

# Budget Review 2024-25

## Port of Portland



### BUDGET HIGHLIGHTS

- The total FY 2024-25 Budget is \$3.7 billion, 21.5% higher than the FY 2023-24 Budget.
- Only about 38.4%, or \$1.4 billion, is for operating expenditures; the rest of the budget consists of interfund transfers, contingency, and ending fund balance.
- The Port is projecting 8.4 million enplaned passengers in FY 2024-25 – 1.2% less than the FY 2023-24 projection of 8.5 million.
- In April 2024, the Port made the decision to suspend container service at Terminal 6 as of October 2024. Terminal 6 is the only container terminal in Oregon. Gov. Kotek has announced the state will provide \$40 million to support container operations and has asked the Port to develop a long-term plan to make the terminal sustainable.
- The Port is a key member of the Oregon Mass Timber Coalition (OTMC). As part of the OTMC work, Terminal 2 will become a Mass Timber and Housing Innovation Campus to facilitate the growing mass timber industry.
- Personnel Services costs increase by 7.9% to \$157.7 million. Total FTE is increasing by 6.5 positions, with the largest increases in the commercial aviation (+12.9 FTE) and industrial and economic development (+2.0 FTE) offsetting decreases in navigation and administration.

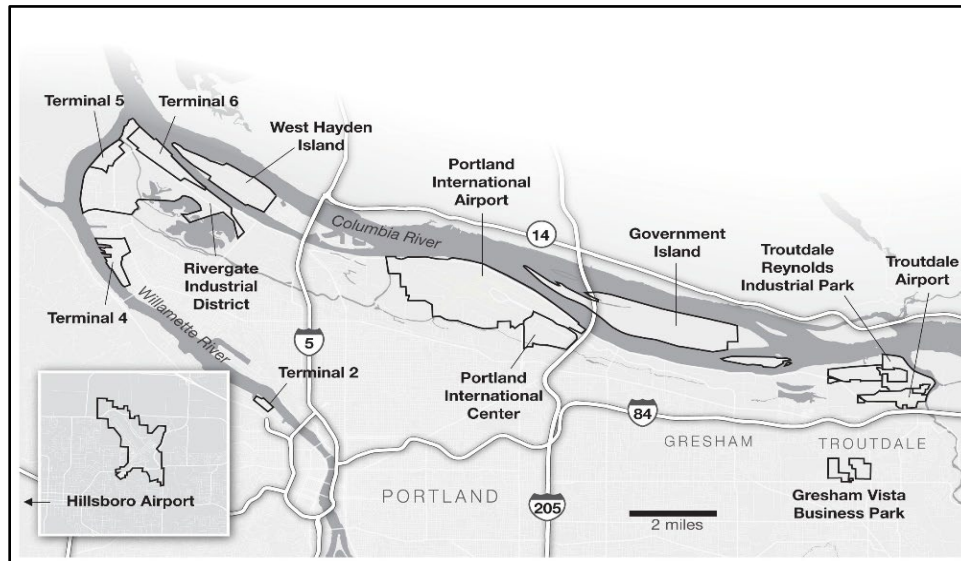


### INTRODUCTION & BACKGROUND

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.

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

### Geographic Boundaries



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.

Port of Portland	2020-21	2021-22	2022-23	2023-24
Assessed Value in Billions	\$195.539	\$204.617	\$213.836	\$223.565
Real Market Value (M-5) in Billions	\$367.367	\$384.774	\$411.490	\$464.898
Property Tax Rate Extended: Operations	\$0.0701	\$0.0701	\$0.0701	\$0.0701
Measure 5 Loss	-\$207,991	-\$234,220	-\$253,530	-\$221,097
Number of Employees (FTE's)	754	755	795	866

### BUDGET OVERVIEW

The total FY 2024-25 Budget is \$3.7 billion, 21.5% higher than the adopted current year budget. The Port of Portland is optimistic about the upcoming fiscal year and continues to see this period of time as transformative. After reviewing its mission and vision, the Port now has a renewed purpose: to transform the region into a place where everyone is welcome, empowered and connected to economic opportunity.

The FY 2024-25 Budget was developed by investing in the areas that are most critical to safe and accessible operations at the Port. Some highlights include:

- The Port is projecting 8.4 million enplaned passengers in FY 2024-25 – 1.1% less than the FY 2023-24 budget of 8.5 million, and 16.0% below the FY 2018-19 pre-pandemic level of 10.0 million. While outbound leisure travel has fully recovered, international and business travel has been slower to recover. In addition, Boeing MAX-9 groundings due to safety issues have significantly impacted FY 2023-24 enplanements; this impact will be felt into the first half of FY 2024-25.
- The district will continue to build on a multi-use business model for the T-6 Container Yard. In April, the Port made the decision to suspend container service at Terminal 6 as of October 2024. Prior to this announcement, the Port was working to develop a financially feasible path forward for container service including development of long-term third-party leases to negotiating higher container throughput rates. In mid-May, Governor Kotek announced \$40 million in funding for Terminal 6 container service. This funding will need to be approved by the legislature. The governor also requested the Port come up with a long-term sustainability plan for these services. The budget does not reflect decreased revenue or expenses for container service.
- Auto marine volume is expected to remain steady in the upcoming year while grain bulk, mineral bulk, and container volume decreases from FY 2023-24 budget levels. While forecasted lower, these figures show growth over FY 2022-23 actual levels and indicate slow but steady recovery.
- The Port will continue transforming Terminal 2 to facilitate the growing mass timber industry. The Port has been the recipient of state and federal grants to build out facilities for manufacturing, construction, testing, and workforce training. The agency continues to pursue grant funding and is optimistic additional funds will be received due to the innovative nature of the project.

The Port focused on the following four strategic areas when developing the 2024-2025 Budget:

- Deliver an exceptional experience to everyone who travels and works at PDX
- Build quality jobs through equitable and inclusive economic development
- Advance movement of goods and services; deploy assets for maximum impact
- Be an equitable and inclusive culture (learning culture)

The 2024-2025 Budget provides provisions for several budget priorities:

- Deliver an exceptional experience to everyone who travels and works at PDX. The budget increases staffing in commercial aviation by adding 12.9 FTE for airport maintenance and public safety and security. The budget also continues capital investments in the PDX terminal as identified in the PDX Master Plan.
- Build quality jobs through equitable and inclusive economic development. The budget includes funding for infrastructure development for the Mass Timber and Housing Innovation Campus at Terminal 2 and continued focus on the East County Development Strategy plan.
- Advance movement of goods and services; deploy assets for maximum impact. The budget assumes continued capital investments in the T-6 Container Yard, funded through previous grant

awards received. The budget also provides funding for Lower Columbia River Channel dredging and maintenance.

- Be an equitable and inclusive culture (learning culture). Contracting and consulting increase in this budget to provide continued Business Intelligence program investments, DEI employee education investments, and Leadership Development Programs.

The operating budget was developed utilizing a Budget Equity Tool. The goal of the tool is to quantify the allocation of resources to advance Shared Prosperity. The Port is working to expand the tool for use in capital budget development in FY 2025-26.

## RESOURCES

The Port anticipates a significant decrease in the carry forward from the current year: the FY 2024-25 Budget includes a 22.1% decrease in the beginning fund balance, from the current year’s level of \$1,291.9 million to \$1,006.1 million in the upcoming year. Five of the Port’s nine funds increase beginning balance, one remains the same and three – the General, Airport Construction, and Passenger Facility Charge (PFC) funds decrease beginning balance, with the largest decrease in the Airport Construction Fund as funds set aside for the capital projects are spent down. Despite the overall decrease, beginning balance is expected at FY 2022-23 levels and are healthy.

<b>Port of Portland</b>						
<b>Total Resources - All Funds</b>						
(Millions)						
	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>Change</b>	
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Approved</b>	<b>\$</b>	<b>%</b>
Beginning Fund Balance	653.3	1,001.3	1,291.9	1,006.1	(285.9)	-22.1%
Property Taxes	14.3	15.0	15.5	16.6	1.0	6.7%
Intergovernmental Revenue	0.2	1.0	21.6	45.3	23.6	109.3%
Fees and Charges	441.1	455.8	492.9	566.3	73.4	14.9%
Other Income	79.3	47.2	55.0	59.7	4.7	8.6%
Debt Proceeds	676.3	606.8	280.0	980.0	700.0	250.0%
Transfers In	395.1	346.7	910.7	1,053.3	142.6	15.7%
<b>Total Resources</b>	<b>2,259.7</b>	<b>2,473.9</b>	<b>3,067.7</b>	<b>3,727.2</b>	<b>659.5</b>	<b>21.5%</b>

Overall, the budget shows a 21.5% increase, or \$659.5 million, as all operating revenue sources increase. The largest percentage increases are in debt proceeds and intergovernmental revenue. Intergovernmental is driven by federal revenue in the Airport Construction Fund. The FY 2024-25 Budget expects \$45.3 million from federal sources, up from \$21.6 million in the current year budget.

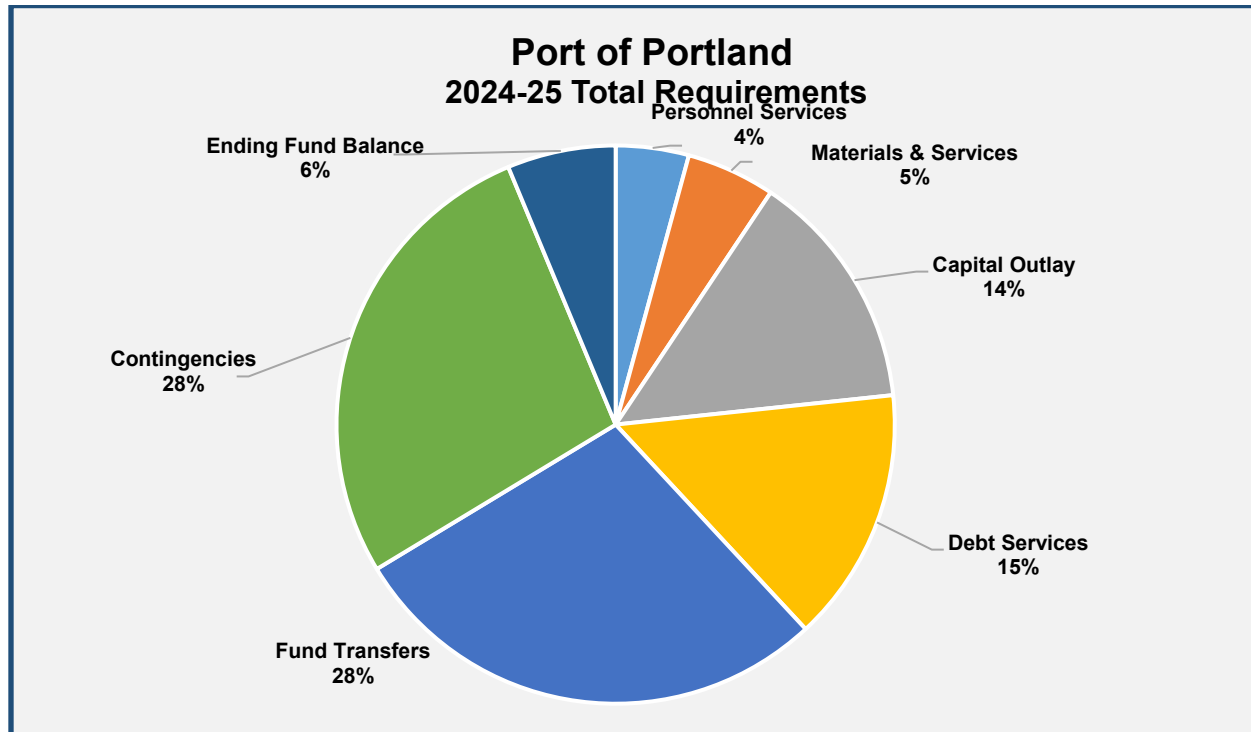
The Port will receive \$980.0 million in debt proceeds in FY 2024-25. This is up \$700.0 million from the FY 2023-24 total. Revenue received from debt proceeds are allocated as follows:

- \$30.0 million to the General Fund for navigation equipment purchases.
- \$300.0 million to the Airport Revenue Fund for capital projects and operations.
- \$600.0 million in the Airport Construction Fund for capital projects and operations.
- \$50.0 million in the Airport Revenue Bond Fund which it is transferred to other funds for capital projects and operations.

**REQUIREMENTS**

The total budget increased from \$3.1 billion in the current year to \$3.7 billion in the Approved Budget. Only about 38.4%, or \$1.4 billion, is for operating expenditures; the rest of the budget consists of interfund transfers, contingency, and ending fund balance.

<b>Port of Portland</b>						
<b>Total Requirements - All Funds</b>						
<b>(Millions)</b>						
	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>Change</b>	
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Approved</b>	<b>\$</b>	<b>%</b>
Personnel Services	115.0	125.0	146.1	157.7	11.6	7.9%
Materials & Services	144.7	159.6	175.6	191.7	16.1	9.2%
Capital Outlay	406.8	336.3	446.2	519.6	73.4	16.5%
Debt Services	196.9	156.8	495.8	550.5	54.7	11.0%
Fund Transfers	395.1	346.7	910.7	1,053.3	142.6	15.7%
Contingencies	-	-	728.9	1,020.1	291.2	40.0%
Ending Fund Balance	1,001.3	1,349.4	164.4	234.3	69.9	42.5%
<b>Total Requirements</b>	<b>2,259.7</b>	<b>2,473.9</b>	<b>3,067.7</b>	<b>3,727.2</b>	<b>659.5</b>	<b>21.5%</b>



**Personnel Services:**

Personnel Services costs increase by 7.9% to \$157.7 million. The budget assumes:

- 4.0% salary and wage increase for Admin groups
- 3.5% - 12.0%\* wage increase for Represented groups

- 7.0% - 8.5% medical, 5.0% dental and 3.0% - 5.0% vision rate increases

\* Note: 12.0% rate is due to contract negotiations and reflects a two-year catch up.

Total FTE is increasing by 36.5 positions, with the largest increases in the commercial aviation (+12.9 FTE) and industrial and economic development (+2.0 FTE). Decreased position in navigation (-2.9 FTE), administration (-2.5 FTE) and engineering (-3.0 FTE) partially offset the increases.

<b>Port of Portland</b>					
<b>Total FTE</b>					
	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>Change</b>
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Approved</b>	
Commercial Aviation	361.4	372.8	442.0	454.9	12.9
General Aviation	7.9	7.8	8.0	8.0	0.0
Industrial & Economic Development	17.8	19.6	24.0	26.0	2.0
Marine	57.8	62.5	67.0	67.0	0.0
Navigation	45.8	51.1	63.0	60.1	-2.9
Administration:					
Corporate Administration	159.4	169.7	208.6	206.1	-2.5
Engineering	75.1	75.0	83.0	80.0	-3.0
<b>Total FTE</b>	<b>725.2</b>	<b>758.5</b>	<b>895.6</b>	<b>902.1</b>	<b>6.5</b>

**Materials and Services:**

Total Materials and Services costs are increasing by \$16.1 million (9.2%) to \$191.7 million.

**Capital Outlay:**

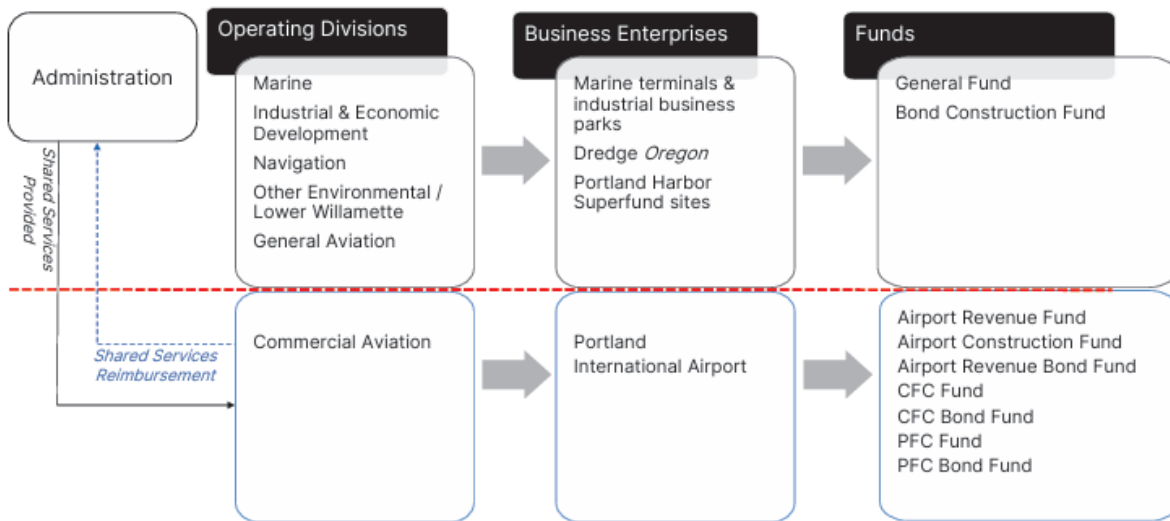
FY 2024-25 capital outlay is \$519.6 million. Total Capital Projects expenditures (including staff time) is estimated at \$542.6 million, up from \$470.2 million in FY 2023-24. The largest projects are:

PDX Improvements	
Terminal Core Redevelopment – Phase 2	\$301.2 million
Baggage Handling System and Baggage Area Expansion	\$ 11.0 million
Terminal 6 Pavement Rehab and Electrical Improvements	\$ 26.2 million
Terminal 2 Mass Timber and Housing Innovation Campus	\$ 24.0 million
Hillsboro Airport	
Taxiway K Rehabilitation	\$ 5.5 million
Runway 7-25 Reconstruction/Stormwater Improvements	\$ 4.5 million
Terminal 5 Berth 503 Rehabilitation	\$ 5.6 million
Navigation Dredge Tender Replacement	\$ 7.7 million

**Contingency/Ending Fund Balance:**

Combined contingency and ending fund balance totals \$1,254.4 million in FY 2024-25. This is a \$361.1 million increase from the current fiscal year's combined contingency and ending fund balance. The Port does not budget ending fund balance in operating or construction funds; instead, amounts are budgeted as a contingency, providing flexibility if funds are needed during the year.

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



From a financial perspective, the Budget document reflects two primary divisions:

- 1) **General Operations** including Marine, Aviation, Trade & Equitable Development, Navigation, and Administration (separated into Corporate Administration and Engineering divisions)
- 2) **Aviation** is comprised of Portland International Airport (PDX) and the two General Aviation reliever airports located in Hillsboro and Troutdale. The General Aviation reliever system is included in the Port's General Fund.

PDX resources cannot be co-mingled with any other resources of the Port and are restricted for use at Aviation facilities in accordance with FFA regulations and Airport Bond Ordinances. PDX resources can be used to fund the General Aviation reliever system in certain circumstances. A transfer of resources is made from the Airport Revenue Fund to the Port's Bond Construction Fund for that purpose.

### Budget Requirements by Program

The **Marine Division** owns three active marine terminals handling a diverse mix of cargo. All terminals are near major rail, highway, and inland barge connections providing intermodal transportation flexibility. Except for the container yard at Terminal 6, nearly all the Port's major marine customers are currently under long-term lease agreements.

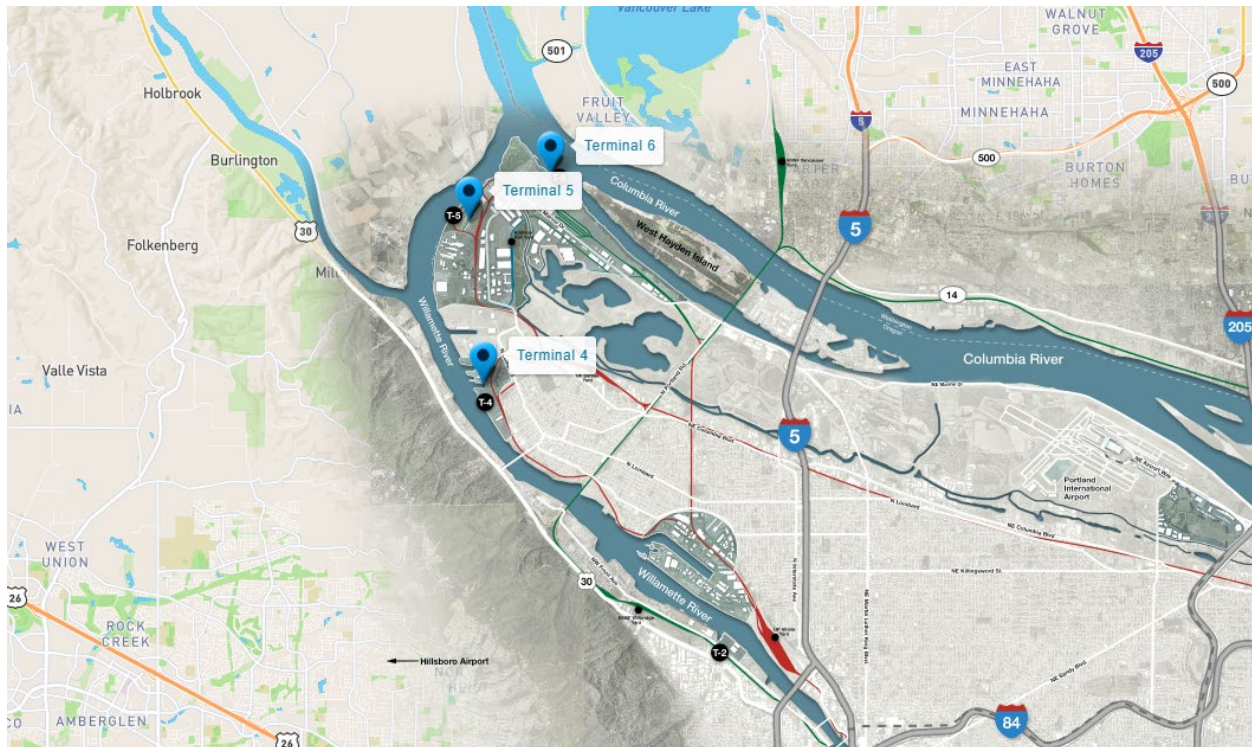


### Marine Budget Volume Assumptions

Description	FY 2022-23 Actual	FY 2023-24 Projected	FY2023-24 Adopted	FY2024-25 Forecast	Change
Autos (Units)	287,067	355,031	366,200	363,000	-0.9%
Breakbulk (Metric Tons)	842	5,680	10,000	1,000	-90.0%
Grain Bulk (Metric Tons)	1,358,476	1,871,786	2,000,000	1,500,000	-25.0%
Mineral Bulk (Metric Tons)	5,342,933	6,023,257	5,373,155	6,880,000	28.0%
Containers (TEU)	86,044	58,460	62,400	58,900	-5.6%

(1) Percent Change Compares FY 2023-24 Adopted to FY 2024-25 Forecast.

This division’s FY 2024-25 budget is \$88.9 million, with operating expenditures of \$53.9 million and capital expenditures of \$35.0 million. The division has 67.0 FTE. The amount budgeted for Longshore Labor increases to \$22.4 million in this budget. Contract and consulting services increase \$2.8 million, making up the majority of increased materials and service costs. Marine infrastructure development reflects the rapidly changing international marine shipping environment. The Port has received federal and state grants to expand and modernize container operations at T-6: \$24.3 million Port Infrastructure Development Program (PDIP) grant and \$7.3 million Connect Oregon grant. These grants will fund improvements at Terminal 6 in FY 2024-25. In order to continue providing access to shippers the Port will continue to seek grant funding and invest in the container yard infrastructure. Due to financial instability in the container shipping program, the Port made the decision to suspend container service at Terminal 6 in October 2024; that decision was reversed when the Governor announced a commitment to additional funding for the service.





Map of Marine Facilities, Courtesy Port of Portland

The **Industrial and Economic 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 six business and industrial parks;

- Troutdale Reynolds Industrial Park (TRIP)
- Gresham Vista Business Park
- Swan Island Industrial Park
- Rivergate Industrial District
- Portland International Center
- Terminal 2 Mass Timber and Housing Innovation Campus

## T2 MASS TIMBER INNOVATION HUB

A new factory, research lab, and fabrication facility is expected to be constructed at the T2 Mass Timber Innovation Hub - advancing the development of sustainable, innovative and cost effective housing units made from mass timber.



T2 Mass Timber Innovation Hub, Courtesy Port of Portland

This division's total budget is \$35.6 million, with \$11.3 million dedicated to operating expenses and \$24.3 million to capital. There are 26.0 FTE in this division. Materials and services increase to just under \$6.5 million in FY 2024-25, with the majority of that increase in consulting and contract services, and utilities. The Port will continue to assess undeveloped and underutilized assets and look for opportunities to incorporate equity into land sales.

The Lower Willamette Program works to remediate Superfund areas on the Willamette River in partnership with federal and other partners. The budget includes funding to design a cleanup at Terminal 4 and Willamette Cove. In addition, the Port is a funding partner to two other cleanup areas on the river: Portland Harbor and Portland Shipyard.

This budget also includes funding to develop an economic investment strategy for East Multnomah County. In 2024, the Port will launch a steering committee and host community forums to guide strategic plan development for the Port's assets in the area.

The **Navigation Division** is critical for the success of the maritime trade industry. This division assists in maintaining the Columbia and Willamette River navigation channels through the operation of the *Dredge Oregon*.

The division has 60.1 FTE and is budgeting \$18.6 million in expenditures for operating expenses and \$22.6 million in capital for a total budget of \$41.2 million. The dredging operation is funded through a reimbursable agreement with the US Army Corps of Engineers. The current ten-year contract lasts through September 2027. The Columbia River channel is maintained at a width of 600 feet by a depth of 43 feet.

Capital projects in the Navigation Division include:

- Purchase a new dredge tender
- Purchase a new Dozer
- Replace a pipe barge
- Purchase pipeline support equipment

**Administration** provides corporate headquarters functions and project and engineering services for the rest of the organization. The FY 2024-25 Budget is \$70.9 million, primarily for operating expenses. Of the total, \$52.2 is budgeted for personnel services and \$18.6 million for materials and services. Administrative costs are either directly charged or allocated to operating divisions. These expenditures cover the 286.1 FTE.

The **Aviation Division** manages and provides facilities for the airlines and other airport tenants.

Aviation primarily generates revenues from:

- Automobile parking fees
- Facility rentals
- Aircraft landing fees
- Concession agreements.

Capital improvements are funded from:

- Airport operations income
- Revenue bonds
- Federal and State grants
- Passenger Facility Charges
- Customer Facility Charges

#### *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 \$3.2 million. This income will be used for operating expenditures of \$4.3 million. This division has 8.0 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. The emphasis at both Hillsboro and Troutdale is focused on traditional airside aviation development and new non-aviation landside development, including industrial and commercial uses on airport property.

*Commercial Aviation*

Commercial Aviation at the Port consists of only the Portland International Airport (PDX). 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 costs for the Airfield and Terminal cost centers.

**PDX Budget Volume Assumptions**

Description	FY 2022-23 Actual	FY 2023-24 Projected	FY2023-24 Adopted	FY2024-25 Forecast	Change
Total Passengers ( <i>in millions</i> )	15.7	16.5	17.1	16.9	-1.1%
Landed Weight ( <i>lbs. in billions</i> )	10.8	11.1	11.9	11.2	-5.7%

(1) Percent Change Compares FY 2023-24 Adopted to FY 2024-25 Forecast.

Funding to operate PDX is generated mainly from automobile parking fees, facility rentals, aircraft landing fees and concession agreements and is \$421.3 million in FY 2024-25. This is an increase of \$65.9 million over the current fiscal year. Total passenger volume at PDX is projected to decrease by 1.1%.

Landed weight is projected at 11.2 billion pounds, 5.7% lower than current year. (The passenger count measures the number of passengers using 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 aircraft.)

**OTHER SIGNIFICANT BUDGET AREAS**

**GENERAL FUND**

**GENERAL FUND RESOURCES**

Fund Name	Group	Values			
		Sum of 2022 Actual	Sum of 2023 Actual	Sum of 2024 Adopted	Sum of 2025 Approved
General Fund	Beginning Fund Balance	220,922,334	256,781,449	266,439,591	244,434,404
	Debt Proceeds	-	-	30,000,000	30,000,000
	Fees and Charges	115,204,357	98,454,046	88,777,249	96,811,576
	Other Income	28,974,851	18,888,852	6,486,082	6,814,319
	Transfers In	50,882,964	56,243,341	60,053,297	61,822,487
<b>Grand Total</b>		<b>415,984,506</b>	<b>430,367,688</b>	<b>451,756,219</b>	<b>439,882,786</b>

All of the Port's operations, except those at PDX, are budgeted in the General Fund, including the two general aviation airports at Hillsboro and Troutdale, Marine, Industrial and Economic 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 income in the General Fund, the "drivers" that support administrative costs at the Port, come from the Marine & Navigation divisions.

The General Fund budget decreases by \$11.9 million in FY 2024-25. Revenue across all funding sources is budgeted to increase, with the exception of beginning fund balance which decreases by \$22.0 million as the Port spends down funding for planned capital improvements. Debt proceeds remain at \$30.0 million in FY 2024-25 as the Port is budgeting for a loan to purchase navigation equipment for the second year.

### GENERAL FUND REQUIREMENTS

Fund Name	Group	Values			
		Sum of 2022 Actual	Sum of 2023 Actual	Sum of 2024 Adopted	Sum of 2025 Approved
General Fund	Administrative Services	51,227,794	57,124,059	68,476,870	70,856,533
	Contingencies	-	-	210,717,789	165,415,350
	Debt Service	12,314,497	12,145,703	67,684,706	68,164,325
	Ending Fund Balance	256,781,449	267,761,858	-	-
	Enterprises and Community Services	81,205,166	87,492,546	81,583,179	87,587,736
	Environmental and Conservation Services	8,408,226	5,210,299	12,252,864	12,246,469
	Transfers Out	6,047,374	6,333,223	11,040,811	35,612,373
<b>Grand Total</b>		<b>415,984,506</b>	<b>430,367,688</b>	<b>451,756,219</b>	<b>439,882,786</b>

Similar to resources, the General Fund decreases due to lower contingency.

### OTHER FUNDS

Fund Name	Values			
	Sum of 2022 Actual	Sum of 2023 Actual	Sum of 2024 Adopted	Sum of 2025 Approved
Airport Construction Fund	635,366,231	794,871,387	983,182,110	1,409,487,042
Airport Revenue Bond Fund	192,019,615	280,983,627	283,581,058	378,961,869
Airport Revenue Fund	706,325,340	704,805,123	1,027,946,432	1,172,765,908
Bond Construction Fund	33,117,772	41,562,855	90,344,025	114,107,807
Customer Facility Charge Bond Fund	19,285,324	20,339,122	19,390,715	20,342,951
Customer Facility Charge Fund	57,327,657	47,028,425	41,785,808	56,117,130
Passenger Facility Charge Bond Fund	91,284,810	27,016,470	25,825,427	16,046,599
Passenger Facility Charge Fund	109,038,062	126,888,338	143,906,828	119,500,642
<b>Grand Total</b>	<b>1,843,764,811</b>	<b>2,043,495,347</b>	<b>2,615,962,403</b>	<b>3,287,329,948</b>

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, federal/state grants, interest on investments, and transfers from the General Fund and Airport Revenue Fund. Capital expenditures are budgeted at \$100.6 million in this fund, mainly for projects at terminals 2 and 6; procurement of new dredging equipment; and, improvement projects at Hillsboro Airport.
- 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 \$171.1 million, \$303.8 million for debt service, \$557.9 million transfers, and \$140.0 contingency.
- 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 proceeds and transfers from the Airport Revenue Fund, Passenger Facility Charge Fund and the Customer Facility Charge Fund. The operating/capital budget is \$424.1 million. Primary projects are Phase two of the terminal core redevelopment and baggage handling area expansion.

- 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. In the Approved Budget, there is \$168.9 million set aside to cover debt services.
- 5) Customer Facility Charge (CFC) Fund is used to fund rental car projects and programs. Resources are from customer facility charges and interest earnings on investments. Requirements include transfers to Airport Construction and CFC Bond Funds. There will be \$16.4 million transferred to these 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 PFCs derived from PDX. The Aviation Safety and Capacity Expansion Act of 1990 (PFC's Act) requires air carriers and their agents to collect the PFCs and remit collection to the airport once a month. The expenditures include transfers to the PFC Bond Fund or any other applicable fund of the Port to pay costs of projects that have been approved for PFC use by the FAA. \$102.4 million will be transferred from this fund to the PFC Bond Fund for 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. \$2.3 million will be used for debt service payments.

**Further Detail on Airport Revenue Fund**

PDX resources and expenditures must be kept separate from general Port operations. These resources are restricted for use following FAA regulations, agreements with the airlines, and revenue bond covenants. The primary sources of revenue include facility rentals, aircraft landing fees, automobile parking fees and concession agreements. The Airport Revenue Fund accounts for operating resources and expenditures. In addition, separate funds are maintained for debt service, capital construction, passenger facility charges (PFC), and customer facility charges (CFC).

PDX operating revenue is budgeted at \$421.3 million in FY 2024-25, a \$65.9 million increase (18.6%) from current year. The increase is due in part to rental car, concession and other fees paid to the Port.

**DEBT STATUS**

Total outstanding debt for the Port as of June 30, 2024, is estimated at \$4,079,316,734 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.

- The 2024-25 Budget includes \$30,000,000 in new debt proceeds in the General Fund for Navigation Equipment Loans. An additional \$950.0 million debt will be issued in the Airport Revenue, Airport Construction Fund and Airport Revenue Bond funds. from which it is transferred to other funds for debt service, capital projects, and operations.

Port of Portland	6-30-2022	6-30-2023	6-30-2024	6-30-2025 est.
PERS Bonds	45,725,000	39,375,000	37,135,117	26,139,305
Airport Revenue Bonds	1,564,420,000	2,093,565,000	3,712,176,209	3,543,231,534

CFC Revenue Bonds	156,890,000	153,650,000	244,600,972	235,075,691
Other Loans (LID, OECCD, etc.)	10,828,623	9,412,791	9,010,952	7,042,440
<b>Total Debt Outstanding</b>	<b>1,858,758,613</b>	<b>2,367,542,791</b>	<b>4,079,316,734</b>	<b>3,885,301,454</b>

## BUDGET PROCESS & COMPLIANCE

Yes	No	Compliance Issue
X		Did the district meet publication requirements?
X		Do resources equal requirements in every fund?
X		Are contingencies shown only in operating funds?
X		Did the budget committee approve the budget?
X		Did the budget committee set the levy?
X		Does the audit show the district complied with budget law?

## LOCAL BUDGET LAW COMPLIANCE

The 2024-25 Approved Budget is in substantial compliance with local budget law. Estimates were judged to be reasonable for the purpose shown.

The audit report for the fiscal year 2022-23 notes no issues of budgetary noncompliance.

## CERTIFICATION LETTER RECOMMENDATIONS & OBJECTIONS

TSCC staff notes no deficiencies in the district's FY 2024-25 budget development process and offers no recommendations or objections for the certification letter.

<b>Port of Portland</b>					
<b>Budget Summary</b>					
	2021-22	2022-23	2023-24	2024-25	%
<b>SUMMARY OF ALL FUNDS</b>	Actual	Actual	Revised	Approved	Change
<b>PROPERTY TAX BREAKDOWN:</b>					
Permanent Rate Property Taxes	14,324,804	15,015,209	15,548,591	16,589,923	6.7%
<b>TOTAL PROPERTY TAX</b>	<b>14,324,804</b>	<b>15,015,209</b>	<b>15,548,591</b>	<b>16,589,923</b>	<b>6.7%</b>
<b>RESOURCES:</b>					
Beginning Fund Balance	653,260,960	1,001,257,278	1,291,926,633	1,006,064,850	-22.1%
Property Taxes	14,324,804	15,015,209	15,548,591	16,589,923	6.7%
Intergovernmental Revenue	237,799	1,019,261	21,643,851	45,290,917	109.3%
Fees and Charges	441,149,380	455,820,629	492,903,628	566,272,037	14.9%
Other Income	79,347,729	47,233,557	54,971,316	59,675,858	8.6%
Debt Proceeds	676,334,569	606,771,716	280,000,000	980,000,000	250.0%
Transfers In	395,094,076	346,745,385	910,724,603	1,053,319,149	15.7%
<b>TOTAL RESOURCES</b>	<b>2,259,749,317</b>	<b>2,473,863,035</b>	<b>3,067,718,622</b>	<b>3,727,212,734</b>	<b>21.5%</b>



**REQUIREMENTS BY OBJECT:**

Personnel Services	115,013,756	124,982,176	146,093,664	157,683,241	7.9%
Materials & Services	144,679,539	159,554,059	175,632,322	191,716,385	9.2%
Capital Outlay	406,774,617	336,313,905	446,187,639	519,620,443	16.5%
Debt Service	196,930,050	156,819,685	495,807,217	550,465,280	11.0%
Fund Transfers	395,094,076	346,745,384	910,724,603	1,053,319,150	15.7%
Contingencies	0	0	728,861,987	1,020,107,771	40.0%
Ending Fund Balance	1,001,257,279	1,349,447,824	164,411,190	234,300,463	42.5%
<b>TOTAL REQUIREMENTS BY OBJECT</b>	<b>2,259,749,317</b>	<b>2,473,863,033</b>	<b>3,067,718,622</b>	<b>3,727,212,733</b>	<b>21.5%</b>

**SUMMARY OF BUDGET - BY FUND**

General Fund	415,984,506	430,367,688	451,756,219	439,882,786	-2.6%
Bond Construction Fund	33,117,772	41,562,855	90,344,025	114,107,807	26.3%
Airport Revenue Fund	706,325,340	704,805,123	1,027,946,432	1,172,765,908	14.1%
Airport Construction Fund	635,366,231	794,871,387	983,182,110	1,409,487,042	43.4%
Customer Facility Charge Fund	57,327,657	47,028,425	41,785,808	56,117,130	34.3%
Customer Facility Charge Bond Fund	19,285,324	20,339,122	19,390,715	20,342,951	4.9%
Passenger Facility Charge Fund	109,038,062	126,888,338	143,906,828	119,500,642	-17.0%
Airport Revenue Bond Fund	192,019,615	280,983,627	283,581,058	378,961,869	33.6%
Passenger Facility Charge Bond Fund	91,284,810	27,016,470	25,825,427	16,046,599	-37.9%
<b>GRAND TOTAL ALL FUNDS</b>	<b>2,259,749,317</b>	<b>2,473,863,035</b>	<b>3,067,718,622</b>	<b>3,727,212,734</b>	<b>21.5%</b>

**DETAIL OF GENERAL FUND**

**RESOURCES:**

Beginning Fund Balance	220,922,334	256,781,449	266,439,591	244,434,404	-8.3%
Fees and Charges	115,204,357	98,454,046	88,777,249	96,811,576	9.0%
Other Income	28,974,851	18,888,852	6,486,082	6,814,319	5.1%
Debt Proceeds	0	0	30,000,000	30,000,000	0.0%
Transfers In	50,882,964	56,243,341	60,053,297	61,822,487	2.9%
<b>TOTAL FUND RESOURCES</b>	<b>415,984,506</b>	<b>430,367,688</b>	<b>451,756,219</b>	<b>439,882,786</b>	<b>-2.6%</b>

**REQUIREMENTS:**

Enterprises and Community Services	81,205,166	87,492,546	81,583,179	87,587,736	7.4%
Administrative Services	51,227,794	57,124,059	68,476,870	70,856,533	3.5%
Environmental and Conservation Services	8,408,226	5,210,299	12,252,864	12,246,469	-0.1%
Debt Service	12,314,497	12,145,703	67,684,706	68,164,325	0.7%
Transfers Out	6,047,374	633,223	11,040,811	35,612,373	222.6%
Contingencies	0	0	210,717,789	165,415,350	-21.5%
Ending Fund Balance	256,781,449	267,761,858	0	0	0.0%
<b>TOTAL FUND REQUIREMENTS</b>	<b>415,984,506</b>	<b>430,367,688</b>	<b>451,756,219</b>	<b>439,882,786</b>	<b>-2.6%</b>