



P.O. Box 1180 • Port Townsend, Washington 98368-4624

Administration: (360) 385-0656

Operations: (360) 385-2355

Fax: (360) 385-3988

Port of Port Townsend
1st Monthly Meeting Agenda
Wednesday, October 11, 2017, 1:00 p.m.
District 3 Location:
Port Ludlow Fire & Rescue Station
7650 Oak Bay Road
Port Ludlow, WA 98368

- I. Call to Order / Pledge of Allegiance
- II. Approval of Agenda
- III. Consent Agenda
 - A. Approval of Meeting Minutes – July 26, 2017.....1-4
 - B. Approval of Warrants
- IV. Public Comments (not related to Agenda)
- V. Second Reading
- VI. First Reading
- VII. Regular Business
 - A. Bond Reimbursement Resolution No. 669-17.....5-7
 - B. Calendar – Commission Meeting Topics.....8
 - C. Contract Amendment – Washington Project Consultants, PLLC.....9-11
 - D. 2018 Operating & Capital Budget – 2nd Draft.....12-16
- VIII. Staff Comments (continued)
- IX. Public Comments
- X. Commissioner Comments
- XI. Next Regular Meeting & 2018 Operating & Capital Budget Public Hearing
Tuesday, October 24, 2017 at **1:00 p.m.**, District 3 Location: Quilcene Community Center, 294952
State Highway 101, Quilcene, WA.
- XII. Executive Session
- XIII. Adjournment

PORT COMMISSION REGULAR MEETING– September 27, 2017

The Port of Port Townsend Commission met in regular session at the Commission Building, 333 Benedict Street, Port Townsend, WA

Present: Commissioners – Hanke, Clinefelter and Tucker
Executive Director Gibboney
Auditor Berg
Director of Planning Toews
Communications Coordinator Matej
Attorney Lake
Minutes – Nelson (excused absence from meeting at 7:00 pm)

Excused: Director of Operations & Business Development Englin

I. CALL TO ORDER/PLEDGE OF ALLEGIANCE:

Commissioner Hanke called the meeting to order at 5:30 p.m.

II. APPROVAL OF AGENDA:

Ms. Gibboney deleted VII. Regular Business, Item C – Calendar-Commission Meeting Topics from the agenda and announced it would be presented at the next Commission meeting.

Commissioner Tucker moved to approve the Agenda as amended.

Commissioner Clinefelter seconded the motion.

Motion carried by unanimous vote.

III. CONSENT AGENDA (0:57):

A. Approval of Public Workshop Minutes – September 13, 2017

Approval of Meeting Minutes – September 13, 2017

B. Approval of Warrants

Warrant #058185 through #058195 in the amount of \$15,705.10 for Payroll & Benefits

Electronic Payment in the amount of \$71,607.57 for Payroll & Benefits

Warrant #058196 through #058244 in the amount of \$272,476.26 for Accounts Payable

Electronic Debit in the amount of \$12,698.06 for WA State Dept. of Revenue Combined

Excise Tax Return for August 2017

Commissioner Clinefelter moved to approve the Consent Agenda as presented.

Commissioner Tucker seconded the motion.

Motion carried by unanimous vote.

IV. PUBLIC COMMENTS (Not related to agenda):

V. SECOND READING (Action Items):

VI. FIRST READING (Discussion Only):

VII. REGULAR BUSINESS:

A. Point Hudson Strategy “Realizing the Potential” (1:31):

Ms. Gibboney explained the upcoming presentation is for Commission and community input. She reminded the Port obtained the services of consulting firm Maul Foster Alongi for the Point Hudson planning process, with the help of a CERB grant. She stated the Commission directed staff to make this a community process, and to include the public, governmental entities and stakeholders. Ms. Gibboney added that a Public Open House on Point Hudson planning is scheduled (October 19, 5:00 pm) and there would be other opportunities for the Commission to hear from their constituents. She stated to the Commission that this information is not staff's recommendation, but it is staff presenting their thinking and looking for Commission input. She summed up that planning for Point Hudson is a "Framework for Stewardship".

Next, Ms. Gibboney presented Maul Foster Alongi consultants, Jim Darling and Michael Stringer. The Power Point presentation presented by Mr. Darling and Mr. Stringer listed steps, including: planning process, what has been learned from market assessment, spectrum of use alternatives & opportunities for collaboration and an introduction of framework for analysis & alternatives. They discussed the sustainability and potentials for Point Hudson's future. Further discussion ensued along with questions from the Commission.

Ms. Gibboney stated the cash flow analysis from Heartland would soon be presented to the commissioners. She also pointed out this is a long-term strategy for Point Hudson, which would include continued meetings with the NW Maritime Center (NWMC) and the City. She asked the Commission for a decision on whether they would like to explore the option to collaborate with the NWMC and the City. She explained this is an alignment and collaboration process, with interests and concerns from all parties.

Mr. Darling described the scope approach.

NWMC Director Jake Beattie discussed the Maritime Center's ideas on planning and the desire to work with the Port's goals.

Ms. Gibboney asked the question to the Commission again, do they want to proceed on exploring potential collaboration with the NWMC and City and if so, which Port Commissioner would they chose as the Commission representative in this process. She explained this Commissioner would attend the scheduled October 6 meeting with the NWMC and City.

After input from each Commissioner, they all agreed to move forward on the collaboration with the NWMC and chose Commissioner Tucker as the Commission rep.

Director Gibboney reported reps from NWMC are Executive Director Jake Beattie and a board member, from the City, Manager David Timmons and Mayor Deborah Stinson, and Port reps – Executive Director Gibboney and Commissioner Tucker.

Director Gibboney stated staff would bring back a schedule and timeline on decision points. At this time, she recommends the Commission receive comments from the public.

Comments were heard from:

Carol Hasse, 42-year resident of Point Hudson, long-time Point Hudson business owner (PT Sails) and has kept a boat moored in the marina.

Ted Shoulberg, 30-year Port Townsend resident.

Joe von Volkli, 15 year Port Townsend resident and “BUMS” business owner in the Boat Haven.

Jake Beattie, NWMC Executive Director.

Bob Downs, 5-year Port Townsend resident and marine trades worker at Point Hudson.

Gordon Neilson, long-time PT resident and retired business owner.

B. 2018 Operating Budget – 1st Draft:

Ms. Berg presented the draft 2018 Operating (and Capital Budget). Discussion ensued.

D. August 2017 Financials:

Ms. Berg presented August 2017 financials. Discussion ensued.

VIII. STAFF COMMENTS:

Ms. Matej informed that preparations are in process for the October 19 Point Hudson Open House. She stated results from the Point Hudson survey are available on the Port website.

Mr. Toews talked about the October 5 Airport Runway Open House at 5 pm. He stated he has a teleconference next week with Mott MacDonald in regards to the jetty design; staff anticipates 90% design by the end of the year.

IX. PUBLIC COMMENTS:

Gwendolyn Tracy expressed concerns about lease proposals and asked Commissioners to consider all aspects in the equation of lease rates.

Dave Griswold of PT Shipwrights Co-op expressed concerns in regards to lease rates and Potential loss of customers.

X. COMMISSIONER COMMENTS:

Commissioner Tucker announced the Energy Lunch might be coming to an end. He stated he attended the Chamber lunch where Wave Broadband made a presentation.

Commissioner Clinefelter stated he has been in touch with the County in regards to the 40-acre parcel located off Highway 104 and Beaver Valley Road, which may have the potential for an agricultural hub.

XI. NEXT PUBLIC WORKSHOP & REGULAR MEETING:

Wednesday, October 11, 2017 at District 3 location: PORT LUDLOW FIRE & RESUCE STATION, 7650 OAK BAY ROAD, PORT LUDLOW, WA. Workshop at 9:30 am, meeting at 1:00 pm.

XII. EXECUTIVE SESSION:

XIII. ADJOURNMENT:

The meeting adjourned at 8:08 pm there being no further business to come before the Commission.

ATTEST:

Stephen R. Tucker, Secretary

Peter W. Hanke, President

Brad A. Clinefelter, Vice President

PORT OF PORT TOWNSEND

MEETING OF: **October 11, 2017**

AGENDA ITEM: **VII. Regular Business**
 A. Bond Reimbursement Resolution

BACKGROUND:

The Port Commission requested staff to explore the bonding options available for the South Jetty at Point Hudson, which may also include additional funds to pay all or part of the Stormwater Rx Upgrade and Workyard Resurfacing projects now underway. The resolution attached for consideration and approval by the Commission is a placeholder that allows repayment to the Port for the two (2) Stormwater projects should that decision be made when bonding occurs.

Currently, staff anticipates needing approximately \$2.7 million for the South Jetty and the two (2) Stormwater related projects are estimated to be close to \$600,000. Discussion was had at the last Commission meeting regarding the possibility of adding \$500,000 to the \$2.7 million for a bond totaling \$3.2 million. This resolution will allow the Commission to choose whether to bond for that total, thereby paying back the Port for most of the Stormwater projects. This resolution in no way obligates the Commission, it is merely a placeholder.

Executive Director's Recommendation:

The Commission review and approve this resolution.

RESOLUTION NO. 669-17

A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF PORT TOWNSEND, WASHINGTON APPROVING CERTAIN EXPENDITURES FOR REIMBURSEMENT FROM THE PROCEEDS OF DEBT TO BE ISSUED IN THE FUTURE.

Section 1. The Port of Port Townsend, Washington (the "Port") reasonably expects to reimburse the expenditures described herein with the proceeds of debt to be incurred by the Port (the "Reimbursement Bonds").

Section 2. The expenditures with respect to which the Port reasonably expects to be reimbursed from the proceeds of Reimbursement Bonds are for workyard resurfacing and workyard stormwater treatment improvements (the "Project").

It is anticipated that a portion of the costs of the Project initially will be paid from the Port's General Fund.

Section 3. The maximum principal amount of Reimbursement Bonds expected to be issued for the Project described in Section 2 is \$500,000 plus allocable costs of issuance.

Section 4. The adoption of this resolution shall not obligate the Port to issue the Reimbursement Bonds. The issuance of the Reimbursement Bonds shall require separate and additional official approval by the Port Commission.

ADOPTED AND APPROVED at a regular meeting of the Commission of the Port of Port Townsend, Washington held this 11th day of October, 2017.

PORT OF PORT TOWNSEND, WASHINGTON

By: _____
President and Commissioner

By: _____
Secretary and Commissioner

By: _____
Commissioner

CERTIFICATE

I, the undersigned, Secretary of the Port Commission (“Commission”) of the Port of Port Townsend, Washington (the “Port”), DO HEREBY CERTIFY:

1. That the attached Resolution No. ____ (the “Resolution”) is a true and correct copy of a resolution of the Port, as finally adopted at a meeting of the Commission held on the 11th day of October, 2017, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a quorum of the Commission was present throughout the meeting and a legally sufficient number of members of the Commission voted in the proper manner for the adoption of said Resolution; that all other requirements and proceedings incident to the proper adoption of said Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 11th day of October, 2017.

Secretary, Port Commission

PORT OF PORT TOWNSEND

MEETING OF: **October 11, 2017**

AGENDA ITEM: **VII. Regular Business**
 B. Calendar – Commission Meeting Topics

BACKGROUND:

A calendar of upcoming topics for commission meetings will be presented.

Executive Director's Recommendation:

For discussion.

PORT OF PORT TOWNSEND

MEETING OF: **October 11, 2017**

AGENDA ITEM: **VII. Regular Business**
 C. Contract Amendment – Washington Project Consultants, PLLC

BACKGROUND:

The contract amendment for Washington Project Consultants, PLLC is attached.

Executive Director's Recommendation:

For Commission approval.

PROFESSIONAL SERVICES AGREEMENT AMENDMENT #3

THIS PROFESSIONAL SERVICES AGREEMENT AMENDMENT is entered into as of October 12, 2017, between the PORT OF PORT TOWNSEND, hereinafter referred to as the "PORT," and WASHINGTON PROJECT CONSULTANTS, PLLC, a Washington State limited liability corporation, hereinafter referred to as "CONSULTANT," in consideration of the mutual benefits, terms, and conditions hereinafter specified.

WITNESSETH:

1. On the 20th day of September 2016, the parties entered into a Professional Services Agreement whereby the Port retained CONSULTANT to provide on-call consulting services, hereinafter referred to as the "Original Agreement".
2. On the 7th day of June 2017, the parties amended the Original Agreement (nunc pro tunc to April 1, 2017) as to contract duration and reimbursement amount.
3. On the 12th day of June 2017, the parties amended the Original Agreement as to the Scope of Services.
4. The Original Agreement, together with the amendments of June 7th and June 12th, 2017, is hereinafter referred to as the "Original Agreement, as amended".
5. Paragraph #5 of the Original Agreement, as amended, speaks to the amount of compensation to be provided CONSULTANT. Specifically, an amount not to exceed \$50,000 was to be reimbursed during the effective period of the Agreement (i.e., September 20, 2016 to December 31, 2017).
6. The parties are agreed that the above-referenced paragraph of the Original Agreement, as amended, should again be amended to establish an increased reimbursement limit of \$77,000 to CONSULTANT.

NOW, THEREFORE:

This Amendment #3 to the Professional Services Agreement dated September 20, 2016, and previously amended on June 7th and June 12th 2017, is approved this 12th day of October 2017, and shall read as follows (note: deleted text shown in ~~strikeouts~~; revised/amended language shown with double-underlining):

5. Reimbursement. CONSULTANT shall be compensated at a rate not to exceed ~~\$50,000~~ \$77,000.

All other terms and conditions of the Professional Services Agreement dated September 20th, 2017, and previously amended on June 7th and June 12th 2017 shall remain in effect.

APPROVED this 12th day of October 2017, by the Executive Director of the Port of Port Townsend, and authenticated by the signatures set forth below.

CONSULTANT

PORT OF PORT TOWNSEND

Marc A. Horton, Principal
Washington Project Consultants, PLLC

Sam Gibboney, Executive Director
Port of Port Townsend

Approved as to Form:

Port Attorney

PORT OF PORT TOWNSEND

MEETING OF: **October 11, 2017**

AGENDA ITEM: **VII. Regular Business**
 A. 2018 Operating & Capital Budget – 2nd Draft

BACKGROUND:

Attached is the 2nd draft of the 2018 Operating & Capital Budget.

Executive Director's Recommendation:

For review and discussion.

2018 Draft Operating Budget Assumptions – 2nd DRAFT

As has been discussed at the prior Commissioners' meeting, we implemented the following changes for the 2018 Port Operating budget:

REVENUES

1. No rate increases have been determined yet, however, these have been rigorously reviewed for performance in 2018; there is revenue recovery included (i.e. garbage costs).
2. Current CPI is at 3%. Some Moorage Revenues were increased by 3% + 1%.
3. There are several Point Hudson Moorage Revenues that included the above adjustment while also reducing them by a conservative 50%. This reduction is in anticipation of the South Jetty construction scheduled for 2018.
4. Various other Operating Revenues were adjusted by nominal amounts based on the activity YTD August 2017 and the expectation there would be similar activity in 2018.

EXPENSES

5. Personnel costs are based on more recent data on current staffing, which includes one vacant FTE, lowering the seasonal staff to two (2), and adjusting the estimated capital work performed by Port staff. The more up-to-date data provided a savings of approximately \$100,254 which includes wages, taxes, benefits and uniforms.
6. A careful analysis of Contracting Services for the past two (2) years, and a reduction in Consulting Services allowed us to lower the total Outside Services line item by \$24,900.
7. Again, a careful analysis of Utilities for the past year allowed us to confidently reduce this expense line item to \$525,000. We believe this to be a conservative savings estimate while not being too ambitious.

Port of Port Townsend
 Summary Operations & Non-Operating Activity Budget
 2018 Budget with Comparison to Prior Years

2018 2nd DRAFT BUDGET 10/11/17

	2014 Actual	2015 Actual	2016 Actual	2017 Revised Budget	2018 Budget
REVENUES					
Marinas and RV Parks	2,101,147	2,250,653	2,474,924	2,545,000	2,604,539
Yard Operations	1,587,241	1,572,877	1,578,180	1,500,424	1,768,384
Property Leases & Use	1,041,536	1,061,642	1,107,302	1,153,990	1,166,522
Fuel Sales & Leases	50,047	44,539	40,015	50,000	47,100
Ramp Use	32,308	35,240	39,260	55,000	60,900
Utilities	153,885	164,195	184,275	230,076	227,630
Total Operating Revenues	4,966,164	5,129,147	5,423,956	5,534,490	5,875,075
OPERATING EXPENSES					
Personnel	2,373,771	2,471,235	2,724,120	3,013,738	3,227,999
Outside Services	394,881	349,778	438,913	585,256	597,500
Facilities & Operations	846,009	697,888	655,994	805,809	761,710
Utilities	532,241	473,673	543,545	554,180	525,000
Marketing	43,467	35,152	57,658	54,450	56,450
Economic Development	25,000	25,000	25,000	40,000	30,000
Travel & Training	27,025	33,466	30,059	30,000	35,000
Cost of Goods - Fuel	24,055	18,060	15,571	12,000	18,000
Community Relations	6,959	1,374	-	4,000	4,000
Total Operating Expenses	4,273,408	4,105,625	4,490,859	5,099,433	5,255,659
Income from Operations w/o Depr	692,756	1,023,522	933,097	435,057	619,416
Depreciation Expense	1,487,232	1,527,500	1,542,983	1,585,632	1,605,300
Income (Loss) from Operations with Depr	(794,475)	(503,978)	(609,886)	(1,150,575)	(985,884)
Non-Operating Revenue					
Capital Contributions/Grants	275,220	226,355	239,549	242,274	1,200,827
Interest	11,357	3,327	40,564	41,000	41,000
Property & other taxes	990,006	1,033,149	1,009,330	1,019,000	1,041,000
Misc Non-Operating Revenue	79,260	38,047	32,314	59,700	35,000
Total Non-Operating Revenues	1,355,844	1,300,878	1,321,757	1,361,974	2,317,827
Non-Operating Expenses					
Bond Interest	510,297	398,506	364,257	343,877	445,807
Bond Mgmt, Issuance, Investment	1,655	72,703	1,294	75,390	1,500
Election Expense	-	6,398	-	17,340	-
Total Non-Operating Expenses	511,952	477,608	365,551	436,607	447,307
Net Non-Operating Income(Expense)	843,892	823,270	956,206	925,367	1,870,520
Net Income (Loss)	49,416	319,292	346,320	(225,208)	884,636

**2018 2nd Draft Capital Budget
10/11/17**

CAPITAL BUDGET 2018		PLANNED FUNDING SOURCES						Total	
		Operating REVENUE	Boat Haven RESERVES	Capital RESERVES	GRANTS	GO BOND	Revenue BOND		
Point Hudson Jetty South									
Engineering, design, permitting, administration	\$91,300				\$91,300			\$91,300	
Construction	\$3,512,500				\$797,500	\$2,715,000		\$3,512,500	
Jefferson County International Airport Runway									
Engineering, Permitting, Administration	\$220,000			\$20,000	\$200,000			\$220,000	
Construction									
Boat Haven Bathroom Renovation									
Engineering, Permitting, Administration	\$10,000		\$10,000					\$10,000	
Construction	\$150,000		\$150,000					\$150,000	
Equipment									
	\$100,000	\$100,000						\$100,000	
TOTALS		2018	Operating REVENUE	Boat Haven RESERVES	Capital RESERVES	GRANTS	GO BOND	Revenue BOND	Total
		\$4,083,800	\$100,000	\$160,000	\$20,000	\$1,088,800	\$2,715,000	\$0	\$4,083,800

Projected Cashflow for 2018 through 2021

2nd DRAFT Budgeted Cashflow 10-11-17

	2018 Budgeted Cashflow	2019 Budgeted Cashflow	2020 Budgeted Cashflow	2021 Budgeted Cashflow
Estimated Beginning Year Cash				
Unreserved Cash	1,184,940	1,826,572	2,144,903	2,550,054
Reserved Cash	872,234	692,234	702,850	822,850
Operating Revenues	5,875,075	6,051,327	6,232,867	6,419,853
Operating Expenses (w/o depreciation)	(5,255,659)	(5,413,329)	(5,575,729)	(5,743,000)
Non-Operating Revenues	2,317,827	4,840,280	1,079,000	(421,000)
Non-Operating Expenses	(447,307)	(450,088)	(425,988)	(400,388)
Debt service - principle	(1,074,504)	(715,000)	(755,000)	(785,000)
Issuance of Bond Debt	3,200,000	-	-	-
Capital expenses (from Grants)	(1,158,800)	(3,761,280)	-	-
Capital expenses (from Unreserved Cash)	(100,000)	(222,963)	(30,000)	(60,000)
Capital expenses (from Bonds)	(2,715,000)	-	-	-
Capital expenses (from Reserves)	(180,000)	-	-	-
Increase/(Decrease) in cash	461,632	328,947	525,150	(989,535)
Total Estimated Ending Cash	2,518,806	2,847,753	3,372,904	2,383,369
Unreserved Cash	1,826,572	2,144,903	2,550,054	1,440,519
Reserved Cash	692,234	702,850	822,850	942,850
TOTAL	2,518,806	2,847,753	3,372,904	2,383,369

Notes & Assumptions:

1. The Estimated Ending Cash for 2017 was calculated based on August 2017 month end cash and the budgeted revenues and expenses for the remainder of 2017. At month end August, 67% through the year, revenues were at 67% of budget and expenses were at 62% of budget. In addition, we included known contract increases (primarily capital related) and capital costs estimated through December 31.
2. For years 2019-2021, we projected annual increases in revenue and expense both by 3% which is approximately the historical increase over the years at the Port.
5. Non-Operating Revenues & Expenses are based on 2018 known and anticipated projections (such as property tax levy or debt service interest), with adjustments made in accordance with projections made for the Capital Expenses in the 2018 Capital Budget, such as issuance of new bond debt.
6. Capital Expenses are based on the Capital Budget for currently planned projects. These include the Point Hudson South Jetty, the JCIA Runway Rehabilitation and the Point Townsend Boat Haven Bathrooms.
7. Issuance of new Bond debt (both Revenue and GO bonds) are the principle amounts projected from the Capital Budget for 2018.
8. Debt Service principle was estimated on the new debt assumption of wrapping all current debt into a new issue of \$3.2 million for the Point Hudson South Jetty, plus the final debt service in 2018 for the 2013 Revenue Bond.
9. Updates were made to more recently obtained capital estimates for the JCIA runway rehab and the WSDOT 5% grant that will help fund the project. In addition, we found the project may all occur in 2019.
10. Vehicle purchases were included in the line for "Capital expenses (from Unreserved Cash) through 2021.