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**Port of Port Townsend  
2<sup>nd</sup> Monthly Meeting Agenda  
Tuesday, November 21, 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 – November 8, 2017.....1-2
  - Approval of Meeting Minutes – November 8, 2017.....3-5
  - B. Approval of Warrants
- IV. Public Comments (not related to Agenda)
- V. Second Reading
- VI. First Reading
- VII. Regular Business
  - A. Budget Deliberations.....6-11
  - B. 2018 Resolutions.....12-14
  - C. Decision Summary for Point Hudson Jetty South.....15-20
- VIII. Staff Comments
- IX. Public Comments
- X. Commissioner Comments
- XI. Next Public Workshop / Regular Meeting:  
Wednesday, December 13, 2017, workshop at 9:30 a.m., meeting at 1:00 p.m. in the Port  
Commission Building, 333 Benedict Street, Port Townsend, WA
- XII. Executive Session
- XIII. Adjournment

**PORT COMMISSION PUBLIC WORKSHOP – November 8, 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, Clinefelter & Tucker  
Executive Director Gibboney  
Auditor Berg  
Director of Operations & Business Development Englin  
Recorder Nelson

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 11:27 a.m.

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

**Port of Port Townsend  
Public Workshop  
Wednesday, November 8, 2017, 9:30 a.m.  
Port Commission Building  
333 Benedict Street  
Port Townsend, WA**

**AGENDA**

- **MARKET COMPARISONS FOR BOATYARD**

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 & 2018 BUDGET PUBLIC HEARING –  
November 8, 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  
Director of Planning Toews  
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:**

Added to agenda – Item VII. Regular Business, B) Joint Marketing Program with Port Townsend Marine Trades Association. Duration of the planned Executive Session - twenty minutes, with no action.

**Commissioner Clinefelter moved to approve the Agenda as amended.**

**Commissioner Tucker seconded the motion.**

**Motion carried by unanimous vote.**

**III. CONSENT AGENDA (2:11):**

A. Approval of Meeting Minutes – October 24, 2017

B. Approval of Warrants

Warrant #058375 through #058387 in the amount of \$64,139.07 for Payroll & Benefits

Electronic Payment in the amount of \$109,896.24 for Payroll & Benefits

Warrant #058388 through #058448 in the amount of \$115,528.20 for Accounts Payable

**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. PUBLIC HEARING ON 2018 OPERATING & CAPITAL BUDGET (continued from 10/24/17):**

The Regular Meeting recessed into the Public Hearing at 1:02 p.m. Commissioner Hanke read the rules of the hearing and opened it up to public comment.

The following members of the public spoke:

Bertram Levy, Ernie Baird and Liz Hoenig-Kanieski.

After hearing no further comments from the public, Commissioner Hanke closed the session to public testimony at 1:16 p.m.

After discussion amongst the commission and staff, the commission asked staff to bring to the next meeting a spreadsheet breaking down personnel and outside services costs, and a projection of those expenses for the next three years.

**Commissioner Hanke moved to continue deliberations to the November 21, 2017 Commission Meeting.**

**Commissioner Tucker seconded the motion.**

**Motion carried by unanimous vote.**

V. SECOND READING (Action Items):

VI. FIRST READING (Discussion Only):

VII. REGULAR BUSINESS:

A. November 21, 2017 Commission Meeting – Possible Date/Time Change (51:55):

Commissioner Hanke stated he requested this for the agenda. After discussion, the meeting date and time had no changes. It remains scheduled for Tuesday, November 21, 2017 at 5:30 p.m.

B. Joint Marketing Program with Port Townsend Marine Trades Association (53:29):

Ms. Gibboney read over the proposal by the PTMTA. She asked the Commission on how to proceed. Discussion was held on distributing of promotional information via direct mailings, emails and Facebook. Port staff would begin work on Phase I. Phase II would focus on developing a marketing plan, and whether a contract with the PTMTA would be necessary.

Ms. Gibboney concluded that staff would work with the PTMTA on developing a direct mailing contact list and would get notices out post haste.

VIII. STAFF COMMENTS (1:02:42):

Ms. Gibboney stated the Stormwater project is nearing conclusion. She discussed the project and informed only one change order was needed for around \$2K. Ms. Gibboney stated the project should wrap up the end of next week, then clean-up and punch list development. Staff is working on the draft Stormwater Prevention Plan, with notification to the Dept. of Ecology on our sampling protocols.

Ms. Gibboney stated staff and Commissioner Hanke had their first meeting with the PTMTA and the plan is to hold a couple of more meetings, with Commissioner Hanke in attendance.

Ms. Gibboney stated next week staff is prepping for the Pacific Marine Expo and the WPPA Annual Meeting. She added that two Port tenants are participating in the Port's booth at the Expo – ACI and PYR.

Mr. Toews announced good progress has been made on final engineering for the Point Hudson Jetty. He stated 70% of the design-build cost estimate should be ready around Thanksgiving, which would provide the Commission with more information on their final decision.

Mr. Toews stated there is also good progress on Phase I Design & Engineering for the airport runway project. He announced the runway would be closed for the day on November 14, 2017 for geotechnical and environmental work. A NOTAM has been issued and the closure notice would be available on the AWOS.

Lastly, Mr. Toews reported the Quilcene Wastewater Study is wrapping up. A draft report would be reviewed with a community group later this month.

IX. PUBLIC COMMENTS (1:12:39):

Peter Chaffee commented on leases and commission approval, Melinda Bryden spoke on budget, rates and staff. Gwendolyn Tracy asked about plans to fill the upcoming vacant security position.

X. COMMISSIONER COMMENTS (1:15:29):

Commissioner Tucker stated that due to his busy schedule meeting with members of the public, he skipped the Marine Resources Committee meeting, so has no report.

Commissioner Hanke reported he looks forward to more meetings with the PTMTA. He also commented on the budget process.

Commissioner Clinefelter said he concurs with Peter Chaffee's comments that the Commission should approve each lease.

XI. NEXT MEETING:

Next regular meeting will be held Tuesday, November 21, 2017 at 5:30 PM in the Port Commission Building, 333 Benedict St, Port Townsend.

XII. EXECUTIVE SESSION:

The regular session recessed into Executive Session at 2:20 p.m. to discuss the acceptable value for a lease, pursuant to RCW 42.30.110 (c) and potential litigation, pursuant to RCW 42.30.110 (i), duration of twenty minutes with no action.

XIII. ADJOURNMENT:

The meeting reconvened and adjourned at 2:40 p.m. there being no further business to come before the Commission.

ATTEST:

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Stephen R. Tucker, Secretary

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Peter W. Hanke, President

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Brad A. Clinefelter, Vice President

**PORT OF PORT TOWNSEND**

**MEETING OF:**           **November 21, 2017**

**AGENDA ITEM:**       **VII. Regular Business**  
                              **A. 2018 Operating & Capital Budget Deliberations**

**BACKGROUND:**

Continued deliberations.

**Executive Director's Recommendation:**

Adopt the 2018 Operating & Capital Budget as presented.

## **2018 Draft Operating Budget Assumptions – 4<sup>th</sup> DRAFT**

As has been discussed at the prior Commissioners' meeting, we implemented the following changes for the 2018 Port Operating budget (blue font are updates from 2<sup>nd</sup> Draft, green font are updates from 3<sup>rd</sup> Draft):

### **Operating Revenue – no changes to revenues in 3<sup>rd</sup> or 4<sup>th</sup> Drafts**

1. No rate increases have been determined yet, however, these have been rigorously reviewed for performance in 2018; there is revenue recovery included (i.e. garbage costs).
2. Current CPI is at 3%. Some Moorage Revenues were increased by 3% + 1%.
3. There are several Point Hudson Moorage Revenues that included the above adjustment while also reducing them by a conservative 50%. This reduction is in anticipation of the South Jetty construction scheduled for 2018.
4. Various other Operating Revenues were adjusted by nominal amounts based on the activity YTD August 2017 and the expectation there would be similar activity in 2018.

### **Operating Expenses**

5. Personnel costs were refined as more data has been received for the 2018 budget period. This still includes current staffing plus one vacant FTE, keeping seasonal staff to two (2), planning for a 2 month over-lap for a retirement (in plan before, but not detailed here), and adjusting the estimated capital work performed by Port staff. There was a slight decrease (\$3,640) in Personnel expenses due to the confirmation of no medical cost increases and the completion of some staff evaluations.
6. Personnel costs were further refined from the 3<sup>rd</sup> draft relating to the current vacant position. Previously, we anticipated filling this position by December 2017. Now we believe it may not be filled until March 1, which lowered Personnel costs.
7. A careful analysis of Contracting Services for the past two (2) years, and a reduction in Consulting Services allowed us to lower the total Outside Services line item by \$24,900.
8. Upon further analysis of the Consulting Services (a part of "Outside Services"), we believe we can lower that estimated cost by \$5,000.
9. Again, a careful analysis of Utilities for the past year allowed us to confidently reduce this expense line item to \$525,000. We believe this to be a conservative savings estimate while not being too ambitious.
10. As agreed at the 10/11/17 Commission Meeting, Marketing was increased by \$25,000.

### **Non-Operating Revenue**

11. Capital Contributions/Grants were reduced by \$13,100 as this is Port match to be paid out of Port Wide Capital Reserves for the JCIA Runway Rehabilitation Project.



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

**2018 4th DRAFT BUDGET 11/21/17**

	2014 Actual	2015 Actual	2016 Actual	2017 Revised Budget	2018 Budget
<b>REVENUES</b>					
Marinas and RV Parks	2,101,147	2,242,335	2,474,924	2,545,000	2,604,539
Yard Operations	1,587,241	1,572,877	1,578,180	1,500,424	1,768,384
Property Leases & Use	1,041,536	1,061,642	1,107,302	1,153,990	1,166,522
Fuel Sales & Leases	50,047	44,539	40,015	50,000	47,100
Ramp Use	32,308	35,240	39,260	55,000	60,900
Utilities	153,885	164,195	184,275	230,076	227,630
<b>Total Operating Revenues</b>	<b>4,966,164</b>	<b>5,120,829</b>	<b>5,423,956</b>	<b>5,534,490</b>	<b>5,875,075</b>
<b>OPERATING EXPENSES</b>					
Personnel	2,373,771	2,471,235	2,724,120	3,013,738	3,212,985
Outside Services	394,881	349,778	438,913	585,256	592,500
Facilities & Operations	846,009	697,888	655,994	805,809	761,710
Utilities	532,241	473,673	543,545	554,180	525,000
Marketing	43,467	35,152	57,658	54,450	81,450
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
<b>Total Operating Expenses</b>	<b>4,273,408</b>	<b>4,105,625</b>	<b>4,490,859</b>	<b>5,099,433</b>	<b>5,260,645</b>
<b>Income from Operations w/o Depr</b>	<b>692,756</b>	<b>1,015,203</b>	<b>933,097</b>	<b>435,057</b>	<b>614,430</b>
<b>Depreciation Expense</b>	<b>1,487,232</b>	<b>1,527,500</b>	<b>1,542,983</b>	<b>1,585,632</b>	<b>1,605,300</b>
<b>Income (Loss) from Operations with Depr</b>	<b>(794,475)</b>	<b>(512,297)</b>	<b>(609,886)</b>	<b>(1,150,575)</b>	<b>(990,870)</b>
<b>Non-Operating Revenue</b>					
Capital Contributions/Grants	275,220	226,355	239,549	242,274	1,187,727
Interest	11,357	3,327	40,564	41,000	41,000
Property & other taxes	990,006	1,033,149	1,009,330	1,019,000	1,041,000
Misc Non-Operating Revenue	79,260	38,047	32,314	59,700	35,000
<b>Total Non-Operating Revenues</b>	<b>1,355,844</b>	<b>1,300,878</b>	<b>1,321,757</b>	<b>1,361,974</b>	<b>2,304,727</b>
<b>Non-Operating Expenses</b>					
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	-
<b>Total Non-Operating Expenses</b>	<b>511,952</b>	<b>477,608</b>	<b>365,551</b>	<b>436,607</b>	<b>447,307</b>
<b>Net Non-Operating Income(Expense)</b>	<b>843,892</b>	<b>823,270</b>	<b>956,206</b>	<b>925,367</b>	<b>1,857,420</b>
<b>Net Income (Loss)</b>	<b>49,416</b>	<b>310,973</b>	<b>346,320</b>	<b>(225,208)</b>	<b>866,550</b>

**2018 4th Draft Capital Budget**  
**11/21/17 Commission Meeting**

<b>CAPITAL BUDGET 2018</b>		<b>PLANNED FUNDING SOURCES</b>						<b>Total</b>
		<b>Operating REVENUE</b>	<b>Boat Haven RESERVES</b>	<b>Capital RESERVES</b>	<b>GRANTS</b>	<b>GO BOND</b>	<b>Revenue BOND</b>	
<b>Point Hudson Jetty South</b>								
Engineering, design, permitting, administration	\$91,327				\$91,327			\$91,327
Construction	\$3,512,500				\$797,500	\$2,715,000		\$3,512,500
<b>Jefferson County International Airport Runway</b>								
Engineering, Permitting, Administration	\$262,000			\$13,100	\$248,900			\$262,000
Construction								
<b>Equipment</b>	\$150,000	\$150,000						\$150,000
	2018	Operating REVENUE	Boat Haven RESERVES	Capital RESERVES	GRANTS	GO BOND	Revenue BOND	Total
<b>TOTALS</b>	<b>\$4,015,827</b>	<b>\$150,000</b>	<b>\$0</b>	<b>\$13,100</b>	<b>\$1,137,727</b>	<b>\$2,715,000</b>	<b>\$0</b>	<b>\$4,015,827</b>

## Projected Cashflow for 2018 through 2021

### 4th DRAFT Budgeted Cashflow 11-21-17

	2018 Budgeted Cashflow	2019 Budgeted Cashflow	2020 Budgeted Cashflow	2021 Budgeted Cashflow
<b>Estimated Beginning Year Cash</b>				
<b>Unreserved Cash</b>	<b>847,692</b>	<b>1,332,311</b>	<b>1,622,004</b>	<b>2,008,765</b>
<b>Reserved Cash</b>	<b>882,234</b>	<b>979,134</b>	<b>1,000,152</b>	<b>1,120,152</b>
Operating Revenues	5,875,075	6,051,327	6,232,867	6,419,853
Operating Expenses (w/o depreciation)	(5,260,645)	(5,418,464)	(5,581,018)	(5,748,449)
Non-Operating Revenues	2,304,727	4,922,180	1,065,900	1,065,900
Non-Operating Expenses	(447,307)	(450,088)	(425,988)	(400,388)
Debt service - principle	(1,074,504)	(715,000)	(755,000)	(785,000)
Issuance of Bond Debt	3,200,000	-	-	-
Capital expenses (from Grants)	(1,137,727)	(3,856,280)	-	-
Capital expenses (from Unreserved Cash)	(150,000)	(123,982)	(30,000)	(60,000)
Capital expenses (from Bonds)	(2,715,000)	-	-	-
Capital expenses (from Reserves)	(13,100)	(98,982)	-	-
Increase/(Decrease) in cash	581,519	310,711	506,761	491,916
<b>Total Estimated Ending Cash</b>	<b>2,311,445</b>	<b>2,622,156</b>	<b>3,128,917</b>	<b>3,620,833</b>
<b>Unreserved Cash</b>	<b>1,332,311</b>	<b>1,622,004</b>	<b>2,008,765</b>	<b>2,500,681</b>
<b>Reserved Cash</b>	<b>979,134</b>	<b>1,000,152</b>	<b>1,120,152</b>	<b>1,120,152</b>
<b>TOTAL</b>	<b>2,311,445</b>	<b>2,622,156</b>	<b>3,128,917</b>	<b>3,620,833</b>

#### Notes & Assumptions:

1. The Estimated Ending Cash for 2017 was calculated based on September 2017 month end cash and the budgeted revenues and expenses for the remainder of 2017. At month end September, 75% through the year, revenues were at 76.9% of budget and expenses were at 70.4% of budget. In addition, we included known contract increases (primarily capital related) and capital costs estimated through December 31.
2. For years 2019-2021, we projected annual increases in revenue and expense both by 3% which is approximately the historical increase over the years at the Port.
3. Non-Operating Revenues & Expenses are based on 2018 known and anticipated projections (such as property tax levy or debt service interest), with adjustments made in accordance with projections made for the Capital Expenses in the 2018 Capital Budget, such as issuance of new bond debt.
4. Capital Expenses are based on the Capital Budget for currently planned projects and purchases. These include the Point Hudson South Jetty, the JCIA Runway Rehabilitation, vehicles and software.
5. Issuance of new Bond debt (a GO bond) is the principle amount projected from the Capital Budget for 2018.
6. Debt Service principle was estimated on the new debt assumption of wrapping all current debt into a new issue of \$3.2 million for the Point Hudson South Jetty, plus the final debt service in 2018 for the 2013 Revenue Bond.
7. Updates were made to more recently obtained capital estimates for the JCIA runway rehab and the WSDOT 5% grant that will help fund the project. In addition, we found the project may all occur in 2019.
8. Vehicle purchases were included in the line for "Capital expenses (from Unreserved Cash)" through 2021.

#### **Details on Estimated Capital Expenses for 2018**

1. Both Capital Expenses (from Grants) and Capital Expenses (from Unreserved Cash) agree to the Capital Budget.
2. Capital Expenses (from Bonds) is the current estimated on bond proceeds needed for the South Jetty at Point Hudson.
3. Capital Expenses (from Reserves) is the Port's match portion estimated for engineering work JCIA Runway Rehab project.

#### **Details on Estimated Capital Expenses for 2019**

1. Capital Expenses (from Grants) is comprised of the current estimated cost of the JCIA Runway Rehab final engineering (~\$95,000) and construction (~\$3,761,280).
2. Capital Expenses (from Unreserved Cash) contains half (1/2) match for the FAA grant (~\$98,982) and \$25,000 for a vehicle).
3. Capital Expenses (from Reserves) contains the other half (1/2) match for the FAA grant (~\$98,982).

## **PORT OF PORT TOWNSEND**

**MEETING OF:**           **November 21, 2017**

**AGENDA ITEM:**       **VII. Regular Business**  
                              **B. 2018 Resolutions**

### **BACKGROUND:**

Resolution No. 670-17 – Year 2018 Operating & Capital Budget

Resolution No. 671-17 – Year 2018 Fixing the Amount of Tax to be Levied

### **Executive Director's Recommendation:**

Adopt the above resolutions as presented.

## **RESOLUTION NO. 670-17**

### **A Resolution of the Commission of the Port of Port Townsend**

#### **RESOLUTION ESTABLISHING THE YEAR 2018 CAPITAL AND OPERATING BUDGETS, AND AUTHORIZING CERTAIN DISBURSEMENTS TO MEET EXPENSES OF THE PORT OF PORT TOWNSEND FOR THE YEAR 2018.**

**WHEREAS:** under the provisions of RCW 53.35.030 the Port Commission of the Port of Port Townsend is authorized to adopt final capital and operating budgets for the year 2018, and;

**WHEREAS:** the required filing, notice and public hearing on the preliminary capital and operating budget, as provided in RCW 53.35.020 have been met;

**NOW, THEREFORE BE IT HEREBY RESOLVED** by the Port Commission of the Port of Port Townsend, that receipts and disbursements for the Port of Port Townsend capital and operations activities, for the year 2018 shall be as per the attached marked "Exhibit A", Port of Port Townsend Year 2018 Capital and Operating Budgets.

**ADOPTED this 21st day of November 2017, by the Commission of the Port of Port Townsend** and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the Seal of the Commission duly affixed.

#### **ATTEST:**

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Brad A. Clinefelter, Vice-President

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Peter W. Hanke, President

\_\_\_\_\_  
Stephen R. Tucker, Secretary

#### **APPROVED AS TO FORM:**

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Carolyn A. Lake, Goodstein Law Group  
Port Attorney

## **RESOLUTION NO. 671-17**

### **A Resolution of the Commission of the Port of Port Townsend**

#### **RESOLUTION FIXING THE AMOUNT OF TAX TO BE LEVIED, AND LEVYING THE TAX UPON TAXABLE PROPERTY IN THE PORT OF PORT TOWNSEND DISTRICT, BOTH REAL, PERSONAL AND UTILITIES TO MEET EXPENSES OF SAID PORT OF PORT TOWNSEND FOR THE YEAR 2018.**

**WHEREAS:** the Port Commission has properly given notice of the public hearing held October 24, 2017 and November 8, 2017 to consider the Port of Port Townsend's current expense budget for the calendar year 2018, pursuant to RCW 53.35.020, and;

**WHEREAS:** the Port Commission, after hearing, and after duly considering all relevant evidence and testimony presented, has determined that the Port of Port Townsend does require an increase in property tax revenue from the previous year, other than the increase resulting from the addition of new construction and improvements to property, refunds from the previous year, and any increase in the value of state-assessed property, in order to discharge the expected expenses and obligations for the Port of Port Townsend and in its best interest;

**NOW, THEREFORE BE IT HEREBY RESOLVED:** by the Port Commission of the Port of Port Townsend that an increase in the regular property tax levy limit, in addition to any amount resulting from the addition of new construction and improvements to property, refunds from the previous year, and any increase in the value of state-assessed property, is hereby authorized for the year 2018 levy in the amount of \$970,193.43 for capital improvements and operations, which is a percentage increase of 1.0 percent (\$9,605.88) from the previous year.

**ADOPTED this 21<sup>st</sup> day of November 2017, by the Commission of the Port of Port Townsend** and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the Seal of the Commission duly affixed.

**ATTEST:**

\_\_\_\_\_  
Brad A. Clinefelter, Vice-President

\_\_\_\_\_  
Peter W. Hanke, President

\_\_\_\_\_  
Stephen R. Tucker, Secretary

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Carolyn A. Lake, Goodstein Law Group  
Port Attorney

## **PORT OF PORT TOWNSEND**

**MEETING OF:**           **November 21, 2017**

**AGENDA ITEM:**       **VII. Regular Business**  
                                  **C. Decision Summary for Point Hudson Jetty South**

### **BACKGROUND:**

Staff will discuss various issues for Commission consideration in its decision to proceed with construction of the South Jetty at Point Hudson. Issues to be discussed include:

- Schedule
- Summary Matrix
- Business Impact Analysis
- Potential Mitigation Strategies

### **Executive Director's Recommendation:**

For information and discussion.



## POINT HUDSON - SOUTH BREAKWATER: Description of Options & Summary Evaluation

### DESCRIPTION OF THE OPTIONS

**Option #1 – Proceed as Planned with Demolition/Replacement:** Under this option, the Port would proceed with 100% design engineering, preparation of bid specifications, bonding, bidding, and demolition/reconstruction of the South Breakwater in the 2018-19 “fish window”. The project would likely go to bid in February of 2018, with construction starting in mid-July. Barring substantial weather delays, the project would be anticipated to be substantially complete by November/early December 2018. Phase II of the overall project, demolition and reconstruction of the North Breakwater, would only proceed in the following calendar year (2019-2020) pending funding availability (e.g., BIG Tier 2 grant successfully obtained, with sufficient match monies in-hand). The engineering work currently being completed by Mott MacDonald will provide 100% design for both the South and North Breakwaters; bid specifications will be completed for the South Breakwater as part of the current work, but not the North Breakwater.

**Option #2 – Indefinitely Delay the Project – Respond in the Event of Failure(s):** This option would put the project on hold for the foreseeable future, in anticipation of a future positive change in Port financial cash flow. Under Option #2, the accelerating deterioration of the breakwater would continue unabated, with the Port awaiting partial or catastrophic failure(s) before initiating any emergency repairs (if practicable). Expedited permitting would likely be available in a true “emergency”, with most permitting occurring “after the fact”.

**Option #3 – Indefinitely Delay the Project – Undertake Targeted Repairs:** Like Option #2, this option would indefinitely delay the larger demolition and replacement project envisioned in Option #1. However, unlike Option #2 (which would await partial or catastrophic failure(s) of the South Breakwater before responding), the Port would seek to identify the most likely places and mechanisms of failure, and target limited-scope repairs. This would necessitate additional engineering and permitting work (and associated costs) to determine the optimal strategy for repair. Permitting and engineering design would likely occur in 2018, with the targeted repairs occurring after bidding in 2019. Possible repair strategies and the implications of this option are outlined in a “Work Status Update” presentation prepared by Mott MacDonald and provided to the Commission on June 8, 2016 (see attached).

### EVALUATION OF THE OPTIONS

The options outlined above are evaluated against 13 qualitative criteria in the table on the following pages. Green shaded cells indicate a good or “best” response to the question; yellow shaded cells indicate a neutral response; pink shaded cells suggest a negative or “worst” response.

POINT HUDSON - SOUTH BREAKWATER: Summary Evaluation of Options			
Evaluation Criterion	Option #1: Proceed as Planned	Option #2: Indefinite Delay – Targeted Repairs on Emergency Basis Only	Option #3: Delay Replacement – Undertake Targeted Repairs
1. Addresses core issue: accelerating failure of breakwater?	Yes. Addresses the need conclusively – replacement structure will have an anticipated useful life of 50 years.	No. Breakwater failure rate continues to accelerate – core issue remains unaddressed.	No. Breakwater failure rate continues to accelerate; numerous failure modes at multiple breakwater locations make accurate advance targeting of repairs uncertain (may be better to respond rather than design in advance).
2. Preserves non-voted debt capacity to address other emerging capital needs?	No. Requires \$3.2M of \$3.7M of remaining non-voted debt capacity; could compromise Port's ability to respond to other critical infrastructure needs in the near-term (e.g., old section of Boat Haven breakwater, additional Boat Haven stormwater improvements).	In the short term, yes. Preserves the Port's remaining non-voted debt capacity of \$3.7M; allows the Port to respond to other critical infrastructure needs; question for decision-makers: is it prudent <u>not</u> to address an obviously failing breakwater in order to preserve the flexibility to respond to other threats to core infrastructure?	In the short-term, perhaps. While debt capacity may be preserved to respond to other emerging capital needs, targeted repairs would likely be funded through operating revenues, substantially constraining the Port's ability to address other projects or emergencies. Repairs would likely be costly (see Mott MacDonald report of June 8, 2016), of limited efficacy, and offer a low return on investment (i.e., be of short term utility only).
3. Ensures continued viability of marina & acceptable moorage conditions?	Yes. Breakwater replacement will reduce wave energy within the boat basin, wear and tear on docks and finger floats, and maintain viable moorage conditions. Note however that the North Breakwater continues to deteriorate and is identified as a separate/subsequent project phase (2019-2020, pending funding availability).	No. As the rate of failure of the existing jetty continues/accelerates, the amount of wave energy admitted into the moorage basin will increase, leading to accelerated wear and tear on docks, finger floats and gangways. Over time, portions of the marina would likely be abandoned at certain times of year and/or offered to boaters at reduced rates due to their undesirability.	No. If repairs are successfully targeted to the highest risk failure points, moorage conditions similar to those experienced presently <u>could</u> be preserved in the very near term. However, over any meaningful time-scale, it is anticipated that accelerating failure modes at multiple locations will cause conditions in the moorage basin to markedly deteriorate. As with Option #2, partial abandonment of portions of the moorage basin and/or reduced rates due to suboptimal wind/wave protection would be expected.

POINT HUDSON - SOUTH BREAKWATER: Summary Evaluation of Options - CONTINUED			
Evaluation Criterion	Option #1: Proceed as Planned	Option #2: Indefinite Delay – Targeted Repairs on Emergency Basis Only	Option #3: Delay Replacement – Undertake Targeted Repairs
4. Avoids the need for emergency repairs/responses?	<b>Yes.</b> Assuming the demolition/replacement project can be completed before a partial failure (e.g., collapse/blockage of navigation channel), emergency repairs would be avoided. The project is anticipated to be substantially complete one-year from now (November 2018). Note however, that the North Breakwater is also rapidly failing, and could require emergency repairs prior to its replacement.	<b>No.</b> Under this option, emergency repairs would be anticipated. Instead of targeting repairs in advance (as with Option #3), the Port would likely respond using its emergency authority (i.e., obtaining after-the-fact permits) and address failure points as they occur. The focus would likely be on addressing emergencies that impede navigation (e.g., removal of rock/broken piles if blocking the entrance channel).	<b>No.</b> Under this option, the Port would attempt to identify and target limited repairs to the most vulnerable portions of the breakwater. The difficulty in doing so is that the breakwater is suffering from multiple modes of failure at numerous locations (e.g., cable ties, crumbling rock, broken walers, severely compromised pilings), and has lost overall structural strength and integrity. Even with limited/targeted repairs, other failures at points not previously identified would be expected, likely requiring additional emergency responses.
5. Compromises access to future grant funding?	<b>No.</b> By moving forward with, and completing the project, the Port would demonstrate its ability to follow-through on prior grant assurances and successfully complete complex, multi-year capital infrastructure projects. This would be expected to increase the likelihood of obtaining additional future grant monies (e.g., BIG Tier 2, Phase II, North Jetty).	<b>Likely, yes.</b> The Port's failure to perform would be likely to severely impair the Port's ability to access future grant monies, particularly Boating Infrastructure Grant monies (e.g., North Jetty). It would also substantially damage the Port's reputation with RCO staff and the Recreation and Conservation Funding Board. More generally, it could erode the Port's standing as a reliable and trustworthy partner.	<b>Likely, yes.</b> Same response as for Option #2.
6. Builds upon prior Port investments in project design & permitting?	<b>Yes.</b> The project is fully permitted (except for building permit(s)) and nearing completion of 70% engineering. Prior Port investments in this effort total nearly \$275,000 to date. Moving forward with the project would build upon this prior public investment, ensuring its usefulness.	<b>No.</b> Under this option, indefinite project delay would put a halt to completion of the final engineering design. While the permits and partially completed design would be useful for a limited period, expiration of permit approvals would likely require substantial additional cost and effort in future.	<b>No.</b> Targeted repair/rehabilitation is outside the scope of the permitting and engineering design work completed to date.

<b>POINT HUDSON - SOUTH BREAKWATER: Summary Evaluation of Options - CONTINUED</b>			
<b>Evaluation Criterion</b>	<b>Option #1: Proceed as Planned</b>	<b>Option #2: Indefinite Delay – Targeted Repairs on Emergency Basis Only</b>	<b>Option #3: Delay Replacement – Undertake Targeted Repairs</b>
<b>7. Likely to have short-term negative impacts to Point Hudson revenues (i.e., next 12-18 months)?</b>	<b>Yes – but short-term.</b> Demolition and reconstruction of the South Breakwater is anticipated to substantially disrupt marina use from mid-July 2018 to late autumn (e.g., November). This is likely to result in the navigation channel being substantially blocked on weekdays (during working hours). Evening and overnight hours and weekends will have few disruptions, with the navigation channel open. Work will also be stopped to allow the Wooden Boat Festival to proceed. Noise impacts from the construction work may reduce the desirability of Point Hudson as a destination for RV Park users, restaurant-goers and winter monthly guests in the marina. Hence, 2018 revenues for Point Hudson are anticipated to be down.	<b>No.</b> Presuming no catastrophic failure of the breakwater occurs necessitating either closure of the navigation channel or near-term abandonment of the marina, 2018 revenues for Point Hudson would be unlikely to be materially effected.	<b>No.</b> The impacts would be expected to be broadly similar to Option #2. However, targeted repairs of the South Breakwater would likely cause disruptions to marina use, noise and attendant impacts that could negatively affect short-term revenues. Such impacts would be anticipated to be of shorter duration than Option #1.
<b>8. Likely to have longer-term negative impacts to Point Hudson revenues (i.e., next 2-10 years)?</b>	<b>No.</b> After short-term/construction related impacts (late fall 2018), Point Hudson revenues would be expected to rebound and likely improve.	<b>Yes – over time.</b> While short-term revenues would not be impacted by delaying the project, deteriorating moorage conditions (as more wave energy enters the marina) and potential partial or total breakwater failure would eventually require portions, and eventually all, of the marina to be vacated. As the marina loses its utility as a safe harbor, this would negatively impact marina revenues, and ultimately revenues from upland uses reliant upon marina access.	<b>Yes – over time.</b> The impacts of the Delayed Replacement/Targeted Repairs option to revenues would be similar to Option #2, although likely to occur over a longer time-scale. If successful, targeted repairs could extend the life of the breakwater, and acceptable moorage conditions, thereby defending existing Point Hudson revenues for a short period of time (e.g., 3-5 years or less). Thereafter, the decline in moorage conditions would be expected to be similar to Option #2.
<b>9. Likely to have short-term negative impacts to Port tenants &amp; NWMC (i.e., next 12-18 months)?</b>	<b>Yes.</b> There is little doubt that demolition and construction activity will pose some disruption to the businesses of Port tenants as well as the NWMC. These negative impacts would be likely to include a reduction in visitation to Point Hudson and significant periods of limited marina access through late autumn of 2018.	<b>No.</b> Indefinite project delay would essentially avoid short-term impacts to Port tenants and the NWMC, but ensure long-term negative impacts.	<b>Yes – but likely less than Option #1.</b> Targeted repairs of selected portions of the breakwater would pose disruptions to marina usage and attendant impacts on upland tenants and the NWMC. However, these impacts would likely be somewhat less than the short-term impacts of full jetty demolition and replacement.



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<b>10. Likely to have longer-term negative impacts to Port tenants &amp; NWMC (i.e., next 2-10 years)?</b>	<b>No.</b> Negative impacts will be short-term and temporary, and substantially outweighed by the long-term benefits of a structurally sound replacement breakwater that protects the marina and the vitality of businesses and activities in proximity to Point Hudson.	<b>Yes.</b> Over time, indefinite delay of the project will lead to breakwater failure, create a need to vacate the marina, and pose attendant negative impacts on upland tenants and nearby businesses, as well as the NWMC. Carried to its logical end, this would likely necessitate the relocation of the Wooden Boat Festival, seriously threaten the continuing viability of most water-dependent uses at Point Hudson, and reduce the community's overall economic vitality.	<b>Yes.</b> The impacts to Port tenants and the NWMC posed by Option #3 would be expected to be similar to Option #2. This is due to the advanced state of deterioration of the breakwater. Any targeted repairs would likely to be expensive, of short-term or questionable utility, and would not obviate the need for relatively near-term demolition and replacement of the structure, even if successful in the short-term. While the viability of water dependent uses might be preserved in the very near-term, only full replacement is likely to protect Port tenants and the NWMC.
<b>11. Does the Option pose greater or lesser impacts to Commercial Historic District (CHD) businesses?</b>	<b>Minimal in the near term; none once complete.</b> Demolition and replacement would not be expected to materially impact CHD businesses. Once completed, the project would safeguard the economic viability of both Point Hudson as well as the CHD.	<b>Less at first; over time, greater.</b> In the near-term, impacts to the CHD would likely be imperceptible. However, in the event vacating the marina becomes necessary, economic activity in downtown Port Townsend would be expected to be seriously and negatively impacted.	<b>Less at first; over time, greater.</b> Because this option does not obviate the need to replace the breakwater in the relatively near-term (i.e., even with targeted repairs), it would be expected to have negative impacts similar to Option #2, although on a somewhat longer time scale.
<b>12. Must grant monies expended on project to date be returned to RCO/USF&amp;WS under this Option?</b>	<b>No.</b> Available grant monies would continue to be expended through project completion (total grant amount is \$1,059,173).	<b>Yes.</b> Grant monies expended to date would be refunded to the USF&WS/RCO (\$85,265 paid to the Port to date; \$225,000 billed to the grant), and the balance of remaining grant funds would no longer be available for Port use.	<b>Yes.</b> Same as Option #2.
<b>13. Does the option make publicly beneficial use of \$275,000 in Port funds expended on project to date?</b>	<b>Yes.</b> Monies spent to date (\$275,000) would be in furtherance of achieving 100% engineering design, bid, and construction.	<b>No.</b> Indefinite delay would likely require expenditure of additional Port funds in future to obtain new permit authorizations and revisions to the present engineering design should the Commission choose to restart the project. Although permit authorizations would expire, the partial engineering design could serve as the basis for a future replacement jetty, if funding becomes available.	<b>No.</b> The impacts of this option are anticipated to be similar to those of Option #2. Additionally, this option would require – up front – additional expenditures for design and permitting of any targeted rehabilitation option. As with Option #2, however, the Port could use the partial engineering design completed to date as the foundation for a future demolition/replacement project if funding becomes available.