

## **PORT COMMISSION OF THE PORT OF EDMONDS**

### **MINUTES OF REGULAR MEETING**

**June 30, 2014**

---

#### **COMMISSIONERS PRESENT**

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

#### **STAFF PRESENT**

Bob McChesney, Executive Director  
Marla Kempf, Deputy Director  
Tina Drennan, Finance Manager

#### **OTHERS PRESENT**

Bradford Cattle, Port Attorney  
Karin Noyes, Recorder

#### **COMMISSIONERS ABSENT**

Jim Orvis, President

#### **CALL TO ORDER**

Vice President Preston 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**

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

- A. APPROVAL OF AGENDA**
- B. APPROVAL OF JUNE 9, 2014 MEETING MINUTES**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$964,269.39**
- D. RESOLUTION NUMBER 14-03, AUTHORIZING THE SALE OF ABANDONED TRAILER**
- E. APPROVAL OF SECURITY ON POE 2 LLC LEASE AGREEMENT**

**COMMISSIONER GOUGE SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.**

#### **PUBLIC COMMENTS**

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

#### **WEB PAGE STATUS REPORT**

Mr. McChesney reviewed that the Commission discussed the Port's website and plans for redesign at their January retreat. Since that time, a Request for Proposals (RFP) was published, with a submittal deadline of April 9<sup>th</sup>. A review committee (Commissioner Preston, Commissioner Gouge, Ms. Kempf, Mr. McChesney, and Mr. Osterman) reviewed the responses and interviewed the top two candidates on April 29<sup>th</sup>. Upon recommendation by the committee, the Commission awarded a contract to Out of Web Site! on June 16<sup>th</sup>. A kick-off meeting was held on June 17<sup>th</sup> where the consultant solicited specific feedback from the committee and the committee provided clear direction for moving forward with the project. A second design conference was held on June 25<sup>th</sup> to further discuss

the details. The Port has contracted with a local photographer, Michael Dickter, to provide photography assets needed for the website update, including an aerial photograph of the marina. He started his work today (June 30<sup>th</sup>), and plans to make two or three more visits to the Port to complete the project.

#### **HART CROWSER TENANT IMPROVEMENT STATUS REPORT**

Mr. McChesney reviewed that the Port went out to bid for the Hart Crowser Tenant Improvement Project in Harbor Square Building 1 on May 15<sup>th</sup>, and subsequently entered into a contract with All Phase Interiors, LLC on June 9<sup>th</sup>. Since that time, the contractor has completed demolition of the existing office space and crews are working on the interior walls. It is a nice space and he believes Hart Crowser will be pleased when the project is done. At this time, the contract is on schedule, and most of the demolition work was done at night to minimize disruptions to existing tenants.

#### **HARBOR SQUARE BUILDING 1 HVAC STATUS REPORT**

Mr. McChesney recalled that replacement of all HVAC units was identified as a high priority in the comprehensive condition survey of all buildings at Harbor Square. The Commission accepted the price quotation from D.K. Systems and a contract was issued on May 27<sup>th</sup> to replace the units in Building 1, and the contractor was on site last week to review the mechanical and curb layout for the new equipment placement. It is anticipated that the equipment will be delivered by July 3<sup>rd</sup> and will be installed starting the week of July 7<sup>th</sup>. Installation is expected to take approximately two weeks and should be completed by the end of July.

#### **HARBOR SQUARE BUILDING 1 ROOF CONTRACT**

Mr. McChesney reviewed that roof overlays were also identified as a priority in the comprehensive condition survey, and the Hart Crowser Lease in Building 1 increased the urgency of moving forward with the Building 1 roof contract. He reported that the Port went out to bid on June 12<sup>th</sup> for a roof overlay project similar to what was done on Buildings 2 and 5. Bids were due on June 27<sup>th</sup>. The Port received three bids, and the low bidder was Scholten Roofing, Inc. for a total amount of \$64,753 plus sales tax. The contractor is ready to move forward as soon as the HVAC project is finished.

Mr. McChesney recommended the Commission authorize him to enter into a contact with Scholten Roofing, Inc. in the amount of \$64,753 plus sales tax, as well as a contingency of 15% for repairing and replacing roof decking and structural roof framing that may be damaged or have dry rot. He noted that all of the Building 1 projects should be finished by the end of September, and he believes the Port will be pleased with the completed work.

Commissioner Preston noted that two of the three bids indicated a much higher cost. He asked if the higher bids represent more work or higher quality work. Mr. McChesney said the bid amount often depends on how bad the contractor wants the work. He explained that the Building 1 roof contract is considered by contractors to be "fill-in" work. They are booked with large jobs, but they like to pick up smaller jobs to keep their crews busy. He noted that Scholten Roofing, Inc. did the roof overlay on Buildings 2 and 5, as well as the Harbor Inn. They know the buildings, feel good about working with the Port, and have demonstrated to the Port that they do good work.

**COMMISSIONER FAIRES MOVED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH SCHOLTEN ROOFING, INC. IN THE AMOUNT OF \$64,753.00 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, WHICH CARRIED UNANIMOUSLY.**

#### **HART CROWSER TENANT IMPROVEMENT CONTRACT CHANGE ORDER**

Ms. Drennan reviewed that the Commission approved a lease agreement with Hart Crowser in March, which required the Port to perform tenant improvements to prepare the space. The Port and Hart Crowser hired Allbee Romein to prepare bid specifications, and the Commission awarded a contract to All Phase Interiors, LLC on June 9<sup>th</sup>. The demolition work, which started the week of June 16<sup>th</sup>, exposed items that were unseen and unknown

because they were hidden within the walls. Brian Menard, the Port's Facilities Maintenance Manager, has been supervising the project and agrees with the change order request to address these additional items.

Mr. McChesney explained that during demolition work, the contractor found refrigeration lines, water lines, etc. behind the walls. These must be relocated to accommodate the new layout. He commented that it is not realistic to get through a remodel project without some change orders, and this issue could not have been known prior to demolition. The normal procedure would be for the contractor to write up a change order proposal for the architect's review and approval, and then the change order would be brought to the Commission for final approval. However, because it is important to keep the project moving forward and the Commission's next regular meeting will not be until July 28<sup>th</sup>, staff is asking the Commission for conditional approval subject to formal approval by the architect (Allbee Romein) and Hart Crowser. He said he met with a representative from Hart Crowser earlier in the day, and it was clearly understood that the additional work must be done. However, she indicated she would need to review the change order request with those higher up before offering final approval.

Mr. McChesney observed that even with the totality of the change order, the base bid, architectural design, and permits, the project should still fall within the tenant improvement allowance identified under the lease for recovery.

**COMMISSIONER GOUGE MOVED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE DIRECTOR TO APPROVE ALL PHASE INTERIORS' ESTIMATE #2014-203 IN THE AMOUNT OF \$18,189.76 PLUS SALES TAX, ON THE CONDITION THAT HART CROWSER AND ALLBEE ROMEIN ALSO APPROVE THE CHANGE ORDER. COMMISSIONER FAIRES SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.**

#### **EXECUTIVE DIRECTOR'S REPORT**

Mr. McChesney reported that he is starting a three-year term on the board of the Snohomish County Tourism Bureau. He advised that he met recently with Jane Kilburn, Director of Tourism Development for the Port of Seattle, to discuss opportunities for the Snohomish County Tourism Bureau to partner with the Port of Seattle to create a program that encourages visitors from the cruise ships to visit destinations in Snohomish County, including downtown Edmonds and the waterfront.

Ms. Drennan reported on her attendance at the Washington Public Port Association (WPPA) Finance Meeting that both she and Commissioner Gouge attended. She specifically noted the following:

- She attended a presentation by the State Auditor's Office where it was announced that their website had been redesigned. The discussion focused on new Government Accounting Standards Board (GASB) statements such as recording a liability for pensions to be paid through the State and liability for Other Post-Employment Benefits (OPEB). She learned that the Port's audit is scheduled to start on August 4<sup>th</sup>.
- She attended a session regarding performance measures where they discussed good and bad types of performance standards, and several examples were provided.
- She attended a session related to Health Care Updates, where the 16 provisions that were effective January 1, 2014 were reviewed, as well as those that will become effective over the next several years.
- She participated in a session where the Port of Seattle discussed their treasury functions. While the Port of Edmonds does not have a large portfolio, it appears it has been set up correctly for its size.
- There was a lengthy session on bond issuance where it was discussed that ports should develop issuance compliance policies to avoid problems with the Internal Revenue Service and potential arbitrage penalties. They also discussed the new requirement that municipal advisors must be regulated, as well as the continuing disclosure requirements. There was a presentation regarding credit ratings, noting that it is important to maintain an Aa3 rating or above, which the Port currently has.

- The WPPA Legislative Update discussed the training required for public officials and employees regarding public records, records management and open public meetings requirements. They also discussed new Holidays of Faith and Conscience Legislation mandating that employers provide two unpaid holidays to employees.
- There was a session regarding public records management. Because she has attended a number of training sessions regarding this topic, she did not learn anything new.
- An Information Technology (IT) specialist discussed the improvements that have been made at the Port of Anacortes, one of which was the installation of its own Wi-Fi at a cost of \$250,000.

Commissioner Gouge said he also attended the Finance Meeting, where there was significant discussion about going away from cash transactions and doing everything electronically. He suggested that, eventually, the Port staff and Commission will have to have this discussion. Mr. McChesney agreed it is important to discuss options for moving away from cash transactions. Because credit cards are the way people currently do business, offering the opportunity would be considered good customer service. However, he does not anticipate the Port will issue credit cards for all employees to conduct transactions on behalf of the Port. Credit card controls for port acquisitions are tight and well ordered and he does not anticipate any changes.

**Ernie Collins, Edmonds Yacht Club**, advised that the yacht club is in the process of modifying its web site, as well. As part of this project, they have started an electronic payment program where people will eventually be able to use credit cards to pay for services, etc. Each transaction will be automatically accounted for. They are also working to develop a program that allows customers to use bank account numbers rather than credit cards. Testing of these new programs is going well; and when all is said and done, the yacht club believes the service will be a draw.

Commissioner Preston requested more information about the new requirement that municipal advisors must be regulated. Ms. Drennan said the Securities and Exchange Commission (SEC) will be responsible for making sure municipal advisors comply with the new regulatory requirements. Previously, there was no requirement that they be registered.

Commissioner Preston pointed out that there are numerous new provisions related to health care in addition to the 16 that became effective on January 1<sup>st</sup>. For example, employers will be required to notify their employees when they terminate that they could go into the public exchange rather than Cobra.

Mr. McChesney announced that the Port received a card and a commemorative plaque from the Edmonds Arts Festival Board and Foundation in recognition of the Port's support of the 2014 Edmonds Arts Festival. Commissioner Block read the card and displayed the commemorative plaque. Mr. McChesney noted that in exchange for the Port's support of the Arts Festival in the amount of \$1,000 for the youth artist competition, the Arts Festival Foundation has agreed to organize the Artists in Action Program that takes place at the Port on Sunday afternoons throughout the summer months.

The Commissioners reviewed their meeting schedule for July. It was determined that the July 14<sup>th</sup> meeting would be cancelled and the July 28<sup>th</sup> meeting would be for accounts payable only and start at 8:30 a.m. It was noted that Commissioners may be required to participate in the July 28<sup>th</sup> meeting via conference call.

#### **COMMISSION COMMENTS AND COMMITTEE REPORTS**

Commissioner Gouge said the WPPA Finance Meeting was good and he was able to have a lot of side bar discussions that helped him understand how other ports are doing things from a financial standpoint. He noted that there were numerous accolades for Tina Drennan, and it was good to hear how well she is doing. At the conference, she was interactive and interested in learning and talking with other people.

Both Commissioner Gouge and Commissioner Preston indicated they look forward to the web page update moving forward.

Commissioner Preston reported on his attendance at the "open government" training session on June 11<sup>th</sup> that was sponsored by the Anderson Hunter Law Firm.

**EXECUTIVE SESSION**

The Commission recessed to an executive session at 7:45 for the purpose of consulting with the Port Attorney on a potential claim that could involve litigation. It was announced that no action would be taken by the Commission and there would be no announcement at the conclusion of the executive session. At the conclusion of the executive session, the Commission would return to the regular meeting, at which point the meeting would be adjourned.

**ADJOURNMENT**

The regular meeting was reconvened at 8:00 p.m. and subsequently adjourned.

Respectfully submitted,

Bruce Faires  
Port Commission Secretary



DAVID PRESTON  
VP