



**Port of Port Townsend
Meeting Agenda
Wednesday, February 26, 2020, 5:30 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
- IV. Consent Agenda
 - A. Approval of Public Workshop Minutes – February 12, 2020 1
 - Approval of Regular Business Meeting Minutes – February 12, 20202-6
 - B. Approval of Warrants
- V. Second Reading - none
- VI. First Reading - none
- VII. Regular Business
 - A. Point Hudson Historic Trust Partnership Agreement 7-15
 - B. Workshop and Regular Business meeting schedule setting for 2020 16-18
 - C. Race to Alaska Sponsorship for Team FAST 19-20
 - D. Recap of total Capital Expenses for 2019 21-24
 - E. January Financials25-28
- VIII. Staff Comments
- IX. Commissioner Comments
- X. Next Public Workshop / Regular Business Meeting:
Wednesday, March 11, 2020. Workshop at 9:30 AM, Meeting at 1:00 PM
Port Commission Building, 333 Benedict Street, Port Townsend, WA
- XI. Executive Session - none
- XII. Adjournment

PORT COMMISSION PUBLIC WORKSHOP – February 12, 2020

The Port of Port Townsend Commission met for a Public Workshop in the
Port Commission Building: 333 Benedict Street, Port Townsend, WA 98368

Present: Commissioners Petranek & Putney
Executive Director Pivarnik
Finance Director & Port Auditor Berg
Deputy Director Toews
Recorder Erickson
Commissioner Hanke (attending via speaker phone)

I. CALL TO ORDER:

Commissioner Putney called the Workshop to order at 9:30 AM

II. AGENDA:

- Shane Phillips from Mott MacDonald, the Point Hudson Jetty Engineering Team, presenting "Selected Alternative" for the Point Hudson breakwater improvement project.
- Goals & Agenda for Commission Retreat on February 25, 2020.

III. ADJOURNMENT:

The Workshop adjourned at 11:20 AM.

ATTEST:

Pamela A. Petranek, Secretary

William W. Putney III, President

Peter W. Hanke, Vice President

PORT COMMISSION REGULAR BUSINESS MEETING – Wednesday, February 12, 2020

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

Present: Commissioners Putney & Petranek
Commissioner Hanke (attending via speaker phone)
Executive Director Pivarnik
Deputy Director Toews
Finance Director & Port Auditor Berg
Port Recorder Erickson

Port Attorney Deets (attending via Zoom online video)

I. CALL TO ORDER / PLEDGE OF ALLEGIANCE

Commissioner Putney called the meeting to order at 1:00 PM.

II. APPROVAL OF AGENDA (00:00:20)

Amendment to the agenda under Regular Business, item D, “Selection of Preferred Design Alternative for the Point Hudson Jetty.” There was a discussion regarding whether or not this item needed further discussion and it was decided that since this subject had been fully vetted by the advisory group, the public, Port staff and Commissioners, that it should be placed under Regular Business, as item D.

Commissioner Petranek moved to approve the Agenda as amended.

Commissioner Hanke seconded the motion.

Motion carried by unanimous vote.

III. PUBLIC COMMENTS (00:03:58)

Gwendolyn Tracy commented that it had been three months since the IDD Levy passed, and she asked the Commission to review the budget for 2020 and consider hiring a new maintenance worker.

Eric Taylor, a pilot and owner of an airplane hangar at the airport, advocated for an early-completion bonus for the runway project this year. He felt that businesses would be adversely affected by the closure of the airport, and early completion of even a few days earlier would save businesses a lot of money. He felt that without an incentive, the project would not end until the scheduled finish date.

Neil Morrison, a Port patron, and hangar lease-holder with the Port, is active with Tailspin Tommy's, the restaurant, and the Aero Museum. He spoke for those business owners as they didn't have time to attend, and echoed Mr. Taylor's comments emphasizing that businesses would be greatly affected by any closure, and hoped the Commission would consider incentives for early completion.

Commissioner Putney asked Mr. Taylor what he thought would be a fair amount for a bonus, and Mr. Taylor replied that liquidated damages for late completion would be \$2,000/day – anything less than that for a project in the scope of \$3 million would not get their attention. He went on to say that since the FAA is funding most all of the project, it would be nice if the Port would use some of that savings on an incentive for early completion.

IV. CONSENT AGENDA (00:13:00)

- A. Approval of Special Business Meeting Minutes – January 22, 2020
- B. Approval of Warrants
 - Warrant #061630 through #061641 in the amount of \$34,765.90 and Electronic Payment in the amount of \$145,016.52 for Payroll & Benefits.
 - Warrant #061642 through #061699 in the amount of \$77,389.91 for Accounts Payable.
- C. Approval of Offer Letter to Eron Berg

Commissioner Hanke moved to approve the Consent Agenda.

Commissioner Petranek seconded the motion.

Motion carried by unanimous vote.

V. SECOND READING- NONEVI. FIRST READING - NONEVII. REGULAR BUSINESS (00:14:02)

- A. Proposed Change Order to JCIA Runway Reconstruction Contract – Incentive(s) for early completion

Deputy Director Toews highlighted a few things on the report. Before going to bid, the Port was able to persuade the FAA to approve a bid set trimming the schedule from 52 to 42 days. At a preconstruction meeting conducted by the Port on January 23, 2020, with contractors Scarcella Brothers, subcontractors and engineers, Scarcella provided a construction schedule of May 4 – June 14, or 42 days, and stated that their objective was to get done quickly so as to move on to other projects. Scarcella also noted that although they would not object to an incentive for early completion, they didn't think they could shave much more than a few days off the 42-day schedule. Mr. Toews clarified that the 42-day contract period does not include weather delays, which could happen, for example, due to ground-water conditions and time needed for drying out. The proposal is for an incentive of \$3,000 per day with no cap, an inverse of liquidated damages specified in the construction contracts for late completion.

Commissioner Putney asked who the inspector was for the project, and Deputy Director Toews stated that the inspector is a subcontractor to Reid Middleton, vetted and authorized by Port staff. Shannon Kinsella is the project manager of record, but the day-to-day field inspection individual for this project is Julian Quenga of Mead & Hunt who has extensive recent experience in runway reconstruction.

Commissioner Hanke commented that he was in favor of incentives as a good-faith effort on the part of the Port for JCIA tenants, especially since we are asking for rent during maintenance, and said that since the cost of the project is almost \$3 million, \$3,000 per day is a small outlay.

Commissioner Petranek went over some of the financial details, commenting that Port staff are trying to make sure the Port is using resources well and that this project is costing the Port time and money. She mentioned that this maintenance brings value to the tenants, and stated that she felt that the Port should emphasize safety and quality over schedule. She also cautioned the Port to think about upcoming capital needs at JCIA like

renovation of hangars and replacing fuel tanks, and was mindful of making sure we use our funds to maintain infrastructure.

Commissioner Putney stated that it is good to set a precedent of doing the best we can for tenants, like we will for Point Hudson down the road. The runway project is much smaller than the jetty project at Point Hudson, but we must be mindful of Port businesses that are affected.

Commissioner Hanke moved to approve the incentive.

Commissioner Putney seconded the motion.

Vote was taken with Commissioners Hanke & Putney voting yes; Commissioner Petranek voting no.

Motion carried.

B. Pete Stein Lease Agreement (00:32:52)

Deputy Director Toews introduced a proposed two-year lease including three one-year options of 1,856 ft² timber-frame structure at Haines Place, formerly held by PT Shipwrights. The Lessee is Pete Stein, a young, up-and-coming shipwright, who formerly worked for Cunningham Ships Carpentry and PT Shipwrights. The lease is a standard form lease, with the exception that the rate is set low at 43¢ per ft², and will attain 50¢ by the beginning of month 18. This is still a significant increase in rent as compared to what was being charged by PT Shipwrights.

Commissioner Petranek added that Pete is a successful example of economic development at the Port and she asked if any upgrades were planned for the building.

Deputy Director Toews clarified that the proposed lease is as is, where is, but that the Port is working on fixing the leak in the roof, and will keep up with repairs as needed.

Commissioner Petranek moved to approve the lease.

Commissioner Hanke seconded the motion.

Motion carried by unanimous vote.

C. Quarter 4 Capital Project Progress Reports on the projects listed below (00:38:00):

Deputy Director Toews reminded the Commission that they had asked for routine updates on where the Port stands with capital projects. He mentioned that these projects would be familiar to the commission, as not much has changed since the last quarterly update, and that this update is for the final quarter of 2019.

1. **WDFW Air Quality Improvements (ongoing):** There was a bit of a delay in the completion of the improvements on the WDFW-leased building at Point Hudson, due to the custom retrofit needed for some of the work. We have replaced the boiler, and the system is near completion with final wiring to be done next week.
2. **JCIA Runway Reconstruction (ongoing):** On schedule - please refer to the discussion on this topic at the workshop this morning. Hoping for this long-awaited project to be complete by mid-summer this year.
3. **Boat Haven Workyard Resurfacing (ongoing):** Seton Construction has been retained for up to three years on this project with task orders done on an annual basis, including

sampling results that inform the Port what areas to focus on in resurfacing. That task order for 2019 was largely concluded in mid October 2019; and the Port will likely be coming to the commission with the next task order this summer, with the expectation that work would be complete in August, before boatyard work ramps up. Storm water samples collected at the end of January were well within benchmark normal; workyard resurfacing and work done on the Aquip units is functioning as intended and achieving the results we were hoping for.

4. **Point Hudson Jetty (South) Renovation (ongoing):** Please refer to the workshop discussion earlier this morning on this topic; we are moving forward as expeditiously as possible, based on direction received earlier in this meeting. The Port hopes for substantial progress in the next quarter with the NMFS review process, to be bid ready about this time next year, and to undertake the project in the 2021-22 season.
5. **Boat Haven Main Breakwater Repairs (new):** The delay here is clearing permit hurdles. These repairs are necessary due to storm damage on 12/20/18. We are awaiting word back from the Army Corp of Engineers and National Marine Fisheries Service (NMFS). The Port hopes to get the work done before autumn 2020, depending on NMFS.

Commissioner Putney commented that this was a good report and asked if the commission could get the estimate of the percentage of completion of the project.

Commissioner Hanke commented that it would be good to see the total cost and where we're at with costs for each project.

D. Selection of Preferred Design Alternative for the Point Hudson Jetty (00:54:15)

Commissioner Putney recapped from the discussion at the Public Workshop earlier in the day that the three design options for the Point Hudson Jetty are (1) encapsulation of current jetty, (2) partial encapsulation and partial tear-down/rebuild, (3) full tear-down and rebuild of the south jetty; stating that option (3) was the least likely to cause us trouble from the perspective of trying to patch up a structure that may get damaged in the process of fixing it. This option restores the historic look on essentially the historic footprint. Commissioner Petranek mentioned another reason to move to accept this alternative was so that we could get started with permitting, which takes some time.

Commissioner Petranek moved to accept alternative 3 to replace and rebuild the south jetty at Point Hudson.

Commissioner Hanke seconded the motion.

Motion carried by unanimous vote.

VIII. STAFF COMMENTS (00:56:56)

None

IX. COMMISSIONER COMMENTS (00:57:13)

Commissioner Hanke noted that the Workyard resurfacing project mentioned earlier had been former executive director Gibboney's idea, and he was glad to give her credit for a successful idea for the Port. He also noted that he was looking forward to attending the first Public Infrastructure Funds (PIF) meeting next week.

Commissioner Petranek mentioned that it is a high priority for her that the Commission hold a future workshop in Quilcene; she is on the Marine Resource Committee whose members include a lot of shellfish biologists who are interested in working with the community on

anything to do with Coast Seafoods, so that they can contribute to ideas for maintenance. She noted that she had met with county administrator Phillip Morley to discuss the recent IDD Levy passing and his input was that the Port should use the money on fixing its infrastructure. She also stated she was reaching out to other elected officials like county commissioner Kate Dean and City Council members on how they can work together in the community.

Commissioner Putney shared that he has had meetings with the Marine Science Center and the NW Maritime Center; he's also met with Ernie Baird and Coast Seafood regarding the Penn Cove decision.

X. NEXT PUBLIC REGULAR BUSINESS MEETING: (01:00:48)

Wednesday, February 26, 2020. Meeting at 5:30 PM

Port Commission Building, 333 Benedict Street, Port Townsend, WA

The next public gathering of the Commission will be on Tuesday, February 25, for an all-day retreat at the Port Townsend Yacht Club.

Executive Director Pivarnik reminded those gathered that there would be a meeting and discussion regarding the airport construction schedule after the regular meeting on February 26, at 6:30 in the Port Commission Building.

XI. EXECUTIVE SESSION - NONE

XII. ADJOURNMENT (01:02:34)

The meeting adjourned at 2:02 p.m., there being no further business to come before the Commission.

ATTEST:

Peter W. Hanke, President

Pamela A. Petranek, Secretary

William W. Putney III, Vice President

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	February 26, 2020
AGENDA ITEM	<input type="checkbox"/> First Reading <input type="checkbox"/> Second Reading <input checked="" type="checkbox"/> Regular Business
AGENDA TITLE	VII. A. Point Hudson Historic Trust Partnership Agreement
STAFF LEAD	Eric Toews, Deputy Director
REQUESTED	<input type="checkbox"/> Information <input type="checkbox"/> Motion <input type="checkbox"/> Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	A. Informational Memo B. Draft Agreement

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 2/21/2020
TO: Port Commission
FROM: Jim Pivarnik, Executive Director
SUBJECT: Proposed Point Hudson Partnership Agreement between the Port and the Washington Trust for Historic Preservation

ISSUE: Should the Commission authorize the Executive Director to enter into a partnership agreement (substantially in the form presented) allowing the Port and the Washington Trust for Historic Preservation to explore avenues for the restoration and preservation of the Port's Point Hudson facility?

DISCUSSION: The Washington Trust for Historic Preservation ("the Trust") is a not-for-profit corporation dedicated to promoting sustainable and economically viable communities throughout the state through historic preservation. The work of the Trust is focused on advocacy, education, collaboration and stewardship.

In 2019, the Trust was designated as the lead agency and local coordinating entity responsible for implementing the new "Maritime Washington National Heritage Area" designated by the United States Congress. Created to celebrate the maritime history and culture of Puget Sound and Coastal Washington, the designation is the first of its kind in the United States to focus entirely on maritime matters. It is expected to help leverage funding to promote maritime museums, education and historic preservation.

As the Commission is well aware, many of the historic structures and much of the infrastructure at Point Hudson dates to the mid-1930s and the construction of a Federal Maritime Quarantine Station. These nearly 100-year old structures are now in need of substantial reinvestment in order for Point Hudson to be preserved for the enjoyment of future generations.

In autumn of 2019, representatives of the Trust approached Port staff to discuss the potential to work collaboratively to address the Port's facility funding challenges at Point Hudson. Specifically, Trust and Port staffs discussed the potential for a long-term lease agreement for all or a portion of the Point Hudson property, with the Trust assisting in identifying and securing funding for capital renewal efforts.

The proposed agreement now presented to the Commission is intended to outline the first phase – a "due diligence" phase - of a coordinated effort to determine how best to restore and

preserve Point Hudson. Accordingly, it is necessarily general in nature, and seeks principally to establish a basic outline and “partnership principles” to guide the parties’ discussions and preliminary investigations. The proposed agreement will help give shape to future discussions which, if successful, could lead to more specific and definitive agreements for Point Hudson’s restoration and preservation.

RECOMMENDATION: Authorize the Executive Director to execute a Partnership Agreement with the Washington Trust for Historic Preservation substantially in the form presented.

ATTACHMENTS: Draft Partnership Agreement Between the Port and Trust Concerning a Potential Future Lease of All or a Portion of Point Hudson.

DRAFT PARTNERSHIP AGREEMENT
Between the Port of Port Townsend & the
Washington Trust for Historic Preservation
Concerning a Potential Future Lease
of All or a Portion of the Point Hudson Facility

This Partnership Agreement is entered into on the date last signed below by and among the Port of Port Townsend, a Washington State port district and municipal corporation ("Port") and the Washington Trust for Historic Preservation, a Washington not-for-profit corporation ("Trust").

RECITALS

- A. The Port of Port Townsend ("Port") is the owner of the Point Hudson facility, a property encompassing approximately 17 acres of uplands and in-water areas, as well as associated buildings and improvements located in Port Townsend, Washington, ("Point Hudson").
- B. As a special purpose district representing all of Jefferson County, the Port of Port Townsend seeks to responsibly maintain and develop property and facilities to promote economic vitality, provide community access to Port facilities and services, and protect and maintain the resources and maritime heritage of the community.
- C. The Port desires to foster mutually beneficial relationships with other agencies, non-profit organizations, and community groups aligned with its mission to assist in addressing the presently unfunded long-term capital renewal and maintenance obligations posed by the Point Hudson facility.
- D. The Trust is a not for profit corporation that operates for the benefit of the citizens of the State of Washington and is dedicated to promoting sustainable and economically viable communities throughout the state through historic preservation. The Trust helps make local preservation work by building a statewide ethic that preserves Washington's historic places through advocacy, education, collaboration, and stewardship.
- E. The Trust desires to explore the potential for a long-term lease of all or a portion of Point Hudson that would allow the Port to retain the property for the greater public good and obtain partial relief from the financial demands imposed by the facility, while advancing the Trust's mission of saving the places that matter in Washington State. The parties are agreed that such a partnership, if successful, could benefit both the citizens of Jefferson County and the State of Washington.
- F. RCW 53.08.080 sets forth the Port's authority to engage in this partnership and entertain a long-term lease of the Point Hudson property.
- G. The Trust has recently been designated as the lead agency responsible for implementation of the newly designated Maritime Washington National Heritage Area designation for this region. In February 2019, Congress passed the John Dingell, Jr. Conservation, Management and Recreation Act, which included the official designation of the Maritime Washington National Heritage Area. The Trust is named as the local coordinating entity for the program.

- H. The Trust desires to examine the feasibility of a long-term lease to enhance and support the investment of the preservation of the historic heritage and maritime resources the Point Hudson property contains as it relates to the implementation of the Maritime National Heritage Area designation.
- I. The parties regularly participate in cooperative partnerships of this type to better serve their respective constituents and missions. These partnerships help to deliver more sustainable and cost-effective solutions to community facility funding challenges.
- J. The partners agree that expeditious progress under this partnership is critical, and that the need to mutually support efforts to sustain Point Hudson as a maritime heritage landmark is essential.

AGREEMENT

In consideration of the mutual benefits contained in this Agreement, the parties agree as follows:

1. The parties will conduct their work towards a mutual lease agreement in phases, with each phase to be governed by separate and distinct agreement(s). This Partnership Agreement is the first such phase.
2. The parties will work collaboratively in 2020 and 2021 to determine next steps for a long-term lease of all or a portion of the Point Hudson property to the Trust.
3. In 2020 and 2021 the parties agree to complete the following tasks:
 - a. Establish evaluation criteria and perform the necessary investigatory and due diligence work to establish the existing conditions of the property. This may include, but is not necessarily limited to, the following:
 - i Conduct a fair market value survey of the property as determined by a qualified third party;
 - ii Prepare a Phase 1 Environmental Site Assessment to identify potential or existing environmental contamination liabilities;
 - iii Prepare a comprehensive facility condition assessment of the existing buildings, infrastructure and in-water improvements;
 - iv Conduct a reconnaissance level survey of historic and cultural resources; and
 - v Prepare a financial history of previous Port capital investments at Point Hudson and estimates of future capital needs.
 - b. Prepare a Comprehensive Facilities Plan that incorporates the Key Partnership Principles set forth as Attachment "A".
 - c. Explore potential alternative long-term Point Hudson lessees, which may include but are not necessarily limited to a for-profit corporation, a not-for-profit corporation (e.g., the Trust), or a combination of authorized models.
 - d. Identify potential funding options and mechanisms for Point Hudson, both for a capital renewal program and facility operations.

- e. Prepare proposed budgets both for capital and operations, including rent owed to the Port under the terms of any long-term lease agreement.
4. The parties agree that they may, but are not required to, contribute funds or staff resources to this project as approved by their governing bodies. Any party may contribute its own funds or resources in furtherance of this Agreement. Further, the parties understand and acknowledge that they have limited human and financial resources to conduct the due diligence inquiry outlined by this Partnership Agreement. Nevertheless, the parties agree to work diligently to fulfill the general terms of the understanding outlined herein.
5. The parties agree that any development of Point Hudson under a future long-term lease agreement will be consistent with, and help to implement, the Port's Comprehensive Scheme of Harbor Improvements (CSHI), City of Port Townsend's Comprehensive Plan, Shoreline Master Program (SMP) and Zoning Code. Accordingly, the parties are agreed that current character of the facility should be preserved and maintained in a manner consistent with the following objectives:
 - a. The financial sustainability of Point Hudson as a profit center;
 - b. Protection of the small-scale nature of the present development pattern;
 - c. Continued provision of a high degree of public access and use;
 - d. Preservation of the historic character of the facility; and
 - e. Encouraging marine trades and water-oriented uses.
6. Roles and Responsibilities.
 - a. The Port will be the lead agency for architectural and structural matters and collaborate with any agencies concerning infrastructure and building needs and proposed solutions.
 - b. The Port and Trust will be co-lead agencies for land use and shoreline matters, PROVIDED, that this Partnership Agreement does not waive the Port's legal authority as landowner related to those matters.
 - c. The Trust will be the lead for communications and public education related to the partners' activities. The Trust will coordinate and confirm the content and accuracy of all such communications with the Port prior to public release.
 - d. As budgets are further developed, the parties will decide which partner will serve as the lead for exploration of government and non-government funding opportunities.
7. General Conditions.
 - a. Term and Termination. This Agreement is effective on the date last signed. It shall continue in operation until December 31, 2021, or until terminated in writing by either party. The party wishing to terminate the Agreement shall notify the other party in writing at least 90 days before the proposed termination date. The terminating party shall be responsible for any previously agreed expenses up until the date of the notice of termination.
 - b. Dispute Resolution. If there is a dispute regarding the terms of this Agreement, the Chief Executive Officers/Chief Operating Officers of each party will meet to resolve the dispute. If the

dispute is not resolved within 90 days of the first meeting, this Agreement will automatically terminate. Each party will bear its own costs.

- c. Records. The parties agree that they are government entities subject to Washington's Public Records Act, Chapter 42.56 RCW. Any documentation used by the government agencies, whether they physically possess them or not, is a public record and may be subject to disclosure. The Trust will mark any document that it considers to be proprietary in nature. If the Port receives a public records request for these documents, it will notify the Trust and allow ten (10) calendar days for the Trust to obtain a court order preventing the release of the documents. The Port will not assert a "trade secret" exemption on behalf of the Trust. The Port will cooperate with the Trust in such an assertion. The Trust will defend, indemnify, and hold the Port harmless from any fines, fees, or penalties associated with the assertion of an exemption to the Public Records Act related to documents provided by the Trust.
- d. Hold Harmless. Each party to this Partnership Agreement shall defend, indemnify, and hold the other parties harmless from claims, actions, injuries, damages, losses or suites including attorneys' fees, arising or alleging to have arisen directly or indirectly out of or in consequence of the performance of this Agreement to the extent caused by the fault or negligence of the indemnitor, its elected officials, employees, officers, agents, assigns, volunteers, or representatives.
- e. Applicable Law and Venue – Third-Party Contract Disputes. Any contractual obligations incurred by either party under Paragraph 3 of this Partnership Agreement shall be construed and interpreted in accordance with the Laws of the State of Washington. In the event of a dispute arising out of such third-party contractual obligations, such dispute shall be litigated in the Superior Court of Jefferson County, Washington. The language of this Agreement shall not be interpreted in favor of or against either Party to this Agreement. All disputes relating to the subject matter of this Agreement other than third-party contract disputes shall be resolved as set forth in Paragraph #3(b) above.
- f. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.
- g. This Agreement does not obligate either party to take any action for which its governing body has not appropriated funds. It is not binding until ratified by the appropriate authority for each party.

Partnership Agreement dated this _____ day of February, 2020, and effective upon the signature of the parties.

WASHINGTON TRUST FOR HISTORIC PRESERVATION
A Washington State Not-for-profit Corporation

BY:

AND BY:

Holly Chamberlain, President
Board of Directors

Jeff Murdock, Vice President
Board of Directors

PORT OF PORT TOWNSEND
A Washington State Municipal Corporation

Jim Pivarnik, Executive Director

APPROVED AS TO FORM

Port Attorney

ATTACHMENT "A":

Point Hudson – Key Partnership Principles

Central Objective: To assemble a team of community and agency collaborators to assist in preparing a road map that will assure the long-term sustainability of Point Hudson for maritime uses and activities, and which will demonstrate to the region how to effectively develop and sustain Washington State's maritime heritage for future generations.

Collaboration: Develop and support strong relationships within and between government and nongovernmental organizations to further the Central Objective.

Lead Investment Partners:

- Port of Port Townsend
- Washington Trust for Historic Preservation

Programing Affiliates & Collaborators:

- Northwest Maritime Center (NWMC)
- Jamestown S'Klallam Tribe
- Point Hudson Tenants

Agencies & Other External Affiliates:

- United States Department of the Interior, National Park Service (NPS)
- Washington State Department of Archaeology & Historic Preservation (DHAP)
- Jefferson County
- City of Port Townsend
- Other local, state and federal government agencies (to be determined)

Planning Guidance for Point Hudson:

- Key Policy and Regulatory Touchstones:
 - The Port of Port Townsend's Comprehensive Scheme of Harbor Improvements (CSHI)
 - The City of Port Townsend Shoreline Master Program (SMP)
 - The City of Port Townsend Zoning Code (PTMC Title 17) including, but not limited to:
 - Chapter 17.22 – Marine Related & Manufacturing Zoning Districts; and
 - Chapter 17.30 – Historic Preservation Code
 - Any other local regulations governing development and use, including, but not limited to building codes, fire codes, etc.
- Key Elements of Future Financial Analyses:
 - Any long-term lease must establish fair market rent to the Port
 - Port may allow for fair consideration in lieu of full rent
 - Capital Debt obligations must accrue to other entities, not to the Port
 - Port may waive this condition during the initial phase of the Partnership Agreement
 - The Trust may elect to solicit and engage other outside entities in conducting the financial feasibility analysis

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	February 26, 2020
AGENDA ITEM	<input type="checkbox"/> First Reading <input type="checkbox"/> Second Reading <input checked="" type="checkbox"/> Regular Business
AGENDA TITLE	VII. B. Workshop & Regular Business meeting schedule setting for 2020
STAFF LEAD	Karen Erickson, Executive Assistant
REQUESTED	<input type="checkbox"/> Information <input type="checkbox"/> Motion <input checked="" type="checkbox"/> Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	A. Calendar and list of Commission Meetings + WPPA events with conflicts and suggested moves highlighted.

2020 Calendar

Port of Port Townsend

JANUARY

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FEBRUARY

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JULY

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AUGUST

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SEPTEMBER

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OCTOBER

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25	26	27	28	29	30	31

NOVEMBER

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

DECEMBER

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

*WPPA 2020 events:

- May 6-8 Spring Meeting, Skamania
- June 10 Finance & Admin, Campbell's Resort
- July 9-10 Directors Seminar
- July 21-22 Commissioners Seminar, Walla Walla
- Sept. 24-25 Environmental Seminar, Alderbrook
- Oct. 29-30 Small Ports Seminar, Enzian Inn
- Dec. 2-4 Annual Meeting, Bellevue Hyatt Regency

* See back page for listing of WPPA Seminars.

Key:

Commission Meetings:

WPPA Events:

Port Employee Lunches:

Holidays – see back page for listing

**Port of Port Townsend Commission Workshop & Meeting Dates
On 2nd and 4th Wednesdays in 2020**

Date	Meeting/Workshop + <i>WPPA Events</i>
January 8	9:30 AM Workshop; 1:00 PM Meeting
January 22	1:00 PM Special Meeting
February 12	9:30 AM Workshop; 1:00 PM Meeting
February 26	5:30 PM Meeting
March 11	9:30 AM Workshop; 1:00 PM Meeting
March 25	5:30 PM Meeting
April 8	9:30 AM Workshop; 1:00 PM Meeting
April 22	5:30 PM Meeting
<i>May 6-8</i>	<i>WPPA Spring Meeting, Skamania; Weds. 5/6 12:00 PM – Fri. 5/8 1:00 PM</i>
May 13	9:30 AM Workshop; 1:00 PM
May 27	5:30 PM Meeting
<i>June 10-12</i>	<i>WPPA Finance & Admin. Seminar, Campbell's Resort; Weds. 6/10 12:00 PM – Fri. 6/12 1:00 PM</i>
June 10	9:30 AM Workshop; 1:00 PM Meeting
June 24	5:30 PM Meeting
July 8	9:30 AM Workshop; 1:00 PM Meeting
<i>July 9-10</i>	<i>WPPA Directors Seminar; Thu. 7/9 8:30 AM – Fri. 7/10 12:00 PM, place TBA</i>
<i>July 21-July 22</i>	<i>WPPA Commissioners Seminar; Tue. 7/21 8:30 AM – Weds. 7/22 12:00 PM, Walla Walla</i>
July 22	5:30 PM Meeting – Long drive from Walla Walla -- move to later, or next day?
August 12	9:30 AM Workshop; 1:00 PM Meeting
August 26	5:30 PM Meeting
September 9	9:30 AM Workshop; 1:00 PM Meeting
September 23	5:30 PM Meeting
<i>September 24-25</i>	<i>Environmental Seminar, Alderbrook; Thu. 9/24 8:00 AM – Fri. 9/25 12:00 PM</i>
October 14	9:30 AM Workshop; 1:00 PM Meeting
October 28	5:30 PM Meeting - move to morning?
<i>October 29-30</i>	<i>Small Ports Seminar, Enzian Inn; Thu. 10/29 7:00 AM – Fri. 10/30 12:00 PM</i>
November 11	9:30 AM Workshop; 1:00 PM Meeting -- (Veterans' Day Holiday) move to 11/10?
November 26	5:30 PM Meeting – (Thanksgiving holiday is November 27-28) move to morning?
<i>December 2-4</i>	<i>Annual Meeting, Bellevue Hyatt Regency; Weds. 12/2 8:00 AM – Fri. 12/4, 12:00 PM</i>
December 9	9:30 AM Workshop; 1:00 PM Meeting
December 23	5:30 PM Meeting —holidays December 24-25 have short meeting to authorize warrants?

Port Holidays:	Jan 1	New Year's Day
	Jan 20	M. L. King Jr. Day
	Feb 17	Presidents' Day
	May 25	Memorial Day
	Jul 3 – 4	Independence Day / observed
	Sep 7	Labor Day
	Nov 11	Veterans Day
	Nov 26-27	Thanksgiving Holiday
	Dec 24-25	Christmas Holiday

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	February 26, 2020
AGENDA ITEM	<input type="checkbox"/> First Reading <input type="checkbox"/> Second Reading <input checked="" type="checkbox"/> Regular Business
AGENDA TITLE	VII. C. Race to Alaska Sponsorship
STAFF LEAD	Jim Pivarnik, Executive Director
REQUESTED	<input type="checkbox"/> Information <input type="checkbox"/> Motion <input type="checkbox"/> Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	A. Letter from Odin Smith requesting sponsorship for the Race to Alaska

Date: February 5, 2020
To: Port of Port Townsend Commissioners
From: Odin Smith (odinbo03@gmail.com)
Re: Race to Alaska Sponsorship

Hello POPT commissioners! This is Odin Smith, captain of Team FAST (Freaking Awesome Sailing Teens). Here is a list of all of my sponsors and what they have put forth.

Port Townsend Shipwrights Co-Op:	\$1000 + services
ACI:	\$1000
Admiral Ship Supply:	\$ 500 cash + \$500 in supplies
Sea Marine:	\$1000 + services if need be
Haven Boatworks:	\$1000
Stanford Siver:	\$1000
Don's Automotive:	\$1000
Fish N Hole:	\$ 250
LHS:	Services + Food

We also plan to do multiple fundraisers such as tabling at the Food Co-Op and a spaghetti dinner at the Blue Moose which will hopefully pull in some revenue, but we are mainly relying on sponsor money and I would like the Port of Port Townsend to be our main sponsor. I am asking for \$2000, launch fees, and moorage. This sponsorship is what could make it all happen.

I am very confident in the group that I've put together with Luca and Dylan being 18 and having grown up around boats their whole lives, Willow growing up on the east coast and sailing on both sides of the US with her family and Oscar growing up sailing and taking all of the same safety training and navigation courses which I have taken.

We plan on doing our insurance through Geico and we plan on getting \$1,000,000 international accident coverage for the boat. Along with that, all of the parents of the participants are well aware of the dangers which this adventure holds, and they have trust in me to keep their kids safe.

Thank you for your time and consideration and I hope that you choose to go with Team FAST.

Odin Smith (Captain)
Luca Gesinger
Willow Hoins
Oscar Levine
Dylan Tracer

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	February 26, 2020
AGENDA ITEM	<input type="checkbox"/> First Reading <input type="checkbox"/> Second Reading <input checked="" type="checkbox"/> Regular Business
AGENDA TITLE	VII. D. Recap of total Capital Expenses for 2019
STAFF LEAD	Abigail Berg, Director of Finance and Administration
REQUESTED	<input checked="" type="checkbox"/> Information <input type="checkbox"/> Motion <input type="checkbox"/> Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	A. Informational Memo B. Year End 2019 Total Capital Expenses

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 2/26/2020
TO: Port Commission
FROM: Abigail Berg, Director of Finance & Administration
SUBJECT: Recap of Total Capital Expenses for 2019

BACKGROUND

This memo serves to inform the Commission of the total capital expenses for 2019. This includes specific projects named in the 2019 budget, small capital projects not identified in the 2019 budget and various vehicle and equipment purchases.

DISCUSSION

Attached is a detailed spreadsheet of all the capital project costs, as well as vehicle and equipment purchases made in 2019. Capital project costs include large projects that were estimated to cost more than approximately \$30,000 and identified in the 2019 Capital Budget, as well as small capital projects not specifically identified in the budget and estimated to cost less than approximately \$30,000. The total spent on capital projects and purchases for 2019 was \$836,020.

Quarter 4, 2019 Capital project updates were provided to the Commission separately in the February 12, 2020 regular meeting packet.

Other 2019 capital project expenses are noted with some commentary below:

- PH WDFW Boiler replacement – emergency work
- PH PSE & Schooner Martha Roofs replaced
- PH Direct TV system install – to improve RV Park customer service (been consistently poor and change will provide significant monthly service cost savings of ~\$1,000/month)
- Boat Haven Parking Lot slurry coat – should be done every 5-7 years (except between ramp and washdown which should be approximately every 3 years)
- Boat Haven Commercial Basin Net Float reconstructed – safety issue
- Boat Haven Restroom Remodel – included painting, HVAC servicing and duct cleaning, new fixtures and doors

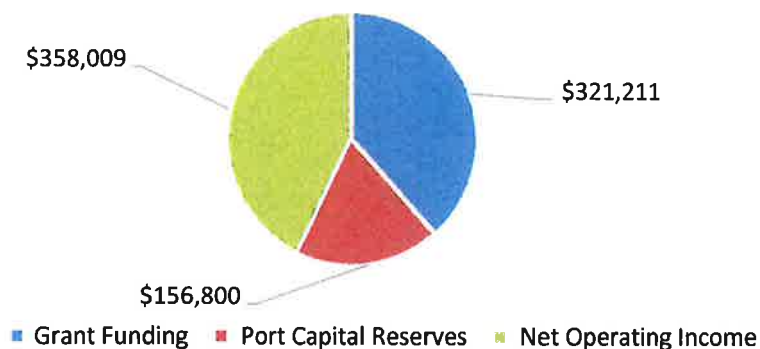
Other 2019 capital expenses, specifically vehicles and equipment, are noted below with some commentary:

- Vactor Truck – this was surplus by the City and provided a good value to the Port, may provide savings in future for vault vacuum services
- GMC Truck – part of advance to slowly replace some of the Port's older fleet (next youngest truck is ~15 years old, others are 20-30 years old)
- Boat Haven Restroom Fob system
- (2) 300 Ton Travelift tires
- Boat Haven Ramp Kiosk – anticipated to more efficiently capture revenue as well as being more convenient to customers

- Genie Lift – purchased from Craftsmen United – is close to already paying for itself in savings on equipment rentals and labor costs due to efficiency
- Yard blocking

FISCAL IMPACT

Year End 2019 Total Capital Expense Funding Sources



Funding Sources	amount
Grant Funding (FAA)	\$ 321,211
Port Capital Reserves	156,800
Net Operating Income	358,009
total	\$ 836,020

The Port planned on most of these capital expenses as part of the 2019 budget. Other projects and purchases were identified and performed based on safety, future cost savings, regular maintenance of assets to lengthen their useful lives in good condition, value and to increase customer service.

RECOMMENDATION

For information and discussion.

**Year End 2019 Total Capital Expenses
as of February 26, 2020**

PROJECT Expenses	Amount
JEFFERSON COUNTY INTERNATIONAL AIRPORT (JCIA)	
JCIA Runway Rehab - remainder of Phase II Engineering	371,700
JCIA Runway Rehab - Phase III Construction	4,000
BOAT HAVEN	
Workyard Surface - 2019	44,653
Moorage Backflow Preventers	24,693
Boat Haven Breakwater Repair	
<i>Engineering/Design</i>	9,912
POINT HUDSON	
WDFW heat/creosote (contingent - Airhandlers)	77,542
Point Hudson South Jetty Renovation	
<i>Design/Permitting</i>	45,245
OTHER CAPITAL	
Small Capital projects (less than approximately \$30k)	
Point Hudson WDFW Boiler Replacement	22,426
Point Hudson PSE & Schooner Martha Roof Replacement	32,809
Point Hudson Direct TV install (replace WAVE)	12,980
Boat Haven Parking Lot slurry coat	17,805
Boat Haven Net Float Reconstruction	15,750
Boat Haven Restroom Remodel 2019	36,057
Total Actual Small Capital projects	137,827
Port Vehicle replacement	
Vactor truck (from the City)	10,431
GMC truck (for Maintenance dept.)	24,161
Fob system (BH Restrooms)	16,193
(2) Travelift tires (300 Ton)	23,762
Boat Haven Ramp kiosk	14,050
Genie Lift (from Craftsmen United)	21,000
Yard blocking	10,851
Total Actual Vehicle/Equipment replacement	120,448
Total 2019 Capital Expenses \$	836,020
FUNDING SOURCES	Amount
Grants	
Federal Aviation Association (FAA)	321,211
Port Wide Capital Reserve	
Workyard Resurfacing	44,653
WDFW creosote abatement	77,542
Boat Haven Reserve	
Backflow Prevention	24,693
Boat Haven Breakwater Repair - Engineering/Design	9,912
Net Operating Income	
JCIA match - AIP Phase II & III	54,489
Point Hudson South Jetty Design/Engineering/Permitting	45,245
Small Capital projects	137,827
Vehicle/Equipment replacement	120,448
Total Funding by Source of 2019 Capital Expenses \$	836,020

Port of Port Townsend
2019 Year End Totals for Capital Expenses Funding

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	February 26, 2020
AGENDA ITEM	<input type="checkbox"/> First Reading <input type="checkbox"/> Second Reading <input checked="" type="checkbox"/> Regular Business
AGENDA TITLE	VII. E. January Financials
STAFF LEAD	Abigail Berg, Director of Finance and Administration
REQUESTED	<input checked="" type="checkbox"/> Information <input type="checkbox"/> Motion <input type="checkbox"/> Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	A. January 2020 Financials

Port of Port Townsend
Summary of Operating & Non-Operating Revenues & Expenses
2020 Activity with Comparison to Prior Year and Budget

	YTD Jan 2019	YTD Jan 2020	Variance to prior year - 2019 v 2020	notes	YTD Budget 2020	Variance to Budget YTD
REVENUES						
Boat Haven Moorage	149,513	156,336	6,823		154,452	1,884
Yard Operations	120,558	135,449	14,891		116,909	18,540
Boat Haven Properties	58,280	59,070	790		50,489	8,581
Pt. Hudson Marina, RV & Prop	89,880	91,916	2,036		94,748	(2,832)
Quilcene	9,813	12,797	2,984		10,087	2,710
Ramps	7,203	3,836	(3,367)		6,300	(2,464)
JCIA	12,317	13,048	732		12,270	778
Total Operating Revenues	447,563	472,453	24,889		445,255	27,197
OPERATING EXPENSES						
Salaries & Wages	166,908	186,128	19,220	a	188,275	(2,147)
Payroll Taxes	17,154	19,956	2,802		18,700	1,256
Employee Benefits	7,372	-	(7,372)	b	66,154	(66,154)
Uniform Expense	1,118	1,234	116		708	526
Contract Services	23,125	43,990	20,864	c	25,143	18,847
Consulting Services	-	-	-		2,500	(2,500)
Legal & Auditing	32,132	129	(32,003)	d	8,333	(8,204)
Insurance	-	-	-		-	-
Facilities & Operations	32,280	31,396	(884)		30,492	904
Utilities	56,339	49,499	(6,840)	e	53,006	(3,507)
Marketing	3,615	573	(3,042)	f	1,500	(927)
Economic Development	-	-	-		-	-
Travel & Training	3,327	144	(3,183)	g	2,300	(2,156)
Cost of Goods - Fuel	-	-	-		-	-
Community Relations	-	5,118	5,118	h	-	5,118
Total Operating Expenses	343,369	338,167	(5,202)		397,110	(58,943)
Income from Operations w/o Depr	104,194	134,286	30,092		48,145	86,140
Non-Operating Revenue						
Capital Contributions/Grants	2,824	-	(2,824)	i	-	-
Interest	2,596	2,131	(466)		2,200	(69)
Property & other taxes	15,628	5,372	(10,256)	j	5,262	110
Misc Non-Operating Revenue	2,233	2,598	365		2,305	293
Total Non-Operating Revenues	23,280	10,100	(13,180)		9,767	333
Non-Operating Expenses						
Bond Interest	-	44,625	44,625	k	44,625	-
Bond Mgmt, Issuance & Misc Exp	50	50	-		40	10
Election Expense	-	-	-		-	-
Total Non-Operating Expenses	50	44,675	44,625		44,665	10
Net Non-Operating Income (Expense)	23,230	(34,575)	(57,805)		(34,898)	323
Net Income (Loss)	127,425	99,711	(27,713)		13,247	86,464

Port Operating Results as of January 31, 2020

page 1

Notes:

- (a) Comparing 2019 to 2020, the increase in Salaries/Wages is attributable to the addition of three (3) new positions (Lease & Contracts Administrator, Environmental Specialist & Custodian) in addition, there was an empty CSR position in January and February of 2019. 2020 Actual is on target with Budget.
- (b) The 2020 budget to actual variance for Benefits as well as to prior year is due to the timing of invoice receipt and subsequent payments.
- (c) Variance to prior year and budget is directly related to four (4) months of back-charges from Skookum for September - December. During that time, the Port was in negotiations with them regarding ongoing custodial contract for services.
- (d) In 2019, approximately \$25,000, or 88% of the total line item, was spent on the Seattle Maritime Academy litigation.
- (e) Utilities for 2020 YTD January are less when compared to 2019 (by ~\$6,900) and 2020 Budget (by ~\$3,500). Much of the prior year costs are related to paying off the last months of a contract with CenturyLink. In addition, the weather was colder so Electricity usage was more. Comparing 2020 Budget to Actual, there was no fuel purchased for the PH facility in January, and Garbage was lower than expected in the Yard and BH Moorage.
- (f) Marketing costs were higher in January 2019 due to bills related to Working Waterfront ad contributions to tenants (~\$1,200), Seattle Boat Show costs (~\$815) and almost 50% more Disabled Veteran Ramp Passes issued when compared to January 2020.
- (g) 2019 was higher than 2020 due to the timing of staff travel reimbursement submittals and payments.
- (h) 2020 costs were higher for Community Relations when comparing to 2019 and Budget due to Deck the Docks event held in December and the rental deposit paid for the Executive Director candidate meet and greet held at the NWMC in January. 72%, or \$3,717, was paid for Deck the Docks advertising.
- (i) The 2019 Capital Contributions/Grants line item was for the Organize the Fileroom grant from the WA Secretary of State.
- (j) When comparing 2019 to 2020, the amount is less in 2020 by ~\$10,000. This is due to less in State Forest Revenues received (~\$11,000) and was off-set somewhat by the beginning of the IDD Tax Levy money received (~\$1,100). Taxes in general are expected to vary in amount month to month.
- (k) Bond interest for January 2019 was paid in December 2018.

Port of Port Townsend YTD Cashflow report

	<u>YTD January 2020</u>
	notes
Net Income	99,711
Net Change in Accruals from Balance Sheet*	(239,367)
Less: Capital Expenses:	
WorkYard Resurfacing 2019	(665)
JCIA Runway Replacement project	(11,240)
BH Breakwater Repair 2019	(61)
PH South Jetty 2019-2020	(488)
Improvements	(1,000)
Equipment replacement	a (19,969)
Total Capital Expenses	(33,423)
Less: Principal Payments on Debt:	
PTBH Marina - 2010 LTGO Bond	-
Point Hudson - 2015 LTGO Refunding Bond	-
Total Principal Payments	-
Increase (Decrease) in Cash Y-T-D	(173,079)
Beginning Cash at 1/1/2020	3,226,735
Ending Cash at 1/31/2020	3,053,656

**These are current assets and current liabilities.*

Notes:

(a) Purchase of Jack Stands for the Yard