



AIRPORT FUTURES

CHARTING A COURSE FOR PDX

Report Writing Group Meeting Summary

Wed., 4/7/10 6-8:30 am

Port of Portland, Commission Room

1. Focus of Meeting – Sam Imperati

The focus of the meeting tonight is natural resources. The proposed focus of the April 15 Report Writing Group will be the draft PAG report and intergovernmental agreements.

2. Natural Resource Context – Jay Sugnet/Sam Imperati

Jay Sugnet reviewed the work that has been done to date on natural resources, including the natural resource inventory and ESEE. The current focus is on the proposed natural resource implementation approach.

Sam Imperati reviewed the context for developing an implementation approach for natural resources. This included vision and values, sustainability, natural resource guiding principles, other PAG sustainability principles, and feedback from the PAG on overlays vs. a programmatic approach.

3. City-Port Natural Resource Proposal – Chris Corich

Chris Corich reviewed the outline for the City-Port natural resource proposal, which includes mitigation for SW Quad, Deicing Field, Fuel Field, and 33rd and enhancement of the Slough and tree canopy to compensate for potential habitat loss at PIC and Keyhole. The draft concept is attached to these notes.

4. Questions/Answers – All

Mark Clark: Is this an island?

Chris Corich: Yes, but accessed by people/boats/dogs. Bob Sallinger is concerned that it is degraded. To address this, could work with Parks to designate a trail system, interpretative center, or fence. Do not have this issues fully addressed yet.

Sean Loughran: It is really a management issue.

Maryhelen Kincaid: Who owns Government Island? What about the cows?

Chris Corich: 2/3 Port, east end owned by Metro. Used to have cows on it, now just one cow.

Cam Gilmour: Is there general agreement between the City and Port on the ratios and the proposal to do mitigation in advance?

Chris Corich: Yes. Mitigation 1 to 1 with 32 acres extra. We will use HEP/HEA model to validate the assumptions.

Bob Sallinger: Interested in hearing how State Parks thinks this is possible from an ecological perspective. Can you carve out 25-acre site or can you do the whole thing at once? Mitigation ratios may need to be higher to ensure success. Willamette Partnership builds in a contingency of 1.5 to 1 v. 1 to 1.

Chris Corich: There are 151 acres in PIC – the cost to mitigate on Government Island is \$1.6 million. Slough enhancement funding is about \$1 million. Tree funding about \$729,000. Together that equals \$1.8 million – or about \$200,000 of enhancement funding. In addition, another \$50,000 will go to IKEA wetlands enhancement. Ballpark for the mitigation portion is about \$3.1 million.

Bob Sallinger: Does IKEA funding come out of trees or Slough?

Chris Corich: Neither. Separate.

Chris Corich: Took a lot of work to get here. Still working on it. Internally, there are issues we are looking at closely: 1) voluntary option and revenue diversion – we believe the full package makes sense, 2) impact on West Hayden Island and other Port projects – believe it is reasonable, two directors have seen it, rather than delay, we thought we would share this work in progress.

Cam Gilmour: Why did you separate the mitigation and enhancement? Why not one package? Seems like you would get power out of the whole.

Jay Sugnet: PAG reinforced their desire to see “no net loss.” Presented this way to demonstrate “no net loss” And the goal of overall watershed enhance beyond no net loss.

Mark Clark: In other types of mitigation it is typically 2 to 1 or higher.

Chris Corich: We proposes 1 to 1 with 25 extra acres never touched. When all is done, there will be 25 acres that will always remain and will not be used for other mitigation.

Cam Gilmour: The cost is much higher for other types of mitigation.

Chris Corich: Usually the cost of land makes it higher. Since we own the land, we can do it for less.

Maryhelen Kincaid: Who will decide how to spend the funds – Port or someone else?

Chris Corich: We are open to discussing.

Maryhelen Kincaid: How will specific projects and treeplantings be decided? Could we include a placeholder for reporting to PDX Community Advisory Committee or a forum for recommendations?

Mark Clark: Canoeed the Slough. Work done on the Slough is tremendous. Will this go further down?

Jay Sugnet: Mentioned examples of specific projects.

Jay Sugnet then drew diagram of “no net loss” and “enhancement.” Depending on your perspective, there is either a \$200,000 enhancement or a larger enhancement of \$1.8 million if you look at what exceeds regulatory requirements.

Erwin Bergman: Will there be a yearly allocation to the Columbia Slough Watershed Council? I am concerned about how much of the money will be on the ground vs. administration.

Lise Glancy: The goal is to have all of this funding go to on the ground improvements. E.g. Watershed Action Plan projects. Money for CSWC is separate.

Bob Sallinger had some questions about the diagram, which Jay addressed.

Stuart Mathew: What is the source of funds?

Chris Corich: Airport funds – potential concerns about revenue diversion. Clearly if illegal, back to square one as General Fund cupboard is bare. We are scheduled to talk with FAA about this issue and our goal is to not have anyone surprised.

Nancy Hendrickson: Both of these approaches are regulatory: Whether there is a c-zone or whether the c-zone is not applied because of this “pre-mitigation”. This “pre-mitigation” proposal is a holistic approach. This is not revenue diversion – it’s just the cost of development.

Bob Sallinger: I give you a lot of credit. This is a serious proposal. Come a long way from last PAG subcommittee meeting. Would like to see higher mitigation ratio (1.5 to 1 vs. 1 to 1). Also, plan to protect the restoration area – a conversation with State Parks on feasibility. Enhancement of \$200,000 over 25 years amounts to ~ \$7,000 a year. Trees are not mitigation to habitat loss. Maybe increase with bigger enhancement – 1.5 gets you there. If 300 acres mitigation for 258 acres, would encourage you not to sell off credits. This lets someone else off the hook who will be knocking off urban habitat. Having said that, I am impressed – substantially different from last proposal.

Chris Corich: We tried to listen to everyone. I hope you see your fingerprints on this. Elimination of impervious surface is factored into no overlay or enhancement for airfield. The voluntary aspect would offset impacts at PIC.

Stuart Mathew: Shortening blast pads and other reduction should offset any development on airfield. With IKEA, are you not paying \$50,000 in enhancement? \$50K/year (Slough/trees) to pay for enhancement of PIC really.

Lise Glancy: The IKEA \$50K is separate from the slough enhancement per year. The diagram is drawn from the PAG “no net loss” perspective – not regulatory perspective.

Maryhelen Kincaid: No net loss of airfield before or after North Runway Extension (NREX)?

Chris Corich: After NREX.

Bill Blosser: \$50K/year could go to anything from the Port's perspective.

Chris Corich: Correct. Potentially up to the total dollar amount.

Sam Imperati: Tree number comes from 15% tree canopy target in PAG goals and calculations from Friends of Trees website.

Erwin Bergman: Trees should be planted as close to site of impact as possible to get benefit, but far enough away from PDX to allow growth to full height.

Bill Blosser: Principle is that dollars are spent within watershed except for Government Island.

Sam Imperati: There could be an upfront bundling of money or bonding to have a meaningful impact. Alternatively, a delay of payment to bundle money after the fact.

Bob Sallinger: We encouraged the Port in this direction. Deviated from straight grasslands mitigation approach to support tree canopy and slough projects on the ground that the community can see because we recognize that the community is impacted by PDX.

5. Recommendation from Group on Approach – All

Sam Imperati gave the group 10 minutes to review the written proposal and then asked if the group was comfortable with the natural resource agreement approach versus the traditional zoning approach. There was unanimous PAG subcommittee support for the Natural Resource Approach. Comments from the roundtable with this vote included:

Mark Clark: Use best available technology. Defer to Bob.

Stuart Mathew: Advantage to the agreement approach.

Bill Blosser: Flexible. Does what we want to do. Creates something vs. rote code change.

Maryhelen Kincaid: All of the above.

Erwin Bergman: Agreement is the preferred approach. Regulatory takes a lot of non-productive time. This approach gives flexibility. Depends on good faith of all.

Bob Sallinger: At last meeting was leaning toward overlay zones. This proposal is close to where we need to be, assuming it is not gutted. Right track. Always preferable to work things out.

Cam Gilmour: Overlays is our fallback. Agreement more proactive. Looks at long range in advance. Superior. You get a lot of value on the front end.

6. Additional Discussion and Direction to 4/20 PAG - All

Maryhelen Kincaid: Is the deicing project included?

Chris Corich: Pipes underground.

Bob Sallinger: Would like more information on the Keyhole and IKEA proposal.

Sam Imperati proposed that the group review the proposal page by page to address any additional questions.

Changes proposed to the document were as follows:

Page 1, Section I. Introduction, item D: Bob Sallinger suggested that there should be additional language added to clarify the reason (wildlife hazards) for no avoid, minimize language on the airport.

Page 4, Section IV. Option Two, A 1: Change strive to ensure for consistency with page 1, Section 1, item B. (Bob Sallinger, Maryhelen Kincaid)

Page 5, 2) a: Proposal to delete “or other lands.” From a watershed perspective, there are not too many opportunities for large-scale upland mitigation. Creates confusion. (*Bob Sallinger*)

Page 5, 2) b: Consider increasing ratio to 1.5 to 1. *Bob Sallinger* suggested at bare, do 300 acres and eliminate gift/sale piece. *Bill Blosser* noted that 300 acres is 1.2 to 1. *Cam Gilmour* noted that advance mitigation might get you to 1.5 to 1. Maryhelen Kincaid noted that Division of State Lands is 1 to 1. *Jay Sugnet* noted working on consistent model.

Bob Sallinger commented that the River Plan has a 1 to 1 mitigation with an 80-90% contingency and a 1% restoration and acquisition fee. Different geography, but significantly higher there.

Bob Sallinger also suggested that there be legal language if grasslands not maintained. Vanport an outstanding example, but not the case everywhere.

Page 6, 3) b: Insert after Columbia Slough the word watershed. (*Erwin Bergman*)

Page 6, 3) c: Insert after first Columbia Slough reference the word watershed. After second Columbia Slough reference, insert Watershed Council's. (*Erwin Bergman*)

Page 6 4) b: Consider eliminating option of mitigation credits. City noted that they are interested in bank concept. *Bill Blosser* suggested this could be done outside the IGA.

Page 8 Section V, B): Certainty – goal to eliminate double jeopardy. *Bob Sallinger* confirmed that Audubon would support that certainty.

Bob Sallinger and Bill Blosser: How do you plan to address the additional suggestions?

Sam Imperati: We will bring an update on this proposal to April 20 PAG or May 18 PAG with draft intergovernmental agreement for Council and Port Commission.

The meeting was adjourned.

Joint City/Port Natural Resources Proposed Approach Facilitator's 4-7-10 Draft

I. Introduction

Natural resources are an important element of the Airport Futures process. Staff and the PAG have discussed various management options at a number of PAG and subcommittee meetings over the past six months. The Port and the City are committed to providing the additional time needed to fully explore this issue. This recommended City/Port Natural Resources Proposed Approach addresses the following initial process commitments, key PAG recommendations, and PAG principles/goals:

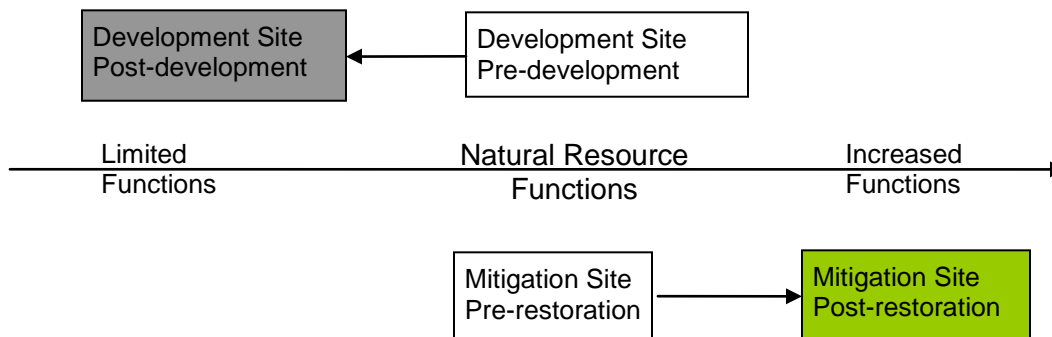
- A) Based upon the PAG Vision and Values, sustainability is an overarching goal of this project. Sustainability means meeting the Region's air transportation needs without compromising the livability and quality of life for future generations. The participants have agreed to transparently explore and make recommendations that fairly, realistically, and optimally balance the economic, environmental, and social needs.
- B) The PAG has recommended that the Port and City "*work towards assuring PDX and the Airport Plan District become the most sustainable in the world.*" The PAG specified what this means in terms of environmental performance by adopting the following guiding principle:
 - Avoid, minimize, mitigate, and restore to ensure we fully mitigate for impacts and contribute to the overall net improvement of wildlife habitat quality, quantity, and connectivity within the Columbia Slough Watershed.
- C) Maintain and enhance PDX as a world-class airport that meets the passenger and cargo transportation needs of the region and supports the role of PDX and the surrounding area in the bi-state regional economy.
- D) The Port should have the flexibility it needs to operate the airport. The trade-off for flexibility is that impacts to natural resources need to be acknowledged and accounted for. They should be addressed through a programmatic, action-oriented, plan – not piecemeal. That plan should consider the individual and cumulative economic, environmental, and social impacts of decisions when taking responsibility for the proportional share of the problems and solutions.
- E) Supplement traditional regulatory approaches by taking voluntary actions with incentive-based and performance-oriented systems that do not default to regulatory minimums.
- F) Examine creative, project management approaches to address potential impacts of operating a commercial airport in an urban environment and emphasize on-going learning and adaptive management. Accelerate, support, and implement innovative programs, projects, and initiatives to maintain and increase our collective leadership in sustainability, including encouraging our partners to use sustainability practices.
- G) Report annually on results, lessons learned, plan adjustments, and future endeavors to stakeholders, including PDX CAC, at least annually.

II. Overview of Options

As reported to the PAG, the City and Port agree on overlays proposed for Port-owned riparian areas along the Columbia Slough. There are several upland grassland parcels where an alternate approach may be more appropriate. There are two core options for addressing these parcels: 1) Environmental Overlays, and 2) a Natural Resources Agreement. City and Port staff recommend Option Two because it creates a package consistent with the PAG’s Vision and Values/Guiding Principles/Goals, and it will likely be acceptable to the City Council, Port Commission, and regional interests. The facilitator recommends the PAG explore these options without debating or setting up legal/technical/political arguments surrounding whether the elements are “regulatory,” “voluntary,” or “preempted,” etc. Neither the Port, nor the City has provided the various arguments here.

In order to understand these options better, it is important to develop a common lexicon because this topic can be confused by the different “legal” and “ecological” meanings of the same term. For purposes of this memo only, the following construct applies.

Most natural resources have been impacted by human activities; some impacts have lasted over a long time, such as construction of Columbia River dams. The natural resources that remain are generally degraded, managed to some extent, and are providing important ecologic functions. When a degraded resource is impacted by development, the most common form of mitigation is to identify another degraded resource and restore its ecologic functions. To restore ecologic functions, typically invasive plant species are removed and native plants installed. Depending on the resource, there may be grading to improve hydrology or wildlife access. In all cases, the mitigation site would need to be managed long-term to maintain the restored functions.



There are complex models used in the scientific community to determine the amount of mitigation needed to compensate for development impacts. The calculating the amount includes three general considerations: 1) ecologic functions provided by the development site and mitigation site, pre and post action; 2) size of the development site and mitigation site; and 3) the timing of mitigation compared to when development occurs.

The Portland Watershed Management Plan (City of Portland, 2005) defines *watershed health* as “a healthy urban watershed, which has hydrologic, habitat, and water quality conditions suitable to protect human health, maintain viable ecological functions and processes, and support self-sustaining populations of native fish and wildlife species whose natural ranges include the Portland area.”

When the phrase *no net loss* is used in the context of this agreement, it is related to maintaining the current ecologic functions (e.g., wildlife habitat) being provided by natural resources identified in the city's inventory.

III. Option One: Environmental Overlays

Below is a summary of the City's Draft Recommended Environmental Overlay Zones for the resource areas under consideration. If no natural resource agreement is reached, City staff's current intent is to be forward this zoning recommendation to City Council for its consideration.

A) Airfield and Portland International Center (PIC)

- "Allow" development in areas containing upland resources, no overlay.
- "Limit" development in areas containing drainageways and wetlands: conservation overlay zone (c-zone) – the Port would have to avoid and minimize impacts to natural resources and mitigate for unavoidable impacts.

B) 33rd Field, SW Quad, Deicing Field and Fuel Farm Field

"Limit" development in areas containing upland resources or drainageways and wetlands; conservation overlay zone (c-zone) – the Port would have to avoid and minimize impacts to natural resources and mitigate for unavoidable impacts.

Advantages

- The overlay zoning approach has been used for more than 20 years in Portland.
- The conservation overlay zones require mitigation at the time of development and mitigation based on the actual development impacts to the natural resources.
- There are two tracks to dealing with mitigation: A) standards and B) review when standards cannot be met. Mitigation is determined through a discretionary land use review and there is opportunity for stakeholder input.

Disadvantages

- Mitigation is completed at the time of development. There is no advance mitigation.
- Mitigation is done on a project-by-project basis. For large properties like the Airport, this will not maximize economies-of-scale for environmental benefit.
- There is no standard formula, e.g., Habitat Evaluation Procedure/Habitat Equivalency Analysis (HEP/HEA) within the Environmental Zone for determining appropriate mitigation.
- Because mitigation is determined through discretionary review, there is less certainty for the Port about what mitigation would be required.
- Results in a net loss of natural resource functions from an ecological perspective because the City is not requiring mitigation for impacts to resources on the Airfield and PIC in recognition of the

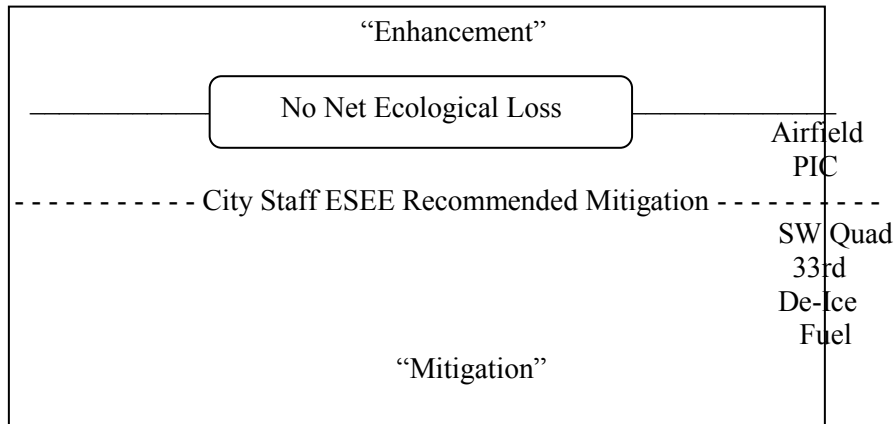
economic importance of those sites outlined in the City’s Economic, Social, Environmental, and Energy Analysis.

IV. Option Two: Natural Resources Agreement

The City and Port staff believe a Natural Resources Agreement containing the following elements would accomplish the PAG objective of “fully mitigating for impacts and contributing to the overall net improvement of wildlife habitat quality, quantity, and connectivity within the Columbia Slough Watershed.”

A) Package Overview

- 1) Strive to fully mitigate for impacts and contribute to the overall net improvement of wildlife habitat quality, quantity, and connectivity within the Columbia Slough Watershed. The key ingredients of a natural resources agreement package should achieve Net Improvement/No Net Loss:
 - a) Mitigation
 - b) Enhancement: Columbia Slough, urban tree canopy, and upland grasslands
 - c) Strategies should focus on on-airport management and off-airport mitigation or enhancement
- 2) Mitigation for development on sites where City staff proposes to “limit” development.
- 3) Overall net improvement to local ecological watershed health.
- 4) Here is a graphic depicting the issues surrounding “overall net improvement” from a watershed health perspective: (Not to Scale)



B) Package Elements

The following elements make up the City-Port recommended package (dollar and acreage figures are non-binding estimates):

1) Airfield

- a) “Allow” recommendation for the Airfield.

Note: The PDX Master Plan does not identify airfield (runway/cross-over taxiway) capacity enhancements for the planning period. Minor improvements related to safety or operational efficiency may take place (i.e. high-speed taxiway exits). Remain Overnight Parking, required to improve terminal utilization, will be constructed as needed. Requirements projected through 2027 (24 Million Annual Passengers) can be met by improving existing developed areas. The Port will continue its policy of converting existing impervious surfaces on airport property (on and off the airfield) to pervious as opportunities and FAA standards allow (e.g., reduce size for blast pad for runway 28L as part of that runway’s rehabilitation scheduled for 2011).

- b) The City, Port, and Oregon National Guard agree that the Keyhole conveyance on the airfield should be managed as a wildlife hazard by armoring or piping the drainageway. The City assumes the alteration will eliminate all natural resource functions of the drainageway. The Port will restore the IKEA wetland into a scrub shrub wetland. The estimated value of converting the IKEA wetland is \$50,000.

2) 33rd Field, SW Quad, Deicing Field, and Fuel Farm Field

- a) The Port will build mitigation on Government Island or other lands within the watershed, in lieu of environmental overlays on 258 acres of PDX Upland Grassland on PDX. (e.g., SW Quad = 150 acres, Fuel Farm West = 32 acres, Deicing = 27 acres, and 33rd = 49 acres)
- b) Mitigation is defined as restoration of existing degraded grasslands. The goal is to provide an equivalent of a 1:1 ratio for restoration to resources impacted by development. The Port will build, over time, a minimum of 300 acres of mitigation on Government Island as development occurs on the above properties.
- c) Upon approval of Airport Futures, the Port will begin planning and restoring Government Island in advance of development. Restoration will happen at a minimum of 50 acres at a time. The cost of 50 acres of mitigation = \$600,000 over 25 years. The initial 50 acres should be complete within 7 years. At the end of 7 years, it goes into maintenance status versus initial development.
- d) New development of 25 acres or more will trigger an additional 50 acres of mitigation.
- e) The intent is to use the Habitat Evaluation Procedure (HEP) or some other agreed upon scientific model to quantify the existing habitat values versus amount of habitat restoration that can be accomplished on Government Island.
- f) Of the initial 50 acres, 25 acres will be used to offset development, and 25 acres will be set aside as enhancement and not used to offset any development.

- g) At current prices, a 300-acre project would cost \$3,100,000. This number includes the cost of development and maintenance for 25 years on existing Port-owned property on Government Island.
- h) The Port may opt to implement the above mitigation projects at a faster rate to maximize the efficiency and effectiveness of the mitigation.

3) Portland International Center (PIC)

- a) “Allow” recommendation for the PIC except for riparian areas, which would have a limit (c-zone) recommendation. PIC will likely be fully built out at some point with a loss of 151 acres upland grassland. In order to achieve no net loss of PIC habitat from an ecological perspective, approximately \$1.6 million (the equivalent cost of restoration for 151 acres of upland grassland), would be paid.
- b) Port will commit to fund enhancements to the Columbia Slough for 25 years starting at \$30,000 per year and escalating at 3% per year. **Total Value: \$1,094,000.**
- c) Columbia Slough enhancement projects will be funded through Multnomah county Drainage District, City Bureau of Environmental Services, or other agencies and support implementation of the Columbia Slough Action Plan.
- d) Port will commit to fund enhancements to the urban tree canopy for 25 years starting at \$20,000 per year and escalating at 3% per year. **Total Value: \$729,000.** This funding is intended to demonstrate progress toward the PAG goal of achieving 15% tree canopy and in acknowledgment that the City is granting the Port the right to manage the existing stock of 5,000 trees in accordance with the Wildlife Hazard management Plan, FAR Part 77, and other maintenance needs.
- e) **Total value of those two watershed improvement commitments = \$1,823,000**
 - i) \$223,000 more than the \$1.6M of equivalent restoration costs.
 - ii) The Port may opt to bundle payments for the above enhancements in order to fund a larger project

4) Additional Elements

- a) The Port would like the ability to set up a mitigation bank and sell mitigation “credits” to developers who may need upland grassland mitigation. HEP/HEA or some other scientific tool must be in place to formalize this mitigation bank.
- b) Mitigation credits sold from a bank of credits to developers will not be available for use by the Port as a credit or offset for projects on Port property (no double counting of credits).
- c) The Port would like the ability to accelerate advance mitigation and enhancements.
- d) There is continued agreement by the City that zoning and land use jurisdiction are limited to landside areas and activities consistent with the current Conditional Use Permit and prior letter from the Director of the Office of Planning and Development Review.

- e) The City will recognize past and future voluntary projects and programs undertaken by the Port. Examples include prior slough enhancement projects, support for the tree canopy, invasive species management, the wildlife hazard management program, and green features of the new Headquarters Office Building and parking structure.
- f) This framework will be codified in a City-Port Intergovernmental Agreement on Natural Resources.
- g) The Port will report out annually on the status of both regulatory and non-regulatory elements of the plan to the PDX Community Advisory committee, to be created following Airport Futures.

Advantages

- Proactive approach to natural resource impacts, which includes mitigation and enhancement while recognizing the economic importance PDX and unique operational management needs of PDX.
- Comprehensive approach to mitigation results in a unified approach rather than a project-by-project approach.
- Maximizes economies of scale and maximizes effectiveness of program via holistic approach.
- Responsive to comments expressed by PAG members for acknowledgement of impacts, a programmatic approach, no net loss, and enhancement.
- Reflects Portland City Council and community values focused on improved watershed health and increased urban tree canopy.
- Consistent with Port environmental and sustainability natural resource policies.
- Mitigation in advance of impacts to natural resources provides temporal value to environment. Mitigation acres and values will be greater than impacts.
- Provides long-term opportunity for Port and others to mitigate on Government Island and maximize benefit to environment within the urban growth boundary.
- Provides a long-term commitment from Port to address grassland, watershed, and tree canopy values.
- Provides certainty to Port regarding environmental mitigation.
- Provides opportunity to address potential federal listing of streaked horned lark listing in a collaborative fashion.

Disadvantages

- This is a non-traditional regulatory approach that has not been previously used.

V. Next Steps

- A) The Port continues to review FAA revenue diversion and grant assurance issues associated with a “voluntary” enhancement program and mitigation on Government Island. If the Port is unsuccessful in getting FAA approval for voluntary measures, the Port and the City will renegotiate a replacement plan.
- B) The City and Port are exploring ways to provide some degree of regulatory certainty and the possible listing of threatened/ endangered species with a Candidate Conservation Agreement or other similar agreement. Staff will report to the subcommittee and the PAG before any final agreements are reached on this currently, non-binding, non-precedent setting, and draft construct.
- C) The City and the Port will work to develop a science-based, adaptive management approach to mitigation. As part of that approach, the Port will follow closely the City’s scientific peer review of the HEP/HEA tool in the River Plan process.
- D) Site visits are planned for Government Island and 258 acres on airport for early growing season (late May/June) to collect data on plant species to use in future HEP/HEA process.
- E) Subcommittee Meeting: 4/15/10
- F) PAG Meeting: 4/20/10