PORT ♣ OF HOOD RIVER 2014 Annual Report

Financial State of the Port

The Port of Hood River's current financial condition is summarized in this overview based on the detailed Audit Report for last Fiscal Year ending June 30, 2014. Two key government-wide statements account for the Port's Net Position and 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:

 TABLE 1 - Net Position as of June 30, 2014

			Business-Ty	pe Activities		
	Governmen	tal Activities	Revenu	ie Fund	Total A	l Funds
	2014	2013	2014	2013	2014	2013
Unrestricted - Current and Other Assets			\$3,812,304	\$4,573,213	\$3,812,304	\$4,573,213
General Fund	\$61,472	\$58,316			\$61,472	\$58,316
Bridge Repair & Replacement Fund	342,798	448,022				
Restricted - Current and Other Assets						
Bridge Repair & Replacement Fund	715,000	715,000			715,000	715,000
Capital Assets			29,936,551	30,013,837	29,936,551	30,013,837
General Fund	7,000	7,000				
Bridge Repair & Replacment Fund	8,720,122	9,215,928				
Total Assets	9,846,392	10,444,266	33,748,855	34,587,050	45,595,248	45,031,316
Deferred Charge on Refunding	35,000				35,000	
Total Deferred Outflows of Resources	35,000				35,000	
Long-Term Debt			3,053,363	3,162,080	6,133,363	6,857,080
Bridge Repair & Replacement Fund	3,080,000	3,695,000				
Other Liabilities			489,005	1,765,981	495,216	1,792,789
Bridge Repair & Replacement Fund	6,211	26,808				
Total Liabilities	3,086,211	3,721,808	3,542,368	4,928,061	6,628,579	8,649,869
Net Position						
Net Invested in Capital Assets			26,883,1884	26,817,544	32,530,310	32,345,469
General Fund	7,000	7,000				
Bridge Repair & Replacement Fund	5,640,122	5,520,925				
Restricted - Bridge & Replacement Fund	715,000	715,000			715,000	715,000
Unrestricted			3,323,299	2,841,445	3,756,358	3,320,978
General Fund	61,472	58,316				
Bridge Repair & Replacement Fund	371,587	421,217				

TABLE 2 - Govermental and Business-type activities for the fiscal year ending June 30, 2014

						Total F	Total Primary	
		Governmental Activities		Business-type Activities		Government		
Revenues		2014	2013	2014	2013	2014	2013	
Prog	ram revenues							
	Charges for services - Tolls			\$3,407,828	\$3,450,147	\$3,407,828	\$3,450,147	
	Leases, rents and fees			2,428,839	2,151,070	2,428,839	2,151,070	
	Operating grants			9,100	9,100	9,100	9,100	
	Capital grants			372,089	3,022,024	372,089	3,022,024	
Gene	ral Government Revenues							
	Property taxes	59,598	55,278			59,598	55,278	
	Interest earnings	5,115	7,435	21,826	19,853	26,941	27,288	
	Other sources			10,880	189,549	10,880	189,549	
	Gain on sale of capital assets			29,312		29,312		
	Transfers	1,195,473	2,000,321	(1,195,473)	(2,000,321)			
	Total Revenues	1,260,186	2,063,034	5,084,401	6,841,422	6,344,587	8,904,456	
Expenses	J			1			1	
Governmer	ntal Activities							
	General government	345,534	\$333,838			\$345,534	\$333,838	
	Bridge repair and replacement	731,073	598,470			731,073	598,470	
	Interest on long-term debt	110,856	176,060	176,714	120,256	287,570	296,310	
Business-ty	pe Activities	,,,,,	.,	· · · · ·	, , ,		, .	
Toll b	ridge			1,297,034	1,081,843	1,297,034	1,081,843	
Indu				1,464,853	1,467,420	1,464,853	1,467,420	
Comr	nercial			168,891	181,293	168,891	181,293	
Wate	rfront Industrial			181,846	200,581	181,846	200,58	
Wate	rfront Recreation			482,688	461,319	482,688	461,319	
Marii	na			231,468	191,500	231,468	191,500	
Airpo	rt			357,944	301,582	357,944	301,582	
Adm	inistration			80,497	57,813	80,497	57,813	
Main	tenance			94,967	70,410	94,967	70,410	
	Total Expenses	1,187,463	1,108,368	4,536,902	4,134,017	5,724,365	5,242,38	
Increase (d	ecrease) in Net Assets	72,723	954,666	547,499	2,707,405	620,222	3,662,07	
Beginning	Net Position	6,722,458	5,767,792	29,658,988	26,951,583	36,381,446	32,719,37	
Ending Net	Position	\$6,795,181	\$6,722,458	\$30,206,487	\$29,658,988	\$37,001,668	\$36,381,446	

Governmental funds – Two governmental funds are maintained by the Port: the General Fund and the Bridge Repair and Replacement Fund. The General Fund records the transactions related to policy-making and planning with regard to the Port's mission and strategic plan, general administration, and a portion of support services. The Bridge Repair and Replacement fund is a Special Revenue Fund used to record repair and replacement activity associated with the Bridge and 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 charges the following fees: Fees - toll bridge users; Lease revenues - industrial, commercial and mix-use tenants; Rent for marina boat slips and airport hangars; Fees for recreational events and programs.

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. Port assets exceed liabilities by \$37,001,668 at the close of this fiscal year. This represents a \$620,221 increase over the prior fiscal year.

TABLE 1 depicts a decrease in Net Position, primarily attributable to depreciation of \$658,207 related to the bridge and \$1,112,661 of other Port infrastructure (ie Buildings and Land Improvements). The other portion relates to the decrease in liabilities related to the airport runway shift project, funded 90% by a Federal Aviation Administration grant. The 10% match is depicted as a reduction in current assets.

The largest portion (88%) of the Port's Net Position is invested in capital assets (e.g. bridge, land, buildings, and equipment) and reported net of accumulated depreciation. 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 total \$715,000 represents cash and investments that are legally restricted for debt service related to the 2013 general revenue refunded (bridge) bonds. Finally, the remaining \$3,756,358 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 governmental activities by the two distinct funds, the General Fund and the Bridge Repair and Replacement Fund. As indicated in Table 2, total Net Position of the Port increased by \$582,436 or 2% as compared against the prior year. The Bridge encountered lower volumes of traffic due to winter ice storms and a rockslide that closed the adjacent I-84 highway. This is depicted in a leveling off of bridge toll revenues. Also, capital grants decreased significantly due to the Airport runway shift project completion. The overall increase is mostly due to higher occupancy rates in industrial facilities..

Governmental Activities — The Net Position for governmental activities increased \$72,723 or less than 1% from the prior year. This small increase is due to an aggregate mix of transactions related to the financial highlights presented below.

- Nearly \$162,400 in toll bridge capital improvements were incurred for the year.
- Property taxes continue to increase in line with projections or close to 3%.
- Debt service decreased as the 2003 General Revenue bonds were refunded created a saving of over \$137,000 over the life of the new 2013 General Revenue Refunded bonds. Interest expense includes over \$28,000 in issuance costs related to this financing transaction.
- Depreciation increased by \$71,000 as significant capital improvements occurred the prior year which
 are now being depreciated.

Business-type Activities - Business type activities generated a \$547,498 or 1.8% increase on the Port's total Net Position. This year capital improvements amounted to over \$1 million, with over \$5 million being placed into service. The overall net increase was offset by Port expenditures which increased by \$402,887 or 10% from the prior year. Included in this increase is \$72,000 of personnel services due to increased seasonal work, cost of living, and merit increases. The most significant increase occurred in maintenance, \$132,000 over the prior year, which included HVAC and roof repairs. Utilities increased over the prior year by \$20,000 due to usage and rate increases, while insurance increased \$33,000 due to premium escalation.

Financial Analysis and Outlook:

The Port is involved in a variety of activities that all contribute to the economic health and vitality of our community. The major source of funds for Port operations continues to be the toll bridge, accounting for 58% of our operating revenues. Lease revenues continue to rise in lockstep with our occupancy rate. The Port had a 97% occupancy rate as the year ended and is looking at closing this gap further. The Port receives property taxes but this only accounts for 1% of total revenues. Capital grants continue to play a vital role in how the Port develops its properties, including extending the runway at the airport as well as improving our infrastructure along the waterfront and our light industrial properties. The Port continues to receive an operating grant from the Oregon State Marine Board to assist in the operations of the marina. The Port continues to develop the light industrial properties with respect to bringing in new tenants and jobs to the community. The Port realizes that the undeveloped parcels at the waterfront are prime industrial properties which will need more discussion and planning to determine the ultimate configuration and development plans, as well as who will ultimately own and operate the developed properties.

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 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.















PORT OF HOOD RIVER 2014 ANNUAL REPORT

Message from President Rich McBride

A hearty happy New Year, and well wishes from the Port of Hood River. We have had a busy 2014, and 2015 promises to be even busier.

We have three separate projects which will add significantly to the waterfront trail experience: new approach amenities at each end of the pedestrian bridge across the Hood River; a new open space development on the west edge of Nichols Basin with a pedestrian/bike path; and a new water access ramp at the end of the Hook where the windsurfing schools operate. These projects were made possible with Federal Highway Administration funding administered through ODOT, along with grant funding from Oregon Parks and Recreation, Hood River Valley Parks & Rec, Columbia Gorge Windsurfing Association, and significant contributions from the Port of Hood River. (See "Significant Waterfront Trail Enhancements" in the Winter/Spring 2015 newsletter).

In addition, we have two new building projects scheduled to begin construction in 2015. Sheppard's equipment supply will relocate to the waterfront, and Key Development hopes to begin a new warehouse for Turtle Island Foods, Inc. west of the Expo building. These projects will largely complete the first phase of the Port's Waterfront Business Park.

In 2014, we completed north and south approach roadwork on the Hood River Interstate Bridge, a bridge deck welding project, several paving projects on Port property, as well as a new electrical upgrade for the Marina.

Our community continues to attract new businesses and new visitors. Existing businesses are growing, and more people are finding and using waterfront amenities. We are doing everything in our power to facilitate the increasing demand for recreational space as well as business development. We're fortunate to have a diverse blend of business interests operating in our community with technology, agriculture, and tourism all contributing to the successes we enjoy today.

I know I speak for all the Commissioners when I say: These are good times to be involved in public service. We are proud of the progress we are making in our position as stewards of the public properties that make up the Port of Hood River.

Sincerely, Rich McBride, Port Commission President

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.



Rich McBride

Position #3
Commissioner since 201





Brian Shortt

Position #4
Commissioner since 20



Hoby Streich
Position #5
Commissioner since 2002

2014 Year in Review

JANUARY

PUBLIC MEETING

Nichols Basin West Edge Trail Planning

"Initial Alternatives"

February 13, 2014 - 5:30pm

The Port is undertaking final design of a nedestrian/bicycle trail along the west edge of th Nichols Boat Basin and planning for future wate access, recreation and habitat improvements.

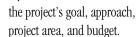
This second meeting in a series of four meeting will review and discuss initial concepts prepared by Walker/Macy, a landscape architecture planning firm commissioned by the Port.

ten testimony may be submitted at any time by mail

1000 E. Port Marina Way, Hood River, OR 97

email (porthr@gorge.net) or through the Port's website.

- Anne Medenbach joined the Port staff as Development & Property Manager.
- Staff developed public outreach plans for the Nichols Basin West Edge (NBWE) design concepts, focused on key stakeholder and public input. Five meetings occurred in early 2014. The first meeting was held Jan. 28 with a Project Advisory Committee (PAC) to discuss



- Terra Surveying completed a base survey for the west edge of Nichols Basin to help inform final path design work.
- The Port of Hood River Commission officially adopted its 2014-2018 Strategic Business Plan.
- A new Fiscal Year 2014 contract with HNTB Corporation for bridge engineering services was approved with three main projects: North Approach Ramp, Auxiliary Truss, and Lift Span Inspection.
- The Port of Hood River contracted with Berger ABAM to prepare an application to change the comprehensive plan and zoning on portions of the Expo property from C2 to LI.

A contract with simp.L LLC was approved for

schematic design services for the Hook Trail extension project.

FEBRUARY

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- The Port closed on a sale of property and an emergency access easement to NBW Hood River, LLC (Naito Development) necessary for the hotel project at the south end of Nichols Basin.
- The second PAC meeting was held for the NBWE project where design alternatives and key issues were discussed.
- On February 11, the Bridge lift span was raised six times between 9 am and 3 pm, as part of HNTB Engineering's inspection.
- The Port's Waterfront Recreation Committee reviewed and offered recommendations on preliminary design concepts for the Hook Launch and Trail and the Pedestrian Bridge Bike/Ped Connections, among other meeting topics



please see Year in Review on page 2

PORT OF HOOD RIVER

2014 Year in Review continued



MARCH

- Joe Pounders retired after 26 years of service to the Port. A potluck celebration was held in his honor.
- The March 20 Spring Planning Work Session focused on key issues and projects outlined in the Port's 2014-2018 Strategic Business Plan.
- Marc Even Construction was awarded the Boathouse Dock Replacement project for \$179,365.
- A contract was approved with Blackline, Inc. for slurry and crack seal on numerous Port roads and parking lots.
- The third meeting of the NBWE PAC was held March 18, reviewing two conceptual plans for the ped/bike trail, water access, and areas for upland development. Consensus was to implement features from each design into a final design concept.

APRIL

- The Port's Budget Committee convened to review staff's proposed FY 14/15 budget.
- An application for a zone change from C-2 to LI on a 2.33 acre portion of the Expo property was submitted to the City of Hood River.
- The Port of Hood River agreed to sponsor Art of the Community, and allowed installation of four concrete

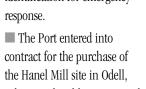


slabs on Port property for juried art, as part of the Big Art Walking Tour.

- A fourth Project Advisory Committee meeting was held for NBWE project, reviewing the preferred concept plan and phase one scope of work, dependent on funding.
- The Port Commission reviewed the FY 14/15 work plan for the Hood River Interstate Bridge prioritizing essential, priority, recommended and elective categories of work.
- A property tax rate of \$.0332 per thousand of assessed value was approved by the Port Commission for FY 14/15.
- Bridge deck welding on the Hood River Interstate Bridge was completed, with budget allotted for future repairs as needed.

MAY

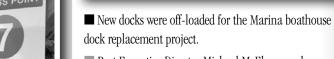
- John Mann joined the Port staff as Facilities Manager, replacing Joe Pounders. John previously served as a supervisor at Klickitat County.
- Big Winds was selected to operate a SUP board storage concession at Nichols Basin with a self-serve rack system for 24 boards.
- The Commission adopted Ordinance 24 to regulate conduct on Port property, with built-in flexibility to allow changes over time and place, replacing Ordinance 22.
- The Port Commission authorized two contracts with Century West Engineering for airport projects: one for an updated Airport Master Plan (for which FAA would cover 90% of cost), and the other for general engineering services as needed.
- A waterfront Emergency Access Points signage system was developed by the Port, CGWA, CGKA and Hood River Fire Chief Devon Wells to improve location identification for emergency



subject to due diligence period of five months. As part of the process the Port contracted with Coles Environmental Consulting for Phase 1 Environmental Assessment.

- A server failure shut down the office BreezeBy program for almost 10 days.
- Slurry seal projects were successfully completed at the Marina, Big 7, Portway Avenue, and the Airport.
- The Port was awarded a \$445,000 grant from the OPRD Local Governments Grants Program for the Nichols Basin West Edge Trail Project.





Port Executive Director Michael McElwee made a presentation about the Hood River Interstate Bridge at the Pacific Northwest Waterways Assn. in Coeur d'Alene.

■ The Port Commission discussed the Budget Committee recommendation to eliminate bridge tickets and modify discounts for BreezeBy customers.

■ An electronic speed sign was installed on the bridge in efforts to slow southbound traffic near the tollbooth.

■ OneGorge, a regional advocacy group composed of public agencies and private businesses began meeting to discuss an action plan for regional priorities.

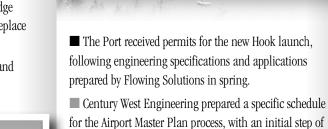
JULY

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The Port Commission nominated and elected officers for the 2014-15 Fiscal Year into the following positions: Rich McBride, President; Brian Shortt, Vice President; Hoby Streich, Secretary; Jon Davies, Treasurer: Fred Duckwall. Commissioner.



- A lease was approved with Oregon Brineworks, LLC for 2,500 square feet of space at the Port's Timber Incubator building at John Weber Business Park.
- The Port contracted with Next Door, Inc. to provide a summer work crew made up of high school students to assist with summer landscaping projects around Port properties at a cost of \$16,500.
- Wildish Standard Paving was awarded the Bridge approach ramp repaying project to remove and replace concrete surface on the deck approaches.
- The Port's FY 14/15 budget was presented to, and approved, by the Port Commission.



selecting an advisory committee.

- A contract was approved with Surround Architecture for conceptual design of an upgrade to the Jensen building
- The Port Commission authorized the final, amended Disposition and Development Agreement with Key Development Corp. on the Expo Center property.



■ The Port agreed to collaborate with Gorge TransLink and Mt. Adams Transportation Service to inform the public of options to transport bicycles via MATS fixed route system over the Hood River Interstate Bridge.



■ Walker/Macy completed 25% construction drawings for the Nichols Basin West Edge project, and a PAC meeting was held to review them.



- The inaugural "Commissioner's Cup" was held August 17. The regatta included Bic and Optimist sailboats manned by individuals under age 12, and seven 420 boats manned by two sailors between 12 and 18. The fun event featured participation from Port Commissioners Jon Davies and Rich McBride, and three members of Port staff. The event was organized by Kassen Bergstrom, Jaime Mack and the rest of the Gorge Sailing Team, a Hood River Valley High School program.
- the Port's annual Capital Improvement and Maintenance Plan for Port properties to the Commission and outlined a strategy for tracking status, expenditures and timelines as a follow-up to the baseline Facilities Assessment.
- two-week period of warnings.
- Event Site hosts John and Sharon Chow provided a report of activities to the Port Commission, along with a "wish list" of improvements to consider in 2015.
- The Port received a bomb threat on the Hood River Interstate Bridge, which resulted in immediate response from the Hood River and Bingen/White Salmon Police Departments. No device was found.

- Port Development Manager Anne Medenbach presented
- The Port began enforcing 90-minute parking regulations on North 1st Street and Portway Avenue after a

SEPTEMBER

- Port crews worked hard to prepare the Airport for the WAAAM Fly-In.
- Full repaying of E. Port Marina Drive occurred, through the Chamber of Commerce and DMV parking lots.
- The City and Port co-hosted a public meeting to bring the public up to date on the preliminary approach to the Waterfront Refinement Plan.
- The Port contracted with HDR Engineering, Inc. for tolling upgrade project management services.
- The Port contracted with Coburn Electric, Inc. for completion of a lighting upgrade at the Jensen building, with 36% of cost reimbursed by Energy Trust of Oregon.



A structural analysis of the old Cruise Ship dock (Event Site) by KPFF Consulting Engineers was approved to evaluate the structural integrity. load capacity, and any needed repairs.

OCTOBER

- The Waterfront Refinement Plan advisory committee met twice in October for input on appropriate activities and zoning for specific areas of the waterfront, as well as design standards for buildings and trails.
- Due to repeated vandalism of Marina restrooms, access was restricted to moorage tenant card access only.
- Waterfront Coordinator Liz Whitmore presented the 2014 Waterfront Annual Report to the Port Commission, which summarized usage, site improvements, and events along the waterfront.

NOVEMBER

- The Port Commission held its Fall Planning Work Session on November 20 to more deeply review financials, development, recreation, facilities conditions, bridge and airport policies and work plans, and the Waterfront Refinement Plan overlay zone.
- HDR Engineering conducted an inspection of the Bridge's moveable lift span.
- Port Commission President Rich McBride and Executive Director Michael McElwee traveled to Washington, D.C. to meet with legislators and staff to discuss Port and regional priorities.

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Work by the Waterfront Refinement Plan advisory committee continued in three November meetings that focused on review and consensus for the draft overlay zone.

DECEMBER

- The Port received a \$900 matching grant from Special Districts Assn. of Oregon towards
 - a new fresh air intake system at the Hood River Bridge Toll Booth. The equipment was installed December 23.
 - A mandatory pre-bid meeting was held December 2. with thirteen contractors attending, for the Nichols Basin West Edge project.
- Bid opening for Hook Launch and Trail project occurred on December 9, with Crestline Construction providing the low bid just under the engineer's estimate.
- A public meeting was held December 10 on the Airport Master Plan.
- The Waterfront Refinement Plan neared completion as City Planning Commission held a hearing, and City Council adopted the amended Waterfront Overlay Zone.



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