



PORT OF HOOD RIVER COMMISSION
MEETING AGENDA
November 7, 2017
Marina Center Boardroom

5:00 P.M.
Regular Session

1. Call to Order
 - a. Modifications, Additions to Agenda

OPEN PUBLIC HEARING
2018 PROPOSED TOLL RATE INCREASE

2. Public Comment (5 minutes per person per subject; 30 minute limit)
3. Consent Agenda
 - a. Approve Minutes of October 17, 2017 Regular Session (*Jana Scoggins – Page 3*)
 - b. Approve Lease with Hitch Source in the Maritime Building (*Anne Medenbach – Page 9*)
4. Reports, Presentations and Discussion Items
 - a. Lot 1 Development Economic Analysis – Matt Craigie, EcoNorthwest (*Michael McElwee – Page 21*)
 - b. 2017 Waterfront Recreation Report, Marine Deputy Report (*Steve Carlson– Page 35*)
 - c. Commissioner Compensation Policy (*Fred Kowell – Page 45*)
 - d. Bridge Replacement Project Administration (*Michael McElwee – Page 47*)
5. Director’s Report (*Michael McElwee – Page 55*)
6. Commissioner, Committee Reports
 - a. Marina Committee (*Steve Carlson – Page 65*)
 - b. Airport Advisory Committee, October 26 (*Anne Medenbach – Page 69*)
7. Action Items
 - a. Approve Non-Revenue Bridge Crossing Policy (*Michael McElwee – Page 71*)
 - b. Approve Lease with Chief Consulting in the Timber Incubator Building (*Anne Medenbach – Page 75*)
 - c. Approve Task Order 3 to Contract with P-Square Solutions in the Amount of \$10,000 (*Fred Kowell – Page 85*)
 - d. Approve Contract with Allied Maintenance LLC Not to Exceed \$63,842 (*Anne Medenbach – Page 89*)
 - e. Approve 2018 Marina Moorage Rates (*Steve Carlson– Page 95*)
 - f. Approve 2018 T-Hangar Lease Rates (*Steve Carlson– Page 97*)

8. Commission Call

CLOSE PUBLIC HEARING

9. Executive Session under ORS 192.660(2)(e) Real Estate Negotiations and ORS 192.660(2)(f) Attorney/Client Consultation

10. Possible Action

11. Adjourn

If you have a disability that requires any special materials, services, or assistance, please contact us at 541-386-1645 so we may arrange for appropriate accommodations.

*The chair reserves the opportunity to change the order of the items if unforeseen circumstances arise. The Commission welcomes public comment on issues not on the agenda during the public comment period. With the exception of factual questions, the Commission does not immediately discuss issues raised during public comment. The Commission will either refer concerns raised during public comment to the Executive Director for a response or will request that the issue be placed on a future meeting agenda. People distributing copies of materials as part of their testimony should bring **10 copies**. Written comment on issues of concern may be submitted to the Port Office at any time.*

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*Port of Hood River Commission
Meeting Minutes of October 17, 2017 Regular Session
Marina Center Boardroom
5:00 p.m.*

THESE MINUTES ARE NOT OFFICIAL until approved by the Port Commission at the next regular meeting.

**5:00 P.M.
Regular Session**

- Present:** Commissioners Hoby Streich, John Everitt, Ben Sheppard, Brian Shortt, David Meriwether; Legal Counsel Jerry Jaques; from staff, Michael McElwee, Fred Kowell, Genevieve Scholl, Anne Medenbach, Jana Scoggins
- Absent:** None
- Media:** Patrick Mulvihill, Hood River News

- 1. CALL TO ORDER:** President Streich called the meeting to order at 5:01 p.m.
 - a. Modifications, Additions to Agenda.** Consent item (c). has been moved to action item (g). I-84 Signage Installation – Coral Construction Change Order No. 1 has been added as an action item (f).

- 2. PUBLIC COMMENT:** Jose Guzman, Hood River OR, commented that the rub rail on the steel bridge deck was a safety feature that protected vehicles from hitting the guardrail. Guzman also noted that without the rub rail vehicles tend to drive closer to the center lane which poses greater risk of an accident. Michael McElwee explained that the rub rail was not allowed to be re-installed per ODOT during the federally funded deck replacement project.

**OPEN PUBLIC HEARING
2018 PROPOSED TOLL RATE INCREASE**

President Streich opened the hearing for members of the public to provide comment regarding the toll rate increase planned for 2018. Michael McElwee, Executive Director, provided background information that the bridge has been a toll facility since its construction in 1924, and is locally owned and funded wholly by its users. McElwee explained that a toll increase is needed to raise required revenue to offset the rapidly accelerating costs to maintain the aging bridge structure and to plan for the construction of a replacement bridge. McElwee noted that building a large piece of bridge infrastructure in a small market with decreasing levels of federal funding poses a significant challenge. Following the presentation, Lynn Weyand, Underwood WA, spoke that over the 20 years she has lived in the Gorge, the community has grown substantially. Weyand commented that it is mandatory to replace the bridge because the existing structure is narrow and unsafe especially during severe weather conditions. Weyand also expressed that the Port should reach out to private entities for funding because the toll increase will not generate revenue fast enough for the construction to begin soon. Melissa Wittenberg, Underwood WA, commented that the Port should take advantage of the tourism that the Gorge sees throughout the year but must provide some financial relief to the local community that crosses the bridge on daily basis. Cheri Michaelson commented that the public was not properly informed of the allocation of funds for the safety repairs on the bridge and noted that the toll increase should go directly to the bridge replacement fund to ensure the replacement occurs in the foreseeable future. Michaelson also noted that the toll increase will have a negative impact on the economy of Hood River and will force locals to use alternative routes for transportation and shopping. Jose Guzman, Hood River, noted that vehicles which are being towed should receive a credit from the Port because the toll fee is already included in the tow charge. Linda Atkinson commented that many members of the community do not have a disposable income; thus, the toll increase will become a large burden on them. Atkinson requested a consideration of discounted rate for local residents.

3. CONSENT AGENDA:

- a. Approve Minutes of October 3, 2017 Regular Session.
- b. Approve Amendment No. 1 to Lease with Pfriend Brewing Company LLC for Suite 1 in the Maritime Building.

Motion: Move to approve Consent Agenda.

Move: Meriwether

Second: Everitt

Discussion: None

Vote: **Aye:** Unanimous

MOTION CARRIED

4. REPORTS, PRESENTATIONS, AND DISCUSSION ITEMS:

a. BreezeBy Customer Account Management Web Portal Demo and New Fulfillment Procedure: Fred Kowell, Chief Financial Officer, presented a live demo of the new BreezeBy online account management portal which will allow a customer to access their BreezeBy account to pay for the bridge toll, print or view monthly statements, add or change contact and vehicle information, and order new transponders. This tool will eliminate the need for the customer to make a special trip to the Port office. The staff will fulfill orders during business hours and mail new transponders to the customer in an envelope with a protective slip to avoid a transponder damage. The anticipated release date is the end of October 2017.

b. South Taxiway Rehabilitation Project Update: Anne Medenbach, Development and Property Manager, provided an update on the South Taxiway Rehabilitation Project. The project was originally scheduled to begin in June; however, due to a federal funding lag, the start date was postponed to the first week of August. To keep the project on schedule, there are weekly construction meetings at the airport to work through issues as they arise. The major tasks of the project are to fix non-standard safety conformance issues with the south taxiways and ramp, and to move the fuel tank. The major challenges so far have been subgrade stabilization, discovery of an unknown underground storage tank and an error in pipe quantities on the bid sheet. Change Orders are an action item.

c. Non-Revenue Bridge Crossing Policy Update: Michael McElwee reported that the Eagle Creek fire identified additional issues and concerns regarding bridge operations during emergencies when area freeways are closed. McElwee stated that Port policy regarding non-revenue crossings must be clarified and updated. Some of the adjustments include non-revenue crossings when high traffic volumes result in dangerous backups; environmental conditions jeopardize the health of toll booth staff; evacuation orders are placed in surrounding counties; and when public agencies respond to emergency situations. Commissioners stated that the Executive Director should also have the discretion to close the tollbooth when an emergency arises. McElwee asked Commission to submit any additional comments to him before the next regular meeting on November 7th.

5. EXECUTIVE DIRECTOR’S REPORT: Michael McElwee reported that Fred Kowell will attend UAV training in Pendleton which is necessary to qualify as a Chief Pilot for the Port and to have the ability to train other UAV operators. The UAV will mostly be used for bridge monitoring and inspecting. PNWA conference was on October 17-19, and McElwee as well as Genevieve Scholl, the Communications and Special Projects Manager, attended portions of the conference. McElwee reminded the Commission that the planning retreat schedule with Glen Hiemstra is finalized for an evening session on Tuesday, November 14 and then a full day session on November 15. McElwee also reported that the City of White Salmon plans on constructing a limited use, riverfront park on the North Shore of the Columbia River on either side of the bridge approach. Additionally, all required permits have been received for restoration of the beach area at the Event Site and work is expected to occur in late October. McElwee noted that he appreciates the dedication shown from Port Facilities staff who recently completed the overnight work on the bridge and are planning another overnight closure on the 24th of October for strain gage testing. Moreover, the onsite wetland mitigation project at the airport has been approved by the FAA.

6. COMMISSIONER, COMMITTEE REPORT: Anne Medenbach reported that the Airport Advisory Committee will now meet the last Thursday of every month at 3:00PM at WAAAM. Medenbach noted some of the subjects discussed at the meeting included the Fly Friendly Program as well as the next steps for the airport following the public meetings.

7. ACTION ITEMS:

a. Approve Change Order #1 with Crestline Construction Not to Exceed \$18,886 for South Taxiway Project. Anne Medenbach reported that the South Taxiway Project is moving forward and Crestline Construction, Port staff, and Century West continue to work together to get through construction problems. The Change Order No. 1 addresses major issues with the design errors, field misinterpretations, and changing field conditions.

Motion: Approve Change Order No. 1 with Crestline Construction LLC for the South Taxiway Project in the amount of \$18,886; increasing the total project amount to \$1,476,665.75.

Move: Everitt

Second: Sheppard

Discussion: None

Vote: **Aye:** Unanimous

MOTION CARRIED

b. Approve Change Order #2 with Crestline Construction Not to Exceed \$21,925 for South Taxiway Project. The Change Order #2 addresses unsuitable subgrade at the airport. The soils discovered were mostly clay which caused below grade conditions that do not hold up well to paving. The allowance for unsuitable subgrade was insufficient to cover the amount in the field. The remedy will require excavation of a certain amount of the clay and fill with a more suitable material that can be compacted.

Motion: Approve Change Order No. 2 with Crestline Construction LLC for South Taxiway Project in the amount of \$21,925, increasing the total project amount to \$1,498,590.75.

Move: Meriwether

Second: Shortt

Discussion: None

Vote: **Aye:** Unanimous

MOTION CARRIED

c. Approve Amendment #1 to MOU with Neal Creek Forest Products, LLC. On April 1, 2017, the Port and Neal Creek Forest Products LLC entered into a non-binding Memorandum of Understanding (MOU) for the sale of two lots at the Lower Mill site in Odell which expired on October 27, 2017. Neal Creek Forest Products, LLC requested an extension for another 180 days to allow for Crystal Springs Water District resolution.

Motion: Approve extension of the Memorandum of Understanding with Neal Creek Forest Products LLC for an additional 180 days for two lots at the Lower Mill Industrial site.

Move: Meriwether

Second: Shortt

Discussion: None

Vote: **Aye:** Unanimous

MOTION CARRIED

d. Approve Lease with Northwave, Inc. at the Jensen Building. Northwave, Inc. has been a tenant in the Jensen building since 2012. They recently missed the renewal date for their lease and are currently in holdover status. Staff recommends extending their lease, reducing their rent rate by \$250 but adding the electrical, water, and sewer utilities usage to the lease. The lease term is for 2 years with two (1) year options to renew.

Motion: Approve Lease with Northwave, Inc. for office space and storage unit 8 in the Jensen building.

Move: Meriwether

Second: Shortt

Discussion: None

Vote: **Aye:** Unanimous

MOTION CARRIED

e. Approve Amendment #2 to Contract with Steve Siegel Consulting. On July 12, 2016, the Port executed a contract with Siegel Consulting to perform financial analysis and strategic assessment services for replacement of the Hood River Bridge. The contract was amended in October 2016, and Siegel provided crucial support leading up to passage of HB 2750. Important steps are now necessary to implement HB 2750 and Siegel can provide further assistance to the Port.

Motion: Authorize Amendment No. 2 to contract with Siegel Consulting for Bridge Replacement consulting services not to exceed \$40,000 for a total contract amount of \$74,000.

Move: Shortt

Second: Meriwether

Discussion: Commissioners requested list of specific deliverables from Steve Siegel Consulting per completion.

Vote: **Aye:** Unanimous

MOTION CARRIED

f. Approve I-84 Signage Installation – Coral Construction Change Order No. 1. As part of the bridge signage overhaul plan developed by DKS Associates and approved by the Commission in 2016, installation of the new signs on I-84 requires construction work on ODOT properties, approved and permitted by ODOT. Coral Construction presented a change order addressing the correction of the sign posts dimensions and concrete dimensions to meet ODOT specification.

Motion: Approve change order #1 for \$7,882.23 with Coral Construction for installation of signage on ODOT properties not to exceed \$82,552.23.

Move: Shortt

Second: Sheppard

Discussion: None

Vote: **Aye:** Unanimous

MOTION CARRIED

g. Approve Amendment No. 4 to Lease with Big Winds LLC in the Jensen Building. Big Winds, LLC has been a tenant in the Jensen Building Breezeway since 2015. In 2017, they added the last two available storage spaces in that building. The most recent amendment had an error in the calculation of total square footage. Amendment No. 4 corrects this error and makes it retroactive to the beginning of the fiscal year, thereby reconciling the correct rent payment.

Motion: Approve Amendment No. 4 to Lease with Big Winds LLC for the Breezeway units in the Jensen Building.

Move: Meriwether

Second: Shortt

Discussion: None

Vote: **Aye:** Unanimous

MOTION CARRIED

8. COMMISSION CALL: Commissioner Everitt attended the Oregon Public Ports Association annual conference in Portland on October 5 and 6 and reported that it was a fantastic opportunity to network while attending informative sessions pertinent to Oregon’s port districts. Commissioner Shortt discussed the need for a new projector as information presented during meetings is hard to read. Commissioner Meriwether noted that the Urban Renewal Meeting is scheduled for November 13, 2017.

9. EXECUTIVE SESSION: President Streich called for more comment and hearing none, closed the Public Hearing and recessed Regular Session at 6:51 p.m. to call the Commission into Executive Session under ORS 192.660(2)(e) Real Estate Negotiations and ORS 192.660(2)(f) Attorney/Client Consultation.

10. POSSIBLE ACTION: The Commission was called back into Regular Session at 8:28 p.m. No action was taken as a result of Executive Session.

11. ADJOURN:

Motion: Motion to adjourn the meeting.

Move: Shortt

Second: Everitt

Discussion: None

Vote: **Aye:** Unanimous

MOTION CARRIED

The meeting was adjourned at 8:28 p.m.

Respectfully submitted,

Jana Scoggins

ATTEST:

Hoby Streich, President, Port Commission

John Everitt, Secretary, Port Commission

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Commission Memo



Prepared by: Anne Medenbach
Date: November 7, 2017
Re: Lease - Hitch Source, LLC

Hitch Source, LLC has been on a month-to-month lease in the Maritime building for nearly a year. They were anticipating finding a different space, but those plans are on hold for the foreseeable future. However, they do want flexibility should the opportunity arise. As the Maritime building will be leased fully by HRD in 2019, staff feels that offering current tenants flexible terms now is reasonable.

However, staff feels that month-to-month terms are not in the best interest of the Port and creates a certain amount of uncertainty. Therefore, the proposed lease is for one 6-month term with two 3-month extension options at the current rate.

RECOMMENDATION: Approve lease with Hitch Source, LLC for 1,421 square feet in the Maritime building

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LEASE

THIS LEASE is entered into at Hood River, Oregon by and between PORT OF HOOD RIVER, an Oregon municipal corporation, hereinafter referred to as "Lessor," and Hitch Source LLC, hereinafter referred to as "Lessee."

- 1. Description. In consideration of the covenants of the parties, Lessor leases to Lessee approximately 1,421 square feet of space in Lessor's building commonly known as the Maritime("building") located at 900 Portway Ave, Oregon ("Leased Premises"). The Leased Premises are identified in the attached "Exhibit A."

Building Address: "Maritime"
900 Portway Ave.
Hood River, OR 97031
Tenant Suite: 3 upstairs offices
Approximate Square footage: 1,421

2. Term.

Lease Commencement Date: November 1, 2017
Lease Expiration Date: April 30, 2018
Renewal Options: two (3) month
Renewal Notice Requirement: 30 days

The lease term shall be for the period commencing on November 1, 2017 and continuing through April 30, 2018. If not in default, and if Lessee pays Lessor all real property taxes Lessee owes or may be responsible to pay under the terms of the lease, Lessee has the option to extend the lease for two extension term(s) of three months through October 31, 2018, provided Lessee gives Lessor written notice of Lessee's intent to renew the lease for the additional term while the lease is in effect. To be effective, Lessee's notice to renew must be given to Lessor no later than 90 days prior to the lease termination date.

- 3. Rental. Monthly Rent for the Leased Premises will be the following Monthly Base Rates, plus the applicable Consumer Price Index (CPI) Rate Adjustment, as set forth below:

Table with 4 columns: Space, Square Footage, Rate per s.f. per month, Monthly Base Rate. Row 1: 3 upstairs offices, 1,421, \$0.63, \$895.23

All rental amounts are payable in advance on the first day of each month, beginning on the date Lessee is entitled to occupy the Leased Premises. However, if the lease does not begin on the first day of a month, rental for the first month shall be prorated

to reflect the actual number of days in that month that the lease is in effect and shall be payable immediately.

4. **Use.** Lessee shall use the Leased Premises for customer service, sales, marketing and finished product storage. The Leased Premises shall not be used for any other purposes without the written consent of Lessor.
5. **Taxes.** Lessee shall pay all taxes on its personal property located on the Leased Premises. Lessee shall pay all real property taxes of governmental units assessed against the Leased Premises, and all real property taxes assessed against all inside and outside common areas of the building based on the amount of lease space occupied by Lessee as a percentage of the total lease space in the building. Lessee shall pay all such real property taxes which have been assessed and are payable during Lessee's occupancy. Lessee shall also pay all such taxes which arise during a tax year as a result of Lessee's occupancy, even if the lease term has ended, or if Lessee has vacated the Leased Premises. However, if another tenant occupies the Leased Premises and agrees to pay any portion of the real property taxes otherwise payable by Lessee, Lessee shall not be required to pay those taxes which the new tenant pays. [Note: Under current law, Port real property is exempt from property taxation during an upcoming fiscal tax year (July 1 through June 30) unless a private party occupies such Port property on June 30. If a private party is in possession of Port property on June 30, that Port property is taxed for the entire subsequent fiscal tax year "as a result of Lessee's occupancy."] Although Lessee is responsible to pay real property taxes, Lessor will pay the real property taxes to the taxing authority when due and send a bill to Lessee for the amount of taxes Lessor has paid, which will be payable by Lessee to Lessor within ten days after the date of Lessor's bill.
6. **Utilities.** Lessee shall be solely responsible to pay Lessor for all utilities, including gas, sewer, water, and electricity, used or consumed by Lessee on the Leased Premises, and for garbage service related to Lessee's occupancy. If any utility is provided to Lessee in common with other tenants of Lessor, Lessee shall pay a portion of the total cost of such service based on the amount of lease space occupied by Lessee as a percentage of the total lease space of all tenants using the same utilities in common with Lessee. Or, Lessor may charge Lessee more or less than other tenants if Lessor believes Lessee's gas or electricity use will likely be more or less than other tenants' use. In such event, Lessor agrees to provide Lessee with an explanation of how those calculations for utility allocations were made. Lessor agrees to consider a different allocation formula for the Leased Premises. Lessee shall notify Lessor, and shall pay Lessor for the additional service charges. Lessee shall pay Lessor for Lessee's utility service within seven days after Lessor sends Lessee a bill itemizing those charges. Lessee shall be responsible for payment of all utilities arising during the lease term. In no event shall Lessor be liable for an interruption or failure in the supply of any utilities to the Leased Premises.

Lessee will secure and pay for Lessees garbage service.

8. **Liability Insurance and Hold Harmless Agreement.** Lessee agrees to indemnify and save Lessor, Lessor's Port Commissioners, officers, employees and agents harmless from any claims by any persons, firms, or corporations arising from business conducted on the Leased Premises or from anything done by Lessee at the Leased Premises, and will further indemnify and save Lessor harmless from all claims arising as a result of any breach or default on the part of Lessee under the terms of this lease, or arising from any willful or negligent act or omission of Lessee's agents, contractors, employees, or licensees in or about the Leased Premises, and from all costs, counsel fees, and liabilities incurred in any action or proceeding brought thereon; and in case any action or proceeding is brought against Lessor by reason of any such claim, Lessee, upon notice from Lessor, covenants to resist and defend such action or proceeding by counsel.

Lessee agrees during the term hereof to keep a policy of general commercial liability insurance in effect with respect to the Leased Premises with minimum coverage of one million dollars (\$1 million) combined single limits. If Lessee renews this lease, at the outset of the renewal term Lessor may, with written notice, raise the minimum insurance requirement to an amount of insurance that is reasonably commercially available. The policy shall name Lessor as additional insured, and expressly include Lessor's Port Commissioners, officers, employees, and agents as additional named insured, and shall contain a clause that the insurer will not cancel or change the insurance without first giving Lessor at least fourteen days prior written notice. The insurance shall be provided by an insurance company registered to do business in the State of Oregon, or by a company approved by Lessor. A copy of the policy or certificate of insurance shall be delivered to Lessor no later than three days after Lessee occupies the Leased Premises.

9. **Fire Insurance and Waiver of Subrogation.** If the Leased Premises or building where the Leased Premises are located are partially or totally destroyed by fire or other casualty, Lessor may decide to repair the Leased Premises or building, or not, in Lessor's sole discretion. Lessor shall notify Lessee in writing of Lessor's intent regarding repair within 30 days after the date of the damage. If Lessor notifies Lessee that Lessor does not intend to repair the damage the lease shall terminate effectively at the date of the damage. If Lessor notifies Lessee that Lessor intends to repair the damage the lease shall continue, and Lessor shall return the Leased Premises or building to as good a condition as existed prior to the damage, in a prompt manner reasonable under the circumstances. If Lessee's use of the Leased Premises is disrupted during Lessor's repairs a reasonable portion of the rent shall be abated during the disruption. In no event shall Lessor be required to repair or replace Lessee's property including Lessee's fixtures, furniture, floor coverings or equipment. In no event shall Lessee be entitled to recover damages from Lessor related to destruction of the Leased Premises or building, or related to repairs undertaken by Lessor. Each party shall provide its own insurance protection at its own expense, and each party shall look to its respective insurance carrier for

reimbursement of loss, which may be insured against by a standard form of fire insurance with extended coverage. There shall be no subrogated claim by one party's insurance carrier against the other party arising out of any such loss.

10. **Lessee/Lessor Covenants.** Lessee shall not do anything which may damage the Leased Premises or any systems in the building or other areas surrounding the building. Lessee shall not be a nuisance or a menace to other tenants in the building. Lessee will not create or use hazardous substances, or dispose of hazardous waste of any kind, unless in strict compliance with environmental laws and regulations. Lessee, at Lessee's expense, shall be responsible to provide improvements and equipment, and to obtain any required permits or approvals necessary for Lessee to engage in activities at the Leased Premises. Lessee promises to comply with all laws, ordinances, and government regulations applicable to the Leased Premises and to Lessee's activities at the Leased Premises, and to comply with reasonable rules adopted by Lessor which apply to all tenants of the building.

Lessee shall not attach any fixtures or make any improvements or alterations to the Leased Premises without describing them in writing and receiving Lessor's prior written consent. Lessee shall not suffer or give cause for the filing of any lien against the Leased Premises.

Lessor shall maintain the building roof, bearing walls, exterior walls, windows and the drainage, plumbing, electrical, and heat and cooling systems installed by Lessor to the point at which they enter the Leased Premises. Lessor shall maintain exterior common areas and landscaping, and provide ice and snow removal in the parking area outside the Leased Premises within a reasonable time after the Lessee requests removal.

11. **Quiet Enjoyment.** From the date the lease commences Lessee will have the right to use the Leased Premises consistent with this lease without hindrance or interruption by Lessor or any other persons claiming by, through or under Lessor, subject, however, to the terms and conditions of this lease. The foregoing notwithstanding, Lessee agrees that Lessor may make improvements to the building and adjacent areas which may cause noise or otherwise temporarily disrupt Lessee's quiet enjoyment of the Leased Premises.
12. **Care of Leased Premises.** Lessee shall at all times keep the Leased Premises in as good condition as they are in at the outset of this lease, or if improvements are made thereafter in at least as good condition as after such improvements, and shall surrender the Leased Premises to Lessor in such good condition, reasonable wear and tear, or loss by fire or other casualty covered by insurance excepted.
13. **Fixtures and Personal Property.** Unless otherwise agreed in writing, all permanent improvements now located or hereafter placed on the Leased Premises during the term of the lease, other than Lessee's trade fixtures, equipment, and

items related to Lessee's equipment, shall be the property of Lessor, and shall remain on the Leased Premises at the expiration or termination of the lease, provided that Lessor reserves the right within 30 days after the lease term ends to require Lessee to promptly remove any improvements which Lessee has placed on the Leased Premises at Lessee's expense, in a way which does not cause damage to the Leased Premises.

At the expiration or earlier termination of the lease term Lessee shall remove all furnishings, furniture, equipment, goods of any kind and trade fixtures from the Leased Premises in a way that does not cause damage to the Leased Premises. If Lessee fails to remove any this shall be an abandonment of such property, and Lessor may retain Lessee's abandoned property and all rights of Lessee with respect to it shall cease; provided however, that Lessor may give Lessee written notice within 30 days after the lease expiration or termination date electing to hold Lessee to its obligation of removal. If Lessor elects to require Lessee to remove personal property and Lessee fails to promptly do so, Lessor may effect a removal and place the property in storage for Lessee's account. Lessee shall be liable to Lessor for the cost of removal, transportation to storage, storage, disposal, and other costs incurred by Lessor with regard to such personal property.

14. **Signs.** Lessee shall not erect or install any signs, flags, lights or advertising media nor window or door lettering or placards visible from outside the Leased Premises or visible from building common areas without the prior written consent of Lessor, which consent shall not be unreasonably withheld. Lessee agrees to maintain in good condition any signs or displays which are allowed.
15. **Common Areas/Parking.** Lessee understands and agrees that other tenants may occupy the building. This lease grants to Lessee and to Lessee's agents, employees, business invitees, customers and suppliers in connection with Lessee's business in the Leased Premises the non-exclusive right to use and enjoy throughout the existence of this lease all of the "common areas" associated with the building. "Common areas" shall be defined as all areas and improvements outside the building provided by Lessor for the joint use or benefit of tenants, their employees, customers and other invitees, including public parking areas, access roads, driveways, entrances and exits, landscaped areas, and sidewalks, excepting those parking spaces that may be designated for use by other building tenants. Use of available common areas shall be subject to like, non-exclusive use on the part of other tenants who occupy space in the building or any addition thereto, as well as their agents, employees, business invitees, customers and suppliers. Lessee agrees that its usage of such common areas shall not interfere with or be inconsistent with the similar rights of other tenants. All common areas shall be subject to the exclusive control and management of Lessor. Lessor shall have the right from time to time to establish, modify and enforce equitable rules with respect to all common areas, which Lessee agrees to abide by.

16. **Lessor's Access to Premises.** Lessor shall have the right to enter upon the Leased Premises at all reasonable hours after 24 hours oral notice (without notice to protect public health and safety in an emergency) for the purpose of inspecting it, or to make repairs, additions or alterations to the premises or any property owned or controlled by Lessor. E-mail from Lessor to Lessee (or Lessee's on site manager) may serve as notice of inspection of the Leased Premises. If Lessor deems any repairs reasonably required to be made by Lessee to be necessary, Lessor may give notice that Lessee shall make the same within 30 days (immediately in an emergency involving public health and safety), and if Lessee refuses or neglects to commence such repairs and complete the same in a timely manner, Lessor may make or cause such repairs to be made. If Lessor makes or causes such repairs to be made Lessee agrees that it will, within 30 days, pay to Lessor the cost thereof.
17. **Entire Agreement; Amendments.** This lease contains the entire agreement of the parties with respect to the Leased Premises. No prior agreement, statement, or promise made by any party to the other not contained herein shall be valid or binding. This lease may not be modified, supplemented or amended in any manner except by written instrument signed by both parties.
18. **Waiver.** One or more waivers of any covenants or conditions by either party shall not be construed as a waiver of a subsequent breach of the same covenant or condition, and the consent or approval by Lessor to any act by Lessee requiring Lessor's consent or approval shall not be construed as consent or approval to any subsequent similar act by Lessee.
19. **Assignment.** Lessee agrees not to assign or in any manner transfer this lease or any estate or interest therein without the previous written consent of Lessor, and not to sublet the premises or part or parts thereof without like consent. Lessor will not unreasonably withhold its consent.
20. **Default.** Time is of the essence of performance of all the requirements of this lease. If any rental or other sums payable by Lessee to Lessor shall be and remain unpaid for more than ten (10) days after the same are due and payable, or if Lessee shall fail to comply with any term or condition or fulfill any obligation of the lease (other than the payment of rent or other charges) within fourteen (14) days after written notice to Lessee specifying the nature of the default with reasonable particularity, or if Lessee shall declare bankruptcy or be insolvent according to law or if an assignment of Lessee's property shall be made for the benefit of creditors or if Lessee shall abandon the premises, then in any of said events Lessee shall be deemed in default hereunder. In the event of a default the lease may be terminated at the option of Lessor. If the lease is terminated, Lessee's liability to Lessor for rents and damages shall survive such termination and Lessor may re-enter, take possession of the premises, and remove any persons or property by legal action or by self help with the use of reasonable force and without liability for damages. The

foregoing remedies shall be in addition to and shall not exclude any other remedy available to Lessor under applicable law.

21. **Holdover.**

If Lessee does not vacate the Leased Premises when the lease term expires, Lessor shall have the option to treat Lessee as a tenant from month to month, subject to all of the provisions of this lease except the provisions for term and renewal, and at a rental rate equal to the rent last payable by Lessee during the lease term. Failure by Lessee to remove fixtures, furnishings, trade fixtures, or other personal property which Lessee is required to remove under this lease shall constitute a failure to vacate to which this paragraph shall apply. If a month-to-month tenancy results from holdover by Lessee under this paragraph, the tenancy shall be terminable at the end of any monthly rental period on written notice from Lessor given to Lessee not less than 10 days prior to the termination date specified in Lessor's notice. Lessee waives any notice which would otherwise be required by this lease or by law with respect to month-to-month tenancy.

22. **Notices.** Whenever under this lease a provision is made for notice of any kind, it shall be deemed sufficient if such notice to Lessee is in writing delivered personally to Lessee's registered agent, to the person signing the lease, or to Lessee's on site manager who at the date of this lease is David Cochran, or sent by certified mail with postage prepaid to the address indicated on the signature page of this lease; and if such notice is to Lessor, delivered personally to the Executive Director, 1000 E. Port Marina Drive, Hood River, OR 97031 or sent by certified mail with postage prepaid to the address indicated on the signature page of this lease. Notice shall be deemed given on the date of personal delivery or if mailed, two business days after the date of mailing.

23. **Dispute Resolution.** Any dispute involving this lease may be resolved by court action or mediation if both parties agree. If the parties agree to use a mediator they will each pay one half the costs of mediation. If mediation does not occur or does not result in a solution satisfactory to both parties, the dispute shall be resolved by arbitration. Any arbitration shall be in accordance with the rules of the Arbitration Service of Portland then in effect. The parties shall use a single arbitrator mutually agreeable to them. If they are unable to agree on an arbitrator, or a process to select one, either party may apply to the Hood River County Circuit Court to appoint an arbitrator. The award rendered by an arbitrator shall be binding on the parties and may be entered in the Hood River County Circuit Court. The prevailing party in court action or an arbitration proceeding, including any appeal therefrom or enforcement action, shall be entitled to recover their reasonable attorney's fees and costs and disbursements incident thereto.

24. **Authority to Execute.** The persons executing this Lease on behalf of Lessee and Lessor warrant that they have the authority to do so.

Port of Hood River Property Lease

Hitch Source, LLC

DATED this _____ day of _____, 2017.

Lessee:

Lessor:

Port of Hood River

Signed: _____

Signed: _____

By:

By:

Michael McElwee

Its:

Its:

Executive Director

Address:

Address:

1000 E. Port Marina Drive
Hood River, OR 97031

Email/phone:

Email/phone:

(541) 386-1645

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Commission Memo

Prepared by: Michel McElwee
Date: November 7, 2017
Re: Lot #1 Real Estate Analysis



At the September 19, 2017 regular meeting, the Commission discussed various steps regarding future development of Lot #1 and the challenge of constructing necessary infrastructure. As a result of that discussion, the Commission approved a contract with EcoNorthwest ("EcoNW") to prepare a basic real estate economic analysis evaluating the relative impact of burdening future development with significant infrastructure costs.

The attached summary report represents the final draft analysis for Commission review. Matt Craigie, Project Manager at EcoNW, will provide an overview of the analysis and answer questions.

This effort will be of significant value in upcoming discussions with the Hood River Urban Renewal Agency.

RECOMMENDATION: Information.

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ECONorthwest

ECONOMICS • FINANCE • PLANNING

DATE: October 30, 2017
TO: Michael McElwee, Port of Hood River
FROM: Matt Craigie, ECONorthwest
SUBJECT: HOOD RIVER WATERFRONT - DEVELOPMENT FEASIBILITY ANALYSIS

Purpose

The waterfront area of Hood River is a thriving mix of industrial and commercial properties, situated along an active riverine shoreline with popular park space and water-oriented recreation sites. The Port of Hood River (the Port) has owned or controlled much of the land in this area and is nearing a full build-out of developable parcels. The last remaining vacant parcel, referred to as “Lot 1,” is situated near the primary access point to the waterfront area, along the east side of North Second Street and south of Portway Ave.

In an effort to advance development on this remaining parcel, The Port has worked with regional design firms to identify community priorities, opportunities and constraints of the site, and the highest and best market use for development. In 2016, Walker Macy finalized a development plan for Lot 1 that included a demonstration diagram for the location of new buildings and an associated subdivision plan. This report also identified the process for phasing the site preparation and infrastructure development.

In addition to desiring new physical development on the site, the Port Commission identified key goals for this development. As noted in Walker Macy’s report, these goals are:

“...target competitive wage jobs, attain high-quality design and construction, complement Hood River’s downtown core, seek waterfront-compatible businesses, create a superior pedestrian environment with broad public access, emphasize environmental sustainability¹”

In the Autumn of 2017, the Port asked ECONorthwest (ECO) to complete a real estate feasibility analysis for Walker Macy’s development plan. The purpose of this memorandum is to report out the findings of our analysis. The key questions that guided our work were:

- Is new development currently feasible at the Lot 1 Site?
- How would a public investment in infrastructure influence development feasibility at Lot 1?
- How can the public sector encourage development on Lot 1 to go beyond the basic requirements of the zoning code so as to match the high quality of other existing buildings in the waterfront area and achieve the Port Commission’s stated goals for future development?

¹ Lot 1 Development Plan, prepared by Walker Macy, February 2016 (pg. 1)

Our findings indicate that development is only feasible (residual land values are only positive), in scenarios with either a public investment covering the cost of infrastructure and/or when development costs are low and rents are high. This finding is consistent for both flex and traditional industrial development. We further detail our methodology, assumptions, and findings in the remainder of the memo.

Methodology

The Port asked that we develop an Excel-based pro forma model to test development feasibility at the Lot 1 properties. The key variable that the Port asked us to model was shifting the infrastructure costs (as outlined in the above section) between either the private developer or the public sector. The resulting model has multiple scenarios that reflect variations in public investment in infrastructure, as well as typical pro forma inputs such as rents and construction costs.

A pro forma is a financial model that developers use to evaluate whether a development is financially feasible. Pro forma analyses require inputs regarding a physical building configuration: square footage, mix of uses (industrial and office for example), and parking configuration. We assumed the new development on the waterfront would match Walker Macy's development plan from 2016.

We employed a *return on cost* approach to estimate the *residual land value* of the proposed full build-out of the Lot 1 properties. A residual land value model calculates the developer's land budget after he/she has paid for other development related inputs, e.g. site preparation costs, building costs, parking, etc.

This approach has a key advantage over a cash flow model for analyzing a hypothetical development: it does not require the creation of assumptions about the sources and uses of funds for each development, i.e. where the funds are coming from, with what interest rates, for how long of a term, etc.

In a residual land value model, the project's value, from which the project costs are subtracted, is based on the net operating income (NOI) of the stabilized project. The NOI is the income (rents) less any costs from vacancies, operations, and operating reserves. The expected NOI from the project is then divided by either a capitalization rate or a return on cost percentage – both are ratios or percentages that are estimated by analyzing the recent sale prices of comparable properties compared to their NOIs.

Generally, if the result of a residual land value calculation is positive then the project is feasible subject to the current use of the property, other more valuable alternative uses, or the land owners speculative value. If the residual land value is negative, the project does not generate enough income to pay for land and is not feasible without additional subsidy. If the residual land value is close to zero, then the project would be feasible only if the land is either donated or sold at a very low price. Further, the residual land value must also cross another threshold for the development to be feasible to all potential developers. This threshold is the market price

for land. Moreover, a residual land value of \$5 per square foot in a market with land values at \$15 per square foot, would only be feasible if the developer either owned the land outright, or was able to acquire land at the below market price of \$5 per square foot. A residual land value of \$15 per square foot, in this case, is more likely to be feasible because a developer can afford to pay the market price for land.

Model Inputs

In addition to using the development plan created by Walker Macy we collected other pro forma inputs through interviews with developers and local contractors, online data sources, and sources provided by the Port's staff. We further vetted the construction cost numbers through interviews with two contractors that are actively working in the Hood River market. We refined the inputs based on these interviews and also verified the range of feasible rents by using the real estate data analytics platform, CoStar. For a more detailed table of assumptions, see Exhibit 3.

Exhibit 1. Development Plan Area Estimates from Walker Macy

TAXLOT	TOTAL AREA(SF)	BUILDING FOOTPRINT(SF)	BUILD-OUT(SF) (FOOTPRINT)(# OF FLOORS)	REQUIRED LANDSCAPE AREA(SF) (10% TAX LOT)	LANDSCAPE AREA SHOWN(SF)	REQUIRED STORMWATER TREATMENT AREA(SF) (TAXLOT-LAND.)(8% IMPERVIOUS)	ADDITIONAL LANDSCAPE AREA NEEDED TO MEET 10% (SF) (REQ. LAND. - REQ. SW)	AREA REMAINING(SF) (TAXLOT-REQ. LAND. + REQ. SW)
A	230,150	N/A	N/A	N/A	N/A	N/A	N/A	N/A
B1	18,150	6,580	6,580	1,815	1,994	1,307	508	16,335
B2	66,900	9,925	9,925	6,690	7,520	4,817	1,873	60,210
C	51,000	9,480	23,700	5,100	6,132	3,672	1,428	45,900
D1	28,050	4,000	10,000	2,805	6,346	2,020	785	25,245
D2	27,700	8,040	20,100	2,770	4,838	1,994	776	24,930
E1	36,100	10,010	25,025	3,610	4,881	2,599	1,011	32,490
E2	34,900	7,020	17,550	3,490	4,899	2,513	977	31,410
F1	39,600	10,200	25,500	3,960	8,575	2,851	1,109	35,640
F2	35,700	9,450	23,625	3,570	5,936	2,570	1,000	32,130
G	38,900	N/A	N/A	3,890	8,888	2,801	1,089	35,010
H	27,800	N/A	N/A	2,780	4261	2,002	778	25,020
I	38,100	3,500	8,750	3,810	14,721	2,743	1,067	34,290

Source: Lot 1 Development Plan, prepared by Walker Macy, February 2016

The work completed by Walker Macy included an estimate for the site development costs. This estimate was developed from thorough research on the existing utilities that serve Lot 1 and the necessary improvements that would be needed to support future development at the site. Walker Macy also created a phased infrastructure plan and provided a construction cost estimate for the infrastructure work. The total cost for the phased site development was \$4,880,585 (see Exhibit 2). During our interviews with local contractors, we confirmed that costs for site development (both construction and infrastructure) have increased approximately ten percent since the completion of the Walker Macy report. To accurately estimate the site preparation costs in 2017, we escalated the Walker Macy estimate by 10 percent to reach a total of \$5,368,643.

Exhibit 2. Preliminary Construction Cost Estimate developed by Walker Macy

CATEGORY	ITEM	UNIT	UNIT PRICE	PHASE 1: 1ST STREET		PHASE 2: ANCHOR WAY		PHASE 3: PORTWAY AVE		PHASE 4: PRIVATE ROAD		TOTAL COST
				QTY	SUBTOTAL	QTY	SUBTOTAL	QTY	SUBTOTAL	QTY	SUBTOTAL	
Demolition	Erosion Control	ALLOW	\$ 2,000	1	\$ 2,000	1	\$ 2,000	1	\$ 2,000		\$ -	\$ 6,000
	Surface Removal	SY	\$ 6	12000	\$ 72,000	2800	\$ 16,800	2800	\$ 16,800		\$ -	\$ 105,600
	Rough Grading (1'/SF)	ACRE	\$16,000	1.75	\$ 28,000	0.75	\$ 12,000	1	\$ 16,000		\$ -	\$ 56,000
Streets	N 1st Street	LF	\$ 1,000	1000	\$1,000,000		\$ -		\$ -		\$ -	\$ 1,000,000
	Anchor Way	LF	\$ 850		\$ -	436	\$ 370,600		\$ -		\$ -	\$ 370,600
	Portway Avenue	LF	\$ 1,050		\$ -		\$ -	436	\$ 457,800		\$ -	\$ 457,800
Utilities	Water- Fire Hydrants	EA	\$ 5,000	2	\$ 10,000		\$ -	1	\$ 5,000		\$ -	\$ 15,000
	Storm - 12" pipe	LF	\$ 60	835	\$ 50,100		\$ -		\$ -	540	\$ 32,400	\$ 82,500
	Storm - manholes	EA	\$ 4,000	5	\$ 20,000		\$ -		\$ -	4	\$ 16,000	\$ 36,000
	Storm - infiltration	EA	\$25,000	2	\$ 50,000		\$ -		\$ -	2	\$ 50,000	\$ 100,000
	Sewer - 8" pipe	LF	\$ 70		\$ -	900	\$ 63,000		\$ -		\$ -	\$ 63,000
	Sewer - manholes	EA	\$ 4,000		\$ -	4	\$ 16,000		\$ -		\$ -	\$ 16,000
	Sewer - lift station	ALLOW	\$75,000		\$ -	1	\$ 75,000		\$ -		\$ -	\$ 75,000
Utility Relocation	Existing Utility Removal	LF	\$ 15	2000	\$ 30,000		\$ -		\$ -		\$ -	\$ 30,000
	Storm Main Relocation	ALLOW	\$75,000	1	\$ 75,000		\$ -		\$ -		\$ -	\$ 75,000
	Gas Main Relocation	ALLOW	\$30,000	1	\$ 30,000		\$ -		\$ -		\$ -	\$ 30,000
	Power Relocation	ALLOW	\$35,000	1	\$ 35,000		\$ -		\$ -		\$ -	\$ 35,000
	Telecom Relocation	ALLOW	\$25,000	1	\$ 25,000		\$ -		\$ -		\$ -	\$ 25,000
				Subtotal: \$ 1,427,100		\$ 555,400		\$ 497,600		\$ 98,400		
				30% Estimating Contingency: \$ 428,130		\$ 166,620		\$ 149,280		\$ 29,520		
				Subtotal: \$ 1,855,230		\$ 722,020		\$ 646,880		\$ 127,920		
				12% Overhead & Profit: \$ 222,628		\$ 86,642		\$ 77,626		\$ 15,350		
				Phase Subtotals: \$ 2,077,858		\$ 808,662		\$ 724,506		\$ 143,270		
				30% Permitting & Design Fees: \$ 623,357		\$ 242,599		\$ 217,352		\$ 42,981		
				Phase Totals: \$ 2,701,215		\$ 1,051,261		\$ 941,857		\$ 186,252		

Source: Lot 1 Development Plan, prepared by Walker Macy, February 2016

Exhibit 3. Development Assumptions for Pro Forma

Operating Revenue and Cost Assumptions				
Variable	Modeling Assumption			Unit of Measure
	Low	High	Average	
<u>Rent</u>				
Flex industrial rent (annual)	\$14.00	\$23.00	\$18.50	Per square foot, annualized (Triple Net)
Flex industrial rent (monthly)	\$1.17	\$1.92	\$1.54	
Traditional industrial rent (annual)	\$6.00	\$14.00	\$10.00	Per square foot, annualized (Triple Net)
Traditional industrial rent (monthly)	\$0.50	\$1.17	\$0.83	
<u>Vacancy Rate</u>			5%	Percent
<u>Operating Expenses</u>				
Industrial (both Flex and Traditional)			0%	(passed through for Triple Net)
Reserves			-\$0.25	Per Square foot, Annualized
Property tax - residential			\$0.00	per Unit/Year (passed through for Triple Net)
<u>Parking Demand</u>			4.41	Stalls per 1,000 nsf
<u>Return on Cost</u>	6.00%	8.00%	7.00%	percent
Construction Costs				
Variable	Assumption			Unit of Measure
<u>Hard Construction Costs</u>				
Flex industrial				
Shell and core	\$175.00	\$200.00	\$187.50	Per square foot
Gross to Net Ratio			95%	
Traditional industrial				
Shell and core	\$100.00	\$150.00	\$125.00	Per square foot
Gross to Net Ratio			95%	
Landscaping			\$10.00	Per square foot
Parking				
Parking Stalls			715	Stalls (different sizes)
Surface parking			\$3,000.00	Per stall
Site Prep cost escalator			10%	
<u>Soft Costs</u>			30%	Percent of Hard Costs
<u>Developer Fee</u>			4.0%	Percent total development cost
<u>Contingency fee</u>			5.0%	Percent of Hard + Soft Costs
Land Cost (from current comps)			\$15.00	Per GSF

Source: Various sources, compiled by ECONorthwest

Feasibility Scenarios

We initially created eight scenarios to test the impact of changes in construction costs and rents, as well as a potential public investment in infrastructure, on the resulting development feasibility of Lot 1. The interviews with contractors provided a range of costs for developing the shell and core of the industrial buildings. To match the high quality of industrial development currently in the Hood River waterfront area, the contractors indicated that construction costs would range between \$175 to \$200 per gross square foot of building area. These costs reflect high quality construction, with the variance between the low and high end primarily being a result of interior office built-out, fixtures, and façade/shell materials.

In addition to the construction cost range, we observed a range in asking rents for industrial properties in Hood River. Properties of equal quality to the existing waterfront development, were asking for rent in the range of \$1.17 to \$1.92 per square foot per month². In our analysis, we have referred to the type of high quality industrial development in the waterfront area as “flex industrial” as it includes both industrial and manufacturing uses as well as any associated office space and small retail tenant spaces.

To illustrate, we modeled the following four scenarios twice, once *without* public investment in infrastructure and once *with* public investment with infrastructure. (see Exhibit 4 below):

Exhibit 4. Development Scenario Matrix for Flex Industrial

	Low Rent	High Rent
Low cost	Rent: \$1.17 psf/mo Construction Cost: \$175 psf	Rent: \$1.92 psf/mo Construction Cost: \$175 psf
High Cost	Rent: \$1.17 psf/mo Construction Cost: \$200 psf	Rent: \$1.92 psf/mo Construction Cost: \$200 psf

Source: ECONorthwest

For comparison, we built additional scenarios for more traditional industrial development. We used construction cost numbers from previous ECO research and collected new rent data from CoStar for more traditional industrial properties. We held all other assumptions constant. This scenario matrix is as follows (see Exhibit 5):

² It’s worth noting that these are higher than typical industrial rents. The high quality industrial buildings in the waterfront area have attracted tenants that utilize the properties for a blend of office, manufacturing, warehousing, and retail uses. Because of this mix of uses, these tenants are able to pay higher than typical “industrial” rents.

Exhibit 5. Development Scenario Matrix for Traditional Industrial

	Low Rent	High Rent
Low cost	Rent: \$0.50 psf/mo Construction Cost: \$100 psf	Rent: \$1.17 psf/mo Construction Cost: \$100 psf
High Cost	Rent: \$0.50 psf/mo Construction Cost: \$150 psf	Rent: \$1.17 psf/mo Construction Cost: \$150 psf

Source: ECONorthwest

Contactors also noted a couple variables that are currently affecting industrial development costs. During our interviews, the contractors noted that (1) any industrial development with specialized manufacturing space will require higher cost allowances to account for special permeant fixtures and increased structural loads and (2) Hurricane Harvey has impacted the manufacturing of PVC plastic piping. While piping is a smaller input into construction costs than most, the current lack of supply is affecting industrial projects nationwide.

Both of these cost impacts were not included in our analysis due to the both the unknown use of this hypothetical development as well as the timeline (manufacturing facilities for pipes may be restored by the time of this development).

Findings and Implications

Analysis Findings

The results of our analysis indicate that development is only feasible (residual land values are only positive), in scenarios with either a public investment covering the cost of infrastructure and/or when development costs are low and rents are high. This finding is consistent for both flex and traditional industrial development. The following scenario matrices show the residual land value results:

Exhibit 6. Residual Land Value Per Square Foot Results for Flex Industrial

	Low Rent	High Rent
Low cost	Without public investment: (\$41.28)	Without public investment: \$3.46
	With public investment: (\$29.15)	With public investment: \$15.58
High Cost	Without public investment: (\$54.96)	Without public investment: (\$10.22)
	With public investment: (\$42.84)	With public investment: \$1.90

Source: ECONorthwest

Exhibit 7. Residual Land Value Per Square Foot Results for Traditional Industrial

	Low Rent	High Rent
Low cost	Without public investment: (\$39.99)	Without public investment: (\$0.23)
	With public investment: (\$27.87)	With public investment: \$11.89
High Cost	Without public investment: (\$67.36)	Without public investment: (\$27.59)
	With public investment: (\$55.24)	With public investment: (\$15.47)

Source: ECONorthwest

The desired flex industrial development has a positive residual land value when rent is high and costs are low, and also when rent is high and costs are high but only if the public invests in the infrastructure. Though development is feasible in these scenarios, as shown by the positive residual land values, these numbers exclude the market cost of land.

During our discussions with developers and contractors, we learned that the market cost of land for light industrial in the Hood River Waterfront ranges from \$9 to \$20 per square foot of land, with an average of approximately \$15 per square foot. If the developer is expected to pay the average market cost of land, the only feasible scenario is when rents are high and construction costs are low, in addition to the public sector investing in the cost of the site preparation.

The development of more traditional industrial product is less feasible than high quality flex industrial, as shown in Exhibit 7. Only one scenario works for traditional industrial (high rent

and low cost plus public investment) and the resulting residual land value is not large enough to cover the average market cost of land.

Implications

There are several implications from the results of this analysis:

1. Any type of development on the Lot 1 properties will likely require a public investment in the supporting infrastructure. The infrastructure costs are substantial, and the current relationship between rents and development costs are such that there is little money left over for a developer to spend on infrastructure improvements.
2. Fluctuations in rent have a greater impact on development feasibility than development costs (not including infrastructure). The current rents of the existing high-quality flex industrial developments in the Hood River waterfront are akin to core Portland area retail or office rents. These high rents are critical for supporting the continued quality of development in the waterfront.
3. The flex industrial scenarios are more feasible than the traditional industrial scenarios. This means that, given the choice between the two, a developer can achieve a higher return on investment by pursuing a flex industrial product at Lot 1, than building a traditional industrial development. The implication of this finding is that, should the public sector invest in the supporting infrastructure to “unlock” Lot 1 for development, a developer is more likely to pursue a high-quality flex industrial product type from a return on investment stand point.

This analysis has shown that a public investment in infrastructure is necessary to incentivize new development at the Lot 1 site. Further, returns on investment are likely to be higher if a developer pursues a high-quality flex industrial product type at the site. This does not mean, that there is a foregone conclusion to achieving the Port Commission’s goal of a continuation of high-quality development in the waterfront area however. There may be other reasons a developer would choose to build a low-quality product type at the Lot 1 site, that is not in line with the Port’s goals. Further, because financial feasibility is not achievable in most scenarios, a developer may choose to reduce costs by constructing a lower-quality product to achieve their desired return on investment.

The Port of Hood River and the City of Hood River have a strong role to play in shaping the future development of the waterfront’s Lot 1. Several tactics, such as clear vision setting, and developer outreach, along with a public investment in infrastructure should be deployed to ensure future high-quality development.

Appendix: Pro forma analysis

	Flex Industrial - No Public Investment				Flex Industrial - With Public Investment			
	Low rent high cost	Low rent low cost	High rent high cost	High rent low cost	Low rent high cost	Low rent low cost	High rent high cost	High rent low cost
Income								
Market rent rates	\$ / sq ft / month	1.17	1.92	1.92	1.17	1.17	1.92	1.92
Market rent rates	\$ / sq ft / year	14.00	23.00	23.00	14.00	14.00	23.00	23.00
Vacancy Rate	% / year	5%	5%	5%	5%	5%	5%	5%
Square feet leased	sq ft	154,106	154,106	154,106	154,106	154,106	154,106	154,106
Rent total	\$ / year	2,157,489	3,544,447	3,544,447	2,157,489	2,157,489	3,544,447	3,544,447
Operating reserves	\$ / year	(40,554)	(40,554)	(40,554)	(40,554)	(40,554)	(40,554)	(40,554)
Property taxes	\$ / year	-	-	-	-	-	-	-
Office NOI	\$ / year	2,271,042	3,657,999	3,657,999	2,271,042	2,271,042	3,657,999	3,657,999
NOI	\$ / year	2,271,042	3,657,999	3,657,999	2,271,042	2,271,042	3,657,999	3,657,999
Project value	\$	37,850,692	60,966,650	60,966,650	37,850,692	37,850,692	60,966,650	60,966,650
Construction cost								
Land	\$	6,643,500	6,643,500	6,643,500	6,643,500	6,643,500	6,643,500	6,643,500
Landscaping	\$	789,910	789,910	789,910	789,910	789,910	789,910	789,910
Parking (surface)	\$	2,145,000	2,145,000	2,145,000	2,145,000	2,145,000	2,145,000	2,145,000
Site prep	\$	5,368,644	5,368,644	5,368,644	-	-	-	-
Hard cost per sf (shell and core)	\$	200	200	200	200	175	200	175
Hard cost gross (shell and core)	\$	34,151,000	29,882,125	34,151,000	34,151,000	29,882,125	34,151,000	29,882,125
Soft cost	\$	10,245,300	8,964,638	10,245,300	10,245,300	8,964,638	10,245,300	8,964,638
Contingency	\$	2,219,815	1,942,338	2,219,815	2,219,815	1,942,338	2,219,815	1,942,338
Developer fee	\$	1,864,645	1,631,564	1,864,645	1,864,645	1,631,564	1,864,645	1,631,564
Total cost	\$	63,428,013	57,367,893	63,428,013	58,059,370	51,999,250	58,059,370	51,999,250
Total cost w/o land	\$	56,784,513	50,724,393	56,784,513	51,415,870	45,355,750	51,415,870	45,355,750
Results								
Return on Cost	%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Residual Land Value	\$	(\$24,341,063)	(\$18,280,943)	(\$4,527,385)	(\$18,972,420)	(\$12,912,300)	\$841,259	\$6,901,379
RLV per Square Foot	\$	(\$54.96)	(\$41.28)	(\$10.22)	(\$42.84)	(\$29.15)	\$1.90	\$15.58
Total development per sf of GBA	\$	371	336	371	340	305	340	305
Total development per sf of GBA	\$	333	297	333	301	266	301	266

	Traditional Industrial - No Public Investment				Traditional Industrial - With Public Investment			
	Low rent high cost	Low rent low cost	High rent high cost	High rent low cost	Low rent high cost	Low rent low cost	High rent high cost	High rent low cost
Income								
Market rent rates	\$ / sq ft / month	0.50	0.50	1.17	1.17	0.50	0.50	1.17
Market rent rates	\$ / sq ft / year	6.00	6.00	14.00	14.00	6.00	6.00	14.00
Vacancy Rate	% / year	5%	5%	5%	5%	5%	5%	5%
Square feet leased	sq ft	154,106	154,106	154,106	154,106	154,106	154,106	154,106
Rent total	\$ / year	924,638	924,638	2,157,489	2,157,489	924,638	924,638	2,157,489
Operating reserves	\$ / year	(40,554)	(40,554)	(40,554)	(40,554)	(40,554)	(40,554)	(40,554)
Property taxes	\$/year	-	-	-	-	-	-	-
Office NOI	\$ / year	1,038,190	1,038,190	2,271,042	2,271,042	1,038,190	1,038,190	2,271,042
NOI	\$ / year	1,038,190	1,038,190	2,271,042	2,271,042	1,038,190	1,038,190	2,271,042
Project value	\$	17,303,173	17,303,173	37,850,692	37,850,692	17,303,173	17,303,173	37,850,692
Construction cost								
Land	\$	6,643,500	6,643,500	6,643,500	6,643,500	6,643,500	6,643,500	6,643,500
Landscaping	\$	789,910	789,910	789,910	789,910	789,910	789,910	789,910
Parking (surface)	\$	2,145,000	2,145,000	2,145,000	2,145,000	2,145,000	2,145,000	2,145,000
Site prep	\$	5,368,643.50	5,368,643.50	5,368,643.50	5,368,643.50	-	-	-
Hard cost per sf (shell and core)	\$	150	100	150	100	150	150	100
Hard cost gross (shell and core)	\$	25,613,250	17,075,500	25,613,250	17,075,500	25,613,250	25,613,250	17,075,500
Soft cost	\$	7,683,975	5,122,650	7,683,975	5,122,650	7,683,975	7,683,975	5,122,650
Contingency	\$	1,664,861	1,109,908	1,664,861	1,109,908	1,664,861	1,664,861	1,109,908
Developer fee	\$	1,398,483	932,322	1,398,483	932,322	1,398,483	1,398,483	932,322
Total cost	\$	51,307,773	39,187,533	51,307,773	39,187,533	45,939,130	45,939,130	33,818,890
Total cost w/o land	\$	44,664,273	32,544,033	44,664,273	32,544,033	39,295,630	39,295,630	27,175,390
Results								
Return on Cost	%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Residual Land Value	\$	(\$29,832,982)	(\$17,712,742)	(\$12,220,823)	(\$100,583)	(\$24,464,338)	(\$12,344,098)	(\$6,852,180)
RLV per Square Foot	\$	(\$67.36)	(\$39.99)	(\$27.59)	(\$0.23)	(\$55.24)	(\$27.87)	(\$15.47)
Total development per sf of GBA	\$	300	229	300	229	269	198	269
Total development per sf of GBA	\$	262	191	262	191	230	159	230

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PORT OF HOOD RIVER WATERFRONT ANNUAL REPORT

2017 Overview

2017 saw another busy summer on the Port of Hood River Waterfront. With consistent wind throughout the season, windsurfing and kiteboarding schools reported great business. The Event Site was as busy as ever and 2017 camp hosts Mark Carlson and Bonnie Lee Carlson kept the peace with the many different users and activities. Major projects effecting the waterfront this season were the trail improvement under toll bridge and the city sewage lift pump replacement at the corner of Button Bridge Road and Port Marina Drive. Port waterfront recreation expenses continue to exceed revenue, the Port of Hood River spent \$258,875 to fund waterfront recreation sites for the fiscal year 2016-2017. Smoke from September 2nd the Eagle Creek Fire and the subsequent interstate closure brought an early end to the 2017 season.

Waterfront Recreation Statistics

- A total of (34) user groups scheduled events from March through October.
- Parking pass revenue for the Event Site increased by 11% from 2016 for a total of \$114,050 sold.
- Comparison between 2015 and 2017 Parking Studies shows a 6% increase in parking load at waterfront. June July and August are the months that see peak occupancy. The Event Site showed the greatest increase of 26%.
- 90 items were turned into Lost & Found by Event Site hosts, a 34% decrease from the previous year due to the new system of on-site bins. 30 items were returned to the public.
- The Army Corp of Engineers traffic counters reported a 2% increase from 2016 for vehicles from June 1 through September 30 at the following sites:
 - Event Site: 149,506
 - Boat Launch: 36,954 (numbers lower due to construction at site)
 - Marina: 55,075



Waterfront Community Groups and Contributors

GORGE Junior Sailing

Based at the South Marina Basin dock, GORGE Junior Sailing offers full week classes for kids of all ages and skill levels. There was an increase in participation for 2017 with the program serving 165 students in both kids and adult classes. Often students who take lessons will join the high school sailing team and return to the program as teen instructors.



High School Team

Lead by Head Coach Mallory Bozina, with help from several experienced local sailors, The Hood River High School Sailing team took home the State Championship trophy. There were 38 kids on the team competing in 6 regattas during the season with events in Hood River, Portland, Newport and as far away as Orcas Island. Hosted by the Hood River Team, the first annual Forrest Cook Regatta took place the weekend of March 25th and 26th. The regatta was a huge success with 100 sailors from around the region.





Hood River Yacht Club

The Hood River Yacht Club, which is housed in the building nearest the Marina, had a great season or racing. The 23 race Wednesday Night Race Series experienced great winds and had several boats participating weekly. The HRYC ran the 10th annual Double Damned regatta, coined *A Decade Damned*, from Cascade Locks to The Dalles. With its high winds and opposing current, this unique event draws thrill seeking sailors from around the region.



Hood River Outrigger Canoe Club

Hood River Outrigger Canoe Club, now a formal 501C3 non-profit, celebrated their 5th year of paddling in the Gorge. The group has more than 75 club members that paddle 2-4 times weekly between April and October. They currently have four canoes and hope to acquire additional boats. In 2017, members competed throughout the region with some members traveling as far as Hawaii, California and Canada. With increased numbers, the group has had to include different locations. Historically, the group has stored boats in the South Marina Basin dock but has also added storage at the Nichols Basin parking lot and beach area. Group President Josh Sceva has been an advocate for public paddling storage at the West Nichols Basin and the Port has developed conceptual drawings for such a facility.





Columbia Gorge Windsurfing Association

After an incredibly windy summer, wind sports came to an abrupt end with the Eagle Creek fire and related closures. The GCWA reported a good season with record setting fund raising with their swap meets. The CGWA Gorge Groms program at the Hook served 150 kids. The CGWA is interested in working with the Port on some shoreline access improvements.



Columbia Gorge Kiteboarding Association

Kiting continues to be a growing sport in the Gorge and the CGKA continues to advocate for safe and accessible kiteboarding from the Port's waterfront properties. Port staff and CGKA collaborate seasonally on the seasonal opening of the Flight Deck kite area at the Event Site.

Riverkeeper Ecoli testing

Columbia Riverkeeper provides the Port with regular Ecoli readings at various waterfront locations. With the exception of an elevated reading at the Event Site in late May, conditions present at Event Site and Outer Hook have been within EPA standards. Winter Goose feces accumulation and associated runoff of the Event Site lawn may be contributing factors in the Elevated reading.



Slider Project

The Slider Project, located in the mouth of the Hood River, consists of four in water slider and kicker features. A global contingent of Kitesurfers from Spain, Australia, Belgium, Canada, Russia, France, Argentina, Brazil, and Poland came to Hood River to spend months riding the Slider Project features. Hood River is one of four venues in the world to host Kite Park League events. The Spornado Hood Jam event hosted contestants from around the world and was won by local kiter Brandon Scheid. The Slider Project raised \$3500 in 2017 for slider park improvements.



Waterfront Trail Improvement

2017 saw an improvement to the waterfront trail where it passes beneath the Hood River Bridge. The design was drafted by engineer Stu Cato to flatten surfaces and widen the trail from 5 to 8 feet. The project involved the installation of a retaining wall at the area beneath the east side of the south access ramp to the bridge. Contractor Crestline Construction widened the trail below the bridge and installed 4300-pound interlocking retaining wall blocks to support the bridge access ramp. The reconfigured trail now provides better access for trail users when they pass beneath the bridge.





Event Site Beach Replenishment

After a year-long permitting process, the severely eroded Event Site beach transition is soon to be replenished. Replenishment will involve the installation of a boulder wall above the typical high water mark, relocation or elimination of smaller trip hazard rocks and the installation of several loads of gravel to replace displaced beach materials. The permit allows the Port to maintain the beach in the future as well.



Hood River County Sherriff Water Marine Division

Sheriff Deputy Curtis Kowall reported that he responded to 74 calls for service on the water working between May 1 – September 1, 2017. During those 4 months the sheriff's office worked a total of 80 days dedicated to the marine patrol. 2017 was the first year to see a decline in the need for the sheriff's office to intervene in rescuing kites and windsurfers. Kowall attribute this reduction to kite/windsurf schools teaching effective self rescue methods, to school instructors assisting in water rescues, and to individual users helping each other on the water. The Deputy assisted 30 users in relocating their gear on the water. In total the Sheriff's Department assisted in 32 non motorized calls for service and reported 2 major injury incidents on the water.





PORT OF HOOD RIVER WATERFRONT ANNUAL REPORT

2017 Waterfront Recreation and Marina Events

#	LOCATION/EVENT	DATE	FEE	WAIVED
Event Site				
1	CGWA Gorge Cup	May - Aug	\$700	
2	Paddle For Cancer	April 15		
3	Outfound	June 9-11	\$4,075	
4	CGWA Beach Bash	June 23,24,25	\$2,250	
5	Kiteboarding 4 Cancer	July 15-16	\$2,099	
6	Naish Demo- Beach Only	August 16-18	\$300	
7	Harvest Festival	October 13-15	\$4,350	
8	Columbia Gorge Marathon	October 23	\$1,000	
Lot #1				
9	Meadows Employee Bus Parking	Nov - May	\$600	
10	Insitu Event Parking	August 31	\$200	
Jensen Parking Lot				
11	CGWA Swap Meets	June - Aug	\$200	
12	Gorge Downwind Paddle Festival	July 17-22	\$1550	
Nichols Beach				
13	Big Winds SUP Demo	March 12	\$100	
14	Heroes On The Water Fishing Tournament	June 3		
15	Kayak Shed Demo	June 4	\$150	
16	Global Sessions	Sept 1	\$150	
The Spit				
17	4th of July Fireworks	July 3-5		\$1,100
Marina Park/Picnic Shelters/ Beach				
18	(27) Picnic Shelter Reservations	May - Sept	\$1350	
19	Mid Columbia Children's Council	May 31		
20	Oregon Beach Wrestling Championships	June 3		\$150
21	Global Sessions	July 14	\$350	
22	Global Sessions	July 15	\$100	
23	Windsurfing Camp - ABK Boardsports	July 17-21	\$1000	
24	Slider Project- Beach Only	July 22-28	\$650	
25	Lions Motorcycle Rally Checkpoint	Sept 1&2		
Marina Green				
26	HR Hammers Rugby	Spring		\$100
27	HR Lacrosse	March -May		\$7350
28	True Lacrosse	June-July	\$500	
29	Real Promotions Concert	July 29	\$1,075	
30	Zephyr Company Picnic	August 11	\$50	
Marina Basin				
31	Seattle Model Yacht Club/Radio Regatta	July 14	\$150	
32	GORGE Junior Sailing	July-August	\$300	\$2,000
33	HRVHS Sailing Program	March - May		\$2,000
Hook				
34	Firefighter Fitness Training Events	March -June		
35	King of the Hook	August 12		
Cruise Ships				
36	Cruise Ship Stops	June -Nov	\$3675	
2017 Total Revenue from Events			\$26,924	
2017 Total Waived Revenue from Events				\$12,700
2016 Total Revenue from Events			\$22,475	
2015 Total Revenue from Events			\$16,650	
2014 Total Revenue from Events			\$15,860	
2013 Total Revenue from Events			\$14,275	
2012 Total Revenue from Events			\$21,925	



PORT OF HOOD RIVER WATERFRONT ANNUAL REPORT

2017 Event Site Parking Receipts

EVENT SITE										
	Daily	Oversize	Annual	Annual	Weekly	Weekly	School	2nd Car	Instruct	
Fees	\$8	\$20	\$70/\$100	\$140/\$180			NC	\$40	\$40	Total
2017	5089	108	726	19			9	103	17	\$114,050
2016	5171	239	768	21			11	93	19	\$101,580
2015	6019	184	819	24			19	110	16	\$111,968
2014	6626	172	595	17			11	96	20	\$77,439
2013	6186	148	573	20	0	0	7	103	0	\$73,445
2012	5331	181	642	17	0	0	11	63	2	\$61,845
2011	4660	101	510	12	0	0	5	64	8	\$51,160
2010	3333	72	440	28	0	0	11	47	12	\$43,425
2009	4104	168	497	28	0	0	9	49	17	\$51,255
2008	3491	135	423	31	0	0	1	55	21	\$44,485
2007	4365	150	91	7	14	1	0	10	3	\$29,250
2006	5231	206	258	18						\$37,684
2005	4597	151	253	17						\$34,248
2004	5406	129	228	15						\$35,749
2003	8387	149	205	15						\$35,711
2002	7163		161							\$20,652
2001	7666		161							\$30,886
2000	5888		131							\$24,059

2016-17 Fiscal Year Waterfront Recreation Expenditures/Revenue

EXPENDITURES	ACTUAL
Event Site	
Personnel Services	\$90,130
Materials and Services	\$36,853
Total	\$126,983
Hook and Spit	
Personnel Services	\$41,874
Materials and Services	\$4,792
Total	\$46,666
Marina Park	
Personnel Services	\$153,709
Materials and Services	\$81,192
Total	\$234,901
Total Waterfront Recreation Expenses	\$408,550
REVENUE	
Events, Parking Passes, Concessions, HR Yacht Club	\$152,286
Grant-Contributed Capital	\$
Total Waterfront Recreation Revenue	\$
2017 Expenses Exceeding Revenue	-\$258,875
2016 Expenses Exceeding Revenue	-\$373,721
2015 Expenses Exceeding Revenue	-\$339,117
2014 Expenses Exceeding Revenue	-\$358,396
2013 Expenses Exceeding Revenue	-\$332,388
2012 Expenses Exceeding Revenue	-\$326,320



Looking Ahead to 2018

With their 2017 seasons winding down, event promoters and cruise ships are looking ahead to 2018 and reserving calendar dates for Port Waterfront Facilities. Grant monies have been awarded for a few upcoming projects. Hood River Parks and Recreation has awarded funds for the purchase of a low freeboard dock to allow safer water access to paddle sport users in the Nichols Basin. The Oregon State Marine Board has awarded funds for the replacement of a damaged traffic directing island in the boat launch parking area and electrical improvements to the Guest Dock. Grant monies and Port funds have been allocated for the installation of interpretive and wayfinding signs in fourteen locations around the waterfront. 2018 is shaping up to be another great season.

Steve Carlson- Waterfront Manager

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Commission Memo



Prepared by: Fred Kowell
Date: November 7, 2017
Re: Commissioner Compensation

Staff requested that Legal Counsel review ORS 198.19 which defines Commissioner compensation last month to clarify staff's interpretation of the language of ORS 198.190 "for services performed as a member of the governing body," to mean more than just the regular board meetings. Commissioners are currently paid \$50 per board meeting, but often do much more. Commissioners are assigned committees every year and attend such meetings on personal time, like the Airport Advisory Committee, or Marina Committee, or the Urban Renewal Agency Board meetings.

Legal Counsel's review is as follows:

ORS 198.190 authorizes payment to a "member of a governing body" (Port Commissioners) of up to \$50 per day "for services performed as a member of the governing body." Although there is no case discussing this question, we interpret the statute to allow payment of up to \$50 per day when a Commissioner performs services by attending committee or other meetings as a Port Commissioner representative, in addition to receiving compensation for attending Port Commission meetings.

Only one \$50 per day payment is authorized. If a Commissioner attends a committee meeting as a Port representative on the same day as attending a Commission meeting, total authorized compensation is \$50, not \$100. I am not aware of this issue arising in the past.

If the Commissioners wish to receive additional payments for committee attendance they may adopt a policy to authorize that. ORS 198.190 says a member of a governing body "may receive an amount not to exceed \$50 each day or portion thereof as compensation for services," it does not say "shall receive".

RECOMMENDATION: Discussion.

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Commission Memo

Prepared by: Michael McElwee
Date: November 7, 2017
Re: Bridge Replacement Staffing Concept



At the August 15, 2017 regular meeting, the Commission reviewed a summary memo regarding planned steps to be undertaken in the next several years to fulfill our commitments to the Oregon Legislature and to set the stage for future replacement of the Hood River Interstate Bridge.

The broad list of steps are summarized as follows:

HB 2750

- P3 Administrative Rules
- P3 Alternatives Scoping
- Tolling Enforcement Agreement
- Financial Modeling

HB 2017

- ODOT/Port IGA
- P3 Request for Information (RFI)
- EIS Engineer Selection Process
- EIS Engineer Contract
- Final EIS

Other

- Washington State Legislative Strategy
- Public Outreach Plan
- Administration/Staffing Plan

One of the most important near-term challenges is establishing organizational and administrative team structure to manage the various tasks. Attached is a proposed organizational structure and preliminary description of project roles for Commission consideration.

RECOMMENDATION: Discussion.

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HOOD RIVER BRIDGE REPLACEMENT

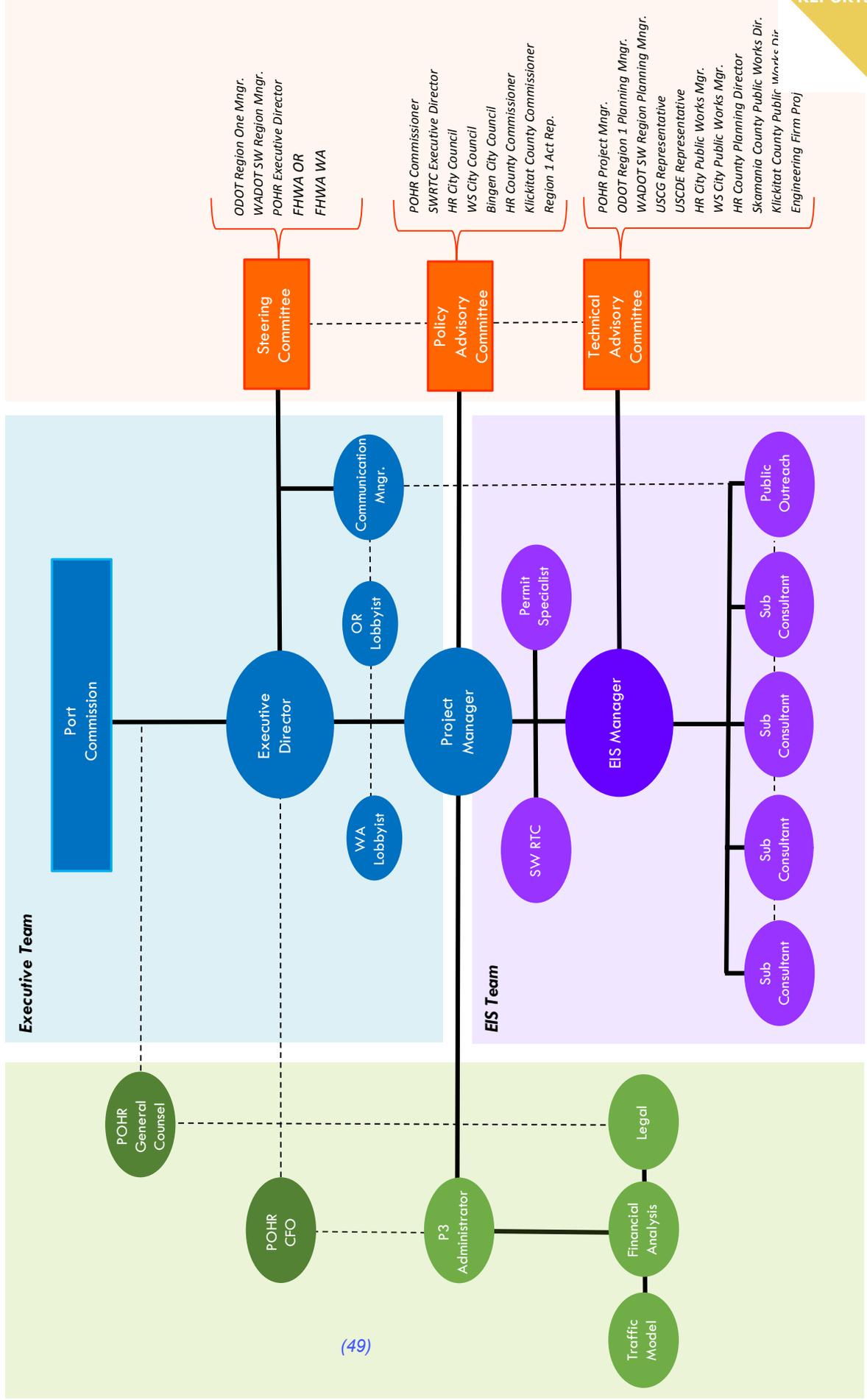
PROJECT ORGANIZATION

Draft 10/27/17

P3 PROJECT CONSIDERATION

PROJECT ADMINISTRATION

PROJECT OVERSIGHT



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Hood River/White Salmon Bridge Replacement Project

Roles & Responsibilities

DRAFT: November 7, 2017

Because of the significant future challenge of funding construction of the project, project will be organized to oversee tasks associated both with preparation of an FEIS, and evaluation of a possible public-private partnership (P3). Ultimately, the Port of Hood River will determine the appropriate project delivery method and is responsible for insuring construction of a new bridge.

PROJECT STEERING COMMITTEE

Role: The Project Steering Committee (“PSC”) will consist of the three primary “owners” of the Project (the Port owns the existing bridge, and it connects to both ODOT and WADOT systems), and representatives of the Federal Highway Administration from Oregon and Washington. The PSC’s role is to insure a collaborative approach between participating agencies, provide general project oversight and act to resolve key issues. Ultimately, the PSC will also advise on the final bridge delivery method-- publicly-funded project or P3—and the PSC role is somewhat different for each. Meetings of the PSC will be quarterly but more frequently when necessary. Conference calls will be used as appropriate.

Membership:

- Port of Hood River Executive Director
- ODOT Region 1 Manager
- WSDOT SW Region Administrator
- FHWA- Washington
- FHWA- Oregon

TECHNICAL ADVISORY COMMITTEE (TAC)

Role: The TAC will be comprised of project or technical staff from each jurisdiction with a regulatory or governmental approval role in the Project. Members of the TAC will advise the project engineering team on specific process and agency approvals requirements. The TAC will seek to identify issues of concern and barriers to success, and collaborate, where possible, in their resolution. It will provide technical advice on engineering and environmental matters, assist in early resolution of permitting or other local/state issues, and provide regular reports on project activities to elected officials in each jurisdiction. It will also update the PSC and identify issues that require PSC involvement. If a P3 is selected, the PSC would determine if the TAC should still function under the Steering Committee. The Port’s Project Manager will coordinate and staff the TAC. Meetings are expected to be monthly when the EIS engineering team is assembled and substantive work is underway

Membership:

- Port of Hood River Project Manager
- ODOT Region 1 Planning Manager
- WSDOT SW Region Planning Manager
- RTC Transportation Section Supervisor
- U.S. Coast Guard Regulatory Representative
- U.S. Army Corps of Engineers Regulatory Representative
- City of Hood River Engineering Director
- White Salmon City Public Works Planner
- Hood River County Community Development Director
- Skamania County Public Works Director
- Klickitat County Public Works Director
- Engineering Firm Project Manager

POLICY ADVISORY COMMITTEE (PAC)

Role: The PAC is comprised of local/regional elected officials who have a specific stakeholder interest in the Project. The PAC will serve to keep the Steering Committee aware of the local needs so that the Project maximizes its benefit to the community. The Policy Advisory Committee will keep abreast of project activities, raise issues before they become stumbling blocks for the project, provide political support for the Project and advise on and assist with public and community outreach activities. The PAC will meet quarterly.

Membership:

- Port of Hood River Commissioner
- SWRTC Executive Director
- Hood River City Councilor
- White Salmon City Councilor
- Hood River County Commissioner
- Skamania County Commissioner
- Klickitat County Commissioner
- Bingen City Councilor
- Hood River Region 1 ACT Representative(s)

PORT OF HOOD RIVER (POHR)

Role: The Port is the public owner of the Bridge and with legal, operational and fiscal responsibility for its operations. The Port Commission is responsible for the utilization of funding provided by the State and for the completion of the pre-development tasks. Ultimately, the Port Commission is responsible for the final delivery method for constructing a new Bridge whether a P3 or publicly-funded approach is utilized. The Port Commission is

comprised of five elected officials who meet twice-monthly in public session. Fred Kowell, CFO, will be responsible for financial management of the Project.

EXECUTIVE DIRECTOR

Role: Overall administrative responsibility for the project. Provide direct supervisory support for the Project Manager. Serve on the Project Steering Committee. Participate in public outreach efforts. Act as primary conduit to the Port Commisison.

CHIEF FINANCIAL OFFICER

Role: Collaborates regularly with the P3 Administrator during P3 evaluative tasks. Lead for ODOO negotiations relative to enforcement agreement(s). Provides significant input into Washington legislative strategy and actions. Responsible for financial oversight and reporting tasks in regards to State funding.

PROJECT MANAGER

Role: Serve as the manager directly responsible for administration of FEIS Engineering and P3 project evaluation contracts and tasks. Direct liaison with the Policy Advisory Committee. Provides regular reports to the Port Commisison and ODOT. Likely a new Port employee.

P3 ADMINISTRATOR

Role: Management of contracts and responsible for successful completion of various tasks reacted to data collection and modeling of P3 appraoaches. Potentially manages selection process and evaluation of P3 proposals and subsequent negotiations.

SW WASHINGTON REGIONAL TRANSPORTATION COMMISSION

Role: Manages election process for FEIS Engineering firm. Participates on Technical Advisory Committee and may participate in other ways throughout the process. Provides key liaison with local governments and agencies in Washington.

FEIS ENGINEER

Role: Engineering firm responsible for the broad and varied tasks associated with the supplemental DEIS, Supplemental TS&L and final EIS. The FEIS Engineer Project Director and Project Manager will play a role in almost all aspects of the project

PERMIT SPECIALIST

Role: Assists Project Manager and FEIS Engineer with public agency coordination associated with FEIS and ROD process.

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Executive Director's Report

November 7, 2017

Staff & Administrative

- The SDAO annual conference is scheduled for February 9-11 in Seaside, Oregon. We have reserved four rooms for those days. I encourage any newly-elected Commissioner to attend, including the pre-conference on February 8.
- Fred Kowell completed UAV training in Pendleton October 23-26. Assuming Fred passes his required testing, he will be designated Chief Pilot for the Port and will be able to train others in the use of UA vehicles.
- The Columbia Gorge Economic Symposium was held in Stevenson on November 2. Anne attended for the Port. The agenda is attached.
- Final planning is underway for the "Future" work session. On November 14, the evening session will start at 5:30 with light food followed by the presentation from Glen Heimstra at 6:00. On Wednesday the 15th, the day long work session with Mr. Heimstra will begin at 9:00 a.m.
- Genevieve and I attended portions of the PNWA Annual conference in Portland October 17-19.
- Anne attended the Oregon Aviation Managers Association meeting in Crestwell October 23-24.
- The October 25 OneGorge meeting focused on the Gorge Commission's management plan update and their Gorge2020 public input process. The Commission seeks to form an economic development advisory committee to advise on policy related to the second purpose of the Scenic Area Act. Krystyna Wolniakowski and Jennifer Gist made presentations to the group on these topics and there was in-depth discussion on the region's economic challenges.
- Genevieve will serve on the board of the newly formed Columbia Gorge Tourism Alliance (CGTA) which plans to meet monthly to collaborate on tourism promotion of the Gorge Region. She also currently serves as the Port representative (ex-officio) on the board of the Chamber of Commerce.
- The October 26 Hood River EDG group meeting focused on Eagle Creek fire recovery program implementation and utilization.

Recreation/Marina

- The Port has received a \$8,425 grant from the Oregon State Marine Board to reconstruct a parking island in the Launch Ramp parking lot and to install electrical upgrades on the Visitor Dock. Thanks to Steve Carlson for successfully pursuing this grant. We will try to schedule the work later this fall.

- Considerable progress was made on construction of a stone embankment and restoration of the beach at the Event Site in late October. The final step will be installation of approximately 300 yards of gravel, scheduled for the week of November 6.
- With completion of HarvestFest and the Columbia Gorge Marathon, all major events on the waterfront have concluded.



Development/Property

- We have received the staff report from the City of Hood River regarding the Lot #1 subdivision. It is generally quite favorable. A Planning Commission hearing is scheduled for November 6. Scott Keillor and I will make a presentation and respond to questions.
- A reminder that Lot #1 will be on the Hood River Urban Renewal Agency agenda for November 13.
- We have not yet received a City of Hood River staff response to our updated Site Plan Review application for new paved parking lot west of the Jensen building. The 30-day deadline for a response is November 4.

Airport

- Crestline Construction continues progress toward completion of the final tasks and punch list items associated with the South Ramp project.
- The Airport Advisory Committee met on October 26. There was good discussion about the noise challenges and significant progress toward a set of reasonable “Fly Friendly” actions that could be taken.
- Anne has drafted a new FBO agreement and is working through details with Tac Aero along with Minimum Standards. The current FBO agreement expires December 1. An extension of that expiration date is anticipated to ensure a thorough review and make changes to the agreement that can be long term.
- Berger Abam submitted a revised wetland report to the FAA regarding on-site mitigation. The last discussion with the FAA was very positive and Anne is relatively confident that we will be able to mitigate onsite. The FAA should have an answer for us on that by mid-November.

Bridge/Transportation

- During the initial stages of the bridge lift on October 25 (performed to accommodate final strain gauge testing of the mechanical components at the top of the south lift tower) the electrical system that drives the warning and barrier gates malfunctioned. Initially the failure was thought to be the switches. It now appears to be a relay malfunction. Electrical Engineer Gareth Reese at Stafford Bandlow is directing the evaluation and repairs. We have informed the Coast Guard that the lift span is inoperable for now.
- We have received a draft IGA from ODOT regarding the \$5 million for bridge pre-development efforts. I am working with Steve Siegel to identify proposed changes and fill in some scope information requested by ODOT.
- Note that the Commission meeting on November 7 will be the second of two public hearings on the potential toll increase. Staff is carrying out further outreach efforts with public agencies—a presentation to the Bingen City Council is scheduled for November 21 and I am seeking to be on the Klickitat County Commission and City of Hood River Council meeting agendas. A letter from White Salmon Mayor Poucher is attached.
- Steve Siegel continues to work on updates to the P3 Administrative Rules as required by HB 2750. These will likely be presented in draft form to the Commission in December.
- Coral Construction will start installation of new I-84 signage related to the Bridge on November 6. The work should be substantially complete in about two weeks.
- On October 26, the web portal that will allow customer account management was deployed as a “soft launch”. The hard launch date will be November 6th.

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Columbia Gorge Economic Symposium

Thursday, November 2, 2017, 9:00 a.m.

Hegewald Center, 710 SW Rock Creek Dr, Stevenson, WA

Agenda

Doors open at 8:30 a.m. for refreshments and networking.

- 9:00 a.m. Welcome and Introductions
Ken Bailey, Board Chair, Mid-Columbia Economic Development District
- 9:15 a.m. Opening Remarks
Jason Spadaro, President, SDS Lumber
- 9:35 a.m. Local Data, Regional Trends and Economic Forecasts
Scott Bailey, Washington Regional Economist
Dallas Fridley, Oregon Regional Economist
- 10:25 a.m. Panel Discussion: Current and Future Reality for the Gorge's Forest and Wood Products Sector
How can we support collaboration, stewardship and innovation in this industry?

Moderated by Lisa Naas Cook with Panelists:

- *Jon Paul Anderson, High Cascade/ WKO Inc.*
- *Trevor McConchie, Washington Department of Natural Resources*
- *Jay McLaughlin, Mt. Adams Resource Stewards*
- *Jeff Nelson, Nelson Brothers Engineering*
- *Emily Platt, US Forest Service*
- *Bob Sourek, Bear Mountain Forest Products*
- *Wayne Vineyard, Port of Klickitat, retired Hancock Timber Resource Group*

12:00 p.m. Connecting with the Comprehensive Economic Development Strategy 2017
Amanda Hoey, Executive Director, Mid-Columbia Economic Development District

12:30 p.m. Adjourn and networking

Many Thanks to Our Event Sponsors:



*Presentations and materials will be posted following the Symposium to:
www.mcedd.org/strategy/get-involved/economic-symposium/*

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Oregon

Kate Brown, Governor

State Marine I

435 Commercial St NE, Suite 400
PO Box 14145
Salem, OR 97309-5065
(503) 378-8597
Fax (503) 378-4597



October 26, 2017

Michael S. McElwee, Executive Director
Port of Hood River
1000 E Port Marina Dr.
Hood River, OR 97031

RE: Small Grant #1718-04 Port of Hood River, Short Term Tie-up Electrical Upgrade and Parking Island Area Repairs

Dear Mr. McElwee:

This letter confirms and approves your request for a Small Grant pursuant to OAR 250-014-003(4)(g) in the amount of \$8,425.20 in dedicated state boater grant funds. The Port of Hood River will be providing \$6,619.80 cash and project administration. Total project cost is \$15,045.00 as identified in your letter dated October 16, 2017 and clarified in an email dated October 25, 2017.

This grant is for repairs to the short term tie-up dock electrical system replacing two electrical service boxes and adding ground fault circuit breakers. This grant includes the removal of an oversized parking island, pavement patching and installation of a smaller island to improve boat trailer traffic flow and safety. This approval is conditioned upon the Port of Hood River completing the work by May 1, 2018.

When the project is completed please include a copy of final invoice and photos with the attached standard billing request form. If you have any questions, please contact Janine Belleque, Boating Facilities Manager at 503-378-2628

Sincerely,

Rachel Graham
Interim Director

CC: Steve Carlson, Waterfront Manager, Port of Hood River
Chris Gorud, Business Services Manager, OSMB
Janine Belleque, Boating Facilities Manager, OSMB

Attachment: Standard Billing Form



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City of White Salmon
Office of City Hall

October 19, 2017

Hoby Streich, President
Port of Hood River Commissioners
1000 E. Port Marina Drive
Hood River, OR 97031

Subject: Port of Hood River Proposed Toll Rate Increases

Dear Mr. Streich:

It is the City of White Salmon's understanding that the Port of Hood River is considering a proposed toll increase that would be effective February 1, 2018.

A 200% increase in the toll for Class 1 vehicles without a Breezeby Pass and a 125% increase for vehicles with a Breezeby Pass is substantial. These increases will have a direct impact on tourism and economic development in west Klickitat County, including the City of White Salmon. Many of the visitors to our community come from Hood River or other areas and will not own a Breezeby Pass. The cost of \$2.00 each way will like reduce the number of visitors to our community. In addition, it will likely reduce the number of visitors from the Washington side to Hood River for the same reason.

The City of White Salmon believes that the toll increase on Class 1 vehicles should be reduced while the proposed toll on Class 2 and Above Vehicles should be increased. Larger vehicles have more of an impact on the bridge than smaller vehicles.

Please consider a lower toll increase for Class 1 vehicles.

Sincerely,

David Poucher, Mayor
City of White Salmon

Cc: City of White Salmon City Council
City of Bingen City Council
Mt. Adams Chamber of Commerce

RECEIVED
OCT 23 2017
BY: cc: Michael,
Hoby, Gen

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Port of Hood River
MARINA COMMITTEE MEETING MINUTES
Thursday, September 21, 2017 – 8:00 a.m.
Port Conference Room

THESE MINUTES ARE NOT OFFICIAL until approved at the next regular meeting.

Present:

Members: Josh Sceva, Steve Tessmer, Shawn Summerrett

Staff Members: Steve Carlson, Michael McElwee,

Commission: Brian Shortt

Absent:

Lance Staughton

The meeting was called to order at 8:10 by Josh Sceva.

1. Additions to Agenda: None
2. Minutes from August meeting approved.
3. Marina Manager Report.

Carlson discussed winterization of marina facilities, additional marina electrical adjustments and status of Lepke vessel Topaz moored outside the marina. Lepke to be offered a slip in accordance with the Marina Waitlist criteria.

4. Dock walk reports

A Dock- Sceva identified a cord in the water at slip A28. Staff to follow up.

B Dock- No report.

C Dock- Tenant items on docks, fingers, cords in water. Staff to follow up.

Boathouse Dock- 1 Tessmer suggested that the boathouse electrical feeders be inspected for possible chafing.

Youth Junior Sailing- Shawn Summersett reported that youth sailing was over and equipment had been removed from dock. Discussed possibility of Port owning low freeboard docks to be used by GJC and High School sailing programs.

6. Discussion Topics.

Guest dock and marina improvements. Members and staff discussed possible guest dock improvement concepts. Tessmer mentioned importance of relocating Sheriff dock, provided diagram of possible configuration beside gas dock. Sceva expressed interest in the Concept Plan E previously provided by the OSMB that puts the guest docks at the south basin. Sceva, Tessmer and Summersett discussed the expansion possibilities for A and B docks. Committee agreed that permitting and piling work for marina expansion should coincide with any guest dock project. Carlson and group discussed possibility of utilizing existing spreaders at guest dock and replacing the floats only. Short suggested that we should work together with Cascade Locks and the Dalles in promoting use of facilities by cruisers. Short suggested that we seek funds associated with Coast guard use of facilities, thought The Dalles had done so. McElwee discussed combined permitting effort for guest dock improvement and marina expansion. Compelled group to select an OSMB plan that was acceptable and reminded group that the existing facility is in rough shape. Discussion of replacement of existing facilities only and or expansion. Sceva proposed keeping existing marina assessment or some version of it to fund marina improvements. Carlson indicated that marina is at 100% capacity with long wait lists. Short said 90% occupancy is desired suggesting that expansion is needed.

7. Oregon State Marine Board representatives

Janine Belleque, Jeff Smith and Joseph Glossop arrived at 10:00am.

Belleque presented information to group. Presentation highlights included: Rules pertaining to launch ramps and tie up docks have changed since OSMB provided concepts to the Port. Keeping our tie up dock in the same location and configuration is problematic with new regulation. OSMB uses Oregon Department of Fish and Wildlife statistics to determine traffic at facilities. Asked Port and Committee who we are trying to serve and who our typical users are. OSMB facilities are designed for use by visitors only and are not to be used by local marina community. Federal funding available only for docks used by 26' or greater vessels from out of the area. Proximity of existing tie up and transient dock prevents future federal funding. Separating of docks could enable use of federal funds. Both OSMB and Federal agencies can demand return of funds if facilities are not used in manner intended by funding. Current dock could not be replaced or repaired (significantly) as configured due to A.D.A., light transmission and other regulations. Any addition to existing facilities would require complete replacement. OSMB funding has a 30 year term of agreement with recipient and Port must comply with originally intended usage. OSMB does not provide funding for overnight tie ups unless federal funds are also involved. OSMB primary focus is on funding of ramps, Fuel and pumpout facilities, launch docks associated restrooms and parking areas. Projects that qualify for OSMB funding typically get 75% OSMB/ODFW funding with a 25% match from recipient. Port and community could contribute in a variety of ways to reduce the 25% cash match requirements. OSMB has a relatively low investment in the Port's facilities and advocates for replacement instead of repair. Replacement and compliance with new regulations in current location would reduce number of available parking spaces.

Presentation commentary from OSMB:

OSMB would like gas docks and tanks to remain in their current location. Belleque: Asked if we needed the east dock. Asked who we are building these facilities for? Day users or visiting cruisers. Funding different depending on intended user group. Belleque recently spoke with Columbia Cruisers association who indicated a lack of interest in visiting the gorge due to kite and windsurf traffic in the river and concern about depths in the Marina Basin. Belleque asked if we had studied users and a masterplan that accounts for future growth. Suggested that we survey cruisers visiting Hood River: Boat Length, Fuel Capacity, length of visit, home port, etc. Asked if ramp was in right location for future growth. Smith asked if we needed the windbreak on the dock and said it would be difficult to replicate with modern regulations and is of the opinion that the dock facilities are in need of immediate replacement. Advocated for relocation of ramp to NW marina basin, would eliminate need for windbreak. Indicated that small boat overnight moorage ties up ramp parking and reduces usability. Said overnight tie up dock could remain in the east basin. Thought that the 1972 boat ramp and docks was a Corps

of Engineers project and was one of two left on the Columbia. Wondered how many short term tie ups we have and where they park. OSMB staff estimated that replacement of existing docks and ramp (not including parking lot) would cost +/- \$1,000,000. \$2,000,000 for relocation of facility to NW basin.

Presentation comments from Committee and Staff:

McElwee: Port's primary need is to replace ramp and associated tie up dock. Asked if design could include provision for future expansion. Funding of any improvement would have to come primarily from OSMB. Inquired if OSMB's application efforts could include Port marina expansion as well- could under certain circumstances and would involve additional port funding. Asked Belleque about access to federal funding opportunities- ODFW monies that come with an OSMB grant include a substantial amount of Federal funds. Port can provide traffic numbers and other data for funding purposes.

Short: Foresees significant growth in demand for Hood River Facilities. Mid Columbia has great cruising capability but little infrastructure to support it. Wants to study cruiser potential for area, combine efforts with Cascade Locks and The Dalles. Port could and others could promote Mid-Columbia cruising at Boat Show and other venues.

Tessmer: Suggested that the existing facilities are a hindrance to visiting cruisers, any improvements should have capacity for larger vessels. Proposed expanded gas dock / tie up dock at East basin. Thinks Marina Park are is underutilized. Presented conceptual diagram of relocated Sheriff boathouse. Belleque indicated that OSMB funding cannot involve law enforcement facilities. Sceva: Indicated that Hoor River Yacht Club seeks a launching hoist, Belleque indicated that hoists are very expensive. Inquired about OSMB funding of paddlesprt facilities. Belleque said that funding was available in certain circumstances.

Prepared by Steve Carlson

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Minutes

AIRPORT ADVISORY COMMITTEE

Thursday, October 26, 2017

At WAAAM – 3:00pm

1. Approval of Minutes for September 28, 2017. *Approved*
2. Introductions

Attendees: Dayle Harris, Doug Roby, Jeff Renard, Bob Holliston, Jim Stuart, Ken Newman, Judy Newman, Tod Guenther, Brian Prange, Tim Arbogast, Bud Musser, John Benton, Michael McElwee, John Everitt, Anne Medenbach

3. Status update South Taxiway Construction:
Anne stated that the project paving and grinding are complete. The fuel tank will be moved on Tuesday and the project should be finalized by November 3rd and operations may go back to normal.
4. WAAAM Update
Judy stated that they have 7 more airplanes for the collection, but no place to put them. They have been very busy and with more tour boats routing to HR because of the Multnomah falls closure, the museum has done well and minimized the impacts of the loss of the Fly In.
5. Glider Update
Anne met with Corey Roeseler last week to discuss the glider club and operations. They also discussed charging non club gliders a tie down fee for airport use. The trailer will be allowed until next spring and discussion was had about irrigation and dirt leveling for the area.
6. Fly Friendly program discussion
Significant discussion ensued with Ken Newman presenting, physically how elevation gain is different for different types of aircraft and various spacing explanations regarding pattern location, altitude and procedures a pilot takes to land and take off. He feels that pilots just need to be made aware that there is a noise issue and asked to adhere to a fly friendly program.
-He states that a non-standard pattern (alternating left and right turns) is dangerous.

Port of Hood River

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- Communication was discussed regarding how the Fly Friendly program would need to be rolled out:

- Signage*
- AWOS*
- Flyers*
- Facility Directory*
- Port Website*

Dayle Harris presented a fly friendly program outline (attached). He mentioned that we need to be careful with the messaging that it is not a noise abatement program, which is a different thing that FAA would need to be involved in.

Tac Aero presented both a letter and input to a fly friendly program (attached). There was discussion regarding who would talk with pilots that are known offenders. That would be the FAA safety rep (Dayle) and then the following volunteers: Doug Roby, Ken Newman and Bud Musser.

It was decided that Anne would put together a draft fly Friendly program that Dayle and Brian would look over and that would be reviewed at the next AAC meeting.

There was additional discussion about planes near Tod Guenthers house that may be landing at Roberts field.

Bob Holliston requested that he be allowed to house two small aircraft in his hangar. Judy offered the motion and Bud Musser seconded it. It will be on the consent agenda at the Port Board meeting on November 7th.

The next two AAC meeting will be held the 3rd Thursdays of the month

1. November 16th

2. December 21st

At 3:00 PM at WAAAM.

7. Other items to discuss

Commission Memo

Prepared by: Michael McElwee
Date: November 7, 2017
Re: Bridge Non-Revenue Policy



At the October 17, 2017 regular meeting, the Commission discussed the Port's policy regarding non-revenue crossings. The staff recommended for consideration policy (attached) reflects both Commissioner and General Counsel feedback.

RECOMMENDATIONS: Adopt Non-Revenue Bridge Crossing Policy dated November 7, 2017.

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Port of Hood River
Hood River-White Salmon Interstate Bridge

Statement of Policy Regarding Non-Revenue Passage

Adopted: November 7, 2017

Public Safety Agencies

It is the policy of the Port of Hood River (“Port”) to allow employees of law enforcement and public safety agencies (“Agency” or “Agencies”) to cross the Hood River–White Salmon Interstate Bridge (“Bridge”) when conducting official business without paying a toll. Agencies include municipal, state, federal and tribal police and fire departments

Agency personnel shall always pass unimpeded through the toll plaza when lights and/or sirens are activated or during any manner of emergency response.

The Port will provide toll credit that is commensurate with the reasonably anticipated annual use by an Agency. Crossings that are compensated by insurance or other payment do not qualify for non-revenue credit.

To request toll credit, Agencies must submit a letter on Agency letterhead, signed by a senior official, that describes the type and number of vehicles anticipated to be used, general reason for crossing and expected number of annual trips. The Agency must also complete and submit a BreezeBy application form. After review of the letter and application, the Executive Director may approve the request and a reasonable amount of toll credit. Agencies will not be charged for transponders when the initial BreezeBy account is opened or if additional transponders are needed.

If the initial transponder credit is used, an Agency may submit a written request for additional transponder credit. The Executive Director or Chief Financial Officer will consider the request and may approve or deny it.

The Port reserves the right to suspend or terminate the accounts of an Agency due to excess or un-warranted use in its sole discretion.

Military Personnel

Active-duty military personnel are eligible for non-revenue crossings. If on temporary leave of seven days or less, active duty military personnel may show their military identification to toll staff upon each crossing. If leave is longer than seven days, order papers must be submitted at the Port office in advance to obtain transponder credit.

The Executive Director may authorize non-revenue crossings for veteran’s organizations and support personnel when crossing the bridge in groups or as part of an organized event or activity.

Emergencies

The Port will allow non-revenue crossing during certain types of emergencies, typically when parts of Interstate I-84 or WA SR-14 are closed. The following are situations that will lead to closure of the toll booth for cash transactions:

- When environmental conditions exist that might jeopardize the health or welfare of toll booth staff.
- When high traffic volumes could result in backups onto the Exit #64 ramps of I-84 or the turn lanes on SR-14.
- When an evacuation order is made for any area within Hood River, Skamania, Wasco or Klickitat County. Residents of a county affected by an evacuation order will be allowed non-revenue crossing of the Bridge until the evacuation order is rescinded. Proof of residency may be required at the toll booth.
- During forest or wildland fire emergencies, fire-fighting crews and their support staff will be allowed non-revenue crossings when it is necessary to cross the Bridge in order to access or return from a fire scene.
- During prolonged emergencies or when traffic conditions require an alternate route, school busses will be allowed non-revenue crossing of the Bridge.

Any decision about whether to close the toll booth to cash transactions under these or other circumstances shall be made by the Executive Director or designee, after consultation with the Port Commission President, if possible.

Breeze-By Credits

When the toll booth is fully closed to cash customers or in cases of emergencies listed above, credit may be granted to Breeze-By customers who cross the Bridge. The decision to grant such credit shall be made by the Executive Director.

Prior Policies Replaced

This policy replaces prior policies regarding non-revenue bridge passage.

Effective Date

The policy is adopted by Port of Hood River Board of Commissioners on November 7, 2017.

Commission Memo



Prepared by: Anne Medenbach
Date: November 7, 2017
Re: Lease - Chief Consulting Group, LLC

Chief Consulting Group, LLC is a hemp processing and distribution start-up, whose members currently operate marijuana retail and grow operations in Washington. They see a market opportunity with hemp (the non-THC plant) for processing and market distribution as there are many industrial hemp growers, but few processing facilities in Oregon.

They would like to rent 2,500sf of space in the 3875 Heron Drive at the Timber Incubator building in Odell. The rate on that lease is \$0.65/sf + utilities and property taxes. The term is for 1 year with two (2) year renewal options through 2022.

Their use is compatible with both the zoning and existing tenants in the building. They are an agricultural product processor and fall under USDA rules and regulations, not the OLCC, as their product is strictly regulated for THC content.

RECOMMENDATION: Approve lease with Chief Consulting Group, LLC for 2,500 square feet in the Timber Incubator building located at 3875 Heron Drive, Odell.

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LEASE

THIS LEASE is entered into at Hood River, Oregon by and between **PORT OF HOOD RIVER**, an Oregon municipal corporation, hereinafter referred to as “Lessor,” and Chief Consulting Group LLC, hereinafter referred to as “Lessee.”

1. **Description.** In consideration of the covenants of the parties, Lessor leases to Lessee approximately 2,500 square feet of space in Lessor’s building commonly known as the Timber Incubator (“building”) located at Suite 300, 3875 Heron Drive, Oregon (“Leased Premises”). The Leased Premises are identified in the attached “Exhibit A.”

Building Address:	“Timber Incubator” 3872 Heron Drive Odell, OR 97044
Tenant Suite:	300
Approximate Square footage:	2,500

2. Term.

Lease Commencement Date:	November 8, 2017
Lease Expiration Date:	October 31, 2018
Renewal Options:	2 (2) year options
Renewal Notice Requirement:	90 days

The lease term shall be for the period commencing on **November 8, 2017** and continuing through October 31, 2018. If not in default, and if Lessee pays Lessor all real property taxes Lessee owes or may be responsible to pay under the terms of the lease, Lessee has the option to extend the lease for two extension term(s) of two years, through October 31, 2022, provided Lessee gives Lessor written notice of Lessee’s intent to renew the lease for the additional term while the lease is in effect. To be effective, Lessee’s notice to renew must be given to Lessor no later than 90 days prior to the lease termination date.

3. **Rental.** Monthly Rent for the Leased Premises will be the following Monthly Base Rates, plus the applicable Consumer Price Index (CPI) Rate Adjustment, as set forth below:

Space	Square Footage	Rate per s.f. per month	Monthly Base Rate
Suite 300	2,500	\$0.65	\$1,625

All rental amounts are payable in advance on the first day of each month, beginning on the date Lessee is entitled to occupy the Leased Premises. However, if the lease does not begin on the first day of a month, rental for the first month shall be prorated to reflect the actual number of days in that month that the lease is in effect and shall be payable immediately.

Starting on November 1, 2018 and occurring annually thereafter, including any extensions of this lease, monthly rent will be adjusted by adding to the monthly rental amount payable during the previous 12-month period a percentage increase equal to the percentage change in the Consumer Price Index (CPI) for the most recent 12-month period for which a published CPI is available. The CPI figure will be taken from the index entitled CPI-U for Portland, OR – all items and major group figures for all urban consumers, or, if such index is

unavailable, will be taken from a similar index published by the United States Bureau of Labor Statistics. However, in no event will the annual increase be less than 1 percent or more than 5 percent.

4. **Use.** Lessee shall use the Leased Premises for Hemp processing and distribution (excluding psychoactive drugs such as marijuana or hashish). The Leased Premises shall not be used for any other purposes without the written consent of Lessor. Lessee shall comply with all current and later adopted federal and Oregon statutes and rules that apply to the Hemp processing and distribution.
5. **Taxes.** Lessee shall pay all taxes on its personal property located on the Leased Premises. Lessee shall pay all real property taxes of governmental units assessed against the Leased Premises, and all real property taxes assessed against all inside and outside common areas of the building based on the amount of lease space occupied by Lessee as a percentage of the total lease space in the building. Lessee shall pay all such real property taxes which have been assessed and are payable during Lessee's occupancy. Lessee shall also pay all such taxes which arise during a tax year as a result of Lessee's occupancy, even if the lease term has ended, or if Lessee has vacated the Leased Premises. However, if another tenant occupies the Leased Premises and agrees to pay any portion of the real property taxes otherwise payable by Lessee, Lessee shall not be required to pay those taxes which the new tenant pays. [Note: Under current law, Port real property is exempt from property taxation during an upcoming fiscal tax year (July 1 through June 30) unless a private party occupies such Port property on June 30. If a private party is in possession of Port property on June 30, that Port property is taxed for the entire subsequent fiscal tax year "as a result of Lessee's occupancy."] Although Lessee is responsible to pay real property taxes, Lessor will pay the real property taxes to the taxing authority when due and send a bill to Lessee for the amount of taxes Lessor has paid, which will be payable by Lessee to Lessor within ten days after the date of Lessor's bill.
6. **Utilities.** Lessee shall be solely responsible to pay Lessor for all utilities, including gas, sewer, water, and electricity, used or consumed by Lessee on the Leased Premises, and for garbage service related to Lessee's occupancy. If any utility is provided to Lessee in common with other tenants of Lessor, Lessee shall pay a portion of the total cost of such service based on the amount of lease space occupied by Lessee as a percentage of the total lease space of all tenants using the same utilities in common with Lessee. Or, Lessor may charge Lessee more or less than other tenants if Lessor believes Lessee's gas or electricity use will likely be more or less than other tenants use. In such event, Lessor agrees to provide Lessee with an explanation of how those calculations for utility allocations were made. Lessor agrees to consider a different allocation formula for the Leased Premises. Lessee shall notify Lessor, and shall pay Lessor for the additional service charges. Lessee shall pay Lessor for Lessee's utility service within seven days after Lessor sends Lessee a bill itemizing those charges. Lessee shall be responsible for payment of all utilities arising during the lease term. In no event shall Lessor be liable for an interruption or failure in the supply of any utilities to the Leased Premises.

Lessee will secure and pay for Lessee's garbage and in suite electrical service through Hood River Electrical Co-op.

7. **Liability Insurance and Hold Harmless Agreement.** Lessee agrees to indemnify and save Lessor, Lessor's Port Commissioners, officers, employees and agents harmless from any claims by any persons, firms, or corporations arising from business conducted on the Leased Premises or from anything done by Lessee at the Leased Premises, and will further indemnify and save Lessor harmless from all claims arising as a result of any breach or default on the part of Lessee under the terms of this lease, or arising from any willful or negligent act or omission of Lessee's agents, contractors, employees, or licensees in or about the Leased Premises, and from all costs, counsel fees, and liabilities incurred in any action or proceeding brought thereon; and in case any action or proceeding is brought against Lessor by reason of any such claim, Lessee, upon notice from Lessor, covenants to resist and defend such action or proceeding by counsel.

Lessee agrees during the term hereof to keep a policy of general commercial liability insurance in effect with respect to the Leased Premises with minimum coverage of one million dollars (\$1 million) combined single limits. If Lessee renews this lease, at the outset of the renewal term Lessor may, with written notice, raise the minimum insurance requirement to an amount of insurance that is reasonably commercially available. The policy shall name Lessor as additional insured, and expressly include Lessor's Port Commissioners, officers, employees, and agents as additional named insured, and shall contain a clause that the insurer will not cancel or change the insurance without first giving Lessor at least fourteen days prior written notice. The insurance shall be provided by an insurance company registered to do business in the State of Oregon, or by a company approved by Lessor. A copy of the policy or certificate of insurance shall be delivered to Lessor no later than three days after Lessee occupies the Leased Premises.

8. **Fire Insurance and Waiver of Subrogation.** If the Leased Premises or building where the Leased Premises are located are partially or totally destroyed by fire or other casualty, Lessor may decide to repair the Leased Premises or building, or not, in Lessor's sole discretion. Lessor shall notify Lessee in writing of Lessor's intent regarding repair within 30 days after the date of the damage. If Lessor notifies Lessee that Lessor does not intend to repair the damage the lease shall terminate effectively at the date of the damage. If Lessor notifies Lessee that Lessor intends to repair the damage the lease shall continue, and Lessor shall return the Leased Premises or building to as good a condition as existed prior to the damage, in a prompt manner reasonable under the circumstances. If Lessee's use of the Leased Premises is disrupted during Lessor's repairs a reasonable portion of the rent shall be abated during the disruption. In no event shall Lessor be required to repair or replace Lessee's property including Lessee's fixtures, furniture, floor coverings or equipment. In no event shall Lessee be entitled to recover damages from Lessor related to destruction of the Leased Premises or building, or related to repairs undertaken by Lessor. Each party shall provide its own insurance protection at its own expense, and each party shall look to its respective insurance carrier for reimbursement of loss, which may be insured against by a standard form of fire insurance with extended coverage. There shall be no subrogated claim by one party's insurance carrier against the other party arising out of any such loss.
9. **Lessee/Lessor Covenants.** Lessee shall not do anything which may damage the Leased Premises or any systems in the building or other areas surrounding the building. Lessee shall not be a nuisance or a menace to other tenants in the building. Lessee will not create or use hazardous substances, or dispose of hazardous waste of any kind, unless in strict compliance with environmental laws and regulations. Lessee, at Lessee's expense, shall be responsible to provide improvements and equipment, and to obtain any required permits or

approvals necessary for Lessee to engage in activities at the Leased Premises. Lessee promises to comply with all laws, ordinances, and government regulations applicable to the Leased Premises and to Lessee's activities at the Leased Premises, and to comply with reasonable rules adopted by Lessor which apply to all tenants of the building.

Lessee shall not attach any fixtures or make any improvements or alterations to the Leased Premises without describing them in writing and receiving Lessor's prior written consent. Lessee shall not suffer or give cause for the filing of any lien against the Leased Premises.

Lessor shall maintain the building roof, bearing walls, exterior walls, windows and the drainage, plumbing, electrical, and heat and cooling systems installed by Lessor to the point at which they enter the Leased Premises. Lessor shall maintain exterior common areas and landscaping, and provide ice and snow removal in the parking area outside the Leased Premises [within a reasonable time after the Lessee requests removal].

10. **Quiet Enjoyment.** From the date the lease commences Lessee will have the right to use the Leased Premises consistent with this lease without hindrance or interruption by Lessor or any other persons claiming by, through or under Lessor, subject, however, to the terms and conditions of this lease. The foregoing notwithstanding, Lessee agrees that Lessor may make improvements to the building and adjacent areas which may cause noise or otherwise temporarily disrupt Lessee's quiet enjoyment of the Leased Premises.
11. **Care of Leased Premises.** Lessee shall at all times keep the Leased Premises in as good condition as they are in at the outset of this lease, or if improvements are made thereafter in at least as good condition as after such improvements, and shall surrender the Leased Premises to Lessor in such good condition, reasonable wear and tear, or loss by fire or other casualty covered by insurance excepted.
12. **Fixtures and Personal Property.** Unless otherwise agreed in writing, all permanent improvements now located or hereafter placed on the Leased Premises during the term of the lease, other than Lessee's trade fixtures, equipment, and items related to Lessee's equipment, shall be the property of Lessor, and shall remain on the Leased Premises at the expiration or termination of the lease, provided that Lessor reserves the right within 30 days after the lease term ends to require Lessee to promptly remove any improvements which Lessee has placed on the Leased Premises at Lessee's expense, in a way which does not cause damage to the Leased Premises.

At the expiration or earlier termination of the lease term Lessee shall remove all furnishings, furniture, equipment, goods of any kind and trade fixtures from the Leased Premises in a way that does not cause damage to the Leased Premises. If Lessee fails to remove any this shall be an abandonment of such property, and Lessor may retain Lessee's abandoned property and all rights of Lessee with respect to it shall cease; provided however, that Lessor may give Lessee written notice within 30 days after the lease expiration or termination date electing to hold Lessee to its obligation of removal. If Lessor elects to require Lessee to remove personal property and Lessee fails to promptly do so, Lessor may effect a removal and place the property in storage for Lessee's account. Lessee shall be liable to Lessor for the cost of removal, transportation to storage, storage, disposal, and other costs incurred by Lessor with regard to such personal property.

13. **Signs.** Lessee shall not erect or install any signs, flags, lights or advertising media nor window or door lettering or placards visible from outside the Leased Premises or visible from

building common areas without the prior written consent of Lessor, which consent shall not be unreasonably withheld. Lessee agrees to maintain in good condition any signs or displays which are allowed.

14. **Common Areas/Parking.** Lessee understands and agrees that other tenants may occupy the building. This lease grants to Lessee and to Lessee's agents, employees, business invitees, customers and suppliers in connection with Lessee's business in the Leased Premises the non-exclusive right to use and enjoy throughout the existence of this lease all of the "common areas" associated with the building. "Common areas" shall be defined as all areas and improvements outside the building provided by Lessor for the joint use or benefit of tenants, their employees, customers and other invitees, including public parking areas, access roads, driveways, entrances and exits, landscaped areas, and sidewalks, excepting those parking spaces that may be designated for use by other building tenants. Use of available common areas shall be subject to like, non-exclusive use on the part of other tenants who occupy space in the building or any addition thereto, as well as their agents, employees, business invitees, customers and suppliers. Lessee agrees that its usage of such common areas shall not interfere with or be inconsistent with the similar rights of other tenants. All common areas shall be subject to the exclusive control and management of Lessor. Lessor shall have the right from time to time to establish, modify and enforce equitable rules with respect to all common areas, which Lessee agrees to abide by.

15. **Lessor's Access to Premises.** Lessor shall have the right to enter upon the Leased Premises at all reasonable hours after 24 hours oral notice (without notice to protect public health and safety in an emergency) for the purpose of inspecting it, or to make repairs, additions or alterations to the premises or any property owned or controlled by Lessor. E-mail from Lessor to Lessee (or Lessee's on site manager) may serve as notice of inspection of the Leased Premises. If Lessor deems any repairs reasonably required to be made by Lessee to be necessary, Lessor may give notice that Lessee shall make the same within 30 days (immediately in an emergency involving public health and safety), and if Lessee refuses or neglects to commence such repairs and complete the same in a timely manner, Lessor may make or cause such repairs to be made. If Lessor makes or causes such repairs to be made Lessee agrees that it will, within 30 days, pay to Lessor the cost thereof.

16. **Entire Agreement; Amendments.** This lease contains the entire agreement of the parties with respect to the Leased Premises. No prior agreement, statement, or promise made by any party to the other not contained herein shall be valid or binding. This lease may not be modified, supplemented or amended in any manner except by written instrument signed by both parties.

17. **Waiver.** One or more waivers of any covenants or conditions by either party shall not be construed as a waiver of a subsequent breach of the same covenant or condition, and the consent or approval by Lessor to any act by Lessee requiring Lessor's consent or approval shall not be construed as consent or approval to any subsequent similar act by Lessee.

18. **Assignment.** Lessee agrees not to assign or in any manner transfer this lease or any estate or interest therein without the previous written consent of Lessor, and not to sublet the premises or part or parts thereof without like consent. Lessor will not unreasonably withhold its consent. This Lease will not be assigned, subleased, or otherwise transferred except with the consent of Lessor, which consent may be granted or denied in Lessor's sole

discretion. Any transfer of an ownership interest in Lessee of fifty percent (50%) or more will be deemed an assignment.

19. **Default.** Time is of the essence of performance of all the requirements of this lease. If any rental or other sums payable by Lessee to Lessor shall be and remain unpaid for more than ten (10) days after the same are due and payable, or if Lessee shall fail to comply with any term or condition or fulfill any obligation of the lease (other than the payment of rent or other charges) within fourteen (14) days after written notice to Lessee specifying the nature of the default with reasonable particularity, or if Lessee shall declare bankruptcy or be insolvent according to law or if an assignment of Lessee's property shall be made for the benefit of creditors or if Lessee shall abandon the premises, then in any of said events Lessee shall be deemed in default hereunder. In the event of a default the lease may be terminated at the option of Lessor. If the lease is terminated, Lessee's liability to Lessor for rents and damages shall survive such termination and Lessor may re-enter, take possession of the premises, and remove any persons or property by legal action or by self help with the use of reasonable force and without liability for damages. The foregoing remedies shall be in addition to and shall not exclude any other remedy available to Lessor under applicable law.
20. **Holdover.**
If Lessee does not vacate the Leased Premises when the lease term expires, Lessor shall have the option to treat Lessee as a tenant from month to month, subject to all of the provisions of this lease except the provisions for term and renewal, and at a rental rate equal to the rent last payable by Lessee during the lease term. Failure by Lessee to remove fixtures, furnishings, trade fixtures, or other personal property which Lessee is required to remove under this lease shall constitute a failure to vacate to which this paragraph shall apply. If a month-to-month tenancy results from holdover by Lessee under this paragraph, the tenancy shall be terminable at the end of any monthly rental period on written notice from Lessor given to Lessee not less than 10 days prior to the termination date specified in Lessor's notice. Lessee waives any notice which would otherwise be required by this lease or by law with respect to month-to-month tenancy.
21. **Notices.** Whenever under this lease a provision is made for notice of any kind, it shall be deemed sufficient if such notice to Lessee is in writing delivered personally to Lessee's registered agent, to the person signing the lease, or to Lessee's on-site manager who at the date of this lease is Johnny Vanella, or sent by certified mail with postage prepaid to the address indicated on the signature page of this lease; and if such notice is to Lessor, delivered personally to the Executive Director, 1000 E. Port Marina Drive, Hood River, OR 97031 or sent by certified mail with postage prepaid to the address indicated on the signature page of this lease. Notice shall be deemed given on the date of personal delivery or if mailed, two business days after the date of mailing.
22. **Dispute Resolution.** Any dispute involving this lease may be resolved by court action or mediation if both parties agree. If the parties agree to use a mediator they will each pay one half the costs of mediation. If mediation does not occur or does not result in a solution satisfactory to both parties, the dispute shall be resolved by arbitration. Any arbitration shall be in accordance with the rules of the Arbitration Service of Portland then in effect. The parties shall use a single arbitrator mutually agreeable to them. If they are unable to agree on an arbitrator, or a process to select one, either party may apply to the Hood River County Circuit Court to appoint an arbitrator. The award rendered by an arbitrator shall be binding on the parties and may be entered in the Hood River County Circuit Court. The prevailing party in court action or an arbitration proceeding, including any appeal therefrom or

Port of Hood River Property Lease

Chief Consulting Group LLC

enforcement action, shall be entitled to recover their reasonable attorney's fees and costs and disbursements incident thereto.

23. **Authority to Execute.** The persons executing this Lease on behalf of Lessee and Lessor warrant that they have the authority to do so.

DATED this _____ day of _____, 2017.

Lessee: Chief Consulting Group LLC

Lessor: Port of Hood River

Signed: _____

Signed: _____

By: _____

By: Michael McElwee

Its: _____

Its: Executive Director

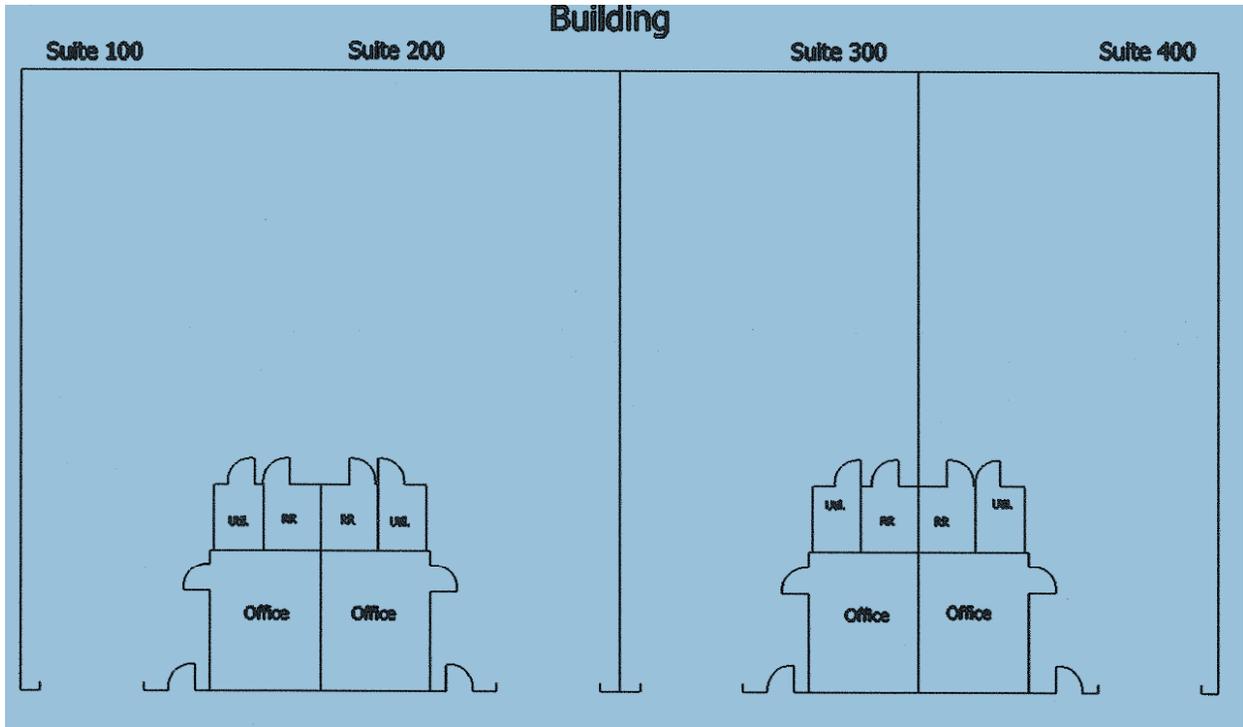
Address: 5009 NE 39th Ave.
Vancouver, WA 98661

Address: 1000 E. Port Marina Drive
Hood River, OR 97031

Email/phone: (360) 690-5775

Email/phone: (541) 386-1645

Exhibit A



Commission Memo



Prepared by: Fred Kowell
Date: November 7, 2017
Re: PSquare, LLC - Task Order 3

The Port has migrated to a new back-office BreezeBy operating system created by PSquare LLC. Under the original contract (Task Order 1), PSquare was responsible for migrating the existing functionality of the previous BreezeBy system to a new platform, create a new back-office operating system, and create a web portal for the Port. Task Order 1 was to be completed in three phases, and we are now in the final phase.

Task Order 2 was issued to provide ongoing maintenance and support, while also evaluating development planning for the next phases.

This Task Order 3 procures a more robust platform that will enable varying toll rates determined by vehicle class/type and payment type. (The old system did not have this functionality and when we migrated this functionality was not part of the original contract.) This additional programming will allow the Port to change toll rates by vehicle class/type and by payment type.

RECOMMENDATION: Approve Task Order 3 to the existing contract with PSquare, LLC not to exceed \$10,000 for Breezeby system programming services.

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TASK ORDER 3
SCOPE OF SERVICES
for
ELECTRONIC TOLLING SYSTEMS SUPPORT AND DEVELOPMENT

November 7, 2017

This Task Order No. 2 pertains to a **Personal Services Agreement**, ("**Agreement**") by and between **Port of Hood River**, ("**Port**"), and P-Square LLC ("**Consultant**"), dated July 18, 2017 ("**the Agreement**"). Consultant shall perform Services on the project described below as provided herein as the Agreement. This Task Order shall not be binding until it has been properly signed by both parties. Upon execution, this Task Order shall pertain to the Services described below.

PART 1.0 PROJECT DESCRIPTION & PURPOSE

The Port has upgraded its toll collection system due to the obsolescence of the Windows XP operating system and the inability of acquiring legacy consulting assistance. The new system hardware and software is similar in functionality to what as in operation before. However, the Port has identified functions and features, such as a transition to multi-protocol sticker-style transponders, a violation processing system, a web portal, and a more robust customer service application that will be beneficial to our public.

The Port has procured P-Square Solutions LLC and has completed the migration to a new platform that will require ongoing system support for the lanes, loops, controllers, back office, web portal, and some development of the new systems. This contract will provide professional services support for the new system and related enhancements that will be beneficial for future development efforts. This agreement relates to the system application support that is warranted and continues to be an ongoing benefit to the Port. This agreement gives the Port continued access to specialized expertise for quality control over the project management, business rules development and support of our major system application.

PART 2.0 SCOPE OF SERVICES

Task 3: Tolling Systems Upgrade Support

The Consultant shall perform additional tasks, within the total authorized fee amount, and as requested by the Port staff:

- Design the backoffice operating system to have enough functionality that will allow a different rate structure for each vehicle class, type and payment type (ie cash versus credit card).
- This new functionality will need to be tested and put into the production operating system by January 20, 2018.
- After migration to the production environment, contractor will be available for system support, analysis and communications of issues that may or may not occur.

Deliverables

- The current operating system will have the functionality that will allow for different rates by payment type and by vehicle class/type.
- All deliverables shall be electronic within the current test environment and will be then migrated to the production environment by January 20, 2018.
- Consultant's tolling staff will communicate with Port staff during testing and the migration of this functionality to the production environment.
- Contractor will provide operating system support and resolution after migration occurs. This relates to issues that are unknown during testing that appear in the production environment.
- This Task #2 of the current contract will not exceed \$10,000, with the exception of travel and related costs, if required by Port staff.

PART 3.0 PORT'S RESPONSIBILITIES:

Port shall provide the proper information and rate structure and if any, documents that contractor will need available to provide the functionality under this Task Order.

PART 4.0 PERIODS OF SERVICE:

This contract is for the period ending February 15, 2018. Notice to proceed to Consultant is assumed to be not later than October 30, 2017.

PART 5.0 PAYMENTS TO CONSULTANT:

The total professional service fees for labor for this Task Order No. 3 shall be a not-to-exceed amount of \$10,000. Travel and related expenses or equipment costs are to be billed separately and will be reimbursed at cost. These costs are not part of the not-to-exceed amount of this Task order project.

PART 6.0 OTHER:

None

This Task Order is executed this _____ day of _____, 2017.

PORT OF HOOD RIVER
"Port"

P SQUARE SOLUTIONS LLC.
"Consultant"

BY: _____

BY: _____

NAME: Michael McElwee

NAME: Reddy Patlolla

TITLE: Executive Director

TITLE: President

ADDRESS: 1000 E. Port Marina Drive
Hood River, OR 97031

ADDRESS: 307 Fellowship Road,
Suite 104
Mount Laurel, NJ 08054

Commission Memo



Prepared by: Anne Medenbach
Date: November 7, 2017
Re: Contract - Allied Maintenance, LLC

Allied Maintenance, LLC (“Allied”) has been providing janitorial services to all of the Port’s industrial buildings, with the exception of the Port office building, Airport, and Heron Drive, since 2016. Joetta Cole and her staff do an excellent job and not only provide exceptional cleaning, but also notify us about maintenance issues, often before our tenants do. A good janitor keeps facilities well maintained and ultimately saves money in deferred maintenance costs. Our tenants are also satisfied with their service.

The 2017 contract with Allied was for 29.5 hours of service per week with a total contract amount of \$58,824.00.

The proposed 2018 contract is for 33.5 hours of service per week with a total contract amount of \$63,842.00. The second floor of Big 7 has been added as well as some additional service for the 3rd and 4th floor. These additions prompt the increase with no additional CPI or cost increase.

The contract is for 12 months.

RECOMMENDATION: Approve contract with Allied Maintenance, LLC for janitorial services not to exceed \$63,842.

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Janitorial Services Contract

1. This Contract is between the Port of **Hood River ("Port")** and **Allied Maintenance, LL** ("Contractor"). Contractor agrees to perform the Scope of Work described in attached Exhibit A to Port satisfaction in accordance with the terms in attached Exhibits A, B and C. Port shall pay Contractor amounts stated in Exhibit C. which in total shall not exceed **\$63,842.00**.
2. This Contract shall be in effect from **November 1, 2017** through **October 31, 2018**. Either party may terminate this Contract in the event of a breach of the Contract by the other party after seven days written notice. Port may terminate this Contract for any reason after 30 days written notice to Contractor. If Port terminates this Contract, Contractor shall only receive compensation for work done and expenses paid by Contractor prior to the Contract termination date. Notices shall be by personal delivery or mailed to the addresses listed below.
3. All work products of the Contract which result from this Contract are the exclusive property of Port. Port shall have access to all books, documents, papers and records of Contractor which relate to this Contract for purpose of making audit, examination, excerpts, and transcripts for a period of three years after final payment.
4. Contractor will apply that skill and knowledge with care and diligence to perform the work in a professional manner and in accordance with standards prevalent in Contractor's industry, trade or profession. Contractor will, at all times during the term of the Contract, be qualified, professionally competent, and duly licensed to perform the work.
5. Contractor certifies that Contractor is an Independent Contractor as defined in ORS 670.600 and shall be entitled to no compensation other than that stated above.
6. Contractor shall indemnify, defend, and hold harmless Port, its Commissioners, officers, agents, and employees from all claims, suits, or actions of whatsoever nature resulting from or arising out of the activities of Contractor or its subcontractors, agents or employees under this Contract, except to the extent the Port is negligent and responsible to pay damages. Contractor shall provide insurance in accordance with attached Exhibit B.
7. This Contract may be executed in any number of counterparts, and any single counterpart or set of counterparts signed, in either case, by all parties hereto shall constitute a full and original instrument, but all of which shall together constitute one and the same instrument.
8. This Contract shall be governed by the laws of the State of Oregon and any litigation involving any question arising under this Contract must be brought in the Circuit Court in Hood River County, Oregon. If any provision of this Contract is found to be illegal or unenforceable, this Contract shall remain in full force and effect and the provision shall be stricken.
9. Contractor shall adhere to all applicable federal, state, and local laws and regulations, including those governing its relationship with its employees.
10. This Contract contains the entire agreement between Contractor and Port and supersedes all prior written or oral discussions or agreements. Any modification to this Contract shall be reduced to writing and signed by the Contractor and Port. Contractor shall not assign this Contract or subcontract its work under this Contract without the prior written approval of Port.
11. The person signing below on behalf of Contractor warrants they have authority to sign for and bind Contractor.

Contractor: Allied Maintenance LLC

Port of Hood River

Signed: _____

Joetta Cole

POB 554, Mosier, OR 97040

(541) 478-2027/(541) 490-6632

Signed: _____

Michael McElwee, Executive Director

1000 E. Port Marina Drive, Hood River, OR 97031

(541) 386-1645/ porthr@gorge.net

**Maintenance Services Contract
Exhibit A**

I. SCOPE OF WORK:

Contractor shall provide Janitorial Services to the following Port owned buildings:

Big 7-	616 Industrial Street
Jensen-	400 Portway Ave.
Maritime-	910 Portway Ave.
Marina Park	(Chamber) 700 E. Port Marina Way
Marina Park	(DMV) 650 E. Port Marina Way
Wasco-	205 Wasco Loop

Contractor shall provide services as outlined in attached Exhibit C. Contractor have inspected the locations. Contractor shall furnish and provide all equipment, tools and cleaning products and hand soap necessary to complete all work within the scope of this Contract. No separate payment shall be made for these items. Port shall provide all paper products and trash liners. Such items shall be requested from the Port in email to jmann@portofhoodriver.com or via phone at (541) 399-9228.

Contractor shall be provided with keys and cards to access the buildings. Contractor shall be responsible for all keys. Any lost or stolen keys shall be paid for by Contractor as will any cost to the Port associated with such a loss.

II. DELIVERABLES AND TIMEFRAME:

Contractor shall provide janitorial services described in Exhibit C and on that schedule. Any changes to that schedule or service agreement must be approved in advance in writing by the Port.

III. CONSIDERATION:

This Contract is an annual contract for a total amount not to exceed \$63,842.00.

Any additional work that is not covered in the Contract must be approved in advance in writing by the Port. Additional services will be paid for based on actual Contractor time at an hourly wage rate of \$36.00 per hour, unless otherwise agreed in writing by Contractor and the Port.

IV. BILLING AND PAYMENT PROCEDURE:

The Contractor shall submit to the Port for payment an itemized invoice in a form and in sufficient detail to determine the work performed for the amount requested. The invoice shall contain at a minimum:

- Invoice date
- Building name/s
- Billing rate applied
- Total hours worked

Invoices for services will be submitted on a monthly basis.

The Port shall process payment in its normal course and manner for Accounts Payable, net 30 days.

Personal Services Contract
Exhibit B

INSURANCE

Contractors, please provide this to your insurance agent immediately.

During the term of this Contract, Contractor shall maintain in force at its own expense, each insurance noted below:

- 1. Workers' Compensation insurance in compliance with ORS 656.017, which requires subject employers to provide Oregon workers' compensation coverage for all their subject workers. (Required of contractors with one or more employees, unless exempt order ORS 656.027.)

Required and attached OR Contractor is exempt

Certified by Contractor: _____
Signature/Title

- 2. Commercial General Liability insurance on an occurrence basis with a combined single limit of not less than \$1,000,000 each occurrence for bodily injury and property damage. The Liability Insurance coverage shall provide contractual liability coverage for the indemnity required under this Contract. The coverage shall name the Port of Hood River and each of its Commissioners, officers, agents, and employees as Additional Insured with respect to the Contractor's services to be provided under the Contract.

Required and attached Waived by Finance Manager _____

- 3. Automobile Liability insurance with a combined single limit of not less than \$1,000,000 each occurrence for bodily injury and property damage, including coverage for owned, hired, or non-owned vehicles, as applicable.

Required and attached Waived by Finance Manager _____

- 4. Professional Liability insurance with a combined single limit per occurrence of not less than \$1,000,000 general annual aggregate for malpractice or errors and omissions coverage against liability for personal injury, death or damage of property, including loss of use thereof, arising from the firm's acts, errors or omissions in any way related to this Contract.

_____ Required and attached Waived by Finance Manager _____

- 5. On All Types of Insurance. There shall be no cancellation or material change, reduction of limits, or intent not to renew the insurance coverages without 30-days written notice from the Contractor or its insurer(s) to the Port.

- 6. Certificate of Insurance. As evidence of the insurance coverage required by this Contract, the Contractor shall furnish acceptable insurance certificates to the Port at the time Contractor returns the signed Contract.

The General Liability certificate shall provide that the Port, its Commissioners, officers, agents, and employees are Additional Insured but only with respect to the Contractor's services to be provided under this Contract.

Endorsement CG 20 10 11 85 or its equivalent must be attached to the Certificate. The Certificate must contain a standard 30 day notice of cancellation clause which guarantees notification in writing to the Certificate Holder (Port of Hood River).

Commission Memo



Prepared by: Steve Carlson
 Date: November 7, 2017
 Re: Marina Slip and Boathouse Increase

Due to Marina related costs exceeding revenue, staff recommends increasing the slip and boathouse fees. Fred Kowell has recommended a 6% rate increase for 2018. The table below shows the new rates for each category:

Annual Moorage Rate	6% of 2017 rate	2018 Rate
Under 30'	\$58.49	\$1033.38
Under 30' East C Dock	\$66.36	\$1172.35
Under 30' C Dock South	\$62.14	\$1097.82
Over 30'	\$.17/FT/MO	\$2.99/FT/MO
Over 30 C Dock South	\$.18/FT/MO	\$3.17/FT/MO
Boathouse	\$.07/SQ FT/YR	\$1.29/SQ FT/YR

RECOMMENDATION: Approve 2018 Marina moorage rates.

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Commission Memo



Prepared by: Steve Carlson
 Date: 10/30/2017
 Re: 6% Hangar Rate Increase for 2018

Due to increasing costs, Port Staff recommends increasing the increase of Airport Hangar fees. Fred Kowell has recommended a 6% hangar rate increase for 2018. The table below shows the proposed new rates per hangar.

Hangar	6% from 2017 rates	2018 Rate
A	\$ 163.64	\$ 2891.02
B	\$ 174.45	\$ 3082.03
C	\$ 190.09	\$ 3411.25

RECOMMENDATION: Approve 2018 T-Hangar lease rates.

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