



AGENDA
Regular Commission Meeting
Port of Portland Headquarters
7200 N.E. Airport Way, 8th Floor
September 10, 2014
9:30 a.m.

Minutes

Approval of Minutes: Regular Commission Meeting – August 13, 2014

Executive Director

Approval of Executive Director's Report – August 2014

General Discussion

2013-2014 Environmental Performance

DOROTHY SPERRY

Consent Item

1. CLEARING OF TITLE BY TRANSFER OF POSSIBLE PROPERTY INTEREST TO METRO

CRAIG CALLICOTTE

Requests approval of a quitclaim deed from the Port of Portland to Metro to resolve a clouded title issue, in exchange for a perpetual easement for the deicing pipeline outfall and an intergovernmental agreement setting forth dredging responsibilities and rights concerning the Gleason Boat Ramp.

Action Items

2. CONCESSION LEASE AGREEMENTS – PORTLAND INTERNATIONAL AIRPORT

DAVE PFEIFFER

Requests approval to enter into new concession lease agreements with the 11 successful proposers from the Port of Portland's solicitation for food and beverage and retail opportunities at Portland International Airport.

3. PORT OF PORTLAND ORDINANCE NO. 455-B TO AMEND ORDINANCES NOS. 155 AND 323 AND THE CERTIFICATE OF THE EXECUTIVE DIRECTOR FOR THE SERIES EIGHTEEN BONDS, TO IMPLEMENT CERTAIN PRE-AUTHORIZED AMENDMENTS

TATIANA STAROSTINA

Requests approval of Port of Portland Ordinance No. 455-B to amend the Port of Portland Ordinances Nos. 155 and 323.

4. SOFTWARE AS A SERVICE CONTRACT – PROJECT
PORTFOLIO MANAGEMENT SYSTEM

JOSH MORIARTY

Requests approval to award a software as a service contract to Aurigo Software Technologies, Inc., for software implementation and subscription services for a project and portfolio management information system.

5. PERSONAL SERVICES CONTRACT – RENTAL CAR QUICK
TURN AROUND FACILITY – PORTLAND INTERNATIONAL
AIRPORT

GREG SPARKS

Requests approval to award a personal services contract to Mackenzie for design services related to the Rental Car Quick Turn Around Facility project at Portland International Airport.

6. PUBLIC IMPROVEMENT CONTRACT – TERMINAL CARPET
REPLACEMENT – PORTLAND INTERNATIONAL AIRPORT

ROBIN MCCAFFREY

Requests approval to award a public improvement contract to Emerick Construction Company for carpet replacement at the Portland International Airport terminal.

CLEARING OF TITLE BY TRANSFER OF POSSIBLE PROPERTY INTEREST TO METRO

September 10, 2014

Presented by: Craig Callicotte
Fire Chief**REQUESTED COMMISSION ACTION**

This agenda item requests approval of a quitclaim deed from the Port of Portland (Port) to Metro to resolve a clouded title issue, in exchange for a perpetual easement for the deicing pipeline outfall and an intergovernmental agreement setting forth dredging responsibilities and rights concerning the Gleason Boat Ramp.

BACKGROUND

On June 12, 1958, the Port conveyed property adjacent to Metro's Gleason Boat Ramp on the Columbia River (Property) to Multnomah County (County) for ten dollars (\$10.00). The conveyance deed (Deed) contained a condition that if the County ever sold the Property to another party, the Property would revert to the Port. On March 30, 1998, the County conveyed its interest in the Property to Metro.

The Property is of importance as the Port's deicing pipeline outfall runs underneath it and the Port houses its fire boat at the adjacent boat dock. Approximately three years ago, when the Port was working to install the new deicing pipeline outfall, the Port discovered there was a possible title issue as the Port might have an ownership interest in light of the reversion clause in the 1958 deed. Within this same time period, the Port and the County Sheriff's office have experienced impeded access to their respective boat houses during low water months. The access issues have created a need for the Port to initiate a dredging project with cost-sharing by the County and Metro.

To address this issue and resolve the title issue, the Port proposed a solution where:

- The Port would convey any interest it had in the Property to Metro by quitclaim deed in exchange for an easement for the deicing pipeline; and
- The Port, Metro and County would sign an Intergovernmental Agreement that sets forth shared dredging responsibilities and rights to keep the Port and Sheriff's fireboats at the boat ramp.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to grant a quitclaim deed to Metro and enter into other agreements necessary to resolve title, dredging and use issues surrounding the Gleason Boat Ramp, 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.

CONCESSION LEASE AGREEMENTS – PORTLAND INTERNATIONAL AIRPORT

September 10, 2014

Presented by: Dave Pfeiffer
Senior Manager
Concessions Development**REQUESTED COMMISSION ACTION**

This agenda item requests approval to enter into new concession lease agreements with the following successful proposers from the Port of Portland's (Port) solicitation for food and beverage and retail opportunities at Portland International Airport (PDX):

- Café Yumm! (Beau Delicious! International, LLC)
- Mo's Chowder Restaurant (Newport Pacific Corporation)
- Bambuza Vietnam Kitchen (Bambuza South Waterfront, LLC)
- MOD Pizza (MOD Pizza)
- Potbelly Sandwiches (Potbelly Sandwich Shop)
- Henry's Tavern (Restaurants Unlimited, Inc.)
- Subway Sandwiches (Sublivin, LLC)
- Metalsmiths Sterling (Metalsmiths Sterling Oregon, LLC)
- cc McKenzie (cc McKenzie Shoes and Apparel)
- The Country Cat at PDX (Andale Management Group, Inc.)
- Hissho Sushi (Lwin Family, LLC)

BACKGROUND

Between 2014 and 2017, approximately 75 percent of the current concession agreements throughout PDX are set to expire. The first phase occurs this year when seven leases for nine locations expire. These locations will be reconfigured and redeveloped to provide new concepts and offerings. In addition, four new locations historically identified as future concessions space will be developed as part of the Request for Proposals (RFP).

One expiring location, Jamba Juice, is not expected to be re-leased but instead will be demolished in an effort to increase the visibility of the Oregon Market food court, and to decrease the pre-security concessions offerings.

Concessions staff held an informational/outreach meeting in March 2014 and spoke to approximately 250 individuals with an interest in operating a concession at PDX. Positive feedback from both existing and potential new local businesses was received. Following that

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meeting, the Port issued a short Request for Statements of Qualification (RSOQ) to determine those interested and that meet minimum qualifications. A total of 84 businesses responded to the RSOQ. Of those, 79 were qualified, and were issued the RFP in April 2014. Proposals were due June 17, 2014, and 34 were received and evaluated by the selection committee. A total of 11 businesses will be awarded leases and the locations are depicted on the attached diagram.

KEY BUSINESS TERMS

Lease Term

- The lease term for all locations is 10 years, commencing January 1, 2015.

Tiered Rent Structure by Concept

Quick Serve

- 10 percent: \$0–\$600,000
- 12 percent: \$600,001–\$1,000,000
- 14 percent: \$1,000,001+

Casual Dining/Café with Bar

- 11 percent: \$0–\$1,000,000
- 13 percent: \$1,000,001–\$1,500,000
- 15 percent: \$1,500,001+

Specialty Retail (Branded and Non-Branded)

- 10 percent: \$0–\$800,000
- 12 percent: \$800,001–\$1,200,000
- 14 percent: \$1,200,001+

Street Pricing

- The intent of the street pricing policy is to maintain consistency in the quality, portion and pricing for food and beverage, merchandise and services available at locations at the airport compared to same branded off-airport facilities within the Portland metropolitan area.

Tenant Improvements

- \$400 per square foot for food and beverage locations
- \$250 per square foot for retail locations
- No cost to the Port

Open Dates

- New locations open January 1, 2015.
- Redeveloped locations open April 1, 2015.
- Interim operations will be open during construction to maintain a level of service during construction.

Standard Terms

- Other lease terms for quality assurance, customer service, cleanliness and operational efficiencies will also be included.

EMPLOYEE IMPACT

Existing Concessionaire Staffing

- Currently 140 positions including supervisors and managers

New Concessionaire Staffing

- 341 total positions, including supervisors and managers
- 174 new positions generated
- 124 percent increase

Port Sponsored Job Fair

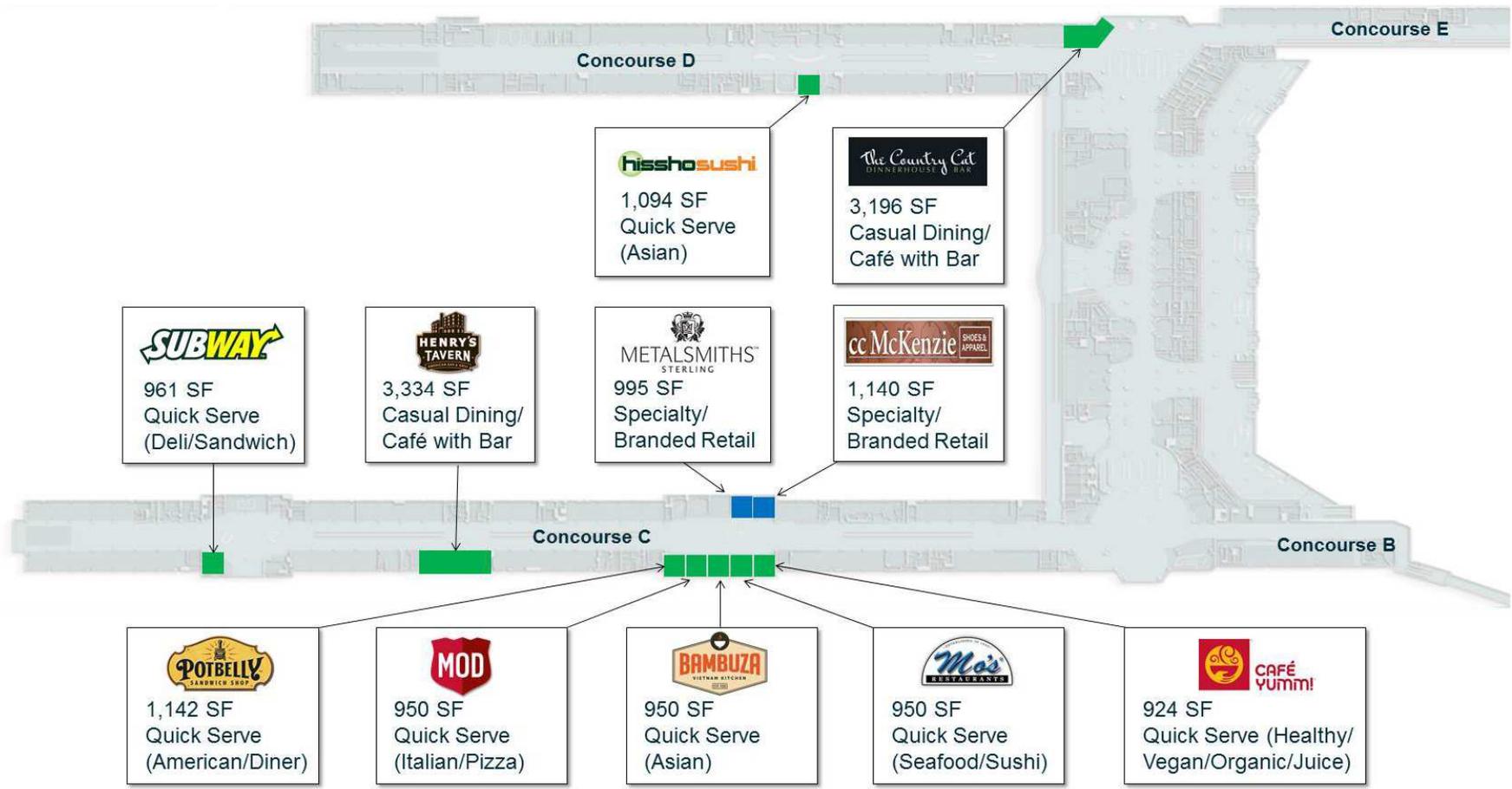
- Port will sponsor; to include existing concessionaire employees
- To take place in October 2014

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to enter into 11 new concession lease agreements with the successful proposers from the Port of Portland's solicitation for food and beverage and retail opportunities 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.



PORT OF PORTLAND ORDINANCE NO. 455-B TO AMEND ORDINANCES NOS. 155 AND 323 AND THE CERTIFICATE OF THE EXECUTIVE DIRECTOR FOR THE SERIES EIGHTEEN BONDS, TO IMPLEMENT CERTAIN PRE-AUTHORIZED AMENDMENTS

September 10, 2014

Presented by: Tatiana Starostina
Senior Manager
Financial Analysis and Projects

REQUESTED COMMISSION ACTION

This agenda item requests approval of Port of Portland (Port) Ordinance No. 455-B to amend the Port's Ordinances Nos. 155 and 323 as follows:

- Exclude customer facility charge (CFC) revenues from the Revenues, pledged to the repayment of the airport revenue bonds (GARBs);
- Permit any Net Revenues remaining after making all deposits and transfers to the Subordinate Lien Bond (SLB) Fund, Junior Lien Obligations (JLO) Fund and Third Lien Obligations (TLO) Fund, to be used to pay or secure the payment of Special Obligation Bonds;
- Disregard non-cash, unrealized gains, losses, expenses and/or revenues, including the fair value of Qualified Swaps, Qualified TLO Swaps, other swap agreements or other derivative products, for purposes of determining the Port's compliance with the rate covenants set forth in this Section 5 (f) and (g) of Ordinance 323;
- Delete Section 17 C of Ordinance No. 155 "Filing and Recording of Ordinances; Instruments of Further Assurance"; and
- Combine the SLB Interest Account, the SLB Serial Bond Principal Account and the SLB Term Bond Principal Account within the SLB Fund into one account, called the SLB Principal and Interest (previously approved by the Commission in Ordinance 449-B in March 2014). All references to these accounts in the Executive Director Certificate for Series 18 Bonds will be amended accordingly.

BACKGROUND

Taken together, Ordinance Nos. 155 and 323 (including amendments) (together "Bond Ordinances") set out the financial structure for Portland International Airport (PDX) bonds.

Amendments to the Port's Bond Ordinances generally require consent of holders of no less than sixty-six and two-thirds percent of the principal amount of the outstanding bonds and all liquidity and credit facility providers, swap providers and surety bond providers. Pursuant to the ordinances authorizing the Port's Airport Revenue Bonds, Series 19, Series 20, Series 21 and Series 22, the Port reserved the right to make the above listed amendments to the Airport Revenue Bond Ordinances without additional consent of the holders of these bonds, provided that such amendments are then permitted by law and that all other required consents are obtained.

PORT OF PORTLAND ORDINANCE NO. 455-B TO AMEND ORDINANCES NOS. 155 AND 323 AND THE CERTIFICATE OF THE EXECUTIVE DIRECTOR FOR THE SERIES EIGHTEEN BONDS, TO IMPLEMENT CERTAIN PRE-AUTHORIZED AMENDMENTS

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The purpose of implementing the above amendments is as follows:

- Exclude CFC revenues from the GARB pledge in order to enable a stand-alone CFC-backed financing for projects related to facilities and operations of the rental cars at PDX;
- Enable the Port to pay and secure Special Obligations Bonds out of remaining Net Revenues after all deposits and transfers the SLB, JLO and TLO funds. Special Facility Bonds are defined in Section 28 of Ordinance No. 155 as bonds issued to pay the cost of construction or acquisition of the Special Facility and secured by the rent revenues from the lease of such Special Facility;
- Clarify the existing common practice of excluding various non-cash accounting entries from the calculations made for purposes of determining the Port's compliance with the rate covenants set forth in this Section 5 (f) and (g) of Ordinance 323; and
- Delete an antiquated provision from Ordinance No. 155, Section 17 C, related to filing, registration and recording of bond ordinances. The State of Oregon does not require filing or recording of bond ordinances.

The Port previously enacted Ordinance No. 449-B on March 12, 2014, to combine the SLB Serial Bond Principal Account, the SLB Interest Account and the SLB Term Bond Principal Account into one account within the SLB Fund. Ordinance 449-B is not yet effective because the requisite consents have not been received. For the purposes of receiving the required consents, all the requested changes were combined into Ordinance 455-B.

The Port has received all the required consents, therefore Ordinance 455-B will be effective 30 days after the approval by the Port's Commission.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That Port of Portland Ordinance No. 455-B, in the form presented to the Commission, be read by title only; and

BE IT FURTHER RESOLVED, That the proposed Port of Portland Ordinance No. 455-B, in the form presented to the Commission, be enacted by a roll call vote; 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.

ORDINANCE NO. 455-B

AN ORDINANCE AMENDING ORDINANCE NO. 155 OF THE PORT AND ORDINANCE NO. 323 OF THE PORT, EACH AS PREVIOUSLY AMENDED AND RESTATED FROM TIME TO TIME, AND THE CERTIFICATE OF THE EXECUTIVE DIRECTOR FOR THE SERIES EIGHTEEN BONDS, TO IMPLEMENT CERTAIN PRE-AUTHORIZED AMENDMENTS; AND MAKING OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING.

BE IT ENACTED BY THE PORT OF PORTLAND:

Section 1. Purpose. This Ordinance is enacted to amend Ordinance No. 155, Ordinance No. 323 and the Certificate of the Executive Director (all as defined herein) to implement certain pre-authorized amendments thereto.

Section 2. Authorization of Amendments to Ordinance 155 and Ordinance No. 323 and the Certificate of the Executive Director. Ordinance No. 155 may be amended pursuant to Section 20 thereof, and Ordinance No. 323 may be amended pursuant to Section 12 thereof and pursuant to Section 20 of Ordinance No. 155. Pursuant to the ordinances authorizing the Port's outstanding Portland International Airport Revenue Bonds, Series Nineteen (the "Series Nineteen Bonds"), Series Twenty (the "Series Twenty Bonds") and Series Twenty-One (the "Series Twenty-One Bonds"), the Port may amend Ordinance No. 155 and Ordinance No. 323 without the consent of the Owners of such Subordinate Lien Bonds for the purpose of implementing the amendments listed in Section 4.3 of each such ordinance. Pursuant to Section 5.2 of the ordinance authorizing the Port's outstanding Portland International Airport Revenue Bonds, Series Eighteen (the "Series Eighteen Bonds"), the providers of Credit Facilities or Liquidity Facilities for the Series Eighteen Bonds may be treated as the owners of Series Eighteen Bonds secured by such facilities for purposes of consenting to amendments to Ordinance No. 155 and Ordinance No. 323. U.S. Bank National Association and Wells Fargo Bank, National Association, as the current letter of credit providers for the Series Eighteen Bonds, are authorized pursuant to Section 5.02(B) of the Certificate of the Executive Director (as defined below) to consent to these amendments on behalf of the Owners of such Series Eighteen Bonds.

Pursuant to Section 7.01 of the Certificate of the Executive Director, such Certificate of the Executive Director may be amended in the same manner as amendments are made to Ordinance No. 323.

The Port previously enacted Ordinance No. 449-B on March 12, 2014 for the purposes of amending Ordinance No. 155, Ordinance No. 323 and the Certificate of the Executive Director to combine the SLB Serial Bond Principal Account, the SLB Interest Account and the SLB Term Bond Principal Account into one account within the SLB Fund. The amendments contained in Ordinance 449-B are not yet effective because the requisite consents have not been received. Such amendments are set forth in full in this Ordinance.

Section 3. Definitions. The following capitalized terms used in this Ordinance have the meanings specifically assigned below, unless the context clearly requires otherwise. Capitalized terms not specifically defined below shall have the meanings assigned to such terms in Ordinance No. 323, unless the context clearly requires otherwise.

a. “Authorizing Ordinances” means the ordinances authorizing the Series Nineteen Bonds, the Series Twenty Bonds and the Series Twenty-One Bonds, as each may have been previously amended or supplemented.

b. “Certificate of the Executive Director” means the Certificate of the Executive Director Establishing and Determining Certain Terms of and Other Matters Relating to the Port’s Portland International Airport Refunding Revenue Bonds, Series Eighteen.

c. “Ordinance” means this Ordinance, providing the terms under which Ordinance No. 155 and Ordinance No. 323 are amended and the Certificate of Executive Director is amended, together with any ordinances supplemental or amendatory hereto.

d. “Ordinance No. 155” means Ordinance No. 155, enacted November 10, 1971, as amended and restated thereafter and hereafter from time to time.

e. “Ordinance No. 323” or “SLB Ordinance” means Ordinance No. 323, enacted October 9, 1985, as amended and restated thereafter and hereafter from time to time.

f. “Ordinance No. 449-B” means Ordinance No. 449-B, enacted March 12, 2014.

g. “SLB Principal and Interest Account” means the SLB Principal and Interest Account in the SLB Fund created under Section 4 of this Ordinance.

Section 4. Condition to Effectiveness of Amendments. The amendments to Ordinance No. 155 and Ordinance No. 323 set forth in Sections 5 through 15 hereof shall not become effective until the Port has received all required consents, including any required consents from the Port’s letter of credit providers, interest rate swap providers and surety bond providers.

Section 5. Amendment to Section 2 of Ordinance No. 155. As authorized in Section 4.3(e) of each of the Authorizing Ordinances, Paragraph (w) of Section 2 of Ordinance No. 155 (entitled “Definitions and Computations”) is hereby amended and restated as follows (additions shown in **bold underline** format and deletions shown in ~~striketrough~~ format for convenience):

(w) “Revenues” means and includes all income, receipts and moneys derived by the Port from its ownership or operation and management of the Airport or the furnishing and supplying of the services, facilities and commodities thereof, and without limiting the generality of the foregoing, shall include (1) all income, receipts and moneys derived from the rates, rentals, fees and charges fixed, imposed and collected by the Port for the use and services of the Airport, or otherwise derived from or arising through the ownership, operation and

management of the Airport by the Port, or derived from the rental by the Port of all or part of the Airport or from the sale or rental by the Port of any commodities or goods in connection with the Airport; (ii) earnings on and the income from the investment of moneys held under this Ordinance, to the extent such earnings or income are deposited in the Airport Fund or the Bond Fund, but not including any such earnings or income credited to the Airport Construction Fund; and (iii) to the extent provided in Section 28 hereof, income derived by the Port from a Net Rent Lease (defined in Section 28 hereof); provided that (1) the term “Revenues” shall not include (a) moneys received as proceeds from the sale of Bonds or as grants or gifts, the use of which is limited by the grantor or donor to the construction of capital improvements, except to the extent that any such moneys shall be received as payments for the use of the Airport, ~~or~~(b) passenger facility charges or similar charges that are imposed under authority of federal law and are limited by federal law to expenditure on specific projects or activities and/or on debt service and financing costs related to specific projects or activities or (c) customer facility charges (or any portion thereof) that may be levied by the Port and collected by rental car companies from their customers and (2) in no event shall the term “Revenues” include tax revenues or tax-derived revenues.

Section 6. Amendment to Section 13 of Ordinance No. 155. As authorized in Section 4.3(e) of each of the Authorizing Ordinances, the first paragraph of subsection 2 of Section 13 of Ordinance No. 155 (entitled “The Airport Revenue Fund; Application of Revenues”) is hereby amended and restated as follows (additions shown in **bold underline** format and deletions shown in ~~strike through~~ format for convenience):

2. General. There is hereby created and established a separate special account in the Airport Fund to be known and designated as the “General Account.” On the first business day of each month commencing with the month which follows the month in which the first Bonds issued hereunder are delivered and paid for and in each month thereafter, the Port after paying the Costs of Operation and Maintenance required by subparagraph 1 of this section, shall credit the balance of the Revenues then held in the Airport Fund (and not then credited to any account therein) to the General Account. The moneys credited to the General Account may be used and applied by the Port first, to the SLB Fund as provided in Sections 6, ~~6A, 6B~~ and 7 of Port Ordinance No. 323, as amended, and then, without regard to priority and as determined by and in the discretion of the Port, only to the following: (1) in the event the moneys credited to the Airport Construction Fund are insufficient therefor, to complete payment of the Costs of Construction of properties included or to be included in the Airport; (2) to complete the payment of the costs of major maintenance, repairs, renewals and replacements to the properties constituting the Airport; (3) in the event the proceeds of insurance are insufficient therefor, to pay the costs of reconstruction, replacement or restoration of properties destroyed or damaged; (4) to pay the principal of and interest and premium, if any, on any subordinate or junior lien evidences of indebtedness issued for the Airport as permitted by paragraph L of Section 17 hereof (other than Subordinate Lien Bonds authorized by Port Ordinance No. 323, as amended); (5) (a) to reimburse the Port for advances made,

after the delivery of and payment for the first Bonds issued hereunder, by the Port for the principal of and interest and premium, if any, on general obligation bonds of the Port issued, after the delivery of and payment for the first Bonds issued hereunder, for the Airport; or (b) to reimburse any fund of the Port not held hereunder for advances made by the Port, after the delivery of and payment for the first Bonds issued hereunder, from such fund to any fund held hereunder; or (c) to reimburse the Port for moneys expended, after the delivery of and payment for the first Bonds issued hereunder, by it for the Airport from sources other than the Airport or the Revenues derived therefrom, and other than the proceeds of general obligation bonds or moneys advanced from any fund not held hereunder for which reimbursement may be made pursuant to clauses (a) and (b) of this item (5), provided that any amounts paid to the Port pursuant to this item (5) may be applied by the Port to any lawful purposes of the Port; (6) to pay the Costs of Construction of additions, expansions, improvements and betterments to the Airport, including the acquisition of land in anticipation of additions, expansions, improvements and betterments pursuant to the Airport Capital Improvement Program, as amended from time to time; (7) to any other lawful use or purpose pertaining to the Airport or the aviation or air transport interests of the Port, including without limitation General Aviation Airports **and to pay or secure the payment of Special Obligation Bonds**; and (8) to any other lawful use or purpose necessary to carry out this Ordinance, including the making of required payments or credits for the Costs of Operation and Maintenance of the Airport and to any fund or account held hereunder.

Section 7. Amendment to Section 28 of Ordinance No. 155. As authorized in Section 4.3(e) of each of the Authorizing Ordinances, the third paragraph of subsection 4 of Section 28 of Ordinance No. 155 (entitled “Special Obligation Bonds and Net Rent Leases”) is hereby amended and restated as follows (additions shown in **bold underline** format and deletions shown in ~~strike through~~ format for convenience):

Anything in this Ordinance to the contrary notwithstanding, the Port may issue Special Obligation Bonds for the purpose of constructing a Special Facility on ground then constituting part of the Airport or on ground not then constituting part of the Airport (which ground may then be owned by the Port or acquired for that purpose), or to acquire and renovate and rehabilitate a Special Facility (including the acquisition of necessary land), for lease pursuant to the provisions of this section. Such Special Obligation Bonds (i) shall be payable solely from the rentals payable pursuant to subparagraph 2 above of this section by the lessee under the Net Rent Lease entered into with respect to the Special Facility to be financed from such Special Obligation Bonds; (ii) shall not be a charge or claim against or payable from the Revenues or any other moneys held hereunder, **provided, however, that, to the extent any Net Revenues remain after making all deposits and transfers required under Section 13.2 of Ordinance No. 155 and Sections 6, 6A and 6B or Ordinance 323, the Port may apply such remaining Net Revenues towards the payment of such Special Obligation Bonds**; (iii) shall mature within the term of the Net Rent Lease entered into with

respect to such Special Facility; and (iv) shall not be issued unless and until the following conditions have been met:

(A) A certificate of the Airport Consultant has been filed with the Port and the Trustee certifying (i) that the construction or acquisition and leasing for use or occupation of such Special Facility would not result in a reduction of Revenues below the minimum amount of Revenues covenanted to be produced and maintained in accordance with Section 16 hereof, (ii) that the Net Rent Lease referred to in subparagraphs 2, 3 and 4 above of this section has been entered into; (iii) that the payments to be made by the lessee pursuant to the provisions of subparagraph 2 above of this section will be sufficient to pay the principal of and interest and premium (if any) on the Special Obligation Bonds as the same mature and to pay all trustee's fiscal agents' and paying agents' fees and expenses in connection therewith; and

(B) There shall have been filed with the Port and the Trustee an opinion of Counsel to the Port, that the Net Rent Lease entered into pursuant to this section for the Special Facility to be financed from such Special Obligation Bonds is valid and binding according to its terms and complies with the provisions of subparagraphs 2, 3 and 4 above of this section.

Section 8. Amendments to Section 2 of Ordinance No. 323. The definition "SLB Interest Account" is hereby deleted from Section 2 of Ordinance No. 323.

Section 9. Reserved.

Section 10. Amendment to Section 5 of Ordinance No. 323. As authorized in Section 4.3(d) of each of the Authorizing Ordinances, clause f. and clause g. of Section 5 of Ordinance No. 323 (entitled "Covenants") are hereby amended and restated as follows (additions shown in bold underline format and deletions shown in ~~strike through~~ format for convenience):

a. Clause f. of Section 5 is hereby amended and restated in its entirety to read as follows:

f. The Port shall impose and prescribe such schedule of rates, rentals, fees, and other charges for the use and services of the facilities and commodities furnished by the Airport, shall revise the same from time to time, whenever necessary, and shall collect the income, receipts, and other moneys derived therefrom, so that the Net Revenues in each Fiscal Year shall be at least equal to the sum of: (1) 130% of the Debt Service Requirement for such Fiscal Year for the Prior Lien Bonds as required by Section 16 of Ordinance No. 155; plus, (2) 130% of the SLB Debt Service Requirement for such Fiscal Year on all Subordinate Lien Bonds then Outstanding. For purposes of the rate covenant set forth in the immediately preceding sentence, the term "SLB Debt Service Requirement" shall not include any Excess Principal (as hereinafter defined)

coming due in any particular Fiscal Year. The Port hereby covenants and agrees that it shall impose and prescribe such schedule of rates, rentals, fees, and other charges for the use and services of the facilities and commodities furnished by the Airport, shall revise the same from time to time, whenever necessary, and shall collect the income, receipts and other moneys derived therefrom, so that the Net Revenues in each Fiscal Year shall be at least equal to the sum of: (i) the amounts described in the first sentence of this Section 5.f; plus (ii) 100% of the Excess Principal coming due in such Fiscal Year. As used herein, the term "Excess Principal" means the principal amount of any Outstanding Subordinate Lien Bonds which, in accordance with any reimbursement agreement, or other agreement pursuant to which any Credit Facility (as defined in Section 9 hereof) is given in connection with such Subordinate Lien Bonds, is due and payable by the Port in a particular Fiscal Year (whether by virtue of scheduled maturity, mandatory redemption or any similar method), but only to the extent the principal amount of such Subordinate Lien Bonds, which is so due and payable in such Fiscal Year, exceeds the principal amount which in the absence of the provisions of such reimbursement agreement, or other agreement referred to above, would otherwise be due and payable in such Fiscal Year (whether by scheduled maturity or mandatory redemption). **For purposes of determining the Port's compliance with the rate covenants set forth in this Section 5.f., non-cash, unrealized gains, losses, expenses and/or revenues, including the fair value of Qualified Swaps, Qualified TLO Swaps, other swap agreements or other derivative products, shall be disregarded.** The Port shall enact such ordinances and prescribe and enforce such rules and regulations, or impose such contractual obligations, for the payment of said rates, rentals, fees, and charges, including, without limitation, the imposition of penalties for defaults, to the end that the provisions of this paragraph shall be complied with. In addition, the Port covenants that it shall impose and prescribe such schedule of rates, rentals, fees, and other charges for the use and services of the facilities and commodities furnished by the Airport, shall revise the same from time to time, whenever necessary, and shall collect the income, receipts, and other moneys derived therefrom, so that the Net Revenues, together with other amounts that are available to pay Other Swap Obligations, are sufficient to pay all Other Swap Obligations and any Junior Lien Obligations when due.

b. Clause g. of Section 5 is hereby amended and restated in its entirety to read as follows:

g. Within one hundred twenty (120) days after the close of each Fiscal Year (the first such certificate to be filed with respect to the Fiscal Year in which the first Subordinate Lien Bonds are issued hereunder), the Port shall file with the SLB Trustee and the Airport Consultant, a signed copy of the annual report of the Accountant for the preceding Fiscal Year showing, among other things, for such year (1) Revenues and Net Revenues; (2) the Debt Service Requirement of the Prior Lien Bonds and the SLB Debt Service Requirement; and, (3) the aggregate amount of money which was deposited in the General Account and available for the payments into the SLB Fund due hereunder, and the

ration of such amount to the SLB Debt Service Requirement. In the event that any such report so filed shows that the Revenues and Net Revenues for said preceding Fiscal Year did not equal at least the amounts covenanted to be produced by, and required for the purposes specified in the preceding paragraph of this section for said Fiscal Year, or that the Revenues were not sufficient to restore any deficiency in the amounts then required by paragraph f of Section 6 hereof to be credited to the SLB Reserve Account, and to pay or discharge all other claims, charges and liens whatsoever against the Revenues when due and payable, then the Port shall promptly thereafter cause the Airport Consultant to file with the Port and the SLB Trustee, a certificate stating, if deemed necessary by the Trustee, specific changes in operating procedures which may be made, or suggested revisions in the schedule of rates, rentals, fees, and charges, and recommendations respecting any increases thereto, any other changes, or any combination of the foregoing, which will, in the aggregate, in the Trustee's opinion, result in Revenues and Net Revenues estimated as sufficient to make up any existing deficiency and to produce the amounts covenanted to be produced by the preceding paragraphs of this section. **For purposes of determining the Port's compliance with the rate covenants set forth in this Section 5.g., non-cash, unrealized gains, losses, expenses and/or revenues, including the fair value of Qualified Swaps, Qualified TLO Swaps, other swap agreements or other derivative products, shall be disregarded.** The Port shall send a copy of each such certificate to the SLB Trustee, each Qualified Swap Provider, and to any owner of Subordinate Lien Bonds filing with the Port a request for the same. Thereafter, if the Port, in its sole discretion, deems any changes in its operating fees and charges, any other changes, or any combination of the foregoing, are necessary to produce the Revenues and Net Revenues required to make up any deficiency and produce the amounts covenanted to be produced by the preceding paragraphs of this Section, it shall, as soon as possible, effect such changes in its operating procedures, or such revisions in such schedule of rates, rentals, fees, and charges, or effect such other charges, or take any combination of the foregoing actions, which, in its opinion and sole discretion, are necessary for such purposes.

Section 11. Amendments to Section 6 of Ordinance No. 323. Section 6 of Ordinance No. 323 (entitled "Bond Fund") is hereby amended and restated as follows (additions shown in **bold underline** format and deletions shown in ~~strike through~~ format for convenience):

a. Clause c. of Section 6 is hereby amended and restated in its entirety as follows:

c. The SLB Trustee shall maintain a separate account in the SLB Fund to be known as the "SLB **Principal and** Interest Account." So long as the Port remains obligated to make payments on Subordinate Lien Bonds or Qualified Swaps:

(1) In the case of Subordinate Lien Bonds and any Qualified Swap for which interest or Scheduled Swap Obligations are due semi-annually, or less frequently, on the first business day of each month, commencing with the month which follows the month in which the first series of Subordinate Lien Bonds are issued under this SLB

Ordinance, the Port shall pay to the SLB Trustee from moneys in the General Account for deposit in the SLB **Principal and** Interest Account: (i) an amount such that, if the same amount were so credited to this account in each succeeding month thereafter, prior to the next date upon which an installment of interest falls due on the Subordinate Lien Bonds, the aggregate of such amounts, plus other moneys previously deposited and available in the SLB **Principal and** Interest Account to pay interest on Subordinate Lien Bonds, or scheduled to be deposited therein pursuant to a Capitalized Interest Certificate, will equal the installment of interest falling due on the Subordinate Lien Bonds on such interest payment date; plus (ii) an amount such that, if the same amount were so credited to this account in each succeeding month thereafter, prior to the next date upon which a Scheduled Swap Obligation is due, the aggregate of such amounts, plus other moneys previously deposited and available in the SLB **Principal and** Interest Account and available to pay Scheduled Swap Obligations, will equal those Scheduled Swap Obligations on that payment date.

(2) In the case of all Subordinate Lien Bonds and any Qualified Swap for which interest or Scheduled Swap Obligations are due more frequently than semi-annually; on the business day immediately preceding each interest payment date for such Subordinate Lien Bonds and each payment date for that Scheduled Swap Obligation, commencing with the month which follows the month in which the first series of Subordinate Lien Bonds are issued under this SLB Ordinance, the Port shall pay to the SLB Trustee from moneys in the General Account for deposit in the SLB **Principal and** Interest Account: (i) an amount that, together with any other moneys previously deposited and available in the SLB **Principal and** Interest Account to pay interest on Subordinate Lien Bonds, will equal the installment of interest falling due on the next succeeding interest payment date for those Subordinate Lien Bonds; plus (ii) an amount that, together with moneys previously deposited and available in the SLB **Principal and** Interest Account to pay Scheduled Swap Obligations, will equal the Scheduled Swap Obligations due on the next succeeding payment date for such Scheduled Swap Obligations.

(3) Accrued interest received on the sale of Subordinate Lien Bonds, payments received by the Port under an agreement to enter into a Qualified Swap, as described in clause (4) of the definition of “SLB Debt Service Requirement,” and any regularly scheduled payment that is received by the Port (or the SLB Trustee on behalf of the Port) from a Qualified Swap Provider under a Qualified Swap that exceeds the amount paid by the Port, shall promptly be deposited in the SLB **Principal and** Interest Account.

(4) If, at any time, the amounts in the SLB **Principal and** Interest Account are not sufficient to pay all interest payments on Subordinate Lien Bonds and Scheduled Swap Obligations that are then due, the SLB Trustee shall apply amounts in the SLB **Principal and** Interest Account to pay, on a pro rata basis, interest on Subordinate Lien Bonds and any amounts due in respect of Scheduled Swap Obligations.

b. Clause d. of Section 6 is hereby amended and restated in its entirety as follows:

d. ~~The SLB Trustee shall maintain a separate account in the SLB Fund, to be known as the “SLB Serial Bond Principal Account.”~~ On the first business day of each month, so long as any Subordinate Lien Bonds are Outstanding, commencing with the month which is twelve (12) months prior to the first principal payment of any Subordinate Bond maturing serially or the date on which Subordinate Lien Bonds are subject to scheduled mandatory redemption, the Port shall pay to the SLB Trustee, from moneys in the General Account for deposit in the SLB ~~Serial Bond Principal~~ and Interest Account, an amount such that, if the same amount were so credited to this account in each succeeding month thereafter, prior to the next date upon which principal, if any, on the Subordinate Lien Bonds maturing serially becomes due and payable or the next date upon which Subordinate Lien Term Bonds are subject to scheduled mandatory redemption (excluding any principal due as Excess Principal), the aggregate of the amounts on deposit in this account will equal the amount of ~~serially maturing~~ principal on such Subordinate Lien Bonds on such principal payment date.

c. Clause e. of Section 6 is hereby amended and restated in its entirety as follows:

e. ~~[Reserved] The SLB Trustee shall maintain a separate account in the SLB Fund, to be known as the “SLB Term Bond Principal Account.”~~ On the first business day of each month, so long as any Subordinate Lien Bonds are Outstanding, commencing with the month which is twelve (12) months prior to the date on which Subordinate Lien Bonds are subject to mandatory redemption, the Port shall pay to the SLB Trustee, from moneys in the General Account for deposit in the SLB Term Bond Principal Account, an amount such that, if the same amount were so credited to this account in each succeeding month thereafter, prior to the next date upon which Subordinate Lien Term Bonds are subject to mandatory redemption (excluding any principal due as Excess Principal), the aggregate of such amounts will equal the amount of Term Bond principal due by mandatory redemption.

d. Clause f. of Section 6 is hereby amended and restated in its entirety as follows:

f. The SLB Trustee shall maintain a separate account in the SLB Fund, to be known as the “SLB Reserve Account.” The Port shall pay to the SLB Trustee, from Revenues in the General Account or from Subordinate Lien Bond proceeds, for deposit in the SLB Reserve Account, moneys sufficient to fund the SLB Reserve Fund Requirement, in accordance with the schedule provided in each ordinance authorizing issuance of a series of Subordinate Lien Bonds. Except as provided below in this paragraph, moneys in the SLB Reserve Account shall be used only to pay principal of, interest, and any premium on, Subordinate Lien Bonds and Scheduled Swap Obligations, and only when moneys in the SLB Principal and Interest Account, ~~SLB Serial Bond Principal Account, and SLB Term Bond Principal Account~~ are insufficient for such purposes. In the event that the balance in the SLB Reserve Account is reduced below the SLB Reserve Requirement, then on the first business day of each month, the Port shall pay to the SLB Trustee from Revenues in the General Account for deposit in the SLB Reserve Account, an amount equal to twenty percent (20%) of the amounts

required to be paid to the SLB Trustee on that day, pursuant to the preceding three paragraphs of this Section, until there is on deposit in the SLB Reserve Account an amount equal to the SLB Reserve Fund Requirement. If the amounts on deposit in the SLB Reserve Account exceed the SLB Reserve Fund Requirement, and there is no deficiency in any other account in the SLB Fund, the SLB Trustee shall, upon written request of the Port, disburse the excess to the Port for deposit in the General Account.

e. Clause g. of Section 6 is hereby amended and restated in its entirety as follows:

g. Moneys in the SLB Fund shall be invested and reinvested, to the extent reasonable and practicable by the SLB Trustee, and at the direction of the Port, in Investment Securities which are legal investments for the Port under the laws of the State of Oregon. Such investments shall mature on, or prior to, the date on which moneys are required to be disbursed from the SLB Fund. All earnings on the SLB Fund which are subject to rebate to the federal government shall be accounted for separately, in accordance with instructions to the Trustee by the Port and shall be transferred at convenient intervals to the Port for deposit in the Rebate Account. All earnings on the SLB Fund not credited to the Rebate Account shall be credited to the SLB Reserve Account, unless and until there is on credit to said account, an amount equal to the SLB Reserve Requirement on all Subordinate Lien Bonds then Outstanding, in which event such earnings shall be credited to the SLB **Principal and Interest Account**, ~~the SLB Serial Bond Principal Account, the SLB Term Bond Principal Account, or any combination thereof as the Port may determine.~~ The SLB Trustee shall notify the Port of the availability of earnings for credit to such accounts, so that the Port, when making the payments to the SLB Trustee required by this Section, may adjust its payments for the earnings credited to such accounts.

Section 12. Amendments to Section 7 of Ordinance No. 323. Section 7 of Ordinance No. 323 (entitled "Order of Payment; Priority of Claim") is hereby amended and restated as follows (additions shown in **bold underline** format and deletions shown in ~~strikethrough~~ format for convenience):

Section 7. Order of Payment; Priority of Claim. All moneys to be paid to the SLB Trustee by the Port from the General Account in any month, under the provisions of this SLB Ordinance, shall be paid before any other amounts are paid in that month for any other purpose. In the event amounts in the General Account are insufficient to pay the amounts due under the SLB Ordinance on the date that such amounts are to be paid, all moneys then existing in the General Account, and all moneys subsequently available for deposit in the General Account, shall be immediately transferred to the SLB Trustee for deposit to the deficient accounts in the SLB Fund and no moneys from the General Account shall be disbursed for any other purpose until all payments then due hereunder have been made. If such an insufficiency occurs, the SLB Trustee shall deposit the moneys it receives to the following accounts, in the following order of priority:

FIRST: to the SLB Principal and Interest Account, until all required deposits to that account have been made;

~~SECOND: to the SLB Serial Bond Principal Account, until all required deposits to that account have been made;~~

~~THIRD: to the SLB Term Bond Principal Account, until all required deposits to that account have been made;~~

~~SECOND~~-FOURTH: to the SLB Reserve Account, until all required deposits to that account have been made;

~~THIRD~~-FIFTH: to the Port for deposit in the JLO Fund, until all required deposits to that fund have been made; and

~~FOURTH~~~~SIXTH~~: to the Port for deposit to the TLO Fund until all required deposits to that fund have been made.

Section 13. Amendment to Section 8 of Ordinance No. 323. Section 8 of Ordinance No. 323 (entitled "SLB Construction Account") is hereby amended and restated as follows (additions shown in bold underline format and deletions shown in ~~strike through~~ format for convenience):

(a) There is hereby created a separate account in the Construction Fund which shall be designated as the "Subordinate Lien Revenue Bond Construction Account," which is referred to herein as the "SLB Construction Account." Moneys credited to the SLB Construction Account shall be accounted for separately from other moneys of the Port, and shall be applied solely for the purposes listed in Section 3 hereof, or the payment of Subordinate Lien Bonds and Scheduled Swap Obligations.

The Port shall transfer moneys in the SLB Construction Account to the SLB Trustee for deposit in the SLB Principal and Interest Account in accordance with the schedule contained in the Capitalized Interest Certificate. Other withdrawals of money on credit to the SLB Construction Account shall be made only in accordance with the applicable law and upon a written requisition for such payment signed by an officer or employee of the Port, in the same manner as provided for withdrawals of money from the Airport Construction Fund under Section 12 of Ordinance No. 155.

Section 14. Amendment to Section 10 of Ordinance No. 323. As authorized in Section 4.3(d) of each of the Authorizing Ordinances, clause a. of Section 10 of Ordinance No. 323 (entitled "Additional Bonds") is hereby amended to add at the end of such clause a. the following paragraph:

"For purposes of determining the Port's compliance with Section 10.a. of the SLB Ordinance, non-cash, unrealized gains, losses, expenses and/or revenues, including the fair value of Qualified Swaps, Qualified TLO Swaps, other swap agreements or other derivative products, shall be disregarded."

Section 15. Deletion of Section 17.C. of Ordinance No. 155. As authorized in Section 4.3(c) of each of the Authorizing Ordinances, Section 17.C. of Ordinance No. 155 (entitled “Filing and Recording of Ordinances; Instruments of Further Assurance”) is hereby deleted in its entirety, subsections D. through J are accordingly redesignated as subsections C. through I. and any cross references to such subsections are hereby updated accordingly.

Section 16. Amendments to Certificate of the Executive Director. References to the SLB Interest Account contained in the Certificate of the Executive Director shall be deemed references to the SLB Principal and Interest Account and references to the SLB Term Bond Principal Account contained in the Certificate of the Executive Director shall be deemed references to the SLB Principal and Interest Account.

Section 17. Section Headings; Table of Contents. The headings or titles of the several sections hereof, and any table of contents appended hereto or copies hereof, shall be solely for the convenience of reference and shall not affect the meaning, construction, interpretation or effect of this Ordinance.

Section 18. Publication and Effectiveness of This Ordinance. A concise summary of this Ordinance, including the location within the Port where a complete copy of this Ordinance may be obtained without charge, shall be published within five days after passage once in a newspaper of general circulation within the Port; and this Ordinance shall become effective thirty (30) days after enacted.

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PASSED AND ENACTED by the Board of Commissioners of The Port of Portland at a meeting held on September 10, 2014 and signed by its President on the same date.

THE PORT OF PORTLAND

President

Approved as to Form:

Orrick, Herrington & Sutcliffe LLP
Bond Counsel

SOFTWARE AS A SERVICE CONTRACT – PROJECT PORTFOLIO MANAGEMENT SYSTEM

September 10, 2014

Presented by: Josh Moriarty
IT Project Manager**REQUESTED COMMISSION ACTION**

This agenda item requests approval to award a software as a service (SaaS) contract to Aurigo Software Technologies, Inc. (Aurigo) in the amount of \$3,650,102 for implementation and subscription services for Aurigo's project and portfolio management information system, Masterworks™.

BACKGROUND

The Port of Portland (Port) manages hundreds of millions of dollars in capital projects. Port staff use multiple systems and methodologies for capturing project information. Currently there is no central system for capturing, maintaining, tracking, compiling, reporting and viewing all project and portfolio-related data. The lack of a central system is inefficient and makes it difficult for decision makers to get the right information at the right time for planning, sequencing and managing projects. In addition, there is a need for strategic alignment throughout the portfolio but currently no ability to manage at a portfolio level, including modeling, prioritization or optimizing. The Port wishes to implement a technology solution to manage the Port's portfolio of capital projects and provide users with a single view of project and portfolio-related information.

CONTRACT SCOPE

This contract will provide an enterprise project and portfolio management system to allow the Port to centrally administer its portfolio of capital projects, including funding sources. The system will manage all phases of portfolio-related activities, allowing the Port to plan and model short- and long-term portfolio scenarios, compile and analyze data to develop annual portfolios, and manage financial and project information to meet Port needs and implement Port strategies.

The selected system will manage the end-to-end processes associated with project lifecycles, from pre-initiation and initiation, through preliminary planning, deployment, construction and final closeout. The system will manage portfolios of projects, handle project documents using automated workflows and approvals, schedule resources, administer funding sources and process construction contracts. The system will provide the comprehensive Port-wide view of information for projects and portfolios.

VENDOR SELECTION

The Port advertised a request for proposals (RFP) on March 17, 2014, seeking qualified firms to provide the portfolio management information system and implementation services. Eight firms submitted proposals.

The Port's seven-person evaluation team was composed of Engineering, Project Portfolio Office, Finance, Accounting, Business Development and IT personnel. Proposal costs varied widely depending on the scope and nature of the solution proposed, ranging from approximately \$300,000 to \$7 million. Aurigo was the highest-ranked proposer based on the following six RFP evaluation criteria:

- Qualifications of Proposer
- Project Approach and Project Management
- Solution Functionality and Technical Design
- System Support and Maintenance
- Cost/Fees
- Small Business Participation Program

Aurigo offered the only solution that addressed all of the Port's requirements. Port staff then negotiated the terms and conditions of the contract with Aurigo, including fees.

CONTRACT TERMS

Aurigo will provide implementation services to configure, commence and train Port personnel on the subscription services. Upon the Port's acceptance of the implementation services, Aurigo will provide the project and portfolio management system described above, on a subscription basis, for a term of five years. Implementation and subscription fees are as follows:

Implementation Services	\$1,643,120
Five-Year Subscription Fees	<u>\$2,007,000</u>
Total	\$3,650,120

PROJECT SCHEDULE

Evaluate Business Requirements	November 2013 – February 2014
Consultant Selection	March 2014 – August 2014
Commission Action (SaaS Contract)	September 2014
Detailed Planning	October 2014 – December 2014
Release 1 Development	January 2015 – April 2015
Release 1 Go-Live	April 2015
Future Releases and Closeout	May 2015 – June 2017

PROJECT RISKS

- Significant organizational change management effort
- Key personnel changes during two-year project
- Internal resource availability

Mitigation Strategies

- Engage the Port's Organizational Development and Learning department to develop and execute a formal organizational change management strategy.
- Involve key stakeholders.
- Schedule time and resources for adequate user training and follow-up support.
- Maintain strong project documentation to quickly train new or replacement personnel.
- Plan for additional support via temporary service providers if needed.
- Meet with and communicate scope of effort with resource managers.
- Publish, maintain, and communicate detailed schedule.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to award a software as a service contract to Aurigo Software Technologies, Inc., for software implementation and subscription services, in accordance with this agenda item; and

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

PERSONAL SERVICES CONTRACT – RENTAL CAR QUICK TURN AROUND FACILITY – PORTLAND INTERNATIONAL AIRPORT

September 10, 2014

Presented by: Greg Sparks
Project Development Manager

REQUESTED COMMISSION ACTION

This agenda item requests approval to award a personal services contract to Mackenzie in the amount of \$3,722,666 for design services related to the Rental Car Quick Turn Around (QTA) Facility project at Portland International Airport (PDX).

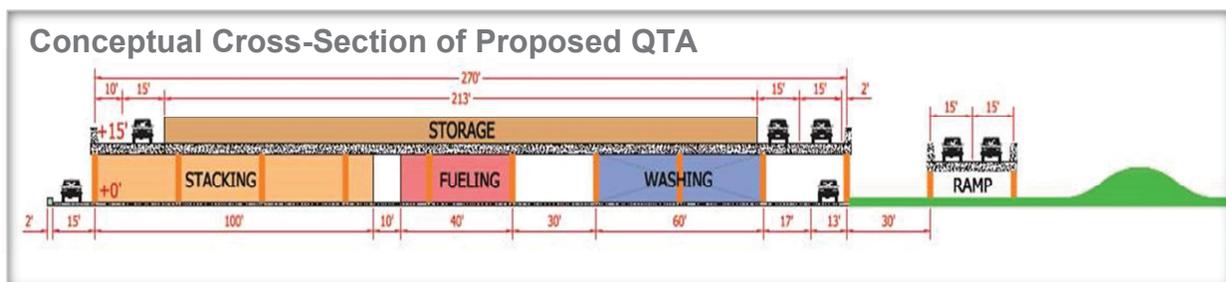
BACKGROUND

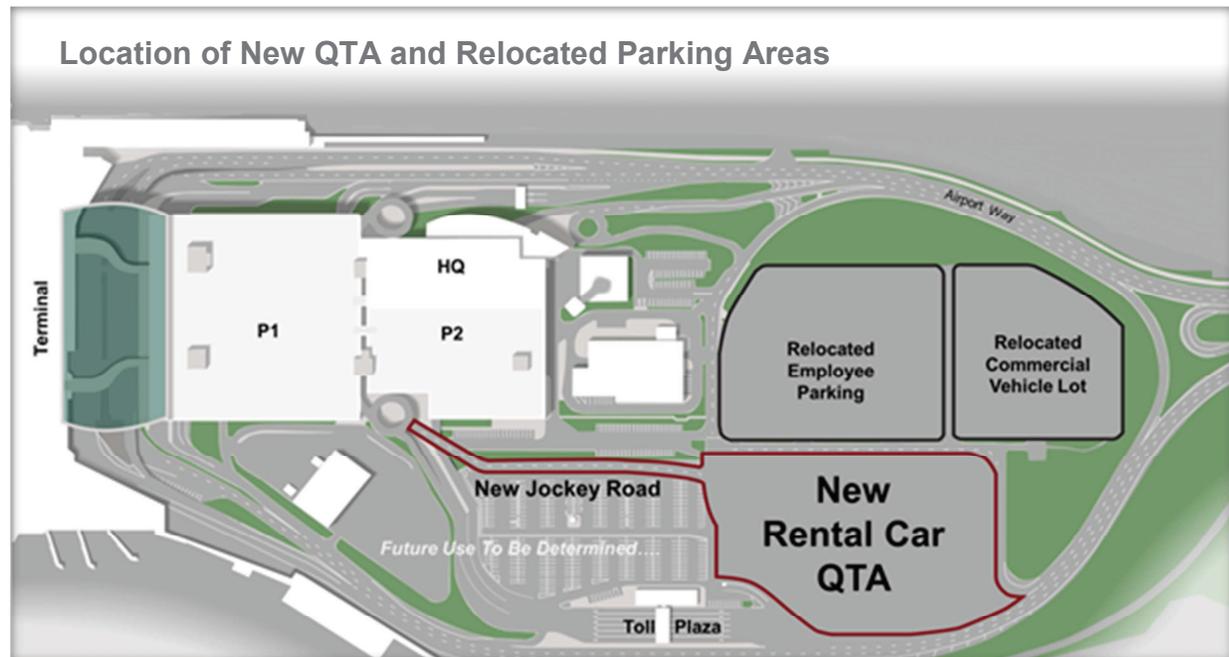
The Rental Car QTA Facility project will establish a new QTA facility for use by rental car companies operating at PDX. A QTA facility is where rental car companies vacuum, fuel and wash rental cars to prepare them for rental to the next customer. The current QTA facility at PDX is at the end of its useful life and is undersized for current needs.

A planning study was recently completed that recommends establishing a new QTA in an area located southeast from the Port of Portland’s (Port) headquarters building (HQ) and the PDX Central Utility Plant. The proposed new QTA would consist of a two-story structure providing room for 55 to 70 fuel and vacuum positions and 14 to 18 wash bays at ground level, as well as temporary parking for about 600 rental cars on the second level deck. A new dedicated access, or “jockey” road, would connect the QTA with the existing rental car facilities in the Short-Term and Long-Term parking garages.

The project also includes relocation of the HQ Port employee parking lot and the commercial vehicle hold lot, as required to retain safe access to HQ for employees and to provide for contractor staging areas adjacent to the QTA site. In addition, utilities in the footprint area of the new QTA may need to be relocated as part of this project.

In order to expedite the project schedule, the project team plans to prepare a separate early construction package for utility relocation work as well as relocation of the existing parking lots. The Port also plans to separately procure some of the new facility’s specialized equipment so that obtaining items which require a longer “lead time” will not extend the project’s total construction duration.





CONSULTANT SELECTION

The Port advertised a request for proposals on May 14, 2014, seeking qualified consultants to provide the required architectural and engineering design services. Seven firms submitted proposals. The proposals were evaluated in accordance with Oregon's qualifications-based selection requirements for this type of contract. The Port's four-person evaluation team was composed of Engineering and Operations personnel. Mackenzie was the highest-ranked proposer based on the evaluation of five stated RFP criteria. Mackenzie provides a strong project management approach with Portland-based staff, while sub-consultants on their team provide specialized experience and expertise with QTA design and other project-specific disciplines. Port staff then negotiated with Mackenzie to determine Mackenzie's fee, which will be paid on an hourly basis, plus expenses, with a not-to-exceed amount of \$3,722,666 for the following scope of services.

SCOPE

The consultant's work scope will include preliminary planning and design, and providing detailed design specifications, calculations and drawings required for the procurement of multiple construction contracts to complete the project components, including design and procurement assistance for some of the highly-specialized equipment. It also includes construction support services such as site visits, review of submittals, answering contractor requests for information and providing as-built documentation.

The detailed scope of work for the facility's specialized IT systems is not yet defined but will be determined during the early phase of this contract. As a result, the current scope of work for this contract does not yet call for the consultant's assistance with design and procurement for the facility's specialized IT components. The Port intends to add that portion of the work to this contract via amendment after the initial preliminary planning phase has been completed.

SCHEDULE

Preliminary Planning	February 2014 – December 2014
Consultant Selection	May 2014 – August 2014
Commission Action (Design Contract)	September 2014
Design Development	October 2014 – October 2015
Advertisement and Bid (Early Construction Contract)	May – June 2015
Commission Action (Early Construction Contract)	July 2015
Advertisement, Bid and Commission Action (Equipment Procurement Contract)	TBD
Advertisement and Bid (QTA Construction Contract)	November 2015
Commission Action (QTA Construction Contract)	December 2015
Construction QTA	February 2016 – April 2017

PROJECT RISKS

Risk: Scope Changes

Mitigation Strategy:

- Complete preliminary planning as first step of design services work.
- Evaluate options and alternatives during preliminary planning.
- Follow established decision making processes.

Risk: Unforeseen or Changing Conditions

Mitigation Strategy:

- Perform investigations as needed in early stages of design services work.
- Remain flexible in project approach.
- Follow established decision making processes.

Risk: Stakeholder Coordination

Mitigation Strategy:

- Allow enough time for and maintain proper levels of outreach and information to stakeholders.
- Actively engage and be open to input and insights from stakeholders.

BUDGET

The current project budget is based on initial preliminary planning work performed in order to define the project scope and develop a cost estimate:

Construction	\$40,000,000
Consultant Design Services (current contract)	\$ 3,800,000
Consultant Design Services – IT system	\$ 400,000
Port Staff/ Contracted Services	\$ 3,000,000
Contingency	<u>\$12,800,000</u>
Total Project	\$60,000,000

The contingency, representing 21 percent of the project budget, is considered reasonable given the early stage of the project, the nature of the work and the risk profile for the project.

Project funding is from Customer Facility Charge funds.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to award a personal services contract for the design of the Rental Car QTA Facility project at Portland International Airport to Mackenzie, in accordance with 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

PUBLIC IMPROVEMENT CONTRACT – TERMINAL CARPET REPLACEMENT – PORTLAND INTERNATIONAL AIRPORT

September 10, 2014

Presented by: Robin McCaffrey
Engineering Project Manager**REQUESTED COMMISSION ACTION**

This agenda item requests approval to award a public improvement contract to Emerick Construction Company for carpet replacement at the Portland International Airport (PDX) terminal in the amount of \$8,070,380.

BACKGROUND

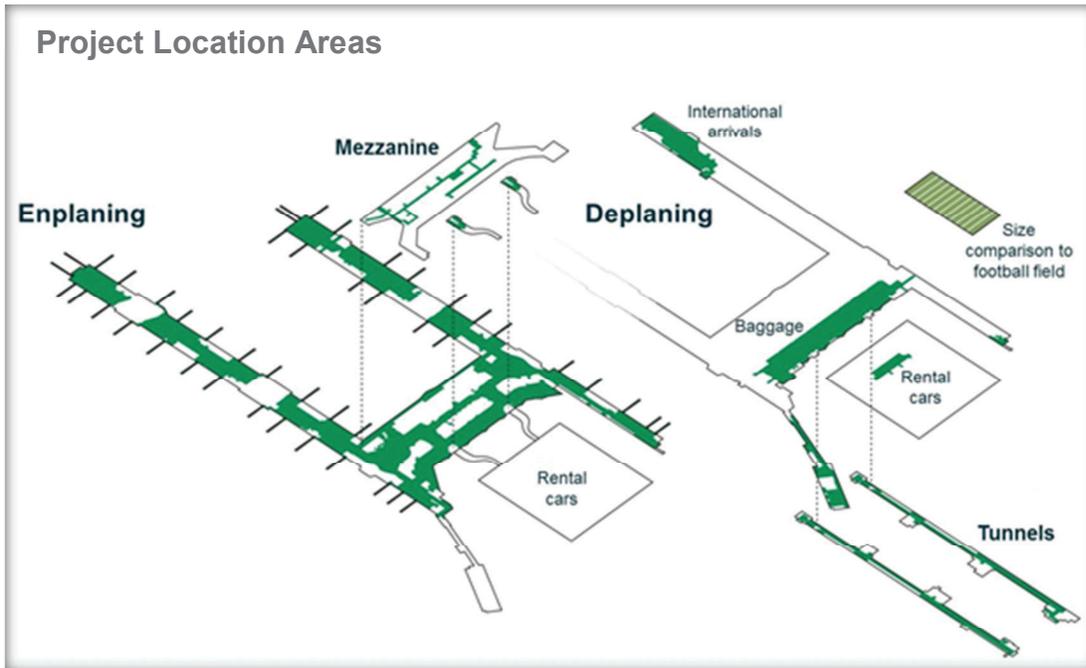
The PDX Terminal Carpet Replacement project will replace carpeting at PDX in public terminal spaces, pedestrian tunnels and the rental car service center. The oldest portions of the terminal carpet were installed in the late 1980s. A large percentage of the existing carpet is showing its age in its condition and dated design. The Port's analysis indicates that more than half of the public area carpet is considered to be in poor or failing condition.

This project involves placing over 63,000 square yards of carpeting in public areas. These areas include the ticket and rental car service center lobbies, Oregon Market, security checkpoints, concourses (including hold rooms), concourse connector, Federal Inspection Services facility, baggage claim areas, mezzanine, pedestrian tunnels and loading bridges.

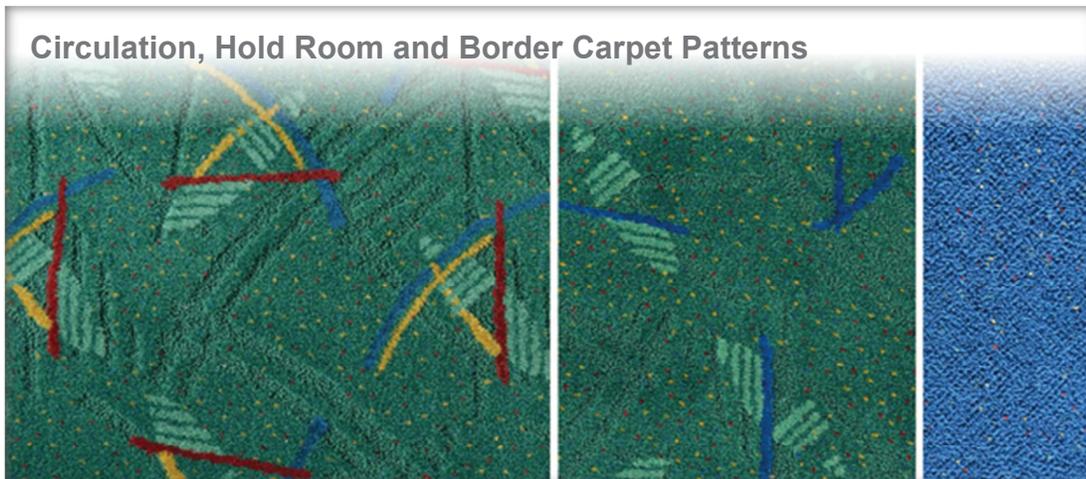
Prior to the project, Port of Portland (Port) staff compared a range of floor coverings including concrete, terrazzo, tile and multiple carpet types. Carpet was determined to be the most desirable flooring option based on qualitative and quantitative (e.g., life cycle cost) factors.

In 2011, Port staff collaborated with ZGF Architects LLP to develop a terminal carpet design concept consistent with PDX Terminal Design Standards. Using that design, the Port obtained Axminster carpet sample products from multiple manufacturers with slight variations resulting from the manufacturers' respective stock colors.

In 2012, the Port hired Hennebery Eddy Architects, Inc. (Hennebery Eddy), to provide design and construction support services for the project. In collaboration with Hennebery Eddy, the Port determined that a different carpet structure, tufted broadloom, would better serve the Port. The greatest relative advantages of tufted broadloom carpet include its domestic production, which allows greater opportunity for quality control and reduced lead times and its resistance to watermarking.



To ensure that the Port obtains high-performance, aesthetically pleasing carpeting, the Port required contractors to use only certain, approved carpet products in their bids. In order to do so, the Port was required to obtain a “brand name exemption” under Oregon law. The Port granted the brand name exemption in accordance with the Port’s contracting rules, after conducting a robust product selection process in collaboration with Hennebery Eddy. Six manufacturers participated in the product selection process, resulting in approved carpet products from one manufacturer for the circulation and hold room patterns, and from two manufacturers for the border pattern.



SCOPE

- Remove and replace carpet and walk-off area material.
- Remove non-cementitious floor fill material.
- Fill floor penetrations.
- Install moisture mitigation.
- Remove and install new terrazzo.
- Paint doors and frames.
- Install and/or refurbish base, corner guards, wainscot and kick plates.
- Remove miscellaneous remnant ducts, dampers, power, wiring and equipment.

SCHEDULE

Preliminary Planning	November 2011 – June 2012
Commission Action (Design)	July 2012
Design	August 2012 – July 2014
Invitation to Bid	July 2014
Commission Action	September 10, 2014
Construction	October 2014 – 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 in July 2014 and bids were received on August 5, 2014. Emerick Construction Company submitted the lowest responsive bid. The bid results were as follows:

Emerick Construction Company	\$8,070,380
Glen/Mar Construction, Inc.	\$8,368,042
Todd Hess Building Company	\$8,894,650
Engineer's Estimate	\$9,800,000

PROJECT RISKS

- Poor custom carpet performance
- Disruptions to airlines and tenant operations
- Project schedule impacts from other terminal projects or from tenant or airline lease changes during the project

Mitigation Strategies

- Prequalify carpet products based on quantitative and qualitative performance criteria.
- Perform quality control on carpet during production and prior to installation.
- Enforce installation requirements as specified in the contract documents.
- Require adequate warranty coverage.
- Work during hours of low pedestrian traffic; night work.
- Restrict work activities during peak travel periods.
- Closely coordinate construction activities with tenants, airlines and airport operations.
- Coordinate schedule through the Port's PDXNext program and with the Aviation Properties and Concessions groups.
- Include appropriate level of project contingency.

BUDGET

Construction Contract	\$ 8,070,380
Design and Construction Support Contract	\$ 1,697,430
Port Staff/Other Contracted Services	\$ 1,592,190
Contingency	<u>\$ 1,090,000</u>
Total	\$12,450,000

The contingency budget item is approximately 13.5 percent of the value of the construction contract. This amount is considered reasonable given the project length, the unknown quantity of gypsum floor fill removal and extent of concrete slab repair, and potential changes to the project from non-project influences (e.g., other projects, or tenant or airline lease changes).

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The PDX terminal portion of the project will be funded by the Airline Cost Center in accordance with the PDX Airline Agreement. The rental car service center and pedestrian tunnel portions of the project will be funded by the Port Cost Center.

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 PDX Terminal Carpet Replacement project at Portland International Airport to Emerick Construction Company 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.