

PORT COMMISSION MEETING – August 8, 2007

The Port of Port Townsend Commission met in regular session in the Quilcene Yacht Club, 1511 Linger Longer Road, Quilcene, WA

Present: Commissioners – Beck, Sokol, Thompson
Deputy Director – Pivarnik
Marine Facilities Director - Radon
Auditor – Taylor
Senior Accountant/Recorder – Hawley
Attorney – Harris

Absent: Executive Director - Crockett

I. CALL TO ORDER

The meeting was called to order at 1:00 PM.

II. APPROVAL OF AGENDA

The revised agenda was amended to reflect the addition to Old Business of Item C. – E.D.C. Proposal and Item D. – Qwest Contract for Hudson Point. **Upon motion of Commissioner Beck, the revised agenda, as amended was unanimously approved.**

III. CONSENT AGENDA

- A. Approval of Minutes – 7/25/07
 - B. Approval of Warrants
 - #37471 through #37472 in the amount of \$37,505.40
 - #37473 through #37508 in the amount of \$43,982.45
 - #37509 through #37518 in the amount of \$144,449.97
 - #37306 in the amount of \$35.00 as a VOID
 - #37519 through #37581 in the amount of \$364,377.26
- Upon motion of Commissioner Beck the Revised Consent Agenda, as presented, was unanimously approved.**

IV. PUBLIC COMMENTS (Not related to agenda)

Sheri Hanke, Puget Sound Express, asked for Commission consideration for resolution of a problem with the 2007 moorage contract for the “Glacier Spirit”. She stated that after numerous conversations with Port Staff (all of whom, she said, were extremely courteous and helpful) the issue of a 33% increase in the moorage rates from 2006 to 2007 was still in question. She presented background into the situation and informed that the new rates were paid but that they had not yet signed the new moorage contract. She further informed of the hardships imposed on the business during the Hudson Point reconstruction and stated that business was down, in part, they felt, due to the project as well as the general economy. She advised that the “Glacier Spirit” had been in the 50ft category and has been moved to the 71ft to 90 ft category for 2007. She additionally informed that the “Glacier Spirit” was billed the business rate, which was 125% of permanent moorage rate but that rate was higher at Hudson Point than at Boat Haven.

Mr. Taylor explained that the business moorage at Boat Haven was in the limited access area, therefore it is charged based on that lower base rate plus an additional 25% and that the business rate at Hudson Point is 125% of the permanent moorage rate. He stated that there were three customers in the Port who were listed in the same category and were paying the higher rate: the “Martha”, Puget Sound Express and Sea Marine for their 100 feet of work float. He advised that in addition to the moorage rate a passenger fee was charged on Puget Sound Express.

Commissioner Thompson clarified that the rates at Hudson Point during the summer were not the normal permanent moorage rates, they were, he said, the guest rate which was considerably more than the regular rate; the commercial rate was based on the regular rate plus 25%. So the rate was more than regular moorage, but it was less than guest moorage at Hudson Point.

He informed that the issue would have to be carried forward to another meeting so that Staff could be consulted and information gathered. He thanked Mrs. Hanke for briefing the Commission on the situation.

Discussion followed to include what was the appropriate business rate, and if a passenger fee should be charged in addition to the business rate, (all charter service businesses that haul passengers currently were charged a passenger fee) and that Mr. Crockett was in the process of development of a proposal regarding rates that he felt were equitable for businesses.

Sheri Hanke, conclusion, inquired if there would be any compensation from the Port to businesses that were trying to operate while the Marina was under construction.

Commissioner Thompson responded that he did not believe the Port had any funds available for that sort of compensation.

Commissioner Sokol responded that would be a tough one since it had been known for such a long time beforehand that the construction was going to take place.

Forrest Rambo asked if there was language written in the Port leases, or if there was a Port policy, which stipulated that once a business terminated that the business sign would be removed. He stated that he was speaking of the Otter Crossing Café sign, which was still hanging even though the restaurant was no longer there.

Commissioner Sokol informed that the new restaurant, the Hudson Point Café, had ordered a business sign and that it would be installed upon its arrival. He stated that nothing was written into the Port leases regulating removal of business signage.

John Collins, Maritime Center, stated that he was speaking on behalf of the Maritime Center of which he was a Member of the Board. He stated that there was some concern about the timing of the road paving at Hudson Point. It was his understanding that the paving was now scheduled to be completed just days prior to the Wooden Boat Festival and he advised that although it would be nice to have the road paved before the Festival took place, that it would be particularly disruptive to have the paving going on just days before the Festival. He believed that a request had been made, and preference stated, by the Maritime Center, for the paving to take place after the Festival.

Mr. Pivarnik responded by stating that, although, the concern was understood, it had been decided to move forward with part of the project because of scheduling issues with Lakeside Industries. Lakeside, he stated, would be mobilized and ready to go on August 20th. He informed that Lakeside had been directed to pave the end of Water Street, all of Jackson Street and the intersection of Jefferson and Monroe and to stop at that point. This part of the project would take approximately seven days and would bring it to August 27th giving the Center a week before the Festival for mobilization. After the Festival, he informed, Lakeside would return and do the mini-patching down the middle of Jefferson Street and over by the Hudson Point Café. Separating it into two schedules, he said, seemed like the best solution to the problem as the Port was worried also about the Festival and the project timing. He announced that proceeding in this way assured that Jackson Street would be paved for the Festival booths and visitors.

Sandi Oen, Quilcene, remarked on what a good job, in his opinion, Jim Speer was doing at the Herb Beck Marina and hoped that the Port intended to keep him on as caretaker. He stated that everyone in the community liked Jim and that it was great to have a full-time presence at the Marina to look out for the people and their boats.

He stated that he had concerns, after reading a recent newspaper article in which it was stated that as soon as the restrooms were back in operation, the moorage rates, currently at 80% of the permanent rate, would go to the full 100% rate. In his opinion, he stated, the harbor dredging should be completed before the Port raised the moorage rates to the full rate. He remarked that, currently, it was very difficult for boaters to get in and out of the marina (especially at a minus tide).

Commissioner Beck informed that the Quilcene Harbor dredging project had been discussed during the morning's workshop and was one of the top priorities after the drainfield issue was resolved.

V. OLD BUSINESS

A. 2008 Operating Budget Update:

Commissioner Sokol remarked that a lot of progress on the 2008 Budget appeared to have been made during the workshop.

Mr. Taylor advised that the Budget discussion would be back on the agenda for the August 22, 2007 meeting. During the next two weeks, he informed that he would develop a formal list of assumptions as well as begin to develop the individual department budgets. He expressed appreciation for the direction given regarding the progressive moorage rates. As per Commission direction, he stated, Paul Sorenson of BST Associates would be invited to attend the September 12th workshop; Jefferson County Assessor, Jack Westerman would also attend. He suggested that additional time be scheduled for that workshop.

Commissioner Thompson inquired when it had been planned to increase the moorage rates at Quilcene to the full rate.

Mr. Taylor reminded that when the Port had taken over the Quilcene operation in May, 2006, the rates had been set at 80% of Boat Haven. When the 2007 budget was adopted in November, he reminded, the rates were set identical to Boat Haven but it had been decided to leave the Quilcene moorage rates at 80% until the septic was finished and the restrooms re-opened. He informed that no further discussion regarding the Quilcene moorage rates had taken place.

Commissioner Thompson suggested that bringing the rates up to the full 100% be delayed until completion of the dredging.

Commissioner Sokol advised that the dredging could take up to five years with permitting issues and so forth.

Mr. Pivarnik informed that the Port was currently in permitting phase, and that permitting completion was expected to fall within the fish window, therefore, he did not anticipate dredging to start until July 15, 2008.

Commissioner Sokol advised that the Quilcene Moorage Rates should be added to August 22, 2007 Meeting Agenda as a business item.

B. Change Order #2 – Seton Construction, Jefferson County International Airport:

Mr. Pivarnik informed that Change Order #2 was for \$5,223.00 and was 100% attributable to the Aero Museum storm water runoff and, therefore, not funded by the FAA because the museum was a private entity. He stated that Seton Construction had increased the culvert size, pipes and other items. Staff recommended forwarding the Seton invoice on to the Museum since the change directly affected them and that it was their drainage and that the Port was allowing them to tie into the system with no infrastructure costs. The museum, he informed, had not been asked to contribute to the infrastructure costs as the other hangars had been required to do.

Commissioner Thompson made a motion to direct Staff to forward the Seton Construction Change Order # 2 invoice for \$5,223.00 to the Aero Museum. Motion carried by unanimous vote.

C. E.D.C. Proposal:

Commissioner Sokol informed that Ian McFall had presented the Economic Development Council (E.D.C.) proposal during the morning workshop. Discussion followed that included the fact that it was good to see a proactive proposal and that Port Staff and EDC Staff should meet and follow through on the list and scope of work that Mr. McFall had put together and get it back to the Commission for the September 12, 2007 workshop.

Commissioner Thompson made a motion to direct Staff to meet with Mr. McFall of the (EDC) and move forward with the proposal as presented.

****Please see below for vote.**

Commissioner Beck inquired as to the dollar amount involved.

Mr. Pivarnik stated that the initial fee was for \$5,000 to do the ‘leg-work’, produce the collateral. If a business is recruited to the airport, then a fee would be negotiated based on the business size and the number of employees.

Discussion followed regarding the proposal, development and printing of brochures, the experience brought to the proposal by Mr. McFall and the possibilities of growth if, indeed, a manufacturing business was recruited to the airport.

****The motion carried by unanimous vote.**

Forrest Rambo inquired if the Port had been contacted at any time within the last couple of years by any aviation manufacturing firms that had expressed interest regarding space availability at the airport.

Discussion followed regarding that there were contacts and interest, but that the airport property, since it was purchased with FAA monies, was limited to aviation related business.

Forrest Rambo stated that he wanted the Port to avoid a situation in which a company was recruited to the airport through this proposal and then it was discovered, after the fact, that the company had previously contacted the Port.

Commissioner Sokol informed that he had not heard of anyone who had talked about such a project.

D. Qwest Contract for Hudson Point:

Mr. Pivarnik stated that the proposal from Qwest was for \$6,900 which would pull all the overhead phone lines and put everything under ground in the conduit which had already been installed as part of the Hudson Point Renovation project.

Commissioner Beck made a motion to accept the contract with Qwest in the amount of \$6900.00 for underground telephone line. Motion carried by unanimous vote.

Commissioner Thompson wanted to know if there would be fiber optics.

Mr. Pivarnik responded that no there would not be, but with 200 pair there would be room for expansion.

A brief discussion resulted which included that this would remove the over head wires and should be the last piece in the puzzle.

VI. NEW BUSINESS

A. Operations Report – Month of July 2007:

Mr. Radon informed that the permanent moorage remained fairly static for July at 385 compared to 389 during July of 2006. The monthly guest total was slightly down from 2006 with 21 this year compared to 32 in 2006. He advised that Staff held off assigning monthly guest slips to keep slips available for nightly guests during the busy months of July, August and September. Total nightly guests for July were 1089 compared to 1043 during July 2006. Nightly guests were at 3882 for the first 7 months of 2007 which was ahead of the 2944 in 2006, and which, he explained, was due, in part, to the Hudson Point Marina closure for the first 5 ½ months of the year. He explained that the total number of permanent moorage tenants using the credit system was 45 compared to 39 for July, 2006. He informed that the permanent tenants who use the credit system were out of their slips for one reason or another and that the slip was then empty and was available for nightly and monthly guest assignments.

Commissioner Thompson noted that the number of smaller size slips, notably the 25' to 30' nightly guests were up considerably more than the bigger boats.

Mr. Radon informed that the reason for that was that this year there was summer salmon season as well as the crab season and that this year there was a greater presence of tribal fisheries, who in past years used to trailer in and then trailer back out and that this year they were taking a slip instead.

Mr. Radon continued by stating that the ramp fees continued to be strong, especially the dailies at 211 for this year compared to 171 during July, 2006. The annual ramp passes at 299 were consistent with 2006 which had 292 to date. The wait list categories remained pretty much the same at a little over 200.

Moving on to the Boat Yard the total “outs” and “ins” remain ahead of 2006 at 99 “outs” and 104 “ins” compared to July 2006 at 88 “ins” and 97 “outs”. Numbers were still good for total vessels using the Port’s facilities at 216 vs. 214 last July, and cumulatively for all small lift operations, were at 1205 operations, vs. 1198 up 7 overall for the first 7 months.

The Ship Yard figures continued to be down as had been the case all year and the Ship Yard was rather empty right now, Mr. Radon noted.

He advised that the actual billable footage in the Work Yard was down not quite 1,000 linear feet. The Ship Yard, he noted, was down 250 billable feet and long-term storage was down, also, about 100 linear feet.

Mr. Radon continued by stating that, at Hudson Point, July had been a good month for nightly guests with 1173 compared to 1136 for July 2006. He remarked that it was a good showing and especially in light of the fact that some of the slips were out of service because of the completion of the dredging.

He advised the RV transients were down, as had been discussed during previous meetings, based, probably, on the economy and, in part, due to the construction, with 1099 for July 2007 compared to 1221 for July, 2006. He informed that RV bookings were strong for the remainder of the summer season with weekends completed booked.

Mr. Taylor commented that for the Hudson Point Moorage, the year to date percentage of 138% was incorrect since the Marina had been closed for the first five months, therefore that the percentage should be about 50%

A brief discussion followed regarding those numbers and that year to date should be the actual nights this year compared to actual nights in 2006 and the result would be a fairly small number.

Additional discussion took place regarding the new Hudson Point facility and how visitor input was very positive.

Forrest Rambo expressed appreciation that information regarding the heavy haul-out was included in the operations report. He inquired if a projection, or forecast, had been done at the time the haul out was planned which stated a projection for the number of boats using the Ship Yard. He asked if, perhaps, a comparison could be drafted which would show the projection compared to actual now that the project had been in place for a number of years.

B. International Clinical Educators Lease Extension:

Mr. Pivarnik said the International Clinical Educators desired to lease another, third, office in the Port's Administration building. He advised that the term would be for five years. He had reconstructed the entire lease to include the new office for a five year period for all three offices.

Discussion followed regarding the business (which produced "off-site" videos that provided continuing medical education to doctors and the distribution and shipping of the videos worldwide).

Commissioner Beck made a motion to approve the lease for office 105, 201, and 202 in the Administrative Building at Hudson Point for total of 670 square feet with the International Clinical Educators at a monthly rent of \$1040.00 and L.E.T.

The motion carried by unanimous vote.

C. Department of Ecology Grant Proposal:

Mr. Pivarnik reminded that the Port had contracted with Landau Associates to develop a program that would help the Port obtain grant funding to improve the Ship Yard storm water system. He informed that Landau had met with the Department of Ecology and in the meeting, had been informed by the DOE of a \$17,000,000 Centennial Clean Water Fund Grant that was available this year to clean up storm water systems throughout the Puget Sound Area. The criteria were that the grant application must be a fully developed one and that it meet the October 15, 2007 submittal deadline.

Landau, Mr. Pivarnik, continued, had been looking at the Ship Yard stormwater problems, the expected maintenance and the estimated cost to completely re-do both the sand filters and the system and had estimated the total cost would be between \$400,000 to \$500,000. He informed that Landau, for a fee of \$12,000, had proposed that they develop a plan, complete and submit the grant forms to the Department of Ecology. The proposal, stated Mr. Pivarnik had been unsolicited

Commissioner Beck remarked that he was very much in favor of proceeding and thought that it was important to resolve the storm drain issues for both the Port and the Marine Trades.

Commissioner Beck made a motion to direct Staff to move forward with the Landau Associates Contract of \$12,000 for development of a grant application to the Department of Ecology.

****Please see motion below.**

Mr. Pivarnik was not sure whether or not the \$12,000 to Landau would be retroactively billed as part of the grant and suggested that he follow up with more research.

Mr. Harris reminded about the discussion the Port was having with the City of Port Townsend regarding the storm water issues and wanted to be sure that all items dovetailed together.

Discussion followed regarding different scenarios that might develop between the City and the Port.

Commissioner Thompson expressed interest in identification of the source of contamination, felt that once the source was identified a remedy could be found and suggested that Landau would be able to provide that information after they had acquired more research. He suggested that the City be made aware of the proposed project.

Mr. Radon commented that some of the work that Landau would be performing in development of the grant was preliminary work that the Port would need to have done in any event to locate and resolve the problems with the stormwater system. If, as indicated by Landau Associates, the benchmark for pollutants was missed a couple of more times in the Yard, the Port would be in the position, under the permit, to provide a level 2 response which would involve an analysis, and removal, of the pollutants that are at the site. He recommended moving ahead with the proposed contract with Landau. He stated that even if the system were turned over to the City at some time in the future, it would be necessary to turn over a compliant system and one that was performing at the State of Washington Department of Ecology standards.

Mr. Taylor inquired as to the Grant time line, and if it was for the current biennium. He advised that there was \$25,000 in the 2007 budget to start the stormwater analysis some of which had been already expended.

****The Motion carried by unanimous vote.**

VII. STAFF COMMENTS

Mr. Harris informed that he had heard nothing yet from the City of Port Townsend concerning the Public Records request made to them regarding the stormwater issue. He suggested that there might be a need to obtain expert assistance when it came time to analyze the information provided by the City.

Commissioner Sokol inquired if the requested information included what the Port tenants paid in stormwater fees as well as what the Port paid.

Mr. Harris responded in the affirmative.

Mr. Pivarnik provided an update on the security being provided to the Port by the two new security employees who started working in July and said that they were doing a great job.

Mr. Pivarnik updated on the Hudson Point Marina project by stating that it was very near completion, the dredging had been finished, the angle brackets had been installed and that Caicos had followed through on the Reid Middleton checklist. There were two items still in need of completion, he said, one was the bollards at the top of the launch ramp and the second item was that new fittings had to be manufactured to hold the fire flow system at 200 P.S.I.

Commissioner Thompson inquired if Reid Middleton was going to return and do the soundings again.

Mr. Pivarnik responded that it was Caicos' responsibility to hire a third party surveyor to do that underwater survey.

VIII. PUBLIC COMMENTS:

Scott Kaseburg, (also present: brother, Peter Kaseburg and father, Bill Kaseburg) stated that they owned and moored the "Blue Leader" in the Herb Beck Marina. He stated that they really appreciated the Port's service. In their opinion, Jim Speer provided a great service in that he was present on a full-time basis at the Marina, looked out for the boats and gave everyone a lot of personal attention. He remarked on the incredible job that had been done at the Hudson Point Marina and stated, that, in his opinion, the finished product was wonderful.

Mr. Kaseburg inquired if the Port had a short term or long-term plan, or vision, for the Herb Beck Marina and if so, what those plans encompassed. He expressed appreciation for the dock improvements (bumper boards, cleats and other maintenance items) recently made to the Marina. He also asked if it would be possible for the Port to bring down a dock cart since one had not been located at the Marina for several months.

In conclusion, Mr. Kaseburg expressed concern over the length of time it was apparently going to take to get the harbor dredged, but was, overall, appreciative of the attention being given to the Marina.

Mr. Pivarnik responded by thanking Mr. Kaseburg for noticing the maintenance items and informed that the maintenance crew would continue working on the many maintenance

issues at the Marina. He informed that the focus, currently, was on completion of the restrooms and septic facility, which, he added, was actually a community system for the lower end of Linger Longer Road.

He informed, in regard to the dredging, that the Department of Ecology and the Corp of Engineers now had the Port's historical data. The permit process would take approximately six months and therefore the project timeline would fall into the fish window in which no in water work could be performed. He anticipated the dredging would begin approximately July 15, 2008. However, he stated, the proposed project was dependent on financing.

Mr. Pivarnik continued and said that the Contractor who had installed the docks had been asked to provide an estimate on what the cost would be to carry the same dock motif around the remainder of the Marina.

Concerning the dock cart request, he stated that one would be provided now that the Port knew that they needed one.

Mr. Kaseburg asked if there was any vision as far as an overall plan for the Marina.

Commissioner Beck responded by stating that as much as he would like to do so, there was just no room for Marina expansion. He stated the area was a Class A Oyster area with all of the regulations and restrictions of that classification. Additionally, he stated, a major hurdle was that the area was zoned residential in the Jefferson County Comp Plan and therefore, transient RV hoop-ups were not allowed. He said a rezone would be needed before the proposed eight RV hoop-ups envisioned for the area could be developed.

A brief discussion followed regarding the proposed dredging, cleaning and sprucing up the facility, the probability of keeping the caretaker scenario and the dream of paving the parking area at some point.

As Commissioner Beck had heard comments that the Port did many things for Coast Seafoods at no charge to them, he asked Mr. Pivarnik to provide information regarding the many contributions Coast Seafood had made to the area.

Mr. Pivarnik informed that Coast Seafoods had been, and continued to be, a "model tenant" and was one of the largest Port leaseholders. However, aside from that, remarked Mr. Pivarnik, Coast was always at the ready to contribute where needed. He informed that a \$30,000 excavating project had recently been completed and Coast had contributed \$25,000 of that total cost. He stated that the new water treatment scrubbers were actually obtained through a grant of \$75,000 from the .08 Jefferson County Infrastructure Fund (which was available to promote and develop infrastructure needs in the County). The Port and Coast Seafoods had collaborated in securing the grant. Coast had a use contract with the Port to use the machinery, he informed, but the scrubbers were actually owned by the Port

A brief discussion took place regarding the possibility that Penn Cove might become a future tenant and that Coast Seafoods, the largest employer in the area, used the water scrubbers but did not have exclusive rights to the machinery.

Mr. Pivarnik continued by stating that the expense to Coast Seafood to hook up their three buildings to the new septic system would be in the \$35,000 range.

IX. COMMISSIONER COMMENTS

Commissioner Sokol expressed gratitude and said, "thank you" to the nine citizens (the largest turn out to date, he said) who attended and participated in today's meeting.

X. NEXT MEETING: will be held Wednesday, August 22, 2007, at 6:30 PM, Port Commission Chambers, 375 Hudson Street, Port Townsend

XI. EXECUTIVE SESSION

None.

XII: ADJOURNMENT:

The regular meeting adjourned at 2:21 PM there being no further business to come before the Commission.

ATTEST:

President

Secretary

Vice President