



AGENDA
Regular Commission Meeting
Port of Portland Headquarters
7200 N.E. Airport Way, 8th Floor
May 13, 2015
9:30 a.m.

Minutes

Approval of Minutes: Regular Commission Meeting – April 8, 2015

Executive Director

Approval of Executive Director's Report – April 2015

General Discussion

PDX Online Jobs Board

HENRY GONZALEZ
JESSE MILAN

Action Items

1. PORT OF PORTLAND RISK MANAGEMENT PLAN CHERYL ARPAN
Requests approval of the Port of Portland Risk Management Plan in accordance with Commission Policy 6.1.1, *Delegation of Contracting Authority*.
2. PORT OF PORTLAND FISCAL YEAR 2015-2016 BUDGET APPROVAL SUZANNE KENNY
Requests that the Commission, acting as the Port of Portland's Budget Committee, approve the Port's Fiscal Year 2015-2016 Budget and authorize its submittal to the Tax Supervising and Conservation Commission for its public hearing on June 10, 2015.
3. PUBLIC IMPROVEMENT CONTRACT – CONCOURSE C SKYLIGHT REHABILITATION – PORTLAND INTERNATIONAL AIRPORT GREG SPARKS
Requests approval to award a public improvement contract to GS Contracting, Inc., for the Concourse C Skylight Rehabilitation project at Portland International Airport.

PORT OF PORTLAND RISK MANAGEMENT PLAN

May 13, 2015

Presented by: Cheryl Arpan
Risk Manager**REQUESTED COMMISSION ACTION**

This agenda item requests approval of the Port of Portland (Port) Risk Management Plan, comprised of Attachments 1-6 (Risk Management Plan), in accordance with Commission Policy 6.1.1, *Delegation of Contracting Authority*.

BACKGROUND

Commission Policy 6.1.1 authorizes the Executive Director to execute insurance contracts, as long as they are consistent with the Commission-approved Risk Management Plan for the Port.

Risk Management and/or insurance commitments exist in various Port financial, contractual and operational documents, including the following:

- Bond Covenant for Series 22
- Bond Ordinance 155 and Bond Ordinance 323
- Letter of Credit Agreements
- ICTSI Lease
- Airline Lease and Operating Agreements
- PDX Workplace Initiative

The Port's risk profile, compliance requirements and industry best practices influence the Port's decisions regarding these commitments, related risk mitigation and risk financing strategies.

RISK MANAGEMENT PLAN SCOPE

The Port's Risk Management Plan consists of the following four components:

Port Risk Inventory

Risk drivers that may contribute to the uncertainty of achieving Port strategic objectives and/or operational goals are summarized in Attachment 1. They include strategic, operational, financial, regulatory/legal and hazard risks.

Total Cost of Risk

Total Cost of Risk (TCoR) is the sum of all financial aspects of an organization's operations that relate to risk, including insurance costs, retained (uninsured) losses and related loss adjustment expenses, risk control costs, transfer costs and administrative costs. TCoR is a common metric

that is measured and monitored by organizations possessing formal risk management programs, policies and contractual obligations. Insurance premiums and uninsured losses customarily represent the largest portion of the Port's TCoR, as shown in Attachment 2.

Insurance Program Structure

The Port purchases a variety of insurance coverages, providing various limits of financial protection, with a majority of insurance policies requiring self-insured retentions and/or deductibles. Risk financing terms and conditions are determined by regulatory compliance requirements, legal case law, Port loss history, insurance market conditions, Port risk profile and industry best practices. Attachments 3, 4 and 5 reflect the various liability and property insurance programs purchased by the Port, as well as the various insurance carriers, renewal dates and existing deductibles or self-insured retentions.

Risk Management Initiatives and Strategies

The Port's current Risk Management areas of focus are summarized on Attachment 6.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That the Commission approves the Risk Management Plan in accordance with Commission Policy 6.1.1; and

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

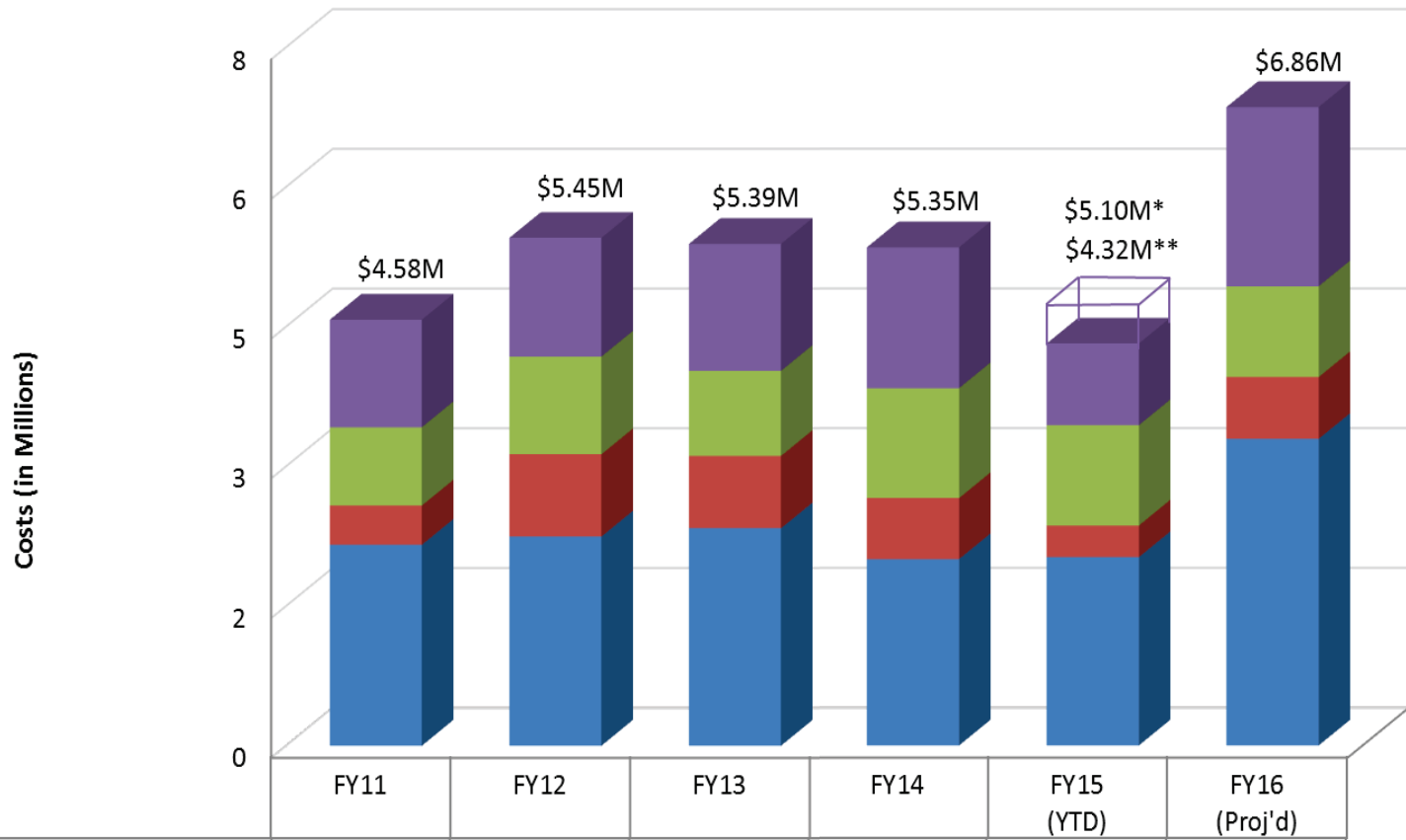
Port of Portland Risk Drivers

Risk Drivers that may contribute to the uncertainty of achieving Port objectives and/or goals

Strategic	Operational		Financial	Regulatory/Legal	Hazard
<p>Customer Demand Competitors Economy Fuel Pricing/Alternatives New Technology TNC's</p> <p>Reputation Customer Definition & Competing Interests Regional Economic Contribution & Influence Service Quality Social Equity</p> <p>Competitiveness Skill Deficit Fixed Costs Lack of Investment Business Model</p> <p>Political Environment State Regional Federal City</p>	<p>PDX & GA Airport Asset Failures 3rd Party Asset Failure Access/Availability</p> <p>IT and Systems Design Flaws Deficient Implementation Data Loss Unauthorized Data Access Analysis & Decision Systems</p> <p>Human Performance Manual Process Errors Skill Deficits Succession Planning Unethical Behavior Labor Agreements</p> <p>Administrative Processes Impractical Budget Internal/External Reporting Errors Lack of Clear Management Direction Prohibited Transactions Deficit Emergency Preparedness, DR or BCP</p>	<p>Suppliers/Vendors Supplier Performance Supply Market Cost Increases</p> <p>Marine & Industrial Terminal Business Interruptions Access/Availability</p>	<p>Financial Markets Interest Rates & Liquidity</p> <p>Credit Tenant Default Supplier Default</p> <p>Liquidity Credit Rating Access to Capital/Grants</p>	<p>Regulatory Changes New Environmental Rules New Accounting Rules New FAA/TSA Rules New Taxes New Governance Rules</p> <p>Contractual Counter Party Performance Counter Party Liability Unenforceable Contracts Port Failure to Perform</p> <p>Compliance/Governance Regulations Environmental Debt/Bond Covenants Security Requirements.</p>	<p>Acts of Nature (fire, flood, storm, EQ, etc.) Harm to People Asset Loss/Damage Business Interruption Customer & Tenant Outages/Delays</p> <p>Accidents/Incidents Harm to People Harm to Environment Harm to Equipment Business Interruption Customer/Tenant Outage/Delays</p> <p>Theft, Vandalism, Assault, Terrorism Asset Loss/Damage Harm to People Business Interruption</p>

Total Cost of Risk

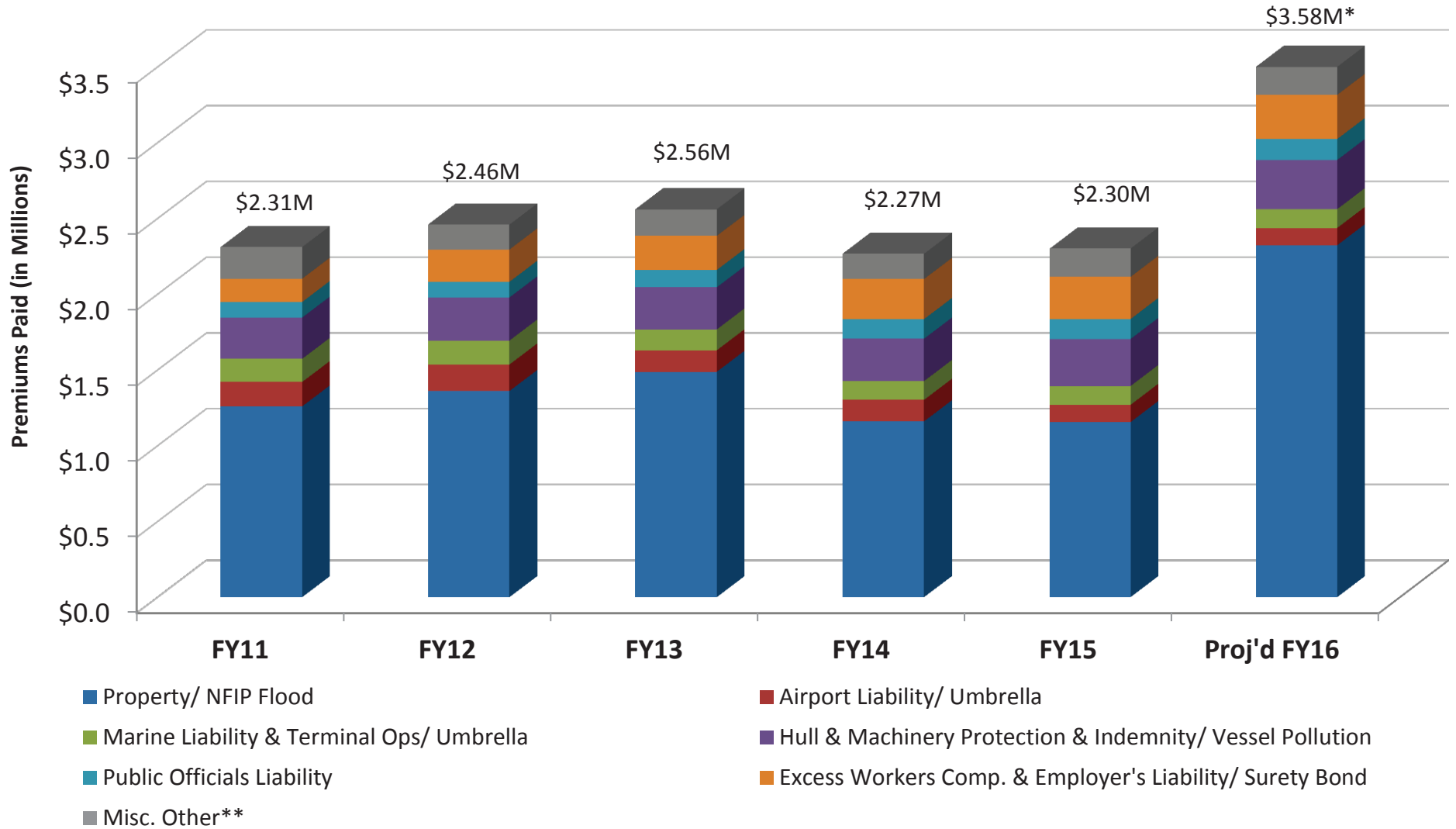
Actual FY11 though Estimated FY16
(as of Jan. 31, 2015)



	FY11	FY12	FY13	FY14	FY15 (YTD)	FY16 (Proj'd)
■ Risk Management (RM) Expense	\$1,155,144	\$1,275,381	\$1,364,277	\$1,513,418	\$877,666	\$1,924,326
■ Workers' Compensation Program Cost	\$839,714	\$1,047,976	\$912,018	\$1,179,648	\$1,076,656	\$974,909
■ Total Incurred Property & Liability Losses***	\$422,315	\$884,033	\$777,608	\$655,306	\$339,997	\$664,236
■ Property & Liability Insurance Premiums	\$2,157,401	\$2,245,604	\$2,334,648	\$2,001,895	\$2,022,757	\$3,292,849

* Including RM Expense for FY15 as budgeted ** Including RM Expense for FY15 as of Mar. 1, 2015 *** Total Incurred Property & Liability Losses are net of recovery

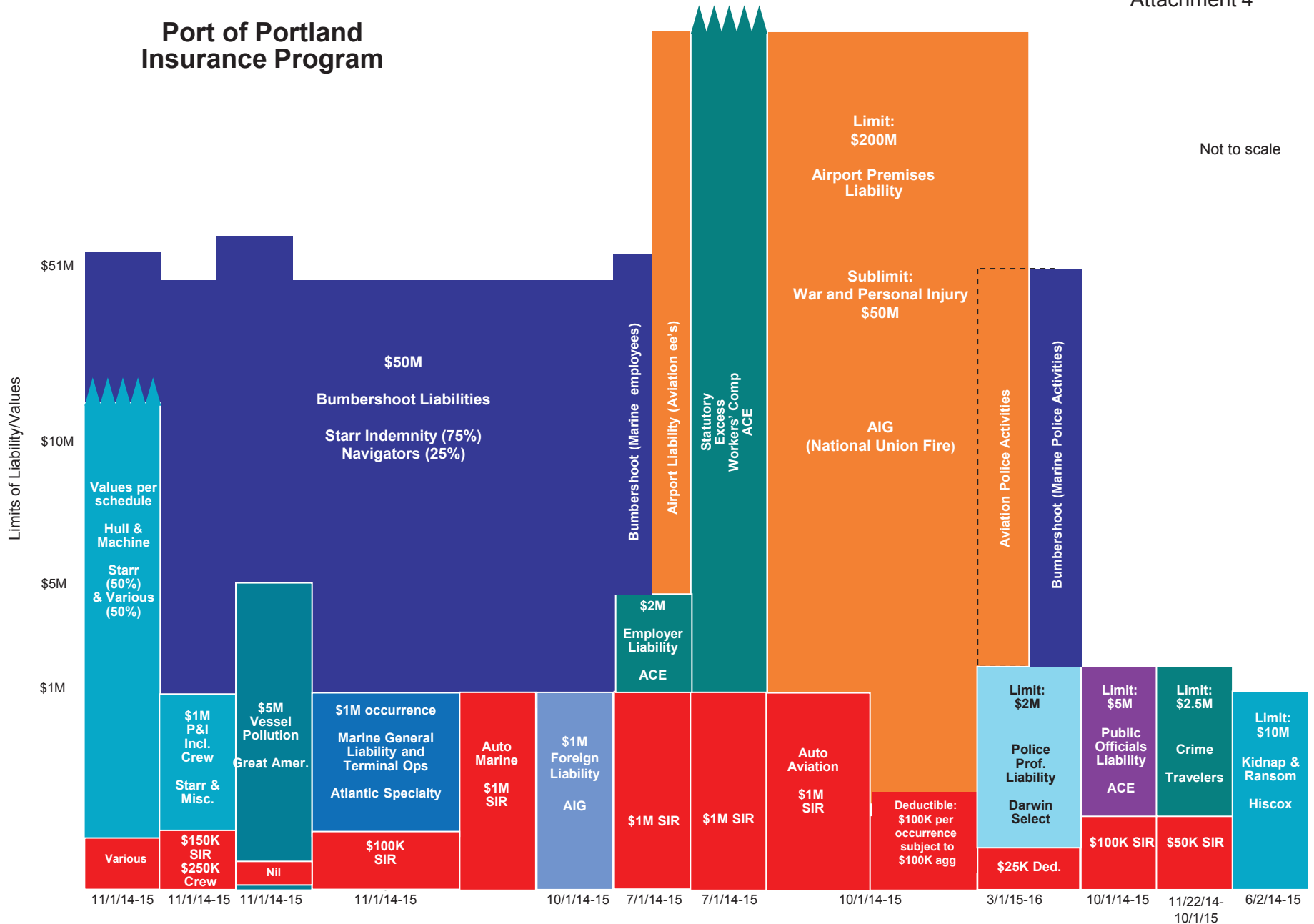
Insurance Premiums Actual FY11 through Estimated FY16 (as of Jan. 31, 2015)



* Anticipated increase in Property premium budgeted for FY16 due to significant increase in PDX appraised property values

** Misc. Other: Cyber Liability, Travel Accident and various Surety Bonds

Port of Portland Insurance Program

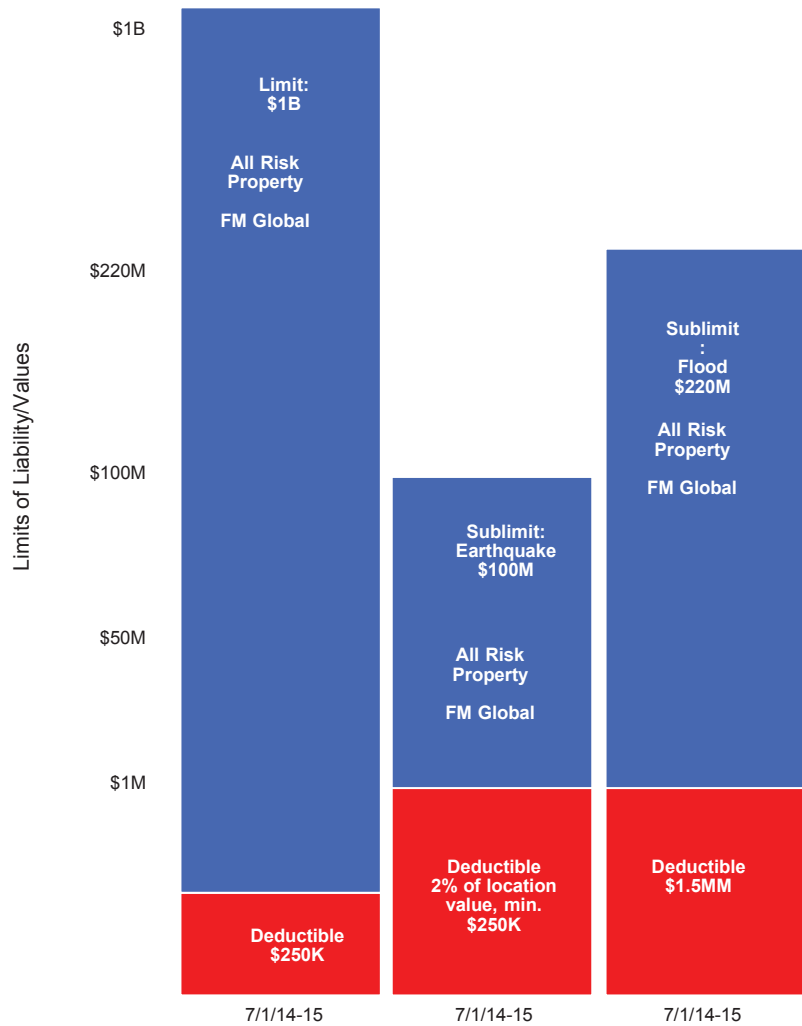


Note: Red = Port retentions and SIRs

May 4, 2015

Port of Portland Insurance Program

Not to scale



Note: Red = Port retentions and SIRs

Risk Management – Areas of Focus

- Risk Identification, Analysis & Mitigation
- Quarterly Reporting
- Developing Property Insurance and Risk Financing Alternatives
- Assessing Port Cyber Liability Risk
- Safety Program Continuous Improvement
 - Strategic Plan
 - Operational Plans
- Advancing Port Business Continuity/Organizational Resiliency Capabilities

PORT OF PORTLAND FISCAL YEAR 2015-2016 BUDGET APPROVAL

May 13, 2015

Presented by: Suzanne Kenny
Senior Manager
Business and Financial Operations**REQUESTED COMMISSION ACTION**

This agenda item requests that the Commission, acting as the Port of Portland's (Port) Budget Committee, approve the Port's Fiscal Year (FY) 2015-2016 Budget (Budget) and authorize its submittal to the Multnomah County Tax Supervising and Conservation Commission (TSCC) for its public hearing on June 10, 2015.

BACKGROUND

Tax Supervising and Conservation Commissions are independent, impartial panels of citizen volunteers established to monitor the financial affairs of local governments in counties with a population over 500,000. The TSCC has jurisdiction over all local governments that are required to follow local budget law and that have more real market value located within Multnomah County than in any other county. After review by the TSCC, we will request that Commission adopt the Budget at a special meeting to be held prior to June 30, 2015. At that time, the Commission may take into consideration any suggestions of the TSCC or make other modifications to the Budget subject to the limitations of Oregon Revised Statutes (ORS) 294.456.

The Budget provides the Port's best estimate of the resources and requirements needed to achieve the Port's mission in a context of community and environmental responsibility. The Budget provides a funding plan for actions that have been approved by the Commission and, for planning purposes, anticipated actions or initiatives that may require further Commission review and approval prior to the implementation of such initiatives.

In order to conform to the ORS governing the local budget process, the Port began the process for the Budget at a public hearing on April 8, 2015. Subsequent to the first hearing, adjustments have been made to the Budget. Exhibits A and B outline and explain those changes. Exhibit A presents the changes to the Port's total budget, while Exhibit B presents the changes on a fund level. Changes to the appropriation categories within each fund between the April 8 hearing on the Budget and this meeting are shown on Exhibit C.

OVERVIEW – RESOURCES

Budgeted resources for FY 2015-2016 total \$1.05 billion. Anticipated resources include:

- Beginning working capital balance of \$399.7 million is composed of the General Fund (\$108.5 million), the Airport Revenue Fund (\$96.5 million), the Bond Construction Fund (\$10.0 million), the Airport Construction Fund (\$72.4 million), the Airport Revenue Bond

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Fund (\$28.7 million), the Passenger Facility Charge Fund (\$54.0 million), the Passenger Facility Charge Bond Fund (\$14.3 million), and the Customer Facility Charge Fund (\$15.3 million).

- Projected operating revenues of \$285.3 million.
- Property taxes of \$10.5 million.
- Grants, Interest and Other Income of \$67.4 million is composed primarily of \$3.4 million of interest income, \$17.8 million in Federal and State Grants (including Oregon Department of Transportation *Connect*Oregon and Federal Aviation Administration funding), as well as \$32.4 million in Passenger Facility Charges and \$14.0 million in Customer Facility Charges.
- An Airport Revenue Bond issue in the amount of \$53.8 million is budgeted to fund capital projects budgeted in the Airport Construction Fund, bond issuance costs of \$0.8 million, and a debt service reserve in the Airport Revenue Bond Fund of \$3.8 million.
- Transfers between funds of \$230.2 million make up the balance of the resources. Technically required to be budgeted for under Oregon Budget Law, transfers track dollars moving between funds and are shown as both resources and requirements in the Budget document.

OVERVIEW – REQUIREMENTS

Budgeted requirements for FY 2015-2016 total \$1.05 billion and include the following:

Operating expenditures of \$189.4 million reflect costs of personnel services and all materials and services. These expenditures do not include depreciation or the cost of property sold since those expenditures are non-cash, and are, therefore, not recognized under Oregon Budget Law.

The Port's capital budget as shown in the document is \$216.8 million. In conformance with Oregon Budget Law, that amount does not include \$12.7 million of internal labor (which the Port does include as a capitalized cost for accounting purposes). Of the total budgeted capital expenditures, \$178.5 million is budgeted for Portland International Airport (PDX) in the Airport Construction Fund and includes:

- \$33.3 million for the terminal balancing program
- \$27.5 million for the access control replacement program
- \$26.0 million for the rental car quick-turn-around wash/prep facility expansion
- \$10.9 million for the rehabilitation of Taxiway E
- \$10.4 million for the Concourse D HVAC replacement
- \$9.6 million for the relocation of the concourse/ticket lobby exit-ways
- \$7.0 million for the terminal post-security concessions redevelopment program
- \$5.6 million for the terminal carpet replacement program

PORT OF PORTLAND FISCAL YEAR 2015-2016 BUDGET APPROVAL

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There are \$38.3 million of capital expenditures budgeted in the Bond Construction Fund (which includes all divisions other than PDX) and includes:

- \$16.8 million for Phase II improvements at Troutdale Reynolds Industrial Park
- \$1.8 million for marine facility pavement rehabilitation program
- \$1.7 million for construction of the Hillsboro Airport east access road
- \$1.5 million for the Dredge Oregon spud carriage reinforcement
- \$1.4 million for the Dredge Tender *Ivanoff* rudder modification
- \$1.2 million for construction of the Rivergate overcrossing

Some capital projects span multiple years and may have expenditures in prior or future years. The project budgets included in FY 2015-2016 are the anticipated capital expenditures for FY 2015-2016 only.

Other Budget requirements include:

- Debt Service payments of \$81.6 million – \$54.9 million for PDX Revenue Bonds, \$14.9 million for Passenger Facility Charge Bonds and \$11.7 million for General Fund obligations.
- The \$13.5 million budgeted for “Other Environmental” consists of environmental costs that are not directly related to the Port’s current business operations such as the Lower Willamette River Cleanup Project.
- The \$0.8 million budgeted in the Other category is for bond issuance costs associated with the \$53.8 million PDX revenue bond issue included in the budget.
- Contingency balances of \$267.9 million represent amounts that are expected to be unspent in FY 2015-2016 and, therefore, would become the beginning balance in the following fiscal year. Of the total, \$184.8 million is for Aviation uses. By leaving these amounts in the Contingency category, however, they are available for appropriation by the Commission during the coming fiscal year if needed.
- The Unappropriated Balance of \$46.8 million is a category under Oregon Local Budget Law that is the only available category to budget the Debt Service Reserve in the Airport Revenue Bond Fund and the Passenger Facility Charge Bond Fund. These amounts cannot be appropriated by the Commission in the coming fiscal year. Oregon Budget Law does not permit the use of the Contingency category in association with Debt Service Funds.
- Transfers of \$230.2 million make up the balance of the requirements.

FISCAL YEAR 2015-2016

Changes from April to May Budget Documents

The attached exhibits detail changes to each Fund from the April Budget Proposal to the Budget document submitted for approval today. The changes in the following areas account for the \$1,299,693 decrease in the Port's FY 2015-2016 Budget from \$1,048,190,170 in the April proposal to \$1,046,890,478 in the budget document submitted for approval:

- Estimated operating revenues decreased by \$1,111,834 to reflect revised estimates to reimbursements from airlines for reduced de-icing and administrative costs, as well as from ICTSI for reduced security and maintenance services provided.
- Estimated operating expenditures decreased by \$1,780,411 primarily due to the reduction of 12 full-time equivalent marine positions (security officers and electricians) due to lower container activity at Terminal 6 and revised estimates for de-icing maintenance costs at PDX.
- Estimated capital expenditures increased \$40,002 due to revised forecast for Capitalized Allocated Support Services.
- Transfers between funds decreased by \$187,858 as a result of overall changes on inter-fund transfers.
- Other expenses increased \$5,000 to account for Bank Fees associated with the Customer Facility Charge Fund.
- Debt Service Payments reduced by \$2,800,000 as a result of refunding Series 19 and the associated interest expense.
- Finally, the net impact of the changes outlined above result in a \$3,423,575 increase in Contingency.

Other minor changes are shown on the exhibits.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That the Port of Portland's Budget document for Fiscal Year 2015-2016 as presented to the Port of Portland Commission is approved; and

BE IT FURTHER RESOLVED, That the maximum tax levy for the Bond Construction Fund of the Port of Portland be set at a rate of \$0.0701 per thousand dollars of assessed value, such rate subject to the local government limitation; and

BE IT FURTHER RESOLVED, That the Budget Officer is directed to submit the Budget document to the Tax Supervising and Conservation Commission for a public hearing and for orders, recommendations or objections as provided by law.

EXPLANATION OF CHANGES - FISCAL YEAR 2015-16

Resources	BUDGET PROPOSAL SUBMITTED ON APRIL 8, 2015	REVISIONS	BUDGET SUBMITTED FOR APPROVAL ON MAY 13, 2015	EXPLANATION
Beginning Balance	\$ 399,660,817	\$ 0	\$ 399,660,817	
Operating Revenue	286,454,874	(1,111,834)	285,343,040	Revised estimates to reflect reimbursements from airlines for reduced de-icing and administrative costs, as well as from ICTSI for reduced security & maintenance services provided.
Grants/Interest Income/Other	67,356,624	(0)	67,356,624	
Taxes	10,546,080	-	10,546,080	
Bond And Other Debt Proceeds	53,750,000	-	53,750,000	
Subtotal - Resources	\$ 817,768,395	\$ (1,111,834)	\$ 816,656,561	
Transfer From Other Funds	230,421,775	(187,858)	230,233,917	Net impact of changes on inter-fund transfers.
Total Resources	\$ 1,048,190,170	\$ (1,299,693)	\$ 1,046,890,477	
Requirements				
Operating Expenditures				
Corporate Administration	\$ 53,602,444	\$ (200,000)	\$ 53,402,444	Revised forecast of general and administrative expenditures.
Marine	25,689,694	(1,270,044)	24,419,650	Reduction of 12.0 Marine FTE (Security and Electricians).
Industrial Development	5,511,788	-	5,511,788	
Navigation	9,702,396	-	9,702,396	
General Aviation	2,546,733	-	2,546,733	
Commercial Aviation	94,099,206	(310,367)	93,788,838	Revised de-icing maintenance expenditure forecast.
Subtotal - Operating Expenditures	\$ 191,152,260	\$ (1,780,411)	\$ 189,371,849	
Capital Expenditures				
Corporate Administration	\$ 3,632,000	\$ -	\$ 3,632,000	
Marine	6,390,000	-	6,390,000	
Industrial Development	19,679,206	-	19,679,206	
Navigation	8,212,400	-	8,212,400	
General Aviation	3,965,000	-	3,965,000	
Commercial Aviation	187,632,230	-	187,632,230	
Capitalized Labor	(12,783,703)	40,002	(12,743,701)	Revised Capitalized Allocated Support Services.
Subtotal - Capital Expenditures	\$ 216,727,133	\$ 40,002	\$ 216,767,135	
Transfer To Other Funds	\$ 230,421,775	\$ (187,858)	\$ 230,233,917	Net impact of changes on inter-fund transfers.
Other Environmental	13,508,291	-	13,508,291	
Other	770,000	5,000	775,000	Bank Fees associated with the Customer Facility Charge Fund.
Debt Service Payments	84,398,620	(2,800,000)	81,598,620	Reduced interest expense related to Series 19 bond refunding.
Contingency	264,460,106	3,423,575	267,883,682	Net impact of changes on Contingency.
Unappropriated Balance	46,751,984	(0)	46,751,984	
Total Requirements	\$ 1,048,190,170	\$ (1,299,693)	\$ 1,046,890,477	

EXPLANATION OF FUND CHANGES - FISCAL YEAR 2015-16

FUNDS	BUDGET PROPOSAL SUBMITTED ON APRIL 8, 2015	REVISIONS	BUDGET SUBMITTED FOR APPROVAL ON MAY 13, 2015	EXPLANATION
General Fund	\$ 221,388,613	\$ (535,003)	\$ 220,853,609	Result of revised reimbursements for reduced security & maintenance services provided to ICTSI.
Airport Revenue Fund	316,304,319	(458,224)	315,846,095	Result of revised estimates for de-icing and administrative costs, which are reimbursed by the airlines.
Bond Construction Fund	51,888,606	-	51,888,606	
Airport Construction Fund	223,511,333	2,493,534	226,004,867	Changes within Airport Revenue Fund result in decreased transfer to Airport Construction Fund.
Airport Revenue Bond Fund	90,159,831	(2,800,000)	87,359,831	Reduced interest expense related to Series 19 bond refunding.
PFC Fund	86,374,425	-	86,374,425	
PFC Bond Fund	29,286,200	-	29,286,200	
CFC Fund	29,276,844	-	29,276,844	
Total	<u>\$ 1,048,190,170</u>	<u>\$ (1,299,693)</u>	<u>\$ 1,046,890,477</u>	

SCHEDULE OF APPROPRIATIONS - FISCAL YEAR 2015-16

	BUDGET PROPOSAL SUBMITTED ON APRIL 8, 2015	REVISIONS	BUDGET SUBMITTED FOR APPROVAL ON MAY 13, 2015
GENERAL FUND			
Beginning Balance	\$ 108,517,590	\$ -	\$ 108,517,590
Operating Revenue	69,357,626	(653,611)	68,704,016
Interest on Investments/Other	1,773,351	-	1,773,351
Federal/State Grants	-	-	-
Service Reimbursements	38,120,733	115,889	38,236,622
Transfers from Other Funds	3,619,311	2,718	3,622,030
Total Resources	\$ 221,388,613	\$ (535,003)	\$ 220,853,609
Administration	\$ 53,602,444	\$ (200,000)	\$ 53,402,444
Marine	25,689,694	(1,270,044)	24,419,650
Industrial Development	5,511,788	-	5,511,788
Navigation	9,702,396	-	9,702,396
General Aviation	2,546,733	-	2,546,733
Total Departments	97,053,055	(1,470,044)	95,583,010
Service Reimbursements	\$ 489,330	\$ -	\$ 489,330
Other Environmental	13,508,291	-	13,508,291
Debt Service Payments	11,704,573	-	11,704,573
System Development Charges / Other	5,000	-	5,000
Cash Transfers to Other Funds	26,447,437	-	26,447,437
Contingency	72,180,927	935,041	73,115,969
Total Requirements	\$ 221,388,613	\$ (535,003)	\$ 220,853,609
AIRPORT REVENUE FUND			
Beginning Balance	\$ 96,467,476	\$ -	\$ 96,467,476
Operating Revenue	217,097,247	(458,224)	216,639,024
Interest on Investments	634,027	-	634,027
Other	-	-	-
Service Reimbursements	1,995,568	-	1,995,568
Transfers from Other Funds	110,000	-	110,000
Total Resources	\$ 316,304,319	\$ (458,224)	\$ 315,846,095
Operating Expenditures	\$ 94,099,206	\$ (310,367)	\$ 93,788,838
Sys Dev Chgs/Line Of Credit/Other	5,000	-	5,000
Service Reimbursements	26,843,269	155,891	26,999,161
Cash Transfers to Other Funds	109,394,801	(303,748)	109,091,053
Contingency	85,962,043	-	85,962,043
Total Requirements	\$ 316,304,319	\$ (458,224)	\$ 315,846,095
BOND CONSTRUCTION FUND			
Beginning Balance	\$ 10,000,000	\$ -	\$ 10,000,000
Interest Income/ Other	130,089	-	130,089
Federal/State Grants/Other	1,150,000	-	1,150,000
Bonds and Other Debt Proceeds	-	-	-
Property Tax	10,546,080	-	10,546,080
Transfers from Other Funds	30,062,437	-	30,062,437
Total Resources	\$ 51,888,606	\$ -	\$ 51,888,606
Capital Outlay	\$ 38,292,660	\$ 14,981	\$ 38,307,641
Service Reimbursements	3,585,946	(14,981)	3,570,965
Transfers to Other Funds	10,000	-	10,000
Contingency	10,000,000	-	10,000,000
Total Requirements	\$ 51,888,606	\$ 0	\$ 51,888,606

SCHEDULE OF APPROPRIATIONS - FISCAL YEAR 2015-16

	BUDGET PROPOSAL SUBMITTED ON APRIL 8, 2015	REVISIONS	BUDGET SUBMITTED FOR APPROVAL ON MAY 13, 2015
AIRPORT CONSTRUCTION FUND			
Beginning Balance	\$ 72,379,434	\$ -	\$ 72,379,434
Interest Income/ Other	638,809	-	638,809
Federal / State Grants	16,605,431	-	16,605,431
Bond and Other Debt Proceeds	50,000,000	-	50,000,000
Transfers from Other Funds	83,887,658	2,493,534	86,381,192
Total Resources	\$ 223,511,333	\$ 2,493,534	\$ 226,004,867
Capital Outlay	\$ 178,434,474	\$ 25,021	\$ 178,459,495
Bond Issue Costs/Other	750,000	-	750,000
Service Reimbursements	9,197,756	(25,021)	9,172,735
Cash Transfers to Other Funds	2,750,000	-	2,750,000
Contingency	32,379,103	2,493,534	34,872,637
Total Requirements	\$ 223,511,333	\$ 2,493,534	\$ 226,004,867
AIRPORT REVENUE BOND FUND			
Beginning Balance	\$ 28,674,336	\$ -	\$ 28,674,336
Bond and Other Debt Proceeds	3,750,000	-	3,750,000
Interest Income	28,737	-	28,737
Transfers from Other Funds	57,706,758	(2,800,000)	54,906,758
Total Resources	\$ 90,159,831	\$ (2,800,000)	\$ 87,359,831
Debt Service Payments	\$ 57,735,495	\$ (2,800,000)	\$ 54,935,495
Unappropriated Ending Balance	32,424,336	-	32,424,336
Total Requirements	\$ 90,159,831	\$ (2,800,000)	\$ 87,359,831
PASSENGER FACILITY CHARGE (PFC) FUND			
Beginning Balance	\$ 53,972,193	\$ -	\$ 53,972,193
Passenger Facility Charge	32,351,489	-	32,351,489
Bond and Other Debt Proceeds	-	-	-
Interest and Other	50,744	-	50,744
Total Resources	\$ 86,374,425	\$ -	\$ 86,374,425
Letter of Credit/Other	\$ 10,000	\$ -	\$ 10,000
Cash Transfers to Other Funds	25,603,236	-	25,603,236
Contingency	60,761,189	-	60,761,189
Total Requirements	\$ 86,374,425	\$ -	\$ 86,374,425
PASSENGER FACILITY CHARGE (PFC) BOND FUND			
Beginning Balance	\$ 14,327,648	\$ -	\$ 14,327,648
Interest Income	39,243	-	39,243
Cash Transfers from Other Funds	14,919,309	-	14,919,309
Total Resources	\$ 29,286,200	\$ -	\$ 29,286,200
Debt Service Payments	\$ 14,958,552	\$ -	\$ 14,958,552
Unappropriated Ending Balance	14,327,648	-	14,327,648
Total Requirements	\$ 29,286,200	\$ -	\$ 29,286,200
CUSTOMER FACILITY CHARGE (CFC) FUND			
Beginning Balance	\$ 15,322,140	\$ -	\$ 15,322,140
Customer Facility Charge	13,902,182	-	13,902,182
Interest Income	52,522	-	52,522
Cash Transfers from Other Funds	-	-	-
Total Resources	\$ 29,276,844	\$ -	\$ 29,276,844
Bank Fees / Other	\$ -	\$ 5,000	\$ 5,000
Cash Transfers to Other Funds	26,100,000	-	26,100,000
Contingency	3,176,844	(5,000)	3,171,844
Total Requirements	\$ 29,276,844	\$ -	\$ 29,276,844
TOTAL ALL FUNDS	\$ 1,048,190,170	\$ (1,299,693)	\$ 1,046,890,477

**PUBLIC IMPROVEMENT CONTRACT – CONCOURSE C SKYLIGHT REHABILITATION –
PORTLAND INTERNATIONAL AIRPORT**

May 13, 2015

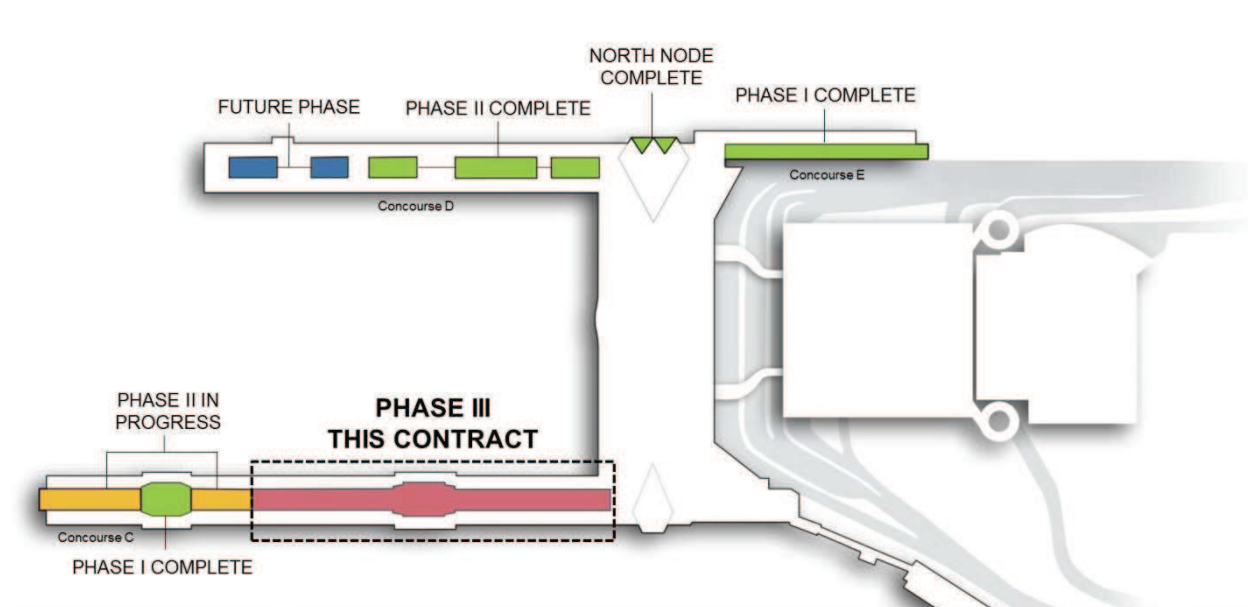
Presented by: **Greg Sparks**
Engineering Project Manager

REQUESTED COMMISSION ACTION

This agenda item requests approval to award a public improvement contract to GS Contracting, Inc., for the Concourse C Skylight Rehabilitation project at Portland International Airport (PDX) for a contract value of \$548,000.

BACKGROUND

The Port of Portland (Port) has a three-year program to rehabilitate skylights throughout the PDX terminal building. The Commission approved the award of a contract to complete Phase 1 (Concourse E, and Concourse C West Node) in May 2013. The Commission approved a contract for Phase 2 (Concourse D and portions of Concourse C) in June 2014. Under this project, Phase 3 (the balance of Concourse C) is scheduled to be completed this year. This final phase will correct skylight deterioration that contributes to roof leaks and potential long-term deterioration of the terminal roof envelope. The airlines approved the project in 2012.



SCOPE

The scope of the contract is to rehabilitate skylights in Concourse C including:

- Replace gasketing.
- Reinstall and torque compression bars.
- Replace glass-to-glass sealants.
- Repair glass-to-roof flashing.

SCHEDULE

Design	December 2014 – February 2015
Invitation to Bid	March 16 – April 2, 2015
Commission Action	May 13, 2015
Construction	May 2015 – November 2015

PROJECT BID RESULTS

The Port procured this public improvement contract utilizing a competitive sealed bidding solicitation under ORS Chapter 279C. The solicitation was advertised on March 16, 2015 and bids were received on April 2, 2015. GS Contracting, Inc., submitted the lowest responsive bid. The bids were as follows:

GS Contracting, Inc.	\$548,000
Angelus Waterproofing & Restoration, Inc.	\$822,995
Engineer's Estimate	\$800,000

PROJECT RISK

Disruptions to airline operations and gate use.

Mitigation Strategy:

- Work during hours of low traffic; night work.
- Schedule work activities around peak travel periods and moderate weather conditions.
- Closely coordinate construction activities with airlines and airport operations.

BUDGET

Phase 3 Public Improvement Contract	\$ 548,000
Port Staff/Contracted Services	\$ 300,000
Contingency	<u>\$ 300,000</u>
Total Project	\$1,148,000

The project will be funded by the Airline Cost Center in accordance with the PDX Airline Agreement.

The contingency fund is approximately 55 percent of the value of the construction contract, which Port staff deem reasonable given the potential that additional repairs will be required once the skylights are disassembled and the effects of water damage are revealed. The Port's experience to date on Phases 1 and 2 supports the reasonableness of this contingency. Additionally, the difference between the engineer's estimate and the low bid indicate the potential for additional project costs. Port staff consider it prudent to carry sufficient contingency funds to address those potential costs.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to award a public improvement contract for the Concourse C Skylight Rehabilitation project at Portland International Airport to GS Contracting, Inc., 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.