

PORT COMMISSION REGULAR BUSINESS MEETING – Wednesday, January 12, 2022

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

Present via Zoom online video: Commissioners Hasse, Hanke and Petranek
Executive Director Berg
Deputy Director Toews
Director of Finance & Administration Berg
Director of Capital Projects and Port Engineer Klontz
Port Recorder Erickson
Port Attorney Woolson

I. CALL TO ORDER (00:00:42)

Commissioner Petranek called the meeting to order at 1:03 p.m. Commissioner Hanke said he was very proud that at 97 years old the Port not only has had Ms. Petranek as Commissioner for two years but now has Carol Hasse coming in as our new Commissioner. He said this was 97 years too late, and he was looking forward to his next term of four years working with these two women.

II. APPROVAL OF AGENDA (00:04:10)

Commissioner Hasse moved to accept the Agenda as printed; motion passed unanimously.

III. PUBLIC COMMENTS (00:05:55)

Erin Inclan wrote an email urging the Port, the City and PUD to reconsider the decision to destroy the poplar trees on Sims Way.

Kaci Cronkhite emailed to comment that she appreciates staff and Commissioners' efforts to collaborate with City, County, and PUD, supports parts of the Sims Way project, but that there are still too many unanswered questions regarding the poplar trees and Port costs to support removal of them.

Julie Jaman, a 40-year resident and supporter of marine trades, emailed as a representative of the Olympic Environmental Council, Friends of Kah Tai, and the Gateway Poplar Alliance to comment that the Sims Way Project plan is more of an outline and before any work begins, a thorough and well-tuned plan is needed that includes costs and impacts to the community.

Eric Taylor emailed the commission regarding the airport.

George Yount (former Executive Director at the Port) commented live at the meeting thanking the Commissioners for stepping up to serve the Port of Port Townsend, a tremendous institution for our community.

IV. CONSENT AGENDA (00:08:28)

A. Approval of Workshop & Regular Business Meeting Minutes from December 8, 2021.

B. Approval of Warrants

Electronic Debit for \$6,336.74 to WA State Dept. of Revenue for Combined Excise Tax Return Warrant #s 063242 (\$325.09), 063295 (\$139.78), 063458 (\$161.19), 063518 (\$105.98) are declared void. Warrant #064578 in the amount of \$11,173 for Accounts Payable.

Warrant #064582 through #064586 in the amount of \$10,017.07 and Electronic Payment in the amount of \$86,559.36 for Payroll & Benefits.

Warrant #064587 through #064641 in the amount of \$92,598.71 for Accounts Payable.

Warrant #064642 through #064649 in the amount of \$33,380.88 and Electronic Payment in the amount of \$158,716.58 for Payroll & Benefits.

Warrant #064650 in the amount of \$397,964.34 for Accounts Payable.

Warrant #064651 through #064703 in the amount of \$210,322.57 for Accounts Payable.

C. Authorization for Sale of Abandoned Vessels – Resolution 761-22

D. FAA Grant Authorization Resolution 764-22

E. E.O. 2021-03 - 300 Ton Marine Travelift Emergency Repair

Commissioner Petranek moved to accept the Consent Agenda; motion passed unanimously.

V. SPECIAL PRESENTATION: State Audit Exit Conference (00:09:09)

Cheryl Friesen, Assistant Audit Manager and Timothy Trail, Audit Lead, from the State Auditor's Office shared the results of the Port's most recent audits for the period of 1/1/2020 to 12/31/2020.

- An Accountability Audit with a conclusion that Port operations complied with applicable state laws, regulations and its own policies and provided adequate controls over the safeguarding of public resources.
- A Financial Statement Audit to see if the information included in the financial statements can be relied upon to make decisions, and they issued an unmodified clean audit opinion on the Port's financial statements: they are stated fairly and are materially correct, comply with internal control measures, and comply with applicable regulations regarding contracts and grant agreements.
- A Federal Grant Compliance (Single) Audit with an unmodified clean opinion on the Port's compliance with federal grant requirements – no concerns with the Port's process.
- Next Audit is scheduled for Winter 2023 and cover fiscal years 2021 and 2022.

VI. SECOND READING: none

VII. FIRST READING ~ none

VIII. REGULAR BUSINESS (00:28:18)

A. Clean Vessel Act Grant Authorization Resolution 765-22

Executive Director Berg explained that this resolution would authorize an application to the Clean Vessel Act Grant program for new fixed pump-out equipment, new portable pump-out equipment, equipment to outfit the Port's Munson as a pump-out vessel and three years of operating costs. He said there were three components to the proposal: buying a couple of carts for dock use, improve the fixed base operations at all three marinas, and the enhancement of adding a pump-out vessel. He said the net cost would be \$15,000 over the course of the commitment, would require additional staff time, but would deliver a higher level of service and would have environmental benefits; therefore, staff recommendation is to proceed with application and try this for three years and see how we do.

Jeff Kelety, who helped put the proposal together, said that as a moorage tenant and cruiser he liked this resource and thought it will be good for Port business. He pointed to Friday Harbor's "Pumpty Dumpty" boat as an example of a pump-out vessel that is working well to keep their harbor clean.

Commissioner Petranek moved to approve Resolution 765-22 authorizing an application to the Clean Vessel Act Grant program for new fixed pump-out equipment, new portable pump-out equipment, equipment to outfit the Port's Munson as a pump-out vessel and three years of operating costs.

Commissioner Petranek clarified that the funds would also pay for upgrading existing pump-out facilities at all three marinas (Point Hudson, Boat Haven, and Quilcene), and asked where the sewage goes after being pumped out of the vessels. Jeff Kelety explained that it will go into our normal discharge facilities. Executive Director Berg said that it then goes to the City Sewer.

Commissioner Hasse suggested that we promote this through public outreach and education by having a naming competition at local schools for the Munson (which is the boat brand).

Vote was taken, and motion passed unanimously.

B. 2022 Organizational Topics (00:39:01)

1. Election of Commission Officers

Commissioner Hanke moved to accept the slate of officers suggested at the workshop earlier: Pam Petranek as President, Carol Hasse as Vice President and Pete Hanke as Secretary; motion passed unanimously.

2. Committee Assignments (00:40:43)

Commissioner Hasse moved to accept the list of committee assignments agreed to at the workshop; motion passed unanimously.

3. Resolution 762-22 Delegation of Management Authority to the Executive Director (00:46:33)

Executive Director Berg displayed changes made to this part of the packet during the workshop earlier in the day.

- Paragraph XIV – adding authorization to establish rates for particular dates or seasons (i.e., low season or midweek discounted rates and peak season rates) when the Commission has established rate ranges on approved rate cards.

Commissioner Petranek moved to amend the delegation of authority to strike the language in II.A. Lease Arrangements, "5. The lease may not be renewed or otherwise extended beyond five years without Commission approval." Which she hoped would mean that after a year, the lease would fall into a month-to-month status, with the goal to have a lease that is longer than one year (not 5 one-year leases). After a discussion including input from Port Attorney Woolson, Ms. Petranek asked that the language be changed to "5. The lease may not be renewed without Commission approval."

Commissioner Hanke suggested a workshop to discuss Lease Policy, as it seemed to be something that should be addressed in there, not the Delegation of Authority. Then, after working on the Lease Policy, any changes could be reflected in the Delegation of Authority. He recommended that the Delegation of Authority be approved today and modify later if needed. Commissioner Hasse asked if it could be addressed at the January 26 meeting to give us time to resolve this issue.

Vote was taken; motion did not pass.

Commissioner Petranek moved to table/postpone the approval of Resolution 762-22 regarding Delegation of Authority until the next meeting on 1/26/2022; motion passed.

4. Resolution 763-22 Commission Meeting Procedures (00:42:49) *Presented out of order.*

Commissioner Hanke moved to adopt Resolution 763-22 readopting commission meeting procedures with changes made (typos and corrections) to Appendix A during the Workshop session earlier in the day; motion passed unanimously.

5. Commission Annual Retreat (01:06:30)

Executive Director Berg said that staff had received ample feedback on this at the workshop. He stated for the record that the decision was to assess the COVID-19 situation by end of first

quarter, plan a retreat for April or May with a strong preference to have an in-person component.

C. November 2021 YTD Financials (01:07:07)

Finance Director Berg referred to page 113, starting off with Capital Projects, which year-to-date shows that the Port has done a lot of work – 16 projects, of which 6 were mostly worked on by Port maintenance staff. She reviewed cash balances and compared year-to-year, the reserves have gone up significantly and ending unreserved cash is almost exactly the same as the prior year for the same month.

Commissioner Hasse asked what “unreserved” cash investments are. Ms. Berg said that it meant that the funds were not obligated either through grants or resolution. She went on to say that debt service in November is unchanged from October, but that the Port had made a \$400,000 debt service on December 1st. Ms. Berg also said that remaining outstanding debt is according to amortization schedules and does not reflect the hope to pay off early in 2027. Also, revenues are up 15% as compared to 2020 and the budget, whereas expenses are up 9% compared to last year and 3% compared to budget. Clearly, it continues to be a strong year, and it’s a good way to enter a new year.

Commissioner Hasse congratulated Ms. Berg on her ability to budget so conservatively and asked about the deposits and retainage paid. Ms. Berg explained that retainage is for construction projects and deposits are for items such as a vessel coming into the yard that may become abandoned or derelict.; this line item shows when these were paid.

D. 2022 Rates for Herb Beck Marina (01:12:33)

Executive Director Berg said the Commissioner-approved rate cards for the Herb Beck Marina included a number of adjustments that are important in aligning marina operations from Point Hudson to Boat Haven to Quilcene. However, in the process of implementing these adjustments, we noted there were changes that would dramatically affect Quilcene tenants during a time that we’re also working with the Quilcene community to re-envision this facility. Staff proposes a 3% change for permanent moorage, 5% increase for nightly, and no changes for electric, which is what we’ve done at other marinas. He said that although this is still inconsistent overall, these rates can be addressed when we update the Herb Beck Marina.

Finance Director Berg asked that in the motion to adopt, that an effective date be noted.

Commissioner Hasse moved to adopt the 2022 rate schedule for the Herb Beck Marina, Quilcene, affective February 1, 2022; motion approved unanimously.

IX. RECESS TO A MEETING OF THE INDUSTRIAL DEVELOPMENT CORPORATION OF THE PORT OF PORT TOWNSEND. (01:20:22)

Commissioners elected Year 2022 IDC Officers, approved January 13, 2021, IDC Minutes, and reviewed the IDC Financial Report for fiscal year ending December 31, 2021, with a net increase in cash and investments of \$1.18 to \$5,020.45.

X. STAFF COMMENTS (01:25:57)

Executive Director Berg commented on the following:

- The Port is continuing to prepare for Terry Khile’s retirement at the end of February, along with staff restructuring as a result (implementing the approved Organizational Chart). Starting on January 16th Chris Sparks will take on the new role of operations manager, overseeing the united yard operations and maintenance functions. Next week the Port will implement the promotion of our Customer Service Representative III / Harbormaster position, and following that effective February 1, our CSR II positions that will oversee functional areas in the marina offices and a lead in both the yard and maintenance, as well.
- On the question of operating setbacks between our Travelifts and 115 kV powerlines, he has reached out to Labor & Industries with an inquiry. The answer so far has not been clear.
- We’re stepping up our communication efforts this year, and Scott Wilson will produce a Hot Sheet – a single page, quick recap of what’s happening at the Port, with the primary target our tenants and Port watchers.
- We started the year with a water main break, a boat on the beach, and an aircraft incident.

Commissioner Hasse asked Scott Wilson if what he’ll be writing would appear in the local papers.

Mr. Wilson responded that if the papers pick up these news items, then we’d get good coverage, and if not, then he and Port staff would work on press releases.

Deputy Director Toews said that this week Port staff would be meeting with County staff on the Moderate Risk Waste facility and its future here, in preparation for a county workshop meeting on Monday the 24th. He said he is planning a presentation to the Community Economic Revitalization Board (CERB) next week, where the Port will be requesting approval of our planning grant application to help fund site design, planning and preliminary permitting of the 3.7-acre westward expansion to Boat Haven boatyard.

Port Engineer Klontz said the statement of qualifications for the airport engineering services are due January 21, and after an evaluation process, will likely enter into an agreement with a consulting firm to help us with projects at JClA. He said he is also advertising for engineering services related to coastal

or harbor work to help us with some efforts in Quilcene and the Gardiner Boat launch. He will give the MRC an update on the Point Hudson project at their next meeting in early February.

Commissioner Hasse mentioned that she had learned from climate studies and the NW Straits Alliance that Ports shouldn't plan anything without first considering sea-level rise and climate change. With this in mind, she commented that the boatyard expansion is an opportunity to plan for it to be on a higher grade than the rest of the boatyard. Port Engineer Klontz acknowledged that and said that the Port also experienced a high-tide event the previous week where the water overtopped the bulkhead at Boat Haven and entered the street—an opportunity to observe some of our potential weak spots.

Finance Director Berg commented that she was pleased that the audit went smoothly, and we had great results. She said we've filled the Environmental Specialist position; her name is Kimberlie Webber, and she will start January 22 and work with Terry Taylor for about a month. She said the Port is interviewing Security Officers this week, and she was glad that we had some good candidates. She reported that the Port had received its three new trucks this week—they're getting geared up for Port use by maintenance staff—the new Gators are expected later this week, and the Travelift is scheduled to arrive next month.

Executive Director Berg thanked Ms. Berg for all the hard work she and her team put in for the audit.

XI. COMMISSIONER COMMENTS (01:41:05)

Commissioner Hasse commented that it was thrilling to be involved with fellow commissioners who are long-time friends and colleagues she respects immensely, and she was excited for all that they could accomplish together. She said she has very much to learn and she's grateful for the patience and grace that is given during her learning time. She said it is a very great time to be on the commission, when we are working together with other governing bodies from the city and county and address the problems that are not just Port Townsend's but are global issues for the well-being of our citizenry.

Commissioner Hanke commented that Finance Director Abigail does a remarkable job and pointed to page 114 of the packet, "2021 Summary of Fund Resources & Uses with Comparison to Prior 2 Years and Budget" which states how complex this page is. He said he'd watched the page evolve yearly for 8 years, and he's always amazed at how much goes into this page; Ms. Berg does a great job and it's great to see at a glance what's going on. Mr. Hanke commented that his favorite part of WPPA conferences is when three Ports are picked to report on what they do. He proposed that all of us think about our Port that way and think if you were giving such a presentation, what would you highlight? He would talk about the heavy haulout, which is wearing out. He said he wanted to keep an eye on it and make plans to replace it. At 30' wide, this slot is narrow for boats, and we're losing some business, so with a new Travelift, we may want to think about ways to engineer the slot to accept wider boats. Finally, he spoke of projects in the county, particularly farm projects that would be cool to have on the list of things we do—if there are areas that we can help expand, we could be helping food sustainability, or local entities that provide for the county.

Commissioner Petranek commented on meetings she had attended:

- 1) She attended the Marine Resource Committee (MRC) meeting where the City engineer, and the City Manager John Mauro spoke about the North Beach sewer outfall pipe.
- 2) She's been doing some boatyard tours with Executive Director Berg—one with County Commissioner Brotherton and one with City Council member Amy Howard, and there are more planned.
- 3) She attended the EDC Team Jefferson board meeting last week and they made it through 3 out of 20 items on their agenda. One of the things they got stuck on were nominations—they had four applicants from District 3 to be on the board. One applicant has been invited to appear on the board – Mark Knudson, who's been helping with the Quilcene Community meetings. The other sticking point was the multi-party agreement; they plan to meet outside the board meeting to try to iron that out before the next meeting.
- 4) She and Executive Director Berg will be doing a recording of Our Working Waterfront for KPTZ with Chris Bricker to be aired Friday 1/14/22 at noon.

XI. Next Public Workshop & Regular Business Meeting (01:50:07): Wednesday, January 26, 2022, at 5:30 p.m. via Zoom.

XII. EXECUTIVE SESSION ~ To discuss potential litigation with legal counsel - RCW 42.30.110(1)(i). Adjourned to Executive Session for approximately 30 minutes with no requested action at 2:55 p.m.

XIII. ADJOURNMENT: meeting adjourned at 3:43 p.m., there being no further business before the Commission.

ATTEST:



Peter W. Hanke, Secretary



Pamela A. Petranek, President



Carol L. Hasse, Vice President