



AGENDA
Regular Commission Meeting
Port of Portland Headquarters
7200 N.E. Airport Way, 8th Floor
December 12, 2012
9:30 a.m.

Minutes

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

Executive Director

Approval of Executive Director's Report – November 2012

Award Presentation

TSA Honorary Partnership Award – Port of Portland Police

MIKE IRWIN

General Discussion

West Hayden Island Update

SUSIE LAHSENE

Consent Items

1. CONSENT TO ENTERPRISE ZONE BOUNDARY CHANGES BY CITY OF PORTLAND
Requests consent to minor boundary changes to the East Portland Enterprise Zone by the City of Portland. *LISE GLANCY*
2. REAL PROPERTY SALE – 0.75 ACRES TO WALSH HOLDINGS, LLC – TROUTDALE REYNOLDS INDUSTRIAL PARK
Requests approval to sell approximately 0.75 acres of unimproved real property located in the Troutdale Reynolds Industrial Park to Walsh Holdings, LLC. *TERESA CARR*
3. REVISION OF PORT OF PORTLAND CONTRACTING RULES
Requests approval of revisions to the Port of Portland Contracting Rules. *CRAIG JOHNSEN*

4. LAND EXCHANGE, DEDICATION OF RIGHT-OF-WAY AND PERMANENT EASEMENT *MATT HOFFMAN*

Requests approval of a purchase and sale agreement that contemplates exchange of certain lands between the City of Hillsboro and the Port of Portland to complete a new road construction project in the City of Hillsboro.

Action Items

5. AMENDED AND RESTATED GROUND LEASE – COLUMBIA GRAIN, INC. – TERMINAL 5 *DEBRA CRAWFORD
JEFF KRUG*

Requests approval to enter into an amended and restated ground lease with Columbia Grain, Inc., for approximately 38.701 acres located at Terminal 5.

6. CONCESSION LEASE – MCDONALD'S USA, LLC – PORTLAND INTERNATIONAL AIRPORT *REBECCA SONNIKSEN*

Requests approval to enter into a new concession lease with McDonald's USA, LLC, at Portland International Airport.

7. PERSONAL SERVICES CONTRACT – STORM WATER MASTER PLAN *SUSAN AHA*

Requests approval to award a professional services contract to Gresham, Smith and Partners to provide storm water master planning services for Portland International Airport; Marine Terminals 2, 4, 5 and 6; Swan Island; Rivergate; Mock's Bottom and the Navigation Base.

8. PERSONAL SERVICES CONTRACT – TICKET/CHECK-IN LOBBY CONCEPT PLAN – PORTLAND INTERNATIONAL AIRPORT *SEAN LOUGHRAN*

Requests approval to award a personal services contract to LeighFisher, Inc., to provide ticket/check-in lobby concept planning services for Portland International Airport.

9. PERSONAL SERVICES CONTRACT – REPLACE BADGING AND ACCESS CONTROL SYSTEMS – PORTLAND INTERNATIONAL AIRPORT *GEORGE SEAMAN*

Requests approval to award a professional services contract to Aviation Security Consulting, Inc., to provide conceptual design services for the Portland International Airport badging and access control systems replacement project.

10. COLLECTIVE BARGAINING AGREEMENT – MARINE SECURITY DEPARTMENT

*BLAISE LAMPHIER
CHERYL HETTERVIG*

Requests approval of a four-year collective bargaining agreement between the Port of Portland and the International Longshore and Warehouse Union, Local 28, representing 25 Port employees who perform marine security at Terminals 2, 4 and 6.

11. AUTHORIZATION TO APPLY TO FOREIGN TRADE ZONE BOARD TO REORGANIZE THE ALTERNATIVE SITE FRAMEWORK

TERESA CARR

Requests authorization for the Port of Portland's executive director or his designee to sign an application on behalf of the Port for the approval, from the U.S. Foreign Trade Zone (FTZ) Board, to reorganize the Port's FTZ program under the Alternative Site Framework.

CONSENT TO ENTERPRISE ZONE BOUNDARY CHANGES BY CITY OF PORTLAND

December 12, 2012

Presented by: Lise Glancy, Manager
Regional Government Relations**EXECUTIVE SUMMARY**

This agenda item requests consent to minor boundary changes to the East Portland Enterprise Zone by the City of Portland (City), located within Port of Portland (Port) boundaries, to provide additional incentives to encourage existing or new companies to invest and add employees within the zone.

BACKGROUND

In the 2005 legislative session, the state statute for the Enterprise Zone program was changed to require the governing bodies of a port district to consent by resolution to Enterprise Zone applications by a city or county within the boundaries of the port. This change was requested to ensure coordination of economic development activities within port districts. Oregon ports play a key role in economic development in the community. Since the statute changed in 2005, the Port Commission routinely receives requests from jurisdictions as they move forward with Enterprise Zone applications and/or boundary changes.

In June 2012, the Port Commission supported the City of Portland's successful application for designation of the East Portland Enterprise Zone. Enterprise Zones provide up to 100 percent property tax abatement on a company's new investment in facilities, equipment and machinery over a five-year period if a job threshold is met (110% increase from base employment average over 5 years). Land or existing machinery or equipment is not tax exempt – therefore, there is no loss of *current* property tax levies to the Port. Effective October 11, 2012, the East Portland E-Zone was designated for Electronic Commerce (E-Commerce). This designation expanded investment opportunities for E-Commerce and headquarter companies within the East Portland Enterprise Zone. The E-Commerce provision gives a 25-percent income tax credit on new investments in electronic commerce up to a maximum of \$2 million.

At this time, the City is working with a company conditionally committed to making a significant investment in a building located at 301 SE 2nd Ave and known as One Produce Row in the Central Eastside Industrial District. The investment would create 40 new permanent full-time jobs while retaining approximately 40 jobs. In order to provide the company with access to the E-Zone program and ensure this project moves forward, the City is requesting that Business Oregon add this property to the East Portland E-Zone (.72 acres).

In addition, Zidell Companies, a property owner of approximately 33 acres in the North Macadam Urban Renewal Area, is finalizing negotiation of a Development Agreement with the City of Portland and PDC, set to go before the Portland Development Commission Board December 12, 2012 and the Portland City Council December 13, 2012 for authorization. This site is within the South Waterfront Sub-District of the Central City, an area with goals for 10,000

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jobs and 5,000 housing units at full-build out. The agreement focuses on increasing employment opportunities within the site and this area of the South Waterfront Sub-District and would thus benefit from an E-Zone designation for economic development. The City is requesting that Business Oregon also add this property to the East Portland E-Zone. Although located in southwest Portland, the Portland Development Commission is recommending this site also be included in the East Portland E-Zone. If investment occurs consistent with the development agreement, significant funds will be contributed to the East Portland E-Zone Business Development and Workforce Training Fund which will directly benefit East Portland small businesses.

The East Portland E-Zone was intentionally created with minimal Central City acreage. At the time of establishment, the City discussed with Multnomah County that land additions would only occur when clear and present investment opportunities emerged. Multnomah County Board Chair Cogan is supportive of this request. The City is seeking the Port's support and consent in favor of this action. The Portland City Council, as Zone Sponsor, is scheduled to take action on December 13, 2012. In order to move the request forward to Business Oregon for approval, the City is required to have a resolution of consent from the Port Commission for this boundary change request.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolution be adopted:

BE IT RESOLVED, that the Port of Portland Commission consents to a request by the City of Portland to add 33.72 acres to the East Portland Enterprise Zone, located within Port of Portland district boundaries.

**REAL PROPERTY SALE – 0.75 ACRES TO WALSH HOLDINGS, LLC – TROUTDALE
REYNOLDS INDUSTRIAL PARK**

December 12, 2012

Presented by: Teresa Carr
Business Development Manager**EXECUTIVE SUMMARY**

This agenda item requests approval to sell approximately 0.75 acres of unimproved real property (Property), located on NW Sundial Road in the Troutdale Reynolds Industrial Park (TRIP), to Walsh Holdings, LLC (Walsh).

BACKGROUND

Established in 1959, Walsh Trucking has become the largest transporter of wood residuals and solid waste in the Northwest. It operates eight terminals in Oregon and Washington, and currently has over 400 employees including drivers, mechanics, operations and administrative professionals. Walsh Holdings LLC (Walsh) has offered to purchase the Property for expansion and support of the Walsh Trucking operations including the addition of approximately 6,500 square feet to an existing maintenance shop.

The Property is part of the former Reynolds Metal Company (RMC) property, a Superfund site, which remains subject to certain environmental remediation obligations. Walsh would purchase the Property “As-Is” and has performed its own due diligence investigations in order to apply for recognition as having a non-liaible person status under Oregon law. The Property is covered by settlement agreements between the United States and RMC and Alcoa obligating RMC and Alcoa to perform any cleanup that may be required by law. Walsh is purporting to purchase the Property using the Superfund prospective bona fide purchaser defense. The Port is released from liability for any loss, damage or costs which Walsh may incur by reason of the condition of the Property, and Walsh is obligated to clean up any future hazardous substance release except to the extent they can prove it was caused by the Port. The Port has no liability for cleanup of any historical contamination that might exist on the Property.

The Property consists of a northern strip that is 19,161 square feet and an angled eastern portion that is 13,314 square feet. The Property is bordered to the north and east by Salmon Creek, and to the south and west by a parcel owned by Walsh Trucking for use as its headquarters. The Property is constrained for development by its location within Metro’s Vegetated Corridor (VECO). The configuration of the parcel and its regulation by the VECO are significant constraints which impact the sale price.

The sale price for the Property is \$81,592, based on \$3.25 per square foot for the eastern 13,314 square feet a portion of which is considered developable, and \$2.00 per square foot for the northern 19,161 square feet, all of which is within the VECO buffer. The Property has no strategic value to the Port.

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REYNOLDS INDUSTRIAL PARK
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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 sell approximately 0.75 acres of real property located on NW Sundial in the Troutdale Reynolds Industrial Park, to Walsh Holdings, LLC, 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 documents necessary to effect the transaction described in this agenda item, on behalf of the Port of Portland Commission in a form approved by counsel.

REVISION OF PORT OF PORTLAND CONTRACTING RULES

December 12, 2012

Presented by: Craig Johnsen
Manager
Contracts & Procurement**EXECUTIVE SUMMARY**

This agenda item requests approval of revisions to the Port of Portland (Port) Contracting Rules (see Exhibit A-1, a “redlined” version; and Exhibit A-2, a final version*).

BACKGROUND

The Oregon legislature made changes to Oregon Revised Statutes Chapters 279A, B, and C (the Public Contracting Code) in the 2011 regular legislative session, and again during the 2012 session. Because the Port’s Contracting Rules are partially comprised of applicable statutes from the Public Contracting Code, the Port must update its Contracting Rules for consistency with the revised Public Contracting Code.

Effective August 1, 2012, Oregon’s Attorney General also amended the Department of Justice’s (DOJ) model rules relating to public contracting. As permitted under the Public Contracting Code, the Port has not adopted the DOJ model rules and instead maintains its own Contracting Rules. However, the Public Contracting Code does require agencies that maintain their own contracting rules to review those rules each time the DOJ model rules are changed, to determine whether the agency’s unique rules should be modified accordingly. The Port has completed that review, resulting in minor changes to the Port’s Contracting Rules.

Contracts and Procurement and Legal staff have jointly reviewed the Port’s Contracting Rules and have updated them to reflect all statutory changes, to correct grammatical and similar errors, and to make formatting and similar improvements. The new Contracting Rules also include certain substantive improvements; the following are examples:

- Port Rule A.128 (Authority to Implement ORS 279A.128 in Port Procurements): This new rule responds to recent changes in this statute, which allows agencies to give preference to goods fabricated or processed (or to services performed) in the State of Oregon. The Port’s rule clarifies the manner in which the Port may invoke this preference in Port solicitations.
- Port Rule B.055(11)(b) and Port Rule C.365(7)(b) (Electronic Bid Opening): Consistent with the DOJ model rules, both of these Port rules expressly authorize the Port to conduct its public bid openings electronically, when the Port has specifically permitted electronic bidding.

*Due to the volume of these documents, hard copies or electronic versions are available upon request.

REVISION OF PORT OF PORTLAND CONTRACTING RULES

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- Port Rule B.500(7) and Port Rule C.110(b) (Prohibited Compensation Methodologies): Consistent with the DOJ model rules, both rules prohibit certain payment structures in personal services contracts due to their generally unfavorable terms.
- Port Rule C.110(a) (Mixed Contracts): Consistent with the DOJ model rules, this rule helps determine the predominant purpose of contracts that call for both personal services and other services or goods (Mixed Contracts), and it provides guidance on which Public Contracting Code source selection requirements apply to a Mixed Contract depending on its predominant purpose.

All revisions to the Port's Contracting Rules that are proposed under this agenda item are identified in "redline" format on Exhibit A-1.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That the Commission adopts the revised Port of Portland Contracting Rules set forth on Exhibit A-2 as the Port of Portland's official Contracting Rules; and

BE IT FURTHER RESOLVED, That Exhibits A-1 and A-2 be attached to the minutes of this meeting.

LAND EXCHANGE, DEDICATION OF RIGHT-OF-WAY AND PERMANENT EASEMENT

December 12, 2012

Presented by: Matt Hoffman
Senior Manager
Airside Real Estate**EXECUTIVE SUMMARY**

This agenda item requests approval of a purchase and sale agreement that contemplates exchange of certain lands between the City of Hillsboro (City) and the Port of Portland (Port) to complete a new road construction project (Veterans Drive) in the City of Hillsboro. The item also includes the vacation and dedication of rights-of-way, as well as permanent utility easements at the Hillsboro Airport (Airport).

BACKGROUND

The City regularly forecasts demand, plans for, and completes transportation improvement projects to accommodate growth and development in the City. The City's current transportation system plan identifies the need to extend NE Grant Street from NE 28th Avenue to NE Brookwood Parkway, south of the Airport. The new road, to be named Veterans Drive, will cross property owned by Washington County and the Port. The first phase of the roadway project, beginning at NE 28th Avenue and ending at the edge of the Airport property, was completed earlier this year. To permit completion of the final phase of the project, the Port will need to dedicate approximately 3.22 acres of right-of-way and permanent easement to the City located south of Runway 31. In exchange, the City will vacate certain rights-of-way that it currently holds that are located near and within the Runway Protection Zone of Runway 13, totaling approximately 4.15 acres. The City plans to construct the final section of Veterans Drive early next spring.

The Port-owned property impacted by Veterans Drive was purchased, in part, through a federal airport improvement grant from the Federal Aviation Administration (FAA). As a grant recipient, the Port is bound by certain grant assurance obligations imposed by the FAA with respect to disposition of the property. To maintain compliance with its grant obligations and accommodate the final phase of construction of Veterans Drive, the Port is required to obtain a release from its grant assurance obligations by the FAA. The FAA is authorized to grant a release of airport property from disposal restrictions if 1) the subject property being released no longer serves the purpose for which it was originally acquired; and 2) the release will not be inconsistent with the purposes for which the FAA grant-funded property was acquired.

The proposed exchange will provide significant benefits to civil aviation and the Airport. The land that the Port will receive in the exchange will increase the Port's control over critical operational areas of the Airport, will improve airport safety and emergency response times, and will enhance airport revenue-generation opportunities by improving traffic circulation in and around Port-owned commercial properties.

Based on appraisal of the Airport property, total compensation to the Port for the exchange will be \$185,000, of which about \$2,000 represents the cost of a temporary construction easement on Airport property. Funds received for a temporary construction easement may not be applied as consideration for the release of real property acquired with FAA grant funds. Therefore, the Port would apply these funds to costs of airport operations or capital improvements. The value of the City-owned 4.15 acres of right-of-way is \$62,700. Thus, the difference in value for land exchanged and paid by the City to the Port is \$120,300.

At the time the Airport-owned parcels were acquired under the Airport Development Aid Program, the federal reimbursement participation was at 90 percent, i.e., the FAA granted 90 percent of the acquisition cost to the Port and the Port contributed 10 percent of the cost. Federal grant assurance obligations require the Port to direct any proceeds from this real estate transaction toward future eligible capital projects at the Airport. Therefore, 90 percent (\$108,270) represents the FAA portion of the difference in property value associated with the property release. The remaining 10 percent will constitute Airport income. Rather than returning any excess federal funds from the release to the government, the FAA will accept the use of these funds for future Airport Improvement Program eligible capital projects.

Key Business Terms

1. The City will vacate 4.15 acres of land, as described above, in exchange for approximately 3.22 acres of land and easements, all to facilitate the construction of Veterans Drive over Port property.
2. The City will pay the Port \$120,300.
3. The City and the Port will execute all necessary easements, title, and ancillary documents, in addition to the Purchase and Sale Agreement, subject to legal review, necessary to consummate the proposed real estate transaction.

FAA requirements

1. The Port will not release the parcels to the City until it has received deed of conveyance documents for the City/County owned right-of-ways on the other parcels.
2. The Port will ensure compliance with 14 CFR, Part 77 requirements applicable to the construction of any building, structure, pole, the height of trees and other objects potentially impacting Airport airspace.
3. The deed of conveyance with reserve in favor of the Port a permanent aviation easement in the deed of conveyance and other transaction document(s) as appropriate.

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 Purchase and Sale Agreement and other agreements necessary to effect the conveyance of and exchange lands between the Port of Portland and the City of Hillsboro, 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.

AMENDED AND RESTATED GROUND LEASE – COLUMBIA GRAIN, INC. – TERMINAL 5

December 12, 2012

Presented by: Debra Crawford
Property Manager
Jeff Krug
Terminal Manager

EXECUTIVE SUMMARY

This agenda item requests approval to enter into an Amended and Restated Ground Lease (Amended Lease) with Columbia Grain, Inc. (CGI), for approximately 38.701 acres located at Terminal 5. The Amended Lease will replace the existing 1984 Ground Lease, which has an expiration of December 1, 2014, and will incorporate a new 25-year lease term effective January 1, 2013. CGI commits to invest in a facility expansion to increase volume and broaden the products handled in connection with their grain elevator operation at Terminal 5.

BACKGROUND

The existing grain elevator at Marine Terminal 5 was constructed over a period of years using tax-exempt Port of Portland (Port) Public Grain Elevator Revenue Bonds (Bonds). The original improvements to the facility were constructed by Cook Industries, Inc. The original facility was purchased in 1981 by CGI, at which time the Port issued additional Bonds to finance further improvements to the facility. In 1984, the Port issued new Bonds in the amount of \$38,100,000 (1984 Bonds) to refund the prior Bonds. Concurrently with the 1984 Bonds, CGI and the Port entered into a Lease Agreement (Facilities Lease) for Lessee's lease of the bond-funded improvements and repayment of all amounts owing on the 1984 Bonds. Additionally, the Port and CGI entered into a separate Ground Lease for CGI's lease of the real property and other improvements (1984 Ground Lease). Concurrently with those agreements, CGI's parent company, Marubeni Corporation (Marubeni), a Japanese corporation, guaranteed all obligations of CGI under the 1984 Ground Lease and the Facilities Lease pursuant to a separate Guaranty Agreement (Guaranty). The 1984 Ground Lease expires December 1, 2014, with one five-year option to extend until December 1, 2019. The Facilities Lease expires on December 1, 2014, at which time all payments for the Bonds will become due.

CGI is a leading grain exporter and bulk cargo terminal operator who supplies superior quality grain products to both U.S. domestic markets and export markets worldwide. With support facilities in Oregon, Washington, Idaho, Montana and North Dakota, CGI exports over four million metric tons of wheat, corn and soybeans annually from Terminal 5. The Terminal 5 operation allows CGI to provide for grain cleaning to customer specification, to supply reliable and quality products to meet their customer's needs, and gives Northwest producers access to global markets.

The leasehold is improved with rail tracks, a grain elevator, storage bins, conveyors and processing structures, a ship loading dock, barge and rail unloading facilities, administrative office and support buildings, and grain cleaning system equipment.

Since becoming a tenant at Terminal 5, CGI has spent approximately \$18 million to date on tenant capital improvements, and has made the technological and facility upgrades needed to compete in a diverse and wide-ranging market environment. In all such projects, CGI was responsible for design and construction. The Port has been responsible for the improvement of the critical transportation infrastructure (road, rail and berth depth) that supports the facility.

CGI plans to expand the facility to meet changing customer demand and improve their existing grain elevator by constructing new storage, cleaning, transporting and inventory management systems within the leasehold. These improvements will allow CGI to increase their participation in corn and soybean exports. All expansion construction work will be scheduled around continuing CGI operations and CGI expects to substantially complete the construction project within 30 months.

In conjunction with making the terminal expansion investment, which is estimated to be approximately \$25 to \$45 million, CGI has requested an amendment and restatement of the 1984 Ground Lease, in order to clarify and update the lease provisions and provide for an extension of the term of the lease that will allow CGI to recover the expansion costs and generate a return on investment over a longer term. The Facilities Lease will remain in effect without amendment and will expire in 2014.

Under the Amended and Restated Lease, CGI will pay initial annual Basic Land Rent for the leased premises in the amount of \$1,045,205.92, and annual Wharfage on all cargo moving across the dock facility. Wharfage will be \$0.464 per metric ton for the first 3.5 million tons, \$0.310 per ton for any volume over 3.5 million tons, up to and including 5 million tons per lease year, and \$0.154 per ton for any volume over 5 million tons. Based on current CGI annual cargo volumes, the Wharfage revenue is estimated to be \$1,934,000 annually. Basic Land Rent will increase every five years and Wharfage rates will increase annually, using the Consumer Price Index. Escalations on both revenue streams are capped (not to exceed) up to 12.5 percent every five years for land rent and up to 1.5 percent every year for wharfage. Under the new lease structure, the Port will forego dockage revenue (as provided under the 1984 Ground Lease) in exchange for guaranteed land rent and Wharfage revenues.

In addition to the business terms above, the Amended Lease acknowledges the importance of rail access to Rivergate tenants including CGI. In consideration, the Amended Lease provides for the Port to notify CGI of potential transactions involving a Port owned site adjacent to the CGI premises called the "Bowtie Site." If a potential transaction on the Site has a negative adverse effect on CGI operations, as determined in accordance with certain criteria in the Amended Lease, the Port will not pursue the transaction.

Concurrently with the Amended Lease, Marubeni and the Port will amend the Guaranty to include Marubeni's guaranty of all obligations of CGI under the Amended Lease.

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 Ground Lease with Columbia Grain, Inc., for approximately 38.701 acres at Port of Portland Terminal 5, 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.

CONCESSION LEASE – MCDONALD’S USA, LLC – PORTLAND INTERNATIONAL AIRPORT

December 12, 2012

Presented by: Rebecca Sonniksen
Market Development
Project Manager**EXECUTIVE SUMMARY**

This agenda item requests approval to enter into a new concession lease with McDonald’s USA, LLC (McDonald’s), at Portland International Airport (PDX).

BACKGROUND

The proposed space on Concourse C is currently leased by Concessions International LLC, operators of Wendy’s Old Fashioned Hamburgers, through December 31, 2012. A Request for Proposals (RFP) soliciting a new burger operator was issued this past summer. McDonald’s was the successful proposer for the Concourse C location.

The success of the PDX concession’s program is based on a mix of strong local, regional and national brands, and their locations within the terminal. The proposed McDonald’s location at the far end of Concourse C is intended to draw customers to that area.

McDonald’s proposes to expand the existing footprint to include seating, and will incorporate its newest branding elements with an updated color palette. In support of the Port of Portland’s environmental strategy, McDonald’s will continue to focus on the use of sustainable and recycled materials, eliminating unnecessary packaging and advancing energy-efficient technologies.

Key Business Terms

Location: Concourse C-West

Term: Effective January 1, 2013, through June 30, 2023.

Rent: Rent is based on the Percentage Rent or the Minimum Annual Guarantee (MAG), whichever is greater.

Percentage rent is 11 percent on regular menu items and 14 percent on selected specialty items, which will include hot or iced espresso-based drinks (e.g., Americano, cappuccino, café latte, café au lait and café mocha), coffee-based or espresso-based frappes and fruit smoothies.

The rent will adjust the second full lease year based on 80 percent of rent owed the first full lease year, but is never less than the MAG of \$202,000.

Tenant
Improvements: Tenant investment is estimated to be \$1,382,647, with no cost to the Port.
Open: Projected opening to be no later than July 1, 2013.
Standard Terms: Other lease terms for quality assurance, customer service, cleanliness and operational efficiencies will also be included.

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 new lease for the operation of a McDonald’s USA, LLC, restaurant 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.

PERSONAL SERVICES CONTRACT – STORM WATER MASTER PLAN

December 12, 2012

Presented by: Susan Aha
Environmental Program Manager**EXECUTIVE SUMMARY**

This agenda item requests approval to award a personal services contract to Gresham, Smith and Partners to provide storm water master planning services for Portland International Airport (PDX); marine Terminals 2, 4, 5, and 6; Swan Island; Rivergate; Mock's Bottom and the Navigation base.

BACKGROUND

Water quality and quantity are important issues for the Pacific Northwest region, including Port of Portland (Port) facilities within the region. Storm water regulations are becoming increasingly stringent and will influence storm water management and storm system development in the future. In order to comply with existing Port storm water permits and manage storm water-related issues impacting Port facilities, it is essential to undertake facility-specific storm water master planning. The storm water master planning project has three primary objectives: 1) comply with regulatory requirements for storm water, 2) understand existing infrastructure and plan storm system development to support future development and re-development of Port facilities, and 3) compile infrastructure condition data to support the asset management program.

A key driver for this project is the Port's Municipal Separate Storm Sewer System (MS4) permit. The Port and the City of Portland are co-permittees on MS4 permit number 101314, issued on January 31, 2011. All Port facilities within the City of Portland are regulated by the MS4 permit, including: PDX; marine terminals 2, 4, 5, and 6; Swan Island; Rivergate; Mocks Bottom industrial parks; and the Navigation base. In addition, several Port facilities are covered by a 1200-series general storm water permit. Compliance with requirements in both the MS4 and 1200-series permits will also be addressed during the master planning process.

This project supports Port strategic goals by identifying necessary infrastructure for new development and redevelopment, creating a storm system management strategy to optimize resources according to Portwide and business-line priorities, implementing activities to comply with legal requirements in the Port's storm water permits and developing project plans for capital maintenance and replacement of storm system infrastructure.

A Request for Qualifications (RFQ) for storm water master planning services was advertised on May 22, 2012. Statements of Qualifications (SOQs) were received from the following firms:

- Arcadis, U.S., Inc.
- Brown and Caldwell, Inc.
- CDM Smith, Inc.

PERSONAL SERVICES CONTRACT – STORM WATER MASTER PLAN

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- CH2M Hill
- Gresham, Smith and Partners
- Kennedy/Jenks Consultants, Inc.
- Mead & Hunt
- Otak, Inc.

SOQs were reviewed and evaluated against the following criteria:

- Qualifications of firm
- Relevant experience
- Availability and commitment

A Port review team consisting of representatives from Engineering, Operations, Environmental, and Facilities departments met on June 27, 2012, and short-listed four firms to receive an Request for Proposals (RFP) for storm water master planning services.

The RFP was provided to the following four firms on July 27, 2012:

- CH2M Hill
- CDM Smith, Inc.
- Gresham, Smith and Partners
- Kennedy/Jenks Consultants, Inc.

CH2M Hill declined to submit a proposal and CDM Smith, Inc., failed to meet the RFP's minimum requirements. On August 28, 2012, proposals from Gresham, Smith and Partners and Kennedy/Jenks Consultants, Inc. were reviewed and evaluated against the following criteria:

- Project approach and understanding
- Project manager and technical team qualifications and experience
- ESB participation

The same Port staff that performed the RFP review conducted interviews on September 11, 2012, and determined Gresham, Smith and Partners to be the highest-ranked candidate for the project. Compensation negotiations began on September 20, 2012, and were successfully concluded on October 16, 2012. The negotiated not-to-exceed compensation amount for the project contract is \$3,205,046, to be compensated on an hourly basis plus expenses. The proposed hourly rates are comparable to those in other Port personal services contracts for work within like disciplines. Funding will be through the Airline Cost Center, the Port Cost Center and the Port General Fund.

PERSONAL SERVICES CONTRACT – STORM WATER MASTER PLAN

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The scope of work to be performed by Gresham, Smith and Partners includes the following general tasks:

- Analyses to meet requirements in the Port's MS4 and 1200-series storm water permits
- Data collection and analysis
- Design standards development
- Retrofit strategy development
- Existing conditions analyses
- Future conditions analyses
- Development of a sequenced capital project list for storm system infrastructure modifications, expansions, and upgrades
- Storm system infrastructure data compilation to support asset management

The anticipated completion date of this project is December 31, 2014.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to award a personal services contract for storm water master planning services to Gresham, Smith and Partners, 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.

**PERSONAL SERVICES CONTRACT – TICKET/CHECK-IN LOBBY CONCEPT PLAN –
PORTLAND INTERNATIONAL AIRPORT**

December 12, 2012

Presented by: Sean Loughran
Senior Planner
Planning & Development**EXECUTIVE SUMMARY**

This agenda item requests approval to award a one-year personal services contract to LeighFisher, Inc. (LeighFisher), for Ticket/Check-In Lobby Concept Plan services for Portland International Airport (PDX) for an amount not to exceed \$589,000.

BACKGROUND

The 2010 Portland International Airport Master Plan (Airport Master Plan) included a number of follow-on studies necessary to explore and finalize key development decisions identified during the master planning process. The passenger terminal ranked as a priority for further study and the ticket lobby was identified as a key focus area within the terminal.

Although the Airport Master Plan did not identify any urgent requirements to modify passenger terminal facilities, it did identify the potential to significantly enhance the passenger terminal's future effectiveness. Further, it determined that the adaptive reuse of the ticket/check-in lobby space to keep pace with evolving needs and new technologies will be critical in the Port's ability to meet long-term passenger processing requirements.

The objective of the Ticket/Check-in Lobby Concept Plan is to evaluate the core terminal area and develop a comprehensive strategy and plan to incrementally reconfigure the terminal, thus avoiding a piecemeal approach to improvements and ensuring: 1) the most effective possible passenger processing, 2) the best possible passenger experience, 3) the maximum possible concession revenues, and 4) a long-range plan that is sustainable, affordable, and adaptable.

The Ticket/Check-in Lobby Concept Plan will develop a strategy to guide the future development of the ticketing/check-in lobby. This includes the terminal enplanement from the curbside through to the security checkpoints. Although the emphasis for this phase of terminal planning is the ticketing/check-in lobby, it is understood that the functional relationship between ticket lobby and adjacent uses must be considered at a higher order of detail to ensure the Port maintains a comprehensive perspective of the entire passenger processing experience. It is essential that the concept for the ticket/check-in lobby transition seamlessly to concessions and security checkpoints in order to maintain and improve the efficient, balanced use of the terminal building.

The plan will be completed at the concept level with sufficient analysis to understand the function, sequencing, constructability, and cost of the various project elements. Key themes of the planning process include understanding the evolution of passenger processes, changing industry requirements, and sustainability.

Selection Process

The Port advertised a Request for Proposals (RFP) on July 19, 2012, with a due date of August 9, 2012. The solicitation sought experienced firms and individuals capable of providing integrated airport terminal master planning services. The RFP included a statement of work and a description of the specific services required by the Port.

On August 9, 2012, proposals were received from the following consultant firms:

- RS&H Oregon, Architects-Engineers-Planners, P.C.
- Ricondo & Associates, Inc.
- Leigh Fisher Management Consultants
- PGAL
- Arup North America Ltd.

Proposals were reviewed and evaluated on August 14, 2012, against the following criteria:

- Qualifications of Proposer
- Project Team
- Project Approach
- Project Management
- Small Business Participation Program

A Port review team consisting of staff representing Aviation Operations, Properties, Facilities, Security and Contracts and Procurement departments determined that RS&H Oregon, Architects-Engineers-Planners, P.C., Arup North America Ltd., and LeighFisher were the strongest candidates for the project. The same staff that performed the initial review conducted interviews on September 10, 2012, and ranked LeighFisher as the best-qualified proposer.

Compensation negotiations began on September 20, 2012, and were successfully concluded on October 31, 2012. The negotiated not-to-exceed compensation for the project contract is \$589,000. The proposed hourly rates are comparable to those in other Port contracts for work for similar disciplines (e.g., architectural, planning, estimating). The Airline Cost Center will fund this work.

The basic scope of services to be performed by LeighFisher includes the following key tasks:

- Existing Conditions Analysis
- Critical Needs Assessment
- Passenger processing evaluation
- Facility programming/modeling
- Concept development
- Alternatives evaluation
- Scenario testing and sensitivity analysis
- Constructability/feasibility assessments
- Phasing Analysis
- Workshops and meetings

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to award a personal services contract for ticket/check-in lobby concept planning services at Portland International Airport to LeighFisher, Inc., 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.

PERSONAL SERVICES CONTRACT – REPLACE BADGING AND ACCESS CONTROL SYSTEMS – PORTLAND INTERNATIONAL AIRPORT

December 12, 2012

Presented by: George Seaman
Engineering Project Manager**EXECUTIVE SUMMARY**

This agenda item requests approval to award a professional services contract to Aviation Security Consulting, Inc. to provide conceptual design services for the Portland International Airport (PDX) replacement of badging and access control systems project.

BACKGROUND

Transportation Security Administration (TSA) regulations require PDX to have security badging and access control systems that control access to the restricted areas of the airport. The current access control system at PDX is more than 20 years old, consists of hardware and software that have exceeded their useful lives and is in need of replacement with current technology and best practice processes to continue to meet TSA requirements.

The PDX airport security system restricts access to the secure areas of the airfield by a series of interwoven system operations which include: identification management systems, badging operations, terminal building and airfield perimeter gate access control system hardware and software, closed-circuit television (CCTV) cameras and midfield security checkpoint guard facilities.

This project will upgrade all components of the PDX access control security system to incorporate the significant advances that have occurred in security system technology over recent years. The identification management and badging systems will incorporate a biometric identification and credentialing component to manage employee identities. The upgrade of these systems will require updated computer-based training module development and the re-badging of more than 10,300 badge-holders at PDX.

The access control hardware and software will be upgraded at more than 400 doors at the terminal and support buildings at PDX. These upgraded door systems will include biometric identification where appropriate. Upgrades to the 28 perimeter gates will include replacement of the access control system, implementation of biometric identification where appropriate and provide improvements in CCTV coverage.

The north and south midfield checkpoints control vehicular access to the secure areas around the terminal building at PDX. These checkpoints will be upgraded to improve access control, increase lighting, add CCTV cameras, add or improve traffic barriers and inspection facilities and improve the security staff work environment.

PERSONAL SERVICES CONTRACT – REPLACE BADGING AND ACCESS CONTROL SYSTEMS – PORTLAND INTERNATIONAL AIRPORT

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Personal Services Contract

A Request for Proposals (RFP) to provide comprehensive technical analysis and conceptual design to replace the infrastructure associated with the PDX access control system was advertised on October 2, 2012. The services required in the RFP include review of all applicable regulatory requirements, development of preliminary plans to replace the identity management system including a recommendation of an appropriate biometric identification system to manage employee identities, development of conceptual design for the replacement and upgrade of the access control system, midfield checkpoints and perimeter gates, and development of an overall project budget and schedule. On October 23, 2012, proposals were received from the following consulting firms:

- CDM Smith, Inc. (CDM)
- Ross & Baruzzini, Inc. (R&B)
- Aviation Security Consulting, Inc. (ASC)
- Burns & McDonnell Engineering Company, Inc.
- SAIC
- Triad Consulting & System Design Group, LLC
- PBA Engineering Ltd.
- Newcomb & Boyd
- IP Design Group
- Electronic Security Consultants, LLC
- Faith Group, LLC
- AECOM Technical Services, Inc.
- Big Sky Incorporated

Proposals were reviewed and evaluated against the following criteria:

- Qualifications of proposer
- Project approach
- Small business participation program

A Port review team consisting of staff representing Engineering, Aviation, Information Technology and Procurement departments determined that CDM, R&B, and ASC were the strongest candidates for the project. The same Engineering and Aviation staff that performed the initial review conducted interviews on November 14, 2012, and determined ASC to be the highest-ranked candidate for the project, particularly based on the strength of ASC's project team.

PERSONAL SERVICES CONTRACT – REPLACE BADGING AND ACCESS CONTROL SYSTEMS – PORTLAND INTERNATIONAL AIRPORT

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Compensation negotiations began on November 15, 2012, and were successfully concluded on December 3, 2012. The negotiated not-to-exceed compensation amount for the project contract was \$517,109, based on hourly rates plus expenses. The proposed hourly rates are comparable to those in other Port personal services contracts for work for similar disciplines (e.g., architectural, mechanical and electrical). Funding for this work will be through the Airline Cost Center.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to award a personal services contract for the Replace Badging and Access Control System Project at Portland International Airport to Aviation Security Consulting, Inc., 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.

COLLECTIVE BARGAINING AGREEMENT – MARINE SECURITY DEPARTMENT

December 12, 2012

Presented by: Blaise Lamphier
Labor Relations Manager
Cheryl Hettervig
Consultant

EXECUTIVE SUMMARY

This agenda item requests approval of a four-year collective bargaining agreement between the Port of Portland (Port) and the International Longshore and Warehouse Union (ILWU), Local 28, representing 25 Port employees who perform marine security at Terminals 2, 4 and 6.

In June, 2011, the Port and the Union entered into collective bargaining for a new agreement to replace the agreement scheduled to expire on June 30, 2011. After holding 10 bargaining sessions between June 2011 and March 2012, and three mediation sessions between May and October of 2012, the parties reached impasse and submitted Final Offers in late October. After the Union filed a 10-day strike notice effective November 25, 2012, the parties returned to the negotiation table on November 16, 2012, for a session that resulted in the resolution of the majority of outstanding issues between them. On November 24, 2012, the parties – with the assistance of the State Conciliator – reached a Tentative Agreement after a nearly six-hour mediation session, and on December 4, 2012, the Union reported to the Port that its membership had ratified this agreement.

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

Term of Agreement: July 1, 2011, through June 30, 2015.

Wages: Effective upon ratification by the Port Commission, a lump sum cash payment of \$1,250; no change in base wages for fiscal year 2011-2012.

Retroactive to July 1, 2012, a 3.0 percent increase in base wages.

Effective July 1, 2013, a 3.0 percent increase in base wages.

Effective July 1, 2014, a 3.0 percent increase in base wages.

Scheduling Assignment premium: Increase from 5.0% to 7.5% effective first pay period following Commission approval.

Sick Leave: Maximum accumulation of 800 hours of sick leave for all employees whose last date of hire is June 22, 2008, or later.

Payment at termination for those whose last date of hire is June 22, 2008, or later shall be computed at five percent per year of employment up to a maximum of 50% of accrued hours, or 400 hours, whichever is less.

Maximum of twenty-four hours instead of forty hours charged to dependent care leave for any one illness.

Holidays: Eligibility language added for introductory employees.

Uniforms: Employees on leave of absence for an entire calendar month will not receive the \$60 uniform allowance for that month.

Work Preservation: Port lease extensions or modifications during term of Agreement shall provide that Local 28 security personnel will continue to perform marine security services that are currently being performed by members of Local 28 at Terminals 2, 4 and 6. Port will not enter into any Terminal 6 container operation lease agreement or Terminal 2 lease agreement that would result in marine security services currently performed by members of Local 28 being performed by any other entity.

Grievances: Numerous effectiveness and efficiency measures agreed upon by parties including: 1) lengthening of filing by employee or union and length of response time by management where appropriate; 2) specification of time frame during which arbitration notices must be filed with the Employment Relations Board if grievances are to be pursued; 3) timeframe for arbitrator selection; and 4) timeframe for scheduling of hearing (to extent to which it can be controlled by the parties).

Drug/Alcohol Testing: 2009 revisions to Port Alcohol and Controlled Substances Policy incorporated into agreement.

Miscellaneous: Annual audiometric testing language eliminated as not applicable to these employees under the statute. Various housekeeping changes were also made.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to enter into a collective bargaining agreement with ILWU Local 28, representing 25 Port employees who perform marine security at Terminals 2, 4, and 6, for a four-year agreement, retroactive to July 1, 2011, containing wage, fringe benefit and working condition terms and conditions, consistent with the terms presented to the Commission; and

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

AUTHORIZATION TO APPLY TO THE UNITED STATES FOREIGN-TRADE ZONES BOARD TO REORGANIZE THE PORT OF PORTLAND'S FOREIGN TRADE ZONE PROGRAM UNDER THE ALTERNATIVE SITE FRAMEWORK

December 12, 2012

Presented by: Teresa Carr
Business Development Manager

EXECUTIVE SUMMARY

This agenda item requests authorization for the Port of Portland (Port) to submit an application to the U.S. Foreign-Trade Zones (FTZ) Board requesting approval to reorganize the Port's FTZ program under the Alternative Site Framework (ASF).

BACKGROUND

FTZs were created by federal law in 1934. Their purpose is to stimulate international commerce, improve the competitiveness of U.S.-based businesses and create jobs in the United States. An FTZ is a secure area at or adjacent to a U.S. Customs and Border Protection (CBP) port of entry, such as the Port. Once officially activated, these areas are considered to be outside of Customs territory, allowing site operators to bring in goods duty-free (or duty-deferred) and without formal Customs entry. Special duty treatment is also given to goods that are processed in FTZs and then re-exported. Zone operators may conduct a variety of activities in a zone, including assembling, packaging, destroying, storing, cleaning, exhibiting, re-packing, distributing, sorting, grading, testing, labeling, repairing, combining with foreign or domestic content, or processing (some of these activities require FTZ Board production authorization).

Oregon Revised Statute (ORS) 285A.325 authorizes any Port organized under the laws of the State of Oregon to apply to the United States for permission to establish, operate, and maintain foreign trade zones. Recognizing the economic development potential of FTZs, the Port applied for and received a Grant of Authority from the U.S. Department of Commerce, FTZ Board on December 18, 1978 (FTZ Board Order No. 140), to establish, maintain, and operate an FTZ project, designated FTZ No. 45, at or adjacent to the Portland customs port of entry. The Port, in its capacity as Grantee of FTZ No. 45, has as one of its goals and objectives the ability to expeditiously and efficiently provide FTZ designation to companies located within or desirous of locating within Multnomah, Clackamas, or Washington counties.

The Port is currently operating its zone under the Traditional Site Framework (TSF). The TSF focuses on drawing users to a very limited number of sites called general purpose zones (GPZ). The Port has provided access to this program for over 30 years and multiple businesses have participated in the program. Currently there are two active GPZ operators and one active "subzone" operator. The TSF limits the opportunities for FTZ benefits to businesses in the Portland region, as the Port's FTZ is not easily expandable to companies outside the TSF.

AUTHORIZATION TO APPLY TO THE UNITED STATES FOREIGN-TRADE ZONES BOARD
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Currently, companies that manufacture and are not located within a GPZ can file a subzone application, which is an arduous and complex process that can take anywhere from 18 to 24 months for submission, approval, and activation. Under the TSF, companies that utilize a FTZ for other benefits not related to manufacturing can apply for an addition/expansion of the GPZ, which may take 12 to 18 months to process the application and activate the site.

To make the program more attractive to businesses, the FTZ Board adopted the ASF program, as described in the Federal Register of January 12, 2009 and amended in the Federal Register of January 22, 2009. The ASF program streamlines the application process by reducing the information required in the application and by shortening the application processing time from 8 to 10 months to 30 to 45 days. Additionally, under the ASF the benefits of an FTZ are now more readily available to businesses located outside of the designated GPZ. The FTZ Board allows a Grantee to define a "Service Area." For the Port, this Service Area can be located anywhere in Oregon that is within 60 miles and 90 minutes driving time of the Port's Customs Point of Entry. Being located within the Port's FTZ Service Area would allow more companies to enjoy the benefits of the FTZ without having to go through a subzone process; it would be a more simplified administrative action. This is mostly an administrative change in the way the FTZ program is managed, but the change could bring significant benefits to our region.

The Port wishes to reorganize FTZ No. 45 under the ASF, to provide the Port with a better tool to accomplish the above-stated goal and objective.

In reorganizing from the TSF to the ASF the Port will make the following changes:

1. Remove GPZ services located at Terminal 1 (FTZ Site No. 4), 2 (FTZ Site No. 5), and Physical Distribution (a company that has been deactivated – FTZ Site No.8);
2. Modify FTZ Site No. 2, Portland International Center, to remove Cascade Station (retail is not allowed within an FTZ);
3. Add Lots 1-5, 8 and 9 at Gresham Vista Business Park as a magnet site; and
4. Define the Port's Service Area to include all of Multnomah, Clackamas and Washington counties.

In order to submit an application to the FTZ Board to reorganize the Port's FTZ program under the ASF, the Port must establish that its governing body has authorized a Port official to sign the application. FTZ Board regulations require the Port to submit a certified copy of a resolution establishing such authority.

AUTHORIZATION TO APPLY TO THE UNITED STATES FOREIGN-TRADE ZONES BOARD
TO REORGANIZE THE PORT OF PORTLAND'S FOREIGN TRADE ZONE PROGRAM
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EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following be adopted:

BE IT RESOLVED, That the Port of Portland is authorized to submit to the United States Foreign-Trade Zones Board an application requesting reorganization under the Alternative Site Framework; and

BE IT FURTHER RESOLVED, That the Executive Director or his designee is authorized to execute all necessary documents to carry out the foregoing resolution, including but not limited to an application requesting reorganization under the Alternative Site Framework, on behalf of the Port of Portland Commission in a form approved by counsel.