

Port of Hood River
**2020 Spring Planning
Work Session**

April 7, 2020

1:30 p.m.

Commission Conference Room & Via Video Conference
1000 E. Port Marina Drive

AGENDA

- I. Welcome & Introductions** (John Everitt, Commission President) (5 min.)
- II. Overview** (Michael McElwee, Executive Director) (10 min.)
Meeting purpose and expected outcomes.
- III. Financial Overview** (Fred Kowell, Chief Financial Officer) (15 min.)
Review Port financial policies and current/projected financial conditions.
- IV. Key Issues** (60 min.)
Discuss specific issues that may have a significant impact on the FY 20/21 budget. Staff will provide an overview of each issue.
- COVID-19 Response & Impacts (Kowell/McElwee/Scholl) (15 min.)
 - Bridge Replacement Phase 2 Funding (Greenwood/Kowell) (15 min.)
 - Real Estate Development (Medenbach/Kowell) (15 min.)
 - 2020-26 Strategic Business Plan Process (Scholl/McElwee) (15 min.)
- BREAK-----
- V. 10-Year Financial Planning Model** (90 min.)
Review general assumptions, key project areas and draft 10-year financial model updated with FY 20/21 budget assumptions.
- VI. Other**

Adjourn Work Session and Open Regular Session

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Commission Memo



Prepared by: Fred Kowell
Date: April 7, 2020
Re: Port Financial Policies Review

The Port adheres to a Financial Policy that serves as the basis for the Commission’s fiscal decisions. The three specific sections summarized below are especially important and commonplace in most public agencies. Adherence to these allows the Port to have adequate reserves to respond to an emergency and issue debt, enough cashflow to ensure adequate debt coverage over and above the legal requirement which also allows for a smoother debt issuance, and rate of return on our investments.

- **Reserves** – The Port has a key financial policy of keeping at least 10% in reserves of the net depreciable value of our assets. This allows for the replacement of some of the Port assets over time and it also keeps the Port from spending down reserves to a level that will impact capital needs. However, having a 10% rule will not provide the long-term replacement of our bridge. That will only occur with higher cashflows from our assets, the primary one being the bridge. In most cases the bond market will require an agency that issues debt to hold in reserve an amount equal to the annual debt service and at least a year of operating costs.
- **Debt Coverage Ratio** – A debt coverage ratio is the ratio of net operating cashflow divided by the amount of debt service an entity can incur or obtain. Maintaining a ratio of 2.0 allows an organization to go to the bond market and obtain financing and provides guidance to an organization in determining the level of debt service it should take on. This key financial policy also keeps an organization from growing beyond its means with respect to its cost structure (i.e., personnel, materials and services) and the revenues it can generate from its assets.
- **Return of Investment** – The Port uses a term called “Cash on Cash Return before Debt Service and Capital Outlay”. This ratio looks at revenues minus operating costs (excludes depreciation) to come up with net operating income. Net operating income is then divided by the asset (investment) value. This ratio reflects the return on an asset or group of assets and provides a gauge for policymakers in moving forward with an acquisition or capital improvement. The Port historically has hovered around 3.2% to 6.1% on its Cash on Cash Return before Debt Service and Capital Outlay. To give you a sense how a group of assets (investments) can be much more or less than this median that is presented in the Summary Long Range Financial Plan. The table on the next page presents a few years of ratios by group of assets.

Cash on Cash Return before Debt Service and Capital Outlay	2016	2017	2018	2019	2020
Commercial-Industrial Properties	2.0%	2.1%	2.2%	3.6%	3.1%
Recreation Assets	-7.1%	-7.0%	-4.5%	-5.9%	-8.8%
Marina	5.0%	6.0%	5.6%	5.5%	3.4%
Airport	-0.1%	-0.8%	-0.7%	-0.5%	-0.5%
Bridge	12.1%	12.2%	14.7%	11.4%	7.0%
Cash on Cash Return before DS and CO	4.9%	4.9%	6.1%	5.3%	3.2%

These key financial policies can guide the Port in a manner that is fiscally prudent with regard to its revenue generation, while balancing this with its expenditures. These policies allow for the Port to take advantage of opportunities only a special district can perform for its community.

Although the attached Financial Policy covers a wide swath of information, the above key financial policies will keep the Port moving forward in a prudent fiscal manner.

PORT OF HOOD RIVER FINANCIAL ADMINISTRATIVE POLICIES

PURPOSE

The Financial Administrative Policies and Procedures, articulates the policies, goals and major objectives which will guide the Port in its fiscal responsibilities for the foreseeable future.

FINANCIAL PLANNING FIN-2.01

Policy

The Port of Hood River will prepare a long-range financial plan to guide the Board of Commissioners in adopting the Port budget and to assist the Board in ensuring the delivery of services through all types of economic cycles. The plans will help the Board of Commissioners evaluate the impact of the financial needs of delivering all the necessary activities performed by the Port within its boundaries. The plan will also assist in coordinating funding needs among the Revenue, Bridge Repair & Replacement and General Fund functions and needs.

Financial planning and budgeting will be based on the following principles:

- Revenue estimates will be prepared on a conservative basis to minimize the possibility that economic fluctuations could jeopardize ongoing service delivery during the fiscal year.
- Expenditure estimates will anticipate needs that are reasonably predictable.
- Forecasts will rely on a common set of basic economic assumptions that will be established, updated and distributed by the Chief Financial Officer. The forecasts will also identify other assumptions used in their preparation and associated risks. Examples of risks can include rates, legislation and legal rulings that affect Port liability, pension systems or health benefit plans, as well as regional economic trends that affect Port revenues and grants. The Port will test both its financial planning methodology and use of planning tools in order to provide timely and accurate information that is disseminated to the Board.

Financial Plans and Forecasts

- The Administration will prepare an annual audited financial report. This report will include a comprehensive overview of the Port's financial condition.
- Financial plans will be prepared annually for the Port and the impacts to the Revenue, Bridge Repair & Replacement and General Funds. If appropriate, the plan will identify additional resources needed to continue current service levels like toll increases or adjustments to services provided.

Operation and Maintenance

- The Port will preserve its current physical assets and plan in an orderly manner for future capital investments, including the operating and maintenance costs associated with new or additional capital improvements or major equipment.
- The Port will use its best efforts to identify and include full costs of future maintenance needs and operating costs of new capital improvements and equipment prior to funding as part of the Budget.
- In general, all assets will be maintained at a level that protects capital investment and minimizes future maintenance and replacement costs. A high priority should be placed on maintenance where deferring maintenance will result in greater costs to restore or replace neglected facilities/equipment.
- Maintenance and operations of major capital assets should be given priority over acquisition of new assets, unless an analysis indicates a net benefit or the funding source to acquire or develop a new asset cannot be used for operations and maintenance.
- Factors that reduce operating and maintenance costs, such as upgrades, remodels and/or technological advances, will be considered when reviewing operation and maintenance requests. Priority may be given to projects that do not require operation and maintenance adjustments or that reduce those costs.
- The budget will seek to provide sufficient funding for adequate operations, maintenance, scheduled replacement and enhancements of capital assets and equipment. Whenever Port staff identify that there is a significant discrepancy between the need to maintain or modernize Port infrastructure or facilities and the funds available for such improvements, the Executive Director or designee will present a strategy for meeting these needs to the Board of Commissioners.

Responsibility

The Chief Financial Officer will coordinate the presentation of the Port's financial plan with the Executive Director providing overall guidance.

BUDGET FIN-2.02

Policy

The Port will develop and implement a budget process that will:

Make prudent use of financial resources.

- Include financial forecast information to ensure that the Port is planning adequately for current and future needs.
- Involve community members, elected officials, employees and other key stakeholders.
- Provide performance and other analytical data to assist in assessing resource effectiveness.
- Comply with Port laws and State of Oregon Local Budget Law.

The Executive Director will develop and present a proposed budget to the Board of Commissioners for consideration and adoption. The Proposed budget will identify major

financial and service issues, identify funding requirements and sources of funds, provide supplemental information on programs or functions, include budget and performance or other details necessary to relate recommendations to the Port's strategic plan and goals.

The Chief Financial Officer will assist the Executive Director in Proposed annual budget process and calendar. The proposed process and calendar will support the budget committee participation and Board deliberations.

Budget Monitoring

The Finance Manager will maintain a system for financial monitoring and control of the Port's budget during the fiscal year. This system will provide the Board with information on revenue, expenditures and performance at both the Port and fund level. The system will include provisions for amending the budget during the year in order to comply with State of Oregon budgetary statutes and to address unanticipated needs or emergencies. The Chief Financial Officer will coordinate the process for budget adjustments requiring Board and possibly Budget Committee approval.

The Chief Financial Officer will periodically publish Fund financial status reports on the revenues and expenditures to date, and the estimated year-end balance. During the Spring Planning session the Chief Financial Officer will report to the Board on the financial results and recommend financial management actions necessary to meet the adopted budget's financial planning goals.

For the Fall Planning session, the Chief Financial Officer will report to the Board on the previous year's financial performance and how it relates to the long-term financial forecast with respect to reserves and debt coverage. Included in this report will be any new legislation, rules, regulations or policies that will have a material impact for the rest of the fiscal year.

Operating Policies

1. **Balanced Budget.** In each fund, resources shall be equal to or exceed requirements. Each Port fund budget must identify ongoing resources that at least match expected ongoing requirements. One-time cash transfers and non-recurring ending balances may either be applied to reserves or used to fund one-time expenditures; they will not be used to fund ongoing expenditures, except as provided in section 2 below.
2. **One-time Funds.** One-time funds are resources designed to be used for projects and purchases that can be accomplished within the fiscal year or two but not to be used towards ongoing expenditures. One-time funds may be committed for up to four years for a capital project or a significant planning effort that has a finite duration of four years or less. Such a funding commitment shall be noted in the Proposed Budget. Out-year funding may not be committed in excess of the one-time funds projected to be available in the long-term financial forecast.
3. **Surplus Revenue and Fund Balances.** From time to time additional revenue (grants or surplus beginning fund balances) will be available. The Port will budget only the amount of revenue that is needed to fund projected expenditures within the fiscal year.

Anticipated resources not needed to fund fiscal year spending or unforeseen contingencies shall be split taken to reserves. The Port will not increase accruals and non-cash enhancements to revenues as a means to influence fund balances at year-end.

4. **Efficiency and Effectiveness.** The Port will optimize the efficiency and effectiveness of its services to reduce costs and improve service quality. The Port will coordinate its service delivery with other applicable public and private service providers. The Port will consider new technology to improve its efficiency and effectiveness.
5. **Self-supporting/Full Cost Recovery Basis.** Port *overall* operations will be run on a self-supporting basis where doing so will increase efficiency in service delivery and recover the cost (or part thereof) of providing the service by a user fee or charge.
6. **Contingencies.** The Port will budget a contingency amount for each fund adequate to address reasonable but unforeseen requirements within the fiscal year.

Port-issued Grants or Loans

Only the Port Board of Commissioners can authorize loans or grants of any dollar amount. The Board awards a grant or loan by resolution unless it has delegated the authority to staff. Grants are a type of contract subject to different legal rules: Contracts are typically used to purchase goods and services to directly benefit Port operations, while grants are issued for the purpose of supporting an activity of the recipient.

The Port will avoid issuing grants or loans to assist agencies in meeting ongoing service delivery needs. The Port may audit financial records or performance data to ensure funds are spent in accordance with the purpose of the grant or loan.

Grant or loan agreements between the Port and public agencies shall be issued as intergovernmental agreements.

Fund Management

Creation of new funds or elimination of existing funds shall be done by Port resolution. A review and report by the Finance Manager will be required prior to Board action. The Finance Manager will conduct an annual review to assess if each fund is needed.

Each fund at the Port will have a statement of purpose, adopted by resolution by the Board of Commissioners that contains several required elements.

Responsibility

The Executive Director (or designee) will coordinate the overall preparation and administration of the Port's budget.

FINANCIAL REPORTING

FIN-2.03

Policy

The Port shall maintain a system of financial monitoring, control and reporting for all operations, and funds to provide effective means of ensuring that overall Port goals and objectives will be met and to assure the Port's citizens, partners and investors that the Port is well managed and fiscally sound.

Financial Reporting

The Port will maintain its accounting records and report on its financial condition and results of operations in accordance with state and federal law and regulations, Generally Accepted Accounting Principles (GAAP) and standards established by the Governmental Accounting Standard Board (GASB). Budget reporting will be in accordance with Oregon Local Budget Law.

- A qualified independent firm of certified public accountants will perform an annual financial and compliance audit of the Port's financial statements. The firm's opinions will be presented in the Port's Annual Financial Report (AFR), in the single audit report as required by the Single Audit Act of 1984 and in the independent auditor's Report on Compliance and on Internal Control over Financial Reporting.
- The AFR will be designed to communicate with citizens about the financial affairs of the Port.
- As an additional independent assessment of the quality of the Port's financial reporting, the Port will discuss the use of obtaining the certificate of achievement for excellence in financial reporting from the Government Finance Officers Association.
- The Port will strive to minimize the number of funds. The funds will be categorized by standard GAAP functional classifications. The Port will list current funds and their related GAAP functional classification as well as their Port fund type in the Annual Financial Report.

Responsibility

The Chief Financial Officer will implement this policy and report to the Executive Director and Board of Commissioners on compliance issues. The Chief Financial Officer will also develop and maintain Financial Administrative procedures to assist in carrying out these policies.

REVENUE FIN-2.04

Policy

The Port will strive to maximize and diversify its revenue base to raise sufficient revenue to support essential Port services and to maintain such services during periods of declining economic activity. Port services providing private benefits should be paid for by fees and charges as much as possible to maximize flexibility in the use of Port revenue sources to meet the cost for services of the broader public benefit. The Port's overall revenue structure will be designed to recapture some of the financial benefits resulting from Port

economic and community development investments. However, it will also be linked to the overall Port Strategic Plan and its future updates. Revenue collection efforts that produce positive net revenues for Port service delivery will be the highest budget priority.

Cost Recovery

Charges for services that benefit specific users should strive to recover as much of the full cost as possible, which includes all direct costs, overhead, loss of interest and depreciation on capital plant and equipment. Allocation of indirect costs will be established annually by the Finance Manager.

The Port may subsidize other programs within the Port's portfolio of services from user fees from its primary revenue generation programs. This will be based on Port objectives that align to its Strategic Plan such as remaining competitive within the region and job production during an economic downturn to these subsidies. However, all such services should strive to mitigate their costs either through revenue generation or efficiencies of operations.

Investment in Real Estate

Return of Investment – The Port should provide a rate of return that covers the debt service and operating costs of the investment, over the life of the asset.

The method used should be a "Cash on Cash Return before Debt Service and Capital Outlay". This ratio looks at revenues less operating costs (excludes depreciation) to come up with net operating income. Net operating income is then divided by the asset (investment) value. This ratio reflects the return on an asset or group of assets and provides a gauge for policymakers in moving forward with an acquisition or capital improvement. As debt markets fluctuate, so will the rate of return calculation at any point in time to evaluate whether an investment meets the criteria of covering its costs and allowing for some replacement value of the asset into reserves.

Additional Resources

The Port will use and obtain resources according to the following principles:

1. The Port will use as efficiently as possible the resources that it already collects.
2. The Port will collect as efficiently as possible the resources to which it is already entitled.
3. The Port will seek new resources, consistent with its financial policies and Port Strategic Plan.
4. The Port will strive for a total revenue mix that encourages growth and keeps jobs within the Hood River region.
5. The Port will enforce its authority to collect revenue due the Port, including litigation if necessary.

Grants

The Port will avoid using grants to meet ongoing service delivery needs. Prior to a grant application submittal, or acceptance if an application is not required, all grants will be reviewed by the Executive Director (or designee) to ensure compliance with state, federal and Port regulations. The Port will budget expenditures for grant-funded programs only after receipt of the grant award or letter of commitment and only for the amount of the grant award to be expended within the fiscal year.

Revenue Projections, Surpluses and Shortfalls

- Revenue Projections shall be conservatively estimated.
- Revenue Shortfalls. Overall revenue shortfall will require an adjustment in the Spring Planning session with a corresponding reduction to appropriation or from contingency.

Responsibility

The Executive Director (or designee) will oversee compliance of this policy with the participation of staff.

RESERVES FIN-2.05

Policy

Reserves will be established and maintained to ensure the continued delivery of Port services to address emergencies, address a temporary revenue shortfall or provide stability during economic cycles. Sufficient reserves will be managed to provide adequate cash flow, stabilize the Port's interest rates and provide continuity in service delivery.

The Port shall maintain adequate cash reserves which on an aggregate basis is equivalent to 10% of the net depreciable assets held by the Port. Each fund shall maintain a positive cash position at any time during a fiscal year and at year-end.

Bridge Repair & Replacement Fund Reserve

The Port will maintain a reserve in both the Bridge Repair & Replacement Fund as well as the Revenue Fund to:

- Insulate Revenue Fund programs and current service levels from large and unanticipated one-time expenditure requirements, a revenue reduction due to changes in the economy, adverse litigation or any similar unforeseen action.
- Temporarily insulate Revenue Fund programs and current service levels from slower revenue growth that typically occurs during an economic recession.

There are two parts to the Bridge Repair & Replacement Fund Reserve: a) the amount held for debt service compliance which should be equivalent to the annual debt service payment(s) and b) the amount reflecting a portion of the 10% reserve requirement on net depreciable assets.

Revenue Fund Reserve

This reserve will be used for capital improvements on those same depreciable assets. The intent of the reserve is not to fund ongoing operations of the Port but for the betterment of the capital assets it maintains. The Revenue Fund Reserve should strive to hold aside 10% of its net depreciable assets. The reserve may be used for an emergency. The reserve is available to address one-time emergencies and unanticipated expenditure requirements or to offset drastic unanticipated revenue fluctuations occurring within a fiscal year. The Port may withdraw funds from the reserve when the Port has declared an emergency by ordinance or resolution and after the Fund's budgeted contingency has been exhausted.

The Port will begin to restore the reserve from such an emergency or unanticipated use(s) within 24 months after their first use.

Responsibility

The Chief Financial Officer will manage and monitor the reserves in each fund and report on the current and projected level of the reserve funds during each budget process.

COST ALLOCATION

FIN-2.06

Policy

The Port will establish and maintain a consistent methodology for allocating the costs of the Port's Maintenance and Administration functions and activities that benefit or are used by several Port cost centers. The goal is to provide stable, predictable and equitable costs and rates to cost centers or functional areas that pay for these services.

The two primary methods used to allocate indirect costs of administration and maintenance to Port cost centers are through Overhead Rates or allocations developed annually by the Finance Manager. Direct costs are allocated directly to those cost centers that incur such costs.

Interagency Agreements (IAs)

Costs for services or activities provided to customers that can be defined on a per unit basis or like kind methodology will be allocated as such. Designated cost centers of the Port will strive to recover their costs by charging rates (ie. Airport, Marina, toll bridge) that depict what is being recovered.

Responsibility

The Chief Financial Officer is authorized to develop and issue procedures with input from the Board and other appropriate stakeholders in order to implement the cost allocation policies.

CASH MANAGEMENT

FIN-2.07

Policy

The Port will manage its cash assets to ensure accurate records, reduce the chance of loss or theft and allow the Port to maximize interest income. The Chief Financial Officer will ensure the accurate and timely accounting, investment and security of all cash assets, and will develop, maintain and constantly seek to improve cash management systems. All cash received by the Port will be deposited to the Port bank account(s).

Only the Port's Board of Commissioners is authorized to establish bank accounts for the Port. The Chief Financial Officer will reconcile and balance the cash and investment accounts established by the Board.

Responsibility

The Chief Financial Officer will be primarily responsible for implementing this policy.

PAYMENT PROCESSING FIN-2.08

Policy

The Port will ensure that its banking services, systems and procedures, including electronic payment processing, are easy for the public to use, provide a cost-effective service and maintain security for transactions.

The Port will maintain all Port banking-related services, including those related to payment card or ACH (automated clearinghouse) processing. Payment cards refer to credit and debit cards. Electronic payment processing refers to the use of credit, debit or ACH methods of payment.

The Chief Financial Officer prior to approval of a request to implement a payment card process, will perform a cost/benefit analysis that assesses the financial and operational impacts of providing this type of service and assess alternatives to credit/debit card use.

Security Standard

All electronic payment processing services must be processed in a Port-approved secure environment. The Payment Card Industry - Data Security Standard (PCI-DSS) shall be the Port's standard for processing electronic payments in a secure environment. This PCI-DSS environment includes the physical, network and software environment for the payment card service. The Port will only use external software for electronic payment processing services that is Payment Application-Data Security Standard (PA-DSS) compliant. The PCI-DSS compliant environment meets the U.S. Department of Treasury recommendation to process ACH payments with sound, risk-based security controls in all ACH systems.

Third-party processors and/or agents acting on behalf of the Port in the collection of funds are required to deposit all collected funds directly to the Port owned and collateralized bank account.

Responsibility

The Chief Financial Officer is authorized to develop and issue procedures with input from other appropriate stakeholders in order to implement the electronic payment processing policy. The Chief Financial Officer will provide guidance and direction to the Port and staff with regard to the cost/benefit analysis for electronic payment card processing. The Information Technology consultant will provide guidance and direction to the Port in the technical requirements and security policies.

DEBT MANAGEMENT FIN-2.09

Policy

I. **COMPREHENSIVE CAPITAL PLANNING AND FINANCING**

The Port will strive to maintain a debt coverage ratio of 2.0, which is two times the outstanding debt held by the Port at any given time. This policy assists the Port in not accumulating more debt than it can possibly payoff and allows the Port to acquire debt on the market at very good to excellent terms, thereby providing the lowest possible capital to its public.

- A. Capital Planning and Financing Approach.** The Port shall utilize an integrated approach to capital planning and financing in preparing a multi-year Capital Improvement Plan. Coordination and preparation of the Port Capital Improvement Plan (the "CIP") shall reside with the Executive Director or designee. The CIP shall be for the ensuing ten fiscal years and shall be updated at least annually as part of the Port budget process. The CIP shall contain a comprehensive description of the sources of funds, including current revenue requirements; identify the timing of project expenditures and their impact on future operating and capital budgets; and evaluate the impact of the projects on the amount and timing of bonds to be issued, debt service requirements, outstanding debt, and debt burden. In developing the CIP, an assessment shall be undertaken to determine whether the planned financings conform with policy targets related to (1) the magnitude and composition of the Port's indebtedness, and (2) the fiscal resources of the Port to support such indebtedness over the next ten years. Affordability impacts of the CIP shall be evaluated in consultation with the Board of Commissioners.
- B. Maintenance, Replacement and Renewal.** Consistent with its philosophy of keeping its capital facilities and infrastructure systems in good repair and to maximize the capital asset's useful life, the Port will set aside sufficient current revenues to finance ongoing maintenance needs and to provide reserves for periodic replacement and renewal.
- C. Debt Authorization.** All Port debt issued for the purpose of funding capital projects shall be authorized by the Board of Commissioners and should have been included in the CIP or agreed by the Board that the CIP should be modified. Such modification shall occur only after the Board has received a report of the impact of the contemplated

borrowing on the existing CIP and recommendations as to the financing arrangements from the Chief Financial Officer.

- D. **Debt Planning.** It shall be the responsibility of the Chief Financial Officer to coordinate the timing, process, and sale of Port debt required in support of the CIP. The Chief Financial Officer shall make recommendations to the Board as necessary in order to accomplish Port financing objectives.

II. **LIMITATIONS ON PORT INDEBTEDNESS**

- A. **Target Limitations on Non-Self-Supporting Unlimited Tax General Obligation Indebtedness.** The Port shall in the future, as a matter of policy, conduct its finances so that the amount of direct, non-self-supporting, unlimited tax general obligation ("UTGO") debt outstanding at any time that is subject to approval by the voters (excluding long-term, non-self-supporting leases) does not exceed 0.75% of the Port's taxable real market value.

- B. **Target Limitations on Lease-Purchase Financing of Equipment and Furnishings.** The Port may enter into short-term lease-purchase obligations to finance the acquisition of capital equipment and furnishings with estimated useful lives of less than ten years. Repayment of these lease-purchase obligations shall occur over a period not to exceed the useful life of the underlying asset or in any case no longer than ten years from the issue date of such obligations. The Chief Financial Officer shall be responsible for developing procedures and for setting repayment terms and amortization schedules, in consultation with any lender.

- C. **Target Limitations on the Issuance of Revenue-Secured Debt Obligations.** The Port shall finance the capital needs of its revenue producing enterprise activities through the issuance of revenue-secured debt obligations. Prior to issuing revenue-secured debt obligations, the Chief Financial Officer will develop financial plans and projections showing the feasibility of the planned financing, required rates and charges needed to support the planned financing, and the impact of the planned financing on the customers who use such services (ie. marina slip lessees, bridge toll users, etc.) and other affected parties. The amount of revenue-secured debt obligations issued by the Port will be limited by the feasibility of the overall financing plan as recommended by the Finance Manager.

Revenue-secured debt obligations will be reviewed and approved by both the Chief Financial Officer and the Executive Director before being sent to the Board for approval.

- D. **Pension Obligation Debt.** The Port may (at some time in the future) elect to fund accrued pension liabilities through the issuance of pension obligation bonds rather than funding such obligations on a pay-as-you-go basis. The principal amount of outstanding pension obligations and the debt service on such obligations shall be excluded from calculations of outstanding debt under Section II (A) (B) and (C) of this debt policy.

III. STRUCTURE AND TERM OF PORT INDEBTEDNESS

- A. Rapidity of Debt Repayment.** Generally, borrowings by the Port should be of a duration that does not exceed the economic life of the improvement that it finances and where feasible should be shorter than the projected economic life. Moreover, to the extent possible, the Port should design the repayment of debt so as to recapture rapidly its credit capacity for future use. The Port may choose to structure debt repayment so as to wraparound existing obligations or to achieve other financial planning goals. Such alternative structures shall be subject to the approval of the Board.
- B. Use of Variable-Rate Securities.** The Port will not recommend issuing securities that pay a rate of interest that varies according to a pre-determined formula or results from a periodic remarketing of the securities. There may be a business case in the future that merits the issuance of such securities and will be presented to the Board if such factors would be materially significant and beneficial to the Port. Prior to issuing variable rate debt, a plan shall be developed to address interest rate risk associated with these instruments.
- C. Pledge of Restricted Funds to Secure Debt.** The Port has the power to make an irrevocable pledge of a security interest in an account created exclusively for the security of holders of Port obligations. Before such funds are used to secure a prospective financing, policies regarding the use of such restricted funds shall be developed by the Finance Manager, subject to approval by the Board, to ensure that the use of such funds to secure bonds does not violate restrictions on such funds and that underlying program commitments can be maintained in addition to meeting debt service obligations on debt secured by the restricted funds. These policies shall be presented as recommendations to the Board prior to or at the time issuance of the secured debt is to be authorized.
- D. Use of Subordinate Lien Obligations.** Creation of a subordinate lien financing structure, if appropriate, shall be based on the overall financing needs, expected credit ratings, if any, relative cost of a subordinate lien structure, and impacts on the Port as determined by the Finance Manager and the Executive, in consultation with the Board.

IV. SHORT-TERM DEBT AND INTERIM FINANCING

- A. Lines and Letters of Credit.** Where their use is judged by the Chief Financial Officer to be prudent and advantageous to the Port, the Port has the power to enter into agreements with commercial banks or other financial entities for purposes of acquiring lines or letters of credit that shall provide the Port with access to credit under terms and conditions as specified in such agreements. Before entering into any such agreements, takeout financing or intended amortization for such lines or letters of credit must be planned for and determined to be feasible. Any agreements with financial institutions for the acquisition of lines or letters of credit shall be approved by the Board of Commissioners. Lines and letters of credit entered into by the Port shall be in support of projects contained in the approved Capital Improvement Plan.

B. CONDUIT FINANCINGS

The Port may sponsor conduit financings for activities (i.e., economic development, etc.) that have a general public purpose and are consistent with the Port's overall mission and policy objectives. All conduit financings must insulate the Port completely from any credit risk or exposure and must first be reviewed by the Finance Manager and Executive Director before being submitted to the Board for authorization and implementation.

Conduit financings shall either:

1. Carry an investment grade rating by Moody's Investors Service and/or Standard & Poor's Corporation, respectively.
2. Be sold via a private sale only to 'accredited investors' pursuant to Oregon state law.

The obligated borrower in a conduit financing shall be responsible for complying with all arbitrage rebate requirements associated with the bonds and shall, prior to the closing of the bonds, enter into a contract for rebate services with a firm recognized as having expertise in performing arbitrage rebate calculations for tax-exempt bonds.

V. FINANCING PROPOSALS

Any capital financing proposal made to the Port involving a pledge or other extension of the Port's credit through the sale of securities, execution of loans or leases, or making of guarantees or otherwise involving directly or indirectly the lending or pledging of the Port's credit shall be referred to the Chief Financial Officer, who in a timely manner shall be responsible for analyzing the proposal, responding to the proposal, and recommending to the Executive Director and the Board, the required action to be taken.

VI. SELECTION OF FINANCE CONSULTANTS AND SERVICE PROVIDERS

The Port's Chief Financial Officer shall be responsible for establishing a solicitation and selection process for securing professional services that are required to develop and implement the Port's debt program. Goals of the solicitation and selection process shall include encouraging participation from qualified service providers, both local and regional, and securing services at competitive prices. The solicitation and selection process for such services will comply with Port requirements for professional services.

- A. Bond Counsel.** The Chief Financial Officer in consultation with the Executive Director will be responsible to oversee and coordinate the marketing of all Port indebtedness, with advice from Port Legal Counsel, Financial Advisor and underwriters with regard to a capital financing and the selection of Bond Counsel to be employed for such a financing. Staff will provide a recommendation to the Board on making such a selection.
- B. Underwriters.** The Chief Financial Officer in consultation with the Executive Director shall solicit proposals for underwriting services when such level of debt offering warrants underwriting services. The selection of underwriter will be for an individual

financings or a specified time period. The Board shall make such selections taking into consideration the recommendations of staff.

- C. **Financial Advisor.** The Chief Financial Officer in consultation with the Executive Director will be responsible to oversee and coordinate the marketing of all Port indebtedness, with advice from Port Legal Counsel, bond counsel and underwriter with regard to a capital financing and the selection of the Financial Advisor to be employed for such a financing. Staff will provide a recommendation to the Board on making such a selection.
- D. **Paying Agent.** The Chief Financial Officer, in consultation with the Financial Advisor shall determine the paying agent services from qualified commercial and trustee banks. The cost of providing such services shall be used by the Finance Manager, along with other qualitative measurements, in selecting a Paying Agent.
- E. **Other Service Providers.** The Chief Financial Officer shall periodically solicit for providers of other services necessary to carry out the debt issuance activities of the Port (escrow agents, verification agents, trustees, etc.). The Finance Manager in selecting such additional service providers shall evaluate the cost and perceived quality of service of the proposed service provider.

VII. METHOD OF SALE

- A. The Port, as a matter of policy, shall issue its debt obligations through either a competitive sale, negotiated sale or a private placement. The Chief Financial Officer will determine the sale method that benefits the Port by producing the best results to the Port. In such instances where the Port deems that the preferred method of sale is a competitive bid, and the bids received through a competitive sale are deemed unsatisfactory or bids are not received, the Finance Manager will be allowed to solicit either a negotiated sale or private placement.
- B. **Use of Technology in Bond Sale Process.** The Port shall encourage the use of electronic bidding systems, electronic dissemination of disclosure information and other technological methods whenever the use of such technology is expected to reduce sale costs and enhance market participation in Port financings.

VIII. REFUNDING OF PORT INDEBTEDNESS

- A. **Debt Service Savings--Advance Refundings.** The Port may issue advance refunding bonds (as defined for federal tax law purposes) when advantageous, legally permissible, prudent, and net present value savings equals or exceeds 3 percent, calculated in accordance with Oregon Administrative Rules on Advance Refundings when such laws are applicable.
- B. **Debt Service Savings--Current Refundings.** The Port may issue current refunding bonds (as defined for federal tax law purposes) when advantageous, legally permissible, prudent, and net present value savings equal or exceed \$100,000.

- C. **Restructuring of Debt.** The Port may choose to refund outstanding indebtedness when existing bond covenants or other financial structures impinge on prudent and sound financial management. Savings requirements for current or advance refundings undertaken to restructure debt are done so in the Port's overall best financial interests.
- D. **Open Market Purchase of Port Securities.** The Port may choose to defease its outstanding indebtedness through purchases of its securities on the open market when market conditions make such an option financially feasible. The Finance Manager shall be responsible for developing procedures for executing open market purchases and the savings objectives to be achieved by undertaking such actions.

IX. USE OF CREDIT ENHANCEMENT

The Port shall use credit enhancement (letters of credit, bond insurance, surety bonds, etc.) when such credit enhancement proves cost-effective. Credit enhancement may be used to improve or establish a credit rating on a Port debt obligation if such credit enhancement is cost effective or if in the opinion of the Chief Financial Officer, the use of such credit enhancement meets the Port's debt financing goals and objectives.

X. CREDIT RATINGS

- A. **Rating Agency Relationships.** The Chief Financial Officer shall be responsible for maintaining relationships with the rating agencies, if applicable, that assign ratings to the Port's various debt obligations. This effort shall include providing periodic updates on the Port's general financial condition along with coordinating meetings and presentations in conjunction with a new debt issuance.
- B. **Use of Rating Agencies.** The Chief Financial Officer in coordination with the Executive Director shall be responsible for determining whether or not a rating shall be requested on a particular financing, and which of the major rating agencies shall be asked to provide such a rating.
- C. **Minimum Long-Term Rating Requirements.** The Port's minimum rating requirement for its direct, long-term, debt obligations is a rating not lower than "A3" by Moody's Investors Service or "A-" by Standard & Poor's Corporation. If such a debt obligation cannot meet this requirement based on its underlying credit strength, then credit enhancement shall be sought to ensure that the minimum rating is achieved. If credit enhancement is unavailable or is determined by the Finance Manager to be uneconomic, then the obligations may be issued without a rating.

XI. REBATE REPORTING AND COVENANT COMPLIANCE

The Chief Financial Officer shall establish a system of record keeping and reporting to meet the arbitrage rebate compliance requirements of the federal tax code. This effort shall include tracking investment earnings on bond proceeds, calculating rebate payments in compliance with tax law, and remitting any rebatable earnings to the federal government in a timely manner in order to preserve the tax-exempt status of the Port's outstanding debt issues.

Additionally, general financial reporting and certification requirements embodied in bond covenants shall be monitored to ensure that all covenants are complied with.

XII. ONGOING DISCLOSURE

The Chief Financial Officer shall be responsible for providing ongoing disclosure information to established national information repositories and for maintaining compliance with disclosure standards promulgated by state and national regulatory bodies

XIII. OTHER POLICIES AND REQUIREMENTS

- A. Annual Audit of the Port.** The annual audit of the Port shall describe in detail all funds and fund balances established as part of any direct debt financing of the Port. The audit may also contain a report detailing any material or rate covenants contained in any direct offering of the Port and whether or not such covenants have been satisfied.

Responsibility

The Chief Financial Officer will be responsible for the implementation of this policy. Any amendments to this policy must be approved by the Board after consultation with the Executive Director.

IT MANAGEMENT AND POLICIES

FIN-2.10

Policy

Responsibility for protecting Port information systems and data is shared by several individuals throughout the Port including, Users, Consultants, and the Chief Financial Officer. The purpose of this policy is to describe the specific sub-areas of the IT Management Policies.

Role & Responsibilities

The Chief Financial Officer provides a key role of centralized oversight, direction, and support for all information systems security-related services for the Port. These responsibilities include, but are not limited to the following key areas:

- Support for Port security policy development, implementation, and enforcement.
- Support for strategic security planning and plan implementation.
- Support for security awareness and education programs.
- Incident response services as needed.
- Security consulting services as needed.
- Support for the development and implementation of all appropriate security standards and guidelines as necessary for the Port.

Users

All Users have a critical role in the effort to protect and maintain Port information systems and data. Users of Port computing resources and data should review the administrative rules behind the accompanying IT policies.

NETWORK ACCESS – 2.10.1

The Network Access Policy is to establish rules for the access and use of the Port's network infrastructure.

Access to the Port's network and applications will be made available to all users that follow a standard process to determine access requirements.

- Comply with all Port policies and guidelines.
- Protect all Port assets and never share access accounts, privileges and associated passwords.
- Maintain the confidentiality of sensitive information to which they are given access privileges.
- Accept accountability for all activities associated with the use of their user accounts and related access privileges.
- Ensure that use of port computers, email, internet access, computer accounts, networks, and information stored, or used on any of these systems is restricted to authorized purposes and defined acceptable use policies.
- Report all suspected security and/or policy violations to an appropriate authority (e.g. Finance Manager, Executive Director).
- Follow all specific policies, guidelines and procedures established by the Port.

REMOTE NETWORK ACCESS – 2.10.2

Port employees and approved contractors that remotely connect to the Port network should do so using a VPN connection authorized by the Port with a designated logon and password, established, controlled and managed by the Port.

USER & ADMINISTRATIVE PASSWORDS – 2.10.3

The Port will establish a standard for the creation of passwords, the protection of those passwords, the association of passwords with user accounts and the frequency of password changes.

The scope of this policy includes all personnel who have or are responsible for an account (or any form of access that supports or requires a password) on any system that resides at any Port facility, has access to the Port network, or stores any non-public Port information.

Passwords are used for various purposes at the Port. Some of the more common uses include: user level accounts, web accounts, email accounts, screen saver protection and network equipment logins. Everyone should be aware of how to select a good password.

VIRUS PREVENTION & RECOVERY – 2.10.4

All computers, systems and network devices connected to Port networks should have an effective virus prevention, detection and eradication.

The Port shall ensure that employees are provided with information on safe practices for virus protection and that these safe practices are observed at all times. Port employees are reminded of the expectation to observe safe practices regarding the use of computers to minimize the risks of viruses.

INCIDENT REPORTING & RESPONSE – 2.10.5

For the purposes of this policy an "Information Security Incident" is any accidental or malicious act with the potential to result in misappropriation or misuse of confidential information (social security number, health records, financial transactions, etc.) of an individual or individuals, significantly imperil the functionality of the information technology infrastructure of the Port, provide for unauthorized access to Port resources or information, allow Port information technology resources to be used to launch attacks against the resources and information of other individuals or organizations.

In the case an information security incident is determined to be of potentially serious consequence, the responsibility for acting to resolve the incident and to respond to any negative impact rests with the Finance Manager working in conjunction with the IT consultant.

All Port employees shall take appropriate actions to report and minimize the impact of information security incidents. Reporting unlawful or improper actions of Port employees is expected and covered in the Port's Personnel Manual.

IT Support Professionals

IT technology professionals have additional responsibilities for information security incident handling and reporting for the systems they manage.

PORTABLE COMPUTING DEVICES – 2.10.6

This policy covers all portable computing devices (IPAD's, IPOD's, Smart Phones, etc) owned, maintained and operated by the Port.

Note: Laptop and notebook computers are covered under the same policies applicable to desktop computers & workstations.

- Only approved portable computing devices may be used to access Port information systems.
- Where technically feasible, all portable computing devices must be password protected and have an inactivity timeout.
- In general, sensitive Port data should **not** be stored on portable computing devices.

- All remote access to the Port network must be either through a Port approved access gateway or via an Internet Service Provider (ISP).
- All Port employees must be responsible to secure portable computing devices in their care and possession and immediately report any loss or theft of such devices to the Finance Manager.

PHYSICAL SECURITY – 2.10.7

The Port requires that appropriate environmental, protection and access controls be in place to protect computing and information resources. Proper and adequate physical security and protection is the responsibility of all Port employees.

Physical Security

Physical security measures are an important part of any effort to protect information system assets and services. As with logical security measures at the Port, physical security measures required for protecting Port computing resources shall be commensurate with the nature and degree of criticality of the computer systems, network resources, and data involved. Control measures will be applied in accordance with systems environment sensitivity and criticality.

All Port employees must be responsible to secure information assets in their care and possession and immediately report any loss or theft of such assets to their management and the Finance Manager. Additionally, all Port employees must be aware of unauthorized individuals (e.g. maintenance, public and others visiting, delivery personnel, vendors, etc) and be prepared to challenge individuals entering a restricted area(s).

POLICY UPDATED January 2017.

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April 7, 2020
Spring Planning Session

Discussion Topic:

COVID-19 Response and Impacts

The following provides an overview of current Port operations during the COVID-19 emergency; provided primarily for information. Larger issues are then identified that lend substantial uncertainty to Port operations going forward.

Current Operations

Social Distancing, Paid Leave, and Work from Home

If an employee feels uncomfortable coming into work due to their personal healthcare needs, they are allowed to stay at home. Employees that can work from home are doing so using Port-provided hardware and software applications that allow for them to work at their desktop virtually. At times, these employees do have to come into the office for a few minutes to acquire or drop off files or other business-related items. Social distancing is being required of Port employees as well as frequent use of hand sanitizer or washing of hands. We have also acquired a type of glove that works effectively with paper.

Toll Collections

The toll collectors are now doing license plate verification in the east wing of the Port building. There are two shifts per day; 6:00 a.m.-2:00 p.m., and 2:00 p.m.-10:00 p.m., seven days per week, with only one person in the east wing at a time. The computers are disinfected before and after each shift as well as handwashing before and after a shift.

Facilities

There is usually an on-call person and one other person working in the Facilities Maintenance Department during the week. If there is some work that only requires one person to use their truck and tools, that type of work is being done. Tasks where contact with another person is rare is being allowed.

Office

The office is closed to the public unless by appointment. Cash payments can still be made by using the drop box at the front of the building. Other payments can be made via phone, mail or the website. Office personnel have a morning and afternoon shift as well with Finance coming in when needed but adhering to social distancing and wiping down desks, equipment and counters before and after work. Handwashing is being done throughout the day.

Key Issues

The following are key operational or fiscal issues the Commission should be aware of and may require further discussion:

- There will be a need to convene the Personnel Committee in the coming week(s) to go over some options related to future personnel costs. There are a range of options based on the duration of the “Stay at Home” requirements including:
 - Staff furloughs
 - Reduction in workforce
- The current suspension of all tolling operations will result in a significant loss in bridge revenues. Further, bridge traffic may be significantly down depending on the duration of the “Stay at Home” order and overall impacts to the economy. The situation may require:
 - Reduction in spending for capital projects
 - Reduction of bridge replacement funding availability.
 - Utilization of reserve funds, possibly dipping below our financial policy limits
- Implementation of All Electronic Tolling is underway now, sooner than expected. When fully operational, and after a transition period, significant operational and staffing changes at the Toll Booth will need to be considered now and into FY20/21.
- Port tenants seeking rent relief and a reduction in waterfront activity, in aggregate, will likely mean significant revenue losses.
- Economic recovery funds may be available to offset some Port revenue losses or direct costs. However, staff feels this is unlikely at this time.
- The economic downturn caused by the COVID-19 pandemic may be long lasting and impacts to the Port undetermined for a significant length of time.

**2020 Spring Planning Session
April 7, 2020**

Discussion Topic:

Bridge Replacement Post-NEPA Funding Options

Background

As of March 2020, contingencies of \$394,000 remain with the FEIS/ROD being completed by July 2021. A Bi-State Bridge Replacement Working Group (WG) is meeting regularly. This will help build relationships and a shared understanding of the issues. Additional funds will be needed to keep the project moving forward. There are a number of funding scenarios that will provide differing levels of advancement. The staff-recommended budget assumes a \$5M INFRA Grant and a \$3.4M Port Loan. This allows for a number of Commission decision options during the FY20/21 fiscal year based upon the success of the INFRA application (decision in fall), state lobbying efforts, and other factors.

Alternative Funding Scenarios

A. Limit spending to remaining state funds \$250,000

Approximately \$250,000 remains from HB 2017 funds and can be used for a limited number of Post-NEPA activities. Although staff would seek additional funding in the 2021 WA/OR Legislative sessions, the outcome of these efforts is uncertain.

SCOPE: Identify costs and time to produce deliverables by percent of engineering completed, RFP for engineering services, governance stakeholder outreach, toll policy evaluation, financial modelling, project management.

PROS: makes good progress on governance, avoids toll usage, no delay in release of funding, tasks generally have long shelf lives.

CONS: Engineering delayed, project struggles to be viewed beyond concept, likely results in another gap in the project.

OTHER CONSIDERATIONS: If some contingency funding is available after NEPA, some, but not all, needed geotechnical borings could be completed.

B. Add \$1.0M from toll revenue \$1.25M

Tolls were increased in 2018 for bridge repair and replacement. Utilize toll revenue to service short-term debt and carry out some additional project activities. Seek additional funding in 2021 WA/OR Legislative sessions.

SCOPE: Level 3 governance preps new organization, geotechnical borings, public involvement (PI), financial modeling, project management, enhanced legislative advocacy in Olympia.

PROS: Pushes governance process along, completes geotech work for identifying risk, starts 15% design, shows use of tolls for replacement.

CONS: Still not enough to start 15% engineering, would likely be viewed as a concept. Restricts borrowing for economic development projects.

C. Add additional \$2.33M from tolls.....\$3.58M

Without significant engineering, the project will be viewed more conceptually. Having some level of early design will flesh out risk and start to establish meaningful cost estimates.

SCOPE: Start 15% design, public involvement (PI), financial strategy assistance (FS) and administration (ADMIN) continue.

PROS: Starts design.

CONS: Still not enough to complete 15% engineering, potentially limits other port investment opportunities.

OTHER CONSIDERATIONS: If the INFRA application is successful (<5% prob.), the Port has obligated this amount as the 40% matching funds.

D. Add \$5M from INFRA grant.....\$8.58M

SCOPE: Completes 15% design and makes headway on 30%, Level 2 Traffic & Revenue completed, financial rating obtained, PI, FS and ADMIN continues.

PROS: Good sign of political support for project.

CONS: Still a big gap to get to pre-construction. Low odds of obtaining INFRA grant.

E. Add \$5M from another outside source (OR/WA legislatures).....\$13.58M

SCOPE: Completes 30% design, construction grants/loans obtained, begin implementing governance structure, PI, FS and ADMIN continues.

PROS: Project is generating significant funding interest.

CONS: Still need to final financial plan, law changes, “investment grade” T&R, bid doc development, permits and reformation plan for POHR. Still have a big gap to get to construction.

OTHER CONSIDERATIONS: If funding from INFRA and a state contribution also materializes, the state contribution could make up the 40% match taking some pressure of the use of the tolls.

Issues

- What is Port’s obligation to help construct a new bridge with no financial return?
- How long can capital projects on the existing bridge be delayed?
- Will COVID-19 situation reduce Port capacity to contribute funding?
- How much toll revenue should reasonably be used to keep project moving?
- What are the effects of using tolls on other Port investment opportunities?

April 7, 2020
Spring Planning Session

Discussion Topic:

Real Estate Development

The Commission has spent considerable time discussing real estate opportunities to pursue in the next few years to meet market demand and enhance future Port revenue. Staff is actively following the Commission's direction on several fronts. This paper seeks to summarize and confirm real estate actions for the FY21 budget and associated impacts to the 10-year Financial Model.

Completed Work

The following key actions have been carried out in the last two years:

- Approved Real Estate Asset Strategy (REAS) which outlined policy assumptions, analyzed existing building performance and prioritized development sites/projects.
- Adopted Lease Policy, transitioning all leases to a true NNN structure.
- Completed most site development & entitlements for the Lower Mill site.
- Secured approval of Preliminary Subdivision Plan for Lot #1.
- Completed engineering and bid process for of N. Ramp Expansion Project.
- Completed local rental rate analysis

Current Activities

The following work is underway now:

- Negotiations with property owners(s) about land acquisition opportunities
- Architect selection for Lower Mill Lots #1015 and #1011
 - Concept design and pre-lease activities
- Architect selection for commercial hangars at Airport
 - Concept design and pre-lease activities for aviation tech business hangars.
- Waterfront traffic study
 - Pre-condition to any waterfront development decisions
- Evaluation of preliminary subdivision plan for lot #1
 - Potential opportunities for infrastructure funding from stimulus legislation

Budget Assumptions

Key assumptions for the FY20-21 staff budget and 10-year Model:

- Maximum Indebtedness (MI) for development/acquisition is \$10 million.
 - Jensen Building re-financing (\$1.8 million) reduces MI.
 - Any indebtedness for Bridge replacement activities reduces MI.
- Window for borrowing is about two years.
- Funds should be reserved for contribution to sewer line repair, likely LID.

FY 20/21 Assumed Actions

The following are key real estate development actions assumed to take place in 2020 – 2021 and for which a budget allocation has been made and/or staff time will be allocated:

Lower Mill

- Complete conceptual design and cost estimates for 1-2 buildings.
- Evaluate market conditions and seek pre-construction tenant commitment
- Determine whether to proceed to preparation of plans & specs either assuming spec building or build-to-suit.
- Complete wetland fill project using existing permit on Tax Lot # 902
- Complete DDA with Business

Airport

- Complete construction of COVI project and FAA N. Ramp Projects
- Prepare conceptual design plans for commercial hangars
- Complete pre-development activities and process for private development of box hangars on land leases
- Market opportunity to aviation tech companies

Waterfront

- Complete Traffic Study
- Prepare and issue RFP for Barman Property assuming P/P approach (depending on above)
- Finalize approach to achieve subdivision plan requirements
- Seek funding for Lot #1 infrastructure— stimulus legislation, URA, ODOT, EDA, etc.

Property Acquisition

- Complete negotiations and acquire 1-2 parcels for future development

Key Issues:

- Do the above directions and assumptions still hold true?
- If not, what changes need to be made in direction?
- Pre-leasing may be slower than anticipated due to the COVID-19 pandemic, is the Board comfortable with moving forward with pre-development actions?

April 7, 2020
Spring Planning Session

Discussion Topic:

2020-26 Strategic Business Plan Process

Overview:

In November of 2019, the Port began the process to update its Strategic Business Plan (SBP), the principle guiding document for Port policy and actions for the years 2020-2026. The Port Planning and Marketing Fund, managed by Business Oregon, awarded a grant of \$50,000 to support the effort. Four contracts have been executed with consultants for assistance in completing major elements of the plan. Two Commission work sessions and one public open house have been held. The public input survey is complete.

At the March 10 work session, the Commission reviewed two reports that together comprised the Situation Analysis step in the process. First, a preliminary report on the results of the public outreach process. Second, review of key working assumptions for the new 2016-2020 Strategic Plan.

In mid-March, major disruptions resulting from the COVID-19 coronavirus pandemic began to occur in the local community. Port operations have been significantly changed, and the local economy is just beginning to experience an expected wave of layoffs, business closures, food security challenges and housing issues. Amid this uncertainty, staff's first concern regarding the SBP process was the validity of the just completed Situation Analysis – because the situation had fundamentally changed and continues to do so.

Alternative Actions

Our current schedule has the SBP being completed by July 2020. The Commission should confirm whether to continue this schedule or shift course given the degree to which the COVID-19 crisis could impact some aspects of the plan. Staff has identified the following alternatives:

- Option 1: The state, city, and county are in the lead on the local response to the COVID-19 response. While the Port can and will play a supportive role to their efforts, and that may require some staff time and financial resources, the Port still has its own mission and services. The Port will have some service and budget issues that need special attention. The Port should proceed with the strategic plan on schedule.
- Option 2: The pandemic introduces a lot of uncertainty and diminishes the ability of staff and the Board to conduct business. We need to focus in the short-run on the COVID-19 fallout for the Port's external service delivery and internal procedures. The Port should put the SBP on hold for a certain number of weeks and then reevaluate. This would require a grant contract amendment approval from Business Oregon.
- Option 3: The pandemic has created a new reality for all public agencies and the Gorge. We can't have any confidence in any Situation Assessment now because the situation is changing daily.

- Alternative 1: Abandon the SBP process and save the money for other needs.
- Alternative 2: Reduce the scope of the SBP and focus only on the Bridge and the revenue implications for other services.

Recommendation:

Staff recommends the Port pursue Option 1, but alter the SBP planning in the following ways:

1. Conduct a preliminary COVID-19 S.W.O.T analysis at the staff level to assess Port strengths, weaknesses, opportunities, and threats within the context of the pandemic's impact on the local economy and the implications for Port tenants and community stakeholders. New federal economic stimulus bills and programs may in some cases present opportunities for the Port to accelerate long-standing economic development initiatives. Include this SWOT in the final 20/26 SBP.
2. Plan to conduct a second Situation Analysis in 6-8 months and evaluate implications of the economic conditions that may change planned strategies or actions. This could serve as a revision to the completed SBP.

If the Port can continue its planning effort, incorporating to the best of its ability the new considerations and changes needed to respond to the pandemic, the Port will have its foundational guiding document completed with clear Commission direction on major initiatives.

**Port of Hood River
Long Range Financial Model
Updated: March 31, 2020**

Agency-Wide Statistic	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Total Operating Revenues	\$9,029,102	\$8,311,676	\$11,954,036	\$12,187,023	\$12,425,166	\$14,217,566	\$15,439,672	\$16,228,085	\$16,724,582	\$18,570,737	\$18,927,441
Total Direct Operating Expenses	\$3,411,606	\$3,707,623	\$5,743,285	\$5,309,061	\$5,494,879	\$5,687,199	\$5,886,251	\$6,092,270	\$6,305,500	\$6,526,192	\$6,754,609
Total Allocated Personnel	\$2,221,716	\$2,432,266	\$2,772,193	\$2,637,497	\$2,703,435	\$2,771,021	\$2,840,296	\$2,911,304	\$2,984,086	\$3,058,688	\$3,135,156
Net Operating Income before Debt Service and Capital Outlay	\$3,395,780	\$2,171,788	\$3,438,559	\$4,240,464	\$4,226,853	\$5,759,346	\$6,713,125	\$7,224,511	\$7,434,996	\$8,985,857	\$9,037,677
Cash on Cash Return before Debt Service and Capital Outlay	5.3%	3.2%	4.9%	4.9%	4.5%	5.8%	6.6%	7.1%	7.0%	8.3%	7.9%
Net Operating Income after Debt Service and Net Capital Outlays (Excl. Grant Funded)	\$419,239	\$1,581,459	\$1,424,486	\$2,376,472	\$5,169,388	\$4,038,483	\$9,929,602	\$8,179,347	\$11,354,885	\$3,894,136	-\$622,938
Cash on Cash Return after Debt Service and Capital Outlays (Excl. Grant Funded)	0.6%	2.4%	2.0%	2.8%	5.5%	4.1%	9.8%	8.0%	10.7%	3.6%	-0.5%
No. FTE in Port Buildings	303	324	326	326	326	326	326	326	327	327	327
Wages of Jobs in Port Buildings	\$13,932,611	\$15,332,461	\$15,812,683	\$16,208,000	\$16,613,200	\$17,028,530	\$17,454,243	\$17,890,599	\$18,337,864	\$18,796,310	\$19,266,218
End of Year Reserves	\$9,214,649	\$9,888,018	\$10,494,611	\$12,043,858	\$16,422,029	\$19,725,697	\$29,036,473	\$36,766,274	\$47,861,524	\$51,635,654	\$50,884,589
Reserves from Sale of Assets	\$ 2,356,074	\$ 2,356,074	\$ 3,090,492	\$ 3,425,904	\$ 3,922,488	\$ 4,539,294	\$ 4,539,294	\$ 4,539,294	\$ 4,539,294	\$ 4,539,294	\$ 4,539,294
Reserves Unassigned	\$ 6,858,576	\$ 7,531,944	\$ 7,404,120	\$ 8,617,955	\$ 12,499,541	\$ 15,186,403	\$ 24,497,179	\$ 32,226,980	\$ 43,322,231	\$ 47,096,360	\$ 46,345,295
10% on Net Depreciable Assets	\$ 5,939,970	\$ 6,243,799	\$ 7,888,271	\$ 8,784,156	\$ 9,313,292	\$ 9,564,010	\$ 9,670,532	\$ 10,096,832	\$ 10,322,632	\$ 10,963,007	\$ 11,679,757
Excess (Under) 10% Depreciable Assets	\$ 918,606	\$ 1,288,146	\$ (484,151)	\$ (166,201)	\$ 3,186,250	\$ 5,622,393	\$ 14,826,647	\$ 22,130,148	\$ 32,999,599	\$ 36,133,353	\$ 34,665,538

**PORT OF HOOD RIVER
LONG RANGE FINANCIAL MODEL
BASE ASSUMPTIONS**

Base Assumptions	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
CPI	2.12%	3.93%	2.90%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
CPI Multiplier	1.021	1.039	1.029	1.025	1.025	1.025	1.025	1.025	1.025	1.025	1.025	1.025	1.025
Cumulative CPI	1.113	1.156	1.190	1.220	1.250	1.281	1.313	1.346	1.380	1.414	1.450	1.486	1.523
Expense Differential	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Expense Multiplier	103.1%	104.9%	103.9%	103.5%	103.5%	103.5%	103.5%	103.5%	103.5%	103.5%	103.5%	103.5%	103.5%
Annual Lease Revenue Growth	2.1%	3.9%	2.9%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Annual Lease Revenue Growth Multiplier	1.021	1.039	1.029	1.025	1.025	1.025	1.025	1.200	1.100	1.050	1.050	1.025	1.025
Increase in Bridge Traffic	1.25%	1.25%	0.00%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.10%
	1.013	1.013	1.000	1.013	1.013	1.013	1.013	1.013	1.013	1.013	1.013	1.013	1.011
Cumulative Increase in Bridge Traffic	106.5%	107.8%	107.8%	109.2%	110.6%	111.9%	113.3%	114.8%	116.2%	117.6%	119.1%	120.6%	121.9%
ETC Toll	\$ 1.05	\$ 1.20	\$ 1.20	\$ 1.20	\$ 1.20	\$ 1.20	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.75	\$ 1.75	\$ 1.75
ETC Toll Rate Compared Prior Year	1.235	1.143	1.000	1.000	1.000	1.000	1.250	1.000	1.000	1.000	1.167	1.000	1.000
Growth in Average Payroll per FTE	2.1%	3.9%	2.9%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Growth in Payroll	1.021	1.039	1.029	1.025	1.025	1.025	1.025	1.025	1.025	1.025	1.025	1.025	1.025
Cumulative Growth in Average Payroll per FTE	1.113	1.156	1.190	1.220	1.250	1.281	1.313	1.346	1.380	1.414	1.450	1.486	1.523
Growth in Allocated Administration Costs	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Admin Cost Multiplier	1.025	1.025	1.025	1.025	1.025	1.025	1.025	1.025	1.025	1.025	1.025	1.025	1.025
Cumulative Growth in Allocated Admin Cost	1.131	1.160	1.189	1.218	1.249	1.280	1.312	1.345	1.379	1.413	1.448	1.485	1.522
Number of Marina Slips	165	165	165	165	165	165	165	165	165	165	165	165	165
Interest Rate on Reserve Funds	1.5%	2.2%	2.2%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Cash Toll	35%	35%	35%	25%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Breezeby	65%	65%	65%	75%	80%	80%	80%	80%	80%	80%	80%	80%	80%

Capital Projects

		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
Commercial/Industrial Properties	Big 7												
	Tenant Improvements	\$0	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	
	Building Upgrades/Roof	\$300,000											
	Big 7 Lower Driveway	\$0											
	HVAC/Site/Landscape/Parking	\$0	\$20,000			\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Total	\$300,000	\$50,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
	Maritime Building												
	Tenant Improvements	\$0		\$0	\$0	\$0	\$50,000	\$0	\$0	\$0	\$0	\$0	\$50,000
	Building Upgrades/Roof												
	Site/Landscape/Parking /Sign	\$0	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
	Total	\$0	\$20,000	\$20,000	\$20,000	\$20,000	\$70,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$70,000
	Waterfront Infrastructure												
	Capital Outlay	\$40,000	\$4,200,000										
	Portway Ave. Angled Parking												
	Portway Avenue Road Project												
	Parking / Transit Center												
	1st Street Re-Alignment				\$2,701,215	\$186,252							
	Portway 1st and 2nd reconstruction				\$1,051,261	\$941,857							
	Anchor Way 1st to 2nd incl stoplight												
	West Nichols Basin Ped/Bike Path												
	Contingency - Infrastructure	\$0	\$1,000,000										
	Paving Projects												
	Various Rehabilitation	\$0	\$15,000	\$30,000	\$30,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Visitor Center/DMV S. Parking Lot												
	E. Port Marina Drive, Portway, Anchor Way		\$125,000	\$250,000	\$0	\$300,000	\$0	\$0	\$300,000	\$0	\$0	\$0	\$0
	Total	\$40,000	\$5,340,000	\$4,032,476	\$1,158,109	\$300,000	\$0	\$0	\$300,000	\$0	\$0	\$0	\$0
	Halyard Building												
	TI /Placeholder	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Pfriem TI/HVAC /Roof Work	\$18,000	\$18,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	
Total	\$28,000	\$28,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	
Jensen Building													
Site/Landscape/Parking	\$50,000	\$95,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	
Building Upgrades/HVAC/Roof	\$48,000	\$80,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	
Breeze-Way Upgrades/Entry Doors	\$0	\$20,000					\$1,000,000						
Tenant Improvements		\$0			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total	\$98,000	\$195,000	\$60,000	\$60,000	\$60,000	\$60,000	\$1,060,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	
State Office Building													
Building Upgrades/Tenant Improvem	\$20,000	\$15,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	
Total	\$20,000	\$15,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	
Marina Office Building													
Overall Building Upgrades	\$13,000	\$20,000	\$10,000	\$25,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	
Total	\$13,000	\$20,000	\$10,000	\$25,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	
Port Office Building													
Tenant Space	\$65,000												
Building Upgrades	\$30,000	\$140,000	\$50,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	
Total	\$95,000	\$140,000	\$50,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	
JWBP-Timber Building													
Tenant Improvements	\$0												
Building Upgrades	\$10,000	\$10,000	\$10,000	\$10,000	\$50,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$500,000	
Total	\$10,000	\$10,000	\$10,000	\$10,000	\$50,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$500,000	
South Marina Commercial/Retail Complex													
A/E			\$0	\$0	\$0	\$0	\$50,000	\$50,000	\$0	\$0	\$0	\$0	
Construction				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$50,000	\$50,000	\$0	\$0	\$0	\$0	
Wasco St. Office Building													
Tenant Improvements	\$80,000	\$50,000	\$50,000	\$50,000	\$50,000	\$100,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$500,000	
Total	\$80,000	\$50,000	\$50,000	\$50,000	\$50,000	\$100,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$500,000	
Hanel / New Initiatives													
Light Industrial and Land Acquisition	\$134,000	\$1,730,000			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total	\$134,000	\$1,730,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Sub-Total Commercial/ Industrial Properties	\$818,000	\$7,598,000	\$4,302,476	\$1,403,109	\$570,000	\$330,000	\$1,280,000	\$580,000	\$230,000	\$230,000	\$230,000	\$1,220,000	

Capital Projects

		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
Airport	Airport												
	Replace Lights/Gates	\$20,000	\$20,000										
	Taxiway B Ext & South Apron												
	Master Plan/FBO Building/Avgas Relocate	\$1,117,786	\$3,426,306	\$190,957	\$166,667	\$92,376	\$20,000						
	North Apron Expansion												
	Road Improvement Security/Fence Perimeter	\$50,000	\$15,000										
	T-Hangars and Doors												
	Jet Fuel Tank	\$0					\$22,222						
AWOS/Crack Seal, Slurry Seal	\$0												
	Sub-Total Airport	\$1,187,786	\$3,461,306	\$190,957	\$166,667	\$92,376	\$42,222	\$0	\$0	\$0	\$0	\$0	
Bridge	Bridge												
	Replacement Bridge Engr + Permits		\$3,400,000	\$3,400,000	\$1,600,000								
	Approach Span - Phase I Seismic OR / WA (2031/2033)												
	Embankment Sloughing at S. Abutment		\$25,000										
	Approach Span Replacement OR/ WA (2040)												
	OR/WA Approach - Deck Overlay/Joint Repair	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	
	Pier Foundation Scour Repairs		\$100,000	\$100,000	\$800,000	\$800,000							
	Pier Cap Concrete Rehabilitation/Clean Reset B			\$10,000				\$10,000		\$389,000			
	Pier Foundation 3D Scanning												
	ODOT Fracture Critical Inspection	\$0		\$0		\$0		\$0		\$0		\$0	
	ODOT Underwater Inspections	\$0	\$20,000		\$0	\$0		\$0		\$0		\$0	
	Clean and Reset Bearings				\$20,000				\$20,000				\$20,000
	Lift Span Seismic - Phase I (2035)												\$1,500,000
	WA/OR Deck Truss Spans - Phase I Seismic									\$2,886,000	\$1,443,000		
	Painting - Lift Span												\$3,700,000
	Painting - Deck Truss + Pressure Wash		\$10,000				\$10,000			\$10,000			\$2,630,750
	Deck Systems-Welding/Replacement	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$2,630,750	\$5,261,500	\$2,630,750
	Bridge Railing/Segments/Bolts Seating	\$65,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$1,365,000	\$1,365,000				\$0
	Rehab Lift Span+Live Load Supports	\$80,000	\$50,000					\$290,000					
	Replace Rack & Pinion Shafts/Couplings/Keys			\$250,000									
	Counterweight Trunnion/ Biennial M&E Inspec		\$212,000				\$95,000		\$55,000		\$55,000		\$55,000
	Replace Counterweight ropes							\$1,000,000					
	Toll System	\$321,500	\$250,000	\$105,000	\$150,000	\$88,000	\$88,000	\$88,000	\$88,000	\$88,000	\$88,000	\$88,000	\$88,000
	Signage/Lights/Gates/Cameras		\$35,000										
	Replace Sliding Toll Booth	\$95,000											
	Inspections/Repairs Ongoing Maintenance (See "Other Expenses" in Toll Bridge	\$158,000	\$88,000	\$40,000	\$60,000	\$40,000	\$60,000	\$40,000	\$60,000	\$40,000	\$40,000	\$60,000	\$40,000
		Sub-Total Bridge	\$809,500	\$4,340,000	\$4,055,000	\$2,780,000	\$1,183,000	\$298,000	\$2,938,000	\$1,633,000	\$6,128,750	\$6,892,500	\$8,073,750
Marina	Marina												
	Capital Maintenance/parking	\$0	\$30,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	
	Visitor Dock Rehabilitation		\$40,000	\$20,000	\$350,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Electrical Upgrade	\$10,000											
	Boathouse Dock Replacement												
	Boat Ramp repair	\$0	\$15,000										
	A/B Dock Expansion		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Cruise Ship Dock/System Implementation	\$10,000											
	Total	\$20,000	\$85,000	\$35,000	\$365,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	
Recreation	Marina Park												
	Frontage Rd Pedestrian Bridge Trail/Restroom	\$35,000	\$35,000										
	Irrigation Pump House/Landscaping	\$15,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	
	Marina Perimeter Path/Power Vault/Fencing	\$15,000	\$35,000										
	Yacht Club Restroom Upgrade/ Tables/Shelters		\$50,000										
		Total	\$65,000	\$125,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	
	Event Site												
	Landscaping/Signage	\$10,000	\$20,000	\$20,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	
	Restroom Upgrade	\$0											
	Parking/Site Entrance	\$20,000		\$0									
	Jetty Repair						\$350,000						
	Event Site Dock Repairs	\$15,000	\$21,000										
		Total	\$45,000	\$41,000	\$20,000	\$10,000	\$10,000	\$360,000	\$10,000	\$10,000	\$10,000	\$10,000	
Hook/Spit/Nichols													
Grading/Signage/Amenities	\$33,000	\$20,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000		
Nichols Basin Dock Ramp/Sewer Line	\$60,000	\$20,000											
Launch/Spit/Nichols road upgrades	\$0	\$20,000		\$50,000									
	Total	\$93,000	\$60,000	\$15,000	\$65,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000		
	Sub-Total Recreation	\$203,000	\$226,000	\$40,000	\$80,000	\$30,000	\$380,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	
	GRAND TOTAL	\$3,038,286	\$15,710,306	\$8,623,433	\$4,794,776	\$1,890,376	\$1,065,222	\$4,263,000	\$2,258,000	\$6,403,750	\$7,167,500	\$9,338,750	

GRANTS, LOAN REPAYMENTS, THIRD PARTY FUNDS

		Payment Type	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Commercial/Industrial Properties	Big 7													
	Loading Dock/Corridor													
	Repay TIs													
	Annual Total		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	KWPB													
	Repay TIs													
	UTS Portsite Bldg.													
	Demolition													
	Annual Total		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	State Office Building													
	Remodel													
	Marina Office Building													
	Remodel													
	Port Office Building													
	Remodel													
	JWBP-Timber Building													
	Remodel		\$0	\$0										
	Wasco St. Office Building													
	Tenant Improvements	Repayment	\$0	\$0										
	Maritime Building													
Planning and Design	Loan													
Jensen Building Improvements														
Remodel				\$1,877,973										
Halyard Building														
TI	Repayment	\$89,854	\$0	\$0	\$0	\$0	\$0							
Waterfront Industrial		\$89,854	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Repayment of Sewer Plant Loan	Repayment	\$0	\$0											
Repayment of Consolidated URA Loan	Repayment	\$0	\$0	\$0	\$0	\$0	\$0							
Riverside Reconstruction	Grant													
1st Street Re-Alignment	Grant													
E. Portway Ave. Upgrades	Grant				\$2,701,215	\$186,252								
Anchor Way 1st & 2nd/Extension	Grant				\$1,051,261	\$941,857								
West Nichols Basin Ped/Bike Path	Grant													
Portway Avenue EDA Grant	Grant													
Contingency - Land/Bldg	Debt		\$0	\$4,200,000										
Contingency - Infrastructure	Debt		\$0	\$1,000,000										
TOTAL		\$0	\$0	\$5,200,000	\$3,752,476	\$1,128,109	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Hanel/New Initiative														
Land Acquisition and Bldg		\$0		\$1,730,000	\$0									
Sub-Total Commercial/ Industrial Properties		\$0	\$89,854	\$1,877,973	\$6,930,000	\$3,752,476	\$1,128,109	\$0	\$0	\$0	\$0	\$0	\$0	
Airport	Airport													
	Relocate Runways	Grant												
	Taxiway B Ext & South Apron	Grant												
	Master Plan/FBO Building	Grant												
	North Apron Expansion	Grant	\$312,298	\$1,050,620	\$2,593,940	\$171,861	\$150,000	\$83,139	\$20,000					
	Road Improvement Security/Fence Perimeter	Grant												
	T-Hangars	Loan												
	Jet Fuel Tank	Loan												
	AWOS/Crack Seal, Slurry Seal	Grant							\$20,000					
	Sub-Total Airport		\$312,298	\$1,050,620	\$2,593,940	\$171,861	\$150,000	\$83,139	\$40,000	\$0	\$0	\$0	\$0	
Bridge	Bridge													
	Bridge Improvements	Loan			\$3,400,000	\$2,365,000	\$1,365,000	\$5,516,750	\$6,704,500	\$7,830,750	\$3,400,000	\$0	\$0	
	Sub-Total Bridge	Grant	\$1,473,192	\$1,488,214	\$1,312,559	\$3,910,051	\$1,600,000	\$3,965,000	\$1,365,000	\$5,516,750	\$6,704,500	\$7,830,750	\$3,400,000	\$0
Marina	Marina													
	Capital Maintenance													
	Visitor Dock Rehabilitation	Grant	\$0		\$20,000	\$175,000								
	Electrical Upgrade	Loan												
	Boathouse Dock Replacement	Loan												
	South Dock Upgrade	Loan												
A/B Dock Expansion						\$1,500,000								
Total		\$0	\$0	\$20,000	\$0	\$1,675,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Recreation	Park													
	Frontage Rd Marina Green Path	Grant												
	Marina Green Upgrades	Grant												
	Marina Perimeter Path	Grant												
	Total		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Event Site													
	Landscaping/Signage/Paving													
	Restroom Upgrade													
	Dredging													
	Jetty Repair													
Total		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Hook and Spit														
Grading/Signage/Amenities		\$0												
Sewer Line Bike Path														
Launch Upgrades														
Total		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Sub-Total Recreation		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
GRAND TOTAL		\$0	\$0	\$1,875,344	\$4,416,807	\$14,256,499	\$37,834,388	\$6,918,109	\$1,448,139	\$5,556,750	\$6,704,500	\$7,830,750	\$3,400,000	\$0

DEBT SERVICE SCHEDULE

		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
Commercial/Industrial Properties	Waterfront Industrial														
	<i>New Initiative Waterfront Debt Service Waterfront 2014+</i>	\$0	\$0	\$0	\$173,603	\$577,087	\$577,087	\$577,087	\$577,087	\$577,087	\$577,087	\$577,087	\$577,087	\$577,087	
	<i>Total</i>	\$0	\$0	\$0	\$173,603	\$577,087	\$577,087	\$577,087	\$577,087	\$577,087	\$577,087	\$577,087	\$577,087	\$577,087	
	Big 7														
	<i>Total</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Maritime Building-Existing														
	<i>Total</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	State Office Building														
	<i>Total</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Marina Office Building														
	<i>Total</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Hanel/New Initiative Construction Loan														
		\$140,157													
	<i>Total</i>	\$140,157	\$1,853,771	\$0	\$153,430	\$153,430	\$153,430	\$153,430	\$153,430	\$153,430	\$153,430	\$153,430	\$153,430	\$153,430	
	Port Office Building														
	<i>Total</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	JWBP-Timber Building														
	<i>Total</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Wasco St. Office Building														
	<i>Total</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Maritime Building - New <i>Debt Service Maritime 2014+</i>															
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<i>Total</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Jensen Bldg. <i>Phil Jensen Note Refinance of 2020 Ballon Payment</i>															
	\$145,002	\$144,942													
<i>Total</i>	\$145,002	\$144,942	\$1,877,973	\$139,805	\$139,805	\$139,805	\$139,805	\$139,805	\$139,805	\$139,805	\$139,805	\$139,805	\$139,805		
Halyard Bldg.															
<i>Total</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Sub-Total Commercial/ Industrial Properties		\$285,159	\$1,998,713	\$1,877,973	\$466,838	\$870,323	\$870,323	\$870,323	\$870,323	\$870,323	\$870,323	\$870,323	\$870,323		
Airport	Airport														
	<i>Debt Service Airport 2014+</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<i>Sub-Total Airport</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Bridge	Bridge														
	<i>Series 2013 Bonds +</i>	\$675,957	\$485,775	\$0	\$0	\$109,050	\$218,100	\$218,100	\$218,100	\$502,471	\$666,601	\$1,054,765	\$1,526,501	\$2,077,481	
<i>Sub-Total Bridge</i>	\$675,957	\$485,775	\$0	\$0	\$109,050	\$218,100	\$218,100	\$218,100	\$502,471	\$666,601	\$1,054,765	\$1,526,501	\$2,077,481		
Marina	Marina														
	<i>Marina Expansion C Dock (20) Debt Service Marina 2014+</i>	\$27,155	\$26,435	\$25,670	\$24,840	\$28,850	\$27,750	\$26,650	\$25,550	\$0	\$0	\$0	\$0	\$0	
<i>Sub-Total Marina</i>	\$67,918	\$66,624	\$65,206	\$68,588	\$66,725	\$64,625	\$163,553	\$161,078	\$163,871	\$165,939	\$162,884	\$96,291	\$96,291		
Recreation	Park														
	<i>Total</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
	Event Site														
	<i>Total</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
	Hook and Spit														
<i>Total</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Sub-Total Recreation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
GRAND TOTAL		\$1,056,188	\$2,577,547	\$1,968,849	\$560,266	\$1,074,948	\$1,180,798	\$1,278,626	\$1,275,051	\$1,536,665	\$1,702,862	\$2,087,971	\$2,493,114	\$3,044,094	

BRIDGE	Investment	Annual Traffic Volume	Annual Gross Toll Revenue	Average Toll Rate	Credit Card Fees (Deduct from Gross Toll Rev)	Cable Lease Revenue	Other	--Blank--	Utility Expenses	Utility Reimburse	Bridge Fund M&S	Maintenance Expenses	Insurance	Other Expenses	Professional Services	Total Expenses	Allocated Admin (Rev Fund+Bridge Fund)	Debt Service	Capital Outlay (Rev Fund +Bridge Fund)	Capital Grant
2020	\$24,646,095	4,345,711	\$5,210,000	\$1.36	-\$179,886	\$12,500	\$4,090	\$72,105	\$24,000	\$0	\$1,303,550	\$50,000	\$270,100	\$214,000	\$214,000	\$2,075,650	\$1,320,564	\$0	\$809,500	\$1,488,214
Summary Year 1	OI \$5,118,808	OE 2,075,650	Debt Service 0	NOI \$ 3,043,158	Alloc Admin \$1,320,564	NOI-AA \$1,722,594	Capital Outlay \$809,500	Capital Grant \$1,488,214	NOI-AA-CO \$2,401,308											
2021	\$25,455,595	4,445,032	\$6,026,496	\$1.36	-\$207,914	\$12,812	\$2,704,193	\$128,907	\$24,840	\$0	\$1,106,559	\$51,750	\$295,553	\$1,414,000	\$1,341,490	\$4,234,193	\$1,518,550	\$0	\$4,340,000	\$4,712,559
Summary Year 2	OI \$8,664,494	OE 4,234,193	Debt Service 0	NOI \$ 4,430,301	Alloc Admin \$1,518,550	NOI-AA \$2,911,751	Capital Outlay \$4,340,000	Capital Grant \$4,712,559	NOI-AA-CO \$3,284,310											
2022	\$29,795,595	4,500,595	\$6,101,827	\$1.36	-\$210,513	\$13,132	\$2,771,797	\$132,130	\$25,710	\$0	\$510,051	\$53,561	\$305,898	\$1,463,490	\$1,388,443	\$3,747,152	\$1,352,514	\$109,050	\$4,055,000	\$3,910,051
Summary Year 3	OI \$8,808,374	OE 3,747,152	Debt Service 109,050	NOI \$ 4,952,172	Alloc Admin \$1,352,514	NOI-AA \$3,599,658	Capital Outlay \$4,055,000	Capital Grant \$3,910,051	NOI-AA-CO \$3,454,709											
2023	\$33,850,595	4,556,853	\$6,178,100	\$1.36	-\$213,144	\$13,461	\$2,841,092	\$135,433	\$26,610	\$0	\$527,902	\$55,436	\$316,604	\$1,514,713	\$1,437,038	\$3,878,302	\$1,386,327	\$218,100	\$2,780,000	\$3,965,000
Summary Year 4	OI \$8,954,942	OE 3,878,302	Debt Service 218,100	NOI \$ 4,858,540	Alloc Admin \$1,386,327	NOI-AA \$3,472,213	Capital Outlay \$2,780,000	Capital Grant \$3,965,000	NOI-AA-CO \$4,657,213											
2024	\$36,630,595	4,613,813	\$7,819,158	\$1.69	-\$230,665	\$13,797	\$2,912,120	\$138,819	\$27,541	\$0	\$546,379	\$57,376	\$327,685	\$1,567,728	\$1,487,334	\$4,014,043	\$1,420,985	\$218,100	\$1,183,000	\$1,365,000
Summary Year 5	OI \$10,653,229	OE 4,014,043	Debt Service 218,100	NOI \$ 6,421,086	Alloc Admin \$1,420,985	NOI-AA \$5,000,101	Capital Outlay \$1,183,000	Capital Grant \$1,365,000	NOI-AA-CO \$5,182,101											
2025	\$37,813,595	4,671,486	\$7,916,898	\$1.69	-\$233,548	\$16,557	\$3,494,544	\$166,583	\$28,505	\$0	\$565,502	\$59,384	\$339,154	\$1,622,598	\$1,539,391	\$4,154,534	\$1,456,510	\$218,100	\$298,000	\$5,516,750
Summary Year 6	OI \$11,361,032	OE 4,154,534	Debt Service 218,100	NOI \$ 6,988,398	Alloc Admin \$1,456,510	NOI-AA \$5,531,888	Capital Outlay \$298,000	Capital Grant \$5,516,750	NOI-AA-CO \$10,750,638											
2026	\$38,111,595	4,729,880	\$8,015,859	\$1.69	-\$236,468	\$18,212	\$3,843,998	\$183,241	\$29,503	\$0	\$585,295	\$61,462	\$351,024	\$1,679,389	\$1,593,270	\$4,299,943	\$1,492,922	\$502,471	\$2,938,000	\$6,704,500
Summary Year 7	OI \$11,824,842	OE 4,299,943	Debt Service 502,471	NOI \$ 7,022,428	Alloc Admin \$1,492,922	NOI-AA \$5,529,506	Capital Outlay \$2,938,000	Capital Grant \$6,704,500	NOI-AA-CO \$9,296,006											
2027	\$41,049,595	4,789,003	\$8,116,057	\$1.69	-\$239,424	\$19,123	\$4,036,198	\$192,403	\$30,535	\$0	\$605,780	\$63,614	\$363,310	\$1,738,168	\$1,649,034	\$4,450,441	\$1,530,245	\$666,601	\$1,633,000	\$7,830,750
Summary Year 8	OI \$12,124,357	OE 4,450,441	Debt Service 666,601	NOI \$ 7,007,316	Alloc Admin \$1,530,245	NOI-AA \$5,477,070	Capital Outlay \$1,633,000	Capital Grant \$7,830,750	NOI-AA-CO \$11,674,820											
2028	\$42,682,595	4,848,866	\$9,587,092	\$1.98	-\$282,819	\$20,079	\$4,238,008	\$202,023	\$31,604	\$0	\$626,982	\$65,840	\$376,026	\$1,799,003	\$1,706,750	\$4,606,206	\$1,568,502	\$1,054,765	\$6,128,750	\$3,400,000
Summary Year 9	OI \$13,764,383	OE 4,606,206	Debt Service 1,054,765	NOI \$ 8,103,412	Alloc Admin \$1,568,502	NOI-AA \$6,534,910	Capital Outlay \$6,128,750	Capital Grant \$3,400,000	NOI-AA-CO \$3,806,160											
2029	\$48,811,345	4,909,476	\$9,706,931	\$1.98	-\$286,354	\$20,581	\$4,343,958	\$207,074	\$32,710	\$0	\$648,927	\$68,144	\$389,187	\$1,861,969	\$1,766,487	\$4,767,423	\$1,607,714	\$1,526,501	\$6,892,500	\$0
Summary Year 10	OI \$13,992,189	OE 4,767,423	Debt Service 1,526,501	NOI \$ 7,698,265	Alloc Admin \$1,607,714	NOI-AA \$6,090,551	Capital Outlay \$6,892,500	Capital Grant \$0	NOI-AA-CO -\$801,949											
2030	\$55,703,845	4,963,481	\$9,813,707	\$1.98	-\$289,504	\$21,095	\$4,452,557	\$212,251	\$33,855	\$0	\$671,639	\$70,529	\$402,809	\$1,927,137	\$1,828,314	\$4,934,283	\$1,647,907	\$2,077,481	\$8,073,750	\$0
Summary Year 11	OI \$14,210,106	OE 4,934,283	Debt Service 2,077,481	NOI \$ 7,198,342	Alloc Admin \$1,647,907	NOI-AA \$5,550,435	Capital Outlay \$8,073,750	Capital Grant \$0	NOI-AA-CO -\$2,523,315											