

Prince William Sound Regional Citizens' Advisory Council
Special Board of Directors Meeting Minutes
May 29, 2019
Teleconference

Members Present: Patience Andersen Faulkner (8:35am), Robert Archibald, Amanda Bauer, Robert Beedle, Mike Bender (8:40am), Wayne Donaldson, Mako Haggerty, Thane Miller, Dorothy Moore, Bob Shavelson, Rebecca Skinner, Roy Totemoff (8:40am), Michael Vigil, and Kirk Zinck

Members Absent: Peter Andersen, Rob Chadwell, Luke Hasenbank, Melvin Malchoff, and Conrad Peterson

Staff Present: Gregory Dixon, Jennifer Fleming, Joe Lally, Hans Odegard, Donna Schantz, Brooke Taylor, and Walt Wrede

Call to Order & Roll Call

President Archibald called the meeting to order at 8:30am. A roll call was taken. The following 11 directors were present representing a quorum for the conduct of business: Archibald, Bauer, Beedle, Donaldson, Haggerty, Miller, Moore, Shavelson, Skinner, Vigil, and Zinck.

Approve Agenda

Miller moved to approve the agenda as presented. Skinner seconded. Archibald asked for amendments/objections; hearing none, the agenda was approved.

Public & Opening Comments

Archibald asked for public or opening comments. There were none.

Approval of Anchorage Office Lease

Wrede explained that at the recent Board meeting in Valdez, staff explained to the Board that the Anchorage office lease is set to expire on June 30, 2019. Staff explored various options in Anchorage in regards to a new space as well as staying at the current location. During negotiations with a potential new landlord on a property we were very interested in, we ran into issues that caused concerns. Concurrently, while negotiating with the landlord in our current location, we received a proposal from him that we considered to be very good. Wrede further explained that the current landlord has lowered our rent from what we are currently paying now, with no increases for 5 years, there is an abatement that will help pay for new flooring in the office, and refurbishing the two bathrooms, as well as a number of other significant improvements.

Staff is recommending that the Board approve a new five-year lease extension with two one-year renewal options with the new monthly rental rate at \$5,950.95 and the five-year cost of the lease being \$357,057.

Wrede explained that staff is also seeking approval of a budget modification to the FY2020 budget by adding up to \$20,000 in capital expenditures to the budget to cover the cost of carpet, paint, kitchen flooring, and other related costs. Wrede added that these costs will not be an additional burden on the

lease budget, but rather the net effect is expected to be a zero balance as these expenses will be recovered through rent abatements.

Zinck spoke to concerns about the downstairs conference room that were outlined at the recent Board meeting, asking if anything has been done to address them. Wrede stated that the landlord has not been able to address those issues directly, but we have negotiated a reduction in the cost per square foot in that area.

Miller moved to authorize the Executive Director to sign a five-year lease extension with two one-year renewal options for the Anchorage office located at 3709 Spenard Road. The rent is \$5,950.95 per month or \$357,057 over the five-year term. Haggerty seconded. Archibald asked for objection; hearing none, the lease was approved.

Moore moved to amend the FY 2020 budget by adding up to \$20,000 for office improvements at the Anchorage office, the funds to be recovered through rent abatements. Zinck seconded. Archibald asked for objection/discussion.

Skinner asked if the rent abatements associated with these capital expenditures are included in the amounts of the motion, or would they be subtracted from those numbers. Wrede explained that the Council would pay for the improvements out of pocket and not pay three months of rent in exchange. Dixon added that the generally accepted accounting practice as the way this would be recorded. If PWSRCAC pays for improvements, they get recorded as a leasehold improvement, which are depreciated over the term of the lease.

Archibald asked if anyone was opposed; hearing none, the action was approved.

Faulkner, Totemoff and Bender joined the meeting. 14 directors present.

Approval of Valdez Office Lease

Schantz explained that, this Spring, the Valdez office landlord approach staff with an unsolicited proposal to enclose the deck off the east side of the space we currently occupy. The renovations would enclose the entire deck to create a new conference room for PWSRCAC and a new office. These renovations would be done at no cost to PWSRCAC, but in exchange, he would reclaim the existing conference room we currently use and requests an extension on the current lease. Schantz further explained that the Valdez office lease was extended last year until 2023. The extension would be for an additional three years, expiring in 2026, and keeping the two two-year renewal options in place.

The Board questioned if the previous issues in the Valdez office space had been addresses by the landlord. Schantz explained that when the lease was renewed in 2018, there was a number of items that needed to be corrected in the building. All of the items have been completed with the exception of one item that is difficult to pinpoint. Archibald asked if the size of the new space would be better suited for the organization. Schantz replied that there are a number of benefits to us going with this proposal, in particular the need for an

additional office space now that the Scientific and Environmental Monitoring Project Manager position has moved to Valdez.

The group discussed a number of pros and cons with regards to moving forward with this amendment, vocalizing a number of concerns regarding current and past issues with the building and how that might cascade towards the new space. One common issue of concern was the heat in the current space, as well as the new space. Staff will work with the landlord to assure our concerns are met.

If approved, the monthly rental rate for the year beginning July 1, 2019 is \$5,697.20 or \$68,366.40 annually. A 1.5% increase will be applied each year and the monthly rental rate for the year beginning July 1, 2025 will be \$6,229.52. The total cost for seven years remaining in the lease term is \$500,644.80.

Miller moved authorize the Executive Director to negotiate a seven year lease extension, with two two-year renewal options for the Valdez office located at 130 South Meals and as described in the preceding paragraph. Items to be negotiated for include siding on the North wall to address air infiltration issues, heating concerns, location and number of windows in the new space and other such concerns staff may have. Moore seconded. Archibald asked for discussion.

Wrede suggested the Board consider an amendment to the motion as it is not clear if the seven-year lease extension is based on the start of current lease, or the end that lease. The revised lease should expire in 2026.

Miller moved to amend the motion to change the lease extension to three years, extending it to 2026, with two two-year renewals options. Bauer seconded the amendment. Archibald asked for objection to the amendment. Hearing none, the amendment was approved.

Archibald asked for objection to the motion. Hearing one (Skinner) the lease extension was approved.

Capital Budget Increase for VMT Weather Buoy Project 6531

Lally explained that the purpose of this agenda item is to approve an increase to the buoy capital budget for Project 6531 from \$30,000 to \$40,000. This increase would include funding for the refurbishment, modification, preparation, and deployment of the two DART weather buoys in Port Valdez. One of the buoys is already deployed in the vicinity of the Valdez Marine Terminal (VMT) and the other will eventually be deployed in the vicinity of the Valdez Duck Flats. The additional \$10,000 is needed for any additional costs that could be incurred with the preparation and installation of the VMT and Duck Flats weather buoys.

Lally further explained PWSRCAC received a grant from the City of Valdez to support the operating costs for both buoys, including annual buoy maintenance, necessary repairs, data retrieval and other associated costs.

Miller moved to increase the FY2020 capital budget for the VMT Weather Buoy Project 6531 from \$30,000 to \$40,000. Bauer seconded. Archibald asked for discussion.

Miller asked what has been spent thus far in the budget. Dixon stated that his records show that approximately \$22,000 has been spent from the capital budget for the buoys so far. He understands that there is a contract in the works with the PWSSC in an amount of \$10,000 to aid in deploying the second buoy.

Archibald asked for objection; hearing none, the increase was approved.

Board Governance Committee Appointment

Schantz explained that staff is seeking approval to appoint Director Patience Andersen Faulkner to the Board Governance Committee. Falkner has been a member of the Board Governance Committee since its inception and expressed interest in joining again. Faulkner attended the most recent Board Governance Committee meeting, at which time the committee endorsed this appointment. If approved, this would bring the number of BGC members four to five.

Beedle moved to appoint Patience Andersen Faulkner to the Board Governance Committee. Bender seconded. Archibald asked for objection; hearing none, the motion passed.

Closing Comments

Archibald asked for closing comments. There were none.

Adjourn

Miller moved to adjourn. Moore seconded. The meeting adjourned at 9:25am.

Secretary