



**Port of Port Townsend**  
**1<sup>st</sup> Monthly Meeting Agenda**  
**Wednesday, June 9, 2021, 1:00 p.m.**

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

**Updated Agenda**

- I. Call to Order / Pledge of Allegiance
- II. Approval of Agenda
- III. Public Comments
- IV. Consent Agenda
  - A. Approval of Business Meeting Minutes from May 26, 2021 ..... 1-5
  - B. Approval & Ratification of Warrants ..... 6-19
  - C. Lease: Dive Tech, Inc d/b/a Octopus Gardens Diving ..... 20-38
  - D. **Acceptance of the 2020 WorkYard Resurfacing project ..... 38a**
- V. Special Presentation:
  - A. Point Hudson Breakwater Update ..... 39-65
  - B. Public Comments
- VI. Second Reading ~ none
- VII. First Reading ~ none
- VIII. Regular Business
  - A. April YTD Financial Report..... 66-70
  - B. NWMC Point Hudson Land Lease ..... 71-100
  - C. EDC 5-Party Contract ..... 101-127
  - D. **JCIA Runway Project; ..... 127a-127d**  
**Request for Advance Authorization to Execute Change Order #04 for Asphalt Overlay Work**
- IX. Staff Comments
- X. Commissioner Comments
- XI. Next Regular Business Meeting: Wednesday, June 23, 2021 at 5:30 p.m., via Zoom
- XII. Executive Session – none
- XIII. Adjournment

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Informational Items .....	128
• Commission Contracts Update .....	129
• Detailed April Year-to-date Financials .....	130-135

## 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 voted no, and Commissioner Putney abstained. Motion did not pass.**

IX. STAFF COMMENTS (01:31:26)

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 JCIA. 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 JCIA 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 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:

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Peter W. Hanke, President

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William W. Putney III, Secretary

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Pamela A. Petranek, Vice President



PO Box 1180 • Port Townsend, WA 98368

Administration: (360) 385-0656

Operations: (360) 385-2355

Fax: (360) 385-3988

## **WARRANT APPROVAL**

We, the undersigned, as Commissioners and Auditing Officer of the Port of Port Townsend, in Jefferson County, Washington, do hereby certify under penalty of perjury that the materials have been furnished, the labor performed and the services provided, as described herein, and that the claim is a just and unpaid obligation of the Port of Port Townsend, and that this claim, in Warrant No. 063810 is approved for payment in the amount of

\$7,742.69 is ratified

Signed and Authenticated on this 9th day of June, 2021.

For: Accounts Payable

\_\_\_\_\_  
Commissioner Pete W. Hanke

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Commissioner pam Petranek

\_\_\_\_\_  
Commissioner William W. Putney III

\_\_\_\_\_  
S. Abigail Berg, Director of Finance  
And Administration

**Check Register****Journal Posting Date: 5/27/2021****Register Number: CD-000859****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	Check Entry Number: 001
063810	5/27/2021	MUR002	Murrey's Disposal Co. Inc.	5/27/2021	7,742.69	0.00	7,742.69	
			4/2021 STATEMENTS					
				<b>Report Total:</b>	<u>7,742.69</u>	<u>0.00</u>	<u>7,742.69</u>	



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3988

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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. 063811 through No. 063820 generated on May 14th, 2021 in the amount of \$35,806.69 and Electronic Payment in the amount of \$164,662.52, for a total amount of \$200,469.21 is **ratified.**

**Signed and Authenticated** on this 9th day of June, 2021.

**For: Payroll and Benefits**

\_\_\_\_\_  
Commissioner Pete W. Hanke

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Commissioner Pam Petranek

\_\_\_\_\_  
Commissioner William W. Putney III

\_\_\_\_\_  
S. Abigail Berg, Director of Finance  
And Administration



PO Box 1180 • Port Townsend, WA 98368

Administration: (360) 385-0656

Operations: (360) 385-2355

Fax: (360) 385-3988

## **WARRANT APPROVAL**

We, the undersigned, as Commissioners and Auditing Officer of the Port of Port Townsend, in Jefferson County, Washington, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein, and that the claims is a just, due and unpaid obligation of the Port of Port Townsend, that I am authorized to authenticate and certify to said claim and that these claims, in Warrant No 063821 through No. 063868, are approved for payment in the amount of \$81,198.49 on this 9th day of June, 2021.

For: **Accounts Payable**

\_\_\_\_\_  
Commissioner Pete W. Hanke

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Commissioner Pam Petranek

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Commissioner William W. Putney III

\_\_\_\_\_  
S. Abigail Berg, Director of Finance  
And Administration

**Check Register**

**Journal Posting Date: 6/9/2021**

**Register Number: CD-000862**

**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
063821	6/9/2021	ADL050	Adler Tank Rentals				Check Entry Number: 001
			4539120	5/31/2021	1,167.16	0.00	1,167.16
063822	6/9/2021	ARM030	Armstrong Consolidated LLC				Check Entry Number: 001
			3492	5/18/2021	514.41	0.00	514.41
063823	6/9/2021	ARR010	Arrow Lumber Port Townsend				Check Entry Number: 001
			5/28/21 STATEMENT	5/28/2021	174.67	0.00	174.67
063824	6/9/2021	AVC050	Avcom Company				Check Entry Number: 001
			05010521	5/24/2021	783.34	0.00	783.34
063825	6/9/2021	CAR070	Michael Carder				Check Entry Number: 001
			REFUND 6/2/2021	6/2/2021	788.31	0.00	788.31
063826	6/9/2021	CAW070	Robert Thomas Cawrse				Check Entry Number: 001
			REFUND 5/24/21	5/24/2021	294.06	0.00	294.06
063827	6/9/2021	CEN035	CenturyLink				Check Entry Number: 001
			3603857331F	5/19/2021	12.89	0.00	12.89
063828	6/9/2021	CHM030	Chmelik Sitkin & Davis P.S.				Check Entry Number: 001
			4/2021 STATEMENT	5/25/2021	825.00	0.00	825.00
063829	6/9/2021	CIT001	City Of Port Townsend				Check Entry Number: 001
			5/2021 STATEMENTS	5/31/2021	11,284.40	0.00	11,284.40
063830	6/9/2021	COA050	Mott MacDonald				Check Entry Number: 001
			100339-20	5/21/2021	3,342.00	0.00	3,342.00
063831	6/9/2021	COO070	Coon Plumbing				Check Entry Number: 001
			22998A	6/2/2021	205.12	0.00	205.12
063832	6/9/2021	COW020	Cowling and Co. LLC				Check Entry Number: 001
			178	4/30/2021	11,548.80	0.00	11,548.80
			179	4/30/2021	1,363.20	0.00	1,363.20
Check 063832 Total:					12,912.00	0.00	12,912.00
063833	6/9/2021	CPC020	CP Communications				Check Entry Number: 001
			APRIL-MAY 2021	6/2/2021	1,140.00	0.00	1,140.00
063834	6/9/2021	DIR070	DirecTV				Check Entry Number: 001
			075436554X210528	5/28/2021	419.50	0.00	419.50
063835	6/9/2021	GOO002	Good Man Sanitation				Check Entry Number: 001
			5/24/21 STATEMENT	5/24/2021	1,950.00	0.00	1,950.00
063836	6/9/2021	GRA020	Grating Pacific LLC				Check Entry Number: 001
			0221283-IN	5/18/2021	234.57	0.00	234.57
063837	6/9/2021	GUA080	Guardian Security Systems, Inc.				Check Entry Number: 001
			1139431	6/1/2021	147.29	0.00	147.29
063838	6/9/2021	HAD001	Hadlock Building Supply				Check Entry Number: 001
			5/25/21 STATEMENT	5/25/2021	106.91	0.00	106.91
063839	6/9/2021	HEN002	Henery Hardware				Check Entry Number: 001
			710295	4/26/2021	16.10	0.00	16.10
			710344	4/26/2021	31.61	0.00	31.61
			710351	4/26/2021	4.35	0.00	4.35
			710543	4/29/2021	15.88	0.00	15.88
			710603	4/29/2021	8.71	0.00	8.71
			710642	4/30/2021	11.98	0.00	11.98
			710759	5/3/2021	6.51	0.00	6.51
			710804	5/4/2021	23.99	0.00	23.99
			710836	5/4/2021	23.99	0.00	23.99
			710880	5/5/2021	18.24	0.00	18.24
			710896	5/5/2021	17.00	0.00	17.00

Run Date: 6/4/2021 1:29:08PM

A/P Date: 6/9/2021

Page: 1

User Logon: DLF

Bank Code: W - WARRANTS PAYABLE

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			711038	5/7/2021	28.41	0.00	28.41
			711061	5/7/2021	39.89	0.00	39.89
			711223	5/10/2021	41.39	0.00	41.39
			711348	5/12/2021	23.97	0.00	23.97
			711437	5/13/2021	23.46	0.00	23.46
			711469	5/13/2021	5.50	0.00	5.50
			711618	5/17/2021	31.34	0.00	31.34
			711630	5/17/2021	12.68	0.00	12.68
			711662	5/17/2021	8.72	0.00	8.72
			711753	5/19/2021	13.05	0.00	13.05
			711756	5/19/2021	30.06	0.00	30.06
			711769	5/19/2021	28.94	0.00	28.94
			711808	5/19/2021	47.62	0.00	47.62
			711828	5/20/2021	34.40	0.00	34.40
			711912	5/21/2021	14.17	0.00	14.17
			711913	5/21/2021	15.26	0.00	15.26
			711940	5/21/2021	6.55	0.00	6.55
			712029	5/24/2021	37.91	0.00	37.91
			712118	5/25/2021	8.72	0.00	8.72
Check 063839 Total:					598.32	0.00	598.32
063840	6/9/2021	HOP020 Daniel Hopkins					Check Entry Number: 001
		REFUND 5/30/2021		5/30/2021	261.87	0.00	261.87
063841	6/9/2021	INS070 Insight Strategic Partners, LLC					Check Entry Number: 001
		3310		5/31/2021	2,750.00	0.00	2,750.00
063842	6/9/2021	JAM040 Jamestown Networks					Check Entry Number: 001
		6494		6/1/2021	548.00	0.00	548.00
063843	6/9/2021	JC0003 Jefferson County - Public Work					Check Entry Number: 001
		5/2021 STATEMENT		6/1/2021	2,432.57	0.00	2,432.57
063844	6/9/2021	LAN001 Landau Associates					Check Entry Number: 001
		0047900		5/21/2021	7,303.75	0.00	7,303.75
063845	6/9/2021	MCM015 McMacken Creative/Marketing					Check Entry Number: 001
		6/1/2021		6/1/2021	2,228.00	0.00	2,228.00
063846	6/9/2021	NAT020 National Fisherman Magazine					Check Entry Number: 001
		INV052552		5/28/2021	2,962.25	0.00	2,962.25
063847	6/9/2021	NOR001 North Coast Electric Co					Check Entry Number: 001
		S010923055.001		5/18/2021	867.78	0.00	867.78
063848	6/9/2021	NOR049 Northwest Parking Equipment Company					Check Entry Number: 001
		6/1/2021		6/1/2021	380.34	0.00	380.34
063849	6/9/2021	O'RE030 O'Reilly Auto Parts					Check Entry Number: 001
		3939-482589		5/26/2021	76.35	0.00	76.35
063850	6/9/2021	ORS070 Stephen Orsini					Check Entry Number: 001
		REFUND 05/25/2021		5/25/2021	12.00	0.00	12.00
063851	6/9/2021	OWE030 Owen Equipment Company					Check Entry Number: 001
		103934		5/26/2021	116.98	0.00	116.98
063852	6/9/2021	PAC004 Pacific Office Equipment Co					Check Entry Number: 001
		5/31/2021 STATEMENT		5/31/2021	492.13	0.00	492.13
063853	6/9/2021	PEN060 Peninsula Pest Control, Inc					Check Entry Number: 001
		56305		5/14/2021	545.50	0.00	545.50



## Check Register

Journal Posting Date: 6/9/2021

Register Number: CD-000862

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	Check Entry Number: 001
063854	6/9/2021	PET025	Petrick Lock & Safe					
			20275	5/20/2021	473.74	0.00	473.74	
			20276	5/20/2021	174.18	0.00	174.18	
Check 063854 Total:					647.92	0.00	647.92	
063855	6/9/2021	PIT000	Pitney Bowes Inc.					Check Entry Number: 001
			3313555989	5/27/2021	537.17	0.00	537.17	
063856	6/9/2021	POR065	Port of Port Townsend					Check Entry Number: 001
			C.M. YOUNG	5/25/2021	161.60	0.00	161.60	
063857	6/9/2021	PUD001	Pud District #1					Check Entry Number: 001
			5/18/2021 STMNT	5/18/2021	475.65	0.00	475.65	
			5/25/2021 STMNT	5/25/2021	451.08	0.00	451.08	
Check 063857 Total:					926.73	0.00	926.73	
063858	6/9/2021	QUI001	Quill Corporation					Check Entry Number: 001
			16839150	5/18/2021	49.60	0.00	49.60	
063859	6/9/2021	ROD030	Rodda Paint					Check Entry Number: 001
			44162333	5/14/2021	32.47	0.00	32.47	
			44162379	4/29/2021	1,062.78	0.00	1,062.78	
			44162386	5/21/2021	129.90	0.00	129.90	
			44162409	4/28/2021	5,543.93	0.00	5,543.93	
Check 063859 Total:					6,769.08	0.00	6,769.08	
063860	6/9/2021	TAR020	Tara Dunford, CPA					Check Entry Number: 001
			2115	6/1/2021	360.00	0.00	360.00	
063861	6/9/2021	TET060	Tetra Tech, Inc.					Check Entry Number: 001
			51742985	6/2/2021	11,055.00	0.00	11,055.00	
063862	6/9/2021	TWI001	Spectra Laboratories - Kitsap					Check Entry Number: 001
			21-03469	5/18/2021	1,242.00	0.00	1,242.00	
063863	6/9/2021	VER001	Verizon Wireless, Bellevue					Check Entry Number: 001
			9879873303	5/15/2021	539.22	0.00	539.22	
063864	6/9/2021	WAS017	Marc Horton - Washington Project Consultants					Check Entry Number: 001
			053121-8	6/1/2021	427.50	0.00	427.50	
063865	6/9/2021	WAV040	Wave Broadband					Check Entry Number: 001
			043328901-0008839	5/23/2021	20.25	0.00	20.25	
063866	6/9/2021	WES006	Westbay Auto Parts, Inc.					Check Entry Number: 001
			5/25/2021 STATEMENT	5/25/2021	256.08	0.00	256.08	
063867	6/9/2021	YOU060	C. Michael Young					Check Entry Number: 001
			REFUND	5/25/2021	79.84	0.00	79.84	
063868	6/9/2021	ZEE001	Zee Medical Service Co					Check Entry Number: 001
			68416917	5/24/2021	249.03	0.00	249.03	
Report Total:					81,198.49	0.00	81,198.49	

Run Date: 6/4/2021 1:29:08PM

A/P Date: 6/9/2021

Page: 3  
User Logon: DLF



PO Box 1180 • Port Townsend, WA 98368

Administration: (360) 385-0656

Operations: (360) 385-2355

Fax: (360) 385-3988

### **ELECTRONIC DEBIT – Kitsap Bank**

We, the undersigned, as Commissioners and Auditing Officer of the Port of Port Townsend, in Jefferson County, Washington, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein and that the claim is a just, due and unpaid obligation of the Port of Port Townsend, that we are authorized to authenticate and certify said claim, and that the Electronic Debit from the Port Checking Account held at Kitsap Bank is approved for payment in the amount of **\$250.00 is ratified.**

**Signed and Authenticated** on this 9th day of June, 2021.

For: Washington State, Department of Revenue

Business License Renewal – for **2021** in the amount of **\$250.00**

\_\_\_\_\_  
Commissioner Pete W. Hanke

\_\_\_\_\_  
Commissioner Pam Petranek

\_\_\_\_\_  
Commissioner William W. Putney III

\_\_\_\_\_  
S. Abigail Berg, Director of Finance  
And Administration



STATE OF WASHINGTON  
**BUSINESS LICENSING SERVICE**

**Thank you for renewing online**

Your license renewal has been submitted. Please print this receipt for your records and allow 14 days to receive your new business license document in the mail.

**Previous Expiration Date:** Jun-30-2021

**New Expiration Date:** Jun-30-2022

**Confirmation Number:** 0-020-518-242

**Filing Date and Time:** 05/26/2021 09:37:14 AM

**Payment Method:** ACH Debit/E-Check

**Business Entity Information**

**Legal Entity Name:** PORT OF PORT TOWNSEND

**Account ID:** 161000044-001-0003

**Business Location Information**

**Location Name:** PORT OF PORT TOWNSEND

**Business Phone:** (360) 385-0656

**Business Fax:** None

**Location Address:** 103 HUDSON ST PORT TOWNSEND WA 98368-5630

**Mailing Address:** PO BOX 1180 PORT TOWNSEND WA 98368-0980

<b>Endorsement(s)</b>	<b>Begin</b>	<b>End</b>	<b>Count</b>	<b>Fee</b>
Port Townsend General Business	07/01/2021	06/30/2022	1	\$75.00
				<hr/> \$75.00
<b>Fee Type</b>	<b>Begin</b>	<b>End</b>	<b>Count</b>	<b>Fee</b>
BLS Processing Fee	07/01/2021		1	\$10.00
				<hr/> \$10.00
<b>Grand Total:</b>				<b>\$85.00</b>



STATE OF WASHINGTON  
**BUSINESS LICENSING SERVICE**

**Thank you for renewing online**

Your license renewal has been submitted. Please print this receipt for your records and allow 14 days to receive your new business license document in the mail.

**Previous Expiration Date:** Jun-30-2021

**New Expiration Date:** Jun-30-2022

**Confirmation Number:** 0-020-544-775

**Filing Date and Time:** 05/26/2021 10:04:33 AM

**Payment Method:** ACH Debit/E-Check

**Business Entity Information**

**Legal Entity Name:** PORT OF PORT TOWNSEND

**Account ID:** 161000044-001-0004

**Business Location Information**

**Location Name:** PORT OF PORT TOWNSEND

**Business Phone:** (360) 385-0656

**Business Fax:** None

**Location Address:** 2790 WASHINGTON ST PORT TOWNSEND WA 98368-4615

**Mailing Address:** PO BOX 1180 PORT TOWNSEND WA 98368-0980

<b>Endorsement(s)</b>	<b>Begin</b>	<b>End</b>	<b>Count</b>	<b>Fee</b>
Port Townsend General Business	07/01/2021	06/30/2022	1	\$75.00
				<u>\$75.00</u>

<b>Fee Type</b>	<b>Begin</b>	<b>End</b>	<b>Count</b>	<b>Fee</b>
BLS Processing Fee	07/01/2021		1	\$10.00
				<u>\$10.00</u>

**Grand Total:** \$85.00



STATE OF WASHINGTON  
**BUSINESS LICENSING SERVICE**

**Thank you for renewing online**

Your license renewal has been submitted. Please print this receipt for your records and allow 14 days to receive your new business license document in the mail.

**Previous Expiration Date:** Jun-30-2021

**New Expiration Date:** Jun-30-2022

**Confirmation Number:** 0-020-558-482

**Filing Date and Time:** 05/26/2021 10:11:30 AM

**Payment Method:** ACH Debit/E-Check

**Business Entity Information**

**Legal Entity Name:** PORT OF PORT TOWNSEND

**Account ID:** 161000044-001-0005

**Business Location Information**

**Location Name:** PORT OF PORT TOWNSEND

**Business Phone:** (360) 385-0656

**Business Fax:** None

**Location Address:** 2701 JEFFERSON ST PORT TOWNSEND WA 98368-4636

**Mailing Address:** PO BOX 1180 PORT TOWNSEND WA 98368-0980

<b>Endorsement(s)</b>	<b>Begin</b>	<b>End</b>	<b>Count</b>	<b>Fee</b>
Port Townsend General Business	07/01/2021	06/30/2022	1	\$30.00
				<u>\$30.00</u>

<b>Fee Type</b>	<b>Begin</b>	<b>End</b>	<b>Count</b>	<b>Fee</b>
BLS Processing Fee	07/01/2021		1	\$10.00
				<u>\$10.00</u>

**Grand Total:** \$40.00



STATE OF WASHINGTON  
**BUSINESS LICENSING SERVICE**

**Thank you for renewing online**

Your license renewal has been submitted. Please print this receipt for your records and allow 14 days to receive your new business license document in the mail.

**Previous Expiration Date:** Jun-30-2021

**New Expiration Date:** Jun-30-2022

**Confirmation Number:** 0-020-524-039

**Filing Date and Time:** 05/26/2021 10:28:48 AM

**Payment Method:** ACH Debit/E-Check

**Business Entity Information**

**Legal Entity Name:** PORT OF PORT TOWNSEND

**Account ID:** 161000044-001-0007

**Business Location Information**

**Location Name:** PORT OF PORT TOWNSEND

**Business Phone:** (360) 385-0656

**Business Fax:** None

**Location Address:** 809 8TH ST PORT TOWNSEND WA 98368-2944

**Mailing Address:** PO BOX 1180 PORT TOWNSEND WA 98368-0980

<b>Endorsement(s)</b>	<b>Begin</b>	<b>End</b>	<b>Count</b>	<b>Fee</b>
Port Townsend General Business	07/01/2021	06/30/2022	1	\$30.00
				<u>\$30.00</u>

<b>Fee Type</b>	<b>Begin</b>	<b>End</b>	<b>Count</b>	<b>Fee</b>
BLS Processing Fee	07/01/2021		1	\$10.00
				<u>\$10.00</u>

**Grand Total:** \$40.00



PO Box 1180 • Port Townsend, WA 98368

Administration: (360) 385-0656

Operations: (360) 385-2355

Fax: (360) 385-3988

## **WARRANT APPROVAL**

We, the undersigned, as Commissioners and Auditing Officer of the Port of Port Townsend, in Jefferson County, Washington, do hereby certify under penalty of perjury that the material has been furnished, the labor performed and the services provided, as described herein, and that this claim is a just and unpaid obligation of the Port of Port Townsend, and that this claim, in Warrant No. 063786 in the amount of \$12,615.53 is declared void on this on this 9th day of June, 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: W WARRANTS PAYABLE

Check Number/ Invoice Number	Check Date Invoice Date	Vendor Number	Invoice Amount	Discount	Distribution Amount	Check Amount
063786 CK06378601	REV 5/26/2021	MUR002	Murrey's Disposal Co. Inc.			12,615.53-
	5/26/2021		12,615.53-	0.00		
G/L Account:	711-8600-22		UTILITIES - GARBAGE: JCIA		70.46-	
G/L Account:	721-8600-05		UTILITIES - GARBAGE: WORK YARD		3,261.13-	
G/L Account:	721-8600-02		UTILITIES - GARBAGE: MOOR		6,517.04-	
G/L Account:	761-8600-19		UTILITIES - GARBAGE: P. H. MARINA & RV		1,870.69-	
G/L Account:	761-8600-17		UTILITIES - GARBAGE: PROP RENT		298.41-	
G/L Account:	761-8600-20		UTILITIES - GARBAGE: QUIL		35.44-	
G/L Account:	711-8600-22		UTILITIES - GARBAGE: JCIA		207.96-	
G/L Account:	761-8600-20		UTILITIES - GARBAGE: QUIL		356.40-	
Check 063786 Total:			12,615.53-	0.00	12,615.53-	12,615.53-
Bank W Total:			12,615.53-	0.00	12,615.53-	12,615.53-
Report Total:			12,615.53-	0.00	12,615.53-	12,615.53-



# PORT OF PORT TOWNSEND

## AGENDA COVER SHEET

<b>MEETING DATE</b>	June 9, 2021
<b>AGENDA ITEM</b>	<input checked="" type="checkbox"/> Consent <input type="checkbox"/> 1 <sup>st</sup> Reading <input type="checkbox"/> 2 <sup>nd</sup> Reading <input type="checkbox"/> Regular Business <input type="checkbox"/> Informational
<b>AGENDA TITLE</b>	IV. C. Lease - Dive Tech, Inc d/b/a Octopus Gardens Diving
<b>STAFF LEAD</b>	Eric Toews, Deputy Director
<b>REQUESTED</b>	<input type="checkbox"/> Information <input checked="" type="checkbox"/> Motion/Action <input type="checkbox"/> Discussion
<b>ATTACHMENTS</b>	A. Info Memo B. Term Sheet C. Lease Agreement, Exhibit 'A' & Exhibit 'B'

# PORT OF PORT TOWNSEND

## INFORMATIONAL MEMO

**DATE:** 6/2/2021  
**TO:** Port Commission  
**FROM:** Sue Nelson, Lease & Contracts Administrator, and Eric Toews, Deputy Director  
**SUBJECT:** Dive Tech, Inc. d/b/a Octopus Gardens Diving Lease Agreement

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**BACKGROUND:** Don Peterson, Dive Tech, Inc. and owner of Octopus Gardens Diving, has been a tenant of the Port, in excellent standing, since November of 2015. The shop is a full-service dive center offering continuing education, dive gear and servicing, diving trips, and underwater videography. Mr. Peterson provides training to many of our local law enforcement officers in Western Washington.

**DISCUSSION:** Mr. Peterson's current agreement with the Port has been in holdover status since November 1 of 2020. Port staff have been in discussions with Mr. Peterson for a number of months. A central topic of discussion has been potential relocation of the dive shop, which is presently on the only C-II (General Commercial) zoned property owned by the Port. Because of its C-II zoning, this property has significant redevelopment potential. In order to preserve potential future redevelopment options within the five (5) year term of the lease, the parties have agreed to include language allowing termination by either party upon 180 days' (6 months') written notice. Additionally, the proposed lease would permit a period of two (2) years of "step increases" to achieve market-value rent, consistent with the Port's adopted Lease Policy.

The terms agreed upon are acceptable to Mr. Peterson, preserve the Port's ability to early terminate and redevelop the property should market conditions warrant, and are in all material respects consistent with, and help to implement, the Commission's adopted Lease Policy.

**FISCAL IMPACT:** If the Port and Dive Tech, Inc. execute a new lease on the terms outlined above, approximately \$10,060.00 would be generated in year one (1), \$12,825.60 would be generated in year two (2), and beginning in year three (3), market value rent would be achieved, and approximately \$16,682.28 would be generated. The present "holdover" agreement generates approximately \$8,400 per annum.

**RECOMMENDATION:** Authorize the Executive Director to execute the attached Lease Agreement with Dive Tech, Inc. d/b/a Octopus Gardens Diving.

**MOTION:** None required. Approval of this item on the Consent Agenda authorizes the Executive Director to execute the attached Lease Agreement.

### **ATTACHMENTS**

- Summary of Key Terms, consisting of two (2) pages; and
- Dive Tech, Inc. d/b/a Octopus Gardens Diving Lease (including attached Exhibit "A"), consisting of fifteen (15) pages.

**PORT OF PORT TOWNSEND:**  
**Summary of Key Terms – Dive Tech, Inc. d/b/a Octopus Gardens Diving**  
**Building & Land Lease Agreement**

1. **TENANT:** Dive Tech Inc., d/b/a Octopus Gardens Diving, a Washington profit corporation.
2. **PREMISES:** A commercial office building approximately 24'x40' (960 square feet) in size, located at 2410 Washington Street, Port Townsend, WA, commonly referred to as either the "Mahina Yachts" or "D'Alessandro" building, together with an 8' x 40' (320 square foot) area of land with temporary storage container located immediately adjacent and to the north of the building described above.
3. **TERM:** Five (5) years, beginning on July 1, 2021, and ending on June 30, 2026. Additionally, the agreement shall be terminable by either party upon 180 days' (6 months) written notice.  
  
*[Note: This "terminable at will" language available to both Port/Lessor with greater flexibility; it would permit the Port to move forward with redevelopment of the property if market conditions warrant, while also providing Lessee with flexibility to early terminate (in lieu of the 3+1+1 term previously discussed).]*
4. **RENT:** Blended rate for the building and land<sup>1</sup> of 61¢ per sq. ft. at inception of this agreement with step increases to reach a blended rate of 96¢ per sq. ft. by the beginning of month twenty-five (25) as follows (CPI-U applied at the beginning of year four (4) and annually thereafter):  
  
**Months 1-6: July 1, 2021 – December 31, 2021:** \$780.80 (\$0.61/sf) per month plus \$100.25  
Leasehold Excise Tax (LET) = \$881.05;  
**Months 7-12: January 1, 2022 – June 30, 2022:** \$896.00 (\$0.70/sf) per month plus \$115.05  
LET = \$1,011.05;  
**Months 13-18: July 1, 2022 – December 31, 2022:** \$1,011.20 (\$0.79/sf) per month plus \$129.84  
LET = \$1,141.04;  
**Months 19-24: January 1, 2023 – June 30, 2023:** \$1,126.40 (\$0.88/sf) per month plus \$144.63  
LET = \$1,271.03;  
**Beginning July 1, 2023:** Tenant agrees to pay rent in the amount of \$1,232.00<sup>2</sup> (\$0.963/sf) per month plus \$158.19 LET = **\$1,390.19.**
5. **USE OF PREMISES:** Diving shop and center, providing training, continuing education, equipment, and equipment repairs/servicing. 320 sf temporary structure used to refill dive tanks.
6. **DEPOSIT:** A three (3) month security \$3,696.00 + LET \$474.57 (\$4,170.57). Because Lessee already has a deposit of \$1,579.76 on file with the Port, from an agreement to be superseded by this Lease agreement, an additional \$2,590.81 would be required prior to execution of the lease.
7. **UTILITIES:** All utilities are the responsibility of the Tenant.
8. **MAINTENANCE & REPAIR:** All maintenance and repairs are the Tenant's responsibility.
9. **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.

<sup>1</sup> 960 sf of building, plus 320 sf of land, which contains an 8'x40' Conex Box for equipment storage and workspace, total 1,280 sf.

<sup>2</sup> Calculated as follows: building space @ \$1.20 per sf x 960 = \$1,152.00; land @ \$0.25 per sf x 320 = \$80.00; \$1,152.00 + \$80.00 = \$1,232.00 rent, plus LET @ 12.84% x \$1,232.00 = \$158.19; \$1,232.00 + \$158.19 = \$1,390.19.

**10. ASSIGNMENT/SUBLEASE:** Permitted only by prior written consent of the Port.

**11. DEFAULTS/TERMINATION:** Time is of the essence. Failure to pay rent, or to abide by the covenants/agreements contained in the agreement, may serve as a basis for termination. Tenant will be provided with fifteen (15) days' written notice to cure defaults.

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

**THIS LEASE AGREEMENT** made this \_\_\_\_ day of June 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 **DIVE TECH, INC. d/b/a OCTOPUS GARDENS DIVING**, a Washington profit corporation, 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. **LEASED PREMISES:** The Port hereby leases to Lessee, and Lessee hereby hires and leases from the Port, the following described premises situated in Jefferson County, State of Washington:

A commercial office building approximately 960 square feet (24' x 40'), located at 2410 Washington Street, Port Townsend, WA, commonly referred to as either the "Mahina Yachts" or "D'Alessandro" building, together with a 320 square foot (8' x 40') area of land for placement of a temporary storage container, located immediately adjacent and to the north of the building described above,

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.

2. **TERM:** The term of this Lease is five (5) years, beginning July 1, 2021, and ending at midnight, June 30, 2026, unless sooner terminated as provided in this Lease.
3. **RENT:** Blended rate for the building and land<sup>1</sup> of 61¢ per sq. ft. at inception of this agreement with step increases to reach a blended rate of 96¢ per sq. ft. by the beginning of month twenty-five (25) as follows (CPI-U applied at the beginning of year four (4) and annually thereafter):

**Months 1-6: July 1, 2021 – December 31, 2021:** \$780.80 (\$0.61/sf) per month, plus \$100.25 Leasehold Excise Tax (LET) = \$881.05.

---

<sup>1</sup> 960 square feet of building, plus 320 square feet of land, which contains an 8'x40' Conex Box for equipment storage and workspace, total 1,280 sf.

**Months 7-12: January 1, 2022 – June 30, 2022:** \$896.00 (\$0.70/sf) per month, plus \$115.05 LET = \$1,011.05.

**Months 13-18: July 1, 2022 – December 31, 2022:** \$1,011.20 (\$0.79/sf) per month, plus \$129.84 LET = \$1,141.04.

**Months 19-24: January 1, 2023 – June 30, 2023:** \$1,126.40 (\$0.88/sf) per month, plus \$144.63 LET = \$1,271.03; and

**Beginning July 1, 2023:** Tenant agrees to pay rent in the amount of \$1,232.002 (\$0.963/sf) per month, plus \$158.19 LET = \$1,390.19.

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. The rental rate beginning in year four (4) 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.

- 4. 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.
- 5. DEPOSIT:** Lessee shall deposit with the Port, security in the amount of **Four Thousand One Hundred Seventy Dollars and Fifty-Seven Cents (\$4,170.57)**.<sup>3</sup> Lessee has an existing deposit of **One Thousand Five Hundred Seventy-Nine Dollars and Seventy-Six Cents (\$1,579.76)** currently on file with the Port under an agreement now superseded by this Lease. Accordingly, Lessee shall deposit an additional **Two Thousand Five Hundred Ninety Dollars and Eighty-One Cents (\$2,590.81)** in order to satisfy the requirements of this Paragraph 5 (“the additional deposit”). 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

<sup>2</sup> Calculated as follows: building space @ \$1.20 per sf x 960 = \$1,152.00; land @ \$0.25 per sf x 320 = \$80.00; \$1,152.00 + \$80.00 = \$1,232.00 rent, plus LET @ 12.84% x \$1,232.00 = \$158.19; \$1,232.00 + \$158.19 = \$1,390.19.

<sup>3</sup> Required security for all Port leases is an amount equivalent to three (3) months’ rent together with applicable taxes (i.e., at lease inception, \$1,232.00 per month x 3 = \$3,696.00; \$3,696.00 x 12.84% LET = \$474.57; \$3,696.00 + \$474.57 = \$4,170.57). 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 3) is on file with the Port.

Port in repairing damage caused by Lessee or restoring the leased premises to the condition required upon termination of this Lease.

6. **USE OF PREMISES:** Lessee shall use the premises for the purpose of a diving shop and center, providing training, continuing education, equipment sales, and equipment repair and servicing, and for the refilling of dive tanks in the 320 square foot temporary structure, 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.
7. **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.
  - 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.
8. **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. Wi-Fi and/or fiber services are not included in the rent.
9. **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.
10. **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.

**11. 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.

**12. 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.

**13. 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.

- 14. 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.
- 15. 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 14, 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.
- 16. 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 16 shall be met prior to inception of this Lease Agreement.

- 17. 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 17 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.
- 18. 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.
- 19. 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.
- 20. 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.

- 21. 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.
- 22. 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.

- 23. EARLY TERMINATION BY EITHER PARY:** Notwithstanding the term set forth in Paragraph 2 of this Lease, both the Port and Lessee reserve the right, independent of any alleged default hereunder, to early terminate this Lease at any time by providing 180 or more days (6 months) advance written notice to the other party of such termination.
- 24. 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.
- 25. 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.
- 26. 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.
- 27. 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.

- 28. 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 22 hereof.
- 29. 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.
- 30. 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 11 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.
- 31. 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.

- 32. 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.
- 33. 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.
- 34. 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: Lease & Contracts Administrator  
P.O. Box 1180  
Port Townsend, Washington 98368

To Lessee:  
DIVE TECH, INC. d/b/a OCTOPUS GARDENS DIVING  
Attn: Don Peterson  
2410 Washington Street  
Port Townsend, WA 98368  
Phone: (360) 385-3483 C: (206) 919-6286

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.

- 35. 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.
- 36. "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.

- 37. CAPTIONS:** The captions in this Lease are for convenience only and do not in any way limit or amplify the provisions of this Lease.
- 38. 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.
- 39. 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.

- 40. 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.
- 41. 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.

**42. 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 June 2021 as approved by the Port of Port Townsend Port Commission, on the 28<sup>th</sup> 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 – DIVE TECH, INC.**

\_\_\_\_\_  
Don Peterson, Governing Party  
DIVE TECH, INC., d/b/a Octopus Gardens Diving

**ATTEST:**

**LESSOR - PORT OF PORT TOWNSEND**

**APPROVED AS TO FORM**

\_\_\_\_\_  
Eron Berg, Executive Director

\_\_\_\_\_  
Port Attorney



**STATE OF WASHINGTON  
COUNTY OF JEFFERSON**

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

Dated: \_\_\_\_\_

Signature of  
Notary Public: \_\_\_\_\_

My Appointment Expires: \_\_\_\_\_

**STATE OF WASHINGTON  
COUNTY OF JEFFERSON**

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

Dated: \_\_\_\_\_

Signature of  
Notary Public: \_\_\_\_\_

My Appointment Expires: \_\_\_\_\_



EXHIBIT 'A' - Octopus Gardens Dive Shop  
2410 Washington Street



= Leased Area

# PORT OF PORT TOWNSEND

## AGENDA COVER SHEET

MEETING DATE	June 9, 2021
AGENDA ITEM	<input checked="" type="checkbox"/> Consent <input type="checkbox"/> 1 <sup>st</sup> Reading <input type="checkbox"/> 2 <sup>nd</sup> Reading <input type="checkbox"/> Regular Business <input type="checkbox"/> Informational
AGENDA TITLE	IV.D Acceptance of the 2020 WorkYard Resurfacing project
STAFF LEAD	Abigail Berg, Director of Finance
REQUESTED	<input checked="" type="checkbox"/> Information <input checked="" type="checkbox"/> Motion/Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	1. Staff Memo

# PORT OF PORT TOWNSEND

## INFORMATIONAL MEMO

**DATE:** 6/7/2021  
**TO:** Port Commission  
**FROM:** Abigail Berg, Director of Finance & Administration  
**SUBJECT:** Acceptance of the 2020 WorkYard Resurfacing project

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### **BACKGROUND/DISCUSSION**

In accordance with RCW 60.28.051 – Duties of disbursing officer upon completion of contract, the Port Auditor notified the Department of Revenue, Employment Security Department and the Department of Labor and Industries in January 2021 that this project has been completed and requested a release from those state agencies.

The final of such releases was received by the Port on Monday, June 7<sup>th</sup>. With these Washington State agency releases, the Port Commission is now authorized to release contract retainage to the contractor. Official acceptance of the project completion by the Port Commission is required in accordance with RCW 39.08.030 Conditions of Bond – Notice of Claim – Action on Bond – Attorney's fees before such release can be made.

### **FISCAL IMPACT**

Commission approval of this project will allow staff to release retainage in the amount of \$3,906.30.

### **RECOMMENDATION**

We recommend and request the Commission accepts the completed work of the 2020 WorkYard Resurfacing project.

# PORT OF PORT TOWNSEND

## AGENDA COVER SHEET

<b>MEETING DATE</b>	June 9, 2021
<b>AGENDA ITEM</b>	<input type="checkbox"/> Consent <input type="checkbox"/> 1 <sup>st</sup> Reading <input type="checkbox"/> 2 <sup>nd</sup> Reading <input type="checkbox"/> Regular Business <input checked="" type="checkbox"/> Informational
<b>AGENDA TITLE</b>	V.A. Special Presentation: Point Hudson Breakwater Update
<b>STAFF LEAD</b>	Mike Love, Director of Capital Projects and Port Engineer
<b>REQUESTED</b>	<input checked="" type="checkbox"/> Information <input type="checkbox"/> Motion/Action <input checked="" type="checkbox"/> Discussion
<b>ATTACHMENTS</b>	1. PowerPoint Slideshow



# Point Hudson

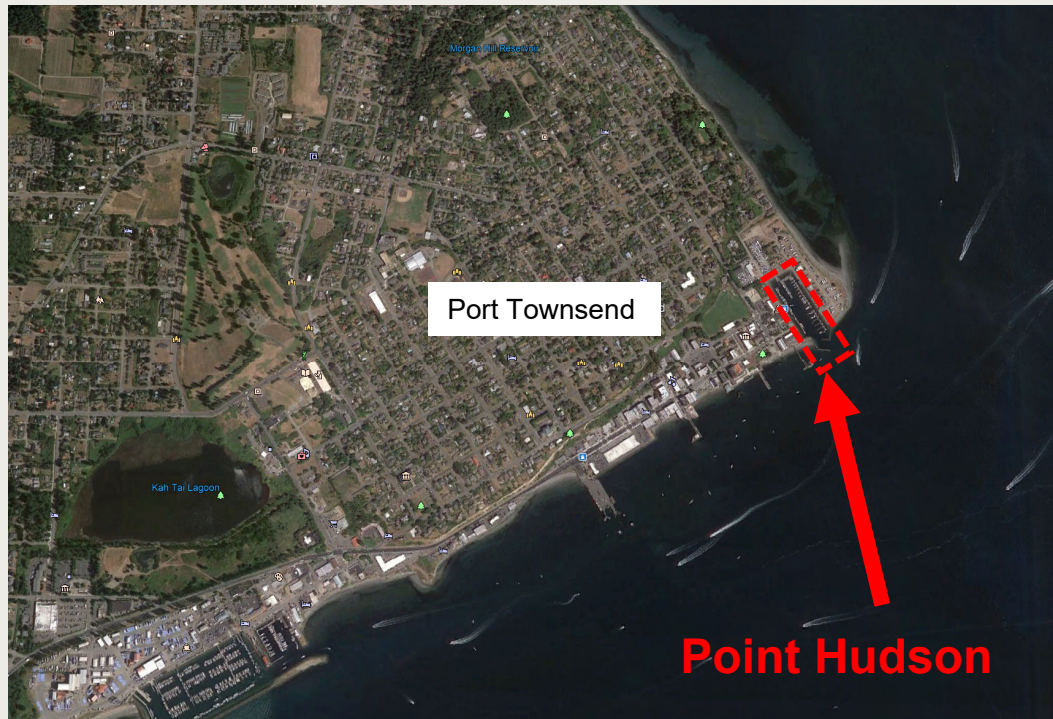
## Breakwater Improvement Project Update

Public Meeting June 9, 2021

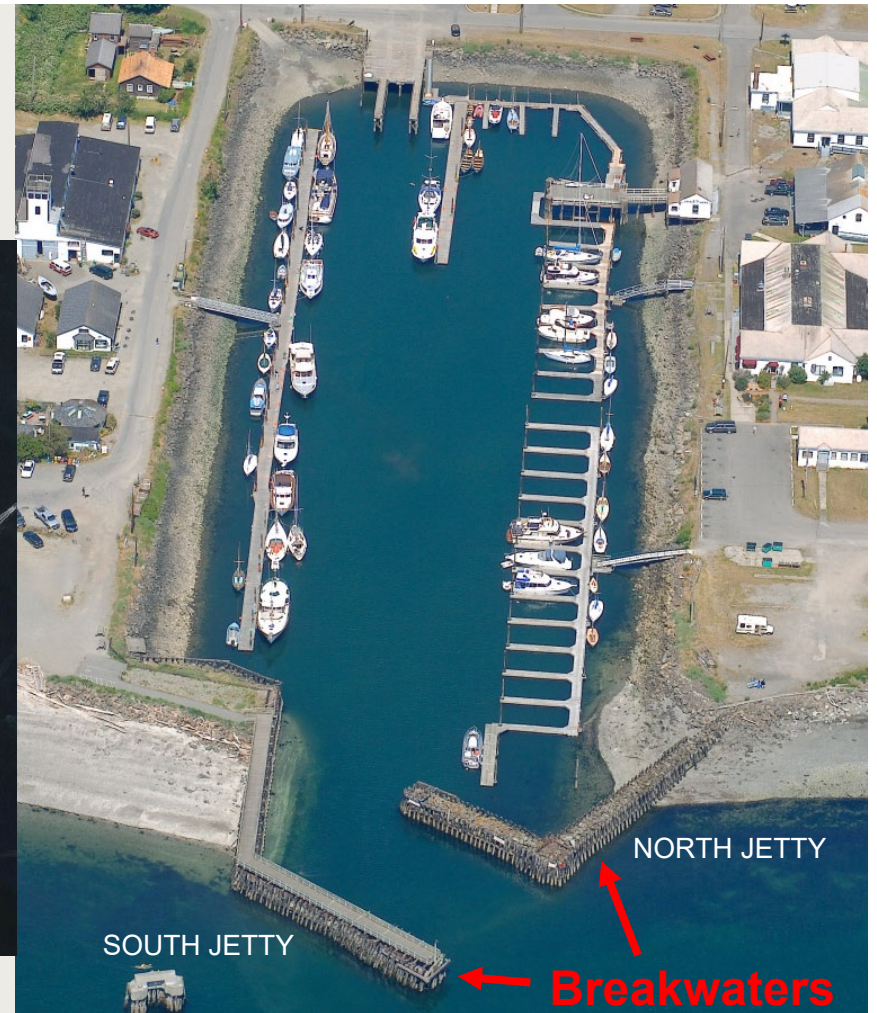
Presenter: Mike Love, Port of Port Townsend



# Location

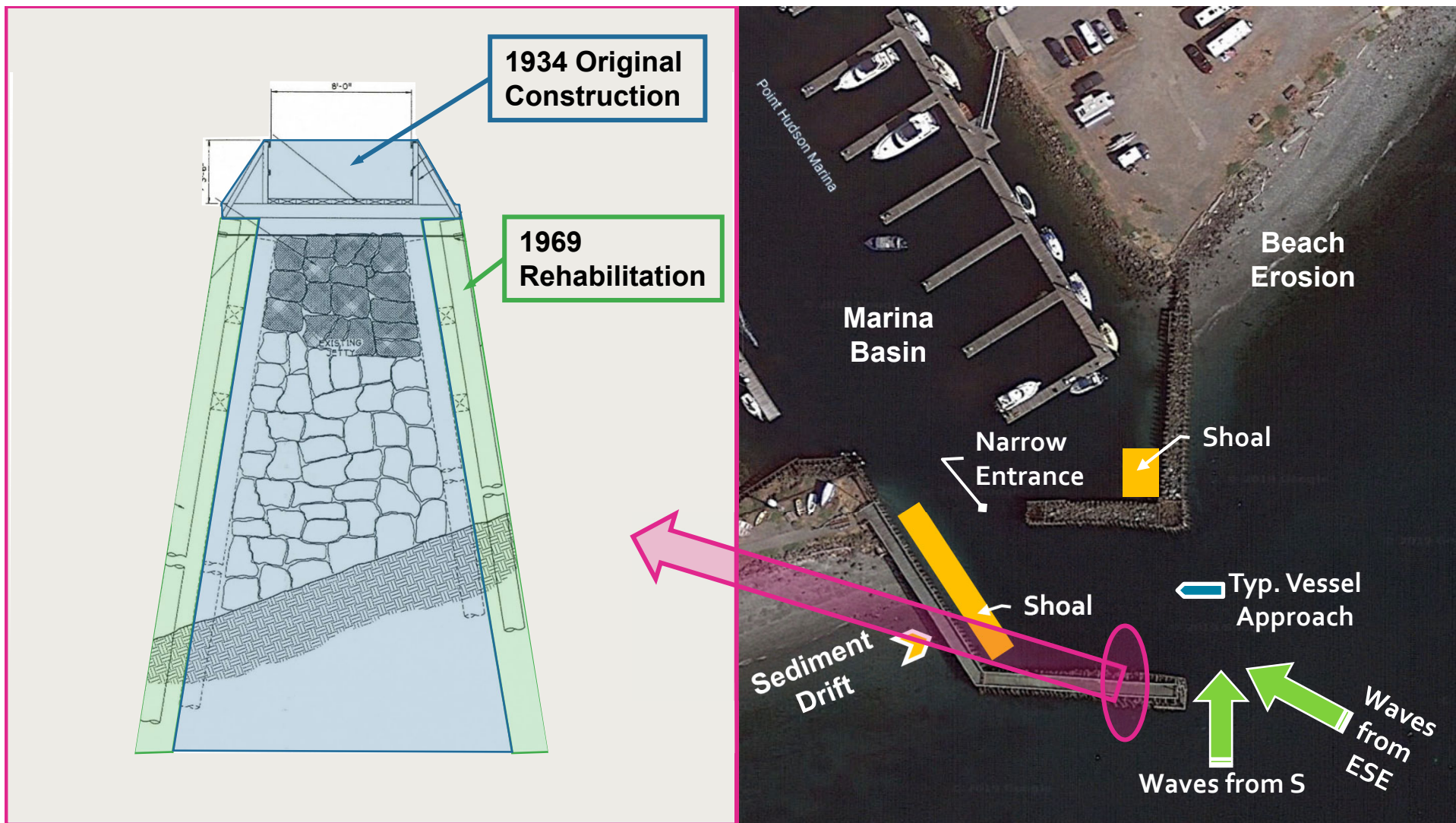


2



29 May 2019





POINT HUDSON  
NORTH  
BREAKWATER





# POINT HUDSON SOUTH BREAKWATER



## Existing Condition

Timber piles, walers, cable tiebacks, and armor rock are at or beyond useful life. Stability of the overall structural system is compromised.



Stone Weathering









**Horizontal bracing  
deterioration**



**Cable Corrosion**





**Pile Deterioration**





# A Challenging Marine Environment

- A 2018 storm damaged the breakwaters, breaking pile tops, severing cable ties and further eroding the armor rock core



Photo taken by Ron Moller

*A December 2018 storm sweeps over the jetties and into the Point Hudson Marina.*



# Design Objectives

- **Engineering.** Protect existing marina and Port operations for 30 years from wind and vessel waves and **sea level rise**.
- **Aesthetics.** Similar in appearance to existing breakwater (rocks and piles) using environmentally acceptable materials.
- **Environmental Considerations.** Remove creosote, reduce breakwater footprint, and protect existing eelgrass outside of marina.
- **Constructability.** Minimize risks from potential cost overruns, delays, errors, and obstacles during construction.

Replacement breakwater height must include sea level rise resistance

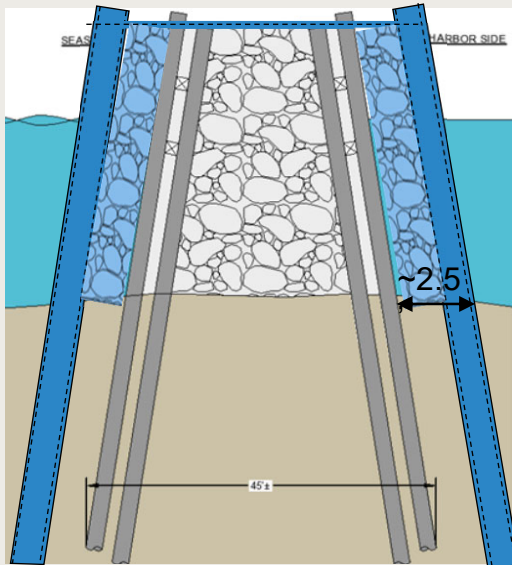
Aesthetics:  
Piles and Rock.

Environmental  
Considerations:  
Reduce Footprint

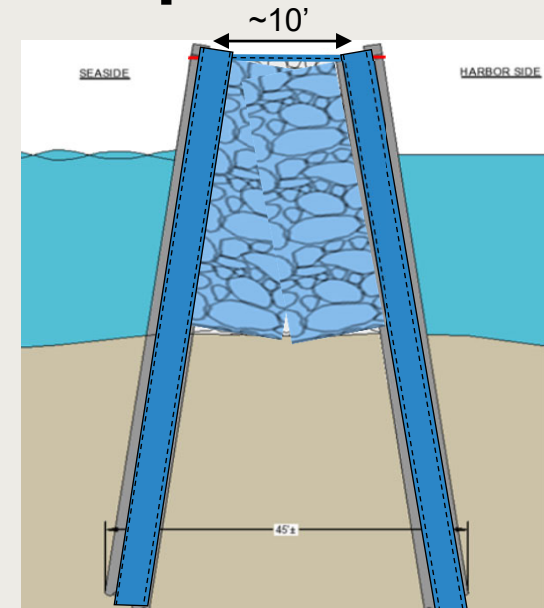
Constructability:  
Working around the  
existing structure.

Environmental  
Considerations: Remove  
rock and debris within 10 ft  
of the base

# Alt. Evaluation: Encapsulation vs. Replacement



- Existing structure remains except for a few select creosote timber piles removed for permitting.
- Piles driven in a batter outside of existing structure, expand footprint by 2.5 ft each side with mesh lagging.
- Reduces demo costs but increases offsite mitigation costs.

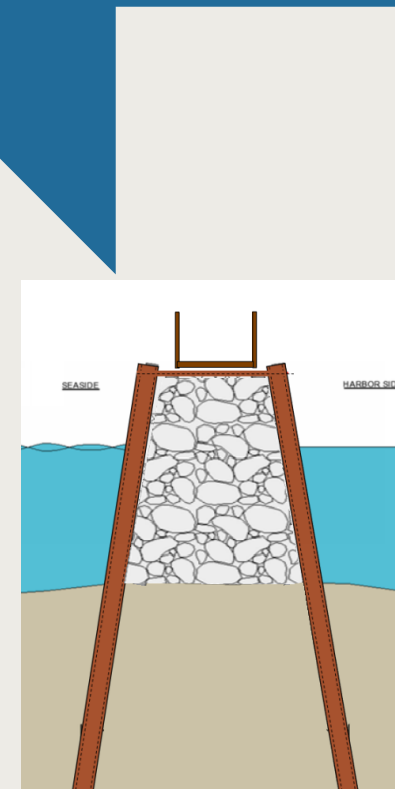


- Existing structure is completely removed including piles and rock.
- Piles driven batter with new rock installed between the rows of piling.
- Seeks to be self mitigating because of the reduction in footprint and creosote removal.

# Breakwater Design

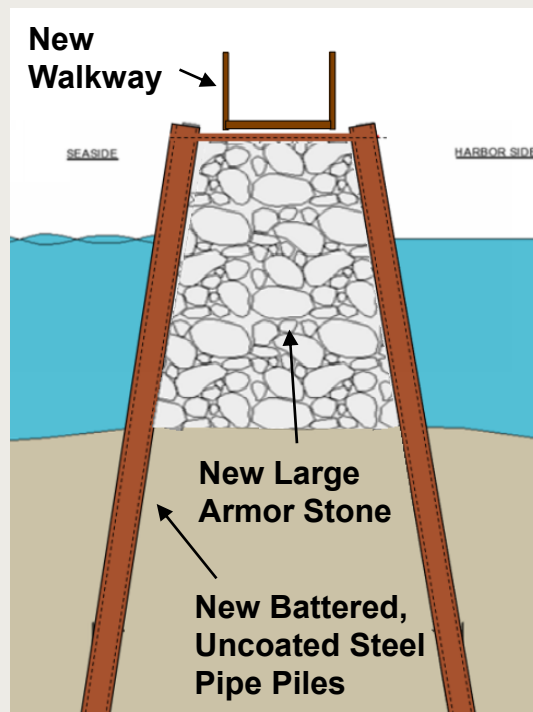
After review of the different alternatives, Replacement was selected as the preferred alternative with some additional input.

Category	Input
Pile	<ul style="list-style-type: none"> <li>• Piles should be closely spaced, similar to the existing</li> <li>• Piles should be uncoated steel pipe piles with sacrificial corrosion thickness, no composite piles</li> <li>• Piles should be battered to match existing aesthetics</li> <li>• Piles should be supported with tie rod cross-ties and potential walers</li> </ul>
Breakwater Core	<ul style="list-style-type: none"> <li>• Large high quality riprap (granite)</li> <li>• No mesh for rock containment</li> </ul>
Walkway	<ul style="list-style-type: none"> <li>• Design and system should allow for installation of walkway on top of the south breakwater</li> <li>• End of walkway waterside should incorporate a wider turnaround and look out area</li> </ul>
Permitting	<ul style="list-style-type: none"> <li>• North and south breakwaters should be designed and permitted together</li> </ul>

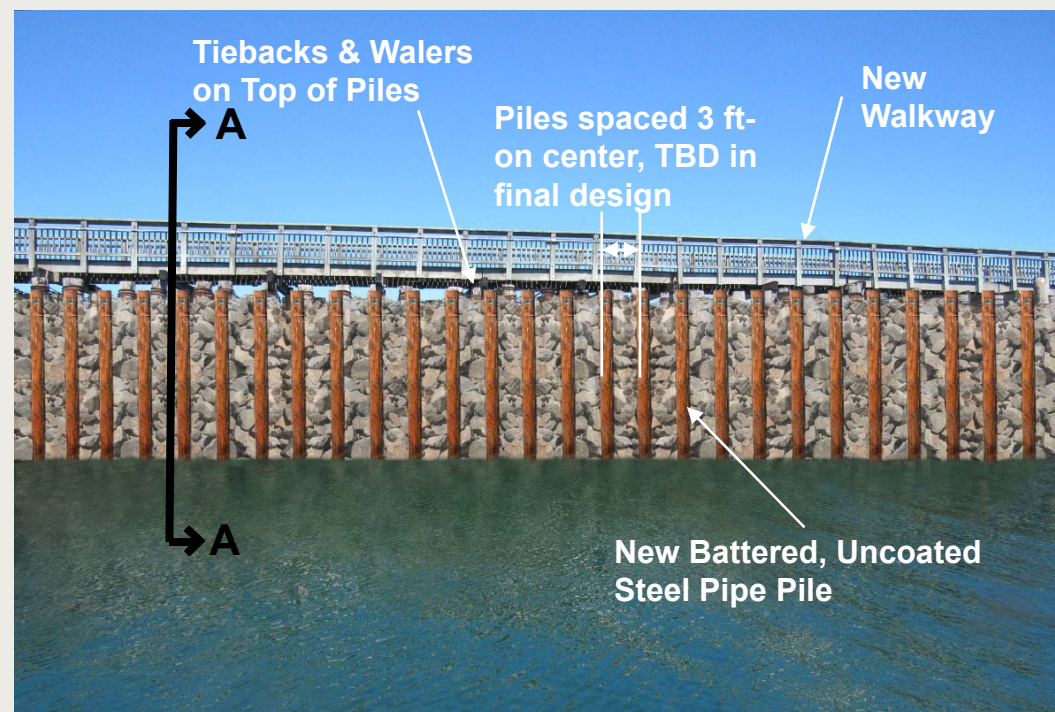


# Selected Breakwater Design - Replacement

## Selected Cross-Section and Elevation



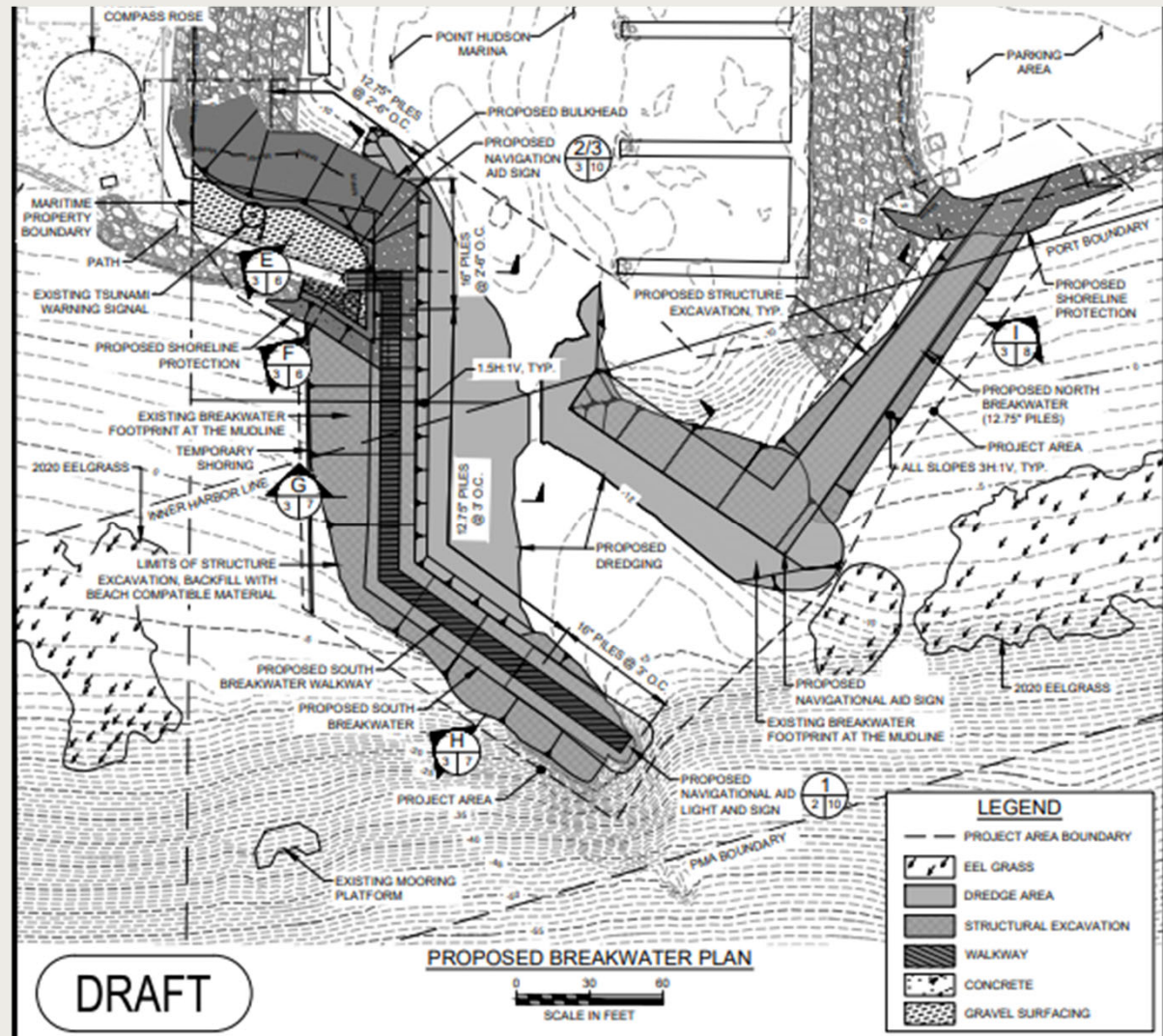
Section A - A



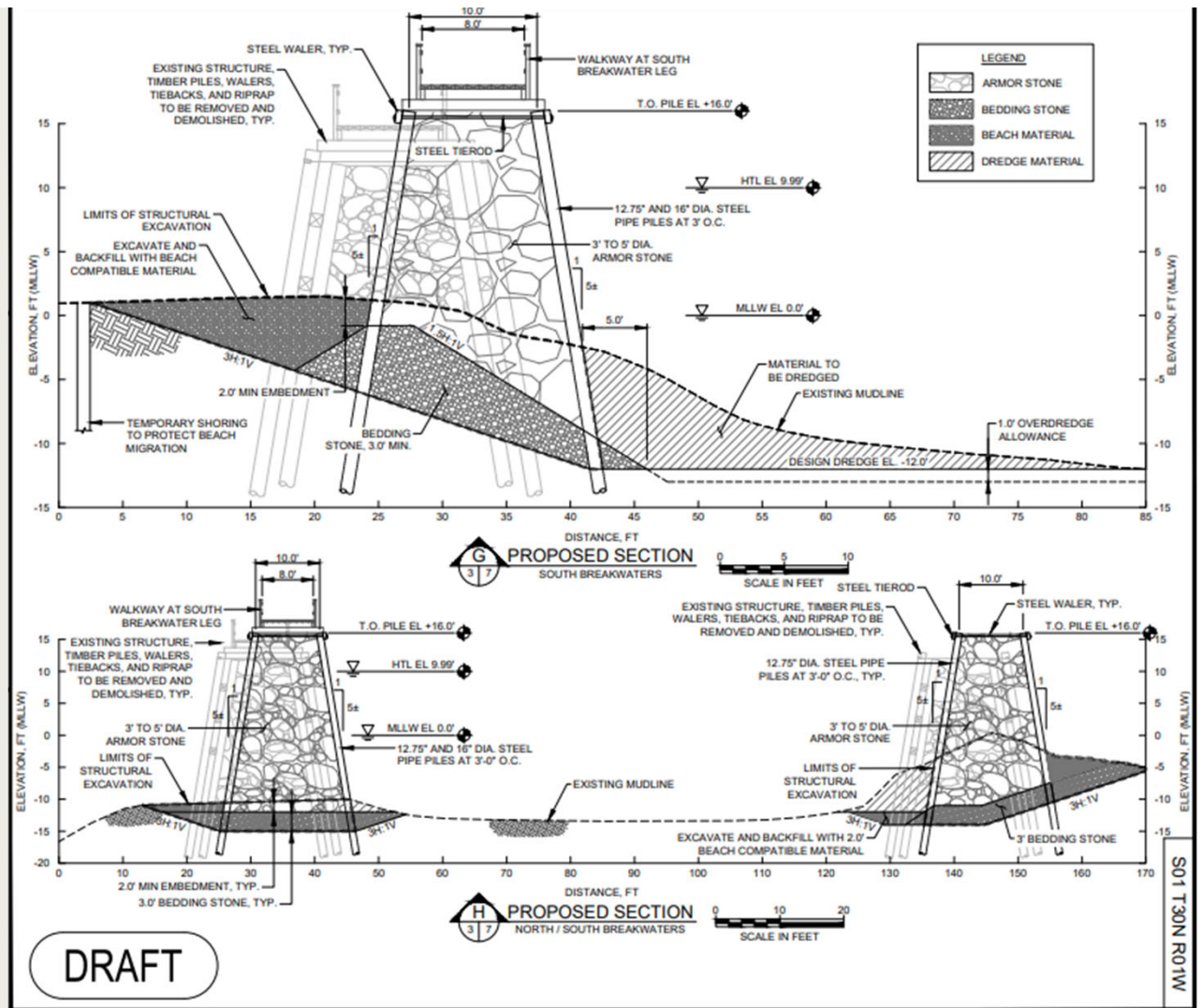
Elevation View



# PERMIT DRAWING



# PERMIT DRAWING





# Potential Permitting Scenarios/Schedules

	Scenario 1 (Best Case)	Scenario 2	Scenario 3
<b>Description</b>	<ul style="list-style-type: none"> <li>Existing permit is modified for current design</li> </ul>	<ul style="list-style-type: none"> <li>Existing permit is modified but NMFS is re-engaged</li> </ul>	<ul style="list-style-type: none"> <li>Modification is rejected and a new permit application is required.</li> </ul>
<b>Permitting Length</b>	<ul style="list-style-type: none"> <li>6 months</li> </ul>	<ul style="list-style-type: none"> <li>12 months</li> </ul>	<ul style="list-style-type: none"> <li>2+ years</li> </ul>
<b>Permit Submittal</b>	<ul style="list-style-type: none"> <li>July 2020</li> </ul>	<ul style="list-style-type: none"> <li>July 2020</li> </ul>	<ul style="list-style-type: none"> <li>Uncertain</li> </ul>
<b>Permit Received</b>	<ul style="list-style-type: none"> <li>Jan 2021</li> </ul>	<ul style="list-style-type: none"> <li>July 2021</li> </ul>	<ul style="list-style-type: none"> <li>Work under an Emergency Action</li> </ul>
<b>Bid Advertisement</b>	<ul style="list-style-type: none"> <li>Fall 2021</li> </ul>	<ul style="list-style-type: none"> <li>Winter 2021</li> </ul>	
<b>Construction Start</b>	<ul style="list-style-type: none"> <li>Fall 2022</li> </ul>	<ul style="list-style-type: none"> <li>September 2022 (North Break)</li> <li>September 2023 (South South)</li> </ul>	
<b>Construction End*</b>	<ul style="list-style-type: none"> <li>Spring/Fall 2022</li> </ul>	<ul style="list-style-type: none"> <li>February 2023 (North Break)</li> <li>February 2024 (South Break)</li> </ul>	

# Environmental Considerations

1. CREOSOTE REMOVAL 827 piles
2. SMALLER FOOTPRINT
3. ROCK AND DEBRIS REMOVAL
4. INWATER WORK SEASON JULY TO FEBRUARY
5. VIBRATORY PILE DRIVER
6. BUBBLE CURTAIN
7. FLOATING DEBRIS BOOM
8. SILT CONTAINMENT CURTAIN
9. HOURS OF WORK
10. EEL GRASS AVOIDANCE
11. MARINA OPERATION



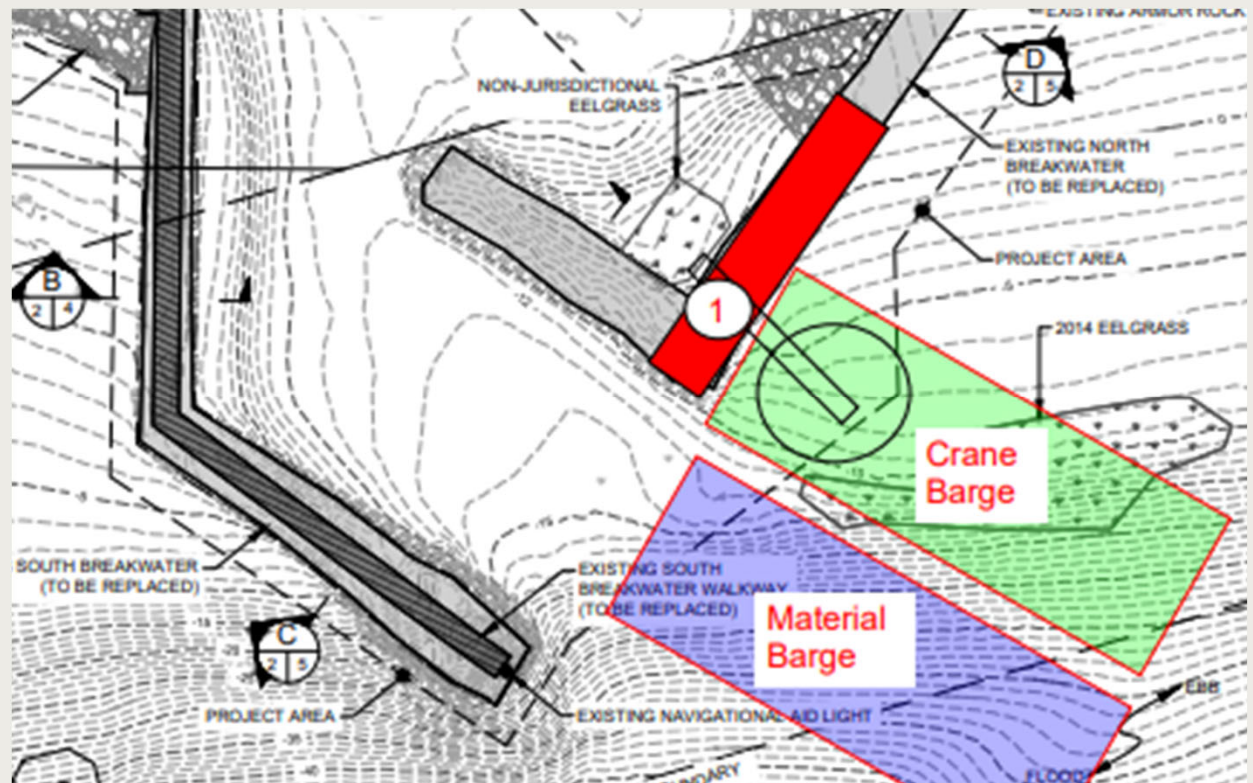
## Timeline of North Breakwater

Start Following the Wooden Boat Festival in September 2022.

Close the Marina to allow Contractor to work 6 days a week and 10 hours day.

Six Months of in-water Work without delay

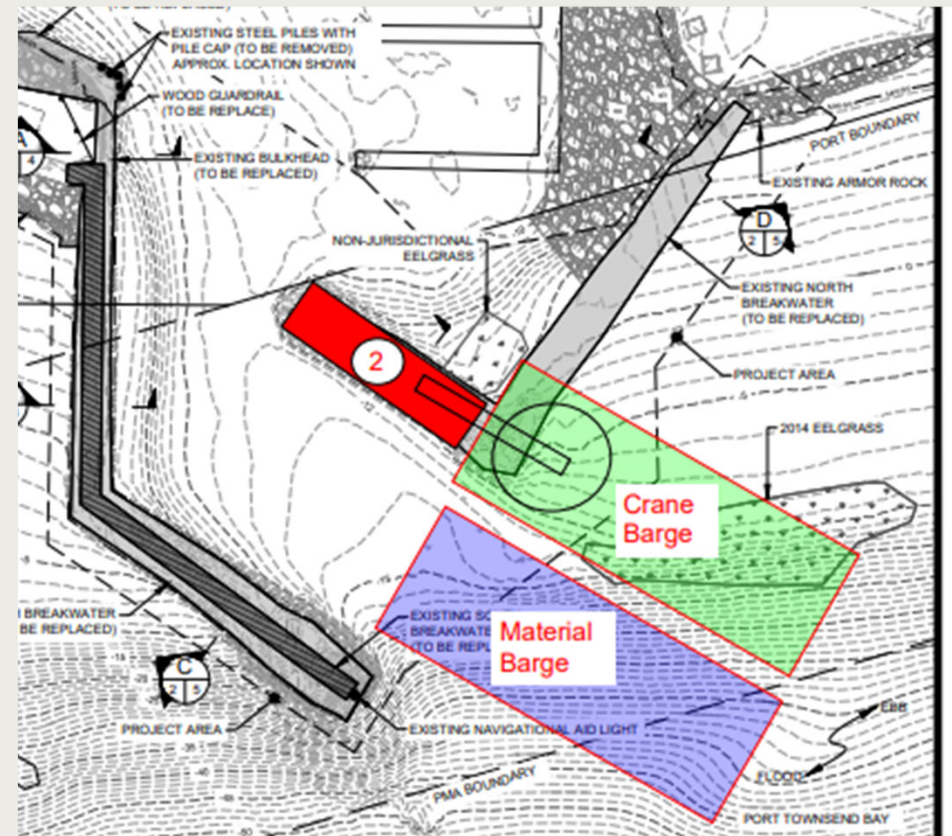
Complete the North Breakwater February 2023



Anticipated Barge Placement during construction

Demolish the Existing  
Breakwater – 8 to 10 weeks

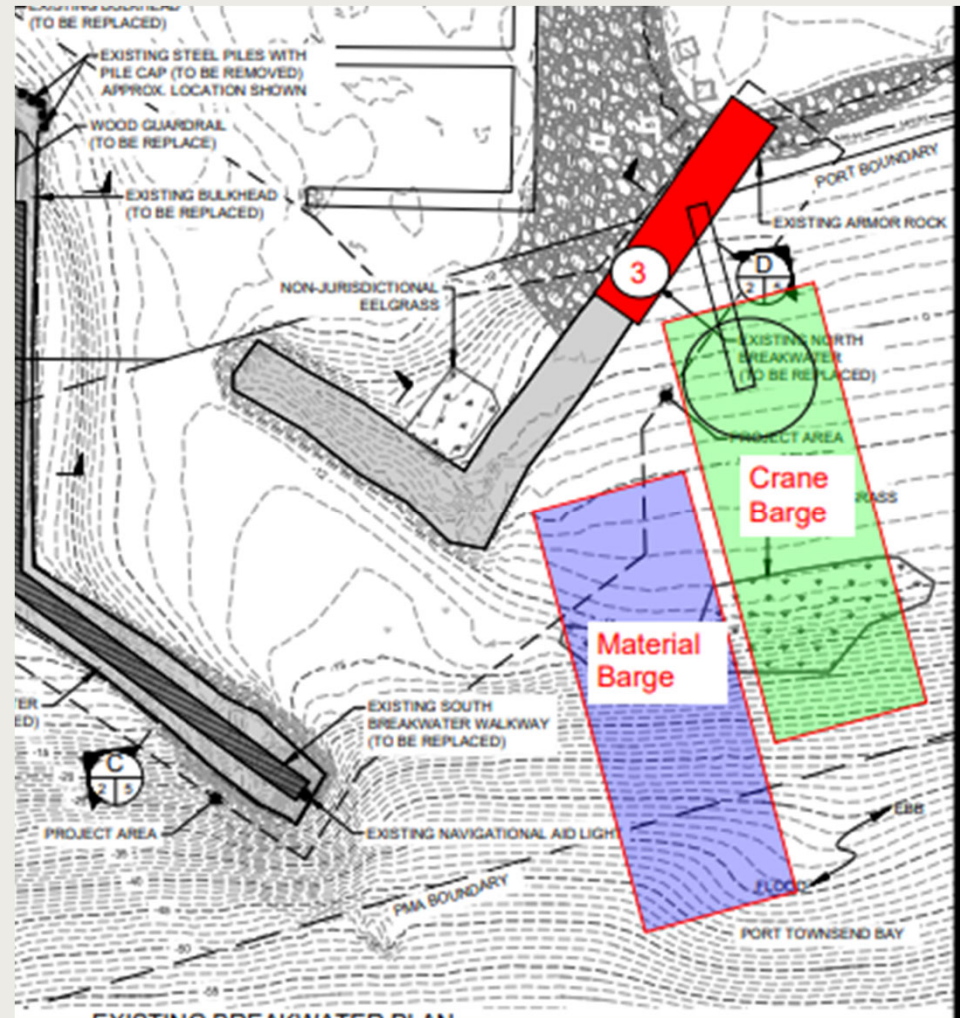
Remove 356 wood piles  
5,428 cy of Rock and debris





Rebuild - 12 to 14 weeks

Install 197 new steel piles  
Place 5,035 cy of Fill  
Install Steel Tie Rods



# Estimated Project Costs

## Total Project Costs (South and North)

- Construction Cost - **\$13.6 Million** (2020 dollars)
- Engineering, Permitting, Bid Docs - **\$400k**
- Construction Administration (South) - **\$250k**
- Construction Administration (North) - **\$250k**
- **Grand Total = \$14.5 Million** (2020 dollars)

## Current Funding Sources (South and North)

- RCO - **\$880k (may be ineligible)**
- EDA Grant - **\$7.1M**
- WA State Budget - **\$1.0 M (July 2021)**
- Port Funding - **\$5.5 to \$6.4M**
- **Grand Total = \$14.5 Million**

## Variables

- Costs assume two separate construction seasons due fish window restrictions on in water work and duration of planned work.
- If obtaining permits further delays the project beyond September 2022 start date, we anticipate cost escalation due to inflation.

# Summary

## Replacement Alternative

- Breakwater replacement alternative similar in style as existing breakwater with modern materials and walkway on south breakwater.

## Permitting

- Permitting will include replacement of both breakwaters.

## Final Design

- Final design will be for replacement of both breakwaters.
- We may break project into Two Phases. Constructing the North Phase first.

## Schedule

- Earliest Start Date September 2022 (after Wooden Boat Festival) with completion of the north breakwater March 2023, and continue with the South Breakwater beginning September 2023 and completion March 2024.

# Questions?

Public comment period open until July 2, 2021. Please direct your comments or information regarding potential impacts to environmental resources or historic properties to:

US Economic Development Administration

Jim Jacobson

EDA Regional Environmental Officer

[jjacobson@eda.gov](mailto:jjacobson@eda.gov) or call (206) 833-6035

Or

Mike Love

[mike@portoftpt.com](mailto:mike@portoftpt.com) or call (360) 379-5025





# PORT OF PORT TOWNSEND

## AGENDA COVER SHEET

<b>MEETING DATE</b>	June 9, 2021
<b>AGENDA ITEM</b>	<input type="checkbox"/> Consent <input type="checkbox"/> 1 <sup>st</sup> Reading <input type="checkbox"/> 2 <sup>nd</sup> Reading <input checked="" type="checkbox"/> Regular Business <input type="checkbox"/> Informational
<b>AGENDA TITLE</b>	VIII.A. April Year-to-date Financial Report
<b>STAFF LEAD</b>	Abigail Berg, Director of Finance
<b>REQUESTED</b>	<input checked="" type="checkbox"/> Information <input type="checkbox"/> Motion/Action <input checked="" type="checkbox"/> Discussion
<b>ATTACHMENTS</b>	<ol style="list-style-type: none"> <li>1. Staff Memo</li> <li>2. April YTD Financials</li> </ol>

# PORT OF PORT TOWNSEND

## INFORMATIONAL MEMO

**DATE:** 6/4/2021  
**TO:** Commission  
**FROM:** Abigail Berg, Director of Finance & Administration  
**SUBJECT:** April 2021 Financial Report

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Attached is the April YTD 2021 financial report of Port activities. This is a consolidated report that shows the variance between the current period as compared to the last year as well as the variance to budget year-to-date. The following is additional information not included in the financial report, but key in fully understanding the Port's financial status:

### Accounts Payable

All outstanding checks are already accounted for when reporting on a cash basis (unencumbered cash), and the Port pays invoices as they are received. However, due to the issues of the JCIA Runway Reconstruction project, there is a final, outstanding payment due to Scarsella Brothers. A proposed change order addressing the pavement correction work of \$513,200 has been tentatively agreed upon. Staff will bring forward Change Order #4 and a grant authorizing resolution at the next meeting along with a final project report. The grant is estimated to pay approximately 50% of this work.

### 2021 Capital Project Expenses

JCIA Runway Rehabilitation	\$ 1,649
PH Jetties	29,861
D-Dock Renovation	7,115
BH Breakwater Repair	9,343
Yard Stormwater Pump Replacement	53,497
Commercial Dock Repair – New Day	1,869
Nomura Bldg. Remodel	17,122
Total Capital Expenses YTD	<u>\$ 120,456</u>

### 2021 Capital Purchase

Pape 50G Compact Excavator	\$ 76,898
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Ending Cash Balances as of April 30	2021	2020
Reserved Cash & Investments - Other	\$ 1,847,700	\$ 1,307,494
Reserved Cash & Investments – IDD	1,376,498	\$ 399,516
Unreserved Cash & Investments	<u>2,498,771</u>	<u>\$ 2,488,101</u>
Total Cash & Investments	<u>\$ 5,722,969</u>	<u>\$ 3,455,827</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 Apr. 2020	YTD Apr. 2021	Variance to prior year - 2020 v 2021	notes	YTD Budget 2021	Variance to Budget YTD
<b>REVENUES</b>						
Boat Haven Moorage	580,692	595,331	14,639	a	600,011	(4,680)
Yard Operations	586,815	775,580	188,764	a, b	597,886	177,694
Boat Haven Properties	223,830	262,863	39,034	a	248,520	14,343
Pt. Hudson Marina, RV & Prop	366,467	437,755	71,288	a, c	392,735	45,020
Quilcene	48,337	52,183	3,846		46,940	5,243
Ramps	11,847	14,250	2,403		15,072	(822)
Jeff. County Int'l Airport	50,508	52,627	2,120		51,618	1,009
(Increase)/Decrease in Accts. Receivable	(32,009)	63,506	95,515	a	-	63,506
<b>Total Revenues</b>	<b>1,836,487</b>	<b>2,254,095</b>	<b>417,609</b>	<b>d</b>	<b>1,952,782</b>	<b>301,313</b>
<b>EXPENSES</b>						
Salaries & Wages	742,665	761,397	18,732		754,889	6,508
Payroll Taxes	78,335	77,749	(586)		80,131	(2,382)
Employee Benefits	203,782	277,691	73,910	e	286,334	(8,643)
Uniform Expense	4,067	3,118	(949)		3,192	(74)
Contract Services	90,229	88,563	(1,666)		96,459	(7,896)
Legal & Auditing	4,776	52,831	48,055	f	28,943	23,888
Insurance	228	99	(129)		-	99
Facilities & Operations	149,693	255,498	105,805	g	146,522	108,975
Utilities	205,731	176,674	(29,057)	h	217,913	(41,239)
Marketing	15,823	11,400	(4,423)	i	18,655	(7,255)
Travel & Training	2,904	717	(2,187)		2,746	(2,029)
Cost of Goods - Fuel	2,035	-	(2,035)		-	-
Community Relations	6,496	3,847	(2,649)		-	3,847
<b>Total Expenses</b>	<b>1,506,764</b>	<b>1,709,584</b>	<b>202,820</b>	<b>j</b>	<b>1,635,784</b>	<b>73,799</b>
<b>Net Operating Income (Loss)</b>	<b>329,723</b>	<b>544,512</b>	<b>214,789</b>		<b>316,998</b>	<b>227,514</b>
<b>Other Increases in Fund Resources</b>						
Deposits & Retainage Collected	25,080	39,915	14,835		24,634	15,281
Taxes Collected	191,358	220,032	28,674		195,146	24,886
Capital Contributions/Grants	122,717	2,494	(120,223)		-	2,494
Debt Proceeds - Line of Credit	-	-	-		-	-
Interest	6,748	17,543	10,794		18,800	(1,257)
Property & other taxes	914,338	1,315,389	401,052		1,358,832	(43,443)
Misc Other Incr. in Fund Resources	3,463	8,147	4,684		5,260	2,887
<b>Total Other Incr. in Fund Resources</b>	<b>1,263,704</b>	<b>1,603,520</b>	<b>339,816</b>	<b>k</b>	<b>1,602,672</b>	<b>848</b>
<b>Other Decr. In Fund Resources</b>						
Deposits & Retainage Paid	1,883	5,646	3,763		4,084	1,562
Taxes Remitted	250,664	303,009	52,345		278,666	24,343
Debt Principal & Interest	-	251,565	251,565		-	251,565
Debt Mgmt, Issuance & Misc Exp	200	9,353	9,153		415	8,938
Election Expense	15,674	-	(15,674)		-	-
<b>Total Other Decr. In Fund Resources</b>	<b>268,421</b>	<b>569,574</b>	<b>301,153</b>	<b>l</b>	<b>283,165</b>	<b>286,409</b>
<b>Net Other Incr./Decr. Fund Resources</b>	<b>995,283</b>	<b>1,033,946</b>	<b>38,663</b>		<b>1,319,507</b>	<b>(285,561)</b>
<b>Net Income/(Expense)</b>	<b>1,325,006</b>	<b>1,578,458</b>	<b>253,452</b>	<b>m</b>	<b>1,636,505</b>	<b>(58,047)</b>

Summary of Fund Resources Uses, April YTD 2021

**Notes:**

- (a) *In Qtr.1, 2020 a Bad Debt Write-off was approved by Commission and recorded in the accounting system. This is a GAAP convention, and though we are Cash Based now, we chose to reinstitute an Accounts Receivable (AR) account in the accounting system (the detailed tracking is done in the marina billing software). As such, the revenues recorded should be adjusted by any Bad Debt write-offs as well as changes in the AR balance. There have been no AR write-offs YTD 2021. There is a new line item as of April 2021 showing the Operating Revenues adjusted for YTD changes in the AR balance.*
- (b) *Yard Revenues continue to reign strong over YTD 2020 as well as budget. Most of this increase is from the Yard Storage and Hoist revenues in both the 70/75 Ton and 300 Ton Yards which make up 79%, or \$149,929 of the increase.*
- (c) *Point Hudson has made a rebound from last year at the beginning of the pandemic. The increase in Nightly RV and Nightly Moorage revenues represent 74%, or \$53,064, of the total year to year increase.*
- (d) *Operating Revenues overall increased by 17.5%, or \$322,094, when compared to 2020 and were 12% higher than budgeted for YTD this month.*
- (e) *Due to the timing of benefit payments in 2020, there's a variance of \$73,910. This corrects itself in June. Benefits are just under budget to-date.*
- (f) *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.*
- (g) *2021 costs are higher for Facilities & Operations when compared to 2020 by \$105,805 and more than Budget by \$108,975. There were several increases and decreases in various line items, but the highest variances year to year are \$45,729 more in Repair/Maintenance costs, \$27,645 more in Environmental Materials/Supplies, and approximately \$10,000 more each in Bank Charges and Janitorial Supplies. Bank Charges have increased due to the new software, Molo, that directs customers online to pay electronically. This is a huge plus to the Port because we receive funds more quickly, and we don't have to rely on staff to process the paper money and checks. In addition, we are having difficulty getting staffed up for summer, so the increase in efficiency via electronic payments is very helpful and worth the price.*
- (h) *The year to year variance of \$29,057 is due to the April PUD bill being received late. There are 2 months of PUD bills paid in May -- services for April and May.*
- (i) *The year to year variance for Marketing is due to approximately \$2,000 in ads regarding the Executive Director hiring process in 2020 and this year we did not use Bri Communications for the Puget Sound Boating Guide (>\$4,000), which are maps.*
- (j) *Overall, Operating Expenses increased by \$202,820, or 13%, when compared to 2020 and are more than budget by \$73,799, or 5%. As already mentioned, these increases are due to timing of bills received and paid as well as increases in spending for Materials/Supplies - computer, janitorial, environmental and repair/maintenance. It should be kept in mind that although this appears to be a significant increase in expenses, they are in alignment with the budget, or the plan for the year. When you adjust for the timing of the benefit payments in the amount of \$73,910 (note e), we are almost spot on with budget.*
- (k) *The year to year variance of \$339,816 for Total Other Increases in Fund Resources is primarily related to increased tax and grant revenues. This line item is in alignment with budget.*
- (l) *Both the year to year and budget to actual variance for Total Non-Operating Expenses, \$301,153 and \$286,409, respectively, are related to the payoff of the 2020 LTGO Bond Line of Credit. This was paid in January 2020 in the amount of \$250,000.*

*(m) Overall, the increase of \$253,452 when comparing 2020 to 2021 for Net Income/(Expense) is due to the strong increase in Net Operating Income (more in 2021 by \$214,789) and the small increase in Net Other Increases/Decreases in Fund Resources of \$38,663. If you reduce 2021 by the increase in tax receipts (by \$401,052), increase 2021 by the January payment of the 2020 LTGO Line of Credit for \$251,565 and reduce 2020 by the larger portion of Grant revenue (\$120,223), then 2021 is higher than 2020 by \$224,188. It should be noted that we are in close alignment with the 2021 budget; just less than budget by \$58,047. It is important to compare to prior year, but just as important, if not more, to compare to budget because the budget is where we expect to be based on anticipated changes, increases, initiatives, etc.*

# PORT OF PORT TOWNSEND

## AGENDA COVER SHEET

<b>MEETING DATE</b>	June 9, 2021
<b>AGENDA ITEM</b>	<input type="checkbox"/> Consent <input type="checkbox"/> 1 <sup>st</sup> Reading <input type="checkbox"/> 2 <sup>nd</sup> Reading <input checked="" type="checkbox"/> Regular Business <input type="checkbox"/> Informational
<b>AGENDA TITLE</b>	VIII.B. NW Maritime Center Point Hudson Land Lease
<b>STAFF LEAD</b>	Eric Toews, Deputy Director
<b>REQUESTED</b>	<input checked="" type="checkbox"/> Information <input type="checkbox"/> Motion/Action <input checked="" type="checkbox"/> Discussion
<b>ATTACHMENTS</b>	<ol style="list-style-type: none"> <li>1. Staff Memo</li> <li>2. Summary of Key Terms, consisting of two (2) pages; and</li> <li>3. NWMC Land Lease (including Exhibits "A" and "B"), together consisting of 25 pages</li> </ol>

# PORT OF PORT TOWNSEND

## INFORMATIONAL MEMO

**DATE:** 6/3/21  
**TO:** Port Commission  
**FROM:** Eric Toews, Deputy Director  
**SUBJECT:** Northwest Maritime Center – Point Hudson Land Lease

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**BACKGROUND:** Port staff and the Northwest Maritime Center (NWMC) have been discussing the potential for a long-term land lease of a portion of the former “Landfall Restaurant” site since early 2019. The former restaurant structures were removed nearly a decade ago, and the site has been used as a paid parking lot since late 2018.

The NWMC wishes to develop the site for use as a maritime education and community events center and anticipates construction of an approximately 3,000 square foot multi-purpose building. The proximity of the site to the NWMC’s main campus provides the center with an opportunity to continue and expand programs and activities that strengthen the maritime economy and culture of the community.

This matter has been discussed by the Commission on two (2) prior occasions: at the January 23, 2019, regular meeting for general discussion; and during the May 12, 2021, regular meeting at which a proposed Term Sheet was presented to the Commission.

**DISCUSSION:** In the weeks following the presentation of the draft Term Sheet to the Commission, Port staff have prepared a draft Land Lease Agreement and have reviewed discussed and agreed upon terms with representatives of the NWMC.

The proposed Land Lease Agreement largely conforms with the draft Term Sheet presented to the Commission on May 12. However, three (3) substantive changes have been made that warrant specific mention, as follows:

- **Premises** - The proposed premises have been expanded by 1,318 square feet (i.e., 5,350 sf, (50’ x 107’), rather than 4,032 (42’ x 96’) as was discussed on May 12). The rent and deposit amounts have been adjusted accordingly.
- **Use of Premises** – The language regarding permitted use of the premises has been refined and clarified to address concerns expressed by both the Port and NWMC. Specifically, the site is to be principally used for maritime-related educational programs and activities, with limitations placed on subordinate, incidental and temporary uses. These changes are intended to provide greater certainty to the parties, while also ensuring that the vision of the “Maritime Heritage Corridor” codified in the City’s Shoreline Master Program is faithfully implemented.
- **Improvements Upon the Premises** – Revised language would allow the NWMC up to five (5) years from lease inception to commence construction of the proposed multi-purpose building, with construction required to be completed by no later than six (6) months following initiation.

Notably, in the period preceding structural development of the premises, the NWMC anticipates using the space for programs and activities (e.g., tent for classes, parking boats, or for NWMC vehicle parking). Staff believe that the terms reflected in the attached Land Lease Agreement are entirely consistent with, and help to implement, the Commission's adopted Lease Policy.

**FISCAL IMPACT:** The proposed agreement would generate \$16,050 in annual revenue for the Port at lease inception (i.e., approximately \$8,550 per year more than has previously been generated by using the site for paid parking).

**RECOMMENDATION/MOTION:** Move to authorize the Executive Director to execute the attached Land Lease Agreement with the Northwest Maritime Center.

**ATTACHMENTS:**

- Summary of Key Terms, consisting of two (2) pages; and
- NWMC Land Lease (including Exhibits "A" and "B"), together consisting of 25 pages.



**PORT OF PORT TOWNSEND**  
**Summary of Key Terms**  
**Northwest Maritime Center – Point Hudson Land Lease**  
**(June 3, 2021)**

1. **LESSEE:** Northwest Maritime Center, a Washington Nonprofit Corporation (UBI #601-537-165) (hereafter “the Maritime Center”)
2. **PREMISES:** An approximately 5,350 square foot (50’ x 107’) area of vacant land situated at the northwest corner of the intersection of Water and Jackson Streets, at the Port’s Point Hudson facility in Port Townsend, WA. Abbreviated legal description is as follows:

THE SOUTH 50 FEET OF LOTS 1 & 3, BLOCK 45, PLAT OF THE ORIGINAL TOWNSITE OF PORT TOWNSEND, AS PER VOLUME 1 OF PLATS, PAGE 1, RECORDS OF JEFFERSON COUNTY, WASHINGTON, EXCEPTING THE WEST 3 FEET OF LOT 3 THEREOF.
3. **TERM:** Thirty (30) years, beginning on July 1, 2021, and ending on June 30, 2051.
4. **RENT:** Rent per square foot of 25¢ x 5,350 sq. ft. = \$1,337.50 + \$171.74 (Leasehold Excise Tax) = \$1,509.24. Lease payments will be due at inception. CPI-U applied beginning in year 2 and each year thereafter. Market rate adjustment may be applied at beginning of year 3, and every three years thereafter.
5. **DEPOSIT:** Three month’s security + LHT required at lease inception (\$4,527.71).
6. **USE OF PREMISES:** Principally for the conduct of maritime-related educational programs and marine-related activities. Lessee may also use the Premises for incidental, subordinate and temporary uses standard and customary to Lessee’s mission and purpose, provided that such uses are consistent with the applicable zoning and shoreline use regulations of the City of Port Townsend, and that any subordinate and incidental uses that are permanent in nature shall not occupy more than 25% of the cumulative square footage of the structures upon the Premises.
7. **HOLDING OVER:** In the event the Maritime Center allows the lease to expire without negotiating a new agreement with the Port, the tenancy will roll over into a month-to month basis, with all other provisions of the lease agreement remaining in effect, except that the rent will increase to 125% of the rent due in the month preceding the holdover.
8. **IMPROVEMENTS UPON THE PREMISES:** The Maritime Center will pay all costs and expenses in connection with design and permitting of structural development upon the premises. Construction shall commence by no later than June 30, 2026. Construction shall be completed no later than six (6) months after commencing, and in no event later than January 31, 2027.
9. **UTILITIES:** All utilities are the responsibility of the Maritime Center.
10. **MAINTENANCE & REPAIR:** Construction, maintenance and repairs to buildings and improvements upon the premises will be the Maritime Center’s responsibility throughout the lease term.
11. **INSURANCE:** Commercial General Liability of \$2,000,000 combined single limit; Workers Compensation Insurance of not less than \$1,000,000 per occurrence; insurance certificates naming the Port as an additional insured; proof of insurance must be provided prior to occupancy.
12. **ASSIGNMENT/SUBLEASE:** Permitted only by prior written consent of the Port.

13. **LIMITED WAIVER OF IMMUNITY:** A limited waiver of immunity under the Industrial Insurance Act (or other similar scheme) will be required to protect the Port against personal injury lawsuits that may be brought by employees of the Maritime Center.
14. **DEFAULTS/TERMINATION:** Time is of the essence. Failure to pay rent, or to abide by the covenants/agreements contained in the lease, would serve as a basis for termination. The Maritime Center will be provided with fifteen (15) days' written notice to cure defaults.

DRAFT

**PORT OF PORT TOWNSEND  
POINT HUDSON LAND LEASE**

**THIS LEASE AGREEMENT** made this \_\_\_\_ day of June 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 the NORTHWEST MARITIME CENTER, a Washington Nonprofit Corporation, hereinafter referred to as "Lessee,"

**WITNESSETH:**

That the parties hereto do mutually agree as follows:

- 1. LEASED PREMISES:** The Port hereby leases to Lessee, and Lessee hereby leases from the Port, certain real property (hereinafter "the Premises") located in Jefferson County, Washington, more particularly depicted upon Exhibit "A" which is attached hereto and incorporated herein by this reference, and which is briefly described as follows:

THE SOUTH 50 FEET OF LOTS 1 & 3, BLOCK 45, PLAT OF THE ORIGINAL TOWNSITE OF PORT TOWNSEND, AS PER VOLUME 1 OF PLATS, PAGE 1, RECORDS OF JEFFERSON COUNTY, WASHINGTON, EXCEPTING THE WEST 3 FEET OF LOT 3 THEREOF.

The Premises described above comprise approximately 5,350 square feet (50' x 107'). The Port hereby warrants that it has good and marketable fee title to the Premises and has full right and authority to execute this Land Lease and to demise the Premises.

- 2. TERM:** This Lease shall be for a term of thirty (30) years, beginning on July 1, 2021, and ending on June 30, 2051.
- 3. RENT:**
- a. Lessee agrees to pay as rental for the leased Premises the sum of **One Thousand Three-Hundred and Thirty-Seven Dollars and Fifty Cents (\$1,337.50)** plus all applicable taxes.
  - b. Beginning on July 1, 2023, and every three (3) years thereafter, the rental rate may be adjusted to the fair market rental rate for the Premises based on the fair market rental rate then prevailing for comparable commercial and/or industrial premises in the Western Washington area, bearing in mind all allowable uses of the property and all services and amenities available to the Premises by virtue of its location. In the event that the parties are unable to reach agreement on the fair market rate adjustment, the rate shall be determined by arbitration before a single arbitrator who shall be jointly selected by the parties or by the Jefferson County Court if the parties cannot agree.
  - c. Except in years when a fair market rate adjustment is made as set forth in Subparagraph (b) of this Paragraph 3, above, the rental rate beginning in year two (2) and annually throughout the term of this Lease will be adjusted by an amount equal to the percentage change over the prior year 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.

- d. In no event shall any rent adjustment under Subparagraphs (b) or (c) of this Paragraph 3 result in a reduction in rent from the rate paid in the prior year.
  - e. 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 the main office of the Port or at such place as the Port may hereafter designate.
4. **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. This provision for a “late charge” and the Port’s acceptance of payment of such charges shall not be construed as a waiver of the Port’s right to declare this Lease in default if a rent payment is not paid when due.
5. **DEPOSIT:** Upon the execution of this Lease, Lessee shall deposit with the Port three month’s rent in the amount of **Four Thousand Five-Hundred and Twenty-Seven Dollars and Seventy-One Cents (\$4,527.71)**. This Lease shall not be effective until full deposit of the required amount is made with the Port. If Lessee defaults in any particular the Port may use, apply or retain all or any part of the security (1) to the extent of any sum due to the Port, or (2) to make any required payment on Lessee’s behalf, or (3) to compensate the Port for any expense or damage caused by Lessee’s default. On the Port’s demand, Lessee shall promptly pay to the Port a sum equivalent to the amount by which the security was so depleted. On the fifth (5<sup>th</sup>) anniversary of this Lease and every five (5) years thereafter, the amount of such security deposit shall be increased in the same proportion as the annual rental is increased above the basic rent charged during the first (1<sup>st</sup>) year of the lease term.
6. **USE OF PREMISES:** Lessee shall use the Premises principally for the conduct of maritime-related educational programs and marine-related activities. Lessee may also use the Premises for incidental, subordinate and temporary uses that are standard and customary to Lessee’s mission and purpose, PROVIDED that such uses are consistent with the applicable zoning and shoreline use regulations of the City of Port Townsend, AND PROVIDED FURTHER, that any subordinate and incidental uses that are permanent in nature shall not occupy more than 25% of the cumulative square footage of the structures upon the Premises. Other than the principal, subordinate, and temporary uses described above, no other use of the Premises shall be permitted 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 for reasons beyond Lessee’s reasonable control.
7. **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. With the exception of periodic festivals and events (e.g., the annual Wooden Boat Festival) 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.
  - 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.

8. **UTILITIES:** Lessee shall be liable for, and shall pay throughout the term of this Lease, all charges for all utility services furnished to the Premises, including, but not limited to light, heat, electricity, gas, water, sewerage, garbage disposal and janitorial services. In the event that the Premises are part of any larger Premises to which any utility services are furnished on a consolidated or joint basis, Lessee agrees to pay to the Port its (Lessee's) pro rata share of the cost of any such utility services, and Lessee's pro rata share of any such services may be computed by the Port on any reasonable basis, and separate metering or other exact segregation of costs shall not be required.
9. **ACCEPTANCE OF PREMISES:** Lessee has examined the leased Premises and accepts them in their present condition. Except as otherwise stated herein, the Port has made no representations regarding the suitability of the land for any improvements contemplated by Lessee. Except for the warranties of title and quiet enjoyment implied in any lease and the warranties otherwise stated herein, the Port makes no warranties whatsoever regarding the Premises and hereby specifically disclaims any and all such warranties.
10. **IMPROVEMENTS UPON THE PREMISES:** Lessee acknowledges that it is an express condition and part of the consideration of this Lease that Lessee will construct an approximately 3,000 square foot Community Classroom building on the Premises. All decisions to construct improvements or alterations on the Premises shall reflect a reasonable review of the highest and best use of the Premises at the time construction is commenced. The Port's written approval shall be obtained before any major construction is commenced on the Premises, which shall not be unreasonably withheld, conditioned or delayed, and before any building materials have been ordered or delivered to the Premises by Lessee or under Lessee's authority. Lessee shall comply with all of the following conditions or procure the Port's written waiver of the condition or conditions specified in the waiver, which request for waiver shall not be unreasonably withheld, conditioned or denied. The Port shall have the right to post and maintain on the Premises any notices of non-responsibility provided for under applicable law, and to inspect the Premises in relation to the construction at all reasonable times.
  - a. **Plans and Specifications.** Lessee shall deliver to the Port for the Port's review and approval two (2) sets of preliminary construction plans and specifications prepared by an architect or engineer licensed to practice as such in the State of Washington, including, but not limited to, preliminary grading and drainage plans, soil tests, utilities, sewer and service connections, locations of ingress and egress to and from public thoroughfares, curbs, gutters, street lighting, designs and locations for outdoor signs, storage areas and landscaping, all sufficient to enable potential contractors and subcontractors to make reasonably accurate bid estimates and to enable the Port to make an informed judgment about the design and quality of construction and about any effect on the reversion. All improvements shall be constructed within the exterior property lines of the demised Premises, PROVIDED that required work beyond the Premises on utilities, access and conditional use requirements do not violate this provision. With the plans, Lessee shall deliver to the Port the certificate of the person or persons who prepared the plans and

specifications, certifying that Lessee has paid for them or waiving payment and waiving any right to a lien on the Premises.

- b. **Port Approval.** The Port reserves the right to approve or disapprove the preliminary plans and specifications. The Port shall not unreasonably withhold approval of preliminary plans and specifications but shall have the right to withhold approval if it finds that the improvements are not consistent with the highest and best use of the Premises or that the improvements are not aesthetically harmonious with the improvements constructed in the immediate vicinity. Approval or disapproval shall be communicated in the manner provided for notices, and disapproval shall be accompanied by specification of the grounds for disapproval, PROVIDED that the Port's failure to disapprove within fifteen (15) days after receipt of the plans and specifications shall be conclusively considered to be Port approval.
- c. **Required Governmental Permits.** Lessee shall procure and deliver to the Port, prior to the commencement of construction, evidence of compliance with all then applicable codes, ordinances, regulations and requirements for permits and approvals, including, but not limited to: a grading permit; building permits; zoning and land and shoreline use approvals, including critical areas permits; environmental (i.e., State Environmental Policy Act, RCW 43.21C) determinations, shoreline substantial development permit (SDP), and approvals from various governmental agencies and bodies having jurisdiction over the Premises.
- d. **Use of Licensed and Bonded Contractor.** Lessee shall use a licensed and bonded contractor for all improvements or alterations to the Premises. Prior to the commencement of construction, Lessee shall furnish to the Port a copy of the construction contract and shall furnish proof that the contractor has posted a construction completion and performance bond in the full value of the construction contract, naming both Lessee and the Port as beneficiaries of that bond. The contract shall give the Port the right, but not the obligation, to assume Lessee's obligations and rights under that contract if Lessee should default. The form, sufficiency and the surety of the bond shall be approved by the Port prior to commencing construction.
- e. **Survey Required.** Lessee shall, at its own expense, obtain a survey from a licensed land surveyor, for the purposes of fully establishing and marking the exact location and bounds of the leased Premises within the Port's Point Hudson property. Prior to the commencement of any construction on the Premises by Lessee, said survey shall be submitted to the Port for review and approval, which shall not be unreasonably withheld, conditioned or delayed, and shall thereafter be attached to this Lease and incorporated within Exhibit "A".
- f. **Construction Timeframes.** No construction activities shall be undertaken until all applicable permits have been obtained. Lessee shall apply for permits for the construction within thirty (30) days after the Port's approval of the plans and specifications and shall commence construction within ninety (90) days after the issuance of all permits, and in no event later June 30, 2026. Construction shall be completed not later than six (6) months after commencing. Lessee agrees to comply with the foregoing schedule and acknowledges that failure to proceed with and complete construction in accordance with the foregoing schedule shall be a default under this lease and shall constitute grounds for the Port to terminate this lease.

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

- 11. MAINTENANCE AND REPAIR OF IMPROVEMENTS:** Throughout the term of this Lease, the Lessee shall, at Lessee's sole cost and expense, maintain the Premises and all improvements in good condition and repair, and in accordance with all applicable laws, rules, ordinances, orders and regulations. Lessee shall, at its' own expense, and at all times:
- a. Keep the Premises, and the adjoining roadways and walkways, neat, clean and in a safe and sanitary condition;
  - b. Keep the glass of all windows and doors thereof clean and presentable;
  - c. Maintain and keep the leased Premises in a good state of repair;
  - d. Not commit waste of any kind;
  - e. Replace all cracked or broken glass in the Premises;

- f. Keep the electrical system and the sprinkler system and all pipes and drains clean and in a good state of repair;
- g. Protect the sprinkler system and all pipes and drains so that they will not freeze or become clogged;
- h. Remove all snow and ice from the walkways adjacent to the Premises/buildings and all snow and ice from the roofs thereof; and
- i. Make all necessary repairs to the roofs (structures or coverings), to the foundations of the buildings or structures and exterior walls of which the Premises are a part.

Except as expressly provided in Paragraph 13, Subparagraph (c), below, Lessee shall promptly and diligently repair, restore and replace as required to maintain and comply as above, or to remedy all damage to or destruction of all or any part of the improvements upon the leased Premises from any causes whatsoever. The completed work of maintenance, compliance, repair, restoration or replacement shall be equal in value, quality and use to the condition of the improvements before the casualty giving rise to the work, except as expressly provided to the contrary in this Lease. The Port shall not be required to furnish any services or facilities or to make any repairs of any kind on or in the Premises.

**12. DISPOSITION OF IMPROVEMENTS AT END OF LEASE:**

- a. All improvements constructed on the Premises by Lessee as permitted by this Lease shall be owned by Lessee until expiration of the term or sooner termination of this Lease. Lessee shall not, however, remove such improvements from the Premises without the Port's prior written permission. The parties covenant for themselves and all persons claiming under them that all such improvements are real property. At the expiration of the term or sooner termination of this Lease, with respect to improvements constructed or installed on the Premises during the term of this Lease, the buildings themselves, the ceiling cranes and all electrical, plumbing, heating, air conditioning and other building systems and any drapes, carpeting, and installed appliances, but not Lessee's freely moveable personal property, or any compressors (other than for the heating and air conditioning systems), shall become the Port's property, free and clear of all claims by Lessee or any third person and Lessee shall defend and indemnify the Port against all liability and loss arising from such claims or from the Port's exercise of the rights conferred by this Paragraph 12.
- b. Notwithstanding the foregoing, the Port, in its sole and absolute discretion, may, upon written notice provided at least one (1) year prior to the expiration of this Lease, require Lessee to remove all improvements upon the Premises and to restore the Premises to their condition at the time of inception of this Lease. Should the Port elect to require the removal of all improvements upon the Premises, the Lessee shall complete the same within sixty (60) days following the expiration of this Lease. If Lessee fails to so remove said improvements within the specified time, they may be removed by the Port and Lessor expressly agrees to pay the Port the cost thereof upon demand.

**13. DAMAGE TO - OR DESTRUCTION OF - IMPROVEMENTS:**

- a. Except as expressly provided in Subparagraph (c) of this Paragraph 13, below, Lessee shall promptly and diligently repair, restore and replace as required to remedy all damage to or destruction of all or any part of the improvements upon the leased Premises from any



causes whatsoever. The completed work of repair, restoration or replacement shall be equal in value, quality and use to the condition of the improvements before the casualty giving rise to the work. Lessee shall also promptly take all steps necessary to assure that the leased Premises shall be and remain safe, and that the damaged improvements do not constitute a hazard or danger to persons or property from the time of the fire or other casualty.

- b. The Port may in its discretion abate or suspend the rent in consideration of the particular hardship or incapacity of Lessee.
- c. If not later than sixty (60) days after the occurrence of a fire or other casualty which causes substantial damage to the improvements, Lessee, using reasonable judgment and in reliance upon professional estimates and advice, determines that such full repair and/or restoration is either (i) physically impossible, or (ii) PROVIDED that Lessee has fulfilled all of the hazard insurance requirements set forth in Paragraph 19 of this Lease, the available insurance proceeds are less than eighty percent (80%) of the cost of such repair and/or restoration, then Lessee may terminate this Lease by written notice to the Port given within such sixty (60) day time period. Such termination notice shall not, however, be effective until sixty (60) days after the date upon which it is received by the Port, during which time the Port shall have the opportunity to seek an adjustment from the insurer so as to increase the amount of available insurance proceeds, arrange for such repair and/or restoration at a cost sufficiently low so as to avoid condition (ii) of the preceding sentence, or design a partial restoration of the improvements which would be sufficient to provide Lessee with improvements of reasonably equivalent quality and floor area to not less than eighty percent (80%) of the improvements as they existed immediately prior to such fire or other casualty; and in any of the foregoing cases by written notice of such action to Lessee within such additional sixty (60) day period the Port may render Lessee's termination notice null and void. If the Port shall fail to so nullify the termination notice, then this Lease shall terminate at the expiration of such sixty (60) day period after the Port's receipt of Lessee's termination notice, and any proceeds of insurance payable to Lessee on account of such fire or other hazard shall be paid as provided in Subparagraph (d) of this Paragraph 13, below.
- d. If this Lease is early terminated under Subparagraph (c) of this Paragraph 13, above, the Port shall be entitled to the proceeds of all insurance collected, after deduction of the following: the Lessee's costs of demolition and removal of the damaged and unusable improvements, and the filling and grading of the Premises; and Lessee's then current book value for the improvements.

- 14. 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 one hundred and eighty (180) days prior to the expiration or sooner termination of this Lease.

15. **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.
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 except to the extent attributable to the negligence or other wrongdoing of the Port or its employees, contractors or agents. Lessee agrees to defend, indemnify, and to hold and save the Port harmless from all liability and expense (including, but not limited to attorney's fees and other costs of litigation) in connection with any such items of actual or alleged injury or damage.
17. **NOTICES OF CLAIMS OR CAUSES OF ACTION:** In the event any action or proceeding is brought against the Port or Lessee for which a party seeks indemnification pursuant to the indemnification provision set forth in paragraph 16, above, the party seeking indemnification shall give the other party written notice within thirty (30) days of being served or otherwise being put on notice of such a claim or cause of action. The party receiving a demand for indemnification shall accept or reject the tender of the defense of a claim or cause of action by written notice to the other party within sixty (60) days of its receipt of the demand for indemnification. If a party accepts the defense of the tendered claim or cause of action it shall also notify the other party of the identity of the law firm and lawyer which has been retained to represent the Port and/or the Lessee in responding to the claim or cause of action.
18. **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.

- 19. INSURANCE:** Lessee agrees to maintain during the lease term 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. Throughout the term of this Lease, at Lessee's sole cost and expense, Lessee shall keep or cause to be kept insured, for the mutual benefit of the Port and Lessee, all improvements located on or appurtenant to the Premises against loss or damage by fire and such other risks as are now or hereafter included in an extended coverage endorsement in common use for commercial and industrial structures, including vandalism and malicious mischief. The amount of insurance shall be sufficient to prevent either the Port or Lessee from becoming a co-insurer under the provisions of the policy, but in no event shall the amount be less than \$250,000 (herein called the "insurable value"). The Port shall not be required to carry any insurance coverage on the Premises. Lessee may include the holder of any mortgage on the leased Premises as a loss payee. The Port shall, at Lessee's cost and expense, cooperate fully with Lessee to obtain the largest possible recovery in the event of any insurance claim. Except as expressly provided in Paragraph 13, Subparagraphs (c) and (d), above, all policies of fire and extended coverage insurance required by this Lease shall provide that the proceeds shall be payable to Lessee as follows:
    - i. Insurance proceeds shall be paid first to make all necessary repairs to restore the improvements to their condition prior to the insured casualty. Payments of insurance proceeds for repair, restoration or reconstruction of the improvements shall be held in a trust account approved by the Port and be disbursed monthly on architect's certificates until the work is completed and accepted.
    - ii. Any insurance proceeds remaining after complying with the provisions of this Lease relating to maintenance, repair and reconstruction of improvements shall be the Lessee's sole property.
  - b. Comprehensive General Liability Insurance against claims for injury or death to persons or damage to property with minimum limits of liability of \$2,000,000 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, and contractual liability.
  - c. Comprehensive Business Automobile Liability Insurance against claims for injury or death to persons or damage to property with minimum limits of liability of \$3,000,000 combined single limit for each occurrence. Such insurance shall include but not be limited to bodily injury liability, property damage liability, hired car liability, and non-owned auto liability.
  - d. Workers Compensation Insurance as required by Washington law 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 Harbor Workers' Act, Jones Act, and Federal Employers Liability section of the Washington Workers Compensation Policy and all Federal Acts Insurance, with minimum limits of liability as required by such laws and in no event less than \$1,000,000 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 Lessee shall provide a complete copy of all insurance policies to the Port at the Port's request. The conditions set forth in Subparagraphs (a), (b), (c), and (d) of this Paragraph 19 shall be met prior to occupancy.

- 20. 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 insurance contracts, including any extended coverage endorsements thereto, PROVIDED that this Paragraph 20 is effective only to the extent that the insurance company(ies) actually pay(s) for such injury, loss or damage, and, PROVIDED FURTHER, that this Paragraph 20 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.
- 21. 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 improvements 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 leased Premises, 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.
- 22. HAZARDOUS SUBSTANCES WARRANTY AND AGREEMENT:** Lessee has examined the Hazardous Substance Warranty and Agreement, consisting of five (5) pages, which is attached hereto as Exhibit "B" 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.
- 23. 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 and any taxes and assessments based on the Premises or any improvements located thereon.
- 24. COMPLIANCE WITH PORT REGULATIONS AND WITH ALL LAWS:** Lessee agrees to comply with all applicable rules and regulations of the Port pertaining to the improvements 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 local laws, rules, regulations, ordinances, permits and permit requirements, orders, and decrees of all governmental bodies having authority over the Premises, or any improvements located thereon, or any activity conducted thereon, as currently in effect or as may be hereafter amended or issued. Lessee shall defend, indemnify, and hold the Port harmless against all claims, costs (including but not limited to attorney fees), fees, fines, penalties, liabilities, losses, and damages that the Port may incur by reason of any charge, claim, litigation, or enforcement action related to any actual or claimed violation of any of the foregoing. Lessee further agrees that all improvements, approved by the

Port will be properly permitted by the City of Port Townsend. 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.

- 25. ASSIGNMENT OR SUBLEASE:** Lessee shall not assign or transfer this Lease or any interest therein nor sublet the whole or any part of the Premises, nor shall this Lease or any interest thereunder be assignable or transferable by operation of law or by any process or proceeding of any court, 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 25. If the Port shall give its consent to any assignment or sublease, this Paragraph 25 shall nevertheless continue in full force and effect and no further assignment or sublease shall be made without the Port's consent.

**26. EASEMENTS:**

- a. The parties recognize that the Port's 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 Premises leased by 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 significantly impact or deprive the Lessee from its beneficial use or occupancy of the leased Premises.
- b. In the event that the Port does significantly impact the Lessee from such beneficial use or occupancy, then there will be an equitable adjustment in rent. In the event that the Port does permanently deprive the Lessee from such beneficial use or occupancy, then 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.

- 27. 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. After such stored property has been stored for a period of thirty (30) days or more, the Port shall have the right to sell such property PROVIDED, however that Lessee shall be given fifteen (15) days' written notice of the Port's intent to sell such property. The proceeds of such sale of stored property shall 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 that 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.

- 28. 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.
- 29. 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.
- 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:** No word, act or omission of the Port shall be deemed to be a waiver of any default or noncompliance by Lessee under the terms of this Lease or of any right of the Port hereunder or of any notice given by the Port hereunder unless the Port so advises Lessee in writing. 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 27 hereof.

- 32. PRIOR AGREEMENTS:** This Lease contains all of the agreements of the parties with respect to any matter covered or mentioned in this Lease, and no prior agreement, letter of intent or understanding pertaining to any such matter will be effective for any purpose. No provisions of this Lease may be amended or added to, except by an agreement in writing signed by the parties or their respective successors in interest.
- 33. ATTORNEYS' FEES AND COSTS:** In the event either party requires the services of an attorney in connection with enforcing or interpreting the terms of this Lease, or in the event suit is brought for the recovery of any sums due under this Lease or for the breach of any covenant or condition of this Lease, or for the restitution of the Premises to the Port or eviction of the Lessee during the lease term or after the expiration thereof, the substantially prevailing party is entitled to reasonable attorneys' fees and all costs incurred in connection therewith, including, without limitation, the fees of accountants, appraisers and other professionals, whether at trial, on appeal or without resort to suit.
- 34. VACATION OF PREMISES – HOLDING OVER:** In the event that no new lease has been negotiated and executed by the parties (or their successors) prior to the termination of this Lease, and upon written notice from the Port given at any time prior to the expiration of the term, Lessee shall promptly vacate the Premises on or before the last day of the term, leaving the Premises in the condition described in Paragraph 34, below. If Lessee holds over after the expiration or earlier termination of this Lease without the express written consent of the Port, Lessee will be a tenant at sufferance only and otherwise subject to the terms, covenants and conditions herein specified, insofar as applicable, except that the monthly rent will be one hundred twenty-five percent (125%) of the rent applicable during the last rental period under this Lease. Tenant shall also pay its share of then current additional rent, prorated on a daily basis. Acceptance by the Port of rent after the expiration or earlier termination of this Lease will not result in a renewal of this Lease. The forgoing provisions of this section are in addition to and do not affect the Port's right of re-entry or any other rights of the Port hereunder or otherwise provided by law. Lessee hereby indemnifies and agrees to hold the Port harmless from all loss, injury or liability arising from Lessee's failure to surrender the Premises upon the expiration or earlier termination of this Lease.
- 35. SURRENDER OF PREMISES:** The voluntary or other surrender of this Lease by Lessee, or a mutual cancellation thereof, will not work a merger, and will, at the option of the Port, operate as an assignment to it of any or all subleases or subtenancies. Upon the expiration or earlier termination of this Lease, Lessee shall peaceably surrender the Premises and all of the alterations and additions thereto, leave the Premises clean, in as good order, repair and condition as was provided to Lessee on the commencement date, reasonable wear and tear excepted, and Lessee shall comply with the provisions of Paragraph 12, above. The delivery of keys to any employee of the Port or to the Port's agent or any employee thereof shall not be sufficient to constitute a termination of this Lease or a surrender of the Premises.

36. **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.
37. **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 that would or might constitute the basis for such a lien on the leased Premises if not paid.
38. **NOTICES:** All notices hereunder may be personally delivered or mailed. If mailed, they shall be sent by certified or registered mail to the following respective addresses:

To Lessor:

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

To Lessee:

NORTHWEST MARITIME CENTER  
c/o Executive Director  
431 Water Street  
Port Townsend, WA 98368  
Phone: (360) 385-3628

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 received or refused by the addressee.

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 Lessee 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. LABOR UNREST:** Lessee agrees to join with the Port and use its best efforts in avoiding labor unrest, or in the event of a wildcat strike or other labor difficulty, to use its good offices in negotiating and bringing to a swift and satisfactory conclusion any kind of labor dispute that may affect the interests of the Port.
- 45. SUCCESSORS AND ASSIGNS:** Except as otherwise provided in this Lease, all of the covenants, conditions and provisions of this Lease are binding upon and inure to the benefit of the parties and their respective heirs, personal representatives, successors and assigns. If the Port sells or otherwise conveys its title to the Premises, then after the effective date of such sale or conveyance, the Port will have no further liability under this Lease to Lessee except as to matters of liability which have accrued and are unsatisfied as of the date of sale or conveyance, and Lessee must seek performance solely from the Port's purchaser or successor in title. The Port's successor will have all rights of the Port, as Landlord, hereunder.

Lease Agreement dated this \_\_\_\_\_ day of June 2021 is hereby approved by the Port of Port Townsend and effective upon the receipt of a deposit and insurance documentation from the Lessee.

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

**LESSEE - NORTHWEST MARITIME CENTER**

\_\_\_\_\_  
Jake Beattie, Executive Director

**LESSOR - PORT OF PORT TOWNSEND**

**APPROVED AS TO FORM**

\_\_\_\_\_  
Eron Berg, Executive Director

\_\_\_\_\_  
Port Attorney

**STATE OF WASHINGTON  
COUNTY OF JEFFERSON**

I certify that I know or have satisfactory evidence that JAKE BEATTIE signed this instrument and that he/she is authorized to execute the instrument and acknowledged it to be his/her 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 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: \_\_\_\_\_



**PORT OF PORT TOWNSEND  
NORTHWEST MARITIME CENTER  
POINT HUDSON LAND LEASE  
EXHIBIT 'A'**

**LEASED PREMISES:**

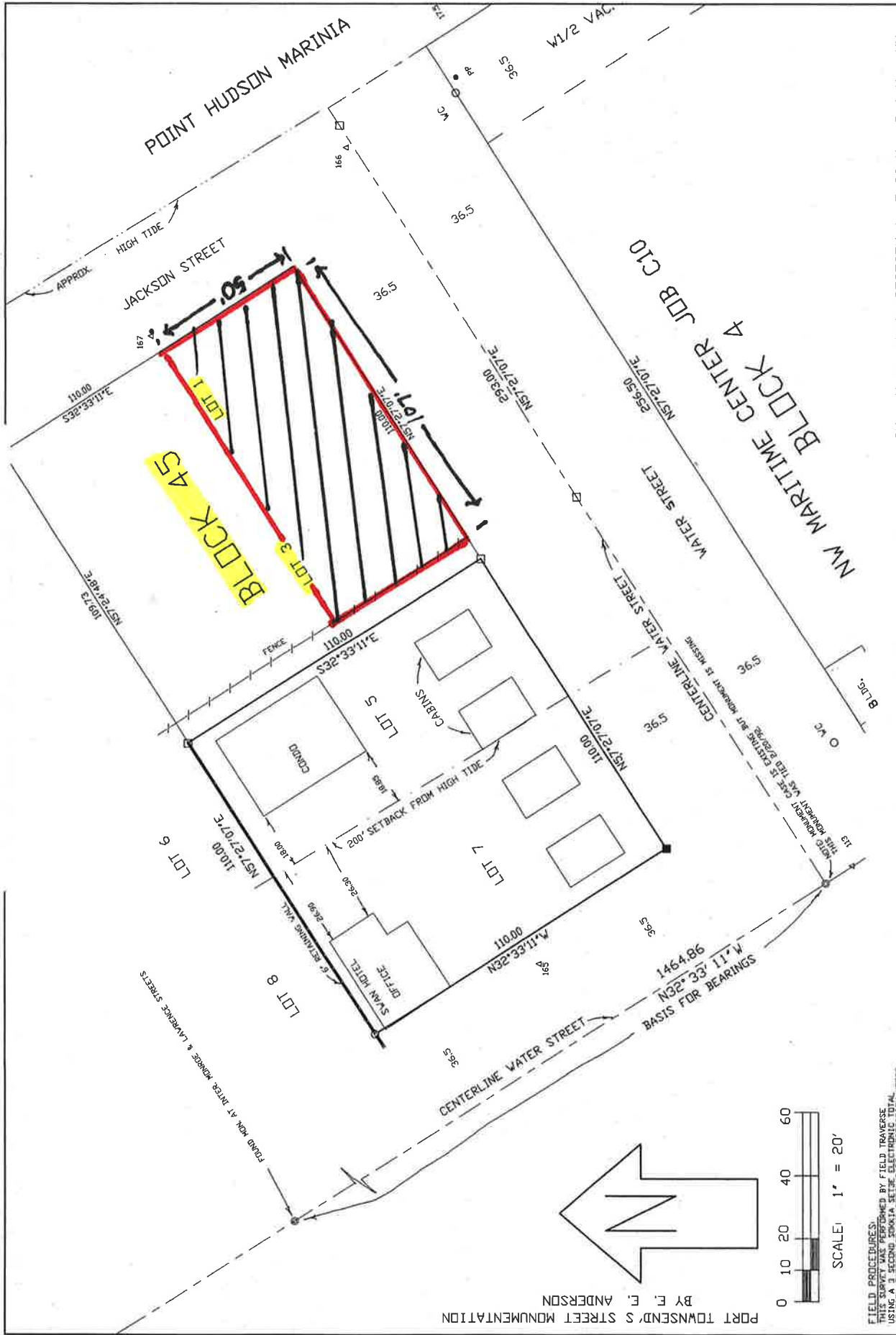
THE SOUTH 50 FEET OF LOTS 1 & 3, BLOCK 45, PLAT OF THE ORIGINAL TOWNSITE OF PORT TOWNSEND, AS PER VOLUME 1 OF PLATS, PAGE 1, RECORDS OF JEFFERSON COUNTY, WASHINGTON, EXCEPTING THE WEST 3 FEET OF LOT 3 THEREOF.

The premises described above comprise approximately 5,350 square feet (50' x 107'). The Port hereby warrants that it has good and marketable fee title to the premises and has full right and authority to execute this Land Lease and to demise the premises.

# EXHIBIT 'A'

## NORTHWEST MARITIME CENTER

✓ 27 P163



**SURVEYOR'S CERTIFICATE**

THIS MAP CORRECTLY REPRESENTS A SURVEY MADE UNDER MY SUPERVISION IN CONFORMANCE WITH THE REQUIREMENTS OF THE SURVEY RECORDING ACT AT THE REQUEST OF:

CRAIG JOHNSON OCT. 24, 2004

11/05/04

**AUDITOR'S CERTIFICATE**

491366

NOV. 27 PM 1:53

JEFFERSON COUNTY, WA

DEBBIE L. JOHNSON

11/05/04

RECORD OF SURVEY OF:

LOTS 5 & 7 OF BLOCK 45, PLAT OF THE ORIG. TOWNSITE OF PORT TOWNSEND, AS PER VOLUME 1 OF PLATS PAGE 1, RECORDS OF JEFFERSON COUNTY, WASHINGTON.

FOR: CRAIG JOHNSON, CONTRACTOR

IN: SW1/4SW1/4, SECTION 1, T. 30 N., R. 1 W., WM.

LEGEND:

- SET 5/8" REBAR & CAP "A" WOOD PLS 239111"
- SET 5 FOOT STEEL FENCE POST ON PROPERTY LINE
- ⊙ FOUND CITY STREET INTERSECTION MON. IN CAST IRON CASE
- FOUND 5/8" REBAR AND CAP "VITERS LS 18104"
- ▲ SET 3/8" REBAR FOR SURVEY CONTROL STATIONS
- FOUND 3/4" IRON PIPE WITH CAP "E. ANDERSON LS 11920"

MAP & SURVEY BY: WOOD SURVEYING INC. JOB NO. F55

2155 DISCOVERY ROAD PORT TOWNSEND WA 98368

PHONE: 360-385-5968 FAX 360-379-5659

**PORT OF PORT TOWNSEND  
EXHIBIT "B"  
HAZARDOUS SUBSTANCES WARRANTY AND AGREEMENT**

RIDER TO LEASE AGREEMENT DATED: \_\_\_\_\_, 2021, BETWEEN THE PORT OF PORT TOWNSEND AND **NORTHWEST MARITIME CENTER**, A WASHINGTON NONPROFIT CORPORATION.

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

1. **HAZARDOUS SUBSTANCES ON PREMISES.** Without the express written permission of Lessor, Lessee shall not store, use or have present on or adjacent to the premises any hazardous or toxic substances, including those substances defined as "hazardous" or "extremely hazardous" under federal or Washington State environmental statutes or regulation (including but not limited to 42 USC 9601 et seq., 40 CFR Part 302, RCW Chapter 70.105D.020 and WAC 173-340-200, and any successor statutes and regulation), except as follows:  
  
\_\_\_\_\_  
  
\_\_\_\_\_
2. **STORAGE AND USE OF HAZARDOUS SUBSTANCES.** Lessee agrees at all times to restrict its storage and use of substances identified in Paragraph 1 to the inside of the permanent building(s) at the premises, and specifically to those locations within such buildings(s) having concrete flooring or such other impermeable flooring as Lessor may in its sole discretion approve in writing upon request by Lessee.
3. **HANDLING AND DISPOSAL.** The Lessee agrees to use said substances identified in paragraph 2 only on areas which have impermeable surfaces and or other means for preventing accidental contact by such substances with the soils upon the leasehold or its surrounding area.
4. **RELEASES OF HAZARDOUS SUBSTANCES PROHIBITED.** Lessee shall not release, dispose of, or permit a release of, any of the substances described or identified in paragraph 1 onto the premises or into the environment surrounding the premises.
5. **REGULATORY COMPLIANCE.** Lessee warrants and agrees that, during the term of this lease and any extensions thereof, it will take all steps necessary to comply with all applicable federal, state and local requirements for the containment, storage, use and disposal of any and all hazardous or toxic substances at the premises, including but not limited to obtaining and maintaining all necessary federal, state and local permits or licenses, and obtaining any required federal or state hazardous waste generator or transporter identification numbers. Lessee shall provide to Lessor a copy of each such existing permit, license, and identification number before occupancy, and shall provide a copy of any such permit, license, and identification number which Lessee may obtain in the future within seven days of receipt by Lessee.
6. **DISPOSAL OF HAZARDOUS WASTES.** In the event Lessee has occasion or need to dispose of hazardous or toxic substances or wastes, and unless otherwise agreed in writing, Lessee shall retain an independent hazardous waste disposal firm to dispose of any and all such substances at an off-

site facility which has been properly approved, licensed, and authorized to accept such substances. Lessee shall ensure that the disposal firm is properly licensed and in good standing with the applicable regulatory authorities for such work, and that it has all required transporter identification numbers.

7. **LESSEE'S WARRANTY OF NO CONTAMINATION.** Except as may be disclosed in Attachment No. 1 hereto, Lessee warrants and represents (1) that it has not released any toxic or hazardous substances onto the premises or into the environment in connection with its activities at the premises, (2) that it has inspected the premises and is not aware of any indication that a release of any hazardous substances has ever occurred at the premises, including prior to Lessee's occupancy, (3) that it has never been formally accused or cited, at the premises or elsewhere, for any violation of environmental laws, regulations or any hazardous waste-related governmental permit, and (4) that no claims or litigation have ever been pending against it by any person or governmental agency involving any use, storage, release or disposal of hazardous or toxic waste. If any such releases, formal accusations, citations, claims or litigation against Lessee arise during the term of this lease or any extension thereof, then Lessee shall notify Lessor in writing within seven (7) days of such event, and shall provide Lessor with a copy of each document reflecting such event.
8. **INDEMNIFICATION AND HOLD HARMLESS.** Lessee shall indemnify and hold Lessor harmless with respect to any and all direct or indirect expenses, losses of damages, including all consequential damages, Attorney's fees, and litigation-related expenses and costs, incurred by Lessor which result from (1) Lessee's breach of provision of this Rider, (2) claims, actions, suites, proceedings, judgments, fines or remedial orders (including orders to clean up contamination at the premises) which arise because of Lessee's breach of this Rider, (3) Lessee's violation of environment laws or regulations, or (4) Lessee's release of a toxic or hazardous substance onto the premises or into the surrounding environment. This provision shall apply regardless of whether Lessee has been negligent or at fault for such breach, violation, or release. This obligation by the Lessee shall survive the expiration or termination of the lease agreement and the sale of the property. If Lessor so requests, Lessee shall accept the tender of defense of, and shall retain counsel of Lessor's selection and at Lessee's expense to defend, any third-party claim asserted against Lessor in connection with alleged conduct by Lessee which, if true, would be in breach of the provision of this Rider.
9. **NOTIFICATION TO LESSOR OF CHANGES IN OPERATION.** Lessee agrees to notify Lessor in writing at least seven (7) days in advance of any previously undisclosed action which the Lessee plans to take which poses a material risk of a release of hazardous substance into the environment, including but not limited to material changes in Lessee's methods of hazardous waste disposal, material increases in the volume of Lessee's hazardous waste disposal, or material changes in the nature of any hazardous wastes which Lessee anticipates it will generate.
10. **COPIES OF ENVIRONMENTAL CORRESPONDENCE.** Lessee agrees to provide Lessor with copies of all past and future correspondence to or from the Washington Department of Ecology, the U.S. Environmental Protection Agency, and any other government agency which has had or may have contact with Lessee regarding environmental concerns pertaining to the premises.
11. **NOTIFICATION OF SPILLS OR RELEASES.** Lessee shall comply with all notification requirements under the applicable federal, state, and local environmental statutes and regulations, including but not limited to the timely notification of the appropriate government authorities of any spills or

releases of toxic or hazardous substances into the environment or onto the premises. Lessee shall notify Lessor within 24 hours of discovery of any such spills or releases and shall provide copies of all correspondence and documents related to such spills or releases to Lessor with seven days after receipt or creation, as the case may be.

12. **LESSOR'S REMEDY FOR BREACH OR VIOLATION.** In the event Lessee permits a release of a hazardous substance to occur at or near the premises, or breaches any provision of this Rider, Lessor shall be entitled (1) to terminate the lease agreement immediately, (2) to require Lessee to cease all operation which pose a risk of releasing a hazardous substance into the environment, and (3) to require Lessee to begin an immediate cleanup of any and all contamination at the premises to the extent necessary to achieve full compliance with the applicable environmental laws and regulations. Lessor shall be entitled to obtain immediate injunctive relief from a court of competent jurisdiction to enforce this provision. These remedies shall be in addition to, and not in substitution for, any other remedies available to Lessor under applicable law.
13. **ANNUAL DECLARATION OF COMPLIANCE.** Within ten (10) days of receipt of a written request by Lessor, Lessee shall provide to lessor a declaration of Lessee's compliance or non-compliance with the applicable environmental laws and regulations and with the provisions of this Rider, in the form set forth in Attachment No. 2. Lessor anticipates that it will request such a declaration annually, approximately on the anniversary date of this Rider.
14. **INSPECTION OF PREMISES.** Lessee agrees to permit and cooperate with any on-site inspections and testing requested by Lessor, including inspections and testing conducted by consultants or engineers hired by Lessor to evaluate Lessee's compliance with the applicable environmental requirements and the provisions of this Rider. Lessor shall provide Lessee within 24 hours advance notice of Lessor's intent to conduct such inspection or testing.
15. **DESIGNATED REPRESENTATIVE RESPONSIBLE FOR COMPLIANCE.** \_\_\_\_\_ whose cell phone number is \_\_\_\_\_ shall be the Lessee's designated representative who shall be primarily responsible (1) for Lessee's compliance with the provision of this Rider, (2) for handling contact with Lessor pertaining to environmental compliance, and (3) for signing on behalf of Lessee the annual declaration of compliance pursuant to Paragraph 12 above. Lessee shall promptly notify Lessor of any changes in the identity or telephone numbers of the designated representative.
16. **ADDITIONAL PROVISIONS.**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**LESSOR:**

**LESSEE:**

\_\_\_\_\_  
Eron Berg, Executive Director  
Port of Port Townsend  
Date: \_\_\_\_\_

\_\_\_\_\_  
Jake Beattie, Executive Director  
Northwest Maritime Center  
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: \_\_\_\_\_  
Jake Beattie, Executive Director  
Northwest Maritime Center

Date: \_\_\_\_\_

(Attachment No. 2 to Hazardous Substances Rider)

**DECLARATION OF COMPLIANCE**

\_\_\_\_\_, as the designated representative of Lessee primarily responsible for environmental compliance pursuant to Paragraph 12 of the Hazardous Substances Warranty and Agreement dated: \_\_\_\_\_, 2021, hereby declare and represent as follows on behalf of Lessee:

1. I have read, and am familiar with, Lessee's obligations and representations as set forth in the Hazardous Substances Warranty and Agreement applicable to Lessee.
2. I am not aware of, and do not believe there have been any violations by Lessee of any of the provisions in the Hazardous Substances Warranty and Agreement, or of any requirements imposed on Lessee by federal, state, or local environment laws and regulations.
3. I have no reason to believe, and do not believe, that any of the representations in Paragraph 6 of the Hazardous Substances Warranty and Agreement are inaccurate as of the date indicated below.
4. Lessee has not stored, used, or had present on or adjacent to the premises any hazardous or toxic substances except those that have been disclosed in writing to Lessor.
5. Lessee has not released, disposed of, or permitted the release of any hazardous or toxic substances onto the premises or into the environment surrounding the premises, except as has been disclosed in writing to Lessor.

Lessee: NORTHWEST MARITIME CENTER

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Jake Beattie, Executive Director  
Northwest Maritime Center



# PORT OF PORT TOWNSEND

## AGENDA COVER SHEET

<b>MEETING DATE</b>	June 9, 2021
<b>AGENDA ITEM</b>	<input type="checkbox"/> Consent <input type="checkbox"/> 1 <sup>st</sup> Reading <input type="checkbox"/> 2 <sup>nd</sup> Reading <input checked="" type="checkbox"/> Regular Business <input type="checkbox"/> Informational
<b>AGENDA TITLE</b>	VIII.C. EDC 5-Party Contract
<b>STAFF LEAD</b>	Eron Berg, Executive Director
<b>REQUESTED</b>	<input checked="" type="checkbox"/> Information <input checked="" type="checkbox"/> Motion/Action <input checked="" type="checkbox"/> Discussion
<b>ATTACHMENTS</b>	1. Staff Memo 2. DRAFT EDC Team Jefferson multi-party contract

# PORT OF PORT TOWNSEND

## AGENDA MEMO

**DATE:** 6/9/2021  
**TO:** Commission  
**FROM:** Eron Berg, Executive Director  
**SUBJECT:** 5-party agreement for funding EDC Team Jefferson

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### **ISSUE:**

Should the Commission approve the attached draft 5-party agreement to fund EDC Team Jefferson for the 2021-2023 biennium?

### **BACKGROUND**

This draft agreement is the culmination of months of discussion and work on the designation of the associate development organization (ADO) for Jefferson County. EDC Team Jefferson will be the ADO for the next biennium and this agreement provides the work plan, a revised structure for the EDC and funding from the City, County, Port and PUD for that same time period.

### **DISCUSSION**

Big changes are in store for EDC Team Jefferson as it moves into the next biennium. This agreement revises the EDC's board structure by adding geographic diversity and elected officials and also creates a new public sector cabinet comprised of the four administrators. It includes an aggressive work plan and funding from the four entities to support new positions and more work.

I recognize that the Port Commission has its doubts and concerns about reengaging with and funding EDC Team Jefferson. With that concern heard and understood, I am recommending that the Port enter into this agreement and work collaboratively with our partner entities (City, County and PUD) to fully engage with EDC Team Jefferson on its clarified mission with new wind in its sails. We have reason for optimism, and I am particularly excited about the engagement and collaboration with our fellow governments, the relocation of the EDC to the Nomura Building, additions to the board and new staff at the EDC. All of these changes, particularly in the context of the ICG's work on a shared economic framework, open the door to a productive future.

This agreement does include five parties which means that each change requires review by all of the other parties' legal counsel and elected boards. With that in mind, the final version of this document will likely be somewhat different than the attached draft and any changes that the Commission desires will need to be negotiated.

### **FISCAL IMPACT**

2021: \$15,000  
2022: \$30,000  
2023: \$15,450 (represents 6 months, but expected to be a full year)

### **ATTACHMENTS**

1. Draft agreement

### **RECOMMENDATIONS**

Provide feedback for any modification requests to the other parties, if any.

1. Motion to approve the draft 5-party agreement to fund EDC Team Jefferson for the 2021-2023 biennium, in a form substantially similar to the attached draft.

**AGREEMENT FOR ECONOMIC DEVELOPMENT SERVICES  
EDC TEAM JEFFERSON, JEFFERSON COUNTY, PORT OF PORT TOWNSEND, CITY  
OF PORT TOWNSEND, AND JEFFERSON COUNTY PUBLIC UTILITY DISTRICT #1**

This Agreement for Economic Development Services (“Agreement”) is entered into by Jefferson County having its principal offices at P.O. Box 1220, Port Townsend, WA 98368 ( “County”), the Port of Port Townsend having its principal offices at 2701 Jefferson Street, Port Townsend, WA 98368 (“Port”), the City of Port Townsend having its principal offices at 250 Madison Street, Port Townsend, WA 98368 (“City”), Jefferson County Public Utility District No. 1 having its principal offices at 210 4 Corners Rd, Port Townsend, WA 98368 (“PUD”), and Economic Development Council Team Jefferson, a 501(c)(6) tax exempt organization registered with Washington State as a non-profit corporation and having its principal offices at 2409 Jefferson Street, Suite A, Port Townsend, WA 98368 (“EDC Team Jefferson”), collectively “the Parties.”

- 1. TERM.** The term of this Agreement shall commence upon execution by all parties, covering the term of July 1, 2021 through June 30, 2023, unless amended and extended for a longer term pursuant to Section 8 or terminated earlier pursuant to Section 12.
- 2. SCOPE OF SERVICES TO BE PERFORMED BY EDC TEAM JEFFERSON.** Consistent with total revenue and in-kind support, EDC Team Jefferson will provide economic development services during the term of this Agreement as described in “**ATTACHMENT 1: SCOPE OF SERVICES**,” attached hereto and incorporated herein.
- 3. GOVERNANCE STRUCTURE.**
  - A. EDC Team Jefferson Board of Directors. EDC Team Jefferson will amend its Bylaws and board structure, as follows:
    - The EDC Team Jefferson Board of Directors shall have at least 13 and up to 15 members, comprised of at least 9 business seats, and at least 4 government seats including one each for the County, Port, City and PUD:
      - Each of the 4 government seats shall be appointed by its respective legislative body. Governmental members of the EDC Team Jefferson Board shall not be subject to any term limits that may otherwise be established by EDC Team Jefferson’s Bylaws;
      - The 9 or more remaining seats shall be business seats appointed by the EDC Team Jefferson Board, consistent with its Bylaws.
    - The EDC Team Jefferson Board shall appoint the 9 or more business seats to represent diverse business sectors or experience and skills to support the mission and success of EDC Team Jefferson.
    - By way of example, initial sectors on the EDC Team Jefferson Board might be drawn from, but not be limited to:
      - Marine Trades;
      - Technology;
      - Broadband/Information Technology;
      - Real estate development;

- Entrepreneurs;
  - Healthcare;
  - Chamber of Commerce;
  - Non-profit organizations;
  - Agriculture; and,
  - Aquaculture.
- In appointing the 9 or more business seats, the EDC Team Jefferson Board shall strive for geographic diversity, and shall have at least 2 seats from each Jefferson County Commissioner District.
  - The EDC Team Jefferson Board shall strive for racial and gender diversity in the makeup of the Board.
- B. Public Sector Cabinet. EDC Team Jefferson will amend its Bylaws to formalize a Public Sector Cabinet, including the chief administrative officers of the County, the City, the Port, the PUD, plus the EDC Team Jefferson's Executive Director and Board President. The Public Sector Cabinet may be expanded to include other public sector entities, as may mutually be agreed.

The Public Sector Cabinet may:

- Help EDC Team Jefferson staff develop and modify work programs and economic development strategies,
- Help staff to project revenues and expenditures, and develop budget proposals,
- Make recommendations to the EDC Team Jefferson Board,
- Recommend metrics to track and report,
- Monitor the effectiveness of EDC Team Jefferson's economic development services,
- Monitor performance under this Agreement, and
- Perform other functions as mutually agreed, or as directed by the EDC Team Jefferson Board.

EDC Team Jefferson shall staff the Public Sector Cabinet. The Public Sector Cabinet shall be chaired by the Jefferson County Administrator, or other governmental member of the Cabinet that the County Administrator may designate from time to time. Any member of the Public Sector Cabinet may request that a meeting of the Cabinet be convened.

**4. METRICS, COMMUNICATION AND ACCOUNTABILITY.** The parties agree on the need for improved performance and outcome metrics of EDC Team Jefferson's ADO and economic development work, effective communications about EDC Team Jefferson's activities and metrics, and enhanced accountability so adjustments can be timely made to strengthen EDC Team Jefferson's economic development services.

- A. Metrics. EDC Team Jefferson shall track and report on a variety of metrics including those that track EDC Team Jefferson's services and their effectiveness, and another set of metrics that track the health of Jefferson County's economy over time. Metrics shall be selected and periodically adjusted in consultation with the Public Sector Cabinet. By way of example, such metrics may include a number of the following:

- Metrics on EDC Team Jefferson Activities and Effectiveness, including but not limited to:
    - Metrics reported to the Washington State Department of Commerce;
    - List and outcomes of Business Retention and Expansion (BRE) activities;
    - List and outcomes of Business Assistance activities;
    - List and outcomes of Community Readiness and Capacity Building activities;
    - List of Classes offered, attendance rates, feedback reports/rates;
    - Active Business Lead Report – see “**ATTACHMENT 3: EXAMPLE BUSINESS RECRUITMENT – ACTIVE BUSINESS LEAD REPORT**” as one illustration;
    - Surveys of business owners/managers regarding needed services by EDC Team Jefferson, and effectiveness of services provided;
  - Metrics on the Health of Jefferson County’s Economy, including but not limited to:
    - Special studies of Jefferson County’s overall economy, or of particular business sectors, as may be commissioned by EDC Team Jefferson or others;
    - An annual Economic Vitality Index report, if available;
    - State, federal, local, and industry association data on employment, unemployment rates, historical labor force, historical employment, historical unemployed and unemployment rate, residential and commercial building permit activity, per capita personal income, taxable retail sales by sector, median resale home price, housing affordability index, etc.;
    - In gathering this information, particular effort will be made to track trends in family-wage jobs, economic disparities, structural impediments to economic development (such as housing affordability, availability of childcare, infrastructure, etc.) and how the community is doing in maintaining and improving its economy, community well-being, and environmental quality.
- B. Communication. EDC Team Jefferson shall periodically gather input as may be provided in its annual work program, and shall regularly report out its activities and the state of the economy.
- EDC Team Jefferson shall provide the County, Port, City and PUD with written reports on the metrics of EDC Team Jefferson’s activities as determined above on a quarterly basis, or more frequently, as may be determined in consultation with the Public Sector Cabinet, and the reports shall be available to the public on the EDC’s web site;
  - EDC Team Jefferson shall provide the County, Port, City and PUD with copies of its semi-annual reports to Commerce, and post them on EDC’s web site as well;
  - EDC Team Jefferson will present and discuss EDC Team Jefferson’s past and coming years’ work programs and performance metrics at least annually to the legislative bodies of the County, Port, City and PUD, demonstrating to the public the return on investment;
  - EDC Team Jefferson will meet with the Public Infrastructure Fund (PIF) Board annually, or as requested by the PIF Board Chair, to present and discuss EDC Team Jefferson’s

past and coming years' work programs, performance metrics, and staffing (including identifying all staff financed in part with the PIF funds);

- EDC Team Jefferson shall provide the Public Sector Cabinet with regular financial updates, and half-yearly financial reports, including a financial statement detailing actual versus budgeted revenues and expenses, and a staffing summary;

C. Accountability. EDC Team Jefferson shall be accountable for the effectiveness of its economic development services. The metrics selected, coupled with their communication, both as described above, provide regular opportunities for the County, Port, City, PUD, and others to give constructive feedback and to establish value for the economic investments made by the Parties.

In addition, the Public Sector Cabinet shall conduct a Mid-term Check-up and Adjustment. At the initial 9-month mark, an evaluation will be made with the Public Sector Cabinet of whether EDC Team Jefferson's economic development strategy and services are hitting the mark, whether staffing, structure, and budget are effective, and whether any adjustments need to be made before entering into year two of the ADO biennium.

If, despite best efforts, the economic development services provided through this Agreement should prove unsatisfactory, Jefferson County retains the ability to consider designating another organization as the County's Associate Development Organization.

**5. FINANCIAL SUPPORT.** The parties recognize that as the Associate Development Organization ("ADO") designated by the County to the Washington State Department of Commerce ("Commerce"), EDC Team Jefferson receives a limited amount of state funding under a contract with Commerce for ADO services in each year of the state's biennium. EDC Team Jefferson also receives County Public Infrastructure Fund funding to help finance personnel in economic development offices pursuant to RCW [82.14.370](#), pursues grants, and earns some revenue from class offerings and other activities. The parties recognize that together, these funding sources are not nearly sufficient to operate an economic development organization, nor to fund an effective economic development program in Jefferson County.

It is in the interests and missions of the County, Port, City and PUD to fund targeted, proactive and effective economic development activities to support each government's missions and services, strengthen the economic base upon which the governments' services rely, and enhance the welfare of all people and businesses in Jefferson County. In particular, by supporting economic development programs, the PUD recognizes the possible increase in the sale of electricity, increases in efficient use of electric services, as well as gains in the efficiency and economies of scale of the PUD's services in water, wastewater and broadband. Accordingly, the parties agree local government financial support shall be provided as follows:

- A. Initial Funding – July 1 – December 31, 2021. For the period of July 1 through December 31, 2021 the parties agree each government shall provide funding to EDC for economic development services under this Agreement as follows:

- County: \$25,000
- Port: \$15,000
- City: \$15,000
- PUD: \$15,000

Each government shall pay these amounts in full to EDC Team Jefferson no later than September 1, 2021.

No later than July 30, 2021, the County will also provide an additional \$8,000 as a one-time supplement to fund expanded offices for EDC Team Jefferson, so that EDC Team Jefferson may grow as an organization as necessary to help businesses and the community to recover economically from the COVID-19 pandemic.

- B. Funding for January 1, 2022 through December 31, 2022; and for January 1, 2023 through June 30, 2023. For the 12-month period of January 1 through December 31, 2022 the parties agree each government shall provide funding to EDC for economic development services under this Agreement as follows:

- County: \$50,000
- Port: \$30,000
- City: \$30,000
- PUD: \$30,000

For the 6-month period of January 1, 2023 through June 30, 2023 the parties agree each government shall provide funding to EDC for economic development services under this Agreement as follows:

- County: \$25,750
- Port: \$15,450
- City: \$15,450
- PUD: \$15,450

Nothing shall prevent any government from offering to support the work of EDC Team Jefferson with an amount of funding greater than the amounts above, either as a one-time supplement, or as part of on-going funding, and the Parties hereby agree to amend this Agreement to reflect such increase.

Each government shall pay their respective funding amounts to EDC Team Jefferson in equal one-quarter installments, with any First Quarter payment due no later than January 31, any Second Quarter payment due no later than April 30, any Third Quarter payment due no later than July 31, and any Fourth Quarter payment due no later than October 31 of that year. Payment shall be contingent on EDC Team Jefferson being current in providing the governmental parties with all written reports that may be required and due



pursuant to Section 4, and payment to EDC Team Jefferson may be withheld if any required written report from EDC Team Jefferson is outstanding.

- C. **Funding by Other Local Public Entities.** Additional local public entities, such as Jefferson Healthcare and others, may also provide financial support for EDC Team Jefferson and its economic development activities. This may be done by separate agreement of the additional public entity with EDC Team Jefferson, or by negotiating the terms of a written amendment to this Agreement, executed by all parties.

- 6. PROJECTED BUDGET AND STAFFING PLAN.** By October 31 of each year, EDC staff will coordinate with the Public Sector Cabinet to propose a budget and staffing for the following calendar year for subsequent consideration and adoption by EDC Team Jefferson's Board of Directors.

"ATTACHMENT 2 Projected Budget and Staffing Plan" of this Agreement outlines a budget of revenues and expenditures the parties desire to meet or exceed, in order to provide the economic development services they wish to see provided as described in Section 2 and ATTACHMENT 1 of this Agreement. ATTACHMENT 2 also describes an initial staffing plan the parties desire to achieve to carry out the work. Necessarily, EDC Team Jefferson's actual yearly budget and staffing must reflect the annual revenues committed by the local governments, Commerce and other funding sources, as described in Section 5 of this Agreement, in order to maintain a balanced budget.

- 7. AGREEMENT REPRESENTATIVES.** As of the time of executing this Agreement, the parties' representatives for administering this Agreement are:

EDC Team Jefferson

Ben Bauermeister, President  
2409 Jefferson Street, Suite A, Port Townsend, WA 98368  
[ben@bauermeister.com](mailto:ben@bauermeister.com)  
(206) 226-3280

Jefferson County

Mark McCauley, Interim County Administrator  
P.O. Box 1220, Port Townsend, WA 98368  
[MMcCauley@co.jefferson.wa.us](mailto:MMcCauley@co.jefferson.wa.us)  
(360) 385-9130

Port of Port Townsend

Eron Berg, Director  
P.O. Box 1180, Port Townsend, WA 98368  
[Eron@portofpt.com](mailto:Eron@portofpt.com)  
(360) 379-4969

#### City of Port Townsend

John Mauro, City Manager  
250 Madison Street, Port Townsend, WA 98368  
[JMauro@cityofpt.us](mailto:JMauro@cityofpt.us)  
(360) 379-5043

#### Jefferson County PUD No. 1

Kevin Streett, General Manager  
310 - 4 Corners Rd, Port Townsend, WA 98368  
[kstreett@jeffpud.org](mailto:kstreett@jeffpud.org)  
(360) 385-8360

A party may change their representative for administering this Agreement at any time, simply by notifying all the other parties in writing.

- 8. AMENDMENTS.** This Agreement may be amended at any time by written amendment, approved and executed by the governing bodies of all parties.

#### **9. HOLD HARMLESS AND INDEMNIFICATION**

- A. Under this Agreement, the County, City, Port and PUD are providing funding to EDC Team Jefferson that supports EDC Team Jefferson's own economic development mission as an Associate Development Organization, and do not assume any liability for EDC Team Jefferson's work. EDC Team Jefferson will hold harmless, indemnify and defend the County, City, Port, and PUD, their officers, officials, employees and agents, from and against any and all claims, actions, suits, liability, loss, expenses, damages and judgments of any nature whatsoever, including reasonable costs and attorneys' fees in defense thereof, for injury, sickness, disability or death to persons or damage to property or business, caused by or arising out of EDC Team Jefferson's acts, errors or omissions in the performance of the Agreement.
- B. EDC Team Jefferson's obligations under these provisions include, but are not limited to, investigating, adjusting and defending all claims alleging loss from action, error or omission, or breach of any common law, statutory or other delegated duty by EDC Team Jefferson, its employees, agents or subcontractors.

#### **10. INSURANCE**

- A. EDC Team Jefferson shall obtain and keep in force during the terms of the Agreement, policies of insurance as follows:
- 1) Worker's Compensation Insurance in an amount or amounts that are not less than the required statutory minimum(s) as established by the State of Washington.

- 2) Commercial Automobile Liability Insurance providing bodily injury and property damage liability coverage for all owned and non-owned vehicles assigned to or used in the performance of the work for a combined single limit of not less than \$1,000,000 each occurrence with the County, Port, City and PUD named as additional insureds in connection with EDC Team Jefferson's performance of the Agreement.
- 3) General Commercial Liability Insurance in an amount not less than a single limit of one million dollars (\$1,000,000) per occurrence and an aggregate of not less than two (2) times the occurrence amount (\$2,000,000 minimum) for bodily injury, including death and property damage, unless a greater amount is specified in the Agreement specifications. The insurance coverage shall contain no limitations on the scope of the protection provided and include the following minimum coverage:
  - a. Broad Form Property Damage, with no employee exclusion;
  - b. Personal Injury Liability, including extended bodily injury;
  - c. Broad Form Contractual/Commercial Liability – including completed operations;
  - d. Premises – Operations Liability (M&C);
  - e. Independent Contractors and subcontractors;
  - f. Blanket Contractual Liability.

B. Miscellaneous Insurance Provisions.

- 1) Such insurance coverage shall be evidenced by one of the following methods:
  - Certificate of Insurance;
  - Self-insurance through an irrevocable Letter of Credit from a qualified financial institution.
- 2) Certificates of coverage as required by this section shall be delivered to the County within fifteen (15) days of execution of this agreement.
- 3) Any deductibles or self-insured retention shall be declared to and approved by the County prior to the approval of the Agreement by the parties. At the option of the County, the insurer shall reduce or eliminate deductibles or self-insured retention or EDC Team Jefferson shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.
- 4) EDC Team Jefferson shall include all subcontractors as insured under its insurance policies or shall furnish separate certificates and endorsements for each subcontractor. All insurance provisions for subcontractors shall be subject to all of the requirements stated herein.
- 5) Failure of EDC Team Jefferson to take out and/or maintain any required insurance shall not relieve EDC Team Jefferson from any liability under the Agreement, nor

shall the insurance requirements be construed to conflict with or otherwise limit the obligations concerning indemnification.

- 6) It is agreed by the parties that insurers shall have no right of recovery or subrogation against the County, Port, City and PUD (including their employees and other agents and agencies), it being the intention of the parties that the insurance policies so affected shall protect both parties and be primary coverage for any and all losses covered by the above described insurance. It is further agreed by the parties that insurance companies issuing the policy or policies shall have no recourse against the County, Port, City and PUD (including their employees and other agents and agencies) for payment of any premiums or for assessments under any form of policy. It is further agreed by the parties that any and all deductibles in the above described insurance policies shall be assumed by and be at the sole risk of EDC Team Jefferson.
- 7) It is agreed by the parties that judgments for which the County, Port, City or PUD may be liable, in excess of insured amounts provided herein, or any portion thereof, may be withheld from payment due, or to become due, to EDC Team Jefferson until such time as EDC Team Jefferson shall furnish additional security covering such judgment as may be determined by the County.
- 8) The County reserves the right to request additional insurance on an individual basis for extra hazardous contracts and specific service agreements.
- 9) Any coverage for third party liability claims provided to the County, Port, City or PUD by a "Risk Pool" created pursuant to Ch. 48.62 RCW or by a private insurer shall be non-contributory with respect to any policy of insurance EDC Team Jefferson must provide in order to comply with this Agreement.
- 10) If the proof of insurance or certificate indicating the County, Port, City and PUD are each an "additional insured" to a policy obtained by EDC Team Jefferson refers to an endorsement (by number or name) but does not provide the full text of that endorsement, then it shall be the obligation of EDC Team Jefferson to obtain the full text of that endorsement and forward that full text to the County.
- 11) The County, Port, City and PUD may, upon EDC Team Jefferson's failure to comply with all provisions of this Agreement relating to insurance, withhold payment or compensation that would otherwise be due to EDC Team Jefferson.

**11. DISPUTES.** Differences, disputes and disagreements between EDC Team Jefferson and the governmental parties arising under or out of the Agreement will be brought to the attention of the Public Sector Cabinet at the earliest possible time so that the matter may be settled or other appropriate action promptly taken. Any dispute relating to the quality or acceptability of performance or compensation due EDC Team Jefferson will be decided by the consensus of the governmental members of the Public Sector Cabinet. All rulings, orders, instructions and decisions by the governmental members of the Public Sector Cabinet will be final and conclusive.

## 12. TERMINATION

- A. If all four governmental parties to this Agreement collectively determine that EDC Team Jefferson has breached any of its obligations under the Agreement, they shall notify EDC Team Jefferson in writing of the breach, and provide EDC Team Jefferson 30 days to cure the breach or to submit a plan and timeline acceptable to a majority of the governmental parties to cure the breach. If EDC Team Jefferson fails to cure the breach within 30 days of written notice to do so, or within the timeframe of a plan and timeline that was accepted by a majority of the governmental parties, the governmental parties may terminate the Agreement. In the event of a termination each governmental party's financial support described in Section 5 shall be prorated to the effective date of the termination, and the prorated amount paid to EDC Team Jefferson by the date established in Section 5 of the Agreement. No costs incurred after the effective date of the termination will be paid. Within 30 days after the effective date of the termination, EDC Team Jefferson shall account for all revenues and expenditures, and return any remaining funds to the governmental parties, proportionate to the financial support that each provided.
- B. If EDC Team Jefferson's designation as Associate Development Organization is terminated, the parties may immediately terminate the Agreement notwithstanding any other termination provision in the Agreement. Termination under this provision will be effective upon the date specified in the written notice of termination sent by County to EDC Team Jefferson. Within 30 days after the effective date of the termination, EDC Team Jefferson shall account for all revenues and expenditures, and return any remaining funds to the governmental parties, proportionate to the financial support that each provided.
- C. Any party may terminate their participation in the Agreement at its sole discretion upon giving the other parties at least 180 days' written notice. In the event of a termination under this paragraph by a governmental party, that party's financial support described in Section 5 shall be prorated to the effective date of that party's termination, and the prorated amount paid to EDC Team Jefferson by the date established in Section 5 of the Agreement. Within 30 days after the effective date of a governmental party's termination, EDC Team Jefferson shall account for all revenues and expenditures, and return any remaining funds contributed by that party, proportionate to the financial support that party contributed. In the event of a termination under this paragraph by EDC Team Jefferson, all governmental parties' financial support described in Section 5 shall be prorated to the effective date of EDC Team Jefferson's termination and the prorated amount paid to EDC Team Jefferson by the date established in Section 5 of the Agreement. No costs incurred after the effective date of the termination will be paid. Within 30 days after the effective date of EDC Team Jefferson's termination, EDC Team Jefferson shall account for all revenues and expenditures, and return any remaining funds contributed by the governmental parties to those parties, proportionate to the financial support that each provided.

### **13. ASSIGNMENT, DELEGATION AND SUBCONTRACTING**

- A. EDC Team Jefferson will perform under the Agreement using only its bona fide employees, Board members, volunteers, or agents, and the obligations and duties of EDC Team Jefferson under the Agreement will not be assigned, delegated or subcontracted to any other person or firm without the prior express written consent of the other parties to this Agreement.
- B. EDC Team Jefferson warrants that it has not paid, nor has it agreed to pay, any company, person, partnership or firm, other than a bona fide employee working exclusively for EDC Team Jefferson, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of the Agreement.

### **14. INDEPENDENT CONTRACTOR**

- A. EDC Team Jefferson's services will be furnished by EDC Team Jefferson as an independent contractor and not as an agent, an employee or a servant of the County, Port, City or PUD. EDC Team Jefferson specifically has the right to direct and control EDC Team Jefferson's own activities in providing the agreed services in accordance with the specifications set out in the Agreement.
- B. EDC Team Jefferson acknowledges that the entire compensation for the Agreement is set forth in the compensation provisions of the Agreement and EDC Team Jefferson is not entitled to any County, Port, City or PUD benefits, including, but not limited to: vacation pay; holiday pay; sick leave pay; medical, dental or other insurance benefits; fringe benefits; or any other rights or privileges afforded to County, Port, City or PUD employees.
- C. EDC Team Jefferson will have and maintain complete responsibility and control over all of its subcontractors, employees, agents and representatives. No subcontractor, employee, agent or representative of EDC Team Jefferson will be or be deemed to be, or act or purport to act, as an employee, agent or representative of the County, Port, City or PUD.

**15. NONDISCRIMINATION.** EDC Team Jefferson, its assignees, delegates or subcontractors will not discriminate against any person in performance of services under this Agreement or in the selection and retention of employees or procurement of materials or supplies on the basis of age, sex, marital status, sexual orientation, religion, creed, race, color, national origin, honorably discharged veteran or military status, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person with a disability, unless based upon a bona fide occupational qualification.

**16. PATENT/COPYRIGHT INFRINGEMENT.** EDC Team Jefferson will hold harmless, indemnify and defend the County, Port, City, PUD, their officers, officials, employees and agents, from and against any claimed action, cause or demand brought against the County, Port, City and PUD, where such action is based on the claim that information supplied by EDC Team Jefferson or

subcontractor infringes any patent or copyright. EDC Team Jefferson will be notified promptly in writing by the County, Port, City or PUD of any notice of such claim.

## 17. CONFIDENTIALITY

- A. EDC Team Jefferson may possess and communicate to members of its Board and the Public Sector Cabinet confidential proprietary information from individual businesses that EDC Team Jefferson is assisting. Confidentiality of such information shall be maintained by all EDC Team Jefferson Board members and staff as well as by Public Sector Cabinet members. In addition, government members of the Board and Public Sector Cabinet shall avoid creating or possessing public records containing such confidential information that would potentially become subject to disclosure under Washington State's Public Records Act.
- B. The County, City, Port and PUD are subject to Ch. 42.56 RCW, the Public Records Act, which requires disclosure of non-exempt documents and records possessed by local governments to a person or entity that requests such documents or records.

## 18. CHOICE OF LAW, JURISDICTION AND VENUE

- A. The Agreement will be construed as having been made and delivered within the State of Washington, and it is agreed by each party that the Agreement will be governed by the laws of the State of Washington, both as to its interpretation and performance.
- B. Any action of law, suit in equity or other judicial proceeding arising under or out of the Agreement may be instituted and maintained only in Superior Court for Jefferson County.

## 19. MISCELLANEOUS

- A. **No Waiver.** The parties agree that the excuse or forgiveness of performance, or waiver of any provisions of the Agreement, does not constitute a waiver of such provision or future performance, or prejudice the right of the waiving party to enforce any of the provisions of the Agreement at a later time.
- B. **Tax Payments.** EDC Team Jefferson will pay all applicable federal, state and local taxes, fees (including licensing fees) and other amounts including, but not limited to, the employer's portion of any taxes that arise from compensation owed or paid to employees, agents or representatives of EDC Team Jefferson or are otherwise mandated by Title 26 U.S.C.
- C. **Personnel Removal.** EDC Team Jefferson agrees to remove immediately any of its subcontractors, employees, agents or representatives from assignment to perform services under the Agreement upon receipt of a written request by the administrators of all four governmental parties to this Agreement.



- D. **Legal Compliance.** EDC Team Jefferson and its subcontractors, employees, agents and representatives will comply with all applicable federal, state and local laws, rules and regulations in their performance under the Agreement. EDC Team Jefferson shall be entitled to seek legal advice regarding compliance with applicable federal, state and local laws, rules and regulations from the Jefferson County Prosecuting Attorney or his or her designee to the extent that the Prosecuting Attorney or his or her designee can provide such legal advice in a manner consistent with the applicable rules governing a lawyer's conduct.
- E. **Records Inspection and Retention.** The County, Port, City and PUD may, at reasonable times, inspect the books and records of EDC Team Jefferson relating to the performance of the Agreement. EDC Team Jefferson will retain for audit purposes all Agreement-related records for at least six years after termination of the Agreement.
- F. **Successors and Assigns.** The County, Port, City and PUD, to the extent permitted by law, and EDC Team Jefferson each bind themselves, their partners, successors, executors, administrators and assigns to the other parties to the Agreement and to the partners, successors, administrators and assigns of such other party in respect to all covenants to the Agreement.
- G. **Severability.** If a court of competent jurisdiction holds any provision of the Agreement to be illegal, invalid or unenforceable, in whole or in part, the validity of the remaining provisions will not be affected, and the parties' rights and obligations will be construed and enforced as if the Agreement did not contain the particular provision held to be invalid. If any provision of the Agreement conflicts with any statutory provision of the State of Washington, the provision will be deemed inoperative to the extent of the conflict or modified to conform to statutory requirements.
- H. **Entire Agreement.** The parties acknowledge that the Agreement is the complete expression of their agreement regarding the subject matter of the Agreement. Any oral or written representations or understandings not incorporated in the Agreement are specifically excluded.
- I. **Notices.** Any notices will be effective if personally served upon the other party or if mailed by registered or certified mail, return receipt requested, to the addresses set out in the representatives provision of the Agreement. Notice may also be given by facsimile with the original to follow by regular mail. Notice will be deemed to be given three days following the date of mailing, or immediately if personally served. For service by facsimile, service will be effective at the beginning of the next working day.

**(SIGNATURES FOLLOW ON NEXT PAGE)**

Executed as duly authorized by the governing body of each party, dated this \_\_\_\_ day of \_\_\_\_\_, 2021.

**EDC TEAM JEFFERSON**

**JEFFERSON COUNTY  
BOARD OF COMMISSIONERS**

\_\_\_\_\_  
Ben Bauermeister, Board President      Date

\_\_\_\_\_  
Kate Dean, Chair      Date

Attest:

**PORT OF PORT TOWNSEND**

\_\_\_\_\_  
Peter Hanke, Chair      Date

\_\_\_\_\_  
Carolyn Gallaway  
Clerk of the Board      Date

Attest:

Approved as to form only:

\_\_\_\_\_  
XXXXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXXXX      Date

\_\_\_\_\_  
Philip Hunsucker      Date  
Chief Civil Deputy Prosecuting Attorney

Approved as to form only:

\_\_\_\_\_  
XXXXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXXXX      Date

**CITY OF PORT TOWNSEND**

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

\_\_\_\_\_  
Michelle Sandoval, Mayor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Dan Toepper, Chair

\_\_\_\_\_  
Date

Attest:

Attest:

\_\_\_\_\_  
Joanna Sanders  
City Clerk

\_\_\_\_\_  
Date

\_\_\_\_\_  
XXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXXXX

\_\_\_\_\_  
Date

Approved as to form only:

Approved as to form only:

\_\_\_\_\_  
Heidi Greenwood  
City Attorney

\_\_\_\_\_  
Date

\_\_\_\_\_  
XXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXXXX

\_\_\_\_\_  
Date

## ATTACHMENT 1 – SCOPE OF WORK

### PHASES:

During the 2021-2023 State Biennium, and consistent with total revenue and in-kind support from the Washington State Department of Commerce (“Commerce”), Jefferson County including its Public Infrastructure Fund, the Port of Port Townsend (“Port”), Jefferson County PUD No. 1 (“PUD”), the City of Port Townsend (“City”), and other sources, EDC Team Jefferson will provide services in Phases as shown and described below:

Phase Activities	2021							2022				2023	
	June	July	Aug	Sept	Oct	Nov	Dec.	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2
<b>2021</b>													
• Execute Multi-party Agreement													
1. Launch EDC Team Jefferson 2.0: move, hire, appoint EDC Board, Business Outreach, & Initiate Existing Conditions Report													
2. Existing Condition Report; EDC & ICG Develop & Adopt Economic Development Framework (EDF)													
• 2021 Operations of EDC 2.0, Alignment with Economic Development Framework													
<b>2022</b>													
3. PS Cabinet Develops 2022 Budget & Work Program Implementing EDF, EDC Board Adopts WP													
4. Mid-term Check-up & Adjustments													
• 2022 Operations of EDC 2.0 - Implement 2022 Work Program													
<b>2023</b>													
5. PS Cabinet Develops 2023 Budget & Work Program, EDC Board Adopts WP													
• 2023 Operations of EDC 2.0 - Implement 2023 Work Program													
6. County Consults, Selects ADO for the Next Biennium													

To create the vital and proactive economic development office that is desired in Jefferson County, an enhanced organization will be built and housed. Input will be gathered from the County’s public agencies and economic stake holders to produce a well-supported and actionable economic development work program. Throughout all phases, EDC Team Jefferson shall continue to perform basic economic development services consistent with its designation and contract as Associate Development Organization with the Washington Department of Commerce.

### Phase One: Launch EDC Team Jefferson 2.0 (3 months, July 1 – September 30)

- **Relocate:** EDC Team Jefferson and the Port will negotiate and execute a lease relocating EDC Team Jefferson to the Port’s Nomura Building, which offers more space/lower cost & close proximity to the Port offices for stronger synergy between the two organizations.
- **Hire:** EDC Team Jefferson will conduct a search for at least 2 open positions, including an Executive Director, as further described in ATTACHMENT 2 of this Agreement.
- **Restructure:** EDC Team Jefferson will revise its bylaws, coordinate with the legislative bodies of the County, Port, City and PUD to add governmental representatives to EDC Team Jefferson’s Board, and appoint or reappoint nine up to eleven business seats to its Board, all as described in Section 3 of this Agreement, and will update its committees as appropriate.
- **Business Outreach:** EDC Team Jefferson will solicit input from for-profit and non-profit businesses in Jefferson County regarding what should be its economic development priorities, and on EDC Team Jefferson’s work program and services to best support businesses and the region’s overall economic development. Outreach should be through a variety of means, including email, a website questionnaire, and direct interviews with a smaller number of pillar businesses.

- **Initiate Existing Conditions Report:** In coordination with the Port and the other public sector partners, EDC Team Jefferson will attempt to obtain grant funding or in-kind support to hire an economic consultant to conduct an Existing Conditions Report characterizing the different economies and business sectors of Jefferson County.

**Phase Two: Existing Conditions Report & Economic Development Framework** (*4 months, July 1 – October 31*)

- **Finalize Existing Conditions Report:** If grant funding in Phase One allows hiring of a consultant, EDC Team Jefferson shall coordinate with the four governmental entities to support the work of the consultant and to finalize the Existing Conditions Report, and share it with the Intergovernmental Collaborative Group and others.
- **Collaborate on an Economic Development Framework:** EDC Team Jefferson will collaborate with the administrators of the County, Port, City and PUD as the administrators prepare a draft Economic Development Framework. The Existing Conditions Report and the results of EDC Team Jefferson's Business Outreach from Phase One of this Scope of Work shall be shared with the administrators to further inform the drafting of the Framework. The Economic Development Framework shall be presented to the Intergovernmental Collaborative Group and the EDC Team Jefferson Board for review and adoption.

**Phase Three: 2022 Budget and Work Program** (*3 months, September 1 – November 30, 2021*)

- **Collaborate with Public Sector Cabinet to Develop 2022 Budget & Work Program:** EDC Team Jefferson shall collaborate with the Public Sector Cabinet to determine 2022 funding levels by the local governments, as well as from other sources, and develop a 2022 budget of revenues and expenditures. On a parallel track, EDC Team Jefferson shall collaborate with the Public Sector Cabinet to develop a work program that aligns with the Economic Development Framework, input from the Business Outreach from Phase One, and with what is realistically within its capacity given 2022 funding levels and resources.
- **Collaborate with Public Sector Cabinet to Finalize Metrics & Communications Plan:** EDC Team Jefferson shall collaborate with the Public Sector Cabinet to select metrics on EDC Team Jefferson activities and effectiveness and on the health of Jefferson County's economy consistent with Section 4 of this Agreement. Similarly, EDC Team Jefferson shall collaborate with the Public Sector Cabinet to develop a plan for communicating to the local government parties to this Agreement, the business community and other stake holders consistent with Section 4 of this Agreement.
- **Review and Adoption of Budget, Work Program, Metrics & Communications Plan:** The EDC Team Jefferson Board shall review and adopt the final Budget, Work Program, Metrics and Communications Plan. Upon adoption, EDC Team Jefferson will immediately begin implementation, continuing through December 31, 2022.

**Phase Four: Review / Mid-term Check-up and Adjustment** (*May, 2022*)

- Consistent with Section 4 of this Agreement, the Public Sector Cabinet shall conduct a Mid-term Check-up and Adjustment at the initial 9-month mark. This shall consist of an evaluation of whether EDC Team Jefferson's economic development strategy and services are well directed and effective, whether staffing, structure, and budget

are effective, and whether any adjustments need to be made before entering into year two of the ADO biennium.

#### **Phase Five: 2023 Budget and Work Program**

*(3 months, September 1 – November 30, 2022)*

- **Meet and Confer About Extending This Agreement:** The parties desire to see the work of EDC Team Jefferson, the economic development services it provides, and this Agreement all be successful, and to merit their continuation. To that end, the parties will meet and confer no later than September 30, 2022 on whether this Agreement will be amended to extend its term beyond June 30, 2023. That determination will inform the Public Sector Cabinet on whether it is developing a 6- or 12-month budget and work program for 2023.
- **Collaborate with Public Sector Cabinet to Develop 2023 Budget & Work Program: Implementing EDF:** EDC Team Jefferson shall collaborate with the Public Sector Cabinet to determine 2023 funding levels by the local governments, as well as from other sources, and develop a 2023 budget of revenues and expenditures. On a parallel track, EDC Team Jefferson shall collaborate with the Public Sector Cabinet to develop a work program that aligns with the Economic Development Framework, the results of the Mid-Term Check-up and other input, and with what is realistically within its capacity given 2023 funding levels and resources.
- **Collaborate with Public Sector Cabinet to Refine Metrics & Communications Plan:** EDC Team Jefferson shall collaborate with the Public Sector Cabinet to refine metrics on EDC Team Jefferson activities and effectiveness and on the health of Jefferson County's economy consistent with Section 4 of this Agreement. Similarly, EDC Team Jefferson shall collaborate with the Public Sector Cabinet to refine a plan for communicating to the local government parties to this Agreement, the business community and other stake holders consistent with Section 4 of this Agreement.
- **Review and Adoption of Budget, Work Program, Metrics & Communications Plan:** The EDC Team Jefferson Board shall review and adopt the final Budget, Work Program, Metrics and Communications Plan. Upon adoption, EDC Team Jefferson will immediately begin implementation, continuing through June 30, 2023 (or December 31, 2023 if the parties amend this Agreement to extend its term).

#### **WORK PROGRAM ELEMENTS:**

As EDC Team Jefferson performs economic development services and collaborates with the Public Sector Cabinet to develop a work program for each year, it will design them to be consistent with and help implement the adopted Economic Development Framework (and any successor framework or economic development strategy), to address emerging needs, and shall scale the services and work plan to fit realistically within the revenues and in-kind supports that power EDC Team Jefferson's work.

Guided by those considerations, EDC Team Jefferson shall include or strive to include as many of the following elements in its scope of work as possible:

- A. **Activities required by RCW 43.330.080 and by the Washington State Department of Commerce.** EDC Team Jefferson shall include the activities required by law and per the State's contract with EDC Team Jefferson as a designated Associate Development Organization, such as Business Retention and Expansion (BRE) meetings, for example.
- B. **Administer Potential COVID stimulus grants** to local businesses. If federal, state or local government grants or loans to businesses get directed through EDC Team Jefferson, EDC Team Jefferson shall include administration of the grants or loans in its work program.
- C. **Business Service Target Areas:** EDC Team Jefferson's work plan should include directed efforts and measures for each of the following business service areas:
- **Entrepreneurs and Start-ups;**
  - Retaining & Expanding **Existing Businesses;**
  - **Business Recruitment, Marketing & Advertising;**
  - Assistance to Businesses **Relocating** to Jefferson County;
- D. **Business Classes:** Coordinate with the Chamber, CIE, and others, on an expanded portfolio of class offerings among the different organizations, to serve a variety of local business needs and opportunities.
- E. **Economic Development Resources and Data Access:** Coordinate with local libraries and other organizations to provide easy access to business information resources and current local business economic data.
- F. **Proactive Services.** Add proactive services in addition to existing on-demand services consistent with the Economic Development Framework, such as (but not limited to):
- **Pursue opportunities to actively attract or incubate businesses** in existing buildings or on developable land;
  - Convene, encourage and support partners to pursue **developing sites and associated infrastructure** to promote economic development;
  - **Identify growth impediments and growth opportunities** within different business sectors, and help find solutions;
  - Proactively contact retiring or closing businesses to **help find new owners;**
  - Convene related businesses to **improve local supply chains;**
  - **Promote value-added processing** of local products;
  - **Recommend actions that public agencies can take** to support economic development;
  - **Administer & seek to expand the Local Investing Opportunities Network (LION),** work to provide access and **expand other financing options** through banks, CRAFT 3, and others; and,
  - **Develop & implement plans to expand business infrastructure, supports & services;**
  - **Create a network with other partners** - catalyze an economic development network of organizations working in coordination with each other to foster economic development in Jefferson County; and
  - **Economic development advocacy** to local, state and federal governments;



## ATTACHMENT 2: PROJECTED BUDGET AND STAFFING PLAN

A projected budget and staffing plan are outlined below.

### PROJECTED BUDGET

The tables below represent a preliminary estimate of what it will take to create a full year's operating budget to fulfill the plan for an enhanced economic development organization and scope of work, as outlined in ATTACHMENT 1 of this Agreement. The total revenues and expenditures are targets that the parties to this Agreement aspire to achieve or exceed to successfully accomplish their mutual economic development goals.

Actual EDC Team Jefferson revenues and expenditures for the second half of 2021, and for 2022 are yet to be determined, and will depend on the willingness and ability of local governments and other funding sources to support economic development in Jefferson County by funding EDC Team Jefferson. EDC Team Jefferson's final budget for each year will need to be drafted to reflect the organization's actual revenues and costs and to maintain a balanced budget.

**TABLE 1: BUDGET AT A GLANCE**

	Jul '21 - Dec '21 6 Months	Jan '22 - Dec '22 12 Months	Jan '23 - Jun '23 6 Months
<b>Estimated Beginning Cash Balance</b>	65,000	66,682	40,752
<b>Estimated Income</b>	158,523	314,000	160,150
<b>Total Expense</b>	156,840	339,930	174,128
<b>est. ENDING CASH BALANCE</b>	<b>66,682</b>	<b>40,752</b>	<b>26,774</b>

**TABLE 2: INCOME DETAILS**

INCOME	Jul '21 - Dec '21 6 Months	Jan '22 - Dec '22 12 Months	Jan '23 - Jun '23 6 Months
<b>est. Business Classes Tuition</b>	4,500	9,000	4,500
<b>est. Grants</b>	10,000	20,000	10,000
<b>est. Dept. of Commerce</b>	37,500	75,000	37,500
<b>est. Jefferson PIF (currently exp. 12/31/2021)</b>	26,523	50,000	25,750
<b>est. Jefferson County</b>	25,000	50,000	25,750
<b>est. Port of Port Townsend</b>	15,000	30,000	15,450
<b>est. City of Port Townsend</b>	15,000	30,000	15,450
<b>est. PUD</b>	15,000	30,000	15,450
<b>est. other org.s (JHC, etc.)</b>	10,000	20,000	10,300
<b>Estimated Income</b>	<b>158,523</b>	<b>314,000</b>	<b>160,150</b>

**TABLE 3: EXPENDITURE DETAILS**

EXPENDITURES	Jul '21 - Dec '21 6 Months	Jan '22 - Dec '22 12 Months	Jan '23 - Jun '23 6 Months
<b>Advertising &amp; Marketing</b>	2,500	5,000	2,500
<b>Bank Charges</b>	125	250	125
<b>Business Classes</b>			0
Rebate - focusPLAN	75	150	75
Facility Rental - Lean	100	200	100
Materials - focusPLAN	400	800	400
Materials - Lean	250	500	250
Instructors - Lean	100	200	100
Instructors - bizIQ	0	0	0
Instructors - focusPLAN	4,000	8,000	4,000
<b>Total Business Classes</b>	<b>4,925</b>	<b>9,850</b>	<b>4,925</b>
<b>Continuing Education</b>	500	1,000	500
<b>Legal &amp; Professional Fees</b>			
Bookkeeping and Accounting	1,225	2,450	1,262
Legal & Professional Fees - Other	600	1,200	618
<b>Total Legal &amp; Professional Fees</b>	<b>1,825</b>	<b>3,650</b>	<b>1,880</b>
<b>Meals and Entertainment</b>	750	1,500	750
<b>Office Expenses</b>			
Dues & Subscriptions	750	1,500	750
Furniture, Fixtures & Equipment	500	1,000	500
Insurance	1,200	2,400	1,236
Postage	50	100	50
Software	390	780	390
Supplies & Printing	850	1,700	850
Office Expenses - Other	0	0	0
<b>Total Office Expenses</b>	<b>3,740</b>	<b>7,480</b>	<b>3,776</b>
<b>Payroll Expenses</b>			
Wages			
Recruiting	10,000	0	0
Executive Director	36,667	110,000	56,650
Business Services Director	35,000	70,000	36,050
Administrative Assistant	16,667	40,000	20,600
Total Wages	98,333	220,000	113,300
Payroll Taxes	12,292	27,500	14,163
Health Insurance	7,200	14,400	7,560
<b>Total Payroll Expenses</b>	<b>117,825</b>	<b>261,900</b>	<b>135,023</b>
<b>Programs</b>			
Community Lean Resource	5,000	10,000	5,000
LION	400	800	400
North Olympic Legislative Alliance	6,000	12,000	6,000
SBDC Advisor	3,750	7,500	3,750
<b>Total Programs</b>	<b>15,150</b>	<b>30,300</b>	<b>15,150</b>
<b>Rent</b>	5,000	10,000	5,000
<b>Repairs &amp; Maintenance</b>	500	1,000	500
<b>Travel</b>	1,000	2,000	1,000
<b>Utilities</b>			
Electricity	1,200	2,400	1,200
Telephone	600	1,200	600
Internet	600	1,200	600
Water & Sewer	600	1,200	600
<b>Total Utilities</b>	<b>3,000</b>	<b>6,000</b>	<b>3,000</b>
<b>Uncategorized Expense</b>	0	0	0
<b>Total Expense</b>	<b>156,840</b>	<b>339,930</b>	<b>174,128</b>

## STAFFING PLAN – 2021 & 2022

In 2020 and the first half of 2021, EDC Team Jefferson has had a staff of one Executive Director, with no administrative support. Under this Agreement and with adequate funding, EDC Team Jefferson staffing in 2021 and 2022 is estimated to expand as follows:

<b>Position</b>	<b>Est. # FTEs</b>	<b>Est. Salary (annual)</b>	<b>Est. Taxes &amp; Benefits</b>	<b>Est. Total (annual)</b>
Executive Director	1	\$110,000		
Business Services Director	1	\$ 70,000		
Administrative Assistant	1	\$ 40,000		
<b>Total</b>	<b>3</b>	<b>\$220,000</b>	<b>\$ 41,900</b>	<b>\$261,900</b>

Upon execution of this Agreement, the EDC Team Jefferson President will coordinate with the administrators of the County, Port, City and PUD on the hiring plan, job description, recruitment and evaluation of candidates for Executive Director. Approval by the administrators is required prior to presenting a hiring recommendation to the EDC Team Jefferson Board of Directors for approval. The President will also similarly coordinate with the administrators in any subsequent recruitments for Executive Director.

### ATTACHMENT 3: EXAMPLE BUSINESS RECRUITMENT – ACTIVE BUSINESS LEAD REPORT

BUSINESS RECRUITMENT - ACTIVE BUSINESS LEAD REPORT						
#	Date	Lead Source	Type of Business	Criteria	Benefits	Status
1	Mar-15	Private	Project Currie Food Processor Simplot	160 acres Large water, gas & electric Dodd Road Industrial Area	300 FTE Private Investment \$500M Wages & Benefits Excellent \$20 to \$40 per hour	Several Site Visits & Meetings Possible 2022 Project Market Dependent
2	Aug-17	Private	Project Heartland Cold Storage Warehouse	50 acres Dodd Road Industrial Park Near Project Currie	70 FTE Private Investment \$75M	Site Proposal submitted August 2017 Project dependent on Project Currie
3	Oct-17	Private	Project George Commercial Greenhouse	120-160 Acres Wallula Gap Business Park Large Water, Electrical & Gas	300-350 FTE Private Investment \$110M	Site Proposal submitted Oct 2017 Several Site Visits 2017 & 2018 Possible 2022 Project
4	Dec-17	Private	Project Wilbur Warehouse Distribution Wilbur Ellis	6K SQFT Building Walla Walla Regional Airport	2-4 FTE with benefits Private Investment Unknown	Proposal submitted Dec 2017 Several Site Visit in 2018 & 2019 Project on hold
5	Apr-18	Private	Project JD Heavy Truck Maintenance	1-2 Acres Burbank Business Park	5-8 FTE Private Investment Unknown Relocation from Tri-Cities	Site Proposal submitted April 2018 Several Site Visits Possible 2022 Project
6	Aug-18	Private	Project MWWS-Phase 3 Warehouse Distribution	100-250K SQFT Building Dodd Road Industrial Park	20+ FTE with benefits Private Investment \$4 to \$8M	Information provided August 2018 Possible 2021 or 2022 Project Market Dependent
7	Oct-18	Private	Project Malt Food Processing - Malting Mainstem Malt, SPC	Walla Walla Area	5-30+ new FTE with benefits Private Investment \$1.5-\$3M	No Current Updates
8	Feb-19	Private	Project Harris Metal Fabrication	Burbank Industrial Park Port Build to Suit 3-4K SQFT Building	8 new FTE with benefits Investment \$1M	Proposal submitted February 2019 Reviewing Port's BTS Information 1st project was in Idaho WA Project possible in 2022
9	May-19	Private	Project Ice Distribution Location Road Maintenance Supplies	10+ Acres Dodd Road Industrial Park Wallula Gap Business Park UPRR Rail Siding a must	3-5 new FTE with benefits Private Investment \$2-3M	Site Proposal submitted May 2019 Several Site Visits - 2019 & 2020 No Current Updates
10	Jun-19	Private	Project CA Controlled Atmosphere Warehouse	5-10 Acres Burbank Business Park	10 new FTE with benefits Private Investment \$7M	Site Proposal submitted June 2019 Site Visit conducted in June 2019 Possible 2022 Project
		Project Completed	New or Re-Activated Business Lead	Still Active Business Lead	Business Lead Cold or on Hold	Business Lead Closed

Source: Port of Walla Walla



BUSINESS RECRUITMENT - ACTIVE BUSINESS LEAD REPORT						
#	Date	Lead Source	Type of Business	Criteria	Benefits	Status
11	Jul-19	Private	Project GWM Food Processor	40 Acres Dodd Road Industrial Park Wallula Gap Business Park	30 new FTE with benefits Private Investment \$100M	Site Proposal submitted July 2019 Site Visit conducted in July 2019 Submitted additional information Project on Hold
12	Aug-19	Private	Project Sherman Uniform Service Company	5 acres Burbank Business Park 40-50K SQFT Building	40-45 FTE with benefits Private Investment unknown	Site Proposal submitted Aug 2019 Conducted Site Visit - Aug 2019 Possible 2022 Project
13	Nov-19	Private	Project DG Retail Business Operation Dollar General Store	1 Acre - 10K SQFT Building Burbank Business Park	5-10 FTE with benefits Private Investment \$1.5M	Executed PSA with Port - March 2020 Currently in County review process Construction started March 2021 Store Opening August 2021
14	Dec-19	DOC-Site Selector	Project Emerald Metals Processing Facility	Minimum 250 acres Wallula Gap Business Park Large Electrical, Gas & Water	800-1250 new FTE w/ benefits Private Investment \$3.1B	Site Proposal submitted Dec 2019 Reviewing Information Performing Due Diligence
15	Jan-20	Private	Project Five MFG Machining	25K SQFT MFG Building Isaacs Building Walla Walla	FTE Unknown Private Investment Unknown	Proposal submitted Jan 2020 Conducted Site Visit - Jan 2020 No Current Updates
16	Mar-20	Private	Project SMK Metal Fabrication Relocation Project	6.0 Acre - 30K SQFT Building Burbank Business Park	50-130 FTE with benefits Private Investment \$5M	Conducted Several Site Visits Performing Due Diligence Port Purchase & Sale Agreement 3-21
17	Apr-20	Private	Project Rob Electrical Operation	15-20K SQFT Isaacs Building - Bay 3 Walla Walla	FTE Unknown Private Investment unknown	Port Lease Proposal - April 2020 Reviewing Information No Current Updates
18	May-20	DOC-Site Selector	Project Great Dane MFG Thermoformed Packages	25-40K SQFT Isaacs Building - Bay 3 & CS Walla Walla	35 FTE with benefits Private Investment \$7-10M	Port Lease Proposal - May 2020 Reviewing Information No Current Updates
19	Aug-20	DOC-Site Selector	Project Nutrition (Ruby) Dairy Value Added MFG	200 acres Wallula Gap Business Park	500 FTE with benefits Private Investment \$500M	Site Proposal submitted August 2020 Reviewing Site Information Site Visit conducted Sept 2020 No Current Updates
20	Sep-20	Private	Project VW Retail AG Supplier	1-3 Acres Burbank Business Park	FTE Unknown Private Investment unknown	Conducted Site Visit - Sept 2020 Reviewing Site Information No Current Updates
Project Completed			New or Re-Activated Business Lead	Still Active Business Lead	Business Lead Cold or on Hold	Business Lead Closed

BUSINESS RECRUITMENT - ACTIVE BUSINESS LEAD REPORT						
#	Date	Lead Source	Type of Business	Criteria	Benefits	Status
21	Nov-20	DOC-Site Selector	Project New Falcon Paper MFG	35-50 acres Wallula Gap Business Park Stearns Kelly Property Dodd Road IP	200 FTE with benefits Private Investment \$400M	Site Proposal submitted Nov 2020 Reviewing Site Information New Site Selector - April 2021 Reviewing Site Information
22	Nov-20	Private	Project Honey Honey Processing	2-3K SQFT Building Walla Walla Area	1-3 FTE with benefits Private Investment unknown	Searching for existing Building No Current Updates
23	Dec-19	DOC-Site Selector	Project Emerald 2 MFG & Distribution	80 acres - Heavy Industrial 750K SQFT Building Wallula Gap Business Park Stearns Kelly Property	200 new FTE w/ benefits Private Investment \$350M	Site Proposal submitted January 2021 Reviewing Information No Current Updates
24	Jan-21	DOC-Site Selector	Project High Bar Metal MFG Rail & Highway	50 acres - Heavy Industrial Wallula Gap Business Park Stearns Kelly Property Dodd Road IP	250 new FTE w/ benefits Private Investment \$300M	Site Proposal submitted January 2021 Reviewing Information No Current Updates
25	Jan-21	Private	Project CBRE Distribution Center	150K SQFT Building Melrose, WGBP, Dodd IP	75 FTE with benefits Private Investment unknown	Site Proposal submitted February 2021 Reviewing Information No Current Updates
26	Feb-21	DOC-Site Selector Deloitte	Project Raven Food and Beverage MFG	60 acres - 400K SQFT Bldg. Wallula Gap Business Park Large Electrical, Gas & Water	200+ FTE with benefits Private Investment \$500M	Site Proposal submitted March 2021 Site Selector Reviewing Information
27	Nov-19	Private	Project InSite Fast Food Restaurant Operation	1 Acre - 3K SQFT Building Burbank Business Park	5-10 FTE with benefits Private Investment \$2 M	PSA with Port - May 2021 Currently Site Due Diligence
Project Completed			New or Re-Activated Business Lead	Still Active Business Lead	Business Lead Cold or on Hold	Business Lead Closed

# PORT OF PORT TOWNSEND

## AGENDA COVER SHEET

MEETING DATE	June 9, 2021
AGENDA ITEM	<input type="checkbox"/> Consent <input type="checkbox"/> 1 <sup>st</sup> Reading <input type="checkbox"/> 2 <sup>nd</sup> Reading <input checked="" type="checkbox"/> Regular Business <input type="checkbox"/> Informational
AGENDA TITLE	VIII.D. JCIA Runway Project; Request for Advance Authorization to Execute Change Order #04 for Asphalt Overlay Work
STAFF LEAD	Eric Toews, Deputy Director
REQUESTED	<input checked="" type="checkbox"/> Information <input checked="" type="checkbox"/> Motion/Action <input type="checkbox"/> Discussion
ATTACHMENTS	<ol style="list-style-type: none"><li>1. Staff Memo</li><li>2. Draft Change Order #04</li></ol>



# PORT OF PORT TOWNSEND

## INFORMATIONAL MEMO

**DATE:** 6/8/2021  
**TO:** Port Townsend Port Commission  
**FROM:** Eric Toews, Deputy Director  
**SUBJECT:** JCIA Runway Project; Request for Advance Authorization to Execute Change Order #04 for Asphalt Overlay Work

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**QUESTION PRESENTED:** Should the Commission authorize the Executive Director to execute Change Order #04 to conclusively resolve costs related to the final paving by Scarsella Brothers Construction related to the JCIA Runway 9/27 Reconstruction Project?

**BACKGROUND & DISCUSSION:** In June of 2020, the runway reconstruction project was substantially completed, although areas of the new asphalt pavement surface were identified that did not meet specifications for pavement smoothness and grade. In October of 2020, the contractor returned to the site to implement a corrective action plan to address pavement deficiencies via selected areas of asphalt replacement and diamond grinding. However, a substantial rain event which occurred during implementation of the corrective action plan revealed significant areas that could not effectively be addressed via the cut/replace/diamond grinding strategy.

Soon thereafter, following consultations with Reid Middleton, the contractor, and the FAA, the Port directed application of a two-inch (2") asphalt overlay to the entire runway and taxiway connector surface. This overlay work was completed in late October of 2020. The final product is a high-quality surface which meets smoothness and grade criteria, and which will serve aviators and taxpayers for decades to come. Its finished surface also meets the FAA minimum criteria for aircraft greater than 12,500 lbs. and less than 100,000 lbs. As such, the runway will now allow for regular use of the airport by additional higher weight aircraft without the need for additional runway construction.

Change Order #04, attached, documents the unit price, quantities and cost of the work performed by the contractor to complete the project (i.e., totaling \$559,922.10). Execution of the change order would permit payment to Scarsella Brothers for the work previously completed and would conclusively resolve all costs related to the final paving work. Of the total, \$288,675.60, or approximately 52%, would be eligible for FAA funding, with \$271,246.50, or 48%, being non-eligible and therefore Port funded. Port staff will be submitting a grant application requesting funding for the eligible portion of this work within the next two weeks.

**FISCAL IMPACT:** Initial payment for the asphalt work will require an expenditure of \$559,922.10 in Port funds, with \$288,675.60 to be subsequently reimbursed by the FAA. Thus, the final fiscal impact to the Port is not expected to exceed \$271,246.50.

**RECOMMENDATION/PROPOSED MOTION:** *"Move to authorize the Executive Director to execute Change Order 04, as presented, to conclusively resolve costs related to the final paving by Scarsella Brothers Construction related to the JCIA Runway 9/27 Reconstruction Project."*

**ATTACHMENT:** Proposed Change Order #04, consisting of two (2) pages.



**CONTRACT CHANGE ORDER NO. 04**  
**or**  
**SUPPLEMENTAL AGREEMENT NO.**

**AIRPORT** \_\_\_\_\_ **DATE** 6/-/21

**LOCATION** \_\_\_\_\_ **AIP PROJECT NO.** 3-53-0134-016 and 017-2019, (awarded)  
3-53-0134-??-2021 (pending)

**CONTRACTOR** \_\_\_\_\_

You are requested to perform the following described work upon receipt of an approved copy of this document or as directed by the engineer. The following is based on negotiated change order proposals at JCIA. The work consisted of work associated with an additional overlay of asphalt paving on the runway and connector taxiway. The Contractor shall be paid based on actual quantities utilized.

Item No.	Description	Unit	Unit Price	Quantity	Amount
CO-4	Sawcut existing asphalt to transition in new Runway overlay – 2021 Grant	LF	\$10.00	180	\$1,800
CO-4	Asphalt Surface Course - 1 inch overlay – 2021 Grant	TN	\$158	1,575	\$248,850
CO-4	Asphalt Surface Course - 1 inch overlay – Non-FAA Eligible	TN	\$158	1,575	\$248,850
CO-4	Sawcut existing asphalt to transition Connector Taxiway paving – Grant 016	LF	\$10.00	155	\$1,550
CO-4	Asphalt Surface Course - Connector Taxiway – Grant 016	TN	\$158	80	\$12,640.00
FAA Eligible Total Change Order 04 Amount		\$273,208.50 incl 9% sales tax for 2021 Grant (grant # pending)			
FAA Eligible Total Change Order 04 Amount		\$15,467.10 incl 9% sales tax for Grant 016			
Non-FAA Eligible Total Change Order 04 Amount		\$271,246.50 incl 9% sales tax			
Original Bid Amount		\$2,963,905.27			
Previous Change Order(s)		\$435,608.54			
FAA Eligible Change Order 4		\$288,675.60			
Non –FAA Eligible Change Order 4		\$271,246.50 Port funded			
<b>Total amount Change Order 4</b>		<b>\$559,922.10</b>			
<b>Revised Contract Total</b>		<b>\$3,959,435.91 See Note 1.</b>			

Note 1: The total Contract amount shown is based on the bid received and approved change order amounts and does not reflect changes in field quantities of bid items. The actual final contract amount will be based on actual field quantities and may be slightly different than the total contract amount shown above.

The time provided for completion in the contract is unchanged (~~decreased~~) (~~increased~~) by \_\_ working days. This document shall become an amendment to the contract and all provisions of the contract will apply. Changes are shown on Drawing(s) No. \_\_\_\_\_ dated \_\_\_\_\_, three copies attached.

**Recommended by:**

\_\_\_\_\_  
**Engineer** **Date**

**Approved by:**

\_\_\_\_\_  
**Owner** **Date**

**Accepted by:**

\_\_\_\_\_  
**Contractor** **Date**

**Concurred by:**

\_\_\_\_\_  
**State Aeronautics (if applicable)** **Date**

**Approved by:**

\_\_\_\_\_  
**Federal Aviation Administration** **Date**

**NOTE:** Change Orders and Supplemental Agreements require FAA approval prior to construction, otherwise no Federal participation can be granted. State Aeronautics concurrence is required when state participation is anticipated.

AIP PROJECT NO. 3-53-0134-016 and-017-2019 CHANGE ORDER NO. 004  
(Supplemental Agreement)

AIRPORT \_\_\_\_\_ LOCATION \_\_\_\_\_

**JUSTIFICATION FOR CHANGE**

1. Brief description of the proposed contract change(s) and location(s).

The proposed contract changes includes sawcutting asphalt to transition in a pavement overlay on Runway 9/27 and pavement on the connector taxiway, a two inch overlay on Runway 9/27 of which the FAA will fund one inch of the overlay to address the type of aircraft in use at JCIA, and the Port will fund the additional one inch of overlay.

2. Reason(s) for the change(s) *(Continue on reverse if necessary)*

The additional overlay of asphalt at the facility will provide the minimum 4 inches of asphalt based on larger type of aircraft that utilize the facility.

3. Justifications for unit prices or total cost.

The unit costs are per the original bid unit prices.

4. The sponsor's share of this cost is available from:

Port funds

5. If this is a supplemental agreement involving more than \$2,000, is the cost estimate based on the latest wage rate decision? Yes ☐ No ☐ Not Applicable ☒.

6. Has consent of surety been obtained? Yes ☐ Not Necessary ☒.

7. Will this change affect the insurance coverage? Yes ☐ No ☒.

8. If yes, will the policies be extended? Yes ☐ No ☐.

9. Has this (Change Order) (Supplemental Agreement) been discussed with FAA officials?

Yes ☒ No ☐ When \_\_\_\_\_ With Whom \_\_\_\_\_

Comment \_\_\_\_\_

Submit 4 copies to the FAA

# PORT OF PORT TOWNSEND

## AGENDA COVER SHEET

<b>MEETING DATE</b>	June 9, 2021
<b>AGENDA ITEM</b>	<input type="checkbox"/> Consent <input type="checkbox"/> 1 <sup>st</sup> Reading <input type="checkbox"/> 2 <sup>nd</sup> Reading <input checked="" type="checkbox"/> Regular Business <input checked="" type="checkbox"/> Informational
<b>AGENDA TITLE</b>	Informational Items
<b>STAFF LEAD</b>	Eron Berg, Executive Director
<b>REQUESTED</b>	<input checked="" type="checkbox"/> Information <input type="checkbox"/> Motion/Action <input checked="" type="checkbox"/> Discussion
<b>ATTACHMENTS</b>	1. Commission Contracts Update 2. Detailed April YTD Financials

# PORT OF PORT TOWNSEND

## INFORMATIONAL MEMO

**DATE:** June 2, 2021

**TO:** Commissioners

**FROM:** Sue Nelson, Lease & Contracts Administrator

**CC:** Eron Berg, Executive Director

**SUBJECT:** **June 9, 2021 Commission Meeting** – Commission Update: New/Amended Contracts Under \$50,000, Approved by Executive Director Eron Berg, per Delegation of Authority Resolution No. 746-21

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Name	Dates	Description	Amount Not to Exceed:
Insight Strategic Partners, LLC	6/1/2021-5/31/2022	Capital funding support/legislative outcomes.	\$25,000.00

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

	YTD Apr. 2020	YTD Apr. 2021	Variance to prior year - 2020 v 2021	notes	YTD Budget 2021	Variance to Budget YTD
<b>REVENUES</b>						
PTBH - Permanent Moorage	415,593	403,341	(12,252)		413,645	(10,304)
PTBH - Liveaboard Fee	7,694	7,043	(652)		7,744	(701)
PTBH - Liveaboard Background Check	-	60	60		-	60
PTBH - Work Float/Lift Pier Usage	1,117	6,005	4,888		1,648	4,357
PTBH - Monthly Guest	76,233	68,844	(7,389)		93,943	(25,099)
PTBH - Nightly Guest	34,259	56,894	22,635		32,367	24,527
PTBH - Electric	42,126	40,860	(1,267)		41,903	(1,043)
PTBH - Miscellaneous Revenue	4,785	6,654	1,869		4,336	2,318
PTBH - Showers	2,571	2,197	(373)		2,536	(339)
PTBH - Restroom Key Fobs	145	70	(75)		124	(54)
PTBH - Laundry	1,535	1,963	428		1,674	289
PTBH - Promotional Sales	60	91	31		91	0
PTBH - Port Labor	97	1,310	1,213		-	1,310
Reduction for Bad Debt Write-off	(5,523)	-	5,523		-	-
Boat Haven Moorage	580,692	595,331	14,639	a	600,011	(4,680)
Yard - 70/75 Ton Hoist Revenue	66,925	96,016	29,092		89,908	6,108
Yard - 70/75 Ton Yard Revenue	196,083	279,890	83,806		178,841	101,049
Yard - 70/75 Ton Yard Enviro Fee	18,572	25,970	7,398		15,030	10,940
Yard - 70/75 Ton Yard Electric	12,618	13,848	1,229		12,304	1,544
Yard - 70/75 Ton Yard Port Labor	-	1,054	1,054		300	754
Yard - 300 Ton Hoist Revenue	80,594	86,958	6,364		58,125	28,833
Yard - 300 Ton Yard Revenue	154,899	175,862	20,963		142,979	32,883
Yard - 300 Ton Yard Enviro Fee	6,025	4,670	(1,355)		8,570	(3,900)
Yard - 300 Ton Yard Electric	19,546	20,622	1,077		19,561	1,061
Yard - 300 Ton Yard Port Labor	2,265	1,139	(1,127)		1,789	(651)
Yard - L/T Storage	27,001	27,215	214		24,110	3,105
Yard - Blocking Rent	13,332	16,932	3,600		17,081	(149)
Yard - Off Port Property Tarp Fee	1,044	861	(183)		1,032	(171)
Yard - Washdown Revenue	24,485	21,721	(2,764)		23,551	(1,830)
Yard - Bilge Water Revenue	1,566	366	(1,200)		2,534	(2,168)
Yard - Liveaboard Fee	1,023	1,355	332		636	719
Yard - Liveaboard Background Check	-	-	-		-	-
Yard - Enviro Violations & Clean up	2,210	1,100	(1,110)		1,012	88
Yard - Miscellaneous Revenue	1,373	-	(1,373)		523	(523)
Reduction for Bad Debt Write-off	(42,746)	-	42,746		-	-
Yard Operations	586,815	775,580	188,764	a, b	597,886	177,694
PTBH Prop - Lease Revenue	204,284	243,693	39,409		229,345	14,348
PTBH Prop - Fuel Dock Lease	4,343	3,797	(545)		4,471	(674)
PTBH Prop - Other Util, Wtr, Swr, Garbg	7,918	6,545	(1,373)		7,039	(494)
PTBH Prop - Stormwater Fees	4,111	3,259	(852)		3,660	(401)
PTBH Prop - Storage Unit Revenue	3,166	3,454	288		2,570	884
PTBH Prop - Electric	487	2,016	1,529		1,435	581
PTBH Prop - Miscellaneous	-	100	100		-	100
Reduction for Bad Debt Write-off	(479)	-	479		-	-
Boat Haven Properties	223,830	262,863	39,034	a	248,520	14,343

Pt Hudson - Permanent Moorage	43,241	52,225	8,984		45,893	6,332
Pt Hudson - Monthly Guest	66,025	67,556	1,530		72,079	(4,523)
Pt Hudson - Nightly Guest	9,317	18,922	9,604		15,197	3,725
City Pier & Union Wharf Usage	-	172	172		631	(459)
Pt Hudson - Monthly R.V.	43,417	43,376	(41)		38,684	4,692
Pt Hudson - Nightly R.V.	27,847	71,307	43,460		49,820	21,487
Pt Hudson - Kayak Racks	4,256	4,958	702		4,703	255
Pt Hudson - Electric	10,211	13,152	2,941		9,951	3,201
Pt Hudson - Reservation Fee	6,120	6,708	588		7,291	(583)
Pt Hudson - Liveaboard Fee	3,887	5,424	1,537		4,128	1,296
Pt Hudson - Liveaboard Backgrnd Ck	180	120	(60)		-	120
Pt Hudson - Showers	1,825	1,664	(162)		1,668	(4)
Pt Hudson - Laundry	3,418	3,220	(198)		2,912	308
Pt Hudson - Passenger Fee	-	-	-		114	(114)
Pt Hudson - Miscellaneous	1,907	315	(1,592)		212	103
Pt Hudson - Promotional Sales	105	123	18		80	43
Pt Hudson - Building Leases	132,424	138,212	5,788		126,796	11,416
Pt Hudson - Property Utility Reimb	10,977	9,096	(1,881)		12,380	(3,284)
Pt Hudson - Event Facility Rev	440	-	(440)		-	-
Pt Hudson - Parking	682	1,205	523		196	1,009
Pt Hudson - Enviro Clean up	212	-	(212)		-	-
Reduction for Bad Debt Write-off	(26)	-	26		-	-
Pt. Hudson Marina, RV & Prop	366,467	437,755	71,288	a, c	392,735	45,020
Quilcene - Permanent Moorage	14,854	19,371	4,517		13,326	6,045
Quilcene - Liveaboard Fee	1,182	1,295	113		892	403
Quilcene - Nightly Moorage	99	574	475		375	199
Quilcene - Showers	1,190	771	(419)		899	(128)
Quilcene - Electric	1,293	2,269	976		968	1,301
Quilcene - Reservations	121	121	-		160	(39)
Quilcene - Recreational Ramp Fees	1,181	1,957	776		2,190	(233)
Quilcene - Commercial Use Fees	-	-	-		718	(718)
Quilcene - Empty Trailer Storage	-	18	18		-	18
Quilcene - Miscellaneous Revenue	-	224	224		-	224
Quilcene - Lease Revenue	21,297	21,829	532		23,136	(1,307)
Quilcene - Water	4,192	3,753	(439)		4,276	(523)
Quilcene - Fuel Sales	2,928	-	(2,928)		-	-
Quilcene	48,337	52,183	3,846		46,940	5,243
Ramp Fees	11,371	10,805	(566)		14,675	(3,870)
PTBH Ramp - Commercial Use Fees	-	3,200	3,200		-	3,200
PTBH Ramp - Dinghy Float Revenue	476	245	(231)		397	(152)
Ramps	11,847	14,250	2,403		15,072	(822)
JCIA - Lease Revenue	37,158	37,738	580		38,896	(1,158)
JCIA - Hangar Revenue	10,853	11,001	147		11,048	(47)
JCIA - Vehicle Parking Revenue	238	28	(210)		220	(192)
JCIA - Aircraft Parking	1,045	236	(809)		370	(134)
JCIA - Fuel Lease Revenue	469	446	(24)		449	(3)
JCIA - Electric	744	465	(279)		591	(126)
JCIA - Miscellaneous Revenue	-	2,714	2,714		44	2,670
Jeff. County Int'l Airport	50,508	52,627	2,120		51,618	1,009
(Increase)/Decrease in Accts. Receivable	(32,009)	63,506	95,515	a	-	63,506
<b>Total Revenues</b>	<b>1,836,487</b>	<b>2,254,095</b>	<b>417,609</b>	<b>d</b>	<b>1,952,782</b>	<b>301,313</b>

<b>EXPENSES</b>						
Salaries & Wages	742,665	761,397	18,732		754,889	6,508
Payroll Taxes	78,335	77,749	(586)		80,131	(2,382)
Employee Benefits	203,782	277,691	73,910	e	286,334	(8,643)
Uniform Expense	4,067	3,118	(949)		3,192	(74)
Contract Services	90,229	88,563	(1,666)		96,459	(7,896)
Legal & Auditing	4,776	52,831	48,055	f	28,943	23,888
Insurance	228	99	(129)		-	99
Office/Computer Supplies	1,994	8,904	6,910		2,404	6,500
Operating Supplies	17,645	24,708	7,063		23,289	1,419
Enviro Materials/Supplies	8,612	36,257	27,645		13,500	22,757
Tarp Pool Expense	8,421	5,993	(2,428)		7,600	(1,607)
Empl Recog/Relations	-	1,657	1,657		237	1,420
Postage	566	2,183	1,617		1,253	930
Janitorial Supplies	3,209	12,609	9,400		5,819	6,790
Fuel & Lubricants	6,636	9,706	3,070		6,855	2,851
Permits & Licenses	1,725	1,639	(86)		3,900	(2,261)
Equipment Rental	-	1,813	1,813		1,300	513
Claims & Damages	-	-	-		700	(700)
Membership & Dues	10,874	14,892	4,018		15,380	(488)
Bank Charges	26,796	37,539	10,743		26,540	10,999
Excise Tax	4,016	6,286	2,270		4,963	1,323
Miscellaneous Expense	14,531	915	(13,616)		535	380
Repair & Maintenance Supplies	44,668	90,397	45,729		32,247	58,150
Facilities & Operations	149,693	255,498	105,805	g	146,522	108,975
Utilities	205,731	176,674	(29,057)	h	217,913	(41,239)
Advertising (Legal 2018)	3,491	969	(2,522)		2,388	(1,419)
Marketing	11,372	8,294	(3,078)		16,167	(7,873)
Promotion	960	2,137	1,177		100	2,037
Marketing	15,823	11,400	(4,423)	i	18,655	(7,255)
Travel & Training	2,904	717	(2,187)		2,746	(2,029)
Cost of Goods - Fuel	2,035	-	(2,035)		-	-
Community Relations	6,496	3,847	(2,649)		-	3,847
<b>Total Expenses</b>	<b>1,506,764</b>	<b>1,709,584</b>	<b>202,820</b>	j	<b>1,635,784</b>	<b>73,799</b>
<b>Net Operating Income (Loss)</b>	<b>329,723</b>	<b>544,512</b>	<b>214,789</b>		<b>316,998</b>	<b>227,514</b>
<b>Other Increases in Fund Resources</b>						
Yard Deposits Collected	1,000	11,292	10,292		3,110	8,182
PTBH Prop Lease Deposits Collected	16,973	6,221	(10,752)		6,668	(447)
PH Prop Lease Deposits Collected	3,537	7,594	4,056		1,600	5,994
JCIA Prop Lease Deposits Collected	-	3,345	3,345		-	3,345
PH Marina/RV Deposits Collected	3,569	11,464	7,894		13,256	(1,792)
Deposits & Retainage Collected	25,080	39,915	14,835		24,634	15,281
Sales Tax Collected	15,560	22,796	7,235		16,700	6,096
Leasehold Tax Collected	175,229	195,784	20,554		177,196	18,588
Hotel/Motel Tax Collected	568	1,453	885		1,250	203
Taxes Collected	191,358	220,032	28,674		195,146	24,886
Grants - FAA	69,836	-	(69,836)		-	-
Grants - Indirect FEMA (Jeff. County)	-	2,494	2,494		-	2,494
Grants - Jefferson County	52,881	-	(52,881)		-	-
Capital Contributions/Grants	122,717	2,494	(120,223)		-	2,494

Debt Proceeds - Line of Credit	-	-	-		-	-
ARRA Bond Interest Subsidy	-	16,476	16,476		16,000	476
Investment Interest	6,748	1,067	(5,681)		2,800	(1,733)
Interest	6,748	17,543	10,794		18,800	(1,257)
Operating Tax Levy	485,234	511,290	26,057		552,972	(41,682)
IDD Tax Levy	399,516	797,039	397,523		791,030	6,009
State Forest Revenues	16,396	45	(16,351)		7,000	(6,955)
State Timber Excise Tax	10,570	4,341	(6,228)		5,000	(659)
Leasehold Excise Tax	2,623	2,674	51		2,830	(156)
Property & other taxes	914,338	1,315,389	401,052		1,358,832	(43,443)
Insurance Recovery	1,150	-	(1,150)		-	-
Finance Charges	2,314	4,814	2,501		5,000	(186)
Other Non-Operating Revenues	-	3,333	3,333		260	3,073
Misc Other Incr. in Fund Resources	3,463	8,147	4,684		5,260	2,887
<b>Total Other Incr. in Fund Resources</b>	<b>1,263,704</b>	<b>1,603,520</b>	<b>339,816</b>	<b>k</b>	<b>1,602,672</b>	<b>848</b>
<b>Other Decr. In Fund Resources</b>						
Yard Deposits Refunded	-	3,080	3,080		1,523	1,557
PH Prop Lease Deposits Returned	-	2,566	2,566		561	2,005
PH Deposits Refunded	1,883	-	(1,883)		2,000	(2,000)
Deposits & Retainage Paid	1,883	5,646	3,763		4,084	1,562
Sales Tax Remitted	14,032	17,484	3,452		13,500	3,984
Leasehold Tax Remitted	235,883	284,609	48,726		264,316	20,293
Hotel/Motel Tax Remitted	749	916	167		850	66
Taxes Remitted	250,664	303,009	52,345		278,666	24,343
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		-	251,565
Debt Management Fees	-	-	-		250	(250)
Debt Issue Costs	-	9,300	9,300		-	9,300
Investment Fees	200	53	(147)		165	(112)
Debt Mgmt, Issuance & Misc Exp	200	9,353	9,153		415	8,938
Election Expense	15,674	-	(15,674)		-	-
<b>Total Other Decr. In Fund Resources</b>	<b>268,421</b>	<b>569,574</b>	<b>301,153</b>	<b>l</b>	<b>283,165</b>	<b>286,409</b>
<b>Net Other Incr./Decr. Fund Resources</b>	<b>995,283</b>	<b>1,033,946</b>	<b>38,663</b>		<b>1,319,507</b>	<b>(285,561)</b>
<b>Net Income/(Expense)</b>	<b>1,325,006</b>	<b>1,578,458</b>	<b>253,452</b>	<b>m</b>	<b>1,636,505</b>	<b>(58,047)</b>



**Notes:**

(a) *In Qtr.1, 2020 a Bad Debt Write-off was approved by Commission and recorded in the accounting system. This is a GAAP convention, and though we are Cash Based now, we chose to reinstitute an Accounts Receivable (AR) account in the accounting system (the detailed tracking is done in the marina billing software). As such, the revenues recorded should be adjusted by any Bad Debt write-offs as well as changes in the AR balance. There have been no AR write-offs YTD 2021. There is a new line item as of April 2021 showing the Operating Revenues adjusted for YTD changes in the AR balance.*

(b) *Yard Revenues continue to reign strong over YTD 2020 as well as budget. Most of this increase is from the Yard Storage and Hoist revenues in both the 70/75 Ton and 300 Ton Yards which make up 79%, or \$149,929 of the increase.*

(c) *Point Hudson has made a rebound from last year at the beginning of the pandemic. The increase in Nightly RV and Nightly Moorage revenues represent 74%, or \$53,064, of the total year to year increase.*

(d) *Operating Revenues overall increased by 17.5%, or \$322,094, when compared to 2020 and were 12% higher than budgeted for YTD this month.*

(e) *Due to the timing of benefit payments in 2020, there's a variance of \$73,910. This corrects itself in June. Benefits are just under budget to-date.*

(f) *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.*

(g) *2021 costs are higher for Facilities & Operations when compared to 2020 by \$105,805 and more than Budget by \$108,975. There were several increases and decreases in various line items, but the highest variances year to year are \$45,729 more in Repair/Maintenance costs, \$27,645 more in Environmental Materials/Supplies, and approximately \$10,000 more each in Bank Charges and Janitorial Supplies. Bank Charges have increased due to the new software, Molo, that directs customers online to pay electronically. This is a huge plus to the Port because we receive funds more quickly, and we don't have to rely on staff to process the paper money and checks. In addition, we are having difficulty getting staffed up for summer, so the increase in efficiency via electronic payments is very helpful and worth the price.*

(h) *The year to year variance of \$29,057 is due to the April PUD bill being received late. There are 2 months of PUD bills paid in May -- services for April and May.*

(i) *The year to year variance for Marketing is due to approximately \$2,000 in ads regarding the Executive Director hiring process in 2020 and this year we did not use Bri Communications for the Puget Sound Boating Guide (>\$4,000), which are maps.*

(j) *Overall, Operating Expenses increased by \$202,820, or 13%, when compared to 2020 and are more than budget by \$73,799, or 5%. As already mentioned, these increases are due to timing of bills received and paid as well as increases in spending for Materials/Supplies - computer, janitorial, environmental and repair/maintenance. It should be kept in mind that although this appears to be a significant increase in expenses, they are in alignment with the budget, or the plan for the year. When you adjust for the timing of the benefit payments in the amount of \$73,910 (note e), we are almost spot on with budget.*

(k) *The year to year variance of \$339,816 for Total Other Increases in Fund Resources is primarily related to increased tax and grant revenues. This line item is in alignment with budget.*

(l) *Both the year to year and budget to actual variance for Total Non-Operating Expenses, \$301,153 and \$286,409, respectively, are related to the payoff of the 2020 LTGO Bond Line of Credit. This was paid in January 2020 in the amount of \$250,000.*

*(m) Overall, the increase of \$253,452 when comparing 2020 to 2021 for Net Income/(Expense) is due to the strong increase in Net Operating Income (more in 2021 by \$214,789) and the small increase in Net Other Increases/Decreases in Fund Resources of \$38,663. If you reduce 2021 by the increase in tax receipts (by \$401,052), increase 2021 by the January payment of the 2020 LTGO Line of Credit for \$251,565 and reduce 2020 by the larger portion of Grant revenue (\$120,223), then 2021 is higher than 2020 by \$224,188. It should be noted that we are in close alignment with the 2021 budget; just less than budget by \$58,047. It is important to compare to prior year, but just as important, if not more, to compare to budget because the budget is where we expect to be based on anticipated changes, increases, initiatives, etc.*