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**Port of Port Townsend
2nd Monthly Meeting Agenda
Wednesday, September 27, 2017, 5:30 p.m.
Port Commission Building
333 Benedict Street
Port Townsend, WA**

- I. Call to Order / Pledge of Allegiance
- II. Approval of Agenda
- III. Consent Agenda
 - A. Approval of Public Workshop Minutes – September 13, 2017.....1-2
 - Approval of Meeting Minutes – September 13, 2017 Approval of Warrants.....3-6
- IV. Public Comments (not related to Agenda)
- V. Second Reading
- VI. First Reading
- VII. Regular Business
 - A. Point Hudson Strategy “Realizing the Potential”7
 - B. 2018 Operating Budget – 1st Draft.....8-9
 - C. Calendar – Commission Meeting Topics.....10
 - D. August 2017 Financials.....11-14
- VIII. Staff Comments
- IX. Public Comments
- X. Commissioner Comments
- XI. Next Public Workshop / Regular Meeting:
Wednesday, October 11, 2017, workshop at 9:30 a.m., meeting at 1:00 p.m. at the **PORT LUDLOW FIRE & RESCUE, 7650 OAK BAY ROAD, PORT LUDLOW**
- XII. Executive Session
- XIII. Adjournment

PORT COMMISSION PUBLIC WORKSHOP – September 13, 2017

The Port of Port Townsend Commission met for a Public Workshop in the Port Commission Building, 333 Benedict Street, Port Townsend, WA

Present: Commissioners Hanke & Tucker, Commissioner Clinefelter
Executive Director Gibboney
Auditor Berg
Director of Operations & Business Development Englin
Director of Planning Toews
Communications Coordinator Matej
Recorder Nelson

Guest Speaker: Jefferson County Assessor Jeff Chapman

I. CALL TO ORDER:

Commissioner Hanke called the Workshop to order at 9:30 a.m.

II. AGENDA:

Refer to attached workshop agenda for items discussed.

IV. ADJOURNMENT:

The Workshop adjourned at 11:08 a.m.

ATTEST:

Peter W. Hanke, President

Stephen R. Tucker, Secretary

Brad A. Clinefelter, Vice President

**Port of Port Townsend
Public Workshop
Wednesday, September 13, 2017, 9:30 a.m.
Port Commission Building
333 Benedict Street
Port Townsend, WA**

AGENDA

- **Tax Revenue – Jefferson County Assessor Jeff Chapman**
- **Possible Grant Revenue and Partnerships**
- **Operational Revenue**
 - A. **Jetty Construction Implications**
 - B. **Revenue Initiatives**
- **Bonding Options**

Note: This is a Public Port Commission Workshop. Workshops are for information sharing only and no decisions will be made during the session. Public input may be taken at the Commissions' discretion.

PORT COMMISSION REGULAR MEETING– September 13, 2017

The Port of Port Townsend Commission met in regular session at the Commission Building, 333 Benedict Street, Port Townsend, WA

Present: Commissioners – Hanke, Clinefelter and Tucker
Executive Director Gibboney
Auditor Berg
Director of Operations & Business Development Englin
Communications Coordinator Matej
Minutes – Nelson

I. CALL TO ORDER/PLEDGE OF ALLEGIANCE:

Commissioner Hanke called the meeting to order at 1:00 p.m.

II. APPROVAL OF AGENDA:

Ms. Gibboney requested a revision to the agenda, adding to Item VII. Regular Business, Item C. Change Authorization – Contract 2017-07-01 – Workyard Resurfacing.

Commissioner Tucker moved to approve the Agenda as amended.

Commissioner Clinefelter seconded the motion.

Motion carried by unanimous vote.

III. CONSENT AGENDA:

A. Approval of Meeting Minutes – August 23, 2017

Approval of Special Meeting Minutes – September 7, 2017

B. Approval of Warrants

Warrant #058108 in the amount of \$23,155.00 for Accounts Payable

Warrant #058109 through #058124 in the amount of \$66,967.48 for Payroll & Benefits

Electronic Payment in the amount of \$113,227.21 for Payroll & Benefits

Warrant #058125 through #058184 in the amount of \$369,667.66 for Accounts Payable

Warrant #056697 as a VOID

Commissioner Tucker moved to approve the Consent Agenda as presented.

Commissioner Clinefelter seconded the motion.

Motion carried by unanimous vote.

IV. PUBLIC COMMENTS (Not related to agenda):

V. SECOND READING (Action Items):

VI. FIRST READING (Discussion Only):

VII. REGULAR BUSINESS:

A. LTGO Bonding (1:32):

Ms. Berg stated that staff has begun discussions on the bonding process with financial advisors. She stated staff is basing these discussions using the high figure of \$3.2M for jetty project bonding. She explained the difference between the less costly “\$3.2M

Wrapped Debt Scenario” and the “\$3.2M Level Debt Scenario”. Ms. Berg stated staff seeks direction from the commission to move forward and to set the bonding amount. The commissioners asked questions on timeline decision points and the possibility of delaying the project. Discussion ensued.

Director Gibboney recommended moving forward on the bonding process. Answering questions from the commission, she stated this is not obligating the Port to sign on the dotted line, however there would be costs associated if the decision was made to pull out of the bonding process.

Commissioner Hanke moved to authorize staff to start the bonding process for the full amount of \$3.2M, as discussed.

Commissioner Clinefelter seconded the motion.

Motion carried by unanimous vote.

B. _____ Revised 2018 Operating & Capital Budget Development Schedule (6:15):

Ms. Berg reminded that the originally scheduled October 25 evening meeting was changed previously to a 1:00 pm meeting on Tuesday, October 24 due to a conflict with the WA Public Ports Small Ports Conference. Because of this, the Budget schedule needs to reflect that change, as the first public hearing and public comment period occur at this meeting.

Commissioner Tucker moved to adopt the revised 2018 Operating & Capital Budget Development Schedule as presented.

Commissioner Clinefelter seconded the motion.

Motion carried by unanimous vote.

C. _____ Change Authorization – Contract 2017-07-01 – Workyard Resurfacing (8:19):

Ms. Gibboney reported there was a change in the quantity of gravel for the resurfacing project and the additional cost exceeds the Executive Director’s authority. She explained staff chose not to hire out for a topographical survey prior to the project because of the high cost and many obstacles in the boatyard, as well as the Administrative Order (AO) deadline. Instead, spot elevations were done prior. Contractors ended up needing another 1/8” more layer of gravel. Ms. Gibboney explained this project is a step towards stormwater compliance, and with the inclusion of the change amount the stormwater project is coming in right on target at \$400K.

Ms. Gibboney stated the selected contractor will begin work on Monday, September 18.

Ms. Gibboney recommended that the Commission authorize this change.

Commissioner Tucker asked why a Special Meeting was not held for this change. Ms.

Gibboney explained she did not have the materials costs at the time the decision had to be made, and she made the call to continue with the project, to keep in compliance with the AO deadline.

Commissioner Hanke moved to approve the Change Order, as presented, in the amount of \$42,229.

Commissioner Clinefelter seconded the motion.

Motion carried by unanimous vote.

VIII. STAFF COMMENTS (17:42):

Ms. Gibboney thanked Ms. Matej for her professional work on the booth at the Wooden Boat Festival. She also thanked the commissioners who participated in the booth. She discussed the stormwater construction project, which will begin September 18. Staff meets with the contractor Monday to get the full work schedule. (Commissioner Hanke asked about the project timeline. Ms. Gibboney reported five to six weeks.) Ms. Gibboney reported the workyard resurfacing project is complete. Staff is planning a brown bag lunch workshop to refresh marine trades on BMPs and stormwater compliance.

Mr. Englin reported he is working on business planning for the budget, working with Yard, Business and Maintenance managers.

He continues work on lease negotiations.

Mr. Englin reported he continues work on a repair and maintenance plan with Mr. Aase and Marc Horton.

He is working with staff on Union negotiations.

Mr. Englin expressed his appreciation working with Maintenance Manager Larry Aase on the Quilcene septic work – inspection and punch list, along with the Department of Health. He added the system should be in full compliance within a week.

Ms. Matej stated there was great turnout at the Port's booth at the Wooden Boat Festival (Thursday, Friday and Saturday). Point Hudson surveys were conducted and results would be presented to the commission at the September 27, 2017 meeting. She informed the audience they can take the survey online at the Port's website until September 24.

She discussed the Boat Haven restroom/laundryroom renovation questionnaires. Ms. Matej explained since the project idea has slowed down, this information would be presented later.

Ms. Berg reported she continues work on the budget, cash flow reporting for Maul Foster and Public Records Request discovery with Ms. Nelson. She added she is working on finalizing the Travelift claim. She also is working on Union negotiations and contractor compliance review.

Ms. Nelson reported she continues working on Public Records requests and discovery. She reminded the October meetings will be held in Port Ludlow at the Fire Station on the 11th (workshop at 9:30 and meeting at 1), and at the Quilcene Community Center on the 24th at 1:00.

IX. PUBLIC COMMENTS (35:12):

Bertram Levy commented on the location of the Budget Public Hearing in Quilcene on the 24th. (Commissioner Hanke stated the first draft of the budget would be presented at the September 27 commission meeting. Ms. Gibboney added there is a possibility of a second budget hearing in November.)

Melinda Bryden added that 1/3 of District 3's population resides in the Quilcene area. She also commented on Port rates at the Quilcene Marina.

X. COMMISSIONER COMMENTS (38:51):

Commissioner Tucker discussed the recent NODC meeting he attended where the speaker was the Clallam County EDC director.

He provided an update on MRC's installation of a rain garden. Originally planned for location near the Port Hadlock boat ramp, it instead will be constructed in Port Hadlock between the bank and the Valley Tavern. He added that at the recent MRC meeting, they had a speaker who talked about King Tides in our area.

Commissioner Tucker reported on a meeting he had on derelict vessels with the Sheriff and a DNR staffer from the Derelict Vessel program.

Commissioner Hanke reported on the Linger Longer Committee meeting he attended in Quilcene. He said the group needs more of a cross section of the Quilcene community. He reported they discussed some problems they encountered with tribal fishers who tied up nets to the Quilcene docks, etc. Commissioner Hanke would like to see more communication between the Port and the tribes, since they are a big user of Port properties.

Last, Commissioner Hanke commended Ms. Matej for her work on the booth at Wooden Boat Festival. He reported he heard good comments.

XI. NEXT PUBLIC WORKSHOP & REGULAR MEETING:

Wednesday, September 27, 2015. Workshop at 9:30 am, meeting at 1:00 pm in the Port Commission Building, 333 Benedict St, Port Townsend.

XII. EXECUTIVE SESSION:

XIII. ADJOURNMENT:

The meeting adjourned at 2:00 pm there being no further business to come before the Commission.

ATTEST:

Stephen R. Tucker, Secretary

Peter W. Hanke, President

Brad A. Clinefelter, Vice President

PORT OF PORT TOWNSEND

MEETING OF: September 27, 2017

AGENDA ITEM: VII. Regular Business
A. Point Hudson Strategy "Realizing the Potential"

BACKGROUND:

Consultants Jim Darling and Michael Stringer of Maul Foster Alonghi will lead the discussion on:

- Consultant Report on Planning Process
- Survey Results
- Market Assessment
- Spectrum of Uses
- Framework of Analysis
- Northwest Maritime Center Request to Collaborate

Executive Director's Recommendation:

For discussion and direction.

PORT OF PORT TOWNSEND

MEETING OF: September 27, 2017

AGENDA ITEM: VII. Regular Business
B. 2018 Operating Budget – 1st Draft

BACKGROUND:

Attached is the first draft of the 2018 Port Operating Budget. Here are the basic budget assumptions:

2018 Operating Budget Assumptions – 1st Draft

1. Operating Revenues have been rigorously reviewed for performance in 2018, though there were no rate increases adjusted for in Port Marina, Yard or Airport user fees and charges, there is revenue recovery included (i.e. garbage costs).
2. Personnel costs are based on current staffing, in addition to the Customer Service Manager position that is currently vacant.
3. Two Seasonal employees were budgeted in 2017, whereas four (4) were actually hired. Four are also budgeted for 2018.
4. Increase in Consultants is primarily related to the development and implementation of a Capital Asset Program.

Executive Director's Recommendation:

For discussion.

Port of Port Townsend
 Summary Operations & Non-Operating Activity Budget
 2018 Budget with Comparison to Prior Years

	2014 Actual	2015 Actual	2016 Actual	2017 Revised Budget	2018 Budget
REVENUES					
Marinas and RV Parks	2,101,147	2,250,653	2,474,924	2,545,000	2,514,235
Yard Operations	1,587,241	1,572,877	1,578,180	1,500,424	1,773,384
Property Leases & Use	1,041,536	1,061,642	1,107,302	1,153,990	1,166,122
Fuel Sales & Leases	50,047	44,539	40,015	50,000	47,100
Ramp Use	32,308	35,240	39,260	55,000	54,300
Utilities	153,885	164,195	184,275	230,076	226,630
Total Operating Revenues	4,966,164	5,129,147	5,423,956	5,534,490	5,781,771
OPERATING EXPENSES					
Personnel	2,373,771	2,471,235	2,724,120	3,013,738	3,328,253
Outside Services	394,881	349,778	438,913	585,256	622,400
Facilities & Operations	846,009	697,888	655,994	805,809	761,710
Utilities	532,241	473,673	543,545	554,180	550,000
Marketing	43,467	35,152	57,658	54,450	56,450
Economic Development	25,000	25,000	25,000	40,000	30,000
Travel & Training	27,025	33,466	30,059	30,000	35,000
Cost of Goods - Fuel	24,055	18,060	15,571	12,000	18,000
Community Relations	6,959	1,374	-	4,000	4,000
Total Operating Expenses	4,273,408	4,105,625	4,490,859	5,099,433	5,405,813
Income from Operations w/o Depreciation	692,756	1,023,522	933,097	435,057	375,958
Depreciation Expense	1,487,232	1,527,500	1,542,983	1,585,632	1,605,300
Income (Loss) from Operations with Depreciation	(794,475)	(503,978)	(609,886)	(1,150,575)	(1,229,342)
Non-Operating Revenue					
Capital Contributions/Grants	275,220	226,355	239,549	242,274	1,238,827
Interest	11,357	3,327	40,564	41,000	41,000
Property & other taxes	990,006	1,033,149	1,009,330	1,007,000	1,041,000
Miscellaneous Non-Operating Revenue	79,260	38,047	32,314	59,700	35,000
Total Non-Operating Revenues	1,355,844	1,300,878	1,321,757	1,349,974	2,355,827
Non-Operating Expenses					
Bond Interest	510,297	398,506	364,257	343,877	445,807
Bond Mgmt, Issuance, Investment	1,655	72,703	1,294	75,390	1,500
Election Expense	-	6,398	-	17,340	-
Total Non-Operating Expenses	511,952	477,608	365,551	436,607	447,307
Net Non-Operating Income(Expense)	843,892	823,270	956,206	913,367	1,908,520
Net Income (Loss)	49,416	319,292	346,320	(237,208)	679,178

PORT OF PORT TOWNSEND

MEETING OF: September 27, 2017

AGENDA ITEM: VII. Regular Business
C. Calendar – Commission Meeting Topics

BACKGROUND:

To be presented.

Executive Director's Recommendation:

For discussion.

PORT OF PORT TOWNSEND

MEETING OF: September 27, 2017

AGENDA ITEM: VII. Regular Business
D. August 2017 Financials

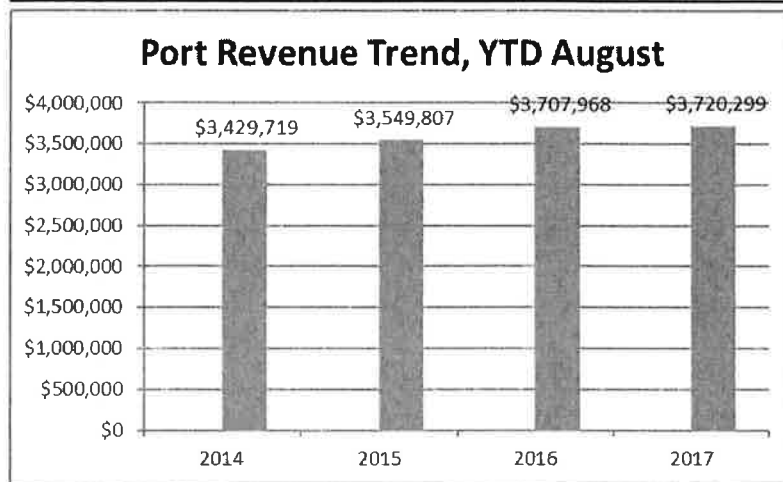
BACKGROUND:

In the Commission meeting packet for their review, is the year-to-date operating results of the Port. This is measured against the same period of the prior year and compares the budget to actual percentage of activity. The highlights of activity results are included in the narrative.

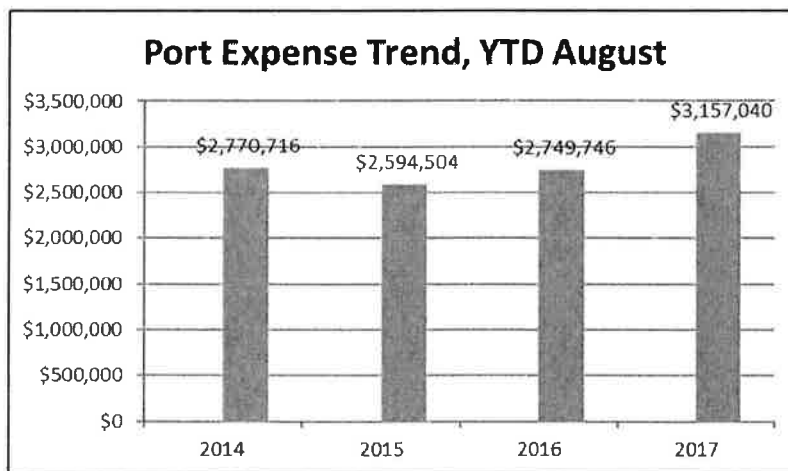
Executive Director's Recommendation:

For review.

DATE: September 21, 2017
TO: Commissioners and Directors
FROM: Abigail Berg, Director of Finance & Administration
SUBJECT: Port Operating Results as of August 31, 2017



YTD Operating Revenues are \$12,331 more than the previous year, and right on budget (in July we adjusted the budget with the Mid Year Review). All revenue line items increased when comparing to 2016, except the Yard which continues to be down (\$94,663). Ramp Use revenues are well in advance of 2016 (by \$14,506) and budget (at 89.8%, this line item budget amount was not changed in the Mid-Year Review).



Through August 2017, Operating Expenses are at 61.9% of total budget while we are through 67% of the year (this includes some budget adjustments made after the Mid-Year Review). Compared to the previous year, total Operating Expenses are up by \$407,294; of this amount, 64% is Personnel which was budgeted to increase by this amount and right on budget. The only Operating Expense line item ahead of budget is Cost of Goods – Fuel at 93.9%. The remaining line items are below budget to date.

Before depreciation, Net Operating Income is \$563,260. After depreciation, there is a loss of \$502,502. When including Non-Operating Revenues and Expenses, there is a Net Profit of \$16,445.

In June, the Port expended \$13,110 in WIP (capital project "Work in Progress"). Most of these expenses were for the Point Hudson Jetty, Point Hudson Parking and Boat Haven Restroom projects.

In August, the Port made no debt service payments. For the remainder of 2017, the following Debt Service payments are due:

- November 1st - \$209,372 principle and interest on the 2013 Jr. Lien Revenue Bond.
- December 1st - \$368,819 principle and interest on the 2010 LTGO Bond.

Together these remaining debt service payments for 2017 total \$578,191.

End of month, the cash and investment balances were \$2,677,870, an increase of \$81,368 from July. Of that cash and investment balance \$832,234 are reserves leaving a \$1,845,636 in unreserved cash and investment balances.

Port of Port Townsend
Summary of Operating & Non-Operating Revenues & Expenses
2017 Activity with Comparison to Prior Year and Budget

	Actual thru Aug. 31, 2016	Actual thru Aug. 31, 2017	Variance year to year	2017 Budget	% Actual to Budget at 67% of year
REVENUES					
Marinas and RV Parks	1,698,510	1,740,502	41,992	2,545,000	68.4%
Yard Operations	1,083,794	989,131	(94,663)	1,500,424	65.9%
Property Leases & Use	724,982	755,664	30,681	1,153,990	65.5%
Fuel Sales & Leases	25,414	30,965	5,551	50,000	61.9%
Ramp Use	34,894	49,399	14,506	55,000	89.8%
Utilities	140,374	154,637	14,264	230,076	67.2%
Total Operating Revenues	3,707,968	3,720,299	12,331	5,534,490	67.2%
OPERATING EXPENSES					
Personnel	1,653,591	2,009,063	355,472	3,013,738	66.7%
Outside Services	236,835	332,162	95,326	585,256	56.8%
Facilities & Operations	452,158	430,620	(21,538)	805,809	53.4%
Utilities	315,837	320,719	4,882	554,180	57.9%
Marketing	41,320	20,246	(21,074)	54,450	37.2%
Economic Development	25,000	15,000	(10,000)	40,000	37.5%
Travel & Training	15,937	15,846	(91)	30,000	52.8%
Cost of Goods - Fuel	9,069	11,270	2,202	12,000	93.9%
Community Relations	-	2,115	2,115	4,000	52.9%
Total Operating Expenses	2,749,746	3,157,040	407,294	5,099,433	61.9%
Income from Operations w/o Depr	958,223	563,260	(394,963)	435,057	129.5%
Depreciation Expense	1,020,705	1,065,761	45,056	1,585,632	67.2%
Income (Loss) from Operations w/Depr	(62,483)	(502,502)	(440,019)	(1,150,575)	43.7%
Non-Operating Revenue					
Capital Contributions/Grants	128,004	17,632	(110,372)	298,274	5.9% <i>CERB, Quil WW, RCO, FAA</i>
Interest	20,864	28,520	7,656	41,000	69.6% <i>incr. in investmt interest</i>
Property & other taxes	685,196	693,450	8,254	1,007,000	68.9%
Miscellaneous Non-Operating Revenue	18,880	30,004	11,124	16,300	184.1%
Total Non-Operating Revenues	852,944	769,606	(83,338)	1,362,574	56.5%
Non-Operating Expenses					
Bond Interest	249,162	231,515	(17,647)	343,877	67.3%
Bond Mgmt, Issuance & Misc. Exp.	5,906	19,134	13,228	131,390	14.6% <i>Quil WW expense</i>
Election Expense	-	-	-	17,340	0.0%
Total Non-Operating Expenses	255,068	250,649	(4,418)	492,607	50.9%
Net Non-Operating Income(Expense)	597,877	518,957	(78,920)	869,967	59.7%
Net Income (Loss)	535,394	16,455	(518,939)	(280,608)	-5.9%