

PORT COMMISSION REGULAR BUSINESS MEETING – Wednesday, January 26, 2022

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

Present via Zoom online video: Commissioners Hanke, Hasse & 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 (00:00:32)

Commissioner Petranek called the meeting to order at 5:30 p.m.

II. APPROVAL OF AGENDA (00:01:14)

Commissioner Hanke moved to approve the agenda as written; motion passed by unanimous consent.

III. PUBLIC COMMENTS (00:02:18)

Rick Jahnke commented live at the meeting saying although the Lombardy poplar trees have framed the entrance to downtown Port Townsend for years, retaining them for all these decades was a mistake. He stated that a local advocacy group had inaccurately noted the ecological value of hybrid poplars, by conflating them with native poplars. Hybrids support little wildlife and are described as “voids of biodiversity”, shade decades of planting efforts in Kah Tai Lagoon, and are even banned in other municipalities for this reason. He felt that the current initiative and PIF funding provides the opportunity to fix the mistake of inaction.

Andrea Fontenot Hegland, of the Poplar Alliance, commented via email about concerns with the Sims Way project proposal and the reasons for removing the Poplar trees; she gave a solution that would not require cutting down these trees—underground the powerlines with guidance from a certified arborist to minimize impact to the poplars, and expand the boatyard 15’.

IV. CONSENT AGENDA (00:10:04)

A. Approval of Workshop & Regular Business Meeting Minutes from January 12, 2022.

B. Approval & Ratification of Warrants

Electronic Debit for \$2,480.68 to WA State Dept. of Revenue for Combined Excise Tax Return.

Warrant #064713 through #064718 in the amount of \$9,614.21 and Electronic Payment in the amount of \$84,473.58 for Payroll & Benefits.

Electronic Debit for \$1,476.01 to WA State Employment Security Dept. for Paid Family Medical Leave.

Electronic Debit for \$18,088.16 to WA State Dept. of Labor & Industries.

Warrant #064719 through #064761 in the amount of \$345,177.17 for Accounts Payable.

Commissioner Hasse moved to approve the Consent Agenda.

Finance Director Berg noted her name was missing from the minutes; Recorder Erickson said she would fix this. **Motion passed by unanimous consent.**

V. SECOND READING ~ none

VI. FIRST READING ~ none

VII. REGULAR BUSINESS (00:12:35)

A. Resolution 762-22 Delegation of Authority to the Executive Director

Executive Director Berg said this item returns to Commission for action, as it must be passed this month. He noted four changes to this document from the one passed in January of 2021: extending it for one year, allowing him to make minor amendments to lease documents, adding authorization to approve out-of-state travel and to establish rates within an already adopted rate range. He said concerns raised at the last meeting were in regard to real property and lease arrangements on page 22 of the packet, under Section II.A. Lease Arrangements, 5. “The lease may not be renewed or otherwise extended beyond five years without Commission approval.”

Commissioner Petranek said she brought it up at the last meeting. She moved to strike out “beyond five years” so that no one-year leases could be renewed without Commission approval.

Commissioner Hasse thought the purpose of this Delegation of Authority was to give Executive Director Berg and Deputy Director Toews more flexibility to allow businesses to commit to a one-year lease and renew that lease for one year if their business has the wherewithal to do so. She suggested that we adopt this now to meet the required timeline and address any problems that arise during the year. Alternatively, she suggested reducing the “beyond 5 years” to “beyond 3 years” as a compromise to address concerns Commissioner Petranek has. She said that the Commission would probably need to have a bigger discussion on lease policy at a workshop later this year,

because it's such a big part of what the Port does is to give space to trades in the community, and this was a tool in toolbox for staff to use.

Commissioner Hanke said he would like to see it left as it was written because he trusts the staff, who have moved many leases from month-to-month into longer-term leases. He thought giving a business the chance to see if their business model would work on a year-to-year basis was a valuable tool for the Port. He said that giving them up to five years was important because today's business world is volatile, risky for tenants to see if a business model will work—especially a food business, which is tough to make work in today's economy. He said he would vote for the five years to give businesses more time to see if their business can make it. He asked Commissioner Petranek what the issue is, since renewing leases is a tool for staff to use, and if there is a problem, we can always meet to address that.

Commissioner Petranek asked if her changes to the delegation of authority would allow the Executive Director to initiate one-year leases without Commission approval, and tenants could still renew for one-year with commission approval. She said she'd listened to constituents from all three districts who represent direction of "with commission approval" and she had come up with three points that gelled together: 1) With Commission approval, there is an opportunity for teamwork between staff and the Commission; 2) Commissioners have the closest connection to community with long-standing deep roots in business in this community, and are the voice for businesses. One year sustains a reasonable time frame for flexibility and course corrections along the way. 3) it is reasonable and responsible to first review and update the Port's Strategic Plan of 2010 and the Lease Policy of 2018 to help us check course for overall values and direction. In the same way we review and update leases whether for one or five years.

Commissioner Hanke stated that it would be more appropriate to review the Lease Policy for the benefit of Commissioners, not necessary to change it. He said that a tremendous amount of effort went into the current policy; it was made with input from the community and from a consensus between the community and the Port. As a commissioner, he did not feel a need to approve all leases. He said that the Commission had never not approved a lease and as far as the business of the Commission, he would choose to let the staff write and renew leases where appropriate. He didn't understand why the Commission would want to approve renewals of one-year leases – this is not what he thinks would represent working towards consensus or being on a team.

Commissioner Petranek asked if month-to-month was the same as what is being renewed in Section II.A. Lease Arrangements, 5. Commissioner Hanke asked if he were a person starting a business and didn't want to risk a three-year lease before he found out if the business model worked, would Port staff put me on a month-to-month rental agreement, or just a one-year lease? If the former, it could be continued after one year and not have to come before the Commission, so why would staff use a one-year tool, if they have to come before the Commission instead of a month-to-month option until the tenant is ready for something more permanent?

Executive Director Berg stated that the Port had 123 leases, 24 of them are currently in month-to-month (holdover) status. He said that if there was a desire by the Commission to see every lease that is over one year, Port staff would be unlikely to use the one-year lease as an option and use the month-to-month rentals as a way to move those tenants forward. Deputy Director Toews said that if the Port could only do one-year leases (no renewals), then they would probably use two- or three-year leases to get it before the commission; otherwise, they would revert to month-to-month. He said that this had not been an issue at the Port because a minimum duration of five years is the usual lease because it provides security for them and the Port as well as predictable revenue stream for the Port.

Commissioner Petranek moved to amend Resolution 762-22, Delegation of Authority Section II.A. Lease Arrangements, 5. "The lease may not be renewed or otherwise extended beyond five years without Commission approval." A vote was taken and the motion failed.

Commissioner Hanke moved to approve Resolution 762-22 as written; a vote was taken and the motion failed.

Commissioner Hasse moved to amend Resolution 762-22, Section II.A. Lease Arrangements, number 5 to say "The lease may not be renewed or otherwise extended beyond ~~five~~ three years without Commission approval." A vote was taken, and motion passed unanimously.

B. Future Agenda Topics for 2022 (00:54:07)

Executive Director Berg listed topics for possible consideration at 2022 workshops or other commission meetings:

- Strategic Plan update, scope, process, and engagement plan
- Evaluating the seasonal work-yard discount
- Lease policy as it relates to selection of tenants and prioritization of uses for certain properties
- Communication plan & strategies to maximize engagement
- Separate from the capital projects update, a detailed discussion of the boatyard western expansion project (CERB grant).

- Also, there are many ongoing topics that will require commission work and time in 2022 like, for example, the Quilcene Planning process, that are not listed here as they are already in the works.

Mr. Berg said it would be useful to have a sense of priority from the Commission. He reminded the Commission that Port staff are very busy, and asked them to keep the size, scope, and complexity of projects in mind as they added topics to the list. He reported that the Port was working on moving to the new Organizational Chart and making progress on customer services and staff morale.

Commissioner Petranek suggested that we think of this as a wish list, not necessarily a list of things that the Port is set to do. She then asked her fellow commissioners for their thoughts.

Commissioner Hasse said she was on board with everything Mr. Berg had listed. She added that she would like the Port to:

- Be a leader in getting to net zero in our emissions by 2050 and encourage all tenants to participate.
- Get the Jetties fixed.
- Affordable housing, food resiliency and farm support – to be involved with these collaboratively with the Intergovernmental Collaborative Group, as well sea level rise planning, and community vision.
- Continue to support and expand maritime education and trades (include the Aero Museum), contribute to the education of boaters, keep them safer, and better stewards of the environment.
- Continue the work we're doing in Quilcene.
- Create a Commissioner's Manual like the one for Port Staff – perhaps using the WPPA manual as a model.

Commissioner Hanke said he thought the Port was doing well and moving forward robustly despite it being a huge task to take aged infrastructure and revitalize it. He agreed with the things listed so far and added the following:

- Economic Development jobs in the area.
- The Port has an amazing array of tools to help businesses, like taking a troubled piece of real estate, working with ecology and creating a place where a private business can locate on leased ground that the Port owns and thrive.
- Heavy haul-out needs to be replaced – replace the slot where it goes and make it wider to increase our business in the shipyard.

Commissioner Petranek said she agreed with everything listed so far, and added the following:

- Improve Customer Service.
- Economic Development, along with the ICG in close partnership with EDC Team Jefferson
- Transportation regarding access and parking.
- Airport rezoning – thinking of how to rezone for non-water dependent marine trades.
- Looking at the overall preservation plan for Point Hudson.

IX. STAFF COMMENTS (01:08:34)

Executive Director Berg commented that Terry Khile, the current Operations Manager, retires shortly after 34 years with the Port. He said the Port's longtime Maintenance Manager, Chris Sparks, has been promoted to Operations Manager which puts him in charge of both Yard Operations and Maintenance. Other promotions are for Sean Smith as Yard Lead, and Dave Johnson as Maintenance Lead, and Kristian Ferrero as Harbormaster. Three customer service representatives are also being promoted – one each for Point Hudson, Boat Haven & Herb Beck Marina and Boat Haven Yard. This week, Kimberlie Webber arrived on site as the new Environmental Specialist and is being trained by the departing Terry Taylor.

Mr. Berg reported that the Port had received a request from the Maritime Center for the Port to sign a letter of support to Senator Christine Rolfes for \$2 million in supplemental funding for the Maritime High School. He asked for direction and got Commission approval to sign this letter.

Deputy Director Toews said there is a lot of change, structurally and organizationally, at the Port that will be a great benefit for staff and the community. He said that with the CERB planning grant award to be used for the westward expansion of the boatyard, the Port is finally doing something with the Balch property that will expand the boatyard and help sustain marine trades in the future and help the Port's own revenue stream. He said he was happy to continue the conversation with the citizens of District 3 and that Port Engineer Klontz would bring initial cost estimates for projects there.

Port Engineer Klontz reported that the next Quilcene Community meeting with staff would be Wednesday February 2, in Quilcene to talk about an array of improvements to the marina there, and remarked that staff understood from the meeting in December that the community is receptive to the Port's proposal of work. For this meeting Port staff will present costs along with permitting challenges. He said that the Maintenance building ("old Coast Guard building") remodel permits are in process, and although there are some supply-chain issues with some things needed for that remodel,

the building would hopefully be ready this summer. He proposed attending the Peninsula Regional Transportation Planning Organization (PRTPO) – something the Port had participated in some time ago. There is a four-county regional organization (Clallam, Jefferson, Kitsap, and Mason) with a focus on highways or streets that carry a lot of traffic. He said if the Port participates, we can have conversations about net zero / carbon neutral, electrifying transportation, etc. This monthly meeting would be attended by one Commissioner, and Mr. Klontz would attend another technical sub-committee. Mr. Klontz said that PUD has a need to intertie two switch cabinets along Washington street in front of the Boat Haven Moorage Office. This will require utility trenching and restoring asphalt pavement, and the Port will have additional pavement restoration done, where there is a need in spots nearby that appear to be sinking. Having the switch cabinets tied together will greatly improve the reliability of power at the Boat Haven.

Executive Director Berg added that PUD was also onsite at Boat Haven and Point Hudson doing stray current surveys with the Boat School students.

Finance Director Berg commented that there was a lot going on in HR with the organizational restructuring. In addition to Kimberlie Webber starting this week, the Port has hired a new security guard--Steve Springer. She said she and others were interviewing Customer Service Reps (CSRs) and Hoist Operator I applicants (the Port needs a Hoist Operator II, but there haven't been any candidates with that level of skills). She reported that five (5) new computers had been purchased for the CSR workstations, and the three new trucks that had arrived, the Gators will be here in February and the Travelift will arrive on February 8th, and Port staff will assist with assembling it.

XI. COMMISSIONER COMMENTS (01:32:32)

Commissioner Hasse commented on four meetings she had attended: the Chamber Café which is held on the first and third Fridays at 10:00 a.m. The most recent Chamber Café had County Commissioners Kate Dean and Greg Brotherton talk about the state of the County. She was hopeful that some of the issues (18% of our County's children live in poverty, transit, homeless shelters, etc.) could be addressed through our partnership with the Intergovernmental Collaborative Group (ICG). She had also attended the WPPA 2022 Ports-Maritime Day, a day of focused advocacy for ports and the maritime industry in Olympia during Legislative Session, and some things they talked about were investment in clean energy, the need for upland warehouses during this time of supply chain vulnerability, electrifying Travelifts, etc. She also attended Pacific Northwest Waterways Association meeting.

Commissioner Hanke gave kudos to Port yard staff – they are excellent at what they do – careful and timely. He commented that the Commission should consider 4:00 p.m. as a new start time for the evening Commission meetings, as salaried Port staff are not paid for these late meetings, it would allow for trades people to get off work early to attend, and it would be nice for all of us to be able to finish the meeting in time for dinner.

Commissioner Petranek commented that she had volunteered with the Marine Resource Committee to take up eel grass buoys and scrub them and replaced shackles. She said she met the new Environmental Specialist, Kimberlie, and scheduled a boatyard tour with her tomorrow. She and Executive Director Berg did their KPTZ interview for Our Working Waterfront program, which focused on the history of how our port got started, the governance, etc. It will be aired Friday January 28, and you can listen anytime if you visit their blog.

XI. Next Public Workshop & Regular Business Meeting (01:45:07): Wednesday, February 9, 2022, Workshop at 9:30 a.m. & Meeting at 1:00 p.m., via Zoom.

XII. EXECUTIVE SESSION ~ none

XIII. ADJOURNMENT: meeting adjourned at 7:16 p.m., there being no further business before the Commission.

ATTEST:



Peter W. Hanke, Secretary



Pamela A. Petranek, President



Carol L. Hasse, Vice President