

**MINUTES
REGULAR COMMISSION MEETING
THE PORT OF PORTLAND
November 13, 2013**

In response to due notice, the regular meeting of the Commissioners of the Port of Portland was held at 9:30 a.m. in the Chinook conference room of the Port's administrative offices located at 7200 NE Airport Way.

QUORUM

Commissioners present were Jim Carter, President, presiding; Peter Bragdon; Tom Chamberlain; Diana Daggett; Bruce Holte; Bob Levy; Linda Pearce; Paul Rosenbaum and Tom Tsuruta. Also present were Bill Wyatt, Executive Director, participating staff members and members of the public.

Commissioner Carter noted that a change was made to Port Ordinance 448. Under section 2.16, the sentence, "In the event the Transaction Day includes two different months or Port Fiscal Years, the transaction shall be considered to have taken place during the time it commenced" was deleted. He also noted that the collection of CFCs will commence on January 15, 2014, not January 10 as noted in the agenda item (i.e., Item No. 4, introduced later in the proceedings).

MINUTES

Commissioner Carter called for a motion to approve the minutes of the Regular Commission Meeting of October 9, 2013. Commissioner Rosenbaum moved to approve the minutes. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Daggett, Holte, Levy, Pearce, Rosenbaum and Tsuruta voted in favor of the motion.

EXECUTIVE DIRECTOR'S REPORT

Bill Wyatt said that the Port Commission receives the formal Executive Director's report in the packet that is sent out prior to the Commission meeting. He said that he uses this opportunity to make general comments about the events of the last month.

Mr. Wyatt observed that the Port celebrated Veterans Day with a slide show that ran all day in the headquarters atrium, honoring the men and women of the Port who have served their country. He said we have 90 employees who have served in the Armed Forces of the United States.

Mr. Wyatt said that during the past month, he spent 20 of 30 days in Asia meeting with ocean carriers. He said that while he was in Asia, the Port received the news from Hanjin Shipping that they would be leaving Portland the first of the year. Mr. Wyatt said that Hanjin is part of the CKYH alliance, which includes: China Ocean Shipping; K-Line; Yang Ming and Hanjin. He said that Hanjin uses their vessels to call Portland and the other carriers buy slots on the Hanjin vessel in order to serve shippers in this market. He said that Hanjin and CKYH have been part of the Portland container market for more than 20 years and they have a very loyal customer base.

Mr. Wyatt said that it has been well documented in the media that Hanjin has experienced significant increases in costs here, due in large part to the dramatic reduction in productivity at Terminal 6. He said that at the end of the day, productivity determines the costs; terminal

operators make their money by the container and they incur their expense by the hour; if productivity goes down, the cost of handling each container goes up. Mr. Wyatt said ICTSI, the container terminal operator, has reflected that increase in costs to the carriers.

Mr. Wyatt said that he is not pointing fingers, merely stating a reality that is easy to document. He said we are going to spend a considerable amount of time working with the various parties to see if we can find a way to resolve this because he is deeply concerned that if Hanjin leaves, replacing them will be very difficult. Mr. Wyatt said that he is sad to say that Portland has developed an international reputation on the subject of productivity because it has been widely covered in the international maritime press. He said that he can attest to this as he has attended the shipping conferences and talked with carriers and others in the trade who are well aware of the challenges and problems we have been confronting.

Mr. Wyatt said that he did meet with the senior executives of Hanjin at the World Shipping Summit in Ningbo, China. He said that while they are not happy about the dramatic increase that ICTSI has passed on to them, they made the direct correlation between terminal productivity and the cost increase. Mr. Wyatt said that they had a very direct and clear message – this has to be fixed for them to consider either staying or returning to Portland, and they need to see tangible evidence that all parties in this dispute acknowledge that. Mr. Wyatt said that this was a helpful message because we had not previously had this clear and direct communication from the carriers; now we do.

Mr. Wyatt said that Hanjin likes being in Portland and the evenly-balanced market, and they would like to stay if they can afford to do so. He said that this gives him hope that we do have a future in this business, but in order to have that future we will have to do everything possible to resolve the conflicts which have been at the center of this dispute.

Mr. Wyatt said that *Travel + Leisure World's Best Awards* reader poll ranked Portland International Airport (PDX) the nation's best airport. He said PDX ranked first overall, second for design and shopping and third for food. Mr. Wyatt said PDX was also recognized by the Airport Council International for our food donation program. He said that working through St. Vincent DePaul, unused, high-quality food is gathered from the airport concessionaires and approximately 1,500 nutritional meals a month are distributed to families and individuals in need.

Mr. Wyatt said that enplanements at PDX continue to grow beyond our forecast. He noted that Thanksgiving week is setting up to be a big week and our estimates show that on our biggest day, Wednesday, we expect nearly 50,000 passengers. Mr. Wyatt said that the media is fond of coming to PDX during the holidays to talk about the enormous crowds, but the truth is that just about any weekday during the summer will beat any day, holiday or not, during the winter.

Mr. Wyatt said that we are working diligently on the South Rivergate Overcrossing project. He said the Port has spent 30 years in the Rivergate area eliminating transportation-related conflicts. He said that we have an enormous rail network out there and whenever rail and road meet, unless there is some kind of grade related infrastructure, you end up with conflicts. Mr. Wyatt said that there is a tremendous amount of truck activity in Rivergate, so we have been slowly building grade separations to eliminate those conflicts. He said that this is the last major grade separation remaining in Rivergate. He said that the Port applied for a Tiger Grant, but was unsuccessful; we are working with the City of Portland to secure local funds to begin the work.

Mr. Wyatt said that we have been working with a variety of partners on a study to look at transportation infrastructure within Washington County. He said that companies like Intel need efficient and reliable access to get their cargo to PDX. He said that the Port was eager to see what kind of improvements would be necessary to guarantee the kind of access that is required in order for computer and electronic companies to maximize their production. He said that this was a great study and allows us to focus our efforts on the precise improvements that will have the maximum bang for the buck.

Mr. Wyatt said that the Port has been working closely with the State of Oregon on industrial land certification. He said the idea was to certify as many sites as possible that are at or close to being shovel ready. He said that the Port has two of those properties; Gresham Vista Business Park and Troutdale Reynolds Industrial Park. Mr. Wyatt said this is a big challenge in the region because we have an undersupply of industrial land to begin with, but it is further challenged when that industrial land is needed, but not available.

Commissioner Tsuruta asked about Hanjin's decision to leave Portland and if one could construe that they are looking for other ports or locations where productivity is higher. He also asked why productivity at Terminal 6 is not where it should be.

Mr. Wyatt said that Hanjin is not looking at other ports of call to replace Portland, but proposing to drop the Portland call from its current service route. Mr. Wyatt said that possibly a third of the Portland cargo would go away because it is too costly to transport it from the Puget Sound. He said the remainder of the cargo would likely be trucked up to the Puget Sound and distributed among other carriers. Mr. Wyatt said that Hanjin would love to keep that cargo, but the shippers have the option to use other carriers and could do so to get a more competitive rate. Mr. Wyatt said the idea that there is another port competing for this stop is not accurate, though he noted that the Port of Seattle is offering incentives to have Hanjin bring the Portland cargo to Seattle.

Mr. Wyatt said the idea of offering financial incentives to carriers is not unique; it is happening all up and down the West Coast.

Mr. Wyatt said that the primary reason for the decline in productivity at Terminal 6 is a dispute about jurisdiction. He noted that productivity is easy to measure on the West Coast, because the employer group, Pacific Maritime Association, publishes the metrics.

Commissioner Carter said that the *Travel + Leisure* award is no small accomplishment and congratulated Mr. Wyatt. He said with respect to the marine issues, it takes the attention and participation by all parties to make something happen and he encourages that.

Commissioner Carter called for a motion to approve the Executive Director's Report. Commissioner Tsuruta moved to approve the Executive Director's Report. Commissioner Levy seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Daggett, Holte, Levy, Pearce, Rosenbaum and Tsuruta voted in favor of the motion.

PUBLIC COMMENT

Floyd Sandoval, a security officer for HSS, addressed the Commission regarding organizing efforts by HSS security officers and security concerns. He said the employees' concerns are not new to HSS, but HSS fails to take action. Mr. Sandoval said that since the organizing effort began, HSS has addressed some of their concerns, but not all. He said that he and his coworkers have several major concerns about security issues at PDX; they expect the training to be

consistent and ongoing, and the officers should be provided with the equipment necessary to perform their job. Mr. Sandoval said he is here because he wants a good job and affordable health insurance for his family. He said he takes pride in his work and knows that HSS can do better.

Will Layng, Property Services Organizing Director for Service Employees International Union (SEIU) Local 49, said their analysis shows that turnover for HSS officers at PDX is 37 percent a year, which is too high for the critical and ongoing nature of the work that the officers do. He said that at the San Francisco airport, turnover for outsourced security officers decreased by 75 percent after improved standards for airport contractors were approved and security officers formed a union. Mr. Layng said that in Portland, HSS has refused requests by SEIU Local 49 and HSS officers to join with other large security contractors by working with them to raise standards in the industry. Mr. Layng said he is here to ask the Port to choose a responsible contractor for its outsourced security contractor at PDX and consider its options to work with a responsible contractor through the RFP process.

Mike Lanam, Sr. Vice President of HSS, said that HSS has set the standard for all security companies in retention rates, pay and benefits, health care and training. Mr. Lanam addressed the complaints made by the security officers and SEIU. He said that they take a great deal of pride in setting a good employee environment; HSS conducts three employee satisfaction surveys per year, and when issues come up, they are brought directly to him and they are addressed immediately. Mr. Lanam said that they have a great relationship with every other union, but he believes SEIU is taking an aggressive approach on the heels of an upcoming contract. Mr. Lanam said the assertion that HSS will not meet with SEIU is false; he said he met with SEIU in Portland regarding working with the industry to improve pay and benefits for security officers across the nation. Mr. Lanam said HSS pays higher than many of SEIU's contracts and the retention rate noted is due to the seasonality of the work. Mr. Lanam said HSS sent the security officers a bulletin letting them know they are free to make their own choice and they will not interfere with that, but a legitimate process needs to be used.

Dave Martz, HSS Program Manager at PDX, provided an overview of the training program at HSS. He said that the training program is very comprehensive and includes extensive classroom and on-the-job training for every new security officer. Mr. Martz said no security officer is assigned to work a post without first being qualified through a testing process. He said all training is post-specific. Mr. Martz said the officers are instructed to notify their supervisor or manager if they have any questions or concerns about any policy.

Ron McDonald said that his job is to assess and increase employee engagement at HSS. He said that he would like to address the allegation of a work environment that is intimidating or coercive. Mr. McDonald said that in May of this year, an independent auditor conducted a survey at PDX, which included an assessment of what employees thought about management, their supervisor and HSS. He said the results of that survey indicated 93-97 percent of employees feel that their managers support them, they feel respected, there is two-way communication and their ideas are acted on. Mr. McDonald said the notion that there is a fear of speaking up or talking to management is not correct.

Patrick Scully, HSS outside labor counsel, said that he began his career at the National Labor Relations Board and was previously a union attorney. He said that he has seen a lot of organizing campaigns, and in this organizing effort they are experiencing an attempt to get a top down organizing drive, card check specifically, which HSS views as undemocratic. He said that

HSS favors a secret ballot process. Mr. Scully said with respect to the allegations presented, they did have allegations and they were resolved and withdrawn from the SEIU and an agreement was signed. Mr. Scully said HSS does not discriminate against its employees and they do not support harassment or coercion. He said that HSS respects and supports an environment of free choice, and that is the environment he has seen.

Commissioner Chamberlain said that up until 1948, card check was the norm for union elections. He said there are large employers throughout the country that recognize card check as an election process, so to say it is not a fair election process is counter to everything he has learned in his 40 years in the labor movement.

Commissioner Carter thanked everyone for their comments. He said that he appreciated their willingness to talk candidly about a situation that is obviously very critical to each side.

Attached to the minutes is testimony and background information provided by representatives of HSS and SEIU prior to the Commission meeting.

GENERAL DISCUSSION

Fiscal Year 2013 Financial Performance

Cindy Nichol, Chief Financial Officer, presented a high-level overview of the Fiscal Year 2013 financial performance, focusing on the Port's two major financial components: the General Fund and PDX. She also walked the Commission through the key line items of our statement of revenues and expenses, drilling down to the net income line.

Ms. Nichol said that our operating revenue was approximately \$12 million below our adopted budget for FY2013; we had a budget of \$62 million with actuals of \$50 million. She said most of that was due to \$11 million in budgeted land sales that did not occur. Ms. Nichol said that the operating expenses (excluding depreciation) were also under budget by approximately \$7 million; the primary driver was the land sales that did not take place.

Ms. Nichol said the General Fund had a \$14.5 million net loss in FY2013, which is about \$5.5 million worse than the budgeted net loss of \$8.9 million. Ms. Nichol said that the ongoing challenges with the Port's General Fund make it clear why programs like ConnectOregon are critical to help fund future capital needs.

Ms. Nichol said that with all the negative net income numbers, the Commission may be wondering how much money is in the General Fund bank account. She said the General Fund working capital actual, also known as the bank account, is \$153 million, of which \$118 million is obligated to pay for capital projects, significant environmental liabilities and management-restricted reserves.

Ms. Nichol said that on the Aviation side, passenger traffic is the single biggest business driver for revenue at PDX and for FY2013; we had 14.7 million passengers, an increase of nearly 5.6 percent from FY2012. She said that total revenues increased three percent over FY2012 due to increased rental car and parking revenues, and ended the year in line with the adopted budget. Ms. Nichol said that PDX operating expenses increased \$2 million over the prior year. She said that actual operating expenses were \$4 million lower than the FY2013 adopted budget, due to lower allocated support service expenses and an ORANG reimbursement for South Runway repairs.

Ms. Nichol said that the bottom line for PDX is that in FY2013, we had \$6 million net income for the airport, down \$3 million from FY2012 and significantly better than our budgeted \$4 million net loss. Ms. Nichol also briefly discussed the working capital balances for PDX as well as Passenger Facility Charge collections and provided a summary of the Federal awards received by the Port.

External Audit

Ms. Nichol introduced the Port's auditors from PricewaterhouseCoopers (PwC): Mike MacBryde, Partner; and Belinda Watters, Managing Director.

Mr. MacBryde said that PwC has issued clean reports for the Port's financial statements, Passenger Facility Charges report, as well as the A-133 awards reports.

Mr. MacBryde said that from a risk perspective, PwC is mandated to look at management overriding controls and fraud risk in revenue as a significant risk. He said that they are required to do specific procedures to seek and detect material instances fraud, and they are not aware of any. Mr. MacBryde noted the risks considered normal, and said just because they view them as normal does not mean they do not audit them.

Ms. Watters discussed the testing procedures used when auditing Cash and Investments, which represents approximately 25 percent of the Port's assets. She said no exceptions were noted as a result of their testing. Ms. Watters said that PwC spent a great deal of time testing Revenue and Receivables, given revenue is a presumed significant risk. She said that there were no exceptions noted. Ms. Watters also reviewed the procedures used when auditing other significant audit areas such as environmental liabilities, and no exceptions were noted.

Mr. MacBryde said that PwC looked at the Port's internal control framework to ensure they were properly designed and in place. He said they found no material weakness or significant deficiencies, and he continues to consider the internal controls and processes to be very sound.

Mr. MacBryde said that an important component to PwC's audit is the use of the Port's internal audit staff. He said that they found the Port's internal audit personnel to be both objective and competent.

Mr. MacBryde briefly reviewed the required communications and summarized the results of the audit. He said that PwC has no control deficiencies or uncertainties to report. He said there were no disagreements with management, they had full and unfettered access to the Port's books and records, and Port staff was cooperative.

CONSENT AGENDA

No presentation was made of the following agenda items, which were brought before the Commission as part of the Consent Agenda.

Agenda Item No. 1

APPOINTMENT AND DESIGNATION OF ASSISTANT SECRETARIES

BE IT RESOLVED, That effective November 13, 2013, Bill Wyatt, Cynthia A. Nichol, Pamela Thompson, Ian Whitlock 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.

Agenda Item No. 2

THE HOLLAND, INC., RESTAURANT LOCATION CHANGE – PORTLAND INTERNATIONAL AIRPORT

BE IT RESOLVED, That approval is given to amend The Holland, Inc.'s, lease agreement to change the leased premises location from the Oregon Market Food Court to Concourse D at Portland International Airport; 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.

Following the reading of the titles of the Consent Agenda by Commissioner Carter, Commissioner Holte moved that the Executive Director's recommendations be approved and Commissioner Levy seconded the motion. The motion was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Daggett, Holte, Levy, Pearce and Tsuruta voted in favor of the motion. Commissioner Rosenbaum was not present for the vote.

ACTION ITEMS

Agenda Item No. 3

DONATION TO KRISTA KOEHL SCHOLARSHIP FUND

This agenda item requested approval to donate Port of Portland funds to a scholarship fund established in memory of former Port General Counsel Krista Koehl.

Bill Wyatt presented his recommendations as follows:

BE IT RESOLVED, That the Port of Portland is authorized to donate \$20,000 to the Krista Koehl Scholarship fund at the Lewis & Clark College of Law; and

BE IT FURTHER RESOLVED, That the Executive Director or his designee is directed to work with representatives of the Krista Koehl Scholarship fund to see that the scholarship recognizes the role Krista served at the Port of Portland and that, to the fullest extent possible, the scholarship promotes the maritime, shipping, aviation, commercial and industrial interests of the Port; 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.

Commissioner Carter called for a motion to approve the Executive Director's recommendations. Commissioner Bragdon moved that the Executive Director's recommendations be approved. Commissioner Chamberlain seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Daggett, Holte, Levy, Pearce and Tsuruta voted in favor of the motion. Commissioner Rosenbaum was not present for the vote.

Agenda Item No. 4

FIRST READING AND PUBLIC HEARING – PORT OF PORTLAND ORDINANCE NO. 448 – ESTABLISHING A CUSTOMER FACILITY CHARGE ON RENTAL CAR TRANSACTIONS COMMENCING AT THE PORTLAND INTERNATIONAL AIRPORT TO FUND RENTAL CAR RELATED PROJECTS, PROGRAMS AND RELATED EXPENSES

This agenda item requested a first reading and public hearing on proposed Port of Portland Ordinance No. 448 to authorize establishment of a Customer Facility Charge (CFC) on rental car transactions commencing at Portland International Airport to fund rental car-related projects and programs. Once approved, collection of CFCs will commence on January 15, 2014.

David Pfeiffer read Port Ordinance No. 448 by title only.

Avis Budget Group submitted a letter in support of Port Ordinance No. 448, which is attached.

PUBLIC HEARING

Commissioner Carter opened a public hearing for purposes of taking testimony on the proposed Port of Portland Ordinance No. 448.

Hearing no comments, Commissioner Carter closed the public hearing and noted that no action was required at this time. He said that Port Ordinance No. 448 will be brought back before the Commission for a second reading and request for enactment at the December 11, 2013, meeting.

The meeting adjourned at 11:08 a.m.

President

Assistant Secretary

Date Signed

An audio recording of these proceedings and the full Commission agenda is available by contacting the Port of Portland administrative offices, 7200 N.E. Airport Way, Portland, Oregon 97218.

Floyd Sandoval Port Commission statement 11/13/13

Good Morning President Carter and members of the Port Commission.

My name is Floyd Sandoval. I am a security officer, currently employed by HSS security at PDX Airport. I have worked in the security industry for 9 years, 5 for HSS at PDX. My last position was monitoring access to Yongsan Army Garrison in Seoul, South Korea.

As HSS security officers, we provide security for one marine terminal (T5), the perimeter of the Aircraft Operating Area (AOA), the airport terminal loading dock, midfield checkpoints, international flights, escorting of non-badged individuals, and we conduct inspections of vendors, bags, and employees in sterile areas of the airport.

I'm here because my coworkers and I want to organize a union to have a voice in our working conditions, and to speak up about security concerns.

Our concerns are not new to HSS. Each year, HSS performs onsite and online surveys where we've raised these issues for years, but they've failed to take action. When word got out that HSS officers wanted to form a union, a manager from their corporate office in Denver flew in to question HSS security officers to determine who was supporting the union effort. He asked officers while on duty at their workstation, and called them at home, to find out who supported unionizing and who did not. HSS management placed memos criticizing unions, union supporters and union activities at our workstations. Officers feel their job is in jeopardy if they express positive views about forming a union.

Since we've started talking about organizing a union, HSS addressed some of our concerns, but many of our concerns have not been addressed. We want the company to respect our right to form a union so we can have a way to speak up about past problems as well as those that will come up in the future.

My coworkers have several major concerns about security issues at PDX. I will detail some of those that I feel comfortable discussing in a public setting.

As security officers, we have expectations as to what we need to be able to perform our profession. HSS does not live up to our expectations.

I expect our training to be consistent, and ongoing. Instead, trainings are conducted by the officer who is working at any given time. Important details can be left out, especially if the officer conducting the training does not know the post well. Some training, and procedure, will be different depending on who does the training. Officers have faced discipline for performing duties that were called for in their written procedures.

I expect that policies and procedures should be accessible. At the Security Identification Display Area gates (SIDA), a major duty that is expected of us is not included in our procedure. Replacement officers often failed to perform this important task. After repeatedly asking our management to create a memo on the duty, HSS finally gave approval for an officer to leave a hand written note at our desk.

Finally, I expect that I will be provided the equipment necessary to perform my job. For months, our HSS-provided phones failed to make calls or dropped communications. Most often, we used our personal cell phones. Even the chairs we use are breaking. Our chairs are picked up from discarded furniture in the annual fall cleanup.

In the end, I'm also here because we want good jobs. Having a good job means being able to afford health insurance for my family. My wife has a chronic medical condition that requires medication, and neither of us is getting any younger. Health care isn't an option for us, it is a necessity. On the wages I make, though, I struggle to afford health insurance. I took a part time job, on top of my full time position with HSS, and still struggle to make ends meet.

A good job means fair pay. I make \$11.77 per hour, having received 3 small raises since 2009. HSS officers perform a variety of TSA functions, sometimes working only a few feet away from TSA officers. In spite of working 5 years with HSS, I am making \$3 an hour less than a TSA officer makes on their first day.

I take pride in my work, and I enjoy doing my job. I know that HSS can do better.

Will Layng Port Commission statement 11/13/13

Good morning President Carter and members of the Commission, my name is Will Layng, I'm the Property Services Organizing Director for Service Employees International Union Local 49 in Portland.

Our local union represents over 10,000 private sector workers, many of whom work for janitorial and security contractors in the Portland metro area. SEIU is the second largest union in North America with 2.1 million members, nationally we are the largest union for Property Services workers, the largest union for Health Care workers, and the second largest union for workers in the Public Sector.

The Port of Portland has since 2009 contracted with Hospital Shared Services (HSS) to provide security at vendor, construction, and employee entrances to the airport, at the NSIDA and SSIDA gates, and on the buses that bring international passengers to the terminal. Our analysis shows that turnover for HSS officers at PDX is 37% a year, which is too high for the critical and ongoing nature of the work that these officers do. An Institute of Finance and Management study in 2011 said that security firms with over 25% turnover are "suffering an unusually high rate of personnel churn".

At the San Francisco airport turnover for outsourced security officers decreased by 75% after improved standards for all airport contractors were approved in 2003 and security officers formed a union. HSS took over that security contract at SFO at the beginning of this year and recognized the security officers' union there.

Just last week HSS Security Officers at Denver International Airport ratified their first ever union contract after a long campaign to win the union. Officers in Denver were concerned about some of the same issues that Floyd spoke to earlier but now those officers have a permanent way to improve security, raise standards, and turn around a dead end industry. In both San Francisco and Denver, HSS has worked together with their officers to become a responsible union contractor.

In Portland, unfortunately, HSS has refused requests by SEIU Local 49 and HSS officers to join with other large security contractors by working with us to raise standards in the industry.

I am here today to ask the Port to choose a responsible contractor for its outsourced security contractor at Portland International. A responsible contractor is one that works with its employees to help raise industry standards for security services, safety, training, wages and health care. There are two ways that the Port could work with a responsible contractor:

1. HSS could agree to join the other large security firms that are committed to raising standards, or

2. The Port could choose to work with a different contractor from our list of responsible contractors. I have included our combined janitorial and security responsible contractor list in materials to be presented to the Commission.

I understand that the current contract for HSS will go out to bid through an RFP process in the near future. I urge the Port consider its options to work with a responsible contractor through the RFP process.

Thank you for your time

Randi Ippolito Port Commission statement 11/13/13

Good morning President Carter and members of the Commission, my name is Randi Ippolito, I work for ABM Security at a large office building complex in Portland on night shift from 11pm-7am. I've been with ABM Security for a year and half. Being a union security officer has helped us improve our jobs and provide security in several ways, I'd like to bring one of them to your attention:

At my current work site I use a golf cart provided by the building management to monitor the buildings since the complex is about a mile long from one end to the other. When I started working that site the cart had significant issues with bare wires exposed, bald tires, broken headlights and windshield wipers, no horn, brakes that didn't work in wet conditions, and couldn't hold a charge for long. We have to cross city streets to perform our duties so we were facing significant personal risks and danger just to do our jobs.

The unsafe cart also created more security issues. Two of our key roles at the site are supplying contractor access to our buildings and escorting tenants that request our help getting to their vehicles after hours. The lack of a functioning cart meant that the inability to get around the facility could potentially put our buildings and tenants at greater risk because our response time was slower and our transport was not dependable.

These issues with the golf cart had been brought up to our managers and documented numerous times for years with no improvements.

In May of this year around 500 low wage security officers ratified our first ever union contract covering officers working at many of the most high profile buildings in the Portland metro area, including City Hall, the World Trade Center, and Trimet. We organized for better pay and benefits but even more to win respect for the work that we do. Security officers are often the "first first responders" to emergencies in the buildings, and we play a critical role in disaster response and emergency preparedness.

Nationwide our union is organizing thousands of security officers as part of the "Stand for Security" campaign to raise standards for these hard working security officers, many of whom are veterans.

I'm so proud to have helped in the effort to win our first contract. We are already making significant improvements in how we carry out our work. Since my coworkers and I were so concerned about the golf cart, I submitted a report documenting all of the issues with the cart to ABM Security in my role as a union member and made sure they knew why we needed a better cart to do our jobs effectively. The company started repairing and improving the cart the next day.

Because I had my union to support me I was able to get a longstanding problem at my job resolved. There's power in numbers and we are now able to work with our companies as real partners to make critical improvements.

The site is more secure now because we can move faster and respond quicker than before. We have contractors doing construction right now. One contractor needed a certain key to access a locked part of the building. He let me know and I was able to get the key quickly and get back to my post. Also when our tenants are working late they often call to ask to be escorted to their cars. Having the cart means that I can get to our tenants quicker, ensure they are safe, get them to their vehicle, and get back to my post or my night time rounds securing the property.

Thank you for your time.

Background of HSS SEIU Interactions and Relevant Notes

SEIU began their solicitation of HSS Security Officers assigned to PDX in early 2013. During the time SEIU has attempted to organize HSS officers they tried several questionable tactics including;

- **Showing up uninvited to officers homes late at night (sometimes as late as 9-10 PM) with 2 or 3 representatives of SEIU in the attempt to solicit membership to SEIU and sign Union cards**
- **Calling the officers personal home phones and cell phones multiple times during the day and night to solicit membership and sign Union cards**
- **Approaching security officers on duty or while in the airport parking lot to sign Union cards.**
- **On recent occasions, SEIU has shown up at the terminal of the airport with several 'representatives' of SEIU (all but 2 were not HSS employees) and demanded an immediate meeting with HSS management. HSS politely responded by advising that we will always be available to meet with our employees, at their request, at the earliest opportunity.**

Because of these above described individual tactics and personal approaches of the officers at home and work, many of the officers have complained that they were intimidated into signing union cards that were not fully explained to them. They also complained that they did not fully understand how the Union was going to use the cards to claim that they were representing them. Many of the employees now would like to rescind the cards and have the cards returned to them. It is our understanding that SEIU refuses to provide information on how the officers might have the cards returned to them and many fear continued harassment if they ask for their return.

The local SEIU has told the HSS security officers that they will increase their pay and benefits and training if they join SEIU. Unfortunately SEIU did not tell the security officers at Portland that HSS already provides better pay, benefits and training than what is provided by many SEIU contracts in the Portland area.

HSS takes a great amount of pride in leading the security industry in training. The training for security officers for their assignment at the airport is very comprehensive. Besides the extensive in class room and 'on-the-job' training provided to every newly employed security officer prior to being assigned to a security post, HSS provides mandatory quarterly training and ongoing training throughout the year. Each officer is tested on their knowledge of the post they are assigned on a monthly basis. They are also instructed to immediately notify their supervisor and manager if they have any questions or concerns about any policy or procedure for the post they are assigned. No security officer is assigned to a post without first being qualified for it through a testing process.

As you also may be aware every quarter, corporate representatives including the HSS program manager, HSS Director and Vice President of the company meet with all employees for feedback on their training and to answer any other questions or concerns from the employees. Every quarter a survey is distributed to all employees. The survey provides an opportunity for the employees to anonymously evaluate their management and supervisory team, the training, equipment and their work environment. Those surveys show high support of HSS as a corporation, the local management team and supervisors .

In addition every year HSS provides an independent audit conducted by a well-respected aviation security professional. The audit includes a thorough review of all training records. Employees and supervisors are personally interviewed for their perceptions of the quality and thoroughness of the

training they receive. Post orders are evaluated to ensure that they properly articulate the security officer's duties.

SEIU asserts that the turnover of HSS employees at the Airport is abnormally high. In fact the HSS turnover of employees is comparatively much lower than that of companies similar to HSS, some of which have Union representation.

Recently, HSS management met with SEIU representatives. Any suggestion that HSS has not met with and talked to SEIU is misleading and not true. In fact HSS has met with SEIU organizers in person and had at least 2 additional telephone conversations with them. SEIU has demanded that HSS accept 'card check' as a means of authorizing their representation of security officers assigned to PDX. They claim that they are working with the Airport and Port Authorities to make the entire airport a union environment, without exception. They suggest that HSS will have no choice in the matter and have made it clear that they intend to use the upcoming contract as a means to further their strategy and their organizing efforts. HSS advised SEIU that their recent solicitation of cards was viewed by many of the employees as misleading, coercive and intimidating at best.

During a recent conversation with SEIU, HSS advised its local union representatives that they should follow the process established by the National Labor Relations Board (NLRB) to seek representation if that is what the employees desired. It should be noted that at the same time SEIU espouses the protections of the NLRB, SEIU has not initiated a process with the NLRB that would allow them to be recognized as representatives of the security officers.

In closing I would like to assure you that HSS will continue to provide professional security services in partnership with the Port of Portland and the airport. We will endeavor to do our best to assure that the SEIU organizing activities do not affect our primary mission of providing outstanding security services that enhance your customer's experiences.

Contractors at PDX should provide family-wage jobs that reflect our community's values & good jobs that Portland can be proud of.

HSS at PDX

Reports from HSS officers¹ and analyses of Port of Portland data highlight eight problem areas in HSS's execution of its perimeter and airfield security contract with the Port

1. High turnover

According to its contract with the Port, HSS "must provide a reliable and consistent work force with a low turnover rate." HSS, however, has had an annual turnover rate of 37 percent² since January 2010. According to the Institute of Finance and Management, "[Security] Organizations who experience turnover of more than 25 percent should be aware that they are suffering an unusually high rate of personnel churn."³



“Front-line security officers are critical to keeping the airport safe and secure. We shouldn't have to fear that our job is in jeopardy if we speak up.”

FLOYD SANDOVAL
HSS OFFICER

2. Malfunctioning communications equipment

HSS's contract says, "utilizing its own equipment, Contractor shall provide reliable radio communications between security guards at different sites and locations." HSS officers report, however, that the "push-to-talk" system HSS uses is unreliable, cuts out frequently, and drops communications.

3. Limited training

- Ongoing training is limited
- New officers are sometimes trained by coworkers, without a clear training protocol
- Some officers are assigned to new posts with insufficient training specific to that post

4. Atmosphere of intimidation

HSS has created an intimidating anti-union atmosphere: HSS has flown in an anti-union labor relations representative specifically to dissuade officers from forming a union and conducted anti-union meetings, one-on-one meetings, and interrogations on Port property regarding union activity. These may be violations of the "Oregon Captive Audience Law."⁴

5. Lack of protective gear

HSS is required to provide officers complete uniforms for all weather conditions. However, HSS officers report that the company provides low-quality rain gear that often fits improperly, does not keep officers warm, restricts normal movement, and is labeled as a possible carcinogen.

CONTINUED ON BACK



READ THE WHITEPAPER ON AIRPORTS AND POVERTY-WAGE JOBS HERE:
<http://www.airportworkersunited.org/why-poverty-wages-dont-fly-for-airport-workers/>

6. Unclear instructions

Some post orders are incomplete; some posts are managed with unwritten rules; some written directives are contradicted by verbal instructions.

7. Compensation fails to meet the triple-bottom-line challenge

HSS officers' pay and benefits are falling behind industry standards.

- HSS officers' compensation falls below the cost of living. The average wage-earner in Multnomah Co. has to earn at least \$18.31 to pay for basic expenses,⁵ and HSS officers earn only \$11.77 per hour.
- HSS pay hasn't kept up with inflation. Officers have received only \$0.77 in raises since the contract began in Feb. 2009, representing a seven percent increase, while inflation has gone up 10 percent.⁶
- Officers have gone to work while ill because they have no dedicated paid sick leave.
- HSS's rate increases to the Port must reflect "actual increases in Contractor's cost to perform the work required." Over the last five years, however, the amount HSS has charged the Port has gone up by nearly nine percent, while officer pay has increased only seven percent.



“As a union security officer, I'm glad to have a permanent voice in how to improve safety and security where I work.”

RANDI IPPOLITO
ABM SECURITY OFFICER

8. Poor maintenance of facilities may be compromising security and safety

- The glare-reducing material on the glass at one gate is so damaged that it is difficult to see through.
- Air conditioning, portable toilets, and furniture are poorly maintained.



“The wages we make are not sustainable. When my rent went up by \$20 a month, I had to move across the river from Oregon to Washington. I'm organizing a union so my wages keep up with the cost of living.”

BARBARA MOORE
HSS OFFICER

ENDNOTES

1 All information in this flyer comes from HSS officers, unless otherwise attributed.

2 Based on PDX badge data, Port of Portland.

3 Benchmarks: Contract Security Officer Turnover Rates. Institute of Finance and Management, 2011. http://www.iofm.com/content/resources/Contract_Officer_Turnover.pdf. Accessed Nov. 4, 2013.

4 ORS 658, SB 519 (2009)

5 The most recent US Census data indicates the average family size in Multnomah County is 3.03. According to a study by MIT, the living wage in Multnomah County for two adults with one child is \$18.31.

“Profile of General Population and Housing Characteristics: 2010 - Multnomah Co.” American FactFinder, US Census Bureau. Accessed October 30, 2013. http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=DEC_10_DP_DPDP1.

Massachusetts Institute of Technology, and Amy K. Glasmeier. “Living Wage Calculator - Living Wage Calculation for Portland City, Multnomah County, Oregon.” Poverty in America. Accessed October 30, 2013. <http://livingwage.mit.edu/places/4105159000>.

6 Based on CPI increase from Feb. 2009 to Sep. 2013, WorkSource (Oregon Employment Dept.) Consumer Price Index (CPI) Calculator, <http://www.qualityinfo.org/olmisi/>, accessed Nov. 5, 2013.

November 7, 2013

Pamela Thompson
Executive Secretary
Board of Commissioners of the Port of Portland
7200 N.E. Airport Way, 8th Floor
Portland, OR 97218

RE: Proposed Ordinance #448

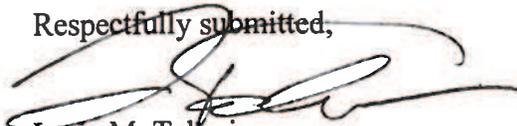
Ms. Thompson,

Please provide a copy of this letter, and place into the record of the meeting of November 13th, 2013, pertaining to Proposed Ordinance #448.

State of the art rental car facilities are being developed at airports all across the country, financed by Customer Facility Charges such as that proposed by the staff. On behalf of Avis Budget Car Rental we wish to express our support of the ordinance and urge the commission to adopt it.

We look forward to continuing meeting with staff to develop the design of the facilities to best serve the needs of the traveling public.

Respectfully submitted,



Lorie M. Tallarico
Director of Properties, West Area
Avis Budget Group