

PORTLAND INTERNATIONAL AIRPORT UPDATE

TO: PDX Community Advisory Committee
FROM: Vince Granato, Chief Operating Officer
DATE: October 22, 2014

BUSINESS UPDATE

Airport Activity

PDX hit an all-time summer record of 4.7 million passengers, surpassing the 2013 summer record of 4.4 million. This represents more than 326,000 travelers compared to last summer, on average about 3,500 more passengers per day. The Alaska Air Group and Southwest Airlines contributed strongly to the growth.

Heading into the fall, the level of seat capacity growth will start to moderate compared to last year. We expect to see growth from our new flights to Mexico on Alaska Airlines and Volar is. Guadalajara, San Jose del Cabo and Puerto Vallarta are on PDX's list of top ten international destinations.

Calendar year to date, passengers are up 7.5% through August, Cargo 3.6% and aircraft operations are up 5.5%. We are starting to see load factors stabilize as we have increased capacity and have seen the first increase in operations in some time.

Additional Air Service Development Updates:

Volaris Airlines recently launched new nonstop red-eye service from Portland to Guadalajara, Mexico twice weekly and is looking at additional service. The route is primarily a leisure market targeting friends and family.

Icelandair will begin seasonal non-stop service from Portland, Oregon to Reykjavik, Iceland beginning May 20, 2015 and continuing through Oct. 21, 2015. As a result of this announcement, Portland residents will gain access to one of the region's fastest elapsed flying times to popular European destinations including London, Copenhagen, Paris, Stockholm and Munich. Service from PDX will operate on Wednesdays and Fridays with departures at 3:40 p.m., arriving at Icelandair's hub at Keflavik International Airport the following morning at 6:15 a.m., with a total flight time of just over seven hours. Return service departs Keflavik on Tuesdays and Thursdays at 5:15 p.m., with same-day arrival in Portland at 6:15 p.m.

German-based Condor Airlines will begin seasonal service from Portland to Frankfurt, Germany summer 2015. Flights will operate on Tuesdays and Fridays, beginning June 19. Portland departures will be at 4:55 p.m., arriving at Frankfurt at 12:30 p.m. next day. Flights will depart Frankfurt, at 11:50 a.m., arriving in Portland at 1:55 p.m., next day. The convenient new route will help PDX meet travel needs in the summertime, when travel between Portland and Europe doubles over wintertime travel.

Airport Concessions/Properties

PDXNext - New Shops & Restaurants

75% of the post-security 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 reaching out to more than 740 local businesses in Northwest Oregon and Southwest Washington to raise interest in operating at the airport.

As a result of that effort and a related Request for Proposal process, Portland International Airport travelers will soon have 11 new shop and restaurant options. The Port of Portland Commission signed 10-year leases for the shops and restaurants coming on line in early 2015. The leases are the first phase of refreshing PDX concessions through 2017.

The award-winning PDX concessions theme is based on offering the best of the Northwest in addition to popular national brands. All PDX shops and restaurants provide products at the same prices as at their off-airport locations. PDX currently offers travelers more than 60 shops and restaurants.

New shops and restaurants include:

- Bambuza Vietnam Kitchen
- Café Yumm!
- cc McKenzie
- Henry's Tavern
- Hissho Sushi
- Metalsmiths Sterling
- MOD Pizza
- Mo's Seafood & Chowder
- Potbelly Sandwiches
- Subway Sandwiches
- The Country Cat at PDX

This fall, outreach is planned as part of the second phase of PDX concessions redevelopment.

Food Carts at PDX

Portland International Airport is rolling in a series of local food carts, giving travelers a taste of the active food cart scene in Portland – one of the top in the nation. The new food cart program is designed to give locally-owned small businesses a chance to operate at the airport with low overhead to see if it's the right fit for them. Each cart will operate on a six-month rotation, giving other local businesses the opportunity to participate.

- Koi Fusion, a local Korean-style BBQ with fresh Mexican flavors opened in Portland in 2009 as one mobile truck. Chef Bo Kwon was inspired by the genre of Korean Fusion so much that he began creating his own niche by using Mama Kwon's secret family marinades, fresh vegetables, and locally-sourced tortillas to create a new twist that's uniquely Portland.
- Pok Pok, features spicy Thai cuisine and chicken wings. In 2008, Chef Andy Ricker took the Pacific Northwest, and many of the nation's most devoted eaters by storm with a uniquely refined approach to Southeast Asian street food. Vietnamese-inspired chicken wings and a bold flavored array of house specialties are in high demand at Pok Pok.

The 10-foot by 7-foot food carts located on the north end of the Oregon Market will provide menu items at the same prices as their off-airport locations. To coincide with this project, a colorful mural, *Get Lost in Portland*, was painted on the carts by local artist Gage Hamilton to illustrate the diverse imagery found when traveling on foot in Portland neighborhoods. Three additional food cart operators will arrive later this year.

CONSTRUCTION UPDATE

Airport Way Interchange

ODOT's work on the Airport Way Interchange on I-205 is complete and fully open to motorists. ODOT continues to refine signage and signal issues consistent with the completed improvements. 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 last phase of the Mt Hood Ave project, which is the Airport Way eastbound on-ramp should commence later this week. However this work is weather dependent. With the completion of the current phase of work, the left turn onto eastbound Airport Way from southbound Mt Hood Ave will be open. The project should conclude the in early November. The overall project will remove and replace the existing degraded asphalt with concrete on all on- and off-ramps serving the overpass.

Terminal Roadway Rehabilitation

The Terminal Roadway project is complete and motorists have full access around the Terminal Building. The project rehabilitated the worn asphalt surface on the upper and lower roadways closest to the PDX terminal building, as well as the lanes leading up to the terminal. On the lower roadway the asphalt bus lanes were replaced with concrete.

PLANNING UPDATE

Strategic Plan

Following the expert panel focus topic discussions earlier in the year, Port staff completed a Strength, Weaknesses and Opportunities (SWOT) analysis, including a Commission work session. Having reaffirmed the Port's mission, vision, and values, work has just now begun to identify the 4 or 5 strategic areas of focus that will guide the Port from FY 2015-16 through FY 2019-2020. The four Strategic Areas of Focus that have emerged from this process are:

- Drive Regional Prosperity
- Deliver an Outstanding PDX Passenger Experience
- Connect People and Business to Markets
- Promote Excellence in Organizational Effectiveness

Objectives, Initiatives and Strategies are being developed consistent within the four Strategic Areas of Focus. A few of the initiatives of interest to the PDX CAC include:

- Promote and encourage middle-wage or higher jobs through policy and practice
- Provide leadership in integrating social equity considerations into Port economic development programs, partnerships and planning

- Enhance community engagement about the Port and its activities
- Develop, maintain, and adapt facilities to align with the ambitions PDX brand
- Enhance the customer experience with the Port through technology
- Reduce the environmental impact of Port Operations

The Coordinating Committee will consider the strategic plan as a potential topic for future presentation to the CAC.

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. The Port will continue to provide information related to major program elements as they evolve including the concessions program presentation later this afternoon. The following key projects and plans are included within the PDXNext Program:

- Terminal Balancing
- Terminal Core (Ticket Lobby) Refurbishment
- Concessions Redevelopment
- Terminal Carpet Replacement
- Concourse Exits Relocation & Meeter Greeter Areas
- Gate Utilization Model
- Concourse A/B Concept Plan
- PDX Technology Master Plan

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. The Port presented background on this project at the April 2014 CAC meeting and since that time has awarded a contract to Mackenzie for the design. We will be bringing this project back to the CAC as part of our public notice process.

Phase II 82nd & Airport Way Interchange Study

In 2014 a planning study was conducted to identify and develop a series of conceptual designs and operational improvements at the intersection of NE 82nd Avenue and Airport Way that would address future capacity needs and meet the long term objectives of PDX and the Port of Portland. The project, including the final three alternatives, was presented to the PDX CAC in June 2014. The objective of the Phase II is to further develop and refine the three remaining concepts, comparing and weighing the benefits and impacts to establish a final preferred concept.

Bicycle Pedestrian Master Plan

The Port is just completing an update of the Portland International Airport Bicycle and Pedestrian Plan. The 2003 PDX Bicycle and Pedestrian Plan, the first of its kind for any airport in the U.S., resulted in significant improvements. For example, in 2006, a multi-use path with

direct access into the main airport terminal was developed with secure, covered bike parking for employees and the general public at its terminus. In 2007, the Port added a connection between the Airport and the 40 Mile Loop, a key segment of the regional trail system. More recent improvements include additional bicycle parking and a bicycle assembly station near the Airport Max light rail platform.

This year, PDX will be adding additional bicycle parking and a second assembly station to keep pace with demand. In an effort to make sure passengers and employees are familiar with these resources, the PDX home page includes directions, maps and related information. The combination of bicycle parking, assembly facilities, on and off-roadway improvements made since the 2003 Master Plan have served to make it easier and safer for commuters and recreationalists to move through the airport area.

While the Port has done much to create and improve bicycle and pedestrian facilities on airport property, bicycle tourism and bicycle commuting continue to grow in the Portland region, and we still have to plan for the future. While updating this plan, one of the most frequent requests from community stakeholders was for direct and safe connections between the airport and northeast Portland. This will be an important area for future work with our agency partners.

SUSTAINABILITY UPDATE

FAA Grant to Lower Emissions

US Transportation Secretary Anthony Foxx announced an award of \$331,653 for the use of alternative fuel vehicles at the airport. The funding comes through the FAA's Voluntary Airport Low Emission (VALE) program and provides funds to purchase six compressed natural gas buses that transport airport passengers and employees from the terminal to parking facilities.

Social Equity

The Port continues to move forward with the following CAC 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 Port issued a Request for Proposal on May 21, and has since hired a consultant called Good Company to assist us with this work. They have begun the process of contacting other organizations in the public and private sectors to benchmark the work being done in this field. They will soon be interviewing Port staff to assess how the Port is currently working with equity issues and will help us define social equity for the Port. They will also identify where there are gaps and make recommendations about possible future goals and activities. Good Company met with the Social Equity Opportunities ad hoc group on Oct. 13, and had a productive meeting. The ad hoc committee helped us identify additional interviewees and ideas, and we are increasing our scope to include those suggestions. We will meet again with the Social Equity ad hoc committee to review and discuss the product.

PDX staff is also working on a PDX Workplace Initiative, a social equity policy that will speak to a number of issues currently under discussion. This policy proposal will go to the Port Commission in the mid/late spring 2015 time period.

The Port is also inviting workers to share their views with us to make sure we fully understand their concerns. We are using our PDX website and social media channels to invite comments, so we can better understand the concerns.

PDX Helps Bring International Carbon Accreditation System to North America

Portland International Airport has joined four other airport authorities to bring an internationally recognized carbon accreditation system for the aviation industry to North America. The Airport Carbon Accreditation program is widely used in Europe and provides a common standard for airports across the globe to measure carbon emissions and commit to reduction actions. With the system now expanding to regions across the globe, PDX is committed as an early adopter of the system. As part of our commitment to promote clean air and reduce impacts to global climate change, the Port of Portland signed on as a founding reporter of The Climate Registry (TCR) in 2008, and has since reported greenhouse gas emissions organization-wide. In the coming months, we will work towards achieving certification under the program, joining 108 airports on five continents.

MacBride Slough

The Port is engaged in an investigation and cleanup process with the Oregon Department of Environmental Quality for historical contamination in McBride Slough, which is a half-mile drainage ditch located adjacent to the PDX Maintenance facility. It is part of the Multnomah County Drainage District's comprehensive flood storage and management system. The contamination was identified during dredging to restore hydraulic capacity in the slough, which drains Basin 7, one of our largest stormwater drainage basins at PDX that drains the east ends of both runways and Airport Way as it approaches the terminal. The Port and DEQ are currently finalizing a Feasibility Study which describes the nature of the contamination and proposed cleanup options. DEQ will provide an opportunity for the public to comment on the document probably around late November or early December before it issues a Record of Decision, anticipated in early 2015. The Port provided a presentation on the investigation and cleanup at a recent Columbia Slough Watershed Council meeting.

OTHER

Ameriflight

The Port's Business Development team continues work with Ameriflight and their developer on final design (presented to CAC in January 2014) for a hangar and associated office. Construction is later than expected and is now anticipated to begin in December with occupancy in June 2015.

PDX Airport Travel Center

The Port of Portland and the developer are continuing efforts to assure convenient access and curbside visibility to passing customers. The developer continues to market the 'co-location retail plan' to restaurant franchisers using a local brokerage agency.

Troutdale Airport Master Planning Process

Although not the focus of the PDX CAC, members may be interested to know that the Port of Portland is embarking on a two-year master planning process for the Troutdale Airport. This study will assist the Port in determining what role the 278-acre airport will play in meeting the Port's mission.

The project will provide a better understanding of the complex relationship between aviation uses at Troutdale Airport and other nearby airports (including Portland International) and the surrounding land uses, both current and projected.

The planning process has its own project committee of 21-members, which includes airport tenants, community members, and business and government representatives from Troutdale, Fairview and Gresham. Joe Smith, Citizen Noise Advisory Committee representative on the PDX CAC, also serves on the Troutdale Airport Planning Advisory Committee.

Emergency Preparedness - Ebola

As health and government officials work to prevent the spread of Ebola in the United States, the Port of Portland does have procedures in place to treat travelers showing signs of illness.

The Port has a communicable disease response plan and procedures in place to assist passengers confirmed or suspected of having a serious illness. This plan has been developed and coordinated with our county, state, and federal public health officials, as well as the airlines that serve PDX. Should any traveler exhibit symptoms of the Ebola virus, the airport would follow its protocol for handling communicable diseases.