



AGENDA
Regular Commission Meeting
121 NW Everett St. | Commission Room
March 10, 2010
9:30 a.m.

Minutes

Approval of Minutes: Regular Commission Meeting – February 10, 2010

Executive Director

Approval of Executive Director's Report – February 2010

General Discussion

State Partnership Program with Bangladesh

MARK CROSBY

Consent Item

1. CONSENT TO ENTERPRISE ZONE APPLICATION BY THE CITY OF SANDY

KATHRYN WILLIAMS

Requests consent to an application by the City of Sandy to create an Enterprise Zone.

Action Items

2. CONCESSION LEASE – THE BARBERS LLC – PORTLAND INTERNATIONAL AIRPORT

REBECCA SONNIKSEN

Requests approval to enter into a concession lease with The Barbers LLC for barber services at Portland International Airport.

3. CONTRACT AMENDMENT – RUNWAY 10R/28L REHABILITATION – PORTLAND INTERNATIONAL AIRPORT

*CHRIS EDWARDS
ART SPILLMAN*

Requests approval to amend a professional services contract for the design and construction services for the Runway 10R/28L (South Runway) Rehabilitation project at Portland International Airport.

4. CONTRACT AMENDMENT – ELEVATOR, ESCALATOR AND MOVING WALKWAY MAINTENANCE – PORTLAND INTERNATIONAL, HILLSBORO AND TROUTDALE AIRPORTS

LARRY MEDEARIS

Requests approval to amend the contract with Schindler Elevator Company for maintenance services of elevators, escalators and moving walkways at Portland International, Hillsboro and Troutdale Airports.

CONSENT TO ENTERPRISE ZONE APPLICATION BY THE CITY OF SANDY

March 10, 2010

Presented by: Kathryn Williams
Business and Rail Relations
Manager**EXECUTIVE SUMMARY**

This agenda item requests consent to an application by the City of Sandy (City) to create an Enterprise Zone. The City is requesting the consent of the Port of Portland (Port) Commission prior to submitting their application to Business Oregon (formerly Oregon Economic and Community Development Department). The designation will provide an incentive for existing and new businesses to invest and create jobs within the Zone. The Port Commission's consent is required by Oregon Statute in order for the City to proceed.

BACKGROUND

In the 2005 legislative session, the statutes for the Enterprise Zone Program were changed to require the city or county submitting the enterprise zone application to consult with the governing bodies of a port district if the proposed zone is within the boundaries of the port. The statutory changes also call for a consent resolution by cities and counties within a proposed port district zone boundary.

Enterprise zones provide up to 100 percent property tax abatement on a company's new investment in facilities, equipment and machinery within the zone. There is no tax exemption for land or the existing value of plant or equipment. Therefore, if approved, there is no loss of current property tax levies to the Port. Upon completion of the three- to five-year exemption period, the property would be fully taxed. Over the long term, Port property tax levies are likely to increase because of this Zone incentive as the City realizes more economic investment.

The proposed enterprise zone within the City of Sandy would be approximately .61 square miles affecting commercially and industrially zoned properties along the Highway 26 corridor from the west end of town around SE Orient Drive to the east end of town just past SE Vista Loop Drive. The City is hoping to incent businesses that would expand or locate to an industrially-zoned area, such as a manufacturing plant. The City would also like to attract a hotel, motel, or destination resort to the area.

In order to move the City of Sandy's Enterprise Zone application forward to Business Oregon for approval, the City requests the consent of the Port Commission for this application.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That the Port of Portland Commission consents to application by the City of Sandy for an Enterprise Zone located within Port of Portland district boundaries; and

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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.

CONCESSION LEASE – THE BARBERS LLC – PORTLAND INTERNATIONAL AIRPORT

March 10, 2010

Presented by: Rebecca Sonniksen
Market Development
Project Manager**EXECUTIVE SUMMARY**

This agenda item requests approval to enter into a concession lease with The Barbers LLC (The Barbers) for barber and shoeshine services at Portland International Airport (PDX).

BACKGROUND

The Barbers is a local business owned and operated by Alison and Don Lovell. It complements the services offered by the recently-opened Dragontree Spa, which includes the full range of massage and spa offerings but does not include barber or shoeshine services.

In business for over a decade, The Barbers is the right concept to bring to PDX: an old-fashioned barbershop experience updated with a sports theme. Consistently voted the “Best Barbershop” in The Columbian Newspaper’s annual poll, this well-known local brand has developed a loyal clientele with 15 locations in Portland and Vancouver.

In addition to services typically found in their other locations, they are adjusting their offerings to match the needs of the traveling customer with the addition of shoeshine services located in the barbershop and post-security on Concourse C.

The company takes pride in its community involvement and supports many local sports and educational programs in the neighborhoods in which they do business.

Key Business Terms

Location:	Pre-security south Oregon Market (adjacent to Columbia Sportswear) with an option for a shoeshine location on Concourse C.
Term:	Sixty-three months to expire June 30, 2015.
Option:	Tenant has a single option to extend five years upon mutual agreement.
Percentage Rent:	Percentage rent for first year is 10% of gross sales, which will automatically increase to 12% for years two through five.
Minimum Rent:	Minimum rent to be calculated at the end of the first year of lease at 80% of the actual rent paid during the first year. Revenue to the Port over the term of the lease is projected to be \$231,075.

Improvements: Tenant is responsible for the demolition and construction of the new barbershop at no cost to the Port. Total tenant cost is estimated at \$50,000.

Open: Projected to open summer of 2010.

Standard Terms: Other lease terms for street pricing, quality assurance, customer service, cleanliness and operational efficiencies consistent with other concession leases will be included.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to enter a concession lease with The Barbers LLC at Portland International Airport, consistent with the terms presented to the Commission; and

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

CONTRACT AMENDMENT – RUNWAY 10R/28L REHABILITATION – PORTLAND INTERNATIONAL AIRPORT

March 10, 2010

Presented by: Chris Edwards
Engineering Project Manager
Art Spillman
Aviation Project Manager

EXECUTIVE SUMMARY

This agenda item requests approval to amend a professional services contract with HNTB Corporation (HNTB) for design services on the Runway 10R/28L (South Runway) Rehabilitation project at Portland International Airport (PDX).

BACKGROUND

The South Runway was last rehabilitated as part of a two-year project in 1996 and 1997. Since then, additional pavement repairs have been necessary almost every year to keep the runway operational. The South Runway is programmed for pavement rehabilitation in 2011. A 2006 pavement analysis completed on the South Runway showed deterioration of the lime, cement, pozzolan and flyash (LCPF) joints in the sub-base on the western third of the runway. A 2009 report also identified portions of the runway that need strengthening to extend the structural life of the pavement.

An alternative analysis was performed to evaluate different runway rehabilitation configurations using either asphalt or concrete pavement. The pavement alternatives were evaluated through a life-cycle cost analysis that included full-depth reconstruction, partial rehabilitations, mill and inlay or combinations of each. The project team, which included Port of Portland engineering and aviation staff and an airline representative, selected the all-concrete runway as the preferred alternative for maintenance, longevity, operations, environment and long-term cost savings.

As part of the scope development phase, infrastructure elements were evaluated within the runway footprint for replacement, upgrade or abandonment including: lighting, signage, electrical, storm drainage, etc. In addition, connector taxiway exits were assessed for condition, location and geometry.

The recommended scope developed for the South Runway Rehabilitation includes:

- Reconstruction of the existing asphalt pavement with concrete pavement
- Repair of the joints in the LCPF base on the western third of the runway
- Replacement of the arresting cable system at each end of the runway (to meet current Department of Defense standards)

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- Rehabilitation of Runway 10R and Runway 28L blast pads
- Surface mill and inlay of connector taxiway exits within the footprint of the runway
- Removal and replacement of in-pavement runway lighting infrastructure
- Installation of new electrical vaults and duct banks within the project footprint
- Replacement of existing and installation of new storm drains, underdrains and sanitary sewer line within the project footprint
- Restoration of pavement markings and pavement grooving
- Reconfiguration and reconstruction of the Taxiway F runway exit

The Taxiway C West Rehabilitation (west of Runway 3/21) project will be completed concurrently with the South Runway Rehabilitation project. Similarly, this project went through an alternative and life-cycle cost analysis to determine the preferred rehabilitation options. It was determined that the areas adjoining the runway in need of strengthening would be constructed in concrete, with the remainder as an asphalt mill and inlay.

A continuous closure of the South Runway and the west end of Taxiway C for approximately six months will be required to complete the work identified through this scoping effort. The intent of this project is to provide pavement surfaces with improved overall pavement integrity and longevity, at the optimal life-cycle cost, that will serve all regularly-scheduled aircraft that operate at PDX.

Professional Services

In September 2009, the Commission approved a request to award a professional services contract to HNTB in the amount of \$663,779 to perform the scope development phase on the South Runway Rehabilitation and Taxiway C West Rehabilitation projects. This was following a competitive Request for Proposal (RFP) process that was completed in accordance with Federal Aviation Administration (FAA) requirements. HNTB was determined to be the best candidate for the project and their negotiated fee was determined to be fair and reasonable. The RFP and existing contract allow for award of the design and construction phase work to HNTB, subject to certain performance criteria. HNTB has consistently demonstrated its ability to meet scope, schedule and budget requirements during the initial phase of work. Based on performance, this will be a continuation of the existing contract for the design phase of both projects.

The negotiated fee for the design and construction phases on this project is \$2,749,858, which will be paid on an hourly basis plus expenses.

HNTB will provide services to develop plans, specifications and estimates for the South Runway Rehabilitation and Taxiway C West Rehabilitation projects.

The scope of the work to be performed by HNTB includes design for the following:

- Concrete pavement
- Asphalt pavement
- Grading and drainage
- Electrical design – runway lighting, duct banks and conduit
- Signing and striping
- Construction phasing
- Aircraft Arresting System

The project is preliminarily estimated at nearly \$80 million for the South Runway Rehabilitation, Taxiway C Rehabilitation and replacement of the Aircraft Arresting System. Primary funding will be provided by the airlines and the FAA. There will be a reimbursable agreement between the Port and the Oregon Air National Guard to cover the entire cost of the aircraft arresting system.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to amend the professional services contract with HNTB for the design phase of the Runway 10R/28L (South Runway) Rehabilitation at Portland International Airport, consistent with the terms presented to the Commission; and

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

**CONTRACT AMENDMENT – ELEVATOR, ESCALATOR AND MOVING WALKWAY
MAINTENANCE – PORTLAND INTERNATIONAL, HILLSBORO AND TROUTDALE AIRPORTS**

March 10, 2010

Presented by: Larry Medearis
Aviation Facility Services
Manager**EXECUTIVE SUMMARY**

This agenda item requests approval to amend the current contract with Schindler Elevator Company (Schindler) to incorporate the remaining five option years of renewal contemplated in the contract for preventative and corrective maintenance services of 90 elevators, escalators and moving walkways at Portland International, Hillsboro and Troutdale Airports for an annual amount of approximately \$1,184,200.

BACKGROUND

Schindler provides preventative and corrective maintenance services under a contract awarded in January 2006 for the 90 units operated by the Port of Portland (Port). The original contract term was for five years ending December 31, 2010, with an option to extend the agreement for up to five additional years. The cost of preventative and corrective maintenance in 2009 was \$1,184,200. Schindler provides five full-time journeymen elevator mechanics Monday through Friday, from 7:00 a.m. to 11:00 p.m.

Schindler's contract with the Port allows for annual increases in compensation equal to the International Union of Elevator Constructors, Local Union No. 23, negotiated wage increases. These increases from January 2008 to January 2009 escalated compensation by 10.9 percent. Local Union No. 23 is scheduled to receive a 4.8 percent increase in January 2010, a 4.6 percent increase in January 2011 and a 4.4 percent increase in January 2012. This would result in a \$334,600 increase in compensation over this three-year period.

During recent negotiations, the Port and Schindler reached an agreement that would freeze the current annual contract amount of \$1,184,200 for the period January 2010 through December 2012. Compensation for the remaining three-year period, January 2013 to December 2015, could be negotiated by request of either party, but dependent on the economic conditions of the airline industry, and subject to a maximum contract increase or decrease no greater than the change in the Consumer Price Index (U.S. Average, All Urban Consumers) for the same period. Other factors that could potentially increase compensation during this period would be if the Port requested more mechanics than the existing staff of five.

In March 2011, warranty and preventative maintenance services for the 20 new people movers installed during construction of the Port's new headquarters and second parking garage will end. This will result in a net increase of equipment serviced under this contract by 20 percent,

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for a total of 108 units. The impact on equipment operability from the addition of such a large amount of equipment is unknown, but would suggest that additional mechanics (at additional cost) may need to be added to the contract in the future.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval be given to amend the contract with Schindler Elevator Company for elevator, escalator and moving walkway services at Portland International, Hillsboro and Troutdale Airports, through December 31, 2015, 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.