

# Port of Portland

## 2024-25 Public Hearing Minutes

Wednesday, June 12th, 2024

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 Mark Wubbold, Commissioner Matt Donahue, Commissioner Tod Burton, Commissioner Allison Lugo Knapp, Executive Director Allegra Willhite, and Budget Analyst Tunie Betschart

### **Absent:** None

#### Port of Portland Staff:

Chief Financial Officer Antoinette Chandler, Chief Public Affairs Officer Dave Robertson, Chief Trade & Economic Development Officer Keith Leavitt, Chief Aviation Officer Dan Pippenger, Executive Director Curtis Robinhold, Chief Development Services Officer Kristina Kelchner, Chief Shared Prosperity Officer Mayra Arreola, and Director of PDX Next Operations Christopher Neal

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 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 said they had no conflict of interest with the Port of Portland. She asked the district to introduce staff and any board members present.

Following introductions, CFO Antoinette Chandler gave a brief overview of the Port of Portland's budget and projects. She said they have been busy and quite active. The budget continues to fund its strategic priorities, and the Port has been working on the transformational project with the terminal core expansion. The budget lends itself to ensuring they stay committed to providing the best customer experience at the airport. Another key priority for the Port is the marine business, particularly for Terminal Two and the mass Timber Innovation campus. They will explain how to manage trade through the shipping business and the direction of that business during today's discussion. Staff will give perspective on the direction the Port is taking toward prosperity in the region and its continuous commitment to drive equity throughout the region. She is very excited about what lies ahead for the Port regarding the fiscal year 2025 budget and suggested moving to the TSCC Commissioners' questions.

Following the overview, Chair Quiroz asked if anyone signed up to give testimony or if anyone in the audience would like to speak. No one had signed up, and no one wished to make comments. So, they moved to the TSCC-prepared questions.

### **TSCC questions:**

#### **Commissioner Mark Wubbold asked the following questions:**

We've been discussing the Port's Mass Timber and Housing Innovation project for several years now, and we're curious how things are going. Could you provide an update on the progress of the

Housing Innovation Campus at Terminal 2? What feedback have you received from the community and stakeholders?

Mr. Keith Leavitt said the district had discussed this for a few years. This is the Port's terminal closest to downtown, the former Marine Terminal 2. For a few years, the goal was for it to be a connection for the community, resulting in quality jobs. It was obsolete as a cargo facility because of the way it was constructed. There are a lot of similar facilities in the Lower Columbia River that it was competing with. The Port engaged members of the community and Mass Timber, which is an engineered wood product that is created and can replace steel or concrete in manufacturing. It is a climate-friendly product that helps with forest thinning and management from a wildfire standpoint.

There's been a strong Coalition organized in Oregon called the Oregon Mass Timber Coalition. It wasn't until the pandemic and the wildfires that people started galvanizing around this. The question was, where can you physically locate a facility for this kind of technology and innovation?

Then, T-2 was mentioned. The Port applied for a substantial federal grant from the Economic Development Administration and won that grant. The Port was one of 21 projects around the country that was very much focused on game-changing innovations in manufacturing. This fits well with that grant because Oregon is so deep in the forest products industry, and the players here are rural and urban. The plans fit perfectly with what the Port of Portland looked at for this terminal. The agency has been engaged in a 40-acre master planning process. The real estate is in the Portland Harbor and sits in a Superfund Site that needs to be redeveloped. It had zoning attached to the past that needed to be updated and connected to the future. The master planning process revealed that sites like that on the river are sitting in soils susceptible to Cascadia or seismic-related events. Much work had to be done, and some still does needs to be done. The Federal grant focuses on deep soil mixing, allowing the Port to fortify the terminal facility and build vertically on the surface above.

The terminal now has a master plan that calls for Mass Timber housing manufacturing, and the Port is deep into negotiations with the master developer and partners to build that facility. That is about a year out. The plan is for the University of Oregon to lease. They will do research and development, which is part of that federal grant. The Port is beginning construction on this deep soil mixing project. The current tenant, Modami, produces actual housing that is being sent out to the market. Their project won't be directly affected by the deep soil mixing work. Everything is scheduled to continue over the next year.

There is an incredible grant opportunity that the Port has applied to receive. So, the plan is to create an R&D (Research & Development) called Innovation Row along the frontage avenue. This is endorsed by the City of Seattle and the City of Portland. It would be a Northwest Research and Development Hub centered around R&D Workforce training, focused on modular housing manufacturing and with the focus on Mass Timber.

The Port has a lot of community activity in favor of winning these grants with state and federal agencies in the timber industry. The projects at PDX have strengthened a public-private consortium that is driving the support for these grants. This project has been attractive to federal and state grant supporters. The Port is confident that this Innovation Row will win the grant and get this Tech Innovation designation from the Economic Development Administration. The Port anticipates that part of the master plan will also be funded.

**Commissioner Tod Burton asked these follow-up questions:**

Is Terminal 2 upstream on the west side of the Willamette River? The land would be leased out to these manufacturing facilities that would build this product, but you'd also use part of it as an incubator for the R&D, right? Would that be under the Port's control or management and become a profit center for the Port?

Mr. Leavitt said that is correct. If you think of Swan Island and the Daimler Headquarters, they are essentially across the river. It is just upstream of the I-405 bridge. And yes, the 40-acre master plan will have a master developer. They have the right to take down leases within that 40-acre master plan. The Port's position will be more like that of the landlord collecting rent from the private sector, leasing, and developing vertical structures on the property. However, Innovation Row will most likely be a public consortium with the universities. The Port would be the landlord, who would have a direct role in developing those spaces' vertical development. They would be incubator spaces. They would be Workforce classroom spaces to get folks into the mass timber manufacturing space.

The grants are what will help make it pencil out. If you look at the overall master plan, if the Port did not have the grants, it probably would not pencil. This is primarily for deep soil mixing. It's the site readiness work that's the key. Getting that initial investment from federal and state sources to do that work has been the key to making the project make sense.

**Chair Harmony Quiroz asked this follow-up question:**

You mentioned the Superfund site. Does the deep soil mixing have anything to do with that, or is it just stability for the area because of how it's been used in the past, or is there a layer to that about helping to move that Superfund cleanup forward?

Mr. Leavitt said yes, part of the beauty of the deep soil mixing is its low disturbance. Instead of large columns, piers are going down into the soil. It's much more surgical, still providing that stability without causing a lot of sediments to be disrupted. That is the issue with working in and around Superfund areas. That's the only relationship here. The cleanup of T-2 is a separate project.

**Commissioner Matt Donahue asked the following questions:**

Terminal 6 container shipping has seen recent fluctuations, from operational challenges and planned discontinuation of services to the announcement of continued service thanks to state funding. How is the Port planning to ensure stability and reliability in its container shipping operations moving forward? More specifically, how will the state's proposed funding of \$40 million be utilized to ensure the sustainability of container operations at Terminal 6 for the long-term?

Mr. Leavitt said he would give the big-picture background first. The Port has been at this for 50-plus years, since the mid-1970s when PDX revenue could be used to help develop Terminal 6. It's been a viable operation throughout history. There was a hiccup in 2018 & 2019 where the main carrier's lessee went bankrupt. The Port renegotiated with ICTSI to get the lease back to the Port. So, in 2018, PDX worked with a large committee of stakeholders and reimagined what that new 200-acre footprint would look like and how to make it pencil.

The fundamental recommendation from that committee was to have a diverse mix of uses, take advantage of rail, and use the diversity to help absorb the losses that the Port had traditionally always experienced at some level with the container business. The Port has executed that plan from 2018 to today. It has been a case of rebuilding a business and preserving a market.

The market is viable. It is not an obsolete market. The Port has been patient and held on to a financially complex operation because Oregon is an agricultural export-based state. Those ag exports are sensitive to the additional cost of sending their containers to other ports in Seattle and Tacoma. That transportation delta between products staying in Portland and getting on a vessel versus going up into Seattle and Tacoma for some of those products is a substantial competitive disadvantage. That's one of the big reasons the Port of Portland stayed with this and absorbed a lot of financial losses.

What happened over the last couple of years is that the Port did have that rail service. Things were going well. The rest of the West Coast was locked up during the pandemic. That benefited Terminal

6 because it has always relieved the larger LA, Long Beach, Oakland, Seattle, and Tacoma ports. Volumes went up, rail activity went up. The Port's financials in 2020 21-22 were pretty good. They were losing, but not much. It was a sustainable loss level because the overall Marine portfolio at the Port of Portland is relatively healthy and can cross-subsidize some losses at Terminal 6. The pandemic started normalizing, and some cargo returned to these other ports. That's when Portland saw the deep losses of the last couple of years.

The General Fund is no longer able to absorb this level of subsidy. The leadership at the Port knows that Terminal 6 is a state asset. So, they needed to seek state support if the terminal could stay open. The Port was fortunate to get the governor to step in and say the state requires you to keep this open. Let's move forward with two funding sources; one is dredging support, and the other is capital improvements at the terminal itself. The capital side of any container operation prevents the owner from doing those long-term leases because of negotiating, which is responsible for paying for maintenance, crane maintenance, and all the capital items. If this gets funded through the legislature, The Port can de-risk that third-party lease conversation. The Port will know next year if the legislature supports the governor's budget proposal that helps with the General Fund and keeps this terminal open.

In the next 20 years, as the Port has forecasted General Fund projects, there are two challenging issues. One is the Lower Willamette liability in the future. The other one is dredging obligations. As the non-federal sponsor of the Corp of Engineers, the Port is responsible for many financial contributions. It's roughly a 20-year maintenance period in the Lower Columbia River. It is split approximately 65% federal and 35% local. Then, the local 35% gets divided between the state of Oregon ports and Washington ports on the Lower Columbia River. Historically, both states have been asked to provide those cost shares. The Port of Portland has successfully gotten roughly \$27 million from the legislature to do the channel deepening and then the maintenance for that last 20-year period. They expect to do the same thing. That's what the governor said in her letter: Port, the State of Oregon will help you with the General Fund obligation for dredging and the capital needed at Terminal 6. The state requires you to keep that terminal open because it is a job-intensive terminal. That operation provides roughly \$20 million of state and local tax revenue. The state is reviewing an economic ROI. That was the connection between the dredging support, a General Fund obligation, and the T-6 support. Both things relieve the general fund and give more flexibility to do a deal to get a third-party operator in T-6 to take on that business.

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

What would the future of that space be if the operations ceased?

Mr. Leavitt said it is a 200-acre, fully built, three-berth container terminal. It is a first-in-class rail facility. Both Northern Pacific and Burlington Northern have direct access. It will always be a cargo facility. It will likely be general cargo, which is break bulk, items too big to go in containers, and specialty cargo, like wind components for wind generation. That's the kind of cargo activity you would see. It's much less labor-intensive.

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

If terminal six were operating at a higher capacity, would this have a measurable impact on traffic going up and down the I-5 Corridor with the container trucks?

Mr. Leavitt said it becomes a minimal number when you look at the overall aggregate of all the traffic traveling on those highways. It is more of an economic disadvantage to the Willamette Valley shippers and Eastern Oregon that want to barge down to Portland. It becomes more of a climate advantage and a transportation efficiency advantage. It's a little less of a capacity of I-5 issue just

because it's a small percentage of the overall volume that goes on I-5.

**Commissioner Allison Lugo Knapp asked the following questions:**

Passenger recovery at PDX is projected to remain below pre-pandemic levels. Is PDX unique in this slow recovery? How does this compare to other similar sized airports across the county?

Mr. Dan Pippenger said they have seen a lot of regional variation in the recovery of airports. For airports the size of PDX, those on the West Coast and the Northeast have been slower in recovering than the South. Portland is also an origin and destination airport. Hub airports that the airlines use to push passengers over are Salt Lake City and Denver. They've recovered much faster. PDX is similar to other West Coast airports but not similar to Southern US airports. The staff has seen that leisure traffic has surpassed pre-pandemic levels, and business travel has not.

While PDX is not back at the pre-pandemic levels, there has been some growth. This summer, PDX is up 10% over the previous year. All of the airlines are reporting increased business travel. This fall, Alaska will build out its schedule. They are the largest carrier, and they are at the 2019 level. For the first time, they'll pass pre-pandemic levels in the number of seats in the market. The low-cost carriers Spirit and Frontier have added several new flights here and over 50,000 seats per month. PDX also has robust transatlantic demand. The Portland Airport has two year-round services to Amsterdam and London and seasonal service to Frankfurt, Germany. So, Atlantic demand is high. However, the Asia service has not recovered yet. PDX needs to see some of that corporate travel come back that wants to go to the Asian countries. PDX seems to be consistent with some other airports that are considered peers. There is still a distance to go to recover from the pandemic.

**Chair Quiroz asked the following question:**

You anticipate opening the newly renovated main terminal at PDX later this summer. Congratulations! How do you expect this finished project to impact operational expenses and either by lowering existing expenses or increasing revenues?

Mr. Pippenger said they are excited about the opening on August 14th, just nine weeks away! It is the first phase of the terminal core project. When you go to the terminal, everything that's open must still be torn down and rebuilt. On August 14th, work will be swapped over, and phase two will begin. Phase one will be finished and opened to the public. The first phase is by far the most significant part. It includes ticketing, baggage drops, security checkpoints, retail, and food and beverage returning to the main terminal area. However, there are two phases and two more years after this.

It is a mixed bag on costs. On expenses, the good news is PDX is installing an open-loop ground-source heating system that will allow them to electrify, and with the other elements in the building, daylighting, insulation, and all that. Energy usage intensity will be cut in half while increasing the building size by 50%. Utility costs are expected to be pretty steady. It is a much bigger space, so janitorial, maintenance, staffing, and supplies will probably increase. That's all reflected in the FY 25 budget. There's always uncertainty when opening a new facility, remembering there are two more years of construction. The Port has reflected that and increased staffing in some service areas. They are anticipating an uptick in expenses.

On the revenue side, the depressed enplanement count has been a drag on revenue for concessions and parking. However, revenue per enplanement per passenger has remained strong. There are not as many passengers. PDX anticipates significant growth here in the next year and expects that by bringing in several food and beverage and retail businesses that have been displaced and unavailable, there will also be an uptick in concession spending.

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

Would you give us an overall explanation of what the ground loop is and how it works?

Mr. Pippenger said it is a system with injection and extraction wells that go down a couple of hundred feet to an aquifer. The groundwater is extracted and run through a heat exchanger to cool or heat air. Then, it runs back into the aquifer. An open loop means it's not connected at the bottom. It just goes into the aquifer, which is connected at the top. It has also been electrified, which means that 95% of the heating and cooling in the building will be electric instead of fossil fuel. A small amount of fossil fuel is needed to help during the peak demand in winter and summer. However, moving toward a renewable energy solution is exciting.

**Commissioner Burton asked the following questions?**

We see \$301 million for the Terminal Core Redevelopment - Phase 2 in your budget. Help us understand the need for this project, especially given continued lower than expected passenger volume. What work will be done and what will be the key benefits?

Ms. Antoinette Chandler said that what you see reflected in this fiscal year's budget is that \$301 million is a part of the remaining project cost. The total project cost remaining is about \$431 million. That \$301 million is what was budgeted for this year. Then, the remainder will be reflected in the fiscal year 2026. The ordinance was approved at the earlier Port Commission meeting for funding purposes so that PDX can issue Revenue Bonds to cover those costs.

Mr. Christopher Neal said this is not two different projects but a continuation of the project that started in phase one. Three main things will be done in Phase Two in addition to what is already happening and opening on August 14th. The first is to replace the existing TSA checkpoints. If you were to fly out today, those checkpoints need to come down. The second is the post-security concessions. After you go through the TSA checkpoint, those concessions are in the composure area, part of Phase 2. Finally, the third phase is the exit lanes, as you're leaving the secure area and returning to the public area. So those are the big three things scheduled to happen.

Some of the benefits are:

- Concourse B and Concourse E will be connected to the main terminal.
- New restrooms are available pre- and post-security.
- Renovated floor and ceiling
- New connections from the boarding to baggage claim
- New roof (there are still four more pieces of that across the runway that need to be put on)

The projects will start in the next six months or so.

**Chair Quiroz asked this follow-up question:**

Where can the general public go to find information on these capital projects?

Mr. Neal said the PDXNext website talks about the projects and has many photos. This is where most folks go to find out what's happening with each project and when. This is not just for passengers who are coming through to see the operational impacts of building a new airport on top of an existing airport at the same time, but so the community knows what is happening at the airport and what to expect when they visit on or after August 14th when they open for the first time.

**Commissioner Lugo Knapp asked the following questions:**

With the addition of behavioral health unit clinicians as part of Port operations to address security concerns, have you observed any significant changes in how incidents are managed at PDX? What are the initial outcomes of this initiative?

Mr. Pippenger said they have had difficulty hiring behavioral health clinicians. They will start on July

1st. The goal of the program is to have trained people responding with the Port's Police Department for either a mental health crisis or any call that might involve an individual that needs services. The goal is to connect those people with services and not just do an enforcement action. The program will be monitored closely.

This addition will not change the Port's posture on travelers, employees, and property safety. They will still need to do the things they do today to protect them. This is not just an issue at PDX; the Port has been dealing with it at all its properties and facilities. The Port has established an Impact Reduction Program concerning how they engage with the houseless population and how staff connects them with services while maintaining the facilities' safety and security. The team's work on this is a much more humane approach, and they recognize that this is an epidemic. Everyone needs to do something to help, not just push a problem onto something else.

**Commissioner Wubbold asked these follow-up questions:**

Is part of this a training issue? Are the colleges and universities providing you with enough graduates to do this work?

Mr. Pippenger said he wasn't sure of the root cause, but most likely, the demand is outpacing the supply.

**Commissioner Burton asked these follow-up questions:**

Where do you see the need for these services? What facilities need this? The airport or other facilities or both?

Mr. Pippenger said the behavioral health clinicians are for the airport. The Port has a police department at the airport. However, it does not serve the other Port facilities. It is a PDX police department. The Port has issues in the different facilities, but they are not as prevalent and direct at PDX. The incidents are inside and outside PDX, but pre-security, never beyond the security checkpoint.

**Commissioner Donahue asked the following questions:**

Last year we discussed the Shared Prosperity work of the Port, and you mentioned tracking progress and measurement data. Now that you are further into this work, we'd love to hear - how are things going? Which aspects have been particularly successful, and what is an area where you would like to see more progress?

Ms. Mayra Arreola said that in the last year, the Port has made much progress toward those objectives and priorities. The five-year Equity Plan was completed and presented to the commission. Staff showcased the results, the impact of that work, and the investment the organization has had for years. That information allowed staff to launch a new process, which is being co-created throughout the agency with different staff. All the divisions demonstrated the Share Prosperity Plan. It's a plan that outlines the organization's equity priorities and how the Port plans to increase its impact within and outside the Port.

Since many processes are deeply engaged with several people in multiple layers, it takes time. Staff wants to ensure that the document represents the highest impact of the Port, that it can be tracked and measured for progress, and that it is rooted in day-to-day operations and things that the agency can control or influence. There must be an aspirational component, meaning staff is not just comfortable but also aware of what else can be accomplished, knowing that demographics, staff, or priorities are changing. Staff must consider external factors and opportunities in those plans and goals.

The Port has the Diversity Equity Inclusion and Belonging Team leading this effort. They have been doing a fantastic job connecting one-on-one with executives, senior leaders, managers, and staff

throughout the Port in different parts of the organization. They also launched an internal Equity Council comprised of all the divisions at the Port of Portland, which again represented different layers of the organization. They spearhead this process in collaboration with staff that may or may not be defined by that organization. The goal is to have that completed sometime in early fall.

Ms. Chandler thanked Myra Arreola and the Port's finance team. She said when Myra joined the team, the Port had an opportunity to advance some of their work, such as introducing the organization to a budget equity tool. This was the first year. This budget will be the baseline. This year, staff spent time with each department as they contemplated the budget and considered how equity shows up. They did that in about four categories: equitable engagement, inclusive workforce, supporting small businesses, and sponsorship. It is an emerging tool with work to be done to refine it, but at least for this fiscal year's budget, staff will have an opportunity to see where that baseline is and continue to build upon it. She wanted to express how intentional they think about spending and how equity shows up, and she appreciated the work the teams have done to put that together.

**Chair Quiroz asked these follow-up questions:**

Can you tell me more about that tool? Or give an example? Is there a discussion about changes needed?

Ms. Chandler said there were a couple of ways it showed that the Port could use the tool. There was a spin in the organization that they weren't necessarily categorizing. The tool allowed staff to get their arms around and create these four categories to capture how much the agency was budgeting and what it spent. The tool, through that framework, and the line of questioning, allowed the tool to be more intentional in conversations. When the team meets with every department and walks through line items, thinking, "Is there a way that maybe we could support more small businesses in our decision?". This would be especially true if it is flagged in the budget for a particular project. That garners a different level of conversation that can now capture and measure that information.

Ms. Arreola added that this is an excellent example of internal partnership development across divisions where teams work together closely, even though Finance is leading the tool's implementation, given its functionality. Staff is coming alongside to support that implementation and make it a usable tool. The team is considering the use while supporting the implementation of tools like the Budget Equity tool.

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

We see a lot of the lenses, but we don't see much of the implementation of the lenses and the result of that implementation. Can you give us an example of where you applied the tool and it changed your budget?

Ms. Chandler said when the budget team came to the finance division and walked through the budget with the lead on Myra's team, she was thinking about consulting dollars specifically and what that budget needed to look like. The questions were asked: who are these consulting dollars benefiting, and can you lean in and think more strategically about not just the work that needs to be done around these consulting dollars but also identifying firms to work with that support small businesses? That wouldn't have even been part of the conversation a couple of years ago. Next year, it will be very clear how much was spent and with whom, and then what impact that may have had on that small business, so that is a real example.

**Commissioner Burton asked these follow-up questions:**

How are you supporting the local businesses? How are you measuring their performance when using those dollars? Or is that something you would be tracking?

Ms. Chandler said that the Shared Prosperity Division's objective is to capture that on the small



business side. Finance staff touch it on the budget side and follow it all the way through, and then the Shared Prosperity Division is developing a framework to measure that.

**Chair Quiroz asked the following questions:**

What are the next major milestones for your greenhouse gas reduction targets of 80% greenhouse gas emissions by 2040? What in this budget is moving you closer to those goals?

Mr. Pippenger said the ultimate goal is to be net-zero carbon by 2050. The following milestones are a 20% reduction in the 1990 levels next year, in 2025, 45% in 2030, and 80% by 2040. but that net-zero carbon is the place the Port is heading. The strategy to get there is to invest in alternative fuels, energy efficiency, electrification, and renewable energy generation and usage.

Some of the near-term examples in the budget supported by this fiscal year 2025 budget include installing the ground source heating system and using R99 renewable diesel for Port equipment. The Port is finishing a study to determine how to convert the shuttle bus fleet to a zero-emission fleet. Then, the agency is part of a Renewable Hydrogen Alliance to support research and advocacy. The Port feels that hydrogen is a tool in the tool kit for the solution. Those are some things the Port is doing for their own emissions and greenhouse gases.

They are also active in two other areas: electrification of ground support equipment at the airport and sustainable aviation fuel. The ground support equipment at the airport is owned and operated by the airlines, not by the Port, but the Port wants to convert all of that equipment to electricity. The main reason is to reduce greenhouse gas emissions and particulate matter. That has a direct impact on the ramp workers and their health, as well as the surrounding communities. The Port's investment is the backbone infrastructure and the charging stations. They will have to provide the ability to get there and then have the airlines move into that equipment. That's something that's reflected in the budget and part of the capital program right now.

PDX is also a member of a sustainable aviation coalition in the Northwest, trying to get partners to accelerate supply chain development and support regulatory incentives for sustainable aviation fuel. It is the game changer in aviation, in terms of greenhouse gas emissions, to get 10% of renewable fuel into jet fuel. The Port has a new agreement with the fuel farm, the consortium the airlines run to provide fuel at the airport. They were required to build a facility ready to accept that fuel. These are the directions the Port is moving. So PDX is working on these pieces, but the airlines own the big pieces. PDX is also trying to figure out ways to influence and move them in that direction. The Port has a good track record of that and is investing in that going forward.

**Commissioner Wubbold asked the following questions:**

Could you update us on the status of the superfund? What work do you anticipate will be done in the coming year?

Mr. Leavitt said it is an excruciatingly frustrating process. The Port has been involved in this for well over two decades. The harbor, in total, is under a record of a decision that was a crucial moment in 2017 or so by the EPA. That established the standards for cleanups of the various hotspots up and down the lower Willamette harbor. Keep in mind the unique complexity. Probably a hundred parties participate in these multiple hotspots—a few of these legacy holders, like the Port Portland, but not enough. So, the Port is the proud owner of legacy pollution from the 40s, 50s, 60s, and even before that period. And a lot of Swan Island shipyard, shipbuilding, World War II, Kaiser, all this historic contamination. That is the biggest financial challenge for the Port from the standpoint of fulfilling those obligations and very complex sediment cleanup projects. That's the other unique thing about being in the river. Most of this is sediment contamination in a hydraulic river, and things change. Studies ten years ago are somewhat obsolete once you move into the design phase. That's why this thing takes so long and is so complicated.

The Port's strategy has been to grab those things over which they have more control and get moving. He said he recently met with one of the Lower Willamette Team members, who talked about Willamette Cove, a site the community wants access to. It's a beautiful beach site. The community would love recreational access and would love to do natural resource habitat. The upland part needs cleanup work with Metro, which owns it. The in-water part needs cleaning up, which is the Port, working with the state and the city. The Port is leaning into the design phase. The item that the commission just approved was to finish the design for a cleanup project that is likely to be sediment removal. This adds to the cost and makes it, in some ways, cost-prohibitive for parties to remove sediment and transport that sediment to Arlington or these landfills that can take contaminated material. They tend to be a long way away. The contamination is either trucked through the community or barged or perhaps rail can be used at some point. Still, the transport of the contaminated material is not only costly but also adds a lot of complexity to the project. It also involves the characterization of the sediment, the testing, and the oversight.

The Port of Portland is leaning heavily into Willamette Cove. The agency is in the design phase at Terminal 4. The Port is not the 100% party at Terminal 4, but close to it. It is an operating terminal, so the agency is in charge of cleaning it. The goal here is to be looking at finishing the cleanup at Willamette Cove and T-4 five years from now. They have made it through design. However, litigation is the issue with the other parties. When you have multiple parties, getting out of design and into remedy can be a real challenge. The giant beast is Swan Island. That's where all the ship repair, shipbuilding, and activity occurred. That design is underway. However, it'll be several years out. Then the ultimate remedy is probably a decade-plus out. The Port of Portland struggles with envisioning creating the General Fund dollars necessary for that cleanup.

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

Can you just briefly describe how the Port of Portland financially supports the Urban Flood & Water Safety District? We can also follow up with staff if that would be better.

Ms. Chandler said they would follow up later with the answer.

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

She closed the hearing and opened a regular Tax Supervising and Conservation Commission meeting to certify the Port of Portland's 2024-25 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 thanked the finance team for their partnership throughout the year and the budget process. She mentioned that in prior years, there were some challenges with over expenditures in the Capital Funds. However, this year, there were none. This is a victory for the Port, congratulations on the hard work. She added that work must have been done behind the scenes to introduce new procedures and training in order to mitigate that issue. TSCC staff found the budget estimates for this year to be reasonable for the purposes stated and in substantial compliance with budget law. Staff suggests no recommendations or objections to the approved budget for fiscal year 2024-25.

Chair Quiroz called for a motion.

Commissioner Wubbold moved to certify the Port of Portland's Approved Budget with no recommendations or objections as recommended by staff to the fiscal year 24-25 budget. Commissioner Lugo Knapp seconded the motion, which passed with a unanimous vote of the commissioners.

There being no other business, Chair Quiroz closed the meeting.