



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

SAFETY REPORT

Port of Portland April 2017 safety performance resulted in a lower frequency of incidents and higher claims frequency compared to April 2016. There were five reported incidents that occurred in April 2017 and of those incidents, five resulted in claims. One recordable incident was reported in April 2017 but occurred in February 2017. Of the six incidents reported in April, all resulted in OSHA recordable cases.

Monthly Report of Injury Incidents

Aviation

Two lost-time recordable incidents:

- Worker was walking up an inclined hallway at PDX and felt a sharp pain in calf.
- Worker claims occupational disease related to heart condition.

One recordable incident:

- Worker had a confirmed, recordable Standard Threshold Shift in ear. (Occurred in February 2017.)

Navigation

One lost time recordable incident:

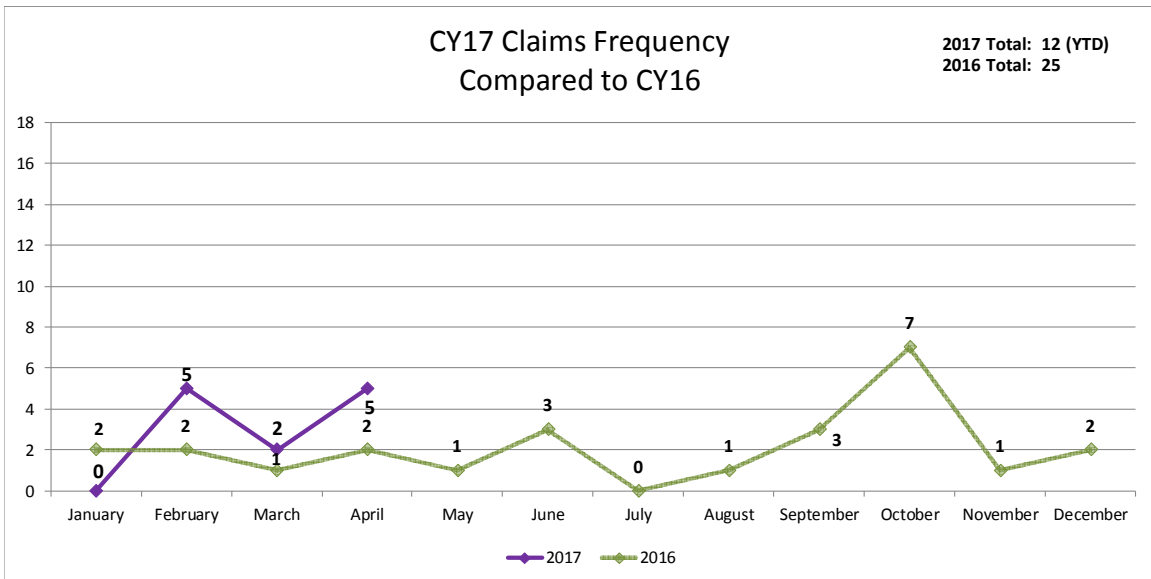
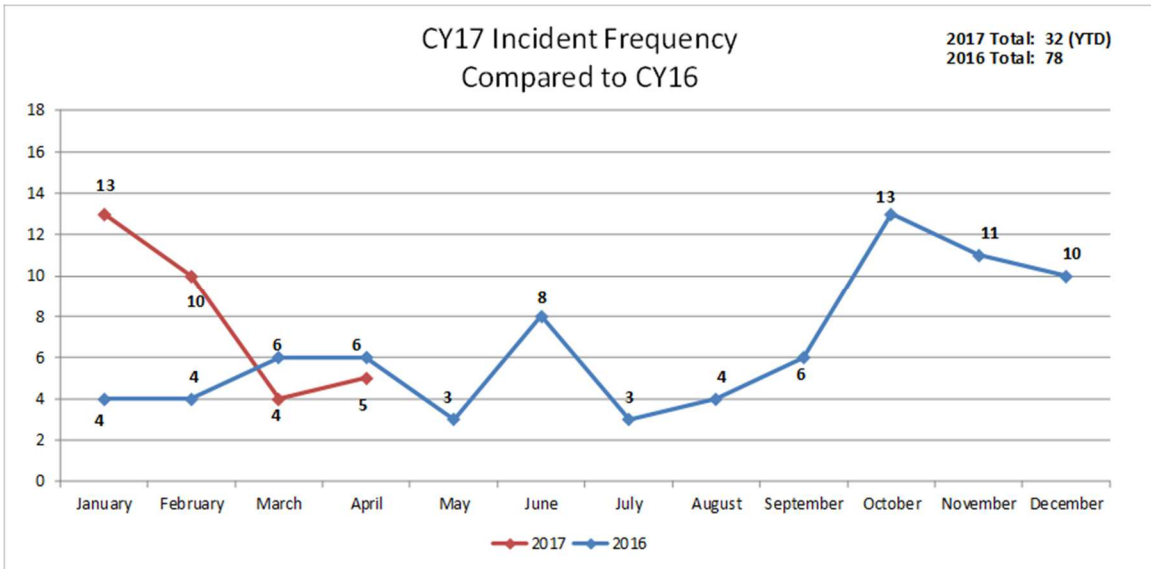
- Worker was sitting on and straddling the pipeline during dredge pipeline assembly when the pontoon slid. The worker's legs were caught between the flange on the ball joint and the saddle on the pontoon, causing bruising and contusions to the worker's legs, knees and ankles.

One modified duty recordable incident:

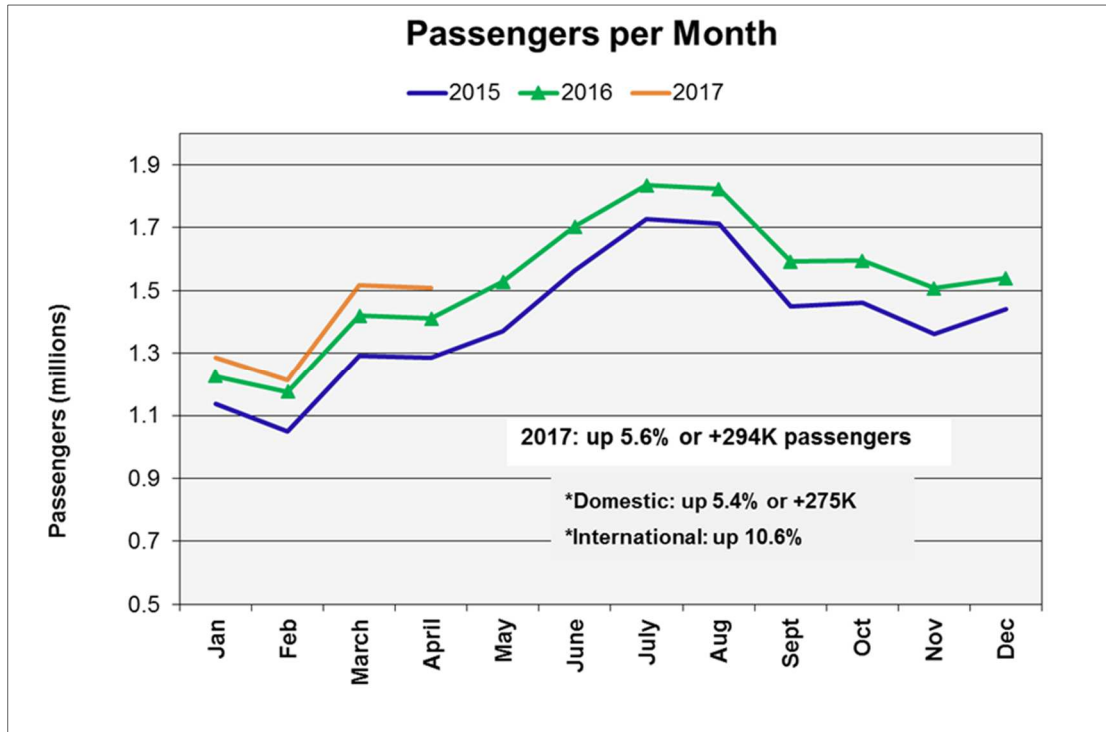
- Worker was using an impact wrench to remove a nut and fractured the little finger when it got caught between the nut and steel framework.

One recordable incident:

- Worker sustained a laceration to thumb while machining a piece of metal.



AVIATION REPORT



	Month/Month % change	FYTD % change
	April	July-April
Passengers	6.8%	7.2%
Concessions Revenue	14.4%	11.3%
Rental Car Revenue	0.9%	3.4%
Parking Revenue	5.5%	3.7%

Passengers

April 2017 passengers increased 6.8 percent compared to April 2016. Seat capacity increased 5.0 percent, with the load factor rising 1.5 points to 84.8. April 2017 was positively impacted by passengers returning from the National Collegiate Athletic Association basketball championship, which affected both March and April volumes.

According to the U.S. Department of Transportation, PDX's on-time departure performance for March 2017 was 84.9, ranking second behind Salt Lake City at 86.1.

Concessions Revenue

Combined terminal concessions operations reported a 14.4 percent, or \$177,000, rent increase on the month, against a 6.8 percent passenger increase. Similar to third-quarter performances, the rent increase for April is due primarily to the 53.7 percent growth in the quick-serve category of food and beverage operations.

Last month, PDX's concessions program was recognized with Airports Council International's Richard A. Griesbach Overall Award of Excellence. PDX is the only airport to ever win both this award and the Airport Revenue News award for Best Overall Program.

Rental Car Revenue

Rental car operations reflect a 3.4 percent, or \$593,000, rent increase year-to-date over last year, against a year-to-date passenger increase of 5.6 percent through April.

Parking Revenue by Lot

Public parking revenue increased 5.9 percent compared to April 2016. Year-to-date, public parking is up 3.7 percent, with long-term revenue nearly flat against last fiscal year-to-date. Parking transactions for April increased 1.6 percent, compared to April 2016, but transactions decreased 2.8 percent year-to-date. This year, spring break carried over into April, and this may account for some of the positive variances.

Product	Revenue	Variance	YTD Variance
Short-Term	\$1,562,635	4.7%	5.9%
Long-Term	\$1,802,492	6.8%	-0.3%
Economy	\$1,982,638	5.1%	4.8%
Valet	\$145,350	28.5%	20.3%
Total	\$5,493,115	5.9%	3.7%

Ground Transportation

Overall ground transportation revenue increased 42.6 percent to approximately \$393,756 in April 2017, compared to \$276,136 in April 2016. Fiscal year-to-date revenue is approximately \$3,574,093. Uber is leading the Transportation Network Company (TNC) market share at 65 percent, followed by Lyft at 34.8 percent, while Wingz encompasses 0.2 percent of the total TNC activity for April 2017.

	Taxi Trips	TNC Pick-ups	Charter Bus	Reservation-Only Trips	Fixed Route	Courtesy	Total Trips	Minus TNC
Apr 16	26,224	24,820	95	8,316	2,491	27,450	89,396	64,576
Apr 17	22,184	55,727	140	8,906	2,400	28,490	117,847	62,120
	-15.4%	124.5%	47.4%	7.1%	-3.7%	3.8%	31.8%	-3.8%

CAPITAL GRANTS

Portland International Airport

Staff submitted a reimbursement request to TriMet for the Law Enforcement Officer program in the amount of \$14,786.11 (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 \$1,378.30 (Agreement No. 03-026).

Staff submitted a reimbursement request to the Federal Aviation Administration (FAA) for the Airport Improvement Program (AIP) – Taxiway E North Rehabilitation project in the amount of \$971,503.09 (Agreement No. 03-41-0048-074). This grant has been officially closed by the FAA, for total funding amount of \$8,578,174.

Staff submitted a reimbursement request to the FAA for the AIP – Replace Access Control System project in the amount of \$941,251.54 (Agreement No. 03-41-0048-075).

Staff submitted a reimbursement request to the FAA for the AIP – Install Pre-Conditioned Air Units (Voluntary Airport Low Emissions) project in the amount of \$138,294.11 (Agreement No. 03-41-0048-076).

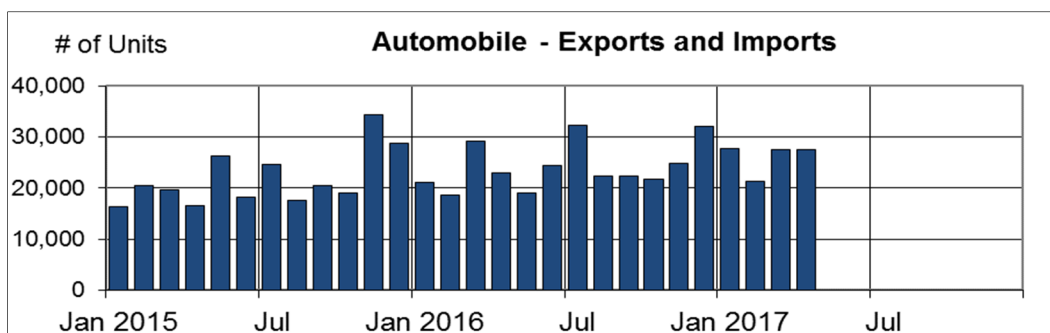
Marine

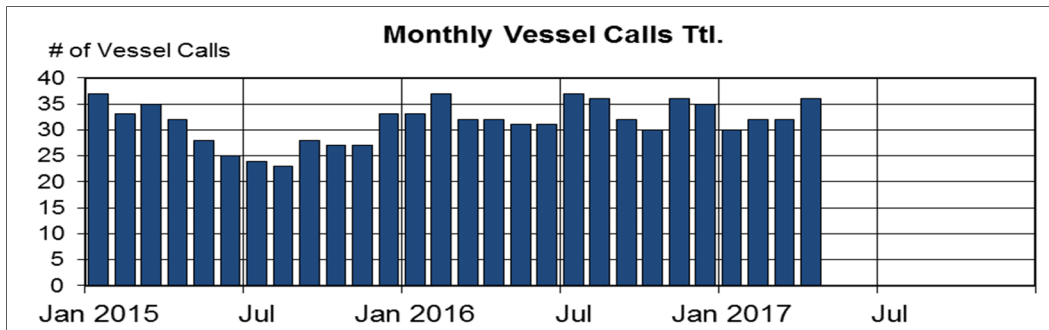
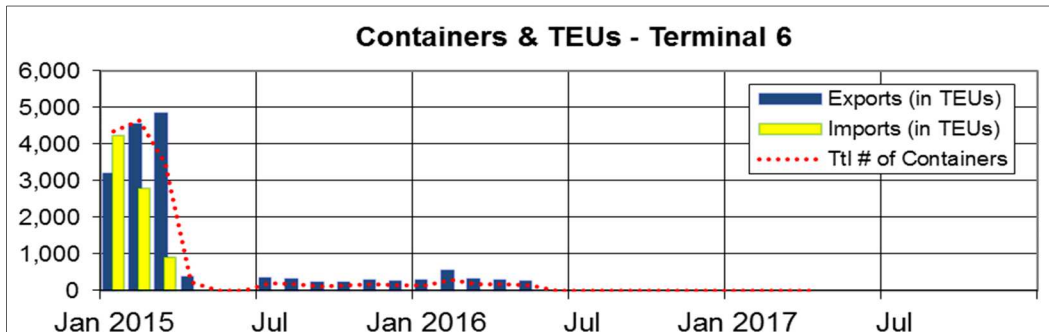
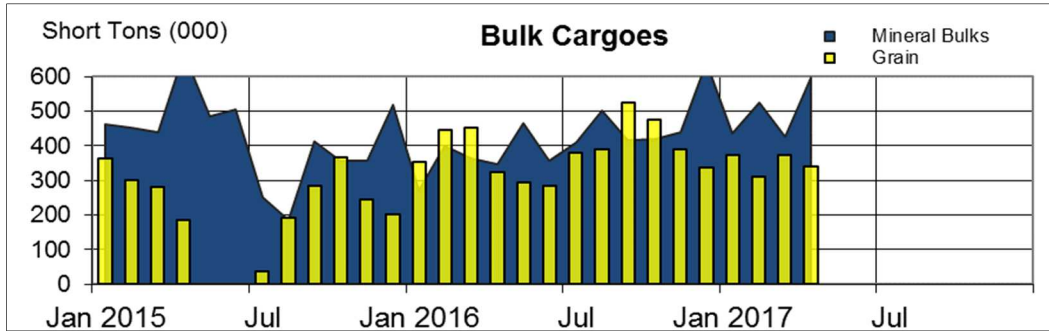
Staff submitted a reimbursement request to the Oregon Department of Transportation for the *ConnectOregon V* – Terminal 6 Crane Drive Electronics project in the amount of \$1,447.91 (Agreement No. 30128).

MARINE & INDUSTRIAL DEVELOPMENT REPORT

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

	<u>April 2017</u>	<u>Fiscal Year-to-Date</u>
Total Tonnage	37.1%	33.1%
Containers (TEU)	-100.0%	-100.00%
Import Full Containers	--	--
Export Full Containers	-100.0%	-100.0%
Breakbulk	--	-88.0%
Autos	19.3%	9.8%
Mineral Bulk	71.5%	39.2%
Grain	5.3%	34.4%





REAL ESTATE TRANSACTIONS EXECUTED PURSUANT TO DELEGATED AUTHORITY

Portland Development Commission – Third Amendment to Ground Lease

Location: Cascade Station

Term: Effective March 15, 2017

Use: Amendment No. 3: Correcting the legal description for the Ground Lease at Cascade Station.

Lwin Family, LLC, DBA Hissho Sushi – Letter of Consent to Food and Beverage Concession Lease

Location: PDX

Term: Effective April 05, 2017

Use: The Port is consenting and acknowledging a transfer of indirect ownership involving an equity interest to AIH Hissho Sushi, LLC.

Lwin Family, LLC, DBA Hissho Sushi – Letter of Consent to Lease of Storage Space

Location: PDX

Term: Effective April 05, 2017

Use: The Port is consenting and acknowledging a transfer of indirect ownership involving an equity interest to AIH Hissho Sushi, LLC.

City of Portland – First Amendment to Ground Lease

Location: Portland International Center (PIC)

Term: Effective April 10, 2017

Use: Amendment No. 1: This amendment corrects the legal description for the ground lease at Cascade Station.

City of Portland – First Amendment to Ground Lease Estoppel and Agreement to Ground Lease

Location: PIC

Term: Effective April 10, 2017

Use: Correcting the legal description for the ground lease at Cascade Station.

Aerovertigo Limited Partnership – Consent to Assignment – Aerovertigo Limited Partnership and SASK Properties LLC to Lease

Location: Hillsboro Airport (HIO)

Term: Effective March 17, 2017

Use: The Port consents to the assignment of a lease and an underground storage tank agreement from Aerovertigo Limited Partnership to SASK Properties LLC due to sale of assets and the dissolution of Aerovertigo Limited Partnership.

Aerovertigo Limited Partnership – Consent to Assignment - Aerovertigo Limited Partnership and SASK Properties LLC to Underground Storage Tank Use Agt.

Location: HIO

Term: Effective March 17, 2017

Use: The Port consents to the assignment of a lease and an underground storage tank agreement from Aerovertigo Limited Partnership to SASK Properties LLC due to sale of assets and the dissolution of Aerovertigo Limited Partnership.

Chez Dodo LLC – Food Cart Permit

Location: PDX

Term: April 01, 2017 to September 30, 2017

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

Envi Adventures, LLC – General Aviation Commercial and Non-Commercial Aeronautical Activity Permit

Location: Troutdale Airport (TTD)

Term: April 01, 2017 to March 31, 2018

Use: Permit authorizing activity as provider of sightseeing flights.

Envi Adventures, LLC – Permit and Right of Entry

Location: TTD

Term: April 01, 2017 to March 31, 2018

Use: Permit for the purpose of providing sightseeing flight operations.

Foot Traffic, LLC – Permit and Right of Entry

Location: PDX

Term: April 14, 2017 to April 16, 2017

Use: The Port allows access to Port property for the purpose of parking for an event.

Erik Mitchell ABN Cackalacks Hot Chicken Shack – Food Cart Permit

Location: PDX

Term: May 01, 2017 to October 27, 2017

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

Weirdo Productions, LLC – Permit and Right of Entry

Location: Swan Island

Term: April 24, 2017 to April 26, 2017

Use: Permit for parking vehicles, trailers and catering tents at E. ROFO Lot in conjunction with a filming production.

MAJ Airport LLC – Revocable Easement

Location: PDX

Term: Effective April 19, 2017

Use: Easement for landscaping for a long-term lease for the PDX Travel Center.

Engility Corporation – Permit and Right of Entry

Location: PDX

Term: April 16, 2017 to May 31, 2017

Use: Permit for the purpose of storing test bags while testing portions of the explosives detection system on behalf of Transportation Security Administration.

Bernese Mountain Dog Club of America – Permit and Right of Entry

Location: PIC

Term: April 21, 2017 to April 30, 2017

Use: This permit allows the Bernese Mountain Dog Club of America to gain access to Port property for the purpose of using it as a pet relief area.

Shipyard Commerce Center LLC – Storm Sewer Easement Agreement

Location: Swan Island

Term: Effective April 10, 2017

Use: Allows access to the portion of Grantee's storm sewer lines and outfalls on adjacent Port property in order to operate, maintain, inspect, improve and repair storm sewer and ingress and egress as is reasonably necessary to effectuate the permitted uses. The easement relates to property conveyed to the Grantee in 2008.

Union Pacific & BNSF Railway – Lease of Auto Loading Facility

Location: Terminal 6 (T-6)

Term: March 01, 2017 to June 30, 2021

Use: This lease enables the Port again to collect rent from the railroads for use of the T-6 North Rivergate Auto Loading Facility.

Ports of Longview, Vancouver, and Portland; Foss Maritime; Jones Stevedoring and Omega Morgan – Memorandum of Understanding

Location: Columbia River

Term: Effective April 26, 2017

Use: Cooperation agreement among those involved in high, wide and heavy transportation corridor coordination of public and private sector stakeholders.

State of Oregon, City of Troutdale and City of Fairview – Intergovernmental Agreement

Location: PacifiCorp property adjacent to the Troutdale Reynolds Industrial Park

Term: April 26, 2017 to April 26, 2027

Use: Intergovernmental Agreement defining the respective rights and responsibilities of the Oregon Department of Transportation, the Port, the City of Troutdale and the City of Fairview relating to the Port's oversight of the construction of a segment of the 40-mile Loop Trail.

Steven A. Larson – Personal Guaranty

Location: HIO

Term: Effective March 17, 2017

Use: This personal guaranty is in connection with a consent to assignment of a lease and underground storage agreement from Aerovertigo Limited Partnership to SASK Properties LLC.

Contracts Over \$50,000 Pursuant to Delegated Authority

APPROVAL LIMITS (Administrative Policy 7.2.3)

All expenditures require management approval:

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

Contracting authority is limited to the following:

CONTRACTING	Chief Officers	Up to \$ 10,000
APPROVAL	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 May 2017 (April Activity)

New Purchases

Title	Requestor Department	Vendor Name			P.O. Amount		
Obtain support services for the Office 365 implementation project.	Information Technology	Microsoft Corporation Technical Support			\$69,074		
Obtain licenses and support for Storage Area Network.	Information Technology	SHI International Corp.			\$76,437		
Obtain construction services for slurry seal work on the Berth 401 entrance road.	Engineering Project Development	Intermountain Slurry Seal, Inc.			\$78,500		
Purchase a new motor for the cutter head on the Dredge <i>Oregon</i> .	Navigation	Northwest Motor Service			\$105,171		
Purchase two rotary mowers.	PDX Maintenance	Schulte (USA), Inc.			\$106,287		
Purchase 19 mobile data computers for Port Police vehicles.	Information Technology	Ramco Rugged Notebooks			\$112,773		
Purchase replacement pump parts for the Dredge <i>Oregon</i> .	Navigation	Hagler Systems			\$132,494		

Purchase an emergency generator for the airfield lighting system.	Engineering Project Development	Peterson Power Systems, Inc.			\$238,698		
Purchase telephone system upgrade for various Port locations.	Information Technology	Cerium Networks, Inc.			\$287,123		
Obtain consulting services to develop a PDX Utilities Master Plan.	Engineering Project Development	Burns & McDonnell Engineering			\$499,654		
Purchase two hydraulic deck crane units for the Dredge <i>Oregon</i> .	Engineering Project Development	North American Lifting Equipment LLC			\$611,880		
Obtain construction services for site work at the Troutdale Reynolds Industrial Park (TRIP).	Engineering Project Development	Westech Construction, Inc.			\$1,041,239		
Obtain consulting services to update the Hillsboro Airport Master Plan.	Airport Operations	WHPacific, Inc.			\$1,658,542		

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	
Change orders #31-53 to obtain additional construction services for the Economy Exit Plaza Replacement Project.	Engineering Project Development	Payne Construction, Inc.	\$1,682,312	\$223,030	\$82,596	\$1,987,938	
Amendment #2 to obtain continued support for the Port's telephone system.	Information Technology	Avaya, Inc.	\$86,289	\$99,240	\$113,336	\$298,864	
Change order #21 to obtain additional construction services related to the PDX Terminal and Central Utilities Plant Substation Upgrade Project.	Engineering Project Development	Dynalectric Company	\$1,458,197	\$174,678	\$148,170	\$1,781,045	
Change orders #15-20 to obtain additional construction services for the PDX Post Security Concessions Phase 3 - Utilities and Grease Separation Project.	Engineering Project Development	Slayden Constructors, Inc.	\$15,170,000	\$68,156	\$156,878	\$15,395,034	

Change orders #114, 116-122, 124-125, and 127-129 to obtain additional construction services related to site improvements at the TRIP.	Engineering Project Development	Goodfellow Brothers, Inc.	\$17,441,435	\$4,805,956	\$225,696	\$22,473,087	
Amendment 3 to obtain additional design services related to the PDX Rental Car Quick-Turnaround Facility.	Engineering Project Development	Mackenzie	\$3,722,666	\$277,033	\$338,260	\$4,337,959	
Amendment #6 to obtain additional design services related to the PDX Terminal Core Redevelopment Project.	Engineering Project Development	ZGF Architects LLP	\$2,760,948	\$7,934,827	\$820,131	\$11,515,906	

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 #972 to obtain a revised Marine security study for implementation at Terminals 4 and 6.	Planning & Development	Parsons Brinckerhoff, Inc.	\$61,064			\$61,064	\$90,849
Task order against contract #850 to obtain security officer services for the PDX Taxiway B Center and Exits Rehabilitation Project.	Public Safety & Security	HSS, Inc.	\$96,000			\$96,000	\$4,503,574
Task order against contract #860 to obtain a seismic liquefaction study for PDX runways.	Engineering Project Development	GRI	\$124,155			\$124,155	\$420,665
Task order against contract #1081 to obtain survey services for the Taxiway B Center and Exits Rehabilitation Project.	Engineering Design Services	Otak, Inc.	\$158,798			\$158,798	\$158,798
Task order against contract #976 to obtain construction services for the exterior refurbishment of Troutdale Airport Hanger 1023.	Engineering Project Development	Viking Engineering & Construction	\$165,165			\$165,165	\$1,321,380

Task order amendment #11 against contract #300 to obtain additional janitorial services for PDX food court areas.	Airport Properties	Portland Habilitation Center, Inc.	\$568,810	\$5,106,251	\$202,000	\$5,877,061	\$7,734,069
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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
Task order against contract #1097 to obtain temporary telecom technician services.	Information Technology	Cochran, Inc.	\$145,000			\$145,000	\$145,000

General Fund

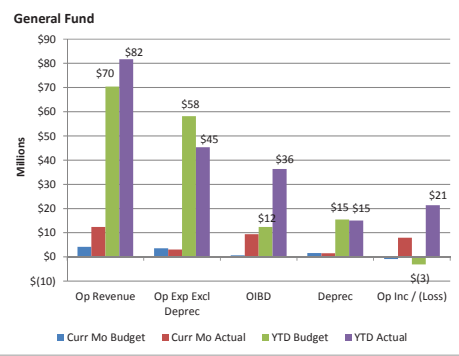
The General Fund includes Marine, Industrial Development, Navigation, General Aviation, Environmental, Financial & Administrative Services, Executive, Public Affairs, Human Resources, Legal, and Project & Technical Services (IT, Engineering, and the Project Portfolio Office).

Operating revenues are \$11.2M 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 \$1.2M early recognition of monthly rent for the remainder of the fiscal year).

YTD operating expenses excluding depreciation are \$12.8M lower than the Revised Budget also due to the timing of land sales. Excluding land sales, operating expenses are \$7.2M below budget.

The key variances are listed below:

- Contracts, professional & consulting services expenses (\$5.9M < budget).
- Personnel services (\$290K < budget).
- Cost of property sold (\$5.6M < budget).
- Equipment rental, repair and fuel expenses (\$1.2M < budget).
- Travel and management expenses (\$708K < budget).



Marine

Marine Volumes:

Autos – Auto volumes are 0.9% higher than forecast YTD with volumes YTD being 8.30% higher than last year due to continued growth in both Hyundai and Honda imports, as well as Ford exports.

Breakbulk – YTD tonnage is 91.9% 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 29.0% higher than forecast and 34.4% 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 15.7% higher than forecast and 37.1% 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.

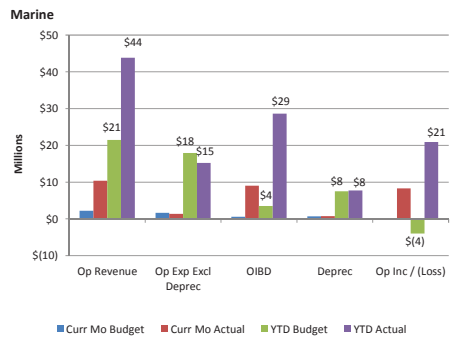
Marine Volumes*	Current Year-to-Date			Annual Adopted Budget
	Adopted Budget	Actual Amounts	Variance	
Autos (Units)	257,750	260,039	0.9%	309,000
Breakbulk	98,282	7,964	(91.9%)	132,277
Containers (TEUs)	-	-	-	-
Grain Bulk	3,019,712	3,895,423	29.0%	3,527,396
Mineral Bulk	4,192,474	4,849,390	15.7%	5,141,179

* Volumes in short tons unless otherwise noted.

Marine Operating Results:

YTD operating revenues are \$22.4M 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 \$1.2M in the early recognition of monthly rent for the remainder of the fiscal year). Marine is also seeing higher than anticipated grain bulk revenues (\$397K > budget) and South Rivergate rail access fees (\$672K > budget); the rail access fees were expected to move to the balance sheet at beginning of FY 16-17). Auto volumes have increased revenues (\$664K > 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 \$2.7M 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 (\$1.0M) and outside services expenses for waterway/navigation improvements (\$269K < budget); includes contribution for additional stern buoys in the Columbia River and LOADMAX fees).
- Travel and management expenses are \$214K < budget.
- Materials and supplies expenses are \$77K < budget, primarily in the Electrical Maintenance, Crane Shop and Security business units.
- Insurance expenses are \$157K < budget.
- Equipment rental, repair and fuel expenses are \$106K < budget.
- Longshore labor is \$402K < budget.

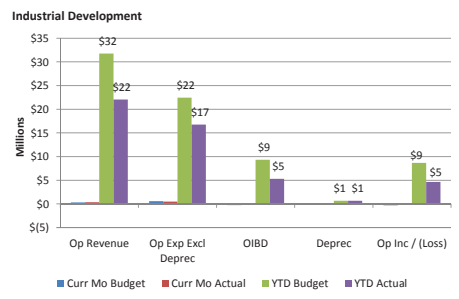


Industrial Development

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:

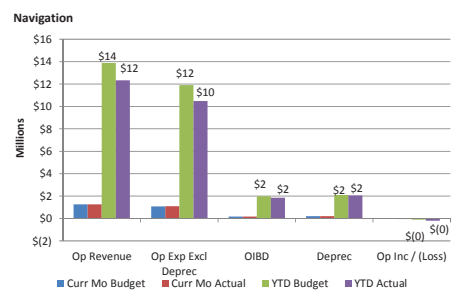
- Cost of property sold is \$5.6M < budget (Daimler parcel 8 is \$884K < budget, TRIP is \$4.4M < budget, Gresham Vista is \$303K < budget)
- Contracts, professional & consulting services are \$484K < budget due to a credit for a Tidewater barge sublease (\$151K; offsets a payment for the Port's lease 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 \$1.5M 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.

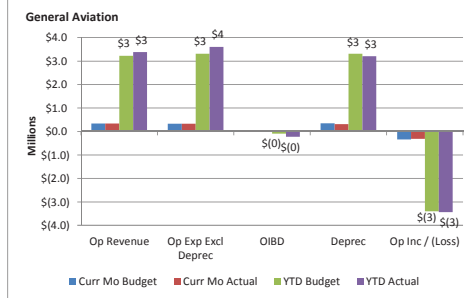
Dredging Volumes	Current Year-to-Date			Annual Adopted Budget
	Revised Budget	Actual Amounts	Variance	
Dredging Days	115	83	(27.8%)	132
Cubic Yards Dredged		1,706,492		



General Aviation

YTD operating revenues are above budget by \$156K. 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 \$182K) offset by a Hillsboro Master Plan grant that has not been realized (down \$315K).

YTD operating expenses before depreciation are over budget by \$291K, 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.

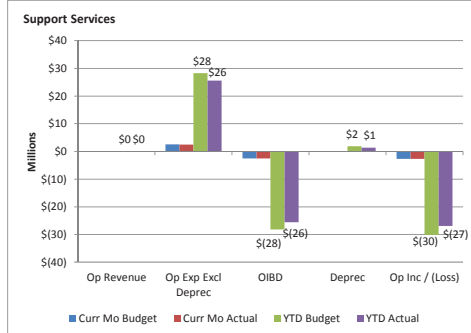


Support Services

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:

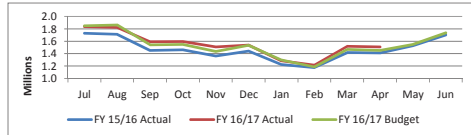
- Contracts, professional & consulting services are \$1.7M < budget, mostly due to timing of ProMIS contract/consulting expenses (\$1.2M budgeted in Project Portfolio Office business unit; \$687K expenses YTD). Contracts and outside services in HR, IT, Public Affairs, Financial & Administrative Services, and Environmental Affairs are \$1.3M < budget due to timing of expenditures.
- Interdepartmental charges are \$641K > budget due to Engineering capitalized labor.
- Travel and management expenses are \$412K < budget primarily due to timing of PROPS recognition program/Achievers contract expenses (\$210K budgeted in August but no expenses YTD).
- Personnel Services are \$280K < budget.
- Equip Rents & Repair is \$150K < budget.
- Other expenses are \$456K < budget (\$254K < budget in IT software expenses).



Portland International Airport

Total Passengers

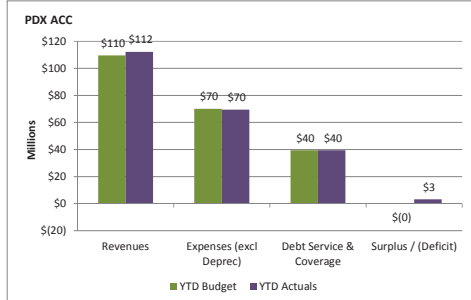
Passengers traveling through PDX are a key driver of revenues and expenses for the Airport. YTD, almost 14.0 million total passengers have utilized PDX, exceeding the prior year by 7.2%. The higher passenger levels are a result of the continued growing economy and new flights by air carriers serving 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 \$2.6M higher than budget. Airline revenues are \$954K higher than budget due to higher than expected terminal rents (over \$525K) and landing activity (over \$430K). Retail, food and beverage revenues are \$1.3M higher than budget as a result of higher passenger volume and higher than expected spending per passenger.

YTD ACC expenses are \$658K below budget. Personnel Services are \$219K under budget due lower than budgeted fire, police, and administrative costs driven by vacancies. Materials, services, and transfers are \$439K under budget, primarily due to: direct security services (down \$119K), direct operating materials and supplies (down \$155K), direct environmental costs (down \$261K), and maintenance costs (down \$149K). 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 \$408K), CUP expenses including heating fuel and consulting services (down \$343K), travel expenses/conferences (down \$121K), equipment repair (down \$90K), and long range planning consulting (down \$83K). Allocated support expenses are \$477K under budget.



PDX Port Cost Center (PCC)

YTD PCC revenues are \$2.5M > 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 \$610K increase in revenues. Other PCC revenues are \$2.0M > budget as a result of higher than expected volumes for transportation network companies (e.g. Uber, Lyft; over \$1.3M), additional revenues for SW Development, PDX GA, and PDX Cargo rent revenues (over \$209K), overflow ramp parking to the cargo area (over \$220K), and ORANG drainage fees (over \$111K). This is offset by parking revenues, which are \$779K below budget due to multiple flight cancellations throughout the winter and \$450K is being underreported, due to timing.

PCC expenses are \$1.4M < budget. Personnel services expense is \$61K under budget. Materials, services, and transfers are \$1.3M < budget, primarily due to lower direct equipment rentals and repairs (\$256K lower) and direct custodial services (\$137K lower). Indirect costs related to this variance include: Air Service Development marketing (down \$275K) and long range planning consulting (down \$55K). This is offset by deicing costs for the roadways (up \$168K). Allocated support expenses are \$615K under budget.

