

PORT COMMISSION REGULAR BUSINESS MEETING – Wednesday, October 27, 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 & Port Auditor Berg
Deputy Director Toews
Director of Capital Projects and Port Engineer Love
Port Recorder Erickson
Port Attorney Woolson

I. CALL TO ORDER (00:00:02)

Commissioner Hanke called the meeting to order at 5:31 p.m.

II. APPROVAL OF AGENDA (00:00:23)

Commissioner Putney moved to accept the Agenda as presented. The agenda was approved by unanimous vote.

III. PUBLIC COMMENTS (00:01:26) ~ submitted via email, posted online and:

Julie Jaman wrote to City, County & Port officials asking that they consider keeping and maintaining the poplars along the Sims gateway.

Talia Munn commented on the Quilcene Harbor Yacht Club (QHVC) Lease that is currently in hold-over status, included a list of what they do for the community and asked that the Port consider extending them a long-term lease as a positive service to Quilcene.

Erik Fahlstrom of Compass Woodworks commented that a travel lift trailer would be very useful and open up a lot of options in the 70/75-ton yard; he also suggested keeping winter rates for working boats and charging higher storage rates in the yard, because cancelling the seasonal rates abruptly would affect his business.

Christ Sanok of PT Shipwrights Co-op commented that the Hydraulic Boat Lift is a great idea, and although it is a significant investment for the Port, it would be an effective way to increase the storage capacity of the yard and of the existing buildings on Port property, as it would fit boats into the smaller buildings. PTSC would purchase that service often, if and when it becomes available.

Beth and Fred Stern commented on behalf of Quilcene locals who feel that our neighborhood park and marina are a valued community asset that has been neglected, and suggested a manager there would help keep it better maintained.

Miriam Murdoch commented on that the the Lingerlonger Community Park and beach were treasures for Quilcene that need to be preserved for future generations.

Peter Stein commented on the proposed yard storage rate increase, giving suggestions for ways to handle yard rates, and asked the Port to seriously consider the purchase of a hydraulic boat trailer.

Robert Frank of Admiral Ship Supply reiterated his support for removal of the seasonal yard discount, saying the yard is full and his customers are unable to get hauled out. He said that even though he was part of the group that advocated for the discount in 2017, the time has come to deal with the reality of a full yard and suggested the Port adopt rates that encourage active repair to vessels over stored boats. He also advocated for the annual CPI increase because expenses have increased on almost every service and product.

Diane Johnson commented in response to the Port's outreach to the Quilcene community about the Herb Beck Marina, which has perhaps the only south county public boat ramp and warm-water beach. She felt it would be better with more amenities.

Joni Blanchard commented on the proposed removal of Poplar trees and the Gateway Plan, advocating for keeping and maintaining the poplar trees which have attributes of a good boulevard tree. She also sent a 1993 Gateway Development Plan, suggesting that the City stick to that plan.

Robert Kays commented live at the meeting that he had worked with the Port on the rate structure and said they had lowered the rates to make an attractive destination for haul-outs. He remembered that at the time they said they'd worry about a full yard when they got there. He said now we have a full yard, and he argued that the one efficient way the Port has to adjust the yard usage is to raise and lower rates as needed; he agreed with Bob Frank's comments that the Port should be able to raise rates and control how those yard rates affect yard usage and cash flow.

IV. CONSENT AGENDA (00:07:27)

A. Approval of Workshop, Regular Business Meeting, and Special Meeting Minutes from October 13, 2021

B. Approval of Warrants

Warrant #064219 in the amount of \$8,000 is declared void for Accounts Payable.

Warrant #064361 through #064367 in the amount of \$9,674.65 and Electronic Payment in the amount of \$81,980.18 for Payroll & Benefits.

Electronic Debit in the amount of \$16,182.72 for Combined Excise Tax Return.

Warrants declared void per Resolution No. 753-21.

Warrant No. 064368 in the amount of \$135,407.54 for Accounts Payable.

Warrant #064369 through #064412 in the amount of \$118,588.36 for Accounts Payable.

C. Marina Café – new Lease

D. Out-of-state Travel Authorization

Commissioner Putney moved to accept the Consent Agenda.

Finance Director Berg commented that on page 14 of the packet the Warrant Approval dollar amount should be revised from \$118,588.36 to \$103,054.07. She asked Commission to approve the warrants not including the check in the amount of \$15,534.29, which was keyed in as the wrong vendor. That check will be voided and the correct check will be presented at the next meeting for Commission for approval.

Motion carried by unanimous vote.

V. PUBLIC HEARING ON DRAFT 2022 OPERATING & CAPITAL BUDGET, RATES, PROPERTY TAX LEVY AND IDD TAX LEVY (00:09:56)

Commissioner Hanke opened the public hearing at 5:39 p.m. He said there would be one more public hearing on the budget on November 10, then introduced Finance Director Berg to present the budget starting on page 54 of the meeting packet.

Finance Director Berg stated that this was the first public hearing regarding the draft 2022 budget – and although the budget had previously been presented in 2 earlier drafts, this was the first time to be presented in its entirety as a whole document, including the letter from the Executive Director, narratives regarding different types of activities, projects anticipated to be done, the funding of those projects, and departmental budgets with consolidated capital projects, taxes, and the Port’s current debt service. She said that no significant changes had been made to the bones of the budget since the Commission last saw it at their October 13 meeting, except for a small increase in operating expenses of about \$32,000 for personnel (part-time security person) and for equipment rental (2nd stormwater treatment tank). She highlighted the graphics that give the overview of incoming and outgoing cash, the narrative along with each of the department budgets, and the capital budget narrative that describes by location each of the projects that are planned for next year, along with a graphic (page 81 of the packet) that shows location and funding sources of these projects. Property Taxes and Debt Service are also shown, with the latter showing a target to pay debt off in 2027 instead of 2029, saving the Port money. She said rates were corrected on the Rate Cards to show the correct monthly amount for the 70/75 Ton yard, and the seasonal yard rate had been crossed out for today’s discussion as per the Commission’s request at the October 13 meeting.

Commissioner Putney asked about the cost of \$50,000 for one instrument to repair the weather station at the airport, saying the cost for the whole AWOS was only \$85,000 to install. Executive Director Berg said this was a verified cost estimate to maintain the AWOS, and he was glad to discuss this between meetings.

Executive Director Berg said that he had intended to include a snapshot of the yard in the meeting packet which would show Commission yard capacity, and described it this way, saying that these numbers were actually higher as of 10/27:

Yard area:	Number of Boats Considered 100% capacity	Number of Boats as of October 19
300 Ton yard	22	21
70/75 Ton yard	120	126*
Long-term yard	35	37**

**Of the 126 hauled with the 75-ton lift, 94 were paying the 50% seasonal discount; of those 94 boats, 54 were actively being worked on, 22 were not active and 18 were indeterminant. Also of the 94, 22 were hauled in October, 16 in September, 29 between January & August 2021, and the remaining 27 were hauled between 2018-2020, except one hauled in 1998.*

***10 of these 37 belong to DNR and are awaiting demolition*

Commissioner Petranek commented that 54 active working boats out of 94 in just the 75 ton yard who were getting the seasonal discount was confirmation of what the Commission feared was happening in the yard.

Commissioner Hanke asked for public comments on the budget. Ron Jones asked about the budget process and when he might be able to comment in the future (next meeting on 11/10/2021 will include the budget); there were no other comments.

Commissioners went through Commissioner Petranek’s comments on the budget, referring to page numbers of the meeting packet. Executive Director Berg suggested that Commission make a motion to make changes to the document as they went, to be clear what changes to bring to the next meeting.

- Under Operating Budget, page 61: Organizational Initiatives with 6 bullet points. In addition to the one called “marketing and brand strategies” Commission asked that another bullet be added called “develop a communications plan” to proactively inform, update, and tell folks how they can engage, etc.

Commissioner Petranek moved to add a bullet called Develop a Communications Plan under Organizational Initiatives. Motion passed unanimously.

- Under Operating Budget on page 61: Commission decided that since 3% is the one aberration to the 5% overall, an explanation could be added here that there will be a cost-of-living increase of 5% everywhere except for permanent moorage at Boat Haven, where staff recommends an increase for each of the next three years at 3% to give tenants something that’s reliable and understandable.
- Under Boat Haven Yard, Page 69: There is a fee listed for live-aboards in the yard, when policy doesn’t allow live-aboards. This is because living aboard is allowed for a short duration while doing work on your boat, and for that stay, there is a fee, as well as a background check fee. Deputy Director Toews said the Port wants to avoid people setting up house, but is working on revising rules to accommodate crews for limited-term projects. This would mean a background check and a person responsible for activities in the work yard (i.e. the boat owner).

- Under Point Hudson, Page 71: Where did parking revenue come from; also under Monthly Guest, the numbers seem way too low. Finance Director Berg said that parking was revenue from the 11 spaces in the Landfall parking lot; she then said that there was a misalignment of the amounts on the table on that page (re: the Monthly Guest), and that she'd fix that.
- Under Quilcene on Page 73: it states that revenues are decreasing due to the elimination of live-aboard tenants; do we need to address live-aboards again because of the marina host we're proposing? Executive Director Berg said that a marina host would be the only live aboard allowed, and that does not require a live-aboard fee.
- Under JCIA, on page 76: Should there be an explanation of outstanding capital projects? Finance Director Berg said since we're cash based and there are no outstanding payments due on the airport construction, there's no need to report it in the 2022 budget.
- Under Capital Budget on page 78: Should we note the cost of the whole fuel tank replacement project, not just a portion listed as \$100,000 but also the total cost of an additional \$400,000 the following year? Also, why is the source of funds listed as IDD for this? Executive Director Berg referred to the published list of projects for the IDD funds, where the fuel tank is listed and said the Port is chasing other funding sources, but the tank does need replacing soon. Finance Director Berg said she can add the estimated cost for 2023 in the narrative.
- Under Quilcene on page 80: Equipment & Vehicles should get their own category, and not be listed as a sub-heading under Quilcene.
- Under Yard Rates on page 94: are all rates listed a 5% increase? (yes) Are nonworking long-term rates only placed in the far corner, dead boat storage yard? (yes)
- Under Miscellaneous Rates on page 102: if people want to purchase access to the bathrooms, does someone buy a ramp pass for \$100, and then buy a key fob for \$10? (yes)

Commissioner Hanke in reference to yard rates asked Executive Director Berg to report what he learned from his meeting with John of Eagle Harbor. Executive Director Berg said Eagle Harbor runs up to 10% of our 75-ton yard business and John expressed concern about the seasonal discount going away because it would directly affect his business. One thing that works well is John is really efficient in scheduling boats; he works as an agent for his customers and schedules the lift directly and prepares boats to launch because he knows the routine. John's suggestion is not to sunset the rate, but make it available for vessels hauled by marine trades only. Mr. Berg said he'd heard from others and there was lots of concern about the full yard and a shift from a seasonal rate to no discount would not be good; he suggested that there was room to tinker with the rate for the 2022-23 winter season, and then assess next year and see how it goes.

Commissioner Putney said he'd like to tie getting work done by marine trades to the discount rate but didn't want to exclude do-it-yourselfers who would buy from our businesses here in the yard. Executive Director Berg said that since there are very few boat yards in the Puget sound that allow boat owners to do their own work, the price reduction isn't effective.

Commissioner Hanke said marine trades scheduling the haul-out is an interesting solution, but right now there is no room so we're losing some business to other marinas. He suggested that another way to look at it was to give a different discount than 50%; paying a little less than the going rate should work just as well.

Commissioner Petranek suggested that since there were so many boats just being stored that the Port instill a work yard policy where to get the seasonal rate, the work has to be active. She thought that the seasonal rate should be kept through this season, and then Commission could analyze and decide later what to do next season. Commissioner Putney was concerned that this policy would set up Port staff as adversaries of tenants unless we had some solid evidentiary device to check against to prove the boat is being worked on.

Executive Director Berg reminded Commission that they were deciding on two time periods: January 2021 to March 2022 (2nd half of current seasonal rate period, broadly advertised as running through March 2022) and Winter 2022-23. He suggested keeping what the current, published rate through March, and then do something different for the 2022-23 season, which would affect the rate card we're talking about.

Commissioner Petranek moved that in order to address rate cards for this year and next year that the Port keep the current seasonal rates from October 1-March 31, 2022, thus ending the seasonal rate discount in March 2022. This would allow Commissioners time to discuss whether a discount for the following (2022-23 winter) season is needed, and if so, when to apply it. After a short discussion, vote was taken and motion passed unanimously.

Commissioner Hanke closed the Public Hearing at 7:13 p.m. (01:43:12).

VI. FIRST READING ~ None

VII. REGULAR BUSINESS (01:43:12)

A. Quilcene Next Steps

Executive Director Berg reminded Commission that they'd received a report from the Quilcene listening session at their last meeting (October 13) from Jeannie McMacken and heard testimony from a number of community members. As a next step, staff would like to align feedback into an actionable plan that we can budget for and make happen. There was a discussion on October 13 about a sanctioned or an ad hoc committee to work with the Commission on the Quilcene agenda, and he said that he would not recommend working with the Linger Longer Advisory Committee after receiving a memo from them following the meeting (see pages 106-110 in the packet). He felt that their response

after what he thought was a good start to a creative, collaborative project, was disheartening. Instead of collaborating, the memo stated that the time to play nice was over, and that they planned to hire an attorney. In spite of that, Port staff recommends taking the effort, energy and enthusiasm they bring to this project and continue to march forward in good spirit with all options on the table—from the Port making an investment in the property, to a long-term lease, to a transfer of the property to a community group in Quilcene—with a couple of key guiding principles: alignment with Quilcene community vision (i.e. broadly supported), fulfillment of the Port’s mission, and meeting the triple bottom line as identified in Port process for virtually all decisions.

Commissioner Hanke moved to support a series of public community meetings to further refine the community’s input into a series of actionable recommendations to the Commission.

Commissioner Putney said he feels the frustration on both sides: Quilcene feels it has been the long-standing stepchild of the Port, and on the other hand, every time the Port goes to Quilcene to listen, we are met with skepticism. He felt that the Port needed to leverage grant money to stretch Port funds and get things done in Quilcene, but might miss out on some grant opportunities without agreement within the community about where to go with the property.

Commissioner Petranek asked if the intention is to hold meetings like a workshop with all three Commissioners there. Executive Director Berg said that he was thinking about a more informal process involving staff and community members with the Commission as a recipient of the work product, rather than something done in a formal commission meeting. Commissioner Hanke felt that it would be much more productive for Quilcene to work with staff, because formal meetings with commissioners heighten the tension and expectation, whereas meeting with staff makes it clear that this is a process that the community can participate in. He said that the Port’s mission in Quilcene is to provide access to the water, and he wants to move towards a vision of how to fix the properties there with the help of the community.

Commissioner Petranek asked for touch stones with the Commission on the results of those meetings, so that she could be engaged, learning and involved along the way, either informal 1:1 meetings or whatever works best, but she wanted to be brought along in the process. Commissioner Hanke agreed wholeheartedly with this request.

Commissioner Putney trusted what Commission would receive back from staff in the process and said that staff need to work on grants, as this is not something that is done by committee, but they would make sure the community is in agreement before moving forward on them.

Vote was taken on the motion, and it was approved unanimously.

VIII. STAFF COMMENTS (01:58:35)

Executive Director Berg commented on the following:

- The Quilcene marina host position has been posted. It is like the camp host position at Point Hudson: the host is given free moorage and utilities in exchange for some light duties (eyes and ears on activities there, dock walks, stocking the bathroom, etc.). This is intended to provide a vetted presence there in Quilcene.
- The City, PUD, and Port staff team are having a Town Hall Meeting on November 9 at 5:00 p.m. via Zoom; the City has set up the structure of the agenda. He asked if any commissioners would be there and Commissioners Putney and Petranek said they’d attend. This will make it a special meeting, even though no business will be conducted there – purely a listening session.
- Staff has moved forward with securing the Environmental Centers at Boat Haven, in the boat yard and at Point Hudson, as well as updating the restroom systems at Point Hudson. All of those facilities are now accessible by a key fob (for permanent tenants) and code for nightly guests.

Deputy Director Toews commented that Boat Haven stakeholders address the space constraints in Boat Haven and are considering a westward expansion of the yard in conjunction with an onsite mitigation project. He had been in touch with staff at the Community Economic Revitalization Board (CERB) to see whether grant funds are available to help with initial planning & permitting for this expansion. CERB operates on a rolling deadline, and the upcoming submission deadline is November 29; therefore, staff would likely be bringing an authorizing resolution to Commission at the November 10 meeting. He then welcomed Matt Klontz as the new Director of Capital Projects and Port Engineer and thanked Mike Love for all that he had learned from him during his time at the Port.

Port Engineer Love said it had been a great year, and that the transition plan with Matt Klontz will be about 3 days overlap on site to go through the details of the projects together. Mr. Love’s last day will be November 12. He reported on the breakwater project for Point Hudson that he had received the 90% set of plans from Mott McDonald which are currently under review. Things are progressing well in the design and permitting arenas. He had a good meeting with the State Historic Preservation Office and they are moving forward on their approval of the project as well.

Finance Director Berg thanked the Commission for their review and comments on the budget and said she’ll bring changes and updates that were discussed to the next meeting, which is the second public hearing on the budget. She said she would also bring the relevant resolutions for the adoption of the budget to that meeting. She also thanked Mike Love for all his hard work as Port Engineer.

X. COMMISSIONER COMMENTS (02:09:18)

Commissioner Putney commented that he had 65 days and 3 more meetings left as commissioner. He had attended the usual meetings this month with nothing consequential to report.

Commissioner Petranek commented that the EDC board is waiting for an offer to be accepted for their Executive Director position; she was sure that the others on the Commission will be pleased with the hire. She attended a meeting with the 4 administrators and 4 elected officials from PUD, Port, City & County where they discussed what will be on the agenda for the November 18 Intergovernmental Collaborative Group (ICG) meeting, with Economic Framework as the topic. The action steps for that meeting will be to present the mission of the Port; after that the admins will discuss projects that all 4 entities would need to have a hand in to bring to fruition. They will also make a decision at that ICG meeting on whether to go forward with another series of quarterly meetings next year. Commissioner Petranek said she and Commissioner Putney had attended a redistricting meeting with the County, PUD and Port where 3 alternatives were discussed; there will be another meeting on this topic.

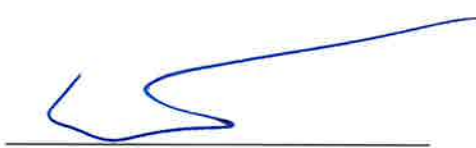
Commissioner Hanke commented that he had attended the WPPA Small Ports Seminar last week and said there were very interesting programs there. One seminar he sat on the panel for was on the relations between Executive Directors and Commissioners, which was well received and informative. Another seminar he attended was led by Port of Woodland Executive Director Jennifer Wray, who talked about a project where they raised \$14 million to develop property; the process was interesting and most importantly it was a community-wide effort with coordination between city, county, and port. He said Port Townsend was lucky to have government entities that coordinate and cooperate with each other.

XI. Next Public Workshop & Special Business Meeting (02:16:19): Wednesday, November 10, 2020, Public Workshop at 9:30 a.m. and a Regular Commission Meeting at 1:00 p.m. via Zoom.

XII. EXECUTIVE SESSION ~ None

XIII. ADJOURNMENT: meeting adjourned at 7:46 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