

PORTLAND INTERNATIONAL AIRPORT UPDATE

TO: PDX Community Advisory Committee

FROM: Vince Granato, Chief Operating Officer

DATE: October 18, 2017

BUSINESS UPDATE

Airport Activity

Compared to last calendar year – January through August - PDX is up 5.7 percent or 689,000 passengers.

This past summer, PDX served 5.6 million passengers, setting the sixth year of record traffic. International passenger volumes led the way growing at a rate of 15.6 percent. The eclipse in August contributed to the high volume of passengers, with the days after the eclipse posting record departure volumes at the airport.

PDX cargo volumes are showing strong growth at 7.7 percent. Cathay Pacific experienced a strong summer, adding extra weekly frequencies for the cherry season. Based on continued robust performance, Cathay Pacific started their third PDX flight to Hong Kong in September.

Additional Air Service Updates

Effective August 8, 2017, PenAir discontinued commercial air service in the Pacific Northwest. Air service for PenAir included Klamath Falls, Redding, Eureka/Arcata, and North Bend/Coos Bay. As was reported in previous meetings, the City of Klamath Falls, the Transportation Security Administration, the Port and other partners went to great effort to establish Klamath Falls air service and make it successful. This service is a significant loss to Klamath Falls and other rural communities. The Port will continue working with Oregon regional airports to share our air service expertise as they consider strategies for new service.

Pilot shortages have emerged as a significant issue for regional airlines. The impact has hit the Horizon Air Unit of Alaska Air Group particularly hard, forcing them to cancel hundreds of flights. Alaska has suspended service on several flights from Portland. While Horizon Air has responded by raising pay, adding signing bonuses and boosting recruitment it's important to recognize that this is a long-term problem that will affect the industry for years.

Airport Concessions/Properties

Phase III Concessions Approval

Considering the many lease expirations occurring over a three-year period, the Port initiated the redevelopment of approximately 75 percent of PDX's post-security concessions program back in 2014. The redevelopment effort has occurred in three phases, the third of which concluded this past summer. To date, the Port has awarded 27 leases for 32 concessions throughout PDX, half of which were awarded to local and/or regional small and medium sized businesses. Goals of each phase of redevelopment have included a) continued enhancement of the PDX experience; b) refreshed locations with a focus on local and regional concepts; c) opportunity for quality employers of all sizes; d) improved menu offerings for all meal periods; e) sustainability through design and operations; and f) growth in concession revenues and the resulting rents to the Port.

The Phase III Request for Proposal issued earlier this year included two large casual-dining restaurants on the north side of the airport, a specialty retail location on Concourse D, and one vacant quick-serve restaurant on Concourse C. The RFP resulted in new leases for Deschutes Brewery on Concourse D (replacing Rogue Ales and Rose's Deli, which expires Jan 31, 2018), and Hopworks Urban Brewery on Concourse E (replacing Laurelwood Brew Pub, which expires May 31, 2018). Laurelwood will remain open on Concourse A.

SSP America, a division of SSP Group, was awarded contracts by the Port of Portland Commission to operate both restaurants. Deschutes is scheduled to open in June 2018, followed by Hopworks in October 2018. Phase III will also bring shoe and apparel retailer Johnston & Murphy to Concourse D (replacing InMotion Entertainment, which expires Jan 31, 2018), scheduled to open in May 2018. The Quick Serve Restaurant on Concourse C was not awarded, and will remain vacant for the time being. The Port of Portland Commission approved the three new contracts at its August 9 meeting.

Another small business, Poblano Pepper, will be rotating in to the PDX Food Cart program in early November, while Cackalack's Chicken Shack rotates out. Poblano Pepper is a family owned and operated Mexican food cart located at The Bite on Belmont pod.

The Concessions Development team is always working on new and exciting concepts to add to the PDX program and will have additional announcements in the future.

Clocktower Rebrand

The Port's concessions and corporate communications staff teamed up to invigorate the airport's central gathering place with an updated look and a brand-new name that plays off one of the most iconic PDX landmarks – Clocktower Plaza. This includes column wraps and other graphics throughout the plaza and custom lighting designed to enhance and brighten up the area. The team is also working on a series of featured events. In 2018, the clocktower will mark 30 years at PDX as a landmark, gathering place and familiar icon.

CONSTRUCTION UPDATE

Terminal Balancing version 2: PDXNext

Presented to the PDX CAC in April 2017, project design is now at 95 percent. The preliminary permit submittal with the City of Portland's Bureau of Development Services occurred September 28, 2017. The official permit packet is scheduled to be submitted pending preliminary review by the city. The current design focus is on finalizing finishes and details for both interior and exterior areas. Coordination with Southwest Airlines, other airlines and stakeholders is ongoing. Construction is underway with enabling packages for the Sanitary Lift station near Gate E1, Central Utility Plant Terminal Electrical Feeder upgrade, Concourse E Roof Rehabilitation and concourse aviation fuel system and utility work. The Concourse B renovation being undertaken as part of the Terminal Balancing project is complete and represents a significant improvement in the look and feel of the space.

Quick Turn Around facility (QTA): PDXNext

Presented to the PDX CAC as a public notice item in April 2015, the QTA construction continues to make steady progress. The QTA, which will support rental car operations with 16 wash bays, 72 fueling stations and roof top rental car storage, is now approximately 75 percent complete. The focus of current work is completing the roof top parking deck, constructing the ramp to the second level and installing equipment into the washbays. The project is scheduled to be complete in February 2018. This project is the first element of a Consolidated Rental Car Center. The second element of this project, to be presented to the PDX CAC in Spring 2018, will be the shared use Parking and Rental Car Garage and Customer Service Center.

Cell Phone Waiting Lot

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.

After more than 10 years in its current location, the cell phone waiting lot is in a new space adjacent to the newly-opened PDX Travel Center. The cell phone lot area - with capacity for more than 45 vehicles - provides a place where drivers can park for free for a maximum of 30 minutes, wait for a phone call from family or friends announcing their arrival, and then drive up to the airport terminal's curbside passenger pick-up area. It is a short three-minute drive to the terminal from the cell phone lot. The new cell phone lot is located adjacent to the PDX Travel Center, which contains a 7-Eleven convenience store with a gas station and car wash. Dutch Bros. Coffee and Taco Bell are slated to open in the Travel Center this fall.

PLANNING UPDATE

PDXNext

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

Terminal Core Redevelopment (TCORE): 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.

Continued outreach to the airlines and other key stakeholders occurred in recent months and coordination between the large PDXNext projects is ongoing. Space programming was completed in August resulting in a key programming decision to consolidate TCORE impacted spaces (Airport Operations Center, Port Police, TSA, badging, etc.) in the future Parking Additions and Rental Car Facility (PACR) Customer Service building. The current schedule proposes airline review and airline balloting at the end of October. Port of Portland Commission approval for the consultant design contract and an exemption from competitive bidding will be requested during the November Port Commission meeting. The project team is currently focused on the evaluation of options to reduce project costs and opportunities to phase the project over a period of time. This project is the focus of the 2017 CAC tour where the committee will learn more about the existing facility, key challenges and proposed improvements.

PDX Parking Additions and Consolidated Rental Car Facility (PACR)

As the second phase of the Rental Car Quick-Turn-Around (QTA) presented to the CAC in April 2015, the PACR project will provide both the rental car ready-return for 100 percent of the rental car market and additional close-in public parking. 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 (utility relocations and roadway/exit plaza relocation) has been approved by the Port of Portland Commission. For the past several weeks, various internal teams and stakeholders have been collaborating on scope, schedule, and budget adjustments. Key project elements include the garage footprint, a cantilevered exit road/ramp, an exterior Customer Service Building, East Toll Plaza, and other customer- focused features.

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.

While the project was presented to the PDX CAC in 2015 as part of the QTA project, public notices and formal presentation is currently scheduled for the January 2018 meeting, now that several key project elements have been confirmed.

PDX Taxiway B Center & Taxiway Exits Rehabilitation

Project construction work is progressing from east to west with work now focused in Taxiway Exit B3 and Taxiway B/M areas. Pipe placement under Airport Way and TriMet Max tracks related to the QTA and PACR enabling utility work will resume this month.

PDXNext Passenger Boarding Bridges Replacement Phase I

As part of the Port's work on a comprehensive assessment of the airport's passenger boarding bridges, structural evaluation is complete and design work is underway. This is a multi-year project that began with replacement of the Concourse B loading bridges earlier this year.

SUSTAINABILITY UPDATE

Recognition for Leadership in Sustainability

Airports Council International recently recognized PDX, Hillsboro and Troutdale airports for again achieving Airport Carbon Accreditation – reducing emissions by making investments in heating and lighting efficiency, technology, electric, hybrid or gas-powered vehicles; incentivizing public transportation; reducing corporate travel, and working with partners to encourage additional emissions reductions.

OTHER

PDX – America's Best Airport

For the fifth year in a row, Travel + Leisure has honored PDX as America's Best Airport. For the magazine's World's Best awards, readers are asked to rate airports on five characteristics: access, check-in/security, restaurants/bars, shopping and design.

Port Staff Join Governor's Trade Mission to Asia

The Port of Portland's Curtis Robinhold, Keith Leavitt, David Zielke and Ken O'Hollaren have joined Governor Kate Brown on a trade mission to Asia to promote foreign investment in Oregon, Oregon goods and tourism. The Governor is leading the mission in Hong Kong and Japan from Oct. 9-15. Asian trade and tourism are critical drivers to Oregon jobs and our economy. Asia is the largest trade partner region for Oregon products, particularly for the agriculture and food products industry

Value Pricing Policy Advisory Committee

Oregon's House Bill 2017, also known as Keep Oregon Moving, requires the Oregon Transportation Commission to develop a proposal for value pricing on Interstate 5 and Interstate 205 from the Columbia River to their junction in Oregon, to reduce congestion. To create a plan, a Portland Region Value Pricing Policy Advisory Committee has been established to guide ODOT's work. Value pricing, also known as congestion pricing, is a type of tolling in which a higher price is set for driving on a road when demand is greater, usually in the morning and evening rush hours. The Port's Executive Director Curtis Robinhold will serve on this committee.

Oregon Air National Guard "Fly Day"

The ORANG 142nd Fighter Wing hosted a Fly Day, October 15th, from 9:30-11:30 a.m., at 9442 NE 13th Ave, Portland. The Fly Day was an observation opportunity at the conclusion of a six-month test of modifying a special military landing procedure at Portland International Airport. Following the test, ORANG and Port staff will work with the PDX Citizen Noise Advisory Committee to consider the status of the landing procedure for the future.

This location (intersection of NE 13th Ave and NE Gertz Rd) is on the Southwest corner of the Columbia Edgewater Country Club, providing good visibility of the proposed RWY 10R Overhead Continuous Descent Arrival. Representatives from ORANG's Operations and Public Affairs departments were present to answer questions regarding the proposed new procedure.

As reported previously, the PDX Citizen Noise Advisory Committee recommended allowing the trial project during its March meeting. The advisory committee, noise management team, and the Oregon Air National Guard will evaluate the trial program and any findings at the end of the trial period before considering possible permanent adoption of procedures with the Federal Aviation Administration Air Traffic Control at PDX. The special landing procedures could expand by allowing participation by 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 9 a.m. to sunset daily, rather than 9 a.m. to 5 p.m. weekends.