



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

Minutes

Approval of Minutes: Regular Commission Meeting – December 11, 2013

Executive Director

Approval of Executive Director's Report – December 2013

General Discussion and Public Hearing

2014 Port of Portland Transportation Improvement Plan

SUSIE LAHSENE

General Discussion

Transportation Security Administration Update

MIKE IRWIN

Action Items

1. DESIGNATION OF THE PORT OF PORTLAND'S REPRESENTATIVE FOR MULTNOMAH COUNTY DRAINAGE DISTRICT

PHILIP RALSTON

Requests approval to designate Philip Ralston as the Port of Portland's agent and representative for the Multnomah County Drainage District.

2. PERSONAL SERVICES CONTRACT – TERMINAL GREASE SEPARATION PROJECT – PORTLAND INTERNATIONAL AIRPORT

STAN SNYDER

Requests approval to award a personal services contract to Carleton/Hart Architecture, P.C., for design services related to the Terminal Grease Separation project at Portland International Airport.

3. GROUND LEASE AND EASEMENT – PORTLAND FUELING FACILITIES CORPORATION – PORTLAND INTERNATIONAL AIRPORT

MATTHEW HOFFMAN

Requests approval of a ground lease and easement and ancillary documents with the Portland Fueling Facilities Corporation for premises located at the Portland International Airport.

4. GROUND AND FACILITY LEASE – AIRCRAFT SERVICE
INTERNATIONAL, INC. – PORTLAND INTERNATIONAL AIRPORT

MATTHEW HOFFMAN

Requests approval of a ground and facility lease with Aircraft Service International, Inc., for certain premises located at Portland International Airport.

DESIGNATION OF THE PORT OF PORTLAND'S REPRESENTATIVE FOR MULTNOMAH COUNTY DRAINAGE DISTRICT

January 8, 2014

Presented by: Philip Ralston
General Manager
Environmental Operations**REQUESTED COMMISSION ACTION**

This agenda item requests approval to designate Philip Ralston as the Port of Portland's (Port) agent and representative with the authority to exercise the Port's rights as a landowner within the Multnomah County Drainage District.

BACKGROUND

Chapter 547.045 of the Oregon Revised Statutes (ORS) permits the governing body of a public landowner within a drainage district to designate a representative to act on its behalf with respect to district business including service on the district board. Pursuant to ORS 547.045(2), this designation requires Commission action.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That Philip Ralston, General Manager, Environmental Operations, is designated as the Port of Portland's representative for acting on the Port's behalf as a landowner within the Multnomah County Drainage District effective January 9, 2014; and

BE IT FURTHER RESOLVED, That all previous registered agent designations be rescinded; 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 – TERMINAL GREASE SEPARATION PROJECT –
PORTLAND INTERNATIONAL AIRPORT**

January 8, 2014

Presented by: Stan Snyder
Engineering Project Manager**REQUESTED COMMISSION ACTION**

This agenda item requests approval to award a personal services contract to Carleton/Hart Architecture, P.C. (CHA) in the amount of \$598,000 for design services related to the Terminal Grease Separation project at Portland International Airport (PDX).

BACKGROUND

The Terminal Grease Separation project will address several concerns related to plumbing and waste in the PDX central Terminal area. It is in the Port's interest to address these concerns in a timely manner in order to avoid operational issues and ensure compliance with new code requirements. This project will mainly impact the two following areas:

1. Oregon Market food concessions and restroom waste plumbing: As of January 1, 2013, the 2011 Oregon Plumbing Specialty Code (OPSC) and the City of Portland (COP) ENB-4.26–Fats, Oils and Grease (FOG) Removal Program Administrative Rules require that all wastewater from food service establishments be routed through a grease interceptor prior to discharging into sanitary wastewater collection systems. This change greatly increases the number of fixtures from which waste will need to be directed through a grease-water interceptor.

In order to bring the central Terminal into code compliance, this project will alter the waste plumbing from the Oregon Market food and beverage concessions. In addition, since the OPSC does not permit restroom wastewater to be drained through a grease interceptor, this project will also isolate restroom wastewater from FOG wastewater. This project will impact four sets of men's and women's restrooms and one unisex restroom.

2. Loading dock and waste collection on the west side of the Terminal building: The project will address plumbing code issues in this area as well, including:
 - Replacing an undersized grease/water separator downstream of the restaurant grease bucket cleaning area with a larger unit, to prevent FOG from overflowing directly into the sanitary sewer system.
 - Reconstructing the trash compactor area by installing drains and re-sloping the surface, to prevent leachate from discharging directly into the sanitary sewer system.
 - Providing a canopy to cover the trash compactors and waste collection area, to prevent rainwater from mixing with waste effluent and entering the sanitary sewer system. This canopy will extend from the underside of the existing Concourse Connector.

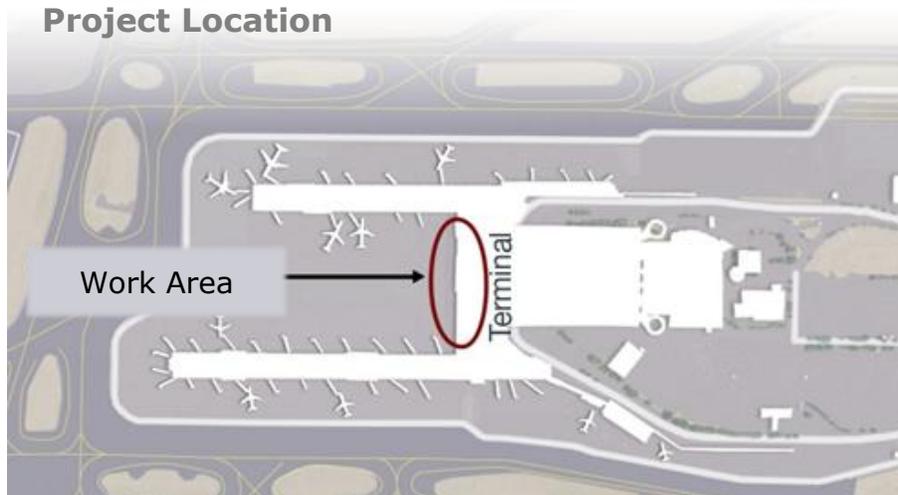
PERSONAL SERVICES CONTRACT – TERMINAL GREASE SEPARATION PROJECT –
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This project addresses compliance with the new grease separation regulations in the central Terminal area only. However, the same new regulations apply to plumbing in the concourses. Code compliance for those areas will be addressed in future projects. Port staff is currently negotiating with the City of Portland to establish a reasonable timeline to bring both the central Terminal and the concourse facility areas into compliance with the new rules.

Project Location



Loading Dock and Waste Collection Area



CONSULTANT SELECTION

The Port advertised a request for proposals on September 25, 2013 seeking qualified consultants to provide the required architectural and engineering design services. Two firms submitted proposals. The proposals were evaluated in accordance with Oregon's qualifications-based selection requirements for this type of contract. The Port's four-person evaluation team was comprised of Engineering and Project Development personnel. CHA was the highest-ranked proposer primarily due to its strong experience with extensive retrofits of this nature. Port staff then negotiated with CHA to determine CHA's fee, which will be paid on an hourly basis plus expenses with a not-to-exceed amount of \$598,000 for the services described below.

SCOPE OF SERVICES

The consultant's work scope will include providing the design specifications, calculations, and drawings required for the procurement of a construction contract to complete the project improvements. Extensive field investigations to document existing conditions and evaluation of alternatives will be required.

CHA will also provide support as required while the Port is procuring the project construction contract and during the construction project. This work will include site visits, review of submittals, answering contractor requests for information, and providing as-built documentation.

SCHEDULE

Preliminary Design	April 2013 – May 2013
Consultant Selection	Sept 2013 – November 2013
Commission Action (Design Contract)	January 2014
Design Development	February 2014 – August 2014
Advertisement and Bid (Construction Contract)	September 2014
Commission Action (Construction Contract)	October 2014
Notice to Proceed	December 2014
Construction	December 2014 – February 2016

PROJECT RISK

Risk: Disruption to airport and/or tenant operations

Mitigation Strategy:

- Devise a detailed plan to minimize the impact to operations. The plan will include developing a clear understanding of facilities and activities to be impacted by the project, a mitigation strategy (developed with involvement of stakeholders) to schedule moves and provide temporary facilities as required, and a communication plan to keep stakeholders informed of upcoming project activities.

BUDGET

This current budget is based on a preliminary design completed in May 2013 in order to define the project scope and develop a cost estimate:

Construction	\$3,050,000
Consultant Design Services	\$598,000
Port Engineering & Inspection	\$600,000
Contingency	\$1,052,000
Total Project	<hr/> \$5,300,000

The contingency, representing 19.8 percent of the project budget, is considered reasonable given the early stage of the project, the nature of the work and the risk profile for the project.

Project funding is 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 for the design of the Terminal Grease Separation project at Portland International Airport to Carleton/Hart Architecture, P.C., in accordance with its proposal; 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 AND EASEMENT – PORTLAND FUELING FACILITIES CORPORATION –
PORTLAND INTERNATIONAL AIRPORT**

January 8, 2014

Presented by: Matthew Hoffman
Senior Manager
Airside Real Estate**REQUESTED COMMISSION ACTION**

This agenda item requests approval of a ground lease and easement (Agreement) and ancillary documents with the Portland Fueling Facilities Corporation (PFFC) for premises located at the Portland International Airport (PDX).

BACKGROUND

PFFC is a consortium of airlines created for the sole purpose of owning and managing airline fuel facilities at PDX. PFFC does not have any employees. PFFC contracts maintenance and operation of the fuel facilities to a third party, currently Aircraft Service International, Inc. (ASI). Adequate supply and consistent delivery of quality Jet-A aviation fuel are critical service elements that support successful carrier flight operations. Fuel consortiums provide member airlines with significant control over the quantity, price, quality and consistency of the fuel supply and are common nationwide. The Port and PFFC are currently party to a ground lease and easement that permits PFFC to manage the operation of a hydrant fuel system at PDX.

Port staff recommend a new ground lease and easement for the continued operation of PFFC's fuel system for another 10 to 20 years.

The Jet-A fuel supply chain is highly complex and involves an integrated system of financial, environmental, and operational activities. All fueling activities referenced in this agenda item are intended to be applicable only to airline aircraft and airline support fueling activities. Other airport fueling activities, such as business aviation, are separate from this discussion.

Beginning at the refinery, fuel is distributed through a system of pipelines, ships, barges and tanker trucks to reach its final destination. At PDX, Jet-A fuel is typically delivered via underground pipeline originating at the Kinder Morgan Willbridge Terminal located in North Portland. Fuel received from this pipeline is stored in large tanks. PFFC owns three such above-ground storage tanks, two 20,000-barrel and one 40,000-barrel tanks, along with all other above- and below-ground components of its fuel system. Jet-A fuel is distributed at PDX via a network of underground pipes, pumps, tanks and load points serving the airline terminal as well as the Air Trans Center (ATC) located on the south side of PDX. Special hydrant pump carts are used to pump fuel from the hydrant system into aircraft parked at various locations around the airline terminal. Access points for the pump carts are located next to most aircraft gates at the terminal.

GROUND LEASE AND EASEMENT – PORTLAND FUELING FACILITIES CORPORATION –
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The ATC does not have access to the same type of hydrant distribution system, so fuel is pumped underground to a single point located in the ATC, commonly known as a load rack. Refueling trucks connect to the load rack and offload Jet-A into their mobile tanks. The trucks then distribute Jet-A to air carrier aircraft (typically cargo aircraft) in the ATC by pumping from the truck directly to the airplane. Refueling trucks can also deliver fuel to other locations as required. On average, more than 180 million gallons annually, or roughly 500,000 gallons per day, of Jet-A fuel are pumped through the PFFC bulk storage and fuel distribution system. All above-ground facilities, tanks, systems, load racks and ancillary equipment are located on “leased premises” covering approximately 173,000 square feet of space. All underground piping and support equipment within those areas are defined as “easement area” and total approximately 549,000 square feet of space.

The nature of operating such a large system over such a large geographic area presents a number of complexities and risks. The new ground lease and easement includes several substantial enhancements from the prior agreement. Many of the enhancements are based on ensuring the integrity of the fuel delivery system, environmental stewardship, safety and a clear allocation of risk, including, but not limited to:

- Modern environmental provisions reflecting existing and future regulatory requirements and best management practices
- Capital improvement obligations to install additional valves in portions of the piping sections in order to reduce pipe segment length. This will result in improved testing and leak detection.
- Regular evaluation and component replacement designed to address the physical needs of the system.
- Additional obligations regarding the use of the storage tanks.
- Pass-through obligations directed at PFFC’s agents and operators.
- Environmental baseline update.

KEY BUSINESS TERMS

Term: 10 years, with 10-year option

Lease Premises: 172,921 square feet

Easement Area: 548,620 square feet

Initial Rent: \$253,310.64 per year

Rent Adjustments: Every 3 years based on Fair Market Value or Consumer Price Index

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 and easement and ancillary documents with Portland Fueling Facilities Corporation, for certain premises located 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 AND FACILITY LEASE – AIRCRAFT SERVICE INTERNATIONAL, INC. –
PORTLAND INTERNATIONAL AIRPORT**

January 8, 2014

Presented by: Matthew Hoffman
Senior Manager
Airside Real Estate**REQUESTED COMMISSION ACTION**

This agenda item requests approval of a ground and facility lease with Aircraft Service International, Inc. (ASI), for certain premises located at Portland International Airport (PDX).

BACKGROUND

ASI began operating in 1947 and has grown to become one of the industry's largest independent providers of commercial aviation services in the nation. Nationally, ASI offers flight support services to air carrier aircraft operators, including: into-plane fueling, fuel facility management, ground support equipment maintenance, ramp service, cabin cleaning, passenger service, aircraft deicing, baggage system maintenance and other related services. ASI's two primary activities at PDX are management and operation of the Portland Fueling Facilities Corporation's hydrant fuel system and into-plane fueling of air carrier aircraft.

ASI leases a Port of Portland (Port) owned building that was constructed in 1992 and is located in the Air Trans Center on the south side of PDX. The facility contains approximately 5,000 square feet of space and has an associated ground area of approximately 57,000 square feet. This facility serves as ASI's operations base for storage, maintenance and administrative functions. ASI desires to continue leasing this facility.

KEY BUSINESS TERMS

Location:	PDX Air Trans Center
Leased Premises:	Building: 5,000 square feet Ground: 56,192.50 square feet
Term:	10 years, with two, 5-year options to extend
Initial Rent:	Building: \$17.08 per square foot per year Ground: \$0.62 per square foot per year Air Trans Center Common Area Maintenance fees
Rent Adjustment:	Ground rent adjusts triennially based on Fair Market Value; building rent adjusts annually based on the Consumer's Price Index.
Security Deposit:	\$50,000 (new requirement)

Maintenance:	Generally, the Port is responsible for structural, electrical and fire systems, and ASI responsible for all other maintenance.
Taxes:	Tenant's responsibility
Utilities:	Tenant's responsibility
Capital Investments:	Not defined by lease, but expect an estimated \$420,000 over the life of the agreement, including fire sprinkler system, roof and windows.
Environmental:	Modern provisions reflecting current and future regulatory and best management practices.
Additional Agreements:	Operating agreement and storage tank agreement(s) for above, below and/or mobile storage tanks will be executed concurrently.

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 and facility lease and certain other supporting agreements with Aircraft Services International, Inc., 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.