

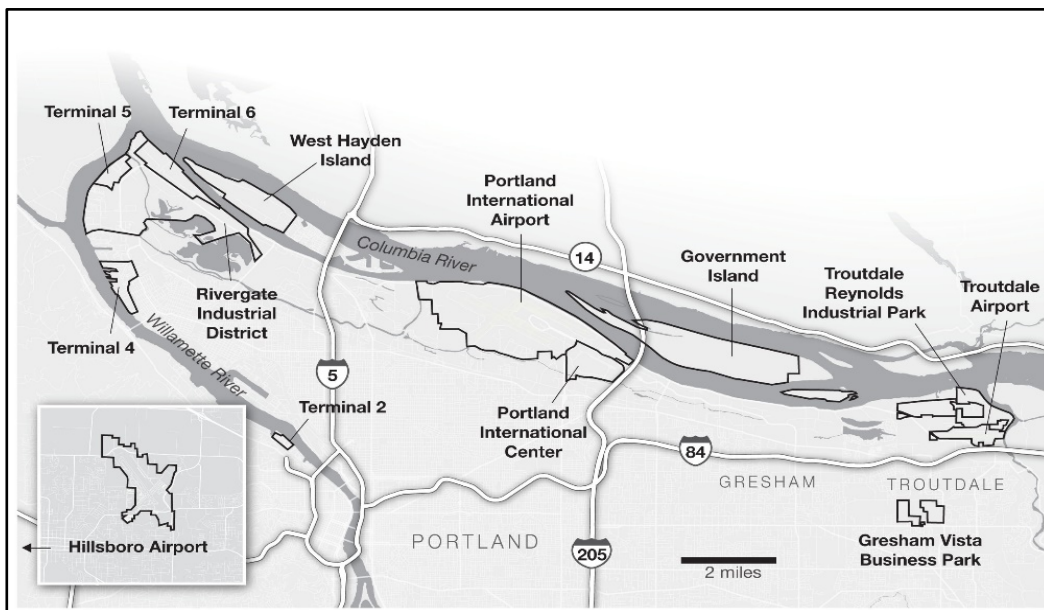
# TSCC Budget Review 2020-21

## 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

Under Executive Director Curtis Robinhold, the focus of the organization will continue to be the following three strategic areas.

- Building an airport for the future
- Revitalizing the marine business
- Creating a more equitable and prosperous region (including industrial property development and Portland Harbor cleanup)

In addition the guiding principles for the 2020-21 budget include preserving financial stability and viability of the Port and maintaining strategic services to ensure the Port is positioned to help lead the regional economic recovery.

The district's mission statement which appears on the first page of the budget document sets the direction for the budget. It is:

*“Enhance the region’s economy and quality of life by providing efficient cargo and air passenger access to national and global markets, and by promoting industrial development.”*

(Courtesy of Port of Portland)



#### 4. The Budget in Total

The Port is expecting passenger travel at PDX to be approximately 10 million, which is down 50% compared to 2018-19 actual numbers. This directly influences many revenue sources at the port such as terminal concessions, parking, rental car business, and ground transportation.

With the return of the weekly container service to Terminal 6 in January 2020 by the South Korea-based carrier, the Port anticipates some growth in this industry. They are forecasting 30,000 containers (TEU) in 2020-21 up from only 50 in 2019-20. All other marine customers are currently under long-term lease agreements.

PDX also anticipates receiving \$72.3 million in grant assistance under the million in Coronavirus Aid, Relief, and Economic Security (CARES) Act to address lost revenues, costs associated with the reducing the spread of the virus, other operating costs, debt service and capital expenditures. The Port's other two airports will receive a total of \$187,000 from source.

Overall the budget shows a 48% increase to \$2.707 billion. The increase is a result of \$772.8 million budgeted in debt proceeds. (+ \$612.8 million over FY20). Revenue received from debt proceeds in the current year are as follows:

- \$225 million to the Airport Revenue Fund
- \$460 to the Airport Construction Fund
- \$27 million to the Airport Revenue Bond Fund
- Debt Service payments increased \$298.6 million or 270% from \$110.7 million to \$409.3 million
- Transfers increased just over 100% to \$772.8 million
- Contingency increased to \$740.6 million from \$622.8 million.

These increases are necessary as the Port of Portland face the challenging and uncertain times brought about by COVID-19 pandemic.

This budget mitigates some of the impacts through:

- Personnel Services reduction from \$120.2 million to \$115.6 million using the following temporary methods:
  - Hiring Freeze
  - Limiting Overtime
  - Unpaid furlough program
  - Elimination of the annual merit compensation program for Administrative employees
- Materials & Services reduction of \$32.4 million (21%) by:
  - Eliminating all non-critical travel
  - Reducing spending for outside services as much as possible
  - Reducing spending on materials and supplies where possible

<b>Port of Portland</b>						
<b>Total Requirements - All Funds</b>						
(\$ Millions)						
	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>Change</b>	
	<b>Actual</b>	<b>Actual</b>	<b>Revised</b>	<b>Approved</b>	<b>\$</b>	<b>%</b>
Personnel Services	105	115	120	116	-5	-4%
Materials & Services	101	101	155	123	-32	-21%
Capital Outlay	157	231	361	451	90	25%
Debt Service	131	131	111	409	299	270%
Fund Transfers	239	266	386	773	387	100%
Contingencies	0	0	623	741	118	19%
Ending Fund Balance	687	996	68	95	27	40%
<b>Total Requirements</b>	<b>1,421</b>	<b>1,841</b>	<b>1,824</b>	<b>2,707</b>	<b>884</b>	<b>48%</b>

The Port's budget has two distinct financial divisions:

- 1) General Operations which includes the Marine, Industrial Development, Navigation, and Administration divisions
- 2) Aviation 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, General Aviation and Administration divisions are accounted for in the General and Bond Construction Funds.

The Aviation division consists of both Commercial Aviation and General Aviation (PDX) 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.

General Aviation division (includes only Hillsboro and Troutdale airports) is accounted for entirely in the General and Bond Construction Funds.

## General Operations

The **Marine** division manages three active marine terminals handling a diverse mix of cargo. All terminals are in close proximity to major rail, highway, and inland barge connections providing intermodal transportation flexibility. This division is budgeting resources of \$44 million, an increase of \$4 million or 9%. They will be spending \$42.8 million with the majority going to contract labor and consulting services. The division has 64.5 FTE.

The focus of the Marine division in 2020-21 is:

- Develop a financially viable operating model for T-6 that provides international market access to regional shippers to align with potential new business opportunities as a multi-use facility.
- Work with existing bulk tenants to increase volumes by expanding facility capacity and improving infrastructure.
- Implement the updated rail master plan by completing the North Rivergate Blvd. grade separation project.
- Participate in the management and maintenance of the Columbia River navigation channel, and the planning & design for the future 43-foot navigation channel on the Willamette River.



Container Ship at T-6 Courtesy of Port of Portland

**Industrial Development** division includes real property development, leasing, and sales. The Port is one of the largest developers of industrial property in the region. They oversee five business and industrial parks;

- Troutdale Reynolds Industrial Park (TRIP)
- Gresham Vista Business Park
- Swan Island Industrial Park
- Rivergate Industrial District
- Portland International Center

This division total revenue is anticipated to be \$7.1 million, decreasing in FY21 by just over \$1.2 million from 2019-20 budget levels. Concessions & rentals are the main source revenue. No property sales are anticipated at this time. The division has 16 FTE.

Business Plan initiatives include the following issues.

- Continue to proactively market Port real estate assets with a focus on attracting businesses who provide quality jobs.
- Manage property transactions to support General Fund sustainability.
- Work with partners to create alignment around an economic development plan that identifies priority industrial sites to increase access to quality jobs and create a more equitable and prosperous region.
- Advocate for public resources to stimulate redevelopment projects
- Identify and acquire strategic industrial property that supports the region's traded sector economy.

The **Navigation** of Oregon's marine highways are critical for the success of the marine trade industry. This division assists in the maintenance of the Columbia and Willamette River navigation channels through operation of the *Dredge Oregon*. In 2020-21, the division has 50.9 FTE and is budgeted to spend \$13.7 million, up from \$13.2 million in the current year.

*Dredge Oregon, Courtesy of Port of Portland*



The dredging operation is funded through a reimbursable agreement with the US Army Corps of Engineers. The Columbia River channel is maintained at a width of 600 feet by depth of 43 feet.

Capital projects include:

- Completing construction of water quality landing craft vessel
- Purchase a new bull dozer
- Purchase three new anchor scows
- Purchase a new dredge tender
- Purchase a new forklift
- Purchase one new end scow

**Administration** includes Administration & Equity, Executive Administration, Financial, Audit & Risk Services, Legal, Project Delivery & Safety and Public Affairs programs (includes Lower Willamette Project Management). The division provides project and technical services for the

rest of the organization. Administrative costs are either directly charged or allocated to operating divisions. This division includes 279.9 FTE.

## Aviation

### General Aviation

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. Revenue generated from rental and concessions is expected to be \$2.4 million. This will be used for operating expenditures of \$2.9 million. This division has 8 FTE.

The Port is working to increase existing lease revenue, develop new revenue sources and control costs and update the rates and fee structures at both reliever airports. Emphasis at both HIO and TTD is focused on traditional airside aviation development and new non—aviation landside development including industrial and commercial uses on airport property.

### Commercial Aviation

The **Commercial Aviation** at the Port consists of only the Portland International Airport (PDX). Funding to operate PDX is generated mainly from automobile parking fees, facility rentals, aircraft landing fees and concession agreements and is \$242.8 million in 2020-21. This is a decrease of \$23.8 million over current fiscal year.

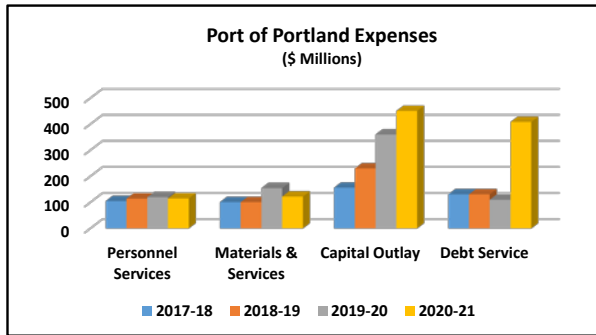
The Port manages the airport in partnership with the passenger and cargo airlines. Under the terms of the Airline and Cargo agreements at PDX, the signatory airlines serving PDX guarantee that revenues are equal to operating costs plus 30 percent of debt service expenses at PDX.

- Total passenger count at PDX is projected to be reduced by 50% due to the current COVID-19 pandemic which has restricted unnecessary travel. Even with restrictions being somewhat lifted, the Port does not expect a speedy recovery.

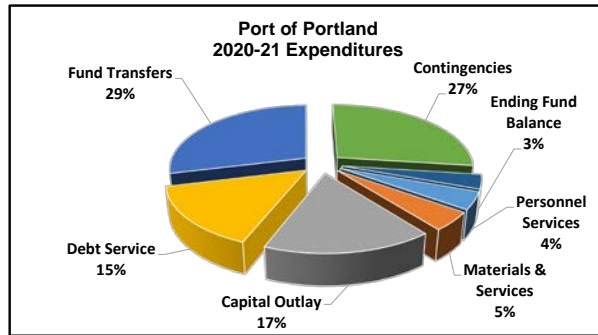
PDX Budget Volume Assumptions					
Description	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	Change
	Actual	Actual	Adopted	Forecast	
Total Passengers (in millions)	19.5	19.9	20.3	10.3	-49.3%
Landed Weight (lbs. in billions)	12.3	12.7	13.1	8.1	-38.2%

- Landed weight is projected at 8.1 billion pounds or a 38% reduction when comparing to the current year. (While the passenger count measures the number of passengers using the airport, there 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 forecast to decrease, with revenues from terminal concessions, parking, and rental cars decreasing over \$32 million.
- The Port will adapt construction plans and in order to continue to move forward with the *PDXNext* project, accelerating where possible and delaying as needed. They hope to preserve jobs, help other suppliers and businesses get paid and keep producing services so people can support their families during this coronavirus health crisis.

**Overall**



**Requirements**



The total budget increased from \$1.823 million to \$2.707 million with the largest increase in debt services. With the maturity of \$300 million in commercial paper in the Airport Revenue Fund this category increased from \$110.7 million to \$409.. Transfers between funds have doubled over the current year's transfers.

**Personnel Services:**

	Port of Portland 2020-21 Total FTE				Change
	2017-18 Actual	2018-19 Actual	2019-20 Revised	2020-21 Approved	
Commercial Aviation	366.8	382.3	403.6	401.0	-2.6
General Aviation	8.0	7.4	9.5	8.0	-1.5
Marine	66.3	65.2	62.5	64.5	2.0
Industrial Development	19.5	16.2	16.0	16.0	0.0
Navigation Administration	46.5	51.6	48.8	50.9	2.1
Administration:					
Corporate Administration	176.0	170.0	184.9	184.4	-0.5
Project Delivery & Safety	89.1	87.3	99.0	89.0	-10.0
<b>Total FTE</b>	<b>772.2</b>	<b>780.0</b>	<b>824.3</b>	<b>813.8</b>	<b>-10.5</b>

In an effort to control costs during the reduction in airport revenue, the Port has taken measures to reduce personnel service costs mentioned earlier in section 4. This has resulted in a decrease 4% from the 2019-20 revised budget for this expenditure classification. The number of FTE has decreased by 10.5 to 813.8 FTE. Non-union employees will be taking one unpaid furlough day each month for the next 15 months. Executive Director Robinhold will take 2 unpaid furlough days each month.

**Materials and Services:**

As the Port's temporary cost reduction measures to ensure financial stability are implemented in response to COVID -19 materials and services for 2020-21 are reduced from \$155.1 million to \$122.7 or 4%.

Some of the division's materials and services totals are:

- Marine: \$33.6 million of this longshore labor costs will be \$17.6 million, and another \$9.8 million for contracts & professional services
- PDX: \$59.8 with \$36.4 million for contract services

- Administration: \$13.5 million with the most prominent expenditure used for contract and professional services.

**Capital Outlay:**

Total Capital expenditures for FY21 are \$451.2 million, a 25% increase, as the Port continues work on general construction projects and projects at PDX. Approximately 90% is for improvements as PDX. As mentioned earlier, they will accelerate the projects where possible and delaying as necessary. These actions will benefit the Port and stimulate the regional economy as much as possible during these difficult economic times due to the health epidemic.

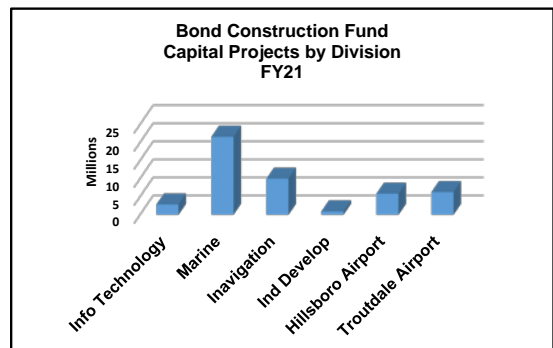
Capital expenditures at PDX total \$408 million in the FY21 budget. These costs are budgeted in the Airport Construction Fund which includes funding only for projects at PDX. The following are a few of the projects that are expected to take place for FY21:

- Terminal Balancing Program: \$60.3 million
- PDX Parking additions and consolidated rental car facility: \$56.9 million
- Terminal core redevelopment: \$53.6 million
- Rehabilitate Concourse B: \$30.5 million
- Rehabilitate and align Taxiway K: \$3.8 million
- Replace passenger loading bridges: \$9.3
- Replace people moving walkways: \$8.8 million
- Upgrade security cameras & WiFi internet connections: \$6.7 million
- Energy Conservation program improvements to Concourses: \$3.1 million



Capital projects budgeted in the Bond Construction Fund accounts for major expenditures of the following divisions:

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



In the Bond Construction Fund, Capital Outlay expenditures decreased \$11.1million in the upcoming year due a decrease in transfers of over \$8 million from the Airport Revenue Fund. Other revenues include interest on investments, transfers form the General and Airport Revenue Funds. Property taxes are recorded in this fund.

Major projects/purchases for 2020-21 include:

- Dredging related equipment procurement: \$2.3 million



- *Dredge Oregon* dry dock repairs: \$2. million
- Hillsboro runway improvements and other projects at HIO: \$5.8 million
- T-4 and T-6 improvement projects & lighting replacements \$13.9 million
- T-4 Basin storm water improvements: \$2.8 million
- Troutdale runway reconstruction project: \$6.3 million

### **Ending Fund Balance:**

Ending fund balance, the amount that will not be expended in the 2020-21 fiscal year and will therefore be left over on June 30, 2021, is budgeted at \$95.2 million. This is a \$27 million 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):**

With the Governor's order in March to "Stay home and Save lives", flights in and out of PDX are currently down 94% year over year on any given day with a 10% load factor that is normally 85%. In March the airport experienced a 50% drop in revenue and expect even more in April and May when the numbers are realized. All parking fees, concession revenue and rental cars are closely tied to the travel at PDX and diminished precipitously. With the airlines already indicating they expect no change at least through June, the Port has made some service adjustments at PDX by consolidating services, closings portions of the parking facilities, and reducing customer service capacity where it is fitting. They are also working with the airlines to find places to store many of the larger planes that are not currently in service, helping the airlines and also generating additional revenue for the Port.

Total resources are down just under \$31 million. In an effort to preserve jobs and industries, provide assistance for state and local governments, small businesses workers and families, the Coronavirus Aid Relief and Economic Security (CARES) Act was created. PDX is budgeting to receive \$72.3 million in FY21 to maintain critical operations and services.

The Port has diverse mix of marine tenants and other industrial business tenants adding some resilience to their financial portfolio. With the return in January of weekly container service to Terminal 6 and the intermodal rail service to the Puget Sound region the Port's feels this will prevent drastic declines in their resources.

Revenues from fees and charges are down 13% from \$398 million to \$347 million as a result of the pandemic. Helping to offset this is an increase in revenue within the following divisions:

- Navigation \$21 million (+\$1.3 million) received from dredging operations
- General Aviation \$3.6 million (+\$74 thousand) from operations at the two reliever airports in Hillsboro and Troutdale
- Marine \$44.0 million (+\$3.6 million) includes revenue from the containers, autos, breakbulk, minerals, grain and long-term fixed rate lease agreements

So even though the airport volume is at a low point, revenues from various other activities remains stable and are not immediately impacted by a weakened economy.

Beginning fund balances are decreasing 10% brought about by the sudden changes in the economy in the final quarter of the current year.

- Total beginning balance decreased by \$84.7 million
- The Passenger Facility Charge Fund will begin FY21 with \$43.9 million fewer dollars than in FY20 or just over \$103.3 million
- In the Airport Construction Fund the beginning fund balance decreases \$41.3 million to \$176.5 million
- The General Fund will have \$217.1 million to start FY21 which is \$30 million less than in 2019-20

<b>Port Of Portland Genral Fund</b>	<b>2017-18</b>	<b>2018-19</b>	<b>20219-20</b>	<b>2020-21</b>
<b>(\$ Millions)</b>	<b>Actual</b>	<b>Actual</b>	<b>Revised</b>	<b>Approved</b>
Total Fund	330	352	345	313
Beginning Balance	213	213	217	187
Ending Balance/Contingency	213	238	162	159

### 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 airports at Hillsboro and Troutdale, Marine, Industrial Development, Navigation, and Corporate Administration.

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 “drivers” that supports administrative costs at the Port, are the Marine & Navigation divisions.

The General Fund budget is decreasing by \$14 million to \$187 million from \$217 million, due primarily to a decrease in the beginning fund balance (-\$30 million) and the decrease in investment interest expected to be received in FY21 (-\$3.5 million)

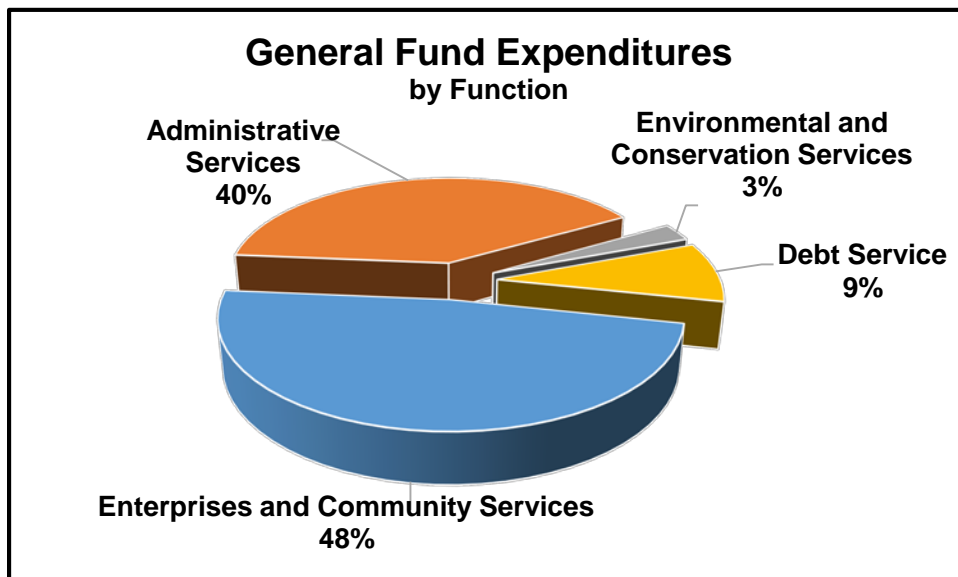
This following tables shows the operating revenue and expenditures by division:

- Marine Division is showing almost \$14 million increase over the actual revenue four years ago due to the increased marine activity mentioned earlier and steady tenants at the terminals.
- Industrial Development is down over \$5.7 million with no land sales predicted in FY21.
- General Aviation expenses have decreased with the decrease in activities at the two airports, contract & consulting services have decreased.
- Navigation expenses have increased with the purchase of equipment to support the dredging projects repairs to the *Dredge Oregon* repairs

<b>Port of Portland Operating Revenue</b>				
<b>By Division</b>				
<b>(\$ Millions)</b>				
	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
	<b>Actual</b>	<b>Actual</b>	<b>Revised</b>	<b>Approved</b>
General Aviation	4.583	3.667	3.557	3.631
Marine	25.879	34.753	40.441	44.036
Industrial Development	12.810	20.807	8.363	7.132
Navigation	15.493	18.801	19.787	21.113
Corporate Administration	0.163	0.191	0.176	0.193
<b>Total Operating Revenue</b>	<b>58.928</b>	<b>78.219</b>	<b>72.324</b>	<b>76.105</b>

<b>Port of Portland Operating Expenditures</b>				
<b>By Division</b>				
<b>(\$ Millions)</b>				
	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
	<b>Actual</b>	<b>Actual</b>	<b>Revised</b>	<b>Approved</b>
General Aviation	3.655	2.947	3.074	2.804
Marine	25.557	28.676	42.823	42.533
Industrial Development	4.246	4.087	4.225	4.576
Navigation	10.531	13.033	13.128	13.543
Corporate Administration	48.544	50.952	56.411	53.152
<b>Total Operating Expenditures</b>	<b>92.533</b>	<b>99.695</b>	<b>119.661</b>	<b>116.608</b>

The following chart shows the General Fund expenditures by function. Not surprising, enterprises and community services are the Port's principal expenditure, with administrative services a close second.



## 6. Analysis of Other Funds

The Port budgets in eight other funds:

- 1) Bond Construction Fund accounts for the acquisition, construction, expansion, and improvement of new and existing structures and facilities. Resources are generated from property taxes, transfers from the General Fund and Airport Revenue Fund and as interest on investments. Capital expenditures are budgeted at \$43.3 million in this fund mainly for Terminal 4 and 6 projects; technology equipment upgrades and replacements; procurement of new dredging equipment; and improvement projects at various industrial developments.
- 2) Airport Revenue Fund is where PDX operations are budgeted. This fund is a requirement as long as the PDX has Revenue Bonds. Primary revenue sources include facility rentals, aircraft landing fees, automobile parking fees and concession agreements. (Operating expenses are forecast at \$115 million and \$301 million for debt related expenses)
- 3) Airport Construction Fund is used solely to pay for additions, expansions, and improvements to PDX. Resources are interest earned on investments, capital grants, airport revenue bond proceed and transfers from the Airport Revenue Fund, Passenger Facility Charge Fund and the Customer Facility Charge Fund. (The amount budgeted for capital outlay is estimated \$408 million. Of this \$250 million will be spent on *PDXNext* as the Port continues to focus on the long-term priorities such as quality customer service and operating with maximum efficiency.
- 4) Airport Revenue Bond Fund is where the principal and interest payments are budgeted for airport revenue bonds. Funding comes from transfers from the Airport Revenue & Airport Construction Funds; debt proceeds; and interest earned on investments. (Budgeted for debt services is \$71.8 million)
- 5) Customer Facility Charge (CFC) Fund is used to fund rental car projects and programs. Resources are from customer facility charges, interest earnings on investments and debt proceeds. Requirements include transfers to Airport Revenue, Airport Construction and CFC Bond Funds. There will be \$11.1 million transferred to other funds for related projects.
- 6) Customer Facility Charge (CFC) Bond Fund accounts for principal and interest payments relating to the CFC revenue bonds at PDX. Transfers and interest earnings are the resources for this fund. (\$9.5 million will be used for debt service payments)
- 7) Passenger Facility Charge (PFC) Fund accounts for activity relating to PFC's derived from PDX. The Aviation Safety and Capacity Expansion Act of 1990 (PFC's Act) requires air carriers and their agents to collect the PFC's and remit collection to the airport once a month. The expenditures include transfers to the Airport Construction Fund or any other applicable fund of the Port to pay costs of projects that have been approved for PFC use by the FAA. (\$27.2 million will be transferred from this fund for various projects.)
- 8) Passenger Facility Charge (PFC) Bond Fund budgets the principal and interest payments relating to the PFC Revenue Bonds at PDX. Transfers from the PFC Fund, interest earned on investments, and reserves are the funding sources. (\$15.0 million will be used for debt service payments.)

### Airport Revenue Fund

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 operating revenue is budgeted to decrease 10% to \$242.7 million in 2020-21. This is due in part to rental car, concession and other fees paid to the Port, and landing fees paid by the airlines based on passenger volumes all decreasing. The nation-wide pandemic has had a devastating impact on the travel and airline industry. The three largest carriers at PDX are Alaska, Southwest and Delta Airlines. Following are the number of flights in and out of PDX currently and what the volume was previous to COVID-19: Alaska 23 from 140 flights; Southwest 19 from 36; Delta 12 from 31. Passenger capacity on these flights has moved from 85% capacity to 10% capacity. The airlines are predicting this to last well into June or possibly July.

### 7. Debt Status:

Total outstanding debt for the Port as of June 30, 2020 is estimated at \$1,146,105,605. Most of the debt funds capital projects at PDX, either Airport Revenue Bonds or Passenger Facility Charge Revenue Bonds. There is no General Obligation Bonded Debt.

Port of Portland	6-30-2017	6-30-2018	6-30-2019	6-30-2020 est.
PERS Bonds	62,108,213	60,339,398	58,452,780	56,255,000
Airport Revenue Bonds	672,880,000	645,215,000	615,770,000	961,050,000
PFC Revenue Bonds	135,270,000	127,825,000	119,995,000	111,890,000
Other Loans (LID, OECCD, etc.)	27,858,263	25,395,675	22,093,305	16,910,605
<b>Total Debt Outstanding</b>	<b>704,511,403</b>	<b>898,116,476</b>	<b>816,311,085</b>	<b>1,146,105,605</b>

### 8. Budget Alignment with Strategic Plan / Performance Objectives

Strategic Plan/Performance Objectives	Budget Component
<b>Build an airport for now and in the future</b>	<ul style="list-style-type: none"> <li>✓ Capital investments through the PDXNext initiative</li> <li>✓ Implement temporary measures to mitigate financial impacts to the port due to the COVID-19 pandemic</li> </ul>
<b>Revitalize the Port's marine business</b>	<ul style="list-style-type: none"> <li>✓ Investing in improvements at terminals</li> <li>✓ Implementing strategies included in T-6 Container Business Strategy Study</li> <li>✓ Partnering with BNSF for railway shuttle container delivery to Puget Sound area</li> </ul>
<b>Create a more equitable and prosperous region</b>	<ul style="list-style-type: none"> <li>✓ Continue with construction plans accelerating where possible and delaying as needed. Work continues, jobs are saved, suppliers &amp; other businesses are paid, and people are able to support their families.</li> <li>✓ Industrial park infrastructure investments to encourage quality job growth</li> </ul>

## 9. Budget Process & Budget Compliance

Yes	No	Compliance Issue
✓		Did district meet publication requirements?
✓		Do resources equal requirements in every fund?
N/A		Does the G.O. Debt Service Fund show only principle and Interest payments
✓		Are contingencies shown only in operating funds?
✓		Did budget committee approve the budget?
✓		Did Budget committee set the levy?
✓		Does audit show the district complied with budget law (no over-expenditures or budget violations)?

## 10. Highlights of the 2020-21 Budget to be published in TSCC Annual Report:

- The total budget increased \$883.6 million, or 48% with debt proceeds increasing \$612.8 million.
- The General Fund decreased by 9% from \$344.7 million to \$313.4 million as the Port implements temporary measures to safeguard their financial stability and allow critical operations to continue.
- The PDX is anticipating receiving \$72.3 million from the C.A,R.E.S
- Included in the Bond Construction Fund are activities for Hillsboro runway rehabilitation, *Dredge Oregon* repairs; Terminal 4 storm water improvements; and, Rivergate overcrossing construction.
- Capital expenditures at the Port total over \$451 million with \$250 million set aside for *PDXNext*.
- Total FTE decrease by 11, to a total of 814 FTE.
- In an effort to ensure financial stability and secure jobs during these very uncertain times, the Port has put a hiring freeze in place and asked employees will be taking an unpaid furlough day each month for the next 15 months.

### Local Budget Law Compliance:

The 2020-21 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 2018-19 does not note any expenditures in excess of budget.

### Certification Letter Recommendations and Objections:

TSCC staff did not find any deficiencies in the district's FY 2020-21 budget or budget process and will recommend the Certification Letter contain no recommendations or objections.

# Port Of Portland

## Annual Report

	2017-18 Actual	2018-19 Actual	2019-20 Rev. Budget	2020-21 Apv. Budget	Budget % Change
<b>SUMMARY OF ALL FUNDS</b>					
<b>Property Tax Breakdown:</b>					
Permanent Rate Property Taxes	12,076,625	12,425,695	13,007,036	13,593,228	5%
<b>Total Property Taxes</b>	<b>12,076,625</b>	<b>12,425,695</b>	<b>13,007,036</b>	<b>13,593,228</b>	<b>5%</b>
<b>Resources:</b>					
Beginning Fund Balance	751,336,152	687,296,741	882,488,174	797,827,326	-10%
Property Taxes	12,076,625	12,425,695	13,007,036	13,593,228	5%
Intergovernmental Revenue	10,338,147	2,505,489	10,553,471	6,488,257	-39%
Fees and Charges	346,722,586	369,556,741	397,597,012	347,101,284	-13%
Other Income	25,058,182	49,756,911	34,599,896	57,603,879	66%
Debt Proceeds	28,500,000	453,093,173	99,250,000	712,000,000	617%
Transfers In	238,620,404	265,929,810	386,303,022	772,845,600	100%
<b>TOTAL RESOURCES</b>	<b>1,412,652,096</b>	<b>1,840,564,560</b>	<b>1,823,798,611</b>	<b>2,707,459,574</b>	<b>48%</b>
<b>Requirements by Function:</b>					
Support Services	0	712,596	500,000	1,750,000	250%
Enterprises and Community Services	295,775,613	376,003,946	492,103,972	587,043,625	19%
Administrative Services	50,478,369	51,953,843	87,034,853	53,962,398	-38%
Environmental and Conservation Services	10,294,407	1,176,112	2,066,494	3,536,737	71%
Debt Service	116,839,829	131,313,244	110,680,661	409,257,610	270%
Capital Outlay Unallocated	13,346,733	17,060,343	54,377,424	43,308,775	-20%
Transfers Out	238,620,404	265,929,810	386,303,022	772,845,599	100%
Contingencies	0	0	622,792,869	740,596,038	19%
Ending Fund Balance	687,296,741	996,414,666	67,939,316	95,158,792	40%
<b>TOTAL REQUIREMENTS</b>	<b>1,412,652,096</b>	<b>1,840,564,560</b>	<b>1,823,798,611</b>	<b>2,707,459,574</b>	<b>48%</b>
<b>Requirements by Object:</b>					
Personnel Services	105,481,551	114,906,598	120,189,892	115,646,346	-4%
Materials & Services	107,479,575	101,371,220	155,134,178	122,732,410	-21%
Capital Outlay	156,933,995	230,629,020	360,758,672	451,222,779	25%
Debt Service	116,839,829	131,313,245	110,680,662	409,257,609	270%
Fund Transfers	238,620,403	265,929,810	386,303,022	772,845,599	100%
Contingencies	0	0	622,792,869	740,596,039	19%
Ending Fund Balance	687,296,742	996,414,667	67,939,316	95,158,792	40%
<b>TOTAL REQUIREMENTS</b>	<b>1,412,652,095</b>	<b>1,840,564,560</b>	<b>1,823,798,611</b>	<b>2,707,459,574</b>	<b>48%</b>
<b>SUMMARY OF BUDGET - BY FUND</b>					
General Fund	329,847,558	351,588,325	344,771,332	313,408,420	-9%
Bond Construction Fund	30,729,333	34,903,801	68,440,499	57,521,683	-16%
Airport Revenue Fund	369,650,674	420,238,130	487,204,046	939,342,705	93%
Airport Construction Fund	376,466,712	545,274,137	439,371,669	939,240,773	114%
Customer Facility Charge Fund	41,088,672	181,757,034	131,270,910	142,404,363	8%
Customer Facility Charge Bond Fund	0	10,750,289	20,910,000	19,087,232	-9%
Passenger Facility Charge Fund	136,494,289	164,200,304	189,175,220	124,089,154	-34%
Airport Revenue Bond Fund	98,964,514	102,026,773	113,865,901	143,155,260	26%
Passenger Facility Charge Bond Fund	29,410,344	29,825,767	28,789,034	29,209,984	1%
<b>GRAND TOTAL ALL FUNDS</b>	<b>1,412,652,096</b>	<b>1,840,564,560</b>	<b>1,823,798,611</b>	<b>2,707,459,574</b>	<b>48%</b>
<b>DETAIL OF GENERAL FUND</b>					
<b>Resources:</b>					
Beginning Fund Balance	213,362,890	212,753,633	217,081,404	187,222,452	-14%
Fees and Charges	51,097,010	63,426,532	70,605,147	76,104,817	8%
Other Income	19,493,010	26,295,255	6,926,345	1,689,725	-76%
Debt Proceeds	0	0	500,000	0	-100%
Transfers In	45,894,649	49,112,905	49,658,436	48,391,426	-3%
<b>TOTAL FUND RESOURCES</b>	<b>329,847,559</b>	<b>351,588,325</b>	<b>344,771,332</b>	<b>313,408,420</b>	<b>-9%</b>
<b>Requirements:</b>					
Enterprises and Community Services	43,988,548	48,742,969	63,251,554	63,455,660	0%
Administrative Services	50,475,808	50,951,583	86,420,853	53,161,748	-38%
Environmental and Conservation Services	10,294,407	1,176,112	2,066,494	3,536,737	71%
Debt Service	12,131,082	11,951,720	13,805,042	11,963,926	-13%
Transfers Out	204,080	298,208	17,510,194	21,978,798	26%
Contingencies	0	0	161,717,195	159,311,551	-1%
Ending Fund Balance	212,753,633	238,467,733	0	0	0%
<b>TOTAL FUND REQUIREMENTS</b>	<b>329,847,558</b>	<b>351,588,325</b>	<b>344,771,332</b>	<b>313,408,420</b>	<b>-9%</b>
<b>BALANCE SHEET AS OF JUNE 30 EACH YEAR</b>					
	<b>2017-18</b>	<b>2018-19</b>			
<b>Assets:</b>					
Cash & Investments	840,914,282	1,138,568,426			
Receivables	38,990,876	43,766,729			
Fixed Assets	1,676,234,488	1,781,615,090			
Other	6,820,346	6,939,795			
Deferred Outflows	59,673,436	63,223,052			
<b>TOTAL ASSETS</b>	<b>2,622,633,428</b>	<b>3,034,113,092</b>			
<b>Liabilities and Equity:</b>					
Liabilities	1,277,660,467	1,645,131,727			
Equity	1,340,162,354	1,380,923,523			
Deferred Inflows	4,810,607	8,317,842			
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,622,633,428</b>	<b>3,034,373,092</b>			