



AGENDA
Regular Commission Meeting
Port of Portland Headquarters
7200 N.E. Airport Way, 8th Floor
August 9, 2017
9:30 a.m.

Minutes

Approval of Minutes: Regular Commission Meeting – July 12, 2017

Executive Director

Approval of Executive Director's Report – July 2017

Public Comment

Consent Items

1. JANITORIAL SERVICES CONTRACT – VARIOUS PORT OF PORTLAND FACILITIES *MICHAEL HUGGINS*

Requests approval to amend the janitorial services contract with Relay Resources, Inc., formerly known as Portland Habilitation Center, Inc., for services at Portland International Airport, related Port of Portland facilities and the Port Headquarters building.

2. UTILITY SERVICE AGREEMENT – PARKING ADDITIONS AND CONSOLIDATED RENTAL CAR FACILITY – PORTLAND INTERNATIONAL AIRPORT *ERIC FORSYTH*

Requests approval to execute a Customer Requested Work Agreement with Pacific Power, for the completion of electrical relocation work serving the Central Utility Plant and the Federal Aviation Administration at Portland International Airport.

3. PERSONAL SERVICES CONTRACT – CONCOURSES C, D AND E PASSENGER BOARDING BRIDGE REPLACEMENT – PORTLAND INTERNATIONAL AIRPORT *ERIC FORSYTH*

Requests approval to award a personal services contract to HNTB Corporation for engineering design and construction administration services for the Concourses C, D and E Passenger Boarding Bridge replacement project at Portland International Airport.

Action Items

4. GROUND LEASE – RIVERGATE V ASSOCIATES, LLC – RIVERGATE INDUSTRIAL DISTRICT *JOE MOLLUSKY*

This agenda item requests approval of a Ground Lease of two properties covering approximately 58.97 acres of land located on North Lombard Street in Rivergate Industrial District, to Rivergate V Associates, LLC.

5. CONCESSIONS LEASE AWARDS – PORTLAND INTERNATIONAL AIRPORT *SHANE ANDREASEN*

Requests approval to enter into three new concession leases with the successful proposers from the 2017 Concession Solicitation for Food and Beverage and Retail Opportunities at Portland International Airport.

6. PUBLIC IMPROVEMENT AND PERSONAL SERVICES CONTRACT AMENDMENTS – TERMINAL BALANCING CONCOURSE E EXTENSION – PORTLAND INTERNATIONAL AIRPORT *DAN GILKISON*

Requests approval for amendments to two contracts related to the Terminal Balancing Concourse E Extension Project at Portland International Airport.

7. PERSONAL SERVICES CONTRACT – SIGNAGE MASTER PLAN AND DESIGN GUIDELINES – PORTLAND INTERNATIONAL AIRPORT *IRENE NG*

Requests approval to award a service contract to HOK Architects, Inc., for consulting services related to the Signage Master Plan and Design Guidelines project at Portland International Airport.

8. PERSONAL SERVICES CONTRACTS FOR ON-CALL ARCHITECTURAL SERVICES *ALAN DAKESSIAN*

Requests approval to award three personal services contracts to provide on-call architectural services on an as-needed basis. The term of each contract is three years.

JANITORIAL SERVICES CONTRACT – VARIOUS PORT OF PORTLAND FACILITIES

August 9, 2017

Presented by: Michael Huggins
Senior Manager
Terminal and Landside
Operations, Airport Operations

REQUESTED COMMISSION ACTION

This agenda item requests approval to amend the janitorial services contract with Relay Resources, Inc. (Relay), formerly known as Portland Habilitation Center, Inc. (PHC), for services at Portland International Airport (PDX), related Port of Portland (Port) facilities, and the Port Headquarters building (HQ).

BACKGROUND

Oregon law requires the State of Oregon to maintain a list of nonprofit agencies that operate in the interest of individuals with disabilities, and that are qualified to provide certain services to public agencies. These nonprofit agencies are known as “qualified rehabilitation facilities” (QRFs). When a public agency intends to procure a service that a QRF provides, the agency must procure the service from a QRF, at pricing regulated by the State.

The Port has contracted with Relay Resources, Inc. (Relay), a QRF, for janitorial services at PDX since 1996. The current contract took effect in 2013 for a one-year term with the ability to extend for seven years at the Port’s sole discretion. The original agreement allows for annual extension provided the total amount awarded in an extension year does not exceed total expenditures under the contract during the immediately-preceding contract year by more than \$500,000. The Port extended this contract two years without exceeding that amount; however, in Fiscal Year (FY) 2017 the increase exceeded the \$500,000 amount due to service adjustments to meet airport passenger growth and demand on airport facilities. The same is expected in FY 2018.

Relay’s scope of work under the contract includes the following:

- Provide janitorial services, including custodians, supervisors, managers, equipment and supplies at designated facilities.
- De-ice/Remove snow on sidewalks, sky bridges and entrances.
- Clean escalators and moving sidewalks.
- Wash windows and provide high dusting.
- Maintain a Port-approved quality assurance program.
- Notify the Port of all defective conditions found.

JANITORIAL SERVICES CONTRACT – VARIOUS PORT OF PORTLAND FACILITIES

August 9, 2017

Page 2

The contract also contains extensive cleaning standards and other performance measures; Relay must continually meet all such requirements.

CONTRACT EXTENSION TERMS

This amendment for FY 2018 extends the contract for the fourth of seven additional years in the Port's sole discretion; extension criteria will include the extent to which Relay can meet the Port's specifications, continued need and funding availability.

Annual contract costs to date are as follows:

- FY 2013-2014 Total: \$6,269,497
- FY 2014-2015 Total: \$6,566,815
- FY 2015-2016 Total: \$6,858,918
- FY 2016-2017 Total: \$7,523,769
- FY 2017-2018 Total: \$8,327,343

These yearly totals include regular services, contingency funds for extra, unscheduled work and consumable supplies for PDX and HQ.

There are two main drivers of the increased expense:

- Increased passenger traffic: During Calendar Year 2015, PDX saw 16,850,952 travelers transiting the facility. Calendar Year 2017 is projected to see more than 19,300,000, which represents an increase of more than 14.5% travelers over two years
- Additional work: To keep pace with the number of travelers and not detract from the passenger experience, it has been necessary to increase the frequency of cleaning the carpet in customer-facing and high traffic areas, as well as increasing the frequency of cleaning and removal of refuse in key, high-use areas such as restrooms. Additionally, several areas of the facility were repurposed and are now cleaned by Relay. These areas include new lactation rooms, the new indoor pet relief area, two new exit lanes and their adjacent meet and greet areas, the D-concourse children's play area and the expanded ground transportation hold lot and related building.

Based on projects in the pipeline and the overall condition of the facility, it is expected that expense increases will slow until the E concourse extension comes online.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to amend the janitorial services contract with Relay Resources, Inc., for services at Portland International Airport, related Port of Portland facilities and the Port of Portland Headquarters building, consistent with the terms presented to the Port of Portland Commission; and

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

UTILITY SERVICE AGREEMENT – PARKING ADDITIONS AND CONSOLIDATED RENTAL CAR FACILITY – PORTLAND INTERNATIONAL AIRPORT

August 9, 2017

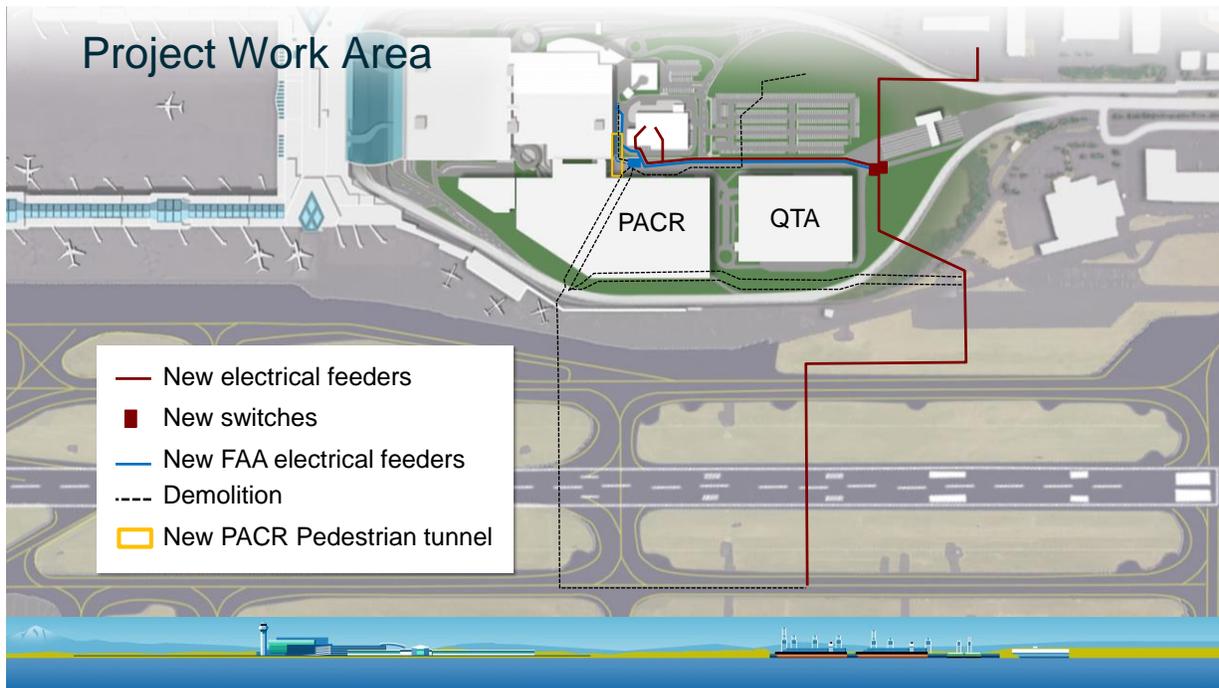
Presented by: Eric Forsyth
Engineering Project Manager

REQUESTED COMMISSION ACTION

This agenda item requests approval to execute a Customer Requested Work Agreement (Agreement) with Pacific Power, a division of PacifiCorp (Pacific Power), in the amount of \$596,187, for the completion of electrical relocation work serving the Central Utility Plant (CUP) and the Federal Aviation Administration (FAA) at Portland International Airport (PDX). Pursuant to the Agreement, Pacific Power will perform the last of several phases of electrical work in preparation for early work packages for the Parking Additions and Consolidated Rental Car Facility (PACR) project.

BACKGROUND

The PACR project requires the relocation of existing electrical infrastructure, which can only viably be relocated to the east of its present location. A map showing all phases of this relocation work, including the portion covered by the Agreement, is below.



UTILITY SERVICE AGREEMENT – PARKING ADDITIONS AND CONSOLIDATED RENTAL CAR FACILITY – PORTLAND INTERNATIONAL AIRPORT

August 9, 2017

Page 2

In January 2017, the first phase of the relocation work was approved for completion under the PDX Rental Car Quick Turnaround (QTA) public improvement contract with Hoffman Construction in the amount of \$3,029,012. In February 2017, the second phase of the relocation was approved for completion under the PDX Taxiway B public improvement contract with K&E Excavating in the amount of \$1,985,037.28. The first two phases of this work were funded through the PACR project, and involved the installation of conduit, vaults and roadway crossings for a pathway for Pacific Power to install conductors and hardware. The work to be performed under the terms of this Agreement by Pacific Power is the installation of the conductors and hardware.

SCHEDULE

Pacific Power work crews are available beginning in mid-August 2017 to perform the last phase of the relocation work, which will take approximately two months. Pacific Power crews will not be available to perform work during the winter season, which begins in October and lasts until May. As shown in the January 2017 Commission agenda, on-site work for the PACR project is scheduled to begin in March 2018. Having Pacific Power commence the relocation work in August is, therefore, critical to maintaining the current schedule of the PACR project.

AGREEMENT RISKS

Risk: Delays to completion of the work may disrupt the PACR project schedule.

Mitigation Strategies:

- Work closely with Pacific Power staff to ensure they have what they need in place, including the Agreement, as required to maintain their construction schedule.
- Proactively manage work on the PACR, QTA, and Taxiway B projects to coordinate work activities, solve problem that may arise, and maintain current progress.

BUDGET

Early Work:

Early construction package under the PDX Rental Car QTA project contract	\$3,029,012
Early construction package under the PDX Taxiway B project contract	\$1,985,037
Prior payments to Pacific Power for early work (agreement dated April 19, 2017)	\$237,790
Current Agreement	\$596,187
Total	<hr/> \$5,848,026

**PACR design-build contract
 (JE Dunn Construction):**

Phase 1 schematic design services (January 2017 Commission)	\$4,194,826
Enabling projects and final design amendment (September 2017 Commission)	~ \$70,000,000
PACR design-build contract amendment (establish maximum cost)	\$116,855,417
Total	\$191,050,243

Project:

Total early work (from previous page)	\$5,848,026
Total PACR design-build contract (from above)	\$191,050,243
Port staff and contracted services	\$9,101,731
Contingency	\$40,000,000
Total	\$246,000,000

The contingency, representing 16 percent of the project budget, is considered reasonable given the preliminary stage of the project, the nature of the work and the risk profile for the project. The Port Cost Center funds this project.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to award a Customer Requested Work Agreement to Pacific Power for utility relocation work for the Parking Additions and Consolidated Rental Car facility 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.

PERSONAL SERVICES CONTRACT – CONCOURSES C, D AND E PASSENGER BOARDING BRIDGE REPLACEMENT – PORTLAND INTERNATIONAL AIRPORT

August 9, 2017

Presented by: Eric Forsyth
Project Manager

REQUESTED COMMISSION ACTION

This agenda item requests approval to award a personal services contract to HNTB Corporation for engineering design and construction administration services for the Concourses C, D and E Passenger Boarding Bridge (PBB) replacement project at Portland International Airport (PDX) in the amount of \$904,749.

BACKGROUND

A PBB provides a mobile covered passageway for passengers to enplane or deplane a parked aircraft from the terminal. A photo of the PBB at Gate D6 is shown below.

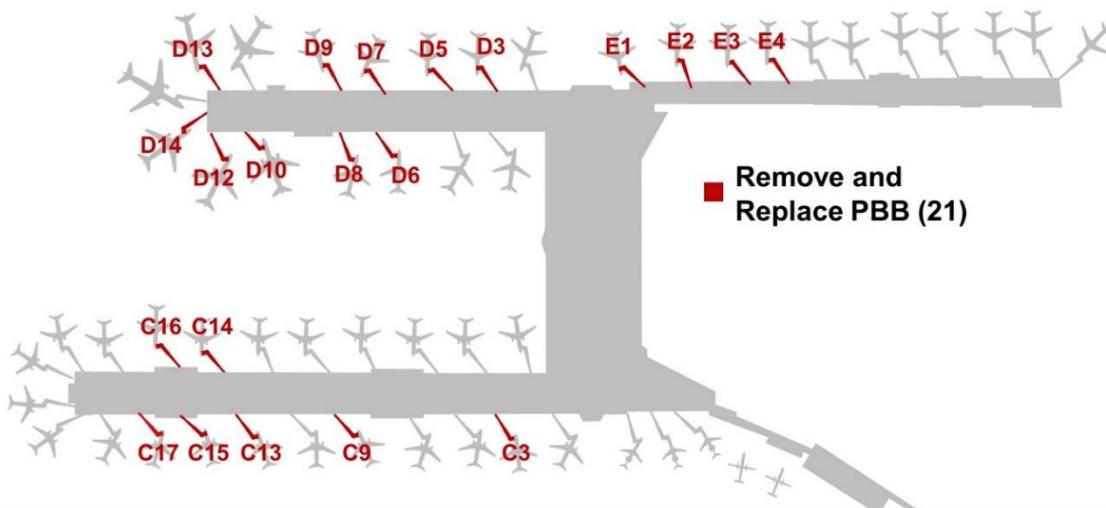


This is an asset management project to replace 21 aged PBBs that are at the end of their useful life. The useful life determination for existing PBBs was based on a condition rating considering age, number of cycles and maintenance history. All PBBs considered for replacement as part of this project have been in service in excess of 20 years and are facing parts obsolescence and increasing maintenance requirements. The Port of Portland (Port) will replace PBBs with new airport-standard John Bean Technologies Corporation (JBT) PBB units using a Brand Name Exemption under the Port's Purchasing Guidelines and Procedures. The JBT PBBs have several safety features that existing equipment lacks.

This project will also procure/implement a JBT PBB management system (software), replace all associated Ground Power Units, and replace Pre-Conditioned Air units (PCAs) where applicable. The gates anticipated for replacement include C3, C9, C13-C17, D3, D5-D10, D12-D14 and E1-E4. This project will also include the procurement of seven new JBT PBBs funded by the current Terminal Balancing project (Tbal) and deliver those to the Skanska-controlled site at PDX for installation. Gates for the Tbal-specific portion of this project include Gates E5 through E11.

The following map shows the locations of the PBBs being replaced.

Project Work Area



The Port specified JBT PBBs in order to be consistent with the Port's existing PBB inventory. Brand consistency across PBBs creates efficiencies in spare parts management, repair and maintenance, and operator training. Consistency should also enhance safety, reduce delays and help minimize risk to the Port.

PROJECT SCOPE

The scope of this personal services contract includes:

- Design of the installation work, including all necessary power and communications upgrades.
- Preparation of bid documents for the subsequent installation contract, including plans and specifications.
- On-going support during construction.

Bid documents defining the installation contract will be provided by HNTB with Port oversight. The Port will bid the work defined by the bid documents via a competitive Request for Proposal (RFP) process. The general contractor selected through the RFP process will be required to procure the PBBs and install the PBBs using qualified personnel specializing in this type of work. All other services will be provided by Port staff.

SCHEDULE

Project planning and proposal process	December 2016 – July 2017
Commission action (approve personal services contract)	August 9, 2017
Design and bidding	September 2017 – August 2018
Commission action (approve equipment installation contract)	September 12, 2018
Equipment procurement and manufacture	October 2018 – March 2019
Equipment installation	April 2019 – December 2019

CONSULTANT SELECTION

The Port issued an RFP on June 12, 2017, seeking qualified consultants to provide the required services. Six firms submitted proposals, which were evaluated by a panel of three Port employees representing the engineering and maintenance departments. The panel also obtained input from the Port's Small Business Development Program in conjunction with the evaluation. Proposals were evaluated against the following criteria in accordance with Oregon's qualification-based selection (QBS) requirements for a design contract (ORS 297C.110 does not allow price to be a factor):

- Project Team
- Qualifications of Provider
- Project Approach and Management
- Small Business Participation Program

HNTB was the highest-ranked proposer. In accordance with QBS requirements, after finalizing the final scope of work with HNTB, Port staff negotiated the cost of the required services. The fee will be paid in increments based on the completion of agreed-upon tasks, plus expenses, not to exceed the total amount set forth above.

BUDGET

Installation Contract	\$18,000,000
Consultant Services	\$904,749
Port Staff/Contracted Services	\$2,355,251
Contingency	\$2,300,000
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Total project budget	\$23,560,000

The \$2,300,000 contingency represents 10 percent of the overall project budget, which is considered reasonable given the type of project and the associated risk profile.

The project will be funded entirely by 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 personal services contract to HNTB Corporation for the design and construction administration services of the Concourse C, D and E Passenger Boarding Bridge Replacement 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.

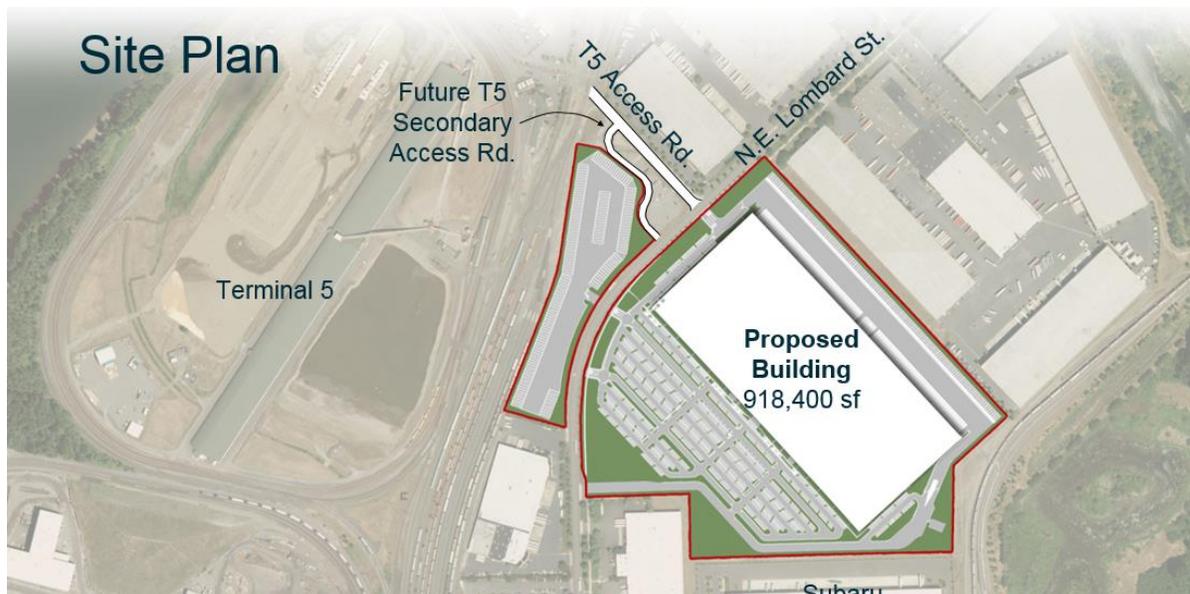
GROUND LEASE – RIVERGATE V ASSOCIATES, LLC – RIVERGATE INDUSTRIAL DISTRICT

August 9, 2017

Presented by: Joe Mollusky
Senior Manager, Real Estate

REQUESTED COMMISSION ACTION

This agenda item requests approval of a Ground Lease (Lease) of two properties covering approximately 58.97 acres of land (Property), located on North Lombard Street in Rivergate Industrial District (Rivergate), to Rivergate V Associates, LLC. (Rivergate V). The Lease premises include approximately 51.44 acres of land commonly known as the “Lombard Site” and approximately 7.53 acres of land commonly known as the “Bowtie Site.”



BACKGROUND

The Rivergate V Associates, LLC, team includes Trammell Crow Company (TCC) as the designated developer and Clarion Partners as the investment partner. This team has partnered with the Port on numerous successful real estate developments.

Rivergate V is seeking to enter into a ground lease for the Property to develop an approximately 918,000-square-foot, build-to-suit Fulfillment Center facility at Rivergate (Lease) for long-term sublease to Amazon.com (Amazon). TCC will manage the design and construction of the new Amazon facility to house innovative technology to serve customers throughout the Pacific Northwest. Rivergate V is responsible for all site development improvements. The proposed new Amazon fulfillment center is planned to be operational in 2018.

GROUND LEASE – RIVERGATE V ASSOCIATES, LLC – RIVERGATE INDUSTRIAL DISTRICT

August 9, 2017

Page 2

The Rivergate properties are within the area covered by the Incidental Take Permit for the Streaked Horned Lark, protected under the Endangered Species Act, and issued by the U.S. Fish and Wildlife Service on June 21, 2017. The Lease requires Rivergate V to comply with the permit and to start construction after the Streaked Horned Lark nesting season. The Port is obligated to perform all other activities under the Incidental Take Permit, including the creation of Streaked Horned Lark habitat on Sandy Island in the Columbia River near Kalama, Washington.

BUSINESS TERMS

The Ground Lease terms are as follows:

- Lessee: Rivergate V Associates, LLC
- Lease Term: 55 years
- Extension Option: Three extension options of 10 years each
- Lease Premises: Approximately 58.97 acres
- Due Diligence Period: 90 days
- Rent: The amount of base rent collected by Lessee from sublease of the Property times a rent participation rate of 17.75% for the portion of the Base Rent derived from the Lombard Site and 38.75% for the portion of the Base Rent derived from the Bowtie Site.
 - Initial Annual Rent of approximately \$1.068 million, paid in monthly installments.
 - Escalation and fair market value adjustments.
- Security deposit of \$180,000.
- Lessee shall be granted an approximately 30-foot-wide nonexclusive utility easement for stormwater conveyance.
- Rivergate V will be responsible for all improvements.
- In consideration of Lessee's construction of the Lombard Street Improvements along a portion of the Bowtie site outside the Lease Premises, the Port shall reimburse Lessee an amount not-to-exceed \$65,000.
- No real estate broker's commission is associated with this lease transaction.

GROUND LEASE – RIVERGATE V ASSOCIATES, LLC – RIVERGATE INDUSTRIAL DISTRICT

August 9, 2017

Page 3

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 Ground Lease for approximately 58.97 acres of property, located in the Rivergate Industrial District, to Rivergate V Associates, LLC, 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.

CONCESSIONS LEASE AWARDS – PORTLAND INTERNATIONAL AIRPORT

August 9, 2017

Presented by: Shane Andreasen
Sr. Manager
Concessions Development**REQUESTED COMMISSION ACTION**

This agenda item requests approval to enter into three new concession leases with the following successful proposers from the 2017 Concession Solicitation for Food and Beverage and Retail Opportunities at Portland International Airport (PDX):

- Deschutes Brewery + Kitchen (SSP America, Inc.)
- Hopworks Urban Brewery (SSP America, Inc.)
- Johnston & Murphy (Genesco dba Johnston & Murphy)

BACKGROUND

In light of many lease expirations occurring over a three-year period, the Port of Portland (Port) initiated the redevelopment of approximately 75 percent of PDX's post-security concessions program back in 2014. The redevelopment effort has occurred in three phases, the third of which will conclude with the lease awards recommended in this item. To date, the Port has awarded 24 leases for 32 concessions throughout PDX, half of which were awarded to local and/or regional small and medium sized businesses. Goals of each phase of redevelopment have included a) continued enhancement of the PDX experience; b) refreshed locations with a focus on local and regional concepts; c) opportunity for quality employers of all sizes; d) improved menu offerings for all meal periods; e) sustainability through design and operations; and f) growth in concession revenues and the resulting rents to the Port.

Phase I included 10 new leases for locations on Concourses C and D. Phase II included the entire PDX specialty coffee program, and several other food and beverage and retail locations throughout the airport. Phase III includes two large casual-dining restaurants on the north side of the airport, a specialty retail location on Concourse D, and one vacant quick-serve restaurant (QSR) on Concourse C.

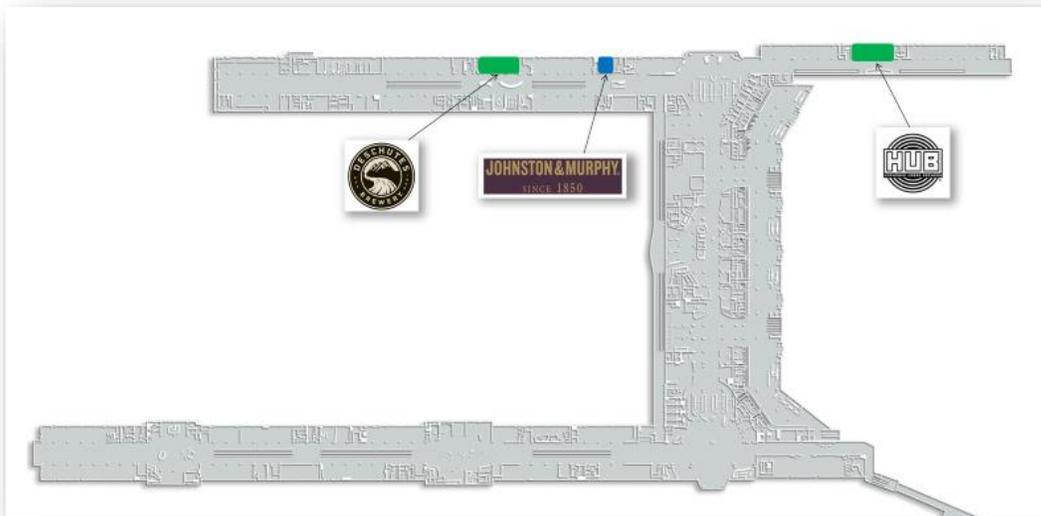
REQUEST FOR PROPOSALS PROCESS

This final phase began with an outreach campaign to existing PDX tenants, businesses registered to receive updates about opportunities as they arise, and other interested business owners throughout the region. Following the outreach, the Port issued a Request for Proposals (RFP) on January 27, 2017, and received 16 proposals on May 4, 2017. One proposal for the QSR location did not meet established minimum qualifications, and the other two did not meet the RFP concept requirements. During the month of June, a six-member selection committee reviewed the Proposals, with input from Port subject-matter experts, and selected the top proposer for each location based on the evaluation criteria listed in the following table.

Proposal Evaluation Criteria

PDX Quality Employer Plan	25%
Proposed Concept, Menu/Product, Business Plan and Proforma	20%
Operational Plans (Customer Service, Maintenance, Quality, etc.)	10%
Airport Disadvantaged Business Enterprise (ACDBE) Participation	10%
Design, Layout, Renderings, Materials and Project Execution	15%
Financial Statements/Capability	15%
Site Visits and Interviews (if applicable)	5%

The selection committee’s recommendations are as shown on the following graphic. Based on proposals received, the QSR location will not be awarded through this process due to non-responsiveness of the bids.



KEY BUSINESS TERMS

Locations:

Food and Beverage
 D2212 (Concourse D Casual Dining with Bar); approx. 3,332 sq. ft.
 E2200 (Concourse E Casual Dining with Bar); approx. 2,307 sq. ft.

Retail
 D2020 (Concourse D Specialty Retail); approx. 1,125 sq. ft.

CONCESSIONS LEASE AWARDS – PORTLAND INTERNATIONAL AIRPORT

August 9, 2017

Page 3

Term Length: The lease term for food and beverage locations is 10 years, commencing June 1, 2018, and 7 years for the retail location, commencing May 1, 2018.

Rent: The greater of a) Minimum Annual Guarantee (MAG) of \$80 per square foot per year for the first lease year; recalculates at 80 percent of the prior year's rent paid for subsequent lease years; or b) percentage rent calculated as follows:

Casual Dining with Bar

11% (\$0 – \$1,000,000)

13% (\$1,000,000.01 – \$1,500,000)

15% (\$1,500,000.01 +)

Specialty Retail

10% (\$0 – \$800,000)

12% (\$800,000.01 – \$1,200,000)

14% (\$1,200,000.01 +)

Tenant Investment: \$450 per square foot for food and beverage locations
\$250 per square foot for the retail location
Mid-term refurbishment is required for each location at 25% of initial investment.

Open Dates: June 1, 2018 for food and beverage locations
May 1, 2018 for specialty retail location

Standard Terms: Other lease terms for quality assurance, street pricing, customer service, cleanliness and operational efficiencies will also be included.

ACDBE Participation: Goals established for the RFP were 15% for food and beverage locations and 11% for the retail location.

Commitments

Deschutes (SSP America, Inc.) 20% Joint Venture w/Hyflyers, LLC

Hopworks (SSP America, Inc.) 20% Joint Venture w/Hyflyers, LLC

Johnston & Murphy (Genesco) 0% Goods & services participation

Workplace Initiative: Proposers were required to submit Quality Employer Plans, which include proposers' commitments to employee relations; diversity, equity and inclusion; compensation; paid time off benefits; health care and other benefits; training; advancement opportunities; and safety policies and programs. These plans were evaluated and scores accounted for 25% of the overall evaluation score. Plans provided as part of the RFP will be attached to leases.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to enter into three new concession leases with the successful proposers from the 2017 Concession 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.

**PUBLIC IMPROVEMENT AND PERSONAL SERVICES CONTRACT AMENDMENTS –
TERMINAL BALANCING CONCOURSE E EXTENSION – PORTLAND INTERNATIONAL
AIRPORT**

August 9, 2017

Presented by: Dan Gilkison
Engineering Project Manager

REQUESTED COMMISSION ACTION

This agenda item requests approval of amendments to two contracts related to the Terminal Balancing Concourse E Extension Project (Project) at Portland International Airport (PDX): (1) an amendment to the previously approved personal services contract with Hennebery Eddy Architects (HEA) for construction administration services for the construction portion of the design contract in the amount of \$7,400,000; and (2) an amendment to the previously approved public improvement contract with Skanska Building USA (Skanska) in the amount of \$151,280,000 for construction of the improvements for the Project and additional improvements in the Project area.

BACKGROUND

In March 2014, the Port of Portland (Port) advertised a Request for Proposals (RFP) seeking qualified consultants to provide the required architectural and engineering design services for that portion of the Project represented by the Concourse E Extension Project. HEA was the highest-ranked proposer. HEA's ranking was primarily due to its team's strong experience with airport projects of this nature. To keep pace with the overall project schedule, the design contract was subsequently awarded in phases through a combination of the executive director's delegated authority (May and November 2014) and Commission action (January and October 2016).

After approval of the above items, a decision was made by the Port and the air carriers to redefine the project. As revised, the project will meet the goals of the original Version (v1) in balancing terminal operations and providing for an improved customer experience at PDX. This will be achieved through the creation of an 830-foot extension of Concourse E, additional airline and tenant operational spaces, updates to the baggage handling system, relocation of Southwest Airlines to the new extension, and relocation of airlines within the ticket lobby.

PERSONAL SERVICES CONTRACT AMENDMENT

The Port amended the contract with HEA to facilitate the re-design of the Project in October 2016. Version 2 (v2) includes a six-gate, 830-foot extension complete with new holdrooms, concessions and seating areas, moving walkways and restrooms. It also creates airline and tenant operations and storage spaces on the deplaning level; modifications to the baggage handling system; new utility tunnel and infrastructure to serve the extension; as well as apron and site civil upgrades, including aviation fuel lines and hydrants necessary for the new gates. This amendment covers design team Construction Administration (CA) services for the construction portion of the Project.

PUBLIC IMPROVEMENT AND PERSONAL SERVICES CONTRACT AMENDMENTS –
 TERMINAL BALANCING CONCOURSE E EXTENSION – PORTLAND INTERNATIONAL
 AIRPORT

August 9, 2017

Page 2

The original small business participation goals of 10 percent for the design portion of the Project were established by the Port’s Small Business Program manager, and were met under the original scope and contract with HEA. The amendment will require HEA to continue to meet these goals.

Additional facility upgrades that are adjacent to or within the Terminal Balancing Project areas are being undertaken as part of the work undertaken by HEA and Skanska, but with separate project funding, and were added to the design and construction contracts and approved by the Port Commission under previous amendments. These improvements include but are not limited to upgrades to an existing sewer lift station, maintenance and repair work on the roof of the existing Concourse E, and upgrades to the existing power infrastructure that services the Terminal and Concourse E.

Personal Services Amendment Amount

	<u>Total HEA Contract Value</u>	<u>Tbal v2 Portion of Design Budget</u>
Original Design Contract Amount	\$499,970	
Tbal v1 Amendments	\$12,115,400	
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Original Tbal v1 Contract	\$12,615,370	
Additional Projects Design (by previous amendments)	\$1,050,000	
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Original Design Contract Amount	\$13,665,370	
v1 Contract Capitalized/Carried Forward to v2		\$5,014,603
Design Contract Amount (v2)	\$14,000,000	\$14,000,000
Construction Admin Services Amendment	\$7,400,000	\$7,400,000
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Overall Design Contract Amount (v1 capitalized and v2, including non- capitalized and additional projects design and CA)	\$35,065,370	\$26,414,603

CONSTRUCTION CONTRACT AMENDMENT

In December 2014, the Port Commission approved an exemption from competitive bidding to allow the Port to use an RFP process to select a construction manager/general contractor (CM/GC) for the Project. The RFP was advertised in February 2015, and three construction firms responded: Skanska, JE Dunn Construction and Hoffman Construction.

PUBLIC IMPROVEMENT AND PERSONAL SERVICES CONTRACT AMENDMENTS –
TERMINAL BALANCING CONCOURSE E EXTENSION – PORTLAND INTERNATIONAL
AIRPORT

August 9, 2017

Page 3

A Port evaluation team reviewed the proposals. The evaluation team determined that Skanska was the most qualified proposer to act as the Port's CM/GC for the project, and in May 2015, the Port awarded a preconstruction services contract to Skanska. Under the preconstruction services contract, Skanska closely collaborated with the design team throughout the v1 design phase of the Project. Skanska implemented small business participation plans, prepared construction cost estimates, provided value engineering analysis and constructability recommendations, developed phasing plans and schedules, analyzed manpower and materials availability and made recommendations on potential early bid packages.

The RFP allowed the Port to also award a CM/GC public improvement contract to Skanska for project construction, at the Port's election. Port staff negotiated a CM/GC public improvement contract with Skanska on terms that were acceptable to the Port, which included negotiating a Workforce Partnership Agreement with building trade partners to assist in meeting Port established goals in the amount of 20 percent Disadvantaged, Minority, or Women owned Emerging Small Business (DMWESB) Subcontractor Utilization for project construction costs, with sub-goals of 5 percent for African American-owned firms and 6 percent Latino American-owned firms.

An initial negotiated contract price (NCP) for the early phase of construction was awarded by Commission action in November 2015 for a not-to-exceed amount of \$25,000,000. This price included a fixed fee of \$650,000, equaling 2.6 percent of the NCP. The contract included provisions for an incentive fee of 0.3 percent that could be awarded upon meeting established performance criteria. Under the terms of this proposed contract amendment, Skanska will be reimbursed for construction based primarily on competitively-awarded subcontracts. This contract was also reviewed for compliance with Oregon statutes and approved in accordance with the Port's Purchasing Guidelines and Procedures.

Design of v2 has now progressed to the 60-percent level, which is the requisite design completion threshold for project cost estimation, and Skanska has developed an NCP estimate based on the existing v2 design. This estimate was developed after a reconciliation effort with estimators from Skanska, HEA design team estimator Architectural Cost Consultants, and independent estimator Rider Levett Bucknell. With this item the Port is seeking Commission approval to amend the CM/GC construction contract with Skanska to reflect the final scope and estimate of the project. The Port has negotiated with Skanska for a Guaranteed Maximum Price of \$159,331,364 for construction of that portion of the Project represented by the Concourse E Extension Project scope, including Concourse E extension, ticket lobby, baggage handling and airline operational space buildout and relocation improvements, which represents an amendment amount of \$151,280,000. Also included in this amendment are costs associated with enabling work, such as sanitary sewer lift station and terminal feeder upgrades, existing roof rehabilitation and aviation fuel lines that are being delivered with this contract but funded via reimbursement agreements or other project budgets outside of the Project. Costs for this enabling work total \$9,825,367. This amendment includes a fixed fee of 2.6 percent based on the original contract, with updated amount of \$4,349,211 and a 0.3 percent incentive of up to \$501,832.

PUBLIC IMPROVEMENT AND PERSONAL SERVICES CONTRACT AMENDMENTS –
 TERMINAL BALANCING CONCOURSE E EXTENSION – PORTLAND INTERNATIONAL
 AIRPORT

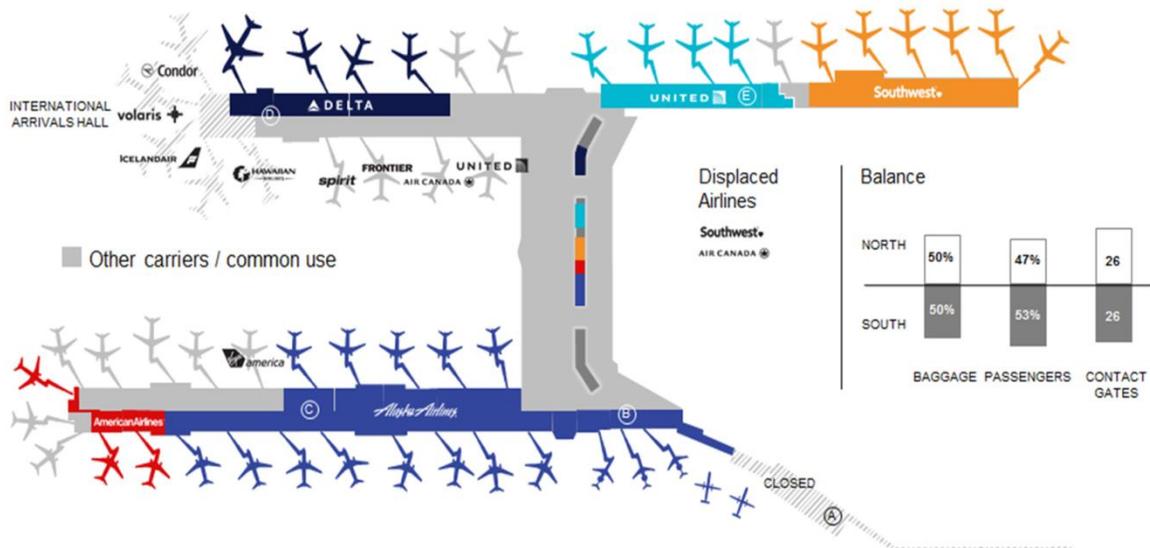
August 9, 2017

Page 4

Construction Contract Amendment Amount

	Total Skanska Contract Value	Tbal v2 Portion of Const. Budget
Tbal v1 Public Improvement Contract	\$15,174,633	
v1 Contract Capitalized/Carried forward to v2		\$8,051,364
Additional enabling projects and aviation fuel	\$9,825,367	
Initial Tbal Contract value	\$25,000,000	
Public Improvement Contract Amendment	\$151,280,000	\$151,280,000
Overall Construction Contract Amount	\$176,280,000	\$159,331,364

CONCEPTS – SITE PLAN



PUBLIC IMPROVEMENT AND PERSONAL SERVICES CONTRACT AMENDMENTS –
TERMINAL BALANCING CONCOURSE E EXTENSION – PORTLAND INTERNATIONAL
AIRPORT

August 9, 2017

Page 5

NEW CONCOURSE E LAYOUT (INTERIOR) RENDERINGS



NEW CONCOURSE E LAYOUT (EXTERIOR) RENDERINGS



PUBLIC IMPROVEMENT AND PERSONAL SERVICES CONTRACT AMENDMENTS –
TERMINAL BALANCING CONCOURSE E EXTENSION – PORTLAND INTERNATIONAL
AIRPORT

August 9, 2017

Page 6

PROJECT SCHEDULE

Conceptual Design – v2	April 2016 – June 2016
Commission Action (Design Contract Amendment)	October 2016
Schematic and Design Development	June 2016 – March 2017
Final Design	March 2017 – December 2017
CMGC NCP Estimate	March 2017 – July 2017
Commission Action (HEA Construction Administration amendment, CM/GC contract amendment for NCP)	August 2017
Construction	March 2017 – June 2020
Miscellaneous Procurements (Furniture, IT and misc. equipment)	TBD

PROJECT DESIGN AND CONSTRUCTION RISKS

Risk: Timely decision making

Mitigation Strategies:

- Develop detailed communication plan and format with management and stakeholder groups, including airlines, tenants or other Port and airline stakeholders. Utilize program workbooks as needed to document decisions.
- Continue Decision Matrix to document and track key decision points throughout design process.
- Establish and maintain regular communications with management and stakeholders, track recommendations, date decisions as needed, and impacts from delays in decisions via Decision Matrix. Impacts could include scope, schedule, budget, operational or other.

Risk: Designs exceed approved budget

Mitigation Strategies:

- Engage CM/GC and sub-contracting community throughout design process to provide real-time feedback on design options from cost, schedule and constructability standpoint.
- Work with core team and stakeholders to provide estimates at specific early milestones – concept, schematic design, and design development periods – to inform decisions on scope and materials as design progresses.

PUBLIC IMPROVEMENT AND PERSONAL SERVICES CONTRACT AMENDMENTS –
TERMINAL BALANCING CONCOURSE E EXTENSION – PORTLAND INTERNATIONAL
AIRPORT

August 9, 2017

Page 7

- Review costs, as well as potential impacts to schedule that could result if significant value engineering process is required.

Risk: Delay due to permitting

Mitigation Strategies:

- Engage permitting jurisdictions early to establish communication, information sharing regarding the project and upcoming milestones for permit submission and review time periods.
- Develop design strategies or methodologies for delivery of review documents that will meet the requirement of the jurisdiction and ensure timely review and response to meet the overall project schedule.

Risk: Delay due to weather

Mitigation Strategies:

- Engage subcontractors to develop phasing and schedules to allow efficient delivery of labor and materials to maintain project schedule.
- Develop strategies or methodologies via pull planning or constructability sessions with subcontractors to minimize weather impacts to installation of improvements via off-site or prefabrication at staging areas to reduce potential delay due to overlapping trades.

Risk: Contaminated soil or unforeseen conditions

Mitigation Strategies:

- Review existing site conditions, soils and environmental reports to determine extent of potential contaminated or unsuitable soil.
- Work with subcontractors to develop a soil management plan to handle over excavation or other project needs associated with soft or contaminated soil during excavation.

PROJECT BUDGET – AUGUST 2017

CM/GC Contracts	\$159,331,364
Procurements/Equipment	\$7,000,000
Consultant Design Services (for v2, including future CA amendment)	\$26,414,603
Port Staff/Contracted Services	\$7,000,000
Contingency	\$15,254,033
Total Project	<u>\$215,000,000*</u>

PUBLIC IMPROVEMENT AND PERSONAL SERVICES CONTRACT AMENDMENTS –
TERMINAL BALANCING CONCOURSE E EXTENSION – PORTLAND INTERNATIONAL
AIRPORT

August 9, 2017

Page 8

*Project budget amount does not reflect non-capital or sunk costs associated with v1. These costs were addressed through a Universal Amendment to the airline agreement and not included in the new budget breakdown.

The contingency, representing approximately 8 percent of the project budget, is considered reasonable given the stage of the project, the nature of the work and the risk profile for the project.

The project cost will be funded by Passenger Facility Charges and the Airline Cost Center in accordance with the PDX Airline Agreement.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to further amend a previously awarded Public Improvement Contract to Skanska Building USA, and to amend a previously awarded Personal Services Contract to Hennebery Eddy Architects for the Construction Administration Services portion of the Terminal Balancing Concourse E Extension 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.

**PERSONAL SERVICES CONTRACT – SIGNAGE MASTER PLAN AND DESIGN GUIDELINES
– PORTLAND INTERNATIONAL AIRPORT**

August 9, 2017

Presented by: Irene Ng
Sr. Manager
Site and Facility Design**REQUESTED COMMISSION ACTION**

This agenda item requests approval to award a service contract to HOK Architects, Inc., for consulting services related to the Portland International Airport Signage Master Plan and Design Guidelines project for a contract value of \$754,762.

BACKGROUND

Portland International Airport (PDX) has been recognized as America's Best Airport by *Travel + Leisure* magazine for the fifth consecutive year. One of the criteria PDX consistently scores well on is the ease with which passengers negotiate the airport campus and terminal. A key component to effortless passenger wayfinding is signage.

The previous Signage Master Plan was completed in the early 1990s. As PDX has expanded through the years, terminal signage has undergone numerous minor modifications, resulting in some inconsistent messaging in the facility.

With the design of several large airport capital projects underway, Port staff has determined that it is time to update the standards to continue to provide high-quality wayfinding during construction, as well as a unified wayfinding system upon completion.

SCOPE

The work to be performed under this personal services contract would create a new Master Plan and Design Guidelines for PDX, and provide a roadmap for signage development. The consultant would provide an assessment and inventory of the existing signage. Customer, employee and volunteer surveys would be conducted with regard to the wayfinding experience in the public areas of the terminal, including gate areas, ground transportation areas and parking facilities. The planned solution would result in a Signage Master Plan, outlining a wayfinding strategy and methodology for the removal, repositioning and/or addition of new dynamic and static signage elements, as well as how best to approach the application of new sign standards throughout the terminal and associated roadways. The Signage Master Plan would also include guidance on content to be displayed on the proposed signage elements. Coordination with upcoming capital projects, such as Terminal Balancing (Concourse E Extension), Terminal Core (Ticket Lobby Improvements), and Parking Additions and Consolidated Rental Car Facility (PACR) would be included.

PERSONAL SERVICES CONTRACT – SIGNAGE MASTER PLAN AND DESIGN GUIDELINES
– PORTLAND INTERNATIONAL AIRPORT

August 9, 2017

Page 2

The consultant will provide a PDX Signage Design Standards and Guidelines, which will help to ensure that future terminal signage is updated and maintained consistently. This would include standards for tenant signage, as well as dynamic graphics standards. Tenant signage standards would also include materials and designs that provide flexibility, ease of use, and are cost-effective in design, fabrication and installation.

The work would be completed over two years, with an expected completion date of June 2019.

SELECTION PROCESS

The Port of Portland (Port) advertised a Request for Proposals on March 23, 2017, seeking qualified consultants to provide the required master planning services. Nine firms submitted proposals. The Port's five-member evaluation team was comprised of operations, planning and development, and information technology staff. HOK was the highest-ranked proposer, primarily due to their strong experience and highly-qualified team. Port staff negotiated the final scope of work to determine HOK's fee, which would be paid in increments based on the completion of agreed-upon tasks, plus expenses, with a not-to-exceed amount of \$754,762.

BUDGET

The current project budget includes the following major elements:

Consulting Services	\$754,762
Port Costs	<u>\$50,000</u>
Total Project Cost	\$804,762

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 personal services contract for consulting services related to the Portland International Airport Signage Master Plan and Design Guidelines project to HOK Architects, Inc., 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.

PERSONAL SERVICES CONTRACTS FOR ON-CALL ARCHITECTURAL SERVICES

August 9, 2017

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

This agenda item requests approval to award three personal services contracts to provide on-call architectural services on an as-needed basis. The term of each contract is three years. The following firms were selected through a competitive Request for Proposal (RFP) process:

- Carleton Hart Architecture
- DBC Architecture
- MWA Architects

BACKGROUND

The Port of Portland (Port) secures personal services through a variety of contracting arrangements in accordance with its Purchasing Guidelines & Procedures, including on-call services. The Port engineering department currently has several different on-call contracts for a variety of services. Examples of services obtained through on-call contracts include, architectural, civil engineering and geotechnical engineering. When an on-call contract has an anticipated total annual expenditure of more than \$500,000, it is required to be presented to the Commission for approval. Based on an analysis of previous on-call architectural services contracts, staff expect that total expenditures for each of the above contracts could exceed \$500,000 on an annual basis.

On-call architectural services contracts will provide support in the following disciplines: architecture, engineering and cost estimating. The contracts are for services to be provided for projects across all Port facilities. Each contract has a term of three years with no maximum dollar limit. Work will be performed through individual task orders, with an upper limit of \$150,000 each, that specify the scope of work, schedule and budget. Similar past contracts have averaged approximately \$271,000 annually.

CONSULTANT SELECTION PROCESS

The Port issued an RFP on June 12, 2017, seeking qualified consultants to provide the required services. Twelve firms submitted proposals, which were evaluated by a panel of four Port employees representing the engineering department. The panel also obtained input from the Port's Small Business Development Program in conjunction with the evaluation. Proposals were evaluated against the following criteria in accordance with Oregon's qualification-based selection (QBS) requirements for a design contract (ORS 297C.110 does not allow price to be a factor):

- Qualifications of the Provider
- Project Management
- Small Business Participation Program

PERSONAL SERVICES CONTRACTS FOR ON-CALL ARCHITECTURAL SERVICES

August 9, 2017

Page 2

The three highest-ranked proposers selected were Carleton Hart Architecture, DBC Architecture and MWA Architects. These firms provide a diverse range of capabilities and will support continued growth of our Small Business Development Program.

In accordance with QBS requirements, Port staff then negotiated fees with each of the selected proposers. The fees will be paid in increments based on the completion of agreed-upon tasks, plus expenses, not to exceed the total amount set forth in each task order.

SCHEDULE

Commission action (approve personal services contracts)	August 2017
Finalize contracts	August 2017 – September 2017
Contract terms begin	October 2017
Contract terms end	September 2020

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to award personal services contracts for on-call architectural services with the following firms: Carleton Hart Architecture, DBC Architecture and MWA Architects, 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.