



AGENDA
Regular Commission Meeting
Port of Portland Headquarters
7200 N.E. Airport Way, 8th Floor
April 13, 2011
9:30 a.m.

Minutes

Approval of Minutes: Regular Commission Meeting – March 9, 2011

Executive Director

Approval of Executive Director's Report – March 2011

FlightStats Award Presentation

2010 PDX Airport On-Time Performance Award

General Discussion and Public Hearing

Fiscal Year 2011-2012 Economic Overview and Proposed Budget *VINCE GRANATO
SCOTT DRUMM*

Consent Item

1. PROPERTY PURCHASE – DEPARTMENT OF STATE LANDS – TERMINAL 6 *LORALI SINNEN*

Requests approval to purchase approximately .55 acres of previously submerged and submersible real property from the State of Oregon, Department of State Lands.

Action Items

2. ADOPTION OF THE 2010 PORTLAND INTERNATIONAL AIRPORT MASTER PLAN *CHRIS CORICH*

Requests adoption of the Portland International Airport Master Plan, acceptance of the updated Airport Layout Plan and approval of three intergovernmental agreements.
3. COLLECTIVE BARGAINING AGREEMENT – AVIATION PARKING CONTROL REPRESENTATIVES *MICHAEL HUGGINS*

Requests approval of a new three-year collective bargaining agreement between the Port of Portland and the American Federation of State, County and Municipal Employees, Local 3220.

4. CONTRACT – RISK MANAGEMENT AND INSURANCE
BROKERAGE SERVICES

ANDREA MARZETTE

Requests approval to award a five-year contract, with two one-year extension options, for general and specialized risk management consulting and insurance brokerage services to Marsh USA, Inc.

5. MOBILE DEVICE POLICY AND COMPENSATION STRUCTURE
CHANGE

*JAMES TRUJILLO
LINDA DYSON*

Requests approval to implement a new mobile device policy that will create a taxable paid allowance to Port of Portland employees using their personal mobile devices for business purposes.

PROPERTY PURCHASE – DEPARTMENT OF STATE LANDS – TERMINAL 6

April 13, 2011

Presented by: Lorali Sinnen
MID Development
Project Manager**EXECUTIVE SUMMARY**

This agenda item requests approval to purchase approximately .55 acres of previously submerged and submersible real property (Property) from the State of Oregon, Department of State Lands (DSL).

BACKGROUND

The Property is four small parcels totaling .55 acres of previously submerged and submersible land supporting the Terminal 6 container facility along the bank of the Columbia River. Previous fill conducted at Terminal 6 under permits with DSL in 1960-70s was purchased from DSL pursuant to deeds dated 1967 and 1981. During negotiations to lease the Terminal 6 container terminal in 2009, survey work identified additional fill outside these deed descriptions and used to support the berths and facility developed on the land. The Port of Portland's (Port) lease for the container terminal obligates the Port to clarify title with DSL.

The Property is being purchased under a Bargain and Sale Deed for a purchase price of \$132,550 and no brokerage commission will be payable. The State Land Board approved the purchase at its April board meeting.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to purchase approximately .55 acres of previously submerged and submersible real property from the State of Oregon, Department of State Lands, 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.

ADOPTION OF THE 2010 PORTLAND INTERNATIONAL AIRPORT MASTER PLAN

April 13, 2011

Presented by: Chris Corich
General Manager
Long Range Planning**EXECUTIVE SUMMARY**

This agenda item requests adoption of the Portland International Airport (PDX) Master Plan, acceptance of the updated Airport Layout Plan (ALP) and approval of three intergovernmental agreements (IGA) formalizing on-going commitments between the Port of Portland (Port), City of Portland and City of Vancouver. The last PDX Master Plan and ALP were approved in October 2000.

BACKGROUND

The 2010 PDX Master Plan is the product of the PDX Airport Futures planning process which was a collaborative effort between the Port, the City of Portland, and the Portland-Vancouver metropolitan communities to create an integrated, long-range development plan for PDX. To support the process, the City of Portland and the Port convened a 30-member Planning Advisory Group (PAG) to serve as an advisory body. The PAG, comprised of community, government and business interests, met 24 times and held 63 subcommittee meetings over a three-year period. The City of Portland and Port project staff participated in 131 stakeholder meetings and hosted 13 public meetings to invite input and inform decision-making.

Sustainability was an overarching goal and integral part of Airport Futures. Sustainability for this process was defined as “meeting the region’s air transportation needs without compromising the livability and quality of life of future generations.” This focus balanced economic, environmental and social values (the “Triple Bottom Line”) and is reflected in the overall package presented to the Portland Planning Commission, Portland City Council, Vancouver City Council and Port of Portland Commission. This package includes the following elements:

PDX Master Plan (Port Commission Adoption)

The Master Plan provides a long-term planning guide for future development of the airport; it will be used by the Federal Aviation Administration to determine eligibility for funding projects. The direction set by the plan will be updated every seven to ten years. Whether and how to proceed with development outlined in the Master Plan will be driven by business needs and market conditions. All projects will be subject to a more detailed alternatives analysis, environmental review and financial analysis. Input will also be sought from the Community Advisory Committee (CAC, described below). Capital projects will be budgeted and approved in conformance with Commission policy.

Major findings and conclusions of the Master Plan include:

- A long-term forecast of modest growth in passengers, cargo and operations.
- A third parallel runway will not be required during the planning period (2035).
- The centralized terminal development concept is a more sustainable approach to meeting passenger needs.
- Required improvements through 2017, or 18 Million Annual Passengers (18 MAP), may include:
 - Limited expansion of terminal, roadway and airfield;
 - Potential grade separated interchange at Airport Way and 82nd Avenue;
 - Additional remote aircraft parking; and
 - Potential expansion of General Aviation operations.
- Additional required improvements by 2022 (21 MAP) may include:
 - Development of additional public parking; and
 - Development of cargo facilities.

City of Portland Land Use Plan for PDX (Portland City Council Adoption)

The City's Land Use Plan, including amendments to the City Comprehensive Plan, Zoning Code and IGAs, recognize that the Airport is a unique land use within the City and addresses airport development in a broader context. Key components of the land use plan include:

- Changes PDX from conditional use to an allowed use in an Airport Plan District;
- Defines review process and City Council approval process for third parallel runway or decentralized terminal if ever required;
- Expands height overlay zone to recently annexed areas and clarifies regulations;
- Retains current noise overlay and expands requirement for noise disclosure;
- Updates airport area landscaping requirements for consistency with the PDX Wildlife Hazard Management Plan;
- Updates Natural Resources Program and identifies required mitigation;
- Allows for conversion of habitats to address wildlife hazards; and
- Identifies transportation mitigation projects based on PDX growth.

Intergovernmental Agreements (Port Commission, Portland City Council, Vancouver City Council Actions)

1) Ongoing PDX Community Advisory Committee – The first agreement proposes the creation of an ongoing PDX Community Advisory Committee (PDX CAC) to be convened soon after the conclusion of Airport Futures. The mission of the committee will be to support meaningful public engagement, enable the community to inform airport decision-making, and raise public awareness about PDX and impacted neighborhoods. The PDX CAC will comprise of 20 voting members and 10 ex officio members representing diverse, bi-state, and regional interests. In recognition of the long-term, critical interconnection between economic development, environmental stewardship and social responsibility, a key focus of the committee will be sustainability. The committee will be jointly sponsored by the Port, City of Portland and City of Vancouver who will all be parties to this agreement.

2) Natural Resources – The second agreement outlines the Port's mitigation and enhancement commitments related to the City of Portland's update of its environmental program for the area. The City of Portland and the Port agree that in lieu of the City of Portland applying environmental overlay zones to 268 acres of upland grassland, the Port agrees to phased mitigation of 300 acres on Government Island. The Natural Resource IGA defines a more proactive and programmatic approach to addressing natural resource impacts and provides the Port with additional flexibility and certainty for future development. In recognition of other habitat impacts and consistent with goals of minimizing impacts and seeking opportunities to enhance resources, the Port also commits to provide \$30,000 a year for a 25-year period for enhancements to the Columbia Slough watershed, and \$20,000 a year for a 25-year period for enhancements to the urban tree canopy within the Columbia Slough watershed. The total dollar value of the two watershed improvement commitments is \$1,823,000. The Natural Resources Agreement will be executed by the Port and the City of Portland.

3) Other Commitments – The final agreement defines Port transportation mitigation requirements and the process for future transportation impact analyses, affirms the Port's commitment to sustainability, identifies recommendations from a noise work group, and establishes a process for updating and reporting on noise contour changes. This agreement will be executed by the Port and the City of Portland.

PAG Final Report

The PAG Final Report summarizes the recommendations and work of the PAG over the three-year planning process. The products referenced above were informed by the PAG and extensive stakeholder outreach, which was a cornerstone of Airport Futures. In addition to recommending approval of the work products described above, the PAG offered 14 additional recommendations to the City of Portland and Port Commission. Their report is included in the package of materials provided.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That the Portland International Airport Master Plan as presented to the Port of Portland Commission is adopted; and

BE IT FURTHER RESOLVED, That staff is directed to submit the Airport Layout Plan to the Federal Aviation Administration for its approval; and

BE IT FURTHER RESOLVED; That the Port of Portland Commission accepts the Final Report from the Planning Advisory Group. The report reflects the input of the Planning Advisory Group throughout the Airport Futures Planning process and will be used as guidance for Port of Portland staff; and

BE IT FURTHER RESOLVED; That Port of Portland staff and the Port of Portland Commission formally recognizes the tremendous amount of work done by the Planning Advisory Group over the course of the Airport Futures planning process and expresses their sincere appreciation for their work; and

BE IT FURTHER RESOLVED; That the Executive Director is directed to enter into the three Intergovernmental Agreements as outlined above.

COLLECTIVE BARGAINING AGREEMENT – AVIATION PARKING CONTROL REPRESENTATIVES

April 13, 2011

Presented by: Michael Huggins
Landside Operations Manager**EXECUTIVE SUMMARY**

This agenda item requests approval of a new three-year collective bargaining agreement between the Port of Portland (Port) and the American Federation of State, County and Municipal Employees (AFSCME), Local 3220.

BACKGROUND

On April 19, 2010, the Port and AFSCME, representing nine employees who work as Aviation Parking Control Representatives, entered into collective bargaining for a new contract to replace the agreement that expired on June 30, 2010. On March 21, 2011, the parties reached tentative agreement, and on March 29, 2011, AFSCME ratified this agreement. Key terms of the changes to this agreement are outlined below:

Terms of Agreement: July 1, 2010 through June 30, 2013.

Wages: No base wage increase in the first year of the contract.

Each employee who was on the Port's payroll at the end of 2010 (including the one employee who retired on December 28, 2010) will receive a one-time lump sum signing bonus equal to 2.0 percent of the employee's total earnings in the 2010 calendar year.

Effective July 1, 2011, increase wages by the U.S. All Cities CPI-W (March over March) with a minimum increase of 2.0 percent and a maximum increase of 3.5 percent.

Effective July 1, 2012, increase wages by the U.S. All Cities CPI-W (March over March) with a minimum increase of 2.5 percent and a maximum increase of 3.5 percent.

Benefits: Effective January 1, 2011, incorporate carrier and plan design changes so that they are the same as the administrative medical and dental plans, including switching from Willamette Dental to Kaiser Dental.

Effective May 1, 2011, increase group term life insurance from \$3,000 to the amount of the employees' annual base wages rounded to the next higher \$1,000. Eliminate the \$2,500 funeral benefit if a bargaining unit member is killed in the line of duty.

COLLECTIVE BARGAINING AGREEMENT – AVIATION PARKING CONTROL
REPRESENTATIVES

April 13, 2011

Page 2

Add language that provides for personal holidays to be pro-rated for new employees hired after July 1 of each fiscal year. Currently newly hired employees receive two personal holidays regardless of the date hired.

Add language that requires employees to use accrued sick leave time if they call in sick for a shift that has been assigned outside of their normal schedule.

Miscellaneous: Revise the Alcohol and Controlled Substance Policy to reflect changes to Port policy.

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 the American Federation of State, County and Municipal Employees, Local 3220, for a three-year agreement beginning July 1, 2010, setting forth wages, fringe benefits and working conditions for employees working as Aviation Parking Control Representatives, consistent with the terms presented to the Port of Portland 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.

CONTRACT – RISK MANAGEMENT AND INSURANCE BROKERAGE SERVICES

April 13, 2011

Presented by: Andrea Marzette
Manager, Risk Management**EXECUTIVE SUMMARY**

This agenda item requests approval to award a five-year contract, with two one-year extension options, for general and specialized risk management consulting and insurance brokerage services to Marsh USA, Inc. (Marsh).

Under the contract, Marsh will provide general consulting services in the various areas of risk management including risk identification and analysis; risk control including safety, claims and business continuity; and risk financing, including commercially insured and self-insured programs. Marsh will also serve as the Port of Portland's (Port) insurance broker for procurement and administration of commercial insurance.

BACKGROUND

The Port last entered into a contract for consulting services with Marsh in May of 2006. That contract was for a five-year period ending on April 30, 2011.

Port staff advertised and solicited proposals from brokerage and risk consulting firms. Proposals were received from seven firms. A majority of the proposals were reflective of the currently small and highly competitive risk and insurance brokerage market for port and public entity accounts similar to the Port, and provided an opportunity for cost savings over the expiring contract.

A cross-functional Port team evaluated each proposal based on the following selection criteria: qualification of firm, qualification of account team, project approach, cost/fees and small business participation.

Overall, Marsh's proposal best met the Port's selection criteria. Marsh's fee includes a flat fee of \$105,000 annually for the core risk management and insurance consulting and brokerage services outlined in the request for proposal. Core risk management consulting services includes analysis of the Port's various operating risks and providing options and recommendations on controlling and financing the exposures to loss on both a pre-loss and post-loss basis. Core insurance brokerage services include marketing the Port and the Port's 15 categories of insurance programs to the domestic and foreign insurance markets as well as administration of the insurance products purchased by the Port.

In addition, the contract contemplates an additional annual expenditure of \$20,000 for specialized risk consulting at various hourly rates for services and projects including, but not limited to, natural hazard studies, business continuity planning or consulting, environmental or mass tort claim consulting, building appraisals and safety services. The total planned expenditure for Marsh services is \$125,000 annually.

CONTRACT – RISK MANAGEMENT AND INSURANCE BROKERAGE SERVICES

April 13, 2011

Page 2

Staff recommends award of a five-year contract with two additional one-year options for risk management consulting and insurance brokerage services to Marsh starting May 1, 2011, and ending on April 30, 2016.

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 contract, with two one-year extension options, for general and specialized risk management consulting and insurance brokerage services to Marsh USA, Inc., as 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.

MOBILE DEVICE POLICY AND COMPENSATION STRUCTURE CHANGE

April 13, 2011

Presented by: James S. Trujillo
Human Resources Manager
Linda Dyson
Information Technology Manager

EXECUTIVE SUMMARY

This agenda item requests approval to implement a new mobile device policy that will create a taxable paid allowance up to \$50 per month to Port of Portland (Port) employees using their personal mobile devices for business purposes. Eligibility is determined by business need for mobility. Examples of mobile solutions include Smartphones, tablet computers and laptops.

BACKGROUND

Mobile computing and information flow rates continue to increase, and in the general marketplace, both private companies and public agencies are trending to allow personal devices for business use. Allowing such business use for Port personnel represents an opportunity to create a more convenient mobile option for staff and faster business transactions for customers. In addition, the Port estimates that providing this opportunity could result in savings for the Port.

Financial Impacts

- The Port maintains approximately 280 BlackBerry phones to meet the needs of employee mobility at a cost of about \$65 per month for phone and data services for each device.
- The proposed allowance for business use on a personal mobile device will be no more than \$50 per month for phone and data services. The Port would reserve the right to change this amount at any time based on market conditions or any other business reason, including a change in carriers that results in additional savings for the Port.
- The Port will reduce costs in purchasing devices through a reduction in business-owned devices and will reduce the costs for ongoing phone and data services for those switching to personal devices. Potential ongoing savings enterprise-wide is up to \$50,400 annually. This amount does not include the savings that could result from fewer device purchases. If 25 percent, or 75 individuals, switch to personal devices, the Port could realize an annual savings of \$13,500.
- We expect to monitor staff support costs and have indicated that the Information Technology Help Desk will provide “minimal support” only.

Risks and Risk Mitigation

Risk: Port data security risk.

- Mitigation: Only approved devices with adequate security will be allowed to connect to the network.

MOBILE DEVICE POLICY AND COMPENSATION STRUCTURE CHANGE

April 13, 2011

Page 2

- Mitigation: Steps will be taken to enable remote data deletion on personal devices in cases of lost or stolen devices or employee termination.

Risk: Employee privacy risk.

- Mitigation: Employees will be made aware of their risks through the publishing of a clear and comprehensive policy.
- Mitigation: Employees will be advised to back-up personal data in the event the Port is forced to delete the data from their device.

Timeline

If approved, the policy will go into effect May 1, 2011, and eligible participating employees will receive their first allowance on their June 9, 2011, paychecks.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to implement a new mobile device policy that will create a taxable paid allowance to Port of Portland employees using their personal mobile devices for business purposes, as 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.