



2nd Monthly Meeting Agenda
Wednesday, April 27, 2022, 5:30 p.m.

**To be held in person at the Port Townsend Yacht Club (PTYC), 2503 Washington Street
and also online**

Via <https://zoom.us/> – or call (253) 215-8782, use Webinar ID: 862 6904 3651, Password: 911887

- I. Call to Order / Pledge of Allegiance
- II. Approval of Agenda
- III. Public Comments
- IV. Consent Agenda
 - A. Approval of Workshop & Business Meeting Minutes from April 13, 2022 1-6
 - B. Approval & Ratification of Warrants 7-17
 - C. Hangar Site 5 Lease – JCIA Land Lease Agreement..... 18-51
 - D. JCIA AIP Grant Authorization – Resolution 769-22 52-55
- V. Second Reading ~ none
- VI. First Reading ~ none
- VII. Regular Business
 - A. Proposed revision of late fees..... 56-58
 - B. March (Quarter 1) Year-to-Date Financials 59-64
 - C. Update on consultant selection, Gateway & Boatyard Expansion Project 65-66
- VIII. Staff Comments
- IX. Commissioner Comments
- X. Next Public Workshop & Regular Business Meeting: Wednesday, May 11, 2022,
at PTYC & via Zoom, with Public Workshop at 9:30 a.m. and Regular Meeting at 1:00 p.m.
- XI. Executive Session ~ pursuant to RCW 42.30.110(1)(b) to consider the selection of a site or the
acquisition of real estate
- XII. Adjournment
- Informational Items 67
 - Detailed March 2022 Financial Report 68-72
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 - Letter of Support, Maritime Washington National Heritage Area..... 74
 - EDC Team Jefferson Q3 (January-March 2022) report 75-86

PORT COMMISSION PUBLIC WORKSHOP – April 13, 2022

The Port of Port Townsend Commission met for a Public Workshop
Port Townsend Yacht Club, 2503 Washington Street & online via Zoom

Present: Commissioners Hanke and Petranek
Deputy Director Toews
Finance Director Berg
Director of Capital Projects & Port Engineer Klontz
Operations Manager Sparks
Harbormaster Ferrero
Recorder Erickson

Present online via Zoom: Commissioner Hasse, Executive Director Berg

I. CALL TO ORDER:

Commissioner Petranek opened the Workshop at 9:30 a.m.

II. AGENDA:

- Seasonal 70/75 ton Boatyard Rates
Commissioners and staff discussed the reason the Seasonal Discount was implemented in 2018 (to fill the yard—more revenue for the Port & more work for marine trades). However, there are diminishing marginal returns now that the yard is very full; this creates frustration for longtime customers, doesn't drive work to trades or revenue to Port for haul-outs. Many ideas were deliberated:
 - Sunset current seasonal discount & consider increasing storage rates.
 - No discount might incentivize projects to be completed and boats to splash.
 - Consider shorter timeframe for seasonal rate, or smaller percentage off (25%).
 - Do not discount automatically for boats in yard year-round & year after year.
 - Raise the rate for storage; start after 60 days, if no work being done on the boat.
 - Limit number of boats in storage and have a waitlist for storage.
 - Allow current rates to go forward without seasonal discount this coming fall.
 - Sunset the seasonal discount, then do a comparative rate & availability study.
 - Consider reducing monthly rates to be competitive, with no discount.

III. EXECUTIVE SESSION

The Commission went into executive session at 11:00 a.m., pursuant to RCW 42.30.110(1)(b) to consider the selection of a site or the acquisition of real estate. The executive session was estimated to be 30 minutes with no decision being made afterwards.

III. ADJOURNMENT:

The Workshop reopened and adjourned at 12:00 p.m.

ATTEST:

Peter W. Hanke, Secretary

Pamela A. Petranek, President

Carol Hasse, Vice President

PORT COMMISSION REGULAR BUSINESS MEETING – Wednesday, April 13, 2022, 1:00 p.m.

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 Petranek
Deputy Director Toews
Director of Finance & Administration Berg
Port Engineer & Director of Capital Projects Klontz
Harbormaster Ferrero
Lease Administrator Nelson
Port Recorder Erickson

Present via Zoom online video: Commissioner Hasse
Executive Director Berg
Operations Manager Sparks
Port Attorney Woolson

I. CALL TO ORDER & PLEDGE OF ALLEGIANCE (00:00:05)

Commissioner Petranek called the meeting to order at 1:00 p.m.

II. APPROVAL OF AGENDA (00:01:22)

Item V. was changed; recognition will be for Shannon Meehan only. Recognition of Jean Jameson will take place at a subsequent meeting.

Agenda was approved as amended by unanimous consent.

III. PUBLIC COMMENTS (00:02:12)

The following comments were sent in via email:

Linda Fitzgerald commented on a communication problem on March 23 for the meeting on that day. She wrote to remind Commissioners about the Gardiner Community Plan, which has been in effect since 1988, and which mentions the Gardiner Boat Ramp. She wrote that the boat ramp has not been maintained and that what the Port does at the boat ramp affects the Gardiner community.

IV. CONSENT AGENDA (00:3:52)

A. Approval of Regular Business Meeting Minutes from March 23, 2022.

B. Approval & Ratification of Warrants

Warrant #065015 in the amount of \$5,152.44 for Accounts Payable.

Warrant #065016 through #065017 in the amount of \$476.00 for Accounts Payable.

Warrant #065018 through #065023 in the amount of \$27,487.62 and Electronic Payment in the amount of \$192,288.52 for Payroll and Benefits.

Warrant #065024 in the amount of \$1,956.42 for Accounts Payable.

Warrant #065025 in the amount of \$2,808.00 for Accounts Payable.

Warrant #065026 through #065099 in the amount of \$151,327.67 for Accounts Payable.

Electronic Debit for \$3,009.63 to WA St. Employment Security Dept. for Family Medical Leave.

Electronic Debit for \$25,421.70 to WA State Dept. of Labor & Industries for 1st quarter taxes.

C. Reid Middleton Contract - Boatyard West Expansion

D. Resolution 768-22 Adopting County Redistricting after 2020 Census

Commissioner Hasse commented that she would like to see explicit wording on the Reid Middleton contract for design to factor in sea-level rise, making sure the grade is appropriate.

Deputy Director Toews said that sea-level rise is part of the basis for design on any project, that Reid Middleton is doing engineering and cost estimating, and that staff will be responsible for

design review. He said staff would reach out to a stakeholder group and possibly the Climate Action Committee to be sure the project would meet these design parameters.

Consent Agenda was then approved by unanimous consent.

V. Special Presentation: Recognition of 15 years at the Port for Shannon Meehan (00:08:44)

Commissioner Petranek said that Shannon had dedicated the last 15 years to awesome, stellar service in every interaction. She said every interaction with Shannon is personal, of quality, and very precise. She said she loved asking her questions, as she is always welcoming and helpful.

Harbormaster Ferrero stated he had worked all of his years at the Port with Shannon, and she had backed him up and helped him grow into the person he is today. He said she is sought out because she's the definition of customer service, a great example to follow. He said she has great relationships with Marine Trades and the commercial fleet, and she is a huge role model with all the Customer Service Representatives (CSR).

Deputy Director Toews said customers love Shannon because she employs the golden rule—do unto others as you would have them do unto you. He said he was glad she had agreed to step into the role of yard lead.

Shannon Meehan said she enjoys the comradery with her coworkers and working on a team where any time you need it, there is someone who will help you out. She said customers make her work fun and it's easy to be nice to a good customer.

Lease Administrator Nelson said that Shannon has been an incredible worker who is dedicated to what is right and is highly respected by everyone with whom she works.

Director of Finance & Administration Berg said that whenever she got a call or email from Shannon, she has always been very specific and gives just the right amount of detail to help her understand the situation. She said that Shannon was very diligent and exacting, which is appreciated by the customers and port staff.

VI. SECOND READING ~ none

VII. FIRST READING ~ none

VIII. REGULAR BUSINESS (00:14:19)

A. Point Hudson Jetty Update (00:14:30)

Director of Capital Projects & Port Engineer Klontz said it is hard to believe, but things are getting very real for the Point Hudson Jetty Project:

- A lot of key environmental permits have come in this month, including the Army Corps of Engineers permit that allows us to do in-water work—a huge milestone.
- The timing is great—the Port can still go out to bid and potentially start work this fall after the Wooden Boat Festival.
- Port staff is working hard to finalize the design and specifications.
- Port staff is working closely with US Dept. of Commerce Economic Development Administration (EDA), the primary funding agency (with ~\$7 million), to finalize the funding agreement.
- The goal is to advertise the project to contractors in mid-May and open bids in mid-June.
- Port staff is optimistic about funding, depending on bid opening in June:
 - The latest engineers estimate shows a cost increase of \$2 million.
 - The Port was successful in securing \$1.5 million from the State's supplemental budget, which helps to close the gap in funding.
 - The EDA may still contribute additional funding.

- o The design phase may be paid for by the Dept. of Fish & Wildlife.

Deputy Director Toews noted the Port's positive communications with the EDA and felt that the Port was on track to see the funding agreement soon which would solidify the funding award, allowing the Port to clarify any special conditions required to be in the bid documents. He thanked the City of Port Townsend for expediting permits, which was instrumental in allowing the Port to stay on schedule with permitting.

Port Engineer Klontz said that in the current bid climate contractors are being selective about the work done due to many things, one of which is worker shortages, another consideration is commute time for workers. He planned to place an ad in the Daily Journal of Commerce for an (optional) open-house event on Tuesday, May 3rd, which he hoped would build interest in the project before advertising for bids.

Commissioner Hasse asked what would happen if all the bids come in far above the current engineer's estimate. Port Engineer Klontz said that in that scenario, there is a 60-day period after bid opening when the Port is allowed to reach out to funding agencies and ask for more money. Another option would be to elect to do portions of the project, then work to find funding for other portions.

Commissioner Petranek asked questions about the details of funding, and Deputy Director Toews and Port Engineer Klontz gave details on the project costs and different funding sources. Commissioners and staff celebrated the likelihood of construction starting this fall.

Executive Director Eron Berg cautioned that there will be major impacts to the community. He said it will be loud and dusty, there will be vibrations and light pollution six days a week and for long hours—it's not going to be quiet.

B. IDD Levy Financial Report, Quarter 1, 2022 (00:36:54)

Finance Director Berg referred to page 51 of the packet for this report which she said is a snapshot update for the first quarter of 2022 showing where the Port is with IDD funds, and where it started in 2020. In this first quarter of 2022, the Port has taken in about \$375,000, or about 14% of this year's levy. Spending in the first quarter was about \$106,000; however, the Port anticipates spending \$2 million on the Point Hudson Jetty this year. She asked if the Commission were comfortable with the way the report was presented.

Commissioner Hasse asked about funding for the Point Hudson preservation and dock replacement projects. Port Engineer Klontz said the preservation funding was slated for the roofs and would be a multi-year, phased project. The dock replacement was for all marinas and is also going to be phased.

Commissioner Petranek said she wanted to be able to see the total IDD funds received, total IDD funds spent, and the total remaining, and went over the report with Ms. Berg.

IX. STAFF COMMENTS (00:49:40)

Deputy Director Toews commented that staff had had a wonderful opportunity to visit two sister ports in the region—Commissioner Hanke drove his company tour boat to the Port of Friday Harbor (PoFH) and the Port of Anacortes (PoA)—to learn from them, build comradery with staff, and see what other ports do. He said that these two ports are well regarded and offer stellar visitor service that we'd like to emulate here. He noted that the signage was first rate at PoFH leaving little ambiguity as to where to go and what to look for at the Port, which is transient-oriented like Point Hudson. They have worked for a long time to get their dock attendant program running at PoFH using high-school students, much like our program in conjunction with the Maritime Center, where they direct traffic and provide eyes & ears on the docks. Mr. Toews noted PoFH has maintenance team of 9 without the breadth of our facilities, enabling them to do dock rehab

and maintenance in house. They also have a grant-funded pump-out boat constructed a land base to facilitate the boat. At PoA, staff were justifiably very proud and happy to give a tour of their port. He especially liked the aluminum ladders that PoA has on their docks, which float and are easy to deploy. He found it interesting talking to them about the way they've routinized everything with cameras everywhere (as does PoFH) with real-time information for staff to help people and also catch vandals. He reported lots of lessons learned and hoped to return the favor to them.

Harbormaster Ferrero said the CSRs were all very grateful to do the trip and discuss among themselves places they always hear about from boaters who are coming from those ports, and to meet their counterparts in person. He said it was great for morale; his whole team is full of ideas, and they will brainstorm to decide what to do next with all that they had learned. He said that since one of the two ports will be implementing an RV park and another will be implementing a yard soon, he expected their staff to come visit our Port to see how we work.

Director of Finance and Administration Berg said she enjoyed the trip and agreed with Deputy Director Toews about learning from their signage, floats, and pump-outs. She said Anacortes had 6 staff and 2 commissioners meet them at the dock. She thought it would be nice to visit there in the summer to see their dock program in action. She said Friday Harbor has nine on their maintenance staff just for the marina; they have more maintenance staff dedicated to their airport. In addition to an incredible camera system, they have a dedicated IT staff.

Port Engineer Klontz said he thought the Port of Port Townsend is unique in that we have such a large boatyard and our building facilities are more diverse.

Lease Administrator Nelson referred to her Lease Brief in the packet and highlighted a few things: two new tenants in the Nomura building (PTMTA and Sea Grant); SEA Marine is out of the Cupola Annex and WA Dept. of Fish & Wildlife is talking about adding that to their lease; and annual CPI increases. Commissioner Hasse asked clarifying questions about certain Port buildings available for rent, and then asked what the difference was between market-rate increase and step increase. Ms. Nelson said step increases were a way for lessees to step into the full rate of the lease in increments to get to the market rate.

Port Engineer Klontz gave updates on two projects: (1) the Port is currently soliciting for engineers to help with stormwater system design on the Boat Haven Stormwater Project; (2) the first stakeholders meeting for the Sims Way Gateway & Boatyard Expansion project was yesterday. He said on April 20th staff will interview two engineering firms that submitted Statements of Qualifications to help us with the design on the Gateway project; a contract will be prepared for Commission authorization.

Commissioner Petranek asked about the status of the Pavilion Building HVAC, and Operations Manager Sparks said the building would definitely be done in time for the Commissioners Retreat (which is planned for May 18-19, 2022).

Operations Manager Sparks said that the remodeling of the old Coast Guard building (new Marina office) was coming along: the insulation is in, and sheetrock would be installed next week; his team then plans to do exterior work on the building while waiting for a permit before moving it. He said after the building is moved there will be more work to do until it's ready for occupancy. He reported that mowing season at the airport has begun. He said the Yard & Maintenance teams are working well together. He said that several PUD jobs are in progress to help the Port get more power at Point Hudson.

X. COMMISSIONER COMMENTS (01:12:10)

Commissioner Hasse commented that it was great news about getting a grant from the Sea Tow foundation for loaner life jackets at Point Hudson. She attended the second of three NODC

climate sessions to come up with a climate change preparedness report; this session was refining priorities further and looking at regional strategies. She wondered if the Port had ever done any research on our transportation emissions and what mitigation factors we might employ. Among the goals and objectives in the meeting, of interest to her were agricultural sustainability and increased interagency collaboration on wildfire risk & response. She attended the Chamber Café where Jefferson County Library Director Tamara Meredith spoke about what the library is doing to inspire people and partner with school districts in their library program, which she thought should include teaching students about marine trades. She also attended the Climate Action Coalition and wanted to promote two things from that meeting: (1) a June 1 car-free day with a competition between City, County & Port for the fewest people driving; (2) a hazard mitigation plan of our community – specifically in the case of wildfires. She attended a PTMTA Maritime Advisory group meeting where they requested a seasonal yard rate study. She thought it would be a good idea to require special insurance for long-term storage so that if the Port ends up with a derelict boat, we wouldn't have to pay for its demolition. Another concept from the meeting was to have an inter-governmental vision about parking, including location, cost, and how to encourage use of shuttle buses/trolleys, etc. And finally, another idea from this group was to explicitly build into leases acceptable behavior of the lessee, whether it is to do with noise, toxic fumes, or any other safety concerns; this way, when people complain, the Port would have a mechanism to move lessees into compliance with Port policy.

Commissioner Petranek attended the Sims Way Gateway & Boatyard Expansion project stakeholder meeting the night before and had the highest accolades for how all involved (Port, City, PUD & citizens) were working well together. She attended the April 1st NODC Climate Change meeting, where they looked at the highest priorities for climate change that we can make progress on in our region, which she noted were water supply, transportation, and energy usage. On April 5, she represented the Port at the Jefferson County Marine Resource Committee meeting where WSF&W did a presentation on forage fish. She said she made a motion at that meeting to support the installation of a new plankton sculpture at Pope Marine Park. On April 6th she did another KPTZ interview with Chris Bricker, this one with Joel Kawahara, a third generation Quilcene resident with lots of education and fishing experience who works to preserve marine habitat. On April 7th, she attended the EDC board meeting, where an attorney who specializes in non-profits gave a special presentation. She reported that the EDC had sent an area sector analysis survey to county citizens to collect data on economic vs. environmental priorities.

Commissioner Hasse reported that the Chamber of Commerce had organized a Women in Maritime Café that was well attended. Ms. Hasse spoke, along with other women--young and older--who work in and around our Port.

- XI. Next Regular Business Meeting (01:27:04): Wednesday, April 27, 2022, at 5:30 p.m. at the PTYC & via Zoom.
- XII. EXECUTIVE SESSION ~ none.
- XIII. ADJOURNMENT (01:28:17): meeting adjourned at 2:28 p.m., there being no further business before the Commission.

ATTEST:

Peter W. Hanke, Secretary

Pamela A. Petranek, President

Carol L. Hasse, Vice President



PO Box 1180 • Port Townsend, WA 98368

Administration: (360) 385-0656

Operations: (360) 385-2355

Fax: (360) 385-3988

ELECTRONIC DEBIT – Kitsap Bank

We, the undersigned, as Commissioners and Auditing Officer of the Port of Port Townsend, in Jefferson County, Washington, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein and that the claim is a just, due and unpaid obligation of the Port of Port Townsend, that we are authorized to authenticate and certify said claim, and that the Electronic Debit from the Port Checking Account held at Kitsap Bank is approved for payment in the amount of **\$9,044.31 is ratified.**

Signed and Authenticated on this **27th** day of **April**, **2022**.

For: Washington State, Department of Revenue

Combined Excise Tax Return – for **March, 2022** in the amount of **\$9,044.31.**

Commissioner Pam Petranek

Commissioner Carol Hasse

Commissioner Pete W. Hanke

S. Abigail Berg, Director of Finance
and Administration

Washington State Department of Revenue

Your Return has been submitted and your confirmation number is **0-025-968-665**

Below is information from your Monthly Return for the period ending March 31, 2022

Filing Date	April 12, 2022
Account ID	161-000-044
Primary Name	BOAT HAVEN FUEL DOCK
Payment Method	ACH Debit/E-Check
Payment Effective	April 18, 2022
Total Tax	10,808.06
Total Credits	1,763.75
Total Due	9,044.31



Combined Excise Tax Return

161-000-044
BOAT HAVEN FUEL DOCK
PORT OF PORT TOWNSEND

Filing Period: March 31, 2022

Due Date: April 25, 2022

Filing Frequency: Monthly

Business & Occupation

Tax Classification	Gross Amount	Deductions	Taxable Amount	Tax Rate	Tax Due
Retailing	90,513.92	0.00	90,513.92	0.004710	426.32
Service and Other Activities (\$1 million or greater in prior year)	67,216.68	0.00	67,216.68	0.017500	1,176.29
Total Business & Occupation					1,602.61

State Sales and Use

Tax Classification	Gross Amount	Deductions	Taxable Amount	Tax Rate	Tax Due
Retail Sales	90,513.92	0.00	90,513.92	0.065000	5,883.40
Use Tax	4,050.80	0.00	4,050.80	0.065000	263.30
Total State Sales and Use					6,146.70

Public Utility Tax

Tax Classification	Gross Amount	Deductions	Taxable Amount	Tax Rate	Tax Due
Other Public Service Business	7,420.80	0.00	7,420.80	0.019260	142.92
Water Distribution	362.29	0.00	362.29	0.050290	18.22
Total Public Utility Tax					161.14

Deductions

Tax Classification	Deduction	Amount
Business & Occupation		
Retailing	Motor Vehicle Fuel Tax	0.00
State Sales and Use		
Retail Sales	Motor Vehicle Fuel Sales	0.00

Credits

	Amount
Main Street Credit	1,602.61
Main Street Credit	161.14
Total Credits	1,763.75

Local City and/or County Sales Tax

Location	Taxable Amount	Tax Rate	Tax Due
1601 - PORT TOWNSEND	90,513.92	0.026000	2,353.36
Total Local City and/or County Sales Tax			2,353.36

Local City and/or County Use Tax/Deferred Sales Tax

Location	Taxable Amount	Tax Rate	Tax Due
1601 - PORT TOWNSEND	4,050.80	0.026000	105.32
Total Local City and/or County Use Tax/Deferred Sales Tax			105.32

Transient Rental Income

Location	Income
1601 - PORT TOWNSEND	21,946.50
Total Transient Rental Income	21,946.50

Special Hotel/Motel

Location	Taxable Amount	Tax Rate	Tax Due
1601 - PORT TOWNSEND	21,946.50	0.020000	438.93
Total Special Hotel/Motel			438.93

Total Tax	10,808.06
Total Credits	1,763.75
Subtotal	9,044.31
Total Amount Owed	9,044.31

Prepared By: Donna Frary
E-Mail Address: donna@portofpt.com
Submitted Date: 4/12/2022
Confirmation #: 0-025-968-665

Payment Type: ACH Debit/E-Check
Amount: \$9,044.31
Effective Date: 4/18/2022



PO Box 1180 • Port Townsend, WA 98368

Administration: (360) 385-0656

Operations: (360) 385-2355

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WARRANT APPROVAL

We, the undersigned, as Commissioners and Auditing Officer of the Port of Port Townsend, in Jefferson County, Washington, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein, and that the claims is a just, due and unpaid obligation of the Port of Port Townsend, that I am authorized to authenticate and certify to said claim and that these claims, in Warrants No 065100 generated on April 13th, 2022 in the amount of \$2,128.52 is ratified.

Signed and Authenticated on this 27th day of April, 2022.

For: Accounts Payable

Commissioner Pam Petranek

Commissioner Carol Hasse

Commissioner Pete W. Hanke

S. Abigail Berg, Director of Finance
And Administration

Check Register
 Journal Posting Date: 4/13/2022
 Register Number: CD-000919

Port of Port Townsend (PTA)

Bank Code: W - WARRANTS PAYABLE							
Check Number	Check Date	Vendor	Invoice Number	Invoice Date	Invoice Amount	Discount Applied	Payment Amount
0000065100	4/13/2022	CIT010	City of Port Townsend				
			BLD22-069	4/12/2022	2,128.52	0.00	2,128.52
Report Total:					2,128.52	0.00	2,128.52

Check Entry Number: 001



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Administration: (360) 385-0656
3988

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WARRANT/ELECTRONIC PAYMENT APPROVAL

We, the undersigned, as Commissioners and Auditing Officer of the Port of Port Townsend, in Jefferson County, Washington, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein, and that the claims are just, due and unpaid obligations against the Port of Port Townsend, that we are authorized to authenticate and certify to said claim and that payment of these claims, in Warrant No 065101 through No. 065104 generated on April 15th, 2022 in the amount of \$6,093.54 and Electronic Payment in the amount of \$107,470.50, for a total amount of \$113,564.04 is ratified.

Signed and Authenticated on this 27th day of April, 2022.

For: Payroll and Benefits

Commissioner Pam Petranek

Commissioner Carol Hasse

Commissioner Pete W. Hanke

S. Abigail Berg, Director of Finance
And Administration



PO Box 1180 • Port Townsend, WA 98368

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Operations: (360) 385-2355

Fax: (360) 385-3988

WARRANT APPROVAL

We, the undersigned, as Commissioners and Auditing Officer of the Port of Port Townsend, in Jefferson County, Washington, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein, and that the claims is a just, due and unpaid obligation of the Port of Port Townsend, that I am authorized to authenticate and certify to said claim and that these claims, in Warrant No **065105** through No. **065163**, are approved for payment in the amount of **\$339,218.78** on this **27th** day of **April**, **2022**.

For: **Accounts Payable**

Commissioner Pam Petranek

Commissioner Carol Hasse

Commissioner Pete W. Hanke

S. Abigail Berg, Director of Finance
And Administration

Check Register

Journal Posting Date: 4/27/2022

Register Number: CD-000921

Port of Port Townsend (PTA)

Bank Code: W - WARRANTS PAYABLE							
Check Number	Check Date	Vendor	Invoice Number	Invoice Date	Invoice Amount	Discount Applied	Payment Amount
0000065105	4/27/2022	48N010	48 North				Check Entry Number: 001
			20226470	3/31/2022	786.00	0.00	786.00
0000065106	4/27/2022	A+E001	A+ Equipment Rentals, Inc				Check Entry Number: 001
			77894-1	4/13/2022	61.64	0.00	61.64
0000065107	4/27/2022	ARM030	Armstrong Consolidated LLC				Check Entry Number: 001
			4100	3/23/2022	153.26	0.00	153.26
			4114	4/13/2022	229.47	0.00	229.47
Check 0000065107 Total:					382.73	0.00	382.73
0000065108	4/27/2022	BAN005	Bank of America				Check Entry Number: 001
			4/5/22 STATEMENT	4/5/2022	11,242.77	0.00	11,242.77
0000065109	4/27/2022	BOT040	Botero & Son Electrical LLC				Check Entry Number: 001
			22-2367	2/23/2022	6,453.00	0.00	6,453.00
0000065110	4/27/2022	C&F010	C&F Insulation				Check Entry Number: 001
			13828	4/13/2022	10,812.91	0.00	10,812.91
0000065111	4/27/2022	CED005	CED				Check Entry Number: 001
			5948-1017847	4/6/2022	390.82	0.00	390.82
0000065112	4/27/2022	CEN030	CenturyLink				Check Entry Number: 001
			4/1/22 STATEMENT	4/1/2022	180.00	0.00	180.00
0000065113	4/27/2022	CEN035	CenturyLink				Check Entry Number: 001
			4/5/22 STATEMENTS	4/8/2022	550.92	0.00	550.92
0000065114	4/27/2022	CIN020	Cintas				Check Entry Number: 001
			5103285651	4/8/2022	342.96	0.00	342.96
0000065115	4/27/2022	CLA003	Clark Land Office				Check Entry Number: 001
			14995	2/28/2022	200.00	0.00	200.00
			15043	3/31/2022	780.00	0.00	780.00
Check 0000065115 Total:					980.00	0.00	980.00
0000065116	4/27/2022	COW020	Cowling and Co. LLC				Check Entry Number: 001
			533	2/28/2022	9,822.00	0.00	9,822.00
0000065117	4/27/2022	DEP080	Trane Depriest				Check Entry Number: 001
			REFUND 4/20/2022	4/20/2022	6,758.31	0.00	6,758.31
0000065118	4/27/2022	DYN030	Dynamite Drywall				Check Entry Number: 001
			22-004	4/12/2022	15,841.32	0.00	15,841.32
0000065119	4/27/2022	ECO002	EDC Team Jefferson				Check Entry Number: 001
			0149	4/20/2022	7,500.00	0.00	7,500.00
0000065120	4/27/2022	EVE010	Brian Eversole				Check Entry Number: 001
			UNIFORM EXP 4/22	4/13/2022	223.98	0.00	223.98
0000065121	4/27/2022	FAM001	Ferguson Enterprises #3007				Check Entry Number: 001
			0358575	4/13/2022	689.03	0.00	689.03
0000065122	4/27/2022	FER030	Kristian Ferrero				Check Entry Number: 001
			UNIF EXP 4/22	4/11/2022	202.19	0.00	202.19
0000065123	4/27/2022	FIS020	Fish N Hole				Check Entry Number: 001
			5600092	3/31/2022	121.42	0.00	121.42
0000065124	4/27/2022	FLO020	Ben Flodquist				Check Entry Number: 001
			REFUND 4/11/22	4/11/2022	1,312.38	0.00	1,312.38
0000065125	4/27/2022	GLO003	Global Diving & Salvage, Inc				Check Entry Number: 001
			116791	2/27/2022	1,595.76	0.00	1,595.76
0000065126	4/27/2022	HAD001	Hadlock Building Supply				Check Entry Number: 001
			4/20/22 STATEMENT	4/20/2022	925.51	0.00	925.51
0000065127	4/27/2022	HES030	John Hester				Check Entry Number: 001
			REFUND 4/4/22	4/4/2022	11.00	0.00	11.00

Run Date: 4/21/2022 4:00:47PM

A/P Date: 4/27/2022

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Check Register

Journal Posting Date: 4/27/2022

Register Number: CD-000921

Port of Port Townsend (PTA)

Bank Code: W - WARRANTS PAYABLE							
Check Number	Check Date	Vendor	Invoice Number	Invoice Date	Invoice Amount	Discount Applied	Payment Amount
0000065128	4/27/2022	HIG020	Highway Specialties LLC				Check Entry Number: 001
			0001340-IN	4/13/2022	183.29	0.00	183.29
0000065129	4/27/2022	INS070	Insight Strategic Partners, LLC				Check Entry Number: 001
			3921	3/31/2022	3,250.00	0.00	3,250.00
0000065130	4/27/2022	JOH075	Fredrick Johnson				Check Entry Number: 001
			REFUND 04/19/22	4/19/2022	591.13	0.00	591.13
0000065131	4/27/2022	KAC040	Kaci Cronkhite				Check Entry Number: 001
			3/29/2022	3/29/2022	642.61	0.00	642.61
0000065132	4/27/2022	KEN010	Kendrick Equipment				Check Entry Number: 001
			U50605	4/4/2022	1,334.55	0.00	1,334.55
			U50607	4/12/2022	16,354.96	0.00	16,354.96
			U50610	4/4/2022	248.08	0.00	248.08
			U50625	4/12/2022	5,561.06	0.00	5,561.06
			U50672	4/11/2022	2,247.02	0.00	2,247.02
			U50676	4/7/2022	1,337.78	0.00	1,337.78
Check 0000065132 Total:					27,083.45	0.00	27,083.45
0000065133	4/27/2022	KIT030	Kitsap Sun				Check Entry Number: 001
			0004492427	3/31/2022	173.72	0.00	173.72
0000065134	4/27/2022	KNO040	John Knowlton				Check Entry Number: 001
			REFUND 4/8/22	4/8/2022	54.62	0.00	54.62
0000065135	4/27/2022	LES050	Les Schwab				Check Entry Number: 001
			37900496773	4/13/2022	32.60	0.00	32.60
0000065136	4/27/2022	NOR046	Northwest Tool & Trade				Check Entry Number: 001
			728068	4/14/2022	76.37	0.00	76.37
0000065137	4/27/2022	OES001	OESD 114				Check Entry Number: 001
			2122001249	4/15/2022	4,029.00	0.00	4,029.00
0000065138	4/27/2022	OLY003	Olympic Springs, Inc.				Check Entry Number: 001
			346830	3/31/2022	26.01	0.00	26.01
0000065139	4/27/2022	OLY035	Olympic Peninsula Communications, LLC				Check Entry Number: 001
			24	4/4/2022	1,950.00	0.00	1,950.00
0000065140	4/27/2022	OWE075	Kimberly Owen				Check Entry Number: 001
			REFUND 04072022	4/7/2022	1,340.81	0.00	1,340.81
0000065141	4/27/2022	PEN005	Peninsula Fire Inc				Check Entry Number: 001
			64826	4/4/2022	204.51	0.00	204.51
0000065142	4/27/2022	PEN030	Peninsula Paint Co.				Check Entry Number: 001
			F0204451	4/6/2022	52.98	0.00	52.98
0000065143	4/27/2022	PER070	Suzy Perkinson				Check Entry Number: 001
			REFUND 4/14/22	4/14/2022	22.00	0.00	22.00
0000065144	4/27/2022	PET025	Petrick Lock & Safe				Check Entry Number: 001
			20817	4/6/2022	65.46	0.00	65.46
			20828	4/14/2022	26.73	0.00	26.73
Check 0000065144 Total:					92.19	0.00	92.19
0000065145	4/27/2022	PIN010	Pinnacle Investigations Corp				Check Entry Number: 001
			79150	4/16/2022	48.35	0.00	48.35
0000065146	4/27/2022	POR065	Port of Port Townsend				Check Entry Number: 001
			K.OWEN MOORAGE	4/7/2022	462.44	0.00	462.44
0000065147	4/27/2022	PUD001	Pud District #1				Check Entry Number: 001
			4/11/22	4/11/2022	39.80	0.00	39.80
			4/11/22 STATEMENT	4/11/2022	27,793.82	0.00	27,793.82
			4/4/22 STATEMENT	4/4/2022	18.92	0.00	18.92

Run Date: 4/21/2022 4:00:47PM

A/P Date: 4/27/2022

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Check Register
Journal Posting Date: 4/27/2022
Register Number: CD-000921

Port of Port Townsend (PTA)

Bank Code: W - WARRANTS PAYABLE						
Check Number	Check Date	Vendor	Invoice Number	Invoice Date	Invoice Amount	Discount Applied
				Payment Amount		
Check 0000065147 Total:				27,852.54	0.00	27,852.54
0000065148	4/27/2022	QUI001	Quill Corporation			Check Entry Number: 001
			24247918	4/4/2022	119.70	119.70
0000065149	4/27/2022	SAF001	Safeway, Inc.			Check Entry Number: 001
			3/21/22 STATEMENT	3/21/2022	2,520.08	2,520.08
0000065150	4/27/2022	SHA030	Charlie Shaw			Check Entry Number: 001
			UNIF EXP 4/22	4/11/2022	167.10	167.10
0000065151	4/27/2022	SOU045	Sound Maintenance, Inc			Check Entry Number: 001
			1520	4/10/2022	226.93	226.93
0000065152	4/27/2022	SOU055	Sound Publishing, Inc			Check Entry Number: 001
			8058683	3/31/2022	1,391.20	1,391.20
0000065153	4/27/2022	SPA070	Chris Sparks			Check Entry Number: 001
			UNIF EXP 4/22	4/9/2022	77.46	77.46
0000065154	4/27/2022	SUM040	Summit Law Group PLLC			Check Entry Number: 001
			136134	4/20/2022	140.00	140.00
0000065155	4/27/2022	TAC001	Tacoma Screw Products, Inc			Check Entry Number: 001
			100096171-00	4/14/2022	428.25	428.25
0000065156	4/27/2022	TER030	Terrapin Architecture PC			Check Entry Number: 001
			22-133	4/6/2022	2,332.50	2,332.50
0000065157	4/27/2022	ULI040	ULINE			Check Entry Number: 001
			147037621	3/30/2022	5,336.81	5,336.81
0000065158	4/27/2022	WA1803	State of Washington			Check Entry Number: 001
			1ST QTR 2022	4/27/2022	158,641.76	158,641.76
0000065159	4/27/2022	WAS009	WA ST-Depart of Health			Check Entry Number: 001
			48565	4/12/2022	600.00	600.00
0000065160	4/27/2022	WAS017	Marc Horton - Washington Project Consultants			Check Entry Number: 001
			033122-8	4/1/2022	1,662.50	1,662.50
0000065161	4/27/2022	WES060	West Marine Pro			Check Entry Number: 001
			007124	4/8/2022	58.87	58.87
0000065162	4/27/2022	WHI045	Grace & Eugene Whitlinger			Check Entry Number: 001
			REFUND 4/4/22	4/4/2022	26.55	26.55
0000065163	4/27/2022	WIL081	Mary Willhite			Check Entry Number: 001
			REFUND 4/20/2022	4/20/2022	20,133.80	20,133.80
Report Total:				339,218.78	0.00	339,218.78

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	April 27, 2022
AGENDA ITEM	<input checked="" type="checkbox"/> Consent <input type="checkbox"/> 1 st Reading <input type="checkbox"/> 2 nd Reading <input type="checkbox"/> Regular Business <input type="checkbox"/> Informational
AGENDA TITLE	VII. C. Hangar Site 5 Lease - JCIA Land Lease – Station Prairie, LLC
STAFF LEAD	Eric Toews, Deputy Director
REQUESTED	<input type="checkbox"/> Information <input checked="" type="checkbox"/> Motion/Action <input type="checkbox"/> Discussion
ATTACHMENTS	<ul style="list-style-type: none"> • Info Memo • Term Sheet • Lease Agreement, including Exhibit 'A' and Exhibit 'B'

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 4/22/2022

TO: Port Townsend Port Commission

FROM: Eric Toews, Deputy Director; Sue Nelson, Lease & Contracts Administrator

SUBJECT: Land Lease Agreement – Station Prairie, LLC. (Bruce Seton, Jr.) JCIA Hangar Site #5

ISSUE: Should the Commission authorize the Executive Director to enter into a land lease agreement with Station Prairie, LLC (Bruce Seton, Jr.) for development of an aircraft hangar on Hangar Site #5 at the Jefferson County International Airport (JCIA)?

BACKGROUND: The adopted Airport Layout Plan (ALP) depicts a number of hangar pads at the Jefferson County International Airport (JCIA) that have yet to be developed. In the mid-2000s, the Port readied a total of eight sites for hangar construction located to the northeast of Taxiway B. To date, only three of these sites have been developed. Bruce Seton, Jr. has approached the Port expressing interest in constructing new hangars, and desires to begin with Hangar Site #5.

DISCUSSION: Hangar Site #5 is the smallest of the undeveloped hangar sites (7,500 sf) and is located adjacent and northeast of the intersection of Hangar Taxilanes #2 and #6 (see Exhibit “A” to the attached Lease Agreement). Staff has prepared a “Land Lease Agreement” between the Port and Prairie Station, LLC. If authorized by the Commission, the agreement would:

- Establish a fifty (50) year lease term, from May 1, 2022 through April 30, 2072;
- Require rent payments upon lease inception on May 1, 2022 (i.e., rather than upon completion of the hangar building improvements);
- Grant the lessee six months (180 days) to submit hangar plans and specifications for Port review and authorization;
- Require Lessee - in addition to paying monetary rent - to complete hangar building improvements within three years of lease inception (i.e., by no later than April 30, 2025);
- Establish a rental rate consistent with the Commission adopted rate for land leases at the JCIA (i.e., \$0.07 psf);
- Implement the Port’s most current model for JCIA land leases, which, among other provisions ensures that the Lessee is solely responsible for maintaining and repairing the asphalt aprons and access ramps linking each hangar unit to adjoining taxiways.

Rent at inception would be \$525.00 per month plus leasehold tax. Thereafter, the rent would be adjusted annually for inflation (CPI), and every five (5) years would be adjusted to the then prevailing rate established by the Commission. The proposed security deposit is equivalent to three months’ rent together with leasehold excise tax. The draft Lease Agreement as presented is consistent with the Leasing Policy adopted by the Commission in 2019, as well as the Airport

Master Plan. Additional hangar development is anticipated to contribute to the vitality of the JCIA, and the economic health of the county overall.

RECOMMENDATION: Staff recommends that the Commission authorize the Executive Director to execute the attached Land Lease with Station Prairie, LLC.

MOTION: None required. Approval of this item on the Consent Agenda authorizes the Executive Director to execute the lease with Station Prairie, LLC. The form will be in all material respects identical to the draft presented to the Commission under this agenda item.

ATTACHMENTS:

1. Summary of Key Lease Terms
2. Building & Land Lease
3. Exhibit "A", Legal Description & Graphic Depicting Leased Premises
4. Exhibit "B", Hazardous Substances Warranty & Agreement

**PORT OF PORT TOWNSEND:
Summary of Key Terms
Station Prairie, LLC
Jefferson County International Airport Land Lease Agreement**

1. **TENANT:** Station Prairie, LLC, a Washington limited liability company.
2. **PREMISES:** Hangar Site #5, an approximately 7,500 square foot (150' x 50') building site at Jefferson County International Airport (JCIA).
3. **TERM:** Fifty (50) years, beginning on May 1, 2022, and ending on April 30, 2072.
4. **RENT:** Rent per square foot at the current Commission-adopted JCIA land rate of \$0.07 x 7,500 sq. ft. = \$525.00 + \$67.41 Leasehold Excise Tax = \$592.41 per month. Lease payments due at inception. CPI-U applied beginning year two and each year thereafter. Market rate adjustment may be applied at beginning of year five, and every five years thereafter.
5. **USE OF PREMISES:** Construction and operation of an aircraft hangar building, which may contain facilities for the storage, repair, and maintenance of aircraft.
6. **DEPOSIT:** Three (3) month security \$1,575.00 + LET \$202.23 (\$1,777.23).
7. **UTILITIES:** All utilities are the responsibility of the Lessee.
8. **MAINTENANCE & REPAIR:** Lessee shall maintain the Premises and all improvements thereon in a good condition and state of repair.
9. **INSURANCE:** Per Port policy. Commercial General Liability of \$1,000,000 combined single limit and \$2,000,000 in the annual aggregate; Workers Compensation Insurance of not less than \$1,000,000 per occurrence; insurance certificates naming the Port as an additional insured.
10. **ASSIGNMENT/SUBLEASE:** Permitted only by prior written consent of the Port.
11. **DEFAULTS/TERMINATION:** Time is of the essence. Failure to pay rent, or to abide by the covenants/agreements contained in the agreement, may serve as a basis for termination. Tenant will be provided with fifteen (15) days' written notice to cure defaults.

PORT OF PORT TOWNSEND

AIRCRAFT HANGAR SITE #5 LAND LEASE AGREEMENT JEFFERSON COUNTY INTERNATIONAL AIRPORT (JCIA)

This Land Lease Agreement (the "Agreement") is executed this ____ day of April 2022, by and between the PORT OF PORT TOWNSEND, a municipal corporation organized and existing under the laws of the State of Washington, hereinafter referred to as "Lessor" or "the Port," and **STATION PRAIRIE, LLC**, a limited liability company, UBI _____, hereinafter referred to as "Lessee."

WITNESSETH:

That the parties hereto do mutually agree as follows:

- 1. LEASED PREMISES:** The Port shall lease to Lessee and Lessee shall Lease from the Port, the following described real property situated in Jefferson County, State of Washington:

 Hangar Site #5, an approximately 7,500 square foot (150' x 50') building site at the Jefferson County International Airport (JCIA), that is identified on the map figure set forth in Exhibit "A" which is attached hereto and incorporated herein by this reference.

 Hereinafter, the above-described property shall be called "the Premises" or "the Leased Premises". Consistent with paragraph 9(c), below, the Lessee shall obtain a survey and legal description to establish, and field mark, the exact location and bounds of the Leased Premises prior to the commencement of construction. Said survey shall thereafter be attached hereto and incorporated within Exhibit "A".
- 2. TERM OF LEASE:** The term of this Lease shall be for a period of fifty (50) years, commencing on May 1, 2022, and ending on April 30, 2072, unless sooner terminated as provided in this Lease.
- 3. RENT:** Lessee agrees to pay as rental for the Leased Premises the sum of **Five Hundred Twenty-Five Dollars (\$525.00)** plus all applicable taxes.¹ The rent for each month shall be paid to the Port in advance on or before the first day of every month of the lease term and shall be payable at such place as the Port may hereinafter designate. Beginning in year five (5) and every five (5) years thereafter, the rental rate may be adjusted to the then prevailing rate established by the Port Commission for airport land leases. The rental rate beginning in year two (2) and annually throughout the term of the lease will be adjusted by an amount equal to the accumulative amount found on the Consumer Price Index for all urban consumers (CPI-U) for Seattle-Tacoma-Bellevue, which is compiled by the Department of Labor, Bureau of Statistics. In no event shall any rent adjustment result in a reduction in rent from the rate paid in the prior year.
- 4. DEPOSIT:** Lessee shall deposit with the Port at lease inception, three months security in the amount of **One Thousand Seven Hundred Seventy-Seven Dollars and Twenty-Three Cents (\$1,777.23)**.² The Lease shall not be effective until full deposit is made with the Port. Annually thereafter throughout the initial lease term or any extended term, the amount deposited with the Port shall be adjusted to ensure that an amount equivalent to three (3) months' then current rent plus LET is maintained as security. This deposit shall be

¹ Calculated as follows: Land @ \$0.07 per s.f. x 7,500 sf = \$525.00; \$525.00 x 12.84% Leasehold Excise Tax = \$67.41; \$525.00 + \$67.41 = \$592.41.

² Consistent with Port policy, security in an amount of not less than three (3) months' rent together with applicable Washington state leasehold excise tax is required for all leases greater than one (1) year in length. As applied, the calculation is \$592.41 x 3 = \$1,777.23

held by the Port as security for all of Lessee's obligations hereunder and shall be refunded to Lessee upon termination of this Lease provided Lessee has faithfully performed all obligations hereunder and paid all sums owing to the Port.

5. **USE OF PREMISES:** Lessee shall use the Premises for the construction and operation of an aircraft hangar building, which may contain facilities for the storage, repair, and maintenance of aircraft. No other uses of the Premises shall be allowed without the Port's express written consent. The parties acknowledge that Lessee's agreement to construct an aircraft hangar on the Premises is an express bargained-for covenant of this Lease, and the failure of Lessee to construct such an improvement or the failure to utilize the building for such purposes, or to later cease such use, or conducting other activities on the Leased Premises without first obtaining a Lease modification with the Port's written approval of such other activities, shall constitute an event of default under the terms of this Lease and grounds for termination. It is further understood and agreed the Premises will not be used to store, distribute, sell, or otherwise handle fuels, lubricants or other flammable or hazardous materials, except fuels and lubricants in on-board aircraft tanks and a small supply of lubricants for use in the hangar-based aircraft.
6. **OPERATING STANDARDS:** In addition to the foregoing use restrictions, Lessee shall meet or exceed the following Operating Standards:
 - a. The Lessee shall pay all costs and expenses associated and in connection with the use of the Premises and the rights and privileges therein granted, including, but not limited to the following: leasehold and other taxes; permit fees; license fees; and assessments lawfully levied or assessed upon the Premises or property at any time situated therein and thereon. Lessee may, however, at its sole expense and cost, contest any tax, fee, or assessment, but shall in no event allow the same to become a lien on the Premises or the improvements thereon.
 - b. The Lessee shall observe and obey all laws, regulations, and rules of the JCIA and the federal, state, and local government, which may be applicable to its operation at JCIA. This shall include the JCIA Rules and Regulations and all statutes and Port Resolutions now in effect or as may be promulgated or revised in the future from time to time. The Lessee specifically acknowledges that it shall abide by and be subject to all rules and regulations which are now, or may from time to time, be formulated by the Port concerning the management, operation, or use of the JCIA. The Lessee shall keep in effect and post in a prominent place all necessary and/or required licenses or permits.
 - c. Consistent with paragraph 12, below, Lessee agrees to and shall keep the Leased Premises clean and in good order, condition, and repair. The Lessee shall, at its sole cost and expense, maintain the grounds of the Premises in good order and repair and in good and safe condition and shall repair all damage caused by its occupants or invitees. The Port shall be the sole judge of the quality of maintenance of the grounds, and upon written notice by the Port to the Lessee, the Lessee shall be required to perform whatever maintenance the Port deems reasonably required. If the maintenance is not undertaken within ten (10) days after receipt of written notice, the Port shall have the right to enter upon the Premises and perform such maintenance, the cost of which shall be charged to and be borne by the Lessee and paid by the Lessee as additional rent on the next rental due date after receipt of notice as to the amount thereof.
 - d. The Lessee shall be entitled, in common with others so authorized, to the use of all facilities and improvements of a public nature which now are or may hereafter be connected with or appurtenant to the Airport, including the use of landing areas, runways, taxies, navigational aids, terminal facilities, and aircraft parking areas designated by the Port, all upon such rules and regulations as may be established by the Port from time-to-time hereafter.

- e. The Lessee shall have the reasonable right of ingress and egress to and from the Premises and to the public areas of the Airport in the carrying on of its activities as herein provided for, subject, however, to such rules and regulations pertaining to the use and operation of the Airport as may be established by the Port from time-to-time hereafter, which right shall extend to the Lessee's guests and invitees.
- f. The Lessee shall not use Premises for any purpose other than those which are specifically authorized by this Lease, and which are in accordance with the Airport Master Plan and Airport Layout Plan, except as approved in writing by the Port prior to any implementation.
- g. No improvement, including landscaping or terrain alteration, shall be erected, placed, or effected on the Premises or outside the Premises, and no alterations shall be made in the improvements and facilities constructed on the Premises without the prior written approval of the Port.
- h. Lessee agrees that it will not disturb the Port or any other Lessee of the Port by making or permitting any disturbance or any unusual noise, vibration, fumes, or other condition on or in the Premises.

7. RESERVATION OF AVIGATION EASEMENT: The Port hereby reserves for itself, its successors, and assigns, and for the use and benefit of the public, an easement and right of way over and around the leased Premises for the unobstructed passage of all aircraft ("aircraft" being defined for the purpose of this instrument as any contrivance now known or hereafter invented, used or designated for navigation of or flight in the air), by whomsoever owned and operated, in all air space above the surface of the Premises, to an infinite height above the Premises. In addition, this reservation reserves the right to cause in all airspace above the Premises such noise, vibrations, fumes, dust, fuel particles, and all other effects that may be caused by the current or future operation of aircraft landings at, or taking off from, or operating at or on JCIA. Lessee does hereby fully waive, remise, and release any right or cause of action which it may now have or which it may have in the future against the Port, its successors and assigns, or against other users of the JCIA, due to such noise, vibrations, fumes, dust, fuel particles, and all other effects that may be caused by the operation of aircraft landings at, or taking off from or operating at or on said JCIA. Lessee acknowledges that none of the foregoing activities shall constitute grounds for Lessee to claim that the Port has violated this lease or that Lessee has been deprived of quiet possession of the Leased Premises.

8. RESTRICTION ON USE OF AIRSPACE: The Port reserves a continuing right to prevent the erection of or growth upon the Premises of any building, structure, tree, or other object extending into the airspace which would constitute a violation of Air Regulation Part 77 which is on file in the Port's office. The Lessee, for itself, its heirs, administrators, executors, successors, and assigns, does hereby agree that for and during the life of this Lease it will not hereafter erect, permit the erection of, or permit or suffer to remain upon the Premises any building, structure, tree or other object extending into the aforesaid airspace, and that it shall not hereafter use or permit or suffer the use of the Premises in such a manner as to create electrical interference with radio communications between any installation upon JCIA and aircraft, or to make it difficult for flyers to distinguish between airport lights and others, or as to impair visibility in the vicinity of the airport or as otherwise to endanger the landing, taking off or maneuvering of aircraft.

9. IMPROVEMENTS TO PREMISES: Lessee acknowledges that it is an express condition and part of the consideration of this lease that Lessee will construct an aircraft hangar on the Premises in accordance with the specifications and schedule contemplated by this paragraph. Lessee agrees to proceed with the construction in accordance with the following terms and schedule.

- a. Plans and Specifications. Lessee shall, not later than one-hundred and eighty (180) days after the lease commencement date, prepare final plans and specifications for the hangar building to be constructed on the Premises, and shall submit such plans and specifications to the Port for approval. The building shall be designed and constructed in accordance with all applicable building codes, using good

workmanship and quality materials. All buildings and ramps to be constructed shall meet the design recommendations as specified in FAA Advisory Circular 150/5300-13A. Lessee's design for buildings and related aprons and ramps shall also conform in all respects to the development standards promulgated by the Port for such hangars unless the Lessee obtains specific written approval from the Port Director for any variances. Such standards shall include, without limitation, specifications regarding construction materials, design, color, utilities, safety, fire emergency equipment, elevations, and location. Lessee shall also be responsible for preparing and submitting an FAA Form 7460-1 to the FAA, to obtain express written permission from the FAA to build upon the Leased Premises, and to respond to any FAA inquiries regarding the FAA's permission and approval of the proposed construction.

- b. Financing. All funds utilized to construct the improvements on the Premises shall be obtained by Lessee, and the Port shall not be required to pay any costs of the construction. Lessee shall have the right at any time and from time to time to subject the leasehold estate and any or all improvements thereon to one or more mortgages or deeds of trust (hereinafter "mortgages"), provided, however, that such encumbrances may only be created for the purpose of obtaining financing for improvements actually made upon the Premises. The mortgage documents must be reviewed and approved by the Port and shall provide that any proceeds from fire or extended coverage insurance shall be used for repair or rebuilding of the leasehold improvements and not to repay part of the outstanding mortgage. The mortgage documents shall contain provisions requiring that any notices of default under the note and mortgage be sent to the Port as well as to Lessee and that the Port shall have the right to cure any default if Lessee fails to do so. The Port shall have thirty (30) days in which to cure any mortgage default after the time for Lessee to cure it has expired. Neither the Port's right to cure any default, nor the exercise of such a right, shall constitute an assumption of liability under the note or mortgage, nor shall it bind the Port to cure any future defaults. If any default is non-curable, it shall not be grounds for foreclosure of the mortgage if the Port, or Lessee in possession of the Premises, promptly performs all other provisions of the note and mortgage. No permitted mortgage shall grant a security interest in any real or personal property other than the interests specifically created by this lease. No mortgage or note permitted by this lease shall secure more than one indebtedness or contain any cross-default provisions relating to other properties owned or debts owed by Lessee. The Port's right to review and approve all mortgage documents shall also extend to any redocumentation or refinancing undertaken by Lessee. The parties agree that the Port shall not under any circumstance be required to subordinate its fee interest in the Premises to the lien of any mortgage on Lessee's leasehold interest.
- c. Survey. Lessee shall, at its own expense, obtain a survey from a licensed land surveyor for the purposes of fully establishing and marking the exact location and bounds of the Leased Premises within the Port's JCIA property. Prior to the commencement of any construction on the Premises by Lessee, said survey shall be submitted to the Port for review and approval and shall thereafter be attached and incorporated within this lease as Exhibit "A".
- d. SEPA Review. Lessee shall be responsible for preparation of any SEPA checklists or Environmental Impact Statements and supporting reports and analyses which may be required as a part of Lessee's applications for permits. Jefferson County is anticipated to exercise lead agency authority for review of Lessee's submittals, and the Port shall not be required to pay any costs associated therewith. Lessee shall assume the cost of appropriate mitigation measures for any adverse environmental impacts identified in the SEPA documents, which may be reasonably required as a result of Lessee's improvements on the Premises.

- e. Construction. No construction activities shall be undertaken until all applicable permits have been obtained. Lessee shall apply for permits for the construction within 15 days after the Port's approval of the plans and specifications and shall commence construction within sixty (60) days after the issuance of all permits. Prior to the commencement of construction, Lessee shall furnish to the Port a copy of the construction contract and shall furnish proof that the contractor has posted a construction completion and performance bond in the full value of the construction contract, naming both Lessee and the Port as beneficiaries of that bond. The form, sufficiency and the surety of the bond shall be approved by the Port prior to commencement of construction.
- f. Completion of Construction. Hangar construction shall be completed not later than thirty-six (36) months after commencement of the term of this lease. Lessee agrees to comply with the foregoing schedule and acknowledges that failure to proceed with and complete construction in accordance with the foregoing schedule shall be a default under this lease and shall constitute grounds for the Port to terminate this lease.
- g. Protection of the Port Against Mechanic's and Materialmen's Liens and Other Costs or Claims. Lessee shall pay or cause to be paid the total cost and expense of all works of improvement, as that phrase is defined in the applicable Washington mechanic's and materialmen's liens statutes in effect at the time when the work commences. No such payment shall be construed as rent. Lessee shall not suffer or permit to be enforced against the Premises or any part of it, any mechanic's, materialmen's, contractor's, subcontractor's, engineer's, or architect's lien arising from any work on the improvement, however it may arise. However, Lessee may, in good faith and at Lessee's own expense, contest the validity of any such asserted lien, claim or demand, provided Lessee has furnished a bond acceptable to the Port, sufficient to fully pay the asserted lien, claim or demand. Lessee shall defend and indemnify the Port against all liability and loss of any type arising out of work performed on the Premises by Lessee, together with reasonable attorney's fees and all costs and expenses incurred by the Port in negotiating, settling, defending, or otherwise protecting against such claims. All contracts with the general contractor and subcontractors for work performed on the Premises shall contain a specific acknowledgment by the general contractor and subcontractors that work on the Premises is performed at the request of Lessee only and that Lessee is the holder of only a leasehold interest in the Premises. Such contracts shall contain specific waivers in form acceptable to the Port, by which the general contractor and subcontractors specifically waive the right to assert any lien claim against the Port's fee interest in the Premises. In the event that a final judgment has been rendered against Lessee by a court of competent jurisdiction for the foreclosure of a mechanic's, materialmen's, contractor's, or subcontractor's lien claim, and if Lessee fails to stay the execution of the judgment by lawful means or to pay the judgment, the Port shall have the right, but not the duty, to pay or otherwise discharge, stay or prevent the execution of any such judgment or lien or both. Lessee shall reimburse the Port for all sums paid by the Port under this paragraph, together with all of the Port's reasonable attorney's fees and costs, plus interest on those sums, fees and costs at the rate of twelve percent (12%) per annum from the date of payment until the date of reimbursement.

10. UTILITIES:

- a. Charges for Utilities – Generally. Lessee shall be liable for, and shall pay throughout the term of this lease, all charges for all utility services furnished to the Premises, including, but not limited to, light, heat, electricity, gas, water, stormwater, sewerage, garbage disposal, telephone and communications services, and janitorial services. The Port shall have no responsibility for the delivery of utility services to the Premises and shall not be responsible for the interruption of any utility service unless caused by the Port's negligence.

- b. Stormwater Charges. The Port has undertaken improvements to the JCIA facility, including installation of stormwater conveyance and detention facilities. These improvements benefit the Lessee and the Premises. In consideration of the Port's ongoing obligation to repair and maintain these improvements, Lessee expressly agrees that it shall be obligated to pay stormwater fees as established by the Port, consistent with subparagraph #10(a), above. The Port may compute the stormwater management fee by any reasonable method which ensures that the Port is fairly reimbursed for expenses related to the maintenance, improvement, enlargement, or replacement of stormwater facilities that benefit the Premises. Charges will be equitably allocated among tenants on the basis of the impervious surface area upon the Premises together with the impervious surface area of Lessee constructed access ramps linking each hangar unit to the adjoining asphalt taxiway.

- 11. ACCEPTANCE OF PREMISES:** Lessee has examined the leased land and accepts it in its present condition. Lessee has made no representations, and Lessee is not relying upon any representations by the Port or its contractors or agents, regarding the suitability of the site for Lessee's construction and intended uses. Lessee will, prior to the commencement of construction, obtain its own professional advice regarding soils conditions and other factors affecting the suitability of the site for the construction of an aircraft hangar building. Subject to the obligation of the Port to make available electrical service and fire hydrants to the Premises and to maintain the adjoining 25-foot-wide asphalt taxiway in accordance with FAA requirements, prior to the date of issuance of a final occupancy permit therefore, Lessee accepts the Premises "as is" without further maintenance liability on the part of the Port. Lessee further understands and agrees that it shall be responsible for the installation and maintenance of access ramps linking each hangar unit to the adjoining asphalt taxiway in accordance with standards required by the Port.

12. MAINTENANCE & REPAIR OF IMPROVEMENTS & ADJOINING AREAS:

- a. Maintenance and Repair - Generally. Throughout the term of this Lease, Lessee shall, at Lessee's sole cost and expense, maintain the Premises and all improvements thereon in a good condition and state of repair. The parties expressly acknowledge that the building and improvements will revert to the Port at the expiration or sooner termination of this Lease. Accordingly, and in accordance with all applicable laws, rules, ordinances, orders and regulations, Lessee shall at its own expense and at all times:
- i) Keep the Premises in a neat, clean, and safe condition;
 - ii) Maintain and repair the aprons and access ramps linking each hangar unit to adjoining taxiways, and
 - iii) Keep the exterior of all buildings clean and presentable;
 - iv) Periodically paint the exterior of the buildings as necessary to present an attractive appearance;
 - v) Not commit waste of any kind;
 - vi) Replace all cracked or broken glass in the Premises;
 - vii) Keep the electrical system and other mechanical systems installed in the building in a good state of repair;
 - viii) Protect all pipes and drains so that they will not freeze or become clogged; and
 - ix) Make all necessary repairs to the roof (structure or covering) and foundation of the building and structure and exterior walls thereof.
- b. Repair, Restoration or Replacement in the Event of Damage or Destruction. Lessee shall promptly and diligently repair, restore and replace as required to maintain and comply with the requirements set forth above, or to remedy all damage to or destruction of all or any part of the improvements upon the leased Premises from any causes whatsoever. The completed work of maintenance, compliance, repair, restoration, or replacement shall be equal in value, quality and use to the condition of the

improvements before the casualty giving rise to the work, except as expressly provided to the contrary in this Lease. The Port shall not be required to furnish any services or facilities or to make any repairs of any kind on or in the Premises.

13. DISPOSITION OF IMPROVEMENTS AT END OF LEASE: The parties expressly acknowledge that at the expiration or earlier termination of this Lease, the Port shall have the option, in its sole and absolute discretion, to direct either:

- a. That the building and other improvements on the Premises be surrendered to the Port; or
- b. That the Lessee remove the building and other improvements from the Premises.

If the Port directs surrender of the building and other improvements, all mechanical, electrical and HVAC systems in the building shall also remain and be surrendered to the Port, but Lessee shall have the right to remove all personal property and trade fixtures, which may have been placed upon the Premises by Lessee during the period of this Lease, provided that the same are not necessary to the operation of the building, and provided further they are removed prior to the termination of this Lease. Title to any trade fixtures not removed from the Premises within the foregoing period shall, at the Port's option, pass to the Port without additional consideration. If the Port does not direct Lessee to remove the buildings and other improvements, they shall become the property of the Port upon termination of this Lease. The Premises will be surrendered by Lessee in a good state of repair, normal wear excepted. In the event the Port directs removal of the building and other improvements from the Premises, then title to all said improvements shall remain in and with the Lessee and Lessee shall complete the removal of the same within sixty (60) days after the expiration or sooner termination of this Lease. If the Lessee fails to remove said improvements within the specified time, they may be removed by the Port and the Lessee agrees to pay the Port for the cost thereof upon demand.

14. INSPECTION - "FOR LEASE" SIGNS: The Port reserves the right to inspect the Leased Premises, including the interior of all buildings, at any and all reasonable times throughout the term of this Lease: provided, that it shall not interfere unduly with Lessee's operations. The right of inspection reserved to the Port hereunder shall impose no obligation on the Port to make inspections to ascertain the condition of the Premises and shall impose no liability upon the Port for failure to make such inspections. The Port shall have the right to place and maintain "For Lease" signs in conspicuous places on the Premises for ninety (90) days prior to the expiration or sooner termination of this Lease.

15. POSSESSION: If the Port shall be unable for any reason to deliver possession of the Premises, or any portion thereof, at the time of the commencement of the term of this Lease, the Port shall not be liable for any damage caused thereby to Lessee, nor shall this Lease thereby become void or voidable, nor shall the term specified herein be in any way extended but, in such event, Lessee shall not be liable for any rent until such time as the Port can deliver possession. If Lessee shall, in the interim, take possession of any portion of the Premises, it shall pay as rental the full rental specified herein reduced pro rata for the portion of the Premises not available for possession by Lessee. If the Port shall be unable to deliver possession of the Premises at the commencement of the term of this Lease, Lessee shall have the option to terminate this Lease by at least thirty (30) days' written notice, unless the Port shall deliver possession of the Premises prior to the effective date of termination specified in such notice. If Lessee shall, with the Port's consent, take possession of all or any part of the Premises prior to the commencement of the term of this Lease, all of the terms and conditions of this Lease shall immediately become applicable.

- 16. INDEMNIFICATION AND HOLD HARMLESS:** Lessee agrees that it will defend (with legal counsel acceptable to the Port), indemnify and hold harmless the Port, its officers, employees and agents from any and all demands, claims, judgments or liability for loss or damage arising as a result of accidents, injuries or other occurrences on the Premises or on Port's property that are:
- Occasioned by either the negligent or willful conduct of the Lessee and/or its agents; and/or
 - Made by any person or entity holding under the Tenant; and/or
 - Made by any person or entity on the Premises or on the Port's property as a result of Lessee's activity, regardless of who the injured party may be.

This indemnification and hold harmless shall not apply to the extent the damages were caused by the gross negligence or willful misconduct of the Port.

- 17. NOTICES OF CLAIMS OR CAUSES OF ACTION:** In the event any action or proceeding is brought against the Port or Lessee for which a party seeks indemnification pursuant to the indemnification provision set forth in paragraph 16, above, the party seeking indemnification shall give the other party written notice within thirty (30) days of being served or otherwise being put on notice of such a claim or cause of action. The party receiving a demand for indemnification shall accept or reject the tender of the defense of a claim or cause of action by written notice to the other party within sixty (60) days of its receipt of the demand for indemnification. If a party accepts the defense of the tendered claim or cause of action it shall also notify the other party of the identity of the law firm and lawyer which has been retained to represent the Port and/or the Lessee in responding to the claim or cause of action.

- 18. LIMITED WAIVER OF IMMUNITY UNDER WASHINGTON STATE INDUSTRIAL INSURANCE ACT, TITLE 51 RCW AND OTHER SIMILAR INDUSTRIAL INSURANCE SCHEMES:** For purposes of the indemnification provision set forth in paragraph 16, above, and only to the extent of claims against Lessee by the Port under such indemnification provision, Lessee specifically waives any immunity it may be granted under the Washington State Industrial Insurance Act, Title 51 RCW, The United States Longshore and Harbor Workers Compensation Act, 33 USC §901-950, or any other similar workers' compensation schemes. The indemnification obligation under this lease shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable to or for any third party under workers' compensation acts, disability benefit acts, or other employee benefit acts. The foregoing provision was specifically negotiated and agreed upon by the parties hereto.

- 19. INSURANCE:** Lessee agrees to maintain insurance as specified below, throughout the entire lease term and all extensions thereof, at Lessee's sole expense. All such insurance shall name the Port of Port Townsend as an additional insured and shall be with insurance companies acceptable to the Port.
- Fire and Extended Coverage. Throughout the lease term, at Lessee's sole cost and expense, Lessee shall keep or cause to be kept insured, for the mutual benefit of the Port and Lessee, all improvements located on or appurtenant to the Premises against loss or damage by fire and such other risks as are now or hereafter included in an extended coverage endorsement in common use for commercial structures, including vandalism and malicious mischief. The amount of insurance shall be sufficient to prevent either the Port or Lessee from becoming a co-insurer under the provisions of the policy, but in no event shall the amount be less than the full value of the then actual replacement cost of the improvements on the Premises (herein called "full insurable value"). The Port shall not be required to carry any insurance coverage on the Premises. If any dispute arises regarding the amount of insurance necessary to comply with the terms of this paragraph, the Port may, not more often than once every

twenty-four (24) months, request the carrier of the insurance then in force to determine the full insurable value as defined in this provision, and the resulting determination shall be conclusive between the parties for the purpose of this paragraph. Lessee may include the holder of any mortgage on the leasehold as a loss payee. The Port shall, at Lessee's cost and expense, cooperate fully with Lessee to obtain the largest possible recovery in the event of any insurance claim, and all policies of fire and extended coverage insurance required by this Lease shall provide that the proceeds shall be payable to Lessee as follows:

- i) Insurance proceeds shall be paid first to make all necessary repairs to restore the improvements to their condition prior to the insured casualty. Payments of insurance proceeds for repair, restoration or reconstruction of the improvements shall be held in a trust account approved by the Port and be disbursed monthly on architect's certificates until the work is completed and accepted.
 - ii) Any insurance proceeds remaining after complying with the provisions of this Lease relating to maintenance, repair and reconstruction of improvements shall be the Lessee's sole property.
- b. Builder's Risk Coverage. Before commencement of any construction or demolition or other work on the Premises, Lessee shall procure, and shall maintain in force until completion and acceptance of the work, "all risk" builder's risk insurance including vandalism and malicious mischief, in form and with a company reasonably acceptable to the Port, covering improvements in place and all material and equipment at the job site furnished under contract, but excluding contractor's, subcontractor's, and construction manager's tools and equipment and property owned by contractors' or subcontractors' employees, with limits of at least One Hundred Thousand Dollars (\$100,000) per loss for all work at the job site.
- c. Comprehensive General Liability Insurance. Comprehensive General Commercial Liability Insurance against claims for injury or death to persons or damage to property with minimum limits of liability of \$1,000,000.00 per occurrence and \$2,000,000 in the annual aggregate. Such insurance shall include but not be limited to bodily injury liability, personal injury liability, property damage liability, broad form property damage liability, contractual liability, and products/completed operations liability. The policy of insurance required under this subparagraph shall:
- 1) Be written as a primary policy; and
 - 2) Expressly provide that the defense and indemnification of the Port as an "additional insured" will not be affected by any act or omission by Lessee which might otherwise result in a forfeiture of said insurance; and
 - 3) Contain a separation of insureds provision such that the policy applies separately to each insured that is the subject of a claim or suit; and
 - 4) Not contain a crossclaim, cross-suit, or other exclusion that eliminates coverage by one insured against another; and
 - 5) Provide for coverage for damage to the Port's property caused by the Lessee.

The Port may require the amounts set forth in this subparagraph 19(c) to be increased from time to time due to inflation or increased risks.

- d. Automobile Liability Insurance. If an active business other than mere aircraft storage is conducted on the Premises, Lessee shall maintain Comprehensive Automobile Liability Insurance against claims for injury or death to persons or damage to property with minimum limits of liability of \$1,000,000 combined single limit for each occurrence. Such insurance shall include but not be limited to bodily injury liability, property damage liability, hired car liability, and non-owned auto liability.

- e. Worker's Compensation. If Lessee maintains employees on the Premises, Workers Compensation Insurance as will protect Lessee's employees from claims under Washington Workers Compensation Act as well as all Federal Acts applicable to the Lessee's operations at the site, with coverage of not less than \$1,000,000 for each occurrence.
- f. Insurance Policy Form, Content and Insurer. All insurance required by express provisions of this Lease shall be carried only in responsible insurance companies licensed to do business in the State of Washington. All such policies shall be non-assessable and shall contain language, to the extent obtainable, to the effect that:
 - i) Any loss shall be payable notwithstanding any act or negligence of the Port that might otherwise result in a forfeiture of the insurance; and
 - ii) The insurer waives the right of subrogation against the Port and against the Port's agents and representatives; and
 - iii) The policies are primary and noncontributing with any insurance that may be carried by the Port; and
 - iv) They cannot be cancelled or materially changed except after thirty (30) days' notice by the insurer to the Port.

Lessee shall furnish the Port with copies of all such policies promptly on receipt of them or with certificates evidencing the insurance. Before commencement of the lease, Lessee shall furnish the Port with binders representing all insurance required by this Lease. At the expiration of the term, the Port shall reimburse Lessee pro rata for all prepaid premiums on insurance on the improvements required to be maintained by Lessee, and Lessee shall assign all Lessee's right, title, and interest in that insurance to the Port. Lessee may affect for its own account any insurance not required under this Lease. Lessee may provide by blanket insurance covering the Premises and any other location or locations any insurance required or permitted under this Lease provided it is acceptable to all mortgagees.

- g. Failure to Maintain Insurance - Proof of Compliance. Lessee shall deliver to the Port, in the manner required for notices, copies or certificates of all insurance policies required by this Lease, together with evidence satisfactory to the Port of payment required for procurement and maintenance of the policy within thirty (30) days prior to the date that insurance is required by the lease to become in effect or prior to the renewal or replacement date. If Lessee fails or refuses to procure or to maintain insurance as required by this Lease or fails or refuses to furnish the Port with required proof that the insurance has been procured and is in force or paid for, the Port shall have the right, at the Port's election and on five (5) days' notice, to procure and maintain such insurance. The premiums paid by the Port shall be treated as added rent due from Lessee with interest at the rate of twelve percent (12%) per annum to be paid on the first day of the month following the date on which the premiums were paid. The Port shall give prompt notice of the payment of such premiums, stating the amounts paid and the names of the insurer or insurers, and interest shall run from the date of said notice.

- 20. WAIVER OF SUBROGATION:** The Port and Lessee hereby mutually release each other from liability and waive all right of recovery against each other for any loss from perils insured against under their respective fire insurance contracts, including any extended coverage endorsements thereto, provided: that this paragraph shall be inapplicable if it would have the effect, but only to the extent that it would have the effect, of invalidating any insurance coverage of the Port or Lessee.
- 21. TAXES:** Lessee shall be liable for, and shall pay throughout the term of this Lease, all license and excise fees and occupation taxes covering the business conducted on the Premises, and all taxes on the improvements built upon and personal property maintained on the leased Premises. Lessee acknowledges

that, because the Port is a municipality, Lessee must pay the Washington State Leasehold Tax on all rentals paid to the Port and Lessee also agrees to pay any other tax that may be levied at any time in the future on rents or leasehold interests.

- 22. COMPLIANCE WITH PORT REGULATIONS & WITH ALL LAWS:** Lessee agrees to comply with all applicable rules and regulations of the Port pertaining to the realty of which the Premises are a part, now in existence or hereafter promulgated, for the general safety and convenience of the Port, its various Lessees, invitees, licensees, and the general public. Lessee further agrees to comply with all applicable federal, state, county, and municipal laws, ordinances, and regulations. Lessee further agrees that all buildings, structures or other improvements, approved by the Port, will be properly permitted by Jefferson County. Any fees for any inspection of the Premises during the lease term by any federal, state or municipal officer and the fees for any "Certificate of Occupancy" shall be paid by Lessee.
- 23. HAZARDOUS SUBSTANCES WARRANTY & AGREEMENT:** Lessee has examined the Hazardous Substance Warranty and Agreement which is attached hereto as **Exhibit "B"** and which by this reference is fully incorporated herein. Lessee acknowledges that it fully understands and covenants that it will comply with all its obligations under the Hazardous Substances Warranty and Agreement.
- 24. ASSIGNMENT OR SUBLEASE:** Lessee shall not assign or transfer this Lease or any interest therein, nor sublet the whole or any part of the Premises, nor shall this Lease or any interest thereunder be assignable or transferable by operation of law or by any process or proceeding of any court, without the written consent of the Port first had and obtained. If Lessee is a corporation, limited liability company or partnership, Lessee further agrees that if at any time during the term of this Lease more than one-half (1/2) of the outstanding shares or ownership interests of Lessee shall belong to any persons other than those who own such ownership interests at the time of the execution of this Lease or to members of their immediate families, such change in the ownership of the stock of the Lessee shall be deemed an assignment of this Lease within the meaning of this paragraph. If the Port shall give its consent to any assignment or sublease, this paragraph shall nevertheless continue in full force and effect and no further assignment or sublease shall be made without the Port's consent.
- 25. CONDOMINIUM OWNERSHIP:** Notwithstanding the foregoing prohibition against assignment of this Lease, the Port agrees that a leasehold condominium may be created to own the leasehold improvements on the Premises, subject to the terms of this lease, and that the leasehold condominium units so created may be sold to individual hangar owners, provided that:
- a. At the time the condominium declaration is recorded, the buildings to be constructed on the Premises have been fully completed and a certificate of occupancy has been issued and this Lease is in a full state of compliance.
 - b. The condominium declaration and related plans and survey are submitted to the Port for its review and approval prior to recording and are found acceptable to the Port and its legal counsel.
 - c. The declaration and plans and survey are filed and recorded in Jefferson County in the manner required by law.
 - d. A condominium owners' association is lawfully formed and incorporated as a Washington State corporation and signs documents acceptable to the Port by which the corporation assumes all of the Lessee's obligations under this Lease. The association will designate a single person with whom the Port may communicate regarding all matters. The Port shall not be required to deal with individual condominium unit owners regarding collection of rentals or the enforcement of other Lessee obligations under this Lease.

- e. The condominium declaration specifically recites that it is subject to the terms of this Lease and contains provisions by which the condominium association has the authority to levy and collect contributions from the condominium owners to pay all rents and other obligations of the Lessee under this Lease, and to impose liens upon the condominium units to secure such payments.
- f. The condominium declaration specifically recites that in the event of a conflict between the terms of this Lease and the condominium declaration, that the provisions of this Lease shall prevail.

- 26. DEFAULTS:** Time is of the essence of this Agreement, and in the event of the failure of Lessee to pay the rentals or other charges at the time and in the manner herein specified, or to comply with any of the covenants or agreements herein set forth, the Port may elect to terminate this Lease and reenter and take possession of the Premises and all buildings and other improvements located thereon, with or without process of law, provided that Lessee shall first be given fifteen (15) days' notice in writing stating the nature of the default in order to permit such default to be remedied by Lessee within said fifteen (15) day period. If upon such reentry there remains any personal property of lessee or of any other person upon the Leased Premises, the Port may, but without the obligation so to do, remove said personal property and hold it for the owners thereof or may place the same in a public garage or warehouse, all at the expense and risk of the owners thereof, and Lessee shall reimburse the Port for any expense incurred by the Port in connection with such removal and storage. The Port shall have the right to sell such stored property, without notice to Lessee, after it has been stored for a period of thirty (30) days or more, the proceeds of such sale to be applied first to the cost of such sale, second to the payment of the charges for storage, and third to the payment of any other amounts which may then be due from Lessee to the Port, and the balance, if any, shall be paid to Lessee. Notwithstanding any such reentry, the liability of Lessee for the full rental provided for herein shall not be extinguished for the balance of the term of this Lease, and Lessee shall make good to the Port any deficiency arising from a reletting of the Leased Premises at a lesser rental than that hereinbefore agreed upon. Lessee shall pay such deficiency each month as the amount thereof is ascertained by the Port. Any failure by the owners, officers, or principals of Lessee to pay rentals, storage fees, moorage or any other charges owed to the Port under separate contract shall constitute default under provisions of this Agreement.
- 27. TERMINATION BY PORT:** Nothing in this Lease shall be deemed to be a waiver of the Port's power of eminent domain. In the event that the Port, in its sole discretion, shall require the use of the Premises for any purpose in connection with the operation of the business of the Port, then this Lease may be terminated by the Port by written notice delivered or mailed by the Port to the Lessee at least 90 days before the termination date specified in the notice. In the event of such a termination the Port shall be obligated to compensate the Lessee for the termination of Lessee's leasehold interest in the same manner as in the case of an exercise of the Port's eminent domain power.
- 28. TERMINATION FOR GOVERNMENT USE:** In the event that the United States Government or any agency or instrumentality thereof shall, by condemnation or otherwise, take title, possession or the right to possession of the Premises or any part thereof, the Port may, at its option, terminate this Lease as of the date of such taking, and, if Lessee is not in default under any of the provisions of this Lease on said date, any rental prepaid by Lessee shall, to the extent allocable to any period subsequent to the effective date of the termination, be promptly refunded to Lessee.
- 29. TERMINATION BECAUSE OF COURT DECREE:** In the event that any court having jurisdiction in the matter shall render a decision which has become final and which will prevent the performance by the Port of any of its obligations under this Lease, then either party hereto may terminate this Lease by

written notice, and all rights and obligations hereunder (with the exception of any undischarged rights and obligations that accrued prior to the effective date of termination) shall thereupon terminate. If Lessee is not in default under any of the provisions of this Lease on the effective date of such termination, any rental prepaid by Lessee shall, to the extent allocable to any period subsequent to the effective date of the termination, be promptly refunded to Lessee.

- 30. SIGNS:** No signs or other advertising matter, symbols, canopies or awnings shall be attached to or painted on the buildings on the Leased Premises, including the windows and doors thereof, without the approval of the Executive Director of the Port first had and obtained. At the termination or sooner expiration of this lease, all such signs, advertising matter, symbols, canopies or awnings attached to or painted by Lessee shall be removed by Lessee at its own expense, and Lessee shall repair any damage or injury to the Premises, and correct any unsightly condition, caused by the maintenance and removal of said signs, etc.
- 31. INSOLVENCY:** If Lessee shall file a petition in bankruptcy, or if Lessee shall be adjudged bankrupt or insolvent by any court, or if a receiver of the property of Lessee shall be appointed in any proceeding brought by or against Lessee, or if Lessee shall make an assignment for the benefit of creditors, or if any proceedings shall be commenced to foreclose any mortgage or any other lien on Lessee's interest in the Premises or on any personal property kept or maintained on the Premises by Lessee, the Port may at its option, terminate this Lease.
- 32. WAIVER:** The acceptance of rental by the Port for any period or periods after a default by Lessee hereunder shall not be deemed a waiver of such default unless the Port shall so intend and shall so advise Lessee in writing. No waiver by the Port of any default hereunder by Lessee shall be construed to be or act as a waiver of any subsequent default by Lessee.
- 33. PROMOTION OF PORT COMMERCE:** Lessee agrees that throughout the term of this Lease it will, insofar as practicable, promote and aid the movement of passengers and freight through facilities within the territorial limits of the Port. Lessee further agrees that all incoming shipments of commodities that it may be able to control or direct shall be made through facilities within the territorial limits of the Port if there will be no resulting cost or time disadvantage to Lessee.
- 34. SURRENDER OF PREMISES:** At the expiration or sooner termination of this Lease, Lessee shall promptly surrender possession of the Premises to the Port and shall deliver to the Port all keys that it may have to any and all parts of the Premises.
- 35. ATTORNEYS FEES:** In the event that either party shall commence any legal action to enforce or interpret this lease, the prevailing party in any such action shall be entitled to an award of all reasonable attorneys' fees and other litigation costs incurred in connection with such action, including costs incurred in the trial court and in any appellate courts.
- 36. HOLDING OVER:** Any holding over by the Lessee after the expiration of this Lease shall be construed as a tenancy at sufferance (unless such occupancy is with the written consent of the Port) in which event the Lessee will be a tenant from month-to-month, upon the same terms and conditions of this Lease, except at a rent for such holdover period of 125% of the rental rate in effect for the month preceding such holdover. Acceptance by the Port of rent after such termination shall not constitute a renewal.
- 37. ADVANCES BY PORT FOR LESSEE:** If Lessee shall fail to do anything required to be done by it under the terms of this Lease, except to pay rent, the Port may, at its sole option, do such act or thing on behalf of Lessee, and upon notification to Lessee of the cost thereof to the Port, Lessee shall promptly pay the Port

the amount of that cost, together with interest at the rate of 12% per annum from the date of the Port's payment.

- 38. LIENS & ENCUMBRANCES:** Lessee shall keep the Leased Premises free and clear of any liens and encumbrances arising or growing out of the use and occupancy of the said Premises by Lessee. At the Port's request, Lessee shall furnish the Port with written proof of payment of any item which would or might constitute the basis for such a lien on the Leased Premises if not paid.
- 39. NOTICES:** All notices, demands, requests, consents, approvals, and other instruments required or permitted to be given pursuant to this Agreement shall be in writing, signed by the notifying party, or officer, agent, or attorney of the notifying party, and shall be deemed to have been effective upon delivery if served personally, including, but not limited to delivery by messenger, overnight courier service or overnight express mail, or upon postmark affixed by the United States Post Office if sent by registered or certified mail, postage prepaid, return receipt requested, and addressed as follows:

To the Port (Lessor):

THE PORT OF PORT TOWNSEND
Attn: Lease & Contracts Administrator
PO Box 1180
Port Townsend, Washington 98368
(360) 385-0656

To Lessee:

STATION PRAIRIE, LLC
Attn: Bruce Seton, Jr
4640 S. Discovery Road
Port Townsend, WA 98368
O: (360) 385-0213, C: (360) 301-1403
brucejr@setonconstruction.com

The address to which any notice, demand, or other writing may be delivered to any party as above provided may be changed from time to time by written notice given by such party as set forth hereinabove.

- 40. JOINT & SEVERAL LIABILITY:** Each and every party who signs this Lease, other than in a representative capacity, as Lessee, shall be jointly and severally liable hereunder.
- 41. "LESSEE" INCLUDES LESSEES, ETC:** It is understood and agreed that for convenience the word "Lessee" and verbs and pronouns in the singular number and neuter gender are uniformly used throughout this Lease, regardless of the number, gender, or fact of incorporation of the party who is, or of the parties who are, the actual lessee or lessees under this Agreement.
- 42. NO AGENCY GRANTED HEREBY:** Lessee is not to be considered, nor in any manner designated, as the agent or attorney-in-fact of the Port, and this Lease does not grant to Lessee any authority to act as the Port's agent for any purpose. Any consent granted by the Port for the making of improvements to the Premises or for any other purpose shall not be construed as making the Lessee the agent of the Port, nor shall such consent make the cost of labor and/or materials used in improving the Premises lien-able

against the fee estate of the Port.

- 43. CAPTIONS:** The captions in this Lease are for convenience only and do not in any way limit or amplify the provisions of this Lease.
- 44. INVALIDITY OF PARTICULAR PROVISIONS:** If any term or provision of this Lease Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and shall continue in full force and effect.
- 45. NON-DISCRIMINATION IN SERVICES:** The Lessee agrees that it will not discriminate by segregation or otherwise against any person or persons because of race, creed, color, sex, or national origin in furnishing, or by refusing to furnish, to such person, or persons, the use of the facility herein provided, including any and all services, privileges, accommodations, and activities provided thereby. It is agreed that the Lessee's noncompliance with the provisions of this clause shall constitute a material breach of this Lease. In the event of such noncompliance, the Port may take appropriate action to enforce compliance, may terminate this lease, or may pursue such other remedies as may be provided by law.
- 46. NON-DISCRIMINATION IN EMPLOYMENT:** The Lessee covenants and agrees that in all matters pertaining to the performance of this Lease, Lessee shall at all times conduct its business in a manner which assures fair, equal and non-discriminatory treatment of all persons without respect to race, creed or national origin and, in particular:
- a. Lessee will maintain open hiring and employment practices and will welcome applications for employment in all positions from qualified individuals who are members of racial or other minorities; and
 - b. Lessee will comply strictly with all requirements of applicable federal, state or local laws or regulations issued pursuant thereto relating to the establishment of non-discriminatory requirements in hiring and employment practices and assuring the service of all patrons or customers without discrimination as to any person's race, creed, color or national origin.
- 47. LABOR UNREST:** Lessee agrees to join with the Port and use its best efforts in avoiding labor unrest, or in the event of a wildcat strike or other labor difficulty, to use its good offices in negotiating and bringing to a swift and satisfactory conclusion any kind of labor dispute that may affect the interests of the Port.
- 48. EASEMENTS:** The Parties recognize that the Port facilities are continuously being modified to improve the utilities and services used and provided by the Port. The Port, and/or its agents shall have the right to enter the demised Premises of the Lessee, and to cross over, construct, move, reconstruct, rearrange, alter, maintain, repair, and operate all utility lines, electrical services, and all other services required by the Port for its use. The Port is hereby granted a continuous easement or easements within the Leased Premises to the extent the Port reasonably believes to be necessary, without any additional cost to the Port, for the purposes expressed hereinabove, provided, however: that the Port by virtue of such use shall not permanently deprive the Lessee from its beneficial use or occupancy of its leased area. In the event that the Port does permanently deprive the Lessee from such beneficial use or occupancy, then an equitable adjustment in rent, or in the cost required to modify its Premises to allow the Lessee to operate

its business, will be negotiated and paid by the Port to the Lessee. In the event such entry by the Port is temporary in nature, then the Port shall reimburse the Lessee for the cost required modifying its Premises for the temporary period that the Lessee is inconvenienced by such Port entry. The Port will not be responsible to the Lessee for any reduced efficiency, or loss of business occasioned by such entry.

49. FEDERAL AVIATION ADMINISTRATION REQUIREMENTS: Lessee agrees that its use of the Premises will be accomplished in accordance with the following covenants:

- a. Level of Service - Compliance with Requirements. Lessee agrees to:
 - 1) Furnish good, prompt, and efficient service adequate to meet all the demands for its service at the Airport;
 - 2) Furnish said service on a fair, equal and nondiscriminatory basis to all users thereof;
 - 3) Charge a fair, reasonable and nondiscriminatory price of each unit of sale or service, provided: that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers;
 - 4) Prevent any use of the Premises which would interfere with landing or taking off of aircraft at JCIA or otherwise constitute an airport hazard;
 - 5) Prevent any operation on the Premises which would produce electromagnetic radiation of a nature which would cause interference with any air navigational or communications aid now or in the future to be installed to serve JCIA, or which would create any interfering or confusing light or cause any restrictions to visibility at the airport.
- b. Use of Airspace: The Port retains the public right of flight for the passage of aircraft in the airspace above the surface of the real property hereinabove described, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in said airspace, and for use of said airspace for landing on, taking off from or operating on JCIA.
- c. Minority Businesses. Lessee understands that it is the policy of the U.S. Department of Transportation that minority business enterprises as defined in 49 CFR, Part 23, shall have the maximum opportunity to participate in the performance of this Lease as defined in 49 CFR, Section 23.5, and that this Agreement is subject to 49 CFR, Part 23, as applicable. Lessee hereby assures that no person shall be excluded from participation in, denied the benefits of, or otherwise be discriminated against in connection with 49 CFR, Part 23, on the grounds of race, color, national origin, or sex.
- d. Fire Protection. Lessee understands and agrees that the Port provides for fire protection service to the airport through an interlocal agreement with a local volunteer fire district, Jefferson County Fire Protection District No. 1 (East Jefferson Fire-Rescue). Lessee further understands and agrees that the Port has no duty under this Lease to provide fire protection for Lessee's building, property or equipment located on or upon the Premises. It is agreed that fire protection service shall be provided to the Premises by the local volunteer fire district, and Lessee agrees to pay any service charges that may be imposed by said fire district. Lessee understands that it is Lessee's responsibility and duty to include the value of its buildings, property and equipment to appropriate County authorities for personal property tax purposes through which fire district service charges are paid. Failure of Lessee to list accurately its improvements or promptly to pay its fire district service charges when due shall be a breach of this Lease and shall be grounds for the Port to terminate this Lease.

- e. Inventory of Aircraft. Lessee understands and agrees that the Port shall have the right to enter upon the hangars located upon the Leased Premises for the purpose of inventorying all aircraft housed in the hangars, to record their tail numbers and to obtain, upon request, copies of all registration papers. Lessee understands and agrees that the Port may be required, from time to time, to communicate such information to the FAA and other Federal, State and local law enforcement agencies, and Lessee agrees that such information will be freely made available to the Port and may be communicated by the Port to proper authorities.
- f. Compliance with all FAA Regulations. Lessee agrees to comply with any and all regulations imposed by the FAA and other agencies which govern activities at airports. Any violation of such regulations will constitute a default under this Lease.

50. ENTIRE AGREEMENT: This Lease Agreement sets forth the entire agreement of the parties hereto with respect to subject matter hereof and supersedes and nullifies all prior agreements made between the parties hereto. This Lease Agreement may only be changed by written amendment executed by both parties.

Land Lease Agreement dated this _____ day of April 2022 as authorized by the Port of Port Townsend Port Commission, on the ____ day of 2022 and effective upon the receipt of a deposit and liability insurance documentation from the Lessee.

THIS AGREEMENT HAS BEEN NEGOTIATED BETWEEN THE PARTIES AND CONTAINS A LIMITED WAIVER OF IMMUNITY UNDER TITLE 51 RCW, AN INDEMNIFICATION AND A RELEASE.

LESSEE

Bruce B. Seton, Jr., Governing Party
STATION PRAIRIE, LLC

ATTEST:

PORT OF PORT TOWNSEND (LESSOR)

APPROVED AS TO FORM

Eron Berg, Executive Director Date

Port Attorney Date

STATE OF WASHINGTON
COUNTY OF JEFFERSON

I certify that I know or have satisfactory evidence that Bruce B. Seton, Jr. signed this instrument and that he is authorized to execute the instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

Dated: _____

Signature of
Notary Public: _____

My Appointment Expires: _____

STATE OF WASHINGTON
COUNTY OF JEFFERSON

I certify that I know or have satisfactory evidence that Eron Berg signed this instrument and that he is authorized to execute the instrument as Interim Executive Director of the Port of Port Townsend and acknowledged it to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____

Signature of
Notary Public: _____

My Appointment Expires: _____

EXHIBIT "A":

Hangar Site #5 – Leased Premises

[RESERVED – MUST BE INCLUDED PRIOR TO EXECUTION OF LEASE AGREEMENT]

EXHIBIT “B”:

Hazardous Substances Warranty & Agreement

[RESERVED – MUST BE INCLUDED & EXECUTED CONCURRENT WITH LEASE AGREEMENT]

Exhibit 'A'

Hangar Pad Site #5, 150'x 50'
Seton Construction, Inc.

Legend

- 310 Airport Rd
- Port Townsend Aero Museum
- Spruce Goose Cafe



Exhibit 'A', Hangar Site #5
Seton Construction, Inc. pg 2/2

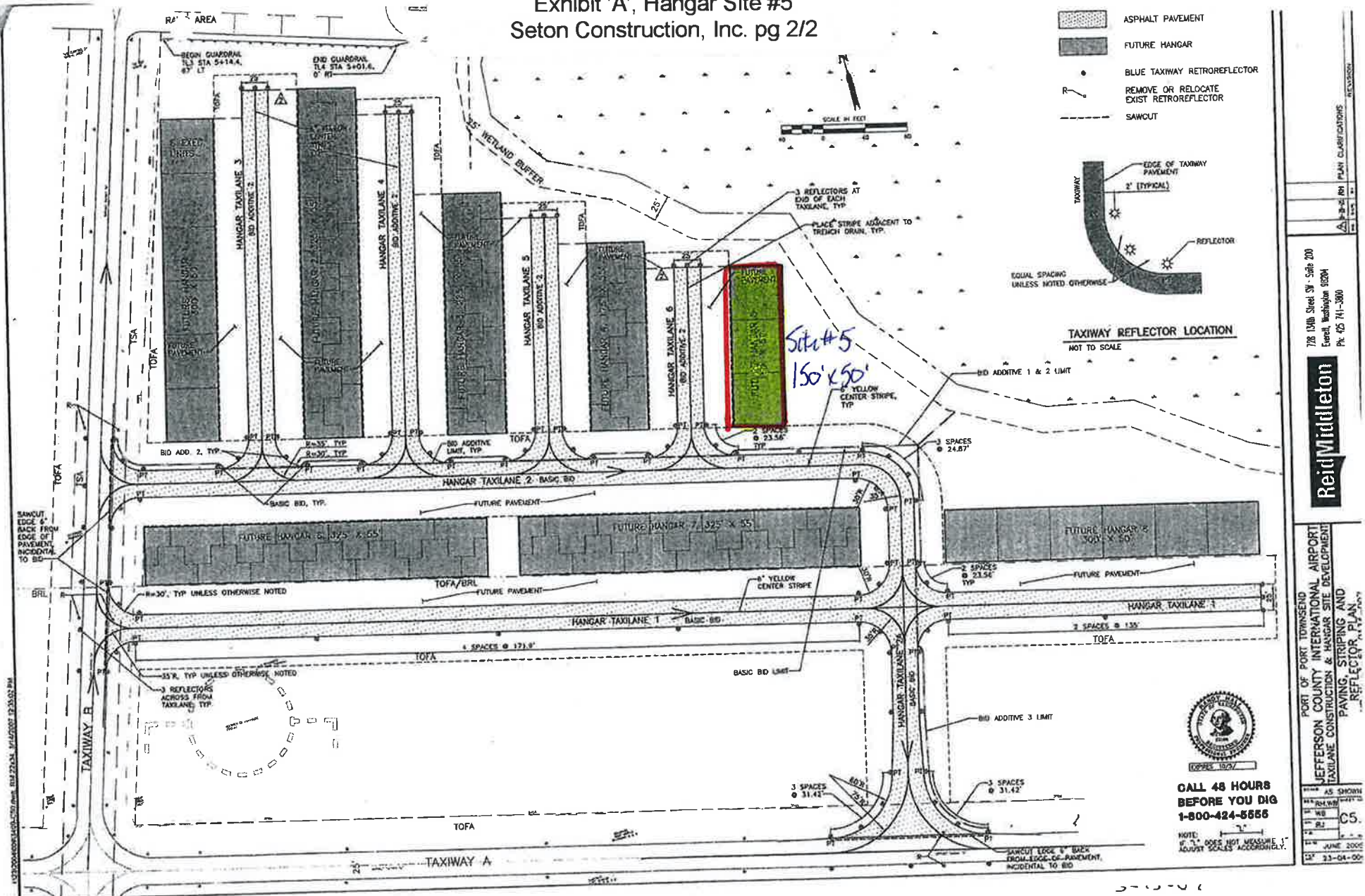


EXHIBIT "B"
HAZARDOUS SUBSTANCES WARRANTY AND AGREEMENT

RIDER TO LEASE AGREEMENT DATED: _____ 2022, BETWEEN THE PORT OF PORT TOWNSEND and STATION PRAIRIE, LLC a Washington limited liability company.

IT IS HEREBY AGREED THAT THE LEASE AGREEMENT IDENTIFIED ABOVE SHALL BE SUPPLEMENTED AND MODIFIED AS FOLLOWS:

1. **HAZARDOUS SUBSTANCES ON PREMISES.** Without the express written permission of Lessor, Lessee shall not store, use or have present on or adjacent to the premises any hazardous or toxic substances, including those substances defined as "hazardous" or "extremely hazardous" under federal or Washington State environmental statutes or regulation (including but not limited to 42 USC 9601 et seq., 40 CFR Part 302, RCW Chapter 70.105D.020 and WAC 173-340-200, and any successor statutes and regulation), except as follows: _____

2. **STORAGE AND USE OF HAZARDOUS SUBSTANCES.** Lessee agrees at all times to restrict its storage and use of substances identified in Paragraph 1 to the inside of the permanent building(s) at the premises, and specifically to those locations within such buildings(s) having concrete flooring or such other impermeable flooring as Lessor may in its sole discretion approve in writing upon request by Lessee.
3. **HANDLING AND DISPOSAL.** The Lessee agrees to use said substances identified in paragraph 2 only on areas which have impermeable surfaces and or other means for preventing accidental contact by such substances with the soils upon the leasehold or its surrounding area.
4. **RELEASES OF HAZARDOUS SUBSTANCES PROHIBITED.** Lessee shall not release, dispose of, or permit a release of, any of the substances described or identified in paragraph 1 onto the premises or into the environment surrounding the premises.
5. **REGULATORY COMPLIANCE.** Lessee warrants and agrees that, during the term of this lease and any extensions thereof, it will take all steps necessary to comply with all applicable federal, state and local requirements for the containment, storage, use and disposal of any and all hazardous or toxic substances at the premises, including but not limited to obtaining and maintaining all necessary federal, state and local permits or licenses, and obtaining any required federal or state hazardous waste generator or transporter identification numbers. Lessee shall provide to Lessor a copy of each such existing permit, license, and identification number before occupancy, and shall provide a copy of any such permit, license, and identification number which Lessee may obtain in the future within seven days of receipt by Lessee.

6. **DISPOSAL OF HAZARDOUS WASTES.** In the event Lessee has occasion or need to dispose of hazardous or toxic substances or wastes, and unless otherwise agreed in writing, Lessee shall retain an independent hazardous waste disposal firm to dispose of any and all such substances at an off-site facility which has been properly approved, licensed and authorized to accept such substances. Lessee shall ensure that the disposal firm is properly licensed and in good standing with the applicable regulatory authorities for such work, and that it has all required transporter identification numbers.
7. **LESSEE'S WARRANTY OF NO CONTAMINATION.** Except as may be disclosed in Attachment No. 1 hereto, Lessee warrants and represents (1) that it has not released any toxic or hazardous substances onto the premises or into the environment in connection with its activities at the premises, (2) that it has inspected the premises and is not aware of any indication that a release of any hazardous substances has ever occurred at the premises, including prior to Lessee's occupancy, (3) that it has never been formally accused or cited, at the premises or elsewhere, for any violation of environmental laws, regulations or any hazardous waste-related governmental permit, and (4) that no claims or litigation have ever been pending against it by any person or governmental agency involving any use, storage, release or disposal of hazardous or toxic waste. If any such releases, formal accusations, citations, claims or litigation against Lessee arise during the term of this lease or any extension thereof, then Lessee shall notify Lessor in writing within seven (7) days of such event, and shall provide Lessor with a copy of each document reflecting such event.
8. **INDEMNIFICATION AND HOLD HARMLESS.** Lessee shall indemnify and hold Lessor harmless with respect to any and all direct or indirect expenses, losses of damages, including all consequential damages, Attorney's fees, and litigation-related expenses and costs, incurred by Lessor which result from (1) Lessee's breach of provision of this Rider, (2) claims, actions, suites, proceedings, judgments, fines or remedial orders (including orders to clean up contamination at the premises) which arise because of Lessee's breach of this Rider, (3) Lessee's violation of environment laws or regulations, or (4) Lessee's release of a toxic or hazardous substance onto the premises or into the surrounding environment. This provision shall apply regardless of whether Lessee has been negligent or at fault for such breach, violation, or release. This obligation by the Lessee shall survive the expiration or termination of the lease agreement and the sale of the property. If Lessor so requests, Lessee shall accept the tender of defense of, and shall retain counsel of Lessor's selection and at Lessee's expense to defend, any third-party claim asserted against Lessor in connection with alleged conduct by Lessee which, if true, would be in breach of the provision of this Rider.
9. **NOTIFICATION TO LESSOR OF CHANGES IN OPERATION.** Lessee agrees to notify Lessor in writing at least seven (7) days in advance of any previously undisclosed action which the Lessee plans to take which poses a material risk of a release of hazardous substance into the environment, including but not limited to material changes in Lessee's methods of hazardous waste disposal, material increases in the volume of Lessee's hazardous waste

disposal, or material changes in the nature of any hazardous wastes which Lessee anticipates it will generate.

10. **COPIES OF ENVIRONMENTAL CORRESPONDENCE.** Lessee agrees to provide Lessor with copies of all past and future correspondence to or from the Washington Department of Ecology, the U.S. Environmental Protection Agency, and any other government agency which has had or may have contact with Lessee regarding environmental concerns pertaining to the premises.
11. **NOTIFICATION OF SPILLS OR RELEASES.** Lessee shall comply with all notification requirements under the applicable federal, state and local environmental statutes and regulations, including but not limited to the timely notification of the appropriate government authorities of any spills or releases of toxic or hazardous substances into the environment or onto the premises. Lessee shall notify Lessor within 24 hours of discovery of any such spills or releases and shall provide copies of all correspondence and documents related to such spills or releases to Lessor with seven days after receipt or creation, as the case may be.
12. **LESSOR'S REMEDY FOR BREACH OR VIOLATION.** In the event Lessee permits a release of a hazardous substance to occur at or near the premises, or breaches any provision of this Rider, Lessor shall be entitled (1) to terminate the lease agreement immediately, (2) to require Lessee to cease all operation which pose a risk of releasing a hazardous substance into the environment, and (3) to require Lessee to begin an immediate cleanup of any and all contamination at the premises to the extent necessary to achieve full compliance with the applicable environmental laws and regulations. Lessor shall be entitled to obtain immediate injunctive relief from a court of competent jurisdiction to enforce this provision. These remedies shall be in addition to, and not in substitution for, any other remedies available to Lessor under applicable law.
13. **ANNUAL DECLARATION OF COMPLIANCE.** Within ten (10) days of receipt of a written request by Lessor, Lessee shall provide to lessor a declaration of Lessee's compliance or non-compliance with the applicable environmental laws and regulations and with the provisions of this Rider, in the form set forth in Attachment No. 2. Lessor anticipates that it will request such a declaration annually, approximately on the anniversary date of this Rider.
14. **INSPECTION OF PREMISES.** Lessee agrees to permit and cooperate with any on-site inspections and testing requested by Lessor, including inspections and testing conducted by consultants or engineers hired by Lessor to evaluate Lessee's compliance with the applicable environmental requirements and the provisions of this Rider. Lessor shall provide Lessee within 24 hours advance notice of Lessor's intent to conduct such inspection or testing.

15. **DESIGNATED REPRESENTATIVE RESPONSIBLE FOR COMPLIANCE. BRUCE B. SETON, JR.,** whose cell phone number is _____ shall be the Lessee's designated representative who shall be primarily responsible (1) for Lessee's compliance with the provision of this Rider, (2) for handling contact with Lessor pertaining to environmental compliance, and (3) for signing on behalf of Lessee the annual declaration of compliance pursuant to Paragraph 12 above. Lessee shall promptly notify Lessor of any changes in the identity or telephone numbers of the designated representative.

16. **ADDITIONAL PROVISIONS.**

LESSOR:

LESSEE:

Eron Berg, Executive Director
Port of Port Townsend

Bruce B. Seton, Jr., Governing Party
Station Prairie, LLC

Date: _____

Date: _____

(Attachment No. 1 to Hazardous Substances Rider)

DISCLOSURE BY LESSEE

The Lessee makes the following disclosure pursuant to Paragraph 6 of the Hazardous Substances Warranty and Agreement (Attach Additional page(s) if necessary):

1. Release(s) of Hazardous Substances by Lessee:
 (If none, initial here: _____)

2. Indication(s) of Contamination at Premises:
 (If none, initial here: _____)

3. Lessee Violation(s) of Environmental Regulations:
 (If none, initial here: _____)

4. Environmental Claims or Litigation Against Lessee:
 (If none, initial here: _____)

Lessee: **Station Prairie, LLC**

By: _____
 Bruce B. Seton, Jr., Governing Party

Date: _____

(Attachment No. 2 to Hazardous Substances Rider)

DECLARATION OF COMPLIANCE

Bruce B. Seton, Jr., as the designated representative of Lessee primarily responsible for environmental compliance pursuant to Paragraph 12 of the Hazardous Substances Warranty and Agreement dated: _____, 2022, hereby declare and represent as follows on behalf of Lessee:

1. I have read, and am familiar with, Lessee's obligations and representations as set forth in the Hazardous Substances Warranty and Agreement applicable to Lessee.
2. I am not aware of, and do not believe there have been any violations by Lessee of any of the provisions in the Hazardous Substances Warranty and Agreement, or of any requirements imposed on Lessee by federal, state or local environment laws and regulations.
3. I have no reason to believe, and do not believe, that any of the representations in Paragraph 6 of the Hazardous Substances Warranty and Agreement are inaccurate as of the date indicated below.
4. Lessee has not stored, used or had present on or adjacent to the premises any hazardous or toxic substances except those that have been disclosed in writing to Lessor.
5. Lessee has not released, disposed of, or permitted the release of any hazardous or toxic substances onto the premises or into the environment surrounding the premises, except as has been disclosed in writing to Lessor.

Lessee: **STATIN PRAIRIE, LLC**

By: _____
Bruce B. Seton, Jr., Governing Party

Date: _____

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	April 27, 2022
AGENDA ITEM	<input checked="" type="checkbox"/> Consent <input type="checkbox"/> 1 st Reading <input type="checkbox"/> 2 nd Reading <input type="checkbox"/> Regular Business <input type="checkbox"/> Informational
AGENDA TITLE	IV. D. JCIA AIP Grant Authorization – Resolution 769-22
STAFF LEAD	Matt Klontz, Director of Capital Project & Port Engineer
REQUESTED	<input type="checkbox"/> Information <input checked="" type="checkbox"/> Motion/Action <input type="checkbox"/> Discussion
ATTACHMENTS	<ul style="list-style-type: none"> • Staff Info Memo • Draft Resolution 769-22

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 4/27/2022

TO: Port Townsend Port Commission

FROM: Matt Klontz, Director of Capital Projects

SUBJECT: FAA Airport Improvement Program (AIP) Grant Authorizing Resolution No. 769-22

ISSUE: Should the Port Commission authorize the Executive Director to execute and file such agreements as may be needed with the Federal Aviation Administration (FAA) to secure up to \$150,000 in federal Airport Improvement Program (AIP) funding for the 2nd Connector Taxiway project at the Jefferson County International Airport (JCIA)?

BACKGROUND: The Port is budgeted \$150,000 annually in Non-Primary Entitlement (NPE) funding from the FAA for airport related capital improvement projects. Current year 2022 funding is programmed towards preconstruction design engineering and permitting for the 2nd connector taxiway. Construction of the taxiway is slated for year 2023 and will use year 2023 NPE funding plus any remaining balance from year 2022.

DISCUSSION: Staff has prepared a draft of Port Commission Resolution No. 769-22, authorizing the Executive Director to execute and file all documents necessary to secure Airport Improvement Program (AIP) funding assistance for the 2nd Connector Taxiway Project. It is anticipated that application materials to secure this funding will be submitted in early May.

FISCAL IMPACT: AIP funding is limited to 90% of eligible project costs. While the level of WSDOT Aviation Division funding participation is not yet known, typically it is limited 5% of eligible project costs; this would mean the Port's share of project cost would be the remaining 5%. Therefore, the funding for the preconstruction design engineering and permitting phase is estimated to be \$166,666.

Agency	Funding Share (\$)	Funding Share (%)
FAA AIP	\$ 150,000	90%
WSDOT	\$ 8,333	5%
Port	\$ 8,333	5%
Subtotal	\$ 166,666	100%

RECOMMENDATION: Approve the attached Resolution 769-22 authorizing the Executive Director to execute and file such documents as may be necessary to secure Airport Improvement Program (AIP) funding assistance to support the 2nd Connector Taxiway Project.

ATTACHMENTS:

- Draft Port Commission Resolution No. 769-22.

RESOLUTION NO. 769-22
A Resolution of the Commission of the Port of Port Townsend

AUTHORIZING THE EXECUTIVE DIRECTOR OF THE PORT OF PORT TOWNSEND TO EXECUTE A GRANT AGREEMENT WITH THE UNITED STATES DEPARTMENT OF TRANSPORTATION, FEDERAL AVIATION ADMINISTRATION, SEEKING AIRPORT IMPROVEMENT PROGRAM (AIP) GRANT FUNDS TO SUPPORT PRECONSTRUCTION ENGINEERING FOR A 2nd CONNECTOR TAXIWAY AT THE JEFFERSON COUNTY INTERNATIONAL AIRPORT, ASSURING THAT IT WILL COMPLY WITH ALL UNDERSTANDINGS AND ASSURANCES OF SUCH GRANT AGREEMENT AND ASSURING FURTHER THAT LOCAL MATCHING FUNDS ARE AVAILABLE AND AUTHORIZED.

WHEREAS, the Port of Port Townsend is a municipal corporation established in 1924 under Title 53 of the Revised Code of Washington; and

WHEREAS, under RCW 53, the Port of Port Townsend is responsible for developing and maintaining infrastructure that fosters economic development, providing transportation facilities that support commerce and communities within Jefferson County; and

WHEREAS, under RCW §53.08.020 the Port of Port Townsend is specifically authorized to construct, purchase, acquire, lease, maintain and operate air transfer and terminal facilities subject to all applicable state and federal laws; and

WHEREAS, the Port of Port Townsend considers it to be in the best interests of the public to apply for financial assistance through the Federal Aviation Administration (FAA) Airport Improvement Program (AIP) to substantially fund “Phase I” of the 2nd Connector Taxiway Project (i.e., preconstruction engineering and permitting) at the Jefferson County International Airport (JCIA);

WHEREAS, the grant agreement for FAA/AIP financial assistance imposes certain obligations and conditions upon the applicant Port, and requires the Port to provide certain specific assurances, among them the availability of sufficient funds for its portion of the project costs; and

WHEREAS, the Port anticipates that the total project cost for the preconstruction design engineering associated with the 2nd Connector Taxiway will not exceed \$166,666 of which 90% (\$150,000) would be provided through FAA AIP grant monies, with the remaining amount to be provided through a combination of Port of Port Townsend matching funds and WSDOT Aviation Division Airport Aid grant monies (i.e., up to \$16,666); and

WHEREAS, the Port had cash reserves for capital projects of \$834,976 on March 31, 2022, and therefore has the matching funds available to cover its share of project costs;

NOW, THEREFORE, BE IT RESOLVED by the Port Commission of the Port of Port Townsend, as follows:

1. Port Executive Director, Eron Berg, or his designee, is authorized to execute and file such documents as may be necessary for the application and award of Airport Improvement

Program (AIP) grant assistance for Phase I of the 2nd Connector Taxiway Project on behalf of the Port of Port Townsend with the Federal Aviation Administration (FAA). This authorization expressly includes the AIP Certifications and Assurances for Airport Sponsors.

2. Port Executive Director, Eron Berg, or his designee, is further authorized to administer the Port's previously promulgated Disadvantaged Business Enterprise (DBE) program for the Port of Port Townsend, a DOT/FAA requirement for all AIP supported projects exceeding \$250,000, which will ensure that small businesses owned and controlled by socially and economically disadvantaged individuals are provided a fair opportunity to compete for federally funded contracts involving the JCIA.
3. Any AIP grant assistance received will be used for direct costs associated with implementation of the project referenced above.
4. Upon consultation with the Port's Director of Finance and Administration, S. Abigail Berg, the Commission of the Port of Port Townsend has concluded, and hereby assures the FAA, that local matching funds are available and have been authorized for the above-referenced 2nd Connector Taxiway Project.
5. This Resolution becomes part of a formal application to the FAA for AIP grant assistance.
6. The Commission provided an opportunity for public comments on this grant application during its April 27, 2022, regular meeting, has given fair consideration to the interest of residents in proximity to the project area, has ensured that affected parties that use the JCIA have been informed and consulted during the development of the taxiway project, and will continue to inform and consult with affected parties during the work conducted under this AIP grant.

ADOPTED this 27th day of April 2022, by the Commission of the Port of Port Townsend and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the Seal of the Commission duly affixed.

ATTEST:

Peter W. Hanke, Secretary

Pamela A. Petranek, President

Carol L. Hasse, Vice President

APPROVED AS TO FORM:

Port Attorney

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	April 27, 2022
AGENDA ITEM	<input type="checkbox"/> Consent <input type="checkbox"/> 1 st Reading <input type="checkbox"/> 2 nd Reading <input checked="" type="checkbox"/> Regular Business <input type="checkbox"/> Informational
AGENDA TITLE	VII. A. Proposed Revision of Late Fees
STAFF LEAD	Abigail Berg, Director of Finance and Administration
REQUESTED	<input type="checkbox"/> Information <input checked="" type="checkbox"/> Motion/Action <input type="checkbox"/> Discussion
ATTACHMENTS	<ul style="list-style-type: none"> • Staff Info Memo

PORT OF PORT TOWNSEND

AGENDA MEMO

DATE: 4/27/2022
TO: Commission
FROM: Abigail Berg, Director of Finance & Administration
SUBJECT: Adopted 2022 Late Fees

ISSUE

Should the Commission eliminate the minimum late fee charge of \$25.00?

BACKGROUND

Late fees are applied to Port customer balances that have not been paid within 30 days of billing. The late fees are applied only to balances over-due, less any previously charged late fees. When the 2022 rates were reviewed and evaluated, it was determined that late fees had not been changed in at least 20 years. As such, it was agreed an update was over-due and the Commission adopted the recommendations of staff for these charges.

2022 rate cards were adopted by the Commission in November and the late fee was changed from 1.5% to 5% with a minimum charge of \$25.00, up from \$10.00. Molo recently released a software upgrade that allows us to automatically calculate late fees without having to review each account and apply the charges. As staff began to evaluate this implementation, it was determined that the increases should be handled differently than with the previous marina billing system, TMP. In the TMP system, there were no charges for amounts owed up to \$9.99, amounts owed between \$10.00 and \$675.00 would get a flat \$10.00 late charge, and amounts owed that are more than \$675.00 would get the 1.5% applied. *(After you exceed \$675.00 and start applying the 1.5% late fee, the charges automatically are more than \$10.00.)*

DISCUSSION

Using the Port's new MOLO software, and following the same implementation procedure as was previously applied using TMP, the following outcomes would result:

- No late fee would be assessed for outstanding balances under \$9.99;
- A \$25.00 late fee would be assessed for outstanding balances between \$10.00 and \$500.00; and
- A 5% late fee would be assessed against outstanding balances that exceed \$500.00.

Applying a minimum \$25.00 late fee to quite minimal amounts in areas (e.g., \$50.00 or less) appears to be excessive and inappropriate. Accordingly, it is staff's view that the minimum late fee of \$25.00 should be eliminated for minimal outstanding balances (i.e., \$10.00 to \$50.00). Instead, it is recommended that a minimum late fee of 5% be applied to all outstanding balances exceeding \$50.00 and there be no \$25.00 minimum late fee charge. This approach to assessing late fees would be both fairer and easier to administer. The following outcomes would result:

- No late fee would be assessed for outstanding balances under \$49.99;
- A 5% late fee would be assessed against outstanding balances \$50.00 and above (e.g. \$2.50 for a balance of \$50.00, or \$25.00 for a balance of \$500.00).

FISCAL IMPACT

This will likely result in a small reduction in revenue in 2022.

RECOMMENDATIONS

Staff requests the Commission's approval to eliminate the \$25.00 minimum late charge, and apply only the 5% late fee on amounts over-due to the Port that exceed \$50.00.

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

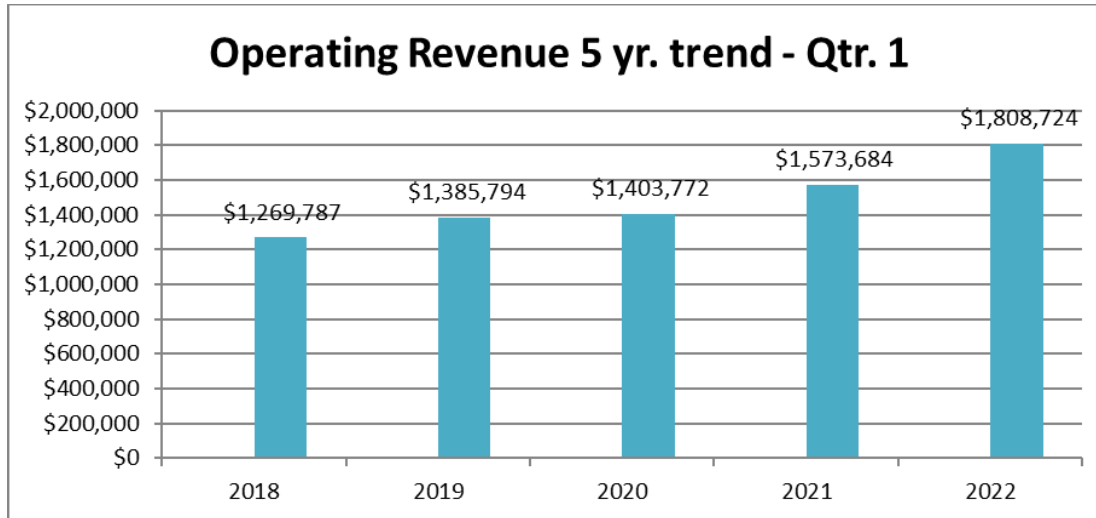
MEETING DATE	April 27, 2022
AGENDA ITEM	<input type="checkbox"/> Consent <input type="checkbox"/> 1 st Reading <input type="checkbox"/> 2 nd Reading <input checked="" type="checkbox"/> Regular Business <input type="checkbox"/> Informational
AGENDA TITLE	VII. B. March (Quarter 1) Year-to-Date Financials
STAFF LEAD	Abigail Berg, Director of Finance and Administration
REQUESTED	<input checked="" type="checkbox"/> Information <input type="checkbox"/> Motion/Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	<ul style="list-style-type: none"> • Staff Info Memo • March (Quarter 1) Financial Report

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 4/21/2022
TO: Commission
FROM: Abigail Berg, Director of Finance & Administration
SUBJECT: March YTD (Qtr. 1) 2022 Financial Report

Highlights of year-to-date operating revenue performance:

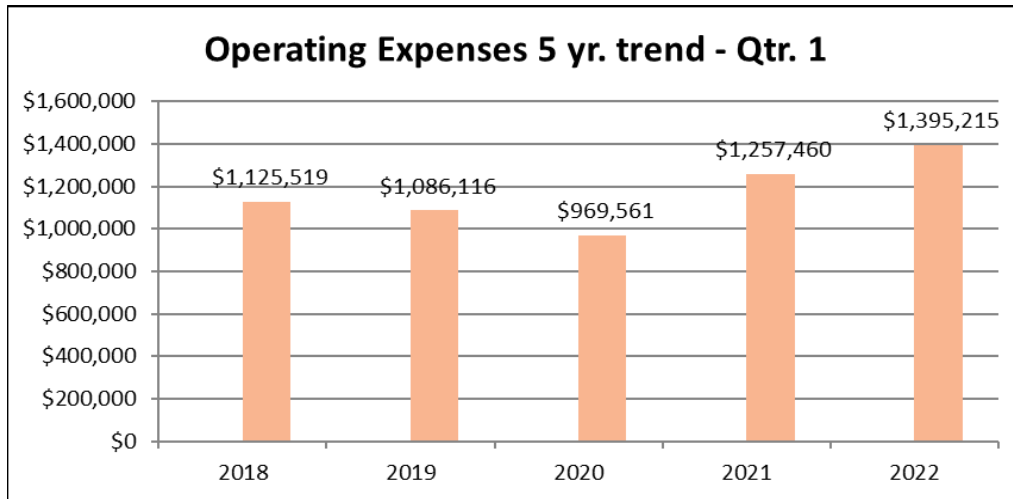


Increases/(Decreases) in Operating Revenues over the last 5 years are:

Year	Oper. Rev.	Incr./Decr.
2018-2019	\$116,007	9.1%
2019-2020	\$17,978	1.3%
2020-2021	169,912	12.1%
2021-2022	\$235,040	14.9%

These year-to-year increases in Operating Revenue average out to 9.4%. Yard Operations continue to lead the pack with a 12% increase, or \$68,150, over 2021, and Point Hudson coming in next at 7%, or \$21,611. Overall, Operating Revenues increased 7.5%, or \$122,471 over 2021, and are more than budgeted by 12%, or \$183,499. There are notes with more detail on these year-to-year YTD variances that follow the financial statement attached.

Highlights of year-to-year operating expenses activity:



Increases/(Decreases) in Operating Expenses over the last 5 years are:

Year	Oper. Expenses	Incr./Decr.
2018-2019	(\$39,403)	-3.5%
2019-2020	(\$116,555)	-10.7%
2020-2021	\$287,899	29.7%
2021-2022	\$137,755	11.0%

The year-to-year changes in Operating Expenses average out to a 6.6% increase over the 5-year period. The year-to-year numbers are impacted not only by rising prices and costs but also increases in the Full Time Equivalent employees (FTE) count. During this 5-year span, the Port has gone from 30 FTEs in 2018 to 36 FTEs in 2021. Other year-to-year increases are due to increased spending in repair & maintenance, insurance, legal/auditing, environmental materials/supplies, bank charges, operating supplies, and office/computer supplies.

Debt Service for the Year

2010 LTGO Bond – (83% paid A/B Dock Reconstruction, 17% paid 75 Ton Lift Pier)

June 1 – interest only	\$ 80,744
December 1 – principal and interest	400,744

2015 LTGO Refunding Bond – (paid for Point Hudson Marina Reconstruction – 2005 LTGO Bonds refunded in 2015)

July 1 – principal and interest	520,600
December 31 – interest only	<u>23,250</u>

Total Debt Service for 2021 \$ 1,025,338

Remaining Debt for years 2023-2029

2010 LTGO Bond – principal and interest	\$ 3,329,550	payoff December 2029
2015 LTGO Bond – principal and interest	<u>1,620,800</u>	payoff July 2025
Total	<u>\$ 4,950,350</u>	

2022 YTD Capital Project Expenses

Point Hudson Jetties	\$ 58,135
Dock Renovations & Piling Replacement	0
BH Breakwater Repair	633
PH Pavilion Bldg. Remodel	18,426
FEMA Grant – Yard Stormwater Materials Replacement	0
FEMA Grant – City Dock	0
FEMA Grant – JCIA Asbestos Roof	0
North Yard Expansion	176
Reconstruct Old Coast Guard Building	34,292
Total Capital Expenses YTD	<u>\$ 111,662</u>

Non-Capital use of funds

DNR – Vessel Destruction	\$30,233
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2022 Capital Purchase

Kendrick Equipment, Inc. (final payment on 75-Ton lift, and crane rental to build)	403,338
Northsound Auto Group, LLC (3 RAM pick-up trucks)	86,704
Land Acquisition – West Yard Expansion	5,949
Total Capital Purchases YTD	<u>\$ 495,991</u>

Ending Cash Balances as of March 31	2022	2021
Reserved Cash & Investments – Other*	\$2,727,022	\$1,847,700
Reserved Cash & Investments – IDD	2,413,121	866,322
Unreserved Cash & Investments	<u>1,410,605</u>	<u>2,029,123</u>
Total Cash & Investments	<u>\$6,550,748</u>	<u>\$4,371,730</u>

*Other Reserves detail:	Current balance	Target balance
Operating Reserve (a)	\$ 934,168	\$ 1,316,701
Boat Haven Renovation Reserve (b)	447,878	na
Emergency Reserve	500,000	500,000
Port-Wide Capital Reserve (c)	834,976	na
Unemployment Reserve	<u>10,000</u>	10,000
Total Other Reserves	<u>\$ 2,727,022</u>	

(a) The target for the Operating Reserve is 25%, or three (3) months, of operating expenses. See Resolution 692-19 for more detail.

(b) The plan for this reserve is to use it on Boat Haven Moorage projects until it is extinguished. It was replaced by the Port-Wide Capital Reserve in Resolution 693-19.

(c) Resolution 693-19 does not set a target for this reserve.

DISCUSSION: As requested by Commission.

FISCAL IMPACT: NA

RECOMMENDATIONS: For discussion only.

Port of Port Townsend
2022 Summary of Fund Resources & Uses with Comparison to Prior Year and Budget

	YTD Mar. 2021	YTD Mar. 2022	Variance to prior year	notes	YTD Budget 2022	Variance to Budget YTD
OPERATING REVENUES						
Boat Haven Moorage	434,283	451,142	16,859		460,319	(9,177)
Yard Operations	549,805	617,955	68,150		557,212	60,743
Boat Haven Properties	194,587	211,330	16,744		210,899	431
Pt. Hudson Marina, RV & Prop	313,801	335,413	21,611		315,953	19,460
Quilcene	37,667	31,735	(5,931)		33,405	(1,670)
Ramps	6,125	4,540	(1,585)		7,189	(2,649)
JCIA	37,416	43,679	6,263		40,248	3,431
(Incr.)/Decr. In Accounts Receivable	112,569	112,929	360		-	112,929
Total Operating Revenues	1,632,471	1,808,724	122,471	a	1,625,225	183,499
OPERATING EXPENDITURES						
Salaries & Wages	564,144	653,049	88,905		634,426	18,623
Payroll Taxes	57,567	68,253	10,686		66,151	2,102
Employee Benefits	206,530	206,356	(174)		213,791	(7,435)
Uniform Expense	2,542	6,818	4,277		2,768	4,050
Contract Services	66,879	60,885	(5,994)		70,973	(10,088)
Legal & Auditing	43,689	10,566	(33,124)		19,582	(9,017)
Insurance	-	1,545	1,545		-	1,545
Facilities & Operations	166,161	195,295	29,134		129,787	65,508
Utilities	150,274	163,552	13,278		157,947	5,605
Marketing	6,405	17,149	10,744		11,517	5,632
Economic Development	-	7,500	7,500		7,500	-
Travel & Training	659	3,987	3,328		3,009	978
Community Relations	3,847	259	(3,588)		-	259
Total Operating Expenditures	1,268,697	1,395,215	126,518	b	1,317,451	77,763
Net Operating Income (Expense)	363,773	413,509	49,736		307,774	105,736
Other Increases in Fund Resources						
Deposits & Retainage Collected	18,624	19,054	431		14,203	4,851
Taxes Collected	160,693	176,081	15,387		159,306	16,775
Interest	17,291	1,953	(15,338)		16,633	(14,680)
Property & other taxes	358,909	533,481	174,572		521,155	12,326
Misc Other Incr. in Fund Resources	2,772	7,718	4,946		4,905	2,813
Total Other Incr. in Fund Resources	558,288	738,286	179,998	c	716,202	22,084
Other Decr. In Fund Resources						
Deposits & Retainage Paid	5,646	2,318	(3,328)		8,023	(5,705)
Taxes Remitted	139,069	156,776	17,707		151,971	4,805
Debt Principal & Interest	251,565	-	(251,565)		-	-
Debt Mgmt, Issuance & Misc Exp	9,341	98	(9,243)		370	(272)
Election Expense	-	17,561	17,561		2,000	15,561
Total Other Decr. In Fund Resources	405,621	176,752	(228,869)	d	162,364	14,388
Net Incr./(Decr.) in Fund Resources	152,667	561,534	408,867		553,838	7,696
Net Income (Expense)	516,440	975,043	458,603	e	861,612	113,432

Port of Port Townsend

Notes to 2022 Summary of Fund Resources & Uses report

As of March 31, 2022

- (a) Overall, Operating Revenues increased by 7.5%, or \$122,471, when compared to 2021. When compared to budget, Operating Revenues are up by 11%, or \$183,499. In both instances, some of this increase is related to the paydown of accounts receivable balances.
- (b) Overall, Operating Expenses increased by 10%, or \$126,518, when compared to 2021. Measuring performance against budget, Operating Expenses YTD are just more than budget by 6%, or 77,763.
- (c) Total Other Increases in Fund Resources increased by 32%, or \$179,998, when compared to 2021. This is largely due to IDD levy collections. This percentage change is much less at 3%, or \$22,084, when compared to budget.
- (d) Other Decreases in Fund Resources are less when compared to 2021 by 56%, or \$228,869. This is directly related to the final pay-off of the 2020 Line of Credit (LOC) in January 2021 in the amount of \$251,565. When compared to budget, March YTD expenditures are more closely aligned with budget with a 9%, or \$14,388, variance.
- (e) Overall, the difference in Net Income (Expense) when comparing 2021 and 2022 that amounts to \$458,603, or 89%, is mostly due to the pay-off of the 2020 Line of Credit in January 2021 for \$251,565, the increase in operating revenues of \$122,471, and the increase in other fund resources of \$179,998. The variance of this line item to budget is \$113,432, or 13%, higher than budgeted.

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	April 27, 2022
AGENDA ITEM	<input type="checkbox"/> Consent <input type="checkbox"/> 1 st Reading <input type="checkbox"/> 2 nd Reading <input checked="" type="checkbox"/> Regular Business <input type="checkbox"/> Informational
AGENDA TITLE	VII. C. Update on consultant selection for Sims Way Gateway & Boatyard Expansion Project
STAFF LEAD	Matt Klontz, Director of Capital Projects and Port Engineer
REQUESTED	<input checked="" type="checkbox"/> Information <input type="checkbox"/> Motion/Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	<ul style="list-style-type: none"> • Staff Info Memo

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 4/27/2022
TO: Commissioners
FROM: Matt Klontz, Director of Capital Projects
CC: Eron Berg, Eric Toews, Abigail Berg
SUBJECT: Consultant Selection Update – Sims Way Gateway and Boatyard Expansion

ISSUE: This project update is for information purposes. No action from Port Commission is necessary.

BACKGROUND: The Port of Port Townsend (Port) in partnership with Jefferson County Public Utility District (PUD) and the City of Port Townsend (City) has completed the process of selecting a consultant to support the Sims Way and Boat Yard Expansion Project. The Public Infrastructure Fund (PIF) agreement established the Port as the administrator of the multi-recipient grant agreement. Therefore, the Port took the lead on the procuring consultant services to support the project but did so in coordination with our partner agencies.

DISCUSSION: Since the services are in support of public works, a qualification-based selection process was used for professional services, and in March 2022, Port staff advertised a request for qualifications all in accordance with state statutory requirements. Two firms submitted statements of qualifications, SCJ Alliance and MIG. Both firms were determined to be well qualified. The Port, PUD, and City interviewed each, and afterwards it was determined that SCJ Alliance was the most qualified firm.

A professional services agreement with SCJ Alliance is being prepared and negotiated for the first phase of the project, which entails working with the stakeholder committee to develop a vision and concept for the project. For this initial project phase, it is anticipated that the resultant agreement with SCJ Alliance will fall within the Port's Executive Director's signing authority. SCJ Alliance will join the stakeholder committee at the upcoming May 10 meeting.

After project conceptualization, the second project phase will include detailed design and permitting work. For this subsequent project phase, a second agreement will be prepared with SCJ Alliance, negotiated, and brought to the Commission as necessary.

FISCAL IMPACT: PIF funds will be used for the initial project visioning phase and the subsequent detailed design and permitting phase.

ATTACHMENTS: None

RECOMMENDATION: None

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	April 27, 2022
AGENDA ITEM	<input type="checkbox"/> Consent <input type="checkbox"/> 1 st Reading <input type="checkbox"/> 2 nd Reading <input type="checkbox"/> Regular Business <input checked="" type="checkbox"/> Informational
AGENDA TITLE	Informational Items
STAFF LEAD	Eron Berg, Executive Director
REQUESTED	<input checked="" type="checkbox"/> Information <input type="checkbox"/> Motion/Action <input type="checkbox"/> Discussion
ATTACHMENTS	<ul style="list-style-type: none"> Detailed March 2022 Financial Report Commission Contracts Update Letter of Support, Maritime WA Na. Heritage Area EDC Team Jefferson Q3 (January-March 2022) report

Port of Port Townsend
2022 Summary of Fund Resources & Uses with Comparison to Prior Year and Budget

	YTD Mar. 2021	YTD Mar. 2022	Variance to prior year	notes	YTD Budget 2022	Variance to Budget YTD
OPERATING REVENUES						
PTBH - Permanent Moorage	300,651	325,933	25,282		318,769	7,164
PTBH - Liveaboard Fee	5,262	4,319	(943)		5,067	(748)
PTBH - Liveaboard Background Check	60	120	60		-	120
PTBH - Work Float/Lift Pier Usage	2,427	1,639	(789)		1,293	346
PTBH - Monthly Guest	51,490	56,312	4,822		65,565	(9,253)
PTBH - Nightly Guest	34,563	31,119	(3,444)		28,411	2,708
PTBH - Electric	31,724	27,132	(4,592)		33,295	(6,163)
PTBH - Miscellaneous Revenue	4,750	1,143	(3,607)		4,425	(3,282)
PTBH - Showers	1,638	1,829	191		1,577	252
PTBH - Restroom Key Fobs	45	75	30		431	(356)
PTBH - Laundry	1,354	1,297	(56)		1,419	(122)
PTBH - Promotional Sales	44	80	36		67	13
PTBH - Port Labor	275	145	(130)		-	145
Boat Haven Moorage	434,283	451,142	16,859		460,319	(9,177)
Yard - 70/75 Ton Hoist Revenue	58,787	62,875	4,088		53,373	9,502
Yard - 70/75 Ton Yard Revenue	189,609	223,014	33,406		198,320	24,694
Yard - 70/75 Ton Yard Enviro Fee	18,903	17,941	(962)		16,795	1,146
Yard - 70/75 Ton Yard Electric	10,341	11,906	1,566		11,268	638
Yard - 70/75 Ton Yard Port Labor	1,003	1,306	303		600	706
Yard - 300 Ton Hoist Revenue	66,543	65,387	(1,156)		67,311	(1,924)
Yard - 300 Ton Yard Revenue	133,811	147,423	13,612		134,021	13,402
Yard - 300 Ton Yard Enviro Fee	3,025	5,790	2,766		3,000	2,790
Yard - 300 Ton Yard Electric	16,227	16,726	500		16,379	347
Yard - 300 Ton Yard Port Labor	794	3,761	2,968		1,201	2,560
Yard - L/T Storage	17,746	24,896	7,150		20,250	4,646
Yard - Blocking Rent	12,701	14,896	2,196		14,392	504
Yard - Off Port Property Tarp Fee	704	-	(704)		500	(500)
Yard - Washdown Revenue	17,271	19,155	1,884		16,151	3,004
Yard - Bilge Water Revenue	132	2,278	2,146		2,198	80
Yard - Liveaboard Fee	1,112	600	(512)		904	(304)
Yard - Enviro Violations & Clean up	1,100	-	(1,100)		249	(249)
Yard - Miscellaneous Revenue	-	-	-		300	(300)
Yard Operations	549,805	617,955	68,150		557,212	60,743
PTBH Prop - Lease Revenue	179,367	195,429	16,062		194,437	992
PTBH Prop - Fuel Dock Lease	2,815	3,594	780		3,228	366
PTBH Prop - Garbage	5,928	910	(5,018)		6,528	(5,618)
PTBH Prop - Water	-	6,490	6,490		-	6,490
PTBH Prop - Stormwater	2,425	2,419	(6)		2,745	(326)
PTBH Prop - Electric	1,470	(514)	(1,984)		1,099	(1,613)
PTBH Prop - Storage Unit Revenue	2,582	3,001	420		2,862	139
Boat Haven Properties	194,587	211,330	16,744		210,899	431
Pt Hudson - Permanent Moorage	39,236	38,551	(686)		34,900	3,651
Pt Hudson - Monthly Guest	51,062	58,433	7,371		50,816	7,617
Pt Hudson - Nightly Guest	10,708	7,433	(3,274)		4,708	2,725
City Pier & Union Wharf Usage	172	-	(172)		-	-

The accompanying notes and info. memo are an integral part of this statement.

Port of Port Townsend
2022 Summary of Fund Resources & Uses with Comparison to Prior Year and Budget

	YTD Mar. 2021	YTD Mar. 2022	Variance to prior year	notes	YTD Budget 2022	Variance to Budget YTD
Pt Hudson - Monthly R.V.	37,035	39,093	2,058		33,291	5,802
Pt Hudson - Nightly R.V.	41,531	46,269	4,738		47,450	(1,181)
Pt Hudson - Kayak Racks	3,679	5,120	1,441		3,684	1,436
Pt Hudson - Electric	10,518	10,384	(134)		10,308	76
Pt Hudson - Reservation Fee	2,957	5,786	2,829		7,248	(1,462)
Pt Hudson - Liveaboard Fee	4,128	4,281	152		4,068	213
Pt Hudson - Liveaboard Backgrnd Ck	180	720	540		60	660
Pt Hudson - Showers	1,192	1,062	(130)		781	281
Pt Hudson - Laundry	2,308	1,858	(450)		2,109	(251)
Pt Hudson - Miscellaneous	-	563	563		-	563
Pt Hudson - Promotional Sales	80	64	(16)		40	24
Pt Hudson - Building Leases	102,998	104,238	1,239		107,205	(2,967)
Pt Hudson - Property Utilities	5,821	11,258	5,437		9,285	1,973
Pt Hudson - Parking	196	300	104		-	300
Pt. Hudson Marina, RV & Prop	313,801	335,413	21,611		315,953	19,460
Quilcene - Permanent Moorage	14,345	9,774	(4,571)		10,728	(954)
Quilcene - Liveaboard Fee	971	-	(971)		-	-
Quilcene - Nightly Moorage	-	(26)	(26)		-	(26)
Quilcene - Showers	661	590	(71)		625	(35)
Quilcene - Electric	1,878	757	(1,121)		738	19
Quilcene - Kayak Rack Storage	-	84	84		-	84
Quilcene - Reservations	99	55	(44)		132	(77)
Quilcene - Recreational Ramp Fees	583	145	(438)		623	(478)
Quilcene - Miscellaneous Revenue	168	506	338		-	506
Quilcene - Lease Revenue	16,372	17,501	1,129		17,352	149
Quilcene - Water	2,589	2,349	(240)		3,207	(858)
Quilcene	37,667	31,735	(5,931)		33,405	(1,670)
Ramp Fees	5,880	3,940	(1,940)		6,929	(2,989)
PTBH Ramp - Commercial Use Fees	-	600	600		-	600
PTBH Ramp - Dinghy Float Revenue	245	-	(245)		260	(260)
Ramps	6,125	4,540	(1,585)		7,189	(2,649)
JCIA - Lease Revenue	27,685	32,331	4,645		30,732	1,599
JCIA - Hangar Revenue	8,156	10,250	2,094		8,567	1,683
JCIA - Vehicle Parking Revenue	-	-	-		50	(50)
JCIA - Aircraft Parking	177	186	9		165	21
JCIA - Fuel Lease Revenue	282	289	7		313	(24)
JCIA - Electric	465	623	158		421	202
JCIA - Miscellaneous Revenue	650	-	(650)		-	-
JCIA	37,416	43,679	6,263		40,248	3,431
(Incr.)/Decr. In Accounts Receivable	112,569	112,929	360		-	112,929
Total Operating Revenues	1,632,471	1,808,724	122,471	a	1,625,225	183,499
OPERATING EXPENDITURES						
Salaries & Wages	564,144	653,049	88,905		634,426	18,623
Payroll Taxes	57,567	68,253	10,686		66,151	2,102
Employee Benefits	206,530	206,356	(174)		213,791	(7,435)
Uniform Expense	2,542	6,818	4,277		2,768	4,050

The accompanying notes and info. memo are an integral part of this statement.

Port of Port Townsend
2022 Summary of Fund Resources & Uses with Comparison to Prior Year and Budget

	YTD Mar. 2021	YTD Mar. 2022	Variance to prior year	notes	YTD Budget 2022	Variance to Budget YTD
Contract Services	66,879	60,885	(5,994)		70,973	(10,088)
Legal & Auditing	43,689	10,566	(33,124)		19,582	(9,017)
Insurance	-	1,545	1,545		-	1,545
Office/Computer Supplies	6,480	10,263	3,783		5,054	5,209
Operating Supplies	12,320	40,450	28,130		14,667	25,783
Enviro Materials/Supplies	36,151	5,743	(30,408)		9,050	(3,307)
Tarp Pool Expense	5,993	7,305	1,311		2,330	4,975
Empl Recog/Relations	1,040	3,916	2,875		1,050	2,866
Postage	2,183	572	(1,611)		1,265	(693)
Janitorial Supplies	3,701	6,364	2,664		4,471	1,893
Fuel & Lubricants	4,868	8,734	3,866		7,450	1,284
Permits & Licenses	1,639	503	(1,136)		2,700	(2,197)
Equipment Rental	801	10,286	9,485		7,335	2,951
Claims & Damages	-	5,536	5,536		500	5,036
Membership & Dues	14,867	13,245	(1,622)		14,255	(1,010)
Bank Charges	23,447	40,987	17,540		30,406	10,581
Excise Tax	3,720	2,210	(1,510)		3,017	(807)
Miscellaneous Expense	915	884	(32)		535	348
Repair & Maintenance Supplies	48,036	38,298	(9,739)		25,702	12,596
Facilities & Operations	166,161	195,295	29,134		129,787	65,508
Utilities	150,274	163,552	13,278		157,947	5,605
Advertising (Legal 2018)	553	5,448	4,895		1,550	3,898
Marketing	4,653	11,305	6,653		8,067	3,238
Promotion	1,200	397	(803)		1,900	(1,503)
Marketing	6,405	17,149	10,744		11,517	5,632
Economic Development	-	7,500	7,500		7,500	-
Travel & Training	659	3,987	3,328		3,009	978
Community Relations	3,847	259	(3,588)		-	259
Total Operating Expenditures	1,268,697	1,395,215	126,518	b	1,317,451	77,763
Net Operating Income (Expense)	363,773	413,509	49,736		307,774	105,736
Other Increases in Fund Resources						
Yard Deposits Collected	961	1,000	39		3,110	(2,110)
PTBH Prop Lease Deposits Collected	5,181	1,432	(3,749)		2,992	(1,560)
PH Prop Lease Deposits Collected	4,124	673	(3,452)		2,001	(1,328)
JCIA Prop Lease Deposits Collected	271	2,309	2,038		-	2,309
PH Marina/RV Deposits Collected	8,086	13,640	5,554		6,100	7,540
Deposits & Retainage Collected	18,624	19,054	431		14,203	4,851
Sales Tax Collected	14,566	16,033	1,467		14,073	1,960
Leasehold Tax Collected	145,277	159,123	13,847		144,483	14,640
Hotel/Motel Tax Collected	850	925	74		750	175
Taxes Collected	160,693	176,081	15,387		159,306	16,775
ARRA Bond Interest Subsidy	16,476	-	(16,476)		16,000	(16,000)
Investment Interest	815	1,953	1,138		633	1,320
Interest	17,291	1,953	(15,338)		16,633	(14,680)
Operating Tax Levy	137,287	141,411	4,124		102,672	38,739

The accompanying notes and info. memo are an integral part of this statement.

Port of Port Townsend
2022 Summary of Fund Resources & Uses with Comparison to Prior Year and Budget

	YTD Mar. 2021	YTD Mar. 2022	Variance to prior year	notes	YTD Budget 2022	Variance to Budget YTD
IDD Tax Levy	214,926	374,727	159,801		410,368	(35,641)
State Forest Revenues	31	4,277	4,246		1,500	2,777
State Timber Excise Tax	4,341	9,897	5,556		5,000	4,897
Leasehold Excise Tax	2,323	3,168	845		1,615	1,553
Property & other taxes	358,909	533,481	174,572		521,155	12,326
Finance Charges	2,772	2,526	(245)		4,650	(2,124)
Other Non-Operating Revenues	-	5,191	5,191		255	4,936
Misc Other Incr. in Fund Resources	2,772	7,718	4,946		4,905	2,813
Total Other Incr. in Fund Resources	558,288	738,286	179,998	c	716,202	22,084
Other Decr. In Fund Resources						
Yard Deposits Refunded	3,080	2,141	(940)		5,523	(3,382)
PTBH Prop Lease Deposits Returned	-	177	177		2,500	(2,323)
PH Prop Lease Deposits Returned	2,566	-	(2,566)		-	-
Deposits & Retainage Paid	5,646	2,318	(3,328)		8,023	(5,705)
Sales Tax Remitted	10,158	8,198	(1,960)		11,084	(2,886)
Leasehold Tax Remitted	128,441	148,090	19,649		140,387	7,703
Hotel/Motel Tax Remitted	470	488	18		500	(12)
Taxes Remitted	139,069	156,776	17,707		151,971	4,805
Principal Pmt - 2020 Line of Credit	250,000	-	(250,000)		-	-
Interest Exp - 2020 Line of Credit	1,565	-	(1,565)		-	-
Debt Principal & Interest	251,565	-	(251,565)		-	-
Bond Management Fees	-	-	-		250	(250)
Bond Issue Costs	9,300	-	(9,300)		-	-
Investment Fees	41	98	57		120	(22)
Other Non-Oper Exp	-	-	-		-	-
Debt Mgmt, Issuance & Misc Exp	9,341	98	(9,243)		370	(272)
Election Expense	-	17,561	17,561		2,000	15,561
Total Other Decr. In Fund Resources	405,621	176,752	(228,869)	d	162,364	14,388
Net Incr./ (Decr.) in Fund Resources	152,667	561,534	408,867		553,838	7,696
Net Income (Expense)	516,440	975,043	458,603	e	861,612	113,432

Port of Port Townsend

Notes to 2022 Summary of Fund Resources & Uses report

As of March 31, 2022

- (a) Overall, Operating Revenues increased by 7.5%, or \$122,471, when compared to 2021. When compared to budget, Operating Revenues are up by 11%, or \$183,499. In both instances, some of this increase is related to the paydown of accounts receivable balances.
- (b) Overall, Operating Expenses increased by 10%, or \$126,518, when compared to 2021. Measuring performance against budget, Operating Expenses YTD are just more than budget by 6%, or 77,763.
- (c) Total Other Increases in Fund Resources increased by 32%, or \$179,998, when compared to 2021. This is largely due to IDD levy collections. This percentage change is much less at 3%, or \$22,084, when compared to budget.
- (d) Other Decreases in Fund Resources are less when compared to 2021 by 56%, or \$228,869. This is directly related to the final pay-off of the 2020 Line of Credit (LOC) in January 2021 in the amount of \$251,565. When compared to budget, March YTD expenditures are more closely aligned with budget with a 9%, or \$14,388, variance.
- (e) Overall, the difference in Net Income (Expense) when comparing 2021 and 2022 that amounts to \$458,603, or 89%, is mostly due to the pay-off of the 2020 Line of Credit in January 2021 for \$251,565, the increase in operating revenues of \$122,471, and the increase in other fund resources of \$179,998. The variance of this line item to budget is \$113,432, or 13%, higher than budgeted.

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: April 21, 2022

TO: Commissioners

FROM: Sue Nelson, Lease & Contracts Administrator

CC: Eron Berg, Executive Director

SUBJECT: **April 27, 2022 Commission Meeting** – Commission Update: New/Amended Contracts Under \$50,000, Approved by Executive Director Eron Berg, per Delegation of Authority Resolution No. 762-22

Name	Dates	Description	Amount Not to Exceed:
Jefferson Co. PUD	4/6/2022-ongoing	Management & Ops of Quilcene water system	Per rate sched.
Jefferson Co. PUD	4/6/2022-ongoing	Management & Ops of Large on-site septic system	Per rate sched.



April 4, 2022

Chris Moore
Executive Director
Washington Trust for Historic Preservation
1204 Minor Avenue
Seattle, WA 98101

Dear Chris:

I write to add my voice of support to your organization's launch of the Maritime Washington National Heritage Area.

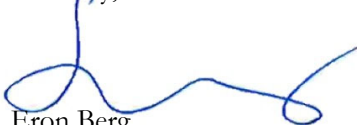
As you know, I am the Executive Director of the Port of Port Townsend, one of the most remarkable maritime destinations not only in Washington but in the nation. Port Townsend is one of only three Victorian Seaports on the National Register of Historic Places; the waterfront district is a designated National Historic Landmark District. Not only our history but our modern identity is steeped in maritime, with a thriving marine-trades community practicing traditional boatbuilding and sailmaking.

At the Port, our mission is to serve the citizens of Jefferson County by responsibly maintaining and developing property and facilities to promote sustainable economic growth, to provide community access to Port facilities and services, and to protect and maintain our community resources and maritime heritage. We operate a number of facilities including Union Wharf and City Dock downtown, three marinas, a marine trades industrial area, and several boat launches. Given our role in stewarding many of Port Townsend's historic and contemporary maritime resources, our work is perfectly aligned with the Maritime Washington National Heritage Area, which seeks to preserve, interpret, and celebrate our state's unique maritime heritage.

Furthermore, I'm well acquainted with the Washington Trust for Historic Preservation and its work, having partnered with or encountered your organization on many occasions. The Trust has helped to fight for threatened historic sites in Port Townsend like the Hastings Building and the Jefferson County Courthouse. Through your work with the Washington State Main Street Program, you offer resources and assistance to our own Port Townsend Main Street Program. And most recently, your organization has been among the coalition of partners working alongside the Port to envision the redevelopment of the historic Point Hudson.

From my past experience with the Trust, I can attest to your organization's commitment to working with local partners to save and rehabilitate our state's important historic resources. I believe your organization has the right combination of statewide leadership and reach as well as local connections and collaboration to successfully launch and lead the Maritime Washington National Heritage Area. In doing so, you can count on the Port of Port Townsend as a partner. I look forward to working with you on this and other future projects.

Sincerely,



Eron Berg
Executive Director

EDC Team Jefferson, Q3 (January-March 2022)

Contract Deliverables

Top priorities Q3

- ARPA grant funding completion
 - Area Sector Analysis initiation
- Outreach and Partner Development
- Board Development and Internal Review

This has been a very busy quarter at the Economic Development Council. Most of our staff time has been spent on developing a criteria and process for the distribution of federal American Rescue Plan Act (ARPA) funds to small business and technical service providers with Jefferson County, vetting applicants and allocating funds. The number of businesses seeking support in the application process for the ARPA small business grant are not reflected in this quarter's business retention reporting but will show up next quarter as they will be recorded after all funds are allocated in April.

ARPA Grant Administration Jan 2022- March 2022

This projected timeline is based on similar ARPA grant allocations executed by EDCs in neighboring counties. We completed the allocation of the ARPA Small Business grant ahead of schedule on March 30th and anticipate completing the Technical Service Provider grant, also ahead of schedule, by mid April. We attribute our rapid progress to the high-quality communication and support from our public partners.

ARPA Grant Timeline

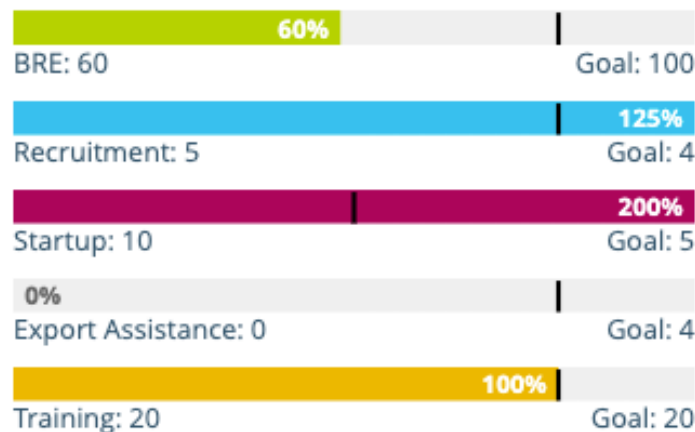
ARPA Grant Process Timeline	January				Feb				March				April				May	
	Week 1	Week 2	Week 3	Week 4	Week 1	Week 2	Week 3	Week 4	Week 1	Week 2	Week 3	Week 4	Week 1	Week 2	Week 3	Week 4	Week 1	Week 2
EDCTJ and Jefferson County workshop																		
ARPA grant funding for small business, criteria and process		X																
Discussion and revisions of proposal		X	X	X														
Contract between EDCTJ and County prepared and signed					X													
EDCTeam Jeff posts the application for 30 days						X	X	X	X									
Review committees set up and metrics are refined						X	X	X	X									
Application process closed										X								
Review process										X	X	X	X					
Submit the recommended list of applicants to the County for review														X				
County reviews list and approves														X	X	X	X	
County sends funds																	X	
EDCTJ sends contracts to recipients																		X
EDCTJ issues checks																		X

EDC Team Jefferson America Rescue Plan Act (ARPA) Grant Criteria and Process with Support from Jefferson County

- Developed criteria and process with Jefferson County, with consultation from other EDCs.
- Partnered with Jefferson Community Foundation to use their grant platform software
- Developed the application process for a Small Business Grant and a Technical Service Provider Grant
- Worked with a non-profit attorney regarding ARPA compliance and contract development
- Developed a pre-vetting process performed by EDC staff, and established an external review team for final scoring
- Promoted the grant opportunity
- Assisted businesses through the application process
- Pre-vetted over 200 business applications for the review team
- Submitted viable and complete applications to the review team
- Supported the review team in the review process
- Notified businesses of review results
- Issued checks and contracts for recipients of the ARPA Small Business grant
 - Outcome: 133 businesses in Jefferson County received ARPA grant funding
 - Five technical service providers will receive funding to support COVID relief programming providing COVID recovery support.

Business Retention & Expansion Activity and Business Recruitment

1. EDC Team Jefferson is on track to reach the Dept of Commerce 2022 Jefferson County goals. (We are required to meet 100% of four of the target goals)



2. Technical Service Partner Quarterly Scorecard

The EDC has provided very limited support for the Small Business Development Center (SBDC) and the Center for Inclusive Entrepreneurship (CIE), which has provided limited access to their technical service support for small businesses. Historically, these services have been underutilized in Jefferson County. The EDC and staff will be sure to engage them fully going forward. The EDC is actively improving our partnerships with these support organizations to make more no-cost services available for local small businesses. SBDC and CIE provide us with a combined scorecard reflecting their work with Jefferson County businesses. This is a baseline on which to build.

Name: Definition for Stakeholder Primary Scorecard
Layout: Stakeholder Primary Scorecard - Jefferson County
Cumulative Period Start: 1/1/2022
Current Period Start: 1/1/2022
Scorecard End: 3/31/2022

Data Elements	Current Value	Cumulative to Date
CASE TOTALS (Clients)	0	0
Number of Clients Counseled	24	24
Number of New Clients	10	10
Company Status	0	0
Pre-venture, Nascent	8	8
Startups	6	6
In Business	10	10
CASE TOTALS (Total Hours)	0	0
All Prep + Contact Client Hours	118	118
New Client Hours	20	20
CASE TOTALS (Impacts)	0	0
Capital Infusion	312,100	312,100
Number Businesses Created	6	6
Jobs Created + Retained (FT + PT)	21	21
Jobs Supported (In Business)	54	54
CASE TOTALS (Training/Events)	0	0
Number of Training Events	11	11
Number of Training Attendees	313	313
DEMOGRAPHICS (Type of Business, # of Clients)	0	0
Accommodation and Food Services	2	2
Agriculture, Forestry, Fishing and Hunting	1	1
Arts and Entertainment	2	2
Construction	0	0
Educational Services	1	1
Finance and Insurance	0	0
Healthcare and Social Assistance	0	0
Management of Companies and Enterprises	0	0
Manufacturing	2	2
Professional/Technical Services	1	1
Real Estate, Rental and Leasing	0	0

Research and Development	1	1
Retail	0	0
Service	2	2
Technology Services	0	0
Transportation and Warehousing	1	1
Wholesale	0	0
No Response	11	11
DEMOGRAPHICS (Business Ownership Gender)	0	0
Male	0	0
Female	7	7
Male/Female	1	1
No Response	16	16
DEMOGRAPHICS (Ethnic Background - Race)	0	0
American Indian or Alaskan Native	0	0
Asian	2	2
Black or African American	0	0
White	20	20
Native Hawaiian or Pacific Islander	0	0
No Response	2	2
DEMOGRAPHICS (Ethnicity)	0	0
Hispanic	1	1
Non-Hispanic	19	19
No Response	4	4
DEMOGRAPHICS (Business Ownership Vet. Status)	0	0
Veteran	0	0
Service-Disabled Veteran	0	0
Non-veteran	4	4
No Response	20	20
COUNSELING ACTIVITY (Areas of Counseling, # of Sessions)	0	0
Business Accounting/Budget	2	2
Business Plan	0	0
Buy/Sell Business	1	1
Cash Flow Management	0	0
COVID-19 Related	12	12
Financing/Capital	0	0
Human Resources/Employee Mg't	2	2
International Trade	0	0
Managing a Business	5	5
Marketing/Sales	0	0
Start-up Assistance	14	14
No Response	0	0
Other	24	24

Staff Report

This quarter, January-March 2022, EDC Team Jefferson has added an administrative assistant, and hired a contractor in service of evaluating internal operations and cleaning up accounting, filing and operational systems so we can establish a stable platform from which we can perform

future outreach and service provision. We lost our business services director who moved on pursue other opportunities. The EDC staff currently consists of,

- Cindy Brooks, Executive Director
- Kathy Decker, Admin Assistant
- Wendy Maguire, contractor, operational systems and business development

Community Readiness

Special Studies, Economic Data

- Area Sector Analysis Process (ASAP) was initiated. The ASAP will result in a report describing high potential Jefferson County industries, compared to trend data. This link describes the process (<https://www.usu.edu/wrdc/asap>). To date the EDC has put together a 20-member Steering Committee, and had our initial meeting with Washington Sea Grant and the Regional Economic Development Center/Utah State University partners. The Steering Committee has begun the process of circulating a community goals survey which will be live through April 21st 2022 (and this may be extended), and has done research to support a county-wide asset inventory. Next we will work with these partners on interpretation of the survey and asset inventory findings. The ASAP study should be complete this summer, 2022.
- EDC Website – The EDC added an economic data page for Jefferson County: <https://www.edcteamjefferson.org/local-economic-data>. This data set can be reshaped as the economic story the community seeks is clarified.

Broadband

- The EDC has hosted Jefferson Broadband Action Team (JBAT) through Q3 (Jan-March 2022) – hosting will transfer to JBAT in Q4
- We've added a broadband webpage to the EDC website <https://www.edcteamjefferson.org/broadband>
- The EDC will work ongoing with Karen Bennet (JBAT) on evolving the EDC role in broadband outreach, which will likely include information sharing, convening and assisting with broadband education and initiatives.

Housing

The EDC is actively extending its network to the benefit of community partners. The EDC provided introduction to a contractor regarding an RFP issued by Habitat for Humanity and Jefferson Community Foundation, for feasibility, due diligence and estimate for the development of approximately 120 residential units including single-family residences, multiplexes, and multifamily residential building or buildings and common amenities in Hadlock. This contractor has been selected for this early phase work.

The EDC has also supported the Housing Solutions Network with economic research regarding work on a Housing Snapshot document for Jefferson County, yet to be finalized.

Letters of Support for Community Partners

- Jefferson Healthcare, Community Project Funding for the Jefferson Cancer Treatment Project
- North Olympic Development Council, First Federal Community Foundation
- Bayside Housing & Services, funding regarding Congressionally Directed Spending request for FY 2023
- Main Street, Open Spaces and Elevated Places

Outreach and Network Development Building Relationships and Looking Toward the Future Together

Public partner meetings

- Public Sector Cabinet
- County Commissioners Dean and Brotherton
- County Community Development, Brent Butler
- Port Commissioner, Eron Berg
- Port Townsend City Manager, John Mauro, and staff
- PUD, Jeff Randall

EDC Board of Directors

- Board members, EDC Team Jefferson executive director instigated individual meetings

Capital Formation

- The WA State Local Investing Network
- LION

Regional Partner Organizations

- North Olympic Development Council, member meeting and grant support
- Clallam EDC collaboration, Colleen McAleer
- North Olympic Legislative Alliance, lobbyist
- The Chimacum Center, diversity equity and inclusion, business support
- Tonia Burkette, diversity, equity and inclusion
- Kathrine Baril, economic development
- The Food Coop, Kenna Eaton, coop development
- Vicki Sontag – coop development
- Kinship HR, KC Upshaw, HR services for small business
- Northwest Maritime Center, potential program partner

- Jefferson County Chamber of Commerce, promotional and service provision partner
- Main Street Program
- The Housing Solutions Network, Justine Gonzales-Berg

Small Business Technical Providers

- The Center for Inclusive Entrepreneurship
- The Small Business Development Center
- Enterprise for Equity
- Jim Williams, Business Plan class instructor
- LEAN provider, Jay Bakst
- Jacob Cravey – small business consultant, west end
- WA. Microenterprise Assn, Lisa Smith

Industries

- PT Arts, Teresa Verraes, Art and Culture
- Port Townsend Maritime Association, maritime programming
- Finn River, agriculture and value add

Video promotion for EDC and business client - marketing

- Zaque Harig, video marketing
- Whaleheart video
- Leaping Frog video
- PT Film Festival, Danielle McClelland

Workforce

- Northwest School of Wooden Boatbuilding, workforce
- Chimacum High School and Skillmation – Job Fair
- Skillmation, Ben Bauermeister
- Centrum, Chimacum HS job fair, Rob Birman

Potential Programmatic Funding Support

- HB Jones Foundation, Michael Bauer
- The Jefferson Community Foundation, Siobhan Cauty

Communication

- The Leader
- KPTZ interview
- PDN

Capacity Building

- **Small Business Classes & Education**
 - Business Plan class, 10 week, online – started in March 2022
 - Resource Roundtable events are ongoing Zoom meetups on the third Thursday of every month. Three have been provided this quarter and are archived on the EDC YouTube Channel. These Zoom events are free and function to introduce Jefferson County organizations to service providers.
- **LION Administration**
 - Ongoing support for the Local Investment Opportunity Network, forming capital in Jefferson County
- **CEO Breakfast Facilitation**
- **EDC Board Development**
 - Provided EDC Board retreat with presenters speaking to EDC Board Director roles and responsibilities, bylaws, policies, and procedures.
 - Followed up with a Board meeting presentation from nonprofit attorney Jacob Ferrari from Apex Law
 - Developing a punch list to prioritize regarding work to be done on Board structure, committees, and strategic planning
- **Participation on Community Boards**
 - Jefferson County Chamber of Commerce, active
 - Olympic Workforce Development Council, active
 - (No longer on the NODC Board)
- **Advisory Committee Participation**
 - SBDC, statewide, Advisory Committee
- **Department of Commerce Risk Assessment**

Developed an accounting, procurement, subcontractor/program and grant management policy as required by the Dept of Commerce.
- **Participated in the Sixth Congressional District's Community Project Funding Panel**

Established by Representative Derek Kilmer, this non-partisan, independent review committee oversee the scoring of community projects seeking federal funding and provides recommendations on funding requests. Through the process, over 100 applicants were vetted to advance 15 projects.

Program funding

EDC Team Jefferson is now staffed and beginning to re-build itself as a resource hub by maximizing existing assets and making services increasingly available to local businesses. We will extend our reach by relying on grant funding to support nonprofit technical service partners. This quarter we submitted a grant application to the Herbert B Jones Foundation to support social entrepreneurship and connect early-stage entrepreneurs to capital. If grant funding is received, EDC Team Jefferson will partner with the Center for Inclusive Entrepreneurship to pilot a social enterprise accelerator for underserved emerging social entrepreneurs in Jefferson County. The accelerator will include 14 training modules, will connect participants to local volunteer mentors and subject matter experts, and will culminate in a pitch event where graduates have an opportunity to connect to capital and support for next steps. All participants will have access to ongoing one-on-one technical assistance from CIE's experienced business advisors throughout and following the program.

The EDC has also submitted a grant application to continue work on the Jefferson Community Foundation's Creative Entrepreneur project which would focus on local producers of tangible products, and involve outreach to the south and west county.

The EDC is in conversation with North Olympic Development Council about a previously submitted USDA RISE grant focused on maritime in which the EDC is named as a partner. The application period has been extended to April 2022.

We look forward to serving Jefferson County by continuing to evolve our organization to be an enduring platform for connection, learning and organizational growth in service of supporting our community's resilience and developing its potential.

Cindy Brooks
EDC Team Jefferson Executive Director

EDC Team Jefferson
Profit & Loss
January 2021 through March 2022

	21Q3			21Q4			22Q1			22Q2			22Q3			
	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22	TOTAL
Ordinary Income/Expense																
Income																
Business Activites Income															2,025	2,025
Funding	10,000	16,793														26,793
Non Profit Income	7,650	12,500		20,912	13,000	13,262	45,756	70,000		39,443		500	61,404	100,000		384,427
Total Income	17,650	29,293		20,912	13,000	13,262	45,756	70,000		39,443		500	61,404	100,000	2,025	413,245
Gross Profit	17,650	29,293		20,912	13,000	13,262	45,756	70,000		39,443		500	61,404	100,000	2,025	413,245
Expense																
Bank Charges	38	6	11	46	6	6	11	11	11	6	6	6	6	19	45	234
Continuing Education														750	750	1,500
Legal & Professional Fees	422	374	175	175		428	1,450	175	700	238	3,725	175	1,042	2,294	9,769	21,142
Licenses & Fees		332				124		240						19		715
Meals and Entertainment	22	75				119	204	59		123	10		10		65	687
Merchant Service Fees															48	48
Office Expenses	660	1,064	501	1,415	399	328	474	334	469	682	2,854	1,922	2,265	1,983	1,597	16,947
Programs	4,875	1,000	1,000	4,875	1,000	6,500	3,700	1,825	1,825	3,700	1,825	1,825	1,825	1,825	3,700	41,300
Business Classes						4,000					29			672	4,000	8,701
Promotional	69	49	49	49	49	49	200	49	49	49	2,183	49	49	511	148	3,601
Rent		600		1,200	600	600	1,559	899	899	899	899	899	899	899	899	11,751
Repair & Maintenance								118						188		306
Sponsorships								250		546						796
Stationery & Printing							27							28		55
Taxes & Licenses												31			20	51
Website						1,000	218						863	1,134	575	3,790
66000 - *Payroll Expenses	6,769	6,736	6,731	6,731	6,731	6,729	6,733	6,731	6,731	6,730	6,730	18,500	19,323	20,810	28,841	161,556
Total Expense	12,855	10,236	8,467	14,491	8,785	19,883	14,576	10,691	10,683	12,973	18,261	23,407	26,282	31,132	50,457	273,179
Net Ordinary Income	4,795	19,057	-8,467	6,421	4,215	-6,621	31,180	59,309	-10,683	26,470	-18,261	-22,907	35,122	68,868	-48,432	140,066
Other Income																
Net Other Income	2	2	2	1	1	2	2	2	2	2	4	3	3	2	2	32
Net Income	4,797	19,059	-8,465	6,422	4,216	-6,619	31,182	59,311	-10,681	26,472	-18,257	-22,904	35,125	68,870	-48,430	140,098

EDC Team Jefferson
Profit & Loss Budget vs. Actual
July 2021 through March 2022

	22Q1				22Q2			
	Jul - Sep 21	Budget	\$ Over Budget	% of Budget	Oct - Dec 21	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense								
Income								
Business Activites Income								
Tuition Income		2,250	-2,250			2,250	-2,250	
Total Business Activites Income		2,250	-2,250			2,250	-2,250	
Funding								
PPP Nonprofit Outreach for NDC		5,000	-5,000			5,000	-5,000	
Total Funding		5,000	-5,000			5,000	-5,000	
Non Profit Income								
Funding								
ADO Income		18,750	-18,750			18,750	-18,750	
City of Port Townsend	15,000	7,500	7,500	200%		7,500	-7,500	
FocusPLAN Sponsorship					500			
Jefferson County								
Jefferson County 068 Comm. Srvc	6,995	6,995		100%	7,431	7,431		100%
Jefferson County 123 ARPA Fund								
Jefferson County 270 Non-Dept.	33,000	12,500	20,500	264%		12,500	-12,500	
Jefferson County 306 PIF	13,262	13,262	0	100%	13,262	13,262	0	100%
Jefferson PUD	15,000	7,500	7,500	200%		7,500	-7,500	
Port of Port Townsend	15,000	7,500	7,500	200%		7,500	-7,500	
WA Commerce	12,500				18,750			
Total Funding	110,757	74,007	36,750	150%	39,943	74,443	-34,500	54%
Grants	5,000							
Total Non Profit Income	115,757	74,007	41,750	156%	39,943	74,443	-34,500	54%
Other Orgs. (JHC, etc)		5,000	-5,000			5,000	-5,000	
Total Income	115,757	86,257	29,500	134%	39,943	86,693	-46,750	46%
Gross Profit	115,757	86,257	29,500	134%	39,943	86,693	-46,750	46%
Expense								
Advertising								
Bank Charges	33	30	3	110%	18	30	-12	60%
Continuing Education		375	-375			375	-375	
CRM								
Legal & Professional Fees	2,325	8,700	-6,375	27%	4,138	8,700	-4,562	48%
Licenses & Fees	240							
Meals and Entertainment	263	375	-112	70%	132	375	-243	35%
Merchant Service Fees								
Office Expenses	1,276	4,075	-2,799	31%	5,457	4,075	1,382	134%
Proactive Programs								
Programs	7,350	7,375	-25	100%	7,350	7,375	-25	100%
Business Classes		4,875	-4,875		29	4,875	-4,846	1%
Promotional	298	1,875	-1,577	16%	2,281	1,875	406	122%
Rent	3,357	2,500	857	134%	2,697	2,500	197	108%
Repair & Maintenance	118	250	-132	47%		250	-250	
Sponsorships	250				546			
Stationery & Printing	27							
Taxes & Licenses					31			
Travel		500	-500			500	-500	
Website	218							
66000 · *Payroll Expenses	20,196	20,832	-636	97%	31,960	34,144	-2,184	94%
66900 · Reconciliation Discrepancies	-1							
Total Expense	35,950	51,762	-15,812	69%	54,639	65,074	-10,435	84%
Net Ordinary Income	79,807	34,495	45,312	231%	-14,696	21,619	-36,315	-68%
Other Income								
Net Other Income	5		5	100%	9		9	100%
Net Income	79,812	34,495	45,317	231%	-14,687	21,619	-36,306	-68%

EDC Team Jefferson
Profit & Loss Budget vs. Actual
July 2021 through March 2022

	22Q3				TOTAL			
	Jan - Mar 22	Budget	\$ Over Budget	% of Budget	Jul '21 - Mar 22	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense								
Income								
Business Activites Income								
Tuition Income	2,025	2,250	-225	90%	2,025	6,750	-4,725	30%
Total Business Activites Income	2,025	2,250	-225	90%	2,025	6,750	-4,725	30%
Funding								
PPP Nonprofit Outreach for NDC		5,000	-5,000			15,000	-15,000	
Total Funding		5,000	-5,000			15,000	-15,000	
Non Profit Income								
Funding								
ADO Income		18,750	-18,750			56,250	-56,250	
City of Port Townsend	7,500	7,500		100%	22,500	22,500		100%
FocusPLAN Sponsorship					500			
Jefferson County								
Jefferson County 068 Comm. Srvc	7,654	7,654		100%	22,080	22,080		100%
Jefferson County 123 ARPA Fund	50,000		50,000	100%	50,000		50,000	100%
Jefferson County 270 Non-Dept.	50,000	12,500	37,500	400%	83,000	37,500	45,500	221%
Jefferson County 306 PIF	12,500	12,500		100%	39,024	39,024	0	100%
Jefferson PUD	7,500	7,500		100%	22,500	22,500		100%
Port of Port Townsend	7,500	7,500		100%	22,500	22,500		100%
WA Commerce	18,750				50,000			
Total Funding	161,404	73,904	87,500	218%	312,104	222,354	89,750	140%
Grants					5,000			
Total Non Profit Income	161,404	73,904	87,500	218%	317,104	222,354	94,750	143%
Other Orgs. (JHC, etc)		5,000	-5,000			15,000	-15,000	
Total Income	163,429	86,154	77,275	190%	319,129	259,104	60,025	123%
Gross Profit	163,429	86,154	77,275	190%	319,129	259,104	60,025	123%
Expense								
Advertising								
Bank Charges	70	30	40	233%	121	90	31	134%
Continuing Education	1,500	375	1,125	400%	1,500	1,125	375	133%
CRM								
Legal & Professional Fees	13,105	3,700	9,405	354%	19,568	21,100	-1,532	93%
Licenses & Fees	19				259			
Meals and Entertainment	75	600	-525	13%	470	1,350	-880	35%
Merchant Service Fees	48				48			
Office Expenses	5,845	4,075	1,770	143%	12,578	12,225	353	103%
Proactive Programs								
Programs	7,350	16,250	-8,900	45%	22,050	31,000	-8,950	71%
Business Classes	4,672	4,875	-203	96%	4,701	14,625	-9,924	32%
Promotional	708	1,875	-1,167	38%	3,287	5,625	-2,338	58%
Rent	2,697	2,700	-3	100%	8,751	7,700	1,051	114%
Repair & Maintenance	188	250	-62	75%	306	750	-444	41%
Sponsorships					796			
Stationery & Printing	28				55			
Taxes & Licenses	20				51			
Travel		500	-500			1,500	-1,500	
Website	2,571	1,500	1,071	171%	2,789	1,500	1,289	186%
66000 · *Payroll Expenses	68,974	65,861	3,113	105%	121,130	120,837	293	100%
66900 · Reconciliation Discrepancies					-1			
Total Expense	107,870	102,591	5,279	105%	198,459	219,427	-20,968	90%
Net Ordinary Income	55,559	-16,437	71,996	-338%	120,670	39,677	80,993	304%
Other Income								
Net Other Income	7		7	100%	21		21	100%
Net Income	55,566	-16,437	72,003	-338%	120,691	39,677	81,014	304%