

## PORT COMMISSION REGULAR BUSINESS MEETING – March 27, 2019

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

Present: Commissioners –Putney, Hanke & Tucker  
Interim Executive Director Pivarnik  
Auditor Berg  
Deputy Director Toews  
Attorney Chmelik (via Skype audio/visual)

Excused: Minutes - Nelson

### I. CALL TO ORDER/PLEDGE OF ALLEGIANCE:

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

### II. APPROVAL OF AGENDA:

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

### III. PUBLIC COMMENTS:

Gordon Neilson, retired local business owner, commented that he has heard Natives are not paying for ramp fees and provided a history and education of Native American's treaty rights. He also requested recognition – the plaque, as previously discussed - of tribal donations made towards the boat ramp construction.

Commissioner Tucker commented back.

Kitt Kittredge, Quilcene resident, requested no Port Quilcene properties be sold, discussed the amount of taxes received from District 3, and asked to maintain public beaches. She then read a letter from Anne Ricker regarding a possible sale of land to Coast Seafoods and their current lease.

Jennifer Takaki, owner of the Marina Café and the Betty Gee commented on alternative restroom/shower locations.

Jack Gray, Chimacum resident and Port tenant, stated he was pleased to hear Mr. Neilson comments on tribal relations and treaties. He then commented on the agenda item the Multi-year Levy Period and the notice provided only to the Peninsula Daily News (PDN). He wishes to see more transparency, trust and discussion.

Carl Berger commented on the legal notice published in only the PDN.

Gwendolyn Tracy commented on Item C-Kimmel's Krab Shack, Item E-Multi-year Levy, the need to update the Comp Scheme, Strategic Plan and Capital Repair Plan, the need for advisory committees, commended the commission and staff for working towards stormwater compliance, among other issues.

Robert Frank, Admiral Ship Supply, commented on the IDD and today's Multi-year resolution. Ms. Berg clarified the difference between the IDC and the IDD.

### IV. CONSENT AGENDA:

A. Approval of Regular Business Meeting Minutes – March 13, 2019

B. Approval of Warrants

Warrant #060335 through #060343 in the amount of \$15,230.22 for Payroll & Benefits

Electronic Payment in the amount of \$61,700.97 for Payroll & Benefits

Warrant #060344 through #060377 in the amount of \$75,344.15 for Accounts Payable

**Commissioner Hanke moved to approve the Consent Agenda as presented.**

**Commissioner Tucker seconded the motion.**

**Motion carried by unanimous vote.**

### V. SECOND READING (Action Items):

### VI. FIRST READING (Discussion Only):

VII. REGULAR BUSINESS:

A. Marine Science Center Briefing:

Janine Boire, Executive Director of the Marine Science Center (MSC), provided a briefing on their project pulling invasive beach grass near MSC building. 15-20' south of MSC the beach is owned by the Port. She informed Earth Day will involve a beach cleanup at Fort Worden. She educated further on invasive grasses.

B. Department of Fish & Wildlife Lease:

Mr. Pivarnik briefed on the history of this lease, managed by Washington State Department of Enterprise Services, and the creosote issue. This lease extends the term another five years and states the Port would spend up to \$120K to abate the creosote smell. The Port is planning to install a new HVAC system and remove carpet to abate the odor. They have agreed to sign the lease which includes an 8.9% increase. Answering Commissioner Tucker, Mr. Pivarnik stated the job would go out to bid.

**Commissioner Hanke moved to direct staff to move forward with the lease as presented.**

**Commissioner Tucker seconded the motion.**

**Motion carried by unanimous vote.**

C. Kimmel's Crab Shack Ground Lease:

Mr. Toews reminded the Commission that the buildings on the New Day spit were surplus back in 2016. He stated at the time, a ground lease was proposed for a fifty-year term, which the Commission did not approve. The past administration decided against selling the buildings and believed it was the Port's responsibility to find ways to undertake renovations, including a much-needed roof replacement of the main building. However, due to financial constraints, the Port has been unable to take on those capital expenses and would be unable to recoup those costs in a lease. An updated appraisal was completed on the buildings and a purchase price of \$101,250, for all four structures in current condition, has been agreed upon by Mr. Kimmel. In conjunction with the purchase, the lease presented includes a thirty-year term and Mr. Toews described other parts of the lease terms and answered questions from the Commission, including discussion regarding the Port-owned pier.

**Commissioner Hanke moved to approve the lease and sale with Mr. Kimmel as presented.**

**Commissioner Tucker seconded the motion.**

**Motion carried by unanimous vote.**

D. February 2019 Financials:

Ms. Berg provided a briefing. She reported the Port is seeing solid revenues and reduction in expenses and is adjusting to cash basis reporting. Further discussion and clarifications on the financials ensued.

Per a request from the Commission, Mr. Pivarnik briefed on the Operations Report.

E. Resolution No. 698-19 – Authorizing a Multi-year Levy Period:

Mr. Toews refreshed on the Port's Industrial Development District formed in 1966 and stated there have been no modifications to those boundaries since. He reviewed RCW 53.36 including its history and changes made over the years to the statute. He stated this is not a resolution that would impose a tax in and of itself, instead a resolution authorizing a second multi-year levy period of up to twenty years to complete projects within boundaries of previously established IDD, including Port owned properties, areas in proximity to the shoreline and the Jefferson Co. International Airport. The Commission, on an annual basis, would determine whether to collect any IDD tax money in the ensuing year. Mr. Toews reminded of the critical infrastructure maintenance required and the high costs to repair. Staff believes the IDD levy is a critical tool needed to provide funding to fix capital assets, defend private sector jobs and preserve the working waterfront, heritage and character and strongly recommends Resolution approval.

Commissioner Putney addressed previous questions heard in Public Comments: Why not later? He discussed his views, IDD facts, taxes and explained the community has too much to lose if the IDD is not undertaken. Commissioner Putney discussed the hard

work and research staff and the Commission has done to reduce costs, optimize income sources and figure ways to pay for capital improvements.

Commissioner Hanke addressed previous public comments regarding more transparency, trust and community involvement. He stated the Port is slowly sinking with the inability to address failing infrastructure. Staff and the Commission have been addressing revenue and expenses to balance the budget, but this does not carry capital budget needs. Conservative estimate of capital expenses is \$20M in next 20 years. The levy would allow the Port to address Port-owned properties and to keep them open. At risk: Quilcene marina and adjacent properties, breakwaters, docks, runway, stormwater, Mats Mats ramp.

Commissioner Hanke stated currently staff and Commission are dedicated to move the Port forward, be productive and transparent. He stated the current Commission is committed to make the Port successful. He believes this is a safeguard to these resources and believes in the levy 100%. He would like to see a citizen's advisory board in place.

Commissioner Tucker discussed the necessity of the levy. He would also like to see a citizen's advisory board.

**Commissioner Hanke moved to adopt Resolution No. 698-19 as presented.**

**Commissioner Tucker seconded the motion.**

**Motion carried by unanimous vote.**

VIII. STAFF COMMENTS:

Mr. Toews reported he and Mr. Pivarnik would be in Kent tomorrow to meet with the Capital Projects Advisory Board of the Department of Enterprise Services seeking approval of application for alternative bid procedure for Point Hudson Jetty project. Will hear decision same day.

IX. COMMISSIONER COMMENTS:

Commissioner Hanke discussed the storm-damaged tie-up floating dock at Fort Worden and suggested possible assistance from the Port. He also commented on the IDD and a citizen's advisory board.

Commissioner Putney reported on Local Food Council group update, the Maritime Heritage meeting for new maritime heritage designation, and a Broadband meeting he attended in Blyn.

Commissioner Tucker stated he also attended the Maritime Heritage meeting, and has been involved with tribal relations, education and a meeting with the tribes. Commissioner Putney stated he also attended the same tribal meeting with Commissioner Tucker and Mr. Pivarnik.

X. NEXT PUBLIC WORKSHOP/REGULAR BUSINESS MEETING:

Next regular business meeting will be held Wednesday, April 10, 2019 at 1:00 pm in the Port Commission Building, 333 Benedict St, Port Townsend. (Workshop has been canceled.)

XI. EXECUTIVE SESSION:

XII. ADJOURNMENT:

The meeting adjourned at 6:50 pm there being no further business to come before the Commission.

ATTEST:

  
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Stephen R. Tucker, Secretary

  
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William W. Putney III, President

  
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Peter W. Hanke, Vice President