

PORTLAND INTERNATIONAL AIRPORT UPDATE

TO: PDX Community Advisory Committee

FROM: Vince Granato, Chief Operating Officer
(presented by Dan Pippenger, Director of Planning & Development)

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BUSINESS UPDATE

Airport Activity

2018 PDX passenger growth started strong at 4.2% or 170,000 more passengers for the first quarter. Seat capacity grew at a stronger rate of 8.7% with the load factor falling 3.3 points to 78.3.

Spring Break: Roughly 960,000 travelers came through PDX during the peak spring travel period, spanning March 22 through April 8 which includes both Oregon and Washington school spring breaks. On the airport's busiest days – March 23, 28, 29 and 30 – roughly 55,000 travelers pass through PDX each day, compared to the normal daily average of 51,000 during this time of year. While it's still early in the year, the airport is on track to surpass that record for 2018.

PDX freight volumes are benefitting from E-commerce and continued growth in online ordering, freight volumes for the first two months grew to 38,020 tons or 8.8%.

Additional Air Service Updates

Following a strong 2017, PDX continues to add service to existing and new markets including:

- Maui – Hawaiian Airlines began nonstop service from PDX on January 19.
- Amsterdam – PDX celebrated the 10-year anniversary of the PDX service.
- Orlando - Seasonal nonstop flights between Portland and Orlando will be offered June 14 through August 19, 2018, operating three times a week on Tuesdays, Thursdays, and Sundays by Sun Country Airlines.
- Frontier Airlines started new 3x/week service to Austin, TX on April 8th
- Spirit Airlines will launch new service to Detroit, MI on April 23rd
- International seasonal flights return:
 - Icelandair restarted March 16th
 - Condor to Frankfurt on May 1st
 - Delta to London on May 4th
 - Air Canada to Toronto on May 19th

Airport Concessions/Properties

Phase III Concessions Construction

The new concessions locations awarded through last summer's Request For Proposal (RFP) are well under construction and design. Johnston & Murphy on Concourse D will be opening in May, and Deschutes Brewery on Concourse D is expected to open the first week of June. Hopworks Urban Brewery, planned to replace the Laurelwood Brew Pub on Concourse E in October, is currently working toward 100% design.

Former PDX food cart favorite, Bangkok Xpress, will open a Thai counter service restaurant this June in the Clocktower Plaza, filling the former Sandoval's Mexican Grill location. This partnership is a wonderful demonstration of small business development. As an Airport Concessions Disadvantaged Business Enterprise (ACDBE) certified business, Bangkok Xpress will be the first PDX food cart to graduate into a long-term airport location.

Providence Express Care opened a first-of-its-kind airport healthcare location at PDX just behind the ABC Security Checkpoint on February 22. The new concept has been embraced by passengers and employees alike, providing a much-needed service to those who find themselves traveling with an unexpected injury or illness. In addition to delivering virtual access to medical doctors for a flat fee of \$49, the location also offers an expansive selection of over-the-counter medications and supplies.

CONSTRUCTION UPDATE

Terminal Balancing: PDXNext

Presented to the PDX CAC in April 2017, Terminal Balancing project design is at 100%. Permit plan check comments have been received from the City of Portland and addressed by the Port. Permits are anticipated by the end of April.

The design for tenant relocations and baggage handling work is scheduled to continue over the next few months.

The CAC met with Dan Gilkison, Terminal Balancing Project Manager, and viewed early elements of construction during their October 2017 tour. Just a few months later, construction is nearly complete on enabling work packages for the E1 holdroom Sanitary Lift station, Central Utility Plan Terminal Electrical Feeder upgrade, and Concourse E Roof Rehabilitation. The Concourse B Renovation work is complete and in use. Substantive enabling work has also been completed in the footprint of the concourse extension including Aviation Fuel system improvements (relocated fuel load facility), airside utility improvements, and demolition of the north aircraft parking apron. A major project milestone included driving the first six test piles for the building foundation the last week of February 2018. Full pile production and installation will

begin once all permit issues have been resolved with the City of Portland. Visible work just north of Airport Way included temporary sheet pile shoring for foundations and utility tunnel work that started mid-March and is now complete.

Quick Turn Around facility (QTA): PDXNext

Presented to the PDX CAC as a public notice item in April 2015, the QTA construction is now complete. The new building is where a rental vehicle is made ready, housing the fueling, washing and on-site storage for rental cars. The newly-completed building is now home to an operation that will help the rental car companies deliver top-notch customer service to airport travelers renting vehicles for the long-term. At three times the size of the previous facility, the new QTA offers a more efficient work space and significantly improves rental car processing operations. At peak shifts, 220 rental car employees can work to clean and fuel 430 cars per hour. Designed to minimize its impact on our water resources, the facility has an on-site well and a highly efficient reclaim system designed to reuse car wash water and capture more than 2 million gallons of harvested rainwater, allowing the QTA's car washes to operate without the use of any municipal water. Additionally, LED lighting is used throughout the building and an adaptive monitoring system is in place which will help manage energy usage based on time of day and time of year. Pursuing certification under the Envision rating system—a program recognizing sustainable design practices for infrastructure design, construction, and operation—the two-story QTA is seeking to become the largest Envision-certified project in Oregon.

PDX Parking Additions and Parking and Car Rental Facility (PACR)

The second phase of the airport rental car and public parking improvements, presented to the CAC in April 2015 and again for public notice in January 2018, the PACR project will provide the rental car ready-return capacity for 100 percent of the rental car market. It will also provide additional close-in public parking in a single shared-use facility. Consistent with the PDX Master Plan (Airport Futures), the goal of both projects is to meet projected demand while keeping facilities within reasonable walking distance of the airport terminal. Concept design has been underway since early February 2017 and enabling work has been approved by the Port of Portland Commission. Key project elements include the shared-use garage, a cantilevered exit road/ramp, a new Customer Service Building, East Toll Plaza, and other customer- focused features.

The project team is progressing through design development, bid permit package formation, and trade partner procurement. Construction for some enabling work is scheduled to start in May once city permits and FAA airspace determinations are received. The enabling work package includes 82nd Avenue U-Turn/Employee Parking Modifications/Project Staging, East Toll Plaza/East Pedestrian Tunnel, Helix Modifications, East Exiting/Final Jockey Road, Existing Ramp Demolition/CUP and Loading Dock Modifications, and some early utility work being done under the QTA and the Taxiway B projects respectively.

As occurred with early relocations of the employee parking and ground transportation hold lot, landscaping will be impacted by construction. This includes ornamental tree removal that will need to occur. Care will be taken to avoid potential disturbance to nesting birds. The notice to proceed was delayed due to the completion of National Environmental Policy Act (NEPA) review and airspace determinations by the FAA, the work is being expedited to minimize any impact to nesting birds consistent with the Migratory Bird Treaty Act. Because of the project, approximately 228 trees will be removed in total. Tree removal has been reviewed and approved by the City Forester and mitigation will be included in the project scope. Selective cutting and tree removal will take place during construction to lessen the impact to existing trees. Trees that remain will be protected in place by Port and City standards with the goal to preserve existing healthy trees whenever possible.

As with other PDXNext project elements, landscaping will be a key element of the project and considerable effort will be associated with mitigation for tree removal and adaptation of the Airport Way landscape to the new facilities. Along with our commitment to best practices in managing natural resources, projects like this are also why we support enhancing the urban tree canopy in neighborhoods and natural areas near PDX through our partnership with Friends of Trees.

Cell Phone Waiting Lot

Presented to the PDX CAC as a public notice item in January 2015, the gas station, travel center, and new cell phone waiting area opened in Fall 2017. Taco Bell opened in December 2017 and the final tenant, Dutch Bros., opened in early April.

PLANNING UPDATE

PDXNext

PDXNext is the name given to a series of projects designed to meet the growing needs of the people and airlines using the airport – employees and travelers alike. The PDXNext program contains more than 20 projects occurring now through 2025.

Terminal Core Redevelopment (TCORE): PDXNext

On November 29, 2017, the airlines serving PDX approved the first phase of the Terminal Core Redevelopment project, the largest in the PDXNext program. The Terminal Core Redevelopment project 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 October 2017 CAC tour featured key elements of the project and included an overview of ticketing, security screening, baggage handling and concessions capacity to accommodate projected passenger growth at PDX through 2045.

The first phase of redevelopment includes:

- Implementation of major seismic improvements and upgrades of the mechanical, electrical and other building systems
- Expansion of the main terminal core to the west of the food court
- Construction of new, larger security checkpoints
- Demolition of Concourse A and reconfiguration and enhancement of Concourse B
- New ramp construction for Remain Overnight aircraft parking near Concourse A
- Completion of all design work related to phase two of the project, which will reconfigure and reconstruct the ticket lobby and baggage claim areas

Phase one of the project will cost an estimated \$950 million and is the single largest construction project the Port has ever undertaken. The entire project is funded by the airlines and their customers through a combination of Passenger Facility Charges and bonds.

Schematic design activities are proceeding on the Concourse B renovation, an early phase of the TCORE project. Space programming for the Airport Operations Building (AOB), being constructed on top of the PACR customer service building is also moving forward with final determination of space utilization planned for the end of April. Negotiations with the selected CM/GC contractor (Hoffman-Skanska joint venture) are ongoing with Port Commission approval currently scheduled for May. Commission recently approved an amendment to the ZGF design contract to provide detailed design services for the Concourse B renovation. Internal design workshops were held in March and are ongoing.

SUSTAINABILITY UPDATE

Social Equity Policy and Guidelines

As discussed at the January 2018 CAC meeting, on February 14, 2018, the Port of Portland Commission approved the Port's Social Equity Policy and Implementation Guidelines outlining how the Port will integrate social equity into all its work.

The policy confirms the Port's commitment to social equity and affirms that the Port will do this work using a racial equity lens. Our choice to lead with race is rooted in the understanding that historic biases in policies, practices and processes within government have created racial inequities.

The Port's goal is to advance fair and equitable inclusion and create conditions in which all people can participate, prosper and achieve equitable outcomes with respect to our employment, business, and services. Port staff are currently in the process of participating in implicit bias trainings conducted by Resolutions NW and will soon be creating departmental equity plans with metrics and a reporting structure.

Carbon Footprint Reporting Yields Impressive Results

This spring marks our ninth year reporting to The Climate Registry, a nonprofit organization established to develop a common, accurate and transparent greenhouse gas reporting standard in North America. We became a founding GHG reporter in 2008, primarily in response to our goal of reducing emissions by 15 percent below 1990 levels by 2020. Since that time, we've adopted a combined approach focusing on energy conservation strategies, replacing and retrofitting older equipment and purchasing renewable electricity. Based on data from the 2016 reporting year, we've now reduced GHG emissions by an incredible 71 percent below 1990 levels.

Waste Minimization – 15 years of continuous improvement

Since 2003, the Port has partnered with PSU's Community Environmental Services, giving nearly 40 student interns hands-on experience with reducing waste in a large airport setting. Through the program, student consultants work for one- or two-year terms alongside Port staff to gain experience solving real-life waste and materials management problems. The following is a summary of some of the program highlights.

Beverage Collection Stations at Security Checkpoints: In 2008, the Port installed beverage collection stations at security checkpoints to remove liquids from the waste stream. They prevent liquid-filled containers from being sent to garbage or recycling, reduce costs in janitorial service and allow passengers to reuse their containers post-security. In 2012, the students conducted behavior change research to redesign stations, dramatically increasing use.

Tenant Outreach: Students regularly engage with PDX tenants, conducting waste audits and using data to produce customized feedback to design more efficient waste management systems. Students provide training to managers and employees and develop reward programs, creating a culture that embraces waste and materials management. As a result, concessions tenants have a remarkable 63 percent waste diversion rate.

PDX Central Waste Area: Through waste audits, students gain a precise understanding of the airport waste stream. In response, the PDX central waste area provides customized recycling options tailored to tenant needs and includes cardboard, mixed recycling, glass, food compost, oil and grease, plastic buckets with a bucket washing station, lightbulbs, Styrofoam and more.

Spring and Fall Cleanups: These events allow all airport tenants and operators to drop off unwanted items – such as retail displays, chairs, signage, equipment and decorations – for donation or safe disposal, preventing tons of material from going to the landfill. At the most recent event, students diverted 20 tons of material in partnership with local reuse agencies.

Zero Waste Plan: In 2014, students developed the ambitious Five Years to Zero Waste plan to set a path forward to reach zero waste. The plan creates a framework to achieve the goal with specific actions, priorities and targets across all Port of Portland facilities, including PDX.

Food Optimization: Students researched the causes of wasted and surplus food by conducting interviews and surveys with airport restaurants. The resulting study guides future outreach efforts to engage restaurant employees and managers in more efficient practices.

OTHER

TriMet Bus Service Confirmed

On March 4th, TriMet announced that late night bus service to PDX would begin in September, thanks to comments and feedback from employees and community members. The new service will substantially improve accessibility for employees who work late evenings and early mornings to support the 24- hour operation of the airport. In addition, TriMet added a new line 74 which runs north-south along 162nd Avenue between Southeast Powell and Northeast Airport Way and transfers to nine other bus lines and the MAX Blue Line, connecting commuters in the eastern suburbs to industrial jobs along the Columbia Corridor.

Free Speech

Presented to the PDX CAC in April 2017, the Port revised it's Free Speech policy to address groups of more than 10 people. The intent of the policy is to allow people to exercise free speech activities at PDX while providing PDX customers and airport users a safe, secure and customer-friendly travel experience.

Oregon Air National Guard "Overhead Continuous Descent Approach (OHFDA) Trial Period" Update

As announced at the January CAC meeting, the six-month trial period ended October 31, 2017 for the ORANG 142nd Fighter Wing to fly expanded Overhead Continuous Descent Approach procedures at PDX. During the trial period, the use of this special landing procedure was expanded by including visiting military aircraft training with Oregon Air National Guard; use of both the east and west ends of both primary runways, rather than just the east ends; participation by up to four aircraft simultaneously, rather than just two; and operations from sunrise to sunset daily, rather than 9 a.m. to 5 p.m. weekdays. At the trial period's conclusion, ORANG reverted to the original guidelines and the Port Aviation Noise Management team started analyzing the noise data from trial period flights and the community response.

As reported previously, the PDX Citizen Noise Advisory Committee (CNAC) recommended allowing the trial project during its March 2017 meeting. CNAC subsequently adopted a framework for assessing the results of the trial period. ORANG provides a technical liaison to CNAC who has been closely involved throughout the project and the Federal Aviation Administration Air Traffic Control at PDX provided data

and specific feedback on the procedure. The Port Noise Management team presented their report to CNAC at the March 8, 2018 meeting, where CNAC discussed the results of the trial period. CNAC voted at the March 8 meeting on each of the proposed changes and supported the Port recommendations with some modifications. The changes from today's protocols are to allow use of the 10-Left runway (the North Runway) and to allow overhead approaches to be flown on the ORANG Drill Weekend, which is one weekend per month. CNAC also voted that Overhead Continuous Descent Approaches should remain allowed at PDX, and that escort aircraft be allowed to fly a different landing pattern under limited circumstances.

Other Development Activity in the Area – United States Postal Service Facility

This spring, Postmaster General Megan J. Brennan will formally open one of the largest mail-processing plants the United States Postal Service has ever created. Located near PDX, at the intersection of Alderwood Road and Cornfoot Road, the facility will feature a massive package-sorting machine called the Enhanced Package Processing System, which should be able to process 30,000 packages an hour compared to 5,000 packages an hour by other machines.

Portland Airport Fire and Rescue

A Portland Airport Fire & Rescue team assisted City of Portland fire crews at a nearby auto scrapyards fire. The fire caused temporary evacuations and affected area traffic for two days.

Harassment Training for Port Staff

Treating our colleagues with respect and maintaining a work environment free of harassment and discrimination is critically important at the Port of Portland. In April and May, the Port will be rolling out mandatory training for all employees focused on fostering a respectful workplace and reinforcing our Fair Treatment Policy.