

PORT COMMISSION MEETING – April 28, 2010

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

Present: Commissioners – Collins, Thompson, Erickson
Executive Director – Crockett
Deputy Director – Pivarnik
Auditor – Taylor
Attorney – Lake - Goodstein Law Group
Senior Accountant/Recorder – Hawley

I. CALL TO ORDER/PLEDGE OF ALLEGIANCE:

Commissioner Collins called the meeting to order at 6:30 PM.

II. APPROVAL OF AGENDA:

There were two additions to the Agenda both under New Business - Item B – Fort Worden Letter Regarding Ramp and Item C – Shanghai Restaurant Lease Extension.

Also noted was the need for an Executive Session of ten minutes duration with possible action on a legal matter.

Commissioner Collins moved to approve the Agenda as amended.

Motion carried by unanimous vote.

III. CONSENT AGENDA:

A. Approval of Minutes – April 15, 2010

B. Resolution No. 537-10 – Authorizing Sale of Abandoned Vessel

Commissioner Thompson moved to approve the Consent Agenda as presented.

Motion carried by unanimous vote.

IV. PUBLIC COMMENTS (Not related to agenda):

Rosemary Sikes thanked the Commissioners for listening to the presentation by the Audubon Association regarding the Kah Tai Lagoon made during the afternoon workshop. She inquired what was the next step in the process in the Port's consideration of the Conservation Easement.

Mr. Crockett stated that there was a meeting scheduled for the first week in May with City Manager, David Timmons and the RCO folks. Now that staff and the Commissioners had heard Ms. Sikes' presentation, a meeting would be scheduled with the Jefferson Land Trust.

Discussion followed including that it would be necessary to draft a vision of what should be incorporated as part of the Easement which would then be available for discussion and feedback, a time line perspective (perhaps by the 2010 holiday season) and that one of the biggest issues was a way in which to resolve the City of Port Townsend's desire to vacate all the streets or deal with the streets to be vacated before an easement was actually set – which involved quite a process to navigate through. There was also discussion about when the streets were platted (1889) and if they were or were not part of the City's original plat, turns out they were actually part of the County at that time and as such applicable rules regarding street vacations, etc, differed.

V. OLD BUSINESS:

A. Landfall Restaurant Building Update:

Mr. Crockett briefed the Commissioners on the meeting he and Mr. Pivarnik had attended with the Historic Preservation Committee last week regarding the Landfall Restaurant site demolition permit. Staff had presented to the HPC a Historical Review, which had been commissioned from a noted Historian and with which virtually all of the Committee had found fault. He provided details regarding the criteria used by the Committee to make its recommendation. At the end of the meeting, the Port had been given permission to demolish everything but the original 1944 (originally the building was named by the Military on the 1944 Point Hudson Plat as the Maintenance Shack) structure – essentially the right-hand corner (200 feet) of the building in front of where the cash register had been (the HPC reasoning was that the building was constructed during World War II and, therefore, must have some historical value). The remaining “add-on” structures: the rotunda, restrooms, the two additions and the refrigeration unit in back could be removed/demolished.

Mr. Crockett advised that the Port could appeal the decision, but informed that staff recommended proceeding with the HPC's recommendations, get down to the basic structure and then see what remained. He advised that staff would come back to the

Commission with a plan for what to do next with the building. There was also, he stated, the possibility of returning to the HPC to request allowance to demolish further or maybe even move the building to another site at Point Hudson.

Discussion followed about how to proceed with the demolition and what the vision was for the site; one possibility was of a small rentable building with an open space park around it.

Commissioner Thompson moved to authorize Staff to demolish all that could be demolished of the Landfall Restaurant and then to ascertain what could be done with the remaining building.

Motion carried by unanimous vote.

Attorney Lake inquired if there was a deadline to appeal the Historic Preservation Committee's ruling.

Both Mr. Crocket and Mr. Pivarnik informed that the Historic Preservation Committee was really an Advisory Body to the City of Port Townsend Building Official and therefore, the Port could really circumvent the HPC's ruling and move to the Building Official.

B. Strategic Plan Community Advisory Committee:

Mr. Crockett stated that using the information gathering during the April 14 Commission Meeting a Draft Resolution providing the guidelines for the Port Strategic Advisory Committee – PSAC, had been developed and given to the Commissioners for their review. He provided an overview of the Resolution.

A thorough discussion followed about the Resolution, the Committee's responsibilities, how it would need to develop its own rules of procedure, election of officers, set up by-laws and that the Committee could set meetings provided it had received permission to do so from the Executive Director and that it was subject to all the rules set forth in the Open Public Meetings Act. Also established was that the Committee Member positions were non-transferable. Alternates would not be allowed. If someone no longer wished to serve on the Committee that position would need to be refilled with another, permanent, Committee member.

Commissioner Thompson moved to approve Resolution No 538-10 – A Resolution of the Commission of the Port of Port Townsend Establishing a “Port Strategic Advisory Committee” (PSAC) to Provide Input and Assistance to Management Staff and the Commission, Consistent with the Port Strategic Plan. Such Committee would be subject to all rules and regulations set forth in the Open Public Meetings Act.

Motion carried by unanimous vote.

Commissioner Thompson moved to approve the selection of Committee Members as presented.

Motion carried by unanimous vote.

C. 2010 Capital Budget and 5-Year Capital Forecast:

Mr. Taylor provided three documents for Commission review: #1 – 2010 Capital Budget and 5-Year Capital Forecast, #2 Capital Project Expenditures – as of March 31, 2010 and #3 2010 Cash Flow Projection – as of April 28, 2010. All three documents, he said, were associated but not directly tied to one another.

#1 the 2010 Capital Budget and 5-Year Capital Forecast, he informed, was very much like the draft presented during the April 14th meeting, with a few modifications. Those projects, with their current estimates total \$6.692 million, the proposed funding for those right now would be \$6.180 million, leaving \$511K for additional funding. \$371K of that could be from the 2010 budget, leaving \$140K in additional cash from other sources.

Moving on to Page 2 – Capital Project Expenditures Update as of March 31, 2010, Mr. Taylor stated that it was a listing of the actual expenditure of the projects that are currently underway. Each of the four projects is listed on the Capital Budget for this year and is already incurring costs. He informed, following the Commission's suggestion, that he would update and publish the document monthly along with the Port's Financial Reports. He explained the basic formatting of the report.

Moving on to page 3 – 2010 Cash Flow Projection – as of April 28, 2010, Mr. Taylor stated that it was a way in which to ascertain if we could afford all of these projects. At the top of the sheet, “Sources of Funds”, the first column “2010 Projection”, was the result, if all went as projected, of potential funds of \$9,834,000.

Next “Uses of Funds” line #7 shows the total uses of \$8,474,000 and which indicates in Line #8 that if everything works out as estimated we could end the year with \$1,359,000 in unrestricted Port cash, after doing all the items listed on the Capital Budget for 2010. He did want to footnote, however, that for the first three months of the year, our operating net income was running about \$100K lower than projected. That could change, however, if Yard activity picked up, especially now with Yard rates back to the amount set before the incentive programs.

A very thorough discussion followed between the Commission and staff regarding the three-page document and the Capital Budget.

In closing, Mr. Taylor informed that the Commission could move forward and adopt the Capital Budget for this year should they choose and therefore the Port would have an adopted Capital Budget for this year. Staff, he advised would still need Commission approval and authorization on each proposed project before moving forward with it.

Commissioner Collins moved to approve the adoption of the 2010 Capital Budget as presented.

Motion carried by unanimous vote.

D. Administrative Authority Policy:

Mr. Crockett reminded that discussion had begun on the topic previously and that it was a policy meant to bring all of the administrative authority of the Executive Director and other Senior Management under one document. His vision for the document was to go through and rescind all the existing individual Resolutions, policies and motions and adopt one Resolution that encompassed all the agreed upon authority items.

Commissioner Thompson advised that he would like to go through a process very much as the Commission had done with the Strategic Plan, go through what currently existed, and compare it to what was proposed and work out one document. He suggested adding it to the May 26 workshop agenda.

After discussion about how heavily scheduled the May 26 workshop agenda was already, the consensus was to add the topic for discussion during next regularly scheduled Commission meeting of May 14 with a continuance, if necessary.

E. Economic Strategy Update:

Commissioner Collins provided an update on progress made to date advising that he had met twice with Jefferson County Commissioner, David Sullivan and City of Port Townsend Mayor, Michelle Sandoval, along with staff, and that another meeting was scheduled for April 30. He advised that a Draft document had been developed although changes to it were ongoing. It was anticipated to have a Memorandum of Understanding that would commit each entity to a process of planning, including data collection to a Consultant and a time frame embodied in the document to have a Joint Economic Development Strategy adopted a year from now. There was the probability that each of the three agencies would be expected to pay 1/3 of the incurred expenses for the Consultant services.

Discussion followed regarding the draft document, the future of the EDC, Team Jefferson, its future and, ultimately who would pay for the services. More to follow as developments occurred.

VI. NEW BUSINESS:

A. Approval of Warrants:

Electronic Debit to Frontier Bank for Washington State Department of Revenue
Combined Excise Tax Report for March, 2010 in the amount of \$3,861.64
Warrant #044148 through #044172 in the amount of \$37,884.87 for Payroll
Warrant #044173 through #044176 in the amount of \$16,024.82 for Payroll Benefits
Warrant #044177 through #044225 in the amount of \$120,747.18 for Accounts
Payable

Commissioner Thompson moved to approve the warrants as presented.

Motion carried by unanimous vote.

B. Fort Worden Letter:

Mr. Pivarnik prefaced the topic that there was nothing that really needed to be done during this meeting but reminded of the two Commission Meetings at which Steve Tucker had made heartfelt requests for Port assistance to resolve the limited boat

launch ramp issue in Jefferson County. Mr. Tucker had gone forth, stated Mr. Pivarnik, and met with Kate Burke of Fort Worden and had presented the idea to her that the Port would maintain the boat launch ramp located there. To that end, Ms. Burke had requested that the Port make a proposal to Fort Worden quantifying what was to be offered. Therein, stated Mr. Pivarnik lay a number of problems. #1 the ramp did not belong to the Port – bringing up all kinds of liability and other issues, #2 the Port did not have enough staff to clean the ramp every three weeks (as we could not now clean the Port Hadlock and Mats Mats ramps on a regular enough basis). He advised that both he and Maintenance Manager, Larry Aase, had serious concerns on taking over this project. He stated that he did not want to write a proposal to Ms. Burke until he received Commission direction regarding the issue.

Mr. Crockett remarked on the vintage of the Fort Worden State Parks ramps, the fact that they still had friable Styrofoam which is no longer supposed to be used in water and the docks have rotten timbers and are, overall, in sad repair.

A thorough discussion followed which included how the launch ramps fees would be used, the legalities of one governmental entity maintaining another entity's infrastructure and other related obstacles and issues. The consensus was that Mr. Crockett would meet with Ms. Burke and talk about the problem and possible ways in which to resolve the issue.

C. Shanghai Restaurant Lease:

Mr. Pivarnik announced that the Shanghai Restaurant, located in Point Hudson, had asked for a five-year lease extension.

Commissioner Thompson moved to extend the lease for the Shanghai Restaurant for five years, as presented.

Commissioner Collins inquired if the Shanghai was at roughly market rate now and was informed by Mr. Pivarnik that all Point Hudson businesses were at Market Rate.

Motion carried by unanimous vote.

VII. STAFF COMMENTS:

Commissioner Collins advised that the correct term for the agreement being developed between the Port, City and County had not yet been decided and wondered if it should be called an Inter-local Agreement or a Memorandum of Understanding (MOU) or Memorandum of Agreement (MOA)

A short discussion about the various terms followed.

Mr. Pivarnik informed that permits were “coming in like crazy” and that he now had the necessary permits for the Quilcene Dredging Project as well as for the A/B Dock Renovation Project.

Mr. Crockett announced that the Port would not participate in the Rhododendron Parade this year unless specifically directed to do otherwise by the Commissioners. The Commission was in concurrence to sunset the event for 2010.

Secondly, he informed that he had placed a copy of the new Department of Ecology's Boat Yard Draft Regulations into the Commission boxes for their review. He informed that he would be attending a Boatyard Committee meeting with the WPPA representatives as well as private yards to discuss the draft regulations. He advised that the standards were not as harsh as had been anticipated and that, in his opinion, it was obvious the DOE had taken into consideration the comments and suggestions made to it regarding the proposed new benchmarks and the Economic Impact Statement.

Although a short discussion followed, Mr. Crockett advised that he would provide a thorough briefing on the meeting during the May 14 Commission Meeting.

VIII. PUBLIC COMMENTS:

David Griswold of the Marine Trades Association, informed that he had recently met with one of the vendors for E-Paint. During the conversation, some assumptions were dispelled regarding how the bottom paint was applied. It had been assumed, he said, that the existing bottom paint needed to be stripped and removed before the new paint was applied, and that was not the case as it could actually be applied directly over the old paint. That process, he advised, would certainly make it more viable to prospective users.

Mr. Crockett advised, that in his opinion, the Port needed to spearhead, with or without the accompaniment of WPPA, introducing 2011 Legislation to outlaw the use of copper bottom paint and thus getting ahead of the coming curve. He provided more details of his vision.

David Griswold stated that his other comment was that he hoped that the Port did not raise the Yard rates any more. He stated that Port Townsend once had a reputation for having the

lowest rates in the area for people to haul their boats and now had the reputation for being very expensive. He had heard that it had chased people away from using Port Townsend and he would, therefore, hate to see any further rate increases.

A discussion followed which included whether Yard lay-day rates needed to be reduced, that the 20% incentive program had not really induced customers to keep their boats in the Work Yard for longer stays and whether or not the hoist back log had caused people to go elsewhere with their business.

Mr. Pivarnik informed that the authorization given at the April 15, 2010 meeting to allow Yard Manager Lockhart to use his discretion regarding overtime and reduced the hoist backlog from four weeks to two weeks.

IX. COMMISSIONER COMMENTS:

Commissioner Erickson remarked that he was very pleased that the process was moving forward with the Kah Tai Lagoon and the Nature Conservancy.

Commissioner Thompson stated that he would like to encourage both of the other Commissioners and the Executive Director to stop the benefits given to the non-profits until a policy was developed that could be applied evenly to all of the non-profits. He believed there should be a uniform policy in place.

A short discussion followed where the consensus was that a uniform policy needed to be developed and implemented and that Attorney Lake would be available to help develop that policy.

On another issue, Commissioner Thompson stated that, in his opinion, he would like to see the policy giving free Yard lay days to permanent moorage tenants reviewed with the idea to start charging for those days.

Another short discussion developed about that topic and the fact that the incentive was not available right now but would be so again starting July 1 and that the policy should be reviewed as there was a significant cost associated with the permanent moorage free Yard lay days – even though they continued to pay their regular moorage rates.

X. NEXT MEETING: Next regular meeting will be held Friday, May 14, 2010 at 3:30 PM, in the Port Commission Chambers, 375 Hudson St, Port Townsend.

XI EXECUTIVE SESSION: The regular meeting recessed into Executive Session at 7:20 PM and which began at 7:25 PM for ten minutes for discussion of a legal matter with possible decision.

XII: ADJOURNMENT: The regular meeting reconvened from Executive Session at 7:45 PM, there was no action, and adjourned at 7:46 PM there being no further business to come before the Commission.

ATTEST:

John N. Collins, President

Leif W. Erickson, Secretary

David H. Thompson, Vice President