

PORT COMMISSION OF THE PORT OF EDMONDS
MINUTES OF REGULAR MEETING

June 24, 2013

COMMISSIONERS PRESENT

Jim Orvis, President
Mary Lou Block, Vice President
David Preston, Secretary
Bruce Faires
Fred Gouge

STAFF PRESENT

Bob McChesney, Executive Director
Marla Kempf, Deputy Director
Tina Drennan, Finance Manager
Brian Menard, Facilities Maintenance Mgr.

OTHERS PRESENT

Bradford Cattle, Port Attorney
Karin Noyes, Recorder

CALL TO ORDER

Commission President Orvis called the regular meeting to order at 7:00 p.m.

PLEDGE OF ALLEGIANCE

All those in attendance participated in the Pledge of Allegiance to the American Flag.

CONSENT AGENDA

The Commission amended their agenda to include Resolution No. 13-05, Approving Emergency Cleanup and Repair of Water Damage in Harbor Square Building 4 and Waiving Competitive Bidding Requirements. The resolution was added to the agenda as Item VI.D.

COMMISSIONER GOUGE MOVED THAT THE CONSENT AGENDA BE APPROVED TO INCLUDE THE FOLLOWING ITEMS:

- A. APPROVAL OF AGENDA AS AMENDED**
- B. APPROVAL OF JUNE 10, 2013 MEETING MINUTES**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$189,280.61**

COMMISSIONER PRESTON SECONDED THE MOTION, AND THE MOTION CARRIED UNANIMOUSLY.

PUBLIC COMMENTS

No one in the audience indicated a desire to address the Commission during this portion of the meeting.

CERTIFICATE OF RECOGNITION – ANYA RUSAKOVA – SEA JAZZ

Because Ms. Rusakova was unavailable, the presentation was postponed to a future meeting.

HARBOR SQUARE BUILDING 2 ROOF OVERLAY CONTRACT

Mr. McChesney advised that the Harbor Square Building 2 was constructed in 1984, and the existing roof is original and beyond its useful life. He referred the Commission to background information that was attached to the Staff Report and reminded them that several attempts have been made to stop water leaks in recent years, but none have held up. Most recently, the Port approved a contract to patch another 8,500 square feet of roof, and the work was completed in the second quarter of 2012. Later in 2012, the Port awarded a contract to patch the remainder of the roof. However, after waiting six months for the work to be done, the Port and contractor mutually agreed to terminate the contract. During that timeframe, the Port found that the previous patch repairs were failing, and they went out to bid for a complete roof overlay in May of 2013. The Port received five bids, and the apparent low bidder was Scholten Roofing, Inc. with a bid of \$450,979 plus sales tax. He noted that while the Scholten Roofing bid contained a few informalities, staff and Port counsel determined that they were insignificant, would not impact the bidding process and were appropriately waivable by the Port. He advised that the contractor can start work when the Port receives the signed contract, performance bond, payment bond, insurance documentation, Internal Revenue Service Form W-9 and a list of subcontractors. Work must be substantially completed by September 20, 2013.

Mr. McChesney advised that the total cost of the project, with tax included, would be \$493,822. In addition, staff is recommending a 15% contingency for repairing and replacing roof decking and structural roof framing that may be damaged or have dry rot. He explained that, at the current net rental income of \$281,056 per year and assuming the contract absorbs the full contingency amount to \$566,895, the pay back would be approximately two years. The source of funding would be capital reserves.

Mr. McChesney summarized that the proposed contract meets the Port's mission statement of providing and/or fostering quality services and facilities for tenants and the boating community. He recommended the Commission authorize him to enter into a contract with Scholten Roofing, Inc. in the amount of \$450,979 plus sales tax. He further recommended the Commission authorize a contingency of 15% for repairing and replacing roof decking and structural roof framing that may be damaged or have dry rot.

Mr. McChesney referred the Commission to the bid tabulation, which identifies Scholten Roofing, Inc. as the low bidder. He noted that Meyer Brothers, the contractor that replaced the roof on the Anthony's building was the high bidder. He advised that there was a significant spread in the bid totals.

Mr. McChesney reminded the Commission that the Port relied on BEE Consulting to prepare the engineering specifications for the new roof. While he was disappointed in the bid amounts, the process was open and fair, and he sees no benefit to rejecting all bids and rebidding the project. He emphasized that the Port is under a time constraint in that the project needs to be completed during the summer dry season. He reviewed that the original specifications called for a Polyvinyl Chloride (PVC) type of roof, which the engineer estimated would cost about \$480,000. In an effort to get more competitive bids, the specifications were later revised to allow a Thermoplastic Polyolefin (TPO) type of material. However, this change did not have any apparent impact on the project costs. He recommended the Commission award the contract so the project can move forward as soon as possible.

Mr. McChesney advised that the proposed project is much more complicated than a simple roof overlay. For example, all of the skylights on the roof need to be replaced as part of the project at a cost of about \$200,000. Removing and replacing the roof equipment will also result in a significant cost.

Commissioner Faires asked about the quality of the estimate based on the condition of the roof's structural support system. Mr. McChesney said there has been some water intrusion into the roof's membrane, but they do not know how extensive the damage is at this point. In addition, they will not know the condition of the underlayment, until the existing roofing material is removed. As the project moves forward, the contractor will report any soft spots that are found.

Mr. Menard said he conducted a walking inspection of the roof and knows that there are at least a few areas of concern. The contractor will conduct some core samples to judge the condition of the roof decking, and these samples will advise how far they will need to tear into the roof for investigative purposes. He said he does not

anticipate any significant issues with the roof's membrane, but he does anticipate that some of the plywood underlayment will need to be replaced.

Commissioner Faires requested additional information about the 15-year warranty. Mr. McChesney explained that a TPO roof is patchable and repairable. While it is not quite as stout as a PVC material and may be more susceptible to penetration, consultations with people in the roofing industry and engineers have led staff to believe that TPO will be an acceptable material. Regarding the warranty, Mr. McChesney explained that there is a significant cost difference between 15 and 30-year warranties. While the roof material and application are basically the same, you pay more to the contractor as a risk payment for a 30-year warranty. He said the Port has a lot of confidence that Scholten Roofing, Inc. will stand behind their work and fix any problems that come up, and the consulting engineer has indicated that warranty claims are uncommon.

Commissioner Preston asked if it would be possible to eliminate the skylights. Mr. McChesney said staff has contemplated this option. While there is some merit to this approach, it would not likely result in a cost savings for the project. Removing the skylights would require crickets to be constructed and lights to be added in each area where a skylight is removed. Fire suppression would also be required. He summarized that, all things considering, the right thing to do is replace the existing skylights.

COMMISSIONER FAIRES MOVED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH SCHOLTEN ROOFING, INC. IN THE AMOUNT OF \$450,979 PLUS SALES TAX AND THAT THE COMMISSION ESTABLISH A 15% CONTINGENCY FOR REPAIRING AND REPLACING ROOF DECKING AND STRUCTURAL ROOF FRAMING THAT MAY BE DAMAGED OR HAVE DRY ROT. COMMISSIONER GOUGE SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

Commissioner Orvis observed that state requirements for government entities substantially increase construction costs.

DALTON ELECTRIC – ELECTRICAL UPGRADES PHASE 1 WORK ACCEPTANCE

Ms. Drennan reviewed that in March, the Commission authorized the Executive Director to enter into a contract with Dalton Electric Company to upgrade the marina electrical service feeders and taps on guest Moorage Docks J, K, and L and the Travelift Lane. In April, the Commission approved Change Order #1 to replace the electrical feeder serving the Fire Boat Dock. In June, the Commission approved Change Order #2 to install conductors from the pedestals on the main walkway to the light poles on J and K Docks. The contract amount was \$73,812.64 plus sales tax of \$7,012.20 for a total project cost of \$80,824.84.

Ms. Drennan further reviewed that work began in April and was completed on June 14th. Harbor Power Engineers inspected and approved the work on June 6th, with the exception of some punch list items (see completion letter attached to Staff Report). The Facilities Maintenance Manager has confirmed that the punch list items have been completed, and staff is now requesting that the Commission accept the project as complete. Upon acceptance of the project by the Commission and upon receipt of the final paperwork from the contractor, staff will file the required paperwork with the Department of Revenue, Department of Labor and Industries, and Employment Security. Upon receiving releases from the three state departments and a lien release from the contractor, the Port will release the contractor's retainage.

Ms. Drennan summarized that the project met the Port's mission statement of providing and/or fostering quality services and facilities for tenants and the boating community. She recommended the Commission accept the Electrical Upgrades Phase 1 contract as complete.

COMMISSIONER FAIRES MOVED THAT THE COMMISSION ACCEPT THE ELECTRICAL UPGRADES PHASE 1 CONTRACT AS COMPLETE. COMMISSIONER GOUGE SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

HOIST ROLLER AND CHAIN REPLACEMENT

Mr. McChesney reminded the Commission that the Hoist lift truck is coming up on 2,000 hours of operation, and scheduled maintenance will require the replacement of the mast roller and chain assemblies. In past operations with the lift truck, there has been an ongoing issue with the factory over the premature wear on all mast roller assemblies due to the soft metal that the assemblies are made from. The factory has agreed to warranty four new heat-treated roller assemblies and provide installation. The Port's obligation will be to replace the four lift chains at a cost of \$14,465.22 plus sales tax. He noted that the Port solicited bids from both Leavitt Machinery and Toyota Lift Truck, and Leavitt Machinery was the lowest estimate.

Mr. McChesney commended Mr. Menard for doing a wonderful job working with both the dealer and the factory representative to get them to understand the issues the Port has faced since the beginning and to encourage them to abide by their warranty obligations. He pointed out that the extended warranty will expire in August, and then the Port will be on its own to maintain and repair the equipment. Staff believes that, with proper maintenance and operation, they should be able to keep the machine operating efficiently and in good form for quite some time.

Mr. Menard said he has done everything in his power to put pressure on the factory to pay for the rollers, which were originally going to be replaced at the Port's expense. He noted that Leavitt Machinery exerted significant pressure on Hoist to do the right thing with the situation. He reported that the machinery is up to date maintenance wise, and staff will continue to give it the attention it needs. They hope they have worked out all the past issues.

Commissioner Faires asked for more information about the soft metal that has been used on previous rollers. Mr. Menard said the Port has replaced the rollers previously, and they have had the same failure rate because the metal is not strong enough to deal with the stress of normal operations. He said the factory finally admitted that they do not heat treat their rollers. The current rollers are wearing 80% faster than the chains. A recent engineer inspection revealed that the metal filings from the rollers are causing the chains to deteriorate faster, as well. They are hoping the new rollers will last longer if properly maintained.

COMMISSIONER GOUGE MOVED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE DIRECTOR TO ACCEPT THE ESTIMATE FROM LEAVITT MACHINERY TO REPLACE THE HOIST ROLLER AND CHAIN IN THE AMOUNT OF \$14,465.22 PLUS SALES TAX. COMMISSIONER BLOCK SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

RESOLUTION No. 13-05, APPROVING EMERGENCY CLEANUP AND REPAIR OF WATER DAMAGE IN HARBOR SQUARE BUILDING 4 AND WAIVING COMPETITIVE BIDDING REQUIREMENTS

Mr. McChesney reported that on the morning of Sunday, June 23rd, a tenant in Harbor Square Building 4 found water leaking into his space on the first floor. The Fire Department was contacted. Upon entering Building 4 Suite 202, they found the source of the leak was the supply line to a toilet and the water supply to the toilet was shut off. It appears that the supply line broke sometime Saturday evening or Sunday morning. One tenant suite on the second floor and two tenant suites on the first floor were affected. The Port staff and Property Manager arrived on site and contacted Serv Pro to begin remediating the damages. Dehumidifiers and fans were installed in all spaces, and the rubber base was removed in numerous areas. The carpet pad in the hallway and reception areas of Suite 202 was removed, as well. The Port is waiting for Serv Pro to determine the next steps, which may include removing and replacing the drywall and carpet or just cleaning them.

Mr. McChesney advised that the Port has contacted their insurance carrier, Enduris, and an adjuster visited the site on Monday morning. He noted that the Port's deductible is \$5,000. He recommended the Commission approve Resolution No. 13-05, declaring an emergency and allowing the Port to waive competitive bidding requirements for contracts to cleanup and repair the water damage. Approval of the resolution would allow the Port to enter into contracts with a total amount not to exceed \$50,000 plus sales tax without bidding the contracts. He noted that the resolution would have no impact on the insurance reimbursements.

Mr. McChesney commended staff for their excellent response to the situation. There was not much they could do except turn the water off, notify tenants, and start the cleanup, and staff did a good job of attending to the immediate needs of the situation and working with the tenants.

Commissioner Faires asked if Port staff has keys to all of the spaces at Harbor Square. Mr. McChesney answered affirmatively.

Commissioner Faires asked if Enduris will be involved in the remediation process or if they will allow the Port to choose the contractors that will do the work. Ms. Drennan said a representative from Enduris reviewed the work done by Serv Pro and agreed that they were taking the appropriate steps to resolve the situation. He indicated he would remain in contact with Serv Pro to make sure all of the necessary work gets done. She said Enduris will likely be involved in approving the cost of the contracts, but they will not likely be responsible for hiring the contractors. The resolution will allow the Port to avoid the bid process, but prevailing wages and other state requirements will still be required.

Commissioner Orvis asked about the cause of the waterline break. Mr. Menard said the break was a result of fatigue, which is a common problem. Commissioner Preston suggested that Port staff should inspect other toilets at Harbor Square and replace the waterlines as necessary.

COMMISSIONER PRESTON MOVED THAT THE COMMISSION APPROVE RESOLUTION NO. 13-05, APPROVING EMERGENCY CLEANUP AND REPAIR OF WATER DAMAGE IN HARBOR SQUARE BUILDING 4 AND WAIVING COMPETITIVE BIDDING REQUIREMENTS. COMMISSIONER BLOCK SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

Mr. Cattle left the meeting at 7:35 p.m.

COMMISSION MEETING SCHEDULE

Mr. McChesney noted that no items are scheduled on the agenda for the July 8th meeting, but staff will likely provide some reports. He invited the Commissioners to identify potential agenda topics, as well. Rather than an accounts payable only meeting, the Commission agreed to hold a regular meeting on July 29th to discuss some of the many items tentatively scheduled on the August 12th agenda.

Commissioner Orvis announced that the City Council would likely take some type of action on the Harbor Square Master Plan application on July 23rd.

Commissioner Faires suggested the Commission schedule a work session to discuss a strategic plan vision for Harbor Square. Mr. McChesney said this item is already on staff's to-do list. He reminded the Commission that they previously requested that staff conduct a condition survey and analysis of Harbor Square. This information can be used to start the Commission's workshop discussion.

Mr. McChesney pointed out that budget discussions will begin again in August. At that time, staff will provide a more refined schedule. He noted that the roofing project for Harbor Square Building 2 significantly altered the cash flow more, and the cost came from the cash reserve. In light of the latest developments, the Commission should consider adding at least \$1 million to the capital budget over the next five years for projects at Harbor Square.

Commissioners Orvis and Preston indicated their plans to attend the Washington Public Ports Association's (WPPA) Small Ports Conference on October 17th and 18th in Leavenworth. Commissioner Block said she would attend the WPPA Environmental Seminar on September 26th and 27th in Vancouver. Commissioner Preston said he would attend the WPPA Trade and Economic Development Seminar on August 22nd and 23rd in Centralia, and Commissioner Orvis agreed to attend the WPPA Annual Conference in Tacoma on November 20th through 22nd.

EXECUTIVE DIRECTOR'S REPORT

Mr. McChesney reported that Eric Laschever, K&L Gates, is working to prepare a letter to the Edmonds City Council to express the Port's position on the Shoreline Master Program (SMP) Update. He said he expects the letter will be ready to go out later in the week and a copy will be circulated to the Commissioners. He explained that the letter will put the Port in a solid position relative to the City Council's inclination to expand the buffers beyond what

the Port and City staff have already agreed is necessary. The letter points out that if the City Council insists on expanding the buffers beyond 50 feet, they may place the City in legal jeopardy to defend their position.

Mr. McChesney advised that he would attend an open house sponsored by the City to discuss the issue of stormwater at the intersection of SR-104 and Dayton Street. The City hired a consultant to complete a conditions survey and assessment. It was no big surprise that the consultant found that stormwater drains into the marsh, but it cannot drain out because culverts are plugged. In addition, some of the culverts are offset from where the creeks currently flow and turns are necessary. One remedy is to make the culverts bigger and more fish friendly, but this will not address the problem of water being unable to drain from the marsh.

Mr. McChesney recalled that the Port has repeatedly pointed out that redeveloping Harbor Square is the City's ticket for funding to move forward with marsh restoration and daylighting Willow Creek, and the City's engineering consultant acknowledged this same thing. Commissioner Block observed that the organization most disappointed when the Harbor Square Master Plan was withdrawn was Friends of the Edmonds Marsh. The people who said that redevelopment at Harbor Square would be bad for the marsh should have listened to their counsel. Mr. McChesney summarized that the solution is incredibly straightforward, but expensive. The main challenge will be finding funding to move the project forward.

Commissioner Orvis recalled that the Commission just approved a contract to replace the roof on Building 2 at Harbor Square for a total cost of nearly \$500,000. The Port is no longer interested in replacing the building at this time. The City missed its opportunity to get improvements to the Edmonds Marsh as part of Harbor Square redevelopment.

Ms. Kempf reported that she will travel to Olympia to meet with the Recreation and Conservation Office (RCO) Board to discuss the Port's grant application for funding to make upgrades to the public launcher. She explained that the Board is currently considering the staff's recommendations for how the grant dollars should be distributed. There were a total of 27 projects under consideration, and the Port's project was ranked third. Staff is optimistic that the project will be funded. Mr. McChesney advised that the engineering work for the public launch upgrade has been completed, and the project is ready to go out to bid as soon as the grant funding is awarded. Ms. Kempf said she would make a brief presentation to the RCO Board on the value of the project to the community and encourage them to accept the Port's proposal.

COMMISSION COMMENTS AND COMMITTEE REPORTS

Commissioner Block advised that she is registered to attend some sessions of the Arts Summit, which is sponsored by Edmonds Mayor Earling. Mr. McChesney said the Port has been particularly invited to participate in the collaboration session to share how the Port has collaborated with the Edmonds Arts Festival and Sea Jazz as examples of how local jurisdictions can collaborate to bring about good results in the arts field.

Commissioner Preston announced that he would participate in an Enduris Webinar on June 25th regarding open public meetings. He said he and Commissioner Orvis will meet with County Commissioner Brian Sullivan later that same day. He reported that he attended the Arts Festival Patron's party, as well as the after-hours event that was sponsored by the Edmonds Center for the Arts and the Chamber.

Commissioner Preston recalled the Commission's earlier discussion about using www.myedmondsnews.com to advertise Port events and activities. Ms. Kempf agreed to explore this option further. Commissioner Block said the Commission also discussed the opportunity to display local advertisements at the Edmonds Theatre before each movie starts. The Commission discussed that this opportunity could be used to promote the Port and focus on the message they want to send to the community. Commissioner Orvis cautioned against spending significant staff time preparing advertisements and announcements for display at the Edmonds Theatre. He suggested they limit their advertisements at the theatre to specific events that are sponsored by the Port.

Commissioner Block referred to a letter from the Economic Alliance Snohomish County to the legislature and asked if any of the legislators have responded or if the Alliance expects any action. Commissioner Orvis explained that the purpose of the letter was to raise awareness of the needs of Snohomish County. He noted that Snohomish

County has led the state in recovering from the recession, and there are some specific and carefully laid out projects that need to be done such as improvements to the Highway 99 Corridor.

Commissioner Preston announced that Economic Alliance Snohomish County is sponsoring the Chamber after hours event on July 10th from 5:00 to 7:00 p.m. at the City Park.

Commissioner Gouge reported on his attendance at the Edmonds Arts Festival Patron's event where he talked to a lot of people about the Port. He also requested an update on the Port's new Artist in Action Program. Mr. McChesney said other artists have agreed to participate in the program, and the Port is interested in expanding the program so it becomes more like a plein air event. Engaging more artists would create a more dynamic atmosphere.

Commissioner Gouge announced his plan to attend a retirement party for Steve Johnston of Landau and Associates.

Mr. McChesney said the Port recently received a notice from the Department of Ecology stating that the Port had an incomplete cleanup action on the Furbreeders site. At the Port's request, Mr. Johnston researched the issue and wrote a letter of response on the Port's behalf.

Commissioner Gouge announced that the 2013 fishing season is expected to be good, and people are already seeing schools of fish along the shoreline.

Commissioner Orvis reported that he attended a portion of the City Council's recent retreat where the Harbor Square Master Plan was one topic of discussion. Nothing was resolved and there does not appear to be any common ground amongst the City Council Members.

Commissioner Orvis said he was recently contacted by a reporter for *THE EVERETT HERALD*, regarding the Port's volunteer program. The article is to run on July 8th, but it might be postponed. The reporter encouraged the Port to submit news tips at www.heraldnet.com. It was explained that every reporter in the Herald organization visits this site to obtain source material. He suggested the Port try this approach to advertise important events or activities.

ADJOURNMENT

The Commission meeting was adjourned at 8:15 p.m.

Respectfully submitted,

David Preston
Port Commission Secretary