PORT OF PORTLAND

AGENDA*
Regular Commission Meeting
April 8, 2020
9:30 a.m.

Due to the COVID-19 pandemic, the Commission will meet virtually.
The meeting will be streamed live on the Port's website and YouTube channel.
Public comments can be submitted via email at testimony@portofportland.com.

Minutes

Approval of Minutes: Regular Commission Meeting – March 11, 2020

Executive Director

Approval of Executive Director's Report – March 2020

Public Comments

General Discussion

COVID-19 Update

Action Items

1. COLLECTIVE BARGAINING AGREEMENT – PORT OF PORTLAND POLICE EMPLOYEES ASSOCIATION — *BLAISE LAMPHIER*

   Requests approval of a four-year collective bargaining agreement between the Port of Portland and the Port of Portland Police Employees Association.

2. PUBLIC IMPROVEMENT CONTRACT AMENDMENT – TERMINAL CORE REDEVELOPMENT PROJECT – PORTLAND INTERNATIONAL AIRPORT — *GEORGE SEAMAN*

   Requests approval to amend the existing public improvement contract with Hoffman Skanska LLC for the Terminal Core Redevelopment project at Portland International Airport.

3. GROUND LEASE – TENEX MANAGEMENT, LTD. – RIVERGATE INDUSTRIAL DISTRICT — *DEBBIE COLLARD*

   Requests approval to enter into a ground lease with Tenex Management, Ltd., for approximately 14.3 acres of land located in the Rivergate Industrial District.

*Certain discussion, consent and agenda items may contain forecasts/estimates. Actual results may differ.

PORT OF PORTLAND

Agenda Item No. 1

COLLECTIVE BARGAINING AGREEMENT – PORT OF PORTLAND POLICE EMPLOYEES ASSOCIATION

April 8, 2020

Presented by: Blaise Lamphier
Labor Relations Manager

REQUESTED COMMISSION ACTION

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

BACKGROUND

After beginning negotiations on April 3, 2018, the Port and the Association, representing police officers, dispatchers and police clerks, began bargaining for a successor agreement to replace the collective bargaining agreement (CBA) scheduled to expire on June 30, 2018. The parties held 11 negotiation sessions through February 2019, when the Association indicated it would be filing for mediation. The parties then held a series of mediation sessions from May through July 2019 and the Port declared impasse on August 23, 2019 and filed for interest arbitration. The parties agreed on an interest arbitrator in September 2019, and met again on September 18, 2019, in an attempt to resolve their differences. On November 6, 2019, the parties agreed to hold interest arbitration on April 21-22-23, 2020. The parties then held additional meetings in February 2020 and agreed on a tentative agreement (TA) to resolve outstanding issues on February 14, 2020. The Association reported on March 13, 2020, that its members had ratified the TA.

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

Term of Agreement	July 1, 2018 through June 30, 2022
Wages	Effective retroactive to the first full pay period of July 2018, the wage steps for each classification will increase by 4.0%.
	Effective retroactive to the first full pay period of July 2019, the wage steps for each classification will increase by 4.0%.
	Effective July 2, 2020, the wage steps for each classification will Increase by 2.9%. This equates to the Consumer Price Index for Urban Wage Earners (CPI-W) West Size Class A Cities Second Half that was reported in January 2020 by the Bureau of Labor Statistics.
	Effective July 7, 2021, the wage steps for each classification will Increase by the CPI-W West Size Class A Cities Second Half that is reported in January 2021 by the Bureau of Labor Statistics, with a minimum increase of 2.5% and a maximum increase of 4.0%.
	Wage increases adjusted based on market.

6-month Step	The current start step will be eliminated and replaced by the current 6-month step as a market adjustment to make wages in the first year more competitive.
Health & Welfare	Employees will continue to receive their health care through the Port's current providers of a PPO high-deductible plan and an HMO plan. The Port's HSA contributions for the high-deductible plan remain the same as the current contributions throughout the life of the successor agreement ($300.00 per month for individual and $800.00 per month for individual plus dependent(s)). Port retains oversight of Wellness Program and program design.
4-10 Work	Enhanced flexibility for Chief regarding the use of 4-10 schedules while retaining authority to revert to 5-8 schedules.
Layoffs	Clarification on bumping procedures.
Holidays	Effective and retroactive to January 1, 2020, employees will receive an additional two days holiday comp time for a total of four days annually. This constituted a market adjustment on paid time off.
Vacation	Market modification for those employees in the 15-19 years of service band. Previously, those with 10-19 years of service received 20 days per year. Those who have 10-14 years of service continue to receive 20 days per year, while those with 15-19 years of service will accrue at 22 days per year effective July 1, 2020. Removal of language so that vacation guidelines regarding minimums apply only to annual vacation bids and not other types of paid leave requests.
Premiums	Clean-up and clarification on payments to ensure consistency for Canine Handlers, DPSST Premium, Field Training Officers, Certified Training Officers.
Rapid Response	Inclusion of Rapid Response Team Incentive language that was reached mid-term.
Injury Leave	Expansion of injury leave coverage from 90 to 180 days and clarifying that employees may use accrued sick leave to pay for any gap between the workers compensation payment and the employee's net straight time wage. Upon exhausting sick leave, employees may use other forms of paid leave.

Post-Janus — Association security language rendered prohibited by the Supreme Court's *Janus* decision of June 2018 was modified as part of the bargaining of the agreement.

Estimated Financial Impact:

The anticipated annual increases over the last contract year of the prior collective bargaining agreement, as well as the anticipated aggregate total in new dollars over the life of the CBA, are as follows:

Contract Year	Yearly Increase
Year 1	$312,828
Year 2	$693,773
Year 3	$976,502
Year 4	$1,300,002

The total increase over the life of the CBA is $3,283,105.

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 four-year agreement beginning July 1, 2018, setting forth wages, fringe benefits and working conditions, consistent with the terms presented to the Commission, and

BE IT FURTHER RESOLVED, That the Executive Director or his designee is authorized to execute the necessary documents on behalf of the Port of Portland Commission in a form approved by counsel.

PORT OF PORTLAND

Agenda Item No. 2

PUBLIC IMPROVEMENT CONTRACT AMENDMENT – TERMINAL CORE REDEVELOPMENT PROJECT – PORTLAND INTERNATIONAL AIRPORT

April 8, 2020

Presented by: George Seaman
Engineering Project Manager

REQUESTED COMMISSION ACTION

This agenda item requests approval to amend the existing public improvement contract with Hoffman Skanska LLC (Hoffman Skanska) for the Terminal Core Redevelopment (TCORE) project at Portland International Airport (PDX) in the amount of $31,000,000. The increase included in this amendment will facilitate the performance of certain work in preparation for limited building demolition, and provide logistical support for project construction generally.

BACKGROUND

In 2010, the Port of Portland (Port) began developing a comprehensive strategy to reconfigure the core terminal at PDX. Based on thorough, ongoing planning and analysis, the Port developed the TCORE project, which is intended to ensure: 1) the most effective and efficient passenger processing possible; 2) the best possible passenger experience; 3) the maximization of concession revenues; and 4) a long-range plan that is sustainable, affordable, and adaptable. As detailed in earlier Commission agenda items, TCORE project work includes the following:

- Expanding the terminal core area by constructing a seismically-resilient addition extending the existing building footprint approximately 180 feet to the west (the Western Expansion).
- Relocating the security checkpoints into the newly-constructed addition.
- Constructing a seismically-resilient “clear span” roof structure from the curbside to the westward edge of the existing ticket lobby, spanning the entire terminal building east to west and opening up the building functionally and architecturally.
- Removing the existing roof and mezzanine over the terminal building.
- Relocating and reconstructing the post-security concession nodes further to the west to better align passenger flow with the newly-constructed addition.
- Extending Concourse B and demolishing Concourse A to improve passenger experience and seismic resiliency of the ground-load facility at PDX.
- Remodeling the ticket lobby by removing existing ticket counters and reorienting them 90 degrees into a flow-through design.

The TCORE project contracts approved by the Port Commission to date include a September 2015 design services contract with ZGF (the Design Contract), a September 2015 pre-construction support services contract with Turner Construction Company, a May 2018 Construction Manager/General Contractor (CM/GC) public improvement contract with Hoffman

Skanska (the Construction Contract), and an April 2019 amendment to the personal services contract for commissioning services with Burns & McDonnell (the Commissioning Services Contract). The Commission has also approved various amendments to the Design Contract, the Construction Contract, and the Commissioning Services Contract, as described below.

In November 2017, the airlines serving PDX approved $950,000,000 in funding for Phase 1 of the TCORE project, which included the Western Expansion construction, the new roof over the terminal building, and the Concourse B extension. In August 2019, the airlines approved an additional $700,000,000 in funding for Phase 2 of the project to complete the renovation of the ticket lobby and the post-security concession nodes.



CONSTRUCTION CONTRACT AMENDMENTS TO DATE

The Port Commission has approved the following amendments to the Construction Contract since its award:

- March 2019 – in the amount of $38,336,191, to facilitate certain enabling work for the redevelopment of Concourse B, deliver the passenger boarding bridge replacement project, and secure design-related assistance from key subcontractors. That work is ongoing.
- July 2019 – in the amount of $8,092,413, to facilitate the delivery of the Terminal Re-Lamp project, extend pre-construction services during the design development phase of that project, and obtain additional design assistance and professional services during its preconstruction phase.
- September 2019 – in the amount of $75,915,156, for work associated with construction activities for the Concourse B extension, the pre-purchase of roof materials, and other early-work activities for the TCORE project. (This amount has been reduced by

$16,166,501 from the previously-reported amount, to correct an inadvertent error in the September 2019 Commission agenda item, which overstated these amounts by including the cost of already-approved Concourse B enabling work scope activities.)

- December 2019 – in the amount of $2,043,059, for work associated with procuring job-site trailers, installing the trailers, and remodeling Building 5420 to provide for construction logistical support.
- January 2020 – in the amount of $2,912,668, for miscellaneous construction-related scopes of work, including the development of the Occupant Safety Plan required by Oregon building codes.
- February 2020 – in the amount of $71,267,772, for construction of a pre-fabrication facility and logistics center next to the Airport Rescue and Fire Fighting facility and enabling work associated with the installation of new building support columns.
- March 2020 – in the amount of $72,000,000, for relocation of utilities residing within the footprint of the Western Expansion, installation of new utilities, and piling work relating to the new building column foundations.

SCOPE OF WORK – NEW CONSTRUCTION CONTRACT AMENDMENT

The Port now wishes to amend the Construction Contract to include the following key scopes of work:

- Rearrange airline ticket counters in the terminal lobby, including relocation of counters for Delta Air Lines and common use carriers.
- Relocate south Transportation Security Administration (TSA) security checkpoint lanes further into the south concession node.
- Construct new access points through the ticket lobby to access TSA security checkpoint lanes.
- Provide for temporary airline office space.
- Provide for new concessions to support passenger service during TCORE construction.
- Provide for initial construction logistics support services.

COMPENSATION

Port staff have negotiated with Hoffman Skanska to increase the Guaranteed Maximum Price (GMP) of the Construction Contract by $31,000,000 to facilitate the work contemplated by this amendment. This amount was developed in accordance with the contract's established compensation mechanism, which generally includes reimbursing the cost of the work plus a 2.97% fixed fee, subject to the GMP. The 20% small business participation goal established for this contract will remain the same for the work covered by this amendment.

To date, the Construction Contract value is summarized as follows:

	Total Contract Value	**TCORE-Funded Portion of Contract**
Original contract amount	$5,637,076	$5,637,076
Amendments to date	$270,567,579	$250,921,473
This amendment	$31,000,000	$31,000,000
New total contract amount	$307,204,655	$287,558,549

This amendment is consistent with the existing contract, which allows the Port to amend the contract to accommodate additional phases of work as the project progresses, if performance to date is satisfactory. Commission approval is required to grant the necessary contracting authority based on the dollar amount of the amendment.

SCHEDULE

Preliminary planning	November 2014 – December 2014
Consultant selection	January 2015 – July 2015
Commission action (approve award of Design Contract and pre-construction support services contract)	August 2015
Conceptual plan selection phase	September 2015 – February 2016
Commission action (approve contract amendments for conceptual design and pre-construction support services)	April 2016
Conceptual design development phase	April 2016 – April 2017
Commission action (approve Design Contract amendment, exempt Construction Contract from competitive bidding)	December 2017
Contractor selection (Construction Contract)	December 2017 – February 2018
Schematic design development phase	January 2018 – December 2018
Commission actions (approve Design Contract, Commissioning Contract and Construction Contract amendments)	April 2018 – March 2020
Commission action (approve Construction Contract amendment)	**April 2020**
Detailed design development phase	February 2019 – November 2021
Construction	April 2019 – October 2024

BUDGET

CM/GC services (including construction)	**$1,128,000,000**
Consultant design services	$152,000,000
Procurements/equipment	$77,000,000
Port staff/contracted services	$63,000,000
Permits	$19,000,000
Contingency	$191,000,000
Total Project	$1,630,000,000

The project contingency shown above represents the Port-controlled contingency at 12% of the current project costs. Under this project delivery model, risk is shared and transparent; therefore, contingency at the contracting phase is also shared. The CM/GC services cost shown above also includes a contractor-controlled contingency of 5% of the current project costs. Total contingency, representing 17% of the project cost, is considered reasonable given the stage of the TCORE project, the nature of the work and the risk profile for the project.

TCORE project funding and contract costs will be funded by the Airline Cost Center, which is composed primarily of revenues from the Port's commercial airline service business lines.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

> BE IT RESOLVED, That approval is given to amend the existing public improvement contract with Hoffman Skanska LLC for the Terminal Core Redevelopment project at Portland International Airport, consistent with the terms presented to the Commission; and
>
> BE IT FURTHER RESOLVED, That the Executive Director or his designee is authorized to execute the necessary documents on behalf of the Port of Portland Commission in a form approved by counsel.

PORT OF PORTLAND

Agenda Item No. 3

GROUND LEASE – TENEX MANAGEMENT, LTD. – RIVERGATE INDUSTRIAL DISTRICT

April 8, 2020

Presented by: Debbie Collard
Senior Manager
Property Management & Contracts

REQUESTED COMMISSION ACTION

This agenda item requests approval to enter into a ground lease with Tenex Management, Ltd. (Tenex), for approximately 14.3 acres of land located at 15540 N. Lombard Street in the Rivergate Industrial District (Premises).

BACKGROUND

Tenex is a real estate holding company that currently leases the Premises from the Port of Portland (Port), as the result of an assignment from Alcatel SN, Inc. (formerly known as STC Submarine Systems, Inc.) (Alcatel), that occurred in 2006. Prior to assigning the lease to Tenex, Alcatel had constructed the improvements and leased the Premises pursuant to a lease that had been in effect since 1988. The improvements located on the Premises were used to manufacture and test undersea fiber optic cable until Alcatel determined the Portland business was no longer viable and assigned the ground lease to Tenex, along with granting Tenex an option to acquire title to all of the improvements. Tenex has been in holdover under the current lease since June of 2018. During this time, Tenex has continued to pay rent and comply with provisions of the current lease, paying approximately $400,000 annually in rent and maintenance fees.

The Premises consists of approximately 14.3 acres of land with 600 feet of waterfront on the Willamette River. The improvements include an approximately 250,000-square-foot warehouse building with office space, a parking lot, rail spur and dock. Tenex uses the Premises to import, store, repackage and distribute minerals and raw materials used to make ferrous alloys that are used by the steel industry. The Premises is accessed using the Terminal 5 access road and some products are moved by rail in cooperation with other tenants at Terminal 5.



BUSINESS TERMS

Premises:	Approximately 14.3 acres of land and 600 feet of waterfront, non-exclusive use of the Terminal 5 access road, and right to use a rail spur located on the premises.
Ownership of Improvements:	Tenex to own all improvements located on the Premises and the dock.
Term:	20 years with one option to extend for an additional 10 years.
Rent:	$447,842 annually in basic rent and waterfront rent. Approximately $7,600 annually in common area assessments.
Escalations:	3% annually
Maintenance:	Tenex to maintain all improvements located on the Premises and the dock.
Right to Sublease:	Tenex to have the right to sublease with the Port's consent, provided the use does not interfere with uses of adjacent Port tenants.
Demolition:	Port has option to require Tenex to remove all Improvements and restore the Premises to developable condition at the end of the lease term, at Tenex's cost and expense.
Guaranty:	All obligations of the lease to be guaranteed by Millbank Materials USA, LTD.
Broker Commission:	Port to pay broker commission, subject to compliance with current Port policy.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

> BE IT RESOLVED, That approval is given to enter into a ground lease with Tenex Management, Ltd., for approximately 14.3 acres of land and improvements located at in the Rivergate Industrial District, 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.