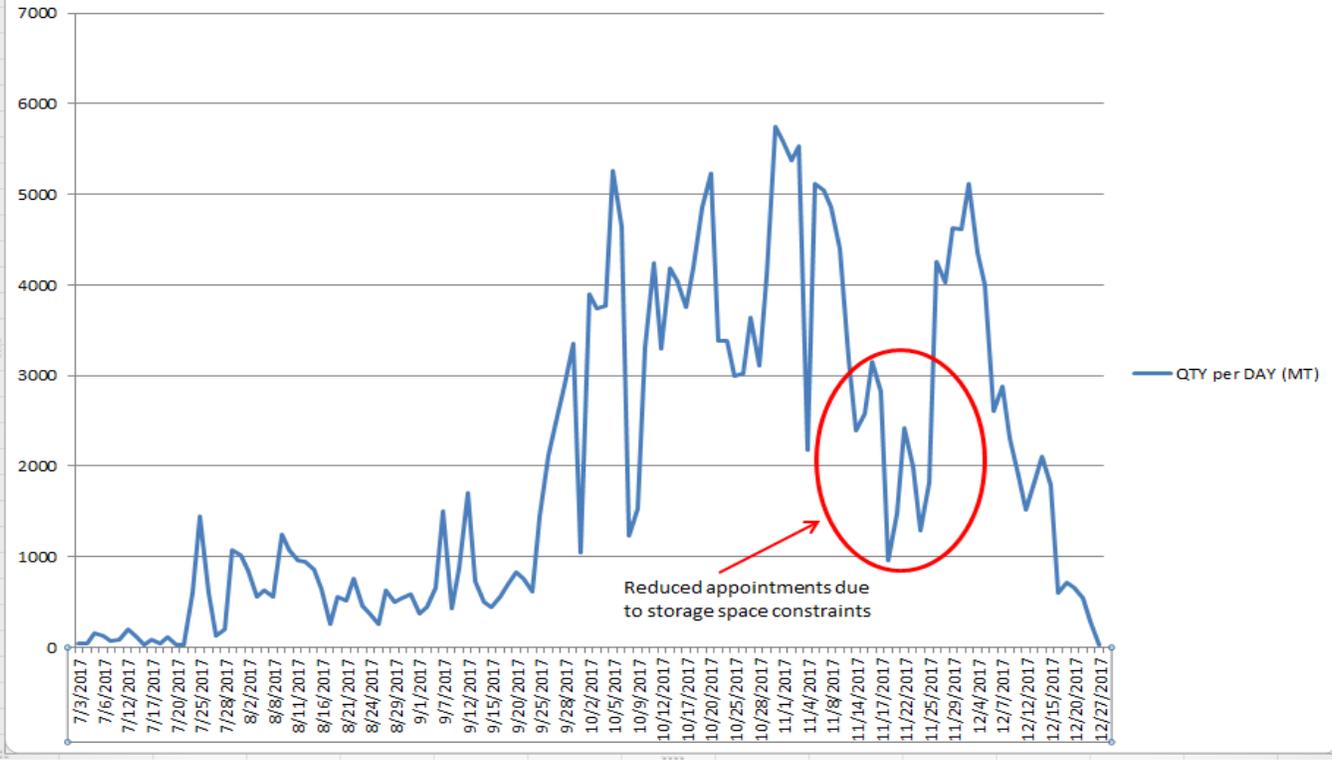
The wheat handled at the Port was down significantly in 2017. However, this drop in volume was not unique to the Port. Several other elevators saw lower than expected volume as well. It appears that the crop yields were lower in 2017 by between 25% to 30% and that producers are holding more of the wheat in their own storage. Also of note in 2017 is that one of the more active brokers for wheat now has their own elevator in the Winchester area and did not bring any wheat to the Port in 2017.

The amount of corn received in 2017 was also down. The start of the corn harvest was delayed due to weather issues and this meant that one broker held onto old crop corn a little longer than expected. Delays in the arrival of vessels for soybeans also played a part due to the lack of available storage. In addition, producers utilizing more on farm storage also had an impact. The shortfall in corn during harvest would have been greater without the new bins constructed at the Annex which provided an additional 10,000 MT of storage.

On the plus side, receipts of non-GMO corn increased in 2017 to 16,871 MT which is up from the 6,231 MT that was received in 2016. The customer was satisfied with the way their corn was handled and with the level of service provided to the point where they expressed an interest in an expanded storage agreement to secure additional space at the Port.

Soybean volume was also down slightly mainly due to the cool and wet summer. However, the actual volume was higher than expected by 10,000 MT to 15,000 MT. At one point in time, the Port had over 82,000 MT of soybeans in stores waiting for the arrival of several vessels. By October 18th it was necessary to begin filling one of the Annex bins with soybeans in order to keep receiving. The vessel delays also required that the reduction of the number of available delivery appointments during the week of Nov. 14 to 17. The following week (Nov 20 to 24), the Port only accepted shipments of dry corn as these loads could be received at the Annex.

Inbound Grain 2017 Harvest - QTY per DAY (MT)



Capital Projects

The Port of Johnstown management committee approved a total of twenty-one capital projects in 2017 totaling \$3,107,800. As shown in the table below, thirteen projects were completed with a positive variance of \$198,271. Four projects are in progress, two were delayed til 2018 and the remaining two projects were removed (explanations are listed in the table below).

Since 2010, the port has invested over 55 million dollars in both the infrastructure of the facility and expansion projects.

2017 CAPITAL BUDGET

Jan. 24, 2018

	Capital Project	2017 Budget Amount	Actual	Status
1	Paving Projects	\$70,000	\$69,310	COMPLETED
2	Rail Repair	\$80,000	\$75,775	COMPLETED
3	Access holes in old Shipping Bins	\$35,000	\$30,262	COMPLETED
4	Roof Repair	\$175,000	\$158,697	COMPLETED
5	Grain spouting in building	\$75,000	\$46,894	COMPLETED
6	Dust system	\$25,000	\$21,757	COMPLETED
7	Filtration and pressure system for potable water	\$25,000	\$24,239	COMPLETED
8	Gear Box in Marine	\$50,000	\$33,883	COMPLETED
9	Soft starts for lofters conveyors	\$24,300	\$24,280	COMPLETED
10	Replacement of Aerators	\$25,000	\$20,870	COMPLETED
11	Roof Railings	\$25,000	\$25,000	COMPLETED
12	Bobcat Upgrades	\$13,500	\$13,243	COMPLETED
13	New Grain Bins	\$2,160,000	\$2,040,319	COMPLETED
Total Capital Budget Approved / Actual		\$2,782,800	\$2,584,529	
Total Capital Budget Approved / Actual Variance		\$198,271		
14	New controls and spouting for dryer bins	\$65,000	\$9,753	In progress - Controls comp. - Spouting in 2018
15	Loading Spouts	\$25,000	\$2,760	In Progress Eng. Prep
16	Transfer chutes for west end of Elevator	\$160,000	\$4,664	In progress - 1ST QTR 2018
17	Seal loftier pit #2	\$10,000	\$0	In Progress/ No structural work required
18	Grain Temperature monitoring system - Phase 2	\$40,000	\$0	Delayed to 2018
19	New Scale office	\$5,000	\$0	Postponed
Total Capital Budget Approved / In Progress		\$305,000	\$17,177	
Total Capital Budget Approved / In Progress Variance		\$287,823		
20	Oil Boom for port slips alongside elevator	\$10,000	\$0	Under \$5,000 - moved to expenses (\$1,200)
21	Upgrade of Personnel Elevators	\$10,000	\$0	REMOVE - TSSA recinded order
Total Capital Budget Approved / Removed		\$20,000	\$0	
Total Capital Budget Approved / Removed Variance		\$20,000		
Total Capital Budget Approved / Spent		\$3,107,800	\$2,601,706	\$506,094

Completed Projects in 2017

- Constructed two new 5,000 MT grain bins at the Annex. This increases the storage space of the elevator and opens new possibilities for receiving grain and new products such as non-GMO corn without reducing the storage capacity of regular corn.
- Installation of an automatic grain temperature monitoring system for all eight bins at the Annex.

- Additional safety railings were installed on the roof of the main elevator.
- Roof replacement on the east end of the main elevator.
- Replacement of two faulty aerators in the main building.
- Rail repairs that included replacement of the rail on the west side of the receiving area, replacement of 100 ties and the replacement of a crossing on Windmill Lane.
- The purchase of an oil boom for port slips alongside elevator.
- Access holes in old shipping bins to enable easier and safer access to these bins.
- Replacement of various sections of spouting in the main building.
- New control system for the grain dryer.
- An evaluation of the dust system in the main building.
- Installation of a filtration and pressure system for potable water
- Soft starts for two lofters and nine conveyors.

Maintenance – Electrical and Mechanical repairs

One of the new initiative that was undertaken in 2017 was enrolling into Hydro One’s “Class A” Industrial Conservation Initiative. This program has saved the Port thousands of dollars in electrical costs by reducing the global adjustment portion of our hydro bill. We have also acquired the services of NRG Peaks Corp. to give us monthly, day ahead, same day and in day alerts, as to when a provincial demand peak is likely to occur. These alerts will help us manage our electrical consumption to avoid, if possible, contributing to the 5 highest provincial demand peaks of the year. Avoiding these 5 coincident peaks is where the savings are achieved.

An abbreviated summary of the activities in the maintenance department this year is shown below.

Electrical Area summary

- Installed new soft starts for the marine lofters. This will reduce the stress on the motor and belt of each lofter during start-up. In addition, it provided a method of monitoring the electrical load on the lofter during vessel loading to ensure the efficiency was maximized.
- Connected the thermocouples in the main building bins to the automated temperature monitoring system.
- Serviced the dust system to improve its operation.
- Annual maintenance of dust system.
- Serviced the boiler system to improve the efficiency of its operation.
- Continued with the replacement of temperature cables that are used to monitor quality in grain bins.
- Preventative maintenance of grain dryer.
- Installed (2) 4500 gph sump pumps in the substation basement. These were required this year due to the high level of the river.
- Replaced 3 H.P. motor on dryer discharge drag conveyor. This motor had not failed but the bearings were beginning to give audible indication of wear. The motor that was installed was premium efficiency type.
- Install proximity sensors of trippers 5, 6 and 7 on springs, to prevent sensors from being destroyed by misplaced bin spouts.
- Replaced heat detector that had failed and caused a false fire alarm.

Mechanical Area summary

- Annual maintenance and servicing of the equipment in the grain elevator.
- Work continued on replacing old gear boxes as part of preventative maintenance plan.
- Replaced and repaired spouting throughout the building.
- Annual preventative maintenance on Annex equipment.
- Repair work on marine loading spouts including broken pins, seized rollers, worn out spouting and damaged cables.
- Inspection of lofters in the building and replacement of damaged buckets.
- Overhaul #6 receiving pit drag conveyor. This includes installing a new motor and drive pulley, new liner in the conveyor, new conveyor chain and paddles. The main drive pulley was changed to a different size to increase the speed of this conveyor by approximately 9%.
- Made repairs to #7 scale tank. One of the angle irons that the scale is comprised of had cracked and had to be re-enforced with steel plate. At the same time adjustments were made to #7 garner gate to prevent garner leakage.
- Replaced damaged riverfront ship fender.
- Replaced “Torque Tamer” clutches of crosscut samplers 1 and 4.

Health and Safety / Training / Environment

Health and Safety continues to be a priority at the port with consultant John McGeough from Prevention and Regulatory Solutions completing valuable training in the following areas:

- Safety Committee Procedures and Function
- WHMIS
- Port H&S rules and Port Security
- Violence and Harassment
- Control of Noise Exposure
- Respirator safety
- Respirator Fit testing
- Confined Space Rescue training
- Skid Steer operation
- Aerial Lift Platform training
- Chainsaw training
- Fire Extinguisher training

Mr. McGeough also supported other areas of the business including environmental compliance. Below is a summary of the health and safety program accomplishments for the 2017 year that were assisted by Prevention and Regulatory Solutions Ltd.



Management Support

- Met with Operations Manager regularly to identify short and longer-term areas of program development and training.
- Updated the hazard prevention program (HPP) for 2017, including the detailed risk assessment, implementation plan and review with safety committee.
- Updated and reissued the main health and safety policy.
- Reviewed the full violence prevention and sexual harassment programs, including risk assessment, policies, prevention and notification procedures, and safety committee consultation. Conducted training for all available personnel.
- Reviewed and updated substance use policy to clarify different types of substances covered and clarify position on addiction. Conducted training for all available personnel.

General H&S Support

- Reviewed and updated the safety committee program including procedure and training slides. The scope of training was expanded to include recent changes to legislation, workplace inspections, and incident investigations. Training in new program completed.
- Arranged for chainsaw training for 2 employees.
- Conducted annual WHMIS training, including both 1988 and 2015 systems.

- Reviewed and updated H&S rules and personal protective equipment policy. Conducted training sessions for all available personnel.
- Reviewed and updated noise exposure policy and training program, and trained all available personnel.
- Reviewed and updated the visitor safety rules document.
- Eliminated or updated/replaced 9 redundant or obsolete 2005-era documents.
- Delivered training for returning casual employees. Subjects included H&S rules, noise exposure, violence and harassment, WHMIS, and port security.
- Wrote draft ergonomics policy and circulated for input.

Emergency Preparedness and Fumigation

- Reviewed and updated the fumigation procedure, fumigation site plans, and internal permit forms to include recent Ministry permit requirements and other pesticides used at the Port. Trained all fumigators in updated documents.
- Arranged for fire extinguisher training by another training provider.
- Conducted respirator fit testing for all available personnel.
- Reviewed and updated the emergency contract list, part of the emergency action plan.

Confined Space Entry (CSE)

- Reviewed and updated the CSE procedure.
- Arranged for hands-on CSE rescue training by Multitrek (Ottawa). Arranged customized training exercises to simulate the types of rescue scenarios specified in Port rescue plans. Provided a follow-up report of recommendations following the rescue training.

2017 Health and Safety Metrics

- | | |
|--|-----------------------|
| • Safety committee meetings | 12 regular, 3 special |
| • Workplace Inspections: | 12 |
| • Incident or safety investigations: | 13 |
| • Complaints: | 0 |
| • Work refusals: | 0 |
| • Accidents resulting in medical aid only: | 3 |
| • Accidents resulting in lost work days: | 1 |
| • Lost work days due to accidents: | 1 |

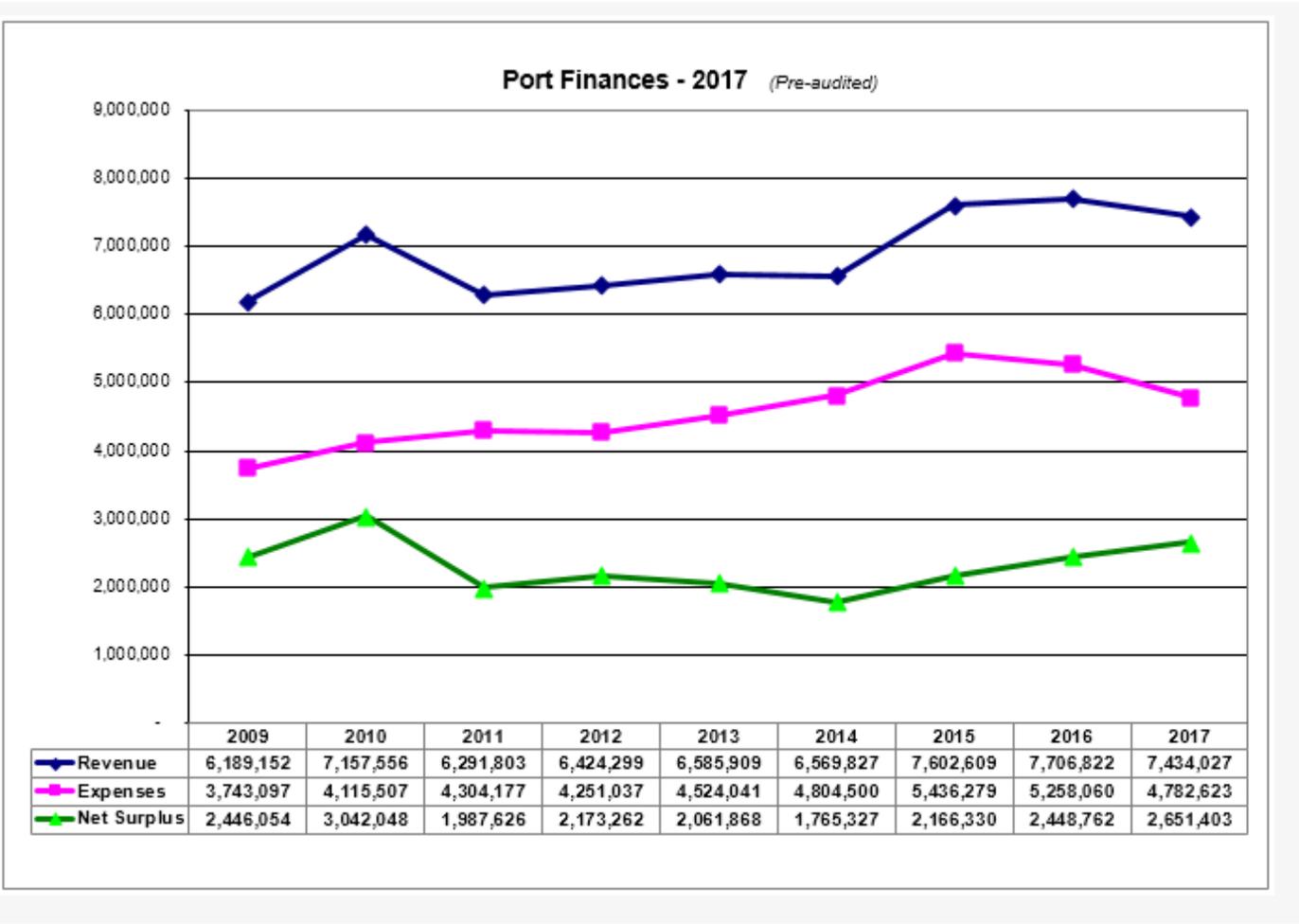
Environmental Support

- Conducted site inspections and met with personnel as part of an internal gap assessment for compliance with environmental air and water permits. Discussed findings and action plan with General Manager.
- Updated salt water operations manual specified in the water environmental permits. Reorganized manual contents with current information and issued to General Manager.
- Conducted a training session to personnel responsible for the salt storage operations manual.

FINANCE REPORT

The Port of Johnstown, a division of the Township of Edwardsburgh Cardinal, has completed another very successful year. As detailed in the information below, we have finished 2017 with the 2nd highest surplus since the township acquired the port.

Although we experienced a 3.5% decrease in revenues as compared to 2016, this was made up with a 9% decrease in expenses, resulting in an increase surplus of 8.3% over 2016.



2017 BUDGET TO ACTUAL SUMMARY

REVENUES - *EBITDA

Jan. 24, 2018

HARBOUR SERVICES	2016 ACTUAL	2017 BUDGET	2017 ACTUAL	Var. %
BERTHAGE	95,296	95,000	124,180	31%
GRAIN WHARFAGE	141,763	130,000	100,203	-23%
OPEN STORAGE WHARFAGE	572,960	632,843	716,923	13%
MARINE SECURITY	16,690	15,000	88,284	489%
TOTAL	826,709	872,843	1,029,591	18%
GRAIN SERVICES				
STORAGE	1,909,264	1,837,400	2,144,856	17%
AERATION	114,293	115,000	84,537	-26%
LAB TESTING	3,215	2,000	2,370	19%
RECEIVING - VESSELS	-	100,000	120,803	21%
RECEIVING - RAILS	43,059	42,900	25,532	-40%
RECEIVING - TRUCK	1,984,808	1,539,515	1,460,163	-5%
DELIVERING - VESSELS	901,679	700,000	590,061	-16%
DELIVERING - RAIL	26,447	36,109	491	-99%
DELIVERING - TRUCKS	415,867	486,127	458,728	-6%
DELIVERING - MILL	8,166	8,000	5,247	-34%
CLEANING	14,222	21,454	38,068	77%
GRAIN DRYING	110,112	418,000	154,739	-63%
SOYBEAN DRYING	735,000	700,000	760,529	9%
GRADING	510	1,000	150	-85%
PROTEIN ANALYSIS	9,300	9,323	4,470	-52%
CUST.SERVICE/FUMIGATION	296,351	243,298	232,676	-4%
SCREENINGS	261	7,500	12,924	72%
TOTAL	6,572,556	6,267,626	6,096,344	-3%
RENTALS				
BUSINESS PROPERTY LEASES	60,960	62,000	67,002	8%
CARGO STORAGE LEASES	164,201	75,000	164,469	119%
LICENSE AGREEMENTS	12,368	12,500	12,502	0%
COTTAGE LEASES	40,027	37,610	44,228	18%
TOTAL	277,556	187,110	288,200	54%
SHIPPING SERVICES OTHER				
SALE OF GRAIN (DRYING REV)	18,301	-	-	
SALE ELECTRICITY	1,400	1,400	1,516	8%
MISCELLANEOUS	10,299	1,000	18,376	1738%
TOTAL	30,001	2,400	19,892	729%
TOTAL REVENUES	7,706,822	7,329,978	7,434,027	1.4%

2017 BUDGET SUMMARY EXPENSES - EBITDA

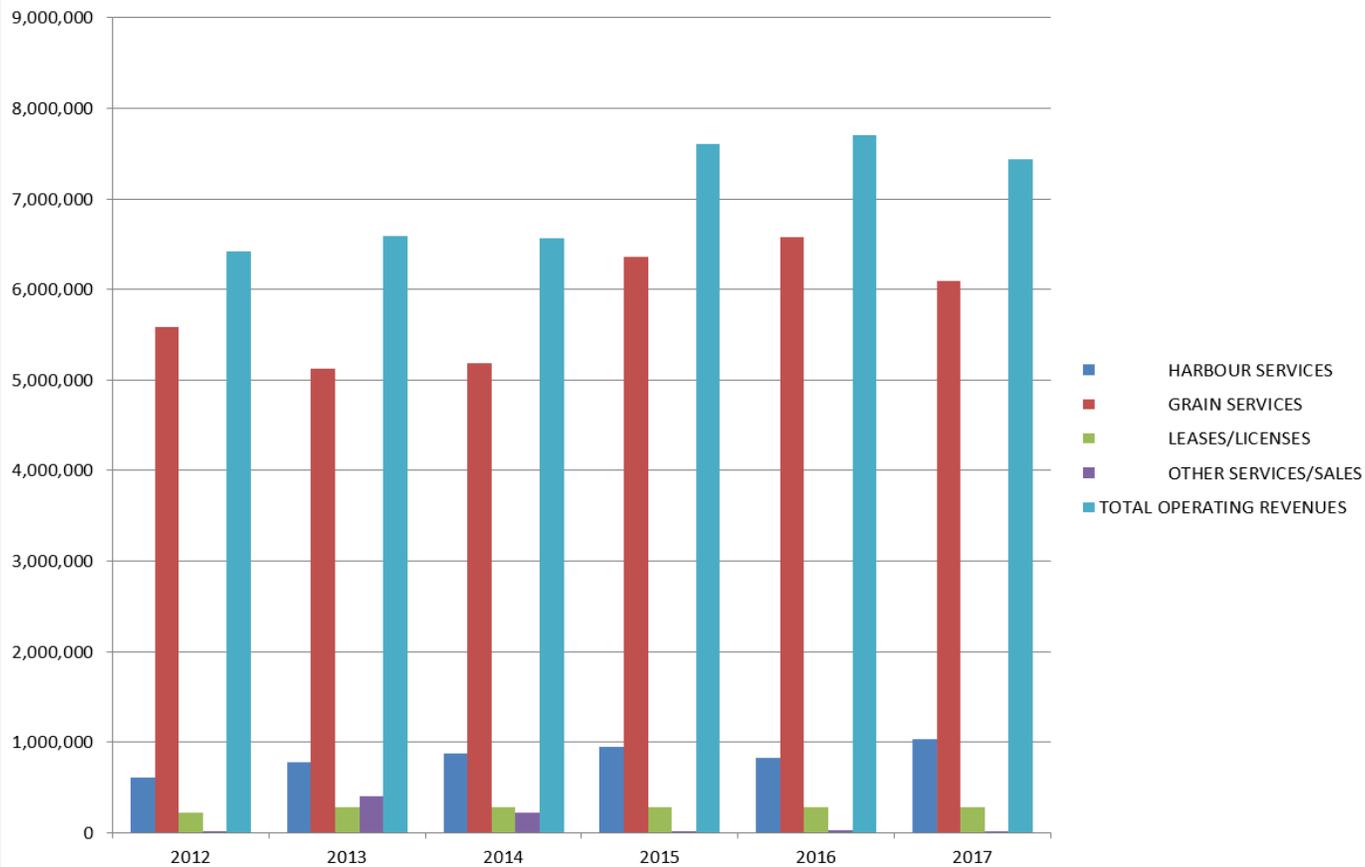
	2016 ACTUAL	2017 BUDGET	2017 ACTUAL	
LABOUR REG	1,464,439	1,400,000	1,516,262	8%
LABOUR OT	220,507	189,000	164,523	-13%
BENEFITS	878,866	894,234	844,881	-6%
LABOUR TOTAL	2,563,811	2,483,234	2,525,666	2%
MUNICIPAL ADMIN FEES	758,340	758,340	758,340	0%
OUTSIDE SERVICES	432,602	456,850	442,137	-3%
ELECTRICITY	493,832	553,092	359,760	-35%
GAS	57,134	129,286	62,343	-52%
EQUIPMENT FUEL	2,480	3,000	2,689	-10%
UTILITIES	553,445	685,378	424,792	-38%
INSURANCE	254,565	258,383	231,677	-10%
MATERIALS AND SUPPLIES	155,595	189,625	114,514	-40%
ADVERTISING / DONATIONS / SPONSORSHIPS / MEMBERSHIPS	166,046	161,200	149,417	-7%
OFFICE ADMINISTRATION	36,271	39,200	34,100	-13%
BUSINESS TRAVEL	6,723	17,500	8,913	-49%
MUNICIPAL HONORARIUM	10,200	16,800	17,400	4%
GRAIN HANDLING LOSSES	307,993	300,000	66,555	-78%
RENTALS	12,469	12,500	9,111	-27%
TOTAL EXPENSES	5,258,060	5,379,011	4,782,623	-11%

2017 BUDGET SUMMARY NET SURPLUS - EBITDA

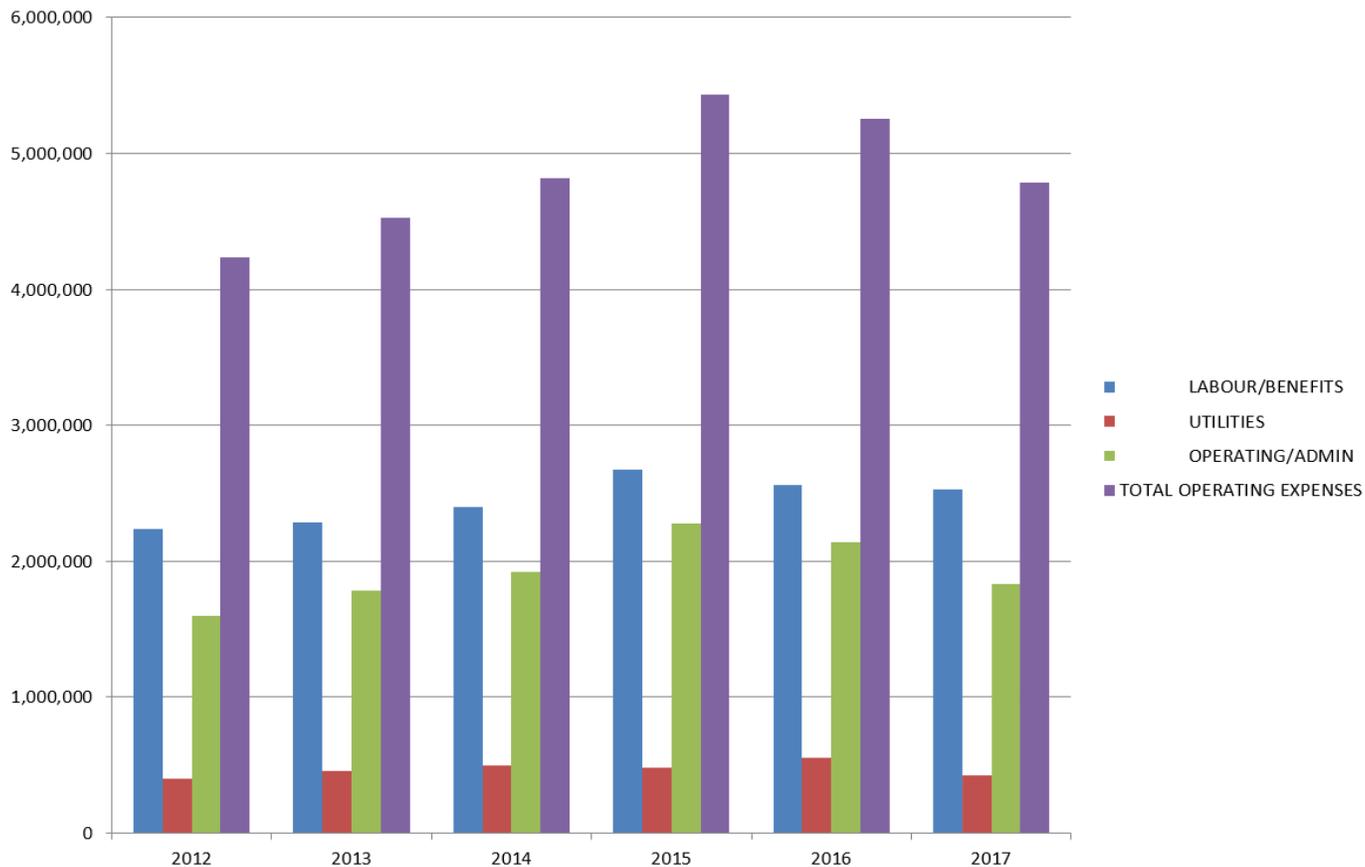
	2016 ACTUAL	2017 BUDGET	2017 ACTUAL	Var. %
TOTAL REVENUES	7,706,822	7,329,978	7,434,027	1%
TOTAL EXPENSES	5,258,060	5,379,011	4,782,623	-11%
TOTAL NET SURPLUS	2,448,762	1,950,967	2,651,403	36%

**Earnings before interest,taxes,depreciation and amortization*

Total Revenues



Total Operating Expenses



2017 – GM Year End Summary

The Port of Johnstown finished 2017 with record setting cargo throughput in salt resulting in an increase in Harbour Services revenues. While the grain throughput was lower compared to past years, the overall picture remains bright with new Non GMO corn being stored and processed through the grain elevator. As well, the port was happy to receive new break bulk cargo in the way of steel beams for the construction business. Several major projects were completed under budget and on time, making this another extremely busy year.

Once again, our staff rose to the challenge including a two week period where we loaded 5 vessels while trucks continued to bring product into the port. This involves a lot of planning and coordination in order to keep the product moving while providing optimal service to our customers. Our quality results continue to improve. This is the result of a tremendous amount of work that is involved in keeping the grain elevator clean and safe to work in.

We continue to receive excellent feedback from our customers on the changes that have been made at the port and this is further demonstrated by the same customers returning to the port year after year. We owe a lot of our success to our loyal customers who continue to utilize our facility and provide us with feedback so we can become better at what we do.

The township's community port continues to hold their annual Port Day event. In 2017 this attracted 1,000 people while the vessel tours continue to be a hit among the public attracting over 1500 people. We were happy to have our new neighbors "Giant Tiger" take part in our event as well as several grain brokers and our stevedore Logistec/Rideau Bulk. This year's port day event will be held Saturday June 16, 2018.

The POJ staff were also busy providing tours to local grain groups as well as providing tours as prize packages to support local fund-raising events. These tours and events like port day also help to educate the public on this thriving enterprise located right here in their community.

Customer service, health and safety, and performance management will be our main focus in 2018 as we continually look at making improvements on the way we do business.

This year the port also welcomed two additional public members, Joe Hendriks and Frank McAuley, who have joined the management team and have already made an impact to the port. I would also like to convey our appreciation to the other members of the Port Management Committee, for their continued faith in their staff and governing of the business.

In closing, I would once more like to recognize the efforts of our staff and look forward to another great year in 2018!

Robert Dalley
General Manager
Port of Johnstown