

## **PORTLAND INTERNATIONAL AIRPORT UPDATE**

TO: PDX Community Advisory Committee

FROM: Vince Granato, Chief Operating Officer

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### **BUSINESS UPDATE**

#### **75th Anniversary**

On October 13, 2015, Portland International Airport celebrated 75 years of service to Oregon and Southwest Washington residents. A video history and a new addition to the airport's art collection are in place to continue to mark the 75th anniversary through the end of the year and for decades to come.

#### **Airport Activity**

In September 2015, PDX posted an 8.5% growth rate for passengers with a 6.1% increase in seat capacity. Regardless of the increase in capacity, passenger growth increased the average load factor to 85.3%, an all-time record load factor for the month of September.

Year to date, passenger volumes are growing at a rate of 4.5%, putting PDX on track to post another record year of traffic in 2015.

PDX cargo volumes continue to grow, including 6% growth in September with 19,773 tons. Year to date through September cargo is posting solid growth of 3%.

#### **Additional Air Service Development Updates:**

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

Alaska Airlines will begin daily service to Austin on November 5<sup>th</sup> and service to Omaha, Kansas City and Minneapolis begins Feb. 18, 2016. The daily flights will be operated by SkyWest Airlines with 76-seat jet aircraft.

#### **Airport Concessions/Properties**

On March 17 the second phase of PDXNext concessions redevelopment continued with an 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.

Jeff Swanson, our PDX CAC - Clark County representative agreed to participate on the Selection Committee as the representative from the PDX CAC. The 2016 Concessions RFP is for a total of 27 spaces with 19 separate leases. This includes 4 coffee packages

with 3 locations each that represent 3 local/regional concepts and one national concept that will allow our passengers a better range of choices and reflection of the northwest. The Port Commission plans to award leases to the successful proposers at its December 9th meeting. New concessions are planned to start opening in July of 2016.

These new offerings are the second of three phases of concessions redevelopment that will continue through 2017.

### **PDX Workplace Initiative**

The PDX Workplace Initiative was adopted in April, and it addressed three core areas including; Job Pathways, Worker Benefits, and Employer-Employee Relationships. As we presented at the June PDX CAC meeting, job pathways were improved with the roll out of the Jobs @ PDX website, which has been well received by tenants and employees. Currently there are 50+ jobs listed on the site from concessionaires, rental car companies, FBOs, TSA, and airline service providers. Since the roll out of the website, we had about 27,000 visits to the home page. From employers, we've heard that the quality of the applicants has been high. As we move forward with new Airline Service Provider and concessionaire agreements, the hiring requirements for each will be incorporated into our process.

As we roll out new contracts and operating agreements, tenants will be required to submit employer – employee relationship plans addressing how the employer maintains positive working relationships with their employees. The plan can include any agreement an employer has with employees and may address things such as compensation plans, benefits, incentive programs, education and training, and advancement opportunities.

The Port has made progress on worker benefits through establishment of the PDX Benefit Advisory Group. The group is made up of representatives from a broad array of employers, employees and labor. In order to ensure we heard from the right people, and had open, honest dialogue about PDX, we hired an independent research firm, FM3, to conduct focus groups. These focus groups were conducted June 24-29.

The focus group sessions, comprised of PDX employees, senior leaders of our tenant employers, as well as representatives from Unite Here, AFL-CIO, Teamsters, and SEIU met with FM3 for several hours to brainstorm ways to make improvements at PDX. The intent of the benefit advisory group was to identify ways the Port can make investments to attract and retain the very best workers at PDX.

Our employer group was made up of business owners, corporate Vice Presidents, and local general managers. Our consultant is currently tabulating the data and will then look for common themes. Our plan is to reconvene the advisory group participants to discuss results and common themes. Port staff will analyze the top/common themes to develop an implementation strategy.

Although we are still assembling the results, some general observations from the employer and employee focus groups include;

- A strong majority of employees love working at PDX. They have sense of pride in the work they do, enjoy working with customers and helping people make their travel experience the best it can be. People love the fast -paced environment and meeting passengers. They also expressed a sense that there is job security within the airport and that hours and jobs are readily available.
- Getting to and from the airport was overwhelmingly the largest single challenge to working at PDX. Whether employees take the Max, or drive their own car to and from work, there are challenges.
- Health and wellness were also mentioned. This included access to healthcare benefits and information about healthcare, and general wellness such as flu shots. As we comb through the data, we'll narrow in on how we can make this better for employees and more workable for our tenants.
- In our labor focus group we heard concerns about street pricing, length of contracts in relation to job security, and safety in the workplace.

## **CONSTRUCTION UPDATE**

### **Terminal Carpet Replacement (PDXNext)**

Installation of replacement carpet at PDX is essentially complete. Approximately fourteen acres of new carpet now grace Concourses B, C, D and E, the loading bridges, security nodes, terminal core, conference center, food court, mezzanine, pedestrian tunnels, and rental car service center. New terrazzo flooring has been installed on Concourse C. Before the Thanksgiving holiday season, terrazzo work will be completed on Concourse D and at the north security node, with limited cleanup shortly thereafter. As always, we would like to extend a sincere thank you to our airport partners who have helped keep the project on schedule with minimum disruption to our passengers.

### **Security Upgrades, Expansion (PDXNext)**

The Access PDX project is on schedule and has entered the construction phase. Behind the scenes infrastructure work has started in the terminal, and the closure and rebuilding of airfield vehicle gates is underway. Rebadging efforts have been completed for about a third of airport employees. Proposals are being evaluated for the new exit lane technology system. The design and construction of lactation rooms at both north and south terminal locations has been added to the scope of the project. The addition of the lactation rooms is in response to a request from the Breastfeeding Coalition of Oregon, which was submitted as public comment at the June 24 PDX CAC meeting.

### **Federal Inspection Station (FIS) Remodel**

The new automated passport control kiosks, lighting, new carpet, and Wi-Fi improvements have all been completed. New informational video monitors to display

state tourism destinations have been installed and the new wall graphics are nearing completion.

Construction is now underway on two new bus canopies. These will keep international travelers dry when boarding buses from the Federal Inspection Station to the baggage claim area.

### **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 has impacted customer service.

Detailed design on the project is nearly complete and the team is now working on issuing the first bid packages, completion of construction documentation, and negotiation of the final construction cost. The Port continues to work with the City of Portland and FAA on necessary project approvals, and is working on detailed project phasing plans. Construction is scheduled to start in early 2016, with completion in late 2017.

### **Terminal Core Redevelopment (PDXNext)**

The Terminal Core Redevelopment program is a modernization of the heart of PDX, necessary to ensure sufficient capacity for future passenger demand, upgrade seismic resiliency, and replace aging systems and infrastructure. Preliminary planning is

underway for this effort. The terminal core includes the existing ticket lobby, Oregon Market, security checkpoints, north and south lobbies, and baggage claim area. Preliminary planning results are due in the first half of 2016, with a schematic design phase to follow for the remainder of the calendar year.

The Port has retained the services of ZGF Architects and Turner Construction for consulting services for this body of work, following a competitive Request For Proposal process. Port Commission action on the first phases of the design and construction management contracts is complete.

## **SUSTAINABILITY UPDATE**

### **Economy Parking – Electric Vehicle Charging**

Along with the pavement rehabilitation just completed in the Economy parking lot, new shelters are expected to be installed December/January. The improvements also include a significant expansion of electric vehicle charging stations. Currently, there are 12 level 1 charging stations in the Red lot (near shelter L) portion of the Economy lot. Twelve more are being installed now near Red shelter D (should be up and running by early November). Eighteen more level 1 stations were installed in the Employee Lot (NE Alderwood) for a total of 42 charging stations.

According to the design and manufacturing company Telefonix Inc., the 42 stations represent the largest installation of commercial electric vehicle chargers at a U.S. airport. The chargers are level 1 units, meaning they have low current requirements and allow for an efficient use of energy. Level 1 charging works well for "long-dwell" parking that's common at airports, as opposed to more powerful chargers that work more quickly. Level 1 charging helps electric vehicle drivers recover about 5 miles of range for every hour they are plugged in, according to Telefonix. The chargers are free to use for employees and visitors.

A new exit plaza will be installed next year to replace the existing exit plaza and will add a fourth exit lane to make exiting easier and reduce idling.

### **Energy Efficiency Upgrades**

On September 9th, Port Commission approved award of a design/build energy efficiency improvements contract that includes energy efficiency lighting improvements including:

- PDX Employee Parking and Economy Parking Lots – LED lighting conversion and wireless controls
- Airport Way, North Frontage Road, Air Trans Way, Air Cargo Way, old 82nd Ave, South Cargo complex vehicle parking and aircraft ramp area – LED lighting conversion

- PDX Aircraft Rescue and Firefighting facility and PDX Maintenance and Maintenance Annex facilities, parking lots and general exterior areas – LED lighting conversion and wireless controls

These PDX energy efficiency improvements will change the general area lighting in these areas from its existing high pressure sodium (HPS) yellow light to the modern LED white light.

These PDX Parking and Roadway lighting improvements will result in electrical consumption reduction of 1,100,000 kWh per year which then result in approximately 885 Metric Tons of saved CO2 emissions per year.

### **Social Equity**

The Port continues to move forward with the following PDX 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 PDX CAC Social Equity Opportunities Ad Hoc committee met for the eighth time on July 24, and discussed the Portwide equity assessment and the Port's plans for moving forward with an organization-wide equity strategy. Creating this strategy is a Strategic Initiative in the Port's new Strategic Plan. The Port has committed to hiring a senior level staff person to create an equity definition and strategy, to work with local organizations on this strategy and to create metrics and reporting for equity work in the future. The Ad Hoc committee has decided it does not need to continue meeting in the near future, as this work will be brought to the larger committee and also included in the Airport Update.

In June the Port's Human Resources Department selected a consulting firm, Innovative Growth Solutions (IGS), to assist us in developing a more robust diversity program. The overall objectives of the project are to:

- Operationalize our vision of strengthening the Port's culture as a strategic asset, being identified as an employer of choice, and meeting Affirmative Action requirements.
- Incorporate best practices to ensure the principles of diversity and inclusion are built into Port business processes.
- Evaluate and identify methods to strengthen the Port's diversity efforts.

An initial part of this effort will include the consultant team touring Port operations and work sites so they can better understand our work, our workforce, and our customer base. The information gained in the site visits will provide insights about our current

diversity efforts and inform development of a more in-depth needs assessment. Any enhancements in the Port's diversity program would be included in the overall equity strategy.

## **OTHER**

### **Ameriflight**

The Ameriflight project is progressing well. They have completed the steel erection, exterior siding and insulation. The contractor is currently working on interior finishes with all City of Portland inspections completed for mechanical, electrical, plumbing and framing. Underground utility work which will bring utilities to the building on Airtrans Way are underway. The project is tracking for completion by January 2016.

### **Atlantic**

Atlantic completed the 60% design review for its development at the beginning of September and the 100% plans have been submitted for review. The construction permits for the new hangars are expected to be issued in October. Atlantic's schedule is to begin demolition late this month contingent on Port, City and FAA permitting.

### **PDX Travel Center**

The developer for the PDX Travel Center has withdrawn from the project. We have identified an experienced, local developer to take their place. They are beginning the design effort, although the full complement of fuel services and food choices has not been determined. The Port will continue to provide updates as the business elements are settled. The final lease and development agreement will be brought to the Port's Commission for their review and approval.

### **Capstone Development**

With Phase I complete, the Port closed on the Capstone Phase II lease. The second phase of this project will be under way in the next couple of months. This phase, on the south side of Alderwood Road in Portland International Center, will include an industrial building that will be approximately 350,000 square feet.

### **Port Commission Appointments**

Yesterday, we welcomed two new Port commissioners: Alice Cuprill-Comas and Gary Young. Both were earlier nominated by Governor Kate Brown and confirmed by the Oregon State Senate.

A member of the Oregon, Washington and Texas State bars, Cuprill-Comas was in private practice for more than 15 years, and is currently legal counsel at Oregon Health & Science University. Originally from Mayaguez, Puerto Rico, she was named a Rising Star by Oregon Super Lawyers in 2010.

Young is a native Oregonian and has been the business manager for the International Brotherhood of Electrical Workers Local 48 since 2013. He is directly involved in

contract negotiations, health and welfare and pension trusts, and is politically active on behalf of IBEW membership on legislation that affects wages, hours and working conditions.