

AGENDA
The Port of Portland
Regular Commission Meeting
TROUTDALE CITY HALL
104 S.E. Kibling Street; Troutdale, Oregon
November 14, 2007
9:00 a.m.

Minutes

Approval of Minutes: Regular Commission Meeting – October 10, 2007

Executive Director

Approval of Executive Director's Report – October 2007

Introduction of City of Troutdale Mayor Paul Thalhofer

General Discussion

Fiscal Year 2007 Financial Results and Report of Independent Auditors

*STEVE SCHREIBER/
PRICEWATERHOUSE-
COOPERS*

Port of Portland Activities in East Metro Area

JIM LAUBENTHAL

Consent Item

1. AUTHORIZATION OF COMMISSIONER BRUCE HOLTE TO EXERCISE RIGHTS OF THE PORT OF PORTLAND AS A LANDOWNER IN MULTNOMAH COUNTY DRAINAGE DISTRICT NO. 1

MARY MAXWELL

Requests approval for Commissioner Bruce Holte to exercise for the Port of Portland all of the rights of a landowner within Multnomah County Drainage District No. 1.

Action Items

2. PORT OF PORTLAND STRATEGIC PLAN

TOM IMESON

Requests approval of a new strategic plan for the Port of Portland.

3. FIRST READING AND PUBLIC HEARING – PORT ORDINANCE NO. 425-R – AMENDING AND RESTATING ORDINANCE NO. 275, AS AMENDED BY ORDINANCE NO. 300, THAT ESTABLISHED A CIVIL SERVICE SYSTEM FOR FIRE FIGHTERS AND CREATED A CIVIL SERVICE COMMISSION

CHERYL HETTERVIG

Requests a first reading and public hearing on proposed Ordinance No. 425-R, the amendment and restatement of Ordinance No. 275, as amended by Ordinance 300, which pertains to the Civil Service System for the Port of Portland Fire Department.

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| 4. CONSTRUCTION CONTRACT AND PERSONAL SERVICES
CONTRACT AMENDMENT – IN-LINE BAGGAGE SCREENING
IMPROVEMENTS – PORTLAND INTERNATIONAL AIRPORT | <i>STAN SNYDER/
BILL ALLEN</i> |
| Requests approval of two contract actions related to the In-line Baggage Screening Improvements project at Portland International Airport. | |
| 5. CONCESSION LEASE – POWELL'S BOOKS – PORTLAND
INTERNATIONAL AIRPORT | <i>REBECCA SONNIKSEN</i> |
| Requests approval to enter into a new concession lease with Powell's Books on Concourse D at Portland International Airport. | |



Agenda Item No. 1

AUTHORIZATION OF COMMISSIONER BRUCE HOLTE TO EXERCISE RIGHTS OF THE PORT OF PORTLAND AS A LANDOWNER IN MULTNOMAH COUNTY DRAINAGE DISTRICT NO. 1

November 14, 2007

Presented by: Mary Maxwell
Director of Aviation

EXECUTIVE SUMMARY

This agenda item requests approval for Commissioner Bruce Holte to exercise for the Port of Portland (Port) all of the rights of a landowner within Multnomah County Drainage District No. 1 (District), including, without limitation, service on the District Board of Supervisors.

BACKGROUND

The District was formed in 1917 to reclaim about 8,500 acres of land then subject to seasonal flooding. Portland International Airport is entirely within the District, with flood protection provided by a levee system and a series of pump stations maintained and operated by the District. The Port is the largest landowner within the District.

State law authorizes the presiding officer of a public body with lands within a drainage district, or another member of the public body's governing board designated by resolution of the board, to exercise the rights and privileges of the landowner with respect to the drainage district and the public body's lands within the drainage district. Only a Commissioner may serve as the Port's representative. Due to the size of the Port's land holdings within the District, the Port's representative also generally serves as a member of the District Board of Supervisors. Until recently, Commissioner Grant Zadow filled this position.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolution be adopted:

BE IT RESOLVED, That Commissioner Bruce Holte is authorized to exercise, with respect to Multnomah County Drainage District No. 1 and the Port of Portland's land within the District, all of the rights and privileges of a landowner in the District, including, without limitation, the right to be a supervisor of the District.



Agenda Item No. 2

POR T OF PORTLAND STRATEGIC PLAN

November 14, 2007

Presented by: Tom Imeson
Director, Public Affairs

EXECUTIVE SUMMARY

This agenda item requests approval of a new strategic plan for the Port of Portland (Port). The Port Commission approved the current strategic plan in August 2005. The plan being presented for approval has not been changed from the version that was presented to the Port Commission during its October 2007 meeting.

BACKGROUND

A broad-based effort involving a large number of Port stakeholders, consultants and staff developed this new strategic plan. In particular, a cross-divisional team of 14 Port staff members managed the planning process. Consultants and others helped to identify the external trends in trade, transportation, environmental policy and other areas that will affect the Port's ability to perform its mission. About 50 Port stakeholders and all Port staff were given the opportunity to review the draft plan, many of whom made suggestions that strengthened the plan.

This strategic plan seeks to focus the Port's energies on five strategic objectives in the marine, industrial lands, aviation, environmental and organizational ("One Port") areas. The plan explains the context in which the Port will operate during the next three to five years and the strategies that the Port will employ to reach its objectives. Associated with each strategic objective is a set of desired outcomes that serve as indicators of whether or not these objectives have been met. They describe, in a broad fashion, what the Port expects to look like or to be doing in 2010. Finally, this strategic plan identifies three Port-wide capabilities in security, workforce practices and information technology that will require special attention and focus during the next three to five years.

Specific metrics will be included in the business plans that each division of the Port (e.g., the Marine and Industrial Development Division and the Aviation Division) prepares each year. These metrics will help the Port gauge its progress toward business plan goals and link the strategic plan, divisional business plans and individual employees' goals and objectives. The metrics represent targets which, if achieved, will result in meeting the desired outcomes and, ultimately, the strategic objectives in the strategic plan.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to adopt the strategic plan as presented to the Port of Portland Commission on October 10, 2007; and

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BE IT FURTHER RESOLVED, That the strategic plan be used by the Port of Portland for business planning and budget processes; and

BE IT FURTHER RESOLVED, That the Executive Director or his designees provide periodic updates to the Port of Portland Commission on implementation of the strategic plan.



Agenda Item No. 3

FIRST READING AND PUBLIC HEARING – PORT ORDINANCE NO. 425-R – AMENDING AND RESTATING ORDINANCE NO. 275, AS AMENDED BY ORDINANCE NO. 300, THAT ESTABLISHED A CIVIL SERVICE SYSTEM FOR FIRE FIGHTERS AND CREATED A CIVIL SERVICE COMMISSION

November 14, 2007

Presented by: Cheryl Hettervig
Human Resources Manager

EXECUTIVE SUMMARY

This agenda item requests a first reading and public hearing on proposed Ordinance No. 425-R, the amendment and restatement of Ordinance No. 275, as amended by Ordinance No. 300, which pertains to the Civil Service System for the Port of Portland (Port) Fire Department.

The Port maintains a Civil Service System for the Port Fire Department in accordance with the requirements of Oregon law, which is administered by a three-member board of Civil Service Commissioners. The Port's three-member Civil Service Commission was established pursuant to Port Ordinance No. 275. The Civil Service Commissioners' primary responsibilities include administering the Civil Service System in matters relating to recruitment, testing and selection of fire fighters and hearing matters of discipline or appeal brought before them.

BACKGROUND

The current ordinance has been in effect since 1981 with only a minor amendment in 1983. Civil Service Commissioners, as well as representatives from the Fire Department, Legal, and Human Resources have worked together to revise Ordinance No. 275, as amended by Ordinance No. 300, to be consistent with current employment and recruitment practices relative to the Civil Service process.

The revisions to Ordinance No. 275, as amended by Ordinance No. 300, are described in the attached Section-by-Section Analysis.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolution be adopted:

BE IT RESOLVED, That Ordinance No. 425-R amending and restating Ordinance No. 275, as amended by Ordinance No. 300, be given a first reading by title only; and

That a public hearing be held concerning proposed Ordinance No. 425-R.



Agenda Item No. 4

CONSTRUCTION CONTRACT AND PERSONAL SERVICES CONTRACT AMENDMENT – IN-LINE BAGGAGE SCREENING IMPROVEMENTS – PORTLAND INTERNATIONAL AIRPORT

November 14, 2007

Presented by: Stan Snyder
Engineering Project Manager

Bill Allen
General Manager, Facilities,
Maintenance and Project Dev.

EXECUTIVE SUMMARY

This agenda item requests approval of two contract actions related to the In-line Baggage Screening Improvements (BSI) project at Portland International Airport (PDX):

- Award of a Construction Management/General Contractor (CM/GC) construction contract to Hoffman Construction Company (Hoffman); and
- Amendment of the existing PGAL Architecture, LLC (PGAL), consultant design contract for construction support services.

BACKGROUND

This project will replace the existing baggage handling system at PDX with an automated in-line bag screening system. This work area is generally located within the secured operational area of the terminal building and covers approximately 65,000 square feet. The project scope includes the following major work items:

- Removal of existing baggage handling system (BHS) and installation of a new modified BHS and screening controls to accomplish in-line baggage screening, meeting Transportation Security Administration (TSA) requirements;
- Installation and integration of approximately eight TSA-provided automated explosive detection system (EDS) baggage screening devices in the BHS;
- Construction of spaces for the BHS, screening equipment, TSA operations, system operations and maintenance;
- Relocation of tenants displaced by this project;
- Modification of building infrastructure and relocation of utilities as required; and
- Structural modifications to the terminal building in association with this project.

The work will require significant construction phasing to avoid disruption to Port of Portland (Port), airline and tenant operations while maintaining the safety and security of the work area. Major funding will be provided by the airlines with some as-yet-undetermined level of participation by the TSA. TSA will also provide the baggage screening equipment.

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IN-LINE BAGGAGE SCREENING IMPROVEMENTS – PORTLAND INTERNATIONAL AIRPORT
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Project Milestones to Date

- 2002: Conceptual design on the project started with an initial consultant contract awarded under the Executive Director's delegated authority.
- September 2003: Commission granted an exemption from competitive bidding under the Port's Contract Review Board Rules to select a contractor for the BSI project. Shortly thereafter, the project was put on hold due to funding issues.
- October 2005: A personal services contract with PGAL was awarded by the Executive Director's delegated authority for preliminary design.
- July 2006: At the completion of preliminary design, Commission approved an amendment to the PGAL contract for final design.
- October 2006: Commission approved Hoffman as the CM/GC for the project. The Port then awarded a preconstruction services contract to Hoffman.
- April 2007: Decision was made by management to change the design to accommodate emerging technologies.
- August 2007: Commission approved an amendment to the Hoffman preconstruction services contract for the early purchase of electrical equipment.

The design is now approximately 70 percent complete with final design completion scheduled for March 2008. Construction is planned to start in January 2008 with an early package and, based on the current phasing plan, the system is scheduled to be ready for operation in the fall of 2010.

CM/GC Contract

Under the preconstruction services contract, Hoffman continues to work with the design team to provide site investigation, design constructability reviews, cost estimates, scheduling, assistance with phasing, and selection of critical subcontractors. Other work has included development of subcontracting strategies, safety and quality control programs, and small business outreach.

Staff has completed negotiation with Hoffman for a contract price of \$101,300,000 for construction based on 60 percent design documents. The price includes a fixed fee of \$2,229,095, equaling 2.25 percent of the maximum construction costs. The contract also includes provisions for an incentive fee of 0.5 percent that could be awarded contingent upon Hoffman meeting established performance criteria. Under the terms of the proposed contract, Hoffman would be reimbursed for construction based primarily on competitively awarded subcontracts.

CONSTRUCTION CONTRACT AND PERSONAL SERVICES CONTRACT AMENDMENT –
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Amendment to Personal Services Contract

The Port originally selected PGAL based on a competitive selection process. The stated intent was to use the selected consultant through the entire BSI design and construction sequence based on satisfactory performance. PGAL has performed satisfactorily to date.

Oregon law allows a public agency to award a design contract to a consultant without a competitive procurement process if the design contract is a continuation of a project on which the consultant has already provided substantial design services.

Based on an evaluation of rates and hours and subsequent negotiations with PGAL, Port staff has determined that the proposed amendment for construction support services in an amount not to exceed \$5,700,000 is fair and reasonable. PGAL would be compensated based on established hourly rates and approved reimbursables. Services under this amendment would include submittal reviews, review of change orders, site visits, quality control inspections, equipment check-outs, test witnessing, documentation and commissioning.

PGAL Contract Summary

Original Contract Schematic Design	\$ 253,926
Amendment 1: Refine Conceptual Designs	\$ 484,574
Amendment 2: Clarify Work Scope	\$ 0
Amendment 3: Final Design	\$3,800,000
Amendment 4: Administrative	\$ 0
Amendment 5: North/South Redesign & Additional Design Scope	<u>\$1,157,633</u>
Total Contract to Date	\$5,696,133

With the proposed contract amendment of \$5,700,000, the total PGAL contract amount would be \$11,396,133.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to award a Construction Management/General Contractor contract to Hoffman Construction Company for the In-line Baggage Screening Improvements project, consistent with the terms presented to the Commission; and

BE IT FURTHER RESOLVED, That approval is given to amend the existing contract with PGAL Architecture, LLC, for construction support services for the In-line Baggage Screening Improvements project 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.



Agenda Item No. 5

CONCESSION LEASE – POWELL'S BOOKS – PORTLAND INTERNATIONAL AIRPORT

November 14, 2007

Presented by: Rebecca Sonniksen
Market Development
Project Manager

EXECUTIVE SUMMARY

This agenda item requests approval to enter into a new concession lease with Powell's Books (Powell's) on Concourse D at Portland International Airport (PDX) and terminate the existing lease six months prior to its natural expiration.

BACKGROUND

Powell's has been a concession tenant at PDX since 1988 and currently operates three airport stores. Powell's is a local tenant with a world-class reputation as the largest independent bookseller in the world.

Powell's opened at this location in August 2000 with an eight-year lease term currently due to expire on June 30, 2008. Initially, this was to be a temporary location with the intent to build out a permanent store in an adjacent location. However, over the term of their lease, this temporary location became Powell's permanent location as a result of significant reductions in air carrier service and the events of September 11, which have impacted their business.

As a result of the Port of Portland's (Port) completion of a major expansion and renovation of Concourse D and the surrounding areas, as well as the addition of three international carriers with new non-stop flights, Powell's has proposed a refurbishment of this location and has requested a new lease for their location on Concourse D.

The lease term would be for ten years and six months effective January 1, 2008. As a condition to the lease, Powell's would be required to complete a refurbishment of this location, projected to be finished by the summer of 2008.

A new long-term lease is beneficial for customers, Powell's and the Port, based on a 10-percent projected sales increase that will realize \$85,000 annual revenue.

Key Business Terms

Term: Ten years and six months effective January 1, 2008, and terminating June 30, 2018.

Rent: The greater of the Minimum Annual Guarantee (MAG) or Percentage Rent, which is 10 percent of gross revenues. The MAG will be set after the first full lease year, which is July 1, 2008–June 30, 2009, and is based on 80 percent of the Percentage Rent owed.

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Tenant Investment: A minimum investment of \$150,000, and additional refurbishments as needed to maintain the premises.

This lease includes standard language for street pricing and quality assurance as well as standards for customer service, product quality, facility cleanliness and operation efficiency.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to enter into a new concession lease with Powell's Books at Portland International Airport, consistent with the terms and conditions described herein; 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.