



**Port of Port Townsend
Regular Meeting Agenda
Wednesday, December 9, 2020, 1:00 p.m.**

Via <https://zoom.us/> – or call (253) 215-8782 – and use Webinar ID: 862 6904 3651, Password: 911887
This meeting will only be accessible remotely, as per Governor's Proclamation 20-28.

- I. Call to Order
- II. Approval of Agenda
- III. Public Comments
- IV. Consent Agenda
 - A. Approval of Special Business Meeting Minutes for November 24, 2020 1-6
 - B. Approval of Warrants 7-15
 - C. Resolution 738-20 Cancellation of Warrants 16
 - D. Accounts Receivable Write-Off/Collection Register 17
- V. Special Presentation: 24th Legislative District – Legislative Preview: Rep. Steve Tharinger 18
- VI. Second Reading - *none*
- VII. First Reading
 - A. ICG Resolution 19-26
- VIII. Regular Business
 - A. October Financials 27-35
 - B. Financial Reporting Options for Monthly Reports 36-44
 - C. ICC updates (no materials) 45
 - D. 2021 Legislative Agenda 46-47
 - E. Northwest Custom Hangars, LLC New Lease – Hangar Site Pad #6 48-80
 - F. PT Aero Museum Lease Amendment (*materials will be available Monday 12/7*) 81
- IX. Staff Comments
- X. Commissioner Comments
- XI. Upcoming Meetings: Special Joint Meeting of the ICG on December 16, 2020 at 5:00 p.m.
Workshop & Regular Business Meeting on Wednesday, January 13, 2021
Public Workshop at 9:30 a.m., Meeting at 1:00 p.m., via Zoom
- XII. Executive Session
- XIII. Adjournment

Informational Items

PORT COMMISSION SPECIAL BUSINESS MEETING – Tuesday, November 24, 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 Attorney Reardanz

- I. CALL TO ORDER (00:00:18)
Commissioner Hanke called the meeting to order at 5:31 p.m.
- II. APPROVAL OF AGENDA (00:00:55)
Commissioner Putney moved to accept the Agenda. Commissioner Petranek seconded the motion. The agenda was approved by unanimous vote.
- III. PUBLIC COMMENTS (00:00:44) ~ none
- IV. CONSENT AGENDA (00:00:57)
 - A. Approval of Special Meeting Minutes for November 2, 2020
Approval of Workshop & Special Meeting Minutes for November 10, 2020
 - B. Approval of Warrants
Warrant #063112 through #063116 in the amount of \$9,365.02 and Electronic Payment in the amount of \$79,029.07 for Payroll & Benefits.
Warrant #063117 through #063161 in the amount of \$246,269.05 for Accounts Payable.
Commissioner Petranek moved to accept the Consent Agenda as presented. Commissioner Putney seconded the motion. Motion carried by unanimous vote.
- V. SPECIAL PRESENTATION: UNITED GOOD NEIGHBORS OF JEFFERSON COUNTY (00:01:47)
Megan Claflin, Director of Development for UGN played a short video highlighting what UGN of JC does and explained that they partner with local organizations to raise awareness about what they do and help them raise funds. They have 28 partner organizations this year, and “All In WA” is matching all donations made to UGN of JC between November 14th & December 31st this year. All the money stays right here in Jefferson County, and can be donated online.
- VI. SECOND READING (00:21:33) ~ None
- VII. FIRST READING (00:21:43) ~ None
Commissioner Hanke noted the presence of a new face at the meeting. Executive Director Berg then introduced the Port’s new Security Officer, Trevor Hansen. He said that Mr. Hansen was not new to the area, having served for 2 years as a provisional officer and continues to serve as a reserve officer for the Port Townsend Police Department.
- VIII. REGULAR BUSINESS (00:23:37)
 - A. 2021 Legislative Preview – presentation by Insight Strategic Partners (00:23:49)
Executive Director Berg introduced Caron Benedetti Cargill & Chelsea Hager of Insight Strategic Partners who then gave a presentation on the Legislative Update (item A) and participated in the 2021 Legislative Agenda (item B). Their presentation covered the following:
 - What the Legislature looks like: both chambers are controlled by the Democrats.

- Changes this year: new members; remote participation due to COVID, and new process for voting; different timelines due to this new process; changing revenue forecast.
- 2021 Legislative Session Outlook: Longer sessions with uncertain format, Revenue Discussions
- Session Timeline with approximate dates
- The Budget Process

Commissioner Putney asked if Insight works with WPPA; he said that WPPA issues aren't always the Port of Port Townsend's issues.

B. 2021 Legislative Agenda (00:41:19)

Executive Director Berg said this would be a first read of the legislative agenda for the Commission, and he was hoping for a discussion today, and another reading and possible adoption at the December 9th meeting. He reviewed all items on the list and said that of the 7 items on the list, the only item not previously discussed is the extension of the 0.09% sales tax for rural economically distressed counties (which includes Jefferson county) to fund public facilities and economic development purposes.

Commissioner Hanke suggested that the list of items be ranked. His priority order would be: PT Jetty = #1, PT Ferry = #2, Broadband = #3, Out of State Vessels = #4, Derelict Vessels = #5, .09% funding = #6, & Model Toxics Control Act = #7.

Commissioner Petranek said she agreed with Commissioner Hanke's #1 and #2 and would insert a new item for #3: fixing Boat Haven breakwater, and no particular order for the rest.

Executive Director Berg stated that we are functionally limited to one Capital request, so we should not add the Boat Haven breakwater to the list for 2021.

Commissioner Putney said although he agreed with Commissioner Hanke's #1 & #2, he didn't think the Ferry schedule could be changed, even though shutting that ferry run down was short-sighted, because it is a "relief valve" when other ferries get backed up or the Hood Canal bridge is closed. He wanted to amend the Broadband request to remove the language from the RCW 53.08.005 (definition of wholesale) that prevents sharing a hosting facility.

Executive Director Berg stated that the list would be revised in the ranked order discussed and brought back to Commission for action at their December 9 meeting.

Executive Director Berg then asked if Commission had any feedback on the carbon-pricing policy, which would be worked on this legislative session, and the WPPA wants to be a part of it. He reminded Commission that Commissioner Putney is representing the Port on the WPPA's Board of Trustees and he might appreciate insight from the other Commissioners on this issue. There was a short discussion of the document and its wording.

Commissioner Hanke asked if point VIII. E. on tonight's agenda could be covered now, because he had before he had to leave the meeting early.

C. COVID-19 Update (no materials) (01:14:48)

Executive Director Berg shared with the Commission that as a result of the Governor's most recent order, he had reached out to all the Port's restaurant tenants to ask how the Port could be supportive. He heard back from one tenant who hoped the Port might not charge late fees, since it will be difficult to make rent with restrictions on indoor dining. He said he would continue to listen, and he might later bring back an extension or modification of a prior emergency order for Commission consideration. He stated that the Port has stopped having indoor meetings with visitors, installed a temperature check station at each point of entry for

Port staff to use, a 14-day quarantine for employees who travel out of state, and sanitizer dispensers at all access windows.

D. ICG Update, Review Draft Plan (01:18:51)

Executive Director Berg stated that this was on the agenda for possible follow-up, if any, on the Draft Plan presented at the ICG¹ meeting on November 18. Comments from the first draft are being incorporated into the next draft, and will go to the ICC² on December 3 for final review and recommendation, and then to the ICG again on December 16, where it is anticipated to be adopted. He stated that if Commission had any last thoughts on the Draft Plan, this was the time for a discussion.

Commissioner Petranek asked Executive Director Berg what the goal of the draft plan was. He stated that COVID planning process was ongoing with the six community groups with a goal of finalizing a plan. However, the county, with support from the ICC, asked them to pause work on COVID planning and give CARES act funding recommendations. The purpose of the plan is for the 4 government entities to discuss collectively the top priorities of the community, so if any new monies become available, we have a collective recognition of the top priorities for COVID recovery.

Commissioner Petranek stated that the COVID recovery plan was essentially a list of all the concerns that the community groups came up with that were not funded with the CARES Act funding. Executive Director Berg agreed, and said he thought including a list of what was funded by the CARES Act in the plan was essentially for historical purposes.

Commissioner Putney stated that the community groups were asked to do two things: 1) to look at immediate relief from COVID issues and 2) look at avenues to reinvigorate the County economically post COVID (sometime late spring, mid-summer, whenever most of the county has had their vaccine shots). As regards broadband, for instance, it is an infrastructure project that will take years to make right. He said it was one of the ideas that needed to be pushed forward along with affordable housing, food security and other economic development drivers for our districts.

Commissioner Petranek asked about next steps in developing a new charter for the new ICG, and whether it would be brought up at the next Port Commission meeting. Executive Director Berg stated that he planned to present a draft to the ICC at their 12/3 meeting and to the ICG on 12/16 and he wasn't sure if it needed to be presented to Commission at their 12/9 meeting. The intent was to propose quarterly meetings of the ICG that are mission-oriented, topic by topic. Commissioner Petranek recommended that the mission of the new ICG be creating county-wide economic vision; she would like the next speaker to bring all these ideas together and help us work towards the same goals.

E. Resolution 737-20 Authorizing issuance of Checks and Warrants (01:08:03)

Executive Director Berg introduced this agenda item by saying although the current delegation of authority has language that clearly authorizes Port bills to be paid, this proposed resolution language clearly tracks state law and would allow the Port to pay its bills and our payroll in advance of commission meetings; when that happens, Port staff would bring to Commission those payable runs for ratification rather than preapproval. This would allow for a single meeting in December and potentially next Summer, but also allow the Port to pay its bills in a timely fashion in general.

¹ A joint meeting with the Jefferson County Board of Commissioners, the Jefferson County PUD Commission, and the Port Townsend City Council: Intergovernmental Collaborative Group (ICG).

² Intergovernmental Coordinating Committee (ICC) includes 2 representatives from each the 4 public entities listed above.

Commissioner Putney asked about what types or class of payables would be impacted, and Executive Director Berg stated that everything that would normally get paid would be paid, with an exception for an unusual charge, which would be flagged and brought to Commission so Port staff could discuss it before paying it. Commissioner Putney then asked if the Warrant list could be provided as it is now, 3 days in advance of when checks are sent, so that any questions could be addressed via email, and prevent any awkward procedures to undo a payment.

Commissioner Putney moved to approve Resolution 737-20 Authorizing Issuance of Checks and Warrants. Commissioner Hanke seconded, and motion passed unanimously.

F. Ten-year Anniversary for Eric Toews, Deputy Director (01:29:00)

Executive Director Berg said that others who'd worked with Mr. Toews had sent along some words to share at the meeting. Former Executive Director Pivarnik wrote that Mr. Toews started before 10 years ago to pull community stakeholders together for a year-long process for a Port strategic plan, and that his calm demeanor, obvious intellect and passion and overall love for our community made him an obvious hire for the Port to work with our never-ending crisis du jour. Port Lease Administrator Nelson wrote that he is a great boss, a consummate professional, a patient teacher (among other things) and the community is very lucky to have someone as dedicated as Eric representing the Port. Mr. Berg stated for his part that it was great having Eric with all his experience here every day, working through problems. Commissioner Petranek echoed everything that had been said, and thanked Mr. Toews for his service – a most trusted, stable staff person and a good friend at all times.

IX. STAFF COMMENTS (01:34:43)

Executive Director Berg commented on the following:

- He attended the NOLA (North Olympic Legislative Alliance) meeting today with interim steering committee; and the proposed model is to have 28 members on the steering committee representing NOLA members in both Clallam and Jefferson county (including the Port) to make decisions during the interim period by consensus. They have hired a lobbyist funded 1/3 by Jefferson EDC and 2/3 by Clallam EDC. Two questions asked at the meeting were 1) who the PTMTA would like to send as a rep and 2) there's an open slot on the steering committee, and there was a discussion about what entity would be the right one to fill that position – possibly the chamber of commerce that works with the hood canal. Members on the Jefferson side are:
 - for the EDC: Brian Kuh
 - for the County: Philip Morley or Kate Dean
 - for the City: John Mauro
 - for the Port: Eron Berg, if that works for the Commission
 - for the PUD: Kevin Streett
 - for the PTMTA: whomever they select
 - for Jefferson County Chamber: Arlene Alen
 - for Jefferson Health Care: Mike Flynn, if he's interested
- The Port is continuing to pursue permitting for the D-dock project, but we're not going to be able to execute that project in the month of December. Separately, the Quilcene Dock continues to degrade, and one float is cracking in the recent windstorms, creating an emergency situation. Port Maintenance has whalers that were to be used on the D-dock project, and time on their schedule, and they asked what Commission thought of going to Quilcene and doing maintenance there while they can, and work on D-dock later? Mr. Berg stated that the community project for Quilcene will kick off in 2021, likely starting by working on various proposals, with design and funding strategies in 2022, and likely not starting

construction projects until 2023, '24, '25, depending on scope. Therefore, for safety and maintenance of our infrastructure, he felt the Port should go to Quilcene and do the work that needs to be done using materials the Port already has plus staff time. The project is estimated to cost about \$100,000, of which \$28,000 is for materials (most of which is already in our yard) and the remainder for staff hours. Commission felt that it was a great plan to maintain the Quilcene docks now. Commissioner Petranek asked if staff pay for the project would come out of IDD funds, and was told that that was the plan.

Deputy Director Toews mentioned that the planning process for Quilcene will kick off in early 2021 at the workshop in January with a discussion of a proposed public engagement and planning process outline, with a second reading at the second meeting in January for possible ratification.

Capital Projects Director & Port Engineer Love said that the Port must fix the Quilcene dock, as it is broken. However, he has notified Fish & Wildlife about permitting. He would like to move to a permitted dock maintenance program, so maintenance can do dock repair anywhere, any time.

Finance Director Berg stated that she really enjoys working with Mr. Toews – his wit, sense of humor, kindness, and periodic poems are treasured. She also noted that she is working with the MOLO implementation and hoping to get access next week sometime. Port staff has been supplying MOLO with information and having weekly Zoom meetings with their team to make sure they have everything they need. She is also working with auditors remotely, getting them information they need to complete their work.

Recorder Erickson said she could not add to what had been said about Mr. Toews, except that it was really nice having another Husky to work with. She wished everyone a Happy Thanksgiving.

X. COMMISSIONER COMMENTS (01:50:25)

Commissioner Putney commented that he had attended the NODC (North Olympic Development Council) meeting, three JBAT (JeffCo Broadband Action Team) meetings and the ICG meeting.

Commissioner Petranek commented on three meetings she attended:

1. the PTMTA meeting, which has been rescheduled to next Monday, November 30 at 6:30 on Zoom. Port security staff will attend as well.
2. the Marine Resource Committee meeting where the City and the County talked about the Shoreline Masterplan, including things that affect the Port like mooring buoys, climate change and sea level rise adaptations, boat launches, historic designation, and marine trades and the economy. She said County Commissioner Brotherton talked about rezoning to allow marine trades in Quilcene, which right now is rural residential. The MRC also announced that they'd be taking proposals for marine resource projects at their December meeting for 2021.
3. the MRSC (Municipal Research Services Center) economic seminar which had 3 big take-aways: 1) 80% of economic development is retention, recovery & expansion, 2) job #1 is to support and retain small business, and 3) the maritime sector is leading in WA state and the aerospace and hospitality sectors have been devastated.

Commissioner Putney asked how rezoning in Quilcene affected Coast Seafoods. Deputy Director Toews said they had been working under a permitted aqua-cultural use, but land-use zoning applies to the uplands.

XI. Next Public Workshop & Special Business Meeting (01:59:56): Tuesday, December 9, 2020, Public Workshop at 9:30 a.m. and a Regular Commission Meeting at 1:00 p.m. via Zoom.

- XII. EXECUTIVE SESSION (02:00:21) - current or potential litigation, RCW 42.30.110(1)(i), no action requested. Commission moved to Executive Session at 7:33 p.m. for approximately 5 minutes without further action following executive session.
- XIII. ADJOURNMENT: meeting adjourned at 7:43 p.m., there being no further business before the Commission.

ATTEST:

Peter W. Hanke, President

Pamela A. Petranek, Secretary

William W. Putney III, Vice President



PO Box 1180 • Port Townsend, WA 98368

Administration: (360) 385-0656
3988

Operations: (360) 385-2355

Fax: (360) 385-

WARRANT/ELECTRONIC PAYMENT APPROVAL

We, the undersigned, as Commissioners and Auditing Officer of the Port of Port Townsend, in Jefferson County, Washington, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein, and that the claims are just, due and unpaid obligations against the Port of Port Townsend, that we are authorized to authenticate and certify to said claim and that payment of these claims, in Warrant No 063162 through No. 063168 in the amount of \$33,809.40 and Electronic Payment in the amount of \$158,331.52, for a total amount of \$192,140.92 is ratified.

Signed and Authenticated on this 9th day of December, 2020.

For: Payroll and Benefits

Commissioner Pete W. Hanke

Commissioner William W. Putney III

Commissioner Pam Petranek

S. Abigail Berg, Director of Finance
And Administration



PO Box 1180 • Port Townsend, WA 98368

Administration: (360) 385-0656

Operations: (360) 385-2355

Fax: (360) 385-3988

WARRANT APPROVAL

We, the undersigned, as Commissioners and Auditing Officer of the Port of Port Townsend, in Jefferson County, Washington, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein, and that the claims is a just, due and unpaid obligation of the Port of Port Townsend, that I am authorized to authenticate and certify to said claim and that these claims, in Warrant No 063169 through No. 063214, are approved for payment in the amount of \$71,516.41 on this 9th day of December, 2020.

For: **Accounts Payable**

Commissioner Pete W. Hanke

Commissioner William W. Putney III

Commissioner Pam Petranek

S. Abigail Berg, Director of Finance
And Administration

Check Register

Journal Posting Date: 12/9/2020

Register Number: CD-000839

Port of Port Townsend (PTA)

Bank Code: W - WARRANTS PAYABLE

Check Number	Check Date	Vendor	Invoice Number	Invoice Date	Invoice Amount	Discount Applied	Payment Amount
063169	12/9/2020	ADM002	Admiral Ship Supply Inc.				Check Entry Number: 001
			11/30/2020 STATEMENT	11/30/2020	65.41	0.00	65.41
063170	12/9/2020	ARR010	Arrow Lumber Port Townsend				Check Entry Number: 001
			11/28/2020 STATEMENT	11/28/2020	749.70	0.00	749.70
063171	12/9/2020	BER045	Eron Berg				Check Entry Number: 001
			11/2020 EXPENSE	11/30/2020	28.75	0.00	28.75
063172	12/9/2020	CAR001	Carl's Building Supply				Check Entry Number: 001
			11/30/2020 STATEMENT	11/30/2020	381.61	0.00	381.61
063173	12/9/2020	CIT001	City Of Port Townsend				Check Entry Number: 001
			11/2020 STATEMENTS	11/30/2020	9,658.78	0.00	9,658.78
063174	12/9/2020	COO050	Cooper Fuel & Auto Repair				Check Entry Number: 001
			11/30/2020 STATEMENT	12/1/2020	1,619.99	0.00	1,619.99
063175	12/9/2020	COW020	Cowling and Co. LLC				Check Entry Number: 001
		74		10/31/2020	2,035.20	0.00	2,035.20
		75		10/31/2020	10,968.00	0.00	10,968.00
			Check 063175 Total:		13,003.20	0.00	13,003.20
063176	12/9/2020	DEW050	Michelle Dew				Check Entry Number: 001
			10/2020	10/31/2020	155.25	0.00	155.25
063177	12/9/2020	DIR070	DirecTV				Check Entry Number: 001
			075436554X201128	11/28/2020	409.50	0.00	409.50
063178	12/9/2020	EDE005	Edensaw Woods, LTD				Check Entry Number: 001
			0000501479-001	11/24/2020	65.37	0.00	65.37
063179	12/9/2020	EDH050	E. D. Hovee & Company, LLC				Check Entry Number: 001
		5346		12/1/2020	2,500.00	0.00	2,500.00
063180	12/9/2020	ERI040	Karen Erickson				Check Entry Number: 001
			11/2020	11/30/2020	18.52	0.00	18.52
063181	12/9/2020	GLO003	Global Diving & Salvage, Inc				Check Entry Number: 001
		96454		11/30/2020	11,367.13	0.00	11,367.13
063182	12/9/2020	GOO002	Good Man Sanitation				Check Entry Number: 001
		109708A		12/1/2020	1,420.00	0.00	1,420.00
063183	12/9/2020	GOO020	Goodstein Law Group				Check Entry Number: 001
		15.01202002		12/1/2020	4,443.40	0.00	4,443.40
063184	12/9/2020	GRO001	Groves & Co, Inc				Check Entry Number: 001
		20201556		11/20/2020	421.79	0.00	421.79
063185	12/9/2020	GUA080	Guardian Security Systems, Inc.				Check Entry Number: 001
		1084200		12/1/2020	147.16	0.00	147.16
063186	12/9/2020	HAD001	Hadlock Building Supply				Check Entry Number: 001
			11/25/2020 STATEMENT	11/25/2020	57.12	0.00	57.12
063187	12/9/2020	HEN002	Henery Hardware				Check Entry Number: 001
		699675		10/26/2020	6.52	0.00	6.52
		699844		10/28/2020	17.20	0.00	17.20
		699889		10/28/2020	75.17	0.00	75.17
		699919		10/29/2020	6.51	0.00	6.51
		699936		10/29/2020	24.82	0.00	24.82
		699988		10/30/2020	59.62	0.00	59.62
		700019		10/30/2020	20.66	0.00	20.66
		700034		10/30/2020	23.04	0.00	23.04
		700149		11/2/2020	61.03	0.00	61.03
		700215		11/3/2020	37.89	0.00	37.89
		700276		11/4/2020	32.68	0.00	32.68

Run Date: 12/4/2020 12:23:49PM

A/P Date: 12/9/2020

Page: 1

User Logon: DLF

Bank Code: W - WARRANTS PAYABLE

Check Number	Check Date	Vendor	Invoice Number	Invoice Date	Invoice Amount	Discount Applied	Payment Amount
			700379	11/5/2020	23.09	0.00	23.09
			700527	11/9/2020	32.86	0.00	32.86
			700598	11/10/2020	58.39	0.00	58.39
			700618	11/10/2020	30.50	0.00	30.50
			700633	11/10/2020	22.86	0.00	22.86
			700756	11/12/2020	28.32	0.00	28.32
			700873	11/13/2020	18.52	0.00	18.52
			701094	11/18/2020	28.53	0.00	28.53
			701131	11/18/2020	22.86	0.00	22.86
			701162	11/19/2020	29.56	0.00	29.56
			701170	11/19/2020	115.54	0.00	115.54
			701205	11/19/2020	37.04	0.00	37.04
			701240	11/20/2020	46.86	0.00	46.86
			701251	11/20/2020	7.18	0.00	7.18
			701260	11/20/2020	27.22	0.00	27.22
			701394	11/23/2020	28.45	0.00	28.45
			701427	11/23/2020	44.11	0.00	44.11
			701462	11/24/2020	37.11	0.00	37.11
			701470	11/24/2020	18.38	0.00	18.38
			Check 063187 Total:		1,022.52	0.00	1,022.52
063188	12/9/2020	HEN006	Quilcene Henery's Hardware				Check Entry Number: 001
			2012-113320	12/2/2020	23.74	0.00	23.74
063189	12/9/2020	JAM040	Jamestown Networks				Check Entry Number: 001
			6233	12/1/2020	548.00	0.00	548.00
063190	12/9/2020	JC0003	Jefferson County - Public Work				Check Entry Number: 001
			11/2020 STATEMENT	12/1/2020	296.54	0.00	296.54
063191	12/9/2020	JEF040	Jefferson County Historical Society				Check Entry Number: 001
			12.03.2020	12/3/2020	2,500.00	0.00	2,500.00
063192	12/9/2020	KEN010	Kendrick Equipment				Check Entry Number: 001
			U50095	12/1/2020	414.86	0.00	414.86
063193	12/9/2020	LES050	Les Schwab				Check Entry Number: 001
			37900421941	11/20/2020	200.55	0.00	200.55
063194	12/9/2020	MAC075	Robert Macaulay				Check Entry Number: 001
			REFUND 11/17/2020	11/17/2020	64.50	0.00	64.50
063195	12/9/2020	PAC004	Pacific Office Equipment Co				Check Entry Number: 001
			11/30/2020 STATEMENT	11/30/2020	396.72	0.00	396.72
063196	12/9/2020	PAP020	Pape Machinery				Check Entry Number: 001
			12379811	11/23/2020	30.52	0.00	30.52
			12379823	11/23/2020	408.86	0.00	408.86
			Check 063196 Total:		439.38	0.00	439.38
063197	12/9/2020	PET025	Petrick Lock & Safe				Check Entry Number: 001
			19042	11/20/2020	37.55	0.00	37.55
			19051	12/2/2020	901.43	0.00	901.43
			Check 063197 Total:		938.98	0.00	938.98
063198	12/9/2020	PIN010	Pinnacle Investigations Corp				Check Entry Number: 001
			72723	12/1/2020	70.00	0.00	70.00
063199	12/9/2020	PIT000	Pitney Bowes Inc.				Check Entry Number: 001
			3312463581	11/25/2020	550.93	0.00	550.93
063200	12/9/2020	POR023	Port Townsend Main Street Program				Check Entry Number: 001
			12.2.2020	12/2/2020	5,000.00	0.00	5,000.00

Check Register

Journal Posting Date: 12/9/2020

Register Number: CD-000839

Port of Port Townsend (PTA)

Bank Code: W - WARRANTS PAYABLE

Check Number	Check Date	Vendor	Invoice Number	Invoice Date	Invoice Amount	Discount Applied	Payment Amount	
063201	12/9/2020	PUD001	Pud District #1					Check Entry Number: 001
			11/25/2020 STATEMENT	11/25/2020	737.79	0.00	737.79	
			11/25/2020.2 STATEME	11/25/2020	475.65	0.00	475.65	
			Check 063201 Total:		1,213.44	0.00	1,213.44	
063202	12/9/2020	QUI001	Quill Corporation					Check Entry Number: 001
			12229776,12226099	11/13/2020	143.12	0.00	143.12	
063203	12/9/2020	SAF001	Safeway, Inc.					Check Entry Number: 001
			11/28/2020 STATEMENT	11/28/2020	1,294.75	0.00	1,294.75	
063204	12/9/2020	SAG002	Sage Software Inc					Check Entry Number: 001
			INV00783087	11/30/2020	915.60	0.00	915.60	
063205	12/9/2020	SHO010	Shold Excavating Inc					Check Entry Number: 001
			57750	11/19/2020	28.34	0.00	28.34	
			57805	11/23/2020	348.12	0.00	348.12	
			Check 063205 Total:		376.46	0.00	376.46	
063206	12/9/2020	TAC001	Tacoma Screw Products, Inc					Check Entry Number: 001
			49683	11/17/2020	1,062.75	0.00	1,062.75	
			49684	11/17/2020	1,508.56	0.00	1,508.56	
			Check 063206 Total:		2,571.31	0.00	2,571.31	
063207	12/9/2020	ULI040	ULINE					Check Entry Number: 001
			126334061	11/5/2020	3,613.34	0.00	3,613.34	
063208	12/9/2020	UPS020	The UPS Store					Check Entry Number: 001
			10/31/2020 STATEMENT	10/31/2020	193.78	0.00	193.78	
063209	12/9/2020	VER001	Verizon Wireless, Bellevue					Check Entry Number: 001
			9867112823	11/15/2020	391.14	0.00	391.14	
063210	12/9/2020	WAS003	Washington Public Ports Assn.					Check Entry Number: 001
			020-439	11/13/2020	50.00	0.00	50.00	
063211	12/9/2020	WAS017	Marc Horton - Washington Project Consultants					Check Entry Number: 001
			0113020-8	12/1/2020	665.00	0.00	665.00	
063212	12/9/2020	WAV040	Wave Broadband					Check Entry Number: 001
			043328901-0008511	11/23/2020	147.75	0.00	147.75	
063213	12/9/2020	WES006	Westbay Auto Parts, Inc.					Check Entry Number: 001
			11/25/2020 STATEMENT	11/25/2020	530.03	0.00	530.03	
063214	12/9/2020	ZEE001	Zee Medical Service Co					Check Entry Number: 001
			68394698	11/19/2020	431.29	0.00	431.29	
			Report Total:		71,516.41	0.00	71,516.41	

Run Date: 12/4/2020 12:23:49PM

A/P Date: 12/9/2020

Page: 3
User Logon: DLF



PO Box 1180 • Port Townsend, WA 98368

Administration: (360) 385-0656

Operations: (360) 385-2355

Fax: (360) 385-3988

ELECTRONIC DEBIT – Kitsap Bank

We, the undersigned, as Commissioners and Auditing Officer of the Port of Port Townsend, in Jefferson County, Washington, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein and that the claim is a just, due and unpaid obligation of the Port of Port Townsend, that we are authorized to authenticate and certify said claim, and that the Electronic Debit from the Port Checking Account held at Kitsap Bank is approved for payment in the amount of **\$10,328.86** on this **9th** day of **December**, 2020.

For: Washington State, Department of Revenue
Combined Excise Tax Return – for ***October, 2020*** in the amount of
\$10,328.86

Commissioner Pete W. Hanke

Commissioner William W. Putney III

Commissioner Pam Petranek

S. Abigail Berg, Director of Finance
and Administration

Washington State Department of Revenue

Your Return has been submitted and your confirmation number is **0-017-289-942**

Below is information from your Monthly Return for the period ending October 31, 2020

Filing Date	November 23, 2020
Account ID	161-000-044
Primary Name	BOAT HAVEN FUEL DOCK
Payment Method	ACH Debit/E-Check
Payment Effective	November 25, 2020
Total Tax	10,328.86
Total Due	10,328.86

To check the status of your return, go to your account *Summary* page, select the *More Options* tab, and click **View, Edit, or Print Drafts or Submissions**.

Print a copy of your return below.



Combined Excise Tax Return

161-000-044
BOAT HAVEN FUEL DOCK
PORT OF PORT TOWNSEND

Filing Period: October 31, 2020

Due Date: November 25, 2020

Filing Frequency: Monthly

Business & Occupation

Tax Classification	Gross Amount	Deductions	Taxable Amount	Tax Rate	Tax Due
Retailing	86,281.95	0.00	86,281.95	0.004710	406.39
Service and Other Activities (\$1 million or greater in prior year)	66,515.27	0.00	66,515.27	0.017500	1,164.02
Total Business & Occupation					1,570.41

State Sales and Use

Tax Classification	Gross Amount	Deductions	Taxable Amount	Tax Rate	Tax Due
Retail Sales	86,281.95	0.00	86,281.95	0.065000	5,608.33
Total State Sales and Use					5,608.33

Public Utility Tax

Tax Classification	Gross Amount	Deductions	Taxable Amount	Tax Rate	Tax Due
Other Public Service Business	12,336.90	0.00	12,336.90	0.019260	237.61
Water Distribution	1,228.57	0.00	1,228.57	0.050290	61.78
Total Public Utility Tax					299.39

Deductions

Tax Classification	Deduction	Amount
Business & Occupation		
Retailing	Motor Vehicle Fuel Tax	0.00
State Sales and Use		
Retail Sales	Motor Vehicle Fuel Sales	0.00

Local City and/or County Sales Tax

Location	Taxable Amount	Tax Rate	Tax Due
1601 - PORT TOWNSEND	86,281.95	0.025000	2,157.05
Total Local City and/or County Sales Tax			2,157.05

Transient Rental Income

Location	Income
1601 - PORT TOWNSEND	34,684.00
Total Transient Rental Income	34,684.00

Special Hotel/Motel

Location	Taxable Amount	Tax Rate	Tax Due
1601 - PORT TOWNSEND	34,684.00	0.020000	693.68
	Total Special Hotel/Motel		693.68

Total Tax	10,328.86
Subtotal	10,328.86
Total Amount Owed	10,328.86

Prepared By:	Donna Frary
E-Mail Address:	donna@portofpt.com
Submitted Date:	11/23/2020
Confirmation #:	0-017-289-942
 Payment Type:	 ACH Debit/E-Check
Amount:	\$10,328.86
Effective Date:	11/25/2020

RESOLUTION NO. 738-20

A Resolution of the Commission of the Port of Port Townsend Authorizing Warrant Cancellation

WHEREAS: The Port of Port Townsend issued the following warrants:

Warrant #	Dated	Amount	Issued To:
061077	9/25/2019	100.34	Nam Kim
061261	11/13/2019	32.50	Dylan Brackney

WHEREAS: The aforementioned warrants have been lost or destroyed and have not been presented for payment; AND

WHEREAS: RCW 36.22.100 requires that any warrant not presented within one year of issue be canceled by the passage of a resolution of the governing body;

NOW, THEREFORE BE IT RESOLVED: that since the aforementioned warrants have not been presented for payment; said warrants are canceled as of this date.

ADOPTED this **9th day of December, 2020** by the Commission of the **Port of Port Townsend** and duly authenticated in open session, and 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

**ACCOUNTS RECEIVABLE
WRITE-OFF/COLLECTION REGISTER
December 9, 2020**

The staff of the Port of Port Townsend recommends that the following accounts be written off and turned in for collection as applicable.

Account Number	Account Name	TYPE	DESCRIPTION	BALANCE
1038826	Alexander, Bruce	Work Yard	Bruce Alexander's boat, Alden, went to auction on February 7, 2020 but did not sell. The boat is in very poor condition and the Port submitted a claim with DNR on April 7, 2020. The claim has yet to be paid. Recommend doing a write off of the account balance.	\$ 8,291.48
41808	Blake, Cory	PTBH	The Port obtained possession of this boat under RCW 79.100.040(3) December 1, 2019. The boat is in poor condition and the Port submitted a claim with DNR on December 19, 2019. The claim has yet to be paid. Recommend doing a write off of the account balance.	3,839.81
978237	Darrah, Daniel L.	Work Yard	Daniel L. Darrah's boat, Temptress, was sent to auction on October 28, 2020 and did not sell. The boat has been listed on the Port's web page . Recommend doing a write off of the account balance.	5,893.14
1038985	Dederer, Anne Catherine	PTBH	Anne Catherine Dederer's boat, Grand Marnier, went to auction on October 28, 2020 and did not sell. The boat has been listed on the Port's web page . Recommend doing a write off of the account balance.	2,580.56
1591656	Eldredge, Clayton	PTBH	Clayton Eldridge's boat, WN 3880MC, went to auction on October 28, 2020 and did not sell. The boat has been listed on the Port's web page . Recommend doing a write off of the account balance.	2,747.78
21	Garner, Andrew	Work Yard	Andrew Garner's boat, Monopoly, was sent to auction on October 18, 2018 and did not sell. The boat has been listed on the Port's web page. Recommend doing a write off of the account balance.	8,935.67
276505	Jones, Mike	Work Yard	Mike Jones' boat, Flying Gull, was sent to auction on October 28, 2020 and did not sell. The boat has been listed on the Port's web page; there is one sealed bid and we're waiting for one more sealed bid from another interested party. Recommend doing a write off of the account balance.	16,003.02
1049106	Malm, Harley	Work Yard	Harley Malm's boat, Wings of a Dove, was sent to auction on October 28, 2020 and did not sell. The boat has been listed on the Port's web page . Recommend doing a write off of the account balance.	10,475.45
1631778	McDonald, John	PTBH	John McDonald's boat, Anchor Draggar, was sent to auction on October 28, 2020 and did not sell. The boat has been listed on the Port's web page. Recommend doing a write off of the account balance.	2,859.28
38809	Nix, Andrea	Work Yard	Andrea Nix's boat, Miss Olivia, was sent to auction on March 21, 2018 and did not sell. The boat was in poor condition so it was not listed on the webpage for sale. Recommend doing a write off of the account balance.	4,688.38
1028509	Stafford, Zachary	PTBH	The Port obtained possession of this boat under RCW 79.100.040(3) April 17, 2019. The boat is in poor condition and the Port submitted a claim with DNR on May 8, 2019. The claim has yet to be paid. Recommend doing a write off of the account balance.	3,484.87
34858	Wohleb, Robert	PTBH	Robert Wohleb's boat, Orcas Belle, was sent to auction on September 19, 2019 and did not sell. The boat has been listed on the Port's web page. Recommend doing a write off of the account balance.	13,318.40
TOTAL:				\$ 83,117.84

S. Abigail Berg
Director of Finance & Admin.

Port Attorney

Eron Berg
Executive Director

Peter W. Hanke
President

William W. Putney III
Vice President

Pamela A. Petranek
Secretary

DATE: _____

MEETING DATE	December 9, 2020
AGENDA ITEM	<input type="checkbox"/> Consent <input type="checkbox"/> 1 st Reading <input type="checkbox"/> 2 nd Reading <input type="checkbox"/> Regular Business <input checked="" type="checkbox"/> Informational
AGENDA TITLE	Special Presentation: 24 th Legislative District Rep. Steve Tharinger
STAFF LEAD	Eron Berg, Executive Director
REQUESTED	<input checked="" type="checkbox"/> Information <input type="checkbox"/> Motion/Action <input type="checkbox"/> Discussion
ATTACHMENTS	none

Our Representative for Legislative District 24, Steve Tharinger, will give a Legislative Preview presentation.

MEETING DATE	December 9, 2020
AGENDA ITEM	<input type="checkbox"/> Consent <input checked="" type="checkbox"/> 1 st Reading <input type="checkbox"/> 2 nd Reading <input type="checkbox"/> Regular Business <input type="checkbox"/> Informational
AGENDA TITLE	VII.A. ICG Resolution
STAFF LEAD	Eron Berg, Executive Director
REQUESTED	<input type="checkbox"/> Information <input checked="" type="checkbox"/> Motion/Action <input type="checkbox"/> Discussion
ATTACHMENTS	<ol style="list-style-type: none"> 1. ICG Informational Memo 2. Draft Joint ICG Resolution

DATE: 12/9/2020
TO: Commission
FROM: Eron Berg, Executive Director
SUBJECT: Resolution Creating the ICG

ISSUES

1. Should the Commission adopt the attached resolution reenacting the Intergovernmental Collaborative Group (ICG)?

BACKGROUND

The Commission approved a joint resolution, along with Jefferson County, the City of Port Townsend and the Jefferson PUD #1 earlier this year that created the ICG for the purposes of developing a COVID-19 Recovery & Resiliency Plan. That process comes to an end on December 16th when the ICG is scheduled to hold its final meeting. Attached is a proposed draft joint resolution that will renew the ICG for 2021.

DISCUSSION

The COVID-19 planning effort is coming to a close. The last meeting of the ICC was December 4th and the final meeting of the ICG is scheduled for December 16th. The draft resolution would recreate the ICG for 2021 with a broader scope of collaboration and includes quarterly meetings with additional meetings to hear from speakers. The hope is to build upon the success of the current process and use the ICG as a forum for the four entities to work together on issues of shared importance.

FISCAL IMPACT

None identified herein.

ATTACHMENTS

1. Draft proposed resolution.

RECOMMENDATIONS

1. Provide direction, if any, to staff. This item is currently scheduled to be on your special meeting agenda for December 16, 2021 for possible adoption at that final ICG meeting.



**Jefferson County Resolution No. ____-20
City of Port Townsend Resolution No. 20-____
Port of Port Townsend Resolution No. ____-20
Jefferson County Public Utility District Resolution No. 2020-____**

**A JOINT RESOLUTION OF JEFFERSON COUNTY, THE CITY OF PORT TOWNSEND, THE
PORT OF PORT TOWNSEND AND JEFFERSON COUNTY PUBLIC UTILITY DISTRICT #1,
ESTABLISHING A MULTI-GOVERNMENTAL PROCESS FOR COLLABORATING ON
ISSUES OF MUTUAL IMPORTANCE**

WHEREAS, the community of Jefferson County faces a myriad of issues that are interrelated and broadly involve community organizations, individuals, businesses, non-profits and governmental entities; and

WHEREAS, Jefferson County is a political subdivision of the State of Washington formed in 1852 to provide general purpose governmental services throughout Jefferson County; and

WHEREAS, the City of Port Townsend is a code city, incorporated in 1860, to provide general purpose governmental services within the city's limits; and

WHEREAS, the Port of Port Townsend is a countywide special purpose district formed in 1924 to own and operate facilities including maritime, aviation, commercial and industrial facilities and is specifically charged with a mission of broad economic development throughout Jefferson County; and

WHEREAS, Jefferson County Public Utility District Number 1 is a countywide special purpose district formed in 1939 to restore ownership of key public utilities to the people and currently owns and operates water, sewer, electric and fiber optic utilities; and

WHEREAS, the four entities have broad authority under state law to collaborate, including under RCW 39.34; and

WHEREAS, the four entities joined forces to work together with the community in 2020 to develop a COVID-19 Recovery & Resiliency Plan; and

WHEREAS, that experience was positive and demonstrated broad value in providing a regularly scheduled opportunity for the four entities' governing bodies to meet collectively for the purpose of collaborating; and

WHEREAS, Jefferson County, the City of Port Townsend, the Port of Port Townsend and the Jefferson County PUD desire to maintain a formal process of intergovernmental collaboration to address significant issues of mutual interest;

NOW, THEREFORE, BE IT RESOLVED by the Jefferson County Board of Commissioners, City Council of the City of Port Townsend, the Port of Port Townsend and Jefferson County PUD as follows:

Section 1. Intergovernmental Collaborative Group (ICG). The collective governing bodies of Jefferson County, the City of Port Townsend, the Port of Port Townsend and Jefferson County PUD, when meeting jointly for the purposes outlined in this resolution shall form the ICG. The express purpose of the ICG is to provide the forum within which community leaders from the County, City, Port and PUD may collaborate on significant issues of mutual importance. Those topics may include, for example, housing, economic development, infrastructure, including broadband, climate change, behavioral health and food security. Additionally, the ICG will monitor and support the implementation of the COVID-19 Recovery & Resiliency Plan. The ICG may express shared opinions and positions of the four bodies, and advocate for the same. The ICG may not expend any money, own any property, or obligate any of the four entities in any way.

Section 2. Process. All meetings of the ICG will be subject to the Open Public Meetings Act, actions will be taken by consensus, a quorum is a majority of each of the four entities' elected officials, meeting procedures will be established by the group, and the duty of chairing the meeting will rotate among the entities' presiding officers, in order of formation.

Section 3. Meetings. The 2021 regular meeting calendar (all meetings at 5:00 P.M.) is established as follows:

February 18
May 20
August 19
November 18

In addition to the regular meetings, it is the desire of the parties to establish a schedule of "Community Conversations series" special meetings that include invited guests to provide relevant information to the ICG for the purpose of invigorating the discussion among the community and its elected leaders.

Special meetings may be called in accordance with RCW 42.30.080 by agreement of the ICG at a properly noticed meeting, or by joint agreement of the presiding officers of the four entities.

The principal location and website for ICG notices is that of Jefferson County. The main website reflecting workplan and related documents is at www.jeffcotogether.net.

Section 4. The last meeting of the ICG shall be completed no later than December 31, 2021 at which time the entities may extend, modify and/or reform the ICG. The chairperson of that final meeting is authorized to approve the minutes from that meeting.

[APPROVAL SIGNATURES OF EACH JURISDICTION ARE ON FOLLOWING PAGES]

Jefferson County Resolution No. ____-20

JEFFERSON COUNTY, WASHINGTON

APPROVED AND SIGNED this 16th day of December, 2020.

SEAL:

JEFFERSON COUNTY
BOARD OF COMMISSIONERS

Greg Brotherton, Chair

ATTEST:

Kate Dean, Member

Carolyn Gallaway
Deputy Clerk of the Board

David Sullivan, Member

DRAFT

City of Port Townsend Resolution No. 20-_____

CITY OF PORT TOWNSEND, WASHINGTON

ADOPTED by the City Council of Port Townsend, Washington, at a special meeting thereof, held this 16th day of December, 2020.

Michelle Sandoval
Mayor

Attest:

Approved as to form:

Joanna Sanders, MMC
City Clerk

Heidi Greenwood
City Attorney

Port of Port Townsend Resolution No. ____-20

PORT OF PORT TOWNSEND

ATTEST:

Pamela A. Petranek, Secretary

Peter W. Hanke, President

William W. Putney III, Vice President

APPROVED AS TO FORM:

Port Attorney

Jefferson County Public Utility District Resolution No. 2020-_____

**PUBLIC UTILITY DISTRICT NO. 1
OF
JEFFERSON COUNTY**

Dan Toepper, President

Kenneth Collins, Vice President

ATTEST:

Jeff Randall, Secretary

MEETING DATE	December 9, 2020
AGENDA ITEM	<input type="checkbox"/> Consent <input type="checkbox"/> 1 st Reading <input type="checkbox"/> 2 nd Reading <input checked="" type="checkbox"/> Regular Business <input type="checkbox"/> Informational
AGENDA TITLE	VIII.A. October Financials
STAFF LEAD	Abigail Berg, Director of Finance & Administration
REQUESTED	<input type="checkbox"/> Information <input checked="" type="checkbox"/> Motion/Action <input type="checkbox"/> Discussion
ATTACHMENTS	<ol style="list-style-type: none"> 1. October Financials Informational Memo 2. 2020 COVID-19 Budget Model, with YTD October activity 3. Estimated 2020 Ending Reserves Balances

PORT OF PORT TOWNSEND

AGENDA MEMO

DATE: 12/4/2020
TO: Commission
FROM: Abigail Berg, Finance Director & Eron Berg, Executive Director
SUBJECT: October YTD COVID-19 Budget Model results

ISSUES

1. Provide the Commission with an update on the Port's financial activity through October 2020 and updated projections for the remainder of the year.
2. Should the Commission approve the updated 2020 COVID-19 Budget Model?

BACKGROUND

Since the onset of the pandemic in March, Commission has been provided with information related to possible fiscal impacts of this pandemic on the Port and details on actions already taken; and we have discussed additional planned actions for 2020. Now in December 2020, this projection has changed primarily on the capital project and grant items to reflect realistic year-end results.

DISCUSSION

As we near the end of 2020, we're able to project more accurately the ending numbers for all revenues and expenses. The model with actual YTD October activity is attached.

Overall operating revenue decreases for the year totaled \$376,157. This improved from September YTD numbers by \$17,139.

Overall operating expenses also decreased for the year by \$110,072. These savings increased from September YTD by \$54,055.

Increases in Other Resources (or non-operating revenues) was reduced, when compared to YTD September, by approximately \$1.2m as we don't expect to be paid by the FAA before year end.

Decreases in Other Resources was reduced, when compared to September YTD, by approximately \$746,500 as several project expenses will roll into 2021 for various reasons (permitting, changes in design (PH Jetty), etc.). They include the PH Jetty Replacement, the D-dock Renovation, and the Quilcene Dredge Design. In addition, we removed the contingency for PH Jetty repair in the amount of \$250,000.

EXECUTIVE SUMMARY OF UPDATED COVID-19 MODEL WITH OCTOBER ACTUALS

	Adopted Budget	note	2020 YTD Actuals & Remaining Covid-19 Projections		note
			Nov. 5th report	Dec. 9th report	
			(Sep. YTD Actuals)	(Oct. YTD Actuals)	
Revenues	6,389,249		5,995,953	6,013,092	
Expenses	5,114,823		5,022,499	4,968,444	
Net Revenue	1,274,426		973,454	1,044,648	
Other Incr. in Cash	4,620,290	a	7,865,490	6,661,374	a
Other Decr. In Cash	5,235,088	a	8,627,855	7,881,359	a
Net Other Incr./Decr. In Cash	(614,798)		(762,365)	(1,219,985)	
Est. Increase/(Decrease) in Cash	659,628		407,840	38,057	c
Est. Ending Reserved Cash - IDD	-	b	78,732	495,142	d
Est. Ending Reserved Cash - Other	1,062,234		1,180,245	1,226,291	
Est. Ending Unreserved Cash	1,830,180		2,004,710	1,181,485	
total Est. Ending Cash	2,892,414		3,263,687	2,902,918	c

Notes:

- (a) The original 2020 Budget adopted in November 2019 only included grant revenues, taxes and other miscellaneous non-operating revenues. In 2020 a cash basis format was adopted that includes other items that used to be listed on the balance sheet as liabilities and capital expenses, such as Taxes/Retainage Collected/Remitted, Deposits Collected/Refunded, Debt Principal payments, Capital Expenditures, etc. As those are now included in this format, the amounts of these line items increased substantially when compared to the original 2020 adopted budget.
- (b) The IDD Levy passed subsequent to the 2020 Adopted Budget, so that amount is not reflected in the first column, but is included in the YTD Actual columns.
- (c) The projected decrease in changes in cash for the year is a result of moving the receipt of FAA grant funds to 2021 (~\$1.2m), as well as moving some project expenses to 2021 (~\$746k).
- (d) An increase in the projected Ending IDD Levy Reserve balance is as a result of moving some projects into 2021 primarily due to permitting issues.

FISCAL IMPACT

As discussed herein.

ATTACHMENTS

1. 2020 COVID-19 Budget Model, with YTD October activity
2. Estimated 2020 Ending Reserve Balances

RECOMMENDATIONS

1. Motion to approve the updated 2020 Budget/COVID-19 model.

Includes October YTD Activity, prepared December 3, 2020

	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Actual	Budget	Budget			
	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Oct-20	Nov-20	Dec-20	Total Adopted Budget 2020	total Actual & Remaining Budget	Over (Under) Budget
Revenues																
PTBH - Perm Moorage	107,516	88,735	97,765	96,406	108,979	102,605	100,636	97,167	104,295	97,749	103,198	97,880	97,874	1,169,496	1,203,056	33,560
PTBH - Liveaboard Fee	1,924	1,724	1,924	1,924	2,405	2,886	2,886	2,646	2,513	2,229	2,164	2,061	2,061	24,749	27,116	2,367
PTBH - Work Flt/Lift Pier	52	363	52	151	-	-	114	26	104	750	78	750	750	9,000	2,440	(6,560)
PTBH - Monthly Guest	14,288	17,780	17,103	15,349	25,235	35,724	25,955	36,410	32,030	31,924	12,654	25,540	22,347	343,803	280,415	(63,388)
PTBH - Nightly Guest	7,441	6,876	9,917	3,875	9,451	22,926	45,508	29,439	17,558	12,566	11,737	6,489	6,489	232,883	177,707	(55,176)
PTBH - Nightly Guest - Est. Decr.	-	-	-	-	-	-	-	-	-	(4,000)	-	(4,000)	(4,000)	-	(8,000)	(8,000)
PTBH - Misc. Revenue	1,100	800	1,101	1,314	1,110	750	1,600	873	3,790	1,000	1,950	1,000	950	14,500	16,338	1,838
PTBH - Port Labor	-	-	-	-	-	-	67	-	-	-	-	-	-	-	67	67
PTBH - Showers	603	608	693	667	790	972	669	974	990	1,050	639	850	600	11,200	9,054	(2,146)
PTBH - Restroom Fobs	45	10	45	25	25	40	30	30	50	100	-	50	50	1,000	400	(600)
PTBH - Laundry	378	421	490	247	545	710	616	518	718	550	529	550	300	6,350	6,021	(330)
PTBH - Promo Sales	16	16	16	12	-	-	16	-	-	50	-	50	50	650	176	(474)
PTBH - Electric	8,282	3,073	9,505	8,578	9,154	7,784	8,741	7,539	6,249	6,500	5,546	8,700	9,300	106,600	92,450	(14,150)
PT Boat Haven Moorage	141,643	120,407	138,609	128,548	157,693	174,397	186,839	175,621	168,296	150,468	138,496	139,920	136,771	1,920,231	1,807,239	(112,992)
Yard - Liveaboard Fee	233	314	156	160	401	80	160	40	140	77	381	77	77	924	2,219	1,295
Yard - Miscellaneous Revenue	-	6	61	50	-	-	-	-	-	373	-	373	377	4,480	867	(3,613)
Yard - WY Port Labor	-	-	-	-	-	-	-	-	-	400	-	250	250	3,500	500	(3,000)
Yard - SY Port Labor	394	-	465	-	800	-	400	-	-	500	-	300	-	4,500	2,359	(2,141)
Yard - Enviro Clean Up	-	-	2,210	-	200	400	-	200	600	-	150	-	-	-	3,760	3,760
Yard - Wrk Yard Enviro Fee	3,376	3,789	4,977	4,306	4,185	2,745	2,699	4,680	5,113	4,300	6,077	4,800	4,006	51,306	50,753	(553)
Yard - Ship Yard Enviro Fee	1,504	1,250	696	1,428	2,361	1,243	1,419	909	457	2,900	1,253	4,100	-	16,932	16,619	(313)
Yard - 70/75 Ton Hoist Revenue	12,477	19,111	19,875	15,341	21,271	42,868	35,817	28,559	30,368	35,946	33,054	17,068	14,574	334,479	290,383	(44,096)
Yard - 300 Ton Hoist Revenue	22,436	19,354	12,888	25,035	22,207	17,218	6,686	6,716	14,538	14,285	15,407	10,915	11,524	200,291	184,923	(15,368)
Yard - Washdown Revenue	2,825	3,588	6,337	6,689	7,926	11,050	9,261	6,898	7,137	10,300	8,454	5,800	5,500	86,684		

	Actual Jan-20	Actual Feb-20	Actual Mar-20	Actual Apr-20	Actual May-20	Actual Jun-20	Actual Jul-20	Actual Aug-20	Actual Sep-20	Budget Oct-20	Actual Oct-20	Budget Nov-20	Budget Dec-20	Total Adopted Budget 2020	total Actual & Remaining Budget	Over (Under) Budget
PH - Nightly RV Est. Decr.	-	-	-	-	-	-	-	-	-	(9,260)	-	(3,721)	(2,453)	-	(6,174)	(6,174)
Pt Hudson - Kayak Racks	1,599	629	1,014	1,322	1,210	1,682	1,278	1,474	1,573	758	1,195	758	867	11,869	14,601	2,732
Pt Hudson - Reservation Fee	2,634	2,706	269	(1,646)	246	3,673	7,094	5,232	4,423	3,290	3,926	2,050	1,930	43,150	32,537	(10,613)
Pt Hudson - Showers	415	300	598	514	364	498	681	690	669	736	651	563	552	8,740	6,492	(2,248)
Pt Hudson - Laundry	953	688	970	808	665	628	813	810	958	928	769	651	686	11,302	9,399	(1,904)
Pt Hudson - Passenger Fee	-	-	-	-	-	-	-	429	1,205	1,346	903	-	-	17,002	2,538	(14,464)
PH - Passenger Fee Est. Decr.	-	-	-	-	-	-	-	-	-	(1,211)	-	-	-	-	-	-
Pt Hudson - Promo Sales	24	45	48	-	-	92	86	108	66	50	44	50	-	950	563	(387)
Pt Hudson - Misc. Revenue	60	18	-	12	-	61	-	214	-	(100)	329	100	100	1,700	894	(806)
Pt Hudson - Enviro Clean up	-	-	-	212	-	-	-	-	-	-	-	-	-	-	212	212
Pt Hudson - Leases	34,841	29,959	30,462	26,949	27,094	34,956	30,012	39,387	30,524	32,237	35,021	32,237	32,236	386,843	383,679	(3,164)
PH - Lease Est. Decr.	-	-	-	-	-	-	-	-	-	(8,059)	-	(8,059)	(8,059)	-	(16,118)	(16,118)
Pt Hudson - Parking	223	241	109	55	110	180	688	455	375	-	18	-	-	10,150	2,453	(7,697)
Pt Hudson - Event Facility Rev	482	-	-	(200)	-	(50)	-	(155)	-	500	(155)	250	50	30,700	222	(30,478)
PH - Event Facility Est. Decr.	-	-	-	-	-	-	-	-	-	(500)	-	(250)	(50)	-	(300)	(300)
Pt Hudson - Property Utility Reim	3,431	954	3,812	1,528	954	4,399	1,182	5,022	1,186	3,600	4,562	3,600	3,600	42,500	34,229	(8,271)
Pt Hudson - Electric	1,703	759	2,347	2,062	2,492	3,299	5,439	5,423	4,838	2,450	2,414	2,450	2,610	34,810	35,837	1,027
Point Hudson Marina, RV & Prop	95,368	82,653	85,900	64,413	70,296	111,414	168,427	184,297	158,321	99,978	131,338	84,233	79,697	1,560,446	1,316,357	(244,089)
PTBH Prop - Leases	53,742	47,329	51,764	38,224	75,584	55,137	60,713	62,684	57,632	46,031	42,896	46,031	46,031	552,371	637,766	85,395
PTBH Prop - Storage Units	913	898	588	806	762	517	455	1,080	583	560	710	650	650	8,280	8,611	331
PTBH Prop - Miscellaneous	-	-	-	-	-	-	-	406	-	-	-	-	-	-	406	406
PTBH Prop - Fuel Dock Lease	1,192	904	1,039	1,209	875	2,683	2,209	3,003	3,201	2,300	1,817	1,600	1,000	20,000	20,729	729
PTBH Prop - Electric	154	(13)	538	86	524	485	699	642	593	150	510	200	200	2,800	4,619	1,819
PTBH Prop - Stormwater Fees	1,175	929	953	966	1,092	1,028	1,084	1,048	853	650	774	650	650	7,800	11,202	3,402
PTBH Prop - Other Util, Wtr, Swr, Garbg	1,500	230	1,169	2,023	1,994	1,975	1,769	1,807	2,132	2,116	1,480	2,120	2,120	25,400	20,320	(5,080)
PT Boat Haven Properties	58,675	50,276	56,051	43,314	80,831	61,825	66,929	70,669	64,993	51,807	48,187	51,251	50,651	616,651	703,652	87,001
Quilcene - Permanent Moorage	4,378	3,230	3,358	4,144	3,499	6,937	6,238	6,473	6,765	4,157	5,328	3,200	2,842	49,222	56,391	7,169
Quilcene - Liveaboard Fee	340	160	240	381	441	240	240	300	240	78	401	78	78	936	3,141	2,205
Quilcene - Nightly Moorage	77	22	-	-	229	497	648	293	426	65	119	50	(50)	3,645	2,310	(1,335)
Quilcene - Showers	420	280	150	340	450	250	255	30	420	250	290	200	170	3,074	3,255	181
Quilcene - Reservations	99	22	-	-	-	132	55	55	22	-	55	-	-	700	440	(260)
Quilcene - Misc Revenue	-	-	-	-	-	-	31	-	-	-	-	-	-	215	31	(184)
Quilcene - Lease	5,324	5,324	5,106	5,543	-	10,430	10,649	5,106	5,543	5,308	5,324	5,308	5,308	63,694	68,964	5,270
Quilcene - Fuel Sales	4,277	-	445	1,152	822	-	-	358	-	2,170	-	1,350	700	19,500	9,104	(10,396)
Quil - Fuel Sales Est. Decr.	-	-	-	-	-	-	317	-	-	(2,170)	-	(1,350)	(700)	-	(1,733)	(1,733)
Quilcene - Recreatl Ramp Fees	542	320	196	233	1,630	2,884	2,276	1,482	746	170	104	100	100	10,470	10,613	143
Quil - Recreatl Ramp Fee Est. Decr.	-	-	-	-	-	(1,442)	1,442	-	-	(85)	-	(50)	(50)	-	(100)	(100)
Quilcene - Commercial Use Fees	-	-	-	-	1,200	-	-	400	-	-	-	-	-	3,000	1,600	(1,400)
Quilcene - Water	860	296	921	1,089	-	1,989	2,412	335	1,124	1,200	932	1,200	1,200	14,400	12,359	(2,041)
Quilcene - Electric	255	99	347	301	343	586	162	162	573	75	517	75	75	1,189	3,496	2,307
Quilcene Marina & Property	16,572	9,754	10,764	13,181	8,613	22,505	24,725	14,994	15,859	11,218	13,070	10,161	9,673	170,045	169,872	(173)
Ramp Fees	2,960	4,450	2,699	315	5,138	7,957	11,970	5,853	1,955	1,398	1,230	1,000	200	43,700	45,727	2,027
Ramp Fees Est. Decr.	-	-	-	-	-	-	-	-	-	(350)	-	(250)	(50)	-	(300)	(300)
Ramps: Failure to Pay	-	-	(30)	-	-	-	-	-	-	-	-	-	-	-	(30)	(30)
Ramps - Commercial Use Fees	-	-	-	-	200	2,183	-	-	800	1,000	-	-	-	5,600	3,183	(2,417)
Ramps - Dinghy Float Revenue	-	300	-	150	-	-	564	-	-	50	-	-	-	2,000	1,014	(986)
Ramp Use	2,960	4,750	2,669	465	5,338	10,140	12,534	5,853	2,755	2,099	1,230	750	150	51,300	49,594	(1,706)
JCIA - Misc. Revenue	-	-	-	-	-	-	-	100	-	8	-	8	8	100	117	17
JCIA - Leases	8,436	8,954	9,177	9,126	9,443	9,040	8,999	10,884	10,448	9,371	9,283	9,371	9,371	112,452	112,531	79

	Actual Jan-20	Actual Feb-20	Actual Mar-20	Actual Apr-20	Actual May-20	Actual Jun-20	Actual Jul-20	Actual Aug-20	Actual Sep-20	Budget Oct-20	Actual Oct-20	Budget Nov-20	Budget Dec-20	Total Adopted Budget 2020	total Actual & Remaining Budget	Over (Under) Budget
JCIA - Hangar Rentals	3,251	2,137	2,492	3,126	2,522	2,521	2,542	3,507	2,539	2,681	2,898	2,681	2,684	32,175	32,898	723
JCIA - Vehicle Parking	180	-	-	32	-	-	200	212	-	45	-	45	35	720	704	(16)
JCIA - Aircraft Parking	418	55	33	416	116	24	248	302	92	50	58	50	50	1,476	1,862	386
JCIA - Fuel Lease	96	83	-	291	169	-	(8)	303	322	200	157	200	175	3,165	1,787	(1,378)
JCIA - Electric	169	-	-	539	5	71	69	99	112	80	104	80	80	1,647	1,328	(319)
JCIA Operations	12,550	11,228	11,702	13,530	12,254	11,656	12,049	15,406	13,512	12,435	12,500	12,435	12,403	151,735	151,226	(509)
Total Operating Revenues	470,210	403,280	457,331	399,368	491,881	572,306	650,976	605,772	573,131	504,465	521,604	447,423	419,810	6,389,249	6,013,092	(376,157)
Operating Expenses																
Salaries & Wages	186,128	169,397	84,409	302,731	184,382	189,602	186,053	176,101	185,197	184,348	184,652	183,134	183,103	2,262,501	2,214,888	(47,613)
Staff in Capital (loaded)	-	-	-	-	-	-	-	-	-	(6,648)	-	(4,776)	(2,623)	-	(7,399)	(7,399)
No Seasonal Help (2) Est. Decrease	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payroll Taxes	19,956	17,789	9,116	31,476	18,957	19,848	20,062	19,115	20,029	18,350	19,982	18,153	18,185	229,387	232,667	3,280
Employee Benefits	-	64,363	67,993	71,425	73,682	141,825	67,656	67,831	68,820	65,207	63,035	64,694	64,423	741,251	815,748	74,497
Uniform Expense	672	2,566	481	348	-	-	213	538	-	952	305	1,208	2,319	8,650	8,650	(0)
Contract Services	41,717	20,745	10,575	17,192	23,318	11,930	14,950	41,905	14,050	20,302	11,079	21,802	21,331	257,016	250,594	(6,422)
Consulting Services	-	-	-	-	-	-	-	-	-	2,500	-	2,500	5,000	40,000	7,500	(32,500)
Legal Services	129	2,667	1,980	-	3,724	1,265	2,998	3,218	-	8,333	8,224	8,333	8,337	100,000	40,873	(59,127)
Use of In-House Counsel	-	-	-	-	-	-	-	-	-	(4,778)	-	-	-	-	-	-
Audit Services	-	-	-	-	-	-	-	-	-	-	-	1,414	8,275	27,475	9,689	(17,786)
Insurance	-	228	-	-	971	-	-	239,188	68,833	-	-	-	-	298,396	309,220	10,824
Office/Computer Supplies	790	251	867	86	494	32	254	102	36	500	3,374	1,071	300	3,000	7,657	4,657
Operating Supplies	3,677	5,441	4,208	4,319	2,487	11,362	3,337	6,255	5,331	8,963	5,152	5,300	6,511	90,000	63,380	(26,620)
Enviro Material/Supplies	-	-	-	8,612	2,694	3,362	5,361	-	-	-	-	-	-	2,500	20,028	17,528
Tarp Pool Expense	-	3,411	5,010	-	-	5,039	-	3,152	-	2,500	3,058	-	3,613	22,500	23,282	782
Emp Recog/Relations	-	-	-	-	50	-	134	-	-	-	-	-	500	1,200	684	(516)
Publications	-	-	-	-	-	-	-	-	201	-	-	-	-	-	201	201
Postage	-	15	551	-	1,594	551	-	-	551	75	1,526	735	880	5,742	6,403	661
Janitorial Supplies	-	1,223	1,573	414	10,131	540	62	1,579	873	2,830	2,707	2,955	3,130	30,250	25,186	(5,064)
Fuel & Lubricants	139	3,040	704	2,754	2,624	2,858	884	3,014	2,622	1,470	2,107	1,730	1,464	25,964	23,939	(2,025)
Permits	250	960	516	-	260	-	-	1,412	310	-	51	-	-	6,188	3,758	(2,430)
Equipment Rental	-	-	-	-	-	1,722	-	-	-	-	-	-	-	6,000	1,722	(4,278)
Claims & Damages	-	-	-	-	-	-	-	-	-	-	-	-	-	3,000	-	(3,000)
Membership & Dues	10,208	641	-	25	1,960	-	2,500	-	-	750	150	-	900	13,500	16,384	2,884
Bank Charges	5,823	6,557	7,540	6,875	5,894	7,412	8,429	11,341	9,535	7,460	10,028	9,276	8,601	82,650	97,312	14,662
Excise Tax	1,772	1,007	1,018	1,746	981	1,470	2,723	3,813	3,031	1,893	2,569	1,685	1,667	25,740	23,482	(2,258)
Bad Debt	-	(200)	48,973	(48,973)	-	-	-	-	-	-	-	-	-	8,000	(200)	(8,200)
Miscellaneous Expense	-	854	-	4,968	4,192	862	6,728	-	-	133	-	233	183	2,249	18,021	15,772
Repair & Maintenance Supplies	1,219	18,842	9,815	14,792	11,447	9,752	5,757	(45,703)	94,310	17,376	6,642	12,101	8,908	100,000	147,880	47,880
Utilities	39,303	57,294	48,643	60,490	42,077	22,337	35,367	47,783	37,427	48,098	39,474	54,569	56,699	565,100	541,462	(23,638)
Advertising - Legal (2018)	93	2,309	301	788	-	-	-	-	-	650	376	150	-	5,257	4,017	(1,240)
Marketing	-	3,474	2,997	4,901	1,292	2,330	8,105	6,943	533	3,868	1,480	2,337	2,338	35,000	36,730	1,730
Promotion	-	240	240	-	-	-	72	-	-	600	-	400	-	13,000	952	(12,048)
Economic Development	-	-	-	-	-	-	-	-	-	-	-	-	-	15,000	-	(15,000)
Travel & Training	-	1,857	1,968	(921)	1,063	4,372	178	451	777	850	1,059	2,000	2,000	35,000	14,803	(20,197)
Cost of Fuel (Quilcene)	-	2,035	-	-	-	-	-	-	-	1,500	-	1,200	1,000	17,000	4,235	(12,765)
Cost of Fuel Est. Decrease	-	-	-	-	-	-	-	-	-	(1,500)	-	(1,200)	(1,000)	-	(2,200)	(2,200)
Community Relations	4,832	(336)	2,000	-	-	-	-	400	-	-	-	-	-	-	6,896	6,896
Total Operating Expenses	316,708	386,669	311,477	484,049	394,274	438,470	371,820	588,437	512,465	386,582	367,028	391,004	406,044	5,078,516	4,968,444	(110,072)
Income (Loss) from Operations	153,502	16,611	145,854	(84,680)	97,607	133,836	279,156	17,335	60,667	117,883	154,576	56,419	13,766	1,310,733	1,044,647	(266,086)

	Actual Jan-20	Actual Feb-20	Actual Mar-20	Actual Apr-20	Actual May-20	Actual Jun-20	Actual Jul-20	Actual Aug-20	Actual Sep-20	Budget Oct-20	Actual Oct-20	Budget Nov-20	Budget Dec-20	Total Adopted Budget 2020	total Actual & Remaining Budget	Over (Under) Budget
Other Incr. in Fund Resources																
Retainage Collected	-	-	-	-	1,254	-	-	-	-	-	-	4,500	-	-	5,754	5,754
Yard Dep. Collected	-	1,000	-	-	-	-	-	10,000	-	-	2,938	-	-	-	13,938	13,938
PTBH Prop Lease Dep. Collected	8,743	1,173	1,984	121	953	421	-	478	1,377	-	475	-	-	-	15,723	15,723
PH Prop Lease Dep. Collected	2,769	166	566	1,334	566	928	145	145	485	-	6,022	-	-	-	13,126	13,126
PH Marina/RV Dep. Collected	(457)	3,333	1,954	5,137	3,782	3,904	10,852	7,901	10,151	-	6,064	-	-	-	52,623	52,623
Deposits & Retainage Collected	11,055	5,672	4,504	6,592	6,555	5,252	10,997	18,525	12,013	-	15,499	4,500	-	-	101,163	101,163
Sales Tax Collected	4,108	4,342	3,199	3,922	4,112	7,051	8,599	8,392	8,907	2,215	7,644	1,800	1,000	-	63,077	63,077
Leasehold Tax Collected	-	-	-	-	205,403	45,681	44,576	43,009	39,361	41,962	43,121	41,962	41,963	-	505,077	505,077
Hotel/Motel Tax Collected	-	-	-	-	743	409	1,084	1,699	502	665	694	400	200	-	5,731	5,731
Taxes Collected	4,108	4,342	3,199	3,922	210,258	53,141	54,259	53,100	48,770	44,842	51,459	44,162	43,163	-	573,885	573,885
Grants - FAA	-	69,836	-	-	-	49,550	257,161	-	-	1,637,672	1,637,672	-	-	3,304,000	2,014,218	(1,289,782)
Other Capital Grants	-	41,835	-	52,881	-	35,769	32,158	-	(4,628)	-	-	-	-	107,800	158,014	50,214
Inter Governmental - City/JCIA	-	-	-	-	-	-	-	-	-	-	-	-	35,000	-	35,000	35,000
Capital Contibutions/Grants	-	111,670	-	52,881	-	85,318	289,319	-	(4,628)	1,637,672	1,637,672	-	35,000	3,411,800	2,207,232	(1,204,568)
ARRA Bond Interest Subsidy	-	-	-	-	-	-	16,441	-	-	-	-	-	16,000	32,000	32,441	441
Investment Interest	2,131	1,968	1,647	1,003	649	466	406	338	264	1,500	247	1,000	1,000	22,000	11,118	(10,882)
Interest	2,131	1,968	1,647	1,003	649	466	16,846	338	264	1,500	247	1,000	17,000	54,000	43,559	(10,441)
Debt Proceeds - Line of Credit	-	-	-	-	-	-	400,000	1,250,000	-	-	-	-	-	-	1,650,000	1,650,000
Operating Tax Levy	3,031	49,885	63,564	368,754	87,960	12,773	9,721	7,491	19,965	378,016	310,204	85,251	11,401	1,030,000	1,030,000	0
IDD Tax Levy	1,078	54,399	53,707	290,331	71,402	13,496	7,293	12,726	19,098	285,774	251,015	79,103	1,500	-	855,149	855,149
State Forest Revenues	1,263	9,153	5,949	31	11	6,024	206	1,271	4,758	2,000	7,994	2,000	2,000	24,000	40,660	16,660
State Timber Excise Tax	-	10,570	-	-	4,720	-	-	7,985	-	-	-	8,000	-	33,000	31,274	(1,726)
Leasehold Excise Tax	-	2,299	-	323	-	2,080	-	2,578	-	1,315	73	-	1,315	8,090	8,669	579
Property & other taxes	5,372	126,305	123,221	659,439	164,093	34,374	17,220	32,050	43,821	667,105	569,286	174,354	16,216	1,095,090	1,965,752	870,662
Insurance Recovery	1,150	-	-	-	2,833	4,326	-	-	-	107,452	107,452	-	-	50,000	115,761	65,761
Finance Charges	1,137	20	2,979	130	73	39	139	250	683	1,900	995	1,800	1,250	24,000	9,495	(14,505)
Other Non-Operating Revenues	(7,709)	-	-	-	-	163	173	1	1,737	5	(48)	105	105	1,000	(5,473)	(6,473)
Misc Other Incr. Fund Rscrs	(5,422)	20	2,979	130	2,906	4,528	312	251	2,420	109,357	108,399	1,905	1,355	75,000	119,783	44,783
Total Other Incr. Fund Resources	17,243	249,977	135,550	723,966	384,461	183,080	788,954	1,354,265	41,877	2,460,476	2,315,604	225,921	112,734	4,635,890	6,661,374	2,025,484
Other Decr. In Fund Resources																
Retainage Paid	-	-	-	-	6,265	-	-	-	-	-	-	-	4,500	-	10,765	10,765
Yard Deposits Refunded	-	-	-	-	-	-	-	18,947	-	-	-	-	-	-	18,947	18,947
PTBH Prop Lease Dep. Returned	-	-	-	-	-	-	-	-	4,062	-	-	-	-	-	4,062	4,062
PH Prop Lease Dep. Returned	-	-	-	-	-	710	-	2,939	-	-	-	-	-	-	3,649	3,649
PH Deposits Refunded	-	-	-	1,981	-	-	-	1,467	4,214	-	5,530	-	-	-	13,191	13,191
Deposits & Retainage Paid	-	-	-	1,981	6,265	710	-	23,353	8,276	-	5,530	-	4,500	-	50,614	50,614
Sales Tax Remitted	2,565	3,880	4,879	3,245	3,921	4,112	7,051	9,094	8,412	8,215	8,943	6,800	2,138	-	65,039	65,039
Leasehold Tax Remitted	-	-	-	-	238,820	-	128,127	-	-	139,547	130,875	-	-	-	497,822	497,822
Hotel/Motel Tax Remitted	-	-	-	-	929	-	3	2,013	1,133	1,065	1,050	490	200	-	5,818	5,818
Taxes Remitted	2,565	3,880	4,879	3,245	243,670	4,112	135,181	11,107	9,546	148,827	140,868	7,290	2,338	-	568,679	568,679
Principal - 2010 LTGO Bond	-	-	-	-	-	-	-	-	-	-	-	-	295,000	275,000	295,000	20,000
Interest - 2010 LTGO Bond	-	-	-	-	-	93,619	-	-	-	-	-	-	93,619	187,238	187,238	(0)
Principal - 2015 LTGO Refund Bond	-	-	-	-	-	-	460,000	-	-	-	-	-	-	440,000	460,000	20,000
Interest - 2015 LTGO Refund Bond	-	-	-	-	-	-	44,625	-	-	-	-	-	37,725	82,350	82,350	-
Principal - 2020 Line of Credit	-	-	-	-	-	-	-	-	-	1,400,000	1,400,000	-	250,000	-	1,650,000	1,650,000
Interest - 2020 Line of Credit	-	-	-	-	-	-	-	-	3,032	6,061	6,061	-	2,001	-	11,094	11,094
Bond Principal & Interest	-	-	-	-	-	93,619	504,625	-	3,032	1,406,061	1,406,061	-	678,345	984,588	2,685,682	1,701,094
Bond Management Fees	-	-	-	-	-	-	-	-	-	-	1,098	-	250	1,000	1,348	348
Debt Issue Costs	-	-	-	-	-	9,500	-	-	-	-	-	-	-	-	9,500	9,500
Investment Fees	50	50	50	50	32	23	20	17	13	40	12	40	35	500	393	(107)
Bond Mgmt, Issuance, Investment	50	50	50	50	32	9,523	20	17	13	40	1,111	40	285	1,500	11,242	9,742

	Actual Jan-20	Actual Feb-20	Actual Mar-20	Actual Apr-20	Actual May-20	Actual Jun-20	Actual Jul-20	Actual Aug-20	Actual Sep-20	Budget Oct-20	Actual Oct-20	Budget Nov-20	Budget Dec-20	Total Adopted Budget 2020	total Actual & Remaining Budget	Over (Under) Budget
PH South Jetty project	488	11,468	17,124	26,898	1,253	26,520	37,237	32,425	25,036	162,454	86,482	21,612	32,168	100,000	394,683	294,683
JCIA Runway Rehab	11,240	775	370	595	54,267	253,854	1,666,586	1,372,103	236,051	83,919	7,060	1,271	2,000	3,304,000	3,606,172	302,172
BH Breakwater Repair	61	142	30	15,356	35,769	-	(35,606)	-	8,720	-	1,081	200	-	300,000	25,753	(274,247)
PH Hudson St. Air Ventilation	-	3,557	26,827	(35)	(215)	-	-	-	-	-	-	-	-	-	30,134	30,134
PH Hudson St. Leashld Imp	-	-	-	-	-	-	-	-	(0)	-	(0)	-	5,000	35,000	5,000	(30,000)
2019 WorkYard Resurfacing	665	-	-	-	-	-	-	-	-	-	-	-	-	-	665	665
2020 WorkYard Resurfacing	-	-	-	333	143	-	190	1,317	1,336	-	2,423	78,126	1,500	90,000	85,366	(4,634)
Yard Transformers Upgrade	-	-	-	-	-	-	-	-	(0)	-	(0)	-	5,000	5,000	5,000	(0)
JCIA Airport Terminal	-	-	3,000	3,728	-	-	(6,728)	-	-	-	-	-	-	-	-	-
D-Dock Renovation	-	-	-	-	-	-	1,969	49,201	966	-	24,055	60	2,095	-	78,346	78,346
Linear Dock Electrical	-	-	-	-	-	-	2,425	25,088	5,777	8,393	5,846	1,750	14,164	-	55,050	55,050
Quilcene Dredge Design	-	-	-	-	-	-	-	-	(0)	-	(0)	-	-	40,000	(0)	(40,000)
Marina Software	-	-	-	-	-	-	-	-	-	87,676	87,676	-	-	-	87,676	87,676
Marina Wifi infrastructure	-	-	-	-	-	-	-	-	(0)	-	(0)	-	30,000	-	30,000	30,000
Small Capital projects	1,000	-	-	-	-	-	-	-	(0)	-	(0)	-	-	125,000	1,000	(124,000)
BH Fire Suppression	-	-	-	-	-	-	-	40,516	-	-	-	-	-	-	40,516	40,516
PH - Fire Supression	-	-	-	-	-	-	-	20,811	-	-	-	-	-	-	20,811	20,811
PH - DirectTV Install	-	-	-	-	-	-	-	-	-	-	7,716	-	-	-	7,716	7,716
Equipmt/Vehicles	19,969	-	-	19,969	-	-	-	35,643	(0)	-	(0)	-	-	-	75,581	75,581
PH S. Jetty CONTINGENCY	-	-	-	-	-	-	-	-	(0)	-	(0)	-	-	250,000	(0)	(250,000)
2020 Capital Project Work	33,424	15,941	47,352	66,844	91,216	280,374	1,666,073	1,577,104	277,885	342,442	222,338	103,019	91,927	4,249,000	4,549,469	300,469
Election Expense	-	-	-	15,674	-	-	-	-	-	-	-	-	-	-	15,674	15,674
Total Other Decr. Fund Resources	36,039	19,871	52,281	87,793	341,184	388,338	2,305,900	1,611,580	298,751	1,897,370	1,775,907	110,349	777,395	5,235,088	7,881,359	2,646,271
Net Other Incr/Decr Fund Rsrcs	(18,795)	230,106	83,269	636,173	43,277	(205,258)	(1,516,946)	(257,315)	(256,874)	563,106	539,697	115,572	(664,661)	(599,198)	(1,219,986)	(620,788)
Balance Sheet Adjustments	90,985	126,478	(59,095)	(76,390)	102,792	11,046	2,434	(108,145)	106,646	-	(114,231)	-	-	-	82,520	82,520
Total Increase/Decrease in Cash	225,692	373,195	170,028	475,103	243,676	(60,376)	(1,235,356)	(348,125)	(89,562)	680,989	580,042	171,991	(650,895)	711,535	(92,818)	(804,353)
Ending Cash/Investments	3,142,322	3,515,516	3,685,544	4,160,647	4,404,323	4,343,947	3,108,591	2,760,466	2,670,905	3,351,894	3,250,946	3,422,938	2,772,043	2,944,320	2,772,043	(172,277)
Reserved Cash/Investmts - Other	1,254,445	1,275,695	1,275,696	1,307,495	1,307,496	1,328,746	1,349,994	1,392,494	1,392,495		1,434,995					
Reserved Cash/Investmts - IDD	1,078	55,477	109,184	399,515	470,917	484,413	491,708	504,434	523,531		774,546					
Unreserved Cash/Investments	1,886,799	2,184,344	2,300,664	2,453,637	2,625,910	2,530,788	1,266,889	863,538	754,879		1,172,281					
Total Ending Cash/Investments	3,142,322	3,515,516	3,685,544	4,160,647	4,404,323	4,343,947	3,108,591	2,760,466	2,670,905		3,381,822					
Total Ending Cash 2020	Adopted Bdgt	Covid Bdgt														
Cash Reserve - Other	1,062,234	1,226,291														
Cash Reserve - IDD	-	495,142	IDD levy passed subsequent to 2020 budget adoption.													
Cash Unreserved	1,830,180	1,050,610														
Total	2,892,414	2,772,043														

Reserves Estimated for 2020

Updated for December 9, 2020 Commission meeting

<u>Actual Beginning Reserves 1/1/2020</u>		1,233,195	
Port Wide Capital	380,934		
Boat Haven Reserve	562,261		
Operations reserve	180,000		
Contingency reserve	75,000		
Hazardouse Waste Reserve	25,000		
Unemployment Reserve	10,000		
<u>Port Wide Capital Beginning</u>		380,934	
Budgeted Reserve Funding 2020	Jan-Dec	120,000	
2019 Capital Bdgt - 2019 True-up	Apr-20	(31,950)	
Cap. Bdgt 2020-Workyard Resurfacing		(85,336)	
Budgeted Ending Balance			383,648
<u>Boat Haven Reserve Beginning</u>		562,261	
2019 Capital Bdgt - 2019 True-up	Apr-20	(756)	
D-Dock Renovation		(78,346)	
Linear Dock Electrical		(25,000)	
BH Fire Suppression		(40,516)	
Budgeted Ending Balance			417,643
<u>Operations Reserve Beginning</u>		180,000	
Budgeted Operations Funding	Jan-Dec	135,000	
Budgeted Ending Balance			315,000
<u>IDD Levy Reserve Beginning</u>		-	
Budgeted Levy Receipts	Jan-Dec	809,054	
PH S. Jetty - 2020 Expenditures		(283,862)	
D-Dock Renovation		-	
Linear Dock Electrical		(30,050)	
Quilcene Dredge Design		-	
Estimated Ending Balance			495,142
Contingency reserve			75,000
Hazardouse Waste Reserve			25,000
Unemployment Reserve			10,000
Total Budgeted Ending Reserve Balances			1,721,433

MEETING DATE	December 9, 2020
AGENDA ITEM	<input type="checkbox"/> Consent <input type="checkbox"/> 1 st Reading <input type="checkbox"/> 2 nd Reading <input checked="" type="checkbox"/> Regular Business <input type="checkbox"/> Informational
AGENDA TITLE	VIII.B. Financial Reporting Options for Monthly Reports
STAFF LEAD	Abigail Berg, Director of Finance & Administration
REQUESTED	<input type="checkbox"/> Information <input checked="" type="checkbox"/> Motion/Action <input type="checkbox"/> Discussion
ATTACHMENTS	<ol style="list-style-type: none"> 1. Financial Reporting Options Informational Memo 2. Example May 2020 YTD Consolidated Financial Report 3. Example May 2020 YTD Expanded Line Item Financial Report

DATE: 12/9/2020
TO: Port Commission
FROM: Abigail Berg, Director of Finance & Administration
SUBJECT: Monthly Financial Reporting Format for 2021

ISSUE

Which financial reporting format would the Commission like to see each month in 2021?

BACKGROUND/DISCUSSION

When the COVID-19 pandemic struck our state in March, the staff response was to build a month-to-month financial report that showed budget to actual projections and actual activity so as to monitor the financial impact of the pandemic on the Port. The comparisons included the total adopted budget and the total actual activity plus the remaining budget and the variance to those two. This format was just shown in the October YTD presentation before this section on today's meeting agenda.

Prior to March 2020, the monthly reporting format was a YTD that included as much detail, except not month-to-month. The comparisons were different, too. It included a YTD comparison to the prior year, the budget and the variance between the YTD Actual and the YTD Budget.

In addition, with the pre-COVID-19 Model Budget, the report was rolled up into a one-page document, not 5 pages long. An unrolled, more detailed version was always included in the Commission packet under the "Additional Info" section of the Agenda page. An example of this format is attached to this memo.

FISCAL IMPACT

NA

ATTACHMENTS

- Example May 2020 YTD Consolidated Financial Report
- Example May 2020 YTD Expanded Line Item Financial Report

RECOMMENDATION

Port Staff requests the Commission decide on one format they would like to proceed with starting with the January 2021 financial report:

- A. A YTD month-to-month financial report (like the October Financials for this meeting)
- B. A YTD consolidated financial report and an expanded line item report (as per the May example attached)

Port of Port Townsend
2020 Summary of Fund Resources & Uses with Comparison to Prior Year and Budget

	YTD May 2019	YTD May 2020	Variance to prior year - 2019 v 2020	notes	YTD Budget 2020	Variance to Budget YTD
REVENUES				a		
Boat Haven Moorage	759,754	701,593	(58,162)		782,698	(81,105)
Yard Operations	797,732	704,069	(93,663)		831,552	(127,483)
Boat Haven Properties	302,529	289,542	(12,987)		254,751	34,791
Pt. Hudson Marina, RV & Prop	519,575	398,921	(120,654)		550,364	(151,443)
Quilcene	66,787	55,109	(11,679)		65,669	(10,560)
Ramps	23,134	17,058	(6,076)		23,680	(6,622)
JCIA	63,645	61,762	(1,883)		63,025	(1,262)
Total Revenues	2,533,157	2,228,054	(305,103)		2,571,739	(343,685)
EXPENSES						
Salaries & Wages	824,405	927,047	102,642	b	952,464	(25,417)
Payroll Taxes	89,709	97,293	7,583		95,540	1,753
Employee Benefits	250,054	277,464	27,410	c	335,734	(58,270)
Uniform Expense	4,068	4,441	373		3,680	762
Contract Services	107,937	109,003	1,066		105,277	3,726
Consulting Services	21,295	-	(21,295)		15,000	(15,000)
Legal & Auditing	60,243	8,499	(51,744)	d	41,665	(33,166)
Insurance	671	1,199	528		-	1,199
Facilities & Operations	183,197	180,310	(2,887)		181,457	(1,148)
Utilities	268,842	228,187	(40,655)		261,656	(33,469)
Marketing	22,097	17,115	(4,981)		23,293	(6,178)
Economic Development	-	-	-		15,000	(15,000)
Travel & Training	13,096	4,863	(8,233)	e	11,050	(6,187)
Cost of Goods - Fuel	5,138	2,035	(3,103)		5,600	(3,565)
Community Relations	35	3,527	3,492	f	-	3,527
Total Expenses	1,850,788	1,860,981	10,193		2,047,416	(186,434)
Net Operating Income (Loss)	682,368	367,072	(315,296)		524,323	(157,251)
Other Increases in Fund Resources						
Deposits & Retainage Collected	31,863	41,072	9,209	g	-	41,072
Taxes Collected	242,792	229,987	(12,805)	h	-	229,987
Capital Contributions/Grants	196,726	164,551	(32,175)	i	458,000	(293,449)
Interest	29,267	7,397	(21,870)		11,000	(3,603)
Property & other taxes	635,187	1,078,431	443,243	j	614,802	463,629
Misc Other Incr. in Fund Resources	112,307	8,633	(103,674)	k	11,265	(2,632)
Total Other Incr. in Fund Resources	1,248,142	1,530,071	281,929		1,095,067	435,004
Other Decr. In Fund Resources						
Deposits & Retainage Paid	13,232	17,749	4,517	l	-	17,749
Taxes Remitted	150,269	262,150	111,881	m	-	262,150
Bond Interest	98,919	44,625	(54,294)	n	138,244	(93,619)
Bond Mgmt, Issuance & Misc Exp	250	232	(18)		460	(228)
Election Expense	-	15,674	15,674	o	-	15,674
Total Other Decr. In Fund Resources	262,670	340,430	77,760		138,704	201,726
Net Other Incr./Decr. Fund Resrcs	985,473	1,189,641	204,168		956,363	233,278
Net Incr./Decr. All Fund Resources	1,667,841	1,556,713	(111,128)		1,480,686	76,027

Notes:

- (a) *Starting in May, this reporting is a hybrid of Accrual/Cash. The full Cash report will be rolled out in the next month or so; the adjustments for January Accrued Revenues is in process (and is tedious). Understand that when comparing 2019 to 2020 Revenues, the 2019 revenues are on an Accrual Basis, and in 2020, all months but January, are on a Cash Basis. Expenses year to year are more comparable since the Port pays its bills as they are received.*
- (b) *Comparing 2019 to 2020, the variance is primarily due the following: two (2) new positions implemented approximately mid-year 2019 (Lease & Contracts Admin., Enviro Spec.), the Custodian position added in Jan. 2020, and the Executive Director overlap in 2020. YTD Actual is just under YTD Budget.*
- (c) *The comparison of 2019 to 2020 Benefits is as expected to be higher due to the added positions mentioned in item (b), as well as, having a replacement Executive Director and the former still on salary. The YTD 2020 benefits budget is greater than actual due to the timing of these expenses which are always paid after the last pay period of the month, in the subsequent month. It will true up by year end.*
- (d) *In 2019, approximately \$25,000 was spent on the Seattle Maritime Academy litigation, in addition, YTD 2020 reflects less use/need of this service.*
- (e) *YTD 2019 Travel & Training was higher than 2020 due to the timing of staff travel reimbursement submittals and payments, HAZWOPPER training (which cost ~\$4,200), and WPPA conferences attended in 2019 that have been cancelled in 2020 due to the Covid-19 pandemic.*
- (f) *2020 costs were higher for Community Relations when comparing to 2019 and Budget due to Deck the Docks event held in December, the rental deposit paid for the Executive Director candidate meet and greet held at the NWMC in January, and the sponsorship of the high school sailing team for the Race to Alaska.*
- (g) *"Refundable Deposits & Retainage" is new to this report and comes from the Cash Basis reporting requirements. It includes recognition of cash collected by the Port for these purposes.*
- (h) *"Taxes Collected" is new to this report and comes from the Cash Basis reporting requirements. It is recognition of cash collected by the Port for Sales, Leasehold and Hotel/Motel Taxes.*
- (i) *The variance between YTD 2019 to YTD 2020 Capital Contributions/Grants is to be expected dependent on grant billing and receipt.*
- (j) *When comparing 2019 to 2020, as well as to budget, the amount of Property & Other Taxes line item increase in 2020 is primarily due to the IDD Levy. YTD receipts for that levy is \$470,918.*
- (k) *The 2019 Misc. Other Increases in Fund Resources includes the payment to the Port for the New Day Fisheries building for \$100,000.*
- (l) *"Retainage & Deposits Paid" is new to this report and comes from the Cash Basis reporting requirements. It includes recognition of cash refunded by the Port for these purposes.*
- (m) *"Taxes Remitted" is new to this report and comes from the Cash Basis reporting requirements. It is recognition of cash remitted to the State by the Port for Sales, Leasehold and Hotel/Motel Taxes. 2020 is larger than YTD 2019 because the payment for Q4 was paid in January 2020.*
- (n) *Bond interest for January 2019 was paid in December 2018.*
- (o) *These are the shared election costs for last November's elections. The direct costs were billed in 2019, December.*

Port of Port Townsend
2020 Summary of Fund Resources & Uses with Comparison to Prior Year and Budget

	YTD May 2019	YTD May 2020	Variance to prior year - 2019 v 2020	notes	YTD Budget 2020	Variance to Budget YTD
REVENUES				a		
PTBH - Permanent Moorage	481,109	501,508	20,399		495,778	5,730
PTBH - Liveaboard Fee	8,939	9,979	1,040		9,482	497
PTBH - Work Float/Lift Pier Usage	5,511	1,029	(4,483)		3,750	(2,721)
PTBH - Monthly Guest	129,958	96,445	(33,514)		136,510	(40,066)
PTBH - Nightly Guest	68,071	38,068	(30,003)		69,628	(31,560)
PTBH - Miscellaneous Revenue	6,923	5,275	(1,648)		6,750	(1,475)
PTBH - Showers	4,059	3,361	(699)		4,100	(739)
PTBH - Restroom Key Fobs	290	170	(120)		300	(130)
PTBH - Laundry	2,390	2,080	(310)		2,250	(170)
PTBH - Promotional Sales	330	60	(270)		250	(190)
PTBH - Electric	52,174	43,618	(8,555)		53,900	(10,282)
Boat Haven Moorage	759,754	701,593	(58,162)		782,698	(81,105)
Yard - Liveaboard Fee	383	1,264	881		385	879
Yard - Miscellaneous Revenue	9,608	(1,683)	(11,291)		1,865	(3,548)
Yard - Work Yard Port Labor	-	-	-		2,100	(2,100)
Yard - Ship Yard Port Labor	-	1,865	1,865		3,300	(1,435)
Yard - Enviro Violations & Clean up	-	2,410	2,410		-	2,410
Yard - Work Yard Enviro Fee	16,060	21,125	5,065		20,600	525
Yard - Ship Yard Enviro Fee	2,880	7,126	4,246		8,432	(1,306)
Yard - 70/75 Ton Hoist Revenue	136,650	87,518	(49,132)		140,818	(53,300)
Yard - 300 Ton Hoist Revenue	92,624	102,897	10,272		93,702	9,195
Yard - Washdown Revenue	34,362	29,367	(4,995)		34,100	(4,733)
Yard - Bilge Water Revenue	3,971	2,711	(1,259)		3,578	(867)
Yard - Work Yard Revenue	243,628	214,906	(28,722)		239,826	(24,920)
Yard - Ship Yard Revenue	186,616	149,950	(36,665)		187,736	(37,786)
Yard - L/T Storage	30,440	31,988	1,549		31,585	403
Yard - Blocking Rent	15,573	14,909	(664)		26,300	(11,391)
Yard - Off Port Property Tarp Fee	1,200	1,044	(156)		625	419
Yard - Work Yard Electric	191	13,895	13,704		14,340	(445)
Yard - Ship Yard Electric	23,138	22,777	(361)		22,260	517
Yard - Garbage	409	-	(409)		-	-
Yard Operations	797,732	704,069	(93,663)		831,552	(127,483)
PTBH Prop - Lease Revenue	277,538	266,961	(10,577)		230,154	36,807
PTBH Prop - Storage Unit Revenue	4,087	3,952	(135)		3,717	235
PTBH Prop - Fuel Dock Lease	5,793	5,217	(576)		5,800	(583)
PTBH Prop - Electric	1,150	1,286	136		1,250	36
PTBH Prop - Stormwater Fees	3,183	5,026	1,843		3,250	1,776
PTBH Prop - Other Util, Wtr, Swr, Garbg	10,778	7,100	(3,678)		10,580	(3,480)
Boat Haven Properties	302,529	289,542	(12,987)		254,751	34,791
Pt Hudson - Permanent Moorage	56,033	52,871	(3,162)		58,125	(5,254)
Pt Hudson - Liveaboard Fee	3,658	4,289	632		3,768	521
Pt Hudson - Monthly Guest	65,865	74,316	8,451		65,609	8,707
Pt Hudson - Nightly Guest	44,657	9,151	(35,506)		42,410	(33,259)
City Pier & Union Wharf Usage	4,509	-	(4,509)		6,070	(6,070)
Pt Hudson - Monthly R.V.	45,639	45,900	261		46,942	(1,042)
Pt Hudson - Nightly R.V.	90,239	27,737	(62,502)		99,786	(72,049)
Pt Hudson - Kayak Racks	5,301	5,037	(264)		5,421	(384)
Pt Hudson - Reservation Fee	14,730	4,177	(10,553)		15,010	(10,833)

Summary of Fund Resources Uses, May 31, 2020

Pt Hudson - Showers	3,055	2,189	(866)		3,078	(889)
Pt Hudson - Laundry	4,175	4,083	(92)		4,416	(333)
Pt Hudson - Passenger Fee	1,681	-	(1,681)		3,894	(3,894)
Pt Hudson - Miscellaneous	1,480	301	(1,179)		800	(499)
Pt Hudson - Promotional Sales	258	105	(153)		250	(145)
Pt Hudson - Enviro Clean up	-	212	212		-	212
Pt Hudson - Building Leases	146,444	147,103	658		161,185	(14,082)
Pt Hudson - Parking	1,995	737	(1,258)		2,200	(1,463)
Pt Hudson - Parking - Failure to Pay	-	-	-		-	-
Pt Hudson - Event Facility Rev	550	336	(214)		1,100	(764)
Pt Hudson - Property Utility Reimb	17,826	10,134	(7,692)		18,000	(7,866)
Pt Hudson - Electric	11,480	10,242	(1,237)		12,300	(2,058)
Pt. Hudson Marina, RV & Prop	519,575	398,921	(120,654)		550,364	(151,443)
Quilcene - Permanent Moorage	17,333	17,758	425		17,721	37
Quilcene - Monthly Moorage	316	-	(316)		-	-
Quilcene - Liveaboard Fee	138	1,563	1,425		390	1,173
Quilcene - Nightly Moorage	1,324	327	(997)		670	(343)
Quilcene - Showers	1,231	1,640	409		1,127	513
Quilcene - Reservations	340	121	(219)		350	(229)
Quilcene - Miscellaneous Revenue	-	-	-		45	(45)
Quilcene - Lease Revenue	25,796	21,297	(4,499)		26,538	(5,241)
Quilcene - Fuel Sales	6,959	3,616	(3,343)		6,035	(2,419)
Quilcene - Recreational Ramp Fees	5,093	2,763	(2,330)		4,240	(1,477)
Quilcene - Commercial Use Fees	1,600	1,200	(400)		2,000	(800)
Quilcene - Water	6,006	3,364	(2,641)		6,000	(2,636)
Quilcene - Electric	653	1,460	808		553	907
Quilcene	66,787	55,109	(11,679)		65,669	(10,560)
Ramp Fees	21,199	16,412	(4,787)		22,380	(5,968)
Ramp Fees - Failure to Pay	60	(30)	(90)		-	(30)
PTBH Ramp - Commercial Use Fees	200	200	-		-	200
PTBH Ramp - Dinghy Float Revenue	1,675	476	(1,199)		1,300	(824)
Ramps	23,134	17,058	(6,076)		23,680	(6,622)
JCIA - Miscellaneous Revenue	530	-	(530)		42	(42)
JCIA - Lease Revenue	49,281	46,128	(3,153)		46,855	(727)
JCIA - Hangar Revenue	11,105	12,990	1,885		13,405	(415)
JCIA - Vehicle Parking Revenue	511	238	(273)		255	(17)
JCIA - Aircraft Parking	329	1,019	690		400	619
JCIA - Fuel Lease Revenue	847	638	(209)		1,254	(616)
JCIA - Electric	1,041	749	(292)		814	(65)
JCIA	63,645	61,762	(1,883)		63,025	(1,262)
Total Revenues	2,533,157	2,228,054	(305,103)		2,571,739	(343,685)
EXPENSES						
Salaries & Wages	824,405	927,047	102,642	b	952,464	(25,417)
Payroll Taxes	89,709	97,293	7,583		95,540	1,753
Employee Benefits	250,054	277,464	27,410	c	335,734	(58,270)
Uniform Expense	4,068	4,441	373		3,680	762
Contract Services	107,937	109,003	1,066		105,277	3,726
Consulting Services	21,295	-	(21,295)		15,000	(15,000)
Legal & Auditing	60,243	8,499	(51,744)	d	41,665	(33,166)
Insurance	671	1,199	528		-	1,199
Office/Computer Supplies	242	2,488	2,246		1,400	1,088
Operating Supplies	35,521	17,659	(17,862)		35,714	(18,055)
Enviro Materials/Supplies	1,657	11,306	9,649		1,250	10,056
Tarp Pool Expense	9,776	8,421	(1,355)		10,600	(2,179)

Summary of Fund Resources Uses, May 31, 2020

Empl Recog/Relations	707	(333)	(1,039)		100	(433)
Publications	95	-	(95)		-	-
Postage	515	2,160	1,645		1,557	603
Janitorial Supplies	16,542	9,893	(6,649)		11,392	(1,499)
Fuel & Lubricants	13,628	6,421	(7,207)		11,900	(5,479)
Permits & Licenses	4,031	1,985	(2,046)		4,100	(2,115)
Equipment Rental	-	-	-		4,600	(4,600)
Claims & Damages	-	-	-		1,500	(1,500)
Membership & Dues	12,277	12,934	657		11,850	1,084
Bank Charges	28,084	32,690	4,606		32,354	335
Excise Tax	7,669	6,524	(1,144)		7,675	(1,151)
Bad Debt	8,708	(200)	(8,908)		5,000	(5,200)
Miscellaneous Expense	660	18,724	18,064		884	17,840
Repair & Maintenance Supplies	43,087	49,638	6,551		39,581	10,057
Facilities & Operations	183,197	180,310	(2,887)		181,457	(1,148)
Utilities	268,842	228,187	(40,655)		261,656	(33,469)
Advertising (Legal 2018)	3,983	3,491	(492)		3,190	301
Marketing	12,392	12,664	272		14,203	(1,539)
Promotion	5,721	960	(4,761)		5,900	(4,940)
Marketing	22,097	17,115	(4,981)		23,293	(6,178)
Economic Development	-	-	-		15,000	(15,000)
Travel & Training	13,096	4,863	(8,233)	e	11,050	(6,187)
Cost of Goods - Fuel	5,138	2,035	(3,103)		5,600	(3,565)
Community Relations	35	3,527	3,492	f	-	3,527
Total Expenses	1,850,788	1,860,981	10,193		2,047,416	(186,434)
Net Operating Income (Loss)	682,368	367,072	(315,296)		524,323	(157,251)
Other Increases in Fund Resources						
Retainage Collected	-	1,254	1,254		-	1,254
Yard Deposits Collected	1,000	1,000	-		-	1,000
PTBH Prop Lease Deposits Collected	10,264	15,771	5,507		-	15,771
PH Prop Lease Deposits Collected	4,573	3,538	(1,035)		-	3,538
PH Marina/RV Deposits Collected	16,026	19,510	3,484		-	19,510
Deposits & Retainage Collected	31,863	41,072	9,209	g	-	41,072
Sales Tax Collected	29,651	23,841	(5,810)		-	23,841
Leasehold Tax Collected	211,299	205,403	(5,896)		-	205,403
Hotel/Motel Tax Collected	1,842	743	(1,099)		-	743
Taxes Collected	242,792	229,987	(12,805)	h	-	229,987
Grants - FAA	185,862	69,836	(116,027)		388,000	(318,164)
Grants - RCO	-	-	-		70,000	(70,000)
Grants - WA State & Jeff Co	10,864	41,835	30,971		-	41,835
Grants - Jefferson County	-	52,881	52,881		-	52,881
Capital Contributions/Grants	196,726	164,551	(32,175)	i	458,000	(293,449)
ARRA Bond Interest Subsidy	16,388	-	(16,388)		-	-
Investment Interest	12,879	7,397	(5,482)		11,000	(3,603)
Interest	29,267	7,397	(21,870)		11,000	(3,603)
Operating Tax Levy	569,047	573,194	4,147		586,972	(13,778)
IDD Tax Levy	-	470,918	470,918		-	470,918
State Forest Revenues	34,998	16,407	(18,591)		9,000	7,407
State Timber Excise Tax	28,865	15,290	(13,576)		16,000	(710)
Leasehold Excise Tax	2,277	2,623	345		2,830	(207)
Property & other taxes	635,187	1,078,431	443,243	j	614,802	463,629
Insurance Recovery	-	3,983	3,983		-	3,983
Finance Charges	12,251	4,649	(7,601)		10,900	(6,251)

Other Non-Operating Revenues	100,056	-	(100,056)		365	(365)
Misc Other Incr. in Fund Resources	112,307	8,633	(103,674)	k	11,265	(2,632)
Total Other Incr. in Fund Resources	1,248,142	1,530,071	281,929		1,095,067	435,004
Other Decr. In Fund Resources						
Retainage Paid	3,858	6,265	2,407		-	6,265
Yard Deposits Refunded	1,580	-	(1,580)		-	-
PH Deposits Refunded	7,794	11,484	3,690		-	11,484
Deposits & Retainage Paid	13,232	17,749	4,517	l	-	17,749
Sales Tax Remitted	22,761	22,401	(360)		-	22,401
Leasehold Tax Remitted	126,277	238,820	112,543		-	238,820
Hotel/Motel Tax Remitted	1,231	929	(302)		-	929
Taxes Remitted	150,269	262,150	111,881	m	-	262,150
Interest Expense - 2010 LTGO Bond	98,919	-	(98,919)		93,619	(93,619)
Interest Exp - 2015 LTGO Refund Bond	-	44,625	44,625		44,625	-
Bond Interest	98,919	44,625	(54,294)	n	138,244	(93,619)
Bond Management Fees	-	-	-		250	(250)
Investment Fees	250	232	(18)		210	22
Bond Mgmt, Issuance & Misc Exp	250	232	(18)		460	(228)
Election Expense	-	15,674	15,674	o	-	15,674
Total Other Decr. In Fund Resources	262,670	340,430	77,760		138,704	201,726
Net Other Incr./Decr. Fund Resrcs	985,473	1,189,641	204,168		956,363	233,278
Net Incr./Decr. All Fund Resources	1,667,841	1,556,713	(111,128)		1,480,686	76,027

Notes:

- (a) Starting in May, this reporting is a hybrid of Accrual/Cash. The full Cash report will be rolled out in the next month or so; the adjustments for January Accrued Revenues is in process (and is tedious). Understand that when comparing 2019 to 2020 Revenues, the 2019 revenues are on an Accrual Basis, and in 2020, all months but January, are on a Cash Basis. Expenses year to year are more comparable since the Port pays its bills as they are received.*
- (b) Comparing 2019 to 2020, the variance is primarily due the following: two (2) new positions implemented approximately mid-year 2019 (Lease & Contracts Admin., Enviro Spec.), the Custodian position added in Jan. 2020, and the Executive Director overlap in 2020. YTD Actual is just under YTD Budget.*
- (c) The comparison of 2019 to 2020 Benefits is as expected to be higher due to the added positions mentioned in item (b), as well as, having a replacement Executive Director and the former still on salary. The YTD 2020 benefits budget is greater than actual due to the timing of these expenses which are always paid after the last pay period of the month, in the subsequent month. It will true up by year end.*
- (d) In 2019, approximately \$25,000 was spent on the Seattle Maritime Academy litigation, in addition, YTD 2020 reflects less use/need of this service.*
- (e) YTD 2019 Travel & Training was higher than 2020 due to the timing of staff travel reimbursement submittals and payments, HAZWOPPER training (which cost ~\$4,200), and WPPA conferences attended in 2019 that have been cancelled in 2020 due to the Covid-19 pandemic.*
- (f) 2020 costs were higher for Community Relations when comparing to 2019 and Budget due to Deck the Docks event held in December, the rental deposit paid for the Executive Director candidate meet and greet held at the NWMC in January, and the sponsorship of the high school sailing team for the Race to Alaska.*
- (g) "Refundable Deposits & Retainage" is new to this report and comes from the Cash Basis reporting requirements. It includes recognition of cash collected by the Port for these purposes.*
- (h) "Taxes Collected" is new to this report and comes from the Cash Basis reporting requirements. It is recognition of cash collected by the Port for Sales, Leasehold and Hotel/Motel Taxes.*
- (i) The variance between YTD 2019 to YTD 2020 Capital Contributions/Grants is to be expected dependent on grant billing and receipt.*
- (j) When comparing 2019 to 2020, as well as to budget, the amount of Property & Other Taxes line item increase in 2020 is primarily due to the IDD Levy. YTD receipts for that levy is \$470,918.*
- (k) The 2019 Misc. Other Increases in Fund Resources includes the payment to the Port for the New Day Fisheries building for \$100,000.*
- (l) "Retainage & Deposits Paid" is new to this report and comes from the Cash Basis reporting requirements. It includes recognition of cash refunded by the Port for these purposes.*
- (m) "Taxes Remitted" is new to this report and comes from the Cash Basis reporting requirements. It is recognition of cash remitted to the State by the Port for Sales, Leasehold and Hotel/Motel Taxes. 2020 is larger than YTD 2019 because the payment for Q4 was paid in January 2020.*
- (n) Bond interest for January 2019 was paid in December 2018.*
- (o) These are the shared election costs for last November's elections. The direct costs were billed in 2019, December.*

MEETING DATE	December 09, 2020
AGENDA ITEM	<input type="checkbox"/> First Reading <input type="checkbox"/> Second Reading <input checked="" type="checkbox"/> Regular Business <input type="checkbox"/> Informational Items
AGENDA TITLE	VIII. C. ICC Update
STAFF LEAD	Executive Director Eron Berg
REQUESTED	<input type="checkbox"/> Information <input type="checkbox"/> Motion/Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	

Commissioner Hanke & Executive Director Berg serve representatives on the “group of 8” or the Interlocal Community Council (ICC).

Commission agreed to have regular updates so all viewpoints could be heard and the Commission could all be on the same page. This is the standing item on Commission’s regular meeting for updates about what’s happening within each committee.

There are six focus groups:

- | | |
|---------------------------|-------------------------|
| A. Culture & Events | – Commissioner Putney |
| B. Economy & Jobs | – Commissioner Petranek |
| C. Children & Families | – not assigned |
| D. Human Services | – not assigned |
| E. Food System Resiliency | – Commissioner Petranek |
| F. Broadband | – Commissioner Putney |

MEETING DATE	December 9, 2020
AGENDA ITEM	<input type="checkbox"/> Consent <input type="checkbox"/> 1 st Reading <input type="checkbox"/> 2 nd Reading <input checked="" type="checkbox"/> Regular Business <input type="checkbox"/> Informational
AGENDA TITLE	VIII.D. Legislative Agenda
STAFF LEAD	Eron Berg, Executive Director
REQUESTED	<input type="checkbox"/> Information <input checked="" type="checkbox"/> Motion/Action <input type="checkbox"/> Discussion
ATTACHMENTS	1. Legislative Agenda Informational Memo

DATE: 12/9/2020
TO: Commission
FROM: Eron Berg, Executive Director
SUBJECT: Legislative Agenda

ISSUES

1. What should the Port's 2021 legislative agenda include?

BACKGROUND

This item is on your agenda today as follow up from the last Commission meeting. In preparation for the 2021 legislative session in Olympia, the Port Commission should identify Port priorities for our advocacy efforts. In addition to addressing issues as they come during the session, it is critical for us to provide clear direction to Insight Strategic Partners as they advocate on our behalf.

DISCUSSION

The Port of Port Townsend's key legislative priorities include:

1. Capital project funding for the Point Hudson Jetty replacement project, with a request for \$2,000,000 in support in the next biennium.
2. Maintaining the full schedule of boats for the Port Townsend-Coupeville and Kingston-Edmonds ferry routes.
3. Expanding authority for ports and public utility districts to provide retail (lit) broadband service, at a minimum as providers of last resort.
4. Changing state law to allow out-of-state vessels to remain in Washington State without paying use tax for any period of time they are undergoing repairs or refitting. More broadly, changing this policy to encourage more economic activity from visiting vessels who are currently dissuaded from visiting the waters of Washington State by the application of the use tax.
5. Maintaining/expanding funding for derelict vessel remediation.
6. Extending or making permanent RCW 82.14.370 which allows rural economically distressed counties including Jefferson County to retain 0.09% of Washington State's sales tax to finance public facilities serving economic development purposes, which is set to sunset in 2032.
7. Maintaining/expanding funding for MTCA (model toxics control act) clean-up projects.

FISCAL IMPACT

None identified herein.

ATTACHMENTS

None

RECOMMENDATIONS

1. Motion to adopt the seven legislative priorities identified in this memo.

MEETING DATE	December 9, 2020
AGENDA ITEM	<input type="checkbox"/> Consent <input type="checkbox"/> 1 st Reading <input type="checkbox"/> 2 nd Reading <input checked="" type="checkbox"/> Regular Business <input type="checkbox"/> Informational
AGENDA TITLE	VIII.E. Northwest Custom Hangars, LLC New Lease – Hangar Site Pad #6
STAFF LEAD	Eric Toews, Deputy Director
REQUESTED	<input type="checkbox"/> Information <input checked="" type="checkbox"/> Motion/Action <input type="checkbox"/> Discussion
ATTACHMENTS	<ol style="list-style-type: none"> 1. Legislative Agenda Informational Memo 2. Land Lease Option and Land Lease Agreement between the Port & Northwest Custom Hangars, LLC.

DATE: 12/4/2020
TO: Port Townsend Port Commission
FROM: Eric Toews, Deputy Director
SUBJECT: Proposed Land Lease Option & Lease Agreement
Northwest Custom Hangars, LLC (Dave Ward) – Hangar Site #6

BACKGROUND: The adopted Airport Layout Plan (ALP) depicts a number of hangar pads at the Jefferson County International Airport (JCIA) that have yet to be developed. In the mid-2000s, the hangar areas located to the northeast of Taxiway B were developed. A total of eight (8) sites were readied for hangar construction.

Earlier this year, Dave Ward of Northwest Custom Hangars, LLC approached the Port expressing a desire to lease and develop Hangar Site #6. Mr. Ward previously developed Hangar Sites #7 and #8 under a lease agreement executed with the Port in 2007.

DISCUSSION: Hangar Site #6 comprises 17,875 sf located adjacent and northwest of the intersection of Hangar Taxilane #1 and Taxiway B (see Exhibit “A” to the attached Option & Lease Agreement). Staff has prepared a draft “Land Lease Option & Land Lease Agreement” that would allow Mr. Ward (the “Lessee”) an investigatory period in which to conduct due diligence and determine whether or not to proceed with a long-term lease agreement. If authorized by the Commission, the agreement would operate as follows:

- For a nonrefundable \$500.00 fee, the Lessee would be granted a period of up to 24 months to assess whether or not to proceed with a lease agreement (the “Option Period”);
- During the Option Period, the Port would agree not to lease Hangar Site #6 to any other party;
- Upon exercise of the Option (which could occur at any time during the 24-month period) the 50-year Lease Agreement would commence, and monthly rent would be required (the “Lease Commencement Date”);
- The Lessee would have 90 days from the Lease Commencement Date to submit hangar plans and specifications for review and approval by the Port;
- Concurrent with the submission of plans for Port review, the Lessee would be obligated to submit an infrastructure development fee of \$62,562.50 to compensate the Port for the planning, engineering, permitting, construction and legal costs associated with installation of the infrastructure done in 2007 (fee based on \$3.50 per square foot);
- Following approval of the plans by the Port, the Lessee would be required to move forward expeditiously with submitting applications and building the hangar, with a completion date likely in the late summer or autumn of 2023, but no later than mid-February of 2024.

The proposed rental rate is based on the Commission's adopted rate of \$0.059 per square foot for land leases at the JCIA, adjusted for future inflation anticipated to occur during the 24-month Option Period. Using this approach, the rent at inception would be \$1,108.25 per month plus leasehold tax. Thereafter, the rent would be adjusted annually for inflation (CPI), and every three years would be adjusted to the then prevailing rate established by the Commission. The proposed security deposit is equivalent to three months' rent together with leasehold excise tax.

Port staff believe the draft Option and Lease Agreement is consistent with the Leasing Policy adopted by the Commission in 2019. Additionally, we believe the approach proposed will help to implement the Airport Master Plan and will contribute the vitality of the JCIA and county as a whole.

RECOMMENDATION: Motion to authorize the Executive Director to execute the attached "Land Lease Option & Land Lease Agreement" for Hangar Site #6 substantially in the form presented.

ATTACHMENT:

Land Lease Option and Land Lease Agreement between the Port and Northwest Custom Hangars, LLC.

PORT OF PORT TOWNSEND

AIRCRAFT HANGAR SITE #6 LAND LEASE OPTION & LAND LEASE AGREEMENT JEFFERSON COUNTY INTERNATIONAL AIRPORT (JCIA)

This Land Lease Option and Land Lease Agreement (the "Agreement") is executed this ____ day of December 2020, by and between the PORT OF PORT TOWNSEND, a municipal corporation organized and existing under the laws of the State of Washington, hereinafter referred to as "Lessor" or "the Port," and **NW CUSTOM HANGARS, LLC**, a Washington limited liability company, hereinafter referred to as "Lessee."

WITNESSETH:

That the parties hereto do mutually agree as follows:

1. THE OPTION:

- a. Grant of Option - Fee. For the non-refundable sum of five hundred dollars (\$500.00) (the "Option Fee") to be paid to the Port by Lessee upon execution of this Agreement and in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Port hereby grants to Lessee the exclusive and irrevocable right and option to lease the Leased Premises (as described below) on the terms and conditions set forth below (the "Option").
- b. Term of Option. The term of the Option shall commence on the date hereof and shall continue in full force and effect for twenty-four (24) months from the date of this Agreement (the "Option Period"). If Lessee desires to exercise the Option, it shall do so by written notice thereof to the Port within the Option Period (the "Option Notice"), time being of the essence with respect to giving the Option Notice. In the event that Lessee fails to deliver the Option Notice to the Port during the Option Period in accordance with the terms hereof, the Option set forth herein shall terminate and be of no further force or effect and Lessee shall have no further right to lease the Leased Premises.
- c. Exercise of the Option. No later than 4:30 p.m. on the last day of the Option Period, Lessee shall have the right, in its sole and absolute discretion, to exercise the Option by giving the Port written notice of such exercise in accordance with the Notice provision set forth in paragraph 40, below.
- d. Access to Premises During Option Period. During the Option Period, the Port shall permit Lessee and its authorized agents and representatives to enter upon the Leased Premises (as described below) at reasonable times during normal business hours to inspect the Leased Premises and perform surveys. Lessee shall bear all costs associated with its due diligence inquiry during the Option Period.
- e. Lease Commencement Date. Upon Lessee's exercise of the Option, the terms of this Agreement relating to the Leased Premises (the "Lease") that follows shall take effect. The date that the Option Notice is delivered shall be considered the "Lease Commencement Date".

2. **LEASED PREMISES:** Upon Lessee's exercise of the Option, the Port shall lease to Lessee and Lessee shall Lease from the Port, the following described real property situated in Jefferson County, State of Washington:

Hangar Site #6, an approximately 17,875 square foot (325' x 55') building site at the Jefferson County International Airport (JCIA), that is identified on the map figure set forth in Exhibit "A" which is attached hereto and incorporated herein by this reference.

Hereinafter, the above-described property shall be called "the Premises" or "the Leased Premises". Consistent with paragraph 10(c), below, the Lessee shall obtain a survey and legal description to establish and field mark the exact location and bounds of the Leased Premises prior to the commencement of construction. Said survey shall thereafter be attached hereto and incorporated within Exhibit "A".

3. **TERM OF LEASE:** The term of this Lease shall be for a period of fifty (50) years, commencing on the Lease Commencement Date as set forth in paragraph 1(e), above.
4. **RENT:** Commencing on the Lease Commencement Date and continuing each month thereafter, Lessee agrees to pay as rental for the Leased Premises the sum of **One Thousand One Hundred and Eight Dollars and Twenty-Five Cents (\$1,108.25)** plus all applicable taxes.¹ The rent for each month shall be paid to the Port in advance on or before the first day of each and every month of the lease term and shall be payable at such place as the Port may hereinafter designate. Beginning in year three (3) and every three (3) years thereafter, the rental rate may be adjusted to the then prevailing rate established by the Port Commission for airport land leases. The rental rate beginning in year two (2) and annually throughout the term of the lease will be adjusted by an amount equal to the accumulative amount found on the Consumer Price Index for all urban consumers (CPI-U) for Seattle-Tacoma-Bremerton, which is compiled by the Department of Labor, Bureau of Statistics. In no event shall any rent adjustment result in a reduction in rent from the rate paid in the prior year.
5. **DEPOSIT:** Lessee shall, concurrent with the delivery of the Option Notice set forth in paragraph 1(e) of this Agreement, deposit with the Port the amount of **\$3,751.65**.² The Lease shall not be effective until full deposit is made with the Port. Lessee has an existing deposit of **One Thousand Six Hundred Thirteen Dollars and Sixty-One Cents (\$1,613.61)** currently on file with the Port under an agreement now superseded by this Agreement. Accordingly, Lessee shall deposit an additional **Two Thousand One Hundred Thirty-Eight Dollars and Four Cents (\$2,138.04)** concurrent the delivery of the Option Notice. This deposit shall be held by the Port as security for all of Lessee's obligations hereunder and shall be refunded to Lessee upon termination of this Lease provided Lessee has faithfully performed all obligations hereunder and paid all sums owing to the Port.
6. **USE OF PREMISES:** Lessee shall use the Premises for the construction and operation of an aircraft hangar building, which may contain facilities for the storage, repair and maintenance of aircraft. No other uses of the Premises shall be allowed without the Port's express written consent. The parties acknowledge that Lessee's agreement to construct an aircraft hangar on the Premises is an express bargained-for covenant of this Lease following exercise of the Option, and the failure of Lessee to construct such an improvement or the failure to utilize the building for such purposes, or to later cease such use, or conducting other

¹ Calculated as follows: Land @ \$0.059 per s.f. x 17,875 sf = \$1,054.63 rent in November 2020; \$1,054.63 x 2.5% (future inflation adjustment for the first 12 months of the Option Period) = \$26.37; \$1,054.63 + \$31.64 = \$1,081.00; \$1,081.00 x 2.5% (future inflation adjustment for months 13-24 of the Option Period) = \$27.25; \$1,081.00 + \$27.25 = \$1,108.25; LHT @ 12.84% x \$1,108.25 = \$142.30; total = \$1,250.55.

² Consistent with Port policy, security in an amount of not less than three (3) months' rent together with applicable Washington state leasehold excise tax is required for all leases greater than one (1) year in length. As applied, the calculation is \$1,250.55 x 3 = \$3,751.65.

activities on the Leased Premises without first obtaining a Lease modification with the Port's written approval of such other activities, shall constitute an event of default under the terms of this Lease and grounds for termination. It is further understood and agreed the Premises will not be used to store, distribute, sell or otherwise handle fuels, lubricants or other flammable or hazardous materials, except fuels and lubricants in on-board aircraft tanks and a small supply of lubricants for use in the hangar-based aircraft.

- 7. OPERATING STANDARDS:** In addition to the foregoing use restrictions, Lessee shall meet or exceed the following Operating Standards:
- a. The Lessee shall pay all costs and expenses associated and in connection with the use of the Premises and the rights and privileges therein granted, including, but not limited to the following: leasehold and other taxes; permit fees; license fees; and assessments lawfully levied or assessed upon the Premises or property at any time situated therein and thereon. Lessee may, however, at its sole expense and cost, contest any tax, fee, or assessment, but shall in no event allow the same to become a lien on the Premises or the improvements thereon.
 - b. The Lessee shall observe and obey all laws, regulations, and rules of the JCIA and the federal, state, and local government, which may be applicable to its operation at JCIA. This shall include the JCIA Rules and Regulations and all statutes and Port Resolutions now in effect or as may be promulgated or revised in the future from time to time. The Lessee specifically acknowledges that it shall abide by and be subject to all rules and regulations which are now, or may from time to time, be formulated by the Port concerning the management, operation, or use of the JCIA. The Lessee shall keep in effect and post in a prominent place all necessary and/or required licenses or permits.
 - c. Consistent with paragraph 13, below, Lessee agrees to and shall keep the Leased Premises clean and in good order, condition, and repair. The Lessee shall, at its sole cost and expense, maintain the grounds of the Premises in good order and repair and in good and safe condition and shall repair all damage caused by its occupants or invitees. The Port shall be the sole judge of the quality of maintenance of the grounds, and upon written notice by the Port to the Lessee; the Lessee shall be required to perform whatever maintenance the Port deems reasonably required. If the maintenance is not undertaken within ten (10) days after receipt of written notice, the Port shall have the right to enter upon the Premises and perform such maintenance, the cost of which shall be charged to and be borne by the Lessee and paid by the Lessee as additional rent on the next rental due date after receipt of notice as to the amount thereof.
 - d. The Lessee shall be entitled, in common with others so authorized, to the use of all facilities and improvements of a public nature which now are or may hereafter be connected with or appurtenant to the Airport, including the use of landing areas, runways, taxies, navigational aids, terminal facilities, and aircraft parking areas designated by the Port, all upon such rules and regulations as may be established by the Port from time-to-time hereafter.
 - e. The Lessee shall have the reasonable right of ingress and egress to and from the Premises and to the public areas of the Airport in the carrying on of its activities as herein provided for, subject, however, to such rules and regulations pertaining to the use and operation of the Airport as may be established by the Port from time-to-time hereafter, which right shall extend to the Lessee's guests and invitees.
 - f. The Lessee shall not use Premises for any purpose other than those which are specifically authorized

by this Lease and which are in accordance with the Airport Master Plan and Airport Layout Plan, except as approved in writing by the Port prior to any implementation.

- g. No improvement, including landscaping or terrain alteration, shall be erected, placed, or effected on the Premises or outside the Premises, and no alterations shall be made in the improvements and facilities constructed on the Premises without the prior written approval of the Port.
- h. Lessee agrees that it will not disturb the Port or any other Lessee of the Port by making or permitting any disturbance or any unusual noise, vibration, fumes or other condition on or in the Premises.

8. RESERVATION OF AVIGATION EASEMENT: The Port hereby reserves for itself, its successors, and assigns, and for the use and benefit of the public, an easement and right of way over and around the leased Premises for the unobstructed passage of all aircraft ("aircraft" being defined for the purpose of this instrument as any contrivance now known or hereafter invented, used or designated for navigation of or flight in the air), by whomsoever owned and operated, in all air space above the surface of the Premises, to an infinite height above the Premises. In addition, this reservation reserves the right to cause in all airspace above the Premises such noise, vibrations, fumes, dust, fuel particles, and all other effects that may be caused by the current or future operation of aircraft landings at, or taking off from, or operating at or on JCIA. Lessee does hereby fully waive, remise, and release any right or cause of action which it may now have or which it may have in the future against the Port, its successors and assigns, or against other users of the JCIA, due to such noise, vibrations, fumes, dust, fuel particles, and all other effects that may be caused by the operation of aircraft landings at, or taking off from or operating at or on said JCIA. Lessee acknowledges that none of the foregoing activities shall constitute grounds for Lessee to claim that the Port has violated this lease or that Lessee has been deprived of quiet possession of the Leased Premises.

9. RESTRICTION ON USE OF AIRSPACE: The Port reserves a continuing right to prevent the erection of or growth upon the Premises of any building, structure, tree, or other object extending into the airspace which would constitute a violation of Air Regulation Part 77 which is on file in the Port's office. The Lessee, for itself, its heirs, administrators, executors, successors, and assigns, does hereby agree that for and during the life of this Lease it will not hereafter erect, permit the erection of, or permit or suffer to remain upon the Premises any building, structure, tree or other object extending into the aforesaid airspace, and that it shall not hereafter use or permit or suffer the use of the Premises in such a manner as to create electrical interference with radio communications between any installation upon JCIA and aircraft, or to make it difficult for flyers to distinguish between airport lights and others, or as to impair visibility in the vicinity of the airport or as otherwise to endanger the landing, taking off or maneuvering of aircraft.

10. IMPROVEMENTS TO PREMISES: Lessee acknowledges that it is an express condition and part of the consideration of this lease that Lessee will construct an aircraft hangar on the Premises in accordance with the specifications and schedule contemplated by this paragraph, and that the hangar will revert to and become the property of the Port upon the expiration or the earlier termination of this lease. Lessee agrees to proceed with the construction in accordance with the following terms and schedule.

- a. Plans and Specifications. Lessee shall, not later than ninety (90) days after the Lease Commencement Date, prepare final plans and specifications for the hangar building to be constructed on the Premises, and shall submit such plans and specifications to the Port for approval. The building shall be designed and constructed in accordance with all applicable building codes, using good workmanship and quality materials. All buildings and ramps to be constructed shall meet the design recommendations as specified in FAA Advisory Circular 150/5300-13A. Lessee's design for buildings and related aprons and

ramps shall also conform in all respects to the development standards promulgated by the Port for such hangars, unless the Lessee obtains specific written approval from the Port Director for any variances. Such standards shall include, without limitation, specifications regarding construction materials, design, color, utilities, safety, fire emergency equipment, elevations, and location. Lessee shall also be responsible for preparing and submitting an FAA Form 7460-1 to the FAA, to obtain express written permission from the FAA to build upon the Leased Premises, and to respond to any FAA inquiries regarding the FAA's permission and approval of the proposed construction.

- b. Financing. All funds utilized to construct the improvements on the Premises shall be obtained by Lessee, and the Port shall not be required to pay any costs of the construction. Lessee shall have the right at any time and from time to time to subject the leasehold estate and any or all improvements thereon to one or more mortgages or deeds of trust (hereinafter "mortgages"), provided, however, that such encumbrances may only be created for the purpose of obtaining financing for improvements actually made upon the Premises. The mortgage documents must be reviewed and approved by the Port and shall provide that any proceeds from fire or extended coverage insurance shall be used for repair or rebuilding of the leasehold improvements and not to repay part of the outstanding mortgage. The mortgage documents shall contain provisions requiring that any notices of default under the note and mortgage be sent to the Port as well as to Lessee and that the Port shall have the right to cure any default if Lessee fails to do so. The Port shall have thirty (30) days in which to cure any mortgage default after the time for Lessee to cure it has expired. Neither the Port's right to cure any default, nor the exercise of such a right, shall constitute an assumption of liability under the note or mortgage, nor shall it bind the Port to cure any future defaults. If any default is non-curable, it shall not be grounds for foreclosure of the mortgage if the Port, or Lessee in possession of the Premises, promptly performs all other provisions of the note and mortgage. No permitted mortgage shall grant a security interest in any real or personal property other than the interests specifically created by this lease. No mortgage or note permitted by this lease shall secure more than one indebtedness or contain any cross-default provisions relating to other properties owned or debts owed by Lessee. The Port's right to review and approve all mortgage documents shall also extend to any redocumentation or refinancing undertaken by Lessee. The parties agree that the Port shall not under any circumstance be required to subordinate its fee interest in the Premises to the lien of any mortgage on Lessee's leasehold interest.
- c. Survey. Lessee shall, at its own expense, obtain a survey from a licensed land surveyor, for the purposes of fully establishing and marking the exact location and bounds of the Leased Premises within the JCIA property. Prior to the commencement of any construction on the Premises by Lessee, said survey shall be submitted to the Port for review and approval and shall thereafter be attached to this Lease and incorporated within Exhibit "A".
- d. SEPA Review. Lessee shall be responsible for preparation of any SEPA checklists or Environmental Impact Statements and supporting reports and analyses which may be required as a part of Lessee's applications for permits. Jefferson County is anticipated to exercise lead agency authority for review of Lessee's submittals, and the Port shall not be required to pay any costs associated therewith. Lessee shall assume the cost of appropriate mitigations for any adverse environmental impacts identified in the SEPA documents, which may be reasonably required as a result of Lessee's improvements on the Premises.
- e. Construction. No construction activities shall be undertaken until all applicable permits have been

obtained. Lessee shall apply for permits for the construction within 15 days after the Port's approval of the plans and specifications and shall commence construction within sixty (60) days after the issuance of all permits, and in no event later than August 15, 2023. Prior to the commencement of construction, Lessee shall furnish to the Port a copy of the construction contract and shall furnish proof that the contractor has posted a construction completion and performance bond in the full value of the construction contract, naming both Lessee and the Port as beneficiaries of that bond. The form, sufficiency and the surety of the bond shall be approved by the Port prior to commencement of construction.

- f. Completion of Construction. Construction of the hangar shall be completed not later than six (6) months after the commencement of construction. Lessee agrees to comply with the foregoing schedule and acknowledges that failure to proceed with and complete construction in accordance with the foregoing schedule shall be a default under this lease and shall constitute grounds for the Port to terminate this lease.
- g. Protection of the Port Against Mechanic's and Materialmen's Liens and Other Costs or Claims. Lessee shall pay or cause to be paid the total cost and expense of all works of improvement, as that phrase is defined in the applicable Washington mechanic's and materialmen's liens statutes in effect at the time when the work commences. No such payment shall be construed as rent. Lessee shall not suffer or permit to be enforced against the Premises or any part of it, any mechanic's, materialmen's, contractor's, subcontractor's, engineer's or architect's lien arising from any work on the improvement, however it may arise. However, Lessee may, in good faith and at Lessee's own expense, contest the validity of any such asserted lien, claim or demand, provided Lessee has furnished a bond acceptable to the Port, sufficient to fully pay the asserted lien, claim or demand. Lessee shall defend and indemnify the Port against all liability and loss of any type arising out of work performed on the Premises by Lessee, together with reasonable attorney's fees and all costs and expenses incurred by the Port in negotiating, settling, defending, or otherwise protecting against such claims. All contracts with the general contractor and subcontractors for work performed on the Premises shall contain a specific acknowledgment by the general contractor and subcontractors that work on the Premises is performed at the request of Lessee only and that Lessee is the holder of only a leasehold interest in the Premises. Such contracts shall contain specific waivers in form acceptable to the Port, by which the general contractor and subcontractors specifically waive the right to assert any lien claim against the Port's fee interest in the Premises. In the event that a final judgment has been rendered against Lessee by a court of competent jurisdiction for the foreclosure of a mechanic's, materialmen's, contractor's, or subcontractor's lien claim, and if Lessee fails to stay the execution of the judgment by lawful means or to pay the judgment, the Port shall have the right, but not the duty, to pay or otherwise discharge, stay or prevent the execution of any such judgment or lien or both. Lessee shall reimburse the Port for all sums paid by the Port under this paragraph, together with all of the Port's reasonable attorney's fees and costs, plus interest on those sums, fees and costs at the rate of twelve percent (12%) per annum from the date of payment until the date of reimbursement.

11. UTILITIES:

- a. Charges for Utilities – Generally. Lessee shall be liable for, and shall pay throughout the term of this lease, all charges for all utility services furnished to the Premises, including, but not limited to, light, heat, electricity, gas, water, stormwater, sewerage, garbage disposal, telephone and communications services, and janitorial services. The Port shall have no responsibility for the delivery of utility services to the Premises and shall not be responsible for the interruption of any utility service unless caused by

the Port's negligence.

- b. Stormwater Charges. The Port has undertaken improvements to the JCIA facility, including installation of stormwater conveyance and detention facilities. These improvements benefit the Lessee and the Premises. In consideration of the Port's ongoing obligation to repair and maintain these improvements, Lessee expressly agrees that it shall be obligated to pay stormwater fees as established by the Port, consistent with subparagraph #11(a), above. The Port may compute the stormwater management fee by any reasonable method which ensures that the Port is fairly reimbursed for expenses related to the maintenance, improvement, enlargement or replacement of stormwater facilities that benefit the Premises. Charges will be equitably allocated among tenants on the basis of the impervious surface area upon the Premises together with the impervious surface area of Lessee constructed access ramps linking each hangar unit to the adjoining asphalt taxiway.

- 12. ACCEPTANCE OF PREMISES:** Lessee has examined the leased land and accepts it in its present condition. Lessee has made no representations, and Lessee is not relying upon any representations by the Port or its contractors or agents, regarding the suitability of the site for Lessee's construction and intended uses. Lessee will, prior to the commencement of construction, obtain its own professional advice regarding soils conditions and other factors affecting the suitability of the site for the construction of an aircraft hangar building. Subject to the obligation of the Port to make available electrical service and fire hydrants to the Premises and to maintain the adjoining 25-foot-wide asphalt taxiway in accordance with FAA requirements, prior to the date of issuance of a final occupancy permit therefore, Lessee accepts the Premises "as is" without further maintenance liability on the part of the Port. Lessee further understands and agrees that it shall be responsible for the installation and maintenance of access ramps linking each hangar unit to the adjoining asphalt taxiway in accordance with standards required by the Port.

13. MAINTENANCE & REPAIR OF IMPROVEMENTS & ADJOINING AREAS:

- a. Maintenance and Repair - Generally. Throughout the term of this Lease, Lessee shall, at Lessee's sole cost and expense, maintain the Premises and all improvements thereon in a good condition and state of repair. The parties expressly acknowledge that the building and improvements will revert to the Port at the expiration or sooner termination of this Lease. Accordingly, and in accordance with all applicable laws, rules, ordinances, orders and regulations, Lessee shall at its own expense and at all times:
 - i) Keep the Premises and the adjoining access ramps and aprons, in a neat, clean, and safe condition;
 - ii) Keep the exterior of all buildings clean and presentable;
 - iii) Periodically paint the exterior of the buildings as necessary to present an attractive appearance;
 - iv) Not commit waste of any kind;
 - v) Replace all cracked or broken glass in the Premises;
 - vi) Keep the electrical system and other mechanical systems installed in the building in a good state of repair;
 - vii) Protect all pipes and drains so that they will not freeze or become clogged; and
 - viii) Make all necessary repairs to the roof (structure or covering) and foundation of the building and structure and exterior walls thereof.
- b. Repair, Restoration or Replacement in the Event of Damage or Destruction. Lessee shall promptly and diligently repair, restore and replace as required to maintain and comply with the requirements set forth above, or to remedy all damage to or destruction of all or any part of the improvements upon the leased Premises from any causes whatsoever. The completed work of maintenance, compliance,

repair, restoration or replacement shall be equal in value, quality and use to the condition of the improvements before the casualty giving rise to the work, except as expressly provided to the contrary in this Lease. The Port shall not be required to furnish any services or facilities or to make any repairs of any kind on or in the Premises.

- 14. DISPOSITION OF IMPROVEMENTS AT END OF LEASE:** At the expiration or earlier termination of this Lease, the Port shall have the option, in its sole and absolute discretion, to direct either: a) that the building and other improvements on the Premises be surrendered to the Port; or b) that the Lessee remove the building and other improvements from the Premises. If the Port directs surrender of the building and other improvements, all mechanical, electrical and HVAC systems in the building shall also remain and be surrendered to the Port, but Lessee shall have the right to remove all personal property and trade fixtures, which may have been placed upon the Premises by Lessee during the period of this Lease, providing that the same are not necessary to the operation of the building and provided they are removed prior to the termination of this Lease. Title to any trade fixtures not removed from the Premises within the foregoing period of time shall, at the Port's option, pass to the Port without additional consideration. If the Port does not direct Lessee to remove the buildings and other improvements, they shall become the property of the Port upon termination of this Lease. The Premises will be surrendered by Lessee in a good state of repair, normal wear excepted. In the event that the Port directs removal of the building and other improvements from the Premises, then title to all of said improvements shall remain in and with the Lessee and Lessee shall complete the removal of the same within sixty (60) days after the expiration or sooner termination of this Lease. If the Lessee fails to remove said improvements within the specified time, they may be removed by the Port and the Lessee agrees to pay the Port for the cost thereof upon demand.
- 15. INSPECTION - "FOR RENT" SIGNS:** The Port reserves the right to inspect the Leased Premises, including the interior of all buildings, at any and all reasonable times throughout the term of this Lease: provided, that it shall not interfere unduly with Lessee's operations. The right of inspection reserved to the Port hereunder shall impose no obligation on the Port to make inspections to ascertain the condition of the Premises and shall impose no liability upon the Port for failure to make such inspections. The Port shall have the right to place and maintain "For Rent" signs in conspicuous places on the Premises for ninety (90) days prior to the expiration or sooner termination of this Lease.
- 16. POSSESSION:** If the Port shall be unable for any reason to deliver possession of the Premises, or any portion thereof, at the time of the commencement of the term of this Lease, the Port shall not be liable for any damage caused thereby to Lessee, nor shall this Lease thereby become void or voidable, nor shall the term specified herein be in any way extended but, in such event, Lessee shall not be liable for any rent until such time as the Port can deliver possession. If Lessee shall, in the interim, take possession of any portion of the Premises, it shall pay as rental the full rental specified herein reduced pro rata for the portion of the Premises not available for possession by Lessee. If the Port shall be unable to deliver possession of the Premises at the commencement of the term of this Lease, Lessee shall have the option to terminate this Lease by at least thirty (30) days' written notice, unless the Port shall deliver possession of the Premises prior to the effective date of termination specified in such notice. If Lessee shall, with the Port's consent, take possession of all or any part of the Premises prior to the commencement of the term of this Lease, all of the terms and conditions of this Lease shall immediately become applicable.
- 17. INDEMNIFICATION & HOLD HARMLESS:** Lessee shall defend, indemnify and hold the Port harmless from and against any claim, loss, attorney's fees, expenses or damage to any person or property in or upon the Leased Premises arising out of Lessee's use or occupancy of said Leased Premises, or any act or neglect of

Lessee or Lessee's servants, employees or agents, or any breach of any representation or warranty given by Lessee hereunder. The Port shall defend, indemnify and hold Lessee harmless from and against any claim, loss, attorney's fees, expenses or damage to any person or property in or upon the Leased Premises arising out of any act or neglect of the Port or the Port's servants, employees or agents, or any breach of any representation or warranty given by the Port hereunder. The Port shall not be liable for injury or damage to person or property occurring within the Leased Premises, unless caused by or resulting from the negligence of the Port or its agents, servants or employees. All Lessee's personal property of every kind which may at any time be in the Leased Premises shall be at Lessee's sole risk, or at the risk of those claiming under Lessee.

- 18. NOTICES OF CLAIMS OR CAUSES OF ACTION:** In the event any action or proceeding is brought against the Port or Lessee for which a party seeks indemnification pursuant to the indemnification provision set forth in paragraph 17, above, the party seeking indemnification shall give the other party written notice within thirty (30) days of being served or otherwise being put on notice of such a claim or cause of action. The party receiving a demand for indemnification shall accept or reject the tender of the defense of a claim or cause of action by written notice to the other party within sixty (60) days of its receipt of the demand for indemnification. If a party accepts the defense of the tendered claim or cause of action it shall also notify the other party of the identity of the law firm and lawyer which has been retained to represent the Port and/or the Lessee in responding to the claim or cause of action.
- 19. LIMITED WAIVER OF IMMUNITY UNDER WASHINGTON STATE INDUSTRIAL INSURANCE ACT, TITLE 51 RCW AND OTHER SIMILAR INDUSTRIAL INSURANCE SCHEMES:** For purposes of the indemnification provision set forth in paragraph 17, above, and only to the extent of claims against Lessee by the Port under such indemnification provision, Lessee specifically waives any immunity it may be granted under the Washington State Industrial Insurance Act, Title 51 RCW, The United States Longshore and Harbor Workers Compensation Act, 33 USC §901-950, or any other similar workers' compensation schemes. The indemnification obligation under this lease shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable to or for any third party under workers' compensation acts, disability benefit acts, or other employee benefit acts. The foregoing provision was specifically negotiated and agreed upon by the parties hereto.
- 20. INSURANCE:** Lessee agrees to maintain insurance as specified below, throughout the entire lease term and all extensions thereof, at Lessee's sole expense. All such insurance shall name the Port of Port Townsend as an additional insured and shall be with insurance companies acceptable to the Port.
 - a. Fire and Extended Coverage. Throughout the lease term, at Lessee's sole cost and expense, Lessee shall keep or cause to be kept insured, for the mutual benefit of the Port and Lessee, all improvements located on or appurtenant to the Premises against loss or damage by fire and such other risks as are now or hereafter included in an extended coverage endorsement in common use for commercial structures, including vandalism and malicious mischief. The amount of insurance shall be sufficient to prevent either the Port or Lessee from becoming a co-insurer under the provisions of the policy, but in no event shall the amount be less than the full value of the then actual replacement cost of the improvements on the Premises (herein called "full insurable value"). The Port shall not be required to carry any insurance coverage on the Premises. If any dispute arises regarding the amount of insurance necessary to comply with the terms of this paragraph, the Port may, not more often than once every twenty-four (24) months, request the carrier of the insurance then in force to determine the full insurable value as defined in this provision, and the resulting determination shall be conclusive between the parties for the purpose of this paragraph. Lessee may include the holder of any mortgage

on the leasehold as a loss payee. The Port shall, at Lessee's cost and expense, cooperate fully with Lessee to obtain the largest possible recovery in the event of any insurance claim, and all policies of fire and extended coverage insurance required by this Lease shall provide that the proceeds shall be payable to Lessee as follows:

- i) Insurance proceeds shall be paid first to make all necessary repairs to restore the improvements to their condition prior to the insured casualty. Payments of insurance proceeds for repair, restoration or reconstruction of the improvements shall be held in a trust account approved by the Port and be disbursed monthly on architect's certificates until the work is completed and accepted.
 - ii) Any insurance proceeds remaining after complying with the provisions of this Lease relating to maintenance, repair and reconstruction of improvements shall be the Lessee's sole property.
- b. Builder's Risk Coverage. Before commencement of any construction or demolition or other work on the Premises, Lessee shall procure, and shall maintain in force until completion and acceptance of the work, "all risk" builder's risk insurance including vandalism and malicious mischief, in form and with a company reasonably acceptable to the Port, covering improvements in place and all material and equipment at the job site furnished under contract, but excluding contractor's, subcontractor's, and construction manager's tools and equipment and property owned by contractors' or subcontractors' employees, with limits of at least One Hundred Thousand Dollars (\$100,000) per loss for all work at the job site.
- c. Public Liability Insurance. Throughout the term of this Lease, at Lessee's sole cost and expense, Lessee shall keep or cause to be kept in force, for the mutual benefit of the Port and Lessee, comprehensive broad form general public liability insurance against claims and liability for personal injury, death, or property damage arising from the use, occupancy, disuse, or condition of the Premises, improvements or adjoining areas or ways, providing protection of at least One Million Dollars (\$1,000,000) for bodily injury or death to any one person, at least Two Million Dollars (\$2,000,000) for any one accident or occurrence, and at least Five Hundred Thousand Dollars (\$500,000) for property damage. The Port may require these amounts to be increased from time to time due to inflation or increased risks.
- d. Automobile Liability Insurance. If an active business other than mere aircraft storage is conducted on the Premises, Lessee shall maintain Comprehensive Automobile Liability Insurance against claims for injury or death to persons or damage to property with minimum limits of liability of \$1,000,000 combined single limit for each occurrence. Such insurance shall include but not be limited to bodily injury liability, property damage liability, hired car liability, and non-owned auto liability.
- e. Worker's Compensation. If Lessee maintains employees on the Premises, Workers Compensation Insurance as will protect Lessee's employees from claims under Washington Workers Compensation Act as well as all Federal Acts applicable to the Lessee's operations at the site, with coverage of not less than \$1,000,000 for each occurrence.
- f. Insurance Policy Form, Content and Insurer. All insurance required by express provisions of this Lease shall be carried only in responsible insurance companies licensed to do business in the State of Washington. All such policies shall be non-assessable and shall contain language, to the extent obtainable, to the effect that:
 - i) Any loss shall be payable notwithstanding any act or negligence of the Port that might otherwise result in a forfeiture of the insurance; and

- ii) The insurer waives the right of subrogation against the Port and against the Port's agents and representatives; and
- iii) The policies are primary and noncontributing with any insurance that may be carried by the Port; and
- iv) They cannot be cancelled or materially changed except after thirty (30) days' notice by the insurer to the Port.

Lessee shall furnish the Port with copies of all such policies promptly on receipt of them or with certificates evidencing the insurance. Before commencement of the lease, Lessee shall furnish the Port with binders representing all insurance required by this Lease. At the expiration of the term, the Port shall reimburse Lessee pro rata for all prepaid premiums on insurance on the improvements required to be maintained by Lessee, and Lessee shall assign all Lessee's right, title, and interest in that insurance to the Port. Lessee may affect for its own account any insurance not required under this Lease. Lessee may provide by blanket insurance covering the Premises and any other location or locations any insurance required or permitted under this Lease provided it is acceptable to all mortgagees.

- g. Failure to Maintain Insurance - Proof of Compliance. Lessee shall deliver to the Port, in the manner required for notices, copies or certificates of all insurance policies required by this Lease, together with evidence satisfactory to the Port of payment required for procurement and maintenance of the policy within thirty (30) days prior to the date that insurance is required by the lease to become in effect or prior to the renewal or replacement date. If Lessee fails or refuses to procure or to maintain insurance as required by this Lease or fails or refuses to furnish the Port with required proof that the insurance has been procured and is in force or paid for, the Port shall have the right, at the Port's election and on five (5) days' notice, to procure and maintain such insurance. The premiums paid by the Port shall be treated as added rent due from Lessee with interest at the rate of twelve percent (12%) per annum to be paid on the first day of the month following the date on which the premiums were paid. The Port shall give prompt notice of the payment of such premiums, stating the amounts paid and the names of the insurer or insurers, and interest shall run from the date of said notice.

- 21. WAIVER OF SUBROGATION:** The Port and Lessee hereby mutually release each other from liability and waive all right of recovery against each other for any loss from perils insured against under their respective fire insurance contracts, including any extended coverage endorsements thereto, provided: that this paragraph shall be inapplicable if it would have the effect, but only to the extent that it would have the effect, of invalidating any insurance coverage of the Port or Lessee.
- 22. TAXES:** Lessee shall be liable for, and shall pay throughout the term of this Lease, all license and excise fees and occupation taxes covering the business conducted on the Premises, and all taxes on the improvements built upon and personal property maintained on the leased Premises. Lessee acknowledges that, because the Port is a municipality, Lessee must pay the Washington State Leasehold Tax on all rentals paid to the Port and Lessee also agrees to pay any other tax that may be levied at any time in the future on rents or leasehold interests.
- 23. COMPLIANCE WITH PORT REGULATIONS & WITH ALL LAWS:** Lessee agrees to comply with all applicable rules and regulations of the Port pertaining to the realty of which the Premises are a part, now in existence or hereafter promulgated, for the general safety and convenience of the Port, its various Lessees, invitees, licensees and the general public. Lessee further agrees to comply with all applicable federal, state, county, and municipal laws, ordinances, and regulations. Lessee further agrees that all buildings, structures or other improvements, approved by the Port, will be properly permitted by Jefferson County. Any fees for

any inspection of the Premises during the lease term by any federal, state or municipal officer and the fees for any "Certificate of Occupancy" shall be paid by Lessee.

- 24. HAZARDOUS SUBSTANCES WARRANTY & AGREEMENT:** Lessee has examined the Hazardous Substance Warranty and Agreement which is attached hereto as **Exhibit "B"** and which by this reference is fully incorporated herein. Lessee acknowledges that it fully understands and covenants that it will comply with all its obligations under the Hazardous Substances Warranty and Agreement.
- 25. ASSIGNMENT OR SUBLEASE:** Lessee shall not assign or transfer this Lease or any interest therein, nor sublet the whole or any part of the Premises, nor shall this Lease or any interest thereunder be assignable or transferable by operation of law or by any process or proceeding of any court, without the written consent of the Port first had and obtained. If Lessee is a corporation, limited liability company or partnership, Lessee further agrees that if at any time during the term of this Lease more than one-half (1/2) of the outstanding shares or ownership interests of Lessee shall belong to any persons other than those who own such ownership interests at the time of the execution of this Lease or to members of their immediate families, such change in the ownership of the stock of the Lessee shall be deemed an assignment of this Lease within the meaning of this paragraph. If the Port shall give its consent to any assignment or sublease, this paragraph shall nevertheless continue in full force and effect and no further assignment or sublease shall be made without the Port's consent.
- 26. CONDOMINIUM OWNERSHIP:** Notwithstanding the foregoing prohibition against assignment of this Lease, the Port agrees that a leasehold condominium may be created to own the leasehold improvements on the Premises, subject to the terms of this lease, and that the leasehold condominium units so created may be sold to individual hangar owners, provided that:
- a. At the time the condominium declaration is recorded, the buildings to be constructed on the Premises have been fully completed and a certificate of occupancy has been issued and this Lease is in a full state of compliance.
 - b. The condominium declaration and related plans and survey are submitted to the Port for its review and approval prior to recording and are found acceptable to the Port and its legal counsel.
 - c. The declaration and plans and survey are filed and recorded in Jefferson County in the manner required by law.
 - d. A condominium owners' association is lawfully formed and incorporated as a Washington State corporation and signs documents acceptable to the Port by which the corporation assumes all of the Lessee's obligations under this Lease. The association will designate a single person with whom the Port may communicate regarding all matters. The Port shall not be required to deal with individual condominium unit owners regarding collection of rentals or the enforcement of other Lessee obligations under this Lease.
 - e. The condominium declaration specifically recites that it is subject to the terms of this Lease and contains provisions by which the condominium association has the authority to levy and collect contributions from the condominium owners to pay all rents and other obligations of the Lessee under this Lease, and to impose liens upon the condominium units to secure such payments.
 - f. The condominium declaration specifically recites that in the event of a conflict between the terms of

this Lease and the condominium declaration, that the provisions of this Lease shall prevail.

- 27. DEFAULTS:** Time is of the essence of this Agreement, and in the event of the failure of Lessee to pay the rentals or other charges at the time and in the manner herein specified, or to comply with any of the covenants or agreements herein set forth, the Port may elect to terminate this Lease and reenter and take possession of the Premises and all buildings and other improvements located thereon, with or without process of law, provided that Lessee shall first be given fifteen (15) days' notice in writing stating the nature of the default in order to permit such default to be remedied by Lessee within said fifteen (15) day period. If upon such reentry there remains any personal property of lessee or of any other person upon the Leased Premises, the Port may, but without the obligation so to do, remove said personal property and hold it for the owners thereof or may place the same in a public garage or warehouse, all at the expense and risk of the owners thereof, and Lessee shall reimburse the Port for any expense incurred by the Port in connection with such removal and storage. The Port shall have the right to sell such stored property, without notice to Lessee, after it has been stored for a period of thirty (30) days or more, the proceeds of such sale to be applied first to the cost of such sale, second to the payment of the charges for storage, and third to the payment of any other amounts which may then be due from Lessee to the Port, and the balance, if any, shall be paid to Lessee. Notwithstanding any such reentry, the liability of Lessee for the full rental provided for herein shall not be extinguished for the balance of the term of this Lease, and Lessee shall make good to the Port any deficiency arising from a reletting of the Leased Premises at a lesser rental than that hereinbefore agreed upon. Lessee shall pay such deficiency each month as the amount thereof is ascertained by the Port. Any failure by the owners, officers, or principals of Lessee to pay rentals, storage fees, moorage or any other charges owed to the Port under separate contract shall constitute default under provisions of this Agreement.
- 28. TERMINATION BY PORT:** Nothing in this Lease shall be deemed to be a waiver of the Port's power of eminent domain. In the event that the Port, in its sole discretion, shall require the use of the Premises for any purpose in connection with the operation of the business of the Port, then this Lease may be terminated by the Port by written notice delivered or mailed by the Port to the Lessee at least 90 days before the termination date specified in the notice. In the event of such a termination the Port shall be obligated to compensate the Lessee for the termination of Lessee's leasehold interest in the same manner as in the case of an exercise of the Port's eminent domain power.
- 29. TERMINATION FOR GOVERNMENT USE:** In the event that the United States Government or any agency or instrumentality thereof shall, by condemnation or otherwise, take title, possession or the right to possession of the Premises or any part thereof, the Port may, at its option, terminate this Lease as of the date of such taking, and, if Lessee is not in default under any of the provisions of this Lease on said date, any rental prepaid by Lessee shall, to the extent allocable to any period subsequent to the effective date of the termination, be promptly refunded to Lessee.
- 30. TERMINATION BECAUSE OF COURT DECREE:** In the event that any court having jurisdiction in the matter shall render a decision which has become final and which will prevent the performance by the Port of any of its obligations under this Lease, then either party hereto may terminate this Lease by written notice, and all rights and obligations hereunder (with the exception of any undischarged rights and obligations that accrued prior to the effective date of termination) shall thereupon terminate. If Lessee is not in default under any of the provisions of this Lease on the effective date of such termination, any rental prepaid by Lessee shall, to the extent allocable to any period subsequent to the effective date of the termination, be promptly refunded to Lessee.

- 31. SIGNS:** No signs or other advertising matter, symbols, canopies or awnings shall be attached to or painted on the buildings on the Leased Premises, including the windows and doors thereof, without the approval of the Executive Director of the Port first had and obtained. At the termination or sooner expiration of this lease, all such signs, advertising matter, symbols, canopies or awnings attached to or painted by Lessee shall be removed by Lessee at its own expense, and Lessee shall repair any damage or injury to the Premises, and correct any unsightly condition, caused by the maintenance and removal of said signs, etc.
- 32. INSOLVENCY:** If Lessee shall file a petition in bankruptcy, or if Lessee shall be adjudged bankrupt or insolvent by any court, or if a receiver of the property of Lessee shall be appointed in any proceeding brought by or against Lessee, or if Lessee shall make an assignment for the benefit of creditors, or if any proceedings shall be commenced to foreclose any mortgage or any other lien on Lessee's interest in the Premises or on any personal property kept or maintained on the Premises by Lessee, the Port may at its option, terminate this Lease.
- 33. WAIVER:** The acceptance of rental by the Port for any period or periods after a default by Lessee hereunder shall not be deemed a waiver of such default unless the Port shall so intend and shall so advise Lessee in writing. No waiver by the Port of any default hereunder by Lessee shall be construed to be or act as a waiver of any subsequent default by Lessee.
- 34. PROMOTION OF PORT COMMERCE:** Lessee agrees that throughout the term of this Lease it will, insofar as practicable, promote and aid the movement of passengers and freight through facilities within the territorial limits of the Port. Lessee further agrees that all incoming shipments of commodities that it may be able to control or direct shall be made through facilities within the territorial limits of the Port if there will be no resulting cost or time disadvantage to Lessee.
- 35. SURRENDER OF PREMISES:** At the expiration or sooner termination of this Lease, Lessee shall promptly surrender possession of the Premises to the Port and shall deliver to the Port all keys that it may have to any and all parts of the Premises.
- 36. ATTORNEYS FEES:** In the event that either party shall commence any legal action to enforce or interpret this lease, the prevailing party in any such action shall be entitled to an award of all reasonable attorneys' fees and other litigation costs incurred in connection with such action, including costs incurred in the trial court and in any appellate courts.
- 37. HOLDING OVER:** Any holding over by the Lessee after the expiration of this Lease shall be construed as a tenancy at sufferance (unless such occupancy is with the written consent of the Port) in which event the Lessee will be a tenant from month-to-month, upon the same terms and conditions of this Lease, except at a rent for such holdover period of 125% of the rental rate in effect for the month preceding such holdover. Acceptance by the Port of rent after such termination shall not constitute a renewal.
- 38. ADVANCES BY PORT FOR LESSEE:** If Lessee shall fail to do anything required to be done by it under the terms of this Lease, except to pay rent, the Port may, at its sole option, do such act or thing on behalf of Lessee, and upon notification to Lessee of the cost thereof to the Port, Lessee shall promptly pay the Port the amount of that cost, together with interest at the rate of 12% per annum from the date of the Port's payment.
- 39. LIENS & ENCUMBRANCES:** Lessee shall keep the Leased Premises free and clear of any liens and encumbrances arising or growing out of the use and occupancy of the said Premises by Lessee. At the

Port's request, Lessee shall furnish the Port with written proof of payment of any item which would or might constitute the basis for such a lien on the Leased Premises if not paid.

- 40. NOTICES:** All notices, demands, requests, consents, approvals, and other instruments required or permitted to be given pursuant to this Agreement shall be in writing, signed by the notifying party, or officer, agent, or attorney of the notifying party, and shall be deemed to have been effective upon delivery if served personally, including, but not limited to delivery by messenger, overnight courier service or overnight express mail, or upon postmark affixed by the United States Post Office if sent by registered or certified mail, postage prepaid, return receipt requested, and addressed as follows:

To the Port (Lessor):

THE PORT OF PORT TOWNSEND
Attn: Lease & Contracts Administrator
PO Box 1180
Port Townsend, Washington 98368
(360) 385-0656

To Lessee:

NW CUSTOM HANGARS, LLC
Attn: Dave Ward
83 McArdle Avenue
PO Box 130
Quilcene, WA 98376
(360) 301-0257

The address to which any notice, demand, or other writing may be delivered to any party as above provided may be changed from time to time by written notice given by such party as set forth hereinabove.

- 41. JOINT & SEVERAL LIABILITY:** Each and every party who signs this Lease, other than in a representative capacity, as Lessee, shall be jointly and severally liable hereunder.
- 42. "LESSEE" INCLUDES LESSEES, ETC:** It is understood and agreed that for convenience the word "Lessee" and verbs and pronouns in the singular number and neuter gender are uniformly used throughout this Lease, regardless of the number, gender or fact of incorporation of the party who is, or of the parties who are, the actual lessee or lessees under this Agreement.
- 43. NO AGENCY GRANTED HEREBY:** Lessee is not to be considered, nor in any manner designated as the agent or attorney-in-fact of the Port, and this Lease does not grant to Lessee any authority to act as the Port's agent for any purpose. Any consent granted by the Port for the making of improvements to the Premises or for any other purpose shall not be construed as making the Lessee the agent of the Port, nor shall such consent make the cost of labor and/or materials used in improving the Premises lien-able against the fee estate of the Port.
- 44. CAPTIONS:** The captions in this Lease are for convenience only and do not in any way limit or amplify the provisions of this Lease.

- 45. INVALIDITY OF PARTICULAR PROVISIONS:** If any term or provision of this Lease Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and shall continue in full force and effect.
- 46. NON-DISCRIMINATION IN SERVICES:** The Lessee agrees that it will not discriminate by segregation or otherwise against any person or persons because of race, creed, color, sex or national origin in furnishing, or by refusing to furnish, to such person, or persons, the use of the facility herein provided, including any and all services, privileges, accommodations, and activities provided thereby. It is agreed that the Lessee's noncompliance with the provisions of this clause shall constitute a material breach of this Lease. In the event of such noncompliance, the Port may take appropriate action to enforce compliance, may terminate this lease, or may pursue such other remedies as may be provided by law.
- 47. NON-DISCRIMINATION IN EMPLOYMENT:** The Lessee covenants and agrees that in all matters pertaining to the performance of this Lease, Lessee shall at all times conduct its business in a manner which assures fair, equal and non-discriminatory treatment of all persons without respect to race, creed or national origin and, in particular:
- a. Lessee will maintain open hiring and employment practices and will welcome applications for employment in all positions from qualified individuals who are members of racial or other minorities; and
 - b. Lessee will comply strictly with all requirements of applicable federal, state or local laws or regulations issued pursuant thereto relating to the establishment of non-discriminatory requirements in hiring and employment practices and assuring the service of all patrons or customers without discrimination as to any person's race, creed, color or national origin.
- 48. LABOR UNREST:** Lessee agrees to join with the Port and use its best efforts in avoiding labor unrest, or in the event of a wildcat strike or other labor difficulty, to use its good offices in negotiating and bringing to a swift and satisfactory conclusion any kind of labor dispute that may affect the interests of the Port.
- 49. EASEMENTS:** The Parties recognize that the Port facilities are continuously being modified to improve the utilities and services used and provided by the Port. The Port, and/or its agents shall have the right to enter the demised Premises of the Lessee, and to cross over, construct, move, reconstruct, rearrange, alter, maintain, repair and operate all utility lines, electrical services, and all other services required by the Port for its use. The Port is hereby granted a continuous easement or easements within the Leased Premises to the extent the Port reasonably believes to be necessary, without any additional cost to the Port, for the purposes expressed hereinabove, provided, however: that the Port by virtue of such use shall not permanently deprive the Lessee from its beneficial use or occupancy of its leased area. In the event that the Port does permanently deprive the Lessee from such beneficial use or occupancy, then an equitable adjustment in rent, or in the cost required to modify its Premises to allow the Lessee to operate its business, will be negotiated and paid by the Port to the Lessee. In the event that such entry by the Port is temporary in nature, then the Port shall reimburse the Lessee for the cost required modifying its Premises for the temporary period that the Lessee is inconvenienced by such Port entry. The Port will not be responsible to the Lessee for any reduced efficiency, or loss of business occasioned by such entry.

50. FEDERAL AVIATION ADMINISTRATION REQUIREMENTS: Lessee agrees that its use of the Premises will be accomplished in accordance with the following covenants:

- a. Level of Service - Compliance with Requirements. Lessee agrees to:
 - 1) Furnish good, prompt, and efficient service adequate to meet all the demands for its service at the Airport;
 - 2) Furnish said service on a fair, equal and nondiscriminatory basis to all users thereof;
 - 3) Charge a fair, reasonable and nondiscriminatory price of each unit of sale or service, provided: that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers;
 - 4) Prevent any use of the Premises which would interfere with landing or taking off of aircraft at JCIA or otherwise constitute an airport hazard;
 - 5) Prevent any operation on the Premises which would produce electromagnetic radiation of a nature which would cause interference with any air navigational or communications aid now or in the future to be installed to serve JCIA, or which would create any interfering or confusing light or cause any restrictions to visibility at the airport.
- b. Use of Airspace: The Port retains the public right of flight for the passage of aircraft in the airspace above the surface of the real property hereinabove described, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in said airspace, and for use of said airspace for landing on, taking off from or operating on JCIA.
- c. Minority Businesses. Lessee understands that it is the policy of the U.S. Department of Transportation that minority business enterprises as defined in 49 CFR, Part 23, shall have the maximum opportunity to participate in the performance of this Lease as defined in 49 CFR, Section 23.5, and that this Agreement is subject to 49 CFR, Part 23, as applicable. Lessee hereby assures that no person shall be excluded from participation in, denied the benefits of, or otherwise be discriminated against in connection with 49 CFR, Part 23, on the grounds of race, color, national origin, or sex.
- d. Fire Protection. Lessee understands and agrees that the Port provides for fire protection service to the airport through an interlocal agreement with a local volunteer fire district, Jefferson County Fire Protection District No. 1 (East Jefferson Fire-Rescue). Lessee further understands and agrees that the Port has no duty under this Lease to provide fire protection for Lessee's building, property or equipment located on or upon the Premises. It is agreed that fire protection service shall be provided to the Premises by the local volunteer fire district, and Lessee agrees to pay any service charges that may be imposed by said fire district. Lessee understands that it is Lessee's responsibility and duty to include the value of its buildings, property and equipment to appropriate County authorities for personal property tax purposes through which fire district service charges are paid. Failure of Lessee to list accurately its improvements or promptly to pay its fire district service charges when due shall be a breach of this Lease and shall be grounds for the Port to terminate this Lease.
- e. Inventory of Aircraft. Lessee understands and agrees that the Port shall have the right to enter upon the hangars located upon the Leased Premises for the purpose of inventorying all aircraft housed in the hangars, to record their tail numbers and to obtain, upon request, copies of all registration papers. Lessee understands and agrees that the Port may be required, from time to time, to communicate

such information to the FAA and other Federal, State and local law enforcement agencies, and Lessee agrees that such information will be freely made available to the Port and may be communicated by the Port to proper authorities.

- f. Compliance with all FAA Regulations. Lessee agrees to comply with any and all regulations imposed by the FAA and other agencies which govern activities at airports. Any violation of such regulations will constitute a default under this Lease.

- 51. DEVELOPMENT FEE:** Contemporaneous with Lessee's submittal of the plans and specifications for Port review and approval under paragraph 10(a), above, Lessee shall pay to the Port a development fee of **Sixty-Two Thousand Five Hundred and Sixty-Two Dollars and Fifty Cents (\$62,562.50)**³ for costs associated with infrastructure development previously completed by the Port to prepare Lessee's hangar site and other hangar sites in the vicinity for construction. Such prior infrastructure work previously completed by the Port included, without limitation: engineering, environmental review and permitting; grading; construction of drainage and stormwater facilities; provision of fire flow; installation of electrical service; legal services; FAA review and other related expenses.
- 52. DATE OF AGREEMENT:** The parties acknowledge that certain obligations of the Lessee are to be performed within certain specified periods of time which are determined by reference to the date of execution of this Agreement. The parties therefore agree that wherever the term "this Agreement" or words of similar import are used herein, they shall mean the date upon which this Agreement has been duly executed by the Port and Lessee, whichever is the latter to so execute this Agreement. The parties further agree to specify the date on which this Agreement has been executed in the space provided below, and warrant and represent to the other that such a date is in fact the date on which each duly executed this Agreement.

Land Lease Option and Land Lease Agreement dated this _____ day of December 2020 as authorized by the Port of Port Townsend Port Commission, on the 9th day of December 2020 and effective upon the receipt of a deposit and liability insurance documentation from the Lessee.

THIS AGREEMENT HAS BEEN NEGOTIATED BETWEEN THE PARTIES AND CONTAINS A LIMITED WAIVER OF IMMUNITY UNDER TITLE 51 RCW, AN INDEMNIFICATION AND A RELEASE.

LESSEE

David Ward, Managing Member
NORTHWEST CUSTOM HANGARS, LLC

³ Amount calculated on the basis of \$3.50 per square foot; 17,875 sf x \$3.50 = \$62,562.50.

ATTEST:

PORT OF PORT TOWNSEND (LESSOR)

APPROVED AS TO FORM

Eron Berg, Executive Director

Port Attorney

STATE OF WASHINGTON
COUNTY OF JEFFERSON

I certify that I know or have satisfactory evidence that David Ward signed this instrument and that he is authorized to execute the instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

Dated: _____

Signature of
Notary Public: _____

My Appointment Expires: _____

STATE OF WASHINGTON
COUNTY OF JEFFERSON

I certify that I know or have satisfactory evidence that Eron Berg signed this instrument and that he is authorized to execute the instrument as Interim Executive Director of the Port of Port Townsend and acknowledged it to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____

Signature of
Notary Public: _____

My Appointment Expires: _____

EXHIBIT "A":

Hangar Site #6 – Leased Premises

[RESERVED – MUST BE INCLUDED PRIOR TO EXECUTION OF OPTION/LEASE AGREEMENT]

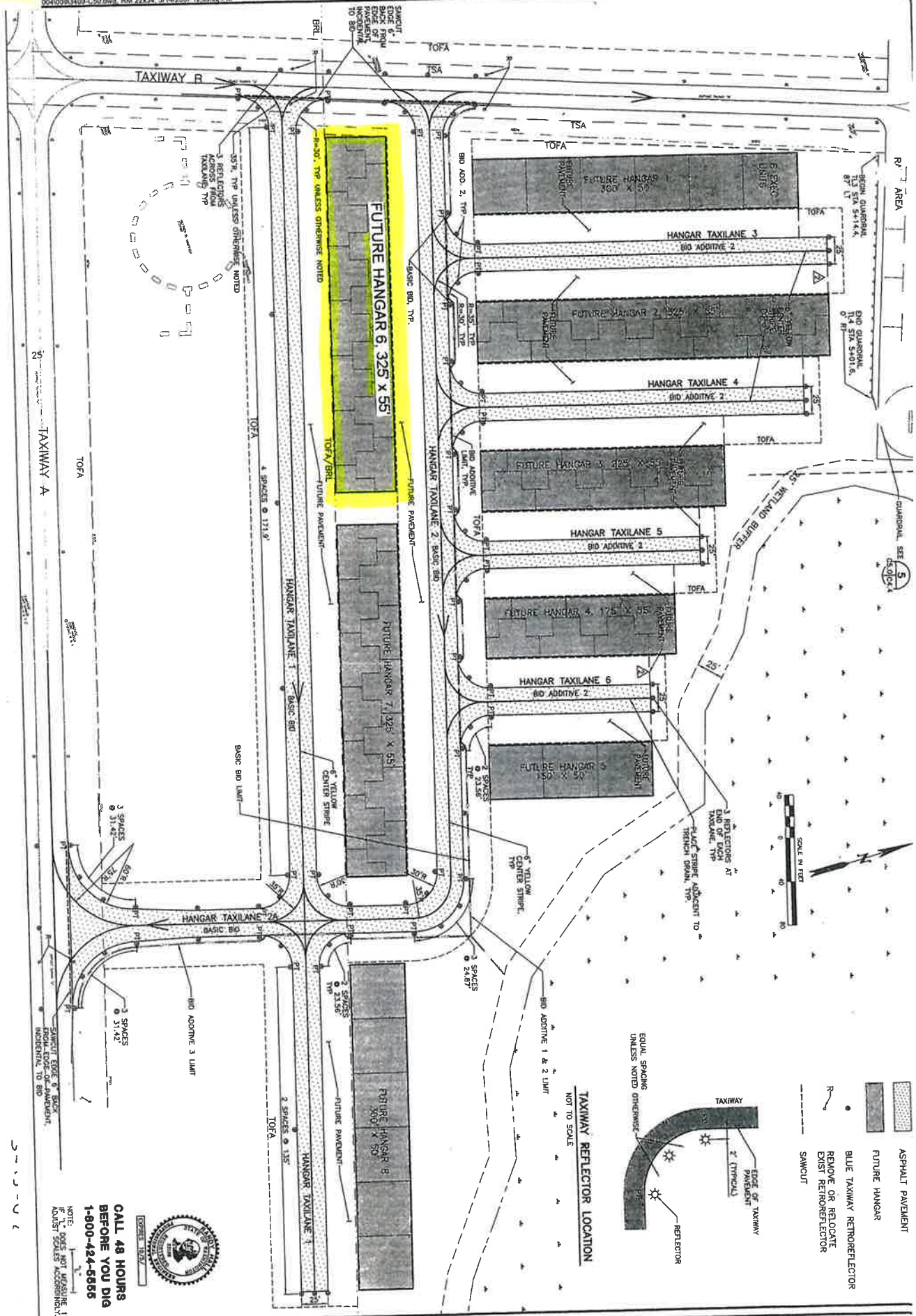
EXHIBIT "B":

Hazardous Substances Warranty & Agreement

[RESERVED – MUST BE INCLUDED & EXECUTED CONCURRENT WITH OPTION/LEASE AGREEMENT]

EXHIBIT 'A', SITE #6 NW CUSTOM HANGARS

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ReidMiddleton

728 134th Street SW Suite 200
Everett, Washington 98204
Ph: 425 741-3800

PLAN CLARIFICATIONS

EXHIBIT "B"
NORTHWEST CUSTOM HANGARS,
AIRCRAFT HANGAR SITE #6
HAZARDOUS SUBSTANCES WARRANTY AND AGREEMENT

RIDER TO LEASE AGREEMENT DATED: _____, 2020, BETWEEN THE PORT OF PORT TOWNSEND and NORTHWEST CUSTOM HANGARS, LLC, a Washington State Limited Liability Company.

IT IS HEREBY AGREED THAT THE LEASE AGREEMENT IDENTIFIED ABOVE SHALL BE SUPPLEMENTED AND MODIFIED AS FOLLOWS:

1. **HAZARDOUS SUBSTANCES ON PREMISES.** Without the express written permission of Lessor, Lessee shall not store, use or have present on or adjacent to the premises any hazardous or toxic substances, including those substances defined as "hazardous" or "extremely hazardous" under federal or Washington State environmental statutes or regulation (including but not limited to 42 USC 9601 et seq., 40 CFR Part 302, RCW Chapter 70.105D.020 and WAC 173-340-200, and any successor statutes and regulation), except as follows: _____

2. **STORAGE AND USE OF HAZARDOUS SUBSTANCES.** Lessee agrees at all times to restrict its storage and use of substances identified in Paragraph 1 to the inside of the permanent building(s) at the premises, and specifically to those locations within such buildings(s) having concrete flooring or such other impermeable flooring as Lessor may in its sole discretion approve in writing upon request by Lessee.
3. **HANDLING AND DISPOSAL.** The Lessee agrees to use said substances identified in paragraph 2 only on areas which have impermeable surfaces and or other means for preventing accidental contact by such substances with the soils upon the leasehold or its surrounding area.
4. **RELEASES OF HAZARDOUS SUBSTANCES PROHIBITED.** Lessee shall not release, dispose of, or permit a release of, any of the substances described or identified in paragraph 1 onto the premises or into the environment surrounding the premises.
5. **REGULATORY COMPLIANCE.** Lessee warrants and agrees that, during the term of this lease and any extensions thereof, it will take all steps necessary to comply with all applicable federal, state and local requirements for the containment, storage, use and disposal of any and all hazardous or toxic substances at the premises, including but not limited to obtaining and maintaining all necessary federal, state and local permits or

licenses, and obtaining any required federal or state hazardous waste generator or transporter identification numbers. Lessee shall provide to Lessor a copy of each such existing permit, license, and identification number before occupancy, and shall provide a copy of any such permit, license, and identification number which Lessee may obtain in the future within seven days of receipt by Lessee.

6. **DISPOSAL OF HAZARDOUS WASTES.** In the event Lessee has occasion or need to dispose of hazardous or toxic substances or wastes, and unless otherwise agreed in writing, Lessee shall retain an independent hazardous waste disposal firm to dispose of any and all such substances at an off-site facility which has been properly approved, licensed and authorized to accept such substances. Lessee shall ensure that the disposal firm is properly licensed and in good standing with the applicable regulatory authorities for such work, and that it has all required transporter identification numbers.
7. **LESSEE'S WARRANTY OF NO CONTAMINATION.** Except as may be disclosed in Attachment No. 1 hereto, Lessee warrants and represents (1) that it has not released any toxic or hazardous substances onto the premises or into the environment in connection with its activities at the premises, (2) that it has inspected the premises and is not aware of any indication that a release of any hazardous substances has ever occurred at the premises, including prior to Lessee's occupancy, (3) that it has never been formally accused or cited, at the premises or elsewhere, for any violation of environmental laws, regulations or any hazardous waste-related governmental permit, and (4) that no claims or litigation have ever been pending against it by any person or governmental agency involving any use, storage, release or disposal of hazardous or toxic waste. If any such releases, formal accusations, citations, claims or litigation against Lessee arise during the term of this lease or any extension thereof, then Lessee shall notify Lessor in writing within seven (7) days of such event, and shall provide Lessor with a copy of each document reflecting such event.
8. **INDEMNIFICATION AND HOLD HARMLESS.** Lessee shall indemnify and hold Lessor harmless with respect to any and all direct or indirect expenses, losses of damages, including all consequential damages, Attorney's fees, and litigation-related expenses and costs, incurred by Lessor which result from (1) Lessee's breach of provision of this Rider, (2) claims, actions, suites, proceedings, judgments, fines or remedial orders (including orders to clean up contamination at the premises) which arise because of Lessee's breach of this Rider, (3) Lessee's violation of environment laws or regulations, or (4) Lessee's release of a toxic or hazardous substance onto the premises or into the surrounding environment. This provision shall apply regardless of whether Lessee has been negligent or at fault for such breach, violation, or release. This obligation by the Lessee shall survive the expiration or termination of the lease agreement and the sale of the property. If Lessor so requests, Lessee shall accept the tender of defense of, and shall retain counsel of Lessor's selection and at Lessee's expense to defend, any third-party claim asserted against Lessor in

connection with alleged conduct by Lessee which, if true, would be in breach of the provision of this Rider.

9. **NOTIFICATION TO LESSOR OF CHANGES IN OPERATION.** Lessee agrees to notify Lessor in writing at least seven (7) days in advance of any previously undisclosed action which the Lessee plans to take which poses a material risk of a release of hazardous substance into the environment, including but not limited to material changes in Lessee's methods of hazardous waste disposal, material increases in the volume of Lessee's hazardous waste disposal, or material changes in the nature of any hazardous wastes which Lessee anticipates it will generate.
10. **COPIES OF ENVIRONMENTAL CORRESPONDENCE.** Lessee agrees to provide Lessor with copies of all past and future correspondence to or from the Washington Department of Ecology, the U.S. Environmental Protection Agency, and any other government agency which has had or may have contact with Lessee regarding environmental concerns pertaining to the premises.
11. **NOTIFICATION OF SPILLS OR RELEASES.** Lessee shall comply with all notification requirements under the applicable federal, state and local environmental statutes and regulations, including but not limited to the timely notification of the appropriate government authorities of any spills or releases of toxic or hazardous substances into the environment or onto the premises. Lessee shall notify Lessor within 24 hours of discovery of any such spills or releases and shall provide copies of all correspondence and documents related to such spills or releases to Lessor with seven days after receipt or creation, as the case may be.
12. **LESSOR'S REMEDY FOR BREACH OR VIOLATION.** In the event Lessee permits a release of a hazardous substance to occur at or near the premises, or breaches any provision of this Rider, Lessor shall be entitled (1) to terminate the lease agreement immediately, (2) to require Lessee to cease all operation which pose a risk of releasing a hazardous substance into the environment, and (3) to require Lessee to begin an immediate cleanup of any and all contamination at the premises to the extent necessary to achieve full compliance with the applicable environmental laws and regulations. Lessor shall be entitled to obtain immediate injunctive relief from a court of competent jurisdiction to enforce this provision. These remedies shall be in addition to, and not in substitution for, any other remedies available to Lessor under applicable law.
13. **ANNUAL DECLARATION OF COMPLIANCE.** Within ten (10) days of receipt of a written request by Lessor, Lessee shall provide to lessor a declaration of Lessee's compliance or non-compliance with the applicable environmental laws and regulations and with the provisions of this Rider, in the form set forth in Attachment No. 2. Lessor anticipates that it

will request such a declaration annually, approximately on the anniversary date of this Rider.

14. **INSPECTION OF PREMISES.** Lessee agrees to permit and cooperate with any on-site inspections and testing requested by Lessor, including inspections and testing conducted by consultants or engineers hired by Lessor to evaluate Lessee's compliance with the applicable environmental requirements and the provisions of this Rider. Lessor shall provide Lessee within 24 hours advance notice of Lessor's intent to conduct such inspection or testing.
15. **DESIGNATED REPRESENTATIVE RESPONSIBLE FOR COMPLIANCE.** Dave Ward whose cell phone number is 360-301-0257 shall be the Lessee's designated representative who shall be primarily responsible (1) for Lessee's compliance with the provision of this Rider, (2) for handling contact with Lessor pertaining to environmental compliance, and (3) for signing on behalf of Lessee the annual declaration of compliance pursuant to Paragraph 12 above. Lessee shall promptly notify Lessor of any changes in the identity or telephone numbers of the designated representative.
16. **ADDITIONAL PROVISIONS.**

LESSOR:

LESSEE:

Eron Berg
Port of Port Townsend

David Ward, Managing Member
Northwest Custom Hangars, LLC

Date: _____

Date: _____

(Attachment No. 1 to Hazardous Substances Rider)

DISCLOSURE BY LESSEE

The Lessee makes the following disclosure pursuant to Paragraph 6 of the Hazardous Substances Warranty and Agreement (Attach Additional page(s) if necessary):

1. Release(s) of Hazardous Substances by Lessee:
 (If none, initial here: _____)

2. Indication(s) of Contamination at Premises:
 (If none, initial here: _____)

3. Lessee Violation(s) of Environmental Regulations:
 (If none, initial here: _____)

4. Environmental Claims or Litigation Against Lessee:
 (If none, initial here: _____)

Lessee: David H. Thompson

By: _____

David Ward, Managing Member
Northwest Custom Hangars, LLC

Date: _____

(Attachment No. 2 to Hazardous Substances Rider)

DECLARATION OF COMPLIANCE

DAVID WARD, as the designated representative of Lessee primarily responsible for environmental compliance pursuant to Paragraph 12 of the Hazardous Substances Warranty and Agreement dated: _____, 2020, hereby declare and represent as follows on behalf of Lessee:

1. I have read, and am familiar with, Lessee's obligations and representations as set forth in the Hazardous Substances Warranty and Agreement applicable to Lessee.

2. I am not aware of, and do not believe there have been any violations by Lessee of any of the provisions in the Hazardous Substances Warranty and Agreement, or of any requirements imposed on Lessee by federal, state or local environment laws and regulations.

3. I have no reason to believe, and do not believe, that any of the representations in Paragraph 6 of the Hazardous Substances Warranty and Agreement are inaccurate as of the date indicated below.

4. Lessee has not stored, used or had present on or adjacent to the premises any hazardous or toxic substances except those that have been disclosed in writing to Lessor.

5. Lessee has not released, disposed of, or permitted the release of any hazardous or toxic substances onto the premises or into the environment surrounding the premises, except as has been disclosed in writing to Lessor.

Lessee: David Ward, Managing Member
Northwest Custom Hangars, LLC

By: _____
David Ward, Managing Member
Northwest Custom Hangars, LLC

Date: _____

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	December 9, 2020
AGENDA ITEM	<input type="checkbox"/> Consent <input type="checkbox"/> 1 st Reading <input type="checkbox"/> 2 nd Reading <input checked="" type="checkbox"/> Regular Business <input type="checkbox"/> Informational
AGENDA TITLE	VIII. F. Port Townsend Aero Museum – Lease Amendment
STAFF LEAD	Eric Toews, Deputy Director
REQUESTED	<input type="checkbox"/> Information <input checked="" type="checkbox"/> Motion/Action <input type="checkbox"/> Discussion
ATTACHMENTS	A. Info Memo B. Port Townsend Aero Museum Lease Amendment #2 & Exhibit 'A'

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 12/9/2020
TO: Port Commission
FROM: Sue Nelson, Lease & Contract
SUBJECT: Port Townsend Aero Museum Lease Amendment

ISSUE

The Port Commissioners received a letter dated November 22, 2019 from Mike Payne, Director of the Port Townsend Aero Museum requesting an expansion to their existing museum building. On January 3, 2020 a Letter of Intent (LOI) was executed between the Port and the PTAM, specifying an agreement should be executed by December 31, 2020. On August 26, 2020 expansion plans were approved by the Port Commission.

BACKGROUND

As a co-applicant with the PTAM on the permitting process, an authorized signature from the Port is required on the permit application. The contractor, Mark Grant of Grant Steel Buildings reported they are near the finish line with permit submittal to the Jefferson County Building Department. Upon permit approval by the County, the Lease Amendment will be ready for execution with the Aero Museum.

Amendment No. 2 combines the original ground lease terms for the museum building (12,600 sq. ft.), with Amendment No. 1, the additional 9,288 sq. ft. of ground for the maintenance facilities. Amendment No. 2 clarifies the location and extent of the leased premises; integrates and clarifies the basis upon how rent is calculated and adjusted throughout the lease term; and, modifies and updates provisions concerning rent security deposit.

RECOMMENDATION

Authorize the Executive Director to execute Port Townsend Aero Museum Lease Amendment No. 2, substantially in the form presented.

ATTACHMENTS

Port Townsend Aero Museum Lease Amendment No. 2 and Exhibit 'A'

PORT OF PORT TOWNSEND LAND LEASE AMENDMENT #2

THIS LEASE AMENDMENT made this ____ day of December 2020, by and between the PORT OF PORT TOWNSEND, a municipal corporation organized and existing under the laws of the State of Washington, Lessor, hereinafter referred to as "the Port," and the PORT TOWNSEND AERO MUSEUM, a Washington Non-profit Corporation, hereinafter referred to as "Lessee."

WITNESSETH:

1. On July 24, 2002, the parties entered into a Land Lease with Option Agreement concerning certain premises situated at the Port of Port Townsend's Jefferson County International Airport ("JCIA") facility, situated in Jefferson County, State of Washington, hereinafter referred to as the "Original Lease."
2. The Original Lease described the leased premises as being comprised of "*12,600 square feet (plan and location to be determined)*"¹ with rent to be charged at 50% of the prevailing rate established for comparable hangars at the JCIA at the time of signing. Further, the Original Lease specified that the use of the premises was to be for "*construction and operation of a 12,600 Sq. Ft. Aero Museum that shall be configured as depicted in Attachment A.*"² No map exhibit exists within the Port's lease file depicting the location and extent of the premises, nor is there any indication that lease Attachment "A" was ever prepared.
3. On August 1, 2008, the parties entered into Lease Amendment #1, which added 9,288 square feet to the premises described in the Original Lease.³ Lease Amendment #1 states that the additional land is "*described in Exhibit 'A' attached hereto,*"⁴ however, no such exhibit exists within the Port's lease file.
4. Lease Amendment #1 specified that an amount certain be paid for the expansion area of the premises, to wit: \$371.52 upon the effective date of Amendment #1. The rent for the expansion area was apparently reflective of the prevailing rate charged for comparable hangars at the JCIA at the time of execution of Amendment #1.
5. The Original Lease and Lease Amendment #1 contain differing terms as to how adjustments to the rental amount will be determined:
 - a. The Original Lease states that the rental rate will be adjusted every three (3) years to 50% of the prevailing fair market rental rate then in effect for comparable hangar space at the JCIA;

¹ Paragraph #1 of Original Lease.

² Paragraph #5 of Original Lease.

³ The premises were expanded to accommodate the construction of two (2) additional aircraft maintenance buildings consisting of 2,688 square feet and 6,600 square feet respectively (i.e., 9,288 total).

⁴ Paragraph #1 of Lease Amendment #1 to the Original Lease

- b. Lease Amendment #1 states that the rental rate will be adjusted every three (3) years to the rate then prevailing for comparable airport property in the Western Washington area; further, it specifies an arbitration procedure to be followed in the event the parties cannot agree on the fair market adjustment.
6. On January 30, 2020, the parties entered into a Letter of Intent regarding a 5,400 square foot expansion to the original 12,600 square foot Aero Museum. The proposal would extend the southeast wing of the museum display building by 90' to the south.
7. Neither the Original Lease nor Lease Amendment #1 specifically included adjoining parking areas, sidewalks and landscaping, or access ramp and apron areas surrounding the buildings that were developed and have been repaired and maintained by Lessee.
8. The Original Lease sets forth rent security requirements that are inconsistent with currently adopted Port Commission policy, which requires minimum security equivalent to three (3) month's rent.
9. The parties are now agreed that the terms and conditions specified in the Letter of Intent have been satisfied, and that the Original Lease should again be amended to:
 - a. Clarify the location and extent of the leased premises, to include all parking, sidewalks and landscaping, access ramp and apron areas surrounding the three buildings described in the Original Lease and Amendment #1 to the Original Lease;
 - b. Integrate and clarify the basis upon which rent shall be calculated and adjusted throughout the remaining term of the lease; and
 - c. Modify and update provisions concerning rent security to be consistent with, and implement, currently adopted Port Commission policy.

NOW, THEREFORE:

- A. Amendment No. 1 to the Original Lease, executed on September 1, 2008, is hereby repealed in its entirety, and replaced with the language set forth in Article B, below.
- B. Paragraphs 1, 3 and 4 of the Original Lease, executed on July 24, 2002, shall be amended as set forth below (note: deleted text shown in ~~strikeouts~~; new/amended language show with double underlining):

1. **LEASED PREMISES:** The Port hereby leases to Lessee, and Lessee hereby hires and leases from the Port, the following described premises situated in Jefferson County, State of Washington:

~~A building site at Jefferson County International Airport equal to 12,600 square feet (plan and location to be determined) for the construction of an Aero Museum,~~
Approximately 134,000 square feet of land located on the northeast portion of the Port's JCIA property, adjacent and to the south of the right-of-way of Airport Road, as

generally depicted on the site map attached hereto as Exhibit "A" and incorporated herein by this reference.

hereinafter called "the premises."

The leased premises include three (3) buildings constructed by Lessee as shown on Exhibit "A", as follows:

- a. Building "A", commonly known as the "Display Building" consisting of approximately 12,600 square feet, which is being expanded at the time of this Lease Amendment #2 to encompass approximately 18,000 square feet;
 - b. Building "B", commonly known as the "Restoration & Maintenance Building" consisting of approximately 6,600 square feet; and
 - c. Building "C", commonly known as the "Paint & Fabric Building" consisting of approximately 2,688 square feet.
3. **RENT:** Lessee agrees to pay as rental for the leased premises the sum equal to 50% of the prevailing rate charged for comparable hangars at JCIA at the time of signing. This rent represents 50% of the fair market value as adopted by the Port Commissioners at the time of signing. The rent for each month shall be paid to the Port in advance on or before the first day of each and every month of the lease term and shall be payable at such place as the Port may hereafter designate. The rental rate shall be adjusted every three (3) years, to 50% of the prevailing fair market rental rate then prevailing for comparable airplane hangar space at JCIA. Lessee agrees to pay as rent for the leased premises calculated as follows:

Building "A" (18,000 sf): i) 12,600 square feet of Building "A" will be calculated at 50% of the prevailing rate charged for comparable JCIA land leases as established by the Port Commission; 5,400 square feet of Building "A" (i.e., the expansion area) will be calculated at 100% of the prevailing rate charged for comparable JCIA land leases as established by the Port Commission;

Buildings "B" and "C" (9,288 sf, inclusive) will be calculated at 100% of the prevailing rate charged for comparable JCIA land leases as established by the Port Commission.

The rent for each month shall be paid to the Port in advance, on or before the first day of each and every month of the lease term and shall be payable at such place as the Port may hereafter designate. The rental rate shall be adjusted every three (3) years to the prevailing Port rate for airport land leases approved by the Port Commission for comparable Port property. In those years when no market rent adjustment is implemented as described above, the rental rate will be adjusted annually by a percentage equal to the accumulative amount found on the Consumer Price Index for all urban consumers (CPI-U) for Seattle-Tacoma-Bremerton, which is compiled by the Department of Labor, Bureau of Statistics.

In no event shall any rent adjustment result in a reduction in rent from the rate paid in the prior year.

4. **SECURITY DEPOSIT:** ~~Lessee shall, upon the execution of this lease and agreement, deposit with the Port two month's rent plus all applicable taxes. The lease is not effective until full deposit is made with the Port.~~ Lessee shall deposit and maintain with the Port throughout the term of this agreement security in an amount equivalent to three (3) month's rent in order to guarantee performance under this Lease. The deposit shall be returned to Lessee upon termination of this Lease, less any charges owing to the Port or expenses incurred by the Port in repairing damage caused by Lessee or restoring the leased premises to the condition required upon termination of this Lease. On the twentieth (20th) anniversary of the date of this Lease and on each fifth (5th) anniversary thereafter, the amount of such security deposit shall be increased in the same proportion as the annual rental is increased above the basic rent charged during the sixth (20th) year of the lease term.

Except as amended hereby, all other terms and conditions of the Original Lease dated July 24, 2002 shall remain unchanged and in effect.

APPROVED this ____ day of December 2020, by the Port of Port Townsend and duly authenticated by the signature of the Executive Director.

LESSEE:

PORT OF PORT TOWNSEND:

Michael Payne, President
Port Townsend Aero Museum

Eron Berg
Executive Director

APPROVED AS TO FORM:

Port Attorney

STATE OF WASHINGTON)
) ss.
COUNTY OF JEFFERSON)

On this day before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared, MICHAEL PAYNE, PRESIDENT of PORT TOWNSEND AERO MUSEUM, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute the said instrument on behalf of the corporation.

GIVEN under my hand and official seal this ____ day of _____ 20 ____.

Signature

Printed Name

NOTARY PUBLIC in and for the State of
Washington, residing at Port Townsend,
Jefferson County

My commission expires: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF JEFFERSON)

On this day before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared, ERON BERG, to me known to be the EXECUTIVE DIRECTOR of the PORT OF PORT TOWNSEND and acknowledged the said instrument to be the free and voluntary act and deed of said port district, for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute the said instrument on behalf of the port district.

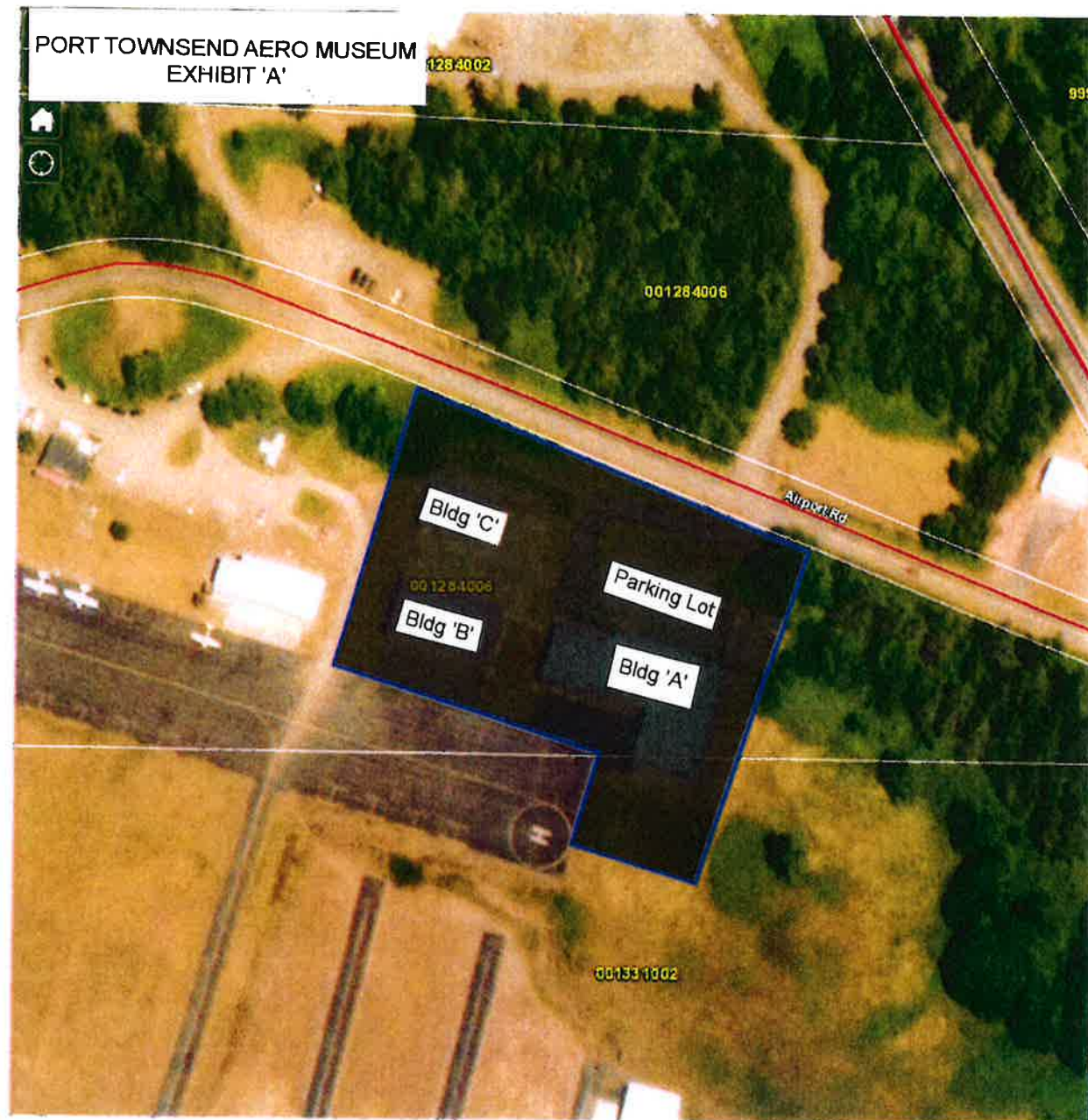
GIVEN under my hand and official seal this ____ day of _____ 20 ____.

Signature

Printed Name

NOTARY PUBLIC in and for the State of
Washington, residing at Port Townsend,
Jefferson County

My commission expires: _____



Bldg. 'A': Museum Building, expanded, 18,000 sq. ft.

Bldg. 'B': Restoration & Maintenance Building, 6,600 sq. ft.

Bldg. 'C': Paint & Fabric Building, 2,688 sq. ft.