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16-107

RESOLUTION TO GRANT AN ONGOING EXCEPTION TO THE PORTLAND COMMUNITY COLLEGE PROCUREMENT RULES TO AUTHORIZE THE PRESIDENT OR THE PRESIDENT'S DESIGNEE TO NEGOTIATE A PERSONAL SERVICES CONTRACT WITH HILLSBORO AVIATION, INC., TO PROVIDE FLIGHT INSTRUCTION SERVICES PURSUANT TO THE COLLEGE'S AVIATION SCIENCE PROGRAM.

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REPORT: The Portland Community College ("PCC") Aviation Science ("AVS") Program has had a unique long-term partnership with Hillsboro Aero Academy, Inc. ("HAA"), beginning in the 1990s when HAA worked with PCC to create the program. The United States Veterans Administration ("VA") pays flight training fees for veterans under the GI Bill A VA rule change in 2010 changed relationship between PCC and HAA from a public/private partnership to a contractual relationship. Because PCC's Personal Services Contract Rules would otherwise require PCC to compete the contract through a request for proposals process, staff is requesting an exemption from these Rules to enable direct negotiation of a contract so that PCC can continue its beneficial relationship with HAA. The Board granted a similar exemption in 2010 to enable direct negotiation of the current contract.

The Background: The AVS Program provides an opportunity for students to earn an Associate of Applied Science degree, while at the same time earning their Federal Aviation Administration ("FAA") Commercial Pilot and Flight Instructor certificates in either airplanes or helicopters. PCC provides aviation academic courses that exceed the FAA requirements. The flight training is provided by HAA. The program was approved by the FAA and classes began in the fall of 1999, with the addition of the helicopter option in fall of 2001.

Prior to the VA rule change in 2010, students registered at PCC for the courses that involved flight training, and then paid flight training fees directly to HAA. The VA rule change (Chapter 33) requires PCC to collect all the flight training fees and transfer them electronically to HAA for all PCC AVS students, not just VA students, in order to remain approved for VA-funded students. Staff at PCC's business office,

PCC's VA office, and HAI's accounting department all worked over the summer of 2009 to build a system of fee collection to allow fee tracking.

The Issue: The FAA rule change was basically an accounting change; it did not change the programmatic relationship or the sources of funding. But the fact that PCC is collecting the flight training fees and making payment to HAA to provide flight training for PCC students arguably converts the relationship between HAA and PCC from a public/private partnership to a contractual relationship. Such a contract would be a "personal services contract" (a contract for services that calls for specialized skills, knowledge, and resources) under PCC procurement rule CCR.250. Because the total amount of the fees for flight training is approximately \$3 million on an annual basis, CCR.250.III.B would require that PCC conduct a formal request-for-proposals process to award a contract to provide flight training services.

A contract procured through the request-for-proposals process is awarded based on qualifications, not on price. Because of the long-standing and beneficial relationship between HAA and the AVS Program, staff does not believe that competing the contract is in the best interest of PCC. Competing the contract is also unlikely to produce a different result, given HAA's expertise and experience with the Program. Examples of the integral relationship between the AVS Program and HAA:

- HAA paid a significant portion of the cost for development of the AVS Program in the late 1990s.
- HAA has fully integrated its FAA-approved syllabi with PCC's degree program and approved courses, including:
 - Standardizing scoring and grading of the flight training;
 - Obtaining FAA approval to use PCC's online courses to fulfill FAA ground training requirements.
- HAA donated a flight simulator to PCC for student use.
- HAA provides professional assistance to potential PCC students, including:
 - One-on-one advising on flight-related issues;
 - Tours of their facility for prospective PCC students;
 - Access to financial assistance through their relationships with private lenders;
 - Personnel dedicated to assisting PCC students with VA and international visa issues.
- HAA partnered with PCC's accounting staff to develop new methods of collecting student flight training fees to conform with new VA chapter 33 rules:
 - HAA provided the accounting personnel required to reconcile complex money transfers;

- HAA provided the accounting personnel required to provide service to PCC students with regard to account balances, reconciliations, and refunds;
- HAA provided extra service to PCC's veterans who wish to begin flight training prior to funding;
- HAA currently pays the 2% service charge for money transferred via PCC.
- HAA is the largest FAA certified flight school in the region:
 - HAA has the highest level of FAA oversight of any school in the northwest;
 - HAA has an extensive staff of flight school management personnel to ensure the quality of instruction;
 - HAA's excellent reputation among potential employers has advanced the careers of many PCC students;
 - HAA is the only accredited (non-collegiate) flight school in Oregon;
 - HAA is under contract with some of the largest airlines in Asia for commercial pilot training.
- HAA carries the maximum insurance available for purchase by any flight school in order to conform to PCC's requirements.
- HAA paid the first two years of PCC's instructional costs for the SE Center expansion, amounting to a total of \$60,000.
- HAA opened a Troutdale Airport flight training facility to support the SE Center students.
- HAA maintains FAR Part 145 Repair Station certificate:
 - Ensures highest level of general aviation maintenance quality possible for our students' aircraft;
 - Requires much higher standards, oversight, documentation, and auditing than non-145 certified maintenance facilities.
- HAA has provided marketing support for the AVS Program throughout its history, including:
 - Materials such as posters and fliers;
 - Air show and tradeshow booth space;
 - Personnel at high school career fairs;
 - Mailing lists for targeted mailing campaign;
 - Developed and purchased banners for all PCC campuses.
- HAA hosts an annual Aviation Career Day for aviation-focused high school students, prominently featuring PCC;
- HAA has consistently provided contact with international business partners, including the most recent which led to our Sister-College relationship with the Guangzhou Civil Aviation College in China.
- HAA has a robust international student program that provides for a rich multi-cultural experience for PCC students.
- HAA has been proactive and professional in dealing with PCC student issues as they arise:

- HAA has communicated effectively with the AVS Program in a timely manner;
- HAA has provided personnel promptly when requested to resolve issues;
- HAA has been willing to make internal changes when warranted.
- HAA has provided helicopters, personnel, and materials in support of PCC's Aviation Maintenance Technology Career Day.
- HAA operates a robust, diverse company with many facets, and so is financially stable regardless of fluctuations in the flight training market.

For these reasons, it would be disruptive to the program and/or a waste of time and resources to compete the contract under the College's procurement rules. PCC's Personal Services Contracts Rules are essentially at the discretion of the Board of Directors, acting as the Local Contract Review Board, under ORS 279.055, 279A.060, and 279A.070. Staff believes that an exception to these rules is warranted given the unique history and relationship in this case.

RECOMMENDATION: That the Board of Directors of Portland Community College District, acting as the Local Contract Review Board of the District, resolves to grant an exception to the procurement requirements of CCR.250 and authorize the President or the President's designee to negotiate and execute a contract with Hillsboro Aviation, Inc., for a term not to exceed five (5) years to continue to provide flight instruction services to PCC students pursuant to PCC's Aviation Sciences Program.