

**PORT COMMISSION REGULAR BUSINESS MEETING– August 22, 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  
Acting Executive Toews  
Auditor Berg  
Director of Operations & Business Development Englin  
Communications Coordinator Matej  
Attorney Deets  
Minutes – Nelson

I. CALL TO ORDER/PLEDGE OF ALLEGIANCE:

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

II. APPROVAL OF AGENDA:

Acting Executive Director Toews announced there is no Executive Session.

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

**Commissioner Hanke seconded the motion.**

**Motion carried by unanimous vote.**

III. PUBLIC COMMENTS (Not related to agenda) (00:01:12):

Liz Hoenig expressed comments on the Lease Policy Advisory Committee and the need for members to have commercial leasing experience.

Pam Petranek commented on leases; maintaining and promoting marine trades businesses, stakeholders and engaging the public in the policy process, abandoning the terminology “highest and best use”, take the time in creating new policy, maintain and attract business while preserving the maritime heritage. She also commented on the Strategic Plan.

Bertram Levy commented on the financial report. He discussed variances in the report.

IV. CONSENT AGENDA (00:09:44):

Commissioner Putney requested a minor edit to the August 8, 2018 minutes: the increased flow in the Little Quil River was only a day-long event.

A. Approval of Regular Business Meeting Minutes – August 8, 2018

Approval of Special Meeting Minutes – August 15, 2018

B. Approval of Warrants

Warrant #059436 through #059442 in the amount of \$12,753.00 for Payroll & Benefits

Electronic Payment in the amount of \$67,164.54 for Payroll & Benefits

Warrant #059443 through #059489 in the amount of \$60,776.06 for Accounts Payable

Electronic Debit in the amount of \$13,478.76 for WA State Dept. of Revenue Combined

Excise Tax Return for July 2018

**Commissioner Putney moved to approve the Consent Agenda as presented with the edit to the August 8, 2018 minutes as discussed.**

**Commissioner Hanke seconded the motion.**

**Motion carried by unanimous vote.**

V. SECOND READING (Action Items):

VI. FIRST READING (Discussion Only):

VII. REGULAR BUSINESS:

A. Authorizing Resolution No. 685-18: FAA Airport Grant Funding Acceptance for the JCIA Phase 2 Runway Rehab Project (00:10:27):

Mr. Toews explained the resolution authorizes the Acting Executive Director (ED) to submit the grant to the FAA for Phase 2 of the JCIA Runway Rehab Project. He explained this was the same process as in June of 2017 for Phase 1 of the project. Mr. Toews stated Reid Middleton has made substantial progress in the project design and engineering. He explained geotechnical work was completed in Phase 1 where it was determined the runway requires reconstruction using the “Crown” configuration. He

added that additional stormwater analysis resulted in a no-cost change order. Currently the project design is at 40%. Phase 2 will bring the design from 40% to 100%, and the project would go out to bid in early 2019. Mr. Toews stated the Port match is 10% (\$46,036) and the FAA grant funds 90% (\$460,365). He apologized, stating that the deadline to submit an application to WSDOT Aviation for 5% match was missed.

**Commissioner Putney moved to adopt Resolution No. 685-18 as presented.**

**Commissioner Hanke seconded the motion.**

**Motion carried by unanimous vote.**

**B. Professional Services Contract for Phase 2 of the JCIA Runway Rehab Project (00:15:14):**

Mr. Toews announced this contract and the scope of services go “hand-in-glove” with Resolution No. 685-18. He explained that Precision Approach, as an independent third party, performed an in-depth evaluation of Reid Middleton’s (RM) scope of work. Their figures came within 3% of RM’s estimate. With the fees, reasonable and appropriate, staff recommends the Commission authorize the Acting ED to enter into a contract with Reid Middleton for Phase 2 of the Runway Project. Projected date for bid advertisement is April of 2019.

Commissioner Hanke asked if the runway project was put on hold, how long the planning is good for and what repercussions there might be. This led into a lengthy discussion. Commissioner Hanke wants the Commission to proceed with “eyes wide open”.

The Commission and staff discussed repercussions of delaying the project and the effects of turning back the FAA grant. Mr. Toews stated the runway is thirty-years old and is showing its’ age. He added that if a plane was damaged due to problems with runway deterioration, the Port would be held liable. He reminded that Federal money was received to build the runway and the Port is obligated to maintain it.

Further discussion ensued.

**Commissioner Putney moved to direct staff to execute the contract with Reid Middleton for the JCIA Runway Phase 2 Rehab Project, as presented.**

**Commissioner Hanke seconded the motion.**

**Motion carried by unanimous vote.**

**C. Leasing Policy Advisory Committee (LPAC) – Review and Selection of Applicants (00:37:33):**

Mr. Toews reminded the subject of the LPAC was discussed at the past two meetings and direction was for staff to proceed with the application process and solicit intended parties. Candidate specifications are as follows: two (2) current Port tenants, one from District 1 and another from either District 2 or 3, one (1) private sector commercial/industrial tenant, one (1) private sector landlord and one (1) local financier/banker. He reported thirteen applications were received and three do not fit into any of the categories. Mr. Toews added he will be out of the country from September 24-October 23, and if the process were delayed, another Port staff member would need to take his place (working with Attorney Chmelik) on the committee. Incoming Interim Director Jim Pivarnik, sitting in the audience, volunteered to take Mr. Toews place if needed.

Commissioner Tucker stated that he would like to see the application process re-opened. He was unhappy that most all applicants are involved with the Port in one way or another and he would like to see a more broad range of applicants in the pool.

The Commission expressed their concerns that if there is a delay in the lease process, there could be an effect on businesses trying to move forward on their leases or obtain new leases. He did not want to see that happen. Commissioner Putney said he is not enthusiastic about delaying committee selection. Ms. Matej added if delayed, staff could solicit for applicants through the Chamber of Commerce. Concerns were discussed on the delay of committee selection causing a further delay in policy re-development. After much discussion, the Commission agreed to re-open the application process, using the Chambers of Commerce, a newspaper ad, an article offered by Jeannie McMacken of the Peninsula Daily News and the Port website. Applications would be due by the end of the day September 6, in order to make the commission packet for the September 12, 2018 meeting, when selection is determined. Mr. Toews estimated that with scheduling

two LPAC meetings, the committee report on the lease policy would most likely be presented to the Commission at the first meeting in October.

Commissioner Hanke stated for the record that he believes the leasing policy is not that critical with getting leases done or critical to the community at large. It is what the Port of PT does – work with commercial leases.

D. Public-Private Partnership for Development and Operation of Pumpout Boat (01:08:22):

Mr. Englin followed up on previous discussions of the development and operations of a pumpout boat, as approached by the NW School of Wooden Boat Building (NWSWBB). He pointed out NWSWBB Director Betsy Davis & Instructor Kevin Ritz, and Aaron Barnett of WA Sea Grant and Chris Brignoli in the audience. Mr. Englin stated the Port obviously supports the NWSWBB and their new systems design program and said, in concept the pumpout boat is a great idea. He explained staff worked out two scenarios: Scenario A – Port Operates Vessel, estimated operating expenses at \$16,000/year. The State would cover 75% and the Port would cover 25%. Scenario B – Contractor Operates Vessel, overall contractor's costs have been about \$150K/year. A 25% Port match would equal about \$37.5/year. Mr. Englin explained that given the uncertainty of the Port's current financial position, staff does not recommend moving forward on this project. He added this is a two-decade commitment.

Chris Brignoli explained this would be an electric boat and the cost is eight times less expensive than fuel, there is no pollution, and pumps are electric.

Aaron Barnett explained he has collected eight years-worth of data from surveys and would be willing to share that info if the Commissioners wish to move forward on the project.

Discussion ensued on projected operating hours and costs, the environmental and social aspects of the project, the added benefit to the customer service aspect at the Port of PT, the cost savings with an electric boat, etc.

Betsy Davis explained the NWSWBB is committed to using electrical technology. She stated there is likelihood that the operating costs discussed would be lower. She discussed the benefit to the Port of PT and the huge benefits with the Maritime Blue Initiative. She stated the Port of PT would be combining traditional with contemporary – driving towards new technology. Ms. Davis explained the projected delivery date of the boat to the Port would be summer of 2020 and she would be willing to work with the Port to market for partnerships from now until 2020, for example market to tourism boards, yacht clubs, environmental and health organizations.

Mr. Toews stated he is deferring the decision to the Commission. He agreed with Mr. Englin that the Port of PT supports the NWSWBB and the concept, but possibly, in lieu of a decision today, staff could seek additional information.

Commissioner Hanke stated there are too many unknowns with this project. He added he needs more particulars to make a decision. He would be amenable to finding partners and needs more detail.

NWSWBB Corrosions Systems Instructor Kevin Ritz asked if the Port would consider instead, provide moorage and power only if the school found another way to fund the project and added this would contribute towards in-kind contributions match.

Commissioner Hanke asked if we could consider this new idea.

Ms. Davis noted she would seek out other potential partners.

This item would be discussed further at the next commission meeting.

E. July 2018 Financials (01:44:28):

Ms. Berg briefed on year-to-date financials; July year-to-date revenue is the highest in five years - \$300K over July of 2017. Expenses are up compared to prior year, but under budget. Yard revenue is not quite at budget but moving in that direction. Properties and leases are down, fuel down, ramp revenue less, utilities are ahead.

Commissioner Hanke expressed his concerns with shipyard revenues.

Ms. Berg discussed expenses that are at their highest in the past five years, but remain below budget, mainly due to staff shortages. Changes in Port leadership are likely to result in exceeding budget. She continued discussing consulting and contracting services. Ms. Berg said year-to-date NOI is \$647K for operations, and adding in non-operating revenue and expenses, net income is at \$1.2M. She further discussed the cash

flow report, RVs and marinas are at their highest in five years. She credited this to Business Manager TJ Quandt's management skills.

F. Award of Workyard Resurfacing Contract 2018-08-01 (02:01:14):

Mr. Toews explained that as Acting Executive Director, he is looking for direction from the Commission to authorize him to award the Workyard Resurfacing Contract. He explained the award would go to the lowest responsive and responsible bidder for the base and additive alternates, following due diligence. Mr. Toews explained the Port has been under a Department of Ecology Administrative Order since 2016 and improvements were engineered and constructed in 2017. He noted there have been significant improvements in water quality; however, the Port is failing to meet benchmarks. He explained that to improve water quality, and to maintain it once achieved, regular maintenance of the workyard surface needs to occur. He noted that media has not been routinely replaced in the past. Mr. Toews stated that on August 20, 2018 at 2:00 pm, workyard resurfacing bids from four submitting firms were opened. The apparent low bidder was Seton Construction, Inc. out of Port Townsend, who bid \$77,630. Vet Industrial out of Bremerton bid \$80,291, Nordland Construction of Nordland bid \$97,100 and C&J Excavating, Inc out of Carlsborg bid \$99,602. Mr. Toews requested authorization from the Commission to move forward. He noted project completion is expected the end of September.

Commissioner Putney asked if this project was budgeted. Ms. Berg answered it was adopted in the 2018 CIP Budget Amendment.

**Commissioner Tucker moved to authorize Acting Director Eric Toews to enter into contract with the lowest responsive and responsible bidder as presented.**

**Commissioner Putney seconded the motion.**

**Motion carried by unanimous vote.**

VIII. STAFF COMMENTS (02:05:41):

Mr. Toews announced the Northwest Maritime Center requested a letter of support for a water taxi grant, in which the water taxi would operate from the Marine Science Center at Fort Worden. His intent is to provide them with this letter.

Mr. Englin reported the 300-ton Travelift is back online after maintenance.

Ms. Matej reported legislative directors from Derek Kilmer's Washington DC office met with Mr. Toews, Jim Pivarnik and her where they discussed relationship-building opportunities in Port Townsend.

IX. COMMISSIONER COMMENTS (02:09:09):

None

X. NEXT PUBLIC WORKSHOP / BUSINESS MEETING:

PUBLIC WORKSHOP: Wednesday, September 12, 2018, 9:30 am

BUSINESS MEETING: Wednesday, September 12, 2018, 1:00 pm

Port Commission Building, 333 Benedict St, Port Townsend.


XI. EXECUTIVE SESSION:

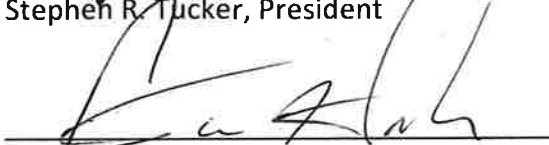
XIII. ADJOURNMENT:

The meeting adjourned at 7:39 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