



**Port of Port Townsend
2nd Monthly Meeting Agenda
Wednesday, April 28, 2021, 5:30 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.

Updated Agenda

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X. Commissioner Comments	
XI. Next Workshop & Regular Business Meeting: Wednesday, May 12, 2021; Workshop at 9:30 a.m. & Meeting at 1:00 p.m., via Zoom	
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PORT COMMISSION REGULAR BUSINESS MEETING – Wednesday, April 14, 2021

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

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

I. CALL TO ORDER (00:00:01): Commissioner Hanke called the meeting to order at 1:00 p.m.

II. APPROVAL OF AGENDA (00:00:19)

Commissioner Hanke asked to add an item to the agenda as VII.C. Asking the Executive Director to write a letter to County Health Officer Locke regarding opening offices and clarification on open public meetings being held in person.

Executive Director Berg asked to add an item to the agenda as VII.D. Proposed Resolution 744-21 ratifying the acceptance of a grant from the FAA.

Commissioner Putney moved to accept the Agenda with these two additional items; Commissioner Petranek seconded the motion, and the motion carried unanimously.

III. PUBLIC COMMENTS (00:01:57) comments sent in via email, and read aloud for the record: Linda Fitzgerald of Gardiner wrote about concerns for expanding/improving the Gardiner Boat ramp that included safety for an area not well patrolled, and preserving clam & oyster beds.

Connie Gallant, President of the Olympic Forest Coalition, wrote to apprise the commission of comments the coalition had made to the Washington Dept. of Ecology on the matter of the NPDES permit for Pacific Seafoods (Coast), a tenant of the Port.

IV. CONSENT AGENDA (00:05:03)

A. Approval of Workshop & Business Meeting Minutes from March 24, 2021.

B. Approval & Ratification of Warrants

Warrant #063584 through #063590 in the amount of \$35,797.67 and Electronic Payment in the amount of \$163,326.03 for Payroll & Benefits.

Warrants #063591 through #063656 in the amount of \$92,892.99 for Accounts Payable.

Warrant #063563 in the amount of \$42.00 declared void.

Electronic Debit in the amount of \$1,456.84 to WA State Employment Security Dept. for Family Medical Leave.

Electronic Debit in the amount of \$18,012.18 to WA State Dept. of Labor & Industries for 4th Quarter Taxes.

Commissioner Putney moved to accept the Consent Agenda as presented; Commissioner Petranek seconded and the motion carried unanimously.

V. SECOND READING ~ none

VI. FIRST READING ~ none

VII. REGULAR BUSINESS (00:05:34)

A. February Financials

Finance Director Berg introduced her report by noting she'd added information in her memo for accounts payable based on Commission comments about the outstanding Scarcella Bros. invoice. Normally accounts payable is not reported on, because it is a part of the

reconciliation of cash. She included it for this report because there is not yet a final billing for this invoice, which is still being negotiated with the FAA, Reid Middleton, the Port and Scarcella. Based on the numbers she'd been given to that point, she posited that the highest it would be is \$611,586. Ms. Berg continued discussing her report, saying that most of the capital expenses had not changed much over the year-to-date for February. She mentioned that the Port did purchase the mini excavator and had already put it to good use, adding that 3 new vehicles have been ordered for operations staff (1 each for security, environmental, and Operations Manager) to be delivered sometime around August. She said she would be adding total debt services and the annual debt service to the next monthly report, so that the long-term Port obligations are front and center.

Commissioner Hanke noted that with the next report comparing March 2021 to last March, the effects of the pandemic will be evident, which will be interesting to follow.

B. IDD Budget Report (00:12:19)

Finance Director Berg briefed the commission on this comprehensive report on the IDD funds—the total receipts levied and received to date, and how the money was spent. She said this was the first draft and she would adjust with recommendations and comments from Commissioners.

Commissioner Hanke asked whether the IDD money had to be spent on larger capital projects (industrial development), or is it okay to spend it on maintaining infrastructure?

Deputy Director Toews said he was aware of no statutory limitation, as long as the money is spent on capital projects within the industrial development district boundaries. He said the Port had given the public the idea that the intent was not to spend it all on repair and rehabilitation of existing infrastructure.

Commissioner Putney said that repair to capital infrastructure can be interpreted as industrial job preservation and therefore industrial development, since it is not industrial devolution.

Commissioner Petranek said she would like to see these reports on a quarterly basis, with the projects outlined both financially and time wise. Commissioner Hanke agreed.

Commissioner Putney cautioned that the Port should not become accustomed to IDD money as income, because it is not permanent. If used for new projects with new revenue sources, that benefit goes on. Commissioner Hanke agreed.

Commissioner Petranek summarized what the Port said when asking the public to support the IDD, “to support infrastructure and facilities to enable the Port to maintain the infrastructure to meet the challenges posed.”

C. Letter to Health Commissioner Locke (00:22:45)

Commissioner Hanke moved to ask Executive Director Berg to write a letter to Dr. Locke, Public Health Officer for Jefferson County, clarifying whether the Port can go with the State's Health policy. Commissioner Putney seconded the motion.

Commissioner Putney asked whether the Port is bound by the local health strictures and Port Attorney Woolson said that the County Health Director's authority is broad enough to control the citizens of the county, and holding public meetings in person, counter to his directive, would certainly set up a confrontation with him.

Commissioner Putney said he'd like to request that Dr. Locke consider modifying his Public Health Order dated May 29, 2020, prohibiting any public agency in Jefferson County subject to the OPMA from meeting in person, congruent with his relaxation of other meetings and gatherings in the county.

Commissioner Petranek stated that this will be a topic of discussion at the Board of County Commissioners' meeting on Friday and said she'd prefer to work together on this with other government entities to coordinate a county-wide response.

Commissioner Hanke stated that he wasn't advocating for the Port to go against Dr. Locke's orders, but to ask him for clarification, which he thinks is merited and would add to the conversation on Friday.

Executive Director Berg reminded Commissioners that the Board of County Commissioners has no authority in this matter, and that he had asked Dr. Locke about opening our RV Park last year during similar restrictions for camping in the county.

Port Attorney Woolson said other Ports in counties not under the same restrictions as Jefferson County had begun to have their open public meetings in person (and continued using an online forum for these meetings as well).

Vote was taken, with Commissioners Hanke and Putney voting for and Commissioner Petranek voting against. Motion passed 2 to 1.

D. Authorize Executive Director to Accept FAA Grant (00:32:32)

Deputy Director Toews said that the Port had inadvertently executed a grant agreement with the FAA—stimulus money sent to many small airports throughout the state getting the same amount (\$13,000) to be used for COVID response, personnel and debt service. Although this was a small amount, the Port would like a resolution before Commission for the authority to accept these funds. He said that the resolution before the Commission today would ratify the action, and the funds would be used to defray personnel costs associated with maintenance of the airport.

Commissioner Petranek moved to approve Resolution 744-21 ratifying the action of the Executive Director in executing ARCPG Grant Number 0S9-NMG-3-53-0134. Commissioner Putney seconded. Motion passed unanimously.

VIII. STAFF COMMENTS (00:34:43)

Executive Director Berg shared with the Commission that the Port had turned the keys over to the Boat School for their tenancy in the Nomura Building. He reported that the Port had selected Tetra Tech to support a pyrolysis investigation. He said staff were working on updating language to improve the delegation of authority resolution and will bring it to Commission soon.

Deputy Director Toews updated Commission on the draft Boatyard General Permit proposed by the State Dept. of Ecology that would govern stormwater discharge requirements here at Boat Haven; the new permit would go into effect August 1, 2021. He said the comment deadline for the draft permit closes at midnight this coming Friday; new guidelines have dropped the level of copper permitted from 147 micrograms per liter down to 15, lowering the benchmarks for zinc & lead and has added a turbidity monitoring requirement. Port staff joined others in a Zoom meeting to ask Ecology for the rationales supporting some of these changes and to clearly communicate the compliance challenge this represents for the Port, both substantively and financially. Staff have pulled together preliminary engineering cost estimates for the improvements required for the Port to reliably meet these new standards, and Mr. Toews said that number is approximately \$2.5 million. He added that he was working on a comment to be submitted before the deadline, and that the Port had submitted a request to State Rep. Tharinger for a \$2 million capital appropriation in this year's state budget to help fund these improvements and help defend the 400+ jobs here at Boat Haven.

Commissioner Hanke asked whether it was feasible to challenge the Dept. of Ecology legally on this; the standards they're requiring are better than drinking water. Deputy Director Toews stated that the Permit is in draft form, and that the Port must submit comments and see what changes

Ecology might make before it becomes final and appealable. Port Attorney Woolson agreed and stated the Port needs to participate in this comment period first, see what action Ecology takes, and the appeal period would follow.

On Quilcene Planning, Deputy Director Toews commented that the Port now has Jeannie McMacken under contract to assist Port staff with a survey of the community. He said that they will meet with each commissioner for input on questions to include and any names of stakeholders they would like to reach out to before finalizing the survey. Mr. Toews spoke about the Boat Haven Yard planning group had met a couple of times. This group includes Mark Burns, Steven Gale, Dave Griswold, Bertram Levy, and Gwendolyn Tracy, Jim Pivarnik and with staff (Eron Berg, Eric Toews, & Terry Khile) and their focus is on: (1) goals and objectives with emphasis on sustaining the long-term viability of Boat Haven, increasing marine trades jobs and increasing both Port operating income and revenues generated by marine trades; and (2) identifying immediate, near- and long-term action items—operational and capital—to achieve the identified goals as well as obstacles to these goals so they can prioritize what action items to recommend to the Commission. He added that in order to ensure the interests and concerns of everyone in the yard, they had added small business representation to the group with Dave Thompson.

Finance Director Berg commented that the Port is still looking to fill the 2 seasonal moorage clerks for this summer. She reported that after two weeks of having Molo online for RV reservations it was going really well and is a huge improvement to operations. In order to assist Point Hudson staff with the volume of calls, the Port implemented a voicemail to email text that is working so well, staff is working to implement the same thing at the Boat Haven office. The planned rollout for online moorage reservations through Molo is May 1. Ms. Berg said she had just completed the Enduris renewal application for the Port's general liability and property insurance policy and also submitted the same data to Clear Risk Solutions (who are contracted by CIAW) to compare costs.

Port Engineer Love commented that the Port maintenance crew had begun mowing earlier this year and had already made a few passes at the airport. He said work was done at the Nomura building, and crew was now focused on a remodel of the office adjacent to the Point Hudson moorage office and transitioning the space in the Pavillion building to allow its use for Commission meetings and other events. He gave an update on the Point Hudson Jetty project: good response on our joint aquatic permit, but we still have not been assigned a biologist through Fish & Wildlife. We need the permit so we can get the funding agreement, and this stretches things out, so we're currently looking at a season of 2022 and in 2023-24 for work being done on both the north and south jetty.

IX. COMMISSIONER COMMENTS

Commissioner Putney commented that the weather had been so nice this week, he had finally been able to work on his airplane.

Commissioner Petranek commented that she had attended the MRC meeting where a kelp biologist had spoken about a significant decline of kelp beds in the Salish Sea. She thought this would be an opportune time for the Port to take environmental leadership and join with other ports to talk about conservation in the Salish Sea. She announced at the meeting that the Port is working on Quilcene Planning and heard from many people who are interested in participating. Commissioner Petranek said she will be helping the MRC to set up the "no anchor" buoys this month, and mentioned that she would be giving a Working Waterfront interview on Friday that would focus on welcoming the Boat School as a Port tenant. She mentioned meeting with a citizens' advisory group every Monday at 5:00 p.m. and welcomed anyone who is interested to join her. She spoke about finding a guest speaker for a Workshop – Jacques White. [Commissioner Hanke said that Sarah at Puget Sound Express knows him well and could help with this.]

Commissioner Hanke commented that he had just returned from vacation on the Outer Banks in North Carolina and he was impressed with the huge public works projects there rebuilding complicated bridges to connect the banks.

- X. Next Regular Business Meeting (00:58:34): Wednesday, April 28, 2021 at 5:30 p.m., via Zoom
- XI. Executive Session – *none*
- XII. Adjournment: Meeting adjourned at 1:58 PM

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
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. 063657 through No. 063662 generated on February 16th, 2021 in the amount of \$11,500.52 and Electronic Payment in the amount of \$78,113.11, for a total amount of \$89,613.63 is ratified.

Signed and Authenticated on this 24th day of April, 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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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 063663 through No. 063705, are approved for payment in the amount of \$219,611.76 on this 28th day of April, 2021.

For: Accounts Payable

Commissioner Pete W. Hanke

Commissioner Pam Petranek

Commissioner William W. Putney III

S. Abigail Berg, Director of Finance
And Administration

Bank Code: W - WARRANTS PAYABLE							
Check Number	Check Date	Vendor	Invoice Number	Invoice Date	Invoice Amount	Discount Applied	Payment Amount
063663	4/28/2021	AND030	Frances Andrews				Check Entry Number: 001
			REFUND 4/9/2021	4/9/2021	686.26	0.00	686.26
063664	4/28/2021	BAL050	Lloyd Baldwin				Check Entry Number: 001
			REFUND 4/17/2021	4/17/2021	224.16	0.00	224.16
063665	4/28/2021	BAN005	Bank of America				Check Entry Number: 001
			4/5/2021 STATEMENT	4/5/2021	6,853.51	0.00	6,853.51
063666	4/28/2021	CED005	CED				Check Entry Number: 001
			5948-1003531	4/14/2021	842.25	0.00	842.25
063667	4/28/2021	CEN030	CenturyLink				Check Entry Number: 001
			4/1/2021 STATEMENT	4/1/2021	200.00	0.00	200.00
063668	4/28/2021	CEN035	CenturyLink				Check Entry Number: 001
			4/8/2021 STATEMENTS	4/8/2021	872.13	0.00	872.13
063669	4/28/2021	CHM030	Chmelik Sitkin & Davis P.S.				Check Entry Number: 001
			3/2021 STATEMENT	4/21/2021	2,632.50	0.00	2,632.50
063670	4/28/2021	CMI020	CMI Limited Co.				Check Entry Number: 001
			71628	4/20/2021	141.84	0.00	141.84
063671	4/28/2021	COA050	Mott MacDonald				Check Entry Number: 001
			100339-18R1	4/23/2021	4,881.84	0.00	4,881.84
063672	4/28/2021	CON080	Construction Group International LLC				Check Entry Number: 001
			21044/2	4/8/2021	1,238.29	0.00	1,238.29
063673	4/28/2021	COW020	Cowling and Co. LLC				Check Entry Number: 001
			152	3/31/2021	6,609.60	0.00	6,609.60
			160	3/31/2021	2,131.20	0.00	2,131.20
Check 063673 Total:					8,740.80	0.00	8,740.80
063674	4/28/2021	CUS030	Custom Earth Promos				Check Entry Number: 001
			808057	4/21/2021	174.57	0.00	174.57
063675	4/28/2021	DMD005	DM Disposal Co. Inc.				Check Entry Number: 001
			6548963	4/1/2021	1,605.47	0.00	1,605.47
			6548972	4/1/2021	3,267.37	0.00	3,267.37
Check 063675 Total:					4,872.84	0.00	4,872.84
063676	4/28/2021	ERI040	Karen Erickson				Check Entry Number: 001
			2/2021	4/14/2021	17.02	0.00	17.02
			3/2021	4/14/2021	19.71	0.00	19.71
Check 063676 Total:					36.73	0.00	36.73
063677	4/28/2021	FER001	Ferrellgas				Check Entry Number: 001
			5006223655	3/28/2021	217.73	0.00	217.73
063678	4/28/2021	FIS020	Fish N Hole				Check Entry Number: 001
			5597347	4/19/2021	22.40	0.00	22.40
063679	4/28/2021	GOO002	Good Man Sanitation				Check Entry Number: 001
			111300A	4/5/2021	1,963.80	0.00	1,963.80
063680	4/28/2021	HEN004	Port Townsend Garden Center				Check Entry Number: 001
			103078	4/13/2021	10.88	0.00	10.88
063681	4/28/2021	HIG020	Highway Specialties LLC				Check Entry Number: 001
			2104464	4/16/2021	212.75	0.00	212.75
063682	4/28/2021	KEN010	Kendrick Equipment				Check Entry Number: 001
			U50217	4/14/2021	5,371.78	0.00	5,371.78
			U50230	4/16/2021	1,643.10	0.00	1,643.10
			U50247	4/9/2021	1,154.74	0.00	1,154.74
Check 063682 Total:					8,169.62	0.00	8,169.62

Check Register

Journal Posting Date: 4/28/2021

Register Number: CD-000855

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	
063683	4/28/2021	KIT080	Kitsap Transit					Check Entry Number: 001
			REFUND 4/21/2021	4/21/2021	35.66	0.00	35.66	
063684	4/28/2021	LES050	Les Schwab					Check Entry Number: 001
			37900442403	4/9/2021	141.82	0.00	141.82	
			37900443496	4/16/2021	32.30	0.00	32.30	
			37900444208	4/15/2021	98.18	0.00	98.18	
			Check 063684 Total:		272.30	0.00	272.30	
063685	4/28/2021	NOR001	North Coast Electric Co					Check Entry Number: 001
			S0108296728.003	4/9/2021	122.25	0.00	122.25	
			S010829728.001	4/7/2021	108.66	0.00	108.66	
			S010829728.002	4/7/2021	450.40	0.00	450.40	
			Check 063685 Total:		681.31	0.00	681.31	
063686	4/28/2021	OES001	OESD 114					Check Entry Number: 001
			2021001066	4/15/2021	4,029.00	0.00	4,029.00	
063687	4/28/2021	OLY035	Olympic Peninsula Communications, LLC					Check Entry Number: 001
			17	4/5/2021	1,886.25	0.00	1,886.25	
063688	4/28/2021	PET020	Peters Marine Services					Check Entry Number: 001
			674373	4/15/2021	412.07	0.00	412.07	
			674375	4/15/2021	1,556.49	0.00	1,556.49	
			Check 063688 Total:		1,968.56	0.00	1,968.56	
063689	4/28/2021	PET025	Petrick Lock & Safe					Check Entry Number: 001
			20241	4/21/2021	468.48	0.00	468.48	
063690	4/28/2021	POR065	Port of Port Townsend					Check Entry Number: 001
			REFUND TO MOORAGE	4/14/2021	575.30	0.00	575.30	
063691	4/28/2021	PUD001	Pud District #1					Check Entry Number: 001
			4/12/21 STATEMENTS	4/12/2021	786.54	0.00	786.54	
063692	4/28/2021	PUR065	Michael Purser					Check Entry Number: 001
			REFUND 04/15/2021	4/15/2021	315.49	0.00	315.49	
063693	4/28/2021	QUI001	Quill Corporation					Check Entry Number: 001
			15690979	3/30/2021	86.24	0.00	86.24	
			15941844	4/9/2021	25.47	0.00	25.47	
			15949591	4/9/2021	15.75	0.00	15.75	
			Check 063693 Total:		127.46	0.00	127.46	
063694	4/28/2021	RSI050	RSINet					Check Entry Number: 001
			5848	4/15/2021	180.00	0.00	180.00	
063695	4/28/2021	SAF001	Safeway, Inc.					Check Entry Number: 001
			4/17/21 STATEMENTS	4/17/2021	1,806.02	0.00	1,806.02	
063696	4/28/2021	SHO010	Shold Excavating Inc					Check Entry Number: 001
			59880	4/15/2021	2,160.56	0.00	2,160.56	
			60165	4/12/2021	338.90	0.00	338.90	
			Check 063696 Total:		2,499.46	0.00	2,499.46	
063697	4/28/2021	SNE020	S-Net Communications					Check Entry Number: 001
			100725	4/11/2021	563.03	0.00	563.03	
063698	4/28/2021	SOU055	Sound Publishing, Inc					Check Entry Number: 001
			8019223	3/31/2021	323.30	0.00	323.30	
063699	4/28/2021	SUM040	Summit Law Group PLLC					Check Entry Number: 001
			124060	4/23/2021	134.00	0.00	134.00	
063700	4/28/2021	THE075	Penny Therrien					Check Entry Number: 001
			REFUND 04/12/2021	4/12/2021	141.31	0.00	141.31	

Run Date: 4/23/2021 12:33:38PM

A/P Date: 4/28/2021

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User Logon: DLF

Check Register**Journal Posting Date: 4/28/2021****Register Number: CD-000855****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
063701	4/28/2021	TIC030	Chad Tichgelaar				
			4/9/2021	4/9/2021	161.00	0.00	161.00
063702	4/28/2021	WA1803	State of Washington				
			1ST QTR 2021 LET	4/28/2021	156,168.25	0.00	156,168.25
063703	4/28/2021	WAS017	Marc Horton - Washington Project Consultants				
			033121-8	4/1/2021	1,235.00	0.00	1,235.00
063704	4/28/2021	WES060	West Marine Pro				
			007664	4/12/2021	92.71	0.00	92.71
063705	4/28/2021	YOU025	Douglas Young				
			REFUND 4/15/2021	4/15/2021	2,166.43	0.00	2,166.43
				Report Total:	219,611.76	0.00	219,611.76

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	April 28, 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. Pete Stein & Compass Woodwork, LLC Lease
STAFF LEAD	Eric Toews, Deputy Director
REQUESTED	<input type="checkbox"/> Information <input checked="" type="checkbox"/> Motion/Action <input type="checkbox"/> Discussion
ATTACHMENTS	1. Staff Information Memo 2. Term Sheet 3. Pete Stein Lease Agreement, Exhibit 'A' & Exhibit 'B'

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 2/12/2020
TO: Port Commission
FROM: Sue Nelson, Lease & Contracts Administrator
SUBJECT: Pete Stein Lease Agreement

BACKGROUND: In 2019, Pete Stein opened his own business, building and repairing boats, after previously being employed by Cunningham Ships Carpentry and the Port Townsend Shipwrights Co-op. In 2020, Mr. Stein entered into a 2-year Port Lease Agreement with three 1-year options for 1,856 s.f. Building 1 (former Co-op space, known as the “band saw building”). Since the inception of his agreement, Erik Fahlstrom, owner of Compass Woodwork, has been his subtenant. The businesses have outgrown their space and because Craftsmen United is vacating Buildings 2 and 3, Mr. Stein and Mr. Fahlstrom (as partners, rather than previous tenant/subtenant) would like to move into the larger Building 2, with an early termination (no penalty) of the Lease Agreement for Building 1. Mr. Stein has also referred a customer of his to the Port who will become a tenant in their original space, Building 1.

DISCUSSION: Building 2 is the larger of the two timber-frame structures at 2,688 s.f., with two floors plus a loft. The lease presented to the Commission would establish the rate at inception of \$0.53/s.f. for the building, increasing to the then market rate of \$0.61/s.f. at the beginning of month twenty-five (25).

Lease term is five (5) years, with one (1) five (5) year option, beginning on June 1, 2021.

In the event Mr. Stein were to become a “holdover” tenant at the end of the lease term, the rent would increase to 125% of that paid in the month preceding lease expiration.

The proposed security deposit is equal to three (3) months’ rent. Mr. Stein currently has \$2,701.66 security on Building 1, which will be applied to the Building 2 deposit. The balance will be paid in twenty-four (24) monthly installments.

The tenants also will have entered into a Rental Agreement for an additional 376 s.f. of land to continue storage of their 40’ x 8’ container and new storage for their planer. This new rental agreement for land will replace Mr. Stein’s prior land agreement.

The Port has issued a “Memorandum Regarding No Rent Tenant Access Period” during the month of May for Building 2, as Mr. Stein and Mr. Fahlstrom will have received Port authorization to make certain tenant improvements to the building. Tenants will pay Leasehold Excise Tax and utilities during this period.

RECOMMENDATION: Authorize the Executive Director to execute the attached lease with Pete Stein, a Washington State Sole Proprietor and Compass Woodwork, LLC, a Limited Liability Company.

ATTACHMENTS

- Summary of Key Terms
- Pete Stein/Compass Woodwork, LLC Lease, along with Exhibits ‘A’ and ‘B’.

**PORT OF PORT TOWNSEND:
Summary of Key Terms
Boat Haven Building Lease
Pete Stein & Compass Woodwork, LLC**

1. **TENANT:** Peter M. Stein, d/b/a Pete Stein, a Washington sole proprietor and Compass Woodwork, LLC, a Washington limited liability company.
2. **PREMISES:** Building #2, 3109 Jefferson Street, Port Townsend, WA, at the Port's Boat Haven facility, comprising approximately 2,688 square feet of floor space.
3. **BUILDING LEASE TERM:** Five (5) years, beginning on June 1, 2021 and ending on May 31, 2026. Option to extend the lease term by one (1) additional five (5) year term. Notification to extend the Lease to be done in writing ninety (90) days prior to the end of the lease or any extended term.
4. **BUILDING LEASE RENT:** Lessee agrees to the building rental rate of \$0.53 per sq. ft. with step increases to the building rate to reach \$0.61¹ per sq. ft. by the beginning of month twenty-five (25) as follows:
Months 1-6: Beginning : **\$1,424.64** per month (2,688 sf @ \$0.53/sf)
+ \$182.93 Leasehold Excise Tax (LET) = \$1,607.57
Months 7-12: Beginning : **\$1,478.40** per month (2,688 sf @ \$0.55/sf)
+ \$189.83 LET = \$1,668.23
Months 13-18: Beginning : **\$1,532.16** per month (2,688 sf @ \$0.57/sf)
+ \$196.73 LET = \$1,728.89
Months 19-24: Beginning : **\$1,585.92** per month (2,688 sf @ \$0.59/sf)
+ \$203.64 LET = \$1,789.56
Month 25: Beginning : **\$1,639.68 per month** (2,688 sf @ \$0.61/sf)
+ then current CPI-U + LET

The rent for each month shall be paid to the Port in advance on or before the first day of each and every month of the lease term and shall be payable at such place as the Port may hereinafter designate. Beginning in year three (3) and every three (3) years thereafter, the rental rate may be adjusted to the fair market rental rate then prevailing for comparable commercial and/or industrial property in the Western Washington area, bearing in mind all allowable uses of the property and all services and amenities available to the property by virtue of its location. The rental rate beginning in year three (3) and annually throughout the term of the lease will be adjusted by an amount equal to the accumulative amount found on the Consumer Price Index for all urban consumers (CPI-U) for Seattle-Tacoma-Bellevue, which is compiled by the Department of Labor, Bureau of Statistics. In no event shall any rent adjustment result in a reduction in rent from the rate paid in the prior year.

5. **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

¹ Current market rental rate of \$0.57 per square foot adjusted for inflation.

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., if the rent were \$1,639.68 + LHT at the time of lease expiration, the rent in holdover status would be + 25% (\$409.92), or \$2,049.60 + LHT).

6. **USE OF PREMISES:** Industrial building space for building and repair of boats and associated office space.
7. **SECURITY:** Lessee shall deposit with the Port three month's security + LHT in the amount of **Four Thousand Eight Hundred Twenty-Two Dollars and Seventy Cents (\$4,822.70)**. Lessee has an existing deposit of **Two Thousand Seven Hundred One Dollars and Sixty-Six Cents (\$2,701.66)** currently on file with the Port. Accordingly, Lessee shall deposit an additional **Two Thousand One Hundred Twenty-One Dollars and Four Cents (\$2,121.04)**. Lessee will pay the deposit balance on a 24-month deposit installment plan with monthly payments of **Ninety-Five Dollars and Ninety Cents (\$88.38)**, in addition to the monthly rent payment.
8. **UTILITIES:** All utilities are the responsibility of the Lessee. Both the Port and the Tenant agree that bringing upgraded power to the building, and electrical work and panel installation on the interior, are the sole responsibility of the tenant. Plans must be submitted to the Port and approved by the Executive Director prior to work. Permits and final electrical inspection must be provided to the Port immediately upon receipt.
9. **MAINTENANCE & REPAIR:** All maintenance and repairs are the Lessee's responsibility, with the exception of structural repairs and other exterior repairs as detailed in the lease agreement.
10. **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.
11. **ASSIGNMENT/SUBLEASE:** Permitted only by prior written consent of the Port.
12. **DEFAULTS/TERMINATION:** Time is of the essence. Failure to pay rent, or to abide by the covenants/agreements contained in the lease, may serve as a basis for termination. Lessee will be provided with fifteen (15) days' written notice to cure defaults. Port may also terminate upon one-hundred and eighty (180) days' written notice, at its sole discretion, for public or private use in connection with the operation of the business of the Port.

**PORT OF PORT TOWNSEND
PETE STEIN & COMPASS WOODWORK, LLC
BOAT HAVEN BUILDING LEASE**

THIS LEASE AGREEMENT made this ____ day of April 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 **PETER M. STEIN d/b/a PETE STEIN**, a Washington Sole Proprietor and **COMPASS WOODWORK, LLC**, a Washington Limited Liability Company, hereinafter referred to collectively 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 BOAT HAVEN BUILDING LEASE (BUILDING #1):** The Port and Lessee acknowledge and agree that they are parties to that certain Boat Haven Building Lease Agreement dated February 19, 2020 (the "Existing Lease"), pertaining to an approximately 1,856 square foot marine industrial building commonly known as "Building 1" located at 3109 Jefferson Street in Port Townsend ("the Existing Premises"). 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 Existing Premises under the Existing Lease and that Lessee currently occupies the Existing 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 described in this Lease Agreement shall be as set forth herein; 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 Existing Premises during the term of the Existing Lease, including, without limitation:
 - i. Any liability arising from hazardous materials brought onto or about the Existing Premises or permitted or suffered to be brought onto or about the Existing 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 2,688 square feet of marine industrial space in the building commonly known as Building 2, located at 3109 Jefferson Street, Port Townsend, WA 98368, at the Port's Boat Haven facility,

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.

3. **TERM:** The term of this Lease is five (5) years, beginning June 1, 2021, and ending at midnight, May 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 or any extended lease term.
4. **RENT:** Lessee agrees to the rental rate of \$0.53 per sq. ft. at lease inception, with step increases to reach \$0.61 per sq. ft. by the beginning of month twenty-five (25) as follows:

Months 1-6: Beginning : **\$1,424.64** per month (2,688 sf @ \$0.53/sf)
plus \$182.93 Leasehold Excise Tax (LET) = \$1,607.57

Months 7-12: Beginning : **\$1,478.40** per month (2,688 sf @ \$0.55/sf)
plus \$189.83 LET = \$1,668.23

Months 13-18: Beginning : **\$1,532.16** per month (2,688 sf @ \$0.57/sf)
plus \$196.73 LET = \$1,728.89

Months 19-24: Beginning : **\$1,585.92** per month (2,688 sf @ \$0.59/sf)
plus \$203.64 LET = \$1,789.56

Month 25: Beginning : **\$1,639.68** (2,688 sf @ \$0.61/sf)
plus then current CPI-U plus LET

The rent for each month shall be paid to the Port in advance on or before the first day of each and every month of the lease term and shall be payable at such place as the Port may hereinafter designate. Beginning in year three (3) and every three (3) years thereafter, the rental rate may be adjusted to the fair market rental rate then prevailing for comparable commercial and/or industrial property in the Western Washington area, bearing in mind all allowable uses of the property and all services and amenities available to the property by virtue of its location. The rental rate beginning in year three (3) and annually throughout the term of the lease will be adjusted by an amount equal to the accumulative amount found on the Consumer Price Index for all urban consumers (CPI-U) for Seattle-Tacoma-Bellevue, which is compiled by the Department of Labor, Bureau of

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

5. **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.
6. **DEPOSIT:** Lessee shall deposit with the Port, security in the amount of **Four Thousand Eight Hundred Twenty-Two Dollars and Seventy Cents (\$4,822.70)**.¹ Lessee has an existing deposit of **Two Thousand Seven Hundred One Dollars and Sixty-Six Cents (\$2,701.66)** currently on file with the Port under an agreement now superseded by this Lease. Accordingly, Lessee shall deposit an additional **Two Thousand One Hundred Twenty-One Dollars and Four Cents (\$2,121.04)** in order to satisfy the requirements of this Paragraph 6 ("the additional deposit"). Lessee shall pay the deposit balance in twenty-four (24) monthly installments of **Eight-Eight Dollars and Thirty-Eight Cents (\$88.38)**. 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.
7. **USE OF PREMISES:** Lessee shall use the premises for the purpose of boat repair and construction and associated office space 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. 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.
8. **CONDUCT COVENANTS AND WARRANTIES:** In addition to all other covenants and warranties set forth herein, Lessee specifically represents to the Port as follows:
 - a. **Quiet Conduct.** The conduct of Lessee and such others for whom Lessee is responsible shall not, in any manner, disturb the quiet enjoyment of other Tenants, invitees, or visitors, in or near where the Premises are located, including common areas.

¹ Required security for all Port leases is an amount equivalent to three (3) months rent together with applicable taxes (i.e., at lease inception, \$1,424.64 per month x 3 = \$4,273.92; \$4,273.92 x 12.84% LET = \$548.78; = \$4,273.92 + \$548.78 = \$4,822.70). Beginning in year three (3) and every three (3) years thereafter, the deposit amount may be adjusted to ensure that an amount equivalent to three (3) months of the then current rent (i.e., as may be adjusted for as set forth in Paragraph 4) is on file with the Port.

- b. **Damage.** The conduct of Lessee and such others for whom Lessee is responsible shall not result in or cause destruction or damage to the Premises, or any part thereof including, but not limited to any and all common areas, or the property of other Tenants, their invitees, and visitors.
9. **UTILITIES:** 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. WiFi and/or fiber services are not included in the rent.
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 Tenant. Accordingly, at the expiration or sooner termination of this Agreement, Tenant shall return the premises to the Port in the same condition in which received (or, if altered by Tenant 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. Tenant's obligation to make repairs shall not extend to any structural parts of the building, including the foundations, bearing and exterior walls, subflooring and roofs, the unexposed electrical, plumbing and sewerage systems (including those portions of the systems lying outside the premises), exterior siding, doors, window frames, gutters, downspouts, and the heating, and the ventilation system serving the premises, unless such repairs are necessitated by Tenant's negligence or failure to maintain the interior. Tenant 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 rented premises in a good state of repair; and
- c. Not commit waste of any kind.
12. **ALTERATIONS AND IMPROVEMENTS:** 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.

- 13. INSPECTION - "FOR RENT" SIGNS:** 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. POSSESSION:** If the Port shall be unable for any reason to deliver possession of the premises, or any portion thereof, at the time of the commencement of the term of this Lease, the Port shall not be liable for any damage caused thereby to Lessee, nor shall this Lease thereby become void or voidable, nor shall the term specified herein be in any way extended, but in such event Lessee shall not be liable for any rent until such time as the Port can deliver possession, PROVIDED, that if Lessee shall, in the interim, take possession of any portion of the premises, it shall pay as rental the full rental specified herein reduced pro rata for the portion of the premises not available for possession by Lessee, AND PROVIDED FURTHER, that if the Port shall be unable to deliver possession of the premises at the commencement of the term of this Lease, Lessee shall have the option to terminate this Lease by at least thirty (30) days written notice, unless the Port shall deliver possession of the premises prior to the effective date of termination specified in such notice. If Lessee shall, with the Port's consent, take possession of all or any part of the premises prior to the commencement of the term of this Lease, all of the terms and conditions of this Lease shall immediately become applicable.
- 15. DAMAGE OR DESTRUCTION:**
- a. Should the premises or the buildings or structures 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 any buildings or structures 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 paragraph 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.

- 16. 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.
- 17. 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 16, 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.
- 18. 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.

The 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 a, b and c of this Paragraph 18 shall be met prior to inception of this Lease Agreement.

- 19. **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 19 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.
- 20. **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, 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.
- 21. **HAZARDOUS SUBSTANCES WARRANTY AND AGREEMENT:** Lessee has examined the Hazardous Substance 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.
- 22. **TAXES:** Lessee shall be liable for, and shall pay throughout the term of this Lease, all license and excise fees and occupation taxes covering the business conducted on the premises, and all taxes on property of Lessee on the leased premises and any taxes on the leased premises or leasehold interest created by this Lease Agreement.
- 23. **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 that all buildings, structures, or other improvements, approved by the Port, will be properly permitted by Jefferson County. Any fees for any inspection of the premises during 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.

- 24. 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. The Port's consent will not unreasonably be withheld.
- 25. 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.

26. TERMINATION OF LEASE OR CHANGE IN LOCATION OF PREMISES BY PORT:

- a. 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 may be terminated by the Port by written notice delivered or mailed by the Port to the Lessee one hundred and eighty (180) or more days before the termination date specified in the notice, subject to the provisions of subparagraph c, below.
- b. In lieu of exercising the termination authority set forth in subparagraph a, above, the Port, in its sole discretion and for any purpose in connection with the business of the Port, may require relocation of the premises described in Paragraph 2 of this Lease to another site within its Boat Haven facility. The Port shall exercise its discretion by providing written notice of relocation delivered or mailed by Port to the Lessee one hundred and eighty (180) or more days before the premises described in Paragraph 2, above, are required for Port use. Any modification to the location of the premises described herein shall be memorialized in writing and signed by both parties.
- c. In the event the Port exercises its authority under either subparagraph 26(a) or (b), above, the parties shall seek to negotiate promptly and in good faith the compensation to be provided to Lessee for its loss of use, cost of relocation, and/or cost of improvements. In the event the parties are unable to reach agreement on the compensation to be provided to Lessee, the amount shall be determined by arbitration before a single arbitrator who shall be jointly selected by the parties or appointed by the Jefferson County Superior Court if the parties cannot agree.

27. 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.

28. 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.

- 29. 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.
- 30. 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.
- 31. 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 25 hereof.
- 32. 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.
- 33. 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.

- 34. 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.
- 35. 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.
- 36. 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.
- 37. 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
Attn: Sue Nelson, Lease & Contracts Administrator
P.O. Box 1180
Port Townsend, Washington 98368

To Lessee:
PETE STEIN and COMPASS WOODWORK, LLC
Attn: Pete Stein & Erik Fahlstrom
PO Box 302
Chimacum, WA
Phone: P.S.: (360) 302-2923; E.F.: (612) 437-2334

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.

- 38. JOINT AND SEVERAL LIABILITY:** Each and every party who signs this Lease, other than in a representative capacity, as Lessee, shall be jointly and severally liable hereunder.
- 39. "LESSEE" INCLUDES "LESSEES", ETC.:** It is understood and agreed that for convenience the word "Lessee" and verbs and pronouns in the singular number and neuter gender are uniformly used throughout this Lease, regardless of the number, gender or fact of incorporation of the party who is, or of the parties who are, the actual Lessee or Lessees under this Lease Agreement.
- 40. CAPTIONS:** The captions in this Lease are for convenience only and do not in any way limit or amplify the provisions of this Lease.
- 41. 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.
- 42. 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. 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.

43. 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.

44. 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.

45. ENTIRE AGREEMENT: This Lease Agreement contains all of the understandings between the parties. Each party represents that no promises, representations or commitments have been made by the other as a basis for this Lease which have not been reduced to writing herein. No oral promises or representations shall be binding upon either party, whether made in the past or to be made in the future, unless such promises or

representations are reduced to writing in the form of a modification to this Lease executed with all necessary legal formalities by the Commission of the Port of Port Townsend.

Lease Agreement dated this _____ day of April 2021 as approved by the Port of Port Townsend Port Commission, on the 28th day of April 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

Peter M. Stein, Owner
d/b/a Pete Stein

Erik Fahlstrom, Governing Party
Compass Woodwork, LLC

ATTEST:
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 Peter M. Stein 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 Erik Fahlstrom 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: _____

Pete Stein/Compass Woodwork
Exhibit 'A', Building #2

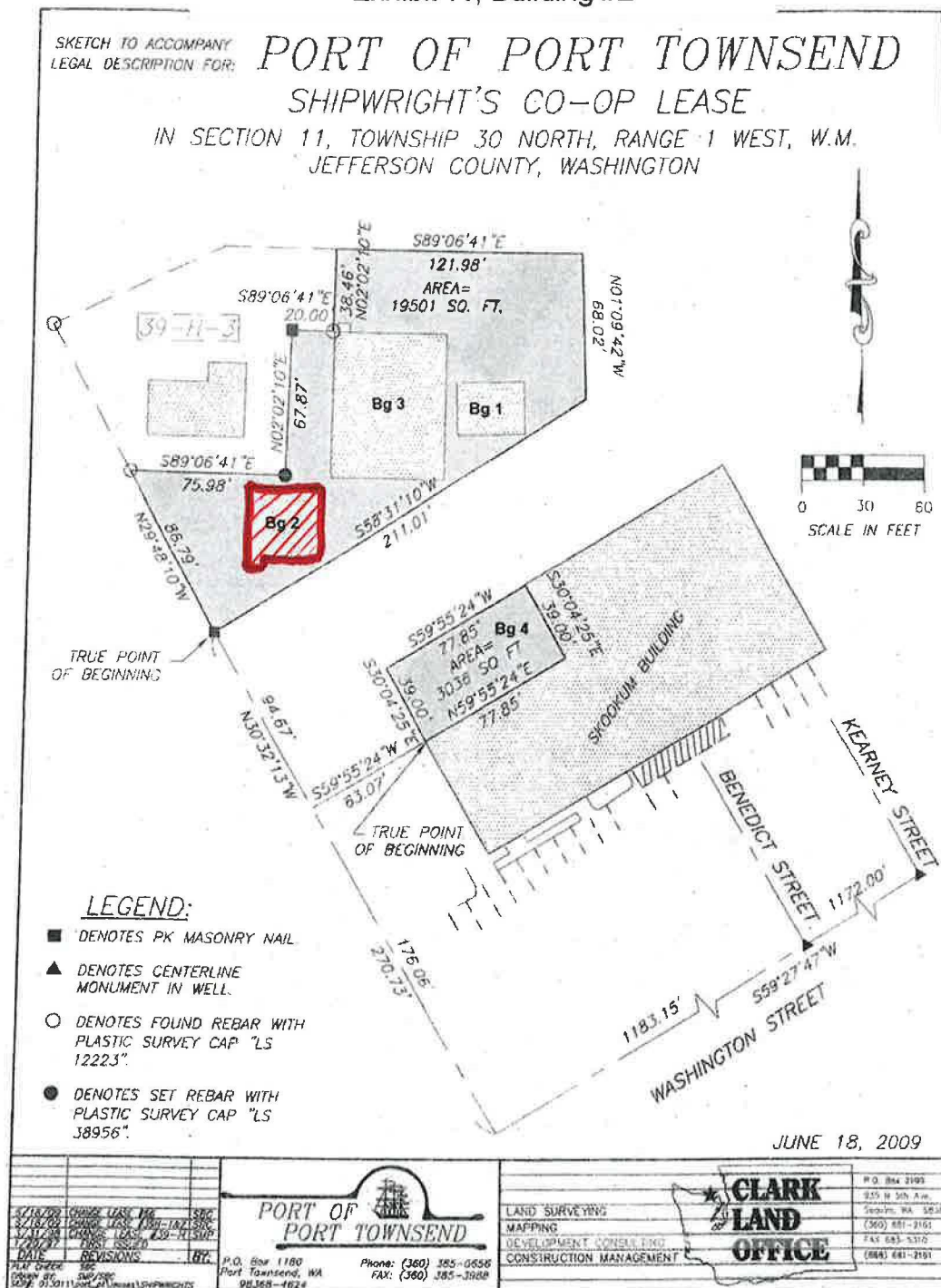





Exhibit 'A'

Building #2

Legend

-  3109 Jefferson St
-  Feature 1
-  Port Of Port Townsend
-  Port Townsend

3109 Jefferson St

Bldg. #2

Google Earth

200 ft

EXHIBIT "B"
PETE STEIN & COMPASS WOODWORK, LLC
HAZARDOUS SUBSTANCES WARRANTY AND AGREEMENT

RIDER TO LEASE & RENTAL AGREEMENTS DATED: _____, 2021, BETWEEN THE PORT OF PORT TOWNSEND and PETE STEIN a Washington Sole Proprietor and COMPASS WOODWORK, LLC, a Washington Limited Liability Company.

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

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

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

copy of any such permit, license, and identification number which Lessee may obtain in the future within seven days of receipt by Lessee.

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

the environment, including but not limited to material changes in Lessee's methods of hazardous waste disposal, material increases in the volume of Lessee's hazardous waste disposal, or material changes in the nature of any hazardous wastes which Lessee anticipates it will generate.

10. **COPIES OF ENVIRONMENTAL CORRESPONDENCE.** Lessee agrees to provide Lessor with copies of all past and future correspondence to or from the Washington Department of Ecology, the U.S. Environmental Protection Agency, and any other government agency which has had or may have contact with Lessee regarding environmental concerns pertaining to the premises.
11. **NOTIFICATION OF SPILLS OR RELEASES.** Lessee shall comply with all notification requirements under the applicable federal, state and local environmental statutes and regulations, including but not limited to the timely notification of the appropriate government authorities of any spills or releases of toxic or hazardous substances into the environment or onto the premises. Lessee shall notify Lessor within 24 hours of discovery of any such spills or releases and shall provide copies of all correspondence and documents related to such spills or releases to Lessor with seven days after receipt or creation, as the case may be.
12. **LESSOR'S REMEDY FOR BREACH OR VIOLATION.** In the event Lessee permits a release of a hazardous substance to occur at or near the premises, or breaches any provision of this Rider, Lessor shall be entitled (1) to terminate the lease agreement immediately, (2) to require Lessee to cease all operation which pose a risk of releasing a hazardous substance into the environment, and (3) to require Lessee to begin an immediate cleanup of any and all contamination at the premises to the extent necessary to achieve full compliance with the applicable environmental laws and regulations. Lessor shall be entitled to obtain immediate injunctive relief from a court of competent jurisdiction to enforce this provision. These remedies shall be in addition to, and not in substitution for, any other remedies available to Lessor under applicable law.
13. **ANNUAL DECLARATION OF COMPLIANCE.** Within ten (10) days of receipt of a written request by Lessor, Lessee shall provide to lessor a declaration of Lessee's compliance or non-compliance with the applicable environmental laws and regulations and with the provisions of this Rider, in the form set forth in Attachment No. 2. Lessor anticipates that it will request such a declaration annually, approximately on the anniversary date of this Rider.
14. **INSPECTION OF PREMISES.** Lessee agrees to permit and cooperate with any on-site inspections and testing requested by Lessor, including inspections and testing conducted by consultants or engineers hired by Lessor to evaluate Lessee's compliance with the applicable environmental requirements and the provisions of this Rider. Lessor shall provide Lessee within 24 hours advance notice of Lessor's intent to conduct such inspection or testing.

15. **DESIGNATED REPRESENTATIVE RESPONSIBLE FOR COMPLIANCE.** Pete Stein whose cell phone number is (360) 302-2923 and Erik Fahlstrom whose cell phone number is (612) 437-2334 are 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.**

LESSEE:

By: _____
Peter M. Stein, d/b/a
Pete Stein

Date: _____

By: _____
Erik Fahlstrom, Governing Party
Compass Woodwork, LLC

Date: _____

LESSOR:

Eron Berg, Executive Director
Port of Port Townsend
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: _____
 Peter M. Stein, d/b/a
 Pete Stein

Date: _____

By: _____
 Erik Fahlstrom, Governing Party
 Compass Woodwork, LLC

Date: _____

(Attachment No. 2 to Hazardous Substances Rider)

DECLARATION OF COMPLIANCE

Pete Stein and Erik Fahlstrom are 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: Pete Stein and Compass Woodwork, LLC

1. We 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. We are 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. We 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.

Pete Stein and Compass Woodwork, LLC

By: _____
Peter M. Stein, d/b/a
Pete Stein

Date: _____

By: _____
Erik Fahlstrom, Governing Party
Compass Woodwork, LLC

Date: _____

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	April 28, 2021
AGENDA ITEM	<input type="checkbox"/> Consent <input checked="" type="checkbox"/> 1 st Reading <input type="checkbox"/> 2 nd Reading <input type="checkbox"/> Regular Business <input type="checkbox"/> Informational
AGENDA TITLE	VII.A. Custodial Services
STAFF LEAD	Mike Love, Director of Capital Projects and Port Engineer
REQUESTED	<input checked="" type="checkbox"/> Information <input type="checkbox"/> Motion/Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	<ol style="list-style-type: none"> 1. Staff Informational Memo 2. Custodial Services Summary

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 4/22/2021
TO: Commissioners
FROM: Mike Love, Director of Capital Projects and Port Engineer
CC: Eron Berg, Abigail Berg, Chris Sparks
SUBJECT: Additional Port Staff for Custodial Services

ISSUE

Should the Commission approve additional staff to meet the demand for custodial services?

BACKGROUND

The Port currently provides custodial services to tenant-operated and public-access restrooms, laundry, showers, and office space. With the recent addition of the Marina Room restroom and Shanghai/Point Hudson Café restrooms to our cleaning responsibilities, we clean 15 restrooms, 2 laundry facilities, and 5 offices. We estimate 70.25 hours per week to maintain these facilities. Throughout the pandemic the Port increased its level of service and cleanliness standard, particularly in the restrooms and public spaces. Most of the additional cleaning has occurred at the Boat Haven and Point Hudson Marina restrooms, showers, and laundry facilities with twice-a-day cleaning, 7 days a week. We expect to see higher usage of these facilities as the easing of COVID restrictions coincides with summer tourism. We also plan to open the restrooms that are currently closed at the west end of the Boat Haven Yard; also, Port Staff will be taking over custodial services for two restrooms that were previously the responsibility of our tenants. We estimate an additional 26.5 hours per week for the planned increase in demand for custodial services. The attached custodial service work summary sheet shows greater detail.

DISCUSSION

Port staff recommend maintaining the current level of service and cleanliness by increasing the custodial service level for maintenance of Port facilities, in order to clean additional facilities.

FISCAL IMPACT

The cost of one additional staff member in the Maintenance Department, as well as additional supplies for the newly opened restrooms is estimated at \$80,000/year. A cost recovery plan is being developed for those tenants with exclusive bathroom use.

RECOMMENDATION

Staff recommends the Port add one additional custodian FTE to Maintenance staff to address current and planned future custodial services throughout the Port. No formal action is required at this time. Formal action will be requested for approval of an updated Organization Chart.

ATTACHMENTS

Custodial Service Work Summary Spreadsheet

Custodial Services

Prior to 2020 custodial services were performed by Skookum in exchange for rent reduction.
During COVID there has been light use of some of these facilities.

Location		Schedule	Labor Hours	Hours/Week	Size (SF)	Toilet	Sink	Urinal	Showers	Washer	Dryers	Garbage	Floors	Dust	Billed	Notes:
Point Hudson																
RV/Marina Restroom	Unisex	7	3	21		1	1	0								
	Mens	7		0		1	2	1	3							
	Womens	7		0		3	2	0	3							
Laundry	Unisex	7	1	7	500	1	1			4	4	Yes	Yes			
	Unisex	7		0		1	1									
Customs Restroom		3	0.25	0.75		1	1								Yes	
Customs Office		3	0.25	0.75								Yes	Yes		Yes	
WDFW Restroom	Unisex	3	0.75	2.25		3	3								Yes	
WDFW office		3	0.25	0.75									Yes	Yes	Yes	
Moorage Office		1	0.25	0.25								Yes	Yes			
Marina Room	Mens	7	0.5	3.5		2	2	1							Yes	Started 3/2021
	Womens	7	0.5	3.5		3	2								Yes	
Marina Room		1	0.5	0.5	1000								Yes		Yes	
Shanghai/Cafe offices Restroom	Mens	7	0.5	3.5		1	1	1							?	Started 3/2021
	Womens	7	0.5	3.5		2	1								?	
Boat Haven																
Moorage Office		1	0.5	0.5								Yes	Yes			
Admin Restroom	Mens	1	1	1		1	1									
	Womens	1				1	1									
Admin Office		1										Yes	Yes			
Marina Restroom	Mens	7	1.25	8.75		2	3	2	3							Done early at 3:00am 3 hrs work, if later 4 hrs of work
	Womens	7	1.25	8.75		3	3		3							Done early at 3:00am 3 hrs work, if later 4 hrs of work
	Laundry	7	0.5	3.5			1			2	2	Yes	Yes			Done early at 3:00am 3 hrs work, if later 4 hrs of work
PUD	unisex	1	0.25	0.25		1	1								Yes	
PUD office		1	0.25	0.25									Yes		Yes	
			total	70.25	Hours											

To be Added																
West End Restroom	Mens	7	1	7		1	1	1								Start 5/2021 Heavy Yard and Trail Use
	Womens	7	1	7		2	1									Start 5/2021 Heavy Yard and Trail Use
Sea J/Commercial Restroom	Mens	7	0.75	5.25		1	1	1								Remodel Start 6/2021 Heavy Use -
	Womens	7	0.75	5.25		2	1									Remodel Start 6/2021 Heavy Use-
Quilcene	Mens	0.25	4	1		1	1	1	1							Start 5/2021
	Womens	0.25	4	1		2	1		1							Start 5/2021
Skookum	Unisex	0	0	0		3	3									Future Consideration
			total	26.5												

				96.75	Hours
Current Staff Assigned	Rick	40	hours		
	Nathan	16	hours		
Consider Adding a New Staff	New	40	hours		
	Total	96	hours		

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	April 28, 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	VIII.A. Updating Resolution Delegating Administrative Powers and Duties to the Executive Director and Designees
STAFF LEAD	Mike Love, Director of Capital Projects and Port Engineer
REQUESTED	<input checked="" type="checkbox"/> Information <input checked="" type="checkbox"/> Motion/Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	1. Staff Informational Memo 2. Draft updated delegation of authority resolution

PORT OF PORT TOWNSEND

AGENDA MEMO

DATE: 4/28/2021
TO: Commission
FROM: Eron Berg, Executive Director
SUBJECT: Delegation Resolution

ISSUES

1. Should the Commission adopt the attached and updated delegation of authority resolution?

BACKGROUND

The Commission adopted a fundamentally new delegation of authority resolution in January. With a few months of using and working with that delegation, we have several minor recommended changes, the addition of an omission and the addition of clear authority to execute non-disclosure agreements.

DISCUSSION

A redline of the current delegation with minor modifications is attached. More substantive changes include: the addition of (1) XVII which clearly allows the Executive Director to enter into non-disclosure agreements (NDAs), and (2) XVIII which was included in prior delegations but inadvertently omitted when we updated in January and which allows the Executive Director to promulgate rules and procedures.

NDAs are an important tool when the Port is evaluating possible tenants and working with businesses in our broader economic development role. This language is the recommended language from the Port's general counsel as is the actual non-disclosure agreement format we would like to use.

FISCAL IMPACT

None identified herein.

ATTACHMENTS

1. Draft updated delegation of authority resolution

RECOMMENDATIONS

1. Motion to adopt Resolution 745-21 delegating administrative powers and duties to the executive director.

RESOLUTION NO. 745-21

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF PORT TOWNSEND
DELEGATING ADMINISTRATIVE POWERS AND DUTIES TO THE EXECUTIVE DIRECTOR AND
DESIGNEES, REPEALING ALL PRIOR RESOLUTIONS DEALING WITH THE SAME SUBJECT MATTER.
(SUPERSEDING RESOLUTION NO. 743-21)**

WHEREAS, RCW 53.12.270 authorizes the Commission to delegate administrative powers and duties to the Executive Director, and

WHEREAS, the Commission of the Port of Port Townsend has in the past adopted policy directives delegating administrative powers and duties to the Executive Director and designees for the purpose of expeditious administration of the Port, and

WHEREAS, the Commission has from time to time found it necessary to amend and revise such directives due to changes in law and/or operations of the Port, and

WHEREAS, the Commission now wishes to provide an updated master policy directive on the delegated administrative powers and duties of the Executive Director and designees and to repeal all prior resolutions dealing with the same subject matter;

NOW, THEREFORE, BE IT RESOLVED by the Port Commission of the Port of Port Townsend as follows:

Section 1. The master policy directive of the Commission of the Port of Port Townsend as set forth herein, is adopted for the purpose of establishing the delegated administrative powers and duties of the Executive Director and designees. This policy directive will remain in effect until January 31, 2022, unless it is extended prior to that date.

Section 2. All portions of resolutions heretofore approved by the Commission pertaining to the subject matters contained in this resolution are hereby repealed.

Section 3. The Revised Code of Washington 53.08.090 authorizes the Commission to delegate by resolution to the Executive Director the authority to sell and convey Port personal property.

Section 4. The Port Commission hereby delegates to the Executive Director the authority to undertake the management operations of the Port.

Section 5. The following policy directive on the delegated administrative powers and duties of the Executive Director is hereby adopted.

I. PREAMBLE

A. The following policy is adopted by the Commission of the Port of Port Townsend for the purpose of establishing the administrative powers and duties of the Executive Director who is responsible for Port operations. The Executive Director may delegate to Port personnel such

administrative authority or reporting requirements herein established as is necessary and advisable in the efficient exercise of the Executive Director's powers and duties.

B. This policy sets forth specific delegations of power and duties from the Commission to the Executive Director. This policy shall not be interpreted to limit the duties or responsibilities of the Executive Director as those duties are determined from time-to-time by the Commission. In case of absence, the Executive Director may designate one or more senior Port staff to act in the place of the Executive Director with regard to the powers and duties herein. Subject to the limits within this delegation, the responsibility for all administration and Port operations of the Port rests with the Executive Director.

C. To implement delegations of authority to Port personnel, the Executive Director shall promulgate policy and procedural manuals, rules and procedures, monetary and budgetary directives and other such documents as personnel position descriptions, affirmative action plans, safety manuals, etc. which shall provide a clear span of authority and responsibility to the designees of the Executive Director.

D. Any Commission directives or initiatives shall be made through the Executive Director and shall be made only by the Commission acting as a body of the whole. Those directives include, but are not limited to, the separately adopted rate schedules, financial guidelines, promotional hosting policy, and standard lease policy.

E. The phrase "administration and Port operations", as used herein, means the regular day-to-day business of the Port, including but not limited to, operating, maintaining, and administering all of its properties, leasehold properties, facilities services and programs; including the implementation of construction work, alterations, repairs, maintenance, and improvements of the Port's real estate and physical facilities; and, the necessary planning incidental thereto; the conduct of financial accounting and legal matters as they relate to the Port's operation; the administration of all other operations which include personnel administration (i.e., hiring, firing, salary and benefits, training, grievance procedures, task and project assignments, employee training and incentive programs, etc.); the execution and administration of contracts; publishing legal notices; moorage agreements, and, all other pertinent functions.

F. The Executive Director shall inform the Commission regarding significant information, incidents, and business transactions by methods agreeable to the Commission. The Executive Director shall report to the Commission those actions as within this delegation. The Executive Director is the managing official of the Port, appointed by the Commission, and holds office as their representative. Nothing herein should be construed in any way as abrogating the duties and responsibilities of the Commission.

II. POLICY GOVERNING REAL PROPERTY

A. Lease Arrangements: All real property when available for lease shall, except as otherwise provided herein below, be leased only under an appropriately written lease instrument, approved by the Commission, and accompanied by a lease bond or other form of security in accordance with the law and the Port's Lease Policy. However, the Executive Director may execute short-term leases (terms of one year or less) subject to all of the following conditions:

1. The appropriate lease surety must be in place consistent with statutory requirements and the Port's standard form of lease, with the exception of State and

Federal leases that require the use of the tenant's lease form as long as the content of the lease form does not materially change the Port's intent in its standard lease form.

2. The arrangements for short-term occupancy shall be evidenced by the Port's standard form of lease (except that any clearly inapplicable provision or provisions inconsistent with the policy herein set out shall be deleted from the standard form).

3. The amount of the rental shall be in accordance with the rental revenue standards adopted by the Commission for similar Port property of the same or similar class and type and devoted to similar uses.

4. The use to which the property may be put by the tenant shall be expressly stated and shall be in accordance with the standards of use adopted by the Commission for the same or similar Port property or properties.

5. The lease may not be renewed or otherwise extended beyond five years without Commission approval.

B. Sublease Procedures: Leases, licenses, operating agreements, and related contracts between the Port and its tenants, licensees, and other parties shall include restrictions on the subleasing and require at a minimum the prior written consent of the Port to such subleases. Subject to the provisions of the lease or agreement, the Executive Director is authorized to grant consents to subleases, which for the purposes hereof shall include sub-operating agreements and sub-licensee agreements.

C. Other Lease Documents: The Executive Director is authorized to execute the following property instruments, subject to the terms specified herein:

1. Temporary and permanent easements for purposes of utility installation and maintenance, access, rights of entry and signage only.

2. Business Licenses and Licenses to Operate.

3. Aquatic land leases with the Washington State Department of Natural Resources to accommodate leasehold property leases consistent with the Port Management Agreement.

4. Binding site plans and short plats consistent with Port master plans in order to activate leasehold interests.

5. Changes in name of responsible party to the lease if all other conditions, including primary ownership, remain the same.

6. Lease assignments for purposes of collateral, including Waiver of Landlord Lien Agreements.

7. Lease assignments for purposes of a single condominium unit conveyance (change of ownership) where there is an established condominium association as the Lessee.

8. Response to estoppels and attornments.

9. Estoppel and attornment agreements.

10. Use Permits.

11. Rental and Storage Agreements.

~~D. Lease Renewals: The Executive Director is authorized to renew leases for terms that are five years or less provided such renewals are provided for in the basic lease; all other~~

~~substantive terms of the lease remain unchanged; rental adjustments provided for in the lease are made; and, the lease is in good standing.~~

E.D. Lease Enforcement and Lease Terminations: The Executive Director is authorized to enforce all terms and conditions of Port leases. The Executive Director is authorized to issue all appropriate notices of default and/or notices of termination with regard to Port leases. The Executive Director is authorized to terminate any lease under the terms and conditions therein. Upon termination, the Executive Director is authorized to take all steps necessary to retake possession of the leasehold and recover for the Port all sums due the Port pursuant to the lease and the law. The Executive Director shall keep the Commission informed with respect to lessees that are issued default notices or termination notices.

III. POLICY GOVERNING CONTRACTS FOR PERFORMANCE OF PUBLIC WORK

A. **Public Work Contract Awards:** The Executive Director shall have the responsibility for following all required statutory procedures in connection with all public work contracts. The Executive Director is authorized to carry out all procedures required by applicable statutes preliminary to the acts required to be performed by the Commission at an open meeting. The Executive Director may, without prior Commission approval, execute on behalf of the Port public work contracts for \$300,000 or less, so long as the expenditure is within the limits of overall budgetary authority. In addition, the Executive Director may, without prior Commission approval, execute on behalf of the Port, public work contracts for public work identified in a specific budgetary line item and where the contract price and all other charges do not exceed the amount authorized in that specific budgetary line item.

B. **Emergency Public Work Contracts:** When any emergency shall require the immediate execution of a public work contract, the Executive Director, pursuant to the procedures of RCW 39.04.020 (and as amended), is authorized to make a finding of the existence of such emergency and execute any public work contract necessary to respond to the existing emergency, provided that the Executive Director shall, at the first Commission meeting following the Executive Director's finding of the existence of an emergency, request Port Commission ratification of the finding of an emergency and any contract awarded or executed pursuant to this authority. From the inception of any such emergency, the Executive Director shall continuously advise the Commission of the status of the emergency situation and the progress of any such public work contracts executed to remedy the emergency. Emergency public work contracts executed pursuant to the authority herein shall contain a clause which states that the contract is subject to ratification by the Commission and that if ratification does not follow, the contract shall terminate, and the Contractor shall be compensated for his work and materials used to the time of termination.

C. **Change Orders:** In the instances where public work contracts have been awarded and under which the work is in progress and individual changes in plans and/or specifications are necessitated in order to properly accomplish the work, the Executive Director is authorized, without prior Commission approval, to execute individual change orders to the contract if the following conditions are met:

1. The estimated cost of the aggregate changes in plans and/or specifications and all other charges will not exceed the specific budgetary line item, or, in cases requiring Commission approval for public works contracts, the authorized amount.
2. The contract provides for issuance of change orders.

IV. POLICY GOVERNING CONTRACTS FOR ACQUISITION OF MATERIALS, EQUIPMENT, SUPPLIES and SERVICES

A. Items Acquired for Normal Maintenance and Operation in the Open Market: The Executive Director shall have the responsibility for following all required statutory procedures, where applicable, in connection with all contracts for the acquisition of utilities, materials, equipment, supplies, and services provided; however, where utilities, materials, equipment, supplies, and services are acquired on the open market or pursuant to published tariffs and used or are necessary in normal maintenance and operations of the Port, no prior approval shall be required but shall, where appropriate, be approved or ratified as a part of the normal warrant process, and further, provided that in all cases where a statutory requirement exists for award of contracts following competitive bidding.

B. Budgeted Acquisitions or Acquisitions of \$100,000, or less: The Executive Director may, without prior Commission approval, execute on behalf of the Port, contracts for materials, equipment and supplies (where the acquisition does not meet the criteria of Section A above) for \$100,000 or less so long as the expenditure is within the limits of overall budgetary constraints. In addition, the Executive Director may, without prior Commission approval, execute on behalf of the Port contracts for materials, equipment, supplies, and services identified in a specific budgetary line item and where the contract price does not exceed the amount authorized in that specific budgetary line item by ten percent (10%).

1. Budgeted Acquisitions of \$25,000 or less: The Executive Director may delegate Director-level Staff the authority to execute on behalf of the Port, contracts for acquisitions identified in a specific budgetary line item where the contract price and all other charges do not exceed \$25,000.

C. Emergency Contracts for Acquisition of Materials, Equipment, Supplies, and Services: When an emergency requires the immediate acquisition of materials, equipment, supplies, and services, the Executive Director is authorized to make a finding of the existence of such emergency and execute any contract for acquisition of materials, equipment, supplies, and services (subject to the Port of Port Townsend's Purchasing Procedures) necessary to respond to the existing emergency, provided that the Executive Director shall, at the first Commission meeting following the Executive Director's finding of the existence of an emergency, request Port Commission ratification of the finding of an emergency and any contract awarded or executed pursuant to this authority. From the inception of any such emergency, the Executive Director shall continuously advise the Commission of the status of the emergency situation and the progress of any contracts executed to remedy the emergency. Emergency acquisition contracts executed pursuant to the authority herein shall contain a clause which states that the contract is subject to ratification by the Commission and that if ratification does not follow, the contract shall terminate, and the Contractor shall be compensated for his work and materials used to the time of termination.

V. POLICY GOVERNING ADJUSTMENT AND SETTLEMENT OF CLAIMS AND PENALTIES EXCEPTING THOSE COVERED BY PARAGRAPH XIV BELOW:

A. Procedure for Settling Claims: The Executive Director shall be responsible for the implementation of necessary procedures for the settlement of all claims, either against or on behalf of the Port. Procedures in the handling of such claims shall, at a minimum, include the following:

1. For purpose of this Paragraph V, “claim” shall mean the assertion of any position, penalty, right or responsibility by or against the Port, its Commissioners or employees, but not including uncollectible accounts only to the extent as covered in Paragraph X herein.

2. No claims against the Port shall be considered unless and until proper written notice has been provided to the Port.

3. All claims for or against the Port may be processed in all respects (except for their final approval and payment) by the Executive Director or Legal Counsel.

4. Except as provided under Section B below, no claims shall be finally approved for settlement except by the Commission and no claim shall be paid except as authorized by the Commission.

B. Executive Director’s Authority to Settle Claims: The Executive Director may settle claims against the Port or claims asserted by the Port arising from operations for an amount not exceeding \$5,000. All claims when settled shall be reported to the Commission.

VI. POLICY GOVERNING ARRANGEMENTS FOR PROFESSIONAL AND CONSULTANT SERVICES

A. Procedure: The Executive Director shall be responsible for the Port’s compliance with RCW 53.19 and the initiation of appropriate procedures to obtain professional services specified RCW 39.80 (i.e., architectural, engineering, landscape architects and land surveyors) where deemed necessary in carrying out Port operations.

B. Executive Director’s Authority: When necessary in the conduct of Port operations, the Executive Director may, without prior Commission approval, execute on behalf of the Port, contracts for professional and consultant services for \$50,000 or less so long as the expenditure is within the limits of overall budgetary constraints and in compliance with state law.

VII. POLICY GOVERNING TRAVEL OF EMPLOYEES AND OTHER AUTHORIZED REPRESENTATIVES OF THE PORT

A. Executive Director’s Authority: The Executive Director is authorized to approve travel within the State of Washington by employees and/or other authorized representatives of the Port in order to effectuate necessary Port operations, provided that the travel expenses are within the annual budget approved by the Commission. The Commission shall approve all requests for and prior to any travel outside the State of Washington by employees and/or other authorized representatives of the Port.

VIII. POLICY GOVERNING STAFF AND EMPLOYEE ADMINISTRATION

A. Executive Director’s Authority: The Executive Director shall have the authority to manage all personnel matters for Port employees and staff which includes hiring, firing, training, grievance procedures, managing collective bargaining agreements, including letters of agreement, employee salaries and benefits. The Executive Director shall carry out these responsibilities according to guidelines and policies to be established by the Executive Director and within overall budgetary constraints. The Commission shall approve any collective bargaining agreements and amendments thereto.

IX. POLICY GOVERNING EXECUTIVE DIRECTOR'S AUTHORITY FOR PROPERTY ACQUISITIONS AND SALES

A. Authority of the Executive Director for Acquisitions Authorized by the Commission: When the Port Commission authorizes the acquisition of real property by purchase or condemnation, the Executive Director shall take all necessary steps, including the securing of appraisals, to secure title of such property for the Port. Acquisition price of individual properties (or ownerships) shall in no case exceed the Port's appraisal by 10% (ten percent), nor shall the total price paid for all properties exceed the estimates of the Port Commission's authorization without further specific Commission authorization.

B. Execution of Documents of Sale: The sale of real property is reserved to specific Commission authorization. When the Commission authorizes the sale of real property, the Executive Director shall take all necessary steps to complete the transaction, including but not limited to, accepting deposits, opening escrow and signing all necessary documents.

X. POLICY GOVERNING DISPOSITION OF UNCOLLECTIBLE ACCOUNTS

A. Definition of "Write-off": The term "write-off" means the adjustment of the accounting records of the Port to reflect the fact that the account is uncollectible in the normal course of operations. The Executive Director may authorize Legal Counsel to initiate or continue with legal action to collect an account without regard to whether the account has been written off the accounting records of the Port.

B. Procedures: The Executive Director is authorized to establish procedures for and to write off any uncollectible account in the amount of .05% of annual operating revenues of the last complete fiscal year or less subject to the following general guidelines:

1. Prior to writing off any account receivable or uncollectible, the Executive Director shall be satisfied that every reasonable effort has been made by the Port to accomplish the collection of the account.
2. Any account in excess of .05% of annual operating revenues of the last complete fiscal year which is deemed to be uncollectible shall be referred to the Port Commission for final write-off.

XI. POLICY GOVERNING LEASE SURETY, SURETY BONDS, RENTAL DEPOSITS, AND INSURANCE POLICIES

A. Authority of the Executive Director: The Executive Director or his designee is authorized to take all necessary actions on behalf of the Commission in connection with lease surety, lease surety bonds, assignments of accounts, rental deposits, or insurance coverage required pursuant to any leases of the Port, including any of the following actions:

1. Where the lease is not in default, to release any surety, surety bond, or rental deposit where an adequate substitute surety or rental deposit has been provided.
2. To approve any surety, surety bond, rental deposit, certificate of insurance, or insurance policies submitted in fulfillment of the requirements of any lease, including substitute or replacement coverage for any terminated bond, surety, or rental insurance.
3. To approve any substitute or modification of surety or insurance coverage, and to release any surety or insurance company when substitute or replacement insurance coverage has been provided in connection with any outstanding lease of the Port.

XII. POLICY GOVERNING SALE OF PERSONAL PROPERTY

A. Sale of Property Pursuant to RCW 53.08.090: The Executive Director or his designee is authorized, pursuant to RCW 53.08.090, to sell and convey surplus personal property of the Port subject to the following conditions:

1. that the market value of such personal property does not exceed \$10,000; and
2. that prior to any such sale or conveyance, the Executive Director shall itemize and list the property to be sold and make written certification to the Commission that the listed property is no longer needed for Port purposes; and
3. that offers for purchase are solicited from at least three (3) parties whenever possible; and
4. that any large block of such property having a value in excess of \$10,000 shall not be divided into components of a lesser value and sold unless done so by public competitive bid; and
5. that no property which is part of the comprehensive plan of improvement or modification thereof shall be disposed of until the comprehensive plan has been modified pursuant to RCW 53.20.010 and until such property is found to be surplus to Port needs; and
6. that in no case shall surplus personal property be sold to any Port official or employee or members of their families without the specific approval of the Commission.

XIII. LITIGATION

A. Management and Supervision of Litigation: The Executive Director and the Port's Legal Counsel (appointed by the Commission) shall be responsible for the procedures necessary for management and supervision of all litigation in which the Port has an interest, direct or indirect. For purposes of this section, "litigation" shall mean the assertion or potential assertion of any position, right or responsibility by or against the Port, including actions which have been filed in any court or any quasi-judicial or administrative forum.

B. Special Legal Services: The Executive Director, on consultation with the Port's Legal Counsel, is authorized to retain other such special counsel at fees as may be negotiated to assist in the handling of any claims, litigation, or other matters necessary to attend to the legal affairs of the Port, within overall budgetary constraints.

C. Engagement of Experts: The Executive Director may engage or cause to be engaged through Legal Counsel, such experts as may be necessary for the orderly support of claims or litigation in which the Port has a direct or indirect interest. Such engagement shall be upon authorization given by Legal Counsel after having been satisfied that such expenditure is necessary to the adequate preparation and representation of the Port's position in such litigation or claim and shall, wherever practicable, include evaluation of the litigation or claim and an estimate of the probable cost of such experts.

D. Consultation with Commission: The Executive Director will, in conjunction with the Port's Legal Counsel, consult with the Commission regarding strategy and the economic impact of litigation.

XIV. POLICY GOVERNING INTERLOCAL AGREEMENTS FOR USE OF PORT PROPERTY FOR TRAINING PURPOSES AND EVENT SITE USE AGREEMENTS FOR ~~ONE-DAY~~ EVENTS

A. Executive Director's Authority: The Executive Director is authorized to execute agreements with other public agencies for purposes of conducting training exercises related to police, fire and public health and safety issues.

B. Executive Director's Authority: The Executive Director is authorized to execute event and site use agreements with organizations for ~~one-day~~ events conducted by the organizations on Port property.

XV. POLICY GOVERNING APPLICATION AND ACCEPTANCE OF GRANTS

A. Authority of the Executive Director: The Executive Director or his designee is authorized to take all necessary actions on behalf of the Commission to prepare and submit applications for grants and State or Federal Legislative appropriations. The Executive Director shall notify the Commission of the amount and purpose of all grant applications and upon request shall provide copies of such applications.

B. Acceptance of Grants: The Executive Director shall consult with the Commission prior to accepting or appropriating any grant awarded to the Port, and shall ~~prepare a budget amendment for obtain~~ Commission approval to accept and appropriate any grant funding or expenditure which was not specifically identified in the approved annual budget.

XVI. POLICY GOVERNING PERMIT APPLICATIONS AND NOTICES OF INTENT

A. Executive Director's Authority: The Executive Director is authorized to take all necessary actions to prepare and submit applications and notices of intent for coverage under state, local and federal regulatory permits including but not limited to, National Pollution Discharge Elimination System (NPDES) permits, Joint Aquatic Resources Permit Application (JARPA), and Hydraulic Project Approval (HPA) permits.

XVII. POLICY GOVERNING AUTHORITY TO ENTER INTO NON-DISCLOSURE AGREEMENTS

A. Authority of the Executive Director: The Executive Director is authorized to enter into non-disclosure agreements on behalf of the Port of Port Townsend, provided that the non-disclosure agreement is first reviewed by legal counsel to ensure compliance with applicable law, including laws relating to public records and open public meetings.

XVIII. POLICY GOVERNING PROMULGATION OF ADMINISTRATIVE RULES AND REGULATIONS

A. Authority of the Executive Director: The Executive Director is authorized to adopt administrative rules, regulations and procedures necessary (hereinafter "rules and regulations") for the efficient operation of the Port so long as such rules and regulations are reported to the Commission and are consistent with Commission policy. All amendments to the rules and regulations established therein may hereafter be made by the Executive Director, so long as such amendments do not exceed the authority of the Executive Director, as granted elsewhere herein, and are reported to the Commission in a timely manner.

ADOPTED by the Board of Commissioners of the Port of Port Townsend this 28th day of April 2021, and duly authenticated in open session by signatures of the Commissioners voting in favor thereof and the seal of the Commission duly affixed.

ATTEST:

William W. Putney, III, Secretary

Peter W. Hanke, President

Pamela A. Petranek, Vice President

APPROVED AS TO FORM:

Port Attorney

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	April 28, 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	VIII.B. Yard Stormwater Update
STAFF LEAD	Executive Staff
REQUESTED	<input type="checkbox"/> Information <input checked="" type="checkbox"/> Motion/Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	<i>No materials</i>

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

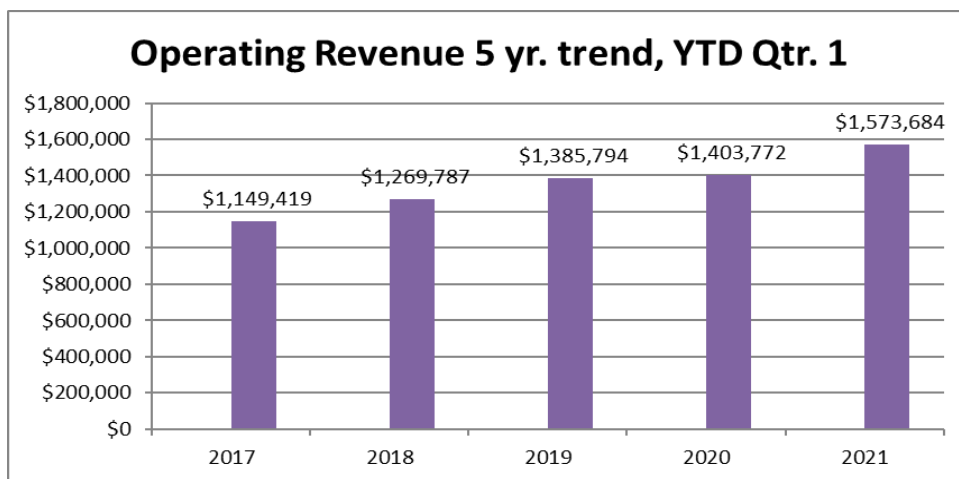
MEETING DATE	April 28, 2021
AGENDA ITEM	<input type="checkbox"/> Consent <input type="checkbox"/> 1 st Reading <input type="checkbox"/> 2 nd Reading <input checked="" type="checkbox"/> Regular Business <input type="checkbox"/> Informational
AGENDA TITLE	VIII.C. March Year-to-date Financials (late addition)
STAFF LEAD	Abigail Berg, Director of Finance
REQUESTED	<input checked="" type="checkbox"/> Information <input type="checkbox"/> Motion/Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	1. Staff Informational Memo 2. March Year-to-date Financials Report

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 4/28/2021
TO: Commission
FROM: Abigail Berg, Director of Finance & Administration
SUBJECT: March YTD (Qtr.1) 2021 Financial Report

Highlights of year-to-date operating revenue performance:

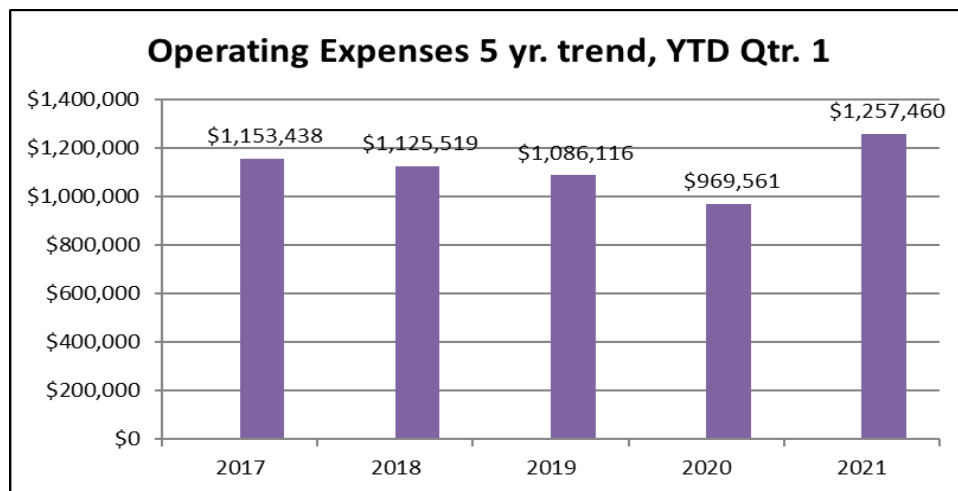


Increases in Operating Revenues in the last 5 years are:

- 2017-2018 \$120,369 10.5%
- 2018-2019 \$116,007 9.1%
- 2019-2020 \$17,978 1.3%
- 2020-2021 \$121,139 12.1%

These year-to-year increases average out to 8.3%, though the increase from 2017 to 2021 is 37%. It will be interesting to see how this percentage changes as the year unfolds. Yard Operations leads the pack with a 20% increase with Point Hudson coming in next at 11% and Boat Haven Properties at 10%. Ramps show a 46% reduction year to year and a Boat Haven Marina shows a 3% reduction. Notes elaborating on these year-to-year YTD variances follow the financial statement attached. Overall, we are ahead of budget by 11%, or \$161,559.

Highlights of year-to-year operating expenses activity:



Changes in Operating Expenses in the last 5 years are:

- 2017-2018 (\$27,919) -2.4%
- 2018-2019 (\$39,403) -3.5%
- 2019-2020 (\$116,555) -10.7%
- 2020-2021 \$287,899 29.7%

These year-to-year increases average out to a 3.3% increase over the 5-year period and the increase from 2017 to 2021 is 9%. The year-to-year numbers should not be given too much meaning since we are still early in the year. The higher year-to-year variances from 2019 to 2020 and 2020 to 2021 are mostly related to the gradual shift to Cash Basis reporting, specifically:

- **2019 - 2020** Some of this variance is from moving to Cash Basis reporting and gaining a more comprehensive understanding of that conversion as the year progressed. We had not gotten the timing of payroll recognition consistently set yet, so March 31, 2020 payroll was paid and recognized in April. In addition, there were legal costs incurred for SMA litigation in 2019 (approximately \$25,000) that did not exist in 2020, and Electricity bills in 2020 were less because 2019 was colder and more electricity was used.
- **2020 - 2021** The impact of the March 31, 2020 payroll not being recognized in March makes the personnel costs appear higher in 2021; this corrects itself in April. The March 31, 2020 payroll was approximately \$91,000. The Benefits also self-correct in April with the timing of payment in 2020. Other year-to-year increases are due to the addition of a Director of Capital Projects/Engineer, as well as increased spending in Legal/Auditing, Environmental Materials/Supplies, Repair & Maintenance, Bank Charges, Utilities and Membership Dues.

Accounts Payable

Any outstanding checks are already accounted for when reporting on a cash basis (unencumbered cash). However, a final outstanding payment to Scarsella Brothers (estimated at \$611,526) for the overlay work completed in the autumn of 2020 remains unpaid. Payment of this outstanding amount, or

reduction and payment, has not yet been definitively resolved, and remains the subject of ongoing discussions between the Port and the FAA, Scarsella Brothers, and Reid Middleton.

Long Term Liabilities – Bond debt

Total outstanding bond debt as of 3/31/2021 is as follows:

• 2010 LTGO Bond	term ends December 1, 2029	\$4,296,475
• 2015 LTGO Bond	term ends July 1, 2025	<u>2,707,975</u>
	Total outstanding bond debt	<u>\$7,004,450</u>

Debt service for 2021:

• 2010 LTGO Bond	June 1, 2021	\$ 87,718.75
• 2015 LTGO Bond	July 1, 2021	512,725.00
• 2010 LTGO Bond	December 1, 2021	397,718.75
• 2015 LTGO Bond	December 31, 2021	<u>30,600.00</u>
	Total 2021 debt service	<u>\$1,028,762.50</u>

2021 YTD Capital Project Expenses

JCIA Runway Rehabilitation	\$ 1,649
Point Hudson Jetties	18,370
D-Dock Renovation	7,114
BH Breakwater Repair	9,343
Yard Stormwater Pump Replacement	7,044
Quilcene Dock Repair*	1,555
Yard – Electrical Vault install	15,385
Nomura Bldg. Remodel	<u>26,680</u>
Total Capital Expenses YTD	<u>\$ 87,140</u>

**This will be removed next month since the project was delayed until the Quilcene Planning Process results have been evaluated and next actions are determined.*

2021 Capital Purchase

Pape 50G Compact Excavator	\$ 76,898
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Ending Cash Balances as of March 31	2021	2020
Reserved Cash & Investments - Other	\$ 1,847,700	\$ 1,500,401
Reserved Cash & Investments – IDD	866,322	\$ 109,185
Unreserved Cash & Investments	<u>2,029,123</u>	<u>\$ 2,135,681</u>
Total Cash & Investments	<u>\$ 4,743,144</u>	<u>\$ 3,745,268</u>

DISCUSSION

As requested by Commission.

FISCAL IMPACT

NA

RECOMMENDATIONS

For discussion only.

Port of Port Townsend
2021 Summary of Fund Resources & Uses with Comparison to Prior Year and Budget

	YTD Mar. 2020	YTD Mar. 2021	Variance to prior year - 2020 v 2021	notes	YTD Budget 2021	Variance to Budget YTD
REVENUES						
Boat Haven Moorage	443,080	434,283	(8,797)	a, b	445,203	(10,920)
Yard Operations	415,285	549,805	134,520	a, c	413,218	136,587
Boat Haven Properties	176,752	194,587	17,835	a	185,861	8,726
Pt. Hudson Marina, RV & Prop	281,900	313,801	31,901	a, d	285,439	28,362
Quilcene	36,655	37,667	1,012		33,099	4,568
Ramps	11,282	6,125	(5,157)	e	10,635	(4,510)
JCIA	38,818	37,416	(1,402)		38,670	(1,254)
Total Revenues	1,403,771	1,573,684	169,912	f	1,412,125	161,559
EXPENSES						
Salaries & Wages	439,934	555,851	115,917	g	558,230	(2,378)
Payroll Taxes	46,860	57,567	10,707	g	58,541	(974)
Employee Benefits	132,356	203,586	71,230	h	211,322	(7,736)
Uniform Expense	3,719	2,542	(1,177)		2,391	151
Contract Services	73,037	64,592	(8,444)		75,398	(10,806)
Legal & Auditing	4,776	43,689	38,914	i	25,610	18,079
Insurance	228	-	(228)		-	-
Facilities & Operations	100,921	168,447	67,527	j	110,076	58,371
Utilities	145,241	150,274	5,033		166,441	(16,167)
Marketing	10,134	6,405	(3,729)		8,513	(2,108)
Travel & Training	3,825	659	(3,166)		2,122	(1,463)
Cost of Goods - Fuel	2,035	-	(2,035)		-	-
Community Relations	6,496	3,847	(2,649)		-	3,847
Total Expenses	969,561	1,257,460	287,899	k	1,218,643	38,817
Net Operating Income (Loss)	434,210	316,224	(117,987)		193,482	122,742
Other Increases in Fund Resources						
Deposits & Retainage Collected	33,117	18,624	(14,493)		18,503	121
Taxes Collected	142,754	160,693	17,940		145,747	14,946
Capital Contributions/Grants	69,836	-	(69,836)		-	-
Interest	5,745	17,291	11,545	l	17,400	(109)
Property & other taxes	254,898	358,909	104,011		324,455	34,454
Misc Other Incr. in Fund Resources	3,473	2,772	(702)	m	4,005	(1,233)
Total Other Incr. in Fund Resources	509,823	558,288	48,465		510,110	48,178
Other Decr. In Fund Resources						
Deposits & Retainage Paid	1,883	5,646	3,763		3,023	2,623
Taxes Remitted	-	139,069	139,069	n	138,441	628
Debt Principal & Interest	-	251,565	251,565	o	-	251,565
Debt Mgmt, Issuance & Misc Exp	150	9,341	9,191		370	8,971
Election Expense	-	-	-		-	-
Total Non-Operating Expenses	2,033	405,621	403,589		141,834	263,787
Net Non-Operating Income/Expense	507,790	152,667	(355,124)		368,276	(215,609)
Net Income/(Expense)	942,001	468,890	(473,110)	p	561,758	(92,867)

Notes:

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(d) *Point Hudson Revenues increased from 2020 by about \$32,000, or 11%, and is more than budget YTD by about \$28,000. The largest part of the year to year increase is from the RV Park, both Nightly and Monthly, which together increased by \$21,400, and the bulk of the increase is primarily from Permanent Moorage. Property Utility Reimbursement revenues are still lower than 2020 by \$4,202. This is largely due to use reductions related to closed or severely limited business use in Jan. -Mar. 2021 due to the pandemic and the slow re-opening of businesses. The report shows a year to year reduction in Reservations Fees of \$2,631, but this is due to Molo allocating those reservation fees to future dates based on the date of the reservation. This improved from the YTD Feb. variance by \$1,172. YTD March, the actual Reservation Fee revenues in 2021 are \$6,952.*

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(f) *Operating Revenues overall increased by 12%, or \$169,912, when compared to 2020 and were 11% higher than budgeted for YTD this month.*

(g) *The variance year to year for Salaries/Wages of \$115,917 is actually \$24,314. The \$91,603 is a timing difference with last year's March 31 payroll that was mistakenly recorded in April, not March which also impacts payroll taxes paid. This will auto-correct with the April YTD report. This line item is in alignment with budget YTD.*

(h) *Due to the timing of benefit payments in 2020, there's a variance of \$71,230. This corrects itself in April. Benefits are just under budget to-date.*

(i) *The large increase in Legal & Auditing Expense this year when compared to 2020 is in part due to the final billing of the 2018 & 2019 Financial Statement and Accountability audits for approximately \$14,000 and partly due to increased Legal in 2021 due to a now resolved litigation issue. This amount is more than budgeted.*

(j) *2021 costs were higher for Facilities & Operations when compared to 2020 by \$67,527 and \$58,371 more than Budget. There were several increases and decreases in various line items, but the highest variances year to year are \$36,151 more in Enviro Materials/Supplies, \$18,160 in Maintenance/Repair and around \$5,000 each increase in Computer Supplies, Bank Charges and Membership Dues expenses.*

(k) Operating Expenses increased by \$287,899, or 30%, when compared to 2020 and are more than budget by \$38,817, or 3%. As already mentioned, some of this increase is due to changes in reporting (GAAP to Cash) and some are due to increased spending in other areas.

(l) The variance between 2020 and 2021 for Interest revenue is primarily related to timing of the receipt of the 2010 LTGO (Bond Build America Bond) rebate submitted to the IRS semi-annually. This is off-set somewhat by the large reduction in interest received on investments in 2021.

(l) The Taxes Remitted line item was added in the May 2020 report as a Cash Basis line item.

(m) In January 2021, we paid off and closed out the 2020 Line of Credit.

(m) Overall, the difference between 2020 and 2021 for Net Income/(Expense) is due to the FAA Grant proceeds in 2020 of almost \$70,000, the pay-off of the 2020 Line of Credit in Jan. 2021 for \$251,565, and the addition of the Taxes Remitted line item in May 2020 (the 2021 YTD is \$139,069). When those three items are adjusted for, the variance between 2020 and 2021 becomes a decrease from 2020 of \$8,257.

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	April 28, 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	Eron Berg, Executive Director
REQUESTED	<input checked="" type="checkbox"/> Information <input type="checkbox"/> Motion/Action <input type="checkbox"/> Discussion
ATTACHMENTS	<ol style="list-style-type: none"> 1. Commission Contracts Update 2. Detailed March Year-to-date Financials (late addition)

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: April 22, 2021

TO: Commissioners

FROM: Sue Nelson, Lease & Contracts Administrator

CC: Eron Berg, Executive Director

SUBJECT: **April 28, 2021 Commission Meeting** – Commission Update: New/Amended Contracts Under \$50,000, Approved by Executive Director Eron Berg, per Delegation of Authority Resolution No. 743-21

Name	Dates	Description	Amount – Not to Exceed:
TETRA TECH	4/12/21-until completed	Investigation of Local Pyrolysis System for Jeff Co.	\$49,975.00
JEANNIE MCMACKEN CREATIVE MARKETING	4/1/21-9/30/21	Consultant for Quilcene facility planning process	\$12,000.00

Port of Port Townsend
2021 Summary of Fund Resources & Uses with Comparison to Prior Year and Budget

	YTD Mar. 2020	YTD Mar. 2021	Variance to prior year - 2020 v 2021	notes	YTD Budget 2021	Variance to Budget YTD
REVENUES						
PTBH - Permanent Moorage	313,803	300,651	(13,152)		311,962	(11,311)
PTBH - Liveaboard Fee	5,771	5,262	(509)		5,876	(614)
PTBH - Liveaboard Background Check	-	60	60		-	60
PTBH - Work Float/Lift Pier Usage	966	2,427	1,461		1,236	1,191
PTBH - Monthly Guest	58,063	51,490	(6,573)		65,565	(14,075)
PTBH - Nightly Guest	29,872	34,563	4,691		21,613	12,950
PTBH - Electric	33,056	31,724	(1,332)		32,831	(1,107)
PTBH - Miscellaneous Revenue	3,615	4,750	1,135		3,252	1,498
PTBH - Showers	1,904	1,638	(265)		1,577	61
PTBH - Restroom Key Fobs	120	45	(75)		93	(48)
PTBH - Laundry	1,288	1,354	66		1,131	223
PTBH - Promotional Sales	48	44	(4)		67	(23)
PTBH - Port Labor	97	275	178		-	275
Reduction for Bad Debt Write-off	(5,523)	-	5,523		-	-
Boat Haven Moorage	443,080	434,283	(8,797)	a, b	445,203	(10,920)
Yard - 70/75 Ton Hoist Revenue	51,475	58,787	7,312		53,972	4,815
Yard - 70/75 Ton Yard Revenue	150,310	189,609	39,299		116,716	72,893
Yard - 70/75 Ton Yard Enviro Fee	13,785	18,903	5,118		10,452	8,451
Yard - 70/75 Ton Yard Electric	9,765	10,341	576		8,838	1,503
Yard - 70/75 Ton Yard Port Labor	-	1,003	1,003		200	803
Yard - 300 Ton Hoist Revenue	56,630	66,543	9,912		47,430	19,113
Yard - 300 Ton Yard Revenue	106,711	133,811	27,100		101,243	32,568
Yard - 300 Ton Yard Enviro Fee	4,110	3,025	(1,085)		6,742	(3,717)
Yard - 300 Ton Yard Electric	13,104	16,227	3,123		14,912	1,315
Yard - 300 Ton Yard Port Labor	1,065	794	(272)		1,101	(308)
Yard - L/T Storage	20,215	17,746	(2,470)		18,082	(336)
Yard - Blocking Rent	10,554	12,701	2,147		12,871	(170)
Yard - Off Port Property Tarp Fee	1,008	704	(304)		774	(70)
Yard - Washdown Revenue	16,643	17,271	628		16,151	1,120
Yard - Bilge Water Revenue	1,347	132	(1,215)		2,198	(2,066)
Yard - Liveaboard Fee	783	1,112	329		477	635
Yard - Enviro Violations & Clean up	2,210	1,100	(1,110)		759	341
Yard - Miscellaneous Revenue	(1,683)	-	1,683		300	(300)
Reduction for Bad Debt Write-off	(42,746)	-	42,746		-	-
Yard Operations	415,285	549,805	134,520	a, c	413,218	136,587
PTBH Prop - Lease Revenue	162,218	179,367	17,149		171,898	7,469
PTBH Prop - Fuel Dock Lease	3,134	2,815	(319)		3,228	(413)
PTBH Prop - Other Util, Wtr, Swr, Garbg	5,918	5,928	10		5,194	734
PTBH Prop - Stormwater Fees	3,105	2,425	(680)		2,745	(320)
PTBH Prop - Storage Unit Revenue	2,457	2,582	125		1,928	654
PTBH Prop - Electric	399	1,470	1,072		868	602
Reduction for Bad Debt Write-off	(479)	-	479		-	-
Boat Haven Properties	176,752	194,587	17,835	a	185,861	8,726
Pt Hudson - Permanent Moorage	31,840	39,236	7,397		33,516	5,720
Pt Hudson - Monthly Guest	49,902	51,062	1,160		55,816	(4,754)

Pt Hudson - Nightly Guest	8,935	10,708	1,773		7,386	3,322
City Pier & Union Wharf Usage	-	172	172		-	172
Pt Hudson - Monthly R.V.	29,319	37,035	7,716		30,291	6,744
Pt Hudson - Nightly R.V.	27,847	41,531	13,684		31,626	9,905
Pt Hudson - Kayak Racks	2,800	3,679	879		3,384	295
Pt Hudson - Electric	7,706	10,518	2,813		7,489	3,029
Pt Hudson - Reservation Fee	5,588	2,957	(2,631)		4,948	(1,991)
Pt Hudson - Liveaboard Fee	2,845	4,128	1,283		3,162	966
Pt Hudson - Liveaboard Backgrnd Ck	180	180	-		-	180
Pt Hudson - Showers	1,312	1,192	(120)		1,101	91
Pt Hudson - Laundry	2,610	2,308	(303)		2,101	207
Pt Hudson - Miscellaneous	289	-	(289)		141	(141)
Pt Hudson - Promotional Sales	105	80	(25)		40	40
Pt Hudson - Building Leases	99,146	102,998	3,852		95,097	7,901
Pt Hudson - Property Utility Reimb	10,023	5,821	(4,202)		9,285	(3,464)
Pt Hudson - Event Facility Rev	640	-	(640)		-	-
Pt Hudson - Parking	627	196	(431)		56	140
Pt Hudson - Enviro Clean up	212	-	(212)		-	-
Reduction for Bad Debt Write-off	(26)	-	26		-	-
Pt. Hudson Marina, RV & Prop	281,900	313,801	31,901	a, d	285,439	28,362
Quilcene - Permanent Moorage	10,906	14,345	3,439		8,657	5,688
Quilcene - Liveaboard Fee	821	971	150		669	302
Quilcene - Nightly Moorage	99	-	(99)		225	(225)
Quilcene - Showers	850	661	(189)		625	36
Quilcene - Electric	997	1,878	882		814	1,064
Quilcene - Reservations	121	99	(22)		90	9
Quilcene - Recreational Ramp Fees	1,048	583	(465)		1,360	(777)
Quilcene - Commercial Use Fees	-	-	-		100	(100)
Quilcene - Miscellaneous Revenue	-	168	168		-	168
Quilcene - Lease Revenue	15,973	16,372	399		17,352	(980)
Quilcene - Water	3,068	2,589	(479)		3,207	(618)
Quilcene - Fuel Sales	2,772	-	(2,772)		-	-
Quilcene	36,655	37,667	1,012		33,099	4,568
Ramp Fees	10,956	5,880	(5,076)		10,375	(4,495)
PTBH Ramp - Dinghy Float Revenue	326	245	(81)		260	(15)
Ramps	11,282	6,125	(5,157)	e	10,635	(4,510)
JCIA - Lease Revenue	28,681	27,685	(996)		29,172	(1,487)
JCIA - Hangar Revenue	8,140	8,156	17		8,286	(130)
JCIA - Vehicle Parking Revenue	206	-	(206)		165	(165)
JCIA - Aircraft Parking	861	177	(684)		250	(73)
JCIA - Fuel Lease Revenue	343	282	(61)		313	(31)
JCIA - Electric	586	465	(121)		451	14
JCIA - Miscellaneous Revenue	-	650	650		33	617
JCIA	38,818	37,416	(1,402)		38,670	(1,254)
Total Revenues	1,403,771	1,573,684	169,912	f	1,412,125	161,559
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Salaries & Wages	439,934	555,851	115,917	g	558,230	(2,378)
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Uniform Expense	3,719	2,542	(1,177)		2,391	151
Contract Services	73,037	64,592	(8,444)		75,398	(10,806)

Legal & Auditing	4,776	43,689	38,914	i	25,610	18,079
Insurance	228	-	(228)		-	-
Office/Computer Supplies	1,908	6,480	4,572		1,900	4,580
Operating Supplies	13,326	12,320	(1,006)		16,878	(4,558)
Enviro Materials/Supplies	-	36,151	36,151		13,500	22,651
Tarp Pool Expense	8,421	5,993	(2,428)		2,330	3,663
Empl Recog/Relations	-	1,040	1,040		50	990
Postage	566	2,183	1,617		1,098	1,085
Janitorial Supplies	2,796	3,701	905		3,936	(235)
Fuel & Lubricants	3,882	4,868	986		5,155	(287)
Permits & Licenses	1,725	1,639	(86)		2,600	(961)
Equipment Rental	-	801	801		300	501
Claims & Damages	-	-	-		700	(700)
Membership & Dues	10,849	14,867	4,018		15,255	(388)
Bank Charges	19,921	25,734	5,813		18,617	7,117
Excise Tax	3,797	3,720	(77)		3,221	499
Miscellaneous Expense	3,854	915	(2,939)		397	518
Repair & Maintenance Supplies	29,876	48,036	18,160		24,139	23,897
Facilities & Operations	100,921	168,447	67,527	j	110,076	58,371
Utilities	145,241	150,274	5,033		166,441	(16,167)
Advertising (Legal 2018)	2,703	6 553	(2,150)		1,546	(993)
Marketing	6,471	4,653	(1,818)		6,867	(2,215)
Promotion	960	1,200	240		100	1,100
Marketing	10,134	6,405	(3,729)		8,513	(2,108)
Travel & Training	3,825	659	(3,166)		2,122	(1,463)
Cost of Goods - Fuel	2,035	-	(2,035)		-	-
Community Relations	6,496	3,847	(2,649)		-	3,847
Total Expenses	969,561	1,257,460	287,899	k	1,218,643	38,817
Net Operating Income (Loss)	434,210	316,224	(117,987)		193,482	122,742
Other Increases in Fund Resources						
Yard Deposits Collected	2,000	961	(1,039)		3,110	(2,149)
PTBH Prop Lease Deposits Collected	18,783	5,181	(13,602)		5,001	180
PH Prop Lease Deposits Collected	2,935	4,124	1,189		1,200	2,924
JCIA Prop Lease Deposits Collected	-	271	271		-	271
PH Marina/RV Deposits Collected	9,398	8,086	(1,313)		9,192	(1,106)
Deposits & Retainage Collected	33,117	18,624	(14,493)		18,503	121
Sales Tax Collected	11,796	14,566	2,770		12,000	2,566
Leasehold Tax Collected	130,389	145,277	14,888		132,897	12,380
Hotel/Motel Tax Collected	568	850	282		850	0
Taxes Collected	142,754	160,693	17,940		145,747	14,946
Grants - FAA	69,836	-	(69,836)		-	-
Capital Contributions/Grants	69,836	-	(69,836)		-	-
ARRA Bond Interest Subsidy	-	16,476	16,476		16,000	476
Investment Interest	5,745	815	(4,930)		1,400	(585)
Interest	5,745	17,291	11,545	l	17,400	(109)
Operating Tax Levy	116,480	137,287	20,808		102,672	34,615
IDD Tax Levy	109,185	214,926	105,741		210,368	4,558
State Forest Revenues	16,365	31	(16,334)		5,000	(4,969)
State Timber Excise Tax	10,570	4,341	(6,228)		5,000	(659)
Leasehold Excise Tax	2,299	2,323	24		1,415	908

Property & other taxes	254,898	358,909	104,011		324,455	34,454
Insurance Recovery	1,150	-	(1,150)		-	-
Finance Charges	2,324	2,772	448		3,750	(978)
Other Non-Operating Revenues	-	-	-		255	(255)
Misc Other Incr. in Fund Resources	3,473	2,772	(702)	m	4,005	(1,233)
Total Other Incr. in Fund Resources	509,823	558,288	48,465		510,110	48,178
Other Decr. In Fund Resources						
Yard Deposits Refunded	-	3,080	3,080		1,523	1,557
PH Prop Lease Deposits Returned	-	2,566	2,566		-	2,566
PH Deposits Refunded	1,883	-	(1,883)		1,500	(1,500)
Deposits & Retainage Paid	1,883	5,646	3,763		3,023	2,623
Sales Tax Remitted	-	10,158	10,158		9,500	658
Leasehold Tax Remitted	-	128,441	128,441		128,441	(0)
Hotel/Motel Tax Remitted	-	470	470		500	(30)
Taxes Remitted	-	139,069	139,069	n	138,441	628
Principal Pmt - 2020 Line of Credit	-	250,000	250,000		-	250,000
Interest Exp - 2020 Line of Credit	-	1,565	1,565		-	1,565
Debt Principal & Interest	-	251,565	251,565	o	-	251,565
Debt Management Fees	-	-	-		250	(250)
Debt Issue Costs	-	9,300	9,300		-	9,300
Investment Fees	150	41	(109)		120	(79)
Debt Mgmt, Issuance & Misc Exp	150	9,341	9,191		370	8,971
Election Expense	-	-	-		-	-
Total Non-Operating Expenses	2,033	405,621	403,589		141,834	263,787
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(e) *Ramp revenues YTD 2021 when compared to 2020 are down by \$5,157. Part of this decline is likely due to the annualizing of annual pass expiration dates that were implemented mid year 2020. In addition to and as a result of that change, the salmon season is uncertain this year and customers can now wait to purchase an annual pass until they hear about the salmon season in about a month. When compared to budget, these revenues are down by \$4,510.*

(f) *Operating Revenues overall increased by 12%, or \$169,912, when compared to 2020 and were 11% higher than budgeted for YTD this month.*

(g) *The variance year to year for Salaries/Wages of \$115,917 is actually \$24,314. The \$91,603 is a timing difference with last year's March 31 payroll that was mistakenly recorded in April, not March which also impacts payroll taxes paid. This will auto-correct with the April YTD report. This line item is in alignment with budget YTD.*

(h) *Due to the timing of benefit payments in 2020, there's a variance of \$71,230. This corrects itself in April. Benefits are just under budget to-date.*

(i) *The large increase in Legal & Auditing Expense this year when compared to 2020 is in part due to the final billing of the 2018 & 2019 Financial Statement and Accountability audits for approximately \$14,000 and partly due to increased Legal in 2021 due to a now resolved litigation issue. This amount is more than budgeted.*

(j) *2021 costs were higher for Facilities & Operations when compared to 2020 by \$67,527 and \$58,371 more than Budget. There were several increases and decreases in various line items, but the highest variances year to year are \$36,151 more in Enviro Materials/Supplies, \$18,160 in Maintenance/Repair and around \$5,000 each increase in Computer Supplies, Bank Charges and Membership Dues expenses.*

(k) Operating Expenses increased by \$287,899, or 30%, when compared to 2020 and are more than budget by \$38,817, or 3%. As already mentioned, some of this increase is due to changes in reporting (GAAP to Cash) and some are due to increased spending in other areas.

(l) The variance between 2020 and 2021 for Interest revenue is primarily related to timing of the receipt of the 2010 LTGO (Bond Build America Bond) rebate submitted to the IRS semi-annually. This is off-set somewhat by the large reduction in interest received on investments in 2021.

(l) The Taxes Remitted line item was added in the May 2020 report as a Cash Basis line item.

(m) In January 2021, we paid off and closed out the 2020 Line of Credit.

(m) Overall, the difference between 2020 and 2021 for Net Income/(Expense) is due to the FAA Grant proceeds in 2020 of almost \$70,000, the pay-off of the 2020 Line of Credit in Jan. 2021 for \$251,565, and the addition of the Taxes Remitted line item in May 2020 (the 2021 YTD is \$139,069). When those three items are adjusted for, the variance between 2020 and 2021 becomes a decrease from 2020 of \$8,257.