



AGENDA
Regular Commission Meeting
Port of Portland Headquarters
7200 N.E. Airport Way, 8th Floor
January 14, 2015
9:30 a.m.

Minutes

Approval of Minutes: Regular Commission Meeting – December 10, 2014

Executive Director

Approval of Executive Director's Report – December 2014

Award Presentation

Oregon Occupational Safety & Health Administration Award Presentations

General Discussion

2015 Federal Legislative Agenda

RICK FINN

2015 State Legislative Agenda

KATHRYN WILLIAMS

2015 Port of Portland Transportation Plan

PHILIP HEALY

Public Hearing

2015 Port of Portland Transportation Plan

Consent Item

1. CONSENT TO ENTERPRISE ZONE BOUNDARY AMENDMENT BY THE CITY OF ESTACADA *LISE GLANCY*

Requests consent to an amendment of the City of Estacada's Enterprise Zone, located within Port of Portland boundaries.

Action Items

2. CRANE MECHANICAL MAINTENANCE SERVICES CONTRACT – MARINE TERMINAL 6 AND TERMINAL 2 *JEFF KRUG*

Requests approval to award a trade services contract for mechanical maintenance services on Port of Portland gantry cranes at marine Terminals 6 and 2.

3. PORT OF PORTLAND STRATEGY FOR ENGAGING IN THE COLUMBIA CORRIDOR FLOOD CONTROL SYSTEM REACCREDITATION PROJECT *PHIL RALSTON*

Requests approval of a resolution to adopt the proposed Port of Portland Strategy for Engaging in the Columbia Corridor Flood Control System Reaccreditation project.
4. PUBLIC IMPROVEMENT CONTRACT – VEHICLE AND EQUIPMENT STORAGE FACILITY – PORTLAND INTERNATIONAL AIRPORT *DAVE DITTMER*

Requests approval to award a public improvement contract for an equipment and vehicle storage facility at Portland International Airport.
5. PUBLIC IMPROVEMENT CONTRACT – DAIMLER TRUCKS NORTH AMERICA LLC – SWAN ISLAND *RYAN PARKER*

Requests approval to enter into a public improvement contract with Daimler Trucks North America LLC for the construction of certain greenway and right-of-way improvements on Swan Island.

CONSENT TO ENTERPRISE ZONE BOUNDARY AMENDMENT BY THE CITY OF ESTACADA

January 14, 2015

Presented by: Lise Glancy
Regional Government Relations
Manager**REQUESTED COMMISSION ACTION**

This agenda item requests consent to an amendment of the City of Estacada's Enterprise Zone located within the Port of Portland (Port) boundaries. The amendment of the Estacada Enterprise Zone will provide additional incentives to encourage existing or new companies to invest and add employees within the zones.

BACKGROUND

The Enterprise Zone program was enacted by the Oregon Legislature in 1985. In the 2005 legislative session, the state statute for the Enterprise Zone program was changed to require the governing bodies of a port district to consent by resolution to Enterprise Zone applications by a city or county within the boundaries of a port district. This change was requested to ensure coordination of economic development activities within port districts. Since the statute changed in 2005, the Port Commission routinely receives requests from jurisdictions as they move forward with Enterprise Zone applications and/or boundary changes.

Enterprise Zones offer tax and other incentives to induce additional investment and employment in areas meeting certain measures of economic hardship. The primary beneficiaries of Enterprise Zone benefits are manufacturing and other more industrially-oriented facilities serving other businesses. Most commercial and retail-type operations are ineligible. Enterprise Zones provide up to 100 percent property tax abatement on a company's new investment in facilities, equipment and machinery over a three- to five-year period if a job threshold is met (a 10 percent increase from base employment during the tax abatement period). Land, existing machinery and equipment is not tax exempt. Enterprise Zones have proven to be Oregon's key offering in the pursuit of business growth and expansion. Their effectiveness is due to a typically short-term (three-to-five years), but immediate, benefit for the business project's cash flow.

Based on continued positive interest in the Enterprise Zone program, the City of Estacada is seeking the Commission's consent for amendment of the boundaries of the Estacada Enterprise Zone. The amended boundary will encompass industrial property areas adjacent to the existing Enterprise Zone boundary and includes the City of Estacada's certified industrial site – an area of approximately one square mile.

The proposed Estacada Enterprise Zone boundary amendment would have no loss of current property tax levies to the Port or other taxing jurisdictions. Under the current tax levy, the Port will forgo approximately \$0.0710 per \$1,000 of assessed value of any *new* investment in the

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ESTACADA

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Enterprise Zone until the exemption period ends. The impact on Port property tax revenue is expected to be relatively small (approximately \$865 per year) for the Estacada Enterprise Zone over a three-year period if a \$5 million investment is made in the zone. Upon completion of the three- to five-year exemption period, the property will be fully taxed thereafter.

The Estacada City Council is scheduled to adopt a resolution on the proposed Estacada Enterprise Zone boundary amendment on January 26, 2015. In order to move the new Enterprise Zone boundary amendment forward to the Oregon Business Development Department for approval, the City of Estacada is required, as the Enterprise Zone sponsor, to have the consent of the Port Commission for their application. The City of Estacada has requested that the Port Commission provide a resolution consenting to the Enterprise Zone boundary amendment.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That the Port of Portland Commission consents to a boundary amendment of the City of Estacada Enterprise Zone located within Port of Portland district boundaries; and

BE IT FURTHER RESOLVED, That the Port of Portland Commission's consent is contingent upon approval of the application for an Enterprise Zone boundary amendment by the Estacada City Council.

CRANE MECHANICAL MAINTENANCE SERVICES CONTRACT – MARINE TERMINAL 6 AND TERMINAL 2

January 14, 2015

Presented by:

Jeff Krug
General Manager
Marine Operations**REQUESTED COMMISSION ACTION**

This agenda item requests approval to award a trade services contract to Harbor Industrial Services Corporation (Harbor) to provide mechanical maintenance services on Port of Portland (Port) gantry cranes at the Port's marine Terminals 6 and 2.

BACKGROUND

Under a lease agreement dated effective May 12, 2010, ICTSI Oregon, Inc. (ICTSI) leases Terminal 6 from the Port and operates it on a long-term basis. Under the lease, the Port retained ownership of the seven gantry cranes at Terminal 6 and is responsible for all maintenance of those cranes, including both the mechanical and electrical systems. The Port also owns and is responsible for maintaining two gantry cranes at Terminal 2.

After conducting a competitive request for proposals (RFP) process in February 2011, the Port awarded ICTSI a contract to provide mechanical maintenance on the cranes at both terminals. The Port's crane mechanical services contract with ICTSI expires February 11, 2015.

In October 2014, the Port issued an RFP to select a provider of crane mechanical maintenance services after the ICTSI contract expires. The following companies submitted proposals:

- PBA Maintenance, LLC (West)
- Pacific Crane Maintenance Company
- Harbor Industrial Services Corporation

SELECTION PROCESS

A Port evaluation team consisting of managers representing Port operations, maintenance and engineering departments used five criteria to evaluate the proposals:

- Financial Terms
- Qualifications and Experience
- Workforce and Work Plan
- Perceived Risk
- Proposal Requirements

The Port evaluation team determined that Harbor submitted the most favorable proposal based on the evaluation criteria. The primary factors that ranked Harbor above the other proposers were its qualifications and experience working successfully in other container terminals since 1991, detailed work plan, safety record and risk management plan to minimize crane downtime and achieve a cost-effective crane maintenance program.

SUMMARY OF CONTRACT TERMS

<u>Initial Term</u>	Four years, commencing February 2015. The Port may terminate the contract for its convenience upon 30 days' advance written notice.
<u>Options to Extend</u>	The Port will have three options to extend the contract for one year at a time.
<u>Scope of Work</u>	Provide all personnel and means to provide comprehensive mechanical maintenance for the cranes. Harbor's workforce will be members of the International Longshore and Warehouse Union (ILWU). Crane electrical maintenance is not included; Port staff will continue to perform electrical maintenance. All services must meet manufacturers' and Port standards and be performed in a manner that minimizes crane downtime and complies with all applicable safety requirements. Harbor will manage the crane spare parts inventory, requisitioning replacement parts as needed, and will maintain all equipment maintenance and repair records.
<u>Compensation</u>	The Port will compensate Harbor primarily on a per-labor-hour basis, under rates stated in the contract, which are based on labor rates established in the applicable ILWU collective bargaining agreement. Based on the projected 18,000 labor hours per year, the Port estimates approximately \$2,000,000 in compensation per year under the contract.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to award a crane mechanical maintenance services contract to Harbor Industrial Services Corporation, in accordance 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.

PORT OF PORTLAND STRATEGY FOR ENGAGING IN THE COLUMBIA CORRIDOR FLOOD CONTROL SYSTEM REACCREDITATION PROJECT

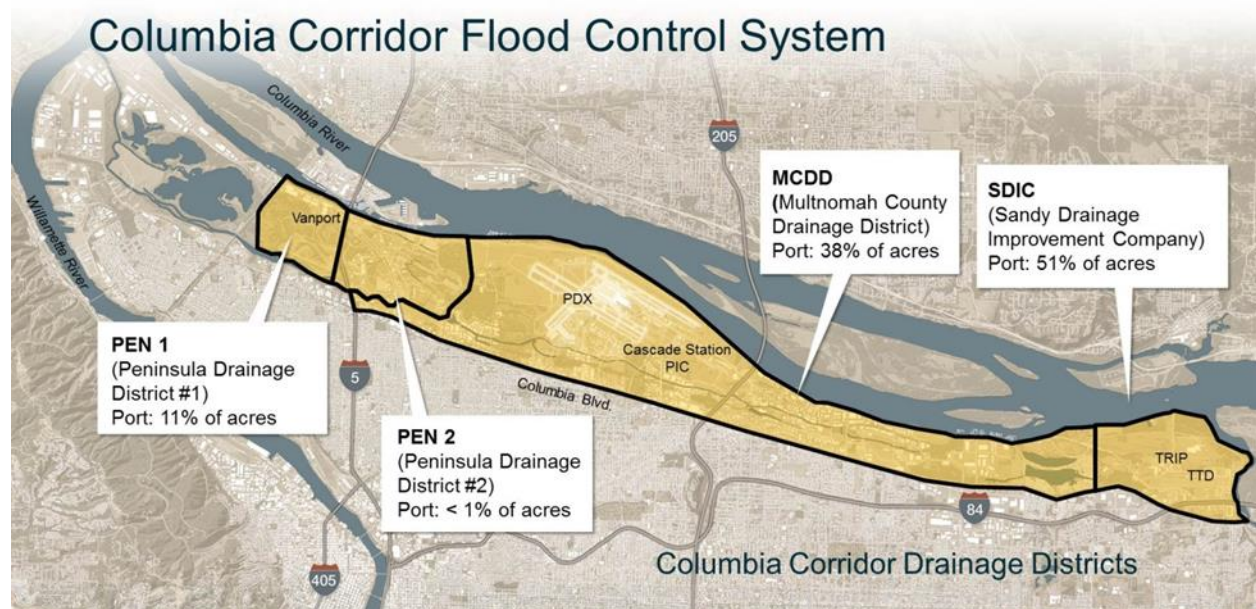
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Presented by: Phil Ralston
General Manager
Environmental Operations

REQUESTED COMMISSION ACTION

This agenda item requests approval of a resolution to adopt the proposed Port of Portland (Port) Strategy for Engaging in the Columbia Corridor Flood Control System Reaccreditation project.

BACKGROUND



The mission of the Columbia Corridor Flood Control System (System) is to protect lives and property from flooding, by maintaining levees, conveyance structures, and pump stations. The existing century-old Columbia Corridor Flood Control System is made up of two subsystems:

- **Levees:** The network of 33 miles of levees that surrounds and protects the land inside the levees from the Columbia River, Sandy River and the Columbia Slough during high water events. The levees were built by landowners and the U.S. Army Corps of Engineers (Corps), are inspected by the Corps and drainage district staff, are maintained by the four local drainage districts, and are periodically certified by either the Corps or private engineering firms as being able to meet at least a one-percent chance annual flood event, or any other level of protection chosen by the community.

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- **Drainage:** The inter-related ditches, sloughs, pipes, and pumps that drain, collect, and remove stormwater and groundwater from land within the four districts to prevent flooding of lands inside the four districts. This drainage subsystem was built by landowners inside the districts, is operated and maintained by the four drainage districts, is periodically inspected and evaluated by the Corps, and is evaluated by the Federal Emergency Management Agency (FEMA) during reaccreditation.

Drainage District Governance and Funding

The Columbia Corridor Flood Control System is governed by four contiguous local drainage districts: Peninsula Drainage District 1 (PEN1), Peninsula Drainage District 2 (PEN2), Multnomah County Drainage District (MCDD), and Sandy Drainage Improvement Company (SDIC). Each district is governed by its own landowner-elected Board, and landowners within the districts are assessed fees to fund district operations and maintenance. Only MCDD has its own management and staff and the other three-district Boards contract with MCDD for management and operations of their districts. The Port owns land in each district, is the single largest landowner in the combined four-district system, and both the Portland International Airport and Troutdale Reynolds Industrial Park are located within the system. The Port has a seat on the boards of the MCDD and SDIC; Phil Ralston, Port Environmental Operations General Manager, is the Port's elected representative to these boards.

LEVEE CERTIFICATION AND FLOOD CONTROL SYSTEM REACCREDITATION

Certification of the levees by private or Corps engineers, and adherence to Corps levee operations and maintenance standards, makes the levees eligible for participation in the Corp's Levee Rehabilitation and Inspection Program, which provides the drainage districts access to flood fighting and levee repair resources if needed.

Accreditation of the flood control system can be obtained when documentation that the entire flood control system meets Corps and FEMA standards is compiled and submitted to FEMA for review and approval. If accredited, the land within the system is designated on Flood Insurance Rate Maps as being protected from flooding by the system and, therefore, becomes eligible for participation in the FEMA-administered National Flood Insurance Program; this ensures property owners within the districts access to flood insurance. Levee certification is but one requirement of system accreditation. The City of Portland and Multnomah County have the legal authority and responsibility to convene the community to seek reaccreditation.

To maintain eligibility to participate in the Corps Rehabilitation and Inspection Program and the FEMA National Flood Insurance Program, each of the four districts needs to periodically recertify their levees and reaccredit their flood control systems. Levee certification and FEMA reaccreditation criteria have changed since Hurricane Katrina in 2005, and since the four districts were last reaccredited by FEMA. Recertification of levees and reaccreditation of the systems will now be more rigorous and expensive than before. PEN1 and PEN2 did not meet their August 2013 FEMA reaccreditation deadline. MCDD and SDIC need to be reaccredited by

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2018. Four deficiencies in the PEN1 and 2 levee system were recently reported as findings of a 2014 levee evaluation by engineers. FEMA has indicated it will not withdraw accreditation from PEN1 and 2 as long as these districts make good faith progress toward levee repair and reaccreditation.

Oregon Solutions Project Approach to Community Problem Solving

In order to address the new engineering, funding and governance challenges associated with certification and reaccreditation, in the fall of 2013, the Port's Executive Director, Bill Wyatt; City of Portland Mayor, Charlie Hales; and MCDD Executive Director, Reed Wagner asked Governor Kitzhaber to designate an Oregon Solutions Project to apply a community and stakeholder-based problem solving model to this reaccreditation matter. The Governor asked Mayor Hales and the Multnomah County Commission Chair to act as conveners of a wide range of stakeholders to begin addressing and resolving these matters. In 2014, the Port contributed funding for the Oregon Solutions Project and for some early engineering evaluations of the levees in PEN1 and PEN2.

Year one of the Oregon Solutions Project (2014) was a year of discovery when the participants learned about the complex legal authorities and jurisdictions, regulatory requirements, levee certification and system reaccreditation standards, community and stakeholder interests, funding options, governance models, etc. Collectively, through the Oregon Solutions Project, our community now understands it has considerable complex work ahead.

Port's Role

The Port has much at stake in this matter. Port properties and assets are protected by the levee system, as are numerous critical regional transportation facilities. Consequently, the Port must remain not only aware of this matter, but actively engaged in leadership toward resolution.

The Port Commission's involvement, through adoption of this resolution declaring the Port's interests and how we intend to engage in this matter, offers substantive clarity, guidance, support and credibility to Port representatives working on this matter. This is a multi-jurisdictional (local to international) and multi-stakeholder matter and the Port can influence but not control the outcomes of this reaccreditation program; therefore, it is important and useful for the Port to be clear about its interests, participation, and objectives.

The Port's strategy (attached) includes three elements that will guide Port management and staff during its engagement on this matter and will be shared widely with affected business partners, stakeholders and our community.

The Port will need to implement this strategy beginning in 2015 until the flood control system is reaccredited by FEMA, which is tentatively expected to be completed in 2018.

Port staff will report to the Commission periodically on the status of the reaccreditation process and may make recommendations for refinements to this strategy.

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FUNDING AND GOVERNANCE

The costs estimated for system evaluation and improvements, the certification and reaccreditation application process, and long-term system operations and maintenance are likely to be significant and estimates are not yet refined. Funding sources are equally uncertain at this time. The total costs for system evaluation, improvement, and reaccreditation could be in the range of \$100 to \$200 million. There has been no decision about how those costs would be allocated among the various parties.

The current local landowner controlled governance of the Columbia Corridor flood control system will likely change to reflect refined legal authorities, community interests and potential funding mechanisms. Options for future governance structures have not yet been proposed.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolution be adopted:

WHEREAS, The Columbia Corridor Flood Control System, including its design, operations, maintenance, funding and governance, is critical to the Port of Portland's strategic interests; and

WHEREAS, The System is being evaluated for reaccreditation by the Federal Emergency Management Agency; therefore

BE IT RESOLVED, That the Commission adopts the Port of Portland Strategy for Engaging in the Columbia Corridor Flood Control System Reaccreditation project.

- Attachment -

LEVEE REACCREDITATION

INTRODUCTION

This document is intended to provide strategic direction to Port of Portland (Port) staff in regard to levee reaccréditation activity affecting the Port. It is the Commission's intent that the strategy will be shared widely with affected business partners, stakeholders, and our community. The Commission will periodically review, and if needed, update this strategy.

STRATEGY

The strategy includes three declarations intended to guide Port management and staff during its engagement on this matter:

- *Strategic Interests*: Defines why this is critical to the Port,
- *Guiding Principles for Collaboration*: Defines how the Port expects to participate, and
- *Strategic Objectives*: Defines the outcomes the Port needs to achieve.

STRATEGIC INTERESTS: Why this is critical to the Port

The Port of Portland's strategic interest in the Columbia Corridor Flood Control System (System) is directly linked to the Port's ability to accomplish its mission. Many of the Port's facilities and business activities are located in the flood plains of the Lower Columbia River. The Port's interests are defined by the critical infrastructure, commerce, jobs, cultural and historic resources and values, community interests, and natural resources located within or near the System. Some examples include:

- Portland International Airport (PDX) is in the System and serves over 15 million passengers per year.
- Port of Portland facilities within the System: PDX, Portland International Center/Cascade Station, Troutdale Reynolds Industrial Park (TRIP), Troutdale Airport. Other Port facilities are accessed via the system: Marine Terminals 2, 4, 5, 6; Rivergate, Swan Island, Mocks Bottom, and Gresham Vista Business Parks.
- Over 12 million tons of goods per year move through Port facilities.
- Significant elements of the region's transportation system are within or impacted by the System.
- Port's extensive Vanport and TRIP wetlands mitigation sites, among others, are in the System.
- Over \$5 billion in assessed property value, including industrial reserves, is within the System.

- Ten percent of jobs in Multnomah County are based in the Columbia Corridor.
- The Columbia South Shore Well Field, owned and operated by the City of Portland, is located within the System; it's the backup drinking water supply for the City of Portland and other communities.
- The region's Urban Growth Boundary (UGB), and agricultural lands just outside the boundary, is protected when industrial land is zoned and available inside the UGB. The largest area zoned industrial within the UGB, the Columbia Corridor, is within the System.
- Tribal, cultural, and historic resources, values and interests associated with the Columbia River and the flood control System is significant.
- Many in our community still remember and feel the impacts of the 1948 Memorial Day Vanport Flood that left 18,000 homeless, of whom 25 percent were African Americans, and race relations in Portland today are a legacy of the flood.
- The Columbia River navigation channel and maritime traffic; Columbia River-dependent industry and commerce; public recreation; and much more are affected by and impact the System.
- The Lower Columbia River flow, floodplains, and ecosystem are directly linked to the System.
- The System is a resource of significance in the current review of the US-Canada Columbia River Treaty.

GUIDING PRINCIPLES FOR COLLABORATION: How the Port expects to participate

The Port commits to these guiding principles as it participates in the processes and decisions that guide System reaccreditation, selection of the funding model that can sustainably support the flood control System, and the crafting of the governance structure that will oversee and administer the System.

- **Understand:** We will seek to understand others' perspectives and authorities, while we seek to be understood; we will assume best intentions in others; we will be open to feedback.
- **Transparent:** We will be clear and transparent about the Port's interests, objectives, guiding principles, and risk tolerance, and we will advocate for them.
- **Clear Decision-Making:** We will be clear about who represents the Port in these matters, and the scope and limits of their authority to make decisions and commitments for the Port.
- **Share Information:** We will share information about these matters with Port staff, management and Commission, and with our stakeholders and business partners, in order to gain perspective from them and to ensure decisions are being made by the appropriate people.

- **Lead and Collaborate:** We will lead by example and within our authority, and will engage other stakeholders in collaborative, solutions-oriented deliberations and decision-making when our common interests intersect.
- **Sustainability:** We will apply and advocate the use of a sustainability framework to ensure the community considers the economic and financial, operational, environmental, and community aspects of this matter.
- **Risk-Based Decision-Making:** We will apply and advocate the use of a risk-based decision-making approach to the identification of risks, analyses of alternative solutions, deliberations and recommendations to decision-makers in order to efficiently allocate Port and community resources.
- **Funding the Reaccreditation Project:** We will contribute funding to the reaccreditation project at a fair, reasonable, and defensible level, but also expect to join with other key stakeholders to seek funding from other sources, including governments at all levels, and from others who benefit from the System.
- **Commitments:** We will keep commitments and support the community's decisions once they are made.

STRATEGIC OBJECTIVES: Outcomes the Port needs to achieve

From the Port's perspective, a successful Columbia Corridor Flood Control System Reaccreditation project would result in the following critical outcomes for the Port. The Port will work to achieve these objectives:

- **Port Assets in the Corridor are Protected from Flooding at Levels Defined by the Port's Risk Strategy:** The Port's real property and operations in the four drainage districts (PEN1, PEN2, MCDD, and SDIC) are protected from flooding at levels the Port defines through its risk management strategy. Levels of flood protection the Port needs may differ from one location to another depending on the operations and assets.
- **Access for All Modes of Transportation is Maintained:** Access to the Port's properties and facilities, and to the Port's business partners in the Columbia Corridor and along I-5, remains flood-free and open to aviation, maritime, rail and road transportation modes.
- **Commercial and Industrial Land Inventory Is Available in the Corridor:** The industrial land inventory within the corridor is protected from flooding, can be insured, and is available for transfer and (re)development in the interest of family wage jobs, and in the interest of protecting the region's Urban Growth Boundary.
- **System Costs are Paid by Those Who Benefit from It:** The current Landowner Assessment model to fund the System is replaced by one where the parties that benefit from the system pay the costs of investigating, upgrading, reaccrediting, operating and maintaining, and managing the System. The Port pays its fair, reasonable and defensible allocation of the costs.

- **Governance Body Is Authorized to Fully Fund the System.** The reaccreditation, operations, maintenance, and management of the System are governed by a body or bodies with the authority and funding capacity to meet these responsibilities.
- **A “Multi-Generation” Solution Is Adopted:** A “hundred-years plus” planning perspective is applied to this matter, and climate change, rising sea levels, subduction zone earthquakes, the Columbia River Treaty, eco-system functions and other similar forces, factors, variables and trends with multi-generation impacts are considered in decision-making.
- **The Community Endorses the Outcome:** The community of stakeholders and beneficiaries is actively involved in these deliberations and decisions so that the outcomes are creative, credible, broadly supported, and sustained over generations.

**PUBLIC IMPROVEMENT CONTRACT – VEHICLE AND EQUIPMENT STORAGE FACILITY –
PORTLAND INTERNATIONAL AIRPORT**

January 14, 2015

Presented by: Dave Dittmer
Engineering Project Manager

REQUESTED COMMISSION ACTION

This agenda item requests approval to award a public improvement contract to First Cascade Corporation for an equipment and vehicle storage facility at Portland International Airport (PDX) in the amount of \$1,486,346.

BACKGROUND

Port of Portland (Port) Fire, Police, Emergency Management and Maintenance departments all operate and manage vehicles, trailers and equipment which are currently stored outside. These include fire trucks, bomb technician equipment, mobile command vehicles and portable emergency operations tents. If stored indoors in a minimally controlled environment, water in the pump trucks will not be at risk of freezing, the foam concentrates will remain stable, medical supplies and fluids will be preserved, and police ammunition and supplies will be better protected. Consolidating the emergency response vehicles and support equipment in an indoor and centralized location will extend the useful life of the assets, ensure mission-critical readiness and enhance emergency preparedness and response.



PUBLIC IMPROVEMENT CONTRACT – VEHICLE AND EQUIPMENT STORAGE FACILITY–
PORTLAND INTERNATIONAL AIRPORT

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SCOPE

The scope of the contract is to construct a new 14,000-square-foot storage building adjacent to the existing fire station. The one-level building is designed for the current inventory of vehicles and equipment stored outside, and also contains two expansion bays to accommodate future growth.

PROJECT SCHEDULE

Design	January 2014 – October 2014
Invitation to Bid	October 2014 – November 2014
Commission Action	January 14, 2015
Construction	February 2015 – October 2015

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 October 10, 2014, and bids were received on November 18, 2014. First Cascade Corporation submitted the lowest responsive bid. The bids were as follows:

Payne Construction, Inc.*	\$1,465,846
First Cascade Corporation	\$1,486,346
Emerick Construction	\$1,492,000
Baldwin General Contracting, Inc.	\$1,575,000
JR Abbott Construction	\$1,592,274
Centrex Construction	\$1,635,000
JWC Construction	\$1,764,402
Benchmark Contracting, Inc.	\$1,850,000
Tapani, Inc.	\$2,156,000
Engineer's Estimate	\$1,900,000

*The Port determined that Payne Construction's bid was non-responsive because it did not meet stated small business subcontracting participation requirements.

PROJECT RISKS

Risk: Wet weather incurred during construction could slow production and disrupt the schedule.

Mitigation Strategy:

- Gravel mat included in the design to minimize seismic settlements will also make site more accommodating to wet weather conditions.

Risk: FAA underground fiber cable near the building site.

Mitigation Strategy

- Closely coordinate all excavation with the appropriate locates and contractor warning protocols.

PROJECT BUDGET

Contract	\$1,486,346
Port Staff/Contracted Services	\$ 728,654
Contingency	\$ 400,000
Total Project	<u>\$2,615,000</u>

The contingency, representing 15 percent of the project budget, is considered reasonable given the stage of the project, the nature of the work and the risk profile for the project. The contingency also contains an allowance for an asphalt driveway in front of the building which was removed from the scope during a value engineering design meeting. Favorable bids received on this project were well below the estimated costs and will enable reconsideration of the decision to the remove this item of scope.

The project 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 award a public improvement contract for the Vehicle and Equipment Storage Facility project at Portland International Airport to First Cascade Corporation, 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.

PUBLIC IMPROVEMENT CONTRACT – DAIMLER TRUCKS NORTH AMERICA LLC – SWAN ISLAND

January 14, 2015

Presented by: Ryan Parker
Planning and Development
Manager**REQUESTED COMMISSION ACTION**

This agenda item requests approval to enter into a public improvement contract with Daimler Trucks North America LLC (DTNA) for the construction of certain greenway and right-of-way improvements on Swan Island.

BACKGROUND

On October 9, 2013, the Port of Portland (Port) Commission approved a real estate transaction under which the Port will lease and sell multiple parcels of land on Swan Island to DTNA. This transaction was amended and approved by the Commission on March 12, 2014. DTNA is developing a headquarters building on the site (DTNA Headquarters Project).

As a condition of the City of Portland's (City) approval of the DTNA Headquarters Project, the City required DTNA to improve sections of an existing greenway trail. For safer access and traffic flow, DTNA will also make incidental, related improvements along North Channel Avenue immediately adjacent to the DTNA parcels and within the City's right-of-way. DTNA's Headquarters Project contractor will perform these improvements as part of its work under a construction contract with DTNA.

The Port owns the greenway land and the City controls the right-of-way. The Port has received a \$1,000,000 grant from the State of Oregon Infrastructure Finance Authority (IFA) to fund a portion of the cost of the greenway trail and right-of-way improvements. IFA will issue the grant under its Special Public Works Fund (SPWF) program, which provides funds for publicly-owned facilities that support economic and community development.

Because SPWF funds are only available to public entities, the Port will be the sole recipient of the IFA grant. In order to use the grant funds to compensate DTNA for its construction of the improvements, the Port must enter into a public improvement contract with DTNA (the Port-DTNA Public Improvement Contract).

EXEMPTION FROM COMPETITIVE BIDDING

The Port may award public improvement contracts without competition under certain circumstances. In this case the Port's Executive Director has administratively granted an exemption from competitive bidding under Port Contract Review Board (CRB) Rule 9.4, allowing the Port to award the Port-DTNA Public Improvement Contract to DTNA on a sole-source basis. CRB Rule 9.4(b)(2) permits the Executive Director to approve the award of a public improvement contract to a user of Port real property on a sole-source basis when the property user is the only party that is able to perform the work, if the work is: (a) integral to work being

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performed by the property user under its real property use agreement with the Port; and (b) required to be performed under a permit or similar regulatory order. The greenway trail improvements are integral to the DTNA Headquarters Project and are required by the City of Portland. A contract awarded under this rule may also include small amounts of non-qualifying, incidental work if it is logically related to the qualifying work. The Port has determined that the related improvements within the right-of-way discussed above meet this requirement.

CONTRACT AND CONSTRUCTION OF IMPROVEMENTS

Under the Port-DTNA Public Improvement Contract, the Port will reimburse DTNA up to the amount of the IFA grant for DTNA’s costs to design and construct the improvements. DTNA will be responsible for all improvement costs in excess of such amount, including contributing approximately \$180,000 that IFA requires the Port to invest in the improvements as “matching funds.”

In coordination with the Port, DTNA will oversee and hold a primary decision-making role in the design and construction of the project. The Port-DTNA Public Improvement Contract requires DTNA to provide all information and coordination necessary to allow the Port to comply with its obligations under the IFA grant agreement.

The Port must obtain the Commission’s authority to award the Port-DTNA Public Improvement Contract because it exceeds the Executive Director’s delegated contracting authority. The Port intends to enter into the SPWF grant agreement concurrently with its execution of the Port-DTNA Public Improvement Contract.

PROJECT BUDGET

Estimated Project Cost	\$1,180,000
SPWF Grant	\$1,000,000
Matching Funds (contributed by DTNA)	\$180,000
Total Port Contribution to Project Cost	\$0

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 public improvement contract with Daimler Trucks North America LLC for its performance of certain greenway trail and right-of-way improvements on Swan Island, 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.