



EXECUTIVE DIRECTOR'S REPORT  
TO THE  
PORT OF PORTLAND COMMISSION  
FOR APRIL 2017

**SAFETY REPORT**

Port of Portland March 2017 safety performance resulted in a lower frequency of incidents, but higher claims frequency compared to March 2016: of the four incidents reported, one resulted in a recordable incident.

**Monthly Report of Injury Incidents**

Aviation

Two non-recordable incidents:

- Worker sustained a laceration to the knuckle while performing preventive maintenance when a fusible link broke, causing a fire smoke damper to fall.
- Worker felt nauseated and dizzy after giving blood.

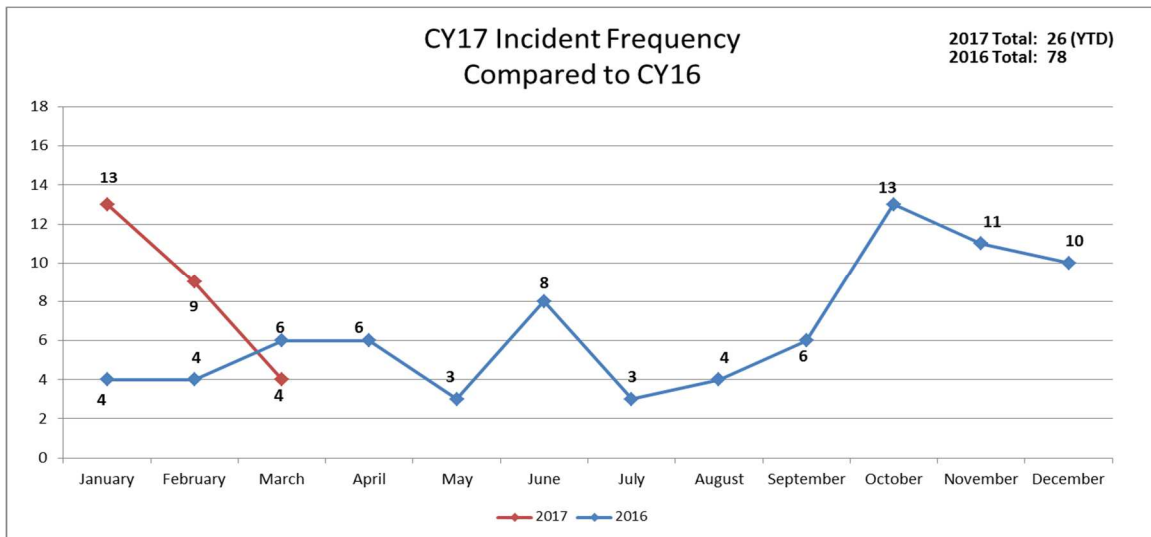
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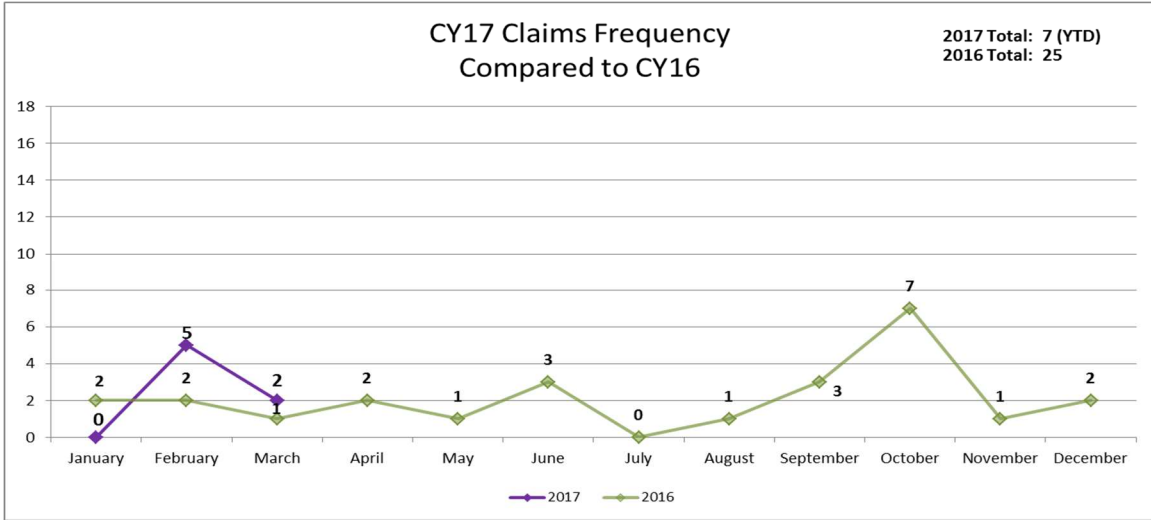
One modified duty recordable incident:

- Worker was unloading scrap steel from a skip box and strained a calf muscle.

One non-recordable incident:

- Worker was exposed to an unknown allergen, causing eye irritation and a rash on the neck, chest and arms.

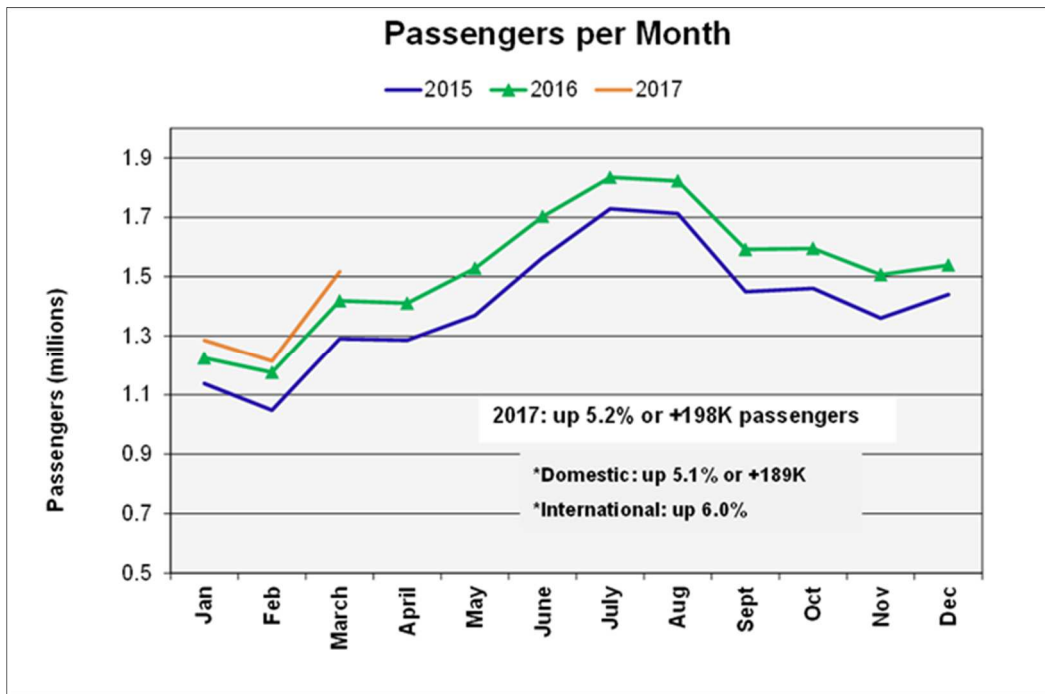




## AVIATION REPORT

New and expanded services at PDX that have been announced in the past month include:

Start Date	Airline	Destination	Frequency
8/27/17	Alaska	Dallas (Love Field)	Daily
8/30/17	Alaska	Detroit, MI	Daily
11/6/17	Alaska	New York (JFK)	Daily



	<b>Month/Month % change</b>	<b>FYTD % change</b>
	March	July-March
Passengers	6.9%	7.2%
Concessions Revenue	19.0%	13.3%
Rental Car Revenue	1.8%	3.7%
Parking Revenue	2.3%	3.4%

### Passengers

Passenger volumes increased 6.9 percent in March 2017 compared to March 2016. Volumes were positively impacted by the National Collegiate Athletic Association Championship, with both Oregon and Washington universities making it to the final games of the playoffs. Seat capacity grew 6.3 percent, with the load factor rising 0.5 points to 84.9.

### Concessions Revenue

Combined terminal concessions operations reported a 19.0 percent, or \$215,000, rent increase on the month, against a 6.9 percent passenger increase. Similar to January and February's performances, the rent increase for March is due primarily to 56.3 percent growth in the quick-serve category of food and beverage operations.

### Rental Car Revenue

Rental car operations reflect a 3.7 percent, or \$580,000, rent increase year-to-date over last year, against a 6.7 percent year-to-date passenger increase through March.

### Parking Revenue by Lot

Public parking revenue increased 3.4 percent against Fiscal Year 2016. This year, Oregon's spring break was the last week in March, and some of the holiday revenue that would have been recorded in March will be recorded in April due to some travelers returning in April.

Parking transactions decreased 5.6 percent compared to March 2016, and decreased 3.2 percent year-to-date. March transactions may be down in part to the number of spring-break travelers who returned in early April.

<b>Product</b>	<b>Revenue</b>	<b>Variance</b>	<b>YTD Variance</b>
Short-Term	\$1,695,618	9.3%	5.9%
Long-Term	\$1,799,644	1.1%	-0.9%
Economy	\$1,865,949	-3.4%	4.8%
Valet	\$139,790	20.8%	19.2%
Total	\$5,501,001	2.3%	3.4%

## Ground Transportation

Overall revenue increased 42.1 percent to \$392,053 in March 2017, compared to \$275,819 in March 2016. Fiscal Year-to-date revenue is \$3,180,337.

Lyft is sustaining the Transportation Network Company (TNC) market share presence at around 32 percent, up from their average of 20 percent last year. There were 118,874 total TNC trips (pick-ups and drop-offs), which set a record for March 2017, and equates to \$237,748 for the month.

	<b>Taxi Trips</b>	<b>TNC Pick-ups</b>	<b>Charter Bus</b>	<b>Reservation -Only Trips</b>	<b>Fixed Route</b>	<b>Courtesy</b>	<b>Total Trips</b>	<b>Minus TNC</b>
<b>March 2016</b>	27,478	23,145	235	8,853	2,517	28,063	90,291	67,146
<b>March 2017</b>	22,269	54,271	91	8,113	2,313	27,872	114,929	60,658
	-19.0%	134.5%	-61.3%	-8.4%	-8.1%	-0.7%	27.3%	-9.7%

## **CAPITAL GRANTS**

### Portland International Airport

Staff submitted a reimbursement request to TriMet for the Law Enforcement Officer program in the amount of \$10,504.69 (Agreement No. GS150820LG).

Staff submitted a reimbursement request to the Federal Bureau of Investigation for the Joint Terrorist Task Force program in the amount of \$626.50 (Agreement No. 03-026).

Staff submitted a reimbursement request to the Transportation Security Administration for the National Explosives Detection Canine Team program in the amount of \$26,119.67 (Agreement No. HSTS0216HNCP464).

### Properties

Staff submitted a reimbursement request to the Oregon Department of Transportation for the Graham/Swigert Road Jobs and Transportation Act Project in the amount of \$474,629, covering the November 2016 work period (Agreement No. 28368).

Staff submitted a reimbursement request to Business Oregon for the Sundial Road project in the amount of \$59,322.23 (Agreement No. N16015).

Staff submitted the final reimbursement request to the City of Gresham for the Gresham Vista Business Park Eco-Industrial Strategies project in the amount of \$20,000.00 (Agreement No. 2013-153).

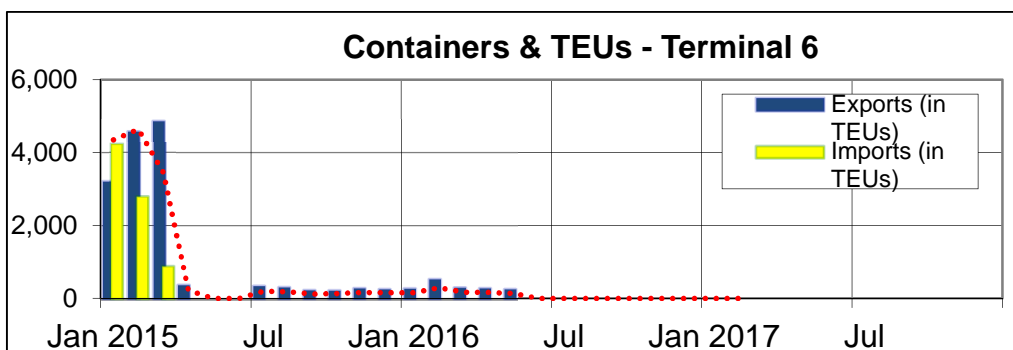
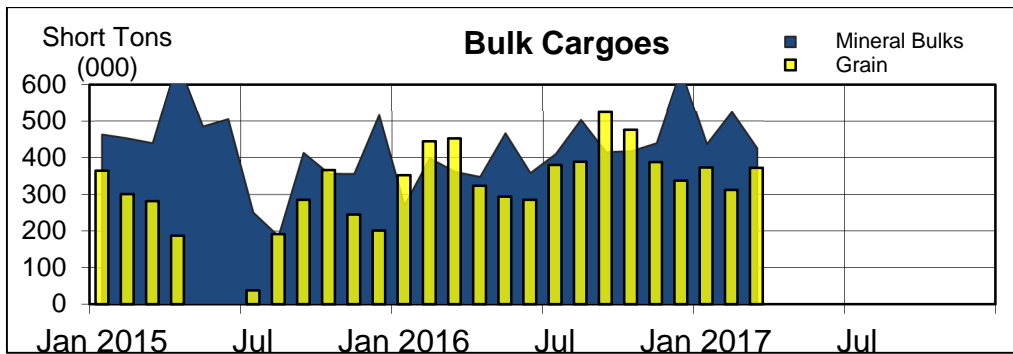
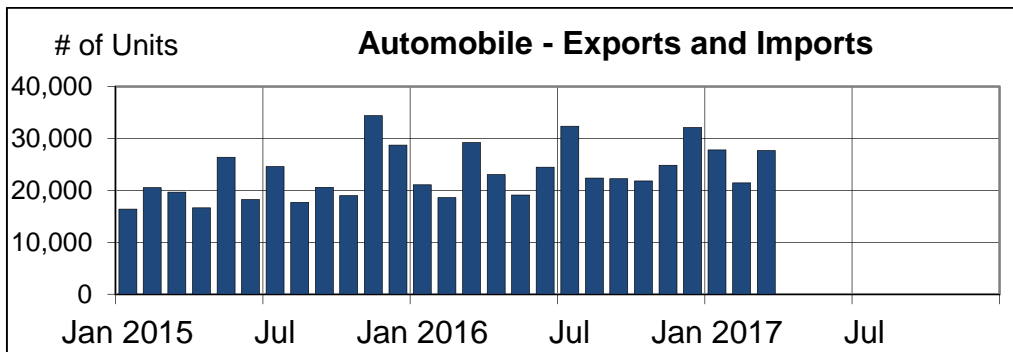
### Marine

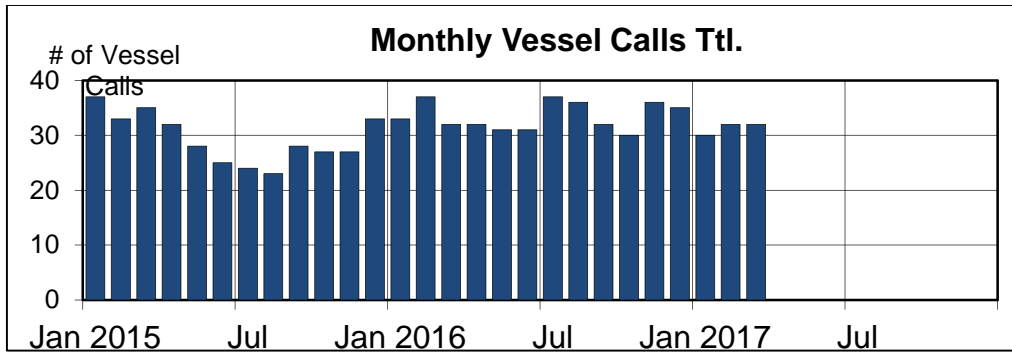
Staff submitted a reimbursement request to ODOT for the *ConnectOregon V* – Terminal 6 Crane Drive Electronics project in the amount of \$31,688.73 (Agreement No. 30128).

## MARINE & INDUSTRIAL DEVELOPMENT REPORT

The figures in the table below show change relative to the prior year.

	<u>March 2017</u>	<u>Fiscal Year-to-Date</u>
Total Tonnage	-3.1%	32.6%
Containers (TEU)	-100.0%	-100.00%
Import Full Containers	--	--
Export Full Containers	-100.0%	-100.0%
Breakbulk	--	-88.0%
Autos	-5.3%	8.8%
Mineral Bulk	17.6%	35.6%
Grain	-17.9%	38.0%





**PROJECT COMPLETION REPORT**

The following construction contract, previously awarded by the Commission, has been completed:

**Colwood Pipe and Outfalls – Portland International Airport**

Approved by Commission	January 13, 2016
Contract Bid Amount	\$1,843,275.00
Approved Change Order Bid Item Adjustments	\$137,859.85
Authorized Change Order Lines	\$153,361.20
Contract Overruns	\$8,473.44
Quantity Underruns	\$(48,378.36)
Final Contract Amount*	\$2,094,591.13

\*The original contract was exceeded by 10 percent, primarily due to changed conditions. The main reason for this cost increase was the delayed approval of permits, easements and intergovernmental agreements required by the City of Portland. Due to those delays, the contractor had to revise the construction schedule a number of times, install an additional manhole, rent equipment for extended periods, etc. In addition, the quantity of unsuitable soil that had to be excavated and replaced with acceptable fill was higher than anticipated, as was the quantity of contaminated soil that had to be transported to a landfill for disposal.

**REAL ESTATE TRANSACTIONS EXECUTED PURSUANT TO DELEGATED AUTHORITY**

**TPST Soil Recyclers of Oregon, Inc. – Permanent Waiver and Release of First Opportunity to Purchase Real Property to Waiver of Right of Repurchase**

Location: Rivergate Industrial District (RGID)

Term: Effective March 01, 2017

Use: The Port permanently waives and releases its right of repurchase of property sold in 1991 at 9333 N. Harborage.

Nike Retail Services, Inc. – Sixth Amendment to Retail Concession Lease

Location: Portland International Airport (PDX)

Term: July 01, 2017 to June 30, 2018

Use: Amendment No. 6: This amendment extends the term and adds a provision about complying with ethics laws.

Naito Corporation DBA Made In Oregon – Tenth Amendment to Retail Concession Lease

Location: PDX

Term: March 09, 2017 to June 30, 2018

Use: Amendment No. 10: This amendment exercises the second option to extend the lease through June 30, 2018.

Port of Portland – Sixth Amendment to Declaration of Development Rights and Limitations for Cascade Station

Location: Cascade Station

Term: Effective March 03, 2017

Use: Amendment No. 6: First Amendment to Supplemental No. 5 to Declaration of Development Rights and Limitations for Cascade Station (Parcel K).

ICTSI Oregon, Inc. – Mutual Release, Bill of Sale, Cancellation of Letter of Credit, Notice of Sale or Transfer of a Vehicle, Lease Termination Closing Acknowledgement to Lease Agreement

Location: Terminal 6 (T-6)

Term: Effective March 31, 2017

Use: These documents, together with the Termination Agreement executed on March 8, 2017, end the 2010 T-6 Lease Agreement.

State of Oregon – Second Amendment to Lease of Improved Space

Location: Troutdale Airport

Term: Effective March 30, 2017

Use: Amendment No. 2: This amendment exercises the second one-year option extension of the lease.

Verizon Wireless (VAW) LLC DBA Verizon Wireless – Fourth Amendment to Wireless Site Operating and Use Agreement

Location: PDX

Term: Effective March 24, 2017

Use: Amendment No. 4: This amendment changes the operating area.

Southwest Airlines Co. – Second Amendment to Amended and Restated Signatory Passenger Airline Lease and Operating Agreement

Location: PDX

Term: Effective November 01, 2016

Use: Amendment No. 2: This will amend the agreement to change premises in a net increase of 2664 square feet.

Taste, Inc. DBA Vino Volo – Third Amendment to Retail Concession Lease

Location: PDX

Term: Effective March 17, 2017

Use: Amendment No. 3: This amendment clarifies the provision regarding rent commencement.

Host International, Inc. DBA Starbucks Corporation – Second Amendment to Food & Beverage Concession Lease

Location: PDX

Term: Effective March 09, 2017

Use: Amendment No. 2: This amendment adds storage space to the premises.

Oregon Hydrocarbon, Inc. – Permanent Waiver and Release of First Opportunity to Purchase Real Property to Sale Agreement and Receipt for Earnest Money

Location: RGID

Term: Effective March 01, 2017

Use: The Port permanently waives and releases its right of repurchase of property sold in 1991 at 9333 N. Harborsgate.

Oregon Hydrocarbon, Inc. – Permanent Waiver and Release of First Opportunity to Purchase Real Property to Warranty Deed

Location: RGID

Term: Effective March 01, 2017

Use: The Port permanently waives and releases its right of repurchase of property sold in 1991 at 9333 N. Harborsgate.

Beaches PDX, Inc. – Vehicle Display Information Form - Pro Caliber to Permit and Right of Entry

Location: PDX

Term: Effective March 02, 2017

Use: As required by a Permit and Right of Entry between Beaches, PDX and the Port, Beaches is submitting for Port signature a vehicle display information form for display of motor vehicles within Beaches Restaurant at the Airport.

Trammell Crow Portland Development, Inc. – Assignment and Assumption of Purchase Agreement and Consent of the Port of Portland, Preliminary Report, Certification of Non-Foreign Status, Preliminary Statement regarding Seller's Exempt Status, Estimated Seller's Statement and Real Estate Reporting Solicitation to Sale Agreement and Receipt for Earnest Money

Location: Gresham Vista Business Park (GVBP) Lots 1, 2 and 3

Term: Effective November 22, 2016

Use: These closing documents are related to the sale of Lots 1, 2 and 3 at GVBP for approximately \$7.8 million.



SHCC, INC – Food Cart Permit

Location: PDX

Term: March 13, 2017 to September 09, 2017

Use: Short term permit for a food cart in the Oregon Market at PDX.

United Parcel Service, Inc. – Fourth Amendment to Permit and Right of Entry

Location: PDX

Term: Effective March 01, 2012

Use: Amendment No. 4: This amendment updates rent due to the Port.

Boutique Air, Inc. – Permit and Right of Entry

Location: PDX

Term: March 01, 2017 to April 30, 2017

Use: Permit for the purpose of performing administrative activities to Boutique Air, Inc.'s business at the airport.

MAC Venture LLC DBA Meacham Air Center – Permit and Right of Entry

Location: PDX

Term: March 13, 2017 to March 27, 2017

Use: Permit for the purpose of conducting investigations regarding the feasibility for certain property located at the airport for aviation uses.

Goodling Land Management, LLC – Consent and Agreement

Location: PDX

Term: Effective March 24, 2017

Use: The Port allows temporary access to Port property managed by Goodling Land Management, LLC, as a run-through for an event.

The Salvation Army – Permit and Right of Entry

Location: PDX

Term: March 31, 2017 to June 30, 2027

Use: Port receives access to owner's property to conduct remediation pursuant to DEQ Consent Judgment for Remedial Design and Remedial Action of McBride Slough, for a period of 10 years plus two 5-year options. No fee is required for access.

Semiconductor Components Industries, LLC – Access Agreement

Location: GVBP

Term: February 10, 2017 to March 31, 2017

Use: The Port desires access for vehicles over the property for construction and installation of electrical power system infrastructure on Lot 8.

Semiconductor Components Industries, LLC – Access Agreement

Location: GVBP

Term: March 27, 2017 to April 30, 2017

Use: The Port wishes to access the property for due diligence purposes in relation to the Port's interest in purchasing the property.

Portland General Electric Company – Permit and Right of Entry

Location: GVBP

Term: February 20, 2017 to February 24, 2017

Use: This permit allows PGE access across GVBP Lots 4 and 5 to access the grounding system for resistivity due diligence related to future upgrades to the McGill substation.

ICTSI Oregon, Inc. – Assignment and Assumption Agreement

Location: T-6

Term: Effective March 31, 2017

Use: These documents, together with the Termination Agreement executed on March 8, 2017, end the 2010 Terminal 6 Lease Agreement.

ICTSI Oregon, Inc. – Statutory Quit Claim Deed

Location: T-6

Term: Effective March 31, 2017

Use: These documents, together with the Termination Agreement executed on March 8, 2017, end the 2010 Terminal 6 Lease Agreement.

Fiddlehead, LLC – Permit and Right of Entry

Location: GVBP

Term: February 27, 2017 to March 10, 2017

Use: Short-term access to Port property at GVBP for removal of Douglas Fir logs.

Trammell Crow Portland Development, Inc. – Permit and Right of Entry

Location: RGID

Term: March 01, 2017 to November 01, 2017

Use: This permit allows Trammel Crow access to Parcels C, E, F and G for purposes of conducting studies, testing and investigations related to a proposed development.

**Contracts Over \$50,000 Pursuant to Delegated Authority**

**APPROVAL LIMITS** (Administrative Policy 7.2.3)

**BUDGET APPROVAL**

*All expenditures require management approval:*

Approval by Directors	Up to \$ 50,000
Approval by Chief Officers	Up to \$250,000
Approval by Executive Director & Deputy Executive Director	Unlimited

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**CONTRACTING APPROVAL**

*Contracting authority is limited to the following:*

Chief Officers	Up to \$ 10,000
Buyers	Up to \$ 50,000
Manager of Contracts & Procurement	Up to \$ 250,000*
Executive Director & Deputy Executive Director	Up to \$ 500,000*

\*And any amount approved by Commission

**Monthly Report for April 2017 (March Activity)**

**New Purchases**

Title	Requestor Department	Vendor Name			P.O. Amount		
Obtain crane services for the Dredge <i>Oregon</i> .	Navigation	Advanced American Construction, Inc.			\$54,360		
Purchase equipment for baggage handling system upgrade.	Information Technology	ConvergeOne, Inc.			\$57,096		
Purchase equipment for baggage handling system upgrade.	Information Technology	North Coast Electric Company			\$57,843		
Obtain hardware support and maintenance services.	Information Technology	Lenovo Global Technology (US), Inc.			\$60,117		
Obtain construction permit services as required.	Engineering Design Services	Faster Permits LLC			\$100,000		
Obtain construction services for Terminal 4 Berth 411 walkway repairs.	Engineering Project Development	GS Contracting, Inc.			\$177,920		

Obtain construction services for replacement of communication and electrical room air conditioning systems.	Engineering Project Development	Hydro-Temp Mechanical, Inc.			\$294,700		
Obtain a disparity study for the Small Business Program.	Administrative Services	Colette Holt & Associates			\$450,000		

**Change Orders and Amendments to Project-Specific Contracts**

Contracts in this category are initially awarded with a specific work scope and an identified not-to-exceed project total.

Title	Requestor Department	Vendor Name	Original Amount	Previous Changes to Contract	Current Change to Contract	New Contract Total	
Amendment #19 for additional design services for work at the Troutdale Reynolds Industrial Park.	Engineering Project Development	Cardno, Inc.	\$249,967	\$1,351,801	\$132,646	\$1,734,414	
Amendment #6 to obtain additional services for the Project Portfolio Management System.	Development Services Administration	Aurigo Software Technologies, Inc.	\$3,650,120	\$959,080	\$300,000	\$4,909,200	
Amendment #5 to obtain additional engineering services related to the runway rehabilitation project at Hillsboro Airport.	Engineering Project Development	Century West Engineering Corporation	\$245,812	\$104,952	\$390,470	\$741,234	
Amendment #1 to obtain additional PDX snow removal services.	Airport Operations	Kerr Contractors, Inc.	\$250,000		\$400,000	\$650,000	

**New Task Orders and Changes to Task Orders Against Non-Project Specific Contracts**

Items in this category are issued against contracts that were initially awarded with no specific work scope or product quantity identified (e.g., "requirements" or "on-call" contracts). These contracts establish pricing or rates for products or work that may be needed over a stated term. Estimated quantities may be identified, but no guarantee of actual contract compensation or work is made. Contract durations may be short-term or for multiple years with optional renewal/extension terms.

Title	Requestor Department	Vendor Name	Original Task Order Amount	Previous Changes to Task Order	Current Change to Task Order	New Task Order Total	Total Contract Activity - All Task Orders
Task order against contract #848 to obtain a survey of non-potable water use demand.	Environmental	GSI Water Solutions, Inc.	\$50,120			\$50,120	\$308,720
Task order against contract #910 to obtain site maintenance services at Dahl Beach.	Environmental	Mosaic Ecology LLC	\$58,186			\$58,186	\$601,593

Task order against contract #865 to obtain engineering services related common use gate conversions.	Engineering Project Development	Carleton Hart Architecture PC	\$71,634			\$71,634	\$98,333
Task order against contract #985 to obtain a pavement condition survey.	Planning & Development	GRI	\$78,629			\$78,629	\$328,636
Task order against contract #1074 to obtain construction inspector services.	Engineering Project Development	AECOM Technical Services, Inc.	\$141,180			\$141,180	\$313,358
Task order against contract #874 to obtain design services for post-security redevelopment of storefronts.	Engineering Project Development	ZGF Architects LLP	\$147,222			\$147,222	\$1,223,619
Task order against contract #1074 to obtain construction manager services.	Engineering Project Development	AECOM Technical Services, Inc.	\$172,178			\$172,178	\$313,358

**General Fund**

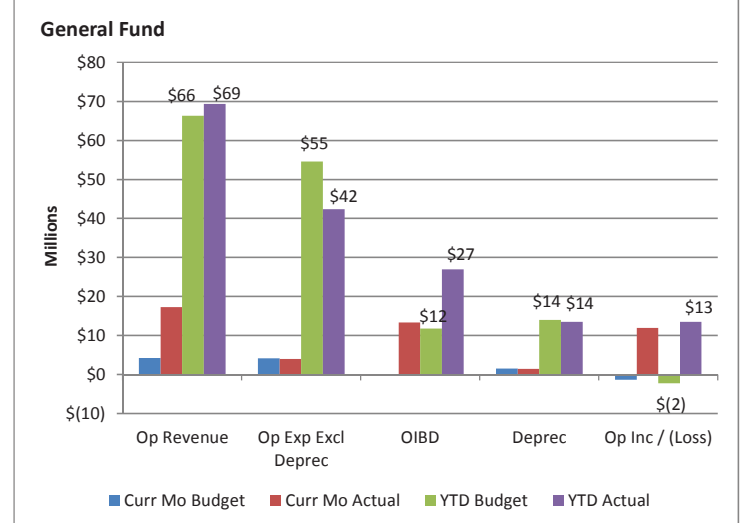
The General Fund includes Marine, Industrial Development, Navigation, General Aviation, Environmental, Financial & Administrative Services, Executive, Public Affairs, Human Resources, Legal, and Project & Technical Services (IT, Engineering, and the Project Portfolio Office).

Operating revenues are \$3.0M higher than the Revised Budget; the net effect of the timing of land sales and the ICTSI lease termination settlement. Excluding land sales, operating revenue is \$13.3M over budget primarily due to the terms of ICTSI's termination agreement (\$11.5M one time buy-out and \$1.2M amortization of monthly rent for the remainder of the fiscal year) that will be included in the Q3 forecast.

YTD operating expenses excluding depreciation are \$12.2M lower than the Revised Budget also due to the timing of land sales. Excluding land sales, operating expenses are \$6.6M below budget.

The key variances are listed below:

- Contracts, professional & consulting services expenses (\$5.8M < budget).
- Personnel services (\$128K < budget).
- Cost of property sold (\$5.6M < budget).
- Equipment rental, repair and fuel expenses (\$1.2M < budget).
- Travel and management expenses (\$638K < budget).



**Marine**

**Marine Volumes:**

**Autos** – Auto volumes are 0.5% higher than forecast YTD with volumes YTD being 8.73% higher than last year due to continued growth in both Hyundai and Honda imports, as well as Ford exports.

**Breakbulk** – YTD tonnage is 90.5% lower than forecast and 93.6% below last year as there were no ship calls at T-2 until October, with no other activity for the Fiscal Year.

**Containers** – Until container service resumes, there will be no TEU variances to report.

**Grain Bulk** – YTD grain volumes are 32.1% higher than forecast and 38.0% higher than last year primarily because production is up nationally (no drought or disease hurting crops). Also, Columbia River locks closed in December for maintenance spanning three months, so upriver wheat growers moved their cargo earlier in the year so that it would not be tied up in their silos for several months.

**Mineral Bulk** – Tonnage is 14.0% higher than forecast and 34.9% higher than last year. Portland Bulk was offline for the first two months of last fiscal year during the installation of the new potash shiploader.

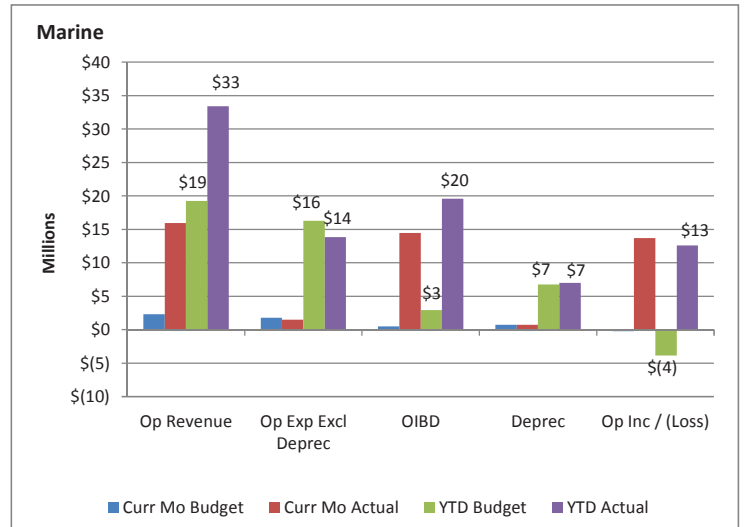
Marine Volumes*	Current Year-to-Date			Annual Adopted Budget
	Adopted Budget	Actual Amounts	Variance	
Autos (Units)	231,394	232,518	0.5%	309,000
Breakbulk	83,996	7,964	(90.5%)	132,277
Containers (TEUs)	-	-	-	-
Grain Bulk	2,691,026	3,554,625	32.1%	3,527,396
Mineral Bulk	3,725,523	4,248,669	14.0%	5,141,179

\* Volumes in short tons unless otherwise noted.

**Marine Operating Results:**

YTD operating revenues are \$14.2M higher than the Revised Budget mostly due to the terms of ICTSI's lease termination which included \$11.5M one-time buy-out as well as \$1.2M in the amortization of monthly rent for the remainder of the fiscal year (to be included in Q3 forecast). Marine is also seeing higher than anticipated grain bulk revenues (\$383K > budget) and South Rivergate rail access fees (\$604K > budget; the rail access fees were expected to move to the balance sheet at beginning of FY 16-17). Auto volumes have increased revenues (\$786K > budget). These increases are offset by \$1.2M of Lease Revenues budgeted to T-5 (Tenex and Georgia Pacific) which have been transferred from Marine to Industrial Development. YTD operating expenses excluding depreciation are \$2.5M less than budget, with the largest variances listed below:

- Contracts, professional & consulting services are \$1.5M < budget due to timing of T-4 and other Marine environmental expenses (\$919K) and outside services expenses for waterway/navigation improvements (\$266K < budget; includes contribution for additional stern buoys in the Columbia River and LOADMAX fees).
- Utilities expenses are \$23K < budget due to timing, primarily of electric power expenses.
- Travel and management expenses are \$179K < budget.
- Materials and supplies expenses are \$125K < budget, primarily in the Electrical Maintenance, Crane Shop and Security business units.
- Insurance expenses are \$105K < budget.
- Equipment rental, repair and fuel expenses are \$89K < budget.

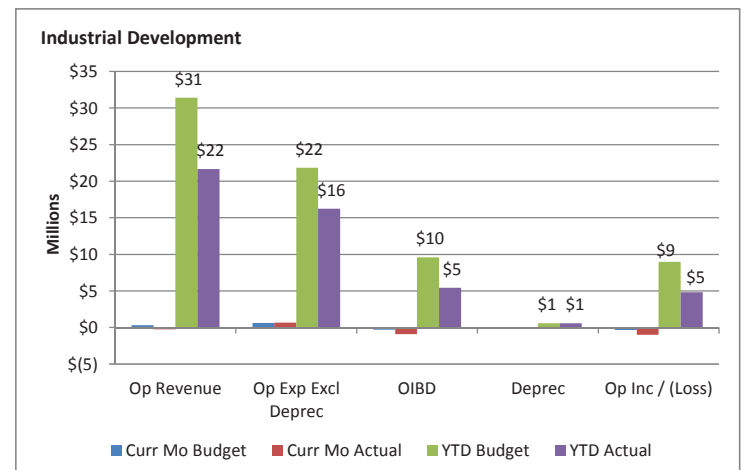


**Industrial Development**

YTD operating revenues are \$9.8M lower than the Revised Budget due to the timing of land sales. The budget assumed \$5.7M in proceeds for the sale TRIP Lots 11 & 12 to BPA in August, as well as the \$4.9M for the sale of Daimler parcel 8 in November. These sales have not yet closed. \$1.2M of Rent Revenues For Tenex and Georgia Pacific have been transferred from Marine to Industrial Development.

YTD operating expenses excluding depreciation are \$5.6M lower than the Revised Budget, with the largest variances listed below:

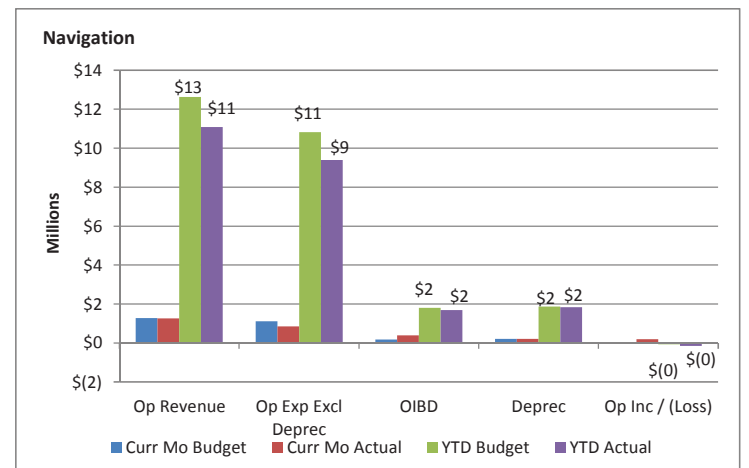
- Cost of property sold is \$5.6M < budget (Daimler parcel 8 is \$884K < budget, TRIP is \$4.4M < budget, Gresham Vista is \$303K < budget)
- Contracts, professional & consulting services are \$434K < budget due to a credit for a Tidewater barge sublease (\$151K; offsets a payment for the Port's lease with DSL that has not yet posted). Remainder primarily from timing of design review and appraisal, mitigation, and Hayden Island and general environmental expenses.



**Navigation**

YTD operating expenses excluding depreciation are \$1.4M lower than the Revised Budget due to 32 fewer dredging days than budgeted (safety stand-down delayed the start of the dredging season to late July). Lower operating expenses translate into lower operating revenues, which are \$1.6M < budget.

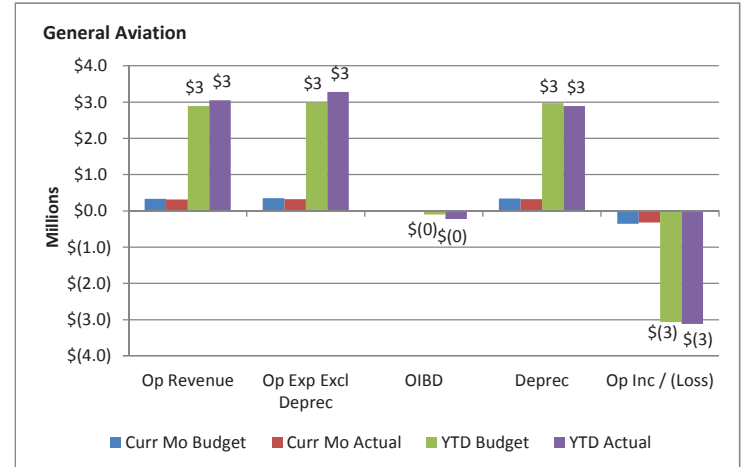
Dredging Volumes	Current Year-to-Date			Annual Adopted Budget
	Revised Budget	Actual Amounts	Variance	
Dredging Days	115	83	(27.8%)	132
Cubic Yards Dredged		1,706,492		



**General Aviation**

YTD operating revenues are above budget by \$157K. The primary driver of this variance is a \$300K early termination fee that the Port received from BHG Hillsboro. Other key drivers include: increased HIO airside rentals (up \$155K) offset by a Hillsboro Master Plan grant that has not been realized (down \$270K).

YTD operating expenses before depreciation are over budget by \$285K, primarily due to emergency HIO runway repair excavating costs (up \$385K) as well as higher materials and utilities costs. These are offset by lower HIO airfield consulting and environmental costs.

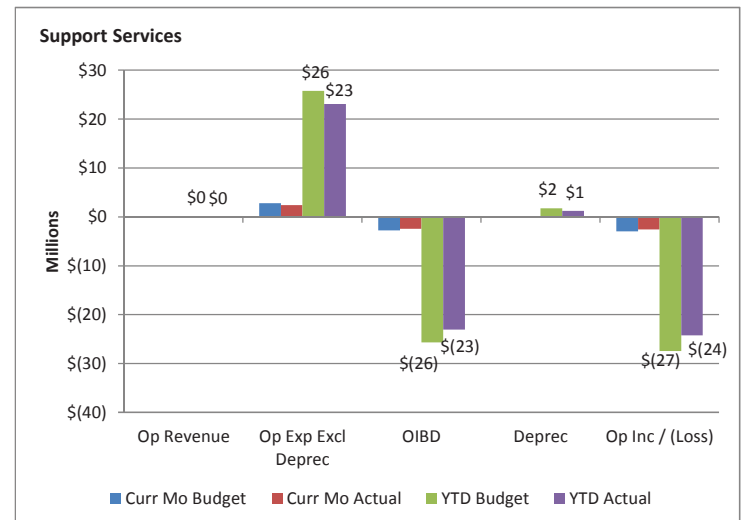


**Support Services**

Support Services is comprised of Financial & Administrative Services, Executive, Public Affairs, Human Resources, Legal, and Project & Technical Services. Costs for these areas are allocated to the operating areas.

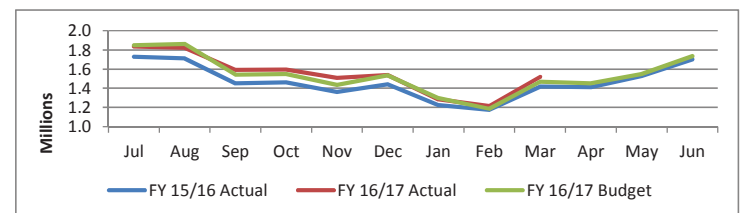
YTD operating expenses excluding depreciation are \$2.7M under budget, with the largest variances listed below:

- Contracts, professional & consulting services are \$1.8M < budget, mostly due to timing of ProMIS contract/consulting expenses (\$1.1M budgeted in Project Portfolio Office business unit; \$438K expenses YTD). Contracts and outside services in HR, IT, Public Affairs, Financial & Administrative Services, and Environmental Affairs are \$1.1M < budget due to timing of expenditures.
- Interdepartmental charges are \$583K > budget due to Engineering capitalized labor.
- Travel and management expenses are \$387K < budget primarily due to timing of PROPS recognition program/Achievers contract expenses (\$210K budgeted in August but no expenses YTD).
- Personnel Services are \$246K < budget.
- Equip Rents & Repair is \$221K < budget.
- Other expenses are \$367K < budget (\$182K < budget in IT software expenses).



**Portland International Airport  
 Total Passengers**

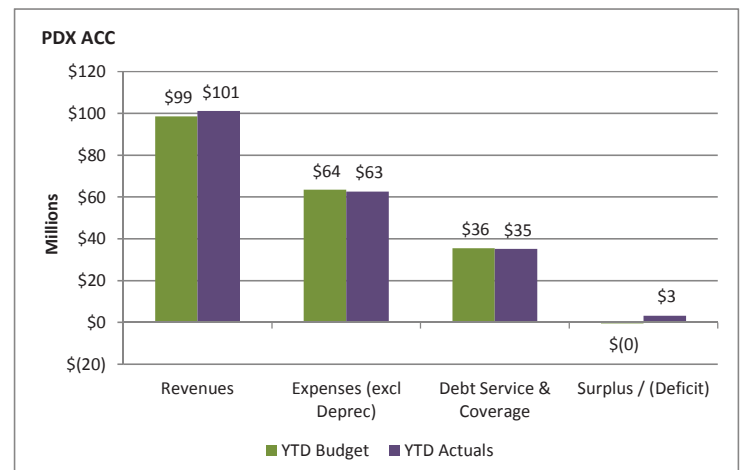
Passengers traveling through PDX are a key driver of revenues and expenses for the Airport. YTD, almost 14.0 million total passengers have utilized PDX, exceeding the prior year by 7.2%. The higher passenger levels are a result of the continued growing economy and new flights by air carriers serving PDX. As a result of strong demand for air travel, PDX passenger levels are increasing as carriers increase seat capacity and add flights.



**PDX Airline Cost Center (ACC)**

YTD ACC revenues are \$2.5M higher than budget. Airline revenues are \$954K higher than budget due to higher than expected terminal rents (over \$498K) and landing activity (over \$430K). Retail, food and beverage revenues are \$1.2M higher than budget as a result of higher passenger volume and higher than expected spending per passenger.

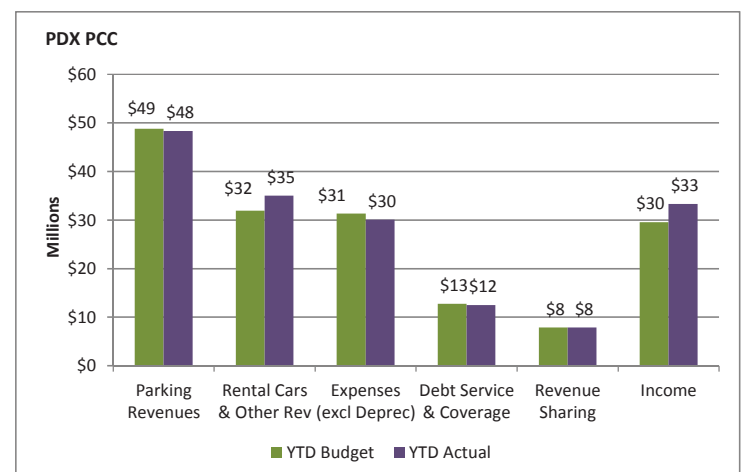
YTD ACC expenses are \$803K below budget. Personnel Services are \$161K under budget due lower than budgeted fire, police, and administrative costs driven by vacancies. Materials, services, and transfers are \$642K under budget, primarily due to: direct security services (down \$119K), direct operating materials and supplies (down \$145K), direct environmental costs (down \$196K), and maintenance costs (down \$131K). These are offset by deicing materials for multiple winter storms (up \$1.4M). Indirect costs included in this variance include: Air Service Development marketing (down \$378K), CUP heating fuel and consulting services (down \$304K), travel expenses/conferences (down \$97K), equipment repair (down \$85K), long range planning consulting (down \$83K), and Insurance (down \$72K). Transfers are \$516K under budget.



**PDX Port Cost Center (PCC)**

YTD PCC revenues are \$2.6M > budget. YTD rental car revenues are \$1.2M > budget due to June forecasted accruals being \$615K less than actuals invoiced; this amount carried into July. Passenger volume related activity for July through March account for the remaining \$580K increase in revenues. Other PCC revenues are \$1.9M > budget as a result of higher than expected volumes for transportation network companies (e.g. Uber, Lyft; over \$1.1M), additional revenues for SW Development, PDX GA, and PDX Cargo rent revenues (over \$209K), overflow ramp parking to the cargo area (over \$200K), and ORANG drainage fees (over \$111K). This is offset by parking revenues, which are \$453K below budget due to multiple flight cancellations throughout the winter and a later spring break which saw many travelers returning in April.

PCC expenses are \$1.2M < budget. Personnel services expense is in line with budget. Materials, services, and transfers are \$1.2M < budget, primarily due to lower direct equipment rentals and repairs (\$228K lower) and direct custodial services (\$135K lower). Indirect costs related to this variance include: Air Service Development marketing (down \$257K) and long range planning consulting (down \$55K). This is offset by deicing costs for the roadways (up \$168K). Transfers are \$614K under budget.



**PORT OF PORTLAND**  
Investment Report  
Quarter Ending March 2017

<u>Yield Comparisons</u>	<u>March</u>	<u>Fiscal</u> <u>Year-to-Date</u>	<u>12 Month Moving</u> <u>Average</u>	
			<u>3/31/17</u>	<u>3/31/16</u>
Port unrestricted portfolio	1.27%	1.15%	1.13%	0.96%
Series 22 construction funds	0.57%	0.75%	0.65%	0.46%
Series 24 construction funds	0.95%	0.94%	0.92%	n/a
Local Gov't Inv. Pool (LGIP)	1.21%	1.04%	0.98%	0.58%
90 day LIBOR*	1.15%	0.95%	0.87%	0.42%

**Investment Portfolio Composition**

Unrestricted investments	\$498,822,000
Unrestricted LGIP	29,496,535
PDX construction bond investments	209,358,000
PDX construction bond LGIP	<u>16,429,619</u>
Total portfolio	<u>\$754,106,154</u>

<u>Maturity Schedule</u>	<u>Actual Portfolio</u>		<u>Policy Minimum</u>
1 year or less	\$285,388,154	38%	none
2 years and under	\$470,233,154	62%	55%
3 years and under	\$645,449,154	86%	75%
5 years and under	\$754,106,154	100%	100%

<u>Interest Earnings</u>	<u>Unrestricted Portfolio</u>	<u>Series 22 Construction</u>	<u>Series 24 Construction</u>	<u>Total Earnings</u>
January 2017	459,822	15,487	28,814	504,123
February 2017	508,028	11,101	152,592	671,721
March 2017	548,631	11,617	171,439	731,687
Quarter Total	\$1,516,481	\$38,205	\$352,845	\$1,907,531

**Comments**

In March, the Federal Open Market Committee took another step in policy normalization enacting by its first 25 basis point increase of 2017. They reiterated a balanced, gradual approach and remained status quo on targeting three increases for this year.

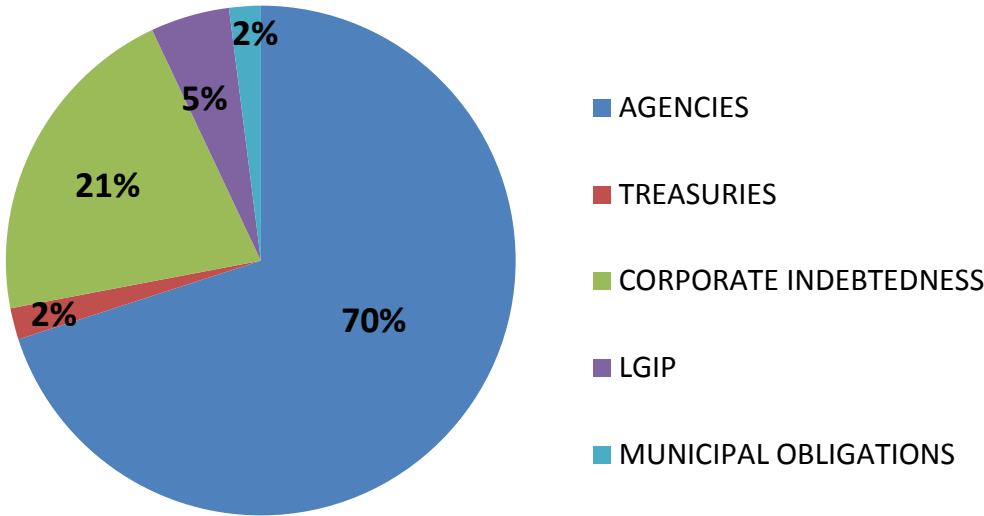
In January, the Port added \$225 million in new bond proceeds (Series 24) to the portfolio. These funds will be managed similar to the last issue (Series 22), with a scheduled maturity approach to match projected spending through 2019.

Note: Investment portfolio detail available upon request.

\*LIBOR: London Inter Bank Offer Rate – The interest rate that banks charge each other for loans.

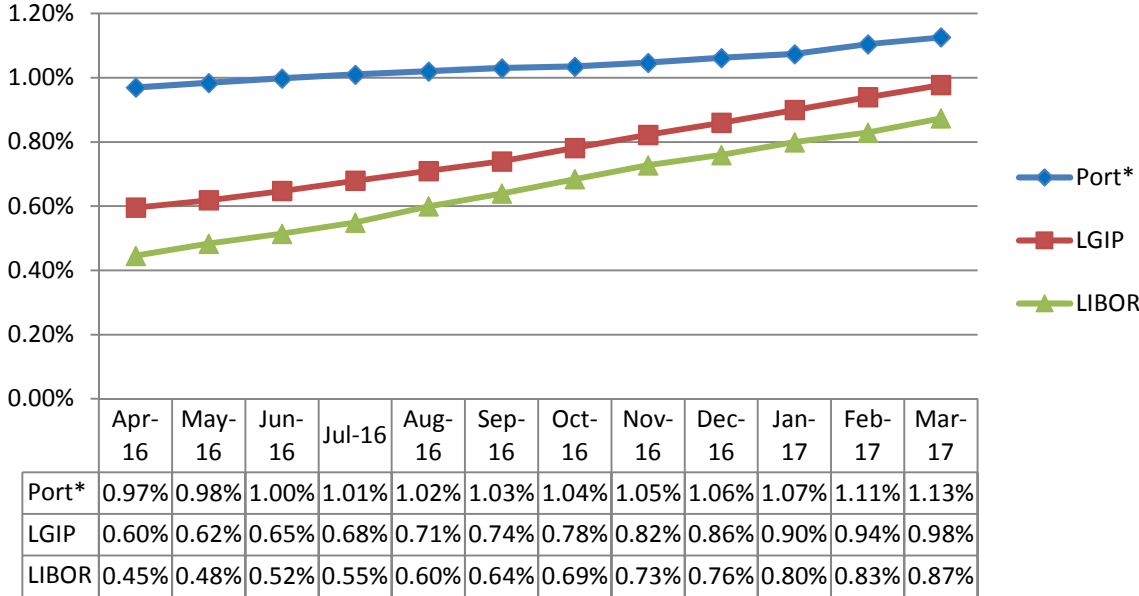


**Port of Portland  
Portfolio Diversification  
Unrestricted Funds as of 3/31/17**



Investments Policy Limits: U.S. Treasuries 100%; U.S. Agencies 100%; Corp. Indebtedness 35%; LGIP \$47,012,858 maximum.

**Port of Portland  
12 Month Moving Average Yield Comparison**



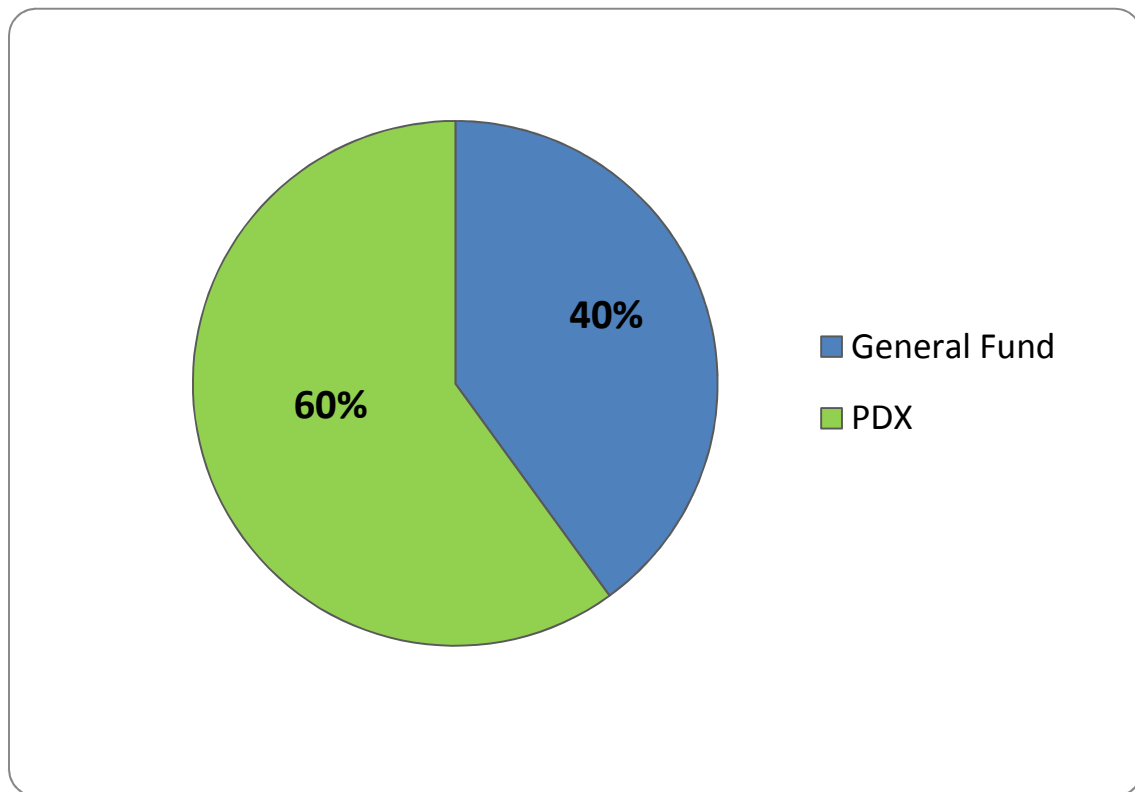
\*Port yield shown excludes amounts on deposit in LGIP and restricted cash balances.

## Port of Portland

Allocation of non-specific cash and investments available\*

As of March 31, 2017, the Port had \$224 million in funds available for the General Fund and \$335 million available for Portland International Airport.

Non-specific balances reflect neither restricted monies such as construction bond proceeds from the general investment pool, nor do they reflect debt service funds held by the trustees.



\*Allocation is an estimate generated based on accounting balances at March 31, 2017 and includes investments, LGIP and cash accounts.