

PORT COMMISSION MEETING – January 23, 2008

The Port of Port Townsend Commission met in regular session in the Port Commission Chambers, 375 Hudson Street, Port Townsend, WA

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

I. CALL TO ORDER

The meeting was called to order at 6:30 PM.

II. APPROVAL OF AGENDA:

The Agenda was amended to list correctly the items presented: A – Hudson Point Nurses’ Quarters Building Project Control Form, Item B. – Quilcene Utility Upgrade....; Item C – Public Forum – Moorage Rates (incorrectly titled, should actually be changed to Information/Discussion Regarding Public Forum....), and Item D – New Day Fisheries Lease Extension. Item C – Seattle Boat Show – Marine Trades was added to New Business. **Commissioner Beck moved to approve the agenda as amended and it carried by unanimous vote.**

III. CONSENT AGENDA

A. Approval of Minutes – 01/09/08

Commissioner Beck moved to approve the Consent Agenda, as presented. Motion carried by unanimous vote.

IV. PUBLIC COMMENTS (Not related to agenda)

Clare Candler complimented the Port on the job well done, in his opinion, at the airport. He passed along a suggestion that the airport needed a nice, updated, restaurant facility for visiting pilots and others to use and enjoy.

A brief discussion followed regarding the status of the Spruce Goose Restaurant proposed plans for a new restaurant building and that both the FBO and the Aero Museum had areas set aside for pilots’ use.

Jerry Thuotte, expressed dismay and irritation regarding the removal of the second portable sanican at airport, which he informed, had been located there for over fifteen years. He advised that in his opinion, there would be health and sanitation problems resulting from the sanican removal.

Mr. Crockett informed that Goodman Sanitation had been asked to return the sanican to the site.

Mr. Thuotte stated that he had not (he provided background and historical information) yet received his copy of the Lease Extension approved by the Commission in November 2007.

Peggy Thuotte, Treasurer, Port Townsend Aero Museum expressed frustration and displeasure regarding the removal of the sanican. She advised that the distance to the remaining sanican was problematic. She also voiced concern and frustration regarding the lack of Port response and follow up, in her opinion, to phone calls regarding the matter.

Mr. Thuotte also expressed frustration at what he perceived to be the unresponsiveness of Port staff to his concerns, not limited to the sanican issue, but other issues as well. A brief discussion ensued.

Commissioner Thompson suggested that a workshop topic in which discussion of development of a policy to provide timely follow up to citizen questions and concerns might be useful.

David Tarr remarked that he had wanted to participate in the public forum on moorage rates but understood that the agenda had listed it in error. He asked about the long-term strategic goals of the Port Commission.

A brief discussion followed regarding the scope of the strategic goals, that the process would be involved and that a facilitator would be selected to aid the process. The goals also had to be defined and prioritized and other governmental agencies would need inclusion.

V. OLD BUSINESS:

A. Hudson Point Nurse’s Quarters Building Project Control Form:

Mr. Taylor informed that the Project Control form was presented as a result of direction given to Staff at the January 9, 2008 Commission meeting to move forward and obtain construction proposals for the Nurse's Quarters Building.

Mr. Pivarnik informed that Richard Berg was developing a project scope of work for the proposed project and, once it was complete, bids would be sought.

Discussion followed regarding the use of project control forms on capital projects to aid in tracking contract change orders.

Commissioner Beck moved to approve the Project Control Form for the Nurses' Quarters Building as presented on page 10 of the 1/23/08 meeting packet in the amount of \$300,000. Motion carried by unanimous vote.

B. Quilcene Utility Upgrade: Project Control Form Revision and Reeves Excavating Contract:

Mr. Pivarnik informed that a change in the project name from Quilcene Septic System to the Quilcene Utility Upgrade was thought to be more inclusive of all the utility upgrades (water, power and septic). He provided background and information.

Discussion followed to include the many delays and problems encountered along the way with the Quilcene project.

Commissioner Beck moved to approve the Project Control Form Revision to the Quilcene Septic System Utility Upgrade, as presented on page 12 of the meeting packet, in the amount of \$271,500. Motion carried by unanimous vote.

Mr. Pivarnik provided information regarding the second portion of the agenda item, Reeves Excavating Contract.

Commissioner Beck moved to approve the contract with Reeves Excavating and Land Clearing for waterline replacement and power line ditching work in the amount of \$60,704.00 including WSST. Motion carried by unanimous vote.

C. Information and Guidance Regarding the Public Forum – Moorage Rates

Mr. Crockett informed the Public Forum was scheduled for February 11, 2008 in the Marina Room at Hudson Point. He asked for Commission direction regarding both the preferred time 6:00 PM or 6:30 PM and how it wished the meeting to be conducted. He advised that an announcement of the meeting would be placed in the newspapers as well as a notice sent to tenants with the Port's monthly billing statements.

When asked by Commissioner Collins if the moorage tenants had a preference for the meeting time, Dr. Bertram Levy responded that either time would work equally well. Both Commissioner Beck and Thompson preferred 6:30 PM.

Discussion followed regarding details of how the Commission wished the meeting to be conducted.

Commissioner Thompson suggested that Staff develop three scenarios of estimated costs for the AB Dock Renovation and for the AB Dock/Commercial Dock Renovation and how that cost would reflect on the moorage rates. He stated that, in his opinion, the scenarios would act as a reminder of what the future renovations would cost and that; therefore, the moorage rates could not remain the same or be reduced.

Discussion followed regarding that concept.

Commissioner Collins suggested that Staff estimate the annual cost of the proposed project with three scenarios: \$5M, \$10M and \$15M.

Mr. Crockett expressed concern that in so doing it would derail work done by the Boat Haven Advisory Committee, which had been enlisted to develop different Boat Haven Renovation scenarios.

Mr. Pivarnik advised that the estimates should be tied in to the linear footage now available and that the revenue the Port was now getting would be displaced in order to renovate the Marina. In his opinion, the estimates should be tied in with linear footage with the fact that the Port had X amount of linear feet of dock and at \$5M, it would cost so much, at \$10M it would cost so much and at \$15M it would cost so

much per year. In that way, he advised, it would enable participants to see on a linear foot basis what the moorage rates would need to be.

Mr. Crockett informed that there was public opinion that, as a taxing district, the Port should raise property taxes in order to pay for the renovation. He informed that due to Initiative 747, the Port was limited to a 1% tax rate increase per year, which amounted to approximately \$7,500.

Mr. Harris raised the issue of the propriety of taxing citizens who did not own boats and, therefore, subsidizing those people who did and that, in his opinion, a strong effort should be made to avoid resorting to taxing.

Mr. Crockett informed that tax revenues were used to subsidize economic development initiatives, things that created jobs and returned wealth, etc.

Further discussion followed.

Commissioner Collins suggested that he would be interested in listening to ideas from the audience about ways to maximize forum time.

Bertram Levy remarked that the Moorage Tenants Union Rate Committee would offer a ten-minute presentation at the forum.

He stated that, in his opinion, there appeared to be a kind of prejudice, a prejudicial way of thinking about the entire project. He related his experience in seeking a bond issue in support of the Hospital, which took three tries but finally succeeded. It struck him, he offered, as somewhat prejudicial to think that just because some people do not own a boat that the community would not support a Marina renovation. He stated that, in addition, he had often heard it said that the Port had a responsibility to New Day Fisheries and to the Coast Guard but had not heard the Port include the responsibility to the moorage tenants, which, in his opinion, should be equal in the Port's consideration.

Commissioner Beck inquired if the opinion was that the Port should go for a public bond issue.

Dr. Levy reiterated that pursuing a bond issue was not an easy process, since it required getting the community on board with the idea. He continued that a bond issue would force the development of a project of benefit to the entire community and would become an inclusive thing rather than just an investment.

Commissioner Thompson clarified that it would be for a recreational based facility which, seemingly, would be more difficult for which to gain community support.

Dr. Levy stated that it would be necessary to convince people that recreation was an important part of life. In his opinion, it could be accomplished.

Commissioner Collins summarized that Dr. Levy was suggesting that the Port could expand the realm of water-related activities that would support more than just mooring boats as it does at present.

Discussion followed about the concept and how it would affect taxpayers in other parts of the County, such as the West End, Port Ludlow and Quilcene/Brinnon.

David Tarr stated that, in his opinion, the Port brought many benefits into the community and believed it would be possible to gain countywide support for a bond issue. He stated that it would be difficult to quantify all the benefits but named a few such as the transient guest boaters who bought groceries locally, ate in the local restaurants and stayed at the local hotels. He reminded of the Port employees and employees of the Port tenant who spent part of their paychecks locally and sent their children to community schools. In conclusion, he advised that the concept would be a new way of thinking and approaching the problem rather than putting the Port's operation solely on the backs of the moorage tenants, which he considered both unreasonable and unfair.

D. New Day Fisheries Lease Extension:

Mr. Pivarnik informed that Scott Kimmel of New Day Fisheries had expressed the desire (for some years now) for a long-term lease instead of the annual one he had now. Mr. Kimmel had approached Mr. Pivarnik recently and stated that he wished to make some major equipment investments but did not consider it a wise choice unless he was granted a long-term (ten-year) commitment from the Port. Staff, advised Mr. Pivarnik, had wanted to stay with an annual lease because the Marina planning had not yet been done but understood Mr. Kimmel's dilemma. He advised that after the

planning process was finished and if it was decided that New Day had to be relocated, it would probably be five years before any of that occurred. Staff, advised Mr. Pivarnik, felt comfortable extending the lease five years, however, Mr. Kimmel really wanted a 10-year lease. He had brought it forward for Commission input. He stated that there was a lot of planning to be done for that portion of the marina and that if a long-term lease was granted it would really tie up that corner and that we would be guaranteeing access.

Discussion followed about different ways in which to structure a long-term lease. Also discussed was the condition of the building.

Mr. Harris informed that there was language in the Port's long-term leases to add the provision that allowed for termination of the lease, with a certain amount of notice and it was treated like a condemnation with a certain amount of damages paid to the lessee. At Boat Haven, he advised, a point might be reached where that whole area of the marina might have to be reconfigured with resultant disruption to tenants.

Discussion followed regarding the lease, the condition of the building and the idea of selling the building to Mr. Kimmel. Details of how the property would be sold were given.

Mr. Pivarnik stated that Staff had no problem in granting a ten-year lease to New Day if the Commission agreed with the concept.

Commissioner Collins moved to approve a ten-year lease extension for New Day Fisheries.

Mr. Radon inquired if Mr. Kimmel would be required to make the equipment investment before the lease extension was granted, or did the Port want to proceed "on trust" that the equipment purchases investment would be made which justified the lease term extension.

Further discussion followed.

Mr. Pivarnik followed up by offering that he would arrange another meeting with Mr. Kimmel, discuss the possibility of a ten year lease extension, state the Port's concerns, discuss the building's condition, find out what kinds of equipment investments he was planning to make and then come back to the Commission with that information.

Commissioner Collins withdrew his motion.

VIII. NEW BUSINESS:

A. Water Rates:

Mr. Crockett stated that he had received a letter from the Quilcene Yacht Club in which they stated their concerns regarding the water usage rates charged by the Port. Mr. Crockett provided historical background. He advised that as the PUD did not have the infrastructure in the area to provide water service, the Port supplied water to three users: Coast Seafood, Canterbury and the Herb Beck Marina. The rate charged was \$.334 per 100 gallons with a \$20.00 monthly base fee. The fee had been the same as that charged by the PUD until it recently reduced its commercial water rate to \$.30 per 100 gallons (and a \$20.50 base charge) because of increased user district. Mr. Crockett referenced a graph provided in the letter from the Yacht Club, which listed water consumption back to 2005. One of the reasons for the high consumption was a faulty ice machine (now removed).

Mr. Radon advised that the building was currently using very little water as the meter was essentially turned off.

Discussion followed and it was decided that no action was needed and to retain the present charges for water usage.

B. Approval of Warrants:

Approval of warrant #38644 through #38644 in the amount of \$5,000.00
Approval of warrant #38645 through #38671 in the amount of \$37,654.57
Approval of warrant #38672 through #38677 in the amount of \$25,891.19
Approval of warrant #38678 through #38703 in the amount of \$15,277.21
Approval of warrant #38704 through #38744 in the amount of \$49,319.92

Commissioner Collins moved to approve the warrants as presented. The motion carried by unanimous vote

Mr. Crockett advised that if the Commission wanted to continue to have the warrants listed in the New Business section, that the Resolution outlining the Commission Meetings rules (which defined meeting times and other issues) should be modified and adopted and the old one rescinded.

Commissioner Collins stated that he wished to offer a few suggestions and asked that the topic be added to the February 13, 2008 workshop for discussion.

C. Marine Trades:

Mr. Crockett informed that he had been approached by Diana Talley, President of the Marine Trades Association, inquiring (since the Marine Trades did not have a booth at the Seattle Boat Show) if the Port would be amenable to allowing a Marine Trades representative to be in the Port booth. He stated that they would be there to represent the Marine Trades and the Work and Ship Yard as a whole and not an individual business.

A brief discussion followed.

There was agreement that no formal action was necessary and that Mr. Crockett would pass along to Ms. Talley the Commission approval of the idea.

Commissioner Collins brought forward an item that he desired to be included into New Business. He informed of his idea that it would be highly desirable for the Port to have a booth at the Jefferson County Fair since it was a county-wide organization.

Commissioner Beck related that he had been trying to promote that idea for a long time. Commissioner Thompson was also in favor of the idea.

Discussion followed and Staff was directed to research what was needed to have a booth at the Fair.

VII. STAFF COMMENTS:

Mr. Harris advised that his contract as Attorney for the Port would expire at the end of January and that he would like to renew, basically, the same contract with a slight increase in his hourly rate for another three years.

Mr. Taylor reminded that the 2008 Budget did fund a new staff position in the Finance Department, and that a draft job description had been created and newspaper ads placed. He hoped to have the new staff member in place by early March.

Mr. Radon updated on the Best Management Practices Video, advising that Mr. Wiant had dropped off a sample segment and that Staff was concerned with the narrative portion, not the voice itself, but the tempo. Discussion had taken place with Mr. Wiant and those narrative sections were being redone. He advised that, otherwise, the footage he had seen had been good.

Mr. Pivarnik provided an update on the Sail Loft Building rehab. After several meetings with the tenants, he stated, it appeared that all the tenants were behind the proposed project and the Port could move forward with rehabbing the building. Knowing that the electrical needed to be done, an electrical engineer had been interviewed and asked to design a system and that a walk through of the building had been done to identify all of the electrical accoutrements.

Mr. Pivarnik informed that although the roof had leaked for years, this year the roof seams had opened up (due to all the heavy winds) and allowed water to blow into the building. It was apparent to the Maintenance Dept., he stated, that the building needed to be re-roofed – and soon. One of the ideas presented was that of a metal roof, which everyone agreed would, work very well as the Sail Loft had a flat roof. It would tie the building in with the whole Maritime/Heritage corridor. Mr. Pivarnik stated that he had appeared before the Historical Preservation Committee with samples and a proposal to re-roof the building in metal and received great reviews and acceptance of that idea. As part of tenants' discussion, Carol Hasse had suggested that as a government entity the Port should tell the story about energy conservation and the Sail Loft building should be used as a pilot solar project, and put solar panels on the roof. Mr. Pivarnik advised the HPC had given a "thumbs up" on solar panels, also.

Mr. Crockett informed that there might be some Grant monies available for the solar panels. Discussion followed regarding the state of the existing electrical system and the upgrades and items needed to bring the electrical back up to code for all of the tenants.

Mr. Crockett reminded that in 2007, the Port had requested from Jefferson County Public Infrastructure Fund grant money (collaborating with the Salmon Coalition group for Hood Canal) for a water system redesign for Coast Seafood. He provided historical background on the project. Mr. Pivarnik, he informed, had put together a packet to be sent to

Representative Kevin Van De Wege requesting \$250,000 from the State Legislature. He informed that it had been too late in the budget cycle last year to have the funds approved.

VIII. PUBLIC COMMENTS:

A Citizen inquired who the prospective tenant was for the Nurse's Quarters building. Mr. Crockett informed that it was T's Restaurant and that at the January 9, 2008 meeting the Commission had directed staff to go forward with obtaining construction bids and continue in negotiations with T's about a lease, which the Port does not yet have.

Dr. Bertram Levy remarked that it had been his impression, per comments made at the January 9, 2008 meeting, by Forrest Rambo, that the Port was going to advertise and open it up so that other people in the community would have the opportunity to consider use of the building.

Mr. Crockett informed that was not the case, as the idea of turning the building had not originally been the Port's idea and that if it had been then the Port would have gone out for proposals.

Commissioner Thompson informed that renovation had not been considered until after T's (and another restaurant) had expressed interest.

Mr. Harris informed that the building was not currently rentable to anybody and that the Port had not been willing to renovate the building without specific interest and proposal in place.

Discussion followed regarding the issue and the fact that there was still some Hudson Point Marina Renovation bond money that needed to be spent at Hudson Point and that it could be used for the Nurse's Quarters Renovation or another project, such as the proposed boardwalk, but that the remaining bond funds needed to be spent by November, 2008.

X. COMMISSIONER COMMENTS:

Commissioner Beck informed that he had recently attended a Grange Meeting in Chimacum and that it had been brought up during the meeting that eventually the Farmers' Market should have a permanent cover instead of just on the street where individual vendors had covers over their booths. He remarked that there had been discussion about making the Farmer's Market more successful and that a permanent location making it possible to sell products year round would be more effective than closing down part of Tyler Street on certain days. Discussion had also taken place that perhaps the Port would be interested in it eventually.

Commissioner Thompson remarked that he had heard interest expressed in using part of the Kah Tai adjacent to the Park and Ride.

Commissioner Beck informed that it would make an excellent site, as it would be available to citizens using the buses and who did not drive or have an automobile.

Discussion followed regarding the Farmers' Market in Olympia, owned by the Port of Olympia, and how it was an excellent model.

Commissioner Thompson stated that he had attended a City Council meeting and one of the items to come out of that meeting was that Washington State Ferries, had to keep the ferry Klickitat for ten years (as they had sold the depreciation rights) and that they were looking for a place to moor/park it. The Quincy Dock had been discussed as a possible site and, he said, the State would pay to put in dolphins and whatever else was needed so that there would be no cost to the community.

A brief discussion followed.

X. NEXT MEETING: will be held Wednesday, February 13, 2008 at 1:00 PM, Public Workshop preceding at 9:30 AM, in the Port Commission Chambers, 375 Hudson Street, Port Townsend.

XI. EXECUTIVE SESSION:

The regular meeting recessed into Executive Session, duration of 10 minutes, for discussion of a real estate matter with no expected action at 3:38 PM.

XII: ADJOURNMENT:

The regular meeting reconvened at 3:48 and adjourned 3:49 PM there being no further business to come before the commission.

ATTEST:

David H. Thompson, President

John N. Collins, Secretary

Herbert F. Beck, Vice President