

August 22, 2014

Mike Stanton
President, Local 8
International Longshore and Warehouse Union
2435 NW Front Avenue
Portland, OR 97209

Dear Mike:

I am writing to notify you that the Port of Portland has elected to terminate the Terminal Maintenance Corporation (TMC) service contract at the Terminal 6 container facility (T6) and will return the refrigerated container work to International Brotherhood of Electrical Workers (IBEW) members at the conclusion of a 30-day termination notice period.

This was not an easy decision for the Port to make because we had high hopes that the earlier compromise to move this work to the International Longshore and Warehouse Union (ILWU) would result in more efficient operations and higher, market-competitive results for the container shipping industry, regional shippers, related stakeholders and the State of Oregon.

The Port has worked closely with Local 8 members for decades to serve regional shippers and the people of Oregon. Local ILWU membership contains many capable and industrious members who continue to successfully work not just at T6, but at all Port marine facilities. However, the extremely low productivity at T6 remains unacceptable and negatively impacts all of the people whose livelihood is connected with working at or providing services to T6 and those who depend on the facility to efficiently ship products worldwide.

To recap the events that have led us to this decision, you will recall that as part of an agreement facilitated by Governor John Kitzhaber, the Port temporarily assigned the work of monitoring, plugging and unplugging refrigerated containers at T6 to members of the ILWU this past January. The work had been performed by Port employees who are members of the IBEW since the terminal opened in 1974. The Port temporarily assigned the work to the ILWU using a contract with TMC. The Port's agreement to use the ILWU on a temporary basis was made with the expectation that container terminal productivity at T6 would improve to recent historical and acceptable levels. As you can see from the attached graph, this has not been the case.

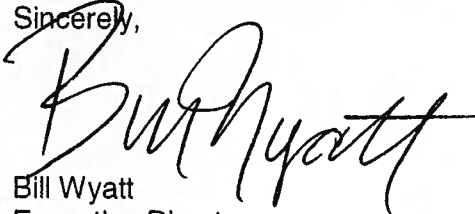
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At the Governor's request this spring, the Port initiated an independent review of T6 container crane and rolling stock equipment availability and maintenance to ascertain if this was a relevant contributor to the continued low productivity. The ILWU was invited to participate in the review but declined. The report's conclusions did not identify equipment availability and maintenance as a primary cause of the continued low terminal productivity.

We also note that utilizing the ILWU workforce for the reefer work comes at a significant cost premium. As stewards of public funds, we could not in good faith continue to invest in work that was not producing expected results. The Port has patiently waited over six months for signs of a sustained improvement in terminal productivity and, regrettably, none has materialized. In fact, container productivity at T6 has actually declined since the work was temporarily assigned to the ILWU.

Again, I want to emphasize that it is my sincerest hope that we can return T6 to productivity levels of which we can all be proud, and which our customers and stakeholders will continue to view as a viable and valuable asset for our region and state.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Wyatt", written in a cursive style.

Bill Wyatt
Executive Director

Attachment

Adjusted Gross T-6 Container Productivity by Week

