

7a

**MINUTES
PORT OF JOHNSTOWN MANAGEMENT COMMITTEE
MUNICIPAL OFFICE – SPENCERVILLE
WEDNESDAY, SEPTEMBER 19, 2018
6:30PM**

Present: Mayor Patrick Sayeau, Chair
Deputy Mayor Peggy Taylor
Councillor Gerry Morrell
Councillor Karie Smail
Mr. Joe Hendriks
Mr. Frank McAuley

Regrets: Councillor Michael Barrett

Staff: Robert Dalley, General Manager
Kevin Saunders, Operations Manager
Rebecca Williams, Deputy Clerk
Rhonda Code, Office Manager

1. Call to Order

Mayor Sayeau called the meeting to order at 6:30pm and noted that Councillor Morrell will be leaving part way through the meeting.

2. Approval of Agenda

Moved by: K. Smail seconded by: F. McAuley that Committee approve the agenda as amended to add 8g) Mutual Release Agreement.

Carried

3. Disclosure of Pecuniary Interest & the General Nature Thereof – None

4. Delegations & Presentations

a) Logistec Stevedore Ontario/Rideau Bulk

The Logistec executive team were introduced and welcomed by Committee and Port staff. Committee and Port staff provided a brief summary of the Port Management Committee structure, specifically that the Port is owned by the Township and the Committee must abide by policies and regulations set out by the Township and Municipal Act. It was noted that the Port used to work with Rideau Bulk who dealt mostly with salt shipment and storage but was later acquired by Logistec who have a vast interest in multiple marine terminals/transportation. Committee noted that the Township and Port have been approached by many businesses interested in purchasing the Port, and that the presentation this evening would not be broaching that subject.

Mr. Corrigan provided Committee with a company overview, highlighting that Logistec is the leading terminal operator in Canada and are continuing to grow in the USA, with approximately \$85 million (USD) in revenue. Mr. Corrigan outlined Logistec's vision and values, specifically the company's reliability, imagination, sustainability and their continuing efforts to go beyond the everyday boundaries to challenge the status quo to improve their operations and partnerships.

Mr. Corrigan highlighted that Logistec isn't in business to own Ports, rather they work together with Ports and Port Authorities to make the operations as seamless and efficient as possible. Mr. Corrigan provided examples of where Logistec owns a port in Georgia and another where they manage the operations of a port in Tampa. It was noted that in cases where Logistec is managing a port or working with a port, they look for lease agreement of at least 10 years.

It was noted that Committee previously discussed a potential lease agreement with Logistec for use of land at the Port. Mr. Corrigan highlighted that Logistec has two main divisions, marine services and environmental services. He noted the subdivisions of the marine and environmental services, specifically how the marine terminals and transportation services link with the environmental site remediation to monitor the site's environmental impact.

Mr. Corrigan outlined how Logistec is different from their competition, highlighting their strong financial discipline and how their balanced books translate into continued growth and diversified portfolios. He noted that the health and safety of employees is their number one priority and commented on a new health and safety system that was incorporated based on a system implemented by Dupont. Mr. Corrigan provided Committee with a graph displaying Logistec's continued growth over the last 50 years of business, noting that every year the company has increased their profit and revenue margins.

Mr. Corrigan highlighted that Logistec is continually expanding their geographical footprint across Canada and the USA where they currently operate and work with 61 terminals and 37 ports in North America. Mr. Corrigan outlined the diversified cargo base and the various partnerships and customers Logistec works with on a continual basis.

Mr. Montecalvo outlined Logistec cargo handling and sales process, noting that every new opportunity focuses on customer engagement through preparing a quote, prospecting possible options, and upselling and referring the customer to new possibilities and opportunities. Mr. Montecalvo noted that when working with various companies and ports for cargo projects, the port selected is usually based on the location specifications and the proximity to the project.

Mr. Montecalvo provided Committee with an outline on Logistec's sales role and how they manage the sales portion to enhance Logistec's and the customer's experience, specifically through business development, documenting and managing the sales process, managing customer experience and relationships, coordinating communication with the clients and customers, and taking on a global view to maximize the scope with the clients and customers and add value to each agreement. Mr. Montecalvo explained how Logistec engages each customer and how the client engagement translates within Logistec.

Mr. Corrigan highlighted that Logistec continues to work with the Port of Johnstown to engage other companies and expose the Port to additional opportunities. Mr. Corrigan noted that Logistec is involved with the annual Port Day event and will be looking to further expand their regional public outreach in the future.

Committee discussed why a stevedore would select different ports for different projects and how the port location and proximity to the project can affect which port is selected by the company. There was a general discussion with respect to basing on the size of the vessel, cargo, and limits to the waterway routes. Committee confirmed that Logistec is marketing the Port of Johnstown through the strategic advantages, location specifications, and proximity to projects. Logistec team noted that a key factor is the flexibility and ease of working with a port that plays a key role in selecting the port for various projects. Mr. Corrigan noted that the Port of Johnstown has a great employee base that are able to work under timeframes and are flexible when working with different vessels.

There was a brief discussion with respect to the possibility of future interest in transporting aggregate from the eastern Ontario to western and southern Ontario and the USA. It was noted that LaFarge may have future interest in transporting aggregate to different locations in North America.

Committee thanked the Logistec Executive team for the presentation and information.

5. Minutes of the Previous POJ Committee Meeting

a) August 15, 2018

Moved by: P. Taylor seconded by: K. Smail that Port Management Committee receives and approves the minutes of Port Management Committee meeting dated August 15, 2018.

Carried

6. Business Arising from Previous PMC Minutes – None

7. Discussion Items

a) PEST Analysis – Mr. McAuley

Mr. McAuley highlighted the PEST analysis as the external analysis of the Port, specifically in relation to what is happening in the world around us and how the Port needs to consider and take into account the surrounding elements. Committee reviewed the four sections which make up the PEST analysis; political, economic, social and technological, and discussed the various factors identified under each section.

Committee highlighted the need for the Port to remain flexible to promote the Port as an efficient and readily available location. There was a brief discussion with respect to the availability and allocation of capital projects and investments, specifically in regards to current and future development of the Port. Members noted that the SWOT and PEST analysis will serve as part of the orientation for the new Council and may work with staff to further develop a new strategic plan for the Port.

8. Action/Information Items

a) Operations Manager's Report

Committee reviewed the Operation Manager's Report and briefly discussed the grain inventory levels and how 2018 harvest may look by the end of the fall. It was noted that wheat inventory has surpassed previous years, partly due to the better weather during the summer. There was a brief discussion with respect to the shipment of non-GMO corn by truck and Members confirmed that the corn is leaving the Port to be transported to a business. It was noted that it took Port employees 7 days less than previous years to ship out an additional 1000 tonnes of grain.

There was a brief discussion with respect to the sweeping of the bins and how as a result of using the air line methods, employees no longer have to go down into the bins to perform the necessary cleaning. Members highlighted the increased safety awareness and how the air line method has reduced the need for confined space entries in 2018 by 257.

b) General Manager's Report

Port staff summarized the report, highlighting that the Port finished the month with a surplus of \$154,000 and an additional \$117,000 in revenue of harbor services compared to 2017. It was noted that the Port is currently \$226,000 short compared to the 2017 grain revenue, however the Port is expected to meet the budget target by the end of 2018. Committee reviewed the electrical savings and noted that the Port has saved approximately \$5000 for this period and a 45% savings on the global adjustment portion of the billing.

Port staff noted that the amendment to the agenda is to execute a mutual release agreement to release the numbered company from the terms of their original lease agreement. It was noted that the development of West Uplands 2 is almost complete. There was a brief discussion with respect to a new salt storage opportunity. Members enquired if the salt being brought to the Port is already sold or will require storage. It was noted that the company is asking for salt storage until spring and it is probably only partially sold.

There was a general discussion with respect to the Port's receivables, specifically the amount of cash on hand and the additional \$200,000 added as an expense due to grain loss. This grain loss was a result of the port taking advantage of its lower than average storage and completing an inventory of their grain. This total represents a five-year period and staff commented that this loss is normal considering the amount of grain that the port handled during this period.

c) YTD Stats

Committee reviewed the YTD Stats and noted that the grain inventory is slightly lower than the previous year.

d) Capital Projects Update

Committee reviewed the report and confirmed that various projects will be deferred until 2019, including the paving project due to areas requiring additional time for compaction to take place. It was noted that item 7 – dock fenders for unloading ships will be replaced with wood timbers instead of rubber which will be a more cost-effective method. Members suggested that any deferred items be highlighted in yellow and indicate the colour coding for future meetings.

e) Health & Safety Report

Committee reviewed the Health and Safety Report.

Moved by: F. McAuley seconded by: J. Hendriks that Committee receive and review 8a) Operation Manager Report, 8b) General Manager Report, 8c) YTD Stats, 8d) Capital Projects Update, and 8e) Health and Safety Report.
Carried

f) Amendment of Lease - Mr. Upper

Members confirmed that the amendment to the lease is to add Mr. Upper's partner to the current lease agreement.

Moved by: J. Hendriks seconded by: P. Taylor that Port Management Committee recommends that Council approves the following:

1. That an amendment to a current lease be approved by Council for property known as P-29.
2. That the amendment to the lease of the property known as P-29 be brought forward to the next Council meeting in September for approval and upon approval, executed by the Mayor and CAO of the Township.

Carried

g) Mutual Release Agreement

Members noted that the agreement is a housekeeping matter to release the numbered company from the terms of the agreement.

Moved by: K. Smail seconded by: F. McAuley

WHEREAS the Port Management Committee has approved, at a previous meeting, a new lease agreement for the land on which the calcium chloride tank is location to Da-Lee Dust Control; and

WHEREAS the former lease holder, 9618732 Ontario Inc requires a formal release agreement with the Port of Johnstown to formally release them from the terms of the lease agreement; and

THEREFORE BE IT RESOLVED THAT the Port Management Committee recommends that Council adopt a by-law at the September Council meeting to execute a mutual release agreement with 9618732 Ontario Inc.

Carried

9. Approval of Disbursements – Port Accounts

Moved by: K. Smail seconded by: J. Hendriks that Committee approves payment of Port invoices as circulated.

Carried

10. Councillor Inquiries/Notices of Motion – None

11. Chair's Report

Mayor Sayeau reported the following:

- Expecting the Provincial government will be releasing information on a new natural gas expansion program which will not cost the taxpayers
- Offer to purchase the Prescott Machine & Welding property has been accepted with conditions

12. Question Period – None

13. Closed Session – None

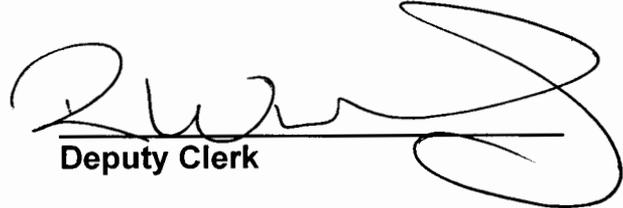
14. Adjournment

Moved by: P. Taylor seconded by: K. Smail that the meeting adjourn at 8:50 pm.

Carried

These minutes were approved by Port Management Committee this 25th day of October, 2018.


Chair


Deputy Clerk