

PORT COMMISSION REGULAR BUSINESS MEETING – Wednesday, September 8, 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 (00:00:02): Commissioner Hanke called the meeting to order at 1:02 p.m.

II. APPROVAL OF AGENDA (00:00:24)

Commissioner Putney moved to accept the agenda as presented; Commissioner Petranek seconded, and motion was approved unanimously.

III. PUBLIC COMMENTS (00:00:49) - none

IV. CONSENT AGENDA (00:00:58)

A. Approval of Workshop and Regular Meeting Minutes from August 11, 2021.

B. Approval & Ratification of Warrants:

Warrant #064101 in the amount of \$434.09 for Accounts Payable.

Warrants #064102 through #064108 in the amount of \$11,432.41 and Electronic Payment in the amount of \$83,548.48 for Payroll & Benefits.

Electronic Debit in the amount of \$17,196.54 for Combined Excise Tax Return.

Warrants #064109 through #064152 in the amount of \$338,394.72 for Accounts Payable.

Warrants #064153 through #064163 in the amount of \$38,161.86 and Electronic Payment in the amount of \$159,942.32 for Payroll & Benefits.

Warrants #064164 through #064215 in the amount of \$96,583.08 for Accounts Payable.

Warrants #064013 for \$483.00 and #064116 for \$928.14 are declared void.

C. Jefferson County Land Lease (333 Benedict Street)

D. Collective Bargaining Agreement Amendment

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

V. SECOND READING (none)

VI. FIRST READING (none)

VII. REGULAR BUSINESS (00:01:28)

A. July Year-to-date Financial Report

Finance Director Berg referred to her report showing that the final payment of approximately \$570,000 to Scarcella Brothers will be made this month from unreserved cash. Commissioner Petranek asked about the grant award from FAA to help fund half of the overlay work on the JCIA Runway 9/27 Reconstruction Project. Ms. Berg explained that although that has been awarded to the Port, the Port must first pay the full price and then 50% of the payment (or about \$280,000) would be returned to us.

Ms. Berg noted the list of 2021 Capital Project Expenses that add up to almost \$400,000; with five of those projects being done by Port staff. She then noted the 2021 Capital Purchases, most notably the down payment (35% deposit is \$214,288) for the 75-ton Travelift. The purchased equipment is slated to be delivered and assembled early in 2022 with balance (close to \$400,000) due upon delivery.

Commissioner Hanke asked about plans for the old Travelift. Executive Director Berg explained that there were basically three alternatives: (1) keep the old 70-ton lift as a back-up unit (for the shelter and other areas that are only assessable with that lift) until we can no longer find parts to fix it; (2) surplus it and buy a hydraulic trailer to serve that same purpose and tight-pack storage vessels; (3) surplus it and not buy the trailer, and let those who own those spots to purchase a dolly to get the boats into their buildings.

Finance Director Berg said other capital purchases—two Gator trailers and a forklift costing \$100,000 together—are on order and due to be delivered in December.

Ms. Berg reviewed ending cash balances compared year-to-year with a growth of \$2.7 million overall, IDD increased \$1 million, other cash reserves increased by \$874,000, and unreserved cash & investments increased by \$847,000. Commissioner Putney asked Ms. Berg if she was happy with the reserve account balances. She responded that she is really pleased that the Port has this program in place and has reserves. She said it would be a good idea to take another look at Port-wide capital reserves to see if they can be tied to future projects, with a target set that focuses on the cost of those future projects. Executive Director Berg said one example is the fueling facilities at the Port have predictable future-year replacement costs, and neither operation generates enough revenue to support that. He thought future contracts for

operations should ensure that these facilities fully cover the cost of maintaining their own infrastructure needs.

Finance Director Berg noted that on the financial statement she had added a column for 2019 because 2020 was an anomaly year and having 2019 to compare to gives a better sense of how 2021 is going. She said that overall, 2021 is looking very healthy with Port revenues, and the Port is doing well in expenses this year compared to budget and compared to last year. She said although our bottom line is strong, she would still be a little conservative for the next year because there still seem to be COVID-related issues that are unknown for the future.

Commissioner Hanke asked what Finance Director Berg meant when she said she would be conservative—since there is significant growth and revenues are good now, would she be using similar figures to 2021? She responded that although it's difficult to say, she'd be conservative with revenue predictions and keep expenses down as much as possible. She mentioned that the Port also needs to keep projects in mind, for example the Point Hudson Jetty. Since contractors will access the jetty project through the RV park, this capital project at Point Hudson will affect Port revenue.

Executive Director Berg said there was less variability on the moorage revenues than on the yard revenues, and he would recommend a conservative estimate of revenue and expenditures, recognizing that things shift, and although things are going well now, that could change. He said Port tenants were seeing increases commensurate with current rates when their leases are renewed, and he felt that lease costs should support maintenance of the buildings being rented. He then said he felt that the Port should step up its building maintenance; we own 35 buildings and should get into the habit of working on five buildings every year to keep pace with degradation. Commissioner Putney agreed and said that in addition to buildings, big assets like the jetties could also have a fund for maintenance. He was pleased that the Port is doing so well as opposed to four years ago. Commissioner Petranek asked if Port maintenance and replacement plans could be included in future budgets in an outline format that would include the years and costs. Mr. Berg responded that it would be technically feasible, staff could work on this; he'd like to tie these costs back to Port-wide capital as a recurring line item.

Port Engineer Love estimated the Port spends \$100,000 per year in building maintenance; and felt that although it's difficult to know what costs will be or when building maintenance will be required, the Port could just start this program and adjust as needed. An example he gave was that \$70,000 was budgeted for maintenance on the two Sperry Buildings, and the Port spent way less because Port Maintenance staff were used. He suggested it was possible to plan ahead, knowing roofs, for instance, have 40-year life spans, so an account could be set up and added to with the estimated cost of replacement as a goal, accounting for inflation.

Commissioner Petranek asked if things like LTGO bond could be labeled on the budget so she could easily see what they're for. She then asked how the Port uses/applies the Consumer Price Index (CPI) in our budget. Ms. Berg replied that the Port is contractually obligated by our Collective Bargaining Agreement to give up to 5% salary increases based on CPI; this means that the Port should also increase revenues by about the same amount to balance accounts. Ms. Petranek asked if the CPI were an average, and Executive Director Berg said the Port uses a June-to-June CPI-U for Seattle, Bremerton, Tacoma for a Cost-of-Living Adjustment (COLA) in January of the following year. Asked if there were another comparative value to use for Ports, Port Attorney Woolson said that other than CPI for COLAs and rates, he only knew of using fair market value adjustments in leases.

Commissioner Petranek asked whether the Port could pass on the credit card fees to customers, since these fees are adding up to large amounts, and she said that some Ports and our County and City charge customers for credit-card fees. Commissioner Putney said it would be difficult to compare our Port to other Ports. Commissioner Hanke said that people were using cards more because they are getting rewards from the card companies; he felt that passing along the fees we pay is not unusual. Finance Director Berg said that with the onset of using the Molo software we're paying more because there's an added Molo fee for online charges; she agreed that passing this fee along to the customer might be a good idea.

Executive Director Berg suggested that the Port do a bit of research to characterize the nature of our customers, because, for example, if 90% of the Port's customers are using credit cards, rather than passing along a credit card fee, we might want to raise rates instead, and offer a discount for those who don't use a credit card. Commissioner Putney suggested that perhaps the Port of Port Angeles might be a good Port to ask how they handle this. Ms. Berg said she would reach out to the WPPA Finance Directors group with the question.

B. Resolution 752-21: Meeting Procedures – eliminate the need for seconding a motion (00:48:42)

Executive Director Berg said the Commission had asked for this change to the meeting procedures. With this change, any Commissioner could pose a question to be voted on; once a motion is made then there would be discussion, potential amendments to the motion, and then ultimately a vote could be taken on the motion.

Commissioner Petranek said she thought this might allow all Commissioners a voice, and it would speed up the process because many agenda items are more routine; she thought this idea seemed reasonable for a three-person commission.

Commissioner Putney said that it rarely happened, but currently, when a motion doesn't get a second, that idea is not discussed. He said that once a motion is seconded, the three-person commission has basically voted. However, without a second needed, the commission would have better discussions after the motion and before taking a vote.

Commissioner Hanke said that without a second needed, any idea could get the right to be heard, and he knew of some goofy things came forward at Commission meetings in the past. He said that seconding a motion doesn't preclude a majority vote or passage of the motion. In this way, requiring a second could be good for brevity, too, because it would keep the Commission focused. He said he was leaning towards keeping the second as a stopgap to ensure the commission focuses on the things that truly matter.

Commissioner Petranek asked if the Commission chair could keep the Commission focused and on topic. Commissioner Putney said the Chair has a lot of authority and they can use it to move the collegiality of the commission forward. He felt that it was worth the effort to discuss ideas during a meeting because Commissioners can't talk outside the meeting and agree upon a way forward through opposing viewpoints. Commissioner Petranek stated that the intent for making a motion on an agenda item was for an opportunity to present something and be heard, and of course the other two Commissioners can weigh in and a vote can be taken, but to shut down a Commissioner before being heard doesn't seem to be a welcoming way for three Commissioners to work together.

Commissioner Petranek moved to approve Resolution 752-21 changing meeting procedures to eliminate the need for seconding a motion; Commissioner Putney seconded, and motion passed unanimously.

IX. STAFF COMMENTS (01:05:54)

Executive Director Berg commented that under Informational Items on the agenda there was a new Lease Briefing showing what the Port is working on, which he hoped would help the Commission stay up to date with leases and know what to expect at upcoming meetings.

Mr. Berg then spoke about the potential for boatyard expansion both to the north and west; investing \$2.7 million would allow the Port to grow the yard by 3.7 acres on a two-year time frame. This is something that he hoped the Commission could talk in more detail about to see if they'd like to go forward with preliminary plans and permitting. This could be a PUD/City/Port partnership, with each contributing funds. He asked Commission if they were supportive of using this mega joint project for a PIF funding application. Commissioners agreed that because of the real need for expanding our yard, and how this would positively affect marine trades jobs this would be a good PIF request, despite PIF funding being limited.

Mr. Berg reported that the Yard is fuller than usual and Port staff is worrying about capacity as we move into October; the Director of Capital Projects / Port Engineer recruitment is not going well; and the 2021 Wooden Boat Festival was cancelled. He said he had talked with Jake Beattie about the timing of Wooden Boat Festival during construction years. Port staff are puzzling over what to do about timing for the Point Hudson Jetty work as it appears that we may receive permitting to start the project in 2022, and currently there are no reservations after January of 2022, which means we are a couple of months away from deciding on the 2022 reservation model, with things to consider like access for SEA Marine's lift, and the impact of the construction noise, lights, and vibratory hammer on RV guests. One factor of the timing is the Festival which is during the best construction window, and the timing of the Festival affects direct Port revenue, marina businesses, and Main Street revenues, too.

Commissioner Hanke said that the last time we discussed Jetty construction, the misstep was in not planning with those businesses that were affected. He suggested that the Port could avoid a lot of community upset if we're proactive in addressing this upfront as we try to make this work.

Commissioner Petranek agreed that the Port needs to be really proactive and suggested that Executive Director Berg meet out at Point Hudson with community members to get input.

Commissioner Putney remembered a meeting at the PTYC that was really constructive, where businesses gave suggestions about how to work around some problems; having different bids based on timing for construction was helpful. The Commission suggested Mr. Berg speak with each Point Hudson tenant and give them all a chance to weigh in; later they could be invited to a public workshop with the Commission. Mr. Berg said he would plan to meet with Point Hudson tenants this week, then an outdoor meeting with the community to listen to questions and concerns on the issue of jetty construction timing.

Port Engineer Love said the Point Hudson Jetty permits are headed in the right direction in terms of timing. The cost of steel has gone up 20-40% which will affect the cost of the Jetty, depending on the price at the time contractors bid the project. He said that if the number of construction constraints are reduced on the contractors, they can be more creative with their bids – allowing a summer construction window, for instance, would be less expensive than starting in September and ending in February; however the Port would lose more in revenue to clear the marina during the summer months.

Mr. Love said that he has had conversations with NOAA regarding the Boat Haven Breakwater repair and if the Port replaces 20 creosote piles with 20 steel piles and removes 40 derelict vessels from Puget Sound, it could offset the environmental impact. American Construction could still be able to do the work, depending on when we get permitting.

He reported that the Pavilion Building HVAC bids are due September 14; the Port estimates the cost to be \$60,000.

Deputy Director Toews commented that he had submitted a Boating Infrastructure Grant (BIG) Tier II application to replace 1,035 feet on the long east-west section of the linear dock, which is estimated to cost \$2.7 million, a portion of which is fundable. If awarded, 67% of this project would be Port funded. This grant has a long lead time: we will hear back in late spring 2022, possibly get the grant in summer, bids in fall, with project predicted to finish by end of 2024.

X. COMMISSIONER COMMENTS (01:37:23)

Commissioner Petranek commented on the EDC Director hiring process – there were a total of nine applicants. The Public Sector Cabinet with the four administrators along with the EDC Executive Board and the 4 elected representatives reviewed applications and pared this list down to four finalists who will be interviewed by a panel mid-October. EDC has added five new board members from District 2 and 3. Other updates were:

- She will participate in KPTZ’s “Our Working Waterfront” interview this week that will focus on four marine trades people who achieved the 2021 Lifetime Achievement Award (Diana Talley, Jim Franken, David King and Jake Jacobsen). This episode will be aired on Friday at noon.
- There is a new Port Townsend Maritime magazine that will be available at Port offices; go to PTMaritime.us to check it out.
- She attended the Marine Resource Committee last night and learned of a new app called “My Coast” that allows mariners to take photos of problems they see (derelict boats, floating flotsam, shoreline changes) note its location, and send this information in.

Commission Putney said he had been keeping up with the broadband issues; the PUD is going forward with some projects on that front. He asked Executive Director Berg if there were a Port emergency or business contingency plan? Mr. Berg responded that this is still in the works. Mr. Putney asked about the WPPA Small Ports Seminar and who was going, saying that he didn’t feel safe attending in person, and didn’t know if a virtual seminar would be offered.

XI. Next Regular Business Meeting: Wednesday, September 22, 2021, at 5:30 p.m., via Zoom

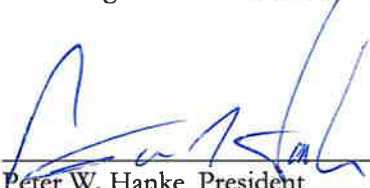
XII. Executive Session: none.

XIII. Adjournment: Meeting was adjourned at 2:50 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