

PORT OF PORT TOWNSEND COMMISSION MEETING 03.25.2020

Starts Wednesday, March 25, 2020 at 5:30 PM, Ends Wednesday, March 25, 2020 at approx. 7:00 PM

Due to the State of Emergency resulting from the COVID-19 pandemic, the Port of Port Townsend is taking measures to protect staff from the spread of the virus including closing our offices to the public. Effective March 25, open public commission meetings will be held virtually through ZOOM Cloud Meetings. Please see the following for online meeting instructions.

For members of the public who do not have internet access and wish to listen to the meeting, you may call in on any phone. The Commissioners Meeting Room located at 333 Benedict Street in Port Townsend, will also be open to a small number of the public **only** during the duration of the meeting using a speaker phone to listen in on the meeting. We will be enforcing the social distancing rule in this location. Please keep 6 feet between you and others.

Online Meeting Instructions:

If you are new to ZOOM Cloud Meetings, you can watch this 1-minute YouTube video on how to join a meeting: <https://tinyurl.com/uz9doez>

For an optimum user experience, we encourage you to use a desktop/laptop/tablet. When prompted, select "Use Internet Audio."

A little before 5:30 p.m. on Wednesday, March 25 join our online meeting by following this link to register in advance for this webinar:

https://zoom.us/webinar/register/WN_HII5KeFMRM2wBh-qxGT3uA

You will be asked to register, providing your name, city and email. After registering, a confirmation page containing information about joining the webinar should appear on your screen. Click on the link, (and, if you've never used it before, Zoom will be downloaded) click on the Zoom link and meeting should open. Enter the **Meeting ID: 789-140-567**

If you access the meeting via your computer/laptop/tablet/smartphone (using the Zoom app on a phone), you can watch and listen through your device's speakers. Should you wish to speak during Public Comments, and have not yet sent in comments, click "Participants" at the bottom of your screen, then click "Raise Hand." (Note: If you are using an iPad, touch your screen to bring up the menu. Click the three dots that says "More" in the upper right-hand corner. Then click "Raise Hand.") Comments will be heard in the order in which they are received, or you can type in your comment and it will be read aloud by the meeting Host.

Call-in Meeting instructions:

Call-in using the number (253) 215 8782. You will be prompted to enter meeting ID: **789-140-567** then a unique participant ID - Press # to skip

Please be aware that dialing in to the meeting will only allow you to listen, it will not allow you to participate or speak. If you have a question or comment for the Commission, please submit it by 3:00 p.m. on Wednesday, March 25 by the email address info@portofpt.com or calling (360) 385-0656.



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**Port of Port Townsend
Meeting Agenda
Wednesday, March 25, 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 Regular Business Meeting Minutes – March 11, 2020 1-5
 - B. Approval of Warrants
 - C. Resolution 717-20, Signature Authority for Executive Director Eron Berg..... 6
- V. Second Reading
 - A. Recommendation for intermediate rates for yard lease tenants..... 7-8
- VI. First Reading
 - A. Rate-setting for Fall 2020/21 Work Yard Discount 9-10
- VII. Regular Business
 - A. Response to the Covid-19 Pandemic 11-21
 - B. Authorization to engage bank and K&L Gates for Line of Credit (LOC) 22-23
- VIII. Staff Comments
- IX. Commissioner Comments
- X. Next Public Workshop / Regular Business Meeting:
Wednesday, April 8, 2020, meeting at 1:00 p.m.
Port Commission Building, 333 Benedict Street, Port Townsend, WA
- XI. Executive Session - none
- XII. Adjournment

PORT COMMISSION REGULAR BUSINESS MEETING – Wednesday, March 11, 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 Hanke, Petranek and Putney
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 Hanke called the meeting to order at 1:00 PM.

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

Commissioner Putney moved to approve the Agenda as presented.

Commissioner Petranek seconded the motion.

Motion carried by unanimous vote.

III. PUBLIC COMMENTS (00:01:19)

Carl Berger commented on the expensive items on the agenda, use of IDD funds and policy for the pilot lounge restrooms, if it were installed.

Kat Murphy, commercial fisher and small business owner, thanked the Commission for the reduced winter haul-out rates, and commented that she was unhappy about not being able to secure moorage at commercial rates.

Bertram Levy talked about dry-storage for low-use tenants, which would save boat owners money, since moorage fees are higher than dry-storage fees. He said saving the Port money overall with the use of the suggested trailer was great; however, he suggested the Port needs a complete plot plan of Boat Haven. Mr. Levy has been working with Mark Burn and would like to create a task force, that would work on laying out an outline for parking and storage, a business plan, and overall utility of Boat Haven properties.

Steve Craig, a local resident and pilot, spoke on behalf of other pilots in support of the pilot lounge.

IV. CONSENT AGENDA (00:11:02)

A. Approval of Regular Business Meeting Minutes – February 26, 2020

B. Approval of Warrants

Warrant #061753 through #061763 in the amount of \$41,043.09 and Electronic Payment in the amount of \$133,044.77 for Payroll & Benefits.

Warrant #061764 through #061809 in the amount of \$40,580.83 for Accounts Payable.

Warrant #061810 in the amount of \$1,995.67 for Accounts Payable.

C. Accounts Receivable: Write-off Register

Commissioner Petranek moved to accept the Consent Agenda as presented.
Commissioner Putney seconded the motion.
Motion carried by unanimous vote.

V. SECOND READING - none

VI. FIRST READING (00:11:27)

A. Policy on severance for executive staff

Executive Director Pivarnik explained the policy, as draft Resolution 716-20. He stated that in the past the Port has had varied policies for severance for unrepresented staff, and with this policy they hoped to have a package going forward that makes sense. This must come before the Commission because, this package is beyond the Executive Director's spending authority. This new policy was vetted by Port Attorneys, and has the approval of incoming Executive Director Berg. It uses a formula that helps protect staff and the Port as future commissioners and executive staff come in.

Commission felt that this policy was a good idea with the changes we've had in the past that sets a tone for the next director and stability for Port staff. They agreed that it appeared to be a good middle ground and that it was critical that personnel action be made policy, to give guidance. After confirming that incoming Executive Director Berg was on board with this, the commission agreed to circumvent a second reading.

Commissioner Putney moved to forego a second reading and enact this policy today.

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

Commissioner Hanke moved to approve the policy on severance for executive staff as written (Resolution 716-20).

Commissioner Petranek seconded the motion.

Motion carried by unanimous vote.

B. Recommendation for intermediate rates for yard lease tenants (00:17:05)

Executive Director Pivarnik explained to the Commission that the Port gives favorable rates to those tenants who improve the Port property with a building that the Port inherits when the tenant leaves. For the few tenants who use temporary structures for their business, there is a need for a fair rate, and Port staff have come up with a median rate of 18¢/ft² and ask the Commission if it is appropriate.

Commission agreed that this rate seemed fair, and asked for a second reading of this agenda item at the next meeting to give the public a chance to weigh in.

VII. REGULAR BUSINESS (00:23:49)

A. Purchase of hydraulic self-propelled boat handler for yard operations

Executive Director Pivarnik commented that this type of trailer has been needed by Operations staff at Boat Haven for a long time. Currently the yard has 123 boats squeezed into a space that is supposed to hold 110. It is critical for the Port to begin tight-packing boats as soon as possible, and he agreed that we need a plan; however, if

ordered today, it would be delivered in September, which gives the Port time to come up with a plan.

There was a discussion amongst the commission, Port staff, and the public about how the Port is working on a plan to get boats out of the water that aren't being used, and tightly pack them in an expanded, long-term dry storage area, which frees up a spot in the marina. This would increase revenue for the Port of up to \$100,000 per year. It was felt that a plan was needed for where and how to stack the boats, including traffic routes. There was support for this equipment, which would give a rapid return on investment. Commission agreed to wait about a month to give staff time to research financing and start a plan, and give incoming Executive Director Berg a chance to weigh in on the plan.

B. Installation of visiting pilot flight center at JCIA (00:36:44)

Executive Director Pivarnik commented that this type of structure has been needed at JCIA for a long time, that staff has been talking about building or buying one for 20 years, and that it would be an excellent way to spend IDD funds in District 2. Currently pilots use the restroom at the restaurant, or an outhouse, and there is no place out of the weather to log a flight plan, check the weather, or wait for a ride. He mentioned that there was some urgency in that if we order by next Monday, we'd save \$10,000; and that we could plan the installation so that it would open at the same time as our new runway. The site for this flight center would be next to the AWOS station where there is sewer, water, and power nearby. Using a modular unit means easy hook-up and no permit needed.

Commission agreed that this lounge would be a good safety feature, and would possibly help out local businesses.

Commissioner Petranek noted it had been on the airport masterplan since 2015; however, she didn't like the sense of urgency with the price savings of \$10,000 by buying now, and asked for a plan. She noted that this cost was not in the 2020 budget, and if IDD monies were used, wanted more public input.

Commissioner Hanke made a motion to move forward on this plan for a flight center at JCIA.

Commissioner Petranek asked for more discussion; having to make a quarterly report to the community on IDD money next month, she felt there was a need for more public involvement. She asked if it was indeed our intent to spend IDD money on this airport pilot flight center, and Commissioner Hanke confirmed that it was.

Commissioner Putney seconded the motion and stated that it was a good first use of IDD money spent outside of District 1, and since it would be in his district, he was especially supportive.

Commissioner Hanke called for a vote on all in favor of approving the airport pilot flight center; passed by unanimous vote.

C. Authorization to solicit terms for Line of Credit (LOC) (00:51:42)

Finance Director Berg explained that a Line of Credit (LOC) was needed because FAA funding for the airport runway project is on a reimbursement basis, and the FAA is not

known for timely payments. In order to get the contractor paid without touching reserves, we could go into negative cash flow for a couple of months. An LOC would bridge us for the time between construction and FAA payment.

A discussion ensued regarding FAA payments, when late fees from the construction company would begin, costs of LOC (\$15,000, worst case scenario, no cost unless you draw on it), policy for LOC use, and timing.

Executive Director Pivarnik stated that what Port staff are looking for is approval from the commission to research this.

Commissioner Putney moved to direct staff to research the acquisition of a Line of Credit. Commissioner Petranek seconded.
Motion carried by unanimous vote.

D. Potential Port Maintenance Projects - Staff update (01:04:58)

Executive Director Pivarnik introduced to the Commission a list put together after the Commission Retreat by Maintenance Manager Sparks for projects he wanted to accomplish, organized by Port facility. He asked the Commission to comment on the list, and mention anything they thought was important to add.

Commissioner Putney asked that the Port add a runway maintenance plan for the new JCIA runway to the list.

E. Acceptance of the 2019 Workyard Resurfacing project (01:07:51)

Finance Director Berg explained that at the end of a project the Port has to go through a process of getting releases from three different State agencies before it can release the retainage. The work for this project was completed in late November, and we had to get releases from Employment Security Department, L & I, and Department of Revenue. The Port now has all three releases, so it just needs Commission's approval to release the retainage.

Commissioner Putney moved to authorize Finance to make this payment based on the completion of this work. Commissioner Petranek seconded. Motion carried by unanimous vote.

VIII. STAFF COMMENTS (01:09:02)

Finance Director Berg thanked Executive Director Pivarnik for his years of service, since this would be his last commission meeting as Executive Director.

Deputy Director Toews brought to the Commission's attention some significant violations of Port Best Management Practices (BMP) in the yard. He reminded those present that we must remain vigilant and thanked everyone for their help in keeping the Port clean. He also added his thanks to Executive Director Pivarnik for his many years of dedicated service to the both the Port and the community.

Executive Director Pivarnik stated that in the advent of the novel coronavirus, a call-in system for virtual meetings would be explored. The April 8 Workshop in Quilcene and the associated pot-luck lunch would be rescheduled for some time in the summer, due to encouragement by health officials for social distancing.

IX. COMMISSIONER COMMENTS (01:14:30)

Commissioner Putney encouraged staff to do the research, because it is critical that we explore virtual meetings.

Commissioner Hanke discussed details about virtual meetings with Port Attorney Deets.

Commissioner Putney and was concerned about the BMP violations, and commented that there should be a way to fine violators. Deputy Director Toews assured him that fines are levied, and if behavior doesn't improve, perpetrators will be trespassed from the yard.

Commissioner Petranek commented that she had attended the coffee hour with PT City Manager Mauro, who was meeting at Sunrise Coffee every Friday in March, and that she plans to take him on a tour of the Port later in March. She also mentioned that she has met with 3 County Commissioners (one in Quilcene) about economic development ideas, and looks forward to more sharing of ideas about county/city/port economic development, using the book, "Strong Towns" by Charles L. Marohn, Jr.

Commissioner Putney commented that he'd been advocating for a townhall for years, where all electeds get together for collaborative problem solving.

Commissioner Hanke commented on the BMP violations in the yard, saying it was important to remember that there are inadvertent violations as well as real violations. He told Executive Director Pivarnik that it had been a pleasure to serve with him, that the Port is indebted to him for the outstanding job he's done.

X. Next Public Regular Business Meeting:

Wednesday, March 25, 2020. Meeting at 5:30 PM

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

XI. Executive Session - none

XII. ADJOURNMENT (01:28:22)

The meeting adjourned at 2:28 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

RESOLUTION NO. 717-20

A Resolution of the Commission of the Port of Port Townsend

**RESOLUTION ADOPTING SIGNATURE AUTHORITY FOR
THE PORT OF PORT TOWNSEND**

WHEREAS, recent changes in executive management staff necessitate that the staff members authorized to sign checks and warrants be changed; and

WHEREAS, the Commission directed staff to prepare the necessary signatory authority documentation for checks and warrants as required by the Port's banks and other relevant financial institutions; and

WHEREAS, the Commission's prior Signatory Authority Resolution, No. 690-18, is now obsolete due to changes in executive management staff and, accordingly, should be repealed and replaced;

NOW, THEREFORE, BE IT RESOLVED by the Commission of the Port of Port Townsend, as follows:

1. The following named individuals shall be authorized signatures on checks and warrants for the Port of Port Townsend in instances where two (2) signatures are required:
Eron Berg, Executive Director;
Eric Toews, Deputy Director;
S. Abigail Berg, Director of Finance & Administration; and/or
Donna Frary, Accounts Payable/Payroll Accountant.
2. Commission Resolution No. 543-10 (July 14, 2010) is hereby repealed and replaced by this Resolution No. 717-20.

ADOPTED this 25th day of March 2020, by the Commission of the Port of Port Townsend and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the Seal of the Commission duly affixed.

ATTEST:

Pamela A. Petranek, Secretary

Peter W. Hanke, President

William W. Putney, III, Vice President

APPROVED AS TO FORM:

Port Attorney

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	March 25, 2020
AGENDA ITEM	<input type="checkbox"/> First Reading <input checked="" type="checkbox"/> Second Reading <input type="checkbox"/> Regular Business
AGENDA TITLE	V. A. Recommendation for intermediate rates for yard lease tenants
STAFF LEAD	Jim Pivarnik, Former Executive Director
REQUESTED	<input type="checkbox"/> Information <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	A. Informational Memo

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 3/25/2020
TO: Commission
FROM: Jim Pivarnik, Executive Director
SUBJECT: Recommendation for intermediate rates for yard lease tenants

BACKGROUND

As staff has reviewed the leasing policy and rates around the yard, there is a lease rate that has not been properly vetted or established. This is the rate for a leased yard space to an active marine trades business, but where there will be no capital investment made on the property during the time of the lease; for example, satellite shelters or shipping containers.

DISCUSSION

The Port currently has two established rates in the yard for open space to lease. The first is the .06¢ to .08¢ per square foot for space that will be developed, like the Shipwrights Co-op or Haven Boatworks. This low rate is a rate that assumes that at the end of the lease, the Port will inherit a tenable structure with all infrastructure in place. The other rate that has been established is the yard storage rate. This is a rate where a trade might be storing equipment or material in the yard. Up until recently, many of the trades were paying the rate of .25¢ / ft² for active working areas in temporary shelters. This is still a significant discount over our yard rates for boats, which approach .45¢ / ft². The rate that we are lacking is the rate for a marine trades person doing active work in a temporary structure who is not improving Port property and no facility will revert to the Port at the end of the term. Dave Thompson and Todd Flye would be good examples. However, this rate would not apply to marine trades storing equipment or supplies in containers or shelters.

RECOMMENDATION

Staff believes that we should establish an intermediate rate for tenants leasing or renting a yard space who are doing active work in a temporary structure. Staff would recommend that the rate be .18¢ / ft² per month, subject to CPI increases, and to take effect June 1, 2020.

For Discussion and Direction

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	March 25, 2020
AGENDA ITEM	<input checked="" type="checkbox"/> First Reading <input type="checkbox"/> Second Reading <input type="checkbox"/> Regular Business
AGENDA TITLE	VI. A. Rate-setting for Fall 2020/21 Work Yard Discount
STAFF LEAD	Jim Pivarnik, Former Executive Director
REQUESTED	<input type="checkbox"/> Information <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	A. Informational Memo

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 3/25/2020
TO: Commission
FROM: Jim Pivarnik
SUBJECT: Rate setting for fall 2020/21 Work Yard discount

BACKGROUND

During the last few years the Port has offered a discounted Work Yard, lay day rate between the months of October and March. While some boatowners are already planning for their maintenance activities for the coming year, staff thinks that it prudent to get the word out if we will be having our annual seasonal, discounted rate.

DISCUSSION

This Work Yard discount rate was instituted to increase business during the shoulder seasons. Traditionally the Work Yard occupancy would fall to close to 50% during the fall and winter months. This discount has proven to be very effective. In the last two seasons yard occupancy has increase by 40%. Which has generated additional revenue for the Port because of additional haul out fees. This year's rate (October 2019-March 2020) for yard lay days was set at \$.36 per foot per day plus leasehold tax based on a monthly prepay. Staff would recommend a one cent increase to \$.37 per foot per day to begin October 1, 2020 and end March 30, 2021. As with any rate change the Commission would need to approve this special offer.

RECOMMENDATION

For Discussion and Direction

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	March 25, 2020
AGENDA ITEM	<input type="checkbox"/> First Reading <input type="checkbox"/> Second Reading <input checked="" type="checkbox"/> Regular Business
AGENDA TITLE	VII. A. Response to the Covid-19 Pandemic
STAFF LEAD	Eric Toews, Deputy Director
REQUESTED	<input type="checkbox"/> Information <input type="checkbox"/> Motion <input checked="" type="checkbox"/> Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	A. Informational Memo B. Declaration of Emergency C. Emergency Orders 2020-01, 2020-02

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 3/20/2020
TO: Port Townsend Port Commission
FROM: Eron Berg, Executive Director
SUBJECT: COVID-19 Response – Request for Commission Ratification of Emergency Actions; Request for Additional Guidance on Potential Additional Actions

ISSUES PRESENTED:

1. Should the Commission ratify and confirm the Emergency Actions undertaken by the Executive Director on March 18, 2020, or is modification or withdrawal of any of the actions necessary?
2. What additional actions are under consideration by the Executive Director, and what further steps should Port Management undertake?

BACKGROUND & DISCUSSION:

What Has Been the Port's Response Thus Far to the COVID-19 Pandemic?

Emergency Declared: On March 18, 2020, the Executive Director issued an Emergency Declaration under the authority of Commission Resolution No. 713-20, the Delegation of Authority policy, adopted on January 8, 2020. The Declaration comes as a direct response to the public health emergency posed by the 2019 Novel Coronavirus (COVID-19), and the extreme risk of person-to-person transmission of the disease, and the potential physical and financial impacts to Port employees, customers, and the general public. A copy of Declaration of Emergency 01-2020 ("the declaration") is attached to this staff memorandum and has also been posted on the Port's website.

The declaration outlines findings of fact justifying the action, indicates that the Executive Director will exercise authority through the issuance of Emergency Orders ("orders") and direct staff and Port resources as necessary to manage this emergency situation. Importantly, the declaration would authorize emergency procurements, if necessary, consistent with statutory authority granted under RCW 39.04.020, 39.04.280 and 53.08.120. However, no emergency procurements are contemplated at the time of this writing.

The policy statement accompanying Delegation of Authority Resolution No. 713-20 [see Section IV(3)] requires the Executive Director to report actions taken under an emergency declaration, and to obtain ratification of the actions taken.

Emergency Orders Issued: As of March 20, 2020, two (2) Emergency Orders had been issued by the Executive Director under the authority of the declaration to safeguard the health of employees and mitigate the financial impacts to Port tenants. In summary, these orders direct as follows (see copies of the orders, attached, for more detail):

- Port offices are closed to direct access by the public until further notice;
- Port operations are to continue with staff required to observe social distancing guidelines;
- Rental use of the Marina and Commission Rooms has been suspended;

- Late fees have been suspended through the end of April;
- Certain late cancellation fees have been waived;
- Staff have been provided with direction regarding what to do if they fall ill at home or at work;
- Market rate and CPI rent adjustments that were due to be applied on May 1 have been delayed until June 1;
- Current policy and practice relating to the use of employee paid sick leave and accrued vacation remains unchanged, however, an additional bank of 80 hours of paid sick leave ("COVID-19 Leave") is made available in certain limited circumstances through June 30, 2020.

Spending Restricted: In addition to the COVID-19 response actions undertaken by the Executive Director under Emergency Orders 2020-01 and 2020-02, managers have been directed to closely scrutinize their budgets and eliminate or delay expenditures wherever possible. Although the Port's discretionary spending is already constrained under the adopted budget, staff is seeking to identify and eliminate all non-essential spending and cut operating costs, without sacrificing current levels of service. The expectation is that this measure will help to manage cash flow in this uncertain time without affecting core Port functions.

Should the COVID-19 Crisis Re-Shape Port Capital Priorities?

Staff continues to advance the Port's two largest and most complex capital projects: design, engineering and permitting for the Point Hudson Jetty replacement; and reconstruction of the JCIA Runway 9/27 project. However, the potential economic implications of the COVID-19 crisis suggest that changes to the Port's adopted 2020 Capital Budget should be reviewed and considered by the Commission (at either the April 8 or April 22 regular meetings). In staff's view, the object of such changes should be to ensure that the Port's cash reserves are being carefully conserved, while continuing to achieve tangible progress in addressing high-priority capital facility and repair and maintenance needs. Two types of potential Capital Budget changes are being assessed:

- Deferring certain capital projects; and
- Adding high priority projects that could be funded, in whole or in part, with a portion of the \$809,000 in Industrial Development District (IDD) levy money that will be collected this year.

Potential Deferred Capital Expenses:

- *Quilcene Dredging:* The 2020 Capital Budget includes \$40,000 for dredge design and permitting, with a further \$250,000 in 2021 for the dredging work itself. Consultant selection for the design and permitting phase of this project has been completed, with a proposed scope and budget for the work having been submitted by the consultant. It is apparent that the allocated budget is insufficient to be "bid ready" in 2020 without expending substantial additional funds. The present estimate is that approximately \$110,000 would be necessary to complete the dredge design, engineering, and permitting. Accordingly, deferring the design/permitting/bid phase of this at this time would appear to be advised.
- *Hostar Self-Propelled Boat Handler:* At the Commission's regular meeting of March 11, staff requested direction regarding the purchase of a Hostar 45-Ton Self-Propelled Boat Handler. This equipment would permit higher density vessel storage in the Yard, allow vessels to be placed in buildings inaccessible to our current haul-out lifts, and generate significant additional revenue over time. However, this capital equipment purchase was estimated to require approximately \$250,000 and represented a change to the adopted Capital Budget. Because there are no readily available funds for this equipment, its purchase would involve taking on additional debt.

The rapidly deteriorating economic picture and overall uncertainty suggest that this purchase should be deferred at this time. Staff will continue to work with Dr. Bertram Levy and Mr. Mark Burn to more fully develop the revised layout and business plan underlying this planned acquisition.

Potential IDD Funded Capital Projects: We are exploring potential use of a fraction of the IDD monies to be collected this year, up to \$300,000 in 2020, to pursue several high-priority projects. One project has already been authorized by the Commission (the Airport Terminal), and two other projects (at Boat Haven) that would improve service and operational efficiency. By employing a portion of the IDD monies, the Port can continue to make headway with its capital program while conserving cash reserves during this extraordinary time. The suggested projects would effectively leverage our highly skilled Maintenance Staff to accomplish much-needed work at lower cost. The potential Boat Haven projects could be pursued over the next two years using a combination of Boat Haven Reserves and IDD revenues. The projects are as follows:

- *Airport Terminal Building¹:* At the regular meeting of March 11, 2020, the Commission authorized staff to move forward with the Airport Terminal at JCIA that would provide public restroom, waiting area and workspace for pilots to file flight plans. The concept presented to the Commission involved the purchase of a park model RV, estimated to require \$72,000. Subsequently, concerns have been raised regarding permit compliance that suggest further deliberations may be warranted. While staff continues to pursue the acquisition or construction of a suitable facility, it could take one of several different forms:
 - A prefabricated/panelized structure (possibly finished out by Port Maintenance staff); or
 - A purpose-built terminal facility; or
 - The RV Park Model previously presented.

Since that meeting, staff has terminated the agreement to purchase the park model at a cost of \$6,500 (i.e., portion of a non-refundable deposit paid following the March 11 meeting). All of the non-refundable deposit amount could be applied to a future purchase within the next twelve months. For budgetary planning purposes, staff is estimating that approximately \$72,000 would be required for this facility, with the proposed funding source being 2020 Industrial Development District (IDD) levy revenues.

- *Bid Documents/Permitting for Boat Haven Work Yard Electrical Service Improvements:* The electrical conduits, wiring, transformers, and pedestals in the Work Yard (i.e., the small yard) are in fair to poor condition and require rehabilitation to better serve our customers. We are discussing the use of approximately \$25,000 in IDD revenue to fund design, engineering (bid specifications) and permitting for this project, with improvements to commence in 2021. The work would include meters and new receptacles and could also include industrial grade lighting in certain key areas to improve security and safety.
- *Boat Haven Linear Dock Electrical Pedestal Replacement:* The power pedestals on Linear Dock are in extremely poor condition and require replacement in the near term to continue to safely provide power. Port Maintenance Staff is experienced in performing this type of work and estimates that all pedestals could be replaced for approximately \$40,000 (labor and pedestals/materials). This high-priority infrastructure work could be funded with a combination of Boat Haven Reserves and IDD monies.

¹ The Airport Terminal Building is identified on Figure E1, page E.2 of the Jefferson County International Airport Master Plan Update (2014).

- *Boat Haven C Dock Electrical Pedestal Replacement:* Similar to the work outlined for Linear Dock, above, this project could be accomplished for an estimated \$75,000, and funded with both Boat Haven Reserves and IDD revenues.
- *Boat Haven D Dock Renovation:* This dock is in need of extensive rehabilitation. The work would include the replacement of rub boards, walers, associated through-rods and nuts, installation of miscellaneous hardware, addition of supplemental floatation, and replacement of deteriorated concrete surfaces. The proposed rehabilitation would also include replacing transformer box covers, repainting power boxes, and repairing fire suppression systems. Maintenance Staff estimates that this work would require approximately \$220,000. This project, too, could be funded with a combination of IDD money and Boat Haven Reserves.

Overall, we are reviewing four (4) projects that would require a total estimated \$432,000 (\$300,000 in IDD monies and \$132,000 in Boat Haven reserves). One note of caution is in order, however: Port Maintenance consists of seven (7) total staff and is tasked with a host of routine and ordinary repair and maintenance work aside from larger “capital” projects. Consequently, we believe the work outlined above could be accomplished within available staff resources in 2020-2021, but not all of these projects could be completed in 2020. Both the impacts of the COVID-19 pandemic and our efforts to reach for more aggressive work with Port staff result in some uncertainty over project scheduling and timing. With further direction from the Commission, these proposed Capital Budget changes could be brought forward to you at one of the next two regular meetings.

Are Any Other Responses Being Contemplated as a Result of the COVID-19 Crisis?

Potential Deferred Rent for Certain Categories of Tenants: In addition to the responses outlined in the foregoing, we have been discussing ways to mitigate the financial impact of this crisis on our lease tenants that have been directly affected by Governor Inslee’s Executive Order closing restaurants and bars and prohibiting gatherings of 50 or more persons. The concept would be to obtain Commission authorization, likely through an amendment to the Delegation of Authority to Port Management Policy, to allow the Executive Director to execute agreements that would allow hospitality/tourism dependent tenants to defer rent for up to three (3) months. Any deferred rent would subsequently be repaid under a rent schedule over a period of twelve (12) months. Thus, these agreements would be fifteen (15) months in duration. During any period of deferred rent, the tenant would remain responsible for making leasehold excise tax payments to the Port. Depending upon how this public health and economic crisis unfolds, this potential additional delegation of authority could be extended to other types of tenants, and for longer periods of time. Our concurrent goals are to be compassionate and supportive of our tenants to assist them in maintaining their economic viability without jeopardizing the Port’s own economic viability, within a framework that is legal and equitable.

We look forward to discussing additional measures to mitigate the impacts of the pandemic to Port operations and customers at your March 25 meeting.

FISCAL IMPACT: The suspension of CPI and base rate adjustments outlined in Emergency Order 2020-01 would have a modest, as yet unquantified, impact on Port lease and rental income.

ACTIONS REQUESTED:

1. Commission ratification and confirmation of the Declaration of Emergency issued by the Executive Director on March 18, 2020, and all actions taken subsequently by Emergency Orders 2020-01 and 2020-02; and
2. Discussion and direction on additional COVID-19 response actions.

ATTACHMENTS:

1. Declaration of Emergency No. 01-2020;
2. Emergency Order 2020-01: COVID-19 Pandemic Response; and
3. Emergency Order 2020-02: COVID-19 Pandemic Response.

1

DECLARATION OF EMERGENCY NO. 01-2020
A Declaration of Emergency by the Executive Director of the Port of Port
Townsend Concerning the 2019 Novel Coronavirus (COVID-19)

FINDINGS

1. On January 31, 2020, the Secretary of the United States Department of Public Health and Human Services, Alex Azar, declared a nationwide public health emergency for the 2019 Novel Coronavirus (COVID-19), and its extreme risk of person-to-person transmission, a state of emergency exists in all counties in Washington State (Proclamation 20-05), and directed that the Washington State Comprehensive Emergency Management Plan be implemented; and
2. On February 29, 2020, Governor Jay Inslee proclaimed that as a result of the worldwide outbreak of COVID-19, and its extreme risk exists in all counties in Washington State (Proclamation 20-05), and directed that the Washington State Emergency Management Plan be implemented; and
3. COVID-19 is a respiratory disease that can result in serious illness or death and poses a high risk of transmission from person-to-person; and
4. On March 11, 2020, the World Health Organization (WHO) declared that COVID-19 constitutes a worldwide pandemic and, as of March 16, the WHO Situation Report confirmed a total of 167,515 cases globally; and
5. On March 13, 2020, Governor Inslee ordered the closure of all schools in Washington State until April 27, 2020; and
6. On March 13, 2020, the President of the United States declared a National Emergency to free up federal funds to quickly respond to the pandemic; and
7. As of March 16, 2020, the Jefferson County Public Health Department had administered 133 patient tests, with seventy-two (72) patients having testing negative, 58 patient tests pending, and three (3) patients confirmed as having tested positive for COVID-19, and has concluded that community level transmission of the virus is likely in the near future; and
8. On March 16, 2020 Governor Inslee ordered restaurants to limit in-person dining, and bars, entertainment and recreational facilities were ordered closed and gatherings of 50 or more banned; and
9. On March 16, 2020, the President of the United States issued guidance limiting gatherings to 10 people, among other guidance consistent with Governor Inslee's order.

NOW, THEREFORE, the Executive Director of the Port of Port Townsend, Washington, hereby declares as follows:

- 1. Declaration of Emergency:** In compliance with the Delegation of Authority Resolution No. 713-20, adopted by the Commission on January 8, 2020, and Washington state statutes RCW 39.04.020, RCW 39.04.280, and RCW 53.08.120, the Executive Director of the Port of Port Townsend declares that an emergency situation exists which presents a real, immediate threat to the proper performance of essential functions of the Port, or will likely result in material loss or damage to property, bodily injury, or loss of life.
- 2. Emergency Orders to be Issued:** Effective upon execution of this Declaration of Emergency, the Executive Director of the Port of Port Townsend will exercise authority through issuance of Executive Orders and through use and direction of Port personnel, services and equipment and additional acts as necessary to manage this emergency.
- 3. Emergency Procurements:** The Executive Director, the Deputy Director, the Director of Finance, and those delegated by subsequent Emergency Executive Order are hereby authorized to make emergency procurements consistent with the provisions of IV(3) of the Specific Policy Directives adopted by Delegation of Authority Resolution No. 713-20.
- 4. Circulation:** At the earliest opportunity, the Executive Director will contact one or more Commissioners to notify them of the action(s) taken, and at the first Port Commission following this Declaration of Emergency and all subsequent Emergency Orders issued hereunder, shall request Commission ratification and confirmation, modification, or rejection of the actions taken. Emergency Orders issued hereunder shall remain in full force and effect unless modified or rejected by the Commission.
- 5. Duration:** Unless earlier modified or rejected by the Commission pursuant to Section 4, above, this Declaration of Emergency shall be terminated by issuance of another Declaration when the Executive Director finds and concludes that an emergency situation no longer exists in Jefferson County.


ADOPTED by the Executive Director of the Port of Port Townsend this 18th day of March 2020.

ATTEST:

APPROVED AS TO FORM



Eron Berg, Executive Director
Port of Port Townsend



Port Attorney



**Emergency Order 2020-01
COVID-19 Pandemic Response**

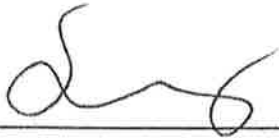
March 18, 2020

Consistent with the Declaration of Emergency dated March 18, 2020 and guidance from civil authorities, and in an effort to keep Port staff safe and maintain essential operations to support the community, I am ordering the following changes to current policy and practice:

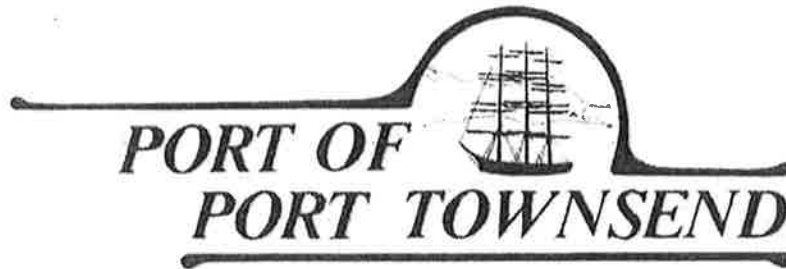
1. All Port offices are closed to walk-in access by the general public, until further notice (i.e., Administration Building, Boat Haven Moorage/Yard Office, Point Hudson Marina & RV Park Office, Quilcene Marina Office). The Boat Haven Moorage/Yard Office will provide access to public via a walk-up window for cash and check transactions as well as applications for haul-out, moorage tenancy, etc. as needed. Other business will be conducted via telephone, email and U.S. Mail. Point Hudson facilities will be served by self-registration via the kiosk, and over the phone and email. Quilcene payments may be made at the "iron ranger" or for credit cards, via phone.
2. Normal operations to continue as long as possible, with staff observing CDC and Jefferson County Health Department recommendations to maintain a minimum of six (6) feet of social distancing. Customers will also be required to maintain that distance when interacting with staff in the yard and other locations.
3. Public meetings in Port facilities available for rent are cancelled through April 30, 2020 (i.e., Point Hudson Marina Room and Commission Building).
4. Late fees are suspended through April 30, 2020.
5. Late notice cancellation charges for reservations made before March 18, 2020 are waived.
6. Staff shall not report for work if:
 - a. They have symptoms of COVID-19 (dry cough, fever over 100.4 degrees Fahrenheit, or generally feel unwell); or

- b. Have been tested and are awaiting results or have tested positive; or
 - c. Have had contact with any individual confirmed to have tested positive for COVID-19.
7. If a member of staff feels generally unwell or exhibits any of the symptoms outlined in paragraph 6(a), above, they shall immediately notify their supervisor, leave the workplace, and stay at home until well. If any symptoms of respiratory distress are experienced, immediately call the Nurse Consult Line at Jefferson Healthcare (360.344.3094) for a potential evaluation and/or test.
8. Both discretionary base rate CPI rent increases scheduled for May 1 are delayed until June 1, 2020.

Signed March 18, 2020:

A handwritten signature in black ink, appearing to be 'Eron Berg', written over a horizontal line.

Eron Berg
Executive Director



**Emergency Order 2020-02
COVID-19 Pandemic Response**

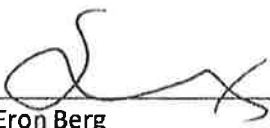
March 19, 2020

Consistent with the Declaration of Emergency dated March 18, 2020 and guidance from civil authorities, and in an effort to keep Port staff safe and maintain essential operations to support the community, I am ordering the following changes to current policy and practice:

1. If, as a result of a COVID-19 related reason, staff members exhaust existing paid sick leave and accrued vacation, then an additional bank of 80 hours of paid sick leave will be available. This COVID-19 leave will be available through June 30, 2020, and may be extended by future order, may not be carried over and may not be cashed out under any scenario.
2. Use of the COVID-19 leave must be documented in a format approved by HR and is available for any of these reasons:
 - a. The employee has symptoms of COVID-19 (dry cough, fever over 100.4 degrees Fahrenheit, or general feeling of being unwell); or
 - b. Has been tested for COVID-19 and are awaiting results or have tested positive; or
 - c. Has had contact any individual confirmed to have tested positive for COVID-19; or
 - d. Is sick with COVID-19, under treatment or quarantined; or
 - e. Is caring for an immediate family member or member of the same household who has any of the reasons in a, b, c, or d above.

This order is executed in an effort to support Port staff, using limited Port resources. Particularly at this time as we enter into a period of economic uncertainty, staff are asked to prioritize safety first and use this additional paid leave benefit judiciously.

Signed March 19, 2020:


Eron Berg
Executive Director

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	March 25, 2020
AGENDA ITEM	<input type="checkbox"/> First Reading <input type="checkbox"/> Second Reading <input checked="" type="checkbox"/> Regular Business
AGENDA TITLE	VII. B. Authorization to engage bank and K&L Gates for Line of Credit (LOC)
STAFF LEAD	Abigail Berg, Director of Finance & Administration
REQUESTED	<input type="checkbox"/> Information <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	A. Informational Memo

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 3/25/2020
TO: Port Commission
FROM: Abigail Berg, Director of Finance & Administration
SUBJECT: Authorization to engage bank and K&L Gates for Line of Credit (LOC)

ISSUE

Staff needs Commission approval on which bank to select for the Line of Credit (LOC) that will bridge Port cashflow during the short construction window for the JCIA Runway Rehabilitation project commencing May 4, 2020.

BACKGROUND & DISCUSSION

The Port will commence the JCIA Runway Rehabilitation project construction phase on May 4, 2020. The contractor, Scarcella Brothers, is estimating a 42-day construction window. This project is funded by the FAA in two (2) grants, one (1) grant is 100% funded and one (1) is 90% funded. It is estimated that approximately 95% of cost of the construction phase will occur within a relatively short period of time and payment of those costs may greatly effect Port cash flow because the FAA may not be able to reimburse the Port as quickly as needed due to their current budget cuts. The total estimated cost for this phase is \$3.3 million.

After the March 11 Commission meeting, staff obtained offers on a \$3 million LOC from three (3) different financial institutions. The following are the key terms:

		Interest Rate	Interest		Interest		
Name	Amount	Accrual	Rate Floor	Per Annum Rate	Pmts Due	Loan Fee	End Term
First Federal	\$3,000,000	365/360	3.50%	prime plus 0.25%	monthly	\$ 3,000	2 year
Kitsap Bank	\$3,000,000	actual/360	2.25%	prime minus 1.0%	quarterly	\$ -	2 year
Cashmere Valley Bank	\$3,000,000	30/360	NA	2.30%	semi-annual	\$ -	2 year

**Other conditions: Port would need to open a deposit account and maintain it for the duration of the loan period.*

The first two (2) bank offers listed above are at variable rates with a floor. The third bank offer included a variable or fixed rate, though, the conservative and recommended option is included here with the fixed rate. In addition to the bank offers, we confirmed the cost for K&L Gates to provide the resolution and the legal opinion of tax-exempt status (of the use of these funds) will be \$10,000.

FISCAL IMPACT

The upfront legal cost to secure the \$3 million LOC will cost \$10,000, in addition, there will be an interest cost paid to the bank on the funds lent.

RECOMMENDATION

Staff recommends the Commission authorize staff to move forward with the \$3 million LOC with Cashmere Valley Bank, engage K&L Gates to prepare the appropriate documentation required for the LOC, and execute all necessary documents for this purpose.

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	March 25, 2020
AGENDA ITEM	<input type="checkbox"/> First Reading <input type="checkbox"/> Second Reading <input checked="" type="checkbox"/> Regular Business
AGENDA TITLE	Late Addition: Resolution 719-20, Authorizing Emergency Powers and Delegating Authority to the Executive Director in Response to the Outbreak of Covid-19
STAFF LEAD	Eric Toews, Deputy Director
REQUESTED	<input type="checkbox"/> Information <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	See e-mail below

Attached, please find a draft Resolution for distribution to the Commission and interested parties (see Eron's email of 4:58 pm on 3/23/20) for consideration during the 3/25 regular meeting.

Draft Resolution No. 719-20, if adopted by the Commission, would address two items identified in the COVID-19 Response Memorandum already included within the meeting packet:

1. It would ratify and confirm the Declaration of Emergency issued by the Executive Director on 3/18/20 and the Emergency Orders issued to date; and
2. Amend the Delegation of Authority Policy (Resolution No. 713-20) to authorize the Executive Director to enter into Deferred Rent Lease Amendments with certain tenants hardest hit by the COVID-19 pandemic. These agreements would allow rent deferral for a period of three (3) months, with a twelve (12) month payback period. Lessees would remain responsible for leasehold excise tax payments during any deferred rent period.

RESOLUTION NO. 719-20

A Resolution of the Commission of the Port of Port Townsend

AUTHORIZING EMERGENCY POWERS AND DELEGATING AUTHORITY TO THE EXECUTIVE DIRECTOR IN RESPONSE TO THE OUTBREAK OF COVID-19

WHEREAS, the 2019 Novel Coronavirus (COVID-19) is a respiratory disease that can result in serious illness or death and poses a high risk of transmission from person-to-person; and

WHEREAS, on January 31, 2020, the Secretary of the United States Department of Public Health and Human Services, Alex Azar, declared a nationwide public health emergency for COVID-19, and its extreme risk of person-to-person transmission, a state of emergency exists in all counties in Washington State (Proclamation 20-05), and directed that the Washington State Comprehensive Emergency Management Plan be implemented; and

WHEREAS, on February 29, 2020, Governor Jay Inslee proclaimed that as a result of the worldwide outbreak of COVID-19, and its extreme risk exists in all counties in Washington State (Proclamation 20-05), and directed that the Washington State Emergency Management Plan be implemented; and

WHEREAS, on March 11, 2020, the World Health Organization (WHO) declared that COVID-19 constitutes a worldwide pandemic and, as of March 23, the WHO Situation Report confirmed a total of 332,930 cases globally; and

WHEREAS, on March 13, 2020, Governor Inslee ordered the closure of all schools in Washington State until April 27, 2020; and

WHEREAS, on March 13, 2020, the President of the United States declared a National Emergency to free up federal funds to quickly respond to the pandemic; and

WHEREAS, on March 16, 2020 Governor Inslee ordered restaurants to limit in-person dining, and bars, entertainment and recreational facilities were ordered closed and gatherings of 50 or more banned; and

WHEREAS, on March 16, 2020, the President of the United States issued guidance limiting gatherings to 10 people, among other guidance consistent with Governor Inslee's order; and

WHEREAS, on March 18, the Executive Director of the Port of Port Townsend, in response to the COVID-19 pandemic, issued Declaration of Emergency No. 01-2020 asserting the authority to issue Emergency Orders to manage the emergency, consistent with the Port's Delegation of Authority Resolution No. 713-20;

WHEREAS, as of March 22, 2020, the Jefferson County Public Health Department had administered 381 patient tests, with 162 patients having testing negative, 211 patient tests pending, and eight (8) patients confirmed as having tested positive for COVID-19, and has concluded that community level transmission of the virus is likely in the near future; and

WHEREAS, on March 23, 2020 Governor Inslee ordered a “Stay at Home, Stay Healthy” order immediately requiring all state residents to stay at home unless they need to pursue essential activities, banning all gatherings for social, spiritual and recreational purposes, and that requires closure (within 48 hours of issuance of the order) of all non-essential businesses for a period of at least two (2) weeks; and

WHEREAS, on January 8, 2020, the Port Commission adopted Resolution No. 713-20 delegating authority to Port management and outlining a policy establishing the limits of administrative authority delegated to the Port District Executive Director or his or her designee; and

WHEREAS, Section VI of the Specific Policy Directives of Administrative Authority to the Port District Executive Director adopted by way of Resolution No. 713-20 (“the policy”) limits the Director’s authority to rent or lease real or personal property; and

WHEREAS, specifically, section VI of the policy requires that all real property leases and non-ministerial amendments thereto be approved by the Commission; and

WHEREAS, the rapidly evolving COVID-19 pandemic, and required state and federal governmental responses to slow the advance of the pandemic (as outlined in the findings above) are directly impacting the ability of certain classes of Port tenants to timely pay their rent; and

WHEREAS, the Commission desires that the policy accompanying Resolution No. 713-20 be amended to grant specific additional authority to the Executive Director to defer the payment of rent for those businesses most directly and adversely affected by this unprecedented public health emergency; and

WHEREAS, the Commission further desires to formally ratify and confirm both the Declaration of Emergency No. 01-2020 issued by the Executive Director on March 18, 2020 and the Emergency Orders issued thereunder;

NOW, THEREFORE, BE IT RESOLVED by the Commission of the Port of Port Townsend, as follows:

- 1. Executive Director’s Declaration of Emergency Ratified and Confirmed:** The Declaration of Emergency issued under the authority of Section IV(3) of the policy statement accompanying Resolution No. 713-20 on March 18, 2020 is hereby ratified and confirmed.

- 2. Authority Granted to Amend Leases to Defer Rent for Certain Tenant Categories:** The Executive Director is hereby specifically authorized to execute Deferred Rent Lease Amendments with Port tenants that operate businesses which, in the Director's discretion, are most directly and adversely affected economically by the COVID-19 pandemic and the State and Federal government response thereto, subject to the following limitations:
- a. Rent shall not under any circumstance be deferred for longer than three (3) months; and
 - b. A rent schedule shall be included within any such lease amendment detailing how the back-rents will be repaid within twelve (12) months of the end of any deferred rent period; and
 - c. During any deferred rent period, the tenant shall continue to be responsible for, and pay, all required leasehold excise taxes.
- 3. Effective Date - Duration:** This Resolution 719-20 shall take effect immediately and be in full force and effect for the same period, and without action required to renew, as the Declaration of Emergency No. 01-2020 issued by the Executive Director remains in effect.

ADOPTED this 25th day of March 2020, by the Commission of the Port of Port Townsend and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the Seal of the Commission duly affixed.

ATTEST:

Pamela A. Petranek, Secretary

Peter W. Hanke, President

William W. Putney, III, Vice President

APPROVED AS TO FORM:

Port Attorney