



AGENDA
Regular Commission Meeting
Port of Portland Headquarters
7200 N.E. Airport Way, 8th Floor
March 8, 2017
9:30 a.m.

Minutes

Approval of Minutes: Regular Commission Meeting – February 8, 2017

Executive Director

Approval of Executive Director's Report – February 2017

Award Presentation

Annual Compass Award Proclamation

General Discussion

Port of Portland's 2017 State Government Agenda

KATHRYN WILLIAMS

Action Items

1. APPROVAL OF ADVISORY GROUP THAT WILL RECOMMEND FINALISTS TO THE COMMISSION FOR THE ROLE OF EXECUTIVE DIRECTOR
JIM CARTER
Requests approval of the members of the Advisory Group that will recommend finalists to the Port of Portland Commission for the role of Executive Director.
2. JANITORIAL SERVICES CONTRACT – VARIOUS PORT OF PORTLAND FACILITIES
CRAIG JOHNSEN
Requests approval to award a new janitorial services contract to Portland Habilitation Center, Inc., for services at various Port of Portland facilities.
3. TERMINATION OF TERMINAL 6 LEASE
KEITH LEAVITT
Requests approval of the termination of the Terminal 6 lease to ICTSI Oregon, Inc., a wholly-owned subsidiary of International Container Terminal Services, Inc., by entering into a termination agreement.

APPROVAL OF ADVISORY GROUP THAT WILL RECOMMEND FINALISTS TO THE COMMISSION FOR THE ROLE OF EXECUTIVE DIRECTOR

March 8, 2017

Presented by: Jim Carter
Port Commission President**REQUESTED COMMISSION ACTION**

This agenda item requests approval of the members of the Advisory Group that will recommend finalists to the Port of Portland (Port) Commission for the role of Executive Director, as described in the procedures, standards, criteria and policy directives for hiring the Port of Portland's Executive Director approved by the Commission on February 8, 2017 (the "Hiring Plan").

BACKGROUND

The Hiring Plan listed the following four members of the Commission that will serve on the Advisory Group: Tom Tsuruta, Patricia McDonald, Michael Alexander and Robert Levy. The Hiring Plan provided that the Port officers would determine the Community Stakeholders that will serve on the Advisory Group. The Port officers have identified the following Community Stakeholders to serve as members of the Advisory Group: Andrew Colas, Andrea Durbin, Katherine Lam, and John Mohlis. On February 14, 2017, the bios of each member (attached here as Exhibit A) were posted on the Port's website as a Supplement to the February 8, 2017 agenda item regarding the Hiring Plan.

OFFICERS' RECOMMENDATION

The Port of Portland Commission Officers recommend that the following resolution be adopted:

BE IT RESOLVED, That the Port of Portland Commission hereby approves the appointment of the following eight persons to serve as the Advisory Group that will interview candidates and recommend finalists to the Commission for the role of Executive Director, as provided in the Hiring Plan presented to the Commission: Tom Tsuruta, Patricia McDonald, Michael Alexander, Robert Levy, Andrew Colas, Andrea Durbin, Katherine Lam and John Mohlis.

**SUPPLEMENT TO AGENDA ITEM 5, EXHIBIT A - ADVISORY GROUP AND
COMMISSION ACTION - FROM THE PORT OF PORTLAND COMMISSION MEETING
DATED FEBRUARY 8, 2017, FOR THE PURPOSE OF NOTIFYING THE PUBLIC OF THE
ADVISORY GROUP MEMBERS DETERMINED IN ACCORDANCE WITH THE DULY
APPROVED PORT COMMISSION AGENDA ITEM**

(February 14, 2017)

**Advisory Group Bios
Port of Portland Executive Director Search**

Port of Portland Commissioners

Michael Alexander: Before retiring in April 2015, Michael (Mike) Alexander served as the President and CEO of the Urban League of Portland. A seasoned healthcare industry leader, he made great strides in restoring fiscal discipline to Urban League operations, reconnecting with key business and foundation partners and re-engaging the organization's base of supporters. Alexander has served in executive roles at Regence BlueCross BlueShield of Oregon, Magellan Behavioral Health, and Aetna and served as founding Chair of the Cambia Foundation. Alexander is a graduate of Lewis University in Romeoville, IL and Bryn Mawr College Graduate School of Social Work and Social Research in PA.

Bob Levy: Owner-operator of L&L Farms and a partner in Windy River Farms. Levy currently serves as a Director on Oregon Business Council; Chair of the Westland Irrigation District; and board member of the Cunningham Sheep Company. Past activities include: Founding member of Farmers Ending Hunger; serving on Governor Kulongoski's transition team; Oregon Department of Agriculture, Board Member and Chairman. Levy is an Oregon State University graduate with an M.S. in Agriculture Economics.

Patricia (Pat) McDonald: Vice President of Human Resources and Director of the Intel Talent Organization at Intel Corporation. She leads a global organization aiming to make Intel's diverse talent a major strategic advantage. Since joining Intel in 1986 as a summer intern, McDonald has held a wide range of engineering, manufacturing and management positions, including Vice President and Plant Manager of Fab 20 in Hillsboro, Oregon. In this role, she led 1,800 employees to achieve record quality and cost commitments for Intel's chipset business. McDonald earned a bachelor's degree in chemical engineering from Oregon State University.

Tom Tsuruta: Adjunct Professor at Marylhurst University and Senior Advisor to AEON Co. Ltd. From 1990 to 2010, Tsuruta served as Executive Vice President and General Manager of AEON USA, Inc., a Japanese-based retailer comprising around 300 consolidated subsidiaries and 26 equity-method affiliated companies ranging from convenience stores and supermarkets, to shopping malls and specialty stores, including Talbots. Tsuruta has served on the Talbots, WWRE, Agentrics and AEON USA boards. He received a B.A. in English from Daito Bunka University in Tokyo and his J.D. from Northwestern School of Law at Lewis and Clark College.

Community Stakeholders

Andrew Colas: President and COO of Colas Construction. Andrew Colas became a member of COLAS in June 1999, serving as an apprentice to his father in the field. Upon completion of his degree from the Lundquist College of Business at the University of Oregon, Colas formally joined the company full-time. Colas currently leads the business development and operations teams at COLAS.

Andrea Durbin: Executive Director of Oregon Environmental Council. Before moving to Oregon, Andrea worked as an independent consultant based in Brussels, Belgium and Washington, DC, focused on establishing environmental and social standards for the financial sector. In Washington, DC, she worked as a senior manager for national environmental organizations. Durbin received her degree from the University of Washington, has completed Harvard's Executive Management Program and has taken courses in Harvard's Negotiation Program.

John Mohlis: Before retiring in September 2016, John served as Executive Secretary of the Oregon State Building and Construction Trades Council, an umbrella organization for approximately 30,000 union construction workers in Oregon. Mohlis served three terms on the mayor-appointed Portland Development Commission. John Kitzhaber named him "team leader" of his Economic Development transition team after he was elected governor in 2014. Mohlis also has served on the Management-Labor Advisory Committee on workers' compensation, the Oregon State Apprenticeship Council, the Community Investment Initiative Leadership Council, and the Oregon Energy Facility Siting Council, to name a few.

Katherine Lam: President and Owner of Bambuza Hospitality Group. Lam's husband, Daniel Nguyen, and his mother Lan Quach, founded Bambuza Vietnam Bistro in Seattle in 2002 after deciding that they wanted to start an authentic Vietnamese restaurant inspired by family recipes. Over the years, Lam, who is from Bien-Hoa, Vietnam, worked in the kitchen alongside Quach, refining those original recipes and developing her own with a made-from-scratch philosophy. Bambuza Hospitality Group has five Bambuza restaurants serving the greater Portland area, including one on Concourse C at PDX. Lam received her MBA from Marylhurst University.

JANITORIAL SERVICES CONTRACT – VARIOUS PORT OF PORTLAND FACILITIES

March 8, 2017

Presented by: Craig Johnsen
Purchasing Manager
Contracts & Procurement**REQUESTED COMMISSION ACTION**

This agenda item requests approval to award a new janitorial services contract to Portland Habilitation Center, Inc. (PHC), for services at various Port of Portland (Port) facilities including Hillsboro Airport; Troutdale Airport; Marine Terminals 2, 4 and 6; Marine Facilities Maintenance; the Navigation office; and the Portland International Airport (PDX) food court.

BACKGROUND

Oregon law requires the State of Oregon to maintain a list of nonprofit agencies that operate in the interest of individuals with disabilities, and that are qualified to provide certain services to public agencies. These nonprofit agencies are known as “qualified rehabilitation facilities” (QRFs). When a public agency intends to procure a service that a QRF provides, the agency must procure the service from a QRF, at pricing regulated by the State.

PHC is a QRF. The Port has contracted with PHC for janitorial services since 1996 under two different contracts. PHC employs more than 110 workers at Port facilities, including site managers and supervisors. One contract is for services at PDX (except the food court) and the Port Headquarters building (HQ). The other contract is for services at various Port facilities other than PDX and HQ, plus the PDX food court. This agenda item relates to the latter contract.

The current contract for these services took effect in 2007 and expires on March 31, 2017. PHC remains the only QRF that can provide the services in accordance with the Port’s specifications. PHC’s pricing compares favorably with market prices for similar services.

SCOPE

- Provide janitorial services including custodians, supervisors, managers, equipment and supplies at designated facilities.
- Deice/remove snow on sidewalks and entrances.
- Wash windows and provide dusting.
- Maintain a Port-approved quality assurance program.
- Notify the Port of all defective conditions found.

Location-specific task orders will also contain extensive cleaning standards and other performance measures. PHC must continually meet all such requirements.

CONTRACT TERM

The contract will have a seven-year term, effective April 1, 2017 and expiring on March 31, 2024.

BUDGET

Funding is allocated from various departmental budgets. The total annual contract cost for these services is approximately \$762,000, based on the current list of locations and the negotiated cleaning schedules. Costs typically increase about two to three percent annually. Staff do not anticipate significant increases in the current work scope during the contract life, but Commission approval will be sought for any contract amendment which exceeds the Executive Director's delegated contracting authority.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to award a janitorial services contract to Portland Habilitation Center, Inc., for services at various Port of Portland facilities, 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.

TERMINATION OF TERMINAL 6 LEASE

March 8, 2017

Presented by: Keith Leavitt
Chief Commercial Officer**REQUESTED COMMISSION ACTION**

This agenda item requests approval of the termination of the Terminal 6 lease to ICTSI Oregon, Inc. (ICTSI Oregon), a wholly-owned subsidiary of International Container Terminal Services, Inc. (ICTSI), by entering into a termination agreement.

BACKGROUND

ICTSI Oregon leases Terminal 6 under a 25-year lease approved by the Port of Portland (Port) Commission May 12, 2010 (Lease). While the operation was successful during the first year, commencing the summer of 2012, productivity and labor relations deteriorated significantly and had a critical effect on the retention and expansion of carrier service. By 2015, both major carriers, Hanjin and Hapag Lloyd, ceased calling Terminal 6, and by May 2016, Westwood Shipping followed suit, leaving Oregon and Northwest shippers without direct service. The underlying issues between International Longshore and Warehouse Union (ILWU) and ICTSI Oregon continue to be litigated and resolution is likely to take several years.

In late 2016, the Port and ICTSI Oregon began discussions of a mutual agreement to terminate the Lease in a way that would allow the Port the financial and operational resources to pursue future business, while relieving ICTSI Oregon of its long-term lease obligations. The recommended terms of termination, below, represent the result of that negotiation and provide the best opportunity for the Port to seek a return of business to Terminal 6. The important terms are as follows:

- ICTSI Oregon will pay the Port \$11.45 million in cash on or before closing.
- ICTSI Oregon will transfer at no cost to the Port all rolling stock, spare parts, tools and equipment at Terminal 6, valued at \$8-10 million, along with a few contracts.
- ICTSI Oregon will surrender any claim for reimbursement of Prepaid Rent.
- ICTSI Oregon will abandon all claims in dispute resolution for repayment of prior reimbursements under the Lease.
- ICTSI Oregon will vacate the terminal by March 31, 2017.
- ICTSI Oregon will continue to comply with the Lease through termination and the Port will have the ability to inspect ICTSI Oregon's continued compliance.
- The Port, ICTSI Oregon and parent ICTSI will execute a mutual release of claims under the Lease.

TERMINATION OF TERMINAL 6 LEASE

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The Port has performed a preliminary inspection and inventory of the terminal and property that will be transferred to it and has assured itself that all is in order.

Port staff believes that execution of a termination agreement containing these terms is in the best interests of the Port and the regional economy. It is staff's judgment that it presents the best opportunity to open a new path to define the future of Terminal 6 and launch new strategies to bring the terminal back to life.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to terminate ICTSI Oregon, Inc.'s, lease of Terminal 6 by entering into a termination agreement consistent with the terms presented to the Port of Portland 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.