

PORT COMMISSION REGULAR BUSINESS MEETING – Wednesday, June 9, 2021

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

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

I. CALL TO ORDER (00:00:05): Commissioner Hanke called the meeting to order at 1:00 p.m.

II. APPROVAL OF AGENDA (00:00:13)

It was noted that the agenda had been updated on 6/8/21 to include two items, Acceptance of the 2020 Work Yard Resurfacing project, and JCIA Runway Project Change Order.

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

III. PUBLIC COMMENTS (00:03:28) presented out of order

Comment sent in via email, and read aloud for the record:

Jock & Sonchen Patton wrote in support of leasing the former Landfall site to the NWMC.

Brad West and Carla Main wrote in support of the proposed addition of a NWMC Community Classroom on the old Landfall property.

Comment given live during the meeting: Tom Thiersch asked about public funds going to a specific agency—a proactive service listed in the proposed 5-party EDC agreement “Administer & seek to expand the Local Investing Opportunities Network (LION).” He also suggested that the agreement should require the EDC to subject itself to the Public Records Act and the Open Public Meetings Act.

IV. CONSENT AGENDA (00:00:45)

A. Approval of Public Meeting Minutes from May 26, 2021.

B. Approval & Ratification of Warrants

Warrant #063810 in the amount of \$7,742.69 for Accounts payable.

Warrants #063811 through #063820 in the amount of \$35,806.69 and Electronic Payment in the amount of \$164,662.52 for Payroll & Benefits.

Warrants #063821 through #063868 in the amount of \$81,198.49 for Accounts Payable.

Electronic Debit in the amount of \$250 for Business License Renewal.

Warrant #063786 in the amount of \$12,615.53 is declared void for Accounts Payable.

C. Lease: Dive Tech, Inc d/b/a Octopus Gardens Diving

D. Acceptance of the 2020 Work Yard Resurfacing project

Commissioner Petranek moved to accept the Consent Agenda; Commissioner Putney seconded. Commissioner Putney noted two errata in the minutes (his vote on Yard Rate Discount Change was no, not abstain; and he attended the WPPA Trustees meeting).

Vote was taken and acceptance of the Consent Agenda with these changes was approved unanimously.

V. SPECIAL PRESENTATION: (00:09:34)

A. Point Hudson Breakwater Update

Port Engineer Mike Love spoke about the opportunity to make comments on the project¹. He then gave a presentation on the Point Hudson Breakwater Improvement Project: its history, current condition and why it needs improvement, design objectives of the improved breakwater, potential permitting and scheduling scenarios, environmental considerations, and timeline. He said the breakwater replacement design is similar in style to the existing breakwater with modern materials and walkway on the south breakwater, that permitting will include replacement of both breakwaters, and that the project may be done in two phases, with the north phase first. The earliest start date is September 2022 (after Wooden Boat Festival) with completion of the north breakwater March 2023, and continue with the south breakwater in September 2023, with completion in March 2024.

B. Public Comments (00:41:28)

Jake Beatty of the NW Maritime Center thanked the Port for the thought and consideration the Port put into this project, especially around the timing and the impact to the whole community.

¹ 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 or call (206) 833-6035
Or to Mike Love, Port Engineer, mike@portofpt.com or call (360) 379-5025.

Commissioner Petranek thanked him for the good presentation and felt this project was finally on track after 10 years.

Commissioner Hanke thanked Port Engineer Love for the excellent presentation and asked what would happen if a big storm caused a breach or a failure of the breakwater. Mr. Love said that if that happened, the Port would do what was needed to make emergency repairs, and begin talks with the Army Corp of Engineers and Dept. of Fish and Wildlife.

Commissioner Putney asked with the removal of the breakwater, if the plan was to remove the finger piers and ask vessels to move to another location. Mr. Love said the Port is considering that, depending on weather conditions, until we have protection back in place—or perhaps removing some of the finger piers closer to the project first and see how it stands.

Commissioner Petranek asked how the work would affect Sea Marine's operations. Mr. Love said the marina could not be opened each day (it would take too long to move the barge out and back), but there might be a Sunday shutdown. He said the Port would be working with Sea Marine on plans, but first needs to get the permits.

VI. SECOND READING (none)

VII. FIRST READING (none)

VIII. REGULAR BUSINESS (00:49:13)

A. April Year-to-date Financial Report

Finance Director Berg referred to her staff memo on the April Year-to-date report, which gave information that is not in the financial statement itself. On accounts payable, the item discussed before, the outstanding invoice from Scarcella Brothers, is close to completion with the Change Order coming to the Commission in today's meeting. She noted the \$559,922 on the Change Order includes sales tax. Year-to-date Capital Project expenditures is mostly done by Port staff, and the Port excavator has been used many times already. She noted the Port was using IDD funds to match grants and stretch these public funds further.

Commission Petranek asked about reserved vs. unreserved funds, and Ms. Berg answered that reserved money is where the Commission decided by resolution to hold funds for a specific purpose; like IDD, unemployment, Boat Haven reserve, the Capital & Operating reserves and the Emergency reserve.

Finance Director Berg reported that financial statements show that revenues are looking very strong compared to last year (up ~23%) and more importantly—what we planned for—to the budget (up ~15%). She explained the line just above the total revenue line is the increase/decrease in accounts receivables, which provides the Commission with what the actual cash received is with those revenues.

Commissioner Hanke asked about pre-bookings with payments to reserve; how is that money reflected in a cash statement? Ms. Berg said it's recorded as a reservation, and on the receivable side it will be recognized in the month in which it occurs.

Finance Director Berg went over the rest of the April year-to-date financial report, explaining that a little more in bank charges is paying for itself in the efficiency of staff not having to handle cash/checks. Commissioner Hanke noted that there was a big increase in income over last year, and Commissioner Petranek commended the yard workers for the hard work they do to fill the yard. Commissioner Putney said he was glad to see the income for the Port above where it was years ago.

B. NW Maritime Center (NWMC) Point Hudson Land Lease (01:03:50)

Deputy Director Toews spoke about this proposed lease, which had been discussed for over two years. He said that the NWMC wants more space for its programs and this lot is near their main campus at the eastern terminus of Water Street in Port Townsend. He explained that since the recent discussion about the term sheet, there were a few changes made:

- Location of the premises: a 50' x 107' rectangle that would allow for some public parking on the north side of the premises between the Puget Sound Express leasehold and the NWMC leasehold.
- Improvements upon the premises: language is less limited with more time to construct the building. The lease term starts 7/1/2021 and ends 6/30/2051 with construction required to conclude no later than 5 years from inception of the lease, providing NWMC as much flexibility as possible to proceed with fund raising and finalize the building design.
- Lease will be 25¢ per square foot, which is a bit high for a Port land lease, but it is a very unique piece of property.
- The amount of general commercial liability insurance required is \$2 million instead of \$1 million combined single limit which is standard language in leases in this region.
- Use of Premises: limited to maritime-related educational programs and marine-related activities; accessory and temporary uses incidental to the primary use are also allowed.

Paragraph 6 of the draft Land Lease Agreement regarding Use of Premises was discussed and changes were made to the draft.

Commissioner Hanke said he didn't like the use of "principally" or "primarily" because these words give wiggle room to other uses.

Commissioner Petranek stated she felt that this was an significant lease in terms of the importance of the NWMC in our community and the length of the lease. She said she would like to see the clarification on usage as outlined, taking away the word “primarily.”

Commissioner Petranek moved to authorize the Executive Director to execute the attached Land Lease Agreement with the Northwest Maritime Center, with the amendments to paragraph 6 as outlined in the changed draft shared during this meeting. Commissioner Putney seconded.

Commissioner Putney clarified that variance of the use could be done at the discretion of the Port Commission at a later date. Commissioner Hanke felt that without it being marine-related use, the Port would consider leaving the lot for parking. Commissioner Petranek said that the Port’s lease policy sets the use of premises to specific purposes.

Jake Beatty of the NW Maritime Center thanked the Port for allowing him to weigh in on the agreement between the Port and NWMC and said he thought the changes noted would make the lease clearer. He asked about how striking “primarily” affected temporary and incidental uses for other groups in the community. Executive Director Berg said that there is language in the lease that allows for temporary and incidental uses.

Vote was taken, and motion passed unanimously.

C. EDC 5-Party Contract (01:24:35)

Executive Director Berg commented that the County has already approved this draft agreement, and it is moving through the 4 government entities to get approval. He said the fundamental agreement provides funding to EDC Team Jefferson in exchange for a scope of work within that same time period. Its board would have a minimum of two representatives from each commissioner district as well as four governmental (City, County, Port and PUD) representatives; it memorializes the public sector cabinet with four administrators and it includes a level of funding, which for the Port is identified as \$30,000, beginning with the half year on 7/1/2021. There is an escape clause; the Port can work with the board to solve issues, or unilaterally provide 6-months notice to leave the agreement.

Commissioner Putney said the principle responsibility for Economic Development is the Port’s and this agreement doesn’t displace that responsibility. Mr. Berg commented that that would be a discussion for 2022, after this moves forward.

Commissioner Petranek said that the work put into this agreement was stellar and that it was a great thing that the 4 government entities were working together on this, then asked about a timeline on the agreement. Mr. Berg said that it needed to be agreed on by the end of June, to take effect July 1. This would allow the EDC to make commitments on rent, job openings, etc.

Commissioner Petranek asked if the details could be refined later, if the contract was okayed in general terms now. Mr. Berg responded that the details would be in the framework which the ICG is still working on, and that they were okaying the expenditure of Port funds today. Ms. Petranek suggested that the Port Commission use a workshop to work out these details later.

Commissioner Petranek moved to approve the 5-party agreement and Commissioner Putney seconded.

The Commissioners brought up issues and asked questions about the agreement; Executive Director Berg responded (in parentheses):

- Sectors of Team Jefferson Board should include Tourism.
- How are the initial 9 members of the board appointed? A clear mechanism is needed before we go forward. (9 to 11 members are self-appointed by the board and should be a combination of old and new board members).
- How does the Public Sector Cabinet (PSC) interface with board and who has ultimate power? (PSC is an advisory group that represents 100% of funders for EDC Team Jefferson, and as such they are intended to be influential. The agreement is meant to be collaborative and on page 111, the dispute provision in para. 11 addresses the role of PSC and also there is some decision-making authority; p. 12 addresses termination.)
- The metrics asked for on pages 104-105 looks burdensome and might impede their work. (Much of what’s in this section is already required as a condition of the State funding, and also probably necessary in this phase of rebuilding EDC Team Jefferson and the relationship it has with the Port.)
- Funding: Does the EDC qualify for Public Infrastructure Funds (PIF)? (Yes)
- Para #17 on page 114, Confidentiality: should we call out an NDA in this? Public funds going to EDC and how that is communicated to the public is important. (Our participation makes anything given to us a public document.)
- Why are public funds going to a specific agency—see public comment re LION. (EDC Team Jefferson, Brian Kuh, stated that as a fan of this lender, they volunteer their administrative function for LION and proposed a nominal budget item to host a LION website; however if it is a problem, it can be changed.)
- How is district diversity ensured? (It is mandated as 2 from each district: p. 104 under 3.)

- Should we require the EDC director, employee, and board to live in Jefferson County? (Due to the unavailability of homes, this would limit these positions to people who already live here.)
- There should be term limits to keep the board rotating, and meetings should be open to public and any elected to attend. (This is true of the PSC, not the board. Term limit is not an audit issue, and this would require rewording the contract. OPMA & PMA would be something to add to the framework discussions with ICG.)
- Does the EDC pay for a business to relocate here? (Page 121 C. 4th bullet: "Assistance to Businesses Relocating to Jefferson County" does not include payment of funds, but help with any permitting, forms, etc.)
- Under recruitment reports there is a list of benefits for businesses. A column should be added to include impacts/costs for businesses relocating here.
- Regular reports should include quarterly reports and communication. (This is required - see page 105, 4.B.)

Executive Director Berg explained the timing of this contract; if approved today, it will not be changed until the next biennium.

Vote was taken, and motion to approve the 5-party agreement was unanimous.

D. JCIA Runway Project: Request for Advance Authorization to Execute Change Order #04 for Asphalt Overlay Work. (02:03:56)

Deputy Director Toews said this was on the agenda to make sure that Scarsella Brothers & subcontractor Lakeside were paid for the work completed in October last year on a corrective action plan for pavement deficiencies. Port Engineer Love was hired and his review and assessment was that it was due to unique subgrade conditions that existed at the airport and not related to contractor work. The mutually acceptable solution would conclusively resolve payment for all pavement-related expenses and close the project out. The Port will pay total now of \$559,922, and go back to FAA and ask for \$288,675 retroactive funding of approximately half of the costs. This requires authority to execute a grant approval with FAA for retroactively funding this work.

Commissioner Putney moved 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. Commissioner Hanke seconded.

Commissioner Petranek asked about any other sources of funding, and Deputy Director Toews said that there is some potential of expiring non-project entitlement monies that can be reallocated to airports that have defined projects that need additional funding.

Vote was taken and motion was unanimously approved.

IX. STAFF COMMENTS (02:10:38)

Executive Director Berg commented that in looking ahead to the meeting on June 23, Port Engineer Love and Finance Director Berg would be presenting an updated Capital Program to get approval. He added that the Port is reconsidering its vehicle purchase program for 2021, due to a dearth of vehicles available, and finding instead a way to use those funds to support the Yard crew. He mentioned that a new informal committee under the Intergovernmental Collaborative Group (ICG) would be formed with a combination of elected officials and administrators for the development of the economic framework for the EDC, and asked who among the Commissioners might be interested in attending in addition to him.

Deputy Director Toews commented on noise complaints due to Global Coating doing scaling and sand-blasting work at Boat Haven in the vicinity of the Hangar Building; thanks to the Yard crew, boats were repositioned in the 300 yard to allow this work to move and all future projects will be relocated to the west curb line. He mentioned that the capital projects update at the next meeting would include details on changes to the Pavilion Building. He then commented that he was excited to meet with Quilcene High School students to encourage the youth of District 3 to participate in the feedback process, and he was looking forward to hearing from different voices.

Port Engineer Love commented that the maintenance crew had been working on Sperry Buildings 2 & 3 with positive feedback from folks who were noticing how hard Port employees were working. They are also wrapping up work on the Nomura building for occupancy next week, and moving forward with small projects at the Pavilion building before permitted work begins.

Port Recorder Erickson reported that she had logged 27 Quilcene survey responses, which was a great response for such a small community.

X. COMMISSIONER COMMENTS (02:25:50)

Commissioner Putney commented that in the closing moments of the last Commission meeting he had neglected to congratulate Commissioner Hanke on his running unopposed for District 3. He said it was important for the public to have elected officials who set aside their own interests to do what's right for the public, and he commended Commissioner Hanke rising to that call, and congratulated him on his election.

Commissioner Petranek also congratulated Commissioner Hanke and said it was good to know who the team would be next year. She complimented the other Commissioners for their work today—for the respectful, great communication. She commented that her fishing boat, Cape Clear had been doing some test runs in and out of the marina, and it looked like she would indeed be gone to Alaska fishing this summer.


Commissioner Hanke commented that he was honored to run again as Commissioner for District 3 and he appreciated what the community has given him the honor to do. He said that Bill Levitt and Mark Grant are working at the airport on the Aero Museum expansion to accommodate the beautiful, donated planes.

XI. Executive Session – none.

XII. Next Regular Business Meeting: Wednesday, June 23, 2021, at 5:30 p.m., via Zoom

XIII. Adjournment: Meeting adjourned at 3:32 p.m.

ATTEST:



William W. Putney III, Secretary



Peter W. Hanke, President



Pamela A. Petranek, Vice President