

PORT COMMISSION REGULAR BUSINESS MEETING – Wednesday, April 27, 2022

The Port of Port Townsend Commission met for a regular business session at the Port Townsend Yacht Club, 2503 Washington Street, Port Townsend, and also online via Zoom.

Present: Commissioners Hanke, Hasse* & Petranek
Executive Director Berg
Director of Finance & Administration Berg*
Director of Capital Projects & Port Engineer Klontz
Port Recorder Erickson
Port Attorney Woolson*

* *via Zoom online video*

I. CALL TO ORDER & PLEDGE OF ALLEGIANCE (00:00:08)
Commissioner Petranek called the meeting to order at 5:30 p.m.

II. APPROVAL OF AGENDA (00:01:08)
Agenda was approved as written by unanimous consent.

III. PUBLIC COMMENTS (00:01:18)

The following comments were sent in via email:

Ken Henshaw sent a comment via email regarding the Gardiner Boat Ramp project. He asked that the Port just replace the ramp, with no added facilities to make it attractive to the homeless.

Jeff Kelety wrote regarding the noise in front of ACI Sunday morning April 24, 2022. His decibel meter recorded 73, and he referred to EPA & WHO recommendations to keep environmental noises below 70 dBA to prevent noise-induced hearing loss.

No comments were made live at the meeting.

IV. CONSENT AGENDA (00:02:58)

A. Approval of Workshop & Regular Business Meeting Minutes from April 13, 2022.

B. Approval & Ratification of Warrants

Warrant #065100 in the amount of \$2,128.52 for Accounts Payable.

Warrant #065101 – #065104 in the amount of \$6,093.54 and Electronic Payment in the amount of \$107,470.50 for Payroll & Benefits.

Warrant #065105 - #065163 in the amount of \$339,218.78 for Accounts Payable.

Electronic Debit for \$9,044.31 to WA State Dept. of Revenue for Combined Excise Tax.

C. Hangar Site 5 Lease – JCIA Land Lease Agreement

D. JCIA AIP Grant Authorization – Resolution 769-22

Commissioner Petranek noted a small change to the minutes.

Consent Agenda was then approved as corrected by unanimous consent.

V. SECOND READING ~ none

VI. FIRST READING ~ none

VII. REGULAR BUSINESS (00:04:43)

A. Proposed revision of late fees (00:05:06)

Finance Director Berg noted that the Port has had the same late fees for twenty plus years, and in 2022 went from 1.5% to 5% with a minimum of \$25. As it was applied with the Port's updated MOLO software, it became clear that the minimum fee of \$25 for anything over \$10 charge was not fair for those smaller amounts. She suggested removing the minimum finance charge of \$25 and applying a minimum finance charge of 5% on charges over \$50 and past-due for over 30 days.

Commissioner Hasse asked how often the Port had to apply this late fee charge, how hard it was to get funds, and if the charge had to be made manually for each past-due account.

Ms. Berg answered that it happened frequently, that the ease of getting the funds depended on the situation (the charge is a reminder or incentive to stay current with balances due); using MOLO, the late fee will be applied automatically.

Commissioner Hanke moved to approve the proposal to eliminate the \$25 minimum late charge and apply only the 5% late fee on amounts over-due to the Port that exceed \$50.00, effective upon passing. Motion passed by unanimous vote.

B. March (Quarter 1) Year-to-Date Financials (00:10:22)

Finance Director Berg referred to her memo on page 60 of the packet and reviewed the Operations Revenue five-year trend graph there. She noted a few corrections (*and later provided*

a corrected March 2022 Financial report & memo for the record, which differs from what was stated at the meeting). She said that departmentally the yard continues to be the most robust revenue generator for the port, showing a 12% increase in revenues when compared to 2021, which is 56% of the total increase from last year.

Commissioner Hanke commented that the numbers looked good despite the pandemic, with approximately \$500,000 increase in revenue over 5 years and a \$270,300 increase in expenses for that same period, which is practically 2:1 in revenue vs. expenses, so good job!

Commissioner Hasse commented that she would like to see operation revenues and operation expenses in each of the 5 years together on the chart so the commission could easily see gross and net profit and show the trend of where the Port stands.

Finance Director Berg referred to page 61 of the packet and reviewed the expenses trend compared to the revenue trend, as Commissioner Hanke commented on, is a 2:1 ratio showing how we've grown in that five-year period. We've also grown in FTEs to build capacity for capital projects and improve customer service. She said debt service obligations had no activity for this report; one correction is that the title "total debt service for 2021" should be 2022. She stated the Port still has plans to retire these debts earlier in 2027, if things go as planned. She referred to page 62 which shows Capital Project Expenses Year-to-date. Commissioner Petranek suggested we add a column on this table showing amounts budgeted by project, as applicable. Ms. Berg reported that the Port's cash balances look healthy, with an increase of \$2.4 million in reserves; the majority of that increase is in IDD funds. The year-to-year decrease in unreserved cash is directly related to the 75-ton pay off in January 2022.

Commissioner Hasse asked Ms. Berg if she still felt the Port would be doing well after we begin spending the money set aside for large capital projects. Ms. Berg said she felt that the Port would be okay based on what is set aside for the jetty project, and in a worst-case scenario there is a \$7 million line of credit (LOC) as a bridge loan to temporarily fund deficiencies.

Commissioner Hanke noted the cost of a new 300-ton Travelift is currently approximately \$1.68 million and asked about planning for that expenditure.

Executive Director Berg said that staff hoped to bring a twenty-year look ahead to commission this fall, that would include capital projects and equipment expenses, with assumptions about how much they'll cost escalated to the future day when the Port will need them, as well as what the Port would contribute vs. grant dollars, then figuring out how much the Port needs to save each year to have the amount needed for the project or equipment in the year that the Port needs it. That would be the target balance of the Port-wide Capital Reserve Fund, which today has \$835,000. He said he was also working on an aggregation of all these future costs, with an assumption of approximately 20% of the full cost as the Port's matching requirement for grant funding. The US Dept. of Agriculture World Development State Director will be visiting our Port tomorrow and she will take a look at our 300-ton Travelift; her department has a way to fund them, but there are not a lot of funds available in the program.

Commissioner Hanke said metal is expensive, and costs are rising, and with inflation the cost of a replacement will be even higher than today; he suggested that the Port plan for this, based on what will go up in cost faster (e.g. breakwater or Travelift).

Commissioner Hasse asked about availability of electric Travelifts, and Executive Director Berg said there is a Beta version for \$2.6 million (\$1 million extra).

Finance Director Berg continued the review of the March YTD report by moving to page 63 of the packet where the financial statement showed the comparison of March 2021 & 2022 Operating Revenues & Expenditures Year-to-date, along with YTD budget and variance to the budget. Overall operating revenues increased by 7.3% when compared to 2021 and 11% when compared to budget. Expenses year-to-date are about 10% greater than 2021 and 6% as compared to budget.

Commissioner Petranek asked whether the payment on the Line of Credit (LOC) for \$250,000 (Item D, page 64 of the packet) was Airport money. Ms. Berg confirmed that this was money used for the 2020 JCIA project, and the LOC was paid off in January 2021. Ms. Petranek asked Ms. Berg to explain the increase in marketing on page 63 in March of 2022 for \$17,000 compared to \$6,000 in 2021. Ms. Berg said the 2022 costs included legal ads, employment ads, and an increase in direct marketing like Scott Wilson's work—Port Reports, ads through the NWMC, 48° North, etc.

C. Update on consultant selection for Sims Way Gateway & Boatyard Expansion Project (00:32:53)

Port Engineer Klontz said that the Port is working in cooperation with Jefferson County PUD#1 and the City of Port Townsend on this project and has taken the lead on the selection of the consultant to provide engagement services for stakeholder meetings. Port staff interviewed the two firms who bid on this project, and the best of the two was SCJ Alliance.

Commissioner Hanke asked about the timeline for the project, and Mr. Klontz said that by late August they would have a good understanding of the project concept, so that in September the stakeholder group can start to present to PUD what the plan is and how it will impact power lines, with work potentially being done in the summer / fall of 2023.

Commissioner Petranek asked why SCJ Alliance had been chosen, and Mr. Klontz said they have a landscape architect who was part of the Gateway Development Plan 30 years ago so there is continuity there; they also brought a tree expert to the table with extensive experience.

Commissioner Hasse asked if the Port had gotten ahead of itself by declaring our vision of this project in order to get the funding, before we had asked the community for their input.

Executive Director Berg said he couldn't imagine it playing out differently, because at the key points in time we were acting with the understanding that there was an emergency to be handled in the moment. The PUD had the authority to address the emergency immediately without any input from the community, but instead stopped the process of tree removal and de-powered the high-voltage lines; this cost the Port \$50,000 in an insurance claim for damages during a power outage. He said at the time it wouldn't have been possible to engage with the community; we had a hazard that was threatening the life and safety of Port employees and tenants as a fire danger with burn marks on poplars. He commented that although we're getting input from the community, it's unlikely we'll get broad consensus that removing long-standing poplars is a good thing to do, and this is a significant project in terms of look and feel of the result. He also said that there had been lots of discussions at multiple public meetings with no public comments until there was an article in the paper. He underscored that there are lessons to be learned and more opportunities to engage with the community as we imagine any project big enough for a multi-jurisdictional engagement.

Commissioner Petranek said that Jefferson County PUD could have just removed the tree, and they are literally putting themselves out on a limb, because their job is to safely and reliably provide power to Jefferson County. She said PUD staff had reached out to the City and Port to see if we could all work together on a project and make lemonade out of lemons.

VIII. STAFF COMMENTS (00:49:05)

Executive Director Berg commented on events from his calendar:

- Former Commissioner Herb Beck had passed away; his service and memorial will be on Saturday May 7. After 36 years of services as a Port Commissioner, his family requested the use of the Port logo on his gravestone.
- The USDA World Development State Director visit April 28, when he will mention the 300-ton Travelift, as they have a fund for this purpose which would require 35% match; however, the state has allocated only a few hundred thousand dollars for this fund.
- He will be meeting with Congressman Kilmer on May 6 to talk about Boat Haven main breakwater and west expansion of 3.7 acres of the boatyard (which includes construction of a stormwater facility to address the City and State's water that appears to have been dumped on Port property and created a non-jurisdictional wetland, and the construction of a couple of workspaces for 300-ton lift accessible work). He said he was hoping to achieve a sense that this might be a project for 2023 congressional spending request.
- He will attend the WPPA Spring Meeting next week, May 4-6, travelling there immediately following the Quilcene evening meeting on May 3.
- On May 9 he will attend a Gardiner Community meeting put together by Jefferson County Commissioner Brotherton regarding the Gardiner Boat Launch, and uplands.
- On May 18 & 19 the Commission Retreat will take place in the Point Hudson Pavilion building; from 10:00 am – 3:00 pm both days.

Mr. Berg added that the boatyard continues to be very busy and working beyond capacity.

Director of Capital Projects Klontz reported that on Tuesday, May 3 he was hosting a contractors' open house for the Point Hudson Jetty project (not open to the public), which is right before the Community meeting in Quilcene that evening. He commented that the Statements of Qualifications are due on May 10 for the Boat Haven Stormwater Improvement project.

Director of Finance and Administration Berg commented that Jeanine Johanson had been hired as the next Accounts Receivable person, replacing Jean Jameson, and that staff were in negotiations to hire a person to replace Karen Erickson, Port Recorder. She reported that she had finished the 2021 Annual Report, to be audited in 2023, and it will be on the website soon. She said a financial model had been created for Quilcene to project potential impacts of different scenarios based on potential revenue, expenditures, projects, and types of funding. As a comparison to Quilcene, this model will be populated with Boat Haven Marina data since it is profitable. We plan to use this model for each department Port-wide for the 2023 budget.

IX. COMMISSIONER COMMENTS (01:02:17)

Commissioner Hanke commented on the passing of former Commissioner Beck, who lived in Quilcene, was the patriarch for that community, and much of what he gave as advice regarding the position of commissioner made sense after being a commissioner for 9 years: "Don't get stuck in the b.s., keep it simple, keep projects moving forward;" he liked to get projects done. Mr. Hanke said he respected Mr. Beck because he was community minded, fought for what was right, and wasn't afraid to give his opinion.

Former Commissioner Bill Putney (attending as a citizen) said that he met Mr. Beck at a county fair where he spoke to Bill at length about the Port because he was concerned as a citizen. Mr. Putney said serving in public office is about public service, and Mr. Beck did that in spades.

Commissioner Hasse commented that Mr. Beck loved Quilcene and cherished his community; he was a true public servant.

Commissioner Petranek said the first time she'd met Mr. Beck was at a Port meeting in Quilcene when he spoke up to the Commission asking them to save Quilcene, which greatly impressed her.

Commissioner Hasse said she had attended the Salish Sea Ecosystem Conference where a Canadian First Nation Native spoke about the climate crisis, and how we need to work now to set new standards and values; our responsibility and obligation is to do this in collaboration with our community in order to make the best impact possible on the environment. She learned about a complete salmon-safe airport where they are using bioswales, solar panels, and other mitigations to keep toxins out of the Frazer River, which flows into the Salish Sea. She thought the Port should ask our community what they want at our airport—a shelter building for emergencies, food storage, or out-of-the-weather pilot planning space. She then asked if perhaps the Port could move faster on the Point Hudson leases.

Commissioner Petranek said she had attended the three-day Salish Sea conference as well; she was impressed with the number of scientists teaching classes. The opening Native speaker used a phrase throughout his speech "from snow cap to white cap" in thinking about our region. Classes were on salmon, whales, derelict vessels, etc. that can be accessed online later. She commented on a book she just finished called The Tyranny of Metrics which talks about how paying too much attention to the numbers bogs down creativity and innovation.

Commissioner Hanke said he had enjoyed the multi-tour boat trip to Ports of Friday Harbor and Anacortes. He had captained the boat, Red Head, taking Port staff to these Ports (as a way to keep down costs) and had enjoyed the collaboration, seeing new things (like a solar-powered pump-out barge), and coming up with so many ideas. He said the Port should have another such trip and he could let someone else drive the boat so that a different commissioner could attend. (Mr. Berg said next on the list were Ports with boatyards.)

X. Next Public Workshop & Regular Business Meeting (01:22:05): Wednesday, May 11, 2022, Workshop at 9:30 a.m. & Meeting at 1:00 p.m., at PTYC & via Zoom.


XII. EXECUTIVE SESSION ~ pursuant to RCW 42.30.110(1)(b) to consider the selection of a site or the acquisition of real estate (01:22:35)

Meeting moved to executive session at 6:55 p.m. Commissioners expected to take approximately 30 minutes in Executive Session with no action in public session afterwards.

Commissioner Petranek called the meeting to back to order at 7:43 p.m. (*Second Recording*)

XIII. ADJOURNMENT: meeting adjourned at 7:44 p.m., there being no further business before the Commission.

ATTEST:



Peter W. Hanke, Secretary



Pamela A. Petranek, President



Carol L. Hasse, Vice President