



PORT OF HOOD RIVER COMMISSION
AGENDA
Tuesday, December 15, 2020
Via Remote Video Conference, Marina Center Boardroom

5:00 P.M.
Regular Session

1. Call to Order
 - a. Modifications, Additions to Agenda
 - b. Public Comment
 - c. Proclamation of Commendation and Appreciation of U.S. Representative Gregory P. Walden
(Michael McElwee, Page 3)
 2. Consent Agenda
 - a. Approve Minutes of the November 10 Fall Planning Work Session, the November 17 Regular Session and the December 1 Regular Session *(Maria Diaz, Page 5)*
 - b. Approve purchase of AWOS equipment from DBT Transportation Services LLC for \$25,806 *(Anne Medenbach, Page 19)*
 - c. Approve Addendum No. 2 to Lease with Chief Consulting Group, LLC in the Timber Incubator Building *(Anne Medenbach, Page 23)*
 - d. Approve Accounts Payable to Jaques Sharp in the Amount of \$6,095 *(Fred Kowell, Page 27)*
 3. Informational Reports – *(Provided for information only, unless discussion requested by Commissioner)*
 4. Presentations & Discussion Items
 - a. FY 2019-2020 Audit Report, Tara Kamp, Pauly Rogers *(Fred Kowell, Page 31)*
 - b. Bridge Replacement Project Update & Public Open House Report *(Kevin Greenwood, Page 117)*
 - c. Western Region Tolling Interoperability *(Fred Kowell, Page 139)*
 - d. Airport Commercial Hangar Development *(Anne Medenbach, Page 149)*
 5. Executive Director Report *(Michael McElwee, Page 157)*
 6. Commissioner, Committee Reports
 - a. Airport Noise Working Group
 - b. Bridge Replacement Bi-State Working Group
 7. Action Items
 - a. Approve Contract with Clary Consulting, Inc. for Consulting Services Related to Bridge Replacement Project Delivery Not to Exceed \$22,750 *(Kevin Greenwood, Page 159)*
 - b. Approve Amendment No. 3 to Contract with Otak for Consulting Services Related to Bridge Replacement A&E Design RFP Development Not to Exceed \$22,000 *(Kevin Greenwood, Page 165)*
 - c. Approve Amendment No. 4 to Agreement with TacAero for Fixed Based Operator Services at the Airport *(Anne Medenbach, Page 171)*
 8. Commission Call
-
9. Executive Session under ORS 192.660(2)(e) real estate negotiations.
 10. Possible Action
 11. Adjourn

If you have a disability that requires any special materials, services, or assistance, please contact us at 541,386,1645 so we may arrange for appropriate accommodations.

*The chair reserves the opportunity to change the order of the items if unforeseen circumstances arise. The Commission welcomes public comment on issues not on the agenda during the public comment period. With the exception of factual questions, the Commission does not immediately discuss issues raised during public comment. The Commission will either refer concerns raised during public comment to the Executive Director for a response or will request that the issue be placed on a future meeting agenda. People distributing copies of materials as part of their testimony should bring **10 copies**. Written comment on issues of concern may be submitted to the Port Office at any time.*



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Proclamation of Commendation and Appreciation
REPRESENTATIVE GREGORY P. WALDEN

WHEREAS, Congressman Greg Walden (“Rep. Walden”) has served the 2nd Congressional District of Oregon since January 3, 1997; and

WHEREAS, during his tenure, Rep. Walden has served as Chair or Ranking Member of the House Energy & Commerce Committee, member of the House Energy Committee and Chair of the House Subcommittee on Energy and Technology, and in many other prominent roles in the U.S. Government; and

WHEREAS, Rep. Walden has announced that he will be retiring from office on January 3, 2021 after having served in the U.S. Congress for 24 years; and

WHEREAS, throughout his tenure, Rep. Walden has thoughtfully considered Port of Hood River issues and interests and been a strong and durable advocate; and

WHEREAS, such advocacy has contributed significantly to efforts to replace the Hood River-White Salmon Interstate Bridge; further development of the Hood River Waterfront including expansion of its bicycle/pedestrian system; and to infrastructure upgrades on and around the Ken Jernstedt Airfield; and

WHEREAS, Rep. Walden has always been a gracious and accommodating host when Port officials have visited his offices in Washington D.C.;

NOW, THEREFORE in recognition of his long public service and contributions to the Port District, the Commission does convey this Proclamation of Commendation and Appreciation to Congressman Greg Walden with best wishes for an enjoyable and rewarding retirement.

John Everitt

Hoby Streich

David Meriwether

Ben Sheppard

Kristi Chapman

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Port of Hood River Commission
Fall Planning Work Session
November 10, 2020
Via Remote Video Conference & Marina Center Boardroom
1:00 p.m.

THESE MINUTES ARE NOT OFFICIAL until approved by the Port Commission at the next regular meeting.

Fall Planning Work Session

- Present:** Commissioners John Everitt, Kristi Chapman (arrived at 1:25 p.m.), Ben Sheppard (left meeting at 1:16 p.m. and returned at 1:35 p.m.), Hoby Streich, and David Meriwether; Legal Counsel Jerry Jaques; from staff, Michael McElwee, Fred Kowell, Genevieve Scholl, Anne Medenbach, Kevin Greenwood, John Mann, Daryl Stafford.
- Absent:** None.
- Media:** None

President Everitt called the Fall Planning Work Session to order at 1:03 p.m.

- I. **Overview:** President Everitt opened the work session and requested that Box Hangars be referred to as “Garage Hangars” during the Airport discussion for clarity to distinguish them from Commercial Hangars and T-Hangars. Everitt also requested that the minutes record each consensus action formally as discussions on the various topics are resolved to properly record Commission direction to staff. Everitt then called on Fred Kowell to lead the Financial Forecast agenda topic.

- II. **Financial Summary:** Fred Kowell, Chief Financial Officer, presented a summary of the year’s revenue and expense notable items. Kowell reported that COVID pandemic impacts on traffic flow volume remains noteworthy, flattening out at about 90% traffic volume to prior year’s averages. He expects there will be \$200-300K difference from the budget projection. In addition, Lease revenues are expected to be about \$200K less than budget due to COVID-related waivers, deferrals. Recreational fees, parking, and Marina and Airport revenues are expected to meet budget projections, depending on vaccine and other mitigation efforts for the pandemic that happen early next spring. On the Expense side, Kowell expects to meet budget, but notes that 2020 will have 27 pay periods instead of the usual 26, so Personnel costs will show an increase. Kowell reported on CARES Act approvals for relief, noting that the Port has just submitted the third tranche of relief request. Kowell reports that the Port has received approval for \$98K in CARES Act grant reimbursement for an estimated \$201K in costs, with application for another \$102K in relief awaiting approval. Kowell then reviewed the Port’s Debt Capacity, noting that under normal operations, the Port policy allows issuance of up to \$10 million of 20-year debt. Kowell explained the different costs of carrying Public Use versus Private Use debts. Everitt asked for clarity of whether the Port had \$10 million to spend or would that currently be reduced by other debts. Kowell answered that the Port currently isn’t carrying debt that would reduce that total. Meriwether asked if it would be \$10 million for public and private use combined. Kowell answered that the majority of new debt would be best to be tax exempt (public use). McElwee noted that the Commission needs to consider the match to the BUILD grant, other capital expenses on the bridge (i.e., Approach Ramps), recommending the Commission estimate those costs that would require debt financing. Everitt then asked Kowell for a good estimate for bridge repair plus the grant match, to get to a good number of what’s left to work with on real estate development. McElwee recommended the Commission reserve

\$1 -1.5 million for unexpected costs for the bridge, and that significant capital improvements should be tied to a future toll increase, noting the 30-year capital management plan and the need to update those projections annually. Everitt asked Kowell if we have cash reserves now. Kowell answered that we have \$8-9 million in cash reserves. Everitt called for Commission discussion to get to a good number. Streich cautioned the Commission to remember that the tenant rent deferrals could become actual defaults depending on the pandemic impacts on those businesses and urges caution. Chapman concurs on the uncertainties and also support a cautious approach.

CONSENSUS: Commission consensus to incur \$6-6.5 million net new debt for the purpose of real estate capital development.

III. Discussion Topics:

A. 2021-2026 Strategic Business Plan

Genevieve Scholl reported on the work completed for the update to the Strategic Business Plan since November 2019, including a SWOT analysis and an assessment of the Port’s “Drivers of Change” and their implications, outreach campaign to receive public input on community priorities, and noted that work was paused in March due to the pandemic. Scholl requested comments on the proposed project schedule, Key Assumptions, a review of the Situation Assessment, and discussion of whether to do a second outreach campaign for further public input to include pandemic impacts. Commissioner Streich recommended pushing the public outreach effort further into next year, noting the January will be very difficult to complete the tasks on schedule and that constituents will likely be more engaged later in the year. After further discussion of the scheduling, Scholl asked whether the Commission would prefer to record this input through the Key Assumptions route, since impacts are so generally well known the Commission.

CONSENSUS: Direct staff to work to generally characterize the impacts of the COVID pandemic on the regional economy, noting the significant uncertainties the coming months will present on a global scale, and do not pursue a second outreach effort.

Key Assumptions Review: McElwee led a review and discussion of the items on the Key Assumptions list that were marked as needing further discussion.

CONSENSUS:

The SBP should prioritize the Ports activities/asset areas in case of future revenue loss and service reductions. – *NO. Future Commissions will need to set their own priorities based on the circumstances of the time.*

Adhere to the limitations of ORS 777 the State statutes governing Oregon Ports OR take steps to modify ORS 777 in support of broader Port goals. – *NO. Other legislative priorities are higher, Port should participate but not lead any such effort, legal counsel would be required on a case-by-case basis for specific interpretations of statute.*

The Port will not derive significant revenue from a replacement bridge. – *YES. Staff noted potential future tolling system service provision.*

Maintain a robust lobbying presence in Washington, Oregon & Washington, D.C. – *YES. Review annually and reassess based on the capacity of the Bridge Replacement project partners to contribute to the lobbying expense.*

Some portions of the waterfront should always remain free for public use. *NO. Remove the word “always” and instead state the assumption thus, “Some portions of the waterfront should remain free for public use.”*

Commissioner Streich recommended that Commissioners Everitt and Streich convey the Port Commission’s consensus on the Key Assumption related to Bridge Replacement that states: *The Port must be compensated for any land taken or facilities compromised as part of bridge replacement.*

Existing boathouse leases will be terminated if minimum standards for maintenance/flotation cannot be met. – *YES.*

Education/Pilot Training – GA pilot training encouraged. - *YES. Work proactively to better manage the airport and the negative noise impacts that result from closed pattern flights and certain plane types.*

B. Hood River Bridge Replacement

Kevin Greenwood reviewed the project schedule chart and noted significant steps completed and underway. Greenwood reported that the BUILD grant award is an important boost to the project, enabling a transition into Phase 2 without pause. He noted two upcoming “asks” at the state legislatures focused on the formation of a Bi-State Bridge Authority as well as project funding. Greenwood highlighted the end of the BUILD grant term on the project timeline, to show the preceding work that must be done with the state legislatures and also with project partners, to determine roles and responsibilities for the Port and its partners. The Commission had general discussion of roles and responsibilities, funding, and project timing; including potential future role of the WA and OR state DOTs. Greenwood then reviewed the legislative strategy developed by consultant Steve Siegel at the request of the BSWG, noting the importance of securing legislative success by 2025. Greenwood anticipates Siegel’s draft legislation will need signed or expressed support from BSWG partners before proceeding to the legislature in late summer/fall of 2021. Commissioner Chapman asked about the grant funding request timeline, why are we asking for small amounts versus asking now for the large grant amounts needed for construction. McElwee reviewed the anticipated need at the end of Phase 2B being the critical point where the Port has reached the end of its segment of the relay and the project at that point. Commissioner Meriwether noted the importance of the state DOTs’ participation.

Greenwood then reviewed the line up of consultant contracts expected to come before the Commission for approval in the near term. Commissioner Everitt asked whether part of the scope of Siegel’s work would include presentation to the Port Commission, hoping that he would be able to explain directly to the Port the logic behind his strategic recommendations, feeling such a presentation would be very helpful. Greenwood described the scope of work for the proposed contract with Lowell Clary and OTAK related to project delivery and preparation of bid documents. Greenwood and Kowell discussed utilizing \$300K of the HB2017 funding as part of

the match to the BUILD grant. Commissioner Meriwether asked Greenwood whether he anticipates more NEPA work being required that would be related to the in lieu fishing site on the Washington side or any other tribal nation interests. McElwee asked whether the local expertise (Mike Fox) discussion had been addressed in the list of contracts. Greenwood noted options for that involvement would be possible in the contracts #4 and #7.

CONSENSUS: Commission generally in support of the schedule of contracts as presented.

CONSENSUS: Commission support for staff preparing a specific list of tasks for Mike Fox throughout the project, as a volunteer local resident expert.

President Everitt recessed the work session at 2:23 p.m. for a break, and reconvened at 2:40 p.m.

C. Real Estate Development Options

Anne Medenbach reviewed a list of potential real estate development projects and noted the actions taken for each thus far. Medenbach clarified the location and uses for the different hangar types at the airport; Commercial hangars vs Box/T-Hangars. Medenbach reviewed recent actions related to development of the Barman property, an Industrial Land Acquisition that did not occur following the completion of the due diligence, and current Commission direction related to Lot #1. She led a detailed discussion on the development of Lower Mill, and the design work completed by Livermore Architects, bringing building design to 10% and cost estimates. Commissioner Everitt requested financial analysis on the properties, especially the cash flow analysis. Medenbach fielded general questions from the Commission on her cost projections, market demand for sale or lease. Medenbach then reviewed the work completed by Aaron Faegre to get to 10% design on potential commercial hangars at the airport, describing UAV industry interest in such facilities. Medenbach then reviewed conceptual design plans for potential Box Hangars and T-Hangars. McElwee asked her to clarify which paving projects would be eligible for FAA funding. She explained that eligible projects would be anywhere that aircraft would be using the pavement is eligible, vehicle parking only areas would not be. Medenbach explained the current local demand for such hangars, and comparable lease rates from other regional GA airports. Commissioner Streich noted that the high-end airplane market is the part of the market that is anticipated to grow. Medenbach then reviewed the analysis thus far completed related to potential development of the Barman property, including the traffic study and preliminary development of an RFI to developers to gauge interest/demand and received project ideas. McElwee then reviewed the progress toward development of Lot #1, explaining the preliminary subdivision is still in place, but significant infrastructure development needed to get started presents a serious challenge. He then described the Anchor Way extension project, a discreet project that would cost about \$1.6 million, providing a needed piece of infrastructure, creates a transit center, and relocated the utilities to establish the next key step; the subdivision plan. He noted the project doesn't have immediate cash-flow return, but it does accelerate the progress toward development of the Lot. The Commission then worked to come to consensus yes or no on each of the listed projects, asking questions of staff and discussing each in turn.

CONSENSUS:

Lot #1 Anchor Way Extension – Unanimous Yes to take the next steps, directing staff to pursue grant funding where possible.

Barman – Majority Yes to develop and release an RFI, with Commissioner Streich voting No, stating he feels very strongly that the Port should develop the lot itself, and proceed with caution. He later stated that he’s not opposed to the RFI but thinks the Port should exhaust every opportunity to develop the lot itself. Commissioners Meriwether and Sheppard stated they were Yes for the RFI, but no to proceed if we only received one reply or limited to the RFI. Commissioner Chapman felt the RFI response window should be long, like several months.

T-Hangars/Box Hangars – Majority Yes to develop if the Port retains ownership. Commissioners Everitt and Meriwether were No, due to the negative cash flow.

Commercial Hangars – Unanimous consent to develop if the Port retains the ownership.

Lower Mill Building Development – Majority No to move forward with proposed development, Commissioner Everitt is a Yes.

Industrial Opportunity Building Purchase – Unanimous consent to move forward.

C. Ken Jernstedt Airfield Noise Issues

Anne Medenbach reviewed actions taken in recent years to address increased noise impacts on surrounding neighborhoods. She reviewed the Fly Friendly Program implementation and formation of the Airport Noise Working Group. She then reviewed potential and recommended actions that the Commission could consider to address noise issues, and explained the challenges posed by each. Commissioners Streich and Meriwether both stated that Anne deserves a lot of kudos for her work to manage the issue.

CONSENSUS: Unanimous Yes to continue to work with airport stakeholders to address noise issues and to further investigate the recommended actions to provide cost benefit analysis for each.

C. Other Issues

Michael McElwee led the discussion on the following remaining issues:

Airport FBO – Commissioner Streich recommended the Port reach out to the Columbia Gorge Community College to encourage greater educational opportunities at the airport. He clarified that the Port could take back some of the FBO service responsibilities and provide services via a collaborative program with the college. McElwee noted that the Commission will in the future review an RFP for an FBO and then specific agreements.

Succession Planning for Port Staff – McElwee noted that this is an item on his work plan, and that there are several long-term employees at the Port that are looking ahead to retirement. Commissioner Everitt asked whether staff could prepare a “vulnerable skills list” for Commission review that would guide the succession planning. McElwee supported that notion, specifically on those skills that will require longer training/challenging hiring to fulfill those roles. Commissioner Chapman reinforced the need to encourage redundancy so that passwords, specialized skills, and other discreet information for each employee is known and accessible by others.

Ordinance 24 Update – Ordinance 24 governs conduct on Port waterfront properties, but is very difficult to enforce. The ultimate sanction defined in ordinance is “trespass,” which is very

challenging and complex to utilize on a case-by-case basis. Legal counsel Jerry Jaques explained the Trespass action in detail, noting that public property is open for public access, so there are real challenging ramifications in prosecution and in barring an individual from returning to the property once “trespassed.”

Existing Bridge Capital Maintenance Needs – McElwee reminded the Commission that there is a constant tension between the need investments to keep the current bridge safe and operational, while at the same time anticipating the bridge replacement and its timeline. He highlighted the concerns related to the condition concrete approach ramps and the underwater concrete piers. Coffman Engineers are now reviewing the test results on both. Their initial analysis of the underwater inspections was encouraging, but we are still awaiting their review of the concrete approach ramp testing.

McElwee thanked the Commission for their participation and support, noting that Fall Planning is always his favorite meeting of the year. McElwee commended Scholl on her management of the video conference tech and documents. Commissioner Streich asked Fred Kowell about the anticipated impacts of PERS. Kowell responded that the recent rate increases will have negligible impact.

President Everitt adjourned the meeting at 5:18 p.m.

Respectfully submitted,

Genevieve Scholl

ATTEST:

John Everitt, President, Port Commission

David Meriwether, Secretary, Port Commission

*Port of Hood River Commission
 Meeting Minutes of November 17, 2020 Regular Session
 Via Remote Video Teleconference & Marina Center Boardroom
 5:00 p.m.*

THESE MINUTES ARE NOT OFFICIAL until approved by the Port Commission at the next regular meeting.

**5:00 p.m.
 Regular Session**

Present: Commissioners John Everitt, Kristi Chapman, Hobby Streich, Genevieve Scholl, David Meriwether, Ben Sheppard; from staff, Michael McElwee, Fred Kowell, Kevin Greenwood, Anne Medenbach, Daryl Stafford, Jerry Jaques

Absent: None

Media: None

1. CALL TO ORDER: President John Everitt called meeting to order at 5:00 p.m.

a. Modifications or additions to the agenda:

1) Action Item (b) Marla Harvey will join the meeting to answer questions for this item.

b. Public Comment:

1) Kathy Watson thanked the Port for keeping up with the Waterfront upkeep during COVID. Watson is hoping to keep the Waterfront trail open end to end in order to help the community keep active and sane while we continue to quarantine during the winter. She believes this will help keep town moral up and helps provide a safe outdoor activity for all. She respectfully asks that more resources are put into keeping the trail open. She also requests the possibility of a couple garbage cans at the ends of the trails.

2) Mark Stanfield respectfully asks for help in receiving a 500 thousand-dollar FAA Aviation Workforce Grant. This grants objective is to generate interest and prepare students in the aviation field and will also help teachers train students for jobs in the aviation industry.

2. CONSENT AGENDA:

- a. Approve Minutes of the November 3, 2020 Regular Session
- b. Approve Lease with Roam and Shelter LLC in the Chamber Building
- c. Approve Revised Contract with Lerner Computer Support for IT Services
- d. Approve Accounts Payable to Jaques Sharp in the Amount of \$5,841.95

Motion: Approve the Consent Agenda

Move: Meriweather

Second: Chapman

Discussion: None

Vote: Unanimous

3. INFORMATIONAL REPORTS:

a. Bridge Replacement Project Update: Report accepted as written. Commissioner Chapman noted the delay in receiving comment from the tribal partners and asked whether we are exhausting all our options to connect with them and involve them in the process, and whether they might be able to attend a meeting of the working group. Greenwood agreed that this is an issue and that the COVID-19 situation only presents more challenges in that regard, but is hopeful that the project team will be prepared to handle any public comment from these tribes.

4. PRESENTATION AND DISCUSSION ITEMS: None

5. EXECUTIVE DIRECTOR REPORT: Michael McElwee reviewed a few key points dealing with the annual audit, the second week of single lane closures for bridge deck welding, marina software purchase and implementation, and the completion of 360 Disc assessments of management staff by HR Answers. These assessments are complete and results will be discussed with each staff member in individual meetings. Michael relayed a request made by the Lion’s Club to hold a firework show on New Years Eve. The overall idea was agreed upon. The only concerns were related to certain precautions put in place due to COVID and gatherings outside as the show is aimed for 8 pm. It is believed that most people will be in their car and anything other than that will come as a surprise. Safety measures will be voiced pertaining to COVID with the help of the Lions Club. The National Weather Service has projected a La Nina year with snow events anticipated later in the year. McElwee noted the Port must nominate a representative to serve on the URA board as Commissioner Meriwether’s term expires at the end of the year. Meriwether is willing and eligible to serve another term. McElwee restated that the Supplemental Draft DIS is completed and has been given great feedback. Implementation of new OSHA workplace rules for COVID risk mitigation have been led by Scholl. Scholl relayed the upcoming deadlines relative to the new OSHA requirements. The first deadline is November 23rd to finalize our building operation plans for all work environments. The next big task with a deadline of December 7th is the development of our organization wide exposure risk assessment and an infection control plan, of which half of it has been gone through. The exposure risk assessment is what is being worked on now with multiple efforts and after that the Infection Control Plan draft will be done. Anne and John are working to meet the Ventilation requirements deadline which is January 26th. December 21st is the deadline for an all employee training on the issues discussed pertaining to the OSHA COVID rules. Commissioner Chapman asks if any complications have come up due to sanitation products provided by the Port. McElwee answered none at this time.

6. COMMISSIONER, COMMITTEE REPORTS: None.

7. ACTION ITEMS:

a. Approve 2021 Waterfront Parking Rate Schedule

Motion: Approve 2021 Schedule of Rates & Charges for waterfront parking.

Move: Chapman

Second: Sheppard

Discussion: Chapman points out significant problem of boats and trailers being parked within the Marina Boat Launch parking lot turnarounds. Staff will evaluate.

Vote: Unanimous

b. Approve Support of Public Testimony by Hood River County Energy Council to Oregon Public Utilities Commission Regarding Implementation of Executive Order 20-04

Motion: Approve support of public testimony from Hood River County Energy Council to Oregon Public Utilities Commission regarding implementation of Executive Order 20-04 with the suggested change in language that specifically addresses agriculture to item 4

Move: Sheppard

Second: Meriwether

Discussion: Marla Harvey explained the process of providing comment to the PUC on behalf of the Hood River County Energy Committee.

Vote: Chapman Nay
Sheppard Aye
Meriwether Aye
Streich Aye
Everitt Aye

Motion Carries.

c. Approve Amendment No. 1 to Contract with Steve Siegel for Consulting Services Related to Bridge Replacement Governance

Motion: Authorize Amendment No. 1 to contract with Steven Siegel consulting for consulting services related to bridge replacement governance.

Move: Chapman
Second: Streich
Discussion: None
Vote: Unanimous

8. COMMISSION CALL: Commissioner Meriwether asks if there will be any further discussion pertaining to the public comments to which McElwee that staff will wait for the official Notice of Funding Opportunity to be issued to determine the scope of work required. Regarding the waterfront trail, McElwee noted that it’s unknown whether the City will prioritize keeping the Waterfront park open for the winter.

9. EXECUTIVE SESSION: President John Everitt recessed Regular Session at 6:08 pm to call the Commission into Executive Session under ORS 192.660(2)(e) Real Estate Negotiations, ORS 192.660(2)(h) Consultation with legal counsel regarding current litigation or litigation likely to be filed.

10. POSSIBLE ACTION: None.

11. ADJOURN

Motion: Motion to adjourn the meeting

Vote: Unanimous

MOTION CARRIED

The meeting adjourned at 7:15 p.m.

Respectfully submitted,

Maria Diaz

ATTEST:

John Everitt, President

David Meriwether, Secretary

*Port of Hood River Commission
 Meeting Minutes of December 1, 2020 Regular Session
 Via Remote Video Teleconference & Marina Center Boardroom
 5:00 p.m.*

THESE MINUTES ARE NOT OFFICIAL until approved by the Port Commission at the next regular meeting.

**5:00 p.m.
 Regular Session**

Present: Commissioners John Everitt, Kristi Chapman, Hoby Streich, David Meriwether, Ben Sheppard; from staff, Michael McElwee, Fred Kowell, Kevin Greenwood, Anne Medenbach, Daryl Stafford, Genevieve Scholl; Legal counsel, Jerry Jaques

Absent: None.

Media: None.

1. **CALL TO ORDER:** President John Everitt called meeting to order at 5:00 pm
 - a. **Modifications or additions to the agenda:** Staff recommends the Commission table Action Item 7(c) to a future meeting.
 - b. **Public Comment:** None.

2. **CONSENT AGENDA:**
 - a. Approve Nomination of Commissioner David Meriwether to the Hood River Urban Renewal Agency Board for a 2-Year Term.

Motion: Approve the Consent Agenda

Move: Streich

Second: Sheppard

Discussion: None

Vote: Unanimous

3. **INFORMATIONAL REPORTS:**
 - a. **Bridge Replacement Project Update:** The Commission accepted the report as written. Commissioner Chapman conveyed a constituent question for clarification as to whether the existing bridge will stay in place and about its status or eligibility as a national historic landmark. Greenwood answered information stating that the historic status is an important consideration and the project team is researching and will propose acceptable mitigation efforts, as the existing bridge will eventually be removed.

4. **PRESENTATION AND DISCUSSION ITEMS:** None.

5. **EXECUTIVE DIRECTOR REPORT:** Michael McElwee reported on the work to complete the required OSHA COVID 19 exposure risks assessments, infection control plan, and staff training that include installation of new signage and other measures. He also mentioned the new state protocol of assessing and determining the risk level for each county that will be updated weekly. The latest update had Hood River County listed as Extreme Risk category. McElwee reported on staff briefings with Representative Anna Williams and Senator Chuck Thomson. U.S. Congressman Greg Walden is retiring at the end of this term and McElwee recommends the Commission acknowledgment his work over the years that has benefitted the Port and several public improvement projects. Public comment received at a prior meeting requested the Commission find a way to keep the waterfront trail clear of snow and ice so that it is useable all winter. McElwee reports that staff discussion on the topic has been this will not be doable

due to the cost/benefit constraints and labor capacities. Another constituent request received in public comment was for the Port to partner with Hood River Soaring to develop and submit a federal grant application for the purpose of funding a pilot training program at the airport. Staff will wait for the Notice of Funding Opportunity to be released to review program application documentation and reporting requirements and will report to the Commission at that time. The City’s main storm line has been installed which required concrete apron work which has been contracted, but staff has also learned that as a result of the project, the City requires a section curb to be replaced near the Halyard Building. The total cost will be about \$6,500. A \$286 credit has been granted to a tenant at the airport that been requested due to the construction projects that occurred this year. The two weeks of bridge deck maintenance welding have been completed, but a question has been raised about how much is left to complete for the 8 point welds.

6. COMISSIONER, COMMITTEE REPORTS: None.

7. ACTION ITEMS:

a. Approve Contract with Allied Maintenance for Janitorial Services in Port Buildings Not to Exceed \$65,978

Motion: Approve contract with Allied Maintenance, LLC for janitorial services not to exceed \$65,978.

- Move: Meriwether
- Second: Streich
- Discussion: The \$741.60 per month for additional COVID-19 related sanitation requirements will drop off when and if OSHA suspends their rules.
- Vote: Unanimous

b. Approve Contract with DivCo for HVAC Maintenance in Port Buildings Not to Exceed \$26,737

Motion: Approve annual HVAC maintenance contract with Divco Inc. for an amount not to exceed \$26,737 subject to legal counsel review.

- Move: Meriwether
- Second: Streich
- Discussion: None
- Vote: Unanimous

c. Approve Contract with Lowell Clary for Consulting Services Related to Bridge Replacement Project Delivery Not to Exceed \$40,000

No Action Taken – Tabled for further discussion.

d. Approve Contract with OTAK for Consulting Services Related to Bridge Replacement A&E Design RFP Development Not to Exceed \$22,000.

No Action Taken – Tabled for further discussion.

e. Approve Contract with PSquare for Consulting Services Related to ODOT Tolling Interface Not to Exceed \$30,000.

Motion: Approve Task Order 7 with PSquare for electronic tolling heavy truck ODOT interface, not to exceed \$30,000, subject to legal counsel review.

Move: Chapman
 Second: Sheppard
 Discussion: None
 Vote: Unanimous

8. COMMISSION CALL: Commissioner Streich recommends that staff investigate potential Port use of the mobile app Foreflight or a similar application for flight data tracking and recording to be better able to respond to noise complaints resulting from pattern flights and to better understand the usage at the airport. In response, Commissioner Chapman asked whether the Port should require all airplanes to have transponders. Michael and Medenbach responded that staff would look into the available options and present their recommendations to the Commission at a future meeting. Commissioner Chapman asked whether Lot 1 could be used as a temporary food truck area for the coming summer. McElwee and Stafford responded that the temporary use would be permissible for a period of about 6 months, but such plans have in the past been very unpopular with local downtown and waterfront restaurants and the other concessionaires already contracted for the Cruise Ship Dock space.

9. EXECUTIVE SESSION: President John Everitt recessed Regular Session at 6:12 pm to call the Commission into Executive Session under ORS 192.660(2)(e) Real Estate Negotiations, ORS 192.660(2)(h) Consultation with legal counsel regarding current litigation or litigation likely to be filed.

10. POSSIBLE ACTION: None.

11. ADJOURN

Motion: Motion to adjourn the meeting

Vote: Unanimous

MOTION CARRIED

The meeting adjourned at 7:32 p.m.

Respectfully submitted,

Maria Diaz

ATTEST:

John Everitt, President

David Meriwether, Secretary

Commission Memo

Prepared by: Anne Medenbach
Date: December 15, 2020
Re: AWOS upgrade, CARES Act funding



The AWOS system at the airport needs to be upgraded. The AWOS system is comprised of weather data and communications systems to deliver weather data to both the FAA and flying public. It is an essential piece of equipment for the airport. The visibility sensor, ultrasonic wind sensor, and the barometer need to be replaced.

During the August 11, 2020, the Commission approved the purchase of this equipment from AVCOM in the amount of \$28,900, but staff has since discovered that a savings of more than \$3,000 can be achieved by purchasing directly from the manufacturer, DBT. DBT does not do installation, however. Bill Kelsey with AVCOM does all our AWOS maintenance and can install the equipment for under \$1,000.

On August 11, the Commission accepted a grant in the amount of \$30,000 from the FAA through the CARES Act that will be used to cover the cost of this essential AWOS upgrade.

RECOMMENDATION: Approve purchase of AWOS upgrade equipment from DBT Transportation Services, LLC in an amount of \$25,806.00

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DBT Transportation Services, LLC

2655 Crescent Drive
Suite A-1
Lafayette CO 80026



Original

SALES QUOTAT

Document Number	Document Date	Page
2681354	12/02/2020	1/2

Customer No.
ORPORTK4S297031

Your Reference	Payment Terms
	Net 30

Your Contact
BB
cs@dbttranserv.com

Delivery Address
Port of Hood River
1000 E. Port Marina Drive
Hood River OR 97031
Michael McElwee
porthr@gorge.net
541 386-1645

Port of Hood River
1000 E. Port Marina Drive
Hood River OR 97031

Currency: \$

Description	Quantity	UoM	Price	Total
001 AWOS VC/VD UPGRADE WAC151 TO WMT702 ROHN TOWER Item Code: 247457	1		6,596.0000	\$6,596.00
002 WMT702 Heater Power Supply Kit for VC/VD.. Item Code: WMT702HPS-KIT	1		357.0000	\$357.00
003 VISIBILITY/PW MULTI PWD22 UPGRADE VC/VD Item Code: DRW239873	1		14,843.0000	\$14,843.00
004 Calibration Set for PWD Sensors Item Code: PWA12	1		1,007.0000	\$1,007.00
005 AWOS PTB330 Upgrade From PTB220 Item Code: 225811	1		3,003.0000	\$3,003.00
006 Freight will be included in the invoice at time of shipment.				
007 DBT Transportation Services LLC Standard Terms and Conditions are incorporated herein by reference.				

Website: www.dbttranserv.com

Phone: 844-343-8328

Fax: 970-237-3526

DBT Transportation Services, LLC

2655 Crescent Drive
Suite A-1
Lafayette CO 80026



Original

Document Number

2681354

SALES QUOTAT

Document Date

12/02/2020

Page

2/2

Currency: \$

Quotation Subtotal: **\$ 25,806.00**

Total Before Tax: **\$ 25,806.00**

Total Tax Amount: **\$ 0.00**

Total Amount: \$ 25,806.00

Tax Details

Tax Code	Tax %	Net	Tax
----------	-------	-----	-----

Additional Expenses

Shipping Type: **UPS GND**

Quotation Valid Until: 01/02/2021

PURCHASER'S ACCEPTANCE

This Quotation is deemed accepted when Purchaser returns the acknowledgement copy of this Quotation with a valid Purchase Order Number (when applicable).

The DBT Transportation Services Standard Terms of Sales are incorporated herein by reference .

Purchaser: _____

Billing Address: _____

E-Mail Address: _____

Signature: _____

Title: _____

Purchase Order No: _____

Ship to Address: _____

Commission Memo



Prepared by: Anne Medenbach
Date: December 15, 2020
Re: Chief Consulting Group, LLC

Chief Consulting Group LLC (Chief) has been a tenant in the Timber Incubator Building in Odell since November 2017. They are currently in arrears of \$9,889.42. The Tenant has been responsive and is willing to enter into a rent reduction and repayment plan.

Chief is in the hemp processing and distribution industry, which includes a fair amount of R&D. Due to federal restrictions, their industry is not eligible for any COVID-19 federal funding. The market has been hit hard by the pandemic and Chief have stated that many hemp growers burned their crops this year. They have spent \$200,000 in improvements to the space and invested over \$800,000 in equipment. They are currently hopeful that new products, expected to hit the market this month, will be successful and that they can begin to pay back their arrears amount starting in March.

The following staff-recommended payment plan is agreeable to the Tenant:

December 20, 2020 - January 21, 2021: Tenant pays full utilities (\$120/month) and \$500/month in rent.

February 1, 2021: Base rent of \$1,763 begins + \$250/month in deferred/late rent repayment + full utilities

RECOMMENDATION: Approve Addendum Number 2 to Lease with Chief Consulting Group, LLC in the Timber Incubator Building.

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AMENDMENT 2 TO LEASE

Whereas, the Port of Hood River ("Lessor") and Chief Consulting Group LLC, ("Lessee") entered a lease of approximately 2,500 sf commencing November 8, 2017 ("Lease"); and,

Whereas, Amendment No. 1 to Lease was executed on January 11, 2019, which reinstated the lease and extended the term through October 31, 2020; and

Whereas, Lessee did not exercise the second Lease extension option and as a result, Lessee went into Hold Over status as of November 1, 2020; and

Whereas, Lessee and Lessor will extend the Lease term through March 31, 2020 and will negotiate terms of a new, replacement lease using Lessor's revised lease form, to be signed by Lessee and Lessor by March 1, 2021; and

Whereas, Lessee's rental payments are in arrears and Lessee currently owes Lessor \$_____ back rent ("Back Rent"); and

Whereas, due to the COVID-19 pandemic, Lessee has experienced significant economic hardship. Lessee is not eligible for Federal CARES Act or other relief funding related to the COVID-19 pandemic. Consequently, Lessor is willing to adjust and defer Lessee's monthly rent obligation as set forth hereunder.

Therefore, Lessee and Lessor agree the Lease is reinstated and in effect, and agree to the following amendments to the Lease:

1. The Lease term is extended through March 31, 2021 or will terminate sooner if the replacement lease is finalized and signed by Lessee and Lessor by April 1, 2021. If a replacement lease is not signed by April 1, 2021 Lessor may evict Lessee or consider Lessee to be a Holdover Tenant.
2. Lessee will immediately pay Lessor \$500.00 as a partial payment of Lessee's monthly base rent obligation plus full utilities costs, which will be accepted by Lessor as rent for the months of December 2020 and January 2021. The balance of monthly rent Lessee owes for December 2020 and January 2021 ("Deferred Rent") shall remain payable by Lessee as stated hereafter.
3. On February 1, 2021, Lessee will pay Lessor the full base rent amount of \$1,763.00 plus full utility costs owed, plus Lessee will pay \$250.00 which will be credited towards and reduce Lessee's Deferred Rent obligation.
4. If a new lease is in effect on and after April 1, 2021, Lessee will pay Lessor all rental obligation amounts, base rent and balance owed to Lessor for Back Rent and Deferred Rent, per the terms stated in the new lease. If a new lease is not executed by Lessor and Lessee by April 1, 2021, or such other later date if agreed to in writing by Lessor and Lessee, all unpaid rent and utilities costs, and all unpaid Back Rent and unpaid Deferred Rent shall be immediately due and payable to Lessor by Lessee.

Except as modified by Amendment No. 1 and this Amendment No. 2 to Lease, the Lease is and shall remain in full force and effect.

DATED THIS _____ DAY OF _____ 2020

By: _____
Michael S. McElwee, Port of Hood River, Executive Director

By: _____
Johnathan Vanella, Chief Consulting Group, LLC, Member

Commission Memo



Prepared by: Fred Kowell
Date: December 15, 2020
Re: Accounts Payable Requiring Commission Approval

Jaques Sharp	\$6,095.00
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Attorney services per attached summary

TOTAL ACCOUNTS PAYABLE TO APPROVE	\$6,095.00
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JAQUES SHARP

— ATTORNEYS AT LAW —

205 3RD STREET / PO BOX 457
 HOOD RIVER, OR 97031
 (Phone) 541-386-1311 (Fax) 541-386-8771

CREDIT CARDS ACCEPTED

HOOD RIVER, PORT OF
 1000 E. PORT MARINA DRIVE
 HOOD RIVER OR 97031

Page: 1
 December 02, 2020
 Account No: PORTOHAM

Previous Balance	Fees	Expenses	Advances	Payments	Balance	
MISCELLANEOUS MATTERS						
JJ	300.00	1,900.00	0.00	0.00	-300.00	\$1,900.00
LEASE (Robichaud Batten Systems, Inc)	1,165.00	0.00	0.00	0.00	-1,165.00	\$0.00
LEASE (Pfriem Brewing)	1,550.00	2,705.00	0.00	0.00	-1,550.00	\$2,705.00
AUDIT LETTERS						
	25.00	0.00	0.00	0.00	-25.00	\$0.00
AIRPORT T-HANGER LEASE FORMS (2012-2013)						
	225.00	0.00	0.00	0.00	-225.00	\$0.00
HANEL PROPERTY CLEANUP GRANT (OBDD; EPA; DEQ)						
	0.00	25.00	0.00	0.00	0.00	\$25.00
HVAC MAINTENANCE CONTRACT (DIVCO, INC.)						
	0.00	250.00	0.00	0.00	0.00	\$250.00
ODOT BRIDGE FUNDS IGA (State of OR; ODOT)						
	75.00	50.00	0.00	0.00	-75.00	\$50.00
ODOT IGA - I-84 BRIDGE REPLACEMENT						
	125.00	100.00	0.00	0.00	-125.00	\$100.00

HOOD RIVER, PORT OF

Dec
Account No:

Previous Balance	Fees	Expenses	Advances	Payments	Balance
EXIT 62 PROPERTY (Four Feathers Farms, LLC) 1,176.95	50.00	0.00	0.00	-1,176.95	\$50.00
CITY DRAINAGE CONNECTION 8TH ST. (City Of HR; Pfri 1,000.00	0.00	0.00	0.00	-1,000.00	\$0.00
BISTATE WORKING GROUP-NEW BRIDGE 175.00	0.00	0.00	0.00	-175.00	\$0.00
SIEGEL BRIDGE CONTRACT (Steve Siegel) 0.00	200.00	0.00	0.00	0.00	\$200.00
LEASE (Roam and Shelter, LLC; Larry Wilson) 0.00	815.00	0.00	0.00	0.00	\$815.00
PROPERTY PURCHASE ([REDACTED]) 25.00	0.00	0.00	0.00	-25.00	\$0.00
<u>5,841.95</u>	<u>6,095.00</u>	<u>0.00</u>	<u>0.00</u>	<u>-5,841.95</u>	<u>\$6,095.00</u>

THIS STATEMENT REFLECTS SERVICES PROVIDED AND PAYMENTS RECEIVED THROUGH THE 30TH OF NOVEMBER UNLESS OTHERWISE STATED

Commission Memo



Prepared by: Fred Kowell
Date: December 15, 2020
Re: Audit for Fiscal Year Ending June 30, 2020

The Annual Financial Report and the Communication to the Governing Body for the Fiscal Year Ended June 30, 2020 are attached. It is important that all Commissioners read the Communication to the Governing Body since this is the auditor's communication to the Board and provides some valuable input into the audit. Tara Kamp from Pauly Rogers and Company will present the Audit report during the meeting and will be able to answer any questions.

RECOMMENDATION: Approve Audit for Fiscal Year Ending June 30, 2020.

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PORT OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

COMMUNICATION TO THE GOVERNING BODY
FOR THE YEAR ENDED JUNE 30, 2020



12700 SW 72nd Ave.
Tigard, OR 97223



PAULY, ROGERS AND Co., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632 ♦ (503) 684-7523 FAX
www.paulyrogersandcocpas.com

November 17, 2020

To the Board of Commissioners
Port of Hood River
Hood River County, Oregon

We have audited the basic financial statements of the governmental activities, the business-type activities, and each major fund of the Port of Hood River for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Purpose of the Audit

Our audit was conducted using sampling, inquiries and analytical work to opine on the fair presentation of the basic financial statements and compliance with:

- generally accepted accounting principles and auditing standards
- the Oregon Municipal Audit Law and the related administrative rules

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the basic financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the basic financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

Our responsibility for the supplementary information accompanying the basic financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the basic financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; therefore, our audit involved judgment about the number of transactions examined and the areas to be tested.

Our audit included obtaining an understanding of the Port and its environment, including internal control, sufficient to assess the risks of material misstatement of the basic financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Port or to acts by management or employees acting on behalf of the Port. We also communicated any internal control related matters that are required to be communicated under professional standards.

Pauly, Rogers and Co., P.C.

Results of Audit

1. Audit opinion letter - an unmodified opinion on the basic financial statements has been issued. This means we have given a “clean” opinion with no reservations.
2. State minimum standards – We found no exceptions or issues requiring comment.
3. No separate management letter was issued.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the basic financial statements in the proper period.

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most significant estimate in the financial statements is the actuarial estimate of the District’s portion of the statewide Net Pension Liability. Other sensitive estimates affecting the basic financial statements were Management’s estimate of Accounts Receivable and Capital Asset Depreciation, which are based on estimated collectability of receivables and useful lives of assets. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the basic financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The disclosures in the basic financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements or determined that their effects are immaterial. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, taken as a whole. There were immaterial uncorrected misstatements noted during the audit which were discussed with management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the basic financial statements or the auditors’ report. We are pleased to report that no such disagreements arose during the course of our audit.

Pauly, Rogers and Co., P.C.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the basic financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to our retention as the auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Required Supplementary Information

We applied certain limited procedures to the required supplementary information that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the required supplementary information and do not express an opinion or provide any assurance on it.

Supplementary Information

We were engaged to report on the supplementary information, which accompany the basic financial statements but are not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the basic financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

Other Information

We were not engaged to report on the other information, which accompanies the basic financial statements but is not required supplementary information. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Matters – Future Accounting and Auditing Issues

In order to keep you aware of new auditing standards issued by the American Institute of Certified Public Accountants and accounting statements issued by the Governmental Accounting Standards Board (GASB), we have prepared the following summary of the more significant upcoming issues:

GASB 84 – FIDUCIARY ACTIVITIES

This statement is effective for reporting periods beginning after December 15, 2019 (as extended by GASB 95). The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

GASB 87 – LEASES

This Statement is effective for fiscal years beginning after June 15, 2021, as extended by GASB 95. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB 89 – ACCOUNTING FOR INTEREST COST INCURRED BEFORE THE END OF A CONSTRUCTION PERIOD

This Statement is effective for fiscal years beginning after December 15, 2020, as extended by GASB 95. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 2009 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred

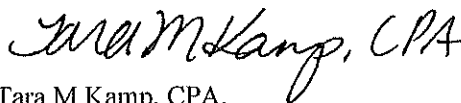
Pauly, Rogers and Co., P.C.

before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

GASB 91 – CONDUIT DEBT OBLIGATIONS

This Statement is effective for fiscal years beginning after December 15, 2021, as extended by GASB 95. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

This information is intended solely for the information and use of the Board of Commissioners and management and is not intended to be and should not be used by anyone other than these specified parties.



Tara M Kamp, CPA.
PAULY, ROGERS AND CO., P.C.

PORT OF HOOD RIVER

HOOD RIVER COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020



**12700 SW 72nd Ave.
Tigard, OR 97223**

PORT OF HOOD RIVER

Financial Statements

June 30, 2020

PORT OF HOOD RIVER

June 30, 2020

BOARD OF COMMISSIONERS

NAME	TERM EXPIRES
John Everitt , President	June 30, 2021
Ben Sheppard, Vice President	June 30, 2021
Kristi Chapman, Treasurer	June 30, 2022
David Meriwether, Secretary	June 30, 2021
Hoby Streich	June 30, 2022

All commissioners receive mail at the address listed below.

ADMINISTRATION

Michael McElwee, Executive Director
Fred Kowell, Chief Financial Officer
1000 E. Port Marina Dr.
Hood River, Oregon 97031

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PORT OF HOOD RIVER
HOOD RIVER COUNTY, OREGON
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HOOD RIVER COUNTY, OREGON
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 HOOD RIVER COUNTY, OREGON
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PAULY, ROGERS, AND Co., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
www.paulyrogersandcocpas.com

November 17, 2020

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Port of Hood River
Hood River County, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Port of Hood River, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Port of Hood River, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary

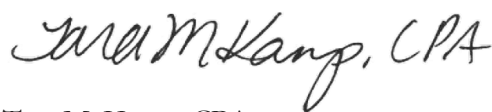
information, as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The listing of board members containing their term expiration dates, located before the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Reports on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 17, 2020 on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.

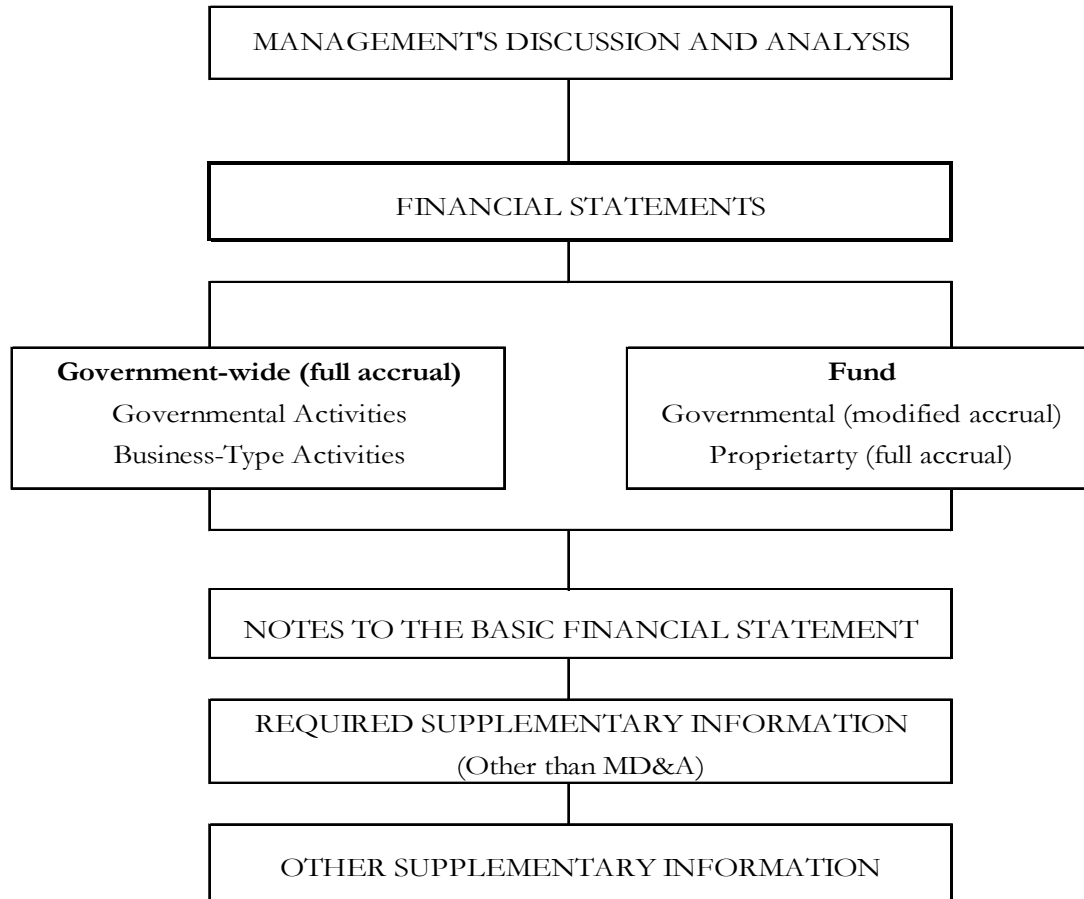
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PORT OF HOOD RIVER, OREGON
Management Discussion and Analysis
For the Year Ended June 30, 2020

INTRODUCTION

The Annual Financial Report consists of Management Discussion and Analysis which provides an overview of the financial performance and activities of the Port for the fiscal year ended June 30, 2020. The diagram below depicts the different components of the Annual Financial Report and their respective descriptions from the basic financial statements to those presented at the fund level which depict how the Port’s financial performance compared to what was budgeted.

Financial Section Components



GOVERNMENT-WIDE STATEMENTS

The government-wide statements report financial information about the Port taken as a whole using accounting methods similar to those used by private-sector companies. The statement of Net Position includes all the Port's assets and liabilities. All the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when the cash is received or paid. The two government-wide statements report the Port's Net Position and any changes. Net position – the difference between assets and liabilities – is one way to measure the Port's financial health or position.

The government-wide financial statements of the Port are divided into two categories:

Governmental funds – The Port maintains two individual governmental funds as of June 30, 2020. Both are considered major funds and are reported separately in the statement of revenues, expenditures, and changes in fund balances. The two funds are the General Fund and the Bridge Repair and Replacement fund. The General Fund records the transactions related to policy making and strategic planning as it pertains to the Port's mission and values. The General Fund will also include general administration as well as a portion of support services. The Bridge Repair and Replacement fund is a Special Revenue Fund that is used to record capital improvements, planning, inspection and replacement activity associated with the Hood River/White Salmon Interstate Bridge, as well as any debt related activities with the existing bridge.

The Port adopts an annual budget for all its funds. Budgetary comparison schedules are provided to demonstrate compliance with applicable state budgetary rules. These schedules can be found in the Required Supplementary Information section of this report.

Business-type funds – Business type activities are used to distinguish operating revenues and expenses from non-operating items. The Port maintains an enterprise fund called the Revenue Fund which receives the following fees charged to Port customers:

1. Fees – tolls paid by bridge users
2. Lease revenues - industrial, commercial and mix-use tenants.
3. Rent for marina boat slips and airport hangers.
4. Fees for recreational events, parking and programs.

Notes to the financial statements provide additional information that is essential to fully understand the Port's financial statements and position.

Statement of Net Position

Net Position serves as a useful indicator of a government's financial position, especially when viewed over multiple periods of time. In the case of the Port, the total net position is \$46,641,219 at the close of this fiscal year. This represents a \$2,197,208 increase over the prior fiscal year.

Table 1 below depicts an increase in total assets by \$4,462,915 which is primarily attributable to a timing difference between a balloon debt payment of \$1,834,630 which was deferred until July 2020, and the refinance of that balloon debt payment of \$1,860,534 that occurred before the end of the fiscal year. The remainder of this increase can be attributable to the increase in grants receivables of \$908,846 related to construction work on the north apron of the airport as well as the bridge replacement effort regarding the environmental impact process. Capital assets depicted a decrease of (\$92,761), net of depreciation. Accounts receivables depicts a decrease of (\$24,331) from the prior year related to a charge of \$88,020 to the allowance for doubtful accounts related to billings from our tolling system.

The largest portion of the Port's net position, at 74%, are invested in capital assets (e.g. bridge, land, buildings, and equipment) and reported net of accumulated depreciation less any outstanding related debt. The Port uses these capital assets to provide services to the public; thus, they do not represent resources available for future spending. Restricted Net position of \$286,300 represents cash and investments that are legally restricted for debt service related to the marina flex lease debt and a taxable general revenue bond. The Port issued a taxable general revenue bond of \$1,860,534 to replace the balloon payment of an outstanding note payable of \$1,837,630 that was deferred until July 2020. Finally, the remaining \$12,005,199 is unrestricted, meaning it is available for meeting the Port's ongoing obligations. The increase over last year is attributable to the increase in cash and investments related to the deferred note payable payment and the refinance of that debt.

**PORT OF HOOD RIVER, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS**

TABLE 1 - NET POSITION

AS OF JUNE 30,

	Governmental Activities		Business-Type Activities		Total All Funds	
			Revenue Fund			
	2020	2019	2020	2019	2020	2019
Unrestricted - Current and Other Assets			\$ 12,321,147	\$ 7,968,512	\$ 12,321,147	\$ 7,968,512
General Fund	306,600	296,643			306,600	296,643
Bridge Repair and Replacement Fund	1,924,967	1,877,476			1,924,967	1,877,476
Restricted - Current and Other Assets			286,300	140,707	286,300	140,707
Bridge Repair and Replacement Fund	-	-			-	-
Capital Assets			31,996,209	31,576,400	31,996,209	31,576,400
General Fund	7,000	7,000			7,000	7,000
Bridge Repair and Replacement Fund	6,897,975	7,410,545			6,897,975	7,410,545
Total Assets	9,136,542	9,591,664	44,603,656	39,685,619	53,740,198	49,277,283
Pension related deferrals	101,776	89,402	645,120	566,062	746,896	655,464
OPEB related deferrals	1,242		6,783	535	1,242	-
Total Deferred Outflows of Resources	103,018	89,402	651,903	566,597	748,138	655,464
Long-Term Debt			4,265,164	2,512,961	4,265,164	2,512,961
Bridge Repair and Replacement Fund	-	-				
Other Liabilities			2,009,898	1,672,896	3,526,724	2,889,371
Net Pension Liability	201,104	161,842	1,274,738	1,025,866		
Total OPEB Liability	5,737	4,027	35,247	24,740		
General Fund	-	-				
Bridge Repair and Replacement Fund	-	-				
Total Liabilities	206,841	165,869	7,585,047	5,236,463	7,791,888	5,402,332
Pension and OPEB Related Deferral	8,454	11,853	53,558	75,086	62,012	86,939
Total Deferred Inflows of Resources	8,454	11,853	53,558	75,086	62,012	86,939
<i>Net Position</i>						
Net Investment in Capital Assets			27,444,745	29,063,439	34,349,720	36,480,984
General Fund	7,000	7,000				
Bridge Repair and Replacement Fund	6,897,975	7,410,545				
Restricted - Debt Service	-	-	286,300	140,707	286,300	140,707
Unrestricted			9,885,909	5,736,521	12,005,199	7,822,320
General Fund	227,140	235,110				
Bridge Repair and Replacement Fund	1,892,150	1,850,689				
Total Net Position	\$ 9,024,265	\$ 9,503,344	\$ 37,616,954	\$ 34,940,667	\$ 46,641,219	\$44,444,011

PORT OF HOOD RIVER, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
TABLE 2 - GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
FOR THE FISCAL YEARS ENDING JUNE 30TH

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues						
<i>Program revenues</i>						
Charges for services - Tolls			\$ 5,337,531	\$ 5,908,313	\$ 5,337,531	\$ 5,908,313
Leases, rents and fees			3,126,963	3,232,159	3,126,963	3,232,159
Operating grants	1,397,655	1,473,192	-	-	1,397,655	1,473,192
Capital grants			1,389,445	312,298	1,389,445	312,298
<i>General Government Revenues</i>						
Property taxes	76,636	73,621			76,636	73,621
Interest earnings	54,580	36,655	173,782	216,791	228,362	253,446
Other sources	-	-	184,217	27,907	184,217	27,907
Transfers	809,850	2,498,672	(809,850)	(2,498,672)	-	-
Total Revenues	2,338,721	4,082,140	9,402,088	7,198,796	11,740,809	11,280,936
Expenses						
Governmental Activities						
General government	540,086	548,525			540,086	548,525
Bridge repair and replacement	2,277,714	2,278,613			2,277,714	2,278,613
Interest on long-term debt	-	11,808	131,324	142,305	131,324	154,113
<i>Business-type Activities</i>						
Toll bridge			2,310,047	1,978,340	2,310,047	1,978,340
Industrial			1,581,568	1,580,149	1,581,568	1,580,149
Commercial			282,903	261,577	282,903	261,577
Waterfront Industrial			331,458	207,811	331,458	207,811
Waterfront Recreation			578,762	578,324	578,762	578,324
Marina			306,894	332,663	306,894	332,663
Airport			618,263	598,661	618,263	598,661
Administration			408,103	163,640	408,103	163,640
Maintenance			176,479	158,467	176,479	158,467
Total Expenses	2,817,800	2,838,946	6,725,801	6,001,937	9,543,601	8,840,883
Increase (decrease) in Net Position	(479,079)	1,243,194	2,676,287	1,196,859	2,197,208	2,440,053
Beginning Net Position	9,503,344	8,260,150	34,940,667	33,743,808	44,444,011	42,003,958
Ending Net Position	\$ 9,024,265	\$ 9,503,344	\$ 37,616,954	\$ 34,940,667	\$ 46,641,219	\$ 44,444,011

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Statement of Activities

As with the Statement of Net Position, the Port reports its financial activities within two activity types; Governmental, which includes the General Fund and the Bridge Repair and Replacement Fund, and Business-type activities, which include the Revenue Fund. As indicated in Table 2 below, total net position of the Port increased by \$2,197,208, or 5%, as compared to the prior year's balance.

Governmental Activities – The change in net position for governmental activities decreased (\$479,080), or 5%, from the prior year. This decrease is primarily due to lower interfund transfers from the enterprise fund to the governmental funds for bridge planning and reimbursements from a State of Oregon grant, which funded the final environmental impact studies for a replacement bridge effort.

Financial highlights of governmental fund activities for the year include:

- Reimbursements amounting to \$1,397,655 from a legislative grant of \$5 million to complete the final environmental impact study concerning the replacement of the existing bridge.
- Lower interfund transfers by \$1,688,822
- Property taxes continue to increase in line with projections or about 5%.
- Higher investment earnings due to higher reserves.
- Personnel costs decreased slightly by (\$8,583) as less staff time was dedicated to the bridge replacement planning and legislative advocacy effort.

Business-type Activities - Business type activities generated \$2,676,287, or an 8% increase in the Port's net position. The financial results for this year include an increase in toll revenues of \$570,782 or 10% as compared to the prior year. This reduction is due to the Covid-19 pandemic and pulling toll collectors from the toll booth for six weeks while the Port re-engineered the tolling function for a Covid-19 pandemic. The Port did not charge tolls during a six week period while Port staff implemented a License Plate Recognition system to allow for billing of tolls without toll collectors in the booth. Bridge traffic of 4,076,838 crossings is a decrease of 334,998 from the prior year or 8% less. Fewer trips were due to the Covid-19 pandemic with customers making fewer trips from home. Lease revenues from industrial and commercial properties showed the impact of the Covid-19 pandemic as some tenants requested to defer or have waived their monthly lease payments for a few months due to the Covid-19 impact to their businesses. This impact showed a decrease in lease revenues by \$105,196 or 4%, from the prior year. Recreation related revenue decreased slightly by (\$10,365) due to lower street parking fees, due to fewer people coming out to recreate due to the pandemic. Capital grants continued to play an integral role to the Port as \$1,389,445 was related to the airport north apron development.

Revenue Fund revenues including interest, capital grants and transfers depicts an increase of \$2,203,292 which was primarily attributable to the increase in Federal Aviation Administration and Oregon Connect VI grants for the north apron development projects. Grants along with the timing difference related to the defeasance of the note payable and the refinancing of the debt is the reason

for this increase. Expenditures increased by \$723,864. This increase is attributable to higher operating and maintenance costs for the bridge of \$331,707, as well as an increase in Waterfront industrial property of \$123,647 related to professional services for the possible acquisition of land. In addition, pension and OPEB accrued expenses increased from prior year in an amount of \$152,545 and other miscellaneous administrative supply costs were higher due to Covid-19 as compared to prior years.

Financial Analysis and Outlook:

The Port is involved in a variety of activities that all contribute to the economic health and vitality of the community. The major source of funds for Port operations continues to be the toll bridge, accounting for 63% of Port operating revenues, excluding grants. Lease revenues and other fees were impacted to some extent due to the coronavirus but were mitigated by a combination of restructured leases for renewals and fee increases for paid parking, marina slips, and hangar spaces at the airport. These assets continue to provide the Port with significant financial resources which enables diversification of the revenue mix. The Port has a 95% occupancy rate as the year ended and additional development opportunities may further expand the Port's leasable space. The Port purchased the property formerly known as the Lower Hanel Mill and is in the final process of developing the site for future industrial uses like warehousing and manufacturing. This will partially offset the leasable square footage lost from the sale of the Expo building.

The Port receives property taxes which are recorded in the General Fund, however these taxes only account for less than 1% of total revenues and are used to fund policy and planning costs. Capital grants continue to play a vital role in how the Port develops properties, including the airport upgrade of the north apron and the environmental impact. The Port receives an operating grant from the Oregon State Marine Board that assists in funding Marina operations. Over the years the Port has incorporated extensive public outreach and community involvement to guide the development of the waterfront and especially the 10+ acre property known locally as "Lot 1". Lot 1 is prime industrial property that represents the last remaining large, developable property on the waterfront. The Port will continue to work with the community in planning for the property and expects to finalize the conceptual design and layout, as well as target markets for sale or lease of the developed properties. This will help determine the proper sizing for utilities and other infrastructure that will need to be put in place. Ultimately, examination of these costs will assist in the determination of the appropriate kind and amount of public subsidy that will be needed in attaining the return on investment that is satisfactory to the Port Commission.

The following categories are helpful to describe the Port's separate business units:

Bridge – The bridge traffic decreased slightly for the year with 4,076,838 crossings, a 7.6% decrease as compared to the previous year. This decrease is attributable to the impact of the Covid-19 pandemic. The traffic was tracking above prior year traffic but dropped by 30% in mid-March as the county/state was informed to stay at home. Although traffic has come back, it is still about 10% lower than the prior year. From March 17th to the end of April, the Port did not charge tolls to customers crossing the bridge. Due to the coronavirus, the Port was required to pull its toll collectors who were using

(PPE) personal protective equipment and provide the PPE to first responders and the healthcare workers. With no toll collectors to collect cash tolls, the Port eliminated electronic tolling (Breezeby) for those customers during this time. On May 1st the Port implemented All Electronic tolling (AET) which uses license plate recognition technology that allows the toll to be billed to a customer's residence that is on their vehicle registration. Due to the extra ongoing cost of looking up a license plate number and customer address, as well as the postage and supply cost, the Port charged customers who did not pay their toll online, an administrative charge of \$3 to recover the additional cost related to a license plate lookup. During this time the Port started back up Breezeby, for those customers who use a transponder in their vehicle to cross the bridge. On June 1st, the Port was allowed to have our toll collectors back in the toll facility as first responders and the local healthcare industry had enough PPE in their inventory. This improved customer service, collections and the Port was able to use less of the AET system that was implemented.

The Port continues its work on the Final Environmental Impact Study required for a bridge replacement effort. This effort includes outreach to all the affected communities so that when the funding phase of this effort occurs, barriers to completion as well as the multitude of other issues have been addressed such that support for the bridge replacement effort will be fulfilled.

This year saw continued capital improvements to the bridge deck with numerous welding days, many steel improvements along the guard rails, the replacement of the toll facility outer shell and the tolling system. The 30-year plan for the bridge continues to be refined as the Port moves toward bridge replacement. This dual long-range strategy has determined that tolls must continue to be studied to allow the development of reserves as well as the long-term replacement of the existing bridge. During this year, the Port continued to upgrade and replace elements of the tolling system hardware and software amounting to \$122,229. Bridge operating expenses included in the Revenue fund amounted to \$2,310,047, including \$308,173 in depreciation. Expenses were higher by \$331,707 primarily due to higher personnel costs, postage and supplies and professional services related to tolling. Bridge Repair & Replacement expenses amounted to \$2,277,714 which includes depreciation of \$741,525. Expenses are comparable to the prior year, with the reimbursements from the ODOT grant being slightly lower than prior years.

Leased Properties – This year, \$413,949 in capital improvements were made to all industrial and commercial properties. Jensen building improvements and the environmental work related to the property were \$108,242. The Big 7 roof design and interior building improvements amounted to \$26,731. The Port office received a backup generator, a pathway to the main waterfront trail, and some minor interior improvements that amounted to \$72,806. The Marina office building had some exterior work performed to the outer shell that amounted to \$7,091, while the Wasco facility received a major tenant improvement costing \$84,822. The Hanel property continues to incur development costs to make the property ready for sale in parcels. The capital improvements that were made amounted to \$114,257. All of these capital improvements were made to ensure continued demand for these facilities as well as to maintain the level of tenant occupancy and satisfaction necessary to fulfill job development and small business growth within the Port district.

Lease revenues and other reimbursable fees (i.e., utilities and property taxes) for the industrial and commercial properties were \$2,230,924, reflecting a decrease of \$119,804 over the prior year. Developed property (i.e., Industrial and Commercial) operating expenses amounted to \$1,864,471 of which \$499,985 was depreciation. Expenses were \$22,746 more than the prior year, primarily due to higher staffing costs related to the coronavirus.

Undeveloped Property – There continues to be various discussions on the remaining undeveloped lots at the waterfront. The Port continues to engage the local community as well as incorporate the remaining lots into its Strategic Plan which will assist in defining the development options for the remaining parcels. Undeveloped property expenses amounted to \$331,458, an increase of \$123,647 from the prior year. The increase is due to professional services related to the possible acquisition of land and the costs related to stormwater infrastructure.

Recreation – The Port continues to program and manage waterfront activities, which during peak periods of the summer has considerable traffic and use. The recreational usage along the waterfront continues to challenge the Port's ability to meet public user expectations. The growth in kiteboarding, windsurfing, and the addition of paddle boarding has waterfront users competing against each other for time, access to the water, and space. Last summer the Port increased seasonal and daily parking fees at the Event Site to assist in securing additional law enforcement activity in the area. This year recreation revenues amounted to \$206,745 which was a decrease of \$10,365 over the prior year. Recreation expenses amounted to \$578,762 of which \$134,208 was depreciation. Expenses were flat with respect to the prior year. Event revenues were impacted due to the Covid-19 as the public came to the waterfront but in fewer numbers as compared to the prior year.

Marina – The marina continues to have a wait list of more than 78 potential slip renters, seeking space in a Marina with a total of 165 slips. The marina has a history of 100% occupancy and this year is no exception. The Port has finished the remaining electrical work on the docks and continues to make repairs to several docks adjoining the boathouse portion of the marina. For the year, marina revenues amounted to \$360,444 which is an increase of \$1,615 compared to the prior year. Although moorage rates increased by 6%, cruise ship dockings were impacted by Covid-19 eliminating the increase in moorage revenues. The revenues included \$84,671 of assessments for electrical improvements made in prior years. Marina expenses were \$306,894, of which \$78,758 was depreciation. Expenses were less by \$25,769 from the prior year, due to lower maintenance costs due to activity.

Airport – The north apron development to the airport is funded by both a FAA grant and a state Connect VI grant. The north apron rehabilitation incurred \$1,241,082 of capital improvements, while the environmental assessment for the north apron incurred \$16,887. This project is funded by a FAA grant which initially required a 10% match by the Port but the match was eventually funded by the CARES Act. The State of Oregon also contributed towards the airport technology and emergency center that requires a 29% local match in which \$935,703 was incurred this year and is reflected in the total capital improvements above. This project will be complete in the 1st quarter of next year.

Airport hangar rates saw an increase of 6% for the year as the Port pursues a multi-year increase of airport hangar rates, to bring them in line with comparable airports. This will also allow for more cost recovery by the airport for its operations. Airport revenues were \$219,323 which is \$6,243 more than the prior year. Capital grants amounted to \$1,389,445 for environmental assessment, design and engineering for the north apron as well as funding for the commercial technology area. Expenses amounted to \$618,263 of which \$338,756 was depreciation. Expenses increased by \$19,602 from the prior year, which primarily was attributable to additional maintenance to the grass runway and lighting around the airport.

Economic Factors - The Port has a stable set of resources for ongoing operations and maintenance such as tolls and lease revenues. Since property taxes are such a small percentage of the revenue mix, a recession does not have the same impact to the Port's resources as it would otherwise have with other tax-dependent agencies. Additionally, the Hood River area continues to see a high demand for housing but also continues to have a limited supply of developable properties, thereby keeping the recessionary impact to property values from occurring at significant levels. Employment and job growth continue at a moderate pace and the Port continues to focus its strategic decisions on how best to stimulate job growth in the community and surrounding area.

Uncertainties about future economic changes and financial impacts are common throughout the region. To deal with the swings in the economy and to plan for future capital expansion, the Port has routinely set aside resources to meet its financial policies. The Port will update its Strategic Business Plan in the coming year and will integrate its key financial policies regarding reserves, debt coverage, and revenue diversification in the update.

Request for Information – The Port's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the Port's finances and to demonstrate the Port's accountability. If you have questions about this report or need additional information, please contact the Port's Chief Financial Officer at 1000 E. Port Marina Drive, Hood River, OR 97031, or via email to fkowell@portofhoodriver.com.

PORT OF HOOD RIVER
HOOD RIVER COUNTY, OREGON
BASIC FINANCIAL STATEMENTS

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PORT OF HOOD RIVER
STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS	Governmental Activities	Business-Type Activities	Total
Cash and investments	\$ 2,227,374	9,699,702	\$ 11,927,076
Cash and investments (restricted)	-	286,300	286,300
Receivables (net)	4,193	2,148,928	2,153,121
Prepaid expenses	-	279,574	279,574
Supply inventory	-	34,626	34,626
Deposits	-	158,317	158,317
Capital assets, non-depreciable	75,949	13,086,722	13,162,671
Capital assets, (net of accumulated depreciation)	6,829,026	18,909,487	25,738,513
<i>Total Assets</i>	<u>9,136,542</u>	<u>44,603,656</u>	<u>53,740,198</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferral	101,776	645,120	746,896
OPEB related deferral	1,242	6,783	8,025
<i>Total Deferred Outflows of Resources</i>	<u>103,018</u>	<u>651,903</u>	<u>754,921</u>
LIABILITIES			
<u><i>Current Liabilities</i></u>			
Accounts payables	-	1,089,326	1,089,326
Breezeby outstanding	-	592,027	592,027
Unearned revenue	-	201,234	201,234
Interest payable	-	20,350	20,350
Accrued compensated absences	-	98,792	98,792
Toll tickets outstanding	-	8,169	8,169
<u><i>Non-Current Liabilities</i></u>			
Net pension liability	201,104	1,274,738	1,475,842
Total OPEB liability	5,737	35,247	40,984
Due within one year	-	1,998,630	1,998,630
Due in more than one year	-	2,266,534	2,266,534
<i>Total Liabilities</i>	<u>206,841</u>	<u>7,585,047</u>	<u>7,791,888</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related deferral	8,278	52,477	60,755
OPEB related deferral	176	1,081	1,257
	<u>8,454</u>	<u>53,558</u>	<u>62,012</u>
NET POSITION			
Net Investment in Capital Assets	6,904,975	27,444,745	34,349,720
<i>Restricted for:</i>			
Debt Service	-	286,300	286,300
Unrestricted	2,119,290	9,885,909	12,005,199
<i>Total Net Position</i>	<u>\$ 9,024,265</u>	<u>\$ 37,616,954</u>	<u>\$ 46,641,219</u>

See accompanying notes to the basic financial statements

PORT OF HOOD RIVER

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General Government	540,086	\$ -	\$ -	\$ -
Bridge Repair and Replacement	2,277,714	-	1,397,655	-
Interest on Long Term Debt	-	-	-	-
Total Governmental Activities	2,817,800	-	1,397,655	-
Business Type Activities				
Revenue Fund	6,594,477	8,464,494	97,507	1,389,445
Interest on Long Term Debt	131,324	-	-	-
Total Primary Government	\$ 9,412,277	\$ 8,464,494	\$ 1,495,162	\$ 1,389,445

General Revenues:

- Property taxes
- Earnings on investments
- Miscellaneous
- Transfers

Total General Revenues

Change in net assets

Net Position beginning of year

Net Position end of year

See accompanying notes to the basic financial statements

Net Revenue (Expenses) and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (540,086)	\$ -	\$ (540,086)
(880,059)	-	(880,059)
-	-	-
<u>(1,420,145)</u>	<u>-</u>	<u>(1,420,145)</u>
-	3,356,969	3,356,969
-	(131,324)	-
<u>(1,420,145)</u>	<u>3,225,645</u>	<u>1,805,500</u>
76,636	-	\$ 76,636
54,580	173,782	228,362
-	86,710	86,710
<u>809,850</u>	<u>(809,850)</u>	<u>-</u>
<u>941,066</u>	<u>(549,357)</u>	<u>391,708</u>
(479,079)	2,676,287	2,197,208
<u>9,503,344</u>	<u>34,940,667</u>	<u>44,444,011</u>
<u>\$ 9,024,265</u>	<u>\$ 37,616,954</u>	<u>\$ 46,641,219</u>

See accompanying notes to the basic financial statements

PORT OF HOOD RIVER
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

ASSETS	General	Bridge Repair & Replacement	Total Governmental Funds
<i>Unrestricted Assets</i>			
Cash and Investments	\$ 301,810	\$ 1,924,967	\$ 2,226,777
Cash with Fiscal Agent	597	-	597
Taxes Receivable	5,128	-	5,128
<i>Total Assets</i>	<u>\$ 307,535</u>	<u>\$ 1,924,967</u>	<u>\$ 2,232,502</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	4,776	-	4,776
<i>Total Deferred Inflows of Resources</i>	<u>4,776</u>	<u>-</u>	<u>4,776</u>
FUND BALANCES			
Committed for Bridge Repair & Replacement	-	1,924,967	1,924,967
Unassigned	\$ 302,759	-	302,759
<i>Total Fund Balances</i>	<u>302,759</u>	<u>1,924,967</u>	<u>2,227,726</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 307,535</u>	<u>\$ 1,924,967</u>	<u>\$ 2,232,502</u>

PORT OF HOOD RIVER

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO STATEMENT OF POSITION
JUNE 30, 2020

Total Fund Balances - Governmental Funds	\$ 2,227,726
Amounts Reported for Governmental Activities in the Statement of Net Position are different because:	
Deferred Outflows of Resources - Pension Related Deferral	101,776
Deferred Outflows of Resources - OPEB Related Deferral	1,242
The proportionate share of the net pension liability is not reported as a liability in the governmental funds	(201,104)
The total OPEB liability is not reported as a liability in the governmental funds	(5,737)
Deferred Inflows of Resources - Pension Related Deferral	(8,278)
Deferred Inflows of Resources - OPEB Related Deferral	(176)
Revenues are unavailable in the Governmental Funds if received after 60 days, but accrued in the Statement of Activities as earned.	4,776
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes	(935)
Capital assets, net used in Governmental Activities are not financial resources and therefore are not reported in the funds.	6,904,975
Net Position of Governmental Activities	<u>\$ 9,024,265</u>

PORT OF HOOD RIVER

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS

June 30, 2020

	Funds		Total Governmental Funds
	General	Bridge Repair & Replacement	
REVENUES			
Property taxes	\$ 76,636	\$ -	\$ 76,636
Interest	7,090	47,490	54,580
Income from Grants	-	1,397,655	1,397,655
<i>Total Revenues</i>	<u>83,726</u>	<u>1,445,145</u>	<u>1,528,871</u>
EXPENDITURES			
<i>Current</i>			
General government	522,159	-	522,159
Bridge repair and replacement	-	1,530,159	1,530,159
<i>Capital Outlay</i>			
Bridge repair and replacement	-	228,953	228,953
<i>Debt Service</i>			
Interest	-	-	-
Principal payment	-	-	-
<i>Total Expenditures</i>	<u>522,159</u>	<u>1,759,112</u>	<u>2,281,271</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(438,433)	(313,967)	(752,400)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	448,392	361,458	809,850
<i>Total Other Financing Sources (Uses)</i>	<u>448,392</u>	<u>361,458</u>	<u>809,850</u>
Net change in Fund Balances	9,959	47,491	57,450
FUND BALANCE - Beginning	292,800	1,877,476	2,170,276
FUND BALANCE - Ending	<u>\$ 302,759</u>	<u>\$ 1,924,967</u>	<u>\$ 2,227,726</u>

PORT OF HOOD RIVER

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

Net Change in Fund Balances - Total Government Funds	\$	57,450
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Amounts Reported for Governmental Activities in the Statement of Activities are
are different because:

Government Funds report Capital Outlays as Expenditures while Governmental Activities
report Depreciation Expense to allocate those Expenditures over the life of the assets.
This is the amount by which Depreciation exceeded Capital Outlays in the current period.

Expenditures for Capital Assets	228,953	
Less: Current Year Depreciation	<u>(741,523)</u>	(512,570)

The pension expense represents the change in net pension asset (liability) from year
to year due to changes in total pension liability and the fair value of the pension
plan net position available to pay pension benefits.

(23,459)

The OPEB expense represents the net change in total OPEB liability for the year.

(500)

Change in Net Position of Governmental Activities

\$ (479,079)

PORT OF HOOD RIVER

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - PROPRIETARY FUND

For the Year Ended June 30, 2020

	REVENUE FUND
OPERATING REVENUES	
Bridge tolls	\$ 5,337,531
Leases, rents and fees	3,126,963
Total Operating Revenues	<u>8,464,494</u>
OPERATING EXPENSES	
Salaries and wages	1,485,987
Payroll taxes and benefits	804,058
Utilities including communication costs	563,428
Insurance	388,463
Maintenance and supplies	291,153
Other operating expenses	657,001
Professional services including legal	745,317
Property taxes	201,146
Depreciation expense	1,457,924
Total Operating Expenses	<u>6,594,477</u>
Operating Income	<u>1,870,017</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest income	173,782
Income from other sources and grants	184,217
Interest expense	(131,324)
Total Non-operating Revenues (Expenses)	<u>226,675</u>
Income before Capital Contributions and Operating Transfers	2,096,692
CAPITAL GRANTS AND TRANSFERS	
Capital grants and contributions	1,389,445
Operating transfers out	(809,850)
Total Capital Contributions and Transfers	579,595
Change in Net Position	2,676,287
Total Net Position - Beginning	<u>34,940,667</u>
Total Net Position - Ending	<u><u>\$ 37,616,954</u></u>

PORT OF HOOD RIVER
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - PROPRIETARY FUND
For the Year Ended June 30, 2020

	REVENUE FUND
OPERATING REVENUES	
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Total Net Position - Beginning	34,940,667
Total Net Position - Ending	\$ 37,616,954

PORT OF HOOD RIVER
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2020

	REVENUE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 7,731,690
Cash paid to suppliers	(2,785,952)
Cash paid to employees and benefits	(2,115,511)
Net Cash Provided by Operating Activities	2,830,227
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES	
Income from other sources and grants	184,217
Transfers to other funds	(809,850)
Net Cash (Used) by Noncapital Financing Activities	(625,633)
CASH FLOWS FROM CAPITAL FINANCIAL ACTIVITIES	
Capital grant and contribution monies received	1,389,445
Interest paid on capital debt	(110,974)
Principal payment on capital debt	(108,331)
Issuance of general taxable revenue bond	1,860,534
Acquisition and construction of capital assets	(1,877,733)
Net Cash (Used) for Capital and Related Financing Activities	1,152,941
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment earnings	173,782
Net Cash Provided by Investing Activities	173,782
Net (Decrease) in Cash	3,531,317
CASH AND EQUIVALENTS - BEGINNING OF YEAR	6,454,685
CASH AND EQUIVALENTS - END OF YEAR	\$ 9,986,002
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATIONS	
Operating Income	\$ 1,870,017
Adjustments to reconcile operating income to net cash:	
Depreciation	1,457,925
(Increase) Decrease in:	
Accounts Receivable	(884,516)
Prepaid Expenses	(58,580)
Inventory	(23,815)
Decrease (Increase) in:	
Accounts Payable	142,951
Accrued Liabilities	21,989
Pension Items	148,687
OPEB Items	3,857
Unearned Revenues	151,712
Net Cash Provided by Operating Activities	\$ 2,830,227

See the accompanying notes to the basic financial statements

PORT OF HOOD RIVER
Notes to Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of the Port of Hood River, Oregon, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

Port of Hood River (Port) is a municipal corporation governed by an elected board of commissioners consisting of a president, vice-president, secretary, treasurer, and a fifth commissioner. As required by generally accepted accounting principles in the United States of America, all activities of the Port have been included in these financial statements.

Component units, as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14, 39 and 61, are separate organizations which are included in the reporting entity because of the significance of their operational or financial relationships with the Port. There are no component units reported herein.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on bridge toll revenues and lease income.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *program revenues* include:

- 1) Charges to customers or applicants for goods, services, or privileges provided,
- 2) Operating grants and contributions, and
- 3) Capital grants and contributions, including special assessments.

Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Port considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. Property taxes associated with the current fiscal period are recognized as revenues in the current fiscal period if collected within sixty days after year end.

D. Budgetary Basis of Accounting

While the financial position, results of operations, and changes in fund balance or net position is reported on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis of accounting differs from generally accepted accounting principles. The budgetary statements provided as part of required supplementary information and supplementary information elsewhere in this report are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The primary differences between the budgetary basis and GAAP are that capital outlay is expensed when purchased, depreciation and amortization expenses are not reported, property taxes are recognized as revenue when received instead of when levied, inventory is expensed as purchased, and proceeds of long-term borrowing are recognized as an “other financing source” and principal paid is considered an expenditure when paid.

The Port reports the following major governmental funds:

The *General Fund* is the Port’s primary administration fund. Financial transactions not specifically related to the Port’s other funds are accounted for therein. The major revenue sources are property taxes, interest income and revenues transferred from the Port’s enterprise fund.

The *Bridge Repair and Replacement Fund* is the Port’s special revenue fund. This fund accounts for the revenues and expenditures related to the bridge capital improvements that are made to maintain, extend or replace its structures, surfaces, and integrity of its components into the future. It is financed by debt and transfers received from a portion of the bridge toll revenues and by interest income earned from within the fund.

The Port reports the following major enterprise fund:

The *Revenue Fund* is the Port's enterprise fund. This fund was established to account for the revenues and expenses of the Port's operating activities. The primary sources of revenue are the bridge tolls, lease rentals, fees, grant proceeds, and proceeds from the sale of any assets.

Proprietary funds distinguish operating revenues and expenses from non-operating items. The principal operating revenues of the enterprise fund are bridge tolls, lease rentals and fees, and operating grants. Operating expenses for the enterprise fund include administrative expenses, maintenance, insurance, and depreciation on capital assets. All other revenues and expenses are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Port's policy to use restricted resources for their intended purposes first then unrestricted resources as they are needed. Within unrestricted resources, committed and assigned are considered spent (if available) for their intended purposes before unassigned amounts.

E. Cash and Investments

The cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Fair Value Inputs and Methodologies and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access, or

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs), or

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments).

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for an identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgement exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting period. Actual results could differ from those estimates.

G. Budgets

A budget is prepared for all funds, in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon Local Budget Law. The budget process begins in each fiscal year with the establishment of the Budget Committee. Recommendations are developed through late winter with the Budget Committee approving the budget in early spring. Public notices of the budget hearing are published generally in early spring with a public hearing being held approximately three weeks later. The Board of Commissioners may amend the budget prior to adoption; however, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is then adopted, appropriations are made and the tax levy declared no later than June 30th.

Expenditure budgets are appropriated at the following levels for each fund:

LEVEL OF CONTROL

Personnel Services	Interfund Transfers
Materials and Services	Debt Service
Capital Outlay	Operating Contingency

Appropriations lapse at the fiscal year-end. Management may amend line items in the budget without Commissioner approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Commissioners approve them due to a need which exists which was not determined at the time the budget was adopted.

Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2020.

H. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position or equity

1. *Deposits and investments – restricted and unrestricted*

The Port's cash and cash equivalents are considered to be cash on hand, checking deposits, short-term investments with original maturities of three months or less from the date of acquisition and investments in securities with existing maturities of eight years or less. Investments are recorded at fair value when a market price is available. Assets whose use is restricted to specific purposes by state law or bond indenture are segregated on statement of net position.

2. *Receivables and payables*

Property tax receivables are deemed to be substantially collectable or recoverable through foreclosure. Accordingly, no allowance for doubtful accounts is deemed necessary with regard to property taxes. All other receivables are shown net of an allowance for uncollectable.

Property taxes are levied and become a lien as of July 1. Property taxes are assessed in October and tax payments are due November 15th. Under the partial payment schedule, the first one-third of taxes are due November 15th, the second one-third on February 15th, and the remaining one-third on May 15th. A three percent discount is allowed if full payment is made by November 15th, and a two percent discount is allowed if two-thirds payment is made by November 15th. Taxes become delinquent if not paid by the due date and interest accrues after each trimester at a rate of one percent per month. Property foreclosure proceedings are initiated four years after the tax due date.

Accounts receivables accordingly, do have an allowance for doubtful accounts that is monitored based upon the payment trends of accounts and their business's ability to pay. If an account depicts financial stress, an agreement is normally renegotiated to keep a past due balance from becoming uncollectible.

3. *Inventories*

The Port's inventory at year end is stated at cost, using the first in first out method.

4. *Prepaid Expenses*

Certain payments to vendors reflect costs applicable to a future accounting period(s) and are recorded as prepaid items in both government-wide and fund financial statements.

5. *Capital Assets*

In accordance with GASB Statement No. 34, the Port has reported all capital assets, which include property, equipment and infrastructure assets (e.g., roads, bridges), in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Port as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. The useful lives generally range from 5 to 40 years for land and building improvements, 20 to 60 years for bridge and related improvements, and 5 to 15 years for equipment. Such assets are recorded historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for land, buildings, and improvements are capitalized as projects are purchased or constructed. Property, plant and equipment of the Port are depreciated using the straight-line method over the estimated useful life of the asset.

6. *Compensated Absences*

It is the Port's policy to permit employees to accumulate earned but unused vacation leave, which will be paid to employees upon separation from service. All vacation pay is accrued when incurred in the government-wide financial statements and in the proprietary fund financial statements. The Port allows for a maximum of 240 hours of vacation to be carried forward at the end of a calendar year.

7. *Non-current liabilities*

In the government-wide financial statements long-term debt, and notes payable are reported as long-term liabilities in the Port's statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums, or discounts at the time of bond issuance and are either reported as other financing sources or uses. The face amount of debt issued is reported as other financing sources.

Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. *Net assets & fund balance*

The government-wide statement of net position reports \$286,300 of restricted net position which is restricted for the Port's future bond debt service. In the fund financial statements, fund balance is reported in a classification that is comprised of a hierarchy based on the extent to which the Port is bound to honor constraints on the specific purpose for which amounts in those funds can be spent. The classifications of fund balances are Nonspendable, Restricted, Committed, Assigned and Unassigned. Nonspendable and Restricted fund balances represent the restricted classifications and Committed, Assigned, and Unassigned represent the unrestricted classifications.

Nonspendable fund balance includes amounts that cannot be spent because either 1) it is not in a spendable form, such as inventory or prepaid items or 2) legally or contractually required to be maintained intact.

Restricted fund balance has externally enforceable limitations imposed by creditors, grantors, contributors, laws and regulations of other governments, or laws through constitutional provisions or enabling legislation.

Committed fund balance is self-imposed limitations at the highest level of decision making authority (Board of Commissioners). The Board of Commissioners approval is required to commit resources or to rescind the commitment. This is done by vote and/or passing a resolution.

Assigned fund balance represents limitations imposed by management and/or Board of Commissioners that do not meet the criteria to be classified as restricted or committed. Assigned fund balance requests are submitted to the Executive Director and/or the Board of Commissioners for approval.

Unassigned fund balance represents the residual net resources in excess of the other classifications. The general fund is the only fund that can report a positive unassigned fund balance and any governmental fund can report a negative unassigned fund balance.

It is the policy of the Port that resources are to be expended in the following order: Restricted, Committed, Assigned, and Unassigned.

9. *Deferred outflows/inflows of resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify for reporting in this category. These include deferrals related to the PERS pension plan and the Port's OPEB are also reported as deferred outflows on the Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item which arises only under the modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in only in the governmental funds balance sheet. The governmental funds report unavailable revenue from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The Port also has two items which arise under full accrual accounting in the Statement of Net Position, which are the deferrals related to the PERS pension plan and the Port's OPEB.

10. *Retirement Plans*

Substantially all of the Port's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net position liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to, deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. GASB Statements 68 and 71 have been implemented as of July 1, 2014.

NOTE 2 – DETAILED NOTES ON ALL FUNDS

A. Cash and investments

Deposits with financial institutions

The Port’s deposits are held in a qualified bank depository meeting the requirements specified by the Oregon State Treasurer’s office, as well as the Port’s investment policy.

Being a qualified bank depository provides an additional level of collateral to mitigate the level of custodial risk that may be present when deposits exceed the \$250,000 level of insured funds by the Federal Depository Insurance Corporation (FDIC). The level of custodial risk relates to the level of insurance a financial institution will provide if financial difficulties were to occur that would affect Port deposits. The amount of collateral a financial institution will pledge as security for the deposits and the level of creditworthiness of the financial institution.

The bank balance as of June 30, 2020 maintained by the Port was \$797,998. At various times during the fiscal year, bank balances exceeded the FDIC limit but any funds in excess of the FDIC insured limit were covered by collateral pledged by qualified depositories. These depositories are qualified by the Oregon State Treasurer’s office.

	Balance	
	Book	Bank
Checking Accounts - General	\$ 808,092	\$ 786,998
Checking Accounts - Payroll	1,000	1,000
 Total Checking Deposits	 \$ 809,092	 \$ 787,998

Investments

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7 like external investment pool, and is not registered with the U. S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool’s share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund’s compliance with all portfolio guidelines can be found in their annual report when issued.

The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value

measurement in the Oregon Short Term Fund’s audited financial report. Amounts in the State treasurer’s Local Government Investment Pool are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:

[http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx). If the link has expired please contact the Oregon Short Term Fund directly.

At June 30, 2020, the Port held most of its investments in the LGIP having a carrying amount of \$10,279,498 which approximates fair value. The Port held other agency, banking and energy investments worth \$1,122,314.

Current investment ratings and weighted average maturities depicted as follows:

<u>Investment Type</u>	<u>Credit Quality</u>	<u>Type of Issuer</u>	<u>Fair Value Activity Level</u>	<u>Fair Value</u>	<u>Weighted Avg to Maturity in Years</u>
LGIP	Not Rated	90%	Quoted Market Price, Level 1	\$10,279,498	
General Electric	Moody Aa1	2%	Quoted Market Price, Level 1	204,060	0.21
Exxon Mobil	Moody Baa1	2%	Quoted Market Price, Level 1	203,716	0.72
Portland OR Urban Renewal	Moody Aa1	2%	Quoted Market Price, Level 1	179,858	4.96
Portland OR Urban Renewal	Moody Aa3	1%	Quoted Market Price, Level 1	112,553	0.96
Port of Morrow	Moody Aa2	2%	Quoted Market Price, Level 1	204,230	2.17
Port of Morrow	Moody Aa2	2%	Quoted Market Price, Level 1	217,897	4.17
		<u>100%</u>		<u>\$11,401,812</u>	

As of June 30, 2020 the Port held the following cash and investments:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Enterprise Fund</u>	<u>Total Fair Value</u>
Cash on Hand			\$ 1,875	\$ 1,875
Checking Deposits			809,092	809,092
Cash with Fiscal Agents	\$ 597		-	597
Local Government Investment Pool	301,810	\$ 1,924,967	8,052,721	10,279,498
Investments (at fair value)	-	\$ -	1,122,314	1,122,314
Total Cash & Investments	<u>302,407</u>	<u>1,924,967</u>	<u>9,986,002</u>	<u>12,213,376</u>

The cash and investments are reflected in the financial statements as follows:

Cash & Investments	\$ 302,407	\$ 1,924,967	\$ 9,699,702	\$11,927,076
Cash & Investments - restricted		-	286,300	286,300
Total Cash & Investments	<u>\$ 302,407</u>	<u>\$ 1,924,967</u>	<u>\$ 9,986,002</u>	<u>\$12,213,376</u>

Fair value of financial assets and liabilities:

The Port estimates the fair value of its monetary assets and liabilities based upon the existing interest rates related to such assets and liabilities compared to the current market rates of interest for instruments of a similar nature and degree of risk. The Port estimates that all of its monetary assets and liabilities approximate fair value as of June 30, 2020.

Custodial credit risk

Custodial credit risk is the risk that in the event of failure of the bank and/or counterparty, the Port will not be able to recover the value of its deposit and investments or collateral securities in possession of an outside party.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The State Treasurer's investment pool account is unrated as to credit risk.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Concentration of credit risk

Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer. The Port has a formal policy that places a limit on the amount that it may invest in any one issuer and mitigates the other types of investment risk through analysis of the securities it will purchase that will align with its Investment policy both in maturity, investment quality, capital needs and safekeeping. The LGIP investment represents 90% of the Port's total investments.

B. Receivables

Accounts receivables consist of amounts due for grants, leases, rents, taxes and other fees. The balances for governmental and business-type activities on June 30, 2020 are as follows:

	Type of Activities		
	Governmental	Business	Total
Accounts Receivables - Trade	\$ -	\$ 550,519	\$ 550,519
Grants Receivables	-	1,718,810	1,718,810
Taxes Receivable	5,128	-	5,128
Less: Allowance for doubtful accounts	-	(120,401)	(120,401)
Net Accounts Receivable	\$ 5,128	\$ 2,148,928	\$ 2,154,055

C. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ 311,391	228,953	464,395	\$ 75,949
<i>Total capital assets, not being depreciated</i>	<u>311,391</u>	<u>228,953</u>	<u>464,395</u>	<u>75,949</u>
<i>Capital assets being depreciated:</i>				
Bridge & improvements	15,426,830	464,395	-	15,891,225
Electronic toll equipment	182,207	-	-	182,207
Machinery & equipment	7,000	-	-	7,000
<i>Total capital assets being depreciated</i>	<u>15,616,038</u>	<u>464,395</u>	<u>-</u>	<u>16,080,433</u>
<i>Less: Accumulated depreciation for:</i>				
Bridge & improvements	(8,335,119)	(740,697)	-	(9,075,816)
Electronic toll equipment	(174,765)	(826)	-	(175,591)
<i>Total accumulated depreciation</i>	<u>(8,509,884)</u>	<u>(741,523)</u>	<u>-</u>	<u>(9,251,407)</u>
<i>Total capital assets being depreciated, net</i>	<u>7,106,154</u>	<u>(277,128)</u>	<u>-</u>	<u>6,829,026</u>
<i>Governmental activities capital assets, net</i>	<u>7,417,545</u>	<u>(48,175)</u>	<u>464,395</u>	<u>6,904,975</u>

Capital asset activity for business-type activities for the year ended June 30, 2020 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Business-type activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 8,940,897	\$ -	\$ -	\$ 8,940,897
Construction in progress	2,978,678	1,797,316	630,169	4,145,825
<i>Total capital assets, not being depreciated</i>	<u>11,919,575</u>	<u>1,797,316</u>	<u>630,169</u>	<u>13,086,722</u>
<i>Capital assets being depreciated:</i>				
Land improvements	10,850,996	420,492	-	11,271,488
Buildings & improvements	19,726,798	209,678	-	19,936,476
Bridge & improvements	9,123,418	-	-	9,123,418
Equipment - office	352,326	-	-	352,326
Equipment - operations	429,211	50,663	-	479,874
Vehicles	250,503	29,753	-	280,256
<i>Total capital assets being depreciated</i>	<u>40,733,252</u>	<u>710,586</u>	<u>-</u>	<u>41,443,838</u>
<i>Less: Accumulated depreciation for:</i>				
Land improvements	(3,357,231)	(467,187)	-	(3,824,418)
Buildings & improvements	(9,928,161)	(592,042)	-	(10,520,203)
Bridge & improvements	(7,167,341)	(308,173)	-	(7,475,514)
Equipment - office	(107,884)	(44,301)	-	(152,185)
Equipment - operations	(344,303)	(19,569)	-	(363,872)
Vehicles	(171,506)	(26,653)	-	(198,159)
<i>Total accumulated depreciation</i>	<u>(21,076,426)</u>	<u>(1,457,925)</u>	<u>-</u>	<u>(22,534,351)</u>
<i>Total capital assets being depreciated, net</i>	<u>19,656,825</u>	<u>(747,339)</u>	<u>-</u>	<u>18,909,486</u>
<i>Business-type activities capital assets, net</i>	<u>\$ 31,576,400</u>	<u>\$ 1,049,977</u>	<u>\$ 630,169</u>	<u>\$ 31,996,209</u>

Depreciation using the straight-line method was charged to functions/programs of the primary government as follows:

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>
Bridge Repair and Replacement Fund	741,523	
Revenue Fund		\$ 1,457,925
Total Depreciation Expense	\$ 741,523	\$ 1,457,925

The Port has various leased properties all accounted for as operating leases. Costs of leased properties (also included in the above capital asset detail) are as follows:

Properties	Land			Total
	Land	Improvements	Buildings	
Industrial Buildings	4,954,436	616,714	13,568,341	19,139,491
Commercial Buildings	196,337	71,942	2,213,454	2,481,733
Airport	1,362,814	8,203,430	1,348,250	10,914,494
Waterfront	2,391,910	2,290,345	958,128	5,640,383
Marina	35,400	89,057	1,848,303	1,972,760
Total Cost	8,940,897	11,271,488	19,936,476	40,148,861
Accumulated Depreciation	-	(3,824,418)	(10,520,203)	(14,344,621)
Total Cost, net	\$ 8,940,897	\$ 7,447,070	\$ 9,416,273	\$ 25,804,240

Minimum future rentals receivable on non-cancelable operating leases for the five succeeding fiscal years and thereafter are as follows:

<u>Years Ended June 30,</u>	<u>Minimum Future Rentals</u>
2021	\$ 1,862,905
2022	1,697,126
2023	1,590,100
2024	1,347,918
2025	634,154
	\$ 7,132,204

D. Interfund receivables, payables, and transfers

The composition of interfund transfers to the General and Bridge Repair and Replacement fund to cover their fund expenses at June 30, 2020, are as follows:

	Transfers	
	In	Out
General fund	\$ 448,392	
Bridge repair and replacement fund	361,458	
Revenue fund		\$ 809,850
Total	\$ 809,850	\$ 809,850

E. Long-term debt

In the following table, long-term debt information is presented with respect to governmental and business-type activities. The table below presents current year changes in those obligations and the current portions due for each issue. Each issuance of debt is defined below as well as their annual debt service requirements to maturity. The long-term debt activity for the year ended June 30, 2020 is as follows:

Business-Type Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Placements					
Note Payable- LJS Manufacturing	\$ 1,877,961	\$ -	\$ 43,331	\$ 1,834,630	\$ 1,834,630
Flexlease - Series 2010E	140,000	-	20,000	120,000	20,000
Flexlease - Series 2013B	495,000	-	45,000	450,000	50,000
Bonds					
Taxable General Revenue Bond	-	1,860,534	-	1,860,534	94,000
Total Business-Type Activities	\$ 2,512,961	\$ 1,860,534	\$ 108,331	\$ 4,265,164	\$ 1,998,630

Flexlease Payable – Business-Type Activity

The Port has entered into two financing agreements with the Special Districts Association of Oregon Flexlease Program to finance the expansion of the Port's marina and to upgrade its electrical infrastructure with associated dock improvements. The Flexlease program issued Certificates of Participation Series 2010E and 2013B, totaling \$290,000 and \$770,000, respectively. The interest rates for the 2010E and 2013B series are fixed for each series and range from 1.5% to 4.4% and 2.0% to 3.90%, respectively. Revenues as well as special assessments from the expanded and improved marina are expected to fund the debt service for each series. Upon the event of default, the Trustee shall not have the right to declare the unpaid principal components of the installment payments due and payable, but can initiate whatever action necessary under law. Events of Default – failure to pay installment payments or make false

statements in the official statement, and not comply with disclosure requirement. There are no acceleration clauses. Annual debt service requirements to maturity of the 2010E Flexlease payable is as follows:

<u>Year Ending June 30,</u>	<u>Flexlease Series 2010E - Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2021	\$ 20,000	\$ 4,840	\$ 24,840
2022	25,000	3,850	28,850
2023	25,000	2,750	27,750
2024-2026	50,000	2,200	52,200
Total	<u>\$ 120,000</u>	<u>\$ 13,640</u>	<u>\$ 133,640</u>

Interest expense during the current fiscal year on the 2010E series Flexlease Loan is \$5,670.

Annual debt service requirements for the 2013B Flexlease loan is as follows:

<u>Year Ending June 30,</u>	<u>Flexlease Series 2013B - Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2021	\$ 50,000	\$ 18,588	\$ 68,588
2022	50,000	16,725	66,725
2023	50,000	14,625	64,625
2024-2028	300,000	35,100	335,100
	<u>\$ 450,000</u>	<u>\$ 85,038</u>	<u>\$ 535,038</u>

Interest expense during the current fiscal year on the 2013B series Flexlease Loan is \$20,206.

Note Payable – Business-Type Activity

The Port has an installment note payable with LJS Manufacturing, Inc. for the purchase of a commercial building at the Port's waterfront industrial park. The note is secured by the commercial building. The original amount of the note was \$2,250,000 and interest is fixed at 5%. Monthly payments of \$12,079 are due until May 21, 2020, when the entire unpaid balance is due. If the installment payment is not completed by the 14th day from the due date the holder of the note may request the acceleration of the remaining balance. It's a note payable with no remedies other than accelerating the outstanding balance and any legal fees paid by borrower. The lender wanted to defer the final balloon payment scheduled for May 21, 2020 to July 15, 2020. The Port agreed to this deferment. On March 18, 2020, the Port refinanced

the note payable with a taxable general revenue bond described below. The annual debt service requirement through to maturity with regard to the note payable is as follows:

<u>Business-Type Activities</u>	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
Note Payable	\$ 1,877,961	\$ -	\$ 43,331	\$ 1,834,630	\$ 1,834,630

Interest expense during the current fiscal year on the LJS note payable is \$85,087.

<u>Year Ending June 30,</u>	<u>Note Payable - Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2021	\$ 1,834,630	\$ -	\$ 1,834,630
Total	\$ 1,834,630	\$ -	\$ 1,834,630

Taxable General Revenue Bond – Business-Type Activity

The Port decided to refinance the balloon payment due on the note payable with a taxable general revenue bond. At the point in time of this refinancing the borrower did not know of the lender’s decision to request a deferment of the balloon payment until July 2020. This would allow the property in which the note payable was originally initiated to payback the taxable general revenue bond over a ten (10) year period. Upon the event of default, the Bank may exercise any remedy available for an Event of Default, subject to the requirements of the Master Declaration, or at law but shall not be subject to acceleration. No remedy shall be exclusive. The Bank may waive any Series of Event of Default, but no such waiver shall extend to a subsequent series Event of Default. If Event of Default occurs due to failure to pay when due any principal, interest or other amount that is required to be paid, then the interest rate under the bond may be increased at the option of the Bank to an interest rate five percentage points (5%) in excess of the interest rate otherwise applicable to the bond payable, but can initiate whatever action necessary under law. Events of Default – failure to pay installment payments or make false statements in the official statement, and not comply with disclosure requirement.

The taxable general revenue bond has semi-annual payments due on January and July 15th every year with a fixed rate of interest rate of 3.75%

<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Taxable General Revenue Bond		\$ 1,860,534	\$ -	\$ 1,860,534	\$ 94,000

Interest expense during the current fiscal year on the taxable general revenue bond is \$20,350.

Taxable General Revenue Bond - Business-Type Activities

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2021	\$ 94,000	\$ 57,260	\$ 151,260
2022	94,000	65,364	159,364
2023	94,000	63,601	157,601
2024	94,000	60,076	154,076
2025	94,000	56,551	150,551
2026-2030	\$ 1,390,534	\$ 227,014	1,617,548
Total	\$ 1,860,534	\$ 529,867	\$ 2,390,401

NOTE 3 – OTHER INFORMATION

A. Oregon Public Employees Retirement System (PERS)

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at www.oregon.gov/pers/Documents/CAFR/2019-CAFR.pdf.

- a) **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
- i) Pension Benefits. The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated either by a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results. A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.
 - ii) Death Benefits. Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided on or more of the following contributions are met:

- member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
- iii) **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
- iv) **Benefit Changes after Retirement.** Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.
- b) **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i) **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
- Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
- General Service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.
- A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.
- ii) **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.
- iii) **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.
- iv) **Benefit Changes after Retirement.** Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation, which became effective July 1, 2019. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2020 were approximately \$254,914 excluding amounts to fund employer specific liabilities. In addition, approximately \$96,778 in employee contributions were paid by Port employees in fiscal 2020.

At June 30, 2020, the Port reported a liability of \$1,475,842 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability, was determined by an actuarial valuation dated December 31, 2017. The Port's proportion of the net pension liability was based on a projection of the Port's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement date of June 30, 2019, the Port's proportion was .0085 percent. Pension expense for the year ended June 30, 2020 was \$172,145.

The rates in effect for the year ended June 30, 2020 were:

- (1) Tier 1/Tier 2 – 19.13%
- (2) OPSRP general services – 14.02%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 81,388	-
Changes of assumptions	200,215	-
Net difference between projected and actual earnings on investments	-	41,839
Changes in proportionate share	81,051	18,225
Differences between employer contributions and employer's proportionate share of system contributions	129,328	691
Total (prior to post-MD contributions)	491,982	60,755
Contributions subsequent to the MD	254,914	-
Total	\$ 746,896	\$ 60,755

The amount of contributions subsequent to measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2021.

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 196,808
2022	67,572
2023	90,818
2024	67,646
2025	8,383
Thereafter	
Total	<u>\$ 431,227</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated March 4, 2020. Oregon PERS produces an independently audited CAFR which can be found at:

<http://www.oregon.gov/PERS/Documents/Financial/CAFR/2019-CAFR.pdf>

Actuarial Valuations – The employer contribution rates effective July 1, 2019 through June 30, 2021, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Actuarial Methods and Assumptions:

Valuation date	December 31, 2017 rolled forward to June 30, 2019 measurement date
Experience Study Report	2016, Published July 26, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset valuation method	Market value of assets
Inflation rate	2.5 percent

Investment rate of return	7.2 percent
Projected payroll growth	3.5 percent overall payroll growth
Cost of Living Adjustment	Blend of 2.0 percent COLA and graded COLA (1.25/0.15 percent) in accordance with <i>Moro</i> decision, blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2014 Health annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Active members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2016 Experience Study which is reviewed for the four-year period ending December 31, 2016.

Discount Rate – The discount rate used to measure the total pension liability was 7.2 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Portfolio	0.0%	12.5%	12.5%
Opportunity Portfolio *	0.0%	3.0%	0.0%
Total			100.0%

* Opportunity Portfolio may invest up to 3% of total plan net position.

Source: June 30, 2019 PERS CAFR; p. 100)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Intermediate-Term Bonds	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.31%	6.69%
Micro Cap US Equities	1.31%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Foreign Equities	4.13%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equity	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds - Diversified	2.50%	4.09%
Hedge Fund - Event Driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
<i>Assumed Inflation- Mean</i>		2.50%

Source: June 30, 2019 PERS CAFR; p. 74)

Discount Rate – The discount rate used to measure the total pension liability as of the measurement date of June 30, 2019 and 2018 was 7.20 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members

and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Port’s proportionate share of the net pension liability to changes in the discount rate – The following presents the Port’s proportionate share of the net pension liability calculated using the discount rate of 7.2 percent, as well as what the Port’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.2 percent) or 1-percentage-point higher (8.2 percent) than the current rate.

	1% Decrease (6.2%)	Discount Rate (7.2%)	1% Increase (8.2%)
Port's proportionate share of the net pension liability	\$ 2,363,430	\$ 1,475,842	\$ 733,053

OPSRP Individual Account Program (OPSRP IAP)

Plan Description – Employees of the Port are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A crested the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member’s IAP account. OPSRP is part of OPERS, and is administered by the OPERS Board.

Pension Benefits – Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of the five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover account and vested employer account as a lump-sum payment or in equal installments over a 5, 10, 15, or 20 year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits – Upon the death of a non-retired member, the beneficiary receives in a lump sum the member’s account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Contributions – Employees of the Port pay six (6) percent of their covered payroll. The Port did not make any optional contributions to member IAP accounts for the year ended June 30, 2020.

Retirement Health Insurance Account

Plan Description – As a member of the Oregon Public Employees Retirement System (OPERS) the Port contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The Plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

Funding Policy – Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 dollars or the total monthly cost of Medicare companion health insurance premium coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the Port currently contributes 0.50% of annual covered OPERF payroll and 0.43% of OPSRP payroll under a contractual requirement in effect until June 30, 2019. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Port’s contributions to RHIA for the years ended

June 30, 2018, 2019 and 2020 are \$6,001, \$7,548 , and \$255, respectively, which equaled the required contributions each year.

At June 30, 2020, the Port's net OPEB liability/(asset) and deferred inflows and outflows were not considered significant by management and were not accrued on the government wide statements.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online, or by contacting PERS at the following address: PO Box 23700, OR 97281-3700.

<http://www.oregon.gov/pers/EMP/Pages/GASB.aspx>

Deferred Compensation Plan

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the Port for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of death, disability, resignation, or retirement. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the Port.

B. Post-Employment Benefits Other Than Pensions (OPEB)

Plan Description – A program is provided for the availability for retirees and their spouses to purchase healthcare insurance at the same group rates as the Port pays for its active employees. No plan has been established to account for this activity. Since the former employees' service has caused this benefit to be available, generally accepted accounting principles requires that the costs of these services be calculated and shown as a cost of operations and/or as a liability for providing a future benefit in the financial statements. Disclosure of the liability is mandatory.

Funding Policy – The benefits from this program are paid by the Port on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the Port to fund these benefits in advance.

Actuarial Methods and Assumptions – The Port engaged an actuary to perform an evaluation as of July 1, 2019 using entry age normal, level percent of salary Actuarial Cost Method. The Single Employer OPEB Plan liability was determined using the following actuarial assumptions, applied to all periods including the measurement.

Discount Rate per Year - 3.50%

General Inflation Rate per year - 2.5%

Salary Scale per year – 3.5%

Health Care cost Trends:

<u>Year</u>	<u>Trend</u>	<u>Year</u>	<u>Trend</u>
2019	15.75%	2032-2038	5.75%
2020	6.00%	2039-2050	5.50%
2021	5.25%	2051-2059	5.25%
2022-2024	5.00%	2060-2065	5.00%
2025-2026	4.75%	2066-2068	4.75%
2027-2030	5.00%	2069-2071	4.50%
2031	5.25%	2072+	4.25%

Mortality rates were based on rates adopted by the Oregon Public Employees Retirement System (PERS) for its December 31, 2018 actuarial valuation of retirement benefits.

Turnover rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by years of service.

Disability rates were not used.

Retirement rates were based on Oregon PERS assumptions. Annual rates are based on age, Tier 1/Tier 2, OPSRP, duration of service, and employment classification.

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

The Port does not pay for any explicit retiree OPEB under GASB 75.

Changes in Total OPEB Liability

Balance as of June 30, 2018	\$ 26,109
Changes for the Year:	
Service Cost	2,388
Interest	1,020
Changes of Assumptions or Other Input	(725)
Benefit Payments	(25)
Net Change for the Year	<u>2,658</u>
Balance as of June 30, 2019	<u>\$ 28,767</u>

Balance as of June 30, 2019	\$ 28,767
Changes for the Year:	
Service Cost	2,424
Interest	1,195
Economic/Demographic Gains/Losses	2,609
Changes of Assumptions or Other Input	6,622
Benefit Payments	<u>(633)</u>
Net Change for the Year	<u>12,217</u>
Balance as of June 30, 2020	<u>\$ 40,984</u>

Sensitivity of the Total Other Post-Employment Benefit Liability to Changes in Discount and Trend Rates – The following presents the total other post-employment benefit liability (TOL), calculated using the discount rate of 3.50 percent, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption:

June 30, 2020	1% <u>Decrease</u>	Current <u>Discount Rate</u>	1% <u>Increase</u>
Total OPEB Liability	\$ 44,594	\$ 40,984	\$ 37,621

June 30, 2020	1% <u>Decrease</u>	Current <u>Trend Rate</u>	1% <u>Increase</u>
Total OPEB Liability	\$ 36,291	\$ 40,984	\$ 46,490

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 2,151	\$ -
Changes of assumptions	5,460	(1,257)
Benefit payments	207	-
Total (prior to post-measurement date contributions)	<u>\$ 7,818</u>	<u>\$ (1,257)</u>
Contributions made subsequent to the measurement date	207	-
Total deferred outflows (inflows) of resources	<u>\$ 8,025</u>	<u>\$ (1,257)</u>

Amounts reported as deferred outflow or inflow of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 1,152
2022	1,152
2023	1,354
2024	1,565
2025	1,131
Thereafter	-
Total	<u>\$ 6,354</u>

C. Risk Management

The Port is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Port carries commercial insurance. There have been no settlements in the past four fiscal years that exceeded insurance coverage.

D. Contingent Liability

The Port was notified in January, 2018 by a waterfront area landowner that a storm water drain pipe that runs under the landowner's building appears to be broken and damaging the landowner's property. The drain pipe runs from the east under other waterfront properties and buildings westerly to the landowner's property, and then runs northwest from the landowner's property to the Columbia River.

The City of Hood River conveyed the landowner's property to the Port in 1967. In 1968 the Port and City amended the 1967 deed language to address respective responsibilities of the Port and City if the drain pipe under landowner's property causes damage to the property or needs to be repaired or relocated. In 1968, the Port also sold landowner's property to the landowner.

After the landowner notified the Port of the drain pipe issue, the landowner hired engineers to analyze the drain pipe and property damage issues. Based on their engineer studies, the landowner has claimed the Port and/or City are liable for landowner property damages and related costs. The Port and City have analyzed the drain pipe condition, which is hampered by a large amount of sediment being in the drain pipe and the pipe in the vicinity of the tenant has collapsed. The Port has reviewed the historical information related to the drain pipe and those property documents where the drain pipe is located.

As of the date of this report, per communication from the Port's attorney, there is sufficient information to determine that the drain pipe is owned by the City of Hood River, however, there is insufficient information to determine the cost to repair the drain pipe at the location and any liability exposure the Port may have. It is the City's initial review that the entire infrastructure of storm line

be rebuilt since the current infrastructure is past its useful life. It is impossible to determine at this point in time whether the Port will be responsible to pay, separately or with the City contribution, for pipe replacement at the landowner's property or for the entire line replacement. If the Port is required to pay costs itself, to replace and relocate the entire underground pipe system those costs could have a significant financial impact to the Port.

Currently, issues related to the placement and the affect the pipe has on the landowner's property, and legal issue affecting the Port, the City, the landowner and possibly other property owners, are being evaluated to determine the nature and extent of legal obligations and Port financial exposure.

There are no other contingent liabilities with the Port.

E. Property Tax Limitations

The State of Oregon has a constitutional limit on property taxes for schools and non-school government operations. The limitation provides that property taxes for non-school operations are limited to \$10 to each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation debt.

An additional limit reduces the amount of operating property tax revenues available. The reduction was accomplished by rolling property values for 1997-98 back to their 1995-96 values less 10% and limiting future tax value growth of each property assessed value to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The Constitution also sets restrictive voter approval requirements for most tax and many fee increases, as well as new bond issues.

F. Tax Abatements

As of June 30, 2020, the Port of Hood River potentially had tax abatements through various state allowed programs that impacted levied taxes. Based on information available from the county as of the date of issuance of these financial statements, there were no material abatements disclosed by the county for the year ended June 30, 2020 for any program covered under GASB 77.

G. COVID 19

The COVID-19 outbreak in the United States has caused disruption through mandated and voluntary closure of government and business activities. These developments are expected to impact Port revenues. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, the Port expects this matter to negatively affect its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

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PORT OF HOOD RIVER
HOOD RIVER COUNTY, OREGON
REQUIRED SUPPLEMENTARY INFORMATION

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PORT OF HOOD RIVER

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2020

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Port's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2020	0.01%	\$ 1,475,842	\$ 1,587,107	93.0%	80.2%
2019	0.01%	1,187,708	1,288,432	92.2%	82.1%
2018	0.01%	1,024,309	1,262,404	81.1%	83.1%
2017	0.01%	1,189,375	1,241,215	95.8%	80.5%
2016	0.01%	474,231	1,182,892	40.1%	91.9%
2015	0.01%	(201,797)	1,144,446	-17.6%	103.0%
2014	0.01%	454,314	990,120	45.9%	92.0%

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

SCHEDULE OF CONTRIBUTIONS

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's Covered Payroll	Contributions as a percent of covered payroll
2020	\$ 254,914	\$ 254,914	\$ -	\$ 1,632,810	15.6%
2019	212,174	212,174	-	1,587,107	13.4%
2018	170,841	170,841	-	1,288,432	13.3%
2017	138,374	138,374	-	1,262,404	11.0%
2016	134,541	134,541	-	1,241,215	10.8%
2015	88,721	88,721	-	1,182,892	7.5%
2014	85,873	85,873	-	1,144,446	7.5%

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

PORT OF HOOD RIVER

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2020

SCHEDULE OF THE TOTAL OPEB LIABILITY

Fiscal Year End Date	(a) Total OPEB Liability (TOL)	(b) Covered Payroll	(b/c) TOL as a percentage of Covered Payroll	Valuation Date
June 30, 2020	\$ 40,984	\$ 1,632,810	2.5%	July 1, 2019
June 30, 2019	28,767	1,587,107	1.8%	July 1, 2017
June 30, 2018	26,109	1,288,432	2.0%	July 1, 2017

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

PORT OF HOOD RIVER

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2020

SCHEDULE OF THE TOTAL OPEB LIABILITY (CONTINUED)

Year ended June 30,	Beginning Total OPEB Liability	Service Cost	Interest on Total OPEB Liability	Economic/ Demographic Gains or Losses	Changes of Assumption or Other Input	Benefit Payments	Ending Total OPEB Liability
2020	\$ 28,767	\$ 2,424	\$ 1,195	\$ 2,609	\$ 6,622	\$ (633)	\$ 40,984
2019	26,109	2,388	1,020	-	(725)	(25)	28,767
2018	24,667	2,494	774	-	(1,802)	(24)	26,109

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

PORT OF HOOD RIVER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 71,800	\$ 71,800	76,636	\$ 4,836
Investment Earnings	6,300	6,300	7,090	790
Grants	3,500	3,500	-	(3,500)
Total Revenues	81,600	81,600	83,726	2,126
EXPENDITURES				
<i>Current Operating:</i>				
Personal Services	185,200	185,200	145,793	39,407
Materials & Services	577,850	577,850	376,366	201,484
Total Expenditures	763,050	763,050	522,159	240,891
Excess (Deficiency) of Revenues Over (Under) Expenditures	(681,450)	(681,450)	(438,433)	243,018
OTHER FINANCING SOURCES (USES)				
Transfers in	687,750	687,750	448,392	(239,358)
Total Other Financing Sources (Uses)	687,750	687,750	448,392	(239,358)
Net Change in Fund Balance	6,300	6,300	9,959	3,660
Fund Balance - Beginning	288,800	288,800	292,800	4,000
Fund Balance - Ending	\$ 295,100	\$ 295,100	\$ 302,759	\$ 7,660

PORT OF HOOD RIVER
HOOD RIVER COUNTY, OREGON
SUPPLEMENTARY INFORMATION

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PORT OF HOOD RIVER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

BRIDGE REPAIR AND REPLACEMENT FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
Investment Earnings	18,000	18,000	47,490	29,490
Income from Grant	2,060,800	2,060,800	1,397,655	(663,145)
Total Revenues	2,078,800	2,078,800	1,445,145	(633,655)
EXPENDITURES				
<i>Current Operating:</i>				
Personal Services	276,400	279,400	268,774	10,626
Materials & Services	2,030,700	2,027,700	1,261,384	766,316
Capital Outlay	488,000	488,000	228,954	259,046
Debt Service	-	-	-	-
Contingency	500,000	500,000	-	500,000
Total Expenditures	3,295,100	3,295,100	1,759,112	1,535,988
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,216,300)	(1,216,300)	(313,967)	902,333
OTHER FINANCING SOURCES (USES)				
Transfers in	2,715,300	2,715,300	361,458	(2,353,842)
Total Other Financing Sources (Uses)	2,715,300	2,715,300	361,458	(2,353,842)
Net Change in Fund Balance	1,499,000	1,499,000	47,491	(1,451,509)
Fund Balance - Beginning	1,874,000	1,874,000	1,877,476	3,476
Fund Balance - Ending	\$ 3,373,000	\$ 3,373,000	\$ 1,924,967	\$ (1,448,033)

PORT OF HOOD RIVER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

REVENUE FUND
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Toll Bridge	\$ 6,272,500	\$ 6,272,500	5,337,531	\$ (934,969)
Industrial Buildings	1,905,500	1,905,500	2,050,309	144,809
Commercial Buildings	195,050	195,050	180,615	(14,435)
Waterfront Industrial Land	197,400	197,400	109,527	(87,873)
Waterfront Recreation	215,600	215,600	206,745	(8,855)
Marina	350,250	350,250	360,444	10,194
Airport	230,600	230,600	219,323	(11,277)
Investment Earnings	150,000	150,000	167,332	17,332
Income from Grants and Other Sources	16,886,350	16,886,350	3,434,195	(13,452,155)
Total Revenues	26,403,250	26,403,250	12,066,021	(14,337,229)
EXPENDITURES				
Personal Services	2,393,900	2,393,900	2,114,015	279,885
Materials & Services	3,169,300	3,218,300	2,846,508	371,792
Capital Outlay	17,677,500	17,628,500	1,886,072	15,742,428
Debt Service	2,550,250	2,550,250	219,305	2,330,945
Contingency	500,000	500,000	-	500,000
Total Expenditures	26,290,950	26,290,950	7,065,900	19,225,050
Revenues Over (Under) Expenditures	112,300	112,300	5,000,122	4,887,822
OTHER FINANCING SOURCES (USES)				
Property sales	1,129,000	1,129,000	-	(1,129,000)
Operating Transfers Out	(3,403,050)	(3,403,050)	(809,850)	2,593,200
Total Other Financing Sources (Uses)	(2,274,050)	(2,274,050)	(809,850)	1,464,200
Net Change in Fund Balance	(2,161,750)	(2,161,750)	4,190,272	6,352,022
Fund Balance - Beginning	7,245,500	7,247,500	6,512,658	(734,842)
Fund Balance - Ending	\$ 5,083,750	\$ 5,085,750	\$ 10,702,930	\$ 5,617,180
Reconciliation to Net Position				
Capital Assets, Net			31,996,209	
Net Pension Liability			(1,274,738)	
Accrued Interest receivable			7,807	
Investment asset gains			6,450	
Pension Related Deferrals			592,642	
Total OPEB Liability			(35,247)	
OPEB Related Deferrals			5,702	
Accrued Interest payable			(20,350)	
Long Term Debt			(4,265,164)	
Deferred revenue			(495)	
Accrued Compensated Absences			(98,792)	
Net Position			\$ 37,616,954	

PORT OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED
BY OREGON STATE REGULATIONS

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November 17, 2020

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Port of Hood River as of and for the year ended June 30, 2020, and have issued our report thereon dated November 17, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures, but were not limited to the following:

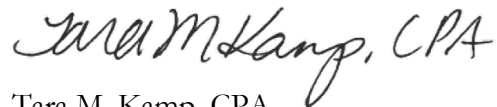
- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)**

In connection with our testing nothing came to our attention that caused us to believe the Port of Hood River was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of internal control over financial reporting.

This report is intended solely for the information and use of the Board and management and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.



Hood River – White Salmon

BRIDGE REPLACEMENT PROJECT

Project Director Report

December 15, 2020

The following summarizes Bridge Replacement Project activities from Nov. 26-Dec. 10, 2020:

PROJECT DELIVERY/P3 UPDATE

The Project Delivery Contract is on the agenda for tonight's meeting. Lowell Clary's first task will be "zooming" in from Florida to present project delivery/P3 approaches to the BSWG. Potential panelists including representatives from United Bridge Partners, Kiewit, Wash. State DOT Finance Division, Indiana DOT Alternative Project Delivery Division, Colorado DOT, Plenary Group, Meridiam, Mike Fox and others are being contacted for participation. Project team will be review resumes to determine best range of discussion. Panel discussion will likely happen in late January/early February.

FUNDING & FINANCING UPDATE

Received word from Shaneka Owens, the Port's FHWA liaison on the BUILD grant, that a contract template will be forthcoming in the next two or three weeks. She asked for and received the Port's public contracting rules and a copy of the recent audit. An inquiry was made about being reimbursed for Geotechnical borings in advance of the grant agreement being signed.

GOVERNANCE/BSWG UPDATE

BSWG met Dec. 4th and reviewed the Lowell Clary P3/Project Delivery Contract, and the Otak AE/Design RFP Contract. Much of the meeting was centered on ensuring that a P3 presentation can be made at the January BSWG meeting and a P3 Panel discussion shortly thereafter. Next meeting is scheduled for January 8th. This will be of some benefit as there have been/will be changes to elected officials since the Feb. 2018 presentation. Hood River County member, Rich McBride, will likely be replaced by his alternate, Bob Benton. Klickitat County member, Dave Sauter, will likely be replaced by incoming Commissioner Jacob Anderson, who represents the White Salmon/Bingen area on the County Commission. The BSWG will be formally notified by agencies if and when there are changes to the roster.

AE/DESIGN RFP DEVELOPMENT UPDATE

Staff is continuing to work with Chuck Green to develop the best strategy for preceding with engineering contract. A copy of his memo and schedule are attached. Staff recommends a contract amendment be authorized this evening. Certain dates in schedule may be adjusted based upon early BUILD approval for geotechnical work.

Additional Owners Representative services will need to be obtained in advance of the AE/Design firm under contract.

GOVERNMENT AFFAIRS/LOBBYING UPDATE

A draft bill has been submitted to the Oregon legislature to explore a Bi-State Bridge Authority in the '21 Session. The BSWG did meet with Sen. Curtis King, the Washington State Sen. representing Klickitat County, for a similar request and additional meetings between Reps. Gina Mosbrucker and Chris Correy are scheduled. Typically, the process in Washington starts with a request from local government officials. Brad Boswell will be ushering the language through the legislative process. Miles Pengilly, Thorn Run Partners, and staff worked on a short Powerpoint presentation and presented to the BSWG for feedback. Updated presentations (or versions thereof) will be used as backdrops for Zoom meetings with state legislators and key agency administrators in each state over the next several months.

PROJECT MANAGEMENT UPDATE

Staff is working through the BUILD/Post-NEPA Phase Contract Plan. P3/Project Delivery and AE/Design RFP Contracts on the agenda for approval tonight. Chuck Green, Mike Fox and staff are developing an over-arching strategy document that will document roles, responsibilities, milestones and progress in a singular document.

Staff is also developing, with Mike Fox's input, a volunteer advisory agreement from which to formalize a working relationship that would take advantage of his experience and background. A draft agreement is attached for Commission review and feedback.

PUBLIC INFORMATION UPDATE

Stretching the limits of public outreach in the era of COVID has been a challenge. The project team was in uncharted waters by presenting the SDEIS via Zoom as well as taking public comment. Federal Highways required that the Project provide an opportunity for those without Wifi, cell service, or computers a location to view the presentation and make comment in person. Staff set up the board room for the possibility of in-person attendees, but none arrived. A Spanish-speaking interpreter (Patty Rosas) was also available per federal requirements. There was still a good turnout via Zoom with almost 30 participants, including a representative from the Yakama Nation. The session lasted about 90 minutes.

An article about the SDEIS public comment period also appeared on the bike community-supported blog, BikePortland.org. <https://bikeportland.org/2020/12/08/new-hood-river-bridge-will-come-with-bike-lanes-but-will-they-be-wide-enough-323727>. Article is advocating for wider or separated bike paths. Staff anticipates seeing a large majority of comments related to the bike path.

Staff also attended the Public Comment portion of the Gorge Commission Board meeting on Tues., Dec. 8. <http://www.gorgecommission.org/meeting/archived/>. Members of the board discussed the bridge type and a wider bike path. Exec. Dir. Krystyna Wolniakowski was instructed to prepare comment for the board and Port staff was able to provide her with a bound copy of the SDEIS.

Port staff (Marcela Diaz) appeared on *Enterate*, a public service program on the Spanish-language station Radio Tierra, on Dec. 9. This was an excellent opportunity to reach out to Spanish-speaking audiences. Breezeby was also discussed.

Monthly email blasts communicating progress were sent to local, state, and federal elected officials and agency representatives. Tribal agency members also receive a similar update along with other Sec 106 consulting parties. Over 200 email addresses are contacted monthly in addition to periodic social media posts.

Currently WSP produces the monthly NEPA update (attached) which is received positively. Staff is looking at how that update form can be modified and continued forward once NEPA is complete and Phase 2 activities pick up steam.

Another goal of the project is to develop a stand-alone web site that can be hosted by any agency to give the perception of independence to the project and provide some separation from the Port of Hood River's website. This activity is also included in the Contract Plan.

A summary of the public comments received to date are attached.

FEIS/ROD CRITICAL PATH UPDATE

WSP Critical Path Memo attached.


MEETING SCHEDULE

- SDEIS Open House, Dec. 3
- BSWG Meeting, Dec. 4
- WSP Weekly NEPA Check In, Dec. 7
- Lowell Clary, Dec. 7
- Sec. 106 Consulting Parties Meeting, Dec. 7
- Gorge Commission Board Meeting, Dec. 8
- Lwin Hwee, David Evans Check In, Dec. 8
- Chuck Green, Dec. 9
- NEPA Coordination Meeting, Dec. 10
- AE/Design RFP Prep, Dec. 10
- Wash. St. Rep. Mosbrucker Leg. Update, Dec. 10
- Thorn Run Partners, Dec. 15
- Col. Gorge Commission, Dec. 15
- WSP Weekly NEPA Check In, Dec. 16

- OPPA, Dec. 17
- Sec. 106 Cultural Resources Check In, Dec. 18
- WSP Geotech Discussion, Dec. 21
- WSP Weekly NEPA Check In, Dec. 21
- Christmas Holiday, Dec. 24-Jan. 3



Memorandum

To: Kevin Greenwood, Project Director
From: Chuck Green, PE 
Copies: File
Date: December 11, 2020
Subject: Hood River Bridge Replacement Preliminary Engineering Procurement
Otak Project #: 18644

This memo provides a plan, process and schedule to procure Preliminary Engineering services for the “next step” in the Replacement project.

For the purposes of this memo, the following definitions will be used

- Preliminary Engineering (PE): advancing the design beyond the current EIS “footprint” design level to an approximate 15% concept design. This would generate a cost estimate with 30-40% cost contingency.
- Project Delivery Decision Engineering (PDDE): advancing the 15% concept design to a preliminary engineering design level which can be used to decide on the project delivery mechanism (design-bid-build, design/build, Public-Private Partnership), approximately at a level between 15% and 30%. This would generate a cost estimate with a 20-25% contingency range.
- BUILD grant: Better Utilizing Investments to Leverage Development grant recently awarded to the Port by the US Department of Transportation, in the amount of \$5,000,000 for “Planning” (which could include project development and preliminary engineering). This grant requires a match which the Port is currently programming as \$1,250,000.
- HB 2017: the \$5 million grant from the State Legislature, administered through ODOT, funding environmental and pre-design studies, as well as the Environmental Impact Statement.

Scope of Work

Based on discussions with Stuart Bennion of WSP and structural lead colleagues (and former ODOT staff) at Otak, the optimum design deliverables for Preliminary Engineering would consist of:

Preliminary Engineering

Preliminary Engineering (PE) advances the design beyond the current EIS “footprint” design level to an approximate 15% concept design. This provides more information about design features, including those that inform mitigation plans, rights-of-way and easement plans, and design input and coordination with key stakeholders. This would generate a cost estimate with 30-40% cost contingency:

- Construction staging/ Maintenance of Traffic (MOT): there would likely be periods during the new bridge construction, especially at the north and south termini, where the existing bridge crossing will need to close to traffic for an extended period of time. This could include the tie-ins to SR 14 and the I-84 interchange, as well

as structural and shoreline construction activities where traffic could interfere. The intent would be to identify ways to minimize these closures, as traffic would need to detour to the Bridge of the Gods or The Dalles Bridge, similar to when the bridge re-decking project was happening.

- Drainage: not as much designing the stormwater/runoff system, but identifying land to be acquired for stormwater facilities.
- Utilities: coordinating with utilities already on the bridge or to be placed on the bridge, as well as utilities potentially impacted on the land side on either end of the project. Utilities will need advance notice to program and plan for relocations, especially if there will be outages during the relocations, and if the utilities would need to perform the relocations with their own funds (rather than the project paying for them).
- Right-of-way plans: finalize plans for right-of-way and easement acquisitions for the bridge project, plus land needing to be acquired for stormwater facilities and environmental impact mitigation or business relocations. There may be a potential to use unallocated BUILD grant funds to start acquiring rights-of-way.
- Tribal/ treaty fishing site agreements and mitigation: this has been an ongoing coordination and consultation matter with the Tribes. The Preliminary Engineering work could include finalizing this as well as design parameters to satisfy the Columbia Gorge Commission.
- Railroad agreement(s): on the Washington side, the Hood River Bridge has an aerial overcrossing of the BNSF mainline. Based on experience with the Port of Ridgefield's new Pioneer Street railroad overpass project as well as others involving BNSF, an agreement (and potentially a permit) is likely needed with BNSF for aerial rights of the new bridge, as well as any temporary at-grade rail crossing(s) needed for construction activities and access.
- Bridge piers and foundation design: Stuart Bennion believes there may not be a significant need to amend the foundation and pier design that was completed to support the EIS, except where a pier may encroach into an existing restriction or conservation easement acquired by the Army Corps of Engineers. The PE scope may include modeling and resolving design issues related to placement or depth of the foundations, depending on results of the final Geotechnical data report.
- Design risk register: there will still be a lot of unknowns as well as future design details and clarifications needed that inform the cost contingency and eventually contractors wanting to bid on the project. A list of items including the level of cost and schedule risk, as well as a risk management plan, should be developed at the PE stage to inform the next stage of the project development effort.

Project Delivery Decision Engineering Scope

Project Delivery Decision Engineering (PDDE) advances the 15% concept design to a preliminary engineering design level which can be used to decide on the project delivery mechanism (design-bid-build, design/build, Public-Private Partnership or P3), approximately at a level between 15% and 30%. This would generate a cost estimate with a 20-25% contingency range. This provides more comprehensive information about design features, design and construction risk items needing to be addressed during advanced stages, as well as securing clearances, permits, rights-of-way and easements that minimize cost and schedule risks for contractors, design/build partnerships, and Public-Private Partnership (P3) consortiums.

- Work beyond the PE level to get to the Project Delivery Decision level could include developing several design details to address risk items from the design risk register, advancing key elements of the design to finalize right-of-way needs and to obtain permits and clearances, and other items that help reduce the liability and cost risk for prospective bidders or consortiums (depending on project delivery method selected).
- The PDDE scope could also include a P3 Industry Forum to help inform the project delivery method decision.
- A recommendation during development of this memorandum is to include a placeholder PDDE scope item in the procurement of the PE consultant so that when funding is received for this next step, it would result in a contract amendment for the PE consultant rather than a complete new procurement. This reduces the risk of having a new consultant need to experience a learning curve and potentially want to revisit earlier design products, or advance the design in a different manner than what was intended in the original PE procurement.

Geotechnical Work and WSP Firewall

Recent discussions on the additional subsurface geotechnical exploration (borings) indicates although these would inform in-water and under-water bridge support and foundation design, having them in place for the PE procurement would not necessarily affect how consultants would propose on the PE effort. However, they would inform the PE scope and budget for the selected consultant.

The current schedule is for the additional borings to be procured in early 2021, provided a contract amendment with WSP is executed before the end of 2020 or early 2021. There has been a discussion about the timing of the contract amendment for the additional borings coinciding with the third cost-to-complete by WSP after the public comment period has closed on the Supplemental Draft EIS at the end of 2020. In either event, the current plan calls for the borings to occur in the first quarter of 2021, which is reflected in the PE procurement schedule attached to this memo.

Since the additional geotechnical work (borings and data report) would be procured and managed by the WSP team, that work could be occurring and the report completed while the RFP procurement is underway. That would mean WSP, who has indicated they would be interested in pursuing the PE contract, would be actively working on and have information regarding the geotechnical work that other consultants who would be proposing do not have, while the RFP is out and the procurement is actively underway.

It is recommended that the PE procurement schedule include a firewall provision to eliminate the conflict-of-interest risk presented by WSP's involvement. There were three options considered:

1. Wait until the Geotechnical data report is fully complete and finalized before issuing the RFP,
2. Turn over QA/QC and oversight of the geotechnical work and product to a third party, in this case, Otak, which could conduct this work in its current advisory role to the Port, or
3. Include in the RFP and scope language that the geotechnical work is in process and that the full geotechnical boring data and report will be made available to the successful proposer, and incorporate accordingly into the evaluation criteria so as not to create a conflict of interest.

Stuart Bennion indicated that the Geotechnical data report could take anywhere from two to four months to produce. Based on a review of the current schedule, that would result in the PE RFP being issued in July or August of 2021, which puts the PE consultant Notice to Proceed toward the end of 2021 for RFP Option 1.

For Option 2, Otak could pick up oversight as soon as the geotechnical boring work has been completed and the data report work has started. This would allow the RFP process to begin a few months earlier than Option 1.

For Option 3, WSP essentially would have only staff oversight of the geotechnical work ongoing during the PE procurement, and would make available for all proposing teams the geotechnical information and bridge foundation designs as they were developed during the NEPA work.

After discussions with Otak, the Port and WSP, Option 3 is what is proposed in the attached procurement schedule.

BUILD Programming and Matching Funds

According to information from the US Department of Transportation, there are two important milestone dates for BUILD grants:

- Funding obligation, which is federal authorization to begin using the grant: the obligation deadline is September 30, 2022, which is the date by which a BUILD Transportation award recipient must have a signed and executed grant agreement in place with the DOT. The execution of the grant agreement obligates BUILD Transportation funding for the awarded project. It does not require the PE consultant to have been selected and hired by this date, but funding obligation is necessary to begin the PE procurement process.
- The expenditure deadline is September 30, 2027, is the date by which all BUILD Transportation funding must be expended. This should not be a problem with the attached PE procurement calendar, which would begin the PE work late in the third quarter or early in the fourth quarter of 2021, and assuming the PE work could be completed by the end of 2022. If BUILD funds are unspent at that time, assuming the project's Record of Decision is in place and there are no legal challenges to it, the Port could use some funds to acquire rights-of-way.

The schedule assumes three months from late September for the BUILD grant contract and authorization documentation to be completed and funds obligated.

The BUILD application included \$1,250,000 in matching funds. These funds must be non-Federal financial contributions and can include State, local, and private sector funding. According to the US DOT, "unless otherwise authorized by statute, non-Federal cost-share may not be counted as the non-Federal share for both the BUILD Transportation grant and another Federal grant program."

In the case of the Hood River Bridge project, the HB 2017 funds are State of Oregon and have not yet been pledged as match for any other federal funds on the project. According to the language from HB 2017, any funds remaining at the end of the NEPA tasks would return to the State of Oregon, unless they are to be used for eligible items (changes to environmental studies or permits resulting from bridge design refinement, project management and administration, and project delivery and finance and funding options studies that have yet to be initiated). The Port is currently discussing with ODOT and/or FHWA the option to pledge remaining HB 2017 funds (unspent as of funding obligation) toward the local match requirement. If approved, this reduces the amount of local match the Port needs to program.

PE Procurement Schedule

The PE Procurement schedule is attached. This would begin the process in late 2020 with development of the procurement documents and RFP content, along with reviews from stakeholder agencies such as ODOT and WSDOT, and potentially FHWA. A conservative assumption for agency reviews and comments is included, based on prior experience with similar efforts. This allows for a couple of “back and forth” discussions regarding scope and possibly RFP language.

The RFP release is timed with the schedule to conduct the geotechnical work and made available data and draft reporting, and note that the final Geotechnical Data Report will be made available to the successful proposer.

The schedule results in work beginning in late October 2021. The PE phase should take 9-12 months, during which time the Port (or whoever becomes project Owner) could work to locate funding for the PDDE phase. The PE consultant could be tasked with estimating the cost for PDDE services which could help inform the cost of that next phase.

For the purposes of this memo, the PE phase cost range is \$4.5-5.5 million, with the PDDE phase also in the \$4.5-5.5 million range; the RFP and scope would be developed to allow for a contract amendment to move from PE to PDDE should adequate funds be available.

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DRAFT CONTRACT PLAN

The Bi-State Working Group (BSWG) Memo of Understanding (MOU) identifies work necessary to develop the project into the Construction Phase. Phase 2 Work will be paid for as funding is obtained. Remaining funds from HB2017 would be eligible for the more immediate tasks; the BUILD funding and tolls will primarily pay for AE/Design work and costs. Following is a list of the contracts or amendments required to continue bridge replacement forward into Phase 2:

1. Governance II Amendment, S. Siegel, \$200k. Prepare BSA legislation for '22 long sessions; provide support to legislators and agency administrators. Recommended approval in **November 2020**, completed December 2021. (complete)
2. Project Delivery Contract, Lowell Clary, \$18k. Evaluate project delivery methods, review language AE/Design contract, recommendations for a TIFIA loan. This work will add to the AE/Design RFP effort. Recommended approval in **December 2020**. (Funded out of remaining HB2017 resource.) Anticipate subsequent amendment in FY2122 for \$20k funded from BUILD.
3. AE/Design RFP Amendment, Otak, \$22k. Develop bid documents and process for the selection of an AE/Design firm. Recommended approval in **December 2020**. (Funded out of remaining HB2017 resource)
4. Owners' Rep. RFP Contract, TBD, \$10k. Develop bid documents and process for the selection of an AE/Design Owner's Rep. Position. Approval in **January or February**. (HB2017 resource)
5. BUILD Contract, FHWA, \$5M. No work can be reimbursed from BUILD until grant agreement executed or pre-approved by FHWA. **January or February 2021** is likely approval date.
6. Geotechnical Amendment, WSP, \$650. Conduct geotechnical work up through Data Report; no final analysis required. This work will be an exhibit to the AE/Design RFP effort. Recommended approval in **January or February**.
7. Owners' Rep. Contract, TBD, \$200k. Similar to Otak's advising on the environmental process process, the project would be advised to have a third-party reviewer of the selected AE/Design Firm's work. Recommended approval likely in **Summer 2021**.
8. AE/Design Contract, TBD, \$4M+. Once the bid process is complete, negotiating contract with AE/Design firm to begin preliminary engineering. The contract will include provisions for additional work to be completed on engineering/design services as funding is made available. Recommended approval likely in **Fall 2021**.
9. Traffic & Revenue Contract, Stantec, \$332k. If funding is available, contract with Stantec to complete Toll Policy review and Level 2 T&R. Could be two separate contracts.
10. P3 RFI/Industry Forum, TBD, \$50k. If funding is available, contract with Public Private Partnership (P3) professional to develop further understanding of P3 opportunities.
11. Website, TBD, \$10k

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Port of Hood River Volunteer Agreement

Roles:

Volunteer Technical Advisor to Bridge Replacement Project Director. Serve as advisory member on project team for the following Hood River Bridge Replacement efforts:

1. Volunteer Project Advising/Strategic Planning – consult with staff and Port representatives on BSWG regarding overall strategy for bridge replacement including overall project schedule, consultant scope and contracts and cost assumptions.
2. RFP and Contracting Documentation - provide suggestions as to scope, content and structure of A/E RFP and selection process.
3. Contractor Selection Committee - serve as a member of the contractor review board in reviewing and scoring contractor proposals and determining contractor selection.
4. Work with Port-identified engineering firm to create high-level, multiple scenario construction schedules to be used for planning and advocacy efforts.
5. Participate in P3 work session as a panel member if one is organized and involvement is appropriate.

Renumeration:

1. Volunteer agrees to spend no more than 40 hours per month assisting Port. Volunteer should alert Port if 30 hours of assistance in any given month is reached.
2. Travel within the area and does not require overnight stay, then done so at no cost. Should air travel and or overnight stay be required, then expenses actual, fair and reasonable will be reimbursed by the Port upon approval by the Port.

I have read and understand the Port of Hood River’s Volunteer Agreement. I agree to abide by this agreement and will work to fulfill my commitment as a Port Volunteer. I understand and agree that failure to comply with this agreement is grounds for suspension or termination of my volunteer status with Port. I understand that Port commits to working with me to fulfill the expectations in this agreement.

Volunteer Name (print) _____

Volunteer Signature _____ Date _____

Port of Hood River, Michael McElwee, Exec. Director

Signature _____ Date _____

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EIS UPDATE

BRIDGE REPLACEMENT PROJECT

In December 2003, a draft environmental impact statement (EIS) was published as part of a bi-state collaborative effort. This draft EIS was the first step in complying with the National Environmental Policy Act (NEPA). Currently, the Port of Hood River (Port) is advancing the project to complete the EIS effort and position the project for future funding and construction.

What's new on the project?

- The Hood River-White Salmon Bridge Replacement Project Supplemental Draft EIS was published on November 20, 2020. Public comments will be accepted through January 4, 2021.
- Public hearing on the Supplemental Draft EIS was conducted on December 3, 2020. Please visit the project website to view a recording of the hearing, view the EIS or to provide comments.
- Additional archaeological field work completed on specific parcels on the Washington side and results will be documented in a draft report.
- Continue discussions with Oregon State Historic Preservation Office (SHPO), Washington State Department of Archaeology and Historic Preservation (DAHP), and other parties and tribes to develop mitigation measures for removal of the historic Hood River Bridge.

What are the next steps?

- Review and log comments made on the Supplemental Draft EIS. Comments received will be reviewed and responded to in the Final EIS. Completing the Final EIS begins following the close of the comment period and is anticipated to be completed by Summer 2021.
- Coordinate with NMFS and USFWS on completion of the Endangered Species Act consultation.
- Continue discussions with the Oregon SHPO, Washington State DAHP, and other parties and tribes to identify potential mitigation measures for removal of the existing bridge.
- Continued consultation with Native American tribes on cultural resources, access to the Columbia River, fishing activities, treaty rights, and other identified interests.
- Prepare to conduct geotechnical investigation in Spring of 2021.

JANUARY 2021



EXISTING



PROPOSED

How would bridge replacement benefit the Columbia River Gorge communities?

The Hood River Bridge provides a critical connection for residents and visitors to the Columbia River Gorge National Scenic Area. One of only three bridges spanning the Columbia in this region, the bridge is a critical rural freight network facility for agriculture, forestry, heavy industry and high-tech companies with freight originating throughout the northwest. The existing bridge is nearing the end of its serviceable life and is obsolete for modern vehicles with height, width, and weight restrictions and is also a navigational hazard for marine freight vessels. The bridge has no sidewalks or bicycle lanes for non-motorized travel and would likely not withstand a large earthquake.

If project funding is secured, the new bridge would provide a safe and reliable way for everyone to cross or navigate the Columbia River—by car, truck, bus, bicycle, on foot, or on the water. A new bridge would support a thriving economy and livable communities.

WE ARE HERE

Agency/Stakeholder Outreach		Environmental Compliance													
Technical Study Updates				Supplemental Draft EIS								Final EIS/ROD			
Community Meeting												Community Meeting			
Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2				
2018		2019				2020				2021					

To learn more about the project, please visit us at:
www.portofhoodriver.com/bridge

PROJECT CONTACT

Kevin Greenwood, Project Director
 ☎ 541-436-0797
 @ kgreenwood@portofhoodriver.com

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MEMO

TO: Kevin Greenwood, Hood River Bridge Replacement Project Director, Port of Hood River
FROM: Brian Carrico, WSP
SUBJECT: Status of Critical Path Activities and Projected Work through Jan 15
DATE: December 8, 2020

CRITICAL PATH ACTIVITIES

Progress and challenges to completing critical path activities are described below. Completed actions with no activity are not noted.

1 ENDANGERED SPECIES ACT (ESA) COMPLIANCE

PROGRESS:

- Letter of Concurrence from USFWS expected soon.
- NMFS assigned to biologist and Biological Opinion is in process.

CHALLENGES:

- None.

SCHEDULE RISKS:

- **Moderate risk** associated with NMFS and USFWS to completing consultation on schedule.

SCHEDULED COMPLETION DATE: ~~4/5/2021 (APRIL 2020 MEMO)~~; **1/12/2021 (MAY 2020 MEMO)**

- No change to completion date from May 2020 memo.
- Successor task: Final EIS (final review draft)

2. COMPLIANCE WITH SECTION 106 OF THE NATIONAL HISTORIC PRESERVATION ACT

PROGRESS:

- Historic Resources Technical Report 30-day review period ended Nov 16. Additional analysis is being added; revised report to be submitted to the Oregon SHPO and Washington State DAHP in December.
- Consulting Parties monthly meetings are underway; last meeting held on Dec 7; next meeting to be schedule in early Jan.

- Additional field work originally scheduled to begin Nov 17th was delayed due to additional comments from Washington State DAHP. The concerns were addressed, and fieldwork rescheduled to begin Dec 8. .

CHALLENGES:

- Consulting individually and collectively with four Tribes with treaty fishing rights on the Columbia River to discuss potential impacts to the White Salmon Treaty Access Fishing Site and treaty fishing rights is requiring more time than anticipated. ODOT has contacted all four treaty tribes and has met with (Umatilla) or will schedule (Yakama, Warm Springs and Nez Perce) individual meetings. This effort has slowed down as a result of COVID-19; ODOT is reaching out to tribes to determine if tribes will hold meetings via video-conference (e.g., Zoom). The Port is identifying opportunities to engage tribal fishers via web-meeting.

SCHEDULE RISKS:

- **High risk:** Obtaining responses from the tribes and scheduling meetings has also delayed the schedule. Past delay and any continued delay have a high risk of further delaying the SDEIS production schedule.

SCHEDULED COMPLETION DATE: ~~4/16/2021 (APRIL 2020 MEMO); 5/17/2021 (MAY 2020 MEMO); 5/4/2021 (JUNE 2020 MEMO); 3/3/2021 (JULY 2020 MEMO); 5/27/2021 (AUGUST MEMO); 6/18/21 (SEPT MEMO); 6/2/21 (OCT MEMO); 6/25/21 (NOV MEMO)~~

- Adjustment made to schedule to capture planned archaeological testing fieldwork. This adjustment pushed the schedule to complete Section 106 activities out to late-June 2021.
- Successor task: Final EIS (final review draft)

3. SUPPLEMENTAL DRAFT EIS PUBLICATION DATE– COMPLETE

COMPLETION DATE: ~~11/13/20 (APR MEMO); 11/20/2020~~

- Successor tasks: Public Review Period, Final EIS Footprint Set, and Final EIS/Record of Decision

4. FINAL EIS FOOTPRINT SET

PROGRESS:

- SDEIS published on Nov 20. Comment period open through Jan 4, 2021.
- Public hearing conducted remotely on Dec 4. Estimated attendance of 25 with a number of questions asked and comments received.
- Will monitor and log comments during review period.

CHALLENGES:

- None.

SCHEDULE RISKS:

- **None.** May receive requests to extend comment period.

SCHEDULED COMPLETION DATE: ~~1/28/2021 (APR MEMO); 2/3/2021 NOV MEMO)~~

- One week delay cascaded down from the SDEIS publication date change.
- Successor tasks: Final EIS/Record of Decision

5. PUBLISH FINAL EIS/RECORD OF DECISION



Not started, successor to SDEIS publication and FEIS footprint set.

SCHEDULED COMPLETION DATE: ~~7/22/2021 (APR MEMO)~~; **7/28/2021 (NOV MEMO)**

- One week delay cascaded down from the SDEIS publication date change.
- Successor tasks: Close out EIS project

PROJECTED WORK FOR NEXT 30 DAYS

The following work is projected to occur from December 15 through January 15.

TASK 1. PROJECT MANAGEMENT

- Coordination with Port, Consultant Team and other agencies
- Invoice for November activities
- Update schedule and critical path status
- Contingency release request for geotechnical investigation.

TASK 2. PUBLIC INVOLVEMENT

- Prepare a summary of the Dec 3 open house/public hearing.
- Prepare monthly update for January issue.

TASK 5. ENVIRONMENTAL

- Coordinate with ODOT, WSDOT and FHWA on technical reviews, cultural resources, tribal coordination and all other facets of NEPA compliance.
- Complete archaeological testing in the field and prepare a draft testing plan.
- Prepare a memo to summarize potential effects to cultural resources during the Spring 2021 geotechnical investigations; submit memo to ODOT to obtain Section 106 clearance.
- Receipt and review of comments on SDEIS.
- Evaluation of Final EIS footprint.
- Conduct meetings for the Section 106 consulting parties to begin developing mitigation options for removal of the historic Hood River Bridge; monthly meetings planned for Jan-June 2021.

TASK 6. ENGINEERING

- Support the Final EIS production by addressing Requests for Information regarding design.
- Coordination in preparation for geotechnical investigation work.

TASK 8. PERMIT ASSISTANCE

- Update and extend other existing permits for this work to show revised schedule and work window to support conducting the geotechnical work in 2021.



MEMORANDUM

TO: Kevin Greenwood, Hood River Bridge Replacement Project Director, Port of Hood River
FROM: Brian Carrico, WSP
SUBJECT: Summary of Comments Received on the Supplemental Draft EIS as of December 7, 2020
DATE: December 9, 2020

MEMORANDUM PURPOSE

The purpose of this memorandum is to provide a high-level summary of the comments received to date on the Hood River-White Salmon Bridge Replacement Project Supplemental Draft Environmental Impact Statement (EIS). The comment period opened upon the release of the Supplemental Draft EIS on November 20, 2020 and will close on January 4, 2021. Throughout this period, interested individuals and agencies can submit public comment through the following five methods: email, online via the project website, telephone, written mail, and at the public hearing held on December 3.

PUBLIC COMMENT METRICS

A total of 31 commenters provided comments between November 20 and December 7. Of those, 16 used email, 14 used the online form, and 1 provided comments during the Supplemental Draft EIS Public Hearing. Only one of the commenters was a public agency; the Oregon Department of State Lands commented regarding jurisdictional wetlands and mitigation for waterway impacts.

Comment Source	Number of Commenters
Email	16
Online	14
Telephone	0
Written mail	0
Public hearing	1
Total	31

PUBLIC COMMENT THEMES

The majority of respondents expressed support for building the bridge, with a handful sharing specific support for the preferred alignment (Preferred Alternative EC-2).

The most common theme among the respondents to date is support for a shared use path for pedestrians and bicyclists. Some comments included detailed support with recommendations such as wider lanes and viewing platforms.

The second most common theme is tolls –specifically, opposition to paying tolls, particularly for local commuters. The third most common theme is to build the bridge. These respondents expressed support for promptly replacing the existing bridge.

Other comment topics include: visual; keeping existing bridge; labor agreement to build the bridge; river access; boat passage; lighting; preservation; safety (suicide prevention and shared use path law enforcement); and, wetlands.

Comment Topic	Number of Comments
Shared use path	11
Tolls	6
Build it	5
Visual	3
Keep existing bridge	2
Labor agreement	2
River access	1
Boat passage	1
Lighting	1
Preservation	1
Safety	1
Wetlands	1
Total*	35

**Four commenters included comments on two topics.*

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Commission Memo



Prepared by: Fred Kowell
Date: December 15, 2020
Re: Western Region Tolling Interoperability

The IBTTA (International Bridge, Tunnel, and Turnpike Association) has been tasked to look into making the country interoperable between all tolling agencies such that traveling across country would not entail having a dozen separate transponders in a windshield. A task force was created to look at whether this was technically feasible.

Over the last 2-3 years, the Western region has led the way due to our regional use of or conversion to a 6C transponder protocol. 6C protocol provides the capability to convert the millions of transponders already in use today to a common specification without having to replace transponders in everyone's windshield.

For the first two years, the identification of the various protocols that are being used throughout the country was determined, then the second project was to use a key or algorithm to map those existing transponders under their existing protocols over to a 6C protocol. As of November of this year, the technical specifications have been ironed out and our region has tested within the region and outside the region this capability. So, we are now ready to look at the legal issues with regard to this tolling capability.

The Western region covers the coastal states then east to New Mexico, Montana and Wyoming. Staff will talk about the other regions and how information is being transmitted throughout the country. Staff will also update you on the status of this project as well as what it may mean to the Port of Hood River.

RECOMMENDATION: Discussion.

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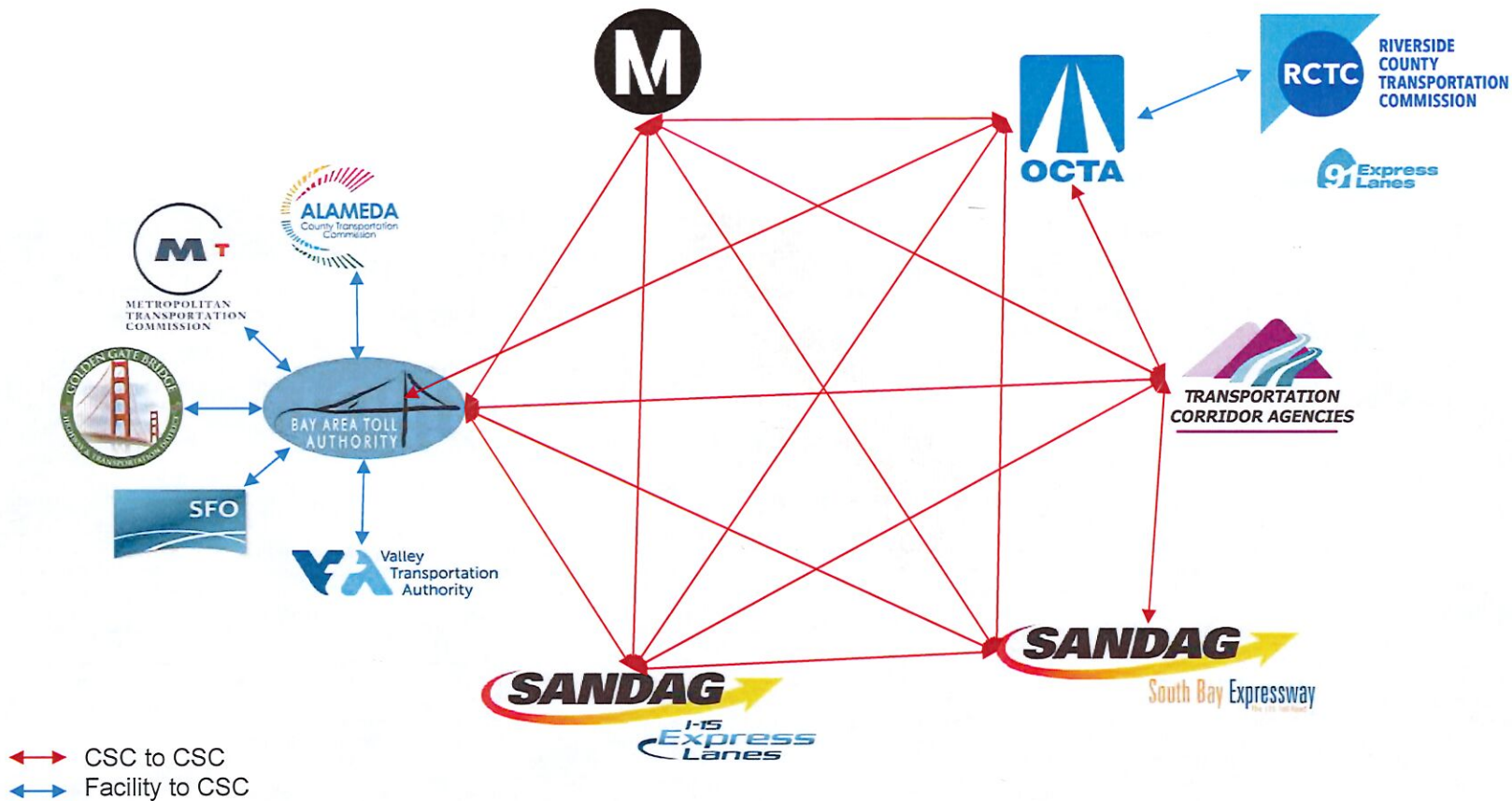
Western Region Tolling Interoperability

Western Region Toll Operators

November 9, 2020

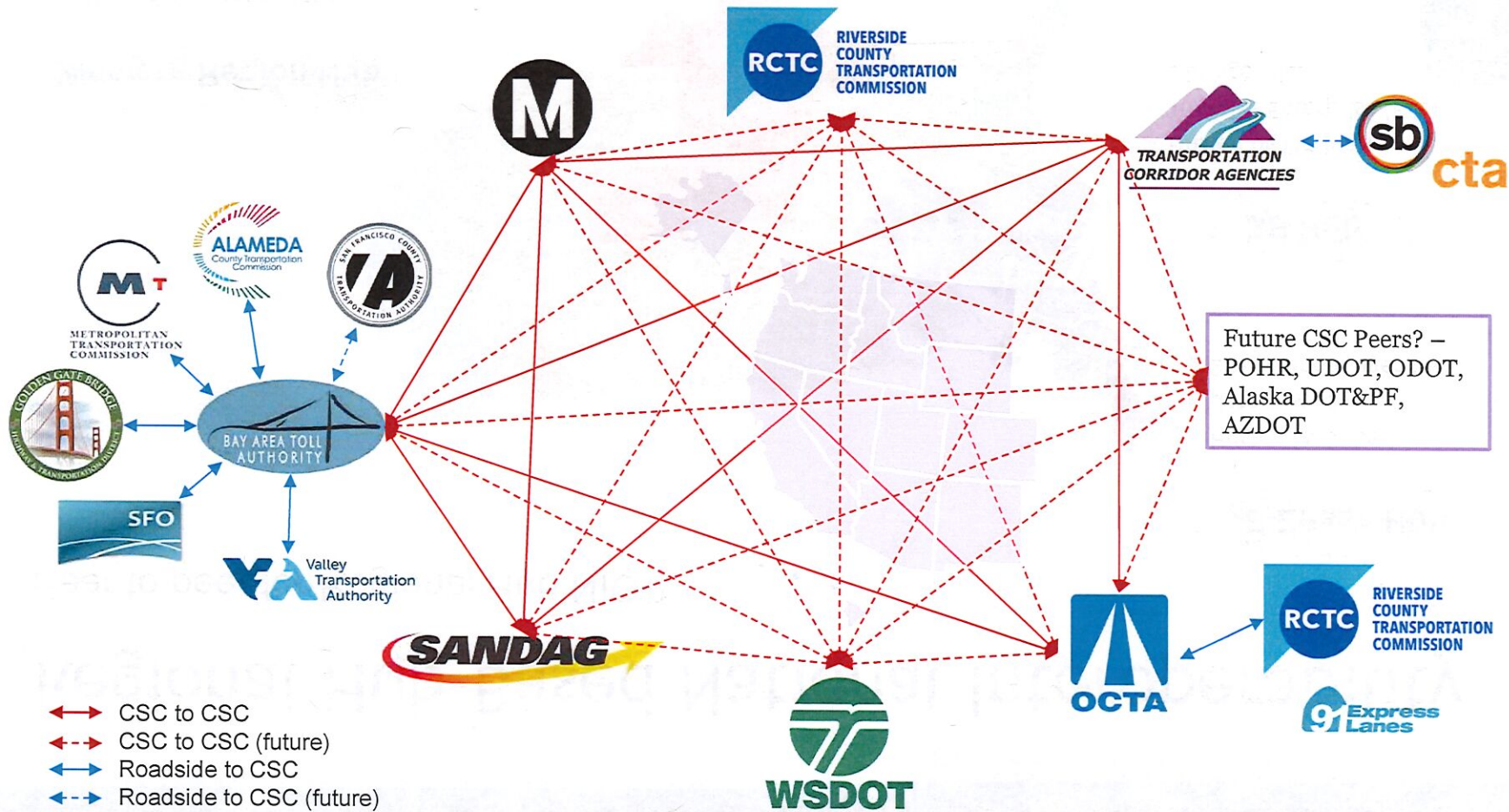
Current California Interoperability

Peer-to-peer tolling interoperability



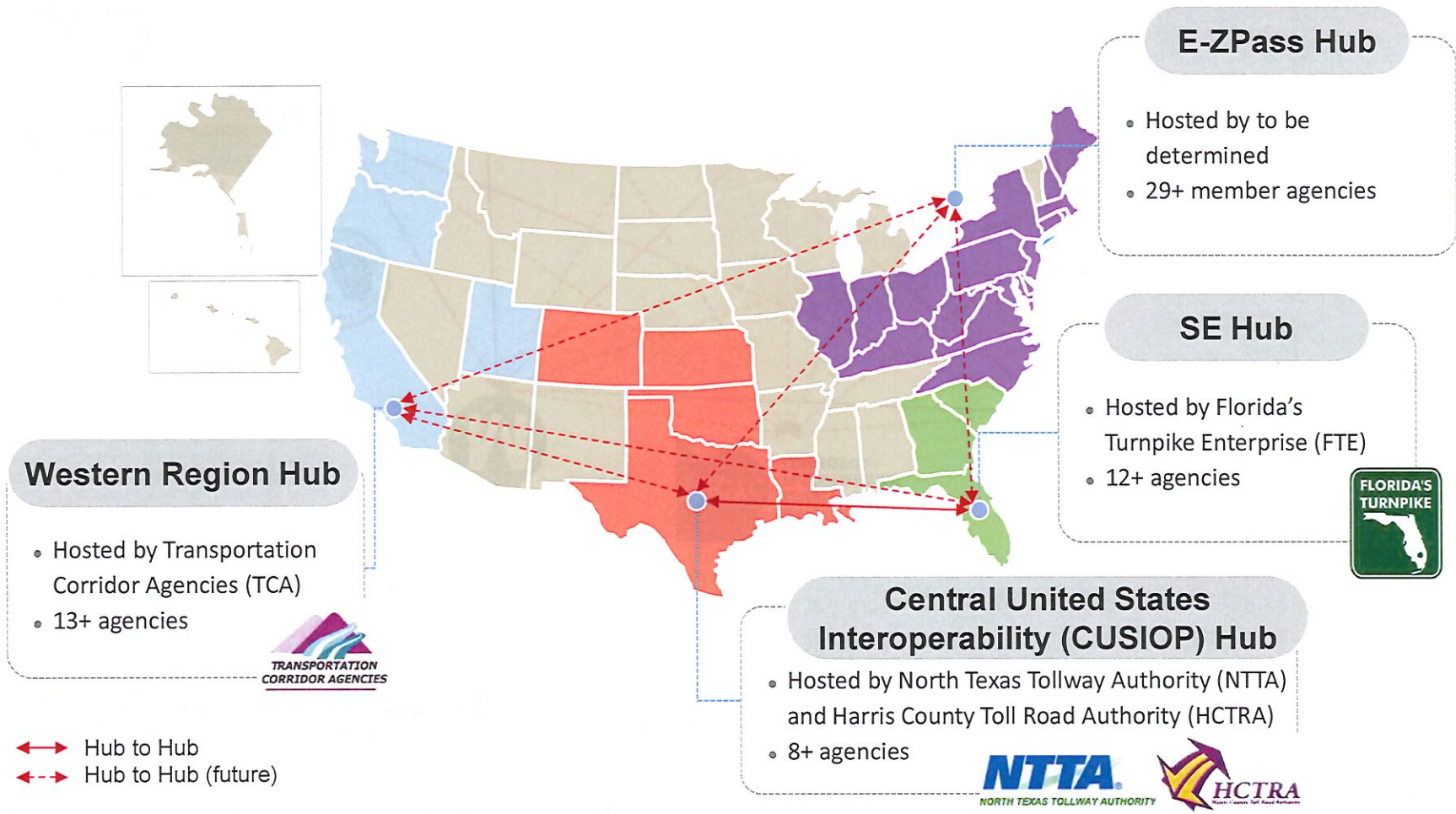
Western Region Interoperability

Peer to peer Western Region interoperability



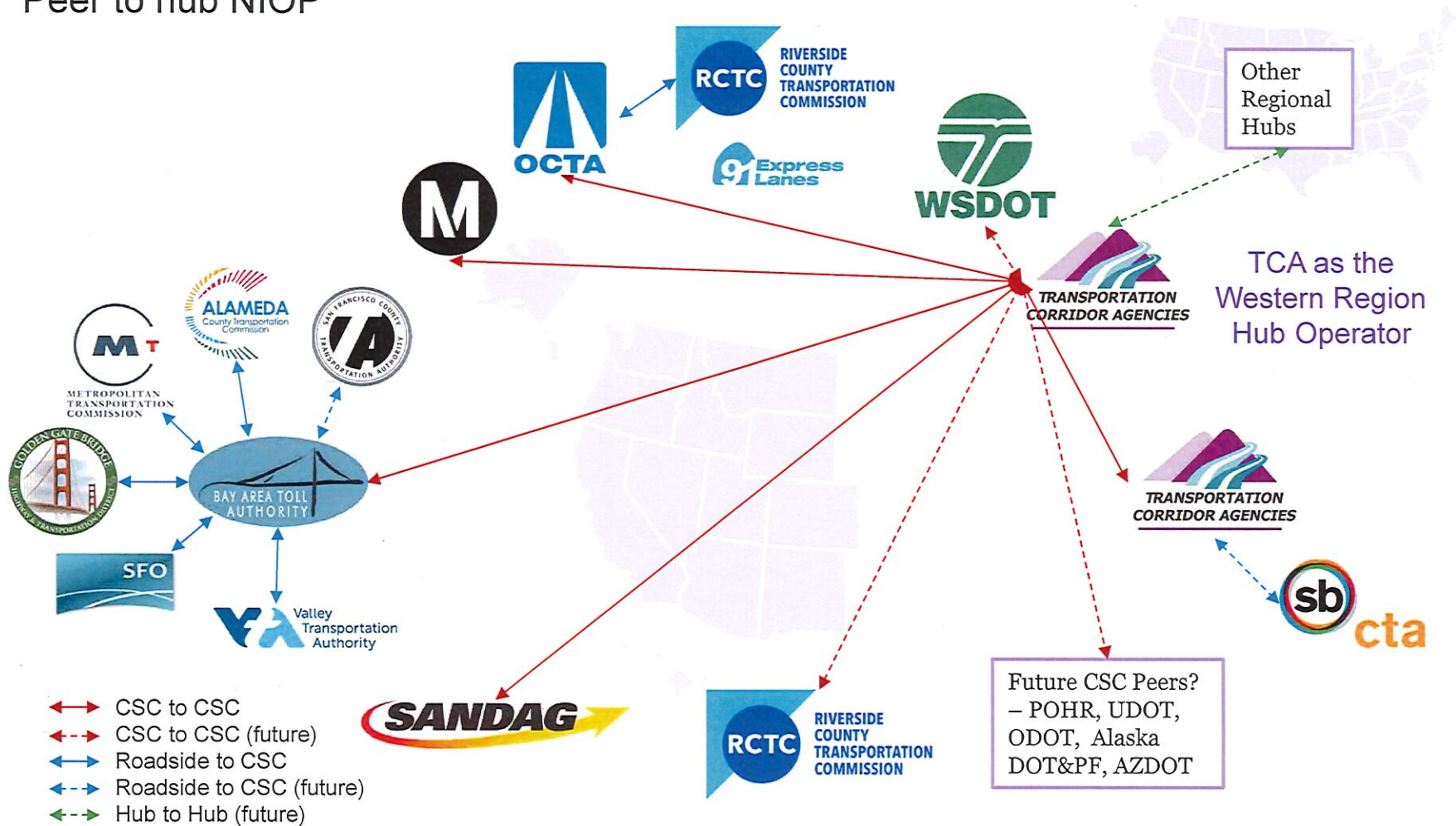
Regional Hub-Based National Interoperability

Peer to peer for Regional Hub NIOP



Western Region NIOP Interoperability

Peer to hub NIOP



WRTO – Vision/Initiatives

11/25/20

The continued vision is for an interoperable Western Region. This is the primary reason the group was formed, but there are other opportunities. Here are some ideas:

1. **Broaden Interoperability** - Broaden interoperability and look at more broadly at interoperability with RUC, MaaS, other payment platforms (3rd Party CSC vendors), etc. The idea is to have a task to look at interoperability longer range.
2. **Information Sharing** - Increase topical information sharing and coordination. CTOC coordinates on a variety of legal, express lanes, and communications topics, but at times tends to focus on CA only. WRTO members are invited to participate, but perhaps revisit and discuss if this could be improved or are there some Western Region issues that need to be address separately by WRTO. Perhaps gauge members to see what they want.
3. **Staff development and exchanges** - There is value in conducting peer to peer exchanges, information-sharing gatherings, joint trainings, and staff exchanges to share lessons learned on a variety of topics. Setting up sub-user groups for CSC operations, procurement, and vendor discuss forums could help agencies share experiences better.
4. **Advocacy for Federal Reauthorization** – What are important issues that the Western Region would like to take/push.
5. **Privacy** - Privacy issues are impacting the tolling industry. We need to be prepared for these changes and identify and anticipate challenges before they become problems.
6. **Occupancy** - Occupancy detection and levels are important to address, especially for those agencies operating express lanes or other facilities that provide either discounts or exemptions to vehicles based on occupancy.
7. **Meet in Person** - Have an in person meeting for WRTO! Has occurred before WRTO formalized, but has not occurred officially.

Commission Memo



Prepared by: Anne Medenbach
 Date: December 15, 2020
 Re: Airport Commercial Hangar Development Framework

Introduction

The Fall Planning session held on November 10 resulted in Commission direction to staff to move forward with planning steps for potential development of a commercial hangar at the Airport. This memo provides detailed information the Commission should consider prior to staff direction bringing an Architecture and Engineering contract for approval in January. The Commission also requested more information regarding box hangars and T-hangars and the Request for Qualifications for the Fixed Based Operator. These two items will be brought back to the Commission early in 2021.

Airport Financial Performance

To give context of how the commercial hangar ties in with the rest of the airport, staff has prepared the attached airport cash flow report, based on 2019 budget.

The airport typically hovers around break even status on an annual basis. Not included in that calculation are the grant matches required for capital improvement projects. The Port receives \$150,000 of Non-Primary Entitlement (NPE) funding annually if there are projects to fund. The match is always 90/10 with FAA dollars. In the past, the Port has subsidized these matches from other Port operations. This cash flow shows how those planned matches can be covered by the airport revenues.

Goals met

Following are goals expected to be achieved by completion of the Commercial Hangar.

- **Industry Support:** Should the Commission choose to construct this building it would provide much needed operational space for a vibrant local industry; UAV research and development. The Airport can only host tenants who generate at least 50% of their revenues in aviation-related industries. The UAV or aviation technology industry is such. Industrial space has been very tight for the last five years with little space for these emerging companies to locate.
- **Jobs:** Aviation technology companies require specialized employees who are paid well. This project could support up to 30 FTE jobs.
- **Additional revenue:** The Port has the goal of creating self-sufficient departments that do not need subsidy from other Port operations. The airport typically runs a small deficit annually, if it were expected to cover grant matches, that deficit would be

significant. By adding an average of \$58,000 per year through one build, this deficit is eliminated, and the Airport can be self-sufficient with an option of supporting NPE grant matches.

- **FAA obligations:** The FAA requires that grant-obligated airports strive for self-sufficiency. By increasing revenue, the Port would meet that goal.
- **Connect VI:** The Connect VI grant was received on the basis that the Port was completing infrastructure that would support aviation technology and emergency response. This building can potentially support both.

Financial Analysis

A commercial hangar is a highly flexible building that can serve R&D purposes, aviation related services such as mechanics, avionics, and aircraft storage. Staff made the following assumptions when generating a cash flow and estimated return for this building. The Port typically holds buildings long term through multiple redevelopment cycles. The “hold” period then becomes the life of the loan. The Port is planning to fully finance the construction and has no “investment” upfront, except the initial investment the Port contributed for the Connect VI project, totaling \$400,000. The “sale” typical of an IRR calculation, capitalizes the 20th year Net Operating Income (NOI). A CAP rate was used that is in line with Portland industrial rates, increased by 1% for the airport location.

- 100% financing, 20-year term, 4.25%
- 8 Cap “sale” at 20 years
- \$10,000 CIP every 5 years with \$25,000 at 10 and \$50,000 at 20 for standard improvements
- The construction estimate formulated during the preliminary design of the building is used
- \$400,000 initial investment= Connect VI grant match from Port

Tenant Marketing

There is interest from potential tenants in moving forward with a Lease. However, the Port cannot commit to pre-leasing until construction is certain to move forward. Staff proposes that the Port execute a non-binding Memorandum of Understanding (MOU) with potential tenants. This MOU would outline the terms should the Commission decide to move forward with a construction contract. The Port could then execute a Lease simultaneously with the construction contract to ensure immediate tenancy for both the Port and the Tenant.

Potential Schedule and Next Steps

As discussed at Fall Planning, the Commission will have multiple decision opportunities regarding the commercial hangars. Below is an outline of a potential schedule for the project. Items that have an * depict potential action for the Commission and indicate a decision point.

December 15

Review of airport cash flow and commercial hangar proforma

***January**

Proposed action: Approve A&E contract for building, estimated at \$96,000

MOU draft in Executive Session for review

***February**

Proposed action: Approve MOU with tenant

***April**

Proposed action: Bidding process. Project cost estimate and bidding schedule proposal.

***July**

Proposed action: Approve construction contract, likely \$3.2 million

Proposed action: Lease with tenants for no less than 50% of building

RECOMMENDATION: Discussion.

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Dec-20 Airport Cash Flow									
INCOME	Budget actuals	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	
Ag land leases									
Benton	\$ 11,948.00	\$ 11,031.00	\$ 11,031.00	\$ 11,031.00	\$ 11,031.00	\$ 11,031.00	\$ 11,031.00	\$ 11,031.00	\$ 11,031.00
Hangar land leases									
	\$ 25,099.00								
Hangar leases									
Hood Tech	\$ 27,464.00	\$ 32,778.59	\$ 33,434.16	\$ 34,102.85	\$ 34,784.90	\$ 35,480.60	\$ 36,190.21	\$ 36,914.02	
Cloud Cap	\$ 21,028.00	\$ 14,211.70	\$ 14,495.93	\$ 14,785.85	\$ 15,081.57	\$ 15,383.20	\$ 15,690.86	\$ 16,004.68	
T-hangars	\$ 119,594.00	\$ 108,349.34	\$ 110,516.32	\$ 112,726.65	\$ 114,981.18	\$ 117,280.81	\$ 119,626.42	\$ 122,018.95	
Maintenance hangar	\$ 3,000.00								
Total Lease revenue	\$ 196,185.00								
PROPOSED NEW REVENUE/PROJECTS									
Port Development									
Commercial hangar				\$241,444.351	\$247,272.388	\$253,239.884	\$259,350.138	\$265,606.526	\$272,012.503
Reimbursable income									
Taxes	\$ 3,415.00	\$ 5,624.40	\$ 5,736.89	\$ 5,851.63	\$ 5,968.66	\$ 6,088.03	\$ 6,209.79	\$ 6,333.99	
Utilities	\$ 13,110.00	\$ 12,203.89	\$ 12,447.97	\$ 12,696.93	\$ 12,950.87	\$ 13,209.89	\$ 13,474.08	\$ 13,743.56	
Total Income	\$ 212,710.00	\$ 197,537.20	\$ 451,692.01	\$ 465,740.39	\$ 480,001.96	\$ 494,481.52	\$ 505,191.85	\$ 516,144.32	
EXPENSES									
Port staff a	2%/yr \$ 147,802.00	\$ 150,758.04	\$ 153,773.20	\$ 156,848.66	\$ 159,985.64	\$ 163,185.35	\$ 166,449.06	\$ 169,778.04	
Utilities	2.5%/yr \$ 33,299.00	\$ 34,131.48	\$ 34,984.76	\$ 35,859.38	\$ 36,755.87	\$ 37,674.76	\$ 38,616.63	\$ 39,582.05	
Maintenan	3%/yr \$ 41,228.00	\$ 42,464.84	\$ 43,738.79	\$ 45,050.95	\$ 46,402.48	\$ 47,794.55	\$ 49,228.39	\$ 50,705.24	
Insurance	3%/yr \$ 10,713.00	\$ 11,034.39	\$ 11,365.42	\$ 11,706.38	\$ 12,057.58	\$ 12,419.30	\$ 12,791.88	\$ 13,175.64	
Property T:	2% \$ 3,803.00	\$ 3,879.06	\$ 3,956.64	\$ 4,075.34	\$ 4,197.60	\$ 4,323.53	\$ 4,453.23	\$ 4,586.83	
Professional services	\$ 19,110.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	
Legal	\$ 4,987.00	\$ 865.95	\$ 883.26	\$ 900.93	\$ 918.95	\$ 937.33	\$ 956.07	\$ 975.20	
Total expenses	\$ 198,152.00	\$ 191,884.91	\$ 195,722.61	\$ 199,637.06	\$ 203,629.81	\$ 207,702.40	\$ 211,856.45	\$ 216,093.58	
Net Operating Income	\$ 14,558.00	\$ 5,652.29	\$ 255,969.40	\$ 266,103.33	\$ 276,372.16	\$ 286,779.11	\$ 293,335.40	\$ 300,050.74	
Debt Service									
Grant match	\$ (4,243.00)	\$ (30,000.00)	\$ (15,000.00)	\$ (15,000.00)	\$ (15,000.00)	\$ (15,000.00)	\$ (15,000.00)	\$ (15,000.00)	
Capital investment									
Total	\$ (18,000.00)	\$ (30,000.00)	\$ (259,620.00)	\$ (259,620.00)	\$ (259,620.00)	\$ (259,620.00)	\$ (244,620.00)	\$ (244,620.00)	
Cash Flow	\$ (3,442.00)	\$ (24,347.71)	\$ (3,650.60)	\$ 6,483.33	\$ 16,752.16	\$ 27,159.11	\$ 48,715.40	\$ 55,430.74	

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Commission Memo



Prepared by: Michael McElwee
Date: December 15, 2020
Re: Executive Director's Report

The Executive Director's Report for December 15 will be presented verbally during the meeting.

RECOMMENDATION: Informational.

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Commission Memo



Prepared by: Kevin Greenwood
Date: December 15, 2020
Re: Lowell Clary Consulting
Personal Services Contract

Lowell Clary (“Clary”) has advised the Port on project delivery and public private partnership approaches since early in 2018. He originally served on a Bridge Replacement Financing expert panel hosted by the Port of Hood River in January 2018 and provided guidance in the development of the NEPA contract from a financing perspective. In November, staff sought a proposal from Clary to provide consulting services related to P3 analysis. At the Dec. 1st meeting, the Commission discussed the attached contract and directed staff to take it to the Bi-State Working Group (BSWG) for discussion. The BSWG discussed the document at the Dec. 4th meeting and asked that the P3 effort start as soon as possible.

Mr. Clary has been in private consulting since 2008 assisting municipal and state agencies with transportation procurement and financing. He also served as the Asst. Secretary at the Florida Dept. of Transportation. Clary has worked on similar projects in Colorado, Seattle, Connecticut, Florida and North Carolina and has decades of experience developing tolling models, financial analysis, public private partnership evaluation and procurement methods. He also serves as a private sector representative on the U.S. Dept. of Transportation’s TIFIA advisory board.

As the project moves past NEPA and interest in Public Private Partnerships (P3) increases, the timing is good to bring Mr. Clary back on board to present information and provide answers to the Bi-State Working Group and to develop a P3 panel to increase understanding on how that procurement model may benefit the project. The attached contract includes a presentation to the BSWG, preparing and facilitating a panel discussion of P3 professionals with the BSWG, and the development of a plan for selecting the approach of either an Industry Form or RFI, but the scoping and implementation of either option will require an additional amendment.

The contract would be reimbursed through the \$5M Oregon state legislative appropriation.

RECOMMENDATION: Approve contract with Clary Consulting Inc. for consulting services related to bridge replacement not to exceed \$22,750, plus reasonable reimbursable expenses.

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Personal Services Contract Exhibit A

I. SCOPE OF WORK:

Provide advisory services for strategic advice for procurement/project delivery and traffic and revenue analysis activities. Clary Consulting Company will assist with the following Tasks as directed and agreed upon by the Port:

1. TASK 1 – PROJECT DELIVERY/P3 PRESENTATION. January 2021 - Present project delivery options overview presentation to BSBW –\$5,250 (does not include optional f below)
 - a. Develop draft presentation for review by Port staff.
 - b. Update the presentation based on review comments.
 - c. Present presentation for officials.
 - d. Be available for questions.
 - e. Provide a summary of the meeting.
 - f. Optional - Provide draft brochure/paper on project delivery options including the strengths and challenges of each option –\$3,500
2. TASK 2 – P3 PANEL. Jan./Feb. 2021 –\$7,000
 - a. Secure and schedule experts in P3 for a panel presentation and discussion for the BSWG.
 - b. Develop agenda and coordinate with experts on overall presentation for the P3 panel presentation.
 - c. Interact with BSWG on draft agenda and presentation.
 - d. Finalize agenda and presentation.
 - e. Moderate and participate in the P3 panel presentation.
 - f. Prepare a summary of the panel presentation.
3. TASK 3 – PREPARE FOR P3 RFI OR FORUM. 2021 –\$3,500 (does not include optional c. below)
 - a. Outline the strengths and challenges of the Industry Forum or RFI approach
 - b. Prepare a plan for the selected approach of Industry Forum or RFI to solicit input from the industry.
 - c. Optional – Prepare a scope and budget for conducting an Industry Form or RFI, subject to future funding. – amount TBD
 - i. Prepare a set of questions and information request to be incorporated in the RFI or Industry Form and define the budget and process to complete the process.
 - ii. Participate in the RFI or Industry Forum as needed
 - iii. Provide a summary of input from the Industry Form or RFI.
4. ADDITIONAL ADVISING
Assist in other aspects of project development including reviewing design and governance work for P3 procurement option. – \$3,500

II. DELIVERABLES AND TIMEFRAME:

The deliverable(s) covered under this Contract shall be:

As requested by Port staff.

The due dates for the deliverable(s) shall be:

Completion of all work products by **December 31, 2021**.

III. CONSIDERATION:

Hourly rates under this Contract shall be:

Professional services at \$350 per hour loaded rate (this includes all costs including travel expenses). Hours are not charged for travel time unless actual work is performed during travel time. Port anticipates that all meetings will be done via video- or tele-conference.

No reimbursable expenses.

IV. BILLING AND PAYMENT PROCEDURE:

The Contractor shall submit to the Port for payment an itemized invoice in a form and in sufficient detail to determine the work performed for the amount requested. The invoice shall contain at a minimum:

- Invoice date
- Contract project title
- Record of hours worked and a brief description of activities
- Billing rate applied

Invoices for services will be submitted on a monthly basis. Payments due which exceed 90 days from date of invoice may be subject to a monthly charge of 1.5% of the unpaid balance (18% annual).

The Port shall process payment in its normal course and manner for Accounts Payable, net 30 days.

**Personal Services Contract
Exhibit B**

INSURANCE

During the term of this Contract, Contractor shall maintain in force at its own expense, each insurance noted below:

- 1. Workers' Compensation insurance in compliance with ORS 656.017, which requires subject employers to provide Oregon workers' compensation coverage for all their subject workers. (Required of contractors with one or more employees, unless exempt order ORS 656.027.)

Required and attached

Certified by Contractor: _____
Signature/Title

- 2. Commercial General Liability insurance on an occurrence basis with a limit of not less than \$1,000,000 each occurrence for bodily injury and property damage and \$2,000,000 general aggregate. The Liability Insurance coverage shall provide contractual liability. The coverage shall name the Port of Hood River and each of its Commissioners, officers, agents, and employees as Additional Insured with respect to the Contractor's services to be provided under the Contract.

Required and attached

- 3. Automobile Liability insurance with a combined single limit of not less than \$1,000,000 each occurrence for bodily injury and property damage, including coverage for owned, hired, or non-owned vehicles, as applicable.

_____ Required and attached

- 4. Professional Liability insurance with a \$1,000,000 per claim and \$1,000,000 in the aggregate for malpractice or errors and omissions coverage against liability for personal injury, death or damage of property, including loss of use thereof, arising from the firm's acts, errors or omissions in any way related to this Contract.

_____ Required and attached

- 5. On All Types of Insurance. There shall be no cancellation or intent not to renew the insurance coverages without 30-days written notice from the Contractor or its insurer(s) to the Port, except 10 days for premium non-payment.

- 6. Certificate of Insurance. As evidence of the insurance coverage required by this Contract, the Contractor shall furnish acceptable insurance certificates to the Port at the time Contractor returns the signed Contract. The General Liability certificate shall provide that the Port, its Commissioners, officers, agents, and employees are Additional Insured but only with respect to the Contractor's services to be provided under this Contract. Endorsement CG 20 10 11 85 or its equivalent must be attached to the Certificate. The Certificate shall provide that the insurance shall not terminate or be canceled without 30 days written notice first being given to the Port. Insuring companies or entities are subject to Port acceptance. If requested, complete copies of the insurance policy shall be provided to the Port. The Contractor shall be financially responsible for all pertinent deductibles, self-insured retentions, and/or self-insurance.

Commission Memo



Prepared by: Kevin Greenwood
Date: December 15, 2020
Re: Otak Amendment No. 3

Otak Consulting Inc. (“Otak”) has been under contract with the Port since January 2018 serving as the owner’s representative for the NEPA work. Otak’s Chuck Green also advised and facilitated the process leading to the selection of WSP to conduct the environmental work.

Otak’s services are needed now to assist in procuring the Preliminary Design consultant by performing the following tasks:

- Work with Port staff and consultants to determine procurement method,
- Draft the RFP/RFQ content as agreed to by the Project Team,
- Develop the procurement schedule for the selection process (including external and internal meetings),
- Coordinate with DOTs on level of design needed for hydraulic, Geotech, and mitigation design,
- Facilitate review of the preliminary design scope of work, and
- Assist the Port during the pre-proposal meeting, responding to consultant requests for information, and clarifying RFP/RFQ items.

The cost for these services is \$22,000 for a total Otak contract amount of \$77,000 and a term through December 2021. The cost would be reimbursed through the \$5M Oregon state legislative appropriation.

RECOMMENDATION: Authorize Amendment No. 3 to contract with Otak Consulting, Inc. for AE/Design RFP consultation related to bridge replacement not to exceed \$22,000.

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**AMENDMENT NO. 3
TO PERSONAL SERVICES CONTRACT**

This Amendment No. 3 to the Personal Services Contract ("Contract") is entered into this **15th day of December, 2020** by and between Otak, Inc. ("Consultant") and the Port of Hood River ("Port"), an Oregon Municipal Corporation.

RECITALS:

WHEREAS, Contractor and Port entered into a Contract dated January 10, 2018 for National Environmental Policy Act ("NEPA") technical assistance associated with obtaining a Final Environmental Impact Study for the future replacement of the Hood River Bridge ("Project"); and

WHEREAS, Amendment No. 2 was executed April 21, 2020 to extend the term of the Contract; and

WHEREAS, the Port desires additional services including the preparation of AE/Design bid documents, the facilitation of scoring and interviewing of firms, and providing guidance to the selection committee; and

WHEREAS, Exhibit A to this Amendment No. 3 states the services, assumptions, deliverables and fees for the bid procurement process; and

WHEREAS, all terms used in this Amendment No. 3 have the meaning given to them as in the original Contract, except as amended hereby.

NOW THEREFORE, Port and Contractor agree to carry out the additional services for an additional amount not to exceed **\$22,000** for a total contract amount not to exceed **\$77,000** plus reasonable reimbursable expenses; and

Port and Consultant agree to extend the term of the contract through December 31, 2021.

IN WITNESS WHEREOF, the parties hereto have caused Amendment No. 3 to be duly executed the day and year first above written.

OTAK, Inc.

Port of Hood River

Chuck Green
Sr. Project Manager
700 Washington St., Suite 300
Vancouver, WA 98660

Michael S. McElwee
Executive Director
1000 E. Port Marina Drive
Hood River OR 97031

Exhibit A

Otak will assist in procuring the Preliminary Design consultant with the following services:

1. **Procurement Organization:** Working with Port and ODOT procurement staff (if required) to determine procurement method (single stage RFP vs. multi stage RFQ). Also included in this discussion will be whether the selected Preliminary Design Consultant will or will not be precluded from pursuing final design, depending on expected Project Delivery method(s).
2. **RFP Development:** Assist the Port in drafting the RFP/RFQ content. This includes developing a set of Preliminary Design milestones for incorporation into the Preliminary Design Scope, and developing the Scope of Services to be included in the RFP. This will likely include facilitating discussions with Port, ODOT and WSDOT as well as resource agency staff as to the amount of hydraulic, geotechnical and mitigation design will be needed at this stage, and for what project permits are to be obtained by the design consultant during preliminary engineering design. These discussions will also include the “end point” result of the Preliminary Design process which will help define the scope of services (in other words, how far does the consultant take the preliminary design before their work is complete?).
3. **Procurement Assistance:** Develop the procurement schedule for the RFP/RFQ process and consultant selection. Coordinated with the Port, ODOT, WSDOT and potentially other project partners for review of the consultant Preliminary Design scope of work. Assist the Port during the open procurement process to facilitate a pre-proposal meeting, responding to consultant requests for information, and clarifying RFP/RFQ items. Otak’s project manager will attend evaluation committee meetings to facilitate reviews, respond to questions from the evaluation committee members, facilitate the interviews, and document the selection process.

Based on current understanding of the situation, the following consultant assumptions are made for this scope:

- The Supplemental Draft EIS public comment process will have been completed
- This Preliminary Engineering phase scope and RFP content will utilize ODOT’s Local Agency template(s). Scope and procurement documents for alternative project delivery options (Design/Build, Public-Private Partnership) will be developed in future work efforts and are not part of this scope.
- The Port to coordinate comments from multiple stakeholders for any of Otak’s deliverables
- The Port, in discussions with ODOT and FHWA, has determined that WSP and its primary subconsultants are not precluded from submitting a proposal for this RFP/RFQ.
- A separate process for eventual project delivery will be by the Port or others; the Preliminary Design consultant will not be required to assess and determine the project delivery options (design/bid/build, design/build, Public/Private Partnership, or other derivations).
- Consultant project manager and task leads expected to participate in project coordination meetings with Port, ODOT, WSDOT and FHWA. Up to two (2) multi-agency coordination meetings in Hood River are assumed, not to exceed four (5) hours each including travel time.
- Expected qualifications include experience with major bridge design; experience with NEPA and state regulatory conditions of project approval and mitigation plans.
- Experience with long-range traffic (with tolling) modeling for large bridge design
- Experience with WSDOT, ODOT and AASHTO design guidelines and standards.
- Design parameters and reviews will include Port, ODOT and WSDOT staffs.
- For the Preliminary Engineering scope, the Port will work with stakeholder entities to identify a process to coordinate with the Columbia Gorge Commission on design parameters and reviews.

- All deliverables via electronic media
- Milestone schedule for the consultant procurement process: draft within one week of Notice Proceed (NTP). Final within one week of receiving comments.
- Milestone schedule for the preliminary design process: draft within three weeks of Notice to Proceed, final within one week of receiving comments.
- Scope language (consultant scope, qualifications, criteria) for the Preliminary Design consultant RFQ/RFP: draft within four weeks of NTP of that task, final within two weeks of receiving comments
- Coordination meetings with the Port, ODOT and FHWA (and possibly WSDOT and other project partners): up to two, at 5 hours each including travel time, assumed to be in Hood River.
- Procurement related meetings: up to three (3), 2 hours each (except interview process, which is assumed to be a full 8-hour day), each assumed to be in Hood River.
- Assistance with and facilitation of preliminary design consultant procurement process, including facilitation of proposal evaluations and interviews, and potentially participating in the interview process.

Fees

	CE VIII/ Advisor/RFP Lead	Sr. PM Civil/ Structural RFP Scope	CE IX/ Water Resources RFP Scope	CE VI/ Civil RFP Scope	Admin Asst./ Processing and Proofreading	Proj. Coord./ Administra tive and Clerical	TOTAL
	Chuck Green, PE	Scott Nettleton, PE	Kevin Timmins, PE*	Scott Dreher, PE	Reena Keene	Tina Keller	
Labor Rate (includes OH and fee)	\$ 177.00	\$ 244.00	\$ 193.00	\$ 225.00	\$ 77.00	\$ 127.00	
Task							
RFP and Consultant Procurement Assistance							
Task Management	6					3	9
Procurement Organization	12						12
RFP Development	14	22	20	8	6		74
Procurement Assistance	20						20
Total Hours	52	22	20	8	6	3	115
Labor for RFP Support	\$ 9,204	\$ 5,368	\$ 3,860	\$ 1,800	\$ 462	\$ 381	\$ 21,075
Expenses (mileage)	300						\$300
Contingency							\$625
Total for Task	\$ 9,504	\$ 5,368	\$ 3,860	\$ 1,800	\$ 462	\$ 381	\$ 22,000

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Commission Memo



Prepared by: Anne Medenbach
Date: December 15, 2020
Re: FBO Agreement Amendment No. 4

Tac Aero has been the FBO at the Ken Jerstedt Airfield since 2016, when they took over from Classic Wings. The Port executed an agreement with Classic Wings in 2015 which was set to expire December 31, 2019, a five-year term. At the end of the term, the Port had expected to complete a public RFQ process for the FBO to ensure that the agreement is fairly offered to other potential FBO's on a regular basis. However, the Port determined that significant changes needed to be made to the FBO agreement and changed the expiration date to December 1, 2017.

Since that time the following things have occurred at the airport which resulted in an extension of the FBO agreement:

- 2017 - A public process began to address airport noise impacts that resulted in implementation of the Fly Friendly program.
- 2018 - Minimum standards were implemented and Ordinance 24 was updated, both have direct bearing on commercial operations at the airport.
- 2018 - The Airport Master Plan was completed.
- 2019 - An Environmental Assessment under NEPA was required and completed.
- 2020 - Both the Connect 6 and the North Apron grants were executed, and work completed.

Now that all those activities are complete, the Port is better positioned to move forward with an FBO RFQ that may be attractive to such businesses.

Staff expects to have a draft RFQ and Agreement for Commission review in January of 2021. The process is anticipated to take three months with a new FBO agreement expected to be executed in late March. This Amendment No. 4 to the FBO Agreement with Tac Aero allows time to complete that process while maintaining continuity in its FBO.

RECOMMENDATION: Approve Amendment No. 4 to the Agreement with Hood Tech Corp-Aero, Inc. DBA Tac Aero. for Fixed Base Operator services at the Ken Jernstedt Airfield.

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**AMENDMENT 4 TO FIXED BASED OPERATOR AGREEMENT AND LAND LEASE
TENANT RIGHTS**

Whereas, the Port of Hood River ("Lessor") and Hood Tech Corp., Aero Inc. ("Lessee") entered into a Fixed Based Operator agreement and a land lease of 3,000sf, effective May 31, 2015 ("Agreement"); and,

Whereas, on December 6, 2017, Amendment number 1 was executed which extended the Agreements termination date to March 1, 2018, and

Whereas, on February 23, 2018, Amendment number 2 was executed which extended the Agreements termination date to December 31, 2019, and

Whereas, on December 31st, 2019, Amendment number three was executed which extended the Agreement's termination date to December 31, 2020, and

Whereas, per the Agreement Section 4. A, an extension of the Agreement term is allowed by written agreement, and

Whereas, Lessor plans to undertake a public Request for Qualifications process to solicit Fixed Based Operator proposals during January 2021,

Therefore, Lessor and Lessee agree to the following changes to the Agreement:

- 1. The term shall be extended to expire on March 31, 2021.

Except as modified by Amendment No. 1, Amendment No. 2, Amendment No. 3 and this Amendment No. 4 the Agreement shall remain in full force and effect.

DATED THIS _____ DAY OF _____ 2020

By: _____
Michael S. McElwee, Port of Hood River, Executive Director

By: _____
Jeremy Young, President, Hood Tech Corp., Aero Inc.

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