

PORTLAND INTERNATIONAL AIRPORT UPDATE

TO: PDX Community Advisory Committee

FROM: Vince Granato, Chief Operating Officer

DATE: April 19, 2017

BUSINESS UPDATE

Airport Activity

PDX reached 2,499,627 passengers in the first two months of 2017, representing an increase of nearly 100,000 passengers during the same period in 2016.

In 2016, PDX reached 18,352,767 passengers, contributing to a growth rate of 8.9% over 2015 with the airport serving 1.5 million more travelers than last year.

Spring break was even busier than usual with two northwest teams in the NCAA Tournament. Although it's no longer that unusual for the airport to be busy, approximately 700,000 travelers passed through the gates over the past couple of weeks.

Additional Air Service Development Updates

It is just a few months into 2017 and we have received notice of additional service from Alaska Airlines. Alaska Airlines and Virgin America announced new, daily nonstop service between Portland, Oregon, and New York's John F. Kennedy Airport (JFK) beginning Nov. 6; and Portland and Detroit beginning Aug. 30.

With this new service, Alaska and Virgin America will provide Portland residents access to 130 daily nonstop flights to 58 destinations, more than any other carrier serving Portland International Airport.

Alaska Airlines and Virgin America are growing their footprint in the Lone Star State, expanding service to Dallas Love Field from four West Coast airports, including Portland Oregon. The Embraer 175 jet, operated by SkyWest Airlines, will fly daily to Portland.

Airport Concessions/Properties

Concessions

PDX welcomed two new food carts this spring, the first of which was Korean Twist. Korean Twist is a family owned and operated Portland favorite featuring Korean fusion burritos, tacos, rice bowls, and more. Last week, Chez Dodo (pronounced Shay-

Dodo) opened with a Mauritian cuisine food cart based in Portland Oregon. Chez Dodo is all about spreading the Mauritian tradition and their unique blend of cultures through the United States and Portland. In early May, PDX will welcome a third Portland based food cart, Cackalack's Hot Chicken Shack, serving up all things fried chicken.

Concessions Redevelopment Phase 2

Work continues on the second phase of PDXNext concessions redevelopment; new concessions and ongoing construction is visible in multiple areas of the terminal. New specialty coffee cafés are now open at the north and south ends of the ticket lobby near the new automated concourse exits.

- Stumptown Coffee – now open in South Concourse Lobby, won an Airport Revenue News award last month for Best New Local Concept, and will be opening a second location on Concourse D this summer. Construction to begin shortly, anticipated opening in August.
- Tamale Boy – Previously slated to open on Concourse D June 1, is now scheduled for early July as a result of delays associated with permitting.
- Tender Loving Empire - Slated to open on Concourse D, this project is ahead of schedule and the store will be opening next Friday, the 21st. A grand opening event is scheduled for May 18.

The RFP process for Phase 3 of the concessions redevelopment program is now underway. Ron Glanville, East Portland Office of Neighborhoods, is representing the CAC in that process. Phase 3 kicked off with the RFP release on January 27th and proposals are due May 4th. The RFP includes four locations – three Food & Beverage concepts and one Retail concept (Rogue/Roses on D, Laurelwood on E, vacant space on C, and InMotion on D). Recommendations for the best fit for each location will be brought to Port Commission on August 9 for formal approval, and lease agreements will be executed that day. The design process will kick off in late August, construction will begin in February, and locations will open in May and June of 2018. Food & Beverage lease term is 10 years, and Retail lease term is 7 years.

Hollywood Theatre

Hollywood Theatre opened a microcinema at Portland International Airport on February 21, 2017. The first-of-its-kind free theater features short films from regional filmmakers. The theater is a free 17-seat microcinema located on Concourse C.

CONSTRUCTION UPDATE

Security Upgrades, Expansion (PDXNext)

The Access PDX project is substantially complete with the opening of the new concourse exits at the north and south ends of the ticket lobby. The Port has temporarily stationed additional staff on both sides of the exits to aid in transition to the new locations and new system.

Rental Car Quick-Turn-Around (QTA)

Presented to the PDX CAC as a public notice item in April 2015, the QTA construction continues to make steady progress. With the enabling projects, including the new ground transportation hold lot and employee parking lot complete, the QTA is now beginning to take shape. The last of the precast for the second floor is in place and the concrete deck is being poured. Some modifications related to vehicle circulation are being addressed to insure that the QTA and the Ready Return (under design) are well coordinated.

PDX Travel Center

Presented to the PDX CAC as a public notice item in January 2015, the Port of Portland Commission approved a lease with MAJ Development Corporation to construct a gas station and travel center at PDX, combined with a new cell phone waiting area. The Travel Center, scheduled to be complete in fall 2017, is now under construction with foundation work complete on multiple building pads and framing started on two buildings.

Atlantic Aviation

Atlantic held their formal opening/open house on March 22nd. Now operating out of the new facility, only minor work remains related to fuel facilities and finishes. Port Operations has transitioned commercial aircraft parking to the aircraft ramp formerly utilized by Atlantic for General Aviation aircraft.

Mecham Air Center

Presented to the PDX CAC as a public notice item in January 2016, the Mecham Air Center, just west of the Atlantic Aviation site, has completed design review. Demolition of the two existing buildings is complete and construction of the new aircraft hangars will begin soon. Construction is temporarily on hold while the Mecham design team works through fire/life safety code issues with the state.

Economy Parking Toll Plaza

The new toll plaza at the Economy Blue Lot opened in time for Oregon's spring break. This new facility was equipped with all CCTV and parking supervisory systems.

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. This began a program series with regular updates on key elements of the program and additional public notice as required. To date, the Port has presented information on the Terminal Balancing Project, PDX Access Project, Phases I and II of the concessions redevelopment program and the Rental Car Quick-Turn-Around facility. The Port will continue to provide information related to major program elements as they

evolve, including revisions to the terminal balancing project, the Public Parking and Consolidated Rental Car (PACR) facility and the terminal core refurbishment (TCORE).

Terminal Balancing (PDXNext)

Previously presented to the CAC as a public notice item, this project was scheduled to begin construction in May 2016. The Port paused this project to consider changes that have occurred since the design began and to make sure the project will continue to meet its intended goals including balance and flexibility. The Port has made considerable progress redesigning the project to reflect a broad range of changes that affect gates, baggage handling, ticketing and other core requirements.

A revised concept, including six new boarding gates, was approved by the airlines in August. The project is progressing through Design Development phase and construction is scheduled to start on various early/enabling packages for the Gate E1 Sanitary Lift station, Central Utility Plant Terminal Feeder upgrade, Concourse E Roof Rehabilitation and Concourse B Renovation. Construction for the temporary bike path relocation is underway, with the bike path being relocated for a period of two years to allow room for construction of the new concourse extension. The path will continue to safely lead bicyclists to the terminal, though a section will shift riders briefly onto the roadway where they'll be separated from traffic by jersey barriers. One other big change: Secure bike parking will relocate from the lower to the upper roadway at the north end of the airport.

Although previously presented to the CAC, the revised project is again being presented today, including extended public notice, to insure the project revisions are understood.

Terminal Core Redevelopment (PDXNext)

Schematic design is underway for a comprehensive terminal core redevelopment at PDX. 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. The terminal core includes the existing ticket lobby, Oregon Market, security checkpoints and baggage claim area. Our focus is on creating a space that preserves and builds upon a quality customer experience at every touch point, demonstrates leadership in visionary design and operational efficiency, adds flexibility for technology and passenger processing, and is a showcase for the triple bottom line of sustainability.

Airlines have approved \$17M in conceptual design funding. After a project alignment phase to determine if there were any compelling alternatives to the current direction (expansion of the existing core terminal building), the decision was made to proceed as planned. Conceptual design began in October, and internal workshops have been progressing through this spring. Consistent with the Port policy, sustainability will be a key consideration.

We expect to take this project to the airlines for approval in early fall of this year. We will continue to update the CAC as the project progresses, and will complete the public notice process.

Public Parking & Consolidated Rental Car Facility (PACR)

The design-build contractor selection process is complete, and Port Commission has approved the schematic design contract. Schematic design has been underway for a few weeks. Current work involves programming, fact finding, and option definition. Presentations with design resolution are scheduled for May. Design is scheduled to proceed through mid-2018 with construction scheduled for mid-2018 through late 2020.

SUSTAINABILITY UPDATE

PDX Food Donation Program

Since creation of the Portland International Airport's food donation program in 2013, participants have provided 242,810 lbs. of food or 161,873 meals to communities in need.

OTHER

Free Speech Approach at PDX

PDX provides customers and airport users a safe, secure and customer-friendly travel experience. Following the sizable demonstrations at PDX, which created significant safety concerns for passengers and employees, Port management is changing its approach to groups of more than 10 people who wish to exercise free speech activities at PDX.

Individuals and organizations frequently use the airport's free speech program, obtaining permits to express their views and/or hand out materials inside the terminal. This permit program will continue to be in effect. The following information describes the Port's updated program for groups of 10 or more:

- The Port will now offer Free Speech Permits that designate a Free Speech Zone outside the terminal. This zone will likely be located on the upper outer roadway because it provides a highly visible covered area with convenient access to and from the MAX Train platform.
- Those who wish to exercise their right to free speech at the airport should contact the Port in advance by emailing freespeech@portofportland.com. There is currently no charge for Free Speech Permits.
- Effective immediately, the Port will not allow roving protests at the airport. The Port cannot allow activity that interferes with airport operations, compromises

airport safety and security, or disrupts airport businesses, employees and travelers.

Executive Director Search

As previously reported, the Port's Executive Director Bill Wyatt will be retiring on June 30. The Port's nine commissioners hold responsibility for selecting the executive director. However, the process has also included external stakeholders as part of an advisory group to the Commission and included an on-line opportunity for the general public to comment on job and search criteria, as well as the final candidates.

The Port hired McDermott and Bull, an executive search firm, to conduct the search. To date the following steps have been completed:

- Port Commission adopted job profile and search criteria and finalized the search process at the February Commission meeting.
- Advisory group interviewed candidates and announced their three recommended finalists:
 - Jonathan Daniels, Executive Director and CEO, Mississippi State Port Authority
 - Stephanie Dawson, Chief Operation Officer, Port Authority of New York & New Jersey
 - Curtis Robinhold, Deputy Executive Director, Port of Portland

The Commission advisory group making these recommendations included Commissioners Michael Alexander, Bob Levy, Pat McDonald and Tom Tsuruta, as well as community leaders Andrew Colas (Colas Construction), Andrea Durbin (Oregon Environmental Council), Katherine Lam (Bambuza) and John Mohlis (former Oregon State Building and Construction Trades Council).

The full Commission will interview the recommended finalists on Wednesday, May 10 during an executive session, which is not open to the public. To assist with the interview process, the Commission is seeking public comment on the three recommended finalists during a two-week comment period, which runs through Monday, April 24. After the interviews on May 10, the Commission will meet in a special session on Tuesday, May 23 to vote on our next executive director.

Oregon Air National Guard – Continuous Decent Overhead Approach

The Oregon Air National Guard proposed expanding the parameters under which they may perform a required training maneuver at PDX. The Port Aviation Noise Program reviewed the five proposed changes for noise impacts and recommended that the changes be adopted because Continuous Descent Approaches are generally quieter than straight-in approaches and are performed close-in to the airfield at higher altitudes. The Aviation Noise manager recommended a six-month test period for ORANG to test the changes and validate the assumptions used in the analysis.

ORANG presented the proposed changes to the Citizen Noise Advisory Committee at the March 9th CNAC meeting. The committee approved advising the Port to proceed with the test period, after which the Noise program will assess the results and make a final recommendation to CNAC.

PDX Air Traffic Controller training has been completed and the test is anticipated to run from May 1st until October 31st. The Port Aviation Noise team will conduct community outreach during the test period to provide information and answer questions. We met with the East Columbia Neighborhood Association on April 11th and will present at the Cully Association of Neighbors meeting in conjunction with ORANG on May 9th.

Port of Portland Compass Award

Michael Irwin, TSA's Federal Security Director for the state of Oregon at Portland International Airport, won the Port's Compass Award. The award recognizes the contributions of community individuals and entities who have demonstrated exceptional support for the Port.

STAR Award Presented to Port of Portland

The 2015 STAR Award for Citizen Involvement has been awarded by the Land Conservation and Development Commission (LCDC) to the Port of Portland for their excellence in creating and leading the PDX Community Advisory Committee (CAC).

The award recognizes the Port of Portland for actively promoting and implementing the values of Oregon's Statewide Planning Goal 1: Citizen Involvement. Through their outstanding public involvement efforts the Port has created a diverse 30-member CAC that builds on the 2008-2011 PDX Airport Futures planning process. The committee has a mission to support collaborative public dialogue on airport-related planning and development, provide early opportunities for the community to inform decision-making processes, and to raise public awareness about PDX and impacted communities. The CAC represents regional interests, and creates a sustainable connection between environment, social responsibility and development within the airport district.

Children with Autism Practice Traveling at PDX

Being on a plane can be stressful for a lot of people. But for children with autism, it can be especially overwhelming and even frightening. Alaska Airlines helped make the travel experience easier for 53 families during the recent Sky's the Limit event at PDX, providing participants with the opportunity to practice entering the airport, obtaining boarding passes, going through security and boarding an airplane. The aircraft then taxied around the tarmac to simulate a flight, without ever leaving the ground.

Port of Portland Police Citizen's Academy

This exciting nine-week course takes participants inside the inner workings of the Port of Portland Police Department, which serves Portland International Airport. Made up of

highly skilled law enforcement professionals who work hard every day to ensure a safe environment for the travelling public and airport employees, the Port Police Department is a complex full-service police agency unlike any other department in the state. Learn what it takes to keep PDX safe and secure as you explore the world of policing in a dynamic airport environment.

2017 Class Schedule

Participants must agree to attend all classes. Classes are at PDX unless otherwise noted:

- Wednesday, May 10, 6-8 p.m.
- Wednesday, May 17, 6-8 p.m.
- Wednesday, May 24, 6-8 p.m.
- Wednesday, May 31, 6-8 p.m.
- Wednesday, June 7, 6-8 p.m.
- Wednesday, June 14, 6-8 p.m. (Clackamas County Range)
- Wednesday, June 21, 6-8 p.m.
- Wednesday, June 28, 6-8 p.m.
- Wednesday, July 12, 6-8 p.m. (Graduation)

Deadlines

Applications will be accepted until April 21 at 5 p.m. Selected applicants will go through the criminal background check process and be notified of their invitation to participate in the program by April 28.