



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

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**Minutes**

Approval of Minutes: Regular Commission Meeting – May 11, 2016

**Executive Director**

Approval of Executive Director's Report – May 2016

**General Discussion**

Rental Car Overview

VINCE GRANATO

**Consent Items**

1. EQUIPMENT PROCUREMENT CONTRACT – STEEL DREDGE DISCHARGE PIPE – NAVIGATION DIVISION CHET THOMAS  
  
Requests approval to award an equipment procurement contract to Somarakis Helix Elbow Piping, LLC, to fabricate and deliver steel dredge discharge pipe for the Port of Portland navigation division.
2. CONTRACT AMENDMENT – SOFTWARE AND HARDWARE MAINTENANCE AND SUPPORT AGREEMENT– PORTLAND INTERNATIONAL AIRPORT LINDA DYSON  
  
Requests approval to amend the existing Software and Hardware Maintenance and Support Agreement for Portland International Airport Common Use Passenger Processing Systems.
3. PERSONAL SERVICES CONTRACTS – ON-CALL ENVIRONMENTAL SITE ASSESSMENT, SITE CHARACTERIZATION, AUDITING, SAMPLING AND REMEDIATION CONSULTING SERVICES DOROTHY SPERRY  
  
Requests approval to award four personal services contracts to provide on-call environmental site assessment, site characterization, auditing, sampling and remediation consulting services.

**Action Items**

4. PROPERTY SALE – 37.415 ACRES TO SPECHT DEVELOPMENT, INC. – GRESHAM VISTA BUSINESS PARK *DOUG SMITH*  
  
Requests approval to enter into a sale agreement with Specht Development, Inc., for approximately 37.415 acres of vacant industrial land, known as Lot 9, at Gresham Vista Business Park.
  
5. PROPERTY SALE – 28.74 ACRES TO TRAMMELL CROW PROPERTY DEVELOPMENT, INC. – GRESHAM VISTA BUSINESS PARK *ISAAC BARROW*  
  
Requests approval to sell approximately 28.74 acres of property, designated as Lots 1, 2 and 3 in the Gresham Vista Business Park, to Trammell Crow Property Development, Inc.
  
6. GROUND LEASE WITH MAJ AIRPORT LLC – PORTLAND INTERNATIONAL AIRPORT *DON GOLDBERG*  
  
Requests approval to enter into a long-term ground lease agreement with MAJ Airport LLC, for development of a fueling station and travel center at Portland International Airport.
  
7. PUBLIC IMPROVEMENT CONTRACT AMENDMENT – CENTRAL UTILITY PLANT CHILLED WATER CAPACITY ADDITION PROJECT – PORTLAND INTERNATIONAL AIRPORT *GEORGE SEAMAN*  
  
Requests approval to amend a public improvement contract with Hoffman Construction Company of Oregon for construction of the Central Utility Plant Chilled Water Capacity Addition project at Portland International Airport.
  
8. TROUTDALE AIRPORT MASTER PLAN *STEVE NAGY*  
  
Requests approval to submit the findings of the Troutdale Airport Master Plan to the Federal Aviation Administration for its review and acceptance.

**EQUIPMENT PROCUREMENT CONTRACT – STEEL DREDGE DISCHARGE PIPE –  
NAVIGATION DIVISION**

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June 8, 2016

Presented by: Chet Thomas  
Facility Engineer**REQUESTED COMMISSION ACTION**

This agenda item requests approval to award an equipment procurement contract to Somarakis Helix Elbow Piping, LLC (Somarakis), to fabricate and deliver 1,800 lineal feet of 30-inch-diameter steel dredge discharge pipe for the Port of Portland (Port) Navigation Division, in the amount of \$638,748.

**BACKGROUND**

The Port is obligated under its Columbia River channel maintenance contract with the U.S. Army Corps of Engineers (USACE) to have 12,000 lineal feet of conventional dredge discharge pipeline as “floating line,” of which 8,000 lineal feet must be readily deployable. In addition to conventional discharge pipeline, another 900 feet of submersible discharge pipeline must be in inventory, ready for immediate use.

This request is part of the Port’s ongoing program to replace equipment that has passed its useful economic life. Dredge pipe wall material wears thin over time due to the extremely abrasive nature of the sand and water slurry material being pumped. The pipeline is also subjected to stresses caused by wind and wave action against its anchorage, positioning from the dredge tender vessels and towing to and from dredge pumping locations. It is essential for safe and efficient operations that the pipe has adequate structural integrity over its entire length to withstand the river and wave forces, along with the stresses from material transport. The existing pipe is becoming worn and at risk of developing leaks, which could adversely affect the dredge’s environmental impact and cause down time for the dredging operation.

**SCOPE**

This procurement will provide 840 lineal feet of new steel pipe to be mounted onto pontoon floats, and bell-end fittings that will be installed on each pipe end. When complete, these new pipe/pontoon assemblies will be added into the Port’s floating pipeline inventory.

This procurement will also provide 960 lineal feet of new steel pipe manufactured with flanges on each end. The flanges allow segments of steel pipe to be bolted to flexible rubber hoses to construct a submersible pipeline. The submersible pipeline is towed into position and then sunk to the river bottom, allowing unrestricted ship passage in the river channel during dredging operations. The submersible pipeline is then re-surfaced after use by injecting compressed air.

EQUIPMENT PROCUREMENT CONTRACT – STEEL DREDGE DISCHARGE PIPE –  
NAVIGATION DIVISION

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**SCHEDULE**

USACE authorization	January 2016
Design development	February 2016
<b>Commission action (approve equipment procurement contract)</b>	<b>June 8, 2016</b>
Delivery	February 2017
Dredge crew pipe assembly	March – April 2017

**PROJECT BID RESULTS**

The Port procured this contract utilizing a competitive sealed bidding solicitation under ORS Chapter 279B. The solicitation was advertised on March 25, 2016 and bids were received on May 4, 2016. Somarakis submitted the lowest responsive bid. The bid results were as follows:

Richard's Pipe and Steel, Inc.*	\$261,210
Somarakis Helix Elbow Piping, LLC	\$638,748
Thompson Metal Fab, Inc.	\$698,500
Engineer's Estimate	\$1,050,000

\*Bid was rejected as non-responsive.

**PROJECT RISKS**

Risk: Quality of steel plate does not conform to design specifications.

Mitigation Strategies:

- Require a submittal of mill certifications before steel plate is formed into pipe lengths.
- Require a submittal certifying that all steel has been normalized prior to welding.

Risk: Quality and strength of pipe fabrication welds does not conform to specifications.

Mitigation Strategies:

- Require a submittal of qualifications for all welders that will perform the work, and have an independent testing laboratory verify the certification of required welds.
- Require a submittal of written procedures for all welding processes to be utilized.
- Require the contractor to provide fabrication inspection and testing by a certified welding inspector. The Port may verify these inspections.

**BUDGET**

<b>Contract</b>	<b>\$638,748</b>
Port staff, contracted services and crew labor	\$240,000
Contingency	<u>\$46,252</u>
Project total	\$925,000

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

This procurement will be funded by the General Fund and reimbursed pursuant to the Port's 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 an equipment procurement contract to fabricate and deliver steel dredge discharge pipe to Somarakis Helix Elbow Piping, LLC, 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.

**CONTRACT AMENDMENT – SOFTWARE AND HARDWARE MAINTENANCE AND SUPPORT AGREEMENT– PORTLAND INTERNATIONAL AIRPORT**

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June 8, 2016

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

This item requests approval to amend the existing Software and Hardware Maintenance and Support Agreement for Portland International Airport (PDX) Common Use Passenger Processing Systems (the Maintenance and Support Agreement) with Rockwell Collins, formerly ARINC Incorporated (ARINC), to extend its duration and to provide for additional services.

**BACKGROUND**

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.

Under a competitive procurement, the Port selected ARINC to provide common use equipment, software and services. Equipment installation was complete in 2006. The Maintenance and Support Agreement was also awarded then, for equipment support and maintenance as well as on-site local staff support. In July 2011 the Port extended the term of the Maintenance and Support Agreement until June 30, 2016.

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.

Common use system expansions over the years include: equipment purchases for six gates converted to common use; configuration of Frontier and Southwest Airlines to run on the common use system; purchase of additional common use self-service (CUSS) kiosks; a software/hardware upgrade to the aviation industry standard version of the common use passenger processing systems (CUPPS); and configuration of Icelandair and Condor Airlines on common use systems and kiosks when they launched new service at PDX last year. Most recently, 24 new CUSS kiosks were purchased and are being configured, many of which will ensure compliance with Americans with Disabilities Act requirements for compatibility in 2016.

**SCOPE**

The Port now wishes to extend the term of the Maintenance and Support Agreement for an additional five years, effective July 1, 2016 through June 30, 2021.

## CONTRACT AMENDMENT – SOFTWARE AND HARDWARE MAINTENANCE AND SUPPORT AGREEMENT – PORTLAND INTERNATIONAL AIRPORT

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Prior to recommending the extension of the Maintenance and Support Agreement, Port staff assessed alternatives for support. Staff considered other providers, as well as in-house support through additional staffing. After collaborative analysis with Port procurement personnel, changing service providers was not recommended due to ongoing work, including the pending kiosks installation and configuration for a new airline serving PDX, as well as the potential disruption resulting from a change in on-site support staff. Extending the Maintenance and Support Agreement will also utilize ARINC's pre-existing knowledge regarding the specifics of the common use system. Accordingly, procurement authority for extending the Maintenance and Support Agreement is provided under the Port's Contract Review Board Rule No. 8.8, *Hardware and Software Maintenance Services or Upgrades*.

The Maintenance and Support Agreement's scope of work will also be modified during the extended term as follows: 1) on-site support will be increased from 1.5 to 2.0 FTE personnel; 2) equipment counts will be updated to reflect significant growth over the past five years at ticket counters, gates and kiosks; and 3) support will be added for automated passport control kiosks, including eight new kiosks to be installed in June for Customs & Border Protection processing of international passengers.



### **BUDGET**

The funding source is the Airline Cost Center and the total cost for the five-year period being considered is \$1,620,480, representing a 6.7 percent increase compared to the current contract.

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

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to amend the Software and Hardware Maintenance and Support Agreement with Rockwell Collins (formerly ARINC

CONTRACT AMENDMENT – SOFTWARE AND HARDWARE MAINTENANCE AND  
SUPPORT AGREEMENT – PORTLAND INTERNATIONAL AIRPORT

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Incorporated) for Portland International Airport Common Use Passenger Processing Systems, 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.



PERSONAL SERVICES CONTRACTS – ON-CALL ENVIRONMENTAL SITE ASSESSMENT,  
SITE CHARACTERIZATION, AUDITING, SAMPLING AND REMEDIATION CONSULTING  
SERVICES

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June 8, 2016

Presented by: Dorothy Sperry  
Senior Manager  
Environmental Performance

**REQUESTED COMMISSION ACTION**

This agenda item requests approval to award four personal services contracts to provide on-call environmental site assessment, site characterization, auditing, sampling and remediation consulting services on an as-needed basis.

**BACKGROUND**

In general, these contracts provide support in the following work categories: environmental and natural resources site assessments; site characterization and fieldwork; risk assessments; work plans and reporting; remedial design and remediation; remediation system operation and maintenance; emergency services advice and assistance; potentially responsible party work; and technical, regulatory and miscellaneous assistance. Services will be provided for projects that may be located at any Port of Portland (Port) facility or property.

Although some of the work supports ongoing projects and programs, most of the work supports business development activities that are not as predictable and depend on external factors such as market conditions. The total dollar amount spent under these contracts will reflect the level of Port business activity.

**CONSULTANT SELECTION PROCESS**

The Port secures personal services through a variety of contracting arrangements, including on-call services. When aggregate task order expenditures on a given contract are expected to exceed \$500,000 in a contract year, Commission approval is requested before the contract is awarded. One or more of the on-call contracts under consideration here are expected to exceed that threshold.

In February 2016, the Port issued a competitive Request for Proposals (RFP) for consultants to provide the necessary services; 13 proposals were received. The RFP evaluation team scored the 13 proposals based on the following (weighted) evaluation criteria: qualifications (35%), project team (25%), project management (25%) and small business program participation (15%).

Below is a list of the firms that submitted proposals in alphabetical order with the top four successful proposers in bold:

PERSONAL SERVICES CONTRACTS – ON-CALL ENVIRONMENTAL SITE ASSESSMENT,  
SITE CHARACTERIZATION, AUDITING, SAMPLING AND REMEDIATION CONSULTING  
SERVICES

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- AECOM
- Amec Foster Wheeler Environment & Infrastructure, Inc.
- **Anchor QEA, LLC**
- **Apex Companies, LLC**
- Arcadis, US, Inc.
- ATC Group Services, LLC
- Dalton, Olmsted & Fuglevand, Inc.
- ES Engineering Services, LLC
- Geosyntec Consultants, Inc.
- **Hart Crowser, Inc.**
- Landau Associates, Inc.
- **Maul Foster & Alongi, Inc.**
- Terraphase Engineering, Inc.

**SCHEDULE**

<b>Commission Action (Award personal services contracts)</b>	<b>June 2016</b>
Finalize Contracts	June 2016
Begin Contracts	July 2016
End Contracts	June 2019

**CONTRACT TERMS**

The contracts have durations of three years. Work will be performed through individual task orders with a maximum limit of \$250,000 each. Rates will be negotiated with each proposer before award.

**EXECUTIVE DIRECTOR'S RECOMMENDATION**

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to execute one personal services contract for On-Call Environmental Site Assessment, Site Characterization, Auditing, Sampling and Remediation Consulting Services with each of the following firms, for a total of four contracts: Anchor QEA, LLC; Apex Companies, LLC; Hart Crowser, Inc.; and Maul Foster & Alongi, Inc.; 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.

**PROPERTY SALE – 37.415 ACRES TO SPECHT DEVELOPMENT, INC. – GRESHAM VISTA BUSINESS PARK**

June 8, 2016

Presented by: Doug Smith  
Business Development Manager

**REQUESTED COMMISSION ACTION**

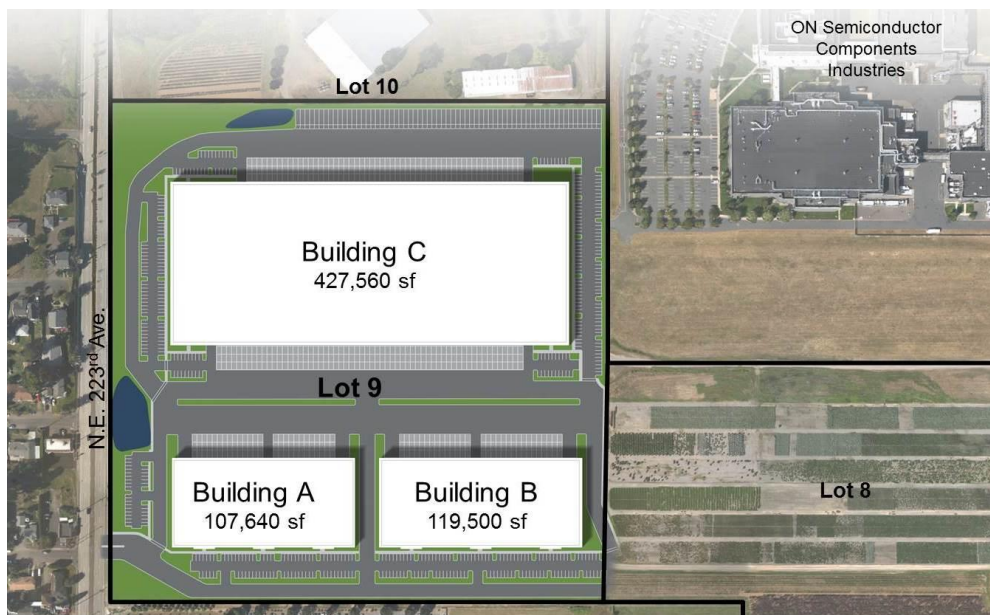
This agenda item requests approval to sell approximately 37.415 acres of vacant industrial land, designated as Lot 9 in the Gresham Vista Business Park (GVBP), to Specht Development, Inc. (Specht). Net developable acreage is estimated to be 35.517 acres. Based on this acreage, the total revenue to the Port of Portland (Port) as the result of the sale would be \$9,282,726.

**BACKGROUND**

Specht is a well-established Portland-based developer, active since 1992 in each of the region's principal industrial sub-sectors.

Specht has been particularly active in the development of industrial properties along Airport Way east of I-205. Specht developed numerous projects along Airport Way in the 1990s, totaling nearly 800,000 square feet. In 2015, Specht completed its nearly 500,000-square-foot Interstate Crossroads Distribution Center at NE 166th, just north of Airport Way.

Together with its pioneering work in the Airport Way corridor, Specht has been active throughout the region from Hillsboro to Gresham, Vancouver to Woodburn.



## **PROJECT OUTLINE**

Specht proposes to purchase the entire Lot 9 GVBP on which they would build up to three industrial buildings suitable for manufacturing, distribution and or logistics users.

Building A is proposed at 107,640 square feet, Building B would be 119,600 square feet and Building C is anticipated to be 427,560 square feet.

Specht would be the property owner and developer of the buildings on a speculative basis and, through its network with the real estate brokerage community, would actively recruit quality tenants that would provide employment for the region and contribute to the commercial exchange of traded-sector goods and services.

## **SCHEDULE**

Upon execution of a sale agreement and receipt for earnest money, Specht would complete design and engineering for the project and apply for building permits through the City of Gresham. The Port will also review and approve design plans for the project.

The City of Gresham is supportive of the project and has provided excellent guidance in the formulation of the design specifications.

Upon receipt of permits and approvals, construction would begin in the fall of this year with completion by summer 2017.

## **BUSINESS TERMS**

The key business terms of this agreement are as follows:

- Sale of 37.415 acres.
- Net developable acreage of 35.517 acres (1,547,121 square feet) due to the presence of a significant grade change at the northwest corner of the property making a portion of the property undevelopable.
- Sale price of \$6.00 per square foot of net developable acreage.
- Total revenue to the Port is projected to be \$9,282,726.
- No brokerage commission.

PROPERTY SALE – 37.415 ACRES TO SPECHT DEVELOPMENT, INC. – GRESHAM  
VISTA BUSINESS PARK  
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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 sell approximately 37.415 acres of vacant industrial land, known as Lot 9 in the Gresham Vista Business Park, to Specht Development, Inc.; 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.

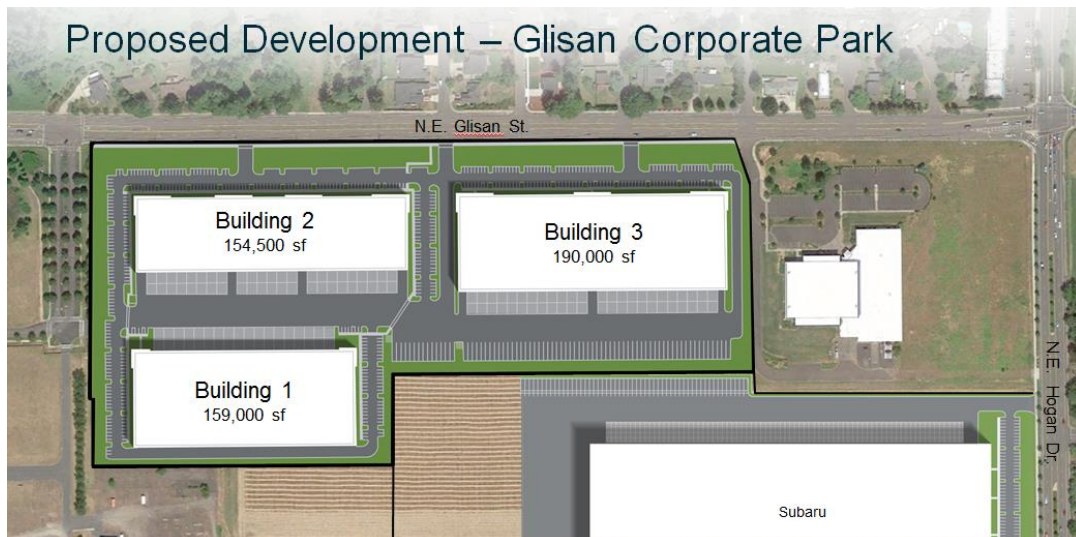
**PROPERTY SALE – 28.74 ACRES TO TRAMMELL CROW PROPERTY DEVELOPMENT, INC. – GRESHAM VISTA BUSINESS PARK**

June 8, 2016

Presented by: Isaac Barrow  
Business Development Manager

**REQUESTED COMMISSION ACTION**

This agenda item requests approval to sell approximately 28.74 acres of property (Property), designated as Lots 1, 2 and 3 in the Gresham Vista Business Park (GVBP), to Trammell Crow Property Development, Inc. (Trammell Crow). The purchase price for the Property is \$7,825,100.



**BACKGROUND**

Trammell Crow, founded in Dallas, Texas in 1948, is one of the nation's oldest and most experienced developers of commercial real estate. Nationally, Trammell Crow has a portfolio of over 565 million square feet and approximately \$60 billion in value.

Trammell Crow's Portland branch has been operating since 1978 and has developed 42 properties totaling more than 11 million square feet. Regional projects on Port of Portland (Port) properties include the Alderwood Corporate Center; Rivergate Corporate Centers 1, 2 and 3; Subaru Distribution Centers in Rivergate as well as Gresham Vista; and Cascade Station corporate offices.

Trammell Crow will develop the Property as speculative industrial development and construct three buildings ranging in size from 155,000 to 190,000 square feet as the Glisan Corporate Park. Total development on the Property would be approximately 503,000 square feet.

PROPERTY SALE – 37.415 ACRES TO SPECHT DEVELOPMENT, INC. – GRESHAM  
VISTA BUSINESS PARK

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These facilities would be marketed and leased to a range of industrial users. The facilities are designed to accommodate a variety of uses including warehousing, distribution and light manufacturing. Individual users may range from 30,000 square feet to full building tenants.

As part of the development program for GVBP, the Port is in the process of completing the construction of a water line extension to serve the Property and the removal of an overhead electrical line and construction of a replacement underground service.

The City of Gresham is supportive of the Glisan Corporate Park development and is providing expedited permitting. The City will also assist with the evaluation of enterprise zone incentives for qualified tenants.

**BUSINESS TERMS**

The key business terms of this agreement are as follows:

- Sale of 28.74 acres (1,252,016 square feet) on Lots 1, 2 and 3.
- Purchase price: \$7,825,100 based on \$6.25 per square foot.
- 90-day due diligence period
- \$100,000 in earnest money
- No brokerage commission.

**EXECUTIVE DIRECTOR'S RECOMMENDATION**

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to sell approximately 28.74 acres of property, designated as Lots 1, 2 and 3 in the Gresham Vista Business Park, to Trammell Crow Property Development, Inc., consistent with the terms presented to the Commission; and

BE IT FURTHER RESOLVED, That the Executive Director or his designee is authorized to execute the necessary documents on behalf of the Port of Portland Commission in a form approved by counsel.

**GROUND LEASE WITH MAJ AIRPORT LLC – PORTLAND INTERNATIONAL AIRPORT**

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June 8, 2016

Presented by: Don Goldberg  
Aviation Business Development  
Manager

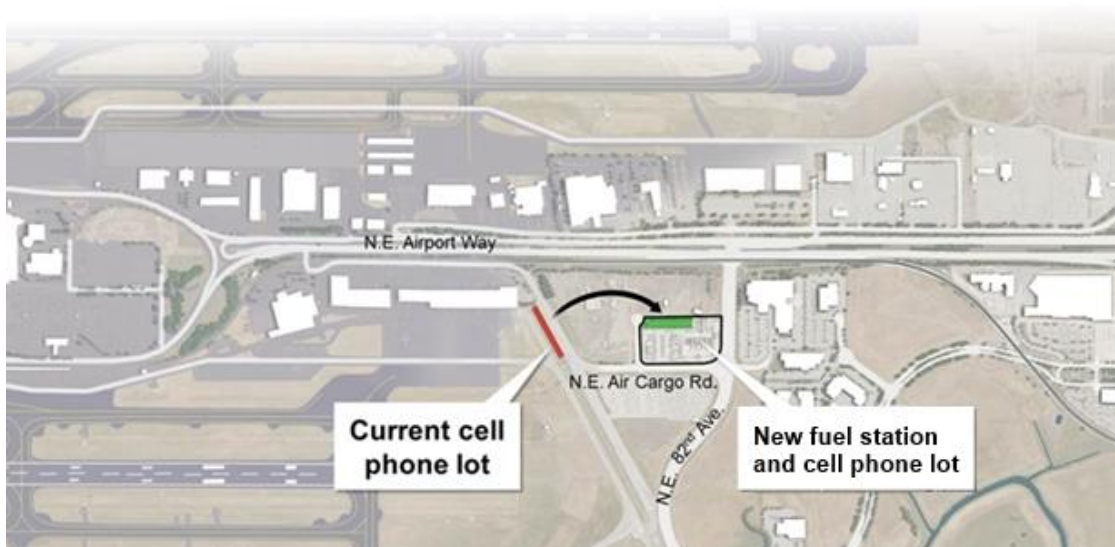
**REQUESTED COMMISSION ACTION**

This agenda item requests approval to enter into a long-term ground lease agreement with MAJ Airport LLC, for development of a fueling station and travel center at Portland International Airport (PDX).

**BACKGROUND**

To meet an airport customer service need, staff issued a request for qualifications for a developer/operator of a full service fueling station and cell phone waiting lot. Negotiations with the single qualified respondent prompted a change in the location when design analysis revealed challenges with vehicle access. Ultimately, the developer chose not to pursue this opportunity. Port staff identified and commenced direct negotiations with MAJ Development Corporation, a regional retail developer with a proven track record. The parties entered into a Letter of Intent in October 2015.

The proposed fueling station development would be located at the northwest corner of NE 82<sup>nd</sup> Avenue and NE Air Cargo Road. The site selection takes into account area transportation need projections and also the fueling market presented by its proximity to a future ground transportation hold lot and to airport rental car facilities.





PROPERTY SALE – 37.415 ACRES TO SPECHT DEVELOPMENT, INC. – GRESHAM  
VISTA BUSINESS PARK

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The fuel station complex will include a branded convenience store and three independently branded foodservice restaurants. Customers will have access to flight arrival information as they enjoy a beverage or meal. MAJ Airport LLC will invest over \$100,000 in sustainability measures to minimize energy and water consumption and the gas station will offer retail electric vehicle charging and an “environmentally friendly” car wash.

**BUSINESS TERMS**

MAJ Airport LLC, MAJ Development Corporation’s project subsidiary, will enter into a long-term ground lease for 3.44 acres of airport property set back slightly from 82<sup>nd</sup> Avenue to accommodate future infrastructure projects. The main entrance to the development will be from driveways off Cargo Road. The key business terms to this agreement are as follows:

<u>Term</u>	20 years with four 5-year options to extend the term: Options 1 and 3 will require a 10-year capital refurbishment commitment.
<u>Rent</u>	Base rent is \$75,000 per year (\$0.50/psf per year), increased every fifth year by 12.5%. This rental amount and escalation formula is the negotiated Fair Market Value considering the commercial opportunity, the stringent design standards, the capital commitment for development and the relocation of the public cell phone waiting area to the leased premises.
<u>Phased Rent Commencement</u>	In consideration of the development investment, and the accommodation of other airport construction, rent commencement is phased to coincide with construction and occupancy of sub-tenant premises. Payment of rent will commence twelve months after the lease effective date at 50% of the full rental amount, increasing at 18 months after the effective date to 75%. Rent is due at 100% beginning 24 months following the effective date.
<u>Tenant Capital Commitment</u>	Build a travel center, fueling island, car wash, cell phone parking lot and associated food service restaurants with a minimum investment of \$4 million. Construct frontage improvements on Air Cargo Road to accommodate pedestrians and cyclists.
<u>Port Capital Commitment</u>	Construct the access road serving as the main access to the Ground Transportation Hold Lot, develop water and sewer services to the site and conduct the baseline environmental sampling.

**EXECUTIVE DIRECTOR'S RECOMMENDATION**

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is granted to enter into a long-term ground lease agreement with MAJ Airport LLC to facilitate the construction of a retail fuel travel center at Portland International Airport, consistent with the terms presented to the Commission; and

PROPERTY SALE – 37.415 ACRES TO SPECHT DEVELOPMENT, INC. – GRESHAM  
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BE IT FURTHER RESOLVED, That the Executive Director or his designee is authorized to execute the necessary documents on behalf of the Port of Portland Commission in a form approved by counsel.

**PUBLIC IMPROVEMENT CONTRACT AMENDMENT – CENTRAL UTILITY PLANT CHILLED WATER CAPACITY ADDITION PROJECT – PORTLAND INTERNATIONAL AIRPORT**

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June 8, 2016

Presented by: George Seaman  
Engineering Project Manager

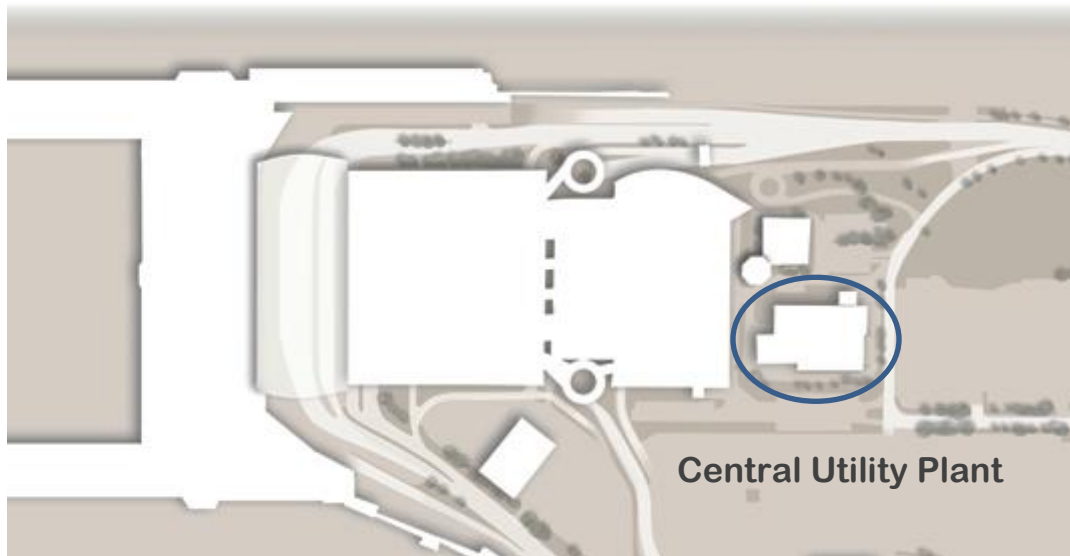
**REQUESTED COMMISSION ACTION**

This agenda item requests approval to amend an existing public improvement contract with Hoffman Construction Company of Oregon (Hoffman) to construct the Central Utility Plant (CUP) Chilled Water Capacity Addition project at Portland International Airport (PDX). The total value of this amendment is \$5,852,634.

**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 currently 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 terminal balancing project and additional concession food preparation operations – 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 necessary to expand the available chilled water capacity in the CUP.



PUBLIC IMPROVEMENT CONTRACT AMENDMENT – CENTRAL UTILITY PLANT CHILLED  
WATER CAPACITY ADDITION PROJECT – PORTLAND INTERNATIONAL AIRPORT

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The CUP was designed to allow for eventual expansion of its chiller plant capacity. This project will install a 2,400-ton chiller into the designated location for a new chiller. In addition to expanding the chilled water system capacity, the cooling towers that are operationally linked to the 500-ton chillers have reached the end of their useful life and need to be replaced. Besides installing a new cooling tower with the new chiller, this project will also replace the existing 500-ton cooling towers with two new 600-ton cooling towers.



Cooling Towers



Chiller Plant

In August 2015, the Commission authorized Port of Portland (Port) staff to amend an existing personal services contract with Affiliated Engineers NW, Inc. (AEI) to provide schematic and detailed design services for the project. In January 2016, the Commission authorized Port staff to award an equipment procurement contract to Johnson Controls, Inc., to provide a 2,400-ton chiller for the project. In addition, in January 2016, under the Executive Director's delegated authority, the cooling towers were purchased from Fox Engineering.

### **SCOPE**

The project work scope includes primarily the following elements:

- Install 2,400-ton chiller.
- Install 2,400-ton cooling tower and replace two 500-ton cooling towers with new 600-ton cooling towers.
- Pile supports for cooling towers and piping.
- Remove existing cooling towers.
- Provide electrical service and install variable frequency drives.
- Concrete foundations and cooling tower wet well construction.
- Site work, curb modification and irrigation replacement.

PUBLIC IMPROVEMENT CONTRACT AMENDMENT – CENTRAL UTILITY PLANT CHILLED WATER CAPACITY ADDITION PROJECT – PORTLAND INTERNATIONAL AIRPORT

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**PUBLIC IMPROVEMENT CONTRACT AMENDMENT**

In January 2016, after a competitive request for proposals (RFP) process, the Commission authorized the Port to award a public improvement contract to Hoffman. Under the contract, Hoffman is acting as the Port's construction manager/general contractor (CM/GC) to construct the Rental Car Quick Turn-Around Facility (QTA) project at PDX. Under the contract, Hoffman is reimbursed for construction based primarily on competitively-awarded subcontracts. The negotiated contract price 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.

Due to the proximity of construction locations, similar subcontractor work activities, the opportunity to reduce risk and improve safety and lower projected costs, Port Engineering and Procurement staff have determined that amending the existing Hoffman contract to provide construction services for the CUP Chilled Water Capacity Addition project is the best available procurement method.

Staff has negotiated a not-to-exceed amount of \$5,852,634 for this proposed amendment. Hoffman would be compensated under the previously-established compensation structure for this contract.

Hoffman Contract Summary

Original Contract Amount (QTA project)	\$52,406,784
Amendment 1: CUP Chiller Addition project	<u>\$5,852,634</u>
<b>New Contract Total</b>	<b>\$58,259,418</b>

**SCHEDULE**

Preliminary design	October 2014 – November 2014
Consultant selection	December 2014 – February 2015
Conceptual design	March 2015 – June 2015
Commission action (design contract amendment)	August 2015
Design development	September 2015 – March 2016
Advertisement and bid (equipment procurements)	October 2015 – November 2015
Commission action (award equipment procurement contract)	January 2016
<b>Commission action (award public improvement contract amendment)</b>	<b>June 2016</b>
Notice to proceed	July 2016
Construction	July 2016 – June 2017

PUBLIC IMPROVEMENT CONTRACT AMENDMENT – CENTRAL UTILITY PLANT CHILLED  
WATER CAPACITY ADDITION PROJECT – PORTLAND INTERNATIONAL AIRPORT

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**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.

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

Mitigation Strategies:

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

Risk: Construction activities could impact other Port projects and pose additional safety hazard to contractors, staff and stakeholders.

Mitigation Strategy:

- Combine CUP Chiller project work scope with QTA project to simplify coordination and improve safety.

**BUDGET**

<b>Construction</b>	<b>\$5,852,634</b>
Equipment Procurement	\$1,280,000
Consultant Services	\$770,000
Port Staff/Contracted Services	\$1,381,000
Contingency	<u>\$466,366</u>
Total Project	\$9,750,000

The contingency, representing five 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 by the Airline Cost Center.

**EXECUTIVE DIRECTOR'S RECOMMENDATION**

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to amend the existing public improvement contract with Hoffman Construction Company of Oregon, to include the work scope set forth in this agenda item for the CUP Chilled Water Addition project at Portland International Airport, 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.

**TROUTDALE AIRPORT MASTER PLAN**

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June 8, 2016

Presented by: Steve Nagy  
Senior Manager  
General Aviation**REQUESTED COMMISSION ACTION**

This agenda item requests approval to submit the Troutdale Airport Master Plan, including an Airport Layout Plan with a 4,500-foot long runway, to the Federal Aviation Administration (FAA) for its review and acceptance.

**BACKGROUND**

In 2014, the Port of Portland (Port) initiated an update to the *Troutdale Airport Master Plan* called, *Troutdale Airport: Shaping Our Future*. The Master Plan provides a roadmap for the development, operation and investment at Troutdale Airport (TTD or Airport) over the next 20 years. This study was designed to assist the Port in determining what role the 261-acre Airport will play in meeting the Port's mission to enhance the region's economy and quality of life by providing efficient cargo and air passenger access to national and global markets. In order to determine the future role of the Airport, Port management required a deeper understanding of the complex relationship between aviation uses at TTD and other nearby airports (especially Portland International Airport), as well as the Airport's relationship with surrounding land uses, both current and projected.

**PLANNING PROCESS**

To support the development of the plan, the Port established the Troutdale Airport Planning Advisory Committee (PAC), made up of 23 members to help the Port assess the future and recommend an optimal role for the Airport over the next 20 years. The PAC membership represented a broad range of community, government and commercial interests. Two members of the PAC were non-voting ex officio members representing the Port and the FAA. PAC engagement was supplemented with additional public input at key milestones and included two community open houses, quarterly tenant meetings and individual presentations to numerous stakeholder organizations.

Through the nearly two-year process, a plan emerged that was guided by triple-bottom-line sustainability goals that balance economic, environmental and social interests. The PAC identified and considered seven evaluation categories with which to evaluate the development alternatives. The evaluation categories included:

- Alignment with forecasted aviation and industrial land-use demand
- Community economic benefits
- Community planning compatibility



## TROUTDALE AIRPORT MASTER PLAN

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- Environmental impacts
- Financial impacts to the Port
- Fit with systems of other local airports
- Legal feasibility of development options

As a result of this evaluation, a majority of the PAC initially identified two alternatives (identified as Alternatives “B” and “C”) that strike the best balance among the sustainability goals and the seven evaluation categories. Both alternatives continue TTD’s role as a general aviation airport and accommodate over 99 percent of the current and future forecasted aviation operations at TTD, create economic development opportunities and put the Airport on a path toward financial sustainability:

**Alternative B:** 3,600-feet long and 75-feet wide runway. Runway length in Alternative B was determined by the critical design aircraft (turboprop Beechcraft King Air). Over a 20-year period, as leases expire, aviation activities currently on the north side of the runway would be relocated to the south side of the Airport. Over the same 20-year period, approximately 56 acres on the north side of the Airport would be redeveloped for industrial use and an additional 20 acres at the far west end of the Airport would be reserved for future industrial land use.

**Alternative C:** 4,500-feet long and 75-feet wide runway. Runway length was determined by the existing roadways at the east and west ends of the Airport (Graham Road, Sundial Road and Marine Drive). Similar to Alternative B, as leases expire, the aviation activities currently on the north side of the runway would be relocated to the south side of the Airport. Over the same 20-year period, approximately 56 acres on the north side of the Airport would be redeveloped for industrial use.

### **PAC FINAL REPORT AND RECOMMENDATION**

By a majority vote of the members, the PAC recommended Alternative C, which maintains maximum flexibility for increased aviation development at TTD. In making this recommendation, the PAC recognizes that jobs and private sector investment are critical to improving the economic demographics of east Multnomah County, while also providing the tax base for public services. The PAC believes that both Troutdale Reynolds Industrial Park and TTD can play a role in that vision. Further, the PAC recognizes that managing TTD costs and securing new private investment is essential to the ongoing success of the Airport, and requires an active partnership between the community and the Port to achieve this community vision.

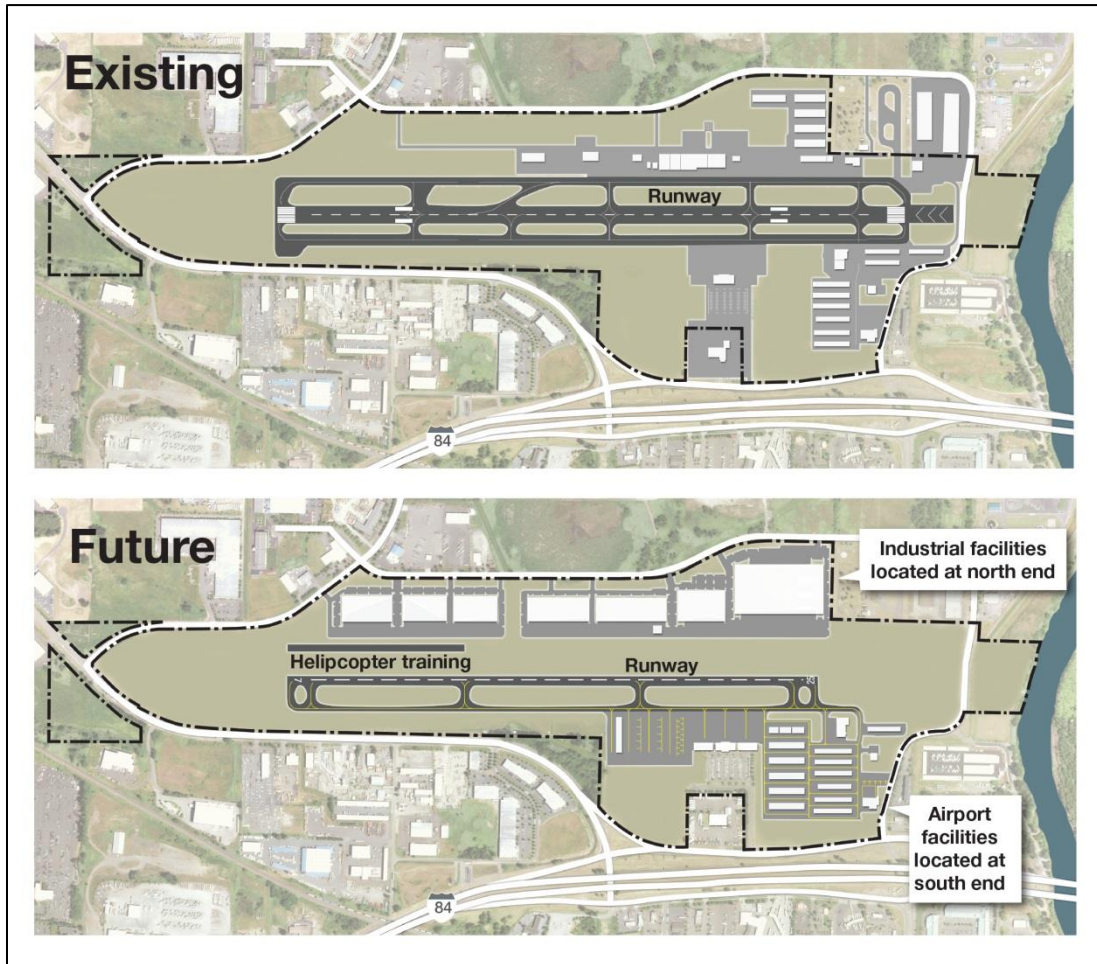
The PAC final report (attached) summarizes the work and recommendations of the PAC over the two-year planning process. Both the process and the final Port staff recommendation were informed by the work of the PAC and the related public outreach. In addition to recommending approval of the preferred Alternative C, the PAC report includes nine recommendations that emphasize the Port’s continued commitment to manage the Airport as an important part of the

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regional airport system, continue to work with airport tenants as the plan is implemented and businesses transition to new locations, and to continue a partnership with the City of Troutdale and other stakeholders to track implementation and maximize the benefit of the Airport.



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

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to submit the Troutdale Airport Master Plan, including an Airport Layout Plan with a 4,500-foot long runway, to the Federal Aviation Administration for its review and acceptance; 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.