

PORT OF BREMERTON
BOARD OF COMMISSIONERS
REGULAR BUSINESS MEETING

A G E N D A

March 28, 2023
6:00 PM

Bill Mahan Conference Room
Port Administration Offices
Bremerton Nat'l Airport Terminal Bldg
8850 SW State Hwy 3, Bremerton

The Port of Bremerton Board of Commissioners have resumed in-person meetings but are maintaining the option for the public to participate remotely as well. The public is invited to view and/or participate in the hybrid meeting by attending in person or through one of the following options:

- To stream online only (via BKAT feed, with no interaction possible):
<https://bremerton.vod.castus.tv/vod/?live=ch1&nav=live>
- To join the online Zoom meeting: <https://us02web.zoom.us/j/3359030010>
- For audio only; dial 1.253.215.8782; Meeting ID: 335 903 0010

Call to Order

Pledge of Allegiance

Approval of Agenda

Consent Items

All matters listed under Consent Items have been distributed to each member of the Commission for reading and study, are considered to be routine, and will be enacted by one motion of the Commission with no separate discussion. If separate discussion is desired, that item may be removed from the Consent Items and placed under Action Items by request.

- A. Minutes of the regular business meeting of March 14, 2023.
- B. Payment of checks #901740 and #901742 through #901745 and #901746 and #84691 and #84692 through #84711 and #E01369 through #E01377 and #901747 through #901750 from the General Fund for \$734,459.89.
- Payment of checks #901752 through #901753 and #901754 through #901755 and #84742 through #84760 and #E01392 through #E01403 and #901756 through #901759 from the General Fund for \$145,421.66.
- Payment of checks #E01404 and #E01405 through #E01406 and #901760 and #84761 through #84783 and #E01407 through #E01412 from the General Fund for \$35,548.25.

Information Items

1. Fathoms O’ Fun Royalty Court – Helene Jensen, Pageant Royalty Program Director

Citizen Comments: *Open to the public for comment. Speakers are asked to keep their comments to less than 3 minutes. Please feel free to submit further comments in writing to the Clerk of the Board (gingerw@portofbremerton.org).*

Action Items

1. Office & Hangar Lease Agreements with Gold Cap, LLC dba Olde Thyme Aviation
2. Amendment #1 to Lease Agreement with Morris Restaurant Management, LLC
3. Mount Jupiter Way Site Development Project Change Order 2

Staff Reports

Commission Reports / New Business

Executive Session *(if necessary)*

Adjournment

Regular business and other meetings that may be attended by members of the Board

<u><i>Date</i></u>	<u><i>Time</i></u>	<u><i>Meeting</i></u>
<i>03/28</i>	<i>6:00 pm</i>	<i>*Commission Regular Business Meeting</i>
<i>03/29</i>	<i>3:30 pm</i>	<i>Kitsap Economic Development Alliance (KEDA) Board Meeting</i>
<i>03/30</i>	<i>11:30 am</i>	<i>*KEDA Annual Meeting</i>
<i>04/11</i>	<i>10:00 am</i>	<i>*Commission Regular Business Meeting</i>

Meetings are subject to change or cancellation

**Denotes events in which two (2) or more Commissioners may attend*

PORT OF BREMERTON
BOARD OF COMMISSIONERS
REGULAR BUSINESS MEETING

MINUTES

March 14, 2023
10:00 AM

Bill Mahan Conference Room
Port Administration Offices
Bremerton Nat'l Airport Terminal Bldg
8850 SW State Hwy 3, Bremerton
Remote Option via Zoom

Commissioners and Staff Present

Commissioners
Axel Strakeljahn
Gary Anderson
Cary Bozeman

Staff Members
Jim Rothlin
Arne Bakker
Jeremiah Wiley
James Weaver
James Goodman
Monroe Whitman IV
Ginger Waye
Stephanie Frame
Anne Montgomery, Atty

Call to Order

President Strakeljahn called the meeting to order at 10:00 a.m. and led the Pledge of Allegiance.

Approval of Agenda

It was moved by BOZEMAN, seconded by ANDERSON to:

Approve the Agenda as presented.

MOTION CARRIES, 3-0

Consent Items

- A. Minutes of the regular business meeting and executive session of February 28, 2023.
- B. Payment of checks #901751 and #E01378 and #84712 through #84741 and #E01379 through #E01391 from the General Fund for \$189,983.10.

It was moved by STRAKELJAHN, seconded by ANDERSON to:

Approve the Consent Items as presented.

MOTION CARRIES, 3-0

Information Items

1. Recognition of Marina Operations Manager Kathy Garcia for her Boating Industry Magazine “2022 Women Making Waves” Award

CEO Jim Rothlin presented Ms. Garcia with a plaque recognizing her for selection as a recipient of a “2022 Women Making Waves” award from Boating Industry Magazine. She was one of only thirty selected nationwide for this honor. He spoke about Ms. Garcia’s outstanding abilities including her top-notch individual interactions with the public and her ability to tackle tough situations.

Ms. Garcia expressed her appreciation to everybody that has been part of her journey including the Port team and her family, noting that she was surprised and honored to receive this national award and feels blessed to work for the Port.

The Board noted that Ms. Garcia elevates the Port’s stature and contributes to its success by being so dedicated to the well-being of the organization; the Port is fortunate to have her as part of its team.

2. Financial Review and Capital Projects Update

CEO Rothlin provided a brief introduction thanking CFO Jeremiah Wiley and his team for their leadership in creating new financial worksheets that provide an effective way for managers to track their projects. He discussed the overall transitioning from the pandemic season to the present and stated that new hires over the last year have benefitted the Port in how we carry out our mission and how the culture of the organization has shown positive improvement. He also noted that Marina Square recently dedicated its public plaza to Commissioner Bozeman.

CEO Rothlin introduced Marketing and Communications Coordinator, Erica Filler, who is new to the organization and has fresh and effective ideas. Ms. Filler provided an overview of the 2022 marketing efforts and discussed the social media and email marketing growth. The Board stated they were pleased with the work being done and that it was great to have Ms. Filler on board. She responded to questions and comments from the Board.

CFO Wiley presented the financial review stating the theme for 2022 was dealing with steady high inflation and supply chain disruptions. Detail was provided on the following:

- Operating Revenues – overall 108.11% over budgeted amount
- Operating Expenses – overall 107.74% over budgeted amount
- Non-Operating Revenues (expenses)
- Balance Sheet review
- Schedule of Reserves
- Each facility manager provided a review of their facility’s capital projects.

The meeting was recessed at 11:35 a.m. for a short break and reconvened at 11:42 a.m.

CFO Wiley provided total budget vs actual for 2022 completed capital projects.

COO Arne Bakker provided a recap of the Multi-Purpose Facility project including timeline, headwinds, and change orders. Mr. Bakker responded to questions and comments from the Board.

Citizen Comments - None

Action Items

1. Final Acceptance of Gateway Signage Project #02-17-0263 with Henderson Partners, LLC
Presented by Arne Bakker, Chief Operations Officer

Following presentation and discussion;

It was moved by ANDERSON, seconded by BOZEMAN to:

Move to accept as final the Gateway Signage Project #02-17-0263 construction contract with Henderson Partners, LLC, in the amount of \$309,897.76 and to release retainage once all applicable documentation is received.

MOTION CARRIES, 3-0

Staff Reports

Jim Rothlin, Chief Executive Officer

- Announced that Amelia's Hangar Restaurant, which is occupying the south end of the multipurpose facility, is now officially opened.
- Will be traveling to Washington DC next week with Pacific Northwest Waterways Association (PNWA) and Desimone Group to meet with legislators and the Maritime Administration in an effort to secure federal funding for the Port Orchard Marina breakwater replacement.

Commission Reports / New Business

Commissioner Strakeljahn

- Congratulated Commissioner Bozeman on having the public plaza at Marina Square dedicated to him.

Executive Session - None

Adjournment

There being no further business before the Board, the meeting was adjourned at 12:15 p.m.

Submitted,

Approved,

Jim Rothlin
Chief Executive Officer
March 28, 2023

Cary Bozeman
Commission Secretary
March 28, 2023

Draft

PORT OF BREMERTON
AGENDA SUMMARY

Agenda Item No: Action Item #1
Subject: Hangar & Office Leases Gold Cap, LLC dba Olde Thyme Aviation
Exhibits: Office Lease Gold Cap, LLC dba Olde Thyme Aviation
Hangar Lease Gold Cap, LLC dba Olde Thyme Aviation
Prepared By: Arne Bakker, COO
Meeting Date: March 28, 2023

Summary:

Gold Cap, LLC, has operated as Olde Thyme Aviation (OTA) out of the Port of Bremerton's Terminal Building since 2017. OTA operates scenic biplane rides for the public, as well as flight instruction for pilots. In 2020, OTA and the Port of Bremerton discussed the to-be-built Multipurpose Facility and OTA expressed interest in relocating their office space to the Multipurpose Facility and to lease the hangar for their business operations. OTA has been a tenant in good standing and has proven to be a great addition to Bremerton National Airport.

Lease Terms for both the Office Space and Hangar:

- Lease Commencement: April 1, 2023
- 5 year lease
- one (1) option of five (5) years
- Annual CPI Adjustments
- Base Rent is subject to periodic adjustments every five (5) years
- Lease Rate:
 - Office Months 1 – 12 \$1,041.63
 - Hangar Months 1 – 12 \$2,450.50

This lease was written, reviewed, and approved by legal.

Fiscal Impact:

Increased annual revenue for Bremerton National Airport.

Strategic Purpose:

This action conforms with the Port's strategic plan in Goal 4.a. to continually assess niche markets in the Port's Marina and Airfield lines of business for growth opportunities.

Recommendation:

Port staff recommends the approval of the office and hangar leases between Gold Cap, LLC, and the Port of Bremerton as presented.

Motion for Consideration:

- 1. Move to approve the Multipurpose Facility Office Lease Agreement between Gold Cap, LLC, and Port of Bremerton as presented**
- 2. Move to approve the Multipurpose Facility Hangar Lease Agreement between Gold Cap, LLC, and Port of Bremerton as presented**

COMMERCIAL LEASE
PREMISES WITH COMMON AREA

This COMMERCIAL LEASE ("Lease") is made and entered into this 1st day of April, 2023, by and between the **PORT OF BREMERTON**, a Washington municipal corporation (hereinafter referred to as "Lessor"), and **GOLD CAP LLC dba OLDE THYME AVIATION**, a Washington State Limited Liability Company (hereinafter referred to as "Lessee").

ARTICLE I
Summary of Lease Terms and Definitions

Lessor: Port of Bremerton
Lessor's Address: 8850 SW State Hwy 3
Bremerton, WA 98312

Lessee: Gold Cap LLC dba Olde Thyme Aviation
Lessee's Address: Prior to Lease Commencement:
4871 Aviator LN NW
Bremerton, WA 98312

After Lease Commencement:
At the Premises,
8830 State Hwy 3
Bremerton, WA 98312
Attn: Ken Horwitz
kenhorwitz@gmail.com
(206)730-1412

Premises: 833.3 sf office

Use of Premises: Aviation Business Administration

Exhibits: Exhibit "A" – Map and Legal Description of Premises

Commencement Date: April 1, 2023

Term: Commencing upon the Commencement Date and expiring on the "Termination Date" five (5) years thereafter.

Renewals: one option of five (5) years

Base Rent:

<u>Months of Lease Term</u>	<u>Rent Per SF (Mo)</u>	<u>Monthly Total</u>
Months 1-12	\$1.25	\$1,041.63 plus leasehold excise tax

Initial Amount of Financial Security: \$2,418 (as currently held in file)

AIRPORT INDUSTRIAL PARK LEASE

This **AIRPORT INDUSTRIAL PARK LEASE** ("Lease") is made and entered into this 1st day of April, 2023, by and between the **PORT OF BREMERTON**, a Washington municipal corporation (hereinafter referred to as "Lessor"), **GOLD CAP LLC dba OLDE THYME AVIATION**, a Washington State Limited Liability Company (hereinafter referred to as "Lessee").

ARTICLE I
Summary of Lease Terms and Definitions

Lessor: Port of Bremerton
Lessor's Address: 8850 SW State Hwy 3
Bremerton, WA 98312

Lessee: Gold Cap LLC dba Olde Thyme Aviation
Lessee's Address: Prior to Lease Commencement:
4871 Aviator LN NW
Bremerton, WA 98312

After Lease Commencement:
8830 State Hwy 3
Bremerton, WA 98312
Attn: Ken Horwitz
kenhorwitz@gmail.com
(206)730-1412

Premises: 3,770 sf Airplane hangar

Use of Premises: Storage of Aircraft

Exhibits: Exhibit "A" - Map and Legal Description of Premises

Commencement Date: April 1, 2023

Term: Commencing upon the Commencement Date and expiring on the "Termination Date" five (5) years thereafter.

Renewals: one option of five (5) years

Base Rent:

<u>Months of Lease Term</u>	<u>Rent Per SF (Mo)</u>	<u>Monthly Total</u>
Months 1-12	\$0.65	\$2,450.50 plus leasehold excise tax

Initial Amount of Rental Bond or Blocked Account: \$7,351.50

Name and Address of Surety or Bank: VBS Financial
925 4th Ave, Suite 3100
Seattle, WA 98104

PORT OF BREMERTON
AGENDA SUMMARY

Agenda Item No: Action Item #2
Subject: Lease Amendment 1 Morris Restaurant Group LLC.
Exhibits: Lease Amendment 1
Prepared By: Arne Bakker, COO
Meeting Date: March 28, 2023

Summary:

In June of 2022, the Port of Bremerton entered into a lease agreement with Morris Restaurant Group to occupy the space now known as Amelia’s Hangar. The original lease was to commence on the first day of the month after issuance of the Certificate of Occupancy from the City of Bremerton. After months of construction delays this certificate was issued on March 10, 2023.

Lease Amendment 1 commences on April 1, 2023. The initial lease term is for the period of seven (7) years and Morris Restaurant Group has additional options of two (2) consecutive terms of seven (7) years each.

Rent compensation in Lease Amendment 1 consists of reduced rent for the first 8 months. The original lease was reduced for a period of six (6) months’ rent.

<u>Months of Lease Term</u>	<u>Base Rent Per Month</u>	<u>Percentage Rent</u>
Months 1 - 8	\$0.	2.5% of Gross Receipts Over \$150,000*
Months 9 – 12	\$2,000.00*	2.5% of all Gross Receipts up to \$200,000* PLUS 1.5% of all Gross Receipts over \$200,000*

Fiscal Impact:

Increased revenue for Airport Properties

Strategic Purpose:

This action conforms with the Port’s strategic plan in Goal 4.a. to continually assess niche markets in the Port’s Marina and Airfield lines of business for growth opportunities.

Recommendation:

Port staff recommends the approval of the Lease Amendment 1 between Morris Restaurant Management, LLC, and the Port of Bremerton as presented.

Motion for Consideration:

Move to approve Amendment #1 to the Lease Agreement between Morris Restaurant Management, LLC and the Port of Bremerton.

**AMENDED LEASE AGREEMENT 1
PREMISES WITH COMMON AREA**

IT IS HEREBY AGREED by and between the **PORT OF BREMERTON**, a municipal corporation organized under the laws of the State of Washington, hereinafter referred to as "Port" and **Morris Restaurant Group, LLC**, a Limited Liability Company organized under the laws of the State of Washington, hereinafter referred to as "Lessee", to amend that certain lease dated June 14, 2022, to read as follows (all other terms remain the same):

**ARTICLE I
Summary of Lease Terms and Definitions**

Lessor: Port of Bremerton
Lessor's Address: 8850 SW State Hwy 3
Bremerton, WA 98312

Lessee: Morris Restaurant Management, LLC.
Lessee's Address: Prior to Lease Commencement:
600 Centralia College Blvd
Centralia, WA 98531
After Lease Commencement:
At the Premises, Attn: Don & Rena Morris

Premises: 8830 SW State Hwy 3

Agreed Rentable Area: 4,368 sq. ft.

Use of Premises: Restaurant operations

Exhibits: Exhibit A – Legal Description of Premises
Exhibit B – Map of Premises
Exhibit C – Existing Improvements

Commencement Date: April 1, 2023

Term: Commencing upon the Commencement Date and expiring on the "Termination Date" Seven (7) years thereafter.

Renewals: Two (2) terms of Seven (7) years each

Base Rent:

<u>Months of Lease Term</u>	<u>Base Rent Per Month</u>	<u>Percentage Rent</u>
Months 1 - 8	\$0.	2.5% of Gross Receipts Over \$150,000*
Months 9 – 12	\$2,000.00*	2.5% of all Gross Receipts up to \$200,000* PLUS 1.5% of all Gross Receipts over \$200,000*

*Plus Washington Leasehold Excise Tax

Initial Amount of Rental Bond or Blocked Account: \$6,000

ARTICLE II
Premises, Term, Renewals, Common Areas

2.2 **TERM.** As of the Execution Date, the Lessor is constructing the Building. The Term of this Lease shall commence on the first (1st) day of the April, 2023 and shall continue for seven (7) years thereafter. The Lessor shall provide Lessee written notice when Lessor receives an occupancy permit for the Building. If Lessee takes possession of the Premises before the Commencement Date set forth above, Lessee shall pay the pro rata rent for the period prior to commencement of the Lease Term.

3.3 **PERCENTAGE RENT.** Percentage Rent shall be charged as follows:

- For the first eight (8) months of the Lease Term, Percentage Rent shall be two and one-half percent (2.5%) on all Gross Receipts exceeding One Hundred Fifty Thousand Dollars (\$150,000) in any given month;
- For the months nine (9) through twelve (12) of the Lease Term or any Renewal Terms, Percentage Rent shall be two and one-half percent (2.5%) on all Gross Receipts up to Two Hundred Thousand Dollars (\$200,000) in any given month plus one and one-half percent (1.5%) on all Gross Receipts exceeding Two Hundred Thousand Dollars (\$200,000) in any given month.

IN WITNESS WHEREOF, Lessor has caused this instrument to be signed by its President, Vice President, and Secretary by authority of the Commission of the Port of Bremerton, and this instrument has been signed and executed by Lessee, the day and year first above written.

THIS LEASE CONTAINS INDEMNIFICATIONS FROM THE LESSEE TO THE LESSOR, RELEASES BY THE LESSEE, AND A LIMITED WAIVER OF IMMUNITY UNDER THE WASHINGTON STATE INDUSTRIAL INSURANCE ACT, TITLE 51 RCW OR ANY OTHER SIMILAR WORKERS' COMPENSATION SCHEMES.

LESSEE:

MORRIS RESTAURANT
MANAGEMENT, LLC.

Don Morris
Its:

Rena Morris
Its:

LESSOR:

PORT OF BREMERTON

Its: President

Its: Vice President

Its: Secretary

STATE OF _____)
)ss
County of _____)

On this _____ day of _____ before me personally appeared _____ to me known to be the _____ of the corporation/company that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation/company, for the uses and purposes therein mentioned, and that they are authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year first above written.

Notary Public in and for the State of _____

Name Printed
residing at _____
My commission expires: _____

STATE OF WASHINGTON)
)ss
County of KITSAP)

On this _____ day of _____ before me personally appeared _____ to me known to be the _____ of the **Port of Bremerton**, the municipal corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said municipal corporation, for the uses and purposes therein mentioned, and that they are authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year first above written.

Notary Public in and for the State of Washington

Name Printed
residing at _____
My commission expires: _____

PORT OF BREMERTON
AGENDA SUMMARY

Agenda Item No: Action Item #3
Subject: Mount Jupiter Way Site Development Project Change Order 2
Exhibits: NONE
Prepared By: Arne Bakker, COO
Meeting Date: March 28, 2023

Summary:

In 2021, The Port of Bremerton stockpiled soil for future development. This soil came from the rail spur project completed by CHS northwest and was slated for future development. At that time, the soil was deemed clean soil.

Over time there has been over 4000 cubic yards of unauthorized dumping on the site including sands, gravel, and sludge. The unauthorized dumping occurred on the Mount Jupiter Way Site Development Project (Inventech Marine Site Construction Phase I). This was done by unknown parties and has contaminated the clean soil rendering them useless. In order to complete the site development project in a timely manner, the soil will need to be removed and disposed of.

Fiscal Impact:

2023 Capital Budget Inventech Marine Construction:	\$1,200,000
Contract Award Nordvind Construction:	\$1,043,982.85
Change Order 1 stormwater and water line revisions:	\$44,554.88
Change Order 2 Soil removal @ \$28 per Cubic Yard:	\$280,000
Total New Contract:	\$1,368,537.73
Funding:	Capital Reserves

This change order exceeds the signing authority of the CEO.

Strategic Purpose:

This action conforms with the Port’s strategic plan in Goal 2: To operate all Port facilities efficiently and cost effectively with a high degree of customer service.

Recommendation:

Port staff recommends the approval of Change Order 2, the soil removal from the Olympic View Industrial Park in the amount of \$280,000 and authorize CEO Jim Rothlin to execute change order 2

Motion for Consideration:

Move to approve Change Order 2 for the soil removal in the Olympic View Industrial Park and authorize the CEO to execute the change order