PORT OF PORTLAND

EXECUTIVE DIRECTOR'S REPORT TO THE PORT OF PORTLAND COMMISSION FOR JULY 2015

SAFETY REPORT

Monthly Report of Injury Incidents

Administrative

There was one recordable incident:

1. An employee strained her knee moving a table for an event at the terminal.

Aviation

There were six non-recordable and one recordable incidents reported.

Non-recordable:

- 2. An employee strained his groin while changing tires on a police vehicle and moving a tire from the tire machine to the balancer. Tire maintenance utilizes various equipment. The newest tire machine has a pneumatic lift that brings the tire off the floor to the level the tire is mounted on the machine. Changes in the layout of the equipment are being reviewed. Utilization of the pneumatic lift would avoid lifting tires off the floor to mount onto the various machines.
- 3. An employee adjusting the height on a walk-behind mower did not wait for the blades to stop spinning. He sustained a cut to his left small finger.
- 4. An employee cutting tree limbs and running them through a chipper began coughing and could not catch his breath.
- 5. An employee was dispatched to a fire alarm at the Tyee Yacht Club off NE Marine Drive. On arrival, the employee opened a door to investigate and found the business was bug bombing the room. The employee inhaled vaporized insecticide, irritating his throat. Employees responded to an activated smoke detector. Following protocol, the employee wore a SCBA pack but did not have mask on to open the door (did not enter the room) to investigate.
- 6. A public safety employee transported an individual to detox. The individual attempted to flee. The employee was able to apprehend the individual and regain control. In the process, the employee scraped his lower arm. No recommended action as this is a result of the unpredictable behavior of subjects being taken into custody. The employee used appropriate tactics to gain physical control of the combative individual.
- 7. An employee was assisting a stalled motorist at NE 122nd Drive and NE Airport Way. The employee suffered a minor burn to the index finger while lighting a highway fuse. The use of gloves could prevent burns to the hands from molten material. Employees state that putting on gloves is impractical when using flares during emergency situations. A safety notice from the American Society of Safety Engineers on the safe use of flares was distributed to the police department, airport operations supervisors and the maintenance department.

Recordable:

8. An employee was walking up an escalator from Baggage Claim when he felt discomfort in his knee.

Marine

There was one recordable incident, with lost time:

9. An employee was using a propane torch to burn weeds and caught his coveralls on fire. He was able to quickly remove the coveralls and put the fire out. In doing so, the heat transferred to the work boot, burning the employee's foot. Incident analysis is ongoing, pending additional review with the injured employee and supervisory personnel.

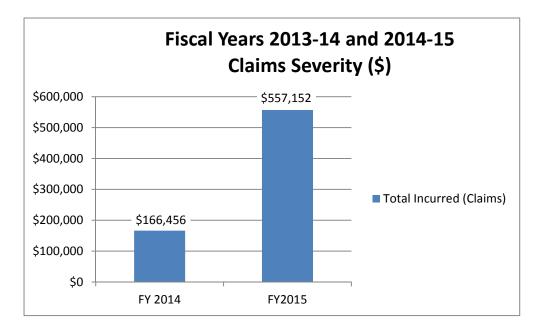
Navigation

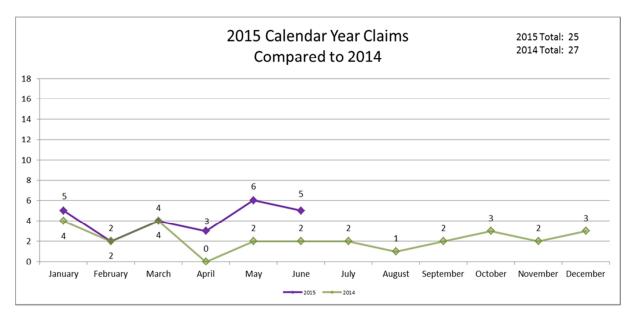
There were two non-recordable incidents:

- 10. An employee transitioned from the shore brow to the landing barge and stepped into an indentation on the deck of the barge and fell.
- 11. An employee was welding a flange for the flow meter on deck pipe. A weld slag fell between his kneepad and pants and burned his inner knee and calf of his leg.

Workers Compensation

Workers compensation (Port employee injuries and illnesses) total incurred claims costs increased by over 300% from Fiscal Year 2013-2014 and Fiscal Year 2014-2015.





Calendar Year Workers Compensation Claims (Frequency) by Month

Note: 2015 Total of 25 with six months into calendar year compared to all of 2014 (27)

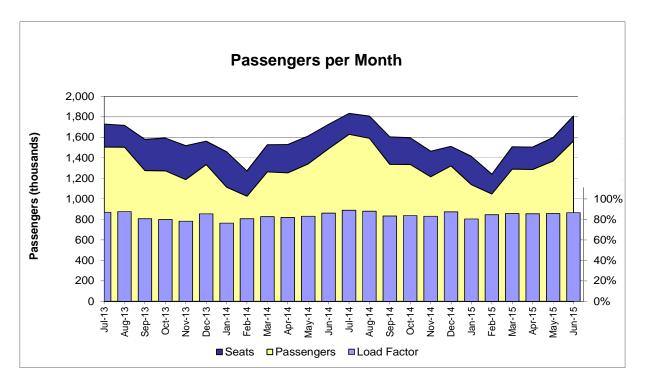
Key Observations

- Frequency of calendar year injury claims increasing.
- Severity of claims significantly higher than Fiscal Year 2014.
- Estimated next five years: \$1.35 billion construction risk (projects). Port is entering largest construction activity in Port history that requires enhanced risk management and safety strategy.
- Safety and Health Achievement Recognition Program (SHARP) 58-point analysis progress dependent upon Oregon Occupational Safety and Health Administration (OSHA) (currently deferred due to OSHA investigation).

Fiscal Year 2015-16 Goals/Objectives

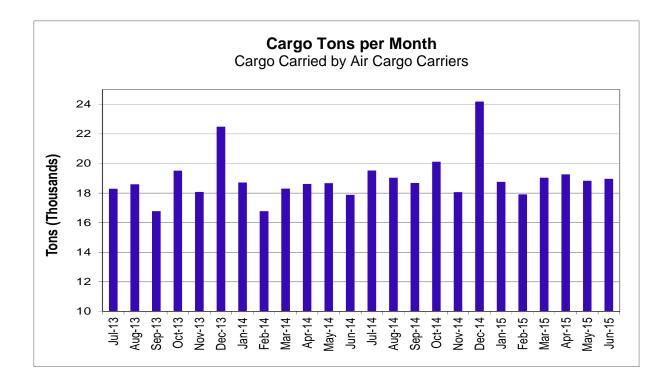
- Behavior Based Safety Values
 - Safety resources are in alignment to strategic direction.
 - Shift of safety accountability to department leadership.
- Safety initiative to improve root cause analysis and incident investigation process.
- Continuation of SHARP qualifications.
- Shifting safety program emphasis from compliance activities to result activities.
- Dashboard live for PORTshare metrics.

AVIATION REPORT



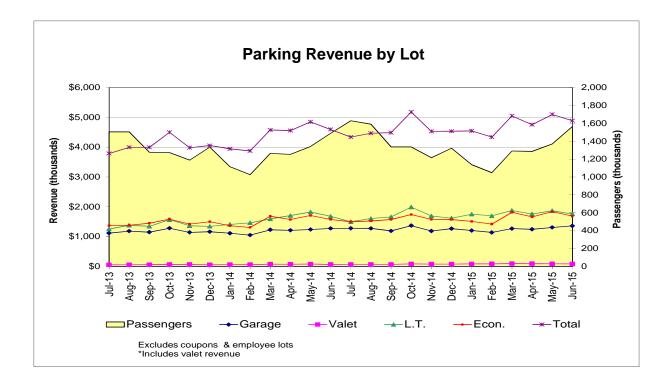
June passenger volumes increased 5.1 percent compared to June 2014. Seat capacity increased 4.7 percent, with the load factor rising slightly to 86.5.

Fiscal Year 2014/15 passenger volumes hit a new high of 16.1 million, representing an increase of over 557,000 passengers and the second year of record growth. Portland International Airport's (PDX) three largest carriers – Alaska, Southwest and Delta – all posted strong growth compared to Fiscal Year 2013/14.



June cargo volumes increased 6.1 percent compared to June 2014. FedEx increased 6.2 percent to 9,546 tons, and UPS increased 6.3 percent to 5,514 tons.

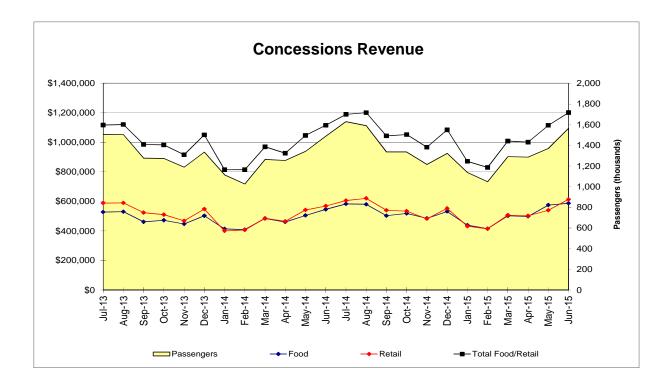
During Fiscal Year 2014/15, PDX cargo volumes increased 4.3 percent to 232,385 tons, gaining over 9,500 tons compared to Fiscal Year 2013/14.



June public parking revenue was up 6.4 percent over June 2014, and parking transactions were up 5.9 percent. Parking transactions for Fiscal Year 2014/15 increased 4.4 percent.

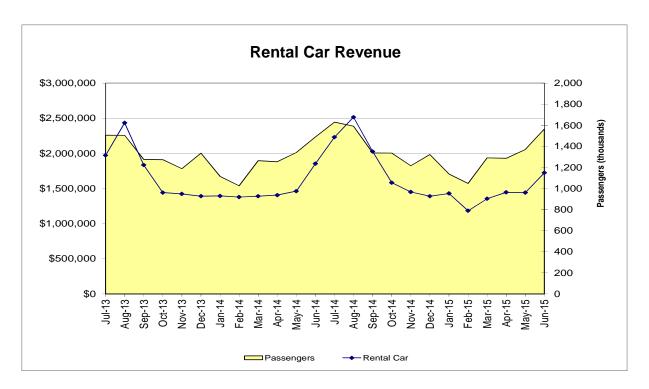
Total parking revenue for Fiscal Year 2014/15 is expected to be approximately \$58.5 million, or 4 percent over budget, and 9.5 percent over Fiscal Year 2013/14 actuals.

The increase in revenue over budget and actuals is due to the rate increase in the short- and long-term garages, and an increase in parking transactions.



In this sixth month of concessions transition, combined retail and food and beverage operations reported a 7.7 percent, or \$86,000, rent increase on the month, against a 5.1 percent passenger increase. Rent performances from new operators of \$197,000 offset last year's rents from previous operators of \$164,000 by 20.2 percent

Additionally, rent increases totaling 25 percent, or \$17,000, from the Made in Oregon stores, associated with sales of PDX Carpet merchandise and Oregon Wine promotions, helped to generate this overall rent performance.



Rental car operations reported a 7.0 percent, or \$131,000, rent decrease on the month from last year, against a passenger increase of 5.1 percent. Although only Dollar reported rent at Minimum Annual Guarantee, the bankruptcy of Advantage, which reported \$108,000 in rent last year, was not offset this year by the introduction of Payless and Airport Van Solutions, which are new ordinance operators.

ENVIRONMENTAL OPERATIONS

Climate Change – The Port has been invited to receive formal recognition at the Airports Council International North America Annual Conference in October for certification of Portland International, Hillsboro and Troutdale Airports in the internationally recognized Airport Carbon Accreditation Program. The Port's three airports were the second, third and fourth airports in North America (SeaTac was first) to achieve certification, which demonstrates, through thirdparty audits, that an airport is on the path to carbon neutrality.

Wetland Mitigation – Two of the Port's four wetland mitigation sites currently under regulatory oversight by the US Army Corps of Engineers (Corps) have been released from Corps oversight after the Port demonstrated compliance with all wetland permit conditions. The Randall site (22.3 acres in Washington County in support of the Hillsboro Airport) and the West Hayden Island site (3.4 acres in support of Jones settlement) now move into the Port's Mitigation Site Stewardship Program. The release of these sites brings the total number of Port-owned and managed wetland mitigation sites in the Stewardship Program to 12. In total, the Port manages over 740 acres, not including the sites under development.

Wildlife Hazard Management – A new website, <u>PDXraptors.com</u>, is being managed by the Port's Wildlife Hazard Management Program. The purpose of this first-of-its-kind program is to reduce the risk of wildlife strikes at Portland International Airport (PDX). Red-tailed hawks are one of the highest-risk species at PDX. A large part of reducing the risk these birds pose to

aircraft is through active capture, banding and translocation from the airfield. An important part of the raptor translocation program is knowing where the birds end up after they are released. PDXraptors is a way for the general public, especially birders, to help support the successful selection of release sites to lower return rates at PDX.

CAPITAL GRANTS

Portland International Airport

Staff submitted a reimbursement request to the Federal Bureau of Investigation for the Joint Terrorism Task Force program in the amount of \$6,206 (Agreement No. 66F-PC-A46560-MOU).

Hillsboro Airport

Staff submitted a reimbursement request to Oregon Department of Transportation (ODOT) for the *Connect*Oregon III – HIO RW 12L30R and TW D project in the amount of \$101,216 (Agreement No. 26905).

<u>Marine</u>

Staff submitted a reimbursement request to the ODOT for the *Connect*Oregon III – Terminal 6 (T-6) Crane Upgrade project in the amount of \$8,697 (Agreement No. 26915).

Staff submitted a reimbursement request to ODOT for the *Connect*Oregon IV – T-6 Wharf Optimization project in the amount of \$2,828 (Agreement No. 28695).

Staff submitted a reimbursement request to ODOT for the *Connect*Oregon V – T-6 Crane Drive Electronics project in the amount of \$8,047 (Agreement No. 30128).

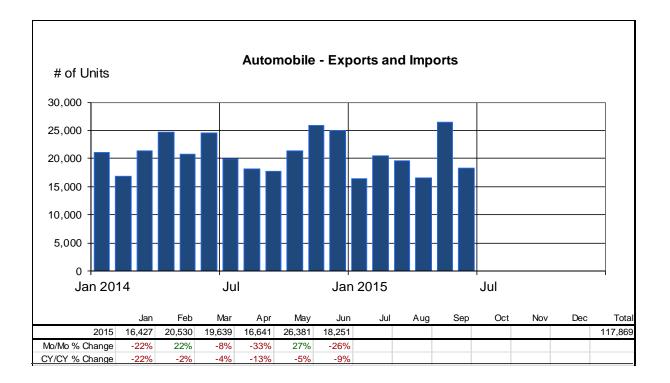
Properties

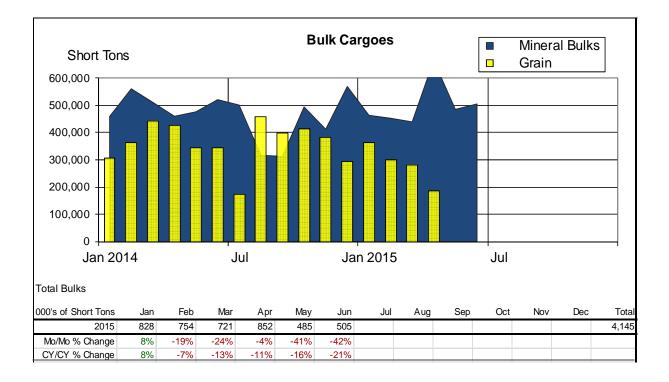
Staff submitted a reimbursement request to the Oregon Business Development Department for Gresham Vista Business Park Site Readiness Technical Assistance (Agreement No. A13001) in the amount of \$48,346. This is the final reimbursement against this grant.

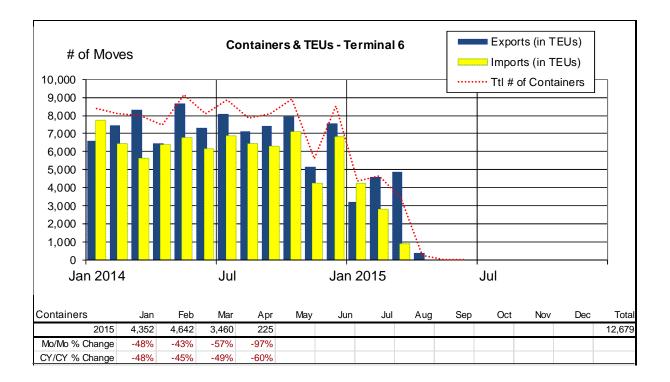
MARINE & INDUSTRIAL DEVELOPMENT REPORT

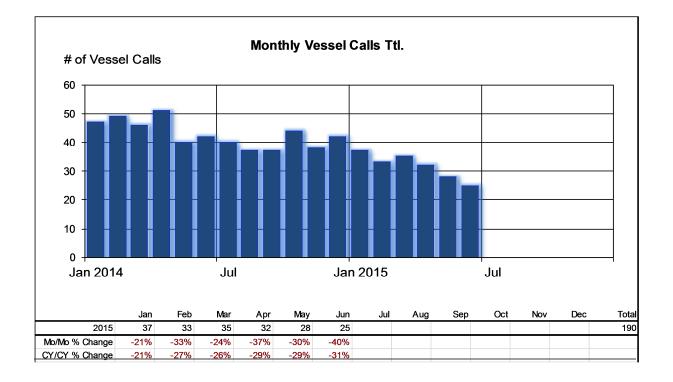
The figures in the table below show change relative to the prior year.

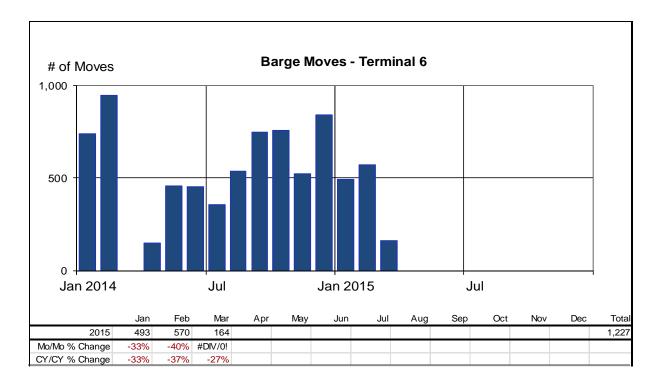
	<u>June 2015</u>	Fiscal Year-to-Date
Total Tonnage	-47.1%	-16.9%
Containers (TEU)	-100.0%	-41.4%
Import Full Containers	-100.0%	-41.1%
Export Full Containers	-100.0%	-46.6%
Breakbulk	-16.0%	-79.8%
Autos	-25.5%	-6.9%
Mineral Bulk	-3.0%	6.9%
Grain	-100.0%	-20.7%











Marketing

Port staff attended the Agriculture Transportation Coalition conference in San Francisco, which provided an opportunity to meet with agriculture shippers and industry representatives from throughout the west coast. Several major steamship line executives were also in attendance, providing an opportunity for Port staff to meet and discuss resumption of service at Terminal 6.

Port staff attended the Footwear Distributors and Retailers of America conference in Portland, which provided contact with local shippers in the footwear industry as well as third party logistics companies focused on the footwear industry in Oregon.

Port staff assisted Westwood Shipping Lines in developing a workable solution to the problem of assembling a vessel-load of containers in Portland by locating an off-dock container facility willing to accommodate the cargo and a trucking company able to commit sufficient equipment to bring the containers to Terminal 6 in a single day. This enabled ICTSI to open the gate for one day only, and allowed shippers to deliver their cargo for the *Westwood Rainer* voyage in the two weeks prior to the vessel call. This arrangement will likely be required for subsequent vessel calls; cargo for the next ship is already being delivered to the off-dock container yard.

Operations

Portland Bulk Terminal/Canpotex's new ship loader arrived at Terminal 5 via heavy lift vessel from China and was successfully off loaded onto the berth. Commissioning of the new loader and other facility modifications are ongoing. The deconstruction of the old ship loader is proceeding according to plan.

Levee Reaccreditation

Phase II of the Columbia Corridor Levee Reaccreditation Oregon Solutions Project kicked off on July 17 with the signing of a Declaration of Cooperation by 25 local, state and federal jurisdictions and other stakeholders; 13 of those (including the Port) are contributing funds to the \$4.5 million Phase II work.

Phase II expands the scope of this effort from just Peninsula Drainage Districts No. 1 and 2 (west of PDX) to now include Multnomah County Drainage District (MCDD), Sandy Drainage Improvement Company (SDIC) and Sauvie Island Drainage Improvement Company (SIDIC). The primary work in Phase II includes assessing MCDD, SDIC and SIDIC flood control systems for compliance with U.S. Army Corps of Engineers and Federal Emergency Management Agency flood control and insurance programs. Phase II does not include design or construction for any improvements to the system; those improvements would be addressed in Phase III and IV and may be valued at over \$100 million system-wide.

REAL ESTATE TRANSACTIONS EXECUTED PURSUANT TO DELEGATED AUTHORITY

Oregon International Airobaur	Inc. Dormit and Dight of Entry
Oregon international Alishow.	Inc. – Permit and Right of Entry

Location:	Hillsboro Airport (HIO)
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Term: July 13, 2015 to July 23, 2015

Use: Allows access to HIO for the purposes of conducting events in connection with the HIO Airshow.

<u>Seaport Airlines – Amended and Restated Signatory Passenger Airline Lease and Operating</u> <u>Agreement</u>

Location: PDX

Term: July 1, 2015 to June 30, 2025

Use: Ten-year lease for airline operations.

PacifiCorp – Utility Easement

Location: PDX

Term: Effective July 8, 2015

Use: Allows PacifiCorp access to Port property for installation of electrical distribution lines and transformers.

JetBlue Airways Corporation – Conditional Letter of Authorization

Location: PDX

Term: Effective July 2, 2015

Use: Letter sets the terms for JetBlue to operate at PDX under Ordinance 433-R, including the proof of insurance terms and the amount required for their security deposit.

Port of Portland – Quitclaim Deeds (12)

Location: Gresham Vista Business Park

Term: Effective July 8, 2015

Use: Twelve quitclaim deeds adjusting the property lines for the property sale to Subaru.

Ameriflight, LLC - Amended and Restated Signatory Cargo Carrier Operating Agreement

Location: PDX

Term: July 1, 2015 to June 30, 2025

Use: Ten-year lease for air cargo operations.

<u>JetBlue Airways Corporation – Amended and Restated Signatory Passenger Airline Lease and</u> <u>Operating Agreement</u>

Location: PDX

Term: July 1, 2015 to June 30, 2025

Use: Ten-year lease for airline operations.

Arc, The - Wings for Autism Flight Services and License Agreement

Term: July 20, 2015

Use: The Arc is a nonprofit that protects and promotes the rights of people with developmental disabilities. The Arc has a program called Wings for Austism that is being implemented in various U.S. airports. This license agrees to its implementation at the Port.

MYR Real Estate Holdings, LLC – Temporary Construction Easement Agreement

Location:	Troutdale Reynolds Industrial Park (TRIP)
		,

Term: July 21, 2015 to July 21, 2018

Use: Allows MYR access to a portion of Port property so they can improve the ingress-egress driveways after roadway improvements.

Portland Guild Loft Partners, LLC – Agreement for Transfer of Surplus Soil

Location:	TRIP
Term:	July 21, 2015
Use:	Allows Portland Guild to move surplus soil from their property for Port's use on TRIP property.
Michael Axley	- Hangar Rental Agreement
Location:	Troutdale Airport
Term:	Effective August 1, 2015
Use:	Month-to-month agreement for the rental of a hangar for storage of aircraft, aircraft equipment, tools and supplies and personal vehicle for transportation to and from airport.

Pollin Hotels II, LLC – Permit and Right of Entry

Location:	PDX
Location.	I DA

Term: July 23, 2015

Use: Grants access to Port property for the purposes of parking vehicles for an event.

United Air Lines, Inc. – Permit and Right of Entry

Location:	PDX
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Term: Month-to-month, effective June 1, 2015

Use: Allows access to certain buildings in the PDX Cargo Center to construct tenant improvements.

Auto Warehousing Company (AWC) – Permit and Right of Entry

Term: Month-to-month, effective June 29, 2015

Use: Lease allows AWC temporary storage of vehicles near its leasehold.

Airline Transport Professionals Holdings, Inc. - Facility Lease

Location:	HIO
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Term: July 1, 2014 to June 30, 2016

Use: Six-month lease with automatic six-month extensions to June 30, 2016, for the purpose of general office use, storage and uses incidental to the operations of a flight training center.

Virgin America, Inc. – Conditional Letter of Authorization

Location:	PDX
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Term: Effective June 9, 2015

Use: Sets the terms for Virgin to operate at PDX under Ordinance 433-R, including the proof of insurance terms and the amount required for their security deposit.

<u>Air Canada – Amended and Restated Signatory Passenger Airline Lease and Operating</u> <u>Agreement</u>

Term: July 1, 2015 to June 30, 2025

Use: Lease for airline operations.

PacifiCorp – Utility Easement

Location: Tro	utdale Airport
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Term: Effective June 29, 2015

Use: Allows PacifiCorp on Port property for the purposes of operating above ground electrical transmission lines.

PORT OF PORTLAND

Investment Report Quarter Ending June 2015

YIELD COMPARISONS	<u>June</u>	<u>Fiscal</u> Year-to-Date	12 Month Mo	ving Average
			<u>6/30/15</u>	<u>6/30/14</u>
Port unrestricted portfolio	0.91%	0.83%	0.83%	0.74%
Series 22 construction funds	0.39%	0.34%	N/A	N/A
Local Government Investment Pool (LGIP)	0.53%	0.52%	0.52%	0.54%
90 day LIBOR*	0.28%	0.25%	0.25%	0.24%

PORTFOLIO COMPOSITION

Port of Portland Investment Portfolio

Unrestricted investments	\$357,731,000
Unrestricted LGIP	44,213,982
Series 22 construction investments	70,000,000
Series 22 construction LGIP	31,883
Total portfolio	\$471,976,865

Maturity Schedule	Actual Pol	<u>rtfolio</u>	Policy Minimum
1 year or less	\$186,371,865	39%	n/a
2 years and under	\$316,653,865	67%	55%
3 years and under	\$446,716,865	95%	75%
5 years and under	\$471,976,865	100%	100%
Interest Earnings	<u>Unrestricted</u> <u>Portfolio</u>	Unrestricted LGIP	<u>Total</u> <u>Unrestricted</u>
April 2015	\$253,367	\$17,000	\$270,367
May 2015	\$271,575	\$15,778	\$287,353
June 2015	<u>\$267,417</u>	<u>\$16,400</u>	<u>\$283,817</u>
Quarter Total	\$792,359	\$49,178	\$841,537

COMMENTS

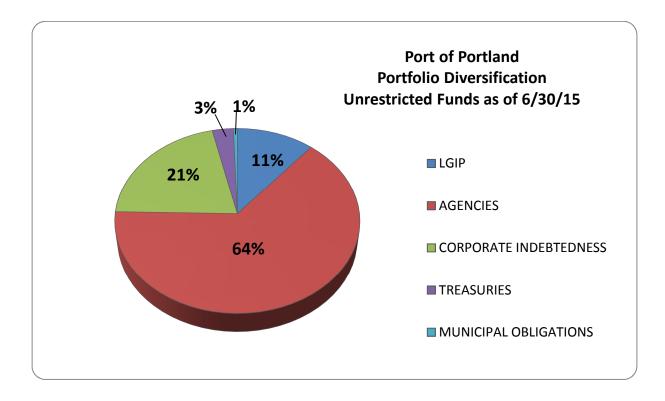
The total portfolio balance did not change significantly in the last quarter. The maturity schedule and diversification remain generally the same.

Market analysts predict the Federal Open Market Committee could raise the federal funds target rate as early as September this year. This would be the first step to begin normalizing monetary policy. While improving economic data in the United States may push a September rate increase, risks from Greece and China could prompt a delay.

Due to the anticipated rise in interest rates beginning this year, the portfolio is heavily weighted under three years. The strategy is to have a turnover of funds available to pick up yield as rates rise while taking advantage of the existing yield curve.

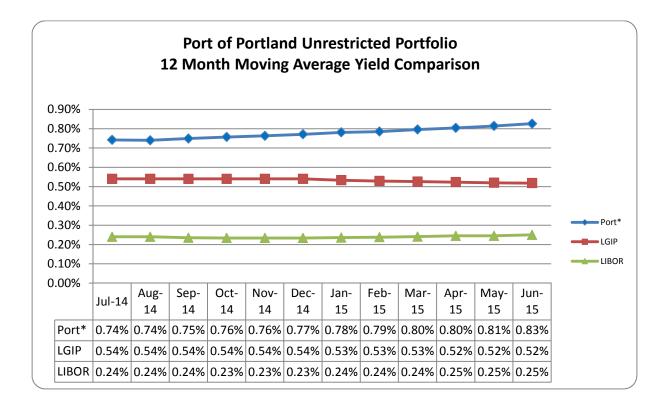
Note: Investment portfolio detail available upon request.

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



Investments Policy Limits:

U.S. Treasuries 100%; U.S. Agencies 100%; Corp. Indebtedness 35%; LGIP \$46,801,588



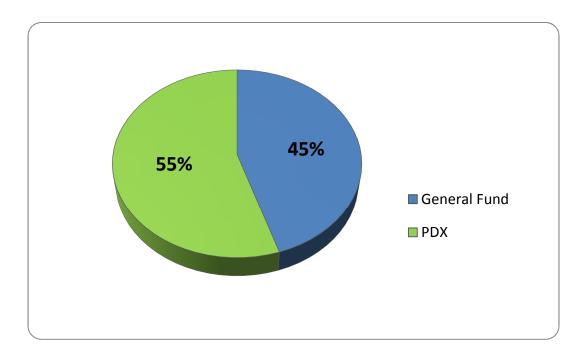
*Port yield shown excludes amounts on deposit in LGIP and restricted cash balances.

PORT OF PORTLAND

Allocation of non-specific cash & investments available*

As of June 30, 2015, the Port had \$184.3 million in funds available for the General Fund and \$224.9 million available for Portland International Airport (PDX).

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



*Allocation is an estimate generated based on accounting balances at June 30, 2015 and includes investments, LGIP, and cash accounts.

AVIATION DIVISION FINANCIAL REPORT June 2015

PDX							
		rent Year-to-L		Annual		Date Actual A	
	Adopted Budget	Actual Amounts	% Variance	Adopted Budget	Current Year	Prior Year	% Variance
Total Passengers (in millions)	15.9	16.1	1.4%	15.9	16.1	15.6	3.6%
Landed Weight (Sig & Non Sig lbs. in millions)	9.9	9.8	-1.4%	9.9	9.8	9.8	-0.4%
Operations	N/A	215,966	N/A	N/A	215,966	214,279	0.8%
Parking Transactions: Valet	N/A	12,683	N/A	N/A	12,683	10,425	21.7%
Parking Transactions: Long-term (P2) Garage	N/A	336,025	N/A	N/A	336,025	320,238	4.9%
Parking Transactions: Garage	N/A	1,273,698	N/A	N/A	1,273,698	1,237,285	2.9%
Parking Transactions: Economy Lot	N/A	417,219	N/A	N/A	417,219	385,290	8.3%
Parking Transactions: Total	N/A	2,039,625	N/A	N/A	2,039,625	1,953,238	4.4%
Cost per Enplaned Passenger (Rent & Landing Fees)				\$ 9.94			
AIRLINE COST CENTER (ACC) (in millions)							
Airline Rent, Landing Fees & Other	\$99.6	\$100.2	0.6%	\$99.6	\$100.2	\$99.9	0.3%
Retail, Food & Beverage	13.1	12.9	-1.5%	13.1	12.9	12.9	0.0%
Other Non-Airline	4.7	5.2	10.6%	4.7	5.2	3.9	33.3%
TOTAL REVENUE	\$117.4	\$118.3	0.8%	\$117.4	\$118.3	\$116.7	1.4%
Personnel Services	\$33.1	\$32.6	-1.5%	\$33.1	\$32.6	\$31.9	2.2%
Materials, Services & Other	42.9	42.8	-0.2%	42.9	42.8	44.2	-3.2%
TOTAL EXPENSES	\$76.0	\$75.4	-0.8%	\$76.0	\$75.4	\$76.1	-0.9%
Debt Service & Coverage	\$41.5	\$41.4	-0.2%	\$41.5	\$41.4	\$41.5	-0.2%
less: Interest Income	0.0	0.0		0.0	0.0	0.0	0.0%
TOTAL NON-OPERATING	\$41.5	\$41.4	-0.2%	\$41.5	\$41.4	\$41.5	-0.2%
SURPLUS/(DEFICIT)	(\$0.1)	\$1.5	-1600.0%	(\$0.1)	\$1.5	(\$0.9)	-266.7%
PORT COST CENTER (PCC) (in millions)							
Parking	\$56.3	\$58.8	4.4%	\$56.3	\$58.8	\$53.4	10.1%
Rental Cars	18.7	19.5	4.3%	18.7	19.5	18.6	4.8%
Other	19.5	20.2	3.6%	19.5	20.2	19.4	4.1%
TOTAL REVENUE	\$94.5	\$98.5	4.2%	\$94.5	\$98.5	\$91.4	7.8%
Personnel Services	\$13.8	\$13.4	-2.9%	\$13.8	\$13.4	\$12.9	3.9%
Materials, Services & Other	24.8	23.6	-4.8%	24.8	23.6	22.9	3.19
TOTAL EXPENSES	\$38.6	\$37.0	-4.1%	\$38.6	\$37.0	\$35.8	3.4%
Debt Service & Coverage	\$17.9	\$17.8	-0.6%	\$17.9	\$17.8	\$17.7	0.6%
less: Interest Income	(0.5)	(0.8)	60.0%	(0.5)	(0.8)	(0.9)	-11.1%
TOTAL NON-OPERATING	\$17.4	\$17.0	-2.3%	\$17.4	\$17.0	\$16.8	1.2%
LESS: REVENUE SHARING	\$10.1	\$10.1	0.0%	\$10.1	\$10.1	\$10.0	1.0%
INCOME	\$28.4	\$34.4	21.1%	\$28.4	\$34.4	\$28.8	19.4%
General Aviation	٦						
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	Current Year-to-Date			Annual	Year-to	-Date Actual A	mounts
	Adopted	Actual	%	Adopted	Current		%
	Budget	Amounts	Variance	Budget	Year	Prior Year	Variance
TOTAL REVENUE	3,589,291	3,544,421	-1.3%	3,589,291	\$3,544,421	\$3,160,334	12.2%
TOTAL EXPENSE	3,612,940	4,291,936	18.8%	3,612,940	4,291,936	3,513,797	22.1%
OPERATING INCOME (EXCL. DEPR)	(\$23,649)	(\$747,515)	3060.9%	(\$23,649)	(\$747,515)	(\$353,463)	111.5%

COMMENTS:

BUDGET - This report compares actual amounts against the adopted budget.

ACTIVITY

Passenger traffic exceeded the prior year by 3.6%, and parking transactions exceeded by 4.4%. Landed weight is down 0.4% to the prior year.

AIRLINE COST CENTERS (ACC)

Airline rents and landing fees are approximately \$600K higher than budget, primarily due to higher than expected common use rentals (up ~\$400K), higher terminal rents (up ~\$700K); offset by lower landing fees (down ~\$500K).

Retail and food and beverage revenues are ~\$200K lower than budget; retail concessions are up ~\$400K, but are offset by lower food and beverage revenues, primarily due to timing of store openings for new concessions (down ~\$600K).

Other non-airline revenues are approximately \$500K higher than budget. This is primarily due to higher than expected advertising revenues (up \sim \$120K). Other positive variances include higher Ordinance-389 airline landings (up \sim \$70K), unbudgeted SmartCarte and Clear Wireless revenues (up \sim \$70K), non-airline terminal rent revenues and maintenance reimbursements (up \sim \$60K), and an unbudgeted reimbursement from ORANG for their share of FY14 deicing costs (up \sim \$40K).

PORT COST CENTERS (PCC)

Parking revenues are approximately \$2.5M higher than budget due to higher than anticipated activity in the economy lot and long-term garage. Rental car revenues are \$800K higher than budget due to year-end settlement credits not being posted until after Retro (~\$700K higher).

Other Port Cost Center revenues are approximately \$700K higher than budget, primarily due to higher than budgeted Air Trans Center rent (up ~\$250K), hotel revenues (up ~\$190K), and PIC rent revenues (up ~\$140K).

AIRLINE (ACC) AND PORT COST CENTERS (PCC)

Personnel Services are approximately \$900K lower than budget (~\$500K in ACC and ~\$400K in PCC) due to lower Police and Administration costs primarily attributed to vacancies.

Materials and Services expenses are approximately \$1.3M lower than budget. ACC is ~\$100K lower than budget due to a reduction in allocated support services made in April due to shared services department expenses running below budget (down ~\$230K). Additionally, the Port has received credits totaling \$275K related to insurance policy recovery payments for the McBride Slough remedial investigation and Jet Fuel Contamination expenses. This is offset by two insurance settlement payments charged to ARFF in May (up ~\$300K). PCC is ~\$1.2M lower than budget. The largest items making up the PCC variance are parking management fees (down ~\$220K), the timing of budgeted environmental expenses (down ~\$380K), and a reduction in allocated support services (down ~\$410K).

GENERAL AVIATION

Revenues are approximately \$40K lower than budget. An FAA tree removal grant was budgeted for July (at \$100K) and has not been received.

Expenses are approximately \$680K over budget primarily due to higher than budgeted outside legal fees associated with appeal of the HIO supplemental environmental assessment (up \$100K), utilities (up \$100K), equipment repair (up \$90K), consulting (up \$80K), environmental (up \$70K), inter-departmental charges from PDX and Engineering (up \$60K), supplies (up \$60K), and overtime wages (up \$40K).

GENERAL FUND FINANCIAL REPORT June 2015

MARINE	Curre	ent Year-to-I	Date	Annual	Year-to-D	ate Actual A	mounts
	Adopted	Actual	Variance	Adopted	Current	Prior	Variance
	Budget	Amounts	variance	Budget	Year	Year	variance
VOLUMES							
Autos (Units)	256,500	279,603	9.0%	256,500	279,603	285,804	(2.2%)
Breakbulk (Short Tons)	110,231	176,990	60.6%	110,231	176,990	203,154	(12.9%)
Containers (TEUs)	192,500	101,951	(47.0%)	192,500	101,951	172,982	(41.1%)
Grain Bulk (Short Tons)	3,858,090	3,252,918	(15.7%)	3,858,090	3,252,918	4,100,476	(20.7%)
Mineral Bulk (Short Tons)	5,198,500	5,652,936	8.7%	5,198,500	5,652,936	5,316,849	6.3%
All dollars in millions; OIBD = Operating Income Before	ore Depreciation	n					
TOTAL MARINE							
Operating Revenues	\$31.6	\$32.2	\$0.6	\$31.6	\$32.2	\$32.4	(\$0.2)
Operating Expenses	30.9	26.3	(4.6)	30.9	26.3	30.6	(4.3)
OIBD	\$0.7	\$5.9	\$5.2	\$0.7	\$5.9	\$1.8	\$4.1
Depreciation	10.7	10.4	(0.3)	10.7	10.4	10.5	(0.1)
OPERATING INCOME/(LOSS)	(\$10.0)	(\$4.5)	\$5.5	(\$10.0)	(\$4.5)	(\$8.7)	\$4.2
<u>AUTOS</u> Operating Revenues	\$7.0	\$7.7	\$0.7	\$7.0	\$7.7	\$7.2	\$0.5
Operating Expenses	¢7.0 1.2	۶ <i>۲.۲</i> 1.2	۵.0 0.0	1.2	۹۲.7 1.2	۲.2 1.2	۵.0 0.0
OIBD	\$5.8	\$6.5	\$0.7	\$5.8	\$6.5	\$6.0	\$0.5
0.00	\$0.0	\$0.0				 	\$0.0
BREAKBULK							
Operating Revenues	\$1.3	\$1.9	\$0.6	\$1.3	\$1.9	\$2.2	(\$0.3)
Operating Expenses	1.1	1.7	0.6	1.1	1.7	1.4	0.3
OIBD	\$0.2	\$0.2	\$0.0	\$0.2	\$0.2	\$0.8	(\$0.6)
CONTAINERS							
Operating Revenues	\$11.0	\$10.1	(\$0.9)	\$11.0	\$10.1	\$10.5	(\$0.4)
Operating Expenses	12.7	10.4	(2.3)	12.7	10.4	11.0	(0.6)
OIBD	(\$1.7)	(\$0.3)	\$1.4	(\$1.7)	(\$0.3)	(\$0.5)	\$0.2
GRAIN BULK							
Operating Revenues	\$3.0	\$2.5	(\$0.5)	\$3.0	\$2.5	\$3.1	(\$0.6)
Operating Expenses	0.4	0.1	(0.3)		0.1	0.1	0.0
OIBD	\$2.6	\$2.4	(\$0.2)		\$2.4	\$3.0	(\$0.6)
MINERAL BULK	\$ 0.0	AO 7		\$ 2.0	* •• -	* ••••	\$ 0.4
Operating Revenues Operating Expenses	\$6.2 1.5	\$6.7 1.2	\$0.5 (0.3)	\$6.2 1.5	\$6.7 1.2	\$6.3 2.3	\$0.4 (1.1)
OIBD	\$4.7	\$5.5	(0.3) \$0.8	\$4.7	\$5.5	\$4.0	\$1.5
	φ4.1	ψ0.0	φ0.0	ψτ.1	φ0.0	φ4.0	φ1.5
MARINE SUPPORT							
Operating Revenues	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Operating Expenses	10.7	9.5	(1.2)	10.7	9.5	12.1	(2.6)
OIBD	(\$10.7)	(\$9.5)	\$1.2	(\$10.7)	(\$9.5)	(\$12.1)	\$2.6
MARINE PROPERTY MGMT							
Operating Revenues	\$3.0	\$3.4	\$0.4	\$3.0	\$3.4	\$3.2	\$0.2
Operating Expenses	2.7	2.2	(0.5)	2.7	2.2	2.5	(0.3)
OIBD	\$0.3	\$1.2	\$0.9	\$0.3	\$1.2	\$0.7	\$0.5
MARINE ENVIRONMENTAL (T4)							
Operating Revenues	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Operating Expenses	0.5	0.0	(0.5)	0.5	0.0	1.0	(1.0)
OIBD	(\$0.5)	\$0.0	\$0.5	(\$0.5)	\$0.0	(\$1.0)	\$1.0
Note: Totals may not add due to rounding			•			· · ·	

Note: Totals may not add due to rounding

COMMENTS:

Operating revenues are \$612K higher than the Adopted Budget due to higher than anticipated auto dockage, YTD activity at T-2 and at T-5 for potash, T-4 lay dockage, and Vigor's use of Berth 315. Operating expenses are \$4.6M under budget, with the largest variances listed below.

- Contracts, Professional & Consulting Services are \$2.2M under budget. Container LOB (T-6) contracts and outside services are under budget ~ \$861K YTD primarily due to favorable T-6 berth dredging project results. The Port didn't have to dredge as much material as expected and was able to dispose of it in water. In addition, the Port recovered \$213K in legal expenses related to ILWU claims for costs exceeding the self-insured retention threshold. The annual hydrographic survey showed neither Columbia Grain nor Portland Bulk's berths required dredging as assumed in the budget (\$200K YTD). With Hanjin and Hapag-Lloyd no longer calling, there will be no transload program expenses this fiscal year (\$360K YTD). Accounting has not yet booked T-4 environmental accruals (~\$487K). Labor issues at T-5 have been resolved, which means there are no security expenses as the budget assumed (\$213K YTD). [*This also means invoicing Columbia Grain the respective permit access fees ended in September (~ \$25K per month)*.]
- Personnel services are \$1.2M under budget due to vacancies and a reduction in electricians and security officers after the departure of carriers at T-6.
- Longshore labor expenses are \$917K under budget due to reefer work transitioning to Port IBEW electricians in November and fewer crane mechanic hours at T-6.
- Travel and management expenses are \$349K under budget.
- Allocated support was adjusted again in June because support services departments are under budget on expenses. Marine's share of overhead is now \$522K under budget.
- Equipment rental, repair and fuel expenses are \$170K under budget.
- Materials & supplies expenses are \$740K over budget primarily due to T-6 crane repairs and the transition to Harbor Industrial as the new crane services provider. ICTSI reimburses the Port for a portion of these expenses.

Business Line Summaries

Autos – Autos are 9% better than forecast and only 2% lower than last year. Ford export volumes continue to be strong, helping offset the decrease in Hondas after the Fit model production moved to Mexico. The Fit was previously imported from Japan through T-6.

Breakbulk – T-2 volumes are 13% lower than last year due to a decrease in steel rail. Volumes are 61% better than forecast primarily because the Port anticipated the decrease in steel rail would be more significant.

Containers – TEUs are down 47% from the forecast and 41% from last year due to the departure of Hanjin and Hapag-Lloyd amid labor issues at T-6.

Grain Bulk – With no activity in May or June, volumes are down 16% from what was forecast and 21% from last year. Last year was a record year for grain shipments, and most buyers still have adequate supply, which drives down demand. Also, a very strong dollar means it is cheaper to purchase grain from other countries like Canada or Australia.

Mineral Bulk – Overall, volumes are 9% higher than forecast and 6% better than last year. Potash is driving the positive variance; soda ash lags slightly behind the forecast and last year.

GENERAL FUND FINANCIAL REPORT June 2015

INDUSTRIAL DEVELOPMENT	Curre	ent Year-to-I	Date	Annual	Year-to-Date Actual Amounts		
(Includes Land Use Planning)	Adopted Budget	Actual Amounts	Variance	Adopted Budget	Current Year	Prior Year	Variance
Operating Revenues	\$3.5	\$3.5	\$0.0	\$3.5	\$3.5	\$3.4	\$0.1
Land Sales	6.2	0.0	(6.2)	6.2	0.0	1.4	(1.4)
Operating Expenses	7.9	6.0	(1.9)	7.9	6.0	6.6	(0.6)
Cost of Property Sold	3.8	0.0	(3.8)	3.8	0.0	0.6	(0.6)
OIBD (Op Income Before Depreciation)	(\$2.0)	(\$2.5)	(\$0.5)	(\$2.0)	(\$2.5)	(\$2.4)	(\$0.1)
Depreciation	0.8	0.8	0.0	0.8	0.8	0.7	0.1
OPERATING INCOME/(LOSS)	(\$2.8)	(\$3.3)	(\$0.5)	(\$2.8)	(\$3.3)	(\$3.1)	(\$0.2)

NAVIGATION	Curre	Current Year-to-Date		Annual	Year-to-Date Actual Amounts		
VOLUMES	Adopted Budget	Actual Amounts	Variance	Adopted Budget	Current Year	Prior Year	Variance
Dredging Days	132	141	6.8%	132	141	78	80.8%
Cubic Yards Dredged		3,195,637			3,195,637	2,038,249	56.8%
Operating Revenues	\$14.4	\$18.3	\$3.9	\$14.4	\$18.3	\$12.3	\$6.0
Operating Expenses	12.3	16.0	3.7	12.3	16.0	11.3	4.7
OIBD (Op Income Before Depreciation)	\$2.1	\$2.3	\$0.2	\$2.1	\$2.3	\$1.0	\$1.3
Depreciation	2.9	2.0	(0.9)	2.9	2.0	1.6	0.4
OPERATING INCOME/(LOSS)	(\$0.8)	\$0.3	\$1.1	(\$0.8)	\$0.3	(\$0.6)	\$0.9

Note: Totals may not add due to rounding.

COMMENTS:

Industrial Development

Operating revenues are in line with the Adopted Budget. Operating expenses are almost \$1.9M under budget, with the largest variances listed below. Land sale proceeds and cost of property sold are under budget \$6.2M and \$3.8M, respectively, due to timing. Gresham Vista Lot 4, budgeted in June 2015, wasn't finalized until the beginning of FY 2015-16. The sale of TRIP Lot 1 has also been pushed back to FY 2015-16.

- Contracts, Professional & Consulting Services are \$540K under budget due to the timing of industrial land readiness studies, future
 phases of TRIP development, and invasive species monitoring and other environmental expenses.
- · Personnel services are \$347K under budget due to position vacancies.
- Allocated support was adjusted again in June because support services departments are under budget on expenses. Industrial Development's share of overhead is now \$377K under budget.
- Interdepartmental charges are \$338K under budget primarily due to lower than anticipated services received from Engineering.
- Travel and management expenses (primarily for conferences) are \$62K under budget.
- Other expenses are \$122K under budget primarily due to the timing of the Port's share of matching funds for the Columbia / MLK intersection project.

Navigation

The crew dredged 9 more days than forecast and 63 more days than last year. Total operating expenses before depreciation are almost \$3.7M over budget, with the largest variances listed below.

- Personnel services are \$1.8M over budget due to site prep in March and April, the longer than anticipated dredging season, and significant down time required for pump and engine repairs. To make up for the down time, the department had to rely on overtime, which makes up 34% of the personnel variance.
- Materials & supplies are \$841K over budget due to the longer season and materials needed for repairs.
- · Contract, Professional & Consulting Services are \$331K over budget primarily due to higher than anticipated towing expenses.
- Allocated support was adjusted again in June; Navigation's share of overhead is \$332K higher than budget due to the division's higher operating expenses.
- Equipment rental, repairs & fuel are \$59K over budget. Fuel is \$356K under budget due to improved efficiency after the repower, but
 other costs offset these savings. Equipment rental expenses are \$188K over budget due to the longer season and site prep work in
 March and April. Repair expenses are \$229K over budget due to problems with the engine and pump.

		APPROVAL LIMITS	(Administrative Policy 7.2	3)	
BUDGET APPROVAL	Арр Арр	expenditures require manager roval by managers in an amor roval by Directors roval by Executive Director		\$ 0-\$25,000 \$25,001-\$250,000 \$250,001+	
CONTRACTING APPROVAL	Dire Buy Mar	tracting authority is limited ctors ers nager of Contracts & Procur cutive Director		Up to \$ 10,000 Up to \$ 50,000 Up to \$ 250,000* Up to \$ 500,000 *And any amount approved by	Commission
	I	Monthly Report for Jul	y 2015 (June Activity)		
		<u>New Pur</u>	<u>chases</u>		
Title	Requestor Department	Vendor Name		P.O. Amount	
Obtain towing services for the Dredge Oregon and related vessels.	Navigation	Shaver Transportation Company		\$62,445	
Purchase software support for new telephone equipment for the PDX Communications Center.	Public Safety & Security	CenturyLink, Inc.		\$65,973	
Obtain construction services for improvements to the PDX Central Utility Plant emergency fuel system.	Engineering Project Development	Quality Plus Services, Inc.		\$72,794	
Purchase data storage upgrades for the Port headquarters facility.	Information Technology	Lenovo, Inc.		\$76,776	
Purchase desktop computer equipment.	Information Technology	Dell Marketing LP		\$91,907	
Obtain labor negotiation consulting services.	Human Resources	Human Resources Consulting LLC		\$100,000	
Purchase construction permits for the PDX Grease Separation Project.	Engineering	City of Portland		\$103,233	

Obtain wall graphics for the Federal Inspection Station at PDX.	Engineering Project Development	Columbia Cascade			\$125,580		
		Construction, Inc.					
Purchase 150 flight information monitors for PDX.	Information Technology	Staples Technology Solutions			\$191,294		
Purchase telephone equipment for the PDX Communications Center.	Public Safety & Security	Centurylink, Inc.			\$197,225		
Obtain design, fabricating and installation of a cab replacement for Crane 6375 at Terminal 6.	Engineering Design Services	Harbor Industrial Services Corp			\$198,000		
Obtain construction services for a tenant utility metering system.	Engineering Project Development	Johnson Controls, Inc.			\$208,986		
Obtain maintenance dredging services for Terminal 2 and Terminal 4.	Engineering Project Development	Hickey Marine Enterprises, Inc.			\$215,679		
Obtain service capacity upgrade of electrical circuits feeding PDX.	Engineering Design Services	Pacific Power			\$234,855		
Purchase a 2016 Western Star runway deicer truck.	PDX Maintenance	Wausau Equipment Company Inc			\$292,329		
Obtain pre-construction services for the PDX Terminal Balancing Concourse E Extension Project.	Engineering Project Development	Skanska USA Building, Inc.			\$489,000		
Obtain construction services for the PDX Concourse C Skylight Rehabilitation Phase 3 Project.	Engineering Project Development	GS Contracting, Inc.			\$548,000		
	Change O	rders and Amene	dments to Proje	ct-Specific Cor	<u>itracts</u>		
Contracts in	n this category are init	ially awarded with a	specific work scor		d not-to-exceed pro	ject total.	
Title	Requestor Department	Vendor Name	Original Amount	Previous Changes to Contract	Current Change to Contract	New Contract Total	
Change order No. 8 to purchase additional industrial supplies for dredge operations.	Navigation	Grainger	\$45,000	\$293,000	\$74,000	\$412,000	
Amendment No. 11 to obtain additional assistance with trade development and marketing.	Commercial Development Administration	CMS Consulting Services LLC	\$80,000	\$559,000	\$75,000	\$714,000	

Administrative action to add funds for the purchase of renewable energy credits for an additional year.	Services	Nextera Energy Power Marketing LLC	\$64,969	\$291,281	\$86,250	\$442,500	
Amendment No. 4 to obtain additional energy efficiency audit services.	Engineering Design Services	Johnson Controls, Inc. (Software)	\$109,268	\$42,336	\$86,578	\$238,182	
Administrative action to add funds to obtain continued insurance brokerage and risk management consulting services.	Risk Management	Marsh USA, Inc.	\$125,000	\$351,500	\$105,000	\$581,500	

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 No. 705 to obtain repair services for the groundwater treatment system at the Troutdale Reynolds Industrial Park.	Environmental	Apex Companies LLC	\$50,549			\$50,549	\$1,546,519
Task order against contract No. 706 to obtain water quality monitoring at Terminal 2 and Terminal 4.	Environmental	Hart Crowser, Inc.	\$51,386			\$51,386	\$1,042,503
Task order against contract No. 827 to obtain survey support for the PDX General Aviation West Redevelopment Phase 1 Project.	Engineering Project Development	Otak, Inc.	\$56,445			\$56,445	\$365,303
Task order against contract No. 831 to obtain hydrographic survey services for dredge operations.	Engineering Design Services	David Evans & Associates, Inc. (Vanc)	\$86,608			\$86,608	\$510,577
Task order against contract #706 to obtain water quality monitoring for the Dredge <i>Oregon</i> .	Environmental	Hart Crowser, Inc.	\$99,956			\$99,956	\$1,042,503
Amendment No. 1 to task order against contract No. 850 to obtain additional security officer services for PDX concessions tenant construction escorts.	Airport Properties	HSS, Inc.	\$22,500		\$107,280	\$129,780	\$2,870,495

Task order against contract No. 660 to purchase low-sulfur diesel fuel for the Dredge <i>Oregon</i> .	Navigation	Rainier Petroleum Corporation	\$115,763	\$115,763	\$4,862,401
Task order against contract No. 727 to obtain on-call hazardous waste management services at various Port facilities.	Environmental	Amec Foster Wheeler	\$121,888	\$121,888	\$441,338
Task order against contract No. 769 to obtain design services for utility infrastructure at Gresham Vista Business Park.	Engineering Project Development	David Evans & Associates, Inc, (Portland)	\$135,931	\$135,931	\$425,454
Task order against contract No. 589 to obtain an updated economic impact analysis.	Research & Strategic Analysis	Martin Associates	\$188,000	\$188,000	\$356,333
Task order against contract No. 745 to purchase 17 new common-use self-serve passenger check-in kiosks for PDX.	Information Technology	ARINC Incorporated	\$381,503	\$381,503	\$1,464,581