



# 2010 ANNUAL REPORT OF HOOD RIVER

## Message from President Hoby Streich

The current Port of Hood River Commission is the caretaker of a diverse portfolio of assets, grown over the Port of Hood River's 77 year history. This past year the Commission made significant strides in planning and implementing strategies and policies for the health and growth of its own interests and those of the community.

The Commission's vision for waterfront development is moving closer to reality, with the completion the Halyard Building and Anchor Way, the acquisition of the Jensen Building, the sale of UTS Portsite Building, and the potential for two more lot sales at Waterfront Business Park. We now have in our portfolio: bare land, shovel ready land, a variety of facilities for lease, and now a new building available for a move-in tenant.

2011 will bring continued development on the waterfront, and possibly new development off of Anchor Way. The Port is in planning stage for the development of a new pedestrian/bicycle path connecting Exit 64 to the Pedestrian Bridge over the Hood River.

At the Ken Jernstedt Airfield, the Port has bids for the Orchard Road Vacation Project, scheduled later this year. The runway shift will occur at a future date, pending funding. FAA approval for the Ordinance 23 is expected soon. These improvements will provide a safer airport for the future.

The Hood River Interstate Bridge is a major asset the Port purchased in 1950. To quote Ken Abraham, the Port of Hood River attorney who worked on the purchase, "I knew if we could hold it for at least 50 years, it would bring a lot of good to the community." The 50-year milestone was met over a decade ago, and it's true that bridge revenues have helped the Port tremendously in its economic development mission.

In fact, renovations, maintenance, and stewardship mean the bridge will likely continue to serve the Port district into the near future. We as a Commission look strategically at this opportunity. Also, with revenue generated from the sale of Lot 8, and potential sale of Lots 2, and 7 at the waterfront, the Port can continue to reinvest in the community's future.

The Port Commission, in an effort to be more accessible to district constituents, is considering holding Commission meetings in other locations in the Hood River Valley. As we review and reshape our vision in this upcoming year, we hope to see and hear from you.

Yours truly,  
Hoby Streich, Port Commission President

## Port Commissioners

The five Commission board members of the Port of Hood River are called Commissioners and are elected to five designated positions by the voters of the Port of Hood River District. Each Commissioner serves a four-year term of office which begins July 1 of the year elected.



**Fred Duckwall**  
Position #1  
Commissioner since 2001



**Jon Davies**  
Position #2  
Commissioner since 2009



**Kathy Watson**  
Position #3  
Commissioner 2004-2010



**Sherry Bohn**  
Position #4  
Commissioner since 2001



**Hoby Streich**  
Position #5  
Commissioner since 2002

## Port of Hood River Year in Review

***The Port of Hood River year in review has traditionally covered the Port fiscal year (July to June). This retrospective covers 18 months of Port news and activity, so that future Annual Reports will cover a 12 month calendar year.***

### JULY 2009

- New Port Commissioner Jon Davies took the Oath of Commissioner after election to his first term. Fred Duckwall and Kathy Watson were re-elected.
- The Port Commission approved the Waterfront Business Park Design Guidelines to achieve high standards for development on the Hood River waterfront.
- Cascade Equipment of Carson, WA, was awarded the Anchor Way industrial street project, which included streetscape improvements on Portway Avenue. The project was funded in part by U.S. Economic Development Administration and the Oregon Department of Transportation Immediate Opportunity Fund.
- Crack sealing of the northern tie-down areas at Ken Jernstedt Airfield began in a staged process that continued into the fall. A Federal Aviation Administration grant paid \$66,861 of the project, and the Port paid the matching 5%.
- The Port of Hood River gained approval for a Request for Qualifications process instead of a competitive bid process for the Halyard Building general contractor.



*Sandbar Cafe opens at the Event Site*

### AUGUST 2009

- Richard Brown Architects completed final construction drawings for the Halyard Building.
- Phased construction of the grass runway occurred at the Ken Jernstedt Airfield to better accommodate taildragger aircraft.
- The Port's Riverfront Trail segments on the Hood River Waterfront, connecting the Event Site and the Hook with Waterfront Park, were completed. Development was made possible by an Oregon Parks & Recreation Department grant.

### SEPTEMBER 2009

- The Port extended \$2000 worth of bridge toll tickets to students of Columbia Gorge Community College's Certified Nurse's Aide students and related healthcare professions, in recognition of the critical economic development role a well-trained healthcare workforce provides.

*please see 2010 on page 2*

*continued from 2010 on page 1*

■ The Port's recreational sites experienced some shifts in parking receipts from previous years. In 2009, parking receipts at the Spit were down considerably from the prior year, especially with regard to season passes sold. The parking receipts from the Event Site were up significantly from the prior year, which offset the decrease in receipts at the Spit.

■ w Planning + Design submitted its report "Non-Motorized Crossing Alternatives at the Hood River Bridge." The study analyzed the feasibility of informal carpooling/ridesharing, and a fixed route service for bicyclists and pedestrians.

● The Port accepted a \$64,500 grant from Pacific Power for Halyard Building 23kV solar array.

■ Bridge Specialists Burgess & Niple carried out the semi-annual fracture critical inspection of the Hood River Interstate Bridge.

*Solar Panels atop Halyard Building*



## OCTOBER 2009

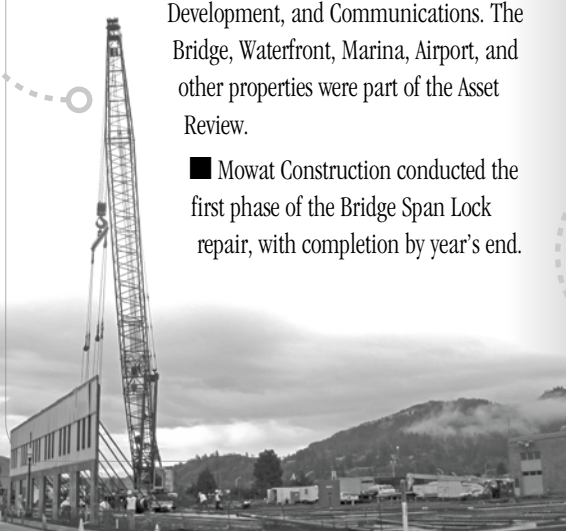
■ Full Sail Brewing Co. added 1,500 more square feet to its leased space at the Hood River Expo Center, bringing the company's total leased space in the building to 13,165.

● The Port Commission hired Robinson Construction to construct the Halyard Building, and contracted with Milstead & Associates for construction management services.

## NOVEMBER 2009

■ The Port held its Fall Planning meeting to discuss numerous topics such as the Port's Financial Summary, Long-Range Financial Model, Strategic Plan Review that covered Financial Management, Asset Review, Economic Development, and Communications. The Bridge, Waterfront, Marina, Airport, and other properties were part of the Asset Review.

■ Mowat Construction conducted the first phase of the Bridge Span Lock repair, with completion by year's end.



*Ken Jernstedt Airfield*

## DECEMBER 2009

■ The Port authorized a Resolution to approve an access policy at the Ken Jernstedt Airfield. This policy was in part a result of the FAA's acceptance of the Port's Through-the-Fence Corrective Action Plan.

● Century West Engineering was hired to complete an environmental analysis at the Ken Jernstedt Airfield in preparation for the Orchard Road vacation.

## JANUARY 2010

■ Insitu, Inc. began a five year lease for 12,675 square feet on the second level of the Port's Big 7 building for testing and repair of unmanned aerial vehicle products.

■ Mega Pacific Company constructed a new maintenance equipment/dry storage building at the Port office property.

■ Nichols Boat Basin Long-Term Planning was considered by the Port Commission, with a decision made to evaluate the basin's habitat qualities, environmental qualities, shipping channel, recreational use, water quality, and more.

## FEBRUARY 2010

■ Kristen Stallman, from ODOT, and John Bosket, from DKS Associates, provided an update on the Interchange Access Management Plans for Exits 62, 63 and 64 to the Port Commission.

■ Port President Hoby Streich and Executive Director Michael McElwee attended the Pacific Northwest Waterways Association's "Mission to Washington, D.C."

## MARCH 2010

■ Due diligence tasks for the Port's acquisition of the Jensen Building were completed.

■ At a Columbia Gorge Commission meeting, the Port of Hood River was asked to help publicize the impacts of water sports on Native American fishing activities.

● Construction continues on the Halyard Building, as roof decking is installed in preparation of the roof installation.

*Halyard building roof decking installed*



## APRIL 2010

■ A planning study of the Western Power Building evaluated many options for the site, defined the site boundaries, evaluated building expansion, and identified site and landscape improvements.

■ The Port held its Spring Planning Session, covering the FY 2010-11 budget, capital projects, maintenance priorities, policy priorities, bridge maintenance and painting, waterfront marketing, absorption of the Jensen building, and a financial overview.

■ A conceptual design for the Orchard Road Vacation Process was completed by Century West Engineering Corp.

■ Hood River Plumbing & Heating was contracted for the Marina pump-out equipment installation.

■ A Waterfront Marketing Plan and Budget was approved and conditions outlined for disposition of properties south of Portway Avenue.

## MAY 2010

■ A five-year capital plan for the runway shift and Orchard Road vacation project was updated with expected completion in fiscal year 2012. Ordinance 23 is part of the process to resolve through-the-fence issues identified by the FAA.

■ The Port of Hood River purchased the Jensen Building at Waterfront Business Park.

■ The Port Commission approved a one-year trial period for use of the Marina Swim Beach for kiteboard pumping, drying, and access to the Sandbar.

■ A Memorandum of Understanding was updated for the cooperative management of the Delta, approved by the Oregon Department of State Lands, Columbia Gorge Kiteboarding Association, Columbia Gorge Windsurfing Association, and the Port.



*Hood River Marina*

## JUNE 2010

● The C-Dock expansion at the Hood River Marina was completed.

■ The Hood River Yacht Club signed a two-year lease for the former Port Maintenance Building at Hood River Marina, which the club will use for meetings and dry-land storage space.

■ The Port hired Columbia Planning + Design for services to modify zoning on Lot 1 at Waterfront Business Park. A portion of this lot was zoned Industrial and the Port seeks LI zoning for more flexibility in uses.

■ John and Sharon Chow were tapped as Event Site hosts for the summer season. They lived in a motor home on site through Labor Day.

## JULY 2010

■ The Hood River Eye Opener Lions Club hosted community fireworks, closing the Spit for about 48 hours.

■ The Port of Hood River held a community open house for the Halyard Building, followed by a Gorge Technology Alliance Annual Summer Party.

■ Kiteboarding4Cancer was held at the Event Site.



Mike Doke and Michael McElwee from the Port of Hood River flank CAT's Dan Schwanz at the grand opening

● Columbia Area Transit held its Grand Opening at its new location at Wasco Business Park.

■ Congestion at the Sandbar was a common complaint and the Port scheduled a joint work session with kiteboarding schools to discuss the issue.

## AUGUST 2010

● Senator Ron Wyden visited the Halyard Building for a roundtable discussion with Gorge Technology Alliance.

■ The Port amended Ordinance 22 to allow the use of trainer kites on Lot 1 through the end of September.

■ The Port approved a contract for Garden Gates of Hood River to install additional plant material and irrigation at Anchor Way.

■ A contract was approved with ES&A Signs for design and construction plans for the Halyard Building monument sign.

## SEPTEMBER 2010

■ The WAAAM/Hood River Fly-In was held September 10, 11, and 12 at the Ken Jernstedt Airfield.

Senator Ron Wyden visits the Halyard Building in August



■ Jeff Pickhardt of Key Development presented a prospective plan for Lot 8 redevelopment of the Port's UTS Portsite building.

■ The Port Commission approved a contract with Kapsch to test new tolling technology for the bridge's BreezeBy system.

■ The Port's Waterfront Recreation Committee met to review the 2010 season, and discussed parking, Event Site host reports, off-season kiteboarding privileges at the Event Site, trainer kites on Lot 1, Event Site jetty repair, kite access to the Sandbar via Marina Beach, food concessions, off-leash dogs at parks, and marina improvements.

## OCTOBER 2010

■ The Port sponsored the Gorge/Entrepreneurs Network PubTalk at Cathedral Ridge Winery, featuring keynote speaker Sheila Holden of Pacific Power and Light.

■ A grant from ConnectOregonIII was approved by the Port for over \$17,000 for crack sealing, Automated Weather Observation Station modifications, and an environmental study for road vacation at the Ken Jernstedt Airfield.

■ Three Disposition and Development Agreements (DDAs) were approved by the Port Commission for the sales of Lots 2, 7, and 8 at Waterfront Business Park to Key Development Corporation.

■ Improvements to the City of Hood River's Waste Water Treatment Plant were completed.

■ The FAA directed the Port to incorporate minimum standards for commercial operations, to be developed as part of Ordinance 23.

■ Oregon Department of Transportation completed its semi-annual underwater inspection of the Hood River Interstate Bridge and noted three areas of concern: cable stays on the upstream side of piers are deteriorating; exposed portions of the concrete footing have continued to deteriorate, exposing some re-bar; and, "ghost" fishing nets have snagged piers in a couple locations. Information has been forwarded to HNTB Engineers for assessment.

■ Rick Zeller Excavating was awarded the Western Power Building landscape project, which enhances gravel and asphalt surrounding the building.

■ Port Commission President Hoby Streich and Executive Director Michael McElwee attended the Pacific Northwest Waterways Association annual meeting, where McElwee made a presentation about the Hood River Delta.

■ 2010 parking receipts for the Event Site and Spit were calculated, and both sites' revenues were down this year.

## NOVEMBER 2010

■ The Port of Hood River held its Fall Strategic Planning Session, discussing Port financials, administration, industrial and leased properties, waterfront recreation, the Marina and Port parks, Bridge, and the Airport.

■ MB Stone Masonry was hired to construct the Halyard Building monument sign based on a design created by ES&A Signs.

● The Port approved a project with HNTB Engineers for a Hood River Interstate Bridge Longevity Study. This study will focus on the useful life of the bridge, capital repair/replacement cost, and maintenance assumptions of all bridge components.

■ Port Commissioner Kathy Watson resigned due to business demands.

## DECEMBER 2010

■ The Port placed ads for the open Commission seat for Position 3, vacated by Kathy Watson. Four applications were received.

■ Improvements to the Big 7 building were approved to accommodate Electronics Assemblers' growth.

■ A 5-year lease was approved for Servpro for nearly 6,000 square feet of the Jensen Building.

■ The Port and City of Hood River entered into an Intergovernmental Agreement for the Port to install sidewalk on the south side of the newly acquired Jensen Building when other improvements are made to Portway Avenue.

■ RBS Battens moved into newly remodeled space at the Jensen Building.

■ A lease was approved with John and Julie Benton for 28 acres of orchard property near the Ken Jernstedt Airfield.

■ Port Commissioners toured the Ken Jernstedt Airfield.

■ The Port submitted its application for LEED silver certification for the Halyard Building. The solar energy system became fully operational.

■ The Port closed the sale for Lot 8 at Waterfront Business Park, transferring ownership to Key Development for a new home for Hood Technology.



# Financial State of the Port *This discussion and analysis of the Port of Hood River's financial performance provides an overview of the Port's financial activities for the fiscal year ended June 30, 2010.*

The Port of Hood River categorizes all of its activities within three funds, the General Fund, the Revenue Fund and the Bridge Repair and Replacement Fund. The **General Fund** accounts for all activities related to governmental activities. The revenues are from property tax receipts and the expenditures are those related to governmental activities. The property tax receipts are insufficient to pay all of the governmental related expenditures, so there is a transfer from the **Revenue Fund** to fund the difference.

The **Bridge Repair and Replacement Fund** is designated as a special revenue fund to segregate the revenues and expenditures related to Toll Bridge Capital Improvements. The sources of revenues for this account are grant monies, bond receipts, and dedicated revenue from the 1994 toll increase. This dedicated revenue is a transfer from the Revenue Fund. The expenditures for the fund are those charges that are identified with Capital Improvement Projects that extend the useful life of the toll bridge.

Most of the Port's activities are business-type activities and are accounted for in the Revenue Fund. The major revenues are from bridge tolls and leases and rents from tenants. The revenues and expenditures are identified and allocated to asset centers grouped by activity.

## Sources and Uses of Funds:

The Port is involved in a variety of activities that contribute to the economic health and vitality of our community. Not all of the activities on Port property contribute to the economic health of the Port, but play a larger role in the community.

The chart above right illustrates the sources of revenues for Port operations. The major source of funds for Port operations continues to be the toll bridge, accounting for 62% of our revenues. Lease revenue has increased both in dollar amount and as a percent of total revenues as we have both increased our asset base and increased occupancy in each building.

As a governmental entity, the Port receives property tax receipts, but they only account for about 1% of the total revenues. Capital grants are reflected in the changes to net assets. This year we received three operating grants, \$6,125 from the State Marine Board, \$1,000 from Hood River Valley Residents for a bicycle study on the bridge and a federal appropriation of \$59,633 to complete the study of an alternative bridge crossing over the Hood River connecting the waterfront and providing an alternative travel route from Exit 63 to Exit 64.

**Bridge:** Both the bridge traffic and revenue increased by about 4%. The traffic increase appears to be related to

local traffic patterns as the increase occurred through the year. The summer months, generally the tourist season, had slight reductions in traffic counts. This could be attributed to construction projects at Exit 64 on the Oregon side of the river and SR14 on the Washington side of the river. There were no major construction projects on the bridge during this fiscal year, but a painting project is expected to begin in 2011.

**Leased Properties:** Port properties achieved the highest occupancy level in 5 years. In addition to our existing leased facilities, the Port purchased the Luhr Jensen Building on the waterfront. At the time of purchase it was about 60% occupied with executed leases, but we are expecting it to be fully occupied by the end of fiscal year 2011. In order to save the Port reserves for future development, the Luhr Jensen building was purchased with a promissory note due to be paid off in 10 years.

**Undeveloped Property:** The new industrial street on the waterfront, Anchor Way, and improvements on Portway Avenue were completed, which led to the completion of the Waterfront Business Park subdivision and a new light industrial building, the Halyard Building. Anchor Way was funded by a federal grant from EDA, an ODOT IOF grant and participation by the adjoining property owners, Hood River Juice Company and Hood River Distillers. The Port's contribution to Anchor Way and Portway Avenue will be partially eligible for reimbursement from the newly formed Waterfront Urban Renewal Area. The Halyard Building was designed as a multi-tenant building for up to six tenants. The Port expects to have the building 50% occupied by the end of fiscal year 2011. The subdivision created eight developable lots. At the end of fiscal year 2010 negotiations were in process for three of those lots. The street development and new industrial building were completed with no additional debt to the Port.

**Recreation Property:** The recreation properties on the waterfront continue to generate little in direct revenues and require substantial management. This year we saw a shift from kiteboarding on the Spit to more intense use of the areas around the Event Site. In preparing for the upcoming season in 2011, the Port will look for ways to manage both parking and mixed uses in all of the sites.

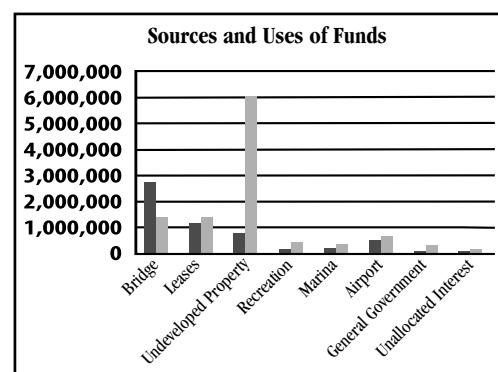
**Marina:** Marina expansion of 22 slips and a dinghy dock with 6 racks was completed this year. All of the slips and racks have been leased. The Marina expansion is funded by a 15-year bond obligation through a cooperative flex lease program, although bond receipts were not actually received within the fiscal year 2010. The debt service is included in the lease rates for the Marina. In addition to the marina expansion an upgrade was completed on the pump-out station that was funded 100% by grants coordinated through the State Marine Board.

**Airport:** Work was completed on the Automated Weather Observation System (AWOS) and Crack Sealing Project. The work was funded 95% by a Federal Airport Improvement Program Grant. A new grass runway was also completed this year. Work has begun on the runway relocation project. This project is also eligible for the 95% Federal Airport Improvement Program Grant.

**General Fund:** The general fund remains constant, accounting for activities related to being a public agency. Property taxes are accounted for in this fund and continue to account for about 1% of the Port's operating revenues.

The Port, to the extent possible, tries to identify and allocate expenses to the activity. The sources and uses of funds by activity are identified in the following charts.

Please note this is a cash flow analysis and unusual spikes in activity are reflective of capital projects and capital grants.



Port of Hood River - Year Ended 6-30-2010		
Combined Sources and Uses of Funds by Activity		
Includes Grants, Debt Service and Capital Projects (excludes depreciation)		
	Sources	Uses
Bridge	2,710,948	1,452,280
Leases	1,144,666	1,411,393
Undeveloped	745,265	6,070,805
Recreation	127,173	427,239
Marina	150,063	401,204
Airport	520,973	660,631
General Govt.	51,318	328,626
Unallocated/Interest	55,463	144,495
<b>Total</b>	<b>\$5,505,869</b>	<b>\$10,896,673</b>

## Total Net Assets:

At the end of 2010, the investment in total capital assets of Port of Hood River had increased by \$3,920,973. This is calculated by taking the total amount of investment in capital projects and acquisitions of \$7,124,069 less the additional debt of \$2,247,297, less the depreciation of all assets of \$1,440,800, plus the reduction of \$485,000 principal payment on bonds. The unrestricted assets, the portion that can be used to finance day-to-day operations without constraints, is reduced by \$2,448,433. The decrease is reflective of the cash reserves used to finance capital expenditures in excess of the net operating revenues for the year. The current balance of \$4,815,193 in unrestricted assets is well within our bond covenants and strategic plan for the overall economic health of the Port. The analysis in

**Table 1 (left)** shows the net assets comparison by fund.

The long-term debt for the Port are the revenue bonds for the new bridge deck, \$5,250,000 and the note outstanding for the Luhr Jensen Building, \$2,247,297.

	General Fund		Bridge Fund		Revenue Fund		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Current and Other Assets	17,797	4,512	854,444	822,814	5,605,788	7,907,786	6,478,029	8,735,112
Capital Assets	927,651	940,936	8,861,723	9,448,675	24,566,547	18,283,040	34,355,921	28,672,651
Total Assets	945,448	945,448	9,716,167	10,271,489	30,172,335	26,190,826	40,833,950	37,407,763
Long-Term Debt	-	-	5,250,000	5,735,000	2,247,297	-	7,497,297	5,735,000
Other Liabilities	-	-	39,783	43,798	913,055	718,025	952,838	761,823
Total Liabilities	-	-	5,289,783	5,778,798	3,160,352	718,025	8,450,135	6,496,823
<b>Net Assets:</b>								
Invested in Capital Assets	927,651	940,936	3,611,723	3,713,675	22,319,250	18,283,040	26,858,624	22,937,651
Restricted	-	-	710,000	710,000	-	-	710,000	710,000
Unrestricted	17,797	4,512	104,661	69,016	4,692,733	7,189,761	4,815,191	7,263,290
<b>Total Net Assets</b>	<b>927,651</b>	<b>940,936</b>	<b>4,426,384</b>	<b>4,492,691</b>	<b>27,011,983</b>	<b>25,472,801</b>	<b>32,383,815</b>	<b>30,910,940</b>