

PORT COMMISSION REGULAR BUSINESS MEETING – Wednesday, February 9, 2022

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

Present via Zoom online video: Commissioners Hanke, Hasse, 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 (00:00:03)  
Commissioner Petranek called the meeting to order at 1:01 p.m.

II. APPROVAL OF AGENDA (00:00:52)  
**Agenda was accepted by unanimous consent.**

III. PUBLIC COMMENTS (00:01:09) *the following comments were sent in via email:*

Chris Bakken wrote regarding the Jefferson County's Moderate Risk Waste Facility & the marine trades, encouraging the Port to work with the County to ensure these important services are available to marine trades and others for the appropriate handling of these hazardous materials until there is a fully functioning replacement facility in place.

Gwendolyn Tracy emailed to comment that she was in favor of keeping the evening Commissioner meetings and also keeping the pledge of allegiance on the agenda.

Pete Langley, Chair, and 8 members of the Port Townsend Marine Trades Association Board commented that they would like to keep one of the monthly Port Commission meetings at 5:30 PM to allow working marine trades people the option to attend.

Bill Curtsinger wrote an email regarding meeting times, saying he is opposed to shifting the evening meetings to earlier in the day.

Joni Blanchard wrote an email regarding the moderate waste facility, saying since many boatowners/workers of the Port (along with many businesses around town) particularly generate toxic waste, it'd be good to work with the City/County to keep someplace available until a new facility can be built.

Diana Talley wrote regarding the Moderate Risk Waste facility, saying there is a huge and constant need to handle large amounts of maritime toxic waste in our waterfront industrial community. She thought that moving this service outside the Port will send a signal to users and abusers that it's not an environmental priority of the Port of Port Townsend, but she knows it's a strong priority and part of the triple bottom line.

IV. CONSENT AGENDA (00:06:04)

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

B. Approval of Warrants

Warrant #064762 through #064768 in the amount of \$25,801.10 and Electronic Payment in the amount of \$173,080.25 for Payroll & Benefits.

Warrant #064769 through #064823 in the amount of \$112,894.72 for Accounts Payable.

C. Ratification of contract with DNR for vessel demolition

D. Resolution 766-22 regarding the Auditor's Revolving Fund

**The Consent Agenda was approved by unanimous consent.**

V. SECOND READING: ~ none

VI. FIRST READING ~ none

VII. REGULAR BUSINESS (00:07:03)

A. Quilcene Community Meeting Report out

Executive Director Berg reported that 38 Quilcene community members had attended the meeting on February 2, where Port staff brought cost estimates and layouts for some ideas for development, with emphasis on uplands, RV park, glamping, tent camping, etc. He said they had answered many questions from the community and referred to page 26 of the packet that identifies the top priorities in Quilcene, with an emphasis on maintaining current infrastructure, before moving on to new initiatives. He said the other two key meeting takeaways was a desire to see an evening presence there, i.e., a harbormaster position, and secure the Quilcene Yacht Club in a long-term lease. Mr. Berg said the next Port meeting with the Quilcene community will be Tuesday, March 1, and that his goal is to work with the community on developing a plan during the March, April, and May meetings with the goal to present to the Commission a plan for consideration in May.

Mr. Berg recognized the strong desire to start certain projects, but said staff are reluctant to begin work prior to having a plan; therefore, he thought focusing on a shorter timeframe was prudent, in order to finalize a plan, which may include phasing. To that aim, he will order title reports for the Port's Quilcene properties this week and have a surveyor do boundary-line work, in particular with our neighbor, the Canterbury's, in order to understand some of the history and underlying Port responsibilities there. He said that homework from that meeting was to obtain the past decade of revenue and expenditures for Quilcene fueling operations; staff will be bringing that and more detail on cost estimates for some of the near-term projects to the meeting in March. Mr. Berg said the big

challenge for the Port is how to afford to maintain the Herb Beck Marina as a first-class facility with very little or no new revenue.

Deputy Director Toews thought that the next step, consistent with the Port's strategic plan, was to focus on the scope of costs to fix aging infrastructure first, before starting a conversation about potential uses that might increase revenues.

Anne Ricker, Quilcene resident, thanked Port staff and Commissioners for their attention and commitment to understanding Quilcene's needs and then gave her impressions of the community meeting on February 2. The following summarizes her perspective of the meeting:

- There was some controversy concerning a fuel dock, which would never pay for itself; the marina is a small facility that doesn't need fuel, as most boaters bring their own.
- As for Quilcene not paying for itself as a commercial recreational site, Coast Seafood as the chief commercial participant could pay for everything needed, with their lease money. The moorage, ramp, camping, and bathroom fees would certainly pay for whatever else is needed, such as a manager. If these fees were studiously collected and the facility brought to standard, that is.
- The Yacht Club benefits the community through its diverse role on site, including large scholarships, public and private events, and the members pay all expenses and do all the maintenance themselves.
- The people in Quilcene are not opposed to camping or property enhancement. They simply want to see the entire property returned to fully functioning before changes are made.
- Before the phased discussion, Kit Kittredge proposed a full-time maintenance handyman / harbormaster living in a small residence on the site where the former residence was. The infrastructure already exists. This person would mow, collect fees, fix what breaks, take moorage & camping reservations and locate them, watch over the Marina, etc.
- The Phase I discussion, which is what everybody wanted, included:
  - 1) Ramp: very dangerous - a lawsuit waiting to happen. This might cost more than summarized.
  - 2) Parking Lot: there is inadequate parking, and it needs resurfacing soon. Coast employees direct the madhouse during shrimping (coming up soon); at least fill the potholes before that.
  - 3) Docks: Matt's assessment of needs seems direct. Allocation and fees for spaces is a job for the new manager.
  - 4) The bathroom, showers, laundry can be cleaned up and opened while a plan for expansion into a new office space, possible food service, store, hostel, a multi-purpose facility is being finalized. Again, a manager can ensure that damage and misuse are eliminated when the bathrooms are open.
  - 5) Dredging: the most expensive problem is the silted-up entrance to the marina. Instead of "dredging" could a "repair" mitigate some permitting requirements? Paul Mahan presented an idea for filling in some length of the breakwater to bring in a large scoop to remove the buildup. This was intriguing to everyone and very creative.
  - 6) There was the matter of points for acquiring permit for funding, which was unclear to some residents. Would removing the rip rap from the area in front of the Yacht Club to recreate the old swim beach get points? Does creating a park-like place at the existing swim beach get points? Does volunteering get us any points? We need more information and clarification.
- When the meeting ended the participants were energized and optimistic. It was a productive, well-run, civilized, two-hour discussion.

Ray Canterbury thanked the Port for continuing to listen and for offering this forum to gather the Community's input in an ongoing discussion. He agreed with the summary given by Anne Ricker and added that a common sentiment was that the burden to the community (increased vehicle and pedestrian traffic and lack of access) would outweigh any benefits more development would bring. A majority of the community feel that performing critical maintenance should be the Port's first priority and the focus of its efforts. He reiterated Ms. Ricker's point about the Quilcene Yacht Club's importance to the community. He said that two challenges facing the Port as it considers options in Quilcene were 1) generating revenue from a seasonal and recreational facility, and 2) acquiring the necessary permits for critical maintenance like dredging and breakwater repair.

Mr. Canterbury said he'd asked the directors about the cost of option #3 and how it could expect a return on investment by the taxpayers, and Mr. Berg had offered to prepare a cost-benefit analysis to possibly bring to the next meeting. He said that some community members had expressed interest in having a full-time harbormaster on site and possibly getting a fuel station at the Marina as well. In closing, he thanked the Port for continuing its effort to listen to the Quilcene community.

Commissioner Hasse asked if the full-time harbormaster could live aboard a boat or an RV instead of in a physical house, and Mr. Canterbury said he'd bring that question to the next meeting. He said providing a nice place to live for a person adept at handyman skills might be cheaper than a salary.

Commissioner Hanke asked what the community thought about the different locations for camping and glamping sites on the plans, and Ms. Ricker's response was that the former RV camping spot would be preferred, and Mr. Canterbury added that development of any kind would mean more traffic on the road, and the possibility of the community losing their access to this treasured spot.

Capital Projects Director Klontz added that the drawings he had provided at the meeting were high-level concepts provided for discussion purposes. Mr. Canterbury said they thought they were helpful and hoped that the plans could be discussed in more detail at the next meeting.

Commissioner Petranek asked if there were any funding in the works for the boat ramp. Executive Director Berg said that once the Port has a plan on the type of ramp wanted, the Port could target the next RCO grant cycle for that. He stated the question is, what is the intent for this marina's future? Are we dredging for boats with a 6-foot draft, or are we dredging for trailer boats; are we running a seasonal marina or are we expecting people to rent slips year-round and be able to get sailboats in and out? Answering these questions will help us plan and pursue funds.

Ms. Ricker asked how well utilized the marina was now, and Deputy Director Toews said that he understood that there had been more requests for moorage than there were slips available.

Mr. Canterbury said the community was concerned that with more people from outside the area using the Quilcene marina, it leaves less opportunities for locals to use it. Mr. Toews said with respect to Boating Infrastructure Grant, the program has been reasonably well funded in recent years, and the way to win points and obtain grant funding is by developing proposals that have wide appeal and serve the voting public regionally, not just locally. He said the Port is hearing loud and clear that this is the gem of Quilcene, a facility that residents really love and take pride in and want to restore; however, the challenge is threading the needle to find projects that appeal to granting agencies, but still aligned with community desires. Mr. Berg added that massive demand to get to limited Port facilities means there will be changed behaviors by those who use them and that will impact local users.

Ray Canterbury asked if the Port were able to make fixes to the marina to attract year-round, full-time moorage with every slip full, would that make the marina profitable or at least solvent? Deputy Director Toews stated that the challenge is the incredible cost of the capital repair, replacement and maintenance and that what the Port is really seeking is sustainability.

B. December (Quarter 4) 2021 Financials (00:52:56)

Finance Director Berg referred to page 70 of the packet regarding the operating revenues five-year comparative table and said that 2021 was clearly the strongest year yet for operations. She said it was a big increase compared to the prior year, but because of the pandemic, 2020 was a little lower than we expected. She explained that as compared to 2019, the increase is still almost 10%, which is a really strong increase and then if the five years is averaged, it's about 7% annually, which is really good. Referring to the operating expenditures on the next page, she said the five-year comparative table shows about an 8% increase compared to the prior year, although the five-year trend is 2.6%. She explained that the Port has been building capacity in operations with staffing, and also there's been an increase in repair and maintenance work. Although there are a lot of variables, comparing revenues and expenditures, one can see that the Port is ahead in revenues, which is where we want to be. She said that debt service for the year is on target.

Ms. Berg referred to page 72 where the list of capital project expenses shows the Port was very busy in 2021, spending almost \$1.5 million on 16 different projects. She gave a few statistics on the capital projects and then went over capital purchases.

Commissioner Hanke said capital purchases like the new 75-ton Travelift go onto our books as an asset, so, not only are we using dollars to do projects and make capital purchases, but we're also increasing our assets.

Finance Director Berg said the reserves increased from last year by \$2.5 million and about 54% of that is IDD money. The unreserved cash actually went down in the year by a little over \$400,000, and she said much of that was related to the Port's significant capital work and purchases.

Executive Director Berg said the goal is to get the Port debt free by 2027 and be able to use our general property tax levy revenue more flexibly. He said the next goal is a long-term plan with reserves, to use today's dollars to fund projects or equipment we estimate we will need tomorrow.

C. IDD Quarterly Report (Q4, 2021) (01:12:27)

Finance Director Berg referred to page 76 of the packet for the quarterly IDD report, saying that this is the first full year this has been provided. She said the visual on page 78 gives the most information for the first two years of the levy; we have collected about \$2.5 million and the year-end balance is now approximately \$2,000,000, after spending about \$500,000.

Commissioner Petranek said the format was clear and commented that the Port is ready to start work on the Point Hudson Jetty as soon as permits are acquired.

Executive Director Berg said staff recommends using IDD funds to continue funding IDD budgeted projects. At about the \$2.6 million a year level, IDD funds will be exhausted in approximately the year 2027, so we will go into 2027 with IDD money in the bank for projects that we're pursuing, and that would be the year that we would make our final debt service payment and free up our general property tax levy.

Commissioner Hasse asked what happens to the \$2 million if we don't get the permit for the jetty?

Executive Director Berg said that the Port will get the permit, it's just a question of when; and since there is no rule that we spend the IDD money in the year collected, it will be in the bank until we get the needed permits.

D. Capital Projects Report (Q4, 2021) (01:22:07)

Capital Projects Director & Port Engineer Klontz said his report on page 81 of the packet gives a snapshot on 26 of the projects the Port has been working on and shows the progress on some specific projects. He provided more detail on some of the listed projects: #2 dredging in Quilcene, #7 relocating old Coast Guard building in Boat Haven Yard to be a new Moorage Office,

#16 taxiway connector at the airport, #17 Point Hudson Jetty replacement, #20 & 21 Boat Haven yard expansion.

Executive Director Berg said he appreciated this capital report and hoped that it would ensure the Commissioners and public see at a glance the current Commission-approved Port projects and in what stage they're in.

Commissioner Hasse asked if the numbers were in order of importance, and whether the date the project was approved could be included. Mr. Klontz replied that the numbers were arbitrary and purely for ease of reference. As for the date of approval, that could be included, no problem.

#### VIII. STAFF COMMENTS (0149:14)

Executive Director Berg noted that moving forward as part of our whole reorganization, at the Port, he had asked Chris Sparks, Kristian Ferrero, and Sue Nelson to join the first Commission business meeting of the month in the future, and to include informational items to provide both qualitative and quantitative information. In Ms. Nelson's case, this would include the lease digest and, some detail about current leasing, available properties, status of negotiations, etc.; Mr. Ferrero should supply occupancy and usage statistics and comparisons; and Mr. Sparks should share what's happening operationally at the Port in maintenance port-wide, and yard operations.

Mr. Berg reminded Commissioners that the Port is celebrating Terry Khile's 33-year retirement from the Port on Friday, February 25<sup>th</sup> at 4:00 PM at the Castle, and he suggested reading the PT Leader for February 9, where the whole beginning of the newspaper is all about the Port and our hiring, promotions, and Terry's retirement.

Executive Director Berg had a request for Commissioners: the Port is in the process of filling a customer service representative (CSR) position at Point Hudson and building teams to perform particular functions. Staff has interviewed two strong candidates and would like to hire both. Mr. Berg requested authorization to hire an additional CSR, because staff would like to have enough team members to be able deliver more hours of service, particularly in the evenings at Point Hudson, maybe here at Boat Haven, as well as to greet and welcome visitors to the marina and RV park and to enhance those levels of service. Mr. Berg said the request for Commission is for a motion to authorize the Port to hire an additional CSR now.

Commissioner Hanke asked if this would mean changing the Organizational Chart. Mr. Berg answered that doesn't really change the approved org. chart because it doesn't list numbers of employees.

**Commissioner Hanke moved to authorize staff to bring in a new CSR person for Point Hudson, and motion passed by unanimous vote.**

Deputy Director Toews gave an update on the status of negotiations with the county over the future of the Moderate Risk Waste facility (MRW), which began with stakeholder discussions regarding adding space in the Boat Haven yard for the long-term sustainability and enhancement of marine trades businesses. He said one tenant that really doesn't depend upon a location here at Boat Haven for success is Jefferson County's MRW facility, with a lease that ends in 2047. Discussions with Jefferson County began last year on this topic and have focused on an agreement to terminate the existing Interlocal Agreement (ILA), and the lease agreement early in December of 2024. This would allow the county three years to plan for this transition while ensuring we adequately provide for the needs of current MRW facility users. He said that under a new ILA the county would vacate the facility, remove all the waste and equipment and work with the Port to establish a collection program here at Boat Haven, and the Port would work closely with the county to establish dates and locations for collection events to be hosted here. Mr. Toews said the Port is to pay the county just under \$50,000 for the facilities that they've constructed over the years.

Commissioner Petranek noted that the MRW is only open for four hours once a week right now.

Kristian Ferrero commented that he's looking forward to the future in this new position.

Chris Sparks commented that the new 75-ton Travelift had arrived and asked if the Port should christen it. After discussion, it was decided to do the christening on Wednesday, February 16 at noon. Mr. Sparks said that the Port got the contract from Dept. of Natural Resources (DNR) to crush 13 DNR boats that are in long-term storage; and there are several more in the yard that will be disposed of to open up space for paying customers. Mr. Sparks noted that the yard staff would all be wearing high-visibility vests to designate them as Port staff and to be more customer-service friendly.

#### IX. COMMISSIONER COMMENTS (01:41:05)

Commissioner Hasse commented that she was delighted that Port staff are going to attend these meetings monthly and give Commissioners a report. She reported on the following meetings: Debbie Jahnke about possible native plants for the City/PUD/Port PIF grant (Sims Way project); Scott Wilson & Marion Roh to help redesign the Port logo with some exciting ideas that are more authentic and historically appropriate to be shared at a meeting in the future; Marine Resource Committee (MRC) and North Olympic Development Council (NODC) meetings, where there was an overwhelming amount of information. She commended Port Engineer Klontz for the great talk that he gave there regarding the Point Hudson Jetty, which was clear and thoughtful and discussed the big tide event in the midst. She also noted many ecologically important work, studies, and efforts that came to light at these meetings.



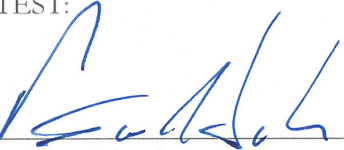
Commissioner Petranek commented that she, too, had been very busy, attended a WSU and local 2020 seminar called Growing Community Food System Resilience by David Seabrook. She attended an EDC board meeting where they welcomed a new board member and a new council member. At that meeting she volunteered to be on a steering committee called ASAP-Area Sector Analysis Process (for more information see pages 107-109 of the packet). Ms. Petranek gave a boat yard tour to our new PTMTA Vice President Ashlyn Brown and has plans for future boatyard tours with the Port's new environmental specialist and someone from the Washington State Maritime Heritage Corridor. She said she'd like to attend the North Olympic Development Council's series of climate change meetings, the first one being February November 18<sup>th</sup>. (Since Commissioner Hasse also wants to attend, staff can list it as a special meeting of the Port Commission.) Ms. Petranek noted another KPTZ interview for Our Working Waterfront would be the next day to interview a set of brothers who are working on boats.

- X. Next Public Workshop & Regular Business Meeting (01:50:07): Wednesday, February 23, 2022, at 5:30 p.m. via Zoom. (02:32:00)

XII. EXECUTIVE SESSION

- XIII. ADJOURNMENT: meeting adjourned at 3:33 p.m., there being no further business before the Commission.

ATTEST:

  
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Peter W. Hanke, Secretary

  
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Pamela A. Petranek, President

  
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Carol L. Hasse, Vice President