

PORTLAND INTERNATIONAL AIRPORT UPDATE

TO: PDX Community Advisory Committee
FROM: Vince Granato, Chief Operating Officer
DATE: January 15, 2014

BUSINESS UPDATE

Airport Activity:

Year to date through November, PDX served 13.69 million passengers. With only eleven months of data currently available, we have already surpassed the full calendar year 2011 total of 13.67 million passengers. We expect to end the calendar year with just under 15 million passengers.

Total aircraft operations (take offs and landings) were up 3.2% to 17,223 compared to November 2012 but continue to be down for the year. Consistent with an increase in operations, seat capacity was up 9.0% and passenger traffic was up 1.8% for the month.

We did see a decline in load factor, which was down in November to 78.2%. We believe this decline is based on a decrease in consumer confidence in the fall due to uncertainty over the government shutdown.

Alaska Airlines launched service to Dallas/Fort Worth on September 16, service to Tucson on Nov. 1, service to Reno/Tahoe on Nov. 8, and their seasonal service to Kona and Kauai HA returned in November.

Calendar year 2014 is already delivering good news in terms of additional and new air service. Alaska Airlines will start two flights to Salt Lake City in early June. On June 8, Southwest Airlines will start new summer seasonal service to Baltimore, MD and Houston Hobby Airport and will also bring back their Austin flight. Southwest Airlines will also start two year-round daily flights to San Diego, CA in June.

Asiana Cargo moved their PDX air cargo operation to Sea-Tac, effective Oct. 28. Asiana advised the Port that while the operation here at PDX was successful, they feel that due to the global economy not rebounding as quickly as anticipated, as well as other challenges, they need to merge their cargo and passenger operation in Seattle to reduce overhead and operational expenses. Although carriers have varied, PDX has offered international air cargo service for most of the last 17 years and we still believe there is a case for international air cargo service connecting PDX to Asia. The current market for air cargo remains very challenging in the near term.

Airport Concessions/Properties:

McDonalds is open on Course C and the new Burgerville on Course D is scheduled to open in Spring 2014. This change in location allows Burgerville to provide a complete Burgerville experience, which will include signature products such as its milkshakes post security.

CONSTRUCTION UPDATE

Short term Parking Garage Lighting Upgrade

The work on re-lamping the P1 (Short-term Parking Garage) is underway and the results initially are favorable. The first area where the lighting is being upgraded is in the rental car area. The installation will result in the temporary closure of portions of the garage while the lights are being replaced in the public parking areas. This project will replace the existing high-pressure sodium fixtures on floors 1-6 that glow yellowish-orange with an energy efficient, fluorescent lighting system. The lights on the roof deck will be replaced with LED fixtures.

Parking Guidance System for Long-term Parking Garage

The construction/installation phase of the parking guidance system in the long term parking lot is essentially complete. The sensors are installed on all levels 2-7 as well as the monument signs at the top of each ramp, directional (open/full) signs and the new back-lighted Exit signs. Phase 2, now underway, will combine the existing Short Term Garage parking guidance system with the new Long Term system. Customers can now follow signage to open sections and identify open stalls by the green lights on floors 5, 6 and 7.

Airport Way Interchange

ODOT's work on the Airport Way Interchange on I-205 continues on schedule to be completed in the fall of 2014.

PLANNING UPDATE

Airport Futures Follow-on Studies

The Port continues to make progress on a number of the follow-on studies identified in Airport Futures including:

- The Passenger Terminal Master Plan/Ticket Lobby Study (Terminal Efficiency Improvement Program)
 - Concessions Master Plan
- Northside Properties Redevelopment Study
- Rental Car and Parking Facilities Alternatives Analysis, and
- The 82nd Avenue/Airport Way Grade-separated Interchange Project Definition.

These projects are all on the list for potential future CAC updates and will be included as time allows.

Rental Car Quick-Turn-Around (QTA)

The Airport Futures/2010 PDX Master Plan concluded that rental car counters close to the terminal were important to the Airport's high level of customer service and that the Port should plan to keep rental cars in that location for as long as practical, delaying the need to develop a remote consolidated rental car facility until we grow to approximately 24 million annual

passengers. To that end, the Port is undertaking planning related to meeting the capacity requirements of the rental car Quick-Turn-Around area (or QTA). The QTA is where the rental car companies clean, fuel, and ready recently returned vehicles for future rentals. Our planning is on-going at this time, but it appears that the QTA will move from its current location on the south side of the long-term parking garage to a part of the old long term surface parking lot near the parking exit plaza. This project is proposed for construction later 2014 and will be presented to the CAC at a future meeting.

SUSTAINABILITY UPDATE

PIC Wetland Enhancement

The Airport Futures Natural Resources IGA included a project to enhance a wetland located in Portland International Center (PIC) just south of IKEA. The first phase of the PIC Wetland Enhancement was completed in 2013. Environmental Plan Check with the City of Portland for Phase 2 was approved in December. The proposed schedule is to complete the planting of over 1,600 plants in January/February 2013.

Rental Car Customer Facility Charge Ordinance

A customer facility charge paid by rental car customers was approved by Port Commission on December 11th and is set to go into effect on January 15 (today). The fee for Portland International Airport will apply to all rental car customers and is intended to fund future rental car related projects and improvements. The actual fee for each transaction will be \$6/day for up to four days (\$24 maximum fee).

The initial CFC funded project planned is the new quick turnaround facility where returned rental cars are quickly fueled, washed and readied for future rentals.

Green Concessions

Airports Council International-North American has recognized Portland International Airport as the Best "Green" Concessions Practice or Concept in 2013.

The PDX Food Donation Program, a partnership between St. Vincent de Paul and concessionaires at PDX, was specifically recognized. The program encourages food and beverage vendors in the airport to divert unsold, ready-to-eat food products to the local charitable organization to provide to those who need food. The program donated almost 13,000 pounds of food in its first six months, which is equivalent to more than 8,600 meals.

Awards were announced during the 2013 ACI-NA Airport Concessions Conference in Sacramento. The contest received more than 200 nominations from airports of all sizes throughout the U.S. and Canada. ACI-NA represents local, regional and state governing bodies that own and operate commercial airports in the U.S. and Canada.

Sustainable Procurement Policy

A new policy developed by the Port's Contracts & Procurement Department encourages employees to consider "sustainability" when purchasing goods or services for Port-related business. Craig Johnsen, contracts & procurement manager, worked with Environmental staff, the city of Portland, Multnomah County and Metro to craft a policy that meets the Port's goals for sustainability.

In many cases, employees are already taking sustainability into account when buying products or services, including computers, uniforms or catering. The policy reads, in part: “The goal of sustainable procurement is to seek a reasonable balance between environmental, social equity, and economic considerations” when purchasing a good or service at a reasonable price.

OTHER

America’s Best Airport

October’s Travel+Leisure’s World’s Best Awards reader poll ranked PDX the nation’s No. 1 airport.

T+L readers rated 68 domestic airports by casting votes in eight categories: business travel; family travel; flight delays; design; food and drink; shopping; check-in; and location. PDX ranked No. 1 overall, second for design and shopping, and third for food. PDX also won high marks in the business and family-friendly categories, and for its 87.5 percent on-time departure record.

Oregon Wild

An Oregon Wild advertisement, intended for the PDX Terminal, has been the source of significant public interest related to a recent court decision. The advertisement is related to a case involving our decision to maintain our policy of not accepting ads of a political or religious nature, regardless of their message, for Portland International Airport. The Port respects the court’s decision requiring us to accept the ad and we have complied. At the same time, we respectfully disagree with the court’s view of the law in this evolving area, and for that reason, intend to appeal.

Our policy of not accepting political or religious ads is consistent with settled federal law and is a common practice at international airports, like PDX, where the goal is to provide a welcoming, non-controversial environment for the traveling public. Both state and federal constitutions include free-speech protections. While the federal law in this area is well settled, the state law is not.

In the court’s decision requiring the Port to post the ad, the court agreed that we had not violated the federal constitution by refusing to accept Oregon Wild’s ad. Although the court disagreed with our position under the state constitution—and ordered us to accept the ad—the court acknowledged that the law remains unsettled. We believe our arguments have merit and that they should be presented to the appellate courts for review.

Deputy Executive Director

The Port’s Executive Director Bill Wyatt recently hired Curtis Robinhold to serve as Deputy Executive Director. Curtis most recently served as Chief of Staff to Governor John Kitzhaber. He was a natural resources aide during Kitzhaber’s first term as governor and managed his re-election campaign in 1998. Robinhold later moved to the private sector with a focus on energy, finance and international business. He spent the better part of the next decade working for BP where he helped launch a new renewable energy division and became the division’s CEO. While with BP, Robinhold worked in England, Germany and South Africa.

Before joining the Governor’s current administration, Robinhold led his own company, EnergyRM, a financial services firm focused on providing financial solutions for energy-related investments in large buildings. He has also served on the board of the Oregon Business Association. He begins his service at the Port on Feb. 3.