



AGENDA
Regular Commission Meeting
Port of Portland Headquarters
7200 N.E. Airport Way, 8th Floor
April 11, 2012
9:30 a.m.

Minutes

Approval of Minutes: Regular Commission Meeting – March 14, 2012

Executive Director

Approval of Executive Director's Report – March 2012

Award Presentations

Airport Revenue News Awards

Port of Portland Compass Award

General Discussion and Public Hearing

Fiscal Year 2012-2013 Proposed Budget and Economic Overview

*SUZANNE KENNY
SCOTT DRUMM*

Consent Item

1. METRO POLICY ADVISORY COMMITTEE MEMBER
RECOMMENDATION

SUSIE LAHSENE

Requests approval to appoint the Public Affairs Director as the Port of Portland's representative for the Metro Policy Advisory Committee, and provides for alternates.

Action Items

2. CONTRACT – MAINTENANCE DREDGING 2012 – TERMINAL 2

MARCEL HERMANS

Requests approval to award a construction contract to Hickey Marine Enterprises for maintenance dredging at Terminal 2.

3. LEASE AMENDMENT – KINDER MORGAN OPERATING L.P. "C" –
TERMINAL 4

DEBRA CRAWFORD

Requests approval to enter into an amended and restated lease agreement with Kinder Morgan Operating L.P. "C" for approximately seven acres at Terminal 4.

METRO POLICY ADVISORY COMMITTEE MEMBER RECOMMENDATION

April 11, 2012

Presented by: Susie Lahsene
Transportation and Land use
Policy Manager**EXECUTIVE SUMMARY**

This agenda item requests approval to appoint Tom Imeson, Public Affairs Director, as the Port of Portland's (Port) representative to Metro for the Metro Policy Advisory Committee (MPAC), with permission to name certain alternates in case the Director is absent.

BACKGROUND

MPAC advises the Metro Council on growth management and land use issues at the policy level. MPAC is composed of 21 voting members representing cities, counties, special districts and the public; and 6 non-voting members including a representative from the Oregon Department of Land Conservation and Development; the Port of Portland; cities in Clackamas County outside the Urban Growth Boundary (UGB); cities in Washington County outside the UGB; the City of Vancouver, Washington; and Clark County, Washington. In addition, three Metro Councilors participate as non-voting liaisons.

Established by the Metro Charter in 1992, the MPAC advises the Metro Council on the amendment or adoption of the Regional Framework Plan as well as regional transportation, management of the urban growth boundary, protection of lands outside the urban growth boundary for natural resource, future urban or other uses planning responsibilities required by state law. MPAC meets twice a month.

The Port's strategic plan directs the Port to be a "Leader in Industrial Land Acquisition and Development" and to be a "Regional leader in Transportation Infrastructure." The Port's representative was former Port Commissioner Ken Allen.

Metro has asked the Port to appoint a new representative and indicated that their bylaws provide that:

"Non-voting members or alternates may either be members of the governing body of a jurisdiction or serve as a Chief Operating Office or Planning Director or equivalent."

The Bylaws also provide that:

"Members and alternates from the Port of Portland will be appointed by the governing body of that organization. The member and alternates will serve until removed by the governing body."

METRO POLICY ADVISORY COMMITTEE MEMBER RECOMMENDATION

April 11, 2012

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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 appoint the Port's Public Affairs Director, as the Port of Portland's representative on the region's Metro Policy Advisory Committee, and that the Public Affairs Director may delegate this representation to the Transportation and Land Use Policy Manager, or the Regional Affairs Manager as alternates in the Director's absence.

CONTRACT – MAINTENANCE DREDGING 2012 – TERMINAL 2

April 11, 2012

Presented by: Marcel Hermans
Engineering Project Manager**EXECUTIVE SUMMARY**

This agenda item requests approval to award a construction contract to Hickey Marine Enterprises, Inc., for Terminal 2 Maintenance Dredging 2012.

BACKGROUND

Terminal 2 is the Port of Portland's general cargo terminal. It consists of four vessel berths, seven acres of covered storage and 27.5 acres of open storage. The terminal handled 38 vessels in 2011. In the last 10 years, Terminal 2 has handled cargo such as containers, steel rail, logs and lumber, roll-on/roll-off cargo, steel components, manganese ore, barite ore and granular fertilizer. Occasionally, Terminal 2 is also used for specialized cargo such as large transformers or even the span of the Sauvie Island Bridge.

Maintenance dredging at Terminal 2 is performed on an as-needed basis. Sediments gradually build up over time in the berthing area. When sediment accretion reaches a level where it would impede vessel draft requirements, sediments are removed through dredging. The previous dredging project at Terminal 2 was conducted in 2008 when Berths 205 and 206 were dredged.

In this year's project, the 205 and 206 berthing areas will be restored to the same operating depths as in the 2008 dredging project, namely 36 feet for Berth 205 and 38 feet for Berth 206.

Based on last summer's hydrographic surveys, the volume of sediments to be removed is estimated to be about 18,000 cubic yards. The contractor will be responsible for the dredging as well as the transportation and placement of the dredged material at the Port's placement site on West Hayden Island.

This work is subject to a number of permits and regulatory approvals including the U.S. Army Corps of Engineers, Rivers and Harbors, Section 10 permit; the Oregon Department of State Lands removal and fill permit; and an Oregon Department of Environmental Quality Beneficial Use Determination. Issuance of these permits is coordinated with other agencies including the Environmental Protection Agency and the National Marine Fisheries Service. All but two of the required regulatory approvals have been received.

The dredging work will need to be performed during the July 1 through October 31 in-water work window. It is anticipated that the dredging operations and the regular vessel operations can each be performed without any significant interference from the other.

Bids for the project were received on March 22, 2012, as follows:

Hickey Marine Enterprises, Inc.	\$593,853.60
Marine Industrial Construction, LLC	\$895,165.28
J.E. McAmis, Inc.	\$944,912.00
American Construction	\$1,399,744.00
Manson Construction	\$1,508,630.00
Engineer's Estimate	\$744,968.00

The contract amount is within the project budget. The project is funded from the General Fund.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to award a construction contract for Terminal 2 Berths 205 and 206 Maintenance Dredging 2012 to Hickey Marine Enterprises, Inc., in accordance with its bid; 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.

LEASE AMENDMENT – KINDER MORGAN OPERATING L.P. “C” – TERMINAL 4

April 11, 2012

Presented by: Debra Crawford
Property Manager**EXECUTIVE SUMMARY**

This agenda item requests approval to enter into an amended and restated lease agreement (Amended Lease) with Kinder Morgan Operating L.P. "C" (Kinder Morgan) for approximately 7.67 acres adjacent to Berth 410/411 at Terminal 4. The Amended Lease will incorporate a new 10-year lease extension with two, 5-year options, effective January 1, 2013. Kinder Morgan commits to purchase and install a new ship loader at Terminal 4.

BACKGROUND

The Port of Portland (Port) entered into a lease agreement with Hall-Buck Marine, Inc. (Hall Buck), in 1987 for the construction and operation of a facility for the export of soda ash and other mineral bulk products. In 1998, Hall Buck changed its name to Kinder Morgan Bulk Terminals, Inc. (KMBT), and in 2004, KMBT assigned its rights and obligations under the lease to Kinder Morgan.

Today, Kinder Morgan loads approximately 2 million metric tons of soda ash per year to ocean going vessels calling at the Terminal 4 facility. Houston-based Kinder Morgan is one of the largest terminal operators in North America, operating 180 liquid and dry bulk terminals throughout the U.S. and Canada.

The bulk soda ash handled through the Kinder Morgan facility is mined and milled in Wyoming, arrives at Terminal 4 in rail car unit trains, and is exported to Pacific Rim and South American markets. While soda ash is also shipped through ports in Texas and California, Portland ranks as the largest export gateway for soda ash in the U.S.

The leasehold is improved with rail tracks, warehouse space, several buildings, a rail car dumper pit, a soda ash storage shed and cargo-handling equipment. The current lease expires in December 2012, with a two-year option to extend until December 2014.

In recent years, the Port has invested in infrastructure improvements at Terminal 4 to support the soda ash business, including upgrades to the rail yard, installation of sheet piling to better maintain berth depths, and the addition of steel piling to the dock fendering system.

To gain efficiencies in the ship loading operation and as a condition of the Amended Lease, Kinder Morgan will be investing capital to replace the existing ship loader. The new ship loader will feature a modern dust control system, have better outreach capacity for loading larger ships, and increase loading rates. Construction of the new ship loader will commence within 30 days of the lease execution and Kinder Morgan is to complete construction within 9 months.

In conjunction with making the ship loader investment, which is estimated to be approximately \$9.5 million, Kinder Morgan has requested an amended and restated lease to clarify and update the lease provisions and provide for an extension term of the lease that will allow them to recover its investment over a longer term.

Under the Amended Lease, Kinder Morgan will pay initial annual rent for the leased premises in the amount of \$1,405,618.77, a Facility Security Fee in the amount of \$53,690, and an additional rent for Warehouse No. 4 in the amount of \$18,270. Rent and the Security Fee will increase by 1.5 percent annually during the initial lease term, and during the extension terms will increase annually using the Consumer Price Index. The Port also collects “dockage” revenue which is assessed on a per-ship basis.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to enter into an amended and restated lease agreement with Kinder Morgan Operating L.P. "C" for approximately 7.67 acres at Port of Portland Terminal 4, 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.