



AGENDA
Regular Commission Meeting
Port of Portland Headquarters
7200 N.E. Airport Way, 8th Floor
August 12, 2015
9:30 a.m.

Minutes

Approval of Minutes: Regular Commission Meeting – July 8, 2015

Executive Director

Approval of Executive Director's Report – July 2015

General Discussion

Concessions Program Overview

WALT FROMAN

2015 Legislative Post-Session Briefing

KATHRYN WILLIAMS

Consent Items

1. LAND EXCHANGE – AJINOMOTO WINDSOR, INC. –
RIVERGATE INDUSTRIAL DISTRICT

DOUG SMITH

Requests approval of an equal land exchange of 1.033-acre parcels between the Port of Portland and Ajinomoto Windsor, Inc., at its property located on N. Marine Drive in the Rivergate Industrial District.

2. FACILITY LEASE – UNITED AIRLINES CARGO CENTER –
PORTLAND INTERNATIONAL AIRPORT

ISAAC BARROW

Requests approval to enter into a facility lease with United Airlines for cargo handling and aircraft parts storage space in the Cargo Center at Portland International Airport.

Action Items

3. PUBLIC IMPROVEMENT CONTRACT – CARGO CENTER
EXTERIOR BUILDING REHABILITATION – PORTLAND
INTERNATIONAL AIRPORT

ERIC FORSYTH

Requests approval to award a public improvement contract to Skyward Construction, Inc., for the Cargo Center Exterior Building Rehabilitation project at Portland International Airport.

4. PERSONAL SERVICES CONTRACTS – PDXNEXT TERMINAL CORE TICKET LOBBY REDEVELOPMENT PROJECT – PORTLAND INTERNATIONAL AIRPORT *GEORGE SEAMAN*

Requests approval to award two personal services contracts in support of the Portland International Airport PDXNext Terminal Core Ticket Lobby Remodel project.

5. PERSONAL SERVICES CONTRACT AMENDMENT – CENTRAL UTILITY PLANT CHILLED WATER CAPACITY ADDITION PROJECT – PORTLAND INTERNATIONAL AIRPORT *GEORGE SEAMAN*

Requests approval to amend an existing personal services contract with Affiliated Engineers NW, Inc. to provide schematic and detailed design services for the Portland International Airport Central Utility Plant Chilled Water Capacity Addition project.

6. GROUND LEASE AND RAMP MANAGEMENT AGREEMENT – ATLANTIC AVIATION – PORTLAND INTERNATIONAL AIRPORT *ISAAC BARROW*

Requests approval to enter into a ground lease and ramp management agreement with Atlantic Aviation for the development of new corporate aviation terminal and hangar facilities at Portland International Airport.

7. DONATION LAND TRANSFER – PORT OF PORTLAND ROSS ISLAND PROPERTY TO CITY OF PORTLAND PARKS AND RECREATION *DON GOLDBERG*

Requests approval to release and quitclaim the Port of Portland's interest, if any, in the northern tip of Ross Island above ordinary high water (approximately 2.19 acres) as a donation to the City of Portland.

LAND EXCHANGE – AJINOMOTO WINDSOR, INC. – RIVERGATE INDUSTRIAL DISTRICT

August 12, 2015

Presented by: Doug Smith
Business Development Manager
Industrial Properties

REQUESTED COMMISSION ACTION

This agenda item requests approval of an equal land exchange of 1.033-acre parcels between the Port of Portland (Port) and Ajinomoto Windsor, Inc., (Ajinomoto) at its property located on N. Marine Drive in the Rivergate Industrial District.

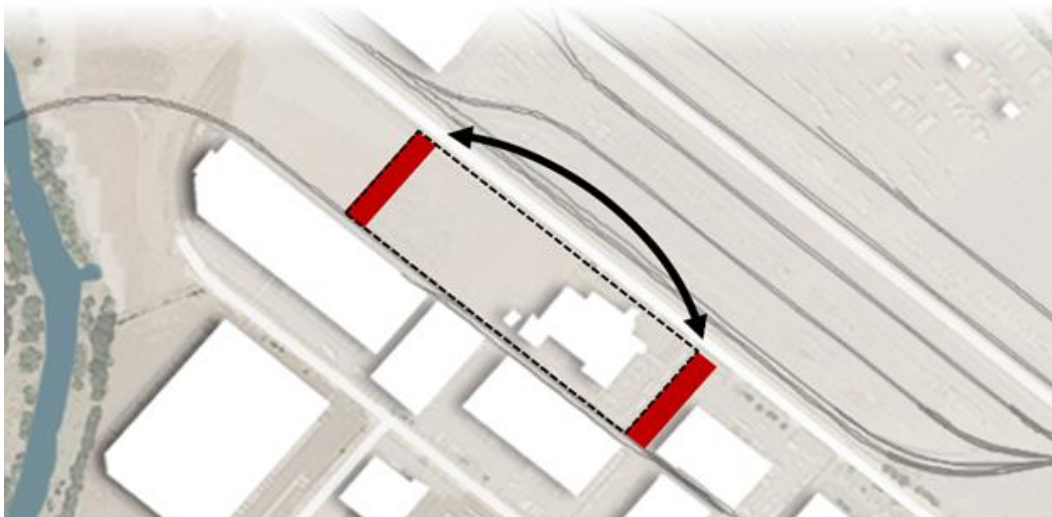
BACKGROUND

Ajinomoto is one of Japan’s largest food processors and has operated a frozen foods plant in Portland since 1989. The company has successfully entered the U.S. mainstream consumer market with its range of frozen products, including pot stickers, shumai dumplings, rice-based donburi bowls as well as frozen fried rice sold in Costco, Walmart/Sam’s Club, Trader Joe’s, Safeway, etc.

To accommodate its growth, Ajinomoto has made several upgrades to its facility and added employees. Ajinomoto now proposes to expand its existing employee parking lot.

The Port would benefit by adding the exchanged property to the marine reserves as it has excellent frontage on N. Marine Drive and is directly across from the main entrance gate to Terminal 6.

LAND EXCHANGE ON SOUTH SIDE OF MARINE DRIVE



The proposal is to transfer to the Port a 1.033-acre parcel on the west side of the Ajinomoto property in exchange for a remnant parcel of 1.033 acres on the east side of Ajinomoto.

Port due diligence on the transaction has concluded that there are no hazardous substance release, wetlands or endangered species issues that constrain the property the Port is acquiring.

The Port will file applications with the City of Portland for a property line adjustment and Ajinomoto will file a building permit for its parking lot expansion; the exchange would occur upon review and approval of both.

All costs are to be shared equally between the Port and Ajinomoto. Total estimated costs for the environmental assessments, necessary appraisals, and application fees for the property line adjustment are approximately \$15,000. The approximately \$7,500 due from the Port would be paid from the Industrial Properties cost center in the Commercial Division.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to execute a land exchange of 1.033 acres with Ajinomoto Windsor, Inc., at its existing location in the Rivergate Industrial District, 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.

FACILITY LEASE – UNITED AIRLINES CARGO CENTER – PORTLAND INTERNATIONAL AIRPORT

August 12, 2015

Presented by: Isaac Barrow
Real Estate Manager**REQUESTED COMMISSION ACTION**

This agenda item requests approval to enter into a facility lease with United Airlines (United) for cargo handling and aircraft parts storage space in the Cargo Center at Portland International Airport (PDX).

BACKGROUND

United supports their air carrier activities at PDX through the use of non-terminal or airside facilities for functions including belly cargo handling, aircraft parts storage and ground service equipment maintenance.

Working collaboratively with the Port of Portland (Port), United has identified space in the Cargo Center facility for its belly cargo handling and aircraft parts storage functions. The Cargo Center is a purpose-built air carrier support facility where the majority of cargo and similar service providers at PDX are located. The Cargo Center facility will also provide for improved transit between these facilities and United's terminal locations following their planned relocation to the south terminal concourses as part of the PDX Terminal Balancing project.

United is investing in tenant improvements in its new spaces in the Cargo Center and is requesting a 10-year term for the new agreement to provide for amortization of the improvements. Other terms of the new agreement are standard and based upon the Port's template agreements used as part of the leasing program for the Cargo Center facility.

BUSINESS TERMS

- Term: Five years. Lessee also has one five-year option to extend the Term, subject to satisfying certain conditions.
- Rent: Initial rent will be approximately \$312,000 annually. Rent will be adjusted annually based on the Consumer Price Index.
- Premises: United will lease suites 7710, 7760 and 8116 in the Cargo Center totaling approximately 23,279 square feet.

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 facility lease with United Airlines for airline support space in the Cargo Center at Portland International Airport, consistent with the terms presented to the Commission; and

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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 – CARGO CENTER EXTERIOR BUILDING
REHABILITATION – PORTLAND INTERNATIONAL AIRPORT**

August 12, 2015

Presented by: Eric Forsyth
Project Manager

REQUESTED COMMISSION ACTION

This agenda item requests approval to award a public improvement contract to Skyward Construction, Inc., for the Cargo Center Exterior Building Rehabilitation project at Portland International Airport (PDX) for a contract value of \$1,799,158.00.

BACKGROUND

The PDX Cargo Center comprises 130,000 square feet of warehouse space that serves the cargo shipping needs of freight forwarding companies and businesses that rely on commercial airlines to move products into and out of the region, as well as ground service equipment-related tenants that serve the airlines. The first phase of the building was built in 1974 and the second phase was built in 1981.

The Port of Portland (Port) engaged an architectural firm that specializes in building “envelopes” to assess the Cargo Center building. The resulting report identified areas where rehabilitation is needed. The assessment included detailed inspection of the roof system, windows, siding roll-up doors, drainage and building structure. The report concluded that significant repairs are necessary to preserve the ongoing functionality of the building, and provided a range of repair options. The Port’s selected repair option was considered the most cost-effective given the age and projected life of the building, its revenue-generating potential and its operational importance.



PUBLIC IMPROVEMENT CONTRACT – CARGO CENTER EXTERIOR BUILDING
REHABILITATION – PORTLAND INTERNATIONAL AIRPORT

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The Cargo Center provides a steady revenue stream for the Port, with existing leases producing \$1,000,000 in annual revenue. This investment in repairs is consistent with a reasonable return on investment and should preserve the Cargo Center’s operational viability for 10-12 additional years.

SCOPE

- Replace windows.
- Replace roof on the west building and repair leaking roof penetrations on the east building.
- Replace the most damaged roll-up doors.
- Replace roof drains and failing gutters.
- Perform structural repairs resulting from prolonged exposure to leaking roof.

SCHEDULE

Design/Bidding	January 2014 – July 2015
Commission Action	August 12, 2015
Construction	September 2015 – July 2016

PROJECT BID RESULTS

The Port procured this public improvement contract utilizing a competitive sealed-bidding solicitation under ORS Chapter 279C. The solicitation was advertised on June 24, 2015 and bids were received on July 16, 2015. Skyward Construction, Inc., submitted the lowest responsive bid. The bids were as follows:

Payne Construction, Inc.*	\$1,298,008
Skyward Construction, Inc.	\$1,799,158
Conway Construction Company	\$1,899,600
Todd Hess Building Company	\$2,349,480
Engineer's Estimate	\$2,150,000

*Non-responsive bid in accordance with the requirements of the Invitation to Bid.

PROJECT RISKS

Risk: Discovery of additional weather damage, necessitating more repairs than anticipated.

Mitigation Strategies:

- Assess the significance of the damage and determine whether to make the repairs under this contract based on need and projected benefit.
- Make the most critical repairs now using project contingency funds and defer other, less significant repairs to a later project when they can be competitively bid.
- Identify cost-effective solutions to repair the newly-discovered damage.

Risk: Changing tenant needs necessitate changes in the contractor's designated access/staging plan.

Mitigation Strategies:

- Identify best access solutions, keeping tenant needs in mind.
- Engage tenants in discussion about their facility usage needs early and often during the construction phase.
- Manage contractor performance to ensure that the contractor abides by the approved schedule and respects work area boundaries.

PUBLIC IMPROVEMENT CONTRACT – CARGO CENTER EXTERIOR BUILDING
REHABILITATION – PORTLAND INTERNATIONAL AIRPORT

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BUDGET

Construction Contract	\$1,799,158
Design Contract	\$139,892
Port Staff/Contracted Services	\$880,950
Contingency	<u>\$560,000</u>
Total Project	\$3,380,000

The project will be funded from the Port Cost Center.

The contingency is approximately 17 percent of the value of the project budget, which is considered appropriate in this type of building rehabilitation given the likelihood that additional repairs will be required due to currently unknown issues.

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 to Skyward Construction, Inc., for construction of the Cargo Center Exterior Building Rehabilitation project at Portland International Airport, 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.

PERSONAL SERVICES CONTRACTS – PDXNEXT TERMINAL CORE TICKET LOBBY REDEVELOPMENT PROJECT – PORTLAND INTERNATIONAL AIRPORT

August 12, 2015

Presented by: George Seaman
Engineering Project Manager**REQUESTED COMMISSION ACTION**

This agenda item requests approval to award a personal services contract to ZGF Architects LLP (ZGF) to provide conceptual plan selection and design services for the Portland International Airport (PDX) PDXNext Terminal Core Ticket Lobby Remodel project. This agenda item also requests approval to award a personal services contract to Turner Construction Company (Turner) to provide pre-construction support services for the same project.

BACKGROUND

The 2010 Portland International Airport Master Plan (Airport Master Plan) included a number of follow-on studies necessary to explore and finalize key development decisions identified during the master planning process. The passenger terminal ranked as a priority for further study and the ticket lobby was identified as a key focus area within the terminal.

Although the Airport Master Plan did not identify any urgent requirements to modify passenger terminal facilities, it did identify the potential to significantly enhance the passenger terminal's future effectiveness. Further, the plan determined that the adaptive reuse of the ticket/check-in lobby to keep pace with evolving needs and new technologies will be critical in the Port's ability to meet long-term passenger processing requirements.

In December 2012, the Port of Portland (Port) Commission approved a personal services contract with LeighFisher, Inc. to develop a Ticket/Check-in Lobby Concept Plan (Lobby Concept Plan). The goals of this plan were to evaluate the core terminal area and develop a comprehensive strategy to incrementally reconfigure the terminal, thus avoiding a piecemeal approach to improvements and ensuring: 1) the most effective possible passenger processing; 2) the best possible passenger experience; 3) the maximum possible concession revenues; and 4) a long-range plan that is sustainable, affordable and adaptable.

In July 2014, staff informally presented the results of the Lobby Concept Plan to Commissioners. The result of this plan, and consequently the scope of the proposed project, includes the following significant elements:

- Relocating the security checkpoints towards the middle of the terminal core with a reduction in the pre-security concessions.
- Expanding the post-security concession nodes in the concourse atriums.
- Refurbishment of the ticket lobby to include redesign of the check-in positions, concession program improvements and new architectural finishes.

PERSONAL SERVICES CONTRACTS – PDXNEXT TERMINAL CORE TICKET LOBBY
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- Upgrade and replace the terminal building's mechanical, electrical, heating, ventilating and air conditioning equipment.
- Improve the terminal building's ability to withstand and recover from a significant seismic event.



PROJECT APPROACH

Due to the size, complexity and potential for significant impacts to the airlines, concessionaires, tenants, and the traveling public, an incremental approach is proposed for the planning, design and construction of this project. Four phases are contemplated:

1. Conceptual Plan Selection

The Lobby Concept Plan developed the approach of renovating the ticket lobby utilizing either of two conceptual plans: the first within the confines of the existing building footprint and floors, and the second, known as the “unified terminal concept.” The unified terminal concept involves constructing a “clear span” structure from the curbside to the apron area, spanning the entire terminal building east to west and opening up the building functionally and architecturally.

This first phase in the project is to compare and evaluate the structural, seismic, mechanical, operational, phasing, constructability and cost implications of each of the conceptual plan options. In addition, the Port will compare and evaluate a hybrid of the two conceptual plan options, and other alternatives if any are developed during the conceptual plan selection phase.

PERSONAL SERVICES CONTRACTS – PDXNEXT TERMINAL CORE TICKET LOBBY
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Staff is recommending entering into a personal services contract with ZGF for architectural and engineering services to help the Port evaluate these options and select one conceptual plan for further development (see “PERSONAL SERVICES CONTRACT – ZGF (CONCEPTUAL PLAN SELECTION AND DESIGN SERVICES)” below).

Staff is also recommending entering into a personal services contract with Turner to provide pre-construction support services; advising the project team on construction-related issues for each conceptual plan option, including constructability, phasing and cost evaluations (see “PERSONAL SERVICES CONTRACT – TURNER (PRE-CONSTRUCTION SUPPORT SERVICES)” below). These services will also help the Port evaluate the conceptual plan options and develop the project design.

2. Conceptual Design Development

At the completion of the conceptual plan selection phase, a recommendation will be made to proceed with conceptual design for the selected plan option. This work will further refine the project scope, develop a detailed implementation schedule and define the project cost. Factors to be considered in the recommendation include costs, implementation schedule, functionality, aesthetics, constructability, operational impacts, passenger impacts and future flexibility. Approval for this conceptual design development will be requested from the Airport Airline Affairs Committee (AAAC) in January 2016.

To obtain conceptual design development services, staff intend to negotiate amendments to the personal services contracts with ZGF and Turner. Provided that the Port and each consultant agree on terms that are acceptable to the Port, the Port will seek contracting authority from the Commission to award the amendments.

Staff anticipate that the conceptual design development phase will be complete by the end of 2016, at which time final project approval will be requested from the AAAC.

3. Final Design Development; Construction Support

At the completion of the conceptual design development phase and upon final project approval, staff intend to engage ZGF to provide final design services, and subsequently, construction support services. The final design work will include providing all architectural, structural, mechanical and electrical services necessary to provide comprehensive plans and specifications to completely renovate the ticket lobby and terminal core at PDX. Construction support services would be invoked once construction is underway.

To obtain final design and construction support services, staff intend to negotiate an amendment to the ZGF personal services contract. Provided that the Port and ZGF agree on terms that are acceptable to the Port, the Port will seek contracting authority from the Commission to award the amendment.

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4. Construction

While final design development is underway, staff will present a request to the Commission to exempt, from Oregon's competitive bidding requirement, the public improvement contract for project construction. This exemption would allow the Port to select a project construction manager/general contractor (CM/GC) using a competitive request for proposals (RFP) process, evaluating proposals based on best-value criteria including qualifications and experience, as opposed to selecting the contractor based on price alone.

PERSONAL SERVICES CONTRACT – ZGF (CONCEPTUAL PLAN SELECTION AND DESIGN SERVICES)

1. Consultant Selection

The Port advertised an RFP to obtain comprehensive design services to renovate the PDX terminal ticket lobby on January 23, 2015. The services required in the RFP include providing all consulting services necessary to perform items 1–3 under the heading "PROJECT APPROACH" above. These services were intended to be awarded in phases, beginning with conceptual plan selection services and conceptual design development as described above. Follow-on phases would only be contemplated after the successful completion of the conceptual design, upon obtaining project funding approval and successful negotiation of terms satisfactory to the Port. On February 20, 2015, proposals were received from the following consulting firms:

- Gensler
- Gresham Smith and Partners
- Skidmore, Owings & Merrill LLP
- AECOM
- Fentress Architects (Fentress)
- ZGF Architects LLP (ZGF)
- HOK in association with SRG (HOK)
- Mackenzie

Proposals were reviewed and evaluated against primarily the following criteria in accordance with the State of Oregon's qualifications-based selection requirements for this type of contract:

- Qualifications of proposer and team.
- Project approach and management.
- Small business participation program.

PERSONAL SERVICES CONTRACTS – PDXNEXT TERMINAL CORE TICKET LOBBY
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The Port's nine-person evaluation team consisting of staff representing engineering, operations, and procurement departments determined that AECOM, Fentress, ZGF and HOK were the most qualified candidates for the project. An eight-person evaluation team consisting of staff representing engineering, operations, procurement and Port executive management then conducted interviews on April 23-24, 2015 and determined ZGF to be the highest-ranked candidate for the project, based on the strength of their project team, project approach, experience of their sub-consultants, understanding of the Port and PDX's place in the community, and small business participation program.

Port staff then negotiated with ZGF to determine ZGF's fee, which will be paid on an hourly basis, plus reimbursable expenses, with a not-to-exceed amount of \$2,760,936 for the limited scope of work described below.

2. Scope of Work

The consultant's initial work scope is limited to performing all the work necessary to develop a recommendation on the Port's selection of which conceptual plan option to further develop for the terminal core redevelopment (see item no. 1 under the heading "PROJECT APPROACH" above). This will include preliminary planning, engineering calculations and design activities, architectural renderings and 3D modeling, passenger throughput modeling, space planning, phasing plan development and cost estimating.

The detailed scope of work for the conceptual design development, final design development, and construction support phases is not yet defined but will be determined during the subsequent phases of this project. As a result, the current scope of work for this contract does not yet call for the consultant's assistance with these activities. As described above, if the Port elects to add those portions of the work to this contract after the initial concept selection phase, it will do so via one or more contract amendments.

PERSONAL SERVICES CONTRACT – TURNER (PRE-CONSTRUCTION SUPPORT SERVICES)

1. Consultant Selection

The Port advertised an RFP to obtain pre-construction support services to renovate the PDX terminal ticket lobby on May 1, 2015. The services required in the RFP include providing all constructability evaluations, safety recommendations, phasing plan development (concurrently with the design consultant), schedule development, and cost estimating services necessary to provide construction planning and support services to completely renovate the ticket lobby and terminal core at PDX. These pre-construction support services are separate and distinct from the construction support services which the Port may later engage ZGF to provide, as described above.

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The pre-construction support services were intended to be awarded in phases, beginning with services in support of the Port's conceptual plan selection analysis. Follow-on phases would only be contemplated after the successful completion of the conceptual plan selection, upon obtaining project funding approval and successful negotiation of terms satisfactory to the Port.

To eliminate a potential unfair advantage in the selection of the CM/GC for project construction, the firm selected to perform these pre-construction support services will not be eligible to propose on the RFP for this project's CM/GC services.

On May 22, 2015, proposals were received from the following consulting firms:

- Jacobsen/Daniels Associates, LLC
- Jacobs Project Management Co.
- AECOM Technical Services, Inc. (AECOM)
- Heery International, Inc.
- Fortis Construction, Inc. (Fortis)
- Turner Construction Company

Proposals were reviewed and evaluated against the following criteria in accordance with the State of Oregon's qualifications-based selection requirements for this type of contract:

- Qualifications of proposer and team.
- Project approach and management.
- Small business participation program.

The Port's six-person evaluation team consisting of staff representing engineering, operations, and procurement departments determined that AECOM, Fortis and Turner were the most qualified candidates for the project. The same evaluation team then conducted interviews on June 29, 2015 and determined Turner to be the highest-ranked candidate for the project, particularly based on the strength of their project team, project approach, experience of their team on similar projects and small business participation program.

Port staff then negotiated with Turner to determine Turner's fee, which will be paid on an hourly basis, plus reimbursable expenses, with a not-to-exceed amount of \$876,034 for the scope of work described below.

3. Scope of Work

The consultant's initial work scope is limited to pre-construction support work necessary to develop a recommendation on the Port's selection of which conceptual plan option to further develop for the terminal core redevelopment (see item no. 1 under the heading "PROJECT

PERSONAL SERVICES CONTRACTS – PDXNEXT TERMINAL CORE TICKET LOBBY
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APPROACH” above). This will include developing phasing plans, determining constructability-related issues, developing project schedules, developing cost estimates and recommending construction strategies to reduce risk and improve safety of the construction project.

The detailed scope of work for pre-construction support services during the conceptual design development phase is not yet defined, but will be determined during the next phase of this project. As a result, the current scope of work for this contract does not yet call for the consultant’s assistance with these activities. As described above, if the Port elects to add that portion of the work to this contract after the initial phase, it will do so via a contract amendment.

SCHEDULE

Preliminary Planning	November 2014 – December 2014
Consultant Selection	January 2015 – July 2015
Commission Action (Personal Services Contracts)	August 2015
Conceptual Plan Selection Phase	September 2015 – January 2016
Commission Action (Conceptual Design Amendments)	February 2016
Conceptual Design Development Phase	March 2016 – December 2016
Commission Action (Final Design Development, Construction Support Amendment – ZGF)	January 2017
CM/GC Selection	TBD
Construction	TBD

PROJECT RISKS

Risk: Financial exposure to the Port prior to AAAC project approval

Mitigation Strategies:

- Develop conceptual plan selection decision as quickly as possible to get project to the AAAC for approval.
- Focus initial project activities around structural, phasing and constructability issues to reduce exposure.
- Manage costs effectively to minimize financial risk.

Risk: Adverse impacts to stakeholders

Mitigation Strategies:

- Bring construction expertise (Turner) into the project during the conceptual plan selection phase to assist with constructability analysis.

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- Develop phasing plans early in the project to determine potential impacts.
- Communicate project goals, directions and plans to the various stakeholders affected by the project.

Risk: Construction cost greater than anticipated

Mitigation Strategies:

- Have independent estimates performed by both the design consultant and the pre-construction services consultant throughout the conceptual plan selection, conceptual design development, and final design development phases.
- Develop construction schedule and approach during the conceptual plan selection phase and update throughout the project design.
- Engage the project CM/GC as soon as possible after the conceptual design development phase is complete and the project is approved.

Risk: Changing conditions of the global aviation industry

Mitigation Strategies:

- Phased approach to project allows for delays in project phases in response to external conditions.
- Design the terminal modifications to allow for flexibility as future passenger processing options evolve.
- Coordinate project concept activities with airline technical representative (J. A. Watts, Inc.).

BUDGET

The current project budget is based on a limited scope of work, including only developing a concept strategy to proceed with conceptual design development prior to determining overall project costs. The conceptual design development budget will be developed at the completion of the conceptual plan selection phase. At the completion of the conceptual design development phase, the project budget and construction costs will be developed.

Conceptual Plan Selection and Design Services (ZGF)	\$2,760,000
Pre-Construction Support Services (Turner)	\$875,000
Port Staff/ Contracted Services	\$610,000
Contingency	<u>\$425,000</u>
Total Project	\$4,670,000

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The contingency, representing nine percent of the project budget, is considered reasonable given the early stage of the project, the nature of the work and the risk profile for the project. Project funding is from the Airline 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 personal services contract for conceptual plan selection and design services for the PDXNext Terminal Core Ticket Lobby Remodel project at Portland International Airport to ZGF Architects LLP, consistent with the terms presented to the Commission; and

BE IT FURTHER RESOLVED, That approval is given to award a personal services contract for pre-construction support services for the concept strategy selection of the PDXNext Terminal Core Ticket Lobby Remodel project at Portland International Airport to Turner Construction Company, 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.

PERSONAL SERVICES CONTRACT AMENDMENT – CENTRAL UTILITY PLANT CHILLED WATER CAPACITY ADDITION PROJECT – PORTLAND INTERNATIONAL AIRPORT

August 12, 2015

Presented by: George Seaman
Engineering Project Manager

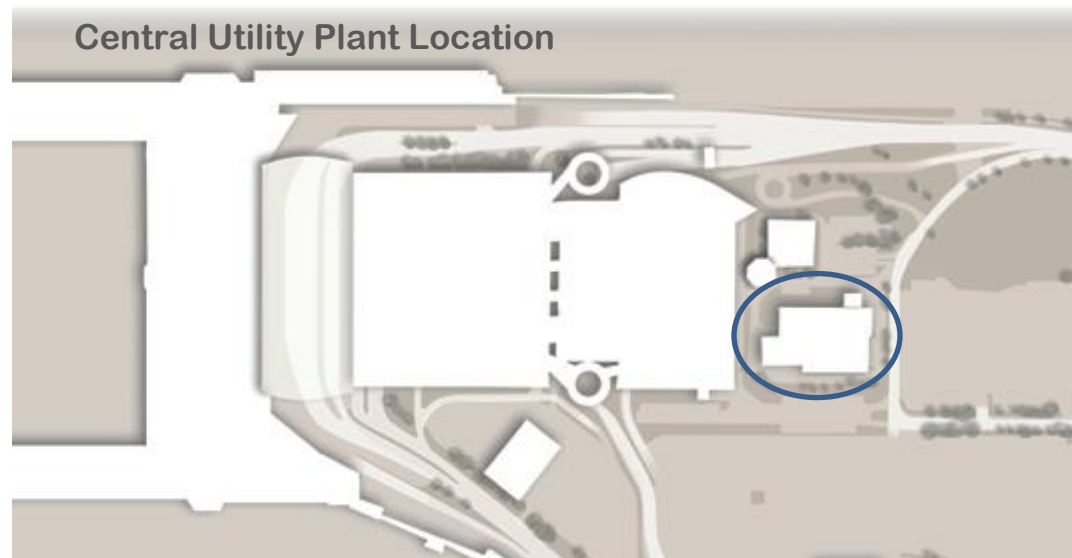
REQUESTED COMMISSION ACTION

This agenda item requests approval to amend an existing personal services contract with Affiliated Engineers NW, Inc. (AEI) to provide schematic and detailed design services for the Portland International Airport (PDX) Central Utility Plant (CUP) Chilled Water Capacity Addition project.

BACKGROUND

Cooling for the PDX terminal building is provided by three 1,000-ton and two 500-ton chillers located in the CUP. The existing chilled water plant in the CUP is at maximum cooling capacity. During peak cooling demand conditions, comfortable temperatures cannot be maintained at all locations in the terminal building.

Upcoming changes to the PDX terminal – including the extension of Concourse E and additional concession food preparation requirements – will increase the demand on the cooling system. Passenger growth will also increase the overall cooling system demand. Because of these changes and the lack of standby capacity, it is now necessary to expand the available chilled water capacity in the CUP.



PERSONAL SERVICES CONTRACT AMENDMENT – CENTRAL UTILITY PLANT CHILLED
WATER CAPACITY ADDITION PROJECT – PORTLAND INTERNATIONAL AIRPORT

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The CUP was designed to allow for eventual expansion of its chiller plant capacity. This project will install a 2,400-ton chiller into the designated location for a new chiller.

In addition to expanding the chilled water system capacity, the cooling towers that are operationally linked to the 500-ton chillers have reached the end of their useful life and need to be replaced. Besides installing a new cooling tower with the new chiller, this project will also replace the existing 500-ton cooling towers.



Cooling Towers



Chiller Plant

CONSULTANT SELECTION

The Port of Portland (Port) advertised a request for proposals (RFP) on December 3, 2014 seeking qualified consultants to provide the required architectural and engineering design services for this project. The design services requested in the RFP were intended to be awarded in phases with the conceptual design development as the initial phase. Follow-on phases would only be contemplated after the successful completion of the conceptual design, upon obtaining project funding approval and successful negotiation of terms satisfactory to the Port. On December 22, 2014, ten firms submitted proposals.

Proposals were reviewed and evaluated against the following criteria in accordance with Oregon's qualifications-based selection requirements for this type of contract:

- Qualifications of proposer and team
- Project approach and management
- Small business participation program

The Port's four-person evaluation team consisting of staff representing engineering, operations, and procurement departments determined that Wood Harbinger, Inc., PAE, and AEI were the most qualified candidates for the project. The same evaluation team then conducted interviews on February 3, 2015 and determined AEI to be the highest-ranked candidate for the project, based on the strength of their project team, project approach, experience of their sub-consultants, understanding of the Port's CUP and small business participation.

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The Port awarded the first phase of this work to AEI for the negotiated, not-to-exceed amount of \$69,673, under the Executive Director's delegated authority. The initial phase of the project began in March 2015 and was focused on the development of a conceptual design, definition of the project phasing requirements, development of a project schedule and construction cost estimate for Airport Airline Affairs Committee (AAAC) consideration and approval. The project was submitted to AAAC for ballot on June 25, 2015 and approval was received on August 3, 2015.

With approval of the project by the AAAC and approval of this agenda item, the project will transition to the design completion phase. Based on AEI's performance during the conceptual design phase, the Port, after negotiation with AEI, now wishes to amend the contract to include AEI's additional services in completing the detailed design documents.

The work scope of the contract amendment proposed in this agenda item will include providing the design specifications, calculations, and drawings required for the procurement of a public improvement contract to construct the project as well as the support services required during the construction phase. This work includes mechanical, structural and electrical engineering, geotechnical evaluations, architectural design, specification development, pre-purchased equipment RFP development, cost estimating, submittal review, contractor clarifications and as-built drawing development. Staff has negotiated with AEI a not-to-exceed amount of \$636,610 for this scope of work. AEI will be compensated based on previously-established hourly rates and approved reimbursable expenses.

AEI CONTRACT SUMMARY

Original Contract: Conceptual Design	\$69,673
Amendment 1: Design Completion (proposed)	<u>\$636,610</u>
New Contract Total	\$706,283

SCHEDULE

Preliminary Design	October 2014 – November 2014
Consultant Selection	December 2014 – February 2015
Conceptual Design	March 2015 – June 2015
Commission Action (Design Contract Amendment)	August 2015
Design Development	September 2015 – March 2016
Advertisement and Bid (Equipment Procurements)	October 2015 – November 2015
Commission Action (Equipment Contracts)	January 2016

PERSONAL SERVICES CONTRACT AMENDMENT – CENTRAL UTILITY PLANT CHILLED
WATER CAPACITY ADDITION PROJECT – PORTLAND INTERNATIONAL AIRPORT
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Advertisement and Bid (Construction Contract)	March 2016
Commission Action (Construction Contract)	May 2016
Notice to Proceed	June 2016
Construction	June 2016 – May 2017

PROJECT RISKS

Risk: Temperature control in terminal building affected by construction

Mitigation Strategies:

- Coordinate delivery and installation of cooling towers and chiller to avoid peak travel periods of cooling demand.
- Delay removal of the operating cooling towers until after the end of the summer cooling season.
- Start up new chiller before the beginning of the next summer cooling season.

Risk: Selection of chiller/cooling tower causes additional installation costs

Mitigation Strategies:

- Utilize RFP selection process for chiller and cooling tower selection to allow consideration of energy efficiency, installation costs and refrigerant selection in the evaluation of the potential equipment.
- Select chiller and cooling tower prior to the completion of design to allow design to be customized to the actual equipment selection.

BUDGET

Construction	\$5,800,000
Equipment Procurements	\$1,350,000
Consultant Services	\$710,000
Port Staff/Contracted Services	\$1,000,000
Contingency	\$1,960,000
Total Project	<u>\$10,820,000</u>

The contingency, representing 18 percent of the project budget, is considered reasonable given the early stage of the project, the nature of the work and the risk profile for the project.

The project cost will be funded by the Airline 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 personal services contract with Affiliated Engineers NW, Inc., for the design of the Central Utility Plant Chilled Water Capacity Addition 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.

**GROUND LEASE AND RAMP MANAGEMENT AGREEMENT – ATLANTIC AVIATION –
PORTLAND INTERNATIONAL AIRPORT**

August 12, 2015

Presented by: Isaac Barrow
Real Estate Manager

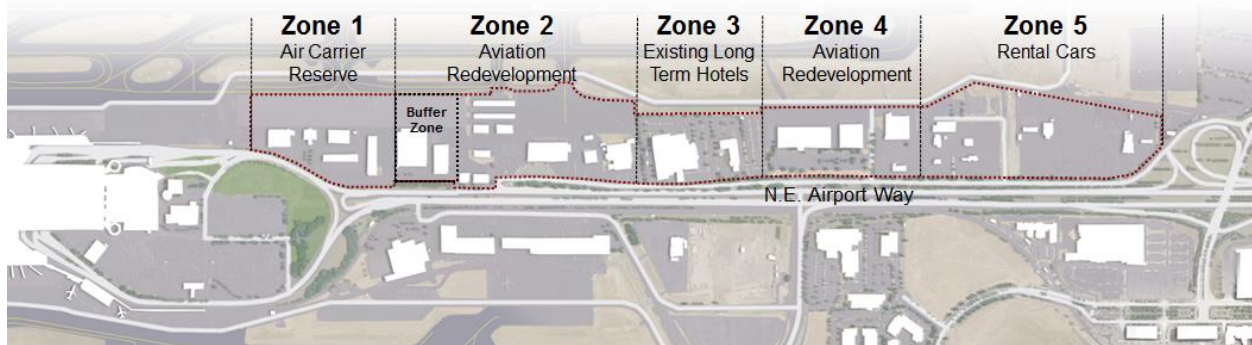
REQUESTED COMMISSION ACTION

This agenda item requests approval to enter into a ground lease and ramp management agreement with Atlantic Aviation (Atlantic) for the development of new corporate aviation terminal and hangar facilities at Portland International Airport (PDX).

BACKGROUND

Since becoming the Fixed Base Operator (FBO) providing services to the corporate aviation users of PDX in 2011, Atlantic has proved to be an excellent partner, strategically growing the services provided to their customers, connecting PDX to Atlantic’s nationwide network of 65 FBOs and collaborating with the Port of Portland (Port) on numerous public efforts, such as the PDX Community Advisory Committee. Additionally, since entering the market, Atlantic has expressed a desire to invest in new business aviation facilities at PDX. Generally the current mix of business aviation hangars at PDX are aged (1960s construction), undersized and do not meet the market demand for corporate aviation facilities at PDX.

In 2014, the Port undertook a study to create a redevelopment strategy for the areas north of Airport Way. The study identified and evaluated a number of needs and activities, providing a higher level of detail for this area of PDX than completed in the Airport Futures Master Plan. Key areas of focus in the study included evaluating redevelopment of aging and underused aviation facilities; evaluation of activities north of Airport Way; and demands, such as terminal expansion, air carrier support, rental car and business aviation. The Northside Redevelopment Strategy study established a series of redevelopment zones on the north side of Airport Way, as shown below. Key outcomes of the Northside Redevelopment Strategy included identification of the need to relocate business aviation at PDX to the east, preservation of Zone 1 for terminal expansion and air carrier needs, and the suitability of Zone 2 for business aviation development.



GROUND LEASE AND RAMP MANAGEMENT AGREEMENT – ATLANTIC AVIATION –
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Implementation of the Northside Redevelopment Strategy to date includes the recent conversion of 60,000 square feet of business aviation ramp into three air carrier Remain Over Night (RON) aircraft parking areas and the eastward shift in the boundary of the business aviation area. Additionally the Port is planning to remove four outdated hangars and create usable ramp area as part of a project planned for the summer of 2015; this project was approved by the Port Commission in July 2015.

Staff also engaged with Atlantic to explore means to align the Northside Strategy with Atlantic's desire to invest in the development of large corporate class aircraft facilities at PDX. Based on these negotiations, Atlantic will develop new facilities within Zone 2 and relocate out of existing facilities within the area identified as needed for air carrier development.

As part of the proposed development, Atlantic will lease 340,000 square feet in Zone 2. The area will be leased as-is and Atlantic will be responsible for demolition of current facilities and site preparation. This area includes the North Cargo building, adjacent paint shop and a ground equipment maintenance building.

Atlantic will then develop a new Business Aviation Terminal and two corporate-class hangars. Each hangar will consist of approximately 30,000 square feet of aircraft storage space and an additional 10,000 square feet of support space. Expected investment in these facilities is approximately \$20 million. With the expanded facilities, Atlantic expects to add approximately 13-20 new full-time jobs. Additionally, at full occupancy, the based aircraft housed in the hangars will represent an additional 42-50 jobs located at PDX. Additional revenue will be generated by business aviation activity including fuel taxes to the state and fuel flowage and landing fees to the Port.

Atlantic will manage the 320,000 square feet of ramp area directly north of the proposed ground lease area. The managed ramp area includes the ramp that the Port will construct in the summer of 2015.

Once the new facilities are constructed, Atlantic will terminate the Hangar A lease and the portion of the current ground lease and FBO agreement covering the Business Aviation Terminal. This will complete the relocation of business aviation out of approximately one-half of Zone 1, the area designated by the Northside Redevelopment Strategy as needed for air carrier uses.

BUSINESS TERMS

Term: 30 years, with two 5-year options

Rent: Initial annual rent for both the ground lease and ramp management agreement will be approximately \$727,000 annually. Rent will be adjusted triennially based on Fair Market Value appraisal.

GROUND LEASE AND RAMP MANAGEMENT AGREEMENT – ATLANTIC AVIATION –
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Rent Deferral: As consideration for Atlantic taking the ground lease site as-is, and for the early termination of the Hangar A agreement and current business aviation terminal ground lease, rent will be credited until the amount of the credit equals \$3.5 million.

Other Fees: Atlantic will continue to pay fuel flowage fees and collect landing fees from aircraft that use its facilities.

Development: Atlantic will construct a new Business Aviation Terminal and two flanking hangars. Each hangar will be approximately 40,000 square feet total, including support space.

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 ground lease and ramp management agreement with Atlantic Aviation for the development of a new business aviation terminal and hangar 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.

DONATION LAND TRANSFER – PORT OF PORTLAND ROSS ISLAND PROPERTY TO CITY OF PORTLAND PARKS AND RECREATION

August 12, 2015

Presented by: Don Goldberg
General Manager
Business Development

REQUESTED COMMISSION ACTION

This agenda item requests approval to release and quitclaim the Port of Portland's (Port) interest, if any, in the northern tip of Ross Island above ordinary high water (approximately 2.19 acres) (Property) as a donation to the City of Portland (City).

BACKGROUND

Ross Island, the longest of a four-island cluster in the Willamette River, is south of the Ross Island Bridge, slightly downriver (north) from the Oaks Bottom Wildlife Refuge on the eastern shore, and close to Willamette Park on the western shore. Ross Island can only be accessed by boat. The Property is approximately four miles from the Port's marine terminals, is zoned for open space and green commercial uses, and has a greenway overlay.



The Port purchased the northern tip of the Property from Multnomah County in 1947 for \$1,362.97 when the Board of County Commissioners offered the property at public sale. The property was acquired as a potential dredge placement location. The Oregon Department of State Lands owns the riverbed and banks adjacent to the property.

DONATION LAND TRANSFER – PORT OF PORTLAND ROSS ISLAND PROPERTY TO CITY OF PORTLAND PARKS AND RECREATION

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In 2007, the owner of Ross Island Sand and Gravel donated to the City approximately 45 acres of its Ross Island property (the Portland Parks Property, above) south of and adjacent to the Port's property, subject to the condition that it be maintained in its natural condition. Portland Bureau of Parks and Recreation manages the City's property as a natural area. Over the years, City Parks' staff has expressed interest in acquiring the Port's Property to more actively manage the vegetation and property use, consistent with the vision for restoration of the island as a significant regional fish and wildlife habitat.

Port staff believes that a donation of the Property to the City would provide for expansion of the City Ross Island mitigation and natural area, and would be supported and welcomed by community groups and government agencies. The Port does not have a business use for the Property, and management of the remote island property by the Port has become increasingly challenging. Consolidated ownership and management of the Property offers multiple benefits to the Port and City.

FINANCIAL ANALYSIS

The Property is not currently generating any revenue for the Port. Its location within the Willamette River creates access challenges for ongoing property management responsibility, including oversight expense for Port signage, invasive vegetation, and trespass issues that create potential trash clean up or fire hazards. Opportunity for development as an income producing property is not feasible due to the Property's small size, location in the Willamette River and restricted access by boat only.

The Property's size and location render it unsuitable for future dredged material placement and limits meaningful restoration opportunities. Donating the Property to the City would allow more comprehensive restoration of the site by the City, eliminate the Port's management oversight and expense, transfer all easement responsibility, and eliminate liability for trespass or public use of the Property. There is strong community support for donation of the Property and development as a natural area.

As a result of the City's environmental site assessment, trace contamination was found in soil on the Property. The City was not comfortable acquiring the Property with full assumption of legal liability for such contamination. This issue was resolved through the preservation of the parties' statutory rights relating to the contamination and the limitation of the City's use of the Property. A deed restriction requiring the Property be maintained in its natural condition limits the City's ability to disturb the area of contamination as part of a future development and seek recovery from the Port.

SCHEDULE

The City has signed the Transfer Agreement to acquire the Port's interest in Ross Island. Closing is contingent on approval of the transfer by the Portland Parks and Recreation Bureau.

DONATION LAND TRANSFER – PORT OF PORTLAND ROSS ISLAND PROPERTY TO CITY
OF PORTLAND PARKS AND RECREATION

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EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to release and quitclaim the Port of Portland's interest, if any, in approximately 2.19 acres of real property located on Ross Island to the City of Portland, 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.