

**Fiscal Year  
2019**



**Operating &  
Capital Budget**



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Hancock County Port and Harbor Commission  
Mississippi**

For the Fiscal Year Beginning

**October 1, 2017**

*Christopher P. Morill*

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished budget Presentation Award to Hancock County Port and Harbor Commission for its annual budget for the fiscal year beginning October 1, 2017.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is only valid for a period of one year. We believe that our current budget continues to conform to the requirements of the program, and we are submitting it to the GFOA to determine its eligibility for another award.

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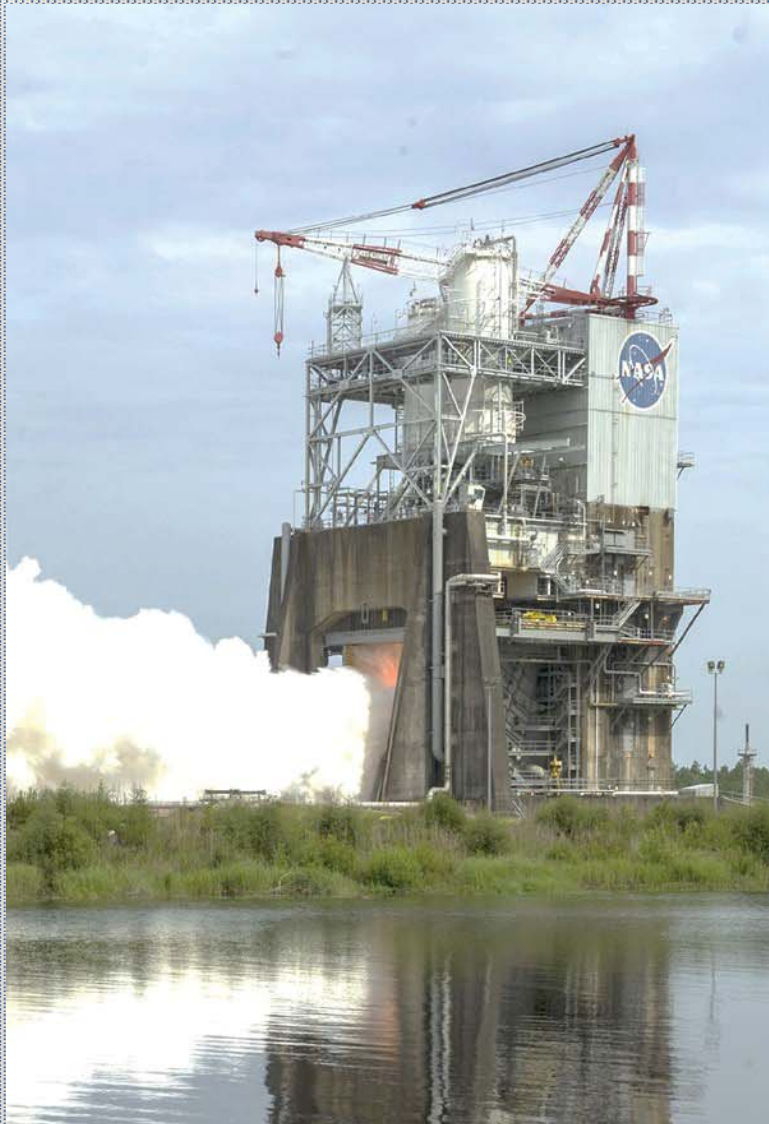
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# INTRODUCTION AND OVERVIEW







HANCOCK COUNTY PORT & HARBOR COMMISSION

Economic Development • Stennis International Airport • Port Bienville Industrial Park • Port Bienville Railroad

DATE: August 27, 2018

TO: Hancock County Port and Harbor Commissioners and Staff  
Hancock County Board of Supervisors  
The Citizens of Hancock County, Mississippi

Fiscal Year 2019 Budget for the Hancock County Port and Harbor Commission

**Background**

On behalf of the staff of the Hancock County Port and Harbor Commission (HCPHC) and for the benefit of the great people of Hancock County, Mississippi, please accept and adopt this budget for Fiscal Year 2019, which begins on October 1, 2018 and ends on September 30, 2019. The HCPHC is privileged to be of service to the good citizens of Hancock County and contribute in significant ways to the economy of Mississippi and the broader coastal region. We do this through the stewardship of Port Bienville (maritime port and industrial park) and the Port Bienville Railroad, Stennis International Airport and Airpark, and through close collaboration with the federally controlled Stennis Space Center and recruitment and attraction of commercial and government interests there and throughout Hancock County.

This budget reflects the principal goal of leveraging our resources to assist the private sector in creating ***Jobs, Tax Base and Revenue*** and thus enhance the economic development and business climate of Hancock County, while sustaining our ongoing operations without the need for ad valorem taxpayer support.

As Fiscal Year 2018 ends, we are pleased to report that those results are positive. Companies located at Port Bienville, Stennis International Airport and Stennis Space Center account for 6,149 jobs, an increase of 2% over last year. These companies pay 27% of the County's total ad valorem property tax. These same companies and their uses of HCPHC assets generated a projected \$9.2 million in revenue from operations to sustain our organizational objectives.

We enter 2019 with an estimated unrestricted net cash balance of \$18.2 million, which will position us to address the strategic objectives contained in our short and long-term plans.

**Business Policies and Strategies**

While the financial stability and success of HCPHC is critical to continuing operations of infrastructure and services at its own facilities, it is also critical to Hancock County's recruitment of new industry and expansion of existing business. During the Fiscal Year 2018 budget workshop, the Commission concluded that three fundamental areas of focus were going to be key to our success moving forward. These sub objectives of our August 2017

Strategic plan were the focus of our activities in 2018 and will continue to evolve in 2019.

While our categories of implementing objectives will always align with two distinct areas – Asset Development and Market/Economic Development – the Commission continues to place emphasis in the coming years on three distinct sub objectives:

- Focused investment and marketing of the Port Bienville Industrial Canal and growth in wharfage and dockage fees and related services.
- Spaceport feasibility and new mission growth at Stennis International Airport.
- Assessing the feasibility of implementing a partnership with Stennis Space Center (SSC) for the development of an industrial park within the Fee Area of SSC to create an upland industrial complex tied to the aerospace sector.

In FY 2018, we made considerable progress in advancing those objectives. This FY 2019 budget narrative will highlight the progress in these and other areas and place emphasis on the work that will need to be done to advance these objectives even further. In addition, we will note key variances in current operational and capital plans that address shifts in markets and other conditions.

#### **Long -Term Financial and Business Planning**

Consistent with the direction of the Commission’s overarching strategic plans and long-standing policy, the categories of objectives are divided into two distinct areas: Asset Development and Market/Economic Development.

Asset Development. The development of new product to put into the market is a key overarching goal of the Commission. All airport and port industrial park buildings are leased. While there are still thousands of developable acres to work as greenfield projects, key infrastructure at the port are in dire need of improvement. The overall asset development program involves multi-year strategies that include the following elements:

*Life Cycle Management Planning* – Improvements of existing buildings and infrastructure to serve current and future markets. In FY 2017, we successfully launched a five-year capital investment strategy that began to address deferred life cycle maintenance across our asset base. In FY 2018, we achieved noteworthy success in the continued implementation of that program, as described in more detail in our departmental budget narratives.

*Master Planning and Long-Term Capital Investment* – In FY 2017 the Commission approved an investment in the development of new master plans for the port and airport. They also approved the development of an Aviation and Aerospace Optimization Plan. The Aerospace Plan was successfully completed in FY 2017 by Vision First Advisors, and elements of that plan were included in our budget for implementation in 2018 and will continue for 2019. Foundational work on our masterplans has begun with initial procurement of the professional engineering and planning firms now complete. Various task orders to characterize baseline conditions are also underway. However, in the first quarter of 2018, the Commission opportunistically acquired 1,200 acres adjacent to Stennis International Airport. The acquisition slowed the master planning work somewhat in early 2018 while that was going on. Large scale prospect activity at Port Bienville had a similar effect, so we were forced to

redirect some resources to address these matters. Furthermore, the over \$35 million in capital projects planned for 2018 have either been completed or started. Due to the complex nature of the work and multiple funding sources and related compliance we were overwhelmed by administration and approval processes. This created further delays to our master plans but certainly advanced our capital investment program. On balance our master planning and capital programs are right where they need to be and we will continue implementation of these thoughtful programs into FY 2019.

*Operational Excellence* – Operational improvements were made in many areas in FY 2018, and our results were recognized, including: State of Mississippi's Top Economic Development Award for our Business Retention and Expansion Program; Recognition as an ACT Work Ready Community and achieving 93% of our two year goals in the first year; and the 2018 Railroad Jake Award for Outstanding Safety Performance. In addition, the Finance Department was recognized with back-to-back wins of the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for the Comprehensive Audited Financial Statements for three years running from FYE 2015 and FYE 2017 and was awarded the Distinguished Budget Presentation award for the FY 2018. The CAFR awards have only been awarded to 10 other public bodies in the State of Mississippi and the 2018 Budget Award is the only award given to a public body in the State in the last 4 years.

*Short-Term Factors, Priorities and Budget Overview* – Due to the diverse nature of the organization, our budget is organized so that the reader can easily identify the short-term factors, priorities and the directly related budget items. However, in short, the budget for the last several years has remained relatively constant. One might expect this with a fixed asset organization, fully subscribed. But our orientation for the future is growth. In addition to the investment in new product discussed in the details of the budget, we continue to pursue Market and Economic Development initiatives to facilitate that growth.

Market and Economic Development. Critical to our revenue planning is the development of a pipeline of renewals and new revenue generating opportunities. To do this the Commission and staff have adopted several innovative and forward-leaning programs to ensure success now and into the future.

*Business Retention and Expansion* – To protect and grow the business and industry already extant in Hancock County, the Commission implemented the Synchronist® system to evaluate our existing industries. In partnership with the Hancock Chamber of Commerce we surveyed another 60 of the largest industrial and service sectors companies in the County to determine what policies and services will support their long-term viability. This is in addition to the 60 companies we surveyed in 2017. A significant outcome of this program in FY 2017 was the need for a career and technical employee certification program. The ACT® Work Keys program was selected and in FY 2018 we implemented this program with representatives from industry and academia to certify the County as "Work Ready" by 2021. As mentioned earlier, this program won the State's top economic development award and to date we are at 93% of our goals and likely to be fully certified by early FY 2019, over 2 years ahead of plan. In FY 2019 we also plan to continue the interview process by doing follow up surveys of the first 60 companies we interviewed so we can begin trend evaluation of key criteria.

*Capitalize on Obvious Strengths* – As an epicenter for commercial space, aviation and unmanned systems research, development and testing an Aviation and Aerospace Optimization Plan was developed in FY 2017 and will begin implementation in FY 2018. A couple of key items with budgetary impact in FY 2018 were completed including participation and implementation in the Governor's Ocean Task Force (unmanned systems); development of a Spaceport Feasibility Study for Stennis Airport which demonstrated initial feasibility and leads us to implementation steps; and focused short-term master plan for the industrial canal at Port Bienville; and development of the Project Ready Sites in the Fee Area at Stennis Space Center for commercial investment. The expansions announced in 2017 at DAK Americas, Calgon Carbon, SNF Polychemie and others are underway or complete creating new careers and related tax and revenue benefits.

*Emerging Markets* – The Commission is constantly striving for new market opportunities. This includes the long-term development of a 26-mile rail extension from Port Bienville to Nicholson, MS, valued at \$120 million. The Draft Environmental Impact Statement for this project will be signed prior to the end of 2018 and will allow us to rapidly complete a nearly decade long effort of study and begin implementation. Development of the Project Ready Site at SSC and Spaceport Feasibility at the airport address these new market capture opportunities and our FY 2019 budget addresses our next steps. Dredging a new maritime approach from the mouth of the Pearl River (east fork) to Port Bienville and development of expanded capabilities at our primary dock at the mouth of the port (commonly referred to as the Linea dock) create opportunities for container on barge and related markets that the port cannot presently service. These permits are filed and working their way through the regulatory process. The same is true of the new hangars at the airport and the transload facility at the port. These new investments showcased throughout the FY 2018 budget address the Commission's excitement about new market capture and their advancement gives us new effort on similar projects to be completed in 2019. The purchase of 1,200 acres near the airport is adjacent to Interstate 10 and Hwy 603 interchange and offers us endless possibilities for new development. We plan to work toward development of a first of it's kind 1 million square foot distribution or manufacturing center pad on the same 1200 acre footprint. Finally, we look to address key revenue opportunities for truck/rail arbitrage by investigating the viability of a rail/truck/barge intermodal terminal and shuttle to New Orleans at Port Bienville as well as a new Flight school at the airport.

*Leverage Partnerships* – The Commission is renewing and reinvigorating its work with the Gulf Coast Alliance for Economic Development, the Hancock Chamber of Commerce, national/regional/local professional economic development organizations and the State Chamber of Commerce. Our close relationship with the Mississippi Development Authority has evolved our market development in chemicals and aerospace, and we took foreign direct investment trips with MDA to the UK and India. We plan to go to France and Switzerland and possibly return to India in 2019. Our partnership with Stennis Space Center is strong and growing. In 2018, we enhanced our relationship and as one senior leader of the center reported recently "the relationship between the Commission and Stennis is the strongest it has been in 15 years". We also strengthened our relationship with Hancock County municipalities, assisting on many projects and plan to expand that in 2019 through, for example, a commercial/retail recruitment cost sharing arrangement with the City of Diamondhead that will also benefit the City of Bay St. Louis.



## **Major Capital Initiatives**

Resources and Ecosystems Sustainability, Tourist Opportunities and Revived Economies (RESTORE) of the Gulf Coast States Act of 2012. In December 2015, Mississippi's Governor announced his nomination of projects under the RESTORE Act, two of which will be constructed and operated by HCPHC. In the Summer of 2017, the Department of Treasury awarded grants to the State of Mississippi for these projects. In 2018, the HCPHC and Mississippi Department of Environmental Quality, which is the grant recipient of the funds, executed a sub grantee agreement for the construction of the following projects:

*Terminal Hangar at Stennis International Airport.* \$2 million to construct a hangar adjacent to the SIA terminal building to be matched with approximately \$2 million by HCPHC. This new 24,000 square-foot building will be used to house aviation related storage, maintenance, repair or overhaul and could employ more than 20 people upon completion. Design of this hangar is complete and construction procurement is ongoing at this writing.

*Port Bienville Transload Facility.* This \$8 million construction project, paid for entirely by RESTORE funds, will produce a new wharf, dock and rail extension to facilitate maritime-to-rail transloading opportunities. This intermodal terminal will complement our other intermodal investments on a smaller scale as presented in the more detailed budget discussion for the Port and Railroad. A design competition was conducted for this project in 2018 and the design is now underway.

*Aerospace Academy/Pearl River Community College Expansion.* Although not directly funded by or through HCPHC, this new facility in Hancock County has been promoted by and through HCPHC. The Governor announced in early 2018 that this project will be funded with approximately \$2.5 million of the \$5 million needed to build the first phase of the campus within the Stennis Airpark. We are presently awaiting the Governor's decision to provide the remaining funds during this grant award period.

Community Development Block Grant. The last remaining Hurricane Katrina CDBG funds for Hancock County were awarded to HCPHC for a \$9 million reconstruction of the main dock at the mouth of Port Bienville (commonly referred to as the Linea Dock). This project will reconstruct the damaged dock and extend its length by 300 feet. This investment along with our dredging investment will facilitate increased draft barge/shipping traffic into the port and expand the types of vessels and cargo that frequent the port. Design on the dock is complete and construction is now underway with a completion date in Q2 2019.

Federal Aviation Administration. In FY 2017, we broke ground on an approximately \$5 million runway overlay project at Stennis Airport. This program is essential to the long-term life expectancy of this key asset. In FY 2018 we completed this project and are now completing ancillary features such as lighting and upgraded air traffic control equipment. Future FAA-funded projects are included in our capital plan and are detailed in the departmental budgets. FAA funding for infrastructure and for the contract tower at KHSa are critical for our ongoing success. Yet, this funding stream is always subject to federal threats of reduction. Stennis International Airport is one of only a handful of small airports in Mississippi that can claim a positive net income from operations. Yet this income is not sufficient to address long-

term depreciation. Sustainability of the airport will rely on growth and new revenue opportunities and this budget reflects new investments in things like a Spaceport feasibility study and the development of an assault landing strip.

Other projects. Numerous new projects to address life cycle maintenance and related investments are detailed in the budget but new strategic investments include:

- Construction of a new corporate hangar at the airport.
- Site Ready certification of a pad on the 1,200-acre acquisition area to house either a one million Square Foot Distribution Center or several aerospace manufacturing facilities.
- Spaceport licensure with the Federal Aviation Administration.
- Preconstruction business and site planning for a large-scale truck/rail/barge intermodal and rail shuttle facility at Port Bienville to fast track container freight to the Port of New Orleans.

All of these projects are key implementation steps to perpetuate the primary sub objectives discussed earlier.

### **Conclusion**

This 2019 fiscal year budget presentation reflects the work of nearly everyone at HCPHC as well as the staff at the County Board of Supervisors. Both the Operational Budget and the Capital Improvement Plan Budget elements have been workshopped with the Commission and presented in multiple public forums. Our Capital budget was an all-day workshop done in a mobile workshop fashion where Commission and the County officials and the general public were invited to “walk” the project sites and see firsthand the recently completed, work-in-progress, and proposed projects. We are excited about the future and the rare opportunity to leverage a sound financial position into future jobs, tax base and revenue for the benefit of Hancock County, the State of Mississippi and the broader coastal region.

Respectfully submitted,



William V. Cork  
Chief Executive Officer



Janet Sacks, CPA  
Chief Financial Officer

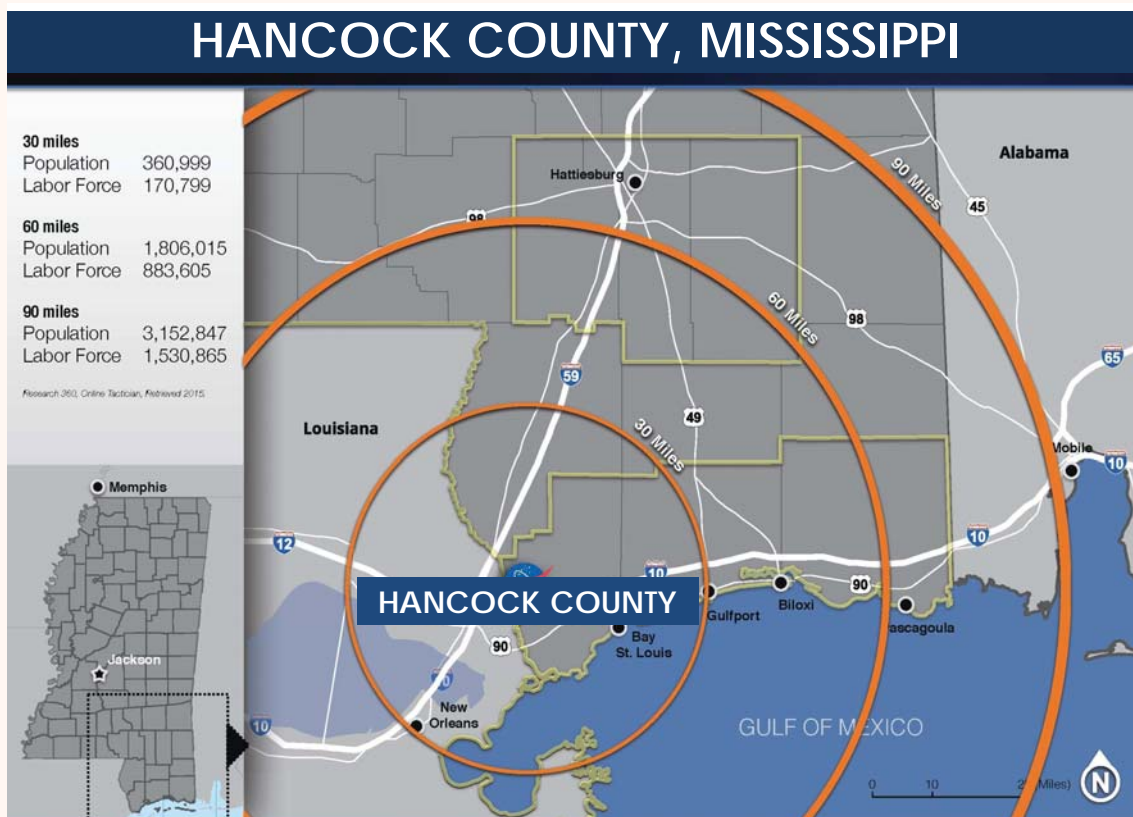
## LIST OF OFFICIALS

### Board of Commissioners

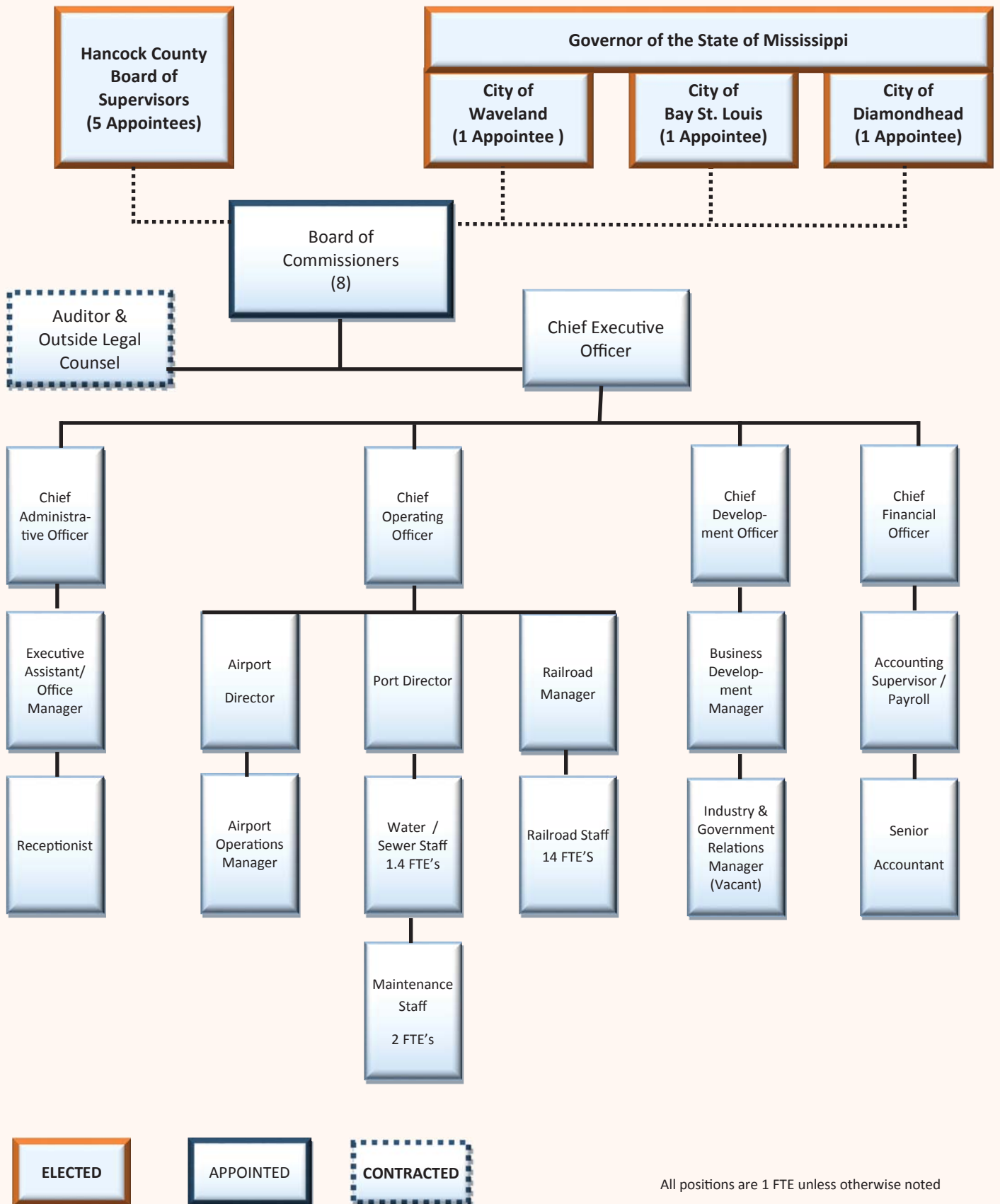
Robert R. Kane	President
Jon W. Ritten, Jr.	Vice President
Daryl Cornell	Treasurer
Paula C. Jordan	Secretary
David D. Malley	Commissioner
Christopher R. "Packer" Ladner	Commissioner
Bob Swanson	Commissioner
Tom Koger	Commissioner

### Executive Staff

Bill Cork, M.U.P.	Chief Executive Officer
William P. Cotter Jr., C.M.	Chief Operating Officer
Ronnie Wade Robertson, J.D.	Chief Administrative Officer
Janet E. Sacks, C.P.A.	Chief Financial Officer
Janel L. Carothers	Chief Development Officer
Beau Gex	Director of Port Bienville Industrial Park
Kevin Carlisle	Director of Stennis International Airport



## ORGANIZATIONAL CHART



All positions are 1 FTE unless otherwise noted

## BUDGET DOCUMENT AND OVERVIEW

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This section is intended to assist readers not familiar with the HCPHC budget or governmental enterprise budgeting. It provides a quick overview of how the budget is organized and what information is included. HCPHC's budget is divided into the following major sections:

### [INTRODUCTION AND OVERVIEW](#)

This section contains the budget message that provides an overview of the budget process and highlights the Commission's budget strategies and major issues that affect the development of the annual budget. This section also includes a discussion of the Commission's strategic plan and goals which are documented in more detail throughout the various sections. A consolidated budget summary, fund balance summary by department, and consolidated budget detail report are presented in this section.

### [FINANCIAL STRUCTURE, POLICY AND PROCESSES](#)

This section provides a brief description of each of the Commission's four departments and summarizes the comprehensive financial and risk management policy adopted in 2015.

### [OPERATING AND CAPITAL FINANCIAL SUMMARIES](#)

This section presents each department's operating and capital budgets. Actual historical revenues and expenditures are presented for comparative purposes as well as illustrative tables, charts and graphs.

This section is also intended to provide a deep dive into each department's recent accomplishments, future goals and strategies, and the relationship between those goals and the operating and capital budget numbers presented.

The capital budget outlines proposed projects for a four-year period and includes estimated costs and anticipated sources of funds. Narrative descriptions of each project including intended use and necessity are included.

### [SUPPLEMENTAL INFORMATION](#)

This section is intended to provide some context in which the Commission operates. Demographics and statistics about the community are provided. Also presented are definitions of budget terms and acronyms used throughout this document.



## BUDGET SCHEDULE AND PROCESS

June 13	• 2019 Strategic Planning Session
July 23	• Operations Budget Workshop
August 8	• Capital Budget Workshop
August 27	• Budget Approval - Commission
September 4	• Budget Approval - Board of Supervisors
October 1	• Fiscal Year 2019 Budget Effective Date
October 10	• Fiscal Year 2018 Budget Amendment Approval - Commission
October 15	• Fiscal Year 2018 Budget Amendment Approval - Board of Supervisors

The budget adopted by the Commission shall be balanced so that estimated operating expenditures do not exceed estimated operating revenues available for appropriation. While the Commission's financial statements are prepared on a full accrual basis of accounting the budget is prepared on the modified accrual basis and assumes that prior years' ending fund balances may be utilized to balance the budget. This budgetary modified accrual basis differs predominately from full accrual in that capital expenditures are recognized at the time the expense is incurred.

The annual budget provides an operating, non-operating and capital financial plan to the Commission and the County Board of Supervisors for approval. The CEO has overall responsibility for preparing and presenting the annual budget to the Commission and Board of Supervisors. The CFO is responsible for coordinating the overall preparation and administration of the Commission's annual budget process and together with the CEO will present the draft budget to the Commission for consideration, amendment and ultimate approval. Department Directors have primary responsibility for formulating budget proposals within their departments.

Each year staff workshops the operating and the capital budgets separately with Commissioners and members of the public during separate meetings

beginning in July following the annual strategic planning session in June. The draft budget which will include operations, non-operations and capital is presented to the Commission in August of each year for approval at the last August Commission meeting. Final approval by the County Board of Supervisors follows in September of each year.

Commission staff shall keep expenditures within the limits set by the consolidated departmental budget line items. The Commission may amend the budget by accepting and spreading the amendment on the minutes and receiving approval of any amendment from the County Board of Supervisors. In the event that departmental budget line items are exceeded, Directors may, with the expressed written permission of the CFO, redirect funds from other line items to offset those exceedances. However, at no time shall a consolidated line item be exceeded without prior amendment of the budget.

The CFO will seek to obtain the Government Finance Officers Association Distinguished Budget Presentation Award each year. The Budget will be presented in a way to maximize transparency to the public and other interested parties.

Staff will present the Commission with a final amended budget in October of each year for the preceding fiscal year and in accordance with State requirements.

## BUDGET HIGHLIGHTS AND SUMMARY

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This budget document was prepared after analyzing and evaluating requests from each department, and represents departmental financial support for the upcoming fiscal year as approved by the Commission. Estimates are conservative but realistic and are based on contractual rights and responsibilities, historical trends, and activity forecasts provided by tenants.

The basis of accounting used for the budget is modified accrual while the Commission's financial statements are reported on a full accrual GAAP basis of accounting. The budget basis of accounting differs from the GAAP basis in that principal payments on debt are included in expenditures, depreciation expense is not included in expenditures and expenses related to capital projects that GAAP requires be classified as an asset in the financial statements and depreciated to expense over a period of years, are classified as an expense for budget purposes.

### REVENUES

Commission revenues include those collected through formally adopted tariffs for port and rail services and published rates and charges as applied to airport and water/sewer services. The Commission also leases warehouses, hangars, land and other infrastructure assets. The Commission receives no tax revenue and operates 100% from service and asset based revenue. Budgeting revenue requires some assumptions but may also be supported by contractual obligations of existing tenants with long-term agreements (those greater than one year). Those line items for which assumptions are made include service fees such as railroad junction settlements, airport fuel flowage or port wharfage and dockage. The assumptions underlying budgeted revenue are driven in large part by our business retention and expansion program which constantly monitors business practices of Commission customers. Historical trend data will also effect service revenues.

The 2019 operations assume revenue will be flat over 2018's projections and will decrease 8% from 2017 actual. Rental revenue has decline as negotiations with tenants for the lease of warehouse space at Port Bienville Industrial Park have not concluded and may leave nearly 50,000 square feet vacant. Wharfage and Dockage is expected to remain flat after a significant decrease in 2018 as Port tenant SSA programmed alternative transport logistics. Some tenants of Port Bienville Industrial Park are moving more product via truck, reducing rail revenue from 2017. We expect to recapture some of this reduction as tenant expansions come online in 2019 and as staff continue to collaborate with CSX on rail pricing.

### EXPENSES

Several key strategic initiatives are driving the 32% and 36% increase in total operating expenses over 2018 as projected and 2017 actual.

A \$240,000 "cost of sales" line item has been added to provide flexibility in funding the many and varied items related to prospect attraction and vetting. We differentiate this line item from our marketing budget in that the dollars for marketing cast a wide net that may be industry directed but not entity specific. Cost of Sales will be drawn upon to finance prospect specific needs for sites, workforce, and/or analyses.

We're seeing a fairly steep increase in fuel prices which are reflected in the supplies budget.

The Commission is in the process of procuring 3 new locomotives which are expected to provide more efficiency in time and fuel. While it's not yet certain whether they will be purchased or leased the operations and capital budgets reflect a leasing alternative which under current GAAP require both balance sheet and income statement treatment.

## BUDGET HIGHLIGHTS AND SUMMARY

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Strategic investments in master planning for the airport and port planned for 2018 have carried over into 2019. Opportunities to benefit from innovations in unmanned systems and space exploration necessitate the airport investment. Strategies to reform Port Bienville's maritime business are essential for prospect attraction and revenue diversity as two new (\$17 Million) docks will open up for transloading. In an effort to provide tenants more efficient and cost effective rail transport the Commission budgeted the estimated cost of outside industry expertise to strategize and model alternatives between Port Bienville Industrial Park and the New Orleans Public Belt. Capital planning into 2019 and beyond is expected to be altered to reflect the outcome of those initiatives.

Contracts with the airport's firefighters have remained fixed for approximately 10 years. An increase in those contract amounts has been budgeted to remain competitive with other ARFF locations.

Personnel costs represent 46% of 2019's operating budget as compared to 53% and 55% in 2018 and 2017, respectively. 2019's personnel budget includes a 2% increase in base wages and 2 vacant positions.

Employee benefit policy changes have also impacted the personnel budget which will become effective with the upcoming health plan renewal on December 1, 2018. Commission policy now reflects a percentage of medical, dental, vision and long-term disability insurance premiums to be borne by employees at increasing percentages over the next three years. Ultimately the costs to employees will equal 15% for the employee's portion of medical premiums and 45% for the dependent coverage portion of medical premiums and 100% of the premiums for dental, vision, and long-term disability. The previously funded health reimbursement account used to buffer the employees from the high deductible medical plan will be phased out entirely. The estimated and budgeted effect on 2019's benefits cost is a reduction approximating \$45,000.

## CONSOLIDATED BUDGET SUMMARY

	Prior Year	2018		
	Actual			Budget
	2017	Budget	Projected	2019
TOTAL RESOURCES IN				
Use of Money & Property	\$ 3,843,215	\$ 3,521,842	\$ 3,851,099	\$ 3,641,870
Charges for Services	5,816,352	5,442,360	5,058,357	5,250,039
Other Operating Revenue	357,349	304,095	303,992	320,073
Non-Operating Revenue	140,008	112,861	128,205	50,999
Grant Revenues	2,451,069	27,920,877	6,749,443	30,116,687
Lease Financing	-	-	-	1,060,000
Notes Receivable (Principal)	162,814	169,041	206,391	15,103
TOTAL RESOURCES IN	12,770,807	37,471,076	16,297,487	40,454,771
TOTAL RESOURCES OUT				
Operating Supplies & Materials	278,780	318,050	279,197	461,575
Other Services & Charges	2,183,880	3,239,239	2,207,311	3,501,111
Personnel Services	2,963,175	3,072,806	2,784,734	3,189,272
Non-Operating Expenses	160,000	160,000	213,333	-
Loss on Investment	17,330	-	-	-
Debt Service (Principal & Interest)	82,200	82,200	82,200	-
Capital Projects	4,258,584	40,133,952	9,804,071	39,111,609
Additions to Fixed Assets	43,228	-	66,816	-
Special Projects	49,741	-	-	-
Loss on Sale of Asset	363,591	-	-	-
TOTAL RESOURCES OUT	10,400,509	47,006,247	15,437,662	46,263,567
CHANGE IN FUND BALANCE	2,370,298	(9,535,171)	859,824	(5,808,796)
BEGINNING FUND BALANCE				80,667,184
ENDING FUND BALANCE				\$ 74,858,388

## FUND BALANCE SUMMARY BY DEPARTMENT

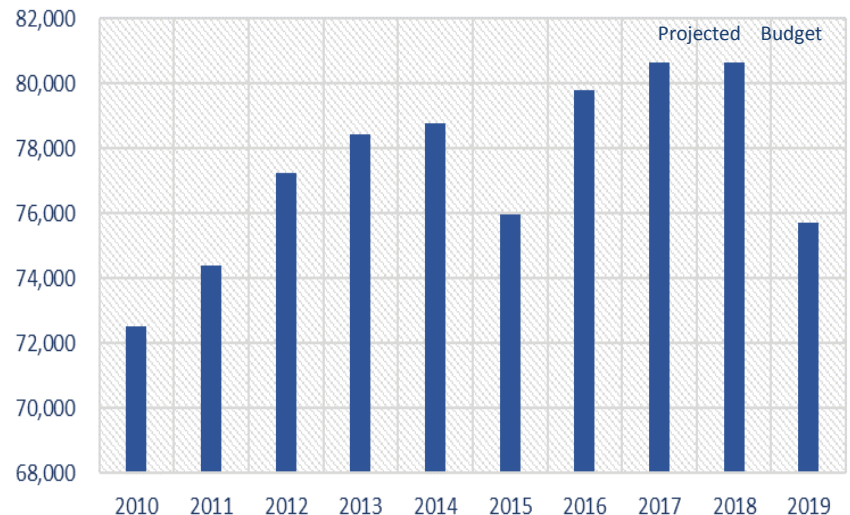
	Administration & Economic Development	Port Bienville Railroad	Port Bienville Industrial Park	Stennis International Airport	FYE 2019 Consolidated Budget
<b>BEGINNING FUND BALANCE 10/1/2018</b>	<b>\$ 1,376,242</b>	<b>\$ 29,910,585</b>	<b>\$ 22,693,599</b>	<b>\$ 26,686,758</b>	<b>\$ 80,667,184</b>
Operating Budget Revenues	-	5,952,956	1,290,203	1,968,823	<b>9,211,982</b>
Operating Budget Expenses	2,180,000	2,075,161	1,188,198	1,708,599	<b>7,151,958</b>
<b>NET OPERATING REVENUE (EXPENSES)</b>	<b>(2,180,000)</b>	<b>3,877,795</b>	<b>102,005</b>	<b>260,224</b>	<b>2,060,024</b>
Non-Operating Revenues	22,200	9,500	14,300	20,102	<b>66,102</b>
Non-Operating Expenses	-	-	-	-	-
<b>NET NON-OPERATING REVENUES (EXPENSES)</b>	<b>22,200</b>	<b>9,500</b>	<b>14,300</b>	<b>20,102</b>	<b>66,102</b>
Lease Financing	-	1,060,000	-	-	<b>1,060,000</b>
Capital Grant Revenues	-	611,233	23,619,307	5,886,147	<b>30,116,687</b>
Capital Grant Expenses	-	2,700,463	25,072,625	11,338,521	<b>39,111,609</b>
<b>NET CAPITAL SOURCES (USES)</b>	<b>-</b>	<b>(1,029,230)</b>	<b>(1,453,318)</b>	<b>(5,452,374)</b>	<b>(7,934,922)</b>
Transfers In	2,157,800	-	700,265	196,449	<b>3,054,514</b>
Transfers Out	-	2,858,065	-	196,449	<b>3,054,514</b>
<b>NET TRANSFERS IN (OUT)</b>	<b>2,157,800</b>	<b>(2,858,065)</b>	<b>700,265</b>	<b>-</b>	<b>-</b>
<b>TOTAL SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>(636,748)</b>	<b>(5,172,048)</b>	<b>(5,808,796)</b>
<b>PROJECTED FUND BALANCE 9/30/2019</b>	<b>\$ 1,376,242</b>	<b>\$ 29,910,585</b>	<b>\$ 22,056,851</b>	<b>\$ 21,514,710</b>	<b>\$ 74,858,388</b>



### Fund Balance *(in thousands)*

#### WHAT IS FUND BALANCE?

Fund balance reflects the net financial resources of a fund - in other words, assets minus liabilities or in simpler terms, dollars left to spend. If some of the funds' resources are not available to spend, this would be indicated by "restricting" or "reserving" a portion of fund balance. Of the Commission's \$82 million fund balance at September 30, 2017, \$66 million was restricted.



Though the Commission's historical fund balance generally trends upward, 2015 appears to be an outlier. Implementation of GASB 's Statement No. 68 - Accounting and Financial Reporting for Pensions - required an adjustment to beginning fund balance for the Commission's portion of the State's cumulative actuarial liability as reported by Mississippi's Public Employees' Retirement System. The effect of this new accounting standard was a reduction of 2015's beginning fund balance in the amount of \$2,679,538.

Because capital expenditures in 2019 are expected to exceed grant revenues by nearly \$8 million the illustration above estimates a +/- 7% drop in fund balance. Of course this assumes that the Commission's commitment to expansion of infrastructure is executed and funded as budgeted. This budget does not reflect grant revenues from potential grantors from whom awards are outstanding. It's expected that the decline will be buffered by additional awards throughout FY 2019.

## CONSOLIDATED BUDGET DETAIL

	Prior Yr Actual 2017	2018		Budget 2019
		Budget	Projected	
<b>REVENUE</b>				
Use of Money & Property				
Airport - Fees: Ground, Ramp, Landing, Tie Downs	\$ 14,909	\$ 13,500	\$ 7,773	\$ 12,175
Airport - Fuel Flowage	196,190	152,500	168,069	170,500
Port - Wharfage	103,861	85,500	124,025	112,000
Port - Dockage and Demurrage	291,508	50,000	106,987	110,000
Railroad - Contract Track Lease	504,533	495,000	500,165	500,656
Railroad - Storage Track Rent & Demurrage	750,324	717,000	828,104	777,000
Rent - Airport Hangars, Buildings, Land & Equipment	1,438,566	1,491,948	1,511,996	1,513,855
Rent - Rail Facilities Building	108,000	108,000	108,000	108,000
Rent - Port Buildings, Land & Equipment	435,324	408,394	495,979	337,684
Total Use of Money & Property	3,843,215	3,521,842	3,851,098	3,641,870
Charges for Services				
Railroad - Junction Settlements (Line Haul)	3,734,687	3,400,000	3,263,008	3,400,000
Railroad - Switching	975,869	1,013,500	886,897	836,000
Railroad - Rail Scale Revenues	225,426	200,000	150,200	150,000
Railroad - Railcar Repair Agent Fees	174,412	150,000	171,919	170,000
Port - Park Assessment Fees	130,945	133,860	129,333	134,000
Port - Water Service	71,513	80,000	71,617	80,000
Port - Sewer Services	132,311	150,000	128,560	150,000
Port - POTW I Revenues	371,189	315,000	256,823	330,039
Total Charges for Services	5,816,352	5,442,360	5,058,357	5,250,039
Other Operating Revenue				
Other Revenues	293,099	304,095	303,992	320,073
Grant Revenues - SMEPA/EDA Land Use Study	64,250	-	-	-
Total Other Operating Revenue	357,349	304,095	303,992	320,073
<b>Total Revenues</b>	<b>10,016,916</b>	<b>9,268,297</b>	<b>9,213,447</b>	<b>9,211,982</b>
<b>EXPENSES</b>				
Operating Supplies & Materials				
Equipment, Hardware & Software	69,569	94,050	40,617	113,750
Supplies - Custodial	4,802	6,250	3,485	7,050
Supplies - Fuel/Oil	136,724	135,000	169,133	250,000
Supplies - Office	25,101	25,050	28,917	30,925
Supplies - Operating	27,075	30,250	17,724	33,300
Supplies - Safety	2,155	3,050	3,079	4,250
Supplies - Train/Track	8,278	15,000	10,237	13,000
Supplies - Uniforms	5,076	9,400	6,004	9,300
Total Supplies & Materials	278,780	318,050	279,196	461,575

### CONSOLIDATED BUDGET DETAIL (continued...)

	Prior Yr	2018		Budget 2019
	Actual 2017	Budget	Projected	
Other Services & Charges				
Cost of Sales	-	-	-	<b>240,000</b>
Advertising & Local Industry Promotion	27,100	35,900	58,137	<b>23,200</b>
Marketing	53,737	141,000	65,561	<b>160,600</b>
Association Dues	23,331	33,995	27,975	<b>33,450</b>
Insurance - Property & Liability	556,553	618,147	560,113	<b>609,411</b>
Licenses, Fees & Permits	1,461	2,780	820	<b>2,350</b>
Rent - Buildings & Equipment	4,581	16,650	4,581	<b>11,090</b>
Rent - Locomotives	108,000	108,000	108,000	<b>135,000</b>
Repair/Maintenance/Improvements - Airfield	22,259	25,000	14,633	<b>23,000</b>
Repair/Maintenance/Improvements - Buildings	83,090	76,500	9,043	<b>69,500</b>
Repair/Maintenance/Improvements - Equipment	54,596	138,950	43,956	<b>73,650</b>
Repair/Maintenance/Improvements - Grounds	12,546	87,450	10,257	<b>22,250</b>
Repair/Maintenance/Improvements - Roads	-	3,500	-	<b>10,000</b>
Repair/Maintenance/Improvements - Vehicles	3,659	27,500	22,077	<b>27,500</b>
Repair/Maintenance/Improvements - Track	27,146	25,000	22,975	<b>22,000</b>
Repair/Maintenance/Improvements - Water/Sewer	-	10,000	-	<b>23,000</b>
Railcar Repair Expense	90,757	-	7,074	<b>-</b>
Service Charges	3,453	3,500	3,875	<b>3,500</b>
Services - Auditing	41,211	45,300	42,189	<b>45,300</b>
Services - Car Hire/Accounting	50,243	50,000	52,123	<b>54,000</b>
Services - Commissioners	15,814	20,000	13,216	<b>18,000</b>
Services - Contract	131,342	393,977	297,589	<b>462,145</b>
Services - Land Use Study	98,500	-	-	<b>-</b>
Services - Rail Funding Study	15,600	-	-	<b>50,000</b>
Services - Airport Master Plan	-	202,000	63,497	<b>133,734</b>
Services - Port / Rail Master Plan	-	125,000	-	<b>136,500</b>
Services - Engineering	34,347	99,000	45,737	<b>128,000</b>
Services - Fire Fighters - ARFF	154,400	199,000	155,025	<b>236,520</b>
Services - Legal	24,231	49,000	25,623	<b>27,000</b>
Services - Payroll	6,720	7,000	6,200	<b>7,200</b>
Services - Professional	144,743	171,230	149,337	<b>153,900</b>
Services - Security Systems	1,434	1,610	1,113	<b>3,350</b>
Subscriptions, Books, & Periodicals	1,127	2,100	1,193	<b>1,400</b>
Telephone & Telecommunications	77,686	72,800	69,235	<b>75,850</b>
Training/Education	35,871	86,700	29,352	<b>62,800</b>
Trade Shows, Conferences & Symposiums	24,730	51,000	28,193	<b>41,000</b>
Travel - General	15,888	32,350	13,637	<b>42,100</b>
Utilities	237,724	277,300	254,973	<b>332,811</b>
<b>Total Other Services &amp; Charges</b>	<b>2,183,880</b>	<b>3,239,239</b>	<b>2,207,309</b>	<b>3,501,111</b>

### CONSOLIDATED BUDGET DETAIL (continued...)

	Prior Yr Actual 2017	2018		Budget 2019
		Budget	Projected	
<b>Personnel Services</b>				
Salaries & Wages - Regular Time	1,707,320	1,848,109	1,739,885	<b>1,976,686</b>
Salaries & Wages - Overtime	87,753	59,324	61,216	<b>63,352</b>
Salaries & Wages - PTO Payout	34,396	33,651	13,089	<b>25,833</b>
Accrued Payroll - Year End & PTO Compensation	28,630	-	(39,691)	-
Employee Physicals	2,885	3,100	525	<b>2,850</b>
Insurance - Health/Life/LTD/AD&D	442,282	509,019	384,571	<b>409,817</b>
Insurance - Workers Comp & Occupational	31,248	36,478	30,605	<b>34,298</b>
Retirement - PERS	411,681	343,880	374,851	<b>403,919</b>
Tax - Mississippi Unemployment	3,072	2,450	3,125	<b>2,520</b>
Tax - Federal SSI/Medicare	101,335	97,399	89,621	<b>103,237</b>
Tax - RR Tier I, Tier II & RUIA	112,573	139,396	126,936	<b>166,760</b>
<b>Total Personnel Services</b>	<b>2,963,175</b>	<b>3,072,806</b>	<b>2,784,734</b>	<b>3,189,272</b>
<b>Total Expenses</b>	<b>5,425,835</b>	<b>6,630,095</b>	<b>5,271,239</b>	<b>7,151,958</b>
<b>Net Income from Operations</b>	<b>4,591,081</b>	<b>2,638,202</b>	<b>3,942,208</b>	<b>2,060,024</b>
<b>Non-Operating Income (Expenses)</b>				
Notes Receivable Principal	162,814	169,041	206,391	<b>15,103</b>
Interest Income - Checking & Savings	100,181	91,000	100,400	<b>49,000</b>
Interest Income - Notes Receivable	39,827	21,861	27,805	<b>1,999</b>
Investment Loss	(17,330)	-	-	-
Loss on Sale of Asset	(363,591)	-	-	-
Debt Service Principal	(82,200)	(82,200)	(82,200)	-
Wellman POTW I Credit	(160,000)	(160,000)	(213,333)	-
<b>Net Non-Operating Income (Expenses)</b>	<b>(320,299)</b>	<b>39,702</b>	<b>39,063</b>	<b>66,102</b>
<b>Capital Sources &amp; (Uses) of Funds</b>				
Grant Revenues	2,148,707	27,920,877	6,749,443	<b>30,116,687</b>
Contributed Capital	302,362	-	-	-
Lease Financing	-	-	-	<b>1,060,000</b>
Appropriations from Prior Years	-	9,535,171	-	<b>5,808,793</b>
Capital Expenditures	(4,258,584)	(40,133,952)	(9,804,071)	<b>(39,111,609)</b>
Additions to Fixed Assets	(43,228)	-	(66,816)	-
Special Projects	(49,741)	-	-	-
<b>Total Net Capital Uses of Funds</b>	<b>(1,900,484)</b>	<b>(2,677,904)</b>	<b>(3,121,444)</b>	<b>(2,126,129)</b>
<b>Net Sources of Funds</b>	<b>\$ 2,370,298</b>	<b>\$ -</b>	<b>\$ 859,827</b>	<b>\$ -</b>



# **FINANCIAL STRUCTURE, POLICY AND PROCESSES**





## DEPARTMENT DESCRIPTIONS

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Hancock County Port and Harbor Commission is an enterprise fund of Hancock County and is divided for accounting and reporting purposes into the following four departments:

### GENERAL OPERATIONS

The General Operations department accounts for both Commission administration and County-wide economic development efforts. Administrative expenses include those such as accounting and finance, general risk management, legal fees, and the Chief executive's office and administrative support. This fund is further divided into the departments of Administration and Finance and Economic Development. The Economic Development Department has responsibility for marketing the assets of the Commission and region, development to proposals for new corporate attraction, County-wide business retention and expansion, government relations, revenue growth for existing product lines, and public communications and information management and expenses related to marketing and sales are accounted for in this department as well as revenue from related operational support grants.

### PORT BIENVILLE RAILROAD

This department accounts for all revenue and expenses related to the Commission's short-line railroad. Port Bienville Railroad connects to a single class I railroad (CSX) and receives most of its revenue as junction settlements. Junction settlements are negotiated rates received directly from CSX for transporting rail cars to and from Port tenants and their points of origin or destination. Revenues also include fees billed directly to tenants for switching, storing, and weighing railcars. The expenses and capital improvements associated with operating the rail department are accounted for in this department.

### PORT BIENVILLE INDUSTRIAL PARK

The Port department accounts for revenue generated from warehouse, land and other infrastructure rentals, waste water treatment and water sales, wharfage and dockage tariffs and a park assessment fee billed equally to every tenant to offset costs of maintaining the industrial park. All maintenance, capital, planning and professional expenses incurred to benefit Port Bienville Industrial Park are accounted for in this department.

### STENNIS INTERNATIONAL AIRPORT

All revenue, expenses, and capital projects related to the Airport are accounted for in this department. Revenue is generated through lease and rentals of properties, service fees and fuel flowage at a contractually stipulated cents-per-gallon rate from the airport's fixed base operator. Expenses of the Airport department include those to maintain facilities and infrastructure, contract for Air Rescue Firefighters and plan and engineer future development.

## FINANCIAL POLICIES AND PROCEDURES SUMMARY

In 2017 the Commission adopted its first comprehensive Finance and Risk Management Policy with the intent to establish, communicate and manage risk and to ensure the long-term financial stability of the organization.

### GENERAL ACCOUNTING POLICIES

The Commission accounts for and reports activity in accordance with GAAP on the accrual basis of accounting. Management also maintains strict internal controls to safeguard the Commission and its assets. Activities are budgeted and accounted for in one of four departments as discussed in the next section and in one of nine accounting groups within those departments.

The budget adopted by the Commission shall be balanced so that estimated operating expenditures do not exceed estimated operating revenues available for appropriation. While the Commission's financial statements are prepared on a full accrual basis of accounting the budget is prepared on the modified accrual basis and assumes that prior years' ending fund balances may be utilized to balance the budget. This budgetary modified accrual basis differs predominately from full accrual in that capital expenditures are recognized at the time the expense is incurred.

Capital assets include land, land improvements, buildings, building improvements, fixed and moveable equipment, software and donated assets. With the exception of land and land improvements all assets are depreciated using the straight-line method from the date of acquisition. Assets may only be retired and disposed of with Commission approval subject to grantor requirements and through a public bid or marketing campaign unless transferred via an intergovernmental agreement to another County or State agency. Computer hardware is decommissioned and disposed of by the Commission's contracted technology service provider.

### DELEGATIONS OF AUTHORITY

The Commission's delegations of authority define the limits of authority designated to specified positions of responsibility and establish the maximum dollar amounts and types of obligations to which those persons may commit the Commission. All documents executed by way of delegated authority shall be spread on the minutes of the Commission.

### FINANCIAL REPORTING AND AUDIT

Annual reporting is provided through a Comprehensive Annual Financial Report (CAFR) which includes the results of the annual independent audit. These reports may be located on the Commission's website at [portairspace.com](http://portairspace.com).

The CFO provides the Commission quarterly fiscal year-to-date Statements of Net Position and Statements of Revenues, Expenses, and Changes in Net Position prepared on the GAAP basis.

In addition to the annual and quarterly reporting a budget to actual comparison of operating and non-operating revenues and expenses and sources and uses of capital funds are presented to the Commission with an analysis of significant variances for each department and on a consolidated basis. Monthly reporting also includes cash balances by revenue source, restricted cash balance, accounts receivable analysis, debt balance, and an investment report.

Approval of payments made to vendors is evidenced by Commission's approval of regular dockets listing all expenses to be paid. Payments may not be released without approval as spread on the minutes of the Commission and, in the case of expenses over \$25,000, the County Board of Supervisors.

### CASH

The Commission will maintain at a minimum one bank account for each major revenue source and additional accounts as requested by the CFO to account for various monies for purposes such as escrow funds, debt service, capital and/or cash reserves. Opening and closing a bank account requires Commission approval. Presently, the Commission has one principal depository institution with eight (8) bank accounts. The accounts do not incur fees and accrue nominal interest income on monthly average balances.

A minimum of two and maximum of four Commissioners will be authorized signors for bank transactions. Two signatures will be required for disbursements. The Commission will use a magnetic ink character recognition (MICR) system for check signatures.

The CFO shall ensure that cash balances are sufficient to meet short-term operating, debt and capital obligations. In addition, the Commission desires to retain funds for

use in future matching funds to support grant applications and to support cash and other investments necessary to attract industry to Hancock County.

The CFO will be responsible for monitoring cash balances and restrictions ensuring minimum unrestricted cash balance equal to or greater than 90 days estimated operations, debt, and capital requirements. The total unrestricted funds balance target is \$10 million.

Multiple internal controls are in place to safeguard depository assets.

## SALES AND ACCOUNTS RECEIVABLE

Pursuant to Title 596 of the Mississippi Code of 1972, as amended (the "Act") the Commission is authorized to establish rates and charges applicable to properties within its jurisdiction. Accordingly, the Commission publishes its Rates and Charges applicable to users of Stennis International Airport and Tariffs related to users of Port Bienville Industrial Park and Port Bienville Railroad. Tenants of Port Bienville Industrial Park are subject to the Commission's Water and Sewer Use Ordinance.

In addition to those published rates and charges the Commission may negotiate other fees and additional terms with prospects and existing tenants as agreements expire.

These documents are located on the Commission's website at PortAirSpace.com.

## PROCUREMENT AND ACCOUNTS

### PAYABLE

All commitments for payment made on behalf of the Commission must be accompanied by a form of approval in writing by authorized persons. Purchasing must comply with State law (Title 31, Chapter 7, Mississippi Code of 1972, as amended) and be within the annual budget set by the Commission. Purchases may only be made for Commission business.

Staff is limited by policy to the types of commitments made to purchase goods and services. Purchase orders are required to be approved by management prior to committing to purchase. The procedures required are detailed in the Employee Guidebook.

## DEBT

The Commission may prefer to pay for infrastructure and expansion projects by securing debt. With the possible exception of an extraordinary event such as Hurricane Katrina debt will not be used to finance operations. The State of Mississippi incentivizes economic growth in many ways, one of which is offering low or zero interest loans through one of its agencies such as the Mississippi Department of Transportation and the Mississippi Development Authority. These loans may be used to fund capital improvements.

The authority to issue bonds vests with the County Board of Supervisors who may secure revenue or general obligation bonds on behalf of the Commission. The process of securing a bond requires the BOS approve a request by resolution from HCPHC including the type of bond requested (general obligation or revenue), the amount of funds, a detailed description of the purposes of the bond, requested date of issuance, maturity date, and any other information that may be pertinent. The BOS may call for an election of the general population, however in lieu of this election, the BOS may, at their discretion, resolve to issue these bonds without the use of an election.

The bonds must be sold "in such a manner and for such a price as it may determine to be for the best interest of Hancock County, but no such sale (other than revenue bonds) shall be made at a price less than par plus accrued interest to date of delivery of the bonds to the purchaser." The proceeds of these bonds must be placed into a special fund in banks qualified to act as a depository in Hancock County and may only be used for purposes for which they were expressly issued.

## INVESTMENTS

Temporarily idle or unexpended funds of HCPHC shall be invested in accordance with principles of sound treasury management and in accordance with provisions of the Mississippi Code of 1972, as Amended, Section 59-9-19(f) and the Commission's Investment Policy.

The basic objectives of HCPHC's investment policy are safety of invested funds, maintenance of sufficient liquidity to meet cash flow needs and attainment of the maximum return possible consistent with the first two objectives.

The achievement of these objectives shall be

accomplished in the following manner:

HCPHC shall insure the safety of its invested funds by limiting credit and interest rate risks. Credit risk is the risk of loss due to the failure of the security issuer or backer. Interest rate risk is the risk that the market value of portfolio securities will fall due to an increase in general interest rates.

Credit Risk will be mitigated by:

- Limiting investments to the safest types of securities;
- The Commission designating depositories of funds at a regularly scheduled meeting in accordance with Miss. Code Section § 59-9-19(f); and
- Monitoring all the HCPHC's investments to anticipate and respond appropriately to a significant reduction of credit-worthiness of any of the issuers. The current health of depositories or security dealers with whom HCPHC does business will be evaluated at least annually.

Interest Rate Risk will be mitigated by:

- Structuring HCPHC's portfolio so that securities mature to meet the HCPHC's cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to their maturing to meet those specific needs;
- Investing primarily in short and mid-term securities (maturities from 1-5 years); and
- Occasionally restructuring the portfolio to minimize the loss of market value and/or to maximize cash flows.

The physical security or safekeeping of HCPHC's investments is also an important element of safety. The Policy has a section entitled "Safekeeping of Securities" that specifically defines the safekeeping requirements.

HCPHC's financial portfolio must be structured in a manner which will provide that securities mature at approximately the same time as cash is needed to meet anticipated demands. Additionally, since not all possible cash demands can be anticipated, the portfolio should consist largely of securities with active secondary or resale markets.

The investment portfolio shall be designed with the overall objective of obtaining a total rate of return throughout economic cycles, commensurate with investment risk constraints and cash flow needs.

Types of investments authorized include:

- United States Treasury bills, notes and bonds, guaranteed as to repayment for which the full faith and credit of the United States are pledged for the payment of principal and interest.
- Collateralized and/or insured interest-bearing demand deposits insured by the Federal Deposit Insurance Corporation.
- Certificates of deposit, the total of which shall not exceed 15% of the total portfolio, and which shall be insured by each institution at the maximum amount required by regulations of the F.D.I.C.
- Federal agency obligations, participations, or other instruments, including those issued with triple-A rating or implied guarantee as to principal and interest by U. S. government-sponsored enterprises.

The CFO shall prepare a monthly Investment Report, including a succinct management summary that provides a clear picture of the status of the current investment portfolio and all security transactions made over the past month. This management summary shall be prepared in a manner which will allow HCPHC to ascertain whether investment activities during the reporting period have deviated from HCPHC's Investment Policy. This report shall be submitted within thirty (30) days following the end of the month.

## GRANTS MANAGEMENT

This policy is applicable to any department or employee preparing and submitting grant applications for funds to be received and administered by the Commission. The goals and objectives of departments should be established early in the budget planning processes and should align with the Commission's mission and plan.

The Finance Department will maintain grant files to facilitate management reporting and monitoring. The Finance Department will review expenditures for obvious non-compliance and will act as liaison with department directors and independent auditors. Department directors will submit all grant information required by the Finance Department to carry out oversight risk management.

## ECONOMIC DEVELOPMENT

The economic development tools of the Commission include a number of financial tools that allow for the advancement of the Commission's purpose. These

include:

- Use of public funds to build infrastructure to support projects and/or companies that choose to locate or expand in Hancock County.
- Cash incentives to assist with workforce training and other allowable investments to entice companies to locate in Hancock County.
- Assistance to Hancock County Board of Supervisors and Tax Assessor/Collector in processing of requests for tax exemptions to induce economic development.
- Acting as a recipient of State grant and other program support related to the development of a project/program that attracts industrial operations to Hancock County.

Any use of Commission funds to support economic development shall be budgeted and approved in accordance with relevant sections of this policy. Specific incentive/cash assistance expenditures shall be disclosed as part of the Commission financial audit disclosures.

The Commission does not approve tax exemptions. However, the Commission will assist Hancock County in documenting and reporting all necessary GASB 77 requirements each year for projects with an approved tax exemption and within the Commission jurisdiction.

It is the general policy of this Commission to ensure that any use of public funds for infrastructure or other incentives to support private investment are directly connected to the generation of net new jobs, enhanced tax base or increased revenue for the Commission. Such terms shall be incorporated in economic development agreements or related contractual instruments (i.e. leases, or land sale purchase agreements) and such terms shall establish the minimum performance standards required by the benefitting entity.

The agreements shall also include so called “claw back” provisions such that a counter party who fails to generate the required public benefits shall forfeit or refund public funds for noncompliance.

All economic development incentive agreements and any related real estate documents shall be approved by both the Commission and Board of Supervisors and related expenditures shall be budgeted/restricted for the term of the agreement regardless of the amount.

## RISK MANAGEMENT AND INSURANCE

The Commission’s risk management program consists largely of the procurement of insurance products incorporating best practices and as available in the marketplace. At a minimum the Commission will review

and bind annually the following coverages:

- Commercial Property
- Standard and Excess Flood (where deemed appropriate)
- Package – including General Liability, Crime, and Auto/Garage Keepers
- Auto Physical Damage
- Umbrella
- Rolling Stock/Equipment
- Railroad Liability
- Airport Liability
- Pollution Liability
- Public Officials
- Bond coverage for all Commissioners, the CEO, CFO, and Accounting Supervisor
- Workers Compensation

Policy limits and deductibles will be determined annually.

## INTERNAL CONTROLS

The internal control system should provide reasonable assurance that these objectives have been met:

- Authorization - All transactions are properly authorized by management.
- Safeguarding of Assets -Acquisition, disposal and use of assets and records is permitted only with management’s authorization. Assets include tangibles and intangibles. Controls are necessary to ensure they are optimally utilized and protected from misuse, fraud, misappropriation or theft.
- Prevention and Detection of Fraud - The CFO is responsible for developing, implementing and enforcing a system of internal controls to include functions handling cash (including receipts and disbursements for goods and services), investments, fixed and capital assets and payroll.

Best efforts to incorporate controls to remedy deficiencies that have been identified by the independent auditor will be made.

The CEO is responsible for ensuring staff follow internal control policies and procedures.

- Completeness and Accuracy of Accounting Records - The Finance Department will strive to ensure that all accounting transactions are fully and accurately recorded, that assets and liabilities are correctly identified and valued, and that all costs and revenues can be fully accounted for.
- Timely Preparation of Financial Information -The CFO will record and report all financial transactions to the Commission and staff as appropriate in a



timely manner to facilitate effective management decision making.

## ANTI-FRAUD TRAINING

Fraud risk assessment is one element of internal control. The CFO will conduct an annual anti-fraud training session for all staff. For purposes of this policy, the term fraud is used to describe offenses such as, but not limited to, deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts, and collusion.

## RECORDS RETENTION AND FREEDOM OF INFORMATION ACT REQUESTS

“Document” means all books, records, papers, accounts, letters, maps, photographs, films, cards, tapes, recordings or reproductions thereof, and any other documentary materials, regardless of physical form or characteristics, having been used, being in use, or prepared, possessed or retained for use in the conduct, transaction or performance of any business, transaction, work, duty or function of the Commission or required to be maintained by the Commission. “Document” does not include copies of records made for convenience.

- **Administration** - The organization’s Chief Executive Officer shall designate an administrator (“Administrator”) to be in charge of the administration of this Policy. The Administrator’s responsibilities shall include supervising and coordinating the retention and destruction of documents pursuant to this Policy. Particular attention shall be paid to the Document Retention Schedule. The Administrator shall also be responsible for documenting the destruction of organization documents and retaining such documentation. The Administrator shall at least annually coordinate with other Commission staff to identify and destroy documents that are eligible for destruction pursuant to an approved Record Retention Schedule.
- **Responsibilities of Constituencies** - The Commission’s staff shall be familiar with this Policy, shall act in accordance therewith, and shall assist the Administrator, as requested, in implementing it. For contractors, vendors, or other third parties that may be in possession of Commission documents, depending upon nature of the documents involved with the particular third-party relationship, the

Commission, through the Administrator, shall share this Policy with the third-party, requesting compliance. In particular instances, the Administrator may require that the contract with the outsider specify the particular responsibilities of the outsider with respect to this Policy. All Commission Staff, and any third parties who are identified as having responsibilities under this Policy, shall execute an “Acknowledgement of Receipt of, Understanding of, and Agreement to this Policy.”

- **Retention** - All public records shall be retained according to a Document Retention Schedule. All retention requirements shall be treated as minimum retention periods and retention for longer periods is authorized if the individual has reason to believe that a record may be required beyond the minimum retention period for the efficient operation of the Commission. Documents not addressed in a Document Retention Schedule may not be disposed of.
- **Electronic Documents; Document Integrity** - Documents in electronic format shall be maintained just as hard copy or paper documents are, in accordance with the applicable Document Retention Schedule. Each individual who sends or receives email/electronic documents is responsible for retaining each applicable email/electronic document in accordance with this record retention policy. Wherever possible, the individual shall use the shared electronic filing system to store electronic documents. Notwithstanding the foregoing, an individual may comply with record retention obligations by keeping emails on their computer, provided emails are stored in folders and subfolders in a manner to aid in the retrieval by subject matter and provided emails documenting significant Commission action or decision are stored in the shared electronic filing system. To the extent possible, significant electronic documents, such as those documenting significant Commission decisions or actions or containing the only record of significant information should be reduced to a paper copy and stored in the appropriate physical file.



# **OPERATING AND CAPITAL FINANCIAL SUMMARIES**



## GENERAL OPERATIONS

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### ADMINISTRATION AND FINANCE

The Administration and Finance Department is generally responsible for providing administrative support to other departments so that our economic development and operations staff can focus on their core responsibilities.

Primary areas of responsibility for this department include managing legal and compliance issues, corporate governance, contract procurement and administration, grant writing and administration, payroll and benefits-related human resource issues, records management and retention, technology and insurance program management, and financial management and reporting.

*Examples of work within the responsibility of the Administration and Finance Department:*

#### Legal and Compliance

- Manage relationship with outside legal counsel
- Review, negotiate, and interpret new and existing contracts
- Provide guidance on compliance with applicable legal and regulatory requirements

#### Corporate Governance

- Oversee organization and preparation of Commission meetings
- Record and maintain minutes of the Commission
- Ensure operations within corporate authorities of Commission

#### Contract Procurement and Administration

- Coordinate with other departments to ensure compliance with Mississippi procurement law, including the development and publication of requests for qualifications and proposals
- Prepare and maintain all documentation necessary for procurement purposes
- Prepare and/or review contract-related documents such as notice of awards, notices to proceed, and change order requests
- Review contract packages for compliance with all bonding requirements

#### Grant Writing and Administration

- Assist in the preparation and review of grant applications
- Oversee communications with granting organization or grant administrator
- Ensure compliance with non-finance related grant obligations and assurances

#### Human Resources

- Provide guidance to managers on legal and compliance human resources related issues
- Maintain and update personnel policies and employee handbook
- Participate in and oversee employee disciplinary matters

### Records Management and Retention

- Maintain official files and records of the Commission
- Maintain and promote compliance with record retention policy

### Risk Management

- Oversee property/Casualty Insurance Program
- Manage claims processes and settlements
- Conduct contractual reviews and audits

### Financial Management and Reporting

- Plan, coordinate and manage the Commission's budget planning process
- Review monthly variance reports and provide monthly variance reports to the Commission and Executive team
- Quarterly preparation of GAAP Statements of Net Position and Revenues, Expenses, and Changes in Net Position
- Annual preparation and presentation of the Comprehensive Annual Financial Report (CAFR)
- Oversight and coordination of the annual independent audit
- Maintain adequate internal controls to ensure fiscal integrity
- Forecast financial outcomes related to project or business plan alternatives
- Manage operating and capital budgeting processes
- Annual review and renewal of property, liability and employee benefit insurance programs
- Oversight management of the following functions and personnel performing those functions: accounts payable, accounts receivable, payroll, fixed assets, notes receivable and payable, cash management and debt, and capital project and grant contract monitoring and reporting

### Current Staff

*Chief Administrative Officer.* The CAO is responsible for the Commission's Administrative Department team and the provision of administrative support to the other departments. In addition to managing and assisting the other members of the Administrative Department Team, the CAO takes primary responsibility for legal and compliance responsibilities. Reporting to the Chief Administrative Officer are:

- *Executive Secretary/Office Manager.* The Executive Secretary/Office Manager is responsible for the corporate governance of the Commission, including responsibility for preparing agendas and minutes for Commission meetings and coordinating approvals, when necessary, with the Hancock County Board of Supervisors. The Executive Secretary /Office Manager has primary responsibility for maintaining and updating the Commission's capital project and grant files and associated vendor contract files. The Executive Secretary/Office Manager also works with the CAO to administer all vendor contracts related to capital projects and grant files.
- *Administrative Assistant.* The Administrative Assistant reports directly to the Chief Administrative Officer and is responsible for the receptionist duties of the Commission. The Administrative Assistant also performs secretarial duties for the Chief Executive Officer and the other chief officers and directors of the Commission staff. The Administrative Assistant is responsible for maintaining and updating the files that are not part of a Commission's capital

project or grant or vendors associated with a capital project or grant. The Administrative Assistant also provides support as requested by the chief officers or directors of the Commission.

*Chief Financial Officer.* The CFO is responsible for the accurate and timely recording and reporting of all sources and uses of funds and Commission assets and obligations. Positions reporting to the Chief Financial Officer are :

- *Accounting Supervisor.* The Accounting Supervisor provides oversight of general ledger accounting, ensures employee and payroll record keeping is compliant and manages payroll and employee benefit transactions.
- *Senior Accountant.* The Senior Accountant ensures that the Commission's rights to sales revenues and obligations for purchases are recorded timely and according to contract. This position also has responsibility for monthly report preparation and provides regular project support to the CFO.

### Performance Fiscal Year 2018

In addition to its day to day duties, the Administration Department focused in FY 2018 on implementing board management software to reduce the administrative burden associated with the corporate governance of the Commission, updating the employee handbook and employment related provisions of the Port Bienville Railroad Rules and Regulations, completing standard contract documents, and developing a compliance plan.

The Finance Department completed the 2017 budget according to GFOA standards and received the Commission's first Distinguished Budget Presentation Award. 2017's audit was also completed using GFOA's CAFR format, receiving its third Certificate of Achievement for Excellence in Financial Reporting.

2017's independent audit was completed timely with no findings and an unqualified audit opinion.

A comprehensive salary survey was conducted and presented to the Commission using 2017 SHRM and 2016 BLR data reports.

### Fiscal Year 2019 Objectives and Key Investments

For Fiscal Year 2019, the Administration and Finance Department will be focused on the following initiatives:

- Continue to improve the creation of and accessibility of institutional knowledge and history of the Commission.
- Continue to increase transparency for residents of Hancock County, with earlier availability of Commission agendas and better accessibility to publicly available rules and regulations and standard pricing.



- Manage Lease Renewal Process to move tenants to newly completed and updated form agreements with more standardized, market based rates.
- Revising Port Bienville Industrial Park's rules and regulations, tariffs, and covenants in conjunction with master planning process.
- Completing review and overhaul of Commission bylaws, policies to supplement overhaul of employee handbook and railroad rules and regulations.
- Developing delegation of responsibilities and property management plan for the Stennis International Airport and county-owned property.
- Continue to assist in revenue pricing strategies.
- Enhance vendor contract and database system.

## ADMINISTRATION AND FINANCE BUDGET

<b>Operating Supplies &amp; Materials</b>		<b>Personnel Services</b>	
Equipment, Hardware & Software	\$ 18,200	Salaries & Wages - Regular Time	611,946
Supplies - Custodial	1,500	Salaries & Wages - PTO Payout	8,145
Supplies - Office	18,500	Employee Physicals	500
Supplies - Operating	600	Insurance - Health/Life/LTD/AD&D	89,773
<b>Total Supplies &amp; Materials</b>	<b>38,800</b>	Insurance - Workers Comp & Occupational	1,541
<b>Other Services &amp; Charges</b>		Retirement - PERS	191,956
Advertising & Local Industry Promotion	3,000	Tax - Mississippi Unemployment	980
Association Dues	2,500	Tax - Federal SSI/Medicare	51,476
Insurance - Property & Liability	47,838	<b>Total Personnel Services</b>	<b>956,317</b>
Licenses, Fees & Permits	1,000		
Rent - Buildings & Equipment	4,750	<b>Total Expenses</b>	<b>1,239,705</b>
Repair/Maintenance/Improvements - Buildin	1,000		
Repair/Maintenance/Improvements - Equipm	1,000	<b>Net Loss from Operations</b>	<b>(1,239,705)</b>
Repair/Maintenance/Improvements - Grounc	8,000		
Services - Auditing	42,000	<b>Non-Operating Income</b>	
Services - Commissioners	18,000	Interest Income - Checking & Savings	22,200
Services - Contract	28,000	<b>Non-Operating Income</b>	<b>22,200</b>
Services - Legal	27,000		
Services - Payroll	7,200	<b>Other Sources of Funds</b>	
Services - Professional	21,000	Transfers In	1,217,505
Services - Security Systems	1,500	<b>Other Sources of Funds</b>	<b>1,217,505</b>
Subscriptions, Books, & Periodicals	200		
Telephone & Telecommunications	9,600	<b>Net Sources and (Uses) of Funds</b>	<b>\$ -</b>
Training/Education	3,500		
Travel - General	8,000		
Utilities	9,500		
<b>Total Other Services &amp; Charges</b>	<b>244,588</b>		



## ECONOMIC DEVELOPMENT

The Economic Development Department has overall responsibility for business development and stewardship of industrial employment growth, tax base enhancement and revenue expansion in Hancock County. The experts in the department accomplish this through best-in-class programs directed at industrial recruitment, product development, existing industry retention/expansion, and marketing of assets with the boundaries of Hancock County.

The department is responsible for the existing HCPHC lease portfolio and customer service, collaborating with the Port and Airport operations staff as well as commercial real estate owners to identify and develop industrial “Project Ready” sites. A strong alliance is also maintained with the Mississippi Development Authority to coordinate local responses to national inquiries from industrial site selectors.

The Economic Development Department staff work with multiple agencies to address enhancement to the workforce; bring awareness to our various market clusters, including chemicals, commercial space and defense; and support regional economic development efforts such as the Mississippi Gulf Coast Alliance for Economic Development.

The Commission’s marketing efforts for FY 2019 will include standard print and web advertisement to key sectors, as well as social media and specialized brochures. The recruitment strategy is aligned with existing strategic advantages and foreign direct investment.



*HCPHC & Hancock Chamber at the MEDC Awards Luncheon for the 2017 Community Economic Development Award for the Business Retention and Expansion Program*

## Current Staff

The department has two full-time professional staff members filled and one vacancy:

*Chief Development Officer* is responsible for HCPHC's Economic Development team and its focus on industrial recruitment, site development, existing industry expansion, and marketing. Reporting to the Chief Development Officer are:

- *Business Development Manager* conducts research for potential retail and industrial prospects; maintains existing facilities and site databases for a three-county region; maintains data on demographics, property and infrastructure; completes formal and informal Requests for Information (RFI); prepares for and participates in site visits; responds to day-to-day requests for economic development-related information; and maintains accurate, up-to-date information for website and marketing materials.

## Additional Staff and Vacant Positions

*Industry and Government Relations Manager* (vacancy), maintains close working relationships with local, state and federal government partners, attends local meetings, and communicates with local industry. The Department also budgeted for two economic development interns for FY 2019.



## Overview of BRE Interviews 2.0

Projected in the next 3 years



**30** companies have been interviewed



**22** Companies plan to expand



**1,264** EMPLOYEES combined



**\$152,400,000** will go into expansions



last three years,  
**511** jobs have been added



Expansions will add  
**251** new jobs

### In 2018, Hancock County, MS has...

Population: 47,651

Jobs: 15,517

Labor Force: 18,860

Unemployment Rate: 4.5%

Unemployment rate for State, 4.4% and National, 4.1%

FY 2017 - 2018

## Performance Fiscal Year 2018

During fiscal year 2018, the Economic Development Department reported numerous accomplishments:

### *Local Industry Promotion*

- Second year of the Business Retention and Expansion Initiative Program in FY 2018, which identified nearly 251 new jobs and over \$150 million in expansions from the prime companies.
- SNF Polychemie began planning for their expansion in FY 2017. The project will be completed late FY 18 and includes a new rail spur, additional jobs, and capital investment of \$5,300,000. Link: <https://www.snf.us/>
- Goodnight Terminal Services, Inc. recently located in Port Bienville in FY 2017, where they began with five jobs. FY 18, they now have an additional 7 jobs and signed a 10-year lease agreement for their location at Port Bienville.
- Relativity Space, a Californian based company and backed by investor Mark Cuban, signed a 10-year contract with Stennis Space Center to test their 3-D printed engines for space launch. Link: <http://portairspace.com/news/article/relativity-space-ceo-announces-historic-public-private-partnership-at-stennT>
- Trash Doctors received their MDEQ permits that were necessary for operations to begin at Port Bienville. This is a \$370,000 investment with 25 jobs new jobs over five years. Link: <http://www.trashdoctors.com/>
- L & A Contracting temporarily used land and water access at Port Bienville to move concrete from what's left of the old 9-mile turnaround, a vestige of the Lake Pontchartrain Causeway when it was a single, two-lane bridge between 1956 and 1969. This short-term lease agreement had 75 temporary jobs. Link: <http://www.landacontracting.com/>
- ASAP Site Certified Program, sponsored by Mississippi Power's Economic Development Department, was underway at Stennis Airport's newly purchased 1,200-acre site. The objective of the program is to analyze viable properties based on technical and logistical aspects, since there is a lack of available properties in appropriately sized communities for large developments. The consultant hired by Mississippi Power, is nationally renowned J.M. Mullis consulting firm, specializing in large aerospace and manufacturing projects.



*Stennis International Airport (KHSa) available space*

- The Hancock County Ad Hoc Military Affairs Council, which focuses on local defense mission expansion and retention, was a continued success.
- HCPHC hosted six project managers and two directors with the Mississippi Development Authority in March 2018 including tours of local companies, assets, and sites of Port Bienville, Stennis International Airport, and Stennis Space Center.

### *Marketing*

- In FY 2017, HCPHC hired a consulting firm to manage and complete the Aviation and Aerospace Optimization Plan that would be implemented in FY 18. Key findings and strategic initiatives were: 1) Become the cornerstone of Mississippi's Space Strategy; 2) Become considered a prime location for unmanned systems; 3) Support the Mars Missions & Exploration; 4) Strengthen Entrepreneurial Innovation; and 5) Aspirations for Future Growth. As a 2018 follow up, the same consulting firm is developing a communication plan identifying optimal marketing avenues for the ED Department to recruit aerospace and unmanned projects. These efforts are continuing with implementation of a communication plan for target marketing.





Diane Desporte, Human Resources Manager at Sabic discusses the quality of her employees because of ACT's National Career Readiness Certificate at one of the workforce workshops hosted at Port Bienville.

- Assisted with the Project Ready and Enterprise Park ideas and marketing at Stennis Space Center. Two sites at Port Bienville and two sites at Stennis Space Center were awarded Project Ready Status by Mississippi Power Company. Hancock County has four of 13 certified sites within Mississippi Power's territory.
- HCPHC worked with Cooperative Energy to design real estate flyers for the four sites that underwent the Project Ready Program through MS Power since those were the most marketable sites, and then created a template for HCPHC to use for the remaining sites at Port Bienville and Stennis Airport. For infrastructure and site improvements, HCPHC partnered with WAS Designs for site renderings to show the current design versus the future design, as well as Project Ready Certified Sites: Linea Dock/Dock A, RESTORE Dock at Site 4, Site 6 and Site 11.
- A luncheon was held for 15 local commercial realtors to showcase sites and assets currently available and in production at Port Bienville and Stennis Airport, as well as a discussion for HCPHC's 2018-2019 Capital Program.

### *Workforce*

- Hancock County continued with the ACT WorkReady Communities® and pioneered the program on the MS Gulf Coast. HCPHC provided funding for the testing of 181 students at the Hancock County Public Schools. HCPHC partnered with Southern Mississippi Planning & Development District to provide funding for key members of the workforce committee's travel to four required academies hosted by ACT. Attending the four academies is essential in becoming an ACT WorkReady Community.® Hancock County has completed 91% of the goals given by ACT, and the county should achieve 100% by December 2018.



- The Hancock County Workforce Committee was created as the result of feedback gathered in the Business Retention and Expansion Initiative Program. The committee hosts on average of 20 representatives from local public-school districts, regional economic development agencies, state departments, local companies, and elected officials. Hancock County also brought two private schools on board to attend the meetings.

### *Association Dues*

- The ED Department is involved with several different organizations locally and nationally. Involvement in these associations helps spread awareness of the mission and purpose of HCPHC, and provide expertise and support to these organizations as well. Some memberships afford HCPHC staff discounted professional education and development.
- Association of Defense Communities (ADC) builds resilient communities that support America's military. ADC is the connection point for leaders from communities, states, the military and industry on community-military issues and installation management to enhance knowledge, information sharing and best practices. Hancock County was selected to host a regional defense forum in Winter 2018.



### *Training & Education*

- The ED Department hosted Carol Johnson, an Economic Development Sales Expert and founder of Continuous Dialog, to train our staff and community leaders. Her training advises clients on how they can keep, grow and recruit jobs; as well as providing the foundational knowledge of how communities should interact and communicate with prospects during site visits, the appropriate way to follow-up with prospects, and how to more effectively turn prospects into wins.



*Public Officials and HCPHC Staff during the two-day course led by Carol Johnson*

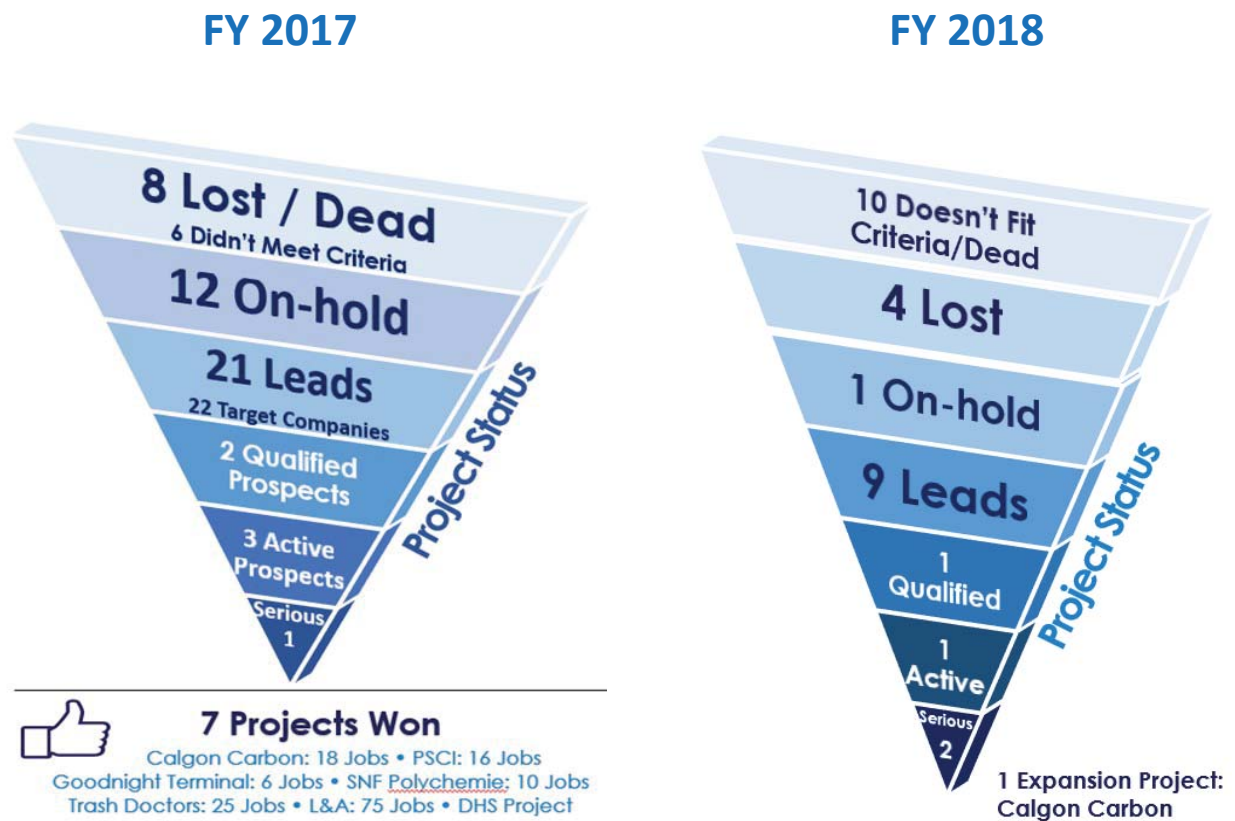
### *Travel, Conferences, and Marketing Visits*

HCPHC staff traveled with Stennis Space Center representatives to Kennedy Space Center located in Cape Canaveral, Florida. The mission of this trip was to learn how Kennedy Space Center has done so well in the business mission and space efforts and how we can expand their model to Hancock County.

HCPHC traveled to Seattle, WA and Farnborough, England for internationally renowned airshows that takes place every two years. The purpose of these airshows is to allow aerospace manufacturing companies, government entities, and economic developers the opportunity to meet with thousands of entities alike that may be looking to expand their products into other markets or looking to relocate elsewhere. For HCPHC, this is a recruiting trip partnered with the Gulf Coast Alliance to bring industry to the MS Gulf Coast. These airshows provide on average twenty meetings with new contacts, potential leads, and prospects.

*Services – Contract, Professional, General, Engineering*

- To provide detailed surveys to prospects looking to invest funds, relocate or expand into Hancock County, HCPHC has had surveys and drawings of warehouses, utility infrastructure maps, at Port Bienville, and provided in-depth engineering, strategic, and legal services from in-house engineer, Strategic Rail Finance, and Jones Walker Firm.
- These services can be attributed to the 2018 project reports below.



- In FY 2018, HCPHC developed a credit application and questionnaire to assess a prospect's qualifications. As of this writing in FY 2018 staff have worked 29 prospects. 3 are considered active and 1 is the continuation of an expansion for an existing company. The chart above is presented at monthly Commission meetings to illustrate one aspect of the department's marketing activity.

- Employment numbers at Port Bienville, Stennis International Airport and Stennis Space Center have each shown increases. Port Bienville has 14 companies employing 708 which represents an increase of 2% over the prior year. The businesses surrounding Stennis International Airport increased employment 20% over last year for a current total of 427. Stennis Space Center saw a slight increase of 0.4% for total employment of 5,014 within their 42 tenants.
- Property tax revenues generated at the three industrial parks combined was \$7 million, a 10% increase over the prior year. Port Bienville, Stennis International Airport, and Stennis Space Center account for 27% of the county's ad valorem property taxes.

### Fiscal Year 2019 Objectives and Key Investments

- Increase jobs, taxes and revenue at three key industrial locations by 2%.
- Market project ready sites as identified in the 2019 capital plan, with at least 10 site visits between the sites.
- Organize and host 7 manager meetings for key stakeholders to participate and communicate.
- Complete BRE program 3.0 with the initial 30 companies from BRE 1.0, revisit key revenues, job, and tax creators.
- Coordinate with external economic development partners for visits and review of action items and feedback. Further develop BRE strategies for minimally acceptable outcomes for monthly, quarterly, and annual follow up.
- Achieve ACT Work Ready Community status.
- Building on its existing success and following the completion of the Aviation and Aerospace Optimization Plan, the Hancock County Port and Harbor Commission (HCPHC) has been diligent in its activities to promote the region as a destination for business. In today's global business climate, successful economic development organizations understand and embrace their role as sales and marketing entities. Utilizing proven marketing and communications strategies in tandem with business recruitment and retention initiatives will position HCPHC for greater long-term success. The following pages outline a marketing and strategic communications approach that leverages HCPHC's strong internal base of stakeholders, commissioners and elected officials combined with outreach to targeted business decision makers and influencers to shape opinion and motivate behavior about the region.

- Branding Strategies:

*Unmanned & Unmatched – A Location for Aerial, Terrestrial & Submersible Systems*

Hancock County and the surrounding region provide unmatched assets for unmanned systems.

*An Eye on the Sky – Space Exploration*

Hancock County has space and knows space; the region has been home to aviation and space exploration for more than 50 years starting as the test site for launch vehicles for the Apollo program and continuing for every one of NASA's manned missions to space.

*Infrastructure That Meets Industry Needs*

Working with the Hancock County Port and Harbor Commission offers a seamless approach to finding the site and infrastructure to meet company needs.

Marketing for industrial canal & rail capabilities at Port Bienville - Implement strategic marketing for maritime traffic by promoting new dock and related infrastructure projects.

## ECONOMIC DEVELOPMENT BUDGET

Operating Supplies & Materials		Personnel Services	
Equipment, Hardware & Software	\$ 17,200	Salaries & Wages - Regular Time	204,030
Supplies - Office	2,000	Salaries & Wages - PTO Payout	1,876
Total Supplies & Materials	19,200	Insurance - Health/Life/LTD/AD&D	29,195
Other Services & Charges		Insurance - Workers Comp & Occupational	704
Cost of Sales	240,000	Retirement - PERS	62,755
Advertising & Local Industry Promotion	18,200	Tax - Mississippi Unemployment	420
Marketing	160,600	Tax - Federal SSI/Medicare	15,641
Association Dues	7,120	Total Personnel Services	314,621
Insurance - Property & Liability	164	<b>Total Expenses</b>	<b>940,295</b>
Licenses, Fees & Permits	750		
Services - Contract	91,840	<b>Net Loss from Operations</b>	<b>(940,295)</b>
Services - Professional	300		
Telephone & Telecommunications	4,500	Capital & Other Sources & (Uses) of Funds	
Training/Education	13,000	Capital	-
Trade Shows, Conferences & Symposiums	41,000	Transfers In	940,295
Travel - General	29,000	<b>Net Capital &amp; Other Sources &amp; Uses</b>	<b>940,295</b>
Total Other Services & Charges	606,474	<b>Net Sources and (Uses) of Funds</b>	<b>\$ -</b>

## GENERAL OPERATIONS BUDGET (COMBINED)

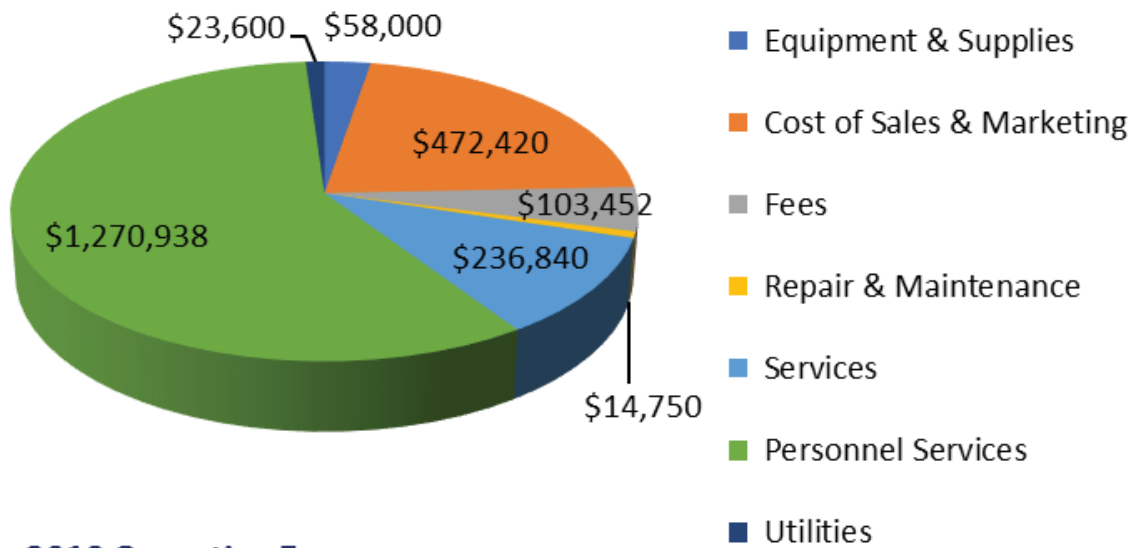
	Prior Yr Actual 2017	2018		Budget 2019
		Budget	Projected	
<b>REVENUES</b>				
Other Operating Revenue				
Grant Revenues - SMEPA/EDA Land Use Study	\$ 64,250	\$ -	\$ -	\$ -
Total Other Operating Revenue	64,250	-	-	-
<b>Total Revenues</b>	<b>64,250</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENSES</b>				
Equipment, Hardware & Software	47,765	35,800	26,543	<b>35,400</b>
Supplies - Custodial	1,057	1,500	832	<b>1,500</b>
Supplies - Office	18,798	17,500	21,712	<b>20,500</b>
Supplies - Operating	589	600	233	<b>600</b>
Cost of Sales	-	-	-	<b>240,000</b>
Advertising & Local Industry Promotion	25,375	34,700	58,137	<b>21,200</b>
Marketing	53,737	141,000	65,561	<b>160,600</b>
Association Dues	6,633	9,245	8,163	<b>9,620</b>
Insurance - Property & Liability	49,836	47,312	46,425	<b>48,002</b>
Licenses, Fees & Permits	1,135	1,650	513	<b>1,750</b>
Rent - Buildings & Equipment	4,581	4,650	4,581	<b>4,750</b>
Repair/Maintenance/Improvements - Buildings	140	1,000	91	<b>1,000</b>
Repair/Maintenance/Improvements - Equipment	-	1,000	-	<b>1,000</b>
Repair/Maintenance/Improvements - Grounds	4,975	8,000	5,067	<b>8,000</b>
Services - Auditing	37,911	42,000	38,889	<b>42,000</b>
Services - Commissioners	15,814	20,000	13,216	<b>18,000</b>
Services - Contract	46,087	75,568	51,691	<b>119,840</b>
Services - Land Use Study	98,500	-	-	<b>-</b>
Services - Engineering	14,690	60,000	31,964	<b>-</b>
Services - Legal	24,231	49,000	25,623	<b>27,000</b>
Services - Payroll	6,720	7,000	6,200	<b>7,200</b>
Services - Professional	96,129	82,230	64,599	<b>21,300</b>
Services - Security Systems	1,014	1,000	900	<b>1,500</b>
Subscriptions, Books, & Periodicals	60	200	80	<b>200</b>
Telephone & Telecommunications	22,062	14,100	14,835	<b>14,100</b>
Training/Education	19,458	27,200	17,620	<b>16,500</b>
Trade Shows, Conferences & Symposiums	24,730	51,000	28,193	<b>41,000</b>
Travel - General	14,427	29,000	11,904	<b>37,000</b>
Utilities	11,343	18,000	7,775	<b>9,500</b>
Total Equipment, Supplies, Services & Charges	647,797	780,255	551,347	<b>909,062</b>

## GENERAL OPERATIONS BUDGET (COMBINED) (continued...)

	Prior Yr Actual 2017	2018		Budget 2019
		Budget	Projected	
Personnel Services				
Salaries & Wages - Regular Time	721,490	755,184	736,594	<b>815,976</b>
Salaries & Wages - PTO Payout	12,003	13,781	8,497	<b>10,021</b>
Accrued Payroll - Year End & PTO Compensation	17,800	-	(19,783)	-
Employee Physicals	500	500	-	<b>500</b>
Insurance - Health/Life/LTD/AD&D	128,253	126,133	109,248	<b>118,968</b>
Insurance - Workers Comp & Occupational	1,759	2,075	1,672	<b>2,245</b>
Retirement - PERS	228,203	196,261	233,125	<b>254,711</b>
Tax - Mississippi Unemployment	1,540	1,330	1,763	<b>1,400</b>
Tax - Federal SSI/Medicare	56,910	56,395	54,156	<b>67,117</b>
Total Personnel Services	<u>1,168,458</u>	<u>1,151,659</u>	<u>1,125,272</u>	<u><b>1,270,938</b></u>
<b>Total Expenses</b>	<b>1,816,255</b>	<b>1,931,914</b>	<b>1,676,619</b>	<b>2,180,000</b>
<b>Net Loss from Operations</b>	<b>(1,752,005)</b>	<b>(1,931,914)</b>	<b>(1,676,619)</b>	<b>(2,180,000)</b>
Non-Operating Income (Expense)				
Interest Income - Checking & Savings	82,759	76,000	56,857	<b>22,200</b>
Investment (Loss)	(17,330)	-	-	-
Loss on Sale of Assets	(363,591)	-	-	-
<b>Net Non-Operating Income</b>	<b>(298,162)</b>	<b>76,000</b>	<b>56,857</b>	<b>22,200</b>
Capital & Special Projects Sources & (Uses) of Funds				
Grant Revenues	4,459	-	218,001	-
Transfers In	1,888,000	1,928,525	-	<b>2,157,800</b>
Capital	(1,465,206)	(630,000)	(42,861)	-
Asset Impairment Write Down	(872,695)	-	-	-
<b>Net Capital &amp; Special Projects Sources &amp; (Uses) of Funds</b>	<b>(445,442)</b>	<b>1,298,525</b>	<b>175,140</b>	<b>2,157,800</b>
<b>Net Sources and (Uses) of Funds</b>	<b>\$ (2,495,609)</b>	<b>\$ -</b>	<b>\$ (1,444,622)</b>	<b>\$ -</b>



### Administation & Economic Development



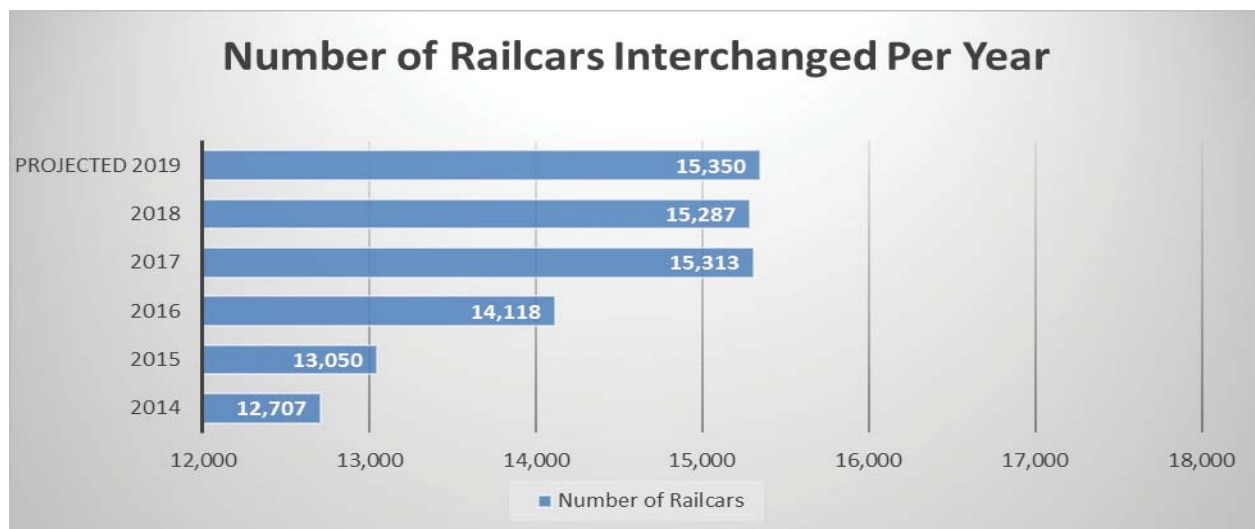
### 2019 Operating Expenses

*Robert R. Kane Administration Building*



## PORT BIENVILLE RAILROAD

Port Bienville Railroad is a Class 3 Short Line Railroad owned and operated by the Hancock County Port and Harbor Commission. Port Bienville Railroad operates on 7-1/2 miles of mainline track that is capable of handling 286,000-pound cars. Port Bienville Railroad has 9 miles of storage tracks and stores up 500 cars per day. Port Bienville Railroad Interchanges 6 days per week with Class 1 service provided by CSX with the total number of cars exceeding 15,000 per year. Port Bienville Industrial Park has 14 tenants of which 8 of those use rail service provided by Port Bienville Railroad. Port Bienville Railroad moves numerous different commodities for Port tenants including steel, hazardous material, pipe, plastics and empty cars for cleaning.



Port Bienville Railroad's ability to move railcars is with three SW9-1750hp locomotives that are leased. Port Bienville Railroad owns a Track-mobile-4850SC 200hp, its primary use is to move trains with fewer than 15-20 Railcars. Port Bienville Railroad recently completed a locomotive study to evaluate the efficiency and reliability of the current locomotives. Based on the number of railcars moved daily and the current locomotives' lack of power the studies findings suggest that Port Bienville Railroad needs more powerful locomotives with newer electronics to improve efficiency. Port Bienville Railroad is in the process of completing specifications to bid for two GP-38s and one SW-12 locomotives.

Train crews are transported throughout Port Bienville in two 2017 Dodge Ram crew cab trucks, and a John Deere Gator 850. For FY 2019 Port Bienville Railroad budgeted the purchase a new 4-door John Deere Gator.

Track Maintenance/Inspections are performed using a 2009 F-150 Ford Crew Cab 4X4 equipped with the tools needed to perform all track inspections and minor repairs.

### Current Staff

Port Bienville Railroad staff consists of thirteen (13) full-time employees:

*Railroad Manager's* responsibilities include overseeing the safe and efficient operations of Port Bienville Railroad, direct contact for rail customers and CSX, preparation of the railroad budget, and maintaining all Federal Railroad Administration (FRA) and Mississippi Department of Transportation (MDOT) requirements and scheduling. Positions reporting to the Railroad Manager are:

- *The Yard Master* oversees crews, assists the Railroad Manager and office personnel as needed and assists with training of all rail employees.
- *The Office Manager* maintains data necessary for billing customers, maintains office records and provides rail crews with customer switch requests.
- *Track Inspector/Track Maintenance* personnel are responsible for maintaining all safety standards of track and meeting or exceeding all regulated requirements. The Track Inspector also performs inspections performs repair work as needed.
- *Ground Coordinators* serve as a direct contact and decision makers for rail crew while in the field.
- *Engineers* operate locomotives and perform daily inspections and servicing of locomotives to meet MDOT and FRA standards.
- *Conductors* duties include moving cars to locations as requested on the daily switch request, overseeing all moves of the train crew and directing daily paperwork to office personnel.
- *Brakemen* assist the conductor with all switching moves as related to the movement of railcars to perform daily switch requests.



Port Bienville Railroad also shares a maintenance team of 2 employees with Stennis International Airport and Port Bienville Industrial Park.

Port Bienville Railroad's scheduled hours of operation are Monday through Saturday 6:00 – 4:30, employees work a 4-day work week at 10 hours per day with occasional overtime.

### Additional Staff

An additional position is budgeted in 2019 to be hired as demands increase.

## Performance Fiscal Year 2018

### *Capital projects placed in service include:*

**Rail Scale Upgrade - \$56,250.** Port Bienville Railroad weighs an average of 1300 cars per year the tariff rate for which is \$150 per car. In fiscal Year 2018 Port Bienville completely upgraded its Weigh-in-Motion rail scale. The upgrade included all new electronics with the capability of emailing weights directly to the railroad office. This upgrade has increased efficiency, freeing up staff to perform other duties.



**Crossing Signals \$683,953** - Port Bienville Railroad installed crossing gates and signals at its two public crossings located outside of the Port Bienville Industrial Park. With the growing number of Nationwide grade crossing accidents this project was to improve safety to the public as well as train crew members.

**Site Six Spur Track - \$546,450.** Completed construction of the new track during fiscal year 2018. The new spur was built using steel crossties with a life expectancy of 50 years and lower maintenance cost. The Spur will be used to store 25 railcars generating revenue of \$10 per car per day. Since completion the track has been at full capacity. The new track also provides rail access to project ready Site Six for potential new tenants.

**Manufab Spur Relay \$182,557** – Port Bienville Railroad completed upgrade of the Manufab Spur track from 85 rail to 115 pounds. The project also included a complete rebuild of the road crossing that leads into Site 4. The spur track is the only rail access to Site 4's transload facility. This rail upgrade also allows for heavier rail car movements.

**Aldon Switch Cubes \$13,012** – Port Bienville Railroad installed switch cube indicators on all 52 switch stands. The new cubes can be seen further away with more clarity of switch position. The new cubes are more reflective at night and in low light and inclement weather conditions. This purpose of the project was to improve visibility of switch positions, therefore improving safety of rail crews and equipment.

**Rock and Timber \$326,477** - Port Bienville Railroad performs annual rock and timber replacement projects as part of ongoing maintenance and preventive maintenance. This project is to meet or exceed FRA and MDOT standards for class 3 tracks. Port Bienville will replace creosote ties with a life expectancy of 10 years with dual-treated ties that has a life expectancy of 20 years.



*Communications Upgrade \$11,065* - Port Bienville Railroad upgraded their communications by switching from analog to digital with the installation of two digital repeaters on the communication tower and the purchase of all new radios. Prior to the upgrade the ability to communicate was sometimes less than 2 miles, since the upgrade the train crews have communicated as far away as 12 miles. This has increased efficiency but most importantly has improved safety.

### Safety

The Port Bienville Railroad received the Jake Award with Distinction from the American Short Line Association for 2017. This is a major safety award received for having no reportable injuries. This is the 15th year the railroad has earned the award in the last 17 years.


Port Bienville Railroad over the past year has raised the standards of safety for all employees with our vision of “Everyone Home Safe Every Day” and implementing a new Safety Action Plan. All employees are required to follow our new PPE requirements. All personal protection equipment such as boots, safety vest, eyewear, etc. are provided by Port Bienville Railroad at no cost to the employee.

In 2018 staff completed and implemented Port Bienville Railroad Safety Plan which includes the following:

- Safety Action Plan
- Mission
- Vision
- Personal Protective Equipment Requirements
- Job Safety Briefings

Port Bienville Railroad

### Safety



Our Mission Statement

No job is so important, no service so urgent, that we cannot take the time to perform all work safely.

Our Vision

Everyone Home Safe Every Day

Our Personal Commitment

Port Bienville Railroad is committed to the health and safety of our employees and the public where they are impacted by our operations.

- ❖ All injuries can be prevented.
- ❖ All exposures can be safe-guarded.
- ❖ Prevention of injuries and accidents is the responsibility of each team member.
- ❖ Training is essential for good safety performance.
- ❖ Safety is a condition of employment.
- ❖ Safety is good business.

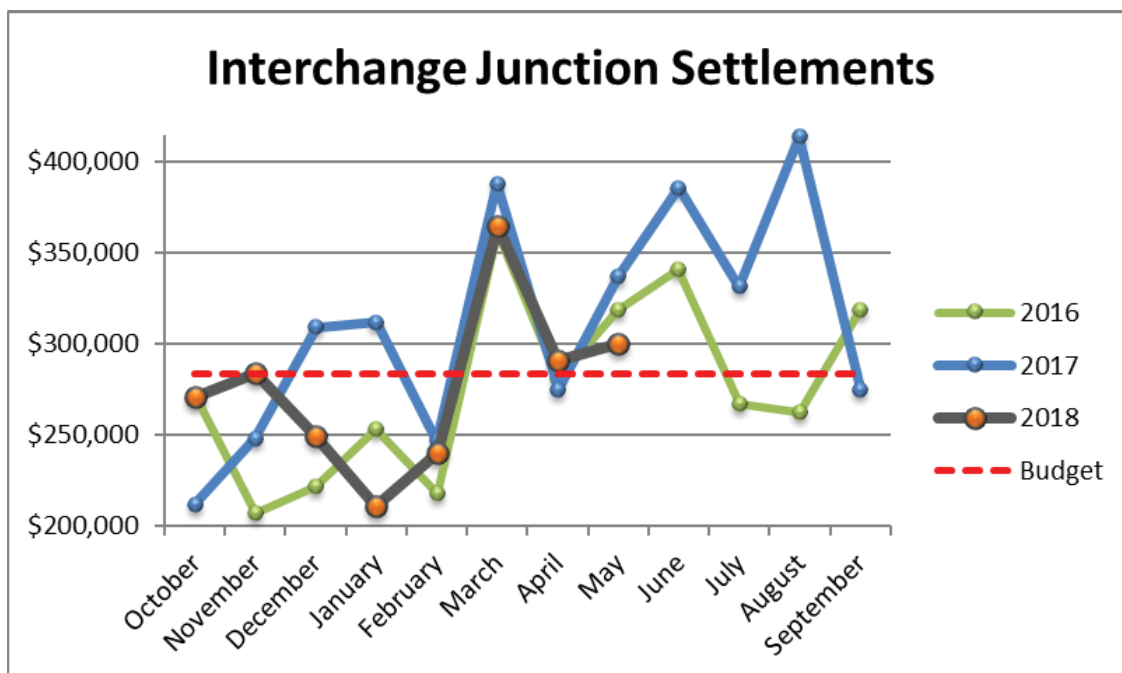
## 2018 Revenues and 2019 Budget Projections

Port Bienville Railroad generates revenue from rail services provided to Port Bienville tenants. The majority of revenues is generated through Contract Track Leasing, Storage, Junction Settlements and Switching.



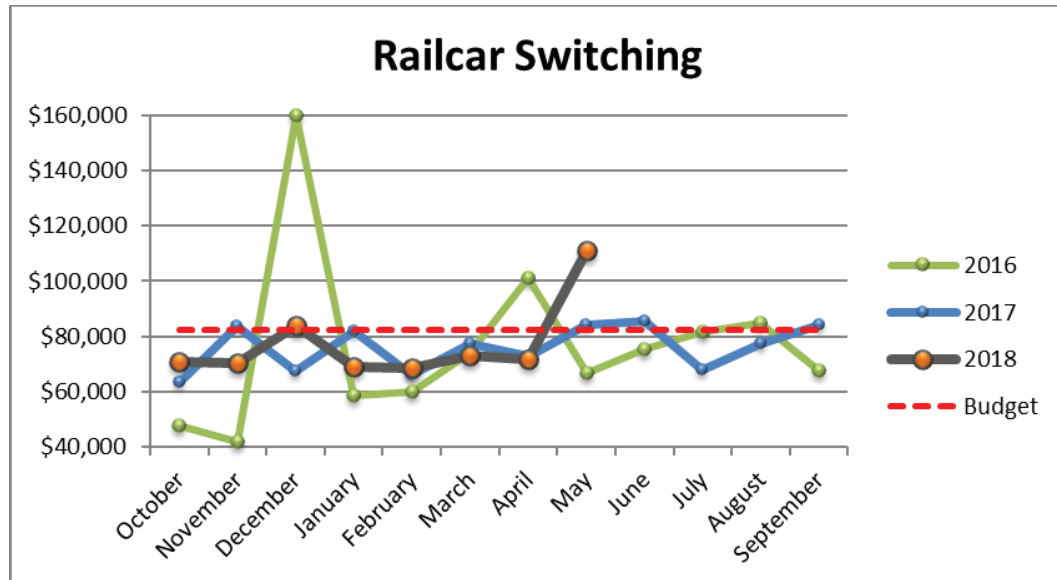
*Rail line switch gear*

Interchange Junction Settlements - are revenues generated from inbound and outbound rail-cars that are loaded commodity cars. Projections for fiscal year 2019 will remain the same as fiscal year 2018.





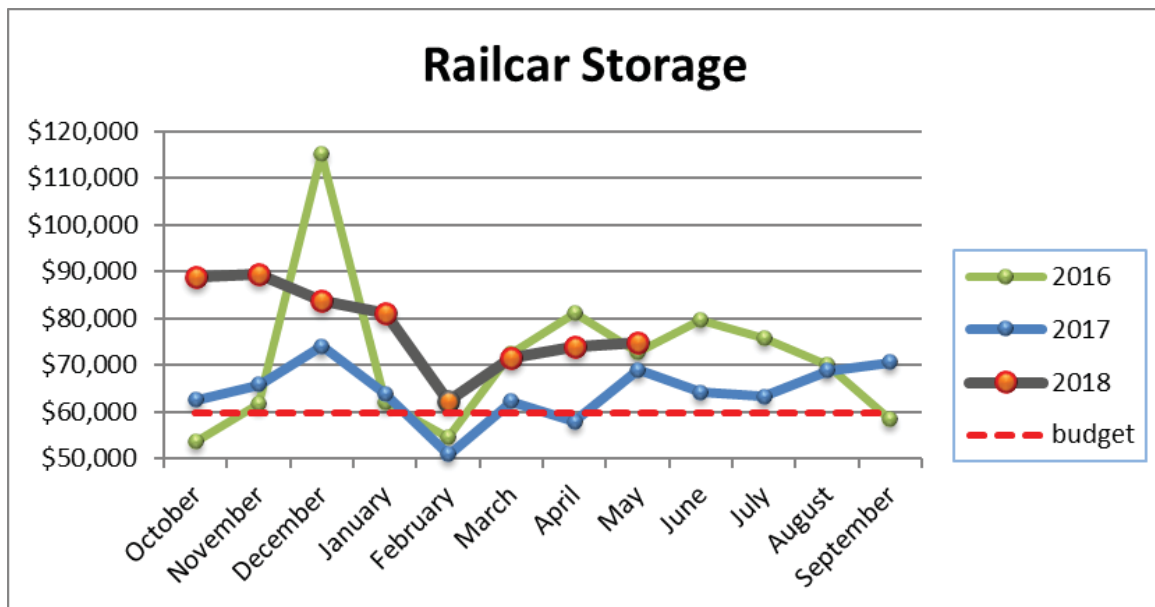
**Railcar Switching** - revenues are generated on cars that are moved to or from storage as requested by the tenants. Port Bienville Railroad also adds a switch charge to railcars that interchange inbound and outbound as empty since these are not Junction Settlement revenue cars. Revenue for fiscal year 2019 projection will be budgeted with a slight decrease based on the past three year's data.



*Railroad employee changing switch direction*



**Railcar Storage** - revenues are generated from cars that are stored on Port Bienville Railroad tracks. Some tenants have contracts for a defined number of rail car spaces (Contract Track Lease) which is separate from Storage Track Rent which captures revenue from rail car storage not otherwise contractually obligated. The Fiscal year 2019 budget projections will show an increase based on the past three years of trend data.



**Contract Track Lease** - revenues are generated from tenant leases for railcar storage spaces at a set rate as negotiated in contracts with the Commission.

**Rail Scale Charges** - Port Bienville owns and operates a Weigh-in-Motion rail scale. At the customer's request rail cars are weighed and a per car fee is charged to the customer. Revenues for fiscal year 2019 are projected showing a slight decrease from 2018 as usage has steadily declined and we see nothing to indicate that this trend will reverse in the foreseeable future.

**Weekend Services** - revenue is generated when rail customers request special service for weekends or holidays. These customer charges offset the cost of expenses related to additional man hours and overtime.

## Fiscal Year 2019 Objectives and Key Investments

- *Tariff rates* will be updated to ensure that we are trending with market rates.
- *Planning and development of Intermodal Yard and Shuttle service between PBVR and New Orleans Public Belt (NOPB)* - Staff are collaborating with NOPB on development of a rail freight shuttle direct between the two rail yards to reduce tenant costs. Alternative scenarios will be evaluated to provide a location within or adjacent to Port Bienville for an Intermodal Yard for truck to rail container shipping. The shuttle and terminal will also link the proposed Linea Dock and Site 4 for direct transloading of product between waterborne barges, rail cars and trucks.
- *Locomotive procurement* – Finalize the procurement of three newer and more efficient locomotives.
- *New technology for rail operations* – Look at the technology available for rail operations such as electric switches, AEI tag readers, conductor yard management software, track maintenance software and asset management software.
- *North/South rail connection* – Continue to research the impact and the market access for current or future Port Bienville tenants.

### Other Notable

- *Strategic Rail Finance (SRF)* - The Commission contracted with SRF as consultant for additional resources and knowledge. Port Bienville Railroad has seen benefits of these services through railcar pricing studies of rates, logistics of operations, future projections, and equipment evaluations including locomotive efficiency studies.
- *Regulatory Inspections* - Port Bienville Railroad had 3 Federal Railroad Administration and Mississippi Department of Transportation inspections. One defect was found during these visits which has since been resolved. This was the only defect cited in over ten years.

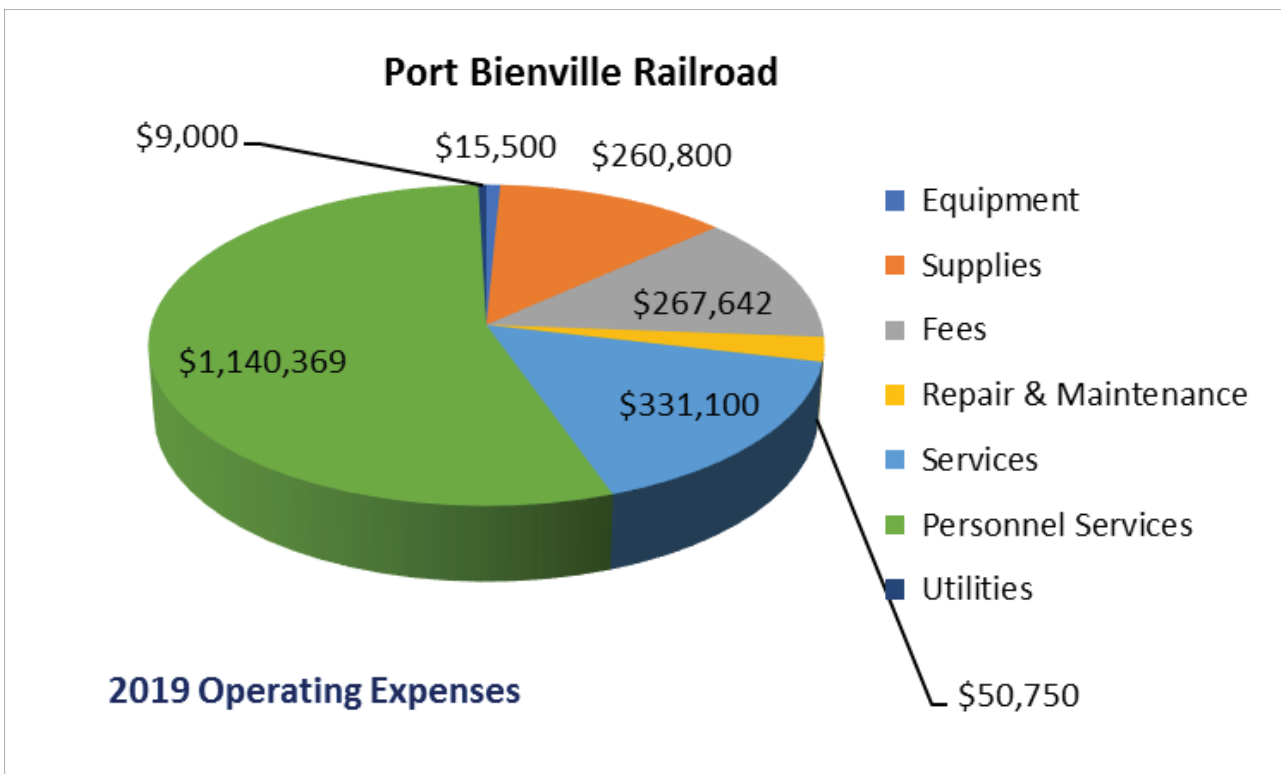
## PORT BIENVILLE RAILROAD

	Prior Yr			
	Actual	2018		Budget
	2017	Budget	Projected	2019
<b>REVENUE</b>				
Use of Money & Property				
Contract Track Lease	\$ 504,533	\$ 495,000	\$ 500,165	\$ 500,656
Storage Track Rent & Demurrage	750,324	717,000	828,104	777,000
Rent: Rail Facilities Building	108,000	108,000	108,000	108,000
Total Use of Money & Property	1,362,857	1,320,000	1,436,269	1,385,656
Charges for Services				
Junction Settlements (Line Haul)	3,734,687	3,400,000	3,263,008	3,400,000
Switching	975,869	1,013,500	886,897	836,000
Rail Scale Revenues	225,426	200,000	150,200	150,000
Railcar Repair Services - Contract/Inhouse	174,412	150,000	171,919	170,000
Total Charges for Services	5,110,394	4,763,500	4,472,024	4,556,000
Other Operating Revenue				
Other Revenues	9,444	8,578	9,144	11,300
Total Other Operating Revenue	9,444	8,578	9,144	11,300
<b>Total Revenues</b>	<b>6,482,695</b>	<b>6,092,078</b>	<b>5,917,437</b>	<b>5,952,956</b>
<b>EXPENSES</b>				
Operating Supplies & Materials				
Equipment, Hardware & Software	13,098	28,300	2,877	15,500
Supplies - Custodial	761	800	267	700
Supplies - Fuel/Oil	121,270	125,000	154,972	230,000
Supplies - Office	3,922	3,800	3,628	5,400
Supplies - Operating	2,662	2,500	1,304	2,500
Supplies - Safety	2,012	2,750	2,741	3,900
Supplies - Train/Track	8,278	15,000	10,237	13,000
Supplies - Uniforms	3,615	5,300	3,584	5,300
Total Supplies & Materials	155,618	183,450	179,610	276,300
Other Services & Charges				
Advertising & Local Industry Promotion	196	-	332	500
Association Dues	12,350	12,000	13,080	13,080
Insurance - Property & Liability	107,498	126,023	116,360	115,922
Licenses, Fees & Permits	79	500	15	-
Rent - Buildings & Equipment	-	1,000	-	3,140
Rent - Locomotives	108,000	108,000	108,000	135,000
Repair/Maintenance/Improvements - Buildings	3,674	5,000	613	12,000
Repair/Maintenance/Improvements - Equipment	7,368	10,250	5,832	4,250
Repair/Maintenance/Improvements - Grounds	-	71,000	-	6,000
Repair/Maintenance/Improvements - Vehicles	1,500	2,000	3,781	6,500
Repair/Maintenance/Improvements - Track	27,146	25,000	22,975	22,000

## PORT BIENVILLE RAILROAD (continued...)

	Prior Yr	2018		Budget
	Actual	Budget	Projected	2019
	2017			
Railcar Repair Expense	90,757	-	7,074	-
Services - Car Hire/Accounting	50,243	50,000	52,123	54,000
Services - Contract	3,703	4,500	3,396	31,000
Services - Rail Funding Study	15,600	-	-	50,000
Services - Port / Rail Master Plan	-	62,500	-	62,500
Services - Engineering	6,682	5,000	3,160	34,000
Services - Professional	11,822	29,000	34,245	73,000
Subscriptions, Books, & Periodicals	835	1,200	1,113	1,000
Telephone & Telecommunications	5,925	6,000	6,576	6,000
Training/Education	10,946	28,500	3,373	24,800
Travel - General	117	-	537	800
Utilities	5,523	6,500	5,684	3,000
Total Other Services & Charges	469,964	553,973	388,269	658,492
Personnel Services				
Salaries & Wages - Regular Time	410,098	562,709	551,165	697,390
Salaries & Wages - Overtime	87,175	57,464	60,611	59,476
Salaries & Wages - PTO Payout	13,723	8,983	8,881	9,890
Accrued Payroll - Year End & PTO Compensation	2,793	-	(9,024)	-
Employee Physicals	2,015	2,000	475	2,000
Insurance - Health/Life/LTD/AD&D	127,812	208,337	142,224	182,914
Insurance - Workers Comp & Occupational	19,893	24,182	19,479	21,939
Tax - RR Tier I, Tier II & RUIA	112,573	139,396	126,936	166,760
Total Personnel Services	776,082	1,003,071	900,747	1,140,369
<b>Total Expenses</b>	<b>1,401,664</b>	<b>1,740,494</b>	<b>1,468,626</b>	<b>2,075,161</b>
<b>Net Income from Operations</b>	<b>5,081,031</b>	<b>4,351,584</b>	<b>4,448,811</b>	<b>3,877,795</b>
Non-Operating Income (Expense)				
Interest Income - Checking & Savings	11,299	9,500	35,392	9,500
<b>Net Non-Operating Income (Expense)</b>	<b>11,299</b>	<b>9,500</b>	<b>35,392</b>	<b>9,500</b>
Capital Sources & (Uses) of Funds				
Grant Revenues	833,530	677,147	680,340	611,233
Lease Financing	-	-	-	1,060,000
Appropriations from Prior Years	-	5,983,971	-	-
Capital	(1,157,779)	(2,071,320)	(1,400,971)	(2,700,463)
Fixed Assets - Personal Property	(43,228)	-	-	-
Transfers Out	(1,888,000)	(8,950,882)	(1,693,333)	(2,858,065)
<b>Net Capital Sources &amp; (Uses) of Funds</b>	<b>(2,255,477)</b>	<b>(4,361,084)</b>	<b>(2,413,964)</b>	<b>(3,887,295)</b>
<b>Total Net Sources &amp; (Uses) of Funds</b>	<b>\$ 2,836,853</b>	<b>\$ -</b>	<b>\$ 2,070,239</b>	<b>\$ -</b>





*Railroad weigh-in-motion scale*



**PORT BIENVILLE RAILROAD  
2018 WIP - 2021 CAPITAL IMPROVEMENT PLAN**

PROJECT #	PROJECT NAME	PURPOSE *	COSTS		WIP			TOTAL
			TO DATE	2018	2019	2020	2021	
RR1801	Warehouse Spur	SI	\$ 6,020	\$ 81,020	\$ 395,980	\$ -	\$ -	\$ 483,020
RR1901	Culvert Replacement	LCM	-	-	384,920	-	-	384,920
RR1902	Straight Leg Siding	SI	-	-	504,326	-	-	504,326
RR1903	Rock & Timber Replacement	LCM	-	-	340,000	-	-	340,000
RR1904	John Deere Gator	SA	-	-	15,237	-	-	15,237
RR1905	Locomotives	SI	-	-	1,060,000	-	-	1,060,000
RR2001	Crossings Improvements	LCM	-	-	-	175,000	-	175,000
RR2002	Rock & Timber Replacement	LCM	-	-	-	340,000	-	340,000
RR2003	Lower Bay Switches	LCM	-	-	-	985,000	-	985,000
RR2101	Tail Tracks Upgrades	LCM	-	-	-	-	1,085,053	1,085,053
RR2102	Rock & Timber Replacement	LCM	-	-	-	-	340,000	340,000
Total Uses of Funds			\$ 6,020	\$ 81,020	\$ 2,700,463	\$ 1,500,000	\$ 1,425,053	\$ 5,712,556

SOURCE OF FUNDS	SOURCES					TOTAL
	TO DATE	2018	2019	2020	2021	
Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	611,233	-	330,000	941,233
Cash Reserves	6,020	81,020	1,029,230	1,500,000	1,095,053	3,711,323
Lease Financing	-	-	1,060,000	-	-	1,060,000
Total Sources of Funds	\$ 6,020	\$ 81,020	\$ 2,700,463	\$ 1,500,000	\$ 1,425,053	\$ 5,712,556

**\*PURPOSE CODE**

LCM      *Life Cycle Maintenance*  
SA        *Safety*  
SI        *Strategic Investment*

## **CAPITAL PROJECTS - 2019**

**RR1801 – Warehouse Spur - \$395,980.** The new Rail spur will provide access to Goodnight Terminal Services and will facilitate 400-500 new railcars per year. Switch fees for all cars received from interchange will be charged a rate of \$175 per car, for an estimated additional \$70,000 of revenue per year. The spur is being constructed with steel crossties that have a life expectancy of 50 years. The steel ties will keep maintenance costs to a minimum with projected maintenance costs of \$2,400 per year. The new track will be leased to the tenant at \$47,000 per year. Funding Source — MDOT multimodal funds of \$311,233 and cash reserves.

**RR1901 – Culvert at SABIC and A&R - \$384,920.** The project represents life cycle maintenance and consists of replacing two culverts under rail tracks. Funding Source – cash reserves.

**RR1902 – Straight Leg Siding - \$504,326.** This project constructs a new track along the existing line and next to the Polychemie Plant. The track will hold 10-15 railcars and will help to eliminate congestion in the area. The track will generate additional storage and switching fees with revenue projections of \$27,375 annually. The track is being constructed using steel crossties with a life expectancy of 50 years. The additional track is expected to add \$2,000 per year to maintenance expenditures. Funding Sources include MDOT multimodal funds of \$300,000 and cash reserves.

**RR1903 – Rock and Timber - \$340,000.** This is a lifecycle maintenance project to replace decaying crossties and add ballast in areas of need. We will also install a steel turn-out at the Lower Bay storage yard to help maintain track gauge and reduce tie replacement. The estimated cost of a wood-tie turnout is \$20,000 with a life cycle of 10-12 +/- years. A steel-tie turnout has an estimated cost of \$27,000 with a life expectancy of 50 +/- years and minimal maintenance. Crossties under the Petite Acres crossing will also be replaced and a number of bridge timbers will also be replaced. This project will have no effect on operational revenue or expense. Funding source – cash reserves.

**RR1904 – John Deere Gator UTV - \$15,237.** A 4 door utility vehicle will be purchased for a train crew transport inside the port. The utility vehicle will afford better access to some storage tracks that are not easily accessible by truck. This project will have no effect on operational revenue and may provide some savings on truck maintenance. Funding source – cash reserves.

**RR1905 – Locomotives - \$1,060,000.** Port Bienville Railroad is soliciting bids to replace the current locomotives with three newer and more efficient ones. Port Bienville Railroad contracted with RPS to perform a locomotive study. The study found that the current locomotives are operating at a minimum of 20% below their intended efficiency. Port Bienville Railroad will be replacing current locomotives with GP38-2 locomotives that will operate more efficiently with more horsepower, lower fuel consumption and less time to build air on trains. Though the method of procurement hasn't been decided 2019's budget assumes these units are leased on a 10-year amortization.

## **CAPITAL PROJECTS - 2020**

**RR2001 – Crossings Improvements - \$175,000.** Rail ties and asphalt at four rail crossings will be replaced. There will be no impact to expense or revenue of operating budget. Funding Source – cash reserves.

**RR2002 – Rock and Timber - \$340,000.** Lifecycle maintenance project to replace decaying crossties and add ballast in areas of need. Install steel turn-outs at the North and South entrances to Scale Track to help maintain track gauge and reduce tie replacement. The estimated cost of a wood-tie turnout is \$20,000 with a life cycle of 10-12 +/- years while a steel-tie turnout's estimated cost is \$27,000 with a life expectancy of 50 +/- years with minimal maintenance. There will be no additional cost to the operating budget. Funding Source – cash reserves.

**RR2003 – Lower Bay switches - \$985,000.** This project also represents expenses related to lifecycle maintenance, replaces decaying switch ties in the storage yard and installs 6 steel turn-outs to help maintain track gauge and reduce tie replacements. This will also include the installation of Smart Yard Switches on 7 switches. The Smart Yard Switches have automatic equipment identification (AEI) readers for tracking railcars as they are being placed or removed from tracks. The switches are powered with solar energy and are activated with either push button or VHF/UHF radio. The AEI readers will help conductors record car movements. The radio controlled function will allow conductors to operate switches remotely. These switches utilize smart technology for preventing derailments and rail car collisions. We estimate a \$2,000 annual increase to maintenance expenses. Funding Source – cash reserves.

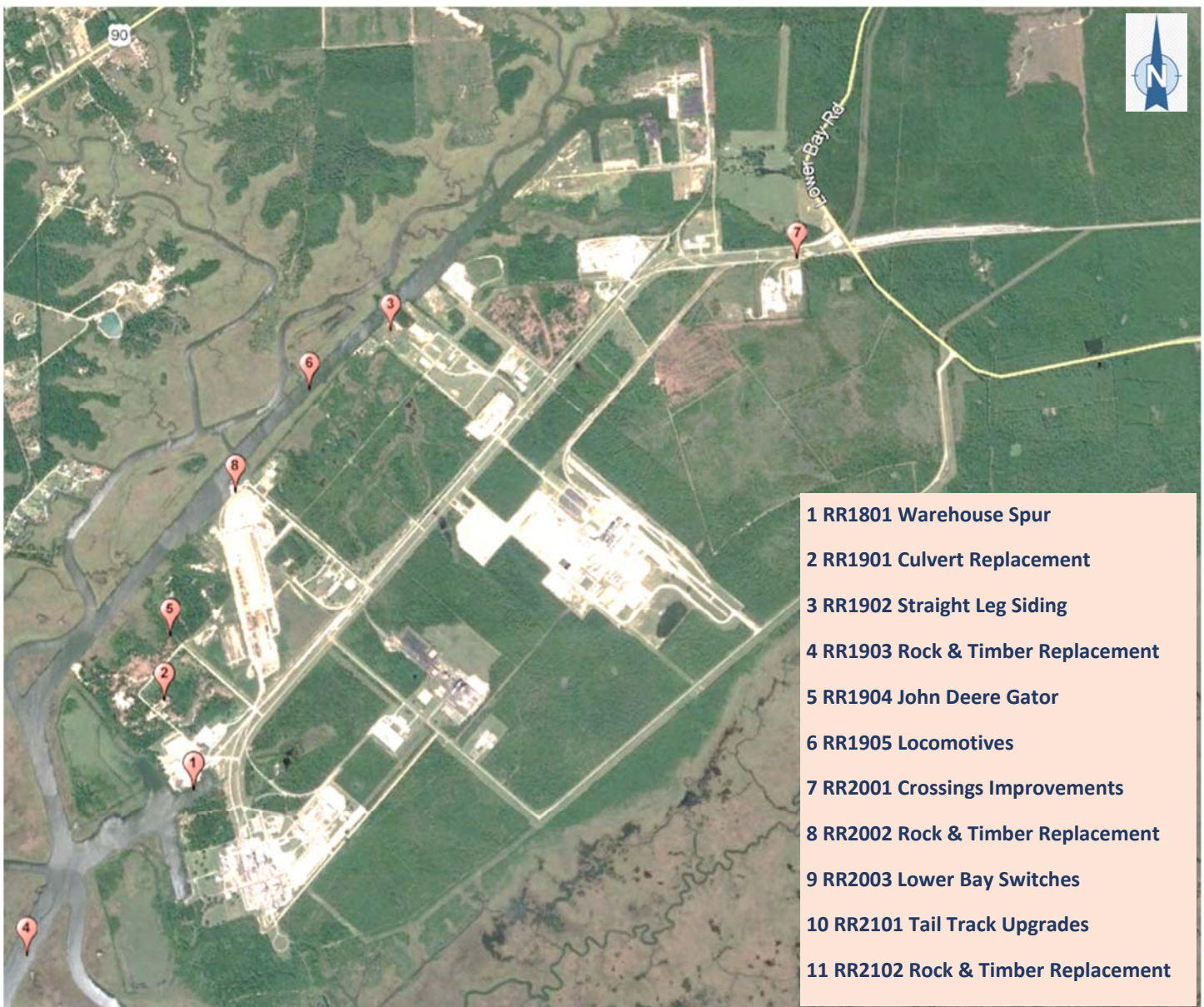
### **CAPITAL PROJECTS - 2021**

**RR2101 – Tail Tracks Upgrade- \$1,085,053.** Lifecycle Maintenance/Safety project to replace decaying switch ties and cross ties in the storage yard. Install 3 steel turn-outs to help maintain track gauge and reduce tie replacement. Install Smart Yard Switches on 3 switches. Replace 5,750' of 90 lb. rail with 115 lb rail. There will be \$900 increase to the maintenance budget. Funding Source – MDOT multimodal funds of \$330,000 and cash reserves.

**RR2102 – Rock and Timber - \$340,000.** Lifecycle maintenance project to replace decaying crossties and add ballast in areas of need. Install steel turn-outs at the Manufab Spur and Belly Track switches to help maintain track gauge and reduce tie replacement. The estimated cost of a wood-tie turnout is \$20,000 with a life cycle of 10-12 +/- years while a steel-tie turnout's estimated cost is \$27,000 with a life expectancy of 50 +/- years with minimal maintenance. This project should have no effect on operating revenue or expenses. Funding Source – cash reserves.



### ***PORT BIENVILLE RAILROAD CAPITAL PROJECTS Locations map***





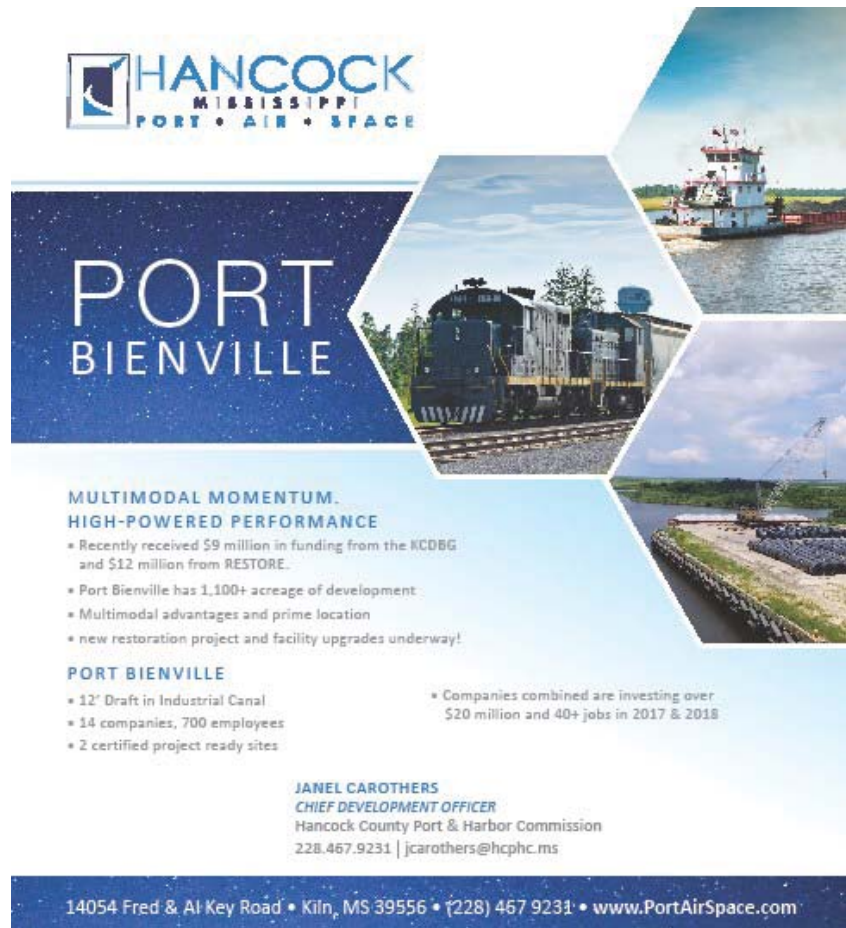
## PORT BIENVILLE INDUSTRIAL PARK

The Hancock County Port and Harbor Commission was created on March 21, 1963 and shortly thereafter a heavily wooded parcel located along the banks of Mulatto Bayou was designated as Port Bienville Industrial Park.

The first initiative was the development of 3 miles of man-made canals through this area. As the interest in Port Bienville grew, the Commission had the foresight that rail would be a major attraction to lure industry to Port Bienville. Thus, the construction of 7 miles of rail with a 4-mile rail connection to CSX became a reality. Over 22 miles now serve the tenants of Port Bienville Industrial Park.

Port Bienville is home to 14 industries with over 700 employees. Public dock facilities have been created to handle the steady volumes of tug and barge traffic that use the canals in Port Bienville daily. The creation of “project ready sites”, a Mississippi Power designation, certifies the availability of “shovel ready parcels” inside the port. Massive infrastructure projects are now in the beginning phases of construction which will consist of \$17,000,000 in improvements of creation and renovation of dock facilities and a new multi-modal facility.

The port’s focus for 2019 will be to extend the work done in 2018 to optimize useable space along the industrial canal and increase cross dock commodity revenues and further explore divesting from the water and sewer systems.



**HANCOCK**  
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PORT • AIR • SPACE

# PORT BIENVILLE

**MULTIMODAL MOMENTUM.  
HIGH-POWERED PERFORMANCE**

- Recently received \$9 million in funding from the ICDBG and \$12 million from RESTORE.
- Port Bienville has 1,100+ acreage of development
- Multimodal advantages and prime location
- new restoration project and facility upgrades underway!

**PORT BIENVILLE**

- 12' Draft in Industrial Canal
- 14 companies, 700 employees
- 2 certified project ready sites

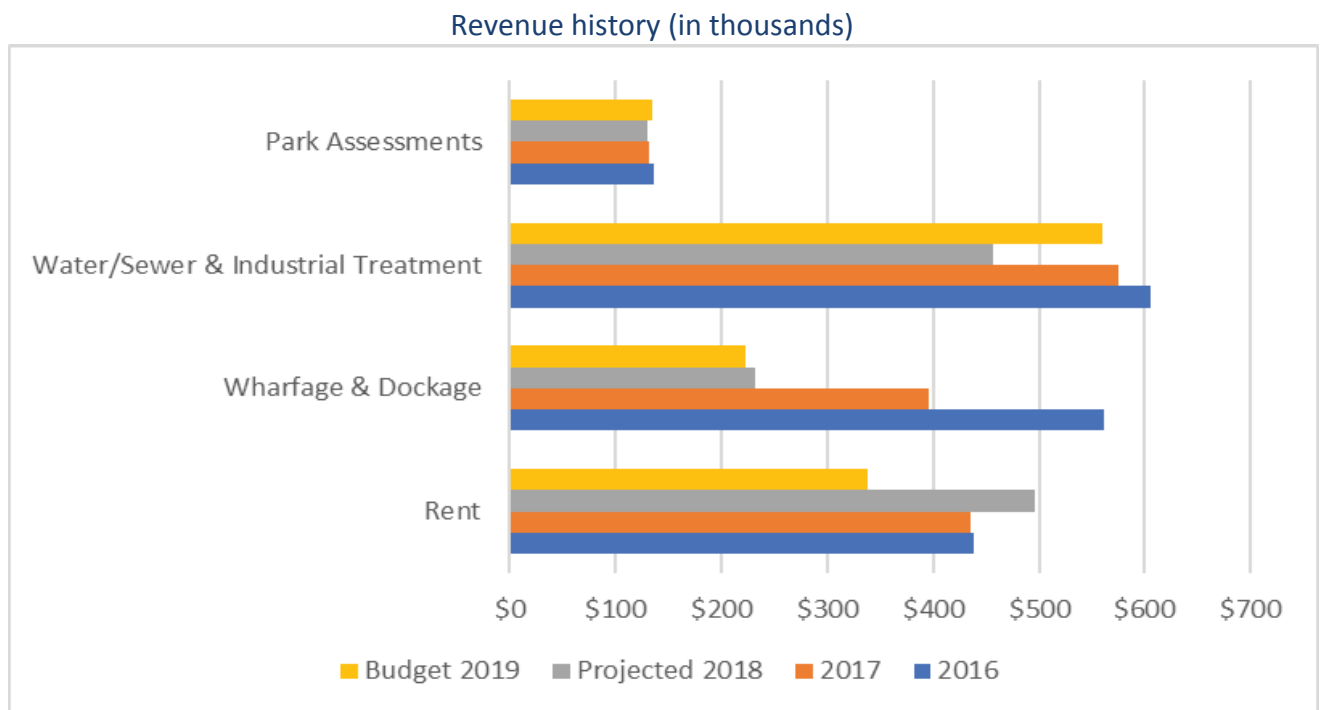
• Companies combined are investing over \$20 million and 40+ jobs in 2017 & 2018

**JANEL CAROTHERS**  
CHIEF DEVELOPMENT OFFICER  
Hancock County Port & Harbor Commission  
228.467.9231 | jcarothers@hcphc.ms

14054 Fred & Al Key Road • Kiln, MS 39556 • (228) 467 9231 • [www.PortAirSpace.com](http://www.PortAirSpace.com)

### Revenues, Rates and Charges

Wharfage charges are assessed by the Port when goods are moved to or from a barge or other water-borne vessel to or from the docking area at which it is located. Dockage is assessed as vessels are docked within the waterways of the Port. Port Bienville's published tariff rates for wharfage are dependent on the type of commodity transported. Currently the two main commodities from which the Port's wharfage revenue is derived are coal and steel coil, both of which earn \$1 per ton for the Port. Dockage charges are a product of the transporting vessel's length and time at dock. Revenue from wharfage and dockage is expected to increase as 2 new docking/transloading facilities come online in 2019 however that revenue is not reflected in the 2019 budget as project completion and user recruitment are uncertain.



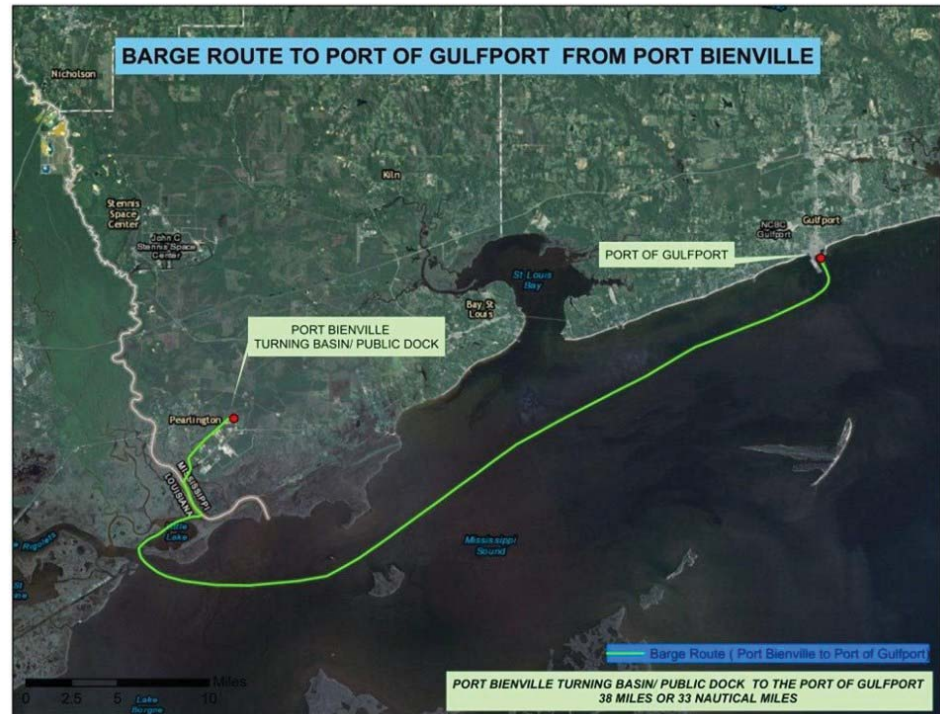
Rental rates for warehousing space is market competitive but may be affected depending on the numbers of employees a tenant has, their anticipated tax base and anticipated revenue generated through other charges for the Port. 2019's budget reflects some vacancy at the warehouses as tenants occupying the space today have not signed long-term lease contracts as of this writing.

Park assessments are charged to each tenant in the Port at \$485 per month and were established a number of years ago as an offset to various operational expenses. This charge is under review and is expected to be adjusted accordingly in 2019.

The Port currently operates domestic and industrial water, sewer and waste treatment plants. Tenants are charged \$200 per tap for hook up, \$75 for the first 8,000 gallons of water use and \$1 per 1,000 gallons of water thereafter. Sewer charges are \$150 for the first 8,000 gallons and \$2 per 1,000 gallons thereafter.

### *Port Bienville Industrial Park Ingress and Egress*

Port Bienville ingress/egress—By water, ingress and egress is gained by traversing the Intercoastal Waterway into and out of Little Lake by way of the Pearl River. By land there are two entrances and exits into Port Bienville - Port and Harbor Drive and Webre Rd. Both roads intersect Lower Bay Road.



## Current Staff

The department has four full-time professional staff members:

*Port Director* is responsible for HCPHC's Port Bienville Industrial Park, Port Bienville Rail operations, and its waterways. Positions which report to the Director are:

- *POTW Manager* oversees water and wastewater treatment plant, including all local, state, and federal regulatory operations.
- *POTW Technician* maintains water and wastewater plant for industrial operations.
- *Facilities Lead/Water Technician* oversees property management and facilities maintenance.

## Performance Fiscal Year 2018

- Calgon announced a \$22,000,000 expansion plan to their facility as the need for activated carbon increases in use by the U.S. military as well as in the private sector industry.
- SNF Polychemie announced a \$5,000,000 plant expansion due to the mounting demand for water purification chemicals.
- A heavy lift pad, with a 3,000 pounds per square foot rating was constructed on the public dock to facilitate a crane for loading and unloading of barges.
- Renovation of the SSA (tenant) dock was completed.
- Warehouse II division — This warehouse is a 69,000 sq. ft. owned by HCPHC. Currently 50% (34,500 sq. ft.) is occupied by Goodnight Terminal Services (a rail car cleaning company). Renovations of Warehouse II have begun to accommodate two distinct and separate companies and is on schedule to be complete by September 30, 2018. Cost of this project is \$25,000.
- Signage and wayfinding — a long overdue, and much needed project has been implemented for signage and wayfinding at Port Bienville. Design is complete and when at project completion navigation in Port Bienville will be easier. All industries will have large, easy to view signage in front of their facilities as well as required 911 numbering. Distance designation signs to various industries as well as major roadways will be erected. Cost \$50,000.
- Project Ready Sites — two sites in Port Bienville have been give the Mississippi Power designation of being “project ready” sites. These sites have met the due diligence required for shovel ready construction including wetlands delineation, verification of owner title, GIS, location of utilities, and telecommunication connections.
- Public Operations Treatment Works (POTW) and water system-HCPHC owns and operates



the POTW as well as the water and sewer system at Port Bienville. The POTW consists of two facilities, POTW 1 and POTW 2. POTW 1 is used exclusively by DAK Americas. In April 2018 a leak in the 100,000-gallon EQ tank at POTW 1 caused HCPHC to address long overdue maintenance on the entire facility. Brown, Mitchell, Alexander, Inc. and Weaver Electric were contracted to address these issues. As a result, over \$50,000 has been spent for repairs and upgrades to the POTW as well as replacement of two pumps to operate the water system. The long-term objective is to transfer operations of this entire facility to the Hancock County Utility District.

- Heavy Lift Pad - An MDOT multi-modal grant allowed for the installation and completion of a heavy lift pad at the public dock. This 50'x60' concrete pad was installed and is rated at 3,000 pounds per square foot. This pad will allow for a crane to be placed and utilized for loading and unloading of vessels at the public dock.
- Interim Port Director - With the departure of the Port Director in January 2018, an interim port director was named. The Interim oversees day to day operations and capital projects. The master planning effort currently underway for Port Bienville is expected to provide data which will help staff evaluate alternative scenarios for future management of the Port.

### Fiscal Year 2019 Objectives and Key Investments

- Secure dredging permits for Port Bienville, Little Lake, and the Little Lake channel.
- Complete the Port Bienville Master Plan.
- Install mooring dolphins for barges in Port Bienville.
- Complete land acquisition adjacent to Port Bienville Industrial Park.
- Complete deferred maintenance projects on wastewater treatment plants and water and sewer infrastructure.

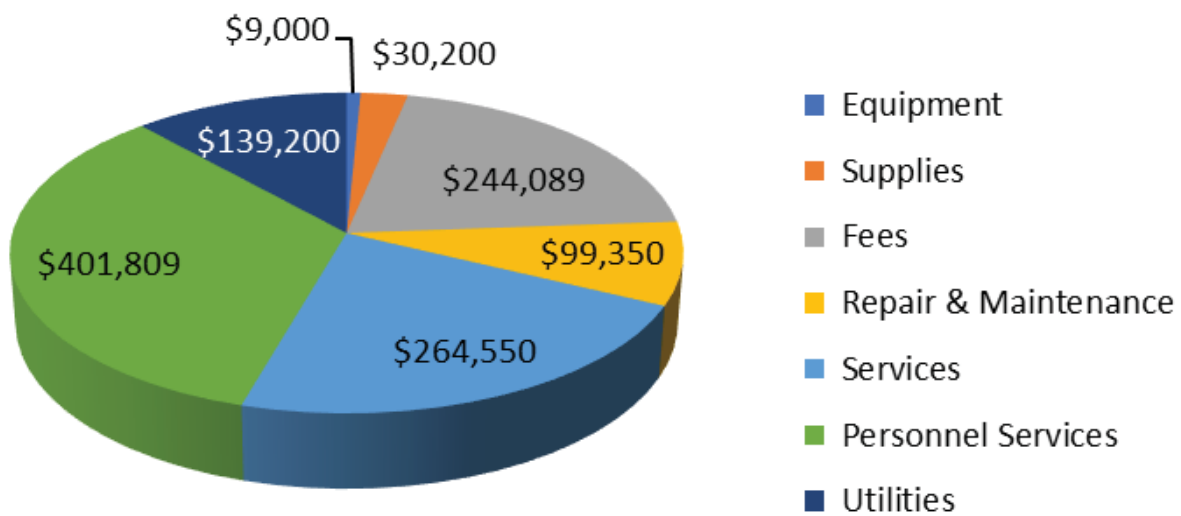


## PORT BIENVILLE INDUSTRIAL PARK BUDGET

	Prior Yr		2018		Budget
	Actual		Budget	Projected	2019
	2017				
<b>REVENUE</b>					
Use of Money & Property					
Wharfage	\$ 103,861	\$ 85,500	\$ 124,025	\$ 112,000	
Dockage and Demurrage	291,508	50,000	106,987	110,000	
Rent: Buildings, Land & Equipment	435,324	408,394	495,979	337,684	
Total Use of Money & Property	830,693	543,894	726,991	559,684	
Charges for Services					
Park Assessment Fees	130,945	133,860	129,333	134,000	
Water Service	71,513	80,000	71,617	80,000	
Sewer Services	132,311	150,000	128,560	150,000	
POTW I Revenues	371,189	315,000	256,823	330,039	
Total Charges for Services	705,958	678,860	586,333	694,039	
Other Operating Revenue					
Other Revenues	44,813	64,875	63,776	36,480	
Total Other Operating Revenue	44,813	64,875	63,776	36,480	
<b>Total Revenues</b>	<b>1,581,464</b>	<b>1,287,629</b>	<b>1,377,100</b>	<b>1,290,203</b>	
<b>EXPENSES</b>					
Operating Supplies & Materials					
Equipment, Hardware & Software	2,878	7,400	3,785	9,000	
Supplies - Custodial	1,001	1,600	456	1,300	
Supplies - Fuel/Oil	10,443	4,000	6,597	10,000	
Supplies - Office	551	1,100	1,675	1,700	
Supplies - Operating	20,215	23,750	12,219	15,600	
Supplies - Safety	143	300	337	350	
Supplies - Uniforms	1,215	2,850	596	1,250	
Total Supplies & Materials	36,446	41,000	25,665	39,200	
Other Services & Charges					
Advertising & Local Industry Promotion	1,446	-	-	500	
Association Dues	1,624	8,600	1,847	6,100	
Insurance - Property & Liability	209,583	233,979	216,613	236,989	
Licenses, Fees & Permits	165	300	181	300	
Rent - Buildings & Equipment	-	10,000	-	200	
Repair/Maintenance/Improvements - Buildings	2,966	15,500	3,157	17,500	
Repair/Maintenance/Improvements - Docks	-	-	-	-	
Repair/Maintenance/Improvements - Waterways	-	-	-	-	
Repair/Maintenance/Improvements - Equipment	29,703	75,200	34,820	40,100	
Repair/Maintenance/Improvements - Grounds	792	5,450	5,057	5,250	
Repair/Maintenance/Improvements - Roads	-	3,500	-	10,000	
Repair/Maintenance/Improvements - Vehicles	1,410	3,500	1,576	3,500	
Repair/Maintenance/Improvements - Water/Sewer	-	10,000	-	23,000	

## PORT BIENVILLE INDUSTRIAL PARK BUDGET *(continued...)*

	Prior Yr		2018		Budget 2019
	Actual		Budget	Projected	
	2017				
Services - Auditing	3,300		3,300	3,300	<b>3,300</b>
Services - Contract	29,252		110,500	80,949	<b>90,900</b>
Services - Port / Rail Master Plan	-		62,500	-	<b>74,000</b>
Services - Engineering	10,184		30,000	8,208	<b>40,000</b>
Services - Professional	14,882		39,000	31,975	<b>49,600</b>
Services - Security Systems	240		250	213	<b>250</b>
Subscriptions, Books, & Periodicals	163		500	-	<b>-</b>
Telephone & Telecommunications	7,827		9,800	8,205	<b>12,300</b>
Training/Education	3,289		10,000	3,424	<b>4,000</b>
Travel - General	687		2,000	835	<b>2,500</b>
Utilities	90,971		102,000	120,061	<b>126,900</b>
Total Other Services & Charges	408,484		735,879	520,421	<b>747,189</b>
Personnel Services					
Salaries & Wages - Regular Time	316,402		293,189	222,244	<b>248,530</b>
Salaries & Wages - Overtime	226		572	-	<b>2,521</b>
Salaries & Wages - PTO Payout	1,978		6,433	(8,617)	<b>2,900</b>
Accrued Payroll - Year End & PTO Compensation	14,941		-	(5,488)	<b>-</b>
Employee Physicals	280		500	50	<b>250</b>
Insurance - Health/Life/LTD/AD&D	87,857		84,053	57,321	<b>44,241</b>
Insurance - Workers Comp & Occupational	3,413		3,733	3,733	<b>3,570</b>
Retirement - PERS	99,667		74,432	71,716	<b>79,569</b>
Tax - Mississippi Unemployment	776		560	560	<b>630</b>
Tax - Federal SSI/Medicare	24,539		22,670	17,771	<b>19,598</b>
Total Personnel Services	550,079		486,142	359,290	<b>401,809</b>
<b>Total Expenses</b>	<b>995,009</b>		<b>1,263,021</b>	<b>905,376</b>	<b>1,188,198</b>
<b>Net Income (Loss) from Operations</b>	<b>586,455</b>		<b>24,608</b>	<b>471,724</b>	<b>102,005</b>
Non-Operating Income (Expense)					
Notes Receivable Principal	124,800		141,309	188,411	<b>-</b>
Interest Income - Checking & Savings	3,258		3,000	5,356	<b>14,300</b>
Interest Income - Notes Receivable	35,200		18,692	24,923	<b>-</b>
Wellman POTW I Credit	(160,000)		(160,000)	(213,333)	<b>-</b>
<b>Net Non-Operating Income (Expense)</b>	<b>3,258</b>		<b>3,001</b>	<b>5,357</b>	<b>14,300</b>
Capital Sources & (Uses) of Funds					
Grant Revenues	29,012		20,110,884	1,007,967	<b>23,619,307</b>
Appropriations from Prior Years	-		2,000,000	-	<b>1,337,013</b>
Transfers In	52,216		3,044,002	-	<b>-</b>
Capital	(301,201)		(25,182,495)	(1,288,392)	<b>(25,072,625)</b>
Special Projects	(49,741)		-	-	<b>-</b>
<b>Net Capital Sources &amp; (Uses) of Funds</b>	<b>(269,714)</b>		<b>(27,609)</b>	<b>(280,425)</b>	<b>(116,305)</b>
<b>Total Net Sources &amp; (Uses) of Funds</b>	<b>\$ 319,999</b>	<b>\$ -</b>	<b>\$ 196,656</b>	<b>\$ -</b>	<b>\$ -</b>

**Port Bienville Industrial Park****2019 Operating Expenses***Barge Unloading—Port Bienville*

**PORT BIENVILLE INDUSTRIAL PARK  
2018 WIP - 2021 CAPITAL IMPROVEMENT PLAN**

PROJECT #	PROJECT NAME	PURPOSE *	COSTS		WIP 2018	2019	2020	2021	TOTAL
			TO DATE						
PB1702	Linea Dock Restoration	SI	\$ 435,775	\$ -		\$ 8,814,225	\$ -	\$ -	\$ 9,250,000
PB1703	Project Ready Sites	SI	148,681	-		50,000	-	-	198,681
PB1704	Site 4 Transload	SI	-	20,000		8,710,000	-	-	8,730,000
PB1801	Port & Pearl River Dredge	SI	135,497	101,000		6,000,000	-	-	6,236,497
PB1802	Road A Extension	SI	50,137	30,000		425,000	-	-	505,137
PB1901	Mooring Dolphins	SI	-	-		391,000	-	-	391,000
PB1903	Security System	SI	-	-		30,000	-	-	30,000
PB1904	Jindal Dock Restoration	SI	-	-		652,400	-	-	652,400
Total Uses of Funds			\$ 770,090	\$ 151,000		\$ 25,072,625	\$ -	\$ -	\$ 25,993,715

SOURCE OF FUNDS	SOURCES		2019	2020	2021	TOTAL
	TO DATE	2018				
Federal Grants	\$ 433,843	\$ -	\$ 22,546,157	\$ -	\$ -	\$ 22,980,000
State Grants	49,636	29,700	1,023,150	-	-	1,102,486
Use of Cash Balance	286,611	121,300	1,453,318	-	-	1,861,229
Other - Mississippi Power Grant	-	-	50,000	-	-	50,000
Total Sources of Funds	\$ 770,090	\$ 151,000	\$ 25,072,625	\$ -	\$ -	\$ 25,993,715

**\*PURPOSE CODE**

LCM      Life Cycle Maintenance  
SA        Safety  
SI        Strategic Investment  
WIP      Work in Progress

**CAPITAL PROJECTS - 2019**

**PB1702 – Linea Dock Restoration - \$8,814,225.** This dock system was substantially damaged by boats and debris during hurricane Katrina. Repairs made since then have deteriorated such that the use of this facility presents safety concerns. The Commission secured Community Development Block Grant (CDBG) funds sufficient to reconstruct the entire area and add additional dock space. Total cost of the restoration is expected to be \$9,250,000 and will be funded with a \$9,000,000 of grant funds and cash reserves.

**PB1703 – Project Ready Sites - \$50,000 -** Mississippi Power's Shovel Ready / Site Ready program is an industry standard for economic development site selectors. It provides the site selector / prospective Port tenants data necessary to evaluate development potential. Furthermore, the development can be done significantly quicker and therefore less expensive. This project includes completing all environmental, cultural, wetland and geotechnical surveys and will include clearing sites at Port Bienville for immediate development. Potential revenue related to land lease approximates \$50,000 annually. Funding source - Mississippi Power grant in the amount of \$50,000 and cash reserves.

***PB1704 – Site 4 Transload - \$8,710,000.*** Design and construction of a multimodal facility located on site 4 at Port Bienville Industrial Park. When completed this facility will be marketed as a prime location for loading and unloading barges to rail and trucks, may alleviate truck traffic inside the port, and is estimated to generate revenue approximating \$500,000 annually. Funding sources include Restore Act funds of \$7,980,000 and cash reserves.

***PB1801 – Port and Pearl River Dredge - \$6,000,000.*** Dredging is a necessity for the present and future viability of Port Bienville. Permitting is underway to dredge to a depth of 14' which will allow current barge and tug commerce to continue to navigate in these areas as well as larger vessels that currently cannot enter our port due to draft restrictions. Projected revenues---\$400,000 annually. Funding sources are not yet certain but are anticipated to include \$6,101,000 in federal grants and cash reserves for a total project cost of \$6,236,497.

***PB1802 – Road A Extension - \$425,000.*** Extending Road A will give for access to barges tied to the mooring dolphins. This extension will include paving Road A from Port and Harbor Drive for approximately 400' at a total cost of \$505,137. This improvement will also allow another ingress/egress for Jindal Tubular and their storage area. Potential Revenue \$20,000 annually. Funding sources are \$469,827 of MDOT multimodal funds and cash reserves.

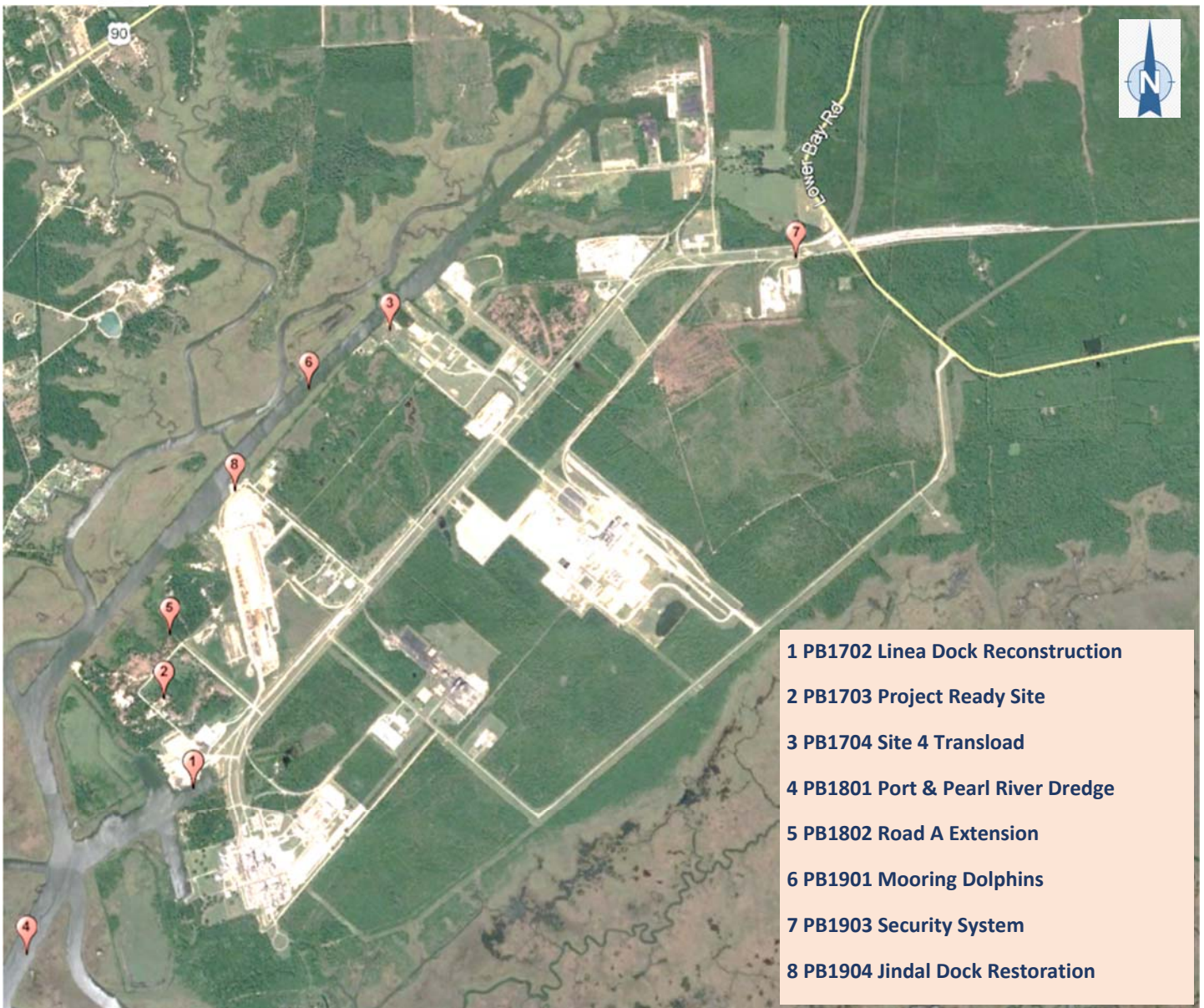
***PB1901 – Mooring Dolphins - \$391,000.*** Install two barge mooring dolphins inside the main canal of Port Bienville. These moorings will allow for the storing of barges during the loading and unloading process of materials located at Port Bienville. The moorings will accommodate two 200' barges at one time. Revenue approximates \$100,000 annually. Funding sources include \$250,000 of MDOT multimodal funds and cash reserves.

***PB1903 – Security System - \$30,000.*** Since the dissolution of manned security at both entrances into Port Bienville, there has been no monitoring of vehicles entering and exiting the industrial park. Installation of cameras and license plate scanners will monitor vehicles. This monitoring system may deter acts of vandalism and will improve evidence of vandalism and theft in the prosecution of these crimes. This project will not effect operating income or expense. Funding source - cash reserves.

***PB1904 – Jindal Dock Restoration - \$652,400.*** Jindal has expressed an interest in improvements to their docking facility. By improving this facility, the Port will have use of 4 additional operational docks and provide Jindal a permanent site to unload steel coils and to load pipes to and from barges. Potential revenue of \$50,000 annually. Funding sources include MDOT multimodal funds of \$352,400 and cash reserves.



***PORT BIENVILLE INDUSTRIAL PARK CAPITAL PROJECTS Locations map***



## STENNIS INTERNATIONAL AIRPORT

Groundbreaking for Hancock County Airport's runway occurred on May 11, 1968 with commissioning of the airport in May 1970. The airport was constructed with funds from the Economic Development Administration (EDA), Federal Aviation Administration (FAA) and the Hancock County Board of Supervisors. By August 22, 1978, the basics of the airport and airpark were complete. Initially called Gulf Central Airport – Stennis Field, the airport was later named Stennis International Airport.

The Airport Department, of the Hancock Count Port and Harbor Commission has responsibility to provide safe and efficient operations of aircraft and the orderly movement of passengers at Stennis International Airport (KHSA). Airport staff accomplishes this by following the guidelines set forth in the Federal Aviation Administration (FAA) approved Part 139 Airport Certification Manual, FAA Airport Improvement Program (AIP) – Airport Sponsor Assurances, and Transportation Security Administration Publication A-001 Version 2.

### *Classification*

Stennis International Airport is classified as a general aviation airport in the National Plan of Integrated Airport Systems (NPIAS). We are an FAA 14 Code of Federal Regulation (CFR) Part 139 airport. This regulation establishes certification requirements for airports serving scheduled air carrier operations in aircraft designed for more than nine passenger seats but less than thirty-one passenger seats.



### *Location*

Stennis International Airport is located eight nautical miles (15 km) northwest of the central business district of Bay St. Louis, Mississippi. Runway center coordinates are N 30°22'05.73" and W 089° 27'16.74".

### *Facilities*

The airport is located on approximately 2,892 acres of land. The land consists of 548 acres which falls under the Federal Aviation Administration's federal grant obligations and responsibilities of basic grant assurances and includes 512 acres that were part of the original land purchase in late 1960's. **Grant assurances** are the obligations airport owners or sponsors, planning agencies, and other organizations agree to when they accept Airport Improvement Program grants or other **FAA**-administered airport financial assistance. The Hancock County Port and Harbor Commission in fiscal year 2008-2009 purchased 1,100 acres west of the runway. The latest land acquisition of 1,280 acres east of the runway was concluded in fiscal year 2017-2018. These two properties are not subject to FAA grant assurances. The airfield is open 24 hours per day. The terminal building is open from 7:00 am to 7:00 pm Monday through Friday and 8:00 am to 6:00 pm Saturday and Sunday. The air traffic tower is open 14 hours per day, 365 days a year from 7:00 am to 9:00 pm daily.

### *Airfield*

Stennis International Airport's runway is on the magnetic heading of 360/180 degrees, therefore named - Runway 18/36, and is capable of handling commercial, military, corporate, and general aviation traffic.

### *Runway*

The runway is 8,497 feet long and 150 feet wide with a north – south orientation. The runway is painted with standard precision markings and shoulder markings and has a paved blast pad measuring 190 feet by 190 feet on the southern end of the runway. The surface is constructed of grooved asphalt. The load bearing strength is 120,000 pounds single wheel gear loading (SWG), 185,000 pounds dual wheel gear loading, 280,000 pounds dual tandem wheel gear loading (DTWG). We completed a runway mill and overlay rehabilitation project using FAA Airport Improvement (AIP) funds.

### *Taxiway/Taxilane*

Taxiway "A" is a full-length parallel taxiway along the east side of runway 18/36. The taxiway is 75 feet wide south of Taxiway "B" intersection and 90 feet wide north of the Taxiway "B" intersection/ It provides six exits. Taxiway "A" is the same length as the runway and therefore can handle aircraft landings if necessary.

### *Lighting Aids*

The airport beacon is a light on top of the ATCT that signals location and presence of the airport during night and low visibility conditions. A Precision Approach Path Indicator (PAPI) and Medium-intensity Approach Lighting System with Runway Alignment Indicator light (MALs) provide runway visual approach aid. An FAA project #3-28-0005-32-2018 is under way to replace runway signage, distance remaining markers, all taxiway signage, and vault regulators.





*Aircraft apron adjacent to terminal*

### *Aircraft Aprons*

There are three main aprons. The north apron is 345 feet by 684 feet and designed for heavy loadout area. It consists of Portland concrete and asphalt construction. The load bearing strength is 120,000 pounds single wheel gear loading (SWG), 185,000 pounds dual wheel gear loading, 280,000 pounds dual tandem wheel gear loading (DTWG). The main apron located to the west of the terminal building was constructed with Portland concrete. This area is used for cargo operations and is the primary heavy loadout area. The load bearing strength is 120,000 pounds single wheel gear loading (SWG), 185,000 pounds dual wheel gear loading, 280,000 pounds dual tandem wheel gear loading (DTWG). To the south of the main apron is the general aviation apron. This apron is 300 feet by 445 feet and constructed with asphalt with medium usage strength of 15,000 single wheel gear (SWG). The area is used primarily for parking and tie down of light to medium weighted general aviation aircraft.

### *Aircraft Hangars*

The HCPHC has six hangars on the airfield that are leased. Constructed in 1994, Hangar C is leased to Tyonek Service Group and consists of approximately 34,206 square feet. It includes hangar deck, office and shop spaces. The terminal hangar "Hangar A" was constructed in 2014 and is leased primarily by Tyonek Service Group. The northern garage spaces are leased to multiple user groups on the airfield. The hangar consists of approximately 23,000 square feet of hangar deck and shop/garage space. Hangar B is leased by Westbrook Fishing, LLC, as a maintenance facility for their aviation department. The hangar was constructed in 1980 and consists of approximately 10,000 square feet. Hangar B1 which shares a common wall with hangar B is leased to RFB Flying Services. This hangar is 3,600 square feet and was constructed in 1980. The northern and southern T-hangars were re-constructed in 2008, repairing damage from Hurricane Katrina. Each T-hangar consists of 12 hangars for light aircraft with two storage units and a bathroom. The approximate square footage of each building is 18,000.

### *Fixed Base Operator - FBO*

Million Air-Stennis is the Fixed-Base Operator (FBO) on Stennis International Airport and offers a variety of aviation-related services. Airport Operations and Million Air staff work together on fuel farm inspections, parking/placement of aircraft, and coordination of air cargo and military training exercises. Million Air – Stennis is operated by a staff of 19, including management, café personnel, customer service representatives and line service technicians. All their line service professionals are National Air Transportation Association (NATA) Safety 1st Certified. Their customer service professionals assist with transportation, catering, and any local accommodations. Local chefs prepare breakfast, lunch and dinner in the Jet-A-Way Café overlooking the airport.

Million Air - Stennis is one of 14 FBOs owned by Freeman Holdings Group. Freeman Holdings Group exhibits at four major armed services conferences and two major business aviation conferences each year, publish a magazine and engage in numerous other marketing and advertising campaigns that promote Stennis International Airport. They are located on the first floor of the terminal at the main apron area. Million Air – Stennis operates on a calendar year budget and set a 3-6% growth in their fuel sales over the previous year's numbers based on projections and historical data.

### *Aircraft Rescue Fire Fighting - ARFF*

Under Code of Federal Regulation Part 139, Stennis International Airport (KHSA) is a Class IV airport with Index A aircraft rescue firefighting (ARFF) capacity. Fire fighters are contracted personnel that are prequalified to operate under our FAR 139 Operating Certificate. Stennis International contracts with seventeen individual fire fighters with ARFF specialized training. All firefighters are required to maintain live fire and twenty-one skillset training yearly. Two fire fighters are on duty daily to provide ARFF support to the airfield. The cost of contracted services approximates \$175,920.00 for airfield's basic coverage. Firefighting support can be increased to support Maintenance, Repair & Overhaul (MRO) tenants located on the airfield. ARFF equipment is housed in a three bay, 3,150 square foot station located at A5 taxiway.

### *Air Traffic Control Tower - ATCT*

KHSA's air traffic control tower was constructed in 2006. It operates under FAA's Contract Tower Program. The facility and equipment are owned and maintained by HCPHC. The air traffic controllers are employed by Roberson Aviation Inc. (RVA), which operates the contract towers in the southeast region of the United States. RVA employs four full time and one part time controller at KHSA's tower, averaging 36,000 aircraft operations per year.



### *Airpark*

Owned and operated by the Hancock County Port and Harbor Commission, the Airpark offers multiple site opportunities for domestic and/or foreign direct investment. The airpark is approximately 1,357 acres and abuts Texas Flat Road along the east edge of Fred and Al Key Road. Nine companies are positioned on Airpark grounds with a total of two hundred thirty-one employees. Park tenants are diverse, from geospatial technologies to a Native American supplier of radar and other aerospace electronics; to Koenig Stainless, a leading international supplier of custom stainless steel; to Lazy Magnolia Brewery, Mississippi's oldest brewery supplying refreshing beer products to Southern and Midwestern markets. Foreign trade zone #92 applies here.

### *Military Assets*

Strategically located 10 miles east of US Naval Special Warfare facilities and 30 miles west of Keesler Air Force Base, Stennis International Airport is located on the eastern boundary of Stennis Space Center "buffer zone," therefore has no encroachment issues with neighboring communities. Stennis International is a major hub for air and ground defense training missions supporting 60 - 125 days of para jump operations per year with an average number of jumps between 2,000 and 7,000. Jumps include static line, military freefall and tandem military freefall. An average of 56% on the operational flights conducted on the airfield are military exercises. The assets located at Stennis International Airport for conducting military operations are as follows:

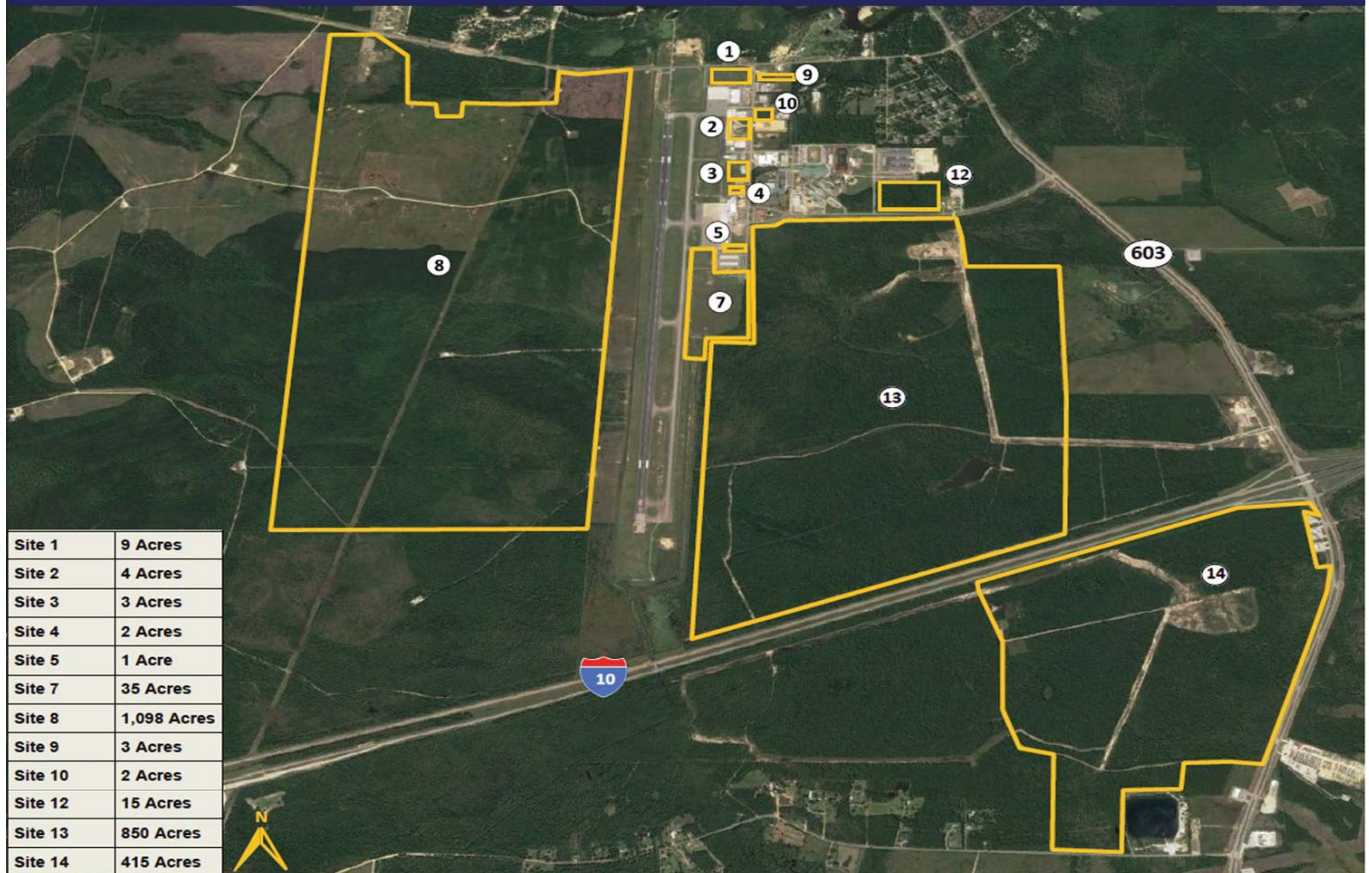
- Joint Use Airfield Agreement with the U.S. government
- Overt/covert landing boxes on runway for Night Vision Goggle (NVG) operations
- 3 Surveyed Drop Zones — Two Personnel & Container Delivery Systems and a Heavy Drop Zone located on the westside of the airfield
- 3 Confined space Helicopter Landing Zone (HLZ)
- 5 Surveyed Forward Area Rearm and Refuel Points (FARPs)
- 2 FARP hot boxes for live ordinance for rotorcraft refueling

### **Current Staff**

The department has two full-time professional staff members and a shared maintenance team who also provide service to Port Bienville Industrial Park and Railroad.

*Airport Director* responsible for HCPHC's airport team and its primary responsibility: safety. The Director is responsible for staffing, budgeting, and operating the airport. Under direction of the Chief Operations Officer, the Director also oversees commercial and property management, develops short and long-range departmental goals and objectives and components of the division strategic plan; and supports economic development and business expansion at the airport. The Director also coordinates department activities with other

## STENNIS INTERNATIONAL AIRPORT AVAILABLE SITES



Commission departments to ensure effective working relationships, investigates and resolves issues and public complaints, speaks before public groups on airport plans, programs, and goals, prepares and administers the department's budget and 5-year capital plan, plans for future airport services through development of an airport master plan, and evaluates operational effectiveness and process improvements.

- *Airport Operations Manager* is responsible for the day-to-day operations and maintenance. He coordinates maintenance within the airfield and airpark and ensures that applicable FAA standards are followed by all personnel and tenants. The manager is responsible for the airport's driving training program and coordinates the airfield wildlife hazard management plan and training. This position also coordinates military training operations.
- *Maintenance personnel* work both airport and Port Bienville Industrial Park to keep equipment, facilities, infrastructure and grounds safe and operational. Maintenance personnel also work closely with the lawn care contractor to ensure FAA standards are adhered to during the performance of their duties.

## *Revenue, Rates and Charges*

The revenues at Stennis International Airport are set and approved by the Commission as published in Stennis International Airport's Rates and Charges. The most recent Charges were adopted in March of 2015.

- *Ground fees*

For individuals wanting to construct their own hangar or aeronautical office space the a ground lease rate for the footprint of the property to be encumbered will be charged. Listed below is the published rate per year for airport property.

Ground Rent (For Hangar / Office Construction) \$0.50 per square foot per year

- *Landings fees*

Any aircraft operator operating an aircraft with a published maximum gross landing weight of 12,500 pounds or greater will pay an Airport Landing Fee. That Airport Landing Fee will be \$1.00 per 1,000 pounds of published gross landing weight.

- *Tiedowns*

The airport provides aircraft parking for which tie down fees are charged. Listed below are the tie down rates for short and long term as approved by the HCPHC Commission.

### **Tie Down Rental rates – Short Term**

Tie down – Single Engine	\$ 10 per night
Tie down – Twin Engine	\$ 25 per night
Tie down – Turbo Prop	\$ 40 per night
Tie down – Jet or similar size aircraft	\$ 75 per night

### **Tie Down Rental Rates with Lease – Long Term**

Tie down – Single/Twin (<12,500 lbs)	\$ 50 per month
Tie down – Turbo Prop or similar size aircraft	\$ 200 per month
Tie down – Jet or similar size aircraft	\$ 400 per month
Tie down – Large Jet/Multi Engine	Coordinate w/Airport Management

- *Fuel flowage*

Fuel flowage is a fee assessed on the user, which is paid at the pump to the Airport's FBO and passed to the Commission as contractually required under a service agreement. In July of 2011 the Commission adopted Stennis International Airport's Rates and Charges which included a fuel flowage fee increase to \$0.14 for every gallon pumped for Avgas, Jet A and military Jet A. In addition a monthly fee of \$0.05 per gallon was included for "de-fueled" fuel storage. Average fuel sold over the last 3 years approximates 1,221,500 gallons. Budgeted aircraft operations for 2019 is consistent with 2015-2017 flowage according to the Terminal Area Forecast (TAF). The TAF is the official FAA forecast of

aviation activity for the U. S. airports. Stennis International Airport falls under the Southern Region of the FAA (ASO).

- *T-Hangars and Aircraft Storage Rental*

Storage revenue is divided into three fees - T-hangars, short-term aircraft storage, and long-term aircraft storage. The airport has twenty-four (24) T-hangar units, two (2) small end storage units, and two (2) large end storage units. Average occupancy for these units is eighty-five percent. While there is some availability for short-term storage in the T-hangars all other hangars are leased. Capital plans in place for FY 2019 include construction of new hangar space for lease. Listed below are the current rates & charges for hangar revenues on the airfield.

**T-hangars (*T-hangar rates include utilities and insurance*)**

Electric Bi-fold Doors	\$ 375 per month
End Storage Units Small	\$ 100 per month
End Storage Units Large	\$ 175 per month

**Hangar Rental (Short Term)**

Hangar – Single Engine	\$ 55 per night
Hangar – Twin Engine	\$ 80 per night
Hangar – Turbo Prop (King Air/PC12)	\$ 170 per night
Hangar – Small Jet (12,500 – 20,000 lbs.)	\$ 215 per night
Hangar – Medium Jet (20,001 – 40,000 lbs.)	\$ 285 per night
Hangar – Large Jet (40,001 lbs. or greater)	\$ 500 per night

**Hangar Rental (Long Term) with Lease – per aircraft**

Single Engine	\$ 400 per month
Twin Engine	\$ 575 per month
Turbo Prop (King Air/PC12)	\$1,200 per month
Small Jet (12,500 – 20,000 lbs.)	\$1,500 per month
Medium Jet (20,001 – 40,000 lbs.)	\$2,000 per month
Large Jet (Above 40,001 lbs. or greater)	\$3,500 per month

- *Rent Buildings and Hangar*

Building rental is the primary source of revenue for the airport and includes office space, aircraft hangars (with or without fire suppression) and hangar storage units.

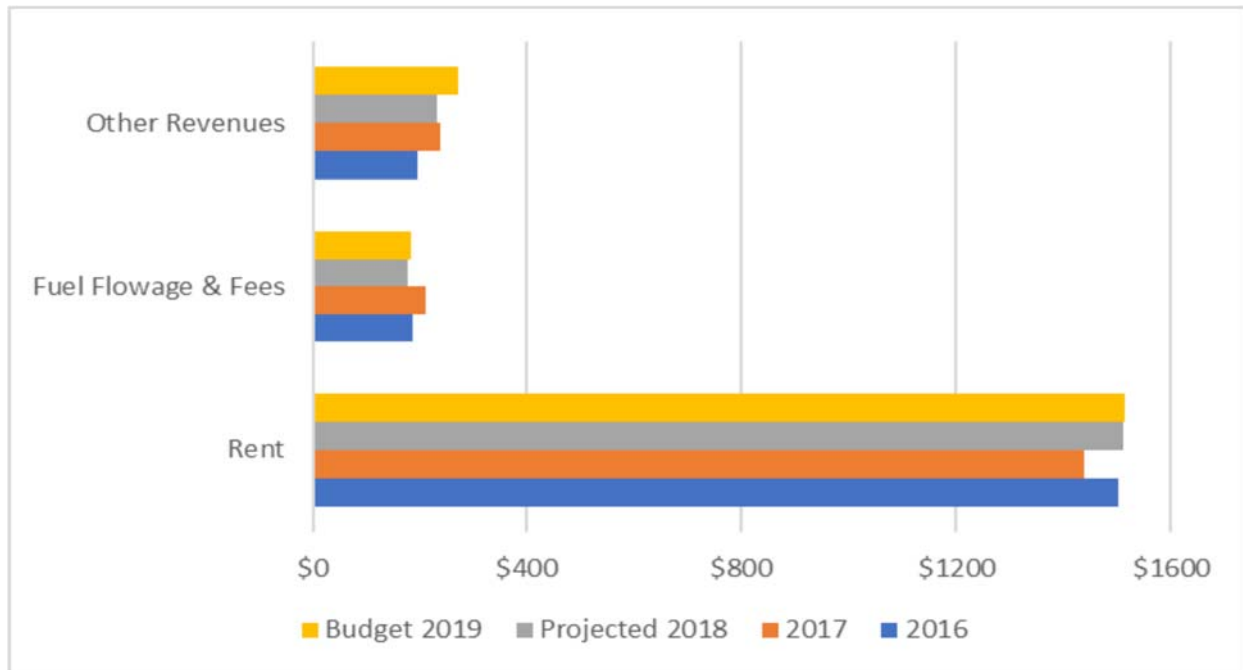
**Rental Rates – Long term with lease**

Office Space - Private	\$ 12.50 per square foot per year
Office Space – Public	\$ 6.25 per square foot per year
Hangar w/fire Suppression	\$ 2.75 per square foot per year
Hangar without Fire Suppression	\$ 2.00 per square foot per year
Hangar Storage	\$ 6.75 per square foot per year

- *Other Revenue*

Other revenues include reimbursements from tenants for Commission expenses such as property insurance and utilities.

#### Airport revenue history (in thousands)



### Performance Fiscal Year 2018

During fiscal year ending September, 2018, the Airport Department accomplished the following:

#### *Operations*

Stennis International Airport continues to show an increase in airport operations. At the end of fiscal year 2017-2018, the operational count is estimated at 42,143 flights for the fiscal year.

Fuel sales are anticipated to increase over the prior year by 15% from 1,173,000 to 1,346,667 gallons.

#### *Training*

128 personnel certified for driving within movement area by Operations Department. Airport staff were certified by Loomacres for Wildlife Hazards Mitigation and all FAR 139 training.

Contracted firefighters were trained in all areas of FAR Part 139 and NAS 3306 Rev 3.



### *Inspections*

Completed FAR Part 139 inspection with minor discrepancies as follows: 1) Runway 18-36 - no black borders on runway marking, side stripes are dingy/dirty and faded, the west side runway side stripe is only 21 inches wide. These were corrected with the FAA Runway Pavement Project #3-28-0005-31-2017.

Government Flight Review conducted inspections in accordance with Airport tenant Tyonek's Department of Defense contract. All inspected lines items were within DoD guidelines.

### *Projects*

The HCPHC purchased 1,280 acres of property on the east side of the airfield for future development which at this time is not yet determined. This acreage also helps protect the airport from encroachment on the eastern side.

Air conditioning life cycle maintenance is ongoing. A total of two air conditioning units have been replaced with quotes on the air traffic control tower units being solicited.

The roof on Warehouse A was replaced and the technology building roof, repaired. A new roof hugger system was used on warehouse A and the Technology building roof was repaired by updating the screws into the roofing metal, rebuilding the ridge caps and connecting breezeways.

FAA 31-2017 Runway Overlay was completed with minimum airfield closures and most work accomplished at night. The airport operations department monitored safety issues of the construction project and assured compliance with FAA Part 139 standards prior to airfield opening every morning.



*Technology Building on Airpark grounds after 2018 roof repairs*

## Fiscal Year 2019 Objectives and Key Investments

The three goals of Stennis International Airport for FY 2019 are as follows:

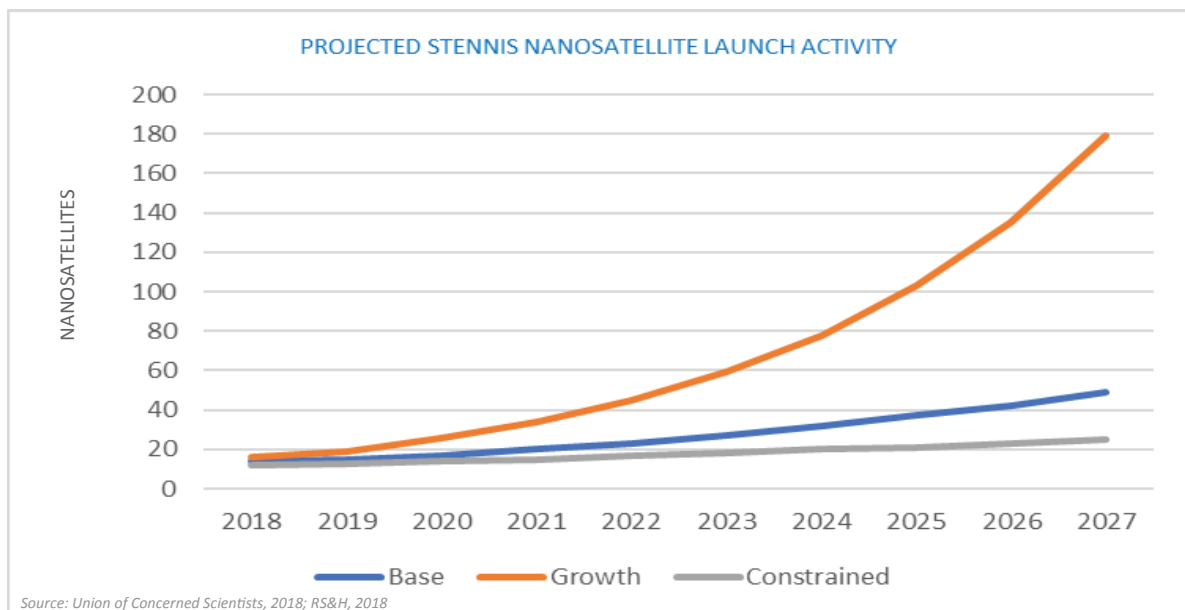
- Spaceport Phase II – Licensing and basic infrastructure
- FAA Masterplan Update and New Non-FAA Airpark Masterplan Development
- Flight School development or recruitment

- *Spaceport Phase II – Licensing*

In FY2018, Stennis International Airport (HCPHC) hired Reynolds, Smith and Hill (RS&H) to conduct a Spaceport Feasibility Study to determine if commercial space operations are feasible on and around the airfield. The feasibility study was conducted over a ten-month period in FY 2018. RS&H determined that no fatal flaws were detected in the use of Stennis International Airport to host commercial space launch operations using horizontal launch and/or horizontal recovery vehicles.

The cost for proceeding into the Licensing phase is estimated at \$550,000. The licensing process includes an environmental assessment of the area of influence of commercial space operations at Stennis International Airport and extends out into the Gulf of Mexico. The percentage of cost is roughly divided 60%/40% between environmental assessment and licensing development and analysis. We estimate a year and a half process to secure licensing.

The emerging commercial space flight industry is still in the early stages of development and differs significantly from conventional airport industries. Therefore, activity forecasts vary greatly as represented here assuming three different scenarios. The Base Case estimates an annual growth rate of 15.98% which is supported by historical data. The Growth Case projects growth twice as fast and the Constrained Case, one-half that of the Base Case.



- *Masterplan Update and Non-FAA Airpark Masterplan Development*

In FY 2018 plans were developed for newly acquired acreage including forestry management, wetland delineations, and topography and surface hydrology. These plans will feed 2019's masterplan to be conducted by Michael Baker International which will provide a road map for meeting future airport demands. The plan will focus on airport asset inventory, life cycle maintenance, a demand vs capacity analysis, compatible land use, and development and planning concepts.

- *Flight School Development*

Airline experts have recently predicted crippling shortages in the supply of airline transport pilots (ATPs). The main reasons of concern in the United States over this shortage is the result of legislative reforms arising from the 2009 Colgan air crash, an impending wave of mandatory retirements, a decreasing supply of new professional pilots into the career pipeline, and expansion of major airlines. Airport staff will participate in development of this flight school in order to help students start an aviation career and establish. This should reduce the national shortage of pilots and create careers for the Mississippi students. The flight school may be integrated into the Pearl River Community College's Aerospace Academy. It will be structured using guidelines of other Community Colleges in Mississippi offering aviation flight programs.

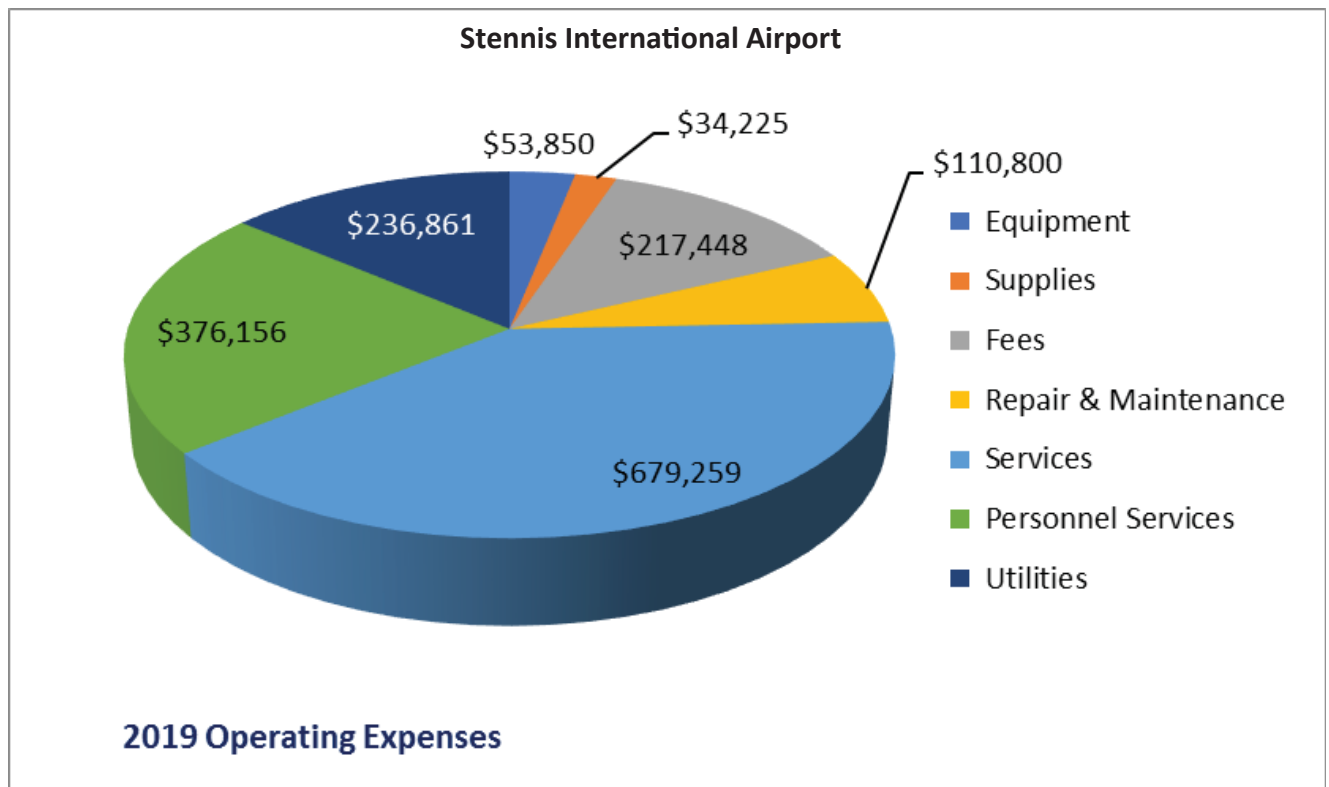
## STENNIS INTERNATIONAL AIRPORT BUDGET

	Prior Yr			
	Actual	2018		Budget
	2017	Budget	Projected	2019
<b>REVENUE</b>				
Use of Money & Property				
Airport - Fees: Ground, Ramp, Landing, Tie Downs	\$ 14,909	\$ 13,500	\$ 7,773	\$ 12,175
Airport - Fuel Flowage	196,190	152,500	168,069	170,500
Rent: Hangars, Buildings, Land & Equipment	1,438,566	1,491,948	1,511,996	1,513,855
Total Use of Money & Property	1,649,665	1,657,948	1,687,838	1,696,530
Other Operating Revenue				
Other Revenues	238,842	230,642	231,072	272,293
Total Other Operating Revenue	238,842	230,642	231,072	272,293
<b>Total Revenues</b>	<b>1,888,507</b>	<b>1,888,590</b>	<b>1,918,910</b>	<b>1,968,823</b>
<b>EXPENSES</b>				
Operating Supplies & Materials				
Equipment, Hardware & Software	5,828	22,550	7,412	53,850
Supplies - Custodial	1,983	2,350	1,931	3,550
Supplies - Fuel/Oil	5,011	6,000	7,564	10,000
Supplies - Office	1,830	2,650	1,903	3,325
Supplies - Operating	3,609	3,400	3,968	14,600
Supplies - Uniforms	246	1,250	1,824	2,750
Total Supplies & Materials	18,507	38,200	24,602	88,075
Other Services & Charges				
Advertising & Local Industry Promotion	83	1,200	-	1,000
Association Dues	2,724	4,150	4,885	4,650
Insurance - Property & Liability	189,636	210,833	180,715	208,498
Licenses, Fees & Permits	82	330	111	300
Rent - Buildings & Equipment	-	1,000	-	3,000
Repair/Maintenance/Improvements - Airfield	22,259	25,000	14,633	23,000
Repair/Maintenance/Improvements - Buildings	76,310	55,000	5,181	39,000
Repair/Maintenance/Improvements - Equipment	17,525	52,500	3,304	28,300
Repair/Maintenance/Improvements - Grounds	6,779	3,000	133	3,000
Repair/Maintenance/Improvements - Vehicles	749	22,000	16,719	17,500
Service Charges	3,453	3,500	3,875	3,500
Services - Contract	52,300	203,409	161,553	220,405
Services - Airport Master Plan	-	202,000	63,497	133,734
Services - Engineering	2,791	4,000	2,405	54,000
Services - Fire Fighters - ARFF	154,400	199,000	155,025	236,520
Services - Professional	21,910	21,000	18,518	10,000
Services - Security Systems	180	360	-	1,600

## STENNIS INTERNATIONAL AIRPORT BUDGET, (continued...)

	Prior Yr Actual 2017	2018 Budget	Projected	Budget 2019
Subscriptions, Books, & Periodicals	69	200	-	200
Telephone & Telecommunications	41,872	42,900	39,619	43,450
Training/Education	2,178	21,000	4,935	17,500
Travel - General	657	1,350	361	1,800
Utilities	129,887	150,800	121,453	193,411
Total Other Services & Charges	725,844	1,224,532	796,923	1,244,368
Personnel Services				
Salaries & Wages - Regular Time	259,330	237,027	229,883	214,790
Salaries & Wages - Overtime	352	1,288	605	1,355
Salaries & Wages - PTO Payout	6,692	4,454	4,328	3,022
Accrued Payroll - Year End & PTO Compensation	(6,904)	-	(5,396)	-
Employee Physicals	90	100	-	100
Insurance - Health/Life/LTD/AD&D	98,360	90,496	75,777	63,694
Insurance - Workers Comp & Occupational	6,183	6,488	5,721	6,544
Retirement - PERS	83,811	73,187	70,010	69,639
Tax - Mississippi Unemployment	756	560	803	490
Tax - Federal SSI/Medicare	19,886	18,334	17,695	16,522
Total Personnel Services	468,556	431,934	399,426	376,156
<b>Total Expenses</b>	<b>1,212,907</b>	<b>1,694,666</b>	<b>1,220,951</b>	<b>1,708,600</b>
<b>Net Income from Operations</b>	<b>675,600</b>	<b>193,924</b>	<b>697,959</b>	<b>260,224</b>
Non-Operating Income (Expense)				
Notes Receivable Principal	38,014	27,732	17,980	15,103
Interest Income - Checking & Savings	2,865	2,500	2,795	3,000
Interest Income - Notes Receivable	4,627	3,169	2,883	1,999
Debt Service - Principal	(82,200)	(82,200)	(82,200)	-
<b>Net Non-Operating Income (Expense)</b>	<b>(36,694)</b>	<b>(48,799)</b>	<b>(58,542)</b>	<b>20,102</b>
Net Capital Sources (Uses) of Funds				
Grant Revenues	1,281,706	7,132,846	4,843,135	5,886,147
Contributed Capital	302,362	-	-	-
Appropriations from Prior Years	-	1,500,000	-	5,172,048
Transfers In	109,257	4,545,985	-	196,449
Capital Expenditures	(1,862,026)	(12,807,526)	(7,071,847)	(11,338,521)
Additions to Fixed Assets	-	-	(66,816)	-
Transfers Out	(65,345)	(516,430)	-	(196,449)
<b>Net Capital Sources (Uses) of Funds</b>	<b>(234,046)</b>	<b>(145,125)</b>	<b>(2,295,528)</b>	<b>(280,326)</b>
<b>Net Sources and (Uses) of Funds</b>	<b>\$ 404,860</b>	<b>\$ -</b>	<b>\$ (1,656,111)</b>	<b>\$ -</b>





*Military operations departing Stennis Airport*



**STENNIS INTERNATIONAL AIRPORT  
2018 WIP - 2021 CAPITAL IMPROVEMENT PLAN**

PROJECT #	PROJECT NAME	PURPOSE *	COSTS		WIP	2019	2020	2021	TOTAL
			TO DATE						
FAA32-2018	New AWOS & Signage	LCM & SI	\$ -	\$ 33,322		\$ 484,996	\$ -	\$ -	\$ 518,318
FAA33-2019	Rehabilitate Taxiways	LCM	-	-		560,600	-	-	560,600
AP1701	Hangar Phase II	SI	5,004	57,996		5,358,046	-	-	5,421,046
AP1709	ATCT Safety Upgrades	SA	18,054	-		153,533	-	-	171,587
AP1803	Site Prep	SI	38,006	10,000		112,000	-	-	160,006
AP1804	Wayfinding & Lighting	SI	7,500	142,500		100,000	100,000	100,000	450,000
AP1805	Assault Landing Strip	SI	900	162,000		2,862,000	-	-	3,024,900
AP1806	Corporate / UAS Hangar	SI	-	-		664,313	-	-	664,313
AP1901	Apron for Corporate / UAS Hangar	SI	-	-		343,033	-	-	343,033
AP1902	Spaceport Licensing & Development	SI	-	-		550,000	645,000	4,170,630	5,365,630
AP1903	Air Conditioning Replacements	LCM	21,963	28,037		150,000	150,000	50,000	400,000
Total Uses of Funds			\$ 91,427	\$ 433,855		\$ 11,338,521	\$ 895,000	\$ 4,320,630	\$ 17,079,433

	SOURCES		2018	2019	2020	2021	TOTAL
	TO DATE						
Federal Grants	\$ -	\$ 33,322		\$ 2,652,704	\$ -	\$ -	\$ 2,686,026
State Grants	-	-		3,233,446	-	-	3,233,446
Use of Cash Balance	91,427	400,533		5,452,371	895,000	4,320,630	11,159,961
Debt/Bonds	-	-		-	-	-	-
Total Sources of Funds	\$ 91,427	\$ 433,855		\$ 11,338,521	\$ 895,000	\$ 4,320,630	\$ 17,079,433

**\* PURPOSE CODE**

LCM      Life Cycle Maintenance  
 SA        Safety  
 SI        Strategic Investment  
 WIP      Work in Progress

## CAPITAL PROJECTS - 2019

**FAA32-2018 – New AWOS Signage - \$484,996.** This project is under the FAA Airport Improvement Program (AIP) and will replace all runway and taxiway directional signage, replace electrical regulators according to FAA Part 139 requirements related to safety on the airfield. The existing system has out lived its useful life and has been an ongoing maintenance problem. The new signage will be Light Emitting Diodes (LED), helping to reduce the electrical cost on the airfield. This project has been designed and bid and is currently awaiting release of FAA funding. No revenue is directly associated with this project and we anticipate a reduction in operating and maintenance costs approximating \$13,000 annually. Funding sources include FAA of \$331,486, \$29,416 of MDOT Multimodal funds and cash reserves.

**FAA33-2019 – Rehabilitate Taxiways - \$560,600.** The rehabilitation of the taxiway system will include joint crack sealing repair, asphalt surface treatment and repainting /reflectorize glass beads application on Taxiway A, C, D, and all lead in taxiway/runway connectors A1, A2, A4 & A5 and will extend the life of the taxiways an additional ten years. Revenues are not expected to be impacted but we expect to realize cost savings of \$5,000 to \$9,000 per year in maintenance and labor. Funding sources include FAA funds of \$504,540, MDOT Multimodal funds of \$28,030 and cash reserves.

**AP1701 – Hangar Phase II - \$5,358,046.** This is a Deep-Water Horizon RESTORE Act project. It is phase II construction of a mirror image of the northern hangar for the South side of the terminal building with an anticipated total cost of \$5,241,046. Design of the project is underway by Michael Baker International and LeBatard Architecture. It will provide aircraft Maintenance, Repair & Overhaul (MRO) space or storage for corporate and transit aircraft. At our current published rates and charges we estimate rental revenue of \$72,000. Operating costs will be passed to the tenant through a triple-net lease arrangement. Funding Sources include Federal Grant (BP Restore Act) of \$1,850,000 and cash reserves.

**AP1709 – ATCT Safety Upgrades - \$153,533.** The supporting equipment for safe air operations are the updating of the voice switching system in the tower cab, replacement of the GPS clock system and installing a back-up UHF radio system. This project ensures continuous operation of the airport and support of local jobs. Our current system is nearing the end of its life cycle. No direct revenue is associated with this project and expenses include an annual inspection at \$6,000. Funding source - cash reserves.

**AP1803 – Site Prep - \$112,000.** Site Preparation on two locations at the airport to include soil testing, wetlands delineations, threatened and endangered species review and archeological surveys and will prepare the site for roads, apron, and utilities. Revenue impact is based on published rates and charges for land lease at \$0.50 per square foot and will depend on the tenant's ground footprint. Funding source - cash reserves.

**AP1804 – Wayfinding and Lighting Study - \$100,000.** Wayfinding is the term used to describe the movement, behavior and decision-making process used by people as they navigate through buildings, airparks and airports. This project will include the theme design, specifications, cost sharing plan, building numbering system, and lighting plan. Unabridged Architecture has completed the design catalog and signage specifications. We do not expect any effect on operating income or expense. Funding Source – cash reserves.

**AP1805 – Assault Landing Strip - \$2,862,000.** Construction of a parallel taxiway that can be used as an Assault Landing Strip (ALS) for C-130 Hercules and like aircraft and will specifically support Keesler Air Force Base Air Wings. Michael Baker International has started initial design and placement of the assault landing strip. Employment: This asset would support Keesler's 403rd Wing and the Battlefield Airman training if Keesler is successful in securing the school. The training opportunities created would enhance the quality of life of the 403rd by not requiring travel and time away from family for certifications in ALS operations and could be used by units in training exercises within the region. Revenue impacts will include fuel sales with flowage fees of \$0.14 per gallon to the airport as well as incorporating the use of the facility into the Department of Defense's Joint Use Agreement fees paid to the airfield for operations. The average C-130 fuel operation is around 1000 to 3000 gallons. The incremental operating cost increases are estimated around \$2,000 per year. Funding sources include \$2,862,000 of Mississippi Base Realignment and Closure funds and cash reserves.

**AP1806 – Corporate/Unmanned Aircraft Systems (UAS) Hangar - \$664,313.** This hangar will house corporate aviation or Unmanned Aircraft Systems companies and be available for aircraft development and modification work with office space or aircraft storage. The hangar will be 100' x 100' with approximately 2,000 square feet of office space. Revenue expected from this hangar is \$47,000 per year. Operating cost for this hangar is projected at \$22,000 per year and will be passed to the tenant through a triple net lease. Funding sources include \$325,000 of MDOT multimodal funds and cash reserves.

**AP1901 – Apron for Corporate/UAS Hangar - \$343,033.** This project is the construction of an approximately 1,350 square yard apron located to the west of the Corporate/UAS hangar. The apron will provide additional parking for the UAS operator or PRCC flight department operating out of the hangar, but more importantly, an area to load/unload sensors and/or passengers outside of the congested transient apron. The apron strength will not be constructed to the same heavy strength as other aprons for economy of cost. The estimated operating costs will be calculated in the airport's overall pavement maintenance program and are estimated to be minimal. The project is expected to be completed in the third quarter of 2019. Revenues will be calculated into the hangar square footage price. Funding source - cash reserves.

**AP1902 – Spaceport Licensing and Construction - \$550,000.** The cost for proceeding into the Licensing phase is estimated at \$550,000. The licensing process includes an environmental assessment of the area of influence of commercial space operations at Stennis International Airport and the surrounding area and extends out into the Gulf of Mexico to the launch point. The percentage of cost is roughly divided 60% - 40% between environmental assessment and licensing development and analysis. Time to navigate through the FAA licensing process can vary dependent on environmental concerns and FAA Commercial Space Department's approval processes. RS&H, the Commission's subject matter expert and engineer of record, has estimated a year and a half process for consideration. The design and construction for the connecting taxiway and oxidizer loading area is the first phase in the 0-5 years of licensing. Short term construction estimated cost is \$4.6 million. A medium and long-term build-out has been estimated in the study for years 6 -10+ and is expected to be completed in third quarter 2020. In the release of the Stennis International Airport's Spaceport Feasibility Study, the estimate of operating costs is broken down into three stages of facility growth as well the benefit cost analysis based on KHSA's potential share of the nanosatellite forecast as shown in the below excerpt from the study. The spaceport financial model represents all cost paid by the spaceport tenants to the Spaceport including lease payments, fueling surcharges, utilities, security fees, and landings fees. Funding sources are not certain but are currently budgeted as cash reserves.

**AP1903 - Air Conditioning Replacements - \$150,000.** Life Cycle Maintenance to replace the Heating, Ventilation and Air Conditioning (HVAC) units that are at the maximum years of service is proposed in this project. Most HVAC units installed at the airfield/airpark buildings are 8 to 10 years old. We will replace 4 to 5 units per year. The increase in the FY19 budget is to replace the terminal condensing units. The current system is a Generation 2 (G2) that is at the end of life cycle support with LG and parts supply will be lowered. The existing G2 system has problems with voltage surges that destroy circuit boards. The new system proposed is the newest, a Generation 5, that has a higher tolerance for the voltage fluctuations and is at the beginning of life cycle support from LG. The expense of maintaining the terminal system has totaled \$47,000 since the expiration of the warranty period. Cost savings should return to annual service maintenance numbers, including filter changes and service calls, in the estimated range of \$2,000 to \$2,500 yearly. Funding source - cash reserves.



## ***STENNIS INTERNATIONAL AIRPORT CAPITAL PROJECTS Locations map***







# **SUPPLEMENTAL INFORMATION**



## GENERAL INFORMATION

Hancock County Port and Harbor Commission was created in 1963 by Hancock County pursuant to Title 59 of the Mississippi Code of 1972, as amended (the “Act”). The Act provides HCPHC the power to acquire property, establish industrial parks, purchase, sell, construct, invest, lease or contract. HCPHC is also authorized to operate and maintain any facilities and lands created or placed under its authority. The Act states that it is the public policy of the State of Mississippi to encourage expansion and development of the State’s ports and harbors. HCPHC is vested with jurisdiction by Hancock County over the ports, terminals, harbors, channels, passes, wharves, and designated industrial parks that are not under the jurisdiction of any municipal port commission. Accordingly, HCPHC owns and operates Port Bienville Industrial Park, Port Bienville Railroad, and Stennis International Airport. HCPHC is responsible for submitting an annual proposed budget to the Hancock County Board of Supervisors for the operation and development of the aforementioned facilities in addition to providing economic development leadership efforts for Hancock County. HCPHC currently has an 8-member appointed Board of Commissioners and 31 employees.



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 MOBILE 90 MILES TO THE EAST

**✈ PORT BIENVILLE:**  
**MULTIMODAL POWER CENTER**  
 • 3,600 acres with 22 shovel-ready sites • Home to 18 industries with a workforce of 1,000+ • Shortline railroad connecting to CSX Class 1 Service • Multimodal transit offering access to the 3,000-mile Intracoastal Waterway • Direct access to U.S. Highway 90 and Interstates I-10, I-12 & I-59

**✈ STENNIS INTERNATIONAL AIRPORT:**  
**ALL WEATHER, MORE AMENITIES**  
 • 1,680 acre airport and airpark, with 1,100 developable acres contiguous to runway  
 • 8,500 ft. grooved and lighted runway • Aircraft Rescue and Fire Fighting (ARFF) coverage • Easy access to Highway 603 and I-10

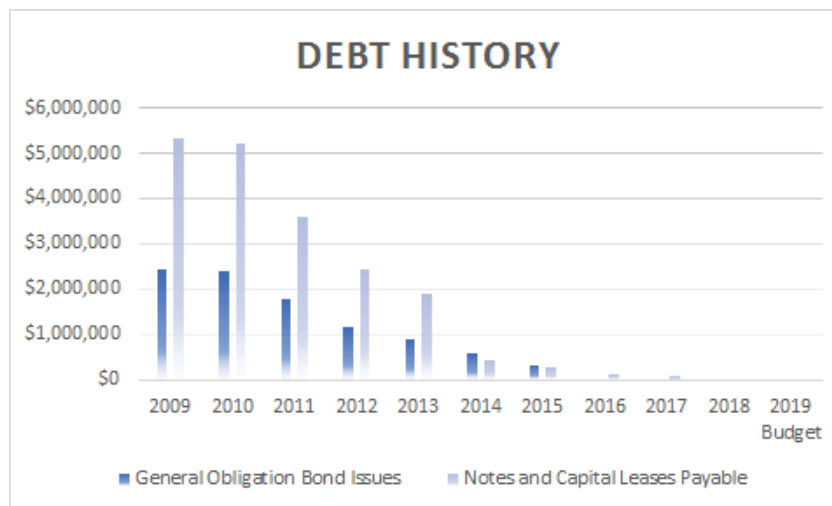
**✈ STENNIS SPACE CENTER:**  
**MOVING BOUNDARIES, REMOVING BARRIERS**  
 • Home to: NASA’s Applied Research and Technology Office and the Naval Meteorology and Oceanography Command • The Marine Industries Science and Technology Cluster • 30+ resident agencies with 5,000+ employees • The world’s leading science and technology researchers, including geospatial and earth sciences, satellite and rocket assembly, and jet engine testing

14054 FRED & AL KEY ROAD | KILN, MS 39556 | [INFO@PORTAIRSPACE.COM](mailto:INFO@PORTAIRSPACE.COM) | 1.800.558.1658

## DEBT

The Legislative Act provides HCPHC various powers and authorities as described in chapter 9 of the same title. This chapter outlines the scope of governing authority granted to HCPHC, including the right to request bonds from the Hancock County Board of Supervisors to make improvements and repairs to existing lands. This includes the right to purchase land for expansion and acquisition. These developments may be funded by either general obligations bonds or revenue bonds which are issued by the Hancock County Board of Supervisors. The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by State statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges to the public roads of the county. As of September 30, 2018, the amount of outstanding debt was equal to 1% of the latest property assessments.

The Commission has no reason to expect a need to acquire debt in the foreseeable future.



In the years immediately following Hurricane Katrina, Commission resources otherwise available for expansion were diverted to repairing the extensive damage to properties and to supplement significantly reduced operating revenue. In addition, HCPHC secured a \$1,004,901 Community Disaster loan which was subsequently forgiven under guidance of Public Law 113-6, Section 564. Various zero or low-interest loans offered by the State of Mississippi have been used for capital improvements throughout Commission properties and General Obligation bonds have funded land acquisitions and infrastructure improvements.



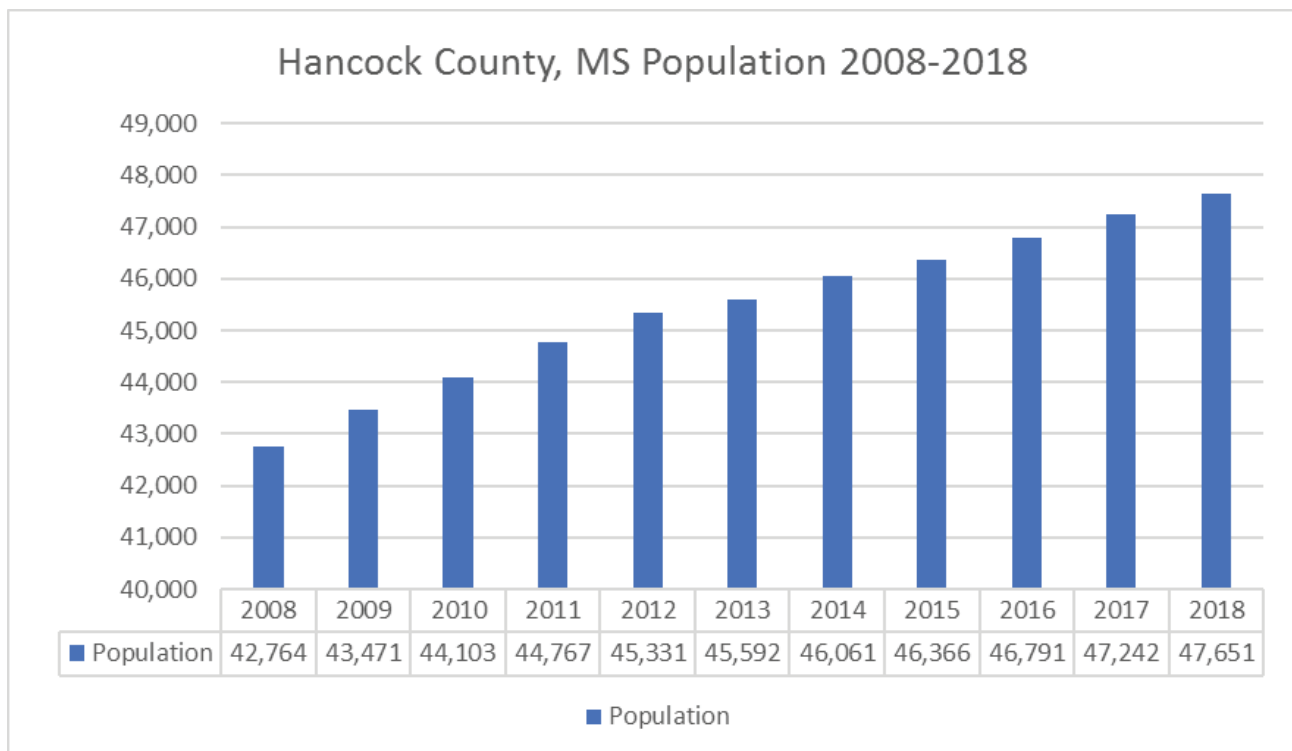
POSITION TITLES AND FULL TIME EQUIVALENTS							
Budget				Budget			
Position Title	2017	2018	2019	Position Title	2017	2018	2019
<b>GENERAL OPERATIONS</b>				<b>PORT BIENVILLE RAILROAD</b>			
Executive Director	1	1	1	Railroad Manager	1	1	1
Chief Operations Officer	1	1	1	Railroad Secretary	1	1	1
Human Resources Director	-	-	-	Engineers/Conductors/Trainmen	8	11	12
<b>ECONOMIC DEVELOPMENT</b>				<b>TOTAL PORT BIENVILLE RAILROAD</b>	<b>10</b>	<b>13</b>	<b>14</b>
Chief Development Officer	1	1	1				
Economic Development Intern	0.15	0.15	0.15	<b>PORT BIENVILLE INDUSTRIAL PARK</b>			
Project Manager	1	1	1	Port Director	1	1	1
Industry & Government Relations	1	1	1	Maintenance Technician	1	1	1
<b>ADMINISTRATION AND FINANCE</b>				Utility Technicians	3	2	1.375
Chief Administrative Officer	1	1	1	<b>TOTAL PORT BIENVILLE INDUSTRIAL PARK</b>	<b>5</b>	<b>4</b>	<b>3.375</b>
Executive Secretary	1	1	1				
Receptionist	-	.5	1	<b>STENNIS INTERNATIONAL AIRPORT</b>			
Chief Financial Officer	1	1	1	Airport Director	1	1	1
Accounts Receivable	1	0	0	Secretary	1	0.5	0
Accounts Payable	1	0	0	Operations Manager	1	1	1
Senior Accountant	0	1	1	Grounds Maintenance	2	0	0
Accounting Supervisor/Payroll	1	1	1	Maintenance Technician	0	0	1
<b>TOTAL GENERAL OPERATIONS</b>	<b>11.15</b>	<b>10.65</b>	<b>11.15</b>	<b>TOTAL STENNIS INTERNATIONAL AIRPORT</b>	<b>5</b>	<b>2.5</b>	<b>3</b>
					<b>2017</b>	<b>2018</b>	<b>2018</b>
<b>TOTAL HANCOCK COUNTY PORT AND HARBOR COMMISSION FTE'S BY YEAR</b>					<b>31.15</b>	<b>30.15</b>	<b>31.525</b>

[Return to TOC](#)

## DEMOGRAPHICS

Cohort Totals					
Area	2016 Population	2017 Population	2018 Population	Two-year Change	Two-year % Change
Hancock County of Mississippi	46,791	47,242	47,651	409	2%
State	2,988,726	2,992,261	2,993,975	1,714	0%
Nation	323,127,513	325,967,876	327,983,507	2,015,631	1.5%

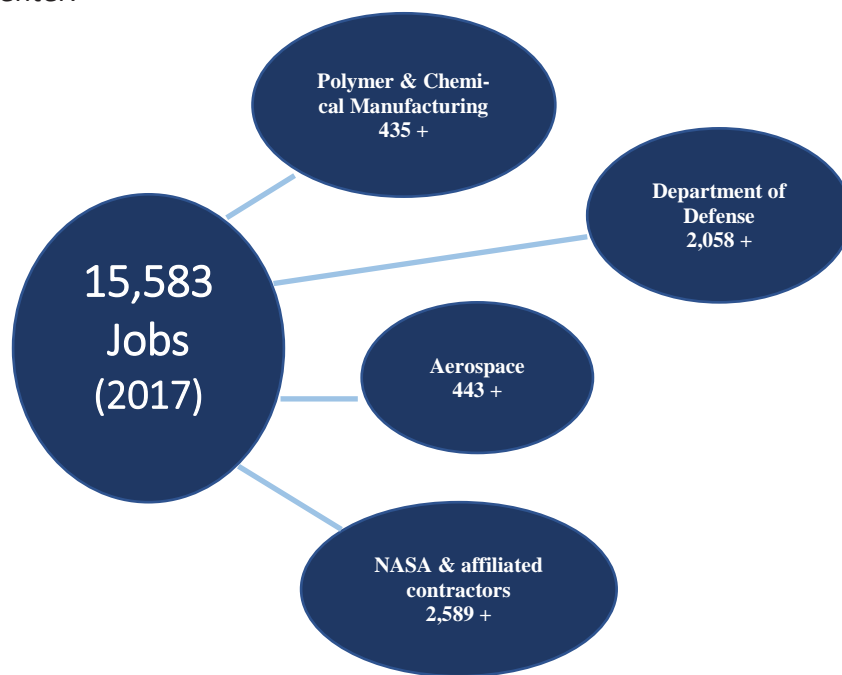
Only 25 Mississippi counties experienced population growth last year. Hancock's population increase is due to **positive net migration** of 416 people (416 domestic, 0 international). The natural increase of population (i.e. births and deaths) was -11 between 2016 and 2017. Net migration accounted for almost 100 percent of the population increase in Hancock.





## EMPLOYMENT BY INDUSTRY

Employment numbers increased at Port Bienville Industrial Park by 2% (up to 708) and tax revenue increased 10% (up to \$5,800,000.) Similar trends occurred at Stennis International Airport, with employment up 20% (to 427) and tax revenue up 18% (to \$147,000.) Stennis Space Center employment stayed stagnant (5,017), tax revenues increased 3% to \$1,000,000. It is worth noting there are only four companies that make up the \$1,000,000 tax revenue at Stennis Space Center.

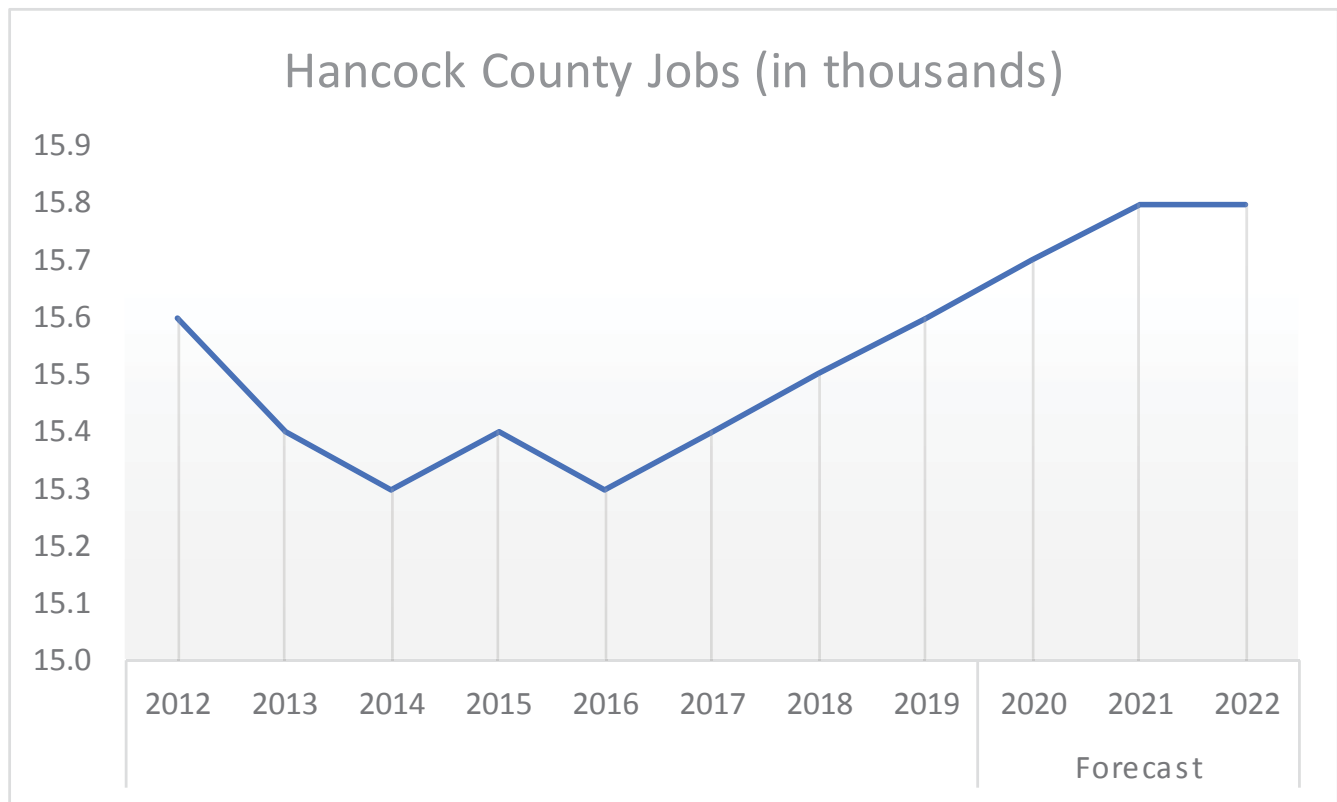


Source: EMSI

## LOCAL INFORMATION

Employment by key industries is constantly changing, but the following are major trends from 2016-2018:

- Military employment in Hancock County has increased 2.1% at an average wage of \$53,081 while it has declined on the national scale at -0.4% an average wage of \$48,121.
- Polymer/chemical industry employment has increased 0.3% with an average wage of \$109,630 in Hancock County, while increasing 0.8% throughout the US (average wage of \$117,845.)
- Aerospace sector jobs are declining by 14.6% in Hancock County, with an average wage of \$126,021, and only slightly increasing national (0.5%) with an average wage of \$123,052.
- Finally, manufacturing in the county is steady with an increase of 0.8%, with average wages at \$92,199, and 0.5% nationally with an average wage of \$82,203.

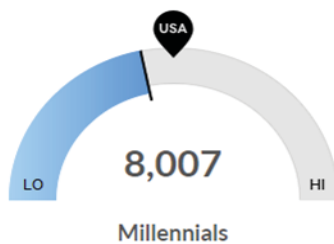


From 2012 to 2017, jobs declined by 1.5% in Hancock County, MS from 15,622 to 15,381. This change fell short of the national growth rate of 7.9% by 9.4%. As the number of jobs declined, the labor force participation rate decreased from 53.4% to 48% between 2012 and 2017. Concerning educational attainment, 13.4% of Hancock County, MS residents possess a Bachelor's Degree (5.0% below the national average), and 8.1% hold an Associate's Degree (0.2% above the national average). The MS Department of Employment Security has the following industry principle employers for Hancock County: Public Administration/ Government (4,100); Accommodation and Food Services (2,430); Retail Trade (1,570); Professional, Scientific, and Technical Services (1,220); Admin and Support Waste Management and Remediation Services (1,150); Manufacturing (800); Health Care and Social Assistance (790), and Construction (450).

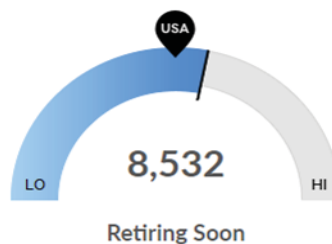
## NEW INFORMATION

In FY 2018, Hancock County's population approximates 47,651. Hancock County's population grew by 1,911 over the last five years and is projected to grow by 1,726 over the next five years. Hancock County has an annual average of 18,750 residents in the labor force, 17,880 employed, and an estimated 15,381 jobs in the county. Jobs decreased by 242 over the last five years but are projected to grow by 406 over the next five years. The median household income for Hancock County is \$46,500. The median household income is \$8,800 below the national median household income of \$55,300. The cost of living in Hancock County is 92.2, compared to the Gulfport-Biloxi MSA 92.5 and New Orleans MSA 100.8. Hancock County's average annual unemployment rate is 4.7%. The state of Mississippi is 4.5% and the National average is 4%.

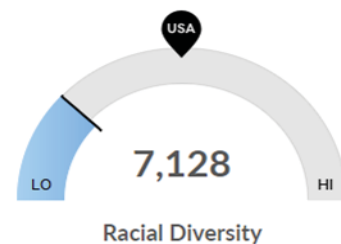
Hancock County, MS has 8,007 millennials (ages 20-34). The national average for an area this size is 9,711. Retirement risk is high in Hancock County, MS. The national average for an area this size is 7,131 people 65 or older, while there are 8,532 here. Hancock County, MS has 4,290 veterans. The national average for an area this size is 2,829.



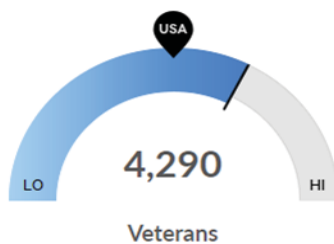
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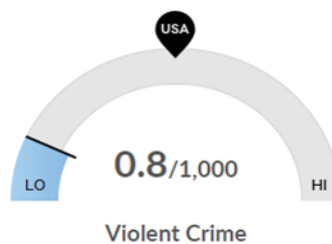
Retirement risk is high in Hancock County, MS. The national average for an area this size is 7,131 people 65 or older, while there are 8,532 here.



Racial diversity is low in Hancock County, MS. The national average for an area this size is 18,124 racially diverse people, while there are 7,128 here.



Hancock County, MS has 4,290 veterans. The national average for an area this size is 2,829.



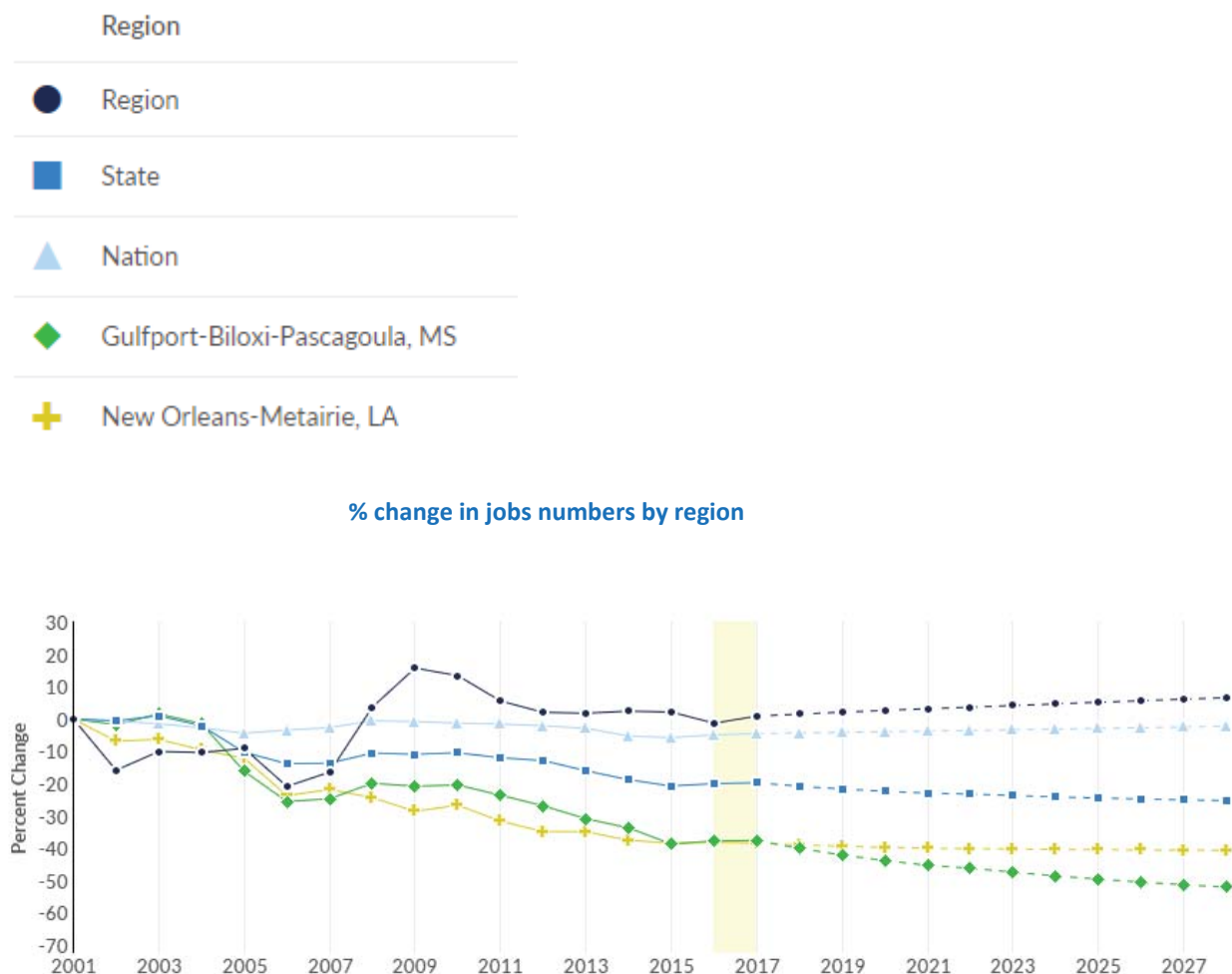
Hancock County, MS has 0.8 violent crimes per 1,000 people. The national rate is 3.75 per 1,000 people.



Hancock County, MS has 15.94 property crimes per 1,000 people. The national rate is 24.22 per 1,000 people.

Sources: EMSI, 2018; MS Dept of Employment Security, and the Bureau of Labor Statistics, [www.FactFinder.census.gov](http://www.FactFinder.census.gov)

HCPHC's key industries of focus, such as defense, chemicals and polymers, and aerospace have remained flat in recent years but we anticipate a slight increase in the years to come. The County has not experienced a closing of any major employer in these sectors and capital expansion continues in these industry sectors. The chart below shows the job counts, based on previous years and current market for defense, chemicals and polymers, and aerospace sectors for the region and nationally.



While these industry-specific jobs are scattered within the boundaries of Hancock County, HCPHC directly supports approximately 700 jobs through the companies located on the grounds of Port Bienville Industrial Park, nearly 430 jobs through the businesses at Stennis International Airport, and indirectly supports 403 of the 5,017 jobs at the John C. Stennis Space Center. In addition to domestic industries many industries located at Port Bienville and Stennis Airport are headquartered internationally in countries such as Saudi Arabia, France, India, England, Canada, and Mexico.

## GLOSSARY AND ACRONYMS

The Annual Budget contains terminology unique to public finance and budgeting and includes additional terms specific to maritime, aviation, railroad and economic development industries. This glossary was prepared to assist the reader with understanding many of those terms.

**American College Testing (ACT):** ACT work-ready communities empower states, regions and counties with data, processes and tools that drive economic growth.

**Accrual Basis:** Basis of accounting under which revenues are recorded when earned and expenses are recorded when the liability for payment of those expenses is incurred.

**Aircraft Rescue and Fire Fighting (ARFF):** Those resources contracted to provide firefighting services at Stennis International Airport.

**Airport Improvement Project (AIP):** Capital projects funded at least in part from the Federal Aviation Administration.

### **Air Traffic Control Tower (ATCT)**

**Assets:** Resources with an established value that the Commission presently controls.

**Audit:** An independent and objective evaluation of an organization's financial reports; the primary purpose of which is to determine whether they accurately and completely reflect the organization's financial position.

**Balanced Budget:** A budget in which total operating revenues equal or exceed total operating expenditures. Operating expenditures exclude items such as depreciation and debt service.

**Basis of Accounting:** Timing of when an economic transaction is reflected on the financial statements.

**Benefits:** Expenses related to the employment of personnel including health, life, and disability insurance; public employees retirement system contributions; social security; paid time off; unemployment insurance; and workers' compensation.

**Board of Commissioners:** Eight-member board that sets policy and direction for the organization. Each of Hancock County's five Supervisors appoints a Commissioner and the Governor of the State of Mississippi appoints the remaining three Commissioners based on recommendations from the mayors of Bay St. Louis, Waveland, and Diamondhead.



**Board of Supervisors (BOS):** The five-member board elected by the general population to manage County personnel and infrastructure.

**Bond:** A bond is a fixed income investment in which an investor loans money to an entity (typically corporate or governmental) which borrows the funds for a defined period of time at a variable or fixed interest rate. Bonds are used by companies, municipalities, states and sovereign governments to raise money and finance a variety of projects and activities. Owners of bonds are debtholders or creditors.

**Budget:** A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them.

**Capital Asset:** Expenditures greater than \$5,000 to acquire, rehabilitate, or expand tangible and intangible assets that provide benefit over a period of more than one year.

**Capital Improvement Budget:** A plan of proposed capital expenditures and a plan for financing them. The capital budget is part of a complete annual budget.

**Chart of Accounts:** The classification system used by a government entity to organize the accounting for sources and uses of funds.

**Community Development Block Grant (CDBG):** A program administered by the U.S. Department of Housing and Urban Development providing communities with resources to address a wide range of unique community development needs.

**Contributed Capital:** The estimated difference between the value of a newly acquired asset and the Commission's cost to acquire that asset.

**Debt:** An obligation resulting from borrowing money.

**Department:** An organizational unit of the Commission which is responsible for managing a group of related functions.

**Department of Marine Resources (DMR):** A governing agency created in 1994 to enhance, protect and conserve marine interests of the State.

**Depreciation:** The decrease in the value of assets over the estimated useful life of those assets.

**Enterprise Fund:** A fund used to account for self-supported services or programs. The Commission operates as a component unit enterprise fund of Hancock County.

**Expenditure:** The outflow of funds paid to or to be paid for assets, goods or services obtained regardless of when the expense is actually paid.

**Federal Aviation Administration (FAA):** An agency within the U.S. Department of Transportation with powers to regulate all aspects of civil aviation. These include the construction and operation of airports, air traffic management, the certification of personnel and aircraft, and the protection of US assets during the launch or re-entry of commercial space vehicles.

**Federal Railroad Administration (FRA):** An agency within the U.S. Department of Transportation established to promulgate and enforce rail safety regulations, administer railroad assistance programs, conduct research and development in support of improved railroad safety and national rail transportation policy, and consolidate government support of rail transportation activities.

**Financial Accounting Standards Board (FASB):** A seven-member board organized in 1973 to establish standards of financial accounting and reporting for the private sector.

**Fiscal Year (FY):** The 12-month period of time to which the annual budget applies. At the end of the period the Commission determines its financial position and the results of its operations. The fiscal year for the Commission is October 1 through September 30.

**Fixed Asset:** Long-lived asset obtained which is intended to be used over a period of time such as vehicles, machinery, equipment and furniture.

**Fixed Base Operator (FBO):** The commercial business at the airport authorized by the Commission to sell aviation fuels and provide other aviation-related services.

**Full Time Equivalent (FTE):** One FTE is equivalent to 2,080 hours worked in a one-year period. Several part-time positions may be combined to make one FTE.

**Fund:** A fiscal and accounting entity with a self-balancing set of accounts. Funds are segregated for the purpose of carrying on specific activities and may be established in accordance with regulations, restrictions or limitations.

**Fund Balance:** Excess assets over liabilities.

**Generally Accepted Accounting Principles (GAAP):** Uniform minimum standards for financial accounting and reporting encompassing the conventions, rules, and procedures that define accepted accounting principles.

**Governmental Accounting Standards Board (GASB):** A seven-member board organized in 1984 to establish standards of financial accounting and reporting for state and local governmental entities.

**Government Finance Officers Association (GFOA):** The GFOA represents public finance officials throughout the United States and Canada and whose mission is to advance excellence in state and local government financial management.

**Hancock - Pearl River - St. Tammany Parish (HPT):** An informal partnership consisting of the three counties in West Mississippi and East Louisiana that are part of the I-10 Technology Corridor and a common labor pool.

**KHSA:** Airport identifier for Stennis International Airport.

**Mississippi Development Authority (MDA):** Mississippi's lead economic and community development agency.

**Modified Accrual Basis:** The basis of accounting in which revenues are recognized in the period in which they become available and measurable; and expenditures are recognized when the liability is incurred, if measurable, except for the following: 1) principal and interest on long-term debt, and 2) claims and judgments, group health claims, net pension obligation, and compensated absences.

**Mississippi Department of Transportation (MDOT):** Mississippi's department of transportation is responsible to plan, design, construct, operate, and maintain state facilities in all modes of transportation including air, water, and land.

**National Oceanic and Atmospheric Administration (NOAA):** An agency of the U.S. Department of Commerce created to understand and predict changes in climate, weather, oceans and coasts, to share that knowledge, and to conserve and manage coastal marine ecosystems and resources.

**Port Bienville Industrial Park (PBIP):** An industrial park owned and operated by HCPHC spanning approximately 3600 acres, home to 13 companies and providing multimodal transportation options.

**Port Bienville Railroad (PBVR):** A short-line rail network owned and operated by HCPHC and consisting of approximately 15 miles of track, interchanging with CSX railroad for nation-wide transport.

**Public Employees Retirement System (PERS):** A program administering defined benefit retirement plans for individuals working in state government, public schools, universities, community colleges, municipalities, counties, the Legislature, highway patrol and other such public entities.

**Request for Information (RFI):** A standard business process the purpose of which is to collect written information for a specific stated purpose.

**Resources and Ecosystems Sustainability, Tourist Opportunities and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE):** This Act established the Gulf Coast Restoration Trust Fund in the U.S. Treasury in which 80 percent of the Clean Water Act penalties from the Deep Water Horizon Oil Spill will be distributed to impacted areas for recovery.

**Restricted Fund Balance:** Fund balance should be reported as restricted when constraints placed on the use of resources are either: a) Externally imposed by creditors, grantors, contributors, or laws or regulations; or b) imposed by law through constitutional provisions or enabling legislation.

**Revenue:** An increase to net assets which: 1) does not increase a liability; 2) does not represent a repayment of an expenditure already made; and 3) does not represent an increase in contributed capital.

**Terminal Area Forecast (TAF):** TAF is the official FAA forecast of aviation activity for U. S. airports. Stennis International Airport falls under the Southern Region of the FAA.

**Unmanned Aerial Systems (UAS):** Remotely-Piloted unmanned aerial vehicles.