

(Note: Meeting rescheduled  
from January 11 to January 27  
due to inclement weather.)



AGENDA  
Rescheduled Regular Commission Meeting  
Port of Portland Headquarters  
7200 N.E. Airport Way, 8<sup>th</sup> Floor  
**January 27, 2017**  
**9:00 a.m.**

---

**Minutes**

Approval of Minutes: Regular Commission Meeting – December 14, 2016

**Executive Director**

Approval of Executive Director's Report – December 2016

**General Discussion**

2017 Port Transportation Improvement Plan

*PHIL HEALY*

**Public Hearing**

2017 Port Transportation Improvement Plan

**Consent Item**

1. GROUND LEASE – HONEYWELL INTERNATIONAL, INC. –  
PORTLAND INTERNATIONAL AIRPORT

*KAITLIN DUNCAN*

Requests approval of a ground lease with Honeywell International, Inc., for approximately 2.6 acres of undeveloped land at Portland International Airport.

**Action Items**

2. PERSONAL SERVICES CONTRACT – HILLSBORO AIRPORT  
MASTER PLAN STUDY

*STEVE NAGY*

Requests approval to award a personal services contract to WHPacific, Inc., for consulting services related to the Hillsboro Airport Master Plan Study.

3. PUBLIC IMPROVEMENT CONTRACT – PARKING ADDITIONS  
AND CONSOLIDATED RENTAL CAR FACILITY – PORTLAND  
INTERNATIONAL AIRPORT

*DAVE DITTMER*

Requests approval to award the schematic design services phase of a design-build public improvement contract to JE Dunn Construction Company for the construction of the Parking Additions and Consolidated Rental Car Facility project at Portland International Airport.

4. PUBLIC IMPROVEMENT CONTRACT AMENDMENT – RENTAL CAR QUICK TURN-AROUND FACILITY – PORTLAND INTERNATIONAL AIRPORT *DAVE DITTMER*

Requests approval to amend the public improvement contract with Hoffman Construction Company for the construction of the Rental Car Quick Turn-Around Facility project at Portland International Airport.

5. COLLECTIVE BARGAINING AGREEMENT – MARINE FACILITY MAINTENANCE *BLAISE LAMPHIER*

Requests approval of a five-year collective bargaining agreement between the Port of Portland and the District Council of Trade Unions, representing the 20 Port employees who perform maintenance at the Marine terminals.

**GROUND LEASE – HONEYWELL INTERNATIONAL, INC. – PORTLAND INTERNATIONAL AIRPORT**

---

January 11, 2017

Presented by: Kaitlin Duncan  
Aviation Real Estate Manager  
Commercial Properties

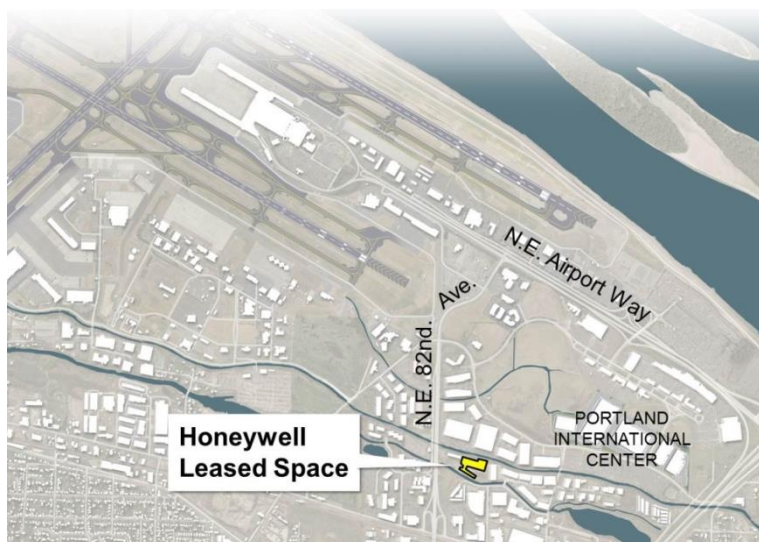
**REQUESTED COMMISSION ACTION**

This agenda item requests approval of a ground lease with Honeywell International, Inc. (Honeywell), for approximately 2.6 acres of undeveloped land at Portland International Airport (PDX) for continued remediation of groundwater under the property, previously contaminated by Honeywell.

**BACKGROUND**

Honeywell is the owner of property, known as the former Baron-Blakeslee Facility, from which groundwater contamination originated, and subsequently migrated, to nearby properties. The Port owns one of those nearby properties, which is located south of the Portland International Center (PIC).

From 2005-2016 Honeywell leased this land from the Port and was performing Groundwater Circulation Well Pilot Testing under the supervision of the Oregon Department of Environmental Quality (DEQ). Honeywell completed the testing in 2010 and signed a consent order with the DEQ to develop a remedy consistent with the site's Record of Decision. The groundwater remedy for this site required Honeywell to design, install and maintain a pump-and-treat system. The treatment infrastructure was built on Port property in 2005 and the site is expected to operate as a treatment facility for approximately 20 years. Therefore, it is necessary to execute a long-term lease for the period needed to complete this groundwater remedy.



GROUND LEASE – HONEYWELL INTERNATIONAL, INC. – PORTLAND INTERNATIONAL AIRPORT

January 11, 2017

Page 2

**BUSINESS TERMS**

- Term: 10 years
- Options: 10, one-year options, which can be terminated upon completion of required Department of Environmental Quality (DEQ) remediation and removal of all improvements on the premises
- Premises: approximately 2.6 acres
- Ground rent: approximately \$68,600 per year
- Rent: adjusted every three years based on Consumer Price Index
- Security deposit: \$20,000
- Honeywell is responsible for all taxes, insurance and maintenance
- Honeywell is required to remove all components of remediation when DEQ requirements are fulfilled, unless otherwise directed by the Port.
- Subject to the consent of the Port's nearby long-term ground tenant, NewTower Trust Company Multi-Employer Property Trust (MEPT), the Port will also grant a nonexclusive right of access (License) to Honeywell to continue to monitor certain wells previously installed within the MEPT leasehold in connection with the remediation effort. The License will run coterminous with the Lease.

**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 ground lease with Honeywell International, Inc., for approximately 2.6 acres of land at Portland International Airport, and a nonexclusive License over adjacent area, 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.

PERSONAL SERVICES CONTRACT – HILLSBORO AIRPORT MASTER PLAN STUDY

---

January 11, 2017

Presented by: Stephen Nagy  
Sr. Manager General Aviation

**REQUESTED COMMISSION ACTION**

This agenda item requests approval to award a personal services contract to WHPacific, Inc. (WHP), in the amount of \$1,699,549, for consulting services related to the Hillsboro Airport Master Plan Study.

The study will update the current Airport Master Plan that was completed in 2005, and will assist the Port of Portland (Port) in determining the future role of the Hillsboro Airport (HIO) in meeting the Port's mission. In order to determine HIO's role, Port management requires a deeper understanding of the complex relationship between aviation and non-aviation uses of the airport, and adjacent land uses both current and projected.



## **BACKGROUND**

HIO has been owned and operated by the Port since 1966. It plays an integral role in the Port's system of airports and is an essential part of the region's transportation system, providing the highest standard of general aviation facilities to businesses and residents of Washington County and beyond. The airport has three runways (6,600 feet, 3,821 feet, and 3,600 feet), a Federal Aviation Administration (FAA) air traffic control tower and an instrument landing system.

The airport is home to local corporate flight departments, aircraft charter services for business travel, air ambulance services, news helicopters, flight schools, aircraft maintenance and repair and the U.S. Customs and Border Protection office for international flights. In all, more than 25 businesses operate on-airport. The most recent economic impact study shows that HIO generated 1,472 jobs at the airport and in the community, \$83.5 million in personal income and \$107.4 million in business revenue.

As the City of Hillsboro (City) has grown to encompass the airport, the City, Washington County, and the Port have worked together to ensure that compatible land-use policies were put in place to minimize impacts of the airport and to facilitate its ongoing efficient operations. In addition, the Port has a long-established noise management program for HIO. Improving compatibility between the airport and the community will continue to be a priority. Community compatibility will be a topic considered during the master plan process and will continue to be the subject of future follow-on work.

## **SCOPE**

The Master Plan Study to be performed under this personal services contract will update the 2005 HIO Master Plan to provide a roadmap for development, operation and investment at HIO over the next 20 years. The consultant will lead the effort to gather and analyze a broad range of information to help the Port determine the airport's role and its future needs. It will produce a forecast of airport activity and a long-range assessment of the amount of land needed for future airport operations and related facilities, as well as revenue development opportunities. The consultant's work product will include a range of future development options and will include a preferred option that is financially sustainable and is in alignment with the Port's mission. The preferred development option will integrate aviation and non-aviation development at HIO. In addition, the Master Plan scope of work was informed by public input prior to consultant selection.

The HIO master planning process will include comprehensive stakeholder and public involvement. The centerpiece of the public involvement will be a 16-member Planning Advisory Committee (PAC). The PAC will be comprised of community members and representatives of commercial and governmental interests. In addition to nine PAC meetings planned to coincide with key milestones of the project, public input will be sought during workshops, community events, online and live open houses and through other electronic media. Several concurrent studies not connected with the Airport Master Plan will occur during the two-year process, including the update of the City's Comprehensive Plan, a Stormwater Master Plan for the City's

Evergreen Industrial Area, the City's Jackson East Study, the County's Freight Mobility Study and the County's Fairground Event Center development. Port staff and the consultant will coordinate airport planning information with these other studies to ensure well integrated community development plans.

### **CONSULTANT SELECTION**

The Port advertised a Request for Proposals on August 12, 2016, seeking qualified consultants to provide the required master planning services. Two firms submitted proposals. The proposals were evaluated in accordance with Oregon's qualifications-based selection (QBS) requirements for this type of contract. The Port's six-member evaluation team was comprised of aviation, planning and development, and public affairs staff. Two members of the team, who were former Hillsboro Airport Roundtable Exchange members, represented the community and airport businesses. WHPacific was the highest-ranked proposer, primarily due to its strong experience and highly qualified team. In accordance with QBS requirements, Port staff then negotiated the final scope of work to determine WHPacific's fee, which will be paid in increments based on the completion of agreed-upon tasks, plus expenses, with a not-to-exceed amount of \$1,699,549.

### **PROJECT BUDGET**

The current project budget includes the following major elements:

<b>Consulting services</b>	<b>\$1,699,549</b>
Port costs and contingency	<u>\$220,451</u>
Total project cost	\$1,920,000

The Port has accepted an FAA grant in the amount of \$1,300,000 to help fund the project. General Aviation revenues and other Port Cost Center funds will cover the remaining expenses.

Staff anticipates the project to kick-off in late February 2017, and that a recommendation of a preferred plan will be presented to the Port Commission in December 2018.

### **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 personal services contract for consulting services related to the Hillsboro Airport Master Plan Study to WHPacific, Inc., 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.



**PUBLIC IMPROVEMENT CONTRACT – PARKING ADDITIONS AND CONSOLIDATED RENTAL CAR FACILITY – PORTLAND INTERNATIONAL AIRPORT**

January 11, 2017

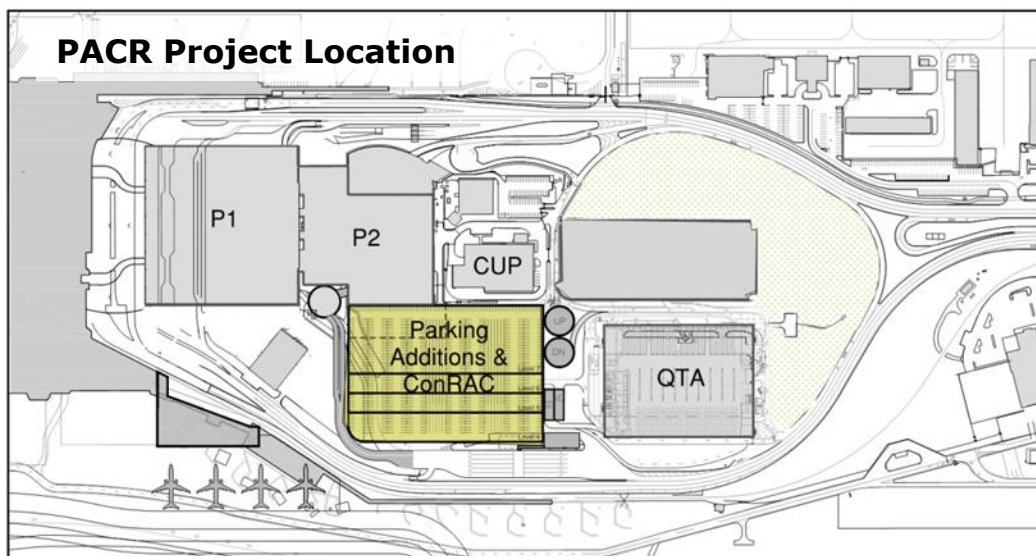
Presented by: Dave Dittmer  
Engineering Project Manager**REQUESTED COMMISSION ACTION**

This agenda item requests approval to award the schematic design services phase of a design-build (D-B) public improvement contract to JE Dunn Construction Company (JE Dunn), in the amount of \$4,194,826. Under the contract, JE Dunn will construct the Parking Additions and Consolidated Rental Car Facility (PACR) project at Portland International Airport (PDX).

**BACKGROUND**

In June 2016, the Commission granted an exemption from competitive bidding to allow the Port of Portland (Port) to use a competitive request for proposals (RFP) process to select a D-B project contractor. A summary of the project information presented at that time follows.

Rental cars and public parking at PDX have long been significant sources of revenue and a source of high customer satisfaction due to the proximity of the facilities to the terminal. Supporting these successful operations will be a new PACR facility to be located immediately south of the Port headquarters and long-term parking structure. Once completed, PDX rental car operations will contain sufficient capacity to accommodate projected demand through 2035. In addition, the number of long-term public parking lot spaces will be increased to alleviate the regularly experienced problems with insufficient capacity.





PUBLIC IMPROVEMENT CONTRACT – PARKING ADDITIONS AND CONSOLIDATED  
RENTAL CAR FACILITY – PORTLAND INTERNATIONAL AIRPORT

January 11, 2017

Page 2

This project will consist of a new facility that will contain the following elements:

- A 720,000-square-foot, seven-story structure.
- Entrance and exit helixes.
- Rental car business offices (30,000 square feet) and “ready-return” vehicle storage on floors one through three.
- 2,400 new long-term public parking spaces on floors four through seven.
- Significant utility relocations, which will relocate and modernize these dated systems.

As discussed in more detail in the June 2016 agenda item, the Port selected the D-B project delivery method primarily to:

- Allow the Port to provide input on the facility’s features and enhancements during initial design, helping the Port address stakeholder needs.
- Make the project contractor part of the team from the outset, enabling the contractor to address phasing, safety, and bid packages earlier, helping the Port manage risks.
- Complete the project earlier compared to other delivery methods, allowing the facility to generate revenue earlier and the Port to recognize an earlier return on its investment.
- Foster efficient communication and reporting channels between the design and construction team members, increasing efficiency.

## **PROCUREMENT**

The RFP was advertised August 31, 2016, and five D-B teams submitted proposals. The RFP evaluation criteria included qualifications and experience; management and project approach; cost management, quality control, and safety; fees; and small business participation.

A Port evaluation team reviewed and scored the proposals, and then conducted interviews with JE Dunn, M.A. Mortenson Company, Hoffman Construction Company of Oregon, and Austin Commercial. The evaluation team determined that the team led by JE Dunn Construction Company was the most qualified proposer to act as the Port’s design-builder for the project. JE Dunn’s proposal and interview scored higher than the others based on the experience and qualifications of its team, the most competitive fee proposal, and a project plan which specifically addressed low voltage systems integration. JE Dunn’s proposal also tentatively identified a small business construction subcontracting participation goal of 17%-20%.

## **PHASE 1 SCHEMATIC DESIGN SERVICES AWARD**

This agenda item requests authority to award the first phase of the project’s D-B public improvement contract for Phase 1 schematic design services. Phase 1 includes eight months of schematic design work, which will help the Port define the project scope, cost and schedule in

PUBLIC IMPROVEMENT CONTRACT – PARKING ADDITIONS AND CONSOLIDATED RENTAL CAR FACILITY – PORTLAND INTERNATIONAL AIRPORT

January 11, 2017

Page 3

terms sufficiently detailed to enable negotiations leading to a second phase consisting of final design and construction services. After schematic design is complete, if JE Dunn’s work is satisfactory and negotiations are successful, the Port will present for the Commission’s approval an amendment to award the next phase of the contract that will succinctly define all remaining design and construction costs, schedule and finalize the project’s small business goals.

The D-B contract will utilize the “guaranteed maximum price” (GMP) compensation structure, under which the Port authorizes a fixed, maximum price for a stated scope of work. The GMP includes the contractor’s reimbursable costs for the work (based primarily on competitively-awarded subcontracts), plus a fixed fee, which is based on a percentage of the maximum cost of the work.

The GMP for the Phase 1 schematic design services has been established as \$4,194,826. This includes a fixed fee of 3% of the cost of planning and design for this phase.

**SCHEDULE**

Commission action (grant exemption from competitive bidding for public improvement contract)	June 2016
D-B contractor selection process	June 2016 – November 2016
<b>Commission action (award schematic design services phase of D-B public improvement contract)</b>	<b>January 2017</b>
Schematic design services – programming	February 2017 – September 2017
Commission action (approve award of D-B contract amendment for final design and construction services)	October 2017
Final design and permits	November 2017 – September 2018
Construction	March 2018 – March 2020

**PROJECT RISKS**

Risk: Delays to completion schedule that disrupt rental car processing and sales and affect long-term parking revenue generation.

Mitigation Strategy:

- Using the D-B project delivery method is expected to save 6-12 months of project completion time and reduce the potential for schedule delays when compared to the standard low-bid format. The D-B format is also expected to reduce completion time when compared to other project delivery methods such as Construction Manager/General Contractor.

PUBLIC IMPROVEMENT CONTRACT – PARKING ADDITIONS AND CONSOLIDATED RENTAL CAR FACILITY – PORTLAND INTERNATIONAL AIRPORT

January 11, 2017

Page 4

Risk: Contractor challenges with understanding and proactively managing complexities related to controls, information technology and subcontractor design elements, leading to change orders and project delivery delays.

Mitigation Strategy:

- The RFP process focused on selecting a contractor with these critical skills. JE Dunn plans to address these risks proactively and collaboratively with a team that has specific skills in these areas. Port construction contract managers will prioritize these items and track their delivery by JE Dunn.

**BUDGET**

Early construction package performed under the PDX Rental Car QTA project contract	\$3,100,000
Early construction package under the PDX Taxiway B project contract	\$2,000,000
Early work total	<u>\$5,100,000</u>
<b>Phase 1 schematic design services</b>	<b>\$4,194,826</b>
D-B construction services	\$175,900,000
Final design services and D-B fees	\$10,805,174
Total D-B contract	<u>\$190,900,000</u>
Port staff and contracted services	\$10,000,000
Contingency	\$40,000,000
Total project	<u>\$246,000,000</u>

The contingency, representing 16.5 percent of the project budget, is considered reasonable given the preliminary stage of the project, the nature of the work and the risk profile for the project.

The Port cost center is funding this project from a combination of general airport revenue bonds and Customer Facility Charge program-backed debt.

**EXECUTIVE DIRECTOR'S RECOMMENDATION**

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to award a design-build public improvement contract to JE Dunn Construction Company for the Parking Additions and Consolidated Rental Car facility project at Portland International Airport, for schematic design services, consistent with the terms presented to the Commission; and

PUBLIC IMPROVEMENT CONTRACT – PARKING ADDITIONS AND CONSOLIDATED  
RENTAL CAR FACILITY – PORTLAND INTERNATIONAL AIRPORT

January 11, 2017

Page 5

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.

**PUBLIC IMPROVEMENT CONTRACT AMENDMENT – RENTAL CAR QUICK TURN-AROUND FACILITY – PORTLAND INTERNATIONAL AIRPORT**

January 11, 2017

Presented by: Dave Dittmer  
Engineering Project Manager

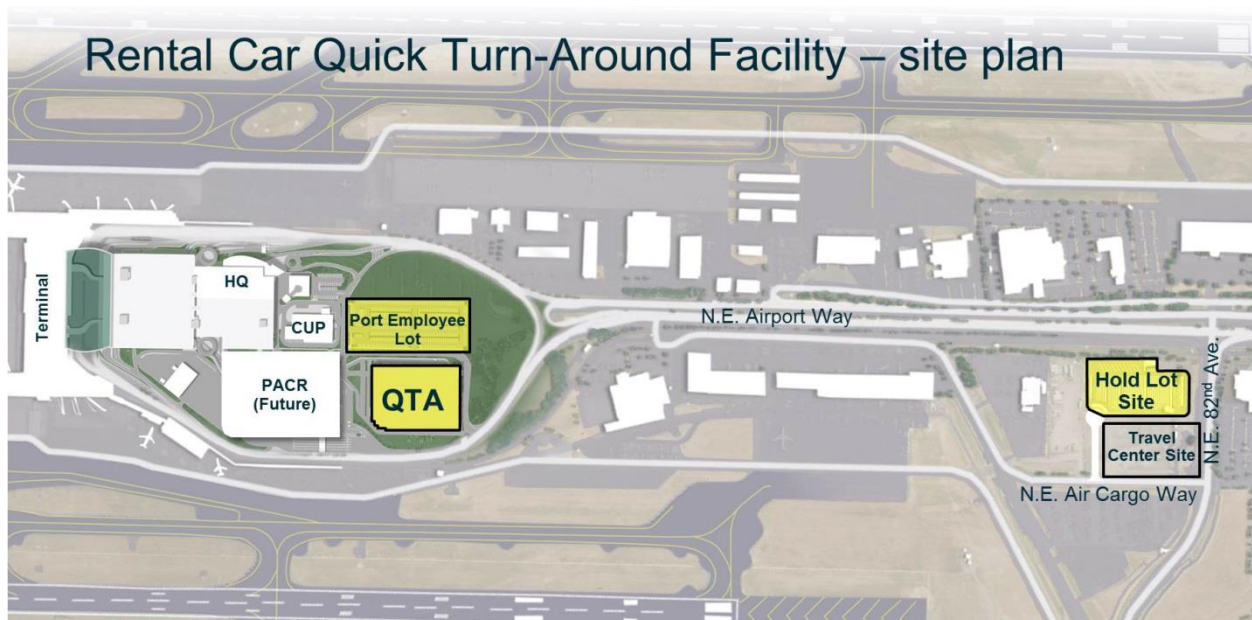
**REQUESTED COMMISSION ACTION**

This agenda item requests approval to amend the public improvement contract with Hoffman Construction Company (Hoffman) for the construction of the Rental Car Quick Turn-Around Facility (QTA) project at Portland International Airport (PDX), to provide for changes in the project’s work scope and schedule.

**BACKGROUND**

In January 2016, with Port of Portland (Port) Commission approval, the Port awarded a public improvement contract to Hoffman to construct a new QTA facility, a new employee parking lot and a hold lot for taxi and service providers. In June 2016, with Commission approval, the Port amended the Hoffman QTA contract to add the construction of the Central Utility Plant (CUP) Chilled Water Capacity Additions project, in the amount \$5,852,634.

The employee lot and transportation provider hold lot portions of the QTA project are in the final stages of completion and the CUP work is underway. While that work progresses, three other significant changes to the QTA project’s work scope and schedule have occurred, which necessitate this amendment. Those changes are listed below.



PUBLIC IMPROVEMENT CONTRACT AMENDMENT – RENTAL CAR QUICK TURN-AROUND FACILITY – PORTLAND INTERNATIONAL AIRPORT

January 11, 2017

Page 2

**PROJECT CHANGES**

The first significant issue was encountered last June during initial planning for the Parking Additions and Consolidated Rental Car Facility (PACR) project. The Port discovered that numerous electrical infrastructure relocations that will be required as part of the PACR project were only viably re-routed east, through the new employee parking lot and the QTA site. By completing the relocations now through the QTA project contract versus later in 2018 under the PACR project contract, the Port avoids incurring costs related to demolition and reconstruction of the new QTA and parking lot assets, and associated disruptions to Port employees and the operating QTA. Savings through this proposed amendment are estimated to exceed \$500,000. Though the work will be done under the QTA contract, the PACR budget will fund the electrical infrastructure relocation costs being added by this amendment (\$3,029,012).

Second, the building permit process extended five months past its expected May completion date. This resulted in five months of non-productive time, less-than-optimal weather conditions for construction, and considerable administrative effort (and associated overhead costs) to resolve the permit impasse. As a result, Hoffman incurred additional costs of \$604,785, and the Port and its consultant teams were also impacted.

Lastly, there have been numerous smaller work scope modifications and unforeseen conditions encountered on the site, totaling \$657,383. Hoffman also performed work associated with the new Travel Center that is located adjacent to the transportation provider hold lot; these costs (\$36,452) will be paid by the Travel Center developer.

These changes and permit delays have postponed completion of the QTA project from September 2017 to February of 2018.

**AMENDMENT AUTHORITY**

The Port's Contract Review Board Rule No. 9.3(a)(2) allows the Port to amend an existing public improvement contract to add work outside the scope of the original contract and increase the price by more than \$500,000, without conducting a new procurement, when: (i) the work can be performed by the contractor at a cost below what the Port estimates it would cost if a contract for that work were awarded through a separate competitive solicitation; and (ii) the amendment has been approved by the Commission. As stated above, the Port expects to save more than \$500,000 by amending the Hoffman QTA contract to complete the work resulting from these changes. The Commission's approval of this agenda item will confirm the amendment authority provided under this rule, and grant the contracting authority to award the amendment.

**AMENDMENT TERMS**

All terms of the QTA project public improvement contract awarded in January 2016 will apply to the work performed under this amendment. Staff has negotiated a not-to-exceed amount of

PUBLIC IMPROVEMENT CONTRACT AMENDMENT – RENTAL CAR QUICK TURN-AROUND FACILITY – PORTLAND INTERNATIONAL AIRPORT  
 January 11, 2017  
 Page 3

\$4,327,632 for the additional QTA project work scope and the delay impacts. This proposed amendment increases the negotiated construction price of the QTA public improvement contract to \$62,587,050.

**PUBLIC IMPROVEMENT CONTRACT SUMMARY**

	<b><u>Contract Value</u></b>	<b><u>QTA Budget</u></b>
Original contract amount (QTA project)	\$52,406,784	\$52,406,784
Amendment 1: CUP chiller addition	*\$5,852,634	
<b>Current Contract Amount</b>	<b>\$58,259,418</b>	<b>\$52,406,784</b>
 <b><u>Proposed Amendment</u></b>		
PACR work scope addition	*\$3,029,012	
Travel Center work scope addition	*\$36,452	
QTA work scope and permit delay costs	<u>\$1,262,168</u>	\$1,262,168
<b>Amendment total</b>	<b>\$4,327,632</b>	
<b>New proposed contract amount</b>	<b>\$62,587,050</b>	<b>\$53,668,952</b>

\* CUP, Travel Center and PACR amendments funded from other sources.

**SCHEDULE**

Conceptual Design	September 2014 – June 2015
Final Design	July 2015 – January 2016
Commission action (grant exemption from competitive bidding)	June 2015
Public improvement contractor selection process	June 2015 – October 2015
CMGC pre-construction services	November 2015 – December 2015
Commission action (approve award of public improvement contract)	January 2016
<b>Public improvement contract amendment</b>	<b>January 2017</b>
Construction	March 2016 – February 2018



**PROJECT RISKS**

Risk: Additional delays from severe winter weather for tasks originally scheduled during the fall.

Mitigation Strategy:

- Use additional crews and overtime during mild weather periods to minimize impacts.

Risk: Delaying the essential PACR infrastructure relocation until 2018 would cost an additional \$500,000 and cause substantial disruptions to rental car company tenants and Port employees.

Mitigation Strategy:

- Construct improvements under the QTA project contract as proposed in this amendment.

**BUDGET**

	<b><u>January 2016</u></b>	<b><u>January 2017</u></b>
Public improvement contract	\$52,406,784	\$53,668,952
Consultant design services	\$3,723,000	\$4,000,000
Port staff/contracted services	\$4,620,216	\$5,143,741
Contingency	<u>\$5,000,000</u>	<u>\$4,500,000</u>
<b>Total project</b>	<b>\$65,750,000</b>	<b>\$67,312,693</b>

The contingency above, representing 6.7 percent of the project budget, is considered adequate for this project at this stage of development. The original budget contingency was reduced by \$500,000 to recognize the completion of the employee parking and transportation provider hold lots.

QTA project costs are funded by the Port through the Customer Facility Charge program.

**EXECUTIVE DIRECTOR'S RECOMMENDATION**

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to amend the existing public improvement contract with Hoffman Construction Company for the Rental Car Quick Turn-Around Facility Project at Portland International Airport, 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.

**COLLECTIVE BARGAINING AGREEMENT – MARINE FACILITY MAINTENANCE**

---

January 11, 2017

Presented by: Blaise Lamphier  
Labor Relations Manager**REQUESTED COMMISSION ACTION**

This agenda item requests approval of a five-year collective bargaining agreement between the Port of Portland (Port) and the District Council of Trade Unions (DCTU), representing the 20 Port employees who perform maintenance at the Marine terminals.

**BACKGROUND**

On February 29, 2016, the Port and the DCTU began bargaining for a new contract to replace the agreement that would expire on June 30, 2016. On December 19, 2016, after holding 15 bargaining sessions, the parties reached a tentative agreement. On December 22, 2016, the DCTU confirmed that the covered employees had ratified the tentative agreement.

Key terms of the changes to this agreement are outlined below:

Term of agreement: July 1, 2016, through June 30, 2021.

Wages: Effective retroactive to July 1, 2016, a three percent (3.0%) increase in base wages. All employees who are in a pay status as of the ratification date shall be eligible for retroactive pay subsequent to Commission approval of this Agreement.

Effective July 1, 2017, an increase in base wages of a minimum of two and one-quarter percent (2.25%) to a maximum of four percent (4.0%) based on the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), Portland-Salem Second-Half index, reported in January or February 2017. This figure represents the movement in the index from July through December 2015, to July through December 2016.

Effective July 1, 2018, an increase in base wages of a minimum of two and one-half percent (2.50%) to a maximum of four percent (4.0%) based on the CPI-W, Portland-Salem Second-Half index, reported in January or February 2018. This figure represents the movement in the index from the period of July through December 2016, to July through December 2017.

Effective July 1, 2019, an increase in base wages of a minimum of two and three-quarter percent (2.75%) to a maximum of four percent (4.0%) based on the CPI-W, Portland-Salem Second-Half index, reported in January or February 2019. This figure represents the movement in the index from the period of July through December 2017, to July through December 2018.

COLLECTIVE BARGAINING AGREEMENT – MARINE FACILITY MAINTENANCE

January 11, 2017

Page 2

Effective July 1, 2020, an increase in base wages of a minimum of two and three-quarter percent (2.75%) to a maximum of four percent (4.0%) based on the CPI-W, Portland-Salem Second-Half index, reported in January or February 2020. This figure represents the movement in the index from the period of July through December 2018, to July through December 2019.

Health and Welfare: Effective January 1, 2018, medical, dental and vision plans provided under the Preferred Provider Organization (PPO) plan and the Health Maintenance Organization (HMO) plan will be the same plans and benefits that were provided to administrative employees as of January 1, 2017. Effective January 1, 2018, the PPO plan will be a high-deductible plan.

Effective January 1, 2018, the Port will establish Health Savings Accounts (HSAs) for employees who elect the high-deductible PPO plan and make contributions on the employees' behalf in accordance with a schedule that mirrors the schedule established for administrative employees begun in January 2015, including additional contributions for employees who successfully complete Port wellness activities as determined by the Port. Employees who elect the high-deductible PPO plan but are not eligible for an HSA under IRS regulations, will receive equivalent contributions into a Health Reimbursement Account (HRA).

For calendar years 2018, 2019, 2020 and 2021, the Port will pay the entire amount of its contributions to HSAs during the first full pay period in January of those respective years.

Employees who enroll in the HMO plan will not receive a contribution to HSAs or HRAs. For calendar years 2018, 2019, 2020 and 2021, employees enrolled in the HMO plan who successfully complete Port wellness activities as determined by the Port, will receive the same premium discount provided to administrative employees enrolled in the HMO plan who successfully complete Port wellness activities.

Upon being newly hired or during annual enrollment thereafter, employees may opt out of the Port's medical, dental and vision plans at their own choosing upon written notification to the Employer via a Health Application and Change Form.

Sick Leave: Effective the first full pay period after Commission approval, two (2) additional sick leave days will be added to the banks of the employees.

Effective the first full pay period of the 2017-2018 fiscal year, employees will accumulate sick leave at a rate of twelve (12) days per year with no limit to accumulation.

COLLECTIVE BARGAINING AGREEMENT – MARINE FACILITY MAINTENANCE

January 11, 2017

Page 3

Vacation: Effective the first full pay period after Commission approval, the accrual rate for employees with a 10- through 14-year length of service will be changed from 18 days per year to 20 days per year.

Effective the first full pay period after Commission approval, the accrual rate for employees with a 20- through 24-year length of service will be changed from 20 days per year to 22 days per year.

Critical Illness & Accident Plans: As soon as is practical, employees will be provided an employee-only \$5,000 critical illness policy and an employee-only accident plan at the Port's expense. Employees may purchase additional elective coverage for the employee and their eligible dependents at the employee's expense.

Disability Insurance: Employees will be placed on the same short-term disability plan as administrative employees as soon as is practical.

Lump Sum: A \$750 lump sum bonus (grossed up) will be paid to employees who are on the Port's payroll on the date of ratification of this agreement. This payment will be made in the first full pay period subsequent to Commission approval.

Alcohol & Controlled Substances: The Port's "A Workplace Free from Alcohol and Controlled Substances" policy (No. 7.3.05), as revised on July 1, 2015, was incorporated into the agreement.

Estimated Financial Impact (new dollars): The average annual cost increase per employee for wages and benefits is expected to be approximately \$4,457 (3.26%). The anticipated cumulative annual increases over the last contract year of the prior collective bargaining agreement, as well as the anticipated aggregate total, are as follows:

Contract Year	Year-Over-Year Increase	Year-Over-Year Cumulative Increase Over Base Year
Year 1	\$106,297	\$106,297
Year 2	\$57,687	\$163,984
Year 3	\$68,370	\$232,354
Year 4	\$101,980	\$334,334
Year 5	\$111,402	\$445,736
Total Increase:		\$1,282,705

**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 collective bargaining agreement with the District Council of Trade Unions for a five-year agreement beginning July 1, 2016, setting forth wages, fringe benefits and working conditions, 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.