



PORT OF HOOD RIVER 2017 ANNUAL REPORT

Message from President Hoby Streich

Your Port of Hood River Commissioners are stepping up our game to bring heightened levels of leadership to the Port as it endeavors to undertake major infrastructure upgrades that will benefit all Gorge communities. Stepping up our leadership game requires deeper education, a commitment to transparency, and enhanced efforts to build new, collaborative partnerships, especially as we pursue the Port's highest priority — replacing the Hood River-White Salmon Interstate Bridge. The nature and significance of this project is immense involving two states, two counties, three cities, a National Scenic Area, and the federal government.

Commissioners, the Port's elected officials, are very involved in the bridge replacement process, interacting with other leaders in a way that is unprecedented in my 16 years on the Port Commission. Our current board, consisting of three newly elected members, has a new opportunity to work with other leaders at local, state and national levels under a unique set of circumstances.

We would not be where we are on the path toward bridge replacement today without advocacy and efforts from our legislative representatives. Congressman Greg Walden, U.S. Senators Ron Wyden and Jeff Merkley, Oregon Senator Chuck Thomsen, and former Oregon Representative Mark Johnson (a catalyst for legislation expanding bridge replacement options), all deserve recognition for their actions and support.

The Port welcomes Oregon's newly appointed representatives, Jeffrey Helfrich in District 52 and Daniel Bonham in District 59, and we look forward to collaborating with them. We are very encouraged by the interest and support for replacement expressed by Washington Senator Curtis King and Representatives Gina McCabe and Norm Johnson. Keeping the replacement of this critical link in our transportation system at the forefront in state legislatures is an ongoing effort.

Port Commissioners are also participating in more and more meetings and work sessions to gain knowledge on procurement options, public-private partnership (P3) scenarios, and information on the many complexities of this project.

As Commissioner involvement increases, we become the faces of the Port of Hood River. It is imperative that we are informed. As Port Commissioners, elected to represent and work for our community, we are accountable to our constituents. We must be smart, strategic and thoughtful about the future of this important locally owned asset.

Currently, only two tolling facilities exist in Oregon — the Hood River-White Salmon Interstate Bridge and the Port of Cascade Locks' Bridge of the Gods. That is not to say these two structures will remain Oregon's only tolled facilities. The Oregon Transportation Commission awaits Federal Highway Administration approval on a plan to implement tolling on Interstate 5 at the Washington-Oregon border and at the intersections of Interstate 205 and I-5 in Wilsonville as one strategy to pay for road improvements. The proposal is controversial, but nevertheless an indication that tolls may be the way of the future.

The Port of Hood River's newly upgraded tolling system paves the way for future interoperability among western tolling facilities, and the Port has become the industry leader in electronic tolling in Oregon.

Important next steps to bridge replacement are underway and while the potential pathways forward could take many different twists and turns, this Commission is ready to lead the way forward.

Sincerely,

Hoby Streich, Port Commission President

2017 Year in Review

JANUARY

■ Significant winter snow events required extraordinary efforts of plowing, snow-blowing, sanding and shoveling on Port properties by facilities staff.



■ Senator Jeff Merkley's Field Representative, Phil Chang, toured the Bridge and visited with Port staff about its pending FASTLane application, submitted in December requesting \$5.05 million with a local match of \$3.66 million for predevelopment tasks.



■ Design guidelines were reviewed and approved by the Port

Commission for the Lower Mill industrial site to add aesthetics to the development, create landscaped areas and provide an attractive setting for businesses.

■ The Connect Oregon VI grant for \$1,364,900 was received by the Oregon Dept. of Transportation (ODOT) for the Aviation Technology and Emergency Response Center at the Ken Jernstedt Airfield.



please see Year in Review on page 2

Port Commissioners

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



Hoby Streich
Position #5
Commissioner since 2002



Brian Shortt
Position #4
Commissioner since 2011



Ben Sheppard
Position #1
Commissioner since 2017



John Everitt
Position #2
Commissioner since 2017



Dave Meriwether
Position #3
Commissioner since 2017

2017 Year in Review continued

FEBRUARY

- Two legislative bills related to bridge replacement were issued to the Oregon Legislature. House Bill 2750 permits the option for the Port to enter a public/private partnership (P3) for construction of a new bridge. House Bill 2749 allows the Port, in collaboration with ODOT, to study the feasibility of replacing the Hood River-White Salmon Interstate Bridge, and establishes a \$5 million fund to finance the study.
- Wetland mitigation was initiated at the Lower Mill Site to fill the existing wetlands and replace it offsite. Grading plans, ecology and civil engineering services were part of the final projects to be completed.
- Bridge engineering firm HDR updated the Port's 30-year Work Plan for capital improvements for the Hood River – White Salmon Interstate Bridge.



Laurie Borton

■ Laurie Borton retired from the Port of Hood River as marina manager after more than 16 years with the Port.

MARCH

- A OneGorge advocacy group sponsored “Gorge-ous Nights” capitol receptions in Salem (March 9) and Olympia (March 23), with the Port of Hood River supporting planning efforts.
- The Port Commission held its Spring Planning Work Session as well as a Joint Work Session with Boards of Commissioners from the Port of Cascade Locks on March 21.
- The Port Commission approved a contract with Kapsh Trafficom for \$281,579 for replacement of bridge Electronic Toll Collection (ETC) system IDRIS loops, transponder readers and ancillary hardware.

APRIL

- A concession agreement was approved with Hood River Soaring for glider rides and instruction at the Ken Jernstedt Airfield.



Hood River Soaring glider rides and instruction

photo: Mark Johnson



New LED bridge lighting installed in April

- The Port of Hood River's new membership in the International Bridge, Tunnel, and Turnpike Association (IBBTA) is intended to further goals for national standardization for tolling hardware and reciprocities.
- The Port of Hood River Budget Committee met for review, discussion, recommendations and approval of the Fiscal Year 2017-18 budget.
- The Port continued to investigate and address GFCI issues related to power outages that plagued C Dock North at the Hood River Marina.
- Marla Harvey, RARE Americorps intern, presented to the Port Commission a Clean Energy Plan progress report for Hood River County that all partner governing bodies can adopt and use.
- The migration of tolling software was successfully carried out on April 23, with the help of P-Square staff.
- New LED lights were installed on the bridge by Gorge Electric.
- The Port's Bridge Signage Plan was approved by Washington Dept. of Transportation (WSDOT) as part of the overall upgrade to alert travelers on SR 14 of the toll bridge and narrow lanes.



MAY

- Sheppard's building on the waterfront was complete and ready for move in.
- The Port submitted a site plan review application for Lower Mill Development with Hood River County.
- Steve Carlson became the Port's Waterfront Coordinator/Marina Manager.
- Crestline Construction was awarded the contract for the South Parallel Taxiway and Apron Rehabilitation project at the Ken Jernstedt Airfield in the amount of \$1.45 million.



Steve Carlson



New signage approved for north side of bridge



Lot 1 subdivision plan submitted to the City

JUNE

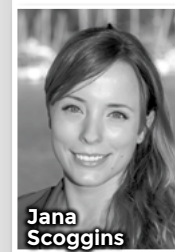
- Crestline Construction completed improvements to the east end of the Port's waterfront trail near the Hood River-White Salmon Interstate Bridge, including widening the segment from five feet to eight feet.
- Melissa Child retired after nearly 21 years working with the Port as Accounting Specialist.
- The Port submitted a subdivision plan to the City of Hood River for Lot 1.
- More than 80 people attended the first in a series of Airport public meetings held in June and August to address complaints arising from increased airport activity and noise.
- The summer issue of Gorge Magazine featured an extensive article about the bridge by Peggy Dills Kelter, with photographs by Michael Peterson.



Melissa Child

JULY

- Electronics Assemblers expanded its lease from 11,000 square feet to 20,000 square feet in the Big 7 Building.
- The Port welcomed three new Commissioners to the board: John Everitt, Ben Sheppard and Dave Meriwether. The election of officers resulted in Hoby Streich appointed as President, Brian Shortt as Vice President, John Everitt as Secretary, and Ben Sheppard as Treasurer.
- A grant for \$1.3 million was received from the Federal Aviation Administration (FAA) for the South Taxiway and Apron Rehabilitation.
- Jana Scoggins joined Port staff as Administrative Specialist.
- The Port Commission authorized 6C Transponder use for BreezeBy, effective August 1, with the first account transponder free, and each additional costing \$5.



Jana Scoggins



New transponders available for BreezeBy



Crestline Construction improves waterfront trail

■ An Intergovernmental Agreement (IGA) and five-year lease with Hood River Valley Parks and Recreation District was executed for a dog park on Port and City property on the west end of Portway Avenue.

AUGUST

■ Three summer interns wrapped up the season at the Port with presentations of reports to the Port Commission:

-Austin Keillor submitted his report on waterfront parking data, analysis, and financial feasibility of a paid parking system.

-Natalie Kowell submitted her report on Bridge Replacement legislation in Washington State, as well as tolling reciprocity and enforcement.

-Eric Cuevas worked on several facilities projects, mapping out needed Port trail repairs, facilities maintenance, and identifying and mapping invasive plant species.

■ A second airport public meeting occurred, focusing on suggestions and solutions to reduce noise issues.

SEPTEMBER

■ A contract was approved with Coral Construction for the installation of signage based on the signage plan by DKS Associates on ODOT properties, including I-84.

■ Marcela Diaz joined the Port staff as Office Specialist.



Marcela Diaz

■ The Port Commission held a Work Session on Bridge Replacement Next Steps, with a presentation and discussion led by finance consultant Steve Siegel. Siegel explained that construction timing depends on the completion of draft and final

Environmental Impact Statements.



Bridge replacement work session

photo courtesy of: Hood River News



WAAAM Fly-In impacted by Eagle Creek Fire

■ As a support agency, the Port dedicated staff time, contributions and resources toward the Eagle Creek Fire emergency response. Tolls were waived for five days during evacuations at Cascade Locks and significant emergency response.

■ The WAAAM Fly-In went forward at a reduced scale despite the Eagle Creek Fire, with about 1,000 attendees on Saturday.

■ Two contracts were executed for Lot 1 planning services: one with Walker|Macy for an infrastructure framework plan, and one with EcoNorthwest for a real estate economic analysis.

OCTOBER



■ Extensive repairs to the auxiliary truss, bridge lift controls and mechanism testing, and strain gage testing were completed.

■ Public outreach tasks and timelines were determined for a proposed

February 1, 2018 toll increase, and two public hearings were held.

■ The Port received a \$9,500 grant from Hood River Valley Parks and Rec. Dist. to install a modular dock in the Nichols Basin to support light watercraft use.

■ Port Finance Director Fred Kowell attended UAV Training in Pendleton to qualify as Chief Pilot for the Port and authorization to train other UAV operators.



Fred Kowell certified as Port Chief UAV pilot



Event Site beach restoration

NOVEMBER

■ The Hood River Planning Commission hearing was held regarding the Lot 1 Subdivision Plan.

■ Hood River County approved the site plan for four lots at the Lower Mill industrial site, with contingencies regarding fire flow.

■ The Port received the Lot 1 Real Estate Analysis from EcoNorthwest regarding the relative impact of burdening future development with significant infrastructure costs.

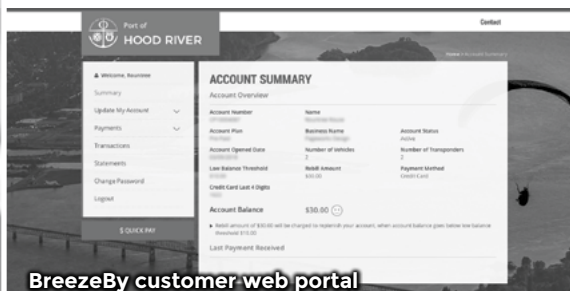
■ The Port received a \$8,425 grant from Oregon State Marine Board to reconstruct the parking island in the Launch Ramp parking lot and install electrical upgrades to the Visitor Dock.

■ A stone embankment was constructed for the Event Site beach restoration, including the installation of approximately 300 yards of gravel.

DECEMBER

■ The new BreezeBy customer account management web portal was launched after a live demo presentation to the Port Commission in October. The Port Commission adopted a resolution to increase the tolls on February 1, 2018 to provide the Port with resources for keeping the existing bridge safe and operational while enabling ongoing bridge replacement efforts.

■ An IGA was approved with ODOT for pre-development tasks associated with replacement of the Hood River-White Salmon Interstate Bridge. \$5 million was allocated by ODOT as part of the agreement toward the Port's preparation of a Final Environmental Impact Statement (FEIS), along with other predevelopment tasks.



BreezeBy customer web portal



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Sign up to receive PortNews electronically at www.portofhoodriver.com

WEBLINK

Financial State of the Port

The Port of Hood River's current financial condition is summarized in this overview from the detailed Audit Report for the Fiscal Year ending June 30, 2017. Two key government-wide statements are most useful: the Port's Net Position and changes from prior years. Net Position – the difference between assets and liabilities – is one way to measure the Port's financial health. Government-wide financial statements of the Port are divided into two categories:

Governmental funds – The Port maintains two governmental funds: the General Fund and the Bridge Repair and Replacement Fund. The General Fund records transactions related to policy-making and strategic planning with regard to the Port's mission and values, and a portion of support services. The Bridge Repair and Replacement fund is a Special Revenue Fund used to record capital improvements, planning, inspections, repairs and replacement activity associated with the bridge as well as any debt-related activities.

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 records fees and receipts from: bridge tolls; leased property; marina boat slip and airport hangar rent; and recreational events/programs.

TABLE 1 - Net Position as of June 30, 2017

	Governmental Activities		Business-Type Activities Revenue Fund		Total All Funds	
	2017	2016	2017	2016	2017	2016
Unrestricted - Current and Other Assets			\$ 6,822,529	\$ 6,635,139	\$ 6,822,529	\$ 6,635,139
General Fund	142,062	135,358			142,062	135,358
Bridge Repair and Replacement Fund	589,439	563,121			589,439	563,121
Restricted - Current and Other Assets			1,215,651	1,440,367	1,215,651	1,440,367
Bridge Repair and Replacement Fund	677,267	692,953			677,267	692,953
Capital Assets			29,719,928	29,646,939	29,719,928	29,646,939
General Fund	7,000	7,000			7,000	7,000
Bridge Repair and Replacement Fund	7,456,369	7,830,439			7,456,369	7,830,439
Total Assets	8,872,137	9,228,871	37,758,108	37,722,445	46,630,245	46,951,316
Pension Related Deferral	42,492	10,317	665,708	150,343	708,200	160,660
Deferred Charges	14,000	21,000	-	-	14,000	21,000
Total Deferred Outflows of Resources	56,492	31,317	665,708	150,343	722,200	181,660
Long-Term Debt			4,635,067	4,816,385	5,765,067	6,596,385
Bridge Repair and Replacement Fund	1,130,000	1,780,000				
Other Liabilities			653,425	649,487	1,845,080	1,127,307
Net Pension Liability	71,363	30,452	1,118,013	443,779		
General Fund	-	-				
Bridge Repair and Replacement Fund	2,279	3,589				
Total Liabilities	1,203,642	1,814,041	6,406,505	5,909,651	7,610,147	7,723,692
Pension Related Deferral	1,953	7,580	30,591	110,462	32,544	118,042
Total Deferred Inflows of Resources	1,953	7,580	30,591	110,462	32,544	118,042
Net Position						
Net Investment in Capital Assets			25,084,861	24,830,553	31,415,951	30,887,992
General Fund	7,000	7,000				
Bridge Repair and Replacement Fund	6,324,090	6,050,439				
Restricted - Debt Service	677,267	692,953	140,707	140,707	817,974	833,660
Unrestricted			6,761,152	6,881,415	7,475,829	7,569,590
General Fund	111,238	135,358				
Bridge Repair and Replacement Fund	603,439	552,817				
Total Net Position	\$ 7,723,034	\$ 7,438,567	\$ 31,986,720	\$ 31,852,675	\$ 39,709,754	\$ 39,291,242

TABLE 2 - Governmental and Business-type activities for the fiscal year ending June 30, 2017

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues						
Charges for services - Tolls			\$ 4,024,985	\$ 3,960,164	\$ 4,024,985	\$ 3,960,164
Leases, rents and fees			2,556,973	2,487,880	2,556,973	2,487,880
Operating grants			9,750	7,050	9,750	7,050
Capital grants			197,972	470,110	197,972	470,110
General Government Revenues						
Property taxes	67,296	64,535			67,296	64,535
Interest earnings	12,253	6,062	84,493	61,474	96,746	67,537
Other sources	130,000	6,472	41,004	20,388	171,004	26,860
Gain on sale of capital assets	-	-	-	1,320,336	-	1,320,336
Transfers	1,336,691	1,697,460	(1,338,635)	(1,697,460)	(1,944)	-
Total Revenues	1,546,240	1,774,529	5,576,542	6,629,942	7,122,782	8,404,472
Expenses						
Governmental Activities						
General government	387,100	398,496			387,100	398,496
Bridge repair and replacement	826,031	977,235			826,031	977,235
Interest on long-term debt	48,642	64,487	200,697	187,173	249,339	251,660
Business-type Activities						
Toll bridge			1,674,660	1,624,899	1,674,660	1,624,899
Industrial			1,520,469	1,646,075	1,520,469	1,646,075
Commercial			230,850	232,045	230,850	232,045
Waterfront Industrial			139,375	146,430	139,375	146,430
Waterfront Recreation			490,604	529,574	490,604	529,574
Marina			312,038	314,791	312,038	314,791
Airport			577,732	528,035	577,732	528,035
Administration			153,943	90,639	153,943	90,639
Maintenance			142,129	105,727	142,129	105,727
Total Expenses	1,261,773	1,440,218	5,442,497	5,405,388	6,704,270	6,845,606
Increase (decrease) in Net Position	284,467	334,311	134,045	1,224,554	418,512	1,558,865
Beginning Net Position	7,438,567	7,104,256	31,852,675	30,628,121	39,291,242	37,732,377
Ending Net Position	\$ 7,723,034	\$ 7,438,567	\$ 31,986,720	\$ 31,852,675	\$ 39,709,754	\$ 39,291,242

Statement of Net Position

Net Position serves as a useful indicator of a government's financial position especially when viewed over multiple time periods. Deferred outflows of resources exceeded deferred inflows of resources by \$39,709,754 at the close of the fiscal year, representing a \$418,512 increase over the prior year.

Table 1 depicts a slight decrease in total assets of \$321,071, primarily attributable to \$1.9 million in capital asset improvements less \$2.1 million in depreciation, the difference occurring as a reduction to restricted assets.

The largest portion of the Port's Net Position, at 79%, are net investment 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. A Restricted Net Position total of \$817,974 represents cash and investments that are legally restricted for debt service related from bridge and general revenue bonds. Finally, the remaining \$7,473,550 is unrestricted meaning it is available for meeting the Port's ongoing obligations.

Statement of Activities

As with the statement of Net Position, the Port reports financial activities by its two distinct fund types: Governmental and Business-type. Table 2 illustrates the Port's total Net Position increased by \$418,512 or 1% compared to the prior year.

Governmental Activities – The Net Position for governmental activities increased \$284,467 or 3.8% from the prior year. This increase is primarily due to higher inter-fund transfers from the enterprise fund to the governmental funds for capital improvements and a settlement related to the fall 2015 bridge allision.

Financial highlights of governmental fund activities for the year include:

- Nearly \$130,000 from an insurance settlement due to bridge allision-related costs.
- Property taxes continue to increase around 4% as projected.
- Personnel costs increased \$20,000 (including additional staff time dedicated to bridge replacement planning and legislative advocacy).

Business-type Activities - Business type activities generated a \$134,045 (.4%) increase in the Port's total Net Position. The financial results for this year include a \$64,821 increase in toll revenues (1.6%), a \$10,234 increase in lease revenue, and a \$31,012 increase in recreation revenue (due to higher parking and concession rates). Capital grants continued to play an integral role to the Port as \$197,972 was received in 2017 (\$191,011 for airport redesign and \$6,961 for marina fuel pump replacement). The Revenue Fund decreased by \$1,053,400, primarily attributable to the prior year property sale of \$1,320,366 and lower interfund transfers between the Revenue Fund and other funds.

Financial Analysis and Outlook:

The Port is involved in a variety of activities that 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 61% of operating revenues. In 2017, the Port replaced tolling hardware and software and migrated to a new electronic tolling system. Continued capital improvements will be necessary to maintain the existing bridge. A plan to increase tolls should develop reserves to maintain the existing bridge while working on a bridge replacement strategy.

Lease revenues and other fees increased slightly. The Port had a 94% occupancy rate at year-end. The Port receives property taxes that account for 1% of total revenues. Capital grants continue to play a vital role in how the Port develops its properties, which includes airport improvements, infrastructure along the waterfront, and light industrial properties. The Port receives a marina operating grant from the Oregon Marine Board. Federal Aviation Administration offers grant funding that generally requires a 10% match. The Port continues to develop light industrial properties that may result in new tenants and jobs. The Lower Mill site and undeveloped land at the waterfront (Lot 1) will hold future opportunities.

The Port looks at its business units in the following categories: Bridge, Leased Properties, Undeveloped Property, Recreation, Marina, Airport and Economic Factors.

Request for Information – A full Financial State of the Port with more detail can be found online at portofhoodriver.com. If you have questions about this report or would like additional information, please contact the Port's Chief Financial Officer Fred Kowell at fkowell@portofhoodriver.com.