

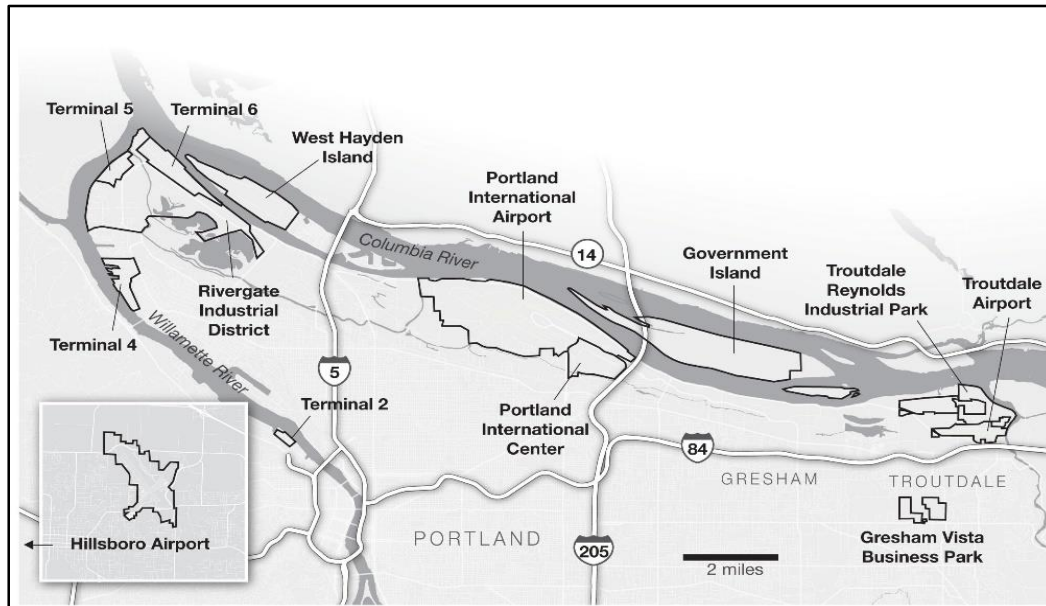
TSCC Budget Review 2017-18

Port of Portland

1. Introduction to the District

The Port of Portland covers all of Multnomah County and extends into Clackamas and Washington counties. The Port owns and operates four marine terminals located on the Willamette and Columbia rivers, the Portland International Airport (PDX), two general aviation airports in Hillsboro and Troutdale, six industrial/business parks, and a dredge for maintaining a channel to the sea on the lower Columbia River.

The Port levies property taxes to fund capital projects; however, no property tax dollars are used to support Portland International Airport.



2. History

The Oregon Legislature created the Port of Portland in 1891; its primary responsibility was to dredge and maintain a shipping channel on the Columbia River between Portland and the Pacific Ocean. Subsequently, its responsibilities grew to include the promotion of maritime, aviation, commercial and industrial interests within Clackamas, Multnomah and Washington counties. A nine member commission, appointed by the Governor and subject to confirmation by the State Senate, governs the Port without compensation.

3. Strategic Plan / Performance Objectives

When developing the 2017-18 Budget, the Port continued to focus on the following key strategic objectives:

- Drive regional prosperity
- Connect people and businesses to markets
- Deliver an outstanding PDX passenger experience
- Promote excellence in organizational efficiencies and effectiveness



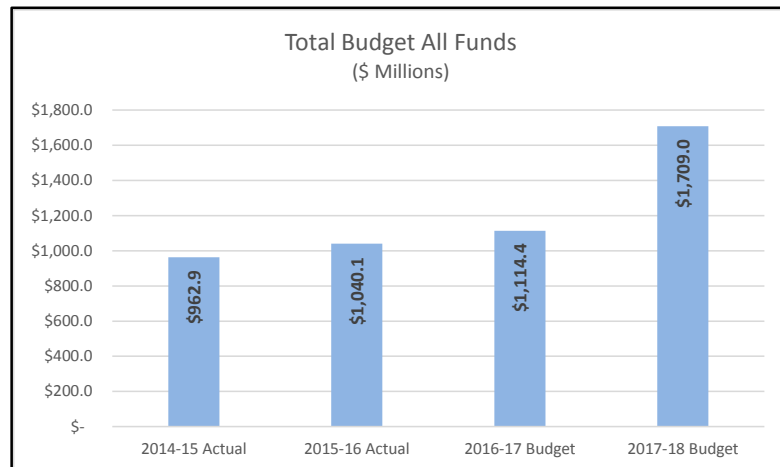
Beautiful passenger terminal and concourses

The Port of Portland

4. The Budget in Total

Overall this budget shows a 53.4% increase to \$1,709.0 million. Much of this increase is due to revenue from debt proceeds and corresponding growth in contingency.

Port of Portland					
Total Requirements - All Funds Combined (\$ Millions)					
	2014-15	2015-16	2016-17	2017-18	
Personnel Services	\$ 98.4	\$ 99.4	\$ 103.9	\$ 107.7	
Materials & Services	\$ 83.2	\$ 97.5	\$ 99.0	\$ 95.4	
Capital Outlay	\$ 78.9	\$ 101.8	\$ 171.2	\$ 384.5	
Debt Service	\$ 74.4	\$ 79.3	\$ 82.1	\$ 99.6	
Service Reimbursements	\$ 35.5	\$ 51.6	\$ 45.1	\$ 44.2	
Fund Transfers	\$ 119.2	\$ 121.0	\$ 169.9	\$ 282.1	
Contingencies	\$ -	\$ -	\$ 391.4	\$ 623.1	
Ending Fund Balance	\$ 473.4	\$ 489.7	\$ 51.8	\$ 72.4	
TOTAL REQUIREMENTS	\$ 962.9	\$ 1,040.1	\$ 1,114.4	\$ 1,709.0	

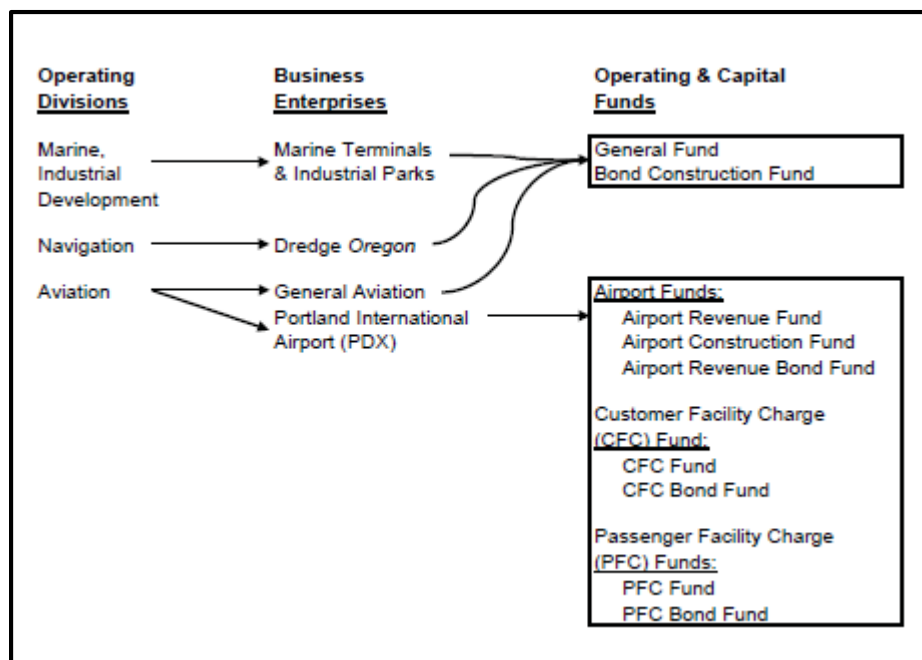


The Port's budget has two distinct financial divisions: General Operations and Aviation. General Operations include the Marine, Industrial Development, Navigation, and Administration divisions. Aviation is comprised of the Portland International Airport (PDX) and two reliever airports at Hillsboro and Troutdale.

The financial structure of the Port is defined by certain dedicated Funds that are restricted to certain purposes and/or supported by specific business activity.

The Marine, Industrial Development, Navigation, and Administration divisions are accounted for in the General and Bond Construction Funds.

The Aviation Division consists of Commercial Aviation (Portland International Airport) and General Aviation (Hillsboro and Troutdale airports). General Aviation is accounted for entirely in the General and Bond Construction Funds, while the Commercial Aviation division is accounted for entirely in the Airport Revenue, Airport Revenue Bond, Airport Construction, Customer Facility Charge, Customer Facility Charge Bond Fund, Passenger Facility Charge and Passenger Facility Charge Bond Funds. The following chart shows this schematically.



General Operations

The **Marine** division manages four marine terminals handling a diverse mix of cargo. All four terminals are in close proximity to major rail, highway, and inland barge connections providing intermodal transportation flexibility. This division is budgeted at \$20.1 million, an increase of \$0.7 million from the current year.

- In 2010 the Port leased Terminal 6 to a private operator, ICTSI Oregon, transferring the financial risk to that operator. The most dramatic change to Port Marine operations is the termination of the lease with ICTSI Oregon.

- Ends 25-year lease in exchange for resources to find new shipping options at the terminal
- The Port will receive \$11.45 million to rebuild business, additional container handling equipment, and spare parts and tools at the terminal
- Resources from ICTSI will be used to provide infrastructure improvements and equipment maintenance in anticipation of resumed commercial operations
- The Port is budgeting for the following increased volumes for autos and grain bulk, with reduced volumes of mineral bulk and break bulk (items too large to fit into containers) shipments expected. Facility improvements at current terminals will help to increase volumes when the market for these products returns.

Marine Budget Volumes					
	2014-15	2015-16	2016-17	2017-18	Budget %
	Actual	Actual	Budget	Budget	Change
Breakbulk (short tons)	176,990	107,128	120,000	40,000	-66.7%
Autos (units)	246,107	285,816	309,000	327,000	5.8%
Mineral Bulk (short tons)	5,674,989	3,974,985	5,113,000	4,554,000	-10.9%
Grain Bulk (short tons)	3,252,918	3,155,026	3,200,000	3,500,000	9.4%

- Grain bulk exports are expected to grow following recent investment by Terminal 5 tenant Columbia Export Terminal
- The Port is the number one auto exporter on the West Coast
 - Investment in expansion and new terminal facilities to support import and export gateway operations for automobile business included in this budget



Port of Portland Photo

- 68.00 FTE

Industrial Development includes real property development, leasing, and sales. Its total budget is \$5.1 million, increasing by just under \$29,000 from 2016-17 budget levels.

- Property sales are expected to generate \$17.1 million in 2017-18
 - Decrease of \$10.6 million from the current year
 - Sale of 74 acres at Troutdale Reynolds Industrial Park (TRIP) in February 2017 drove part of 2016-17 revenue
 - Property sales revenue makes up just under 76.0% of total revenue anticipated in Industrial Development
- Industrial park infrastructure investments (both Port and private) include continued I-84 Interchange and TRIP-related road improvements
- 22.00 FTE

The **Navigation** division assists in the maintenance of the Columbia and Willamette River navigation channels through operation of the Dredge *Oregon*. This operation is funded through a reimbursable agreement with the US Army Corps of Engineers. In 2017-18, the division is budgeted to spend \$11.1 million, down from \$11.7 million in the current year.

- The dredging operation is funded through a reimbursable agreement with the US Army Corps of Engineers.
- The channel is maintained at a width of 600 feet by depth of 43 feet
- The Port is currently in negotiations on a new ten-year contract to be effective October 1, 2017
- Capital projects include maintenance of Dredge *Oregon* and other equipment purchases
- 41.00 FTE



Port Dredge, Port of Portland Photo

Administration includes project and technical services, which includes engineering, and corporate administration.

- Although this budget includes funding for a large capital program, Engineering is not adding FTE
 - Contracted services will supplement staff
 - Will review need for staff resources vs. contracted resources as capital projects – specifically Terminal Balancing, Parking and Consolidated Rental Car Facility and Terminal Core – progress
- Information Technology will implement the final module of the Project and Portfolio Management information system
 - The final module focuses on project management, construction management, grant management and portfolio management processes
- 281.70 FTE

Aviation

Aviation functions include operation of Portland International Airport (PDX) and two reliever airports in Hillsboro and Troutdale. The role of **General Aviation** is to function as a reliever system to PDX: by serving the needs of corporate and private aircraft customers, the airports help preserve capacity for commercial operations at PDX. General Aviation has a \$3.5 million budget, up from \$3.0 million in 2016-17.

- The Port is working to increase existing lease revenue, develop new revenue sources and control costs at both reliever airports
- The master plan for the Troutdale Airport has been updated; the Hillsboro Airport master plan is currently being updated
- 8.00 FTE

The largest division within aviation is the commercial airport at **PDX**. Funding to operate PDX is \$240.4 million in 2017-18; this is an increase of \$12.2 million over 2016-17.

	2014-15 Actual	2015-16 Actual	2016-17 Budget	2017-18 Budget	Budget % Change
Total Number of Passengers (in millions)	15.6	17.6	18.4	19.0	3.3%
Landed Weight (pounds in billions)	9.8	10.7	11.2	11.7	4.5%

The Port manages the airport in partnership with the passenger and cargo airlines. Under the terms of the Airline and Cargo agreements at PDX, the signatory airlines serving PDX guarantee that revenues are equal to operating costs plus 130 percent of debt service expenses at PDX.

- Record growth is expected at the airport
 - Total passenger count at PDX is projected to reach 19.0 million in 2017-18
 - Landed weight expected to increase by 0.5 billion pounds (While the passenger count measures the number of passengers using the airport, there is also a considerable amount of freight going through the airport. "Landed weight" includes both passenger and freight traffic by assigning each model of plane a weight and summing the weight of all the arriving and departing planes.)
 - Non-airline revenues are expected to increase, including revenue from terminal concessions, parking, and rental cars
- Building upon its reputation for customer satisfaction at PDX, this budget includes funding for a collective group of projects known as PDXNext. The goals of this program are to:
 - Provide comfort and convenience for travelers
 - Increase operational efficiency
 - Enhance safety and security
- Capital investments in this budget support PDXNext, particularly improvements in aviation facilities and investments by private airport tenants
 - Total construction expenditures are budgeted at \$340.4 million in 2017-18

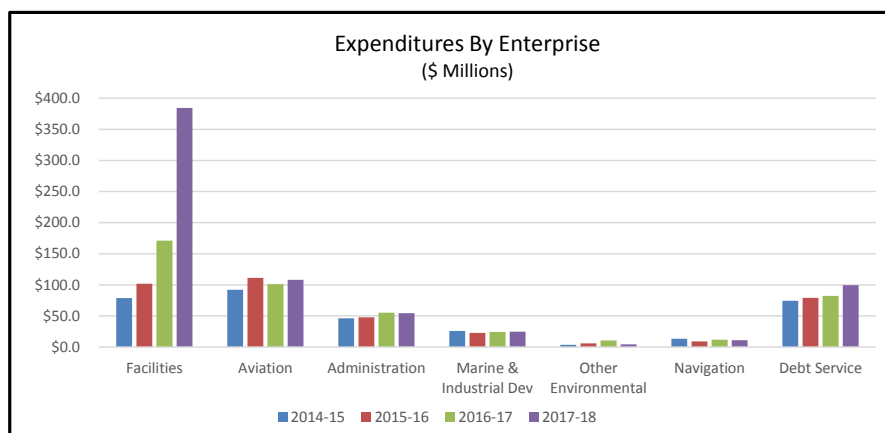
Overall Expenditures

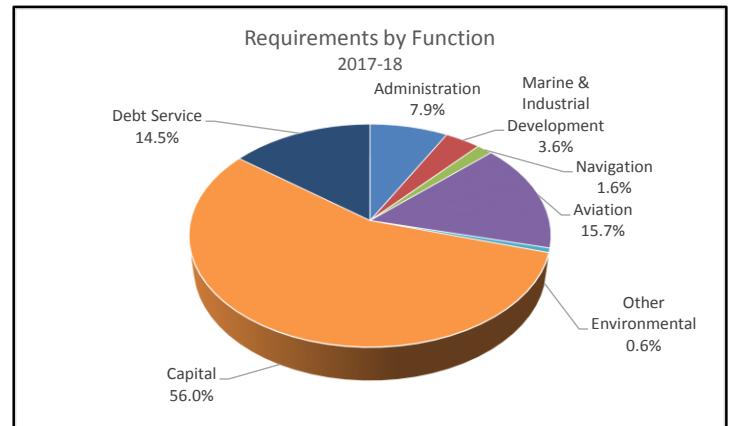
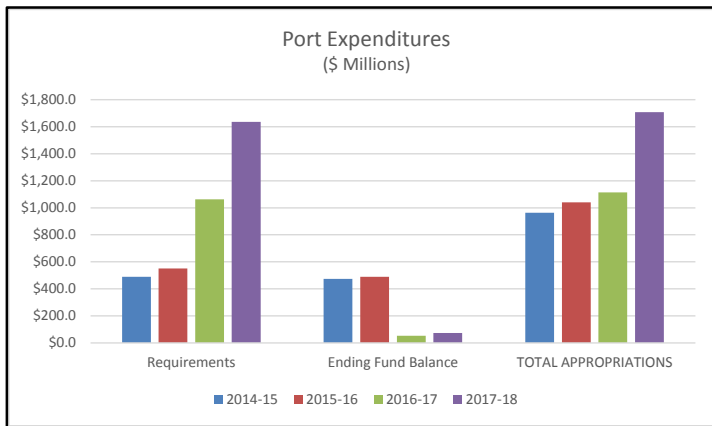
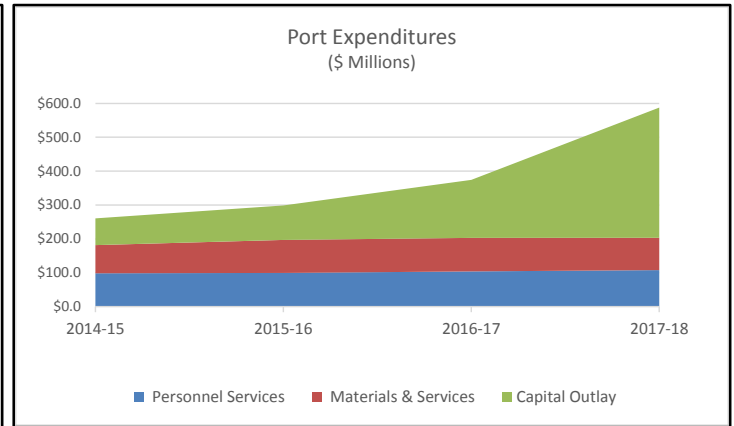
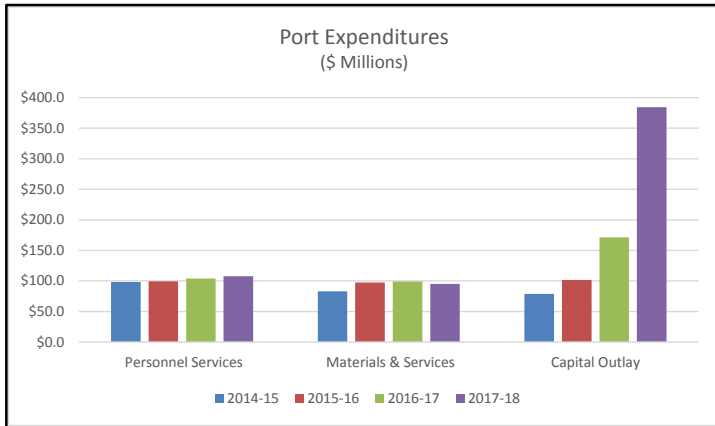
Port of Portland (\$ Millions)	2014-15 Actual	2015-16 Actual	2016-17 Budget	2017-18 Budget
Total Budget All Funds	\$ 962.9	\$1,040.1	\$1,114.4	\$1,709.0
Percent of Change from Prior Year	+17.0%	+8.0%	+7.1%	+53.4%
Total Beginning Fund Balance All Funds	\$ 367.1	\$ 473.4	\$ 397.4	\$ 685.6
Percent of Change from Prior Year	+6.7%	+29.0%	-16.1%	+72.5%
Total Ending Fund Balance All Funds	\$ 473.4	\$ 489.7	\$ 51.8	\$ 72.4
Percent of Change from Prior Year	+29.0%	+3.4%	-89.4%	+39.8%

Facility construction continues strong in 2017-18. With the exception of facilities, debt service, and marine and industrial development, all other service areas show reductions in this budget. The decrease, primarily seen in the General Fund, is the result of cost reduction initiatives implemented by the Port.

- Increases fund balances
- Positions the Port to meet future obligations

Port of Portland Expenditures by Enterprise (\$Millions)				
	2014-15	2015-16	2016-17	2017-18
Facilities	\$ 78.9	\$ 101.8	\$ 171.2	\$ 384.5
Aviation	\$ 92.1	\$ 111.2	\$ 101.0	\$ 108.2
Administration	\$ 46.5	\$ 47.9	\$ 55.3	\$ 54.5
Marine & Industrial Dev	\$ 25.9	\$ 22.7	\$ 24.2	\$ 24.9
Other Environmental	\$ 3.6	\$ 5.9	\$ 10.7	\$ 4.5
Navigation	\$ 13.5	\$ 9.2	\$ 11.7	\$ 11.1
Debt Service	\$ 74.4	\$ 79.3	\$ 82.1	\$ 99.6
Enterprise Expenditure Totals	\$ 334.8	\$ 377.9	\$ 456.3	\$ 687.2





Port of Portland (\$ Millions)	2014-15 Actual	2015-16 Actual	2016-17 Budget	2017-1 Budget
Personnel Services	\$ 98.4	\$ 99.4	\$ 103.9	\$ 107.7
Materials & Services	\$ 83.2	\$ 97.5	\$ 99.0	\$ 95.4

Personnel Services:

Overall personnel services increase 3.7% from the 2016-17 Budget. The number of FTE decreases by 7.2 to 797.7 FTE; much of this decrease is found in Corporate Administration – Financial and Administrative Services. Growth in Commercial Aviation offsets the loss of positions in Industrial Development and Navigation.

- Industrial Development: net -2.00 FTE
 - +2.00 FTE Administration in Industrial Development
 - -4.00 FTE Administration in Land Use Planning
- Navigation: net -2.20 FTE
 - -4.20 FTE Dredge/Navigation
 - +2.00 FTE Administration/Professional/Technical

	2014-15 Actual	2015-16 Actual	2016-17 Budget	2017-18 Budget	Difference
Commercial Aviation	364.1	359.5	372.2	377.0	4.8
General Aviation	8.1	7.4	8.5	8.0	-0.5
Marine*	79.6	69.2	68.7	68.0	-0.7
Industrial Development	20.4	22.4	24.0	22.0	-2.0
Navigation	49.3	37.2	43.2	41.0	-2.2
Administration					
Project and Technical Services	132.1	138.7	144.5	144.5	0.0
Corporate Administration	128.1	130.8	143.8	137.2	-6.6
Total FTE	781.7	765.2	804.9	797.7	-7.2

*Excludes Longshore employees

Following are tables showing benefit cost as a percentage of total salary and Personnel Services Costs per FTE.

Port of Portland	2014-15 Actual	2015-16 Actual	2016-17 Budget	2017-18 Budget
FICA	8.12%	8.37%	7.77%	7.72%
PERS	14.94%	15.05%	15.18%	19.08%
Health (Medical, Dental, Vision)	19.97%	19.29%	20.32%	21.00%
Life, Disability, Other	1.00%	0.78%	0.92%	0.92%
Total	44.04%	43.49%	44.19%	48.72%

	2014-15 Actual	2015-16 Actual	2016-17 Budget	2017-18 Budget
Personnel Services	\$98,352,856	\$99,394,940	\$103,901,256	\$107,746,992
Full Time Equivalent Positions	782	660	744	733
Cost Per FTE	\$125,819.18	\$150,598.39	\$139,652.23	\$146,994.53
Annual Percent Increase		20%	-7%	5%

Materials and Services:

Materials and services for 2017-18 decrease from \$99.0 million to \$95.4 million, or 3.6%, from 2016-17 levels.

- Other Environmental Requirements: -\$6.3 million
- Administration: -\$2.1 million
- Navigation: -\$0.7 million

These reductions are offset by increases across the remaining divisions, primarily Commercial Aviation.

- Commercial Aviation: +\$3.4 million
- Marine: +\$0.6 million
- General Aviation: +\$0.5 million
- Industrial Development: +\$0.2 million

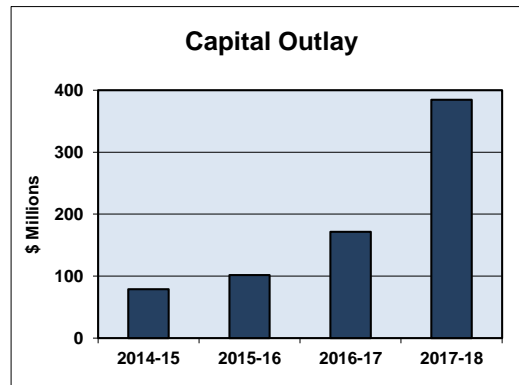
Capital Outlay:

The 2017-18 Budget reflects a 124.5% increase in capital outlay, driven by projects at PDX. Continued growth in aviation, private investment by tenants, and the desire to make PDX a premier airline passenger experience have prompted large capital investments in this budget.

Port of Portland (\$ Millions)	2014-15 Actual	2015-16 Actual	2016-17 Budget	2017-18 Budget
Capital Outlay	\$ 78.9	\$ 101.8	\$ 171.2	\$ 384.5

Capital projects are budgeted in the Bond Construction Fund for:

- Marine
- Industrial Development
- Navigation
- Engineering
- General Aviation
- Corporate Administration

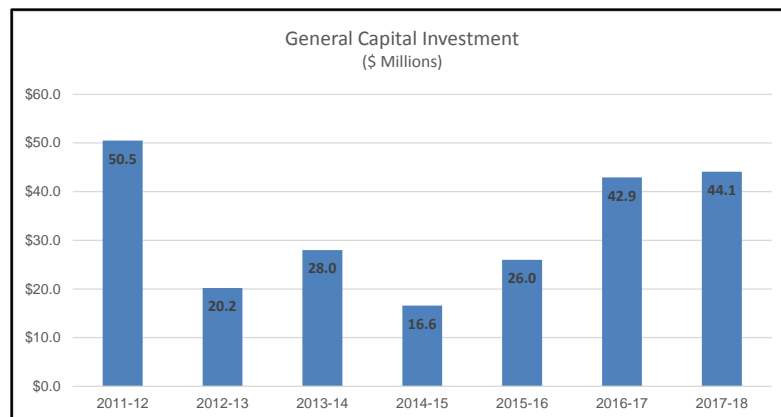


The Airport Construction Fund includes funding only for projects at PDX.

In the Bond Construction Fund, Capital Outlay expenditures increase 2.9%, from \$42.9 million to \$44.1 million in the upcoming year. Capital projects may include expenditures for Personnel Services and/or Materials & Services so the cost of a project may exceed the Capital Outlay amounts. The source of funding for these projects is property taxes and a transfer from the General Fund.

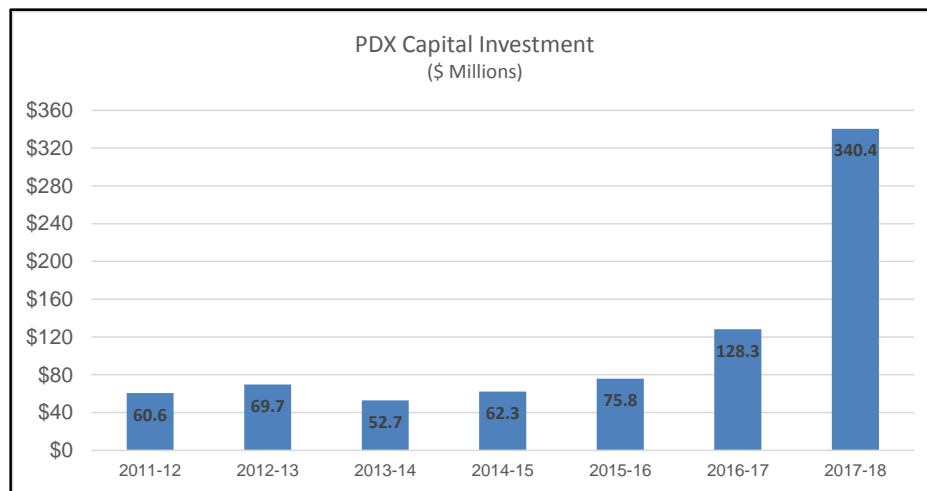
Major projects for 2017-18 include:

- TRIP phase II improvements: \$10.7 million
- Rivergate overcrossing construction: \$6.2 million
- Berths 410, 411, and 503 rehabilitation: \$3.6 million
- Gresham Vista Business Park infrastructure construction: \$2.9 million



Capital outlay expenditures for projects at Portland International Airport, budgeted in the Airport Construction Fund, increased 165.2%, from \$128.3 million to \$340.4 million. Major projects in the 2017-18 Budget include:

- Terminal balancing program: \$72.8 million
- Rental car wash/prep facility expansion: \$40.4 million
- Additional public parking and rental car facilities: \$35.0 million
- Terminal core redevelopment: \$24.1 million
- Passenger loading bridges replacement: \$19.4 million
- Taxiway B rehabilitation: \$17.4 million
- Taxiway K rehabilitation: \$10.5 million
- Concourse D HVAC system replacement: \$10.3 million



Many of the budget projects include terminal infrastructure improvements like HVAC and heating water upgrades, as well as roof repairs/replacement.

Ending fund balance, the amount that will not be expended in the 2017-18 fiscal year and will therefore be left over on June 30, 2017, is budgeted at \$72.4 million. This is a 39.8% increase from the current fiscal year's ending fund balance projection. The Port does not budget an ending fund balance in operating or construction funds; instead, amounts are budgeted as contingency, providing flexibility if funds are needed during the year. Ending fund balances are budgeted in the debt service funds as Oregon Budget Law does not permit the use of contingency in debt service funds.

Revenues (All Funds):

Ninety-seven percent of Port revenues come from user-based fees for service including airline, rental car, parking and concessions revenue, as well as marine terminal leases and fees, land sales, and other long-term leases. Approximately \$11.9 million of the Port's budget comes from property taxes, or about 7 cents per thousand assessed value.

Most operating revenue line items are increasing from 2016-17 levels. Only marine and industrial development, and navigations operations are revenues budgeted to decrease significantly; Customer Facility Charges (CFC) and Federal funding also decreases slightly.

Port of Portland				
Total Resources - All Funds Combined (\$ Millions)				
	2014-15	2015-16	2016-17	2017-18
Property Taxes	\$ 10.7	\$ 11.2	\$ 11.4	\$ 11.9
Portland International Airport	\$ 203.9	\$ 232.0	\$ 228.2	\$ 240.4
Passenger Facility Charges	\$ 32.2	\$ 34.9	\$ 34.4	\$ 37.6
Customer Facility Charges	\$ 14.2	\$ 15.4	\$ 16.4	\$ 16.2
Marine & Industrial Development	\$ 35.1	\$ 45.0	\$ 58.5	\$ 43.4
Navigation	\$ 19.2	\$ 14.1	\$ 17.0	\$ 14.3
General Aviation	\$ 3.4	\$ 3.4	\$ 3.9	\$ 4.3
Federal	\$ 14.2	\$ 20.1	\$ 19.4	\$ 19.3
Other	\$ 0.4	\$ 10.7	\$ 0.1	\$ 0.2
Interest	\$ 5.7	\$ 7.7	\$ 5.2	\$ 8.4
Debt Proceeds	\$ 102.1	\$ -	\$ 107.5	\$ 301.0
Fund Transfers	\$ 154.7	\$ 172.5	\$ 215.0	\$ 326.3
Beginning Fund Balance	\$ 367.1	\$ 473.4	\$ 397.4	\$ 685.6
TOTAL RESOURCES	\$ 962.9	\$ 1,040.1	\$ 1,114.4	\$ 1,709.0

- Revenue from marine activities, including autos, break bulk, minerals, and grain are based on long-term fixed rate lease agreements so even if the volume transferred declines, revenue from these activities remains stable and is not immediately impacted by a weakened economy.
 - Most of the decline in marine and industrial development is reduced revenue anticipated from land sales
 - \$17.1 million has been budgeted from land sale proceeds for 2017-18, a decrease of \$10.6 million from 2016-17
 - If land sales are removed, marine and industrial development resources decrease \$4.5 million, or 14.6%
- Revenue from Navigation decreases 15.7% from \$17.0 million to \$14.3 million in this budget. Budgeted revenue reflects actual amount received in 2015-16.
 - The dredging operation is funded through a reimbursable agreement with the US Army Corps of Engineers
 - The Port is currently in negotiations on a new ten-year contract to be effective October 1, 2017

The General Aviation division accounts for \$4.3 million in revenue for 2017-18. The amount is more than the \$3.9 million budgeted for this fiscal year. The revenue comes from operations at the two reliever airports in Hillsboro and Troutdale.

Customer Facility Charges (CFC) on rental car transactions decreases 1.0%, or \$165,000.

- Revenues collected with this fee are used to fund rental car related projects and programs
- CFC Fund adds \$16.2 million revenue to this budget

Beginning fund balances are increasing, primarily due to the projected fund balance increases in the General, Airport Construction and PFC funds.

- Total beginning balances in all funds increase by \$288.1 million
- The beginning fund balance in the Airport Construction Fund increases \$197.0 million to just under \$270.2 million
- In the PFC Fund the balance increases \$22.1 million to just under \$85.1 million
- The General Fund beginning fund balance is budgeted at \$59.3 million more than in 2016-17

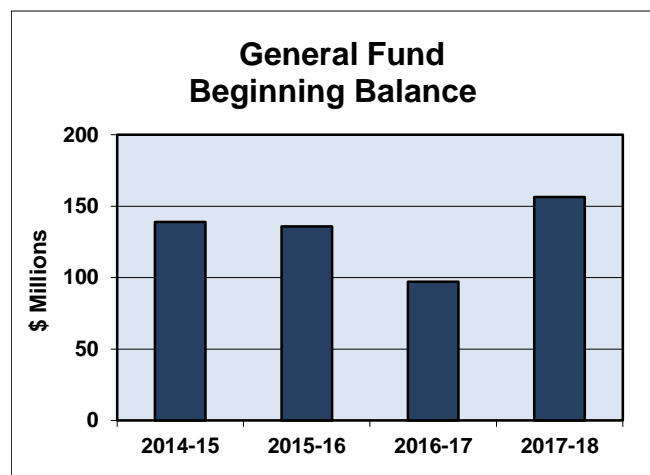
5. Analysis of the General Fund

All of the Port’s operations, except those at PDX, are budgeted in the General Fund. This includes the two general aviation “reliever” airports at Hillsboro and Troutdale, Marine, Industrial Development, Navigation, and all administrative functions of the Port.

Port of Portland (\$ Millions)	2014-15 Actual	2015-16 Actual	2016-17 Budget	2017-18 Budget
General Fund	\$ 240.3	\$ 267.7	\$ 226.3	\$ 267.3
General Fund Beginning Balance	\$ 139.1	\$ 135.9	\$ 97.2	\$ 156.5
General Fund Ending Balance	\$ 135.9	\$ 164.3	\$ 0	\$ 0

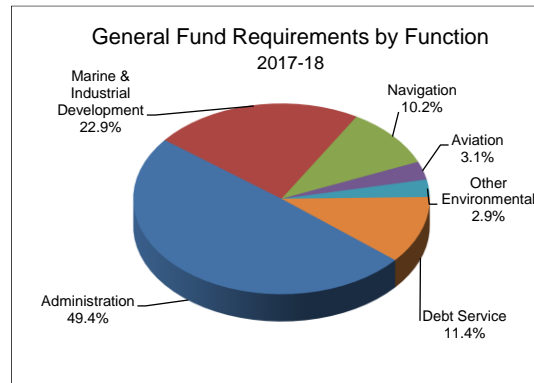
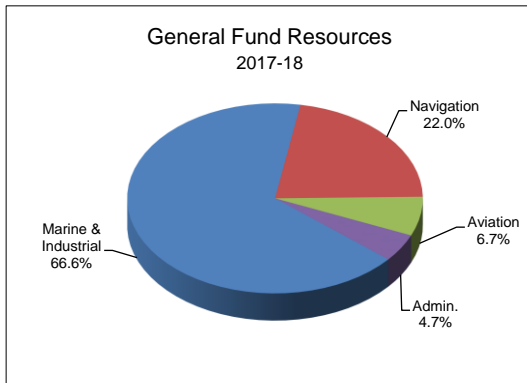
The Port generates revenue from user fees and contracted services by its various divisions: Marine & Industrial Development, General Aviation, and Navigation. The largest source of revenue in the General Fund, the “driver” that supports administrative costs at the Port, is the Marine & Industrial Development (MID) division. MID revenue accounts for 66.6% of General Fund operating revenue.

The General Fund budget increases by 18.1% to \$267.3 million, due primarily to a significant increase in beginning fund balance and offsetting contingency. If the beginning fund balance and contingency is removed, the General Fund budget decreases 14.2%, due to decreased land sale proceeds.



- Total land sales are budgeted at \$17.1 million
- Execution of TRIP multi-year development plan will bring 183 acres of industrial property to market by 2017

General Fund expenses for Marine, Industrial Development, and General Aviation increased in this budget. This growth is offset by Administration, Navigation, and Other Environmental reductions – mirroring the total budget trends and reflecting the General Fund’s significance in the budget as whole



6. Analysis of Other Funds

Airport Revenue Fund

Port of Portland (\$ Millions)	2014-15 Actual	2015-16 Actual	2016-17 Budget	2017-18 Budget
Airport Revenue Fund	\$ 304.9	\$ 330.7	\$ 319.3	\$ 340.1
Airport Revenue Fund Beginning Fund Balance	\$ 94.2	\$ 94.7	\$ 88.1	\$ 94.7
Airport Revenue Fund Ending Fund Balance	\$ 94.7	\$ 91.9	\$ 0	\$ 0

PDX resources and expenditures must be kept separate from general Port operations. These resources are restricted for use in accordance with FAA regulations, agreements with the airlines and revenue bond covenants. The Airport Revenue Fund accounts for operating resources and expenditures. Separate funds are maintained for debt service, capital construction, passenger facility charges (PFC), and customer facility charges (CFC).

PDX revenue (total resources minus beginning fund balance) is budgeted to increase 6.1% to \$245.4 million in 2017-18.

- Operating revenue in the Airport Revenue fund is up 3.8% to \$38.8 million
 - This is primarily landing fees paid by the airlines and is based on passenger volumes
 - The number of passengers in 2017-18 is projected to grow to 19.0 million
 - The agreement with the participating airlines ties fees to costs; along with the increased number of passengers, this budget increases operations costs by 6.8%
- Airline rental of terminal space, ground leases, parking fees, rental car fees and concession revenue is projected to increase 5.3% to \$200.3 million.

Customer Facility Charge (CFC) Bond Fund

The Customer Facility Charge (CFC) Bond Fund was created in this budget. This fund accounts for principal and interest payments relating to CFC Revenue Bonds issued for PDX. CFC Bonds will be used to fund rental car-related projects.

- Resources include \$12.0 million debt proceeds and a transfer from the CFC Fund
- Requirements fund interest on debt service and fund balance

7. Debt Status:

Total outstanding debt for the Port as of June 30, 2017 is estimated at \$664.9 million. Most of the debt is for capital projects at PDX, either Airport Revenue Bonds or Passenger Facility Charge Revenue Bonds. This budget includes debt service on Customer Facility Charge Revenue Bonds expected to be issued in the upcoming year. There is no General Obligation Bonded Debt.

Port of Portland	6-30-2014	6-30-2015	6-30-2016	6-30-2017 est.
PERS Bonds	66,738,665	65,302,565	63,760,759	62,108,213
Airport Revenue Bonds	432,385,000	493,320,000	467,735,000	439,640,000
PFC Revenue Bonds	153,800,000	148,200,000	142,040,000	135,270,000
Other Loans (LID, OECCD, etc.)	39,662,209	36,618,208	30,975,644	27,858,263
Total Debt Outstanding	659,163,468	743,440,773	704,511,403	664,876,476

8. Budget Alignment with Strategic Plan / Performance Objectives

Strategic Plan/Performance Objectives	Budget Component
Drive regional prosperity	<ul style="list-style-type: none"> Industrial park infrastructure investments will help drive sales Continued TRIP phase II development costs are included in this budget
Connect people and businesses to markets	<ul style="list-style-type: none"> Negotiated end to ICTSI Oregon lease; allows for new shipping options at terminal Develop a per-ship stipend program to encourage niche container services Investing in improvements at all terminals Creating business plan at T6 to help shippers get their goods to market
Deliver outstanding PDX passenger experience	<ul style="list-style-type: none"> Capital investments through the PDXNext initiative Increased staffing at PDX
Promote excellence in organizational effectiveness	<ul style="list-style-type: none"> Overall programs

9. Budget Process & Budget Compliance

Yes	No	Compliance Issue (If not in compliance, explain below)
X		1. Did the district meet publication requirements?
X		2. Do resources equal requirements in every fund?
	N/A	3. Does the G.O. Debt Service Fund show only principle and interest payments?
X		4. Are contingencies shown only in operating funds?
X		5. Did the budget committee approve the budget? Assumed. District submitted resolution for budget approval; minutes not included.
X		6. Did the budget committee set the levy? Assumed. District submitted resolution for budget approval; minutes not included.
X		7. Does the audit show the district was in compliance with budget law?

10. Highlights of the 2017-18 Budget to be published in TSCC Annual Report:

- The total budget increased \$594.7 million, or 53.4%.
- The General Fund increased by 18.1% from \$226.3 million \$267.3 million; property taxes are recorded in the Bond Construction Fund.
- Enterprise revenues from PDX and navigation operations and PDX have stabilized and show continued improvement.
- The Bond Construction Fund includes funding for phase II TRIP improvements (\$10.7 million); Rivergate overcrossing construction (\$6.2 million); and Gresham Vista Business Park infrastructure construction (\$2.9 million).
- Capital outlay at PDX totals over \$340.4 million. Projects include: terminal balancing (\$72.8 million), rental car wash/prep facility expansion (\$40.4 million), and, additional public parking and rental car facilities (\$35.0 million).
- Total FTE decrease by 7.2, to a total of 797.7 FTE.

Local Budget Law Compliance:

The 2017-18 Budget is in substantial compliance with local budget law. Estimates were judged to be reasonable for the purpose shown.

The audit report for fiscal year 2015-16 does not note any expenditures in excess of budget.

Certification Letter Recommendations and Objections:

TSCC staff notes no deficiencies in the district's FY 2017-18 budget process.