

The Port
OF PORT TOWNSEND
SERVING ALL OF JEFFERSON COUNTY

**Port of Port Townsend
1st Monthly Meeting Agenda
Wednesday, June 13, 2018, 1:00 p.m.
Port Commission Building
333 Benedict Street
Port Townsend, WA**

- I. Call to Order / Pledge of Allegiance
- II. Approval of Agenda
- III. Public Comments (related to/not related to the agenda)
- IV. Consent Agenda
 - A. Approval of Public Workshop Minutes – May 23, 2018.....1-2
 - Approval of Regular Meeting Minutes – May 23, 2018.....3-7
 - B. Approval of Warrants
 - C. Resolution No. 680-18 – Declaring Certain Items Surplus.....8-9
- V. Second Reading
- VI. First Reading
 - A. Alternative Fuels – Draft Resolution.....10-11
- VII. Regular Business
 - A. Funding Alternatives / Opportunities for Point Hudson Jetty.....12
 - B. Commission Workshop & Meeting Calendar.....13-15
- VIII. Staff Comments
- IX. Commissioner Comments
- X. Next Public Workshop / Regular Meeting:
PUBLIC WORKSHOP: Wednesday, June 20, 2018, 3:00 pm
REGULAR MEETING: Wednesday, June 27, 2018, 5:30 pm
Port Commission Building, 333 Benedict Street, Port Townsend, WA
- XI. Executive Session
 - A. To Review the Performance of a Public Employee, pursuant to RCW 42.30.110 (g)
- XII. Adjournment

PORT COMMISSION PUBLIC WORKSHOP – May 23, 2018

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

Present: Commissioners Tucker & Putney
Executive Director Gibboney
Auditor Berg
Director of Operations & Business Development Englin
Communications Coordinator Matej
Recorder Nelson

Excused: Commissioner Hanke

I. CALL TO ORDER:

Commissioner Tucker called the Workshop to order at 1:00 p.m.

II. AGENDA:

Refer to attached workshop agenda for items discussed.

IV. ADJOURNMENT:

The Workshop adjourned at 2:51 p.m.

ATTEST:

Stephen R. Tucker, President

William W. Putney III, Secretary

Peter W. Hanke, Vice President

**Port of Port Townsend
Public Workshop
Wednesday, May 23, 2018, 1:00 pm
Port Commission Building
333 Benedict Street
Port Townsend, WA**

AGENDA

- **Business Practices**

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– May 23, 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
Director of Planning, In-house Counsel Toews
Communications Coordinator Matej
Minutes – Nelson
Attorney Chmelik (via telephone)

I. CALL TO ORDER/PLEDGE OF ALLEGIANCE:

Commissioner Tucker called the meeting to order at 5:30 p.m.

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:

None

IV. CONSENT AGENDA (00:01:15):

A. Approval of Special Meeting Minutes – May 8, 2018

B. Approval of Warrants

Warrant #059117 through #059123 in the amount of \$12,248.84 for Payroll & Benefits

Electronic Payment in the amount of \$69,950.30 for Payroll & Benefits

Warrant #059124 through #059156 in the amount of \$70,181.17 for Accounts Payable

Electronic Debit in the amount of \$8,053.99 for WA State Dept. of Revenue Combined

Excise Tax Return for April 2018

Electronic Debit in the amount of \$228.99 for WA State Dept. of Revenue Business

License Renewal

Warrant #059080 as a *VOID*

Commissioner Hanke moved to approve the Consent Agenda as presented.

Commissioner Putney seconded the motion.

Motion carried by unanimous vote.

V. SECOND READING (Action Items):

VI. FIRST READING (Discussion Only):

VII. REGULAR BUSINESS:

A. Point Hudson Jetty (South) Bid Analysis (00:01:29):

Mr. Toews explained the choices: have staff complete due diligence of the bid award process and proceed with the demolition & construction of the Point Hudson Jetty south leg for 2018, or alternatively, reject all bids and delay the project. He reminded that on May 7, 2018, four bids were received, with American Construction Co. of Tacoma as the low bidder at \$3.991M, exceeding the engineers' final estimate by over \$280K, and the bid, coupled with soft costs and contingencies, is over by over \$650K. This exceeds resources as allocated by the Port by \$1.2M. He added the Port lacks the resources to proceed. Mr. Toews then began explaining four options to consider:

- A) Immediately seek and obtain donations to cover funding shortfall.
- B) Delay the project for a year and seek additional funding.

Commissioner Hanke pressed for an answer to what the cost increase would be if delayed for one year, which Mr. Toews explained there is no estimate, although the engineers estimate it would be more costly than the project cost today. Commissioner Hanke stated this makes it very hard to make a decision with this unknown. Commissioner Tucker stated that he believes if project delayed, we could have better control of costs, we could eliminate the costlier option of fall/winter construction, and there would be more opportunity to seek funding. Mr. Toews stated staff's recommendation, if Option B-one year delay is the preferred option, is to delay it two years, a more rational and reasonable amount of time to plan and to seek funds. Questions were asked on the chances of an extension approval of the BIG Tier II Grant. Discussion ensued on possible repair/reconstruction options, costs; whether shutting down the entire marina was considered during winter construction to reduce cost; steel tariff, etc. Commissioner Putney reminded of the lack of additional large amount of money needed to move forward with the project this fall. He stated he has contacted legislators but the result has not been fruitful. He reminded the Port has not received any support from the City or County. Mr. Toews stated there are additional possible grant options to look into if project is delayed, such as the TIGER (Build America) grant, for example. Discussion ensued on whether there are other construction options. Ms. Berg answered Commissioner Putney's questions as to how much has been spent towards the project to date – approximately ½ million. Commissioner Hanke stated that in his opinion, it is not impossible to increase the amount of the bond and proceed with the project. He added it is hard to know about future costs and funding. Commissioner Putney stated he trusts Financial Director Berg that we cannot fund a large bond debt and that we are already in a precarious place, financially. He added that he believes there would not be a good chance of finding the additional funding within one to two years to do the project. Commissioner Tucker stated that besides looking to the legislator for funding, there could be a chance of participation from the City-possibly LTAC funds, and the County-possible PIF money, Commerce grants, etc. Commissioner Hanke again stated he does not agree that we cannot increase the bond amount. Ms. Berg explained the Port's low cash situation, no guarantee on increased bond approval, possibility of lowering our bond rating. She explained the low cash situation; paying for jetty expenses to date, and the stormwater work which is not completely resolved. Director Gibboney explained the financial decision to use cash for the stormwater project. If the Port had bonded for this project, it would have decrease the bond amount

available for the jetty in order to replenish Port cash used on stormwater. She stated staff's recommendation is Option B, with a preferred two-year delay. Further discussion included asking for the BIG Tier II extension; seeking funding from legislature, City, County; contingency plan if project is delayed and there is a failure to the jetty; removal of jetty walkway; repair options and costs; development of a "management and response plan". Commissioner Tucker asked about Option C. Consequences discussed if project is delayed indefinitely, including loss of BIG Tier II Grant. Further discussion ensued.

Commissioner Putney moved to reject all bids and thank the contractors for bidding.

Commissioner Tucker seconded the motion.

Commissioner Hanke abstained.

Motioned carried with two votes.

Commissioner Tucker suggested waiting to hear whether a BIG Tier II Grant extension would be allowed and if so, the length of time it could be extended. Commissioner Putney added this would allow staff more time to query changes and figure what financial impacts exist, and the commission would then know how to plan forward from there. Director Gibboney asked Mr. Toews to explain the process to apply for a grant extension request. He replied it should not take too long to get an early indication if favorably received, but the final process and actual grant amendment could take up to three months.

B. Resolution No. 678-18-Limited Tax General Obligation Bonds, Continuance (1:09:57):

Director Gibboney explained, given the decision to not award the jetty project contract, the commission needs to make a decision on how to proceed with the bond package. She discussed Option A) to increase the bond amount for jetty project (no longer an option), B) to decrease the bond amount and re-purpose for other eligible capital uses, C) to postpone bond issuance and seek other financing options for capital needs. Ms. Gibboney stated at the June 13, 2018 workshop, Capital Projects would be on the agenda. She explained if Option B is selected, it may limit the Port's bonding capacity, which would limit bonding amount for future jetty project, making it even more unaffordable. She stated staff's recommendation is Option C. Discussion ensued on whether debt with a bank would have an effect on a bond and whether the bonding agency charges a fee for their work if the bond is not accepted. Director Gibboney stated staff would recommend some sort of payment, in good faith, to the agencies who have put in their time on the bond process thus far. Commissioner Tucker stated he prefers Option C. Ms. Gibboney stated staff could bring an analysis of Option B and Option C to the commission to compare the differences and that staff does recommend Option C.

Commissioner Hanke moved to indefinitely postpone the bond, and for the Executive Director to bring back an analysis (of Option B & Option C) and to reimburse bond counsel.

Commissioner Putney seconded the motion.

Motion carried by unanimous vote.

C. April 2018 Financials (01:19:55):

Ms. Berg provided a descriptive briefing of April financials, pointing out the Port's strong revenue growth as compared to 2017 (11%). Marinas and RVs continue to be a big contributor, which are ahead over 2017 by nearly \$113K. She added the yard has seen a significant increase over the last month and workyard revenues have surged ahead over prior years. Properties and leases lag, fuel sales are below the prior year, ramp revenues have leveled off and utility revenue is ahead of last year. Ms. Berg pointed out a correction to the Port Expense Trend YTD graphs in the memo. It should read \$1,531,682. She reported operating expenses are less than 2017 by about \$6K and reviewed those figures. In addition, she briefed on capital project expenses, cash flow, and five-year trends.

D. Joint Recommendation for Modified Rate Structure (01:38:53):

Director recognized Chris Brignoli, Mark Burn (both in the audience), and Sean Lapettito and Port staff - Mr. Englin, Mr. Khile and Mr. Quandt, and extended her gratitude for their collaboration in the development of the yard rate structure.

Mr. Englin reported he and staff have been working with the Port Task Force and the PT Marine Trades Association (PTMTA) on this structure, to improve performance of the yard and to increase business in the slower fall and winter months. He thanked everyone for their efforts. Commissioner Tucker discussed the \$20 environmental fee; Mr. Englin stated that once adopted, rates would go into effect June 1, 2018.

Commissioner Hanke asked how long the rates are effective. Mr. Englin reported the staff is recommending adoption of the rates by the commission. Commissioner Hanke stated that previously, the commission adopted rates each year, and asked if the commission would be expected to again adopt annually. Ms. Gibboney confirmed annual adoption by the commission, but changes could be made out of cycle with sixty (60) days' notice to tenants, the marine trades and the commission. CPI + 1% would be handled administratively. Commissioner Putney expressed concerns about "seemingly boundless" rate changes without commission oversight. He agrees on the annual CPI + 1% by administrative staff. Director Gibboney stated the commission has the authority to decide whether they adopt rates and can make changes in the annual adoption of the Delegation of Authority. Discussion ensued on decisions on future rate changes. Mr. Brignoli clarified that it was agreed that rate change increases would not happen until September 1, 2019, in order to allow a marketing period to see if rate changes are working. Mr. Englin spoke further on this. Discussion ensued with Port Attorney Chmelik, the commission and staff on Business Practices, Delegation of Authority and clarification of the commissions' intentions. Ms. Gibboney clarified what is being asked of the commission today: accept addition of winter seasonal storage rate, to hold this rate through until Sept. 1, 2019 so to realize the business impact, and the addition of the \$20 environmental fee. Further discussion ensued with the attorney on practices, delegation and authority to change/adopt rates. Commissioner Hanke stated he is fine with staff making rate changes, as long as the commission has approved those changes.

Commissioner Putney discussed revisiting the subject of community advisory board, not operated by staff, but by one selected commissioner. Clarification and discussion with Attorney Chmelik ensued.

Commissioner Hanke moved to accept rate structure as presented with modifications that any rate changes other than the (annual) CPI + 1% would require 60 days' notice to PTMTA and the Port Commission, and would require commission approval.

Commissioner Tucker seconded the motion.

Motion carried by unanimous vote.

VIII. STAFF COMMENTS (2:11:26):

Ms. Gibboney reported she attended a training session with law firm Chmelik Sitkin & Davis. She then commented on the upcoming busy holiday weekend.

Ms. Nelson reported meeting packets for the June 13, 2018 meeting will not be available until Monday, June 11, however agendas would be posted on Friday, June 8.

IX. COMMISSIONER COMMENTS (2:13:14):

Commissioner Hanke discussed the WA Public Ports Association (WPPA) Spring Meeting he attended and the workshop on occupational services - WorkForce. He stated he discussed with Betsy Davis of the NW School of Wooden Boat Building about their systems classes and funding resources for their program and suggested the Port could play a pivotal role. He reported he is actively pursuing this.

Commissioner Putney reported the Spring Meeting was a good one. He attended the Aviation Committee meeting where the new head of WSDOT Aviation spoke. He spoke with Commissioner Putney about Jefferson County International Airport's designation as an underprivileged airport and the opportunity for WSDOT funding. He briefed on the workshop at the Meeting with the Communications Committee on Broadband.

Commissioner Tucker reported he enjoyed the Spring Meeting and that he is excited about the Port's work with the PT Task Force.

X. NEXT PUBLIC WORKSHOP & REGULAR MEETING:

Wednesday, June 13, 2018. Workshop at 9:30 am, meeting at 1:00pm in the Port Commission Building, 333 Benedict St, Port Townsend.

XI. EXECUTIVE SESSION:

XII. ADJOURNMENT:

The meeting adjourned at 7:47 pm, there being no further business to come before the Commission.

ATTEST:

Stephen R. Tucker, President

William W. Putney, III, Secretary

Peter W. Hanke, Vice President

RESOLUTION NO. 680-18

A Resolution of the Commission of the Port of Port Townsend

**RESOLUTION DECLARING CERTAIN ITEMS SURPLUS AND
AUTHORIZING THEIR SALE AND/OR DISPOSAL**

WHEREAS: The Port of Port Townsend has in its possession old, outdated, and/or non-operable computers, monitors, printers (and similar type equipment) and a vehicle, as described in Exhibit A and attached to this resolution; and

WHEREAS: due to continual usage and age, this equipment and vehicle is of little or no value to the Port and is therefore no longer needed for Port purposes; and

WHEREAS: such property having been certified in writing as not needed for Port purposes by the Executive Director, its managing official, a copy of said certification is marked Exhibit A and attached to this Resolution,

NOW, THEREFORE BE IT HEREBY RESOLVED by the Port Commission of the Port of Port Townsend that the said property be declared surplus, and that the Executive Director is authorized to sell or dispose of the property in the best manner which she, in her discretion, shall determine, including by negotiation or informal bidding from members of the public, or direct disposal.

ADOPTED this 13th day of June 2018 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:

William W. Putney III, Secretary

Stephen R. Tucker, President

Peter W. Hanke, Vice President

APPROVED AS TO FORM:

Port Attorney

EXHIBIT "A"

CERTIFICATE

THAT CERTAIN PORT DISTRICT PROPERTY IS SURPLUS

The undersigned, Sam Gibboney, Executive Director, the managing official of the Port District of the Port of Port Townsend, hereby certifies that the following property is surplus and is not needed for Port District purposes.

EQUIPMENT TO SURPLUS:

<u>LOCATION:</u>	<u>TYPE:</u>	<u>BRAND:</u>	<u>MODEL:</u>	<u>SERIAL #</u>
Accounting Office	Printer	HP	LaserJet 2430N	CNGJF52407
Accounting Office	Printer	HP	LaserJet Pro 8000	CN11B3Q35P
Accounting Office	Printer	HP	LaserJet P1102W	VND3K87591
Accounting Office	Computer	Optiplex	755	3QMJ4G1
Yard Lot	Vehicle	Ford	1990 Ford Pickup	1882
Admin. Building	Shredder	Fellows	MS-460CS	CRC38440

Sam Gibboney, Executive Director

PORT OF PORT TOWNSEND AGENDA COVER SHEET

MEETING DATE	June 13, 2018
AGENDA ITEM	<input checked="" type="checkbox"/> First Reading <input type="checkbox"/> Second Reading <input type="checkbox"/> Regular Business
AGENDA TITLE	VI. A) Alternative Fuels Resolution - DRAFT
STAFF LEAD	Sam Gibboney
REQUESTED	<input type="checkbox"/> Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	A. Draft Resolution

RESOLUTION NO. XXX-XX

A RESOLUTION, PURSUANT TO RCW 43.19.648 AND CHAPTER 194-29 WAC, OF THE COMMISSION OF THE PORT OF PORT TOWNSEND DETERMINING THE PRACTICALITY OF USING BIOFUELS AND ELECTRICITY FOR THE PORT'S VESSELS, VEHICLES, AND CONSTRUCTION EQUIPMENT.

WHEREAS, RCW 43.19.648 mandates a goal that, to the extent practicable, 100% of local governments fuel usage for operating publicly owned vessels, vehicles, and construction equipment be from electricity or biofuel.

WHEREAS, WAC 194-29-070 notes that while local governments are responsible for determining the most effective means of displacing their gasoline and diesel consumption through vehicle electrification and biofuel use, procurement decisions should be guided primarily through a comparison of alternatives on a lifecycle cost.

WHEREAS, the Port has considered the practicality of implementation of the requirements of RCW 43.19.648.

NOW THEREFORE, the Commission of the Port of Port Townsend hereby resolves as follows.

1. Given the cost, it is not practicable to comply with RCW 43.19.648 by converting the Port's vehicles to biofuels or electricity.
2. The Port shall consider the use of biofuels and electrification in all future procurement decisions for Port vehicles, vessels and construction equipment. This consideration shall include lifecycle costing comparing not only the procurement costs but the lifecycle operational costs.

ADOPTED by the Commission of the Port of Port Townsend in an open public meeting on xxx xx, 2018.

Stephen R. Tucker, President

Peter W. Hanke, Vice President

William, W. Putney, III, Secretary

PORT OF PORT TOWNSEND AGENDA COVER SHEET

MEETING DATE	June 13, 2018
AGENDA ITEM	<input type="checkbox"/> First Reading <input type="checkbox"/> Second Reading <input checked="" type="checkbox"/> Regular Business
AGENDA TITLE	VII. A) Funding Alternatives/Opportunities for Point Hudson Jetty
STAFF LEAD	Sam Gibboney
REQUESTED	<input type="checkbox"/> Motion <input type="checkbox"/> Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	None

PORT OF PORT TOWNSEND AGENDA COVER SHEET

MEETING DATE	June 13, 2018
AGENDA ITEM	<input type="checkbox"/> First Reading <input type="checkbox"/> Second Reading <input checked="" type="checkbox"/> Regular Business
AGENDA TITLE	VII. B) Commission Workshop & Meeting Calendar
STAFF LEAD	Sam Gibboney
REQUESTED	<input type="checkbox"/> Motion <input type="checkbox"/> Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	A. Working Commission Meeting/Workshop Calendar

COMMISSION MEETING	DATE	ISSUES/DECISIONS
Workshop	6/13/2018	• Leasing Practices
Regular Meeting	6/13/2018	• ALTERNATIVE FUEL USE REQUIREMENT
Workshop	6/20/2018	• 2018 & Five Year Capital Plan
Workshop	6/27/2018	
Regular Meeting	6/27/2018	• Amend 2018 Capital Budget • NWSWBB Grant application • EDC update
Workshop	7/11/2018	
Regular Meeting	7/11/2018	
Workshop	7/18/2018	• Discussion & review of proposed budget process & schedule
Workshop	7/25/2018	POLICY DISCUSSION • CASH RESERVES • CASH MANAGEMENT & INVESTMENT • DEBT
Regular Meeting	7/25/2018	• Commission adoption of proposed budget process & schedule
Workshop	8/8/2018	• Mid Year Review
Regular Meeting	8/8/2018	
Workshop	8/15/2018	• Three Year Strategic Goals
Workshop	8/22/2018	• Budget Priorities for 2019
Regular Meeting	8/22/2018	
Workshop	9/12/2018	<i>Workshop session - continue discussion of 2019 Budget issues, and review revenue projections. County Assessor will be in attendance to</i>
Regular Meeting	9/12/2018	
Workshop	9/26/2018	
Regular Meeting	9/26/2018	1st draft of budget and cash flow presented to Commissioners and public.
Workshop	10/10/2018	
Regular Meeting	10/10/2018	2nd Draft of budget to Commission
Workshop	10/25/2018	
Regular Meeting	10/25/2018	1st public hearing and public comment period on 2019 Budget
Workshop	11/14/2018	

Regular Meeting	11/14/2018	<ul style="list-style-type: none"> • 2nd public hearing - if necessary • Budget adoption
Workshop	11/28/2018	
Regular Meeting	11/28/2018	Tax levy resolutions due to Jefferson County, per RCW by NOVEMBER 30TH
Workshop	12/12/2018	
Regular Meeting	12/12/2018	