



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

SAFETY REPORT

Port of Portland July 2018 safety performance resulted in a similar frequency of injuries and claims compared to July 2017. There were five total reported injuries in July 2018, one of which resulted in both a claim and an Occupational Safety and Health Administration recordable case.

Monthly Report of Injury Incidents

Navigation

One recordable injury incident:

- Worker's finger was pinched while making a pipe joint connection, resulting in a fracture and laceration to right ring finger.

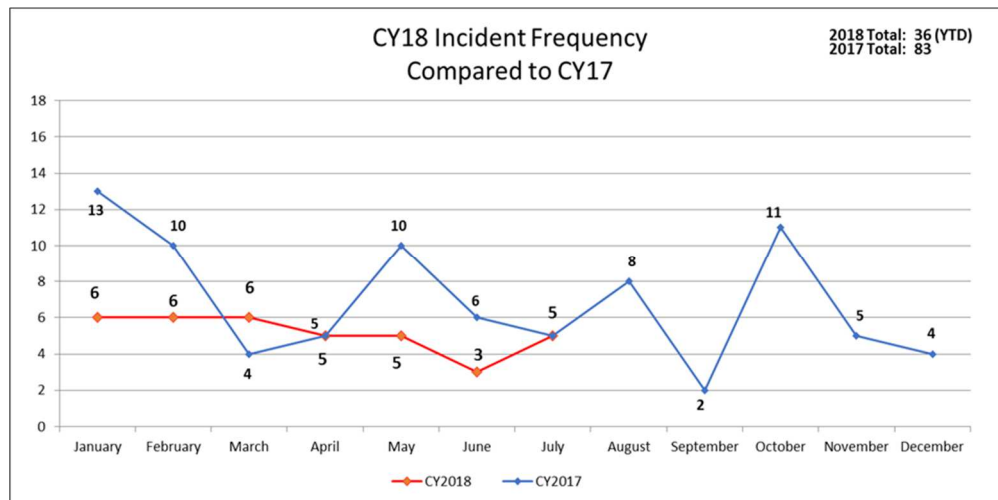
One non-recordable injury incident:

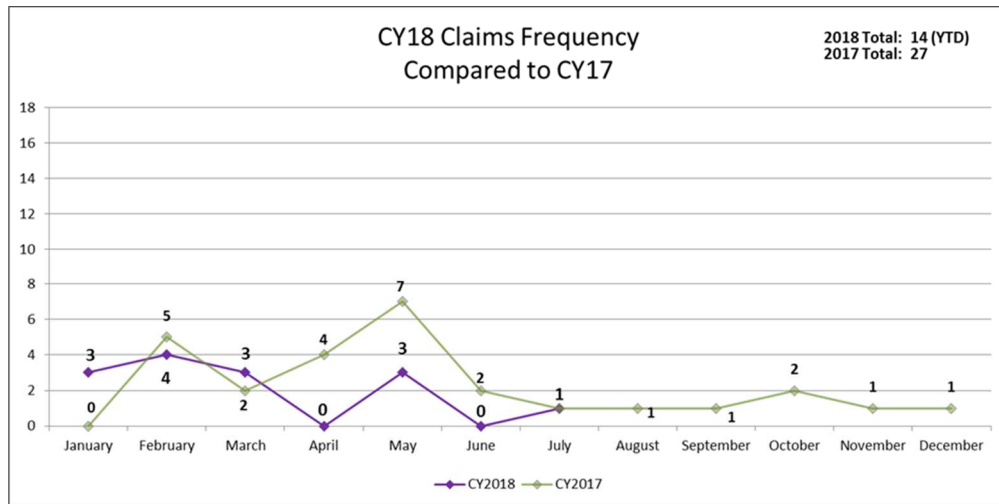
- Worker was removing the catch anchor wire eye from a cleat when a bent cable strand punctured his left thumb.

Public Safety & Security

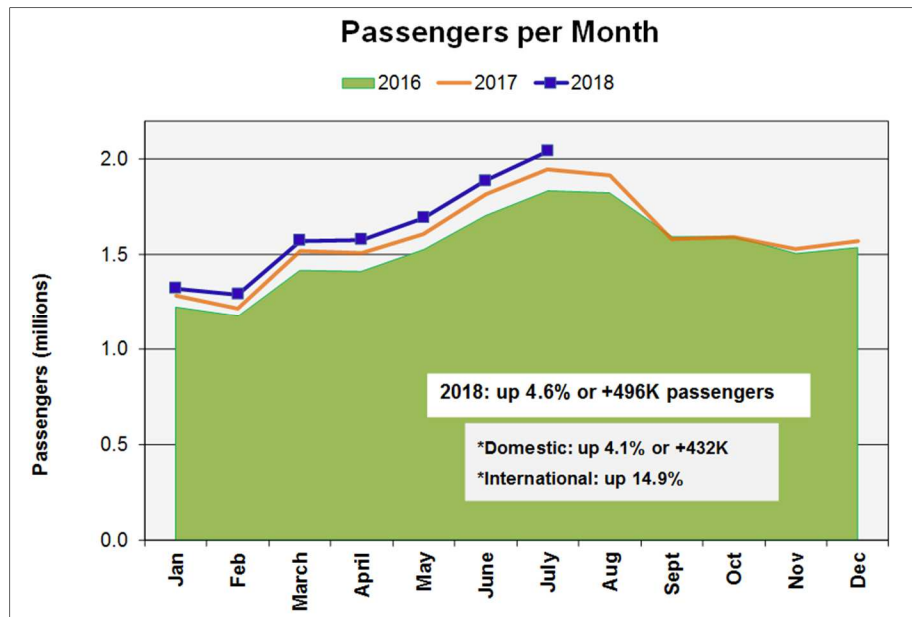
Two non-recordable injury incidents:

- Firefighter landed awkwardly and fell during physical training, spraining left ankle and bruising right elbow.
- Police Officer strained right shoulder and upper arm while escorting an uncooperative suspect to the police department.





AVIATION REPORT



	Month/Month % change
	July 2018
Passengers	4.9%
Concessions Revenue	8.9%
Rental Car Revenue	10.5%
Parking Revenue	11.2%

Passengers

Portland International Airport passenger volumes increased 4.9 percent in July 2018, compared to July 2017. This July was the first month that the airport surpassed the two million passenger mark in a single month, with both enplanements and deplanements each surpassing one million passengers. Seat capacity increased 4.3 percent, with the load factor up 0.5 points to 86 percent.

Concessions Revenue

The reported 8.9 percent, or \$133,000, rent increase over last year is 4.0 percentage points above the 4.9 percent passenger increase on the month, and includes a net increase of \$4,000 in rents produced from facilities not open both years. The July rent increase is attributed predominantly to the casual dining category, which increased 22.7 percent over last year on the month.

Rental Car Revenue

Rental car operations reflect a 10.8 percent, or \$297,000, rent increase over last year, against a 5.0 percent enplanement increase on the month of July. This may be related to the solar eclipse that occurred in August last year, which generated substantial rental car transactions, and may have transferred some activity from July into August.

Parking Revenue by Lot

Total public parking revenue increased 11.2 percent compared to July 2017. Transactions were 207,782; up 0.6 percent month-over-month. The large variance in revenue is due to the rate increase in the economy, long-term, and valet products, effective June 2018. The positive variance in short-term garage revenue is a result of a 1.6 percent increase in transactions.

Product	Revenue	Variance	YTD Variance
Short-Term	\$1,518,876	4.6%	4.6%
Long-Term	\$1,722,994	9.6%	9.6%
Economy	\$2,331,508	17.0%	17.0%
Valet	\$133,995	16.3%	16.3%
Total	\$5,707,373	11.2%	11.2%

Ground Transportation

July was the first full month with the new per-trip fee rates in place that became effective on June 11, 2018. Overall revenue increased 75.1 percent to \$776,841 in July 2018, compared to \$443,590 in July 2017. Transportation Network Company (TNC) revenue for July was \$576,528.

Pick-ups:	TNC	Taxi	Reservation Only	Fixed Route	Courtesy	Charter Bus	Total Pick-ups	Minus TNC
July 2018	93,152	17,961	8,951	1,377	27,448	114	149,003	55,851
July 2017	67,964	19,644	9,313	2,717	31,198	164	131,000	63,036
	37.1%	-8.6%	-3.9%	-49.3%	-12.0%	-30.5%	13.7%	-11.4%

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 \$12,000, covering the June 2018 work period (Agreement No. HSTS0213HSLR647).

Staff submitted a reimbursement request to TriMet for the LEO program in the amount of \$12,817, covering the June 2018 work period (Agreement No. GS150820LG).

Staff submitted a reimbursement request to the Federal Bureau of Investigation (FBI) for the PDX Regional Drug Organized Crime Task Force program in the amount of \$1,504, covering the June 2018 work period (Agreement No. 281C-PD-C2079840).

Staff submitted a reimbursement request to the FBI for the Joint Terrorism Task Force program in the amount of \$581, covering the June 2018 work period (Agreement No. 03-026).

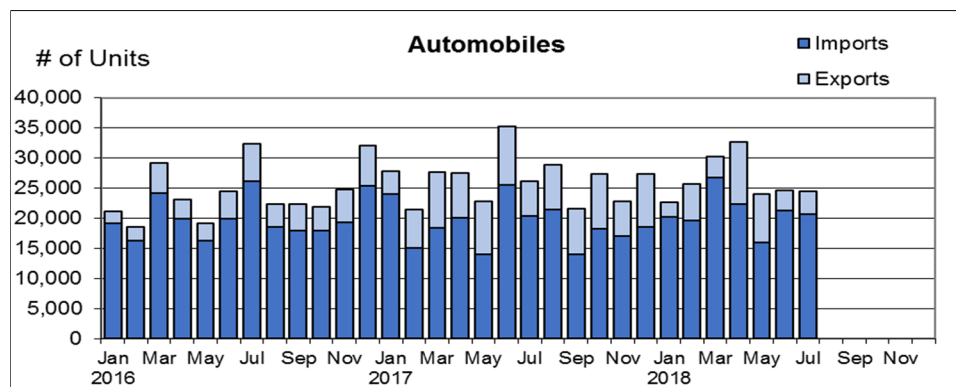
Properties

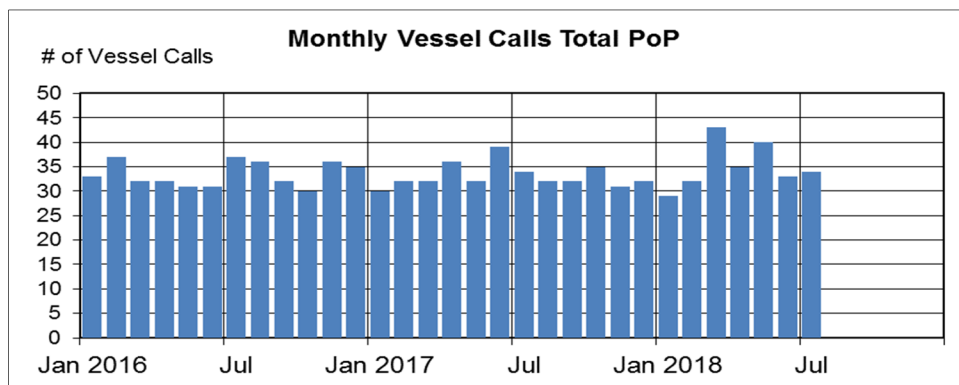
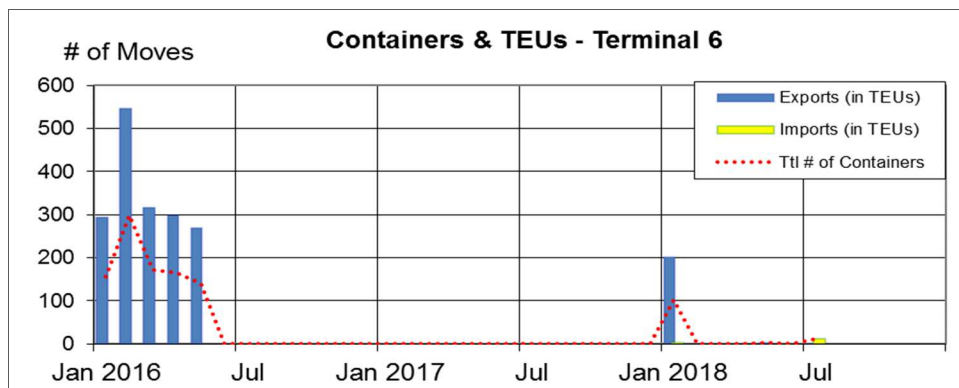
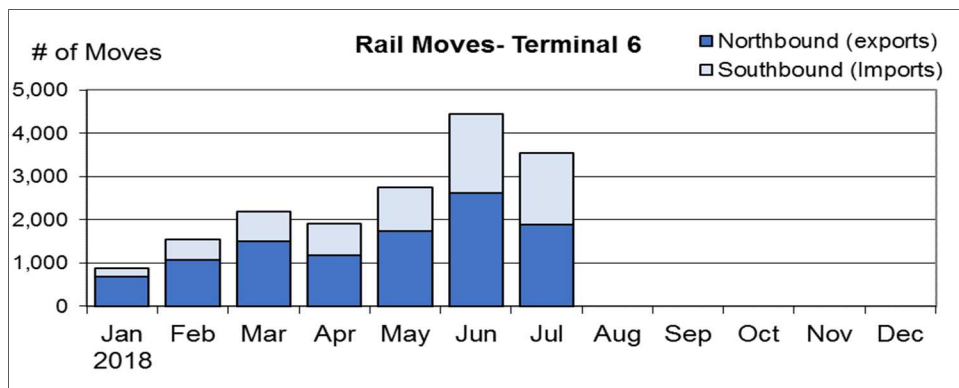
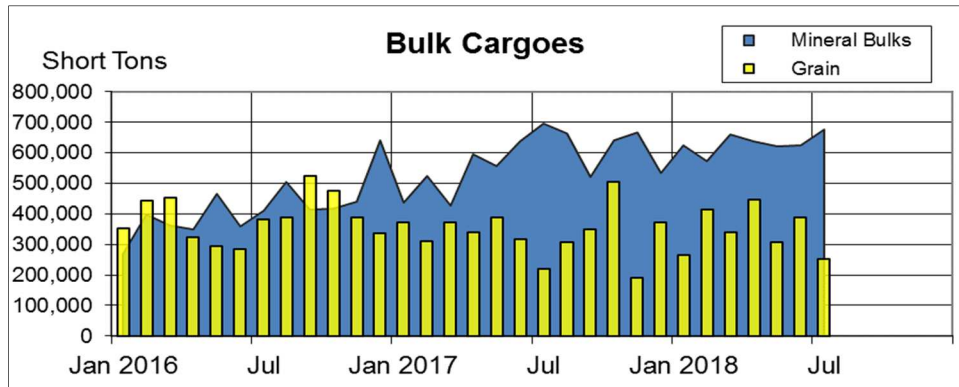
Staff submitted a reimbursement request to the Oregon Department of Transportation for the Graham/Swigert Road Jobs and Transportation Act in the amount of \$1,626, for the June 2018 work period (Agreement No. 28368).

MARINE & INDUSTRIAL DEVELOPMENT REPORT

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

	<u>July 2018</u>	<u>Calendar Year-to-Date</u>
Total Tonnage	0.6%	10.0%
Containers (TEU)	--	--
Railyard Containers	--	--
Breakbulk	--	--
Autos	-6.1%	-2.3%
Mineral Bulk	-2.9%	13.9%
Grain	13.8%	3.8%





REAL ESTATE TRANSACTIONS EXECUTED PURSUANT TO DELEGATED AUTHORITY

Naito Corporation DBA Made In Oregon – Twelfth Amendment to Retail Concession Lease

Location: PDX

Term: Effective July 18, 2018

Use: Amendment No. 12: This amendment eliminates the Minimum Annual Guarantee (MAG), extends the term and revises holdover provisions due to the construction impacts of the Terminal Core Project (TCORE).

Powell's Books, Inc. – Ninth Amendment to Retail Concession Lease

Location: PDX

Term: Effective July 01, 2018

Use: Amendment No. 9: This amendment eliminates the MAG Rent, lowers the rate of Percentage Rate, extends the term and authorizes holdover tenancy during TCORE.

The Real Mother Goose, Inc DBA The Real Mother Goose – Thirteen Amendment to Retail Concession Lease

Location: PDX

Term: Effective July 24, 2018

Use: Amendment No. 13: This amendment eliminates the MAG and revises holdover provisions due to the construction impacts of TCORE.

State of Oregon – Seventh Amendment to Lease

Location: PDX

Term: Effective July 01, 2018

Use: Amendment No. 7: This amendment deletes the current office premises and adds new office premises to the lease.

Columbia Sportswear USA Corporation – Fifth Amendment to Retail Concession Lease

Location: PDX

Term: Effective July 19, 2018

Use: Amendment No. 5: This amendment changes the name of the lessee due to a plan of conversion, eliminates the MAG, extends the term and revises holdover provisions due to the construction impacts of TCORE.

State of Oregon – Seventh Amendment to Intergovernmental Sublease Agreement

Location: Tokyo, Japan

Term: Effective July 11, 2018

Use: Amendment No. 7: This amendment extends the sublease term and revises the sublease rent.

The Barbers LLC – Sixth Amendment to Concession Lease

Location: PDX

Term: Effective July 13, 2018

Use: Amendment No. 6: This amendment eliminates the MAG and revises holdover provisions due to the construction impacts of TCORE.

T-Mobile West Corporation – Fifth Amendment to Wireless Site Operating and Use Agreement

Location: PDX

Term: Effective July 19, 2018

Use: Amendment No. 5: This amendment extends the term of the Agreement for 11 years and adds a 5-year option to extend.

Panda Express, Inc. – Eleventh Amendment to Food and Beverage Concession Lease

Location: PDX

Term: Effective July 13, 2018

Use: Amendment No. 11: This amendment eliminates the MAG, extends the term and revises holdover provisions due to the construction impacts of TCORE.

Portland LFG Joint Venture – Easement Termination Agreement to Pipeline Easement

Location: Rivergate Industrial District

Term: October 05, 2017

Use: This document terminates the Pipeline Easement which terminated October 5, 2017.

Portland Container Repair Corporation – Permit and Right of Entry

Location: Terminal 4

Term: July 12, 2018

Use: This permit allows Portland Container Repair access to a portion of the property for the purpose of vehicle parking during a one-day regional Oregon shippers and truckers tour event.

Commission Report for July 2018

Parameters

Purchased on (date range): from 7/1/2018 to 7/31/2018

Details

<u>Contract #</u>	<u>Contract Description</u>	<u>Vendor Name</u>	<u>Amendment/Task</u>	<u>Amount</u>
126824	Provide CMGC Construction Services for PDX Terminal Balancing	Skanska Usa Building Inc	Change Order 3 & 4	\$499,827.00
138340	Provide PDXNext Terminal CCTV Design Services	K2 Security Consulting Inc	Amendment 4	\$245,228.62
138340	Provide PDXNext Terminal CCTV Design Services - Phase 2	K2 Security Consulting Inc		\$837,995.38
139140	Provide Post Security Concessions Storefronts Concourses D and C West	Todd Hess Building Company		\$66,015.00
140304	Provide Emergency and Ongoing Disposal of Non-Hazardous Contaminated Soil from Concourse E	Hillsboro Landfill Inc	Amendment 1	\$100,000.00
143317	Perform a Cultural Program Design	Spencer Stuart		\$103,000.00
143705	Relocate Gas Service - PACR	NW Natural		\$95,746.00
143719	Provide Project Controls Engineer - Contingent Worker	Inici Group Inc	Task Order	\$158,197.00
143828	Provide Electrical Inspection - Contingent Worker	CMTS LLC	Task Order	\$228,793.60
143829	Provide Construction Inspection - Contingent Worker	CMTS LLC	Task Order	\$60,480.00
143831	Provide Engineer Tech - Contingent Worker	Mott Macdonald Llc	Task Order	\$76,245.00
143833	Provide Project Controls - Contingent Worker	Mott Macdonald Llc	Task Order	\$137,970.00
143861	Deicing System Controls Upgrade	Taurus Power & Controls Inc		\$249,000.00
143915	T5 Maintenance Dredging 2018	Marine Industrial Construction LLC		\$512,041.00
144042	Provide Waste Minimization and Technical Assistance	Portland State University	Task Order	\$190,445.52
144055	Perform T2 Fender Rehabilitation	Hickey Marine Enterprises Inc	Task Order	\$84,451.72
144082	Perform T4 Reconstruct Turnouts	West Rail Construction Company LLC	Task Order	\$182,080.00
144083	Perform T4 Reconstruct Turnouts	West Rail Consturction Company LLC		\$91,364.50
144137	Provide Hydrographic Surveyor Support	David Evans & Associates Inc (Ptld)	Task Order	\$99,239.68

Port of Portland

By: Christine Moody
Purchasing Manager

Port of Portland Operating & Financial Results
FY 2018-19 through July 31, 2018

General Fund

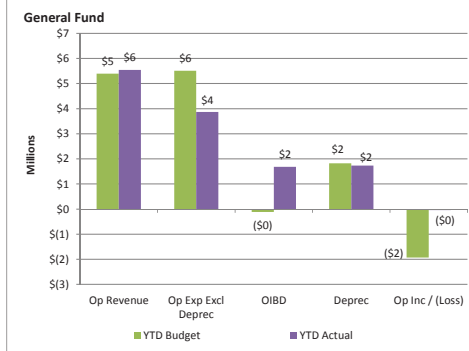
The General Fund includes the operating divisions listed below.

- 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

Operating income before depreciation (OIBD) is \$1.8M. Operating revenues are \$150k greater than budget, and operating expenses before depreciation are \$1.6M less than budget. Financial results for each division are detailed below.



Marine

Volumes:

Autos – Volumes are 11% less than forecast (5% < prior year) primarily due to AWC's inventory control of Hyundai imports and a leveling-off of Ford exports due to lower sales in China.

Grain Bulk – Tonnage is almost 30% up from forecast (14% > prior year).

Mineral Bulk – Tonnage is up 7% from forecast as Canpotex continues to route more potash through T-5 and market demand overseas for soda ash remains strong.

Terminal 6 Container Facility:

- **Railway Shuttle** – BNSF moved 3,546 containers to/from the railyard.
- **Vessel Operations** – Three Swire ship calls in July brought in 828 short tons of lumber, 57 breakbulk units (56 Daimler trucks and 1 Terex dozer), and 11 containers (11 TEUs).
- **53' Container Service** – The terminal received 437 53-foot containers manufactured by China-based Singamas to be loaded on Union Pacific rail cars. This will likely be the last service for calendar year 2018.

Marine Volumes*	Current Year-to-Date			Annual Adopted Budget
	Adopted Budget	Actual Amounts	Variance	
Autos (Units)	27,583	24,506	(11.2%)	331,000
Grain Bulk	193,853	251,278	29.6%	3,956,191
Mineral Bulk	640,626	688,045	7.4%	7,687,510
Terminal 6 Container Facility				
Rail Shuttle (Lifts)	3,600	3,546	(1.5%)	43,200
Vessel Operations				
Breakbulk	1,378	828	(39.9%)	16,535
Breakbulk (Units)	45	57	25.4%	500
Containers (TEUs)	-	11		-

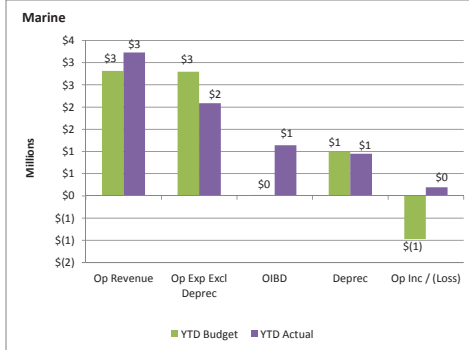
* Volumes in short tons unless otherwise noted.

Operating Financial Results:

Operating revenues are \$414k > budget due to revenues from the delivery of 53-foot containers at T-6 (\$175k) and higher potash revenues (\$107k > budget).

Operating expenses before depreciation are \$707k less than budget, with the largest variances listed below:

- Longshore Labor is \$83k < budget due to timing of the renegotiated Harbor contract amendments as well as three ILWU holidays in the month of July.
- Contract, Professional, and Consulting Services are \$345k < budget primarily due to less than expected outside services expenses for business development (\$137k < budget), bathymetric terminal surveys (\$35k < budget), and LOADMAX maintenance (\$29k < budget). In addition, there is a lag in billing for Harbor superintendent and Tideworks expenses at T-6 (\$54k < budget).
- Utilities are \$167k < budget due to timing of billings for electricity and stormwater (\$51k and \$92k < budget, respectively).
- Travel and Management Expenses are \$58k < budget.

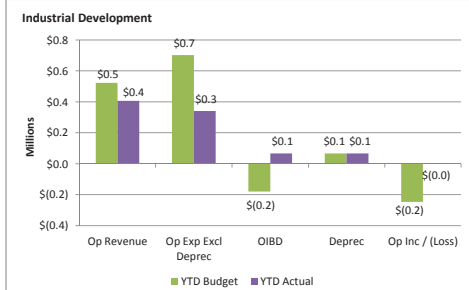


Industrial Development

Operating revenues excluding land sales are \$116k < budget due to the timing of reimbursements from Tidewater and Shaver for mooring barges in the Columbia River. There are no land sales forecast until August.

Operating expenses excluding cost of property sold and depreciation are \$361k less than budget:

- Contract, Professional, and Consulting Services are \$237k < budget due to timing of payments to the Oregon Department of State Lands for the Tidewater and Shaver subleases (\$101k < budget) and land use and development consulting (\$89k).
- Travel and Management Expenses are \$55k < budget.
- Utilities are \$21k < budget due to utility reimbursements associated with Northwest Cascade's lease in Rivergate (porta potty storage and cleaning).

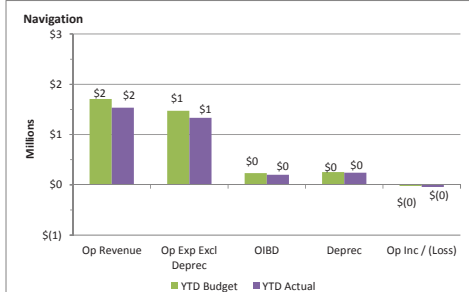


Navigation

Operating revenues are \$173k less than budget due to lower operating expenses. Lower operating expenses translate into lower reimbursement revenues from the U.S. Army Corps of Engineers.

Despite two more dredging days than forecast, operating expenses before depreciation are \$141k less than budget due to lower operating materials and supplies (\$22k < budget), lower workers' compensation insurance costs (\$39k < budget), and lower than anticipated hours charged to Navigation by the Engineering and Safety departments (\$47k < budget).

Dredging Volumes	Current Year-to-Date			Annual Adopted Budget
	Budgeted Amounts	Actual Amounts	Variance	
Dredging Days	23	25	8.7%	164
Cubic Yards Dredged		595,589		

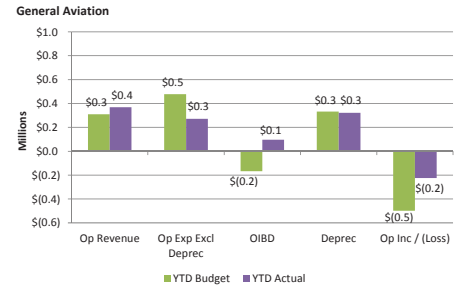


Port of Portland Operating & Financial Results
FY 2018-19 through July 31, 2018

General Aviation

Operating revenues are \$58K greater than budget mostly due to higher rent revenues (up \$26K) and fuel flowage fees (up \$10K).

Operating expenses are \$206K less than budget due to timing of HIO airfield and terminal repairs (down \$60K), HIO master plan costs (down \$48K), stormwater fees (down \$30K), environmental expenses (down \$22K), and insurance recoveries (down \$20K).



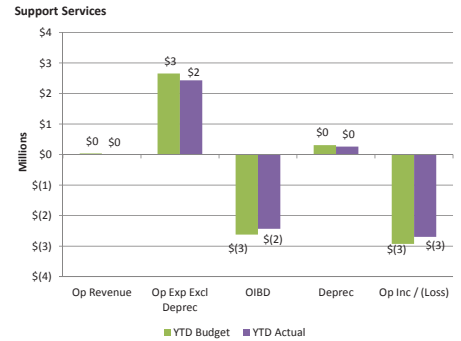
Support Services

The costs for the support services divisions are either directly charged out (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 \$222K under budget, with the largest variances listed below:

- Personnel services are \$228K < budget due to position vacancies.
- Materials & services are \$368K < budget due to timing of IT expenses for VMware and Cisco communication technology (\$192K < budget); Project Delivery & Safety expenses mostly related to ProMIS implementation (\$84K < budget); Human Resources expenses for software subscription fees and the recognition program (\$83K < budget); and Administrative Services expenses primarily for the disparity study (\$41K < budget).
- Interdepartmental Transfers & Expense Allocations are \$375K > budget due to fewer Engineering and IT hours being charged to capital projects.

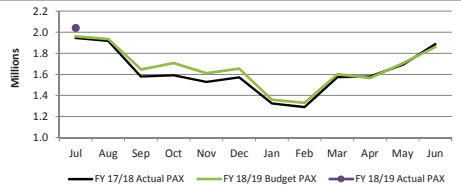


Portland International Airport

Activity

PDX served over 2.0 million passengers in July, up 4.9% from the prior year. At almost 1.2 million pounds, landed weight is up 5.4% from the prior year.

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

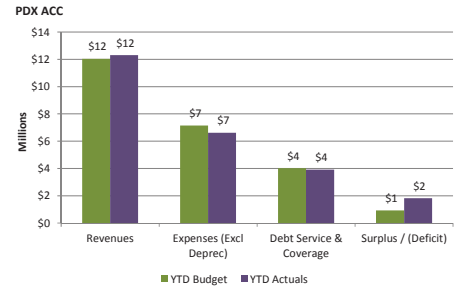


PDX Airline Cost Center (ACC)

ACC revenues are \$261K higher than budget due to higher food and beverage and retail concessions sales (\$162K) and common use rentals (\$109K).

ACC expenses are \$535K lower than budget, with the largest variances listed below:

- Materials and services are \$607K < budget primarily due to timing of expenses for the new customer services contract (down \$135K), reimbursements from concessionaires for marketing support and the PDX workplace initiative program (down \$138K), lower operating materials for Police & Fire (down \$84K), timing of Cisco communications technology expenses (down \$63K; shared between Corporate and Aviation IT) and environmental expenses (down \$82K).
- Interdepartmental transfers and allocated expenses are \$78K < budget due to fewer maintenance hours being charged to the terminal building.



PDX Port Cost Center (PCC)

PCC revenues are up approximately \$1.0M from budget due to higher than expected parking revenues (up \$337K), rental car concessions (up \$213K), and transportation network company trips (Uber, Lyft; up \$182K).

PCC expenses are \$385K less than budget due to timing of materials and services expenses, including environmental expenses (down \$118K), stormwater expenses (down \$58K), Cisco communication technology expenses (down \$42K), and the SW Quad Development Study (down \$32K).

