

**MINUTES
REGULAR COMMISSION MEETING
THE PORT OF PORTLAND
March 11, 2009**

In response to due notice, the regular meeting of the Commissioners of the Port of Portland was held at 9:00 a.m. in the Commission Boardroom of the Port's administrative offices at 121 N.W. Everett Street.

QUORUM

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

Commissioner Johansen noted Agenda Item No. 3 had been revised and that the Commissioners received a copy of the revised agenda item.

MINUTES

Commissioner Johansen called for a motion to approve the minutes of the Regular Commission Meeting of February 11, 2009. Commissioner Olson moved to approve the minutes. Commissioner Rosenbaum seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Corey, Daggett, Holte, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion.

EXECUTIVE DIRECTOR'S REPORT

Bill Wyatt discussed an e-mail he sent to Port staff characterizing the financial challenges that lie in front of us. He said we have seen a consistent downward pattern develop at the airport on passenger volumes. He noted we are down about 15 percent on average, which is quite a bit more than we had imagined four or five months ago. Mr. Wyatt said it is hard to forecast passenger volume at this stage because there is no real historic precedent for the situation we are in at this time. He noted when there are fewer passengers, there are fewer cars parked and fewer people renting cars and using airport facilities; these conditions create a uniform drop in business across PDX.

Mr. Wyatt said we have different lines of business on the marine side and different global forces affect them all. He said that, unfortunately, all the global forces are negative, and so all of our business lines are suffering. Mr. Wyatt said the financial impact on the Port varies based upon the business relationship we have with each of the lines. For example, the auto facilities tend to be land leases. While we do benefit from the dockage, we have a fixed rent. Mr. Wyatt said this is different from the container facility, for which we are entirely responsible. A loss of container volume is significant for us because it is a greater source of income than any other marine cargo. He said our container facility represents a little over half of our marine income.

Mr. Wyatt said the loss of K-Line was not entirely unexpected because the volumes we have seen in the United States have dropped precipitously. He said container volumes are about shopping. If people are not buying goods, then there is a reduction in volume. The K-Line service was a large, complex and unwieldy service that went from the West Coast of the U.S., to Asia and then on to Europe and back again. It was designed to take advantage of what, at the time, were fairly strong rates in the Asia/Europe market.

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Mr. Wyatt said K-Line, like other carriers, is making constant adjustments to their schedule and unfortunately, they just do not have time to be in Portland. Mr. Wyatt said the other side of that is that they leave a lot of cargo in the region that will be looking for market access, which is something our team can market.

Mr. Wyatt said we are responding to the economic downturn and have established targets for ourselves that he and the directors are working hard to achieve. He said when you look at the Port budget and pull out debt service, what is left is people in one way or another, so everything that we do that has a significant effect on our bottom line will also affect the employees of the Port. He said we are going to do everything we can to minimize any reduction in force, but he is certain that we cannot get there without some reduction in force. He said it would take the full month of March to put the details together. This is an important time for us to ensure the preservation of cash in the General Fund, which is absolutely vital, remaining cost competitive and retaining a strong balance sheet in the Port Cost Center.

Mr. Wyatt reported that we are about to have a shuffle in the Directors team, precipitated by the retirement of Mary Maxwell, Aviation Director. Mr. Wyatt said Mary has been with the Port for 21 years. He said so much of what people like about PDX is a result of work that Mary has been directly involved in, and in many cases leading, during her tenure. Mr. Wyatt said he owes Mary a personal debt of gratitude for being a part of the leadership team; she will be missed.

Commissioner Johansen, speaking for the entire Commission, thanked Mary for her hard work. She said Mary has done great things for the Port and a wonderful job of keeping the Commission informed.

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

GENERAL DISCUSSION

Air Service Development Update

David Zielke, Air Service Development manager, said the past year has been a roller coaster for the aviation industry from record high fuel prices to rapidly declining passenger volumes due to the recession. He provided an overview of the overall aviation industry outlook and talked about the challenges we have ahead of us. He said we have been focused on retaining our existing service, particularly the international and trans-continental non-stop flights.

West Hayden Island Annexation Update

Susie Lahsene, Regional Transportation and Land Use manager, provided an update of the West Hayden Island (WHI) annexation process. Ms. Lahsene said annexation of WHI into the City of Portland is a necessary first step for any development to occur. Ms. Lahsene briefly discussed the development process as well as the approach to annexation. She said the City of Portland and the Port will work with the stakeholder committee. She said we have no customer or development plan yet, so this would be a broad planning effort and will lack the specificity that might be seen in some other planning districts.

CONSENT AGENDA

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

Agenda Item No. 1**PORT OF PORTLAND FIRE DEPARTMENT CIVIL SERVICE COMMISSION
REAPPOINTMENTS – PORTLAND INTERNATIONAL AIRPORT**

BE IT RESOLVED, That approval is given to reappoint Martin Goughnour to a three-year term and Rosalie Stamos to a four-year term as Port of Portland Fire Department Civil Service Commissioners, in accordance with Port of Portland Ordinance 425; 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.

Following the reading of the title of the Consent Agenda by Commissioner Johansen, Commissioner Holte moved that the Executive Director's recommendation be approved and Commissioner Corey seconded the motion. The motion was put to a voice vote. Commissioners Allen, Bragdon, Corey, Daggett, Holte, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion.

ACTION ITEMS**Agenda Item No. 2****PERSONAL SERVICES CONTRACTS – INFORMATION TECHNOLOGY TEMPORARY
STAFFING**

This agenda item requested approval of a pool of 12 personal services contracts for temporary staffing as needed in the Information Technology Department. The contracts are for a period of two years from the date of the contracts and are designed to be administered on the basis of task orders, with no task order to exceed the amount of \$250,000.

Kathleen Paul presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to award 12 Information Technology Temporary Staffing Services contracts for work as required, consistent with their proposals; 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 Olson moved that the Executive Director's recommendations be approved. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Allen, Bragdon, Corey, Daggett, Holte, Johansen, Olson, Rosenbaum and Thorndike voted in favor of the motion.

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Agenda Item No. 3

CONSTRUCTION CONTRACT – NORTH RUNWAY EXTENSION, PHASE 1 – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to award a construction contract to Wildish Standard Paving Co. for Phase 1 of the North Runway Extension project at Portland International Airport.

Ken Willhite described staff's analysis of the award in light of protests by two bidders who did not win the contract.

He presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to award a construction contract to Wildish Standard Paving Co. for Phase 1 of the North Runway Extension project in accordance with its bid, subject to the protesters' rights of appeal under the Port's protest rules set forth at Port Contracting Rule C.460; 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.

Carla Kelley, General Counsel, noted that it is unusual for the Commission to be asked to approve a contract where appeal rights are still running. She said the Commission's role is to approve the contract, subject to the protestor's appeal rights, which means the Commission will approve the contract to the low bidder on the understanding that the protestor retains the right to appeal in writing to the Executive Director. The Executive Director may make a contrary decision as he is not bound to execute the contract. By Port contracting rule, the Port may award a contract during the pendency of an appeal.

Ms. Kelley said the protest is with the so-called "penny bids," and that of the 60 or so line items, 5 are listed in the bid as a penny and, presumably, the costs are included in another line item. The protest alleged that the "penny bids" made the winning bid "unbalanced." She noted that staff's analysis was that the low bid by Wildish was the responsive bid.

Commissioner Johansen noted that the Commission had an opportunity to review the revised agenda item and in particular, one paragraph on page two, which describes the subsequent appeal process, as well as the resolution, to which the phrase "subject to protestor's rights of appeal under the Port's protest rules set forth at Port Contracting Rules at C.460" has been added.

Commissioner Holte asked if the low bidder uses union labor. Mr. Willhite confirmed that Wildish does use union labor. Commissioner Holte noted that a sizable difference (\$400,000) in the bids from Wildish and Kerr. He stated that he would not look favorably on any later staff request to increase the contract by that amount, given the protest.

Joseph Yazbeck, an attorney representing Kerr Contractors, addressed the commission regarding the contract award to Wildish Standard Paving Company. Mr. Yazbeck said in his opinion, the apparent low bidder materially unbalanced their bid. He said there is no question that the five items bid at a penny are significantly understated. Undoubtedly, the apparent low bidder expects to make up these prices somewhere else. Mr. Yazbeck said the apparent low bid violates the federal regulations of the funding agency and it violates the Oregon statutes and asked that the Commission reject the bid.

Commissioner Johansen said the information that has been provided gives her a significant level of comfort that the low bid is the Wildish bid and that that bid will be upheld. She said she is not in the appeal loop, but she has confidence that the staff and the legal advice received indicates that, in the end, the Wildish bid will be upheld and, therefore, it is safe to proceed.

Commissioner Corey asked to put into record some verbiage from Section 20-08, Irregular Proposals, Proposal Requirements and Conditions, of the FAA regulations. He said one part of that section reads, "The Owner reserves the right to reject any irregular proposal and the right to waive technicalities if such waiver is in the best interest of the Owner and conforms to local laws and ordinances pertaining to the letting of construction contracts." He said that he thought the Commission would act correctly by allowing the appeals to go forward, but also approving the agenda item.

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

Agenda Item No. 4

This agenda item requested approval to sell approximately 2.70 acres of real property located on the west bank of the Willamette River to ConocoPhillips Company.

Debra Crawford presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to sell approximately 2.70 acres of property located along the west bank of the Willamette River to ConocoPhillips Company, 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.

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

The meeting adjourned at 10:45 a.m.

President

Assistant Secretary

Date Signed

A complete audio recording of these proceedings is available at the Port of Portland administrative offices, 121 N.W. Everett Street, Portland, Oregon 97209.

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