

**MINUTES**  
**REGULAR COMMISSION MEETING**  
**THE PORT OF PORTLAND**  
**August 11, 2010**

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

**QUORUM**

Commissioners present were Judi Johansen, President, presiding; Ken Allen; Peter Bragdon; Jim Carter; Steve Corey; Diana Daggett; Bruce Holte; Mary Olson and Paul Rosenbaum. Also present were Bill Wyatt, Executive Director; participating staff members; and members of the public.

**MINUTES**

Commissioner Johansen called for a motion to approve the minutes of the Regular Commission Meeting of July 14, 2010. Commissioner Daggett moved to approve the minutes. Commissioner Allen seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Carter, Corey, Daggett, Holte, Johansen, Olson and Rosenbaum voted in favor of the motion.

**EXECUTIVE DIRECTOR'S REPORT**

Bill Wyatt noted we are in the heart of capital construction season at Portland International Airport (PDX). He said that due to poor weather at the start of construction and recent interruptions from Federal Aviation Administration (FAA) flight checks, Stage 1 of the North Runway Extension Project is a little behind schedule and Stage 2, which was marked by the closure of the north runway, started on August 3 rather than July 17 as originally planned. Mr. Wyatt said the overall project schedule and completion of the runway extensions by October 17 is intact.

Mr. Wyatt said that the FedEx Ground Distribution Facility at Troutdale Reynolds Industrial Park (TRIP) will begin operations this month. He said there will be more people working for FedEx Ground than ever worked for Reynolds Aluminum. Mr. Wyatt said there is still approximately 250-280 acres available in TRIP for industrial development. He said a positive sign about economic activity is that we are starting to see some interest in property development. Mr. Wyatt said the relationship with the City of Troutdale and the surrounding community has been outstanding and he is hopeful that this is a mark of things to come for the Port, which is one of the few entities with the ability to take brownfields and convert them.

Mr. Wyatt said the Environmental Protection Agency named the Port as one of 50 green power partners in the United States. He said we are number 49 on the list and Intel also made the list. Mr. Wyatt gave credit to Greg Sparks, who shrewdly structured our program.

Mr. Wyatt said that from a business perspective, things are somewhat flat, including passenger volumes, although we have seen our first capacity increase in about 15 months. He said this is an indication that carriers are beginning to sense sufficient growth to warrant increasing their capacity. Mr. Wyatt said that both our Tokyo and Amsterdam flights are doing extremely well and they have both been scheduled for the winter. He said it has been very gratifying to see how well they are doing.

Mr. Wyatt said the berth deepening at Terminal 5 has been completed; we are now able to accommodate 43-foot-draft ships. This is significant because of its proximity to the mouth of the Willamette River. The channel is naturally deep at that point, so in order for our tenants to take advantage of the deeper drafts, they needed to have the berths deepened.

Mr. Wyatt said we will be closing our lease with ICTSI on August 12. The Committee for Foreign Investment in the United States' (CIFIUS) review has occurred and it was determined that this is not a transaction that falls in the purview of CIFIUS. Mr. Wyatt said representatives of ICTSI are in town meeting with Port staff to discuss, among other things, marketing and business development.

Mr. Wyatt noted that PDX has joined Sustainable Aviation Fuels Northwest. He said the purpose of this Port-sponsored initiative is to conduct a comprehensive regional assessment of the challenges and opportunities associated with the development of sustainable aviation biofuels in the Northwest. Mr. Wyatt said the Port of Seattle, Boeing and Alaska Airlines are also sponsors.

Mr. Wyatt noted that Congress did not approve the FAA reauthorization bill and as a result, we do not expect to receive funding for the new runway at Hillsboro in time to begin construction work this season. He said some preliminary preparation work will get underway this summer, but construction of the runway and taxiway will be deferred until next year.

Mr. Wyatt said that we are approximately one-third of the way through system commissioning and testing for the north matrix of the new baggage screening system. The Transportation Security Administration certification testing will be completed in September and we will "go live" in October. The south matrix will come online in 2011

Mr. Wyatt said the Land Use Board of Appeals (LUBA) issued a decision on June 30, 2010, holding the City of Hillsboro's ordinance applying the Airport Use zone was unconstitutional and found that the City failed to properly analyze potential traffic impacts created by the rezoning. He said the Port and City are contemplating an appeal.

Mr. Wyatt noted that the Port's connection to West Hayden Island (WHI) began 75 years ago as a disposal site for dredge materials from dredging both the Willamette and Columbia River navigation channels. He said the Port acquired the western portion of Hayden Island from Portland General Electric back in 1994 and made an unsuccessful attempt then to annex the property into the City of Portland. Mayor Sam Adams approached the Port a couple of years ago and that began a series of activities related to Hayden Island; the Mayor's view was that it makes sense to consider annexation at the same time we are considering the Columbia River Crossing and the East Hayden Island Community Plan. The City Council's recent decision in the process allows us to take a year or so to look further at a mix of uses on WHI. Mr. Wyatt said they have constrained the footprint for consideration for marine industrial use to 300 of the roughly 752 to 800 acres of the island. One of the things yet to be determined is whether that is a commercially viable acreage.

Mr. Wyatt said that although this was a big moment, we have a lot of difficult work ahead of us. He acknowledged the representatives of the City's Planning and Sustainability office who put in a tremendous amount of time and energy. It is clear there is not universal consensus about WHI; he believes it will continue to be contentious, which heightens the obligation on all of us to be sure we are fulfilling our stewardship. Mr. Wyatt said he is confident we will be successful, but we have a lot of work to do.

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

### **OSHA AWARD PRESENTATION**

Sam Ruda, Director of Marine and Industrial Development (MID), said he was pleased to accept the Oregon Occupational Safety & Health Administration's Safety & Health Achievement Recognition Program (SHARP) award for successfully completing the second year of the continuous improvement process. He acknowledged the work and individuals in MID that demonstrated the SHARP principles that they strive to make a part of the Port's safety culture. Mr. Ruda acknowledged the Safety Committee Chair Chris MacQuarrie, and the action planning team members who developed the safety goals for the second year of the program and helped to ensure MID successfully completed the goals and objectives. Those team members were: Todd Staple, Scott Carter, Jenifer Fonseca-Littrell, Lyle Larson, Richard Henry, Gregg Bieber, Steve Eversmeyer, Ron Robertson, Bill McCormack, Justin Oser, Matt English and Bob Anderson. Mr. Ruda said this is a key initiative for the Port and the Commission and noted the numerous noteworthy initiatives and accomplishments for the year. Mr. Ruda thanked all of the MID employees for striving to improve our Oregon OSHA scores.

### **GENERAL DISCUSSION**

#### **HQP2 Project Completion Report**

Karl Schulz, HQP2 Project Manager, provided a project completion report; he reviewed the original project guiding principles, design and sustainability concepts, schedule, budget, safety, public art and small business participation goals.

Steve Schreiber, Director of Aviation, discussed the financial goals of the HQP2 project. He said they wanted to make sure there was a positive impact to the General Fund from a working capital standpoint as well as an operating standpoint. He said on the airport side of the equation, we wanted to make sure we did not add cost to what the airlines pay to operate at PDX. He said we also wanted to have a positive impact on the Port Cost Center and wanted to complete the project without using tax dollars.

Mr. Schreiber discussed the HQ financial decision factors and reviewed the 20-year financial analysis summary, the savings associated with the consolidation, and the financial analysis metrics. Mr. Schreiber said it was three years ago that the case was made to move forward with the project. The Commission looked at the project very carefully but also took a leap of faith and trusted everyone to get the project done in the manner that it was presented. He expressed appreciation of their faith and confidence in us.

Commissioner Johansen thanked Mr. Schulz for all he has done. She said his discipline and experience have benefitted the Port greatly. She said she was the biggest naysayer and quite nervous about the project, but having Karl on the project gave her great comfort. She also commended Stan Watters for the outstanding job he did. She said Stan came in at an important time and brought some skills and abilities that complemented very well what Port staff brought to the table. Commissioner Johansen said that moving into a new environment can be very unsettling and she commended Bill Wyatt and Port staff for making the One Port vision happen.

Commissioner Johansen thanked Commissioners Olson and Rosenbaum for the oversight they provided on the project; it took some additional time and probing and she appreciates their efforts. Last, but not least, she thanked Steve Schreiber since HQP2 was his idea at the outset.

## West Hayden Island Update

Susie Lahsene, Regional Transportation and Land Use Manager, provided an update of the progress towards the annexation of West Hayden Island, which is a necessary first step for any development to occur. Ms. Lahsene briefly discussed the development process, the City of Portland's approach to annexation and the charge of the Community Work Group. Ms. Lahsene discussed the City Council's direction to staff on July 29. The Council directed the Bureau of Planning and Sustainability to develop a legislative proposal for annexation of WHI into the City with the intent to identify no more than 300 acres for future deep-water marine terminal development and to protect at least 500 acres as open space. Ms. Lahsene noted that the Port does not have a customer or development plan yet, so this will be a broad planning effort, and will lack the specificity that might be seen in some other plan districts. She said we do not know if this will be a container, auto or bulk terminal.

Ms. Lahsene reviewed the additional work program elements, the key issues going forward and the next steps.

Joe Zender with the Bureau of Planning and Sustainability said he is very excited to move on to the next phase of the project. He commended Port staff and Commissioner Holte for seeing it through. He said their responsibility for the next phase is to set it up so that a businesslike and clear decision can be made by the City Council and the Port Commission, and to develop a plan and associated zoning and annexation agreements they believe will work.

Eric Engstrom, also with the Bureau of Planning and Sustainability, said they will be working through the City Council's resolution to figure out what it means in terms of the work plans. He noted the Council was aggressive in terms of setting the acreage goals, which he would describe as a friendly challenge to be creative in the process to push as hard as we can towards a compact footprint that will fit within the 300 acres.

Mr. Wyatt commented on the series of stories that have appeared in The Oregonian, other publications and on television regarding fill from the Terminal 5 berth deepening project. Mr. Wyatt said the fill was deposited on WHI, which has been a disposal site facility for dredge materials at least 70 years. This was deposited according permits or authorizations appropriate at the time, so there was no legal issue about whether past practices were appropriate or not. Mr. Wyatt said the material in question is not what would be described in scientific or legal terms as clean fill; it does have some contamination in it, but that is characteristic of almost anything that comes out of the Columbia or Willamette River.

Mr. Wyatt said the issue that was raised had to do with the application that was filed with the Department of Environmental Quality. This application was to qualify the material for "beneficial use," to avoid having to treat it as if it were solid waste. The application form requires that we describe the intended use, and the use cannot be speculative – it must have some basis in reality. Because we have planned some type of development on the island for many years, we described it as material that could ultimately be used to fill the site for future industrial development. Mr. Wyatt said some of the opponents of the project characterized this as jumping the gun on the process we just entered into with the City, which is not the case. Mr.

Wyatt said if the City determined industrial development is not appropriate for some reason, we can move the material and we have done so in the past. Mr. Wyatt said the Port owns mountains of dredge material and we use it for many purposes.

Commissioner Carter asked that the Commission receive frequent updates on this project.

### **CONSENT AGENDA**

No presentation was made of the following agenda item, which was brought before the Commission as part of the Consent Agenda. Commissioner Olson read the title of the agenda item and called for a motion to approve the item.

Agenda Item No. 1

#### **CONSENT TO ENTERPRISE ZONE EXPANSION APPLICATION BY THE CITY OF HILLSBORO**

BE IT RESOLVED, that the Port of Portland Commission consents to an application by the City of Hillsboro for the expansion of the Hillsboro Enterprise Zone located within Port of Portland district boundaries.

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

### **ACTION ITEM**

Agenda Item No. 2

#### **CONSTRUCTION CONTRACTS – SOUTH RIVERGATE YARD EXPANSION – RIVERGATE INDUSTRIAL DISTRICT**

This agenda item requested approval for two related construction contracts for the South Rivergate Yard Expansion project (Project) in the Rivergate Industrial District (Rivergate). First, staff will request approval to award a construction contract to Colf Construction Company for the majority of the Project. Second, staff will request approval to award a construction contract to Union Pacific Railroad Company (UPRR) for a smaller portion of the Project that impacts active track and yard lighting. In addition, staff will request a waiver of the performance and payment bonding requirements for the construction contract with UPRR.

Robin McCaffrey presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to award a construction contract to Colf Construction Company for the Port Work, as defined above, in accordance with its bid; and

BE IT FURTHER RESOLVED, That approval is given to award a construction contract to Union Pacific Railroad Company for the UPRR Work, as defined above; and

BE IT FURTHER RESOLVED, That the Commission, acting in its capacity as the Port of Portland's Contract Review Board, specifically exempts the construction contract with Union Pacific Railroad Company from the statutory requirement for performance and payment bonds; and

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

Commissioner Corey moved that the Executive Director's recommendations be approved. Commissioner Carter seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Carter, Corey, Daggett, Holte, Johansen, Olson and Rosenbaum voted in favor of the motion.

Commissioner Johansen recessed the Port of Portland Board of Commissioners and called to order the Port of Portland Contract Review Board.

Commissioner Johansen called for a motion and second for approval to exempt the construction contract with Union Pacific Railroad Company from the statutory requirement for performance and payment bonds. Commissioner Daggett moved to approve the exemption. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Carter, Corey, Daggett, Holte, Johansen, Olson and Rosenbaum voted in favor of the motion.

Commissioner Johansen adjourned the Port of Portland Contract Review Board and called to order the Port of Portland Board of Commissioners.

The meeting adjourned at 11:24 a.m.

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President

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Assistant Secretary

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Date Signed

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