



AGENDA
Regular Commission Meeting
Port of Portland Headquarters
7200 N.E. Airport Way, 8th Floor
October 10, 2012
9:30 a.m.

Minutes

Approval of Minutes: Regular Commission Meeting – September 12, 2012

Executive Director

Approval of Executive Director's Report – September 2012

General Discussion

Regional Industrial Site Readiness Study Findings

*KEITH LEAVITT
BERNIE BOTTOMLY,
PORTLAND BUSINESS ALLIANCE*

Small Business Program Accomplishment Report

ANGELA WATKINS-MCKENZIE

Consent Item

1. COMMISSION INVESTMENTS POLICY 6.1.2
Requests approval to renew Commission Investments Policy 6.1.2.

TRACY WESTERFIELD

Action Items

2. SHIPYARD SERVICES CONTRACT – DREDGE OREGON REPOWER PROJECT
Requests approval to enter into a shipyard services contract with Vigor Marine, LLC, for the installation of procured equipment systems for the Dredge Oregon Repower Project.
3. COLLECTIVE BARGAINING AGREEMENT – AVIATION POLICE/COMMUNICATIONS CENTER CONTRACT
Requests approval of a new three-year collective bargaining agreement between the Port of Portland and the Port of Portland Police Employees' Association.

WALT HAYNES

*CHERYL HETTERVIG
PHIL KLAHN*

4. COLLECTIVE BARGAINING AGREEMENT – MARINE FACILITY MAINTENANCE

BLAISE LAMPHIER

Requests approval of a four-year collective bargaining agreement between the Port of Portland and the District Council of Trade Unions.

5. COLLECTIVE BARGAINING AGREEMENT – MARINE LANDSCAPE GARDENERS

BLAISE LAMPHIER

Requests approval of a four-year collective bargaining agreement between the Port of Portland and Municipal Employees, Local 483.

COMMISSION INVESTMENTS POLICY 6.1.2

October 10, 2012

Presented by: Tracy Westerfield
Cash & Investment
Program Manager**EXECUTIVE SUMMARY**

This agenda item requests approval to renew Commission Investments Policy 6.1.2.

Pursuant to ORS 294.035, for the Port of Portland (Port) to invest funds in securities with maturities longer than 18 months, the investments must be made in accordance with a written investment policy, adopted annually by the Port Commission. If material changes are made, the policy must be reviewed by the Oregon Short Term Fund Board.

We are not requesting any material changes to the policy. The only change to the policy was to update the maximum amount allowed (under ORS 294.810) to be invested in the Oregon Short Term Fund.

BACKGROUND

The Commission Investments Policy provides the primary framework for the internal management of the Port's investment portfolio.

On August 31, 2012, the par value of the investment portfolio was approximately \$297.9 million. The budget for interest income for the 2012/2013 fiscal year is \$2.8 million.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That Port of Portland Commission Investments Policy 6.1.2, dated October 10, 2012, is hereby approved; and

BE IT FURTHER RESOLVED, That a copy of Commission Investments Policy 6.1.2 be attached to the minutes of this meeting.

PORT OF PORTLAND COMMISSION POLICY

INVESTMENTS Policy No. 6.1.2

Readopted Commission Meeting of October 10, 2012

Objectives

The primary objective of the Port of Portland investment program is preservation of capital. Consistent with that objective, the cash flow needs of the Port and the "Prudent Investor Rule," available funds will be managed and traded to achieve the maximum possible yield. In order to achieve these objectives, and as a safeguard against adverse changes in cash flows, priority will be given to liquid investments, i.e., U.S. Treasury Bills and Notes and U.S. agencies.

Diversification

The portfolio will be diversified so that the par value for each of the security classes shown shall not exceed the maximum position indicated as a percentage of the portfolio:

U.S. Treasury Bills and Notes	100% maximum
U.S. Agencies (but no single Agency position shall exceed 30% of the portfolio)	100% maximum
Corporate Indebtedness (subject to ORS 294.035)	35% maximum
Time Certificates of Deposit (TCD)	30% maximum
Bankers Acceptances (with qualified financial institutions in the State of Oregon as subject to ORS 294.035)	30% maximum
Repurchase Agreements Under 30 days	50% maximum
Oregon Short Term Fund (as subject to ORS 294.810)	As allowed under Oregon Statutes*

Investments in Bankers Acceptances, TCD's and other Corporate Indebtedness of any single company or qualified financial institution shall not, in the aggregate, exceed 5 percent of the portfolio.

Investment Maturity

Since the Port's operating cash needs are generated through operating revenues rather than tax receipts, the Port has more flexibility in structuring maturities than is typical for a municipal district dependent primarily on tax resources. Investments will be timed to meet projected cash requirements unless a shorter maturity is desirable. Funds may be invested to a maximum maturity of five years from the date of settlement.

The portfolio will be structured to meet the following minimums:

- Two years and under, 55 percent of par value
- Three years and under, 75 percent of par value
- Five years and under, 100 percent of par value

* The maximum allowable investment in the Oregon Short Term Fund (LGIP) is adjusted semiannually based on CPI. The current maximum investment is \$44,999,213.

In all cases, the "Prudent Investor Rule" shall apply to maturity decisions. The only exceptions to the maximum maturity shown shall be cases where the Port is using the security as collateral on an operating agreement or in instances where the Port is purchasing its own bonds in the marketplace to lower outstanding debt.

Investment Types

The Port may invest its funds in securities or investments subject to ORS 294.035 and related statutes, with the following restrictions:

Time certificates of deposit with any issuer will not exceed 30 percent of the net capital of such issuer, based on their most currently published financial report.

Bankers acceptances guaranteed by a qualified financial institution shall not exceed 30 percent of the net capital of such institution, based on their most currently published financial report.

Municipal bonds, other than those issued by the Port of Portland, will not be purchased except under the following circumstances:

To the extent that any reserve or construction funds exist and are also subject to yield restrictions by U.S. Treasury regulations or code, such funds may be invested in municipal bonds subject to the provisions of ORS 294.035 and 294.040 and no more than 20 percent of such funds shall be placed with any single issuing authority other than the State of Oregon or one of its agencies.

Repurchase agreements shall not exceed a term of 30 days. Collateral provided to the Port under a repurchase agreement shall be deposited with the Port's custodian bank(s), marked to the market daily and maintained at a minimum level in conformance with ORS 294.035 (11).

Repurchase agreements may be entered into with authorized dealers or institutions when a master repurchase agreement or specific written contract governs the transaction. In no case will the total of such agreements with any firm exceed 10 percent of their equity (based on their most recently published financial report).

Authorized Dealers and Financial Institutions

The Port may purchase or sell securities subject to the provisions of this policy through any of the following:

- Banks, savings and loans, and mutual savings banks authorized to do business in Oregon (not simply loan production offices).
- Primary security dealers as designated by the Federal Reserve Bank of New York and Oregon secondary dealers.
- Primary agency selling group members as designated by the U.S. agency involved.

Safekeeping

The Port shall require delivery of all securities purchased (by means of physical possession or book-entry to the account of the Port) to its custodian bank(s). As noted under repurchase agreements above, securities acquired through repurchase agreements with the Port's custodian bank(s) may be held by the custodian bank(s). In all cases, payment shall be made only upon delivery.

Reporting Requirements

Quarterly, staff will provide the Commission with portfolio reports showing: investment transactions; trading gains and losses; investments owned; market value; yield; maturity distribution, or any such other report as the Commission may request. The Commission will have review authority over the investment program.

Renewal

This policy shall be reviewed annually by the Commission.

SHIPYARD SERVICES CONTRACT – DREDGE OREGON REPOWER PROJECT

October 10, 2012

Presented by: Walt Haynes
Engineering Project Manager**EXECUTIVE SUMMARY**

This agenda item requests approval to enter into a shipyard services contract with Vigor Marine, LLC, (Vigor) for the installation of Port-procured equipment systems for the Dredge *Oregon* Repower Project.

BACKGROUND

The Port of Portland (Port) purchased the Dredge *Oregon* in 1965. The electrical generation, switchgear and distribution, pump motor and pump, cutter motor and control systems are the original systems and have been in service for 47 years. All systems have exceeded their useful life. Replacement parts must either be special ordered at a premium price, or must be fabricated. In either case, long delivery lead times are required. If any of the dredge's equipment were to have a major failure, the entire dredging operation would be shut down for the amount of time that it would take to have custom parts fabricated. This would impact the Columbia River channel maintenance dredging which the Port performs for the U.S. Army Corps of Engineers (Corps), and could create a navigational hazard for maritime shipping traffic.

Project Design, Equipment Procurement and Schedule

In July 2010, the Commission approved a contract for the design of repower project equipment procurements and installation. In November 2011, the Port engaged another consultant to design of electrical and control system equipment procurements for the project.

In October 2011, the Commission approved two contracts, one for the procurement of the Electrical Generation System and Cutterhead Gearbox and another for the procurement of the Dredge Oregon Pumping System including the main engine, gearbox, and pump.

Repower project equipment procured under other contracts will be installed under the shipyard services contract described here, which is currently structured to have two phases: "Shipyard 1" (SY1) and "Shipyard 2" (SY2). The Port has initiated the following equipment procurements for this purpose:

Electrical Generation System and Cutter Gearbox	July 2011	SY1
Dredge Pumping System	July 2011	SY2
Cutterhead Motor and Drive	March 2012	SY1
Switchgear and Distribution	March 2012	SY1
Integrated Control and Monitoring (ICMS)	August 2012	SY1, SY2

SHIPYARD SERVICES CONTRACT – DREDGE OREGON REPOWER PROJECT

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The repower project design has been completed and all equipment procurements and contracts are complete. All of the equipment procurements, except the two requiring Commission action, were awarded by delegated authority of the Port's executive director.

Shipyard Services Contracting Process

As stated above, the repower project design documents and procurements are divided into two shipyard installation periods. The SY1 construction period is scheduled for November, 2012 to April, 2013. The SY2 construction period is scheduled for December, 2013 to April, 2014. This schedule facilitates the manufacture and delivery of the equipment for shipyard installation.

The Port solicited competitive bids for the shipyard services contract beginning in August 2012; bids were due in September 2012. While there are two shipyard contractors in the Portland area from whom the Port expected to receive bids, only Vigor submitted a bid. The bid price was \$7,113,019. Because the sole interested bidder's bid exceeded the Port's estimate for this work, the Port rejected Vigor's bid and was authorized to negotiate with Vigor as a sole source vendor for this work under appropriate procurement authority. The Port entered negotiations with Vigor Marine to obtain contract terms and price that would be advantageous to the Port. As a result of negotiations with Vigor, the contract price was reduced to \$6,504,002.

Project Funding

In 2010, the Port was awarded a *ConnectOregon* III grant of \$5 million for the repower project. The Port has issued an RFP to fund the remaining repower project costs using external commercial financing. Port staff will request approval of the financing at the December 2012 Commission meeting. Under the Port's cost-reimbursable contract with the Corps for channel maintenance, the Corps has agreed to reimburse the Port for costs related to the financing. The Port is also pursuing a DEQ Clean Diesel Upgrade Grant of approximately \$500,000; if those funds are secured they will further offset the project loan costs.

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 shipyard services contract with Vigor Marine, LLC, for the Dredge *Oregon* Repower Project equipment installation, in accordance with this agenda item; 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 – AVIATION POLICE/COMMUNICATIONS
CENTER CONTRACT**

October 10, 2012

Presented by: Cheryl Hettervig
Human Resources Consulting, LLC
Phil Klahn
Police Chief

EXECUTIVE SUMMARY

This agenda item requests approval of a new three-year collective bargaining agreement between the Port of Portland (Port) and the Port of Portland Police Employees' Association (Association).

BACKGROUND

On March 22, 2011, the Port and the Association, representing approximately 59 employees who perform Police and Communications Center work at PDX, entered into collective bargaining for a new contract to replace the agreement that expired on June 30, 2011. On August 29, 2012, the parties reached tentative agreement, and on September 16, 2012, the Association ratified this agreement. Key terms of the changes to this agreement are outlined below:

Term of Agreement: July 1, 2011, through June 30, 2014.

Base Wages: No base wage increase for July 1, 2011.
Effective and retroactive to July 1, 2012, increase wage steps for all classifications by 1.5 percent.
Effective July 1, 2012, wage steps for the classification of Police Clerk will increase an additional 1.0 percent.
Effective January 1, 2013, increase wage steps for all classifications by 1.0 percent.
Effective January 1, 2013, wage steps for the classification of Communications Dispatcher will increase an additional 0.5 percent.
Effective July 1, 2013, increase wage steps for all classifications by U.S. All Cities Consumer Price Index for Urban Wage Earners and Clerical Workers (March to March), with a minimum increase of 1.5 percent and a maximum increase of 3.5 percent.

Premium Pay: Effective and retroactive to the date of ratification of this Agreement by the Association, increase the Intermediate Certification premium from 2.0 percent to 3.0 percent, and increase the Advanced Certification premium from 4.0 percent to 6.0 percent.

Effective upon Commission approval of this Agreement, change the Canine Handler “Kennel Care” Pay to one hour of pay at the Handler’s regular rate of pay for each day they perform “kennel time” for their dog. This is a change from eight hours of overtime each week for each Handler.

Benefits:

Effective upon Commission approval of this Agreement, all employees will receive an additional 24 hours of compensatory time. This is a one-time use; the current compensatory time cap specified in the Agreement does not change.

Effective upon Commission approval of this Agreement, employees hired after Commission approval will not receive payout of their unused, accrued sick leave upon termination of employment or retirement.

Effective January 1, 2012 (via separate Memorandum of Agreement), the medical, dental and vision benefits were changed to the same plans and benefits as Administrative employees.

Replaced current language regarding Port reimbursement for legal fees. Current language requires the Port to reimburse employees for legal fees that arise as a result of an inquest, criminal charges or a grand jury appearance against the employee arising out of the employee’s scope of duty. The new language establishes enrollment into the Legal Defense Fund of the Peace Officers Research Association of California at the rate of \$5.00 per person per month.

Misc:

Established shorter probationary period for lateral hires (from 18 months to 12 months).

Allow the Association to purchase two parking passes for any Port parking facility the same as other Port employees.

Revise the Alcohol and Controlled Substance Policy to reflect changes to Port policy.

Added language that allows for assignment of more than one Lead Dispatcher.

Addition of language allowing greater flexibility with work schedules and safety release language.

New Discipline/Discharge and Grievance language.

Revised Fitness for Duty process.

Other miscellaneous language changes.

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 Port of Portland Police Employees' Association, for a three-year agreement beginning July 1, 2011, setting forth wages, fringe benefits and working conditions for the Port of Portland's police and communications center employees, 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.

COLLECTIVE BARGAINING AGREEMENT – MARINE FACILITY MAINTENANCE

October 10, 2012

Presented by: Blaise Lamphier
Labor Relations Manager**EXECUTIVE SUMMARY**

This agenda item requests approval of a four-year collective bargaining agreement between the Port of Portland (Port) and the District Council of Trade Unions (DCTU), representing the 27 employees who perform maintenance at the Marine terminals.

On March 30, 2012, the Port and the DCTU entered into collective bargaining for a new agreement to replace the agreement scheduled to expire on June 30, 2012. On September 19, 2012, the parties reached a tentative agreement, with the following primary changes in terms and conditions to the collective bargaining agreement:

Term of Agreement: July 1, 2012, through June 30, 2016.

Wages: Effective July 1, 2012, lump sum cash payment of \$1,250; no change in base wages.

Effective July 1, 2013, a 2.0-percent increase in base wages.

Effective July 1, 2014, an increase in base wages based on the Consumer Price Index for Urban Wage Earners (March to March), with a minimum increase of 1.0 percent and a maximum increase of 3.0 percent.

Effective July 1, 2015, an increase in base wages based on the Consumer Price Index for Urban Wage Earners, US All Cities (March to March), with a minimum increase of 1.0 percent and a maximum increase of 3.5 percent.

Second shift premium: \$1.50 to \$1.75 per hour.

Third shift premium: \$2.00 to \$2.25 per hour.

General foreman premium: \$3.00 to \$3.50 per hour.

Foreman premium: \$2.00 to \$2.50 per hour.

Sick Leave: Effective the first pay period after Commission approval, one additional sick leave day will be added to the banks of employees, increasing the sick leave days per employee from five to six days for Fiscal Year 2012/2013.

Effective Fiscal Year 2013/2014, the accrual rate increases to eight days per year.

- Vacation: 20 through 24 years of service: 20 days to 22 days per year.
25 years of service or more: 20 days to 25 days per year.
- Health & Welfare: Long-term Disability plan added that is the same as the administrative employees' plan.
Life insurance: \$40,000 to \$50,000.
- Grievances: Process was revised to add step for Labor Relations prior to arbitration. Failure to process grievances under contractual time frame results in waiver unless parties mutually agree to extend time frames. Losing party pays grievance arbitrator's fees.
- Safety Shoes: Maximum of \$75 to \$125 per contract year.
- Safety Glasses: Reimbursement for prescription safety glasses per Port policy 7.5.15.
- Miscellaneous: Language was added to address impact of authorized unpaid leave on duration of introductory period and temporary status. Bereavement leave revised to mirror administrative employees' benefit. Various housekeeping changes were also made.

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, representing the 27 employees who perform maintenance at the Marine terminals, for a four-year agreement, retroactive to July 1, 2012, containing wage, fringe benefit and working condition terms and conditions, 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.

COLLECTIVE BARGAINING AGREEMENT – MARINE LANDSCAPE GARDENERS

October 10, 2012

Presented by: Blaise Lamphier
Labor Relations Manager**EXECUTIVE SUMMARY**

This agenda item requests approval of a four-year collective bargaining agreement between the Port of Portland (Port) and Municipal Employees, Local 483 (Union), representing the six employees who perform landscape gardening maintenance functions on non-airport properties owned and operated by the Port.

On April 5, 2012, the Port and the Union entered into collective bargaining for a new agreement to replace the agreement scheduled to expire on June 30, 2012. On September 28, 2012, the parties reached a tentative agreement, with the following primary changes in terms and conditions to the collective bargaining agreement:

Term of Agreement: July 1, 2012, through June 30, 2016.

Wages: Effective July 1, 2012, lump sum cash payment of \$1,250; no change in base wages.
Effective July 1, 2013, a 2.0-percent increase in base wages.
Effective July 1, 2014, an increase in base wages based on the Consumer Price Index for Urban Wage Earners (March to March), with a minimum increase of 1.0 percent and a maximum increase of 3.0 percent.
Effective July 1, 2015, an increase in base wages based on the Consumer Price Index for Urban Wage Earners, U.S. All Cities (March to March), with a minimum increase of 1.0 percent and a maximum increase of 3.5 percent.
Lead: \$ 0.50 per hour increase retroactive to July 1, 2012.

Health & Welfare: Employees to pay 8.0 percent of the Oregon Laborers Health and Welfare Trust premium.

Sick Leave: Maximum of three working days instead of five charged to dependent care for any one illness.

Personal Leave: One additional day for a total of three days per fiscal year.

Grievances: The process was revised to add a step for Labor Relations prior to arbitration; losing party pays grievance arbitrator's fees.

Safety Glasses: Reimbursement for prescription safety glasses per Port policy 7.5.15.

Miscellaneous: Language was added to address impact of authorized unpaid leave on duration of introductory period and temporary status. Bereavement leave revised to mirror administrative employees' benefit. Various housekeeping changes were also made.

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 Municipal Employees, Local 483, representing the six employees who perform landscape gardening maintenance functions on non-airport properties owned and operated by the Port of Portland, for a four-year agreement, retroactive to July 1, 2012, containing wage, fringe benefit and working condition terms and conditions, 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.