



AGENDA  
Regular Commission Meeting  
Port of Portland Headquarters  
7200 N.E. Airport Way, 8<sup>th</sup> Floor  
June 10, 2015  
9:30 a.m.

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**Minutes**

Approval of Minutes: Regular Commission Meeting – May 13, 2015

**Executive Director**

Approval of Executive Director's Report – May 2015

**Consent Items**

1. CONSENT TO ENTERPRISE ZONE BOUNDARY CHANGES BY THE CITY OF PORTLAND *LISE GLANCY*

Requests consent to minor boundary changes to the Portland Enterprise Zone by the City of Portland.

**Action Items**

2. COLLECTIVE BARGAINING AGREEMENT – AVIATION POLICE/COMMUNICATIONS CENTER CONTRACT *BLAISE LAMPHIER*

Requests approval of a new four-year collective bargaining agreement between the Port of Portland and the Port of Portland Police Employees' Association.

3. EXEMPTION FROM COMPETITIVE BIDDING FOR PUBLIC IMPROVEMENT CONTRACT – RENTAL CAR QUICK TURN-AROUND FACILITY – PORTLAND INTERNATIONAL AIRPORT *TOM PETERSON*

Requests approval of an exemption from competitive bidding to use a competitive request for proposals process to procure the public improvement contract for construction of the Rental Car Quick Turn-Around Facility at Portland International Airport.

4. CONTRACT AMENDMENT – COMMON USE PASSENGER PROCESSING SYSTEM HARDWARE AND CONSULTING SERVICES AS REQUIRED – PORTLAND INTERNATIONAL AIRPORT *LINDA DYSON*

Requests approval to amend the contract with Rockwell Collins/ ARINC International for Common Use equipment and services at Portland International Airport.

5. EQUIPMENT PURCHASE CONTRACT – DIGITAL MONITORS  
FOR TERMINAL INFORMATION DISPLAYS – PORTLAND  
INTERNATIONAL AIRPORT

*LINDA DYSON*

Requests approval to award a contract for purchase of passenger information display monitors for Portland International Airport.

**CONSENT TO ENTERPRISE ZONE BOUNDARY CHANGES BY CITY OF PORTLAND**

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June 10, 2015

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

This agenda item requests consent to minor boundary changes to the Portland Enterprise Zone by the City of Portland (City), located within Port of Portland (Port) boundaries, to provide additional incentives to encourage existing or new companies to invest and add employees within the zone.

**BACKGROUND**

In the 2005 legislative session, the state statute for the Enterprise Zone (E-Zone) program was changed to require the governing body of a port district to consent by resolution to Enterprise Zone applications by a city or county within the boundaries of the port. This change was requested to ensure coordination of economic development activities within port districts. Oregon ports play a key role in economic development in the community. 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 provide up to 100 percent property tax abatement on a company's new investment in facilities, equipment and machinery over a five-year period if a job threshold is met (110 percent increase from base employment average over five years). Land or existing machinery or equipment is not tax exempt; therefore, there is no loss of *current* property tax levies to the Port.

At this time, the City is working with an international company with an existing presence in Portland, Jaguar Land Rover (JLR), which is conditionally committed to making a significant investment in a building located at 1420 NW 17<sup>th</sup> Avenue in Portland. The company has considered multiple sites on the east and west coast and internationally, but would strongly prefer to locate near their existing research and development office in Portland. The investment would create 50-80 new permanent full-time jobs averaging \$90,000 a year plus benefits. The company will invest approximately \$5 million in capital improvements and business operations if the Portland E-Zone boundary includes their expansion site.

In addition to the investment and job creation benefits listed above, and in addition to the other regulatory requirements from the E-Zone, JLR is willing to sign a public benefit agreement. Within this agreement, JLR is willing to provide enhanced benefits that will focus on partnering with local start-up community on inclusive entrepreneurship programs, identification of career ladder opportunities for underrepresented populations, and diversity goals around hiring and training underrepresented populations.

## CONSENT TO ENTERPRISE ZONE BOUNDARY CHANGES BY CITY OF PORTLAND

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JLR will also offer an "Innovation Incubator" to start-up tech companies and the goal of program will be to encourage, promote and support new software-based automotive technologies that are being developed by U.S. technology start-ups. The new operation will expand their product development offerings for themselves and for technology they plan to sell to other automakers such as GM, Chrysler, Ford, etc. The new operation will also incubate up to 12 start-up firms at the location for up to six months or longer to mentor, test and deploy technology. Up to \$3 million in contracts will be provided to those firms.

This project meets many of Portland's goals to grow an innovation economy by mentoring, incubating and financing small start-up firms and providing them with an anchor firm to test and deploy their technology.

In order to provide the company with access to the E-Zone program and ensure this project moves forward, the City is requesting that Business Oregon add this property (.87 acres) to the Portland E-Zone. The City is seeking a Port Commission resolution in support of this boundary amendment. The new zone will encompass commercial and industrial land in a one block radius in inner northwest Portland.

Under the current tax levy, the Port will forgo approximately \$0.0710 per \$1,000 of assessed value of any new investment in this area until the exemption period ends. For this boundary amendment, the impact on Port property tax revenue is expected to be relatively small (approximately \$50,700 impact over a three-year period if this \$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 Portland City Council is expected to adopt a resolution on the expansion of the North Portland E-zone amendment on June 25, 2015.

### **EXECUTIVE DIRECTOR'S RECOMMENDATION**

The Executive Director recommends that the following resolution be adopted:

BE IT RESOLVED, That the Port of Portland Commission consents to a request by the City of Portland to add .87 acres described in this agenda item to the Portland Enterprise Zone, located within Port of Portland district boundaries.

**COLLECTIVE BARGAINING AGREEMENT – AVIATION POLICE/COMMUNICATIONS CENTER CONTRACT**

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June 10, 2015

Presented by: Blaise Lamphier  
Labor Relations Manager**REQUESTED COMMISSION ACTION**

This agenda item requests approval of a new four-year collective bargaining agreement between the Port of Portland (Port) and the Port of Portland Police Employees' Association (Association).

**BACKGROUND**

On February 20, 2014, the Port and the Association, representing approximately 61 employees who perform Police and Communications Center work at Portland International Airport, entered into collective bargaining for a successor collective bargaining agreement (CBA) to the agreement slated to expire June 30, 2014. On April 9, 2015, the parties reached tentative agreement, and on May 14, 2015, the Association ratified this agreement. Key terms of the changes to this agreement are outlined below:

Term of Agreement: July 1, 2014, through June 30, 2018

Base Wages: Effective and retroactive to July 1, 2014, increase wage steps for all classifications by 3.0 percent.

Effective and retroactive to January 1, 2015, increase wage steps for the classifications of Police Clerk and Police Clerk Assistant (vacant) by an additional 2.0 percent.

Effective July 1, 2015, increase wage steps for all classifications by 2.7 percent.

Effective July 1, 2016, increase wage steps for all classifications by the percentage increase in the CPI-W Portland 2<sup>nd</sup> Half 2015 index, as reported by the Bureau of Labor Statistics (BLS) in February 2016, with a minimum increase of 3.0 percent and a maximum increase of 4.0 percent.

Effective July 1, 2017, increase wage steps for all classifications by the percentage increase in the CPI-W Portland 2<sup>nd</sup> Half 2016 index, as reported by the BLS in February 2017, with a minimum increase of 3.0 percent and a maximum increase of 4.0 percent.

Health & Welfare: Effective January 1, 2016, medical benefits provided under the Preferred Provider Organization (PPO) plan and the Health Maintenance Organization (HMO) plans will be the same plans and benefits that are provided to the administrative employees effective January 1, 2015. Therefore, effective January 1, 2016, the PPO plan will be a high-deductible plan.

Effective January 1, 2016, the Port will establish Health Savings Accounts (HSA) for employees who elect the high-deductible PPO plan and make contributions on the employees' behalf in accordance with a schedule that mirrors the schedule established for administrative employees begun in January 2015, including additional contributions for those employees who successfully complete Port wellness activities as determined by the Port. Employees who elect the high-deductible PPO plan but are not eligible for an HSA under IRS regulations will receive equivalent contributions into a Health Reimbursement Account (HRA). Should the Port provide a greater HSA or HRA benefit to any other bargaining unit or non-represented employees, the Association can initiate a bargaining reopener of Article 35 (Medical Insurance) of this CBA.

Employees who enroll in the HMO plan will not receive a contribution to an HSA or an HRA. For calendar year 2016, all employees enrolled in the HMO plan will receive the same premium discount as administrative employees. For calendar years 2017 and 2018, employees enrolled in the HMO plan who successfully complete Port wellness activities as determined by the Port will receive the same premium discount as provided to administrative employees under the same circumstances.

Effective January 1, 2016, vision plans provided to employees will be the same as those provided to administrative employees effective January 1, 2015.

Employees may voluntarily opt out of Port medical, dental and vision plans upon being newly hired or during annual open enrollment.

Critical Illness &  
Accident Plans:

An employee-only critical illness plan and employee-only accident plan will be provided at the Port's expense. Employees may purchase additional elective coverage for the employee and for their eligible dependents at the employee's expense.

Premium Pay:

The sergeant assigned to supervising detectives shall receive a 5.0 percent premium added to the employee's base rate of pay.

The sergeant assigned to the Administrative Sergeant position, a new specialty assignment, shall receive a 5.0 percent premium added to the employee's base rate of pay. The premium is intended for work in addition to, and in excess of, the Patrol Sergeant tasks.

The rate for employees assigned as Field Training Officers (FTO) will increase from 5.0 percent to 10.0 percent when performing the duties of an FTO.

Korean, Russian and Arabic are added to the list of languages eligible for bilingual pay. Fluency is determined by the Port.

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Lump Sums: \$200 one-time lump sum will be paid to employees on the Port payroll as of July 1, 2016.

\$250 one-time lump sum will be paid to employees on the Port payroll as of July 1, 2017.

Parking: Following the month after Commission approval, the parking fee for employees will be \$40 per month for the garage and \$10 per month for the surface lot.

Uniforms: Uniform reimbursement process overhauled to create uniform allocation process combining shoes and equipment and providing added compensation while getting the Port out of the uniform cleaning business to make the Port more competitive with the job market.

Uniform allocation for detectives increased from \$300 to \$600 annually to make it more competitive with market.

Grievance Arbitration: Port and Association may agree on oral arguments post-hearing and demand an immediate bench decision. This change creates an opportunity to reduce monetary and time costs of arbitration decisions in specific situations.

Unfair Labor Practices (ULP): Port and Association must give seven (7) days written notice to the other party prior to filing a ULP against the other party, along with a reasonable time to meet to allow opportunity for resolution prior to hearing.

Paid Leave: Revisions to bereavement leave (travel restrictions) to make it more competitive with market. Oregon Family Leave Act bereavement leave benefits run concurrently as required by law.

Misc. Matters: Revisions to comp time including reducing from 120 hours to 80 hours on books at any given time, along with addressing pay downs and permissible carryovers.

Clarification of various provisions of CBA based on grievance resolutions, grievance arbitration and changes to the Oregon Revised Statutes (ORS).

Additional flexibility in the scheduling of mandated, on-duty training.

Use of 7k exemption for overtime payments regarding voluntary training.

Additional flexibility for both Port and employees regarding itinerant work schedules for those in specialty assignments.

Clarification on use of sick leave benefits and holiday comp time.

Establishment of a Peer Support Program.

**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 collective bargaining agreement with the Port of Portland Police Employees' Association, for a four-year agreement beginning July 1, 2014, setting forth wages, fringe benefits and working conditions for the Port of Portland's police and communications center employees, consistent with the terms presented to the Port of Portland 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.



**EXEMPTION FROM COMPETITIVE BIDDING FOR PUBLIC IMPROVEMENT CONTRACT –  
RENTAL CAR QUICK TURN-AROUND FACILITY – PORTLAND INTERNATIONAL AIRPORT**

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June 10, 2015

Presented by: Tom Peterson  
Chief Engineer**REQUESTED COMMISSION ACTION**

This agenda item requests approval of an exemption from competitive bidding, enabling the Port of Portland (Port) to use a competitive request for proposals (RFP) process to procure the public improvement contract for construction of the Rental Car Quick Turn-Around Facility (QTA) at Portland International Airport (PDX).

**BACKGROUND**

Rental cars at PDX have long been a significant source of revenue, and at PDX, a source of increased customer satisfaction due to the proximity of the operation and delivery location. Supporting this successful operation is the existing QTA facility located directly south of the rental car business offices. The QTA enables rapid and efficient drop-off, clean-up, re-fueling and re-introduction back into the rental fleet.

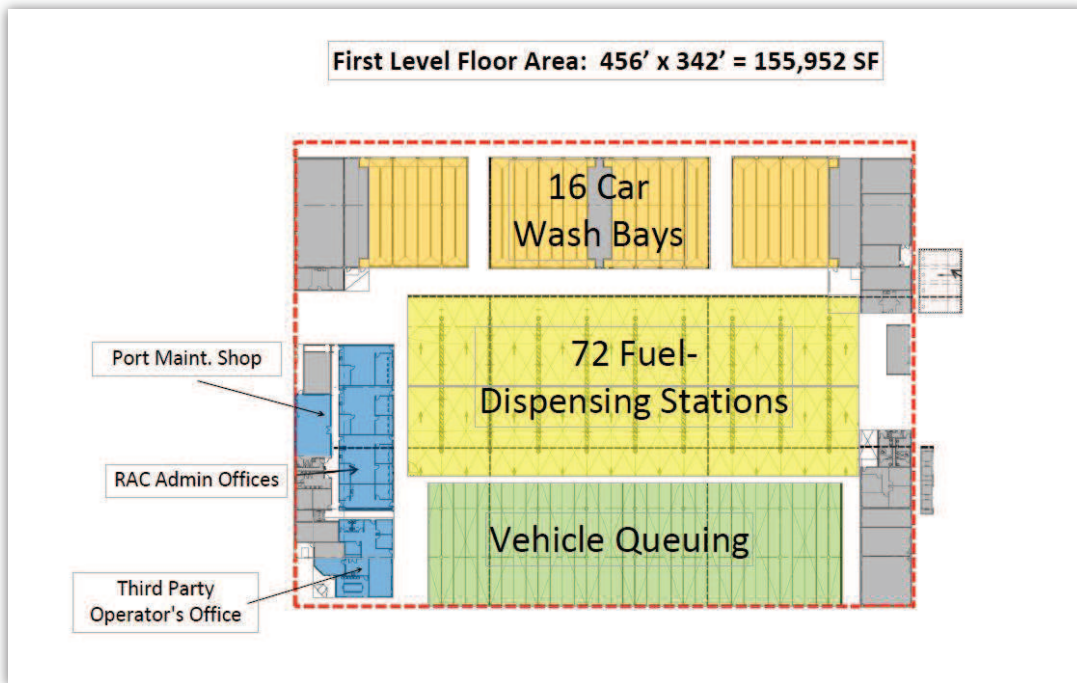
The existing QTA has reached the end of its useful life and is not adequately sized to optimize all of the benefits of a QTA. Therefore, a modern and properly sized QTA will be constructed in a location to the south of the existing central utility plant. This facility will be designed and constructed to satisfy the demands of the industry through the year 2035.

This project will consist of a new two-level QTA facility that contains all of the processing, cleaning and fueling functions on the first floor, and parking and storage functions on the second floor of the 316,000 total square foot facility.

The project elements include, but are not limited to:

- A 316,000-square-foot, two-level structure.
- Multiple car wash stations (current vision is 16 stations).
- Multiple fueling stations (current vision is 70 stations).
- Underground fueling tanks and distribution piping.
- Controls, data and security integration for all systems.
- Wash water treatment and re-cycling.
- 14,000 square feet of office space.
- Utilities and distribution.
- New pavements, landscaping and sustainability tracking.

## Floor Plan



## Site Plan



### **EXEMPTION FROM COMPETITIVE BIDDING**

This request is in accordance with the Oregon Public Contracting Code which allows an agency's contract review board to approve the use of an alternative contacting method by granting an exemption from competitive bidding under ORS 279C.335(2).

As discussed in more detail in the Findings in Support of an Exemption from Competitive Bidding (Findings) that are attached as Exhibit A, this project entails complex operational issues, phased construction activities, subcontractor design requirements and important schedule optimization demands. For primarily those reasons, the Port intends to use a competitive Request for Proposals (RFP) procurement to select a Construction Manager/ General Contractor (CM/GC) for this project. The Port has successfully used CM/GC contracts on three major projects in recent years: the Port headquarters/long-term parking garage, inline baggage screening and deicing enhancement. The Port is currently using the CM/GC method to deliver the Access Control Replacement and Terminal Balancing projects. Port staff considered other contracting methods for this project – including design-build and traditional “low bid” procurement – but ultimately recommends the CM/GC structure to better assure project delivery given the project's complexities, operational sensitivities and schedule demands.

The RFP would use a competitive process to select the contractor, which is based in part on the proposers' qualifications. RFP evaluation criteria would include, for example: the proposer's experience with similar types of projects; construction management planning, scheduling and coordination capability; experience with highly visible public projects that require skilled communications; and proposed fees. As discussed in the Findings, this selection process is considered to be unlikely to encourage favoritism in awarding the contract or to substantially diminish competition for the contract. The RFP would also likely result in substantial cost savings and other substantial benefits for the Port.

After public notice, the Port held a public hearing on May 26, 2015, to take comments on the draft Findings, as required under Oregon law. As the Findings indicate, no public comments were received. The Port now seeks the Commission's approval of the Findings, acting in its capacity as the Port's Contract Review Board. In addition, the Port seeks an exemption from competitive bidding to allow the Port to procure the project public improvement contract using an RFP.

### **PRELIMINARY SCHEDULE**

Conceptual Design	June 2014 – June 2015
Commission Action (Design Contract Amendment)	September 2014
<b>Commission Action (Exemption)</b>	<b>June 2015</b>
CMGC Selection Process	June 2015 – October 2015
CMGC Preconstruction Services	November 2015 – January 2016
Commission Action (CM/GC Construction Contract)	February 2016
Construction	April 2016 – January 2018

## **PROJECT RISKS**

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

Mitigation Strategy:

- Using the CM/GC project delivery method is expected to save approximately four months of project completion time when compared to the standard low-bid method, reducing the potential for schedule delays.

Risk: The contractor may not fully appreciate or proactively manage the project's complexities related to controls, information technology requirements, and subcontractor design elements, leading to change orders (to modify the contract scope and/or cost) and project delivery delays.

Mitigation Strategies:

- Focus the RFP process on these critical contractor capabilities during contractor selection.
- Ensure that the Port's contract managers prioritize these items in administering the project on a day-to-day basis, and closely track contractor delivery of the various project elements to ensure appropriate expertise is deployed where necessary to manage cost and schedule.
- Develop a strategy to elevate unresolved issues and milestone tasks to ensure efficient resolution.

## **PROJECT BUDGET**

QTA Construction	\$36,500,000
Consultant Services	3,300,000
Port Staff Cost	5,400,000
Costs of Other Projects Required to Facilitate this Project	\$9,100,000
Contingency	<u>5,700,000</u>
Total Project	\$60,000,000

The contingency, representing 9.5 percent of the project budget, is considered low at this early stage of the project design. The team will assess value engineering opportunities to reduce project cost and increase the contingency to a level consistent with the level of construction risk that will be present on the project with the intent of keeping the project budget as close to this amount as possible. Contractor input and more detailed design progress will define those risks and influence the contingency needed to deliver the project.

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

**EXECUTIVE DIRECTOR'S RECOMMENDATION**

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That the Port of Portland Commission, in its capacity as the Port of Portland Contract Review Board, approves the findings set forth in the attached Exhibit A, "Findings in Support of an Exemption from Competitive Bidding – Rental Car Quick Turn-Around Facility, Portland International Airport," dated May 26, 2015; and

BE IT FURTHER RESOLVED, That the Port of Portland Commission, in its capacity as the Port of Portland Contract Review Board, specifically exempts from competitive bidding the public improvement contract for the Portland International Airport Rental Car Quick Turn-Around Facility project, consistent with the terms presented to the Commission.

**PORT OF PORTLAND****Portland International Airport (PDX)****Rental Car- Quick Turn-Around (QTA) Facility****PROJECT NO. 101468****FINDINGS IN SUPPORT OF AN  
EXEMPTION FROM COMPETITIVE BIDDING****MAY 26, 2015****Project Background**

Rental cars at PDX have long been a significant source of revenue, and at PDX, a source of increased customer satisfaction due to the proximity of the operation and delivery location. Supporting this successful operation is the existing QTA facility located directly south of the rental car business offices. The QTA enables rapid and efficient drop-off, clean-up, re-fueling, and re-introduction back into the rental fleet. Other benefits of a proximate QTA location are:

1. Reduction of cars using Airport Way by hundreds per day
2. Cost savings by the rental car companies related to the cost of shuttling cars to a remote storage facility
3. Reduces the need to shuttle customers to a remote facility
4. Reduction of vehicle miles and an associated reduction to the carbon footprint of the operation

The existing QTA has reached the end of its useful life, and is not adequately sized to optimize the large scale benefits of a QTA as previously described. Therefore, a modernized and properly sized QTA will be constructed in a location south of existing central utility plant. This facility will be designed and constructed to satisfy the demands of this industry through the year 2035.

**Project Description**

This project will consist of a new two level QTA facility which contains all the processing, cleaning, and fueling functions on the first floor of this 158,000 square foot facility, and parking and storage functions on the second floor. A second project to replace the lost taxi and Port employee parking spaces consumed by the new QTA facility will also be constructed. It is envisioned that these projects will be designed and built as separate construction projects.

Because the existing QTA is significantly inadequate due to asset age and size, time is of the essence to keep the operation functioning at a high level. Since the parking lots need to be completed prior to the QTA, the schedule for QTA delivery is extended until late 2017 with an optimistic set of task completion dates assumed.

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

- A 158,000 square foot two level parking structure (316,000 square feet total)
- Multiple car wash stations (current vision is 16 stations)
- Multiple fueling stations (current vision is 70 stations)
- Underground fueling tanks and distribution piping
- Controls, data, and security integration for all systems
- Wash water treatment and re-cycling

- 14,000 SF of office space
- Utilities and distribution
- New pavements, landscaping, and sustainability tracking

## **Alternate Contracting Methods for Public Improvement Projects**

Oregon’s Public Contracting Code (Code) embraces alternate contracting methods for complex public improvement projects. A stated policy goal of the Code is to: provide a public contracting structure that can take full advantage of evolving procurement methods as they emerge within various industries, while preserving competitive bidding as the standard for public improvement contracts unless otherwise exempted.”<sup>1</sup> Similarly, the Port’s Contracting Rules promulgated under the Code are intended to: “maximize the Port’s flexibility in adjusting its contracting procedure to the specific circumstances of each procurement, and to ensure that the Port receives the maximum benefit from the public funds expended on public contracts.”<sup>2</sup> Under the Code, when appropriate, an agency’s local contract review board (CRB) may direct the use of alternate contracting methods that “take account of market realities and modern practices and are consistent with the public policy of encouraging competition.”<sup>3</sup>

An agency’s CRB directs the agency to use an alternate contracting method by granting an exemption from competitive bidding.<sup>4</sup> In granting the exemption the CRB must require and approve or disapprove written findings that support the award of the contract without the competitive bidding requirement.<sup>5</sup> The findings must show that the exemption of the contract complies with the requirements set forth below under “Findings.”<sup>6</sup> “Findings” means the justification for a conclusion that an agency, in seeking an exemption from competitive bidding, reaches based on the considerations set forth below under “Findings.”<sup>7</sup>

## **Proposed Contracting Method**

The QTA project complexities begin with the schedule critical nature of completing the project as soon as possible to sustain the advantages of a QTA (recognizing the condition of the existing QTA). A Construction Manager / General Contractor (CMGC) format tasks an expert construction manager with optimizing the scheduled task to shorten the overall completion timeframe. Second, the facility contains a series of fuel tanks, dispensers, car washes, and safety and fire systems with special code system features that are long lead procurements with design coordination issues. Lastly, the information technology (IT) systems for this facility are extensive as financial and data connections to all of the rental companies, a future third party operator, and the Port will be significant. These system design and construction coordination issues are best delivered by a team where the designers and contractors are collaborating during the various design stages. A CMGC format enables this collaboration as the contractor is procured and engaged before design is complete.

Given this project’s need for early procurement packages with significant subcontractor designs and design team coordination requirements, the Port proposes using a competitive Request for Proposals (RFP) procurement to select a CMGC. Under a preconstruction services contract, the CMGC would participate on a project team led by the Port which also includes architect/engineers and other consultants. As part of that team, the CMGC would contribute to design development, constructability reviews, value engineering, schedule optimization,

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<sup>1</sup> ORS 279A.015(6).

<sup>2</sup> Port Contracting Rule A.015.

<sup>3</sup> ORS 279C.335(4)(a).

<sup>4</sup> ORS 279C.335(2).

<sup>5</sup> ORS 279C.335(4)(b).

<sup>6</sup> ORS 279C.335(4)(b).

<sup>7</sup> ORS 279C.330(2).



estimating, early procurement of equipment and systems where prudent, and similar construction management tasks. The subsequent public improvement contract would establish a guaranteed maximum price for all construction work. Under that contract, the CMGC would act as general contractor and provide associated expertise, hold all subcontracts, self-perform portions of the work as the Port may allow, coordinate and manage the building process, and continue to act as a member of the project team.

## Findings

- a. The exemption is unlikely to encourage favoritism in awarding the contract or substantially diminish competition for the contract. This exemption is unlikely to encourage favoritism because multiple contractors are expected to submit proposals, which will be evaluated by a team in order to mitigate the effect of any individual bias in reviewing proposals. Competition should not be substantially diminished because the RFP remains an open, advertised, competitive selection process. Rather than being diminished, competition will be expanded to encompass qualifications as well as price.

To solicit proposals, the Port will advertise notice of the RFP in the Daily Journal of Commerce. The Port will also post the RFP on the Port's website, to reach construction service providers that are already registered in the Port's online vendor bidding system. All interested firms will be invited to submit proposals.

- b. Awarding the contract under the exemption will likely result in substantial cost savings and other substantial benefits to the agency. In approving a finding under this paragraph, the CRB must consider the type, cost and amount of the contract and, to the extent applicable to the particular contract, the additional factors set forth below at subsections 1 - 14.
  - i. Type of the contract. Selecting a contractor that has the required expertise and experience will likely result in substantial cost savings in project time savings and less total man-hours. Awarding the contract to a CMGC will lower construction costs by enabling the Port to select a well-organized, experienced contractor, using RFP criteria tailored to the project's unique characteristics to evaluate proposer qualifications. In the Port's experience, contracts with organized, experienced contractors result in fewer change orders and in turn, reduced staff time to design, negotiate, and administer the changes. The CMGC's participation in design review and value engineering, as described above and below, is also likely to result in cost savings. Historically, using highly skilled contractors has helped minimize problems associated with performing projects of this size and complexity in the midst of active operating areas. The CMGC will also competitively procure most of the subcontracted work; cost savings should result from the price competition.
  - ii. Cost/amount of the contract. \$40M. It is estimated that a CMGC contract will save the Port up to \$1M in project costs. This value represents the cost savings estimated from a schedule reduction of approximately 4 months overall.
  - iii. Additional factors, to the extent applicable:
    1. The construction budget and the projected operating costs for the completed public improvement. This project requires a high level of experience and competence in managing complex projects while limiting impacts to operational facilities. In order to keep the project on schedule and within budget, the work must be carefully planned and executed. To successfully establish a work plan, the Port and the selected contractor



must develop the early and close working relationship that the competitive proposal process allows. As discussed above, the CMGC will participate in design reviews, constructability analysis, cost estimating, and scheduling to help develop the most cost effective, unobtrusive construction plan. The approximate cost of the work to be performed under this contract is \$40 million.

2. Public benefits that may result from granting the exemption. The public benefit from using the competitive proposal process includes cost savings, a higher quality project, and a greater potential for safety and security with a reduced impact to operations during construction. The public benefits when construction is performed by the best-qualified contractor available at a reasonable price. The RFP process creates the highest likelihood of selecting the most qualified contractor for this specialized project.

Public benefit is also expected from robust utilization of certified minority, women-owned, and emerging small businesses as project subcontractors. CMGC projects generally provide more opportunities for small business participation than competitively bid projects, because the CMGC has more time to bring subcontracting opportunities to the attention of the small business community to solicit interest. That greater outreach enhances small business participation. The Port will encourage a strong small business utilization program on this project.

3. Whether value engineering techniques may decrease the cost of the public improvement. The CMGC approach allows the contractor to help the design team engage in value engineering prior to construction. Contractors selected under the traditional, competitive bidding process are not allowed that opportunity. Under an exemption from competitive bidding the CMGC will be engaged during the design process and will assist with construction scheduling, phasing, cost estimating, security planning, and design constructability reviews.

4. The cost and availability of specialized expertise that is necessary for the public improvement. An exemption would allow the Port to use the competitive proposal process to select a contractor that is qualified to perform this specialized work. Many facets of this project require a high level of technical knowledge and experience, including the implementation of a facility wide comprehensive IT system upgrade with integration of a new fuel monitoring and safety control system, fiber optic communications and security networks, CCTV cameras; and access security management systems. The Contractor must thoroughly understand large scale fueling systems, IT systems, communications networks, and phased construction techniques. This project will require the skills to procure, install, set up, and integrate communications systems, including: IT server networks; man-machine interface devices; access control; video surveillance; and control system equipment. That mix of expertise cannot be adequately evaluated in a competitive bidding process.

A qualified contractor project manager with strong leadership skills is another component required for the contractor's successful completion of the work. The RFP process allows the Port to review the qualifications of each proposer's project manager and confirm his or her ability to carry out the proposer's contractual obligations.

5. Any likely increases in public safety. The work will be performed in accordance with federal and state OSHA safety regulations. Automobile and pedestrian traffic in and around the project site will need to be managed. A qualifications-based selection process will allow the Port to consider the contractor's safety record as an RFP evaluation criterion.
6. Whether granting the exemption may reduce risks to the Port or the public that are related to the public improvement. Reduced risk to the Port will be realized by implementing a cost plus a fee basis of payment along with a guaranteed maximum price (GMP) ceiling to limit budget exceedance risk. The RFP will evaluate the fee and the GMP estimate within the evaluation criteria set to optimize schedule and cost to the Port.
7. Whether granting the exemption will affect the sources of funding for the public improvement. The project is being funded by the Port, and this exemption will not affect the funding sources.
8. Whether granting the exemption will better enable the Port to control the impact that market conditions may have on the cost of and time necessary to complete the public improvement. Construction activity is picking up from the recession, with significant work occurring in high tech manufacturing and corporate campuses. Construction costs are beginning to rise and are anticipated to increase at 3 to 4 percent annually. Construction contractors are actively seeking work, but in some areas they are limiting their bids to select general contractors. Due to the project's size and public exposure the Port expects considerable competition among proposers. The number of local firms that can adequately meet this project's many challenges may be limited, but this project's size and exposure may generate more proposals from non-local contractors than usual. As discussed above, the majority of subcontracted work will be competitively bid.
9. Whether granting the exemption will better enable the Port to address the size and technical complexity of the public improvement. The integration of the various systems into a fully functioning, coordinated operation is very complex and requires a contractor with experience in this type of activity. If the replacement of the existing systems does not occur smoothly, the potential for major data system malfunctions and operational impacts are significant. To reduce the potential for startup problems and operational impacts, the Contractor must thoroughly understand how to integrate complex technological systems while phasing construction and startup activities. Similarly, the complexity of the electronic control and data portions of this project requires a contractor with a high level of technical knowledge and experience with control systems.

The ability to coordinate and manage this project would be especially challenging to an inexperienced or narrowly focused team. As stated above, the RFP process allows the Port to consider the proposers' experience and expertise in this type of work, their sensitivity to airport operational issues, and the qualifications of their project manager and support team.

10. Whether the public improvement involves new construction or renovates or remodels an existing structure. This project involves a new facility on an existing Port controlled site.
11. Whether the Port has, or has retained under contract, and will use Port personnel, consultants and legal counsel that have necessary expertise and substantial experience in alternative contracting methods to assist in developing the alternative contracting method that the Port will use to award the public improvement contract and to help negotiate, administer and enforce the terms of the public improvement contract. The Port will use experienced Port personnel to establish the proper format and contract terms, negotiate administrative and cost saving procedures, and finally properly administer all field supervision and quality control procedures through completion.

### **Public Hearing**

Under the Code, before the Port's CRB approves the Findings proposed above and before granting the exemption from competitive bidding, the Port must hold a public hearing to allow the Port to take comments on the draft findings for an exemption from the competitive bidding requirement.<sup>8</sup> Draft findings summarizing the requested exemption from competitive bidding were developed and notice of a public hearing was advertised in compliance with the Code. The public hearing was held on May 26, 2015 to allow interested parties to appear and present comments on the proposed exemption. No members of the public appeared at the hearing and no comments were received.

### **Summary**

Port staff finds that the proposed contracting method (i) is unlikely to encourage favoritism in awarding the contract or substantially diminish competition for the contract, and (ii) will likely result in substantial cost savings and other substantial benefits to the Port. As a result, Port staff concludes that the proposed contracting method is consistent with the Code's stated policy of embracing alternate contracting methods when appropriate. Port staff recommends that the public improvement contract for the Rental Car Quick Turn-Around (QTA) Facility project be exempted from the Code's competitive bidding requirement.

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<sup>8</sup> ORS 279C.335(5).

CONTRACT AMENDMENT – COMMON USE PASSENGER PROCESSING SYSTEM  
HARDWARE AND CONSULTING SERVICES AS REQUIRED – PORTLAND INTERNATIONAL  
AIRPORT

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June 10, 2015

Presented by: Linda Dyson  
Senior Manager, Technology  
Infrastructure and Operations

**REQUESTED COMMISSION ACTION**

This item requests approval to amend the Portland International Airport (PDX) Common Use Passenger Ticketing System contract for Hardware and Consulting Services as Required (the Hardware and Consulting Contract) with Rockwell Collins, formerly ARINC Incorporated (ARINC), to provide for the acquisition of additional equipment and services.

**BACKGROUND**

Common Use Systems

In 2005, the Port of Portland (Port) identified the need for “common use” airline passenger processing system capabilities at PDX. Common use facilities allow airlines to share the passenger processing systems at ticket counters and airport gates interchangeably, eliminating the need for airlines to maintain proprietary equipment and systems in fixed counter and gate facilities.

Installation; Maintenance; Support

Using a competitive procurement, the Port selected ARINC to provide common use equipment, software and services. Equipment installation was complete in 2006. A separate contract was executed for equipment support and maintenance as well as on-site local staff support.

Hardware and Consulting Services Contract

Common use system equipment deployment at PDX has evolved over the past decade. Initially three airlines used the system at a few gates. Now, all carriers are configured to use the system and half of the airport gates are common use.

In 2013, the Port engaged ARINC under the Hardware and Consulting Contract to help maintain and enhance the common use system going forward, including new equipment installations and assistance with airline system configurations. By issuing discrete “task orders,” the Port can engage ARINC for specifically defined work items. Recent examples include: equipment purchases and related millwork as part of the construction project that converted six additional gates to common use; configuration of Frontier Airlines and Southwest Airlines to run on the common use system; purchase of additional common use self-service (CUSS) kiosks; a

# CONTRACT AMENDMENT – COMMON USE PASSENGER PROCESSING SYSTEM HARDWARE AND CONSULTING SERVICES AS REQUIRED – PORTLAND INTERNATIONAL AIRPORT

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software/hardware upgrade to the latest aviation industry standard version of the common use passenger processing systems (CUPPS); and work to configure Icelandair and Condor Airlines on common use systems and kiosks.

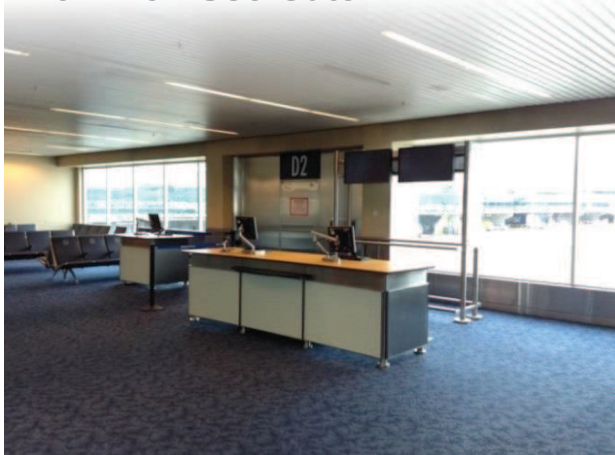
Port staff now anticipate engaging ARINC under this same contract to provide additional common use equipment (including kiosks) and services over the next few years. The additional equipment and services will facilitate airline relocations as part of the PDX Terminal Balancing program, and accommodate other needs as they arise, such as new self-service kiosks and new airline service. Also, much of the equipment included in the initial common use deployment has reached the end of its operational life and needs to be replaced.

## **CONTRACT AMENDMENT; DELEGATED CONTRACTING AUTHORITY**

The Hardware and Consulting Contract allows Port staff to issue individual task orders up to \$250,000, but does not limit the number of task orders that may be issued against the contract. Staff anticipate that future purchases for the needs discussed above may exceed the contract's \$250,000 per-task order limitation. Rather than arbitrarily dividing large purchases into separate task orders to accommodate this restriction, staff intend to amend the contract, under delegated authority, to authorize the issuance of task orders of up to \$500,000 each.

Issuing larger task orders will help meet Port and airline needs in an efficient and timely manner. However, cumulative expenditures under these future task orders are expected to exceed the Executive Director's delegated contracting authority of \$500,000 per contract year. To facilitate this ongoing program, this agenda item seeks approval to amend the contract to provide for cumulative task order purchases of up to \$2,550,000 during its term (expires June 30, 2016).

**Common Use Gate**



**Common Use Kiosk**



CONTRACT AMENDMENT – COMMON USE PASSENGER PROCESSING SYSTEM  
HARDWARE AND CONSULTING SERVICES AS REQUIRED – PORTLAND INTERNATIONAL  
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**BUDGET**

The project is 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 Portland International Airport Common Use Passenger Ticketing System contract for Hardware and Consulting Services as Required with Rockwell Collins (formerly ARINC Incorporated) in accordance with the terms set forth in this agenda item; 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 PURCHASE CONTRACT – DIGITAL MONITORS FOR TERMINAL  
INFORMATION DISPLAYS – PORTLAND INTERNATIONAL AIRPORT**

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June 10, 2015

Presented by: Linda Dyson  
Senior Manager, Technology  
Infrastructure and Operations**REQUESTED COMMISSION ACTION**

This agenda item requests approval to award a contract to Staples Contract & Commercial, Inc., operating as Staples Technology Solutions, to purchase 400 Samsung digital monitors to display information for airline passengers in the Portland International Airport (PDX) terminal.

**BACKGROUND**

PDX has long been an industry leader in customer service and in implementing technology solutions that improve passenger processing. Examples include implementing flight information/paging systems to communicate airline arrival and departure information, and “common use” passenger processing systems to streamline airline check-in and related operations. Both systems employ large-format monitors to display ticket counter, gate and baggage information.

In 2010 the Port completed a major upgrade of the flight information display system in PDX, installing nearly 300 new 40-inch monitors throughout the terminal. Approximately 100 additional monitors provide information for common use ticket counters and gates. The monitors used in these systems have reached the end of their useful life and need to be replaced. Equipment failures have become more frequent, impacting the availability of customer information. In addition, the expanding common use passenger processing system requires additional monitors.

**SCOPE**

The project scope includes the purchase and delivery of the new commercial grade monitors, and their installation. Port Aviation Maintenance staff will install the new monitors in existing locations and structures. Existing monitors that can be salvaged and reused will be redeployed as needed. Monitors that have failed or where the display quality is no longer acceptable will be disposed of per current best practices for electronics recycling.

**SCHEDULE**

The schedule is as follows:

- Planning/Design            January – March 2015
- Procurement                March – June 2015
- Delivery                      July 2015
- Installation                 July – December 2015



# EQUIPMENT PURCHASE CONTRACT – DIGITAL MONITORS FOR TERMINAL INFORMATION DISPLAYS – PORTLAND INTERNATIONAL AIRPORT

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## Flight Information Monitors



### **PROJECT RFP RESULTS**

Six vendors submitted proposals: Ad Art, Inc.; Rockwell Collins (ARINC); CherryStoneIT Inc.; Collaborations Solutions Group, LLC; Com-Net Software; and Staples Technology Solutions. Proposals ranged in cost from \$378,360 to \$554,648.

Based on the evaluation criteria, which included company qualifications, proposed equipment (commercial grade/suitable to a 24-hour, 7-days-a-week airport environment), support and warranty, cost, project management, sustainability and small business participation, the Port evaluation team determined that the equipment proposed by Staples Technology Solutions would best meet the Port's needs. Staples' price for the Samsung monitors, which integrate best with the existing system, was the best among the proposers. Staples' locally-based support package was also a factor.

The equipment purchase price, with a five-year extended warranty, is \$510,116.

### **PROJECT RISKS**

No significant project risks were identified. If needed, in order to replace existing monitors proactively before they fail, contract staff will be engaged to supplement the work by the Aviation Maintenance team.



EQUIPMENT PURCHASE CONTRACT – DIGITAL MONITORS FOR TERMINAL  
INFORMATION DISPLAYS – PORTLAND INTERNATIONAL AIRPORT

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**BUDGET**

The capital project budget is \$767,000. This includes this equipment purchase of \$510,116 (with extended warranty), an allowance to upgrade digital display computers, installation by Port staff and contingency.

**EXECUTIVE DIRECTOR'S RECOMMENDATION**

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to award a contract to Staples Contract & Commercial, Inc. in accordance with the terms set forth in this agenda item; 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.