



EXECUTIVE DIRECTOR'S REPORT
TO THE
PORT OF PORTLAND COMMISSION
FOR APRIL 2018

SAFETY REPORT

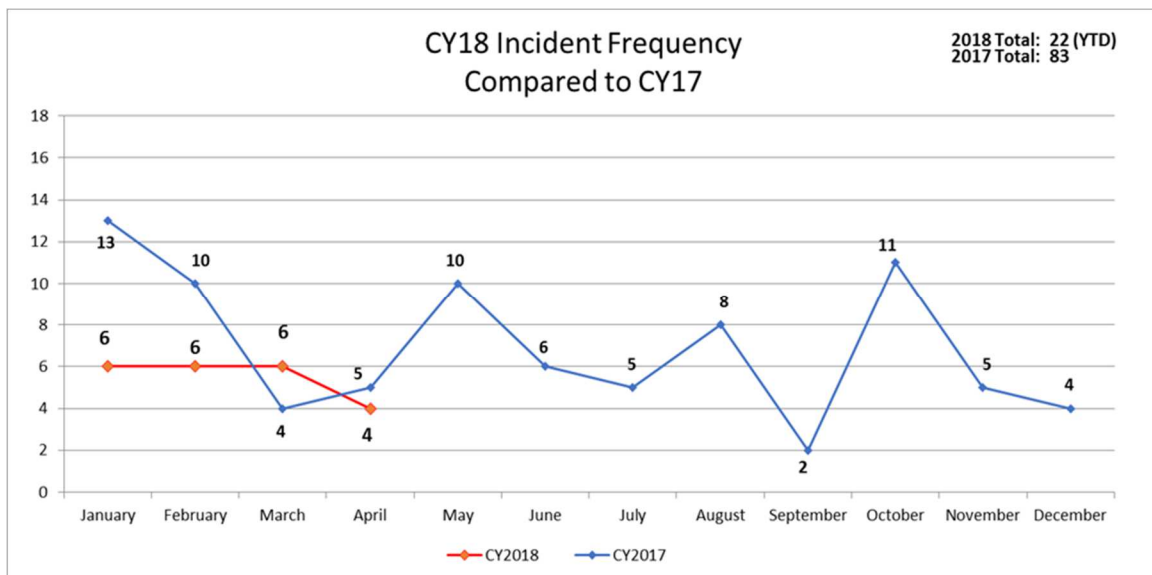
Port of Portland April 2018 safety performance resulted in a similar frequency of incidents and claims compared to April 2017. There were five total reported incidents in April 2018, none of which was an OSHA recordable incident nor resulted in a claim. One incident was reported late (incident occurred in March 2018), so the frequency of incidents in March 2018 has been modified to reflect that.

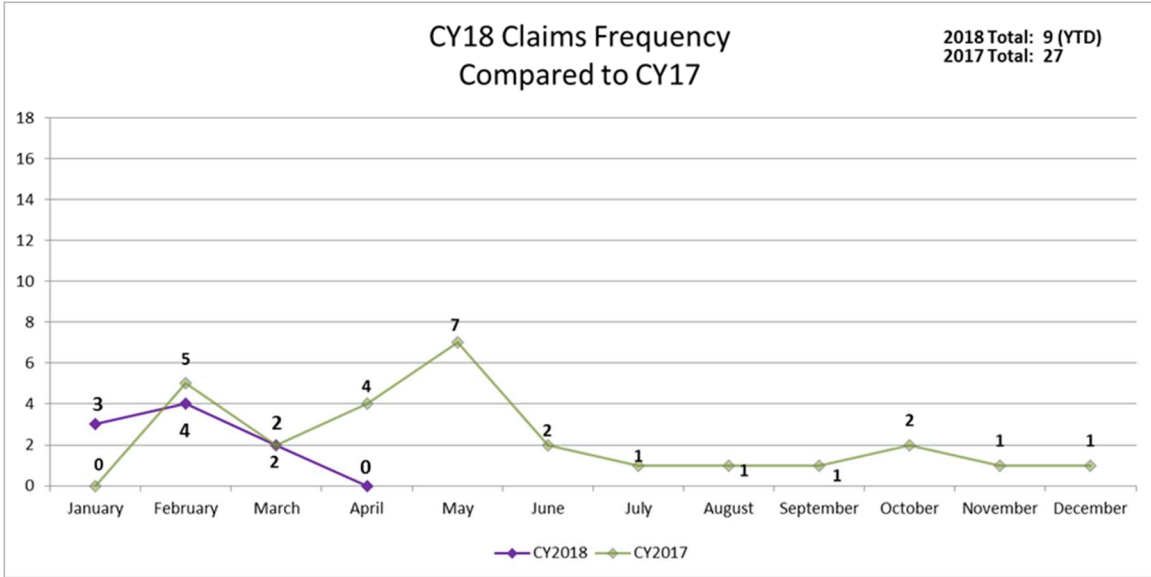
Monthly Report of Injury Incidents

Aviation

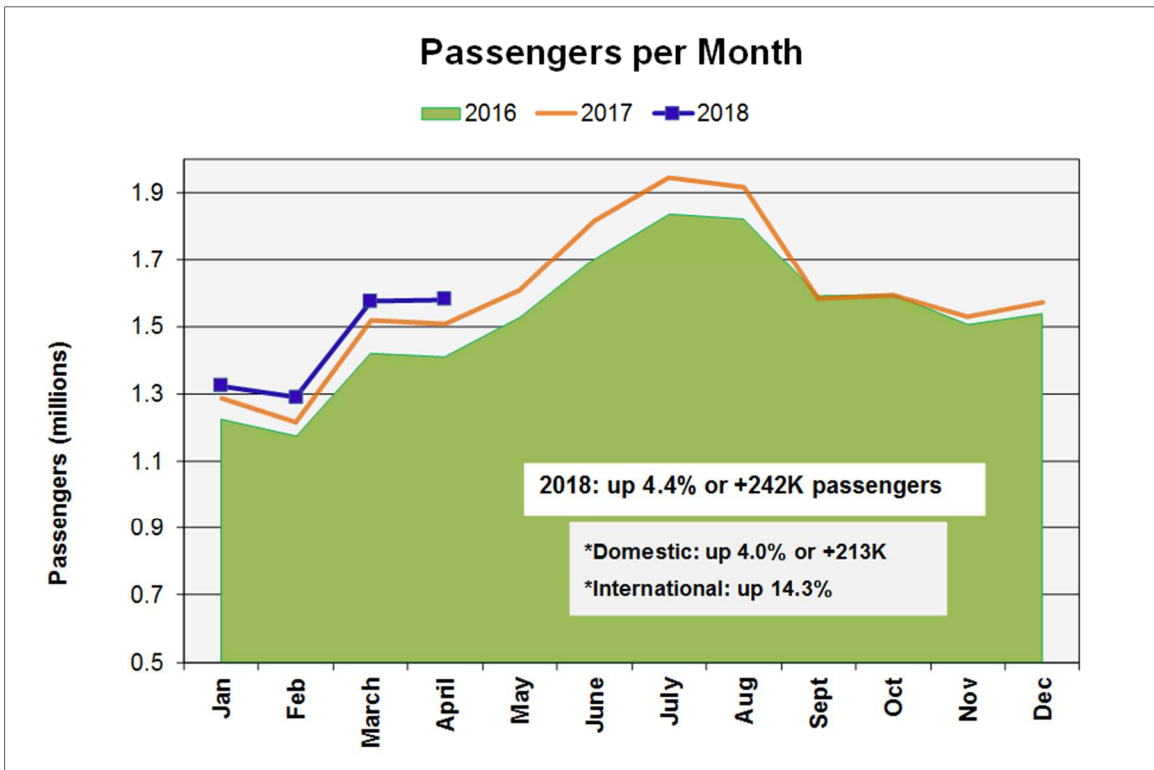
Four non-recordable incidents:

- Parking Control Representative did not see a curb while walking on the lower roadway and fell, causing contusions to multiple body parts (occurred in March, reported in April).
- Maintenance worker ducked under some stairs and stood up too soon, scratching upper back on conduit clamps.
- Maintenance worker tried to jump over jersey barrier and struck right knee, resulting in a contusion.
- Maintenance worker was applying herbicide when the backpack sprayer leaked herbicide onto worker's back and lower leg.





AVIATION REPORT



Expanded and changing services at PDX that have been announced in the past month include:

Date	Airline	Destination	Frequency
08/07/18	Southwest	Los Angeles, CA	Adding third frequency
08/25/18	Alaska	Bellingham, WA	Exiting market
08/25/18	Alaska	Pasco, WA	Exiting market

The Virgin America brand retired on April 24 and has been fully integrated into the Alaska Air Group with all flights moving from the north side of the airport to the south.

	Month/Month % change	FYTD % change
	April	July-April
Passengers	4.8%	3.1%
Concessions Revenue	8.0%	8.5%
Rental Car Revenue	1.7%	2.2%
Parking Revenue	2.6%	0.5%

Passengers

Portland International Airport passengers increased 4.8 percent in April 2018, compared to April 2017. Seat capacity expanded 10.7 percent, with the load factor falling 4.6 points to 80.2.

Concessions Revenue

Combined concessions operations reported an 8.0 percent, or \$107,000, rent increase on the month. The April rent increase is attributed predominantly to the specialty-retail and casual-dining categories, which increased 14.9 percent and 13.7 percent, respectively, compared to April 2017.

Rental Car Revenue

Rental car operations reflect a 2.2 percent, or \$394,000, rent increase year-to-date over last year, against a year-to-date enplanement increase of 3.0 percent through April. Much of this increase is due to the substantial August performance reflective of rentals associated with the solar eclipse.

Parking Revenue by Lot

Public parking revenue increased 3.0 percent compared to April 2017. Year-to-date, public parking revenue is \$51,970,867, a 0.5 percent increase compared to the same period in 2017.

Parking transactions increased 2.1 percent to 170,724 compared to April 2017. Year-to-date, transactions have decreased 0.7 percent.

Product	Revenue	Variance	YTD Variance
Short-Term	\$1,586,540	3.0%	-1.0%
Long-Term	\$1,803,982	0.1%	-1.0%
Economy	\$2,067,317	4.0%	2.0%
Valet	\$159,395	10.0%	14.0%
Total	\$5,617,234	3.0%	0.5%

Ground Transportation

Overall ground transportation revenue increased 18.3 percent to \$463,842 in April 2018, compared to \$392,040 in April 2017. Fiscal year-to-date revenue is \$4,418,996.

Transportation Network Company (TNC) revenue for April 2018 was \$323,820, a 1.8 percent decrease from March 2018 due to spring break travel.

	Taxi Trips	TNC Pick-ups	Charter Bus	Reservation-Only Trips	Fixed Route	Courtesy	Total	Minus TNC
March 2017	22,184	55,201	140	8,906	2,400	28,490	117,321	62,120
March 2018	17,574	78,214	112	8,123	1,409	27,091	132,523	54,309
	-20.8%	41.7%	-20%	-8.8%	-41.3%	-4.9%	13.0%	-12.6%

CAPITAL GRANTS

Portland International Airport

Staff submitted a reimbursement request to the Transportation Security Administration (TSA) for the Law Enforcement Officer (LEO) program in the amount of \$12,400, covering the March 2018 work period (Agreement No. HSTS0213HSLR647).

Staff submitted a reimbursement request to TriMet for the LEO program in the amount of \$11,988, covering the March 2018 work period (Agreement No. GS150820LG).

Staff submitted a reimbursement request to the Federal Bureau of Investigation for the PDX Regional Drug Organized Crime Task Force program in the amount of \$1,281, covering the March 2018 work period (Agreement No. 281C-PD-C2079840).

Staff submitted a reimbursement request to TSA for the National Explosives Detection Canine Team program in the amount of \$49,031, covering the March 2018 work period (Agreement No. HSTS0216HNCP464).

Hillsboro Airport (HIO)

Staff submitted a reimbursement request to the Federal Aviation Administration for the Airport Improvement Program – HIO Airport Master Plan Improvement project in the amount of \$237,795 (Agreement No. 03-41-0025-026).

Properties

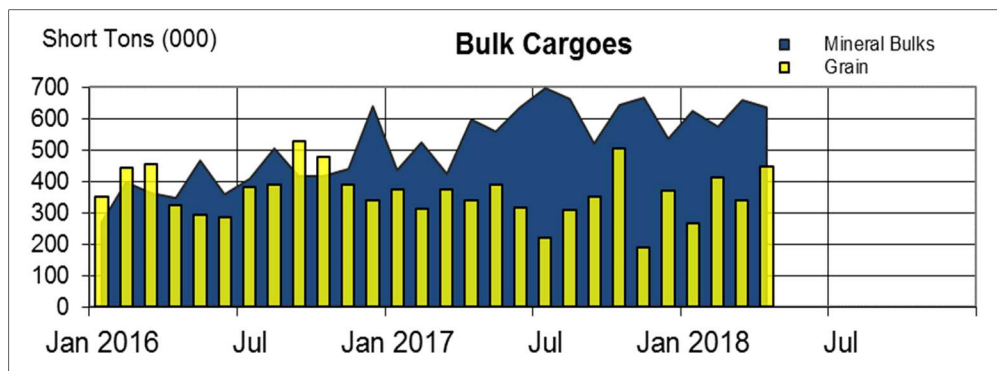
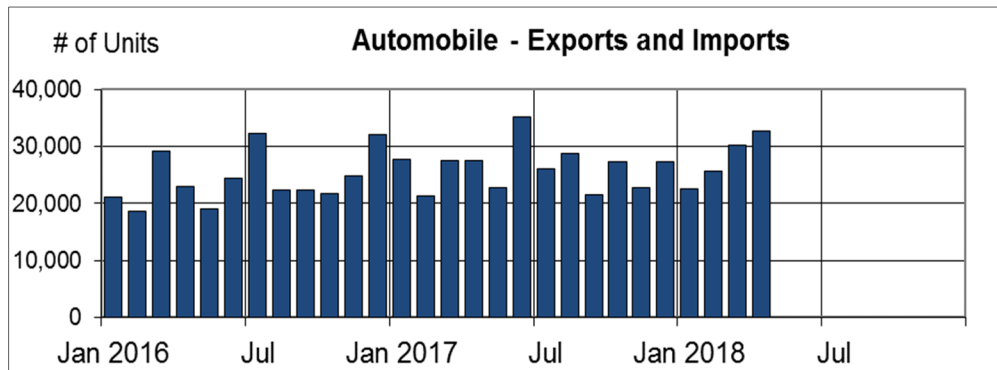
Staff submitted a reimbursement request to the Oregon Department of Transportation for the Graham/Swigert Rd Jobs and Transportation Act program in the amount of \$28,672, for the March 2018 work period (Agreement No. 28368).

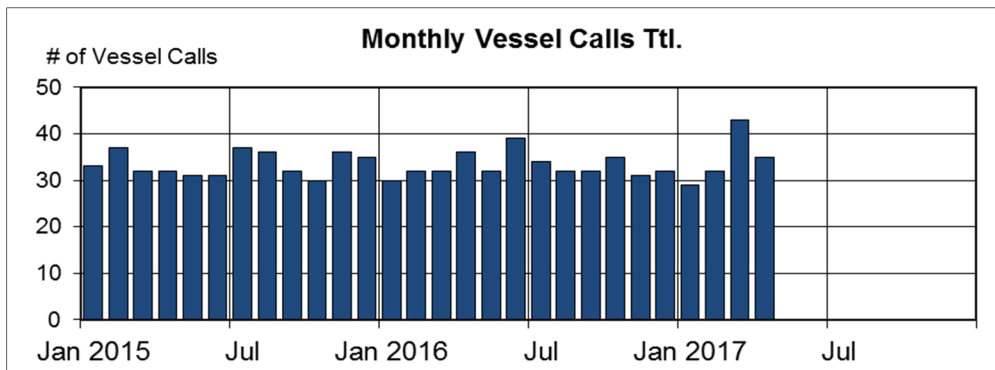
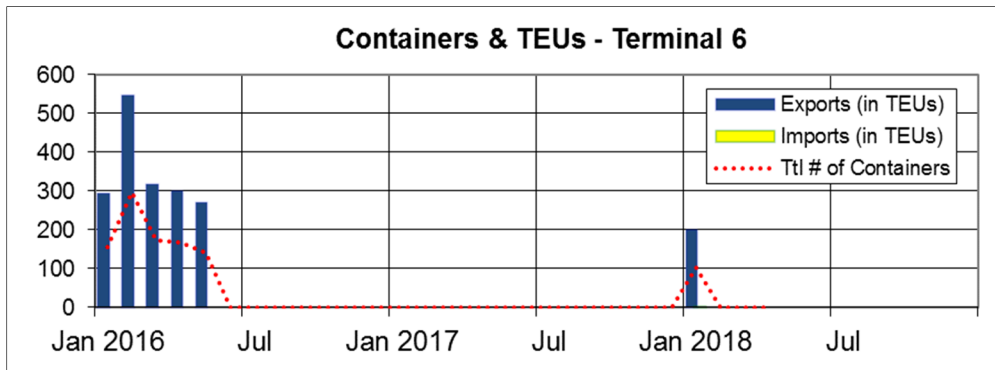
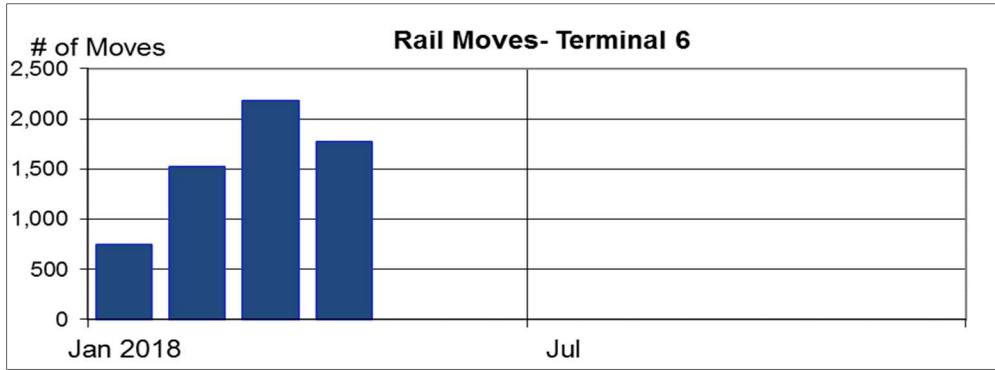
Staff submitted a reimbursement request to the City of Troutdale for the Graham/Swigert Rd Intergovernmental Agreement in the amount of \$550,000. This is the final draw on this grant, and the grant has been closed (Agreement No. 2014-102).

MARINE & INDUSTRIAL DEVELOPMENT REPORT

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

	<u>April 2018</u>	<u>Fiscal Year-to-Date</u>
Total Tonnage	16.0%	10.5%
Containers (TEU)	--	--
Railyard Containers	--	--
Breakbulk	--	-85.7%
Autos	18.9%	2.0%
Mineral Bulk	6.6%	29.2%
Grain	31.2%	-12.4%





PROJECT COMPLETION REPORT

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

Berth Rehabilitation and Site Improvements – Terminal 4 and Terminal 6

Approved by Port Commission	June 14, 2017
Contract Award Amount	\$2,285,790.00
Authorized Contract Amendments	\$(2,400.00)
Authorized Change Order Lines	\$69,803.25
Contract Overruns	\$101,090.00
Quantity Underruns	\$(262,619.50)
Final Contract Amount	\$2,191,663.75

REAL ESTATE TRANSACTIONS EXECUTED PURSUANT TO DELEGATED AUTHORITY

Atlantic Aviation Oregon FBO, Inc. – Fourth Amendment to Ground Lease and Fixed Base Operator Agreement

Location: PDX

Term: Effective February 28, 2018

Use: Amendment No. 4: This amendment terminates Parcel B from the premises and removes all Fixed Base Operator terms.

Todd Investment Company DBA Dollar Rent-A-Car – Fifth Amendment to Rental Car Concession Lease and Operating Agreement

Location: PDX

Term: Effective April 23, 2018

Use: Amendment No. 5: This amendment replaces the exhibit describing the new Quick Turn Around facility (QTA) and amends the rent table.

The Hertz Corporation – Fifth Amendment to Rental Car Concession Lease and Operating Agreement

Location: PDX

Term: Effective April 26, 2018

Use: Amendment No. 5: This amendment replaces the exhibit describing the new QTA and amends the rent table.

Lwin Family, LLC, DBA Hissho Sushi – Second Amendment to Food and Beverage Concession Lease

Location: PDX

Term: Effective April 26, 2018

Use: Amendment No. 2: This amendment modifies the name and state of organization for Lwin and updates ACDBE status.

State of Oregon Department of State Lands – First Amendment to Declaration of Restrictive Covenant

Location: Troutdale Reynolds Industrial Park (TRIP)

Term: Effective April 19, 2018

Use: Amendment No. 1: This amendment enforces 10 foot vegetated buffer areas on the boundaries of TRIP Lots 10 and 11 and the future development lot as required by the Port's Department of State Lands and U.S. Army Corps of Engineers wetlands mitigation permits.

FedEx Ground Package System, Inc. – Second Amendment to Option Agreement

Location: TRIP

Term: Effective April 18, 2018

Use: Amendment No. 2: This amendment extends the term 30 days to May 17, 2018.

R.L.K. and Company DBA Timberline Lodge – Second Amendment to Retail Concession Lease

Location: PDX

Term: Effective April 23, 2018

Use: Amendment No. 2: This amendment replaces the exhibit for the premises.

Airport Terminal Services, Inc. – First Amendment to Month to Month Lease of Improved Space

Location: PDX

Term: Effective April 11, 2018

Use: Amendment No. 1: This amendment memorializes the relocation of the premises and adjusts rent accordingly.

City of Portland – First Amendment to Water Facility Easement

Location: PDX

Term: Effective April 02, 2018

Use: Amendment No. 1: This amendment replaces the legal description and depiction of the easement area to correctly show the location of the constructed water facilities.

Envi Adventures, LLC – Permit and Right of Entry

Location: Troutdale Airport (TTD)

Term: April 01, 2018 to March 31, 2019

Use: This permit allows access to Port property to conduct sightseeing flight activities.

James B. Grant – Permit and Right of Entry

Location: TTD

Term: April 01, 2018 to October 31, 2018

Use: This permit allows access to an area owned by the Port for the purpose of providing sightseeing flights.

David Buoy – Hangar Rental Agreement

Location: TTD

Term: Effective April 01, 2018

Use: Agreement for the rental of Hangar H8 on a month-to-month basis.

David Weese – Hangar Rental Agreement

Location: TTD

Term: Effective April 01, 2018

Use: Agreement for the rental of Hangar H7 on a month-to-month basis.

McKean Defense Group, LLC – Permit and Right of Entry

Location: Terminal 2 (T2)

Term: April 14, 2018 to April 25, 2018

Use: This permit allows the use of a portion of the T2 yard and a portion of Warehouse 204 to provide a venue to conduct events related to the commissioning of the Navy vessel USS Portland.

USS Portland Commission Committee – Permit and Right of Entry

Location: T2

Term: April 14, 2018 to April 25, 2018

Use: This permit allows the Committee to use a portion of T2 yard and a portion of Warehouse 204 to provide a venue to conduct events related to the commissioning of the Navy vessel USS Portland.

Landis & Landis Construction, LLC – Permit and Right of Entry

Location: PDX

Term: April 20, 2018 to April 30, 2019

Use: This permit allows Landis to use the property on 33rd and Sunderland for temporary construction staging area for a construction project.

George and Terri Svetich – Aircraft Noise Easement and Noise Disclosure Statement

Location: PDX

Term: Effective April 18, 2018

Use: These documents need Port acknowledgement as required by the Airport Noise Impact Zone, X-Overlay program.

Honeywell International Inc and NewTower Trust Company Multi-Employer Property Trust – License Agreement

Location: PDX

Term: Effective April 30, 2018

Use: Agreement to allow access to the premises to perform well sampling in connection with demolition.

USA-DOE-BPA – Sale of Easement Agreement

Location: TRIP

Term: Effective March 23, 2018

Use: The Port is granting Bonneville Power Administration a transmission line easement over Lot 10, which will allow the Port to close its sale of Lot 10 to CRG. As CRG has the right to buy Lot 10 under a Commission-approved sale, the proceeds for this easement will be transferred to CRG at the Lot 10 sale closing.

Contracts Over \$50,000 Pursuant to Delegated Authority

APPROVAL LIMITS (Administrative Policy 7.2.3)

BUDGET APPROVAL	<p>All expenditures require management approval:</p> Approval by Directors Up to \$ 50,000 Approval by Chief Officers Up to \$250,000 Approval by Executive Director & Deputy Executive Director Unlimited
--------------------	--

CONTRACTING APPROVAL	<p>Contracting authority is limited to the following:</p> 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 May 2018 (April Activity)

New Purchases

Title	Requestor Department	Vendor Name			P.O. Amount	
Purchase replacement flight display monitors.	Information Technology	Insight Public Sector, Inc.			\$56,229	
Purchase hardware and locks for the Replace Key and Lock System project.	Public Safety & Security	Chown, Inc.			\$313,740	
Purchase network firewall hardware and software.	Information Technology	Convergeone, Inc.			\$366,394	
Obtain construction services for the Terminal 5 Berth 503 Rehabilitation project.	Engineering Project Development	Ballard Marine Construction LLC			\$667,750	

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
Administrative action to obtain additional Avaya phone system support.	Information Technology	Avaya, Inc.	\$99,240	\$119,140	\$106,009	\$324,389

Administrative action to obtain additional Airfield Operations System licenses.	Information Technology	Veoci	\$49,200	\$58,700	\$170,650	\$278,550	
---	------------------------	-------	----------	----------	-----------	-----------	--

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 #1117 to obtain stormwater consulting services.	General Aviation	Gresham Smith and Partners	\$89,236			\$89,236	\$296,509
Task order against contract #976 to obtain construction services for post-security development on Concourse C.	Engineering Project Development	Viking Engineering & Construction	\$93,319			\$93,319	\$1,861,064
Task order against contract #952 to obtain operation of a dewatering treatment system for the PDX Terminal Balancing project.	General Aviation	Terra Hydr, Inc.	\$249,885			\$249,885	\$1,455,188
Task order against contract #1108 to obtain inspection and testing services for the Terminal Balancing Concourse E Extension project.	Engineering Project Development	Mayes Testing Engineers, Inc.	\$448,150			\$448,150	\$698,150

General Fund

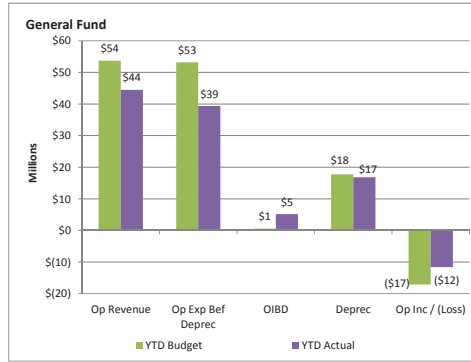
The General Fund includes the operating divisions listed below.

- Marine
- Industrial Development
- Navigation
- General Aviation
- Other Environmental

It also includes the following support services divisions.

- Administration & Equity (Equity, Human Resources, IT and Administrative Services)
- Executive Admin
- Financial, Audit & Risk Services
- Legal
- Project Delivery and Safety (Engineering, Project Portfolio Office and Safety)
- Public Affairs

YTD operating income before depreciation is \$5.1M. Operating revenues are \$9.2M less than budget primarily due to timing of land sales. Excluding land sales, operating revenues are \$4.7M higher than the budget of \$37.2M. Operating expenses before depreciation are \$13.8M less than budget due to timing of land sales. Excluding cost of property sold, operating expenses before depreciation are \$5.1M less than the budget of \$43.3M. Operating financial results are detailed below.



Marine

Marine Volumes:

Autos – Volumes are 3% lower than forecast. Honda imports are down 35% due to a manufacturing shift from Japan to Mexico. AWC volumes are down 12% due to more inventory control of Hyundai imports and a leveling-off of Ford exports due to lower sales in China. Toyota remains the bright spot with volumes up 18%.

Breakbulk – At 1,177 tons, the Swire ship calls make up the only breakbulk activity YTD.

Containers – No boxes were loaded or discharged onto Swire vessels in April; YTD volumes total 102 boxes (202 TEUs). No additional container service is expected until the end of May.

Railway Shuttle – BNSF has delivered 6,486 containers to/from the railyard since the operation began in January. BNSF added another customer, so rail moves are expected to increase in the coming months.

Grain Bulk – Tonnage is 16% higher than forecast.

Mineral Bulk – Tonnage is up 47%. Canpotex is routing more potash through T-5 to test the new shiploader and conveyor (70% > forecast). Soda ash is up due to increased market demand overseas (32% > forecast).

Marine Volumes*	Current Year-to-Date			Annual Adopted Budget
	Adopted Budget	Actual Amounts	Variance	
Autos (Units)	272,498	265,123	(2.7%)	327,000
Breakbulk	32,727	1,177	(96.4%)	40,000
Containers (TEUs)	-	202	-	-
Rail Shuttle (Lifts)	-	6,486	-	-
Grain Bulk	2,939,467	3,410,848	16.0%	3,527,360
Mineral Bulk	4,313,667	6,330,329	46.8%	4,953,736

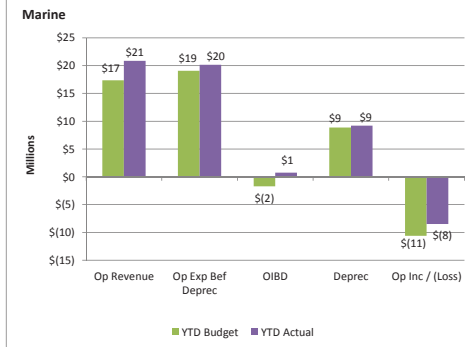
* Volumes in short tons unless otherwise noted.

Marine Operating Results:

Operating revenues are \$3.5M greater than budget due to higher mineral bulk volumes (\$2.0M > budget), South Rivergate rail access fees (\$658K > budget), and new revenues from BNSF, Swire, and APS Stevedoring activity at T-6 (\$1.6M > budget). These gains are partially offset by lower revenues at T-2 which has seen no breakbulk activity yet this fiscal year (\$260K < budget) and lower auto revenues due to the drop in AWC and Honda volumes and vessel calls (\$418K < budget).

Operating expenses before depreciation are \$1.0M higher than budget, with the largest variances listed below:

- Longshore Labor is \$1.3M > budget due to the new BNSF, Swire and APS Stevedoring operations at T-6.
- Contract, Professional, and Consulting Services are \$364K > budget due to higher than anticipated T-4 berth dredging expenses from landfill disposal (\$377K > budget), emergency dredging required at T-5 for Columbia Grain (\$159K > budget), and expenses associated with the new activity at T-6. This is partially offset by the timing of planning and environmental expenses (\$149K < budget), T-4 rail repairs (\$125K < budget), and a T-2 facility study (\$80K < budget).
- Travel and management expenses are \$229K < budget due to timing of international travel and conferences and lower than anticipated expenses for the overseas offices.
- Personnel Services are \$268K < budget due to position vacancies.



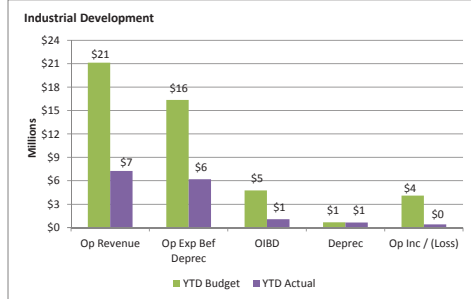
Industrial Development

Excluding land sales, operating revenues are in line with the budget. Including land sales, operating revenues are \$13.9M less than budget due to the timing of the following:

- The sale of TRIP Lot 10 (\$5.3M) closed on May 8 and will be reflected in the May report.
- The TRIP Lot 3 (\$6.4M) sale to FedEx was forecast in December but is now expected to close in the 1st quarter of FY19.
- Swan Island parcel 8 (\$4.9M) was forecast in December, but Daimler is not expected to exercise its option on this property until the 3rd quarter of FY19.
- The sale of Gresham Vista Lot 7 (\$2.3M) closed in February but was not budgeted in FY18.

Excluding cost of property sold, operating expenses before depreciation are \$1.5M lower than budget, with the largest variances listed below:

- Contract, Professional, and Consulting Services are \$687K < budget largely due to timing of industrial land development due diligence (\$180K < budget), land use planning consulting (\$125K < budget), and TRIP wetland and wildlife mitigation (\$142K < budget).
- Allocated Support is \$465K < budget due to lower expenses in the support services divisions.
- Personnel Services are \$157K < budget due to position vacancies.

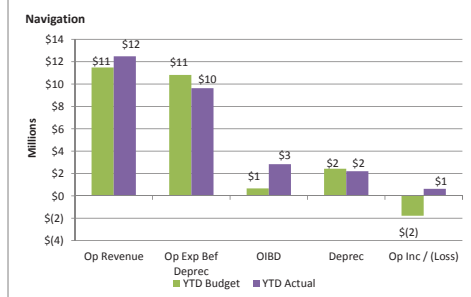


Navigation

Operating revenues are \$1.0M higher than budget due to nine more dredging days than forecast and the reimbursement of capital projects / depreciation from the U.S. Army Corps of Engineers.

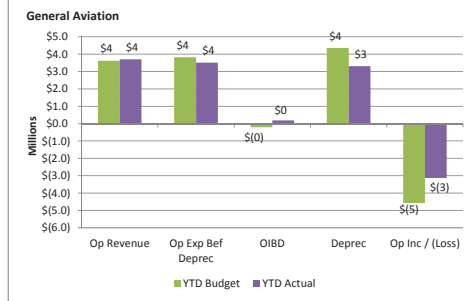
Operating expenses before depreciation are \$1.2M lower than budget. Operating labor is \$1.0M > budget due to higher than forecast dredging days. This is offset by lower materials and supplies expenses (\$490K < budget), a one-time adjustment to move the cumulative cost of small assets paid for outright by the Corps between the balance sheet and income statement (expense credit of \$498K), lower environmental expenses now that water quality monitoring is done in-house (\$238K < budget), and lower insurance expenses primarily due to a \$380K credit for the settlement of a 2011 liability claim (\$627K < budget).

Dredging Volumes	Current Year-to-Date			Annual Adopted Budget
	Budgeted Amounts	Actual Amounts	Variance	
Dredging Days	96	105	9.4%	121
Cubic Yards Dredged		2,259,593		



General Aviation

Operating revenues and expenses are in line with budget. Depreciation is \$1.1M less than budget due to timing of capital project close-out and assets being placed in service.



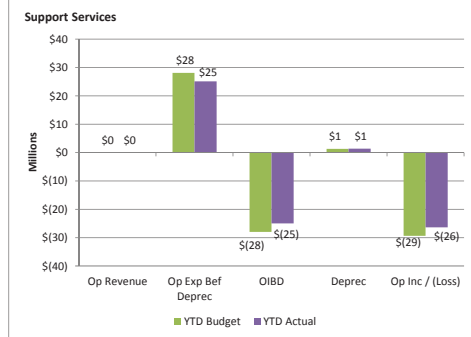
Support Services

The costs for the support services divisions are either direct charged (i.e. Engineering) or allocated to the operating divisions. Support services includes the divisions listed below.

- Administration & Equity (Equity, Human Resources, IT and Administrative Services)
- Executive Admin
- Financial, Audit & Risk Services
- Legal
- Project Delivery and Safety (Engineering, Project Portfolio Office and Safety)
- Public Affairs

Operating expenses before depreciation are \$2.9M under budget, with the largest variances listed below:

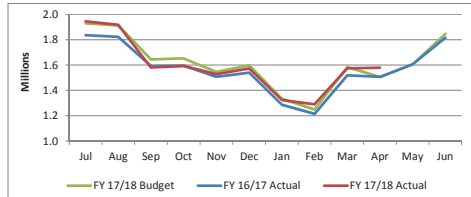
- Contract, Professional, and Consulting Services are \$1.9M < budget due to timing of Administration & Equity expenses related to human resources (\$426 < budget); Project Delivery & Safety expenses related to Navigation safety charged to the Corps of Engineers (\$245K < budget); timing of Public Affairs expenses related to a Port brand refresh, lobbying services, and levee recertification (\$336K < budget); Financial, Audit & Risk Services expenses related to risk management enterprise systems and lower Port financing legal fees (\$254K < budget); and IT expenses for records management (now capital) and GIS services (\$541K < budget).
- Other expenses are \$333K < budget primarily due to timing of software (\$388K < budget).
- Personnel services are \$658K < budget due to position vacancies.



**Portland International Airport
 Activity & Key Metrics**

Passengers are a key driver of revenues and expenses for the airport. Strong demand for air travel results in air carriers increasing seat capacity and adding flights.

PDX has served more than 15.9 million passengers YTD. This exceeds the prior year by 3.1% due to continued economic growth and new flights serving PDX.

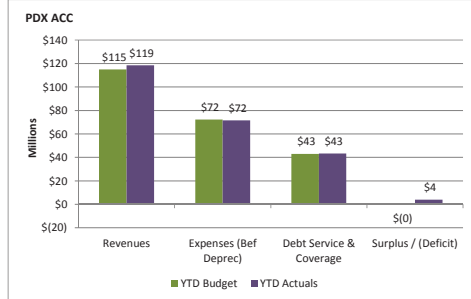


PDX Airline Cost Center (ACC)

ACC revenues are \$3.6M higher than budget due to higher than expected food and beverage and retail concessions (\$1.0M), landing fees (\$985K), common use rentals (\$968K), and terminal rents (\$460K).

ACC expenses are \$653K less than budget, with the largest variances listed below:

- Materials and services are \$443K < budget:
 - Direct costs are down due to lower than anticipated expenses for terminal studies and airfield seismic studies (down \$546K), airfield environmental compliance (down \$268K), and grease collection and disposal for concessionaires (down \$192K). This is largely offset by deicing material expenses for the December and February snowstorms (up \$657K), commercial paper program fees (up \$534K), and higher Customs and Border Protection and third party security costs (up \$249K).
 - Indirect costs contributing to the variance include timing of air service development marketing support (down \$321K), travel and management expenses (down \$362K), long range planning and properties consulting expenses (down \$161K), and lower workers' compensation claims (down \$158K).
- Interdepartmental transfers and allocated expenses are \$54K > budget due to fewer hours being charged to capital projects (up \$431K). This is partially offset by lower allocated support expenses (down \$377K).



PDX Port Cost Center (PCC)

PCC income is \$39.8M (\$3.5M > budget). Revenues are \$1.1M better than budget due to higher than expected transportation network company trips (Uber, Lyft). In addition, land lease and rent revenues associated with SW Development, Air Trans Center, PDX GA, and PIC are higher than budget (up \$475K). This is partially offset by lower than expected parking revenues (down \$1.3M) due to facility utilization (long-term garage full Tues - Thurs) and some travelers utilizing TNCs.

PCC expenses are \$2.2M less than budget, with the largest variances listed below:

- Personnel services are \$130K < budget due to position vacancies.
- Materials and services are \$1.3M < budget:
 - Direct costs are down due to timing of environmental expenses (down \$113K), parking credit card fees (down \$235K), parking and roadway management fees (down \$225K; benefits rate for Standard Parking Plus employees lower than expected), and stormwater expenses (down \$134K).
 - Indirect costs contributing to the variance include timing of air service development marketing support costs (down \$214K) and long range planning and properties consulting expenses (down \$107K).
- Interdepartmental transfers and allocated expenses are \$718K < budget due to lower allocated support expenses (down \$804K). This is partially offset by fewer hours being charged to capital projects (up \$86K).

