

PORT COMMISSION REGULAR BUSINESS MEETING – Wednesday, August 11, 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
Operations Manager Khile
Port Recorder Erickson
Port Attorney Woolson

I. CALL TO ORDER (00:00:26): Commissioner Hanke called the meeting to order at 1:09 p.m.

II. APPROVAL OF AGENDA (00:00:54)

Commissioner Hanke noted a change to the agenda, adding to the Consent Agenda, point F. concerning the ARPA Grant Agreement, pages 88-99 of the packet. Executive Director Berg commented that the intent would be to approve this substantially in the form presented (he knew there were a few small corrections needed), in order to get the authority to receive the funds when ready. Commissioner Petranek asked if a discussion on EDC Team Jefferson's Executive Director process should be added to the agenda or held during Commissioner Comments, and Commission decided on the latter.

III. PUBLIC COMMENTS (presented out of order) (00:12:07)

Carrie Fiore, General Manager, Armstrong Consolidated LLC (DBA ACI Boats and Gold Star Marine), sent a comment in via email requesting that the Port support a marine trades tenant for occupancy of the 70' covered space. Given the opportunity for a long-term lease, she said her business would like to expand into this space and create a state-of-the-art marine paint facility.

Commissioner Petranek commented that she felt the Commission discussion and decision that were made on the covered space stand; and asked that concerns noted in the letter regarding ventilation and emergency exits being blocked should be investigated.

IV. CONSENT AGENDA (00:03:08)

A. Approval of Workshop and Regular Meeting Minutes from July 14, 2021.

B. Approval & Ratification of Warrants:

Warrants #063993 through #063999 in the amount of \$12,106.36 and Electronic Payment in the amount of \$88,343.99 for Payroll & Benefits.

Warrants #064000 through #064037 in the amount of \$411,152.23 for Accounts Payable.

Warrants #064038 through #064048 in the amount of \$37,206.77 and Electronic Payment in the amount of \$161,530.39 for Payroll & Benefits.

Warrants #064049 through #064100 in the amount of \$105,589.69 for Accounts Payable.

Electronic Debits in the amounts of \$1,543.88 for Paid Family Medical Leave; \$20,438.43 for Department of Labor & Industries; \$16,906.07 for Combined Excise Tax Return; and \$72.00 for Business License Update.

Warrant #064044 in the amount of \$482.27 is declared void.

C. Resolution 749-21 to Extend DNR PMA

D. Resolution 750-21 to Surplus Certain Items

E. Resolution 751-21 for FAA AIP Funding Grant

F. ARPA Grant Agreement - late materials

Commissioner Putney noted that the July 14, 2021, minutes had a typographical error: the call sign for the local radio station is KPTZ, not KPTC. Commissioner Petranek got clarification from Finance Director Berg on a few warrants.

Commissioner Putney moved to accept the Consent Agenda with the amendments and corrections; Commissioner Petranek seconded, and motion was approved unanimously.

V. SPECIAL PRESENTATION: Work Anniversary for Chad Tichelaar (5 years) (00:05:49)

VI. SECOND READING (none)

VII. FIRST READING (none)

VIII. REGULAR BUSINESS (00:15:08)

A. June Year-to-date Financial Report

Finance Director Berg referred to page 43 of the packet, the Quarter 2 Financial Report showing the operating revenues steadily increasing year over year (except for 2020 when we were hit with the pandemic); these increases averaged 8.7%. This year, Yard Operations had a 29% increase over the prior year totaling close to \$300,000, and Point Hudson had a 40% increase totaling \$217,000; overall actual revenues are ahead of budget by 15%. Expenses have varied for many reasons: staffing and timing of expenses; increased repair and maintenance costs due to the speed at which the Port's maintenance team is working and the equipment

and environmental materials being purchased; and what appears to be the new normal in increased bank charges for credit card fees. She went on to page 44 of the packet where Accounts Payable shows that we're close to making the final payment to Scarcella Brothers—just waiting for the FAA grant to be awarded to help fund half of the overlay work on the JCIA Runway 9/27 Reconstruction Project. She discussed the bond debt, which was added so Commission could see where that stands overall and just for the year. She explained that on page 45 of the packet was a list of capital projects and their expenses, increased from May by \$158,000, which is the Maintenance Crew doing a lot of capital work during the dry weather. She also discussed cash balances in reserves, comparing 2020 to 2021.

Commissioner Putney mentioned possible electrical rate increases and said he thought perhaps we should think of the impact that might have on rate increases for tenants. Ms. Berg said that Port staff keeps on top of both base rates and consumption numbers and that our rate sheets state that those rates are subject to change based on those third-party rate changes.

Finance Director Berg referenced page 46 of the packet for a look at the consolidated financial statement which shows the Port is doing well with revenues up 18% from prior year and ahead of budget year-to-date by 13%; expenditures are up about 8% and over budget by 2%. The bottom-line increase is basically from operating revenues which are strong this year. Net income is ahead of budget by about \$200,000.

Commissioner Petranek looked at net operating income from past years, and half-way through 2021 we are doing better after 6 months than we did in a whole year in 2018 and 2019.

B. IDD & Capital Projects Report (00:27:31)

Finance Director Berg presented the report (page 50 of the packet) which is a quarterly update on where the Port stands with IDD levy receipts, as well as capital expenditures to be paid for with IDD funds. She said 2021 budgeted receipts are \$1.6 million, with actuals at over half that at about \$941,000; costs to date are well below budget, but keep in mind that June is the beginning of the working season for maintenance crew with substantial work done in July and those items will be added to this list. IDD reserves as of July 23 are \$1,492,882.

Commissioner Petranek said she was keeping in mind the amount needed for the Point Hudson Jetty repair in 2022. Commissioner Putney said the longer before we start that project, the more expensive it is, and asked if the Port were asymptotically approaching the point where it is affordable. Executive Director Berg said that budget recommendations would be to increase the IDD levy amount to leverage funds for not just the big jetty project but other projects as well. He said Port staff is estimating the timing of costs, because having IDD funds along with a line of credit for these projects is important and uses IDD funds for what the voters' intended.

C. Capital Projects Quarter 2 update (00:31:37)

Port Engineer & Director of Capital Projects Love said this was a Quarter 2 update as of June 2021 of the Port's capital projects, using the Quarter 1 summary of projects and status with changes highlighted. He mentioned that the Point Hudson breakwater replacement is one of two "hot button" projects. Optimistically, the Port will obtain permits for this work by end of 2021 which will allow Port staff to work on grant agreements with the goal of being done by March 2022, allowing the Port to go to bid on the project in April 2022. The Port has authorized consultant Mott McDonald to present a 90% complete design in October with final design to be completed during in the permitting process.

Mr. Love said the other "hot button" project (page 72) is the Boat Haven breakwater project, which NOAA grouped with 10 other projects for a determination of impact—not just temporary impacts but also long-term impacts. This minor repair of the rock on Boat Haven's breakwater has a negative 200 points, and the Port would need to come up with mitigation to counterbalance these negative impacts with positive environmental work like removal of creosote. (For instance, Point Hudson's project has a positive impact (+2) because of the creosote we're removing.) He said this could be a couple of million dollars of mitigation work to fix a \$240,000 sea wall.

Commissioner Petranek asked if removing the old ferry landing to mitigate for this project would be possible.

Commissioner Hanke asked about the emergency repair on the breakwater, repairing something that is there already, and how that could be considered an impact to the environment. Mr. Love said they were considering how that structure would permanently affect the environment for its life, and if there is no obvious mitigation work, we can do to counterbalance the negative rating, they're asking us to look for mitigation work. Deputy Director Toews said National Incident Management System (NIMS) is signaling that the cost of doing business is going to increase substantially, all driven by their calculator which is something of a black box. This is an opportune time to raise questions as to the validity of this decision.

Commissioner Petranek asked if the Gardiner boat ramp project was on hold because of this mitigation requirement. Mr. Love replied that for any in-water work, the Port should expect to

run up against some of these mitigation measures in addition to what we've been thinking of; however, the project isn't on hold, we just need to keep these factors in mind.

Mr. Love then gave a presentation of capital projects and small-works projects accomplished by the Port Maintenance Staff that included before and after photos of the Sperry Buildings, the Pavilion Building, Boat Haven Commercial dock, parking lot changes to Point Hudson prior to the Wooden Boat Festival, and tires and lift cables on the 300-ton lift. He announced that the Port had hired Ty Taylor as the new custodial staff person, and his work frees up other maintenance staff to do more. He also showed the Port's new mower that arrived a couple of weeks ago, which he said will be very useful in the future. Another small project achieved by Maintenance Crew was the recently installed new locking system to the bathrooms in Quilcene with the fob type readers that will cut down on unwarranted use of those facilities.

Commissioner Petranek asked about the Quilcene restrooms and how the Port was letting the community know that they can still use the bathrooms if they become tenants. Executive Director Berg said there was signage that directed folks to buying an annual boat ramp pass for \$100 to become a tenant.

IX. STAFF COMMENTS (01:04:24)

Executive Director Berg commented that Mike Love is planning to move on from the Port, and through his work we have learned that the Port could use a full-time engineer. Commissioners gave approval for Mr. Berg to seek a full-time person for this position.

Mr. Berg said that he is continuing to work with the PUD and the City on the removal of Poplar trees from Port property along Sims Way and, sharing renderings of how underground power with new fencing and trees might look, said that moving the Port's fencing out would gain almost an acre of useful space for Yard Operations. He said that there were many steps with multiple partners in this endeavor and suggested that the three parties might collaborate with each other and possibly make this a PIF project.

Deputy Director Toews commented that Port staff were anticipating a grant offer to be coming from the FAA this week to help fund half of the overlay work on the JCIA Runway 9/27 Reconstruction Project, which was done in October 2020. He informed Commission that Port staff are actively exploring the opportunity for another grant application with the Economic Development Administration. This would be an EDA grant for tourism impacted by the pandemic, and he said that staff are thinking about the scope and shape of one or two of the remaining phases beyond the jetty project at Point Hudson; this would be an 80/20% funded project and staff are exploring other potential partners to help with the 20% match, including the Washington State Legislature.

X. COMMISSIONER COMMENTS (01:12:33)

Commissioner Petranek commended Executive Director Berg for signing a letter of support (page 82 of the packet) for a grant that partially helps fund PTMTA to have an office for the first time and puts the Port more in partnership with the Marine Trades Assoc., the Northwest School of Wooden Boatbuilding, the North Olympic Development Council, and EDC Team Jefferson by providing office space in the Nomura building.

Commissioner Petranek then said that regarding EDC Team Jefferson, she is on their board with three other elected folks—Jeff Randall (PUD), Michelle Sandoval (City Council), and Kate Dean (County Commission)—and had received the hiring selection process for the Executive Director of the EDC, who is involved and the time frame. She said that between Labor Day weekend and the Wooden Boat Festival, a panel interview process would take place, with the EDC executive staff (Brian Kuh, Ben Bauermeister, Heather Dudley-Nollette and Arendt Speser) would make the final decision on the director from the resulting 5 candidates. She stated that she had concerns about how this panel is going to convene during that short timeframe at the busiest time in Port Townsend, and about the executive staff making the final selection by mid September. She planned to bring her concerns to the board meeting in a couple of weeks and would also like to take any suggestions from fellow Commissioners.

Commissioner Hanke said he thought that this was terrible representation for the county at large, because none of the executive staff lives outside the city of Port Townsend and they are the four people who will make the final call on who the director will be. He said he thought the whole push was to move the EDC away from being Port Townsend centric into being more county centric, and that was the very reason that the Port wanted to be the designated ADO because we are county centric, so he said he was really disappointed to hear how that decision process was moving. He thought the board should be presented with 2 or 3 nominees to interview like the interview process the Port Commissioners did with the Executive Director candidates.

Commissioner Putney asked if the public at large were involved anywhere in this process.

Executive Director Berg said that there were essentially five groups of people: the EDC executive staff and four different committees that would each be involved in an interview process and in providing feedback to the executive staff: (1) Public Sector Cabinet, including the 4 public Administrators; (2) EDC elected board members, including commissioner Petranek; (3) community selected members, including Pete Langley, Richard Tucker, Siobhan Canty, Cliff

Moore; and (4) public community representatives still TBD with a note that stronger District 2 & 3 representatives are being sought. He said he thought it has been a challenge for the board to draw in the broader representation.

Commissioner Hanke commented that this seemed too complicated and that there were too many layers to understand where a person would get their representation, and to get it right and involve everyone it would take months to get all the interviews done, making it an interesting flop, and the week for these interviews being held on the busiest week of the year made it a double flop.

Commissioner Petranek read the five criteria for the Executive Director:

1. Experience with the legislative process;
2. Understanding and engagement in our community;
3. Proactive economic creativity and innovation;
4. Charismatic, engaging, inclusive social skills; and
5. Proven leadership.

She said she'd like to send this information to the whole commission so they could get their comments to the board. She asked for any further comments, and Commissioner Hanke said that it wasn't too late to say that they had gotten this process wrong and maybe they could back up and look for a way to improve the process.

Commissioner Petranek then asked Port Counsel how she could be on the EDC board representing both the Port and the people of Jefferson County, when the EDC Board Bylaws state, "Confidentiality: all information discussed amongst EDC Team Jefferson volunteers, board members, and staff at meetings and throughout daily operations will be considered confidential unless otherwise stated." Port Attorney Woolson said that those were their bylaws and told Ms. Petranek that she should have a discussion with the rest of the board letting them know that she is not in a position to keep those kinds of things confidential because she is there representing the Port, a public agency, and she's reporting back to her fellow commissioners and to the public on her representation and participation in that board. She needs to make it clear to them that that kind of confidentiality won't work.

Ending on a good note, Commissioner Petranek said that they did an interview with Dave Thompson the day before for another KPTZ Working Waterfront, which will be aired at noon on Friday. She said Dave is a star: a two-time Port commissioner and a yard worker with an incredible story to tell.

Commissioner Putney asked about the general aviation event at JCIA. Executive Director Berg said the General Aviation Manufacturer Association (GAMA) Conference in Port Ludlow would involve private "Recreational Aviation Foundation" pilots flying with the representatives of the manufacturers attending the conference, and their planes would be parked at the airport; so folks should expect to see a few more aircraft in the center tie down area, a longer wait for pies at the Spruce Goose, and a little more aircraft operations.

- XI. Next Workshop & Regular Business Meeting: Wednesday, September 8, 2021, with workshop at 9:30 a.m. and meeting at 1:00 p.m., via Zoom
- XII. Executive Session: to discuss real estate with legal counsel representing the Port - RCW 42.30.110(1)(c)
Commissioner Hanke closed the meeting and moved to Executive Session at 2:49 p.m., estimating that the Executive Session would last approximately 15 minutes with no action to be taken.
- XIII. Adjournment: Meeting was adjourned at 3:00 p.m. there being no further business before the Commission.

ATTEST:



William W. Putney III, Secretary



Peter W. Hanke, President



Pamela A. Petranek, Vice President