



**Port of Port Townsend
1st Monthly Meeting Agenda
Wednesday, March 10, 2021, 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.

Agenda

- I. Call to Order / Pledge of Allegiance
- II. Approval of Agenda
- III. Public Comments
- IV. Consent Agenda
 - A. Approval of Regular Meeting Minutes from February 24, 20211-5
 - B. Approval & Ratification of Warrants 6-17
 - C. Skookum Educational Programs, Inc. Lease..... 18-44
- V. Second Reading ~ none
- VI. First Reading ~ none
- VII. Regular Business
 - A. Associate Development Organization (ADO) 45-55
designation for Jefferson County, 2021-23
- VIII. Staff Comments
- IX. Commissioner Comments
- X. Next Regular Business Meeting: Wednesday, March 24, 2021 at 5:30 p.m., via Zoom
- XI. Executive Session – None scheduled as of the date of this agenda
- XII. Adjournment

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- Informational Items: 56
- Discovery Golf Club PRRD (MLA19-00142) - Port of Port Townsend Comments..... 57-59

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

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 30th. 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 this 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 a number of amendments & assignments since then, becoming a condo association around 2001, and includes 38,000 ft² 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 4th 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:

Peter W. Hanke, President

William W. Putney III, Secretary

Pamela A. Petranek, Vice President



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 **063473** through No. **063531**, are approved for payment in the amount of **\$117,198.32** on this **10th** day of **March**, 2021.

For: **Accounts Payable**

Commissioner Pete W. Hanke

Commissioner Pam Petranek

Commissioner William W. Putney III

S. Abigail Berg, Director of Finance
And Administration

Check Register

Journal Posting Date: 3/10/2021

Register Number: CD-000851

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	
063473	3/10/2021	AIR070	Airside Solutions, Inc					
			33184.01	2/24/2021	456.90	0.00	456.90	Check Entry Number: 001
063474	3/10/2021	ARM030	Armstrong Consolidated LLC					Check Entry Number: 001
			3290	2/11/2021	568.45	0.00	568.45	
063475	3/10/2021	ARR010	Arrow Lumber Port Townsend					Check Entry Number: 001
			2/28/21 STATEMENT	2/28/2021	2,429.44	0.00	2,429.44	
063476	3/10/2021	BLA065	Blake Tile & Stone, Inc.					Check Entry Number: 001
			76788	2/19/2021	684.57	0.00	684.57	
			76987	2/24/2021	483.29	0.00	483.29	
			77180	3/1/2021	685.83	0.00	685.83	
			Check 063476 Total:		1,853.69	0.00	1,853.69	
063477	3/10/2021	CAR001	Carl's Building Supply					Check Entry Number: 001
			2/28/21 STATEMENT	2/28/2021	1,755.83	0.00	1,755.83	
063478	3/10/2021	CEN010	Central Welding Supply					Check Entry Number: 001
			PT 134095	2/19/2021	142.75	0.00	142.75	
063479	3/10/2021	CEN035	CenturyLink					Check Entry Number: 001
			2/8/21 STATEMENTS	2/8/2021	881.97	0.00	881.97	
063480	3/10/2021	CHA040	Fay Chapman					Check Entry Number: 001
			REFUND 02/04/2021	2/4/2021	287.77	0.00	287.77	
063481	3/10/2021	CHM030	Chmelik Sitkin & Davis P.S.					Check Entry Number: 001
			JANUARY, 2021 STMT	2/26/2021	8,967.00	0.00	8,967.00	
063482	3/10/2021	CIT001	City Of Port Townsend					Check Entry Number: 001
			2/2021 STATEMENTS	2/28/2021	6,891.65	0.00	6,891.65	
063483	3/10/2021	CON080	Construction Group International LLC					Check Entry Number: 001
			21044/1	3/2/2021	2,160.38	0.00	2,160.38	
063484	3/10/2021	COO050	Cooper Fuel & Auto Repair					Check Entry Number: 001
			195718	2/4/2021	124.11	0.00	124.11	
			195761	2/11/2021	726.64	0.00	726.64	
			196187	2/19/2021	576.99	0.00	576.99	
			196188	2/18/2021	304.11	0.00	304.11	
			196233	2/19/2021	346.09	0.00	346.09	
			198276	2/9/2021	220.16	0.00	220.16	
			Check 063484 Total:		2,298.10	0.00	2,298.10	
063485	3/10/2021	CPC020	CP Communications					Check Entry Number: 001
			POPT030121	3/1/2021	760.00	0.00	760.00	
063486	3/10/2021	DEW050	Michelle Dew					Check Entry Number: 001
			REISSUE OF 1/21 EXP	3/10/2021	46.57	0.00	46.57	
063487	3/10/2021	DIR070	DirecTV					Check Entry Number: 001
			075436554X210228	2/28/2021	419.50	0.00	419.50	
063488	3/10/2021	DIS040	Discovery Journey's Inc					Check Entry Number: 001
			REFUND 2/20/21	2/20/2021	73.63	0.00	73.63	
063489	3/10/2021	EDE005	Edensaw Woods, LTD					Check Entry Number: 001
			0000511636-001	2/25/2021	36.52	0.00	36.52	
063490	3/10/2021	GOO002	Good Man Sanitation					Check Entry Number: 001
			111022A	3/1/2021	601.00	0.00	601.00	
063491	3/10/2021	GOO020	Goodstein Law Group					Check Entry Number: 001
			15.01202102	3/1/2021	10,476.00	0.00	10,476.00	
063492	3/10/2021	GUA080	Guardian Security Systems, Inc.					Check Entry Number: 001
			1111645	3/1/2021	147.16	0.00	147.16	
063493	3/10/2021	HEN002	Henery Hardware					Check Entry Number: 001

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A/P Date: 3/10/2021

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Journal Posting Date: 3/10/2021

Register Number: CD-000851

Port of Port Townsend (PTA)

Bank Code: W - WARRANTS PAYABLE

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			705016	1/23/2021	41.02	0.00	41.02
			705042	1/26/2021	21.78	0.00	21.78
			705082	1/27/2021	14.18	0.00	14.18
			705123	1/27/2021	17.42	0.00	17.42
			705141	1/28/2021	78.45	0.00	78.45
			705162	1/28/2021	3.90	0.00	3.90
			705175	1/28/2021	6.09	0.00	6.09
			705217	1/29/2021	4.55	0.00	4.55
			705225	1/29/2021	74.21	0.00	74.21
			705232	1/29/2021	40.06	0.00	40.06
			705236	1/29/2021	23.97	0.00	23.97
			705242	1/29/2021	36.59	0.00	36.59
			705347	2/1/2021	7.32	0.00	7.32
			705436	2/2/2021	59.92	0.00	59.92
			705439	2/2/2021	13.91	0.00	13.91
			705541	2/3/2021	84.98	0.00	84.98
			705551	2/3/2021	216.87	0.00	216.87
			705552	2/3/2021	7.47	0.00	7.47
			705569	2/4/2021	34.87	0.00	34.87
			705767	2/8/2021	16.34	0.00	16.34
			705806	2/8/2021	37.04	0.00	37.04
			705868	2/9/2021	33.77	0.00	33.77
			705955	2/10/2021	109.04	0.00	109.04
			705957	2/10/2021	146.07	0.00	146.07
			705958	2/10/2021	182.06	0.00	182.06
			705959	2/10/2021	30.51	0.00	30.51
			705971	2/11/2021	10.45	0.00	10.45
			705995	2/11/2021	132.14	0.00	132.14
			706058	2/12/2021	119.79	0.00	119.79
			706238	2/16/2021	146.08	0.00	146.08
			706275	2/17/2021	22.40	0.00	22.40
			706301	2/17/2021	6.97	0.00	6.97
			706337	2/18/2021	85.63	0.00	85.63
			706342	2/18/2021	12.16	0.00	12.16
			706362	2/18/2021	15.24	0.00	15.24
			706515	2/22/2021	29.42	0.00	29.42
			706613	2/23/2021	56.65	0.00	56.65
			706646	2/24/2021	65.98	0.00	65.98
			706690	2/24/2021	57.41	0.00	57.41
			706714	2/25/2021	35.50	0.00	35.50
			706721	2/25/2021	30.50	0.00	30.50
			706722	2/25/2021	47.92	0.00	47.92
			706744	2/25/2021	179.78	0.00	179.78
Check 063493 Total:					2,466.77	0.00	2,466.77
063494	3/10/2021	HEN006	Quilcene Henery's Hardware				Check Entry Number: 001
			2101-118106	1/29/2021	31.60	0.00	31.60
063495	3/10/2021	HOL065	Philip Holt III				Check Entry Number: 001
			REFUND 2/24/2021	2/24/2021	97.70	0.00	97.70

Run Date: 3/5/2021 9:06:02AM

A/P Date: 3/10/2021

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Journal Posting Date: 3/10/2021

Register Number: CD-000851

Port of Port Townsend (PTA)

Bank Code: W - WARRANTS PAYABLE

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			6368	3/1/2021	548.00	0.00	548.00	
063497	3/10/2021	JC1001	Jefferson County Auditor					Check Entry Number: 001
			AMENDMENT #6 C HANG	3/10/2021	107.50	0.00	107.50	
063498	3/10/2021	K&L005	K&L Gates LLP					Check Entry Number: 001
			2/25/2021 INVOICE	2/25/2021	9,300.00	0.00	9,300.00	
063499	3/10/2021	KEA070	Stephen Keating					Check Entry Number: 001
			REFUND 2/24/2021	2/24/2021	8.45	0.00	8.45	
063500	3/10/2021	KEN010	Kendrick Equipment					Check Entry Number: 001
			U50174	2/23/2021	2,550.67	0.00	2,550.67	
			U50185	3/2/2021	1,089.38	0.00	1,089.38	
Check 063500 Total:					3,640.05	0.00	3,640.05	
063501	3/10/2021	KLI070	Mark Klimaschewski					Check Entry Number: 001
			REFUND 2/26/2021	2/26/2021	87.08	0.00	87.08	
063502	3/10/2021	LES050	Les Schwab					Check Entry Number: 001
			37900435591	2/25/2021	200.55	0.00	200.55	
063503	3/10/2021	MAR046	Marine Structures Engineering, Inc					Check Entry Number: 001
			976	3/2/2021	2,630.60	0.00	2,630.60	
063504	3/10/2021	MCH010	Audrey McHugh					Check Entry Number: 001
			2/2021 UNIFORM	2/23/2021	109.00	0.00	109.00	
063505	3/10/2021	MON040	Jennifer Montoya					Check Entry Number: 001
			UNIFORM EXP 2/21	3/1/2021	114.44	0.00	114.44	
063506	3/10/2021	NIC060	Tom Nicol					Check Entry Number: 001
			REFUND 2/3/2021	2/3/2021	60.80	0.00	60.80	
063507	3/10/2021	PAC004	Pacific Office Equipment Co					Check Entry Number: 001
			2/28/2021 STATEMENTS	2/28/2021	289.31	0.00	289.31	
063508	3/10/2021	PEN004	Peninsula Floors & Furnishings					Check Entry Number: 001
			62475	2/24/2021	4,103.38	0.00	4,103.38	
063509	3/10/2021	PEN005	Peninsula Fire Inc					Check Entry Number: 001
			61430	2/24/2021	188.52	0.00	188.52	
063510	3/10/2021	PEN030	Peninsula Paint Co.					Check Entry Number: 001
			F0190334	2/23/2021	47.19	0.00	47.19	
063511	3/10/2021	PET025	Petrick Lock & Safe					Check Entry Number: 001
			20141	3/2/2021	26.98	0.00	26.98	
063512	3/10/2021	PIN010	Pinnacle Investigations Corp					Check Entry Number: 001
			73754	3/1/2021	96.70	0.00	96.70	
063513	3/10/2021	PIT000	Pitney Bowes Inc.					Check Entry Number: 001
			3313028563	2/23/2021	536.82	0.00	536.82	
063514	3/10/2021	PLA040	PLATT					Check Entry Number: 001
			1F74587	2/10/2021	882.69	0.00	882.69	
063515	3/10/2021	POR005	Port Townsend Leader					Check Entry Number: 001
			106568	2/24/2021	500.00	0.00	500.00	
063516	3/10/2021	POR065	Port of Port Townsend					Check Entry Number: 001
			PAYMENT TO MOORAGE	2/4/2021	171.36	0.00	171.36	
063517	3/10/2021	PUD001	Pud District #1					Check Entry Number: 001
			2/11/2021 STATEMENTS	2/11/2021	30,990.77	0.00	30,990.77	
			2/25/21 STATEMENT	2/25/2021	501.30	0.00	501.30	
Check 063517 Total:					31,492.07	0.00	31,492.07	
063518	3/10/2021	QUI010	Quimper Mercantile					Check Entry Number: 001
			40351	2/23/2021	56.94	0.00	56.94	

Run Date: 3/5/2021 9:06:02AM

A/P Date: 3/10/2021

Page: 3
User Logon: DLF

Check Register

Journal Posting Date: 3/10/2021

Register Number: CD-000851

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	
			40629	2/25/2021	49.04	0.00	49.04	
				Check 063518 Total:	105.98	0.00	105.98	
063519	3/10/2021	ROD030	Rodda Paint					Check Entry Number: 001
			44160146	2/12/2021	121.91	0.00	121.91	
			44160392	2/26/2021	28.93	0.00	28.93	
				Check 063519 Total:	150.84	0.00	150.84	
063520	3/10/2021	SAF001	Safeway, Inc.					Check Entry Number: 001
			STATEMENT 2/20/21	2/20/2021	1,761.47	0.00	1,761.47	
063521	3/10/2021	SHO010	Shold Excavating Inc					Check Entry Number: 001
			59058	2/12/2021	674.71	0.00	674.71	
			59331	3/2/2021	308.61	0.00	308.61	
			59332	3/2/2021	333.81	0.00	333.81	
			59333	3/2/2021	329.05	0.00	329.05	
				Check 063521 Total:	1,646.18	0.00	1,646.18	
063522	3/10/2021	TOM040	Eric Tomlinson					Check Entry Number: 001
			REFUND 03/02/21	3/2/2021	57.12	0.00	57.12	
063523	3/10/2021	ULI040	ULINE					Check Entry Number: 001
			130103420	2/11/2021	5,993.29	0.00	5,993.29	
			130524952	2/23/2021	3,837.02	0.00	3,837.02	
				Check 063523 Total:	9,830.31	0.00	9,830.31	
063524	3/10/2021	US0001	United States Postal Service					Check Entry Number: 001
			3/2021	3/10/2021	1,500.00	0.00	1,500.00	
063525	3/10/2021	VER001	Verizon Wireless, Bellevue					Check Entry Number: 001
			9873456919	2/15/2021	339.15	0.00	339.15	
063526	3/10/2021	VER070	Tim Verharen					Check Entry Number: 001
			REFUND 2/8/21	2/8/2021	167.99	0.00	167.99	
063527	3/10/2021	WA0503	State of Washington-Dept.of					Check Entry Number: 001
			FY21 2ND HALF	3/10/2021	988.00	0.00	988.00	
			FY21 2ND HALF YARD	3/10/2021	543.50	0.00	543.50	
				Check 063527 Total:	1,531.50	0.00	1,531.50	
063528	3/10/2021	WA1901	State of Washington					Check Entry Number: 001
			L140640	2/9/2021	226.20	0.00	226.20	
063529	3/10/2021	WAV040	Wave Broadband					Check Entry Number: 001
			043328901+-0008679	2/23/2021	147.75	0.00	147.75	
063530	3/10/2021	WES006	Westbay Auto Parts, Inc.					Check Entry Number: 001
			STATEMENT 2/25/21	2/25/2021	730.56	0.00	730.56	
063531	3/10/2021	WRI040	Kevin Wright					Check Entry Number: 001
			REFUND 2/11/21	2/11/2021	11.40	0.00	11.40	
				Report Total:	117,198.32	0.00	117,198.32	



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 material has been furnished, the labor performed and the services provided, as described herein, and that this claim is a just and unpaid obligation of the Port of Port Townsend, and that this claim, in Warrant No. 063271 in the amount of \$46.57 is declared void on this on this 10th day of March, 2021.

For: **Accounts Payable**

Commissioner Pete W. Hanke

Commissioner Pam Petranek

Commissioner William W. Putney III

S. Abigail Berg, Director of Finance
And Administration

Manual Check and Payment Register
 Journal Posting Date: 3/10/2021
 Register Number: MC-000241

Port of Port Townsend (PTA)

Bank: W WARRANTS PAYABLE

Check Number/ Invoice Number	Check Date Invoice Date	Vendor Number Invoice Amount	Discount	Distribution Amount	Check Amount
063271 Check Comment: CK06327101	REV 1/13/2021 Warrant Lost	DEW050 Michelle Dew			46.57-
	1/13/2021	46.57-			
G/L Account: 761-7200-20		TRAVEL: QUIL	0.00		
	Bank W Total:	46.57-	0.00	46.57-	46.57-
	Report Total:	46.57-	0.00	46.57-	46.57-



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. 063465 through No. 063472 generated on February 16th, 2021 in the amount of \$33,704.94 and Electronic Payment in the amount of \$137,160.104, for a total amount of \$170,865.08 is ratified.

Signed and Authenticated on this 10th day of March, 2021.

For: **Payroll and Benefits**

Commissioner Pete W. Hanke

Commissioner Pam Petranek

Commissioner William W. Putney III

S. Abigail Berg, Director of Finance
And Administration



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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 **\$6,798.58 is ratified.**

Signed and Authenticated on this **10th** day of **March**, 2021.

For: Washington State, Department of Revenue
Combined Excise Tax Return – for ***January, 2021*** in the amount of
\$6,798.58.

Commissioner Pete W. Hanke

Commissioner Pam Petranek

Commissioner William W. Putney III

S. Abigail Berg, Director of Finance
and Administration

Washington State Department of Revenue

Your Return has been submitted and your confirmation number is **0-018-793-335**

Below is information from your Monthly Return for the period ending January 31, 2021

Filing Date	February 23, 2021
Account ID	161-000-044
Primary Name	BOAT HAVEN FUEL DOCK
Payment Method	ACH Debit/E-Check
Payment Effective	February 25, 2021
Total Tax	6,798.58
Total Due	6,798.58

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: January 31, 2021

Due Date: February 25, 2021

Filing Frequency: Monthly

Business & Occupation

Tax Classification	Gross Amount	Deductions	Taxable Amount	Tax Rate	Tax Due
Retailing	57,812.90	0.00	57,812.90	0.004710	272.30
Service and Other Activities (\$1 million or greater in prior year)	54,635.50	0.00	54,635.50	0.017500	956.12
Total Business & Occupation					1,228.42

State Sales and Use

Tax Classification	Gross Amount	Deductions	Taxable Amount	Tax Rate	Tax Due
Retail Sales	57,812.90	0.00	57,812.90	0.065000	3,757.84
Total State Sales and Use					3,757.84

Public Utility Tax

Tax Classification	Gross Amount	Deductions	Taxable Amount	Tax Rate	Tax Due
Other Public Service Business	4,977.27	0.00	4,977.27	0.019260	95.86
Water Distribution	573.02	0.00	573.02	0.050290	28.82
Total Public Utility Tax					124.68

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	57,812.90	0.025000	1,445.32
Total Local City and/or County Sales Tax			1,445.32

Transient Rental Income

Location	Income
1601 - PORT TOWNSEND	12,116.11
Total Transient Rental Income	12,116.11

Special Hotel/Motel

Location	Taxable Amount	Tax Rate	Tax Due
1601 - PORT TOWNSEND	12,116.11	0.020000	242.32
	Total Special Hotel/Motel		242.32

Total Tax	6,798.58
Subtotal	6,798.58
Total Amount Owed	6,798.58

Prepared By:	Donna Frary
E-Mail Address:	donna@portofpt.com
Submitted Date:	2/23/2021
Confirmation #:	0-018-793-335
 Payment Type:	 ACH Debit/E-Check
Amount:	\$6,798.58
Effective Date:	2/25/2021

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	March 10, 2021
AGENDA ITEM	<input checked="" type="checkbox"/> Consent <input type="checkbox"/> 1 st Reading <input type="checkbox"/> 2 nd Reading <input type="checkbox"/> Regular Business <input type="checkbox"/> Informational
AGENDA TITLE	IV. C. Skookum Educational Programs Inc. Lease
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. Staff Memo 2. Lease Term Sheet 3. Skookum Lease, including Exhibits 'A' and 'B'

DATE: 3/5/21
TO: Port Commission
FROM: Eric Toews, Deputy Director
SUBJECT: Proposed Building & Land Lease – Skookum Educational Programs, Inc.

ISSUE: Should the Commission authorize the Executive Director to enter into a lease agreement with Skookum Educational Programs, Inc. for a portion of the Nomura Building together with an adjoining parking area?

BACKGROUND: In September of 1995, the Port and Skookum entered into a 30-year building lease of the Nomura Building, located at 385 Benedict Street, adjacent to the Port Administration Building at Boat Haven. At inception, rent was established at \$3,400.00 per month, with both periodic base rate and annual CPI adjustments to be applied thereafter. However, the rent provision of the lease also provided that actual payment of monetary rent was to be waived in lieu of Lessee's provision of services to the Port, including landscaping maintenance and removal of litter and debris at Boat Haven, performance of bulk mailing services, and periodic use of conference room space.

The rent provisions of the current lease have been inconsistently administered over the past 25-years and have not ensured that the Port is receiving true and fair value for the premises. In 2018, Port staff self-reported this situation to the Washington State Auditor. In November of 2018, the State Auditor issued a Management Letter recommending that the Port improve internal controls to ensure that adequate compensation is received in exchange for leased premises.

DISCUSSION: Last autumn, Port Management met with Skookum representatives to discuss the Auditor's Management Letter and explore options to ensure that adequate compensation is provided to the Port. The lease presented to the Commission has been carefully reviewed by both Port and Skookum staff, and ensures that the Auditor's concerns are addressed via the following means:

- The existing lease would be terminated and replaced with a new 5-year lease with a 5-year option;
- The premises would be reduced from the entire building (8,600 sq. ft.) to approximately 3,036 sq. ft. on the ground floor of the building, together with 2,139 sq. ft. of land immediately adjacent and to the west of the building; and

- Adequate consideration would be monetary as well as non-monetary:
 - During the first five years, rent would be established at 25% of market rate with a 2.5% annual escalator (i.e., from \$892.69 per month to \$985.34 per month);
 - Beginning in year six (i.e., if the 5-year option is exercised), rent would escalate to 50% and thereafter escalate incrementally to achieve 75% of market rate at the end of the lease term (i.e., from \$2,019.94 per month to \$3,428.14 per month);
 - In conjunction with monetary rent outlined above, the Lessee is also required to document that a minimum of 20 full-time employees work in its Jefferson County facilities throughout the lease term (note: this will be in a form acceptable to the Port's Auditor).

Port staff believe this Lease Agreement addresses the concerns raised by the State Auditor and ensures that the Port is receiving adequate and fair value for the premises. Of note, early termination of the existing lease with Skookum also leaves the Port with the ability to rent or lease the remainder of the Nomura Building to other tenants. Port staff is currently working with the Northwest School of Wooden Boatbuilding to rent building space on the east half of the ground floor of the building.

FISCAL IMPACT: Partitioning Skookum's premises from the rest of the Nomura Building is anticipated to require approximately \$5,000 in time and materials, to be shared equally between the Port and Skookum. Additional demising walls will also be needed to create leasable premises (i.e., to other tenants) on the ground floor. Any additional work exceeding the Executive Director's delegated spending authority would require prior Commission authorization.

RECOMMENDATION: Staff recommends that the Commission authorize the Executive Director to execute the attached Building and Land Lease with Skookum Educational Programs, Inc.

MOTION: None required. Approval of this item on the Consent Agenda authorizes the Executive Director to execute the lease with Skookum Educational Programs, Inc. The form will be in all material respects identical to the draft presented to the Commission under this agenda item.

ATTACHMENTS:

1. Summary of Key Lease Terms, consisting of three (3) pages;
2. Building & Land Lease, consisting of sixteen (16) pages;
3. Exhibit "A", Graphic Depicting Leased Premises, consisting of two (2) pages; and
4. Exhibit "B", Hazardous Substances Warrant & Agreement, consisting of six (6) pages.

PORT OF PORT TOWNSEND
Summary of Key Terms
Skookum Educational Services – Building & Land Lease
(March 5, 2021)

1. **PRIOR LEASE:** Lessee has been occupying the entirety of the Nomura Building pursuant to a lease agreement dated September 20, 1995 (the “prior lease”) between the Port of Port Townsend and the “Skookum Corporation”. Effective as of the commencement date of the new lease agreement, the prior lease would be terminated and of no further force or effect.
2. **TENANT:** Skookum Educational Programs, a Washington non-profit corporation (UBI #601-112-324) (d/b/a “Skookum Jump Rope Company”).
3. **PREMISES:** Approximately 3,036 square feet of building space in the Nomura Building (commonly known as the “Skookum Building”), together with approximately 2,139 square feet (31’ x 69’) of land immediately adjacent and west of the building located at 385 Benedict Street, in Port Townsend, Jefferson County, Washington.
4. **TERM:** Five (5) years, beginning on March 1, 2021 and ending on February 28, 2026, with an option to extend for a further five (5) years to February 28, 2031.
5. **RENT:** Less than fair market rent allowed throughout the lease term (including the option period) PROVIDED Lessee maintains a minimum of 20 full-time employees in its Jefferson County facilities throughout the lease term (i.e., additional non-monetary consideration). Rent will increase over the lease term, consistent with the schedule outlined below:

Initial Five (5) Years:

Year 1 - April 1, 2021 – March 31, 2022: **\$892.69** per month [\$759.00 (building) + \$133.69 (land)]¹

Year 2 - April 1, 2022 – March 31, 2023: **\$915.01** per month²

Year 3 - April 1, 2023 – March 31, 2024: **\$937.89** per month

Year 4 - April 1, 2024 – March 31, 2025: **\$961.34** per month

Year 5 – April 1, 2025 – March 31, 2026: **\$985.34** per month

¹ \$759.00 per month is 25% of the per square foot market rent for the building space as established in the April 20, 2020 appraisal prepared by Clarke, White & Veenstra; \$133.69 per month for land is 25% of the Miscellaneous Storage rate for Boat Haven as reflected on the Port’s 2020 rate sheet. Lessee is also responsible for all applicable taxes.

² Beginning in the second year (month 13) and then annually throughout the initial five (5) year term, the total rent is adjusted using a 2.5% escalator.

Optional Additional Five (5) Years:

Year 6 – April 1, 2026 – March 31, 2027: \$2,019.94³ per month

Year 7 - April 1, 2027 – March 31, 2028: \$2,371.99 per month

Year 8 - April 1, 2028 – March 31, 2029: \$2,724.04 per month

Year 9 – April 1, 2029 – March 31, 2030: \$3,076.09 per month

Year 10 – April 1, 2030 – March 31, 2031: \$3,428.14⁴ per month

6. **HOLDING OVER:** In the event Lessee allows the lease to expire without negotiating a new agreement with the Port, the tenancy will roll over into a month-to month basis, with all other provisions of the lease agreement remaining in effect, except that the rent will increase to 125% of the rent due in the month preceding the holdover (e.g., the rent of \$3,428.14 at lease expiration in 2031 would increase by 25% (\$857.04) to \$4,285.18).
7. **USE OF PREMISES:** Commercial laundry facility and base of operations for commercial janitorial services, including supporting office use. Lessee shall pay all costs and expenses associated and in connection with the use of the Premises and the rights and privileges there in granted, including, but not limited to, leasehold and other taxes, permit fees, license fees, and assessments lawfully levied or assessed upon the Premises or property at any time.
8. **SECURITY:** Three month's security would be required at lease inception (\$2,678.07), and thereafter adjusted annually (consistent with the rent schedule) to ensure a minimum of 3-month's (then current) rent on file with the Port.⁵
9. **UTILITIES:** Port Maintenance staff is investigating whether or not separate water and electrical metering is possible for the premises. It is currently anticipated that separate metering will be possible. The cost of establishing separate metering shall be shared equally by the Port and Lessee. All utilities furnished to the premises shall be the responsibility of the Lessee. If separate metering cannot be accomplished, the parties will develop a formula for fairly apportioning utility charges based on Lessee's historic pattern of use.
10. **MAINTENANCE & REPAIR:** The Port shall be responsible for maintaining in good condition the structural parts of systems, exterior doors, window frames, gutters and downspouts. Lessee shall be responsible for maintaining in good condition the heating, ventilation and air conditioning system serving the premises, and shall also be responsible for maintaining in good condition all interior walls, floors, ceilings, doors, interior and exterior windows and fixtures, and for repairing damage caused to any portion of the premises.

³ \$985.34 (March 2031 rent) x 2.5% = \$24.63; \$985.34 + \$24.63 = \$1,009.97; \$1,009.97 x 2 = \$2,019.94 (i.e., 50% of estimated future fair market rent)

⁴ The intermediate step increases between April 1, 2027 through April 1, 2030 incorporate both future inflation (calculated at 2.5%) as well as an annual base rate adjustment, to reach approximately 75% of estimated future fair market rent beginning in year 10.

⁵ Rent security is required to ensure conformance with RCW 53.08.085 "Lease of property – Security for rent", as well as the Port Commission's adopted Leasing Policy.

11. **INSURANCE:** Per Port policy. Commercial General Liability of \$1,000,000 combined single limit; Workers Compensation Insurance of not less than \$1,000,000 per occurrence; insurance certificates naming the Port as an additional insured; proof of insurance must be provided prior to occupancy.
12. **ASSIGNMENT/SUBLEASE:** Permitted only by prior written consent of the Port.
13. **DEFAULTS/TERMINATION:** Time is of the essence. Failure to pay rent, or to abide by the covenants/agreements contained in the lease, including the minimum employment threshold, may serve as a basis for termination. Lessee will be provided with fifteen (15) days' written notice to cure defaults.
14. **TERMINATION BY LESSEE:** Lessee may terminate this Lease in the event the Premises are not needed to fulfill its mission by providing the Port with ninety (90) days' written notice.

**PORT OF PORT TOWNSEND
BOAT HAVEN BUILDING & LAND LEASE**

THIS LEASE AGREEMENT made this ____ day of March 2021, 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 Skookum Educational Programs,¹ d/b/a Skookum Jump Rope Company, a Washington non-profit corporation, hereinafter referred to as "Lessee,"

WITNESSETH:

FOR AND IN CONSIDERATION of the mutual promises, covenants, and conditions hereinafter set forth, the parties agree as follows:

- 1. TERMINATION OF EXISTING LEASE:** The Port and Lessee acknowledge and agree that they are parties to that certain Lease Agreement dated September 18, 1995 (as amended, the "Existing Lease"). The parties hereto acknowledge and agree that, notwithstanding any provision set forth in the Existing Lease, the Existing Lease is currently in full force and effect, has continued in full force and effect without interruption since the date Lessee initially took occupancy of the Premises under the Existing Lease and that Lessee currently occupies the Premises pursuant to the terms thereof. In addition, notwithstanding any provision to the contrary in the Existing Lease, effective as of 11:59 p.m. (Pacific Time) on the date immediately preceding the Lease Commencement Date (the "Existing Lease Termination Date") the Existing Lease shall be terminated and of no further force or effect and the Port and Lessee's rights and obligations with respect to the Premises arising or accruing thereafter shall be as set forth in this Lease Agreement; PROVIDED, HOWEVER, that the Port and Lessee shall remain liable under the terms of the Existing Lease with respect to:
 - a. Any obligations which specifically survive the term of the Existing Lease; and
 - b. All obligations under the Existing Lease accruing prior to the Lease Termination Date related to Lessee's use, occupancy or control of the Premises during the term of the Existing Lease, including, without limitation:
 - i. Any liability arising from hazardous materials brought onto or about the Premises or permitted or suffered to be brought onto or about the Premises by Lessee or anyone for whom Lessee may be liable; and
 - ii. Lessee's obligation to pay the Port any amounts due under the Existing Lease.
- 2. 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:

Approximately 3,036 square feet of space on the ground floor of the Nomura Building (commonly known as the "Skookum Building"), together with approximately 2,139 square feet (31' x 69') of land situated immediately adjacent and to the west of the Skookum Building, which is located at 385 Benedict Street, in Port Townsend, Jefferson County, Washington

hereinafter referred to as "the premises." The premises are depicted on Exhibit "A" which is attached hereto and which by this reference is incorporated herein as if fully set forth herein.

¹ UBI # 601-112-324; business operates under one or more registered trade names.

3. SHARED ACCESS AREAS:

- a. Lessee expressly agrees to the Port reasonable access to the “Server Room” (located at the southeast corner of the premises) as the Port deems necessary to ensure provision of services throughout the entirety of the building.
- b. The Port expressly agrees to permit reasonable access to the Lessee to those portions of the heating, ventilation and cooling (HVAC) system that are located within that portion of the Nomura Building lying outside of the leased premises as Lessee may deem necessary to maintain and operate HVAC system components that serve the leased premises.

4. **TERM:** The term of this Lease is five (5) years, beginning April 1, 2021, and ending at midnight, March 31, 2026 unless extended or sooner terminated as provided in this Lease. The Lessee shall also have an option to extend the lease term by one (1) additional five (5)-year term. Notification to extend the Lease will be done in writing 90 days prior to end of the initial lease term.

5. RENT AND JOB RETENTION/EMPLOYMENT REQUIREMENTS:

- a. **Rent - Monetary Consideration:** Lessee agrees to pay as rental for the leased premises the rents set forth in the schedule below, plus all applicable taxes:

Year 1 - April 1, 2021 – March 31, 2022: **\$892.69** per month [\$759.00 (building) + \$133.69 (land)]²

Year 2 - April 1, 2022 – March 31, 2023: **\$915.01** per month³

Year 3 - April 1, 2023 – March 31, 2024: **\$937.89** per month

Year 4 - April 1, 2024 – March 31, 2025: **\$961.34** per month

Year 5 - April 1, 2025 – March 31, 2026: **\$985.34** per month

In the event Lessee exercises its option to extend this lease for an additional five (5) year term (see paragraph 2, above) rents shall be as follows:

Year 6 - April 1, 2026 – March 31, 2027: **\$2,019.94**⁴ per month

Year 7 - April 1, 2027 – March 31, 2028: **\$2,371.99** per month

Year 8 - April 1, 2028 – March 31, 2029: **\$2,724.04** per month

Year 9 - April 1, 2029 – March 31, 2030: **\$3,076.09** per month

Year 10 - April 1, 2030 – March 31, 2031: **\$3,428.14**⁵ per month

² \$759.00 per month is 25% of the per square foot market rent for the building space as established in the April 20, 2020 appraisal prepared by Clarke, White & Veenstra; \$133.69 per month for land is 25% of the Miscellaneous Storage rate for Boat Haven as reflected on the Port's 2020 rate sheet.

³ Beginning in the second year (month 13) and then annually throughout the initial five (5) year term, the total rent is adjusted using a 2.5% escalator.

⁴ \$985.34 (April 2031 rent) x 2.5% = \$24.63; \$985.34 + \$24.63 = \$1,009.97; \$1,009.97 x 2 = \$2,019.94 (i.e., 50% of estimated future fair market rent)

⁵ The intermediate step increases between April 1, 2027 through April 1, 2030 incorporate both future inflation (calculated at 2.5%) as well as an annual base rate adjustment, to reach approximately 75% of estimated future fair market rent beginning in year 10.

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.

- b. **Job Retention - Non-Monetary Consideration:** In addition to the rents set forth in subparagraph 5(a), above, Lessee shall, throughout the initial or extended term of this Lease, retain a minimum of twenty (20) full-time employees in its Jefferson County, Washington operations. Concurrent with the rent step increases specified in subparagraph 5(a), above, Lessee shall furnish information in a form acceptable to the Port's Auditor documenting that the employment requirements of this subparagraph have been satisfied. Lessee's failure to provide such documentation, or to maintain the requisite number of full-time jobs set forth herein, shall constitute a material breach of this Lease.
6. **LATE CHARGE:** In the event that any installment of rent remains unpaid more than twenty (20) days after it is due, then Lessee shall also be obliged to pay a "late charge" as per the Port of Port Townsend Rate Schedule then in effect.
7. **SECURITY DEPOSIT:** At inception of this Lease, Lessee shall deposit with the Port security in the amount of **Three Thousand Twenty-One Dollars & Ninety-Three Cents (\$3,021.93)**.⁶ Annually thereafter throughout the initial lease term or extended term, the amount deposited with the Port shall be adjusted to ensure that an amount equivalent to three (3) months' then current rent plus LET is maintained as security. The deposit shall be held by the Port as security for Lessee's faithful performance of all its obligations under this Lease. Any interest earned on amounts deposited shall be retained by the Port. 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.
8. **USE OF PREMISES:** Lessee shall use the premises for the purpose of a commercial laundry facility and base of operations for commercial janitorial services, including supporting office use, and shall not use them for any other purpose without the prior written consent of the Port. Lessee shall use the entire premises for the conduct of said business in a first-class manner continuously during the entire term of this Lease, with the exception of temporary closures for such periods as may reasonably be necessary for repairs or redecorating or for reasons beyond Lessee's reasonable control. Other than those noises and vibrations routinely and historically associated with the authorized use, Lessee agrees that it will not disturb the Port or any other tenant of the Port's by making or permitting any disturbance or any unusual noise, vibration or other condition on or in the premises.
9. **UTILITIES:**
- a. Lessee shall be liable for, and shall pay throughout the term of this Lease, all utility services furnished to the premises, including, but not limited to, light, heat, electricity, gas, water, sewerage, garbage disposal, stormwater fees and communications.
- b. No utilities are included in the rent.

⁶ Required security for all Port leases is three (3) months (minimum + LHT, calculated as follows: \$892.69 per month x 3 = \$2,678.07; \$2,678.07 x 12.84% LHT = \$343.86; = \$2,678.07 + \$343.86 = \$3,201.93.

- c. Separate utility metering of Lessee's premises within the Nomura Building has not yet been accomplished. Lessee understands and agrees that any costs which may in future be associated with establishing separate utility metering will be borne equally by the Lessee and the Port.
 - d. Prior to separate metering of the premises as set forth in subparagraph 9(c), above, the parties shall develop a formula for fairly apportioning electric, water and sewerage utilities on a proportionate basis, based upon Lessee's historic pattern of use.
- 10. ACCEPTANCE OF PREMISES:** Lessee has examined the leased premises and accepts them in their present condition "as is" and without further maintenance liability on the part of the Port. The Port makes no representations or warranties with respect to the condition, suitability, zoning restrictions, or usability, except the Port's right to grant a lease of the premises. Lessee acknowledges that Lessee has fully inspected the premises and is not relying on any statement or representation made by the Port or the Port's agents with respect to the condition of the premises, and Lessee assumes the responsibility and risks of the same, including any defects or conditions that cannot be observed by casual inspection.
- 11. MAINTENANCE AND REPAIR:** Maintenance and repair of the premises shall be the sole responsibility of Lessee. Accordingly, at the expiration or sooner termination of this Lease, Lessee shall return the premises to the Port in the same condition in which received (or, if altered by Lessee with the Port's consent, then the premises shall be returned in such altered condition), reasonable wear and tear and damage by fire or unavoidable casualty excepted. Lessee's obligation to make repairs shall not extend to any repairs to the roof (structure or covering), to the foundations of the building or structure and exterior walls, of which the leased premises are a part, unless such repairs are necessitated by Lessee's negligence or failure to maintain the interior. Lessee shall, at its' own expense, and at all times:
- a. Keep the premises, and the adjoining roadways and sidewalks, neat, clean and in a safe and sanitary condition;
 - b. Maintain and keep the leased premises in a good state of repair; and
 - c. Not commit waste of any kind.
- 12. ALTERATIONS AND IMPROVEMENTS:**
- a. Lessee shall make no alterations or improvements to or upon the premises or install any fixtures (other than trade fixtures which can be removed without injury to the premises) without first obtaining written approval from the Executive Director of the Port. Such written approval shall also include agreement for disposition of the improvements upon termination of this Lease.
 - b. Construction of new demising walls segregating the leased premises from the remainder of the Nomura Building will not be complete prior to commencement of this lease. Lessee understands and agrees that any costs associated with construction of such demising walls, as well as relocation of doorways within the leased premises will be borne equally by the Lessee and the Port.
- 13. INSPECTION - "FOR RENT" SIGNS:** In addition to the access provisions set forth in paragraph 3, above, the Port reserves the right to inspect the leased premises 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 thirty (30) days prior to the expiration or sooner termination of this Lease.

14. DAMAGE OR DESTRUCTION:

- a. Should the premises or the building of which the premises are a part be damaged by fire or other casualty, and if the damage is repairable within four (4) weeks from the date of the occurrence (with the repair work and the preparations therefore to be done during regular working hours on regular work days), the premises shall be repaired with due diligence by the Port, and in the meantime the monthly minimum rental shall be abated in the same proportion that the untenable portion of the premises bears to the whole thereof, for the period from the occurrence of the damage to the completion of the repairs.
- b. Should the premises or the building of which the premises are a part be completely destroyed by fire or other casualty, or should they be damaged to such an extent that the damage cannot be repaired within four (4) weeks of the occurrence, the Port shall have the option to terminate this Lease on thirty (30) days' notice, effective as of any date not more than sixty (60) days' after the occurrence. In the event that this subparagraph 14(b) shall become applicable, the Port shall advise Lessee within thirty (30) days after the happening of any such damage whether the Port has elected to continue the lease in effect or to terminate it. If the Port shall elect to continue this Lease in effect, it shall commence and prosecute with due diligence any work necessary to restore or repair the premises. If the Port shall fail to notify Lessee of its election within said thirty (30) day period, the Port shall be deemed to have elected to terminate this Lease, and the lease shall automatically terminate sixty (60) days after the occurrence of the damage. For the period from the occurrence of any damage to the premises to the date of completion of the repairs to the premises (or to the date of termination of the lease if the Port shall elect not to restore the premises), the monthly minimum rental shall be abated in the same proportion as the untenable portion of the premises bears to the whole thereof.

15. INDEMNIFICATION AND HOLD HARMLESS: The Port, its employees and agents shall not be liable for any injury (including death) to any persons or for damage to any property, regardless of how such injury or damage be caused, sustained, or alleged to have been sustained by the Lessee or by others as a result of any condition (including existing or future defects in the premises) or occurrence whatsoever related in any way to the premises and the areas adjacent thereto or related in any way to Lessee's use or occupancy of the premises and of the areas adjacent thereto. Lessee agrees to defend and to hold and save the Port harmless from all liability or expense of litigation) in connection with any such items of actual or alleged injury or damage.

16. 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 15, 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.

- 17. INSURANCE:** Lessee agrees to maintain during the lease term liability insurance as set forth below, 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. Comprehensive General Liability Insurance against claims for injury or death to persons or damage to property with minimum limits of liability of \$1,000,000.00 combined single limit for each occurrence. Such insurance shall include but not be limited to bodily injury liability, personal injury liability, property damage liability, broad form property damage liability, contractual liability, and products/completed operations liability.
 - b. Workers Compensation Insurance as will protect tenant's employees from claims under Washington Workers Compensation Act as well as all Federal Acts applicable to the tenant's operations at the site such as but not limited to U.S. Longshoremen and Harborworkers Act, Jones Act, and Federal Employers Liability section of the Washington Workers Compensation Policy and all Federal Acts Insurance shall not be less than \$1,000,000.00 for each occurrence.

Lessee agrees to supply the Port with appropriate evidence to establish that its insurance obligations have been met, and that the insurance policy or policies are not subject to cancellation without at least thirty (30) days advance written notice to the Port. The conditions set forth in subparagraphs 17(a) and (b) herein shall be met prior to inception of this Lease Agreement.

- 18. 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 18 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.
- 19. INCREASE IN COST OF INSURANCE:** Lessee shall not use the demised premises in such a manner as to increase the existing rates of insurance applicable to the buildings or structures of which the premises are a part. If it nevertheless does so, then, at the option of the Port, the full amount of any resulting increase in premiums paid by the Port with respect to the buildings or structures of which the leased premises are a part, and to the extent allocable to the term of this Lease Agreement, may be added to the amount of rental hereinabove specified and shall be paid by Lessee to the Port upon the monthly rental day next thereafter occurring.
- 20. HAZARDOUS SUBSTANCES WARRANTY AND AGREEMENT:** Lessee has examined the Hazardous Substances Warranty and Agreement, consisting of six (6) pages, which is attached as Exhibit "B" hereto and which by this reference is incorporated herein as fully set forth herein, and acknowledges full understanding of its obligations under said Hazardous Substances Warranty and Agreement.
- 21. TAXES:** Lessee shall be liable for and shall pay throughout the term of this Lease Agreement, all applicable license and excise fees and occupation taxes covering the business conducted on the premises, and all applicable taxes on property of Lessee on the leased premises and any applicable taxes on the leased premises or leasehold interest created by this Lease Agreement.

- 22. COMPLIANCE WITH PORT REGULATIONS AND WITH ALL LAWS:** Lessee agrees to comply with all applicable rules and regulations of the Port pertaining to the building or other 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 tenants, invitees, licensees and the general public. Lessee also agrees to comply with all applicable federal, state, and municipal laws, ordinances, and regulations. Lessee further agrees to obtain all required permit authorizations prior to commencing any alteration or improvement to the premises approved by the Port under paragraph 12, above. Any fees for any inspection of the premises during or for the lease term by any federal, state or municipal officer and the fees for any so-called "Certificate of Occupancy" shall be paid by Lessee.
- 23. 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, otherwise, without the written consent of the Port first had and obtained. If Lessee is a corporation, Lessee further agrees that if at any time during the term of this Lease more than one-half (1/2) of the outstanding shares of any class of stock of Lessee corporation shall belong to any stockholders other than those who own more than one-half (1/2) of the outstanding shares of that class of stock 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.
- 24. DEFAULTS:** Time is of the essence of this Lease 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 keep any of the covenants or agreements herein set forth to be kept and performed, the Port may elect to terminate this Lease and reenter and take possession of the premises with or without process of law, PROVIDED, however, that Lessee shall 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 re-letting 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 Lease Agreement.
- 25. TERMINATION BY PORT:** In the event that the Port, at its sole discretion, shall require the use of the premises for any purpose for public or private use in connection with the operation of the business of

the Port, then this Lease Agreement may be terminated by the Port by written notice delivered or mailed by the Port to the Lessee sixty (60) or more days before the termination date specified in the notice. The Lessee and the Port's Executive Director will agree to appropriate compensation to be provided Lessee for loss of use, cost of relocation, and/or cost of improvements. In the event that the parties are unable to reach agreement on the compensation to Lessee, the amount shall be determined by arbitration before a single arbitrator who shall be jointly selected by the parties or by the Jefferson County Court if the parties cannot agree.

- 26. 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.
- 27. 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.
- 28. SIGNS:** No signs or other advertising matter, symbols, canopies or awnings shall be attached to or painted or within 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.
- 29. 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.
- 30. 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. After any default shall have been cured by Lessee, it shall not thereafter be used by the Port as a ground for the commencement of any action under the provisions of paragraph 24 hereof.
- 31. 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.

32. SURRENDER OF PREMISES – ATTORNEY’S FEES:

- a. At the expiration or earlier termination of the term, Lessee shall surrender to the Port the possession of the premises and all improvements. Surrender or removal of fixtures, trade fixtures and improvements shall be as directed in paragraph 12 of this Lease on ownership of improvements at termination. Lessee shall leave the surrendered premises and any other property in broom-clean condition except as provided to the contrary in provisions of this Lease on maintenance and repair of improvements. All property that Lessee is required to surrender shall become the Port’s property at termination of this Lease. All property that Lessee is not required to surrender but that Lessee does abandon shall, at the Port’s election, become the Port’s property at termination. If Lessee fails to surrender the premises at the expiration or sooner termination of this Lease, Lessee shall defend and indemnify the Port from all liability and expense resulting from the delay or failure to surrender, including, without limitation, claims made by any succeeding tenant founded on or resulting from Lessee's failure to surrender.
- b. In the event that either party shall commence legal action to interpret or to enforce any of the provisions of this Lease, the substantially prevailing party shall be entitled to an award for all reasonable costs and attorney fees incurred in any such action. Any action brought under the terms of this Lease shall be maintained in Jefferson County, Washington.

33. 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.

34. 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.

35. LIENS AND 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.

36. NOTICES: All notices hereunder may be delivered or mailed. If mailed, they shall be sent by certified or registered mail to the following respective addresses:

To Lessor:

THE PORT OF PORT TOWNSEND
P.O. Box 1180
Port Townsend, Washington 98368

To Lessee:

SKOOKUM EDUCATIONAL PROGRAMS
PO Box 5359
Bremerton, WA
Phone: (360) 475-0756

or to such other respective addresses as either party hereto may hereafter from time to time designate in writing. Notices sent by mail shall be deemed to have been given when properly mailed, and the postmark affixed by the United States Post Office shall be conclusive evidence of the date of mailing.

- 37. "LESSEE" INCLUDES LESSEE, 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 Lease Agreement.
- 38. CAPTIONS:** The captions in this Lease are for convenience only and do not in any way limit or amplify the provisions of this Lease.
- 39. SEVERABILITY:** 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.
- 40. NON-DISCRIMINATION SERVICES:** The Lessee agrees that it will not discriminate by segregation or otherwise against any person or persons because of race, creed, color, sex, sexual orientation, 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 Agreement. 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.

- 41. NON-DISCRIMINATION 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, sex, sexual orientation, or national origin.

- 42. 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 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 the sewer, water, and drainage lines, and the electrical service, and all other services required by the Port for its use. The Port is hereby granted a continuous easement or easements that the Port believes is necessary within the lease premises of the Lessee, without any additional cost to the Port for the purposes expressed hereinabove; PROVIDED however, that the Port by virtue of such use does 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 to modify 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.

Lease Agreement dated this _____ day of March 2021 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 – SKOOKUM EDUCATIONAL PROGRAMS
d/b/a “SKOOKUM JUMPROPE COMPANY”

Jeff Dolven, President and CEO

ATTEST:

LESSOR - PORT OF PORT TOWNSEND

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 Jeff Dolven 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

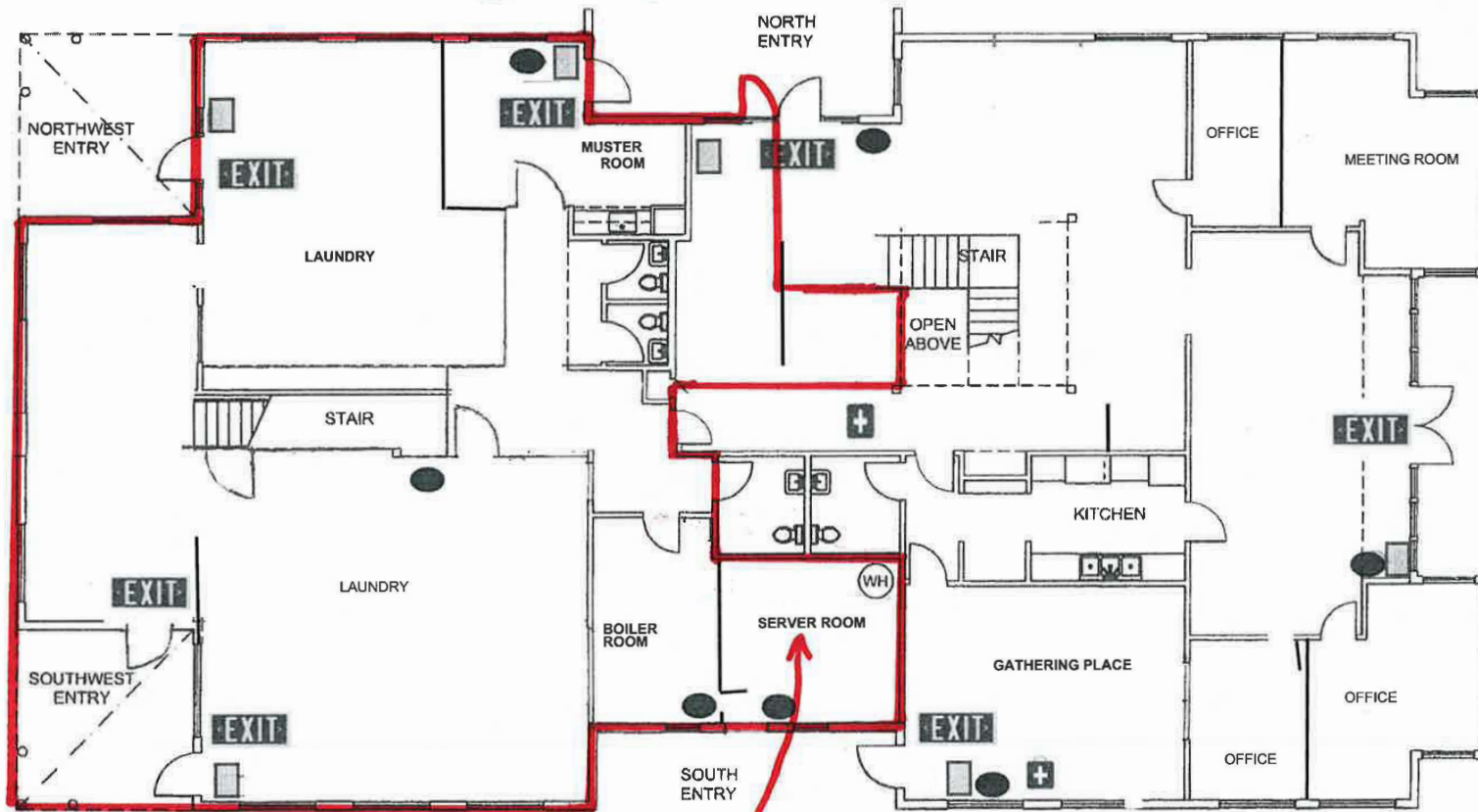
I certify that I know or have satisfactory evidence that Eron Berg signed this instrument and that he is authorized to execute the instrument as Interim Executive Director of the Port of Port Townsend and acknowledged it to be the free and voluntary act of such party for the uses and purposes mentioned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



Dated: _____

Signature of
Notary Public: _____

My Appointment Expires: _____

Emergency Escape Routes



-  Fire Alarm
-  Fire extinguisher

Shared Access

In an emergency, evacuate the building by the nearest marked exit, and gather together for roll call under the flag pole by the launch ramp.

Port Townsend Office

1st Floor

EXHIBIT "A":

Premises (Land Area)

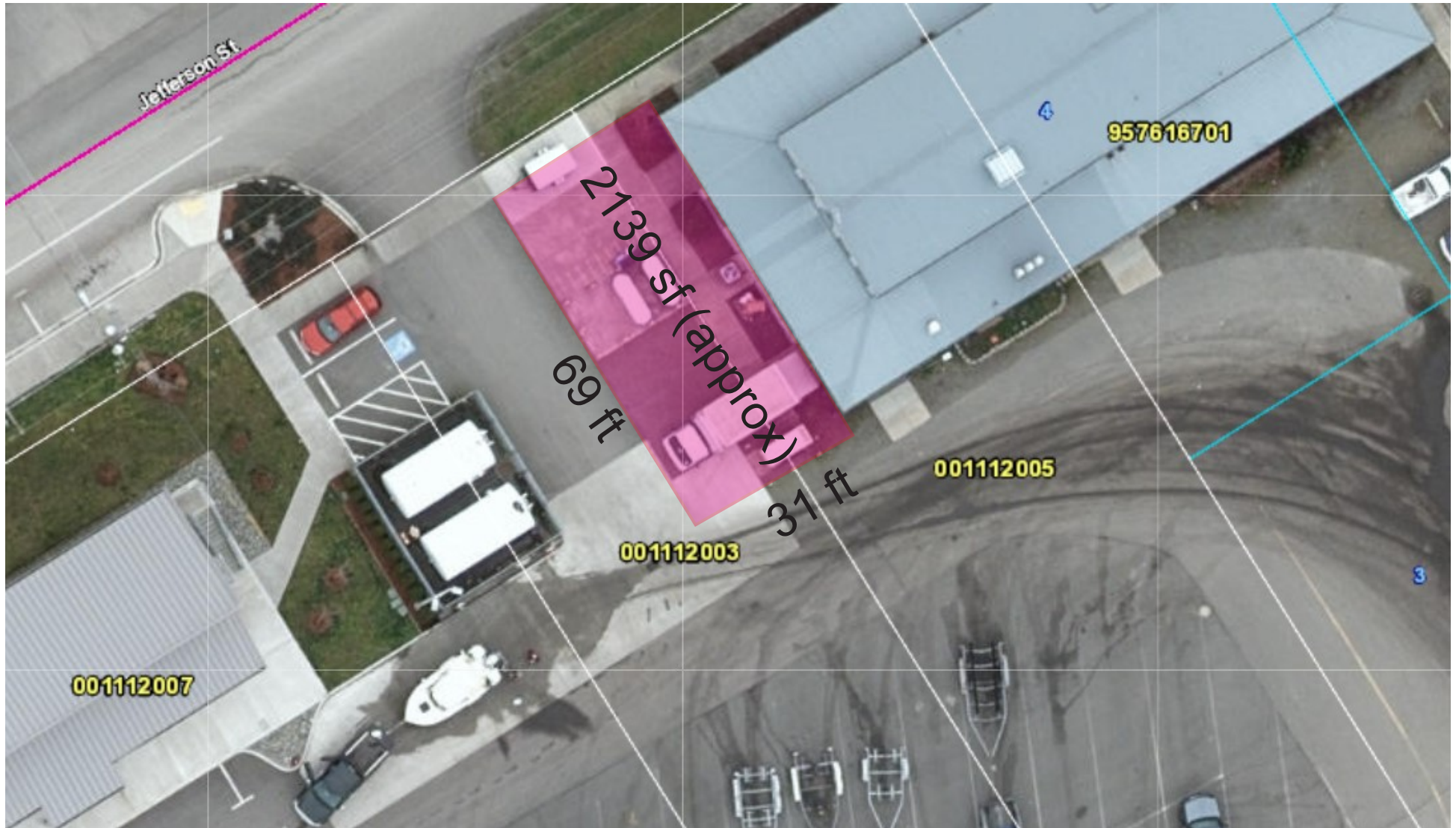


EXHIBIT "B"
SKOOKUM EDUCATIONAL PROGRAMS d/b/a
SKOOKUM JUMP ROPE COMPANY
HAZARDOUS SUBSTANCES WARRANTY AND AGREEMENT

RIDER TO LEASE AGREEMENT DATED: FEBRUARY __, 2021, BETWEEN THE PORT OF PORT TOWNSEND AND SKOOKUM EDUCATIONAL PROGRAMS d./b/a SKOOKUM JUMP ROPE COMPANY, A WASHINGTON NON-PROFIT CORPORATION.

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.** _____,
whose cell phone number is _____, 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

_____ Governing Party
Skookum Educational Services d/b/a
Skookum Jump Rope Company

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: _____

By: _____

Date: _____

_____, Governing Party
Skookum Educational Programs d/b/a
Skookum Jump Rope Company

(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: _____, 2021, 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.

By: _____

Date: _____

_____, Governing Party
Skookum Educational Programs d/b/a
Skookum Jump Rope Company

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	March 10, 2021
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	VII. A. Associate Development Organization (ADO) Designation for Jefferson County, 2021-23
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. Staff Memo 2. RCW 43.330.080 3. RCW 43.330.082 4. WPPA “one-pager” on the economic impact of Washington’s Ports. 5. EDC Team Jefferson’s proposed 2021 white paper regarding structure to remain the ADO

DATE: 3/10/2021
TO: Commission
FROM: Eron Berg, Executive Director
SUBJECT: Associate Development Organization (ADO) designation

ISSUES

1. Should the Commission direct the Executive Director to draft a letter to Jefferson County formally requesting the ADO designation for the 2021-2023 biennium?

BACKGROUND

The topic of the Port of Port Townsend's vision for future countywide economic engagement is on the workshop agenda for March 10th and will include additional discussions about the role of the ADO. This topic has been a consistent theme from the commission and commissioners to me since the hiring process for my position now more than a year ago. The commission has been clear that it desires to improve the quality of life for Jefferson County residents by supporting and growing economic opportunities or, stated simply, to help existing businesses remain open, and expand and attract new business that create good jobs for Jefferson County residents. In the past, the Port was best known for its direct support of marine trades, which represent about 20% of the jobs in Jefferson County. This effort represents an expansion of the Port's role in economic development from a primary focus in one sector, to a countywide, all-sector approach.

Public ports are the only governmental entities in Washington State whose primary purpose is economic development. This mission is exercised differently across the state and includes everything from individual business support to significant investments in infrastructure to directly operating business units. Ports are designated as the ADO for five of Washington's 39 counties. The ADO for each county is designated by each county and then serves for a period of two years. The next period is July 1, 2021 through June 30, 2023. RCW 43.330.080 and 43.330.082 are both attached and provide detail as to the contract and required performance for an ADO in its relationship with Commerce. Commerce currently supports Team Jefferson with about \$50,000 per year in funding.

DISCUSSION

EDC Team Jefferson has served as the ADO for Jefferson County since 2007, replacing the Economic Development Council of Jefferson County. The Port has traditionally supported EDC Team Jefferson with \$30,000 per year but the commission ceased that funding in the 2020 budget. Team Jefferson's 2021 budget totals approximately \$148,000, \$128,000 of which is comprised of funding from Jefferson County (both general fund and public infrastructure fund) and Commerce.

Since the beginning of 2021, Team Jefferson's contract with the county includes the creation and use of a new "public sector cabinet" (PSC). The PSC is comprised of the administrators from the

County, City, PUD and Port and together with Team Jefferson chair, Ben Bauermeister, and director, Brian Kuh, this group has met on several occasions to discuss issues, options and alternatives for the future. Two concepts have been discussed in detail; one is the possible proposal from the Port to become the ADO and the other is for Team Jefferson to remain the ADO, with a modified structure, more support and renewed focus.

Common to both concepts is requested support from the County, City, PUD and Port, in terms of financial resources, shared vision and staff contribution (i.e., the PSC). Also common is an increase in annual revenue for the function of the ADO. Attached is EDC Team Jefferson's draft proposal to Jefferson County for how they would manage the ADO in the future.

The conceptual model that I have shared with the four administrators includes the following key features:

- Port designated as ADO for Jefferson County;
- Proposed four-party contract between County, City, PUD and Port that includes funding and discreet deliverables for the next biennium;
- Staffing the new economic development/ADO function at the Port with two new FTE;
- Locating this function within a Port facility and supporting the operation within the Port's structure including all backbone support (i.e., IT, HR, accounting, reception, etc.);
- Creating within the contract an economic development board that is primarily comprised of representatives of the business community's geographical and sector diversity, but potentially appointed by the member parties, to align the mission of the Port's economic development function to the ICG adopted economic development framework, including adopting an annual work plan, receiving regular updates from staff, providing feedback and support and proposing an annual budget to the commission;
- Supporting the administrators and ICG in developing an economic development framework in the near term;
- Weave collaboration between the four entities throughout the structure, operating an oversight of this function.

This will not be an inexpensive endeavor for the Port as discussed below. If the Commission is interested in pursuing the ADO, it would be very helpful to come to consensus on the ideal model as next steps include a decision by the County on the ADO designation question, followed by negotiating an agreement that works for all of the parties, which will necessarily include detailed discussions regarding budget and scope of work.

FISCAL IMPACT

If selected by Jefferson County to serve as ADO, the Port will need to negotiate agreements (or an agreement) with the County, City and PUD for economic development funding support. I am anticipating that expanding the scope of the Port's economic development mission to countywide implementation of an economic development framework, including the role of the ADO, will cost the Port a minimum of \$100,000 per year in new direct costs, in addition to the funding provided by our collaborative entities and the state.

ATTACHMENTS

1. RCW 43.330.080
2. RCW 43.330.082
3. WPPA “one-pager” on the economic impact of Washington’s Ports.
4. EDC Team Jefferson’s proposed 2021 white paper regarding structure to remain the ADO

RECOMMENDATIONS

If desired by the Commission:

1. Motion to direct the Executive Director to draft a letter to Jefferson County formally requesting the ADO designation for the 2021-2023 biennium.

Coordination of community and economic development services—Contracts with county-designated associate development organizations—Scope of services—Business services training.

(1)(a) The department must contract with county-designated associate development organizations to increase the support for and coordination of community and economic development services in communities or regional areas. The contracting organizations in each community or regional area must:

- (i) Be broadly representative of community and economic interests;
- (ii) Be capable of identifying key economic and community development problems, developing appropriate solutions, and mobilizing broad support for recommended initiatives;
- (iii) Work closely with the department to carry out state-identified economic development priorities;
- (iv) Work with and include local governments, local chambers of commerce, workforce development councils, port districts, labor groups, institutions of higher education, community action programs, and other appropriate private, public, or nonprofit community and economic development groups; and
- (v) Meet and share best practices with other associate development organizations at least two times each year.

(b) The scope of services delivered under the contracts required in (a) of this subsection must include two broad areas of work:

(i) Direct assistance, including business planning, to companies throughout the county who need support to stay in business, expand, or relocate to Washington from out of state or other countries. Assistance must comply with business recruitment and retention protocols established in RCW [43.330.062](#), and includes:

(A) Working with the appropriate partners throughout the county including, but not limited to, local governments, workforce development councils, port districts, community and technical colleges and higher education institutions, export assistance providers, impact Washington, the Washington state quality award council, small business assistance programs, innovation partnership zones, and other federal, state, and local programs to facilitate the alignment of planning efforts and the seamless delivery of business support services within the entire county;

(B) Providing information on state and local permitting processes, tax issues, export assistance, and other essential information for operating, expanding, or locating a business in Washington;

(C) Marketing Washington and local areas as excellent locations to expand or relocate a business and positioning Washington as a globally competitive place to grow business, which may include developing and executing regional plans to attract companies from out of state;

(D) Working with businesses on-site location and selection assistance;

(E) Providing business retention and expansion services throughout the county. Such services must include, but are not limited to, business outreach and monitoring efforts to identify and address challenges and opportunities faced by businesses, assistance to trade impacted businesses in applying for grants from the federal trade adjustment assistance for firms program, and the provision of information to businesses on:

- (I) Resources available for microenterprise development;
- (II) Resources available on the revitalization of commercial districts; and
- (III) The opportunity to maintain jobs through shared work programs authorized under chapter [50.60](#) RCW;

(F) Participating in economic development system-wide discussions regarding gaps in business start-up assistance in Washington;

(G) Providing or facilitating the provision of export assistance through workshops or one-on-one assistance; and

(H) Using a web-based information system to track data on business recruitment, retention, expansion, and trade; and

(ii) Support for regional economic research and regional planning efforts to implement target industry sector strategies and other economic development strategies, including cluster-based strategies. Research and planning efforts should support increased living standards and increased foreign direct investment, and be aligned with the statewide economic development strategy. Regional associate development organizations retain their independence to address local concerns and goals. Activities include:

(A) Participating in regional planning efforts with workforce development councils involving coordinated strategies around workforce development and economic development policies and programs. Coordinated planning efforts must include, but not be limited to, assistance to industry clusters in the region;

(B) Participating with the state board for community and technical colleges as created in RCW [28B.50.050](#), and any community and technical colleges in the coordination of the job skills training program and the customized training program within its region;

(C) Collecting and reporting data as specified by the contract with the department for statewide systemic analysis. In cooperation with other local, regional, and state planning efforts, contracting organizations may provide insight into the needs of target industry clusters, business expansion plans, early detection of potential relocations or layoffs, training needs, and other appropriate economic information;

(D) In conjunction with other governmental jurisdictions and institutions, participating in the development of a countywide economic development plan.

(2) The department must provide business services training to the contracting organizations, including but not limited to:

(a) Training in the fundamentals of export assistance and the services available from private and public export assistance providers in the state; and

(b) Training in the provision of business retention and expansion services as required by subsection (1)(b)(i)(E) of this section.

Contracting associate development organizations—Performance measures and summary of best practices—Remediation plans—Report.

(1)(a) Contracting associate development organizations must provide the department with measures of their performance and a summary of best practices shared and implemented by the contracting organizations. Annual reports must include the following information to show the contracting organization's impact on employment and overall changes in employment: Current employment and economic information for the community or regional area produced by the employment security department; the net change from the previous year's employment and economic information using data produced by the employment security department; other relevant information on the community or regional area; the amount of funds received by the contracting organization through its contract with the department; the amount of funds received by the contracting organization through all sources; and the contracting organization's impact on employment through all funding sources. Annual reports may include the impact of the contracting organization on wages, exports, tax revenue, small business creation, foreign direct investment, business relocations, expansions, terminations, and capital investment. Data must be input into a common web-based business information system managed by the department. Specific measures, data standards, and data definitions must be developed in the contracting process between the department and the contracting organization every two years. Except as provided in (b) of this subsection, performance measures should be consistent across regions to allow for statewide evaluation.

(b) In addition to the measures required in (a) of this subsection, contracting associate development organizations in counties with a population greater than one million five hundred thousand persons must include the following measures in reports to the department:

(i) The number of small businesses that received retention and expansion services, and the outcome of those services;

(ii) The number of businesses located outside of the boundaries of the largest city within the contracting associate development organization's region that received recruitment, retention, and expansion services, and the outcome of those services.

(2)(a) The department and contracting associate development organizations must agree upon specific target levels for the performance measures in subsection (1) of this section. Comparison of agreed thresholds and actual performance must occur annually.

(b) Contracting organizations that fail to achieve the agreed performance targets in more than one-half of the agreed measures must develop remediation plans to address performance gaps. The remediation plans must include revised performance thresholds specifically chosen to provide evidence of progress in making the identified service changes.

(c) Contracts and state funding must be terminated for one year for organizations that fail to achieve the agreed upon progress toward improved performance defined under (b) of this subsection. During the year in which termination for nonperformance is in effect, organizations must review alternative delivery strategies to include reorganization of the contracting organization, merging of previous efforts with existing regional partners, and other specific steps toward improved performance. At the end of the period of termination, the department may contract with the associate development organization or its successor as it deems appropriate.

(3) The department must submit a final report to the legislature by December 31st of each even-numbered year on the performance results of the contracts with associate development organizations.

Washington's Ports Create Good Jobs



75 WASHINGTON
PORT DISTRICTS
Across 33 Counties



71,300
DIRECT JOBS
among port tenants



\$76,200
AVG. COMPENSATION
for port tenant workers

Port Districts...



Build and protect local
COMMUNITY ASSETS



Operate with a
LONG-TERM VIEW to:

- CREATE JOBS
- PROMOTE ENTERPRISE
- MOVE GOODS

Ports operate on a
TRIPLE BOTTOM LINE



PEOPLE



PLANET



PROSPERITY



Industrial & Commercial Lands

36,700 DIRECT JOBS



Commercial Aviation & Airports

16,300 DIRECT JOBS



Maritime

10,600 DIRECT JOBS



Tourism

4,400 DIRECT JOBS



Marine Terminals

3,300 DIRECT JOBS

Ports Create and Support Jobs Statewide



Commercial Aviation & Airports



16,300

DIRECT JOBS
associated with port district airports



\$71,300

AVERAGE BENEFITS & COMPENSATION
for port tenant workers



Industrial & Commercial Lands



36,700

DIRECT JOBS
tied to industrial and commercial lands



\$73,100

AVERAGE BENEFITS & COMPENSATION
for port tenant workers



Marine Terminals



3,300

DIRECT JOBS
associated with marine terminal activities



\$103,200

AVERAGE BENEFITS & COMPENSATION
for port tenant workers



Tourism & Boating



4,400

DIRECT JOBS
associated with cruise ship & boating activities



\$48,700

AVERAGE BENEFITS & COMPENSATION
for workers in tourism and recreational boating

Leading Commodities



AUTOMOBILES



GRAINS, SEEDS & CEREALS



FRUIT



Maritime



10,600

DIRECT JOBS
in the maritime sector tied to port districts



\$95,600

AVERAGE BENEFITS & COMPENSATION
for port tenant workers

Ports **PLAN, BUILD and MAINTAIN**

PUBLIC INFRASTRUCTURE *that supports*

All Activities

and serves as the foundation for jobs



Sources: Washington State Employment Security Department, 2016; Puget Sound Regional Council, 2016; Washington State Office of Financial Management, 2016; U.S. Bureau of Labor Statistics, 2016; U.S. Census, 2016; Washington Public Ports Association, 2016; Community Attributes Inc., 2016.

Proposed Port of Port Townsend & EDC Team Jefferson Economic Development Alliance

March 5th, 2021
Draft 1.10

This draft document details an evolution of EDC Team Jefferson to work more collaboratively with the Port of Port Townsend through changes in board structure, work plan oversight from the Public Sector Cabinet, and improved communications.

Opportunities for Closer Partnership with the Port:

There are additional ways that the EDC Team Jefferson and the Port of Port Townsend could strengthen our working collaboration. Here are a few that could be developed with additional discussion:

Shared Physical Space: The EDC Team Jefferson offices could be co-located within the Port's facilities. This physical proximity would increase shared understanding, allow for ad hoc communications, and build trust.

Executive Director for EDC Team Jefferson on Port Staff: The Executive Director could be an employee of the community-based EDC Team Jefferson, reporting to the Executive Director of the Port. This would give the Port's ED direct hiring and review control over this position.

Collaborative Work Product Definition: In the proposal above, the Port would control a seat on the board and would have oversight and review of the EDC Team Jefferson's work plan. Additionally, the work plan itself could be defined as a collaborative product between the Port staff and the EDC Team Jefferson Executive Director.

Increased Legislative Alignment: Currently both organizations retain legislative lobbyists to work on the county's behalf. There is a potential to get more results per dollar spent if/when there is tighter alignment of these priorities.

Proposed Board Structure:

- 8 private sector & 4 public (public seats appointed by agency administrators)
 - Private sector seat count is a minimum of but not limited to 8 seats.
- Elected officials invited to all Board meetings (ensure confidentiality maintains)
- Business Sector / Diversity / Geography representation
- Working Committees:

Legislative - directs and investigates local leg advocacy

Data Resource - stewardship of the EDC data resource library

Communication - crafts content, monitors schedule and efficacy

Local Barriers to Economic Growth - aids improvement of policy

Nomination - staff and board seat allocation, assignment

Proposed Multi-Year Agreement: \$260K

- Based on a two-year biennium agreement
- PSC approved annual work plan, deliverables, and review
- Balance of individual and systemic improvements (defined by role)
- Lead and support the Entrepreneurial Activities throughout the County
- Agreed class and community engagement quotas
- Combined viewpoints of public / private and business / demographic
- In conjunction with the PSC, support the development of the County Economic Framework with the ICG
- Full support of all public partners (County, City, Port, PUD)
- Agreed upon communications frequency and methods

Public Sector Cabinet Relationship:

- Monthly to quarterly meetings with EDC Director and Board Chair
- Participation at 2 EDC Board meetings per year
- Included in all EDC Board meeting invitations and prep materials
- Oversight of work plan, deliverables, and review
- Collaborative and mutual support for implementing the Jefferson County Economic Framework

Pro Forma

Expenses

- Exec Director: \$80 - \$95K (strategy, partnerships, and proactive investment in systemic economic opportunities)
- Business Services Dir: \$60 - \$75K (grants, 1:1 business assistance, communications)
- Administrative: \$40 - \$50K (response, communications, calendar, facilities)
- Facilities: \$12K (no longer getting this free from PT)
- NOLA: \$12K (check for duplication with Port)
- SBDC: \$8K (cost of PIF funding)
- Marketings & Communications: \$4K (print ads, materials, web, promotions)
- **Total: \$256,000**

Income:

- State .09 Funds \$50,000
- Commerce / ADO \$50,000
- County \$33,000
- City of PT \$15,000
- PUD \$10,000
- Port of PT \$30,000
- Grants \$40,000
- Sponsors \$20,000
- **Total \$246,000**

An equal financial contribution of \$25k per public entity could be substituted for the income model shown above that would result in a total funding of \$260k.

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	March 10, 2021
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	Informational Items
STAFF LEAD	Executive Director Berg
REQUESTED	<input checked="" type="checkbox"/> Information <input type="checkbox"/> Motion/Action <input type="checkbox"/> Discussion
ATTACHMENTS	1. Discovery Golf Club PRRD (MLA19-00142) - Port of Port Townsend Comments



PO Box 1180 Port Townsend, WA 98368

Administration: (360) 385-0656

Operations: (360) 385-2355

Fax: (360) 385-3988

BY FIRST CLASS MAIL & ELECTRONIC MAIL

March 4, 2021

Mr. Stephen Causseaux
Office of the Hearing Examiner
Jefferson County
621 Sheridan Street
Port Townsend, WA 98368

Discovery Golf Club Planned Rural Residential Development (PRRD) (MLA19-00142)

Dear Mr. Causseaux,

Thank you for the opportunity to provide comments on the Discovery Bay Golf Club PRRD (MLA19-00142). The Port of Port Townsend has received a number of comments regarding this proposed development from our tenants at the Jefferson County International Airport (JCIA). The comments received by the Port indicate that JCIA users are deeply concerned that the proposed PRRD, if approved, would allow incompatible development in proximity to the JCIA. The Port shares these concerns, while also acknowledging that the proposed PRRD falls outside the current geographic scope of the Airport Overlay zones codified in Article VI-K of Chapter 18.15 of the Jefferson County Code (JCC).

As you may be aware, JCC Airport Overlay zones I and II were collaboratively developed by the County and Port in an effort to faithfully implement the requirements of RCW 36.70.547 and RCW 36.70A.200 and to discourage incompatible land uses adjacent to the JCIA. The overlay zones were intended to be consistent with, and implement, the planning guidance provided by the WSDOT Aviation Division in WAC 365-196-455.

Airport Overlay I (JCC §§18.15.410 through 18.15.430) is intended generally to discourage siting of incompatible uses adjacent to the JCIA, protect the JCIA as an essential public facility, and preserve the ability of the JCIA to continue operations into the future. The Airport Overlay I zone seeks to achieve these objectives as follows:

- By prohibiting certain uses that involve congregations of people (JCC §18.15.430);

- By requiring a generalized environmental disclosure be maintained on the County's website and map database to apprise current and prospective property owners that their property may lie within the projected future 55 DNL (day-night average sound level) boundary; and
- By requiring inclusion of a disclosure statement as a condition of approval for all Type II and III permit applications within the scope of the overlay.

We note that the PRRD proposed under MLA19-00142 lies immediately west of Discovery Road and just outside the limits of Airport Overlay I.

In contrast to Airport Overlay I, Overlay II focuses exclusively on public safety, rather than noise (see §§JCC 18.15.435 through 18.15.452). Like Overlay I, Overlay II prohibits specific uses that would involve concentrations of people that lie beneath the FAA mandated traffic pattern for aircraft ascending and descending from the JCIA (see JCC §18.15.452). Again, we note that the development proposed under MLA19-00142 lies west and beyond the limits of Airport Overlay II.

Despite the fact that the proposed PRRD falls outside the scope of the overlay zones established in Chapter 18.15 JCC, the Port is very concerned that future residents of the Discovery Golf Club development will be a source of future noise complaints. The Port wishes to ensure that future PRRD residents are on notice that the JCIA is an essential public facility and general aviation public use airport, and that noise associated with aircraft landings and takeoffs should be expected and does constitute a nuisance. Accordingly, we would recommend that the Hearing Examiner include as a condition of approval of the PRRD¹, the following disclosure statement:

"Jefferson County has concluded that the Jefferson County International Airport (JCIA) is an essential public facility, and as such is an important use in the County. Both the Comprehensive Plan and the Growth Management Act require that the County discourage the siting of incompatible uses in the airport vicinity. The County will not consider to be a nuisance those inconveniences or discomforts arising from such operations, if such operations are consistent with accepted federal aviation regulations and standards, the Port's noise abatement procedures and applicable local, state and federal laws. You may be subject to inconveniences or annoyances including, but not limited to the following: noise and vibration associated with aircraft takeoff, landing and over-flight; and noise and vibration due to normal ground operations at the JCIA."

The foregoing discussion also suggests that the County's current code is in need of review and amendment. Accordingly, it would be sensible for the County to review and consider adoption

¹ Note: This language is substantially similar to the disclosure statement required in JCC §18.15.415(3) for Type II and III permit approvals lying within the Airport Overlay I zone.

of several potential changes to the Airport Overlay I zone during the next GMA-mandated periodic review and amendment cycle:

- Expanding the scope of Overlay I to encompass the projected future 50 DNL contour line, rather than 55 DNL contour²; and
- Requiring that “Notice to Title” requirements be established to ensure that future prospective purchasers of real property are apprised of inconveniences and annoyances associated with aircraft operations, and that such inconveniences and annoyances will not be considered a nuisance. Such provisions would be in addition to the generalized disclosure presently required under JCC §18.15.415.

We thank you for the opportunity to comment and look forward to continuing to work with Jefferson County to ensure that long-term viability of this essential public facility is protected for future generations.

Sincerely,



Eric Toews
Deputy Director
Port of Port Townsend

CC: Joel Peterson, Jefferson County Associate Planner
Eron Berg, Executive Director, Port of Port Townsend
Port Commission

² Note: Use of the 50 DNL contour, rather than the 55 DNL contour would ensure that a “coast to coast” cross-section of the Quimper Peninsula (i.e., Port Townsend Bay to Discovery Bay) that is subject to routine over-flights during take-offs and landings falls within the limits of the overlay zone, and hence, the notice/disclosure requirements of the code.