

**MINUTES
REGULAR COMMISSION MEETING
THE PORT OF PORTLAND
June 10, 2015**

Following due notice to the public, the regular meeting of the Board of Commissioners of the Port of Portland was held at 9:30 a.m. in the Chinook conference room of the Port's administrative offices located at 7200 NE Airport Way.

An audio recording was made of these proceedings. The recording, and the full Commission agenda, is available by contacting the Port of Portland administrative offices, 7200 N.E. Airport Way, Portland, Oregon 97218. The following written minutes constitute a summary of the proceedings.

QUORUM

Commissioners present were Jim Carter, President, presiding; Peter Bragdon; Tom Chamberlain; Diana Daggett; Bob Levy; Linda Pearce and Paul Rosenbaum. Also present were Bill Wyatt, Executive Director, participating staff members and members of the public.

Commissioner Carter welcomed the new employees in the audience. He noted that the agenda had been revised; the General Aviation West Redevelopment Phase One item would not be presented.

LEAVE OF ABSENCE

Commissioner Carter called for a motion to grant a leave of absence to Commissioners Holte and Tsuruta who were out of town. Commissioner Chamberlain moved to grant the leave of absence. Commissioner Bragdon seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Daggett, Levy and Pearce voted in favor of the motion. Commissioner Rosenbaum was not present for the vote.

MINUTES

Commissioner Carter called for a motion to approve the minutes of the Regular Commission Meeting of May 13, 2015. Commissioner Chamberlain moved to approve the minutes. Commissioner Bragdon seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Daggett, Levy, Pearce and Rosenbaum voted in favor of the motion.

EXECUTIVE DIRECTOR'S REPORT

Bill Wyatt addressed the Commission and audience. He said his formal Executive Director's report is included in the Commission packet that is sent out with the Commission materials prior to the meeting and he takes advantage of this opportunity to talk about events of interest that have occurred over the course of the last month.

Mr. Wyatt's comments covered the following general topics:

- Portland International Airport (PDX) carpet was the Grand Marshall at the Starlight Parade;
- PDX new air service announcements;

- PDX Block Party celebration to welcome the airport's 10 new food and beverage and retail operators;
- Update of the PDX Jobs Board, which is up and running;
- Busy summer travel forecasted with approximately 4.9 million passengers expected to travel through PDX;
- New automated Passport Control kiosks in the PDX international arrivals hall;
- Troutdale Reynolds Industrial Park Phase II groundbreaking scheduled for the end of the month;
- Work continues on the Troutdale Airport Master Plan and is expected to wrap up in the Spring of 2016; and
- TIGER VII application submitted to U.S. Department of Transportation for the Portland Marine Terminal Freight and Jobs Access project.

Commissioner Carter called for a motion to approve the Executive Director's Report. Commissioner Rosenbaum moved to approve the Executive Director's Report. Commissioner Levy seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Daggett, Levy, Pearce and Rosenbaum voted in favor of the motion.

PUBLIC COMMENT

Kathryn Harrington, Metro Councilor representing District 4, addressed the Commission regarding transportation policy and the unmet transportation needs for the residents of her District. She said that as the metropolitan region moves forward on the transportation programs and projects through the Regional Flexible Fund Allocation process, she hopes the Port will support the safety needs of the community.

Rene Lale, an employee of World Duty Free, addressed the Commission regarding her concern about her employment status as a result of World Duty Free being acquired by Dufry. She also discussed unionizing efforts and a letter that had been circulated regarding revocation of union cards. Jim Waltz, a floating supervisor at World Duty Free, also addressed the Commission regarding the acquisition and unionizing efforts. Mr. Waltz asked the Commission to encourage his employer to do the right thing so the unhappy workers do not escalate this or go to the media.

CONSENT AGENDA

No presentation was made of the following agenda item, which was brought before the Commission as the Consent Agenda.

Agenda Item No. 1

CONSENT TO ENTERPRISE ZONE BOUNDARY CHANGES BY THE CITY OF PORTLAND

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.

Following the reading of the title of the Consent Agenda by Commissioner Carter, Commissioner Daggett moved that the Executive Director's recommendations be approved and Commissioner Bragdon seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Daggett, Levy, Pearce and Rosenbaum voted in favor of the motion.

ACTION ITEMS

Agenda Item No. 2

COLLECTIVE BARGAINING AGREEMENT – AVIATION POLICE/COMMUNICATIONS CENTER CONTRACT

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

Blaise Lamphier presented the Executive Director's recommendations as follows:

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.

Commissioner Carter called for a motion to approve the Executive Director's recommendations. Commissioner Chamberlain moved that the Executive Director's recommendations be approved. Commissioner Daggett seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Daggett, Levy, Pearce and Rosenbaum voted in favor of the motion.

Agenda Item No. 3

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

This agenda item requested approval of an exemption from competitive bidding, enabling the Port of Portland 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.

Tom Peterson presented the Executive Director's recommendations as follows:

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.

Commissioner Carter recessed the Port of Portland Board of Commissioners and called to order the Port of Portland Contract Review Board.

Commissioner Carter called for a motion and second for approval of the findings in support of the exemption and approval to exempt from competitive bidding the Rental Car Quick Turn-Around Facility project. Commissioner Chamberlain moved to approve the findings and exemption. Commissioner Rosenbaum seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Daggett, Levy, Pearce and Rosenbaum voted in favor of the motion.

Commissioner Carter adjourned the Port of Portland Contract Review Board and called to order the Port of Portland Board of Commissioners.

Agenda Item No. 4

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

This item requested approval 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, to provide for the acquisition of additional equipment and services.

Linda Dyson presented the Executive Director's recommendations as follows:

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.

Commissioner Carter called for a motion to approve the Executive Director's recommendations. Commissioner Pearce moved that the Executive Director's recommendations be approved. Commissioner Levy seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Daggett, Levy, Pearce and Rosenbaum voted in favor of the motion.

Agenda Item No. 5

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

This agenda item requested 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 terminal.

Linda Dyson presented the Executive Director's recommendations as follows:

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.

Commissioner Carter called for a motion to approve the Executive Director's recommendations. Commissioner Daggett moved that the Executive Director's recommendations be approved. Commissioner Bragdon seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Daggett, Levy, Pearce and Rosenbaum voted in favor of the motion.

The meeting adjourned at 10:31 a.m.

President

Assistant Secretary

Date Signed

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**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.”¹ 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.”² 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.”³

An agency’s CRB directs the agency to use an alternate contracting method by granting an exemption from competitive bidding.⁴ 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.⁵ The findings must show that the exemption of the contract complies with the requirements set forth below under “Findings.”⁶ “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.”⁷

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,

¹ ORS 279A.015(6).

² Port Contracting Rule A.015.

³ ORS 279C.335(4)(a).

⁴ ORS 279C.335(2).

⁵ ORS 279C.335(4)(b).

⁶ ORS 279C.335(4)(b).

⁷ 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.⁸ 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.

⁸ ORS 279C.335(5).