

**MINUTES**  
**REGULAR COMMISSION MEETING**  
**THE PORT OF PORTLAND**  
**August 10, 2011**

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; Tom Chamberlain; Steve Corey; Diana Daggett; Bruce Holte and Paul Rosenbaum. Also present were Bill Wyatt, Executive Director; participating staff members; and members of the public.

Commissioner Johansen noted the agenda had been revised; the item relating to the Extension of the West Hayden Island Intergovernmental Agreement with the City of Portland will be presented at the September 14 Commission meeting.

**MINUTES**

Commissioner Johansen called for a motion to approve the minutes of the Regular Commission Meeting of July 13, 2011. Commissioner Daggett moved to approve the minutes. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Carter, Chamberlain, Corey, Daggett, Holte, Johansen and Rosenbaum voted in favor of the motion.

**EXECUTIVE DIRECTOR'S REPORT**

Mr. Wyatt welcomed the Port's newest interns from Inha University's logistics program: Andrew Park, working in Research; Bart Lee, working in Marine and Industrial Development; and Soa Lee, working in Aviation Security. Mr. Wyatt said it has been a successful program and he looks forward to working with the interns.

Mr. Wyatt said the Port handled its first log export shipment in approximately 14 years. He said this is a phenomenon that is occurring up and down the West Coast and will continue for some time. Mr. Wyatt said the logs were moved from upriver to Terminal 2 and loaded for export to China, Japan and South Korea. He congratulated the ILWU for their hard work in handling the logs.

Mr. Wyatt said the Port renewed the Seaport celebration, which was held at Terminal 2 this year. He said we had significant sponsorship and participation from the waterfront community and thanked Schnitzer, Gunderson, Union Pacific, American Honda, ILWU, the Coast Guard and Customs and Border Protection for their participation.

Mr. Wyatt said PDX continues to experience solid passenger growth. He said June passenger activity is up 3.4 percent over the same month last year. He said the fiscal year passenger volumes are up 4.3 percent. He said this is well above our fiscal year budget forecast of 2 percent. He said we finished the fiscal year with nearly 13.5 million passengers. While this reflects solid growth the past year, we are well below our high point of nearly 15 million passengers for fiscal year 2008.

Mr. Wyatt said both the Tokyo and Amsterdam flights are performing well, especially in comparison to other Delta international services. He said both flights are included in Delta's winter schedule and we are working on a joint marketing campaign to boost winter travel.

Mr. Wyatt said that after slumping for several months, cargo tonnage was back in the growth column, up 5 percent this June over June of last year.

Mr. Wyatt said Asiana has confirmed they will begin cargo service to Asia in September. He said we are planning an inaugural event for September 7.

Mr. Wyatt said Congress adjourned for their August recess without passing a new Federal Aviation Administration (FAA) funding program. The FAA shutdown has had relatively limited impacts for us. He said we have \$4.6 million remaining on the south runway project and are waiting on a grant to fund work on one of our runways at Hillsboro Airport. Mr. Wyatt said funding will not impact the south runway, but we may have to proceed with the Hillsboro project without the FAA grant.

Mr. Wyatt said performance on the south matrix of our new baggage handling system is very good. He said after many years of planning and construction, this complex project is substantially complete and in full operation. The project is on schedule, within budget and the safety record has been very good.

Mr. Wyatt said that the new deicing system, which is the most advanced system in the country, is substantially complete and the commissioning process is underway.

Mr. Wyatt noted that Flightcraft is being purchased by Atlantic Aviation, a national Fixed Based Operator based in Texas and owned by Macquarie, a global investment bank headquartered in Australia. He said while we are sad to see the Flightcraft brand disappear, Atlantic will bring substantial operation expertise and funding to the operation at PDX.

Mr. Wyatt said Travel + Leisure Magazine ranked PDX as one of the "Safest Airports in America" and the Airline Pilots Association also awarded PDX its prestigious "Airport of the Year" award.

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, Chamberlain, Corey, Daggett, Holte, Johansen and Rosenbaum voted in favor of the motion.

### **PORT OF PORTLAND HEADQUARTERS BUILDING LEED PLATINUM AWARD**

Kelley Beamer, Advocacy and Outreach Manager for Cascadia Green Building Council, presented the Port with the Leadership in Energy and Environmental Design (LEED) Platinum Award. She said LEED is a rigorous point-based green building certification system that requires a third party to audit the building and evaluation consists of sustainable sites, water efficiency, energy and atmosphere, material and resources, indoor environmental quality, as well as points for innovation and design. She said the LEED Platinum status is a tremendous accomplishment and a great challenge to achieve; it is the highest and most prestigious certification available through the U.S. Green Building Council. Ms. Beamer said on numerous occasions she has heard the building has been referenced by members as an inspiration to

designers and architects who are looking to make a bold and significant investment to employ the newest technology. Ms. Beamer said the building is truly inspirational and is a model for Portland and she could not think of a better building to represent the values of our region.

## **GENERAL DISCUSSION**

### **2011 Legislative Review**

Annette Price, State Government Relations Manager, presented a brief overview of the 2011 legislative session. She discussed the key issues addressed during the session, which included the State budget, education funding and reforms, transportation, Public Employees Retirement System and Redistricting. Ms. Price said we scaled back our expectations for the Port legislative agenda and focused on foundational issues that we can build upon when we see an economic recovery. Ms. Price briefly discussed those issues pertinent to the Port, which included Columbia River Crossing funding ConnectOregon IV, the State budget and industrial lands and brownfields.

### **2010-2011 Environmental Performance**

Dorothy Sperry, Environmental Affairs Manager, reviewed the Port's performance for 2010-2011. She discussed the environmental objectives for the following programs: water resources, natural resources, energy management, air quality and waste minimization. Ms. Sperry said the Port completed eleven of the fifteen environmental targets and partially completed two, and noted we exceeded five of our targets. Ms. Sperry said two of the remaining long-term goals involve targets to minimize impacts to air quality.

## **ACTION ITEMS**

Note: Commissioner Johansen requested that the order of the two agenda items be switched.

### **Agenda Item No. 1**

#### **PROCUREMENT CONTRACT – CRANE 6379 MOTOR CONTROL SYSTEM – TERMINAL 6**

This agenda item requested approval to award a procurement contract to ABB Inc. Crane Services in the amount of \$682,800 for the purchase of a new motor control system for Crane 6379 at Terminal 6 to replace the crane's original 18-year-old motor control equipment.

Walt Haynes presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to enter into a procurement contract with ABB Inc. Crane Systems to provide a motor control system for Crane 6379 at Terminal 6, in accordance with their proposal; 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 Holte asked if the crane would be put down in the fenced area where the construction is taking place. Mr. Haynes said once the construction is completed and the fence is removed it will be brought near the bumper stops near the mooring lines.

Commissioner Holte noted for the record that he is a certified International Longshore and Warehouse Union (ILWU) Local 8 hammer head operator. He said he knows the Port is aware of the operating issues we currently have with Crane 6378 and noted it is the most unproductive post-Panamax container crane at the Port. Commissioner Holte asked what steps would be taken to avoid the operating issues with the crane.

Mr. Haynes said the key to success is working together and he believes he and Craig Bitz, ILWU gearlocker foreman, have an excellent working relationship. Mr. Haynes said they will review the work items together before the process begins.

Commissioner Holte asked if the ILWU gearlocker will be hoisting up the drives. Mr. Haynes said he would like to postpone the response until he has an opportunity to meet with Mr. Bitz.

Craig Bitz said he has been at Terminal 6 for 12 years. He said the gearlocker has made a lot of improvements. He hopes it will continue to be productive and noted he would like to be involved to help speed up the process.

Jeff Smith, President of ILWU Local 8, said there are a couple of issues going on at the ILWU and he wants to ensure this job goes on schedule and budget, as well as ensuring the ILWU and the electricians work together. He said in order to accomplish this it is imperative that the "right people" come together to determine what needs to be done. Mr. Smith noted the labor dispute in Longview and offered his advice to not allow Local 701 operating engineers to do the crane picks or anything that needs to be done; he said the ILWU is capable of doing that work and having Local 701 do so would set the project back.

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

## Agenda Item No. 2

### DISCUSSION OF FISCAL YEAR 2010-2011 EXECUTIVE DIRECTOR PERFORMANCE AND ADOPTION OF FISCAL YEAR 2011-2012 EXECUTIVE DIRECTOR PERFORMANCE CRITERIA

Commissioner Johansen reminded the Commission of the process for the Executive Director's annual performance review. She said the process began in the January/February timeframe with strategic planning. She said the Commissioners worked with staff to provide input on the strategic direction, which formed the criteria for Mr. Wyatt's annual performance.

Commissioner Johansen said the action item for today is to approve Mr. Wyatt's performance criteria for Fiscal Year 2011-2012, not his performance for Fiscal Year 2010-2011. However, the 2010-2011 performance would be discussed prior to the action item.

Commissioner Johansen said the Executive Director position is one of the most critical leadership positions in our state and the Commissioners take their responsibility of reviewing his performance very seriously.

Commissioner Johansen reviewed the goals that were established last year for Mr. Wyatt in 10 key areas:

- *Leadership*
- *One Port*
- *Marine*
- *Industrial Land Acquisition and Development*
- *Aviation*
- *Environmental*
- *Security*
- *Workforce Practices*
- *Information Technology and*
- *Financial Viability*

Commissioner Johansen said there is no question that Mr. Wyatt has provided tremendous leadership. She said Mr. Wyatt effectively managed the organization through a period of significant capital investment in key infrastructure and he and his team have brought significant projects in on time and on budget. Commissioner Johansen said Mr. Wyatt has served as the Port's greatest and most visible ambassador and collaborator, both regionally and nationally. He testified at key public forums, represented the Port on several trade missions and maintained an ambitious travel schedule to meet with Port customers around the world. She said he represented the Port at key meetings throughout the state as a keynote speaker and at the Port's own Gateway to the Globe event.

Commissioner Johansen said in the area of One Port, Mr. Wyatt delivered on his goal to increase the collaboration and effectiveness of Port staff through consolidation in this new building. She said savings are being realized through lower administrative and energy costs. Commissioner Johansen commended Mr. Wyatt for his vision around the One Port concept as well as the LEED platinum certification.

Commissioner Johansen said on the Marine side of the business, this was the Port's third best tonnage year in history. She said notwithstanding a very shaky economy, Mr. Wyatt successfully handed over operation of Terminal 6 (T-6) to ICTSI Oregon, ensuring a more stable financial model for that facility. Commissioner Johansen said the Channel Deepening was completed and several other key transportation infrastructure projects were completed at our Rivergate Industrial area. Commissioner Johansen said Mr. Wyatt and his team successfully recruited a new marine customer, Gearbulk, to T-6, providing more longshore labor hours and improved utilization of docks, cranes and the intermodal facility. She noted during the Columbia River lock closure, Mr. Wyatt and his team showed real initiative in retaining Port customers with an innovative Shipper Support Program.

Commissioner Johansen said regarding Industrial Lands, the Port has had continued success on performance of the Troutdale Reynolds Industrial Park (TRIP). She said the \$129 million FedEx Ground regional distribution hub at TRIP opened in August 2010 and staff continues to prepare and market remaining parcels. Commissioner Johansen said most significant was receiving the local and national Phoenix Award for the top brownfield redevelopment project in the U.S.

Commissioner Johansen said Mr. Wyatt and his team added new tenants at Cascade Station, including a new FBI facility, and recruited key new tenants at Rivergate including Keen Footwear and Subaru.

Commissioner Johansen said work continues on the West Hayden Island annexation process highlighted by the City Council decision to further explore designating 300 acres of the island for industrial use and 500 acres for recreation, habitat restoration and mitigation.

Commissioner Johansen said on the Aviation side of the business, this year saw the addition of one new international air cargo carrier, Korea-based Asiana. She noted Spirit Airlines joined the Port's line-up of domestic air carriers offering air service to Las Vegas and other existing carriers added new service to Boston, Missoula, Billings and Kona. Commissioner Johansen said it was also an exceptional year at PDX. Commissioner Johansen noted that once again PDX was ranked as the best airport in the U.S. by *Conde Nast Traveler Magazine* and the Zagat Survey also found PDX to be the best.

Commissioner Johansen said the Airport Futures project was completed. The process was highly regarded with our stakeholders and resulted in a unanimous endorsement from committee members and City Council. She said this was the year for the completion of very significant, multi-year infrastructure projects including the new de-icing system, the North Runway extension and the new baggage screening system.

Commissioner Johansen said our Environmental Programs continue to demonstrate a real commitment to sustainable business practices. She said Mr. Wyatt's leadership in this area has helped the Port create an identity around environmental values. Commissioner Johansen said with respect to the work on the Lower Willamette, this is a work in progress but engaging in a broader outreach program will be crucial to a successful outcome. Commissioner Johansen said receiving the 2010 Green Power Leadership Award from the U.S. Environmental Protection Agency was rewarding and fulfilling.

Commissioner Johansen said security is a top priority here at the Port and Mr. Wyatt has been instrumental in creating a culture of collaboration with the Transportation Security Administration (TSA) and that has benefitted PDX and those who use it. She said Mr. Wyatt is to be commended for his continued work with the TSA and Coast Guard in terms of compliance and anticipating the security needs at the marine and aviation facilities. Commissioner Johansen said the Port Police K9 teams continued their success in receiving a score of 100% on their annual evaluations from TSA.

Commissioner Johansen said that in the area of workforce practices, a number of key initiatives moved forward including a new workforce management system that streamlined processes and optimized productivity. She said Mr. Wyatt also established a Leadership Fusion program for senior managers that has resulted in collaboration among the Port's future leaders to move the ports culture, decision making, risk awareness, customer service and innovative concepts forward. Commissioner Johansen said under Mr. Wyatt's leadership the Port's costs for health and insurance programs were reduce by 3 percent while the marketplace increased by 11 percent. She said Mr. Wyatt is to be commended for his leadership on safety. She said we have seen successes through the SHARP program and certifications.

Commissioner Johansen said that in the area of information technology, great progress was made to transition all IT assets required for T-6 operation over to ICTSI Oregon. She also said Bill's team cost-effectively implemented a number of important upgrades including Exchange, SharePoint, new mobile access to data and enhanced GIS capability for which the Port received national recognition. Commissioner Johansen noted several IT projects were delayed and asked Mr. Wyatt to continue his focus on the IT side of things to ensure we deliver on the needed improvements.

Commissioner Johansen said financial viability has been challenging but had it not been for the groundwork Mr. Wyatt has done the last few years to position us the way we are, we would not be in the great shape we are in. She said we have been able to maintain our stand-alone double A minus rating. She said this is significant, especially in light of the economy around us. Commissioner Johansen noted we were successful in securing nearly \$54 million in federal and state monies for key projects.

Commissioner Johansen said we received a clean audit from external auditors with no comments or recommendations. She said most importantly, the Port achieved all three financial targets under the PortShare incentive program. Commissioner Johansen said the one piece of constructive feedback is that the Commission is anxious to see Mr. Wyatt proceed with alacrity and speed on the capital and operating Project Portfolio Initiative, which is very crucial given the money we have invested in the capital projects.

Commissioner Johansen said that this has been an outstanding year for Mr. Wyatt and for the Port of Portland. She said as Commission President, it is her role, in consultation with Port Commissioners, to determine Mr. Wyatt's rating. She said in light of his accomplishments, she has decided on a rating of "Exceptional" and an 8 percent salary increase, along with the commensurate bonus of 8.75 percent that goes with the PortShare bonus program.

Commissioner Holte said Mr. Wyatt does an excellent job and his leadership is second to none. He said Mr. Wyatt has an "unbelievable gift" to lead.

Commissioner Allen said he believes Mr. Wyatt is an exceptional executive director. He said he deals with many people in management positions across the state and he would put Mr. Wyatt in the highest two or three people that he deals with. Commissioner Allen said he is concerned with the public and internal perception of the size of his increase. He said he does not comment on many agenda items, but he is an expert on this one so he feels it is important to speak up. He said the size of this merit increase is three to six times the size of other public employees around the State, while we are still in a recession. He said he has some concern about this decision and he is concerned about the internal message that it sends to employees at the Port. He said his understanding is that we currently have proposals on the table in the bargaining process for zero percent wage increases for some of the workers. He said this creates problems in handling collective bargaining in the future. He said believes this will cause problems going forward. He said he has spent many years arguing to get people up to market, but the time to bring them to market is when times are good, not while they are still bad.

Commissioner Johansen said Commissioner Allen's comments are not taken lightly. She said with respect to the salary, the way the program works is that there is a range established for the various performance ratings and the proposed merit increase is within the band that other exceptionally ranked Port employees will receive.

Commissioner Rosenbaum said he appreciates Commissioner Allen's comments and he does not take exception to them. He said we were experiencing a rough period of time four years ago and the numbers were not pretty. He said it is a two-way street – the boss gets credit for everyone's work when it is good and he gets all the blame when it is bad. He said four years ago, even if we wanted to give him an Exceptional rating, the numbers said you cannot do that. He said now you have a situation where the numbers are great, and it would be a disservice to ignore that. He said that in this case he feels very strongly that you have to give credit where credit is due.

Commissioner Chamberlain said he understands Commissioner Rosenbaum’s comments, but he disagrees because we do not operate in a vacuum because we are a public sector entity. He said he represents segments and workers in this economy that have 30 percent unemployment and are experiencing furloughs and wage and benefits cuts. He said those making less than \$100,000 per year are angry, and even though Mr. Wyatt deserves it and it is justifiable, the Commission is sending the wrong message by giving a merit increase of 8 percent. He said this increase outpaces the cost of living, not by 1 or 2 or 3 percent but by 2 or 3 times the cost of living. He said Oregon is not famous for paying people what they deserve; we have the lowest paid Governor on the West Coast and that goes for every elected office. He said he feels this is a mistake.

Commissioner Johansen thanked the Commissioners for their comments. She said going forward we can discuss the program we are on in a more relaxed atmosphere. She said the current program has been in place for three or four years and is aimed at results, and to take into account the comments from Commissioners Allen and Chamberlain is a different approach. She said she would be happy to talk about how we should reward our senior executives. Going forward we can continue to discuss the nature of compensation as a strategic Commission issue.

Following the presentation of Mr. Wyatt’s performance review, Commissioner Johansen presented the formal agenda item to review and establish the Fiscal Year 2011-2012 Executive Director Performance Criteria.

Commissioner Johansen presented her recommendation as follows:

BE IT RESOLVED, That the Port of Portland Commission adopt the Executive Director Performance Criteria to be used for Fiscal Year 2011-2012.

Commissioner Rosenbaum moved that the Commission President’s recommendations be approved. Commissioner Bragdon seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Corey, Daggett, Holte, Johansen and Rosenbaum voted in favor of the motion. Commissioner Allen was not present for the vote.

The meeting adjourned at 11:52 a.m.

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President

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Assistant Secretary

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Date Signed

An 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.