

**PORT COMMISSION REGULAR BUSINESS MEETING – Wednesday, February 24, 2021**

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

Present via Zoom online video: Commissioners Petranek and Putney  
Executive Director Berg  
Deputy Director Toews  
Finance Director Berg  
Port Engineer Love  
Port Recorder Erickson  
Port Attorney Woolson

The Port Commission participated in an executive-session-only special meeting from 4:00-4:55 p.m. to discuss with legal counsel representing the Port litigation or potential litigation - RCW 42.30.110(1)(i).

- I. CALL TO ORDER (00:00:06): Commissioner Petranek called the meeting to order at 5:30 p.m.
- II. APPROVAL OF AGENDA (00:00:57)

Commissioner Petranek moved to add to item VII of the agenda item C. called the Proposed Settlement of Hangar C Litigation.

**Commissioner Putney moved to accept the Agenda as amended; Commissioner Petranek seconded the motion, and the motion carried.**

- III. PUBLIC COMMENTS (00:02:03) There were no public comments.

- IV. CONSENT AGENDA (00:02:31)

- A. Approval of Workshop & Business Meeting Minutes from February 10, 2021; and Port Retreat Minutes from February 17, 2021.

- B. Approval & Ratification of Warrants

- Warrants #063426 through #063429 in the amount of \$10,149.68 and Electronic Payment in the amount of \$78,364.07 for Payroll & Benefits.

- Warrants #063430 through #063464 in the amount of \$42,147.36 for Accounts Payable.

- Electronic Debit in the amount of \$4,614.08 to WA Dept. of Revenue for Combined Excise Tax.

**Commissioner Putney moved to accept the Consent Agenda and Commissioner Petranek seconded the motion. The Consent Agenda was approved as presented.**

- V. SECOND READING ~ none

- VI. FIRST READING ~ none

- VII. REGULAR BUSINESS (00:03:34)

- A. PRELIMINARY DECEMBER FINANCIALS (00:03:58)

Finance Director Berg began by giving highlights of the financials starting on page 13 of the packet with preliminary financial performance of Port operations in 2020. She explained that she used the term 'preliminary' because it's not the final annual report that will be completed in accordance with Government Accounting Standards to be submitted to the State Auditor's Office by May 30<sup>th</sup>. She said the report before commission shows the 2020 actuals as compared to the prior 4 years, with an understandable dip in 2020 revenues of about 3% less than 2019 revenues. She showed some winners in the revenue section: Leases, Work Yard, Boat Haven permanent moorage, Point Hudson monthly guest, Quilcene permanent moorage, and ramp fees. She said that 2020 showed the highest expenses for the past 5 years, which is directly related to increases in staffing (29 FTE in 2019 vs. 33 FTE in 2020) needed for increased capital projects work, customer service, and custodial work. On the expense side, she explained that the Port spent about \$4.4 million on capital projects and purchases, and also paid out \$2.4 million in debt service. Ms. Berg went over the Ending Cash Balances and the Ending Reserve Balances for 2020, referring to reserve activity page which shows funding and usage of each reserve throughout 2020.

Ms. Berg suggested that in the future she provide monthly reports as information only in Commission meeting packets, and then quarterly she would give a presentation.

Commissioner Putney said unless there is a big excursion from what's budgeted that would be a fine way to proceed in the future.

Commissioner Petranek referred to bank charges, which totaled almost \$100,000 for 2020, and asked whether there were a way to avoid these charges in the future.

Finance Director Berg said that these charges will likely be increasing with Molo as it provides convenience to customers to pay online.

Commissioner Petranek asked if she could get a report on the IDD funds separately, and Ms. Berg stated that she was planning to do this now that the Port is in year 2 of IDD funding.

B. RECYCLING CENTER GRANT (00:19:01):

Executive Director Berg referred Commission to the detail on the grant on pages 23-24 of the packet, and introduced Pete Langley, owner of PT Foundry, who would talk about the project and answer questions. Mr. Berg stated that Jefferson County now trucks plastics away, potentially to a landfill, and this may be a technology to make those plastics of beneficial use here where they are used. He said that the Port was awarded the grant from Ecology, and he was looking for authorization from the Commission to accept the grant and expenditure of those funds consistent with its purpose. Once authorized to move forward, a final RFP would be developed, a consultant would be selected to execute the report, and a public presentation would be given to the Commission on June 23, 2021.

Mr. Langley stated that the timing was right for a change in the way we recycle plastic; the amount of microplastics in our aquaculture is not healthy for the earth or humans. He said his thought is to turn that fuel (plastic is made from petroleum) back into fuel, instead of using more fuel to bury fuel. Mr. Langley said more research is needed to shake out the details, which this grant will allow us to do. He referred to systems out there that do this that aren't widely known and said he hoped to use technology to satisfy some of the reluctance for their use. He is going to find out what the permitting requirements are for these types of machines, and then decide how far we want to go with this initial phase. He described the long-term scope of this idea to get more and more municipalities and bigger businesses, schools, hotels, and hospitals to have their own systems that would generate a byproduct like this and be able to recycle it right on their premises by using the diesel fuel in generators, or other equipment.

Commissioner Putney asked about any impact to the Port from this grant, and Executive Director Berg stated it was 100% funding, so it would just be staff time to oversee the project and submit a grant reimbursement request.

Commissioner Petranek said ever since she'd moved to Port Townsend, she'd been hearing about this amazing recycling project that Pete Langley was doing. She asked Mr. Langley if he was envisioning a pilot project in an individual business. Mr. Langley stated that he would ask DoE right away about which type of project would be easiest to permit and the most advantageous for them to see - a small pilot project, or a full plant. He stated that his goal is to immediately use the product fuel for energy so that other industries could use the same concept and make energy to offset what we have in the grid and be available in an emergency. He said the concept comes in handy in the peninsula area - local people would have the ability to generate energy in an emergency, given that Jefferson County has 125 tons of plastic per year to deal with, and would instead have a fuel source with this type of system.

Commissioner Petranek asked about another grant to follow this one that would fund the building of the system. Executive Director Berg said that the Port has funding to prepare a study specifically sized to Jefferson County, a model of how plastics can be dealt with at the local level which would delete the need to truck plastics to places for processing or landfill. He stated that the product of this grant would be a written report and presentation to the Commission that would answer key questions about the technology of these systems; what size unit and costs associated with that size would fit the waste stream in Jefferson County; what is the character of the waste stream here with comingled plastics, aluminum and tin; and what sort of pretreatment would be necessary before it could go into a pyrolysis system. This study will consider the capital and operating costs both economically and environmentally and will be targeted towards business owners who might be interested in taking on such a project.

Commissioner Putney asked if staff had conferred with County staff, and Mr. Berg stated that he had been working with them.

Mr. Langley stated that he was not looking for reimbursement for his time; he wants to take this information and proceed with other opportunities for funding with Rep. Kilmer (i.e. DoT, USDA, possibly Port IDC), for funding to establish a pilot project with physical equipment.

**Commissioner Putney moved to authorize the Executive Director to accept the \$50,000 Recycling Center Grant from Ecology and to spend it consistent with its purpose. Commissioner Petranek seconded, and motion passed.**

C. PROPOSED SETTLEMENT OF HANGAR C LITIGATION (00:36:00)

Executive Director Berg said that this item was discussed in executive session before the start of this meeting—a proposed settlement agreement and lease amendment for Hangar C. He explained to the public listening that Hangar C lease began in 1982 and has had a number of amendments & assignments since then, becoming a condo association around 2001, and includes 38,000 ft<sup>2</sup> of hangar buildings and associated taxiways and grassy areas, which is atypical because all other leases are based only on the footprint of the hangar. He said that this created a concern from Hangar C about an inequity, resulting in requests over time beginning around 2001 for a change in terms and growing ultimately into a lawsuit. Mr. Berg stated that arbitration scheduled for the past week was postponed to allow parties to have a settlement

discussion, and that they had come to the tentative settlement agreement being presented to Commission today for ratification. Specifically, neither party would pay the other party anything; there would be a sixth amendment to the 1982 lease that would add an additional 20 years to the lease and be based on the footprint of the hangar. The proposed agreement would begin effective 12/01/2020 using the then-prevailing lease rate times the footprint of the hangar, increasing annually by CPI and every third year to the then-prevailing rate for ground leases at JCIA. Language is included making it clear that Hangar C will maintain the connection between hangar and taxiways, and the Port would maintain the taxiways.

**Commissioner Petranek moved to approve and authorize the Executive Director to execute the proposed settlement agreement and related lease amendment as presented.**

**Commissioner Putney seconded; motion passed by unanimous vote.**

#### VIII. STAFF COMMENTS (00:42:20)

Deputy Director Toews commented that he gave a presentation to the RCO funding board last week regarding a grant for Gardiner boat launch, and received good news earlier this week that the proposal ranks 4<sup>th</sup> among all RCO projects statewide. He explained that this means we are in a very favorable position to be funded. He reminded Commission that it is a single-lane ramp facility, initially built in the early 1960's and is the only public boat launch on Discovery Bay. The Dept. of Fish & Wildlife proposes to upgrade the upland portion of this facility, currently a parking lot. This is a ~\$675,000 project with an 80/20 split; RCO funding would be ~\$540,000 & Port match ~\$135,000.

Port Engineer Love commented that the stormwater filtration system costs the Port ~\$125,000 per year to operate. He reported that the Port has been monitoring the system since 2018, and he commended Terry Taylor, who found a cheaper source for some of the needed media. He clarified that there are four or five parts of the system that do different things; and said that staff is currently replacing the sand in the biofiltration swell close to the Port Maintenance shop.

Finance Director Berg commented that she's working on inputting the budget to the accounting system and making sure the reports tie to the budget GL, which is arduous. Molo is going well; the Port is a "super user" of Molo, and Port staff are asking questions of Molo daily, working fervently to address issues, and hoping to get the Molo online reservation system up and running very soon.

Recorder Erickson congratulated Deputy Director Toews on the probable grant funding; she also stated that she had seen an uptick in requests for airport hangars.

Executive Director Berg commented that the agenda for the March 10 Commission workshop will be about Economic Development; Port Attorneys Woolson and Chmelik will give a presentation on Washington Ports as Economic Engines, and Pat Reay from the Port of Walla Walla will speak about their experience in this arena, including ADO. He said that the question for this Commission is what do they see as the Port's role in Economic Development, specifically the issue with ADO and the question that Jefferson County Commission will have to answer here in the next few months. He said he's been meeting with Brian and Ben from the EDC in a format they're calling the public sector cabinet that includes the 4 Administrators on the ICG. He said the hope is to find a path forward that all involved could get excited about and that the group is still trying to pull into focus a range of ideas that have been put forth. He said he needs Commission input on an objective before working toward that objective with our partners in the community.

Mr. Berg mentioned that the 2021 budget vehicle replacement program included the mini excavator the Port is already putting to good use, and a forklift that is still needed, plus 2 replacement vehicles. He would like instead to buy 3 less expensive vehicles, as it is important to have a newer vehicle for our security officer, one for the environmental specialist for enforcement in the yard, and one for our operations manager for his on-duty work. Personally operated vehicles aren't as ideal as having appropriately marked government vehicles for Port work.

Mr. Berg also commented that Deputy Director Toews did excellent work on the request for an RCO grant, investing many hours of preparation and rehearsal, and it paid off in potentially saving the Gardiner boat launch from reverting to private property ownership.

#### IX. COMMISSIONER COMMENTS (01:00:42)

Commissioner Putney commented that he had attended Jefferson County Broadband Action Team (JBAT) meetings and was frustrated over legislation and mindset that keeps us from getting good broadband. He said that he also spent a lovely couple of hours with Pete Langley in his foundry.

Commissioner Petranek thanked Deputy Director Toews and his team for putting together the Gardiner RCO grant, and remembered that when she was running for Port Commissioner that the ramp was a high-priority item for some constituents who told her the state of the disrepair. She reported that on February 15, she and Executive Director Berg were interviewed for the KPTZ 91.3 radio's Working Waterfront, which is linked from the Port's website. Also on that day she and Commissioner Putney were able to attend (via Zoom) the newly revitalized North Hood Canal Chamber meeting, and thought that group might be a good platform for the Port's Quilcene

planning process. She said that there were two events on March 2 as well: (1) she will attend the Marine Resource Committee meeting where Port Engineer Love will be giving a presentation on the Point Hudson Jetty project; and (2) she and Bill Putney will be interviewed by the League of Women Voters in a session described as a public information forum to give perspective on what it's like to run for office and what it's like to be on a Port Commission.

X. NEXT REGULAR BUSINESS MEETING (01:05:08)

Next Workshop & Regular Business Meeting: Wednesday, March 10, 2021; Workshop at 9:30 a.m. & Meeting at 1:00 p.m., via Zoom

XI. EXECUTIVE SESSION – The executive session was held before this meeting from 4:00 to 4:42 p.m. with legal counsel representing the Port re litigation or potential litigation. RCW 42.30.110(1)(i)

XII. ADJOURNMENT

Meeting was adjourned at 6:35 p.m., there being no further business before the Commission.

ATTEST:



William W. Putney III, Secretary



Peter W. Hanke, President



Pamela A. Petranek, Vice President