



AGENDA\*  
Regular Commission Meeting  
Port of Portland Headquarters  
7200 N.E. Airport Way, 8<sup>th</sup> Floor  
June 9, 2021  
9:30 a.m.

Due to the COVID-19 pandemic, the Commission will meet virtually.  
The meeting will be streamed live on the Port's website and YouTube channel.

Written public comments can be submitted via email at [testimony@portofportland.com](mailto:testimony@portofportland.com).

If you wish to provide live testimony, please send an email with your first and last name to [testimony@portofportland.com](mailto:testimony@portofportland.com) and you will be provided with a link to testify via MS Teams.

The deadline to sign up for live testimony is noon on the day prior to the Port of Portland Commission Meeting.

### **Minutes**

Approval of Minutes: Regular Commission Meeting – May 12, 2021

### **Executive Director**

Approval of Executive Director's Report – May 2021

### **Public Comments**

### **General Discussion**

Northeast 33rd Drive Update

*EMERALD BOGUE  
TERESA CARR  
CORY CHASE*

### **Consent Items**

1. CONTRACT AMENDMENT – SOFTWARE AND HARDWARE MAINTENANCE AND SUPPORT AGREEMENT – PORTLAND INTERNATIONAL AIRPORT

*ERIC VAN DER BURGHT*

Requests approval to amend and restate the existing Software and Hardware Maintenance and Support Contract for Portland International Airport Common Use Passenger Processing Systems with ARINC Incorporated.

2. CITY OF SANDY ENTERPRISE ZONE REAUTHORIZATION

*EMERALD BOGUE*

Requests consent to a reauthorization of the Sandy Enterprise Zone, located within Port of Portland boundaries.

\*Certain discussion, consent and agenda items may contain forecasts/estimates. Actual results may differ.



**CONTRACT AMENDMENT AND RESTATEMENT – SOFTWARE AND HARDWARE  
MAINTENANCE AND SUPPORT AGREEMENT – PORTLAND INTERNATIONAL AIRPORT**

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June 9, 2021

Presented by: Eric van der Burght  
Manager, Terminal Operations &  
Infrastructure**REQUESTED COMMISSION ACTION**

This agenda item requests approval to amend and restate the existing Software and Hardware Maintenance and Support Contract for Portland International Airport (PDX) Common Use Passenger Processing Systems (the Maintenance and Support Agreement) with ARINC Incorporated (ARINC), a part of Collins Aerospace, to extend its duration, provide for additional services, and clarify its terms and conditions.

**BACKGROUND**

In 2005, the Port of Portland (Port) identified the need for “common use” airline passenger processing system capabilities at PDX. Common use facilities allow airlines to share interchangeably the passenger processing systems at ticket counters, airport gates, bag claim podiums, and in the International Arrivals Hall, eliminating the need for airlines to maintain proprietary equipment and systems in fixed counter and gate facilities.

Under a competitive procurement, the Port selected ARINC to provide common use equipment, software and services. Equipment installation was completed in 2006. The Maintenance and Support Agreement was awarded at that time to provide for equipment support and maintenance, as well as on-site local staff support. In July 2011, the Port extended the term of the Maintenance and Support Agreement through June 30, 2016. In July 2016, the Port again extended the term of the Maintenance and Support Agreement. These successive extensions were approved in accordance with the Port’s Contract Review Board (CRB) Rules, which allow for utilizing the pre-existing knowledge of an information technology services provider regarding the specifics of an existing Port hardware or software system.

Common use system equipment deployment at PDX has evolved significantly over the past decade. Initially three airlines used the system at a few gates. Now, all carriers are configured to use the system and half of the airport gates are common use. Passengers can check in for nearly every airline at Common Use Self-Service (CUSS) kiosks.

The Port now wishes to extend the term of the Maintenance and Support Agreement for an additional five years, effective July 1, 2021 through June 30, 2026.

CONTRACT AMENDMENT AND RESTATEMENT – SOFTWARE AND HARDWARE  
MAINTENANCE AND SUPPORT AGREEMENT – PORTLAND INTERNATIONAL AIRPORT  
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**CONTRACT AWARD; SCOPE**

Prior to recommending the extension of the Maintenance and Support Agreement, Port staff assessed alternatives for support. Staff considered other providers, as well as in-house support through additional staffing. After collaborative analysis with Port procurement personnel, changing service providers was not recommended due to ongoing work, including a system upgrade to Windows 10 that is in progress, expansion of passenger self-bag tagging at kiosks, the planned common use gates for Concourse B this fall, and the new ticket counters and kiosks for the PDX Terminal Core Rehabilitation project for which the design is underway, as well as the potential disruption resulting from a change in on-site support staff. Extending the Maintenance and Support Agreement will also again utilize ARINC's pre-existing knowledge regarding the specifics of the common use system. Accordingly, procurement authority for extending the agreement was approved under the CRB Rules.

The Maintenance and Support Agreement's scope of work will also be modified during the extended term as follows: 1) equipment counts will be updated to reflect significant growth over the past five years at ticket counters, gates and kiosks; 2) the addition of a touchless kiosk option; and 3) support for network management to facilitate airline coordination for ongoing changes or new service.

**COMPENSATION; BUDGET**

Compensation will continue to be based on annual fees for services and licensing. The total cost for the five-year extension term is \$2,325,570, representing a 2.9% increase compared to the current contract.

The funding source is the Airline Cost Center, which is composed primarily of revenues from the Port's commercial airline service business lines.

**EXECUTIVE DIRECTOR'S RECOMMENDATION**

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to amend the Software and Hardware Maintenance and Support Agreement with ARINC Incorporated, a part of Collins Aerospace, for Portland International Airport Common Use Passenger Processing Systems, in accordance 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.

**CITY OF SANDY ENTERPRISE ZONE REAUTHORIZATION**

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June 9, 2021

Presented by: Emerald Bogue  
Director of Regional Government  
and Community Affairs**REQUESTED COMMISSION ACTION**

This agenda item requests consent to a reauthorization of the Sandy Enterprise Zone, located within Port of Portland (Port) boundaries, to provide an incentive to encourage existing or new companies to invest and create jobs within the zone.

**BACKGROUND**

The Enterprise Zone program was enacted by the Oregon Legislature in 1985. In the 2005 legislative session, the statute for the Enterprise Zone program, ORS 285C.065, was changed to require the governing bodies of port districts to consent by resolution to Enterprise Zone applications by a city or county within the boundaries of the port. This change was requested to ensure coordination of economic development activities within port districts. Since then, the Port Commission routinely receives requests from jurisdictions as they move forward with Enterprise Zone re-designations and/or boundary changes.

The Enterprise Zone program allows a 100 percent property tax abatement for up to five years on new qualified capital assets of eligible businesses within the enterprise zone boundary. Land, existing structures and existing machinery and equipment are not eligible for the abatement. State program requirements include: increasing employment by 10 percent, or one job, whichever is greater; maintaining minimum employment levels during the abatement period; and entering into a "First Source Hiring Agreement" with Worksource Oregon, an agreement by the employer to use the Oregon Employment Department through Worksystems, Inc., as its first source from which to hire qualified candidates before hiring from other sources.

The Sandy Enterprise Zone was originally established in 2010 and has to date been unused. City leaders anticipate increased interest in this incentive program over the next few years, however, as the Sandy City Council has recently made investments in the creation of an Economic Development Master Plan for the city. This work will include an evaluation of how to increase outreach and improve incentives to attract traded sector companies to Sandy, with a particular focus on light manufacturing. There has been a desire on behalf of the City Council for years to diversify and expand the manufacturing base, but the lack of properly sized industrial lots available for development has been a limiting factor – thereby making the preservation of this tool essential.

**FINANCIAL IMPACT**

Under the current levy, the Port will forgo approximately \$0.0701 per \$1000 of *future* assessed value until the end of the exemption period of each participating company (i.e., three-to-five years). The impact on Port property tax revenue is expected to be minimal. For example,

## CITY OF SANDY ENTERPRISE ZONE REAUTHORIZATION

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foregone tax revenue to the Port is approximately \$8,763 over a five-year period on a \$25 million investment. Upon completion of the exemption period, the property will be fully taxed. This item will go in front of the Sandy City Council for approval at their regular Council meeting on June 21. The City of Sandy has requested that the Port provide a resolution consenting to this reauthorization.

### **EXECUTIVE DIRECTOR'S RECOMMENDATION**

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That the Port of Portland Commission consents to the reauthorization of the Sandy Enterprise Zone, located within Port of Portland boundaries; 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.

**SOUNDBALANCE LEASE – PORTLAND INTERNATIONAL AIRPORT**

June 9, 2021

Presented by: Kaitlin Hunter  
Sr. Manager, Terminal Concessions  
& Customer Experience

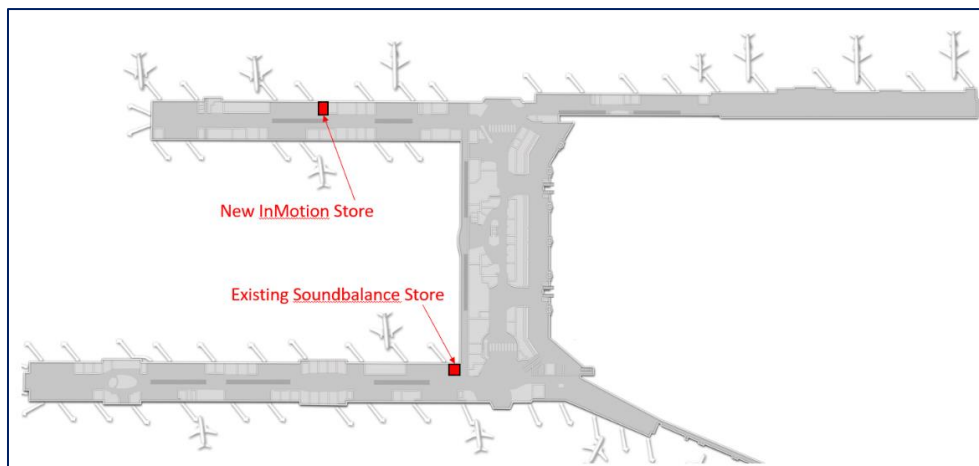
**REQUESTED COMMISSION ACTION**

This agenda item requests approval for the Port of Portland (Port) to enter into an amended and restated retail concessions lease with SoundBalance PDX, LLC (SoundBalance), at Portland International Airport (PDX).

**BACKGROUND**

As construction impacts from the Terminal Core Project (TCORE) accelerate, a new round of concessions closures and relocations at PDX will be necessary in late summer 2021. Installation of the new terminal roof and external bypasses on Concourses C and D will require the closure, modification or relocation of eight existing concessions. The Concessions Development team has employed negotiation strategies that prioritize cost savings to the TCORE project, while also ensuring concessions partners receive fair treatment in line with their respective lease agreements. Additionally, the Concessions Development team is striving to maintain a diverse blend of concessions offerings to help ensure a positive experience for PDX passengers.

SoundBalance currently operates a retail electronics store under the brand “SoundBalance” that opened in 2016 on Concourse C, which will need to be relocated to accommodate TCORE prior to the expiration of the current lease term. Instead of buying out the remaining unamortized investment in this space under the terms of the current lease, SoundBalance has agreed to a relocation, at SoundBalance’s expense, in exchange for the Port granting a longer lease term in the new space. Under the terms of the amended and restated lease proposed herein, SoundBalance will relocate to Concourse D and will rebrand as “InMotion”. The product lines offered will be nearly identical to those carried under the SoundBalance brand concept, but the InMotion brand (associated with SoundBalance’s parent company) is better-known in airports throughout the U.S. The new premises will also incorporate an updated, modern design.



## SOUNDBALANCE LEASE – PORTLAND INTERNATIONAL AIRPORT

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### **KEY BUSINESS TERMS**

#### **Lease Terms**

The Port's standard term for retail locations is seven years. The amended and restated lease will be for a term of 10 years, with the additional 3 years being agreed upon as compensation for unamortized costs of the previous location. Commencement date of the amended and restated lease will be the earlier of November 1, 2021 or the date SoundBalance first opens the new location on Concourse D.

#### **Tiered Rent Structure**

SoundBalance would like to increase the floor space allocated to Apple-branded products in order to meet a significant customer demand. However, margins on Apple products are extremely low due to the brand's high wholesale costs, causing the standard percentage rent to be a disincentive for stocking and displaying larger quantities of this particular product segment that would otherwise maximize sales. To facilitate the expansion of this product-line offering, and thereby increasing overall gross revenues, which mutually benefits SoundBalance and the Port, Port staff are recommending the tiered percentage rent structure described below:

#### **Gross Sales for General Product Assortment**

- 10% (\$0 – \$550,000)
- 12% (\$550,001 – \$825,000)
- 14% (\$825,000 +)

#### **Gross Sales Specifically for Apple Products**

- 8% (\$0 – \$200,000)
- 10% (\$200,001 – \$300,000)
- 12% (\$300,000 +)

The Port will have the right to audit sales and reevaluate the tiered percentage rent, which will mitigate against the risk that the increase in gross receipts does not materialize, and provide the Port and SoundBalance an opportunity to agree upon a revised approach, if appropriate, after the first two full years of the Lease.

#### **Tenant Improvements**

- Minimum of \$300 per square foot for retail locations.
- Mid-term refurbishment required.

## SOUNDBALANCE LEASE – PORTLAND INTERNATIONAL AIRPORT

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### **Standard Terms**

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

### **PDX Quality Employer Plan**

Following the 2015 adoption of the PDX Workplace Initiative by the Port Commission, the Port concessions team has been closely focused on quality jobs for airport employees. Several ways this is achieved is through a cash incentive for tenants to hire existing airport employees through a labor pool, Port subsidization of TriMet passes, language classes, and more. But the most significant way that PDX ensures a quality workplace is by requiring concessionaires to outline their employee relationship philosophies and practices in a “PDX Quality Employer Plan.” SoundBalance will be required to share information on starting wages, benefits, training and advancement plans, and employee incentives. They will also be required to comply with the provisions of their PDX Quality Employer Plan in connection with operations at PDX during the term of the lease.

### **EXECUTIVE DIRECTOR'S RECOMMENDATION**

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to enter into an amended and restated retail concessions lease with SoundBalance 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.

**GENERAL SERVICES ADMINISTRATION LEASE – PORTLAND INTERNATIONAL AIRPORT**

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June 9, 2021

Presented by: Willie Wilcoxon  
Senior Manager, Airline Affairs &  
Terminal Leasing**REQUESTED COMMISSION ACTION**

This agenda item requests approval to enter into a new, long-term lease between the Port of Portland (Port) and General Services Administration (GSA) for office space to be used by the Transportation Security Administration (TSA) in support of baggage and passenger screening services at Portland International Airport (PDX).

**BACKGROUND**

TSA was created after the September 11, 2001 terrorist attacks and has had a presence at PDX for almost two decades. TSA initially leased office space off-site, but began leasing the former Port offices in the terminal mezzanine in 2010 when the Port consolidated staff into the current Port HQ building. The Terminal Core Redevelopment project needs to take all of this area in the terminal mezzanine in support of the western expansion, thus a new space is needed to keep TSA onsite at PDX, which has operational advantages for both the Port and TSA.

With the evolution of the Parking Additions and Consolidated Rental Car facility (PACR) project, a new customer service building, the Rental Car Center (RCC), is being constructed adjacent to the new parking garage. The RCC will also house the Port's emergency response and communication center. The Port and GSA wish to finalize a long-term lease that results in GSA leasing the entire second floor of the RCC for office use by TSA. The approval of this lease would allow TSA to remain on the PDX campus, facilitate continued coordination between TSA and Port operations staff, retain needed lease revenue to the Port, and allow easy access to PDX for their employees for the next 20 years.

GSA is the federal agency in charge of negotiating lease terms for TSA.

**KEY BUSINESS TERMS**

Term Length      20 years, with a right for GSA to reduce footprint beginning in the fifteenth year.

Rent                Initial annual rent will be approximately \$1.2 million annually, based on \$42.00/rentable square foot for the space, which includes additional rent for janitorial services, utilities and parking, and will be subject to annual escalation over the term of the lease. The exact amount of rent will be determined based on the as-built square footage of the space.

Tenant Improvements      The Port, through the general contractor already engaged on the PACR project, will construct the RCC, including agreed upon tenant improvements associated with TSA's leased space. All costs associated with these tenant improvements made on behalf of TSA will be reimbursed by GSA to the Port, with a portion being reimbursed in a lump sum payment upon GSA's acceptance of the space following completion of construction, and the balance amortized at a rate of 5% over the term of the lease.

**SCHEDULE**

Construction of the RCC	Fall 2019 – June 2021
<b>Commission approval of GSA lease</b>	<b>June 9, 2021</b>
Lease acceptance / Commencement date	July 1, 2021 (anticipated)

**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 lease with the General Services Administration for office space to be used by the Transportation Security Administration 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.

**PUBLIC IMPROVEMENT CONTRACT AMENDMENT – TERMINAL CORE REDEVELOPMENT PROJECT – PORTLAND INTERNATIONAL AIRPORT**

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June 9, 2021

Presented by: George Seaman  
Engineering Project Manager**REQUESTED COMMISSION ACTION**

This agenda item requests approval to amend the existing public improvement contract with Hoffman Skanska LLC (Hoffman Skanska) for the Terminal Core Redevelopment (TCORE) project at Portland International Airport (PDX) in the amount of \$75,000,000. The increase included in this amendment will provide for tenant space relocation, early procurement of terminal utility work, and baggage handling system procurement and delivery for TCORE and a related capital project.

**BACKGROUND**

In 2010, the Port of Portland (Port) began developing a comprehensive strategy to reconfigure the core terminal at PDX. Based on thorough, ongoing planning and analysis, the Port developed the TCORE project, which is intended to ensure: 1) the most effective and efficient passenger processing possible; 2) the best possible passenger experience; 3) the maximization of concession revenues; and 4) a long-range plan that is sustainable, affordable, and adaptable. As detailed in earlier Commission agenda items, TCORE project work includes the following:

- Expanding the terminal core area by constructing a seismically-resilient addition extending the existing building footprint approximately 180 feet to the west (the Western Expansion);
- Relocating the security checkpoints into the newly-constructed addition;
- Constructing a seismically-resilient “clear span” roof structure from the curbside to the westward edge of the expanded ticket lobby, spanning the entire terminal building east to west and opening up the building functionally and architecturally;
- Removing the existing roof and mezzanine over the terminal building;
- Relocating and reconstructing the post-security concession nodes further to the west to better align passenger flow with the newly-constructed addition;
- Extending Concourse B and demolishing Concourse A to improve passenger experience and seismic resiliency of the ground-load facility at PDX; and
- Remodeling the ticket lobby by removing existing ticket counters and reorienting them 90 degrees into a flow-through design.

TCORE project contracts the Port Commission has approved to date include:

- September 2015 – Design services contract with ZGF (the Design Contract);
- September 2015 – Pre-construction support services contract with Turner Construction Company;

## PUBLIC IMPROVEMENT CONTRACT AMENDMENT – TERMINAL CORE REDEVELOPMENT PROJECT – PORTLAND INTERNATIONAL AIRPORT

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- May 2018 – Construction Manager/General Contractor (CM/GC) public improvement contract with Hoffman Skanska (the Construction Contract);
- April 2019 – Personal services contract amendment for commissioning services with Burns & McDonnell (the Commissioning Services Contract); and
- August 2020 – Personal services contract amendment for testing and special inspection services with Intertek – Professional Service Industries, Inc. (the Testing and Inspection Contract).

The Commission has also approved various amendments to the Design Contract, the Construction Contract, and the Commissioning Services Contract. Certain Commission-approved amendments are described below.

In November 2017, the airlines serving PDX approved \$950,000,000 in funding for Phase 1 of the TCORE project, which included the Western Expansion construction, the new roof over the terminal building, and the Concourse B extension. In August 2019, the airlines approved an additional \$700,000,000 in funding for Phase 2 of the project to complete the renovation of the ticket lobby and the post-security concession nodes.



### **CONSTRUCTION CONTRACT – AMENDMENTS TO DATE**

The Port Commission has approved the following amendments to the Construction Contract since its award:

- March 2019 – In the amount of \$38,336,191, to facilitate certain enabling work for Concourse B redevelopment, deliver the passenger boarding bridge replacement project, and secure design-related assistance from key subcontractors. That work is ongoing;

PUBLIC IMPROVEMENT CONTRACT AMENDMENT – TERMINAL CORE REDEVELOPMENT  
PROJECT – PORTLAND INTERNATIONAL AIRPORT

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- July 2019 – In the amount of \$8,092,413, to facilitate delivery of the terminal re-lamp project, extend pre-construction services during the design development phase of that project, and obtain additional design assistance and professional services during its preconstruction phase;
- September 2019 – In the amount of \$75,915,156, for work associated with construction activities for the Concourse B extension, the pre-purchase of roof materials, and other early-work activities for the TCORE project. (This amount has been reduced by \$16,166,501 from the previously-reported amount, to correct an inadvertent error in the September 2019 Commission agenda item, which overstated these amounts by including the cost of already-approved Concourse B enabling work scope activities.);
- December 2019 – In the amount of \$2,043,059, for work associated with procuring job-site trailers, installing the trailers, and remodeling Building 5420 to provide for construction logistical support;
- January 2020 – In the amount of \$2,912,668, for miscellaneous construction-related scopes of work, including the development of the Occupant Safety Plan required by Oregon building codes;
- February 2020 – In the amount of \$71,267,772, for construction of a pre-fabrication facility and logistics center next to the Airport Rescue and Fire Fighting facility, and enabling work associated with the installation of new building support columns.
- March 2020 – In the amount of \$72,000,000, for relocation of utilities residing within the footprint of the Western Expansion, installation of new utilities, and piling work relating to the new building column foundations;
- April 2020 – In the amount of \$31,000,000, for interim work scopes associated with ticket lobby modifications, security checkpoint relocations, and logistical services to provide support for overall project construction;
- August 2020 – In the amount of \$230,000,000, for construction of building structural steel, roof component pre-fabrication, roof transportation to terminal and final installation, curtain wall installation, seismic isolation componentry, and project logistical support;
- December 2020 – In the amount of \$248,220,000, for demolition of the existing building, temporary installation of enplaning level waterproofing, structural supports, construction barriers and mechanical air-handlers, and construction staffing and logistical support for the demolition phase of the project; and
- March 2021 – In the amount of \$9,000,000, for early procurement of building vertical transportation components.

PUBLIC IMPROVEMENT CONTRACT AMENDMENT – TERMINAL CORE REDEVELOPMENT  
PROJECT – PORTLAND INTERNATIONAL AIRPORT

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**NEW CONSTRUCTION CONTRACT AMENDMENT – SCOPE OF WORK**

The Port now wishes to amend the Construction Contract to include the following key scopes of work:

- Provide for relocation of tenants being impacted by major building modifications in the concession nodes and deplaning areas of Concourse C, Concourse D and the terminal building under the nodes;
- Early procurement of mechanical and electrical components prior to the release of the final bid package to allow for long-lead delivery durations and subcontractor coordination efforts; and
- Procurement and installation of baggage handling system components associated with both the TCORE project and the Checked Bag Resolution Area (CBRA) expansion project. The CBRA expansion project relocates the CBRA within the Transportation Security Agency (TSA) operational footprint, which is located within the TCORE project footprint. The CBRA expansion project work is logically related to the TCORE project work, and cost efficiencies can be achieved and operational impacts reduced by delivering it under the TCORE Construction Contract. The CBRA expansion project portion of the baggage handling system work will be funded via the CBRA project budget.

**COMPENSATION**

Port staff have negotiated with Hoffman Skanska to increase the Guaranteed Maximum Price (GMP) of the Construction Contract by \$75,000,000 to facilitate the work contemplated by this amendment. This amount was developed in accordance with the contract's established compensation mechanism, which generally includes reimbursing the cost of the work plus a 2.97% fixed fee, subject to the GMP. The 20% small business participation goal established for this contract will remain the same for the work covered by this amendment.

To date, the Construction Contract value is summarized as follows:

	<b>Total Contract Value</b>	<b>TCORE-Funded Portion of Contract</b>
Original Contract:	\$5,637,076	\$5,637,076
Amendments to Date:	\$788,787,579	\$769,141,473
<b>This Amendment:</b>	\$75,000,000	\$55,000,000
New Total Contract:	<hr/> \$869,424,655	<hr/> \$829,778,549

Awarding this amendment is consistent with the Construction Contract's terms, which allow the Port to amend the contract to accommodate additional phases of work as the project progresses if performance to date is satisfactory. Commission approval is required to grant the necessary contracting authority based on the dollar amount of the amendment.

PUBLIC IMPROVEMENT CONTRACT AMENDMENT – TERMINAL CORE REDEVELOPMENT  
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**SCHEDULE**

Preliminary planning	November 2014 – December 2014
Consultant selection	January 2015 – July 2015
Commission action (approve award of Design Contract and pre-construction support services contract)	August 2015
Conceptual plan selection phase	September 2015 – February 2016
Commission action (approve Design Contract amendments for conceptual design and pre-construction support services)	April 2016
Conceptual design development phase	April 2016 – April 2017
Commission action (approve Design Contract amendment, exempt Construction Contract from competitive bidding)	December 2017
Contractor selection (Construction Contract)	December 2017 – February 2018
Schematic design development phase	January 2018 – December 2018
Commission actions (approve amendments to the Design Contract, Commissioning Services Contract, Construction Contract, and Testing and Inspection Contract)	April 2018 – March 2021
<b>Commission action (approve Construction Contract Amendment)</b>	<b>June 2021</b>
Detailed design development phase	February 2019 – September 2021
Construction	April 2019 – May 2025

**BUDGET**

<b>CM/GC Services (including construction)</b>	<b>\$1,191,000,000</b>
Consultant Design Services	\$162,000,000
Procurements/Equipment	\$55,000,000
Port Staff / Contracted Services	\$75,000,000
Permits	\$17,000,000
Contingency	\$150,000,000
Total Project	<u>\$1,650,000,000</u>

The project contingency shown above represents the Port-controlled contingency at 5% of the current project costs. Under this project delivery model, risk is shared and transparent; therefore, contingency at the contracting phase is also shared. The CM/GC services cost

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shown above also includes a contractor-controlled contingency of 5% of the current project costs. Total contingency, representing 10% of the project cost, is considered reasonable given the stage of the TCORE project, the nature of the work, and the risk profile for the project.

TCORE project funding and contract costs are funded by the Airline Cost Center, which is composed primarily of revenues from the Port's commercial airline service business lines.

**EXECUTIVE DIRECTOR'S RECOMMENDATION**

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to amend the existing public improvement contract with Hoffman Skanska LLC for the Terminal Core Redevelopment project 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.

**PUBLIC IMPROVEMENT CONTRACT – KENNEDY FEEDER AND KILLINGSWORTH  
EXTENSION PROJECT – PORTLAND INTERNATIONAL AIRPORT**

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June 9, 2021

Presented by: Alan Dakessian  
Engineering Project Manager**REQUESTED COMMISSION ACTION**

This agenda item requests approval to award a public improvement contract to Northeast Electric, LLC (Northeast Electric) for the Kennedy Feeder and Killingsworth Extension project at Portland International Airport (PDX) in the amount of \$2,749,983.50.

**BACKGROUND**

PacifiCorp (Pacific Power) currently provides electrical service to PDX with three service lines, known as feeders, coming from three different substations: Alderwood, Cully and Killingsworth. Of these, Alderwood and Killingsworth are the primary feeders and Cully is a backup.

New facilities at PDX include the rental car quick turn-around facility and the recently-finished Concourse E extension, and construction is underway on a new long-term parking garage, a new office building for rental car and other operations, and the terminal core rehabilitation (TCORE) project, which will expand the terminal building. In addition, a new electrically-driven heat pump system will be installed to replace the current steam boilers that burn fossil fuels. Port of Portland (Port) staff forecast an increase in peak electrical demand at PDX of 72% over 2018 levels when these projects are all complete in 2024. This increased demand for power requires additional electrical service to ensure stable and reliable operations.

Port staff engaged with Pacific Power in 2018 to study the Port's options to meet this increase in demand. That study recommended construction of a new "express" feeder dedicated to PDX from Pacific Power's Kennedy Substation, as well as extension of the Killingsworth feeder so that it can tie in directly to TCORE as well as serve the PDX Central Utility Plant. It also recommended increasing the capacity of the Cully backup feeder.

On March 10, 2021 the Port Commission approved award of two agreements to Pacific Power:

- Master Electric Service Agreement (MESA)
- Customer-Requested Work Agreement (CRWA)

Together, these agreements govern all work being performed by Pacific Power on the Kennedy and Killingsworth feeders. Pacific Power's work is limited to facilities that are not located on Port-owned property, as described in more detail below.

Under this agenda item, the Port seeks approval to award a public improvement contract to Northeast Electric to construct certain project facilities on Port-owned property.

# PUBLIC IMPROVEMENT CONTRACT – KENNEDY FEEDER AND KILLINGSWORTH EXTENSION PROJECT – PORTLAND INTERNATIONAL AIRPORT

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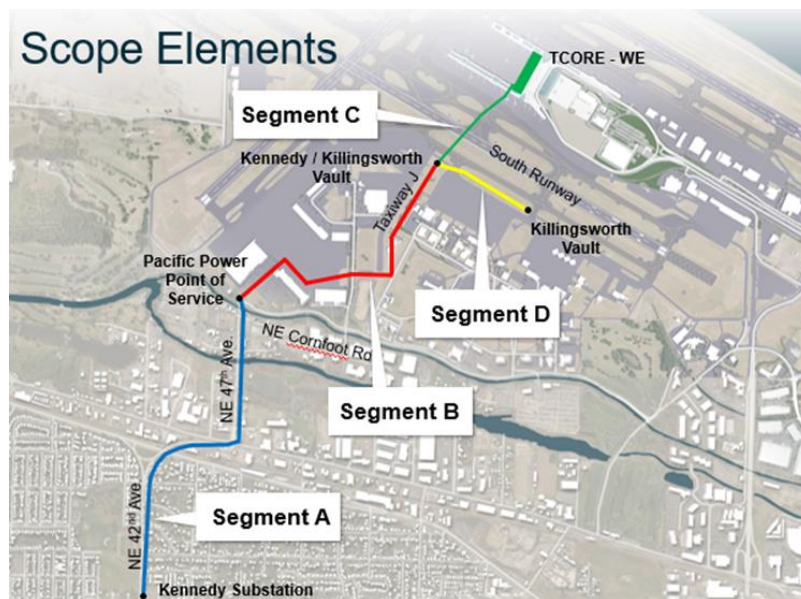
## **CONTRACT SCOPE OF WORK**

This contract includes the following key scopes of work:

- Complete construction of Segment B as shown in the route map below, including the following: site work; boring; provision of vaults, conduits and conductors for the Kennedy feeder; electrical equipment; surface facilities; and other site improvements.
- Partial construction of Segments C and D, including provision of conductors for the Kennedy and Killingsworth feeders and termination within the main electrical room of the new West Expansion being constructed by the TCORE project.

Work not provided under this contract, but that is included in this project's budget, includes the following:

- Pacific Power will provide all construction for the Kennedy feeder from their Kennedy substation to the new point of service located at the NE corner of the intersection of NE 47<sup>th</sup> Ave. and NE Cornfoot Rd. Pacific Power will also modify the Killingsworth feeder to establish a new point of service at the Killingsworth Vault location.
- The Port's contractor on the TCORE project will provide a pathway for the Kennedy and Killingsworth feeders along segments C and D. This includes site work, boring, provision of vaults and conduits for the Kennedy and Killingsworth feeders, electrical equipment, surface facilities and other site improvements.



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**SCHEDULE**

The following schedule for this project includes the work being performed by Pacific Power as well as the work being performed by the Port.

Port's preliminary design	November 2019 – February 2020
Airport Airline Affairs Committee (AAAC) approval	March 2020
Commission approval (award Port public improvement contract amendment, TCORE Bid Package B)	March 2020
Port's detailed design	April 2020 – May 2021
Commission approval (award MESA and CRWA)	March 2021
Pacific Power's design and construction	March 2021 – December 2022
<b>Commission approval (award public improvement contract)</b>	<b>June 2021</b>
Port's Construction	July 2021 – December 2022

**CONTRACT SOLICITATION**

**Solicitation Results**

The Port procured this public improvement contract utilizing a competitive sealed bidding solicitation under Oregon Revised Statutes, Chapter 279C. The solicitation was advertised on April 27, 2021 and bids were opened on May 20, 2021. Northeast Electric submitted the lowest responsive bid.

The bids were as follows:

Northeast Electric, LLC	\$2,749,983.50
OEG, Inc.	\$2,781,118.64 *
PHK Construction, LLC	\$3,194,069.00
Magnum Power, LLC	\$3,636,850.00 *
Northstar Electrical Contractors, Inc.	\$4,545,318.00
Kiewit Infrastructure West Co.	\$5,162,112.00
Engineer's Estimate	\$3,567,690.00

\* *Corrected bid total*

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**Small Business Participation**

Based on an availability analysis, the Port's small business enterprise (SBE) program participation goal for this contract was 10% of the total amount bid. The lowest responsive bid identified a 13% participation level. SBE includes firms certified by Oregon or Washington as minority, women, or service disabled veteran-owned, or as an emerging small business.

In determining the division of work between the TCORE contract and this contract, the Port considered the benefit of reducing the size and scope of this contract to encourage more small business participation at the prime contractor level.

**BUDGET**

<b>Public improvement contract (construction)</b>	<b>\$2,750,000</b>	(capital cost)
Amendment to TCORE personal services contract (design)	\$167,000	(capital cost)
Amendment to TCORE public improvement contract (construction)	\$3,270,000	(capital cost)
Pacific Power work (CRWA)	\$1,974,000	(non-operating expense)
Port staff/contracted services	\$2,379,000	(capital cost)
Contingency	\$1,580,000	(capital cost)
Total budget	\$12,120,000	

The contingency, representing 15% of the project cost, is considered reasonable given the risk profile for the project, the complexity of the work site, and the current phase of design.

The project costs will be funded 88% by the Airline Cost Center, which is composed primarily of revenues from the Port's commercial airline service business lines. The other 12% will be funded by the Port Cost Center, which is composed primarily of revenues from the Port's public parking, rental car and ground transportation operations at the airport.

**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 Kennedy Feeder and Killingsworth Extension project at Portland International Airport to Northeast Electric, LLC, 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.