



PO Box 1180 • Port Townsend, WA 98368

Administration: (360) 385-0656

Operations: (360) 385-2355

Fax: (360) 385-3988

**Port of Port Townsend  
1st Monthly Business Meeting  
Wednesday, October 9, 2019, 1:00 p.m.  
Port Commission Building  
333 Benedict Street  
Port Townsend, WA**

- I. Call to Order / Pledge of Allegiance
- II. Approval of Agenda
- III. Public Comments (related to/not related to the agenda)
- IV. Consent Agenda
  - A. Approval of Public Workshop Minutes – September 25, 2019 rooves ..... 1
  - B. Approval of Regular Business Meeting Minutes – September 25, 2019 ..... 2-5
  - C. Approval of Warrants
- V. Second Reading
  - A. Review of draft 2020 budget and cash flow projections ..... 6-25
- VI. First Reading
- VII. Regular Business
  - A. The Artful Sailor – Lease..... 26-53
  - B. Contract Award for JCIA 9/27 Runway and Taxiway Connector Reconstruct - Scarsella Bros., Inc..... 54-56
  - C. Construction Administration Contract for JCIA Runway Reconstruction Project – Reid Middleton ..... 57-85
  - D. Contract Award for Hospital Building Ventilation Project – AirFlow Heating Co..... 86-88
  - E. Contract Award for Boat Haven Breakwater Repair – American Construction, Inc. .... 89-91
- VIII. Staff Comments
- IX. Commissioner Comments
- X. Next Regular Business Meeting:  
Wednesday, October 23, 2019. Meeting at 10:00 AM  
Port Commission Building, 333 Benedict Street, Port Townsend, WA
- XI. Adjournment

## **PORT COMMISSION PUBLIC WORKSHOP – September 25, 2019**

The Port of Port Townsend Commission met for a Public Workshop in the Port Commission Building: 333 Benedict Street, Port Townsend, WA 98368

Present: Commissioners Hanke, Putney & Tucker  
Executive Director Pivarnik  
Finance Director & Port Auditor Berg  
Recorder Erickson

Excused: Deputy Director Toews

### **I. CALL TO ORDER:**

Commissioner Putney called the Workshop to order at 3:00 PM

### **II. AGENDA:**

- First Draft of 2020 Budget
- Draft Port Newsletter / Annual Report

### **III. ADJOURNMENT:**

The Workshop adjourned at 4:08 PM.

ATTEST:

---

Stephen R. Tucker, Secretary

---

William W. Putney III, President

---

Peter W. Hanke, Vice President

## PORT COMMISSION REGULAR BUSINESS MEETING – September 25, 2019

The Port of Port Townsend Commission met in a special session at the Commission Building, 333 Benedict Street, Port Townsend, WA

Present: Commissioners – Putney, Hanke & Tucker  
Executive Director Pivarnik  
Finance Director & Port Auditor Berg  
Recorder – Erickson  
Attorney Chmelik (via Zoom online audio/visual)

Excused: Deputy Director Toews

### I. CALL TO ORDER/PLEDGE OF ALLEGIANCE:

Commissioner Putney called the meeting to order at 5:30 p.m.

### II. APPROVAL OF AGENDA (00:23):

**Commissioner Tucker moved to approve the Agenda.**

**Commissioner Putney seconded the motion.**

**Motion carried by unanimous vote.**

### III. PUBLIC COMMENTS (00:53):

Pam Petranik commented on the timeline for the executive director search, and asked for 3 considerations: 1) ensure that the elected commissioner has an equal role in the process; 2) include the public in this process, and 3) work with key stakeholders to rebuild public trust with participation and shared responsibility.

Bertrum Levy thanked Executive Director Pivarnik in getting the loud radio turned off in one of the businesses near D-dock, which has improved morale in that area.

Pam (last name not known) commented on a planned 3% rate increase for moorage, and asked that the commission look at the big picture of the world economy.

Kit Kittredge asked about timing of dredging at Quilcene. Executive Director Pivarnik confirmed that we will begin permitting phase after the first of the year, and hope to start dredging in July of 2020. Kit also confirmed with the commission that a discussion re the IDD tax levy would be held off until the end of October.

Regarding Quilcene, Executive Director Pivarnik mentioned that the Port is planning to have an open house there in early October. Kit asked about a Commission meeting being scheduled in Quilcene – perhaps twice a year. Commission mentioned that they could plan to meet twice in Quilcene, and twice in District 3 as well.

Charley Kanieski asked that the commission allow the newly elected commissioner to vote on the Executive Director position hire. There was a discussion regarding timing of the search and who might be involved when it comes time to vote.

### IV. CONSENT AGENDA (00:14:24):

A. Approval of Special Business Meeting Minutes – September 10, 2019

- B. Approval of Resolution 707-19 to adopt a Cafeteria Plan under the IRS §125 code, The Port's Cafeteria Plan provides employees the option to pay for supplemental insurance on a pre-tax basis.  
Commission and staff briefly discussed the definition of a Cafeteria Plan.
- C. Approval of Warrants
  - Warrant #061048 through #061057 in the amount of \$14,670.79 for Payroll & Benefits and Electronic Payment in the amount of \$67,440.01 for Payroll & Benefits
  - Warrant #061058 through #061106 in the amount of \$70,618.47 for Accounts Payable Electronic Debit in the amount of \$14,956.13.00 for WA State Dept. of Revenue, Combined Excise Tax Return for August, 2019.

**Commissioner Tucker moved to approve the Consent Agenda as presented.**

**Commissioner Hanke seconded the motion.**

**Motion carried by unanimous vote.**

V. SECOND READING (Action Items):

VI. FIRST READING (Discussion Only):

VII. REGULAR BUSINESS:

A. August Year-to-date Financials (00:16:42):

Ms. Berg provided a background on the year-to-date financial report and stated that overall the Port continues to be doing well.

B. Executive Director Search Update (00:20:35):

Executive Director Pivarnik presented a timeline for the Executive Director search and explained that he began with the date the Port would like to have a new director in place and then set the schedule accordingly. The interviews would begin the second week of November, in order to hopefully get someone here by late winter, early spring, so that there could be an overlap with him. He described an interview process that involves the community, Port employees and commission that was very helpful for both interviewees and stakeholders.

Discussion ensued regarding when the vote on the new director occurs, whoever is commissioner at that time would hold a deciding vote. Furthermore, either the commissioner-elect or the former commissioner would be consultant on the vote.

The commission congratulated Executive Director Pivarnik on the job he did in getting a new WPPA director selected for hire.

Commissioner Tucker was asked to briefly give advice on what he's learned about hiring a new executive director, and he commented that it was important to get feedback, but at the same time not to drag discussions out too long.

Executive Director Pivarnik directed the commission's attention to a draft job announcement, and asked for general feedback by Friday. Aside from edits sent in earlier via email, the Commission approved of the job announcement.

C. Bid Opening Results for Boat Haven Breakwater Repair Project (apparent low bidder) (00:34:24):

Executive Director Pivarnik explained that the engineer's estimate on the breakwater repair was \$300,000 and apparent low bidder American Construction came in at \$245,000. American did the last repair two years ago on the breakwater, so they have a good understanding of the project and location.

Commissioner Putney asked about what insurance coverage claim might be obtained and timing of the project completion. Ms. Berg explained that we're still working with insurance on what may be covered, and Executive Director Pivarnik stated that he hopes to have the project completed this winter.

VIII. STAFF COMMENTS (00:36:55):

Executive Director Pivarnik shared a memo from the Department of Fish and Wildlife about a study to evaluate chemical pollution along Puget Sound's shorelines. And asked if there were any objections to a mussel cage being installed on our beach in late October/early November. Commissioner Tucker thought it would be interesting to see what they're monitoring and for what purpose. Executive Director Pivarnik said that he'd forward the email with detailed attachment to the commission.

Executive Director Pivarnik also commented that the Disaster Assistance Response Team (DART) emergency response training that happened over the weekend was a huge success: 25 pilots from Jefferson County and other counties all over the region flew 24 aircraft on 30 sorties and delivered 5,000 pounds of food for the local food bank. He reported that Laura Guth, JeffCo Aviation Coordinator, was pleased with the success of the mission and wanted to thank the Port Commission for its support of this mission.

IX. COMMISSIONER COMMENTS (00:41:57):

Commissioner Hanke commented that he was there for the DART mission. It started out with bad weather and it was difficult to get started, but got better as the day went on.

Commissioner Putney commented that he was at the DART emergency training in the afternoon, and was pleased with how they improved their practices throughout the day.

He also mentioned that he had a conversation with the Marine Science Center executive director, Jenine Boire.

X. NEXT PUBLIC WORKSHOP/REGULAR BUSINESS MEETING:

Wednesday, October 9, 2019. Workshop at 9:30 am, Meeting at 1:00 pm  
Port Commission Building, 333 Benedict Street, Port Townsend, WA

XI. EXECUTIVE SESSION: None

XII. ADJOURNMENT:

The meeting adjourned at 6:14 p.m. there being no further business to come before the Commission.

ATTEST:

\_\_\_\_\_  
William W. Putney III, President

\_\_\_\_\_  
Stephen R. Tucker, Secretary

\_\_\_\_\_  
Peter W. Hanke, Vice President

# PORT OF PORT TOWNSEND

## AGENDA COVER SHEET

<b>MEETING DATE</b>	October 9, 2019
<b>AGENDA ITEM</b>	<input type="checkbox"/> First Reading <input checked="" type="checkbox"/> Second Reading <input type="checkbox"/> Regular Business
<b>AGENDA TITLE</b>	V. A.    Review of draft 2020 budget and cash flow projections
<b>STAFF LEAD</b>	Abigail Berg, Director of Finance & Administration
<b>REQUESTED</b>	<input type="checkbox"/> Information <input type="checkbox"/> Motion <input type="checkbox"/> Action <input checked="" type="checkbox"/> Discussion
<b>ATTACHMENTS</b>	A.    Message from the Executive Director regarding the Budget B.    Draft 2020 Budget and Cash Flow Projections



PO Box 1180 Port Townsend, WA 98368

Administration: (360) 385-0656

Operations: (360) 385-2355

Fax: (360) 385-3988

October 15, 2019

Re: 2020 Budgets

## **Introduction**

The Port of Port Townsend provides many important facilities and services to Jefferson County residents and visitors. These facilities and services provide the basis for our thriving marine trades industries, a wide variety of outdoor public recreational opportunities (from marinas to boat ramps and an RV park), as well as important air and water transportation links to the wider Puget Sound region. Maintaining and replacing the public infrastructure that supports these activities continues to be an enormous challenge. The Port's infrastructure is both extensive, and very expensive.

Port facilities encompass some 550 total acres in East Jefferson County and include three marinas, six boat ramps, two large public docks, an international airport and 30 buildings leased to private businesses. These buildings and infrastructure constantly require maintenance and repair. The marinas are hit with winter storms that batter the breakwaters that protect them. Docks, piers and floats need periodic rehabilitation. Harbor entrance channels require regular dredging. Industrial stormwater systems must be maintained and improved to treat runoff from shipbuilding and repair activities. In sum, Port facilities and operations are complex, and involve many moving parts. Planning, programming and funding the repair and replacement of this infrastructure is a constant challenge.

## **Economic & Financial Outlook**

Assuming that macro-economic conditions remain stable (i.e., nationally and globally), the economic outlook for Jefferson County for the year ahead appears positive. (Source: Washington State Department of Employment Security). However, federal and state funding for capital projects remains highly constrained, particularly for rehabilitating existing infrastructure, and we will need to build successful community partnerships to assist us in securing increasingly scarce funds.

The Port's operating finances continue to improve. Comparing 2018 actual operating expenses to the 2019 budget reveals that Port spending has decreased by approximately \$85,000. This



has been achieved through cuts in administration, and reductions in the use of outside contractors, travel and training expenses. In addition, retirement of debt in 2018 increased cash flow in 2019 by about \$400,000.

The same 2018 to 2019 budget comparison shows the Port is generating almost \$300,000 more in operating revenues. This is a byproduct of successes in attracting new business, new tenants and incrementally raising rates toward market levels.

Despite these positive indicators, the Port remains financially challenged to repair and replace some critical infrastructure that provides the basis for many businesses and family-wage jobs in Jefferson County. At the top of the infrastructure list are the overlapping breakwaters protecting the Point Hudson Marina. The failure of either of these 85-year-old, storm-damaged structures would impact every Point Hudson business and moorage customer, and many businesses in downtown Port Townsend. Even a scaled-down plan for their repair is estimated to require about \$7.5 million.

Tallying only the near-term, infrastructure repair and renovation priorities reveals that nearly \$15 million is required Port-wide. Meanwhile, the Port's capacity to take on additional debt is presently limited to around \$5 million.

In synopsis, the Port remains financially healthy with respect to day-to-day operations: it generates more money than it spends and continues to set aside reserves. However, the Port has no ready source of funds and insufficient debt capacity to handle many high-priority capital repair and replacement projects.

### **Capital Investment Needs – Present & Future**

A list of high priority capital projects has been discussed with the Commission and public for some time now. To the extent our financial capacity allows, we must begin to address these needs now. Consistent with the Port's Strategic Plan, our primary focus remains the repair and renovation of existing facilities. The following list outlines our most immediate project priorities and provides cost estimates – the majority of which are beyond the Port's present ability to fund:

- Rehabilitate/re-build the North and South Point Hudson jetties: ..... \$7.5 million
- Repair 2018 storm damage to the Main Breakwater at Boat Haven: ..... \$265,000
- Boat Haven Boatyard resurfacing (to maintain stormwater compliance): ..... \$250,000
- Dredge the entrance to the Quilcene Marina: ..... \$250,000
- Repair buildings at the Quilcene Marina: ..... \$150,000
- Rebuild the Boat Ramp at the Quilcene Marina: ..... \$300,000
- Remediate asbestos in historic Point Hudson Station buildings: ..... \$125,000
- Replace and repair aging roofs and structures at Boat Haven: ..... \$275,000
- Renovate C and D and Linear Dock at Boat Haven Marina: ..... \$1.7 million
- Replace creosote pilings at all Port marinas and boat launch facilities: ..... \$510,000

• Upgrade electrical service at Boat Haven Marina and Boatyard: .....	\$275,000
• Re-pave roads at Point Hudson: .....	\$165,000
• Repair Docks at Quilcene Marina: .....	\$256,000
• Rehabilitate the Mats Mats Bay Boat Ramp: .....	\$300,000
• Replace and repair aging roofs on Point Hudson buildings: .....	\$800,000
• Renovate Jefferson County International Airport (JCIA) hangars: .....	\$600,000
• Replace fuel tanks at the JCIA: .....	\$300,000
• Dredge the entrance to the Boat Haven Marina: .....	\$550,000
Total: .....	\$14,566,000

This list is extensive and will take many years to accomplish... but further delay will only increase both the scope and cost of the projects identified.

## A Way Forward

To begin to address these mounting capital infrastructure challenges, the following step-by-step approach is recommended:

1. Build net operating revenues through a combination of growing income and reducing expenses.
2. Actively seek to lease vacant spaces in all of our port facilities.
3. Complete infrastructure upgrades at Jefferson County International Airport while federal funds remain available.
4. Continue with the Port's recently adopted business practices and leasing policy in the management of our properties and operations.
5. Diligently maintain Boat Haven stormwater infrastructure and effectively administer and enforce Best Management Practices (BMPs) to comply with state regulatory standards and keep our adjacent marine waters clean.
6. Continue to cultivate, improve and nurture relationships with all of our community partners.

## Preparing for Tough Choices

As I said last year, we need to prepare ourselves for some tough choices ahead. Adoption of the 2020 budget is only the beginning. Our current revenue streams, tax receipts and debt capacity are inadequate to fund the capital needs outlined above. Many of the above projects were not included in our five-year capital plan and will need to be pushed out further in the planning cycle.

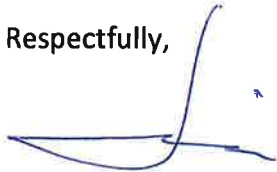
This suggests that we will be required to undertake management responses that may include a combination of all the following:

1. Increasing rates and fees to recoup costs.

2. Critically evaluating expenses and reducing wherever possible.
3. Pursuing the surplus and sale of non-performing assets that do not advance our central mission of economic development.
4. Consistently communicating in a manner that seeks to align community expectations with our financial realities. Over time, Port users and the public should prepare for incrementally lower levels of service, and facilities that are clean and functional, but not necessarily first-class.

Port staff and I look forward to working with the Commission to ensure the continued financial stability of the Port of Port Townsend and to support a vibrant and healthy local economy.

Respectfully,

A handwritten signature in blue ink, appearing to read 'Jim Pivarnik', with a stylized flourish extending upwards and to the right.

Jim Pivarnik  
Executive Director

## **2019 Draft Operating Budget Assumptions – 2<sup>nd</sup> DRAFT**

The following details specific areas of change for the 2020 Port Operating budget when compared to the 2019 Operating budget, **items highlighted in GREEN BOLD are additions since the 1<sup>st</sup> Draft:**

### **Operating Revenue**

1. A 3% increase was added to revenues; the August CPI rate was 3.2%.
2. Various other Operating Revenues were adjusted based on the activity YTD August 2019, prior year trend analysis and planned business strategies for 2020.
3. **Upon further review of departmental revenues projections and discussion with managers, we increased several departments' revenues by a total of just under \$10,000. This increased port operating revenues to \$6,389,249.**

### **Operating Expenses**

4. Personnel costs were calculated based on being fully staffed in accordance with the Organizational Chart (attached). Salaries/Wages were calculated to include a 2.3% COLA. The Port is obligated by its' Teamsters Local 589 Union contract to annually provide a CPI COLA increase, not to exceed 5% and not to be less than 2%, (CPI-All Urban Consumer Price Index for Seattle-Tacoma-Bremerton Bi-Monthly Data June to June) to the union wage table January 1 of each year (2018-2020). As such, the Port elected years ago to include this annual COLA increase to all Port employees (per the Port Policy Handbook). As of June 2019, this CPI was 2.3%.
5. For staffing, we estimated an over-lap with the replacement Executive Director and the current Executive Director of 5 months.
6. There was an increase in one (1) FTE in Operations for the Environmental Specialist. This position was filled in 2019 mid-year.
7. Review of current years Payroll Taxes led us to confidently reduce this amount for 2020.
8. The cost for the Port's unrepresented staffs' health insurance was received and used to estimate 2020 costs; it was a modest increase of less than 1%. The health insurance for represented staff hasn't been received, though we estimated a 1% increase for budget purposes. PERS increases were included in the budget.
9. A decrease is estimated for Contracting Services; a list of 2019 vs 2020 services is attached.
10. We anticipate a reduction in Consulting Services when compared to 2019 which resulted in a decrease of \$106,000.
11. Careful analysis of Utilities for the past year indicated that we needed to increase this line item. Increases in utilities are expected. However, we are hoping to capture savings here by recovery as well as some changes in the way utilities are managed.

12. A two (2) year audit is scheduled for the fall of 2020. This will be a financial statement and accountability audit.

### **Non-Operating Revenue**

13. Capital Contributions/Grants projections were included in the 2019 budget for the JCIA Runway Rehabilitation project, Phase II Final Design & Engineering (with bid support) and Phase III Construction and construction management. However, this project has since moved to 2020.
14. **We updated the estimated grant revenues based on the bid received and awarded for the JCIA Runway Rehabilitation project which came in lower than the grant amount. This reduced non-operating revenue by \$178,423.**
15. The Port's budgeted Operating Tax Levy was increased to \$1,030,000 in accordance with the recommendation of the County Assessor at the September 10<sup>th</sup> Commission meeting.

### **Non-Operating Expenses**

16. As expected, bond interest is reduced in accordance with the bond amortization schedules.

Port of Port Townsend  
**CONSOLIDATED OPERATING & NON-OPERATING**  
 2020 Budget with Comparison to Prior Years

**2nd DRAFT -- October 9, 2019**

	2017 Actual	2018 Actual	2019 Budget	2020 Budget	2019-2020 variance
<b>REVENUES</b>					
Boat Haven Moorage	1,680,606	1,815,115	1,894,872	1,920,231	25,359
Yard Operations	1,451,461	1,659,047	1,830,288	1,918,841	88,553
Point Hudson Marina, RV & Property	1,379,053	1,431,420	1,480,374	1,560,446	80,072
Boat Haven Properties	611,849	668,897	644,660	616,651	(28,009)
Quilcene Herb Beck Marina	147,250	156,455	159,472	170,045	10,573
JCIA Operations	134,175	134,721	138,958	151,735	12,777
Ramp Use	46,210	43,211	46,700	51,300	4,600
<b>Total Operating Revenues</b>	<b>\$ 5,450,604</b>	<b>\$ 5,908,865</b>	<b>\$ 6,195,324</b>	<b>\$ 6,389,249</b>	<b>\$ 193,925</b>
<b>OPERATING EXPENSES</b>					
Salaries & Wages	2,103,069	2,163,134	2,118,526	2,240,037	121,511
Payroll Taxes	217,816	218,246	231,824	228,034	(3,790)
Employee Benefits	731,355	745,646	771,238	791,150	19,912
Uniform Expense	6,736	6,853	8,426	8,650	224
Contract Services	306,052	313,540	281,185	247,016	(34,169)
Consulting Services	177,941	59,756	136,000	30,000	(106,000)
Legal fees	120,027	180,458	100,000	100,000	-
Audit	3,034	24,273	-	17,200	17,200
Facilities & Operations	746,165	706,731	708,904	726,879	17,975
Utilities	552,180	549,970	553,383	565,100	11,717
Marketing & Advertising	32,737	80,630	53,805	53,257	(548)
Economic Development	30,000	30,000	30,000	30,000	-
Travel & Training	30,590	28,844	34,013	35,000	987
Cost of Goods - Fuel	16,730	15,112	10,965	17,000	6,035
Community Relations	2,610	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 5,077,041</b>	<b>\$ 5,123,193</b>	<b>\$ 5,038,269</b>	<b>\$ 5,089,323</b>	<b>\$ 51,054</b>
<b>Income (Loss) from Operations</b>	<b>\$ 373,563</b>	<b>\$ 785,672</b>	<b>\$ 1,157,055</b>	<b>\$ 1,299,926</b>	<b>142,871</b>
<b>Non-Operating Revenue</b>					
Capital Contributions/Grants	280,658	113,113	4,368,028	3,396,200	(971,828)
Interest	45,108	56,046	42,200	54,000	11,800
Property & other taxes	1,037,038	1,089,297	1,064,490	1,095,090	30,600
Misc Non-Operating Revenue	535,856	61,639	35,000	75,000	40,000
<b>Total Non-Operating Revenues</b>	<b>\$ 1,898,660</b>	<b>\$ 1,320,096</b>	<b>\$ 5,509,718</b>	<b>\$ 4,620,290</b>	<b>\$ (889,428)</b>
<b>Non-Operating Expenses</b>					
Bond Interest	341,943	290,990	293,838	269,588	(24,250)
Bond Mgmt, Issuance, Investment	1,458	1,558	1,500	1,500	-
Election Expense	11,951	-	9,500	9,500	-
<b>Total Non-Operating Expenses</b>	<b>\$ 355,352</b>	<b>\$ 292,548</b>	<b>\$ 304,838</b>	<b>\$ 280,588</b>	<b>\$ (24,250)</b>
<b>Net Non-Operating Income(Expense)</b>	<b>\$ 1,543,308</b>	<b>\$ 1,027,548</b>	<b>\$ 5,204,880</b>	<b>\$ 4,339,702</b>	<b>\$ (865,178)</b>
<b>Net Income (Loss)</b>	<b>\$ 1,916,870</b>	<b>\$ 1,813,219</b>	<b>\$ 6,361,935</b>	<b>\$ 5,639,628</b>	<b>\$ (722,307)</b>

The actual ending balance is closer to \$2,356,749 since the JCIA Runway Project construction was not completed in 2019.

Port of Port Townsend  
**BOAT HAVEN MOORAGE OPERATIONS**  
 2020 Budget with Comparison to Prior Years

**2nd DRAFT -- October 9, 2019**

	2017 Actual	2018 Actual	2019 Budget	2020 Budget	2019-2020 variance
<b>REVENUES</b>					
PTBH - Permanent Moorage	1,050,478	1,122,610	1,185,989	1,169,496	(16,493)
PTBH - Ship Moorage	-	-	-	-	-
PTBH - Liveaboard Fee	20,006	26,397	26,391	24,749	(1,642)
PTBH - Work Float/Lift Pier Usage	12,417	11,911	7,081	9,000	1,919
PTBH - Monthly Guest	268,583	322,147	331,931	343,803	11,872
PTBH - Nightly Guest	211,180	194,524	209,631	232,883	23,252
PTBH - Miscellaneous Revenue	13,139	13,985	11,575	14,500	2,925
PTBH - Promotional Sales	-	753	400	650	250
PTBH - Showers	21,777	21,364	21,510	11,200	(10,310)
PTBH - Laundry	687	6,252	6,864	6,350	(514)
PTBH - Restroom Fobs	-	-	-	1,000	1,000
PTBH - Electric	82,340	95,172	93,500	106,600	13,100
<b>Total Operating Revenues</b>	<b>\$ 1,680,606</b>	<b>\$ 1,815,115</b>	<b>\$ 1,894,872</b>	<b>\$ 1,920,231</b>	<b>\$ 25,359</b>
<b>OPERATING EXPENSES</b>					
Moorage Pay	217,225	161,400	216,412	163,898	(52,514)
Moorage Taxes	26,769	19,612	23,807	20,931	(2,876)
Moorage Benefits	75,195	59,279	76,336	61,099	(15,237)
Uniform Expense	122	278	1,076	1,076	-
Maint Pay	44,123	34,517	34,404	35,196	792
Maint Taxes	5,337	4,250	3,785	3,600	(185)
Maint Benefits	15,626	12,722	11,316	10,483	(833)
Enviro Pay	1,205	-	-	6,456	6,456
Enviro Taxes	133	-	-	816	816
Enviro Benefits	416	-	-	2,280	2,280
Contract Services	33,480	38,032	36,000	36,000	-
Consulting Services	1,750	-	-	-	-
Facilities & Operations	162,137	127,699	161,852	144,795	(17,057)
Utilities	169,432	172,845	172,441	186,728	14,287
Marketing & Advertising	7,856	13,359	7,615	9,681	2,066
Travel & Training	1,361	1,791	1,000	1,000	-
General & Administrative	488,855	553,297	482,314	449,509	(32,805)
<b>Total Operating Expenses</b>	<b>\$ 1,251,021</b>	<b>\$ 1,199,081</b>	<b>\$ 1,228,358</b>	<b>\$ 1,133,548</b>	<b>\$ (94,810)</b>
<b>Income from Operations w/o Depr</b>	<b>\$ 429,585</b>	<b>\$ 616,033</b>	<b>\$ 666,514</b>	<b>\$ 786,683</b>	<b>\$ 120,169</b>

Port of Port Townsend  
**WORK & SHIP YARD OPERATIONS**  
2020 Budget with Comparison to Prior Years

**2nd DRAFT -- October 9, 2019**

	2017 Actual	2018 Actual	2019 Budget	2020 Budget	2019-2020 variance
<b>REVENUES</b>					
Yard - Work Yard Revenue	489,139	471,374	559,293	580,687	21,394
Yard - 70/75 Ton Hoist Revenue	300,863	308,865	332,758	334,479	1,721
Yard - Ship Yard Revenue	276,768	368,890	415,022	419,824	4,802
Yard - 300 Ton Hoist Revenue	148,530	217,684	196,408	200,291	3,883
Yard - Washdown Revenue	68,896	85,859	96,158	86,684	(9,474)
Yard - Bilge Water Revenue	4,162	5,869	6,971	6,480	(491)
Yard - L/T Storage	63,134	73,417	72,326	75,804	3,478
Yard - Blocking Rent	29,397	35,519	36,943	56,430	19,487
Yard - Off Port Property Tarp Fee	400	885	29,405	1,500	(27,905)
Customer Revenue Share	-	-	30,000	-	(30,000)
Yard - Liveaboard Fee	35	937	140	924	784
Yard - Miscellaneous Revenue	7,325	26,825	6,364	4,480	(1,884)
Yard - WY Port Labor	-	-	-	3,500	3,500
Yard - SY Port Labor	-	-	-	4,500	4,500
Yard - Enviro Clean-up Fee	140	610	-	-	-
Yard - WY Enviro Fee	-	18,120	-	51,306	51,306
Yard - SY Enviro Fee	-	2,900	20,000	16,932	(3,068)
Yard - Marine Trades 3% Revenue	32,919	-	-	-	-
Yard - WY electric	2,503	707	2,100	31,980	29,880
Yard - SY Electric	27,160	40,587	26,400	43,040	16,640
<b>Total Operating Revenues</b>	<b>\$ 1,451,371</b>	<b>\$ 1,659,047</b>	<b>\$ 1,830,288</b>	<b>\$ 1,918,841</b>	<b>\$ 88,553</b>
<b>OPERATING EXPENSES</b>					
Yard Pay	518,842	518,562	548,995	598,841	49,846
Yard Taxes	58,411	61,079	59,944	67,148	7,204
Yard Benefits	181,853	188,165	201,648	221,393	19,745
Uniform Expense	4,215	4,450	3,480	3,704	224
Maint Pay	56,727	39,838	42,891	48,516	5,625
Maint Taxes	6,717	4,800	4,718	4,718	-
Maint Benefits	20,019	14,668	14,100	15,756	1,656
Enviro Pay	5,764	-	-	24,384	24,384
Enviro Taxes	669	-	-	3,084	3,084
Enviro Benefits	1,913	-	-	8,592	8,592
Contract Services	75,011	24,131	45,440	27,900	(17,540)
Facilities & Operations	215,723	263,124	241,762	233,187	(8,575)
Utilities	90,976	94,363	91,579	100,331	8,752
Marketing & Advertising	10,494	27,149	17,896	17,975	79
Travel & Training	2,184	2,957	3,413	3,113	(300)
General & Administrative	439,750	498,774	461,622	449,185	(12,437)
<b>Total Operating Expenses</b>	<b>\$ 1,689,270</b>	<b>\$ 1,742,060</b>	<b>\$ 1,737,488</b>	<b>\$ 1,827,827</b>	<b>\$ 90,339</b>
<b>Income from Operations w/o Depr</b>	<b>\$ (237,899)</b>	<b>\$ (83,013)</b>	<b>\$ 92,800</b>	<b>\$ 91,014</b>	<b>\$ (1,786)</b>



Port of Port Townsend  
**POINT HUDSON OPERATIONS**  
 2020 Budget with Comparison to Prior Years

**2nd DRAFT -- October 9, 2019**

	2017 Actual	2018 Actual	2019 Budget	2020 Budget	2018-2019 variance
<b>REVENUES</b>					
Pt Hudson - Permanent Moorage	136,068	134,070	141,562	145,557	3,995
Pt Hudson - Liveaboard Fee	4,720	5,504	4,750	6,084	1,334
Pt Hudson - Monthly Guest	100,122	124,680	108,983	114,876	5,893
Pt Hudson - Nightly Guest	214,362	218,480	207,343	222,908	15,565
City Pier & Union Wharf Usage	9,262	14,608	20,494	19,975	(519)
Pt Hudson - Monthly R.V.	41,249	66,632	64,990	68,604	3,614
Pt Hudson - Nightly R.V.	325,204	343,354	364,509	382,726	18,217
Pt Hudson - Kayak Racks	9,271	10,548	9,304	11,869	2,565
Pt Hudson - Reservation Fee	38,696	41,970	44,240	43,150	(1,090)
Pt Hudson - Showers	7,087	8,267	8,428	8,740	312
Pt Hudson - Laundry	9,218	12,580	12,201	11,302	(899)
Pt Hudson - Passenger Fee	6,110	8,972	14,324	17,002	2,678
Pt Hudson - Promotional Sales	-	1,323	327	950	623
Pt Hudson - Miscellaneous Rev	3,814	1,160	2,420	1,700	(720)
Pt Hudson - Building Lease Revenue	379,917	336,763	374,464	386,843	12,379
Pt Hudson - Parking	587	2,465	3,760	10,150	6,390
Pt Hudson - Event Facility Rev	24,974	30,756	28,415	30,700	2,285
Pt Hudson - Electric	32,987	31,951	31,850	34,810	2,960
Pt Hudson - Property Utility Reimb	35,406	37,338	38,010	42,500	4,490
<b>Total Operating Revenues</b>	<b>\$ 1,379,053</b>	<b>\$ 1,431,420</b>	<b>\$ 1,480,374</b>	<b>\$ 1,560,446</b>	<b>\$ 80,072</b>
<b>OPERATING EXPENSES</b>					
Point Hudson Pay	125,237	140,837	152,674	155,014	2,340
Point Hudson Taxes	16,997	18,229	16,073	21,184	5,111
Point Hudson Benefits	41,575	46,376	52,027	58,610	6,583
Uniform Expense	164	260	960	960	-
Maint Pay	108,459	104,923	120,660	97,020	(23,640)
Maint Taxes	13,218	13,144	13,273	10,800	(2,473)
Maint Benefits	38,850	38,376	39,660	30,114	(9,546)
Enviro Pay	108	-	-	2,844	2,844
Enviro Taxes	(377)	-	-	300	300
Enviro Benefits	14	-	-	276	276
Contract Services	41,588	36,928	46,989	37,260	(9,729)
Facilities & Operations	90,335	107,225	115,922	130,823	14,901
Utilities	184,839	180,953	188,481	175,670	(12,811)
Marketing & Advertising	6,399	19,170	9,355	15,041	5,686
Travel & Training	274	824	600	600	-
General & Administrative	387,524	430,118	375,576	365,288	(10,288)
<b>Total Operating Expenses</b>	<b>\$ 1,055,203</b>	<b>\$ 1,137,364</b>	<b>\$ 1,132,250</b>	<b>\$ 1,101,804</b>	<b>\$ (30,446)</b>
<b>Income from Operations w/o Depr</b>	<b>\$ 323,850</b>	<b>\$ 294,056</b>	<b>\$ 348,124</b>	<b>\$ 458,642</b>	<b>\$ 110,518</b>

Port of Port Townsend  
**BOAT HAVEN PROPERTIES OPERATIONS**  
 2020 Budget with Comparison to Prior Years

**2nd DRAFT -- October 9, 2019**

	2017 Actual	2018 Actual	2019 Budget	2020 Budget	2019-2020 variance
<b>REVENUES</b>					
PTBH Prop - Lease Revenue	549,067	599,747	584,918	552,371	(32,547)
PTBH Prop - Water, Swr, Garbage, Other	21,308	27,405	20,300	25,400	5,100
PTBH Prop - Stormwater Fees	7,493	7,196	7,500	7,800	300
PTBH Prop - Electric	1,802	3,151	2,662	2,800	138
PTBH Prop - Fuel Dock Lease	21,158	20,788	21,000	20,000	(1,000)
PTBH Prop - Storage Unit Revenue	6,334	9,005	8,280	8,280	-
PTBH Prop - Miscellaneous	4,688	1,605	-	-	-
<b>Total Operating Revenues</b>	<b>\$ 611,849</b>	<b>\$ 668,897</b>	<b>\$ 644,660</b>	<b>\$ 616,651</b>	<b>\$ (28,009)</b>
<b>OPERATING EXPENSES</b>					
PTBH Property Pay	2,708	4,192	6,188	11,276	5,088
PTBH Property Taxes	368	484	681	1,643	962
PTBH Property Benefits	969	1,690	2,730	4,809	2,079
Maint Pay	44,446	50,026	49,018	52,920	3,902
Maint Taxes	5,454	6,215	5,392	5,392	-
Maint Benefits	15,782	18,312	16,116	19,522	3,406
Enviro Pay	214	485	-	20,580	20,580
Enviro Taxes	25	-	-	2,400	2,400
Enviro Benefits	96	157	-	7,260	7,260
Contract Services	13,164	6,990	9,000	3,500	(5,500)
Facilities & Operations	77,083	29,394	36,966	36,489	(477)
Utilities	38,203	41,871	43,724	45,612	1,888
Marketing & Advertising	-	639	639	239	(400)
General & Administrative	180,640	199,886	162,592	144,352	(18,240)
<b>Total Operating Expenses</b>	<b>\$ 379,153</b>	<b>\$ 360,343</b>	<b>\$ 333,046</b>	<b>\$ 355,994</b>	<b>\$ 22,948</b>
<b>Income from Operations w/o Depr</b>	<b>\$ 232,695</b>	<b>\$ 308,554</b>	<b>\$ 311,614</b>	<b>\$ 260,657</b>	<b>\$ (50,957)</b>

*Note: In 2017, there was a Department of Revenue audit; the results required back payment to the Port for leasehold taxes on the cell tower lease which was placed in Miscellaneous revenue.*

Port of Port Townsend  
**QUILCENE MARINA & RV OPERATIONS**  
 2020 Budget with Comparison to Prior Years

**2nd DRAFT -- October 9, 2019**

	2017 Actual	2018 Actual	2019 Budget	2020 Budget	2019-2020 variance
<b>REVENUES</b>					
Quilcene - Permanent Moorage	38,028	46,875	48,117	49,222	1,105
Quilcene - Liveaboard Fee	-	377	225	936	711
Quilcene - Nightly Moorage	4,397	3,356	3,645	3,645	-
Quilcene - Monthly R.V.	-	3,545	2,985	-	(2,985)
Quilcene - Nightly R.V.	1,209	1,007	1,208	-	(1,208)
Quilcene - Showers	2,451	3,412	3,074	3,074	-
Quilcene - Miscellaneous Revenue	-	247	215	215	-
Quilcene - Reservations	345	330	400	700	300
Quilcene - Rental Property Revenue	1,000	-	-	-	-
Quilcene - Lease Revenue	58,760	60,055	62,028	63,694	1,666
Quilcene - Fuel Sales	20,629	16,498	14,700	19,500	4,800
Quilcene - Recreational Ramp Fees	9,512	7,719	9,600	10,470	870
Quilcene - Commercial Use Fees	4,600	3,000	4,600	3,000	(1,600)
Quilcene - Water	5,431	8,679	7,486	14,400	6,914
Quilcene - Electric	888	1,355	1,189	1,189	-
<b>Total Operating Revenues</b>	<b>\$ 147,250</b>	<b>\$ 156,455</b>	<b>\$ 159,472</b>	<b>\$ 170,045</b>	<b>\$ 10,573</b>
<b>OPERATING EXPENSES</b>					
Quilcene Pay	24,166	19,755	22,282	30,071	7,789
Quilcene Taxes	4,061	2,784	2,451	3,865	1,414
Quilcene Benefits	3,755	3,808	5,444	14,006	8,562
Maint Pay	29,942	22,263	23,566	22,051	(1,515)
Maint Taxes	3,589	2,740	2,592	2,400	(192)
Maint Benefits	10,913	8,173	7,752	7,164	(588)
Enviro Pay	-	-	-	360	360
Enviro Taxes	-	-	-	48	48
Enviro Benefits	-	-	-	120	120
Contract Services	24,127	5,415	9,120	7,220	(1,900)
Facilities & Operations	44,730	25,166	20,773	15,045	(5,728)
Utilities	14,386	11,539	12,015	13,175	1,160
Marketing & Advertising	72	-	700	700	-
Travel & Training	-	28	200	100	(100)
Cost of Fuel Sold	16,730	15,112	10,965	17,000	6,035
General & Administrative	41,712	46,771	40,222	39,806	(416)
<b>Total Operating Expenses</b>	<b>\$ 201,455</b>	<b>\$ 148,442</b>	<b>\$ 158,082</b>	<b>\$ 173,131</b>	<b>\$ 15,049</b>
<b>Income from Operations w/o Depr</b>	<b>\$ (54,205)</b>	<b>\$ 8,013</b>	<b>\$ 1,390</b>	<b>\$ (3,086)</b>	<b>\$ (4,476)</b>

Port of Port Townsend  
**BOAT RAMP OPERATIONS**  
 2020 Budget with Comparison to Prior Years

**2nd DRAFT -- October 9, 2019**

	2017 Actual	2018 Actual	2019 Budget	2020 Budget	2019-2020 variance
<b>REVENUES</b>					
Ramp Fees	37,868	37,112	40,000	43,700	3,700
PTBH - Commercial Use Fees	7,200	5,800	5,600	5,600	-
Dinghy Float Revenue	1,142	299	1,100	2,000	900
<b>Total Operating Revenues</b>	<b>\$ 46,210</b>	<b>\$ 43,211</b>	<b>\$ 46,700</b>	<b>\$ 51,300</b>	<b>\$ 4,600</b>
<b>OPERATING EXPENSES</b>					
Ramps Pay	4,849	3,861	4,800	4,259	(541)
Ramps Taxes	551	547	480	440	(40)
Ramps Benefits	1,199	879	1,752	2,312	560
Maint Pay	10,504	6,705	7,070	13,236	6,166
Maint Taxes	1,268	822	778	1,200	422
Maint Benefits	3,742	2,459	2,328	2,328	-
Enviro Pay	72	-	-	1,800	1,800
Enviro Taxes	8	-	-	180	180
Enviro Benefits	25	-	-	636	636
Contract Services	-	-	-	1,500	1,500
Facilities & Operations	5,912	6,669	7,458	8,819	1,361
Utilities	3,726	3,557	3,750	4,104	354
Marketing & Advertising	2,350	2,000	2,900	2,700	(200)
General & Administrative	15,230	13,246	11,778	12,009	231
<b>Total Operating Expenses</b>	<b>\$ 49,437</b>	<b>\$ 40,745</b>	<b>\$ 43,094</b>	<b>\$ 55,523</b>	<b>\$ 12,429</b>
<b>Income from Operations w/o Depr</b>	<b>\$ (3,227)</b>	<b>\$ 2,466</b>	<b>\$ 3,606</b>	<b>\$ (4,223)</b>	<b>\$ (7,829)</b>

Port of Port Townsend  
**JEFFERSON COUNTY INTERNATIONAL AIRPORT OPERATIONS**  
 2020 Budget with Comparison to Prior Years

**2nd DRAFT -- October 9, 2019**

	2017 Actual	2018 Actual	2019 Budget	2020 Budget	2019-2020 variance
<b>REVENUES</b>					
JCIA - Lease Revenue	106,350	106,897	110,287	112,452	2,165
JCIA - Hangar Revenue	20,362	21,713	22,424	32,175	9,751
JCIA - Vehicle Parking Revenue	540	604	720	720	-
JCIA - Aircraft Parking	1,471	223	615	1,476	861
JCIA - Fuel Lease Revenue	3,270	3,313	3,165	3,165	-
JCIA - Electric	1,883	1,821	1,647	1,647	-
JCIA - Miscellaneous Revenue	300	150	100	100	-
<b>Total Operating Revenues</b>	<b>\$ 134,175</b>	<b>\$ 134,721</b>	<b>\$ 138,958</b>	<b>\$ 151,735</b>	<b>\$ 12,777</b>
<b>OPERATING EXPENSES</b>					
JCIA Pay	3,601	2,942	6,188	13,580	7,392
JCIA Taxes	482	383	681	1,859	1,178
JCIA Benefits	1,280	1,081	2,730	6,654	3,924
Maint Pay	29,424	35,278	34,878	39,691	4,813
Maint Taxes	3,731	4,625	3,837	4,694	857
Maint Benefits	10,587	12,906	11,360	12,900	1,540
Enviro Pay	324	1,562	-	2,304	2,304
Enviro Taxes	37	180	-	216	216
Enviro Benefits	108	568	-	816	816
Contract Services	21,272	16,003	19,680	18,080	(1,600)
Facilities & Operations	33,267	31,669	30,030	45,386	15,356
Utilities	19,362	17,310	18,693	22,800	4,107
Marketing & Advertising	-	-	-	1,500	1,500
General & Administrative	40,909	40,274	35,048	35,520	472
<b>Total Operating Expenses</b>	<b>\$ 164,383</b>	<b>\$ 164,781</b>	<b>\$ 163,125</b>	<b>\$ 206,000</b>	<b>\$ 42,875</b>
<b>Income from Operations w/o Depr</b>	<b>\$ (30,208)</b>	<b>\$ (30,060)</b>	<b>\$ (24,167)</b>	<b>\$ (54,265)</b>	<b>\$ (30,098)</b>

Port of Port Townsend  
**MAINTENANCE - GENERAL OPERATIONS**  
 2020 Budget with Comparison to Prior Years

**2nd DRAFT -- October 9, 2019**

	2017 Actual	2018 Actual	2019 Budget	2020 Budget	2019-2020 variance
<b>OPERATING EXPENSES</b>					
Salaries & Wages	126,330	168,681	137,157	132,984	(4,173)
Payroll Taxes	11,445	15,726	15,087	14,400	(687)
Employee Benefits	43,080	56,650	45,084	48,463	3,379
Uniform Expense	2,235	1,728	2,910	2,910	-
Contract Services	-	1,711	-	600	600
Facilities & Operations	35,458	38,989	37,430	49,964	(1,559)
Utilities	8,223	7,585	6,800	7,400	(785)
Advertising (legal)	-	2,289	500	500	-
Travel & Training	266	265	400	400	-
<b>Total Operating Expenses</b>	<b>227,036</b>	<b>291,912</b>	<b>245,368</b>	<b>257,021</b>	<b>(3,825)</b>

5 Year Capital Projections  
years 2020-2024  
as of October 9, 2019

DRAFT October 9, 2019

	2020	2021	2022	2023	2024	total
note	estimate	estimate	estimate	estimate	estimate	
<b>JEFFERSON COUNTY INTERNATIONAL AIRPORT (JCIA)</b>						
JCIA Runway Rehab - Phase III (Taxiway & Connector)						
Construction	2,964,000					2,964,000
Construction Administration	340,000					340,000
<b>BOAT HAVEN</b>						
Workyard Resurfacing	90,000			95,000	95,000	280,000
Piling Replacement			300,000			300,000
Breakwater Repair - Construction	265,000					265,000
Yard Transformers Upgrade (PUD)	5,000					5,000
C&D & Linear Dock Renovation						-
Engineering/Design		200,000				200,000
Construction		500,000	1,000,000			1,500,000
<b>POINT HUDSON</b>						
WDFW roof				64,000		64,000
WDFW Leasehold Improvements	35,000					35,000
Point Hudson South Jetty Renovation						-
Design/Permitting						-
Construction	100,000					100,000
Shanghai Roof		5,000,000				5,000,000
CONTINGENCY - Jetty Repair	250,000	107,000				107,000
<b>QUILCENE</b>						
Marina Entrance Dredging						-
Permitting	40,000					40,000
Dredging		250,000				250,000
Marina Dock Repairs				256,000		256,000
Ramp Upgrade				300,000		300,000
<b>OTHER CAPITAL</b>						
Small Capital projects (< ~\$30k)	125,000	125,000	125,000	125,000	125,000	625,000
Port Vehicle replacement	-	-	30,000	30,000	30,000	90,000
<b>Total Estimated Project Expenses</b>						
	4,214,000	6,182,000	1,455,000	870,000	250,000	12,971,000



## FUNDING SOURCES

## GRANTS

	note	2020 estimate	2021 estimate	2022 estimate	2023 estimate	2024 estimate
Federal Aviation Association - Construction & Construction Mgmt.		(3,288,400)				
WA Dept. of Transportation - Construction & Construction Mgmt.		(7,800)				
Public Infrastructure Fund (County PIF) - PH Jetty	2	(100,000)				

## NEW DEBT

Point Hudson South Jetty Renovation		(5,000,000)				
-------------------------------------	--	-------------	--	--	--	--

## INSURANCE RECOVERY

Boat Haven Breakwater Repair - Construction		(50,000)				
---	--	----------	--	--	--	--

## PORT WIDE CAPITAL RESERVE

Workyard Resurfacing		(90,000)			(95,000)	(95,000)
C&D & Linear Dock - Construction (partial funding)			(215,766)			
WDFW Leasehold Improvements		(35,000)				
WDFW Roof					(64,000)	

## BOAT HAVEN RESERVE

Boat Haven Breakwater Repair - Construction		(215,000)				
C&D & Linear Dock - Construction (partial funding)			(342,234)			

## NET OPERATING INCOME

JCIA match - Construction & Construction Administration		(7,800)				
Boat Haven Piling Replacement				(300,000)		
Yard Transformers Upgrade (PUD)		(5,000)				
C&D & Linear Dock - Engineering/Design			(105,000)			
C&D & Linear Dock - Construction (partial funding)			(37,000)			
Point Hudson - Shanghai Roof			(107,000)			
CONTINGENCY - Jetty Repair		(250,000)				
Quilcene Marina Entrance Dredging - Permitting		(40,000)				
Quilcene Marina Entrance Dredging - Construction			(250,000)			
Quilcene Dock Repairs					(256,000)	
Quilcene Ramp Upgrade					(300,000)	
Small Capital projects		(125,000)	(125,000)	(125,000)	(125,000)	(125,000)
Vehicle replacement		-	-	(30,000)	(30,000)	(30,000)
<b>Total Funding Sources supported by Cashflow projections</b>	3	<b>(4,214,000)</b>	<b>(6,182,000)</b>	<b>(455,000)</b>	<b>(870,000)</b>	<b>(250,000)</b>

## Unknown Funding Source

C&amp;D &amp; Linear Dock Renovation Construction (1,000,000)

<b>Total Funding Sources Supported by Cashflow &amp; Unknown</b>		<b>(4,214,000)</b>	<b>(6,182,000)</b>	<b>(1,455,000)</b>	<b>(870,000)</b>	<b>(250,000)</b>
--	--	--------------------	--------------------	--------------------	------------------	------------------



5 YEAR PROJECTED CASHFLOW

DRAFT October 9, 2019

	note	2020	2021	2022	2023	2024
Revenues - Operating	4	6,389,249	6,517,034	6,647,375	6,780,322	6,915,929
Revenues - Prop Tax Levy	5	1,030,000	1,040,300	1,050,703	1,061,210	1,071,822
Revenues - Other Non Op	6	3,590,290	5,183,790	148,320	152,770	157,353
<b>Total INFLOW</b>		<b>11,009,539</b>	<b>12,741,124</b>	<b>7,846,398</b>	<b>7,994,302</b>	<b>8,145,103</b>
Expenses - Operating	7	5,089,323	5,242,003	5,399,263	5,561,241	5,728,078
Expenses - Loan/Bond Interest	8	269,587	443,763	415,338	386,088	355,788
Expenses - Other Non Op	9	11,000	11,220	11,444	11,673	11,907
<b>Total OUTFLOW</b>		<b>5,369,910</b>	<b>5,696,986</b>	<b>5,826,045</b>	<b>5,959,002</b>	<b>6,095,773</b>
<b>Net Op/NonOp Inflow/Outflow</b>		<b>5,639,629</b>	<b>7,044,138</b>	<b>2,020,352</b>	<b>2,035,300</b>	<b>2,049,331</b>
Debt Service Principal	10	(715,000)	(1,005,000)	(1,035,000)	(1,060,000)	(1,085,000)
Net Capital Project Estimates Supported by Cashflow	3	(4,214,000)	(6,182,000)	(455,000)	(870,000)	(250,000)
Change in Cash balance		710,629	(142,862)	530,352	105,300	714,331
Beginning Year Cash		2,232,785	2,943,414	2,800,552	3,330,905	3,436,205
<b>Total Ending Year Cash &amp; Investments</b>		<b>2,943,414</b>	<b>2,800,552</b>	<b>3,330,905</b>	<b>3,436,205</b>	<b>4,150,535</b>
Total Ending Cash Reserves		1,097,234	1,025,484	1,688,922	1,962,265	2,470,234
Total Unreserved Cash		1,846,180	1,775,068	1,641,983	1,473,940	1,680,301

RESERVES

Contingency	75,000	75,000	75,000	75,000	75,000	75,000
Hazardous Waste	25,000	25,000	25,000	25,000	25,000	25,000
Unemployment	10,000	10,000	10,000	10,000	10,000	10,000
Operating Reserve	11	315,000	551,250	964,688	1,147,031	1,500,000
PTBH Renovation	12	342,234	-	-	-	-
Port-wide Capital	13	330,000	364,234	614,234	705,234	860,234

**Target Oper. Reserve (25% of Operating Expense)**

**1,272,331**      **1,310,501**      **1,349,816**      **1,390,310**      **1,432,019**

**Capital Budget & Cashflow Notes:**

1. Project total is \$10,000 and estimated to be half way done by end of 2019 with the remainder in 2020.
2. Design/Permitting on the South Jetty Reconstruction project started in 2019, partially funded by the Jefferson County PIF grant in the amount of \$150,000.
3. This line item is the total capital projects that are supported by the Cashflow projections, which include awarded grants, various capital reserves and net operating income. Under "Unknown Funding Sources" for 2021 is the remaining 2/3 of the C&D & Linear Dock Renovation construction.
4. Revenues - Operating were increased conservatively each year by 2.0%.
5. Revenues - Prop Tax Levy was increased annually by 1.0% as allowed by statute (actual may vary by AV and new construction estimates calculated annually by County Assessor).
6. Revenues - Other Non Op in all periods, are based on an 8 year historical average for 2021 and subsequently increased annually at 3%. 2020 includes the FAA and WSDOT grants for the JCIA Runway Rehabilitation project. 2021 includes estimates for new debt for Point Hudson South Jetty Renovation Construction. The jetty project estimates are preliminary.
7. Expenses - Operating is increased annually at 3% after 2020, as calculated from averaging 8 year historical results.
8. Expenses - Bond Interest is based on bond amortization schedules of current debt, plus, starting in 2020, an estimated annual Loan or Bond repayment for the Point Hudson South Jetty Renovation (principal \$5m @ 3% for 20 years).
9. Expenses - Other Non Op start with 2020 budget and increased annually by 2%, based on an 8 year historical average. This line item has historically varied quite a lot, but the amount is not significant to this analysis.
10. Debt principle is current debt, based on bond amortization schedules, plus starting in 2020, an estimated annual Loan or Bond repayment for the Point Hudson South Jetty Renovation (principal \$5m @ 3% for 20 years).
11. Port Commission approved a minimum cash reserve for operations to ensure the sustainability of the Port in 2019. The target is estimated to be 25% of annual operating expenses. With progressive savings, this reserve should be fully funded by 2024, estimated to total approximately \$1.5m (25% of Operating Expenses).
12. The Port Townsend Boat Haven Reserve is anticipated to be spent down by the end of 2021 with various Boat Haven projects.
13. The Port-Wide Capital Reserve will be use for projects and grant match, as applicable. In August 2016, the Commission established this reserve to be funded at \$120,000/year, and in this projection, the reserve funding is increased to \$250,000/year in 2021. Throughout this 5 year projection, these funds will be used for various projects as noted above.

# PORT OF PORT TOWNSEND

## AGENDA COVER SHEET

<b>MEETING DATE</b>	October 9, 2019
<b>AGENDA ITEM</b>	<input type="checkbox"/> First Reading <input type="checkbox"/> Second Reading <input checked="" type="checkbox"/> Regular Business
<b>AGENDA TITLE</b>	VII. A) The Artful Sailor - New Lease
<b>STAFF LEAD</b>	Eric Toews, Deputy Director & Sue Nelson, Lease & Contracts Administrator
<b>REQUESTED</b>	<input checked="" type="checkbox"/> Motion <input type="checkbox"/> Action <input type="checkbox"/> Discussion
<b>ATTACHMENTS</b>	A. Info Memo B. Key Terms C. The Artful Sailor Lease D. Exhibit A – Location of Lease Subject E. Exhibit B - Hazardous Substances Warranty & Agreement



# PORT OF PORT TOWNSEND

## INFORMATIONAL MEMO

**DATE:** 10/9/2019  
**TO:** Port Commission  
**FROM:** Sue Nelson, Lease & Contracts Administrator  
**SUBJECT:** The Artful Sailor – Proposed Armory Building Lease Agreement

---

**BACKGROUND:** Pami-Sue Alvarado, d/b/a The Artful Sailor is a “Whole Earth Nautical Supply that promotes and perpetuates traditional skills in the rigging, working and maintenance of sailing craft.” The space includes a shop with canvas-related items and tools, and they repurpose/recycle sails. Small sized classes and seminars are held in the space periodically.

The Artful Sailor has been a Port tenant in good standing, located in Point Hudson, since 2017.

**DISCUSSION:** The Artful Sailor has been paying \$400/month for 600 sf of shop space since 2017. The proposed monthly rate of \$412.80 (\$0.69 s/f) includes the CPI-U increase of 3.2%. In addition, they have added an additional 120 sf of storage space in what has been known as the “common area” of the Armory Building. The storage space is based on \$0.575/sf. Proposed grand total monthly lease rate for the shop space and storage space is \$483.00 plus Leasehold Tax.

Lease term is one-year with four (4) one-year options.

In the event The Artful Sailor were to become a “holdover” tenant at the end of the lease term, the rent would increase to 125% of that paid in the month preceding lease termination.

The proposed security deposit is equal to three (3) months’ rent, to be paid within a six-month installment term. Port staff is both pleased and happy to secure these craftspeople to a term lease.

**RECOMMENDATION:** Authorize the Executive Director to execute the attached lease with The Artful Sailor, a sole proprietorship.

### **ATTACHMENTS**

- Summary of Key Terms – Point Hudson Armory (portion of) Lease
- Draft Port-The Artful Sailor Lease (including Exhibit “A”, graphic depiction of the premises and Exhibit “B”, Hazardous Substances Warranty & Agreement)

**PORT OF PORT TOWNSEND:**  
**Summary of Key Terms - Point Hudson Armory Building (Portion of) Lease**  
**(October 9, 2019)**

1. **TENANT:** Pami-Sue Alvarado, d/b/a The Artful Sailor, a sole proprietorship.
2. **PREMISES:** Approximately 600 square feet of marine-related light industrial building shop space and 120 square feet of storage space, both on the ground floor of the Armory Building at Point Hudson on the Washington Street side.
3. **TERM:** One (1) year, beginning on November 1, 2019, and ending on October 31, 2020. Option to extend the lease term by four (4) one-year terms. Notification to extend the Lease will be done in writing ninety (90) days prior to the end of the lease or any extended term.
4. **RENT:** \$483.00 per month (calculated at 0.69¢ per square foot for 600 sf of shop space, and 0.575¢ per square foot for 120 sf of storage space) plus LHT (i.e.,  $\$483.00 + 12.84\% (\$62.02) = \$545.02$ ). Rent adjusted per CPI-U beginning year 2; base rent may be adjusted beginning in year three (i.e., based on market rate study).
5. **HOLDING OVER:** In the event Lessee allows the lease to expire without negotiating a new agreement with the Port, the tenancy will roll over into a month-to month basis, with all other provisions of the lease agreement remaining in effect, except that the rent will increase to 125% of the rent due in the month preceding the holdover (e.g., if the rent were  $\$483.00 + \text{LHT}$ , the rent in holdover status would be + 25%, or  $\$603.75 + \text{LHT}$ ).
6. **USE OF PREMISES:** Shop and manufacturing space for canvas handiwork and other marine related uses, including classes and seminars, and storage space for dinghies.
7. **SECURITY:** Three (3) month security + LHT (\$1,635.06) at lease inception; lessee already has a deposit of \$400.00 on file with the Port from an agreement to be superseded by this lease; thus, \$1,235.06 deposit balance to be paid within a six-month period, with the first installment to be paid upon execution of this lease.
8. **UTILITIES:** All utilities are the responsibility of the Lessee.
9. **MAINTENANCE & REPAIR:** All maintenance and repairs are the Lessee's responsibility.

10. **INSURANCE:** Per Port policy. Commercial General Liability of \$1,000,000 combined single limit; Workers Compensation Insurance of not less than \$1,000,000 per occurrence; insurance certificates naming the Port as an additional insured; proof of insurance must be provided prior to occupancy.
11. **ASSIGNMENT/SUBLEASE:** Permitted only by prior written consent of the Port.
12. **DEFAULTS/TERMINATION:** Time is of the essence. Failure to pay rent, or to abide by the covenants/agreements contained in the lease, may serve as a basis for termination. Lessee will be provided with fifteen (15) days' written notice to cure defaults. Port may also terminate upon one-hundred and twenty (120) days' written notice, at its sole discretion, for public or private use in connection with the operation of the business of the Port.

**PORT OF PORT TOWNSEND  
POINT HUDSON BUILDING LEASE**

**THIS LEASE AGREEMENT** made this \_\_\_\_\_ day of October 2019, by and between the PORT OF PORT TOWNSEND, a municipal corporation organized and existing under the laws of the State of Washington, Lessor, hereinafter referred to as "the Port," and Pami-Sue Alvarado, d/b/a THE ARTFUL SAILOR, a sole proprietorship, hereinafter referred to as "Lessee,"

**WITNESSETH:**

That the parties hereto do mutually agree as follows:

1. **LEASED PREMISES:** The Port hereby leases to Lessee, and Lessee hereby hires and leases from the Port, the following described premises situated in the City of Port Townsend, Jefferson County, State of Washington:

600 square feet of shop space located on the northwest corner of the ground floor of the Armory Building at Point Hudson with an address of 410 Washington Street, and approximately 120 square feet of storage space located near the northeast corner of the ground floor of the Armory Building at Point Hudson Port Townsend, Jefferson County, Washington.

hereinafter referred to as "the premises." All grounds and parking areas surrounding the Armory Building are excluded from the leased premises. The premises are depicted on Exhibit "A" which is attached hereto and which by this reference is incorporated herein as if fully set forth herein.

2. **TERM:** The term of this Lease is one (1) year, beginning November 1, 2019, ending at midnight, October 31, 2020, unless extended or sooner terminated as provided in this Lease. The Lessee shall also have options to extend the lease term by four (4) one-year terms. Notification to extend the Lease will be done in writing ninety (90) days prior to end of the initial lease term.
3. **RENT:** Lessee agrees to pay as rental for the leased premises the sum of **Four Hundred Eighty-Three Dollars (\$483.00)** plus all applicable taxes.<sup>1</sup> The rent for each month shall be paid to the Port in advance on or before the first day of each and every month of the lease term, and shall be payable at such place as the Port may hereinafter designate. Beginning in year three (3) and every three (3) years thereafter, the rental rate may be adjusted to the fair market rental rate then prevailing for comparable commercial and/or industrial property in the Western Washington area, bearing in mind all allowable uses of the property and all services and amenities available to the property by virtue of its location. In the event that the parties are unable to reach agreement on the fair market rate adjustment, the rate shall be

---

<sup>1</sup> Calculated as follows: 69¢ per sf x 600 sf = \$414 building rent, plus 57.5¢ per sf x 120 sf = \$69 storage rent, total of \$483.00; LHT @ 12.84% x \$483.00 = \$62.02; total = \$545.02.



determined by arbitration before a single arbitrator who shall be jointly selected by the parties or by the Jefferson County Court. The rental rate beginning in year two (2) and annually throughout the term of the lease will be adjusted by an amount equal to the accumulative amount found on the Consumer Price Index for all urban consumers (CPI-U) for Seattle-Tacoma-Bremerton, which is compiled by the Department of Labor, Bureau of Statistics. In no event shall any rent adjustment result in a reduction in rent from the rate paid in the prior year.

4. **LATE CHARGE:** In the event that any installment of rent remains unpaid more than twenty (20) days after it is due, then Lessee shall also be obliged to pay a "late charge" as per the Port of Port Townsend Rate Schedule then in effect.
5. **SECURITY DEPOSIT:** Upon the execution of this Lease, Lessee shall deposit with the Port security in the amount of **One Thousand Six Hundred Thirty-Five Dollars and 06 Cents (\$1,635.06)**<sup>2</sup> in order to guarantee performance under this Lease. However, Lessee has an existing deposit of **Four Hundred Dollars (\$400.00)** currently on file with the Port under an agreement now superseded by this Lease. Accordingly, Lessee shall deposit an additional **One Thousand Two Hundred Thirty-Five Dollars and Six Cents (\$1,235.06)** in order to satisfy the requirements of this paragraph 5. This Lease shall not be effective until the full deposit of **One Thousand Six Hundred Thirty-Five Dollars and Six Cents (\$1,635.06)** is on file with the Port. The deposit shall be held by the Port as security for Lessee's faithful performance of all of its obligations under this Lease. Any interest earned on amounts deposited shall be retained by the Port. The deposit shall be returned to Lessee upon termination of this Lease, less any charges owing to the Port or expenses incurred by the Port in repairing damage caused by Lessee or restoring the leased premises to the condition required upon termination of this Lease.
6. **USE OF PREMISES:** Lessee shall use the premises as shop and manufacturing space for canvas handiwork, classes, storage space for dinghies, and other marine-related uses, and shall not use them for any other purpose without the prior consent of the Port. Lessee shall use the entire premises for the conduct of said business continuously during the entire term of this Lease, with the exception of temporary closures for such periods as may reasonably be necessary for repairs or for reasons beyond Lessee's reasonable control. Lessee agrees that it will not disturb the Port or any other tenant of the Port's by making or permitting any disturbance or any unusual noise, vibration or other condition on or in the premises.
7. **UTILITIES:** Lessee shall be liable for, and shall pay throughout the term of this Lease, all utility services furnished to the premises, including, but not limited to, light, heat, electricity, gas, water, sewerage, garbage disposal.

---

<sup>2</sup> Required security for all Port leases is three (3) months (minimum) + LHT, calculated as follows: \$483.00 per month x 3 = \$1,449.00; \$1,449.00 x 12.84% = \$186.06; \$1,449.00 + \$186.06 = \$1,635.06.

8. **ACCEPTANCE OF PREMISES:** Lessee has examined the leased premises and accepts them in their present condition "as is" and without further maintenance liability on the part of the Port. The Port makes no representations or warranties with respect to the condition, suitability, zoning restrictions, or usability, except the Port's right to grant a lease of the premises. Lessee acknowledges that Lessee has fully inspected the premises and is not relying on any statement or representation made by the Port or the Port's agents with respect to the condition of the premises, and Lessee assumes the responsibility and risks of the same, including any defects or conditions that cannot be observed by casual inspection.
9. **MAINTENANCE AND REPAIR:** Maintenance and repair of the premises and all improvements thereon is the sole responsibility of Lessee. Accordingly, at the expiration or sooner termination of this Lease, Lessee shall return the premises to the Port in the same condition in which received (or, if altered by Lessee with the Port's consent, then the premises shall be returned in such altered condition), reasonable wear and tear and damage by fire or unavoidable casualty excepted. Lessee's obligation to make repairs shall not extend to any repairs to the roof (structure of covering), to the foundations of the building or structure and exterior walls, of which the leased premises are a part, unless such repairs are necessitated by Lessee's negligence or failure to maintain the interior. Lessee shall, at its own expense, and at all times:
- a. Keep the premises, and the adjoining roadways and sidewalks, neat, clean and in a safe and sanitary condition;
  - b. Maintain and keep the leased premises in a good state of repair; and
  - c. Not commit waste of any kind.
10. **ALTERATIONS AND IMPROVEMENTS:** Lessee shall make no alterations or improvements to or upon the premises or install any fixtures (other than trade fixtures which can be removed without injury to the premises) without first obtaining written approval from the Executive Director of the Port. When seeking the Port's approval, Lessee shall submit full plans and specifications for any proposed alterations and shall furnish proof of compliance with all applicable building codes and other regulations and shall apply for and obtain all necessary permits for such work. If the proposed improvements are estimated to cost more than \$25,000, the Port may require the posting of a completion bond as security for the completion of the improvements. Upon conclusion of the alterations, Lessee shall furnish "as-built" drawings of all improvements and alterations. The Port's approval of alterations shall also include agreement for disposition of the improvements upon termination of this Lease.
11. **INSPECTION - "FOR RENT" SIGNS:** The Port reserves the right to inspect the leased premises at any and all reasonable times throughout the term of this Lease, PROVIDED, that it shall not interfere unduly with Lessee's operations. The right of inspection reserved to the Port hereunder shall impose no obligation on the Port to make inspections to ascertain the condition of the premises and shall impose no liability upon the Port for failure to make such inspections. The Port shall have the right to place and maintain "For Rent" signs in conspicuous places on the premises for thirty (30) days prior to the expiration or sooner termination of this Lease.

12. **POSSESSION:** If the Port shall be unable for any reason to deliver possession of the premises, or any portion thereof, at the time of the commencement of the term of this Lease, the Port shall not be liable for any damage caused thereby to Lessee, nor shall this Lease thereby become void or voidable, nor shall the term specified herein be in any way extended, but in such event Lessee shall not be liable for any rent until such time as the Port can deliver possession, PROVIDED, that if Lessee shall, in the interim, take possession of any portion of the premises, it shall pay as rental the full rental specified herein reduced pro rata for the portion of the premises not available for possession by Lessee, AND PROVIDED FURTHER, that if the Port shall be unable to deliver possession of the premises at the commencement of the term of this Lease, Lessee shall have the option to terminate this Lease by at least thirty (30) days written notice, unless the Port shall deliver possession of the premises prior to the effective date of termination specified in such notice. If Lessee shall, with the Port's consent, take possession of all or any part of the premises prior to the commencement of the term of this Lease, all of the terms and conditions of this Lease shall immediately become applicable.
13. **DAMAGE OR DESTRUCTION:**
- a. Should the premises or the buildings or structures of which the premises are a part be damaged by fire or other casualty, and if the damage is repairable within four (4) weeks from the date of the occurrence (with the repair work and the preparations therefore to be done during regular working hours on regular work days), the premises shall be repaired with due diligence by the Port, and in the meantime the monthly minimum rental shall be abated in the same proportion that the untenable portion of the premises bears to the whole thereof, for the period from the occurrence of the damage to the completion of the repairs.
  - b. Should the premises or any buildings or structures of which the premises are a part be completely destroyed by fire or other casualty, or should they be damaged to such an extent that the damage cannot be repaired within four (4) weeks of the occurrence, the Port shall have the option to terminate this Lease on thirty (30) days' notice, effective as of any date not more than sixty (60) days after the occurrence. In the event that this paragraph shall become applicable, the Port shall advise Lessee within thirty (30) days after the happening of any such damage whether the Port has elected to continue the lease in effect or to terminate it. If the Port shall elect to continue this Lease in effect, it shall commence and prosecute with due diligence any work necessary to restore or repair the premises. If the Port shall fail to notify Lessee of its election within said thirty (30) day period, the Port shall be deemed to have elected to terminate this Lease, and the lease shall automatically terminate sixty (60) days after the occurrence of the damage. For the period from the occurrence of any damage to the premises to the date of completion of the repairs to the premises (or to the date of termination of the lease if the Port shall elect not to restore the premises), the monthly minimum rental shall be abated in the same proportion as the untenable portion of the premises bears to the whole thereof.
14. **INDEMNIFICATION AND HOLD HARMLESS:** The Port, its employees and agents shall not be liable for any injury (including death) to any persons or for damage to any property, regardless of how such injury or damage be caused, sustained, or alleged to have been sustained by the Lessee

or by others as a result of any condition (including existing or future defects in the premises) or occurrence whatsoever related in any way to the premises and the areas adjacent thereto or related in any way to Lessee's use or occupancy of the premises and of the areas adjacent thereto except to the extent attributable to the negligence or other wrongdoing of the Port or its employees, contractors or agents. Lessee agrees to defend and to hold and save the Port harmless from all liability or expense of litigation in connection with any such items of actual or alleged injury or damage.

15. **INSURANCE:** Lessee agrees to maintain during the lease term liability insurance as set forth below, at Lessee's sole expense. All such insurance shall name the Port of Port Townsend as an additional insured and shall be with insurance companies acceptable to the Port.
- a. Comprehensive General Liability Insurance against claims for injury or death to persons or damage to property with minimum limits of liability of \$1,000,000.00 combined single limit for each occurrence. Such insurance shall include but not be limited to bodily injury liability, personal injury liability, property damage liability, broad form property damage liability, contractual liability, and products/completed operations liability.
  - b. Workers Compensation Insurance as will protect tenant's employees from claims under Washington Workers Compensation Act as well as all Federal Acts applicable to the tenant's operations at the site such as but not limited to U.S. Longshoremen and Harborworkers Act, Jones Act, and Federal Employers Liability section of the Washington Workers Compensation Policy and all Federal Acts. Insurance shall not be less than \$1,000,000.00 for each occurrence.

The Lessee agrees to supply the Port with appropriate evidence to establish that its insurance obligations have been met, and that the insurance policy or policies are not subject to cancellation without at least thirty (30) days advance written notice to the Port. The conditions set forth in subparagraphs (a) and (b) of this paragraph 15 shall be met prior to occupancy.

16. **LIMITED WAIVER OF IMMUNITY UNDER WASHINGTON STATE INDUSTRIAL INSURANCE ACT, TITLE 51 RCW AND OTHER SIMILAR INDUSTRIAL INSURANCE SCHEMES:** For purposes of the indemnification provision set forth in paragraph 14, above, and only to the extent of claims against Lessee by the Port under such indemnification provision, Lessee specifically waives any immunity it may be granted under the Washington State Industrial Insurance Act, Title 51 RCW, The United States Longshore and Harbor Workers Compensation Act, 33 USC §901-950, or any other similar workers' compensation schemes. The indemnification obligation under this lease shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable to or for any third party under workers' compensation acts, disability benefit acts, or other employee benefit acts. The foregoing provision was specifically negotiated and agreed upon by the parties hereto.

17. **WAIVER OF SUBROGATION:** The Port and Lessee hereby mutually release each other from liability and waive all right of recovery against each other for any loss from perils insured against under their respective fire insurance contracts, including any extended coverage endorsements thereto, PROVIDED, that this paragraph 17 shall be inapplicable if it would have the effect, but

only to the extent that it would have the effect, of invalidating any insurance coverage of the Port or Lessee.

18. **INCREASE IN COST OF INSURANCE:** Lessee shall not use the demised premises in such a manner as to increase the existing rates of insurance applicable to the buildings or structures of which the premises are a part. If it nevertheless does so, then, at the option of the Port, the full amount of any resulting increase in premiums paid by the Port with respect to the buildings or structures of which the leased premises are a part, and to the extent allocable to the term of this Lease, may be added to the amount of rental hereinabove specified and shall be paid by Lessee to the Port upon the monthly rental day next thereafter occurring.
19. **HAZARDOUS SUBSTANCES WARRANTY AND AGREEMENT:** Lessee has examined the Hazardous Substance Warranty and Agreement, consisting of six (6) pages, which is attached as Exhibit "B" hereto and which by this reference is incorporated herein as fully set forth herein, and acknowledges full understanding of its obligations under said Hazardous Substances Warranty and Agreement.
20. **TAXES:** Lessee shall be liable for, and shall pay throughout the term of this Lease, all license and excise fees and occupation taxes covering the business conducted on the premises, and all taxes on property of Lessee on the leased premises and any taxes on the leased premises or leasehold interest created by this Lease Agreement.
21. **COMPLIANCE WITH PORT REGULATIONS AND WITH ALL LAWS:** Lessee agrees to comply with all applicable rules and regulations of the Port pertaining to the building or other realty of which the premises are a part now in existence or hereafter promulgated for the general safety and convenience of the Port, its various tenants, invitees, licensees and the general public. Lessee also agrees to comply with all applicable federal, state, and municipal laws, ordinances, and regulations. Lessee further agrees that all buildings, structures or other improvements, approved by the Port, will be properly permitted by Jefferson County. Any fees for any inspection of the premises during or for the lease term by any federal, state or municipal officer and the fees for any so-called "Certificate of Occupancy" shall be paid by Lessee.
22. **ASSIGNMENT OR SUBLEASE:**
  - a. Lessee shall not assign or transfer this Lease or any interest therein nor sublet the whole or any part of the premises, nor shall this Lease or any interest thereunder be assignable or transferable by operation of law or by any process or proceeding of any court, otherwise, without the written consent of the Port first had and obtained.
  - b. If Lessee is a corporation, Lessee further agrees that if at any time during the term of this Lease more than one-half (1/2) of the outstanding shares of any class of stock of Lessee corporation shall belong to any stockholders other than those who own more than one-half (1/2) of the outstanding shares of that class of stock at the time of the execution of this Lease or to members of their immediate families, such change in the ownership of the stock of the Lessee shall be deemed an assignment of this Lease within the meaning of this paragraph.

- c. Lessee shall reimburse the Port, within thirty (30) days of presentment of a bill for attorney fees incurred by the Port regarding a consent to assignment for the purpose of obtaining a loan or other consideration from a third party.
  - d. If the Port shall give its consent to any assignment or sublease, this paragraph shall nevertheless continue in full force and effect and no further assignment or sublease shall be made without the Port's consent.
- 23. DEFAULTS:** Time is of the essence of this Lease Agreement, and in the event of the failure of Lessee to pay the rentals or other charges at the time and in the manner herein specified, or to keep any of the covenants or agreements herein set forth to be kept and performed, the Port may elect to terminate this Lease and reenter and take possession of the premises with or without process of law, PROVIDED, however, that Lessee shall be given fifteen (15) days' notice in writing stating the nature of the default in order to permit such default to be remedied by Lessee within said fifteen (15) day period. If upon such reentry there remains any personal property of Lessee or of any other person upon the leased premises, the Port may, but without the obligation so to do, remove said personal property and hold it for the owners thereof or may place the same in a public garage or warehouse, all at the expense and risk of the owners thereof, and Lessee shall reimburse the Port for any expense incurred by the Port in connection with such removal and storage. The Port shall have the right to sell such stored property, without notice to Lessee, after it has been stored for a period of thirty (30) days or more, the proceeds of such sale to be applied first to the cost of such sale, second to the payment of the charges for storage, and third to the payment of any other amounts which may then be due from Lessee to the Port, and the balance, if any, shall be paid to Lessee. Notwithstanding any such reentry, the liability of Lessee for the full rental provided for herein shall not be extinguished for the balance of the term of this Lease, and Lessee shall make good to the Port any deficiency arising from a re-letting of the leased premises at a lesser rental than that hereinbefore agreed upon. Lessee shall pay such deficiency each month as the amount thereof is ascertained by the Port. Any failure by the owners, officers, or principals of Lessee to pay rentals, storage fees, moorage or any other charges owed to the Port under separate contract shall constitute default under provisions of this Lease Agreement.
- 24. TERMINATION BY PORT:** In the event that the Port, at its sole discretion, shall require the use of the premises for any purpose for public or private use in connection with the operation of the business of the Port, then this Lease may be terminated by the Port by written notice delivered or mailed by the Port to the Lessee **one hundred and twenty (120)** or more days before the termination date specified in the notice. Lessee and the Port Executive Director will agree compensation to Lessee for loss of use, cost of relocation, and/or cost of improvement. In the event that the parties are unable to reach agreement on the compensation to Lessee, the amount shall be determined by arbitration before a single arbitrator who shall be jointly selected by the parties or by the Jefferson County Court if the parties cannot agree.
- 25. TERMINATION FOR GOVERNMENT USE:** In the event that the United States Government or any agency or instrumentality thereof shall, by condemnation or otherwise, take title, possession or the right to possession of the premises or any part thereof, the Port may, at its option, terminate

this Lease as of the date of such taking, and, if Lessee is not in default under any of the provisions of this Lease on said date, any rental prepaid by Lessee shall, to the extent allocable to any period subsequent to the effective date of the termination, be promptly refunded to Lessee.

26. **TERMINATION BECAUSE OF COURT DECREE:** In the event that any court having jurisdiction in the matter shall render a decision which has become final and which will prevent the performance by the Port of any of its obligations under this Lease, then either party hereto may terminate this Lease by written notice, and all rights and obligations hereunder (with the exception of any undischarged rights and obligations that accrued prior to the effective date of termination) shall thereupon terminate. If Lessee is not in default under any of the provisions of this Lease on the effective date of such termination, any rental prepaid by Lessee shall, to the extent allocable to any period subsequent to the effective date of the termination, be promptly refunded to Lessee.
27. **SIGNS:** No signs or other advertising matter, symbols, canopies or awnings shall be attached to or painted or within the leased premises, including the windows and doors thereof, without the approval of the Executive Director of the Port first had and obtained. At the termination or sooner expiration of this Lease, all such signs, advertising matter, symbols, canopies or awnings attached to or painted by Lessee shall be removed by Lessee at its own expense, and Lessee shall repair any damage or injury to the premises, and correct any unsightly condition, caused by the maintenance and removal of said signs, etc.
28. **INSOLVENCY:** If Lessee shall file a petition in bankruptcy, or if Lessee shall be adjudged bankrupt or insolvent by any court, or if a receiver of the property of Lessee shall be appointed in any proceeding brought by or against Lessee, or if Lessee shall make an assignment for the benefit of creditors, or if any proceedings shall be commenced to foreclose any mortgage or any other lien on Lessee's interest in the premises or on any personal property kept or maintained on the premises by Lessee, the Port may at its option, terminate this Lease.
29. **WAIVER:** The acceptance of rental by the Port for any period or periods after a default by Lessee hereunder shall not be deemed a waiver of such default unless the Port shall so intend and shall so advise Lessee in writing. No waiver by the Port of any default hereunder by Lessee shall be construed to be or act as a waiver of any subsequent default by Lessee. After any default shall have been cured by Lessee, it shall not thereafter be used by the Port as a ground for the commencement of any action under the provisions of paragraph 23 hereof.
30. **PROMOTION OF PORT COMMERCE:** Lessee agrees that throughout the term of this Lease it will, insofar as practicable, promote and aid the movement of passengers and freight through facilities within the territorial limits of the Port. Lessee further agrees that all incoming shipments of commodities that it may be able to control or direct shall be made through facilities within the territorial limits of the Port if there will be no resulting cost or time disadvantage to Lessee.

**31. SURRENDER OF PREMISES – ATTORNEY’S FEES:**

- a. At the expiration or earlier termination of the term, Lessee shall surrender to the Port the possession of the premises and all improvements. Surrender or removal of fixtures, trade fixtures and improvements shall be as directed in paragraph 10 of this Lease on ownership of improvements at termination. Lessee shall leave the surrendered premises and any other property in broom-clean condition except as provided to the contrary in provisions of this Lease on maintenance and repair of improvements. All property that Lessee is required to surrender shall become the Port’s property at termination of this Lease. All property that Lessee is not required to surrender but that Lessee does abandon shall, at the Port’s election, become the Port’s property at termination. If Lessee fails to surrender the premises at the expiration or sooner termination of this Lease, Lessee shall defend and indemnify the Port from all liability and expense resulting from the delay or failure to surrender, including, without limitation, claims made by any succeeding tenant founded on or resulting from Lessee's failure to surrender.
- b. In the event that either party shall commence legal action to interpret or to enforce any of the provisions of this Lease, the substantially prevailing party shall be entitled to an award for all reasonable costs and attorney fees incurred in any such action. Any action brought under the terms of this Lease shall be maintained in Jefferson County, Washington.

**32. HOLDING OVER:** Any holding over by the Lessee after the expiration of this Lease shall be construed as a tenancy at sufferance (unless such occupancy is with the written consent of the Port) in which event the Lessee will be a tenant from month to month, upon the same terms and conditions of this Lease, except at a rent for such holdover period of 125% of the rental rate in effect for the month preceding such holdover. Acceptance by the Port of rent after such termination shall not constitute a renewal.

**33. ADVANCES BY PORT FOR LESSEE:** If Lessee shall fail to do anything required to be done by it under the terms of this Lease, except to pay rent, the Port may, at its sole option, do such act or thing on behalf of Lessee, and upon notification to Lessee of the cost thereof to the Port, Lessee shall promptly pay the Port the amount of that cost.

**34. LIENS AND ENCUMBRANCES:** Lessee shall keep the leased premises free and clear of any liens and encumbrances arising or growing out of the use and occupancy of the said premises by Lessee. At the Port's request, Lessee shall furnish the Port with written proof of payment of any item that would or might constitute the basis for such a lien on the leased premises if not paid.

**35. NOTICES:** All notices hereunder may be delivered or mailed. If mailed, they shall be sent by certified or registered mail to the following respective addresses:



To Lessor:

THE PORT OF PORT TOWNSEND  
P.O. Box 1180  
Port Townsend, Washington 98368

To Lessee:

Pami-Sue Alvarado, d/b/a THE ARTFUL SAILOR  
410 Washington Street  
PO Box 375  
Port Townsend, WA 98368

or to such other respective addresses as either party hereto may hereafter from time to time designate in writing. Notices sent by mail shall be deemed to have been given when properly mailed, and the postmark affixed by the United States Post Office shall be conclusive evidence of the date of mailing.

36. **JOINT AND SEVERAL LIABILITY:** Each and every party who signs this Lease, other than in a representative capacity, as Lessee, shall be jointly and severally liable hereunder.
37. **"LESSEE" INCLUDES LESSEE, ETC.:** It is understood and agreed that for convenience the word "Lessee" and verbs and pronouns in the singular number and neuter gender are uniformly used throughout this Lease, regardless of the number, gender or fact of incorporation of the party who is, or of the parties who are, the actual Lessee or Lessee under this Lease Agreement.
38. **CAPTIONS:** The captions in this Lease are for convenience only and do not in any way limit or amplify the provisions of this Lease.
39. **SEVERABILITY:** If any term or provision of this Lease Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and shall continue in full force and effect.
40. **NON-DISCRIMINATION - SERVICES:** The Lessee agrees that it will not discriminate by segregation or otherwise against any person or persons because of race, creed, color, sex, sexual orientation, or national origin in furnishing, or by refusing to furnish, to such person, or persons, the use of the facility herein provided, including any and all services, privileges, accommodations, and activities provided thereby.

It is agreed that the Lessee's noncompliance with the provisions of this clause shall constitute a material breach of this Lease. In the event of such noncompliance, the Port may take appropriate action to enforce compliance, may terminate this Lease, or may pursue such other remedies as may be provided by law.

41. **NON-DISCRIMINATION - EMPLOYMENT:** The Lessee covenants and agrees that in all matters pertaining to the performance of this Lease, Lessee shall at all times conduct its business in a manner which assures fair, equal and non-discriminatory treatment of all persons without respect to race, creed or national origin and, in particular:
- a. Lessee will maintain open hiring and employment practices and will welcome applications for employment in all positions from qualified individuals who are members of racial or other minorities, and
  - b. Lessee will comply strictly with all requirements of applicable federal, state or local laws or regulations issued pursuant thereto relating to the establishment of non-discriminatory requirements in hiring and employment practices and assuring the service of all patrons or customers without discrimination as to any person's race, creed, color, sex, sexual orientation, or national origin.
42. **EASEMENTS:** The Parties recognize that the Port facilities are continuously being modified to improve the utilities and services used and provided by the Port. The Port or its agents shall have the right to enter the demised premises of the Lessee, and to cross over, construct, move, reconstruct, rearrange, alter, maintain, repair and operate the sewer, water, and drainage lines, and the electrical service, and all other services required by the Port for its use. The Port is hereby granted a continuous easement or easements that the Port believes is necessary within the lease premises of the Lessee, without any additional cost to the Port for the purposes expressed hereinabove; PROVIDED however, that the Port by virtue of such use does not permanently deprive the Lessee from its beneficial use or occupancy of its leased area.
- In the event that the Port does permanently deprive the Lessee from such beneficial use or occupancy, then an equitable adjustment in rent or in the cost required to modify its premises to allow the Lessee to operate its business, will be negotiated and paid by the Port to the Lessee. In the event that such entry by the Port is temporary in nature, then the Port shall reimburse the Lessee for the cost required to modify its premises for the temporary period that the Lessee is inconvenienced by such Port entry. The Port will not be responsible to the Lessee for any reduced efficiency, or loss of business occasioned by such entry.
43. **LESSEE'S ACKNOWLEDGEMENT OF PRESENCE OF CERTAIN SUBSTANCES:** Lessee acknowledges that, because the buildings at Point Hudson were constructed many years ago, that they may contain asbestos, creosote, lead paint and other substances that would not be allowed in modern construction. The Port will comply with the directives of any lawful authority that may require the removal or remediation of such substances and will not use any such substances during the renovation or remodeling of the Point Hudson facility, but Lessee agrees not to demand the removal of any such substances which do not impose a hazard to the health of Lessee and its employees, guests and invitees. In the event that any such substances need to be removed from the leased premises, Lessee agrees to cooperate with the Port and allow the removal of such materials, including the temporary cessation of Lessee's business activities, Lessee's rent shall be abated during any such period of disruption, but Lessee shall not be

entitled to any damages or compensation for business interruption or loss of revenue, PROVIDED the Port moves expeditiously to complete such activities.

44. **ENTIRE AGREEMENT:** This Lease Agreement contains all of the understandings between the parties. Each party represents that no promises, representations or commitments have been made by the other as a basis for this Lease which have not been reduced to writing herein. No oral promises or representations shall be binding upon either party, whether made in the past or to be made in the future, unless such promises or representations are reduced to writing in the form of a modification to this Lease executed with all necessary legal formalities by the Commission of the Port of Port Townsend.

Lease Agreement dated this \_\_\_\_ day of October 2019 is hereby approved by the Port of Port Townsend, on this \_\_\_\_ day of October 2019 and effective upon the receipt of a deposit and liability insurance documentation from the Lessee.

THIS AGREEMENT HAS BEEN NEGOTIATED BETWEEN THE PARTIES AND CONTAINS A LIMITED WAIVER OF IMMUNITY UNDER TITLE 51 RCW, AN INDEMNIFICATION AND A RELEASE.

**LESSEE: THE ARTFUL SAILOR**

By: \_\_\_\_\_  
Pami-Sue Alvarado,  
d/b/a The Artful Sailor, a sole proprietorship

**ATTEST:**  
**PORT OF PORT TOWNSEND**

**APPROVED AS TO FORM**

\_\_\_\_\_  
Jim Pivarnik, Executive Director

\_\_\_\_\_  
Port Attorney

STATE OF WASHINGTON     )  
  ) ss.  
COUNTY OF JEFFERSON     )

On this day before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared, PAMI-SUE ALVARADO, to me known to be d/b/a THE ARTFUL SAILOR, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute the said instrument on behalf of the corporation.

GIVEN under my hand and official seal this \_\_\_\_ day of \_\_\_\_\_ 2019.

\_\_\_\_\_  
Susan M. Nelson

NOTARY PUBLIC in and for the State of Washington,  
residing at Port Townsend  
My commission expires: \_\_\_\_\_

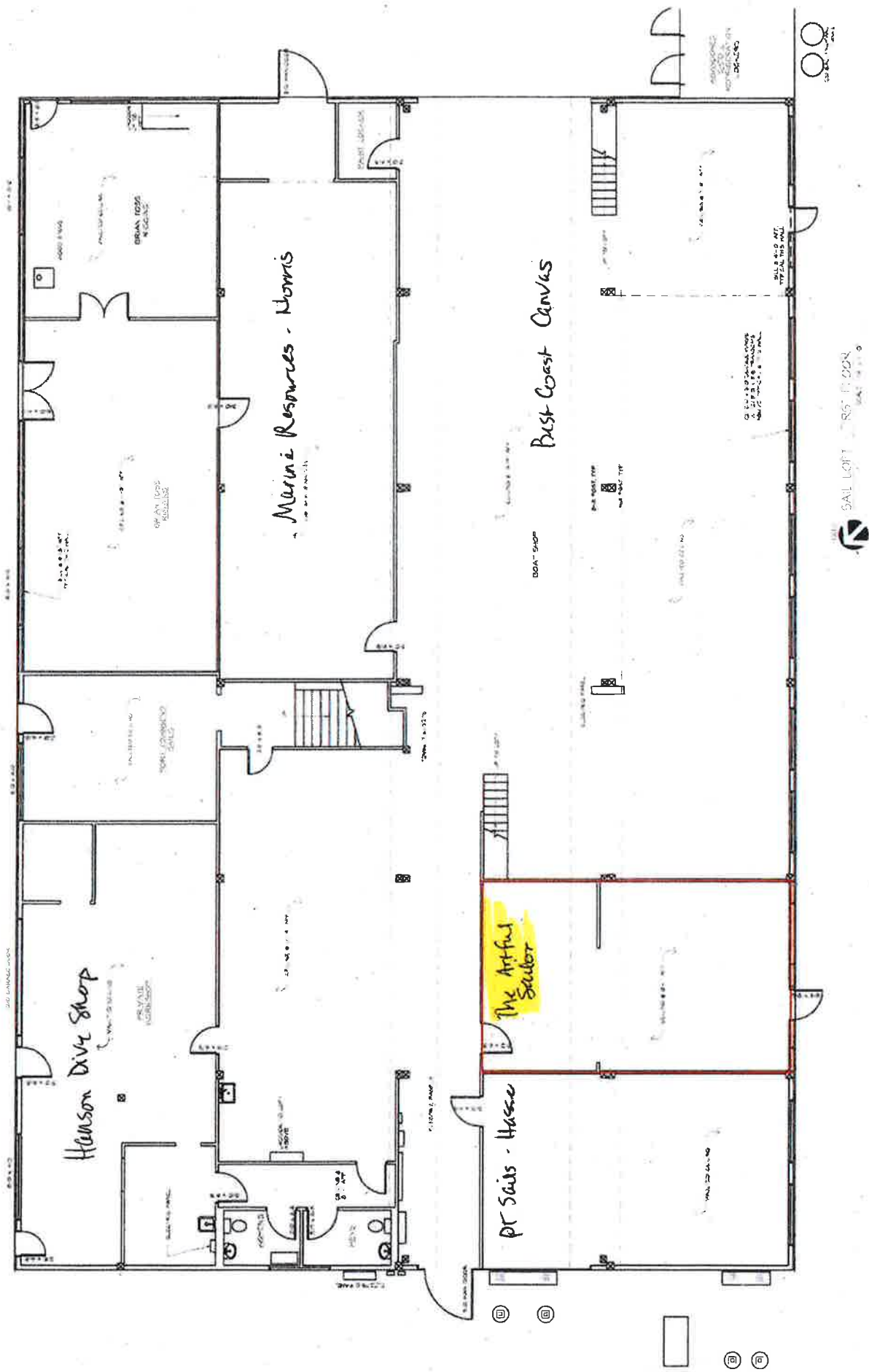
COUNTY OF JEFFERSON )

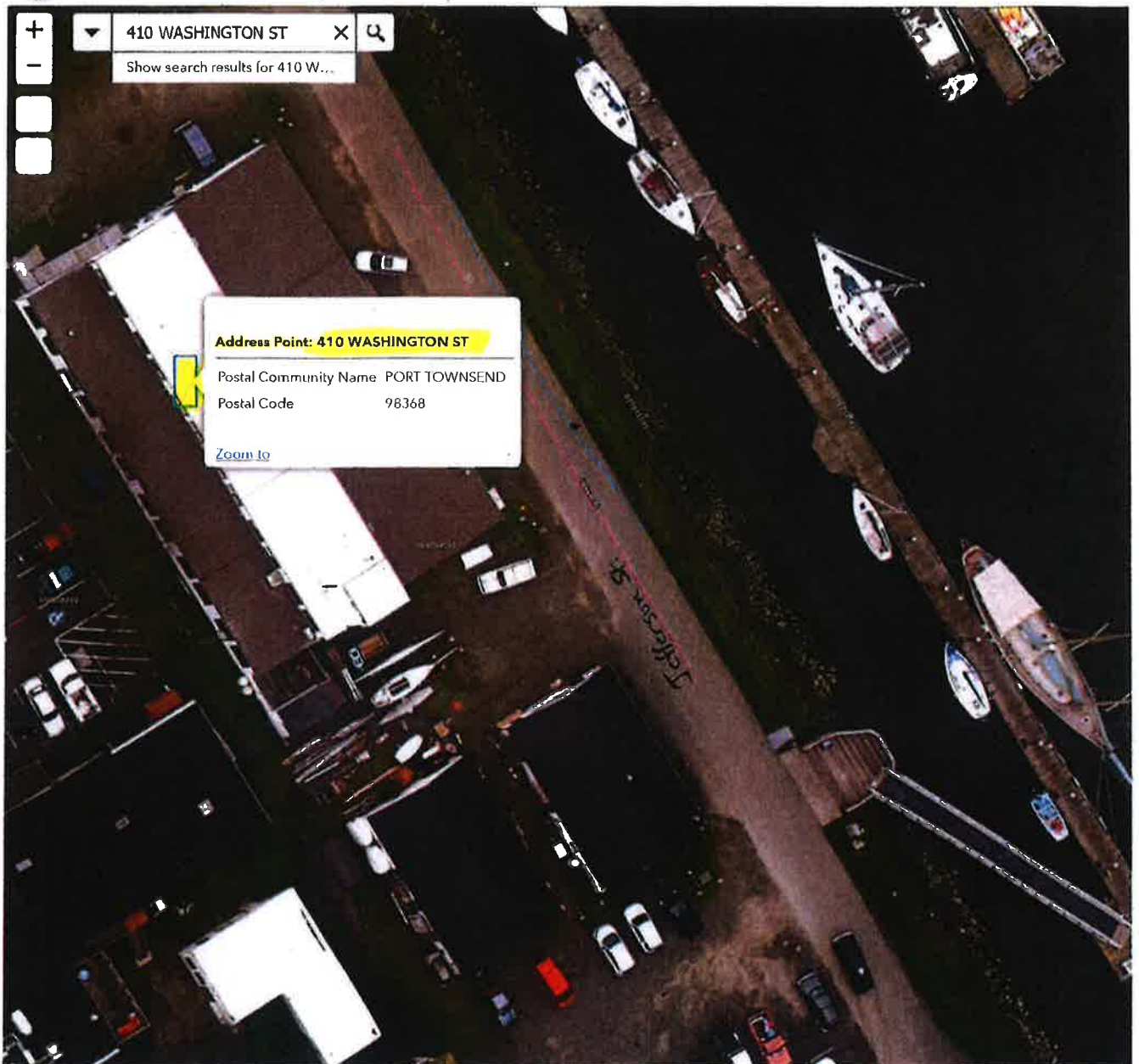
On this day before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared, JIM PIVARNIK, to me known to be the EXECUTIVE DIRECTOR of the PORT OF PORT TOWNSEND, and acknowledged the said instrument to be the free and voluntary act and deed of said port district, for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute the said instrument on behalf of the port district.

GIVEN under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

Susan M. Nelson

NOTARY PUBLIC in and for the State of Washington,  
residing at Port Townsend  
My commission expires: \_\_\_\_\_





30ft

-122.753 48.117 Degrees



## EXHIBIT "B"

### HAZARDOUS SUBSTANCES WARRANTY AND AGREEMENT

RIDER TO LEASE AGREEMENT DATED: October \_\_\_\_\_, 2019, BETWEEN THE PORT OF PORT TOWNSEND and PAMI-SUE ALVARADO, d/b/a THE ARTFUL SAILOR.

IT IS HEREBY AGREED THAT THE LEASE AGREEMENT IDENTIFIED ABOVE SHALL BE SUPPLEMENTED AND MODIFIED AS FOLLOWS:

1. **HAZARDOUS SUBSTANCES ON PREMISES.** Without the express written permission of Lessor, Lessee shall not store, use or have present on or adjacent to the premises any hazardous or toxic substances, including those substances defined as "hazardous" or "extremely hazardous" under federal or Washington State environmental statutes or regulation (including but not limited to 42 USC 9601 et seq., 40 CFR Part 302, RCW Chapter 70.105D.020 and WAC 173-340-200, and any successor statutes and regulation), except as follows: \_\_\_\_\_  
\_\_\_\_\_
2. **STORAGE AND USE OF HAZARDOUS SUBSTANCES.** Lessee agrees at all times to restrict its storage and use of substances identified in Paragraph 1 to the inside of the permanent building(s) at the premises, and specifically to those locations within such buildings(s) having concrete flooring or such other impermeable flooring as Lessor may in its sole discretion approve in writing upon request by Lessee.
3. **HANDLING AND DISPOSAL.** The Lessee agrees to use said substances identified in paragraph 2 only on areas which have impermeable surfaces and or other means for preventing accidental contact by such substances with the soils upon the leasehold or its surrounding area.
4. **RELEASES OF HAZARDOUS SUBSTANCES PROHIBITED.** Lessee shall not release, dispose of, or permit a release of, any of the substances described or identified in paragraph 1 onto the premises or into the environment surrounding the premises.
5. **REGULATORY COMPLIANCE.** Lessee warrants and agrees that, during the term of this lease and any extensions thereof, it will take all steps necessary to comply with all applicable federal, state and local requirements for the containment, storage, use and disposal of any and all hazardous or toxic substances at the premises, including but not limited to obtaining and maintaining all necessary federal, state and local permits or licenses, and obtaining any required federal or state hazardous waste generator or

transporter identification numbers. Lessee shall provide to Lessor a copy of each such existing permit, license, and identification number before occupancy, and shall provide a copy of any such permit, license, and identification number which Lessee may obtain in the future within seven days of receipt by Lessee.

6. **DISPOSAL OF HAZARDOUS WASTES.** In the event Lessee has occasion or need to dispose of hazardous or toxic substances or wastes, and unless otherwise agreed in writing, Lessee shall retain an independent hazardous waste disposal firm to dispose of any and all such substances at an off-site facility which has been properly approved, licensed and authorized to accept such substances. Lessee shall ensure that the disposal firm is properly licensed and in good standing with the applicable regulatory authorities for such work, and that it has all required transporter identification numbers.
7. **LESSEE'S WARRANTY OF NO CONTAMINATION.** Except as may be disclosed in Attachment No. 1 hereto, Lessee warrants and represents (1) that it has not released any toxic or hazardous substances onto the premises or into the environment in connection with its activities at the premises, (2) that it has inspected the premises and is not aware of any indication that a release of any hazardous substances has ever occurred at the premises, including prior to Lessee's occupancy, (3) that it has never been formally accused or cited, at the premises or elsewhere, for any violation of environmental laws, regulations or any hazardous waste-related governmental permit, and (4) that no claims or litigation have ever been pending against it by any person or governmental agency involving any use, storage, release or disposal of hazardous or toxic waste. If any such releases, formal accusations, citations, claims or litigation against Lessee arise during the term of this lease or any extension thereof, then Lessee shall notify Lessor in writing within seven (7) days of such event, and shall provide Lessor with a copy of each document reflecting such event.
8. **INDEMNIFICATION AND HOLD HARMLESS.** Lessee shall indemnify and hold Lessor harmless with respect to any and all direct or indirect expenses, losses of damages, including all consequential damages, Attorney's fees, and litigation-related expenses and costs, incurred by Lessor which result from (1) Lessee's breach of provision of this Rider, (2) claims, actions, suites, proceedings, judgments, fines or remedial orders (including orders to clean up contamination at the premises) which arise because of Lessee's breach of this Rider, (3) Lessee's violation of environment laws or regulations, or (4) Lessee's release of a toxic or hazardous substance onto the premises or into the surrounding environment. This provision shall apply regardless of whether Lessee has been negligent or at fault for such breach, violation, or release. This obligation by the Lessee shall survive the expiration or termination of the lease agreement and the sale of the property. If Lessor so requests, Lessee shall accept the tender of defense of, and shall retain counsel of Lessor's selection and at Lessee's expense to defend, any third-party claim asserted against Lessor in

connection with alleged conduct by Lessee which, if true, would be in breach of the provision of this Rider.

9. **NOTIFICATION TO LESSOR OF CHANGES IN OPERATION.** Lessee agrees to notify Lessor in writing at least seven (7) days in advance of any previously undisclosed action which the Lessee plans to take which poses a material risk of a release of hazardous substance into the environment, including but not limited to material changes in Lessee's methods of hazardous waste disposal, material increases in the volume of Lessee's hazardous waste disposal, or material changes in the nature of any hazardous wastes which Lessee anticipates it will generate.
10. **COPIES OF ENVIRONMENTAL CORRESPONDENCE.** Lessee agrees to provide Lessor with copies of all past and future correspondence to or from the Washington Department of Ecology, the U.S. Environmental Protection Agency, and any other government agency which has had or may have contact with Lessee regarding environmental concerns pertaining to the premises.
11. **NOTIFICATION OF SPILLS OR RELEASES.** Lessee shall comply with all notification requirements under the applicable federal, state and local environmental statutes and regulations, including but not limited to the timely notification of the appropriate government authorities of any spills or releases of toxic or hazardous substances into the environment or onto the premises. Lessee shall notify Lessor within 24 hours of discovery of any such spills or releases and shall provide copies of all correspondence and documents related to such spills or releases to Lessor with seven days after receipt or creation, as the case may be.
12. **LESSOR'S REMEDY FOR BREACH OR VIOLATION.** In the event Lessee permits a release of a hazardous substance to occur at or near the premises, or breaches any provision of this Rider, Lessor shall be entitled (1) to terminate the lease agreement immediately, (2) to require Lessee to cease all operation which pose a risk of releasing a hazardous substance into the environment, and (3) to require Lessee to begin an immediate cleanup of any and all contamination at the premises to the extent necessary to achieve full compliance with the applicable environmental laws and regulations. Lessor shall be entitled to obtain immediate injunctive relief from a court of competent jurisdiction to enforce this provision. These remedies shall be in addition to, and not in substitution for, any other remedies available to Lessor under applicable law.
13. **ANNUAL DECLARATION OF COMPLIANCE.** Within ten (10) days of receipt of a written request by Lessor, Lessee shall provide to lessor a declaration of Lessee's compliance or non-compliance with the applicable environmental laws and regulations and with the

provisions of this Rider, in the form set forth in Attachment No. 2. Lessor anticipates that it will request such a declaration annually, approximately on the anniversary date of this Rider.

14. **INSPECTION OF PREMISES.** Lessee agrees to permit and cooperate with any on-site inspections and testing requested by Lessor, including inspections and testing conducted by consultants or engineers hired by Lessor to evaluate Lessee's compliance with the applicable environmental requirements and the provisions of this Rider. Lessor shall provide Lessee within 24 hours advance notice of Lessor's intent to conduct such inspection or testing.
15. **DESIGNATED REPRESENTATIVE RESPONSIBLE FOR COMPLIANCE.** PAMI-SUE ALVARADO, whose work telephone number is 360-344-8120 and whose cell phone number is 360-821-1213, shall be the Lessee's designated representative who shall be primarily responsible (1) for Lessee's compliance with the provision of this Rider, (2) for handling contact with Lessor pertaining to environmental compliance, and (3) for signing on behalf of Lessee the annual declaration of compliance pursuant to Paragraph 12 above. Lessee shall promptly notify Lessor of any changes in the identity or telephone numbers of the designated representative.

16. **ADDITIONAL PROVISIONS.**

---

---

---

LESSOR:

LESSEE:

\_\_\_\_\_  
Jim Pivarnik

\_\_\_\_\_  
Pami-Sue Alvarado

Title: Executive Director

Title: d/b/a The Artful Sailor

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**(Attachment No. 1 to Hazardous Substances Rider)**

**DISCLOSURE BY LESSEE**

The Lessee makes the following disclosure pursuant to Paragraph 6 of the Hazardous Substances Warranty and Agreement (Attach Additional page(s) if necessary):

1. Release(s) of Hazardous Substances by Lessee:  
(If none, initial here:\_\_\_\_\_)
  
2. Indication(s) of Contamination at Premises:  
(If none, initial here:\_\_\_\_\_)
  
3. Lessee Violation(s) of Environmental Regulations:  
(If none, initial here:\_\_\_\_\_)
  
4. Environmental Claims or Litigation Against Lessee:  
(If none, initial here:\_\_\_\_\_)

Lessee: THE ARTFUL SAILOR

By: \_\_\_\_\_/\_\_\_\_\_  
(Printed Name) (Signature)

Title: \_\_\_\_\_/Date: \_\_\_\_\_

(Attachment No. 2 to Hazardous Substances Rider)

**DECLARATION OF COMPLIANCE**

Pami-Sue Alvarado, as the designated representative of Lessee primarily responsible for environmental compliance pursuant to Paragraph 12 of the Hazardous Substances Warranty and Agreement dated: October \_\_\_\_\_, 2019, hereby declare and represent as follows on behalf of Lessee:

1. I have read, and am familiar with, Lessee's obligations and representations as set forth in the Hazardous Substances Warranty and Agreement applicable to Lessee.
2. I am not aware of, and do not believe there have been any violations by Lessee of any of the provisions in the Hazardous Substances Warranty and Agreement, or of any requirements imposed on Lessee by federal, state or local environment laws and regulations.
3. I have no reason to believe, and do not believe, that any of the representations in Paragraph 6 of the Hazardous Substances Warranty and Agreement are inaccurate as of the date indicated below.
4. Lessee has not stored, used or had present on or adjacent to the premises any hazardous or toxic substances except those that have been disclosed in writing to Lessor.
5. Lessee has not released, disposed of, or permitted the release of any hazardous or toxic substances onto the premises or into the environment surrounding the premises, except as has been disclosed in writing to Lessor.

Lessee: Pami-Sue Alvarado d/b/a THE ARTFUL SAILOR

By: \_\_\_\_\_  
Signature

Title: \_\_\_\_\_/Date: \_\_\_\_\_

# PORT OF PORT TOWNSEND

## AGENDA COVER SHEET

MEETING DATE	October 9, 2019
AGENDA ITEM	<input type="checkbox"/> First Reading <input type="checkbox"/> Second Reading <input checked="" type="checkbox"/> Regular Business
AGENDA TITLE	VII. B. Contract Award for JCIA 9/27 Runway and Taxiway Connector Reconstruction - Scarsella Bros., Inc.
STAFF LEAD	Eric Toews, Deputy Director
REQUESTED	<input type="checkbox"/> Information <input type="checkbox"/> Motion <input type="checkbox"/> Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	A. Informational Memo

# PORT OF PORT TOWNSEND

## INFORMATIONAL MEMO

**DATE:** 10/4/2019

**TO:** Port Townsend Port Commission

**FROM:** Eric Toews, Deputy Director

**SUBJECT:** Contract for Phase 3 (Construction) of the JCIA Runway Reconstruction Project

---

**ISSUE:** Should the Commission authorize the Executive Director to execute Contract Documents for Phase 3, Runway and Taxiway Connector reconstruction at the Jefferson County International Airport (JCIA) with Scarsella Brothers, Inc. for the contract price of \$2,963,905.27?

**BACKGROUND & DISCUSSION:** Five (5) bids were received by the Port for the Reconstruct Runway 9/27 Project on August 21, 2019, as outlined in the bid summary, below.

<b>BID SUMMARY:</b> <b>JCIA – Reconstruct Runway 9/27 Project</b>						
	<b>Engineer's Estimate</b>	<b>Scarsella Brothers</b>	<b>Seton Construction</b>	<b>Nordland Construction</b>	<b>Ceccanti Construction</b>	<b>Interwest Construction</b>
<b>Base Bid</b>	\$3,327,048.42	\$2,841,670.88	\$3,683,742.75	\$3,753,566.51	\$3,867,165.22	\$3,995,264.20
<b>Additive Bid #1</b>	\$164,540.95	\$122,234.40	\$153,518.05	\$170,432.40	\$142,283.15	\$187,429.86
<b>TOTAL</b>	<b>\$3,491,589.37</b>	<b>\$2,963,905.27</b>	<b>\$3,837,260.80</b>	<b>\$3,923,998.91</b>	<b>\$4,009,448.37</b>	<b>\$4,182,694.06</b>

The low bid was submitted by Scarsella Brothers, Inc., of Seattle, Washington. Reid Middleton, the Port's Airport Engineer, has reviewed Scarsella Brother's submittal for completeness, mathematical correctness, and inclusion of required forms, and has concluded that their bid is complete. Reid Middleton also verified that the Scarsella Brothers, Inc., and its proposed subcontractors have active business licenses, current Workers' Compensation premium status, and are in good standing with the Department of Revenue. Neither Scarsella Brothers, nor its subcontractors are debarred from bidding Washington or Federal public projects. Reid Middleton's reference check indicates that Scarsella Brothers is a well established organization with a positive reputation for their work and cooperation during projects. They have been involved successfully with similar projects for the Port of Seattle and the Port of Skagit.

**FISCAL IMPACT:** Two (2) FAA grants are supporting this construction project: the one hundred percent (100%) supplemental grant for the runway itself; and a ninety percent (90%) Airport Improvement Program (AIP) grant for the taxiway connector. The Port's contribution to funding the construction Phase 3 construction administration contract is anticipated to be approximately \$6,112 from Port cash reserves (i.e., less than ½ of 1%), with principal funding provided by the 2 FAA grants, and supplemented by WSDOT aviation grant monies.



**RECOMMENDATION:** Based on the foregoing evaluation, it is recommended that Port Commission authorize the Executive Director to award the contract to Scarsella Brothers, Inc, for the contract price of \$2,963,905.27 (i.e., Base Bid (runway) and Additive Bid #1).

**ATTACHMENTS:** None.

# PORT OF PORT TOWNSEND

## AGENDA COVER SHEET

<b>MEETING DATE</b>	October 9, 2019
<b>AGENDA ITEM</b>	<input type="checkbox"/> First Reading <input type="checkbox"/> Second Reading <input checked="" type="checkbox"/> Regular Business
<b>AGENDA TITLE</b>	VII. C. Construction Administration Contract for JCIA Runway Reconstruction Project – Reid Middleton
<b>STAFF LEAD</b>	Eric Toews, Deputy Director
<b>REQUESTED</b>	<input type="checkbox"/> Information <input type="checkbox"/> Motion <input type="checkbox"/> Action <input checked="" type="checkbox"/> Discussion
<b>ATTACHMENTS</b>	A. Informational Memo B. Draft Professional Services Agreement, with Exhibits A) Scope of Services, and B) Detailed Fee estimate

# PORT OF PORT TOWNSEND

## INFORMATIONAL MEMO

**DATE:** 10/4/2018  
**TO:** Port Townsend Port Commission  
**FROM:** Port Executive Staff  
**SUBJECT:** Professional Services Contract for Phase 3 (Construction Administration) of the JCIA Runway Reconstruction Project

---

**ISSUE:** Should the Commission authorize the attached Professional Services Contract for Phase 3, Construction Administration, for runway reconstruction at the Jefferson County International Airport (JCIA)?

**BACKGROUND:** In April of 2015 and following publication of a formal Request for Qualifications for Airport Planning and Engineering Services, the Port selected Reid Middleton to serve as its on-call professional airport engineering firm for projects at the Jefferson County International Airport (JCIA). The solicitation expressly reserved the right to retain the selected firm for up to five (5) years (i.e., through 2020) at the Port's discretion.

As the Port's on-call engineering firm selected for JCIA projects, Reid Middleton is tasked with undertaking a wide range of professional airport-related planning, engineering, surveying, testing, grant preparation, environmental review, and construction management activities on behalf of the Port. These services include carrying out amendments to the FAA approved Airport Master Plan (AMP), preparing Airport Improvement Program (AIP) grant applications, and undertaking the civil engineering necessary for the configuration and rehabilitation of taxiways, service roads, and the runway at the JCIA. Although selected as the Port's "on-call" engineer for the JCIA, Reid Middleton does not have a standing contract with the Port. Rather, specific scopes of work and contracts are developed for projects that have been identified and programmed in the Port's FAA-approved Airport Master Plan.

On June 28, 2017, and August 18, 2018, the Commission authorized the Executive Director to enter into Professional Services Contracts for Phases 1 and 2 of this multi-year design, engineering and construction project which will result in the reconstruction of runway 9/27 and the associated taxiway at the JCIA. The design is complete, bids have now been returned, and a responsible and responsive low bidder has been identified to complete the construction work (Scarsella Brothers Construction, Inc.).

**DISCUSSION:** Phase 3 of the project will involve project construction and construction administration. Pre-construction submittals will occur in the autumn of 2019, with field work commencing as soon as weather and soil conditions permit in the spring of 2020. As reflected in the Scope of Services included within your packet materials, major components of the Phase 3 work will include:

- Construction Phase Project Administration & Coordination;
- Construction Assistance;
- Additional Services for Bid Additive #1 (i.e., Taxiway Connector); and
- Project Closeout.

Most of the field work is expected to be complete by the end of June 2020; however, final project close-out documents are not likely to be completed until the autumn of 2020.

Staff now requests Commission authorization to enter into a third Professional Services Agreement with Reid Middleton for project "Phase 3", construction administration. Reid Middleton proposes to complete the work outlined in the attached Contract and Scope of Services for \$339,600. An independent fee evaluation (IFE) was prepared on behalf of the Port by Precision Approach Engineering, Inc., in August of this year (i.e., for the identical scope of services). Staff has assessed the scope of services and fee proposal submitted by Reid Middleton, Inc., in relation to the IFE prepared by Precision Approach Engineering. We have concluded that Reid Middleton's final fee proposal is fair, reasonable and appropriate.

**FISCAL IMPACT:** Two (2) FAA grants are supporting this project: a ninety percent (90%) grant for the taxiway connector portion of the project and a one hundred percent (100%) grant for the runway reconstruction itself. Together, these grants will provide the principal source of funding for both the construction work itself, as well as construction administration. The Port's contribution to funding this Phase 3 construction administration contract is anticipated to be approximately \$1,707 from Port cash reserves (i.e., less than ½ of 1%), with principal funding provided by the 2 FAA grants, and supplemented by WSDOT aviation grant monies.

**RECOMMENDATION:** Authorize the acting Executive Director to execute the attached Professional Services Agreement for Phase 3, Construction Administration, of the JCIA Runway Reconstruction Project.

**ATTACHMENTS:** One (1) document is included for your review, the draft Professional Services Agreement, along with Exhibits "A" and "B" which are attached to the agreement and consist of the following:

1. Exhibit "A": Scope of Services
2. Exhibit "B": Detailed Fee Estimate

## **PORT OF PORT TOWNSEND**

### **Professional Services Agreement**

#### **For "Phase 3" Construction Administration Services – Jefferson County International Airport Runway Reconstruction Project**

THIS AGREEMENT is entered into between the Port of Port Townsend, hereinafter referred to as the "PORT," and Reid Middleton, Inc., hereinafter referred to as "CONSULTANT," in consideration of the mutual benefits, terms, and conditions hereinafter specified.

- 1. Project Designation.** CONSULTANT is retained by the PORT to provide "Phase 3" construction administration services in connection with the reconstruction of the runway and taxiway connector at the Jefferson County International Airport (JCIA). The work will include construction phase project administration and coordination, construction assistance, and additional services associated with bid additive #1 (i.e., the taxiway connector). The scope of work to be addressed by this project is covered under two separate Federal Aviation Administration (FAA) Airport Improvement Program (AIP) Grants. Exhibits "A" attached hereto details the specific services to be performed by CONSULTANT and its subconsultants.
- 2. Consultant Qualification.** CONSULTANT warrants that it has the required skills to perform the work specified in this agreement, and warrants and represents that it has complied with all federal, state, and local laws regarding business permits and licenses that may be required to perform the work as set forth in this agreement.
- 3. Scope of Services.** CONSULTANT and its subconsultants shall provide the services as agreed upon with the PORT and detailed in Exhibit "A" to this agreement.
- 4. Time and Duration of Agreement.** This agreement shall remain in effect until completion of the services described in Exhibits "A" and final payment has occurred, unless otherwise terminated in accordance with this agreement (see section 13 below). Work shall not commence until the PORT provides CONSULTANT with written notice to proceed. The PORT will not issue a notice to proceed until CONSULTANT has provided insurance as required by this agreement. All work shall be completed by November 30, 2020.
- 5. Reimbursement.**
  - a. CONSULTANT shall be reimbursed a fixed fee of \$339,600.00 for the work performed hereunder, consistent with the Fee Estimate set forth in Exhibit "B" to this agreement. The PORT shall make no payments in advance or in anticipation of services or supplies to be provided under this agreement.
  - b. Payment shall be made as follows: CONSULTANT will provide either electronic or hard copy invoices to the PORT no more than once per month. Invoices should be sent to S. Abigail Berg, Director of Finance/Port Auditor. The PORT will pay invoices within 30 days of receipt, unless there is a question or need for additional documentation, in which case resolution will be sought expeditiously. The final invoice for payment under this agreement must be submitted to the Port no later than thirty (30) days from submission of the final deliverables set forth in

the Scope of Services to the PORT's project manager, subject to the PORT's approval of the document submittals.

- c. Invoices shall contain a description of the work completed, days and hours worked, billing rate, and fees, and shall be submitted on a monthly basis;
  - d. The reimbursement amount set forth above is the total amount due to the CONSULTANT for all services performed and expenses incurred under this agreement;
  - e. The reimbursement amount includes all direct labor costs, overhead costs, and direct (expense) costs, including materials, supplies, equipment, costs for travel, reproduction costs and telephone, facsimile and computer use incurred during the term of the agreement;
  - f. The CONSULTANT shall maintain time and expense records and provide them not more frequently than monthly to the PORT, along with invoices in a format acceptable to the PORT for work performed to the date of invoice. The CONSULTANT shall provide progress reports, scheduling and completion information upon request by the PORT;
  - g. If the services rendered do not meet the requirements of this agreement, the CONSULTANT will correct or modify the work to comply with this Agreement. The PORT may withhold payment for such work until the work meets the requirements of the Agreement.
6. **Access to Records and Reports.** The CONSULTANT must maintain an acceptable cost accounting system. The CONSULTANT agrees to provide the PORT, the Federal Aviation Administration, and the Comptroller General of the United States or any of their duly authorized representatives, access to any books, documents, papers, and records of the CONSULTANT which are directly pertinent to this agreement for the purpose of making audit, examination, excerpts and transactions. The CONSULTANT agrees to maintain all books, records and reports required under this agreement for a period of not less than three (3) years after final payment is made and all pending matter are closed.
7. **Hold Harmless and Indemnification.** CONSULTANT shall indemnify and hold harmless the PORT, its officers, agents and employees, from and against any and all reasonable claims, losses or liability, or any portion thereof, including reasonable attorneys' fees and costs, arising from injury, sickness, disease or death to persons, including injuries, sickness, disease or death to CONSULTANT or damage to property occasioned by a negligent act, error, omission or failure of the CONSULTANT.
8. **Insurance Requirements.**
- a. CONSULTANT shall obtain and keep in force during the entire term of this agreement, liability insurance against and all claims for damages to person or property which may arise out of the performance of this agreement, whether such work shall be by the CONSULTANT, sub-consultants, and/or their agents and/or employees. The CONSULTANT agrees to the following requirements relating to insurance coverage and shall provide evidence of all insurance required by submitting an insurance certificate to the PORT on a standard "ACORD" or comparable form:
    - 1) Commercial General Liability – coverage on occurrence form CG0001 or equivalent with minimum limits of \$1,000,000 per occurrence and \$2,000,000 aggregate;
    - 2) Automobile Liability – covering owned, non-owned and hired vehicles with minimum of \$1,000,000 combined single limit per accident; and

- 3) Professional Liability – a minimum of \$2,000,000 in the aggregate and \$1,000,000 per claim in professional liability insurance unless otherwise negotiated and confirmed in writing by both parties. Insurance coverage shall have a retroactive date before the date of notice to proceed and coverage shall remain in effect for the entire term of the agreement (plus three (3) years).
  - b. The insurance required by this agreement shall be issued by an insurance company authorized to do so in Washington State, and the policies shall name the PORT, its agents and employees as additional insured's; EXCEPT, however, that CONSULTANT is not required to add the PORT or its agents and employees as an additional insured on its professional liability policy or workers' compensation policy. All policies shall be primary to any other valid and collectable insurance and not contributory to any similar insurance carried by the PORT and shall contain a severability of interest or cross liability clause. Such insurance shall not be canceled or materially altered without first giving thirty (30) days' written notice thereof to the PORT. The CONSULTANT shall submit renewal certificates as appropriate during the term of the agreement.
  - c. Excess Coverage: By requiring insurance herein, the PORT does not represent that coverage and limits will be adequate to protect CONSULTANT and such coverage and limits shall not limit CONSULTANT'S liability under paragraph 7, above.
9. **Independent Contractor.** CONSULTANT and the PORT agree that CONSULTANT is an independent contractor with respect to the services provided pursuant to this agreement. Nothing in this agreement shall be considered to create the relationship of employer and employee between the parties hereto. CONSULTANT shall not be entitled to any benefits accorded PORT employees by virtue of the services provided under this agreement. The PORT shall not be responsible for withholding or otherwise deducting federal income tax or social security or for contributing to the State Industrial Insurance program, otherwise assuming the duties of an employer with respect to CONSULTANT.
10. **Subconsultants.** CONSULTANT shall have the right to retain subconsultants to perform portions of the services under this agreement. If the PORT reasonably objects in writing to a particular subconsultant, CONSULTANT shall replace the subconsultant if it is mutually agreed to be in the best interests of the project.
11. **Assignment.** Subject to the right to retain subconsultants set forth in paragraph 10, above, CONSULTANT shall not assign any of the services covered by this agreement without the expressed written consent of the PORT, which consent may be withheld for any reason.
12. **Ownership and Use of Documents.** All documents and other materials produced by the CONSULTANT in connection with the services rendered under this agreement are the property of the PORT. The CONSULTANT shall be permitted to retain copies of such materials, as long as any use of such materials outside of work for the PORT is subject to written permission from the PORT. CONSULTANT shall not be held liable for reuse of documents or modifications thereof, including electronic data, by the PORT or its representatives for purposes other than the intent of this agreement.
13. **Drug-Free Workplace Policy.** The PORT has adopted a Drug-Free Workplace Policy that the workplace will be a drug-free environment conducive to conducting the PORT's business free from

unlawful manufacture, distribution, dispensing, possession or use of controlled substances. This policy applies to PORT Commissioners, PORT employees, and contractors conducting business on PORT property.

14. **Compliance with Laws.** CONSULTANT shall, in performing the services contemplated by this agreement, faithfully observe and comply with all federal, state, and local laws, ordinances and regulations applicable to the services to be rendered under this agreement.
15. **General Civil Rights Provisions.** The CONSULTANT agrees to comply with pertinent statutes, Executive Orders and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance. This provision binds the CONSULTANT and subconsultants from the effective date of this agreement through the completion of the services described in Exhibit "A" to this agreement and final payment. This provision is in addition to that required of Title VI of the Civil Rights Act of 1964.
16. **Compliance with Nondiscrimination Requirements.** During the performance of this agreement, the CONSULTANT, for itself, its assignees, and successors in interest agrees as follows:
  - a. **Compliance with Regulations:** The CONSULTANT will comply with the Title VI List of Pertinent Nondiscrimination Acts and Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this agreement.
  - b. **Non-discrimination:** The CONSULTANT, with regard to the work performed by it during the agreement, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subconsultants or subcontractors, including procurements of materials and leases of equipment. The CONSULTANT will not participate directly or indirectly in the discrimination prohibited by the Non-discrimination Acts and Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR part 21.
  - c. **Solicitations for Subcontracts, Including Procurements of Materials and Equipment:** In all solicitations, either by competitive bidding, or negotiation made by the CONSULTANT for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subconsultant, subcontractor or supplier will be notified by the CONSULTANT of the CONSULTANT's obligations under this contract and the Nondiscrimination Acts And Authorities on the grounds of race, color, or national origin.
  - d. **Information and Reports:** The CONSULTANT will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the PORT or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of the CONSULTANT is in the exclusive possession of another who fails or refuses to furnish the information, the CONSULTANT will so certify to the PORT or the Federal Aviation Administration, as appropriate, and will set forth what efforts it has made to obtain the information.
  - e. **Sanctions for Noncompliance:** In the event of CONSULTANT'S noncompliance with the non-discrimination provisions of this agreement, the PORT will impose such contract sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to: 1) withholding payments to the CONSULTANT under the agreement until the



CONSULTANT complies; and/or 2) cancelling, terminating, or suspending the agreement, in whole or in part.

- f. Incorporation of Provisions: The CONSULTANT will include the provisions of subparagraphs (a) through (f) of this paragraph 16 in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. The CONSULTANT will take action with respect to any subcontract or procurement as the PORT or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the CONSULTANT becomes involved in, or is threatened with litigation by a subconsultant, subcontractor, or supplier because of such direction, the CONSULTANT may request the PORT to enter into any litigation to protect the interests of the PORT. In addition, the CONSULTANT may request the United States to enter into the litigation to protect the interests of the United States.

**17. Compliance with Pertinent Nondiscrimination Acts and Authorities.** During the performance of this agreement, the CONSULTANT, for itself, its assignees, and successors in interest agrees, to comply with the following non-discrimination statutes and authorities, including, but not limited to the following:

- a. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq., 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);
- b. 49 CFR part 21 (Non-discrimination In Federally-Assisted Programs of The Department of Transportation—Effectuation of Title VI of The Civil Rights Act of 1964);
- c. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- d. Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 et seq.), as amended, (prohibits discrimination on the basis of disability); and 49 CFR part 27;
- e. The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 et seq.), (prohibits discrimination on the basis of age);
- f. Airport and Airway Improvement Act of 1982, (49 USC § 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
- g. The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
- h. Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131 – 12189) as implemented by Department of Transportation regulations at 49 CFR parts 37 and 38;
- i. The Federal Aviation Administration’s Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- j. Executive Order 12898, Federal Actions to Address Environmental Justice in Minority

- Populations and Low-Income Populations, which ensures non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
  - k. Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);
  - l. Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 et seq).
- 18. Disadvantaged Business Enterprises (DBE).** The requirements of 49 CFR part 26 apply to this agreement. It is the policy of the PORT to practice nondiscrimination based on race, color, sex or national origin in the award or performance of this agreement.
- a. Contract Assurance. The CONSULTANT or subconsultants shall not discriminate on the basis of race, color, national origin, or sex in the performance of this agreement. The CONSULTANT shall carry out applicable requirements of 49 CFR Part 26 in the award and administration of DOT assisted contracts. Failure by the CONSULTANT to carry out these requirements is a material breach of this agreement, which may result in the termination of this agreement or such other remedy, as the PORT deems appropriate.
  - b. Prompt Payment. The CONSULTANT agrees to pay each subconsultant under this agreement for satisfactory performance of its contract no later than thirty (30) days from the receipt of each payment the CONSULTANT receives from the PORT. Any delay or postponement of payment from the above referenced time frame may occur only for good cause following written approval of the PORT. This clause applies to both DBE and non-DBE subconsultants.
- 19. Energy Conservation Requirements:** When applicable, CONSULTANT and its subconsultants shall comply with mandatory standards and policies relating to energy efficiency as contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (42 U.S.C. 6201et seq).
- 20. Federal Fair Labor Standards Act (Federal Minimum Wage).** This agreement and all subcontracts that result from this agreement incorporate by reference the provisions of 29 CFR part 201, the Federal Fair Labor Standards Act (FLSA), with the same force and effect as if given in full text. The FLSA sets minimum wage, overtime pay, recordkeeping, and child labor standards for full and part time workers. The CONSULTANT has full responsibility to monitor compliance to the referenced statute or regulation. The CONSULTANT must address any claims or disputes that arise from this requirement directly with the U.S. Department of Labor – Wage and Hour Division.
- 21. Occupational Safety and Health Act of 1970.** This agreement and all subcontracts that result from this agreement incorporate by reference the requirements of 29 CFR Part 1910 with the same force and effect as if given in full text. CONSULTANT must provide a work environment that is free from recognized hazards that may cause death or serious physical harm to the employee. The CONSULTANT retains full responsibility to monitor its compliance and their subconsultant's compliance with the applicable requirements of the Occupational Safety and Health Act of 1970 (20 CFR Part 1910). CONSULTANT must address any claims or disputes that pertain to a referenced

requirement directly with the U.S. Department of Labor – Occupational Safety and Health Administration.

## **22. Trade Restriction Certification.**

- a. The CONSULTANT certifies that with respect to this agreement and any resultant subcontract, the CONSULTANT:
  - 1) Is not owned or controlled by one or more citizens of a foreign country included in the list of countries that discriminate against U.S. firms as published by the Office of the United States Trade Representative (U.S.T.R.);
  - 2) Has not knowingly entered into any agreement or subcontract for this project with a person that is a citizen or national of a foreign country included on the list of countries that discriminate against U.S. firms as published by the U.S.T.R; and
  - 3) Has not entered into any subcontract for any product to be used on this Federally supported project that is produced in a foreign country included on the list of countries that discriminate against U.S. firms published by the U.S.T.R.
- b. This certification concerns a matter within the jurisdiction of an agency of the United States of America and the making of a false, fictitious, or fraudulent certification may render the maker subject to prosecution under Title 18, United States Code, Section 1001.
- c. The CONSULTANT must provide immediate written notice to the PORT if the CONSULTANT learns that its certification or that of a subconsultant was erroneous when submitted or has become erroneous by reason of changed circumstances. The CONSULTANT must require its subconsultants to provide immediate written notice to the CONSULTANT if at any time it learns that its certification was erroneous by reason of changed circumstances.
- d. Unless the restrictions of this clause are waived by the Secretary of Transportation in accordance with 49 CFR 30.17, no subcontract shall be awarded to a subconsultant:
  - 1) Who is owned or controlled by one or more citizens or nationals of a foreign country included on the list of countries that discriminate against U.S. firms published by the U.S.T.R.; or
  - 2) Whose subcontractors are owned or controlled by one or more citizens or nationals of a foreign country on such U.S.T.R. list; or
  - 3) Who incorporates in the public works project any product of a foreign country on such U.S.T.R. list.
- e. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render, in good faith, the certification required by this provision. The knowledge and information of the CONSULTANT or their subconsultants is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
- f. The CONSULTANT agrees that it will incorporate this provision for certification without modification in all lower-tier subcontracts. The contractor may rely on the certification of a prospective subconsultant that it is not a firm from a foreign country included on the list of countries that discriminate against U.S. firms as published by U.S.T.R, unless the CONSULTANT has knowledge that the certification is erroneous.
- g. This certification is a material representation of fact upon which reliance was placed when entering into this agreement. If it is later determined that the CONSULTANT or one of their subconsultants knowingly rendered an erroneous certification, the Federal Aviation Administration may direct through the PORT cancellation of the agreement or subcontract for

default at no cost to the PORT or the FAA.

- 23. Veteran's Preference.** In the employment of labor (excluding executive, administrative, and supervisory positions), the CONSULTANT and all of their subconsultants must give preference to covered veterans as defined within Title 49 United States Code Section 47112. Covered veterans include Vietnam-era veterans, Persian Gulf veterans, Afghanistan-Iraq war veterans, disabled veterans, and small business concerns (as defined by 15 U.S.C. 632) owned and controlled by disabled veterans. This preference only applies when there are covered veterans readily available and qualified to perform the work to which the employment relates.
- 24. Texting When Driving.** In accordance with Executive Order 13513, "Federal Leadership on Reducing Text Messaging While Driving" (10/1/2009) and DOT Order 3902.10 "Text Messaging While Driving" (12/30/2009), the FAA encourages recipients of Federal grant funds to adopt and enforce safety policies that decrease crashes by distracted drivers, including policies to ban text messaging while driving when performing work related to a grant or sub-grant. In support of this initiative, the PORT encourages the CONSULTANT to promote policies and initiatives for its employees and other work personnel that decrease crashes by distracted drivers, including policies that ban text messaging while driving motor vehicles while performing work activities associated with the project. The CONSULTANT must include the substance of this clause in all subcontracts exceeding \$3,500 and involve driving a motor vehicle in performance of work activities associated with the project.
- 25. Consultant Certifications Regarding Debarment.**
- a. The CONSULTANT certifies that neither it nor its principals are presently debarred or suspended by any Federal department or agency from participation in this transaction.
  - b. The CONSULTANT, by administering each lower-tier subcontract that exceeds \$25,000 as a "covered transaction", must verify each lower-tier participant of a "covered transaction" under the project is not presently debarred or otherwise disqualified from participation in this federally assisted project. The CONSULTANT will accomplish this by:
    - 1) Checking the System for Award Management at website: <http://www.sam.gov>;
    - 2) Collecting a certification statement similar to the certification regarding debarment and suspension set forth in subparagraph (a) of this paragraph 25; and by
    - 3) Inserting a clause or condition in lower-tier contracts involving covered transactions.
- If the FAA later determines that a lower-tier participant failed to disclose to a higher-tier participant that it was excluded or disqualified at the time it entered the covered transaction, the FAA may pursue any available remedies, including suspension and debarment of the non-compliant participant.
- 26. Consultant Certification Regarding Lobbying.** The CONSULTANT certifies by executing this agreement that, to the best of its knowledge and belief:
- a. No Federal Appropriated Funds have been paid or will be paid, by or on behalf of the CONSULTANT, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any

Federal contract, grant, loan, or cooperative agreement.

- b. If any funds other than Federal Appropriated Funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- c. The parties shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Agreement to the certification set forth in this paragraph 26 is a prerequisite for making or entering into this agreement imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

**27. Clean Air and Water Pollution Control.** CONSULTANT agrees to comply with all applicable standards, orders, and regulations issued pursuant to the Clean Air Act (42 U.S.C. § 740-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. § 1251-1387). The CONSULTANT agrees to report any violation to the PORT immediately upon discovery. The PORT assumes responsibility for notifying the Environmental Protection Agency (EPA) and the Federal Aviation Administration. The CONSULTANT shall include this requirement in all subcontracts that exceed \$150,000.

**28. Breach of Contract Terms.**

- a. Any violation or breach of terms of this agreement on the part of the CONSULTANT or its subconsultants may result in the suspension or termination of this agreement or such other action that may be necessary to enforce the rights of the parties of this agreement.
- b. The PORT will provide CONSULTANT with written notice that describes the nature of the breach and corrective actions the CONSULTANT must undertake in order to avoid termination of the agreement. The PORT reserves the right to withhold payments to CONSULTANT until such time the CONSULTANT corrects the breach or the PORT elects to terminate the agreement. The PORT's notice will identify a specific date by which the CONSULTANT must correct the breach. The PORT may proceed with termination of the agreement if the CONSULTANT fails to correct the breach by the deadline indicated in the PORT's notice.
- c. The duties and obligations imposed by this agreement and the rights and remedies available thereunder are in addition to, and not a limitation of, any duties, obligations, rights and remedies otherwise imposed or available by law.

**29. Termination for Convenience.**

- a. The PORT may, by written notice to the CONSULTANT, terminate this agreement for its convenience and without cause or default on the part of CONSULTANT. Upon receipt of the notice of termination, except as explicitly directed by the PORT, the CONSULTANT must immediately discontinue all services affected.

- b. Upon termination of the agreement, the CONSULTANT must deliver to the PORT all data, surveys, models, drawings, specifications, reports, maps, photographs, estimates, summaries, and other documents and materials prepared by the CONSULTANT and their subconsultants under this agreement, whether complete or partially complete.
- c. The PORT agrees to make just and equitable compensation to the CONSULTANT for satisfactory work completed up through the date the CONSULTANT receives the termination notice. Compensation will not include anticipated profit on non-performed services.
- d. The PORT further agrees to hold CONSULTANT harmless for errors or omissions in documents that are incomplete as a result of the termination action under this clause.

### **30. Termination for Default.**

- a. Either party may terminate this agreement for cause if the other party fails to fulfill its obligations that are essential to the completion of the work per the terms and conditions of the agreement. The party initiating the termination action must allow the breaching party an opportunity to dispute or cure the breach.
- b. The terminating party must provide the breaching party seven (7) days advance written notice of its intent to terminate the agreement. The notice must specify the nature and extent of the breach, the conditions necessary to cure the breach, and the effective date of the termination action. The rights and remedies in this clause are in addition to any other rights and remedies provided by law or under this agreement.
- c. Termination by PORT:
  - 1) The PORT may terminate this agreement in whole or in part, for the failure of the CONSULTANT to:
    - i) Perform the services within the time specified in this agreement or by PORT approved extension;
    - ii) Make adequate progress so as to endanger satisfactory performance of the project;
    - iii) Fulfill the obligations of the agreement that are essential to the completion of the project.
  - 2) Upon receipt of the notice of termination, the CONSULTANT must immediately discontinue all services affected unless the notice directs otherwise. Upon termination of the agreement, the CONSULTANT must deliver to the PORT all data, surveys, models, drawings, specifications, reports, maps, photographs, estimates, summaries, and other documents and materials prepared by the CONSULTANT and their subconsultants under this agreement, whether complete or partially complete.
  - 3) The PORT agrees to make just and equitable compensation to the CONSULTANT for satisfactory work completed up through the date the CONSULTANT receives the termination notice. Compensation will not include anticipated profit on non-performed services. The PORT further agrees to hold CONSULTANT harmless for errors or omissions in documents that are incomplete as a result of the termination action under this clause.
  - 4) If, after finalization of the termination action, the PORT determines the CONSULTANT was not in default of the agreement, the rights and obligations of the parties shall be the same as if the PORT issued the termination for the convenience of the PORT.
- d. Termination by CONSULTANT:
  - 1) The CONSULTANT may terminate this agreement in whole or in part, if the PORT:
    - i) Defaults on its obligations under this agreement;
    - ii) Fails to make payment to the CONSULTANT in accordance with the terms of this

agreement; or  
iii) Suspends the project for more than one hundred and eighty (180) days due to reasons beyond the control of the CONSULTANT.

- 2) Upon receipt of a notice of termination from the CONSULTANT, the PORT agrees to cooperate with CONSULTANT for the purpose of terminating the agreement or portion thereof, by mutual consent. If the PORT and CONSULTANT cannot reach mutual agreement on the termination settlement, the CONSULTANT may, without prejudice to any rights and remedies it may have, proceed with terminating all or parts of this agreement based upon the PORT's breach of the agreement.
- 3) In the event of termination due to PORT breach, the CONSULTANT is entitled to invoice the PORT and to receive full payment for all services performed or furnished in accordance with this agreement and all justified reimbursable expenses incurred by the CONSULTANT through the effective date of termination action. The PORT agrees to hold the CONSULTANT harmless for errors or omissions in documents that are incomplete as a result of the termination action under this clause.

**31. Jurisdiction, Venue & Governing Law.** In the event of any litigation hereunder, the Superior Court of Jefferson County, Washington shall have the exclusive jurisdiction and venue, and this Agreement shall be governed by and construed in accordance with the laws of the State of Washington.

**32. Integrated Agreement.** This agreement together with attachments or addenda represents the entire and integrated agreement between the PORT and CONSULTANT and supersedes all prior negotiations, representations, or agreements written or oral. This agreement may be amended only by written instrument signed by both PORT and CONSULTANT.

**33. Notices.** All notices hereunder may be delivered or mailed. If mailed, they shall be sent by certified or registered mail to the following respective addresses:

TO THE PORT:

Eric Toews  
Deputy Director  
Port of Port Townsend  
P.O. Box 1180  
Port Townsend, WA 98368  
Phone: (360) 385-0656

and to:

S. Abigail Berg  
Director of Finance & Administration  
Port of Port Townsend  
P.O. Box 1180  
Port Townsend, WA 98368  
Phone: (360) 385-0656

TO THE CONSULTANT:

Reid Middleton, Inc.,  
c/o Shannon M. Kinsella, P.E.  
Principal  
728 - 134th Street SW  
Everett, WA 98204  
Phone: (425) 741-3800

or to such other respective addresses as either party hereto may hereafter from time to time designate in writing. Notices sent by mail shall be deemed to have been given when properly mailed,

and the postmark affixed by the United States Post Office shall be conclusive evidence of the date of mailing.

DATED this \_\_\_\_\_ day of October 2019.

**CONSULTANT:**

**PORT OF PORT TOWNSEND:**

---

Shannon M. Kinsella, P.E., Principal  
Reid Middleton, Inc.

---

Jim Pivarnik, Executive Director  
Port of Port Townsend

**Approved as to Form:**

---

Port Attorney



**Exhibit A  
Engineering Scope of Services  
Port of Port Townsend  
Jefferson County International Airport**

**Reconstruct Runway 9/27 Project  
Construction Administration  
July 25, 2019**

**A. PROJECT UNDERSTANDING**

The Port of Port Townsend (Port) has authorized Reid Middleton (Consultant) to perform design services for Jefferson County International Airport (JCIA) Reconstruct Runway 9/27 Project. The work outlined herein covers the third phase construction administration portion of a multi-phased project. The Overall Development Objective of this project is to reconstruct the 3,000-foot by 75-foot wide Runway 9/27, and relocate the center taxiway for safety improvements at JCIA. The work also includes associated grading, storm drainage, Medium Intensity Runway Lights and lighted runway signs – includes associated electrical, unlighted signage modifications required due to the reconstruction of the runway.

Runway 9/27 was constructed in 1990 and is approximately 29 years old. The runway was designed with an approximate life cycle of 20 years. A crack/joint repair and surface seal coat was applied to the runway and taxiways during the fall of 2013. The work restored the physical health of the airfield pavements to a serviceable level. The Port's Capital Improvement Program for JCIA set the design for a runway rehabilitation in 2017 and 2018 fiscal years. The bid for the construction of the rehabilitation of the runway surface is scheduled for summer of 2019 with onsite construction occurring in the spring of 2020.

The Phase I contract for the work included initial site investigations, 30 percent and 60 percent designs, DBE program development, and other services. In order to complete some additional field work to determine infiltration rates in the existing pond and determine specific property ownership and location of obstructions, the Phase I contract was amended to eliminate the 60 percent design submittal and include the additional field and environmental work. This second phase of the project included services required to complete 60 percent, 90 percent, 100 percent, Final Design documents and bid services.

This scope of services is for Phase 3 – Construction Administration. A fee cost breakdown schedule meeting the requirements in AC 150/5100-14E (Consolidated to include Change 1) is included as part of the proposal.

## B. SCOPE OF SERVICES – CONSTRUCTION CONTRACT ADMINISTRATION

### 1. Project Administration and Coordination (Construction Phase)

The Consultant will provide assistance to the Port in administration, management, and general coordination with the project team, Port, FAA, and the Contractor for the project following contractor award through the construction and closeout period of the project. This time duration is estimated at four weeks from contractor award to construction notice-to-proceed, twelve months for overall project duration which includes approximately thirty nine calendar days of on-site construction for the base bid and an additional five calendar days of construction if the Bid Additive 1, relocation of the center taxiway is awarded, and eight weeks for closeout. Consultant will coordinate with the Airport and the FAA to facilitate project progress. Project administration and coordination items include:

- 1.1 Develop documents to be used by the Airport for solicitation of an Independent Fee Estimate (IFE) and provide coordination and support info as needed to complete the process.
- 1.2 Provide project administration and management from construction contract award to notice-to-proceed.
- 1.3 Provide project administration and management during the ten month submittal and active construction phase. This effort is estimated to require four hours per month for the ten month period.
- 1.4 Provide project administration and management during post construction phase. This effort is estimated to require twelve hours per month for the two month period.
- 1.5 Provide monthly project billing/budget projections. This effort is estimated to take two hours per month for twelve months. Each billing shall include a statement of project status and work accomplished.
- 1.6 Prepare, coordinate, and submit an FAA grant application update for the contractor bid amount.
- 1.7 Prepare FAA quarterly Project/Grant Status Report, and review the FAA grant reimbursement request prepared by the Port prior to submittal.
- 1.8 Prepare FY 2020 FAA Grant Application

The Base Bid Elements for Reconstruct Runway 9-27 Phase 3 (construction) are funded 100 percent with Airport Improvement Program funds. The Additive Bid Item 1, Connector Taxiway is funded with 90 percent funds under a separate grant under the Airport Improvement

Program. The Consultant will prepare the 2019 FAA grant applications and provide an electronic copy to the Port to sign and submit to the FAA no later than August 9, 2019. Bids for Phase 3 will be open August 16, 2019. If Phase 3 total project cost is greater than in the signed grant application, the federal share will be recalculated by the consultant, and the airport owner will prepare a new signed grant application.

The consultant will prepare an electronic copy of the Project CIP Data Sheet to the Port to sign and submit to the FAA by July 15, 2019.

SCHEDULE as of July 25, 2019

2019 Construction Grant

Environmental required prior to grant

DBE % approval has been completed by the Office of Civil Rights

July 15 CIP Data Sheet

July 19 – August 16 Advertise (28-day advertisement period)

August 9 Draft Grant Applications (100% federal share and 90% Federal Share Grants)

August 16 Bid Opening Date

August 31, 2019 Grant (or earlier)

## 2. Construction Assistance

The Consultant will provide construction assistance during the period of construction. The overall construction contract period will be twelve months. A maximum on-site construction duration of thirty nine calendar days for the base bid and an additional five calendar days for Bid Additive 1 is budgeted.

### 2.1 Pre-Construction Meeting

The Consultant will conduct the pre-construction meeting. Assistance with the pre-construction meeting will include:

2.1.1 Develop meeting agenda and conduct pre-construction meeting at Port-provided location. Effort includes travel.

2.1.2 Develop and circulate meeting minutes.

2.1.3 Respond to questions raised during the meeting.

### 2.2 Preconstruction Work

2.2.1 After bid opening, provide one electronic copy of conformed documents. SEA-ADO's KSN is available to post the documents in their entirety. Conformed documents must incorporate changes exactly

as indicated in the pre-award document and shall not include any changes that were not part of the bid or pre-award document previously submitted to the FAA for acceptance and certified by the airport owner. All changed drawings shall be replotted, signed and sealed by the engineering. Add CONFORMED BID DRAWINGS in large letters on the 1<sup>st</sup> page and changed drawings. Changed drawings shall be replotted. Add CONFIRMED BID SPEC on all specification pages and cover

- 2.2.2 Incorporate any addenda and provide conformance plans and project manual to Contractor – 50 plan sheets (requires converting CAD files prior to providing to Contractor).

Assume:

- Five 11"x17" plan sets
- Two 22"x34" plan sets
- Five Project Manuals
- One Electronic file of Plans and Project Manual in PDF format

- 2.2.3 Review Contractor-provided quality control plan and provide review comments to Contractor.

All quality control and acceptance testing required in this project will be the responsibility of the Contractor and shall be performed at no additional cost to the owner, except quality and control noted in the technical specifications which must be performed by the owner or owner's representative. For example -

- a. P-401 Acceptance and sampling testing
- b. P-501 Acceptance testing for flexural and/or compressive strength and thickness
- c. P-610 Compressive strength testing

The consultant's testing lab for pavement shall meet the requirements of ASTM D 3666 unless otherwise allowed in FAA standard specifications. Same for the contractor's subcontractor preparing the mix design. Documentation will be provided to FAA with evidence the testing laboratory is certified and current.

Consultant and contractor quality control will meet applicable requirements in 150/5370-12B. Sample Construction management Program at

[https://www.faa.gov/airports/resources/advisory\\_circulars/index.cfm/go/document.current/documentNumber/150\\_5370-12](https://www.faa.gov/airports/resources/advisory_circulars/index.cfm/go/document.current/documentNumber/150_5370-12)

- 2.2.4 Review Contractor-provided Safety Plan Compliance Document (SPCD to the Construction Safety and Phasing Plan (CSPP)) and provide comments to Contractor.
- 2.2.5 Review and coordinate revisions to Contractor-provided proposed work schedule.
- 2.2.6 Set up construction files.
- 2.3 Progress Estimate Review
  - 2.3.1 Review contractor monthly pay request. This estimate is based on a one-hour review for twelve monthly pay requests.
  - 2.3.2 Prepare monthly contractor progress estimate. This estimate is based on one hour for twelve monthly progress reports.
- 2.4 Contractor Payroll Review

The Consultant will collect, review payroll records, and coordinate and reconcile with contractor any issues. Documentation will be prepared and provided to the Airport Sponsor. This includes project closeout coordination with the Washington State Department of Revenue, Department of Labor and Industries, and Employment Security Department.
- 2.5 Construction Submittals

Accept, log, and distribute the contractor's submittals, including shop drawings. Review and provide a response to the contractor's submittals, including shop drawings. Budget assumes 30 submittals.
- 2.6 Prepare/Review Change Orders
  - 2.6.1 Coordinate with the Airport and the FAA regarding issues requiring change orders (CO).
  - 2.6.2 Prepare CO documents and necessary revisions to the drawings and specifications. Budget assumes five change orders.
  - 2.6.3 Prepare required cost analysis as outlined in the FAA Program Guidance Letter 12-03 for five change orders.
- 2.7 Interpretations and Field Directives

- 2.7.1 Provide technical assistance to clarify and interpret the contract documents when requested by the Airport or Contractor.
- 2.7.2 Consultant will review and respond to requests for information (RFIs). Budget assumes 25 RFI's.
- 2.7.3 Prepare construction change directives (CCDs). Budget assumes three change directives.

## 2.8 Field Engineering / Construction Observation Base Bid Award

The project will have full-time construction observation. Reid Middleton will provide twelve hours per day, for six-days-per-week on-site construction observation assuming the contractor will work six twelve hour days.

The construction observer will oversee the day-to-day construction activities in observing key elements of construction to determine that the contractor is meeting the requirements in the contract documents. The budget for this task is based on a six-days-per-week, thirty nine day construction period on site approximately twelve hours per day, and a three-week post construction period for approximately eight hours per week. Construction observation will include the following responsibilities and duties:

- 2.8.1 Attend and facilitate one weekly construction meeting.
- 2.8.2 Prepare daily field report on the days the Consultant is on site.
- 2.8.3 Prepare a Construction Project Daily Safety Inspection Checklist as shown in Appendix 4 of AC 150/5370-2G. .
- 2.8.4 Prepare and submit weekly FAA field reports to the Port and FAA.
- 2.8.5 Coordinate daily with contractor and Port to monitor construction activities.
- 2.8.6 Record and document all modifications or field deviations from the construction plans.
- 2.8.7 Ensure that all required testing is performed in the frequency and manner identified in the specifications.

- 2.8.8 Review test reports and certifications for conformance with the specifications. Inform the contractor of deficiencies and coordinate retesting, as needed.
- 2.8.9 Provide quality assurance testing determination and acceptance as required by the contract specifications to be provided by the Owner's representative.
- 2.8.10 Maintain a file of test reports and certifications.
- 2.8.11 Measure and document construction pay quantities.
- 2.8.12 Review finish grade survey.

Post construction observation will include the following responsibilities and duties:

- 2.8.13 Coordinate punch list items with the contractor and airport.
- 2.8.14 Follow-up work construction observation of outstanding work items.
- 2.8.15 Punch list verification and finalization.
- 2.8.16 Review WA State Labor statement from sponsor verifying all labor regulations were met, payroll and job classifications reviewed, and no labor problems incurred.

WA State Notice of Completion of Public Works contract & Sub List

- State Of WA Dept. of Labor & Industries Certificate of Release of State's Lien on Public Works Contracts
- Washington State Dept. of Revenue Certificate of Payment of State Excise Taxes by Public Works Contractor
- Washington State Employment Department Release Certificate of Payment of Contributions, Penalties and Interest Due

- 2.8.17 Prepare and submit DBE Utilization Reports on DBE web site.

## 2.9 Construction Engineering Off-site Support

The Consultant will provide off-site construction engineering support that is available to assist the on-site field observer in resolving and coordinating technical issues that are beyond the capability of what can be

prepared or addressed at the field office facility. During the budgeted six-days-per-week when a Reid Middleton person is on site, one hour of off-site support will be budgeted per day. This will be based on the thirty nine calendar day construction period for the Base Bid.

## 2.10 Conduct Final Completion Inspection

2.10.1 The Consultant will conduct a substantial completion walk-through with the Airport Manager and the Contractor, and develop a final punch list of work items. Effort includes travel.

2.10.2 A final on-site project inspection will be performed with the Airport to verify final punch list items are addressed and construction work is complete. Effort includes travel.

2.10.3 A final completion letter will be prepared by the Consultant and issued by the Airport to the Contractor. The Consultant will perform a final on-site project inspection with Port to verify final punch list items are addressed and all construction work is complete.

## 2.11 Electrical Construction and Closeout Assistance

Elcon Associates will assist Reid Middleton with construction and closeout phases of the project for the electrical aspects of the project. This will include attendance at the pre-construction meeting, submittal review, response to RFI's (10), preparation of change order design modifications (2), on-site visits to address contractor questions and observing work (3 visits), and attendance of the substantial completion walk-through (1 visit). Elcon will also assist with preparation of the record drawings during the closeout phase of the project.

## 2.12 Materials Testing Services

Mayes Testing, a Terracon Company, will assist Reid Middleton with construction and closeout phases of the project for the material testing aspects of the project. This will include attendance at the pre-construction meeting, site sampling including coring, and material testing and reporting required by the project manual to be performed by the Owner's representative.

## 3. Additional Services for Bid Additives 1



3.1 Field Engineering / Construction Observation and Additional Office Coordination - Additive Bid 1 Relocate Center Taxiway Awarded

If the Additive Bid Item 1, relocation of the center taxiway is awarded, then Reid Middleton will provide the services described in Items 1, 2 and 4 for the additional work associated with the center taxiway relocation including, separate management, construction observation, construction reports and a separate grant closeout report. Reid Middleton will provide five calendar days of on-site construction observation for the center taxiway relocation portion of the project and an additional 40 hours of in office coordination. Portions of the submittal review and preconstruction services related to the Additive Bid Item 1, will also be allocated to this task item.

4. Project Closeout

4.1 Consultant will prepare project closeout report documentation per FAA requirements within Engineering Guidance 2013-12, items 1 and 5.

*Deliverables:* See Item D2. Use FAA standard closeout report package & certifications

4.2 Consultant will visually review the constructed improvements and prepare record drawings. Record drawings of the construction plans will be prepared and submitted to the Airport and FAA. Record drawings will be prepared from contractor red line markups and changes documented by the on-site observer.

4.3 Consultant will update the ALP Plan sheet (Sheet 1) for completed project record changes. The ALP update will include construction items. The updated ALP will also identify the tree obstructions removed by the Port. There is a potential planning level effort will be done as a separate grant to include a midfield taxiway in the third point area towards the Runway 27 end. Depending on the timing of this grant and planning effort, the new midfield taxiway towards the Runway 27 end may be shown on the updated ALP plan sheet.

C. AIRPORT RESPONSIBILITIES

The Airport is responsible for the following project items:

1. Provide clearance/access to the Airport.
2. Submit Delphi e-invoicing FAA Reimbursement Requests through the project's duration.

3. Posting NOTAMS, information on the Port website, coordination with local pilot associations, and other user and stakeholder engagement and coordination.
4. Prepare quarterly and annual reports.
5. Provide meeting space and attend the pre-construction meeting and weekly construction meetings as needed.
6. Attend the substantial completion and final completion walk-throughs.
7. The Port will coordinate with airport tenants regarding construction operations and aircraft usage of the airfield.
8. The Port will issue NOTAMs relating to changes on the airfield during construction.
9. The Port will be available to discuss project issues and make decisions relating to issues during construction.
10. The Port will be responsible to assist Reid Middleton in assessing on-site airfield conditions during construction and prior to re-opening areas to aircraft traffic.

#### **D. DELIVERABLES**

The following deliverables will be provided by Reid Middleton:

1. Construction administration paperwork including daily reports, daily construction project daily safety inspection checklists, FAA weekly reports, construction submittal reviews, request for information responses, change orders, and quality assurance testing documentation.
2. Project/AIP Grant Closeout Report Base Bid
  - 2.1 A pdf of the draft Closeout Report will be provided to the FAA and Port.
  - 2.2 Two copies of the Final Closeout Report shall be provided to the Airport.
  - 2.3 One copy of the Final Closeout Report, signed by the Airport, shall be provided to the FAA.
  - 2.4 One copy of the Final Closeout Report will be printed and retained by Reid Middleton.

3. Project/AIP Grant Closeout Report Additive Bid Item 1
  - 2.5 A pdf of the draft Closeout Report will be provided to the FAA and Port.
  - 2.6 Two copies of the Final Closeout Report shall be provided to the Airport.
  - 2.7 One copy of the Final Closeout Report, signed by the Airport, shall be provided to the FAA.
  - 2.8 One copy of the Final Closeout Report will be printed and retained by Reid Middleton.
4. Record Drawings
  - 3.1 One set of full-size record drawings and one CD of the electronic drawings will be provided to the Airport. Electronic format will include pdf and AutoCAD.
  - 3.2 One set of half-size (11"x17") record drawings and one CD of the electronic drawings will be provided to the FAA.
5. ALP Plan Set Project Record Update
  - 4.1 Two full-size (22"x34") copies of the updated ALP (Plan Sheet 1) shall be provided to the Airport. An electronic copy of the plan will also be provided on a CD.
  - 4.2 Four full-size (22"x34") copies of the updated ALP (Plan Sheet 1) shall be provided to the FAA. An electronic copy of the plan will also be provided on a CD.

#### E. ASSUMPTIONS

The Scope of Services and estimated fees are based on the following assumptions:

1. A construction management plan is not required.
2. SEPA and environmental permitting process for the project will have been completed and are not included in this scope of services.
3. Electrical permits are not required or included within this contract effort. Electrical permits will be the responsibility of the contractor.
4. Quality control testing will be performed by the contractor and the results will be provided to the engineer for quality assurance determination and acceptance

except as provided for in the specifications where the consultant as the Owner's representative will provide testing to assure quality control.

5. Construction surveying will be provided by the Contractor.
6. The ALP update is only to update the documents for completed construction items and removed obstructions. Any planning evaluation or incorporation of new planning elements on the ALP drawing such as an additional midfield taxiway is not included in this scope of work.
7. Services will be performed under the guidelines of the ***Required Contract Provisions for Airport Improvement Program and for Obligated Sponsors*** as shown in Exhibit E.

#### F. PROJECT SCHEDULE

The construction project schedule is anticipated to be the following: Advertising Date – July 19 2019

Bid Opening Date – August 16, 2019

Notice-to-Proceed Date –September 2019

On site Construction – Spring 2020

Project Completion – September 2020

This project schedule is tentative and is contingent upon FAA funding and Airport Board approval.

kab\h:\23ap\15\025 jefferson co ap rw 9-27 rehab\contracts\amend 4 - ca phase\0s9 constr. admin reconst rw\_ph3 - sow\_072519.docx\smk

**Reid Middleton****Estimate of Professional Services**

Chk'd by: kab 8/15/19

728 134th Street SW  
Everett, WA 98204  
(425) 741-3800  
(425) 741-3900 FAXPROJECT: JCIA RW 9-27 Rehab - CA  
CLIENT: Port of Port Townsend  
PROJ. NO: 232014.913.024BY: SMK  
DATE: 8/15/2019  
CHKD BY:

FILE: H:\21Apr19\025 Jefferson Co AP RW 9-27 Rehab\Contracts\Amend 4 - CA Phase\055 JCIA Runway and Connector CA Fee (CPFF) Grant Breakout\000419.xls\CPFF 90% Gr

	Principal	Drafter	Senior Engineer	Designer (Field Engineer)	Project Admin	Technical Writer	Total Labor hours	Total DSC	OH Factor	DSC + OH	Subs	Total Reimb	Labor & Reimb
Hourly Rate:	\$81.54	\$40.98	\$62.19	\$37.96	\$37.70	\$35.76			220.70%		cost	10%	
Task No.	Description												
1	Project Administration												
1.1	Develop IFE documents	4				4	6	459	1,035	1,505		0	1,505
1.2	Project admin from award to NTP	1		4	4	2	4	15	701	1,546	2,247	0	2,247
1.3	Project admin during construction phase (12 months)	2		18	22	18	6	66	3,011	6,645	9,656	0	9,656
1.4	Project admin during post construction phase	1		6	10	8	12	37	1,565	3,454	5,019	0	5,019
1.5	Monthly project billing/budget projections (12 months)			6	12	16		34	1,432	3,180	4,592	0	4,592
1.6	Prepare, coordinate, and submit Two FAA grant app	4						4	326	720	1,046	0	1,046
1.7	Prepare FAA quarterly Project/Grant Status Reports - Two Grants			2	12		4	18	723	1,595	2,318	0	2,318
1.8	Prepare FY 2019 FAA Grant Applications (two)	2			6		2	10	462	1,020	1,483	0	1,483
	Subtotal Task 1	14	0	36	56	44	32	192	8,689	19,176.1	27,865	0	27,865
2	Construction Assistance												
2.1	Pre-Construction Meeting							0	0	0	0	0	0
2.1.1	Develop agenda & conduct meeting (w/ travel)			8	8			16	801	1,768	2,569	0	2,569
2.1.2	Develop meeting minutes			1	4		2	7	286	630	916	0	916
2.1.3	Respond to questions during meeting			1	6			7	290	640	930	0	930
2.2	Pre-Construction Work							0	0	0	0	0	0
2.2.1	Conformed Set of Plans				6		2	6	299	660	960	0	960
2.2.2	Addenda & proj manual to Contractor				2			4	147	325	473	0	473
2.2.3	Review quality control plan	1		1	8		2	10	447	987	1,435	0	1,435
2.2.4	Review SPCD to the CSPP	1		1	10			12	523	1,165	1,678	0	1,678
2.2.5	Review work schedule	1		1	6			8	371	820	1,191	0	1,191
2.2.6	Set up construction files			1	8		4	13	509	1,123	1,632	0	1,632
2.3	Progress Estimate Review							0	0	0	0	0	0
2.3.1	Review contractor monthly pay request (12)			1	14		12	27	1,023	2,257	3,280	0	3,280
2.3.2	Prepare monthly contractor progress estimate (12)			1	14		12	27	1,023	2,257	3,280	0	3,280
2.4	Contractor Payroll Review			1	8		6	15	590	1,281	1,861	0	1,861
2.5	Construction Submittals	4		16	40			60	2,840	6,267	9,107	0	9,107
2.6	Prepare/Review Change Orders							0	0	0	0	0	0
2.6.1	Coordinate with Airport & FAA	2		6	12			20	992	2,189	3,181	0	3,181
2.6.2	Prepare CO docs & revs to dwgs & specs (5 CO)	6	24	8	30		8	76	3,395	7,493	10,888	0	10,888
2.6.3	Prepare cost analysis (5 CO)	6		8	24			39	1,898	4,188	6,086	0	6,086
2.7	Interpretations and Field Directives							0	0	0	0	0	0
2.7.1	Provide technical assistance on contract docs	2		8	28			38	1,723	3,804	5,527	0	5,527
2.7.2	Review and respond to RFIs (Assume 25)	2		16	30		4	52	2,440	5,385	7,825	0	7,825
2.7.3	Prepare CCDs (Assume 3)	2		9	30		4	45	2,005	4,424	6,429	0	6,429
2.8	Field Engineering/Construction Observation Base Bid							0	0	0	0	0	0
2.8.1	On site Observation (6 days/week for 5.5 weeks)	6		32	400			438	17,663	38,983	56,646	0	56,646
2.8.2	Prepare daily field reports when on site			2	12			14	580	1,280	1,860	0	1,860
2.8.3	Prepare Construction Proj Daily Safety Insp Chklist			2	12			14	580	1,280	1,860	0	1,860
2.8.4	Prepare & submit weekly FAA field reports	1		1	16			18	751	1,658	2,409	0	2,409
2.8.5	Coordinate daily w/ Contractor & Port			16	48			64	2,817	6,217	9,035	0	9,035
2.8.6	Record & document all mods/field deviations	2	16	12	48			78	3,387	7,475	10,862	0	10,862
2.8.7	Ensure required testing is performed per specs			10	24			34	1,533	3,383	4,916	0	4,916
2.8.8	Review test reports & certs for conformance w/specs			6	16		2	24	1,052	2,322	3,374	0	3,374
2.8.9	Provide QA testing determination & acceptance	1		4	10			15	710	1,587	2,277	0	2,277
2.8.10	Maintain a file of test reports and certifications				8		4	12	447	988	1,433	0	1,433
2.8.11	Measure and document construction pay quantities			4	12			16	704	1,554	2,259	0	2,259
2.8.12	Review finish grade survey			2	8			10	428	945	1,373	0	1,373
2.8.13	Coordinate punch list items			4	8			12	552	1,219	1,772	0	1,772
2.8.14	Follow-up work construction observation				12			12	456	1,005	1,461	0	1,461
2.8.15	Punch list verification and finalization			2	6			8	352	777	1,129	0	1,129
2.8.16	Review of WA State Labor requirements were met			2	6		2	10	424	935	1,359	0	1,359
2.9	Construction Engineering Off-site Support	4		48			8	60	3,597	7,939	11,537	0	11,537
2.10	Conduct Final Completion Inspection							0	0	0	0	0	0
2.10.1	Conduct walk-through & develop punch list			10	10			20	1,002	2,210	3,212	0	3,212
2.10.2	Walk-through to verify punch list items are addressed			10	10			20	1,002	2,210	3,212	0	3,212
2.10.3	Final completion letter			2	4		2	8	348	767	1,115	0	1,115
2.11	Electrical Construction and Closeout Assistance							0	0	0	0	14,359	15,795
2.12	Materials Testing							0	0	0	0	19,864	21,850.4
	Subtotal Task 2	41	40	257	958	0	74	1,370	59,977	132,369	192,346	34,223	37,645
3	Bid Additive Items												
3.1	Field Engineering/Construction Obs. & Office Additive 1							0	0	0	0	0	0
	Grant and Report Documentation for Second AIP Grant							0	0	0	0	0	0
	Subtotal Task 3	0	0	0	0	0	0	0	0	0	0	0	0
4	Project Closeout												
4.1	Prepare closeout report documentation	2			20	4	24	50	1,931	4,262	6,193	0	6,193
4.2	Record drawings		24		8			32	1,287	2,841	4,128	0	4,128
4.3	Update ALP plan sheet	4	24	4	12			44	2,014	4,445	6,458	0	6,458
	Subtotal Task 4	6	48	4	40	4	24	126	5,232	11,547	16,780	0	16,780
	TOTAL HOURS	61	88	297	1,064	48	130	1,688	73,898	163,092	236,990	34,223	37,645
	Direct Salary Cost	4,974	3,606	18,471	40,383	1,810	4,648		73,898				
Direct Nonsalary Expenses Ferry Trips (1 round trip for 6 weeks) \$393 Hotel (5 nights/week for 6 weeks) \$3,000 Travel: # of trips @ (160 miles x \$0.58/mi)* \$1,052 Per Diem: 6 weeks @ \$69 \$2,484 Reproduction: 2 Submittals @ \$150 & 3 Submittals @ \$50 \$450 Subconsultants: \$37,645 <b>Total Direct Nonsalary Expenses \$40,024</b>													
* Note each five day site observation includes one travel trip													
Total Direct Salary Cost (DSC) \$73,898 Overhead (220.7% of DSC) \$163,092 <b>Total Labor Cost \$236,990</b> Fixed Fee 12% of Labor \$28,439 <b>Subtotal \$265,429</b> Total Direct Nonsalary Expenses \$40,024 <b>TOTAL COST (Total Labor, Fixed Fee &amp; Expenses) \$305,453</b>													

<b>Reid Middleton</b> 728 134th Street SW Everett, WA 98204 (425) 741-3800 (425) 741-3900 FAX		<b>Estimate of Professional Services</b> PROJECT: JCIA RW 9-27 Rehab - CA CLIENT: Port of Port Townsend PROJ. NO: 232014.913.024 FILE: H:\23Apr15\025 Jefferson Co AP RW 9-27 Rehab\Contracts\Amend 4 - CA Phase\059 JCIA Runway and Connector CA Fee (CPFF) Grant Breakout\090419.xls\CPFF 90% Gra						BY: SMK DATE: 8/15/2019 CHKD BY:						Chk'd by: kab 8/15/19	
Task No.	Description	SMK	DO	DY/WA	BM	KAB	SH	Total Labor hours	Total DSC	OH Factor	DSC + OH	Sub cost	Total Reimb	Labor & Reimb	
<b>Hourly Rate:</b>		\$81.54	\$40.98	\$62.19	\$37.96	\$37.70	\$35.76			220.70%			10%		
<b>1 Project Administration</b>															
1.1	Develop IFE documents							0	0	0	0		0	0	
1.2	Project admin from award to NTP							0	0	0	0		0	0	
1.3	Project admin during construction phase (12 months)							0	0	0	0		0	0	
1.4	Project admin during post construction phase							0	0	0	0		0	0	
1.5	Monthly project billing/budget projections (12 months)							0	0	0	0		0	0	
1.6	Prepare, coordinate, and submit Two FAA grant app							0	0	0	0		0	0	
1.7	Prepare FAA quarterly Project/Grant Status Reports - Two Grants							0	0	0	0		0	0	
1.8	Prepare FY 2019 FAA Grant Applications (two)							0	0	0	0		0	0	
<b>Subtotal Task 1</b>		0	0	0	0	0	0	0	0	0.0	0	0	0	0	
<b>2 Construction Assistance</b>															
2.1	Pre-Construction Meeting							0	0	0	0		0	0	
2.1.1	Develop agenda & conduct meeting (w/ travel)							0	0	0	0		0	0	
2.1.2	Develop meeting minutes							0	0	0	0		0	0	
2.1.3	Respond to questions during meeting							0	0	0	0		0	0	
2.2	Pre-Construction Work							0	0	0	0		0	0	
2.2.1	Confirmed Set of Plans							0	0	0	0		0	0	
2.2.2	Addenda & proj manual to Contractor							0	0	0	0		0	0	
2.2.3	Review quality control plan							0	0	0	0		0	0	
2.2.4	Review SPCD to the CSPP							0	0	0	0		0	0	
2.2.5	Review work schedule							0	0	0	0		0	0	
2.2.6	Set up construction files							0	0	0	0		0	0	
2.3	Progress Estimate Review							0	0	0	0		0	0	
2.3.1	Review contractor monthly pay request (12)							0	0	0	0		0	0	
2.3.2	Prepare monthly contractor progress estimate (12)							0	0	0	0		0	0	
2.4	Contractor Payroll Review							0	0	0	0		0	0	
2.5	Construction Submittals							0	0	0	0		0	0	
2.6	Prepare/Review Change Orders							0	0	0	0		0	0	
2.6.1	Coordinate with Airport & FAA							0	0	0	0		0	0	
2.6.2	Prepare CO docs & revs to dwgs & specs (5 CO)							0	0	0	0		0	0	
2.6.3	Prepare cost analysis (5 CO)							0	0	0	0		0	0	
2.7	Interpretations and Field Directives							0	0	0	0		0	0	
2.7.1	Provide technical assistance on contract docs							0	0	0	0		0	0	
2.7.2	Review and respond to RFIs (Assume 25)							0	0	0	0		0	0	
2.7.3	Prepare CCDs (Assume 3)							0	0	0	0		0	0	
2.8	Field Engineering/Construction Observation Base Bid							0	0	0	0		0	0	
2.8.1	On site Observation (6 days/week for 5.5 weeks)							0	0	0	0		0	0	
2.8.2	Prepare daily field reports when on site							0	0	0	0		0	0	
2.8.3	Prepare Construction Proj Daily Safety Insp Chklist							0	0	0	0		0	0	
2.8.4	Prepare & submit weekly FAA field reports							0	0	0	0		0	0	
2.8.5	Coordinate daily w/ Contractor & Port							0	0	0	0		0	0	
2.8.6	Record & document all mods/field deviations							0	0	0	0		0	0	
2.8.7	Ensure required testing is performed per specs							0	0	0	0		0	0	
2.8.8	Review test reports & certs for conformance w/specs							0	0	0	0		0	0	
2.8.9	Provide QA testing determination & acceptance							0	0	0	0		0	0	
2.8.10	Maintain a file of test reports and certifications							0	0	0	0		0	0	
2.8.11	Measure and document construction pay quantities							0	0	0	0		0	0	
2.8.12	Review finish grade survey							0	0	0	0		0	0	
2.8.13	Coordinate punch list items							0	0	0	0		0	0	
2.8.14	Follow-up work construction observation							0	0	0	0		0	0	
2.8.15	Punch list verification and finalization							0	0	0	0		0	0	
2.8.16	Review of WA State Labor requirements were met							0	0	0	0		0	0	
2.9	Construction Engineering Off-site Support							0	0	0	0		0	0	
2.10	Conduct Final Completion Inspection							0	0	0	0		0	0	
2.10.1	Conduct walk-through & develop punch list							0	0	0	0		0	0	
2.10.2	Walk-through to verify punch list items are addressed							0	0	0	0		0	0	
2.10.3	Final completion letter							0	0	0	0		0	0	
2.11	Electrical Construction and Closeout Assistance							0	0	0	0		0	0	
2.12	Materials Testing							0	0	0	0		0	0	
<b>Subtotal Task 2</b>		0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>3 Bid Additive Items</b>															
3.1	Field Engineering/Construction Obs. & Office Additive 1	4		36	60	4	4	108	5,138	11,336	16,473		0	16,473	
	Grant and Report Documentation for Second AIP Grant	4	8	16	12	8	16	64	2,978	6,573	9,551		0	9,551	
<b>Subtotal Task 3</b>		8	8	52	72	12	20	172	8,115	17,909	26,024	0	0	26,024	
<b>4 Project Closeout</b>															
4.1	Prepare closeout report documentation							0	0	0	0		0	0	
4.2	Record drawings							0	0	0	0		0	0	
4.3	Update ALP plan sheet							0	0	0	0		0	0	
<b>Subtotal Task 4</b>		0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>TOTAL HOURS</b>		8	8	52	72	12	20	172	8,115	17,909	26,024	0	0	26,024	
<b>Direct Salary Cost</b>		652	328	3,234	2,733	452	715		8,115						
<div style="display: flex; justify-content: space-between;"> <div> Direct Nonsalary Expenses  Ferry Trips ( 1 round trip for 6 weeks)  Hotel (5 nights/week for 6 weeks)  Travel: # of trips @ (160 miles x \$0.58/mi)*  Per Diem: 6 weeks @ \$69  Reproduction: 2 Submittals @ \$150 &amp; 3 Submittals @ \$50  Subconsultants:  <b>Total Direct Nonsalary Expenses</b> </div> <div> \$393  \$3,000  \$1,052  \$2,484  \$450  \$0  <b>\$5,000</b> </div> <div> Total Direct Salary Cost (DSC) \$8,115  Overhead (220.7% of DSC) \$17,909  <b>Total Labor Cost</b> \$26,024  Fixed Fee 12% of Labor \$3,123  <b>Subtotal</b> \$29,147  Total Direct Nonsalary Expenses \$5,000  <b>TOTAL COST (Total Labor, Fixed Fee &amp; Expenses)</b> \$34,147 </div> </div>															
* Note each five day site observation includes one travel trip															

# PORT OF PORT TOWNSEND

## AGENDA COVER SHEET

MEETING DATE	October 9, 2019
AGENDA ITEM	<input type="checkbox"/> First Reading <input type="checkbox"/> Second Reading <input checked="" type="checkbox"/> Regular Business
AGENDA TITLE	VII. D. Contract Award for Hospital Building Ventilation Project – AirFlow Heating Co.
STAFF LEAD	Eric Toews, Deputy Director
REQUESTED	<input type="checkbox"/> Information <input type="checkbox"/> Motion <input type="checkbox"/> Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	A. Informational Memo

# PORT OF PORT TOWNSEND

## INFORMATIONAL MEMO

**DATE:** 10/4/2019  
**TO:** Port Commission  
**FROM:** Eric Toews, Deputy Director  
**SUBJECT:** Award of Contract - Point Hudson Hospital (WDFW) Building Ventilation Project  
(Contract No. 2019-09-02)

---

**ISSUE:** On April 1 of this year, the Port and the Washington State Department of Fish and Wildlife (WDFW) commenced a new five (5) year lease term for premises located in the “Hospital Building” at Point Hudson (i.e., formerly the Port Administration Building). Among the “additional lease provisions” incorporated within paragraph #19 of the agreement between the Port (Lessor) and WDFW (Lessee), is the requirement to mitigate creosote odors throughout the premises by installing an air-to-air exchange system to increase fresh air circulation within the building. Notably, WDFW is not obligated to pay the new rental rate specified in paragraph #4 of the lease until the ventilation improvements are installed.

**BACKGROUND & DISCUSSION:** Creosote odors within the original Point Hudson Station Buildings have long been a concern for both the Port and tenants. Although air quality testing has concluded that the creosote odors do not pose a risk to human health, they are nevertheless an issue for certain tenants.

During 2018-2019 lease negotiations with WDFW, the issue was again brought into sharp relief, as WDFW was unwilling to sign on to a new five (5) year lease without assurances that the Port would take reasonable steps to seek to reduce creosote odors within their leased space. It was agreed that the Port would undertake efforts to mitigate this perceptual problem during the first year of the new lease term, with the Port’s financial obligation limited to \$120,000.

In May of this year, the Port entered into a professional services agreement with Hultz-BHU Engineering to design the air-to-air exchange system and prepare associated bid documents for the work. As the bid set advanced towards completion, the boiler serving the Hospital Building unexpectedly showed signs of failure. This unit provides heat for the wall mounted radiators throughout the building. Because of the boiler’s failure, the draft bid documents were thereafter revised to incorporate – as bid alternate #1- both the dedicated outdoor air system (as the base bid) plus build to suit split system heat pumps to provide both heating and cooling to the entire structure (i.e., including both the WDFW premises as well as US Customs and Border Protection).

Thus, the work specified in the bid documents consists of procuring and installing a dedicated outdoor air system unit (DOAS) to ventilate and condition air within a portion (approximately 7,102 sf of the 8,702 sf) of the Hospital Building at Point Hudson. Bid alternate #1, to be



awarded at the sole discretion of the Port, would include the base bid DOAS along with the split system heat pumps (including electrical and all other associated work) to serve the entire 8,702 sf building, as per the cooling loads and specifications contained in the project specifications.

Bids were returned for the project (as revised to include bid alternate #1) on September 27, 2019. Bids were received from two (2) contractors: Air Flo Heating Company, Inc., and Avril Construction, Inc. Air Flo's bid was found to be both responsible and responsive; however, Avril Construction did not include Bid Alternate #1, and is therefore, unresponsive. The bids were as follows:

HOSPITAL BUILDING VENTILATION PROJECT: BID TABULATION			
Contractor	Base Bid Lump Sum	Alternate Bid #1 Lump Sum	Total Base Bid + Alternate Bid*
Air Flo Heating Company	\$85,146.66	\$129,006.20	\$214,152.86
Avril Construction Company	\$224,152.00	No Bid Submitted	\$224,152.00

It is clear that Alternate Bid #1 (i.e., base bid DOAS + provision of split system heat pumps) exceeds the Port's available budget for the project. Accordingly, we are independently proceeding with replacement of the existing boiler (estimated to require less than \$25,000) and recommend that the base bid (DOAS only) be awarded. In sum, Air Flow Heating Company has been identified as the lowest responsible and responsive bidder at \$85,146.66 for the project outlined in the base bid.

**FISCAL IMPACT:** The approved Capital Budget contains a project constraint of \$100,000 for work to be conducted in 2019, with an additional \$100,000 anticipated in 2020. However, the draft 2020 capital budget proposes to eliminate the \$100,000 expenditure for 2020. It should be noted that, including change orders, engineering and preparation of bid specifications for this project has necessitated expenditures totaling \$15,740.

**RECOMMENDATION:** Authorize the Executive Director to award a Contract for the base bid amount (expressly excluding Alternate Bid #1) for the Point Hudson Hospital Building Ventilation Project to Air Flo Heating Company, Inc. of Sequim, Washington.

**ATTACHMENTS:** None.

---

\* Note: Not including applicable sales tax on labor.

# PORT OF PORT TOWNSEND

## AGENDA COVER SHEET

<b>MEETING DATE</b>	October 9, 2019
<b>AGENDA ITEM</b>	<input type="checkbox"/> First Reading <input type="checkbox"/> Second Reading <input checked="" type="checkbox"/> Regular Business
<b>AGENDA TITLE</b>	VII. E. Contract Award for Boat Haven Breakwater Repair – American Construction, Inc.
<b>STAFF LEAD</b>	Eric Toews, Deputy Director
<b>REQUESTED</b>	<input type="checkbox"/> Information <input type="checkbox"/> Motion <input type="checkbox"/> Action <input checked="" type="checkbox"/> Discussion
<b>ATTACHMENTS</b>	A. Informational Memo

# PORT OF PORT TOWNSEND

## INFORMATIONAL MEMO

**DATE:** 10/4/2019

**TO:** Port Commission

**FROM:** Eric Toews, Deputy Director

**SUBJECT:** Award of Boat Haven Breakwater Repair Contract No. 2019-10-02

---

**ISSUE:** The main breakwater at Boat Haven suffered considerable damage during the December 20, 2018 storm. The damage is located on the east end of the main breakwater, the portion which protects the Commercial Basin. It is similar in nature, although somewhat narrower in scope, to the damage that occurred during the winter of 2016-17 (which was subsequently repaired). Permitting is not yet fully complete, as the United States Army Corps of Engineers (USACoE) is awaiting the results of consultation with the National Marine Fisheries Service (NMFS). Nevertheless, staff is seeking Commission action at this meeting in anticipation of near-term permit issuance and in recognition of the critical need to complete the work before the closure of the “fish window” in mid-February 2020.

**BACKGROUND & DISCUSSION:** The east 600 or so feet of the Boat Haven Breakwater is part of the original marina (now the commercial basin) built in 1935. This length of breakwater, due to its configuration, is much more vulnerable than the newer breakwater that encloses the recreational basin. The old breakwater is built with an outer layer of rock on each side with granular fill inside the rock layers. Two rows of timber walls on wood pilings are visible on each side of the breakwater. It appears that these walls were used to support large rocks being installed more or less concurrent with placing the interior fill that was dredged from the new harbor. This original section of breakwater is more vulnerable because:

- It has a thinner layer of rock armoring;
- The timber/pile wall (that helped protect the granular fill) is essentially gone; and
- The rock fill is on the seabed and is vulnerable to erosion from wind-driven waves that can occur during low tides. For comparison, the newer section of breakwater rests on a rock pad.

This original section of breakwater has been damaged by wind-driven waves several times in the past, and emergency repairs were completed each time (most recently in 2017).

The repair work under this contract is focused on the south face of the breakwater and will be conducted from a barge. The barge will be loaded with all specified materials and equipment (including a barge-mounted crane with clamshell bucket and a tracked excavator). The crane will lift the excavator onto the breakwater. Eroded areas will then be excavated to a uniform depth, with spoils piled around the excavated area. Geotextile separation fabric will then be installed in the bottom and sides of the void. The crane will then deposit, in order required: permeable ballast, quarry spalls, 3 man rock and 4-5 man rock. The excavator and crane will spread the stock-piled sand to a uniform depth over the 4-5 man rock and adjacent disturbed

areas. Native grass will then be planted over all bare sand. Quantities (estimated) are as follows:

- Excavating and spreading 120 cubic yards of sand;
- Placing 620 square yards of geotextile material;
- Placing 64 tons of permeable ballast rock;
- Placement of 225 ton of quarry spalls;
- Placement of 480 tons of 3-man rock;
- Placement of 735 tons of 4 and 5 man rock; and
- Revegetating 6,000 square feet of area atop the breakwater.

The bid opening for the project occurred on September 18, 2019. Bids were received from three (3) contractors, as follows:

BREAKWATER REPAIR PROJECT: BID TABULATION			
Contractor	Mobilization	Lump Sum	Total*
American Construction	\$75,000	\$170,000	\$245,000
Pacific Pile & Marine	\$76,300	\$285,580	\$361,880
Quigg Brothers Construction	\$109,000	\$208,900	\$317,900

All bidders were found to be responsible and responsive, with American Construction clearly identified as the low bidder.

**FISCAL IMPACT:** The approved Capital Budget contains a project constraint of \$300,000 for the proposed repair work. Port staff anticipate that \$50,000 +/- of the project expense will be covered via Port insurance.

**RECOMMENDATION:** Authorize the Executive Director to award the Contract for the 2019 Boat Haven Breakwater Repair Project to American Construction of Tacoma, Washington.

**ATTACHMENTS:** None.

---

\* Note: Not including applicable sales tax on labor.