

PORT OF HOOD RIVER 2018 ANNUAL REPORT

Message from President Hoby Streich



As a Port Commissioner for the past 17 years, I've learned a lot about working together and functioning as a body to make decisions that equate to progress. I recall senior board members mentoring me in those early years and feeling honored to represent the community in the decision-making process for these important projects.

Although we may more easily grasp the complexity of specific projects, some that we regard as more straightforward can become compounded by impediments. Unexpected barriers are the rule, not the exception. I have learned that ultimate success requires a patient resolve and perseverance, plus partnerships with other agencies, local governments and public investors. What is especially evident is that we can't accomplish nearly as much without cooperation and collaboration. Through all the years I've served on the Port Commission, I've found it's best to keep our eye on the long view goal – a stronger regional economy and better quality of life for us all, rather than feeling overwhelmed by near term obstacles.

We will always have challenges along the way, but as a Port Commission we embrace a culture of working together and overcoming challenges. Schedules for significant projects may change for any number of reasons because progress can be challenging. Barriers and surprises come up all the time, and our response will always be steadfast resolve.

With three new commissioners joining the board two years ago, and a new one soon to replace retiring Commissioner Brian Shortt, the Port Commission continues to evolve. Welcoming new board members and adapting how we work together is something I've witnessed a multitude of times. Many decisions and actions require exchanging ideas, asking questions, gaining knowledge, challenging each other, and at times thinking creatively for a long-range view of projects that will ultimately benefit the community.

Our Port district is fortunate to have a constituent base that is invested enough and knowledgeable enough to step up and be a positive part of the process. This makes our board stronger, our decisions better informed, and ultimately, our Port more sustainable. We value and appreciate public involvement, especially when a project hits an obstacle. As the Port of Hood River Commission adapts and evolves, one thing endures. We are a Port Commission with resolve.

Sincerely,
Hoby Streich
Hoby Streich, Port Commission President

2018 Year in Review

JANUARY

■ Due to noise complaints at the Ken Jernstedt Airfield, a voluntary "Fly-Friendly" program was designed by airport users, neighbors, concerned community members, TacAero and the Port including recommended safety, noise reduction and neighborly flying measures.

■ An Intergovernmental Agreement (IGA) with Oregon Department of Transportation (ODOT) was approved for bridge replacement pre-development tasks, namely, preparation of a Final

Environmental Impact

Statement, confirming terms and conditions of a \$5 million legislative funding commitment.

■ Kevin Greenwood joined the Port as the Project Director for the Bridge Replacement Project to manage contracts, processes, and outreach related to financing and environmental clearances required to proceed for future construction.



Kevin Greenwood

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

2018 Year in Review continued

FEBRUARY

- Bridge toll increased on February 1, following an extensive regional promotion of the BreezeBy electronic prepaid tolling system, which would save users 50% on their toll rates.
- The 2018 “Gorge-ous Night in Olympia” on February 21 was hosted by Washington Representatives Gina McCabe and Norm Johnson along with Senator Curtis King under the banner of OneGorge. Due to Oregon legislature early adjournment, the Salem event planned for March 7 was cancelled.

MARCH

- The FAA approved the Hood River Airport Layout Plan (ALP), concluding a lengthy process. The ALP approval allows a number of planned efforts associated with the North Ramp project to move forward.



- Bridge users opened up 2,804 new BreezeBy accounts from

January - March, 2018, bringing the total of BreezeBy accounts in use to 12,500.

- The Port issued a Request for Proposals for consultant services for the Hood River Bridge Replacement Environmental Studies, Design and Permitting project – the next required step toward replacement.
- The Port Commission approved implementation of the newly developed Waterfront Parking Plan for a June 2018 start date. The Commission also authorized the purchase of nine pay-to-park kiosks for installation in designated portions of the waterfront.

APRIL

- Port staff re-evaluated the current parking pass program for the Event Site, West Jensen and Lot 1 (overflow) parking lots and the Port Commission authorized rates for summer 2018.



Gorge-ous Night in Salem



Nine pay-to-park kiosks installed at the waterfront

- An Environmental Impact Study (EIS) advisory committee formation was initiated with invitations sent to representatives from nearby jurisdictions (City of Hood River, Hood River County, Port of Hood River, City of White Salmon, City of Bingen, Klickitat County, Port of Klickitat, ODOT Area Commission on Transportation, Reg 1, Columbia River Inter-Tribal Fishing Commission, and Columbia Gorge Commission) to serve on the EIS Working Group for transparent planning and procurement process, and review and feedback during the environmental impact studies.
- An IGA with Crystal Springs Water District (CSWD) was executed, and the Port planned to go out to bid for the Stadelman waterline improvements with construction to occur in summer months.
- The Port Commission held its Spring Planning work session on April 17, covering key topics such as: Bridge Capital Maintenance Plan, Future Tolling Technologies, Bridge Replacement Project, State and Federal Lobbying, Real Estate Development Priorities, Near-term Airport Investment, Waterfront Parking Plan, and Financial Overview.

MAY



Daryl Stafford

- Daryl Stafford joined the Port as Waterfront & Marina Manager, responsible for daily operations and on-going planning for facilities and amenities improvements, policy and budget planning.
- A new cost estimate for replacing the Hood River Interstate Bridge was prepared by Mott McDonald, confirming a cost of approximately \$270 million in 2018 dollars.
- The Port’s Waterfront Parking Plan implementation continued with installations of kiosks, signage, curb striping, software programming and finalization of rates and fees. A public meeting was held early in the month.
- A contract was approved for paving a portion of the West Jensen Building parking lot with S2 Contractors.



West Jensen parking area paved in May

- The Port’s proposed FY 2018-19 budget was reviewed, discussed, and suggested amendments were recommended by the Budget Committee prior to subsequent adoption by the Port Commission.
- The Event Site booth opened for the season on May 26, and the lot was nearly at capacity each day of Memorial Day weekend. Due to an increase in annual pass sales, staff anticipated more frequent use of Lot 1 for overflow parking.

JUNE

- Administrative Rules for Public-Private Partnerships for Bridge projects and associated activities were adopted by the Port Commission after a long process of developing the rules and soliciting input. These rules would be followed as possible procurement method to replace the bridge.
- The Port Commission approved two contracts with Vista Geo Environmental for wetland mitigation and water line extension design services at the Lower Mill industrial site.
- A contract was authorized with Walker | Macy for Lot 1 planning services to complete tasks for the preparation of an Infrastructure Framework Plan. The document will aid the Port and the Hood River Urban Renewal Agency to determine whether tax increment financing would be appropriate.

JULY

- A Traffic/Revenue Report found Hood River Interstate Bridge traffic was up 6% over last year and revenues were up 22% due to the February toll increase.
- New Port Commission officers were elected for FY 18-19 as follows: President - Hoby Streich, Vice President - Brian Shortt, Secretary - John Everitt and Treasurer - Ben Sheppard.
- Cameras installations in multiple locations were completed on the Hood River Interstate Bridge.
- The Port Commission approved a contract with WSP for Environmental Studies for the Hood River/White Salmon Bridge replacement in the amount of \$3,148,000, funded by a grant from the Oregon legislature.



FAA approves Airport layout plan in March



Bridge traffic up 6% over 2017



AUGUST

■ Four paid summer interns contributed to Port projects in various areas this season:

- Maria Manzo Andres** worked in administrative support;
- Aidan Liddiard** in land development and wetland mitigation;
- Jose Santillan** in solar energy studies;
- Connor Truax** in public information videography.

■ A variety of events occurred on the waterfront in August including the All Wind Sport Industry (AWSI) Trade Show at the Event Site, the Gorge Paddle Challenge at Waterfront Park, and the CGWA's King of the Hook.

■ The Stadelman waterline project for CSWD was completed at the Lower Mill industrial site by Crestline Construction.

■ The Port Commission approved the final 2018 Real Estate Asset Strategy completed by EcoNW for the Port's real estate portfolio. The analysis was part of a strategic planning process started in February to devise a management strategy for the Port's existing buildings and remaining developable land.

SEPTEMBER

■ Additional consulting contracts were approved associated with future bridge replacement consulting and studies, including a \$25,000 contract with Akana Engineering for cultural advisory services for tribal outreach; a \$10,000 contract with Clary Consulting for procurement options expertise; a \$20,000 with Stantec for traffic and revenue consultation; and a \$50,000 contract amendment with Steven M. Siegel for consulting.



■ The Event Site Summer 2018 report was received from Event Site hosts Sharon and John Chow that indicated the site was "parked out" full 19 days of summer, with many days close to full. The report included recommendations to improve public info in the future.

OCTOBER

■ For the second year, Mt. Hood Meadows Ski Resort and the Port formalized agreements to utilize the Event Site for skier parking and shuttle pick-up/drop-off on weekends and holidays during winter months.

■ Port Facilities Manager John Mann presented "Hood River Lift Bridge: Unique Solutions to Interesting Problems," with Paul Bandlow of Stafford Bandlow Engineering at the Heavy Movable Structures Symposium held in Orlando, FL.

■ The 2018 Waterfront Annual Report was presented to the Port Commission, providing a summary of usage, site improvements and events along Port-owned areas of the waterfront. Event Site parking receipts and waterfront recreation related revenue and expenditures were included.

NOVEMBER

■ Figures were reported for the Port's newly implemented waterfront parking management plan, showing it encouraged parking turnover in congested areas. Gross receipts from June - October were approximately \$59,000 with a total of close to 9,500 transactions.

■ A contract was approved with Groat Bros., Inc. for the Lower Mill dirt haul of approximately 20,000 cubic yards of wood waste and soil material to be moved and placed at the airport to level out areas of significant topography. Relocation of waste from the 2015 excavation would make way for site development.

■ The Port's Fall Planning Session was held on November 20 for a focused discussion on policy matters, long-term planning, and specific projects.

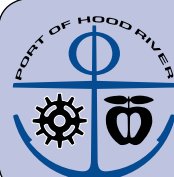
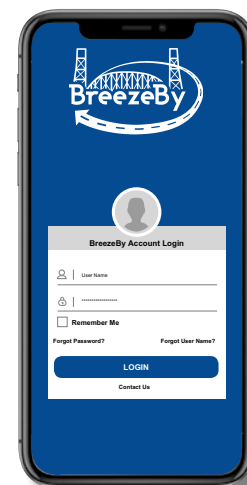
DECEMBER

■ Consultants from Walker | Macy presented the final draft of the Lot 1 Public Infrastructure Framework Plan, with a comprehensive look at cost estimates for each phase. Commissioners provided input about requirements for presentation to the URA board, of existing utility infrastructure and new locations, and initial plans for public projects essential for future development of Lot 1.

■ A 2018-19 Communications Plan was approved to the Port Commission to set necessary policies and protocols for developing new programs and tools to communicate with Port constituents, stakeholders, customers and partners. Enhanced signage on the waterfront, and another electronic display sign on the north side of the bridge were elements of the plan.

■ Over 50 people attended a Community Open House regarding potential bridge replacement on December 10 at the Best Western Plus Hood River Inn. A short presentation provided an overview of the project followed by a question and answer period. Written comments were also welcomed from the public.

■ The Port's mobile app for managing BreezeBy accounts was launched for iOS and Android devices and promoted to BreezeBy customers.



Read Port News online!

The Port of Hood River has reduced its printed distribution of Port News.

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, 2018. Two government-wide statements report the Port's Net Position and changes from prior years, both helpful measures of the Port's financial health. Net Position is the difference between assets and liabilities. 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 for 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, 2018

	Governmental Activities		Business-Type Activities		Total All Funds	
	Revenue Fund		Total All Funds			
	2018	2017	2018	2017	2018	2017
Unrestricted - Current and Other Assets			\$ 8,859,317	\$ 6,822,529	\$ 8,859,317	\$ 6,822,529
General Fund	215,509	142,062			215,509	142,062
Bridge Repair and Replacement Fund	607,763	589,439			607,763	589,439
Restricted - Current and Other Assets			237,594	1,215,651	237,594	1,215,651
Bridge Repair and Replacement Fund	677,267	677,267			677,267	677,267
Capital Assets			31,463,508	29,719,928	31,463,508	29,719,928
General Fund	7,000	7,000			7,000	7,000
Bridge Repair and Replacement Fund	7,308,711	7,456,369			7,308,711	7,456,369
Total Assets	8,816,250	8,872,137	40,560,419	37,758,108	49,376,669	46,630,245
Pension Related Deferral	67,578	42,492	428,349	665,708	495,927	708,200
Deferred Charges	7,000	14,000	-	-	7,000	14,000
Total Deferred Outflows of Resources	74,578	56,492	428,349	665,708	502,927	722,200
Long-Term Debt			4,448,889	4,635,067	4,928,889	5,765,067
Bridge Repair and Replacement Fund	480,000	1,130,000				
Other Liabilities			1,847,865	653,425	2,899,251	1,845,080
Net Pension Liability	139,577	71,363	884,732	1,118,013		
Total OPEB Liability	3,655	-	22,454	-		
General Fund	-	-				
Bridge Repair and Replacement Fund	968	2,279				
Total Liabilities	624,200	1,203,642	7,203,940	6,406,505	7,828,140	7,610,147
Pension Related Deferral	6,478	1,953	41,020	30,591	47,498	32,544
Total Deferred Inflows of Resources	6,478	1,953	41,020	30,591	47,498	32,544
Net Position						
Net Investment in Capital Assets			27,014,619	25,084,861	33,857,330	31,418,230
General Fund	7,000	7,000				
Bridge Repair and Replacement Fund	6,835,711	6,326,369				
Restricted - Debt Service	677,267	677,267	140,707	140,707	817,974	817,974
Unrestricted			6,588,482	6,761,152	7,328,654	7,473,550
General Fund	133,377	111,238				
Bridge Repair and Replacement Fund	606,795	601,160				
Total Net Position	\$ 8,260,150	\$ 7,723,034	\$ 33,743,808	\$ 31,986,720	\$ 42,003,958	\$ 39,709,754

TABLE 2 - Governmental and Business-type activities for the fiscal year ending June 30, 2018

	Governmental Activities		Business-type Activities		Total Primary Government	
	Revenue Fund		Total All Funds			
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues						
Charges for services - Tolls			\$ 4,953,775	\$ 4,024,985	\$ 4,953,775	\$ 4,024,985
Leases, rents and fees			2,700,347	2,556,973	2,700,347	2,556,973
Operating grants	265,399			9,750	265,399	9,750
Capital grants			1,302,234	197,972	1,302,234	197,972
General Government Revenues						
Property taxes	70,240	67,296			70,240	67,296
Interest earnings	21,531	12,253	116,013	84,493	137,544	96,746
Other sources	-	130,000	45,518	41,004	45,518	171,004
Transfers	1,793,077	1,336,691	(1,793,077)	(1,338,635)		(1,944)
Total Revenues	2,150,247	1,546,240	7,324,810	5,576,542	9,475,057	7,122,782
Expenses						
Governmental Activities						
General government	485,724	387,100			485,724	387,100
Bridge repair and replacement	1,090,998	826,031			1,090,998	826,031
Interest on long-term debt	32,956	48,642	194,051	200,697	227,007	249,339
Business-type Activities						
Toll bridge			1,797,030	1,674,660	1,797,030	1,674,660
Industrial			1,589,342	1,520,469	1,589,342	1,520,469
Commercial			244,725	230,850	244,725	230,850
Waterfront Industrial			109,567	139,375	109,567	139,375
Waterfront Recreation			510,110	490,604	510,110	490,604
Marina			308,518	312,038	308,518	312,038
Airport			509,300	577,732	509,300	577,732
Administration			135,432	153,943	135,432	153,943
Maintenance			148,433	142,129	148,433	142,129
Total Expenses	1,609,678	1,261,773	5,546,508	5,442,497	7,156,186	6,704,270
Increase (decrease) in Net Position	540,569	284,467	1,778,302	134,045	2,318,871	418,512
Beginning Net Position	7,719,581	7,438,567	31,965,506	31,852,675	39,685,087	39,291,242
Ending Net Position	\$ 8,260,150	\$ 7,723,034	\$ 33,743,808	\$ 31,986,720	\$ 42,003,958	\$ 39,709,754

Statement of Net Position

Net Position serves as a useful indicator of a government's financial position especially when viewed over multiple time periods. The Port's Net Position on June 30, 2018 was \$42,003,958, representing a \$2,318,871 increase over the prior year.

Table 1 depicts an increase in total assets of \$2,746,424, primarily attributable to \$1.6 million in capital improvement projects. The airport south taxiway improvements account for \$1.4 million, while the remaining \$1.1 million increase in total assets are attributed to increased cash and investments due to increased toll rates.

The largest portion of the Port's Net Position, at 83%, 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 to the 2013 general revenue (bridge) bonds and the 2015 taxable general revenue bond. Finally, the remaining \$7,328,654 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 \$2,318,871 or 5.8% compared to the prior year.

Governmental Activities – The Net Position for governmental activities increased \$540,569 or 7% 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 on the bridge and reimbursement funds from the State of Oregon to fund bridge replacement studies.

Financial highlights of governmental fund activities for the year include:

- Reimbursements amounting to \$265,399 from a legislative grant of \$5 million for final environmental impact studies for bridge replacement.
- Higher interfund transfers by \$456,386.
- Property taxes continue to increase about 4% as projected.
- Higher investment earnings due to higher reserves.
- Personnel cost increases over \$153,865 related to additional staff time dedicated to the bridge replacement planning and legislative advocacy.

Business-type Activities - Business type activities generated a \$1,778,302 (5.5%) increase in the Port's total Net Position. The financial results for this year include a \$928,790 increase in toll revenues (23%), reflecting toll rate increases in February, 2018. Bridge traffic showed a 6% increase over the prior year. Lease revenues from industrial and commercial properties showed inflationary growth with an increase of \$117,686 (6.3%), and a \$37,663 increase in recreation revenue (due to higher parking pass and concession rates). Capital grants continued to play an integral role to the Port as \$1,347,751 was received (\$1,288,808 for airport redesign of south taxiway and master planning effort, and \$8,425 for electrical repairs to marina docks). The Revenue Fund increased by \$1,748,268, primarily attributable to capital grants for airport projects. Although transfers increased by \$454,422 from the prior year, they were offset by increased toll revenues of \$928,790. Expenses remained relatively flat overall.

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 65% of operating revenues. Lease revenues and fees continue to improve diversification. The Port had a 95% occupancy rate at year-end. The Port's purchase and development of Lower Hanel Mill for future industrial uses will partially offset leasable square foot losses, resulting from the Expo Building sale.

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, including airport improvements. The Port receives a marina operating grant from the Oregon Marine Board. 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 porthr@gorge.net