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Date: September 14, 2026

From: Commissioner Kathryn Thomas & Port Staff

RE: Commissioner Questions & Staff Responses

Happy Sunday -

Here are my questions for the upcoming meeting:

1. Consent Agenda – Columbia Riverkeeper Lease / Amanda & Debbie

- Can staff explain the rationale for capping the annual CPI increase at 6%? Is that consistent with our other commercial leases, or is there a specific market or policy basis for selecting that cap?

  The 6% annual cap was included to protect the tenant from an unusually large, one-year rent increase that could be difficult for the business to absorb. At the same time, tying the adjustment to CPI is more financially beneficial to the Port than using a fixed annual increase of only 1%–2% or a predetermined increase of one or two cents per square foot. A CPI-based adjustment allows rent to respond more accurately to changes in the Port's operating costs and broader economic conditions. Although annual CPI increases above 6% are uncommon, the cap provides the tenant with cost certainty during periods of unusually high inflation while allowing the Port to capture CPI growth up to that level. The Finance Director and I agreed that this approach provides a reasonable balance between protecting the long-term value of the Port's lease revenue and ensuring that annual increases remain manageable for the tenant. The 6% cap is therefore a negotiated business term based on affordability and revenue protection, rather than a requirement established by a specific Port policy.

- I would like to better understand the Port's obligations versus the tenant improvement allowance. Are the required life-safety improvements, including the additional emergency exit and demising wall, included within the $15,000 tenant improvement allowance, or are those Port-funded costs in addition to the allowance?

  The required ingress/egress work and demising wall are Port-funded costs in addition to the $15,000 tenant improvement allowance. Like any property owner, the Port is responsible for ensuring that its leased premises meet applicable life-safety and ingress/egress requirements. Before I became Director, space in the north wing of the Wasco Building was leased and separated from the remaining vacant area in a way that preserved the north-wing tenant's required access. However, that configuration effectively isolated a substantial portion of the remaining property, now referred to as the east wing. To make the east wing independently leasable, the Port must construct a demising wall between the two tenant areas and provide the additional emergency exit required for the east wing. These improvements would be necessary regardless of whether Columbia Riverkeeper or another tenant occupied the space. The $15,000 tenant improvement allowance is separate and is intended to assist Columbia Riverkeeper with its *interior buildout. During the LOI negotiations, the tenant requested an allowance of $31,392. Although its broker indicated that approximately $20 per square foot is common in the commercial market, staff did not agree to that amount and negotiated the Port's contribution down to $15,000, or approximately $3.82 per square foot. The allowance is limited to approved improvements, and any costs exceeding $15,000 are the tenant's responsibility. Both categories of work will remain with the building and improve the functionality and long-term leasability of the premises. The lease will generate approximately $254,275 in base rent over its five-year term, allowing the Port to recover its investment over time while making previously isolated space usable and revenue-producing.*

- What is the estimated total cost to the Port of the required ingress/egress improvements and demising wall construction, and are those costs already budgeted?

  Staff is currently obtaining cost estimates for the demising wall and required emergency exit, so a final total cost is not yet available. Our preference is to have Port Facilities staff complete both projects if they have the capacity and the work can be completed within the required timeframe. Because time is of the essence, staff is also obtaining contractor quotes so we can compare cost, scheduling, and the most efficient method of completing the work. The adopted budget includes $15,000 in capital outlay for the Wasco Building this fiscal year. Staff will make every reasonable effort to keep the combined cost within that appropriation. If the final cost is expected to exceed the available budget, staff will return through the appropriate process to request a budget adjustment before committing additional funds.

- If the Commission does not approve this lease tonight, what is staff's recommended path forward and what would be the anticipated financial impact of leaving the space vacant longer?

  If the Commission determines that this tenant is not the best fit, staff would continue marketing the east wing and pursuing another tenant. However, the demising wall and additional emergency exit would still be necessary to make the space independently leasable and compliant with applicable ingress/egress requirements. Those costs are associated with the building's current configuration and would not be avoided by declining this lease. The primary financial impact would be the continued loss of rental income while the space remains vacant. Based on the proposed lease, each additional month of vacancy represents approximately $4,238 in average base-rent opportunity, in addition to the Port continuing to carry the space's operating and maintenance costs. There would also be no assurance that another qualified tenant could be secured promptly or on terms equal to or better than those currently proposed.

2. Consent Agenda – P-Square / Neology Contract / Debbie

- The contract period begins July 1, 2026, yet Commission approval is occurring in September. Can staff explain why approval is being requested after the start of the service period, and whether services have already been provided under the agreement?

  PSquare and the Port both got bogged down with work and neither of us got the task order ready for commission approval until August, and it was too late for the August meeting. We will get this on our calendars to be more timely in the future.

- The task order references an execution date of August 14, 2026. If approved tonight, what will be considered the official contract effective date?

  The official date will be the date of commission approval.

- We are spending approximately $234,000 annually, plus additional cloud and licensing costs. Can staff summarize the performance metrics or service levels used to evaluate whether the Port is receiving value from this contract?

  PSqare provides all of the back office support for the tolling operations. We track monthly traffic and revenue reports, and we review monthly invoices and BreezeBy account data. They also provide all of the data at the end of each month for our tracking of additional toll revenue and information needed to reconcile to our general ledger. We track the timeliness of their reports.

- Some maintenance costs are reportedly shared by the Port of Cascade Locks. What amount was reimbursed last year, and what amount is anticipated this year?

  POCL pays us approximately $97,000 a year for their portion of the back office system and also for our time spent on their bridge. They pay us per crossing, so I would expect a similar amount for this fiscal year.

3. **Financial Report / License Plate Program / Megan**

- The financial report references a planned $71,000 transfer to support the launch of the Foundation's license plate program. Can staff provide a status update, anticipated outcomes, and timeline for implementation?

  The program is just getting underway and a Foundation Board subcommittee is working to identify branding and potential artists to assist with the plate development. A launch date has not yet been established, but this is identified as a top Foundation priority to support revenue generation for waterfront safety and access programs.

- What assumptions were used to arrive at the $71,000 funding level, and are additional funding requests anticipated in future years?

  The $71,000 was programmed in last year's budget and represents a rollover of those funds into the current fiscal year. The amount was estimated to cover the costs to launch the specialty license plate program, including DMV application and program requirements, plate design, the required voucher process and initial outreach. Future funding needs would depend on the results of the launch and would be evaluated through the Foundation's annual budgeting process.

4. **Financial Report / Billing Discrepancy / Amanda**

- The Industrial Properties report references a billing discrepancy that staff is researching. Can staff explain the nature of the discrepancy, any potential financial exposure to the Port, and when the Commission should expect an update?

  The discrepancy relates to additional lease fees that were not billed while staff completed the year-end reconciliations. Staff is reviewing the applicable accounts, lease requirements, and reconciliation calculations to confirm the correct amounts before issuing any adjusted invoices. At this time, the potential financial exposure appears to be delayed collection of revenue rather than a direct financial loss to the Port. The total amount has not yet been finalized. Staff anticipates completing the review and providing the Commission with an update, including any confirmed financial impact and corrective billing, no later than the end of September.

5. **Port Property and Bridge Replacement / Kevin & Amanda**

- Before staff returns with a formal resolution, I would like to better understand how the value of any Port property contribution would be documented and credited toward the project's non-federal match. Have we quantified that potential value yet?

  The Port has not yet been approached by the project team or FHWA to establish that value, nor have the applicable valuation standards or methodology been discussed with us. I expect that will occur when the project reaches the appropriate milestones and the property interests are sufficiently defined.

  For purposes of Tuesday's discussion, staff is not suggesting that the Commission determine value or other detailed transaction terms. If the Commission ultimately wants to make a policy statement regarding Port property, I would envision that being high-level and broad—essentially providing direction regarding the Port's willingness to make property available in support of bridge replacement. The valuation, match-credit treatment and specific terms would be addressed later through the appropriate project and property processes.

- What protections would staff propose to ensure the Port is made whole for parking, access, utility impacts, operational disruption, and relocation costs associated with bridge construction?

  At this point, I don't think staff can define all of the protections or the ultimate ownership and maintenance arrangements because those issues have not yet been negotiated. The CFA anticipated that many Port/Bridge Authority interface issues would need to be worked out as the project advanced, including property acquisition, traffic and public access, use of Port facilities during construction, and future agreements with other agencies.

  For property needed temporarily during construction, it is not yet clear whether the Port, the Bridge Authority, or another entity will ultimately hold the property interest after construction, what recreational improvements may be required through the Section 6(f) process, or who will have ongoing operations and maintenance responsibilities. I would expect those issues to be defined during the right-of-way, 6(f), design, and related agreement processes.

  In addition, if the federally funded project causes a qualifying temporary or permanent displacement of a Marina tenant, the Uniform Relocation Assistance and Real Property Acquisition Policies Act may apply. Eligible tenants could receive required notices, relocation assistance, and reimbursement for qualifying moving, utility reconnection, temporary relocation, or business reestablishment expenses. Staff would work to ensure that eligible relocation costs and construction-related impacts are appropriately assigned to the bridge project and are not absorbed by the Port's operating budget. The Uniform Act will not resolve every issue involving parking, access, utilities, operations, ownership, or long-term maintenance. Those protections will need to be specifically negotiated and documented as the project design and property needs become better defined.

6. Airport Terminal Project / Environmental Work / Kevin

- The report notes that EDA is encouraging us to proceed with environmental work even though funding remains uncertain. What environmental work are we being advised to advance at this stage, what is the estimated cost exposure to the Port, and what milestones would trigger a recommendation to pause or proceed further?

EDA is encouraging us to complete its environmental review, principally the Section 106 consultation with SHPO and the Tribes, which I view as a positive indicator although not a funding commitment. Most of the underlying environmental work is already complete, so the remaining cost exposure should be modest and primarily staff and minor consultant time; we do not currently anticipate significant new environmental study costs. Based upon the results of this work, EDA has stated that the project will receive a Categorical Exclusion which is beneficial. The primary milestone we are awaiting is EDA's decision on our grant application. Until then, I recommend continuing modest, budgeted pre-development work that keeps the application moving and better defines project costs, while avoiding larger commitments that would require Commission approval.

- How much pre-development work is the Port comfortable funding before we receive greater certainty regarding EDA or other funding sources?

  I'm comfortable continuing modest pre-development work that helps us better define the project and strengthen the funding package. That includes SUM Design continuing to work with County Community Development and other local agencies to identify permitting requirements, development fees and other cost assumptions, as well as targeted consultant assistance on new or improved grant applications. These expenditures are within my spending authority and the current fiscal year budget, and I maintain a running total of project costs in my monthly ED Report. Larger commitments, such as final design, major engineering or construction-related expenditures, are outside my spending authority and would require Commission approval, providing a natural decision point once we have greater certainty regarding EDA and the remaining funding sources.

- What portions of the environmental work would still be valuable if the EDA funding does not materialize?

  Most of the environmental work would remain valuable even if EDA funding does not materialize because it supports development of the same airport site regardless of the ultimate funding source. The Phase I environmental assessment, cultural-resource survey and Section 106 record, FAA environmental coordination, and documentation of the prior EA/FONSI all establish a stronger environmental record for the terminal and hangar development. The permitting and fee work will likewise help define the cost and requirements for any future development of the site. Some federal environmental requirements may need to be revisited depending on the timing, scope and source of future funding, but the work being completed now should substantially reduce the amount that would need to be recreated later.

7. Executive Director Report / Kevin

- What is the purpose of the Airport Lunch on October 5, who is expected to attend (is this your meeting with Jeff and Commissioner Bieker)?

  I meet monthly for lunch with Commissioner Bieker, Airport Manager Renard, and others involved in airport operations. I find these informal meetings valuable for understanding operational nuances, identifying and addressing issues before they become larger problems, and maintaining strong working relationships among the airport team.

8. Port Foundation / Megan

- Could staff provide a summary of the Foundation's current priority projects and programs and explain how those priorities align with the Port's strategic objectives?

The Foundation Board continues to refine its priorities. At its September 8 meeting, the Board identified the following as high-priority initiatives and projects: the License Plate Program, Airport Terminal Development, enhanced fishing and water access, changing stations, and a commemorative giving program. These priorities generally align with Port objectives related to safety, accessibility, recreation, community benefit, and leveraging outside resources to support improvements on Port property.

- What criteria is the Foundation using to prioritize projects, and what level of future financial commitment may ultimately be requested from the Port?

  The Foundation Board has not yet established formal criteria for prioritizing projects and is continuing to develop its priorities and approach. The intent is for the Foundation to identify projects and secure funding, then seek final Commission approval before implementation on Port property. Having two Port Commissioners on the Foundation Board also helps maintain Port alignment. Beyond the initial funding for the license plate program and staff support for the Foundation Board, no specific Port financial commitment has been established. The Port could consider future project-specific support, such as in-kind assistance, coupled with Foundation funding or volunteer resources.

Thank you,

Kathryn