

**PORT COMMISSION SPECIAL MEETING & 1<sup>ST</sup> PUBLIC HEARING ON 2018 OPERATING & CAPITAL BUDGET – October 24, 2017**

The Port of Port Townsend Commission met in special session at the Quilcene Community Center, 294952 US Hwy 101, Quilcene, WA

Present: Commissioners – Hanke, Clinefelter and Tucker  
Executive Director Gibboney  
Auditor Berg  
Director of Operations & Business Development Englin  
Director of Planning Toews  
Communications Coordinator Matej  
Attorney Lake  
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:**

Note: Executive Session subject: Discussion of Acceptable Value for Two (2) Leases, thirty- minute duration with no action.

**Commissioner Tucker moved to approve the Agenda as presented.**

**Commissioner Clinefelter seconded the motion.**

**Motion carried by unanimous vote.**

**III. CONSENT AGENDA:**

A. Approval of Amended Meeting Minutes – September 27, 2017

Approval of Public Workshop Minutes – October 11, 2017

Approval of Meeting Minutes – October 11, 2017

B. Approval of Warrants

Warrant #058328 through #058335 in the amount of \$12,007.42 for Payroll & Benefits

Electronic Payment in the amount of \$65,673.42 for Payroll & Benefits

Warrant #058336 through #058374 in the amount of \$143,195.13 for Accounts Payable

Electronic Debit in the amount of \$11,427.52 for WA State Dept. of Revenue Combined

Excise Tax Return for September 2017

**Commissioner Tucker moved to approve the Consent Agenda as presented.**

**Commissioner Clinefelter seconded the motion. (Motion delayed.)**

Commissioner Hanke asked for a change to the October 11, 2017 Meeting Minutes –

(Item VII-Regular Business, D) 2018 Operating & Capital Budget – 2<sup>nd</sup> Draft), 3<sup>rd</sup>

paragraph, “The Commission also ~~requested~~ to keep in the budget...”. Replace

“requested” to “**agreed**”.

**Commissioner Hanke moved to approve the Consent Agenda with the requested change.**

**Commissioner Tucker seconded the motion.**

**Motion carried by unanimous vote.**

**IV. PUBLIC COMMENTS (Not related to agenda):**

**V. PUBLIC HEARING ON 2018 OPERATING & CAPITAL BUDGET – 3<sup>RD</sup> DRAFT:**

The Regular Meeting recessed into the 2018 Budget Public Hearing at 1:04 pm. Commissioner Hanke explained the rules of the Hearing. He then introduced Finance Director Berg.

Ms. Berg discussed the changes made to the 3<sup>rd</sup> Budget Draft and explained the page showing the variance in moorage rates (CPI + 1%, no increase, CPI and + 1%). She highlighted the operating budget, personnel expenses that were decreased by about \$3K due to no increase to medical premiums, and the completion of personnel evaluations. Marketing budget increased by \$25K, per the Commission’s request at the October 11, 2017 meeting, a slight adjustment made to non-operating revenue for Port contribution of capital work. Ms. Berg stated the overall budget for operating and non-operating is about \$850K, which includes depreciation. She then reported that per Commission direction, the Boat Haven restroom renovation project was removed from

the budget, and that \$50K was added for software and equipment. Ms. Berg added construction and engineering costs were tightened up. She reported the estimated cash flow fell \$340K due to the results of September operations activity and the stormwater project. She stated adjustments are reflected in operation and non-operation cash flow. Commissioner Hanke asked staff how they might accomplish the increase in yard revenue and asked about a few new categories to yard revenue. Commissioner Tucker asked for clarification on the projected increase for long-term storage in the yard. Discussion included questions on Boat Haven property revenues, and the open budgeted FTE Customer Service Manager position, which Commissioners Hanke and Tucker do not think should be filled in 2018. After hearing no further comment from the Commission and staff, Commissioner Hanke opened the Hearing to public comment. The following members of the public commented:

Ray Canterbury, John Gusoskey, Melinda Bryden, Leilani Canterbury, Rick Reinertsen, George Yount, Gwendolyn Tracy, David Neuenschwander, Martin Mills, and Pam Petranek.

After hearing no further comment from the public, Commissioner Hanke closed the public comment period at 1:49 pm. He informed that the Public Hearing would continue to November 8, 2017 at 1:00 pm in the Port Commission Building, where written testimony would be accepted up until the continued hearing and oral testimony would be received at the continued hearing.

Further discussion amongst the Commission and staff continued, including moorage rate analysis, rate increases, lease surveys and market analysis, Integrated Planning Grant pending in State budget, the 2017 industrial accident, personnel reorganization, the economic impact of revenue due to the Point Hudson Jetty project, communications with tenants on channel opening options and boat placement at Point Hudson during construction period.

Commissioner Hanke reminded of the November 8, 1:00 pm continued hearing and at 2:14 pm, after hearing no further comment, closed the Public Hearing and reconvened the Regular Meeting.

VI. SECOND READING (Action Items):

VII. FIRST READING (Discussion Only):

VIII. REGULAR BUSINESS:

A. September Financials (1:14):

Ms. Berg provided a briefing on the September Year-to-date, informing that operating revenues are up about \$6K over the previous year and a bit ahead of budgeted, yard revenue continues to be down (attributing that mostly to shipyard revenue decline and the discontinued 3% marine trades contribution and a few environmental cleanups). She added ramp fees exceed the annual budget and marinas and RVs are ahead of budget by 3.6%.

Ms. Berg reported operating expenses are at 70.4%, personnel expenses are spot on at 75.1% and all others are under budget, with the exception of fuel. She reported the Port expended approximately \$300K (80% for stormwater project and 20% to runway rehab project). She added there was no debt service in September. Ms. Berg stated there was a cash decrease of about \$348K from August (mostly for the stormwater project – contractor payment and Port insurance renewals).

B. Operations and Occupancy Report (1:21:59):

Mr. Englin briefed on the Occupancy Report for Boat Haven, Point Hudson and Quilcene. He reported RVs continue to be a strong performer, Derelict Vessel report (one currently at Point Hudson), Quilcene occupancy is up, discussed ramps and yard occupancy.

IX. STAFF COMMENTS (1:30:08):

Ms. Gibboney explained that at the Director's Update to the Commission meeting last week, they discussed a monthly meeting request by the marine trades, with one commissioner and some Port staff in attendance, and for the first meeting to be held at noon on November 1, 2017 (in the Port Admin conference room). Ms. Gibboney

reported Commissioner Hanke expressed interest as the Commission rep. After some discussion, he agreed that he would attend the meetings.

Ms. Gibboney reported Union negotiations continue and on December 6, 2017, there is a Special Commission meeting, Executive Session only, where the first draft of the Union contract would be presented.

She reported on a meeting with the Northwest Maritime Center held on October 19 where the next moves were discussed. Both she and Commissioner Tucker attended.

Mr. Englin reported he is working on an Economic Impact Analysis for Point Hudson, Union negotiations, leases and financial analysis, airport leases, and he reported on the review of the underground storage tanks at the airport, which was submitted to the Pollution Liability Insurance Agency.

Ms. Matej announced information on the Point Hudson Open House would be posted to the Port's website by Friday. She reported around 200 people attended the Open House. She also reported she has been making significant changes to the website.

Mr. Toews reported he is working with Mott MacDonald on the jetty design, where 70% of the design work and cost estimate are expected by the end of November. He stated that he continues working with Mr. Englin and Mott MacDonald on alternatives that would have the least impact to tenants during jetty construction.

Mr. Toews reported good progress continues with Reid Middleton on the preliminary design work for the JCIA runway rehab. He announced the airport runways would be closed all day on November 14, 2017 for geotech borings and environmental work (an announcement to go out to pilots soon as well as a NOTAM issued for the closure).

Last, MR. Toews reported he just received the draft of the Quilcene wastewater study from Tetra Tech.

Ms. Berg reported she continues working on the budget, cash flow, working with the human resources consultant on Union negotiations and September financial results.

Ms. Nelson reported she continues to work on the Pacific Marine Expo and Seattle Boat Show details with Mr. Englin. She continues to receive and fulfill Public Records Requests.

X. PUBLIC COMMENTS (1:51:20):

Bill Putney commented on rate study, rates, triple bottom line, Maul Foster presentation and the Film Festival's concerns with jetty construction noise during construction.

Gwendolyn Tracy commented on a rate study.

David Neuenschwander commented on Ms. Gibboney's presentation at the North Hood Canal Chamber meeting.

Chris Sanok asked about a 2012 rate study.

George Yount commented on the Marine Trades/Port meeting and other stakeholder meetings, the Point Hudson open house and rates.

John Guskoskey commented on taxes.

Melinda Bryden commented on the IDD (Industrial Development District) and property taxes.

Martin Mills commented that moorage relations are better than ever with tenants, commented on lease rates, economic impact study, moorage rates and marketing.

County Commissioner Kathleen Kler thanked Ms. Gibboney for her talk to the North Hood Canal Chamber and thanked the Port for their participation in the wastewater treatment study.

Pam Petranek commented on lease rates and the Port losing tenants and proposed a hold on lease negotiations.

XI. COMMISSIONER COMMENTS (2:11:27):

Commissioner Tucker reported he attended a Department of Health meeting on the South Townsend Bay "no anchor zone", where he was asked if the Port could monitor activity of boats mooring too close to shellfish beds.

He reported on the October meeting with the NW Maritime Center (NWMC) and said enough has been learned to move forward. He is requesting the Commission write a Letter of Intent (LOI) to the NWMC to continue negotiations, which would be discussed with the Commission for consideration at a future meeting. He announced the group has planned a two-day retreat in November, which would be attended by Jake Beattie

and Steve Oliver of the NWMC, David Timmons and Mayor Deb Stinson of the City and Ms. Gibboney and Commissioner Tucker.

Discussion ensued on Point Hudson planning process and timetable.

Commissioner Clinefelter stated he is fine with an LOI, as long as there is no commitment in the letter and is just exploratory.

XII. NEXT PUBLIC WORKSHOP & REGULAR MEETING/CONTINUED BUDGET PUBLIC HEARING:  
Wednesday, November 8<sup>th</sup>, 2017. Workshop at 9:30 am and Regular Meeting & Public Hearing at 1:00 pm in the Port Commission Building, 333 Benedict St, Port Townsend.

XIII. EXECUTIVE SESSION:

At 3:28 pm Commissioner Hanke called for Executive Session, allowing three minutes for the room to clear, to discuss Acceptable Value of Two Leases, pursuant to RCW 42.30.110 (c), duration of thirty minutes with no action. At 3:34 pm the Executive Session began.

At 4:04 pm, Ms. Nelson went outdoors to announce the continuation of Executive Session for another twenty minutes.

At 4:24 pm, Ms. Nelson announced the continuation of Executive Session for another twenty minutes.

XIV. ADJOURNMENT:

The meeting reconvened and adjourned at 4:45 pm there being no further business to come before the Commission.

ATTEST:

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Peter W. Hanke, President

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Stephen R. Tucker, Secretary

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Brad A. Clinefelter, Vice President