

Capital Improvements Joint Bond Review Committee

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JBRC FISCAL OVERSIGHT SUBCOMMITTEE

Senator Nikki G. Setzler, Chairman
Representative J. Gary Simrill, Vice Chairman
Senator Thomas C. Alexander
Representative Heather Ammons Crawford

Tuesday, November 9, 2021, 2:00 p.m.
105 Gressette Building

AGENDA

1. Introductory Remarks
2. Presentation of South Carolina Ports Authority
3. Discussion of Next Steps
4. Future Meeting

NBIF - WWT/HLT BERTH PROJECT

QUARTERLY UPDATE – EXECUTIVE SUMMARY

OCTOBER 5, 2021



PROJECT OBJECTIVES

NBIF & BARGE PROJECT MAP





PROJECT OBJECTIVES

- To improve supply chain fluidity and reliability from South Carolina's marine terminals to inland destinations.
- Construct and operate dual rail-served NBIF with dedicated drayage road from HLT.
- Direct rail-intensive shipping services to HLT.
- Construct barge berth at HLT and WWT. Transport by barge a residual amount of rail boxes from WWT.

MARKET CONDITIONS RELATIVE TO PROJECT

OVERVIEW OF PORT ISSUES



- Disparity in volume between US imports and exports is at a record, both volumes and freight rates.
- US port capacity is defined by import volumes, monthly capacity is maxed at about 2.5 million TEU overall. Anything above 2.0 million TEU puts pressure on port capacity, which is rigid.
- As of September 30, record number of ships at anchor:
 - Los Angeles/Long Beach – 64
 - Record high of 70 have been observed
 - Savannah – 27
 - New York/New Jersey – 6
 - Effect of this is to diminish capacity for exports by 10% (lose one sailing every 10 weeks).
- Overall slow down in cargo velocity, record inventory levels and dwell times on terminals:
 - At the end of Sept South Carolina Ports has 16,537 empties on our marine terminals
 - Average import dwells is currently 7 days (historically 4 days)
- Finite or even declining owner operator truck capacity, some have gone to drive Amazon vans. Truck rates for local drayage up 40-50% (from \$170 local to \$250 in Charleston local dray market).
- Uneconomic (below cost) pricing of chassis means chassis are used to support wheeled storage of containers = worst of all worlds and no surplus chassis available.
- Ports playing catch up on hiring as did not hire during pandemic = SCPA hiring 150 people in 2 months - mainly operators.
- No significant investment in new port facilities on the horizon = exception Hugh Leatherman Terminal Charleston.
- Nowhere close to enough import transload and distribution center capacity to support volumes; does not apply to plastics transload supply chain as ample capacity built due to foresight.



CONTAINER SHIPPING INDUSTRY



- Current industry structure best possible:
 - 10 carriers operating on three global alliances
 - Will not change
 - Alliances forestall further consolidation
 - US efforts to re-regulate will be harmful
- Reports on spot rates belie underlying contract rate trends
 - *Using Hapag-Lloyd H1.2021 reporting as a source*

& Atlantic Trade Rates per TEU

H1.2020	\$1,405
H1.2021	\$1,523

& Transpacific Rates per TEU

H1.2020	\$1,351
H1.2021	\$2,101

& Global Rates per TEU

H1.2020	\$1,104
H1.2021	\$1,612

- Lines earn record profits
 - *40-50% ROIC*
- No spare capacity to be chartered, even delayed demolitions
- 250 large ships on order for delivery 2023
 - *10,000 TEU plus -*
- Will put pressure on ports who have not invested or have constraints
- Outlook for 2021-2023 continued tight space and contract rates closer to 2021 than 2020
- Fuel is a negative factor, double the low point in 2020 for VLSO

US PORT INDUSTRY



- No significant investment in new terminals (exception Leatherman Terminal Charleston) until 2030 at earliest and then not many opportunities
- Little hope for improvement productivity due to higher density and slower velocity
- Strong labor unions with contracts upcoming:

West Coast ILWU 2022

East Coast ILA 2024

- ILA/USMX reportedly seeking six-year extension, good for the industry
- Not enough inland port facilities to take pressure off port terminals
- Trucks only work 11 hours per day
- Port infrastructure is very rigid



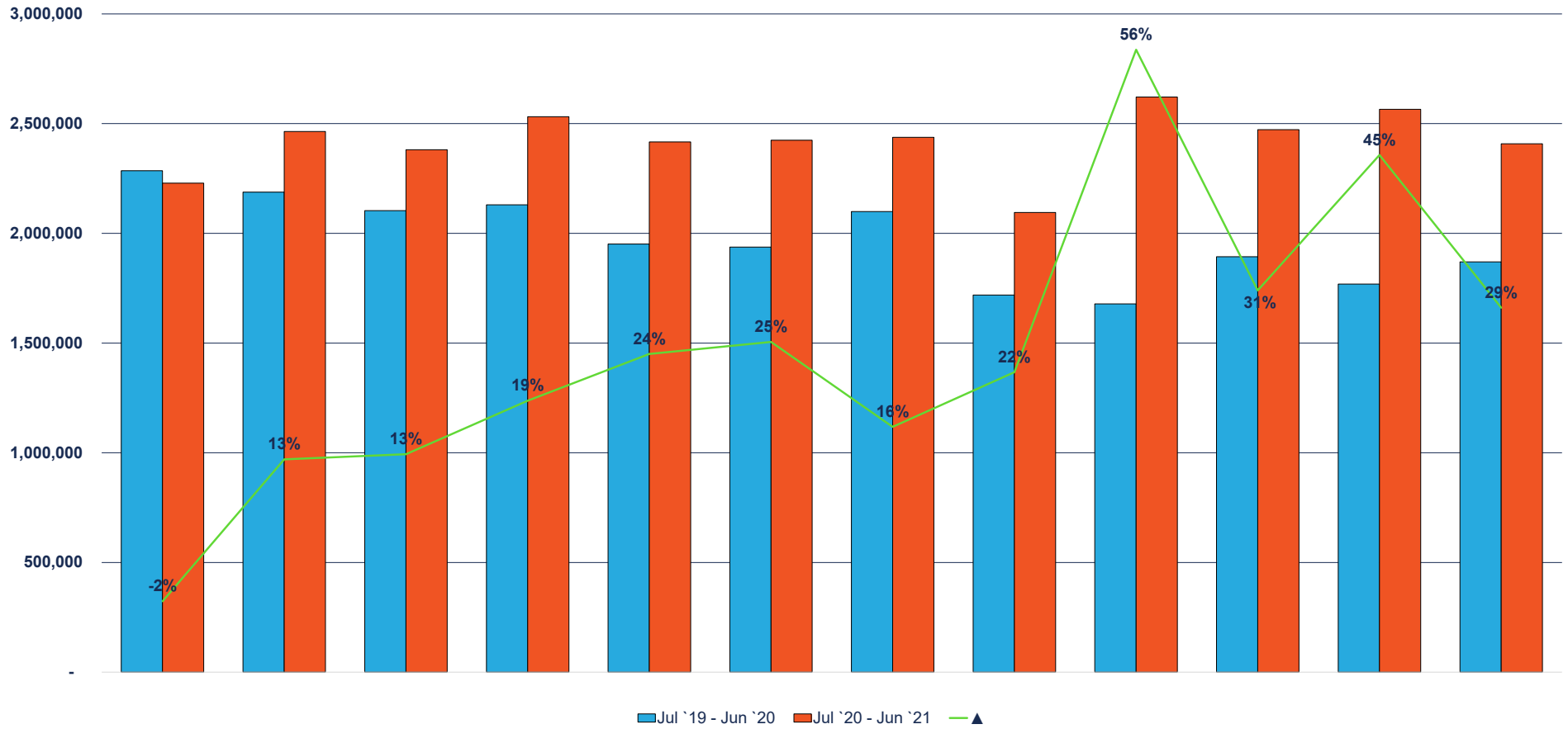
**MESSAGE: CANNOT KEEP PUTTING MORE FREIGHT THROUGH A FEW GATEWAYS
MUST DIVERSIFY.**

TRUCKING / CHASSIS



- Owner operator model is on borrowed time and not reliable
- US has to get serious about making trucking an attractive profession
- Dedicated truck models emerging based on company trucks
- Locking in capacity more important than price
- Current chassis model is broken as chassis are old and disparate interests
- Ports starting to invest in new chassis to stabilize supply chain but price per day must be equitable to discourage uneconomic utilization
- Very difficult to expand drayage hours = quality of life
- Cost of new chassis radically increased (+\$5,000) due to lack of US production and China tariffs

U.S. IMPORT VOLUME TEU

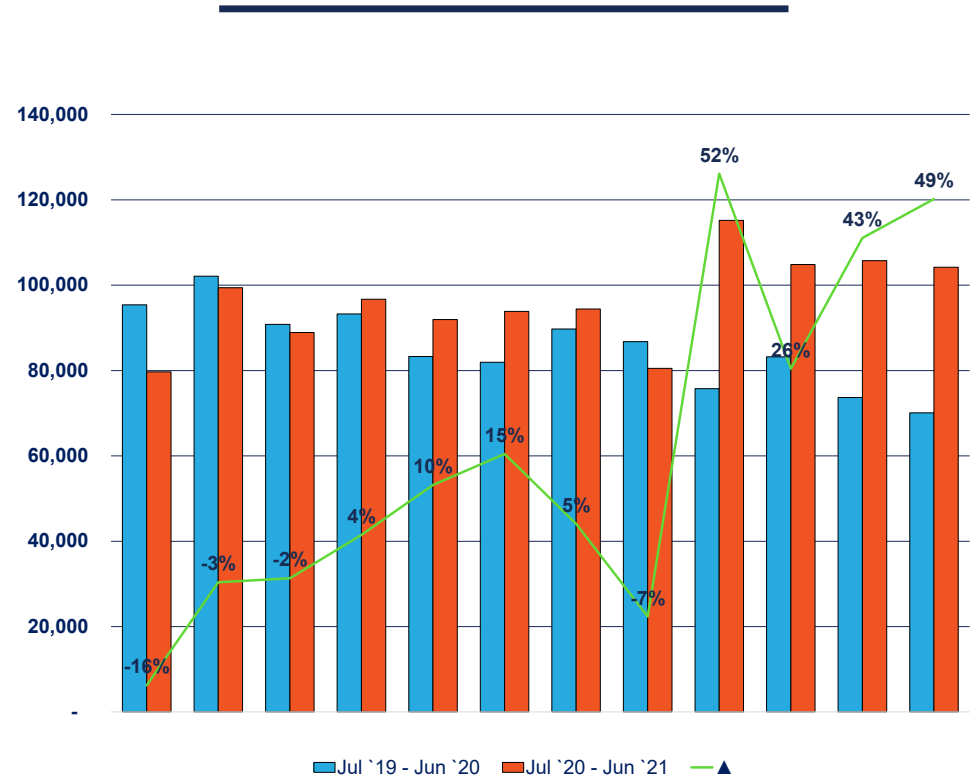


Source: JOC PIERS / IHS MARKIT

SC PORTS' MARKET CONDITIONS

- Surge in consumer demand for import goods marking record volumes.
- Vessel operations in Charleston and most of the East Coast have remained fluid to date.
 - Congestion remains in West Coast and Savannah.
- In contrast, inland transportation has been challenged in Charleston, Greer and the rest of the country.
 - Lack of truck power.
 - Lack of chassis.
 - Longer dwell times in marine and rail facilities.
- Local Class One Railroads in Charleston do not have track and yard capacity to work through congestion.
 - NS limited train size/cargo delivered as a way to keep 7 mile fluid due to limited truck capacity, which has in turn limited exports and caused congestion at Inland Port Greer.

SCPA Import TEUs by Year



HOW HAS THIS AFFECTED OUR PORT?



- Rapid Rail rates increased from \$85 to \$105 in July (with premiums of \$120-\$130 paid in June).
 - Contracts set in place with performance standards, but there remains a lack of interest in labor market for trucking and backlogs remain.
 - Limitation of exports in Greer in May and June based on congestion at Norfolk Southern.
 - Congestion continues on the inland side and will likely continue well into 2022.
- Workforce market wages increased by ~15% in August over typical levels to attract and retain talent.
- Temporary surge in Demurrage/Storage revenue assisting in short-term cash flow growth, replacing lost cruise revenue but impacting fluidity at berth and yard.

VOLUME RESULTS

For Periods Ending June 30

(\$s in Millions)

Statistics	FY2022 Plan	FY2021	FY2020
Pier Containers	1,475,000	1,418,865	1,317,332
Charleston Breakbulk Tons	786,115	807,520	636,278
Inland Port Greer - Rail Moves	160,000	157,842	140,155
Inland Port Dillon - Rail Moves	38,000	34,987	32,453
Passengers	116,955	0	217,673
Vehicles	252,489	253,983	199,825

STATEMENT OF NET EARNINGS

For Periods Ending June 30

(\$s in Millions)

	FY2022 PLAN	FY2021	FY2020
Operating Revenues	\$324.5	\$312.8	\$292.3
Operating Expenses			
Direct	189.0	162.2	167.4
Administrative	45.1	52.6	42.4
Depreciation	76.4	61.0	55.1
Total Operating Expenses	310.5	275.7	264.8
OPERATING EARNINGS	\$13.9	\$37.0	\$27.4
Adjustments to Cash (Depreciation / Retirement / OPEB)	86.8	77.2	67.4
OPERATING CASH FLOW	\$100.6	\$114.2	\$94.8
Non-Operating Earnings & Expenses			
Interest Income	4.3	8.9	11.9
Interest Expense	-52.5	-49.2	-45.4
Net Intergovernmental Transfers	22.3	0.1	-122.8
All Other Non-Operating Earnings & Expenses	1.2	-25.3	16.3
NET EARNINGS	-\$10.8	-\$28.5	-\$112.5

POSITIVE IMPACT OF NBIF AND BARGE

- NBIF, the barge and other out-of-the-box solutions are needed **now**.
- Inland transportation is challenged. This is forecasted to continue well into 2022.
- Over-the-road trucking will continue to face labor and congestion shortages into the future.
- Rapid Rail costs are rising which increases the subsidy.
- The current model of relying only on over-the-road trucking is not sustainable.
- Greater rail capability realized with the NBIF addresses capacity challenges at the current CSX/NS rail yards
- Greater rail capability allows for us to compete for the newest gateway title because imports drive ship calls and first-in calls have the greatest amount of rail cargo typically expanding beyond state borders. Imports go to where people live.

FINANCIAL UPDATE

(ADDITIONAL DETAILS IN APPENDIX)

BUDGET UPDATE

\$s in millions

Cost Estimate

NBIF
 Commerce Loan
 Barge Infrastructure (HLT/WWT)

Current Budget	Original Request	Variance
\$436.0	\$349.0	\$87.0
0.0	51.0	-51.0
157.4	150.0	7.4
\$593.4	\$550.0	\$43.4

Funding

SC Approved (2021 - July)
 Additional Request
GAP/Value Engineering/Cost Cutting

\$200.0	\$200.0	\$0.0
350.0	350.0	0.0
43.4	0.0	43.4
\$593.4	\$550.0	\$43.4

Key Drivers

- Additional variance due to construction material costs rising and rising labor rates, additional year cost escalation

Obligated Funds by FY ⁽¹⁾	
FY2022	\$515,887,773.00
FY2023	72,251,310.00
FY2024	5,300,000.00

Key:
 FY22
 FY23
 FY24

⁽¹⁾ Represents total contract value executed each fiscal year

ANTICIPATED CONTRACT START DATES - NBIF



Project Component	Date
Navy Base Intermodal Facility (NBIF)	
Construction/Equipment Costs (Including Contingency)	
NBIF (Intermodal Facility + Buildings)	March 2022
Cosgrove McMillan Overpass	February 2022
Hobson Road Adjustment	February 2022
Drayage Road	July 2022
Operating Equipment & IT Systems	
Rail Mounted Widespan Gantry Cranes (6) at NBIF	January 2022
IT Systems	April 2023
Costs By Contract	
Property Acquisition	July 2021
Project Development & Design (Complete Design/Bidding)	August 2021
Site Demo & Surcharge	November 2021
Mitigation	October 2021
Utility Relocation	November 2021
Other	
Class 1 Access from South (Design/Construction)	December 2021
Dominion Energy Substation/Utility Relocations	January 2022
Est. Escalation for Rail Materials (rails, ties & ballast)	March 2022
Construction Management, CE&I Service	October 2021

Key:
■ FY22
■ FY23
■ FY24

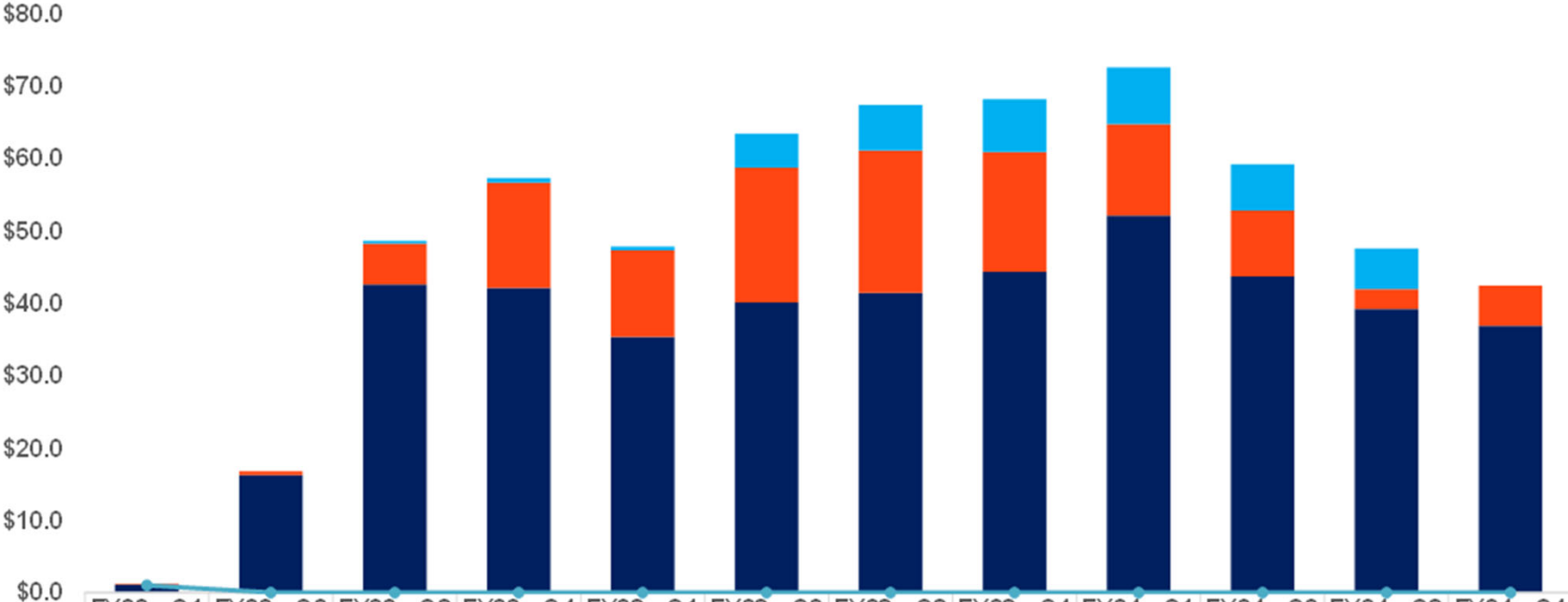
ANTICIPATED CONTRACT START DATES – BARGE HLT/WWT



Project Component	Date
<i>Hugh Leatherman Terminal Improvements for Barge (HLT)</i>	
Construction/Equipment Costs (Including Contingency)	
HLT Wharf Extension	April 2022
Additional Container Yard	April 2022
Operating Equipment & IT Systems	
Ship-to-Shore Cranes (2)	January 2022
Re-locate/Re-Power Existing STS Crane (1 from WWT)	July 2023
IT Systems	July 2023
Costs By Contract	
Project Development & Design (Complete Design/Bidding)	September 2021
Other	
Construction Management, CE&I Service	April 2022
<i>Wando Welch Terminal Improvements for Barge (WWT)</i>	
Construction/Equipment Costs (Including Contingency)	
WWT Wharf Extension	October 2022
Operating Equipment & IT Systems	
Re-locate Existing STS Cranes (2)	January 2024
IT Systems	July 2023
Costs By Contract	
Project Development & Design (Complete Design/Bidding)	January 2022
Other	
Construction Management, CE&I Service	October 2022

Key:
■ FY22
■ FY23
■ FY24

BASE SPENDING SCHEDULE



	FY22 - Q1	FY22 - Q2	FY22 - Q3	FY22 - Q4	FY23 - Q1	FY23 - Q2	FY23 - Q3	FY23 - Q4	FY24 - Q1	FY24 - Q2	FY24 - Q3	FY24 - Q4
WWT Wharf	\$0.0	\$0.0	\$0.4	\$0.6	\$0.5	\$4.7	\$6.3	\$7.3	\$7.8	\$6.4	\$5.6	\$0.0
HLT - Phase 2A	\$0.1	\$0.5	\$5.6	\$14.6	\$12.0	\$18.7	\$19.7	\$16.6	\$12.7	\$9.1	\$2.8	\$5.6
NBIF	\$1.1	\$16.3	\$42.7	\$42.2	\$35.4	\$40.2	\$41.5	\$44.4	\$52.2	\$43.8	\$39.3	\$37.0
Total Projected	\$1.2	\$16.8	\$48.7	\$57.4	\$47.9	\$63.5	\$67.5	\$68.3	\$72.6	\$59.3	\$47.7	\$42.5
Actual	\$5.6											



ACTUAL SPENDING AS OF SEPTEMBER 30, 2021

<i>Project Number</i>	<i>Description</i>	<i>Entity</i>	<i>Payee</i>	<i>Amount</i>	<i>Month-Year Description</i>
CIFNBI100	Community Mitigation	LAMC	LAMC	31,575.00	Sep-21 Project Management/Construction Negs
CIFNBI100	Community Mitigation	Metanoia/LAMC	Palmetto Railways	47,000.00	Sep-21 Payment #3
CIFNBI100	Community Mitigation	Coastal Community Foundation/LAMC	Palmetto Railways	53,000.00	Sep-21 Payment #3
CIFNBI110	CCSD Settlement	Willard Incorporated	Palmetto Railways	5,000.00	Sep-21 Appraisal
CIFNBI110	CCSD Settlement	CCSD	CCSD	4,750,000.00	Sep-21 Settlement
CIFNBI110	CCSD Settlement	Pflug Law Firm, LLC	Palmetto Railways	990.00	Sep-21 CCSD Settlement
CIFNBI110	CCSD Settlement	Lewis & Babcock	Palmetto Railways	562.50	Sep-21 CCSD Settlement
CIFNBI114	MCT Settlement	MCT Properties, LLC	Haynsworth Sinkler Boyd	65,000.00	Jun-21 Earnest Money
CIFNBI114	MCT Settlement	MCT Properties, LLC	Haynsworth Sinkler Boyd	666,414.98	Sep-21 Settlement-\$665K + \$1.4K Net Closing Costs
CIFNBI116	Legal & Consulting Support	Pflug Law Firm, LLC	Palmetto Railways	1,185.00	Sep-21 Property - Buffer & Southern Acquisitions
CIFNBI116	Legal & Consulting Support	Lewis & Babcock	Palmetto Railways	7,787.86	Sep-21 Property - Condemnations
CIFNBI116	Legal & Consulting Support	CDM Smith	Palmetto Railways	5,103.71	Sep-21 Surveys/Easements
				<u>5,633,619.05</u>	

*Note - additional funds were spent on WWT permitting and HLT Phase 2A design that assist in project completion, but not to be funded by the state.

OPERATING MODEL UPDATE



NBIF

BARGE

- Original model fundamentals have not changed.
- Just in time facility with RMG v. RTG equipment – models and consultant studies show more efficient than Inland Ports.
- Reviewing equipment plans, capacity, and operations.
 - Working with HPC on operational review.
- Still working with Class 1s to determine service provisions.
- After Class 1 determination of work they will perform; we will work with Palmetto Rail to determine what services they will provide.

- Mode of operation under review
 - Original Model
 - RTG Operation WWT side.
 - STS Operation HLT side.
 - Current modes under review
 - STS Operation on both sides for additional flexibility for marine and yard operations.
 - Higher OpEx, but affords increased flexibility.
 - RoRo operation with a custom-designed barge.
 - Lower OpEx and could allow for increased flexibility in marine and vessel ops.
- Reaching out to Maritime Administration (MARAD) to partner on “out of the box” barge design to improve cost structure and allow for operational flexibility
- Targeting federal grants to assist in design and construction of barge.

Labor rates in both models are escalating at a higher rate than originally planned.

QUARTERLY STATUS UPDATE
(ADDITIONAL DETAILS IN APPENDIX)

QUARTERLY STATUS UPDATE

NBIF Permitting

- Section 2.5 of the Intergovernmental Agreement (IGA) between the Department of Commerce and the Ports Authority provides that “[a]s soon as practicable, Palmetto Railways will transfer to the Ports Authority any and all permits that it holds for the construction and operation of the NBIF.”
- To date, Palmetto Railways has not transferred any of its permits, but project files have been transferred.
 - There is an alleged violation of the Section 106 MOU related to vibration monitoring of historic properties; working with the Corps to resolve the issue and the permit cannot transfer until the issue is resolved.
- The Ports Authority is proactively taking steps to facilitate these transfers, including:
 - Ports Authority has FOIA’d DHEC’s file on the NBIF to assure that it has a comprehensive list of permits and met with DHEC and the City of North Charleston regarding existing permits and future permit requirements (critical area, CZMP, stormwater, etc.).
- Resubmission or certain permits, or components of permits, may be required (e.g., stormwater).

QUARTERLY STATUS UPDATE

NBIF Property

- Recent Property Litigation Settlements
 - MCT Settlement – June 2021 - \$730K (Paid)
 - CCSD Settlement – August 2021 - \$4.75M (Paid)

- New Property Claims
 - Callie’s Biscuits – September 2021 (inverse condemnation claim – similar to MCT)

- Pending Litigation
 - Gateway Properties – condemnation case; on appeal from judgment against Palmetto Railways for \$4.1M.
 - Chevron – condemnation case; mediation scheduled for mid-October.
 - Applied Building Sciences – condemnation case; on appeal; Palmetto Railways prevailed at circuit court.
 - Parham – inverse condemnation and trespass; in discovery phase at circuit court.

- Target for property transfer submittal to JBRC– December 2021
 - Critical path – cannot start construction projects until complete.
 - Transfer of property date is aggressive and will need full cooperation with PR.
 - Once transferred, property deeds/plats need to be subdivided and/or consolidated.

QUARTERLY STATUS UPDATE

NBIF Mitigation

▪ Environmental Mitigation

- (1) Purchase of 86.3 credits from designated mitigation bank.
 - Accomplished by Palmetto Railways on January 15, 2020:
 - Freshwater wetland credits purchased from Big Run mitigation bank.
- (2) Permittee Responsible Mitigation Plan
 - Kings Grant Property in Dorchester County
 - Former golf course, adjacent to Ashley River; Restoration work required.
 - Permanent conservation easement has been recorded for the property.
 - Site plans are underway for restoration construction activities.

▪ Community Mitigation

- MOA between Palmetto Railways and neighborhood groups
- \$4,000,000 commitment; partially funded
- Potential for increase with permit modifications
- Other non-monetary commitments

QUARTERLY STATUS UPDATE

Wharf Extension (HLT & WWT)/Barge

- Design commenced May 3, 2021 on HLT wharf extension(Funded directly by SCPA).
 - Estimated Start of Construction April 2022, Completion March 2024

- Wharf permitting in process for WWT wharf. Permits estimated completion March 2022
 - Estimated Start of Design January 2022, Bidding September 2022
 - Estimated Start of Construction October 2022, Completion March 2024

- Operating model for barge under development and review.

INVESTIGATIONS INTO ALTERNATIVE FUNDING

- Bipartisan Infrastructure Bill includes \$450m for 5 years for the existing Port Infrastructure Development (PIPD) grant program (Total \$2.25b).
 - Grant program focuses on port infrastructure but is geared towards prioritizing projects that improve resiliency to address sea level rise, flooding, extreme weather events, and reducing greenhouse gas emissions
- Maximum Federal share is 80%
- Total award per state capped at 25% of program funds (\$112m)
- The Federal grant process is not conducive to time-sensitive, shovel-ready projects, requires additional red tape including Buy American restrictions and other Federal guidelines, and comes with a risk of significant processing delays with Federal agencies.
 - Example – SCPA awarded DOT grant for Inland Port Greer expansion in 2018, took 2 years to negotiate grant agreement, work set to begin in 2021.
- America's Marine Highway Program:
 - Bipartisan Infrastructure Bill includes \$5m for Marine Highway Program with the goal of expanding America's navigable waters.
 - SCPA's barge route is designated as Marine Highway
 - Funding pot is small, potential opportunity for barge funding but there is a timing risk associated with this path.
- Summary:
 - The Federal grant process is not conducive to time-sensitive, shovel-ready projects, requires additional red tape including Buy American restrictions and other Federal guidelines, and will add time and cost to the project.



**SOUTH
CAROLINA
PORTS**

THE WORLD CONNECTS HERE

THANK YOU





FY2022 – Q1 Update for Period Ending September 30, 2021

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Appendix A – NBIF Permitting Update

- Section 2.5 of the Intergovernmental Agreement (IGA) between the Department of Commerce and the Ports Authority provides that “[a]s soon as practicable, Palmetto Railways will transfer to the Ports Authority any and all permits that it holds for the construction and operation of the NBIF.”
- To date, Palmetto Railways has not transferred any of its permits.
 - Palmetto Railways has provided the Ports Authority its project files on the NBIF and a list which it represents is comprehensive.
- The Ports Authority is proactively taking steps to facilitate these transfers, including:
 - Verifying the list provided by Palmetto Railways;
 - Palmetto Railways retained a number of consultants to assist with acquiring permits for the NBIF.
 - The Ports Authority is in the process of contacting these consultants to gain access to their files in order to facilitate these transfers.
 - Ports Authority has FOIA’d DHEC’s and the City of North Charleston’s files on the NBIF to assure that it has a comprehensive list of permits..
 - Initial coordination meeting between the Ports Authority and DHEC held on September 29, 2021 regarding existing permits, permit transfers, permit modifications, and future permit requirements (critical area, CZMP, NPDES, stormwater, etc.)
- Certain issues have to be resolved prior to all permits being transferred.
 - Palmetto Railways is out of compliance with its Section 106 Memorandum of Understanding related to vibration monitoring of historic properties located on the former Navy Base.
 - Currently working with the Corps to resolve the issue.
- Resubmission or certain permits, or components of permits, may be required (e.g., stormwater).
- Non-exhaustive permit list:
 - USACE Section 404 Permit
 - US Navy Dig Permit (NBIF and Drayage Road)
 - DHEC-OCRM Critical Area Permit
 - DHEC-OCRM Coastal Zone Consistency Determination
 - DHEC Environmental Site Management Plan (re: VCCs on various properties)
 - NPDES Permit for Stormwater
 - North Charleston MS4 Stormwater Permit
 - Various North Charleston building/encroachment permits
 - SCDOT encroachment permits
 - CSX ROE agreement

Appendix B – NBIF Property Update/Pending Litigation

1. *South Carolina Department of Commerce, Division of Public Railways v. Gateway Properties of Greater Charleston, LLC, et al, Civil Action No. 2017- CP-10-538*

The result of the circuit court trial was an approximately \$4.1 million verdict against Palmetto Railways. This matter is pending appeal, and the briefing has been concluded.

2. *South Carolina Department of Commerce, Division of Public Railways v. Chevron U.S.A. Inc., Civil Action Nos. 2020-CP-10-04537 and -04538*

The parties have been attempting to schedule a mediation for several months. Unfortunately, one of the attorneys for Chevron has had some personal issues, and that has slowed the scheduling process. John A. Massalon, Esquire, will be the mediator in this case.

3. *Applied Building Sciences, Inc. v. South Carolina Department of Commerce, Division of Public Railways, Civil Action No. 2019-CP-10-4387*

This case is currently on appeal by the plaintiff of the circuit court's order of summary judgment in favor of Palmetto Railways. Briefing has been concluded.

4. *John M. Parham, Jr. and Parham and Company, LLC v. South Carolina Department of Commerce, Division of Public Railways d/b/a Palmetto Railways, (SIC), Civil Action No. 2020-CP-10-03817*

This case is currently in the discovery phase. The Plaintiff has obtained an appraisal indicating damages in the amount of \$210,000.

5. *Caroline's Kitchen, LLC and Callie's Charleston Biscuits, LLC v. South Carolina Department of Commerce, Division of Public Railways d/b/a Palmetto Railways, Civil Action No. 2021-CP-10-04060*

This is an inverse condemnation claim. The complaint has been filed but no answer has been filed as of September 30.

Appendix C – NBIF Mitigation Update

Environmental Mitigation

- Mitigation for the impacts of the NBIF project required by USACE 404 Permit/DHEC Critical Area Permit had two components:
 - (1) Purchase of 86.3 credits from designated mitigation bank.
 - This was accomplished by Palmetto Railways on January 15, 2020:
 - Freshwater wetland credits purchased from Big Run mitigation bank.
 - (2) Permittee Responsible Mitigation Plan
 - Kings Grant Property in Dorchester County
 - Former golf course, adjacent to Ashley River
 - Restoration work required
- Kings Grant Property was purchased by the Open Space Institute funded by and for the benefit of Palmetto Railways.
 - OSI will hold title until restoration work is complete.
 - Permanent conservation easement has been recorded for the property.
 - Property will then be transferred to the City of North Charleston as owner and long-term steward.
 - Lord Berkeley Conservation Trust hold the easement.
 - Site plans are underway for restoration construction activities.
 - Expected to be under contract by spring of 2022 per existing nationwide permit issued by US Army Corps of Engineers

Community Mitigation

- Memorandum of Agreement between Palmetto Railways and:
 - Chicora-Cherokee Neighborhood Association;
 - Union Heights Community Council;
 - LAMC; and
 - Metanoia Community Development Corporation.
- Various funding requirements:
 - Totaling \$4,000,000
 - Status of funding by Palmetto Railways:
 - \$400,000 paid to date (\$300K per Palmetto’s March 2021 schedule and an additional \$100K paid in September by Palmetto Railways and reimbursed by SCPA).
 - Potential for additional funding requirement for permit modification; status under consideration.
- Other non-monetary commitments



Appendix D - Detailed Project Budget - Side by Side Comparison NBIF

USES OF FUNDING

	Briefing Memo - July 20,2020			SCPA Estimates to Complete - August 2021					SCPA Estimate Analysis Notes:
	Original	Adjustment	Current	Budget	Add'l Exposure	Adj. Budget	Less Incurred Pre-Transfer ⁽¹⁾	Current	
COST ESTIMATES									
Facility Construction, Roads and Leads									Estimates provide by PR used in report were based upon D-B delivery. Assumed design was at 60% to calculate estimate of remaining design effort. Assume 10% increase in cost from previous estimates. Includes Rail, Ballast and Tie materials (\$11.2 M)
Intermodal Facility Construction	\$117,973,779		\$117,973,779	\$114,384,235	\$11,438,423	\$125,822,658	\$0	\$125,822,658	
Cosgrove-McMillan Overpass	\$23,750,051		\$23,750,051	\$23,027,417	\$2,302,742	\$25,330,159	\$0	\$25,330,159	
Hobson Road Adjustment	\$10,000,000		\$10,000,000	\$9,695,734	\$969,573	\$10,665,307	\$0	\$10,665,307	
Drayage Road (revised 8/25/21)	\$28,500,000		\$28,500,000	\$21,811,000	\$2,181,100	\$23,992,100	\$0	\$23,992,100	
Buildings	\$3,212,000		\$3,212,000	\$3,114,270	\$311,427	\$3,425,697	\$0	\$3,425,697	
	\$183,435,830	\$0	\$183,435,830	\$172,032,655	\$17,203,266	\$189,235,921	\$0	\$189,235,921	
Operating Equipment & IT Systems (TOS, etc.)	\$50,994,348		\$50,994,348	\$56,500,000	\$700,000	\$57,200,000	\$459,155	\$56,740,845	Costs taken from PR's 3/22/21 Budget
	\$234,430,178	\$0	\$234,430,178	\$228,532,655	\$17,903,266	\$246,435,921	\$459,155	\$245,976,766	
CONTINGENCY									
Original (Included in Project Budget at 5%)	\$0	-\$7,683,000	-\$7,683,000						
Facility Construction, Roads, Leads (to 10%)	\$0	\$18,300,000	\$18,300,000	\$17,203,266	\$1,720,327	\$18,923,592	\$0	\$18,923,592	Straight 10% of total construction costs
Equipment (to 10%)	\$0	\$5,031,000	\$5,031,000	\$4,674,085	\$0	\$4,674,085	\$0	\$4,674,085	Straight 10% of crane costs only (\$46,740,845)
	\$0	\$15,648,000	\$15,648,000	\$21,877,350	\$1,720,327	\$23,597,677	\$0	\$23,597,677	
COSTS DETERMINED BY CONTRACT OR SUBSTANTIAL COMPLETION									
Property Acquisition (Revised 8/26/21)	\$62,793,607		\$62,793,607	\$52,241,307	\$12,397,451	\$64,638,758	\$49,241,307	\$15,397,451	PR 3/22/21 Budget & SCPA Estimate PR Budget (3/22/21) and SCPA est. 40% design remain to complete plans Cost from Advanced Work Package (CDM Smith OOPCC+10%) PR 3/22/21 Budget & SCPA Estimate Water (Phase 2 and 3)and Sewer - HGB Estimate used
Project Development & Design Costs	\$25,914,394		\$25,914,394	\$27,372,000	\$5,581,333	\$32,953,333	\$26,520,634	\$6,432,700	
Site Demolition & Surcharge	\$14,967,186		\$14,967,186	\$14,874,685	\$5,878,000	\$20,752,685	\$14,874,685	\$5,878,000	
Mitigation (Revised 8/26/21)	\$11,227,314		\$11,227,314	\$11,177,000	\$13,188,000	\$24,365,000	\$3,724,384	\$20,640,616	
Utility Relocation	\$7,301,842		\$7,301,842	\$11,907,000	\$0	\$11,907,000	\$0	\$11,907,000	
	\$122,204,343		\$122,204,343	\$117,571,992	\$37,044,784	\$154,616,776	\$94,361,010	\$60,255,767	
OTHER									
Class 1 Access from South									SCPA Estimate based on discussions with CSX/NS N/A N/A
Originally Included in Project Budget		-\$10,000,000	-\$10,000,000						
Revised		\$50,000,000	\$50,000,000	\$50,000,000	\$25,000,000	\$75,000,000	\$0	\$75,000,000	
Capitalized Interest		\$13,500,000	\$13,500,000						
Intergovernmental Loan Reimbursement	\$51,000,000		\$51,000,000						
<i>Rail, Ties and Ballast cost Increases</i>				\$0	\$9,000,000	\$9,000,000	\$0	\$9,000,000	<i>Since 1/2021, Steel Costs have doubled. Est. of material cost escalation</i>
<i>Dominion Energy Substation/Utility Extension</i>				\$7,000,000	\$0	\$7,000,000	\$0	\$7,000,000	<i>Dominion Energy Agreement</i>
<i>Construction Management</i>				\$15,138,874	\$0	\$15,138,874	\$0	\$15,138,874	<i>CE&I Estimate (approx. 8% of construction cost)</i>
	\$51,000,000	\$53,500,000	\$104,500,000	\$72,138,874	\$34,000,000	\$106,138,874	\$0	\$106,138,874	
TOTAL	\$407,634,521	\$69,148,000	\$476,782,521	\$440,120,871	\$90,668,376	\$530,789,248	\$94,820,165	\$435,969,083	

⁽¹⁾ Total incurred was provided by Palmetto Railways in March 2021. SCPA has not received backup or additional financial information.



Appendix D - Detailed Project Budget - Side by Side Comparison Barge (HLT & WWT Wharf)

USES OF FUNDING

	SCPA Estimates to Complete - August 2021					SCPA Estimate Analysis Notes:
	Budget	Add'l Eposure	Adj. Budget	Less Incurred Pre-Transfer	Current	
Hugh Leatherman Terminal Improvements (HLT)						
COST ESTIMATES						
Facility Construction						Wharf Road currently under contract, not in this project Based upon preliminary cost from ZPMC Based upon current Construction Proposal Moving STS Crane 28 from WWT to HLT
HLT Wharf Extension	\$70,600,000		\$70,600,000	\$0	\$70,600,000	
Ship-to-Shore Cranes (2)	\$25,000,000		\$25,000,000	\$0	\$25,000,000	
Additional Container Yard	\$9,000,000		\$9,000,000	\$0	\$9,000,000	
Relocate/Re-power existing STS Crane	\$1,500,000		\$1,500,000	\$0	\$1,500,000	
			\$0	\$0	\$0	
	\$106,100,000		\$106,100,000	\$0	\$106,100,000	
IT Systems (TOS, etc.)	\$1,400,000		\$1,400,000	\$0	\$1,400,000	IT Cost split between HLT and WWT
	\$107,500,000	\$0	\$107,500,000	\$0	\$107,500,000	
CONTINGENCY						
Facility Construction	\$3,980,000	\$0	\$3,980,000	\$0	\$3,980,000	Straight 5% of total construction costs
Equipment (new only)	\$1,250,000	\$0	\$1,250,000	\$0	\$1,250,000	Straight 5% of new STS cranes only
	\$5,230,000	\$0	\$5,230,000	\$0	\$5,230,000	
COSTS DETERMINED BY CONTRACT OR SUBSTANTIAL COMPLETION						
Project Development & Design Costs	\$3,000,000	\$0	\$3,000,000	-\$2,000,000	\$1,000,000	Wharf and Wharf Road design currently under contract (\$2M), not in this project budget. The remaining is for design of the add'l container yard
	\$3,000,000	\$0	\$3,000,000	-\$2,000,000	\$1,000,000	
OTHER						
Construction Management	\$3,980,000	\$0	\$3,980,000	\$0	\$3,980,000	CE&I Estimate (approx. 5% of constuction cost)
	\$3,980,000	\$0	\$3,980,000	\$0	\$3,980,000	
TOTAL	\$119,710,000	\$0	\$119,710,000	-\$2,000,000	\$117,710,000	

	SCPA Estimates to Complete - August 2021					SCPA Estimate Analysis Notes:
	Budget	Add'l Eposure	Adj. Budget	Less Incurred Pre-Transfer	Current	
Wando Welch Terminal Improvements (WWT)						
COST ESTIMATES						
Facility Construction						Moving STS Cranes 31 & 32 from work area to wharf
WWT Wharf Extension	\$32,600,000		\$32,600,000	\$0	\$32,600,000	
Relocate/Re-power existing STS Cranes	\$1,000,000		\$1,000,000	\$0	\$1,000,000	
			\$0	\$0	\$0	
	\$33,600,000		\$33,600,000	\$0	\$33,600,000	
IT Systems (TOS, etc.)	\$1,400,000		\$1,400,000	\$0	\$1,400,000	IT Cost split between HLT and WWT
	\$35,000,000	\$0	\$35,000,000	\$0	\$35,000,000	
CONTINGENCY						
Facility Construction	\$1,630,000	\$0	\$1,630,000	\$0	\$1,630,000	Straight 5% of total construction costs
Equipment (new only)	\$0	\$0	\$0	\$0	\$0	
	\$1,630,000	\$0	\$1,630,000	\$0	\$1,630,000	
COSTS DETERMINED BY CONTRACT OR SUBSTANTIAL COMPLETION						
Project Development & Design Costs	\$1,500,000	\$0	\$1,500,000		\$1,500,000	
	\$1,500,000	\$0	\$1,500,000	\$0	\$1,500,000	
OTHER						
Construction Management	\$1,630,000	\$0	\$1,630,000	\$0	\$1,630,000	CE&I Estimate (approx. 5% of constuction cost)
	\$1,630,000	\$0	\$1,630,000	\$0	\$1,630,000	
TOTAL	\$39,760,000	\$0	\$39,760,000	\$0	\$39,760,000	



Appendix E - Detailed Project Spend Schedule - Estimated Design/Construction and Draw Schedule

Project Component	Opinion of Probable Costs	Funding Obligated	2021	2022												2023												2024											
				FY 2022						FY 2023						FY 2024																							
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4																								
Navy Base Intermodal Facility (NBIF)																																							
Construction/Equipment Costs (Including Contingency)																																							
NBIF (Intermodal Facility + Buildings)	\$142,173,190.00	March-22			\$4,000,000	\$10,000,000	\$14,000,000	\$16,000,000	\$16,000,000	\$15,500,000	\$15,000,000	\$14,000,000	\$13,000,000	\$24,673,190																									
Cosgrove McMillan Overpass	\$27,863,175.00	February-22			\$1,500,000	\$2,000,000	\$2,500,000	\$2,500,000	\$3,000,000	\$3,500,000	\$3,300,000	\$3,000,000	\$3,000,000	\$3,563,175																									
Hobson Road Adjustment	\$11,731,838.00	February-21			\$500,000	\$1,000,000	\$1,050,000	\$1,100,000	\$1,350,000	\$1,400,000	\$1,450,000	\$1,350,000	\$1,350,000	\$1,181,838																									
Drayage Road	\$26,391,310.00	July-22					\$1,500,000	\$2,800,000	\$3,400,000	\$4,200,000	\$3,700,000	\$3,600,000	\$3,600,000	\$3,591,310																									
Operating Equipment & IT Systems																																							
Rail Mounted Widespan Gantry Cranes (6) at NBIF	\$51,414,930.00	January-22			\$10,282,986	\$10,282,986						\$10,282,986	\$10,282,986	\$10,282,986																									
IT Systems	\$10,000,000.00	April-23								\$1,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$1,000,000																									
Costs By Contract																																							
Property Acquisition/Legal	\$15,397,451.00	July-21	\$5,502,044	\$1,000,000	\$4,800,000	\$4,800,000	\$4,797,451																																
Project Development & Design (Complete Design/Bidding)	\$6,432,699.00	August-21		\$100,000	\$2,800,000	\$3,000,000	\$532,699																																
Site Demo & Surcharge	\$5,878,000.00	November-21			\$5,278,000	\$75,000	\$75,000	\$400,000	\$50,000																														
Mitigation	\$20,640,616.00	October-21	\$131,575		\$100,000	\$5,000,000	\$5,000,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$540,616																									
Utility Relocation	\$11,907,000.00	November-21			\$1,431,400	\$1,647,100	\$1,397,100	\$2,231,400	\$1,950,000	\$1,950,000	\$1,300,000																												
Other																																							
Class 1 Access from South (Design/Construction)	\$75,000,000.00	December-21			\$1,000,000	\$3,000,000	\$5,000,000	\$10,000,000	\$12,000,000	\$12,000,000	\$13,000,000	\$12,000,000	\$5,000,000	\$2,000,000																									
Dominion Energy Substation/Utility Relocations	\$7,000,000.00	January-22			\$7,000,000																																		
Est. Escalation for Rail Materials (rails, ties & ballast)	\$9,000,000.00	March-22			\$900,000	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000																									
Construction Management, CE&I Service	\$15,138,874.00	October-21			\$900,000	\$1,000,000	\$1,200,000	\$1,350,000	\$1,350,000	\$1,400,000	\$1,600,000	\$1,550,000	\$1,650,000	\$1,638,874																									
Hugh K. Leatherman Terminal Improvements for Barge (HLT)																																							
Construction/Equipment Costs (Including Contingency)																																							
HLT Wharf Extension	\$74,130,000.00	April-22				\$6,130,000	\$9,000,000	\$16,000,000	\$17,000,000	\$16,000,000	\$6,000,000	\$2,000,000	\$2,000,000																										
Additional Container Yard	\$9,450,000.00	April-22				\$2,800,000	\$2,500,000	\$2,150,000	\$2,000,000																														
Operating Equipment & IT Systems																																							
Ship-to-Shore Cranes (2)	\$26,250,000.00	January-22			\$5,250,000	\$5,250,000					\$5,250,000	\$5,250,000		\$5,250,000																									
Relocate/Re-power existing STS Crane (1)	\$1,500,000.00	July-23									\$500,000	\$1,000,000																											
IT Systems	\$1,400,000.00	July-23									\$400,000	\$400,000	\$300,000	\$300,000																									
Costs By Contract																																							
Project Development & Design (Complete Design/Bidding)	\$1,000,000.00	September-21		\$100,000	\$540,000	\$360,000																																	
Other																																							
Construction Management, CE&I Service	\$3,980,000.00	April-22				\$400,000	\$450,000	\$500,000	\$680,000	\$550,000	\$500,000	\$450,000	\$450,000																										
Wando Welch Terminal Improvements for Barge (WWT)																																							
Construction/Equipment Costs (Including Contingency)																																							
WWT Wharf Extension	\$34,230,000.00	October-22						\$4,500,000	\$6,000,000	\$7,000,000	\$7,100,000	\$5,600,000	\$4,030,000																										
Operating Equipment & IT Systems																																							
Relocate existing STS Crane (2)	\$1,000,000.00	January-24											\$1,000,000																										
IT Systems	\$1,400,000.00	July-23									\$400,000	\$500,000	\$500,000																										
Costs By Contract																																							
Project Development & Design (Complete Design/Bidding)	\$1,500,000.00	January-22			\$400,000	\$600,000	\$500,000																																
Other																																							
Construction Management, CE&I Service	\$1,630,000.00	October-22							\$200,000	\$300,000	\$315,000	\$315,000	\$300,000	\$200,000																									
			\$5,633,619	\$1,200,000	\$16,849,400	\$48,715,086	\$57,365,236	\$47,881,400	\$63,500,000	\$67,480,000	\$68,265,000	\$72,647,986	\$59,282,986	\$47,751,860	\$42,500,129																								
					\$124,129,722			\$247,126,400			\$222,182,961																												

Obligated Funds per FY	
FY2022	\$515,887,773.00
FY2023	\$72,251,310.00
FY2024	\$5,300,000.00

Status of the Provisions of the Intergovernmental Agreement and Projected Dates of Completion

- Documents and Information (IGA Section 2.1)
 - Transfer of documentation for permitting, contracting, design, construction and operation of the NBIF
 - **Executive Summary – Quarterly Status Update. Additional information in Appendices A, B & C.**
- Design (IGA Section 2.2)
 - Existing and effective contracts and agreements related to design of NBIF
 - **Executive Summary – Quarterly Status Update. Additional information in Appendices A, B & C.**
 - Changes in design for tracks and real property; joint agreement with Palmetto Railways
 - **Design is under review.**
- Bid, award, and construction of NBIF and associated infrastructure (IGA Section 2.3)
 - Cosgrove McMillan Overpass
 - Hobson Avenue and Bainbridge Avenue
 - Private Drayage Road
 - Southern Rail Access
 - Other roadway improvements in NBIF design and construction plans
 - Equipment, goods and services
 - **Executive Summary – Financial Update. Additional information in Appendices D & E.**
- Operation of NBIF (IGA Section 2.4)
 - Contracting for any and all equipment, goods and services
 - **Under review.**
 - Drayage services
 - **Under review.**
 - Train movements
 - **Under review.**

- Permitting, Property, and Litigation Liabilities (IGA Section 2.5)
 - All permits transferred from PR to Ports Authority
 - **Executive Summary – Quarterly Status Update and Appendix A.**
 - Finalize Mitigation Requirements
 - Wetlands, community obligations, historic preservation, DHEC
 - **Executive Summary – Quarterly Status Update and Appendix C.**
 - Property acquisition and mitigation agreement with City of Charleston
 - **Executive Summary – Quarterly Status Update and Appendix C.**
 - Pending litigation on Tracts 11, 23S, 31S, and 33S; tenant relocation issue; inverse condemnation and trespass complaints
 - **Executive Summary – Quarterly Status Update and Appendix C.**
 - Transfer of properties to Ports Authority
 - **Executive Summary – Quarterly Status Update and Appendix C.**
 - Property transfer survey
 - JBRC and SFAA Approval
 - **Executive Summary – Quarterly Status Update and Appendix C.**
 - Cost determinations for track maintenance
 - **Under review.**
- Procurement (IGA Section 2.6)
 - General - any equipment, goods, and services for design, construction, and operation
 - **Under review.**
 - Information Technology
 - **Under review.**
 - Widespan Cranes
 - **Under review.**
- Transfer of title, ownership, and rights pertaining to all personal property, chattel, and assets related to NBIF to Ports Authority (IGA Section 2.7)

- To be enumerated in an assignment and assumption agreement
 - **Executive Summary Quarterly Status Update and Appendix B.**

- Cost and Funding (IGA Section 2.8)
 - Notifications to JBRC and SFAA
 - Amount required to defray costs of the infrastructure (see format attached)
 - **Under review.**
 - Description of the Infrastructure
 - **Appendices D & E.**
 - Tentative time schedule for expenditures
 - **Executive Summary Financial Update & Appendix E.**
 - Form of Joint Resolution, if applicable
 - Reimbursement of eligible expenditures, if applicable
 - **Executive Summary Financial Update.**
 - **Request for reimbursement.**
 - Proceeds of sale of properties under contract
 - **Executive Summary Quarterly Status Update & Appendix B.**
 - Description of property retained by Palmetto Railways
 - **Palmetto Railways to respond.**
 - Status of pending litigation, costs and expenses, determination of settlement participation and consents, determination of Ports Authority's cost and expense, status of TIF reimbursement by Palmetto Railways to City of North Charleston.
 - **Executive Summary – Quarterly Status Update and Appendices A, B & C.**
 - **Palmetto Railways to respond on TIF.**
 - Determination of transaction fee and basis for determination to be paid to Palmetto Railways for costs rendered, determination of absence of operating loss
 - **Under review.**
 - Any separate agreement contracted directly by Palmetto Railways with NSR or CSXT to perform services or work pursuant to separate agreement
 - **Palmetto Railways to respo**

- Other Matters concerning Design, Construction and Operation of Intermodal Facility (IGA Section 2.9)
 - Identification and reporting of any matters not specifically addressed in agreement

- **Under review.**
- Reporting (IGA Section 2.10)
 - Quarterly progress reports for implementation of each facility or component
 - Ports Authority
 - Commerce
 - Barge Operation
 - **Executive Summary Quarterly Status Update.**
 - Projected Net Revenue - Exhibit A (missing)
 - **Under review.**
- Other Material Terms (IGA Section 3.0)
 - Any unresolved disputes contemplated by IGA Section 3.6.
 - **TBD.**

Requirements Pursuant to Proviso 118.20 of 2021-22 Appropriations Act

118.20. (SR: State Ports Authority Projects) Any funds appropriated or authorized for the State Ports Authority by Proviso 118.18 (Nonrecurring Revenue) for the intermodal container transfer facility and waterborne cargo infrastructure must be deposited into a separate and distinct account and shall only be used for costs directly related to those two projects. Funds shall not be used for salaries, bonuses, or any kind of normal administrative costs. Funds shall not be used for personnel expenses not directly related to the implementation of the two projects. In addition, the State Ports Authority shall provide quarterly progress reports on the implementation of each facility to the Joint Bond Review Committee, the President of the Senate, the Speaker of the House of Representatives, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee. These quarterly reports shall include, but are not limited to, financial results, operating plans, budgets, capital plans, and performance objectives and results for the projects. The Joint Bond Review Committee must review and provide comment on expenditures, and may prescribe the reporting format and such other informational requirements and reports as it deems useful and necessary, to ensure the financial integrity, accountability, and stewardship of the funds and the ongoing operations of the project. To the extent permitted by federal law, if federal funds become available to the State that can be used for the Intermodal Container Transfer Facility or for Waterborne Cargo Infrastructure, those federal funds must first be used to complete the project. Any remaining state funds appropriated for these projects shall be transferred to a restricted account at the Department of Administration.

- Quarterly progress reports on the implementation of each facility, including
 - Financial results
 - Provide a comparison of revenue and expenditures to construction and operating budgets and performance objectives, initially on a quarterly basis until operations begin; thereafter, on a reporting frequency as determined by JBRC. Also see Budgets and Performance Objectives below.
 - **Executive Summary Financial Update & Appendix E.**
 - Operating Plans
 - Initially, describe the delineation of responsibilities between the Ports Authority and Palmetto Railways; thereafter, provide quarterly updates on progress of implementation
 - Provide pro forma financial impact of operating plans
 - **Executive Summary Financial Update and under review.**

- Budgets
 - Initially, provide a detailed construction budget, by fiscal year, for all components of the Intermodal Facility, including the barge operation.
 - **Executive Summary Financial Update and Appendices D & E.**
 - Provide an operating budget, by fiscal year, delineated by lift and rail operations, and establishing cost structure and conformance with IGA Section 2.8
 - **Under review.**
 - Provide a variance analysis with budget and year-over-year comparisons
 - **Executive Summary Financial Update and Appendices D & E.**
- Capital Plans
 - Provide the implementation timeline for each component and future capital investments, identifying nature of expenditure, amount, and funding source
 - **Executive Summary Financial Update and Appendices D & E.**
- Performance Objectives
 - Capacity targets and results
 - **Under Review.**
 - Revenue and expenditure targets and results
 - **Under Review.**
 - Other operating objectives
 - **Under Review.**
- Federal funding
 - **Quarterly Status Update.**
- Timeline for Implementation
 - Deadlines and milestones by component
 - **Executive Summary Financial Update and Appendices D & E.**
 - Variance reporting, slippage, costs of delay
 - **Executive Summary Financial Update and Appendices D & E.**