

# Port of Portland 2023-24 Public Hearing Minutes

Wednesday June 14, 2023

10:30 a.m.

Portland International Airport, Building  
HQP-2 Chinook Board Room  
7200 NE Airport Way  
Portland, Oregon

**Present:**

TSCC:

Chair Harmony Quiroz, Vice-Chair James Ofsink, Commissioner Mark Wubbold, Commissioner Margo Norton, Executive Director Allegra Willhite, and Budget Analyst Tunie Betschart

**Absent:** Commissioner Matt Donahue

Port of Portland Commissioners:

Katie Coba

Port of Portland Staff: 3:08

Executive Director Curtis Robinhold, Chief Finance Officer Antoinette Chandler, General Council Dan Blaufus, Chief Trade and Equitable Development Officer Keith Leavitt, Chief Projects Officer Vince Granato, Chief Project Delivery and Safety Officer Stan Waters, Chief Operating Officer Dan Pippenger, Chief Administrator & Equity Officer Bobbi Stedman

Chair Quiroz welcomed everyone to the hearing and briefly described the duties and responsibilities of the TSCC. She reviewed the hearing process and stated the reason for the hearing was to engage the district leadership and provide an opportunity for the public to comment before the Port of Portland adopts its budget. She asked the TSCC Commissioners and staff to introduce themselves and state if they have business relationships with the Port that could be perceived as a conflict of interest. Each commissioner and staff member introduced themselves and stated they had no conflict of interest with the Port of Portland. She asked the district to introduce staff and any board members present.

Ms. Chandler suggested moving to the questions following introductions.

**TSCC questions:**

**Commissioner Wubbold asked the following questions:**

Last year when we met, the Mass Timber partnership project was in the formative stages, and awaiting news of a grant award. We now know the grant for the Mass Timber and Housing Innovation Campus at Terminal 2 was awarded - congratulations, that's exciting! What are the first projects that will benefit from these grant dollars? When will the community start to see the benefits?

Mr. Keith Leavitt said the Port has developed a long-term plan to transform Marine Terminal 2 into a Housing Innovation Campus. The terminal needs infrastructure upgrades including subduction work in preparation for Hacienda. When complete, the campus will host housing manufacturing facilities, mass timber research and development, and incubator space for small scale companies focused on housing innovation. They received a grant around \$40 million that focuses on Workforce

Development. They are building a partnership with Portland Community College and Worksystems, Inc. to establish training locations around the state that connect rural and urban communities to job opportunities in forestry, fabrication, construction, and manufacturing.

They work very closely with Work Systems Inc. in the region here with Portland Community College to bring essentially new jobs and factory-built housing which is a big part of the solution for housing issues.

With the existing onsite infrastructure, Hacienda CDC is leasing space to develop mass timber modular housing prototypes, which will be donated to families affected by wildfires in Lincoln City and Madras and monitored for continuous learning and adaption.

Where are the trees coming from?

Mr. Leavitt said they are working with small wood lot owners, part of this EDA Grant is for the Oregon Department of Forestry to build a Track and Trace program, working with Sustainable Northwest and other partners to make sure that as the industry ramps up it's done in a sustainable way. That's all part of the vision for this project.

**Commissioner Ofsink asked this follow-up question:**

Is their money allocated to the Workforce Development and do you have a target for how many graduates or people that you're getting through?

Mr. Leavitt said he did not have the answer to that but they would be happy to provide follow-up information. He explained that the \$40 million grant went to the business who belonged to the Oregon Timber Coalition and even though the Port received a significant amount for the infrastructure at Terminal 2, a sizeable amount went to the universities for research and development.

**Commissioner Ofsink asked the following questions:**

The Port received \$72 million in ARPA funds for use at PDX. Since receiving the funds, the Port has drawn down around \$25 million, most of it in fiscal year 21-22. Would you provide an update on the airline industry and travel recovery for us? Is additional federal support needed to reach pre-pandemic travel levels? What do you foresee using future drawdowns for?

Ms. Chandler said that average enplanement recovery is 90-92% of 2019 levels, on data through 2022. PDX is assuming still 15% lower than the 2019 levels. The national enplanement full recovery is not expected until the end of 2024. In June of 2020 the Port's activity was down almost 95%. Having access to federal stimulus money definitely helped PDX weather the storm. The Port used these dollars to ensure debt payments were made and they had liquidity for future years. They did not need to draw down as much as anticipated this year. The agency is still being conservative and thoughtful about the preservation of that money.. They drew down \$25 million since the activity at the Port has improved. Looking at the debt portfolio, they considered being proactive and aggressively paying down some debt but they want to make sure the economy is stable first. The Port anticipates business travel will not come back to the same levels but the increase in leisure travel will help to balance that out. She said they are forecasting travel to back to 2019 levels hopefully around FY 25.

Tell us about business travel - just like remote workers not anxious to return to their downtown offices, are you seeing signs that business travel will also change its work methods permanently?

Mr. Robinhold said they anticipate being back to 100% travel revenue in two years. They are not expecting business travel to return in the same way but leisure will make up the difference. Business travel drives a lot of the airline decisions about route selection. Asia travel hasn't come back. The front of the plane needs to be full because it is the first-class and business-class passengers that support these long flights.

**Commissioner Norton asked the following question:**

For the Port Commissioners here today: The Port has been talking with us about a shared prosperity initiative for the past 2 years. This year we see the Commission approving a new 3-year Strategic Plan focused on Regional Prosperity and, in the budget, a new Trade and Economic Development unit intended to use the Port's assets and expertise to "drive shared prosperity for our communities". On a practical level, what does the Commission expect to see in activity and projects to accomplish this goal and how will you measure the Port's success?

Mr. Robinhold said they have shifted from things they operate to people they serve. Various national events have staff thinking about the Port's DEI efforts, the Port's role in the community, and about the mission they need to pursue. That has resulted in a shift from thinking. The Port Commission has been very supportive. They track the progress using measurement data by division. The Shared Prosperity Office was created to be a service provider internally to include community engagement, human resources procurement. The question continually asked is, who benefits from this project? The goal is to get shared prosperity broadly felt through contracts offered, procurement efforts, community engagement, and the small business program. The Shared Prosperity Office is working through the global DEI benchmarks to help the Port align with globally recognized measures and work with each division towards those measurements. This will help the Port staff and Commissioners identify progress in an objective frame

Mr. Robinhold said the Port has a Terminal Core Technical Assistance Program that is especially designed to help contractors get into the work onsite. They have spent about \$180,000 and have another \$150,000 remaining. This is similar to the Mentor Protege program. The Port will have 11 more mentees graduating this month and have already awarded 300 contracts to former mentees. \$117 million dollars of the Port's contracts to mentees who have come through the program are for small businesses so we are having some very direct specific impacts. The process was challenging for staff but is really working to get women owned, people of color owned businesses to apply. Staff work with them to help them be successful.

Port Commissioner Katie Coba said the commissioners are 100% committed to the new mission for the Port and the shared prosperity work. She attended an all-employee staff meeting where they discussed all the initiatives that are happening within the organization. The one that has gotten the most recent press is the awards to the contractees in the new terminal. The process that the Port went through was all about how to reach local, minority-owned and women-owned companies and letting them know the Port wants to work with them, side by side, to get them to go through the process and come out the other side. She said she believes people are so excited about the awards of the retailers and the new food establishments.

**Commissioner Wubbold asked this follow-up question:**

Have any of the food vendors at the airport seen expansion beyond the airport?

Mr. Robinhold said Bambuza was able to leverage their business at PDX into 11 or 12 other airport locations across the nation.

Mr. Dan Pippenger said they are looking at doing a seasonal pop up for vendors to come to the airport and get experience of being in a location that is already built out. They would be there for an undetermined timeframe. The Port is also looking at more of a marketplace for retail goods to give exposure to businesses not necessarily long-term in the airport but that could grow into that.

**Commissioner Wubbold asked the following question:**

Last year we discussed the 17 positions that you were adding for security at PDX. You noted that ten of the new positions were intended to deal with increased crime and homelessness around the Port property. Were these positions successful?

Mr. Pippenger said most positions were at PDX. In FY23, the Port added 17 security positions. Three were in the Marine division to accommodate growth in container volumes at Terminal 6. The other 14 were added for public safety & security at PDX. Six new police officers to provide for additional patrol on the MAX red line and two behavioral health clinicians. Due to the ongoing vacancy rate in the police patrol unit, the six positions have not yet been filled. The Port plans to implement this program in FY 23/24.

The Port recently entered a contract with Cascadia Health to provide two behavioral health clinicians who will be dispatched with Port police officers on calls involving a person in crisis due to mental health condition or substance abuse. The intent of the program is to provide behavioral health care support to the individual and connect them with services in the community. The clinicians will begin working at the Port in July 2023.

The Port is paying for a district attorney to focus on Port issues. This DA is based out of Port offices but staffed by Multnomah County District Attorney's office.

The positions are making a difference. Most cases are with repeat offenders. By having district attorney do follow up with chronic offenders is expected to help with repeat offenders.

**Commissioner Norton asked this follow up question.**

What about drugs coming through the airport?

Mr. Pippenger said yes, they do have problems with this but it is usually discovered at the federal checkpoint. They in turn call the Port security to deal with it. A lot of passengers try to take marijuana out of Oregon to other states. Security is also focused on preventing human trafficking.

**Chair Quiroz asked the following questions:**

The wooden ceiling has been installed at PDX (a Mass Timber demonstration!) and the Terminal Core redevelopment project is nearing completion. Can you share what projects are coming up next at PDX?

Mr. Pippenger said while the primary focus of the PDX capital program over the next two years is delivering on the Terminal Core (TCORE) in the Main Terminal, the Port is in the process of developing a 10-year capital plan for PDX and updating the PDX Master Plan, which was last

updated in 2011. As is typical for a project of this scale, there will be PDX Next follow-on work such as completing build-out of the Conference Center space, with the TCORE providing the shell, and equipment purchases for Employee Screening to ensure this program is ready to implement at the end of TCORE. Other work at PDX post-TCORE will focus on asset renewal projects for systems not impacted by TCORE and refreshing areas of the Terminal not included in the PDXNext/TCORE program such as baggage claim and Concourse D. In addition, there will be on-going efforts to identify funding for a number of key projects, including the Seismically Resilient Runway and the improvements to the 82<sup>nd</sup> and Airport Way Interchange.

Last year we spoke about the impacts of supply chain issues and inflation - what's the latest? Are you still seeing impacts to projects?

Mr. Vince Granato said while inflation seems to be stabilizing, supply chain continues to be an issue for some products, while others have returned to normal output. Which products are impacted seems to be somewhat erratic, but generally those that are reliant on materials from volatile markets or that are heavily reliant on technology such as computer chip driven equipment, continue to have delays. Cost escalation has come down some from the last two years, but continues to be above past averages due to an ongoing shortage in skilled labor. Most of the TCORE procurement is complete, so inflation and rising costs are less of a concern now than before. The approach to mitigating ongoing uncertainty has been to be more aggressive in assumptions related to inflation in project estimates to ensure capital planning is adequately accounting for that risk. It is worth noting that project bids are currently coming in near or slightly below estimated construction costs which signals improve stability.

Mr. Baufus added that now when doing cost estimates, it is done conservatively.

**Commissioner Norton asked the following question:**

Do you have vendors queued up and waiting for the next opening or the next round of concessionaire selections? What process did you use to select new vendors and services to be part of PDX? What guiding principles did you use?

Mr. Pippenger said they awarded 21 concessions which covers both phase one, the opening of The Westward Expansion of the terminal core, and phase two, the completion of the terminal core project at the end of 25. The only thing left is the four news and gift locations. The Port will submit an RFP for that next year.

The Port was pleased with the amount of response received, especially in in the business climate of today. They are also proud of the fact that all 21 of these are local or regional businesses. Ten of them are women/minority partially or fully owned businesses. It takes a lot of work to get out there into the community and make sure people understand the opportunity and the risks associated with the concessions.

He added that they are also proud of the team and the work the Port did eliminating a lot of barriers this time by putting out a new, easy to follow guide on how to apply.

**Commissioner Ofsink asked this follow-up question:**

Does the port continue to kind of provide structure to help those businesses be successful as a Port concession or as PDX concessionaires, especially since some have not operated in this challenging environment before?

Mr. Pippenger said they have a full team that keeps engaged with the concessioners. They also help with promotions and mentoring them. That partnership is important to their success and the

success of the Port of Portland. How successful the businesses are and how they treat their employees reflects on the Port so they stay engaged with these businesses.

**Commissioner Ofsink asked the following questions:**

Your CFO, Antoinette Chandler, was selected as a 2023 Executive of the Year by Portland Business Journal, congratulations. In the PBJ article, CFO Chandler mentions one of the biggest challenges of the last year was managing the Great Resignation as staff retired early or left for other positions. Has staffing stabilized at the Port? Are you seeing less turnover? What is your current vacancy rate?

Ms. Chandler said one of the biggest challenges was just thinking through the stress that people went through from the pandemic and what impact that had on their decision making around if they wanted to stay in the workforce or not. Also seeing the impact that it had on working mothers who had to make that decision was difficult. The Port was not the only organization out there that had a workforce grappling with these types of issues.

She said managing through that turnover, looking at the impact that the employees have on the organization, and also trying to work through some of the financial challenges, all of that happening simultaneously really created complex problems that staff had to work through but the employees stayed focused, resilient, and worked through it. Shifting from a fully in-person environment to a remote environment, and now in this hybrid environment has been an interesting journey. The employees at the Port are focused, resilient, and have worked through the turnover and challenging times.

Ms. Bobbi Stedman said the current Portwide vacancy rate is about 9%; in 2019, it was about 5%. Staffing is stabilizing. The projected turnover rate for the current fiscal year is 14%, an improvement from last year's 16%. Pre-pandemic, turnover was 14%. While the Port was not the only employer impacted by the mass resignation, they did quickly react by adding additional talent acquisition resources to keep up with the turnover. According to the Port's economic research consultant, Breann Preston, the labor market remains tight, with a lot of jobs open and more workers than before the pandemic. However, the labor force participation rate is down, meaning there are less people available to work. The challenge the Port is having coming out of the pandemic in terms of vacancy rate is the social unrest has impacted our ability to hire First Responders. They added some staff within the police department but are having more of a challenge in finding qualified officers so they have put some incentives in place as many other jurisdictions are having to do. The agency is experiencing some benefit from this action.

**Commissioner Norton asked the following questions:**

Last year we also talked about the continued remedial design of the Portland Harbor superfund cleanup. We know this is a huge undertaking. You noted the tremendous coordination needed for project definition, sampling, cleanup responsibility and design. At that time, you predicted that design may be finished by early 2024. Does this prediction still track with where the project is today? Will you also provide us an update on what has been accomplished in the past year?

Mr. Dan Blaufus said there are roughly 15 subareas in Portland Harbor and each subarea is at a different phase of design. The design for each subarea is performed by the parties that have signed onto an order to complete the design under EPA oversight, often with additional parties funding the work. The Port anticipates completion of design for each of these areas to occur between 2024 and 2026. Factors that delay design include the complexity of the subarea, the need for additional sampling and engineering analyses and agency workload.

The Port is committed to completing the designs at the Terminal 4 and at Willamette Cove subareas

of the river. The City of Portland and State of Oregon are also signed up to complete design at Willamette Cove. In addition, the Port is providing funding to the parties completing the designs for the area adjacent to Terminal 2 and the Swan Island area. The Port is also participating in the confidential allocation settlement group, and is looking forward to the timely completion of that process. Finally, the Port continues to support the work of Multnomah County Environmental Health through a funding partnership with the State and City. The three parties fund Multnomah County to provide education and outreach to communities who are most impacted by eating contaminated resident fish from the harbor. Through this work, Multnomah County has a team implementing various strategies to reach marginalized populations in culturally competent and specific ways.

Do you see the parties ready to move on?

He said there is money on the table and it is looking promising.

**Commissioner Wubbold asked the following questions:**

We understand it is the Port's goal to reduce 80% of greenhouse gas emissions by 2040. In practical terms, what changes will need to be made? How is this balanced against other priorities, like shared prosperity?

Mr. Pippenger said the impacts from climate change are disproportionately felt by Black, Indigenous, and people of color (BIPOC) and low-income communities. For this reason, climate related work is aligned with the shared prosperity objectives.

To reflect the urgency of the mitigating climate change, the Port recently set new targets for PDX GHG emission reductions as compared to 1990 levels, without relying on Renewable Energy Certificates or carbon offsets.

The Port is targeting projects to address the largest sources of our GHG emissions, investing in innovation and tracking increasing electricity needs over time as well as the carbon intensity of that electricity. Much of this work provides co-benefits re: resiliency and climate adaptation.

He gave the following examples of key initiatives:

- New construction
  - Goal of LEED Gold certification with the focus on energy efficiency and passive solar design. For example, the terminal core redevelopment project (TCORE) is projected to reduce energy use per square foot by ~50% while expanding the footprint of the terminal.
  - Design for future climate considerations (e.g., extreme heat and cold, smoke/ash, ice, wind, flooding etc.)
- Sustainable aviation fuels (SAF)
  - Engaged in Joint Cascadia Airports collaboration (PDX, SEA, YVR) with the goal of enabling regional production and cross-border distribution of SAF.
  - Clarifying infrastructure investments needed to bring SAF to PDX and pursuing funding.
- EV charging
  - Existing: Port employees, maintenance and fleet, public parking, Airport Rescue & Firefighting Facility, TNCs.
  - Planned: airline ground support equipment, rental cars and cargo handlers.
- Innovation
  - Parking shuttle buses run on renewable natural gas and the Port is exploring zero emission options such as hydrogen fuel cells.
  - The Public Parking and ConRAC Garages were the first facilities in the region to use CarbonCure technology to reduce the carbon footprint of the concrete. An extra 548.4 metric tons CO2 equivalent was permanently sequestered through their construction. The

Port's local investment in this technology is anticipated to pave the way for other projects in the area to cost-effectively implement similar technology.

- Electricity/renewable energy
  - The Kennedy Feeder project not only increases the amount of electricity the Port can draw from the grid, but also provides redundancy by preserving another existing feeder as a dedicated backup.
  - Subscriber to Oregon Shines community solar projects (1 MW project at PDX and 6 projects in southern Oregon) to support solar energy development, offset the Port's usage with renewable energy and save on utility costs.

**Chair Quiroz asked the following questions:**

As the climate changes, we are seeing more frequent and more severe weather issues around the world. We know the Port doesn't own this problem but you are impacted by this problem. What planning is the Port doing to prepare for increasing frequency of weather problems - snow, flooding, wildfire smoke, you name it?

Mr. Pippenger said the Port of Portland is taking several steps to prepare for these weather-related issues through a coordinated effort of the Emergency Management department and the Resilience Program. The Port recently submitted a district profile chapter to be added to the Multnomah County Natural Hazards Mitigation Plan, which is currently being reviewed by the Oregon Department of Emergency Management. The chapter outlines the Port's susceptibility to natural hazard risks, the planned mitigation actions, and the process for implementation.

Some of the identified goals in the Port's district profile chapter include hardening security systems and upgrading communications systems to address flood risks; assessing climate impacts to Terminal 6 and identifying and implementing mitigation investments related to heat and flood risks; developing and implementing automated/robotic communications and notification systems to address risks related to communications loss during flooding; documenting facility, infrastructure and equipment vulnerabilities to high heat and wildfire smoke and implementing mitigation actions as appropriate; and developing internal and external programming to inform and educate employees, tenants, and business partners about hazards and how to mitigate and respond to them.

The Emergency Management team is also updating response plans and procuring additional assets based on lessons learned from recent weather-related events. These updates include implementing additional training and conducting exercises to test plans and response expectations for severe weather. They also are implementing improved communications platforms to keep tenants and passengers better informed and augmenting the response teams to better address staffing and equipment gaps to ensure they have access to the right Personal Protective Equipment.

**Commissioner Norton asked these questions:**

What is your involvement with Urban Flood District and are you concerned with the resiliency of the levees?

Mr. Ribinhold said they have been involved with the Urban Flood District since its creation, with two active members on the board. The Port is very supportive of the work the district has done to enhance the funding conversation. They feel this is the right path to increase the number of people paying for the project. The Port is concerned about the resiliency of the levees. The work does need to be done to meet federal standards. They have observed people digging into the wall, possibly seeking shelter or to create structures. This is a new occurrence. They are trying to have an appropriate response and bring the tools that are required so as to not ask the police force to do

things that are not in their area of responsibility. This has been a challenge. The Port is engaging with partners to help deal with behavioral health to bring in professionals to deal with this work. They are also engaging the community to address these concerns, which are bigger than Port. They are working with their commissioners to determine how to get things done and be transparent.

Chair Quiroz thanked the Port of Portland staff for the responses to the questions and contributions to the hearing. Then she asked if there were any members of the public who wished to speak at this time. There were none.

She closed the hearing and opened a regular meeting of the Tax Supervising and Conservation Commission to certify the Port of Portland's 2023-24 Approved budget. She asked if the TSCC commissioners had any questions or comments to make concerning the budget. There were none.

Chair Quiroz asked Executive Director Allegra Willhite to give staff recommendations for the certification letter.

Ms. Willhite said it has been a pleasure working with the Port of Portland staff throughout the budget process. They have been quick and willing to respond to TSCC questions. She said regarding the certification letter, staff found the budget estimates reasonable for the purposes stated. We have one recommendation. Staff noticed over-expenditures in prior years are a recurring challenge, and encourage the district to implement enhanced policies to mitigate these issues. The Port's staff have already responded with a letter addressing this issue. She said staff have no other recommendations or objections to the fiscal year 23-24 budget.

Chair Quiroz called for a motion.

Commissioner Ofsink moved to certify the Port of Portland's Approved Budget with one recommendation and no objections as recommended by staff to the fiscal year 23-24 budget. or objections as recommended by staff. Commissioner Norton seconded the motion, which passed with a unanimous vote of the commissioners.

There being no other business, Chair Quiroz closed the meeting