PORT OF PORTLAND

AGENDA
Regular Commission Meeting
Port of Portland Headquarters
7200 N.E. Airport Way, 8th Floor
August 14, 2013
9:30 a.m.

Minutes

Approval of Minutes: Regular Commission Meeting – July 10, 2013

Executive Director

Approval of Executive Director's Report – July 2013

General Discussion

2012-2013 Environmental Management Program Performance *DOROTHY SPERRY*

Action Items

1. RESOLUTIONS TO AMEND POLICY FOR INTEREST RATE EXCHANGE AGREEMENTS; TO AUTHORIZE ADHERENCE TO CERTAIN DODD-FRANK PROTOCOLS; AND TO AUTHORIZE USE OF THE END-USER EXCEPTION TO EXCHANGE TRADING AND CENTRAL CLEARING REQUIREMENTS FOR SWAPS *TATIANA STAROSTINA*

   Requests adoption of Resolutions to amend the Port of Portland's Policy No. 6.1.14 for Interest Rate Exchange Agreements; to authorize adherence to certain Dodd-Frank Protocols; to authorize use of the end-user exception to exchange trading and central clearing requirements for swaps; and to execute documentation required in connection with the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

2. PUBLIC IMPROVEMENT CONTRACT AMENDMENT – TAXIWAY C EAST REHABILITATION AND RUNWAY 10R-28L REPAIR – PORTLAND INTERNATIONAL AIRPORT *CHRIS EDWARDS*

   Requests approval to amend an existing public improvement contract with K&E Excavating, Inc., to provide construction of the Air Trans Center Phase IV project at Portland International Airport.

3. CONTRACT – SHUTTLE BUS PROCUREMENT PROJECT – PORTLAND INTERNATIONAL AIRPORT *WALT HAYNES*

   Requests approval to award a procurement contract to ElDorado National-California, Inc., for six new shuttle buses at Portland International Airport.

4. PUBLIC IMPROVEMENT CONTRACT – P1 PARKING GARAGE LIGHTING UPGRADE – PORTLAND INTERNATIONAL AIRPORT *STAN SNYDER*

   Requests approval to award a public improvement contract to Global Electric, Inc., for the P1 Lighting Upgrade at Portland International Airport.

5. SERVICE CONTRACT AMENDMENT – ELEVATOR MAINTENANCE AND UPGRADE – PORTLAND INTERNATIONAL AIRPORT *ROBIN MCCAFFREY*

   Requests approval of a service contract amendment with Schindler Elevator Corporation to replace and/or upgrade select elevator equipment at Portland International Airport.

PORT OF PORTLAND

Agenda Item No. 1

RESOLUTIONS TO AMEND POLICY FOR INTEREST RATE EXCHANGE AGREEMENTS; TO AUTHORIZE ADHERENCE TO CERTAIN DODD-FRANK PROTOCOLS; AND TO AUTHORIZE USE OF THE END-USER EXCEPTION TO EXCHANGE TRADING AND CENTRAL CLEARING REQUIREMENTS FOR SWAPS

August 14, 2013

Presented by: Tatiana Starostina
Senior Manager
Financial Analysis and Projects

REQUESTED COMMISSION ACTION

This agenda item requests adoption of Resolutions to amend the Port of Portland’s (Port) Policy No. 6.1.14 for Interest Rate Exchange Agreements; to authorize adherence to certain Dodd-Frank Protocols; to authorize use of the end-user exception to exchange trading and central clearing requirements for swaps; and to execute documentation required in connection with the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank).

BACKGROUND

Interest Rate Exchange Agreements

An Interest Rate Exchange Agreement, commonly called an “interest rate swap,” is a contract between two parties to exchange interest payments on a specified principal (notional) amount for a specified period of time. Normally at each payment, the party who owes more pays the net amount. The notional principal amount is never exchanged. Prior to Dodd-Frank, the majority of outstanding swap agreements were traded between two parties without supervision of an exchange or clearing house. Such swaps between two parties are called "over the counter."

The Port adopted the Interest Rate Exchange Agreement Policy in 2004, with the purpose “to manage payment, interest rate spread, or similar exposure undertaken in connection with existing, or anticipated, obligations made in the exercise of the borrowing powers of the Port.”

Currently, the Port has an active portfolio consisting of six fixed-interest rate, over-the-counter swap transactions with a total outstanding notional amount of $165.6 million. The Port entered into these swaps to reduce its debt service costs by locking in interest rate levels approximately two years ahead of issuing Series 18 Revenue Bonds and Series 2009A Passenger Facility Charge Refunding Bonds. The Federal Tax Code prevents airports from issuing tax-exempt refunding bonds more than 90 days in advance of the bond call dates, in most circumstances. Entering into the interest rate swaps allowed the Port to receive $14.7 million in debt service savings, paid up-front by the swap counterparties, without jeopardizing the tax-exempt status of its outstanding bonds.

Dodd-Frank Act

The Dodd-Frank Wall Street Reform and Consumer Protection Act, signed in July 2010, is intended to lower risk in various parts of the U.S. financial system and includes a comprehensive reform to the regulation of swaps. Title VII of Dodd-Frank, also called Wall Street Transparency and Accountability Act of 2010, introduces wide-ranging measures designed to regulate the over-the-counter swap market, including a delegation of the regulatory authority to the Commodity Futures Trading Commission (CFTC) and U.S. Securities and Exchange Commission (SEC).

Dodd-Frank authorizes the Commodity Futures Trading Commission to[1]:

1) Regulate Swap Dealers
    - Swap dealers will be subject to capital and margin requirements to lower risk in the system.
    - Dealers will be required to meet robust business conduct standards to lower risk and promote market integrity.
    - Dealers will be required to meet recordkeeping and reporting requirements so that regulators can police the markets.
2) Increase Transparency and Improve Pricing in the Derivatives Marketplace
    - Instead of trading out of sight of the public, standardized derivatives will be required to be traded on regulated exchanges or swap execution facilities.
    - Transparent trading of swaps will increase competition and bring better pricing to the marketplace. This will lower costs for businesses and consumers.
3) Lower Risk to the American Public
    - Standardized derivatives will be moved into central clearinghouses to lower risk in the financial system.
    - Clearinghouses act as middlemen between two parties to a transaction and take on the risk that one counterparty may default on its obligations.
    - Clearinghouses have lowered risk in the futures marketplace since the 1890s. Dodd-Frank brings this crucial market innovation to the swaps marketplace.

CFTC has finalized many of the rules that implement the detailed regulatory regime outlined by Dodd-Frank. A number of these rules require market participants to update their swap trading documentation to comply with this new regulatory regime.

ISDA Dodd-Frank Protocols

In order to facilitate compliance with the CFTC rules, International Swaps and Derivatives Association (ISDA) created standardized, electronically-managed documentation and disclosure

---

[1] Source: http://www.cftc.gov/LawRegulation/DoddFrankAct/index.htm

solutions called ISDA Dodd-Frank Protocols. The Protocols provide a mechanism for swap dealers to exchange uniform questionnaires, documentation and disclosures with their counterparties without the need for bilateral negotiations. End-users are not required to adhere to the Protocols. However, they will not be able to enter into new swaps, or to enter into material amendments to and novations or mutual unwinds of existing swaps, if they do not complete the compliance process.

The Port will be unable to make any changes to the existing portfolio or enter into new derivative transactions until it demonstrates compliance with the ISDA August 2012 and March 2013 Dodd-Frank Protocols. While the Port has no current plans to change swaps in the existing portfolio or enter into new derivative transactions, adoption of the proposed Resolutions will allow the Port to maintain flexibility with respect to its swap portfolio.

Central Clearing and the “End-User Exception”

A fundamental component of Dodd-Frank is to require exchange trading and central clearing of standard swaps. Central clearing, in particular, requires agreements with clearinghouses (or with clearing agents) and may involve significant fees and costs, including with respect to margin requirements. However, there is an exception to the swap clearing requirement, commonly referred to as the “end-user exception.” A swap qualifies for this exception if one of the counterparties to the swap: 1) is not a “financial entity;” 2) is using swaps to “hedge or mitigate commercial risk;” and 3) notifies the CFTC, in the manner set forth by the CFTC, how it generally meets its financial obligations associated with entering into uncleared swaps. CFTC guidance to 17 CFR Part 39 provides that “state and local government entities [that] are ‘predominantly engaged’ in other, non-banking and nonfinancial, activities related to their core public purposes and functions” would not constitute “financial entities.”[2] The Port therefore meets the first criterion to qualify for the end-user exception.

The Port also meets the second criterion, as, per the Port’s Interest Rate Exchange Agreement Policy, the Port uses swaps as hedge instruments in order to manage various risks related to its debt obligations. The Port will meet the third criterion upon adoption of the Resolutions by maintaining an annual filing with a registered swap data repository regarding how the Port generally meets its financial obligations associated with entering into uncleared swaps.

The use of the “end-user exception” requires Commission approval. Adoption of the proposed Resolutions will allow the Port to use the “end-user exception,” thus avoiding the swap clearing requirement and related fees and costs.

Revision of Interest Rate Exchange Agreements Policy

As part of the compliance with Dodd-Frank, the Port needs to make certain revisions to the Port’s Interest Rate Exchange Agreements Policy that, among other changes, include:

---

[2] http://www.gpo.gov/fdsys/pkg/FR-2012-07-19/pdf/2012-17291.pdf

- Requirements for engaging with and obtaining certain certifications from its swap advisor that will function as the designated Qualified Independent Representative.
- Requirements to obtain and maintain a "legal entity identifier" from a designated firm.[3]
- Requirement to maintain an annual filing in connection with the "end-user exception" for swap clearing.
- Recordkeeping requirements.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

> BE IT RESOLVED, That the revised Policy for Interest Rate Exchange Agreements, in the form presented to the Port of Portland Commission, is hereby approved and adopted, and shall supersede that certain policy of the Port titled, Interest Rate Exchange Agreements, dated January 14, 2004, Policy No. 6.1.14; and
>
> BE IT FURTHER RESOLVED, That the Commission approves adherence to the Dodd-Frank Protocols with respect to interest rate exchange agreements (and the taking of all related actions, including but not limited to, obtaining a legal entity identifier); and
>
> BE IT FURTHER RESOLVED, That the Commission approves use of the end-user exception in connection with interest rate exchange agreements subject to a mandatory clearing determination by a competent regulatory authority; 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.

---

[3] The Financial Stability Board is coordinating an international process with the CFTC and others to establish a global Legal Entity Identifier system. In the interim, per the CFTC requirements, the Port has obtained a CFTC Interim Compliant Identifier.

PORT OF PORTLAND COMMISSION POLICY

INTEREST RATE EXCHANGE AGREEMENTS Policy No. 6.1.14

Approved Commission meeting of August 14, 2013

Background

In the course of exercising its powers, the Port uses its borrowing authority to finance various improvements and acquisitions, as permitted by law. Interest Rate Exchange Agreements are an additional tool that can be useful in debt management.

Purpose

The Port may utilize Interest Rate Exchange Agreements to manage payment, interest rate spread, or similar exposure undertaken in connection with existing, or anticipated, obligations made in the exercise of the borrowing powers of the Port.

Permitted Instruments

Interest Rate Exchange Agreements (Agreements) are written contracts that provide for an exchange of payments based upon fixed and/or variable interest rates, including but not limited to an interest rate swap, floor, cap, collar, or an option to enter into such a contract.

Risk Analysis

The Executive Director, or the Chief Financial Officer, in consultation with the General Counsel, will ensure that the risks inherent in each Agreement are evaluated, presented to the Commission and understood before entering into the Agreement and that strategies are formulated to minimize the risks. These risks can include, but are not limited to:

Counterparty Risk – credit and/or performance exposure of the counterparty to the Agreement.

Rollover Risk – may arise if the Agreement and the underlying debt have different terms.

Basis Risk – the potential mismatch between the net interest payments received under the contract and the amount of interest due on the borrowing.

Tax Event Risk – payments on Agreements, based on a variable tax exempt index, can incur risk based on changes in marginal income tax rates, independent of changes in interest rates generally.

Amortization Risk – the cost of servicing debt, or paying on Agreements, resulting from a mismatch between the amount of bonds and the notional (or principle) amount of the Agreement.

Termination Risk – the risk that a material payment would be owed to the counterparty in certain market conditions if the Agreement was terminated by either the Port or the counterparty to the Agreement.

Counterparty Criteria

The Port shall enter into Agreements only with counterparties which have demonstrated experience in these types of financial instruments and are (1) rated in one of the top three rating categories without gradation by at least two nationally recognized rating agencies; or (2) will collateralize the Agreement in accordance with all statutory requirements.

At the time of adoption of this Policy, the statutory collateralization requirements are as follows:

- Cash or obligations rated in one of the top three rating categories, without gradation, by at least two nationally recognized rating agencies;
- The collateral is deposited with the Port or the State Treasurer, on behalf of the Port, or an agent of the Port;
- The collateral has a market value to fully collateralize the Agreement, as determined at the discretion of the Port; and
- The collateral is marked to the market no less frequently than monthly.

Documentation

Each Agreement will be governed by International Swaps and Derivatives Association, Inc. (ISDA) agreements, including any schedule, confirmation, or annex, as required, and will include terms, as necessary or desirable, to facilitate the transaction.

The Port will receive any opinions, in form satisfactory to the General Counsel, as required by law or deemed prudent at the discretion of the General Counsel to protect the interests of the Port in connection with an Agreement.

Accounting

Each Agreement will be accounted for in conformance with generally accepted accounting principles applicable to the Port.

Reporting

An annual report, indicating payments made and received under, and the market value of, each Agreement, and other information, as the Commission may request, will be presented to the Commission.

Conformance to Dodd-Frank

It is the intent of the Port to conform this Policy to the requirements relating to legislation and regulations for derivatives transactions under Title VII of the Wall Street Transparency and Accountability Act of 2010, as supplemented and amended from time to time, including any regulations promulgated in connection therewith (herein collectively referred to as "Dodd-Frank"). Pursuant to such intent, it is the policy of the Port that, with respect to each Agreement:

(i) each swap advisor engaged or to be engaged by the Port will function as the designated qualified independent representative of the Port, sometimes referred to as the "Designated QIR"; (ii) each swap advisor agree to meet and meets the requirements specified in Commodity Futures Trading Commission ("CFTC") Regulation 23.450(b)(1) or any successor regulation thereto (herein referred to as the "Representative Regulation"); (iii) each swap advisor provide a written certification to the Port to the effect that such swap advisor agrees to meet and meets the requirements specified in the Representative Regulation; (iv) the Port monitor the performance of each swap advisor consistent with the requirements specified in the Representative Regulation; (v) the Port exercise independent judgment in consultation with its swap advisor in evaluating all recommendations, if any, presented by any swap dealer with respect to transactions authorized pursuant to this Policy; and (vi) the Port rely on the advice of its swap advisor with respect to Agreements authorized pursuant to this Policy and not rely on recommendations, if any, presented by any swap dealer with respect to Agreements authorized pursuant to this Policy.

Legal Entity Identifier

The Port shall obtain and maintain current at all times a "legal entity identifier" from a firm designated by the CFTC to provide such numbers.

Clearing

In connection with the execution of any Agreement entered into (or novated) on or after September 9, 2013, the Port shall complete and maintain, as required by the CFTC, an annual filing regarding how it generally meets its financial obligations associated with entering into uncleared swaps.

Recordkeeping

Comprehensive records shall be maintained, either in paper or electronic form, of any Agreement entered into by the Port for at least five (5) years following the termination thereof. Such records shall be retrievable within five (5) business days and shall be open to inspection by the CFTC.

Prior Policies

This Policy supersedes and replaces that certain policy of the Port titled, Interest Rate Exchange Agreements, dated January 14, 2004, Policy No. 6.1.14.

PORT OF PORTLAND

Agenda Item No. __2__

PUBLIC IMPROVEMENT CONTRACT AMENDMENT – TAXIWAY C EAST REHABILITATION AND RUNWAY 10R-28L REPAIR – PORTLAND INTERNATIONAL AIRPORT

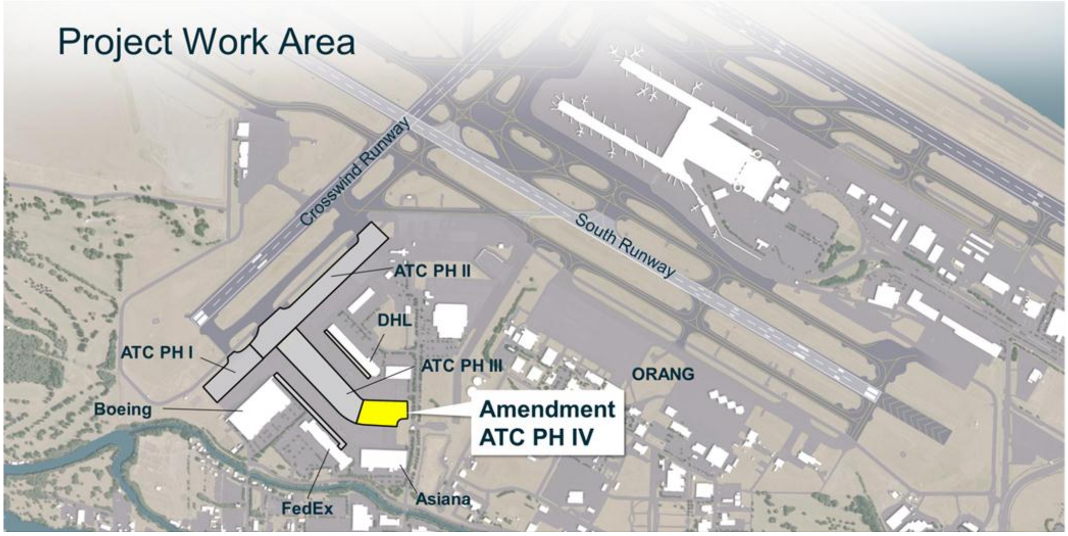
August 14, 2013 Presented by: Chris Edwards
Engineering Project Manager

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 K&E's construction of the Air Trans Center (ATC) Phase IV project at Portland International Airport (PDX). K&E is currently constructing the Taxiway C East and Runway 10R/28L Repair Rehabilitation (Taxiway C East) project at PDX.

BACKGROUND

The Port of Portland's (Port) Air Trans Center Phase IV project is the final phase of a multi-year pavement rehabilitation program in the ATC, involving pavement rehabilitation at the end of the alley. The project includes mill and inlay of asphalt pavement, utility adjustments and pavement markings. The ATC pavement rehabilitation program began in 2011 with Phase I work in front of the Boeing hangar. In 2012, Phase II work was completed on the south central ramp. Phase III work in 2013 reconstructed the main alley access.



The Port had planned to conduct ATC Phase IV in 2014, based on estimated construction durations and operational considerations. However, due to progress on current PDX airfield projects it recently became apparent that a current PDX airfield contractor may be able to complete the ATC Phase IV work this summer, within the current construction period.

Performing the ATC Phase IV work in 2013 as part of another, ongoing project would save the Port significant engineering, construction management, project inspection and procurement costs. Completing the work this year would also substantially reduce operational impacts that ATC tenants have experienced in recent years.

AUTHORITY TO AMEND CONTRACT

The Port's Contract Review Board (CRB) 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." When the price increase of the particular amendment is more than $500,000, the amendment must be approved by the Commission.

ANALYSIS

In consideration of this amendment, the Port solicited pricing from two current PDX airfield projects. K&E submitted the least-cost proposal at $803,215. K&E's pricing was based on increased unit bid item quantities on its current contract, which was competitively bid earlier this year.

The Port estimates that the cost to perform the ATC Phase IV work in 2014 under a separate, competitively solicited contract is $1,200,000. Accordingly, K&E could perform the Phase IV work in 2013 for $396,785 less than the Port's estimated cost to separately award that work in 2014. When all project costs are considered, the Port projects a savings of at least $700,000 by adding the Phase IV work to the current K&E contract.

Because the CRB rule 9.3(a)(2) criteria are satisfied, and because K&E's performance to date on the Taxiway C East project demonstrates a capacity to complete the ATC Phase IV work within the current construction period, the Port wishes to amend the current K&E Taxiway C East contract to add the ATC Phase IV work. The Port would document that amendment as a contract change order.

SCOPE

- Mill and inlay asphalt pavement
- Utility adjustments
- Pavement markings

SCHEDULE

Design	May 2013 – June 2013
Commission Action (Amendment)	**August 2013**
Construction	September 2013

PROJECT RISKS

Risk: Weather

Mitigation Strategy:

- Develop contingency plan for scheduling work.
- Schedule work activities that are not weather sensitive.

BUDGET

K&E Contract Amendment	$803,215
Port Staff/Contracted Services	$122,500
Contingency	$20,000
Total Budget Adjustment	$945,715

The contingency representing 2.1 percent of the project budget is considered reasonable given the risk profile for the project.

CONTRACT AMENDMENT

Original Contract Amount	$19,986,247
Change Orders to Date	$325,825
This Amendment	$803,215
New Contract Amount	$21,115,287

The project will be funded by 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 K&E's construction of the Air Trans Center Phase IV project at Portland International Airport, in accordance with K&E's proposal; 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

Agenda Item No. __3__

CONTRACT – SHUTTLE BUS PROCUREMENT PROJECT – PORTLAND INTERNATIONAL AIRPORT

August 14, 2013 Presented by: Walt Haynes
Engineering Project Manager

REQUESTED COMMISSION ACTION

This agenda item requests approval to award a procurement contract to ElDorado National-California, Inc. (ElDorado National), for six new shuttle buses at Portland International Airport (PDX), for a contract value of $2,421,984.

BACKGROUND

The PDX shuttle bus fleet consists of 24 ElDorado buses which are used to move people from the economy parking lot and employee parking lot to the PDX terminal. An ongoing bus replacement program has been in place to systematically replace shuttle buses with high mileage (over 500,000 miles), increasing maintenance needs and outdated passenger notification systems – all of which contribute to higher maintenance and operating costs. The program replaces six buses every two years so the entire fleet is upgraded on a ten-year cycle. This ensures that the bus fleet will continue to provide the highest level of customer service, newest passenger technology and distributes the bus procurement costs over a 10-year period. This PDX Shuttle Bus Procurement contract will replace six 2004 model ElDorado shuttle buses with six new 2014 model ElDorado shuttle buses.

The Port of Portland (Port) will participate in a Cooperative Purchasing Program through the Houston-Galveston Area Council of Governments (HGAC) to procure the shuttle buses. The HGAC program, through the State of Texas, has pre-approved contractors through an RFP process that allows cooperative purchasing by participating public agencies directly with the contractors. The Port is a member of the HGAC and Port Contracting Rule 279A.220, Interstate Cooperative Procurements, provides the framework for participating in the cooperative purchasing program.

PROCUREMENT PROCESS

ElDorado National is a registered ElDorado bus contractor with HGAC. The Port sent a bus specification and a request for price for six buses to ElDorado National on May 17, 2013. On July 12, 2013, the Port received a price quote for six buses that is within the Port's project budget and the buses and components met the specification equipment list. Under the HGAC Cooperative Purchasing Program, the end-user (Port) may contract directly with the HGAC approved contractor (ElDorado National). HGAC will formally approve the contract on the Port's issuance of a purchase order for the contract amount.

ElDorado E-Z Rider II Shuttle Bus

SCOPE

- Fabricate, test and deliver six shuttle buses according to Port specifications.
- Provide training for bus operating systems.

SCHEDULE

Design	July 2012 – June 2013
Request ElDorado National Price	July 2013
Commission Action (Amendment)	**August 2013**
Build Buses	September 2013 – June 2014

PROJECT PRICE QUOTE

Price (6 buses)	$2,421,984
Engineer’s Estimate	$2,300,000

PROJECT RISKS

Risk: Fabrication schedule delay

Mitigation Strategy:

- Develop contingency plan for awarding contract and scheduling work.
- Existing older buses can continue to service passengers with closer attention to maintenance to keep them operational longer.

BUDGET

ElDorado National Contract	$2,421,984
Port Staff/Contracted Services	$252,000
Contingency	$46,016
Total Project	$2,720,000

The contingency representing 1.7 percent of the project budget is considered reasonable given the nature of the procurement, the risk profile for the project and the clearly defined scope of the procurement.

The project contract will be funded by 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 award a contract for the Shuttle Bus Procurement Project at Portland International Airport to ElDorado National-California, Inc., in accordance with its price quote; 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

Agenda Item No. 4

PUBLIC IMPROVEMENT CONTRACT – P1 PARKING GARAGE LIGHTING UPGRADE – PORTLAND INTERNATIONAL AIRPORT

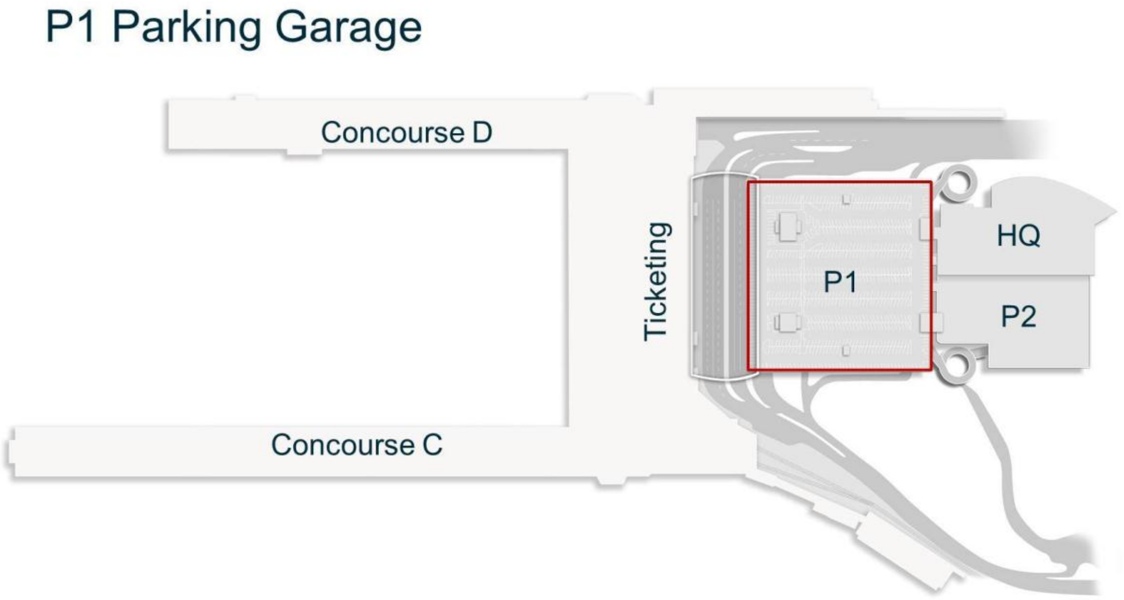
August 14, 2013 Presented by: Stan Snyder
Engineering Project Manager

REQUESTED COMMISSION ACTION

This agenda item requests approval to award a public improvement contract to Global Electric, Inc. for the P1 Lighting Upgrade project at Portland International Airport (PDX) for a contract value of $732,834.

BACKGROUND

The P1 parking garage at PDX was constructed in two phases. The first three floors were built in 1988 with floors four through seven completed in 1997. Lighting in the garage is currently provided by high-pressure sodium fixtures that were installed at the time of construction. As fixtures age, there is a loss of brightness, and after 16 years, these original fixtures are approaching the end of their design life.



Since the original fixtures were installed, a number of lighting options have become available that can deliver significant energy savings, reduce maintenance costs, provide users with better quality lighting and further the Port of Portland's (Port) carbon reduction goals. With these objectives, and after evaluating a number of lighting alternatives, the project team has recommended fluorescent lighting for covered floors one through six and LED lighting to replace “street-lamp” type fixtures on level seven. The existing high-pressure sodium lamps have a yellow-gold appearance. The proposed new fluorescent and LED lighting will have an improved, “whiter” look, making it closer in appearance to the P2 parking garage.

Existing High-Pressure Sodium Fixtures

New Fluorescent Fixtures

SCOPE

- Replacement of approximately 2,050 high-pressure sodium fixtures with fluorescent fixtures on levels one through six.
- Replacement of 84 high-pressure sodium “street lamp” fixtures with LED fixtures on level seven.
- Minor repairs on several level seven pole bases, and minor improvements to the P1 lighting controls.

SCHEDULE

Design Complete	May 2013
Advertisement	July 2013
Commission Action	**August 2013**
Construction	September 2013 – May 2014

PROJECT BID RESULTS

The Port procured this public improvement contract utilizing sealed bidding solicitation under ORS 279C. The solicitation was advertised on July 3, 2013, and bids were received on August 1. Global Electric, Inc., submitted the lowest responsive bid.

The bids were as follows:

Global Electric, Inc.	$732,834
Christenson Electric	$759,117
Oregon Electric Group	$770,563
Dynalectric Company	$774,070
EC Company	$802,076
Cherry City Electric	$815,682
McCoy Electric Co., Inc.	$929,050
Dominion Electric and Controls, Inc.	$968,125
Affordable Electric, Inc.	$1,057,714
Engineer’s Estimate	$1,385,419

PROJECT RISKS

Risk: Disruption to rental car or parking operations.

Mitigation Strategy:

- Close communication and coordination prior to and during construction with the various operators.

Risk: Schedule delay.

Mitigation Strategy:

- Work with the contractor to maintain the schedule early on in construction to avoid compounding of potential delays. Ensure the contactor has the necessary resources on site to complete the project on time.

BUDGET

Contract	$732,834
Port Staff/Contracted Services	$450,000
Contingency	$100,000
Total Project	$1,282,834

The contingency, representing 8.4 percent of the project budget, is considered reasonable given the nature of the procurement and the risk profile for the project.

The project will be funded by 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 award a public improvement contract for the P1 Parking Garage Lighting Upgrade project at Portland International Airport to Global Electric, Inc., 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.

PORT OF PORTLAND

Agenda Item No. 5

SERVICE CONTRACT AMENDMENT – ELEVATOR MAINTENANCE AND UPGRADE – PORTLAND INTERNATIONAL AIRPORT

August 14, 2013

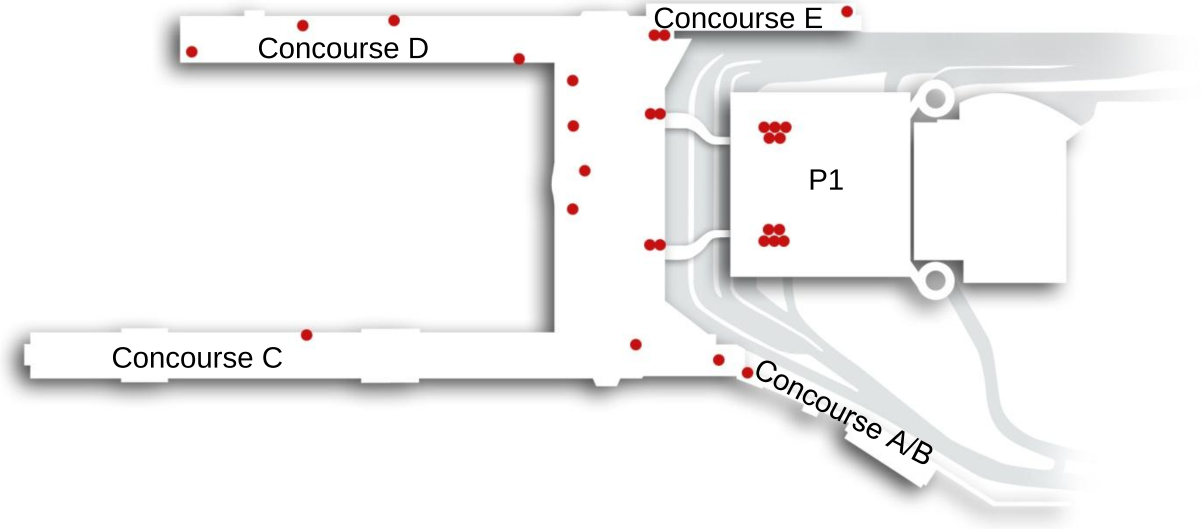
Presented by: Robin McCaffrey
Engineering Project Manager

REQUESTED COMMISSION ACTION

This agenda item requests approval of a service contract amendment with Schindler Elevator Corporation (Schindler) in the amount of $608,180.44 to replace and/or upgrade select elevator equipment at Portland International Airport (PDX).

BACKGROUND

On average, approximately 1.3 million passengers per month, as well as employees, vendors and users, travel through PDX. People are served by more than 100 people movers, including the elevators addressed within this agenda item (shown in red, below).



Based on the age (15 to 20 years) and usage of these elevators, many of their components are at the end of their service life. Certain elevator components experience greater wear and tear and need to be replaced to prolong the service life of the remaining components and enhance system reliability. Elevator doors in the main circulation area are in need of aesthetic repair.

To maintain efficient people mover operations at PDX, the Port of Portland (Port) entered into a service and maintenance contract (Contract) with Schindler in 2005. Under that Contract, Schindler provides elevator mechanics to perform scheduled maintenance and urgent repair work. In March 2010, the Port Commission approved Amendment Number 5 to the Contract.

Among other items, that amendment extended the term through 2015 and held constant established labor rates with an associated adjustment mechanism for work performed in calendar years 2013 through 2015.

The amendment now under consideration incorporates the labor rates established in the Contract into a fixed price for the amendment scope of work.

SCOPE

- Replacing elevator door rollers and gibs, repairing door edges and hangers and upgrading door operating systems in 10 parking structures and 5 terminal elevators.
- Replacing power packs, motors, tanks, valves and related items in 4 terminal elevators.
- Replacing cab and exterior doors in 5 terminal elevators.
- Adding soft starters to 11 terminal elevators.

Anticipated future Contract scope (to be added through separate amendment and currently in design) includes:

- Re-anchoring hoistway guiderails in one terminal elevator.

SCHEDULE

Contract Amendment Negotiation	June – July 2013
Commission Action	**August 2013**
Construction	September 2013 – June 2014

PROJECT RISKS

Risk: Impact to accessible mobility in Concourse A.

Risk Management Strategy:

- Limit elevator work in Concourse A to one of two mobility access elevators at a time.

Risk: Quality of Contractor work may be lower if performed outdoors in cold weather:

Risk Management Strategy:

- Minimize outdoor (i.e., parking structure) work between November and February.

Risk: Unexpected problems with other elevator components uncovered during performance of the anticipated work.

Risk Management Strategy:

- Include adequate project budget contingency.

BUDGET

Schindler Contract Amendment	**$608,180.44**
Port Staff/Contracted Services	$114,000.00
Contingency	$49,000.00
Total Budget Adjustment	$771,180.44

The contingency, representing 6.35 percent of the project budget, is considered reasonable given the nature of the work and the risk profile for the project. The scope is well defined and the needs well understood.

The project will be funded by the Airline Cost Center and the Port Cost Center.

CONTRACT AMENDMENT

Original Contract Amount	$840,000.00
Amendments to Date	$10,797,182.00
This Amendment	$608,180.44
New Contract Amount	$12,245,362.44

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

> BE IT RESOLVED, That approval is given to award a service contract amendment for the Elevator Maintenance and Upgrade project at Portland International Airport to Schindler Elevator Corporation in accordance with its proposal; 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.