



AGENDA
Regular Commission Meeting
Port of Portland Headquarters
7200 N.E. Airport Way, 8th Floor
April 10, 2013
9:30 a.m.

Minutes

- Approval of Minutes: Special Commission Meeting – February 12, 2013
- Approval of Minutes: Regular Commission Meeting – March 13, 2013

Executive Director

- Approval of Executive Director's Report – March 2013

Award Presentation

- Port of Portland Compass Award

General Discussion

- Citizen Noise Advisory Committee Annual Report *MARYHELEN KINCAID*
- Fiscal Year 2013-2014 Proposed Budget and Economic Overview *CINDY NICHOL*

Public Hearing

- Fiscal Year 2013-2014 Proposed Budget

Action Items

1. CONCESSION LEASE – THE HOLLAND, INC. – PORTLAND INTERNATIONAL AIRPORT *SHANE ANDREASEN*
Requests approval to enter into a new concession lease with The Holland, Inc., for a hamburger restaurant at Portland International Airport.
2. PUBLIC IMPROVEMENT CONTRACT – NORTH TERMINAL HEATING WATER UPGRADE – PORTLAND INTERNATIONAL AIRPORT *GEORGE SEAMAN*
Requests approval to award a public improvement contract to Stettler Supply and Construction, to upgrade the north terminal heating water system at Portland International Airport.

3. PUBLIC IMPROVEMENT CONTRACT – NORTH APRON
REHABILITATION PHASE 2 – PORTLAND INTERNATIONAL
AIRPORT

JIM MCGINNIS

Requests approval to award a public improvement contract to Kodiak Pacific Construction for the rehabilitation of the North Apron and associated existing infrastructure at Portland International Airport.

4. PUBLIC IMPROVEMENT CONTRACT – REPLACE CARGO
DISTRIBUTION CENTER WAREHOUSE ROOF – TERMINAL 6

DAVID DITTMER

Requests approval to award a public improvement contract to McDonald & Wetle, Inc., to re-roof the Cargo Distribution Center at Marine Terminal 6.

5. LEASE – RC DISPLAY VANS – SWAN ISLAND INDUSTRIAL
PARK

TERESA CARR

Requests approval to enter into a new lease with RC Display Vans for 1.84 acres of improved property located in the Swan Island Industrial Park.

CONCESSION LEASE – THE HOLLAND, INC. – PORTLAND INTERNATIONAL AIRPORT

April 10, 2013

Presented by: Shane Andreasen
Concessions Development
Manager**EXECUTIVE SUMMARY**

This agenda item requests approval to enter into a new concession lease with The Holland, Inc. (Burgerville), for a hamburger restaurant at Portland International Airport (PDX).

BACKGROUND

During the summer of 2012, a Request for Proposal (RFP) was issued for hamburger concepts at PDX that included three locations; Concourses C and D, and the Oregon Market Food Court. The Port of Portland (Port) received proposals for the Concourse C location only, which was awarded to McDonald's USA, LLC. The Port Commission approved the lease with McDonald's for the Concourse C location on December 12, 2012.

Following the results of the RFP, Port staff has been working to find a replacement burger concept for the Oregon Market Food Court and Concourse D locations, with a focus on the first location. The Concourse D location will be evaluated by staff for future opportunities.

Burgerville is a Pacific Northwest brand with values consistent with the Port's – such as sustainability, community and the environment – making them a natural fit at PDX. Burgerville's presence at PDX continues with the Port Concession Program's goal of providing a balanced mix of concepts with the right blend of local versus national brands.

Burgerville proposes to expand the existing footprint to include seating and will incorporate its newest branding elements in the design and build out of the space. Customary with Burgerville, and in support of the Port's environmental strategy, Burgerville will build and operate in a sustainable fashion using recycled materials when available, eliminating unnecessary waste, and advancing energy efficient technologies. Burgerville has a strong customer following and its operation at PDX will be no exception.

KEY BUSINESS TERMS

Location: Oregon Market Food Court; approximately 1,691 square feet of restaurant and 780 square feet of storage space.

Term: Eleven years and three months, commencing April 10, 2013, through June 30, 2024, with one five-year option upon mutual agreement.

Rent:	<p>Rent is based on the Percentage Rent or the Minimum Annual Guarantee (MAG), whichever is greater.</p> <p>Percentage rent is 9 percent of gross sales, increasing to 11 percent upon achieving \$1.8 million in sales during any lease year during the month that it occurs and for the remainder of the term of the lease.</p> <p>MAG will be calculated at the end of the first full year of the lease based on 80 percent of actual rent paid; however, MAG will never be less than \$71,046.</p>
Burgerville Investment:	<p>Burgerville will invest at least \$500,000 with a negotiated refurbishment at the beginning of the option term.</p>
Tenant Allowance:	<p>Burgerville will be provided a not-to-exceed amount of \$50,000 that may be used for tenant design and construction.</p>
Port Improvements:	<p>Burgerville will complete and obtain reimbursement from the Port for a portion of the cost of the demolition of the current space, redevelopment and construction of the premises and Burgerville's leasehold improvements, with a not-to-exceed amount of \$275,000.</p>
Standard Terms:	<p>The lease contains the Port's standard language, which includes street pricing and quality assurance, as well as standards for customer service, product quality, cleanliness and operational efficiency.</p>

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to enter into a new concession lease with The Holland, Inc., for a restaurant 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 – NORTH TERMINAL HEATING WATER UPGRADE –
PORTLAND INTERNATIONAL AIRPORT**

April 10, 2013

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

This agenda item requests approval to award a public improvement contract to Stettler Supply & Construction, to upgrade the north terminal heating water system at Portland International Airport (PDX).

BACKGROUND

The north terminal heating water system provides heating for the northern area of the terminal building and concourses D and E. The system was originally installed in 1991 during the Terminal Expansion North project. A significant number of pipe joints in the north pump room leak due to thermal expansion and contraction of the piping, improper vibration isolation, and the use of mechanical fittings in lieu of welded piping. Since the north pump room is located above the Delta Air Lines ticket counter and operational spaces, these leaks directly affect airline operations, and system shutdowns for repairs impact customer comfort and maintenance costs.

Replacing the piping in place would require a long heating water shutdown resulting in significant impacts to tenants and customers. Engineering evaluation determined that the best way to mitigate the effects of the construction on stakeholders is to build a new pump room in the baggage row area of the terminal. This strategy will allow the construction and commissioning of a completely new pump room to occur prior to connecting the new system to the piping distribution network and removal of the old pumping system. The new hot water system will include steam heat exchangers, hot water pumps, piping, variable frequency drives to control the pumping network, and industrial controls. Additional work elements will include replacement of walls and ceilings, structural supports, concrete modifications for floor drains, and demolition of the old system components and piping.

CONTRACT AWARD

The Port of Portland (Port) procured this public improvement contract utilizing a competitive sealed bidding solicitation under ORS Chapter 279C. The solicitation was advertised on February 27, 2013, and bids were received on March 21, 2013. Stettler Supply & Construction submitted the lowest responsive bid. The bids were as follows:

Stettler Supply & Construction	\$749,775
Cedar Mill Construction Company, LLC	\$835,000
JWC Construction	\$940,000

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PORTLAND INTERNATIONAL AIRPORT

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First Cascade Corporation	\$1,046,801
Harder Mechanical Contractors, Inc.	\$1,196,155
Todd Hess Building Company	\$1,333,800
Engineer's Estimate	\$1,050,000

The Port expects construction for this contract to be complete by October 11, 2013. The contract amount is within the project budget and will be funded from the Airline 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 North Terminal Heating Water Upgrade Project at Portland International Airport to Stettler Supply & Construction, 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.

**PUBLIC IMPROVEMENT CONTRACT – NORTH APRON REHABILITATION PHASE 2 –
PORTLAND INTERNATIONAL AIRPORT**

April 10, 2013

Presented by: Jim McGinnis
Engineering Project Manager**EXECUTIVE SUMMARY**

This agenda item requests approval to award a public improvement contract to Kodiak Pacific Construction Co. for the rehabilitation of the North Apron and associated existing infrastructure at Portland International Airport (PDX).

BACKGROUND

The North Apron Rehabilitation Phase 2 project will reconstruct 130,000 square feet of aircraft parking ramp at the east end of Concourse E with Portland cement concrete (PCC) pavement. This ramp was constructed in 1985 of an asphalt concrete surface course over a base of roller-compacted concrete, and was last rehabilitated in 1996. Phase 1 of this project was partially completed during the summer of 2012. Due to delays during construction, not all work areas of Phase 1 were completed last year. This project will complete the North Apron rehabilitation work.

The scope of the project includes concrete and asphalt pavement work, grading and drainage, airfield guidance signage and markings, taxiway lighting, and power and communication duct banks.

CONTRACT AWARD

The Port of Portland (Port) procured this public improvement contract utilizing a competitive sealed bidding solicitation under ORS Chapter 279C. The solicitation was advertised in February 2013, and bids were received on March 21, 2013. Kodiak Pacific Construction Co. submitted the lowest responsive bid. The bids were as follows:

Kodiak Pacific Construction Co.	\$2,764,364.00
Nutter Corporation	\$2,950,040.22
K&E Excavating, Inc.	\$3,037,610.00
R&R General Contractors, Inc.	\$3,110,527.00
Coffman Excavation	\$3,124,155.00
Kerr Contractors Oregon, Inc.	\$3,290,197.00
Engineer's Estimate	\$2,856,165.50

The Port expects construction to be complete by October 30, 2013. The Port will fund this work from the Airline 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 to Kodiak Pacific Construction Co. for the North Apron Rehabilitation Phase 2 project at Portland International Airport, 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.

**PUBLIC IMPROVEMENT CONTRACT – REPLACE CARGO DISTRIBUTION CENTER
WAREHOUSE ROOF – TERMINAL 6**

April 10, 2013

Presented by: David Dittmer
Engineering Project Manager**EXECUTIVE SUMMARY**

This agenda item requests approval to award a public improvement contract to McDonald & Wetle, Inc., to re-roof the Cargo Distribution Center (CDC) at Marine Terminal 6 (T6). The work includes a new 20-year roof membrane on the 200,000-square-foot warehouse, seismic upgrades and fall protection safeguards.

BACKGROUND

The lease under which ICTSI Oregon, Inc. (ICTSI) operates the T6 container facility identifies a list of Port of Portland (Port) projects and responsibilities, including replacement of the CDC roof. The existing roof is approximately 20 years old and will be replaced with a new four-ply roof system with a similar expected useful life. The CDC is the largest building at T6 and currently functions as the hub of all equipment maintenance, U.S. Customs operations, and miscellaneous indoor storage.

The project design team identified several seismic and safety deficiencies in the building, which are due to its construction under an older building code. Mitigation of these deficiencies can only be performed while the roof membrane is removed and the plywood deck exposed. Therefore, the project work includes some seismic and fall protection upgrades that are only feasible at this time.

CONTRACT AWARD

The Port procured this public improvement contract utilizing a competitive sealed bidding solicitation under ORS Chapter 279C. The solicitation was advertised on February 15, 2013, and bids were received on March 14, 2013. McDonald & Wetle, Inc., submitted the lowest responsive bid. The bids were as follows:

Arrow Roofing & Sheet Metal, Inc.	\$922,500*
McDonald & Wetle, Inc.	\$968,705
Snyder Roofing of Oregon, LLC	\$1,045,035
ABC Roofing Co.	\$1,280,796
Pacific Tech Construction	\$1,379,264
Engineer's Estimate	\$1,303,690

The Arrow Roofing & Sheet Metal, Inc., bid was deemed nonresponsive based on its failure to meet the stated goal for small business subcontracting participation and failure to demonstrate good faith efforts to meet the goal.

The Port expects project construction to be complete by November 1, 2013. The contract amount is within the project budget and will be funded from the Port's General Fund.

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 Replace Cargo Distribution Center Warehouse Roof Project at Terminal 6 to McDonald & Wetle, Inc., in accordance with its bid; and

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

LEASE – RC DISPLAY VANS – SWAN ISLAND INDUSTRIAL PARK

April 10, 2013

Presented by: Teresa Carr
Business Development Manager
Business Development &
Properties

EXECUTIVE SUMMARY

This agenda item requests approval to enter into a new lease with RC Display Vans (RC Vans) for 1.84 acres of improved property located at 5420 N. Lagoon Avenue in the Swan Island Industrial Park. Property improvements include a 12,000-square-foot building, with both office (3,500 sf) and warehouse space (8,500 sf) and a fenced yard and parking area.

BACKGROUND

The 5420 N. Lagoon Avenue building was constructed in 1979 and leased by several tenants over time. Improvements made by previous tenants to the building include installation of heat, lighting upgrades and paving of the yard area. This property has been vacant since June of 2011 and throughout the history of the property, there have been no significant capital improvements performed by the Port of Portland (Port).

RC Vans remodels and customizes a wide range of commercial, recreational and display vehicles. RC Vans will use a variety of machinery to build customized pieces (truck beds, cabinets, etc.) out of miscellaneous materials such as wood and steel. RC Vans will utilize the property for their headquarters, which will include office space, shop areas and areas for marketing and showcasing their products and services.

RC Vans will be responsible for the specific improvements needed to occupy the premises, which include installation of sidewalks adjacent to the building to existing building code, a fire sprinkler system and new lighting. Additionally, RC Vans will also be adding a 3,000-square-foot prefab metal building that matches the existing building space to be used for vehicle/van upgrades.

BUSINESS TERMS

- Basic Rent will be \$90,000 per year (\$7,500 per month). This rate is consistent with fair market value for similar improved industrial warehouse space. Basic Rent will be adjusted upward annually by 2.5 percent and every five years by the fair market rental rate.
- Rent will be abated during the first seven months of the Lease Term and will commence on November 1, 2013. The abatement period is consistent with incentives offered in the current market environment and will provide time for move in and tenant improvements prior to commencing operations.

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- Term will be 10 years with two, 5-year options.
- Capital Improvements: Due to the building's age, specific improvements must be made in order to occupy the building for the proposed use. RC Vans will construct and pay for the needed improvements; the Port will reimburse a portion of the tenant improvements utilizing a tenant improvement allowance.
- Tenant Improvement Allowance: The Port will provide a tenant improvement allowance not to exceed \$200,000 to offset certain of the capital improvements described above.

The capital and tenant improvements will help modernize this Port asset and the 10-year lease will provide a reliable rent stream from this property.

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 RC Display Vans for 1.84 acres of improved property located at 5420 N. Lagoon Avenue in the Swan Island Industrial Park, 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.