

PORT COMMISSION REGULAR BUSINESS MEETING – Wednesday, December 9, 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
Deputy Director Toews
Finance Director & Port Auditor Berg
Capital Projects Director & Port Engineer Love
Port Recorder Erickson
Port Attorneys Reardanz, Chmelik & Woolson
24th Legislative District Representative Tharinger

- I. CALL TO ORDER (00:00:50)
Commissioner Hanke called the meeting to order at 1:00 p.m.
- II. APPROVAL OF AGENDA (00:00:55)
Commissioner Putney moved to accept the Agenda as presented. Commissioner Petranek seconded the motion. The agenda was approved by unanimous vote.
- III. PUBLIC COMMENTS (00:01:38) ~ none
- IV. CONSENT AGENDA (00:06:00)
 - A. Approval of Regular Business Meeting Minutes from November 24, 2020.
 - B. Approval of Warrants
Warrant #063162 through #063168 in the amount of \$33,809.40 and Electronic Payment in the amount of \$158,331.52 for Payroll & Benefits.
Warrant #063169 through #063214 in the amount of \$71,516.41 for Accounts Payable.
Electronic Debit in the amount of \$10,328.86 to WA Dept. of Revenue for Combined Excise Tax.
 - C. Resolution 738-20 Cancellation of Warrants
 - D. Accounts Receivable Write-Off/Collection Register
Commissioner Putney asked for a correction to the 11/24/20 meeting minutes under VIII.B. fourth paragraph, last sentence ending “that prevents sharing a hosting facility.” to end “that prevents ports from provisioning lit fiber.” Commissioners Petranek, Putney & Hanke received clarification on a few warrants from Finance Director Berg. Commission requested an executive session briefing on the Goodstein et al. warrant, regarding Hangar C arbitration.
Commissioner Putney moved to accept the Consent Agenda. Commissioner Hanke seconded the motion. Motion carried by unanimous vote.
- V. Special Presentation: 24th Legislative District Legislative Preview: Rep. Steve Tharinger (00:06:53 & restart at 00:15:17)
Representative Tharinger (interrupted by technology problems) said the State’s capital budget would be close to the same level as the last 2 biennia, so there is money to distribute. Two lenses used for decisions to fund categories are 1) shovel ready, basically economic stimulus; 2) equity-helping communities that may not have been able to take advantage of these funds before; and 3) those projects with community buy-in. One area that crosses all three is Community Broadband, and he is working on legislation that would provide Ports the ability to provide the service for the “last mile,” and asked if the Port would be interested in being a part of that. Commissioner Putney said that currently the Port can only use unlit fiber, which doesn’t work well in rural areas, and agreed that if the legislation changed, the Port would be interested in participating.
Commissioner Petranek mentioned the need for affordable and/or workforce housing for Marine Trades that are doing well and are looking to expand. Rep. Tharinger said this was an issue across the state and is not a rural/urban issue; the legislature is looking at the full spectrum of housing needs, including tiny-house projects like the one in Jefferson County. Commissioner Putney said that the Growth Management Act was preventing affordable housing from being built, by controlling how many homes can be built on a certain sized lot.
Commissioner Hanke mentioned funding for Point Hudson Jetty replacement, which he included in the “shovel-ready” projects category. Rep. Tharinger said he knew about the project as he had toured Point Hudson and stated it was on his list of priorities. Commissioner Petranek said the Port is actively seeking federal assistance for this project and any state assistance would be a big help.
- VI. SECOND READING – none
- VI. FIRST READING (00:11:10 and restart at 00:33:15)
 - A. Intergovernmental Collaborative Group (ICG) Resolution
Executive Director Berg said this was the first reading for this resolution; it is scheduled for possible adoption at the Joint ICG meeting on December 16. This resolution would reconstitute the ICG (currently structured as part of the COVID planning process) with a new charter beginning on January 1, 2021 for a broader purpose of intergovernmental collaboration and four regularly

planned quarterly meetings in 2021. Additional special meetings would be scheduled for the community conversation series, where speakers would be invited to share expertise with the community. The intent is to continue to allow the four governmental entities a space to collaborate on issues of significant importance and mutual overlap. On the agenda for Dec. 16 is passage of the COVID-19 Recovery and Resiliency Plan, discussion and possible adoption of Resolution Reestablishing the ICG for 2021, discussion of potential ICG meeting topics for 2021, and potential community conversation speakers & topics.

Commissioner Putney said there were other large problems to solve including sea-level rise, food security and living-wage housing that have come to focus because of COVID-19.

Commissioner Petranek said she would like to change the meeting dates on page 22 of the draft resolution, to move the August meeting to later in September after the Wooden Boat Festival. Executive Director Berg said the place to do that would be at the ICG meeting on Dec. 16.

Commissioner Hanke stated that the Port Commission would move this forward at the Joint ICG meeting next week.

VII. REGULAR BUSINESS (00:38:33)

A. October Financials

Finance Director Berg said that the October Financials followed the COVID model of the past few months' reports. She said compared to September, the Port had lowered the variance in both loss of revenues by ~\$17,000 and in expenditures by ~\$54,000. She said that some of the changes made to the financials were to remove the FAA funding because it was not yet received, and to move some of the capital projects forward off the 2020 report. This includes the Pt. Hudson jetty replacement, which is in design & permitting phase for 2020; D-dock renovation with only permitting dollars in 2020; and Quilcene Dredge Design.

Commissioner Hanke stated it was fairly remarkable that the total operating revenues were down only 6% for the year, even though total operations/expenses were down 20%.

Commissioner Petranek asked why there were such high bank charges. Finance Director Berg said this was because many customers are paying with credit cards, and the Port is paying the fees for these charges. Berg said that she is surveying other ports in the area regarding these charges and there was a short discussion about whether the Port should pass the fees on to customers to save money.

Commissioner Hanke referred to page 35 and asked what the true-up line was. Finance Director Berg said that in the 2019 capital budget, a couple of projects weren't completed; to true-up the numbers for 2019, she moved the project monies spent to-date, out of the reserve account into the general fund (thus paying the GF back) because the Port had obligated those monies for those projects in the 2019 Capital Budget.

Commissioner Hanke asked about the operations reserve and budgeted operations funding. Finance Director Berg said this was per the resolution in 2018 to fund the port-wide capital and operations reserves, and this was the dollar amount projected to fund in 2020.

B. Financial Reporting Options for Monthly Reports (00:50:17)

Finance Director Berg said if you book-marked page 30 of the packet, that is one of the options for monthly reports (provided since June – month-to-month data helpful in managing the impacts of the COVID pandemic). She reminded Commission that the format provided previously was like the May Financials shown on page 38 of the packet. This format provides year-to-date data with two comparatives—for the prior month and to the budget—in a “rolled-up” version along with the line item details report provided separately in the packet.

Commissioner Hanke said he liked the old format and didn't need to see the detail.

Commissioner Petranek said she liked the old report and also liked to see some of the details.

Commissioner Putney felt he was fine with a simple budget. Consensus of the Commission was for the “old” version of financial reporting, option (B) A YTD consolidated financial report and an expanded line item report (as per the May example).

C. ICC Updates (no materials) (00:57:10)

Executive Director Berg said there were no ICC updates not covered under item VII.

Commissioner Hanke thought as a member of ICC that it worked really well, and the group was able to go through an amazing amount. Commissioner Petranek said she and County Commissioner Dean would like to have Chuck Marone, author of “Strong Towns” give a talk. Executive Director Berg said he had suggested to the ICG that each of the government entities host one of the conversation series, and pay for it, to avoid confusion about funding.

D. 2021 Legislative Agenda (01:01:07)

Executive Director Berg went over the numbered priority list provided in the packet, reordered consistent with the Commission's direction from their last meeting, with the addition of the language for the statute regarding the lit fiber restriction. He mentioned that under #4, this issue for out-of-country vessels has been named the “marine tourism bill” by those sponsoring

it in the legislature. Currently a foreign vessel having work done here has 180 days before they are charged the tax, but if they are here to visit on a chartered vessel with a crew, they have just 60 days before they are charged the use tax.

Attorney Reardanz commented that the Dept. of Revenue plans to tax retail (lit) broadband service and to keep this in mind as its progress is monitored in the legislature.

Commissioner Putney stated that for #3 we want to get retail authority and we want to provide lit facilities whether they be retail or wholesale.

Commissioner Petranek asked if the commission would like to move #5 up to #4 in priority. There was a short discussion on the funding for derelict vessels, and consensus was that #4 (foreign vessels being taxed) impacted our marine trades more, so the order was kept.

Commissioner Putney moved to adopt this Legislative Agenda with the pending change in #3 regarding Broadband. Commissioner Petranek seconded, and motion passed unanimously.

E. Northwest Custom Hangars, LLC New Lease – Hangar Site Pad #6 (01:11:39)

Deputy Director Toews reminded the Commission that back in the mid-2000's the Port installed infrastructure to support the development of eight (8) hangar sites to the east of the Port's property, north of the runway. One of the 8 sites was to be held in reserve for future development by the Port, site #6, the site in this draft land-lease option agreement. Only 3 of the other 7 sites have been developed. In late 2019, Dave Ward, who has developed two of these sites, indicated he was interested in developing 2 more sites: #6 and #2; however only proposed agreement for #6 was ready for review at this time. The agreement would work as follows: upon payment of a non-refundable option fee of \$500, hangar site #6 would be reserved for up to 2 years, giving Mr. Ward time for due diligence efforts to explore the feasibility of development and a long-term lease. If the option is exercised, a lease would spring into effect, and hangar construction must be completed no later than February 2024.

Commissioner Putney referred to page 52 of the packet, paragraph (6) of the Hangar Site #6 Land Lease Option & Land Lease Agreement – Use of Premises – and stated that except for Tailspin Tommy's and Aircraft Services, all other hangars are not allowed to have a business and asked if this language was on the other leases at the airport. Deputy Director Toews stated that this was identical to the leases for sites 4, 7, and 8; however, if needed, he said he could make the language more restrictive.

Commissioner Hanke was concerned with #2 site vs. #6 site because site #6 was prime property at the airport, and as a question of public good wondered if it was prudent to lease this space out. Deputy Director Toews said that although it was good to keep the public good in mind and allow others the option of making use of site #6, Mr. Ward is the only person who has come forward expressing an interest in hangar development there.

Commissioner Hanke said he thought we should start with allowing site #2 to be developed, keeping site #6 for the Port. If site #2 goes well then maybe the Port could develop #6.

Commissioner Putney stated that he thought that Mr. Ward could develop & sell site #6 thus funding development of site #2. He stated that he didn't see a condition where the Port would have the funding to build its own hangars.

Executive Director Berg said that the priority project list for IDD-funded projects includes \$600,000 for a hangar at JCIA and that separately, the Port had received more cold calls for hangar space recently. He suggested that the Port investigate whether Port-owned and rented hangar space would pencil out to create a revenue stream to help support the airport.

Commissioner Petranek said her research indicated that there wasn't much demand for hangar space and asked if this was a case of having a bird in the hand, wishing for two in the bush.

Deputy Director Toews stated that it had been at least 12 years since the last hangar was developed. Interest in hangar space has been gradually increasing, especially with the reconstruction of the runway. There was a discussion about demand and the cost for the Port to build hangars.

Commissioner Putney moved to extend this offer to Dave Ward.

Commissioner Hanke commented that he would like to see both leases for site #2 and site #6 together at the same meeting and ask that Mr. Ward be invited to the meeting for a discussion about his intentions.

Commissioner Putney withdrew his motion.

F. PT Aero Museum Lease Amendment (01:38:40)

Deputy Director Toews reminded the Commission that they had authorized a Letter of Intent (LOI) with the Aero Museum for expansion of an additional 5400 sf to the museum's main building. Mike Payne has moved forward with due diligence to implement the terms of the LOI and the Port is now in a position to move forward, with further amendment of the prior lease.

Commissioner Putney stated that Commission had covered this ground fairly thoroughly and that Mr. Payne had been diligent in getting all the paperwork done.

Commissioner Petranek appreciated the clear language of this lease amendment and all the Staff time and preparation involved.

Commissioner Petranek moved to authorize the Executive Director to execute the Port Townsend Aero Museum Lease Amendment #2 substantially in the form presented.

Commissioner Putney seconded. Motion carried by unanimous vote.

VIII. STAFF COMMENTS (01:42:13)

Executive Director Berg commented that he didn't have much to add to this long day of meetings except that the yard continues to be busy and Port staff are very busy, looking forward to continuing into the new year. As it was the last meeting of the year, he wished everyone Merry Christmas and Happy Holidays.

Finance Director Berg commented that this month is all about MOLO, year-end activities for accounting, and the audit currently being done. She wished everyone Happy Holidays.

Port Engineer Love gave a brief update on what's been going on the last month or so: the Quilcene dock broke, so he and his team took a trip to Bellingham to look at construction of different dock types – a way to build a relationship with them for possible future work. His team will be bringing Commission a color palette of paint options for Boat Haven buildings. He and Maintenance Manager Sparks will be meeting with City Public Works Director Steve King and his maintenance guy about sharing resources, working with them on things they're good at and building a relationship with them for future shared work. He said the Port had a bid for an excavator which will do multiple things, starting with excavation of the yard prior to 480 power upgrade. He said the linear dock is 99% complete with 29 power pedestals installed on time under budget.

Port Attorney Reardanz commented that the Governor's proclamation on open and public meetings was extended to January 19th at 11:59 PM. At that point further extensions must be passed by concurrent resolution of the legislature. He then announced that he was leaving Chmelik Sitkin and Davis to be executive director of a local transit authority.

Port Attorney Chmelik introduced Atty. Seth Woolson, who would occasionally attend Port Commission meetings in his stead.

Deputy Director Toews commented that the Port is hopeful that 2021 will be a better year than 2020. He is putting together a public engagement strategy and draft timeline for Quilcene to give voice to community concerns down in south county and review with Commission in January. He wished everyone happy holidays.

Recorder Erickson commented that 2021 rates were up on the web, and she was working on rate cards. She also wished everyone Happy Holidays.

X. COMMISSIONER COMMENTS (01:58:15)

Commissioner Putney said that he had attended the WPPA annual meeting, including the Trustee meeting as the Port's representative on that body, and the Broadband meeting.

Commissioner Petranek commented that she attended the monthly Marine Resource Committee meeting and they are looking for a list of Jefferson County projects that they can go after funding for in 2021; she suggested Quilcene bay as a place to study. She and Executive Director Berg had another Working Waterfront interview on KPTZ, and they talked about economic development, focusing on a couple of businesses. She reported that she had also attended the WPPA annual meeting and really liked the presentation by James Kuntz of Chelan Douglas Regional Port Authority about small business grants and the businesses they helped.

XI. Next Public Workshop & Regular Business Meeting (02:05:58): Wednesday, January 13, 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 (02:03:07) - Current or Potential Litigation, RCW 42.30.110(1)(i)
Commission moved to Executive Session at 3:05 p.m. for approximately 20 minutes with no action following executive session.

XIII. ADJOURNMENT: meeting adjourned at 3:35 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