



AGENDA  
Regular Commission Meeting  
Port of Portland Headquarters  
7200 N.E. Airport Way, 8<sup>th</sup> Floor  
June 13, 2018  
9:30 a.m.

---

**Minutes**

Approval of Minutes: Regular Commission Meeting – May 9, 2018

**Executive Director**

Approval of Executive Director's Report – May 2018

**Public Comments**

**General Discussion**

Portland International Airport Concessions Update

*CHRIS CZARNECKI*

Terminal 4 Update

*JESSICA HAMILTON*

**Consent Items**

1. ESTACADA ENTERPRISE ZONE REAUTHORIZATION *EMERALD BOGUE*  
Requests consent to a reauthorization of the Estacada Enterprise Zone located within Port of Portland boundaries.
2. COLUMBIA CASCADE ENTERPRISE ZONE REAUTHORIZATION *EMERALD BOGUE*  
Requests consent to a reauthorization of the Columbia Cascade Enterprise Zone, located within Port of Portland boundaries.
3. UNDEVELOPABLE LAND EXCHANGE AGREEMENT WITH METRO – SMITH & BYBEE LAKES AND GOVERNMENT ISLAND *KEN ANDERTON*  
Requests approval to exchange approximately 283 acres of Port-owned undevelopable land within the Smith & Bybee Lakes Natural Area for approximately 200 to 220 acres of undevelopable land on Government Island owned by Metro.

**Action Items**

4. PUBLIC IMPROVEMENT CONTRACT – RUNWAY 13R-31L REHABILITATION PHASE 1 AND 2 – HILLSBORO AIRPORT *CHRIS EDWARDS*  
  
Requests approval to award a public improvement contract to Kodiak Pacific Construction Co. for construction of the Runway 13R-31L Rehabilitation Phase 1 and 2 project at Hillsboro Airport.
  
5. ADDITIONAL FUNDING FOR MAINTENANCE SERVICES – HARBOR INDUSTRIAL SERVICES CORPORATION – MARINE TERMINAL 6 *JEFF KRUG*  
  
Requests approval to authorize the expenditure of additional funds under an existing Maintenance Services contract with Harbor Industrial Services Corporation.

**ESTACADA ENTERPRISE ZONE REAUTHORIZATION**

---

June 13, 2018

Presented by: Emerald Bogue  
Regional Affairs Manager**REQUESTED COMMISSION ACTION**

This agenda item requests consent to a reauthorization of the Estacada Enterprise Zone located within Port of Portland (Port) boundaries, to provide an incentive to encourage existing or new companies to invest and create jobs within the zone.

**BACKGROUND**

The Enterprise Zone program was enacted by the Oregon Legislature in 1985. In the 2005 legislative session, the statute for the Enterprise Zone program, ORS 285C.065, was changed to require the governing bodies of port districts to consent by resolution to Enterprise 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. Since then, the Port Commission routinely receives requests from jurisdictions as they move forward with Enterprise Zone re-designations and/or boundary changes.

The Enterprise Zone program allows a 100 percent property tax abatement for up to five years on new qualified capital assets of eligible businesses within the enterprise zone boundary. Land, existing structures and existing machinery and equipment are not eligible for the abatement. State program requirements include: increasing employment by 10 percent, or one job, whichever is greater; maintaining minimum employment levels during the abatement period; and entering into a "First Source Hiring Agreement" with Worksource Oregon, an agreement by the employer to use the Oregon Employment Department through Worksystems, Inc., as its first source from which to hire qualified candidates before hiring from other sources.

The Estacada Enterprise Zone was originally established in 2008. The program continues to assist local companies with expansion opportunities as well as provide a key business recruitment tool for the community. The Estacada Enterprise Zone program results include: \$4,165,258 in assessed value and 29 new jobs to date.

**FINANCIAL IMPACT**

Under the current levy, the Port will forgo approximately \$0.0701 per \$1000 of future assessed value until the end of the exemption period of each participating company (i.e., three-to-five years). The impact on Port property tax revenue is expected to be minimal. For example, foregone tax revenue to the Port is approximately \$8,763 over a five-year period on a \$25 million investment. Upon completion of the exemption period, the property will be fully taxed. The reauthorization is planned to go before the Estacada City Council with a request for approval on June 11, 2018. The City of Estacada has requested that the Port provide a resolution consenting to this reauthorization.

ESTACADA ENTERPRISE ZONE REAUTHORIZATION

June 13, 2018

Page 2

**EXECUTIVE DIRECTOR'S RECOMMENDATION**

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That the Port of Portland Commission consents to a request by the City of Estacada to the reauthorization of the Estacada Enterprise Zone, located within the Port of Portland district boundaries; 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.

**COLUMBIA CASCADE ENTERPRISE ZONE REAUTHORIZATION**

---

June 13, 2018

Presented by: Emerald Bogue  
Regional Affairs Manager**REQUESTED COMMISSION ACTION**

This agenda item requests consent to a reauthorization of the Columbia Cascade Enterprise Zone, located within Port of Portland (Port) boundaries, to provide an incentive to encourage existing or new companies to invest and create jobs within the zone.

**BACKGROUND**

The Enterprise Zone program was enacted by the Oregon Legislature in 1985. In the 2005 legislative session, the statute for the Enterprise Zone program, ORS 285C.065, was changed to require the governing bodies of port districts to consent by resolution to Enterprise 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. Since then, the Port Commission routinely receives requests from jurisdictions as they move forward with Enterprise Zone re-designations and/or boundary changes.

The Enterprise Zone program allows a 100 percent property tax abatement for up to five years on new qualified capital assets of eligible businesses within the enterprise zone boundary. Land, existing structures and existing machinery and equipment are not eligible for the abatement. State program requirements include: increasing employment by 10 percent, or one job, whichever is greater; maintaining minimum employment levels during the abatement period; and entering into a "First Source Hiring Agreement" with Worksource Oregon, an agreement by the employer to use the Oregon Employment Department through Worksystems, Inc., as its first source from which to hire qualified candidates before hiring from other sources.

The Columbia Cascade Enterprise Zone was originally established in 2007 for the Cities of Troutdale and Fairview, and the boundary was expanded in 2008 to include Wood Village. The program continues to assist local companies with expansion opportunities.

Columbia Cascade program results include: five authorizations for business investments totaling over \$300 million, creating 1,400 new jobs in the three cities. The zone has supported the retention and expansion of local firms such as Pressure Safe, LLC, as well attracting large facilities from FedEx and Amazon.

Each city has its own local requirements, which include a minimum investment of \$1 million for new construction, and \$2 million for extended five-year abatements in Wood Village and Fairview. The sponsor cities have also adopted local requirements for full-time wages and benefits, training and advancement opportunities, and local procurement plans.

## COLUMBIA CASCADE ENTERPRISE ZONE REAUTHORIZATION

June 13, 2018

Page 2

### **FINANCIAL IMPACT**

Under the current levy, the Port will forgo approximately \$0.0701 per \$1000 of *future* assessed value until the end of the exemption period of each participating company (i.e., three-to-five years). The impact on Port property tax revenue is expected to be minimal. For example, foregone tax revenue to the Port is approximately \$8,763 over a five-year period on a \$25 million investment. Upon completion of the exemption period, the property will be fully taxed. The Fairview City Council will consider a resolution to re-designate the zone on June 20, and the Wood Village and Troutdale city councils on June 26. The three cities have requested that the Port provide a resolution consenting to this reauthorization.

### **EXECUTIVE DIRECTOR'S RECOMMENDATION**

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That the Port of Portland Commission consents to a request by the Cities of Troutdale, Fairview and Wood Village to the reauthorization of the Columbia Cascade Enterprise Zone, located within the Port of Portland district boundaries; 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.

**UNDEVELOPABLE LAND EXCHANGE AGREEMENT WITH METRO – SMITH & BYBEE LAKES AND GOVERNMENT ISLAND**

---

June 13, 2018

Presented by: Ken Anderton  
Sr. Manager  
Real Estate Development

**REQUESTED COMMISSION ACTION**

This agenda item requests approval for the Port of Portland (Port) to exchange approximately 283 acres of Port-owned undevelopable land within the Smith & Bybee Lakes Natural Area (Natural Area) in the Rivergate Industrial District (Port Parcels). The exchange is for approximately 200 to 220 acres of undevelopable land on Government Island owned by Metro (Government Island Parcels) in the Columbia River (Metro Parcels). The range in acreage size is due to a discrepancy in acreages between GIS tax lot information, county records and maps; this is typical of waterfront properties due to shoreline shift, erosion, accretion, flooding, fill, etc. At closing, the Port will convey the Smith & Bybee Parcels to Metro and in exchange, Metro will convey the Government Island Parcels to the Port. In addition, the Port and Metro will execute an intergovernmental agreement related to Metro’s future management of certain remaining Port-owned property within the Natural Area.

**BACKGROUND**

Staff from both the Port and Metro have, for some time, explored the possible land exchange of the Port Parcels for the Metro Parcels. The exchange would consolidate each of the agencies’ respective ownership of property at the Smith & Bybee Lakes Natural Area and Government Island, simplify each agency’s administration and site management, and provide the Port with new mitigation credit opportunities. Although the Port Parcels and Metro Parcels are not of equal size, the fair market value of the properties are roughly equivalent (the Port Parcels appraised at \$425,000, and the Metro Parcels appraised in the range of \$395,000 to \$439,000 depending on the acreage differentials described above). There would be no cost to the Port associated with the transaction (other than administrative costs such as filing fees and a title insurance premium). There would also be no increase in land management costs post-closing.



UNDEVELOPABLE LAND EXCHANGE AGREEMENT WITH METRO – SMITH & BYBEE LAKES AND GOVERNMENT ISLAND

June 13, 2018

Page 2

Description of Port Parcels and the Smith & Bybee Lakes Natural Area

The Port Parcels comprise approximately 283 acres within the Natural Area. The entire Natural Area consists of approximately 2,100 acres of land. The Port, Metro and the City of Portland each own parcels. Metro is the majority landowner in the Natural Area and manages the Natural Area in accordance with an adopted and approved Comprehensive Natural Resources Plan (CNRP). The Port has no strategic interest in owning or managing the Port Parcels as they are highly constrained with wetlands, City of Portland conservation code overlays, and use limitations imposed by the CNRP. As such, the Port Parcels are considered undevelopable. Following the closing of the transaction, the Port will retain ownership of a limited number of parcels within the Natural Area that are currently administered by the Port as mitigation sites. As part of closing, the Port and Metro will enter into an intergovernmental agreement for Metro's management of the residual Port-owned properties within the Natural Area pursuant to the CNRP.

Description of Metro Parcels and Government Island

The Port currently owns and manages approximately 2,000 acres of Government Island (Island) constituting the vast majority of the Island. The Port manages this property as a natural area. The Port's holding includes significant Port mitigation sites (Jewett Lake and the Government Island Grasslands), as well as public recreation areas managed by the Oregon Parks and Recreation Department (OPRD) under an intergovernmental agreement with the Port. The Metro Parcels are located on the eastern/upriver portion of the Island and are the only property on the Island not owned by the Port. Metro does not actively manage the Metro Parcels. This situation is problematic for the Port because the Metro Parcels are a source of invasive species and are not subject to camping and recreation control under OPRD's current agreement with the Port.

**LAND EXCHANGE TERMS**

Property:	Approximately 280 Smith and Bybee acres for approximately 200 Government Island acres.
Exchange information:	The Port will convey the Smith and Bybee Parcels to Metro, and in exchange Metro will convey the Government Island Parcels to the Port.
Due diligence period:	180 days
Intergovernmental Agreement:	At closing, the parties will enter into an intergovernmental agreement to clarify and formalize Metro's future management of the remaining Port holdings within the Natural Area pursuant to the CNRP.



UNDEVELOPABLE LAND EXCHANGE AGREEMENT WITH METRO – SMITH & BYBEE  
LAKES AND GOVERNMENT ISLAND

June 13, 2018

Page 3

**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 land exchange agreement with Metro to exchange the Port Parcels, comprised of approximately 280 acres in the Smith & Bybee Lakes Natural Area for the Metro Parcels, comprised of approximately 200 acres on Government Island, 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 land exchange agreement and any documents necessary to consummate the transaction contemplated by the land exchange agreement on behalf of the Port of Portland Commission in a form approved by counsel.

**PUBLIC IMPROVEMENT CONTRACT – RUNWAY 13R-31L REHABILITATION PHASE 1  
AND 2 – HILLSBORO AIRPORT**

---

June 13, 2018

Presented by: Chris Edwards  
Engineering Project Manager**REQUESTED COMMISSION ACTION**

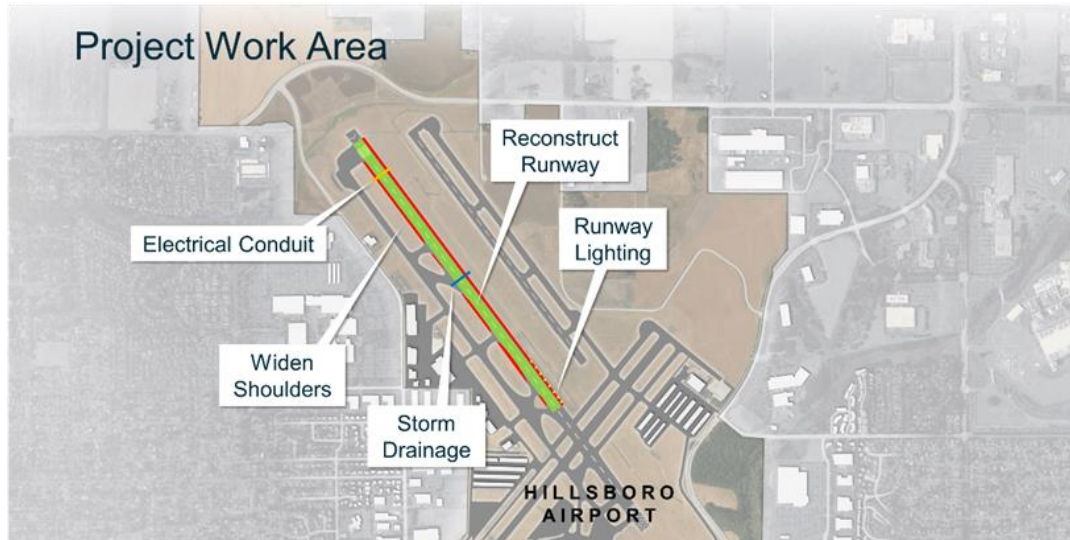
This agenda item requests approval to award a public improvement contract to Kodiak Pacific Construction Co. for construction of the Runway 13R-31L Rehabilitation Phase 1 and 2 project at Hillsboro Airport (HIO) in the amount of \$13,832,698.

**BACKGROUND**

Runway 13R/31L is the main runway at HIO at 6,600 feet in length, and serves a number of key regional stakeholders and tenants. The current runway asphalt surface is more than 25 years old and is beyond its planned structural life. As such, severe “alligator” cracking along with smaller cracks have developed throughout a significant portion of the runway surface.

The Runway 13R/31L project was originally planned as a mill and inlay pavement rehabilitation in 2014, but a subsequent geotechnical investigation identified that the runway needed a full-depth pavement reconstruction. However, the cost and operational impacts of a full reconstruction were too significant for the Port of Portland (Port) and Federal Aviation Administration (FAA) to proceed with the project at that time. Through a collaborative process with the FAA, these impacts were mitigated in part by a phased construction approach. The runway rehabilitation was originally planned for 2016, but with the phased approach the project will now start in 2018.

The project will use funding from FAA Airport Improvement Program (AIP) grants in 2018 and in 2019 to construct both Phase 1 and Phase 2 (the north and mid-runway sections, respectively, for a total of 4,600 linear feet) in 2019. This approach requires the project to be awarded in 2018 to utilize the initial AIP grant. This approach also helps minimize impacts to HIO tenants and operations by completing all construction within one year.



### **CONTRACT SCOPE OF WORK**

This project includes the following key scopes of work:

- Remove existing asphalt pavement
- Reconstruct mid and north runway in asphalt pavement
- Widen shoulders to 20 feet
- Replace lighting and electrical system
- Replace storm drainage
- Site grading
- Restore pavement markings

This work is intended to provide a 20-year service life.

### **SCHEDULE**

Preliminary design	December 2014 – November 2016
Design	February 2017 – April 2018
<b>Commission approval (award public improvement contract)</b>	<b>June 13, 2018</b>
Construction	June 2019 – September 2019

## **CONTRACT SOLICITATION**

### **Solicitation Results**

The Port procured this public improvement contract utilizing a competitive sealed bidding solicitation under Oregon Revised Statutes, Chapter 279C. The solicitation was advertised on April 18, 2018, and bids were opened on May 15, 2018. Kodiak Pacific Construction Co. submitted the lowest responsive bid. The bids were as follows:

Kodiak Pacific Construction Co.	\$13,832,698
Goodfellow Bros., Inc.	\$13,997,704
K&E Excavating, Inc.	\$14,287,623
Kerr Contractors Oregon, Inc.	\$14,781,697

### **Small Business Participation**

Because the Port received some federal funding for the project, the Port set a disadvantaged business enterprise (DBE) program participation goal for this contract. Based on an availability analysis, the DBE participation goal was eight percent of the total amount bid. The lowest responsive bid identified a 8.01 percent participation level. DBE includes firms certified by Oregon or Washington as socially or economically disadvantaged in accordance with U.S. Department of Transportation regulations.

## **RISKS**

Risk: Operational impacts

Mitigation Strategies:

- Develop phasing plans to minimize disruptions
- Coordinate with tenants to relocate during construction
- Ongoing coordination with FAA Air Traffic Control and other affected stakeholders

Risk: Unsuitable excavation could increase cost

Mitigation Strategies:

- Limit amount of work to subgrade and use mechanical stabilization
- Include plan details for use in case of over-excavation

**BUDGET**

<b>Public improvement contract (construction)</b>	<b>\$13,833,000</b>
Equipment pre-purchase	\$190,000
Personal services contract (design)	\$1,300,000
Port staff and contracted services	\$2,695,000
Contingency	\$1,795,000
Total budget	\$19,813,000

The contingency, representing 10% of the project cost, is considered reasonable given the risk profile for the project and the complexity of the work site.

The project costs will be funded by the Port Cost Center, which is comprised primarily of revenues from the Port's public parking, rental car and ground transportation operations at its airports.

As stated above, the Port also expects some of the project costs to be funded by AIP grants.

**EXECUTIVE DIRECTOR'S RECOMMENDATION**

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to award a public improvement contract for the Runway 13R-31L Rehabilitation Phase 1 and 2 project at Hillsboro Airport to Kodiak Pacific Construction Co., 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.

**ADDITIONAL FUNDING FOR MAINTENANCE SERVICES – HARBOR INDUSTRIAL SERVICES CORPORATION – MARINE TERMINAL 6**

---

June 13, 2018

Presented by: Jeff Krug  
Director, Marine Operations**REQUESTED COMMISSION ACTION**

This agenda item requests approval to authorize the expenditure of additional funds under an existing Maintenance Services contract with Harbor Industrial Services Corporation (Harbor) in the amount of \$30 million. These additional funds will be used to support Terminal 6 (T6) business activities and operations by providing labor to maintain T6 cranes and other associated rolling stock equipment, as well as furnish operating labor for gate and rail yard operations.

**BACKGROUND**

In January 2015, the Port of Portland (Port) Commission approved a Maintenance Services contract with Harbor to provide crane mechanical services and other services using International Longshore Warehouse Union (ILWU) labor at T6. The term of the contract was for an initial four years, with Port options to extend the contract for three, one-year terms. At the time of Commission approval in January 2015, and based predominantly on crane maintenance cost trends, it was projected that the Port would spend approximately \$2 million per year on services with Harbor.

After the departure of International Container Terminal Services, Incorporated as the terminal operator in 2017, the Harbor contract was amended under delegated authority to clarify language in the agreement that authorized Harbor to provide labor and management for other in-scope services that are not specific to crane mechanical maintenance and update rates for such services. Pursuant to that amendment, Harbor currently provides ILWU labor to operate the truck gate, planning and placement of containers in the T6 container yard, loading and unloading containers to BNSF rail cars, and mechanical services to maintain cranes and other rolling stock equipment. These services are presently needed to support the existing Swire Shipping vessel calls and BNSF rail service levels at T6, and additional similar services will be needed in connection with scaling existing business and any future expanded terminal operations.

Based on the scope and extent of Harbor services and potential need for additional services associated with future business growth at T6, Port staff forecasts future Harbor service expenses of approximately \$10 million per year. To cover anticipated labor needs over the next three-year period, staff requests Commission approval to increase the authorized expenditure under the Harbor contract for additional in-scope services in the amount of \$30 million. Port staff anticipates that these expenditures will largely be covered by rates and charges paid by Swire Shipping, BNSF and other users of T6.

ADDITIONAL FUNDING FOR MAINTENANCE SERVICES – HARBOR INDUSTRIAL SERVICES CORPORATION – MARINE TERMINAL 6

June 13, 2018

Page 2

**BUDGET**

Original Contract Amount (\$2 million per year)	\$8,000,000
Three, One-Year Options (\$10 million per year)	<u>\$30,000,000</u>
New Contract Total	<b>\$38,000,000</b>

This contract is funded by the Port's General Fund.

**EXECUTIVE DIRECTOR'S RECOMMENDATION**

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to authorize the expenditure of additional funds under an existing Maintenance Services contract with Harbor Industrial Services Corporation in the amount of \$30 million, 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.