



AGENDA  
Regular Commission Meeting  
Port of Portland Headquarters  
7200 N.E. Airport Way, 8<sup>th</sup> Floor  
January 13, 2016  
9:30 a.m.

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**Minutes**

Approval of Minutes: Regular Commission Meeting – December 9, 2015

**Executive Director**

Approval of Executive Director's Report – December 2015

**General Discussion**

2016 Port of Portland Transportation Plan

*SUSIE LAHSENE*

**Public Hearing**

2016 Port of Portland Transportation Plan

**Consent Items**

1. SERVICE CONTRACT – ELEVATOR, ESCALATOR AND MOVING WALKWAY MAINTENANCE *KENDALL AUSTIN*  
  
Requests approval to award a five-year contract to Schindler Elevator Company for preventive and corrective maintenance services for the 107 elevators, escalators and moving walkways at Portland International, Hillsboro and Troutdale Airports.
2. EQUIPMENT PROCUREMENT CONTRACT – CENTRAL UTILITY PLANT CHILLED WATER CAPACITY ADDITION PROJECT – PORTLAND INTERNATIONAL AIRPORT *GEORGE SEAMAN*  
  
Requests approval to award an equipment procurement contract to Johnson Controls, Inc., to provide a 2,400-ton chiller for the Portland International Airport Central Utility Plant Chilled Water Capacity Addition project.
3. PUBLIC IMPROVEMENT CONTRACT – COLWOOD STORMWATER PIPE AND OUTFALLS *MARCEL HERMANS*  
  
Requests approval to award a public improvement contract to K&E Excavating, Inc., for construction of a stormwater pipe and outfalls south of Portland International Airport.

4. SHIPYARD CONTRACT – DREDGE TENDER IVANOFF HULL AND PROPULSION SYSTEM MODIFICATIONS – NAVIGATION *ERIC FORSYTH*
- Requests approval to award a shipyard contract to JT Marine, Inc., to modify the navigation division's Dredge Tender *Ivanoff*.

**Action Items**

5. 2016 CONCESSIONS REQUEST FOR PROPOSALS LEASE AWARDS – PORTLAND INTERNATIONAL AIRPORT *VINCE GRANATO*
- Requests approval to enter into 11 new concession leases with the successful proposers from the 2016 Concession Solicitation for Food and Beverage and Retail Opportunities at Portland International Airport.
6. PERSONAL SERVICES CONTRACT AMENDMENT – TERMINAL BALANCING CONCOURSE E EXTENSION – PORTLAND INTERNATIONAL AIRPORT *DAN GILKISON*
- Requests approval to amend a personal services contract with Hennebery Eddy Architects for the Terminal Balancing Concourse E Extension project at Portland International Airport.
7. PUBLIC IMPROVEMENT CONTRACT – RENTAL CAR QUICK TURN-AROUND FACILITY – PORTLAND INTERNATIONAL AIRPORT *DAVE DITTMER*
- Requests approval to award a public improvement contract to Hoffman Construction Company of Oregon for construction of a Rental Car Quick Turn-Around Facility and associated parking and storage surface lots at Portland International Airport.
8. JOB ORDER CONTRACTS PILOT PROJECT – PORT OF PORTLAND PROPERTIES AND FACILITIES *BRAD HARRISON*
- Requests approval to award three public improvement contracts for the performance of various small-scale construction projects at Portland of Portland facilities using the job order contracting project delivery method.

**SERVICE CONTRACT – ELEVATOR, ESCALATOR AND MOVING WALKWAY  
MAINTENANCE**

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January 13, 2016

Presented by: Kendall Austin  
Senior Manager  
Terminal Operations**REQUESTED COMMISSION ACTION**

This agenda item requests approval to award a five-year contract to Schindler Elevator Company for preventive and corrective maintenance services for the 107 elevators, escalators and moving walkways at Portland International, Hillsboro and Troutdale Airports.

**BACKGROUND**

Schindler Elevator Company (Schindler) has been providing preventive and corrective maintenance services under an existing service contract for the past 10 years. The cost of preventive and corrective maintenance in Fiscal Year 2014-2015 was \$1,507,660.

Beginning in 2015, the Port of Portland (Port) conducted a competitive procurement using a Request for Proposals (RFP) to select the contractor for this work. As discussed below, under the RFP the Port evaluated not only the contract cost, but also each proposer's ability to deliver the best value overall. The RFP is complete and the Port is ready to award the contract.

**SCOPE**

The contract is for a five-year term, with five one-year extension options. The contract contains specific service standards and other performance measures.

Schindler will provide six licensed elevator mechanics and one planner/scheduler. Regular service coverage will be from 7 a.m. to 11 p.m. Monday through Friday, plus after-hours support is available as needed. Work hours at PDX are governed by a collective bargaining agreement.

The Port remains responsible for purchasing and stocking all spare and replacement parts.

The intent of this contract structure is to provide the highest level of safety and customer service, and to ensure equipment availability during peak travel seasons through predictive maintenance and repair procedures.

**REQUEST FOR PROPOSALS**

For each proposer, the Port evaluated qualifications, price, proposed incentives, experience, staff availability, references, quality of response, depth and breadth of technical staff, the types of test and diagnostic equipment to be used, and the extent to which advanced technology would be used to help successfully complete the work.

SERVICE CONTRACT -- ELEVATOR, ESCALATOR AND MOVING WALKWAY  
MAINTENANCE  
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Proposals submitted were as follows:

	<u>Total Annual Cost</u>	<u>Evaluation Ranking</u>	<u>Value of Incentives</u>
Schindler Elevator Company	\$1,520,080	1	\$500,000
KONE Elevator Company	\$1,563,400	2	None offered
Otis Elevator Company	\$1,582,260	3	None offered
ThyssenKrupp Elevator Company	\$1,839,480	4	None offered

Schindler's incentive package, to be performed during the first year of the contract, consists of labor and materials to upgrade eight moving walkways and diagnostic test equipment. Schindler's incentive package is valued at approximately \$500,000, but will be provided at no cost to the Port.

The Port evaluation team determined that Schindler was the most responsive proposer.

**COMPENSATION**

Annual costs begin as stated above, with possible annual increases (subject to the Port's approval) limited to the percentage change allowed under a stated consumer price index, to be established in the contract. Funding is provided by various business lines depending on location.

**EXECUTIVE DIRECTOR'S RECOMMENDATION**

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That Schindler Elevator Company be awarded a service contract for elevator, escalator and moving walkway maintenance, in accordance with the terms presented to the Commission; and

BE IT FURTHER RESOLVED, That the Executive Director or his designee is authorized to extend the contract annually, for up to five additional years, provided that the total amount awarded for an extension year does not exceed the Port of Portland's total expenditures under the contract during the immediately preceding contract year by more than \$500,000; 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.

**EQUIPMENT PROCUREMENT CONTRACT – CENTRAL UTILITY PLANT CHILLED WATER CAPACITY ADDITION PROJECT – PORTLAND INTERNATIONAL AIRPORT**

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January 13, 2016

Presented by: George Seaman  
Engineering Project Manager

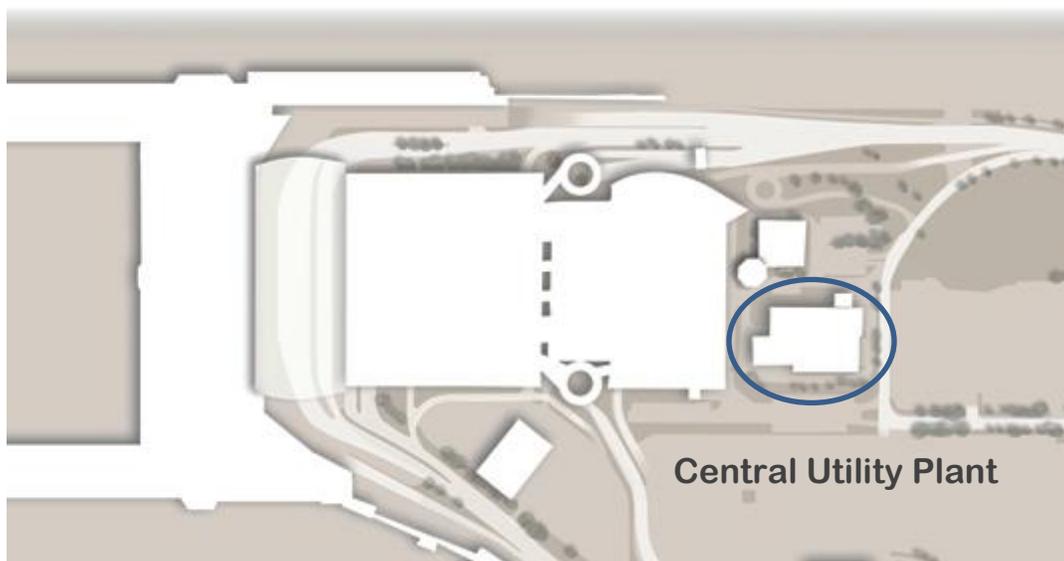
**REQUESTED COMMISSION ACTION**

This agenda item requests approval to award an equipment procurement contract to Johnson Controls, Inc., to provide a 2,400-ton chiller 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.



# EQUIPMENT PROCUREMENT CONTRACT – 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 with two new 600-ton cooling towers that will be pre-purchased under a separate, concurrent procurement process.



## **SCOPE**

Pre-purchase of the chiller is contemplated for this project for three important reasons. By purchasing the chiller utilizing a competitive proposal-based process, the Port of Portland (Port) is able to consider energy efficiency, supplier qualifications, operations and maintenance of the chiller in addition to price in the selection of the chiller. The design can be customized to the actual chiller selected, simplifying the design and reducing risk in the contractor bidding of the project, thereby reducing the bid price to the Port. Pre-purchasing the chiller removes the chiller delivery from the critical path of the construction project, which allows consideration of chillers that otherwise may not have been considered due to schedule requirements.

## **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

EQUIPMENT PROCUREMENT CONTRACT – CENTRAL UTILITY PLANT CHILLED WATER  
CAPACITY ADDITION PROJECT – PORTLAND INTERNATIONAL AIRPORT

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<b>Commission Action (Equipment Procurement Contract)</b>	<b>January 2016</b>
Advertisement and Bid (Construction Contract)	April 2016
Commission Action (Construction Contract)	June 2016
Notice to Proceed	July 2016
Construction	July 2016 – June 2017

### **PROJECT PROPOSAL RESULTS**

The Port advertised a request for proposals on October 28, 2015, seeking qualified vendors to provide the required chiller for this project. On November 18, 2015, three firms submitted proposals: Johnson Controls, Inc.; Trane Oregon; and Airefco, Inc.

Proposals were reviewed and evaluated against the following criteria:

- Equipment price
- Service and maintenance requirements
- Energy efficiency
- Equipment description (size, weight, installation needs)
- Qualifications and experience of proposer

The Port's evaluation team determined that the Johnson Controls chiller proposal was the highest-ranked. The overall cost of their proposal was the lowest when considering the initial proposed price and installation requirements for the chiller. In addition, the proposed chiller exceeds the Oregon Mechanical Code energy efficiency requirements. The existing CUP has operated for years with some York chillers so the Port has experience with the supplier.

Staff has negotiated with Johnson Controls a fixed price of \$798,760 for this scope of work. The engineering estimate for this scope was \$910,000.

### **PROJECT RISKS**

Risk: Temperature control in the terminal building could be affected by construction.

Mitigation Strategies:

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

EQUIPMENT PROCUREMENT CONTRACT – CENTRAL UTILITY PLANT CHILLED WATER CAPACITY ADDITION PROJECT – PORTLAND INTERNATIONAL AIRPORT

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Risk: Replacement cooling tower installation could impact operational capacity and efficiency.  
Mitigation Strategies:

- Prepare to award the construction contract and begin demolition work immediately after the Port Commission authorizes the Port to award the construction contract.
- Coordinate chilled water demand with other Port projects (Concourse D HVAC replacement, Terminal Balancing, etc.).
- Procure a temporary chiller if needed to bridge load at the end of the summer or early in the winter.

**BUDGET**

Construction	\$5,960,000
<b>Equipment Procurement (Chiller)</b>	<b>\$798,760</b>
Equipment Procurement (Cooling Towers)	\$480,000
Consultant Services	\$760,000
Port Staff/Contracted Services	\$1,170,000
Contingency	<u>\$1,651,240</u>
Total Project	\$10,820,000

The contingency, representing 16 percent of the project budget, is considered reasonable given the design 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 award an equipment procurement contract to Johnson Controls, Inc., for 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.

**PUBLIC IMPROVEMENT CONTRACT – COLWOOD STORMWATER PIPE AND OUTFALLS**

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January 13, 2016

Presented by: Marcel Hermans  
Engineering Project Manager

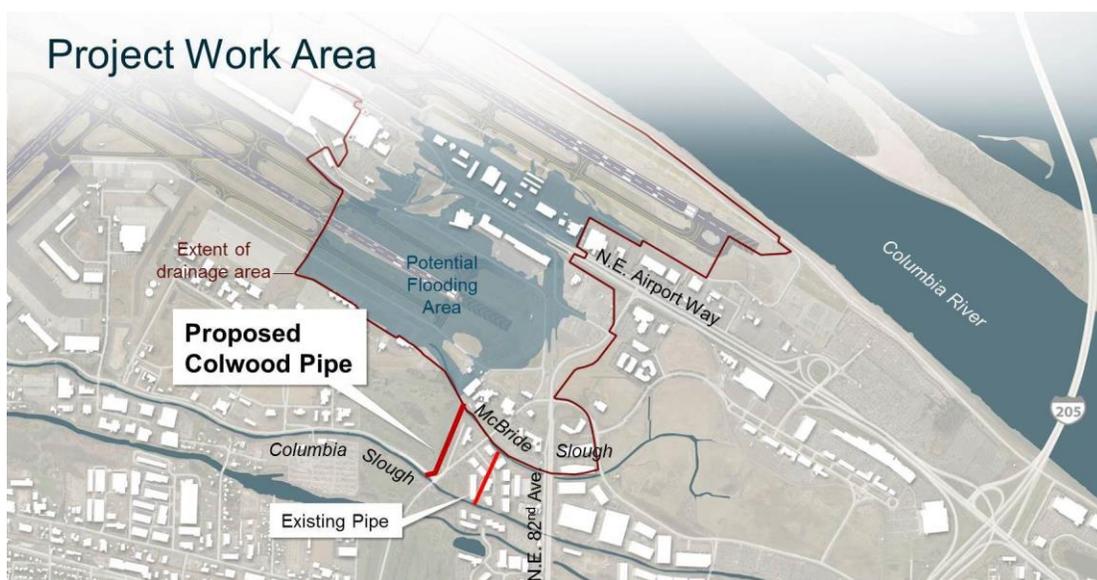
**REQUESTED COMMISSION ACTION**

This agenda item requests approval to award a public improvement contract to K&E Excavating, Inc., for construction of a stormwater pipe and outfalls south of Portland International Airport (PDX). The total value of this contract is \$1,843,275.

**BACKGROUND**

More than 700 acres of land, including a major portion of the PDX airfield as well as some smaller non-Port of Portland (Port) owned properties south of PDX, drain into a large drainage ditch called McBride Slough. From McBride Slough, the water drains through an approximately 1,000-foot-long, 60-inch-diameter pipe into the Columbia Slough. This existing pipe was installed in 1936 and is now past its expected useful life and is showing signs of impending failure.

A full failure and blockage of this pipe could result in widespread flooding of McBride Slough and the PDX airfield, which would impact both major runways and terminal access as there is no other outlet from this basin. Because the Port does not own this pipe or the land it is located on, and the pipe is located immediately adjacent to buildings underneath a business park, repair or replacement of this pipe by the Port in its current location is not feasible.



Because of the risk posed to the airport in case this existing pipe were to fail, the Port decided to construct a new pipe that will assure proper drainage of the airfield independent from the existing pipe. The selected routing of this new pipe is through the former Colwood golf course, which is currently being developed for commercial use by Colwood Industrial Park, LLC. Access to the land for construction and pipe placement is being provided under an easement.

The new pipe will create an alternative secondary connection between the McBride Slough and the Columbia Slough, so that proper drainage of the PDX airfield is no longer dependent on the old failing pipe.

The Port is currently also working on a separate project involving cleanup of the sediments in McBride Slough, anticipated to be performed in 2017. To address concerns regarding possible spread of contaminated sediments through the new pipe, the Port has agreed to delay using the new pipe until the McBride Slough cleanup has been completed.

### **SCOPE**

This project will construct a new approximately 1,260-foot-long, 72-inch-diameter concrete pipe providing an additional connection between McBride Slough and the Columbia Slough. The project will include construction of an inlet structure at the bank of McBride Slough and an outlet structure at the bank of the Columbia Slough.

In order to construct the portion of the new pipe underneath Cornfoot Road, the Port's plan provides for a 45-day closure of Cornfoot Road to motorized traffic, with detours around the work area for impacted traffic.

### **SCHEDULE**

The schedule of the project is as follows:

Design	April 2015 – November 2015
Advertisement	December 2, 2015 – December 22, 2015
<b>Commission Action (public improvement contract)</b>	<b>January 13, 2016</b>
Permitting	December 2015 – May 2016
Construction	June 2016 – October 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 December 2, 2015, and bids were opened on December 22, 2015. K&E Excavating, Inc., submitted the lowest responsive bid. Bids were as follows:

K&E Excavating, Inc.	\$1,843,275.00
Weitman Excavation, LLC	\$1,897,247.50
Rotshy, Inc.	\$1,910,132.00
Kerr Contractors, Oregon, Inc.	\$1,935,149.00
Tapani, Inc.	\$1,994,190.00
James W. Fowler Co.	\$2,047,715.00
MJ Hughes Construction, Inc.	\$2,148,275.00
Thompson Bros. Excavating, Inc.	\$2,162,300.00
Nutter Corporation	\$2,213,059.22
Wildish Standard Paving, Co.	\$2,240,505.00
Emery & Sons	\$2,312,472.00
Moore Excavation, Inc.	\$2,748,841.00
Engineer's Estimate	\$2,079,515.00

### **PROJECT RISKS**

Risk: Potential soil contamination.

Mitigation Strategy:

- If encountered, Port environmental staff will characterize the contamination and develop handling procedures.

Risk: Delays in the McBride Slough Cleanup project could delay the anticipated commissioning of the Colwood Pipe in 2017.

Mitigation Strategy:

- If it becomes necessary to use the new Colwood pipe before the McBride Slough Cleanup project is complete, the Port could seek approval from applicable regulatory agencies to install a temporary weir structure to avoid sediment influx into the new Colwood pipe.

Risk: Weather impacts and/or high groundwater levels could impact the construction.

Mitigation Strategy:

- Leave flexibility as to the construction means and methods to the contractor. If schedule adjustments are needed, work with the property owner and others as needed to minimize impacts.

**BUDGET**

The project budget is as follows:

<b>Construction</b>	<b>\$1,843,275</b>
Port Staff and Contracted Services	\$ 955,000
Contingency	<u>\$ 451,725</u>
Total Project	\$3,250,000

The contingency, representing 14 percent of the project budget, is considered reasonable given the current stage of the project, the nature of the work and the risk profile for the project.

The project cost will be funded from the Airport Shared 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 to K&E Excavating, Inc., for construction of the Colwood Stormwater Pipe and Outfalls project near 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.

SHIPYARD CONTRACT – DREDGE TENDER IVANOFF HULL AND PROPULSION SYSTEM MODIFICATIONS – NAVIGATION

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January 13, 2016

Presented by: Eric Forsyth  
Engineering Project Manager

**REQUESTED COMMISSION ACTION**

This agenda item requests approval to award a shipyard contract to JT Marine, Inc., to modify the navigation division's Dredge Tender *Ivanoff*.

**BACKGROUND**

Sufficient dredge tender performance is vital to the Port of Portland's (Port) Dredge *Oregon*'s success. Important tasks the Port's three dredge tenders perform include:

- Handle dredge piping
- Handle dredge anchors
- Tug/move the dredge
- Move equipment between sites

Supporting the Dredge *Oregon* operation, the *Ivanoff* (pictured below) was constructed in 2008 to replace the aging Dredge Tender *Don*. One of the requirements for the replacement vessel was that it have shallow water operational capabilities. However, the hull design characteristics that allow for shallow water capability have hindered the *Ivanoff*'s overall performance in supporting dredging operations.



SHIPYARD CONTRACT – DREDGE TENDER IVANOFF HULL AND PROPULSION SYSTEM  
MODIFICATIONS – NAVIGATION

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**SCOPE**

The intended benefits of the proposed modifications to the *Ivanoff's* hull and propulsion systems include improved performance and steerage, increased longevity of the vessel's structure and mechanics and increased safety and effectiveness of the dredge crew. The modifications will benefit both the *Ivanoff* and the Port's dredge operations as a whole.

The scope of the shipyard contract includes:

Hull Modifications

- Remove propeller tunnels.
- Revise stern configuration.
- Increase the length of the hull.

Propulsion Modifications

- Replace shafts, propellers and rudders.
- Revise engine alignment.
- Revise transmission gearing.

**SCHEDULE**

Survey/Modeling/Design	May 2015 – October 2015
<b>Commission Action</b>	<b>January 13, 2016</b>
Shipyard Construction	February 2016 – May 2016

**PROJECT BID RESULTS**

JT Marine, Inc.	\$ 785,878
Diversified Marine, Inc.	\$1,998,571
Engineer's Estimate	\$1,050,000

**PROJECT RISK**

Risk: The *Ivanoff* is currently providing support to the Dredge *Oregon* even though its performance and steerage is less than optimal. If the shipyard contract were delayed, the Dredge *Oregon* would still need support when the next dredge season begins in June 2016.

Mitigation Strategy:

- The Port would need to charter another vessel to operate in the absence of the *Ivanoff* until shipyard modifications have been completed.

**BUDGET**

<b>Shipyard Contract</b>	<b>\$ 785,878</b>
Design Contract	\$ 440,000
Port and Contracted Services	\$ 360,000
Owner-furnished Components	\$ 190,000
Contingency	<u>\$ 124,122</u>
Total Project	\$1,900,000

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

The project will be funded by the Port General Fund. The U.S. Army Corps of Engineers (USACE) has authorized the Port to proceed with this project as a reimbursable capital expenditure under the Port's channel maintenance contract with the USACE.

**EXECUTIVE DIRECTOR'S RECOMMENDATION**

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to award a shipyard contract for the *Ivanoff* Hull and Propulsion Modification project to JT Marine, Inc., 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.

**2016 CONCESSIONS REQUEST FOR PROPOSALS LEASE AWARDS – PORTLAND INTERNATIONAL AIRPORT**

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January 13, 2016

Presented by: Vince Granato  
Chief Operating Officer**REQUESTED COMMISSION ACTION**

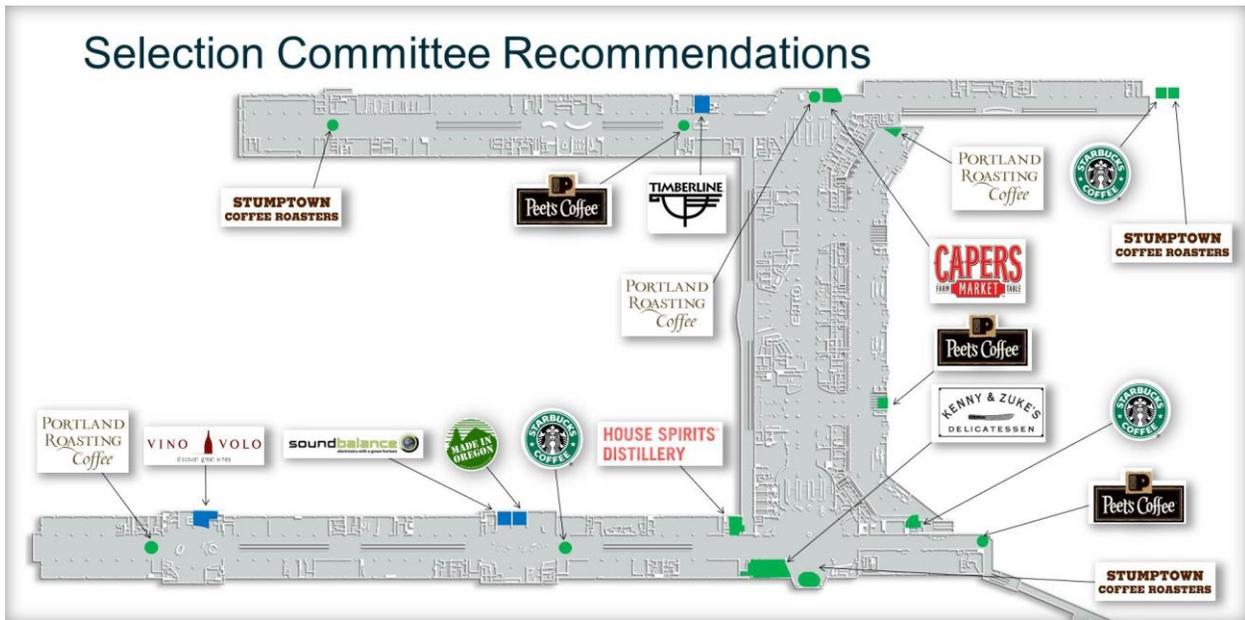
This agenda item requests approval to enter into 11 new concession leases with the following successful proposers from the 2016 Concession Solicitation for Food and Beverage and Retail Opportunities at Portland International Airport (PDX):

1. Portland Roasting Company (Portland Roasting Holdings, LLC)
2. Stumptown Coffee Roasters (La Trelle's Galley, LP)
3. Peet's Coffee & Tea (La Trelle's Galley, LP)
4. Starbucks (Host International, Inc.)
5. Capers Farm-to-Table Market (Capers Café & Catering Co.)
6. Kenny & Zuke's Market & Delicatessen (SSP America)
7. House Spirits Distillery (House Spirits Distillery, LLC)
8. Timberline Lodge (R.L.K. & Co.)
9. Made in Oregon (Naito Corporation)
10. Vino Volo (Taste, Inc.)
11. Soundbalance (InMotion Entertainment Group, LLC)

**BACKGROUND**

Following the completion of Phase I of the concessions program redevelopment, and the approval of 12 new leases by the Port of Portland (Port) Commission on September 10, 2014, the Port initiated a Phase II solicitation in March of 2015. Overall goals of the redevelopment include an emphasis on local brands and brand diversity to meet passenger demand in Portland. Phase II included opportunities for 26 locations throughout PDX, composed of the entire coffee program in 12 locations, 9 retail locations, 2 gourmet markets, 2 snack locations, and 1 quick-serve restaurant.

Following a period of extensive outreach to regional businesses and existing tenants, the concessions team hosted an informational meeting on March 17, 2015. Representatives from approximately 108 companies with an interest in operating a concession at PDX attended the meeting. The Port then issued a short Request for Qualifications (RFQ) to determine which interested parties met a set of minimum qualifications. A total of 54 businesses responded to the RFQ and 48 businesses met the minimum qualifications. Those qualified businesses were issued a Request for Proposals (RFP) on May 20, 2015, with a proposal due date of July 27, 2015. A total of 37 proposals were received from a total of 18 different businesses. Proposals were taken through a series of stakeholder review committees, and ultimately evaluated by a seven-member selection committee in October of 2015. The selection committee's recommendations and proposed locations are as shown in the following graphic.



## **KEY BUSINESS TERMS**

### **Lease Terms**

The lease term for food and beverage locations is 10 years with commencement dates of July 1, 2016 or October 1, 2016; several locations will commence following completion of the Port's Terminal Balancing Project in early 2018.

The lease term for retail locations is seven years with commencement dates of July 1, 2016 or October 1, 2016.

### **Tiered Rent Structure by Concept**

#### **Specialty Coffee**

- 14% (\$0 – \$600,000)
- 16% (\$600,000.01 – \$1,000,000)
- 18% (\$1,000,000.01 +)

#### **Gourmet Markets**

- 10% (\$0 – \$600,000)
- 12% (\$600,000.01 – \$1,000,000)
- 14% (\$1,000,000.01 +)

**Specialty Retail**

- 10% (\$0 – \$800,000)
- 12% (\$800,000.01 – \$1,200,000)
- 14% (\$1,200,000.01 +)

**Street Pricing**

The intent of the Street Pricing policy is to maintain consistency in the quality, portion and pricing for food and beverage, and merchandise and services available at locations at the airport, compared to the same branded off-airport facilities within the Portland Metropolitan area.

**Tenant Improvements**

- \$450 per square foot for food and beverage locations
- \$300 per square foot for retail locations
- Mid-term refurbishment requirement for each location

**Open Dates**

- New locations open July 1, 2016
- Redeveloped locations open October 1, 2016
- Concourse E Extension locations open January 2018

**Standard Terms**

Other lease terms for quality assurance, customer service, cleanliness and operational efficiencies will also be included.

**Workplace Initiative**

Workplace Initiative Principles adopted by the Commission in April 2015 were incorporated into the solicitation to evaluate proposers based on their relationships with employees. Criteria included:

- Employee Relations
- Pay and Benefits
- Training
- Advancement
- Safety

Responses in this section were weighted as 25 percent of the overall score. Consistent with these adopted principles, lessees must submit an Employee-Employer Relationship Plan, to be included as a supplemental lease attachment.

**EXECUTIVE DIRECTOR'S RECOMMENDATION**

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to enter into 11 new concession leases with the successful proposers from the 2016 Concession Solicitation for Food and Beverage and Retail Opportunities 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.

**PERSONAL SERVICES CONTRACT AMENDMENT – TERMINAL BALANCING CONCOURSE E EXTENSION – PORTLAND INTERNATIONAL AIRPORT**

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January 13, 2016

Presented by: Dan Gilkison  
Project Manager**REQUESTED COMMISSION ACTION**

This agenda item requests approval to amend an existing personal services contract with Hennebery Eddy Architects (HEA) to add \$5,800,000 in compensation. Under the contract, HEA is providing comprehensive design services for the Terminal Balancing Concourse E Extension project at Portland International Airport (PDX). The additional funding will allow the Port of Portland to task HEA with previously-contemplated construction administration services, and will fund additional design services for recently-added project scope.

**BACKGROUND**

In May 2014, the Port awarded HEA a personal services contract to provide architectural and engineering design services for the project. The contract was structured to be awarded in phases. Most recently, in November 2014, the Commission approved an amendment to fund HEA's project design services.

**CONSTRUCTION ADMINISTRATION SERVICES**

The HEA contract provided for construction administration services to be awarded once construction is underway. After the project design reached 60 percent completion, in November 2015 the Commission approved the award of a public improvement contract to Skanska Building USA Inc. (Skanska) to begin construction on a portion of the project. With the project transitioning from design to construction in early 2016, it is time to amend the HEA contract to provide for the construction administration phase of HEA's services. The amount being authorized for the construction administration services phase is set forth below.

**ADDITIONAL DESIGN SERVICES**

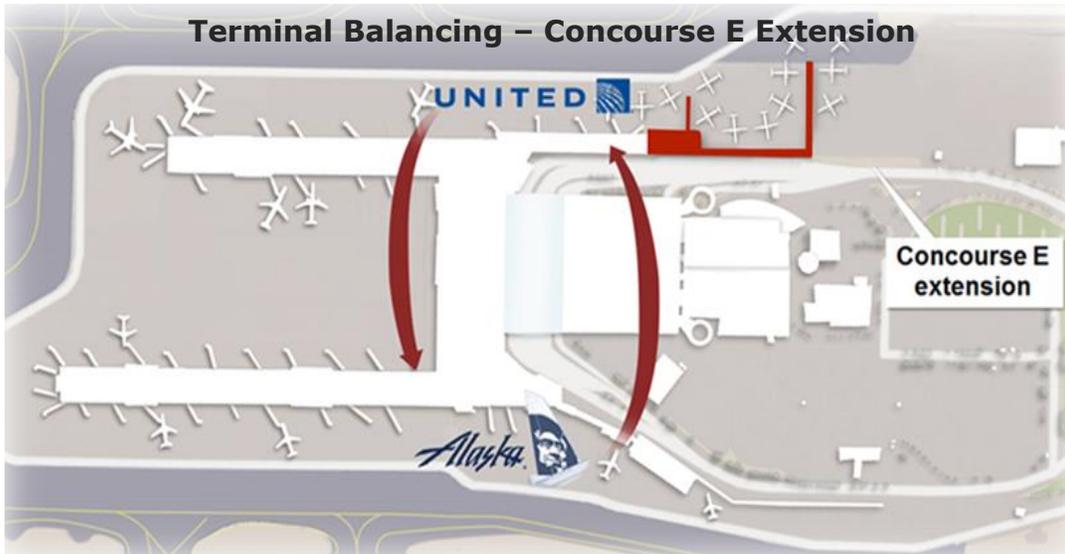
The amendment will also fund additional design services, which are required due to additions to the project scope. Major elements of the additional project scope include upgrades to an existing sewer lift station, maintenance and repair work on the roof of the existing Concourse E and upgrades to the existing power infrastructure that services the terminal and Concourse E.

These additions to the project scope are being undertaken with additional project funding that will increase the overall amount of both the design and construction contracts. The amount of the increase to the HEA contract for these additional design services is set forth below. Final construction costs for the additional project scope are being developed, and will be presented to Commission when seeking approval to amend the Skanska public improvement contract in spring 2016.

PERSONAL SERVICES CONTRACT AMENDMENT – TERMINAL BALANCING CONCOURSE  
E EXTENSION – PORTLAND INTERNATIONAL AIRPORT  
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**AMENDMENT AMOUNT**

Existing Contract	\$ 7,865,370
<b>Construction Administration Services</b>	<b>\$ 4,750,000</b>
<b>Additional Design Services</b>	<b>\$ 1,050,000</b>
Total this Amendment	<u>\$ 5,800,000</u>
Contract	\$13,665,370





**PROJECT SCHEDULE**

Conceptual Design	June 2014 – September 2014
Commission Action (award design contract)	November 2014
Concept and Design Development	November 2014 – September 2015
CM/GC Selection Process	November 2014 – April 2015
Commission Action (award CM/GC contract – early work)	November 2015
<b>Commission Action (amend design contract – construction administration services and additional design services)</b>	<b>January 2016</b>
Commission Action (amend CM/GC contract – remaining project construction)	May 2016
Miscellaneous Procurements	TBD

**PROJECT RISKS**

Risk: Disruption to airline operations and the traveling public.

Mitigation Strategies:

- Develop detailed safety, phasing and transition plans with the construction team, Port operations personnel, and airline and customer service stakeholders.

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- Appoint a tenant and operations communications single point of contact for the project to ensure construction coordination among the stakeholders identified above.
- Establish and maintain regular communications to keep stakeholders updated on upcoming construction activities and operational changes.

<b><u>PROJECT BUDGET</u></b>	<b><u>December 2014</u></b>	<b><u>January 2016</u></b>
CM/GC Contracts (preconstruction services and public improvement)	\$63,300,000	\$66,100,000
Procurements/Equipment	\$2,000,000	\$5,000,000
Consultant Design Services	\$10,100,000	\$13,665,370
Port Staff/Contracted Services	\$5,600,000	\$5,234,630
Contingency	\$17,000,000	\$15,000,000
Total Project	\$98,000,000	\$105,000,000

The contingency, representing approximately 14 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 project cost is being funded by Passenger Facility Charges and the Airline Cost Center in accordance with the PDX Airline Agreement.

**EXECUTIVE DIRECTOR'S RECOMMENDATION**

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to amend a personal services contract with Hennebery Eddy Architects for the Terminal Balancing Concourse E Extension 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.

**PUBLIC IMPROVEMENT CONTRACT – RENTAL CAR QUICK TURN-AROUND FACILITY –  
PORTLAND INTERNATIONAL AIRPORT**

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January 13, 2016

Presented by: Dave Dittmer  
Engineering Project Manager**REQUESTED COMMISSION ACTION**

This agenda item requests approval to award a public improvement contract to Hoffman Construction Company of Oregon (Hoffman) for construction of a Rental Car Quick Turn-Around Facility (QTA) and associated parking and storage surface lots at Portland International Airport (PDX). The total value of this contract is \$52,406,784.

**BACKGROUND**

Rental cars at PDX have long been a significant source of revenue, and due to the rental operation's proximity of the operation to the terminal, a significant source of customer satisfaction. Supporting this successful operation is the existing QTA facility located south of the rental car business offices. A QTA enables rapid and efficient drop-off, clean-up, re-fueling and re-introduction back into the rental fleet. This compact operation also reduces bus and shuttle trips and traffic congestion on Airport Way.

The existing QTA has reached the end of its useful life and is not adequately sized to optimize automobile turn-around demand. Therefore, a modern and properly sized QTA will be constructed southeast of the Central Utility Plant. This facility will be designed and constructed to satisfy the demands of this industry through the year 2035.

In September 2014, with Commission approval, the Port of Portland (Port) awarded a design contract to Mackenzie for all design and construction support services required to complete the project. Conceptual design was completed in June of 2015 and final design services will be completed within the next two months.

This project will construct a new two-level QTA facility that contains the processing, cleaning and fueling functions on the first floor and parking and storage functions on the second floor.

The project elements include, but are not necessarily limited to:

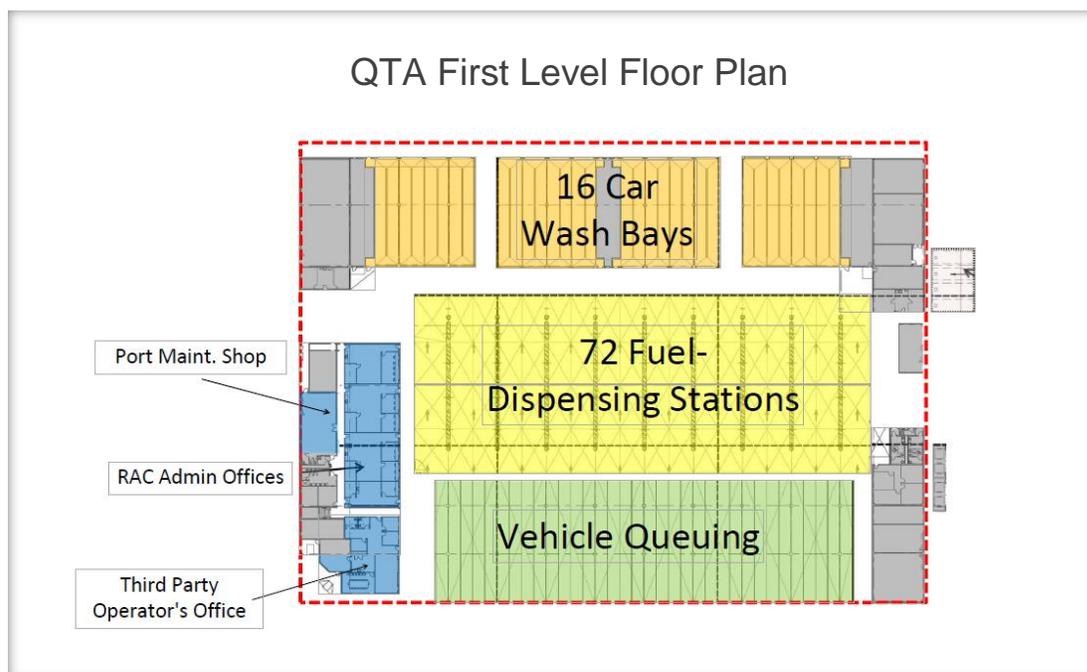
- A 316,000-square-foot, two-level structure.
- 16 car wash stations.
- 72 fueling stations.
- Underground fueling tanks and distribution piping.
- Controls, data and security integration for all systems.

PUBLIC IMPROVEMENT CONTRACT – RENTAL CAR QUICK TURN-AROUND FACILITY –  
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- Wash water treatment and recycling.
- A non-potable well and a rainwater collection system to minimize or eliminate the use of potable water from the City of Portland system.
- 14,000 square feet of office space.
- Utilities and distribution.
- New pavements, landscaping and sustainability tracking.
- A new employee parking lot and taxi hold lot area.



**CONSTRUCTION MANAGER/GENERAL CONTRACTOR CONTRACT**

In June 2015, the Port Commission approved an exemption from competitive bidding to allow the Port to use a competitive request for proposals (RFP) process to select a construction manager/general contractor (CM/GC) for the project. The RFP was advertised in August 2015 and five firms responded: JE Dunn Construction; Turner Construction; Fortis Construction, Inc.; Andersen Construction; and Hoffman Construction. Evaluation criteria included: project management approach; experience and qualifications; cost, schedule, quality and safety controls; fees and expenses; and small business participation plan.

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A Port evaluation team reviewed the proposals. The evaluation team determined that Hoffman was the most qualified proposer to act as the Port's CM/GC for the project. In October 2015, under the Executive Director's delegated contracting authority, the Port awarded a preconstruction services contract to Hoffman. Under the preconstruction services contract, Hoffman has collaborated with the design team to reduce costs through value engineering proposals, developed a work plan to reduce traffic and congestion on the roadway, implemented a small business participation plan, prepared construction schedules to coordinate tasks of the entire project team, and analyzed manpower and material availability to put all components of the work into a logical sequence of tasks.

Following successful completion of preconstruction services, the Port and Hoffman were able to negotiate the terms of a CM/GC contract acceptable to the Port.

Negotiated Contract Price

The negotiated contract price (NCP) for this work is the not-to-exceed amount of \$52,406,784. This price includes a fixed fee of \$1,153,205, equaling 2.25 percent of the maximum cost of construction. Under the terms of the contract, Hoffman will be reimbursed for construction based primarily on competitively awarded subcontracts.

Small Business and Workforce Utilization Provisions

The contract includes small business subcontractor participation goals as follows: 18 percent of project construction costs will be paid to disadvantaged, minority or women-owned, and emerging small businesses (DMWESB); with sub-goals of 2.5 percent for African American-owned firms and 3.5 percent for Latino American-owned firms.

It also includes a workforce utilization goal of 20 percent apprentice hours for each apprentice-able trade, and a diversity sub-goal of 10 percent of total construction labor to encourage the recruitment and retention of historically disadvantaged or under-represented communities including racial and ethnic minorities and women.

**SCHEDULE**

Concept Design	September 2014 – June 2015
Final Design	July 2015 – January 2016
Commission Action (Exemption)	June 2015
CM/GC Selection Process	June 2015 – October 2015
CM/GC Preconstruction Services	November 2015 – December 2015
<b>Commission Action (CM/GC Construction Contract)</b>	<b>January 2016</b>
Construction	March 2016 – August 2017

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**PROJECT RISKS**

Risk: Delays to schedule completion that cause disruption to rental car processing.

Mitigation Strategy:

- The CM/GC contract is expected to save approximately four months of contract completion time, and to reduce the potential for schedule delays when compared to a public improvement contract procured using the standard low-bid format.

Risk: Complexities related to controls, information technology and subcontractor design elements will not be understood or managed proactively by the contractor; this could lead to change orders and project delivery delays.

Mitigation Strategies:

- The RFP process focused on these critical features during contractor selection.
- Port construction contract administration personnel will prioritize these items and track contractor delivery of the various elements.
- Develop a strategy to escalate unresolved issues and milestone tasks to project personnel that can effectively address them.

Risk: Disruption to terminal areas, given that multiple projects will be underway simultaneously.

Mitigation Strategy:

- Parking and storage lots – the completion of which were previously part of a separate contract – were added to this contract’s work scope to keep control of deliveries, construction vehicles and activities under one entity. This should minimize traffic congestion and reduce general conditions and overhead costs.

**PROJECT BUDGET**

Construction NCP	\$52,406,784
Consultant Services	\$ 3,723,000
Port Staff	\$ 4,620,216
Contingency	<u>\$ 5,000,000</u>
Total Project	\$65,750,000

The contingency above, representing 7.6 percent of the project budget, is considered adequate for this project at this stage of development.

The project cost will be funded by the Port through the Customer Facility Charge program which was implemented late last year.

**EXECUTIVE DIRECTOR'S RECOMMENDATION**

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to award a Construction Manager/General Contractor public improvement contract to Hoffman Construction Company of Oregon for the construction of the Rental Car Quick Turn-Around Facility 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.

**JOB ORDER CONTRACTS PILOT PROJECT – PORT OF PORTLAND PROPERTIES AND FACILITIES**

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January 13, 2016

Presented by: Brad Harrison  
Senior Manager  
Construction Services**REQUESTED COMMISSION ACTION**

This agenda item requests approval to award three public improvement contracts for the performance of various small-scale construction projects at Portland of Portland (Port) facilities using the job order contracting (JOC) project delivery method.

**BACKGROUND**

The Port awards numerous public improvement contracts each year to accomplish a wide array of construction projects, ranging from small to large building improvements, system modifications, equipment installations, pavement-related civil projects and various other capital improvements.

Procuring public improvement contracts generally requires a considerable amount of time (weeks or months) and involves many steps from solicitation through award. Some projects, however, require quick commencement in order to meet operational or other business needs. For those projects, the time necessary to conduct a separate procurement for each such project often conflicts with schedule demands.

To try to meet those needs, the Port has initiated a pilot project to use the JOC method to expedite the delivery of certain types of projects. In September 2015, the Commission approved an exemption from competitive bidding, allowing the Port to use a competitive Request for Proposal (RFP) process to select three JOC contractors. The RFP is complete, and the Port is ready to award those three contracts.

**JOC PROJECT DELIVERY**

As detailed last September, the JOC project delivery method is an alternative method to quickly engage construction contractors for certain, specified types of work. A JOC is awarded on a competitive basis, but no specific project is identified at that time. Instead, the owner identifies multiple types of projects it may require under the JOC, using stated defining characteristics. Once the contract is in place, the owner engages the contractor, as needed, on qualifying projects, using separate “job orders” for each project.

## JOB ORDER CONTRACTS PILOT PROJECT – PORT OF PORTLAND PROPERTIES AND FACILITIES

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The Port intends to use the JOC delivery method for projects defined by the following two primary characteristics:

1. Relatively small-scale projects that have relatively short delivery time requirements; and
2. Projects which lend themselves to on-call, job order-based work that can be performed using a pre-priced book of construction tasks, such as:
  - Building modifications, such as minor interior or exterior improvements;
  - Small building additions or building construction;
  - Paving construction, repairs and maintenance; and
  - Electrical and HVAC system improvements.

The Port does not intend to use the JOC program to deliver large or complex projects.

Prior to issuing the JOC RFP, the Port and its JOC consultant, the Gordian Group, jointly developed a detailed, pre-priced construction task catalog (CTC), identifying specific work tasks and establishing unit pricing for those tasks. The CTC was included in the RFP and proposers submitted a unique “multiplier” to the CTC pricing to set their fee. In evaluating proposals, each contractor’s proposed pricing multiplier was a primary award criterion. When the contracts referred to in this agenda item are awarded, pricing for the identified tasks will be fixed at the amounts proposed.

After these JOCs have been awarded, when a construction need arises for a project which fits under the parameters of the JOC program, the Port will define a specific scope of work with sufficient information for a JOC contractor to determine the elements of the task and prepare a price for the work according to the workbook. That price will form the basis of the associated job order for each discrete project. The Port must approve the pricing as consistent with the contract and aligned with the CTC. Upon such approval, the Port will authorize the contractor to perform the work. The Port will develop procedures to ensure that work is distributed equitably among the three contractors receiving JOC awards under this item.

### **JOC AWARDS**

The JOC pilot project RFP was advertised in October 2015. Eleven firms submitted proposals:

- Andersen Construction
- Emerick Construction Co.
- GS Contracting
- InLine Construction
- Kodiak Pacific Construction

JOB ORDER CONTRACTS PILOT PROJECT – PORT OF PORTLAND PROPERTIES AND FACILITIES

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- Market Contractors
- Pacificmark Construction
- Payne Construction, Inc.
- SDB Contracting Services
- Todd Hess Building Company
- Viking Engineering & Construction

A Port evaluation team evaluated the proposals using the following criteria:

- Price competitiveness;
- Qualifications and experience;
- Proposed job order contracting plan; and
- Small business participation.

The Port evaluation team determined that the following three contractors submitted the highest ranked proposals:

1. Andersen Construction
2. SDB Contracting Services
3. Viking Engineering and Construction

Each JOC awardee's contract will be limited to a cumulative spend of \$3,000,000 over a three-year contract term. In order to best expedite the Port's JOC projects to meet urgent business needs, Port staff will be authorized to issue discrete job orders for qualifying projects in any amount up to the maximum contract limit. However, the Port intends to limit most job orders to relatively modest amounts, given that the program is primarily intended to deliver small-scale projects.

Funding sources for the projects that are constructed under the JOC program will vary over time, depending on the location of the work, the affected business line and related factors.

**SCHEDULE**

Request for Proposals	November 2015 – December 2015
Commission Action	January 13, 2016
Construction	February 2016 – February 2019

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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 award public improvement contracts to Andersen Construction, SDB Contracting Services, and Viking Engineering and Construction for the Job Order Contracts Pilot Project – Port of Portland Properties and Facilities, 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.