



EXECUTIVE DIRECTOR'S REPORT
TO THE
PORT OF PORTLAND COMMISSION
FOR DECEMBER 2016

SAFETY REPORT

Port of Portland November 2016 safety performance resulted in an increase in frequency of incidents compared to November 2015. There were eight reported incidents and of those incidents, zero incidents resulted in claims. Despite the increase for the month, Calendar Year 2016 total claims and incidents show improved performance from Calendar Year 2015.

Monthly Report of Injury Incidents

Aviation

One recordable incident:

- Maintenance worker had a recordable Standard Threshold Shift in the right ear.

Three non-recordable incidents:

- Firefighter slipped while stepping out of a vehicle, straining the low back.
- Parking Control Representative did not lift the right foot high enough while stepping up onto a curb and jammed it.
- Maintenance worker was struck in the eye by a hydraulic hose while working on an edger.

Marine

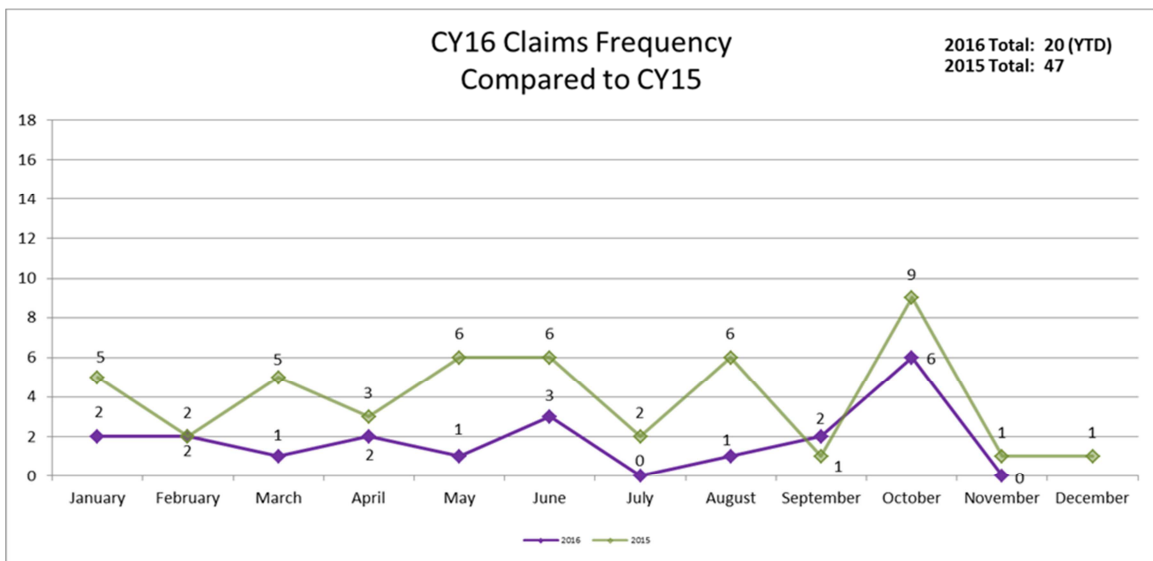
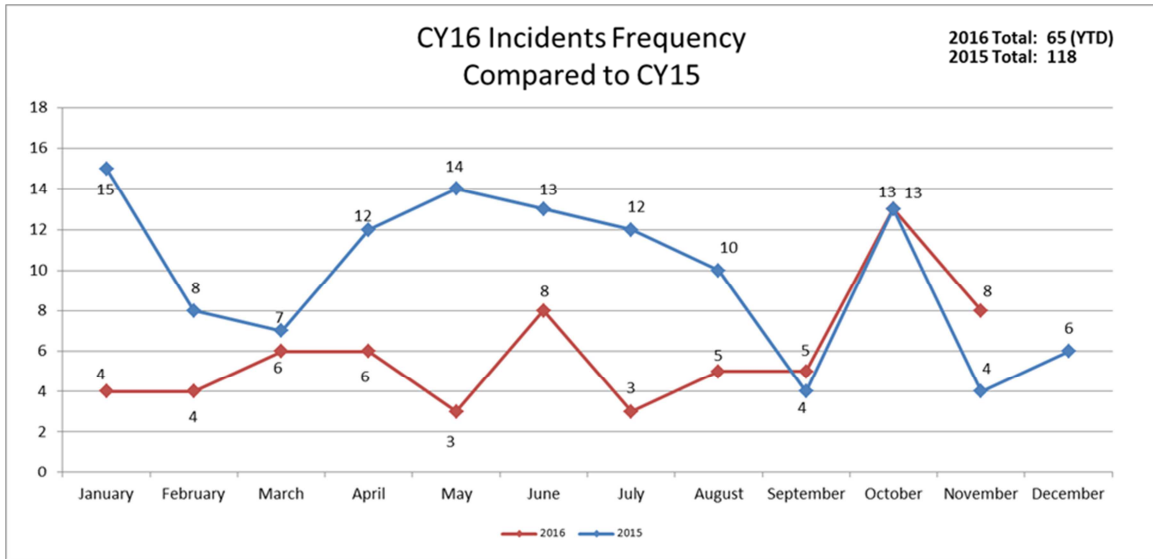
Two non-recordable incidents:

- Maintenance worker was using a cable come-along to elevate a pipe; the come-along broke causing the worker to fall onto a beam.
- Maintenance worker strained an elbow when a pipe slipped and jammed into the elbow.

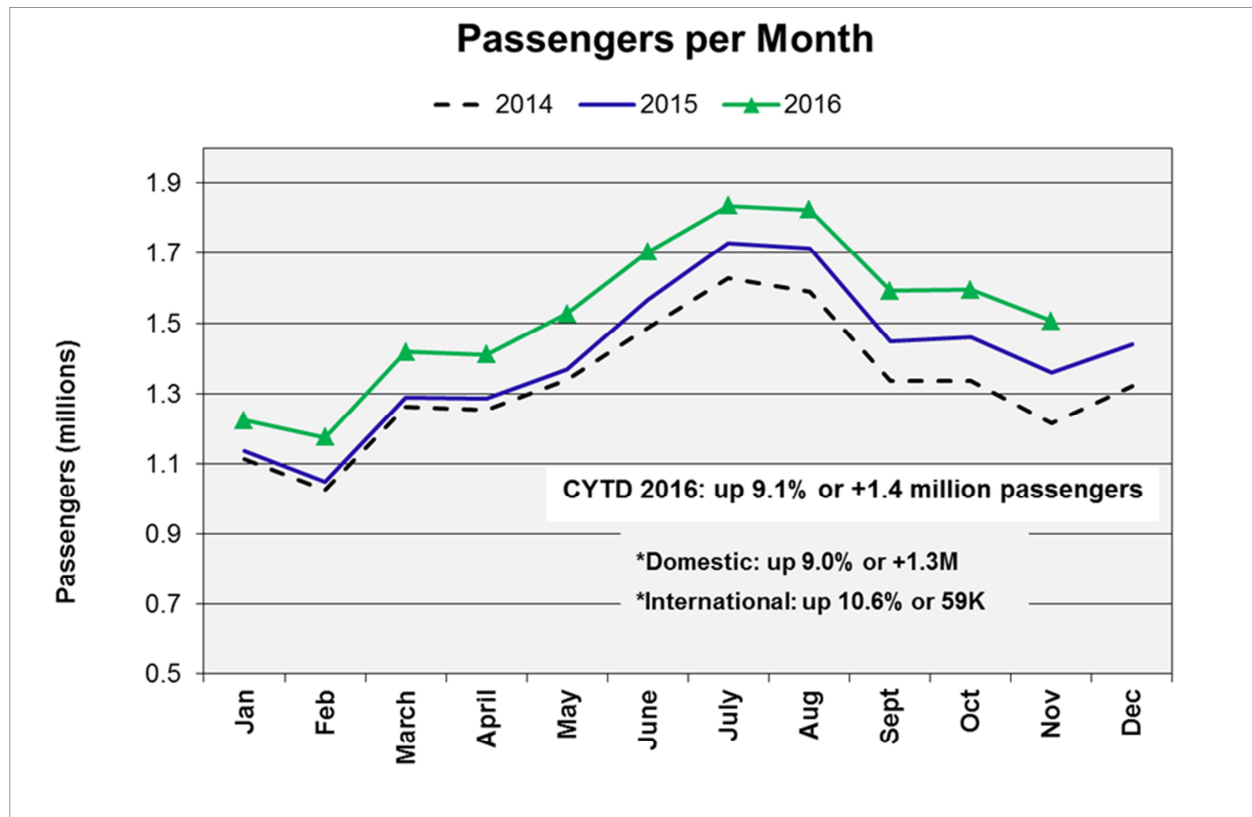
Navigation

Two non-recordable incidents:

- Deck hand sustained a strain to the right wrist while pushing up off the ground from a kneeling position.
- A member of the shore side crew jammed a thumb against the control lever on the scow.



AVIATION REPORT



	Month/Month % Change	FYTD % Change
	November	July-November
Passengers	10.7%	8.3%
Concessions Revenue	12.2%	12.6%
Rental Car Revenue	4.4%	6.9%
Parking Revenue	4.8%	4.8%

Passengers

November 2016 passenger volumes increased 10.7 percent compared to November 2015. Seat capacity grew at a rate of 8.4 percent, with the load factor growing 1.8 points to 84.5. This is a record load factor for the month of November, with expectations that domestic travel will remain strong.

Concessions Revenue

Combined terminal concessions operations reported a 12.2 percent, or \$135,000, rent increase on the month, against a 10.7 percent passenger increase. This rent increase continues to be due to growth in the quick serve and casual dining categories of food and beverage operations, with 25.9 percent and 20.8 percent increases respectively, and rent growth of 19.6 percent in the news and gift category of retail operations.

Rental Car Revenue

Rental car operations reflect a 6.9 percent, or \$680,000, rent increase year-to-date over last year, against a year-to-date passenger increase of 8.3 percent.

Parking Revenue by Lot

Parking revenue continues to increase month-over-month compared with 2015, though transactions were down 3.1 percent for November and down 0.9 percent year-to-date.

Product	Revenue	Variance	FYTD Revenue	YTD Variance
Short-Term	\$1,503,484	6.1%	\$7,612,408	6.7%
Long-Term	\$1,726,400	3.1%	\$8,544,633	-1.4%
Economy	\$1,924,823	4.9%	\$9,619,705	8.8%
Valet	\$117,635	18.4%	\$558,710	18.9%
Total	\$5,272,342	4.9%	\$25,116,640	4.9%

Ground Transportation

Taxi trips were down (-24.8 percent) compared to November 2015. Total ground transportation activity is up by 26.5 percent by including the Transportation Network Company (TNC) trips. Calendar year-to-date revenue is up 38.6 percent.

	Taxi Trips	TNC Pick-ups	Charter Bus	Reservation-Only Trips	Fixed Route	Courtesy	Total	
Nov 2015	29,130	15,145	95	8,363	2,428	28,282	83,443	Minus TNC
Nov 2016	21,897	45,352	88	8,112	2,183	27,924	105,556	60,204
	-24.8%	199.5%	-7.4%	-3.0%	-10.1%	-1.3%	26.5%	-27.9%

	Revenue – All Ground Transportation Minus TNCs	Revenue – TNCs Only	Total
Nov 2015	\$170,096	\$72,590	\$242,686
Nov 2016	\$147,322	\$196,964	\$344,286

2017 FYTD	\$848,167	\$936,860	\$1,785,027
			FYTD up 49.8%

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 \$12,000 (Agreement No. HSTS0-213HSLR118).

Staff submitted a reimbursement request to TriMet for the LEO program in the amount of \$11,890.43 (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 \$1,159.03 (Agreement No. 03-026).

Properties

Staff submitted a reimbursement request to the Oregon Department of Transportation (ODOT) for the Graham/Swigert Road Jobs and Transportation Act Project in the amount of \$1,273,255.25, covering the work periods of May 2016 to June 2016 (Agreement No. 28368).

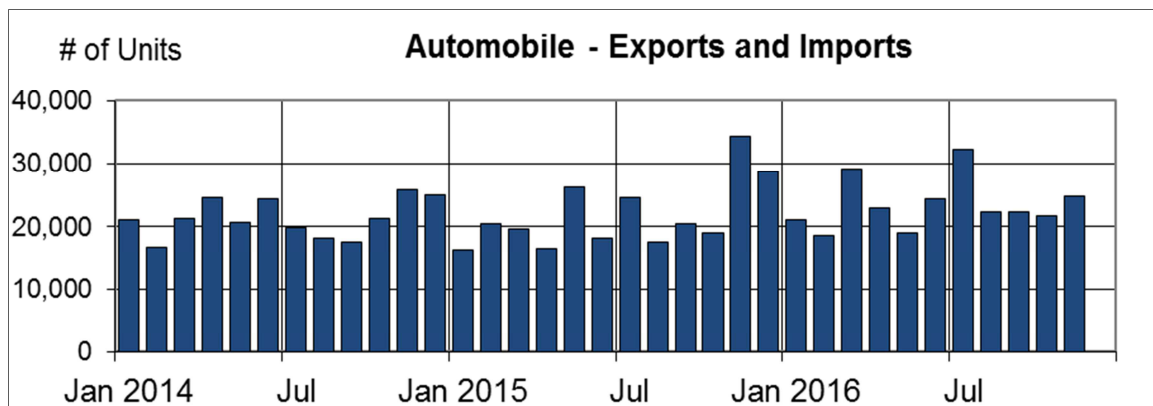
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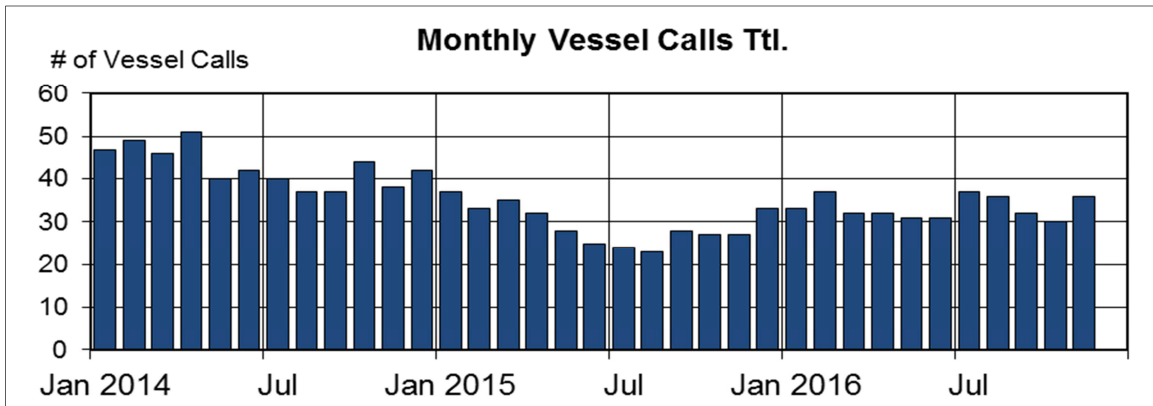
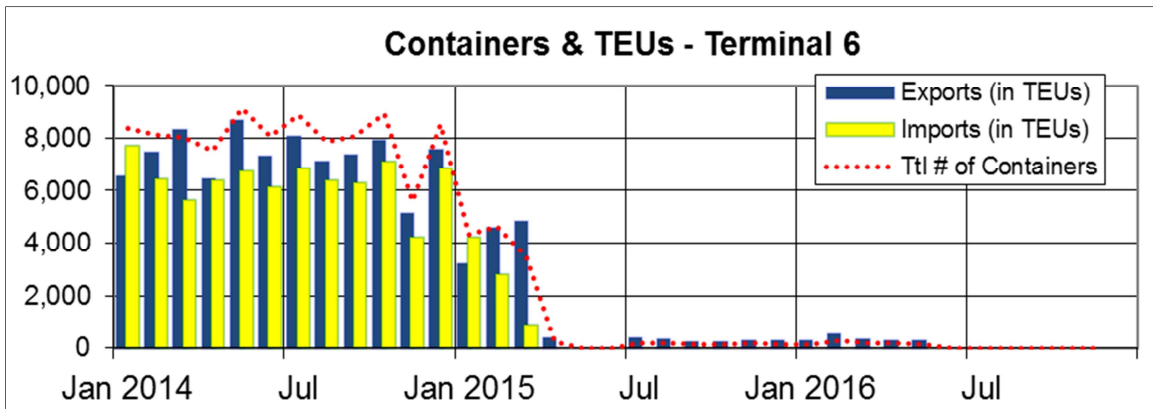
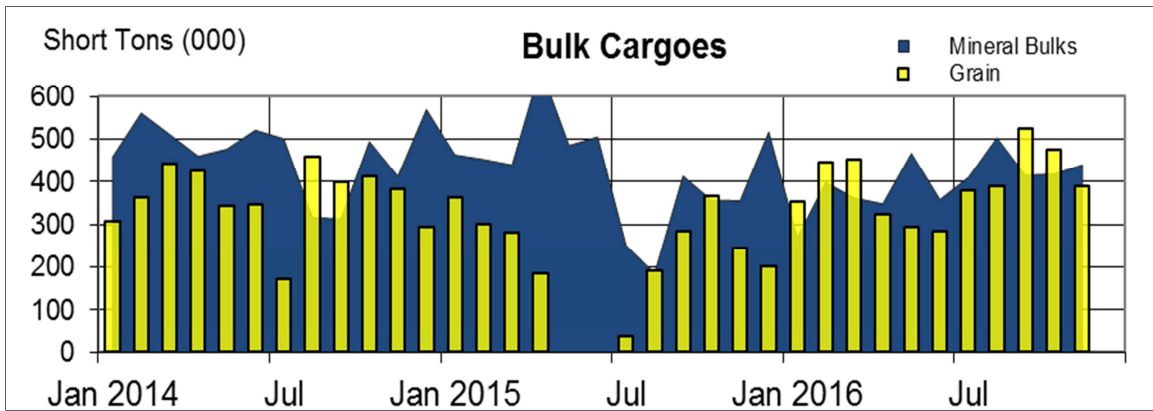
Staff submitted a reimbursement request to ODOT for the *ConnectOregon V* – Terminal 6 Crane Drive Electronics project in the amount of \$36,698.89 (Agreement No. 30128).

MARINE & INDUSTRIAL DEVELOPMENT REPORT

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

	<u>November 2016</u>	<u>Fiscal Year-to-Date</u>
Total Tonnage	31.6%	54.5%
Containers (TEU)	-100.0%	-100.0%
Import Full Containers	--	--
Export Full Containers	-100.0%	-100.0%
Breakbulk	--	-84.6%
Autos	-27.9%	6.3%
Mineral Bulk	23.6%	40.0%
Grain	58.6%	92.1%





REAL ESTATE TRANSACTIONS EXECUTED PURSUANT TO DELEGATED AUTHORITY

City of Portland – First Amendment to Easement – Water Facility

Location: Cascade Station

Term: Effective November 18, 2016

Use: Amendment No. 1: This amendment changes the easement area.

CCM Airport LLC DBA CC McKenzie Shoes & Apparel – Fifth Amendment to Lease – Retail Concession

Location: PDX

Term: Effective November 18, 2016

Use: Amendment No. 5: This amendment extends the term of the lease by exercising the second option to extend.

Delta Air Lines, Inc. – Amended and Restated Signatory Passenger Airline Lease and Operating Agreement

Location: PDX

Term: July 01, 2015 to June 30, 2025

Use: Extends Airline Agreement 10 years through 2025.

Spirit Airlines, Inc. – First Amendment to Amended and Restated Signatory Passenger Airline Lease and Operating Agreement

Location: PDX

Term: Effective November 01, 2016

Use: Amendment No. 1: This amendment adds and removes ticket office exclusive space from different locations in the main terminal.

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

Location: Terminal 6

Term: Effective November 11, 2016

Use: Amendment No. 4: The Port is installing eco blocks around the perimeter of Parcel 4 to increase security. AWC will reimburse the Port through an increase in the vehicle fee until the Port has been fully reimbursed.

Airline Transport Professionals Holdings, Inc. – Facility Lease

Location: Hillsboro Airport (HIO)

Term: July 01, 2014 to June 30, 2016

Use: Six-month lease for the purpose of general office use, storage and uses incidental to the operations of a flight training center.

American Airlines, Inc. – Amended and Restated Signatory Passenger Airline Lease and Operating Agreement

Location: PDX

Term: July 01, 2015 to June 30, 2025

Use: Ten-year lease for airline operations.

Film Action Oregon – First Amendment to Terminal Operating & Use Agreement

Location: PDX

Term: Effective November 18, 2016

Use: Amendment No. 1: This amendment extends the term of the lease by exercising the option to extend.

Latrell's Galley, LP DBA Stumptown Coffee – Second Amendment to Food & Beverage Concession Lease

Location: PDX

Term: Effective November 02, 2016

Use: Amendment No. 2: This amendment relocates the premises and adds office space.

Pollin Hotels II, LLC DBA Sheraton Portland Airport Hotel – Ground Lease Estoppel and Agreement

Location: PDX

Term: Effective November 07, 2016

Use: The Port is signing this estoppel by request of Pollin, so that Pollin can obtain a loan.

City of Gladstone – Easement and Equitable Servitude

Location: Dahl Beach Park, City of Gladstone

Term: Effective November 10, 2016

Use: This is related to the Port's habitat restoration work at the City of Gladstone, which satisfies the Port's obligation to mitigate for the Terminal 4 Early Action. The City grants the Port a perpetual conservation easement to protect the work areas adjacent to the Meldrum Bar and Dahl Beach parks.

Clean Water Services – Permit and Right of Entry

Location: HIO

Term: November 01, 2016 to March 31, 2017

Use: This permit allows access to Port property for the purpose of conducting survey work, wetland delineation and geotechnical investigation.

MAC Venture LLC DBA Meacham Air Center – Ground Lease

Location: PDX

Term: October 12, 2016 to November 18, 2051

Use: The agreement allows MAC Venture LLC (dba Meacham Air Center) to lease approximately 5.3 acres of real property for the construction and operation of large business aircraft hangars at PDX.

City of Troutdale – Intergovernmental Agreement

Location: Troutdale

Term: Effective November 07, 2016

Use: This agreement between the Port and the City of Troutdale states the relative cost shares of the parties relating to the portion of the 40 Mile Loop Trail to be constructed within the City.

United Parcel Service, Inc. – Permit and Right of Entry (PROE)

Location: PDX

Term: November 21, 2016 to December 31, 2016

Use: This PROE allows UPS access to additional ramp space for up to eight weeks.

Glisan Corporate Park, LLC – Special Warranty Deed with Restrictive Covenants

Location: Gresham Vista Business Park (GVBP)

Term: Effective November 21, 2016

Use: This deed transfers ownership of GVBP Lots 1, 2 and 3 from the Port to Glisan Corporate Park.

PacifiCorp – Underground Right of Way Easement

Location: PDX

Term: Effective November 23, 2016

Use: The Port is granting a perpetual easement for the installation, operation, maintenance, repair, replacement and removal of PacifiCorp's underground electric distribution and communication lines.

Sky Chefs, Inc. – Flight Kitchen Facility Lease

Location: PDX

Term: October 01, 2016 to September 30, 2019

Use: New lease for the purpose of preparation and sale of in-flight meals for passengers and associated operations.

Contracts Over \$50,000 Pursuant to Delegated Authority

APPROVAL LIMITS (Administrative Policy 7.2.3)

BUDGET APPROVAL	<i>All expenditures require management approval:</i>		
	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	<i>Contracting authority is limited to the following:</i>		
	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 December 2016 (November Activity)

New Purchases

Title	Requestor Department	Vendor Name			P.O. Amount		
Obtain annual support for Oracle software applications.	Information Technology	Oracle America, Inc.			\$80,006		
Obtain crowd management services for new PDX security exit lanes.	Airport Operations	Galt Foundation			\$81,792		
Obtain occupational safety training services.	Risk Management	Amec Foster Wheeler			\$150,000		
Obtain construction services for the replacement of PDX hot water heat exchangers.	Engineering Project Development	Gormley Plumbing + Mechanical			\$179,000		
Obtain preventative maintenance and repair services for chiller equipment at the PDX Central Utility Plant.	PDX Maintenance	Trane U.S. Inc.			\$182,477		
Obtain representation services for tenants of the new Parking Addition and Car Rental Project.	Airport Properties	Jacobsen Daniels Associates LLC			\$209,135		

Obtain construction services for electrical outlets related to the PDX Seat Power Project.	Engineering Project Development	Mill Plain Electric			\$218,392		
Purchase a Case 821F wheel loader and accessories.	PDX Maintenance	Sonsray Machinery LLC			\$229,063		
Obtain construction services for the PDX Concourse B & D Loading Bridge Replacement Project.	Engineering Project Development	On Electric Group, Inc.			\$410,046		
Obtain building permits for the PDX Rental Car Quick Turnaround Facility Project.	Engineering Project Development	City of Portland			\$433,906		
Purchase installed equipment for the PDX Communications Center Upgrade Project.	Information Technology	Motorola			\$633,534		
<p align="center"><u>Change Orders and Amendments to Project-Specific Contracts</u></p> <p align="center">Contracts in this category are initially awarded with a specific work scope and an identified not-to-exceed project total.</p>							
Title	Requestor Department	Vendor Name	Original Amount	Previous Changes to Contract	Current Change to Contract	New Contract Total	
Administrative action to add funds for additional interior plant maintenance services at PDX and the Port Headquarters facilities.	Airport Operations	Foliage Service by Concepts In Green	\$101,462		\$100,750	\$202,212	
Amendment #3 to obtain additional design services related to the PDXNext Terminal Core Redevelopment Project.	Engineering Project Development	ZGF Architects LLP	\$2,760,948	\$7,804,530	\$102,297	\$10,667,775	
Change orders #1-9 to obtain additional construction services related to the PDX Terminal and Central Utilities Upgrade Project.	Engineering Project Development	Dynalectric Company	\$1,458,197		\$103,027	\$1,561,224	
Amendment #2 to obtain additional support services for the PDX noise monitoring system.	Airport Operations	Bruel & Kjaer	\$434,856	\$11,065	\$130,067	\$575,988	
Change orders #17-26 to obtain additional construction services related to the PDX Economy Bus Route Rehabilitation Project.	Engineering Project Development	Kodiak Pacific Construction Co.	\$4,173,173	\$111,070	\$201,145	\$4,485,388	

Change orders # 64-75 to obtain additional construction services related to the Troutdale Reynolds Industrial Park Improvements Project.	Engineering Project Development	Goodfellow Brothers, Inc.	\$17,441,435	\$2,327,155	\$1,184,979	\$20,953,569	
<p align="center"><u>New Task Orders and Changes to Task Orders Against Non-Project Specific Contracts</u></p> <p>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.</p>							
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 # 914 to obtain consulting services for phase IV of the Port's Diversity Program Update.	Human Resources	Innovative Growth Solutions LLC	\$70,000			\$70,000	\$154,613
Task order against contract #1045 to obtain migration timing in the lower Columbia River.	Environmental	Hart Crowser, Inc.	\$85,254			\$85,254	\$127,113
Task order against contract #1016 to obtain technical support services for hazardous building materials.	Environmental	Amec Foster Wheeler	\$96,696			\$96,696	\$113,626
Task order against contract #887 for design services for installation of cranes on the Dredge <i>Oregon</i> .	Engineering Facility Services	Glosten	\$98,323			\$98,323	\$371,715
Task order against contract #660 to purchase low-sulfur diesel fuel for the Dredge <i>Oregon</i> .	Navigation	Rainier Petroleum Corporation	\$109,777			\$109,777	\$6,120,188
Task order against contract #867 to obtain engineering services for the Airfield Lighting Emergency Generator Replacement Project.	Engineering Project Development	DBC Architecture, Inc.	\$149,890			\$149,890	\$867,890
Task order against contract #968 to obtain annual elevator maintenance services.	Airport Operations	Schindler Elevator Corporation	\$1,572,881			\$1,572,881	\$4,032,961

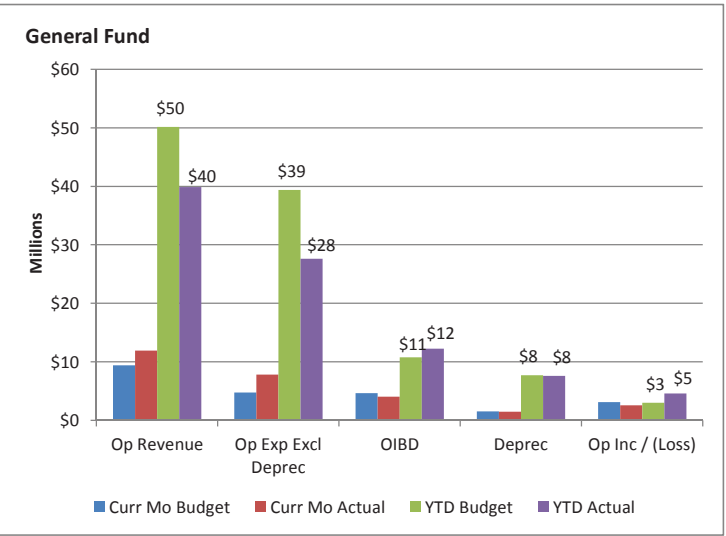
General Fund

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 \$10.3M lower than the Revised Budget primarily due to the timing of land sales. Excluding land sales, operating revenue is \$233K over budget.

YTD operating expenses excluding depreciation are \$11.8M lower than the Revised Budget also due to the timing of land sales. Excluding land sales, operating expenses are \$6.2M below budget.

- The key variances are listed below:
- Contracts, professional & consulting services expenses (\$4.5M < budget).
 - Personnel services (\$156K > budget).
 - Cost of property sold (\$5.6M < budget).
 - Equipment rental, repair and fuel expenses (\$797K < budget).
 - Travel and management expenses (\$389K < budget).
 - Materials and Supplies (\$207K < budget).



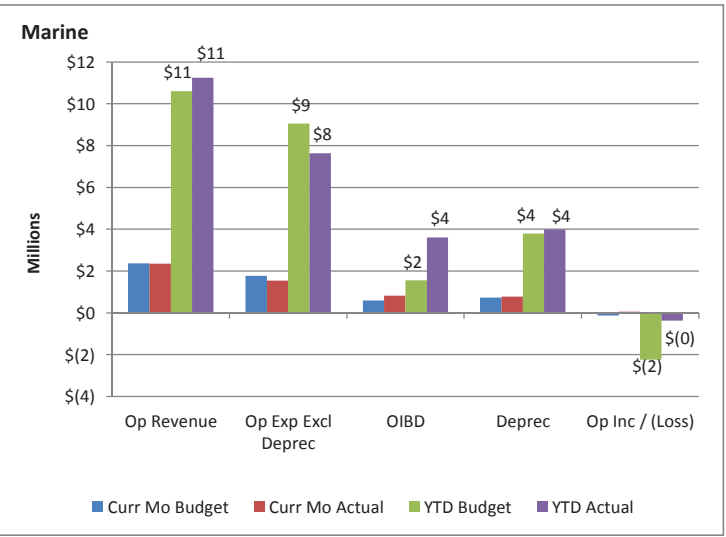
Marine

Marine Volumes:
Autos – Auto volumes are 4.2% lower than forecast YTD. However, volumes are 6.3% higher than last year due to continued growth in both Hyundai and Honda imports, as well as Ford exports.
Breakbulk – YTD tonnage is 86.9% lower than forecast and 93% below last year as there were no ship calls at T-2 until October of the Fiscal Year.
Containers – Until container service resumes, there will be no TEU variances to report.
Grain Bulk – YTD grain volumes are 45.9% higher than forecast and 92.1% higher than last year primarily because production is up nationally (no drought or disease hurting crops). Also, Columbia River locks will close in December for maintenance spanning three months, so upriver wheat growers are likely moving their cargo now so it isn't trapped in their silos for several months.
Mineral Bulk – Tonnage is 16.5% higher than forecast and 39.7% 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)	128,960	123,604	(4.2%)	309,000
Breakbulk	60,980	7,964	(86.9%)	132,277
Containers (TEUs)	-	-		-
Grain Bulk	1,479,915	2,159,670	45.9%	3,527,396
Mineral Bulk	1,892,735	2,205,544	16.5%	5,141,179

* Volumes in short tons unless otherwise noted.

- Marine Operating Results:**
YTD operating revenues are \$648K higher than the Revised Budget due to higher than anticipated grain bulk revenues (\$294K > budget) Rent Revenue (\$423k > budget) and South Rivergate rail access fees (\$267K > budget; the rail access fees were expected to move to the balance sheet at beginning of FY 16-17). YTD operating expenses excluding depreciation are \$1.4M less than budget, with the largest variances listed below:
- Contracts, professional & consulting services are \$730K < budget due to timing of T-4 and other Marine environmental expenses (~\$687K) and outside services expenses for waterway/navigation improvements (\$204K < budget; includes contribution for additional stern buoys in the Columbia River and LOADMAX fees).
 - Utilities expenses are \$87K < budget due to timing, primarily of Electric Power expenses.
 - Travel and management expenses are \$92K < budget.
 - Interdepartmental charges are \$24K < budget due to lower than anticipated services received from Engineering and capitalized labor.
 - Materials and supplies expenses are \$65K < budget, primarily in the Facility & Electrical Maintenance, Crane Shop and Security business units.
 - Insurance expenses are \$79K < budget.
 - Equipment rental, repair and fuel expenses are \$49K < budget.
 - Longshore labor is \$148K < budget.

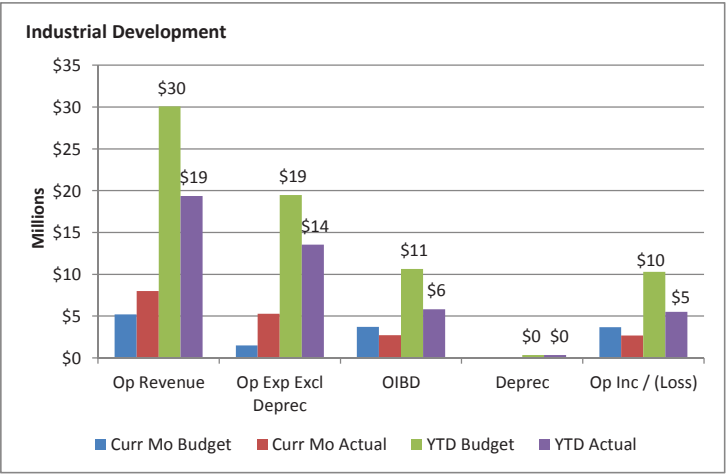


Industrial Development

YTD operating revenues are \$10.7M 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.

YTD operating expenses excluding depreciation are \$5.9M lower than the Revised Budget, with the largest variances listed below:

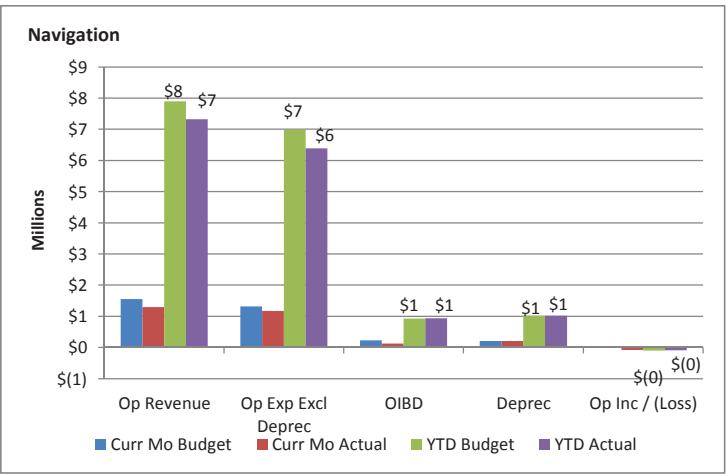
- Cost of property sold is \$5.6M < budget (Daimler parcel 8 is \$884K < budget, TRIP is \$4.4M < budget, Gresham Vista is \$ \$303K < budget)
- Contracts, professional & consulting services are \$379K < budget due to a credit for a Tidewater barge sublease (\$151K; offsets a payment for the Port's lease 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 \$587K lower than the Revised Budget due to 37 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 \$579K < budget.

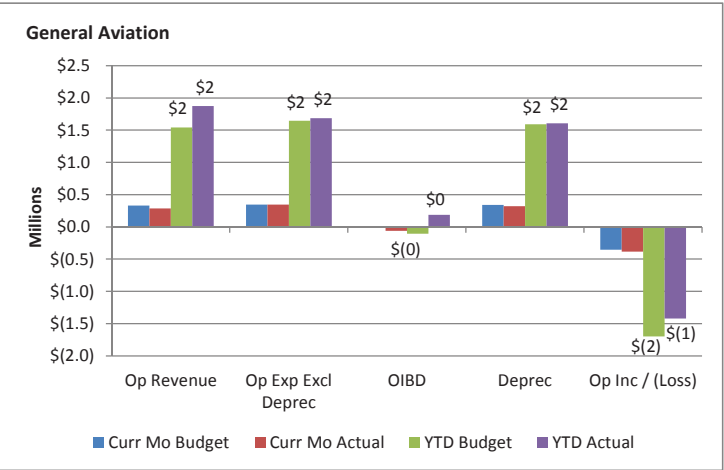
Dredging Volumes	Current Year-to-Date			Annual Adopted Budget
	Adopted Budget	Actual Amounts	Variance	
Dredging Days	115	78	(32.2%)	132
Cubic Yards Dredged		1,601,985		



General Aviation

YTD operating revenues are above budget by \$332K, primarily due to higher than expected rental car revenues and airside land lease revenues at HIO. Also, the Port received a \$300k early termination fee from BHG Hillsboro.

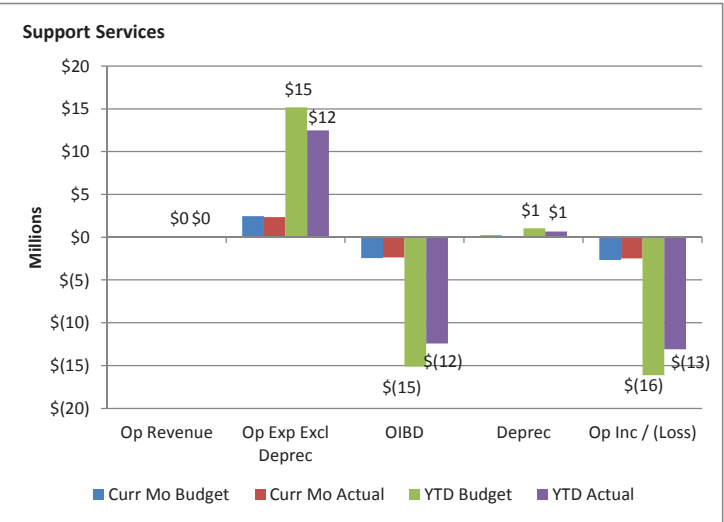
YTD operating expenses before depreciation are over budget by \$36K, primarily due to higher personnel and water/sewer costs.



Support Services

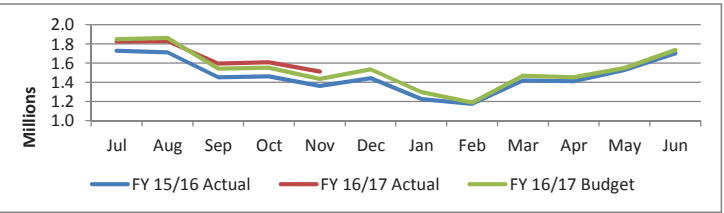
Support Services is comprised of Financial & Administrative Services, Executive, Public Affairs, Human Resources, Legal, and Project & Technical Services. Costs for these areas are allocated to the operating areas.

- 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 (\$966K budgeted in Project Portfolio Office business unit; 101k expenses YTD). Contracts and outside services in HR, IT, Public Affairs, Financial & Administrative Services, and Environmental Affairs are \$972K < budget due to timing of expenditures.
 - Interdepartmental charges are \$262K < budget due to Engineering capitalized labor.
 - Travel and management expenses are \$263K < budget primarily due to timing of PROPS recognition program/Achievers contract expenses (\$210K budgeted in August but no expenses YTD).
 - Personnel Services are \$174K < budget.
 - Equip Rents & Repair is \$84K < budget.
 - Other expenses are \$20K > budget.



Portland International Airport
Total Passengers

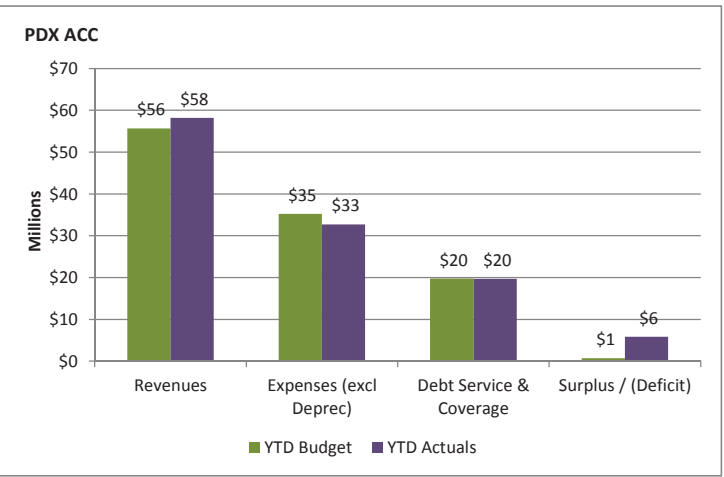
Passengers traveling through PDX are a key driver of revenues and expenses for the Airport. YTD, over 8.3 million total passengers have utilized PDX, exceeding the prior year by 8.4%. The higher passenger levels are a result of the continued growing economy and new flights by air carriers serving PDX. 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 \$1.6M higher than budget due to higher than expected landing activity (+\$654K), terminal rents (+\$406K), and common use rentals (+\$524K). Retail, food and beverage revenues are \$618K higher than budget as a result of higher passenger volume and higher than expected spending per passenger.

YTD ACC expenses are \$2.6M below budget. Personnel Services are \$378K under budget due lower than budgeted fire, police, and administrative costs driven by vacancies. Materials, services, and transfers are \$2.2M under budget, primarily due to consulting services related to terminal balancing (down ~\$260K) direct security services (down \$165K), direct deicing operating materials and supplies (down \$109K), direct environmental costs (down \$151K), and direct outside services (down \$162K). Indirect costs included in this variance include: Air Service Development marketing (down ~\$461K), inter-departmental services provided (down ~\$131K), outside services for Police (down ~\$101K), and long range planning consulting (down ~\$97K).



PDX Port Cost Center (PCC)

YTD PCC revenues are \$2.2M > budget. YTD rental car revenues are \$1.1M > budget due to June forecasted accruals being \$615K less than actuals invoiced; this amount carried into July. Passenger volume related activity for July through November account for the remaining \$435K increase in revenues. YTD parking revenues are \$242K > budget due to higher than expected passenger activity. Other PCC revenues are \$952K > budget as a result of higher than expected volumes for transportation network companies (e.g. Uber, Lyft; over \$612K) and ORANG drainage fees (over \$111K).

PCC expenses are \$798K < budget. Personnel services expense is \$21K < budget. Materials, services, and transfers are \$777K < budget, primarily due to lower equipment rentals and repairs (\$99K lower) and direct custodial services (\$74K lower). Indirect costs related to this variance include: Air Service Development marketing (down ~\$308K), long range planning consulting (down ~\$64K), inter-departmental services provided (down ~\$64K), and outside services for Police (down ~\$35K).

