



AGENDA
Regular Commission Meeting
Port of Portland Headquarters
7200 N.E. Airport Way, 8th Floor
November 14, 2012
9:30 a.m.

Minutes

Approval of Minutes: Regular Commission Meeting – October 10, 2012

Executive Director

Approval of Executive Director's Report – October 2012

Awards Presentation

Third-Year Safety and Health Achievement Recognition Program
(SHARP) Award – Hillsboro and Troutdale Airports

*WILLIAM KLOSTER,
OREGON OSHA*

General Discussion

External Audit Results and Port Fiscal Year End 2012 Financials

*CINDY NICHOL AND
PRICEWATERHOUSE-
COOPERS*

Consent Item

1. GROUND LEASE – TRIMET STORAGE MAGAZINE – PORTLAND INTERNATIONAL AIRPORT

ISAAC BARROW

Requests approval to enter into a new ground lease with the Tri-County Metropolitan Transportation District of Oregon (TriMet) for the location of a storage magazine in the southwest quad area of Portland International Airport.

Action Items

2. CONTRACT – APPOINTMENT OF FINANCIAL ADVISOR

TATIANA STAROSTINA

Requests approval to enter into a five-year contract with Public Financial Management, Inc., to provide financial advice to the Port of Portland.

3. APPROVAL OF ADJUSTMENTS TO THE APPROPRIATION LEVELS FOR FISCAL YEAR 2012-13 *SUZANNE KENNY*

Requests approval of adjustments to the appropriation levels for the Port of Portland's Fiscal Year 2012-13 Budget.

4. CONSTRUCTION CONTRACTS – HEATING, VENTILATING AND AIR CONDITIONING CONTROLS UPGRADE – PORTLAND INTERNATIONAL AIRPORT *GEORGE SEAMAN*

Requests approval of an exemption from the competitive bidding requirement, approval to award a public improvement contract to Johnson Controls, Inc., and approval to award a construction contract to Todd Hess Building Company.

5. COLLECTIVE BARGAINING AGREEMENT – AVIATION FIRE DEPARTMENT *BLAISE LAMPHIER*

Requests approval of a four-year collective bargaining agreement between the Port of Portland and the International Association of Fire Fighters, Local 43.

GROUND LEASE – TRIMET STORAGE MAGAZINE – PORTLAND INTERNATIONAL AIRPORT

November 14, 2012

Presented by: Isaac Barrow
Property Manager**EXECUTIVE SUMMARY**

This agenda item requests approval to enter into a new ground lease with the Tri-County Metropolitan Transportation District of Oregon (TriMet) for the location of a storage magazine in the southwest quad area of Portland International Airport (PDX).

BACKGROUND

In 2007, TriMet augmented its security program through the certification and deployment of three K-9 dog teams. As part of this program, TriMet entered into a ground lease with the Port for a site to locate a storage magazine (container) used to house trace amounts of explosive material (training aids) that are required for training and certification of the K-9 teams. The site is adjacent to the site used by Port police to store its own training aids in a similar type storage magazine. The co-location of these storage magazines increases intra-agency cooperation between the Port, TriMet and the Transportation Security Administration (TSA), who maintains ownership and jurisdictional oversight of the magazines. Such cooperation improves the ability for K-9 teams from each agency to respond directly and/or back up other teams responding to potential explosives-related emergencies at PDX. TriMet K-9 teams are normally deployed for screening trains arriving at PDX as well as other deployments throughout the metro area.

TriMet and Port K-9 teams are very satisfied with the current arrangement and desire to enter into a new ground lease that will allow TriMet the opportunity to maintain its storage magazine in its present location.

The key terms of the lease include:

- Term: 10 years with a 5-year option to extend.
- Land: Approximately 207 square feet.
- Compensation: TriMet will pay the Port a one-time fee of \$3,000, representing the fair market rent and administrative costs over the life of the lease.
- Use: Same as current; explosive training aid storage magazine.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to enter into a new ground lease with the Tri-County Metropolitan Transportation District of Oregon in the southwest quad area of Portland International Airport, consistent with the terms presented to the Commission; 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.

CONTRACT – APPOINTMENT OF FINANCIAL ADVISOR

November 14, 2012

Presented by: Tatiana Starostina
Senior Manager
Financial Analysis & Projects**EXECUTIVE SUMMARY**

This agenda item requests approval to enter into a five-year financial advisory contract (Contract) with Public Financial Management, Inc. (PFM), to provide advice, guidance, expertise and transaction assistance in connection with financial planning and debt financing and management.

BACKGROUND

Consistent with the guidelines from the Government Finance Officers Association, the Port of Portland (Port) employs financial advisors to represent the interests of the Port in bond transactions and to provide advice and expertise in determining cost-efficient funding strategies, selecting underwriters, planning the bond sale and successfully selling and closing the bonds. The Port selects financial advisors on the basis of merit using a competitive process and reviews those relationships periodically.

Since 2006, the Port has used a Request for Proposals (RFP) process to select a financial advisor to the Port. In December 2006, the Port entered into a five-year contract with Seattle Northwest Securities Corporation (SNW) and then extended it for one additional year. The current contract is expiring on January 1, 2013.

Staff identified the following upcoming scope of work that will require assistance from a financial advisor in the near future:

- Assisting with the selection process for the underwriters (current appointments expire in April 2013);
- Adopting Debt Management Policy and Post-issuance Compliance policies and procedures;
- Establishing a short-term financing program for the Portland International Airport;
- Determining General Fund financing strategy; and
- Executing refunding debt transactions as opportunities arise.

To ensure continuity of service, the Port initiated a selection process in advance of the expiration of the current appointment. The Port issued an RFP and received proposals from SNW, PFM and FirstSouthwest. The evaluation criteria used in the RFP process (listed in priority order) were:

CONTRACT – APPOINTMENT OF FINANCIAL ADVISOR

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- Project approach, including how the firm will provide the requested services, what approach the proposer takes to working with an issuer and underwriters, selecting underwriters' and evaluating interest rate swaps.
- Project team, including qualifications and recent work history of the specific staff who will be assigned to the Port, with particular emphasis on the engagements relating to aviation, maritime, land development or rail related projects.
- Qualifications of the proposer, including the firm's experience in providing financial advice on debt related issues, interest rate swaps and real estate transactions to U.S. seaports, medium-hub airports and municipal transportation agencies.
- Costs and fees.
- Small business participation.

Following reviews based on the evaluation criteria, the RFP panel concluded that the best-qualified firm is PFM.

The Port is proposing entering into a financial advisory services contract with PFM. The term of the appointment will be for approximately five years, until December 31, 2017. The Port will have two options to extend the contract for one year at a time. The Port may terminate the Contract at any time for its convenience with written notice.

PFM compensation will be structured as follows:

- All general advisory services will be covered under the retainer of \$150,000 per year (equivalent of approximately 500 annual hours at the average rate). The retainer fees will cover all financial modeling, debt management, coordination of the Port's credit strategy, and ongoing administrative, quantitative and technical support.
- The Port will pay for debt transaction support on an hourly basis.
- The Port will pay \$5,000 per year for access to PFM proprietary software for swap monitoring and valuation.
- The Port will pay a fee of \$500 to \$1,900 for the preparation of Arbitrage Rebate and Yield Restriction reports and other arbitrage yield calculations and services.
- The Port will reimburse PFM for travel and other expenses in accordance with the Port's policy.

PFM fees are estimated at \$250,000 per year, or \$1,250,000 over the five years of the Contract.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to enter into a five-year contract with Public Financial Management, Inc., to provide financial advice to the Port of Portland through December 31, 2017; 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.

APPROVAL OF ADJUSTMENTS TO THE APPROPRIATION LEVELS FOR FISCAL YEAR 2012-13

November 14, 2012

Presented by: Suzanne Kenny
Senior Manager
Business and Financial Operations**EXECUTIVE SUMMARY**

This agenda item requests approval of adjustments to the appropriation levels for the Port of Portland's (Port's) Fiscal Year 2012-13 Budget.

BACKGROUND

In order to avoid an over expenditure and to ensure compliance with Oregon local budget law, budget appropriations are routinely reset each year to cover situations that were unforeseen at the time the budget was adopted.

For Fiscal Year 2012-13, staff requests a net appropriation reduction of \$9,536,804 for the General Fund. This appropriation reduction involves changes to the following three line items:

- An increase in Marine and Industrial Development appropriation by \$4,670,000 to cover potential expenses associated with the International Container Terminal Services Incorporated, Oregon (ICTSI) cost-sharing program. The Port has agreed to share 50 percent of ICTSI's extraordinary costs, up to a maximum of ICTSI's annual lease payment of \$4,664,356, as a result of the labor jurisdiction issues between the electrician's union (IBEW) and the longshoremen's union (ILWU).
- An increase in System Development Charges/Other of \$180,000 to reflect the General Fund expense to cover Asiana Airline, Inc. (Asiana), landing fees in the Airline Cost Center within the Airport Revenue Fund for a period of six months. Per the terms of the Asiana Airlines, Inc., Cargo Service Retention Agreement, the payment is not to exceed \$180,000, and is in consideration for Asiana's commitment to maintain their non-stop cargo freighter service between Portland, Oregon, and Incheon, South Korea.
- Finally, a decrease in Cash Transfers to Other Funds of \$9,536,804 (the Bond Construction Fund), due to the Port's dedication of property tax revenue to the Port's Bond Construction Fund for use in General Fund capital construction.

The offsetting entry for the three adjustments is a decrease in the General Fund Contingency of \$4,850,000. The detailed Schedule of Appropriations and Explanation of Appropriation Changes are attached as Exhibits A and B to this agenda item.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That in accordance with ORS 294.450, the Port of Portland Commission finds the need to adjust appropriations within the General Fund in the amounts shown on Exhibit A and for the purposes shown on Exhibit B, incorporated by this reference, to meet actual spending patterns unforeseen at the time of adoption of the Fiscal Year 2012-13 Budget; and

BE IT FURTHER RESOLVED, That copies of Exhibit A, Schedule of Appropriations Fiscal Year 2012-13; and Exhibit B, Explanation of Changes to Fund Appropriations Fiscal Year 2012-13, shall be included in the minutes of this meeting; and

BE IT FURTHER RESOLVED, That the Budget Officer is authorized to execute the necessary documents on behalf of the Port of Portland Commission in a form approved by counsel.

| SCHEDULE OF APPROPRIATIONS FISCAL YEAR 2012-13 | | | |
|--|------------------------------------|--|---|
| | ADOPTED BUDGET JUNE 22, 2012 | CHANGES TO APPROP. November 14, 2012 | REVISED APPROP. November 14, 2012 |
| GENERAL FUND | | | |
| Administration | \$ 23,991,482 | | \$ 23,991,482 |
| Marine & Industrial Development | 26,771,347 | 4,670,000 | 31,441,347 |
| Development Service & Information Technology | 9,920,618 | | 9,920,618 |
| Navigation | 9,782,277 | | 9,782,277 |
| Engineering | 10,529,745 | | 10,529,745 |
| General Aviation | 2,005,039 | | 2,005,039 |
| Sub Total | 83,000,508 | 4,670,000 | 87,670,508 |
| Service Reimbursements | \$ 96,889 | | \$ 96,889 |
| Long-Term Debt Payments | 9,825,469 | | 9,825,469 |
| Other Environmental | 5,064,969 | | 5,064,969 |
| System Development Charges / Other | 5,000 | 180,000 | 185,000 |
| Cash Transfers to Other Funds | 26,007,962 | (9,536,804) | 16,471,158 |
| Contingency | 152,539,900 | (4,850,000) | 147,689,900 |
| Total Requirements | \$ 276,540,697 | \$ (9,536,804) | \$ 267,003,893 |
| AIRPORT REVENUE FUND | | | |
| Operating Expenditures | \$ 84,537,112 | | \$ 84,537,112 |
| System Development Charges / Other | 5,000 | | 5,000 |
| Service Reimbursements | 21,999,918 | | 21,999,918 |
| Cash Transfers to Other Funds | 83,639,686 | | 83,639,686 |
| Contingency | 35,000,000 | | 35,000,000 |
| Total Requirements | \$ 225,181,716 | \$ - | \$ 225,181,716 |
| BOND CONSTRUCTION FUND | | | |
| Capital Outlay | \$ 29,200,771 | | \$ 29,200,771 |
| Service Reimbursements | 6,126,698 | | 6,126,698 |
| Cash Transfers to Other Funds | - | | - |
| Contingency | 10,000,000 | | 10,000,000 |
| Total Requirements | \$ 45,327,469 | \$ - | \$ 45,327,469 |
| AIRPORT CONSTRUCTION FUND | | | |
| Capital Outlay | \$ 98,101,436 | | \$ 98,101,436 |
| Service Reimbursements | 8,952,331 | | 8,952,331 |
| Cash Transfers to Other Funds | 2,200,000 | | 2,200,000 |
| Contingency | 14,387,528 | | 14,387,528 |
| Total Requirements | \$ 123,641,295 | \$ - | \$ 123,641,295 |
| PASSENGER FACILITY CHARGE (PFC) FUND | | | |
| Letter of Credit / Other | \$ 600,000 | | \$ 600,000 |
| Cash Transfers to Other Funds | 23,418,615 | | 23,418,615 |
| Contingency | 31,891,555 | | 31,891,555 |
| Total Requirements | \$ 55,910,170 | \$ - | \$ 55,910,170 |

| SCHEDULE OF APPROPRIATIONS FISCAL YEAR 2012-13 | | | |
|---|---------------------------|-------------------------------|----------------------------|
| | ADOPTED BUDGET | CHANGES TO APPROP. | REVISED APPROP. |
| | JUNE 22, 2012 | November 14, 2012 | November 14, 2012 |
| AIRPORT REVENUE BOND FUND | | | |
| Long-Term Debt Payments | \$ 54,440,932 | | \$ 54,440,932 |
| Unappropriated Ending Balance | 25,554,313 | | 25,554,313 |
| Total Requirements | \$ 79,995,245 | \$ - | \$ 79,995,245 |
| PASSENGER FACILITY CHARGE (PFC) BOND FUND | | | |
| Long-Term Debt Payments | \$ 16,454,175 | | \$ 16,454,175 |
| Unappropriated Ending Balance | 15,472,567 | | 15,472,567 |
| Total Requirements | \$ 31,926,742 | \$ - | \$ 31,926,742 |
| TOTAL ALL FUNDS | \$ 838,523,334 | \$ (9,536,804) | \$ 828,986,530 |
| Less Unappropriated Ending Balances: | | | |
| Airport Revenue Bond Fund | \$ 25,554,313 | | \$ 25,554,313 |
| Passenger Facility Charge (PFC) Bond Fund | 15,472,567 | | 15,472,567 |
| Subtotal Unappropriated Ending Balance | 41,026,880 | - | 41,026,880 |
| TOTAL APPROPRIATIONS | \$ 797,496,454 | \$ (9,536,804) | \$ 787,959,650 |

| Explanation of Changes to Fund Appropriations Fiscal Year 2012-13 | | | |
|--|----|--|---|
| FUND | | AMOUNT OF INCREASE/(DECREASE) | REASON FOR CHANGE |
| GENERAL FUND | | | |
| Marine & Industrial Development | \$ | 4,670,000 | Increase to cover expenses associated with the Port's share of ICTSI's extraordinary costs as a result of the labor jurisdiction issues between the electrician union (IBEW) and the longshore union (ILWU) over the two position that monitor the refrigerated containers. |
| System Development Charges / Other | | 180,000 | Increase to cover the General Fund expense to fund Asiana Airline, Inc. (Asiana) landing fees in the Airline Cost Center within the Airport Revenue Fund for a period of six months per the terms of the Asiana Airlines, Inc. Cargo Service Retention Agreement in consideration for Asiana's commitment to maintain their non - stop cargo freighter service between Portland, Oregon and Incheon, South Korea. |
| Cash Transfers to Other Funds | | (9,536,804) | A decrease in Cash Transfers to Other Funds (the Bond Construction Fund), due to the Port's dedication of property tax revenue to the Port's Bond Construction Fund for use in General Fund capital construction. |
| Subtotal Increases | \$ | (4,686,804) | |
| Contingency | \$ | (4,850,000) | Balancing entry. |

**CONSTRUCTION CONTRACTS – HEATING, VENTILATING AND AIR CONDITIONING
CONTROLS UPGRADE – PORTLAND INTERNATIONAL AIRPORT**

November 14, 2012

Presented by: George Seaman
Engineering Project Manager**EXECUTIVE SUMMARY**

This agenda item requests approval of an exemption from the competitive bidding requirement of Oregon's Public Contracting Code (Code). The exemption would enable the Port of Portland (Port) to use an alternate contracting method to procure a public improvement contract for the provision and installation of an upgrade to the heating, ventilating and air conditioning (HVAC) controls system at Portland International Airport (PDX).

This item also requests approval to award the public improvement contract to Johnson Controls, Inc. (JCI), in the amount of \$996,158. This item further requests approval to award a construction contract to Todd Hess Building Company (Todd Hess), to construct a new network room and connect the upgraded JCI HVAC control panels to the Port's IT network for the amount of \$809,480.

BACKGROUND

The project is intended to upgrade the existing HVAC control system at PDX. The existing HVAC control system uses a combination of control technologies and methods which have been installed during the evolution of PDX. The control technologies are multiple generations old and in need of modernization. Some system components are over 30 years old and have outlasted their technological life, which is putting them at risk of failure. The existing HVAC system components work independently of each other, preventing the implementation of energy efficient operational improvements throughout the terminal and concourses.

The JCI proprietary building automation system (Metasys) was originally installed in 1990 at the PDX central utility plant (CUP) to allow fully automated operations at the CUP, eliminating the need for 24-hour staffing requirements. Based on this installation and the need to integrate complex operations at PDX with existing systems, in 2003 the Port approved a brand name exemption under ORS 279B.215 and Port Contracting Rule B.215 allowing the Port to specify the JCI Metasys Facility Management System for building automation control systems and components.

During the past five years, JCI has installed the newest generation of its Metasys building automation control systems in all of the Port's significant capital improvement projects at PDX, including the Baggage Screening Improvements, Deicing Enhancements and the headquarter building project.

CONSTRUCTION CONTRACTS – HEATING, VENTILATING AND AIR CONDITIONING CONTROLS UPGRADE – PORTLAND INTERNATIONAL AIRPORT

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Project Description

The PDX HVAC controls upgrade project will replace and convert the existing, out-of-date JCI network-based HVAC control units with new Metasys web-based controllers. Over 40 new controllers will be installed at diverse locations throughout PDX including the main terminal; Concourses A, B, C, D and E; parking garage tunnels; Aircraft Rescue Fire Fighting Facility; South and North Cargo buildings and the Maintenance building. In addition to replacing the control system, some HVAC hardware components will also be replaced, including control valves, damper controllers and control sensors.

In order to realize all the benefits of the new control system installation, the controllers will be connected through the Port's fiber-based IT network to the operations center at the CUP. This will require the installation of conduit, wire and fiber from the existing Port network rooms to the JCI control panels. In addition, a new network room will need to be constructed on the third floor of the terminal building. The network room work scope will include architectural finishes, mechanical piping and ductwork, electrical controls, power and fire protection contracting activities.

Alternate Contracting Method

The JCI building automation system has been integrated into operations at PDX since the 1990 CUP building automation project. This system has grown to include all significant building programs over the last five years. A key requirement of an upgrade to the existing building HVAC control system is the ability to integrate any new control systems or devices into the existing network. This will allow efficient operations of the entire PDX building control system, reduce the cost of maintenance by allowing improvements in spare parts stocking and simplifying the IT, maintenance and operational training required for the system modification.

The Metasys control system currently installed at PDX is proprietary to JCI. As a result JCI is the only firm that can readily provide an upgraded building automations system for PDX that meets the Port's key requirement of a seamless integration with the existing building control system. Due to the Code's default requirement that public agencies competitively solicit public improvement contracts and award contracts to the lowest bidder, the Port proposes to use an alternate contracting method to award the PDX HVAC controls upgrade contract to JCI.

Exemption from Competitive Bidding – JCI Contract

The Code embraces alternate contracting methods for complex public improvement projects. To use an alternate contracting method, an agency's Contract Review Board (CRB) must grant an exemption from the Code's competitive bidding requirement. 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. The final findings in support of the exemption requested under this agenda item (Findings) are attached as Exhibit A.

CONSTRUCTION CONTRACTS – HEATING, VENTILATING AND AIR CONDITIONING
CONTROLS UPGRADE – PORTLAND INTERNATIONAL AIRPORT

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Staff proposes to award the public improvement contract for the PDX HVAC Controls contract to JCI on a sole-source basis. As detailed in the Findings, the proposed contracting method is not likely to encourage favoritism or substantially diminish competition, is likely to result in substantial cost savings to the Port and is consistent with the Code's stated policy of embracing alternate contracting methods when appropriate.

As required under the Code, public notice of the Port's intent to seek an exemption from competitive bidding was published and a public hearing was held on September 13, 2012. No comments were received at the hearing. In order for the Port to award a project public improvement contract to JCI on a sole source basis, Oregon law requires that the Port's CRB exempt the contract from the Code's competitive bidding requirements.

Public Improvement Contract – JCI

JCI has worked closely with Port staff on the design of the PDX HVAC control system upgrade, resulting in a system design that is closely tailored to the Port's requirements. The negotiated price of \$996,158 for the public improvement contract provides for the provision and installation of the JCI portion of the PDX HVAC control system upgrade. This contract amount is within the project budget and will be funded from the Airline/Port Shared Cost Center.

Public Improvement Contract – Todd Hess

The project contract documents and specifications to construct a new network room, and connect the JCI control panels to the Port IT network were advertised on October 1, 2012 with bids received on October 18, 2012. While there are multiple general contractors in the Portland area from whom the Port expected to receive bids, only Todd Hess submitted a bid. The bid price was \$855,900, which exceeded the engineering estimate of \$570,000. Under ORS 279C.340 and Port Contracting Rule C.340, the Port may negotiate with the lowest responsible bidder for a public improvement contract if all responsive bids exceed the Port's cost estimate. The Port negotiated with Todd Hess to attempt to bring the price within the Port's cost estimate. As a result, the contract price was reduced to \$809,480. This amount is within the project budget and will be funded from the Airline/Port Shared Cost Center.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That the Port of Portland Commission, in its capacity as the Port of Portland Contract Review Board, approves the Findings in Support of an Exemption from Public Bidding set forth on the attached Exhibit A, dated September 13, 2012; and

CONSTRUCTION CONTRACTS – HEATING, VENTILATING AND AIR CONDITIONING
CONTROLS UPGRADE – PORTLAND INTERNATIONAL AIRPORT

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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 public improvement contracts for the Portland International Airport Heating, Ventilating and Air Conditioning Controls Upgrade project, consistent with the terms presented to the Commission; and

BE IT FURTHER RESOLVED, That approval is given to award a public improvement contract for the Portland International Airport Heating, Ventilating and Air Conditioning Control System Network Upgrade project to Johnson Controls, Inc., consistent with the terms presented to the Commission; and

BE IT FURTHER RESOLVED, That approval is given to award a public improvement contract for the Portland International Airport Heating, Ventilating and Air Conditioning Controls Upgrade to Todd Hess Building Company, in accordance with the negotiations summarized above; 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.



PORT OF PORTLAND
HVAC CONTROLS UPGRADE
PORTLAND INTERNATIONAL AIRPORT
PROJECT #101671

FINDINGS IN SUPPORT OF AN
EXEMPTION FROM COMPETITIVE BIDDING
SEPTEMBER 13, 2012

Project Background

The Port of Portland (Port) plans to update the existing heating, ventilating, and air conditioning (HVAC) control system at Portland International Airport (PDX). The existing HVAC control system uses a combination of control technologies and methods that have been installed during the evolution of PDX. These systems are multiple generations old and in need of modernization. The individual systems were installed under a number of different projects. Some of the system components are over 30 years old, work independently of each other, and have outlasted their technological life, putting them at risk of failure.

The Johnson Controls Inc. (JCI) Metasys Facility Management System was originally installed in 1990 at the PDX central utility plant (CUP) to allow fully automated operations at CUP, eliminating the need for 24-hour staffing requirements. Based on this installation and the need to integrate complex operations at PDX with existing systems, on December 30, 2003 the Port approved a brand name exemption under ORS 279B.215 and Port Contracting Rule B.215 allowing the Port to specify the JCI Metasys Facility Management System for building automation control system and components. On December 4, 2008 the Port extended the duration of this brand name exemption to December 3, 2013.

During the past five years, JCI has installed the newest generation of its building automation control systems in all of the Port's significant building capital improvement projects, including the Baggage Screening Improvements, Deicing Enhancements, and the Headquarters building projects.

Project Description

The PDX HVAC Controls Upgrade project will replace and convert the existing, out-of-date JCI network-based HVAC control units with JCI's new Metasys web-based controllers. Over 40 new controllers will be installed at diverse locations throughout PDX including the main terminal, Concourses A, B, C, D, and E, parking garage tunnels, Aircraft Rescue Fire Fighting Facility, South Cargo, North Cargo, and Maintenance buildings. In addition to replacing the network control system, some of the older-generation HVAC hardware will not accept newer controls and will need to be replaced, including a limited number of control valves, damper controllers, temperature sensors, and airflow sensors. Port staff anticipates that the new system will be operational by September 2013. The project contractor will be required to:

- Install a new central, technological-based network, communicating through the Port's IT fiber backbone to allow remote system monitoring and control modification
- Select the electrical subcontractor through a competitive bidding process

- Be responsible for the physical installation of the system controls, wiring, and devices
- Provide system programming and integration into the existing Port HVAC control system
- Provide all labor and materials required to complete the work
- Commission all new controllers and field devices
- Provide all required testing to assure system compliance with the specifications

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: “[p]rovide 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.” ORS 279A.015(6). 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.” Port Contracting Rule A.015. 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.” ORS 279C.335(4).

An agency’s CRB directs the agency to use an alternate contracting method by granting an exemption from competitive bidding under ORS 279C.335(2). 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. The findings must show that the exemption of the contract complies with certain requirements, as set forth below.

Proposed Contracting Method

The Port intends to award the construction contract for the PDX HVAC Controls Upgrade project to JCI on a sole-source basis, for the reasons described in the Findings set forth below.

Findings

Under the Code, an agency’s CRB may exempt a public improvement contract from competitive bidding upon approval of certain findings submitted by agency staff which justify the exemption. The two required findings are underlined below, with supporting information following each:

a. It is unlikely that the exemption will encourage favoritism in the awarding of the contract or substantially diminish competition for the contract. It is unlikely that exemption of this contract from competitive bidding will encourage favoritism or substantially diminish competition, in that JCI is the only firm that can provide the key requirement of integration with the existing PDX HVAC control system. When necessary goods or services are available from only one source, awarding a contract to that source neither encourages favoritism nor diminishes competition because in that case, neither favoritism nor competition exist at all. However, consistent with the public policy of encouraging competition, JCI will competitively procure the subcontract work.

b. The awarding of the contract under the exemption will likely result in substantial cost savings to the agency. The Port will achieve cost savings from awarding this contract to JCI by allowing the new components to be integrated with the existing control system, into which the Port has already made a substantial investment. If this contract was not awarded to JCI, then the Port would have two options. First, the existing JCI installations at the CUP, deicing system, baggage screening, and headquarter buildings would need to be replaced with a new system which would integrate the entire PDX environment. This would result in substantially greater costs than the proposed approach, in that it would require the abandonment and replacement of a significant investment. A second option would require the installation of a parallel control system throughout PDX. By utilizing the JCI's existing PDX control system, savings will also be realized in the maintenance of the new system by requiring stocking of fewer parts and simplifying the IT, maintenance, and operational training required by having one vendor's system instead of two.

Additionally, in making this finding, the CRB may also consider appropriate factors including the information called for in ORS 279C.330, which follows in underlined text:

i. Operational, Budget, and Financial Data. The Port's existing investment in JCI control system contracts for the Deicing (approximately \$136,000), Headquarters (approximately \$1,880,000) and Baggage Screening Systems (approximately \$800,000) projects total approximately \$2.8 million. The contract cost for the proposed PDX HVAC Controls Upgrade project is estimated at about \$1,350,000, which includes about \$350,000 for engineering and design. Port staff anticipates that the project will begin in the summer of 2012, and be completed by September 2013.

ii. Public Benefits. A number of the existing HVAC control systems throughout the PDX terminal and concourses have exceeded their useful life and require maintenance staff to physically access the components in order to make changes to operating conditions. By implementing this contract, Port maintenance staff will be able to monitor and adjust terminal temperature and humidity remotely. This will allow much quicker reactions to abnormal conditions, providing superior customer service to the traveling public.

iii. Value Engineering. Port engineering and design staff will work with JCI to achieve the optimum design for the budget allowed. In addition, as stated above, the electrical contracting portion of the JCI installation will be competitively bid.

iv. Specialized Expertise Required. The PDX building automation control system is a highly specialized, integrated design. Modifications to the system must be made in accordance with UL third-party mandated requirements. Operation and interface between the building automation control system and PDX's fire alarm/life safety system must be approved by the City of Portland Fire Marshall. These requirements demonstrate the specialized expertise required to modify the existing system or install new components associated with the building automation control system. The existing control system is proprietary to JCI, making JCI the only company able to integrate changes into the existing building automation control system.

v. Public Safety. All on-site work performed in installing the proposed PDX HVAC control system upgrade will be in accordance with OR-OSHA safety regulations. The project will be phased in order to minimize impact to the public.

vi. Market Conditions. On-site installation work will be performed by a qualified electrical subcontractor licensed in the State of Oregon. The subcontractor will be selected by a competitive bid process, assuring that advantages related to market competition for the system installation will be realized.

vii. Technical Complexity. This project requires technical expertise and experience working in an airport environment. Work will need to be carefully coordinated and phased such that the work may be accomplished minimizing disruption to PDX tenants, stakeholders, and the traveling public. Having implemented PDX's HVAC control system for over 20 years, JCI is in the best position to understand the Port's requirements.

viii. Funding Sources. The project has an estimated total budget of \$3.8 million that includes designing and constructing a new network room at PDX, connecting the new JCI control systems to the Port network, HVAC control system design, construction and installation costs, and Port costs. The project is being funded under the Airport Shared Cost Center and is included in the aviation baseline project list.

Public Hearing

Under the Code, before final adoption of the findings proposed above, 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. ORS 279C.335(5). Draft findings summarizing the requested exemption from competitive bidding were published in compliance with the Code's notice requirements, and a public hearing was held on September 13, 2012 to allow interested parties to present comments on the proposed exemption. No interested parties appeared at the public hearing and no comments were received.

Summary

Port staff find that the key project requirement of integration with the existing PDX HVAC control system is available from only one source, JCI. As described in detail above, the proposed contracting method is not likely to encourage favoritism or substantially diminish competition, is likely to result in substantial cost savings to the Port, and is consistent with the Code's stated policy of embracing alternate contracting methods when appropriate. Port staff therefore recommend that the public improvement contract for the PDX HVAC Controls Upgrade project be awarded to JCI.

COLLECTIVE BARGAINING AGREEMENT – AVIATION FIRE DEPARTMENT

November 14, 2012

Presented by: Blaise Lamphier
Labor Relations Manager
Craig Callicotte
Fire Chief

EXECUTIVE SUMMARY

This agenda item requests approval of a four-year collective bargaining agreement between the Port of Portland (Port) and the International Association of Fire Fighters (IAFF), Local 43.

On April 25, 2012, the Port and the IAFF, which represents 37 employees who work in the Aviation Fire Department, entered into collective bargaining for a new agreement to replace the agreement scheduled to expire on June 30, 2012. On October 31, 2012, the parties reached a tentative agreement, with the following primary changes in terms and conditions to the collective bargaining agreement:

Term of Agreement: July 1, 2012, through June 30, 2016.

Wages: Effective July 1, 2012, lump sum cash payment of \$1,250; no change in base wages.

Effective January 1, 2013, a 1.5-percent increase in base wages.

Effective July 1, 2013, a 2.0-percent increase in base wages.

Effective July 1, 2014, an increase in base wages based on the Consumer Price Index for Urban Wage Earners, Portland, Second Half (reported in February 2014), with a minimum increase of 1.0 percent and a maximum increase of 4.0 percent.

Effective July 1, 2015, an increase in base wages based on the Consumer Price Index for Urban Wage Earners, Portland, Second Half (reported in February 2015), with a minimum increase of 1.0 percent and a maximum increase of 4.0 percent.

Apparatus Operator (AO) premium:

- Effective July 1, 2013, increase from 2.0 to 3.0 percent.
- Effective July 1, 2015, increase from 3.0 to 4.0 percent.

Water Rescue premium:

- Effective first pay period after Commission approval, increase from 4.0 to 5.0 percent.

Water Rescue Coordinator premium:

- Effective first pay period after Commission approval, increase from 7.0 to 8.0 percent.

Assistant Fire Marshal/Inspector:

- Change title to Deputy Fire Marshal/Inspector
- Increase premium from 13.0 to 18.0 percent over base member's rate.

Paramedics:

Effective first pay period after Commission approval:

- All EMT-Ps with valid certifications get the 10-percent premium.
- Lieutenants are eligible for premium.
- Remain under orders of current physician's advisor of department.
- Chief retains control of staffing levels and assignment of personnel.

Work Week:

Effective January 1, 2013, all shift employees will receive one additional "Kelly Day" per fiscal year. This will decrease the workweek from 53 hours to 52.89 hours, with no reduction of annual compensation.

Effective July 1, 2015, all shift employees will receive one additional "Kelly Day" per fiscal year. This will decrease the workweek from 52.89 hours to 52.45 hours, with no reduction of annual compensation.

Note: Employees currently on a 24/48 shift week have six "Kelly Days" per year. These "Kelly Days" were originally added in the last collective bargaining agreement (2008-2012). "Kelly Days" are regularly scheduled unpaid days off for employees that do not result in a reduction of annual compensation. Additional "Kelly Days" were added in this collective bargaining agreement based on an analysis of comparables and trends for this benefit.

COLLECTIVE BARGAINING AGREEMENT – AVIATION FIRE DEPARTMENT

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Insurance: Effective January 1, 2014, medical benefits provided under the PPO plan and the Kaiser plan will be the same benefits that are in effect on January 1, 2013 for administrative employees.

Effective January 1, 2014, ODS dental benefits will be enhanced to provide the same benefits that are in effect on January 1, 2013, for administrative employees.

Miscellaneous: Clarification made to the language regarding grievances and discipline. Alcohol and Drug Testing language was revised to mirror Port Policy. Bereavement leave revised to mirror administrative employees' benefit. Various housekeeping changes were also made.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to enter into a collective bargaining agreement with the International Association of Fire Fighters, Local 43, for a four-year agreement, retroactive to July 1, 2012, setting forth wages, fringe benefits and working conditions, 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.