



AGENDA  
Regular Commission Meeting  
Port of Portland Headquarters  
7200 N.E. Airport Way, 8<sup>th</sup> Floor  
May 9, 2018  
9:30 a.m.

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**Minutes**

Approval of Minutes: Regular Commission Meeting – April 11, 2018

**Executive Director**

Approval of Executive Director's Report – April 2018

**Public Comments**

**General Discussion**

Landside Rate Changes at Portland International Airport

*MICHAEL HUGGINS*

**Consent Item**

1. INTERGOVERNMENTAL AGREEMENT – STATE OF OREGON  
DEPARTMENT OF TRANSPORTATION AND CITY OF  
PORTLAND – RIVERGATE OVERCROSSING

*PHIL HEALY*

Requests approval for the Port of Portland to enter into an Intergovernmental Agreement with the State of Oregon's Department of Transportation and the City of Portland for the Rivergate Overcrossing project.

**Public Hearing/Budget Committee Meeting**

2. PORT OF PORTLAND FISCAL YEAR 2018-19 BUDGET  
APPROVAL

*SUZANNE KENNY*

Requests that the Commission, acting as the Port of Portland's (Port) Budget Committee, approve the Port's Fiscal Year 2018-2019 Budget and authorize its submittal to the Multnomah County Tax Supervising and Conservation Commission for its public hearing on June 13, 2018.

**Action Items**

3. COLLECTIVE BARGAINING AGREEMENT – PARKING CONTROL REPRESENTATIVES – PORTLAND INTERNATIONAL AIRPORT *BLAISE LAMPHIER*  
  
Requests approval of a two-year collective bargaining agreement between the Port of Portland and the American Federation of State, County and Municipal Employees, Local 3220, representing the 13 employees who are Parking Control Representatives at Portland International Airport.
  
4. PUBLIC IMPROVEMENT CONTRACT – TERMINAL CORE REDEVELOPMENT PROJECT – PORTLAND INTERNATIONAL AIRPORT *GEORGE SEAMAN*  
  
Requests approval to award a public improvement contract to Hoffman Skanska LLC to provide pre-construction support services during the design development phase of the Terminal Core Redevelopment project at Portland International Airport.
  
5. PUBLIC IMPROVEMENT CONTRACT – RUNWAY 10L-28R CIRCUIT REPLACEMENT, LED AND SMGCS UPGRADES – PORTLAND INTERNATIONAL AIRPORT *CHRIS EDWARDS*  
  
Requests approval to award a public improvement contract to Colvico, Inc., for the Runway 10L-28R Circuit Replacement, LED and SMGCS Upgrades project at Portland International Airport.

**INTERGOVERNMENTAL AGREEMENT – STATE OF OREGON DEPARTMENT OF TRANSPORTATION AND CITY OF PORTLAND – RIVERGATE OVERCROSSING**

May 9, 2018

Presented by: Phil Healy  
Senior Transportation Planner

**REQUESTED COMMISSION ACTION**

This agenda item requests approval for the Port of Portland (Port) to enter into an Intergovernmental Agreement (IGA) with the State of Oregon’s Department of Transportation (ODOT) and the City of Portland (City) for the Rivergate Overcrossing project.

**BACKGROUND**

The Port and the City are partnering on the project to construct an overcrossing at the South Rivergate Rail Lead that serves Terminal 5. The City is managing the project because it is a federal aid certified agency and the City will own the overcrossing after completion. The goal of the project is to alleviate traffic and freight issues due to trains that block the crossing and back traffic up on Lombard Avenue. The IGA is for the administration of federal, state and local match funds for construction of the overcrossing, as well as reconstruction of the North Rivergate Boulevard/North Lombard intersection.

The Port was awarded a Transportation Investment Generating Economic Recovery (TIGER) grant in the amount of \$7.329 million for the project. The Port has also budgeted \$4 million towards the cost of the project. We are in the process of seeking an additional \$2 million in external funding. For example, we are working with ODOT and Business Oregon to receive Immediate Opportunity Fund dollars to fill the gap. An IGA is necessary whenever federal and state funds are spent on an infrastructure project and is typically entered into at the beginning of a project prior to design. In this case, in order to proceed quickly, the project design was started using City funds. An IGA is now required prior to advancing to the right-of-way and utility easement acquisition phases. In addition to this IGA with ODOT and the City, the Port contemplates entering into an IGA with the City covering funding obligations and billing processes and, if additional grants are secured, grant agreements covering the necessary local match for the project.



**SCHEDULE**

<b>Commission approval (IGA)</b>	<b>May 9, 2018</b>
Right of Way and utility phase	May 2018 – December 2018
Final design	May 2018 – December 2018
Construction bidding	January 2019 – March 2019
Construction	April 2019 – December 2020

**PROJECT RISK**

Under the IGA, the City and Port are responsible for providing funding for all project costs in excess of the federal and state funds. At 60% level of design, there is an approximate \$2 million funding gap between the project estimate and the funding currently in place. The project estimate includes a contingency of approximately \$3 million.

The Port is pursuing external funding to close the funding gap. The risk to the Port is that if we are unable to secure external funding, we may need to use Port funds to fill the gap up to \$2 million (see Budget below), or determine if the project should be cancelled and unwound.

**BUDGET**

<b>Current Funding</b>		<b>60% Design Project Cost Estimate</b>	
MTIP Grant	\$3,220,000	Construction cost	\$16,475,532
Tiger Grant	\$7,329,000	R/W and Utility Ease. Costs	\$390,000
Other Funds	\$1,100,000	Soft Costs	\$5,600,000
Total Federal	<b>\$11,649,000</b>	Contingency	\$3,034,468
City of Portland	\$8,000,000		
Port of Portland	\$4,000,000		
Total Local Funds	<b>\$12,000,000</b>		
Total Funds	<b>\$23,649,000</b>		
Approx. Add. \$ Needed	<b>\$2,000,000</b>	Total Costs	\$25,500,000

Funding source: General Fund

**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 Intergovernmental Agreement with the State of Oregon Department of Transportation and the City of Portland for the Rivergate Overcrossing project and any other agreements necessary to enable the Port of Portland to contribute its share of local match to the project; 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.

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**PORT OF PORTLAND FISCAL YEAR 2018-19 BUDGET APPROVAL**

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May 9, 2018

Presented by: Suzanne Kenny  
Director  
Budget, Financial Planning & Analysis**REQUESTED COMMISSION ACTION**

This agenda item requests that the Commission, acting as the Port of Portland's (Port) Budget Committee, approve the Port's Fiscal Year (FY) 2018-19 Budget (Budget) and authorize its submittal to the Multnomah County Tax Supervising and Conservation Commission (TSCC) for its public hearing on June 13, 2018.

**BACKGROUND**

Tax supervising and conservation commissions are independent, impartial panels of citizen volunteers established to monitor the financial affairs of local governments in counties with a population over 500,000. The TSCC has jurisdiction over all local governments that are required to follow local budget law and that have more real market value located within Multnomah County than in any other county. After review by the TSCC, we will request that the Commission adopt the Budget at a special meeting to be held prior to June 30, 2018. At that time, the Commission may consider any suggestions of the TSCC or make other modifications to the Budget subject to the limitations of Oregon Revised Statutes (ORS) 294.456.

The Budget provides the best estimate of the resources and requirements needed to achieve the Port's mission. It is also a funding plan for actions that have been approved by the Commission and, for planning purposes, anticipated actions or initiatives that may require further Commission review and approval prior to the implementation of such initiatives.

In order to conform to the ORS governing the local budget process, the Port held a public hearing on May 9, 2018 in which the Budget was presented to the Budget Committee; Exhibit A, attached to this agenda item, provides the Budget Schedule of Appropriations.

On June 13, following the Port Commission meeting, staff and the Commissioners will meet with the TSCC for their review and public hearing on the Budget, and we expect to receive their approval. Finally, on June 29, subsequent to TSCC approval, we will request that the Commission formally adopt the Budget.

**OVERVIEW – RESOURCES**

Budgeted resources for FY 2018-2019 total \$2.3 billion. Anticipated resources include:

- Beginning working capital balance of \$587.2 million is composed of the General Fund (\$209.1 million), the Airport Revenue Fund (\$104.5 million), the Bond Construction Fund (\$10.0 million), the Airport Construction Fund (\$122.2 million), the Airport Revenue Bond

## PORT OF PORTLAND FISCAL YEAR 2018-19 BUDGET APPROVAL

May 9, 2018

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Fund (\$37.1 million), the Passenger Facility Charge Fund (\$84.3 million), the Passenger Facility Charge Bond Fund (\$14.5 million), and the Customer Facility Charge Fund (\$5.6 million).

- Projected operating revenues of \$317.2 million: General Fund = \$70.0 million and Airport Revenue Fund = \$247.2 million.
- Grants, Interest and Other Income of \$81.7 million is composed primarily of \$14.6 million of interest income, \$11.0 million in Federal and State Grants (including Oregon Department of Transportation ConnectOregon and Federal Aviation Administration funding), as well as \$39.5 million in Passenger Facility Charges (PFCs) and \$16.7 million in Customer Facility Charges (CFCs).
- Commercial Paper Proceeds of \$125.0 million.
- Property taxes of \$12.4 million.
- Bond and debt proceeds of \$561.5 million include the following: a \$328 million airport revenue bond issue in the Airport Construction Fund and a \$197.5 million CFC revenue bond issue in the CFC Fund. Both of these issuances will fund the PDXNext capital program. In addition, \$22 million is budgeted in the Airport Revenue Bond Fund and \$14 million in the CFC Bond Fund for debt service reserves.
- Transfers between funds of \$593.0 million make up the balance of resources. Required to be budgeted for under Oregon Budget Law, transfers track dollars moving between funds and are shown as both resources and requirements in the budget document.

### **OVERVIEW – REQUIREMENTS**

Budgeted requirements for FY 2018-19 total \$2.3 billion and include the following:

Operating expenditures of \$212.1 million reflect costs of personnel services and all materials and services. These expenditures do not include depreciation or the cost of property sold since these non-cash expenditures do not impact working capital and are, therefore, not appropriated for under Oregon Budget Law.

The Port's capital budget as shown in the document is \$265.6 million. In conformance with Oregon Budget Law, that amount does not include \$20.3 million of internal labor (which the Port does include as a capitalized cost for accounting purposes). Of the total budgeted capital expenditures, \$242.8 million is budgeted for Portland International Airport (PDX) in the Airport Construction Fund and includes:

- \$64.0 million for additional public parking and consolidated rental car facility
- \$57.1 million for the terminal balancing program
- \$33.8 million for the terminal core redevelopment
- \$14.1 million to rehabilitate and realign Taxiway K

## PORT OF PORTLAND FISCAL YEAR 2018-19 BUDGET APPROVAL

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- \$13.6 million to replace passenger loading bridges
- \$6.9 million to replace the north terminal hot water heating system
- \$4.7 million to replace the PDXNext fire system
- \$4.4 million for camera and Wi-Fi improvements
- \$4.1 million to reconstruct Airtrans Way

There are \$22.8 million of capital expenditures budgeted in the Bond Construction Fund (which includes all divisions other than PDX) and includes:

- \$3.5 million for Dredge Oregon dry dock inspection and hull repairs
- \$3.0 million for phase II improvements at Troutdale Reynolds Industrial Park
- \$2.8 million for reconstruction of Hillsboro Airport Runway 13R/31L
- \$2.8 million for rehabilitation of Berths 503 and 601
- \$2.1 million for construction of the Rivergate Industrial District overcrossing

Some capital projects span multiple years and may have expenditures in prior or future years. The project budgets included in FY 2018-19 are the anticipated capital expenditures for FY 2018-19 only.

Other requirements include:

- Debt Service payments of \$88.7 million include the following: \$59.4 million for airport revenue bonds, \$15.1 million for PFC bonds, \$2.0 million for CFC bonds, and \$12.3 million for General Fund obligations.
- Commercial Paper interest and maturity of \$221.1 million.
- The \$1.3 million budgeted for Other Environmental consists of environmental costs that are not directly related to the Port's current business operations such as the Lower Willamette River Cleanup Project.
- The \$10.6 million budgeted in the Other category is primarily for bond issuance costs associated with the airport revenue and CFC bond issues included in the budget.
- Contingency balances of \$798.1 million represent amounts that are expected to be unspent in FY 2018-19 and, therefore, would become the beginning balance in the following fiscal year. Of the total, \$581.1 million is for aviation uses. By leaving these amounts in the Contingency category, they are available for appropriation by the Commission during the coming fiscal year if needed.
- The Unappropriated Balance of \$87.5 million is a category under Oregon Local Budget Law that is the only available category to budget the debt service reserve in the Airport Revenue Bond Fund, the Passenger Facility Charge Bond Fund, and the Customer

Facility Charge Bond Fund. These amounts cannot be appropriated by the Commission in the coming fiscal year. Oregon Budget Law does not permit the use of the Contingency category in association with Debt Service Funds.

- Transfers of \$593.0 million make up the balance of the requirements.

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

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That the Port of Portland's Budget document for Fiscal Year 2018-2019, as presented to the Port of Portland Commission, is approved; and

BE IT FURTHER RESOLVED, That the maximum tax levy for the Bond Construction Fund of the Port of Portland be set at a rate of \$0.0701 per thousand dollars of assessed value, such rate subject to the local government limitation; and

BE IT FURTHER RESOLVED, That the Budget Officer is directed to submit the Budget document to the Tax Supervising and Conservation Commission for a public hearing and for orders, recommendations or objections as provided by law.

## SCHEDULE OF APPROPRIATIONS - FISCAL YEAR 2018-19

	BUDGET PROPOSAL SUBMITTED ON MAY 9, 2018	REVISIONS	BUDGET SUBMITTED FOR APPROVAL ON MAY 9, 2018
<b>GENERAL FUND</b>			
Beginning Balance	\$ 209,103,318	\$ -	\$ 209,103,318
Operating Revenue	69,998,143	-	69,998,143
Interest on Investments/Other	3,914,000	-	3,914,000
Federal/State Grants	-	-	-
Service Reimbursements	42,496,857	-	42,496,857
Transfers from Other Funds	4,258,579	-	4,258,579
<b>Total Resources</b>	<b>\$ 329,770,897</b>	<b>\$ -</b>	<b>\$ 329,770,897</b>
Administration	\$ 53,062,104	\$ -	\$ 53,062,104
Marine	27,593,120	-	27,593,120
Industrial Development	4,245,502	-	4,245,502
Navigation	12,027,442	-	12,027,442
General Aviation	3,152,784	-	3,152,784
<b>Total Departments</b>	<b>100,080,951</b>	<b>-</b>	<b>100,080,951</b>
Service Reimbursements	\$ 445,335	\$ -	\$ 445,335
Other Environmental	1,263,481	-	1,263,481
Debt Service Payments	12,253,967	-	12,253,967
System Development Charges / Other	10,000	-	10,000
Cash Transfers to Other Funds	8,805,064	-	8,805,064
Contingency	206,912,099	-	206,912,099
<b>Total Requirements</b>	<b>\$ 329,770,897</b>	<b>\$ -</b>	<b>\$ 329,770,897</b>
<b>AIRPORT REVENUE FUND</b>			
Beginning Balance	\$ 104,460,000	\$ -	\$ 104,460,000
Operating Revenue	247,232,615	-	247,232,615
Interest on Investments	5,318,300	-	5,318,300
Commercial Paper Proceeds	125,000,000	-	125,000,000
Service Reimbursements	3,395,754	-	3,395,754
Transfers from Other Funds	224,026,810	-	224,026,810
<b>Total Resources</b>	<b>\$ 709,433,479</b>	<b>\$ -</b>	<b>\$ 709,433,479</b>
Operating Expenditures	\$ 111,993,168	\$ -	\$ 111,993,168
Sys Dev Chgs/Line Of Credit/Other	600,000	-	600,000
Commercial Paper Interest & Maturity	221,100,000	-	221,100,000
Service Reimbursements	25,185,840	-	25,185,840
Cash Transfers to Other Funds	241,074,471	-	241,074,471
Contingency	109,480,000	-	109,480,000
<b>Total Requirements</b>	<b>\$ 709,433,479</b>	<b>\$ -</b>	<b>\$ 709,433,479</b>
<b>BOND CONSTRUCTION FUND</b>			
Beginning Balance	\$ 10,000,000	\$ -	\$ 10,000,000
Interest Income/ Other	326,800	-	326,800
Federal/State Grants/Other	9,455,009	-	9,455,009
Bonds and Other Debt Proceeds	-	-	-
Property Tax	12,364,310	-	12,364,310
Transfers from Other Funds	8,815,064	-	8,815,064
<b>Total Resources</b>	<b>\$ 40,961,183</b>	<b>\$ -</b>	<b>\$ 40,961,183</b>
Capital Outlay	\$ 22,808,707	\$ -	\$ 22,808,707
Service Reimbursements	4,145,666	-	4,145,666
Transfers to Other Funds	4,006,810	-	4,006,810
Contingency	10,000,000	-	10,000,000
<b>Total Requirements</b>	<b>\$ 40,961,183</b>	<b>\$ -</b>	<b>\$ 40,961,183</b>

## SCHEDULE OF APPROPRIATIONS - FISCAL YEAR 2018-19

	BUDGET PROPOSAL SUBMITTED ON MAY 9, 2018	REVISIONS	BUDGET SUBMITTED FOR APPROVAL ON MAY 9, 2018
<b>AIRPORT CONSTRUCTION FUND</b>			
Beginning Balance	\$ 122,185,614	\$ -	\$ 122,185,614
Interest Income/ Other	2,196,800	-	2,196,800
Federal / State Grants	1,451,635	-	1,451,635
Bond and Other Debt Proceeds	328,000,000	-	328,000,000
Transfers from Other Funds	194,630,548	-	194,630,548
<b>Total Resources</b>	<b>\$ 648,464,598</b>	<b>\$ -</b>	<b>\$ 648,464,598</b>
Capital Outlay	\$ 242,817,254	\$ -	\$ 242,817,254
Bond Issue Costs/Other	6,000,000	-	6,000,000
Service Reimbursements	16,115,769	-	16,115,769
Cash Transfers to Other Funds	160,210,000	-	160,210,000
Contingency	223,321,574	-	223,321,574
<b>Total Requirements</b>	<b>\$ 648,464,598</b>	<b>\$ -</b>	<b>\$ 648,464,598</b>
<b>AIRPORT REVENUE BOND FUND</b>			
Beginning Balance	\$ 37,073,586	\$ -	\$ 37,073,586
Bond and Other Debt Proceeds	22,000,000	-	22,000,000
Interest Income	1,000,000	-	1,000,000
Transfers from Other Funds	58,385,344	-	58,385,344
<b>Total Resources</b>	<b>\$ 118,458,930</b>	<b>\$ -</b>	<b>\$ 118,458,930</b>
Debt Service Payments	\$ 59,385,344	\$ -	\$ 59,385,344
Unappropriated Ending Balance	59,073,586	-	59,073,586
<b>Total Requirements</b>	<b>\$ 118,458,930</b>	<b>\$ -</b>	<b>\$ 118,458,930</b>
<b>CUSTOMER FACILITY CHARGE (CFC) FUND</b>			
Beginning Balance	\$ 5,621,276	\$ -	\$ 5,621,276
Customer Facility Charge	16,697,599	-	16,697,599
Interest Income	174,000	-	174,000
Bond and Other Debt Proceeds	197,500,000	-	197,500,000
Cash Transfers from Other Funds	40,000,000	-	40,000,000
<b>Total Resources</b>	<b>\$ 259,992,875</b>	<b>\$ -</b>	<b>\$ 259,992,875</b>
Bank Fees / Other	\$ 4,000,000	\$ -	\$ 4,000,000
Cash Transfers to Other Funds	117,020,000	-	117,020,000
Contingency	138,972,875	-	138,972,875
<b>Total Requirements</b>	<b>\$ 259,992,875</b>	<b>\$ -</b>	<b>\$ 259,992,875</b>
<b>CUSTOMER FACILITY CHARGE (CFC) BOND FUND</b>			
Bond and Other Debt Proceeds	\$ 14,000,000	\$ -	\$ 14,000,000
Cash Transfers from Other Funds	2,000,000	-	2,000,000
<b>Total Resources</b>	<b>\$ 16,000,000</b>	<b>\$ -</b>	<b>\$ 16,000,000</b>
Debt Service Payments	2,000,000	-	2,000,000
Unappropriated Ending Balance	14,000,000	-	14,000,000
<b>Total Requirements</b>	<b>\$ 16,000,000</b>	<b>\$ -</b>	<b>\$ 16,000,000</b>

## SCHEDULE OF APPROPRIATIONS - FISCAL YEAR 2018-19

	BUDGET PROPOSAL SUBMITTED ON MAY 9, 2018	REVISIONS	BUDGET SUBMITTED FOR APPROVAL ON MAY 9, 2018
<b>PASSENGER FACILITY CHARGE (PFC) FUND</b>			
Beginning Balance	\$ 84,344,531	\$ -	\$ 84,344,531
Passenger Facility Charge	39,467,603	-	39,467,603
Bond and Other Debt Proceeds	-	-	-
Interest and Other	1,570,600	-	1,570,600
<b>Total Resources</b>	<b>\$ 125,382,734</b>	<b>\$ -</b>	<b>\$ 125,382,734</b>
Letter of Credit/Other	\$ 25,000	\$ -	\$ 25,000
Cash Transfers to Other Funds	15,992,825	-	15,992,825
Contingency	109,364,909	-	109,364,909
<b>Total Requirements</b>	<b>\$ 125,382,734</b>	<b>\$ -</b>	<b>\$ 125,382,734</b>
<b>PASSENGER FACILITY CHARGE (PFC) BOND FUND</b>			
Beginning Balance	\$ 14,450,178	\$ -	\$ 14,450,178
Interest Income	100,000	-	100,000
Cash Transfers from Other Funds	14,992,825	-	14,992,825
<b>Total Resources</b>	<b>\$ 29,543,003</b>	<b>\$ -</b>	<b>\$ 29,543,003</b>
Debt Service Payments	15,092,825	-	15,092,825
Unappropriated Ending Balance	14,450,178	-	14,450,178
<b>Total Requirements</b>	<b>\$ 29,543,003</b>	<b>\$ -</b>	<b>\$ 29,543,003</b>
<b>TOTAL ALL FUNDS</b>	<b>\$ 2,278,007,698</b>	<b>\$ -</b>	<b>\$ 2,278,007,698</b>

**COLLECTIVE BARGAINING AGREEMENT – PARKING CONTROL REPRESENTATIVES –  
PORTLAND INTERNATIONAL AIRPORT**

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May 9, 2018

Presented by: Blaise Lamphier  
Labor Relations Manager**REQUESTED COMMISSION ACTION**

This agenda item requests approval of a two-year collective bargaining agreement between the Port of Portland (Port) and the American Federation of State, County and Municipal Employees, Local 3220 (Union), representing the 13 employees who are Parking Control Representatives at Portland International Airport.

**BACKGROUND**

On April 6, 2018, the Port and the Union reached a tentative agreement on a successor to the collective bargaining agreement scheduled to expire on June 30, 2018. On April 18, 2018, the Union's membership ratified the tentative agreement, which included the following changes in terms and conditions:

Term of Agreement: July 1, 2018, through June 30, 2020.

Wages: Effective July 1, 2018, a 3.6% increase in base wages. This equals the Consumer Price Index for Urban Wage Earners (CPI-W) Portland-Salem 2nd Half reported in January 2018.

Effective July 1, 2019, an increase in base wages based on the CPI-W, West Size Class A Cities (reported in January 2019), with a minimum increase of 2.0% and a maximum increase of 4.0%.

Opt Out: Effective subsequent to Commission approval, upon being newly hired or during annual enrollment thereafter, employees may opt out of the Port's medical, dental and vision plans at their own choosing upon written notification.

Uniforms: Permissible work clothing items covered under the \$150 annual maximum are expanded from shoes to include socks and belts; all items subject to existing requirements for the presentation of receipts.

Estimated Financial Impact: The anticipated annual increases over the last contract year of the prior collective bargaining agreement, as well as the anticipated aggregate total in new dollars over the life of the CBA, are as follows:

Contract Year	Yearly Increase
Year 1	\$41,685
Year 2	\$96,857
Total increase over life of CBA: \$138,542	

**EXECUTIVE DIRECTOR'S RECOMMENDATION**

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to enter in a collective bargaining agreement with the American Federation of State, County and Municipal Employees, Local 3220, at Portland International Airport, for a two-year agreement, beginning July 1, 2018, setting forth wages, fringe benefits and working conditions, 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.

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

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May 9, 2018

Presented by: George Seaman  
Engineering Project Manager

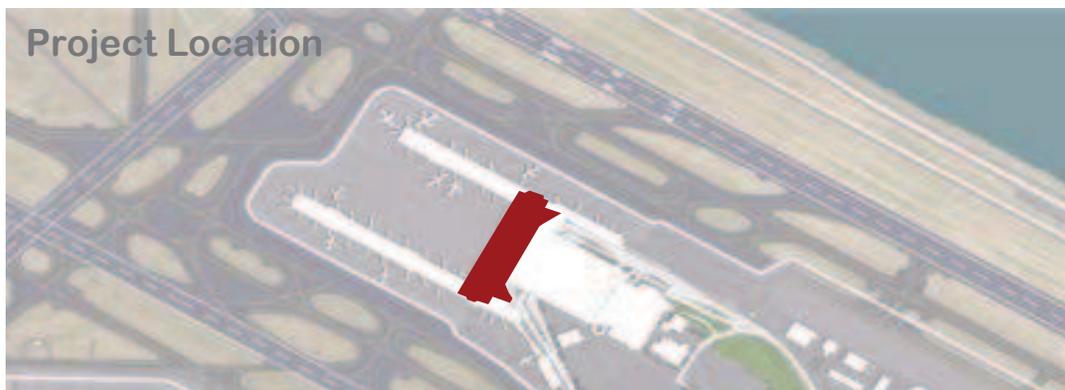
**REQUESTED COMMISSION ACTION**

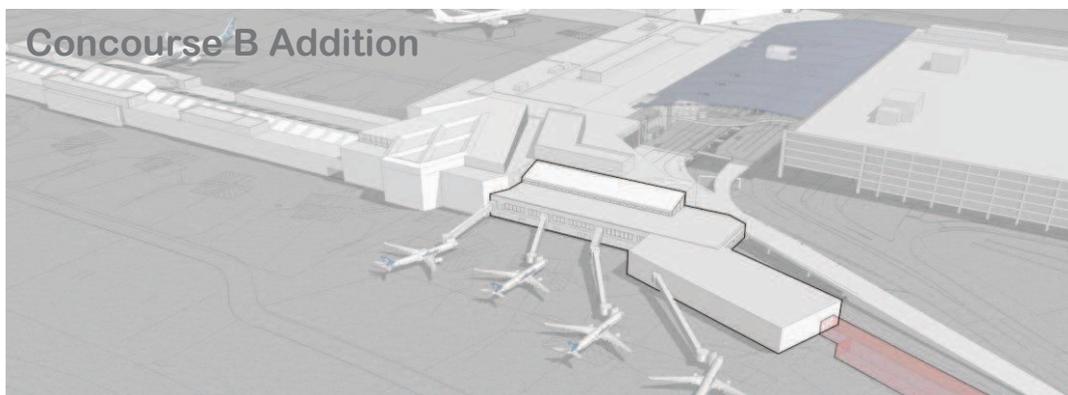
This agenda item requests approval to award a public improvement contract to Hoffman Skanska LLC (Hoffman-Skanska) for the Terminal Core Redevelopment (TCORE) project at Portland International Airport (PDX) in the amount of \$5,637,076, initially to provide pre-construction support services during the design development phase of the project.

**BACKGROUND**

Beginning with the 2010 PDX Master Plan (Airport Master Plan) and continuing with the 2012 Ticket/Check-In Lobby Concept Plan (Lobby Concept Plan), the Port of Portland (Port) has evaluated the PDX core terminal area and developed a comprehensive strategy to reconfigure the terminal, ensuring: 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.

In July 2014, Port staff presented the results of the Lobby Concept Plan to the Commission. In August 2015 the Commission approved the initial award of a personal services contract to ZGF for architectural and engineering design services for the TCORE project (Design Contract), to be awarded incrementally as the project advances, beginning with conceptual planning for the terminal redevelopment. At that time, the Commission also approved the award of a pre-construction support services contract to Turner Construction Company (Turner). In April 2016, the Commission approved amendments to these contracts to proceed with conceptual design of the selected plan for the TCORE project. In December 2017, the Commission approved an amendment to the Design Contract to provide schematic design services for the TCORE project. In April 2018, the Commission approved an amendment to the Design Contract to provide detailed design development services for the extension and redevelopment of Concourse B.





## **SCOPE**

The TCORE project includes the following key scopes of work:

- Expanding the terminal core area by constructing a seismically-resilient addition extending the existing building footprint approximately 180 feet to the west.
- Relocating the security checkpoints into the newly-constructed addition.
- Constructing a “clear span” roof structure from the curbside to the westward edge of the existing 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.

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

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- Constructing additional floors on the Parking and Rental Car Center (PACR) customer service building to house functions currently residing in the terminal building mezzanine including the PDX communications center, Port police, Transportation Security Agency administration services and Port security badging office.

## **CONTRACTING PROCESS**

### **RFP Results**

In December 2017, the Port Commission approved an exemption from competitive bidding to allow the Port to use a request for proposals (RFP) process to select a Construction Manager/General Contractor (CM/GC) firm for the project. The RFP was advertised on December 14, 2017, and two CM/GC joint venture teams responded, Hoffman-Skanska and Mortenson-McCarthy. RFP evaluation criteria included:

- Management of the work and project approach
- Qualifications and experience of the proposed personnel
- Proposed costs
- Small business enterprise program
- Safety program
- Cost management, schedule and quality control

A Port evaluation team reviewed and scored the proposals and then conducted interviews with both firms. The evaluation team determined that the Hoffman-Skanska team was the most qualified proposer to act as the Port's CM/GC firm for the project. The Hoffman-Skanska proposal and interview were ranked higher in scoring based on their project approach, qualifications and experience at PDX, their safety program, and their project controls approach. In addition, their proposal had a lower fixed fee and overall reimbursable cost.

### **Contract Award**

The guaranteed maximum price (GMP) for the first phase of this contract being requested for award under this agenda item is \$5,637,076. This price includes a fixed fee of 2.97% of the cost, which includes preconstruction support services during the design. This phase will define the project scope, cost and schedule in terms sufficiently detailed to enable negotiations leading to a second phase consisting of construction services. All subsequent phases of work will include the same 2.97% fee. It is anticipated that Commission approval to award an amendment to this contract to include Concourse B construction services will be sought around the end of 2018, which will be followed by a request to approve an amendment for the remainder of the TCORE project in the second half of 2019.

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### **Small Business Participation**

The Port Small Business Development Program manager will be developing small business enterprise (SBE) contracting participation goals for the construction phases of the project, in conjunction with the Hoffman-Skanska team, before construction commences. As a result, there is no SBE participation goal set for this contract at this time. When this contract is amended to include construction activities, SBE participation goals will be established. Historically, robust SBE goals have been set on CM/GC projects.

### **SCHEDULE**

Preliminary planning	November 2014 – December 2014
Consultant selection	January 2015 – July 2015
Commission action (approve award of Design Contract and preconstruction support services contract)	August 2015
Conceptual plan selection phase	September 2015 – February 2016
Commission action (approve 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 public improvement contract from competitive bidding)	December 2017
Contractor selection (public improvement contract)	December 2017 – February 2018
Schematic design development phase	January 2018 – September 2018
Commission action (approve Design Contract amendment)	April 2018
<b>Commission action (approve award of CM/GC public improvement contract)</b>	<b>May 2018</b>
Detailed design development phase	October 2018 – November 2021
Construction	December 2018 – October 2024

## **PROJECT RISKS**

Risk: Adverse impacts to stakeholders.

Mitigation Strategies:

- The Port brought construction expertise (Turner) into the TCORE project during the conceptual plan selection phase to assist with constructability analysis.
- Develop phasing plans early in the TCORE project to determine potential impacts.
- Develop phasing plans that allow relocation of a large portion of ticketing and security functions at PDX in a single move.
- Communicate TCORE project goals, directions and plans to the various stakeholders affected by the TCORE project throughout the planning and design phases.
- Select a CM/GC during the schematic design phase to develop construction plans and complete constructability analyses.

Risk: Construction cost greater than anticipated.

Mitigation Strategies:

- Have independent estimates performed by ZGF, Turner and the CM/GC during the conceptual design development and final design development phases.
- Develop the construction schedule and approach during the conceptual plan selection phase and update it throughout the TCORE project design phase.
- Engage a CM/GC as soon as possible during the schematic design phase and upon TCORE project approval.
- Utilize GMP compensation methodology in the CM/GC public improvement contract to enhance cost certainty.

Risk: Changing conditions of the global aviation industry.

Mitigation Strategies:

- Phased approach allows the Port to delay TCORE project phases in response to external conditions.
- Design the PDX terminal modifications to allow for flexibility as future passenger processing options evolve.
- Coordinate TCORE project concept activities with airline technical representative (J. A. Watts, Inc.).

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**BUDGET**

At this time, the Airport and Airline Affairs Committee funding approval for the TCORE project includes only the initial phase shown below. In the future, staff anticipates engaging the airlines to request funding approval for the remainder of the total TCORE project, including the PDX ticket lobby remodel, reconstruction of the existing north and south post-security concession nodes and the baggage claim area.

	Initial Phase	Remainder of Project	Total Project
Consultant design services	\$109,000,000	\$10,000,000	\$119,000,000
CM/GC services (including construction)	\$582,000,000	\$361,000,000	\$943,000,000
Procurements/equipment	\$31,000,000	\$14,000,000	\$45,000,000
Port staff/contracted services	\$50,000,000	\$14,000,000	\$64,000,000
Permits	\$10,000,000	\$6,000,000	\$16,000,000
Contingency	\$170,000,000	\$51,000,000	\$221,000,000
<b>Total Project</b>	<b>\$950,000,000</b>	<b>\$458,000,000</b>	<b>\$1,408,000,000</b>

The overall TCORE project contingency, representing 22% of the current project cost estimate, 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 will be funded by the Airline Cost Center, comprised 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 award a public improvement contract for the Terminal Core Redevelopment project at Portland International Airport to Hoffman Skanska 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.

**PUBLIC IMPROVEMENT CONTRACT – RUNWAY 10L-28R CIRCUIT REPLACEMENT, LED AND SMGCS UPGRADES – PORTLAND INTERNATIONAL AIRPORT**

May 9, 2018

Presented by: Chris Edwards  
Engineering Project Manager

**REQUESTED COMMISSION ACTION**

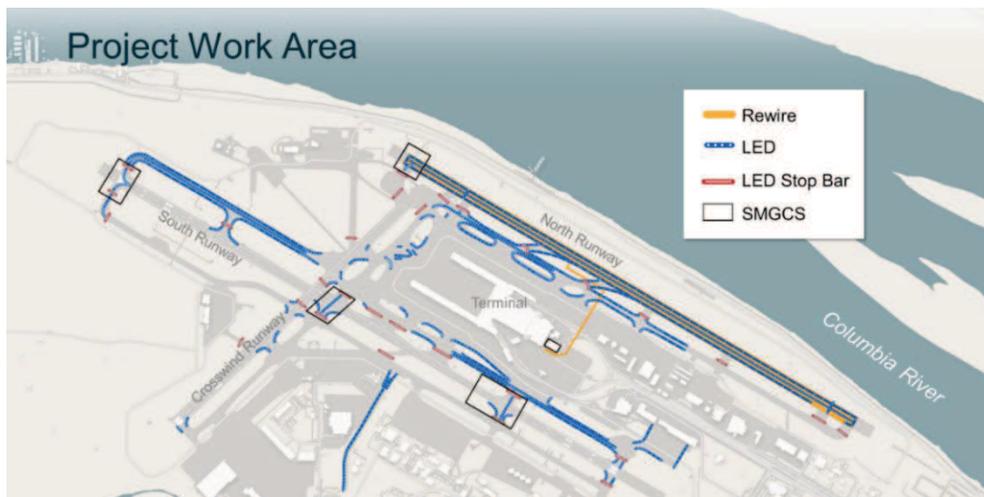
This agenda item requests approval to award a public improvement contract to Colvico, Inc., for the Runway 10L-28R Circuit Replacement, LED and SMGCS Upgrades project at Portland International Airport (PDX) in the amount of \$1,106,888.

**BACKGROUND**

This project is part of an overall airfield electric/lighting improvement program, including taxiway and stop/holdbar light-emitting diode (LED) upgrades, regulator replacements, North Runway circuit and LED replacement, and a surface movement guidance and control system (SMGCS) upgrade.

Approximately 50% of taxiway lighting fixtures at PDX have been converted to LED as part of previous pavement rehabilitation projects in the past six years. This project will install LED fixtures to replace the remaining taxiway and stop/hold bar incandescent lighting at PDX.

Converting to LED (taxiway and runway) lighting will significantly reduce energy consumption and reduce annual maintenance costs associated with bulb replacement. This project is estimated to reduce electricity usage at PDX by approximately 514,238 kWh/year. The Port of Portland (Port) pays about seven cents/kWh for electricity, so this reduction in usage saves \$35,997 per year in operating costs. Depending on the fixture type, the “payback period” (until purchase costs are recouped via reduced electricity costs) ranges between 1.8 and 6.7 years for the taxiway LED conversion and between 4.7 to 10 years for the runway LED conversion. In addition, the LED lights are also more visible and contribute to a safer airfield environment.



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**SCOPE**

This project includes the following key scopes of work:

- Install elevated taxiway edge lights
- Install runway centerline lights
- Install in-pavement runway guard lights
- Install in-pavement stop bar lights
- Install elevated runway guard lights

**SCHEDULE**

Preliminary design	August 2017 – October 2017
Airport Airline Affairs Committee project funding approval	January 2018
Commission approval (award equipment procurement contract)	March 14, 2018
Design	November 2017 – March 2018
<b>Commission approval (award public improvement contract)</b>	<b>May 9, 2018</b>
Construction	July 2018 – January 2019

**CONTRACT AWARD**

The Port procured this public improvement contract utilizing a competitive sealed bidding solicitation under Oregon Revised Statutes Chapter 279C. The solicitation was advertised on March 28, 2018, and bids were opened on April 17, 2018. Colvico, Inc., submitted the lowest responsive bid. The bids were as follows:

Colvico, Inc.	\$1,106,888
Vellutini Corp. dba Royal Electric Company	\$1,115,115
Engineer's Estimate	\$1,168,910

The Port's Small Business Development Program manager performed a market availability analysis to determine whether to set a small business enterprise (SBE) participation goal for this contract. This project is limited to one scope of services and it was determined that there are currently no Oregon or Washington SBE-certified firms available within this region to perform airfield lighting services. Based on these findings, no SBE participation goal was set for this contract.

**PROJECT RISKS**

Risk: Operational Impacts

Mitigation Strategies:

- Developed work area access/availability matrices to minimize disruptions.
- Ongoing coordination with FAA Air Traffic Control and other affected stakeholders.

**BUDGET**

<b>Public improvement contract (construction)</b>	<b>\$1,107,000</b>
Equipment procurement	\$1,570,000
Port staff and contracted services (in-house design)	\$780,000
Contingency	<u>\$173,500</u>
Total budget	\$3,630,500

The contingency, representing 5% of the project cost, is considered reasonable given the risk profile for the project and the complexity of the work site.

The project costs will be funded by the Airline Cost Center, which is comprised 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 award a public improvement contract for the Runway 10L-28R Circuit Replacement, LED and SMGCS Upgrades project at Portland International Airport to Colvico, 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.