

The Port
OF PORT TOWNSEND
SERVING ALL OF JEFFERSON COUNTY

**Port of Port Townsend
1st Monthly Business Meeting
Wednesday, September 12, 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 Special Meeting Minutes – August 17, 2018.....1-3
 - Approval of Regular Business Meeting Minutes – August 22, 2018.....4-9
 - B. Approval of Warrants
- V. Second Reading
- VI. First Reading
- VII. Regular Business
 - A. Leasing Policy Advisory Committee (LPAC): Review & Selection of Applicants.....5-12
 - B. Northwest School of Wooden Boat Building Pumpout Boat.....13-15
- VIII. Staff Comments
- IX. Commissioner Comments
- X. Next Public Workshop / Business Meeting:
PUBLIC WORKSHOP: Wednesday, September 26, 2018, 3:00 pm
BUSINESS MEETING: Wednesday, September 26, 2018, 5:30 pm
Port Commission Building, 333 Benedict Street, Port Townsend, WA
- XI. Executive Session
 - A. Litigation, pursuant to RCW 42.30.110 (i)
- XII. Adjournment

PORT COMMISSION SPECIAL MEETING-- August 17, 2018

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

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

I. OPEN PUBLIC MEETING AND IMMEDIATE RECESS INTO EXECUTIVE SESSION:

Commissioner Tucker called the meeting to order at 1:30 p.m.

The meeting recessed at 1:30 pm to evaluate the qualifications of an applicant for public employment, or to review the performance of a public employee, pursuant to RCW 42.30.110 (1) (g) for forty-five minutes with potential action.

II. RECONVENE SPECIAL MEETING:

The public meeting reconvened at 2:15 pm.

III. CALL TO ORDER / PLEDGE ALLEGIANCE:

Commissioner Tucker called the Special Session to order at 2:15 pm.

IV. APPROVAL OF AGENDA:

Commissioner Hanke moved to approve the Agenda as presented.

Commissioner Putney seconded the motion.

Motion carried by unanimous vote.

Mr. Toews reminded that on August 15, 2018 the Commission appointed Mr. Toews as Acting Director of the Port of Port Townsend, following the resignation of Executive Director Sam Gibboney. He explained that after talking individually with each commissioner, interest was expressed to solicit former Port of Port Townsend Deputy Director Jim Pivarnik to fulfill the role of Interim Director. Mr. Toews prepared and delivered an offer letter with employment terms to Mr. Pivarnik, which he accepted August 15, 2018, with the inclusion of one addendum adding three weeks of non-accrued leave to his one-year contract. Mr. Toews described the basic terms of the contract. He explained Mr. Pivarnik would receive the same base salary as the outgoing Executive Director and would begin work on September 18, 2018.

Attorney Chmelik weighed in and explained it is typical for the Commission to first appoint an Acting Director, and then bring on an Interim Director as a temporary full-time employee, to serve until the hiring of a permanent Executive Director.

V. PUBLIC COMMENT PERIOD (00:08:50):

Dave Thompson commented on the need to determine what the lease rates are and to figure out how to run the Port with the revenue and taxes the Port receives.

Ernie Baird spoke in support of Mr. Pivarnik and of his positive experiences dealing with him on Mr. Baird's lease issues in previous years.

Pam Petranek stated the Port Townsend Marine Trades Association stands in support of the Port Commission. She thanked the Commissioners for the directorship process, their appointment of Mr. Toews as Acting Director, and thanked Attorney Chmelik for his work. She is excited to bring Mr. Pivarnik back on and looks forward to reestablishing a relationship between the Marine Trades and the Port.

NW Maritime Center Director Jake Beattie commented that this is a smart move, makes sense and that it should have a calming effect. He believes Mr. Pivarnik will be able to hit the ground running.

David King echoed Mr. Baird's remarks, having good experiences working with Mr. Pivarnik on Townsend Bay Marine lease dealings.

Arren Day stated the Port Townsend Shipwright's Co-op members are in support of Mr. Pivarnik.

Kaci Cronkhite echoed her support of Mr. Pivarnik and thanked Mr. Toews for his work. She complimented the work they did on the Strategic Plan and commented on their ability to hold good and honest communications.

Bill Curtsinger welcomes Mr. Pivarnik and commented on positive experiences he had with him on lease-related issues.

Gwendolyn Tracy thanked Mr. Pivarnik for his consideration of working for the Port again, and thanked the Commission for their consideration of approving of a contract with Mr. Pivarnik.

Jeannie McMacken, Peninsula Daily News, asked what the salary amount was. (\$132K.)

Jim Pivarnik thanked the Commission for their support and consideration. He said he considers the folks here his family and looks forward to coming back to work at the Port.

Linda Ferris of the Gathering Place and representing friends with disabilities thanked Mr. Pivarnik for seeing their vision in 2002 in allowing them to locate at Point Hudson, where they have continued growing.

VI. CONSIDERATION OF APPOINTMENT OF INTERIM DIRECTOR (00:18:07):

Commissioner Tucker stated it is now time for the Commission to consider acceptance of the contract and employment offer letter.

Commissioner Putney stated he believes this is a good deal and voiced his contentment with Mr. Toews' appointment as Acting Director.

Commissioner Hanke stated he is pleased Mr. Pivarnik has chosen to come back to Port Townsend.

Commissioner Putney moved to approve the offer letter from Mr. Jim Pivarnik, including the addendum (on the three weeks leave).

Commissioner Hanke seconded the motion.

Motion carried by unanimous vote.

VII. NEXT PUBLIC WORKSHOP / REGULAR BUSINESS MEETING:

Public Workshop: Wednesday, August 22, 2018 at 3:00 pm

Regular Business Meeting: Wednesday, August 22, 2018 at 5:30 pm

VIII. ADJOURNMENT:

The meeting adjourned at 2:34 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

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:

Stephen R. Tucker, President

William W. Putney III, Secretary

Peter W. Hanke, Vice President

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	September 12, 2018
AGENDA ITEM	<input type="checkbox"/> First Reading <input type="checkbox"/> Second Reading <input checked="" type="checkbox"/> Regular Business
AGENDA TITLE	VII. A) Leasing Policy Advisory Committee (LPAC): Review and Selection of Applicants
STAFF LEAD	Eric Toews
REQUESTED	<input type="checkbox"/> Motion <input checked="" type="checkbox"/> Action <input type="checkbox"/> Discussion
ATTACHMENTS	A. Info Memo

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 9/12/2018
TO: Commission
FROM: Eric Toews
SUBJECT: Leasing Policy Advisory Committee (LPAC): Review and Selection of Applicants

ISSUE: Consistent with direction provided by the Commission at the August 22, 2018 Business Meeting, staff extended the period for submission of candidate applications for the Leasing Policy Advisory Committee LPAC. Applications were solicited via the Port's website and Facebook page, the Jefferson County Chamber of Commerce Facebook page, a Facebook page entitled "I've Heard of Quilcene", a news article generously published by the Peninsula Daily News, and through direct outreach conducted by Team Jefferson/EDC. As a result of this outreach, two additional applications were received by the time of this writing. Several other individuals have expressed interest in serving on the Committee, and may yet seek to submit applications prior to the Commission meeting on September 12. We will provide updated applicant information to you as it becomes available.

The LPAC is intended to reflect a range of perspectives on leasing issues, as follows:

- **Current Port Tenants** - Two (2) members, one with a tenancy in District #1, and another with a tenancy in either District #2 or #3;
- **Private Sector Commercial/Industrial Tenant** – One (1) member who is a lessee of commercial or industrial property in Jefferson County;
- **Private Sector Landlord** - One (1) "Lessor" of commercial or industrial property in Jefferson County; and
- **Local Financial/Lending Institution** - One (1) commercial loan officer or similar individual familiar with financing local businesses.

DISCUSSION: An overview of applicant provided details/qualifications is provided on the following page. Full applications can be provided upon request.

RECOMMENDATION: Nominate and formally appoint members to the Leasing Policy Advisory Committee reflecting the perspectives outlined above.

APPLICANTS
Ad-Hoc Leasing Advisory Committee

Applicant Name	Membership Category	Details/Qualifications
Baird, Ernie	Current Port Tenant, District 1	<p>I currently hold a lease for land located in the uplands at Boat Haven. I have held that lease since 1988. My employment at the Port began in 1979 when I went to work for Mark Burn at Port Townsend Boatworks. I have been continuously in some sort of business relationship at the Port ever since.</p> <p>In 1988 I established Baird Boat Company and contracted work under that name until 2004. In the course of business I built two buildings on the land leased from the Port. In 2004, with the approval of the Port Commissioners, I rented those buildings to Haven Boatworks, LLC, a corporation established by some of my employees.</p> <p>In 2014 the Port extended the boundaries of my leasehold so that an addition could be built onto one of those buildings. The addition was constructed to house the operation of Shoreline Marine Diesel, recently purchased by Haven Boatworks.</p> <p>My experience with the Port and in the regional marketplace inform my understanding of doing business on a leasehold, financing such a business through bank loans, and successful competition for construction, repair and refit work in the fishing, yachting, sail training, and government fleets.</p> <p>I have also participated in the successful transfer of my operation to Haven Boatworks. Together, we have provided the Port with a reliable revenue stream for 30 years.</p> <p>Additionally, in collaboration with then Port Executive Director Lloyd Cahoon, I proposed the 3% surcharge on work involved to vessels hauled with the 300 ton Travel Lift as a method for the Marine Trades to contribute to the purchase of the 300 ton lift and the construction of its finger dock. That proposal was accepted by the Marine Trades and the Port Commission.</p>
Berger, Carl	Current Port Tenant, District 1	<p>Before retiring two years ago, I spent 30 years in construction management, working on industrial projects throughout the country. Although lacking extensive leasing experience, I have assisted in negotiating several leases from a tenant perspective for my wife's business in southern Nevada.</p>

Applicant Name	Membership Category	Details/Qualifications
Jochems, Mark	Current Port Tenant, District 1	<p>Presently serving as a planning commissioner for Jefferson County. 3 years</p> <p>11 years economic development. Past president Jefferson County economic development council. 1994 - 2005.</p> <p>23 years marine trades, business owner in POPT Lease holder at POPT.</p> <p>Property management with tenants.</p>
Berson, William	Current Port Tenant, District 2	<p>My experience is that of a former airport business leaseholder, including the negotiating of airport lease terms and rates.</p> <p>Currently, Treasurer for Tri-Area RC Flyers.</p>
Jones, Chris	Current Port Tenant, District 2	<p>Hatchery Operations Manager for the Coast Seafoods Hatchery in Quilcene.</p> <p>Coast Seafoods has been a commercial tenant of the Port of Port Townsend for many years.</p> <p>Knowledge in current leasing policy practices, expertise in business and financial matters, and understanding the Quilcene community.</p>
Taylor, Eric	Current Port Tenant, District 2	<p>I think it is important that the airport leaseholders be represented on this committee.</p> <p>I have served as the business manager of my hangar condo group for over 15 years and am very familiar with our own lease with the Port, as well as several other JCIA hangar pad leases.</p>
Kanieski, Charley	Private Sector Landlord	<p>I presently own two commercial buildings in Port Townsend and have owned commercial rental buildings since the 1970's in various places.</p> <p>As a CPA, I have hundreds of clients who own literally hundreds of rentals and act as their advisor as to rates and terms and relationships with tenants. I have acted in this role in Port Townsend for 28 years, so feel like I have a good handle on how leases work in Port Townsend.</p>

Applicant Name	Membership Category	Details/Qualifications
John Eissinger	Private Sector Landlord or Local/Financial	<p>I have been a Realtor in Jefferson County for 20 years and a local business owner for 21 years. My wife and I own and operate the Blue Gull Inn Bed & Breakfast in Historic Uptown.</p> <p>I have been very involved with making our community stronger after arriving in Port Townsend 21 years ago. In the past I have been involved with: Chamber of Commerce Board, 8 years on the Port Townsend School Board, Victorian Festival, Lodging Tax Advisory Committee, Sunrise Rotary Board and City of Port Townsend Committees.</p> <p>I am also a licensed Mediator, Ombudsman and Real Estate Instructor for Washington Realtors.</p> <p>As a Realtor and business owner I look forward to helping create better communications between the Port of Port Townsend and its tenants.</p>
Murock, Jon	Local/Financial Lending Institution	<p>I have a broad range of banking experience with 21 years working in Port Townsend.</p> <p>I have worked in a retail branch as a branch manager, residential lender, commercial lender and currently manage the Secondary Market Department at First Federal.</p> <p>My knowledge of commercial leases comes from working with commercial borrowers at Washington Mutual and First Federal.</p> <p>My current role incorporates supporting commercial lenders and working with many different financial contracts.</p> <p>Part of my role is to buy and sell commercial loans as well as preview current commercial production so my knowledge of commercial leases is needed to perform my job. I believe my knowledge would be helpful to the committee.</p> <p>I also volunteer on two Jefferson County boards. The Main Street HUD Loan Board and Treasurer of REPAH (Jefferson County Association of Realtors non-profit 501© 3 organization) that helps low income homeowners with health and safety improvements to their homes.</p>

Applicant Name	Membership Category	Details/Qualifications
Whitmire, Susan	Local/Financial Lending Institution	<p>I have 33 years of banking experience with over 20 of those years in the commercial lending area.</p> <p>I have been with Kitsap Bank here in Port Townsend since 2005 and have made several loans in the Port of Port Townsend over that time.</p> <p>I do a lot of SBA lending as well as direct commercial loans where leases play an integral part in the loan process.</p>
Langley, Pete	Private Sector Business Owner & Tenant (not Port-related)	<p>I can contribute business knowledge learned for 38 years of business in Port Townsend and Jefferson County.</p> <p>Our company has had leases with the Port of Port Townsend and with private lease-holders.</p> <p>We can bring an industrial/manufacturing prospective and understanding of the leasing process and how it can benefit both parties.</p>
King, David	---	<p>I arrived in Port Townsend in 1978 as a tailgater. I was most recently a Port of Port Townsend tenant as CFO and Managing Partner of Townsend Bay Marine from 1999 - 2015. Prior to that I was General Manager of Admiral Marine. Prior to that I was sole proprietor of Port Townsend Yachtbuilders (where Admiral Ship Supply is now.)</p> <p>Graduated Valley Forge Military Academy 1967; Graduated Harvard College in 1971; Port Townsend City Council 2008-2015; Port Townsend Mayor 2012-2015</p> <p>Prior to serving on Council I served on the City's Lodging Tax Advisory Committee (LTAC); Prior to serving on Council I served on the City's Shoreline Master Program Advisory Committee; Served on the Port of Port Townsend Strategic Plan Advisory Committee</p>
Yount, George	---	<p>I have port administrative experience, eight years as manager of the Port of Port Townsend and five years as Deputy Director of Airport and Marina Operations for the Port of Olympia. I have written a considerable number of the leases for Port Townsend and I am familiar leasing policies, terms and conditions. I have a 38-year long commitment to community service activism in the areas of economic and environmental development in our community. I am a skilled and experienced environmental mediator, resolving disputes in Idaho and Washington State including the location of a ferry terminal in Port Townsend and resolving the location of a general utility airport in Jefferson County.</p>

Applicant Name	Membership Category	Details/Qualifications
Hayes, Ron	---	<p>As a user of the Port facilities and a concerned citizen of Jefferson County, I hope to help the Port implement their new Leasing Policy and gain the public support that this policy will need to effectively manage and procure tenants for all their properties. As evidenced by the recent economic study by Martin & Associates our marine sector is a viable and important sector of our local economy and our community fabric. The Port needs to offer consistent and fair rates to current tenants and have the ability and provide the Port of PT with sufficient rent revenues to cover costs and provide funds for future capital expenditures.</p> <p>I have been in Jefferson County since 1999, living here full-time since 2004. I started attending Port Commission meetings when the A&B Dock replacement project got underway. I served on the 2013 PSAC (Port Strategic Advisory Committee) and continued my support for the Port. Over the years, I have attended many Port Commission meetings and reviewed Port financial data and commented on what I saw as important trends and opportunities. I hope to be able to contribute and collaborate with the other members of the Advisory Committee. I have over 40 years working experience with large and small companies as an Accountant, Controller & CFO. My work history included Del Monte Corp., Rainer Brewing Company, TAPCO, INTERPACE, CASCO and Redfern Consultants. My education included: BA in Business Administration, major in Accounting from the Univ. of Washington and Masters of Business Administration from Golden Gate University.</p> <p>I think my extensive financial and accounting experience would bring fiscal responsibility to the committee.</p>

Applicant Name	Membership Category	Details/Qualifications
Robison, Dave	--- (Note: Closest category would be Private Sector Landlord)	<p>As the Executive Director of the Fort Worden Public Development Authority (PDA), I manage and operate the 95-acre campus at Fort Worden. It is a National Landmark District and has 73 historic buildings and significant deferred maintenance and capital investment needs. The PDA is also responsible for the grounds and all maintenance responsibilities. The campus houses 15 nonprofit and for-profit businesses. Each tenant has different lease requirements, of which several longer-term leases were transferred to the PDA from WA State Parks. Many of our leases will expire in 2019 and we will begin lease negotiations later this month. There is a tremendous opportunity for the Port and PDA staff to share resources and learn from our respective perspectives on how best to serve our customers and community. In addition to managing our leasehold properties, we rent out our facilities and grounds to numerous groups and organizations over the course of the year. As a public entity, we have many similarities with the Port and serve as a quasi-special district focused on community economic development while maintaining our physical plant, cultural assets and community resources.</p>

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	September 12, 2018
AGENDA ITEM	<input type="checkbox"/> First Reading <input type="checkbox"/> Second Reading <input checked="" type="checkbox"/> Regular Business
AGENDA TITLE	VII. B) Northwest School of Wooden Boat Building Request for Grant Partnership Assistance – Port Townsend Pumpout Boat
STAFF LEAD	
REQUESTED	<input type="checkbox"/> Motion <input type="checkbox"/> Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	A. Info Memo B. Pumpout Vessel Analysis: Value of Moorage/Power over a 20-year period

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 9/12/2018
TO: Commission
FROM: Eric Toews
SUBJECT: Northwest School of Wooden Boat Building (NWSBB) Request for Grant Partnership Assistance – Port Townsend Pumpout Boat

ISSUE: Port partnership participation in obtaining US Fish and Wildlife Service grant funding for the design and construction of a pumpout boat to serve the Port Townsend area. Since the last Commission meeting, the NWSBB has identified another partner for this grant application (see discussion, below). Consequently, the question now is how or whether the Port might be of assistance to the Boat School moving forward with this project.

DISCUSSION: At the regular meeting of August 22, staff apprised the Commission that insufficient information was available to confidently project the financial implications of Port operation of such a vessel over a 20-year period. The Commission requested that additional information be presented at its September 12 meeting by both Boat School and Port staffs.

In particular, Port staff was to ascertain whether the Port could provide moorage and power for the future vessel in consideration of pumpout services provided to Port customers. Staff consulted with the Port's attorney, and concluded that the Commission could choose to authorize such a non-monetary exchange under RCW 53.08.255 (i.e., tourism promotion/ tourism-related facilities). Director of Operations & Business Development, Greg Englin, has prepared an analysis of the projected minimum/maximum costs for providing both moorage and power to the proposed pumpout vessel over a 20-year period. The analysis suggests that provision of moorage and power would be valued at between \$96,595 and \$114,334 over the anticipated useful life of the vessel (\$4,829.75 - \$5,716.70, avg. annual).

On Wednesday, September 5, 2018, Port staff was advised by NWSBB Executive Director, Betsy Davis, that given the Boat School's timetable, that they had moved on to working with a different partner, and were no longer in need of a definitive commitment from the Port at this time.

RECOMMENDATION: Informational only – no action required at this time. Because the NWSBB has found another partner, we are simply continuing to explore avenues whereby we might potentially partner with the Boat School in future.

ATTACHMENTS: Excel spreadsheet analysis of value of moorage/power over a 20-year period.

DRAFT BUDGET - PUMPOUT VESSEL

	MATCH	NOTES	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	TOTAL
		13	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
Number of Pumpouts			1,200	1,500	1,700	1,900	2,100	2,400	2,600	2,800	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	
Revenues - Operating		1,2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WA STATE PARK Match - 75%		5,10,11,12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUE			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Labor - Outsourced Vessel Ops	Yes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Labor - Direct Vessel Ops	No	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Labor - Maintenance	Yes	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Moorage (Limited Access)	Yes	9	2,644	2,750	2,860	2,974	3,093	3,217	3,345	3,479	3,618	3,763	3,914	4,070	4,233	4,402	4,578	4,761	4,952	5,150	5,356	5,570	78,729
Moorage (Standard)	Yes	9	3,240	3,369	3,504	3,644	3,790	3,942	4,099	4,263	4,434	4,611	4,795	4,987	5,187	5,394	5,610	5,834	6,068	6,310	6,563	6,825	96,470
Power	Yes	9	600	624	649	675	702	730	759	790	821	854	888	924	961	999	1,039	1,081	1,124	1,169	1,215	1,264	17,867
Insurance	Yes	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
R&M - Parts, Supplies	Yes	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Disposal Costs	Yes	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenses (Pump System)	Yes	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSE (MIN)			3,244	3,374	3,509	3,649	3,795	3,947	4,104	4,269	4,439	4,617	4,802	4,994	5,193	5,401	5,617	5,842	6,076	6,319	6,571	6,834	96,595
TOTAL EXPENSE (MAX)		6, 9	3,840	3,993	4,153	4,319	4,492	4,672	4,858	5,053	5,255	5,465	5,684	5,911	6,147	6,393	6,649	6,915	7,192	7,479	7,778	8,090	114,337
NET OPERATING REVENUE (LOSS)		3	(3,840)	(3,993)	(4,153)	(4,319)	(4,492)	(4,672)	(4,858)	(5,053)	(5,255)	(5,465)	(5,684)	(5,911)	(6,147)	(6,393)	(6,649)	(6,915)	(7,192)	(7,479)	(7,778)	(8,090)	(114,334)
																							(5,717)

NOTES

1	Pumpout charges is limited to \$5 fee per pumpout by state law. Option to not charge means no reporting costs for tracking etc. Labor costs for maintenance are included in O&M so reimbursable at 75%.
2	Assume number of pumpouts starts at 1,200 per year and increases by only 10% annually. POFH pumped out 2,650 vessels in 2017. Maybe too conservative. Marinas see > 6,000 vessels visits annually plus Port Hadlock use.
3	Total pumpouts needed to break even annually is about 3,000 if we exclude moorage costs. Saves environment. 3,055
4	Assumes 20 year life of asset. POFH had major rebuild on pumpout system at 12 years.
5	Labor 600 hours =\$11,500 - 75% Labor costs for operating the boat are NOT reimbursable. ASK AL W AGAIN TO CLARIFY Terry Durfee has contract with state. We can outsource the labor costs due to operating th vessel except Durfee will want us to pay his costs estimated at \$30,000 per year. POGH is looking at cost share between Port and City. Terry Durfee's contract with state allows his company to get some reimbursement from state for labor. Port (and / or City / County) needs to make up shortfall. Overall annual cost's have been about \$150K annually. A 25% Port match would equal \$37.5K. Costs could be shared but yet to be determined if and who other parties would be.
6	POGH had estimated OpExp of \$30K annually from private operator.
7	Start saving for capital expenses from Day 1. POFH had major refit for \$14K at 12 years. \$18K fund would be available at 12 years.
8	Based on POFH actuals.
9	Moorage was not included as an opportunity cost (about \$300 per month).
10	POFH pumped 41,000 gallons. POPT assumes 53% (POPT 1200 pumpouts vs POFH 2260 pumpouts) of 41,000 gals or 21,770 gals at Utility rate of \$4.79 per 1000 gals.
11	Disposal costs do qualify as reimbursable expenses since they are part of the Operating & Maintenance (O&M) Expenses
12	0.530973 2,260
11	If the Port is only able to depreciate he boat over 10 years then no matching the remaining 10 years of life.
12	Is insurance qualify as a reimbursable expense?
13	The asset qualifies for depreciation for the useful life or 20-25 years - whichever is greater.