

# Budget Review 2025-26

## Port of Portland



### BUDGET HIGHLIGHTS

- The total FY 2025-26 Budget is \$2.7 billion, 28.6% less than the FY 2024-25 Budget.
- Only about 43.8%, or \$1.2 billion, is for operating expenditures; the rest of the budget consists of interfund transfers, contingency, and ending fund balance.
- The Port is projecting 19.0 million passengers at Portland International Airport in FY 2025-26 – 7.1% more than the FY 2024-25 projection of 17.8 million.
- Since developing a business plan for Terminal 6 (T-6) and forming an advisory council, the Port has made strong progress in rebuilding and stabilizing container operations. The agency continues to advocate for \$40.0 million from the State of Oregon to invest in infrastructure needs to support container operations.
- 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. This budget includes funding for continued site development, including utility extensions, pavement improvements, and upriver soil stabilization.
- Personnel Services costs increase by 0.4% to \$178.6 million. Total FTE is consistent with current budget levels but decreases by 0.2 positions overall in FY 2025-26. Commercial Aviation and Marine divisions lose approximately 1.0 FTE each, while Navigation and Administration divisions each add 1.0 FTE.

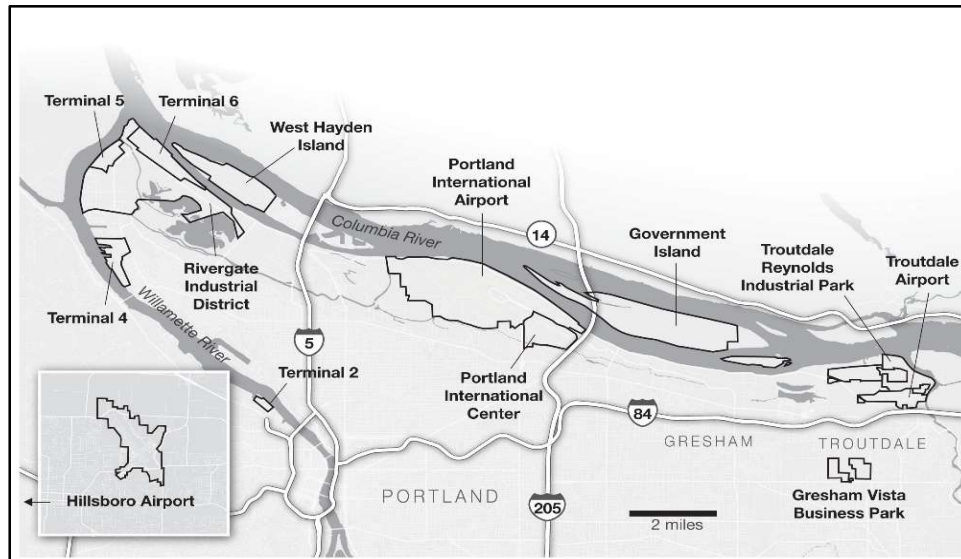


### INTRODUCTION & BACKGROUND

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	2021-22	2022-23	2023-24	2024-25
Assessed Value in Billions	\$213.836	\$223.565	\$237.620	\$247.056
Real Market Value (M-5) in Billions	\$411.490	\$464.898	\$501.206	\$501.413
Property Tax Rate Extended: Operations	\$0.0701	\$0.0701	\$0.0701	\$0.0701
Measure 5 Impact	\$-253,530	\$-221,097	\$-224,013	\$-273,432
Number of Employees (FTE's)	725	758	896	902
PDX Passenger Volume (in Millions)	14.1	15.6	17.1	17.6
Total Landed Weight (lbs. in Billions)	10.2	11.5	11.9	11.8
Automobiles	285,506	287,067	366,200	363,000

## BUDGET OVERVIEW

The total FY 2025-26 Budget is \$2.7 billion, 28.6% less than the adopted current year budget. The Port of Portland remains cautiously optimistic about the upcoming fiscal year and continues to see this period of time as transformative while remaining attentive to federal policy changes that could impact operations. After reviewing its mission and vision, the Port now has a renewed purpose: to build shared prosperity for the region through travel, trade, and economic development.

The FY 2025-26 Budget was developed by investing in the areas that are most critical to safe and accessible operations at the Port. Priorities include:

- **Completing the new PDX:** The first phase of the main terminal renovations are complete and were introduced to the public in Summer 2024. Phase 2 of the main terminal expansion – the final 30% of the project – is underway and is expected to be complete in 2026. Improvements include: shorter walks and streamlined exits; more comfortable seating areas around the main terminal; and, more local food and dining options.

The Port is projecting 19.0 million passengers in FY 2025-26 – 7.1% more than the FY 2024-25 anticipated 17.6 million passengers in the adopted budget. While outbound leisure travel has fully recovered, international and business travel has been slower to recover.

- **Sustaining and growing container service at Terminal 6.** The agency will continue to build on a multi-use business model for the T-6 Container Yard. The budget for marine infrastructure development reflects the rapidly changing international marine shipping environment. The Port received federal and state grants in FY 2024-25 to expand and modernize container operations at T-6 and continues to advocate for \$40.0 million state investment in the current year for infrastructure improvements.

The Port is actively tracking changes in federal trade policy and is ready to pivot and revise the FY 2025-26 budget if potential federal policy changes impact business operations. The agency continues to meet with industry leaders and stakeholders to develop marketing strategies for growing container volumes.

- **Bringing the Mass Timber and Housing Innovation Campus to life.** The Port is dedicated to revitalizing Terminal 2 as a manufacturing hub to support the mass timber industry, create new jobs, and address the region's housing shortage through its Mass Timber and Housing Innovation Campus. This budget includes funding for continued site development, including utility extensions, pavement improvements, and upriver soil stabilization.

Last year, the FY 2024-25 operating budget was developed utilizing a Budget Equity Tool. The goal of the tool was to quantify the allocation of resources to advance Shared Prosperity. The Port was working to expand the tool for use in capital budget development in FY 2025-26.

## RESOURCES

The primary resources for Port operations are from Marine and Industrial and Economic Development operating revenues, property sales and leases, and the property tax levy.

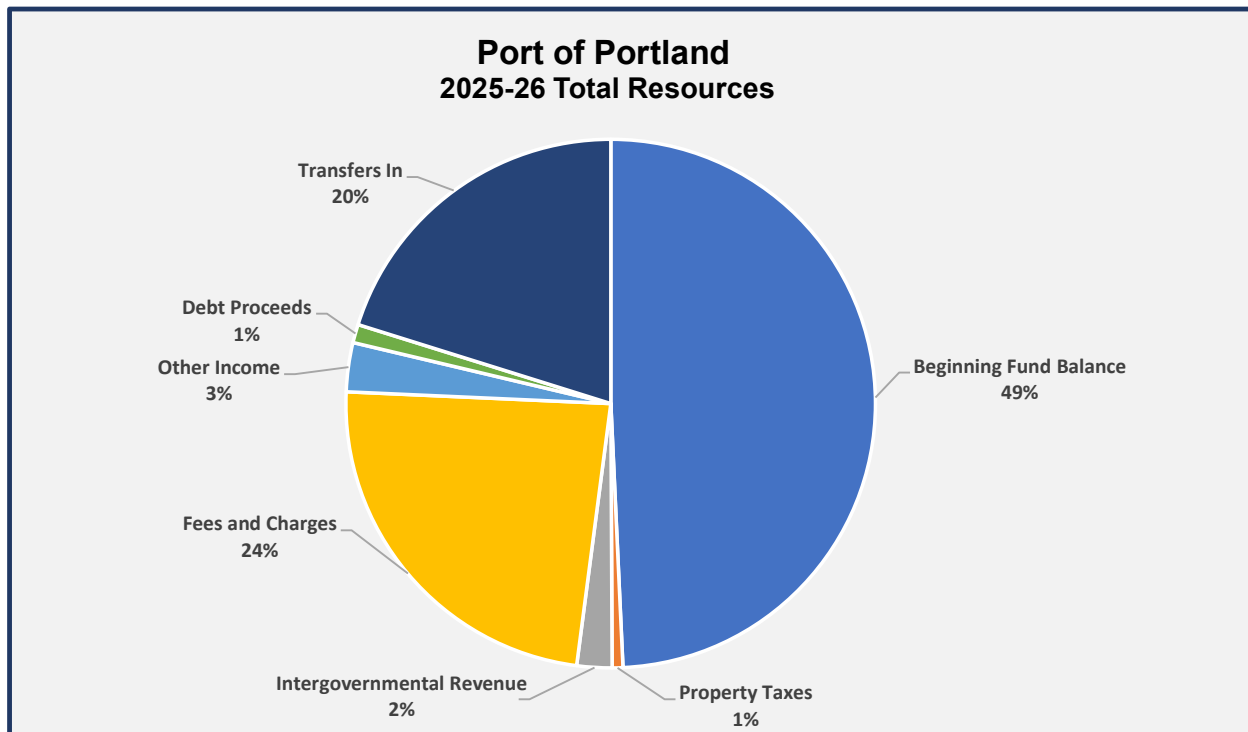
Overall, the budget shows a 28.6% decrease to \$2,683.17 million, although most operating revenue sources increase. The exceptions to increased revenue are in debt proceeds and transfers in. In FY 2024-25, the Port issued \$950.0 million in debt proceeds for projects at Portland International Airport (PDX) and \$30.0 million for Navigation Equipment loans in the General Fund; the upcoming budget continues

the \$30.0 million in the General Fund only. Transfers in decrease in the Airport Revenue and Airport Construction funds to roughly half of current year budget in FY 2025-26.

Fees and Charges also increase significantly in this budget, driven by increased rental and concession revenue in the Airport Revenue Fund. The FY 26 budget expects \$414.8 million from this source, up from \$370.2 million in the current budget year. Intergovernmental is driven by federal revenue in the Airport Construction Fund.

<b>Port of Portland</b>						
<b>Total Resources - All Funds</b>						
<b>(Millions)</b>						
	<b>2022-23 Actual</b>	<b>2023-24 Actual</b>	<b>2024-25 Adopted</b>	<b>2025-26 Approved</b>	<b>Change</b>	
					<b>\$</b>	<b>%</b>
Beginning Fund Balance	1,001.3	1,349.4	1,006.1	1,321.8	315.7	31.4%
Property Taxes	15.0	15.9	16.6	17.3	0.7	3.9%
Intergovernmental Revenue	1.0	10.1	45.3	57.6	12.4	27.3%
Fees and Charges	455.8	509.7	575.0	632.5	57.5	10.0%
Other Income	47.2	122.9	67.2	80.2	13.0	19.3%
Debt Proceeds	606.8	-	980.0	30.0	(950.0)	-96.9%
Transfers In	346.7	385.8	1,061.6	538.2	(523.4)	-49.3%
<b>Total Resources</b>	<b>2,473.9</b>	<b>2,393.8</b>	<b>3,751.8</b>	<b>2,677.6</b>	<b>(1,074.2)</b>	<b>-28.6%</b>

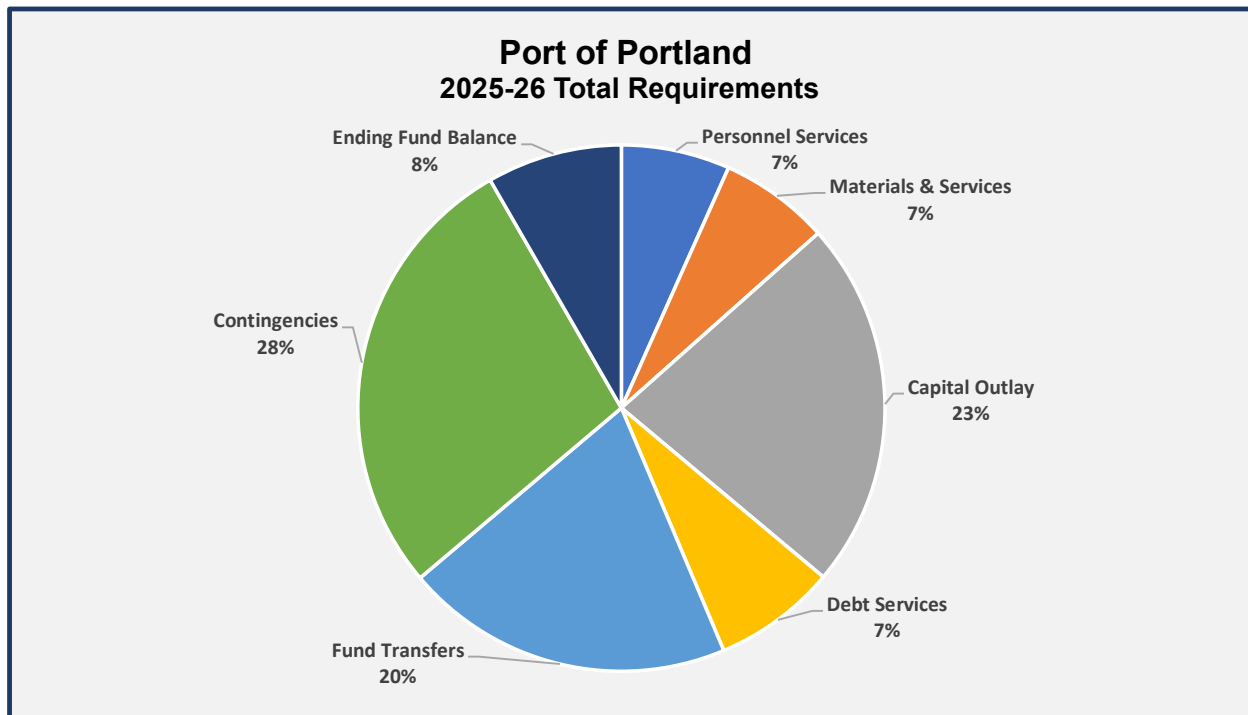
The Port anticipates a significant increase in the carry forward from the current year: the FY 2025-26 Budget includes a 31.4.1% increase in the beginning fund balance, from the current year's level of \$1,006.1 million to \$1,321.8 million in the upcoming year. Five of the Port's nine funds increase beginning balance, one remains the same and three – the Bond Construction Fund, Customer Facility Charge (CFC) Bond Fund, and the Passenger Facility Charge (PFC) Bond Fund show decreased beginning balance as funds set aside for capital projects are spent down and the Port pays down existing debt. Beginning balance is consistent with FY 2023-24 actual levels and is healthy.



## REQUIREMENTS

The total budget decreased from \$3.8 billion in the current year to \$2.7 billion in the Approved Budget. Only about 43.7%, or \$1.2 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>						
	(Millions)					
	2022-23 Actual	2023-24 Actual	2024-25 Adopted	2025-26 Approved	Change	
					\$	%
Personnel Services	132.1	145.7	177.3	177.9	0.6	0.4%
Materials & Services	152.4	155.6	172.1	182.2	10.1	5.9%
Capital Outlay	336.3	500.3	520.7	609.2	88.5	17.0%
Debt Services	156.8	183.0	497.7	202.7	(294.9)	-59.3%
Fund Transfers	346.7	385.8	1,061.6	538.2	(523.4)	-49.3%
Contingencies	-	-	1,088.2	744.7	(343.5)	-31.6%
Ending Fund Balance	1,349.4	1,023.4	234.3	222.7	(11.6)	-5.0%
<b>Total Requirements</b>	<b>2,473.9</b>	<b>2,393.8</b>	<b>3,751.8</b>	<b>2,677.6</b>	<b>(1,074.2)</b>	<b>-28.6%</b>



### Personnel Services:

Personnel Services costs increase by 0.4% to \$177.9 million.

Total FTE budgeted in FY 2025-26 remains consistent with the number budgeted in FY 2024-25, decreasing by 4.2 FTE overall. Commercial Aviation loses 2.2 FTE, Marine 1.0 FTE, and Engineering 4.0 FTE. This is offset by Navigation, Economic Development, and Administration divisions each adding 1.0 FTE. Although

not explicitly stated in the budget materials, we would guess that some position decreases are actually transfers to other divisions.

<b>Port of Portland</b>					
<b>Total FTE</b>					
	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>Change</b>
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Approved</b>	
Commercial Aviation	372.8	396.4	454.9	452.7	-2.2
General Aviation	7.8	6.2	8.0	8.0	0.0
Industrial & Economic Development	19.6	22.5	26.0	27.0	1.0
Marine	62.5	59.4	67.0	66.0	-1.0
Navigation	51.1	51.1	60.1	61.0	0.9
Administration:					
Corporate Administration	169.6	171.6	206.0	207.1	1.1
Engineering	75.0	68.8	80.0	76.0	-4.0
<b>Total FTE</b>	<b>758.4</b>	<b>776.0</b>	<b>902.0</b>	<b>897.8</b>	<b>-4.2</b>

### Materials and Services:

Total Materials and Services costs are increasing by \$9.4 million (5.9%) to \$182.2 million.

### Capital Outlay:

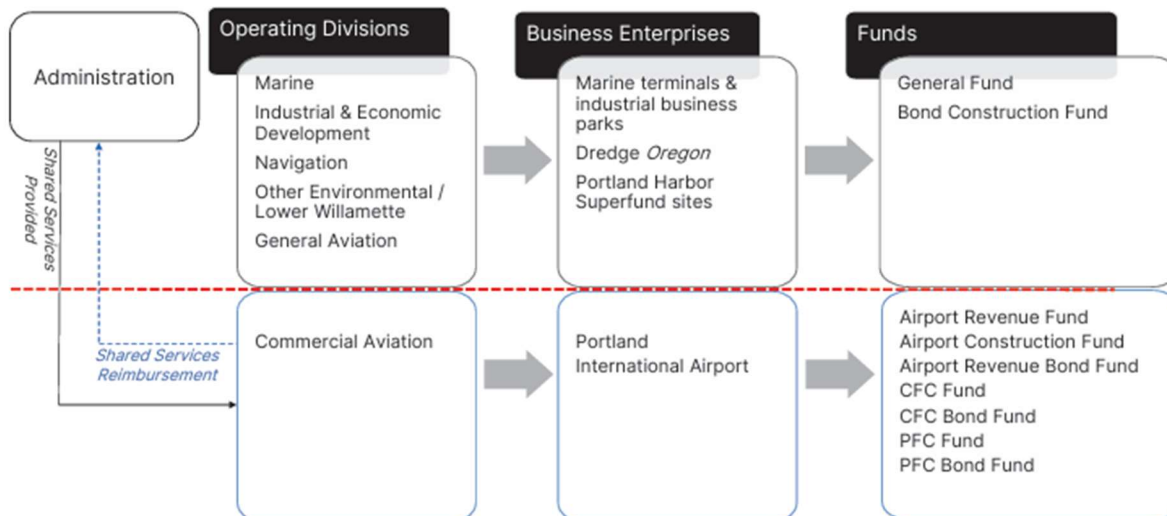
FY 2025-26 budget for capital outlay is \$609.2 million. Total Capital Projects expenditures (including staff time) is estimated at \$630.7 million, up from \$542.6 million in FY 2024-25. The largest projects are:

PDX Improvements	
Terminal Core Redevelopment – Phase 2	\$283.0 million
Baggage Handling System and CBRA Expansion	\$ 32.0 million
Ground Service Equipment eGSE Infrastructure Installation	\$ 15.0 million
Terminal 6 Pavement Rehab and Electrical Improvements	\$ 21.0 million
Terminal 2 Mass Timber and Housing Innovation Campus	\$ 19.0 million
Navigation Dredge Tender Replacement	\$ 15.0 million

### Contingency/Ending Fund Balance:

Combined contingency and ending fund balance totals \$967.4 million in FY 2025-26. This is \$355.0 million less than the current fiscal year's combined contingency and ending fund balance of \$1,322.5 million. 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 Federal Aviation Administration (FAA) regulations and Airport Bond Ordinances. PDX resources can be used to subsidize General Aviation activities not funded through General Aviation operations or FAA grants. A transfer of resources is made from the Airport Revenue Fund to the Port's Bond Construction Fund for that purpose; in FY 2025-26, this amounts to just under \$9.0 million.

### 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 (T-6), nearly all the Port's major marine customers are currently under long-term lease agreements.

Operating resources for the Marine division are \$56.8 million, up from \$52.9 million in the current year. The increase reflects higher potash volumes at Terminal 5 and increased throughput rates for containers at Terminal 6.



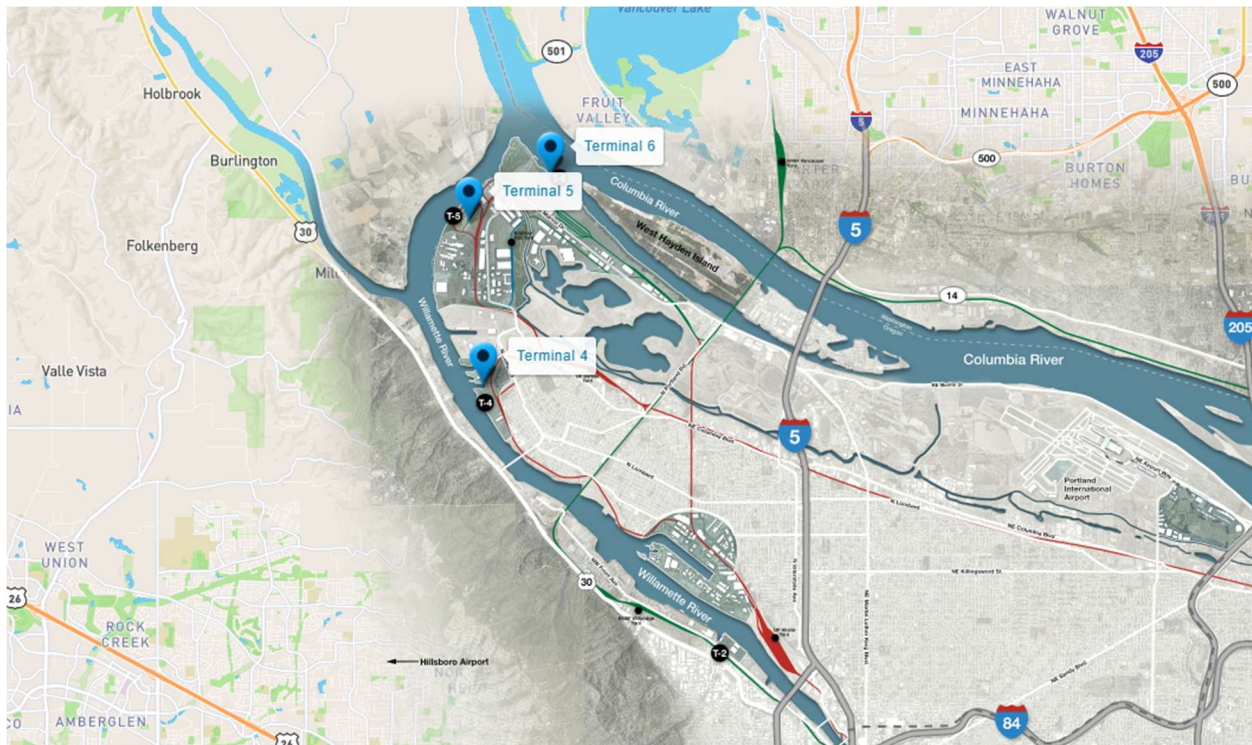
### Marine Budget Volume Assumptions

Description	FY2023-24 Actual	FY 2024-25 Adopted	FY 2024-25 Projected	FY2025-26 Forecast	Change (1)
Autos (Units)	390,586	363,000	365,728	370,000	1.2%
Breakbulk (Metric Tons)	842	10,000	1,000	1,000	0.0%
Grain Bulk (Metric Tons)	2,113,057	1,500,000	2,090,112	2,000,000	-4.3%
Mineral Bulk (Metric Tons)	6,459,213	6,880,000	7,061,558	7,570,300	7.2%
Containers (TEU)	55,104	58,900	57,065	60,000	5.1%

(1) Percent Change Compares FY 2025-26 Forecast to FY 2024-25 Projected.

This division's FY 2025-26 budget is \$106.1 million, with operating expenditures of \$55.7 million and capital expenditures of \$49.8 million. The division has 67.0 FTE. The amount budgeted for Longshore Labor increases to \$23.7 million in this budget. Utilities increase \$1.2 million, making up the majority of increased materials and service costs when combined with Longshore Labor.

Marine infrastructure development reflects the rapidly changing international marine shipping environment. The Port received federal and state grants in FY 2024-25 to expand and modernize container operations at T-6 and continues to advocate for \$40.0 million state investment in the current year for infrastructure improvements. Since developing a T-6 business plan and forming an advisory council, the Port has made strong progress in rebuilding and stabilizing container operations: the agency has a framework agreement with the current terminal stevedore, Harbor Industrial, which will position them as the long-term operator pending state investment in terminal improvements.



Map of Marine Facilities, Courtesy Port of Portland



The **Industrial, Trade 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. The agency oversees five business and industrial parks, along with the Terminal 2 Mass Timber and Housing Innovation Campus:

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

Operating resources for the division are \$13.9 million, up from \$11.6 million in the current year. The \$2.2 million increase is due to new land leases at the Rivergate Industrial District and Swan Island Industrial Park as well as an operating grant in support of Mass Timber program development at Terminal 2. There are no land sales budgeted in FY 2025-26.

This division's total budget is \$36.1 million, with \$13.7 million dedicated to operating expenses and \$22.4 million to capital. There are 27.0 FTE in this division. The total budgeted for materials and services increases \$1.7 million in FY 2025-26 as compared to the current budget year, with the increase due to more spent on utilities and consulting and contract services.

As noted in the Port's priorities, the Port is dedicated to revitalizing Terminal 2 as a manufacturing hub to support the mass timber industry, create new jobs, and address the region's housing shortage through its Mass Timber and Housing Innovation Campus. This budget includes funding for continued site development, including utility extensions, pavement improvements, and upriver soil stabilization.

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 61.0 FTE and is budgeting \$18.8 million in expenditures for operating expenses and \$25.4 million in capital for a total budget of \$44.2 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. The FY 2025-26 Budget includes \$15.0 million to replace the dredge tender.

**Administration** provides corporate headquarters functions and project and engineering services for the rest of the organization. The FY 2025-26 Budget is \$73.1 million, almost entirely for operating expenses. Of the total, \$53.9 million is budgeted for personnel services, \$19.1 million for materials and services and \$6.0 million to capital outlay. Administrative costs are either directly charged or allocated to operating divisions. These expenditures cover the 283.1 FTE.

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

Aviation is made up of five primary business lines:

- Airfield
- Landside
- Terminal operations

- Airside/landside properties
- General Aviation

#### *General Aviation*

General Aviation airports at Hillsboro and Troutdale benefit the region by providing airfields for air ambulance services, flight schools and business shuttles. The airports also 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 \$3.4 million. This income will be used for operating expenditures of \$4.2 million. This division has 8.0 FTE.

#### *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.

Commercial 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 (PFC)
- Customer Facility Charges (CFC)

Total resources for PDX operations are \$472.4 million in FY 2025-26. This is an increase of \$44.8 million over the current fiscal year.

#### **PDX Budget Volume Assumptions**

Description	FY2023-24 Actual	FY 2024-25 Adopted	FY 2024-25 Projected	FY2025-26 Forecast	Change (1)
Total Passengers (in millions)	16.7	17.6	17.8	19.0	7.1%
Landed Weight (lbs. in billions)	11.3	11.8	11.6	12.2	5.9%

(1) Percent Change Compares FY 2025-26 Forecast to FY 2024-25 Projected.

Total passenger volume at PDX is projected to increase by 7.1%. Landed weight is projected at 12.2 billion pounds, 5.9% 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.

## OTHER SIGNIFICANT BUDGET AREAS

### GENERAL FUND

#### GENERAL FUND RESOURCES

Fund Name	Group	Sum of 2023 Actual	Sum of 2024 Actual	Sum of 2025 Revised	Sum of 2026 Approved
General Fund	Beginning Fund Balance	256,781,449	267,761,858	244,434,404	301,371,400
	Debt Proceeds	-	-	30,000,000	30,000,000
	Fees and Charges	98,454,046	108,037,958	97,220,280	103,404,936
	Other Income	18,888,852	36,375,300	9,357,198	13,184,087
	Transfers In	56,243,341	61,268,383	61,196,877	64,566,193
Grand Total		430,367,688	473,443,499	442,208,759	512,526,616

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, Trade and Economic Development, Navigation, and Administration.

The Port generates revenue from user fees and contracted services by its specific divisions and lines of service. The largest sources of income in the General Fund, the "drivers" that support administrative costs at the Port, are from the Marine and Industrial, Trade and Economic Development divisions.


The General Fund budget increases by \$70.3 million in FY 2025-26. Revenue across all funding sources is budgeted to increase, with the exception of debt proceeds which remains the same at \$30.0 million as the Port is budgeting for a loan to purchase navigation equipment for the second year.

#### GENERAL FUND REQUIREMENTS

Fund Name	Group	Sum of 2023 Actual	Sum of 2024 Actual	Sum of 2025 Revised	Sum of 2026 Approved
General Fund	Administrative Services	57,124,059	63,100,025	70,637,523	73,048,662
	Contingencies	-	-	221,204,569	262,266,986
	Debt Service	12,145,703	12,663,953	15,364,325	19,506,034
	Ending Fund Balance	267,761,858	313,426,235	-	-
	Enterprises and Community Services	87,492,546	76,835,999	87,206,126	92,394,547
	Environmental and Conservation Services	5,210,299	6,742,925	12,246,470	10,207,037
	Transfers Out	633,223	674,362	35,549,746	55,103,350
Grand Total		430,367,688	473,443,499	442,208,759	512,526,616

Often tied to increased revenues, operating requirements in the General Fund are also increasing in this budget. The one area decreasing in FY 2025-26 is Environmental and Conservation Services, which is decreasing spending in "Other Environmental" by 17.5% to \$9.6 million. This expense is outside of operating requirements in the General Fund.

**OTHER FUNDS**

 Fund Name	Sum of 2023 Actual	Sum of 2024 Actual	Sum of 2025 Revised	Sum of 2026 Approved
Airport Construction Fund	794,871,387	589,817,535	1,419,008,065	763,527,800
Airport Revenue Bond Fund	280,983,627	294,362,180	378,961,869	367,727,248
Airport Revenue Fund	704,805,123	727,533,270	1,182,764,458	631,115,116
Bond Construction Fund	41,562,855	55,985,882	114,107,807	133,204,597
Customer Facility Charge Bond Fund	20,339,122	20,007,245	20,342,951	20,005,593
Customer Facility Charge Fund	47,028,425	57,057,147	57,137,819	71,581,575
General Fund	430,367,688	473,443,499	442,208,759	512,526,616
Passenger Facility Charge Bond Fund	27,016,470	26,303,581	16,046,599	18,173,086
Passenger Facility Charge Fund	126,888,338	149,256,906	121,226,353	159,723,471
<b>Grand Total</b>	<b>2,473,863,035</b>	<b>2,393,767,245</b>	<b>3,751,804,680</b>	<b>2,677,585,102</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 \$118.2 million in this fund, mainly for projects at terminals 2 and 6; and, procurement of new dredging equipment.
- 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 \$181.4 million, \$2.5 million for system development charges/other, \$307.2 million transfers, and \$140.0 million for 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 capital budget is \$491.0 million. Primary projects are Phase two of the terminal core redevelopment, ground service equipment installation, and expansion of the baggage handling area.
- 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 FY 2025-26, there is \$168.4 million budgeted to cover debt services and an additional \$199.3 million reserved for future debt service payments.
- 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 \$16.5 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. \$125.2 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. \$5.3 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 to increase to \$476.0 million in FY 2025-26, 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, 2026, is estimated at \$3,719,695,144. Most of the debt funds capital projects at PDX, either Airport Revenue Bonds or Customer Facility Charge (PFC) Revenue Bonds. There is no General Obligation Bonded Debt.

- The 2025-26 Budget includes \$30,000,000 in new debt proceeds in the General Fund for Navigation Equipment Loans.

Port of Portland	6-30-2023	6-30-2024	6-30-2025	6-30-2026 est.
PERS Bonds	39,375,000	37,135,117	27,037,525	7,531,491
Airport Revenue Bonds	2,093,565,000	3,712,176,209	3,567,717,493	3,399,271,043
PFC & CFC Revenue Bonds	153,650,000	244,600,972	298,201,307	283,427,909
Other Loans (LID, OECD, etc.)	9,412,791	9,010,952	37,447,658	29,464,701
<b>Total Debt Outstanding</b>	<b>2,367,542,791</b>	<b>4,079,316,734</b>	<b>3,930,403,983</b>	<b>3,719,695,144</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 2025-26 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 2023-24 notes issues of budgetary noncompliance. In the Airport Construction Fund, the Port over expended two budget appropriation items. An over expenditure for capital outlay of \$4,572,494 resulted from the non-cash budgetary impact of accounting expense accruals that took place after final appropriations were made for the fiscal year. A second over expenditure of \$131,313 occurred as a result of bond issuance costs incurred in advance of the Series Thirty airport revenue bond issuance budgeted in fiscal 2025. These are similar to over expenditure issues the Port has seen in the past.

This is a common occurrence for the Port; five of the last six audits have noted over expenditures.

## CERTIFICATION LETTER RECOMMENDATIONS & OBJECTIONS

TSCC staff notes no deficiencies in the district's FY 2025-26 budget development process. However, given the recurring nature of over expenditures (five out of the last six audits), staff is suggesting one recommendation for the certification letter:

**Recommendation:** The Commission has no objections to the FY 2025-26 Approved Budget, and one recommendation related to repeated over-expenditures as noted in the Port's financial audits. We understand the difficulty of a commercial enterprise conforming to the requirements of a budget law created for tax-dependent organizations, particularly in capital funds. However, the Port is still subject to Oregon Budget Law, and by implementing a supplemental budget towards the end of the year increasing estimated appropriations, we believe the district can remain in compliance. We encourage the district to implement enhanced policies to mitigate these issues going forward.

Port of Portland					
Budget Summary					
	2022-23	2023-24	2024-25	2025-26	%
<u>SUMMARY OF ALL FUNDS</u>	Actual	Actual	Revised	Approved	Change
<b>PROPERTY TAX BREAKDOWN:</b>					
Permanent Rate Property Taxes	15,015,209	15,875,814	16,615,923	17,272,130	3.9%
<b>TOTAL PROPERTY TAX</b>	<b>15,015,209</b>	<b>15,875,814</b>	<b>16,615,923</b>	<b>17,272,130</b>	<b>3.9%</b>
<b>RESOURCES:</b>					
Beginning Fund Balance	1,001,257,278	1,349,447,825	1,006,064,850	1,321,790,770	31.4%
Property Taxes	15,015,209	15,875,814	16,615,923	17,272,130	3.9%
Intergovernmental Revenue	1,019,261	10,094,119	45,290,917	57,643,263	27.3%
Fees and Charges	455,820,629	509,687,435	574,989,277	632,525,217	10.0%
Other Income	47,233,557	122,885,263	67,214,538	80,177,684	19.3%
Debt Proceeds	606,771,716	0	980,000,000	30,000,000	-96.9%
Transfers In	346,745,385	385,776,789	1,061,629,175	538,176,038	-49.3%
<b>TOTAL RESOURCES</b>	<b>2,473,863,035</b>	<b>2,393,767,245</b>	<b>3,751,804,680</b>	<b>2,677,585,102</b>	<b>-28.6%</b>
<b>REQUIREMENTS BY OBJECT:</b>					
Personnel Services	132,089,060	145,688,147	177,256,347	177,919,252	0.4%
Materials & Services	152,447,174	155,644,203	172,080,322	182,207,590	5.9%



Capital Outlay	336,313,905	500,275,265	520,708,679	609,184,393	17.0%
Debt Service	156,819,685	183,015,138	497,665,280	202,725,882	-59.3%
Fund Transfers	346,745,385	385,776,789	1,061,629,176	538,176,039	-49.3%
Contingencies	0	0	1,088,164,412	744,685,867	-31.6%
Ending Fund Balance	1,349,447,826	1,023,367,703	234,300,463	222,686,079	-5.0%
<b>TOTAL REQUIREMENTS BY OBJECT</b>	<b>2,473,863,035</b>	<b>2,393,767,245</b>	<b>3,751,804,679</b>	<b>2,677,585,102</b>	<b>-28.6%</b>

**SUMMARY OF BUDGET - BY FUND**

General Fund	430,367,688	473,443,499	442,208,759	512,526,616	15.9%
Bond Construction Fund	41,562,855	55,985,882	114,107,807	133,204,597	16.7%
Airport Revenue Fund	704,805,123	727,533,270	1,182,764,458	631,115,116	-46.6%
Airport Construction Fund	794,871,387	589,817,535	1,419,008,065	763,527,800	-46.2%
Customer Facility Charge Fund	47,028,425	57,057,147	57,137,819	71,581,575	25.3%
Customer Facility Charge Bond Fund	20,339,122	20,007,245	20,342,951	20,005,593	-1.7%
Passenger Facility Charge Fund	126,888,338	149,256,906	121,226,353	159,723,471	31.8%
Airport Revenue Bond Fund	280,983,627	294,362,180	378,961,869	367,727,248	-3.0%
Passenger Facility Charge Bond Fund	27,016,470	26,303,581	16,046,599	18,173,086	13.3%
<b>GRAND TOTAL ALL FUNDS</b>	<b>2,473,863,035</b>	<b>2,393,767,245</b>	<b>3,751,804,680</b>	<b>2,677,585,102</b>	<b>-28.6%</b>

**DETAIL OF GENERAL FUND****RESOURCES:**

Beginning Fund Balance	256,781,449	267,761,858	244,434,404	301,371,400	23.3%
Fees and Charges	98,454,046	108,037,958	97,220,280	103,404,936	6.4%
Other Income	18,888,852	36,375,300	9,357,198	13,184,087	40.9%
Debt Proceeds	0	0	30,000,000	30,000,000	0.0%
Transfers In	56,243,341	61,268,383	61,196,877	64,566,193	5.5%
<b>TOTAL FUND RESOURCES</b>	<b>430,367,688</b>	<b>473,443,499</b>	<b>442,208,759</b>	<b>512,526,616</b>	<b>15.9%</b>

**REQUIREMENTS:**

Enterprises and Community Services	87,492,546	76,835,999	87,206,126	92,394,547	5.9%
Administrative Services	57,124,059	63,100,025	70,637,523	73,048,662	3.4%
Environmental and Conservation Services	5,210,299	6,742,925	12,246,470	10,207,037	-16.7%
Debt Service	12,145,703	12,663,953	15,364,325	19,506,034	27.0%
Transfers Out	633,223	674,362	35,549,746	55,103,350	55.0%
Contingencies	0	0	221,204,569	262,266,986	18.6%
Ending Fund Balance	267,761,858	313,426,235	0	0	0.0%
<b>TOTAL FUND REQUIREMENTS</b>	<b>430,367,688</b>	<b>473,443,499</b>	<b>442,208,759</b>	<b>512,526,616</b>	<b>15.9%</b>