

PORT COMMISSION MEETING – October 14, 2009

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

Present: Commissioners – Beck, Collins, Thompson
Executive Director – Crockett
Deputy Director – Pivarnik
Auditor – Taylor
Attorney – Goodstein
Senior Accountant/Recorder – Hawley

I. CALL TO ORDER/PLEDGE OF ALLEGIANCE:

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

II. APPROVAL OF AGENDA:

The Agenda was amended to reflect the addition to New Business of Item C – Point Hudson Parking Policy and to add an Executive Session in which to discuss a real estate and a legal matter, duration of thirty minute with no action.

**Commissioner Collins moved to approve the Agenda, as amended.
Motion carried by unanimous vote.**

III. CONSENT AGENDA:

- A. Approval of Minutes – September 23, 2009
- B. Resolution No. 524-09 – Authorizing Sale of Abandoned Vessel
- C. Write-off Register
- D. Operations Reports – September 2009

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

IV. PUBLIC COMMENTS (Not related to agenda):

None

V. OLD BUSINESS:

A. November Commission Meeting Dates:

Mr. Crockett reminded that the first Commission meeting in November fell on Veteran's Day, a Federal holiday, and sought Commission approval to move the meeting to Tuesday, November 10 at 1:00 PM with the workshop at 9:30 AM. Additionally, he stated that the second Commission meeting in November was scheduled for Wednesday, November 25, the day before Thanksgiving. He suggested Monday, November 23 as an alternative date.

**Commissioner Thompson moved to reschedule the November Commission Meetings from Wednesday, November 11 to Tuesday November 10 at 1:00 PM and to change Wednesday, November 25 to Monday, November 23, 2009.
Motion carried by unanimous vote.**

B. Presentation of Draft 2010 Operating Budget:

Mr. Crockett opened the presentation of the 2010 Draft Operating Budget with a preamble regarding how the Budget had been compiled using the guidance offered by the Commission from the beginning of the process which had begun July 8, 2009. No rate increases to moorage or other rates were proposed. The Yard Incentive Program for Yard lay days is scheduled to cease at midnight, March 31, 2010 as had been discussed. There were no cost of living increases for Management; however, the Budget did incorporate the second year wage increases as part of the previously approved NW Consulting Salary Survey and included the CPI adjustments due to Teamsters Union employees effective July 1, 2010 as part of their contract. The Draft Budget also included going out for a bond for the A/B Dock Renovation in the March 2010 time frame. Overall, stated Mr. Crockett, staff had used a very conservative approach, in keeping with the current state of the economy. As required by RCW a Public Hearing on the proposed Budget is scheduled for October 28, 2009. The deadline for adoption of the Budget was November 30, 2009.

There followed a very thorough dialogue between the Commission and staff about the proposed Budget which included discussion of the August, 2009 financial statements, the proposed 2010 Maintenance Budget, Capital Projects, the proposed reduction in the amount (from \$275K to \$150K) transferred to the Boat Haven Renovation Reserve Account due to the anticipated A/B Dock construction in September, 2010, Property Tax Revenue, the Fuel Dock Facility, the airport, Quilcene Moorage rates (currently at 80% of the Permanent Moorage rate at Boat

Haven) due to increase to a full 100% of Boat Haven Permanent Moorage rates once the Quilcene Harbor Dredging project was completed and other issues. Also discussed was how, over the course of the last two years, a total of six staff positions had been eliminated.

Commissioner Collins inquired as to a way in which to provide a clear trail of where the property tax revenue was expended.

Mr. Taylor wasn't sure how to make the trail more clear and advised that the Port had already pledged in the General Obligation (GO) Debt Covenants that it would levy property taxes to its ability in order to guarantee payment of the General Obligation Bond. In 2009, he stated, the Port would collect \$830K in property taxes, in 2010 it was proposed to collect \$855K and the General Obligation debt (including the proposed new debt interest of \$225K for the A/B Dock construction) would be approximately \$1 Million meaning that the Port, in 2010, would spend more in GO debt payments than the property taxes collected.

Commissioner Collins offered that it would be nice to show that the property tax revenue was going to pay for some sort of capital improvement.

Mr. Taylor suggested that in order to simplify and clarify the Budget it might be beneficial to eliminate the line item listing the operating transfer to the reserve fund. He advised that he had begun to list it in order to make it clear that the Port was indeed setting funds aside for the Renovation but, in point of fact, the transferred funds were still net income.

A short discussion followed about the recent information regarding the closure of the Landfall Restaurant due to the Washington Department of Revenue recent action.

Mr. Crockett noted that on the Sources of Funds graph, Work Yard and Ship Yard revenues, combined, were more than the PTBH Moorage revenues. He reminded that Port staff had been reduced over the past two years by six positions. Additionally, he stated, the Draft Budget reduced the total number of hours worked for summer moorage temporary positions.

Mr. Taylor informed that the proposed 2010 Budget was for \$5,380,200 with a net income of \$2K after the transfer to the Reserve Account of \$166,680.00. He noted that the Budget included the maximum property tax levy, which was the 1% banked in 2009, the 1% for 2010 plus new construction of about \$8K resulting in \$24,500.

Mr. Taylor brought up a remaining point, noting the graph on page 8, which showed how the net income was spread out. He reminded that the Revenue Bond Covenant stated that the Commission would always set rates and fees to guarantee that the Revenue Bond coverage ratio would never go below 125%. He offered that there was a formula for calculating that ratio. He reminded that the Port's Financial Advisor, Alan Dashen had advised that anything under two was considered marginal as far as an investor's standpoint. He provided historical data going back to 2006 (our best year) when the revenue bond debt service coverage was 4.05% which meant our net income after these adjustments was a little over 4 times as much as our revenue bond debt service that year. In 2007, it dropped to 3.3, in 2008, it dropped to 2.91, this year he anticipated that it would end up 2.75. The Draft 2010 Budget would drop the ratio to even lower. However, cautioned Mr. Taylor, it showed a real trend that it was declining. He offered that it should not affect the Port's ability to issue General Obligation Debt next year, for the A/B Dock Renovation project, but cautioned that if the Port were to come back in a couple of years for the next proposed project and sought a revenue bond, the low ratio would impact that.

Commissioner Collins noted that the Commission had asked for a Draft Budget premised on no increases to see where we were at but, at this point he stated, it was fair game to assess, in a hardheaded way, whether we could prudently not raise rates for next year.

Mr. Crockett advised that the Commission could still adopt the 2010 Draft Budget, as presented, and then after the holidays have an in depth review of rates to ascertain how the numbers penciled out in relation to the March/April time frame to go for a new debt for the A/B Dock renovation. He reminded that the Commission could change rates any time during the year.

A short discussion followed about the folly of not raising rates for a number of years and then having to "catch-up", a process that often proved to be harder and more painful on the ratepayers.

C. Airport Industrial Park:

Mr. Crockett briefed the Commission on the Jefferson County Planning Commission meeting he and Mr. Pivarnik had attended in which the Planning Commission discussed the Port's Rezone Application for the airport. He advised that the City of Port Townsend had submitted a letter expressing concerns regarding water availability for the project. The PUD had presented a letter, signed by the PUD Commissioners, certifying that water was available for the proposed project. Also submitted was a letter from the Washington State Department of Transportation, Aviation Division, which essentially stated that the project was exactly what the county should be doing at the airport, recommending approval and stating that it would help the airport become financially sustainable, a Federal requirement. Although public comment had closed the Monday before, the Planning Commission allowed comments from Michelle Sandoval, representing the City of Port Townsend, who expressed the City's concerns regarding the project. James Daubenberger, a Glen Cove property owner and Realtor, was also allowed to make a comment. In response, both Mr. Crockett and Mr. Pivarnik made comments supporting the Port's position. Mr. Crockett stated that it was unclear how the Planning Commission would integrate those comments since the meeting was really one in which the Planning Commission had the opportunity to deliberate and make a decision on the proposed project. After lengthy discussion, the vote was 5 to 2 in favor of recommending approval and forwarding the topic to the Jefferson County Board of Commissioners for a Public Hearing and their deliberations.

Mr. Crockett provided some insight into the City's concerns about water availability. He suggested the Commission might want to consider having a workshop in which the topic was discussed.

Commissioner Beck remarked that after attending WIRA meetings for several years one of the main issues and concerns was the lack of water storage facilities.

A general discussion followed about the topic.

D. Moorage Policy Revisions:

Mr. Crockett provided historical background information on the topic stating that staff was methodically going through all of the Port's policies and regulations and bringing them current.

Mr. Pivarnik informed that he and Harbor Master, Tami Ruby, were slowly going through the Port's Rules and Regulations and identifying problem areas. He advised that staff would be bringing topics to the Commission for review and updating as time passed. He offered that he anticipated binding the Rules and Regulations into a book and distributing a copy to each tenant.

Currently, staff has been working on updating and simplifying the process of assigning permanent slips. They were tackling the issue of speeding up the process. Mr. Pivarnik provided information on the current process, saying that it had proven to be cumbersome with the amount of time required to contact boat owners who have reached the top of their respective wait list. Repeatedly, the same issue had arisen where after repeated attempts to contact the wait list citizen, when the person was finally contacted, they chose to refuse the slip advising that they were not ready, did not yet have a boat, etc. Staff, at that point, he informed, had to start from the beginning and contact the next person on the applicable list. Staff, he advised, was questioning the viability of the wait lists.

As part of the revised policy, he stated, the contact and response time for an applicant on the wait list to accept or decline the offered slip would be five calendar days instead of the current ten to fifteen days. The proposed revised policy directed staff to contact the first person on the wait list that matched their profile, by letter, by phone and, if possible, by e-mail. After five days if staff had been unable to contact the applicant, staff would move to the next person on the list. The first person contacted would stay on the list but the slip would be offered to the next person.

Mr. Crockett inserted the idea that there needed to be some responsibility taken by the person on the wait list, if they realize they are close to the top of the list they need to be sure that staff had a way to contact them even if they are out of the area. The wait lists were posted outside the Boat Haven Moorage office door and are available on the Port web site, so there was no reason for someone to be unaware that they were reaching the top of the list.

Mr. Pivarnik addressed the next issue in the proposed policy that of delinquent moorage payments, which he stated, tended to be from the monthly guest aspect. He advised that the monthly guest policy was still a work in progress, but stated that in the past staff had advised those boat owners who wanted and were assigned monthly guest status that they would be billed. If the account became delinquent staff tried to work with the people to resolve the issues, but in some cases the guest would leave and the Port would be left with an outstanding bill. The proposed policy, he advised, made it clear that the monthly guest tenant would need to pay “up front” at the time the slip was assigned, and because staff considered the arrangement more of a lessee type of arrangement, the policy sought a deposit of one month in addition to the current month’s moorage. Therefore, at the time the slip was assigned, two months rent would be collected. When the guest decided to vacate the slip, they must give two weeks notice to the moorage office in order to stop the automatic billing. If the account was in good standing at the time of notice, the deposit would be refunded.

A short discussion followed about the current monthly guest policy.

Mr. Pivarnik advised that he had directed staff to stop assigning monthly guests unless they were marine trades related, or short terms, on case-by-case basis, but he did not want to get into any more situations where there was a monthly guest in a slip for two years, etc.

Mr. Taylor advised that the monthly guest revenue in the Draft 2010 Budget had been reduced by \$20K to compensate for the possible impact of limiting monthly guest moorage since it was at a higher rate per foot than permanent moorage.

He also reminded that the Commission had dramatically increased the time that permanent tenant’s boats can sit in the Work Yard (up to eight months) and that those slips would remain empty especially in winter because they could not be filled with nightly guests. Without the monthly guest category, he advised, “we could just be giving moorage away”.

Mr. Crockett advised that he was not opposed to having a winter over monthly guest policy to cover four or five months, as long as the guest understood that he would be required to leave around May. He reminded that the monthly guest policy needed refinement.

The next page of the proposed Agreement, explained Mr. Pivarnik, outlined the rate charged, the deposit amount and had language explaining that if the account became 30 days past due (essentially 50 days late) the customer would be asked to vacate the facility. The page also had a place for the customer’s signature indicating that the terms of the agreement were understood.

Mr. Pivarnik briefed on the last page of the proposed Agreement form stating that it would improve communications and provide information regarding the Port’s Marina Best Management Practices. It provided information on how to report hazardous waste spills, gave appropriate phone numbers (including the 800 number for the National Response Center) and the various contact personnel at the Port. He emphasized the importance of reporting any spill, no matter how small, immediately.

A discussion followed about hazardous waste spills including the one that had just occurred, reporting priorities and the necessity for the Port to follow procedures to maintain good standing with the Department of Ecology.

Commissioner Collins inquired if Mr. Pivarnik wanted action on the proposed policy changes. He suggested that input from the Moorage Tenants Union should be sought to solicit ideas from them and to inquire of them if they had concerns or questions.

Mr. Pivarnik responded that he would contact Gary Rossow and ask for input.

On that note, Commissioner Collins moved to adopt the revised Moorage policy, as presented, after a 5-day waiting period for comments from the Moorage Tenants.

Motion carried by unanimous vote.

VI. NEW BUSINESS:

A. WPPA Environmental Seminar Update:

Mr. Crockett informed regarding the seminar he and Commissioner Collins had attended. There were varied topics, he stated, of particular note were two briefings by Environmental staff, one from the Port of Vancouver the other the Port of Skagit County. Mr. Crockett reminded that the Port had, in previous years, an environmental person. When that person moved from the area, the position had not

been refilled. He reminded the Commission that the 2008 Budget had approved an Environmental position, but the position has not been filled due to economic concerns. Mr. Crockett suggested that with all of the environmental issues facing the Port the Commission might want to rethink having an environmental person.

Commissioner Collins offered the suggestion that perhaps the Port should consider a half time position and the idea had occurred to him that perhaps the position could be shared with the Port of Port Angeles or another Port, enabling the person to be employed full time in the field but divide their time between several different Ports.

Resuming the briefing regarding the Environmental Seminar, Mr. Crockett advised that Port Angeles Commissioner Calhoun was in the process of preparing an outline on a Green Ports Initiative developed and sponsored by the Puget Sound Partnership. Mr. Crockett advised that additional details would be forthcoming and that there would be additional discussion of the topic at the WPPA Conference in Seattle in November.

Discussion about the topic followed with questions about what would constitute a “green port” and how, perhaps, the Port could be a program leader because of all the environmental issues at the airport, stormwater issues at the Work Yard and permitting issues relating to the A/B Dock Renovation project. Also discussed was the idea presented by David Dicks, during the conference, in which he stated that, in his opinion, environmental stewardship and economic development were not mutually exclusive. Also discussed was the major move in Olympia to consolidate all the State agencies dealing with the environment.

B. Approval of Warrants:

Warrant #042896 through #042924 in the amount of \$40,345.86 for Payroll

Warrant #042925 through #042934 in the amount of \$61,533.85 for Payroll Benefits and Accounts Payable

Warrant #042935 through #043020 in the amount of \$124,373.52 for Accounts Payable

Commissioner Thompson moved to approve the warrants as presented.

Motion carried by unanimous vote.

C. Point Hudson Parking Policy:

Mr. Crockett reminded that the topic had been discussed previously and advised that it would be ongoing until resolved. He informed that the Maritime Center was to be the site of a large wedding ceremony on Saturday, October 17 and that similar events were scheduled at the site in the future. He reminded that the City of Port Townsend had allowed the Maritime Center construction with no requirement for it to provide on site parking and therefore visitors seeking parking during the events would have an impact on both downtown and Point Hudson. There might not be a significant impact now, he stated, but definitely would be during the summer months. In order to protect Point Hudson restaurants and Pete Hanke’s “Glacier Spirit” whale watching tours, a Point Hudson parking policy needed development. He advised that parking in Point Hudson was already stretched thin. He had brought up the topic, he said, not for direction or an in depth discussion but sought ideas from the Commission and staff for possible solutions to the parking limitations and problems.

A short discussion followed about possible ways in which to develop additional parking spaces in Point Hudson with the idea of instigation of some type of parking fee.

VII. STAFF COMMENTS:

Mr. Pivarnik informed that although the Travel Lift Committee had not yet viewed the drawings there were some interesting concept drawings of where the 70-ton lift might be relocated. Once the Committee reviewed the drawings, and if they agreed, the idea was to move to permitting. He advised that the window to tie the relocation with the A/B Dock renovation had been missed, but staff felt it was necessary to keep moving forward with the proposed project. He advised, additionally, that permitting would probably take a year to a year and one half.

Mr. Crockett offered that with the proposed design, the old pier would be operational right up to the ribbon cutting for the new lift pier therefore eliminating any impact to Marine Trades business or to the Port.

Mr. Pivarnik advised that he had received the second permit for Quilcene and expected to have the Army Corp of Engineers permit within the next two weeks. He advised that there

were two bidders on the proposed Quilcene Dredge Project, one was for \$144K and the other had not yet been finalized. Instead of deep-water dredge material disposal, the proposal was for disposal on the Pederson Industrial site in Quilcene, which, he stated, reduced the project cost significantly.

Mr. Crockett informed that he had printed out and given to the Commission and to Mr. Schnick the Department of Ecology's Economic Impact Study. He reminded that the topic was ongoing and that staff had made comments to the DOE in January 2009 regarding the fact that DOE was changing the benchmark for storm water in boat yards but had never done an Economic Impact Study. Evidently, enough entities had commented to DOE to induce them to provide a study.

He informed that he was presenting a class on planning to other ports during the Washington Public Ports Association Small Ports Conference. He announced he would be out of the office and attending the Conference from Wednesday October 21 through Friday, October 23. He advised that he had prepared a short power point presentation in which he talked about the Port's Comprehensive Scheme of Harbor Improvements and the process involved in its development.

He advised that in the process of responding to the Port Townsend Leader's request for aerial photographs of Point Hudson he had come across a copy of "Marine Digest" dated April 29, 1972 and which provided a cover photograph of the Boat Haven and encompassed an article, which described that the Port of Port Townsend had much to offer. He thought it was noteworthy because it gave a good history and noted some of the early projects tackled by the Port.

In closing, he reminded that he had been contacted by Eric Johnson, President of WPPA who had asked him to consider joining the Board of Directors for the Washington Public Ports Association as the Treasurer for a two-year term. A Port Director, he advised, normally held the position. Acceptance of the position would also involve Mr. Taylor, he stated, because the Finance Director would actually review the WPPA financial statements. After consideration, he announced that he had decided to accept the position. He informed that he would relinquish the Chairman Position on Public Port's Marina Committee, which he had held for eight years.

VIII. PUBLIC COMMENTS:

Les Schnick remarked that comments regarding the Department of Ecology Economic Impact Statement were due October 16 noting that the document had only recently been published.

Mr. Crockett advised that he had written to the DOE asking for an extension to the deadline so that the Port could develop questions and offer comments.

George Yount provided historical information regarding how the permanent moorage wait list was maintained and how slips were assigned (and the changes he made to it) during the beginning of his tenure as Port Manager. He advised that between 1980 and 1988 there had been no moorage rate increases. He stated that, in his opinion, with the political furor in full swing, that the Port was walking a tightrope – one of defining who actually ran the Port. He advised that, in his opinion, in some cases there was a symbiotic relationship between the marine trades and the other groups that had a vested interest in the Port either because of their livelihood or of the recreational interest that was here, but, in his opinion there was a fine line between being symbiotic and parasitic and he viewed that fine line as being defined at present and suggested that staff and the Commission should be concerned about that.

He complimented staff on the very detailed and well-crafted Draft Budget, stating that, in his opinion, it was a beautiful piece of work and one that gave some good opportunity for discussion. In addition, he recommended that some type of "sinking fund" (which he had suggested during his term as Port Manager) should be established using part of moorage revenue funds so that infrastructure replacement costs could be covered with actual funds and not become the responsibility of the taxpayer. He appreciated the idea that taxpayer dollars would go towards real economic development, advising that the Port was the only agency capable of doing that. In summation, he asked that when citizens thought of the Port they thought of it in broader terms - as a countywide Port District instead of just the Marina and Marina tenants.

IX. COMMISSIONER COMMENTS:

Commissioner Thompson recommended that the Commission distill the information provided in the proposed Strategic Plan into development of an Executive Summary, which could then be used to develop a Port Mission Statement. He stated that, in his opinion, the

idea and thrust of the Strategic Plan was to make clear what the Port is, what it is doing and in what direction it is going and thought that an Executive Summary would help with the concept.

Mr. Crockett recommended development of an Executive Summary, one that was concise enough to distribute to interested citizens. He stated that he would like to see a printed handout small enough to be taken to the Seattle Boat Shows and other venues. He reminded of previous discussions of the concept that a combination of the Vision Statement and the Mission Statement would more clearly define the Port's "essence". He visualized having small wall posters printed with the Port Mission Statement and displayed in each Port office.

Commissioner Thompson agreed with Mr. Crockett's proposal, stating that, in his opinion, the Strategic Plan should be distilled into a "must do" summary because, again, in his opinion, when the Strategic Plan is finished it will go onto a shelf and a summary would make the document more viable.

Commissioner Beck brought up the subject of environmental spills (most recently the one that had happened through Townsend Bay Marine) and inquired if there was an established method in place for procedures to deal with a spill if it happened on the weekend.

Mr. Pivarnik informed of the procedures currently in place and advised that a number of Port staff were trained to deal with hazardous waste spills. He advised that the Emergency National Spill Response phone number was listed in each of the environmental centers. Additionally, he stated that additional signage and information would be made available. He stressed, however, that ultimately it was the responsibility of the person/persons who created the spill to report the spill immediately and to initiate appropriate clean-up procedures.

Mr. Crockett stated that the proposed new Moorage Agreements would have contact information provided.

X. NEXT MEETING: Next regular meeting will be held Wednesday October 28, 2009 at 6:30 PM in the Port Commission Chambers, 375 Hudson St, Port Townsend.

XI EXECUTIVE SESSION: The regular meeting recessed into Executive Session at 3:17 PM for discussion of a real estate and legal topic, duration of thirty minutes with no decision.

XII: ADJOURNMENT:

The regular meeting reconvened at 3:47 PM and adjourned at 3:48 PM there being no further business to come before the Commission.

ATTEST:

Herbert F. Beck, President

David H. Thompson, Secretary

John N. Collins, Vice President