

**PORT COMMISSION REGULAR BUSINESS MEETING – Wednesday, March 25, 2020**

The Port of Port Townsend Commission met for a regular business via Zoom online.

Present via Zoom online video: Commissioners Hanke, Petranek and Putney  
Executive Director Berg  
Deputy Director Toews  
Former Executive Director Pivarnik  
Finance Director & Port Auditor Berg  
Port Recorder Erickson  
Port Attorney Reardanz

I. CALL TO ORDER

Commissioner Hanke called the meeting to order at 5:32 PM.

II. APPROVAL OF AGENDA (00:01:07)

With Cynthia Weeds, Bond Counsel of K&L Gates, on the phone and ready to present, Executive Director Berg asked that the agenda be changed to allow her to go first. Commissioner Hanke moved to amend the agenda to move item VII B to the top of the agenda. **Commissioner Putney moved to approve the Agenda as modified. Commissioner Petranek seconded the motion. Motion carried by unanimous vote.**

VII. B. Authorization to engage bank and K&L Gates for Line of Credit (LOC) (00:01:14)

Finance Director Berg presented the staff memo comparing three proposals received for a LOC. Staff recommended going with Cashmere Valley Bank because it offered the lowest fixed rate, with no loan fee. It will cost the Port \$10,000 to have K&L Gates work through the necessary documentation.

Bond Counsel Weeds explained the way this type of transaction works: You can only do a draw for an authorized expenditure. In other words, first the Port is billed for services, then staff get Commission approval for payment of said bill, then the amount is drawn down from the LOC to pay the bill. Once FAA grant funds are received, the LOC is paid back.

Port Attorney Reardanz stated for the record that this agenda item is “necessary and routine” and therefore allowed under Governor’s Proclamation 20-28 re OPMA.

**Commissioner Putney moved to approve Resolution 20-718.**

**Commissioner Petranek seconded the motion. Motion carried by unanimous vote.**

III. PUBLIC COMMENTS (00:10:50)

Former Commissioner Steve Tucker checked in to see if this virtual format would allow public comments, and was pleased that it worked.

Brian Kuh, EDC Director, referred to an email sent earlier about what the EDC is doing during the Covid-19 crisis, and offered any type of help that the commission saw fit for their collective interest. Commissioner Hanke asked about the stimulus package, and how it may assist small businesses on Port property. Mr. Kuh said he was aware of small business micro grants to be administered through the EDC.

Former Executive Director George Yount said he loved the flexibility of this online meeting, wished the Port luck and gave much appreciation for the work the Port does.

*Public Comments submitted in advance for this regular business meeting were read aloud:*

Kat Murphy updated the Commission on her moorage situation and compared the commercial docks in Port Townsend to Squalicum Harbor in Bellingham Bay.

Jeff Kelety suggested the Port provide latitude on moorage payments during the coronavirus pandemic.

Jennifer Takaki, owner of the Marina Café, commented that that all nonessential business should close for the time period designated by the governor, and that businesses requesting an exemption should be required to specify the essential service they provide, in hopes that we can cut down on the risk of exposure to the virus.

Jake Beatie, NW Maritime Center, asked that Port policies to mitigate the effects of this downturn include the non-profit sector.

Bertram Levy commented that the coronavirus pandemic would create an economic downturn, and hopes there is a preemptive discussion regarding adjusting rates at some workshop in the near future.

Mark Stout of Scow Bay Boats commented on a potential lease rate adjustment for those that own their own structures. He asked the Port to consider a reasonable and affordable rate for those small businesses, and while an 18¢ per square foot seems fair, it would double his current rate. He also suggested that the Port continue the seasonal discounted yard rate through May to encourage haul outs.

Commissioner Petranek added that she had met with Jennifer Takaki about her statement and clarified for the record that Ms. Takaki was speaking of neighboring businesses that could do a better job (she has since seen improvement and is satisfied). Ms. Takaki emphasized that she is happy about what the Port is doing in this crisis.

#### IV. CONSENT AGENDA (00:28:51)

- A. Approval of Regular Business Meeting Minutes – March 11, 2020
- B. Approval of Warrants
  - Warrant #061811 through #061819 in the amount of \$14,294.41 and Electronic Payment in the amount of \$65,498.88 for Payroll & Benefits.
  - Warrant #061820 through #061856 in the amount of \$96,131.92 for Accounts Payable. Electronic Debit in the amount of \$5,650.05 for Washington State Department of Revenue Combined Excise Tax Return.
- C. Resolution 717-20, Signature Authority for Executive Director Eron Berg

**Commissioner Putney moved to accept the Consent Agenda as submitted.**

**Commissioner Petranek seconded the motion. Motion carried by unanimous vote.**

#### V. SECOND READING (00:29:20)

- A. Recommendation for intermediate rates for yard lease tenants

Deputy Director Toews stated that the Port was looking for direction on (1) the establishment of an intermediate category of leasehold at Boat Haven: active marine-related trades not making improvements to Port property, nor working out of established Port-owned buildings; and (2) a rate established by the Commission for all tenants in this classification. Port staff suggested 18¢/ft<sup>2</sup>; but is more concerned with establishing an intermediate designation. Staff proposed that the rate become effective October 1, 2020. However, any tenants currently paying above the new rate be immediately adjusted accordingly.

Commissioner Hanke suggested the rate be set at 16¢/ft<sup>2</sup> which seemed fair and in keeping with tenants' public comments.

Commissioner Putney asked when rates were usually adjusted. Deputy Director Toews clarified that, based on the anniversary of the agreement with a tenant, a CPI or base-rate adjustment would be applied annually.

Commissioner Petranek asked if, based on comments submitted from Mark Stout, the Port could mitigate the rate increase for him by a gradual increase instead of an automatic jump, to give him time to adjust. Deputy Director Toews stated that the Port typically works with tenants to make such accommodations so as not to create hardship for them. He clarified that we currently have 4 tenants in this proposed category: two who are paying less than the proposed 18¢, one who is paying about that rate, and one who is paying a higher amount. He then stated for the record that this agenda item is "necessary and routine" and therefore allowed under Governor's Proclamation 20-28 re OPMA.

**Commissioner Hanke moved to adopt a rate of 16¢ and establish the new interim lease rate class. Commissioner Putney seconded, and the motion carried by unanimous vote.**

#### VI. FIRST READING (00:40:36)

- A. Rate-setting for Fall 2020/21 Work Yard Discount
  - Former Executive Director Pivarnik explained this 2<sup>nd</sup> year of a seasonal work yard rate has worked well for the Port, and explained that setting this discounted rate now gives the Port & Marine Trades time to advertise for this autumn. He proposed an increase of one (1) cent over the 2019-2020 rate to 37¢.

Executive Director Berg stated for the record that this agenda item is "necessary and routine", is related to our Covid-19 response, and therefore allowed under Governor's

Proclamation 20-28 re OPMA. He understood this policy to have been a huge success, and encouraged the Commission to take action on it tonight, and dispense with a 2<sup>nd</sup> reading so the Port can assist the marine trades and they can plan for business this fall.

**Commissioner Hanke moved to dispense with any further reading and enact this policy today. Commissioner Putney seconded and the motion passed unanimously.**

**Commissioner Petranek moved to accept these rates for 2020-21. Commissioner Putney seconded, and the motion carried by unanimous vote.**

Commissioner Petranek asked if there could be a discussion regarding extending the 2019-20 seasonal work yard rate in addition to this proposed 2020-21 seasonal rate.

There was a discussion about the impacts of a two-week shutdown, with some trades having closed for safety, and how it makes sense to extend the current seasonal rate into April or May. Commission agreed that they could decide later if it should be extended into May, with the format the same (pre-pay), giving the Port time to consult with Operations Manager Khile regarding ramifications.

**Commissioner Hanke moved that we extend the 2019-20 seasonal yard rates through April, and revisit this at the first meeting in April.**

**Commissioner Petranek seconded, and the motion carried by unanimous vote.**

## VII. REGULAR BUSINESS (00:53:18)

### A. Response to the Covid-19 Pandemic

Executive Director Berg presented the staff memo explaining all the actions taken from March 16<sup>th</sup> through the 20<sup>th</sup>, and alerted Commission to two additional Emergency Orders sent since the memo was written. He explained that Resolution 719-20 would ratify the Emergency Proclamation and the Emergency Orders through Friday, and address the delegation of authority over leases, comply with public health guidelines, keep staff and community safe and ensure the essential operations of the Port. He highlighted actions like closing the RV Park at Point Hudson, doubling sanitation of facilities, requiring staff distancing, and closing Port ramps to non-essential use. He also spoke of putting the brakes on expenditures to give us time to re-evaluate:

- Quilcene dredging – on hold at this time. The intent was to work on the design, engineering and permitting. Staff will continue to work on scoping at this time;
- Airport terminal building (RV park model) – purchase cancelled with some of the non-refundable payment returned and the rest held for a deposit on a purchase within the next 12 months. Staff will continue to work on project design and evaluation at this time; and
- Hydraulic, self-propelled boat handler – put on hold for now; staff is working with others on an implementation plan for boat storage and traffic in the yard as well as a business plan for the new equipment.

Executive Director Berg asked for direction from Commission on the IDD capital funds for 2020, with the recommendation to look at that revenue, which is approximately \$800,000, identify \$500,000 of that as funds we want in cash at the end of the year for the big IDD projects, and commit the remaining \$300,000 to the completion of the airport terminal building, bid and permitting phase for Boat Haven electrical services improvements, and C & D dock repair and maintenance using our own crew. He explained that the resolution, if ratified, permits additional authority to defer rents for those who are directly affected by this pandemic - a deferral program to provide cash-flow support to tenants, and it is needed today. He also asked for Commission's general thoughts on how the Port is handling the Covid-19 pandemic.

Commissioner Hanke thanked Executive Director Berg for his hard work, and stated that Commission agreed with the budgetary aspects of this resolution, especially the leveraging the IDD funds. He asked if rent deferral for tenants included moorage tenants.

Executive Director Berg stated that moorage was not yet included; however the Port has waved late fees for moorage customers.

Deputy Director Toews stated that the Port was focused on the delegation of authority of this resolution, in relation to its decisions on lease agreements.

Commissioner Petranek suggested we consider commercial moorage tenants at our next meeting on April 8, giving the Commission time to talk to constituents about different ways to approach this; Commission agreed.

**Commissioner Putney moved to adopt Resolution 719-20. Commissioner Petranek seconded, and the motion carried by unanimous vote.**

VIII. STAFF COMMENTS (01:19:22)

Executive Director Berg wanted to publicly acknowledge Port staff, saying all employees were fully onboard and willing to do what needs to be done -- a great team to work shoulder-to-shoulder with during this pandemic.

Recorder Erickson thanked Executive Director Berg and commended him for catching on so quickly. She stated that documents approved tonight would be at her desk, ready for signatures when Commission could stop by to sign.

Finance Director Berg commented that she was working on an electronic signature format for approving Warrants and Resolutions in the future. She asked if there were any questions or comments regarding the February financials, which were distributed and posted to the Port website, but not added to the agenda or packet. Also, Finance Director Berg stated she is glad to have Eron Berg on board as Executive Director. Commissioner Hanke stated that he had read through the financial report and that they were exceptional, and pretty close to budget, which was great.

Deputy Director Toews commented that he was very glad to have Eron on board, and how it had been good working with him on really challenging issues in such a brief period of time.

Former Executive Director Pivarnik thanked all the staff for working so well together, especially the executive team.

IX. COMMISSIONER COMMENTS (01:23:26)

Commissioner Putney welcomed aboard Executive Director Berg, and commented on how great he was doing, especially during this crisis; he felt that the Port was lucky to have him. He remarked to those present they should heed the Governor's shelter in place order, and to follow guidelines on how not to get sick.

Commissioner Petranek commented that she had met with Jeff Randall, PUD Commissioner, and discussed how other jurisdictions run agendas and conduct their meetings, and how public comments can be more inclusive. She welcomed the new Executive Director, gave an update on some of the trades in the Port and expressed gratitude for the strength that everyone is showing by pulling together and helping each other.

Commissioner Hanke commented that communication is what's going to get us through all of this. He felt that the Port needs to stay nimble and make adjustments where possible. He said he had spoken with many business owners and has started a notebook of what problems they are having and any ideas for solutions. He complemented staff for their hard work during this difficult time, and welcomed Executive Director Berg to the job.

X. Next Public Regular Business Meeting:  
Wednesday, April 8, 2020. Meeting at 1:00 PM, Via Zoom


XI. Executive Session - none

XII. ADJOURNMENT (01:31:08)  
The meeting adjourned at 7:11 p.m., there being no further business to come before the Commission.

ATTEST:

  
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Pamela A. Petranek, Secretary

  
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Peter W. Hanke, President

  
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William W. Putney III, Vice President