

PORT COMMISSION REGULAR MEETING– March 28, 2018

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

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

I. CALL TO ORDER/PLEDGE OF ALLEGIANCE:

Commissioner Tucker called the meeting to order at 5:30 p.m.
Commissioner Tucker read a letter of apology related to a comment he made at the March 20, 2018 Special Meeting.

II. APPROVAL OF AGENDA:

Commissioner Putney moved to approve the Agenda as presented.
Commissioner Hanke seconded the motion.
Motion carried by unanimous vote.

III. PUBLIC COMMENTS:

Commissioner Tucker stated a decision has not been made on the NWMC proposal and that staff is expected to make a recommendation at the April 11 meeting. He stated the NWMC proposal will not be discussed in this evening's Executive Session. He announced that public comments, under Item III, may be made on any matter, with the exception of Regular Business, Item C – Process & Timeline for Northwest Maritime Center. Comment period for this item will take place immediately following Item C and the Commission encourages public comment on the lease.

00:03:53:

Liz Hoenig Kanieski read her letter to the Commission on two primary issues: Open Public Meetings Act compliance with regard to the (proposed) NWMC lease and feedback on the "key factors" being considered in the evaluation process.

Carol Hasse read from a jointly prepared sheet, titled "A Condensed Overview of Proposed Point Hudson Breakwater Concerns", mainly expressing concerns with the steel breakwater.

George Yount announced an economic/job forum occurring at the Port Ludlow Bay Club on April 17 with speakers from the City and County and hopes for Port participation.

Chris Hanson, local diver, discussed the "huge resource in the rocks", a well-known octopus habitat, referring to the current Point Hudson jetty.

Jeff Kelety commented on the Port's bonding capacity, jetty repair costs vs. rebuild costs, and consistency with Port Townsend standards.

Commissioner Tucker informed that back in 2014, he was a proponent of the rubble mound but after many meeting with the engineers, he learned there is no room for a rubble mound in the channel, a repair is not an option, so the only option is the steel jetty. He spoke about the WA Scuba Alliance who made a presentation some years back, who was interested in relocating the rock from the current jetty to create a dive park nearby. He was told the Alliance had permits to do this.

Carol Hasse commented that, per the engineer, a replacement or major rehab of the jetty would be at a lesser cost.

Melinda Bryden encouraged the Commission to formally recognize the donations that were pledged at the March 20 special meeting and to discuss at this evening's meeting.

IV. CONSENT AGENDA (00:25:15):

Commissioner Hanke requested a change to his comments in the March 20, 2018 minutes, section IV. Change to read "...if delayed a year there could be a 20% chance of losing the \$901K grant."

- A. Approval of Regular Meeting Minutes – March 14, 2018
- Approval of Special Meeting Minutes – March 20, 2018

B. Approval of Warrants

Commissioner Hanke moved to approve the Consent Agenda with the change to the March 20, 2018 minutes as described.

Commissioner Putney seconded the motion.

Motion carried by unanimous vote.

V. SECOND READING (Action Items):

VI. FIRST READING (Discussion Only):

VII. REGULAR BUSINESS:

A. February Financials (00:26:47):

Ms. Berg reported February revenues were strong, up 12% over 2017, and ahead of budget. She stated marina, RV and shipyard revenues have increased compared to last year. Workyard hoist revenues have increased but workyard revenues are down. However, staff is working to increase business in the workyard. Property Leases are down, mainly due to the Cupola House and Armory Building vacancies at Point Hudson. She briefed on expenses, increased over 2017, but under budget. She added most of the budget variance is due to personnel, facilities and operations. She discussed Net Operating Income, Non-operating Revenues. Ms. Berg informed FSM (new marina software) should be in use by Port staff May 1. She briefed on cash balances, the new Cash Flow Management Report and the various 4-year trend analyses.

B. Occupancy/Operations Report (00:35:07):

Mr. Englin stated staff has more work to do in the workyard and staff continues to focus on controlling expenses in order to move closer to our goal. Staff has been working on bringing more business to the yard. He added once the Kidder Mathews study is complete, that will help in moving things (leases) forward. Commissioner Hanke asked what programs are being implemented in the yard to bring in more business. Mr. Englin reported on the 10% discount offered to customers, customer outreach by staff, and working on increasing yard business during the "shoulder season". Mr. Englin reported the workyard is beginning to fill up. He stated he and staff has been working with some tenants and others on a shared understanding of how to set rates going forward, how rates are formulated and how we are going to position ourselves collectively in the market. Mr. Englin feels that in the end this will help to generate more business for the Port.

Ms. Matej added the 10% yard discount was extended from March 31 to April 30, 2018. Mr. Englin added that when a special is rolled out, staff would focus on communicating that out.

C. Process and Timeline for Northwest Maritime Center (00:39:56):

Director Gibboney stated this is a repeat from the last meeting. She read over the issues and factors the Commission may seek to consider in an Executive Session that may affect an acceptable minimum price for the lease of real estate, in accordance with RCW 42.30.110(c), in regards to the NWMC lease proposal.

Commissioner Tucker opened the floor for public comment on this topic. He reminded that in this evening's executive session, the NWMC lease proposal would not be discussed.

Charley Kanieski suggested additional items be added to the "list" (Issues to Consider May Affect the Minimum Price of Real Estate (relating to the NWMC lease proposal, March 20 & 28, 2018 packets).

Carol Hasse discussed potential opportunities if the NWMC were to run Point Hudson, and urged Commission to let the NWMC take over PH.

Melinda Bryden discussed PH revenue and the cash flow it generates, and said she believes the NWMC could pay for the jetty.

Ron Hayes stated he believes there would be benefits from NWMC payments for a Point Hudson lease for the first ten years, but after that, it's not such a good deal. He would however, like to see a lease worked out with NWMC.

Liz Hoenig Kanieski recommended items to be added to the "list" (Issues to Consider May Affect the Minimum Price of Real Estate (relating to the NWMC lease proposal,

March 20 & 28, 2018 packets), and expressed appreciation for the discussions on the lease issue in open session, as per her interpretation of the State Supreme Court decision.

Bertram Levy supports the NWMC deal and the benefit of their payments.

VIII. STAFF COMMENTS (00:56:31):

None

IX. COMMISSIONER COMMENTS (00:56:53):

Commissioner Putney reported he had some great meetings this month with constituents, including Chris Jones of Coast Seafood. Has a meeting with PT Marine Trades Association. He took a long-awaited tour of Haven Boatworks. Commented on dive park at Point Hudson.

Commissioner Hanke stated the Commission and staff have covered so much ground on the Point Hudson Jetty. He added it is a great dive site. However, he added, it is very hard to be so far in the process and "ratchet back". He is excited about the conciliatory tone regarding the project. He said we have to be very careful not to give away public money by making last minute changes to the project. Although, he will still consider options. He added the Commission does have the right to refuse all bids.

Commissioner Hanke commented on Commissioner Tucker's comment at the March 20 meeting and said it is not easy being a public official. He added he is not necessarily defending Commissioner Tucker but he appreciates his willingness to be genuine in his comments, and we all know he is not a man who would intentionally belittle anyone. He asked for patience from the audience.

Commissioner Tucker was busy all week researching minutes and records on Jetty project history.

X. NEXT PUBLIC WORKSHOP AND REGULAR MEETING:

Wednesday, April 11, 2018. Public Workshop at 9:30 and the Regular Meeting at 1:00 pm in the Port Commission Building, 333 Benedict St, Port Townsend.

XI. EXECUTIVE SESSION:

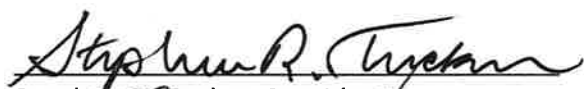
The regular session recessed into Executive Session at 6:33 pm (actual start time - 6:37 pm, once all audience members cleared the room) to discuss a Potential Litigation, pursuant to RCW 42.30.110(i), duration of ten minutes with no action.

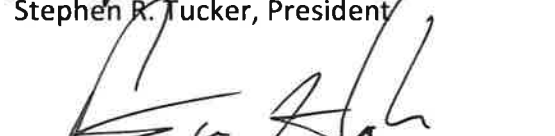
XII. ADJOURNMENT:

The meeting reconvened and adjourned at 6:47 pm there being no further business to come before the Commission.

ATTEST:


William W. Putney, III, Secretary


Stephen R. Tucker, President


Peter W. Hanke, Vice President