

August 29, 2022

Noon

PORT OF NEWPORT COMMISSION SPECIAL MEETING MINUTES

Newport, OR

This is not an exact transcript. The video of the session is available on the Port's website.

The Port of Newport Commission met on the above date and time virtually via Microsoft Teams. In attendance were Commissioners Burke, Sylvia, Retherford, and Chuck. Commissioner Lackey was excused. Also in attendance were General Manager Paula Miranda, Director of Finance and Business Services Mark Brown, Director of Operations Aaron Bretz, Administrative Assistant Gloria Tucker, and Architect Dietmar Goebel.

OLD BUSINESS

Approval of Change Order with Baldwin - Admin Building. Burke introduced the agenda item. Miranda reported when doing a building, things happen that don't go as expected. She explained a couple of months ago staff felt that change orders would be smaller and gave the go ahead to the contractor to finish up the rentable space. She noted, initially, the Port talked about roughing up the space and having either the tenant pay for improvements or negotiate rent. She stated staff figured there was enough money in the budget to go ahead and finish, and then charge more rent. She indicated, unfortunately, there were several unforeseen costs mostly related to electrical.

Miranda reported an electrical load is estimated and, usually, a subcontractor designs the electrical system based on what is needed. She stated she was just told a week and half ago that the original 400 amps anticipated was not good enough to sustain this type of building. She noted even if the Port went to 600 amps, the building is too close to capacity. She indicated the building needs 800 amps, making the cost go from \$36,000 to over \$90,000, which includes trenching for wires plus additional cost for increasing capacity with the PUD for transformers. She added beyond that, there were some costs related to the sewer connection required by the City.

Miranda reported, originally, the permit with City allowed a type of insert, which is what most contractors do. She stated the City of Newport started requiring another type of insert, which is more costly and, supposedly, in long run will be a better connection. She noted that is another \$15,000 plus other related costs.

Goebel stated Miranda put it nicely. He explained for many years the City has allowed Insert-a-tee, where contractors dig down to the pipe, cut a hole in it, and insert a T and fill it back up. He noted they recently changed whole process to a wye system, and that is the only thing they will accept now. He indicated that means digging up the whole pipe, cutting the pipe, and inserting a wye with a gasket. He added the wye alone costs \$5,000.

Goebel stated that was an unexpected cost. He explained when the estimate was done, it suggested 400-amp service with 308 connected load. He noted the engineer consultant for the contractor said the building needed 550 connected load, which means 600 amp service was pushing it. He indicated the best way to go is 800-amp service, which means different panels and guts, which are expensive. He added it will give the Port opportunities in the future to have additional things like electrical vehicle charging stations.

Goebel stated those are the big two items that are causing the budget to increase. He explained the trenching increased because the Port already installed pipe for 400-amp service, and now has to install additional pipe for another 400 amps.

Miranda reported there was a lot of confusion between the contractor, subcontractor, and IT on who was going to do low voltage for all the connections. She stated they got a quote, expecting it to be \$15-20,000, but the request was for \$53,000. She noted she is still working with contractor on that. She emphasized she is in shock with that number. She indicated she is still trying to figure out other quotes, so she does not know at this point in time where that is standing. She added the contract says two different things on two different pages, unfortunately.

Miranda reported she needs to increase this request to at least \$80,000 to cover some of that. She stated, increasing this to \$80,000 would mean the building is \$50-60,000 over budget from the original ask. She noted she is asking to comingle funds, as furniture costs will not be as much. She indicated one thing that was extremely expensive was the sign for the building. She explained staff wanted the sign to be lit up, and that sign cost \$26,000. She added she would like add another \$30,000 to her original ask.

Sylvia asked when the City originally approves a plan, and then halfway through install, they change the policy, is that the way it works. He noted that seems ad hoc. Goebel replied the City has changed what they require for connecting to public systems, and they will not accept a T any longer. He noted they've also hired a new City Engineer which is making changes, and a new Public Works Director who is making changes. He suggested if Commission wants to push it with the City, the Port needs to communicate with the City Manager. He indicated that might be worth pursuing.

Sylvia suggested the Port pursue that. He noted as public policy, they should not change after the fact unless there is a dire safety issue. He stated he would be open to having a conversation with the City. He asked why did the contractor underestimate the actual amperage. He asked did they not have the expected number of true amperage use, even with the addition of the extra space. He asked if there was a mathematical mistake. Miranda replied, the additional office space is under a separate voltage, so this is just for the main building. She stated she was shocked the misestimate would be so great. She noted, from what she understands, often this size of building has a typical amount, a certain amount of computers and systems, and a lot was not accounted for.

Goebel stated in the start of the project, the Port hired a cost estimator, and that's what was put in the specs. He noted that was the best guess at the time. He indicated when the original numbers were put together, they tried to keep it reasonable, now with all the connected systems, the load is bigger than anticipated at the start.

Sylvia stated at the beginning if the estimator had asked right questions, rather than using a rule of thumb, the estimate would have been different. Miranda noted sometimes when someone wants something to come in lower, they tend to look on the bright side of things. She suggested maybe there was some of that. She added it would have been better to have a realistic approach.

Goebel stated the Port had a contingency built into original building, and that was used to complete the lease space. He suggested had the Port not developed that space, the cost would have been on target. He explained when staff made the decision to go ahead with lease space, they asked the contractor if they saw any big items coming down the pike, and they said no. He added had staff known, they would not have spent the contingency.

Burke asked if Baldwin can evaluate that RFI for amperage. He stated he has a building from 2018 that Capri designed with 8 closed offices, 36 workstations, 6,300 square feet, 64 occupancy, and two 200 amp services. He added they also have a server room. He noted it seems

strange with a smaller building with a lot less workstations to need such high service. Goebel replied that can be challenged. Miranda replied she did talk to the contractor and, they seem to believe going down to 600 will not cover the bases. She added she is not sure what can be cut to achieve that number.

Goebel stated the building is 5,000 square feet with four mechanical systems. He noted he puts his faith in the engineer, but maybe a second bid might be warranted. Miranda stated staff talked about getting other evaluations, especially for low voltage. She noted that could delay completion of the building; it becomes a domino effect. She added but if it is important to save several thousand dollars, maybe that is what staff need to do.

Chuck stated the Port needs to revisit with the City. He noted they need to honor permits they put out, not reinvent the wheel, especially when they cause a public entity to acquire more cost. He asked how close the Port is working with the contractor. He stated he thinks they should have had an idea on this sooner. Miranda replied staff and Baldwin have been meeting every week. She stated she was frustrated this has not come up until now. She noted the contractor did not know because they were not notified by the subcontractor. She indicated she will go back to the City Manager. She added the folks that issued the permit don't want to change their mind, but they should stand by what they issued originally.

Goebel stated the load estimate used gas, which would have reduced the electrical load. He noted during the process of going forward, it was decided to do electrical rather than gas, because connecting to gas cost a lot of money. He indicated to be fair to the estimator and contractor that change added 150-200 amps of service. He added he thinks that decision kicked the building over the original estimate.

Burke stated if staff don't think it needs a second evaluation, then he is ready to move forward. Goebel replied he does not think another evaluation will be fruitful. He recommended keeping 800 amps.

Retherford noted when she had her house built, she ended up going with propane. She asked if the furnaces are set to electric or if propane can be added. Goebel replied staff talked about that and decided to go with electric. He noted the furnace doesn't have capacity for propane, and consumption would be larger than a house. He explained the Port would have to bury a 500- or 1,000-gallon tank. He added he does not think there is a possibility to go to propane or gas system without significantly changing systems installed.

Retherford asked if the low voltage bid is the lowest bid. Miranda replied she is asking for other quotes. She noted that may end up delaying the building, but, quite frankly, she would like to see another quote. She added she is hoping to cut that number. Retherford clarified with staff the same electrical company that is doing the low voltage is doing all the other electrical work.

Burke asked if Miranda and Goebel are satisfied with Baldwin, or if they felt taken advantage of. Miranda replied they have been working well up to this point. She noted everything was going smoothly. She stated she does not think the Port is being taken advantage of. She explained every time staff ask them for additional research, they have done it. She indicated the Port has backup information for every single one of the quotes received; all the numbers are documented. She added she feels good working with Baldwin.

Goebel stated he likes Baldwin and thinks they are doing a good job. He noted he had a disagreement with them over this low voltage and argued strongly that it should have been in the bid. He indicated there was a miscommunication between Baldwin and sub, and the long and short of it is, Baldwin did not have low voltage in their number, so the sub is asking for additional

money. He indicated he agrees with getting additional numbers, and there might be some local people who can run it cheaper.

Retherford stated having another option might be wise. She noted there is not a whole lot who do it on the coast, but plenty in the valley. Goebel stated as far as the system goes, the tubes and boxes are already installed, all that is left is running the wire itself. Miranda added staff are checking with Hyak on the correct amount of hours for that work. She noted every time staff have to wait for approval, that delays the project. She stated her understanding is the Port is at a point of very little change.

Burke asked if the amount should be \$103,000. Miranda replied that would be ideal. She noted that would cover low voltage and leave slightly less than \$30,000 in contingency. She explained that would put the Port around \$80,000 over original the budget. Sylvia confirmed with staff this is the worst-case scenario amount. He noted he is trying to avoid another conversation on this in two months.

Chuck stated no one likes surprises, and it sounds like the ball got dropped a couple of times. He requested staff have a meeting with Baldwin and subs and ask for no more surprises. Miranda replied she did that, and it's frustrating. Chuck noted he hopes the City will see error in their ways. He stated the Port is spending public dollars and needs to make sure there are no more surprises. Miranda replied she has told them exactly that and she hopes they got the message.

Goebel stated when staff decided to finish the lease space, they had a meeting with Baldwin and asked if they see any additional cost, and they said a couple thousand here or there. He noted that put staff in the frame of mind to finish. He explained if they had said there may be electrical costs, he does not think Miranda would have ever finished the space. Chuck asked staff to tell them of Commission's frustration. Miranda replied she will pass that on. She added there may not be a flagpole in front of the building because of cost.

Retherford stated there is no way Miranda could have foreseen this electrical issue. She noted she would have thought Baldwin would have. She indicated they should be a little bit ashamed of themselves for not foreseeing this as electrical is a huge part of the project. She added this is a big error on their part, but there is no way the Commission expects Miranda to foresee it. Retherford stated she is good with doing what is needed to move forward. She indicated the City needs to relook at this, and the low voltage should not hold up the job. She added she appreciates staff efforts.

Retherford stated the subs have made more money by being able to finish the space, so Baldwin should ask them to work with the Port more on making this feasible. Miranda noted there were a few situations where some things were miscommunicated, and Baldwin paid for it. Goebel stated he will talk to Baldwin about sharing low voltage. He noted he is not letting go of that. Burke confirmed with staff the weekly meeting is every Friday. Goebel added he requested to go biweekly.

MOTION was made by Sylvia, seconded by Retherford, to add an additional \$103,000 to be used to complete the Administration Building and direct General Manager to commingle the Baldwin funds and the additional administration funds as needed to approve payments related to the Administration Building. The motion carried unanimously in a voice vote.

Extension of Agreement with Alliance for PD5 Electrical. Burke introduced the agenda item. Bretz reported what caused this is several factors. He explained the Commission has talked about listing of the pedestal because the plug was UL listed but the pedestal was not UL listed. He noted that has since been rectified and the Port put pedestals on order. He stated that chewed up

the budget to this point. He indicated staff changed options on amperage a couple of times, and along the way, there was a number of other meetings with the consultant to make sure the Port got the right answer to the questions being asked. He added he is asking for a higher level of support from the engineer consultant as the Port gets into the construction phase of the project.

Bretz reported this is an electrical project and more technical than he is comfortable trying to manage. He stated the cost includes bid and closeout meetings; this request will put the Port in clear for the rest of the project. He noted this is engineering support needed to get the Port to the finish line for PD 5 and 3.

Sylvia asked what would happen if Commission didn't approve it. Bretz replied he is not comfortable going into meetings and finishing this out without this level of engineering support. He noted the final plans need to be put together to accurately reflect the wiring. He indicated, basically, he does not think it is possible to finish the project without this level of support. He added the consultant started this in early 2021, and he has not raised his rates any. Miranda added he was the lowest bidder. She noted, unfortunately, the Port does not have an engineer inhouse, so staff have to depend on outside consultants. Burke expressed support.

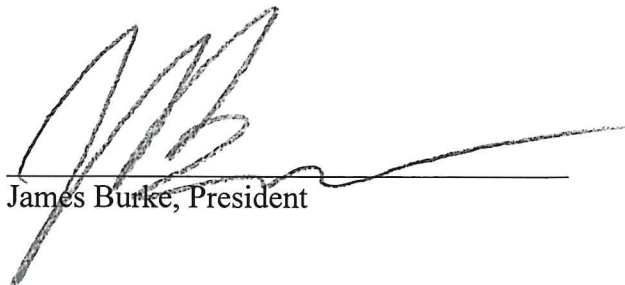
Chuck asked if this would have any budget implications. Brown replied there are budget implications, but staff will take a look at all the projects going on and figure out which projects could be a tradeoff for all of these changes. He noted every quarter, Miranda and he are going to meet on the Port's projects and cash position and what the Port can afford to do. Miranda stated the Port seems to be able to find funds one way or another. As an example, she noted the engineering for RORO docks at NIT was \$30,000 plus under budget, so staff can allocate that toward these projects.

Miranda reported that the Port doesn't always complete everything budgeted. She noted staff are positive, but completing all of them is unrealistic. She explained some projects cost more, some are under budget, and some do not happen at all. Retherford asked staff to make a list of what is dropping, so Commissioners don't wonder why certain projects don't get done. Miranda replied she will.

MOTION was made by Retherford, seconded by Chuck, to authorize the General Manager or designee to contract with Alliance Consulting Engineers to make project plan changes and remain on board through the end of Construction in an amount not to exceed \$54,000. The motion carried unanimously in a voice vote.

ADJOURNMENT

Having no further business, the meeting adjourned at 1:08 p.m.



James Burke, President



Walter Chuck, Secretary/Treasurer

