



AGENDA
Regular Commission Meeting
Port of Portland Headquarters
7200 N.E. Airport Way, 8th Floor
September 13, 2017
9:30 a.m.

Minutes

Approval of Minutes: Regular Commission Meeting – August 9, 2017

Executive Director

Approval of Executive Director's Report – August 2017

Public Comment

General Discussion

Port of Portland Wildlife Program

NICK ATWELL

Action Items

1. CITY OF GRESHAM ENTERPRISE ZONE BOUNDARY AMENDMENT *EMERALD BOGUE*
Requests consent to a boundary amendment of the Gresham Enterprise Zone.
2. ADOPTION OF FISCAL YEAR 2017-2018 EXECUTIVE DIRECTOR PERFORMANCE CRITERIA *JIM CARTER*
Requests that the Commission review and establish Fiscal Year 2017-2018 Executive Director Performance Criteria.
3. SUPPLY CONTRACT – DREDGE OREGON FUEL PROCUREMENT – NAVIGATION *DOYLE ANDERSON*
Requests approval to award a five-year supply contract to Rainier Petroleum Corporation, for the purchase and delivery of ultra-low-sulfur diesel fuel to the Dredge *Oregon* on an as-required basis.
4. PUBLIC IMPROVEMENT CONTRACT AMENDMENT – TAXIWAY B CENTER AND EXITS REHABILITATION – PORTLAND INTERNATIONAL AIRPORT *CHRIS EDWARDS*
Requests approval to amend an existing public improvement contract with K&E Excavating, Inc., to provide for the placement of electrical conductors and hardware in support of the Parking Additions and Consolidated Rental Car Facility project at Portland International Airport.

5. MAINTENANCE DREDGING CONTRACT AMENDMENT –
TERMINAL 4 BERTH 410 MAINTENANCE DREDGING 2017

MARCEL HERMANS

Requests approval to amend an existing maintenance dredging contract with HME Construction, Inc., for the Terminal 4 Berth 410 Maintenance Dredging project.

CITY OF GRESHAM ENTERPRISE ZONE BOUNDARY AMENDMENT

September 13, 2017

Presented by: Emerald Bogue
Regional Affairs Manager**REQUESTED COMMISSION ACTION**

This agenda item requests consent to a boundary amendment of the Gresham Enterprise Zone, located within Port of Portland (Port) boundaries, to provide an incentive to encourage existing or new companies to invest and create jobs within the zone.

BACKGROUND

The Enterprise Zone program was enacted by the Oregon Legislature in 1985. In the 2005 legislative session, the statute for the Enterprise Zone program, ORS 285C.065, was changed to require the governing bodies of port districts 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. Since then, the Port Commission routinely receives requests from jurisdictions as they move forward with Enterprise Zone re-designations and/or boundary amendments.

Proposed Boundary Amendment

The proposed boundary amendment will incorporate a 7.64-acre lot located at Gresham Vista Business Park (GVBP), Lot 7, into the Gresham Enterprise Zone. There is currently a City of Gresham (City) initiated plan map amendment process underway to change the zoning on the subject property from Corridor Mixed Use to General Industrial. All industrially zoned properties located within the City are included in either the Gresham Enterprise Zone or the Rockwood West Gresham Urban Renewal Area. All adjacent industrially zoned parcels located in the GVBP are located within the Gresham Enterprise Zone.

Gresham Enterprise Zone Activity

The Enterprise Zone program allows a 100 percent property tax abatement for up to five years on new qualified capital assets of eligible businesses within the Enterprise Zone boundary. Land, existing structures and existing machinery and equipment are not eligible for the abatement. State program requirements include: increasing employment by 10 percent, or one job, whichever is greater; maintaining minimum employment levels during the abatement period; and entering into a "First Source Hiring Agreement" with Worksource Oregon, an agreement by the employer to use the Oregon Employment Department as its first source from which to hire qualified candidates before hiring from other sources.

The Gresham Enterprise Zone was originally established in 2006, and was reauthorized in 2016. In the first 11 years of the program, the City has approved 18 applications for the use of this incentive for 12 companies investing more than \$600 million and creating hundreds of family wage jobs in the City. The program has been used by existing Gresham companies to

CITY OF GRESHAM ENTERPRISE ZONE BOUNDARY AMENDMENT

September 13, 2017

Page 2

support ongoing investment and growth. Three companies: Boeing of Gresham, Teeny Foods and ON Semiconductor have had multiple Enterprise Zone applications to support their growing operations and continued investment in the City.

ON Semiconductor was recently approved for their third Enterprise Zone application for significant new investments in machinery and equipment and facility improvements. The tool has been used by existing companies such as Arnprior Aerospace and Microchip to support ongoing investments at their Gresham facilities. The program has also been used successfully to attract new companies bringing family wage jobs and investment to the City, including Subaru of America, which invested over \$30 million in their newly constructed 600,000-square-foot master distribution facility at GGBP.

Overall, the Enterprise Zone program is an important tool for encouraging job creation and additional investment by existing companies and attracting new companies to the Gresham community.

Gresham Enterprise Zone Local Criteria

The Gresham Enterprise Zone program requires eligible companies to comply with a number of local criteria in order to be authorized for the property tax abatement program. Criteria include:

- A minimum investment of one million dollars;
- Job quality criteria:
 - Total compensation (wages plus benefits) for 75 percent of facility jobs must be 200 percent of Oregon minimum wage;
 - Provision of non-mandated benefits to employees, that meet or exceed the national average for the size of the company;
- Payment of a community service fee, calculated at 25 percent of abated taxes, in years four and five of exemption, or every year of exemption for companies investing more than \$25 million; and
- Development of a procurement plan to increase purchasing with Gresham and East Multnomah County businesses.

FINANCIAL IMPACT

Under the current levy, the Port will forgo approximately \$0.0675 per \$1000 of *future* assessed value until the end of the exemption period of each participating company (i.e., three-to-five years). The impact on Port property tax revenue is expected to be minimal. For example, foregone tax revenue to the Port is approximately \$8,763 over a five-year period on a \$25-million investment. Upon completion of the exemption period, the property will be fully taxed. The Enterprise Zone boundary amendment is scheduled to go before the Gresham City Council on September 5, 2017. The City has requested that the Port provide a resolution consenting to this boundary amendment.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That the Port of Portland Commission consents to a request by the City of Gresham to the boundary amendment of the Gresham Enterprise Zone, located within the Port of Portland district boundaries; 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.

ADOPTION OF FISCAL YEAR 2017-2018 EXECUTIVE DIRECTOR PERFORMANCE CRITERIA

September 13, 2017

Presented by: Jim Carter
Commission President**REQUESTED COMMISSION ACTION**

Attached is the proposed Fiscal Year 2017-2018 Executive Director Performance Criteria.

It is recommended that the Commission review and establish Fiscal Year 2017-2018 Executive Director Performance Criteria.

COMMISSION PRESIDENT'S RECOMMENDATION

The Commission President recommends that the following resolution be adopted:

BE IT RESOLVED, That the Port of Portland Commission adopt the Executive Director Performance Criteria to be used for Fiscal Year 2017-2018.

**2017/2018 DRAFT
PERFORMANCE CRITERIA
EXECUTIVE DIRECTOR**

Excel in Organizational Effectiveness

- Pursue an aggressive period of outreach to Port stakeholders, including Port employees, to gather feedback and communicate vision as the new Executive Director.
- Adopt and communicate equity as a core Port value that must be considered in all significant Port activities. Finalize equity and diversity strategy for the Port and communicate that strategy to employees and stakeholders.
- Enhance organizational structure to focus on organizational effectiveness, equity and major construction projects at PDX.
- Implement and support programs that promote employee health and workplace safety.

Drive Regional Prosperity

- Advance the Port's role in the cleanup of the Lower Willamette River that provides opportunities to show Port leadership in resolving both Natural Resource Damage and cleanup on Port sites.
- Enhance relationships with community organizations and City of Portland, and create long-lasting relationships/feedback opportunities.

Connect People and Businesses to Markets

- Emphasize curiosity and creativity in a refresh of the Port's industrial land development strategy.
- Partner with public and private stakeholders to promote Oregon products globally and facilitate Oregon manufacturers' and producers' access to new markets. Finalize sustainable business strategy for Terminal 6 with the support of labor and industry leaders.
- Retain and expand domestic and international air service to targeted markets that expand further connectivity to underserved beyond markets.

Deliver an Outstanding PDX Passenger Experience

- Focus on project delivery for key PDX customer infrastructure projects (Terminal Balancing, Quick Turn-Around, Parking and Rental Car Facility and Terminal Core).
- Work with PDX airlines to develop a strategy for Terminal Core redevelopment and funding.
- Complete concessions redevelopment program with a focus on tenants and employee-focus that reflects community values.

SUPPLY CONTRACT – DREDGE OREGON FUEL PROCUREMENT – NAVIGATION

September 13, 2017

Presented by: Doyle Anderson
Navigation Director**REQUESTED COMMISSION ACTION**

This agenda item requests approval to award a five-year supply contract to Rainier Petroleum Corporation (Rainier Petroleum), for the purchase and delivery of ultra-low-sulfur diesel (ULSD) fuel to the Dredge *Oregon* on an as-required basis. Based on the estimated quantity of fuel required for the 2017 dredging season and current pricing, the annual contract cost is approximately \$1.5 million.

BACKGROUND

Using the Dredge *Oregon*, the Port of Portland (Port) performs maintenance dredging in the lower Columbia River shipping channel under a cost-reimbursement contract with the U.S. Army Corps of Engineers (USACE). This supply contract will allow the Navigation Division to order fuel for dredging operations on an as-required basis, for delivery on the water, vessel-to-vessel alongside the Dredge *Oregon*, between Portland and Astoria.

The average annual fuel consumption by Navigation Division equipment and vessels, including the Dredge *Oregon*, over the last three dredging seasons was 486,500 gallons. Based on the projected number of dredging days in the 2017 dredging season, the estimated quantity of ULSD needed this season is 695,000 gallons. The typical quantity per delivery is approximately 50,000-60,000 gallons. Rainier Petroleum is currently the only provider operating on the Columbia and Willamette Rivers that possesses the equipment capable of making the required shipside deliveries and that can guarantee product availability.



PROCUREMENT

The Port issued a competitive solicitation under ORS Chapter 279B in May 2017, soliciting bids for this contract. Only Rainier Petroleum submitted a bid. However, because Rainier Petroleum conditioned its bid on the Port's acceptance of certain revisions to the sample form of agreement, the Port cancelled the competitive solicitation. The USACE then approved the Port's determination of sole-source procurement authority, and the Port negotiated contract terms directly with Rainier Petroleum. The resultant contract's commercial (pricing) terms were unchanged from the bid; only provisions relating to delay and termination were modified.

CONTRACT TERMS

This is a five-year supply contract with a limit of \$200,000 on any single purchase. The price of fuel is based on the Oil Price Information Service Average Daily Index, plus taxes and delivery charges. The delivery charge varies between \$6,800 and \$19,000 depending on the Dredge *Oregon's* location on the river.

The annual cost of fuel and the amount consumed varies depending on the number of dredging days. Based on the three-year average of fuel quantity consumed and the projected number of dredging days in 2017, at current prices, fuel will cost approximately \$1.5 million during the first contract year.

The Port's costs under this supply contract will be funded by the General Fund and reimbursed by the USACE under the cost-reimbursement contract.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to award a five-year supply contract to Rainier Petroleum Corporation for the purchase and delivery of ultra-low-sulfur diesel fuel, 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.

PUBLIC IMPROVEMENT CONTRACT AMENDMENT – TAXIWAY B CENTER AND EXITS REHABILITATION – PORTLAND INTERNATIONAL AIRPORT

September 13, 2017

Presented by: Chris Edwards
Engineering Project Manager**REQUESTED COMMISSION ACTION**

This agenda item requests approval to amend an existing public improvement contract with K&E Excavating, Inc. (K&E), to provide for the placement of electrical conductors and hardware in support of the Parking Additions and Consolidated Rental Car Facility (PACR) project at Portland International Airport (PDX).

BACKGROUND

In July 2016, the Port of Portland (Port) Commission approved the award of a public improvement contract to K&E to perform the Taxiway B Center and Exits Rehabilitation (Taxiway B) project at PDX. Under that contract, K&E was tasked with reconstructing and rehabilitating pavement surfaces on the south airfield and improving taxiway exits to meet Federal Aviation Administration (FAA) design standards.

In January 2017, the Port Commission approved the award of a public improvement contract to JE Dunn Construction Company (JE Dunn) to perform the PACR project. Under that contract, JE Dunn will construct a new PACR facility directly across NE Airport Way from the Taxiway B project. The PACR project is intended to accommodate PDX rental car operations through 2035, and will increase the number of long-term public parking spaces to alleviate parking capacity constraints.

In February 2017, the Port Commission approved an amendment to the K&E contract to provide for K&E's installation of underground casings and conduit to begin the work of re-routing electrical power service lines in preparation for the PACR construction. As described in February, two existing electrical service lines need to be re-routed outside the perimeter of the PACR and Rental Car Quick Turn-Around facility. One line is a main power feed to the Central Utility Plant (CUP), and the other provides power service from the CUP to all lighting equipment in the south airfield. As discussed in February, the Port determined that adding this work to the K&E contract was the lowest-cost delivery method.

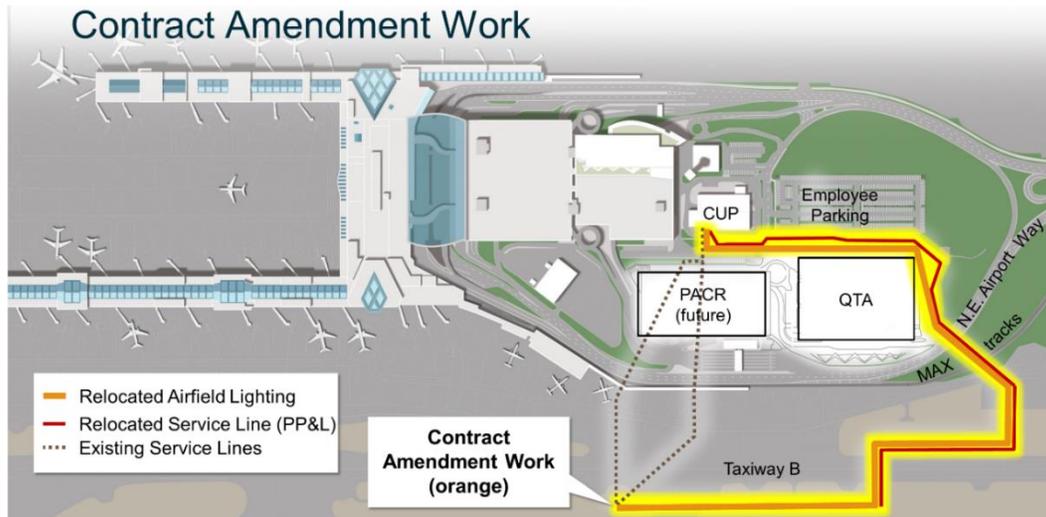
In August 2017, the Port Commission approved the award of a utility service agreement to Pacific Power to place the electrical conductors (wiring) and hardware for the CUP main power feed into the recently-installed conduits.

This amendment will allow K&E to place the necessary electrical conductors and hardware for the airfield lighting equipment service line into the recently-installed conduits. This specific work was not included in the February 2017 amendment for casings and conduit because its design was not complete at that time, so the best delivery method was not yet known. As discussed below, the Port has now determined adding this work to the K&E contract is again the lowest-cost delivery method.

PUBLIC IMPROVEMENT CONTRACT AMENDMENT – TAXIWAY B CENTER AND EXITS REHABILITATION – PORTLAND INTERNATIONAL AIRPORT

September 13, 2017

Page 2



The reasons for performing this work as part of the Taxiway B project are similar to those which supported the February 2017 amendment. Primarily, doing so expedites the completion of the work and creates efficiencies. Because K&E is on-site, they are mobilized to quickly begin work. Also, by having one contractor (K&E) perform all work that must be done within the immediate vicinity of the Taxiway B project, that work can be planned and coordinated to minimize impacts to airfield operations. This approach also does not require JE Dunn to perform a portion of their work within the secure airfield area, inside which heightened security, insurance, and other requirements apply, which helps manage logistics and costs under the PACR contract.

CONTRACT AMENDMENT

K&E plans to utilize a subcontractor that has specialized knowledge and skill in airfield electrical work, which is critical to ensuring uninterrupted operations. The cost for K&E to perform this work is \$1,223,893, which was determined by negotiation using existing rates for similar work as a reference. In comparison, the Port estimates that if a new contract for this work were awarded through sealed competitive bidding, competitive quotations, or competitive proposals, the total cost of that procurement could exceed \$1,470,000, while realizing none of the expediency or efficiency benefits described above.

AUTHORITY TO AMEND CONTRACT

The Port's Contract Review Board Rules, at Section 9.3(a)(2), allow the Port to amend a public improvement contract to add work outside the scope of the original contract, without conducting a new solicitation, when the additional work "can be performed by the contractor at a cost below what the Port estimates it would cost if a contract for that work were awarded through sealed competitive bidding, competitive quotations, or competitive proposals." The rule adds that when the price increase of the particular amendment is more than \$500,000, the amendment must be approved by the Commission.

As stated above, K&E can perform the additional work at a cost below what the Port estimates it would cost to award a contract under a new procurement; and because this particular amendment will exceed \$500,000, Commission approval is required to award it.

SCHEDULE

Design	March 2016 – May 2016
Construction (2016)	August 2016 – October 2016
Commission action (approve contract amendment)	September 2017
Construction (2017, including electrical installation)	May 2017 – October 2017

PROJECT RISKS

Risk: Operational impacts

Mitigation strategies:

- Phase work in coordination with airfield operations to minimize disruptions.
- Ongoing coordination with FAA Air Traffic Control and other affected stakeholders.

CONTRACT AMENDMENT AMOUNT

Original contract amount	\$18,132,088.75
Casing/conduit amendment*	\$1,985,037.28
Airfield electrical amendment*	\$1,223,893.00
Change orders to date	<u>\$1,009,261.12</u>
New contract amount	\$22,350,280.15

*The funding source for these amendments is the PACR project budget, which is paid from the Port Cost Center.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to amend the existing public improvement contract with K&E Excavating, Inc., to provide for the placement of electrical conductors and hardware in support of the Parking Additions and Consolidated Rental Car Facility project 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.

**MAINTENANCE DREDGING CONTRACT AMENDMENT – TERMINAL 4 BERTH 410
MAINTENANCE DREDGING 2017**

September 13, 2017

Presented by: Marcel Hermans
Engineering Project Manager**REQUESTED COMMISSION ACTION**

This agenda item requests approval to amend an existing maintenance dredging contract with HME Construction, Inc. (HME), for the Terminal 4 Berth 410 Maintenance Dredging project, in the amount of \$763,731.85. The amendment is intended to address two recent developments: 1) an increase in the amount of material to be dredged; and 2) the requirement that the dredged material be disposed of in a landfill.

BACKGROUND

Terminal 4 is a Port of Portland (Port) bulk cargo and automobile terminal. The southern part of the terminal houses the Toyota auto import facility. The northern part houses several bulk cargo tenants, including the Kinder Morgan soda ash export facility at Berths 410-411. The Port is responsible for maintaining the operating depth of these berths under its lease agreement with Kinder Morgan.

Maintenance dredging at Terminal 4 is performed on an as-needed basis, typically every three to five years. Dredging is typically scheduled when sediment accumulation threatens to impede vessel movement. Berth 410 was last dredged in 2013. Sediment accumulation has again compromised access. This project seeks to restore the berth's 40-foot operating depth by removing an estimated 7,000 cubic yards of sediments.

The dredging process, including both the removal of dredged material and its disposition, is a carefully regulated process involving at least seven federal and state environmental agencies (US Army Corps of Engineers [Corps], the Environmental Protection Agency (EPA), the Oregon Department of Environmental Quality, National Oceanic and Atmospheric Administration, Oregon Department of Fish and Wildlife, Oregon Department of State Lands, and the Washington State Department of Ecology). Pursuant to this process, sediments from Berth 410 were analyzed for roughly 60 chemicals, and these sediments met the criteria (defined below) for upland placement and in-water placement. The Corps and EPA share federal responsibility for regulating dredged material under the Clean Water Act. An additional regulatory consideration arises in this case because Terminal 4 is within the Portland Harbor Superfund site. This primarily impacts the options for disposal for any sediment removed from the Portland Harbor Superfund site area. The final Record of Decision (ROD) for Portland Harbor was issued in January 2017.

EXISTING CONTRACT

The Port procured this maintenance dredging contract utilizing a competitive sealed bidding solicitation process. The contract was advertised based on available information at the time as to applicable regulatory approval requirements and sediment volumes. The solicitation was advertised on March 27, 2017 and two bids were received on April 20, 2017. HME submitted the lowest responsive bid of \$229,768. The Port executed and awarded the existing contract in May 2017, under delegated contracting authority.

Because of the specialized nature of the dredging work and the very limited subcontracting opportunities, the Port determined that no specific small business participation goal should be included in the contract.

PROPOSED AMENDMENT

Since the existing contract was awarded, additional information on dredge quantities and changes in regulatory process have triggered the need to change the scope of work.

The ROD for Portland Harbor only allows for landfill disposal of contaminated sediments removed from the Superfund area, regardless of whether or not Superfund is the reason they are required to be removed. Placement of sediments in other locations, such as in-water or upland, would now require a comprehensive risk assessment. Risk assessments of this nature have not been required previously, and there is substantial uncertainty regarding what such an assessment will entail. There is insufficient time to complete such a risk assessment in the 2017 dredging season. Consequently, the Port had to change the disposal location from a nearby upland location to a solid waste landfill. EPA has committed to further evaluating this process with us going forward.

In addition to this regulatory change, the sediment volume to be removed has been revised based on hydro-surveys conducted in June, and has increased from 3,044 cubic yards, to more than 7,000 cubic yards.

The higher dredge volume, in combination with the higher unit cost for transportation and disposal at a landfill, led to a higher construction cost. Adding the additional work will require a contract change in the amount of \$763,731.85. Because that amount exceeds the Executive Director's delegated contracting authority, the Port seeks Commission approval to award this amendment. The amendment would be executed by means of a construction contract change order.

The contractor will be responsible for the dredging as well as the transportation and placement of the dredged material at a licensed solid waste landfill. The work is subject to a regulatory in-water work window restriction, requiring the work to take place between July 1 and October 31. The Port intends for HME to perform this work during two, four-day work periods in October. That work plan is intended to minimize conflicts between dredging operations and regular vessel operations at the berth.

SCHEDULE

Design	October 2016 – February 2017
Contract executed	May 24, 2017
Commission action (approve contract amendment)	September 13, 2017
Construction	October 2017

PROJECT RISKS

Risk: Schedule delays due to construction challenges or tenant operations.

Mitigation Strategy:

- Coordinate tightly with contractor and tenant about schedule and progress.

Risk: Additional sedimentation may be encountered in pre-dredge survey.

Mitigation Strategy:

- Allow contingency in budget and sufficient time in schedule.

BUDGET

Initial Contract	\$230,000
Contract Amendment	\$764,000
Port Staff/Contracted Services	\$326,000
Contingency	\$180,000
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Total project budget	\$1,500,000

The contingency, representing 12 percent of the project cost, is considered reasonable given the risk profile for the project and the complexity of the work.

The project is funded from the Port's General Fund.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to amend the maintenance dredging contract with HME Construction, Inc. for the Terminal 4 Berth 410 2017 Maintenance Dredging project, 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.