



AGENDA
Regular Commission Meeting
Port of Portland Headquarters
7200 N.E. Airport Way, 8th Floor
August 8, 2012
9:30 a.m.

Minutes

Approval of Minutes: Regular Commission Meeting – July 11, 2012

Executive Director

Approval of Executive Director's Report – July 2012

General Discussion

Portland Police Bureau Award Presentation	<i>JASON SCHWARTZ</i>
Fiscal Year 2011-2012 Environmental Management Program	<i>DOROTHY SPERRY</i>
Economic Factors Impacting Air Service	<i>PHIL HILL, RICONDO & ASSOCIATES</i>

Consent Items

1. CONSENT TO ENTERPRISE ZONE BOUNDARY CHANGES BY THE CITY OF PORTLAND *LISE GLANCY*
Requests consent to boundary changes to the Portland Enterprise Zone and East Portland Enterprise Zone by the City of Portland.
2. APPOINTMENT AND DESIGNATION OF ASSISTANT TREASURERS *ROBERT BURKET*
Requests an update to the individuals designated as Assistant Treasurers of the Port of Portland Commission.
3. APPOINTMENT AND DESIGNATION OF ASSISTANT SECRETARIES *ROBERT BURKET*
Requests an update to the individuals designated as Assistant Secretaries of the Port of Portland Commission.

Action Items

4. AMENDED COOPERATIVE AGREEMENT – AIRPORT WAY INTERCHANGE FUNDING *SCOTT KING*

Requests approval to enter into an amended Cooperative Agreement with the Oregon Department of Transportation to fund construction of the Airport Way Interchange Project.

5. CONSTRUCTION CONTRACT – RUNWAY 2/20 AND TAXIWAY C – HILLSBORO AIRPORT *JIM MCGINNIS*
STEVE NAGY

Requests approval to award a construction contract to Goodfellow Bros., Inc., for the rehabilitation of Runway 2/20, Taxiway C and associated existing infrastructure at Hillsboro Airport.

6. COST-SHARING AGREEMENT BETWEEN THE PORT OF PORTLAND AND ICTSI OREGON, INC. *DAN PIPPENGER*

Requests approval to enter into a cost-sharing program with ICTSI Oregon, Inc., for the sole purpose of off-setting a portion of ICTSI Oregon, Inc's., incremental operating costs and lost revenues directly attributable to the labor dispute impacting the container line of business at Terminal 6.

CONSENT TO ENTERPRISE ZONE BOUNDARY CHANGES BY THE CITY OF PORTLAND

August 8, 2012

Presented by: Lise Glancy
Manager
Regional Government Relations**EXECUTIVE SUMMARY**

This agenda item requests consent to minor boundary changes to the Portland Enterprise Zone and East Portland Enterprise Zone by the City of Portland (City), located within Port of Portland (Port) boundaries, to provide additional incentives to encourage existing or new companies to invest and add employees within the zone.

BACKGROUND

In the 2005 legislative session, the state statute for the Enterprise Zone program was changed to require the governing bodies of a port district to consent by resolution to Enterprise Zone (E-Zone) applications by a city or county within the boundaries of the port. This change was requested to ensure coordination of economic development activities within port districts. Oregon ports play a key role in economic development in the community. Since the statute changed in 2005, the Port Commission routinely receives requests from jurisdictions as they move forward with Enterprise Zone applications and/or boundary changes.

In June 2012, the Port Commission supported the City's successful application for designation of the East Portland Enterprise Zone. At this time, the City applied for, but did not receive, the sole remaining Electronic Commerce (E-Commerce) designation in the state. That designation was given to the City of Springfield. The E-Commerce provision gives a 25-percent income tax credit on new investments in electronic commerce up to a maximum of \$2 million.

At this time, the City is working with a company committed to making a significant investment in the Convention Plaza building at the Burnside Bridgehead site, located in the East Portland E-Zone, yet they need to access tax credits associated with the E-Commerce program. The investment is projected to create 30 to 60 new permanent full-time jobs while retaining approximately 60 jobs. In order to take advantage of the program, the City is requesting that Business Oregon move this property from the East Portland E-Zone to the Portland E-Zone in north/northeast Portland, which has an existing E-Commerce designation. The Port Commission supported the Portland E-Zone application, approved by the state on July 1, 2008, and approved for E-Commerce on April 23, 2009.

The City is seeking the Port Commission's support and consent in favor of this action. The movement of this property from one E-Zone to another has no financial impact on the Port, or other taxing jurisdictions.

The Portland City Council is scheduled to take action on August 8, 2012. In order to move the request forward to Business Oregon for approval, the City is required to have a resolution of consent from the Port Commission for this boundary change request.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolution be adopted:

BE IT RESOLVED, that the Port of Portland Commission consents to a request by the City of Portland to move property from the East Portland Enterprise Zone to the Portland Enterprise Zone, located within Port of Portland district boundaries.

APPOINTMENT AND DESIGNATION OF ASSISTANT TREASURERS

August 8, 2012

Presented by: Robert Burket
Controller**EXECUTIVE SUMMARY**

This agenda item requests an update to the individuals designated as Assistant Treasurers of the Port of Portland Commission. Since the last update in April 2010, the incumbents in two positions appointed as Assistant Treasurers have left their positions and been replaced with new incumbents. Per Commission Policy No. 6.2.1, the Commission shall appoint Assistant Treasurers by resolution.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That effective August 8, 2012, Bill Wyatt, Cynthia A. Nichol, Robert A. Burket, Suzanne M. Kenny, Andrea C. Marzette and Tatiana Starostina are designated Assistant Treasurers of the Port of Portland Commission and shall perform such functions and duties as the Commission shall authorize from time to time; and

BE IT FURTHER RESOLVED, That all previous Assistant Treasurer designations be rescinded from this date forward.

APPOINTMENT AND DESIGNATION OF ASSISTANT SECRETARIES

August 8, 2012

Presented by: Robert Burket
Controller**EXECUTIVE SUMMARY**

This agenda item requests the appointment of a new Commission Assistant Secretary.

Assistant Secretaries are authorized to execute certain documents on behalf of the Port of Portland. In lieu of the Commission Secretary, the Commission typically has appointed the holders of the following positions as Assistant Secretaries: the Executive Director, Chief Financial Officer, Executive Assistant, General Counsel and Executive Administrative Supervisor. This agenda item seeks to add Cynthia A. Nichol, Chief Financial Officer, to those designated as Assistant Secretaries.

EXECUTIVE DIRECTOR'S RECOMMENDATION

BE IT RESOLVED, That effective August 8, 2012, Bill Wyatt, Cynthia A. Nichol, Pamela Thompson, Carla Kelley and Elise Neibert are designated Assistant Secretaries of the Port of Portland Commission and shall perform such functions and duties as the Commission shall authorize from time to time; and

BE IT FURTHER RESOLVED, That all previous Assistant Secretary designations be rescinded.

AMENDED COOPERATIVE AGREEMENT – AIRPORT WAY INTERCHANGE FUNDING

August 8, 2012

Presented by: Scott King
Senior Aviation Planner**EXECUTIVE SUMMARY**

This agenda item requests approval to enter into an amended Cooperative Agreement (CA) with the Oregon Department of Transportation (ODOT) to fund construction of the Airport Way Interchange Project.

BACKGROUND

On December 14, 2005, the Port of Portland (Port) Commission authorized the Executive Director to enter into a CA with ODOT to enable ODOT to conduct project development work for improvements to the I-205/Airport Way interchange. This agreement was necessary to obtain a Finding of No Significant Impact (FONSI) from the Federal Aviation Administration (FAA) for the Environmental Assessment (EA) associated with the proposed development plan for Cascade Station/Portland International Center that would allow for development of retail, office, hotel, industrial and airport related uses.

The following are excerpts from the December 2005 Port Commission Agenda Item on this subject:

The second traffic agreement is a CA between the Port and ODOT, which obligates the parties to share “project development” costs associated with a major roadway improvement at the interchange of Airport Way and northbound Interstate 205. This CA would obligate the Port to spend up to \$8,000,000, with ODOT funding any remaining amounts necessary to complete the project development work, more particularly described below.

The CA with ODOT is a commitment to conduct and fund project development work for a major improvement (likely a loop or flyover ramp) at the Airport Way/I-205 northbound on-ramp. Congestion at this intersection, which is currently a left turn from Airport Way eastbound, is already a traffic problem without new PIC development and will continue to be a growing problem for the Airport if not addressed. The transportation analysis for PIC shows significant impact at this intersection from PIC development by 2014.

The major issue for review during the EA was traffic impacts associated with proposed development in Cascade Station/Portland International Center. At the end the EA process in 2006, the FONSI issued by the FAA called for eleven transportation mitigation projects, commitments to complete six other prior programmed transportation projects, and a commitment with ODOT to conduct project development to address traffic associated with the Airport Way/I-205 Northbound On-Ramp.

While the exact nature of the improvement to the Airport Way/I-205 interchange was not known at that time, there was an assumption that the improvement would take the form of a flyover ramp or loop ramp which could cost in excess of \$100,000,000.

The terms of the original CA required the Port to fund the first \$8 million in project development work, with ODOT responsible for the remainder. The agreement also required that project development be completed in time to allow for construction of the improvements by the end of 2014. Finally, the original agreement did not provide for construction funds, only that the two agencies “have a joint obligation to advocate at the regional, state, and federal levels for future construction funding required to complete the project.”

Beginning in 2006, ODOT, along with the Port as a project partner, commenced project development. During project development both ODOT and the Port recognized that a lower-cost option than the flyover or loop ramp would be necessary to meet both the 2014 construction schedule requirement and to realistically fund the project. With this in mind, the agencies developed alternatives, selected a preferred alternative, completed design, obtained permits and recently completed project development in July 2012 at a total cost of \$4,454,837.46.

The Airport Way Interchange Project is now ready to begin the construction phase. The total project cost is estimated by ODOT to be \$17,500,000, with approximately \$13,000,000 needed for right-of-way acquisition and construction. ODOT has committed \$9,500,000 for right-of-way and construction. To complete the construction funding package, the CA with ODOT needs to be amended to allow the Port to contribute funds to the construction phase. The amendment will authorize the Port to transfer \$3,545,162.54 in Port funds, which will complete the Port’s original \$8-million project obligation to ODOT and complete the construction funding package. Commission approval is necessary because the original CA authorized only project development work.

The current project schedule anticipates that the project will be complete by the fall of 2014.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to enter into an amended Cooperative Agreement with the Oregon Department of Transportation for funding of the Airport Way Interchange Project, consistent with the terms presented to the Commission; and

BE IT FURTHER RESOLVED, That the Executive Director or his designee is authorized to execute the necessary documents on behalf of the Port of Portland Commission in a form approved by counsel.

CONSTRUCTION CONTRACT – RUNWAY 2/20 AND TAXIWAY C – HILLSBORO AIRPORT

August 8, 2012

Presented by: Jim McGinnis
Engineering Project Manager
Steve Nagy
Project Sponsor

EXECUTIVE SUMMARY

This agenda item requests approval to award a construction contract to Goodfellow Bros., Inc., for the rehabilitation of Runway 2/20, Taxiway C and associated existing infrastructure at Hillsboro Airport (HIO).

BACKGROUND

This project will relocate the thresholds of Runway 2/20 and rehabilitate the runway and Taxiway C parallel to Runway 2/20. The reason for relocation of the thresholds is to meet the Federal Aviation Administration Runway Visibility Zone requirements.

A professional services contract for the design of this project was awarded by the Commission in September 2011.

The scope of the contract is to rehabilitate a 75-foot-wide, 3,811-foot-long runway and a 35-foot-wide parallel taxiway adjacent to existing Runway 2/20 including:

- Asphalt pavement
- Grading and drainage
- Navigational aid installation and relocation
- Signing and striping
- Taxiway lighting
- Airfield lights, guidance signs, power and communication ducts

This project was advertised for bid in June 2012 and bids were received and publicly opened on July 18, 2012. A total of six bids were received. The bid results are shown in the table below.

Goodfellow Bros., Inc.	\$5,649,634.50
Coffman Excavation	\$5,926,007.80
MJ Hughes Construction	\$6,088,711.40
Kerr Contractors	\$6,127,070.00
Kodiak Pacific Construction	\$6,315,315.00
K & E Excavating	\$6,388,062.00
Engineer's Estimate	\$6,451,006.00

Construction is scheduled to start in early 2013 and be complete by October 30, 2013.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to award a construction contract to Goodfellow Bros., Inc., for the rehabilitation of Runway 2/20, Taxiway C and associated existing infrastructure at Hillsboro Airport, in accordance with its bid; and

BE IT FURTHER RESOLVED, That the Executive Director or his designee is authorized to execute the necessary documents on behalf of the Port of Portland Commission in a form approved by counsel.

COST-SHARING AGREEMENT BETWEEN THE PORT OF PORTLAND AND ICTSI OREGON, INC.

August 8, 2012

Presented by: Dan Pippenger
General Manager
Marine Operations**EXECUTIVE SUMMARY**

This agenda item requests approval to enter into a cost-sharing program with ICTSI Oregon, Inc. (ICTSI), in an amount not to exceed \$4,664,356. This program is being proposed for the sole purpose of off-setting a portion of ICTSI's incremental operating costs and lost revenues directly attributable to the labor dispute impacting the container line of business at Terminal 6 during a specified time period. This is a one-time only initiative and the dollar amount noted above is a "not-to-exceed" amount.

BACKGROUND

Beginning in early June 2012, Terminal 6 experienced a measurable and substantive decrease in both vessel and gate productivity. As reported in the press, truck queues increased considerably and vessel move counts, as measured by moves per gang-hour, dropped significantly from pre-June levels. Decreased productivity creates considerable cost for ICTSI.

The drop in terminal productivity coincided with the conclusion of the National Labor Relations Board (NLRB) hearing held in Portland, Oregon, in late May aimed at addressing a dispute over which union was entitled to certain work involving refrigerated container plug/unplug and monitoring at Terminal 6.

The International Brotherhood of Electrical Workers, Local 48 (IBEW), which had historically done this work, filed a claim with the NLRB after the International Longshore and Warehouse Union, Local 8 (ILWU), asserted that this work belonged to the ILWU. The ILWU made this assertion in another venue under the ILWU-Pacific Maritime Association, where an arbitrator ruled that ICTSI had to award the disputed work to the ILWU. ICTSI contends, as does the Port of Portland (Port), that the disputed work should remain with Port-employed electricians, as it is addressed both in the ICTSI-Port lease agreement and the Collective Bargaining Agreement between the Port and the District Council of Trade Unions. In the interim, and until such time as the NLRB process is concluded, ICTSI, the Port and the IBEW have entered into an agreement that allows the ILWU to perform the disputed work at the Terminal.

Since early June, the deterioration in terminal productivity described above was substantial enough to cause shipping companies to by-pass Portland. Hanjin, the largest carrier calling Portland, dropped the Portland call for a sustained period and has only recently returned to Portland on August 4. At this time, neither the Port nor ICTSI has a firm commitment from Hanjin regarding future calls. The Hapag-Lloyd service bypassed several calls but resumed

COST-SHARING AGREEMENT BETWEEN THE PORT OF PORTLAND AND ICTSI OREGON, INC.

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service in early July while Westwood, with limited calls, has continued to call on the terminal without interruption. The cost-sharing program that is being presented today is a commercial initiative designed to share half of certain increased operating costs and lost revenues sustained by ICTSI, which are directly attributable to the labor dispute.

The Port is committed to being a partner with ICTSI through the duration of our long-term lease. The labor situation at Terminal 6 has resulted in a loss of business for ICTSI, financial loss and cargo diversion and delays to the local and regional shipping community, as well as a substantial loss of confidence in the Portland service by the local and regional shipping community and a loss of confidence by some of the shipping lines. Parties do believe that the labor dispute will eventually be resolved.

In order to assist ICTSI in managing the unplanned and significant financial losses, the Port is proposing entering into this cost-share agreement. The source of funds for this financial commitment will come from the Port's General Fund. The program also contemplates that in the event of financial recovery by ICTSI for incremental operating costs attributable to the labor dispute, a portion of these proceeds will be reimbursed back to the Port.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to enter into a cost-sharing program with ICTSI Oregon, Inc., for half of certain increased operating costs and lost revenues sustained at Terminal 6, consistent with the terms presented to the Commission; and

BE IT FURTHER RESOLVED, That the Executive Director or his designee is authorized to execute the necessary documents on behalf of the Port of Portland Commission in a form approved by counsel.