

PORT COMMISSION REGULAR BUSINESS MEETING – Wednesday, September 23, 2020

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

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

I. CALL TO ORDER (00:00:00)

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

II. APPROVAL OF AGENDA (00:00:15)

Commissioner Putney moved to accept the Agenda as presented. Commissioner Petranek seconded the motion.

Commissioner Hanke asked to discuss whether or not to take Questions after the Jamestown S’Klallam Tribe presentation. He proposed to only taken written comments to the Port after the presentation, those questions, like the ones we will hear during our public comments tonight, will be answered and posted by the Port on its website, so everyone has a chance to read through them. This will give the Commissioners time to read through these interactions and gain an understanding of public sentiment related to this issue. There will be a two-touch process later in the year by the Port, at which time the public can ask questions related to this issue. In addition, the City must weigh in on this issue, which will be a public process, thus giving the public ample time to weigh in on this issue in the future. He stated that the Port has no hidden agenda on this project, but is simply responding to an idea from the Jamestown S’Klallam Tribe. He also felt that with the agenda being fairly full, questions being asked later would be more efficient.

Commissioner Putney said he understood that this was a chance to make the public familiar with this proposed project, and there was no plan to make a decision tonight. Having already received comments from people, he said the Commission would continue to read those and answer them as they can.

Commissioner Petranek said she understood that they were there to listen to a presentation and welcome Jamestown S’Klallam. She hoped we could invite them back at a time when the public could ask questions and get answers – at a future workshop.

The agenda was approved by unanimous vote.

III. PUBLIC COMMENTS (00:5:11) ~ submitted via voicemail and read aloud:

Bertram Levy commented on a letter he received regarding a legacy rate change and all tenants paying for the length of their slip, which would be a change from what he has paid for 37 years.

Darlene Schanfald asked about the Jamestown tribe’s proposal to site a shellfish project in Hudson Bay, wondering which Critical Area Ordinances (CAOs) and Shoreline Management Plans (SMPs) would apply to this project - County’s, City’s, or Port’s?

Karen Sullivan asked about the size of the FLUPSY project, and any possible noise abatement.

Sky Aisling asked about a possible aquaculture operation at Point Hudson, and if there were photos of what it would look like, and sound clips of what it would sound like.

Jake Beattie, Executive Director of the Northwest Maritime Center expressed their support for the exploration of a Jamestown S’Klallam FLUPSY in the Point Hudson marina, as a sound investment for our future, and well in keeping with the character of our community. He felt that due diligence should be done for any negative externalities, but said it seems especially important to extend consideration to a tribe who used to harvest from the sea in this place we now call Point Hudson.

Brian Kuh, Executive Director of Team EDC, spoke of a strong partnership over the years with the Jamestown S’Klallam Tribe, and wanted to recognize that they’ve been here since time immemorial. He was in full support of anything that would showcase their culture and history at Point Hudson, and said he had seen their work and facilities and is very impressed.

IV. CONSENT AGENDA (00:15:47)

A. Approval of Workshop and Regular Business Meeting Minutes from September 9, 2020

B. Approval of Warrants

Warrant #062847 through #062850 in the amount of \$9,790.82 and Electronic Payment in the amount of \$79,104.32 for Payroll & Benefits.

Warrant #062851 through #062893 in the amount of \$52,798.48 for Accounts Payable.

Electronic Debit in the amount of \$15,240.88 for Combined Excise Tax Return.

C. Interlocal Agreement with Jefferson County PUD.

D. Scow Bay Boats New Lease

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

V. Special Presentation (00:17:25)

A. Jamestown S’Klallam presentation: FLUPSY and upland use at Point Hudson

Members of the Jamestown S’Klallam Tribe (JST) [Kyle Johnson, Executive Director for the economic authority for the JST; Kurt Grinnell, JST Councilman & CEO of Aquaculture program; Ralph Riccio, shellfish biologist for JST; Nathan Tsao, General Manager of the JST oyster operation in Kona, Hawaii] gave a high-level overview presentation of the tribe’s aquaculture operations and a proposal to return tribal seafood culture and commerce to Point Hudson with the idea of a FLUPSY and related upland restaurant and seafood market. After the presentation, Commissioners asked questions including those posed earlier via email. A transcription of the Q & A can be found on the Port’s website and will be added to as more questions are received.

VI. SECOND READING – none (01:28:42)

VII. FIRST READING (01:28:53)

A. Public Hearing: Comprehensive Scheme of Harbor Improvements¹ (CSHI)

Commissioner Hanke opened the Public Hearing at 6:59 PM. He asked participants who wished to speak to raise their hands (virtually) so they could be called on. Before public comments, he called on Deputy Director Toews to give a staff presentation on the changes to the CSHI.

Deputy Director Toews reminded everyone that the CSHI is required for all Port Districts in the State of Washington, to promote transparency in the expenditure of public funds towards facility acquisition and improvements. The Port adopted the framework of the current plan in 2003 which integrated the Environmental Impact Statement. In 2013 the Port undertook a comprehensive update of the plan to simplify and streamline the narrative of the 2003 version. The Port is 7 years into that update, and current Port capital priorities no longer align with the 2013 plan. The improvement plans of Port facilities in the Draft 2020 CSHI are within the scope of the original environmental review; the Port is focusing on repairing, rehabilitating and replacing existing Port infrastructure. He highlighted 3 new projects that were outlined in both the 2013 version and the current draft 2020 version of the CSHI: 1) sand-blast containment facility; 2) Marine Trade incubator building; 3) development of the basic infrastructure for a light industrial park at the airport. He then went over the timeline of the presentation of the current draft 2020 CSHI.

Commissioner Petranek said that she would like to see the Seaplane dock removed from the CSHI, and asked what the other commissioners thought of this item. Commissioner Putney said that people are arriving in Port Townsend by seaplane now and having a dedicated seaplane base would allow us a way to establish a sea lane for safety. Commissioner Hanke said that he thought it would enhance Port Townsend tourism, and that for safety reasons we would not see landings during bad weather here, nor would they interfere with boating.

There were no public comments on the Comprehensive Scheme of Harbor Improvements. Commissioners gave Deputy Director Toews high praise for his hard work on this document.

Public Hearing was closed at 7:15 PM.

B. First Draft of 2021 Budget w/Proposed Rates (01:44:44)

Finance Director Berg described this first draft of the 2021 budget as the bones of the budget; just the initial, consolidated view of activity and cash flow that includes the capital budget. After tonight’s review and commentary, a second draft will be prepared that will show each department-level budget at the next Commission meeting on October 14. With the first public hearing on the budget at the October 28 Commission meeting, the whole document will be complete with narrative and graphics. She pointed out that as a comparison (see page 53 of the packet) the Port was more comfortable using the Covid-19 July Actual and remaining 2020 budget, rather than the projected 2020 budget adopted last November, since the COVID-19 July Actual was passed by Commission and better reflects the reality of the Port’s budget during the pandemic. She went over revenues and expenditures. There was a discussion about the Port’s insurance under Enduris and the possibility of finding a less expensive pool to cover the Port.

Finance Director Berg said that the new Molo software for online reservations encourages customers to pay online, and that Visa charges incurred by customers would cause our bank charges to go up, but that it would save the Port time and allow us to give better customer service. She stated that the Port is saving money on utilities because Lease and Contracts Administrator Nelson has been working hard to ensure lease agreements are adhered to regarding utilities.

¹ Please note: The Comprehensive Scheme of Harbor Improvements 2020 Update is not an attachment in this packet; however, it can be found online at <https://portofpt.com/planning/>.

Finance Director Berg pointed out that this year the Port will undergo a financial statement and accountability audit for the years 2018 and 2019, and then next year because of the FAA funding of the airport runway project, the Port will have a federal audit for 2020.

Commissioner Hanke commented on the line item for advertising and pointed out that the Port is competing for business. Executive Director Berg stated that he'd be happy to increase that line item when a plan is developed. He stated that the new reservation software would help with marketing.

Executive Director Berg stated that although there is no funding set aside for economic development in the budget; he would like to recognize that this is part of our mission and the Port would revisit what this means and engage in this area meaningfully. Commissioner Petranek stated that she would like to use the intergovernmental meetings to address this, moving forward with the existing groups meeting for COVID-19 recovery plans. Commissioner Putney stated later in the meeting that he would like to see more funding set aside and to have a plan to find some projects that push economic development forward, to broaden the Port's portfolio.

Capital Budget (2:08:33): Executive Director Berg described the 5-year Capital Plan on pages 57-58 of the meeting packet and how it connects to the staff recommendation on the IDD levy. These projects are born of the Comp. Scheme, and lists prioritized projects that would be funded by IDD levy presented to the public and in conversations with the commission last year. He said that the mission is to effectively deliver the money that the voters passed in the form of projects that they want done; he then described each project on the list. He stated that the top-priority project is the Point Hudson jetty replacement, but funding was an issue. He summarized by saying that the total projected IDD funds used for these projects from 2021-2025 adds up to \$7.6 million, and if one applies 6% contingency and divides by 5, it amounts to what the Port is suggesting be levied for 2021. His goal is to fully fund the IDD projects as they come up in the IDD window without incurring additional long-term debt. Commissioner Putney asked what this tax levy would be per \$1,000 of assessed value, and Finance Director Berg stated it would be approximately 26¢, and the maximum the Port can levy is 45¢.

Executive Director Berg stated that his work at a city made him accustomed to a more formal budget process, with the Commission approving amendments to an approved budget throughout the year. However, this is not how port districts work in WA. He proposed that the staff bring to the Commission (much like the COVID model) on a monthly basis the adopted Port budget with actuals and any changes in assumptions and recommendations for additional spending. Commission would then adopt this updated budget monthly. He felt this would be good for the Commission as well as the community to see very clearly what the Port is doing. Commission agreed that this was a good way to move forward.

Commissioner Hanke commented that of all the equipment listed in Port equipment line item for \$205,000 the tight-packer would make the Port more money. Commissioner Putney said that owning this would save the Port money by not having to pay someone else do the work, and also wondered whether it would be good to research a sharing of equipment with the City. Executive Director Berg said the challenge with sharing equipment is that even in a small city, all parties often want the same truck on a good weather day.

2021 Rates (02:40:00): Finance Director Berg presented the proposed rates for 2021 as a rate sheet to make it easy to compare side-by-side with the 2019 figures. She stated that the rates would be increased by 1%. One exception is the kayak storage where customers have paid a flat rate, and the Port has paid the leasehold tax. In this case the Port is lowering the rate, but the customer will have to pay the leasehold tax. Another exception to the 1% increase is the JCIA hangar rentals; these are very low, and are being raised by 10%. The 2021 seasonal discount for the workyard (which spans the winter into 2022) will be 50% off, instead of a certain rate, to make it easy to apply to rates as they change.

Commissioner Putney commented about the daily tie-down rate at JCIA, stating that a daily tie-down rate is rare in general aviation; this is usually for overnight, and not for a few hours of parking the plane. He also wondered if this were the overnight rate, if it would be too low. Port staff agreed that the rate card should say overnight tie-down.

Boat Haven Moorage Rates were discussed and the goal of all tenants paying what it states on the rate card. Legacy rates in the C-D dock slips will be discussed at the October 14 meeting. There was a discussion about a formula developed by former Commissioner Collins that included berth area, and not just length of the slip as is the current policy. A new rate for storage containers will be added once these are acquired and the rate is known.

VIII. REGULAR BUSINESS (02:51:52)

A. Intergovernmental Coordinating Committee (ICC) updates (01:08:51) (no materials)

Executive Director Berg reported that tomorrow night's meeting would be chaired by Commissioner Hanke. They will be hearing back from the community groups and discussing how to spend the COVID Relief funds quickly on the basis of available dollars that had to be

spent before the plan could even be developed. The Intergovernmental Collaborative Group (ICG) met last week as part of this process, and the ICC will be working on developing the plan going forward.

IX. STAFF COMMENTS (01:20:42)

Executive Director Berg commented on the following:

- A boat sank at Union Wharf at 8:30 today, and a second boat was grounded on the beach at the west end of Boat Haven; the Department of Natural Resources will be paying for both boats to be destroyed here in our yard.
- On the C-D dock rate question and the concern expressed about the letter sent to tenants regarding moving to Commission authorized rates, he said that he understood that there were 3 ways that people ended up paying legacy rates: A/B dock construction; marketing for boats less than 50' in the 50' slips; and due to remeasuring – which affected most of the people on the list. He said he was looking forward to the conversation on October 14 and the opportunity for tenants to comment.
- He said he learned about North Olympic Legislative Alliance (NOLA) this week and Jefferson County's participation; he has had conversations with the lobbyist working the NOLA and other government partners about how their lobbyists might work with ours.
- He stated that the Port continues to move down path of MOLO (marina management reservation system) implementation, with a go-live date of January 1. They have offered a pricing structure that would exceed his authority, but they offered a 5-year contract for the cost of 3-years, which also locks in fees at a lower level.
- He has been working with our IT consultant, Zack, to get WiFi on our docks both at Boat Haven and Point Hudson for staff to use with mobile devices, as well as tenants and visitors. He is targeting January 1 as an implementation date for this project as well.
- Finally, the Port has hired Mike Love as the new Capital Projects Director and Port Engineer, who starts October 1.

Deputy Director Toews went over the schedule for implementation of the Jefferson County International Airport (JCIA) Runway 9/27 Corrective Action Plan.

X. COMMISSIONER COMMENTS (03: 03:39)

Commissioner Putney commented that the Jefferson County Broadband action team heard a presentation from GeoPartners on doing a plan for Jefferson County to implement broadband, which will give the team a dollar amount to use to get grants with. During the presentation, they heard that the state has contracted with them to do a number of these for rural areas, and we're trying to get on the list, so we don't have to pay anything for it.

Commissioner Petranek said in order to save time, she would not make a comment.

Commissioner Hanke commented that he was gratified to see so many people participate tonight and was proud of how transparent the Port has been with the community about what we're doing.

XI. Next Public Workshop & Regular Business Meeting (01:41:18): Wednesday, October 14, 2020, with a Public Workshop at 9:30 a.m. and a Regular Business Meeting at 1:00 p.m., via Zoom.

XII. EXECUTIVE SESSION (01:41:28) - none

XIII. ADJOURNMENT: meeting adjourned at 8:33 p.m., there being no further business before the Commission.

ATTEST:



Pamela A. Petranek, Secretary



Peter W. Hanke, President



William W. Putney III, Vice President