

PORT COMMISSION REGULAR BUSINESS MEETING – Wednesday, September 22, 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
Finance Director Berg
Director of Capital Projects & Port Engineer Love
Port Recorder Erickson
Port Attorney Woolson

I. CALL TO ORDER (00:00:03): Commissioner Hanke called the meeting to order at 5:30 p.m.

II. APPROVAL OF AGENDA (00:00:22)

Commissioner Petranek moved to accept the agenda; vote was taken, and motion carried unanimously.

III. PUBLIC COMMENTS (00:00:55): *Comments sent in via email are posted online, and are summarized below.*

Phil Pilgrim commented that he was opposed to the project to eliminate the poplar trees along Sims Way and to expand the boundaries of the Port along that corridor. He thought that tree replacements should be planted with time to mature before taking down the old trees. He didn't think the Port expanding into the greenbelt on Sims Way was in the interest of the community at large.

Inger Rankins wrote that rates should be affordable for the local people and asked Commission not to increase rates more than 3 % max.

Patti Hoyecki commented that the Commission should build support by placing a 3% cap on both commercial and permanent moorage rates.

Ernie Baird commented that the Port is currently doing a good job of balancing the need for revenue with the task of creating a positive economic environment for the marine trades, and with adjustments made in response to the 2019 study, is competitive with the other ports in our region. He asked Commission to build on current success by only increasing storage rates for 2022 by the rate of inflation for the past year.

IV. CONSENT AGENDA (00:08:20)

A. Approval of Workshop and Public Meeting Minutes from September 8, 2021.

B. Approval & Ratification of Warrants

Warrant #064208 in the amount of \$4,902.48 is declared void.

Warrant #064216 in the amount of \$86,352 for Accounts Payable.

Warrants #064217 through #064260 in the amount of \$91,698.33 for Accounts Payable.

Warrant #064261 in the amount of \$15,000 for Accounts Payable.

Warrants #064262 through #064269 in the amount of \$26,124.38 and Electronic Payment in the amount of \$96,951.68 for Payroll & Benefits.

Electronic Debit for \$15,864.34 to WA State Dept. of Revenue for Combined Excise Tax Return.

C. Sunrise Coffee Company Lease

D. Accounts Receivable Write-Off/Collection Register

Commissioner Putney moved to accept the Consent Agenda; vote was taken, and motion carried unanimously.

V. Special Presentation: Staff Recognition – Tim Nelson (00:08:43):

Executive Director Berg spoke about Mr. Nelson's wonderful, upbeat attitude and the good job he does as a yard hoist operator. Commissioner Petranek & Hanke each spoke of the good interactions they have had with Tim and the great work he's done.

VI. SECOND READING (none)

VII. FIRST READING (00:12:00)

A. 1st Draft of 2022 Budget with CIP & Proposed Rates

Finance Director Berg gave the Commission her overview and assumptions per the memo on the first draft of the 2022 budget. She said that the Port had fared well so far in the pandemic, but there is still some uncertainty in the economy—rising costs, supply chain issues, and significantly higher bids than anticipated—so she is taking a conservative view of the Port's expenditures and revenues. She brought attention to the formatting of the budget, which has reverted to being presented as what you see every month and quarter, followed by the Capital Budget; in the 2nd draft a cash flow will follow the Capital Budget. She said the report included 2019 actuals, along with the full 2021 budget, and a 2021 year-to-date comparison with remaining budget; this allows the Commission to see what was budgeted for this year, where the Port stands year-to-date July, and where we anticipate being next year.

Ms. Berg then went through operating revenues. Whereas the rates were increased overall by 5% in this draft budget in accordance with the year-over-year twelve-month CPI-U rate, the revenues were not increase by that amount overall. The exception to the 5% rate increase is for the Boat

Haven permanent moorage which is changed to 3% with the understanding that those rates will be increased each year by 3% in 2023 and 2024. She noted that revenues for Point Hudson next year would be fine-tuned in the next draft, anticipating that the Point Hudson jetty project will reduce revenues there, and she would be working with staff on operations and capital ideas to lower the loss at Point Hudson. Overall, Port operating revenues are projected to increase only 0.8 percent when comparing year-to-date actual with remaining budget.

Ms. Berg then went over operating expenses showing an increase in salary and wages of approximately \$300,000 because of the required 5% COLA increase, hiring a full time Port Engineer to replace the current part-time position, legacy employee retirements with cash-out of leave, etc. Other increases include health care costs, contract services, insurance costs (staff will investigate ways to reduce costs), equipment rentals (an update was given on the pre-settling tanks and the status of the general boatyard permit), repair and maintenance costs, etc. She then went over Other Increases in Fund Resources and Other Decreases in Fund Resources listed on the report.

Ms. Berg continued this review with the 5-year Capital Improvement Plan 2022-2026 (CIP) on pages 49-51 of the packet showing various projects anticipated throughout next year and continued into 2026; the biggest one is the Point Hudson jetty, followed by the Boat Haven stormwater treatment program. These will be further defined and detailed in the next draft after consultation with the Director of Capital Projects and Port Engineer. Funding sources show how successful the Port has been in getting grant funding. It was noted that there are some projects that don't make enough of a profit to pay for maintenance or replacement (fuel tanks, for instance), and only work at public ports because they can apply for grants to help fund these projects.

Executive Director Berg said this CIP was a draft and the Port is trying to hit the target with these projects, which will get more realistic as the target dates approach. He said these are projects the Port wants to do, and how we want to pay for them. He said that the Port is doing everything possible to be ready to start the Point Hudson Jetty project next year, but the permit is not yet in hand. Port staff are hoping to know more soon.

Commissioner Petranek asked about the status of planning and engineering in Quilcene. Executive Director Berg said the Port is focused on getting that done in 2021 but results of that planning may push these projects out later. Deputy Director Toews is working on the potential of federal funding that would advance the plan sooner than is shown on the CIP for Quilcene.

Commissioner Hanker asked why dock repairs in Quilcene are moved out to 2026 since that should be a priority; are dock repairs maintenance and not capital improvement? Executive Director Berg explained that these dock repairs would be a part of an RCO grant application.

Commissioner Putney then asked about the ramp repair in Quilcene. Executive Director Berg explained that it depended on what kind of ramp the community wants and what the focus might be. The ramp and dredging depend on the outcome of the Quilcene study (depth and design) and currently, a standard Army Corp dredge is two years out in planning. He said the target for funding these projects is the next RCO grant cycle in 2022-23, to be funded in 2024-25, and depending on permitting the project would potentially be on the 2026 budget.

Commissioner Hanke asked why the City Dock repairs were added to this draft CIP, as that was new. Executive Director Berg explained that the City Dock repairs were on the CIP as a FEMA placeholder, based on storm damage declared last year.

The discussion then moved to Rate cards (00:57:50). Most rates have an increase of 5%, except for permanent moorage which is 3% this year and next year – an average of CPI year-over-year. Executive Director Berg noted some new items that were changed on the cards from last year: a background check fee is now noted as annual, fobs were moved to Misc. Rate card, and the workyard storage rate on the Yard Rate card is there as a placeholder for a discussion on the capacity of our workyard. He said there was a balance issue between rates charged versus how full the yard is. Port staff have noted that during the seasonal discount, 80% of boats in the yard are using the discount. He suggested a 5% increase and a reduction in the time period for the rate.

Commissioner Petranek said that a full boat yard equals jobs for marine trades; businesses and independent workers expand in record years like this year.

Commissioner Hanke said that it doesn't help the trades when there is no space to put boats they need to work on. Space is taken up with boats that sit there all winter not being worked on because its cheap storage.

Commissioner Putney said that if boaters are doing their own work and are using any Port Townsend marine trades business for parts or supplies, that should count the same as if one of the marine tradespeople were doing the work on the boat.

Commissioner Petranek said that the Port Townsend Marine Trades Assoc. (PTMTA) says that increased boatyard rates do not mean increased profit or more jobs in the marine trades. She felt that the Port should first improve day-to-day operations and communications with customers, then streamline boat placement. She said there were three types of boats - those being worked on, those being stored, and the liveboards. She said there was value in consistent, predictable rates

that created regular, repeat customers. She suggested adding a storage rate or a different placement for storage boats, saying staff could ask the boat owner if they're storing or working on their boat at haul out. She also suggested that staff identify which boats are being actively worked on because the rules state "must be making notable progress." She didn't feel there was any reason to have liveboards on boats stored in the yard.

Commissioner Putney asked what the Port should do with boats that are not actively being worked on, ask them to leave or charge a penalty rate? He suggested a tight-pack trailer could separate boats at haul-out by purpose: narrow space, less power, no work permitted. He wondered if the Port should have a separate rate for storage.

Executive Director Berg reported negative feedback from boat owners who can't schedule timely haul-outs. He reminded Commission of the unpredictable nature of boat work and how a scheduled haul-out depends on other boats getting splashed, but that depends on how a project goes. He felt that the boats sitting in the yard for years should not get the discount rate automatically each season. He also thought it would be difficult for staff to discern who is working on boats; and instead suggested the Port keep the current structure and add two rules to the seasonal rate: boat must be hauled out *during* the seasonal period and their stay should be limited to 2 or 3 months to help ensure an active project. He felt it would be important to state that the intent of this discount is to incentivize getting work done on your boat using local businesses.

It was decided that further discussion of boatyard rates and how to apply them to boats being worked on, stored, or lived on—including whether to keep all rates at 5%, or apply a three-percent increase using a CPI average instead—could wait until the next draft of the 2022 rates. Port staff will put rates at 5% for this later discussion, leaving permanent Boat Haven moorage at 3%.

Executive Director Berg then highlighted anomalies to the 5% increase on other rate cards. He noted a range of rates at the RV park because of seasonality, peak event activity, and mid-week slowdowns to increase overall annual occupancy more dynamically by demand. The winter guest monthly RV rate is almost 20% higher to better reflect market demand as well as recognizing that this is an all-inclusive cost (RV space, showers, unmetered electricity, and cable TV). He noted new guest monthly rates at Quilcene marina, and hangars at JCIA moving from \$210 to \$250 for Port owned hangars due to market demand. Mr. Berg said the Port would like to establish rates for the Pavilion building at Point Hudson that would reflect a market rate for events and a different rate that would work for Port-aligned non-profits to help economic development efforts locally; in addition, the Port can use it for meetings. The Port is charging a \$10 fee for all fobs now (see Misc. Rates card) because they come back worn out and hard to reissue due to their condition.

VIII. REGULAR BUSINESS (01:49:50)

A. PIF Grant Application

Executive Director Berg provided background, saying there was a presentation on this with more detail in the packet. He said this item had already been discussed by the Port Commission, and the tree issue was addressed a couple of months ago with a Commission authorization to allow the PUD to access Port property and remove the trees to address the safety hazard and compliance with federal electrical code. The question is could we take that change along the Sims Way corridor and imagine something good coming out of it? The City Parks, Recreation and Tree Advisory Board and the City Council Infrastructure & Development Committee both heard the presentation and this week the City Council voted unanimously to support the PIF application of a joint project between the City, the Port, and the PUD for about \$1 million to execute a 5-phase project that includes removal of the poplars, undergrounding of the power lines, installation of pedestrian amenities on the Boat Haven side of Sims Way, expansion of the boatyard, and lastly replanting the Sims Way corridor consistent with the City's plan. He said City, PUD and Port partners are working on what the total contributions each will have, but the \$1 million in PIF funding is about 50% of the project and will probably mean about \$500,000 match from the Port.

Commissioner Hanke moved to authorize the Executive Director to apply to Jefferson County for the Public Infrastructure Fund for a grant for this project.

Commissioner Petranek said the poplars are loved for their beauty, but they are not native and live only 30 to 50 years; they were chosen because they provide a short-term benefit for windscreens, privacy and beauty because they grow quickly. She said that she's heard the public on the trees issue and her research revealed that back in the 1980's a Park Advisory Board recommended removal of these trees and the planting of native boulevard trees; then in 2013 the Port commissioned a study, and the result was a strong recommendation to remove the trees. She said that the PUD has reported that these trees are a liability for the PUD and they will cut them down. She wanted the public to know that Port Commission is doing its homework, and the choice isn't whether or not to cut the trees down, but with how to replace them.

Commissioner Putney agreed that native plants and/or trees needed to replace the poplars, and was concerned for the current hazard to the PUD workers working around them. He said underground electrical would beautify the entrance to Port Townsend, and we could create a barrier to the boatyard that is more beautiful than a chain-link fence.

Commissioner Hanke said he loved the trees and had fought earlier to save them, but now knows that the roots from the poplars are digging up the foundations on Port buildings. He said they are lovely, iconic trees planted in the 1970's but they must come down; and wanted to get input on how to beautify the Sims Way corridor. He said that none of the commissioners take this lightly.

Vote was taken and motion passed unanimously.

IX. Staff Comments (02:00:22)

Executive Director Berg said he had an update on the Quilcene Listening Project: Jeannie McMacken has received 76 online survey responses and 31 in-person interviews. She is compiling the responses and the intent is to weave the narrative into a group story, but also share the raw data so as not to take away from anyone's individual comments. We were hoping for an in-person meeting in Quilcene but it now looks likely that the meeting will have to be a Zoom meeting. The Linger Longer Advisory Committee suggested either 10:00 a.m. or 6:00 p.m. and Mr. Berg said an evening meeting would more likely achieve a broader audience in Quilcene. Commission discussed dates, and a plan was made to have a third meeting on October 13 at 6:00 p.m. Mr. Berg went on to report that the Port has come to conceptual agreement with County Public Works on an early termination and relocation of the Medium Risk Waste Facility (MRW) in May 2022 and the Port would compensate the County approximately \$57,538 (representing five years of capital improvements to the building). He said the budget includes this amount, and also for Port staff to disassemble, move and reassemble the building at JCIA as a maintenance building, then demolish the MRW foundation to allow more space in the yard. He said he would bring an agreement to Commission soon that would address the compensation and dispensation of assets.

Finance Director Berg thanked the Commission for their feedback and discussion on the budget tonight and said she will be working on the next draft.

Director of Capital Projects Love gave an update on the HVAC bids: the Port received only one bid that came in at \$164,000 for an estimated \$60,000 project. The removal of the roof coating on the hangar at Tailspin Tommy's at JCIA has begun. The plan is to remove the coating and recoat with similar material to that on Sunrise coffee building, with work to be reimbursed by FEMA.

Recorder Erickson announced she was retiring; her last day at the Port will be May 31, 2022.

X. Commissioner Comments (02:08:51)

Commissioner Petranek reported on an EDC board meeting she attended on September 16, 2021. Interviews for the executive director are scheduled for October 15, possibly on Zoom; the public process has not been discussed. She asked her fellow commissioners for input on the interview questions that were formulated by the EDC executive committee. She has suggested following the same the confidentiality protocols on the board as our four local government jurisdictions of open government, but the EDC has never acted in a matter outside of complete confidentiality and they're struggling with the right wording. She is concerned that the EDC is going to act as the master tenant of businesses on the upper floor of the Namura building. There was a board discussion on alignment with economic development mission and marine trades zoning along with Port approval for any new tenant. Executive Director Berg clarified that the EDC will lease the entire upper floor at market rate, but they only need a third of the space, and the Port has allowed them to sublease within that space to co-collaborators. This puts them in charge of splitting up utilities and cleaning bathrooms, etc.

Commissioner Putney commented that he planned to go to the Linger Longer meetings, but wanted to make sure there wasn't a quorum and he asked how to coordinate that. Port Attorney Woolson suggested that the Port post the meeting so that both commissioners could attend. Mr. Putney reported on a pilots' meeting at the museum that went well. On Monday he was three-quarters of a century old, and as of today he is embarking on his last 100 days as Commissioner.

XI. Executive Session – none.

XII. Next Workshop and Regular Business Meeting (02:15:56): Wednesday, October 13, 2021, with Public Workshop at 9:30 a.m. and Meeting at 1:00 p.m. plus a possible special Quilcene Listening meeting at 6:00 p.m. via Zoom.

XIII. Adjournment: Meeting adjourned at 7:45 p.m.

ATTEST:



William W. Putney III, Secretary



Peter W. Hanke, President



Pamela A. Petranek, Vice President