



AGENDA
Regular Commission Meeting
Port of Portland Headquarters
7200 N.E. Airport Way, 8th Floor
February 9, 2011
9:30 a.m.

Minutes

Approval of Minutes: Regular Commission Meeting – January 12, 2011

Executive Director

Approval of Executive Director's Report – January 2011

General Discussion

Annual Citizens Noise Advisory Committee Update *MARYHELEN KINCAID*

Marine and Industrial Development Real Estate Update *KEITH LEAVITT*

Consent Items

1. CONSENT TO ENTERPRISE ZONE EXPANSION APPLICATION BY CLACKAMAS COUNTY *LISE GLANCY*

Requests consent to an Enterprise Zone expansion application by Clackamas County.

2. PORT OF PORTLAND FIRE DEPARTMENT CIVIL SERVICE COMMISSION REAPPOINTMENT – PORTLAND INTERNATIONAL AIRPORT *MARK CROSBY*

Requests the reappointment of Robert Phillips to a four-year term as a Port of Portland Fire Department Civil Service Commissioner.

Action Items

3. RESOLUTION AUTHORIZING DISTRIBUTION OF PRELIMINARY OFFICIAL STATEMENT IN CONNECTION WITH BONDS *SUGIE JOSEPH*

Requests approval of a Resolution to authorize the distribution of a Preliminary Official Statement in connection with the issuance of bonds to refund Portland International Airport Revenue Bonds, Series Fifteen.

4. TERMINAL 6 – BERTH 604-605 WHARF MODERNIZATION *DAVE DITTMER*

Requests approval of a construction contract to upgrade and modernize approximately 800 feet of container terminal wharf.

CONSENT TO ENTERPRISE ZONE EXPANSION APPLICATION BY CLACKAMAS COUNTY

February 9, 2011

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

This agenda item requests consent to an Enterprise Zone expansion application by Clackamas County, located within Port of Portland (Port) boundaries, to provide an additional incentive to encourage existing or new companies to invest and add employees within the zone.

BACKGROUND

In the 2005 legislative session, the 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. The legislature also provided for the designation of 10 new Enterprise Zones statewide by the Oregon Business Development Department. 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.

Clackamas County is seeking the Port's support and consent in favor of expanding the Milwaukie/North Clackamas County Enterprise Zone to include the Rock Creek area in the city of Happy Valley – an expansion of 0.77 acres. They also plan to rename the zone the North Urban Clackamas County Enterprise Zone. The new geographic boundaries are Highway 212 to the South, Rock Creek to the west, and residential areas to the north and east.

Since the Milwaukie / North Clackamas County Enterprise Zone was established in 1997, 15 companies have participated, retaining 2,722 jobs, creating 628 jobs, and investing over \$57 million. Companies participating in the enterprise zone include: Carlton Company; Portland Mechanical Contractors, Inc.; Day Management Corp.; AGC, Inc.; Hygrade Metal Moulding; Grand & Benedicts, Inc.; TPR, Inc.; PCC Structural, Inc.; Cornerstone Fencing, Inc.; International Wood Products; OECO, LLC; Oregon Iron Works; Nature Bake; Grovtec; and Alpine Foods. Some of these companies move cargo through Port facilities.

Currently, the Enterprise Zone has very few vacant sites and a number of vacant buildings. The proposed Enterprise Zone boundary expansion encompasses many vacant and served sites in Happy Valley. The Enterprise Zone will provide Happy Valley with a strong economic development tool to encourage existing and new companies to invest in its newly zoned and served industrial area.

The primary beneficiaries of Enterprise Zone benefits are manufacturing and other more industrially-oriented facilities serving other businesses. Most commercial and retail-type operations are ineligible.

Enterprise Zones provide up to 100 percent property tax abatement on a company's new investment in facilities, equipment and machinery over a three- to five-year period if the company increases employment by 10 percent and pays new workers associated with the program 150 percent of the minimum wage (for three-year abatement) or 150 percent of the county average wage (for the five-year abatement). Land or existing machinery or equipment are not tax exempt; therefore, there is no loss of current property tax levies to the Port or other taxing jurisdictions. Under the current tax levy, the Port will forgo approximately \$0.0689 per \$1,000 of assessed value until the exemption period ends. We expect the impact on Port property tax revenue to be relatively small: approximately \$585 impact over a ten-year period if a \$6.5 million investment is made in the zone. Upon completion of the three- to five-year exemption period, the property will be fully taxed.

The cities of Happy Valley and Milwaukie approved the proposed enterprise zone application on January 18 and February 1, 2011, respectively. The Clackamas County Board of Commissioners approved the proposed application on January 27, 2011. In order to move the Milwaukie/North Clackamas County Enterprise Zone expansion application forward to the Oregon Business Development Department for approval, Clackamas County is required to have the consent of the Port Commission for this application. The County has requested that the Port provide a resolution consenting to this Enterprise Zone boundary expansion.

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 an application by Clackamas County for the expansion of the North Urban Clackamas County Enterprise Zone located within 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.

**PORT OF PORTLAND FIRE DEPARTMENT CIVIL SERVICE COMMISSION REAPPOINTMENT
– PORTLAND INTERNATIONAL AIRPORT**

February 9, 2011

Presented by: Mark Crosby
Chief Public Safety Officer**EXECUTIVE SUMMARY**

This agenda item requests the reappointment of Robert Phillips to a four-year term as a Port of Portland (Port) Fire Department Civil Service Commissioner.

BACKGROUND

The Port maintains a civil service system for the Fire Department, in accordance with the requirements of Oregon law. It is administered by a three-member board of Civil Service Commissioners, who serve without pay. The three Commissioners' responsibilities include administering the civil service system in matters relating to recruitment, testing, and selection of fire fighters, and hearing matters of discipline or appeals brought before them.

Mr. Phillips' term as Civil Service Commissioner expires on March 11, 2011. At the request of the Port, he has agreed to serve another term. Mr. Phillips has been the Affirmative Action/Equal Employment Opportunity Officer for Multnomah County for the past 25 years. His areas of expertise include employment law, diversity and employee recognition programs.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to reappoint Robert Phillips to a four-year term as a Port of Portland Fire Department Civil Service Commissioner, 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.

RESOLUTION AUTHORIZING DISTRIBUTION OF PRELIMINARY OFFICIAL STATEMENT IN CONNECTION WITH BONDS

February 9, 2011

Presented by: Sugie S. Joseph
Senior Manager
Financial Analysis & Projects**EXECUTIVE SUMMARY**

This agenda item requests approval of a Resolution to authorize the distribution of a Preliminary Official Statement in connection with the issuance of bonds to refund Portland International Airport Revenue Bonds, Series Fifteen.

BACKGROUND

The current market favors refunding Portland International Airport Revenue Bonds, Series Fifteen, for a lower interest rate, resulting in savings for the Port of Portland (Port). Under current market conditions, rates appear to be trending higher; therefore, the Port would like to execute this financing as soon as possible to maximize its savings.

The Port intends to ask the Commission in March for permission to enact an Emergency Ordinance to authorize the sale of bond proceeds to refund Series Fifteen. In order for the Port to execute this transaction, the Port must distribute the Preliminary Official Statement prior to the Ordinance being enacted at the March Commission Meeting. The Port would monitor the savings achieved at the time of pricing and determine if the savings would warrant refunding. Currently, there are savings available to refund all or a part of Series 15A, 15B and 15D. We estimate the present value savings to be in the range of \$2.8 million dollars. The current blended (AMT and Non-AMT) interest rate is 3.44%. The current refunded par amount of \$59,145,000 includes only a partial refunding of the Series 15D. If all of the Series 15D bonds were to be refunded, the total amount of refunded bonds would be \$87.14 million.

Participants in the Transaction

In addition to the Port, these are the primary firms involved in the transaction:

- Goldman Sachs & Co. and Bank of America Merrill Lynch are the co-senior managing investment bankers.
- The Bank of New York Mellon Trust Company, N.A., will be the Trustee.
- Orrick LLP is bond counsel to the Port.
- Ricondo & Associates, Inc., is the Airport Consultant.
- Standard & Poor's is the rating agency.
- Seattle-Northwest Securities Corporation is the financial advisor to the Port.
- PricewaterhouseCoopers, is the auditor of the Port.

RESOLUTION AUTHORIZING DISTRIBUTION OF PRELIMINARY OFFICIAL STATEMENT IN
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EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

1. WHEREAS, The Port of Portland has previously issued its Portland International Airport Refunding Revenue Bonds, Series Fifteen, in multiple series (the Series Fifteen Bonds); and
2. WHEREAS, The Port of Portland intends to issue refunding bonds (the Refunding Bonds), the proceeds of which will be used, in part, to refund all or a portion of the Series Fifteen Bonds to achieve debt service savings; therefore

BE IT RESOLVED, That the Port of Portland is authorized to prepare and deliver one or more Preliminary Official Statements with respect to the Refunding Bonds and the Executive Director, Director of Financial & Administrative Services/Chief Financial Officer or their designee are each authorized to execute any required certifications in connection therewith.

TERMINAL 6 – BERTH 604-605 WHARF MODERNIZATION

February 9, 2011

Presented by: Dave Dittmer
Project Manager, Engineering**EXECUTIVE SUMMARY**

This agenda item requests approval of a construction contract to upgrade and modernize approximately 800 feet of container terminal wharf. Included in the scope are a 460-foot extension of the 100-foot gauge post-Panamax (PPX) crane rail, electrical improvements related to the container crane service, storm water system improvements, and seismic upgrades to approximately 800 feet of wharf.

BACKGROUND

This project is part of the Marine Terminal Improvement Plan initiated in 2004. The major components of this plan included the following long-term goals:

- Creation of two PPX container berths
- Three PPX cranes per berth (6 total)
- Berth deepening in coordination with the 43-foot Columbia River channel

The concept design supporting this planning effort was performed in 2005. However, detailed design and construction of most upgrades were deferred to align with business growth. In February 2009, the Port of Portland (Port) submitted a grant application seeking American Reinvestment and Recovery Act (ARRA) funding for a set of planned projects. The application was successful and the Port was awarded \$6,864,000 in July 2009 through an executed agreement with the Maritime Administration (MARAD).

A design contract with Worley Parsons was executed in August 2009, and detailed design work was initiated with the technical team members involved in the 2005 concept design. Most project scope remained consistent with the concept design, but standard practice in geotechnical engineering related to earthquake modeling had progressed significantly. When the new standard of practice was applied to the 2005 concept design, excessive deformations resulting from earthquake induced liquefaction became the major constraint. Concepts to address deep liquefaction were then identified, but when these remedies were applied over the original project area, funds available in the MARAD agreement were inadequate.

The design team then focused on optimizing the seismic risk reduction within the available funds. Satisfactory analytical results were obtained with a scope of work including tie-backs and deep ground densification with jet grout and stone columns. When the scope of seismic upgrades was reduced to align with budget, the result was less than one full modernized berth. Because Terminal 6 is part of an emergency lifeline serving the region after a disaster of this type, the budget was amended to add \$721,000 of Port funds. This brought the total budget to \$7,584,000.

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The current planned seismic upgrade of tie-backs, stone columns, and jet grout columns improves the performance of Berth 604 to withstand a 200-year mean re-occurrence interval earthquake. This concept can be expanded to earthquakes larger than 200-year levels, or to upgrade Berth 605 when additional funds become available.

The design was completed in November and advertised in December 2010. Bids for this work were received January 20, 2011, as follows:

M.J. Hughes Construction	\$5,085,000.00
Kerr Contractors, Inc.	\$5,614,000.00
Coffman Excavation	\$5,690,000.00
Moore Excavation, Inc.	\$6,000,000.00
Todd Construction, Inc.	\$6,267,000.00
Condon-Johnson & Associates, Inc.	\$6,517,000.00
Nutter Corp.	\$6,999,990.22
Engineer's Estimate	\$5,200,000.00

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to award a construction contract to M.J. Hughes Construction for the contract defined above and in accordance with its bid; 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.