



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

SAFETY REPORT

Port of Portland January 2018 safety performance resulted in a lower frequency of incidents, but higher claims frequency compared to January 2017. There were seven total reported incidents in January 2018, and of those incidents, there were four claims. One of those claims, which was an OSHA recordable incident, occurred in November 2017 and is reported back under that month.

Monthly Report of Injury Incidents

Aviation

One lost time recordable incident:

- Worker was making a U-turn while responding to an incident when struck by a vehicle illegally traveling in the center turn lane, hitting head and shoulder on the door.

Two recordable incidents:

- Worker was removing a filter when the wrench broke, causing the worker to fall several feet off a piece of machinery (occurred in November 2017).
- Paramedic was withdrawing an intraosseous drill from a patient's leg when the stylet pierced the glove and skin on left hand.

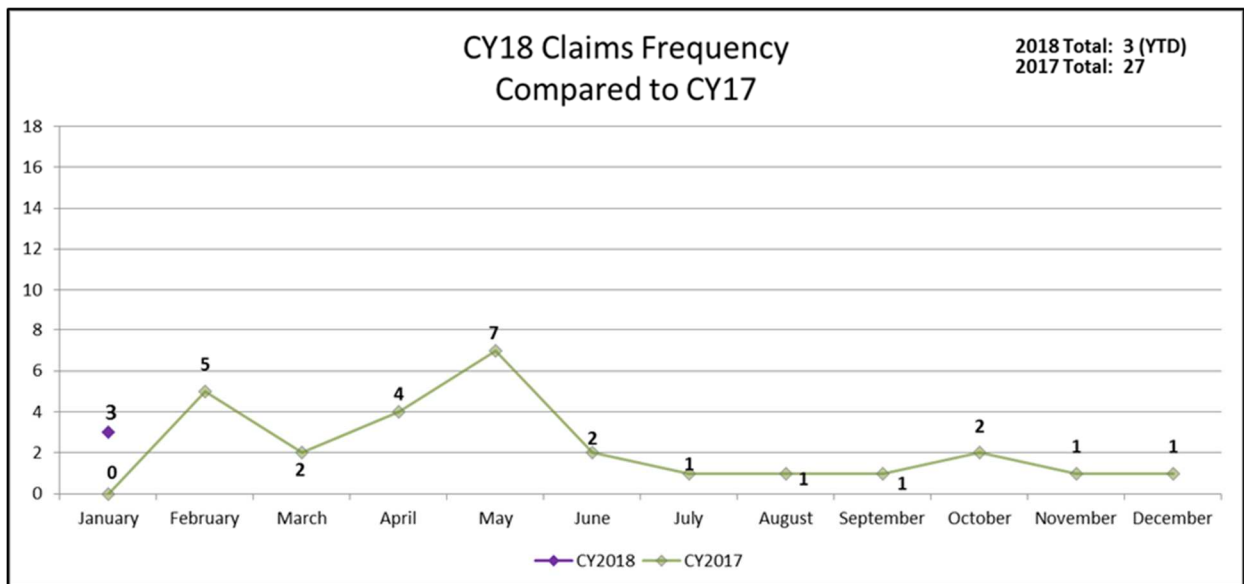
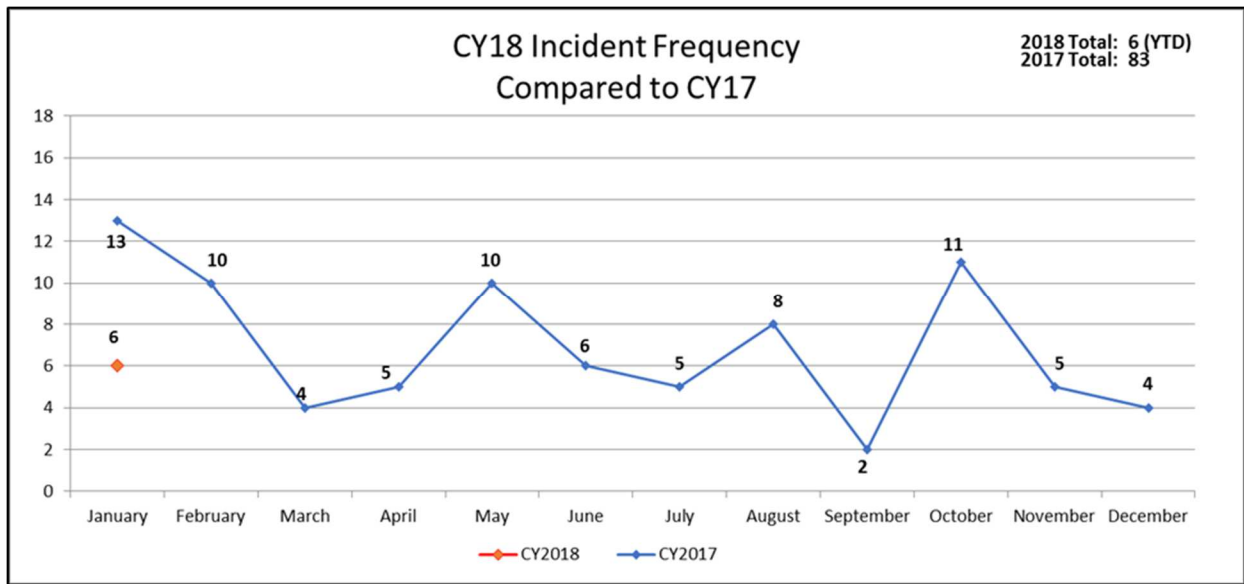
Three non-recordable incidents:

- Worker strained low back while lifting and placing an uncooperative suspect into a patrol vehicle.
- Worker was participating in defensive tactics training when another participant tripped and fell into worker, causing a knee to hyperextend.
- Worker was re-boxing a filter when a finger caught a sharp edge, causing a laceration.

Marine

One restricted duty recordable incident:

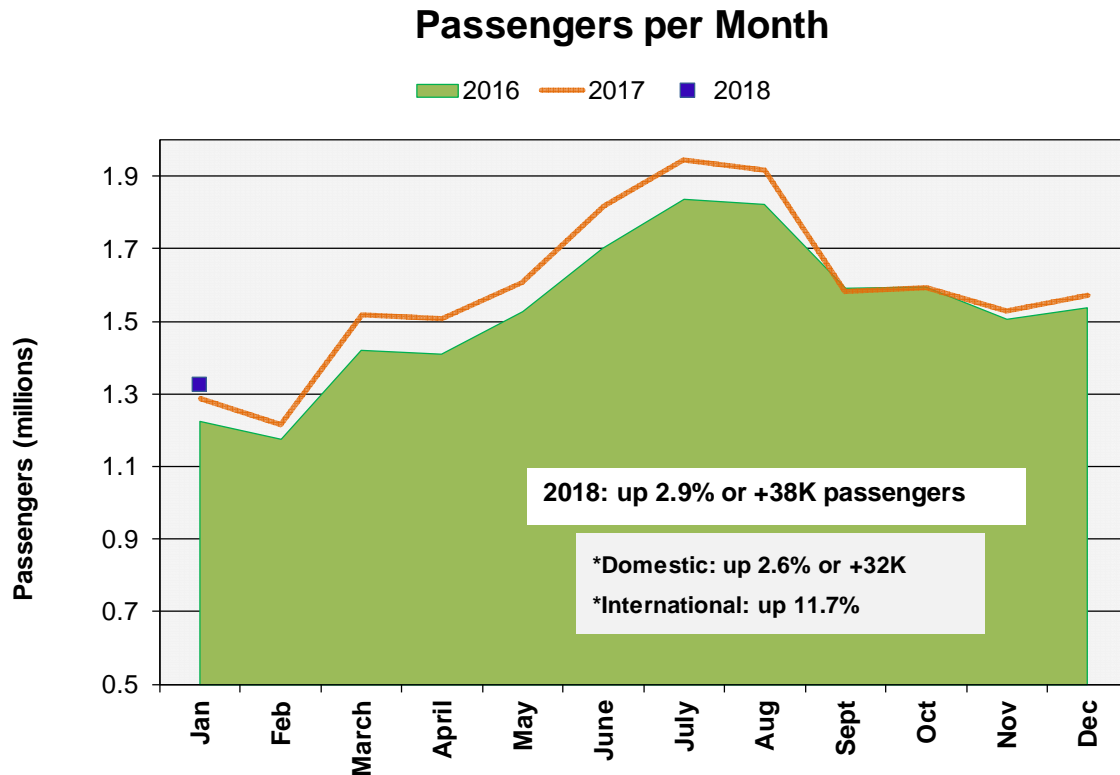
- Worker strained hip while climbing a ladder.



AVIATION REPORT

New and expanded service at PDX that has been announced in the past month includes:

Start Date	Airline	Destination	Frequency
April 8, 2018	Frontier Airlines	Austin, TX	Three flights per week on Tues., Thurs. and Sun.



	Month/Month % change	FYTD % change
	January	July-January
Passengers	2.9%	2.5%
Concessions Revenue	3.8%	9.7%
Rental Car Revenue	1.2%	2.5%
Parking Revenue	-0.5%	-0.2%

Passengers

January 2018 PDX passenger volumes increased 2.9 percent compared to January 2017. Seat capacity increased 9.8 percent, with the load factor falling almost 5 points to 73.8. The largest decrease in load factor came from Horizon Airlines; however, their volume of cancellations has leveled out at PDX.

Concessions Revenue

Combined terminal concessions operations reported a 3.8 percent, or \$42,000, rent increase on the month, against a 2.9 percent passenger increase. The January rent increase is attributed predominantly to the food and beverage casual dining and quick-serve categories, which increased 10.8 percent and 8.1 percent respectively over January 2017.

Rental Car Revenue

Rental car operations reflect a 2.5 percent, or \$332,000, rent increase year-to-date over last year, against a year-to-date enplanement increase of 2.4 percent through January. Much of this increase is due to the substantial August performance reflective of rentals associated with the solar eclipse.

Parking Revenue by Lot

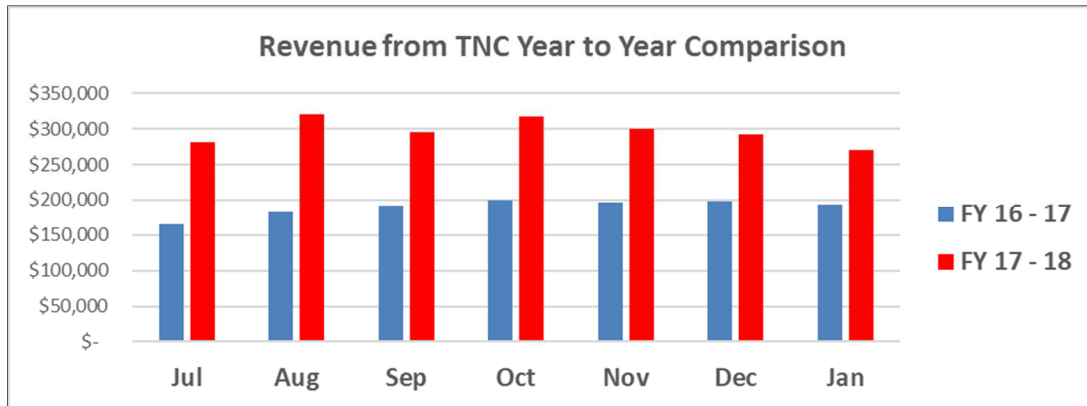
Public parking revenue decreased 0.5 percent, or \$25,273, compared to January 2017, and total public parking revenue is down 0.2 percent, or \$66,900, year to date. Parking transactions increased 1.6 percent over January 2017, with economy, long-term, and valet increasing in transactions. Short-term garage transactions decreased 0.5 percent. Year-to-date, public parking transactions are down 1.65 percent.

Product	Revenue	Variance	YTD Variance
Short-Term	\$1,362,404	-4.5%	-1.5%
Long-Term	\$1,639,534	-3.1%	-1.4%
Economy	\$1,636,104	5.0%	1.0%
Valet	\$133,795	12.3%	15.3%
Total	\$4,771,837	-0.5%	-0.2%

Ground Transportation

Overall ground transportation revenue increased 16.1 percent to \$398,568 in January 2018, compared to \$343,283 in January 2017. Fiscal year-to-date revenue is \$3,091,591. Transportation Network Company (TNC) revenue for January 2018 decreased 7.7 percent to \$270,546, compared to December 2017, due to passenger enplanements (slow season).

	Taxi Trips	TNC Pick-ups	Charter Bus	Reservation-Only Trips	Fixed Route	Courtesy	Total Trips	Minus TNC
Jan. 17	23,228	47,952	90	7,557	2,178	28,244	109,249	61,297
Jan. 18	15,083	67,575	89	7,451	1,846	25,169	117,213	49,638
	-35.1%	40.9%	-1.1%	-1.4%	-15.2%	-10.9%	7.3%	-19.0%



CAPITAL GRANTS

Portland International Airport

Staff submitted a reimbursement request to the Transportation Security Administration for the Law Enforcement Officer (LEO) program in the amount of \$12,400, covering the December 2017 work period (Agreement No. HSTS0213HSLR647).

Staff submitted a reimbursement request to TriMet for the LEO program in the amount of \$15,240, covering the December 2017 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 \$1,503, covering the December 2017 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 \$1,162, covering the December 2017 work period (Agreement No. 03-026).

Staff submitted a reimbursement request to the Federal Aviation Administration (FAA) for the Airport Improvement Program (AIP) – Install PCA Units project in the amount of \$3,332.85 (Agreement No. 03-41-0048-076).

Hillsboro Airport

Staff submitted a reimbursement request to the FAA for the AIP – HIO Airport Master Plan Improvement project in the amount of \$143,609.96 (Agreement No. 03-41-0025-026).

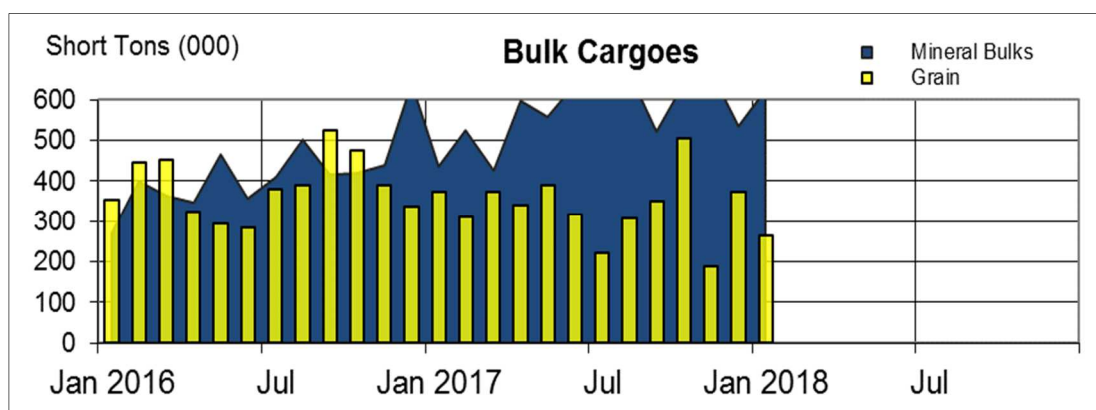
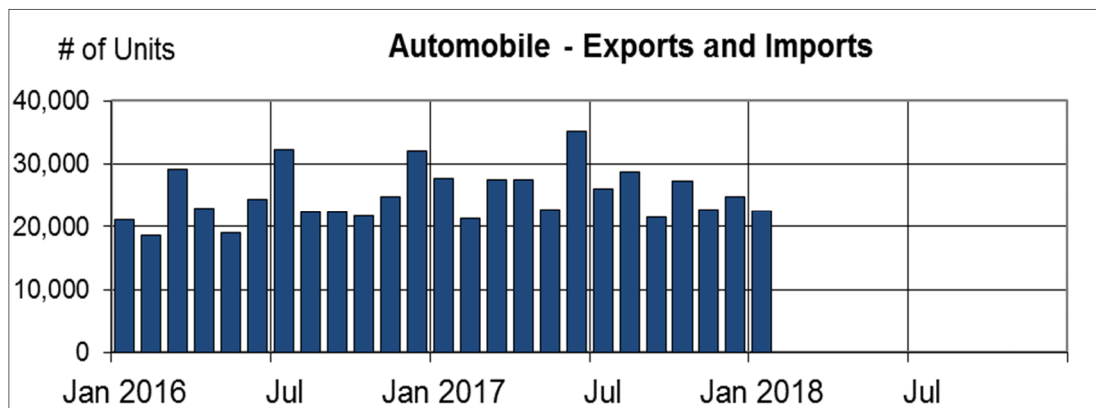
Property

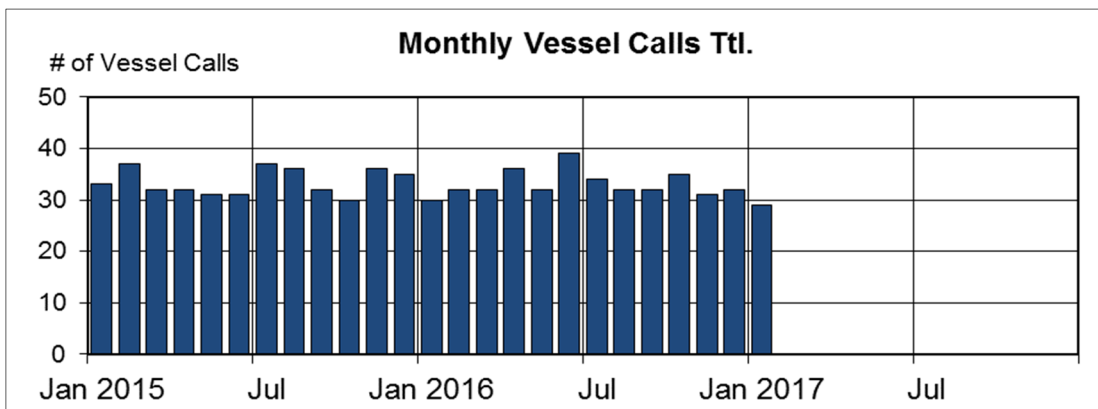
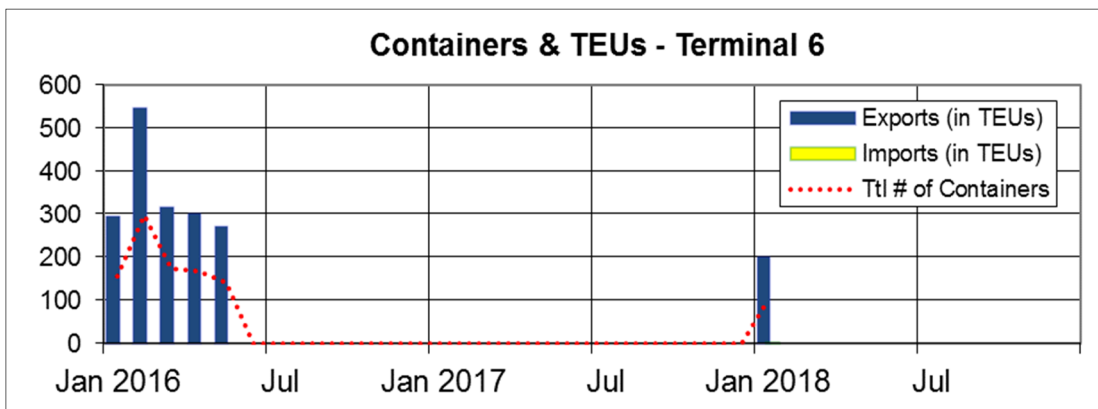
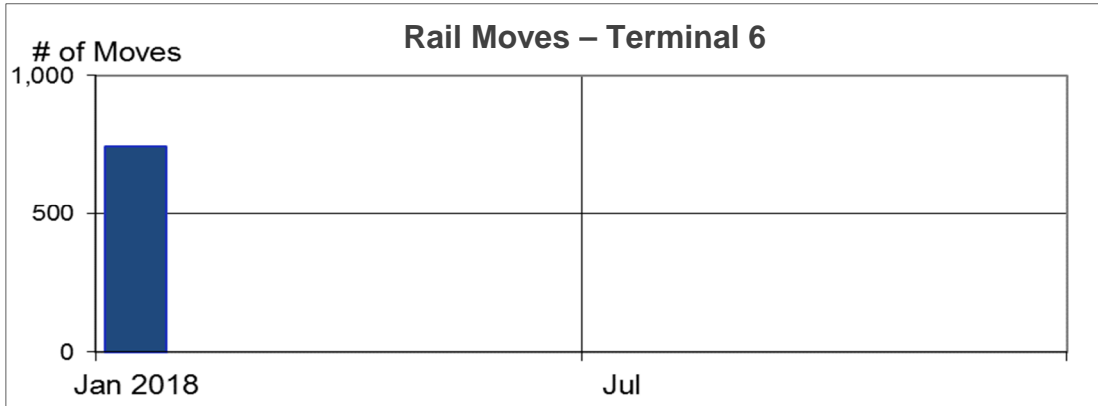
Staff submitted a reimbursement request to the Oregon Department of Transportation for the Graham/Swigert Road Jobs and Transportation Act in the amount of \$9,272 for the December 2017 work period (Agreement No. 28368).

MARINE & INDUSTRIAL DEVELOPMENT REPORT

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

	<u>January 2018</u>	<u>Fiscal Year-to-Date</u>
Total Tonnage	8.9%	6.5%
Containers (TEU)	--	--
Import Full Containers	--	--
Export Full Containers	--	-90.7%
Breakbulk	-18.7%	-5.1%
Autos	42.9%	33.2%
Mineral Bulk	-29.1%	-23.0%
Grain	8.9%	6.5%





PROJECT COMPLETION REPORT

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

Berth 410 Maintenance Dredging 2017

Approved by Port Commission	September 13, 2017
Contract Award Amount	\$229,768.00
Approved Change Order Bid Item Adjustments	\$(229,768.00)
Authorized Change Order Lines	\$1,135,727.85
Quantity Underruns	\$(74,235.98)
Final Contract Amount*	\$1,061,491.87

*The original contract was exceeded by more than 10%, primarily due to a much higher dredge volume, in combination with a much higher unit cost for disposal, due to the agency-triggered requirement to transport the material to a landfill.

REAL ESTATE TRANSACTIONS EXECUTED PURSUANT TO DELEGATED AUTHORITY

ConGlobal Industries, LLC – Sixth Amendment to Lease

Location: Rivergate Industrial District (RGID)

Term: Effective January 10, 2018

Use: Amendment No. 6: This amendment amends the lease to allow tenant to exercise first existing five-year option to extend early, extending term until 2026.

ConGlobal Industries, LLC – Landlord's Estoppel Certificate to Lease

Location: RGID

Term: Effective January 10, 2018

Use: Estoppel Certificate required to be provided by the Port pursuant to Section 12.7/12.8.4 of the Lease.

Nike Retail Services, Inc. – Seventh Amendment to Retail Concession Lease

Location: PDX

Term: Effective January 11, 2018

Use: Amendment No. 7: This amendment extends the lease for one additional year pursuant to the fourth, and last, option to extend. At the expiration of the term, the lease will automatically continue on a month-to-month basis.

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

Location: PDX

Term: Effective January 31, 2018

Use: Amendment No. 11: This amendment exercised the option to extend the term for an additional year.

State of Oregon – Sixth Amendment to Lease

Location: PDX

Term: Effective January 19, 2018

Use: Amendment 6: This amendment extends the term of the lease and relocates storage space.

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

Location: PDX

Term: Effective January 08, 2018

Use: Amendment No. 10: This amendment extends the lease for one additional year pursuant to the third, and last, option to extend. At the expiration of the term, the lease will automatically continue on a month-to-month basis.

Performance Logistics, LLC – First Amendment to PDX Cargo Center Facility Lease

Location: PDX

Term: November 01, 2017 to June 30, 2018

Use: Amendment No. 1: This amendment adds an option to extend the term twice, each a one-year increment.

SSP America PDX, LLC DBA Deschutes Brewery – First Amendment to Food and Beverage Concession Lease

Location: PDX

Term: Effective January 29, 2018

Use: Amendment No. 1: This amendment adds storage space to the premises, clarifies the definition of premises and rent commencement provision, and provides terms pertaining to the calculation of rent for storage space.

Comcast Cable Company – First Amendment to Permit and Right of Entry (PROE)

Location: Gresham Vista Business Park (GVBP)

Term: January 31, 2018 to February 28, 2018

Use: Amendment No. 1: This amendment extends the term of the PROE through February 28, 2018 and updates Comcast's point of contact.

Aero Mag 2000 PDX LLC – Mutual Termination of Port Agreement 2017-135 to PDX Cargo Center Facility Lease

Location: PDX

Term: Effective January 01, 2018

Use: This mutual termination terminates the lease of space 7740 in connection with the tenant's lease of space 7770.

Aero Mag 2000 PDX LLC – PDX Cargo Center Facility Lease

Location: PDX

Term: January 01, 2018 to December 31, 2020

Use: This lease is for space in the PDX Cargo Center for performing maintenance and storage of ground service equipment in connection with deicing.

Kinder Morgan Bulk Terminals, Inc. – First Amendment to Permit and Right of Entry

Location: Terminal 4

Term: Effective January 16, 2018

Use: Amendment No. 1: This amendment revises the access to the premises and updates Section 5.1, Contractor and Scope of Work.

Metro – Intergovernmental Agreement

Location: RGID

Term: Effective January 03, 2018

Use: This document allows both parties to have access to the other party's property at RGID for studies, testing and investigations and also conduct appraisals of same in connection with the negotiation of a land exchange.

PacifiCorp – First Amendment to Underground Right of Way Easement

Location: PDX

Term: Effective January 25, 2018

Use: Amendment No. 1: This amendment extends the easement to allow PacifiCorp to install electrical distribution lines and transformers to a future building site.

Portland General Electric Company – Utility Easement

Location: GVBP

Term: Effective January 23, 2018

Use: This easement allows PGE access to Port land to furnish electricity and related utilities to Lot 7 of GVBP.

Qwest Corporation DBA CenturyLink QC – Permit and Right of Entry

Location: RGID and Terminal 5

Term: January 15, 2018 to January 14, 2021

Use: This permit allows CenturyLink to install telecommunications conduits and equipment to serve Terminal 5 tenants after which the easement will be entered to permit the permanent presence of the infrastructure.

Northwest Natural Gas Company – Permit and Right of Entry

Location: PDX

Term: January 02, 2018 to February 16, 2018

Use: This permit allows Northwest Natural Gas access to a portion of Port property near PDX for the purpose of extending an existing gas line.

Contracts Over \$50,000 Pursuant to Delegated Authority

APPROVAL LIMITS (Administrative Policy 7.2.3)

BUDGET APPROVAL	<i>All expenditures require management approval:</i> Approval by Directors Approval by Chief Officers Approval by Executive Director & Deputy Executive Director	Up to \$ 50,000 Up to \$250,000 Unlimited
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CONTRACTING APPROVAL	<i>Contracting authority is limited to the following:</i> Chief Officers Buyers Manager of Contracts & Procurement Executive Director & Deputy Executive Director	Up to \$ 10,000 Up to \$ 50,000 Up to \$ 250,000* Up to \$ 500,000* <small>*And any amount approved by Commission</small>
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Monthly Report for February 2018 (January Activity)

New Purchases

Title	Requestor Department	Vendor Name			P.O. Amount		
Purchase rifles for PDX Police Department.	PDX Police	Arms Unlimited, Inc.			\$57,447		
Purchase network security software.	Information Technology	SHI International Corp			\$64,063		
Obtain software support for the automated parking guidance system in the short-term parking garage.	Airport Operations	Park Assist LLC			\$84,335		
Obtain services to inspect and repair a Caterpillar D8T bulldozer.	Navigation	Peterson			\$95,000		
Obtain repair services to inspect and rebuild the two engines on the work boat <i>Clackamas</i> .	Navigation	Pacific Power Group LLC			\$114,798		
Obtain design and construction support services for the Airport Rescue and Firefighting Facility Renewal project.	Engineering Project Development	Burns & McDonnell Engineering			\$295,790		
Obtain design and construction support services for the PDX Terminal International Arrivals Hall Escalator Replacement project.	Engineering Project Development	DBC Architecture, Inc.			\$405,757		
Obtain construction services for the McBride Slough Cleanup project.	Engineering Project Development	Golden Enviro LLC			\$3,555,506		

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	
Amendment #8 to obtain additional support for project portfolio management software.	Project Delivery & Safety Administration	Aurigo Software Technologies, Inc.	\$3,650,120	\$1,259,080	\$62,250	\$4,971,450	
Amendment #4 to obtain additional support for the PDX Parking Revenue System.	Information Technology	Scheidt & Bachmann USA, Inc.	\$194,370	\$157,301	\$66,446	\$418,117	
Amendment #10 to obtain additional support for compensation, learning and performance management systems.	Human Resources	Cornerstone OnDemand, Inc.	\$103,626	\$347,287	\$85,868	\$536,781	
Administrative action to obtain continued use of the computer aided dispatch system for emergency services.	Information Technology	City of Portland	\$102,058	\$708,177	\$107,873	\$918,108	
Change orders #137-141 and 144-149 to obtain additional construction services for site work at the Troutdale Reynolds Industrial Park.	Engineering Project Development	Goodfellow Brothers, Inc.	\$17,441,435	\$5,924,381	\$108,099	\$23,473,914	
Obtain Customs inspection services at Hillsboro Airport.	Airport Operations	U.S. Customs and Border Protection	\$131,293	\$1,705,233	\$123,438	\$1,959,964	
Change order #3 to obtain additional construction services for the Rental Car Quick Turnaround Facility Project.	Engineering Project Development	Hoffman Const. Company of Oregon	\$52,406,784	\$10,180,266	\$216,137	\$62,803,187	
Change orders #1-3 for additional construction services for the Runway 3-21 Storm Infrastructure and Paving Improvements project.	Engineering Project Development	K&E Excavating, Inc.	\$6,735,551		\$220,905	\$6,956,456	
Administrative action for additional runway deicing chemicals.	PDX Maintenance	Cryotech Deicing Tech.	\$421,227	\$1,861,387	\$904,943	\$3,187,557	
Administrative action to add funds to obtain additional crane mechanical maintenance services at Marine Terminals 2 and 6.	Marine Facility Maintenance	Harbor Industrial Services Corp	\$3,500,000	\$1,397,238	\$3,475,033	\$8,372,271	

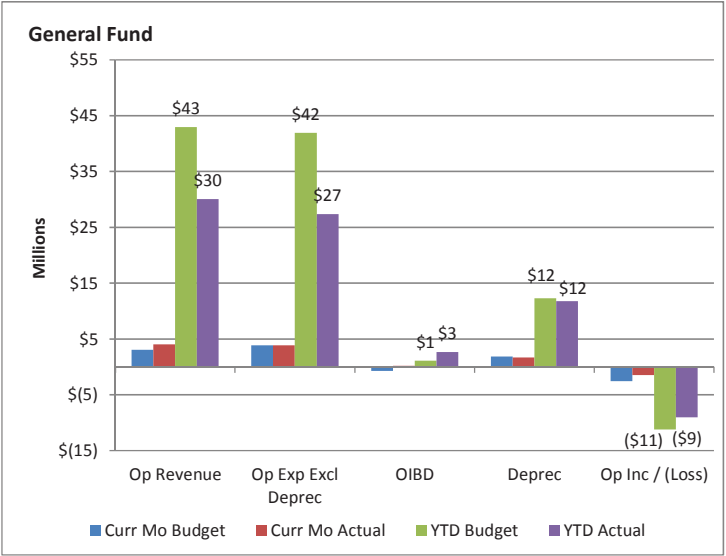
Amendment #1 to for additional design and construction services for the Parking Additions and ConRAC Project.	Engineering Project Development	JE Dunn Construction Company	\$4,194,826		\$83,949,616	\$88,144,442	
<u>New Task Orders and Changes to Task Orders Against Non-Project Specific Contracts</u> Items 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
Change orders #1 and 2 to task order against contract #977 obtain additional construction services for the NW Airfield Water Line Improvement project.	Engineering Project Development	SDB Contracting Services	\$427,398		\$63,555	\$490,953	\$1,923,565
Task order against contract #1050 to obtain avian species surveying and reporting.	Environmental	Pacific Habitat Services, Inc.	\$78,693			\$78,693	\$450,269
Task order against contract #952 to obtain grease waste collection services for PDX concessions.	Environmental	Terra Hydr, Inc.	\$125,000			\$125,000	\$1,201,908
Task order against contract #968 to obtain services to upgrade Elevator D9.	Airport Operations	Schindler Elevator Corporation	\$140,000			\$140,000	\$6,009,340
Task order against contract #1074 to obtain construction inspection services.	Engineering Project Development	AECOM Technical Services, Inc.	\$178,370			\$178,370	\$803,323
Task order against contract #1074 to obtain construction management services.	Engineering Project Development	AECOM Technical Services, Inc.	\$216,058			\$216,058	\$803,323
Amendment #2 to task order against contract #300 to obtain additional janitorial services for food court areas.	Airport Properties	Relay Resources	\$296,920	\$84,236	\$267,725	\$648,881	\$755,623

General Fund

The General Fund includes the following operating divisions: Marine, Industrial Development, Navigation, General Aviation, and Environmental. It also includes the following support services divisions: Administration & Equity (Equity, Human Resources, IT and Purchasing & Administrative Services); Executive; Financial, Audit & Risk Services; Legal; Project Delivery and Safety (Engineering, Project Portfolio Office and Safety); and Public Affairs.

Operating revenues are \$12.9M less than the Adopted Budget due to timing of land sales. Excluding land sales, operating revenues are \$3.3M higher than the Adopted Budget of \$26.4M.

Operating expenses before depreciation are \$14.5M less than the Adopted Budget due to timing of land sales. Excluding cost of property sold, operating expenses before depreciation are \$4.7M less than the Adopted Budget of \$32.0M. Details of operating financial results are discussed below.



Marine

Marine Volumes:

Autos – Volumes are 6.2% lower than forecast due to Honda imports, which are 59% lower than projected as a result of their manufacturing shift from Japan to Mexico. However, Toyota imports and AWC Ford exports continue to see growth (18% > and 1% > forecast, respectively).

Breakbulk – At 738 tons, the T-6 Swire ship call makes up the only breakbulk activity this fiscal year.

Containers – 101 boxes (201 TEUs) were loaded onto the Swire vessel; 1 box was discharged (1 TEU).

Railway Shuttle – The BNSF intermodal service is up and running, with a total of 849 containers delivered to/from the railyard (i.e. rail lifts).

Grain Bulk – Tonnage is 7.4% higher than forecast.

Mineral Bulk – Tonnage is up 46% from the forecast due to higher potash and soda ash volumes. Potash is up because Canpotex is routing more cargo to T-5 to test the new shiploader and conveyor system.

Marine Volumes*	Current Year-to-Date			Annual Adopted Budget
	Adopted Budget	Actual Amounts	Variance	
Autos (Units)	190,748	178,991	(6.2%)	327,000
Breakbulk	25,454	738	(97.1%)	40,000
Containers (TEUs)	-	202	-	-
Rail Shuttle (Lifts)	-	849	-	-
Grain Bulk	2,057,627	2,209,978	7.4%	3,527,360
Mineral Bulk	3,019,567	4,416,316	46.3%	4,953,736

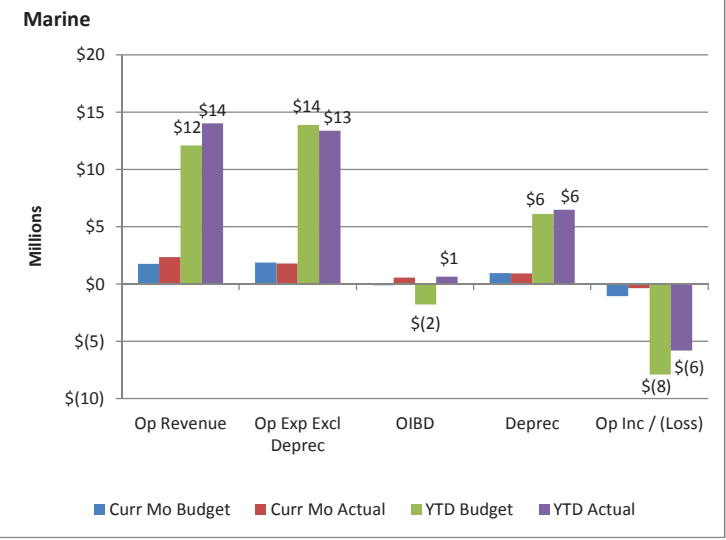
* Volumes in short tons unless otherwise noted.

Marine Operating Results:

Operating revenues are \$1.9M greater than budget due to revenues associated with higher mineral bulk volumes (\$1.4M > budget), South Rivergate rail access fees (\$471K > budget), and revenues from BNSF and Swire activity at T-6 (\$376K > budget). This is partially offset by lower than budgeted T-2 revenues due to no breakbulk volumes yet this fiscal year (\$158K < budget) and auto revenues due to the dip in Honda volumes and vessel calls (\$96K < budget).

Operating expenses before depreciation are \$0.5M less than budget, with the largest variances listed below:

- Contract, Professional, and Consulting Services are \$88K > budget due to higher than anticipated T-4 berth dredging expenses and emergency dredging required at T-5 for Columbia Grain (\$516K > budget). This is partially offset by the timing of planning and environmental expenses (\$188K < budget), T-4 rail repairs (\$125K < budget), and T-2 arc flash study (\$80K < budget).
- Travel and management expenses are \$238K < budget due to timing of international travel and conferences and lower than anticipated travel expenses for the overseas offices.
- Longshore Labor is \$83K < budget YTD but 18% over prior year actuals now that the BNSF rail shuttle at T-6 is underway.
- Salaries, Wages, and Benefits are \$105K < budget due to position vacancies.
- Allocated support is \$55K < budget.



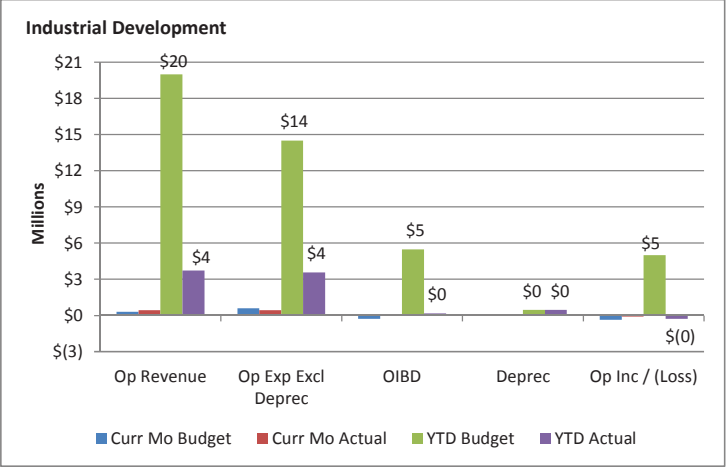
Industrial Development

Excluding land sales, operating revenues are in line with the Adopted Budget. Including land sales, operating revenues are \$16.2M less than budget due to the timing of the following land sales:

- TRIP Lot 10 (\$5.3M) was initially scheduled for September, but the amended Purchase and Sale Agreement (PSA) allows for due diligence to continue through February.
- TRIP Lot 3 (\$6.4M) was forecast in December, but FedEx has until March to exercise its option rights. This sale might not close until FY19.
- Swan Island parcel 8 (\$4.9M) was also forecast in December, but Daimler is not expected to exercise its option on this property until the 2nd quarter of FY19.

Excluding cost of property sold, operating expenses before depreciation are \$1.1M lower than budget, with the largest variances listed below:

- Contract, Professional, and Consulting Services are \$594K < budget largely due to timing of industrial land development due diligence (\$176K < budget), land use planning consulting (\$125K < budget), eco-industrial development for Gresham Vista Lots 1, 2, and 3 (\$90K < budget), and TRIP mitigation (\$87K < budget).
- Allocated Support Services are \$298K < budget.
- Interdepartmental charges are \$75K < budget due to lower than anticipated Marine services received.

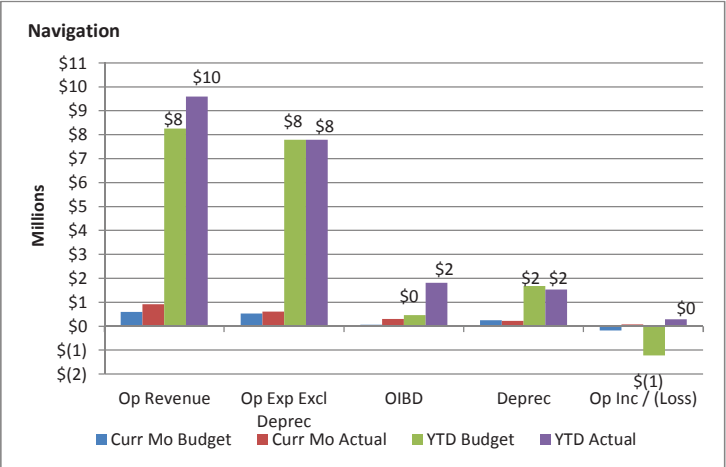


Navigation

Operating revenues are \$1.3M higher than budget due to 9 more dredging days than forecast and the reimbursement of capital projects / depreciation from the U.S. Army Corps of Engineers.

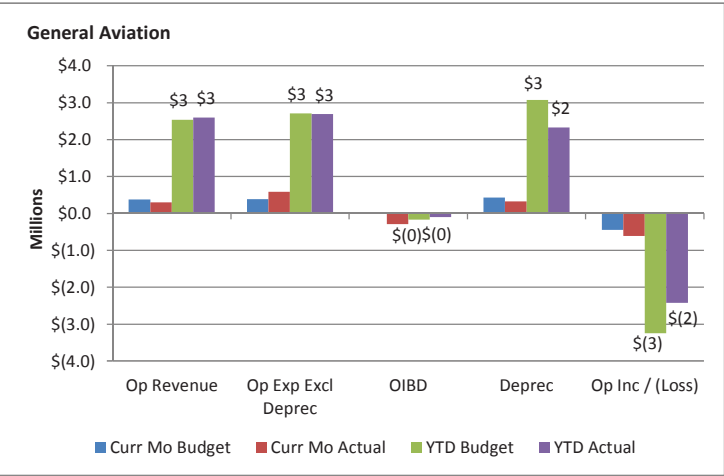
Operating expenses before depreciation are \$8K lower than the Adopted Budget. Operating labor is \$1.4M > budget due to more dredging days and overtime not being seasonalized. This is partially offset by lower than anticipated materials and supplies (\$300K); outside services expenses, primarily environmental due to water quality monitoring being done in-house instead of through a contractor (\$231K < budget); and insurance, mostly due to a \$380K credit related to the settlement of a 2011 liability claim (\$564K < 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 the Adopted Budget. Depreciation is \$744K less than budget due to timing of capital project close-out and assets being placed in service.

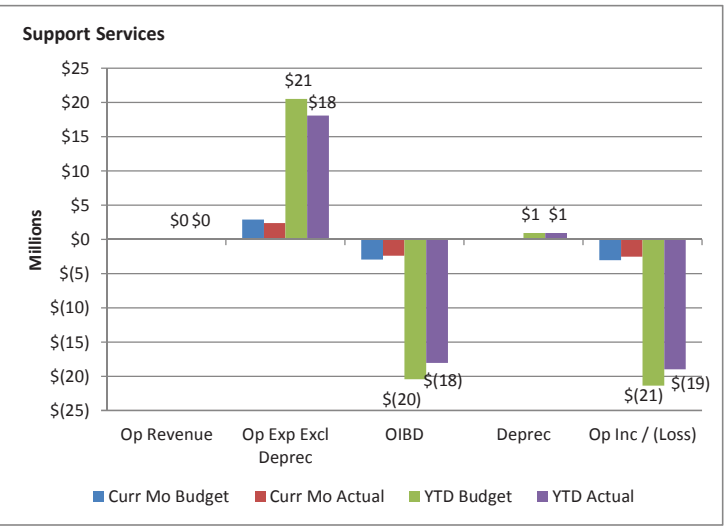


Support Services

Support services includes the following divisions: Administration & Equity (Equity, Human Resources, IT and Purchasing & Administrative Services); Executive; Financial, Audit & Risk Services; Legal; Project Delivery and Safety (Engineering, Project Portfolio Office, and Safety); and Public Affairs. Support services costs are allocated to the operating divisions.

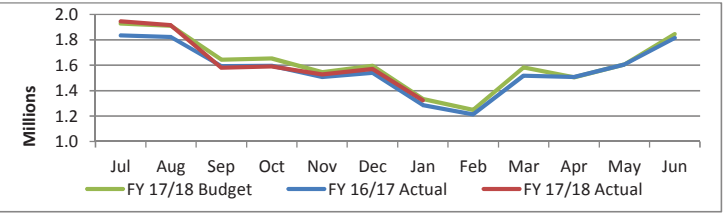
Operating expenses before depreciation are \$2.4M under budget, with the largest variances listed below:

- Contract, Professional, and Consulting Services are \$1.7M < budget due to timing of Administration & Equity expenses related to employee coaching and diversity, equity and inclusion initiatives (\$438 < budget; expenses to be incurred March - June); timing of Project Delivery & Safety expenses related to ProMIS implementation (\$50K < budget); Public Affairs expenses related to a Port brand refresh, lobbying services, and levee recertification (\$268K < budget); Financial, Audit & Risk Services expenses related to annual support for risk management systems and broker consulting as well as legal fees for Port financing (\$160K < budget); and Information Technology expenses primarily for records management and GIS services (\$422K < budget).
- Other expenses are \$231K < budget due mostly to timing of IT software expense (\$261K < budget).
- Personnel services are \$424K < budget due to position vacancies.
- Travel and management expenses are \$160K < budget.



Portland International Airport
Total Passengers

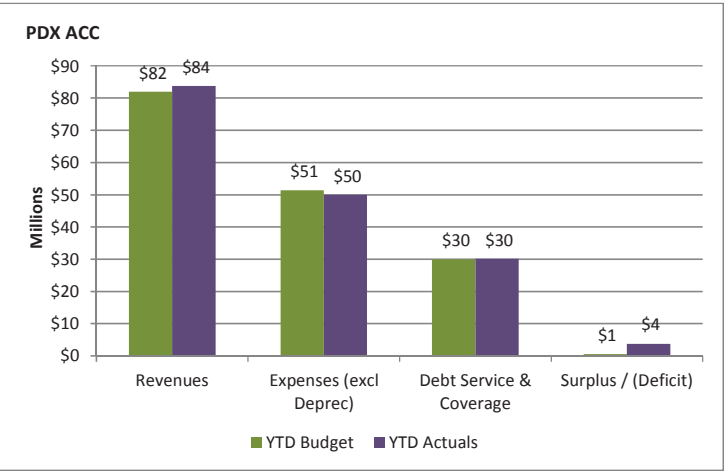
Passengers traveling through PDX are a key driver of revenues and expenses for the Airport. YTD, PDX has served more than 11.4 million passengers. Although slightly less than projected, this exceeds the prior year by nearly 3% due to continued economic growth and new flights serving PDX. Passengers are lower than forecast primarily due to Horizon's regional pilot shortage leading to several flight cancellations. Strong demand for air travel results in air carriers increasing seat capacity and adding flights.



PDX Airline Cost Center (ACC)

ACC revenues are \$1.8M higher than budget due to higher than expected common use rentals (\$504K), terminal rents (\$251K), landing fees (\$414K), and both food and beverage and retail concessions (\$511K).

ACC expenses are \$1.4M less than the Adopted Budget. Personnel services are \$425K under budget due to ACC's share of admin and maintenance position vacancies. Materials and services are \$1.2M less than budget primarily due to timing of outside services related to terminal studies and airfield seismic studies (down \$516K). Other indirect costs contributing to the Airline Cost Center variance include timing of air service development marketing support (down \$508K), long range planning and properties consulting expenses (down \$210K), and lower workers' compensation claims for Fire (down \$198K). This is partially offset by higher Customs and Border Protection and third party security costs (up \$193K).



PDX Port Cost Center (PCC)

PCC revenues are \$880K greater than budget as a result of higher than expected transportation network company volumes (Uber, Lyft - up \$782K) and rental car activity (up \$474K). Also higher than budget are revenues associated with SW Development, Air Trans Center, PDX GA, and PIC land lease and rent revenues (up \$376K). This is partially offset by lower than expected parking revenues (down \$967K) due to facility utilization (long term parking garage full Tues - Thurs) and some travelers utilizing TNCs.

PCC expenses are \$2.1M less than budget. Personnel services are \$211K less than budget due to PCC's share of admin and maintenance position vacancies. Materials and services are \$1.6M less than budget primarily due to timing of environmental expenses (down \$102K), parking credit card fees (down \$128K), parking and roadway management fees (down \$226K; benefits rate for Standard Parking Plus employees lower than anticipated), and stormwater expenses (down \$97K). Other indirect costs contributing to the Port Cost Center variance include timing of air service development marketing support costs (down \$339K) and long range planning and properties consulting expenses (down \$140K).

