

PORTLAND INTERNATIONAL AIRPORT UPDATE

TO: PDX Community Advisory Committee

FROM: Vince Granato, Chief Operating Officer

DATE: June 24, 2015

BUSINESS UPDATE

Airport Activity

In May 2015, PDX posted a 2.1% growth rate for passengers with a 0.9% decrease in seat capacity. This increased the load factor to 85.7%, an all-time record load factor for the month of May.

PDX cargo volumes grew almost 1% in May with 18,838 tons. Year to date through May, cargo is posting solid growth of 3%.

During the peak travel season(June to August), PDX will serve approximately 4.9 million travelers. This represents about five percent more than the summer of 2014. Peak days will average around 58,000 people.

A host of new nonstop flight options available for PDX travelers are helping boost summer travel:

Anchorage — Daily flights from June 18 to Sept. 8 on JetBlue Airways.

Austin — Daily year-round flights on Alaska Airlines begin on Nov. 5.

Dallas/Love Field — Daily year-round flights on Southwest Airlines started April 8.

Frankfurt, Germany— Twice-weekly nonstop flights from June 19 to Oct. 6 on Condor Airlines.

Los Angeles — Twice-daily year-round flights on Southwest Airlines started June 7.

Orange County — Twice-daily year-round flights on Southwest Airlines begin on Aug. 9.

Reykjavik, Iceland — Twice-weekly nonstop flights from May 20 to Oct. 16 on Icelandair.

St. Louis — Daily year-round flights on Alaska Airlines begin on July 1.

Additional Air Service Development Updates:

PenAir will start service to Crescent City, CA on September 15th with two daily flights on a 30 passenger aircraft.

As noted above, Alaska Airlines will start year-round daily service to Austin, TX on November 5th with a 76 passenger aircraft.

Icelandair began seasonal nonstop service from Portland International Airport to Reykjavik, Iceland on May 20, 2015 and German-based Condor Airlines began seasonal nonstop service to Frankfurt beginning June 19, 2015.

Airport Concessions/Properties

On March 17 the second phase of PDXNext concessions redevelopment continued with our Outreach/Informational Meeting with over a 100 prospective concession businesses attending to explore the Request for Proposal process for the leases that expire in 2016. The Request for Proposal process will again include a representative from the PDX CAC. Jeff Swanson, our Clark County representative has agreed to participate and will follow Mike Sloan as a representative from SW Washington.

On Thursday, June 4, Portland International Airport held the PDX Block Party, a celebration and welcome event for our 10 new food & beverage and retail operations: Bambuza Vietnam Kitchen, Café Yumm!, cc McKenzie, Henry's Tavern, Hissho Sushi, Metalsmiths Sterling, MOD Pizza, Mo's Seafood & Chowder, Potbelly Sandwich Shop and The Country Cat at PDX. These new offerings are the first of two phases of concessions redevelopment that will continue through 2017.

CONSTRUCTION UPDATE

Terminal Carpet Replacement (PDXNext)

We are closing in on the replacement of nine acres of carpet (only four to go), now completed in the pedestrian tunnels, rental car service center, and the majority of the terminal core and concourses. Between now and early fall, replacement will near completion, with work in Concourses D and E, the Oregon Market, ticket lobby and loading bridges. Sections of new terrazzo flooring will also be installed on Concourses C and D. Installation continues to progress on schedule, and carpet crews continue to work simultaneously pre- and post-security to ensure timely project completion. Thanks goes to all our airport stakeholders, including airlines, concessionaires, TSA and others, for working with us hand-in-hand to minimize disruption to travelers and businesses throughout the project.

Security Upgrades, Expansion (PDXNext)

The Access PDX project is on schedule with the new badging office and training facility for airport staff opening this week. The firm that will be responsible for security system integration has been selected and is now working with the design and construction team. The project design is now complete with construction scheduled for later this summer. Substantive elements of the work program will be underway this Fall.

Federal Inspection Station (FIS) Remodel

Many of the planned improvements to the Federal Inspection Station have been completed including; lighting, new carpet, and Wi-Fi. The remaining elements - paint, wall graphics and new informational video monitors to display state tourism destinations - will be completed later this summer.

Two new canopies are also planned in 2015. These will keep international travelers dry when boarding buses from the Federal Inspection Station to the baggage claim area.

Automated Passport Control

In addition to the FIS remodel work, it will be faster and easier for international travelers to clear customs with the addition of eight BorderXpress Automated Passport Control kiosks. The kiosks have been installed just in time for the summer travel season (international travel doubles in the summer), reducing waiting times by 25 to 40 percent. The self-service kiosks are located in the PDX International Arrivals Hall (Federal Inspection Station), which is operated by U.S. Customs and Border Protection, and requires no pre-registration or cost to passengers.

Rental Car Quick-Turn-Around (QTA)

Presented to the PDX CAC as a public notice item in April 2015, the QTA design continues to move forward steadily. Two “enabling projects” are scheduled to begin in early 2016. The projects will help clear the QTA’s construction site. One project will move the employee parking lot. The second project will move the taxi hold lot. The actual QTA construction will begin immediately after that and is expected to be done in 2018.

PLANNING UPDATE

PDXNext

At the June 25, 2014 PDX CAC meeting, the Port presented the PDXNext program, a program of strategic investments intended to position the PDX terminal to meet the needs of the future and enhance the overall terminal experience for passengers and tenants. At our January 2015 meeting, the Port presented information on the Terminal Balancing Project and today we will hear about the next phase of the concessions program. We intend to continue to provide information related to major program elements as they evolve, including terminal balancing and the terminal core refurbishment.

Terminal Balancing (PDXNext)

As previously reported, this project is intended to alleviate the current imbalance of passengers being served on the south side of the PDX terminal, enhance operating efficiencies and improve customer service by extending Concourse E approximately 210 feet. The imbalance has led to operational inefficiencies for the airlines and Port operations and impacts to customer service.

The Port has entered into a preconstruction services agreement with Skanska, and dependent on performance, a preconstruction services contract for Terminal Balancing. Port Commission approval to award the public improvement contract will be sought when appropriate. Construction is scheduled to start in the fall of 2015, with completion in late 2017.

Schematic Design on the project is complete and the team is now working on Detailed Design. The Port has also started working with the City of Portland and FAA on necessary project approvals, and is working on detailed project phasing plans.

Terminal Core Redevelopment (PDXNext)

Preliminary planning is expected to begin in summer 2015 for a comprehensive terminal core redevelopment at PDX. The terminal core includes the existing ticket lobby, Oregon Market, security checkpoints, north and south lobbies, and baggage claim area.

As a follow-on study to Airport Futures, the Port completed a Terminal Area Master Plan (TAMP), beginning with a Phase I Ticket/Check-in Lobby Concept Plan. The objective of the TAMP was to evaluate the terminal in its entirety, develop a comprehensive strategy and plan to incrementally reconfigure the terminal, thus avoiding a piecemeal approach to improvements.

At a high level, the TAMP Phase I concept plan recommends a series of phased projects to implement an overall terminal core development vision, with primary goals of improving passenger flows and experience, improving airline and airport operational efficiency, and refreshing the terminal interior space.

The Terminal Core Redevelopment project will undertake preliminary design to develop and implement a construction project to address deficiencies in design, operation and function in the ticket lobby, unifying the terminal core as a comprehensive space.

The Port is currently in negotiations with an architect and construction manager (CM) for consulting services for this body of work, following a competitive RFP process. Commission action on the design contract is tentatively scheduled for August, with the CM contract shortly thereafter.

Rental Car and Public Parking Program

As projected in the PDX Master Plan/Airport Futures, passenger growth has generated requirements for rental car facilities and close-in parking. The rental car service lobby is currently over capacity and the long-term parking garage is nearing capacity. Key goals from the Master Plan include; 1) keeping rental car facility close to the terminal for as long as possible, 2) preserving future terminal and concourse development options, 3) using land resources efficiently and 4) maximizing operational efficiency.

In April 2015, Port staff presented the Rental Car Quick Turn-Around (QTA) replacement project to the PDX CAC, which described the initial phases of the Rental Car and Public Parking Program including the QTA, Transportation Providers Hold Lot

relocation, employee parking and related circulation improvements. The next phases of that program include a consolidated facility located immediately south of the long-term garage that will meet both rental car and public parking needs in the same structure, maximize the value of the location adjacent to the new QTA and help meet public parking and rental car needs through 2032 (approximately 26 million annual passengers). This project will be presented to the PDX CAC at a future meeting.

SUSTAINABILITY UPDATE

Social Equity

The Port continues to move forward with the following CAC Social Equity Opportunities Ad Hoc committee recommendations:

- 1) Create an organization-wide equity definition and 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.

The social equity initiative in the Port's new five year strategic plan will work to define the Port's organization-wide strategy on social equity. The strategy will coordinate the Port's work on small business development, diversity, community relations and outreach and the PDX Workplace Initiative. The Port's Human Resources Department is in the process of seeking a diversity and inclusion consultant to assess current diversity efforts and offer suggestions for future improvements.

The final meeting of the CAC Social Equity Opportunities Ad Hoc committee will be held on Friday, July 24. The full CAC will continue to be updated on the Port's social equity initiative and will receive an annual report on the Port's Minority, Women and Emerging Small Business programs.

PDX Workplace Initiative

Following Port Commission action, the Port has begun implementation of the PDX Workplace Initiative, a key piece of the Port's larger approach to social equity.

The Port recently launched jobs@PDX, a one-stop website for finding PDX jobs ranging from barista to baggage handler; sales associate to security officer. The airport jobs website was identified as a high priority need in the PDX Workplace Initiative.

Jobs@PDX lets applicants filter postings by company, job title or employer type from among more than 75 organizations that operate at PDX. The website is accessible on all mobile devices, and users are encouraged to share jobs with friends via email, Facebook or Twitter. Computers are available in the PDX Conference Center to access the website, if needed. In just the first ten days of operation, 2,014 people have viewed the home page. As of 6/19/15, 32 jobs are posted.

Tree Planting Results

The Port's urban tree canopy enhancement program, funded in part through our Airport Futures agreements, completed tree planting projects at the following locations:

1. Jackson Bottom Wetlands on 10/4/14 – 148 volunteers planted 5,500 native trees and shrubs
2. Sandy River Delta Park on 11/8/14 – 170 volunteers planted 810 native trees and shrubs
3. Columbia Children's Arboretum on 1/31/15 – 79 volunteers planted 320 native trees and shrubs
4. Cathedral Park, St. Johns, University Park on 2/21/15 – 173 volunteers planted 120 street and yard trees
5. Argay, Parkrose, Parkrose Heights, Russell, Sumner, Wilkes on 2/28/15 – 146 volunteers planted 132 street and yard trees
6. Concordia, Vernon on 3/14/15 – 126 volunteers planted 142 street and yard trees
7. Beaumont-Wilshire, Cully, Roseway on 3/28/15 – 155 volunteers planted 180 street and yard trees

OTHER

Ameriflight

The Ameriflight project has completed design review and has been issued a tenant construction permit. City of Portland permits were issued in mid-March and construction is now underway. Construction is expected to last through fall with the current schedule projecting construction completion and Ameriflight relocation to the new facility in January 2016.

PDX Travel Center

The PDX Travel Center lease is scheduled for Port Commission in July 2015. The proposed tenant is engaged in the design process in coordination with other Port projects in the area. Design review and permitting is expected in fall 2015 with construction in 2016.

New Fire Chief Hired

At our last CAC meeting, we announced that two of the airport's leaders—Fire Chief Craig Callicotte and Police Chief Phil Klahn— were retiring in March. We are now pleased to announce the hiring of Craig Funk as our new Fire Chief. Chief Funk has over 28 years of progressive fire service experience and most recently was the On-Duty Deputy Chief for Emergency Operations at Portland Fire & Rescue. He's had a diverse career in a variety of supervisory positions and fire service disciplines including operations, training, emergency medical services, marine fire & rescue, and also served as the airport liaison to PDX.

Animals at PDX

While the Port and other agency partners have long used dogs for various security tasks at PDX, animals are helping out behind the scenes at PDX in new ways.

Hired through Goat Power, 40 goats will work to remove invasive plants on Port of Portland properties near the PDX airfield. They'll consume thorny invasive plants, such as blackberries, thistle and Scotch broom, which alleviates the need for spraying herbicides or removal by hand. The goats' four-chambered stomachs and willingness to eat a wide variety of plants allows them to tackle invasive species in environments where it is difficult to bring in mowing equipment. The goats are joined by a llama that, because of its size and more aggressive nature, helps keep away predators, such as coyotes. In addition, a shepherdess tends to her flock several hours a day. The goats and llama will be working outside of the airfield and are kept in their designated work zone by a portable, solar-powered electric fence.

For the past two years, PDX has used dogs provided by Geese Guys to keep problematic waterfowl away from the airport. The Port primarily uses Fish, a Border Collie, to chase away birds on undeveloped properties near the PDX airfield. The dogs work Monday through Friday in two shifts of one to two hours each. The shifts are during the peak times of goose activity, shortly after sunrise and immediately before sunset.