

**Lorain Port and Finance Authority
Board of Directors
Contract Management Committee Meeting
Zoom
Tuesday, February 9, 2021, at 6:00 p.m.**

Committee Members: Messrs. Kuszniir, Nielsen, Sommers, Zellers and Zgonc

Board of Directors: Messrs. Bansek, Mullins, Scott and Veard

Staff: Tom Brown, Executive Director
Tiffany McClelland, Economic Development Director
Yvonne Smith, Accountant
Kelsey Leyva-Smith, Office Manager
Mike Brosky, Attorney (6:58 p.m.)

Guests: Stephanie Moore-Koscho, LoCo 'Yaks
Judge Mark Mihok, Lorain Municipal Court (6:50 p.m.)

I. Roll Call

A. The meeting was called to order at 6:02 p.m. by Chairman Jeff Zellers with roll call indicating a quorum present.

II. Disposition of Meeting Minutes

A. November 11, 2020, Contract Management Committee Meeting: Mr. Zgonc moved to approve the meeting minutes. Second by Mr. Sommers. Motion carried.

III. Report of Chairman

A. Chairman

1. AAble Rents Stage Top Proposals: Mr. Zellers turned the floor over to Mr. Brown. Mr. Brown said it's predominately the same contract we've had for multiple years. AAble Rents does a really good job. He explained the storage fee went up a little, for an overall increase of about \$460. We talked about a three-year, but they are not interested as costs for them fluctuate each year. Mr. Zellers confirmed the storage cost was the only difference. Mrs. Leyva-Smith said yes, the total increase is \$465. Mr. Zellers clarified the length of the contract. Mr. Brown said this is only for one year. We'll go year to year for

these services. The new stage top project will take about three years, and recent repair to our existing stage top bought us 5-6 more years. Mr. Zellers asked how long we've been with AAble Rents? Mr. Brown said about five years or so. Mr. Zellers asked about increases over the years? Mr. Brown said prices have been pretty consistent. Mr. Zellers asked how quickly this decision needed to be made? Mr. Brown said we need to get AAble under contract, so asap. Mr. Zellers asked about COVID-19 restrictions affecting our use of the stage/site? Mr. Brown said we'll hold off on the execution and keep a pulse on things. We want the contract to be ready if we can open back up. Last year we really thought we'd have more events. If COVID-19 numbers get worse again we'll save that money. Mr. Zgonc asked for clarification of the price of the contracts and overall increase. Mrs. Leyva-Smith explained everything is the same except the new charge for the storing of the vinyl top. It used to be a flat rate, and now it is a \$.15 cents per square foot charge for the storage of the vinyl. Mr. Mullins said he remembers AAble Rents being the only company able to do the job. Mr. Zgonc said he compared the numbers from last year and got a different amount. He asked for the pricing to be double checked. Mrs. Leyva-Smith said she's happy to check again tomorrow morning. Mr. Nielsen moved to recommend approval to the full board. Second by Mr. Sommers. Motion carried.

2. LoCo 'Yaks Sublease Agreement 2021-2023: Mr. Brown said Steph and Rob Koscho from LoCo 'Yaks are in attendance. In 2016 we entered into an agreement for them to occupy the building at Riverside Park. The agreement was two years and then renewed for an additional two years at \$1 per year. They are responsible for improvements to the building, they furnish reports, pay utilities, started to build the business. The most recent agreement expired December 31, 2020. Mr. Brown said he's worked up a new sublease that is structured as a one year with two additional options to renew for a maximum of three years. We received the Paddle Enhancement Grant for the new launch facility, which should drive more business to that sight. The site has previously experienced both low and high water levels, which makes it difficult

to launch. The EZ Dock allows for more of a retail space and open place. Mr. Brown said the committee will need to determine the lease amount. The flaws and structural errors in the original document were cleaned up. Other changes include the term and the attachment of the city ordinances, which prohibits certain things. A new map identifying the lease area was added, too. Mr. Zellers asked if the recommendation was to increase the rent? Mr. Brown said he thinks it deserves a conversation. We have expenses from the park. The launch facility changes the dynamic down there. He thinks it becomes more of a business with operating hours. The grant guidance is attached to the lease, too. The grant requires predictable operating hours, and that will also be based on weather conditions. Mr. Mullins asked about improvements that have been made by LoCo 'Yaks to the building? Mr. Brown said he would allow Mr. and/or Mrs. Koscho to elaborate on any improvements. They also have a request for a storage container on the site. Mr. Brown turned the floor over to Mr. and Mrs. Koscho. Mrs. Koscho said not a lot of changes have been made inside in the building as it was in great condition when they moved in. They opened up the sliding barn door that had been drywalled over in order to get kayaks in and out easily. They also added a large desk from Arkinetics when they closed. With their office space changing to more of a business location, they've ordered 14 more kayaks. She said they had a great season at the Black River Wharf, partially because Grumpy is gone and the increased need for outdoor activities. They will have 34 kayaks for the summer, but they have no more room in the building. Even the kayaks in the building are stacked all over. They would like an outdoor storage unit, which is the shipping container. Mrs. Koscho said Riverside Park isn't the most inviting area. She thinks having a presence will make a difference. They took out the weeds on the hill leading into the park and want to plant a pollinator garden. That would be around the container, too. They plan to paint the container white, or a beautiful mural by FireFish artists to hopefully make it more of a destination. LoCo 'Yaks will have full-time staff. They plan to be open a minimum of five days a week and might expand that to seven if there

is enough demand. Last year they were booked solid Thursday through Sunday. Mrs. Koscho said the group also hosts a Monday night paddle event, but they didn't offer rentals for it last year. Those excursions will launch from Riverside Park this year and they plan to also offer rentals for it. Business hours will be Thursday through Monday and the office will be closed Tuesday and Wednesday to start the season. She said they want to pay rent as well. Last year it was a per-launch fee. They're open to suggestions, such as a percentage of sales or monthly fee. Mrs. Koscho suggested \$60-80 per month because they're only open four months. She opened to questions. Mr. Brown added the city reached out to us about the container. They will not accept the permit application until our board approves it. There are no refunds at the city level. If approved, we can send out renditions. There are questions about the location and color, too. There may need to be a variance because the container needs to be on a driveway, and that doesn't really work on that property. Mr. Brown said the other caveat is that the Ohio Department of Transportation (ODOT) has sent us eminent domain paperwork as they also want bridge access. We have to be aware the container may need moved in the future. Mrs. Koscho said it will need moved 6 inches to meet city ordinances, so they may also need another security camera. She said adding on the dock and launch to the leasing area, their insurance premium may go up significantly. Mr. Browns said the old map included the dock. He said some of the boardwalk was included in case LoCo 'Yaks launched from there. He said the map is a copy just reprinted. Mrs. Koscho said the launch is almost \$30,000 worth of equipment, so she expects it to increase the premium. Mr. Zgonc asked about the size of the container? Mrs. Koscho said 40ft by 8.5ft. Mr. Mullins asked if it was being rented or owned? She said LoCo 'Yaks purchased it. There are 4x4s underneath it. Mr. Mullins asked if they've done a revenue forecast based on last year? Mrs. Koscho said they expect at least the same as last year as they'll have more kayaks, but it is weather dependent. Location has to be taken into consideration. If the lake is choppy, they might not be able to launch like they could at Grumpy's. It's

really hard to forecast. A basic report of the sales from 2020, which included part of June, all July, all August and one week in September, showed \$36,725 in taxable income. Oasis charged \$1 per boat launched. Mr. Mullins asked about the number of employees? Mrs. Koscho said there were two full-time employees last year, plus Mr. and Mrs. Koscho. This year they hope to start with four, maybe five eventually. Hours will be posted. They post on social media when they close for weather. Mr. Zellers asked if the container and lease were separate? Mr. Brown said he believed so, he sees it as an improvement. Mr. Zellers asked what happens if the city doesn't approve the container, do they still want the lease? Mrs. Koscho said that's a tough question. They don't know where else to put 34 kayaks. She's not sure what direction they would take if they can't have the container. Mr. Zellers asked if LoCo 'Yaks has always had insurance coverage? Mrs. Koscho said yes. Mr. Brown said we have copies of their insurance certificate. Mr. Zellers asked about bathrooms? Mrs. Koscho said (Mr. Bansek 6:30pm) they have bathrooms in the building, one regular and one handicap, and then there's the facility by the boat launch on Lakeside Avenue. They pay electric, water, and gas. Mr. Zellers asked about landscaping? Mr. Brown said we handle Riverside Park, and they handle around the building. Mr. Zellers asked about waste removal? Mr. Brown said we pay Murray Ridge for litter clean up and the lease includes help with the litter. That could save us some money, hypothetically, if we didn't contract with Murray Ridge. Mrs. Koscho said because of the pandemic they didn't have their big clean up last year and won't again this year. They plan to have their cleanup materials available so people wanting to do so can, and there will be a reward system and punch card for cleaning up garbage. Mr. Zellers asked about a dumpster? Mrs. Koscho said they don't really need one yet. Right now, they can use the one at the boat ramp. Mr. Zellers asked Mr. Brown how he wanted to handle the rent negotiations? Mr. Brown said we could enter executive session or approve the framework and have the rent negotiated and presented next month. Mr. Mullins confirmed rent would be year-round? Mrs. Koscho said

yes. Mr. Sommers asked about the timetable with the city? Mr. Brown said they're essentially waiting on us. Mr. Zellers asked how many kayaks they expect to launch in a year? Mrs. Koscho said last year with 14 kayaks in the livery and launching four days a week, they launched about 1,000 kayaks. That was with a late start to the season. Due to COVID-19, they didn't get to start until late June when they normally start Memorial Day Weekend. Rentals continued through Labor Day Weekend. They expect a minimum of 1,000 launches. If weather is good, they could easily do 2,000. Mr. Zellers said if we followed what Oasis did, that would mean somewhere between \$1-2,000 in rent. Mrs. Koscho mentioned the grant language and not conflicting with the requirements. Mr. Brown said it would be a per-rental fee, not a per-launch fee. Mr. Zellers said \$80/month is \$960 total. He said \$125/month would give us \$1,500 total. He asked Mrs. Koscho if that's something they could do, and she said possibly. Mr. Mullins recommended going with \$80/month. He thinks employing people in the city is a good thing and wants them to be able to reinvest in their business. Mrs. Koscho thanked Mr. Mullins. Mr. Sommers said we could see how the year goes and adjust if needed. Mr. Zgonc suggested the LoCo 'Yaks sit down with Mr. Brown to come up with a reasonable amount based on the unknowns and approve the lease as presented with negotiations pending. Mr. Brown clarified Mr. Zgonc's suggestion. Mr. Sommers said in the contract on page eight, Mr. Rick Novak's name is in there and needs changed. Mr. Sommers moved to approve the lease with negotiations to take place on rent. Mr. Zgonc seconded. Motion carried.

a. Shipping Container Approval: Mr. Zgonc moved to approve the shipping container, providing city approvals are met. Second by Mr. Sommers. Motion carried.

3. Financial Advisor Agreement: Ms. McClelland said this is an agreement for our financial advisor. We've had one on retainer for the last 10-15 years. This contract, which is the same as the last two years, is for \$15,000, payable monthly. We keep them on retainer for any of our financial transactions. For

example, a financial advisor is needed when we execute a bond deal. Ms. McClelland said we work with Brian at Baker Tilly for their expertise. It has been a great relationship. Brian is an asset to us. We'll renew this year by year. They have agreed to have a three-year deal, renewable yearly, at \$15,000 per year, paid monthly. Ms. McClelland said we want to be prepared for any transactions or opportunities moving forward. She expects a few projects this year. Mr. Brown said we are very happy and have gotten great service. Internally, he and Ms. McClelland debated if we could handle more in house, but they want to stick with Baker Tilly for at least the next year. We have to stop trying to do everything ourselves. When he or Ms. McClelland have a question, they're calling our expert. Mr. Brown anticipates using them a lot more and said roughly four deals are in the works. Mr. Zellers asked if we're utilizing them as much as we should? Ms. McClelland said yes. She doesn't talk about them much, but she and Mr. Brown are in constant contact with Brian. Anything complex we bring them in. She mention them as much as we utilize them. Mr. Zellers said he sees us utilizing them more and more. He likes that our plan is to use them more. (Mr. Mark Mihok 6:50pm) Mr. Kuszniir moved to recommend approval to the full board. Second by Mr. Nielsen. Motion carried.

IV. Other Business

- A. Ms. McClelland said she wanted to mention the Kelley's Island Ferry Boat Line Project change orders. Really what that means is in some aspect there is a variance from the contract. This is just something that happens while building. Examples include a cost goes up, or an operator wanting something different. We have processed two so far, and she expects a few more. The contract that we signed to be the local let on this project says we get 5% in fees what it costs to build. Every time we process a change order, Ms. McClelland tacks on the 5% fee. The first was \$22,000. Second was \$42,000. The fees are about \$1-2,000, so it's not a large amount, but it is extra on Kelley's Island. Ms. McClelland processed the first with the fee. For the second, she started to feel we were "picking pennies." She asked if it would be possible to have a motion for no fee

on change orders \$50,000 and under? That could add up, but she doesn't expect many more change orders at this point. Mr. Zellers asked if there was pushback from Kelley's Island? Ms. McClelland said yes. The grant is almost fully used, so change orders come out of Kelley's Island's pocket. Ms. McClelland said on the \$42,000 change order, Kelley's Island believed the engineer made a mistake and should have paid but they did it to avoid losing more time. She thinks they're a good partner and she wants to be the same. (Mike Brosky 6:58 p.m.) Mr. Mullins asked how long it takes to make a change order? Ms. McClelland said it's pretty smooth. It involves a little bit of work, but the past change order was completed in a 24-hour period. Mr. Sommers said he sees this as a reputation thing, too. He think we'll make those fees up elsewhere. Mr. Zellers thinks it's somewhat of a bad precedent by waiving the fee. He said he's in support of waiving the fee in this case because it was our consultant who may have had some culpability. But in general, he feels we should follow the contract and get our 5 percent on top. Mr. Brown said he thinks that's fair.

V. Adjournment

- A. There being no further business to come before the board, Mr. Zgonc moved to adjourn. Second by Mr. Zellers. Meeting adjourned at 7:03 p.m.



Jeff Zellers, Chairman



Tom Brown, Executive Director