

PORT COMMISSION REGULAR BUSINESS MEETING – Wednesday, May 26, 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
Director of Finance Berg
Port Engineer Love
Port Recorder Erickson
Port Attorney Woolson

I. CALL TO ORDER (00:00:05): Commissioner Petranek called the meeting to order at 5:30 p.m.

II. APPROVAL OF AGENDA (00:00:30)

Commissioner Putney moved to accept the Agenda as presented; Commissioner Petranek seconded the motion. It was noted that there would be a brief (5 minute) executive session at the end of the meeting, with no decisions. **Vote was taken, and the motion carried unanimously.**

III. PUBLIC COMMENTS (00:01:34) *Comment sent in via email, and read aloud for the record:*

Jack Gray wrote to thank Commissioner Petranek for asking to take more time to study the impact of a 30-year lease to the NW Maritime Center of the Point Hudson Port property currently used for parking.

Bill Curtsinger commented on the Port charging for outdoor dining space as of July 1, and asked if the Port could wait until we all have recovered a bit from a horrible pandemic year to begin charging for these spaces.

Bob Frank, president of Admiral Ship Supply II, Inc., commented on the winter yard-rate discount, saying that to him it appeared the program was such a success that it might be a good idea to end the discount earlier and added that the discount might need to be reduced as well.

IV. CONSENT AGENDA (00:10:53)

A. Approval of Workshop and Public Meeting Minutes from May 12, 2021.

B. Approval & Ratification of Warrants

Warrant #063765 through #063769 in the amount of \$10,782.64 and Electronic Payment in the amount of \$77,344.65 for Payroll & Benefits.

Warrants #063770 through #063809 in the amount of \$104,038.52 for Accounts Payable.

Electronic Debit in the amount of \$11,354.26 for Combined Excise Tax return.

Electronic Debit in the amount of \$265.83 for Business License Renewal for 2021.

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

V. SPECIAL PRESENTATION (00:11:23)

Operations Manager Khile spoke about two employees on their work anniversaries: 15 years for Sean Smith, who works in the yard; and 5 contiguous years—approximately 12 years total—for Chuck Fauls, who works in the moorage offices at Point Hudson and Boat Haven.

VI. SECOND READING (none)

VII. FIRST READING (none)

VIII. REGULAR BUSINESS (00:16:40)

A. IDD Levy Quarter 1, 2021 Financial Report

Finance Director Berg presented the quarterly report on year-to-date (January through March) capital expenditures that were funded by the IDD levy.

Commissioner Petranek clarified a few details and asked about the end date for the actuals.

Finance Director Berg said that these numbers were through March 31, 2021. The transfer of funds from the IDD to pay for these expenses cannot be done until April, after March activity is closed. She explained that the transfer of funds to pay for the capital expenses happens in April and the report is presented in May. Commissioner Hanke clarified that the next report would be similar with transfer happening in July and the report in August.

Commissioner Putney confirmed that tax money is coming in at a normal rate.

Commissioner Petranek asked whether the first-quarter actuals and end-of-year balance for 2020 should be added together to get current balance. Finance Director Berg said she would be glad to add a running balance to the report that would show this total (year-end 2020 balance + year-to-date 2021). Commissioner Hanke clarified that for this report it would be \$725,181 + \$651,396 for a total balance of \$1,376,577 in the reserve account.

B. Capital Projects Quarterly Update (00:23:08)

Port Engineer Love presented capital projects quarterly update using a PowerPoint. He explained that the quarterly update used red to show what had changed since the last update.

Commissioner Putney asked if anything were being held up that commission action would

help get rolling. Port Engineer Love said that despite a desire to get increased funding from grants, Port Maintenance is moving forward doing projects with the staff and resources available. Executive Director Berg explained that there were two projects to get in front of the Commission soon: The Pavilion remodel, which needs a design schematic; and the building relocation scheme (moving the old Coast Guard building to become the moorage office, moorage office to move to the airport as a terminal, and the waste facility to the airport for equipment storage).

Port Engineer Love then gave an overview of the projects using a PowerPoint presentation. The larger projects that received funding were the Point Hudson Jetty replacement (state grant of \$1 million, which will hopefully be approved in July); Stormwater Treatment for the boatyard (\$2,050,000 most likely federal funds, also hopefully to be approved in July); and the Gardiner Boat Ramp (RCO funding of \$539,877).

C. Updating Resolution Delegating Administrative Powers and Duties to the Executive Director and Designees (01:00:10)

Executive Director Berg said he was bringing back this item including a Non-Disclosure Agreement (NDA) clause per Commission request to reconsider along with a sample form NDA. He summarized that the intent behind an NDA is to provide the party with whom the Port is working in an economic development fashion with a framework for how their information would be treated. Under no scenario does the NDA override Washington's Public Records Act but instead provides a contractual relationship between the parties, and a process whereby the Port would notify the party with information about a request for public records. He said that the Port has survived without this authority for almost 100 years and could continue without it; however, this is standard term language and typical for Ports to have these in place since they don't override state sunshine laws.

Commissioner Putney said he understood that if a party has confidential information they want to use as part of negotiations, it provides them with the assurance that we could not tell others about that information. Commissioner Hanke stated that the state public records act would allow people to obtain the information in the NDA, and the Port would be expected to inform the party it affects about the request prior to such disclosure. Commissioner Petranek asked if the NDA would protect the tenant and not the Port; Mr. Berg said that was true, but having clarity was always beneficial for both parties.

Commissioner Petranek said her top priority was to have a transparent and open government and an informed citizenry, and she felt that this NDA would provide secrecy and add a layer of non-transparency, as well as a potential litigation cost for the Port. Commissioner Hanke likened the NDA to a performance agreement, and said it was not secrecy. Commissioner Putney gave examples of confidential, proprietary information the Port would use the NDA for, and said that the Port's open process requires leases to come before the Commission, making them public.

Commissioner Petranek asked how an NDA would provide a framework of understanding for how information will be handled when provided to the Port. Port Attorney Woolson referred to the Draft Non-Disclosure Agreement, paragraph 5, "Disclosure Obligations of Port" which clearly states how public records requests would be handled. Commissioner Petranek felt that the Port's lease policy that describes how the Port will be a good and reliable business partner should be enough, and if the Port were to allow an NDA, it should be limited—be consistent with land use and Port mission, but not compete with existing business & development. She said that the Port lease policy might need to be reviewed and updated instead of using an NDA.

Commissioner Hanke said the NDA didn't affect the lease policy and that the Port has become more trusted because we are transparent. He said what is more secret is what is talked about in executive sessions, since Commissioners are by law prohibited from talking about the information from those sessions.

Commissioner Hanke moved to accept the language regarding NDAs and adopt the updated Resolution (no. 746-21) delegating administrative powers and duties to the executive director. Commissioner Putney seconded. Commissioner Petranek commented that she felt this was a step backwards in the Port's transparency. Vote was taken and motion was approved with Commissioners Hanke & Putney voting yes, and Commissioner Petranek voting no.

D. Yard Rate Discount Change (01:30:27)

Executive Director Berg said this item was a concern expressed by boatyard staff and some marine trades that the yard was too full to run effectively and get all boats out on the timing that trades wanted. He said he thought the Port had some challenges this year in terms of space (with some blue sky in the future in terms of the yard planning group and imagining the yard operating differently); and with customer service in our moorage/yard office as a result of staffing. He suggested a range of options: do nothing and the rate would carry the discount through March of 2022, shorten the time the discount is offered to end in February, and another option is to tie the discount to marine trades work. He asked if Commission would

like more information or make a potential motion. The staff recommendation was to reduce the discount window by one month to end on February 28, 2022.

Commissioner Petranek said that the yard rates have been something she's paid attention to and gave a short history about the empty boat yard in 2018; how she was a part of a Boatyard task force that analyzed and came up with a competitive rate to fill our boatyard. She said the task force worked for 3 months and called for significant changes as a result of that study, with the 50% off for winter in year 1 (2019-20); year 2 (2020-21) was during a pandemic, and yard work was stalled due to pandemic restrictions, so that when the boat hoists came back full-time, there was a surge of activity due to the backlog. She said that there was also a supply-chain disruption keeping boats out longer than usual. She felt that the Port needs consistent, predictable rates to build trust, repeat business, and stability, and to focus on expanding our boat yard capacity and hold course with rates we adopted as part of our budget process.

Commissioner Hanke moved to discontinue the seasonal discount for March 2022. Commissioner Putney seconded.

Commissioner Putney said that more boats would mean more work only if those boats are not just being stored here, and said that tying the discount to marine trades would give them more business.

Commissioner Petranek said that the one-month minimum was to encourage bigger projects, and she thought that due to the pandemic that caused a backlog this year, there were more boats just sitting there. She said something that could churn the boats faster would be to give the 50% but not tie it to 1-month minimum, that way someone who only needs 2 weeks' work done could leave the yard earlier and still get the discount. Finance Director Berg stated that there might be more information that staff could provide, if dropping the one-month minimum was going to be considered.

Vote was taken. Commissioner Hanke voted yes, Commissioner Petranek and Commissioner Putney voted no. Motion failed to pass.

IX. STAFF COMMENTS (01:53:33)

Executive Director Berg commented on a couple of items:

- He is working with the NW Maritime Center on a high school summer help program, and is hoping to finalize a contract to sign so that they can get started as soon as the first weekend in June.
- He is working with Port Townsend Mainstreet program and Jefferson County Chamber on welcome bags. They are both putting together about 1,000 pieces which will be added to gift bags that the high school students will hand out to greet visitors to Port Townsend.
- The General Aviation Manufacturers Association, an international trade group, will have their annual meeting at Port Ludlow, with aircraft activities at JClA. They'll have aircraft on the field as well as a tent and will be engaged with the PT Aero Museum. This will be a fun opportunity to showcase JClA as what GA airports are all about.

Deputy Director Toews reported to the Commission that the Quilcene planning process had launched with an ad in today's Leader to inform people about the process and how to get involved. He said the weblinks went live today, and posters were going up throughout the community tomorrow; this process will be ongoing through June & July and hope to get a number of people to respond either by survey, by phone or at in-person meetings. He said that progress reports will be given to Commission at the end of July or early August.

He also reported that the Port had applied for a Fish and Wildlife boating infrastructure tier2 grant for the old section of the linear dock at Boat Haven. He is working through compliance at this point and will come back to Commission for more formal direction at the June 9 meeting. This would be an avenue to maximize the Port's IDD funding in support of critical projects.

Finance Director Berg commented that she is pleased to say she was able to do the final submission of the 2020 Annual Report to the WA State Auditor's Office today, just day's ahead of the deadline. The unaudited report will be posted to the website next week. We still have ads out for temp yard laborer and custodian (finding it hard to find employees).

X. COMMISSIONER COMMENTS (02:02:11)

Commissioner Putney commented that he had 219 more days left as Port Commissioner. He reported that the Jefferson Broadband Action Team met with Russ Elliott from the Governor's Broadband Office on the pending legislation and the legislation lawsuit and the direction that the Governor's Broadband Office is intending to take. He said he attended the WPPA Trustees Meeting and the WPPA Awards Meeting via Zoom where our former Executive Director Jim Pivarnik was awarded a WPPA life-time membership. He also attended the North Hood Canal Chamber meeting. He reported that the people of Jefferson County have chosen a new District 2 Port commissioner by acclamation—Carol Hasse—and he plans to make himself available to her for any questions she has.

Commissioner Petranek commented that she presented two Jefferson County Community Leadership Awards to marine trades: Citizen of the Year to Carol Hasse, and the Rising

Entrepreneur of the Year went to PT Shipwrights Co-op president David Griswold. She reported that she went out Sunday morning with the MRC crew to put out the no-anchor "eel grass" buoys in time for Memorial Day weekend. She referred to a public comment read today by Bill Curtsinger re outdoor dining, and she suggested that we put that on the agenda to consider an extension of free outdoor dining space for Port restaurants. *After a short discussion, Commission decided not to add this to the June 9 meeting, but to let Port staff deal with this issue.*

Commissioner Hanke commented that the March discount came about because we were not filling our yard, and we're filling our yard now; and the reduced Winter rates are way under competitive yards in the area, and we are also a very unique yard in that we still allow people to work on their own boats. He said that a commissioner's primary responsibility is to make sure the county/public is being well served in terms of management of the Port and not to give away Port assets, but to pay attention to what's good for marine trades and also what's good for the county. He said that the Port should look for the equilibrium for what the market would bear; we need to be doing the best we can to maintain our finances.

- XI. Executive Session – To discuss with legal counsel representing the Port litigation or potential litigation - RCW 42.30.110(1)(i)

Commission Hanke closed the meeting to Executive Session at 7:45 p.m., estimating that the Executive Session would last approximately 5 minutes, with no action to be taken.

- XII. Next Workshop and Regular Business Meeting (02:14:51): Wednesday, June 9, 2021 with Public Workshop at 9:30 a.m. and Meeting at 1:00 p.m.

- XIII. Adjournment: Meeting adjourned at 7:51 p.m.

ATTEST:

William W. Putney III, Secretary

Peter W. Hanke, President

Pamela A. Petranek, Vice President