



AGENDA*
Regular Commission Meeting
October 11, 2023
9:30 a.m.

The Board of Commissioners of the Port of Portland will hold its monthly meeting in the Chinook Room on the 8th floor of the Port of Portland Headquarters Building, located at 7200 N.E. Airport Way in Portland, Oregon 97218. The meeting will also be held virtually for those Commissioners, members of the public, presenters and staff unable to attend in person.

The meeting will be streamed live on the Port's website and YouTube channel. Written public comments can be submitted via email at testimony@portofportland.com. If you wish to provide live testimony, you may do so in person, or you may send an email with your first and last name to testimony@portofportland.com and you will be provided with a link to testify via MS Teams. The deadline to sign up for live testimony via MS Teams is noon on the day prior to the Port of Portland Commission Meeting.

Minutes

Approval of Minutes: Regular Commission Meeting – September 13, 2023

Executive Director

Approval of Executive Director's Report – September 2023

Public Comments

General Discussion

Economic Impact Analysis

TIM QUAYLE
BREANN PRESTON

Consent Item

1. READOPTION OF COMMISSION POLICY NO. 6.1.2 – INVESTMENTS

TRAVIS GEORGE

Requests readoption of Port of Portland (Port) Commission Policy No. 6.1.2, *Investments*.

Action Items

2. COLLECTIVE BARGAINING AGREEMENT – INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL 701

BLAISE LAMPHIER

Requests the approval of a four-year collective bargaining agreement between the Port of Portland and the International Union of Operating Engineers, Local 701.

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

3. COLLECTIVE BARGAINING AGREEMENT – LABORERS INTERNATIONAL UNION OF NORTH AMERICA, LOCAL 483 *BLAISE LAMPHIER*

Requests the approval of a four-year collective bargaining agreement between the Port of Portland and the Laborers International Union of North America, Local 483.
4. PERSONAL SERVICES CONTRACT AMENDMENT – WILLAMETTE COVE ENVIRONMENTAL CLEANUP CONSULTING SERVICES – PORTLAND HARBOR SUPERFUND SITE *DWIGHT LEISLE*

Requests approval to amend the existing personal services contract with GSI Water Solutions, Inc. to add funds for remedial design services for the Portland Harbor Superfund cleanup project at the Willamette Cove site.
5. TENANTS IN COMMON AGREEMENT – TERMINAL 2 *KEN ANDERTON*

Requests approval to enter into a Tenants in Common agreement with Prosper Portland for a lot located at Terminal 2.
6. LOYAL LEGION LEASE – PORTLAND INTERNATIONAL AIRPORT *KAITLIN HUNTER*

Requests approval to modify business terms of the Loyal Legion lease for a full-service restaurant in the pre-security mezzanine of the new Portland International Airport terminal.
7. PUBLIC IMPROVEMENT CONTRACT AMENDMENT – TERMINAL CORE REDEVELOPMENT PROJECT AND CONCESSION TENANT IMPROVEMENT PROJECT – PORTLAND INTERNATIONAL AIRPORT *GEORGE SEAMAN*

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

READOPTION OF COMMISSION POLICY NO. 6.1.2 – INVESTMENTS

October 11, 2023

Presented by: Travis George
Director, Capital Finance and
Treasury**REQUESTED COMMISSION ACTION**

This agenda item requests readoption of Port of Portland (Port) Commission Policy No. 6.1.2, *Investments*, a copy of which is attached (Policy).

BACKGROUND

The Policy provides the primary framework for the internal management of the Port's investment portfolio. On June 30, 2023, the par value of the investment portfolio was approximately \$1.19 billion. The budget for interest income for Fiscal Year 2023-2024 is approximately \$14 million.

In order for the Port to invest funds in securities with maturities longer than 18 months, ORS 294.135 requires that investments be made in accordance with a written investment policy that has been reviewed by the Oregon Short Term Fund Board (Board) and adopted by the Port Commission. The statute also requires that a written investment policy be readopted not less than annually. The Board previously reviewed the Policy, and no changes have been made to the Policy since it was last readopted by the Commission in October 2022.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That Port of Portland Commission Policy No. 6.1.2, *Investments*, dated October 11, 2023, is hereby readopted; and

BE IT FURTHER RESOLVED, That a copy of Port of Portland Commission Policy No. 6.1.2, *Investments*, shall be attached to the minutes of this meeting.

PORT OF PORTLAND COMMISSION POLICY

INVESTMENTS

Policy No. 6.1.2

Readopted Commission meeting of October 11, 2023

I. PURPOSE

This Investment Policy (“Policy”) defines the parameters within which funds are to be invested by the Port of Portland (“Port”). This Policy also formalizes the framework, pursuant to Oregon Revised Statutes (ORS) 294.135, for the Port’s investment activities to ensure effective and judicious management of funds within the scope of this Policy. These guidelines are intended to be broad enough to allow designated investment staff to function properly within the parameters of responsibility and authority, yet specific enough to adequately safeguard the investment assets.

II. GOVERNING AUTHORITY

The Port’s investment program shall be operated in conformance with the ORS and applicable federal laws. Specifically, this investment policy is written in conformance with ORS 294.035; 294.040; 294.052; 294.135; 294.145; and 294.810. All funds within the scope of this Policy are subject to regulations established by the State of Oregon. Any revisions or extensions of these sections of the ORS shall be assumed to be part of this Policy immediately upon being enacted.

III. SCOPE

This Policy applies to activities of the Port with regard to investing the financial assets of operating funds, non-operating funds, capital funds, and bond proceeds. Some funds managed by the Port are also guided by other documents, including bond documents, and all funds are subject to Oregon laws. Any investment held prior to the adoption of this Policy shall be exempted from the requirements of this Policy. At maturity or liquidation, such monies shall be reinvested as provided by this Policy.

IV. OBJECTIVES

The primary objectives, in priority order, of the Port’s investment activities shall be:

1. Preservation of Invested Capital

The primary objective of the Port’s investment program is preservation of capital. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The goal is to mitigate credit risk and interest rate risk (as such terms are defined in Appendix I of this Policy).

2. Liquidity

The investment portfolio shall remain sufficiently liquid to meet all reasonably anticipated cash flow requirements.

3. Return

The investment portfolio shall be managed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into consideration the safety and liquidity needs of the portfolio. Investment securities may be purchased with the intention to hold until maturity with the purpose of mitigating interest rate risk. Sale of securities prior to maturity is permitted where it serves the Port’s investment objectives.

4. Sustainable Investing

The Port encourages investments in entities that support community well-being through safe and environmentally sound practices, fair labor practices, and equality of rights regardless of sex, race, age, disability, or sexual orientation. The Port's portfolio shall not include investment in companies in fossil fuel extraction, refining, and distribution industries or subindustries, as classified by a third-party source.

V. STANDARDS OF CARE

1. Prudence

The standard of prudence to be used by Investment Officers (as defined in the attached Appendix I) shall be the "prudent person" standard and shall be applied in the context of managing the Port's investment portfolio. The "prudent person" standard states:

"Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

Investment Officers acting in accordance with written procedures and administering this Policy in accordance with its terms shall be relieved of personal responsibility for an individual security's credit risk, market price changes, and any losses that might occur in the Port's investment portfolio.

2. Ethics and Conflicts of Interest

Investment Officers and employees involved in the investment process shall refrain from personal activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Investment Officers and employees involved in the investment process shall disclose any material interests in financial institutions with which they conduct business. Disclosure shall be made to the Port Commission. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Investment Officers and employees involved in the investment process shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Port. Investment Officers and Port employees shall, at all times, comply with the State of Oregon Government Standards and Practices code of ethics set forth in ORS Chapter 244.

3. Delegation of Authority and Responsibilities

a) Governing Body

The Port Commission will retain ultimate fiduciary responsibility for invested funds. The governing body will receive reports, pursuant to, and with sufficient detail to comply with ORS 294.155.

b) Delegation of Authority

Authority to manage investments within the scope of this Policy and operate the investment program in accordance with established written procedures and internal controls is granted to Investment Officers. No person may engage in an investment transaction except as provided under the terms of this Policy.

c) Investment Committee

The Port may establish an investment committee to provide guidance to the Investment Officer(s) and monitor Policy compliance.

d) Investment Consultant

The Port may engage the services of one or more external investment consultants to assist in the management of the Port's investment portfolio in a manner consistent with this Policy. This assistance may be in the form of an active investment manager with full discretion to make investment decisions. Conversely, it may be in the form of an investment adviser without such discretion. Any of these services may be conducted in relation to the entire investment portfolio or only to discrete portions of the portfolio. If the Port hires an investment consultant to provide full discretionary investment management services, the manager is authorized to transact with its direct dealer relationships on behalf of the Port.

VI. TRANSACTION COUNTERPARTIES, INVESTMENT ADVISORS, AND DEPOSITORIES

1. Broker/Dealers

The Investment Officers shall determine which broker/dealer firms and registered representatives are authorized for the purposes of investing funds within the scope of this Policy. A list will be maintained of approved broker/dealer firms and affiliated registered representatives.

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.

Approved broker/dealers must meet the Oregon State Treasury's recommended guidelines for appropriate registration, licenses, and certifications prior to conducting investment transactions with the Port. The Investment Officer may impose more stringent criteria.

An annual review of all authorized broker/dealers and their respective authorized registered representatives will be conducted by an Investment Officer. Factors to consider will include:

- Pending investigations by securities regulators
- Significant changes in net capital
- Pending customer arbitration cases
- Regulatory enforcement actions

2. Investment Consultants

The following items are required for all approved investment consultants:

a) The investment consultant firm must be registered with the Securities and Exchange Commission (SEC) or licensed by the state of Oregon (note: investment consultant firms with assets under management of > \$100 million must be registered with the SEC, otherwise the firm must be licensed by the state of Oregon).

b) Certification, by all of the consultant representatives conducting investment transactions on behalf of the investment consultant firm, of having read, understood and agreed to comply with this Policy.

An annual review of all authorized investment consultants will be conducted by the Investment Officer, to determine continued eligibility within the portfolio guidelines. Factors to consider will include:

- Pending investigations by securities regulators
- Significant changes in net capital
- Pending customer arbitration cases
- Regulatory enforcement actions

3. Depositories

Financial institutions utilized as depositories must be qualified Oregon Depositories pursuant to ORS Chapter 295.

4. Competitive Transactions

a) Investment Officers shall obtain and document competitive bid information on all investments purchased or sold in the secondary market. Competitive bids or offers should be obtained, when possible, from at least three separate brokers/financial institutions or through the use of a nationally-recognized trading platform.

b) In the instance of a security for which there is no readily-available competitive bid or offering on the same specific issue, then the Investment Officer shall document quotations for comparable or alternative securities.

c) When purchasing original-issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price. However, the Investment Officer is encouraged to document quotations on comparable securities.

d) If an investment consultant provides investment management services, the consultant must use competitive pricing execution on each transaction.

VII. ADMINISTRATION AND OPERATIONS

1. Delivery vs. Payment and Third-Party Safekeeping

All trades of marketable securities will be executed (cleared and settled) by delivery vs. payment (DVP). Securities will be held by an independent third-party safekeeping institution selected by the Port. All securities will be evidenced by safekeeping receipts in the name of the Port. 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.

2. Internal Controls

In accordance with Port Administrative Policy No. 7.2.5, *Internal Accounting Control*, ultimate responsibility lies with the Chief Financial Officer to establish and maintain an adequate internal control structure designed to reasonably assure that investable funds are invested within the parameters of this Policy and protected from loss, theft, or misuse. The established control structure shall be reviewed and updated periodically by one or more Investment Officers. However, specifics for the internal controls shall be documented in writing. Conformance to internal controls as well as State law will be audited periodically by either an internal or external auditor. Such audit will include tests deemed appropriate by the auditor.

VIII. SUITABLE AND AUTHORIZED INVESTMENTS

1. Investment Types

The Port may invest its funds in securities or investments subject to ORS 294.035, 294.040, and 294.810, with the following restrictions:

a) U.S. Treasury and Government Agency Obligations

Lawfully issued general obligations of the United States, the agencies and instrumentalities of the United States or enterprises sponsored by the United States Government and obligations whose payment is guaranteed by the United States, the agencies and instrumentalities of the United States or enterprises sponsored by the United States Government.

b) Municipal Debt

Lawfully-issued debt obligations of the agencies and instrumentalities of the State of Oregon and its political subdivisions that have a long-term rating of A- or an equivalent rating or better or are rated on the settlement date in the highest category without any refinement or gradation for short-term municipal debt by a nationally-recognized statistical rating organization.

Lawfully-issued debt obligations of the States of California, Idaho and Washington and political subdivisions of those states if the obligations have a long-term rating of AA- or an equivalent rating or better or are rated on the settlement date in the highest category for short-term municipal debt by a nationally-recognized statistical rating organization.

No more than 5 percent of the Port's investment portfolio shall be invested in any single municipal bond issuing authority other than the State of Oregon or one of its agencies. However, 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 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.

Per ORS 294.040, permitted bonds may be purchased only if there has been no default in payment of either the principal of or the interest on the obligations of the issuing county, port, school district or city, for a period of five years next preceding the date of the investment.

c) Qualified Institution Time Deposits/Savings Accounts/Certificates of Deposit

Bank demand deposits in qualified depository institutions are considered cash and not investments and are therefore outside the scope and restrictions of this Policy.

Pursuant to ORS 294.035(3)(d), time deposit open accounts, certificates of deposit and savings accounts in insured institutions as defined in ORS 706.008, in credit unions as defined in ORS 723.006 or in federal credit unions, if the institution or credit union maintains a head office or a branch in the State of Oregon, are considered investments and within the scope of this Policy.

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.

All bank demand deposits and time deposits shall be held in qualified Oregon depositories in accordance with ORS Chapter 295.

d) Bankers' Acceptances

Banker's acceptances, if they are:

- (i) Guaranteed by, and carried on the books of, a qualified financial institution;
- (ii) Eligible for discount by the Federal Reserve System; and
- (iii) Issued by a qualified financial institution whose short-term letter of credit rating is rated in the highest category without any refinement or gradation by one or more nationally-recognized statistical rating organizations.

For purposes of this subsection, “qualified financial institution” means:

(i) A financial institution that is located and licensed to do banking business in the State of Oregon; or

(ii) A financial institution that is wholly owned by a financial holding company or a bank holding company that owns a financial institution that is located and licensed to do banking business in the State of Oregon.

An Investment Officer shall not permit more than 25 percent of the moneys of the Port that are available for investment, as determined on the settlement date, to be invested in banker’s acceptances of any qualified financial institution. Banker’s 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.

e) Corporate Indebtedness

Corporate indebtedness subject to a valid registration statement on file with the Securities and Exchange Commission or issued under the authority of Section 3(a)(2) or 3(a)(3) of the Securities Act of 1933, as amended. Corporate indebtedness described in this subsection does not include banker’s acceptances. The corporate indebtedness must be issued by a commercial, industrial or utility business enterprise, or by or on behalf of a financial institution, including a holding company owning a majority interest in a qualified financial institution.

Corporate indebtedness must be rated on the settlement date P-1 or Aa3 or better by Moody’s Investors Service or A-1 or AA- or better by S&P Global Ratings and Fitch Ratings or an equivalent rating by any nationally-recognized statistical rating organization.

Notwithstanding the prior paragraph, the corporate indebtedness must be rated on the settlement date P-2 or A3 or better by Moody’s Investors Service or A-2 or A or better by S&P Global Ratings and Fitch Ratings or an equivalent rating by any nationally-recognized statistical rating organization when the corporate indebtedness is:

(i) Issued by a business enterprise that has its headquarters in Oregon, employs more than 50 percent of its permanent workforce in Oregon or has more than 50 percent of its tangible assets in Oregon; or

(ii) Issued by a holding company owning not less than a majority interest in a qualified financial institution, as defined in subsection d) above, located and licensed to do banking business in Oregon or by a holding company owning not less than a majority interest in a business enterprise described in subsection (i) immediately above.

An Investment Officer may not permit more than 35 percent of the moneys of the Port that are available for investment, as determined on the settlement date, to be invested in corporate indebtedness, and may not permit more than five percent of the moneys of the Port that are available for investment to be invested in corporate indebtedness of any single corporate entity and its affiliates or subsidiaries.

f) Repurchase Agreements

Repurchase agreements whereby the Investment Officer purchases securities from a financial institution or securities dealer subject to an agreement by the seller to repurchase the securities. The repurchase agreement must be in writing and executed before the initial purchase of the securities that are the subject of the repurchase agreement. Only securities described in Section VIII(1)(a) above may be used in conjunction with a repurchase agreement and such securities shall have a maturity of not longer than three years. The price paid by the Investment Officer for such securities may not exceed amounts or percentages prescribed by written policy of the Oregon Investment Council or the Oregon Short Term Fund

Board.

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 (3)(j).

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).

g) Oregon Short-Term Fund (OSTF)

Investment in the OSTF is subject to the limit stated in ORS 294.810.

2. Percentage of Investments and Credit Ratings

The portfolio will be diversified so that the par value for each of the security types shown in the following table shall not exceed the maximum position indicated as a percentage of the portfolio at time of purchase:

Security Type	Maximum % Holdings	Minimum Rating
U.S. Treasury Obligations	100%	-
U.S. Agency Obligations (GSE)	100%	-
Per issuer	30%	-
Corporate Indebtedness (subject to ORS 294.035 (i))	35%	AA- or equivalent A or equivalent if the issuer meets the requirements of ORS 294.035(3)(i)(C)(i)(ii)
Per issuer	5%	
Time Certificates of Deposit (TCD) (subject to ORS 294.035 (d))	30%	-
Per institution	5%	
Bankers Acceptances (subject to ORS 294.035(h))	25%	A-1+ or equivalent
Per issuer	5%	
Repurchase Agreements Under 30 days (subject to ORS 294.035 (j))	50%	
Municipal Debt Obligations (subject to ORS 294.035 (3)(b) and (3)(c))	15%	Oregon: A- or equivalent or A-1 or equivalent CA, WA, ID: AA- or equivalent or A-1 or equivalent
Per issuer	See Section VIII(1)(b) above	
Oregon Short Term Fund (subject to ORS 294.810)	As allowed under Oregon statutes	

Investments in bankers' acceptances, TCDs and other corporate indebtedness of any

single company or qualified financial institution shall not, in the aggregate, exceed 5 percent of the portfolio.

If the portfolio falls outside of compliance with adopted guidelines of this Policy or is being managed inconsistently with this Policy, an Investment Officer shall bring the portfolio back into compliance in a prudent manner as soon as feasible. Due to fluctuations in the portfolio balance, maximum percentages for a particular issuer or investment type may be exceeded at a point in time subsequent to the original purchase date. Securities need not be liquidated to realign the portfolio; however, consideration should be given to this matter when future purchases are made to ensure that appropriate diversification is maintained.

If additional types of securities are considered for investment, in accordance with Oregon law they will not be eligible for investment until this Policy has been amended and the amended version adopted by the Port.

3. Credit Ratings

Investments must have a rating from at least one nationally-recognized statistical ratings organization and should be investment-level ratings and not issuer-level ratings (see ORS 294.035).

IX. INVESTMENT PARAMETERS

1. Diversification

It is the policy of the Port to diversify its investments. Where appropriate, investment exposure(s) will be limited by asset class; maturity; issuance, issuer, and security type. Allowed security types and investment exposure limitations are detailed in the table set forth above in Article VIII. 2 above.

2. Liquidity

Liquidity risk is the risk that an investment may not be readily marketable or redeemable. In order to mitigate liquidity risk, the Port maintains funds in overnight investments or in investments maturing in less than 90 days to provide sufficient liquidity for expected disbursements.

3. Investment Maturity

Investments will be timed to meet projected cash requirements unless a shorter maturity is appropriate. Funds may be invested to a maximum maturity of five years from the date of settlement. The weighted average maturity of the portfolio, including cash and investments, shall not exceed three years and the maximum maturity shall not exceed five years.

The only exceptions to the maximum maturity limitation shall be cases where the Port is using the security as collateral on an agreement or in instances where the Port is purchasing its own bonds in the marketplace to lower outstanding debt.

4. Settlement Restrictions

Pursuant to ORS 294.145, Investment Officers are prohibited from making a commitment to invest funds or sell securities more than 14 business days prior to the anticipated date of settlement of the purchase or sale transaction.

X. INVESTMENT OF PROCEEDS FROM DEBT ISSUANCE

The Port may invest bond proceeds in compliance with ORS 294.052, notwithstanding ORS 294.135 or 294.145 or any other law or charter provision. Bond proceeds shall be invested in accordance with the parameters of this Policy and the applicable bond covenants and tax laws. Investments of bond proceeds are typically not invested for resale and are maturity matched with

outflows. Consequently, funds within the scope of ORS 294.052 are not subject to this Policy's maturity constraints as outlined in Article IX above.

XI. COMMISSION REPORTING REQUIREMENTS

Quarterly, Port staff will provide the Commission with portfolio reports showing portfolio diversification, yield and benchmarking comparisons, maturity distribution, and investment allocation, or any other report or information as the Commission may request. The Commission has review authority over the investment program.

XII. POLICY REVIEW AND READOPTION

This Policy shall be reviewed at least annually to ensure its consistency with the objectives set forth in Article IV above, and its relevance to current law and financial and economic trends. This Policy shall be readopted annually by the Commission.

APPENDIX I

Definition of Investment Officers

“Investment Officer” The title of Investment Officer, and the associated responsibilities and activities described in this Policy, means the Port’s Chief Financial Officer, the Director of Capital Finance & Debt Management, and the Debt, Cash, and Investment Program Manager.

“Credit risk” means the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the Port’s ability to repay its debt.

“Interest rate risk” means market value volatility due to the changes in the general level of interest rates over the life of the investment(s).

COLLECTIVE BARGAINING AGREEMENT – INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL 701

October 11, 2023

Presented by: Blaise Lamphier
Employee & Labor Relations Mgr.**REQUESTED COMMISSION ACTION**

This agenda item requests the approval of a four-year collective bargaining agreement (CBA) between the Port of Portland (Port) and the International Union of Operating Engineers, Local 701 (Union).

BACKGROUND

After agreeing to ground rules in March 2023, the Port and the Union, representing 52 seasonal employees who work in the Navigation dredge operations, held six sessions of negotiations for a successor CBA to the CBA that was in effect through June 30, 2023. In August 2023, the Port and the Union reached their final tentative agreement for a four-year successor CBA that was ratified by the membership on September 1, 2023.

Key changes to the terms of the successor CBA are listed below:

Term of Agreement: July 1, 2023 through June 30, 2027

Wages: Effective retroactive to July 6, 2023, the base wage rates for all Groups (Groups A through E) shall be increased by 6.0% as follows:

Group A: \$49.40 to \$52.36
Group B: \$46.63 to \$49.43
Group C: \$45.35 to \$48.07
Group D: \$44.32 to \$46.98
Group E: \$41.90 to \$44.41

Note: Immediately prior to the application of the July 6, 2023 wage increase, the position of Fill Site Operator will be changed from Group D to Group B.

Employees must be covered by the CBA as of the date of Commission approval to be eligible for retroactivity.

Effective the first day of the first full pay period of July 2024, base wage rates for all groups shall increase by 5.0%.

Effective the first day of the first full pay period of July 2025, the base wage rates will be increased by the percentage increase in the CPI-W West Size Class A Cities Second Half Index as reported by the Bureau of Labor Statistics (BLS) in January 2025, with a minimum increase of 2.0% and a maximum increase of 5.0%.

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Effective the first day of the first full pay period of July 2026, base wage rates will be increased by the percentage increase in the CPI-W West Size Class A Cities Second Half Index as reported by the BLS in January 2026 with a minimum increase of 2.0% and a maximum increase of 5.0%.

Introductory Period: Effective upon approval by Port Commission, the introductory period for new employees shall be increased from 75 calendar days to 120 calendar days.

Overtime: All time worked on Sundays is currently paid at double time except for standby watch on job site when the dredge is not operating. Effective upon Commission approval, the exception is eliminated.

All time worked on holidays is currently at double time of the employee's regular rate. Effective upon Commission approval, all time worked on holidays is at the rate of double time and one-half of the employee's regular rate.

Holidays: Juneteenth and Veterans Day are added as holidays, and Presidents' Day is deleted, resulting in the net addition of one holiday for a total of 10 holidays and making it consistent with Navigation administration.

Sick Leave: Increase the sick leave bank limitation from 56 hours to 72 hours, effective the first full pay period of July 2026.

Travel-Subsistence: Zone chart in CBA's Article 21 will be updated to reflect latest IRS rates.

CDL: No employee is currently required to have a Commercial Driver's License (CDL) to perform their jobs. However, if the employer requests that an employee who has a valid CDL perform work that requires the use of a CDL, the employee shall receive an additional \$2.00 per hour premium for all hours worked in that assignment. This premium is not subject to overtime pay.

Impact (new dollars): The estimated annual increase over the last contract year of the current CBA attributable to the terms of the new four-year successor CBA, as well as the anticipated aggregate total in new dollars over the life of the successor CBA, are as follows:

Contract Year	Fiscal Year	Yearly Increase
Year 1	FY 23/24	\$ 373,858
Year 2	FY 24/25	\$ 723,449
Year 3	FY 25/26	\$1,090,521
Year 4	FY 26/27	\$1,510,073

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ENGINEERS, LOCAL 701

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The increase in new money over the life of the CBA is projected to be \$3,697,901. Note: This projection assumes wage increases in Year 3 and Year 4 at the maximum percentage of five percent 5% in July 2025 and July 2026.

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 four-year collective bargaining agreement with the International Union of Operating Engineers 701 beginning July 1, 2023, setting forth wages, fringe benefits and working conditions, consistent with the terms presented to the Port of Portland Commission.

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 – LABORERS INTERNATIONAL UNION OF NORTH AMERICA, LOCAL 483

October 11, 2023

Presented by: Blaise Lamphier
Employee & Labor Relations Mgr.**REQUESTED COMMISSION ACTION**

This agenda item requests the approval of a four-year collective bargaining agreement (CBA) between the Port of Portland (Port) and the Laborers International Union of North America (Union), Local 483.

BACKGROUND

After agreeing to ground rules on March 30, 2023, the Port and the Union, representing four employees who perform landscape gardening maintenance functions on non-airport properties owned and operated by the Port, held seven sessions of negotiations for a successor CBA to the CBA that was in effect through June 30, 2023. On September 11, 2023, the Port and the Union reached a tentative agreement for a four-year successor CBA. The membership ratified the successor CBA that same day.

Key changes to the terms of the successor CBA are listed below:

Term of Agreement: July 1, 2023 through June 30, 2027

Wages: Immediately prior to the application of any scheduled wage increase, effective retroactive to July 6, 2023, the Port shall implement an initial wage adjustment of \$1.50 per hour for the Landscape Gardener II, Landscape Gardener I, and the Landscape Helper classifications.

Effective retroactive to July 6, 2023, wages for all groups except Lead, shall increase by 6.0%.

Effective retroactive to July 6, 2023, the Lead classification will receive an increase from 10% plus 50-cents per hour over the highest level supervised to 12.5% over the highest level supervised.

Effective the first day of the first full pay period of July 2024, wages for all groups, except Lead, shall increase by 5.0%.

Effective the first day of the first full pay period of July 2025, wages for all groups, except Lead, shall increase by a minimum of 1.0% and a maximum of 5.0% based on the CPI-W West Size Class A Cities Second Half index reported in January 2025.

COLLECTIVE BARGAINING AGREEMENT – LABORERS INTERNATIONAL UNION OF NORTH AMERICA, LOCAL 483

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Effective the first day of the first full pay period of July 2026, wages for all groups, except Lead, shall increase by a minimum of 1.0% and a maximum of 5.0% based on the CPI-W West Size Class A Cities Second Half index reported in January 2026.

Health & Welfare: Employees will move from current health care to the Port's healthcare options effective January 1, 2026. As such, open enrollment will begin in the fall of calendar year 2025. Employees will then be eligible for HSA contributions, voluntary wellness participation, and the same opt out language as other groups. Life insurance will increase from \$30,000 coverage to \$100,000, to be effective following the shift from the current healthcare to the Port's healthcare options.

Safety Incentive: Effective upon approval by Port Commission, the employer shall issue a \$500 payment (grossed up) to all regular full-time employees in a paid status for each fiscal year that Marine Landscape meets its Safety Metric. Such payment is subject to completion of the Port's annual audit and verification by audit that the Safety Metric was achieved. The Safety Metric is to be based on the safety performance of the work group covered under this CBA. FY 23-24 is the first fiscal year during which safety will be measured for purposes of eligibility for a possible payout in the fall of calendar year 2024.

Probationary Period: Effective upon approval by Port Commission, the probationary period for new employees shall be changed from six months to 1040 actual hours worked.

Holidays: Juneteenth and Veterans Day are added; Presidents' Day is deleted, for a net increase of one holiday.

Bereavement: Eligibility to receive five days of bereavement leave no longer requires proof of travel.

Safety Shoes: Subsequent to the Port Commission's approval, during any two consecutive year period, the employer will reimburse employees up to a maximum of \$450 for the purchase of safety shoes.

Impact (new dollars): The estimated annual increase over the last contract year of the current CBA attributable to the terms of the new four-year successor CBA, as well as the anticipated aggregate total in new dollars over the life of the successor CBA, are as follows:

Contract Year	Fiscal Year	Yearly Increase
Year 1	FY 23/24	\$ 37,686
Year 2	FY 24/25	\$ 51,453
Year 3	FY 25/26	\$ 86,786
Year 4	FY 26/27	\$117,954

The increase in new money over the life of the CBA is projected to be \$293,879. Note: This projection assumes wage increases in Year 3 and Year 4 at the maximum percentage of 5% in July 2025 and July 2026.

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 four-year collective bargaining agreement with the Laborers International Union of North America, Local 483, beginning July 1, 2023, setting forth wages, fringe benefits and working conditions, consistent with the terms presented to the Port of Portland Commission.

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.

PERSONAL SERVICES CONTRACT AMENDMENT – WILLAMETTE COVE
ENVIRONMENTAL CLEANUP CONSULTING SERVICES – PORTLAND HARBOR
SUPERFUND SITE

Oct 11, 2023

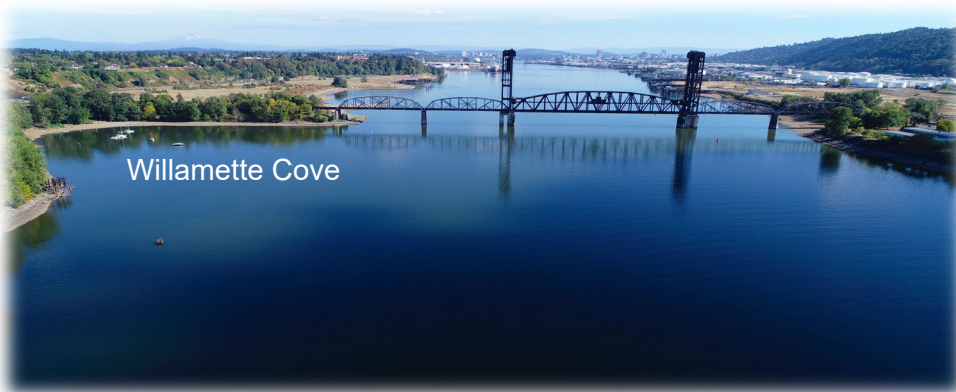
Presented by: Dwight Leisle
Environmental Program Manager

REQUESTED COMMISSION ACTION

This agenda item requests approval to amend the existing personal services contract with GSI Water Solutions, Inc. to add funds for remedial design services for the Portland Harbor Superfund cleanup project at the Willamette Cove site in the amount of \$3,500,000, for a total compensation payable of \$11,500,000.

BACKGROUND

Willamette Cove is located on the east bank of the Willamette River approximately in the center of the 10-mile stretch of the Portland Harbor Superfund site. Willamette Cove is just downstream from the Burlington Northern Santa Fe Railroad bridge, as shown in the picture below. The site is about five river miles downstream of downtown Portland.



The upland site is approximately 24 acres of open natural area. The site is currently vacant and covered with native and invasive vegetation. Metro is the landowner of the upland site.

The Port of Portland (Port) owned a portion of the upland site from 1903 to 1953, where the public common-use shipyard known as the St. Johns Ship Repair Yard was constructed. The St. Johns Dry Docks moved to Swan Island in 1953 and the Port sold the land. The Port had no further ownership interest in Willamette Cove. Other historical uses at Willamette Cove included plywood and lumber mills, a cooperage plant, marine salvage facilities and other facilities associated with the lumber industry. The contamination at Willamette Cove resulted from these historical activities. Most of the parties who caused contamination at Willamette Cove are either bankrupt or otherwise insolvent.

PERSONAL SERVICES CONTRACT AMENDMENT – WILLAMETTE COVE
ENVIRONMENTAL CLEANUP CONSULTING SERVICES – PORTLAND HARBOR
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In January 2017, the U.S. Environmental Protection Agency (EPA) issued its final cleanup plan (called a Record of Decision) to address contamination in the Willamette River, including Willamette Cove. Prioritizing cleanup of Willamette Cove to address risks to the health of people who access the site from land and water is critical to the Port and its public agency partners.

In late 2019, the Port, City of Portland (City), State of Oregon and Federal Government signed an agreement with EPA to design the cleanup of the in-water portion of Willamette Cove. In doing so, the Port sought to advance remediation efforts at a site that has strong community interest in cleanup. The public agencies, all of whom are connected to the site, present some of the only remaining connections to the site's historic past. The Port contributes 25% of remedial design costs, with the remainder shared among the other public agencies.

In October 2019, the Commission approved our request to award the personal services contract to GSI Water Solutions, Inc. in the amount of \$6.5 million to provide remedial design of the Willamette Cove cleanup under EPA oversight. At that time, the estimated total project costs were about \$8.1 million. An additional \$1.5 million was added to the contract in March 2023 to keep the project moving forward without delay while we determined the scope of the remaining work. Since that time, the estimated total project costs have escalated to a total of about \$14.3 million. Cost increases are driven primarily by increased labor and service rates, increased agency oversight costs and increased agency demand on investigations and deliverables.

CONTRACT SCOPE OF WORK

The scope of work for environmental cleanup consulting services at Willamette Cove includes the following:

- Provide comprehensive program management services to ensure compliance with requirements in federal and state agreements, including but not limited to developing work plans and reports.
- Perform pre-design site investigations in support of remedial design.
- Conduct remedial design and associated services.
- Assist on public engagement, outreach, education and training.

The scope of work does not include the construction of cleanup, but rather assistance to conduct the planning and remedial design. The construction of the remedial action (the cleanup of the site) will be covered under a separate agreement and contract.

CONTRACT TERMS AND BUDGET

Due to increasing project costs, the Port seeks Commission approval to amend the existing personal services contract with GSI Water Solutions, Inc. to add funds of \$3.5 million and cap the total contract limit at \$11.5 million. This is the estimate for the services necessary to

PERSONAL SERVICES CONTRACT AMENDMENT – WILLAMETTE COVE
ENVIRONMENTAL CLEANUP CONSULTING SERVICES – PORTLAND HARBOR
SUPERFUND SITE

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complete the remedial design work. The Port is responsible for payment of 25% of the contract costs. Remedial design work is expected to be complete in January 2025. This contract is not to construct the cleanup, but rather do all the planning, design and other related work to get to the point of constructing the cleanup.

Other project costs include agency oversight costs for EPA, DEQ and Tribal Governments. The contract costs and the agency oversight costs will be a shared cost with our project partners (the City, State and Federal Government) with the Port funding a 25% share. Each of our project partners will bear their own internal costs. Total budget for this design phase is estimated at just over \$14.3 million. The Port share for this project (including for Port internal costs) is estimated at just under \$4.0 million. As we move forward, the costs associated with these project components will be further refined.

Below are updated cost estimates for project components:

	Project Total	Port Contribution
Existing personal services contract (last amended Mar 2023)	\$8,000,000	\$2,000,000
Personal services contract amendment	\$3,500,000	\$875,000
Agency oversight costs	\$2,850,000	\$712,500
Port staff and other related services	N/A	\$350,000
Total budget	\$14,350,000	\$3,937,500

The Port's small business enterprise (SBE) program participation goal for this contract has been set at 26%. SBE includes firms certified by Oregon or Washington as minority, women, or service-disabled veteran-owned, or as an emerging small business. To date, the GSI Water Solutions, Inc., contract is achieving an SBE program participation of 20.37%.

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 personal services contract with GSI Water Solutions, Inc., for remedial design services for the Portland Harbor Superfund cleanup project at the Willamette Cove site, 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.

TENANTS IN COMMON AGREEMENT – TERMINAL 2

October 11, 2023

Presented by: Ken Anderton
Sr. Manager
Real Estate Development

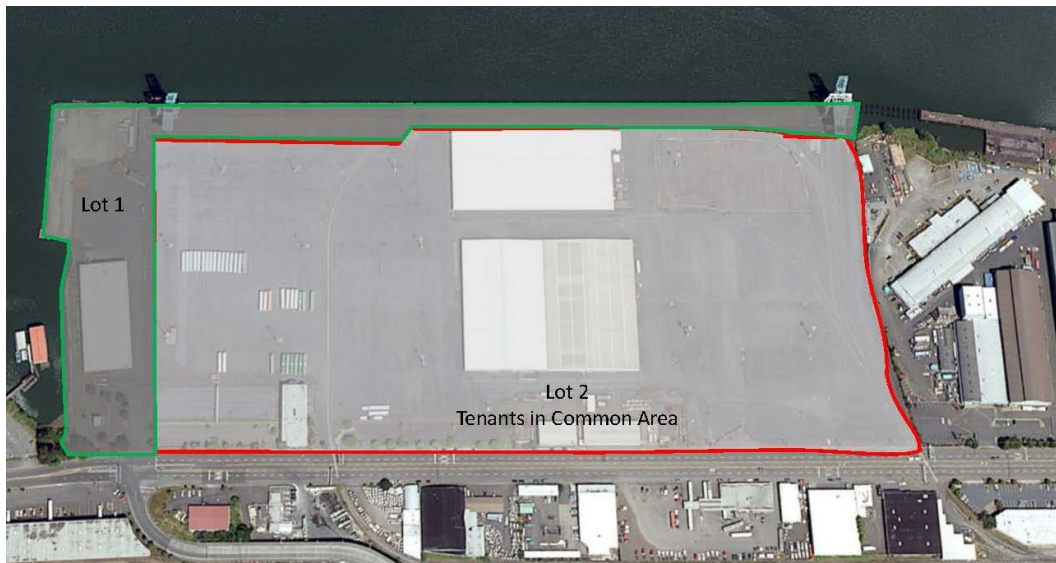
REQUESTED COMMISSION ACTION

This agenda item requests approval to enter into a Tenants in Common (TIC) Agreement with Prosper Portland for a 39.99± acre lot (Property) located at Terminal 2 (T2) in Portland.

BACKGROUND

The Port of Portland (Port) plans to activate T2 for a greater economic impact on people who live in the region. The Port has developed a long-term plan to transform a portion of T2 into an Innovation Campus (Campus) focused on housing and mass timber. When complete, the Campus will host housing manufacturing facilities, mass timber research and development, and incubator space for small-scale companies focused on innovation in housing, mass timber and other climate initiatives.

To reach these goals, the Port proposes to work with Prosper Portland through a TIC Agreement. Prosper Portland and the Port share common goals of creating equitable growth in the region, and the two agencies desire to work together to reduce entitlement uncertainty and support the project. Several development steps need to take place, including the need to adjust the Property's lot lines. One lot will remain active to support river dredging and ship storage (Lot 1) and the other (Lot 2) will become the 39.9-acre mass timber housing innovation Campus.



TENANTS IN COMMON AGREEMENT – TERMINAL 2

October 11, 2023

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The TIC Agreement establishes a partnership between the Port and Prosper Portland at the Campus and transfers an undivided interest of the Port's fee simple interest in Lot 2 to Prosper Portland. The TIC Agreement would govern the terms of the shared ownership of the Campus, relating to its development, use, and operation. Under the terms of the TIC Agreement, Prosper Portland would own an undivided 1% common interest in the Campus, with the Port retaining the remaining 99% undivided common interest.

Currently, all of T2 is zoned for and limited to river-dependent and river-related uses based on a City of Portland (City) zoning overlay. A TIC agreement between the Port and Prosper Portland would reduce entitlement uncertainty for the Campus, by creating an inland parcel that is disconnected from the waterfront. Port staff has submitted a lot line adjustment to the City and Multnomah County, which will be recorded upon the signature of the TIC Agreement. The adjusted Property lines will result in one approximately 39-acre upland parcel oriented toward NW Front Avenue (Lot 2), and a second approximately 6-acre waterfront parcel that would retain street access to NW Front Avenue (Lot 1).

BUDGET AND FINANCIAL INFORMATION

The Port will convey to Prosper Portland a 1% interest in the Campus for one dollar (\$1.00). The Port will retain majority control of the Campus and would still be responsible for 100% of the costs associated with development and retain 100% of the revenues derived from the Property. The TIC agreement also allows for the Port to repurchase the 1% interest at any time for one dollar (\$1.00). As part of the City's broader economic development strategy, Prosper Portland will cooperate and support the Port's efforts to develop the Campus and promote the shared vision of creating a more prosperous Portland by attracting manufacturing and research and development jobs dedicated to the production of housing in the region.

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 Tenants in Common agreement with Prosper Portland for property located at Terminal 2, 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.

LOYAL LEGION LEASE – PORTLAND INTERNATIONAL AIRPORT

October 11, 2023

Presented by: Kaitlin Hunter
Sr. Manager, Concessions &
Customer Experience**REQUESTED COMMISSION ACTION**

This agenda item requests approval to modify business terms of the Loyal Legion lease, previously approved by Commission on April 12, 2023, for a full-service restaurant in the pre-security mezzanine of the new Portland International Airport (PDX) terminal.

BACKGROUND

The new PDX terminal includes plans for a new restaurant located pre-security on the mezzanine level in the new Oregon Market. This expansive space – more than double the size of a typical PDX full-service restaurant and offering panoramic views – is envisioned as an anchor for the new terminal. A lease for this prominent location was awarded to a strong local brand, Loyal Legion, earlier this year through a Request for Proposals (RFP) process. Due to market conditions, Loyal Legion's owner has not been successful in securing Port-approved third-party investors willing to fund the substantial buildout cost, estimated at \$8 million. Current market conditions, including reduced access to capital, increased borrowing costs, increased labor and material costs, and the overall cost of construction in airports, are exerting significant pressure on airport concessionaires and restaurant owners.

While post-security concession space is highly sought after, that is not often the case for pre-security space. Loyal Legion was the only participant in the RFP process to submit a proposal for pre-security space, which is perceived to be higher risk for businesses. The addition of security checkpoints post-9/11 led to a shift in passenger behavior nationwide, which has continued to accelerate following the COVID-19 pandemic. For the past 20 years, airports throughout the country have been relocating concessions from pre- to post-security. PDX has also made this shift, with only 18% of concessions space in the new terminal allocated to pre-security, compared to 37% prior to the TCORE project.

Despite this overall national trend, the pre-security mezzanine restaurant is expected to do well based on the historical performance of two full-service restaurants located pre-security before TCORE construction began. While the Port's concessions consultant, ICF, forecasts \$5 million annual sales, third-party investors have been difficult to convince. Challenges include unproven sales numbers, the location on the mezzanine instead of the main level, and distance and visibility to the Transportation Security Administration (TSA) checkpoints. The space is also not yet open, which creates a challenge for investors to understand the flow of passengers through the facility. Finally, airports typically package financing for pre-security space with post-security to balance the risk/reward for funders and operators. However, packaging this location with another space would be counter to the PDX direct-leasing concessions model, which prioritizes access for small and local businesses.

LOYAL LEGION LEASE – PORTLAND INTERNATIONAL AIRPORT

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To ensure the mezzanine restaurant is open in conjunction with the western expansion in 2024, Port staff recommend that the Port provide the capital necessary to design and construct the space. Loyal Legion would be the operator in charge of managing the facility on a day-to-day basis. Both parties would have a vested interest in ensuring the restaurant is well-built, operating efficiently and generating revenue. The day-to-day operation of the facility is consistent with the operating structure of a current concession.

To implement this approach, business terms of the lease will need to be altered. Aside from the terms listed below, the agreement would remain consistent with the material terms presented and approved at the April Commission meeting.

UPDATED KEY BUSINESS TERMS

Lease Term

The Port's standard term for food and beverage locations is 10 years, which was previously approved for this lease. However, to ensure that the Port recovers the capital investment, the term for the revised lease would be 12 years with three one-year options to extend at the Port's discretion. Commencement of the term would be the first day Loyal Legion opens for business.

Financial Structure

The Port would fund the design and construction out of the Port Cost Center. Loyal Legion would be expected to pay for the start-up costs, including inventory, kitchen small wares, etc. Once the location is open and operating, Loyal Legion would collect all revenues and pay all operating expenses monthly. With that operating income, Loyal Legion would first pay rent to the Port of 5%, which would be allocated to the Airline Cost Center, consistent with how terminal concession revenue is allocated with current leases. Loyal Legion would then receive an "Operator Fee" of 5%.

Following monthly payment of rent and Operator Fees, Loyal Legion would first apply operating income to recover its start-up costs. Any net revenue would then be a 90/10% split between the Port and Loyal Legion, with 90% of the net revenue allocated to the Port Cost Center to pay back the initial capital investment. After the initial investment is fully paid back, the split would change to 80/20%, and the Port would receive 80% of the net revenue, which would be allocated to the Airline Cost Center.

If at any point expenses exceed revenues, Loyal Legion would be responsible to pay those excess expenses (working capital deficit), and the rent and operator fee (fee deficit) would be deferred. The working capital deficit, as well as the rent and operator fee deficit, would be credited in the following month if there is a positive operating income, prior to paying any new rent or fees. While the payback period and rate of return on this investment would be dependent on sales performance of the restaurant, if the expected annual sales of \$5 million is consistently met, the payback period would be eight years and the rate of return on investment would be 3%.

Project Delivery Method and Asset Ownership

To streamline internal Port workload and ensure Loyal Legion is delivered on time, the Port's general contractor for the Terminal CORE project, Hoffman Skanska, would construct the space. The construction cost estimate from Hoffman Skanska, based on 60% design completion is \$7,926,475. Port soft costs including permitting, insurance, contingency and staff time total an additional \$373,525. Once built, all assets within the space would be owned by the Port. In addition to the construction costs, the Port would reimburse Loyal Legion approximately \$200,000 for design services, which would then be added to the Port's total investment to be repaid by Loyal Legion over time. The total cost for design and construction of this project will be \$8,500,000.

Operations

The day-to-day management and operations of the restaurant would be the responsibility of Loyal Legion, with oversight by the Port. Loyal Legion would follow standard operating hours, adhere to street pricing and pay all standard fees associated with the PDX concession program. Any unanticipated/unbudgeted expenses over \$5,000 would require approval from the Port.

Loyal Legion would be required to submit monthly profit and loss statements and reimbursement requests. In addition, weekly sales and transactions reports would be required. The Concessions Operations team, along with other internal stakeholders as needed, would meet regularly with Loyal Legion to ensure operating standards are being maintained and all necessary reports are being submitted.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to modify business terms of the Loyal Legion lease for the mezzanine restaurant space 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.

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

October 11, 2023

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 \$10,103,997. The increase included in this amendment will provide for the following:

- Supply and install U.S. Transportation Security Administration (TSA)-approved security lane equipment to provide for personnel security screening capabilities in the amount of \$2,177,522.
- Provide, with funding through a related capital project, tenant improvement construction services for a restaurant tenant at the pre-security mezzanine location in the amount of \$7,926,475.

BACKGROUND – TCORE PROJECT

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) maximized 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 expanded 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; and

PUBLIC IMPROVEMENT CONTRACT AMENDMENT – TERMINAL CORE REDEVELOPMENT
PROJECT AND CONCESSION TENANT IMPROVEMENT PROJECT – PORTLAND
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- Remodeling the ticket lobby by removing existing ticket counters and reorienting them 90 degrees into a flow-through design.



BACKGROUND – SECURITY LANE EQUIPMENT

As described more fully in a January 2023 Commission agenda item for the purchase of TSA-approved security checkpoint lanes, the Port intends to install the TSA's updated and advanced security checkpoint lane equipment in the Western Expansion. When the TSA does not provide security checkpoint lane equipment itself, airports can secure TSA-approved security checkpoint lane equipment and then transfer it to TSA at no charge, under the TSA's Capability Acceptance Process (CAP).

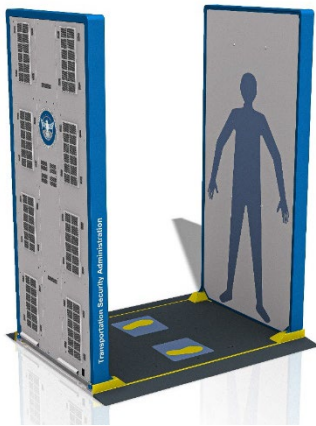
As approved by Commission in January 2023 and May 2023, the Port has procured 12 automated checkpoint lanes from Scarabee Aviation Group North America, Inc. (Scarabee). Approval of this request will allow for the purchase of ten Rohde & Schwarz personnel security scanners to complete the lane installation. These new scanners provide faster screening, gender-neutral screening graphics, open architecture and are easier for physically-impaired individuals to navigate. In addition, passengers with hip/knee replacements or metal pins may no longer need to go through special screening since the scanner uses different technology than current scanners.

Since procurement of this equipment is not contained within the overall TCORE project plan, an amendment is required to add this scope to the Construction Manager/General Contractor (CM/GC) public improvement contract with Hoffman Skanska for the TCORE project (the Construction Contract).

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

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BACKGROUND – CONCESSION CONSTRUCTION PROJECT

As referenced in the Loyal Legion lease agenda item, the Port now desires to provide construction services for tenant improvements within the Loyal Legion restaurant space. Delivering this work within the TCORE project will allow greater coordination of construction activities, provides for an improved safety environment with less contractors on-site within the TCORE project space, and provides the best opportunity for the restaurant to be available for the May 2024 TCORE Western Expansion opening. Since this work scope is not in the overall TCORE project plan, an amendment is required to add the work to the Construction Contract.

PROJECT FUNDING

The following list summarizes the TCORE project's major funding milestones:

- November 2017 – The airlines serving PDX approved \$950,000,000 for Phase 1 of the project, which included the Western Expansion construction, the new roof over the terminal building, and the Concourse B extension.
- August 2019 – The airlines approved an additional \$700,000,000 for Phase 2 of the project, to complete the renovation of the ticket lobby and the post-security concession nodes.
- June 2022 – The airlines approved an additional \$500,000,000 to complete the project due to unprecedented construction cost escalation; market uncertainty due to COVID-19 pandemic impacts and material delivery, labor availability and cost escalation; and schedule escalation due to unforeseen field conditions that were encountered as the final project pricing was developed.
- February 2023 – The airlines approved \$83,700,000 for the implementation of the CBRA-CSE project that will be implemented with the TCORE project.

PUBLIC IMPROVEMENT CONTRACT AMENDMENT – TERMINAL CORE REDEVELOPMENT
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- July 2023 – Additional \$4,500,000 to implement the Concession Grease Exhaust project.
- October 2023 – Additional \$8,500,000 to implement the Concession Construction project.

CONSTRUCTION CONTRACT – AMENDMENTS TO DATE

The Port Commission has approved the following amendments to the Construction Contract since its May 2018 award:

- March 2019 – In the amount of \$38,336,191, to facilitate certain enabling work for Concourse B redevelopment, deliver the passenger boarding bridge replacement, and secure design-related assistance from key subcontractors. That work is ongoing;
- July 2019 – In the amount of \$8,092,413, to facilitate 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 and installing job-site 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 related to the new building column foundations;
- April 2020 – In the amount of \$31,000,000, for interim work scopes associated with ticket lobby modifications, security checkpoint relocations, and logistical services to provide support for overall project construction;

PUBLIC IMPROVEMENT CONTRACT AMENDMENT – TERMINAL CORE REDEVELOPMENT
PROJECT AND CONCESSION TENANT IMPROVEMENT PROJECT – PORTLAND
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- August 2020 – In the amount of \$230,000,000, for construction of building structural steel, roof component pre-fabrication, roof transportation to terminal and final installation, curtain wall installation, seismic isolation componentry, and project logistical support;
- December 2020 – In the amount of \$248,220,000, for demolition of the existing building, temporary installation of enplaning level waterproofing, structural supports, construction barriers and mechanical air-handlers, and construction staffing and logistical support for the demolition phase of the project;
- March 2021 – In the amount of \$9,000,000, for early procurement of building vertical transportation components;
- June 2021 – In the amount of \$75,000,000, for tenant relocation activities, early procurement of terminal utility work, and baggage handling system procurement and delivery for TCORE and a related capital project;
- February 2022 – In the amount of \$30,000,000, for early procurement of mechanical and electrical components included in the final bid package, and funding ongoing general conditions costs prior to the establishment of the Guaranteed Maximum Price (GMP);
- July 2022 – In the amount of \$828,131,690, to establish the total project GMP for the TCORE project and a related capital project;
- July 2023 – In the amount of \$44,200,000, for installation of the baggage handling system checked bag resolution area and control system expansion and concession grease exhaust projects.

AMENDMENT – SCOPE OF WORK; AWARD

The additional scopes of work described above will include the following:

- Purchase ten Rohde & Schwarz QPS201 personnel security scanners.
- Provide tenant improvement construction services including architectural fit-up, electrical power and lighting, kitchen installation, mechanical and plumbing install, bar construction, etc.

Port staff have determined that this amendment is permissible under applicable Port contracting rules and policies. Awarding this amendment is also consistent with the Construction Contract terms, which allow 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.

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

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COMPENSATION

Port staff have negotiated with Hoffman Skanska to increase the Construction Contract GMP by \$10,103,997 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 fixed fee that is based on a percentage of those costs, subject to the GMP. The fixed fee applicable to this work will be the percentage established under the July 2022 Construction Contract amendment, which was reduced from 2.97% to 2.77%. Any savings that Hoffman Skanska realizes by completing the project at a lower cost than the GMP will accrue 75% to the Port and 25% to Hoffman Skanska.

The 20% small business participation goal established for the Construction 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	\$5,637,076	\$5,637,076
Amendments to Date	\$1,766,119,269	\$1,681,228,163
This Amendment	\$10,103,997	\$2,177,522
New Total Contract	\$1,781,860,342	\$1,689,042,761

The new total contract amount shown above represents the new total project GMP.

TCORE 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 Design 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

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Contractor selection (Construction Contract)	December 2017 – February 2018
Schematic design development phase	January 2018 – December 2018
Commission actions (approve amendments to the Design Contract, Commissioning Services Contract, Construction Contract, and Testing and Inspection Contract)	April 2018 – October 2022
Detailed design development phase	February 2019 – September 2021
Commission action (approve amendment to Construction Contract)	October 2023
Rohde & Schwarz equipment delivery	October 2023 – March 2024
Construction – Tenant Improvements	October 2023 – May 2024
Construction TCORE	April 2019 – June 2026

BUDGETS

	Tenant Improvement	TCORE
CM/GC services (including construction)	\$7,925,000	\$1,676,000,000
Consultant design services	\$0	\$211,000,000
Procurements/equipment	\$100,000	\$63,000,000
Port staff/contracted services	\$100,000	\$86,000,000
Permits	\$100,000	\$19,000,000
Contingency	\$75,000	\$92,000,000
Total project	<u>\$8,500,000</u>	<u>\$2,150,000,000</u>

The construction contract for the tenant improvement project described in this agenda item includes about 8.5% design development contingency. Combined with the Port contingency, overall contingency representing 9.3% of the project cost is considered reasonable given the complexity of the work and the risk profile for the projects.

The tenant improvement project will be funded by the Port cost center, which is composed primarily of revenues from the Port's public parking, rental car and ground transportation operations at the airport. The TCORE project will be funded by the Airline Cost Center, which is composed primarily of revenues from the Port's commercial airline service business lines.

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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.