

## PORT COMMISSION MEETING – November 19, 2003

The Port of Port Townsend Commission met in regular session at the Point Hudson Marina Room, Port Townsend, WA.

Present: Commissioners – Beck, Pirner and Sokol  
Executive Director – Crockett  
Auditor – Taylor  
Facilities Manager – Pivarnik  
Operations Manager – Radon  
Attorney – Harris and Winters

I. CALL TO ORDER: The meeting was called to order at 1:00 PM.

II. APPROVAL OF AGENDA:

Upon motion of Commissioner Pirner, the Agenda was unanimously approved as amended as follows:

Items deleted:

- V. Old Business
- B. Jeffco Hangar Lease Negotiations

Items added:

- VI. New Business
- D. Results of Port/City Staff Meeting regarding Common Issues
- E. Expansion of Navy's Dabob Bay Test Range

III. CONSENT AGENDA:

- A. Approval of Minutes – October 22, 2003
- B. Approval of Warrants:
  - #29026 through #29052 in the amount of \$29,664.72
  - #29053 through #29059 in the amount of \$33,527.88
  - #29060 through #29123 in the amount of \$50,965.01
  - #29124 through #29146 in the amount of \$17,398.61
  - #29147 through #29149 as VOIDS
  - #29150 through #29168 in the amount of \$8,867.56

**Upon motion of Commissioner Pirner, the Consent Agenda was unanimously approved.**

IV. PUBLIC COMMENTS (not related to Agenda): None

V. PUBLIC HEARING ON 2004 OPERATING BUDGET & 2004 TAX LEVY AND POSSIBLE ADOPTION OF BUDGET RESOLUTIONS:

Mr. Crockett noted that the Commission has discussed the budget in public forums over the past several months and draft budgets have been available at various locations. He stressed that it will be a tight year and although the Port did not propose a tax increase, moorage and hangar rate increases are being proposed.

Mr. Taylor reported that the most current version of the budget (dated 11/19/03) is identical to that presented last month, with the exception of an updated cash flow statement and an additional consolidated budget spreadsheet on page 12 of the Budget. Changes to the format from last year include the consolidation of cost centers from 18 down to 12. There would also be one additional minor formatting change, consolidating taxable and nontaxable revenue items, within the cost center budgets, as pertains to Leasehold Excise Tax. For 2004, an increase of \$50K in operating revenues is not expected to keep pace with the \$131K increase in operating expenses, leaving a net income from operations of \$31K, down from \$111K in 2003. After non-operating income for 2004, which is better than 2003 due to the reduction in transfers to reserve accounts, the 2004 net income would drop by \$15K to \$160K, leaving a positive cash flow of \$965K. Assuming 2004 beginning cash will be approximately \$235K, the 2004-year end cash flow goal of \$325K, appears attainable. The new consolidated operating budget

(page 12) was explained, as were charts of the sources and uses of funds. The budget reflects no property tax increase other than value of new construction, within Jefferson County, which is projected to provide about \$17K in additional property tax revenues. The \$50K projected increase in operating revenues includes a 2% inflationary increase in all categories of permanent moorage at the Boat Haven and Point Hudson (with the exception of active commercial fisherman), and airport hangar rentals. There would also be a \$5 per-night increase on the seven waterfront RV sites at Point Hudson. Staff clarified that building and property lease rates would go up in 2004, either through CPI and/or market rate adjustments, and the budget reflects a 2% inflation increase in all property rentals.

Mr. Crockett noted that while the budget assumptions reflected no new revenue items, contractors are waiting to construct new hangars, once the Airport Master Plan is complete, and JCIA would have the potential for new revenues. Results of the Port's market rate survey, to be done in early 2004, would be useful as the Port negotiates leases. The Comprehensive Scheme of Harbor Improvements is scheduled to wrap up with a formal public hearing on December 10. Once this is complete, capital project prioritization would be discussed.

Mr. Taylor said that as of October 31st the Point Hudson Renovation reserve fund balance is \$183,330 and noted that Page 8 of the budget showed a summary of current reserve accounts.

Public Comments:

Larry Crockett read a letter submitted by Mark Jochems of Shoreline Marine Diesel on behalf of the newly developed Marine Advisory Committee, which asked the Port to consider changing policy on overnight moorage for the marine trades customers. Mr. Crockett noted that as this is a policy change that could be enacted at any time, it would not directly impact this budget.

**Commissioner Pirner moved to adopt Resolution No. 405-03: Year 2004 Operating Rates. The motion carried by unanimous vote.**

**Commissioner Beck moved to adopt Resolution No. 406-03: Year 2004 Property Tax Levy. The motion carried by unanimous vote.**

**Commissioner Sokol moved to adopt the Resolution No. 407-03: Year 2004 Operating Budget. The motion carried by unanimous vote.**

VI. OLD BUSINESS:

A. 2004 Capital and Equipment Budget

Mr. Taylor noted that throughout the many budget discussions, Staff has accumulated a list of items to include in the Capital and Equipment Budget. Although the Port has in the past adopted a five-year capital improvement budget, and given that it is in the midst of its planning process for 2004, Staff has included in the packet a list of projects for the coming year. The budget lists an equipment budget of \$24K and a capital budget of \$309K. The question for the Commission is whether the Port should adopt an interim capital budget for the coming year, which could be updated after the first of the year following a capital project prioritization workshop. He noted that because there has been discussion about reinstating project control forms, each individual project would still come before the Commission for authorization.

Mr. Crockett distributed a draft list of projects for property from Comprehensive Scheme consultant Reid Middleton. He noted that most relate to Point Hudson, but there are also issues at other Port facilities, such as the Mats Mats launch ramp. This list could be discussed in more detail at the January workshop.

VII. NEW BUSINESS:

A. Operations Report – Month of October 2003

Mr. Radon reported that moorage nights at the Boat Haven were down by 50 over the previous year (200 year-to-date). The 60/70-ton haulout numbers are about the same while 300-ton numbers are up a little. Because the tuna fleet has had a good year, he is optimistic those vessels will be coming in for maintenance. Storage

numbers are still down slightly, but offering a flat rate in the lumberyard area has increased the number of boats in long-term storage. At Point Hudson, transient moorage is up slightly from last month (5%) and RV revenues are also up (2%). RV winterovers are still down, but there have been several RVs come in associated with big projects in the Boat Haven.

Mr. Crockett reminded that the EDC final survey data on recreational boaters and RVs should be presented at the December 10 Commission meeting. The Fish Expo begins tomorrow and might provide Staff with an indication of how depressed the marine industry is.

Commissioner Pirner noted that guest moorage at Boat Haven and Point Hudson through October, including the RVs, total 14,659 guest nights.

Mr. Radon noted that he would be attending the Tuna Fleet Western Fish Vessel Owners Association General Membership meeting at Fish Expo tomorrow. With a membership of 80-100 boats, there is Port interest in marketing to this group through direct mail. Steve Brown suggested asking the association what can be done to entice them. He knows that while many might have had a better year, they are still hurting financial and many are beginning to sell directly to the open market instead of fish buyers. Mr. Crockett mentioned that the Port held the line on all haulout and storage rates for commercial fisherman. He also noted the Port will be producing a new Marine Trades Guide to distribute at Fish Expo. He agreed that the Port needs to publicize some of the existing discounts and possibly consider others in an upcoming workshop.

B. Washington Public Ports Association (WPPA) Trustee & Alternate Selection

Commissioner Sokol said that after five years of serving as the Secretary, Vice President, President, and Past President, he would be going off the WPPA as the Trustee.

**Commissioner Sokol nominated Commissioner Beck to serve as the 2004 WPPA Trustee and Commissioner Pirner to serve as the Alternate. The motion carried by unanimous vote.**

C. Wooden Boat Foundation Shell Storage

Mr. Pivarnik relayed the Wooden Boat Foundation's request to use the Point Hudson Hospital building for shell storage. Their previous facility at the Port Townsend Lumber site is no longer available. Staff's recommendation is to grant this request. There was some discussion about accessing the building for movement of the shells. It was noted that a temporary month-to-month arrangement would be needed until the Commission discusses its vision for that facility. Tests regarding mitigation of creosote as a condition of using that building could still be investigated.

There was Commission support for Staff proceeding with a temporary, month-to-month arrangement with the Wooden Boat Foundation to use a portion of the Point Hudson Hospital building for shell storage at a rental rate of \$.10/foot per month for about 800 sq. ft. of storage.

D. Results of Port/City Staff Meeting regarding Common Issues

Mr. Crockett noted that the Port reiterated its concerns about the ordinance in a letter to the City in September, pointing out that it might impinge upon the Port's authority. Funding to continue future site planning at Point Hudson (\$20K) is available as part of the shoreline master program update. This planning should be completed by 2005. An additional \$65K could be available for further site planning at Point Hudson in 2005. The Port's concern about moving forward with master planning is that this funding might not be adequate to complete a master planning process. While \$20K could begin to establish ground rules and gather inventory data, it appears that contributions of another \$15-20K by the City and Port in addition to the \$65K might be needed to do this work. The Port said in its letter that it would not apply for demolition permits pending further planning and the City, in turn, agreed to not enact the demolition ordinance. Staff and the City would continue to discuss ways to partner, but the Port remains concerned about the impact of this planning on needed improvements at Point Hudson (new

gangway; marina, restroom and shower facility, and Landfall restaurant improvements; and removal of the breezeway between buildings).

Ms. Winters said one or two lines might be able to be added to the demolition code to give the Port some assurance that if it proceeds with planning that the code would not be hanging over the Port's head. The City also gets some assurance that the Port would go through a planning process and the community gets governments that work together. Mr. Crockett said he would like to end up with something like a binding site plan.

Commission comments were that, as a county entity the Port must consider more than just the City; the planning committee must be representative of Jefferson County. Another concern is that the City, as the designated agency for shoreline master planning would drive the process and control the funding rather than the Port as the property owner. The zoning code has also provided guidance for uses at Point Hudson. Ms. Winters clarified that while it is vague, the Shoreline Master Plan would rule regarding uses and noted that the Port could ask for a director's interpretation at any time regarding zoning. It might also be important to emphasize that any planning results would not be effective unless agreed to by both parties. She and John Watts would meet and try to work on language for the demolition code as well as a simple Memorandum of Agreement, which might be available by December 10. Mr. Harris suggested the Port also investigate how other Ports have dealt with similar jurisdictional issues.

Mr. Crockett suggested that after Staff gets a sense of direction, an information sharing session with all the elected officials might be appropriate. The Commission also stressed that the Port operations would continue during planning. They also encouraged separating the marina from the shoreline issues and getting a declaration on the zoning, such as on the 1500 square foot size restriction on restaurants. This was thought to be a possible workshop discussion topic.

E. Expansion of Navy Dabob Test Range

Commissioner Beck provided background on the Navy's use of the Dabob Bay area of Hood Canal for testing since about 1949. He announced that this evening there would be a public open house in Quilcene at which Navy representatives would explain their proposal to expand the Dabob area test range. He said that Navy test activities have already impacted the Dabob area and expansion would bring with it potential for significant negative impacts to the area's recreational uses and, therefore, the economy. While the Navy lists four expansion alternatives, the Chamber has suggested a fifth option, which is to approve a "no expansion" alternative and cut operation hours for the weekends.

Mr. Crockett noted that he has a letter from Kimberly Kler of the U.S. Navy, stating that their EIS comment period extends until December 5. He suggested drafting a letter stating the concerns about economic impacts for the Commission to review and submit before Thanksgiving. The Commission was supportive of sending a letter outlining these concerns.

VIII. STAFF COMMENTS:

Mr. Taylor:

Port archives were recently moved from the attic of the maintenance shop to the former caretaker apartment on the back of the shower room at Point Hudson. He would be working on the organization of these records.

Mr. Radon:

Fish Expo begins tomorrow and the Commission received a copy of the staffing schedule.

Mr. Pivarnik:

On November 26, the purchase of the Fish and Wildlife building would close. He and Coast Seafood would attend a pre-application meeting with the County for some improvements that require permitting.

Mr. Crockett:

He and Mr. Radon attended a state WPPA Marina Committee meeting of public and private marinas. It was well attended and there were good briefings on insurance and liability issues. He would be putting together a report for the December meeting. The Port might offer to host the meeting in the spring.

IX. PUBLIC COMMENT:

Clair Candler:

Asked for and received clarification from Staff that the floors are the source of the creosote in the Point Hudson buildings.

Keith Swisher:

He reported having received a letter from Aircraft Owners and Pilots Association (AOPA) talking about the efforts of some industry leaders to preempt any more stringent security requirements. Most of the recommendations are good, with the exception of fencing and gates to control access. He is interested in reviewing these recommendations with Staff. Mr. Crockett acknowledged the need to put together an airport security plan.

X. COMMISSIONER COMMENTS:

Commissioner Pirner:

Asked whether any contact had been made at the Mats Mats ramp. He saw a boat at the dock from which product was being offloaded to a refrigerated truck backed up to the ramp and there are indications that they are living on the boats. Mr. Radon acknowledged receiving similar calls from the neighbors and he has been doing random spot checks, but has not seen such activity.

Commissioner Beck:

Since the PUD is not interested in pursuing high-speed cable, Katherine Baril of WSU asked whether the Port would be interested. Mr. Crockett noted that the Port can only do wholesale communications. Commissioner Pirner said there is a proposal before the Community Investment Fund committee to fill gaps in the DSL lines.

Commissioner Sokol:

Issues from the WPPA legislative meeting that might be of interest to the Port are tax incentives for manufacturing facilities and State Department of Transportation guidelines for compatible land use around airports. This latter issue would next go to the WPPA airport committee for possible adoption, which Mr. Crockett said he would attend. Also, the State Auditor expressed concern about using LTAC money to restore *Sand Man*. Another issue being discussed is Ports getting a larger retainage on contracts in the event a contractor walks off on the job.

XI. NEXT MEETING:

Wednesday, December 10, 2003 at 1:00 PM at the Point Hudson Marina Room, Port Townsend, WA. A workshop would begin at 9:30 AM.

XII. EXECUTIVE SESSION:

At 3:15 PM, the Commission recessed into Executive Session for 30 minutes to discuss a real estate issue, with no expected decision.

XIII. ADJOURNMENT:

The meeting was adjourned at 3:45 PM, there being no further business to come before the Commission.

ATTEST:

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President

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Secretary

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Vice President