

Budget Review 2023-24

Port of Portland



BUDGET HIGHLIGHTS

- The total FY 2023-24 budget is \$3.1 billion, 7.7% higher than the revised current year's budget.
- Only about 41%, or \$1.3 billion, is for operating expenditures; the rest of the budget consists of interfund transfers, contingency, and ending fund balance.
- The Port is projecting 8.5 million enplaned passengers in FY 2023-24 – 9% higher than the FY 2022-23 projection of 7.8 million.
- The Port estimates that next year it will handle 76,400 containers, slightly less than the adopted number of 79,800 containers this year and closer to actual containers handled (around 70,000) in the prior year.
- The Port is a key member of the Oregon Mass Timber Coalition (OTMC), a group recently awarded a federal grant of more than \$41 million. As part of the OTMC work, Terminal 2 will become a Mass Timber and Housing Innovation Campus to facilitate the growing mass timber industry. The Port will use \$10 million of grant funds [to build a mass-timber manufacturing facility at T2](#).
- Personnel Services costs increase by 7.7% to \$146.5 million. Total FTE is increasing by 34.5 positions, with the largest increases in the commercial aviation (+16.7 FTE) and corporate administration (+9.1 FTE).

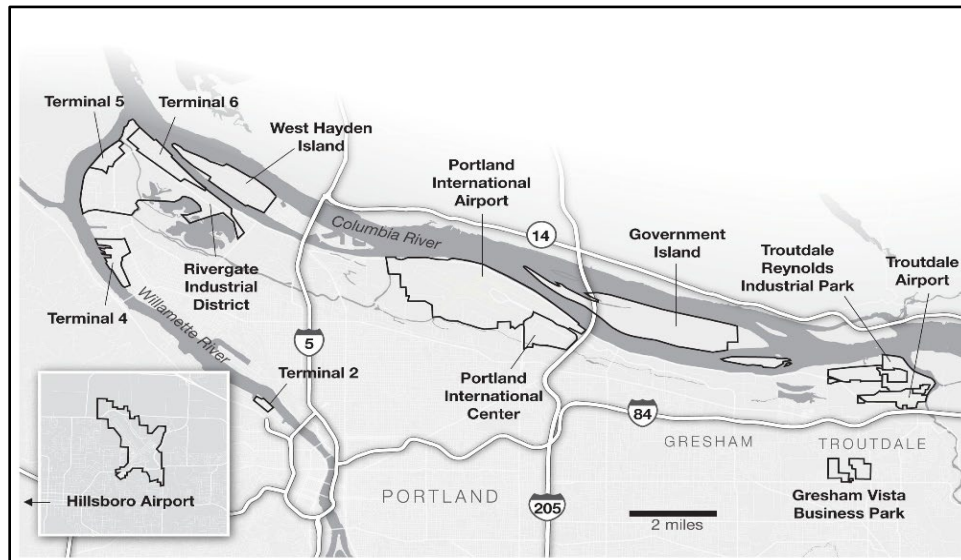


INTRODUCTION & BACKGROUND

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	2019-20	2020-21	2021-22	2022-23
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 2023-24 budget is \$3.1 billion, 7.7% higher than the revised current year budget. The Port of Portland is optimistic about the upcoming fiscal year and sees it as transformative. The renewed emphasis on Shared Prosperity through economic development is critical for this transformation. Three major highlights are:

- The Port is projecting 8.5 million enplaned passengers in FY 2023-24 – 9% higher than the FY 2022-23 budget of 7.8 million, but 14% below the FY 2018-19 pre-pandemic level of 10.0 million. International and business travel has been slower to recover than general travel. The Port expects recovery to pre-pandemic levels in FY 2025-26.
- The district will continue to build on a multi-use business model for the T-6 Container Yard.

This model includes growing container vessel services and intermodal rail at the site. Auto marine volume is expected to increase in the upcoming year while grain bulk, mineral bulk, and container volume decreases from FY 2022-23 budget levels. While forecasted lower, these figures show growth over FY 2021-22 actual levels and indicate slow but steady recovery.

- The Port will begin transforming Terminal 2 to facilitate the growing mass timber industry. The Port has secured a grant to start the process and, through partnership with the Oregon Mass Timber Coalition, has received an additional \$41 million grant to build out facilities for manufacturing, construction, testing, and workforce training. The Port plans to use its funding to develop infrastructure at the site.

The Port focused on the following four strategic areas when developing the 2023-2024 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 2023-2024 Budget provides clear provisions for several budget priorities:

- Deliver an exceptional experience to everyone who travels and works at PDX. The budget addresses systemic understaffing in commercial aviation by adding 16.7 FTE and 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 is initiating an East County Development Strategy.
- Advance movement of goods and services; deploy assets for maximum impact. The budget assumes continued investments in the T-6 Container Yard, building upon the grant funding received.
- 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 an Executive Leadership Development Program.

RESOURCES

The Port is anticipating a significant carry forward from the current year: the FY 2023-24 budget includes a 64.3% increase in the beginning fund balance, from the current year's level of \$786.5 million to \$1,291.9 million in the upcoming year. All but three of the district's funds are budgeting increased beginning fund balances, and the majority of the increase is in the Airport Construction fund, which sees an increase of \$375 million as money for future planned construction carries forward.

Port of Portland						
Total Resources - All Funds						
(Millions)						
	2020-21	2021-22	2022-23	2023-24	Change	
	Actual	Actual	Revised	Approved	\$	%
Beginning Fund Balance	685.8	653.3	786.5	1,291.9	505.5	64.3%
Property Taxes	13.7	14.3	14.9	15.5	0.7	4.5%
Intergovernmental Revenue	6.0	0.2	49.5	21.6	(27.8)	-56.2%
Fees and Charges	300.0	441.1	447.5	512.3	64.8	14.5%
Other Income	72.7	79.3	51.0	55.0	4.0	7.8%
Debt Proceeds	486.5	676.3	634.5	280.0	(354.5)	-55.9%
Transfers In	337.1	695.1	890.1	918.8	28.7	3.2%
Total Resources	1,901.8	2,559.7	2,873.9	3,095.2	221.3	7.7%

Overall, the budget shows a 7.7% increase, or \$221.3 million, as most operating revenue sources increase. The exception to this increase is intergovernmental revenue in the Airport Construction Fund as federal revenue decreases from \$49.5 million to \$21.6 million.

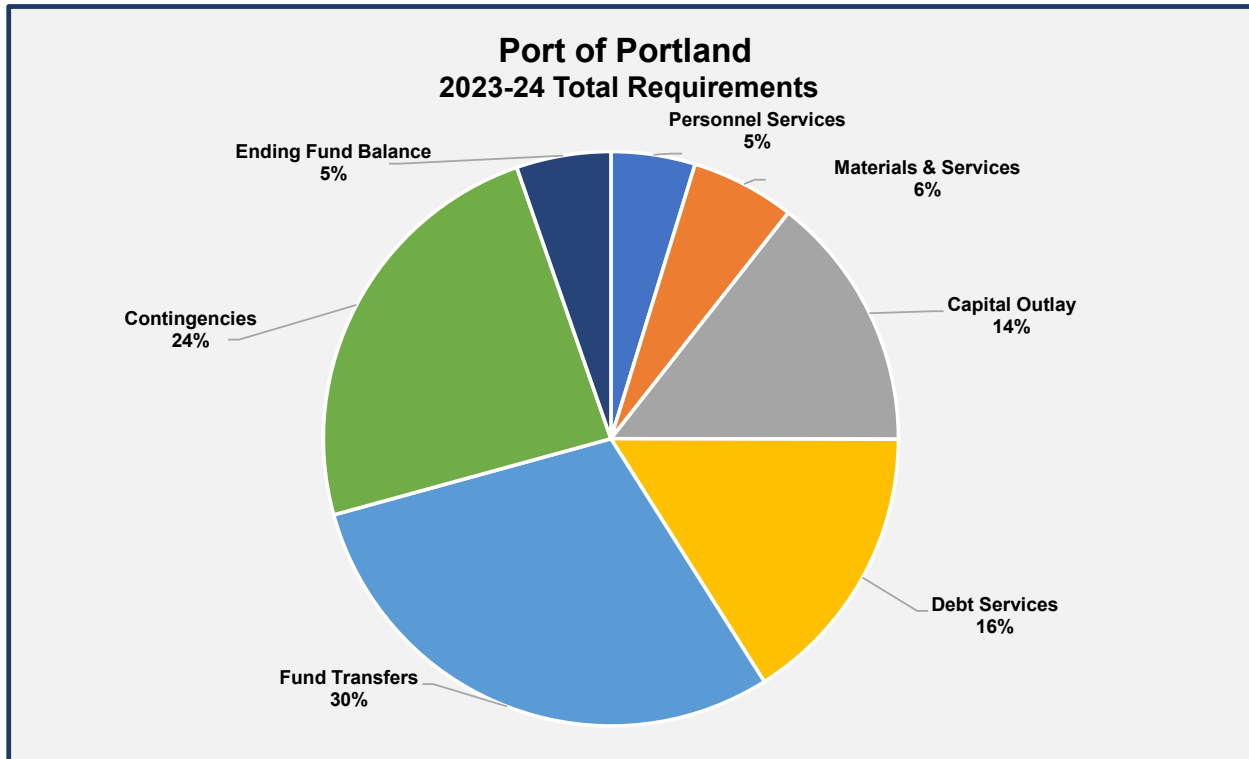
The Port will issue \$280.0 million in debt proceeds in FY 2023-24. This is down \$354.5 million from the FY 2022-23 total. Revenue received from debt proceeds are allocated as follows:

- \$30 million to the General Fund for navigation equipment purchases.
- \$250 million to the Airport Revenue Fund from which it is transferred to other funds for capital projects and operations.

REQUIREMENTS

The total budget increased from \$2.9 billion in the current year to \$3.1 billion in the Approved Budget. Only about 41%, or \$1.3 billion, is for operating expenditures; the rest of the budget consists of interfund transfers, contingency, and ending fund balance.

Port of Portland						
Total Requirements - All Funds						
(Millions)						
	2020-21	2021-22	2022-23	2023-24	Change	
	Actual	Actual	Revised	Approved	\$	%
Personnel Services	108.8	115.0	136.1	146.5	10.4	7.7%
Materials & Services	103.3	144.7	161.8	181.2	19.4	12.0%
Capital Outlay	464.1	406.8	446.4	446.9	0.5	0.1%
Debt Services	235.4	196.9	451.3	495.8	44.5	9.9%
Fund Transfers	337.1	395.1	890.1	918.8	28.7	3.2%
Contingencies	-	-	642.9	741.6	98.7	15.4%
Ending Fund Balance	653.3	1,001.3	145.3	164.4	19.1	13.2%
Total Requirements	1,901.8	2,259.7	2,873.9	3,095.2	221.3	7.7%



Personnel Services:

Personnel Services costs increase by 7.7% to \$146.5 million. The budget assumes:

- 4.0% salary and wage increase for Admin groups
- 3.5% - 7.0% wage increase for Represented groups
- 8.5% medical, 5.0% dental and vision rate increases
- Decreased PERS rates

Total FTE is increasing by 34.5 positions, with the largest increases in the commercial aviation (+16.7 FTE) and corporate administration (+9.1 FTE). The commercial aviation increases are activity driven. A third (3.0 FTE) of corporate administration positions will continue the build out of the Shared Prosperity Office.

	2020-21 Actual	2021-22 Actual	2022-23 Revised	2023-24 Approved	Change
Commercial Aviation	383.1	361.4	425.9	442.6	16.7
General Aviation	8.6	7.9	8.0	8.0	0.0
Trade & Equitable Development	15.1	17.8	22.7	24.0	1.3
Marine	59.3	57.8	66.5	67.0	0.5
Navigation	41.7	45.8	59.0	63.0	4.0
Administration:					
Corporate Administration	166.1	159.4	199.5	208.6	9.1
Engineering	81.6	75.1	80.0	83.0	3.0
Total FTE	755.5	725.2	861.6	896.2	34.6

Materials and Services:

Total Materials and Services costs are increasing by \$19.4 million (12.0%) to \$181.2 million.

Capital Outlay:

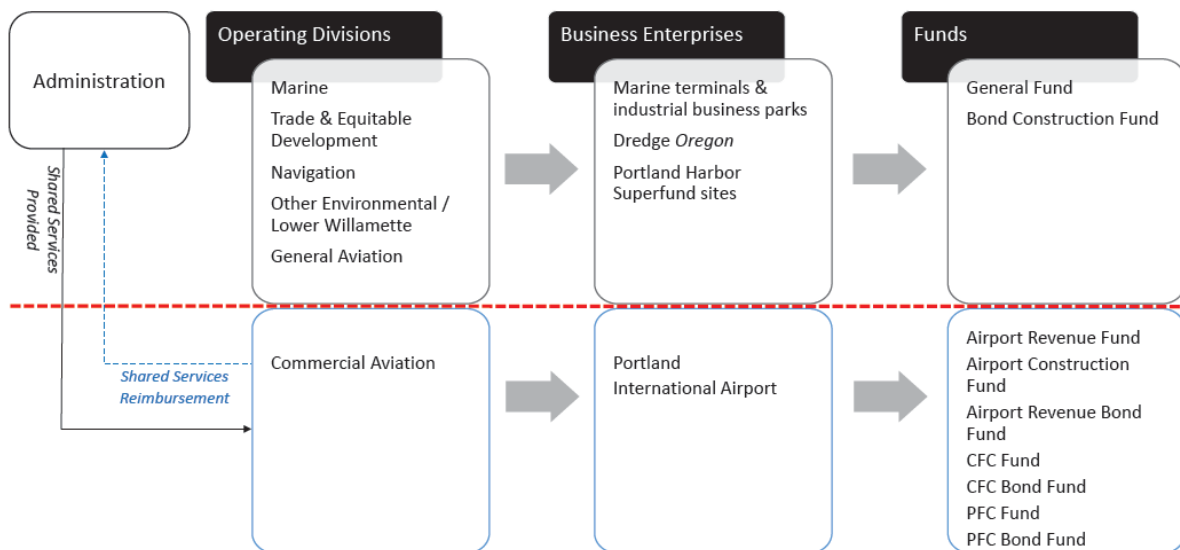
FY 2023-24 capital outlay is \$446.9 million. Total Capital Projects expenditures (including staff time) is \$470.2 million, with the largest projects as follows:

PDX Improvements	
Terminal Core Redevelopment	\$268.4 million
Baggage Handling System and Baggage Area Expansion	\$ 41.6 million
Terminal 2 Mass Timber and Housing Innovation Campus	\$ 9.5 million
Hillsboro Airport	
Taxiway A Rehabilitation	\$ 10.7 million
Runway Safety Area Improvement	\$ 10.3 million
Terminal 5 Berth 503 Rehabilitation	\$ 5.6 million
Navigation Dredge Tender Replacement	\$ 5.4 million

Contingency/Ending Fund Balance:

Combined contingency and ending fund balance totals \$906.0 million in FY 2023-24. This is a \$117.9 million increase from the current fiscal year's combined contingency and ending fund balance, primarily due to debt proceeds in FY 2022-23 and large beginning fund balances in the upcoming year. 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. Ending fund balances are budgeted in the debt service funds as Oregon Budget Law does not permit contingency in debt service funds.

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.

This division's FY 2023-24 budget is \$81.5 million, with operating expenditures of \$54.9 million and capital expenditures of \$26.6 million. The division has 67.0 FTE. The amount budgeted for Longshore Labor decreases to \$27.4 million in this budget and makes up the majority of the decreased 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. In order to continue providing access to shippers the Port will continue to seek grant funding and invest in the container yard infrastructure.

Marine Budget Volume Assumptions

Description	FY 2019-20	FY 2020-21	FY 2021-22	FY2022-23	FY2023-24
	Actual	Actual	Actual	Adopted	Forecast
Autos (<i>Units</i>)	265,286	253,649	285,506	271,100	316,200
Breakbulk (<i>Metric Tons</i>)	-	-	13,471	2,500	10,000
Grain Bulk (<i>Metric Tons</i>)	2,140,374	2,500,000	1,875,533	2,800,000	2,000,000
Mineral Bulk (<i>Metric Tons</i>)	6,749,236	6,630,002	6,680,750	7,958,968	7,249,000
Rail Shuttle (<i>Boxes</i>)	37,096	36,000	14,833	18,000	-
Containers (<i>TEU</i>)	13,869	30,000	69,166	79,800	76,400



Overview of T-6, Courtesy Port of Portland

The **Trade and Equitable 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

This division's total budget is \$19.6 million, with \$9.1 million dedicated to operating expenses and \$10.5 million to capital. There are 24.0 FTE in this division. Materials and services increase to \$5.0 million in FY 2023-24, with the majority of that increase in consulting and contract services. The Port will continue to assess undeveloped and underutilized assets and look for opportunities to incorporate equity into land sales.



Rivergate Industrial District, Courtesy Port of Portland

Located at the confluence of the Columbia and Willamette Rivers and nine miles northwest of downtown Portland, Rivergate is Oregon's primary gateway for international trade. In addition, it offers easy access to freeways, railroads and marine terminals. At 2,800 acres, Rivergate is Portland's largest industrial park with more than 14 million square feet of buildings.

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*.



Dredge Oregon, Courtesy Port of Portland

The division has 63.0 FTE and is budgeting \$20.1 million in expenditures for operating expenses and \$11.4 million in capital for a total budget of \$31.5 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
- Barge replacement
- Purchase pipeline support equipment
- Drydock ramp barge
- Rebuild dredge cutterhead gearbox
- Rebuild winches
- Upgrade dredge software and equipment

Administration provides corporate headquarters functions and project and engineering services for the rest of the organization. The FY 2023-24 budget is \$70.4 million, primarily for operating expenses. Of the total, \$49.2 is budgeted for personnel services and \$19.6 million for materials and services. Administrative costs are either directly charged or allocated to operating divisions. These expenditures cover the 291.6 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 \$2.9 million. This income will be used for operating expenditures of \$3.3 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.

Funding to operate PDX is generated mainly from automobile parking fees, facility rentals, aircraft landing fees and concession agreements and is \$364.1 million in FY 2023-24. This is an increase of \$48.2 million over projected amounts in the current fiscal year. Total passenger volume at PDX is projected to increase by 9.6%.

PDX Budget Volume Assumptions

Description	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Actual	FY2022-23 Adopted	FY2023-24 Forecast	Change
Total Passengers <i>(in millions)</i>	14.6	7.5	14.1	15.6	17.1	9.6%
Landed Weight <i>(lbs. in billions)</i>	10.8	7.8	10.2	11.5	12.3	7.0%

(1) Percent Change Compares FY 2022-23 Adopted to FY 2023-24 Forecast.

Landed weight is projected at 12.3 billion pounds, 7.0% higher 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.)

SIGNIFICANT BUDGET AREAS

GENERAL FUND

GENERAL FUND RESOURCES

Fund Name	Group	Values			
		2020-21 Actual	2021-22 Actual	2022-23 Revised	2023-24 Approved
General Fund	Beginning Fund Balance	208,664,341	220,922,334	200,937,555	266,439,591
	Debt Proceeds	-	-	4,480,000	30,000,000
	Fees and Charges	75,108,229	115,204,357	98,294,277	99,506,586
	Other Income	6,353,773	28,974,851	4,353,700	6,486,082
	Transfers In	52,330,430	50,882,964	56,532,519	59,898,696
General Fund Total		342,456,773	415,984,506	364,598,051	462,330,955

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 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 increases by \$97.7 million in FY 2023-24. Revenue across all funding sources is budgeted to increase, with beginning fund balance and debt proceeds showing the largest increases. The General Fund beginning fund balance will benefit from a higher-than-expected ending fund balance in FY 2021-22 that was carried forward into the current year and the upcoming budget year. Debt proceeds increase as the Port is budgeting for a loan to purchase navigation equipment.

GENERAL FUND REQUIREMENTS

Fund Name	Group	Values			
		2020-21 Actual	2021-22 Actual	2022-23 Revised	2023-24 Approved
General Fund	Administrative Services	46,434,604	51,227,794	63,411,095	68,785,527
	Contingencies	-	-	184,271,262	215,118,482
	Debt Service	12,335,167	12,314,497	12,972,532	67,684,706
	Ending Fund Balance	220,922,334	256,781,449	-	-
	Enterprises and Community Services	55,966,795	81,205,166	87,400,594	87,389,669
	Environmental and Conservation Services	6,207,780	8,408,226	5,146,527	12,252,864
	Transfers Out	590,093	6,047,374	11,396,041	11,099,707
General Fund Total		342,456,773	415,984,506	364,598,051	462,330,955

Similar to resources, the General Fund increases due to higher contingency and increased debt service payments. These are a reflection of increased fund balances and debt payments on the loan for navigation equipment.

OTHER FUNDS

Fund Name	Values			
	2020-21 Actual	2021-22 Actual	2022-23 Revised	2023-24 Approved
Airport Construction Fund	575,526,401	635,366,231	924,301,938	991,504,007
Airport Revenue Bond Fund	143,469,916	192,019,615	235,842,899	283,581,058
Airport Revenue Fund	562,382,596	706,325,340	1,072,585,731	1,036,542,556
Bond Construction Fund	31,387,165	33,117,772	63,324,706	90,344,025
Customer Facility Charge Bond Fund	19,277,101	19,285,324	19,277,057	19,390,715
Customer Facility Charge Fund	95,471,531	57,327,657	43,339,285	41,785,808
General Fund	342,456,773	415,984,506	364,598,051	462,330,955
Passenger Facility Charge Bond Fund	28,729,145	91,284,810	27,993,801	25,825,427
Passenger Facility Charge Fund	100,523,530	109,038,062	122,607,617	143,906,828
Grand Total	1,899,224,158	2,259,749,317	2,873,871,085	3,095,211,379

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 \$76.8 million in this fund, mainly for Terminal 2, 4, and 6 projects; equipment upgrades and replacements; procurement of new dredging equipment; and improvement projects at the 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 \$156.6 million, \$300.0 million for debt service, \$473.7 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 \$370.1 million.
- 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 \$141.0 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 \$15.6 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. \$9.6 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. \$88.7 million will be transferred from this fund to the PFC Bond 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. \$13.7 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 \$364.1 million in FY 2023-24, a \$60 million increase (16%) from last year. The increase 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 increasing slightly with the uptick in travel.

DEBT STATUS

Total outstanding debt for the Port as of June 30, 2023, is estimated at \$1,294,866,480. 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 2023-24 Budget includes \$30,000,000 in new debt proceeds in the General Fund for Navigation Equipment Loans and \$250,000,000 in the Airport Revenue Fund from which it is transferred to other funds for debt service, capital projects, and operations.

Port of Portland	6-30-2020	6-30-2021	6-30-2022	6-30-2023 est.
PERS Bonds	56,255,000	51,330,000	45,725,000	40,120,000
Airport Revenue Bonds	788,430,000	1,069,690,000	1,037,415,000	1,005,140,000
PFC Revenue Bonds	111,890,000	103,385,000	94,455,000	85,525,000
CFC Revenue Bonds	163,290,000	160,130,000	156,890,000	153,650,000
Other Loans (LID, OECCD, etc.)	16,667,905	14,335,908	12,383,694	10,431,480
Total Debt Outstanding	1,136,532,905	1,398,870,908	1,346,868,694	1,294,866,480

CHANGES FROM PROPOSED TO APPROVED

In order to review budgets within tight timelines, we often work initially from the Proposed budget. Due to time constraints, we wrote the original Port review using Proposed budget numbers. We received the approved budget without sufficient time to fully revise the budget review and instead are offering a summary of the changes here. The Approved budget contained only two changes, impacting the General Fund and the Airport Construction fund:

- \$121,692 decrease in General Fund due to revised personnel services adjustments
- \$96,913 increase in Airport Construction fund transfers due to revised reimbursement revenue

The net result is a \$24,779 decrease in the Port's budget from the \$3,095,211,379 Proposed to the \$3,095,186,600 Approved budget.

BUDGET PROCESS & COMPLIANCE

Yes	No	Compliance Issue
X		Did the district meet publication requirements?
X		Do resources equal requirements in every fund?
N.A.		Does the G.O. Debt Service Fund show only principal and interest payments?
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 - <i>over expenditure</i>

LOCAL BUDGET LAW COMPLIANCE

The 2023-24 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 2021-22 notes two expenditures in the General Fund and two payments in excess of appropriations in the Airport PFC and Airport PFC Bond funds.

General Fund	Overexpenditure	Reason
Marine Division	2,584,382	Higher labor costs associated with increased container volumes at T6
Other Environmental	1,515,716	Revision of estimated environmental liabilities after final appropriations were set
Airport PFC Fund		
Debt	292,047	Issuance costs to refinance debt for more favorable interest rates (allowed under ORS 294.338(4)c)
Airport PFC Bond Fund		
Debt	64,515,170	Overexpended debt payments appropriation to refinance debt for more favorable interest rates (allowed under ORS 294.338(4)c)

Expenditures of bond proceeds issued to refund previously issued bonds are allowed for under ORS 294.338(4)c.

CERTIFICATION LETTER RECOMMENDATIONS & OBJECTIONS

TSCC staff notes no deficiencies in the district's FY 2023-24 budget development process and offers no recommendations or objections for the certification letter.

As noted in last year's certification letter, the Port continues to have expenditures or fund transfers that exceed appropriation limits. While understanding the difficulty of a commercial enterprise conforming to the requirements of budget law created for tax-dependent organizations, particularly in capital funds, over expenditures are a recurring challenge. Port staff have met with TSCC staff to discuss the over expenditures and have responded with a plan for addressing the issue including close review prior to the year-end close process so that accrued expenses do not exceed budget appropriation. TSCC staff recommend the certification letter include a recommendation on completing supplemental budgets and closely tracking expenditures since this is a recurring issue.

Port of Portland					
Budget Summary					
	2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024	%
	Actual	Actual	Revised	Proposed	Change
SUMMARY OF ALL FUNDS					
PROPERTY TAX BREAKDOWN:					
Permanent Rate Property Taxes	13,704,784	14,324,804	14,877,949	15,548,591	4.5%
TOTAL PROPERTY TAX	13,704,784	14,324,804	14,877,949	15,548,591	4.5%
RESOURCES:					
Beginning Fund Balance	685,813,573	653,260,960	786,472,225	1,291,926,633	64.3%
Property Taxes	13,704,784	14,324,804	14,877,949	15,548,591	4.5%
Intergovernmental Revenue	6,004,415	237,799	49,466,182	21,643,851	-56.2%
Fees and Charges	300,032,204	441,149,380	447,527,688	512,324,036	14.5%
Other Income	72,705,540	79,347,729	50,983,273	54,971,316	7.8%
Debt Proceeds	486,477,795	676,334,569	634,480,000	280,000,000	-55.9%
Transfers In	337,104,657	395,094,076	890,063,768	918,796,952	3.2%
TOTAL RESOURCES	1,901,842,968	2,259,749,317	2,873,871,085	3,095,211,379	7.7%
REQUIREMENTS BY FUNCTION:					
Enterprises and Community Services	601,705,136	590,633,937	624,327,182	614,176,550	-1.6%
Administrative Services	47,345,464	52,602,656	65,461,095	68,840,527	5.2%
Environmental and Conservation Services	6,207,780	8,408,226	5,146,527	12,252,864	138.1%
Debt Service	235,356,367	196,930,050	451,370,557	498,307,216	10.4%
Capital Outlay Unallocated	20,862,604	14,823,094	49,357,590	76,841,503	55.7%
Transfers Out	337,104,657	395,094,076	890,063,769	918,796,952	3.2%
Contingencies	0	0	642,878,633	741,584,577	15.4%
Ending Fund Balance	653,260,960	1,001,257,278	145,265,732	164,411,190	13.2%
TOTAL REQUIREMENTS BY FUNCTION	1,901,842,968	2,259,749,317	2,873,871,085	3,095,211,379	7.7%
REQUIREMENTS BY OBJECT:					
Personnel Services	108,761,921	115,013,756	136,091,840	146,507,813	7.7%
Materials & Services	103,283,678	144,679,539	161,810,689	181,173,795	12.0%
Capital Outlay	464,075,385	406,774,617	446,439,867	446,929,836	0.1%
Debt Service	235,356,367	196,930,050	451,320,556	495,807,217	9.9%
Fund Transfers	337,104,657	395,094,076	890,063,767	918,796,952	3.2%
Contingencies	0	0	642,878,634	741,584,576	15.4%
Ending Fund Balance	653,260,960	1,001,257,279	145,265,732	164,411,190	13.2%
TOTAL REQUIREMENTS BY OBJECT	1,901,842,968	2,259,749,317	2,873,871,085	3,095,211,379	7.7%

SUMMARY OF BUDGET - BY FUND

General Fund	342,456,773	415,984,506	364,598,051	462,330,955	26.8%
Bond Construction Fund	31,387,165	33,117,772	63,324,706	90,344,025	42.7%
Airport Revenue Fund	562,382,596	706,325,340	1,072,585,731	1,036,542,556	-3.4%
Airport Construction Fund	575,526,401	635,366,231	924,301,938	991,504,007	7.3%
Customer Facility Charge Fd	98,090,341	57,327,657	43,339,285	41,785,808	-3.6%
Customer Facility Charge Bond	19,277,101	19,285,324	19,277,057	19,390,715	0.6%
Passenger Facility Charge Fd	100,523,530	109,038,062	122,607,617	143,906,828	17.4%
Airport Revenue Bond Fund	143,469,916	192,019,615	235,842,899	283,581,058	20.2%
Passenger Facility Charge Bond	28,729,145	91,284,810	27,993,801	25,825,427	-7.7%

GRAND TOTAL ALL FUNDS	1,901,842,968	2,259,749,317	2,873,871,085	3,095,211,379	7.7%
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DETAIL OF GENERAL FUND

RESOURCES:

Beginning Fund Balance	208,664,341	220,922,334	200,937,555	266,439,591	32.6%
Fees and Charges	75,108,229	115,204,357	98,294,277	99,506,586	1.2%
Other Income	6,353,773	28,974,851	4,353,700	6,486,082	49.0%
Debt Proceeds	0	0	4,480,000	30,000,000	569.6%
Transfers In	52,330,430	50,882,964	56,532,519	59,898,696	6.0%
TOTAL FUND RESOURCES	342,456,773	415,984,506	364,598,051	462,330,955	26.8%

REQUIREMENTS:

Enterprises and Community Services	55,966,795	81,205,166	87,400,594	87,389,669	0.0%
Administrative Services	46,434,604	51,227,794	63,411,095	68,785,527	8.5%
Environmental and Conservation Services	6,207,780	8,408,226	5,146,527	12,252,864	138.1%
Debt Service	12,335,167	12,314,497	12,972,532	67,684,706	421.8%
Transfers Out	590,093	6,047,374	11,396,041	11,099,707	-2.6%
Contingencies	0	0	184,271,262	215,118,482	16.7%
Ending Fund Balance	220,922,334	256,781,449	0	0	0.0%
TOTAL FUND REQUIREMENTS	342,456,773	415,984,506	364,598,051	462,330,955	26.8%