



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

SAFETY REPORT

Port of Portland May 2017 safety performance resulted in a higher frequency of incidents and higher claims frequency compared to May 2016. There were 10 reported incidents that occurred in May 2017 and, of those incidents, 7 resulted in claims. One non-recordable incident was reported in May 2017 but occurred in April 2017. Of the 11 incidents reported in May, 6 resulted in OSHA recordable cases.

Monthly Report of Injury Incidents

Administrative

One recordable incident:

- Worker was walking in the headquarters lobby, slipped and fell, fracturing hand.

Aviation

Two lost time recordable incidents:

- Worker felt pain and tightness in back after responding to an emergency call.
- Worker was walking down steps, slipped and fell, striking low back on the steps.

One restricted duty recordable incident:

- Worker strained and bruised wrist while arresting a combative and uncooperative suspect.

Two recordable incidents:

- Worker was loading gear into a vehicle compartment and felt a pop in the wrist.
- Worker strained wrist while arresting a combative and uncooperative suspect.

Three non-recordable incidents:

- Worker sustained abrasions and contusions to right hand and left forearm while arresting a combative and uncooperative suspect.
- Worker sustained abrasions and contusions to knees and elbows while arresting a combative and uncooperative suspect.
- Worker was getting into a vehicle when the door shut unexpectedly on hand, causing a contusion.

Marine

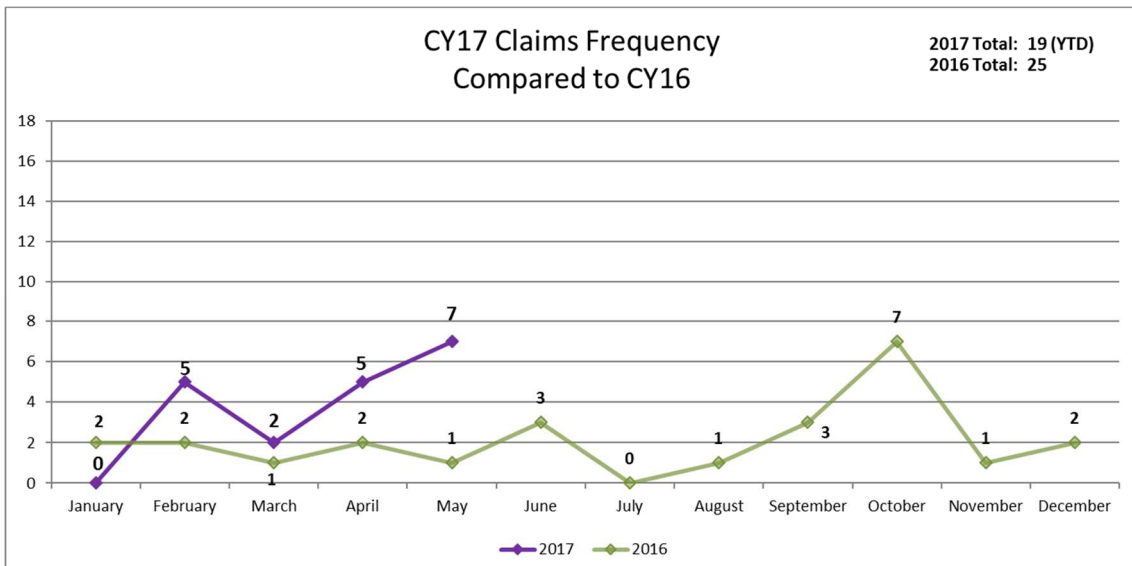
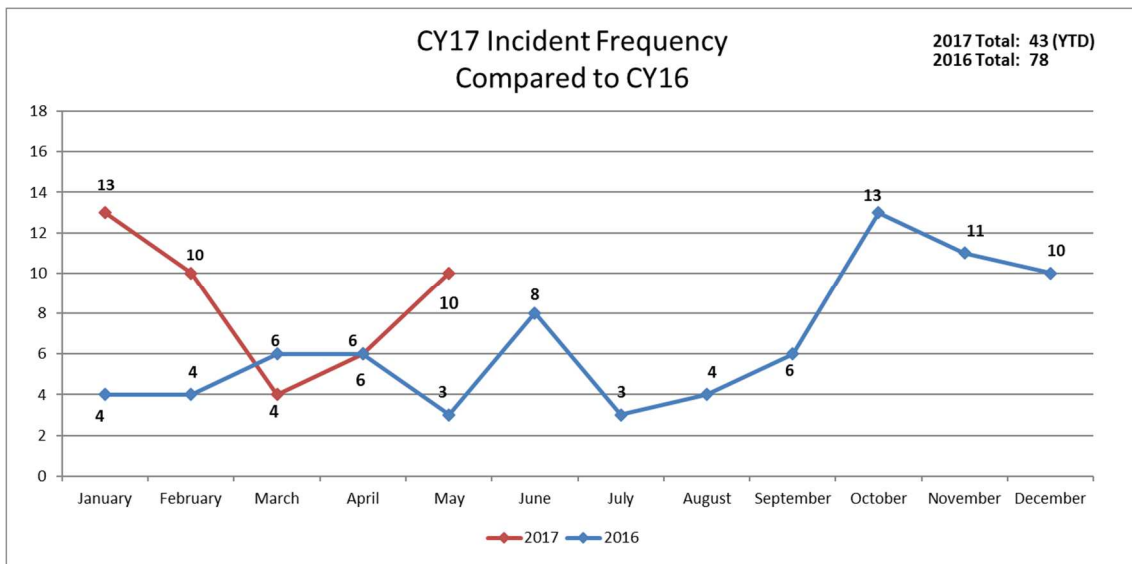
One non-recordable incident:

- Worker was lowering steel plates with a hydraulic lift when the lift suddenly dropped and caught the worker's forearms, causing lacerations and contusions. (Incident occurred in April 2017 but was reported in May 2017.)

Navigation

One non-recordable incident:

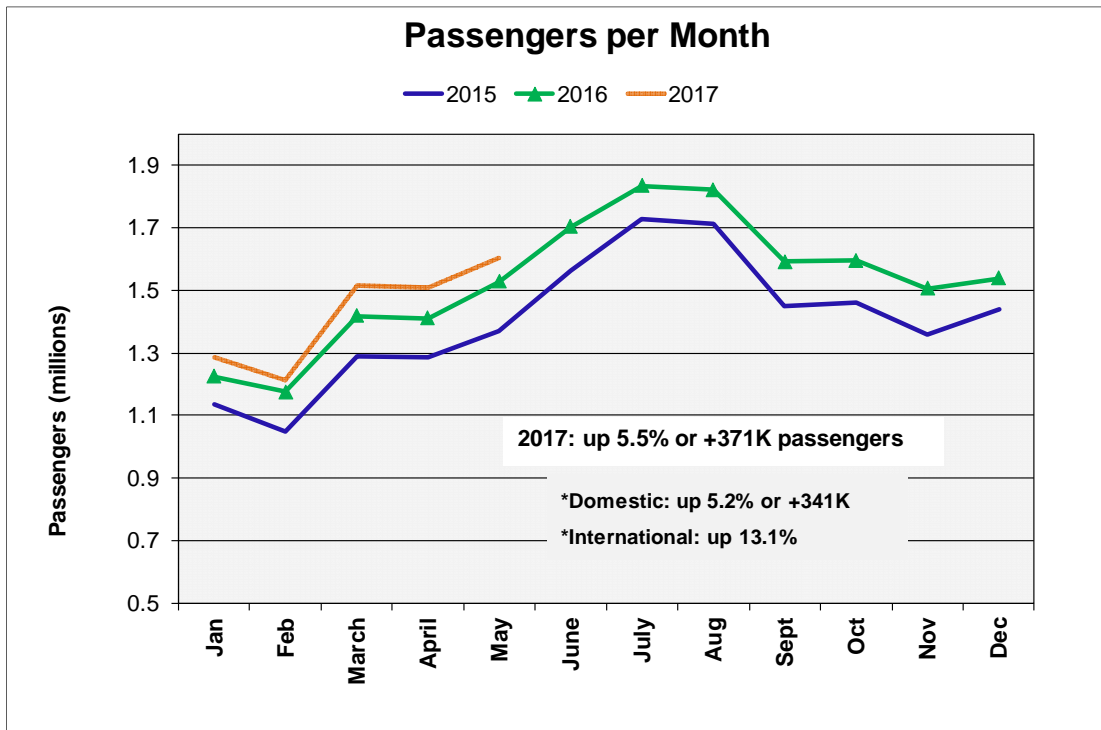
- Worker had an episode of nausea, blurred vision and dizziness while grinding and scraping paint on a vehicle.



AVIATION REPORT

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

Start Date	Airline	Destination	Frequency
12/1/17	Aeromexico	Mexico City	Daily



	Month/Month % Change	FYTD % Change
	May	July-May
Passengers	5.1%	7.0%
Concessions Revenue	12.4%	12.5%
Rental Car Revenue	4.2%	3.5%
Parking Revenue	0.7%	3.4%

Passengers

PDX passenger volumes increased 5.1 percent compared to May 2016. Seat capacity growth matched passenger demand, expanding 4.9 percent with the load factor stable at 83.9.

Condor restarted its Frankfurt flight a month earlier this year, operating three flights per week, and will add a fourth summer frequency on June 27.

Concessions Revenue

Combined terminal concessions operations reported a 12.4 percent, or \$157,000, rent increase on the month, against a 5.1 percent passenger increase. Similar to prior months' performances, the rent increase for May is due primarily to a 47.4 percent growth in the quick-serve category of food and beverage operations.

Rental Car Revenue

Rental car operations reflect a 3.5 percent, or \$655,000, rent increase year-to-date over last year, against a year-to-date passenger increase of 7.0 percent through May.

Parking Revenue by Lot

Public parking revenue increased 0.6 percent compared to May 2016. Year-to-date, public parking revenue is up 3.3 percent over year-to-date 2016.

Transactions decreased 2.9 percent, but the noon count parking occupancy for all four products increased 1.4 percent.

Product	Revenue	Variance	YTD Variance
Short-Term	\$1,578,120	-0.9%	5.1%
Long-Term	\$1,829,091	1.1%	-0.2%
Economy	2,104,849	0.4%	4.3%
Valet	\$148,015	19.3%	20.2%
Total	\$5,660,075	0.6%	3.3%

Ground Transportation

Ground transportation overall revenue increased 34.1 percent to \$424,086 in May 2017, compared to \$316,325 in May 2016. Fiscal year-to-date revenue is \$3,998,179. Transportation Network Companies (TNC) made up 62 percent of the revenue, totaling \$263,028, a new record high for any given month.

	Taxi Trips	TNC Pick-ups	Charter Bus	Reservation-Only Trips	Fixed Route	Courtesy	Total	Minus TNC
May 2016	28,784	30,969	137	8,537	2,614	30,049	100,817	69,848
May 2017	21,888	62,694	92	9,124	2,544	29,634	125,976	63,282
	-24.0%	104.2%	-32.8%	6.9%	-2.7%	-1.4%	25.0%	-9.4%

*TNC data is estimated

CAPITAL GRANTS

Portland International Airport

Staff submitted a reimbursement request to the Transportation Security Administration for the Law Enforcement Officer (LEO) program in the amount of \$36,000, covering the February 2017 through April 2017 work periods (Agreement No. HSTS0213HSLR647).

Staff submitted a reimbursement request to TriMet for the LEO program in the amount of \$13,230.60 (Agreement No. GS150820LG).

Staff submitted reimbursement request to the Federal Bureau of Investigation (FBI) for the Joint Terrorist Task Force program in the amount of \$438.55 (Agreement No. 03-026).

Staff submitted a reimbursement request to the Federal Aviation Administration (FAA) for the Airport Improvement Program – Install Preconditioned Air Units Voluntary Airport Low Emissions project in the amount of \$741,535.80 (Agreement No. 03-41-0048-076).

Hillsboro Airport

Staff submitted a reimbursement request to the FAA for the Airport Improvement Program – Hillsboro Airport Master Plan Improvement project in the amount of \$88,699.28 (Agreement No. 03-41-0025-026).

Marine

Staff submitted a reimbursement request to the Oregon Department of Transportation (ODOT) for the *ConnectOregon* VI – Terminal 6 Auto Staging Facility project in the amount of \$994,287.99 (Agreement No. 31627).

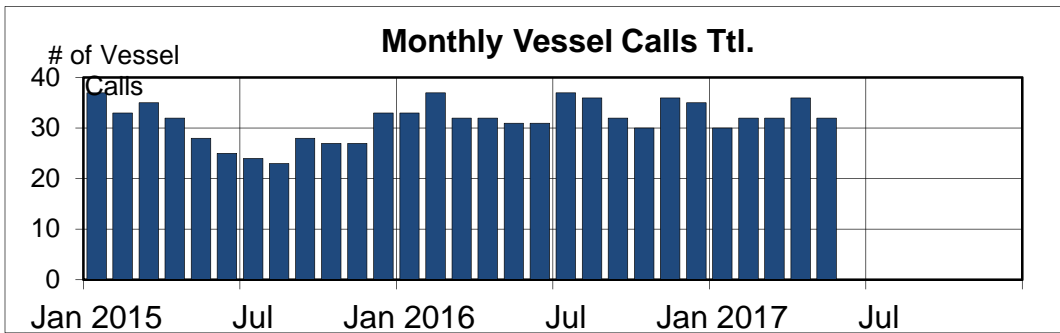
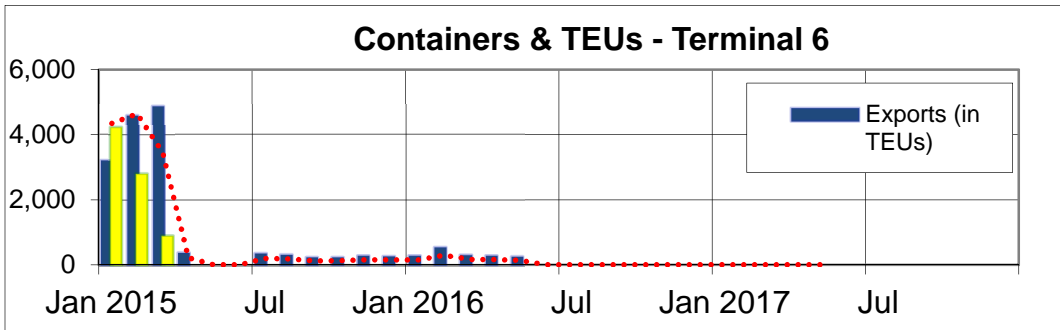
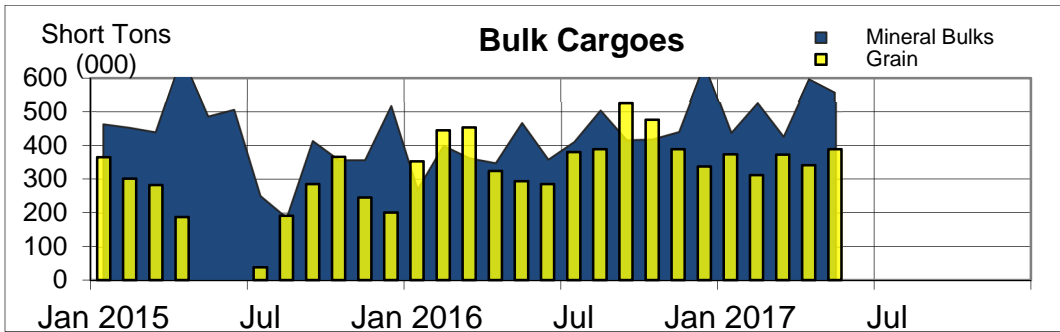
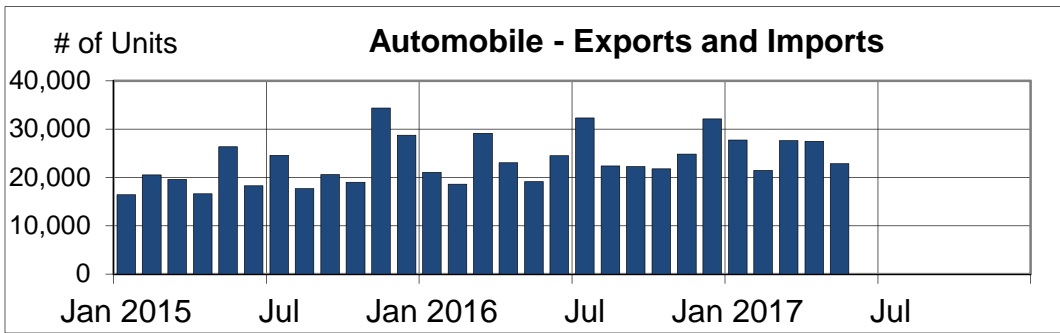
Land

Staff submitted a reimbursement request to ODOT for the Graham/Swigert Road Jobs and Transportation Act Project in the amount of \$893,841.37, covering the December 2016 and January 2017 work periods (Agreement No. 28368).

MARINE & INDUSTRIAL DEVELOPMENT REPORT

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

	<u>May 2017</u>	<u>Fiscal Year-to-Date</u>
Total Tonnage	23.4%	32.1%
Containers (TEU)	-100.0%	-100.00%
Import Full Containers	--	--
Export Full Containers	-100.0%	-100.0%
Breakbulk	--	-88.0%
Autos	19.5%	10.5%
Mineral Bulk	19.3%	36.8%
Grain	32.4%	34.2%



PROJECT COMPLETION REPORT

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

Air Cargo Road Rehabilitation – Portland International Airport

Approved by Commission	March 9, 2016
Contract Bid Amount	\$571,950.00
Approved Change Order Bid Item Adjustments	\$(5,539.78)
Authorized Change Order Lines	\$30,943.58
Quantity Underruns	\$(53,604.27)
Final Contract Amount	\$543,749.53

REAL ESTATE TRANSACTIONS EXECUTED PURSUANT TO DELEGATED AUTHORITY

Atlantic Aviation Oregon FBO, Inc. – Sixth Amendment to Ramp Management Agreement

Location: Portland International Airport (PDX)

Term: January 01, 2017 to December 13, 2018

Use: Amendment No. 6: This amendment extends the term and changes the premises to reflect a smaller ramp size.

Aero Portland, LLC – Consent to Sublease – Aero Portland II, LLC and Hawaiian Airlines, Inc. to Ramp Management Agreement

Location: PDX

Term: Effective May 10, 2017

Use: The Port consents to Aero Portland II, LLC subleasing a ramp to be used for passenger airline operations.

Premier Jets, Inc. – Landlord's Estoppel Certificate to Ground Lease - Hangar Facility

Location: Hillsboro Airport (HIO)

Term: Effective May 24, 2017

Use: These documents allow Premier Jets to refinance with Old West Federal Credit.

Hospital Shared Services, Inc. DBA HSS – Second Amendment to Lease – Improved Space

Location: PDX

Term: Effective May 01, 2017

Use: Amendment No. 2: This amendment relocates Hospital's storage space and adds additional office space to the Lease.

Premier Jets, Inc. – Landlord's Release and Consent to Hangar Facility Ground Lease

Location: HIO

Term: Effective May 24, 2017

Use: These documents allow Premier Jets to refinance with Old West Federal Credit.

Premier Jets, Inc. – Landlord's Estoppel Certificate to Hangar Facility Ground Lease

Location: HIO

Term: Effective May 24, 2017

Use: These documents allow Premier Jets to refinance with Old West Federal Credit.

Host International, Inc. – Consent to Assignment to Retail Concession Lease

Location: PDX

Term: Effective May 23, 2017

Use: The Port consents to the assignment of a lease to a joint venture company between World Duty Free Group and Stephanie, Inc.

City of Portland – Amended Memorandum of Ground Lease and Assignment to Ground Lease

Location: Portland International Center

Term: Effective May 15, 2017

Use: This amended memorandum deletes the original legal description, which was found to be incomplete, and substitutes it with a new legal description and a land drawing.

Cascade Pacific Council – First Amendment to Ground Lease

Location: PDX

Term: Effective May 01, 2017

Use: Amendment No. 1: This amendment extends the term and deletes a provision about Department of State Lands – State of Oregon direct lease.

Litchfield Cornell Square, LLC – Ground Lessor Estoppel and Agreement with Litchfield Cornell Square, LLC to Lease

Location: HIO

Term: Effective May 05, 2017

Use: This agreement allows the tenant to secure financing secured by a first mortgage on the tenant's leasehold interest.

Premier Jets, Inc. – Landlord's Release and Consent to Partial Assignment of Lease, Assumption of Lease, Consent to Assignment of Lease, and Second Amendment to Lease

Location: HIO

Term: Effective May 24, 2017

Use: These documents allow Premier Jets to refinance with Old West Federal Credit.

Premier Jets, Inc. – Landlord's Estoppel Certificate to Partial Assignment of Lease, Assumption of Lease, Consent to Assignment of Lease, and Second Amendment to Lease

Location: HIO

Term: Effective May 24, 2017

Use: These documents allow Premier Jets to refinance with Old West Federal Credit.

Aero Portland II, LLC – Consent to Sublease – Aero Portland II, LLC and Hawaiian Airlines, Inc. to Ground Lease

Location: PDX

Term: Effective May 10, 2017

Use: The Port consents to Aero Portland II, LLC subleasing premises pursuant to a ground lease to be used for passenger airline operations.

Auto Warehousing Company – First Amendment to Permit and Right of Entry

Location: Terminal 4 (T-4)

Term: December 20, 2016 to May 31, 2017

Use: Amendment No. 1: This amendment shortens the term of the permit from Jun 30, 2017 to May 31, 2017.

Troutdale Associates, LLC – First Amendment to Permit and Right of Entry

Location: Troutdale Reynolds Industrial Park (TRIP)

Term: Effective May 25, 2017

Use: Amendment No. 1: This amendment allows permittee to place a test pile on site as part of the due diligence activities on Lots 6, 7 and 8 of TRIP in connection with their purchase.

Port of Portland – Estoppel Certificate to Amended and Restated Declaration of Covenants, Conditions and Restrictions

Location: TRIP

Term: Effective May 23, 2017

Use: This Estoppel Certificate states the common area maintenance fees for a set timeframe.

Semiconductor Components Industries, LLC – First Amendment to Access Agreement

Location: Gresham Vista Business Park

Term: Effective June 15, 2017

Use: Amendment No. 1: This expiration of the term is extended from April 30 to June 9, 2017 for the Port to access the property for due diligence purposes in relation to the Port's interest in purchasing the property.

Qwest Corporation, DBA CenturyLink QC – Easement

Location: Marine Dr.

Term: Effective May 05, 2017

Use: Easement for overhead communication equipment and lines over Port property along Old North Marine Drive.

MAJ Airport, LLC and 7-Eleven – Fuel Storage Tank Agreement

Location: PDX

Term: June 09, 2016 to June 08, 2036

Use: This agreement allows MAJ and 7-Eleven to install and operate fuel storage tanks on the leased premises.

Newmark Properties – Permit and Right of Entry

Location: PDX

Term: May 15, 2017 to June 30, 2022

Use: Port access to Newmark property to perform sediment cleanup under DEQ Consent Judgment 16-CV-40658.

Boutique Air, Inc. – Month to Month Facility Lease

Location: PDX

Term: Effective May 01, 2017

Use: Month to month lease for storage and office space at the airport.

Cascade Station Retail Center, LLC and Nordstrom Rack – Recognition Agreement

Location: Cascade Station

Term: Effective February 10, 2017

Use: Agreement recognizing that the sublease will remain in effect should any eviction proceedings or proceedings for the enforcement of the ground lease occur.

James B. Grant – Permit and Right of Entry

Location: Troutdale Airport

Term: Effective May 26, 2017

Use: Permit for staging aircraft and conduct aerial sightseeing tours.

Premier Jets, Inc. – Assignment and Assumption Agreement

Location: HIO

Term: Effective May 24, 2017

Use: These documents allow Premier Jets to refinance with Old West Federal Credit.

State of Oregon OR-DSL – Easement

Location: Sandy Island

Term: Effective May 10, 2017

Use: Provides Easement and right to construct, maintain, operate and replace a Streaked Horned Lark Conservation Site over, upon and across the property.

Verde – Pass-Through Grant Funding Agreement

Location: Portland

Term: May 23, 2017 to March 31, 2018

Use: The Grant funds are for a parking lot improvement for Cully Park. The Port agrees to pass-through Grant funds to Verde and Verde agrees to satisfy all of the Grant terms and conditions.

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

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 June 2017 (May Activity)

New Purchases

Title	Requestor Department	Vendor Name			P.O. Amount		
Obtain auditing services for compliance of the Port Environmental Management System.	Environmental	DQS Inc.			\$51,100		
Obtain towing services to relocate barges and pipeline.	Navigation	Shaver Transportation Company			\$54,800		
Obtain Microsoft software licensing and support.	Information Technology	SHI International Corp.			\$59,052		
Purchase a Kubota tractor for landscape maintenance.	Marine Electrical	Moen Machinery Co.			\$59,144		
Purchase survey equipment.	Engineering Design Services	Geoline Inc.			\$101,556		
Purchase servers to support airport operational systems.	Information Technology	CDW Government Inc.			\$185,200		
Purchase electrical switches to support the relocation of feeder equipment serving PDX.	Engineering Project Development	Pacificorp Db a Pacific Power & Light			\$237,790		

Purchase 31-inch pipe for the dredge <i>Oregon</i> .	Engineering Project Development	Thompson Metal Fab Inc.			\$885,200		
Obtain construction services for the Basin 7 Stormwater Facility Project.	Engineering Project Development	Goodfellow Brothers Inc.			\$2,080,880		
<u>Change Orders and Amendments to Project-Specific Contracts</u>							
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 #2 to obtain continued maintenance and support for the PDX parking control system.	Information Technology	Scheidt & Bachmann USA Inc.	\$194,370	\$103,940	\$67,321	\$365,631	
Change orders #1-12 to obtain additional construction services for the Concourse B and D Loading Bridge Replacement Project.	Engineering Project Development	On Electric Group Inc.	\$410,046		\$71,651	\$481,697	
Administrative action to obtain continued crane mechanical maintenance services at marine terminals 2 and 6.	Marine Facility Maintenance	Harbor Industrial Services Corp.	\$1,804,541	\$2,176,272	\$60,000	\$4,040,813	
Administrative action to obtain continued support for Avantis procurement application.	Information Technology	Schneider Electric Software LLC	\$79,736		\$244,874	\$324,610	

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 #992 to obtain design services for the Taxiway K Rehabilitation Project at PDX.	Engineering Project Development	Century West Engineering Corporation	\$51,838			\$51,838	\$289,729
Task order against contract #1025 to obtain planning services to evaluate options for receiving and distribution of goods at PDX.	Planning & Development	C&S Engineers Inc.	\$53,551			\$53,551	\$76,908
Task order against contract #1039 to obtain support for streaked horned lark habitat conservation.	Environmental	AKS Engineering & Forestry LLC	\$55,205			\$55,205	\$160,670
Amendment #2 to task order against contract #973 to obtain additional construction services for infrastructure at Gresham Vista Business Park (GVBP).	Engineering Project Development	Andersen Construction Company	\$341,425		\$56,129	\$397,554	\$2,665,752
Amendment #1 to task order against contract #850 to obtain additional security officer services for the PDX loading dock.	Public Safety & Security	HSS Inc.	\$50,000		\$62,000	\$112,000	\$6,073,379
Task order against contract #866 to obtain architectural services for the Navigation Office Remodel Project.	Engineering Project Development	MWA Architects Inc.	\$72,001			\$72,001	\$661,544
Task order against contract #951 to obtain removal and disposal of asbestos-containing materials at marine terminal T-4.	Environmental	Performance Abatement Services	\$78,721			\$78,721	\$294,578
Task order against contract #973 to obtain construction services for roof repairs at marine terminals T2 and T6.	Engineering Project Development	Andersen Construction Company	\$93,224			\$93,224	\$2,665,752
Task order against contract #913 to obtain conceptual site plans for Portland International Center.	Planning & Development	Mackenzie	\$100,300			\$100,300	\$334,676

Task order against contract #1075 to obtain construction assistance services.	Engineering Project Development	CMTS LLC	\$114,332			\$114,332	\$269,014
Task order against contract #1075 to obtain construction inspection services.	Engineering Project Development	CMTS LLC	\$154,682			\$154,682	\$269,014
Amendment #1 to task order against contract #850 to obtain additional security officer services for the vendor escort program.	Public Safety & Security	HSS Inc.	\$123,220		\$155,000	\$278,220	\$6,073,379
Task order against contract #850 to obtain security officer services for international flights.	Airport Operations	HSS Inc.	\$374,500			\$374,500	\$6,073,379
Task order against contract #973 to obtain construction services for the PDX Waterline Separation Project.	Engineering Project Development	Andersen Construction Company	\$417,731			\$417,731	\$2,665,752
Amendment #1 to task order against contract #850 to obtain additional security officer services.	Public Safety & Security	HSS Inc.	\$808,000		\$998,000	\$1,806,000	\$6,073,379

New Task Orders and Changes to Task Orders Against Supplemental Workforce Contracts

Items in this category are issued against contracts for contracted workforce services (e.g., worker leasing contracts and temporary staffing contracts). At the outset, these contracts typically specify an initial cost or hourly rate and an estimate of total required hours to fulfill the Port's needs, but they may not provide for the immediate deployment of personnel.

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
None							

General Fund

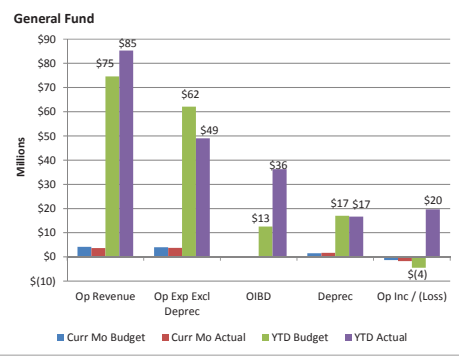
The General Fund includes Marine, Industrial Development, Navigation, General Aviation, Environmental, Financial & Administrative Services, Executive, Public Affairs, Human Resources, Legal, and Project & Technical Services (IT, Engineering, and the Project Portfolio Office).

Operating revenues are \$10.7M 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 \$21.5M over budget primarily due to the terms of ICTSI's termination agreement (\$11.5M one time buy-out, \$8.6M in acquired equipment and inventory and \$408K early recognition of monthly rent for the remainder of the fiscal year).

YTD operating expenses excluding depreciation are \$13.0M lower than the Revised Budget also due to the timing of land sales. Excluding land sales, operating expenses are \$7.5M below budget.

The key variances are listed below:

- Contracts, professional & consulting services expenses (\$6.4M < budget).
- Personnel services (\$350K < budget).
- Cost of property sold (\$5.6M < budget).
- Equipment rental, repair and fuel expenses (\$1.1M < budget).
- Travel and management expenses (\$748K < budget).



Marine

Marine Volumes:

Autos – Auto volumes are 0.3% higher than forecast YTD with volumes YTD being 9.1% higher than last year due to continued growth in both Hyundai and Honda imports, as well as Ford exports.

Breakbulk – YTD tonnage is 92.9% 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 30.8% higher than forecast and 34.2% 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 17.0% higher than forecast and 35.0% 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.

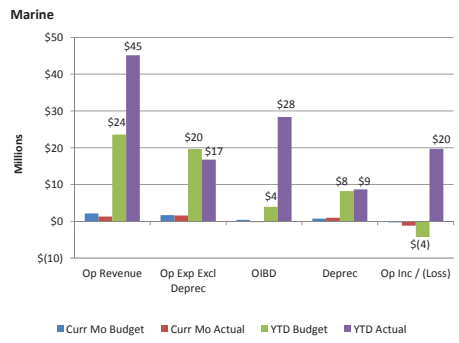
Marine Volumes*	Current Year-to-Date			Annual Adopted Budget
	Adopted Budget	Actual Amounts	Variance	
Autos (Units)	282,135	282,886	0.3%	309,000
Breakbulk	112,436	7,964	(92.9%)	132,277
Containers (TEUs)	-	-	-	-
Grain Bulk	3,274,439	4,284,377	30.8%	3,527,396
Mineral Bulk	4,625,166	5,410,514	17.0%	5,141,179

* Volumes in short tons unless otherwise noted.

Marine Operating Results:

YTD operating revenues are \$21.6M higher than the Revised Budget mostly due to the terms of ICTSI's lease termination which included \$11.5M one-time buy-out, \$8.6M in acquired equipment and inventory and \$408k in the early recognition of monthly rent for the remainder of the fiscal year). Marine is also seeing higher than anticipated grain bulk revenues (\$380K > budget) and South Rivergate rail access fees (\$739K > budget); the rail access fees were expected to move to the balance sheet at beginning of FY 16-17). Auto volumes have increased revenues (\$871K > 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 \$2.9M less than budget, with the largest variances listed below:

- Contracts, professional & consulting services are \$1.7M < budget due to timing of T-4 and other Marine environmental expenses (\$1.1M) and outside services expenses for waterway/navigation improvements (\$256K < budget); includes contribution for additional stern buoys in the Columbia River and LOADMAX fees).
- Travel and management expenses are \$231K < budget.
- Materials and Supplies expenses are \$91K < budget, primarily in the Electrical Maintenance, Crane Shop and Security business units.
- Insurance expenses are \$176K < budget.
- Equipment rental, repair and fuel expenses are \$113K < budget.
- Longshore labor is \$480K < budget.

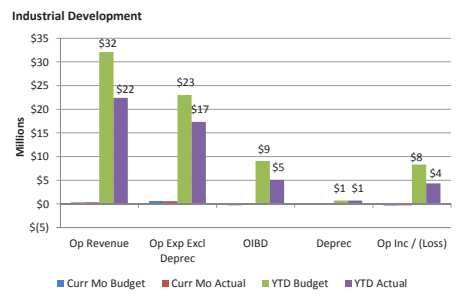


Industrial Development

YTD operating revenues are \$9.7M 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 \$5.7M lower than the Revised Budget, with the largest variances listed below:

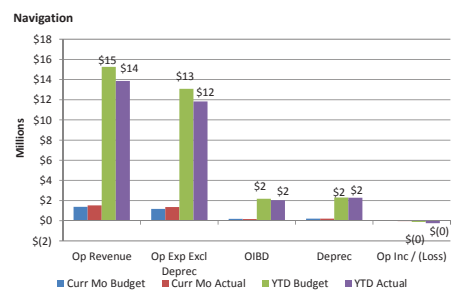
- Cost of property sold is \$5.6M < budget (Daimler parcel 8 is \$884K < budget, TRIP is \$4.4M < budget, Gresham Vista is \$303K < budget)
- Contracts, professional & consulting services are \$509K < budget due to a credit for a Tidewater barge sublease (\$151K; offsets a payment for the Port's lease 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 \$1.2M 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 \$1.4M < 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		

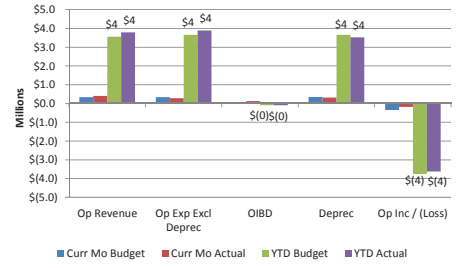


General Aviation

YTD operating revenues are above budget by \$232K. 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 \$204K) offset by a Hillsboro Master Plan grant that has not been realized (down \$360K).

YTD operating expenses before depreciation are over budget by \$233K, 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.

General Aviation



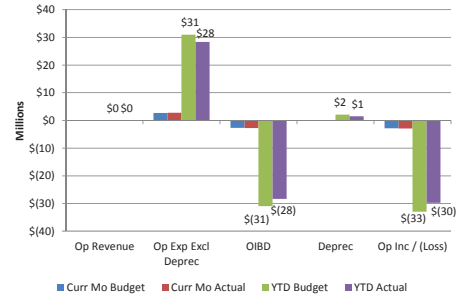
Support Services

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 \$2.6M under budget, with the largest variances listed below:

- Contracts, professional & consulting services are \$1.9M < budget, mostly due to timing of ProMIS contract/consulting expenses (\$1.2M budgeted in Project Portfolio Office business unit; \$708K expenses YTD). Contracts and outside services in HR, IT, Public Affairs, Financial & Administrative Services, and Environmental Affairs are \$1.4M < budget due to timing of expenditures.
- Interdepartmental charges are \$752K > budget due to Engineering capitalized labor.
- Travel and management expenses are \$434K < budget primarily due to timing of PROPS recognition program/Achievers contract expenses (\$210K budgeted in August but no expenses YTD).
- Personnel Services are \$274K < budget.
- Equip Rents & Repair is \$150K < budget.
- Other expenses are \$299K < budget (\$83K < budget in IT software expenses).

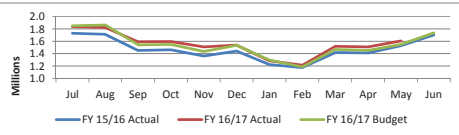
Support Services



Portland International Airport

Total Passengers

Passengers traveling through PDX are a key driver of revenues and expenses for the Airport. YTD, over 17.0 million total passengers have utilized PDX, exceeding the prior year by 7.0%. 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.

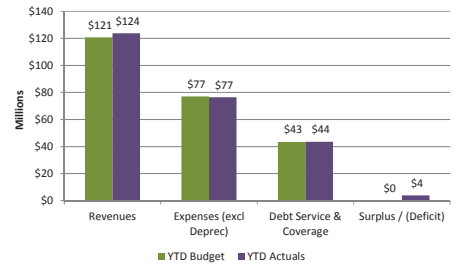


PDX Airline Cost Center (ACC)

YTD ACC revenues are \$3.2M higher than budget. Airline revenues are \$1.0M higher than budget due to higher than expected terminal rents (over \$530K) and landing activity (over \$490K). Retail, food and beverage revenues are \$1.4M higher than budget as a result of higher passenger volume and higher than expected spending per passenger.

YTD ACC expenses are \$678K below budget. Personnel Services are \$218K under budget due lower than budgeted fire, police, and administrative costs driven by vacancies. Materials, services, and transfers are \$460K under budget, primarily due to: direct security services (down \$92K), direct operating materials and supplies (down \$166K), direct environmental costs (down \$275K), and maintenance costs (down \$175K). These are offset by deicing materials for multiple winter storms (up \$1.5M). Indirect costs included in this variance include: Air Service Development marketing (down \$610K), CUP expenses including heating fuel and consulting services (down \$379K), travel expenses/conferences (down \$108K), equipment repair (down \$90K), and long range planning consulting (down \$82K). Allocated support and interdepartmental transfers are \$434K under budget.

PDX ACC



PDX Port Cost Center (PCC)

YTD PCC revenues are \$3.1M > budget. YTD rental car revenues are \$1.3M > budget due to June forecasted accruals being \$615K less than actuals invoiced; this amount carried into July. Passenger volume related activity for July through May account for the remaining \$655K increase in revenues. Other PCC revenues are \$2.3M > budget as a result of higher than expected volumes for transportation network companies (e.g. Uber, Lyft; over \$1.5M), additional revenues for SW Development, PDX GA, and PDX Cargo rent revenues (over \$296K), In-Flight Meals (over \$271K), and overflow ramp parking to the cargo area (over \$235K). This is offset by parking revenues, which are \$446K below budget due to multiple flight cancellations throughout the winter and slightly lower than expected volumes in long-term parking.

PCC expenses are \$1.6M < budget. Personnel services expense is \$68k under budget. Materials, services, and transfers are \$1.5M < budget, primarily due to lower direct equipment rentals and repairs (\$272K lower) and direct custodial services (\$125K lower). Indirect costs related to this variance include: Air Service Development marketing (down \$400K) and long range planning consulting (down \$55K). This is offset by deicing costs for the roadways (up \$168K). Allocated support and interdepartmental transfer expenses are \$610K under budget.

PDX PCC

