

PORTLAND INTERNATIONAL AIRPORT UPDATE

TO: PDX Community Advisory Committee
FROM: Vince Granato, Chief Operating Officer
DATE: April 2, 2014

BUSINESS UPDATE

Airport Activity

Passenger growth at PDX has gotten off to a strong start for 2014, with January being 8.7% higher than a year earlier with 1,114,867 passengers and February being 5.9% higher than a year ago with 1,025,571 passengers. Our January total was the highest ever for that month and our February total is only the second time we've exceeded 1 million passengers for the month and the second highest ever). These numbers are all the more impressive when you consider that there was an unusually high number of cancelled flights this winter due to severe weather. These large increases in passenger traffic have had the effect of lowering our average airline cost per enplaned passenger (CEP) to under \$10 for the first time in many years. The CEP is a very important metric to the airlines as they consider service and keeps PDX very competitive.

Total aircraft operations (take offs and landings) for January and February were up 3.2% to 31,715, compared to the same two months in 2013. Total air cargo tonnage for January and February was up 1.8% to 34,886 tons, compared to the same two months of 2013.

We've had three new service announcements since our last meeting in January. Spirit Airlines announced new seasonal daily non-stop service to Chicago O'Hare beginning May 22nd and operating through November 1st. Alaska Airlines announced new seasonal daily non-stop service to Kalispell, Montana beginning on June 9th and operating through August 23rd. Frontier Airlines announced new seasonal non-stop service to St. Louis beginning June 15th and operating through August 10th.

Alaska Airlines announced that it will drop some routes routes to Atlanta and Long Beach in late August and early September.

Oregon and Washington school spring break is one of the busiest times of the year at PDX. More than 511,000 travelers were expected last week during Oregon's spring break and this week shows similar activity levels as Washington schools are on break through April 11.

Airport Concessions/Properties

USO Northwest and the Port recently signed a lease for a new USO Center to operate in the terminal beginning in June. The USO will return to Oregon after an absence of 41 years and will serve active military members and their families. USO Northwest is currently raising funds to develop the center.

Concessions Request for Statement of Qualifications

As you may have heard recently, 75% of the concession leases at PDX will expire over the next three years.

In order to refresh the program and feature more local operators, Port staff has been conducting an outreach program, contacting more than 740 local businesses in Northwest Oregon and Southwest Washington to cultivate interest in operating at the airport. The initial RSOQ process was just completed, with a strong response of 84 separate responders of which 62 or 74% were from local operators. As we move forward with the proposal process, we are excited with the increased variety and mix of local operators we will be offering to our traveling public. You will begin to see these changes in early 2015. There will be another Request for Proposal process in 2016 and 2017.

CONSTRUCTION UPDATE

Airport Way Interchange

ODOT's work on the Airport Way Interchange on I-205 is nearing completion. Final roadwork on Airport Way commences in mid-April with completion expected by late July. Final I-205 bike path connections will be completed by early September along with final landscaping. This project was jointly funded by ODOT and the Port and addresses traffic issues raised as part of the development of Cascade Station and Portland International Center.

Mt. Hood Avenue Interchange

The Port will commence work to reconstruct the ramps leading to and from the Mt. Hood Interchange starting in May this year. This is the interchange that serves both the airport's Economy Parking lot on the north and the Cascade Station development on the south. While the ramps will not change configuration, they will be converted from asphalt to concrete necessitating lane closures and some detours lasting weeks at a time. The ramps will be worked on one at a time to minimize impacts but drivers using the interchange should expect delays. The project may take as long as six months to complete.

Terminal Roadway Rehabilitation

The Port will commence work to rehabilitate the Terminal Roadway beginning in May of this year. The affected roads include Upper Inner Road (departure roadway), all lanes of the Lower Roadway (arrivals roadway and commercial vehicle roadway), and the Terminal Approach Roadway. All of the roads will have an asphalt mill and inlay except for the bus lane which will be rebuilt in concrete. The Port will work hard to minimize impacts by careful phasing and limiting work hours to non-peak times. The project is expected to take up to four months to complete.

Short term Parking Garage Lighting Upgrade

The work on re-lamping the P1 (Short-term Parking Garage) continues. 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.

PLANNING UPDATE

Rental Car Quick-Turn-Around (QTA)

The Airport Futures/2010 PDX Master Plan concluded that rental cars 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 has undertaken 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. We are providing some background on this project this afternoon and will be bringing it back as is required to be consistent with the City of Portland Zoning Code.

PDX Technology Master Plan

The PDX Airport Technology Master Plan will identify ways in which PDX can maximize our investment in existing technologies as well as leveraging vendor products and relationships. The Port's Information Technology department has significant expertise in airport systems, solutions, and infrastructure, providing a wide range of services not only to internal departments, but also in conjunction with our partners.

The last Airport Technology Master Plan was published in 2002 and focused on wireless communication, common use systems, flight information, and core airport-wide infrastructure. All of these technologies have been implemented or updated in the subsequent years.

Airport Futures/PDX Master Plan is the basis for the current planning effort related to rebalancing the PDX Terminal (ticket lobby and related passenger processing areas) in anticipation of future travel and passenger trends. The PDX Airport Technology Master Plan is linked to any changes in ticket lobby or passenger space and is a key follow-on element of that work.

Multnomah County Drainage District Levee Recertification

The Port, along with many other affected stakeholders, is actively involved in the Oregon Solutions Columbia River levee recertification project for Peninsula #1 and Peninsula #2. We are also tracking future levee recertification requirements for Multnomah County Drainage District and Sandy Drainage Improvement Company. The airport is protected by the levee system, so we have a strong interest in recertification.

The next step is to compete a \$3M engineering analyses of the PEN1 and PEN2 drainage districts' levees and the drainage conveyances/pumps in support of system recertification by the Corps and reaccreditation by FEMA. The drainage districts are responsible for the Operation and Maintenance of the levels but do not have the authority or responsibility for the reaccreditation process. We are optimistic that this collaborative effort will yield positive results on this important issue.

Airport Signage

In March, ODOT added a new PDX sign to the ramp connecting eastbound I-84 to northbound I-205. The improvement may seem subtle to those who use the ramp regularly, but for those who are unfamiliar with PDX, it could make a big difference. The Port is working with ODOT to improve the overall freeway signing that guides travelers to PDX. This new sign is the first of what we hope will be PDX signage at all freeway-to-freeway connections in the Metro area.

Strategic Plan

To begin the Port's five year strategic planning process, we hosted some expert panels for Port staff and invited guests, to look outside the agency to gain additional insight on important issues and trends. Focus topics have included: Future economic outlook for Oregon, Mitigation, Industrial Land Supply, Supply Chain and Trade, Air Passenger Travel and Container Cargo. Six PDX CAC members were able to attend the Air Passenger Travel session.

Port Commission Presentation

Thanks to Mike Sloan and Stacey Triplett for their great presentation to the Port Commission on March 12 on the work of the CAC this year.

SUSTAINABILITY UPDATE

Employer of the Year

The Oregon Air National Guard's 142nd Fighter Wing honored the Port with their Employer of the Year award for 2013 during a Feb. 20 ceremony at the Portland Air Base.

With the award, ORANG acknowledged that the Port is "very supportive of its employees, providing support to National Guard members through financial support and incentives, patriotic partnerships, and internal communications and business accommodations."

ORANG cited the Port's accomplishments: collaboration with the ORANG on a new 50-year property lease for the Portland Air Base, rent-free space for the new United Service Organizations facility at PDX, development of a military appreciation program for military travelers, and the partnership with Alaska Airlines for the implementation of a Fallen Soldier Program, which honors and respects all fallen service members whose remains arrive or pass through PDX.

Social Equity

At our last PDX CAC meeting, CAC subcommittee members recommended the Port move forward with three things:

- 1) Create an organization-wide equity strategy
- 2) Create a template of equity considerations which could be used voluntarily with certain projects, and
- 3) Report out annually on progress towards certain equity goals.

As we have discussed at past meetings, and consistent with our Airport Futures approach, the Port has undertaken a triple bottom line approach to sustainability (Social, Environmental, Economic). Social Equity fits within this framework. While the Port believes it has made significant progress, we are committed to continuous improvement and realize there is still much work ahead when it comes to sustainability. One of the Port's most recent areas of focus has been to build a culture of sustainability within the organization at all levels. This will give us a shared understanding of sustainability and the fact that every employee has a role to play.

In response to the CAC subcommittee recommendations on social equity and other related issues, we have formed a committee of three directors to oversee this effort. We have directed Dorothy Sperry and our employee sustainability integration team to begin work on crafting a social equity strategy for the Port, creating a way to group and measure what we already do and methods to set goals for future activities. We will continue to report back to this group as we make progress on this effort, and we will continue to work with the Social Equity Opportunities ad hoc committee.

OTHER

PDX Parking Garage Rates Increase April 1

Short-term and long-term parking garage rate increased \$3 per day beginning April 1 at Portland International Airport. Existing hourly parking garage rates of \$3 remain the same, as do all other airport parking rates.

Short-term garage daily maximum rates will increase to \$27; long-term garage daily maximum rates will increase to \$21. The increase applies to vehicles that enter the garage on or after April 1. Vehicles parked in the garage before April 1 pay the current rate when exiting.

Revenues raised by PDX parking fees support future airport parking and transportation improvements, such as parking and roadway expansion and maintenance. Short-term garage rates last increased in 2006; long-term garage rates last increased in 2012. In part, the rate increases will encourage more use of the airport's economy parking lot, easing demand on the parking garages, which are often full mid-week.

PDX parking options remaining at current prices include the economy parking lot at \$10 per day with the seventh day free, and Gold Key Valet at \$30 per day. Rates for parking spaces for people with disabilities remain \$10 per day, and parking for motorcycles and bicycles remains free.

Winter Storm

Beginning the afternoon of February 6, outside temperatures fell below freezing and PDX staff began working round the clock to deice and plow snow from runways, taxiways and roadways. In total, PDX crews removed nearly a foot of snow and ice from the PDX airfield and kept the airport open for the full 5-day winter storm.

Triennial Airport Emergency Exercise

On May 15, 2014, PDX Public Safety and Security staff will implement a large full-scale Airport Emergency Exercise. The Federal Aviation Administration requires PDX to conduct a full-scale exercise once every three years to test the airport's response to a large-scale aircraft disaster. This exercise will take place on location at the airport, using, as much as possible, equipment and personnel that would be called upon in the event of a real disaster. With more than 300 participants and volunteers, this exercise will provide the Port and its mutual aid partners and agencies the opportunity to train in a realistic, demanding environment.

Emergency and first-level responders like PDX Fire, Police, the Communication Center, Media Relations and Operations play a large role in the initial moments of the disaster exercise. However, staff from many other departments will be called on to serve in the Emergency Operations Center, provide technical expertise, or staff and assist in other areas as needed to support the management of the incident and to help maintain our daily operations. Outside agencies, players, and volunteers will include representatives from the American Red Cross, Trauma Intervention Programs, Portland Police Bureau, Portland Fire Bureau, regional medical examiners, American Medical Response, Transportation Safety Administration, the FAA, and several of the airlines serving PDX.

There are three main areas of focus for this exercise: the accident site response; the activation of the Port's Emergency Operation Center (EOC); and the activation of the Port's Family Reception Center.

PDX Carpet

The list of PDX carpet related merchandise continues to grow. The list of items now currently for sale includes:

- Socks, green and black versions
- Tee shirts
- Ball cap
- Coffee mugs
- Water bottles
- Can/bottle koozies
- Coasters
- Phone & tablet cases
- Luggage tags
- Bike helmets
- Wallets
- Stickers
- Commemorative Posters
- Ties
- Cosmetic bags
- Event invitations
- Spiral notebooks
- Nail polish designs
- Tattoos (permanent, not temporary)
- Magnets
- Buttons
- Ornaments
- Scarves