



PORT OF HOOD RIVER COMMISSION
MEETING AGENDA
Tuesday, October 2, 2018
Marina Center Boardroom

5:00 P.M.
Regular Session

1. Call to Order
 - a. Modifications, Additions to Agenda
2. Public Comment (5 minutes per person per subject; 30-minute limit)
3. Consent Agenda
 - a. Approve Minutes of September 11, 2018 Regular Session (*Genevieve Scholl – Page 3*)
4. Reports, Presentations and Discussion Items
 - a. Near Shore Fish Species of the Hood River Waterfront – Dawson Neal, Port of Hood River (*Michael McElwee – Page 9*)
 - b. Hood River County Intergovernmental Emergency Action Plan – Barb Ayers, Hood River County Emergency Manager/Public Information Officer (*Michael McElwee – Page 13*)
 - c. Development Opportunity Analysis of Four Identified Port Properties (*Anne Medenbach – Page 15*)
 - d. Bridge Replacement Project Update (*Kevin Greenwood – Page 43*)
5. Director's Report (*Michael McElwee – Page 51*)
6. Commissioner, Committee Reports
 - a. Airport Advisory Committee, September 20
7. Action Items
 - a. Approve Resolution No. 2018-19-1 Acknowledging the Hood River County Inter-Agency Emergency Plan (*Michael McElwee – Page 75*)
 - b. Authorize Purchase of Three Parking Pay Stations from Cale America and Associated Service Agreement Not to Exceed \$25,780 (*Michael McElwee – Page 79*)
 - c. Approve Contract with Liz Olberding, Architect, for Concept Design Services of Waterfront Restroom Facility Upgrades (*Daryl Stafford – Page 81*)
8. Commission Call

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9. Executive Session under ORS 192.660(2)(e) Real Estate Negotiations
 10. Possible Action
 11. Adjourn

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

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**Port of Hood River Commission
 Meeting Minutes of September 11, 2018 Regular Session
 Marina Center Boardroom
 5:00 p.m.**

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

1. CALL TO ORDER: President Streich called the regular session to order at 5:03 p.m.

Present: Commissioners Hoby Streich, Brian Shortt, and David Meriwether; Legal Counsel Jerry Jaques; from staff, Michael McElwee, Fred Kowell, Anne Medenbach, Kevin Greenwood, and Daryl Stafford
Absent: John Everitt
Media: None.

a. Modifications, Additions to Agenda: Staff requested Action Item (e) be removed from the agenda, and a new Item (d) was added to Discussion Item (d) for Real Estate Property Analysis Scope of Work. At the request of Commissioner Sheppard, Action Item (g) was moved to Discussion Item (e).

2. Open Public Hearing for Second Reading, Port Ordinance 23-2018, Governing Conduct at the Ken e Airfield and Replacing Ordinance 23.

a. Authorize reading of Ordinance by Title Only

Move: Meriwether
Second: Shortt
Vote: Unanimous

3. PUBLIC COMMENT: Andrew McElderry, Hood River resident, spoke about the Key Development building development at the former Expo Building site, and the City’s voluntary remand of the permit issued for the building. Mr. McElderry discussed the process and resulting limits on commercial area for buildings allowed via the Waterfront Refinement Plan. Mr. McElderry noted the August 28 letter submitted by the Port of Hood River providing comment on the remand. Mr. McElderry stated that the allowable commercial space should be 1,500 sf, not 2,500 sf and other items in the developer’s plan that he felt were not allowed in current City code. He asked the Commission to review the letter and perhaps make additional comment to the City Planning Department, especially regarding the sky bridge public open space area and the conflicting stated uses in the Ferment OLCC permit application.

4. CONSENT AGENDA:

- a. Approve Minutes of August 21, 2018 Real Estate Analysis Work Session and Regular Session
- b. Approve Accounts Payable with Jaques Sharp in the Amount of \$4,367.00

Motion: Move to approve Consent Agenda.
Move: Shortt
Second: Sheppard
Discussion: None
Vote: Unanimous

5. REPORTS, PRESENTATIONS AND DISCUSSION ITEMS

a. Airport Master Plan and Development Update – Anne Medenbach, Property and Development Manager, provided a report on the development activities underway at the Ken Jernstedt Airfield. Ms. Medenbach noted that Hood Tech TacAero Inc. (HCTAI) have changed plans for their hangar development and have instead placed an order for three 80’x80’ metal buildings. She reports that the Master Plan has been approved by the FAA and is now final. The Environmental Assessment of the North Side has concluded its 30-day comment period with no comments received. A joint wetland permit was submitted June 8 to the Army Corps of Engineers and the Department of State Lands. 90% drawings and site work are expected to be complete by September 14 for the ConnectOregon VI project. Plans and specifications for the relocation of the excavated material at the Lower Mill development site to the Airport were received August 31 and staff expects to have a contract ready for Commission review in early October. The FBO report for June was attached to Ms.

Medenbach's written report. Ms. Medenbach briefly discussed the Fly-In event that took place September 8-9. Commissioner Shortt requested that the student report from the FBO report be included in the Port's next newsletter.

b. Security Camera Demo: Port Chief Financial Officer, Fred Kowell, provided a live demonstration of the newly installed security cameras on the bridge and in the toll plaza and the office parking lot. Following the demo, Executive Director Michael McElwee discussed the need to examine the video records in the context of public records disclosure and establish policy and procedures for fulfilling requests from the public for video clips.

c. Bridge Replacement Project Update: Kevin Greenwood, Bridge Replacement Project Director, provided a summary report of replacement activities from August 22 through September 10. Mr. Greenwood highlighted coordination with state and federal agencies, especially work to identify the lead federal agency and planned meetings with FHWA for this purpose. WSP Global will be interviewing project stakeholders through the end of the month. Mr. Greenwood led a discussion of the Risk Register, a master document that is created in the early stages of the project to identify and manage ways to address risks to project success. Mr. Greenwood provided an updated project budget for the ODOT grant that is funding the FEIS project. Mr. Greenwood also discussed planning for a second meeting with Washington local government representatives and tribal representatives, and other meetings. He also introduced the new template for the project update information sheets that will be developed periodically by WSP. Commissioner Meriwether asked for clarification on the process to identify the federal lead agency, Mr. Greenwood provided some examples illustrating the primary funding or permitting agency often determines the lead agency. Michael McElwee asked about the planned Supplemental Draft Environmental Impact Study (DEIS) noted in the budget and Mr. Greenwood explained that is the needed examination of the DEIS to identify and address any needed updates.

d. Real Estate Future Development Options Analysis: Anne Medenbach provided a report on staff efforts to follow up on Commission direction resulting from the August 21 work session on the Port's Real Estate Portfolio analysis. The Commission directed staff to analyze four identified development options in detail for Commission review: East Maritime Site, South Jensen, Barman, and Lot 1015 at Lower Mill. She described the planned method of analysis for each site. Ms. Medenbach fielded questions from the Commission, which provided general consensus on the planned site development process, with the addition of a review of the I-84 Interchange Access Management Plan and its potential impacts on the waterfront properties. President Streich also requested an examination of potential public opposition to any planned development as part of the analysis.

e. Contract with MCEDD for Truck Parking Analysis: Michael McElwee provided background information about the current month-to-month agreements with trucking companies and paid parking requirements for companies on the waterfront. He explained the Commission had asked for more information on the truck parking role in the local economy, and that this proposed contract is an effort to provide that information. Commissioner Sheppard explained that he recalled Commission conclusion differently, that the Commission had rather concluded that the truck companies needed to move out of the area and he worried that moving forward with the proposed study might contradict that intent. President Streich discussed his intent to send a clear message to the trucking companies that the truck parking allowance that has been there for so many years is simply no longer appropriate or available. He stressed that it was not the Port's role to assist in their relocation. Mr. McElwee explained that these concerns are not the intent of the study and that the month-to-month agreements send a clear message that the truck parking is going away, but that the study could provide good data to the Port in its role of economic development agency for the County. Commissioner Shortt expressed support for the study. Commissioner Meriwether stressed that MCEDD could conduct the study to provide the desired information, while also ensuring that interviewees understand clearly that the intent of the study is not to reverse the Commission's decision. Staff will include such a statement in the survey that is planned.

6. DIRECTOR'S REPORT: Michael McElwee reported that Finance Specialist Janet Lerner has announced her retirement coming in January and the plan to fill her position going forward. He discussed the upcoming Pacific Northwest Waterways Association annual convention in Vancouver October 10-12 and that Commissioner Shortt and Special Projects Manager Genevieve Scholl will be attending. He noted the Event Site parking booth is closed for the season and provided a report on gross paid parking receipts to date. McElwee led a point by point review of the comment letter submitted on behalf of the Port to the City Planning request for comment on the Key

Development building permit remand that was mentioned during public comment by Andrew McElderry. He clarified that the Waterfront Management Plan zoning allows for 2,500 sf of commercial space in each building. Commission discussion of the key issues addressed in the remand ensued. President Streich invited Mr. McElderry to describe the anticipated next steps in the review process. Commissioner Sheppard expressed concerns that Port opinion on the issue in the future could be seen as policy generally. General discussion of the Disposition and Development Agreement (DDA) process ensued. Commissioner Shortt reiterated that traffic impacts must be considered for every DDA. Mr. McElderry expressed his objections to the “tone and tenor” of the Port comment letter suggesting that naming tenants implied support for the tenants and not the code and he disagreed with the Port’s assertion that 2,500 sf commercial space, and not 1,500 sf that he believes is allowed in the code. McElwee invited Medenbach to give an update to the Stadleman Waterline project at the Lower Mill. Ms. Medenbach reported that the new pressure testing showed that the required fire flows were achieved. McElwee and Medenbach both reported on needed agreements with 4-5 neighboring orchardists to achieve access to the vacated Orchard Road near the Airport. McElwee reported on the public bid process now underway for the bridge skew system and span motor drive rehabilitation project. Fred Kowell reported on a meeting with the Clackamas County Planning Division about new tolling projects in that County.

7. COMMISSIONER, COMMITTEE REPORTS:

a. Urban Renewal – President Hoby Streich noted that the URA meeting was cancelled. McElwee noted that staff is hoping to schedule a Lot 1 presentation during the upcoming URA meeting on October 9.

8. ACTION ITEMS:

a. Adopt Ordinance 23-2018 Governing Conduct at the Ken Jernstedt Airfield and Replacing Ordinance

23. Anne Medenbach described the review of the Ordinance by airport users and the Airport Advisory Committee and recommends approval as written. President Streich closed the public hearing and called for a motion.

Motion: Adopt Ordinance 23-2018 as written:

- Move:** Meriwether
- Second:** Shortt
- Discussion:** None
- Vote:** Unanimous

MOTION CARRIED

b. Approve Minimum Standards for the Ken Jernstedt Airfield. Medenbach explained that Minimum Standards are standards set by the airport owner and operator to ensure and protect the level and quality of services offered.

- Motion:** Approve Minimum Standards for the Ken Jernstedt Airfield.
- Move:** Shortt
- Second:** Meriwether
- Discussion:** None
- Vote:** Unanimous

MOTION CARRIED

c. Appoint Airport Advisory Committee Members to Fill Two Vacant Positions. The Commission reviewed the applications of five citizens interested in serving on the Airport Advisory Committee. After discussion the nominations were:

- Motion:** Appoint Dayle Harris to the Airport Advisory Committee
- Move:** Sheppard
- Second:** Meriwether
- Discussion:** None
- Vote:** Unanimous

MOTION CARRIED

Motion: Appoint Doug Roby to the Airport Advisory Committee
Move: Shortt
Second: Meriwether
Discussion: None
Vote: Unanimous
MOTION CARRIED

d. Approve Amendment No. 1 to Contract with P-Square for Program. Fred Kowell explained that the Task Order 5 approved on August 21 did not include the needed programming and oversight of an interface with the Oregon DMV. This Amendment provides budget and authorizes this work.

Motion: Approve Amendment No. 1 to Task Order 5 for programming and oversight of DMV interface to the planned ALPR system, not to exceed \$32,000.
Move: Sheppard
Second: Shortt
Discussion: None
Vote: Unanimous
MOTION CARRIED

e. Approve Contract with PFM Financial Advisors LLC as the Port’s Financial Advisor, subject to legal review. Kowell explained the SEC requirement that a Financial Advisor cannot be linked to any entity’s underwriters and this agreement clarifies and formalizes the relationship.

Motion: Approve contract with PFM Financial Advisors, LLC as the Port’s Financial Advisor, subject to legal review.
Move: Meriwether
Second: Sheppard
Discussion: None
Vote: Unanimous
MOTION CARRIED

f. Approve Contract with MCEDD for relocation of truck parking analysis not to exceed \$2,000, plus reasonable reimbursable expenses. President Streich requested that the phrase “relocation of truck parking” be inserted into the staff recommendation, based on the previous discussion.

Motion: Approve contract with Mid-Columbia Economic Development District for relocation of truck parking analysis not to exceed \$2,000, plus reasonable reimbursable expenses.
Move: Shortt
Second: Sheppard
Discussion: None
Vote: Unanimous
MOTION CARRIED

g. Approve Executive Director Work Plan for 2018-19. McElwee noted that he had met with each Commissioner and incorporated their input and changes into the proposed work plan. Commissioner Shortt requested that periodic review of the plan occur more than twice a year and recommended an agenda item for such every three months.

Motion: Approve Executive Director Work Plan for 2018-19.
Move: Shortt
Second: Meriwether
Discussion: None
Vote: Unanimous
MOTION CARRIED

8. COMMISSION CALL: Commissioner Shortt noted he will not be in attendance at the October 2 meeting.

9. EXECUTIVE SESSION: President Streich recessed Regular Session at 7:52 p.m. to call the Commission into Executive Session under ORS 192.660(2)(e) Real Estate Negotiations.

10. POSSIBLE ACTION. No action was taken as a result of Executive Session.

11. ADJOURN:

Motion: Motion to adjourn the meeting.

Move: Shortt

Discussion: None

Vote: Unanimous

MOTION CARRIED

The meeting was adjourned at 8:38 p.m.

Respectfully submitted,

Genevieve Scholl

ATTEST:

Hoby Streich, President, Port Commission

John Everitt, Secretary, Port Commission

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Commission Memo

Prepared by: Michael McElwee
Date: October 2, 2018
Re: Dawson Neal, Near Shore Fish Species



Dawson Neal served on the Facilities crew this summer and is an accomplished and experience local fisherman. He will attend the meeting to present his work to map the near shore fish species present along the waterfront. Pageworks' Rountree Rouse developed the attached that Dawson will discuss during his presentation.

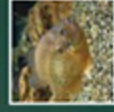
RECOMMENDATION: Information.

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NEAR-SHORE FISH SPECIES



SMALL MOUTH BASS



OTHER (CARP, SUNFISH, CATSISH)



STURGEON

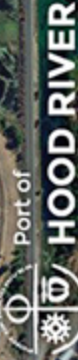


SALMON/STEELHEAD



BEST TIMES TO FISH		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
BASS						X	X	X	X				
STURGEON	X	X	X	X	X	X	X	X	X	X	X	X	X
SALMON STEELHEAD				X	X	X	X	X	X	X	X		
OTHER				X	X	X	X	X	X				

DATA COMPILED BY: DAWSON NEAL - PORT SUMMER INTERN 2018



Port of HOOD RIVER

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Commission Memo



Prepared by: Michael McElwee
Date: October 2, 2018
Re: Natural Hazards Mitigation Plan

Hood River County is leading efforts to assess the risk of natural hazards in our area and implementing steps to reduce risk. Over the past year, the County, led by Emergency Services Manager Barbara Ayers, has worked with numerous stakeholders to prepare a final Natural Hazards Mitigation Plan 2018 (“Plan”) to satisfy the requirements of the State of Oregon (OEM-State Office of Emergency Management) and federal government (Federal Emergency Management Agency). Port staff participated in meetings and assisted in the preparation of the Plan.

The final Plan is now available on the County’s website through the following link:

[https://www.co.hood-river.or.us/vertical/sites/%7B4BB5BFDA-3709-449E-9B16-B62A0A0DD6E4%7D/uploads/Hood_River_MNHMP_2018\(1\).pdf](https://www.co.hood-river.or.us/vertical/sites/%7B4BB5BFDA-3709-449E-9B16-B62A0A0DD6E4%7D/uploads/Hood_River_MNHMP_2018(1).pdf)

The County is asking various public agencies to adopt the Plan to demonstrate to the State and Federal Government that there is broad local support. This is the final step in obtaining state and federal approval. In the future, FEMA may increase mitigation funding before disasters, while decreasing recovery funding after disasters. Adopting this plan will help both area cities and Hood River County maintain access to those funds.

Barb Ayers will attend the meeting to present the major components of the Plan and answer questions from the Commission.

RECOMMENDATION: Information.

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Commission Memo



Prepared by: Anne Medenbach
Date: October 2, 2018
Re: Future Development Options Discussion

At the September 11th Commission meeting there was discussion about the recently approved Real Estate Asset Strategy (REAS) and the scope of work for further analysis of four identified properties. The goal would be to choose 1-2 projects for the Port to undertake within the near term. The four identified sites are:

1. The east side of the Maritime site
2. The south side of the Jensen building
3. Lot 1015 at the Lower Mill
4. The Barman Site

Attached is a preliminary staff report for each site that addresses the following:

1. Site characteristics
2. Zoning comparison
3. Market analysis
4. Conceptual site plans
5. Financial Analysis
6. Decision Matrix

Staff seeks Commission input on the form and content of these preliminary reports.

RECOMMENDATION. Discussion.

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Future Development Decision- 4 Property Overview

Staff was asked to analyze four properties to inform an immediate development decision for the Port. In 2019/20 there is approximately \$9,000,000 available for the Port to construct income producing buildings. The purpose of this analysis is to further expand on Staff's earlier Real Estate Asset Strategy and delve into 4 properties that could be developed immediately.

The four properties that were analyzed by Staff are: Maritime, S. Jensen, Lower mill lot 1015 and the Barman property. Staff has provided in depth analysis on 3 properties in various ways, excepting the Barman site. This site is zoned commercial and is being evaluated as a mixed-use building with residential, parking and retail. As these three property types are not within the typical wheelhouse of Port Staff, the Port will need to rely on 3rd party expertise regarding income and development costs. This process will take time and budget which is not included in this years adopted budget. Additionally, there are outstanding issues with the site regarding the Intersection Access Management Plan with ODOT and the potential of a round-about has not been solved. Staff therefor suggests that because of these issues that the Barman property be taken out of consideration for this immediate development decision.

The other three properties were analyzed under the following assumptions.

1. Vacancy and credit loss of 3% for all properties except for the Maritime office which is at 5% due to the much smaller amount of known need.
2. All leases are NNN with a 6% property management fee and 2% reserves.
3. Construction costs were based on costs from EcoNW including a 20% contingency for each building.
4. The lower mill site was analyzed with two different lease rates to illustrate a market rate and an above market rate.
5. The Maritime site was evaluated for both an industrial office use and a likely Flex use.

Based on the evaluation criteria outlined in the Real Estate Asset Strategy approved by the Board in September of 2018, Staff reviewed each property. Adjustments were made based on updated rental rates and construction costs for off waterfront construction. The contingency is still very high. Construction costs are also high as they were based on Lot 1 requirements. Even with these conservative estimates, all 3 properties meet the Port's return requirements.

Based on these evaluations the Lower mill lot is shovel ready and has a known market. The return meets Port requirements and the evaluation points to this property as the number one development option.

The S. Jensen lot and the Maritime Flex building have the same score. Jensen is about 50% less to develop but the return is slightly better for the Maritime site. However, there is an immediate opportunity and a known market for the Maritime Flex building using the concept of a Craft based Light industrial show case building for established local businesses and some incubator space. The Jensen development would be more of a temporary situation awaiting long term redevelopment plans for the larger building and would not move the Port towards an increased cash flow goal in the same way that a Maritime development would. It would serve an incubator need that could, in part be served at the Maritime site while providing more cash flow. The goals for these future development opportunities, as Staff understands them were to: reduce reliance on bridge income by creating significant and long-term cash flow. Meet and support market needs for local businesses and good jobs and provide quality development while doing so.

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Property Name	Total construction cost	Initial investment (20% equity)	Lease rate blended	NOI Yr 1	Cash flow Y1	total 20 yr cash flow	20 year ave annual cash flow	20 Year IRR w sale assumption	Cap rate	cash on cash (after Debt service) Yr 1
Lower Mill 1015	\$ 2,514,600.00	\$ 502,920.00	\$ 0.80	\$ \$175,549.00	\$ 6,056.00	\$ 1,166,150.00	\$ 58,307.00	14%	7.5%	3%
Lower Mill 1015	\$ 2,514,600.00	\$ 502,920.00	\$ 0.75	\$ \$164,568.00	\$ 5,084.00	\$ 887,349.00	\$ 44,367.00	12%	7.5%	1%
S. Jensen	\$ 3,524,500.00	\$ 702,900.00	\$ 1.70	\$ \$223,813.00	\$ 4,893.00	\$ 1,189,159.00	\$ 59,457.00	12%	7%	1%
Maritime Flex	\$ 8,941,680.00	\$ 1,788,336.00	\$ 1.54	\$ \$563,922.00	\$ 22,382.00	\$ 3,379,619.00	\$ 168,980.00	13%	7%	1%
Maritime Office	\$ 8,949,600.00	\$ 1,789,920.00	\$ 1.85	\$ \$596,283.00	\$ 54,263.00	\$ 4,173,948.00	\$ 208,697.00	14%	6.5%	3%

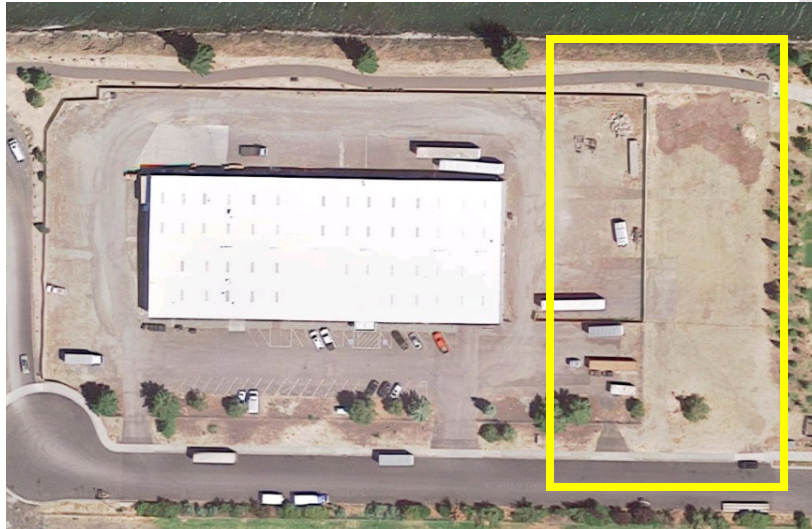
FDO Development Option Criteria Matrix

Name	Equity Req't under \$1.5m	Significant Cash Flow	Significant Job Potential	Immediate Opportunity	Shovel Ready	Provides Diversity	Fills Need	Catalyzes Development	Meets Return Req't	Average Score
Lower Mill 1015-.80										2.9
Lower Mill 1015-.75										2.9
S. Jensen										2.7
Maritime Flex										2.7
Maritime Office										2.4

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Property Summary

Property Name:	Maritime
Address:	910 Portway Ave.
Tax lot:	03N10E2500100 lots 113 and 112
Total land area:	Entire site 4.47 acres)
Zoning:	LI (4.17 ac) & OS (0.30 ac)



Existing conditions and Assumptions

The Maritime site is comprised of a 4.17-acre LI zoned leasehold lot and .30 acres that was left over after the park dedication and inadvertently zoned OS. The maritime site is not a legal lot, but a portion of a 200-acre lot that extends into the Columbia river. The Port may want to create a legal lot of the site, but it is not necessary. Staff is currently working with the City to clarify the

zoning on the OS portion and will determine if a legal lot creation is recommended. This analysis considers only the portion of the 4.17acre site to the east of the existing building. If the Port is successful in removing the OS designation on the .3 acres, then the site will expand.

A 38,000-sf building built in 1975 resides in the western center of the site. This building is near the end of its useful life and will likely be uninhabitable within the next 3-5 years without considerable capital investment. It is currently 100% occupied by 1 tenant whose lease is up in 2021.

Max building footprint:	25,000
Max height:	28 Feet
Max building square footage	50,000 more or less
Shape	Rectangular
Topography	level
Drainage	No known problems
Environmental hazards/geotechnical	No known env. Issues, Geotech survey needed
Access and traffic	Study likely needed
Zoning	
Designation	LI & OS
Additional zoning overlays	Waterfront Refinement plan, sub-area 3
Zoning change or variance	Difficult
Permitted uses	Light industrial
Minimum setbacks	ESEE-75" top of Bank, 20" max from ROW

Max site coverage	None specified
Parking requirement	Varies by use, LI= 1 per 1,000 Office= 2 per 1,000 retail=1 per 300 sf
Utilities	
Water	City, 8" line to site- sufficient
Sewer	City, 12" line to site- sufficient
Power	PPL, line to site- install transformer
Gas	NW Natural, 2" line to site- sufficient
Phone and internet	Century Link & Gorge Net to site- sufficient
Permitted Use	Light industrial use: manufacture, processing, warehousing or outside storage of products to be transported elsewhere for retail sale. Transportation facilities and caretakers residence.
Permitted when accessory and essential	Office up to 25,000 sf 25,000
	Sales up to 2,500sf
	Transportation facilities
Conditional use	Office over 25,000sf

Highest and Best

Physically possible. The site offers no unusual restrictions as it is flat, has utilities and access to the site with no real physical limitations to use. It does offer pedestrian interfaces and access to world class recreational area with adjacency to a highly used City park. There is an existing building on the site that will remain until at least 2021.

Legally permissible. The site is zoned LI with a waterfront overlay and is restricted to light industrial uses with up to 25,000 sf of industrial office and 2,500 sf of associated retail.

Financially feasible. There is high demand for all use types allowed on the site. Lease rates can support the construction costs for most use types, excepting warehouse. Construction costs have steadily risen for the past 3 years but the market is indicating that may be leveling off.

Maximally productive. Production/manufacturing paired with auxiliary retail and office use would generate a higher value than a simple production/manufacturing building. Industrial Office would generate even higher income although the need is much lower. It is staff's opinion that a flex use industrial building that showcases local Craft based Light Industrial use with auxiliary office and retail uses that compliment and mesh with the pedestrian and recreational nature of the waterfront is the most productive use of the site. Additionally, the high tech nature of the craft based light industrial process adds interest and potential educational components to a building with a pedestrian interface.

Market Analysis

Need: There is a known need for all types of industrial uses both on and off the waterfront. Staff has been in contact with 205 business over the past 4 years each with a space need in Hood River County. Of those potential users, several them would want to or could be located on the waterfront. The numbers

below reflect those that could be located on the waterfront and who fit the allowed use for the Maritime lot.

Business types. The three types of businesses are: beverage production, food production and manufacturing.

	Beverage production	Food Production	Manufacturing	R & D	
Total number of businesses	12	7	11	2	
Over 10,000 sf	4	1	2	1	
Under 5,000 sf	5	3	9	1	
5-10,000 sf	3	3			
Total sf	97,500	53,500	86,500	27,000	Totals
Office	13,000	11,000	5,000	22,000	51,000
Retail	6,000	4500	500		11,000
Production/manu.	70,500	33,000	51,000		154,500
Storage	9,500	5,000	8,000	5,000	27,500

The largest need is for production and manufacturing space which totals 154,500 sf. Office and retail uses are accessory and essential to these businesses but not the core need. Those auxiliary use types could either be incorporate into the production/manufacturing space or shared with others.

Use type	Known Market Need SF	Market Lease Rates	Rates used
Industrial office/retail	51,000	\$1.15-\$2.25/sf base	\$1.90/sf
Production/manufacture	154,500	\$0.60-\$1.80 sf base	\$1.60/sf
Warehouse	27,500	\$0.61-\$0.75/sf base	\$0.80/sf

Rates: Market lease rates are taken from existing comparable property leases provided by local brokers, property managers and owners as well as a market study completed by EconW in 2017. All comps were verified by staff for 2018 numbers.

Most businesses needed space immediately or within the next 12-18 months.

Conceptual Site Plans

The site plans for the maritime site were done to show industrial, office and a mixed use on this site. The option included here shows a building that could be constructed while the existing one is up. The usefulness of these renderings is to provide a site plan, space usage overview and will be modified and refined if this site is chosen to move forward. Staffs concept of creating a building that highlights local craft based industrial businesses that need: office, small showcase production/manufacturing and some retail fits a need and could create a very intriguing and engaging intersection between industrial process education, business need and pedestrian access.

Financial Analysis

Two scenarios were evaluated. Flex industrial and industrial office. Flex industrial would include manufacturing/production spaces with auxiliary retail and office uses. Small scale warehousing is necessary and included for any industrial use to store materials and finished product for distribution. Production and manufacturing space needs to have clear height of a minimum of 28 feet, requiring a height variance for at least a portion of the building to 35 feet. Up to 3 similar type buildings could be placed on the site including parking.

Industrial office is a strict office use and must be either R & D or connected to a production/manufacturing business. 25,000 sf is the maximum size unless there is a conditional use permit. This analysis looks at 30,000sf. A larger structure could be built, up to 40,000 sf if users were found that met the industrial office criteria. A two-story building would be expected.

Site overview	Industrial Flex	Industrial office
Building sf	32,000	30,000
Office	12,000	27,500
Retail	2,000 (500 exterior)	2,500
Production/manufacture	13,000	0
Warehouse	5,000	0
Variance or conditional use	Yes. to 35 feet (6 feet more) on 15,000sf	Yes. Conditional use needed over 25,000sf
Parking spaces needed	58	60
Annual Operating Data		
Income	\$616,800	\$666,000
Vacancy credit loss (3%)	-\$18,504	-\$33,300
Effective Gross Income	\$598,296	\$632,700
Expenses (2% reserves, 6% mngmt.)	-\$47,863	-\$50,616
Net Operating Income	\$550,432	\$582,084
Cash Flow 20 yr. ave	\$235,496	\$208,697
Assumed Cap rate	7%	6.5%
Development Costs		
Shell and core/sf	\$6,080,000	\$6,000,000
Landscaping	\$300,000	\$300,000
Site prep and utilities 5%	\$304,000	\$300,000
Parking	\$174,000	\$180,000
Soft-10%	\$677,400	\$678,000
Contingency- 20%	\$1,490,280	\$1,491,600
Total	\$8,941,680	\$8,949,600
Return estimates		
IRR- 20 yrs	13%	14%
Cap rate	7%	6.5%
Cash on cash- yr 1	1%	3%

Due to the higher lease rates, the office building return is slightly better with little cost increase per sf. Cash flow is also larger with a better long-term cap rate and cash on cash return. Both buildings meet or

exceed the Port's return requirements. The contingencies are still very large as the process is in the beginning phases and will be refined as the process moves forward.

Challenges

1. Existing building. The existing building has a lease extendable through 2021. This causes two issues if construction begins before that:
 - a. Truck access. The existing building user is industrial with the only loading bay directly off the eastern access. This access (curb cut) would need to be widened to allow for truck and vehicular traffic to enter the site and for truck traffic to access a new buildings south side dock.
 - b. The set ESEE set back will apply to the new building but not the existing one. There will be a large setback that will need to be fenced on the west side to block the existing building.
 - c. Existing lease with HRD which gives leasehold to the entire site through 2021.
2. Geotechnical. The site needs to have a geotechnical study completed to determine if additional footings or subgrade stabilization would be needed.
3. A height variance may be needed, but craft based light industrial could also potentially use the existing 28 feet without a variance. Potentially holding off on a variance would create a more gradual transition from the park to the constructed environment and allow for a quicker development process. This would not be a challenge if the Port chooses to withhold a variance request for height.

Conclusion

Both industrial office and industrial flex meet the Port's return requirements and are estimated to cost under the \$9,000,000 that could be available in 2019/20. The highest and best use as a flex industrial building fits with the known market need of mostly production/manufacturing use paired with office and retail as accessory to the use. An office building would either house one large user or several small users, but all would need to be industrial businesses. The likelihood of a small business wanting to split office from their other operations is slim, so this leaves only big users. There is currently only 1 large R & D user that has approached the Port. The small users profiled in this report are all primarily industrial businesses with an office need. There are 3 large businesses that could may split their operations and house office separately from their production. However, they have all voiced that they would like at least some flex space in the office building. Due to the known market need, staff therefor recommends the flex industrial option for the first building on the Maritime site.

Property Summary

Property Name:	South Jensen
Address:	400 Portway Ave.
Tax lot:	03N10E2500114
Total land area:	14,000 sf (aprox) 3. 5 acre total site
Zoning:	LI



Existing conditions and Assumptions

The Jensen building site is a 3.5-acre, industrial site abutting the Columbia River. It has a large parking lot on the west side and is adjacent to the Waterfront park to the west and the Event Site to the West.

An aprox. 60,000 sf building built in 1977 and purchased from Luhr Jensen company, sits in the center of the site. This is a highly functional industrial building with a row of loading docks on the east side, large clear span interior and demised into 10,000 + sf suites. It is currently 100% occupied by several tenants who utilize it for warehousing, manufacturing and office space in that order of allotted square footage.

This analysis considers only the southern portion of the site, including the small outbuilding. It is assumed that outbuilding will be demolished, and a new structure would replace that and potentially take the entire southern 20,000 sf.

Max building footprint:	10,000
Max height:	28 Feet
Max building square footage	40,000
Shape	Rectangular
Topography	level
Drainage	unknown
Environmental hazards/geotechnical	Likely environmental process will be needed.
Access and traffic	Study needed
Zoning	
Designation	LI
Additional zoning overlays	Waterfront Refinement plan, sub-area 3
Zoning change or variance likely	Difficult
Permitted uses	Light industrial
Maximum setbacks	20" max from ROW

Max site coverage	None specified
Parking requirement	Varies by use, LI= 1 per 1,000 Office= 2 per 1,000 retail=1 per 300 sf
Utilities	
Water	City, 8" line to site- sufficient
Sewer	City, 12" line to site- sufficient
Power	PPL, line to site- install transformer
Gas	NW Natural, 2" line to site- sufficient
Phone and internet	Century Link & Gorge Net to site- sufficient
Permitted Use	Light industrial use: manufacture, processing, warehousing or outside storage of products to be transported elsewhere for retail sale. Transportation facilities and caretakers residence.
Permitted when accessory and essential	Office up to 25,000 sf 25,000
	Sales up to 2,500sf
	Transportation facilities
Conditional use	Office over 25,000sf

Highest and Best

Physically possible. The site offers no unusual restrictions as it is flat, has utilities and access to the site. There are likely utility easements in the southern portion that may inhibit development. It does offer pedestrian interfaces and adjacency to world class recreational area. There is an existing building on the site that will remain for the foreseeable future.

Legally permissible. The site is zoned LI with a waterfront overlay and is restricted to light industrial uses with up to 25,000 sf of industrial office and 2,500 sf of associated retail.

Financially feasible. There is high demand for all use types allowed on the site. Lease rates can support the construction costs for most use types, excepting warehouse. Construction costs have steadily risen for the past 3 years but the market is indicating that may be leveling off. The existing building may someday be redeveloped and must be considered when evaluating this small site.

Maximally productive. The best return would be an industrial office building. However, this site will likely be redeveloped in the mid-term and constructing a costly structure on the south end would impact the future design of redevelopment. The most recent concept plans for this site incorporated interior incubator space with an outdoor, seasonal or covered market. The type of structure required to accommodate this need would be smaller, less expensive to build and potentially moveable and would provide flexibility for full site redevelopment in the future.

Market Analysis

Need: There is a known need for all types of industrial uses both on and off the waterfront. Staff has been in contact with 205 business over the past 4 years each with a space need in Hood River County. Of those potential users, several them would want to or could be located on the waterfront. The numbers

below reflect those that could be located on the waterfront and who fit the allowed use for the Jensen lot.

Business types. The four types of businesses are: beverage production, food production, R & D and manufacturing.

	Beverage production	Food Production	Manufacturing	Rec & tech
Under 5,000 sf	7	9	10	2
Total sf	11,900	24,000	24,950	3000
Office	2000	4000	3000	
Retail	3000	3500	1500	3000
Production/manu.	8900	20,500	23,450	

The largest need is for production and manufacturing space which totals 52,850 sf. Office and retail uses are accessory and essential to these businesses but not the core need. Those auxiliary use types could be shared or incorporated into the production space. This site has been conceptually planned in the past to host a seasonal and all-season market space. There could be a design to create a “Grange” type market which could host small scale or incubator production/manufacturing in combination with shared retail/market space and a second-floor open office concept that could host community education events and start up industrial office space.

Use type	Known Market Need	Market Lease Rates	Rates used
Industrial office/retail	20,000	\$1.15-\$2.25/sf base	1.75
Production/manufacture	49,850	\$0.60-\$1.80 sf base	1.25

Rates: Market lease rates are taken from existing comparable property leases provided by local brokers, property managers and owners as well as a market study completed by EconW in 2017. All comps were verified by staff for 2018 numbers.

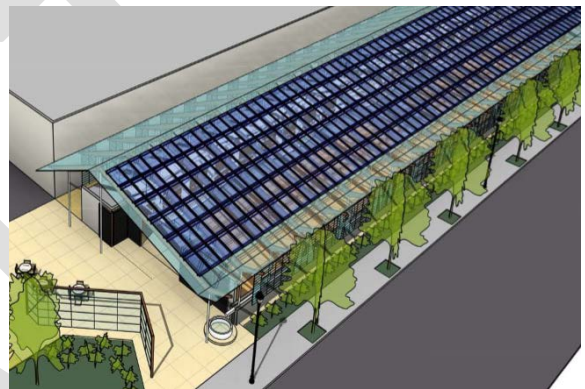
Most businesses needed space immediately or within the next 12-18 months.

Conceptual Site Plans

Three conceptual site plans have been developed for this site over the last 10 years. One of these was a 20,000 sf 2 story office type building which would likely be expensive and permanent. The other two concepts combined outdoor and indoor market concepts with small start-up spaces for production/manufacturing/art/craft. In addition, this site has been looked at for a farmer’s market location. Staff suggests a Community “Grange” type concept utilizing a metal frame building that could be moved and clad in a variety of materials to meet design standards. The site plans provided here show the two initial site plans with photos of a sample Grange concept.



PLAN - WITH MARKET BOOTHS



Financial Analysis

The scenario that was evaluated for this site is the Grange concept. Although it may not be used to support this concept, the design for a highly functional, small producer/manufacturer building would be very similar. As this would be a metal frame structure with a varied material skin, it's a very flexible design. Staff also has construction numbers for similar buildings and added 50% for finishes and a mezzanine.

Site overview	Industrial Flex- market
Building sf	12,000
Office	1,500
Retail	2,500
Production/manufacture	8,000
Warehouse	0
Variance or conditional use	None
Parking spaces needed	12- plenty in existing lot
Annual Operating Data	
Income	\$244,800
Vacancy credit loss (3%)	\$7,344
Effective Gross Income	\$237,456
Expenses (2% reserves, 6% mngmt.)	\$18,996
Net Operating Income	\$218,459
Cash Flow 20 yr. ave	\$59,457
Assumed Cap rate	7%
Development Costs	
Shell and core/sf	\$2,250,000
Landscaping	\$300,000
Site prep and utilities 5%	\$112,500
Parking	0
Soft-10%	\$266,250
Contingency- 20%	\$585,750
Total	\$3,514,500
Return estimates	
IRR- 20 yrs	12%
Cap rate	7%
Cash on cash- yr 1	1%

The return for this type of space is very good. Due to the small sizes of the space a reasonable lease rate can be charged to newer businesses. Any shared retail type space would be assumed to showcase local goods and would potentially be managed by a third-party non-profit such as Gorge Grown. Even if the rates need to be driven lower by start-ups, the return can still be very attractive even with a 20% decrease in the retail/office rents.

Challenges

1. Existing building. The existing building provides a design limit for a new structure and must be included in the design.
2. Easements. A survey is being completed to determine if any utilities or easements would inhibit development and how. That is anticipated to be completed by Mid-October.
3. Environmental. The largest challenge may be any unknown environmental issues left over from the previous owner. The DEQ was involved in the initial clean-up of this site and has been monitoring it since the early 2000's with the most recent site visit in 2014. While no traveling hazards have been detected there will be a need for further investigations as excavation occurs. There are monitoring wells on site that are checked annually and the Port will need to work with an environmental consultant to determine next steps.

Conclusion

A small, flexible industrial building that supports a mixture of small manufacturer/producers/craft businesses with a shared market component may be feasible on this site. The highest and best use as a "grange" type building fits with a known market need. This also could provide a showcase for local agriculture and craft as well as potentially providing community educational space. A flexible building that could potentially be re-located if the site is redeveloped in the future is attractive. The small users profiled in this report are all primarily industrial based businesses who could utilize shared amenities and marketing opportunities.

Property Summary

Property Name:	Lower Mill
Address:	Neal Creek Mill Road
Tax lot:	1015
Total land area:	1.4 acres buildable (1.83 total with remnants)
Zoning:	M-1, Light industrial



Existing conditions and Assumptions

The Lower Mill Industrial Park is a brownfield redevelopment project in Odell. The Port purchased 9 acres of M-1 zoned land in 2015. It had been a mill since the early 1900’s and while not contaminated with hazardous waste there was a significant amount of non-buildable, decomposed wood waste that needed to be excavated. That 20,000 CY of fill is being placed at the Ken Jernstedt Airfield and seeded to level out portions of the approach. In 2016, the Port purchased an additional 2.35 acres, also zoned M-1, for a total site of 11.3 acres.

All utilities were brought to the site in early 2016. The Port worked with Crystal Springs Water District for 18 months and completed a main waterline improvement in August of 2018 which brought fire flow’s up to required amounts for building.

The site is zoned M-1 and is appropriate for most industrial uses. This analysis deals only with lot 1015. Lots 1017 and 1011 are currently in sale negotiations and lot 902 is going through a wetland permit process anticipated to be ready for development or sale in 2019.

Max building footprint:	60% lot coverage ratio
Max height:	45 Feet
Max building square footage	none
Shape	irregular
Topography	level
Drainage	No problems
Environmental hazards/geotechnical	none
Access and traffic	Direct off Neal creek, will need curb cut.
Zoning	

Designation	Light industrial
Additional zoning overlays	none
Zoning change or variance likely	no
Permitted uses	Light industrial
Minimum setbacks	20 feet from ROW
Max building height	
Max site coverage	60%
Parking requirement	
Utilities	
Water	10" to site, Crystal Springs Water Distr
Sewer	4" to site, Odell Sanitary
Power	480 3 phase, to site, stub out, HREC
Gas	High pressure 4", To site, stub out, NW Natural
Phone and internet	HREC, to site, stub out
Permitted Use	
Permitted when accessory and essential	
Conditional use	

Highest and Best

Physically possible. The site offers no unusual restrictions as it is flat, has utilities and access to the site from multiple points. The only limitation currently to use is on lot 902 which hosts a large wood pile and a wetland. Both of these items are in the process of being removed to that the entire lot may be utilized. Regarding lot 1015, there are no existing buildings and no further site preparation work to be completed before construction could start. Access would need to be paved.

Legally permissible. The site is zoned M-1 and is suitable for most light industrial activities.

Financially feasible. There is high demand for all use types allowed on the site. Lease rates can support the construction costs for most use types but are higher for production/manufacturing than for storage. There are no design standards that would prohibit a standard, well insulated metal building with loading bays or docks.

Maximally productive. Production/manufacturing with loading bays and at least one dock high door would be the most productive use of the site as it would utilize the site for a building that would produce a good amount of income for the Port while meeting a strong market need. Production/Manufacturing space would also provide more jobs than would warehousing.

Market Analysis

Need: There is a known need for all types of industrial uses County wide. Staff has been in contact with 205 business over the past 4 years each with a space need in Hood River County. Of those potential users, several them would want to or could be located at the Lower Mill Site. The numbers below reflect those that could be located on the site and who fit the allowed use and size for the lot.

Business types. The three types of businesses are: beverage production, food production and manufacturing.

Business Types	Beverage production	Food Production	Manufacturing/production	Warehouse	Cold storage
Total number of businesses	6	9	12	3	4
Over 10,000 sf	2		3		2
Under 5,000 sf	3	5	8	3	2
5-10,000 sf	1	4	3		
Total sf	41,900	42,000	56,500	6,000	20,000
Total SF	166,400				

The largest need is for production and manufacturing space which totals 140,400 sf. Warehouse, while needed, is small scale with large scale conditioned warehousing being the largest need. Most businesses who need non-conditioned warehousing, would like it co-located with existing facilities and could conditioned storage off site. These businesses need office incorporated or a small, walled off office space. All need roll-up doors and/or a loading dock.

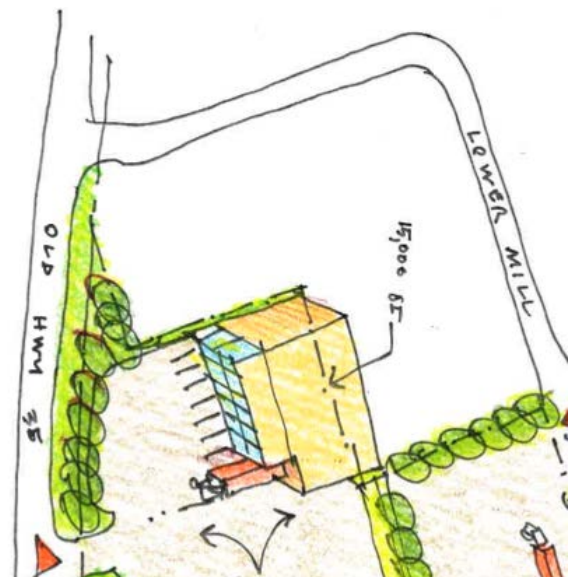
Use type	Known Market Need SF	Market Lease Rates	Rates used
Production/manufacture	140,400	\$0.60-\$0.80 sf base	\$0.80/sf
Warehouse	26,000	\$0.61-\$0.75/sf base	\$0.75/sf

Rates: Market lease rates are taken from existing comparable property leases provided by local brokers, property managers and owners. All comps were verified by staff for 2018 numbers.

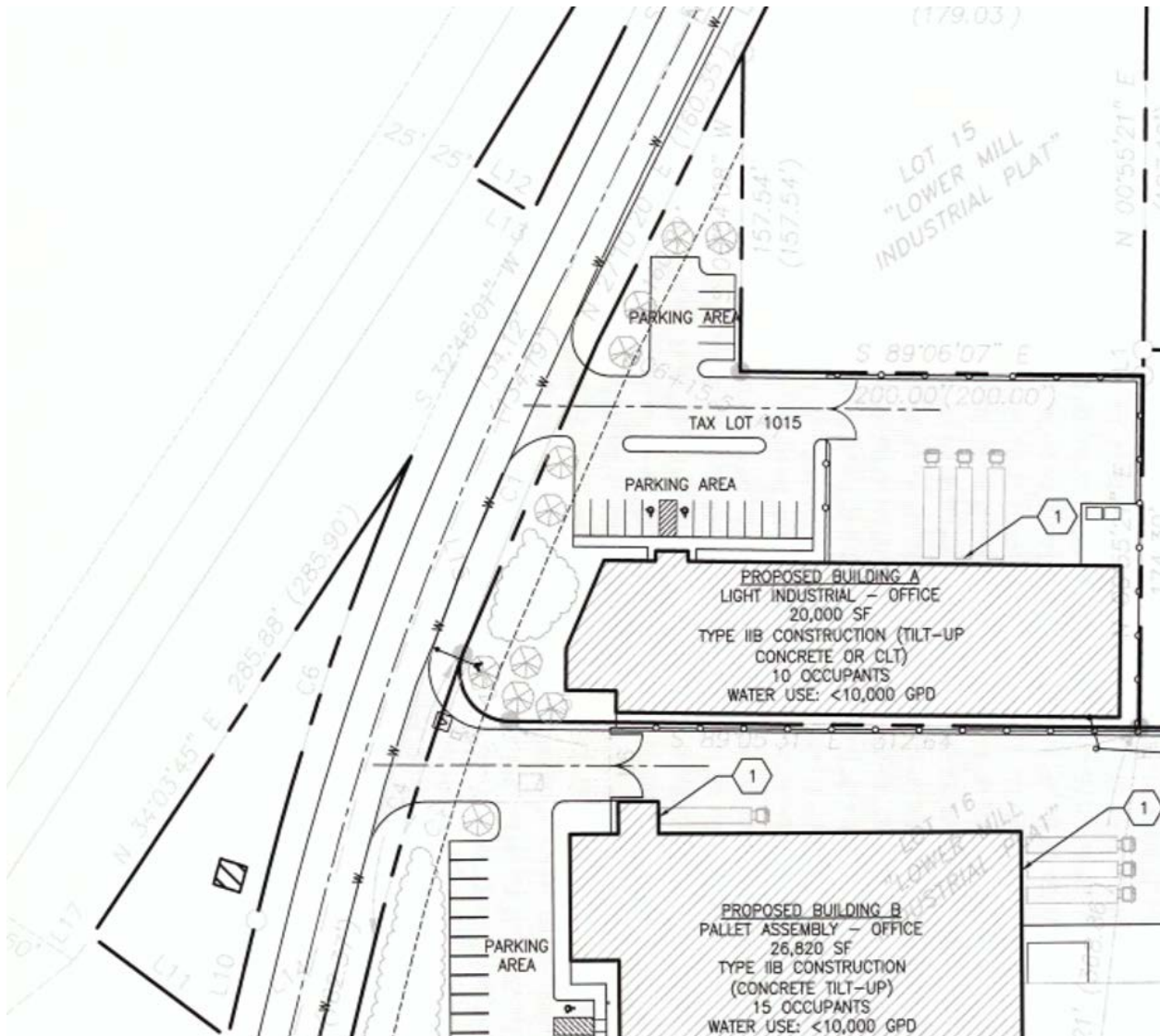
Most businesses needed space immediately or within the next 12-18 months.

Conceptual Site Plans

There have been two site plans completed for the Lower Mill. One completed in 2015, which shows a 2-story 15,000 sf flex building and one developed by Livermore Architects in 2017 which maximizes the building size (20,000sf single story) for industrial use. This design makes sense regarding access and division between this lot and the southern lots. It also allows for site parking. The bays would not need to be as



large and staff would refine these to 1-2 bays rather than the large amount depicted here. This design gives insight into where the building would be located, size allowance and the general site plan layout.



Financial Analysis

Due to the small size of the building and the large need for production/manufacturing space staff evaluated the site as production/manufacturing, not warehouse. Auxiliary, small scale warehousing is necessary and included for any industrial use to store materials and finished product for distribution. Production and manufacturing space needs to have clear height of a minimum of 28 feet, which would be allowed on this site outright.

The building was analyzed as a standard metal building, insulated and on a concrete pad with a double loading bay. Floor drains are also assumed. Lease structure is NNN.

Site overview		Industrial
Building sf		20,000
Office		0
Retail		0
Production/manufacture		20,000
Warehouse		0
Variance or conditional use		no
Parking spaces needed		20+
Annual Operating Data		Lease rate
Income	\$192,000	\$0.80/sf
Vacancy credit loss (3%)	\$5,760	
Effective Gross Income	\$186,240	
Expenses (2% reserves, 6% mngmt.)	\$14,899	
Net Operating Income	\$171,340	
Cash Flow 20 yr. ave	\$66,095	
Assumed Cap rate	7.5%	
Development Costs		Cost per sf
Shell and core/sf	\$1,700,000	\$85.00
Landscaping	\$60,000	
Site prep and utilities 5%	\$85,000	
Parking	\$60,000	
Soft-10%	\$190,500	
Contingency- 20%	\$419,100	
Total	\$2,514,600	\$125.00
Return estimates		
IRR- 20 yrs	14%	
Cap rate	7.5%	
Cash on cash- yr 1	3%	

This use meets the return requirements of the Port. The cost to construct is well under the \$9,000,000 that may be available in 2019/20. Staff is confident that the spaces can be pre-leased to tenants.

Challenges

1. Lease Rate. The lease rate is \$0.80/sf. This rate is currently being tested on new buildings adjacent to this site. There are comps for \$0.75/sf and wait lists for that rate. If the rate is to go down to \$0.75 the rate of return would decrease to 14% and the cash on cash in year 1 would reduce to 3%.
2. Competition. There are two industrial buildings being constructed adjacent. An 8,000sf and a 5,000sf. These buildings will be basic with no bay and no floor drains. When staff determined the construction costs, it was based on known costs of a simple metal building. However, due to the amount of food and beverage production space needed, staff included costs for floor drains and loading bay. This increases construction costs but will likely also increase lease rates.

Conclusion

The building as analyzed meets the Port's return requirements and is estimated to cost well under the \$9,000,000 that could be available in 2019/20. The highest and best use as an industrial building fits with the known market need of mostly production/manufacturing use. This would be a flexible building for the many small users who currently need space. It could potentially be demised into 2,500-5,000 sf suites or for a larger 10,000 sf user. There is a large demand for this type of space. The construction cost is relatively low. The challenges are few and the site is ready.

Property Summary

Property Name:	Barman
Address:	400 Portway Ave.
Tax lot:	03N10E25DB00: 900, 800, 700 & 600
Total land area:	0.61 acres or 26,571 square feet
Zoning:	C-2



Existing conditions and Assumptions

The barman site is made up of four small lots. It is currently vacant with no structures. It is a well-situated parcel to be the “front door” to the waterfront. As the only C-2 zoned parcel in 2nd street, it is also uniquely positioned to house a variety of businesses and use types including residential, parking garages and hotels.

The Port has typically developed industrial land and there will need to be a significant amount of market

research conducted to understand the needs and costs of developing these specific commercial use types.

Max height:	45 Feet (with commercial/residential use)
Max building square footage	40,000
Shape	Irregular
Topography	sloped
Drainage	unknown
Environmental hazards/geotechnical	Study needed
Access and traffic	Study needed
Zoning	
Designation	C-2
Additional zoning overlays	None
Zoning change or variance likely	Difficult
Permitted uses	Commercial
Maximum setbacks	None
Max site coverage	Not required
Parking requirement	1.5 spaces per multi family unit
Utilities	
Water	City, 8” line to site- sufficient
Sewer	City, 8” line to site- sufficient

Power	PPL, line to site- install transformer
Gas	NW Natural, 4" line to site- sufficient
Phone and internet	Century Link & Gorge Net to site- sufficient
Permitted Use	Rooming and boarding houses, home occupations, bed and breakfast, family day care, group residential, ADU's
Permitted with site plan review	Commercial uses, parking lots, multi-family- 11 units/ac minimum, Group residential, Professional office, transportation facilities.
Conditional use	Residential uses, non-multi-family, hospitals, schools, parks, utility stations, churches, public facilities, hostels.
Additional restrictions	<ol style="list-style-type: none"> 1. Residential uses must be combined with commercial. 2. No minimum density required. 3. No more than 50% of gross floor area can be residential. 4. No residential on the ground floor. 5. Deed restriction to prevent residents from objecting to waterfront existing uses. 6. City can impose additional reasonable restrictions.

Highest and Best

Physically possible. The site is oddly configured which, when trying to maximize it, makes a square (most efficient) building less likely and points to more expensive development. The small size also points to either on-site structured parking or off-site parking, which may not be available. The main sewer line and an 8" water main transect the site through the eastern center and will have to be moved.

Legally permissible. The site is zoned C-2 with the only restriction being no drive-throughs and that residential use be no more than 50% of the gross square footage. All other commercial uses including multi-family and hotels are allowed.

Financially feasible. There is a high demand for commercial space on the waterfront. However, due to the size and odd shape of this parcel, parking and limits on height will make this a challenging development. Development of this site may also trigger ODOT requirements for the 2nd and Riverside intersection that could include a round-about or some other form of control that may impact the size of the site or access to it.

Maximally productive. The site is commercially zoned and the maximally productive highest use will likely be a combination of residential and commercial uses. Weather structurized parking fits into that highest use will be uncertain until more financial data is known.

Market Analysis

Need: There is a known need for all types of commercial uses both on and off the waterfront. Staff has been in contact with 205 business over the past 4 years each with a space need in Hood River County. Of those potential users, a number of them would want to or could be located on the waterfront. As the Port has little commercial or retail space, Staff has a limited amount of retail and residential knowledge. However, there has been many requests for office space servicing the health industry as well as finance and other smaller personal service businesses. Most of these requests are for one to 3-person professional offices. As there is no listing service in Hood River, it is difficult to get numbers regarding office and retail needs.

	Under 1,000	1-5,000	5,000+
Retail sf	1000	1,500	
Office sf	9,637	40,600	10,000
Business numbers	27	20	1

Regarding residential, this is not something that the Port tracks in an active way and we have little hard data on the cost to develop different types of housing. This site would lend itself to a variety of multi-family housing types including: work force rentals, high end apartments or high-end occupant owned units. As hotels are also allowed, this may be another option. More information will need to be gathered on both development costs and lease or sales data for residential uses.

In addition, staff has limited knowledge regarding parking structure costs and incomes.

Staff suggest that the Port conduct 3rd party market research regarding office, retail, parking and housing costs and potential incomes in order to get a clearer picture on what a project containing these property types would look like.

Conceptual Site Plans

PLANS WILL BE PROVIDED AT THE OCTOBER 2nd MEETING

Challenges

1. Size of lot. The lot is small, just over .5 acres.
2. Shape of the site. It is oddly shaped which combined with its small size, makes development difficult.
3. Parking. The site would need to either have a small building to allow on-site parking, structure the parking or have off-site parking allowances. As the waterfront already has an issue with

parking it is unlikely that off site would be an option. A structured parking lot, due to the ramps, can only fit a small number of spaces, which is may not be enough for residential use or a high traffic commercial use.

4. ODOT Intersection Access Management Plan. It is unclear what will be required by ODOT at this intersection. A potential round-about would further decrease the buildable area.
5. Utility relocation. The large sewer and water lines would need to be moved in order to develop this site. Additional planning is needed.
6. Unquantified market need. As the Port is primarily an industrial developer, the residential, retail, parking and commercial markets are less known. It will be necessary to conduct a market study regarding these markets and their feasibility on this site.
7. Construction costs. There will also need to be 3rd party input regarding residential and parking structure development as this is not in the Port wheelhouse.

Conclusion

The Barman site is a highly visible, commercially zoned site at the front door of the waterfront and will need to be designed carefully to fill that role. There are many unknowns regarding the physical limitations of the site directly related to traffic and utilities. Also, unknown are development costs and returns for residential and parking structure uses. While a compelling site, more pre-feasibility study needs to be conducted.

Hood River-White Salmon Bridge Replacement Project

Project Director Report

October 2, 2018

The following summarizes Bridge Replacement Project activities from September 11 through October 2, 2018.

FINAL ENVIRONMENTAL IMPACT STUDY (FEIS)

Lead Agency Determination. After a 90-minute meeting in Portland on Sept. 24th, FHWA has agreed to serve as lead federal agency for the FEIS process. This was staff's top concern, as the FEIS work plan cannot begin until our consultants (WSP Global) know which NEPA criteria to follow. It is likely that the final financing plan – to be determined after this phase is nearly complete – will include some form of US Dept. of Transportation (USDOT) funding. That likelihood was enough to earn FHWA's support moving forward as there were no other triggering federal actions requiring the agency's involvement.

Most of FHWA's responsibilities for reviewing progress will be delegated to ODOT and the state agency will expect to be reimbursed for their time out of the grant proceeds. This will affect the project in at least two ways:

1. *Intergovernmental Agreement (IGA) Amendment.* ODOT and the Port will negotiate a Scope of Work showing specific tasks, hourly rates, timelines and costs for the state's time. The Port's management team's (aside from the Project Director who is already reimbursed by ODOT) time and overhead are also eligible for reimbursement and should be included in the amendment as well. This document will require Port Commission approval and I anticipate that it will be ready for review at the November Commission Meeting. It should be noted that many of ODOT's grant agreements, a 5-8% administrative charge is assessed.
2. *\$5M Project Budget Adjustment.* Once the scoping and rates have been negotiated, the overall project budget will need to be amended to add the agency reimbursement costs. The anticipated ODOT staff fees will be +/- 2% of the contract.

Stakeholder Interviews. WSP completed stakeholder interviews last Tuesday after talking to over twenty community members from both sides of the River. Anne Presentin from Enviroissues is preparing the Public Involvement (PI) Plan, which will include facilitating the EIS Advisory Committee (EISAC) meetings. Presentin, Genevieve Scholl and I met last Friday to discuss the plan for the first committee meeting and a review of the draft PI Plan.

1. *Advisory Committee Support.* Presentin will use the information gleaned from interviews and prior port documents to develop the committee structure, including:

- 1) Develop draft charter that includes decision-making authority, attendance requirements, decision process, committee name and whether there will be a chair or co-chairs.
 - 2) Determine how conflicts will be addressed.
 - 3) Identify public comment opportunities and how comments will be used in the project.
 - 4) Develop committee workplan with draft meeting dates and topics.
 - 5) Create web link to the Port's website where all materials will be posted.
 - 6) Create meeting plan with:
 - a. Meeting location (likely POHR, but it doesn't need to be).
 - b. Meeting time.
 - c. Public notification tasks, dates, responsibilities.
 - d. Staffing plan (greeter, notetaker, presenters, facilitator, etc).
 - e. Room set up.
 - f. Refreshments.
 - g. Planning meeting date to develop future agendas and identify materials (by phone).
 - h. Dry run/prep meeting date to review materials and finalize agenda.
 - i. Debrief meeting date (by phone).
 - 7) Agenda with objectives for meeting 1; annotated agenda for meeting 1.
 - 8) Enviroissues will develop these materials for the EISAC to review and adjust at their first meeting.
2. *Public Involvement (PI) Plan.* Pressentin will attend the October 16 regular meeting and present a 20-minute summary of the PI Plan for the next two years. This will be an opportunity for the Commission to review the plan, suggest changes and understand the approach for engaging the public during the NEPA process.

Risk Register. Included in the packet is an updated version of the project Risk Register that shows item 2 as closed and modified item 1 to include ODOT's role and development of contract amendment.

30-Month Schedule. Included in the packet is a high view 30-month schedule of the Final EIS Schedule. Project Updates will alternate between a higher-level 30-month schedule and a more detailed 6-month schedule.

ODOT CONTRACT BUDGET

Included in your packet is an updated draft project budget of the \$5-million Oregon Dept. of Transportation (ODOT) grant. The most noticeable change is the addition of \$100,000 to the State/Federal Agency Reimbursement Cost Line Item. This reduces the contingency of the project to \$340,000.

The Port anticipates receiving WSP's first invoice (c. \$31k) for August services in the next two weeks. Each invoice will include the percentage of budget completed for each of the eight tasks included in the FEIS contract. Future reports will show the percent of budget spent against the percent of work completed. This chart – along with the risk register – should help the Commission track the efficiency of the project.

PROJECT DELIVERY ACTIVITY

The Traffic and Revenue Advisory Contract will be presented for Commission adoption at the October 16th regular meeting.

COMMUNITY OUTREACH

WASHINGTON STATE UPDATE

A verbal report will be given regarding the second meeting on Oct. 2nd between representatives from both sides of the River. The meeting is intended to find common ground and a path forward for subsequent phases of bridge replacement after the current FEIS phase is complete.

COLUMBIA RIVER INTERTRIBAL FISHING COUNCIL (CRITFC) UPDATE

No significant activity to report.

INDIVIDUAL MEETINGS

- Sept. 13 met with retired Bechtel executive Mike Fox to give update on FEIS. Fox has decades of experience as a project manager on large international projects.
- Sept. 26 phone call with Thorn Run Partners to give update on progress with FHWA.
- Sept. 28 conversation with Arthur Babitz to give update on FEIS.
- Oct. 4-5 attending Oregon Public Ports Association annual meeting.

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iver Bridge Replacement Project: EIS Phase Register

ID	Status	Date Identified	Risk Identification		Risk Analysis			Risk Owner	Risk Response	Monitoring and Control	
			Risk	Impact Area	Probability of Occurrence	Magnitude (Impact)	Risk Matrix			Monitoring Interval	Notes
1	Open	8/28/2018 9/25/2018	Difficulty getting decision on lead federal agency for NEPA and formalizing ODOT's role	Schedule, Budget	Medium	High		Port	Mitigate - Prioritize discussions/meetings with FHWA (OR Div) and ODOT as well as FHWA (WA Div) and WDSOT as needed. Use group and one-on-one meetings as needed to flesh out any issues and foster a decision.	Bi-Weekly	Amended risk on 9/25/2018 to include formalizing ODOT's role; FHWA has agreed to be lead agency, but an IGA Amendment is needed to include ODOT's participation as a technical reviewer. Expect risk closure no later than 12/31/2018
2	Closed	8/28/2018	FHWA declines to be the lead federal agency for NEPA	Scope, Schedule, Budget	Medium	High		Port	Mitigate - Conduct additional meetings (if needed) with other federal agencies (USACE and USCG) to identify another one that can be the lead; revise NEPA document assumptions to meet the needs of another agency	Bi-Weekly	On 9/24/2018, FHWA agreed to be the lead Federal agency for completing the EIS/ROD
3	Open	8/28/2018	Key stakeholders withdraw participation in the project/decisions	Schedule, Budget	Low	High		Port	Avoid - Keep key stakeholders involved through regular communications and meetings Mitigate - Engage Port Commission and Executive Director as needed; conduct Port Commission work sessions to encourage public input and foster transparent decision making.	Monthly	Monitor throughout project duration.
4	Open	8/28/2018	In-water work cannot be scheduled during the 2018-19 in-water work window	Schedule	Medium	Medium		Port, WSP	Avoid - Proactively sequence tasks and schedule to make sure in-water work can be conducted during the 2018-19 window and schedule delays can be avoided Mitigate - If tasks miss the window, advance design for SDEIS with current data; use updated date from 2019-20 in-water work for the FEIS.	Quarterly	Expect risk closure no later than 1/31/2019
5	Open	8/28/2018	Delays in third-party reviews	Schedule, Budget	Medium	Medium		Port	Avoid - Coordinate with third parties in advance to alert them of upcoming reviews and clearly communicate expectations for reviews	Monthly	Monitor throughout project duration.
6	Open	8/28/2018	Delays in internal reviews (Port, DOTs, FHWA)	Schedule	Medium	Medium		Agency with Delay	Avoid - Coordinate with internal review parties in advance to alert them of upcoming reviews and clearly communicate expectations for reviews	Monthly	Monitor throughout project duration.
7	Open	8/28/2018	Alternatives beyond those studied in the DEIS are added to the SDEIS	Scope, Schedule, Budget	Low	High		Port	Avoid - Initial project efforts should clearly communicate logic for the range of alternatives studies in the Draft EIS; employ a "re-confirm" campaign in all early outreach activities.	Monthly	Expect risk closure no later than 1/31/2019
8	Open	8/28/2018	A different alternative than the DEIS preliminary preferred alternative is identified as the preferred alternative	Scope, Schedule, Budget	Low	High		Port	Avoid - Initial project efforts should clearly communicate logic for the preliminary preferred alternative in the Draft EIS and TS&L; employ a "re-confirm" campaign in all early outreach activities.	Monthly	Monitor throughout project duration.
9	Open	8/28/2018	Navigation clearance changes from the TS&L assumptions	Scope, Schedule, Budget	Medium	High		Port	Avoid - Coordinate regularly with USACE to determine dredges that need to be moved upriver. Initiate navigation survey early in the project.	Monthly	Expect risk closure no later than 1/31/2019

9/25/2018

Hood River Bridge Replacement Project: EIS Phase Risk Register

Risk Identification			Risk Analysis			Risk Owner	Risk Response	Monitoring and Control	
ID	Status	Date Identified	Risk	Impact Area	Probability of Occurrence			Magnitude (Impact)	Risk Matrix
10	Open	8/28/2018	Environmental impacts are substantially and adversely different than reported in the Draft EIS	Scope, Schedule, Budget	Medium	Medium		Quarterly	Monitor throughout project duration.
11	Open	8/28/2018	Emerging technical issues (e.g., geotechnical, archaeological, etc)	Scope, Schedule, Budget	Medium	Medium		Monthly	Monitor throughout project duration.
12	Open	8/28/2018	Estimated costs substantially increase	Project Budget	Low	Medium		Semi-Annually	Monitor throughout project duration.
13	Open	8/28/2018	Work is needed beyond the WSP contracted scope	Scope, Schedule, Budget	Medium	Medium		Monthly	Monitor throughout project duration.
14	Open	8/28/2018	Public controversy with the project	Schedule, Budget	Low	High		Monthly	Monitor throughout project duration.
15	Open	8/28/2018	Changes in key project personnel at Port, DOTs, FHWA, Consultant	Schedule, Budget	Medium	Medium		Monthly	Monitor throughout project duration.
16	Open	8/28/2018	Work product quality deficiencies	Quality	Low	Medium		Monthly	Monitor throughout project duration.

Hood River Bridge Replacement Project - Conceptual EIS Schedule

Name	Duration	Start	Finish	2019				2020				2021			
				Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	
1 Early Action Items	96 days	Wed 8/1/18	Wed 12/12/18												
2 Notice to Proceed	0 days	Wed 8/1/18	Wed 8/1/18												
3 Project Kick-Off Meeting	0 days	Thu 8/9/18	Thu 8/9/18												
4 Determine NEPA Lead Federal Agency	90 days	Thu 8/9/18	Wed 12/12/18												
5 Confirm Navigation Clearance with USACE/USCG	90 days	Thu 8/9/18	Wed 12/12/18												
6 Stakeholder Interviews	37 days	Thu 8/9/18	Fri 9/28/18												
7 Public Involvement	520 days	Wed 11/7/18	Wed 11/4/20												
8 BRAC Meetings	520 days	Wed 11/7/18	Wed 11/4/20												
18 Public Meeting #1	0 days	Thu 1/24/19	Thu 1/24/19												
19 Public Meeting #2/Public Hearing	0 days	Thu 4/30/20	Thu 4/30/20												
20 Environmental Studies	610 days	Thu 8/9/18	Wed 12/9/20												
21 Environmental Study Plan	90 days	Thu 8/9/18	Wed 12/12/18												
22 Update Technical Reports	160 days	Thu 12/13/18	Wed 7/24/19												
23 Supplemental Draft EIS	210 days	Thu 6/13/19	Wed 4/1/20												
24 Final EIS/ROD	180 days	Thu 4/2/20	Wed 12/9/20												
25 Engineering	380 days	Thu 12/13/18	Wed 5/27/20												
26 Survey, Bathymetry, Geotech Invesetigations	100 days	Thu 12/13/18	Wed 5/1/19												
27 Set Design Footprint	100 days	Thu 4/4/19	Wed 8/21/19												
28 Cost Estimate #1	40 days	Thu 7/25/19	Wed 9/18/19												
29 Cost Estimate #2	40 days	Thu 4/2/20	Wed 5/27/20												
30 Transportation	160 days	Thu 8/9/18	Wed 3/20/19												
31 Update Traffic Analysis for SDEIS	120 days	Thu 8/9/18	Wed 1/23/19												
32 Longer-term Projections for Tolling/Revenue Study	40 days	Thu 1/24/19	Wed 3/20/19												
33 Permit Assistance	130 days	Thu 8/9/18	Wed 2/6/19												
34 US Coast Guard Project Initiation Request	100 days	Thu 8/9/18	Wed 12/26/18												
35 National Scenic Area Coordination	100 days	Thu 9/20/18	Wed 2/6/19												

Project: Schedule_2018-09-24
Date: Fri 9/21/18

Task: Project Summary, External Tasks, External Milestone, Inactive Task

Milestone: Inactive Milestone, Manual Task, Duration-only

Summary: Manual Summary Rollup, Manual Summary, Start-only, Finish-only, Deadline, Progress

This schedule provides a conceptual sequencing of activities. Specific task and deliverable dates will be developed and updated throughout the project. Conceptual dates are not contract requirements for the Consultant.

Executive Director's Report

October 2, 2018

Staff & Administrative

- Commissioner Shortt and Genevieve Scholl will attend the annual meeting of PNWA on October 10-12 in Vancouver, WA. Kevin Greenwood will be attending the Oregon Public Ports Association (OPPA) in Coos Bay on October 3-6. Kevin will share Connor Truax's Breeze-By video and highlight the Port's internship program.
- I testified to the House Transportation Policy Committee on September 26 in Salem as part of an Oregon Ports panel during "Legislative Days," a series of presentations and informational hearings prior to the 2019 session. The topic was opportunities and challenges facing port districts state-wide.
- Commissioner Shortt is travelling and will not be able to attend the October 2, 2018 meeting.
- Genevieve will be assisting the Chamber of Commerce and Nate DeVol in producing a local races candidates forum planned for Wednesday, October 24, from 6PM-8PM at the Hood River Hotel.
- Attached is the Hood River County Major Employers List for 2018, provided by the Hood River Economic Development Group and the Chamber of Commerce.

Recreation/Marina

- Mt. Hood Meadows has requested an Agreement to utilize the Event Site for a second year to allow skier parking on weekends and holidays. This would again allow access to the ski area via a Meadows-operated shuttle bus.
- A video production company has requested an access agreement to the Spit for a project entitled "Exploring Wild America". The firm filmed at the Sandbar from September 29-October 1, 2018 using 15 cast and crew, carrying out both ground and drone filming.
- The Oregon Court of Appeals recently issued a pair of decisions that may have significant implications for the future of recreational immunity when applied to lands held in public trust. According to the Association of Oregon Counties (AOC) the cases involve the availability of recreational immunity with respect to claims arising from recreational use of public lands. While the decisions will primarily impact the State of Oregon, it could reduce or eliminate recreational immunity protection for some public agencies that make riverfront property available for public recreation. Jerry is evaluating these cases for potential impact on the Port.
- Staff met with the Junior Sailing Team regarding planning for next season. Their intent is to move forward with the program for Summer 2019. They are looking for a qualified

individual to run it. Jamie and Andy Mack said they will be in contact with HRYC, Community Ed and the HRVHS Sailing Team to see if there could be any possible combined efforts. Staff will touch base with them in January for an update. Daryl conveyed that she would support their efforts the best she could and that the Port would really like to see the program up and running. It was noted that they were very much missed this season.

Development/Property

- The City of Hood River Planning Director has rendered a staff decision (attached) on the tenant improvements at 403 Portway Ave. (Ferment Brewing) and 407 Portway Ave. (Camp 1805).
- Pfriem Family Brewing was named the best mid-sized brewery in the country at the Great American Beer Festival on September 16. A summary of the event and the awards can be found at <http://www.newschoobeer.com/2018/09/oregon-breweries-win-22-medals-2018-great-american-beer-festival-steal-show.html>.
- SDAO will be conducting property appraisals of all Port buildings with values over \$100,000 that are insured in the SDIS pool. This is part of an effort by SDIS members with property coverage to have a professional appraisal every 5-7 years to establish appropriate insurable values of all substantial buildings. New values will be applied at our next renewal.
- Staff went out to bid on September 26th for the move of the 20,000 CY of dirt from the Lower Mill to the airport. Bids are due on October 16th with a mandatory, pre-bid walk through on the 10th.
- USACE has made a determination that the Lower Mill wetland is not part of the “Waters of the United States” (letter attached). This allows the Port to apply for a Fee in Lieu of direct wetland replacement by the Port. Staff is moving forward with this process.

Airport

- Facilities staff has repaired the gable end of a T-Hangar block on the North Ramp. The metal building was damaged during snow plowing operations last winter.
- New traffic control gates for the North and South Ramps are now installed and operational.
- We have issued a requirement that all potential tenants on the T-Hangar Wait List submit a \$100 payment to remain on the list.



This is to ensure all individuals on the Wait List are serious and will likely result in a much shorter list. (This list currently has 56 people on it, with the #1 position dating to 2012). One individual on the list voiced strong objections to this action.

- The Environmental Assessment is now complete. This was a pre-requisite to The Connect VI project. The FAA sent staff their Finding of No Significant Impact (FONSI) letter on September 25th.
- 90% drawings were received by Staff for the design of the Connect VI project. Staff is reviewing those now.
- The Joint Permit Application for the wetlands fill by the North Ramp on the airport, was resubmitted to the Department of State lands and the Army Corps of Engineers on September 21st.
- The annual joint planning session with the FAA, ODA, and the Port will occur October 1st. The purpose of the meeting is to review the FAA's 5-year CIP plan for the airport. Staff will have an update at the Oct. 2nd meeting. Attached is the CIP letter from the FAA.

Bridge/Transportation

- Kris Strickler, WSDOT SW Region Manager, has taken a new position as the head of the Highways Division at ODOT. For the last three years, Mr. Strickler has been an important contact for the Hood River Bridge Replacement Project.
- Staff attended a meeting with FHWA/ODOT and WSP, the Port's FEIS consultant, on Sept. 24 in Portland to discuss their role in the FEIS. FHWA agreed to serve as the federal lead agency based upon the likelihood that a future bridge will rely on federal funding.
- The mandatory pre-bid for the Skew Upgrade and Lift Span Motors Project occurred on September 19. Nine potential bidders participated. The bid date has been moved to October 3 from September 26 to ensure greater bid responsiveness. We have applied for a Coast Guard permit that would allow the lift span to be left in the down position while work is carried out.
- A second bridge lift was carried out on September 26 to finish greasing the cables on the South Lift Tower and for additional training for Facilities Staff.
- On Sept. 23rd, the Columbia Gorge Express will no longer stop at the bus shelter by the Valero Gas Station. The buses will be stopping at a downtown location through the winter months. CAT will be removing the existing bus shelter and a new one will be installed by next spring.
- A guard rail on the approach road to the north end of the bridge was damaged by a large flat-bed truck/trailer on September 20. A witness reported it to the toll booth staff and we have video of the truck pass southbound through the Toll Plaza. At this time, we have not filed a police report but are following up as an insurance matter.

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Hood River County Major Employers List, 2018

Compiled for Hood River Economic Development Group with support from the Hood River Chamber of Commerce and EDG staff

Over 500 Employees

Providence Health-Columbia Gorge

251 to 499 Employees

Cardinal IG Company
Hood River County School District
Insitu

101 to 250 Employees

Best Western	Hood Technology Corporation
Columbia Gorge Hotel	One Community Health
Duckwall Pooley	Rosauers
Hood River County	Turtle Island Foods, Inc.
Hood River Juice Company	USACE Bonneville Dam

50 to 100 Employees

City of Hood River	Mt. Hood Meadows Ski Resort
Dakine	Opportunity Connections
Diamond Fruit Growers	Parkdale Migrant Head Start
Electronic Assemblers	Pfriem Family Brewers
Full Sail Brewing Co	Stadelman
Hood River Distillers	The Next Door, Inc
Hood River Care Center	UTC Aerospace
Lage Orchards Cold Storage	Walmart

Additional Major Employers in Cascade Locks (less than 50 Employees)

Bear Mountain Forest Products
Port of Cascade Locks
Thunder Island Brewing
Renewal Workshop
Portland Spirit

Note: Information collected was for employees in Hood River County. Firms with multiple locations might have larger overall employment.

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CITY OF HOOD RIVER

PLANNING DEPARTMENT

211 2nd Street, Hood River, OR 97031 Phone: 541-387-5210

DIRECTOR'S DECISION SITE PLAN REVIEW

Application Remanded: August 09th, 2018
 Notice Provided: August 15th, 2018
 90-day deadline: November 7th, 2018

September 19th, 2018

To: Key Development Corporation, C/o Jeff Pickhardt
 From: Dustin Nilsen, Planning Director
 RE: File No. 2018-29 – Site Plan Amendment Review– Key Development, Portway, Ferment
 Tenant Improvement Appeal

I. Background Information:

- A. **Request:** A request for Site Plan Amendment and approval of the Ferment brewery, tasting room, and commercial kitchen tenant improvement.
- B. **Applicant:** Key Development Corporation;
- C. **Owner:** Key Development and Asset Management, Inc.; 501 Portway Avenue, Suite 309 Hood River OR, 97031;
- D. **Property:** 403 Portway Avenue, at the southwest corner of Portway Avenue and North Second Street, Hood River; Township 3N, Range 10E, Section 25, Tax Lot 127. (See Attachment “B,” Location Map)
- E. **Zoning:** The site is zoned Light Industrial (LI), located with the Waterfront Overlay Zone Subarea 2, and Interchange Area Management Plan (IAMP) Overlay Zone.
- F. **Parcel Size and Use:** Approximately 2.15 acres. The site is partially developed with mixed-use development and surface parking.
- G. **Surrounding Zoning and Land Uses:**
 - West: Zoned C-2 General Commercial, Waterfront and IAMP Overlay- Mixed Use
 - East: Zoned LI -Light Industrial and Vacant.
 - South: Zoned LI- Light Industrial IAMP Overlay- Ryan Juice.
 - North: Zoned LI- Light Industrial, Recreational/Commercial, Waterfront and IAMP Overlay- Jensen Building and a portion of the Event Site
- H. **Applicable Hood River Municipal Code (HRMC) Criteria:**
 - 1. 17.01.060 Definitions
 - 2. 17.09.030 Administrative Actions
 - 3. 17.03.060 Light Industrial (LI) Zone

4. 17.03.120 Interchange Area Management Plan (IAMP) Overlay Zone.
5. 17.03.130 Waterfront Overlay Zone
6. 17.16.040 Site Plan Review Decision Criteria
7. 17.20 Transportation Circulation and Access Management

I. Agency Comments: Comments attached (Attachment C)

1. Joshua Brooking, Development Review ODOT
2. Michael McElwee, Port of Hood River

J. Public Comments: Notice was published in the Hood River News and Property owners within 250 feet of the subject parcel were notified of this request on August 15, 2018. Comments submitted by neighboring property owners and interested parties in response to the notice prior to August 29, 2018 are included as part of this report.

K. History:

1. Key Development Site Plan 15-22 Approved December 9th, 2015
2. Key Development Site Plan Amend 16-22 Approved August 10th, 2016
3. Ferment Tenant Improvement Permit Issued December 15th, 2017
4. Application remanded August 9, 2018
5. Agency referrals e-mailed August 15, 2018
6. Notice of Application published in Hood River News August 15, 2018
7. Notice of Application mailed to Adjacent Property Owners August 15, 2018
8. Notice of Decision issued on September 19th, 2018

L. Attachments:

- Attachment A.1 – Applicant Narrative and Comments
- Attachment A.2 – Floor Plan from Tenant Improvement (Building Permit No. 1300-3288)
- Attachment B – Location Map
- Attachment C – Agency Comments
- Attachment D – Public Notice and Public Comments.

II. Nature of this Review.

This review seeks approval for interior tenant improvements to an existing building (403 Portway, “Building 2”) in the City’s Light Industrial (LI) Zone within the Waterfront Overlay Zone. The 403 Portway Building 2 was one of four speculative buildings approved through a site plan in 2015 (File No. 2015-22), but no tenants or uses were identified or known at that time. The 2015 site plan application for the four speculative buildings addressed the lack of identified uses in the following way: “The re-development proposal consists of four three-story, approximately 15,000 square foot buildings with a mix of Light Industrial and Commercial uses (to be determined, as permitted by zoning code).” From this, the City’s site plan approval made certain assumptions about what the uses and tenants would be and anticipated that, if the future actual uses/tenants differed significantly from what was assumed, an amendment to the site plan review permit would be required. The following traffic/transportation finding from the 2015 decision is typical:

“Staff consulted with DKS and the applicant, and since the 1,500 square foot retail/commercial uses (x4) are unknown at this time, it was decided to approve this site plan on allowing the 1,500 square feet per building to be allowed under this permit, but if the proposed use in any of the 4 buildings exceeded “specialty retail” an amended site plan will be necessary to determine unaccounted for traffic impacts and possible contribution to the signal at 2nd and Oak.”

File No. 2015-22, Site Plan Decision p. 25.

The present application now specifies the commercial/retail use and tenant for the second floor of the Building 2 at 403 Portway, and it exceeds the 1,500 sf of commercial/retail space assumed in 2015. This proposal seeks approval for 1,772 sf of commercial/retail space, but the record shows a significantly larger area is actually used for commercial/retail and not light industrial uses. Accordingly, this proposal requires an amendment to the previous site plan approval to account for the new/different uses and other changes directly related to this new information, e.g., parking demand and trip generation. This decision also constitutes Planning Department land use confirmation or sign-off for issuance of a building permit for these tenant improvements. Except for these interior modifications and changes to the commercial/retail component, no other aspect of the 403 Portway Building 2 is changing from what was assumed and approved in 2015 or through a subsequently approved site plan review permit amendment in 2016 (File No. 2016-22). Consequently, this decision addresses only the new/different aspects of the site plan.

The new/changed aspects of the 403 Portway Building 2 are reflected in the applicant’s proposed floorplan layout for the second floor submitted with its building permit application for these tenant improvements (Building Permit No. 1300-3288). The underlying light industrial use is a brewery on the first floor of the building, and the second floor commercial/retail use is an accessory brewpub that sells food and brewery related merchandise. The applicant’s proposed floorplan layout shows certain areas in blue purportedly devoted to this commercial/retail use, with but excludes the “general circulation” areas between the customer seating areas and the food prep area indicated as being commercial/retail. A large kitchen at the southeast corner of the floorplan layout was designated as TBD (to be determined) and not commercial/retail. Finally, the second-floor restrooms are not identified as commercial/retail, nor is the covered deck area on the west end of the second floor. The record shows limited light industrial uses on the second floor.

III. Nature and Extent of the Commercial/Retail Use Allowed:

A decision on this site plan amendment and building permit request requires the application and interpretation of the following two Hood River Municipal Code (HRMC) provisions. Both relate to the nature and extent of commercial/retail use allowed in the LI Zone within the Waterfront Overlay, and both involve interpretation and the exercise of significant amounts of policy, legal and discretion. Collectively, these two land use regulations limit the amount of accessory and non-accessory commercial space allowed in the 403 Portway Building 2. The first land use regulation is applicable to the property’s Light Industrial (LI) base zone and the second applies to the property’s Waterfront Overlay zoning designation:

HRMC 17.03.060(B)(3), permitted uses in the LI Zone, subject to Site Plan review:

3. Sales and display of products provided: (i) sales are limited to those accessory and essential to the permitted use; and (ii) the total area devoted to sale and display of such products shall not exceed 2,500 square feet or 25% of the gross floor area within the building, whichever is less, except for LI uses in the Central Business District where the sales and display of products can be greater than 2,500 square feet or 25% of the gross floor area as long as the use remains incidental to the onsite light industrial use.

HRMC 17.03.130(D)(3)a.i, Waterfront Overlay Zone Uses:

a. Additional Permitted Uses subject to Site Plan Review. Within the area identified as Subarea 2 on Figure 17.03.130-3, the following additional uses are allowed subject to Site Plan Review:

i. Commercial retail uses, including the provision of goods and/or services for sale to the public, which are not accessory and essential to a permitted light industrial use provided: (a) commercial retail uses which are not accessory and essential to a permitted light industrial use shall not exceed 1,500 square feet or 10% of the gross floor area within the building, whichever is less; and (b) in no case shall the total commercial retail square footage in the building (accessory to industrial and non-accessory) exceed 2,500 square feet or 25% of the gross floor area within the building, whichever is less.

The underlined portions of the foregoing Hood River Municipal Code provisions apply to the use of buildings constructed on land zoned Light Industrial (LI) and within the City's Waterfront Overlay Zone, respectively. The subject site is located within Waterfront Overlay Zone Subarea 2. The City concludes that these development code provisions are ambiguous because they contain several terms that are susceptible of more than one meaning or interpretation. In particular, it is unclear what specific areas of a building and what specific uses are considered to be "commercial retail" for purposes of calculating the maximum 2,500 sf gross floor area allowed for such purposes. It is also unclear which uses are deemed to be "accessory and essential" to the underlying light industrial uses permitted outright in the LI Zone. These ambiguous expressions warrant interpretation, and their application to this lay-out is inherently discretionary. Both of these code sections also prescribe site plan review as the process for allocating accessory commercial retail uses within buildings in the LI Zone and Waterfront Overlay and for confirming that the 2,500 sf limit per building for such uses is met.

As a starting point, both of these provisions apply because the site in question is zoned LI and is within the Waterfront Overlay; therefore, the requirements of both code sections must be met to the extent they don't conflict with one another. By way of process, both sections specifically state that the enumerated uses are permitted subject to site plan review and the applicant's 2015 site plan application expressly anticipated subsequent application of the zoning code once the actual uses and tenants were identified. Thus, the present land use process is expressly envisioned by the Development Code.

HRMC 17.03.060(B)(3) allows the commercial “sales and display of products” in the LI Zone, and in this case limits the total area per building to a maximum of 2,500 sf. HRMC 17.03.060(B)(3) also limits such sales to those “accessory and essential” to the permitted light industrial use. HRMC 17.03.130(D)(3)a.i further refines these limitations to allow up to 1,500 sf of space for commercial uses per building not accessory and essential to the underlying light industrial use and up to 1,000 sf of space for commercial uses that are accessory and essential to the underlying light industrial use. The total maximum area allowed for commercial/retail space per building in the LI Zone under both sections is 2,500 sf. That much is clear.

What is somewhat more discretionary is a determination of what areas of the layout and proposed uses are considered to be commercial and subject to the 2,500 sf area limitation and which areas of the layout and proposed uses are light industrial permitted uses. The resolution of this question requires an accounting for areas in the layout designated as common areas, general circulation, areas that can be shared with light industrial uses, and areas that are not designated but apparently are available for eating and drinking by commercial customers. In making these distinctions, the City expressly rejects that applicant’s suggestion that only areas totally (100%) “devoted” to commercial sales and display count toward the 2,500 sf area maximum. The applicant also asserts that the floorplan layout approved by the prior Planning Director on September 28, 2018 (Building Permit No. 1300-3288) must be reapproved regardless of how that approval comports with the use limitations in the Development Code. As described in more detail below, the Planning Director’s sign-off on the floorplan layout was based on the applicant’s representations at the time of how the areas would be used. However, actual use of this space indicates that many of the areas designated on that floorplan layout for non-commercial (presumably light industrial) use, in fact, are used for commercial retail purposes, and thus count toward the 2,500 sf area limitation. The City finds that the actual use of these areas differs significantly from what was proposed in August 2017 and signed-off by the Planning Director in September 2017. As such, the City does not regard the Director’s 2017 sign-off as binding in light of the record before the City in this proceeding. Moreover, Planning staff notified the applicant on December 26, 2017 (6 days after the building permit was issued) of the disparity in commercial/retail area calculation, and from that point forward the applicant was on notice that its use area calculations were at least in dispute if not in error.

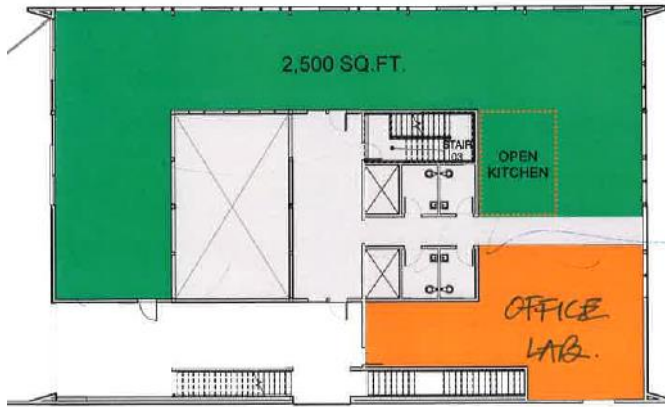
HRMC 17.03.060(B)(3) and 17.03.130(D)(3)(a.i) do not appear to conflict with one another, but instead can be applied in a compatible manner. The collective requirement of these two provisions is that all commercial retail areas (the “total commercial retail square footage”) count toward the 2,500 sf maximum limit and include “accessory and essential” commercial uses and non-accessory commercial uses. For example, in retail restaurant areas that share some facilities with light industrial uses, those areas or portions of building in which more than half (>50%) of the foot traffic is attributable to commercial/retail customers or employees are considered “commercial retail uses” and “commercial retail square footage” and count toward the 2,500 sf maximum commercial area. Such “commercial retail square footage” includes circulation areas to, from, within and among restaurant tables, restroom areas, kitchens, service and staging areas, and all connections in between so long as more than half of the foot traffic in these areas is attributable to commercial/retail customers or employees serving commercial/retail customers.

As a general proposition, the City interprets the language in these two land use regulations to include as “commercial retail square footage” any area that has any one or more of the following attributes:

- Any area where there is retail service or sales of food or drink, the taking or delivery of orders by employees, or the bussing of tables by employees.
- Any area that is covered or heated for customer use and where only customers are allowed or welcome.
- Any area where outside food, drink or non-customers are not allowed.
- Any area that is used in support of the commercial operation in the building, including retail kitchen and food prep areas, retail food/drink storage areas, restaurant employee breakrooms, private meeting and event space, circulation pathways between such retail commercial support areas and customer seating/service areas. This includes circulation pathways between kitchen and customer seating areas, and pathways in and around customer seating areas.
- Any area that is primarily (more than 50%) used by retail commercial customers or retail commercial employees, including restrooms, where fewer than 50% of the people using the area are employed by LI uses in the building.

Thus, by negative implication, if an area is open to the general public and anyone is welcome there to consume food or drink purchased elsewhere, and it doesn't have any of the above-listed attributes, the area will not be counted as “commercial retail square footage.” The 50% threshold for determining when an area is primarily commercial/retail in nature comes from the definitions of “Accessory Use or Accessory Structure” and “Incidental and Essential” in HRMC 17.01.060. The underlying primary LI use must constitute more than 50% of the use of an area for it to qualify as light industrial. Similarly, if an area has more than 50% use by commercial customers and employees, then the area will be regarded as primarily commercial retail and related service.

It is also worth addressing the applicant's floorplan layout for Ferment that was submitted in August 2017 as part of a tenant improvement building permit application and the Planning Director's September 28, 2017 sign-off. Plan excerpts are included below.



BUILDING 2 - LEVEL 2

Overall Floor Plan - Level 02 2

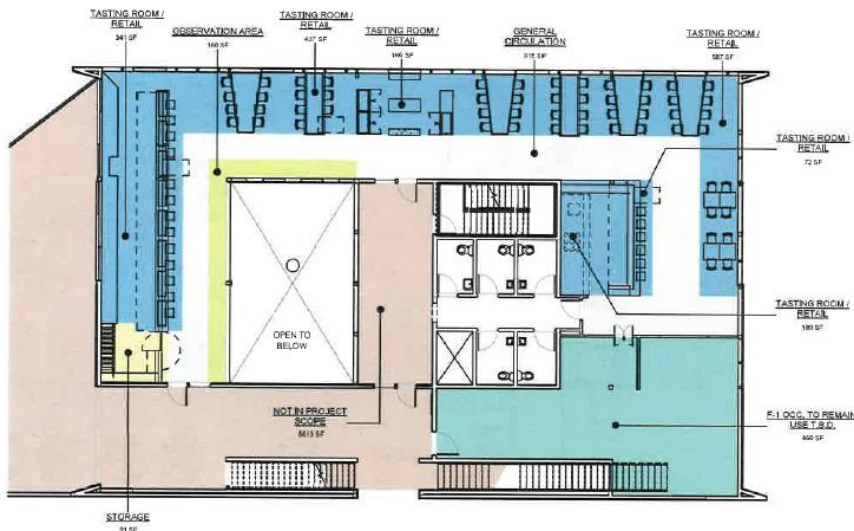
ZONING LEGEND

- BUILDING CORE SERVICES
- LIGHT INDUSTRIAL, INDUSTRIAL OFFICE, PROFESSIONAL OFFICE
- SALES AND DISPLAY

SK-100

PR - ZONING STRATEGY

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Use Area Legend

- TASTING ROOM / RETAIL
- OBSERVATION AREA
- F-1 OCC. TO REMAIN, USE T.B.D.
- GENERAL CIRCULATION
- NOT IN PROJECT SCOPE
- STORAGE

Water features in tasting room

Zone: LI / IAMP Parking

Setback Front: Side

Setback Rear: Side

Building Height: Side

Lot Coverage: Side

It is the property owner's responsibility to know the legal location of their property lines.

The applicant submitted the same floorplan layout for review and approval in the current proceeding. That floorplan layout shows in blue customer seating areas identified as tasting room/retail, along with a small food and merchandise display area. The plan leaves as undesignated, however, significant general circulation, observation areas, and pathways within and between customer seating and employee prep and support areas, as well as restrooms and other areas with no identified use. The large green area in the southeast corner is labeled “F-1 Occ. To Remain use T.B.D.” – to be determined. The legal presumption of the floorplan layout

signed-off was that none of these undesignated or TBD areas would be used or traversed by retail/commercial customers or employees nor would they be used as “commercial retail square footage” or for the “Sales and display of products.”

Actual use of these unaccounted areas, however, shows they are primarily used by retail commercial customers and employees to navigate between tables, seating and service support areas. The green TBD area appears to include the kitchen and prep area serving the commercial/retail brewpub customers. There is little evidence of light industrial use for these passageways or areas; in fact, there is little evidence of limited if any light industrial use on the second floor. The lack of light industrial uses on the second floor also indicates that the second-floor restrooms are used primarily by retail commercial customers and employees. Finally, the second-floor kitchen, food preparation and food/drink storage areas all appear to be used for the brewpub’s retail commercial operation, and thus all count toward the 2,500 sf maximum area limit. As such, these areas that were not approved for retail commercial use, in fact, have been put to such uses in violation of the floorplan layout that was signed-off in September 2017. The present decision takes the reality of those uses into account in applying the 2,500 sf “commercial retail square footage” area limit as follows:

Area Use Designation	Area Assignment
Storage	91 sf
Tasting Room/Retail 1	341 sf
Observation Area	160 sf
Tasting Room/Retail 2	437 sf
Tasting Room/Retail 3	146 sf
General Circulation	915 sf
Tasting Room/Retail 4	587 sf
Tasting Room/Retail 5	72 sf
Tasting Room/Retail 6	189 sf
Total	2,938 sf

These areas taken from the floorplan of “Space Planning Diagram – Level 2 – B2 01” (excluding the 860 sf F1 Occ. area and the shared restroom facilities) add up to 2,938 sf, which exceeds the 2,500 sf maximum commercial/retail area allowed in the Waterfront Overlay Zone for Subarea 2 by 438 sf. HRMC 17.03.130(D)(3)a.i(b). The record of actual use supports a conclusion that all of these areas are used for the “Sales and display of products” and therefore are counted toward the building’s total “commercial retail square footage.”

In the context of this interpretation, the subject site plan shall be limited to a maximum total 2,500 sf of “commercial retail square footage” for the “Sales and display of products,” which includes “accessory and essential” commercial/retail sales as well as non-accessory commercial/retail sales. Accordingly, passages between the kitchen/food prep areas and the customer seating areas are fundamentally commercial/retail in nature and count toward the 2,500 sf maximum. Similarly, the kitchen that occupies the southeast corner of the second floor is also devoted to serving the commercial/retail brewpub customers. Likewise, the second-floor restrooms appear to serve primarily commercial/retail customers and employees, and few if any LI employees. The LI employees on the first floor presumably use the first-floor restroom where

the light industrial brewery use is located. The proposed floorplan layout identifies no light industrial uses on the second floor, and the record contains no evidence of any.

IV. Site Plan Approval Criteria Implicated by These Uses.

As previously stated, only the new/changed information related to the use of interior second floor space is at issue in this site plan and building permit review. As stated in the foregoing findings, the extent of commercial/retail use in the 403 Portway Building 2 is limited to a maximum of 2,500 sf. This information affects the building's parking demand and the vehicle trip generation impact from this building on the surrounding transportation system and this building's proportionate share toward the up-grade of the 2nd and Oak traffic signal.

A. HRMC 17.03.060(G) prescribes the amount of parking required to serve this LI zoned building. In the 2015 application and in the present proposal, 96 on-site parking spaces proposed to serve all four buildings. The following parking calculations are taken from the approved site plan and 17.03.130(E)(7) for Parking Standards for Commercial and Recreational uses in the Light Industrial Zone:

- Professional Office: 3,750 sf each building $3,750/500 = 7.5 \times 4 = 30$ spaces total
- Light Industrial: 9,750 sf each building $9,750/1,000 = 9.75 \times 4 = 39$ total spaces
- Commercial/Retail: 1,500 sf each building $1,500/300 = 5 \times 4 = 20$ total spaces

From this, a total of 89 parking spaces are required. If a restaurant were to request occupancy of any of these buildings, the 1,500 sf would require 1 space for 200 sq. ft instead of every 300 sq. feet and evaluated at the time of application. Drinking and eating establishments require one space for each 200 sf of gross floor area, including any outside seating areas. At 2,500 sf gross floor area, the tasting room must provide 13 parking spaces. The applicant's Building Use and Parking Update shows that the Ferment Brewery will require 16 parking spaces. Approved tenants for Building One at 407 Portway have been allocated 16 spaces, which collectively account 54 of the 96 available spaces. Accordingly, there is sufficient parking available to satisfy the demand created by 2,500 sf of commercial/retail space, and the criterion is met. The applicant is also allowed to satisfy the parking requirement by paying a fee in lieu of off-street parking in the event that the 96 spaces are exhausted.

B. HRMC 17.03.120 – The Interchange Area Management Plan (IAMP) Overlay Zone applies to any land use application that is for a parcel wholly or partially within the IAMP Overlay Zone, as defined by HRMC 17.03.120(A). Any conflict between the standards of the IAMP Overlay Zone and those contained within other chapters of the Zoning Ordinance shall be resolved in favor of this chapter and the applicable requirements in Chapter 17.20, Transportation Circulation and Access Management. The IAMP requirements apply and are addressed in the next section related to HRMC Ch. 17.20 (Transportation Circulation and Access Management).

C. HRMC Ch. 17.20 – Transportation Circulation and Access Management applies to this proposal, which is located within the IAMP Overlay Zone because of its proximity to ODOT facilities. Based on the 2015 site plan application, the City concluded that 58% of the trips to/from this building went through the 2nd and Oak intersection, and on this basis required the applicant to execute a written agreement to contribute its proportionate share to the 2nd and Oak intersection up-

grade. When ODOT reviewed the 2015 site plan, however, it could not determine with any precision the traffic impact on its transportation facilities because none of the uses for the four buildings were identified. ODOT noted that, given the city's zoning, there was a chance that more intense uses could become established in the building than were assumed in the 2015 site plan approval, which was reflected in the following finding in that decision:

“Staff consulted with DKS and the applicant, and since the 1,500 square foot retail/commercial uses (x4) are unknown at this time, it was decided to approve this site plan on allowing the 1,500 square feet per building to be allowed under this permit, but if the proposed use in any of the 4 buildings exceeded “specialty retail” an amended site plan will be necessary to determine unaccounted for traffic impacts and possible contribution to the signal at 2nd and Oak.”

File No. 2015-22 site plan decision at p 25.

In the present application, ODOT provided the following comment:

“Based on review of the current proposals, it appears that the uses are exceeding the ‘1,500 sq. ft. specialty retail per building’ and, thus exceeding the speculative trip generation determined in the 2015 Site Plan review. Therefore, ODOT recommends that the applicant submit an updated analysis to the record with actual uses, trip generation and evaluation. If the uses exceed the assumptions made in the 2015 TIA, ODOT recommends that the City collect the net increase in proportional share requirements for the 2nd and Oak intersection. In addition, ODOT recommends that the City evaluate if the proposed ‘Specialty Retail’ use is consistent with the City Code for Light Industrial zoning, specifically that these uses are ‘accessory and essential’.”

The City agrees, and at ODOT's suggestion imposes the following condition:

The applicant shall submit an updated analysis that demonstrates the actual uses on site and as proposed, comport with the 2015 analysis. The applicant shall submit a traffic impact analysis, prepared by an Oregon licensed professional engineer, that assesses the impacts of the proposed use on the State highway system. If the uses exceed the assumptions made in 2015, the applicant shall pay to the city the net increase in proportional share requirements for the 2nd and Oak intersection.”

This will ensure that the development is consistent with City's code-based criteria, including the IAMP requirements.

V. Conclusions.

This proposed use is subject to a Site Plan Review in the LI zone and includes the establishment of a commercial/retail use (brewpub) and light industrial use (brewery). The commercial/retail use is allowed in the LI Zone, subject to compliance with criteria for the Waterfront Overlay, Site Plan Review and other applicable City standards. Because the proposal includes no exterior development or changes and is subject to approval criteria found in the prior

site plan approvals (City Files 2015-22 & 2016-22), the application was processed in accordance with HRMC 17.09.030 (Administrative Actions). As conditioned, the proposed use is generally consistent with the zoning ordinance; and those conditions of approval are warranted to ensure compliance with all applicable standards and criteria.

VI. Decision and Conditions.

Based on the foregoing findings and except as conditioned below, this application is approved in general conformance with the applicant's proposed site plan and related plans, and all representations and statements made by the applicant and its authorized representatives. This approval is granted subject to the requirement that the applicant, owner or subsequent developer (the "developer") shall comply with all applicable code provisions, laws and standards and the following conditions. These conditions shall be interpreted and implemented consistently with the foregoing findings:

1. Prior site plan approvals. The application remains subject to, and shall comply with, the terms and conditions of site plan approval in File Nos. 2015-22 and 2016-22.
2. Commercial retail square footage. The floorplan layout shall be revised, and the amount of commercial retail square footage is limited to no more than 2,500 sf. "Commercial retail square footage" means any area that has any one or more of the following attributes:
 - Any area where there is retail service or sales of food or drink, the taking or delivery of orders by employees, or the bussing of tables by employees.
 - Any area that is covered or heated for customer use and where only customers are allowed or welcome.
 - Any area where outside food, drink or non-customers are not allowed or welcome.
 - Any area that is used in support of the commercial retail operation in the building, including retail kitchen and food prep areas, retail food/drink storage areas, restaurant employee breakrooms, private meeting and event space, circulation pathways between such retail commercial support areas and customer seating/service areas. This includes circulation pathways between kitchen and customer seating areas, and pathways in and around customer seating areas.
 - Any area that is primarily (more than 50%) used by retail commercial customers or retail commercial employees, including restrooms, where fewer than 50% of the people using the area are employed by LI uses in the building.
3. Traffic/Transportation. The developer shall submit an updated analysis that demonstrates the actual uses on site and as proposed, comport with the 2015 analysis. The updated traffic impact analysis shall be prepared by an Oregon licensed professional engineer and assess the impacts of the proposed use on the State highway system. If the uses exceed

the assumptions in 2015 site plan application and approval, the applicant shall pay to the city the net increase in proportional share for the 2nd and Oak intersection.

4. Building Department. Prior to occupancy the shall obtain building approvals and demonstrate compliance with the requirements of the Building Official.
5. Fire Department. Prior to occupancy of the building, the applicant shall comply with the applicable requirements identified by the Fire Chief.
6. General.
 - a. This approval does not condone nor require interference with existing easements, covenants, deeds or restrictions of record which affect this or adjacent properties.
 - b. Failure to comply with these conditions will nullify this permit.



DEPARTMENT OF THE ARMY
CORPS OF ENGINEERS, PORTLAND DISTRICT
P.O. BOX 2946
PORTLAND, OREGON 97208-2946

September 27, 2018

Regulatory Branch
Corps No.: NWP-2017-473

Michael McElwee
Port of Hood River
1000 E Port Marina Drive
Hood River, OR 97031
mmcelwee@portofhoodriver.com

Dear Mr. McElwee:

The U.S. Army Corps of Engineers (Corps) has received your application for a Department of the Army (DA) permit to fill 0.86 acres of wetland for development of a large multiuse building, parking, driveway and loading dock area. The project is located at 3335 Neal Creek Mill Road, in Odell, Hood River County, Oregon at Latitude/Longitude: 45.62776°, - 121.5196°. Your application has been assigned Corps No.: NWP-2017-473. Please refer to this number in all correspondence.

We have reviewed your application pursuant to Section 404 of the Clean Water Act (CWA) and Section 10 of the Rivers and Harbors Act of 1899 (RHA). We have completed an Approved Jurisdictional Determination of the review area at this site as shown on the enclosed drawings (Enclosure 1). This determination applies only to the review area. Other aquatic resources that may occur on this property or on adjacent properties outside the review area are not the subject of this determination. Based on the Approved Jurisdictional Determination, we have determined that a DA permit is not required for your proposed work as described in your application and as shown on the enclosed drawings.

Under Section 10 of the RHA, a DA permit is required to construct structures or perform work in or affecting navigable waters of the U.S. Wetland A and associated Ditch 1 are not a navigable waters.

Under Section 404 of the CWA, a DA permit is generally required for the discharge of dredged or fill material into waters of the U.S. We have determined the aquatic resources in the review area are not waters of the U.S.; as a result, the activity would not occur in waters of the U.S.

Our determination regarding the presence or absence of waters of the U.S. and/or navigable waters of the U.S. is documented on the enclosed *Approved Jurisdictional Determination (AJD) Form* (Enclosure 2). A copy of the AJD Form can also be found on our website at <http://www.nwp.usace.army.mil/Missions/Regulatory/Appeals/>. If you object to the enclosed AJD, you may request an administrative appeal under 33 CFR

-2-

Part 331 as described in the enclosed *Notification of Administrative Appeal Options and Process and Request for Appeal (RFA) Form* (Enclosure 3). To appeal this AJD, you must submit a completed *RFA* form to the Corps Northwestern Division (NWD) office at the address listed on the form. In order for the request for appeal to be accepted, the Corps must determine that the form is complete, that the request meets the criteria for appeal under 33 CFR Part 331.5, and the form must also be received by the NWD office within 60 days from the date on the form. It is not necessary to submit the form to the NWD office if you do not object to the enclosed AJD.

This AJD is valid for a period of five years from the date of this letter unless new information warrants revision of the determination.

Based upon information provided in your permit application, we have determined a Section 10 or Section 404 DA permit is not required for your proposed work. Although a DA permit is not required, other local, State, or Federal requirements may still apply.

Our determination regarding the proposed work is based on the project description and construction methods provided in your permit application. You are cautioned that any change in the location or plans of the work may result in activities that require a DA permit. If you have any questions regarding our regulatory authority, please contact Brian Zabel at the letterhead address, by telephone at (503) 808-4379, or E-mail: brian.j.zabel@usace.army.mil.

Sincerely,

for William D. Abadie
Chief, Regulatory Branch

Enclosures

cc:

Oregon Department of State Lands (Hartman)
Oregon Department of Environmental Quality (401applications@deg.state.or.us)
Port of Hood River (amedenbach@portofhoodriver.com)
Schott and Associates (Juniper Tagliabue, juniper@schottandassociates.com)



U.S. Department of Transportation
Federal Aviation Administration

Northwest Mountain Region
Seattle Airports District Office
1601 Lind Avenue S.W., Suite 250
Renton, Washington 98057-3356

February 27, 2018

Ms. Anne Medenbach
Development and Property Manager
Port of Hood River
1000 E Port Marina Drive
Hood River, OR 97031

Ken Jernstedt Airfield, Hood River, OR
Fiscal Year 2019-2023
CAPITAL IMPROVEMENT PLAN (CIP)

Over the past few years the Federal Aviation Administration (FAA) and the Oregon Department of Aviation (ODA) have partnered together with sponsors in a continued effort towards developing solid Capital Improvement Plans (CIPs). Through the development of the State Capital Improvement Program (SCIP), ODA and the FAA have been able to work together to identify the highest priority work within the anticipated funds that would most effectively improve the statewide airport system from a safety and preservation perspective.

Last October through November we met with you during Joint Planning Conferences to review and compile a list of projects. Over the past few months your FAA PM, FAA State Planner and SCIP Coordinator have worked together to review, analyze and coordinate your airport’s CIP. The summary below represents the plan the FAA will move forward with at this time. Our office believes that this plan is both eligible and justified; however as in any given year, projects are dependent on the availability of funding. Any changes to the agreed upon project list needs to be coordinated on your next SCIP and may affect funding and year. We appreciate your willingness to work through this process with us, and look forward to continuing to do so in the future.

Your non primary entitlements balance prior to any FY2018 funding actions are listed below.

(2015 Expiring)	FY 2015	\$0
	FY 2016	\$0
	FY 2017	\$48,952
	FY 2018	\$150,000
	TOTAL	\$198,952

Ken Jernstedt Airfield
5-YEAR PROJECTS & REQUESTED FUNDING

Year	Project Name	NPE*	ST/DI	Total
2019	Expand Apron: Phase I- Design	\$75,000	\$0/\$0	\$75,000
2019	North Side EA Reimbursement	\$225,000	\$0/\$0	\$225,000
2020	Expand Apron: Phase II- Construction	\$150,000	\$1,630,000/\$0	\$1,780,000
2021	PMP	\$20,000	\$0/\$0	\$20,000
2022	Carry Over	\$0	\$0/\$0	\$0
2023	Carry Over	\$0	\$0/\$0	\$0

*Non-primary entitlement funds are specifically for general aviation airports that show needed airfield development listed in the latest published National Plan of Integrated Airport Systems (NPIAS). Non-primary entitlement funds are calculated as follows; the lesser of \$150,000 or 1/5 of an airport’s 5-year development cost.

Please be reminded that you need to coordinate with ODA to ensure this plan is updated in GCR database with the CIP Datasheet detailing your projects.

To improve response timing due to Airport Improvement Program (AIP) grant schedule constraints we require that you submit your FY20-24 SCIP to the ODA SCIP Coordinator no later than August 31, 2018.

If you have any questions please call your Project Manager, Dan Stewart, at (425) 227-2666.

Sincerely,



Joelle Briggs
Manager, Seattle Airports District Office



Port of
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Minutes

AIRPORT ADVISORY COMMITTEE

Thursday, September 20, 2018

At WAAAM – 4:00pm

Attendees: Bret Russell, Doug Roby, Dayle Harris, Bill Avolio, John Benton, Brian Prange, Tammy Kaufman, Bud Musser, Ken Newman, Cory Roessler, Anne Medenbach.

1. Airport Project updates (Anne. M)
 - a. Environmental Assessment- *complete, with final contingent on getting wetland permits*
 - b. Wetland permitting- *Have re-submitted and hope to have permits by 2019.*
 - c. Connect Oregon- *90% drawings are complete, still on schedule for construction in Spring of 2019.*
 - d. South Development - *Tac Aero will be resubmitting final plans to the Port for approval at the October 16th Board meeting. Those plans will likely include three 80x80 hangars for storage and maintenance, construction in Spring of 2019.*

2. FBO update
 - *Will begin negotiations on new operations agreement in October.*
 - *Fly in went great. Pumped 3,500 gal from trucks and 800 from pump, made \$20,000 in scenic rides and merchandise sales, turned in a drone pilot who was trying to fly on the field, that is now in FAA hands. Lots of work, trying to help WAAAM by marshaling, stripping and looking to share more responsibilities.*
 - *They are averaging 20 active students and have had 30 students this year complete the training program.*
 - *Looking at ways to track take off and landings although its difficult and various experiments with how to do this accurately have failed. They will keep trying.*
 - *Will put a Fly Friendly and traffic pattern note on UNICOM. Port will send language from Fly Friendly program.*

3. WAAAM Update
 - *Fly in-went well, put on 8 pilot safety seminars, with 40-70 people at each. Looking for a larger place to host those next year. 130 plans on Friday. Spaghetti feed was taken over by the high school and was well received. A question was if the fly in was invitation only. No it is advertised.*

Port of Hood River

Providing for the region's economic future.

- *Coordinate advertising with Tac Aero, Port and Fly Friendly program. Include traffic pattern graphics. More info on website.*
-

4. Glider Update

- operating 2-3 days per week.*
- 3 active instructors and 5 students. Great weather for soaring recently.*
- Looking at how to expand to students, Wildwood tour next week.*

5. Other items to discuss

- Runway light height -Port will look into cost of retrofit kits to lower lights all to the same low level as some were done a couple of years ago.*
- Gate codes- Unanimous request from AAC to change access code to UNICOM frequency and keep it there. That's 1228.*
-Port will look into a camera and post light for the north gate to help with fuel theft.
- Dirt move- The port is planning on moving 20,000 cy of dirt to the east side of the field from the lower mill. Anne will send John Benton a copy of the soils report. This would happen this winter.*
- Ordinance 23 and the minimum standards were approved on the 18th and the Port will post those on the website shortly.*
- Congratulations to Dayle Harris and Doug Roby who were both appointed as AAC members. Thank you to those of you who applied, we hope you remain involved as your input is very important!*

Next Meeting is Thursday December 7th at 4:00 PM

Commission Memo

Prepared by: Michael McElwee
Date: October 2, 2018
Re: County Natural Hazards Mitigation Plan,
Resolution 2018-19-1



Hood River County has led a multi-jurisdictional effort to prepare a Natural Hazards Mitigation Plan 2018 (“Plan”) to anticipate the likelihood of various natural disasters and take proactive steps to mitigate the impacts of those disasters; to satisfy the requirements of the State of Oregon and the federal government.

As prepared, the Plan incorporates many aspects that will mitigate risk to Port properties and to constituents within the Port district. The County is requesting that the Port of Hood River and other local governments adopt the Plan to demonstrate to the State and federal government that there is broad local support. Staff recommends Commission approval of the attached Resolution adopting the Natural Hazards Mitigation Plan 2018.

RECOMMENDATION: Approve Resolution 2018-19-1 adopting and approving the Hood River County Natural Hazards Mitigation Plan.

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PORT OF HOOD RIVER
Resolution No. 2018-19-1

**Resolution Approving and Adopting Updates to the Hood River County
Multi-Jurisdictional Natural Hazards Mitigation Plan**

Whereas, the Port of Hood River (“Port”) recognizes the threat that natural hazards pose to people, property and infrastructure within our community; and

Whereas, undertaking hazard mitigation actions will reduce the potential for harm to people, property and infrastructure from future hazard occurrences; and

Whereas, an adopted Natural Hazards Mitigation Plan is required as a condition of future funding for mitigation projects under multiple FEMA pre- and post-disaster mitigation grant programs; and

Whereas, the Port has participated in the FEMA prescribed mitigation planning process to prepare the *Hood River County Multi-Jurisdictional Natural Hazards Mitigation Plan*, (“NHMP”) which has established a comprehensive, coordinated planning process to eliminate or minimize these vulnerabilities; and

Whereas, the Port has identified natural hazard risks and supports several proposed actions and programs needed to mitigate the vulnerabilities to the Port of the impacts of future disasters within the *NHMP area*; and

Whereas, these proposed projects and programs have been incorporated into the *NHMP* that has been prepared and promulgated for consideration and implementation by the public agencies with Hood River Country; and

Whereas, the Oregon Military Department’s Office of Emergency Management and Federal Emergency Management Agency, Region X officials have reviewed the *NHMP* and approved it on August 21, 2018 contingent upon adoption of the participating governments and entities;

Whereas, the NHMP is comprised of four volumes: Volume I -Basic Mitigation Plan, Volume II – Hazard Annexes. Volume III - Jurisdictional Addenda, and Volume IV – Mitigation Resources, collectively referred to herein as the NHMP; and

Whereas, the NHMP is in an on-going cycle of development and revision to improve its effectiveness.

Now, therefore, be it resolved, that the Port of Hood River approves and adopts *the Hood River County Multi-Jurisdictional Natural Hazards Mitigation Plan* as an official plan.

ADOPTED BY THE BOARD OF COMMISSIONERS this 2nd day of October 2018.

Hoby Streich

Brian Shortt

John Everitt

Ben Sheppard

David Meriwether

Commission Memo



Prepared by: Michael McElwee
Date: October 2, 2018
Re: Waterfront Parking Pay Stations

The Commission directed implementation of the Waterfront Parking Plan (“Plan”) starting in June 2018. The Plan included installation of fixed, pay kiosks within designated portions of the waterfront. In March 2018, the Commission approved the purchase of nine kiosks from Cale America which are now operational.

The Plan also assumed installation of two additional kiosks at the Event Site which would require paid parking during the shoulder seasons when use increases, but the parking booth is not staffed. In addition, staff has identified the need for one additional kiosk at the west end of Portway Ave. Our FY 18/19 budget includes the purchase of three kiosks.

The attached quote from Cale summarizes the specific type, characteristics and price of the recommended Cale pay stations. There is an 8-10 week delivery time. As with prior installations, Port staff would place the concrete the concrete footings and Cale would carry out installation, likely in November.

RECOMMENDATION: Authorize purchase of three parking pay stations and associated services agreement from Cale America, not to exceed \$25,780.

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Flowbird - Confidential Quotation

For: Port of Hood River

Quote Issued: September 18, 2018

Quote Expires: December 17, 2018

Quote Name: CWT Touch (3)

General Information

Bill To:
 Port of Hood River
 1000 E. Port Marina Drive
 Hood River, Oregon 97031

Contact:
 Port of Hood River
 1000 E. Port Marina Drive
 Hood River, Oregon 97031

Prepared By:
 Laura Lierz

Prepared For:
 Michael McElwee

Equipment

Product Name	Quantity	Unit Price	Year One Total	Year Two Total	Year Three Total
CWTCC Pay Station <i>Color: Black Power: Solar or A/C Payment Methods: Credit/Debit Card Configuration: Pay and Display; Pay by Plate; Pay by Space Warranty: 13-month Hardware Warranty</i>	3	\$6,795.00	\$20,385.00		
Color Touch Display <i>Included in CWTCC unit price above.</i>	3				
CWT Custom Paint Color <i>Port to provide Color with custom color</i>	3	\$350.00	\$1,050.00		
30w Solar Panel Assembly <i>Included in CWTCC unit price above</i>	3				
Receipt Paper (5 Rolls to a Box) <i>Standard White Paper, 10 Rolls per box</i>	1	\$125.00	\$125.00		
Annual Total			\$21,560.00		

On-Going Services

Product Name	Quantity	Sales Price	Year One Total	Year Two Total	Year Three Total
WebOffice Professional Edition <i>Includes: Pay and Display; Pay by Plate; Pay by Space Configuration Maintenance alarms alerts to cell phone Pay Station Mapping (Google Maps) Reporting (standard and analytical) Credit Card Gateway Cellular Communication Fees 24/7 Support Monthly fee of \$70/CWT or Annual fee of \$840.00/CWT</i>	3	\$840.00	\$2,520.00	\$2,520.00	\$2,520.00
PartSmart Parts Exchange <i>Extended hardware warranty. Starts in year 2.</i>	3	\$360.00		\$1,080.00	\$1,080.00
Annual Total			\$2,520.00	\$3,600.00	\$3,600.00

General Services

Product Name	Quantity	Sales Price	Year One Total	Year Two Total	Year Three Total
Programming	1	\$350.00	\$350.00		
CWT Installation <i>Cale will secure and level pay station to the ground and provide training, review preventative maintenance and trouble shooting Ground preparation is not included.</i>	3	\$250.00	\$750.00		
Estimated CWT Shipping <i>Actual shipping charges will be invoiced.</i>	3	\$200.00	\$600.00		
Annual Total			\$1,700.00		

Total Costs

Year One Total	Year Two Total	Year Three Total
\$25,780.00	\$3,600.00	\$3,600.00

All prices stated are exclusive of taxes and shipping costs unless specifically itemized in this quotation. Customer is responsible for all taxes or providing proof of tax-exempt status. By accepting this order, Customer agrees to be bound by all applicable terms and conditions or terms of existing contract(s) between Customer and Flowbird for the same products and services, if any:

Accepted by: _____ Date: ____/____/____

Commission Memo



Prepared by: Daryl Stafford
Date: October 2, 2018
Re: Waterfront Restroom Upgrades -
Liz Olberding, Architect

Included in the approved Executive Director's Work Plan for this fiscal year is design development plans for an upgraded restroom at the Event Site with a completion date of December 30, 2018. The Marina Restrooms have been identified as needing modifications as well, to accommodate ADA requirements.

The Event Site restroom needs to be expanded, either by a remodel or a new build. The increase in usage has put a large demand on the existing structure, and port-a-potties have been a short-term solution. This restroom supports the Event Site and users at the north end of the Nichols Boat Basin.

The Marina Restrooms are in need of updating to be compliant with the ADA requirements. These restrooms support the Marina tenants, Marina Green users, the Marina Picnic Shelter. They are the only restrooms that offer showers for the public on the Hood River Waterfront. They are heavily used during the summer months and whenever there are any events in the vicinity.

Staff recommends approval of the attached contract with Liz Olberding, Architect which defines the scope of work to be completed. The deliverables shall be concept drawings, schematic space plan alternatives and written and verbal advice on scope subjects as requested by Port Staff.

RECOMMENDATION: Authorize contract with Liz Olberding, Architect for architecture design services related to waterfront restrooms, not to exceed \$5,000.

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**Personal Services Contract
For Services Under \$50,000**

1. This Contract is entered into between the Port of Hood River ("Port") and **Liz Olberding, Architect** ("Contractor"). Contractor agrees to perform the Scope of Work described in attached Exhibit A to Port's satisfaction for a maximum consideration not to exceed **\$5,000.00**. Port shall pay Contractor in accordance with the schedule and/or requirements in attached Exhibit A.
2. This Contract shall be in effect from the date at which every party has signed this Contract through November 30, 2018. Either Contractor or Port may terminate this Contract in the event of a breach of the Contract by the other. Port may terminate this Contract for any reason by giving 15 days written notice to Contractor at Contractor's address listed below. If Port terminates this Contract, Contractor shall only receive compensation for work done and expenses paid by Contractor prior to the Contract termination date.
3. All work products of the Contract, which result from this Contract, are the exclusive property of Port. Port shall have access to all books, documents, papers and records of Contractor which relate to this Contract for purpose of making audit, examination, excerpts, and transcripts for a period of three years after final payment.
4. Contractor will apply that skill and knowledge with care and diligence to perform the work in a professional manner and in accordance with standards prevalent in Contractor's industry, trade or profession. Contractor will, at all times during the term of the Contract, be qualified, professionally competent, and duly licensed to perform the work.
5. Contractor certifies that Contractor is an Independent Contractor as defined in ORS 670.600 and shall be entitled to no compensation other than that stated above.
6. Contractor shall indemnify, defend, and hold harmless Port, its Commissioners, officers, agents, and employees from all claims, suits, or actions of whatsoever nature resulting from or arising out of the activities of Contractor or its subcontractors, agents or employees under this Contract, except to the extent the Port is negligent and responsible to pay damages. Contractor shall provide insurance in accordance with attached Exhibit B.
7. This Contract may be executed in any number of counterparts, and any single counterpart or set of counterparts signed, in either case, by all parties hereto shall constitute a full and original instrument, but all of which shall together constitute one and the same instrument.
8. This Contract shall be governed by the laws of the State of Oregon and any litigation involving any question arising under this Contract must be brought in the Circuit Court in Hood River County, Oregon. If any provision of this Contract is found to be illegal or unenforceable, this Contract shall remain in full force and effect and the provision shall be stricken.
9. Contractor shall adhere to all applicable federal, state, and local laws and regulations, including those governing its relationship with its employees.
10. This Contract contains the entire agreement between Contractor and Port and supersedes all prior written or oral discussions or agreements. Any modification to this Contract shall be reduced to writing and signed by the Contractor and Port. Contractor shall not assign this Contract or subcontract its work under this Contract without the prior written approval of Port.
11. The person signing below on behalf of Contractor warrants they have authority to sign for and bind Contractor.

Liz Olberding**PORT OF HOOD RIVER**

Date
101 State Street, Hood River OR 97031
(907) 230-9871 / Email: liz@owarch.com
EIN: _____
CCB #xxxxxx / Corporate Registry #

Date
Michael McElwee, Executive Director
1000 E. Port Marina Drive, Hood River OR 97031
(541)386-1645; Email: porthr@gorge.net

**Personal Services Contract
Exhibit A**

I. SCOPE OF WORK:

Event Site Restroom

- Review existing building and utility plans
- Discuss issues and objectives with Port Staff and review input from Event Site Hosts
- Prepare alternative plans
 - 2-3 addition options
 - New build options
- Prepare final conceptual plans
 - 1 Addition
 - 1 New Build

Marina Restroom

- Review existing building and utility plans for the Marina Restroom Blocks
 - Discuss issues and objectives with Port Staff including input from Marina Committee
 - Prepare recommendations to improve handicapped accessibility and general functionality
 - Review recommendations/plans with Port Staff
 - Prepare final list of recommendations for Marina Restroom Block
 - One optional presentation to Commission
-

II. DELIVERABLES:

The deliverable(s) covered under this Contract shall be concept diagrams, schematic space plan alternatives and written (e-mail, memos, etc.) and verbal advice on scope subjects as requested by Port of Hood River staff.

The timeframe for the deliverable(s) shall be: September 2018 through December 15, 2018

By mutual agreement between of Contractor and Port.

III. CONSIDERATION:

Hourly rates under this Contract shall be:

\$125/hr.

IV. BILLING AND PAYMENT PROCEDURE:

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

- Invoice date
- Contract project title
- Record of hours worked and a brief description of activities
- Billing rate applied

Invoices for services will be submitted on a monthly basis. Payments due which exceed 90 days from date of invoice may be subject to a monthly charge of 1.5% of the unpaid balance (18% annual).

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

**Personal Services Contract
Exhibit B**

INSURANCE

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

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

_____ Required and attached OR x Contractor is exempt

Certified by Contractor: _____
Signature/Title

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

 X Required and attached Waived _____

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

 X Required and attached Waived _____

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

_____ Required and attached Waived X

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

- 6. Certificate of Insurance. As evidence of the insurance coverage required by this Contract, the Contractor shall furnish acceptable insurance certificates to the Port at the time Contractor returns the signed Contract. The General Liability certificate shall provide that the Port, its Commissioners, officers, agents, and employees are Additional Insured but only with respect to the Contractor's services to be provided under this Contract. Endorsement CG 20 10 11 85 or its equivalent must be attached to the Certificate. The Certificate shall provide that the insurance shall not terminate or be canceled without 30 days written notice first being given to the Port. Insuring companies or entities are subject to Port acceptance. If requested, complete copies of the insurance policy shall be provided to the Port. The Contractor shall be financially responsible for all pertinent deductibles, self-insured retentions, and/or self-insurance.

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