

## PORT COMMISSION REGULAR BUSINESS MEETING – Wednesday, October 28, 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 (00:00:18)  
Commissioner Hanke called the meeting to order at 9:31 a.m.
- II. APPROVAL OF AGENDA (00:00:55)  
**Commissioner Putney moved to accept the Agenda. Commissioner Hanke seconded the motion. The agenda was approved by unanimous vote.**
- III. PUBLIC COMMENTS (00:01:16) ~ submitted via voicemail and read aloud:  
Denise Justis commented on Washington State Ferry route from Port Townsend to Whidbey Island and said she hoped the Port would express the vital importance of this ferry service.  
Ernie Baird commented on the draft Budget 2021, saying that hiring a Port Engineer during a period of uncertain income was a risky but viable path to funding capital projects, and asked Commission to monitor the success of this strategy. He also said that the Port needs a method of tracking G&A by the actual demands on G&A made by each operational unit.
- IV. CONSENT AGENDA (00:05:13)
  - A. Approval of Regular Business Meeting Minutes from September 23, 2020 and Special Meeting Minutes for October 6, 2020
  - B. Approval of Warrants  
Warrant #063001 through #063005 in the amount of \$9,963.79 and Electronic Payment in the amount of \$80,330.28 for Payroll & Benefits.  
Warrant #063006 through #063043 in the amount of \$290,287.26 for Accounts Payable.  
Electronic Debit in the amount of \$12,561.79 for Combined Excise Tax Return.  
Electronic Debit in the amount of \$23,299.40 for 2<sup>nd</sup> Quarter Tax Return.  
Electronic Debit in the amount of \$1,397.18 for Qtr. 3, 2020 WA State Paid Family Medical Leave.  
Warrant #060235 in the amount of \$52.78 is declared void.
  - C. Resolution 728-20 Authorizing Warrant Cancellation.
  - D. Widener Contract Amendment #1
  - E. Commander's Beach House Assignment  
**Commissioner Putney moved to accept the Consent Agenda as presented. Commissioner Petranek seconded the motion.**  
Commissioner Hanke commented that Gail & Bill at the Commander's Beach House have been friends for a long time and it is sad to see them go, but good to see that the business will continue, since it has been a great asset at Point Hudson.  
**Motion carried by unanimous vote.**
- V. PUBLIC HEARING ON DRAFT 2021 OPERATING & CAPITAL BUDGET, RATES, PROPERTY TAX LEVY AND IDD TAX LEVY – (00:06:27)  
**Commissioner Hanke opened the public hearing at 9:37 a.m.** He read from the rules for public comments and questions, then introduced Finance Director Berg to present the budget.  
Finance Director Berg stated that the public hearing regarding the draft 2021 budget was scheduled for today as part of the budget process as required by RCW 53.35.020 and 53.35.045. She reminded Commission that the budget had previously been presented in 2 earlier drafts, with no significant requests for changes; therefore, those drafts are the basis for the full draft before Commission today, including the narrative, executive director's message, graphics for incoming and outgoing cash, and departmental budgets with consolidated capital projects, taxes, and the Port's current debt service. She highlighted that revenues from operations are conservatively estimated to increase by \$261,000, with expenses going up by about \$286,000. She estimated that with the recommended increase on the IDD tax, ending reserves are anticipated to increase by 103% from \$1.2M to \$2.9M; some of which includes increased funding to the operations reserve and Port-wide capital reserve.  
Commissioner Putney asked if the net ending cash were a roll-up of several classifications. Ms. Berg referred him to page 73 of the packet which shows a breakdown of the estimated ending reserves listed by reserve title. She noted there is a new reserve listed, the Emergency reserve, which will be presented at the next Commission meeting via Resolution. It is proposed to be a consolidation of the current Contingency and Hazardous Waste reserves with a \$500,000 target.

Commissioner Hanke asked how the Port paid for the Travelift tires, and if we had had an emergency fund, if it would have come from that. Ms. Berg stated that the money came from net operating income (NOI) this year, but could come from an emergency fund, if that was the Commission's direction. Executive Director Berg clarified that it would depend on the situation, but that expenses like tires would preferably come from NOI, and Commissioner Putney agreed.

Commissioner Petranek directed attention to three different edits:

1. Page 90 of the packet under Point Hudson, she said she would like to see a cost listed for the North and South Jetty replacement. Executive Director Berg stated that although that amount is reflected in the budget table, it would be added to the narrative.
2. Page 92 of the packet under Quilcene, Equipment and Vehicles should be highlighted differently because it looks like it's a part of Quilcene.
3. Page 95 of the packet under the IDD, she would like clear language as to the estimated total IDD levy and how the Commission decides every year with public input the amount that can be taken out and what the maximum is as part of the budget process. Executive Director Berg – suggested similar language be inserted as was used in the Comp. Scheme – authorization and process language would be added.

Commissioner Hanke referred to the Executive Director's message on page 68 of the package (pages 2 & 3 of the Budget document) and said that he would like feedback from the other commissioners on the two primary missions (creating good jobs for our community, and providing access to the world) and the 3 messages for the community. Commissioner Putney commented that although the language was overly grand, the Port is the gateway to everything around us, so that would be correct. He said he liked having Item 1 included as a principle mission element, which has historically been done in a confined fashion and he would like to broaden that. Commissioner Petranek thought it was an excellent letter, and very clear. She liked the language and appreciated the economic outlook, major projects, budget priorities of maintaining our core lines of revenue and holding the line on costs. Executive Director Berg explained that the mission statement was in his own words; he did not intend to change the current mission of the Port<sup>1</sup>.

Commissioner Petranek asked about the mention of a new website in #4 and whether that is what she'd been complaining about. Executive Director Berg said it was, because our current website is difficult to navigate both from public aspect of trying to do business with us, and from a citizen port-watcher standpoint. He said he would like to launch a new website consistent with local governments across the nation – like the City's, with a home page that fits on one page (no scrolling) and buttons that would have more detailed listings. Commissioner Putney said what was missing from the website is a heading for economic development – a list of properties and opportunities on those properties, for people who come to our website to find a place to start a business.

Commissioner Hanke spoke about cold food storage that came up in the Community Group on Food Resiliency, and when he sees a statement about creating jobs in Jefferson county, he thinks about a cold storage located somewhere on Port property, which would expand on that mission to create good jobs. Commissioner Putney commented that he had tried to push the cold storage agenda in the past with the Jefferson County Local Food System Council because he felt that it could make an impact with start-up and small producers in agriculture and aquaculture.

**Commissioner Hanke closed the Public Hearing at 10:02 (00:32:12).**

VI. FIRST READING (00:32:18) ~ None

VII. REGULAR BUSINESS (00:32:24)

A. Intergovernmental Coordinating Committee (ICC) updates (00:32:29) (no materials)

Executive Director Berg reported that the ICC is moving rapidly towards completion; the community groups have all submitted their final recommendations. The four administrators are working with the community groups on refinements for a draft to the ICC. The next ICC meeting will be on November 5 when the expectation is to have the prioritized top 3 from each of the groups that would go into the plan, which will also have an appendix where the actual work of the community groups will be available. Intergovernmental Collaborative Group (ICG) met last night (October 27) and heard a presentation from an economist, Michael Schuman. Mr. Berg summed his talk up in one word, "local" – do all business locally and it will drive the economy in a way that is definable and measurable. The ICG will meet again on November 18 when a first draft of the plan will be presented to the full group, the ICC will meet on December 3<sup>rd</sup> to make any final tweaks to the plan before the ICG meets on December 16 for potential adoption. Once the COVID plan is out, he wondered how to maintain that

<sup>1</sup> "The Mission of the Port of Port Townsend is to serve the citizens of Jefferson County by responsibly maintaining and developing property and facilities to promote sustainable economic growth, to provide community access to Port facilities and services, and to protect and maintain our community resources and maritime heritage."

collaborative spirit at all levels of these local governments, to keep us together in the same boat, paddling in the same direction.

Commissioner Petranek spoke about the Food Resiliency community group and they recommend on-site cold storage – on the farm – to greatly reduce the cost and greatly increase security. This would take care of our county cold storage in incremental steps and the cost can be taken care of through this COVID-19 plan. The group also recommends accommodating an extended growing season by having coop houses or green houses.

Commissioner Hanke said that “cold storage” to him meant what they use in the apple industry, which is replacing the oxygen with carbon dioxide (CO<sub>2</sub> storage), and that’s a very high expense for small farmers. He asked if there was any discussion of CO<sub>2</sub> storage; or if it is about cool storage (refrigeration), how will the small farms be able to afford to keep cool storage on their property? Commissioner Petranek spoke about getting COVID-19 funding from the plan, and then allowing farms to apply for a grant from this reserve fund to get started on cool storage. The group also wanted to have emergency cool storage to be able to take care of county food banks. Commissioner Putney said that COVID-19 relief funds have so far not been allowed to be spent on capital projects; and thought a community-based cold storage facility would be a good idea, where there would be rotating stock of food stuffs that could be used in an emergency, since our county currently only has generator-backed cool storage at the larger grocery stores in the area.

Commissioner Petranek said she was on the Economy & Jobs community group but has not been able to directly participate or give input to that group. As far as what to do about collaboration with the four government entities going forward, she recommended that we focus on economic development and recommended Chuck Marohn, author of *Strong Towns*, as a guest speaker. Commissioner Hanke agreed and thought that a regularly scheduled meeting of the ICG and the ICC, with the community groups meeting and feeding into the ICC on a regular basis would be a good way to foster collaboration in the future.

**B. Boat Haven Main Stormwater Pump Replacement (00:49:24)**

Executive Director Berg reminded Commission that at the October 14 meeting, staff recommended a complete reconstruction of the stormwater pump system be included in the budget, and there is a \$100,000 line item in the draft capital budget to do that. Over the weekend, one of the four pumps failed. Since lead time on parts is 12 weeks, he asked Commission to authorize staff to proceed with ordering parts, since he would not have authority to move forward prior to adoption of the budget. The line item would remain on the 2021 Capital Budget and may not impact the 2020 budget.

Commissioner Putney asked if these 4 pumps were all parallel pumps that pump from a common sump. Executive Director Berg said yes, and they pump in sequence at slightly different elevations, with back-up pumps kicking in if main pumps fail. There are pumps, piping, and rails that allow the pumps to move up and down. He stated that he would like to discuss in the future how to power these pumps in a power outage.

Commissioner Petranek asked where the pumps were located, and Mr. Berg said they were in front of Admiral Ship Supply.

**Commissioner Petranek moved to authorize the Executive Director to proceed with the purchase and replacement of the pumps within the Boat Haven Main Stormwater Pump Station. Commissioner Putney seconded, and the motion carried by unanimous vote.**

**VIII. STAFF COMMENTS (00:53:57)**

Executive Director Berg commented on the following:

- The airport project is now substantially complete. Contractors worked into the night and did an excellent paving job. It rained on Friday—nature’s profilograph—and there were no puddles or standing water on any of the runway surfaces. It was dry Saturday, so they were able put the markings on and do backfilling of the new runway profile (FAA requires that dirt be brought to within 1 1/2” of the runway), with some work being done today.
- The yard stats are looking solid; staff are moving boats around to maximize space. Staff anticipate that the yard will be full this winter.
- He met with Representative Chapman yesterday about Port projects, specifically Point Hudson Jetty replacement and planned capital request for the next legislative session. Mr. Chapman has toured the boatyard with Bob Frank and is supportive; it was a positive meeting.

Finance Director Berg said Port staff had started interviews for the Security Officer replacement today, with the hope of making a decision this week so background & reference checks can be done, and someone can be hired and start working in the next few weeks. She shared that the Port received its first substantial reimbursement check for construction from the FAA, and it was nice to get the \$1.6 million in the bank, so that the bulk of the Line of Credit can be paid off. She said that

the payment for the Molo software is going out overnight tonight, and Port staff plan to meet with them via Zoom next week to discuss what our next steps are to get this rolling by January 1, 2021. She said the WiFi design plan is almost completed for Boat Haven and Point Hudson Marinas.

X. COMMISSIONER COMMENTS (01: 01:01)

Commissioner Petranek commented on the periodic review from the County and the Shoreline Master Plan. She mentioned she would like to invite David Wayne Johnson to a workshop where the Port Commission could have a robust discussion. (He made a presentation to the County Commission, which was recorded and is available on their website.) Commissioner Putney stated that the Shoreline Masterplan really defines what the Port can do around the water, so it is not something we should let pass. Commissioner Hanke suggested that since the Port should be a part of the Shoreline Master Plan, perhaps this could be the subject of the Commission Retreat in late January / early February; the timing would be right for input to the County on the plan.

Commissioner Petranek commented that she had attended the Marine Trades Association board meeting where it was brought up that they would like to work more closely with Terry Taylor, the Port Environmental Specialist, and invite him to the general membership meeting on November 17 to talk about best management practices. She said that the MTA would also like to work in partnership with the Port on advertising. She attended the WPPA meeting where Port Attorney Reardanz gave a talk about redistricting, which is very important for the Port Commission.

Discussion regarding the public comment on apportionment of overhead:

- Commissioner Putney asked if the Port breaks out overhead as a percentage of income by site, or if there were a plan to break out more meaningfully using expenses as well.
- Finance Director Berg said that this has been done historically based on revenues, and there was a comment about it perhaps being done by expenses. This is a management tool, and as such is included in the budget to show allocation. She said the Port is not required to do this, as it is one Port, one fund. There are many ways this could be done, however, we already know which facilities make the most money for the Port, so it gets back to what is the objective of getting more detailed in this allocation – what will this gain us?
- Commissioner Hanke said breaking down by revenue doesn't really apportion it correctly. He felt that G&A should just be a single number and it should be a percentage of our budget; then our G&A could be compared to other ports. He thought it would be difficult to break down by unit; and would depend what the objective was.
- Commissioner Putney felt Silo-ing business units was a bad idea. Looking at information to see if a unit is efficient would be a good management practice, but not through the overhead. He agreed that having one G&A number for the whole port to see if we're managing our expense as a part of our total income would be useful information.

Commissioner Hanke commented that he had landed on the runway 3 times and that a few pilots had landed as well, and they all think it is truly a great runway. He applauded Port staff for deciding to go forward with getting this done in the weather window. He gave kudos to Mike Love, saying that watching him talk to contractors and hearing his knowledge of how everything should work, and how he made sure the product being put down was correct convinced him that Mr. Love is indispensable. He said that now he is really plugged into the Point Hudson Jetty project and what he's doing to help the Port is very important. He talked about Marine Trades and advertising; the Port can easily market against other ports; he wants to concentrate on how to market to marine segments and highlight what the Port is doing and talk about this at the Commission retreat.

There was a discussion on the subject of restrooms:

- Commissioner Hanke brought up the one at Kah Tai that could be accessible to the transient and homeless in the area, but it is locked; he felt that local government should talk as a group about the possibility of opening this up.
- Executive Director Berg said that the Port currently operates no public restrooms, with the exception of unsecured Porta-Potties, and one at our Quilcene Marina, where tenants are asking for them to be secured, cleaned and stocked like the ones at our other marinas. He said he'd heard that the community would like public restrooms, but our priority has been tenants first; he wondered how to provide facilities to our tenants in Quilcene that are clean and up to Port standards.
- Commissioner Hanke commented that the county should provide public restrooms for those visiting the beach, and the Port should provide restrooms/Porta-Potties for tenants and boat ramp users.
- Commissioner Putney commented that this has been an issue of long standing; the Restroom Summit of a few years back went nowhere. Port staff is not uniquely qualified to police such an open and public facility; he suggested a discussion about a public restroom that is possibly overseen by Public Health and governed by ordinances to keep it safe and clean.
- Commissioner Petranek agreed and said that perhaps our Police Department and Sherriff's Office could also be involved.

XI. Next Public Workshop & Special Business Meeting (01:28:24): Tuesday, November 10, 2020, Public Workshop at 9:30 a.m. and a Special Commission Meeting at 1:00 p.m. via Zoom.

- XII. EXECUTIVE SESSION (01:28:54) - to discuss the performance of a public employee, RCW 42.30.110(1)(g). Commission moved to Executive Session at 10:59 a.m. for approximately 45 minutes without further action following executive session. Session began at 11:10 a.m.
- XIII. ADJOURNMENT: meeting adjourned at 12:32 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