



AGENDA
Regular Commission Meeting
Port of Portland Headquarters
7200 N.E. Airport Way, 8th Floor
September 14, 2016
9:30 a.m.

Minutes

Approval of Minutes: Regular Commission Meeting – August 10, 2016

Executive Director

Approval of Executive Director's Report – August 2016

General Discussion

Annual Environmental Review

PHIL RALSTON

Action Items

1. MARKETING REIMBURSEMENT AGREEMENT – DELTA AIR LINES, INC.

DAVID ZIELKE

Requests approval to enter into a one-year Marketing Reimbursement Agreement with Delta Air Lines, Inc.

2. PUBLIC IMPROVEMENT CONTRACT– PRE-CONDITIONED AIR UNIT INSTALLATION – PORTLAND INTERNATIONAL AIRPORT

ALAN DAKESSIAN

Requests approval to award a public improvement contract to Streimer Sheet Metal Works, Inc., to provide and install pre-conditioned air units on passenger boarding bridges at Portland International Airport.

MARKETING REIMBURSEMENT AGREEMENT – DELTA AIR LINES, INC.

September 14, 2016

Presented by: David Zielke
Director
Air Service Development**REQUESTED COMMISSION ACTION**

This agenda item requests approval to enter into a one-year Marketing Reimbursement Agreement with Delta Air Lines, Inc. (Delta), pursuant to which the Port of Portland (Port) will reimburse Delta up to \$650,000 for marketing expenses to promote the new flight between Portland International Airport (PDX) and Heathrow Airport (LHR) in London, England. These marketing funds are part of a new service incentive package authorized by PDX's Signatory Airline Lease and Operating Agreement. This incentive package is made available to Delta to support the PDX-LHR service, which launches on May 26, 2017.

BACKGROUND

In 2015, London was PDX's largest unserved transatlantic market with 42,000 origin and destination passengers. It is a highly sought after market by many airports, including PDX. To compete for this service, the air service development team prepared a business case and incentive package that includes landing fee waivers and some terminal rent waiver. This incentive package is consistent with other packages provided by the Port to carriers serving strategic markets and is common in the industry for attracting strategic air service.

This marketing reimbursement fund will allow Delta to promote the PDX-LHR route and build brand awareness. Delta has unique expertise in determining the marketing resources and products that will best promote this flight. Under this agreement, Delta will purchase marketing products, and so long as these products meet Port requirements, will be fully reimbursed.

PDX is currently the only U.S. large hub airport without service to London. PDX has year-round transoceanic service on Delta to Tokyo and Amsterdam. The flights generate over \$100 million annually in economic impacts to Oregon and SW Washington, and help local companies more effectively compete in a global marketplace, creating jobs, spending and tourism opportunities.

Funding for this marketing reimbursement is shared between the Airline and the Port Cost Centers.

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 Marketing Reimbursement Agreement with Delta Air Lines, Inc., to support the launch of the Portland International Airport-Heathrow Airport route, and

MARKETING REIMBURSEMENT AGREEMENT – DELTA AIR LINES

September 14, 2016

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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– PRE-CONDITIONED AIR UNIT INSTALLATION –
PORTLAND INTERNATIONAL AIRPORT**

September 14, 2016

Presented by: Alan Dakessian
Engineering Project Manager

REQUESTED COMMISSION ACTION

This agenda item requests approval to award a public improvement contract to Streimer Sheet Metal Works, Inc., to provide and install pre-conditioned air (PCA) units on passenger boarding bridges at Portland International Airport (PDX).

BACKGROUND

Aircraft parked at the gates require heating and cooling for the comfort of passengers and crew. There are two methods commonly used to provide this service:

- 1) Operating the aircraft’s auxiliary power unit (APU); or
- 2) Operating a PCA unit to provide conditioned air to the aircraft.

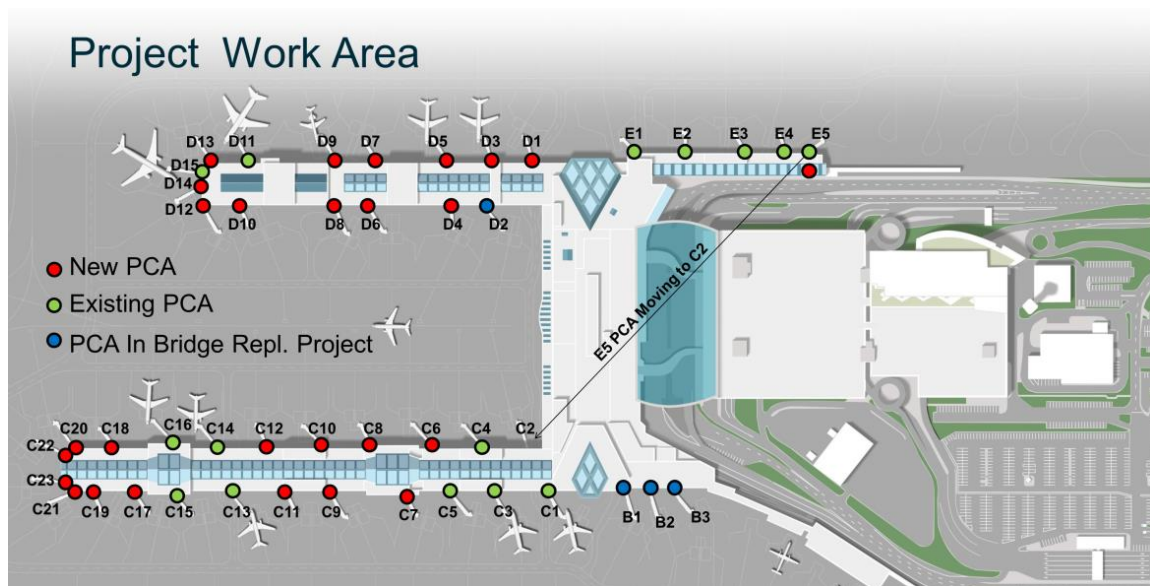
Because APUs are gas turbines that run on aviation fuel, they create substantial emissions. PCA units are powered electrically, so they do not create on-site emissions. The Port of Portland (Port) projects that this PCA equipment will reduce carbon monoxide emissions at PDX by 123 tons over its 13-year useful life. Reductions will also be realized in carbon dioxide emissions and jet fuel consumption.

The Federal Aviation Administration (FAA) operates a grant program, known as Voluntary Airport Low Emissions (VALE), to incentivize airports to invest in equipment to lower their emissions. The FAA has informally indicated its intention to award a VALE grant to the Port in the amount of \$2,911,500, which represents 75 percent of this project’s construction costs.



SCOPE

This project will provide new PCA units at all 27 gates that do not currently have one.



The scope of work includes:

- Modifications to passenger boarding bridges to accept the PCA units.
- Electrical power connections to the PCA units.
- Installation of the PCA units including system startup, commissioning, training and warranty.

SCHEDULE

Preliminary planning	October 2015 – March 2016
Airline approval	March 2016 – April 2016
Design	April 2016 – July 2016
Commission action (approve public improvement contract)	September 14, 2016
Construction	October 2016 – August 2017

PROJECT BID RESULTS

The Port of Portland (Port) procured this public improvement contract utilizing a competitive sealed bidding solicitation under ORS Chapter 279C. The solicitation was advertised on July 25, 2016 and bids were received on August 25, 2016. Streimer Sheet Metal Works, Inc., submitted the lowest responsive bid. The bids were as follows:

Streimer Sheet Metal Works, Inc.	\$3,882,000
Hydro-Temp Mechanical, Inc.	\$4,199,000
Engineer's Estimate	\$4,900,000

PROJECT RISKS

Risk: Operational and safety risks associated with ramp work.

Mitigation Strategies:

- Port Airside Operations developed a detailed "Construction Safety Phasing Plan" to identify safety concerns and to establish rules relating to construction. The contractor will be required to prepare a "Safety Plan Compliance Document" to establish that it is aware of the identified concerns and has specific plans to address them.
- There will be regular and ongoing communication and coordination with Port Airside Operations and other affected stakeholders.

BUDGET

Public Improvement Contract	\$3,882,000
Port staff and consultant services	\$700,000
Contingency	<u>\$818,000</u>
Total project budget	\$5,400,000

The contingency, representing 15.1 percent of the project cost, is considered reasonable given the risk profile for the project and the complexity of the work site.

The project cost will be funded by the Airline Cost Center, \$2,488,500; and the FAA VALE grant, \$2,911,500.

The VALE grant offer is expected by September 15, 2016. In the event the FAA does not offer the grant, or if the awarded grant amount is less than expected, the Port will likely reduce the scope of the project proportionately, particularly if the grant amount is significantly less.

EXECUTIVE DIRECTOR'S RECOMMENDATION

The Executive Director recommends that the following resolutions be adopted:

BE IT RESOLVED, That approval is given to award a public improvement contract to Streimer Sheet Metal Works, Inc., to provide and install pre-conditioned air units on passenger boarding bridges at Portland International Airport, in accordance with its bid; and

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