



2nd Monthly Meeting Agenda
Wednesday, June 22, 2022, 5:30 p.m.

Point Hudson Pavilion Building, 355 Hudson Street, Port Townsend
and also online

Via <https://zoom.us/> – or call (253) 215-8782, use Webinar ID: 862 6904 3651, Password: 911887
Send comment to publiccomment@portofpt.com

- 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 June 8, 2022..... 2-6
 - B. Approval & Ratification of Warrants 7-12
 - C. G Hangar Condominium Assoc. Lease Replacement 13-39
- V. Second Reading ~ none
- VI. First Reading ~ none
- VII. Regular Business
 - A. April Year-to-Date Financial Report..... 40-44
 - B. 2023 Budget Schedule and Process..... 45-47
 - C. Quilcene Five-Year Capital Improvement Program..... 48-53
- VIII. Staff Comments
- IX. Commissioner Comments
- X. Next Public Workshop & Regular Business Meeting: Wednesday, July 13, 2022,
at Pavilion Bldg. & via Zoom, with Public Workshop at 9:30 a.m. and Regular Meeting at 1:00 p.m.
- XI. Executive Session ~ *none as of the date of this agenda*
- XII. Adjournment
- Informational Items
 - Detailed April 2022 Year to Date Financial Report..... 54
 - Port Contracts Update..... 59

PORT COMMISSION PUBLIC WORKSHOP – June 8, 2022

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

Present: Commissioner Petranek
Commissioner Hanke
Executive Director Berg
Deputy Director Toews
Director of Capital Projects & Port Engineer Klontz
Operations Manager Sparks
Harbormaster Ferrero
Recorder Sanders

*Present online via Zoom: Commissioners Hasse

I. CALL TO ORDER: (02:59)

Commissioner Petranek opened the Workshop at 9:33 a.m.

II. AGENDA:

Point Hudson Jetty Project. Director of Capital Projects & Port Engineer Klontz Klontz reviewed project objectives of safety, quality infrastructure, minimum downtime, and adhering to the budget target. Bids are being solicited with the project timeline starting date expected to be September 15. The Wooden Boat Festival ends September 11. In response to Commissioner comments and questions, Klontz further confirmed the full project scope with the North and South breakwaters and the walkway. The first would be a base bid followed by a bid plus alternatives. Engineering estimates would be compared with the bids and hopefully several bids would be received.

Klontz reviewed the contract timeline toward substantial completion by March 15. Berg spoke about limited access restrictions such as for Sea Marine. He acknowledged Commissioner and public concerns about wave events and potential impacts to the docks. Port staff would be in contact with tenants.

Harbormaster Ferrero reviewed the rough timeline of events as detailed in the presentation and fielded questions about the relocation of tenants. Business tenants might have a somewhat higher priority in the Boat Haven, but the Port would accommodate all tenant needs to the degree possible and costs charged based on where and the type of space they are relocated. Tenants access to 50-amp service would be limited but 30-amp service will be available. Approximately 40-50 boats would be moved. The desire is to prepare case examples and options to facilitate communication.

Commissioners had questions about the Boat Haven Jetty project. Klontz anticipated a similar schedule would be applied in the second year. Berg explained the relocation of marine life to new designated habitat areas is being accomplished in cooperation with other agencies.

III. ADJOURNMENT:

The Workshop adjourned at 10:35 a.m.

ATTEST:

Pamela A. Petranek, President

Peter W. Hanke, Secretary

Carol Hasse, Vice President

PORT COMMISSION REGULAR BUSINESS MEETING – Wednesday, June 8, 2022

The Port of Port Townsend Commission met for a regular business session at the Point Hudson Pavilion Building, 355 Hudson Street, Port Townsend, and also online via Zoom.

Present: Commissioners Hanke, Hasse* & Petranek
Executive Director Berg
Deputy Director Toews
Director of Capital Projects & Port Engineer Klontz
Port Recorder Sanders
Port Attorney Woolson*
Lease and Contracts Administrator Sue Nelson
Operations Manager Sparks

* *via Zoom online audio*

I. CALL TO ORDER & PLEDGE OF ALLEGIANCE (Rec. 1 00:05:20)
Commissioner Petranek called the meeting to order at 1:05 p.m.

II. APPROVAL OF AGENDA (Rec. 1 00:06:30)
Agenda was approved as written by unanimous consent.

III. PUBLIC COMMENTS (Rec. 1 00:14:14)

The following comments were sent in via email

Liz Hoenig spoke regarding the strategy for the planning process.

The following comments were sent in via email and also made in person:

Julie Jaman spoke to the topic of the Sims Way Poplars as submitted in writing.

Janet Palmer (along with Bill Dudley, Jim Mason, and Sally Gise), Members of Rat Island Rowing reviewed their written request for consideration of the storage of their shells and trailer racks in the Back 40 at Point Hudson.

IV. CONSENT AGENDA (Rec. 1 00:15:10)

A. Approval of Workshop & Regular Business Meeting Minutes from May 25, 2022.

B. Approval & Ratification of Warrants

Warrant #065290 – #065292 in the amount of \$7,103.87

Warrant #065293 - #065299 in the amount of \$30,987.83 and \$203,215.66 for Payroll & Benefits.

Warrant #065300 - #065363 in the amount of \$190,749.07 for Accounts Payable.

Commissioner Hanke moved to accept the Consent Agenda as written. Motion was approved by unanimous consent.

V. SPECIAL RECOGNITION (Rec. 1 00:21:48):

- Trevor Manners, 5 Years. Operations Manager Chris Sparks recognized the years of service and contributions of Manners and his recent promotion to Hoist Operator III.
- John Green, 15 Years. Operations Manager Chris Sparks additionally recognized the years of service and contributions of John Green. Several staff and Commission thanked staff for their good work, humor, kindness, and capabilities.

VI. SECOND READING ~ none

VII. FIRST READING ~ none

VIII. REGULAR BUSINESS (Rec. 2, 00:16:58)

A. COMMISSION MEETING PROCEDURES UPDATES, Resolution 770-22

Executive Director Berg gave the staff briefing on minor modifications to the meeting format and clarifications to the change in workshops as well as public comment.

Commissioner Hanke moved to approve. Motion was approved by unanimous consent. He noted one possible future modification at the Commission's request on Appendix A to the Resolution. The change would be to abbreviate the text following the Rules of Transaction under 'Public Comment' to eliminate "related to/not related to the agenda."

There was no public comment.

B. QUILCENE MEETING REPORT (Rec. 2, 00:25:40)

Executive Director Berg summarized yesterday evening's meeting. Although much of the meeting was spent reviewing past topics, the focus was a review of the core maintenance issues

-- Phase I involving modest improvements and Phase II ways to generate more revenue. With Michelle Dew moving to the Customer Service Representative position at Point Hudson, the Port would seek a Quilcene Facility host/boat-based caretaker.

Deputy Director Toews referenced the listed projects in the Five-Year Capital Plan. The project scope reflects what the community wanted with the ongoing challenge of public restroom accessibility. He reported project funding of \$1.2 million with \$1 million coming from grant funds with the proposal reflecting ramp replacement, parking improvements more suitable for modern vehicles, and a portable loo sanitation facility for visitors and beachgoers.

Public Comment

Stephanie Jones, represented as a Quilcene resident, spoke about the need for a restroom and full-time attendant for eyes on the site. Berg noted the next Quilcene meeting would be in August or September once design and dredge recommendations and a grant status are received from the Recreation Conservation Office.

Commissioners asked whether the Port could fabricate/construct a restroom facility, what type of marketing might be done for Dabob Bay; what is the balance between grants and budgeted funding; situation with previous restroom facilities. There were also comments in favor of seeking grant funding.

Port Staff recognized the desire to leverage outside granting agency resources, including the Boating Facilities Program (BFP) application for the restrooms, parking, and new ramp. Filling grant requirements and maximizing the scoring categories, including improving ADA accessibility. There was agreement to return with a Commission update on the Capital Improvement Plan on which to receive Commission input. Berg and Toews acknowledged the community would like to see investments in Quilcene as good public stewards. This is a planned \$1.2 million investment in a facility that has gross earnings of \$60,000/year. Toews noted that after more fully developing, staff would bring forward a formal resolution later in the summer/fall. Operations Manager Sparks noted the Port would do some routine ramp maintenance work next week.

IX. STAFF COMMENTS (Rec. 2, 01:01:10)

Executive Director Berg expressed the Port's willingness to work with the Rat Island Rowing club and potentially siting their shells and racks in the parking lot on Jackson. He sought clearer direction on the strategic planning scope related to space allocation of the Back 40. Noted were tenant requests, including that of Washington Department of Fish and Wildlife for leased storage space in the annex and parking areas. Staff explained a plan for a stakeholder process followed by a community open house and then a wrap up before further refinement by the Commission in late summer/early fall.

Commissioner responses were as follows: more community input/buy in is desired and there was recognition that Commissioners can solicit input directly. Commissioner Hanke disclosed that Puget Sound Express is seeking Back 40 space and some tenants are willing to pay market rate. The different square footage rates are an important financial consideration as is consistent application of leasing policies. There was acknowledgement that Staff has been good in carving out space and accommodating tenant requests with boats and jobs being the focus. Also mentioned was that although vehicle parking may be less desirable, it is a flexible use. Prioritizing land space for haul outs remains important and the Port and Sea Marine are competitors in providing yard storage. A point of interest was what land improvements would be needed in the Back 40 when considering comparable leasing rates to the Boat Haven.

Executive Director Berg further reported on the Quilcene meeting attendance as passionate and engaged.

Deputy Director Toews reported Ecology would be issuing a new general stormwater permit for the Boatyard by July 15 with an effective date of September 1. There are concerns about

benchmarks regarding copper levels in the water. Ecology's desire is a maximum of 44 micrograms per liter. Would now have six (6) rather than five (5) sampling months. A Level III Stormwater Management Plan analysis is being sought and \$2.6 million has been received for the project (\$2 million of federal pass-through funding to the state and \$600,000 local participation.)

Director of Capital Projects Klontz reported the progress of the request for qualifications for a stormwater management analyst. Three qualified teams are currently being scored and would all be interviewed and would be asking for marine trades association representatives to include in the panel. He noted the stormwater plan needs to consider the additional area as part of the boatyard expansion. Next Tuesday would be the next Sims Gateway Boatyard Expansion stakeholder meeting. Also planned is a Saturday, August 6 open house at the Jefferson County Community Center.

Lease and Contracts Administrator Nelson gave a lease update. Berg noted that part of the Back Forty discussion would be the future of the duplexes – for use as guest accommodations (requiring a code modification for a different zoning use) or to modernize the buildings as office space for marine trades. There was some Commissioner interest in returning the units to their intended use and inquiring with the City using for visitor quarters versus trying to retrofit for marine trades.

X. COMMISSIONER COMMENTS (Rec. 2, 01:56:47)

Commissioner Hasse dropped from the call at 2:56 p.m. due to an internet connectivity issue.

Commissioner Petranek reported the Economic Development Council and three (3) school districts participated in a recent job fair. She announced a recent tour with Representative Derek Kilmer. At 3:30 today, the "Our Working Waterfront" program would feature the boat "the Ocean." She requested advanced approval for remote attendance between June 20 and August 31 and to approve any absences as excused if unable to attend. There being no objection, the matter could be revisited at the next meeting if needed.

XI. Next Public Workshop & Regular Business Meeting (Rec. 2, 01:39:22): Wednesday, June 22, 2022, Meeting at 5:30 p.m., at Pavilion Building & via Zoom.

XII. EXECUTIVE SESSION (Rec. 2, 01:40:01) ~ none

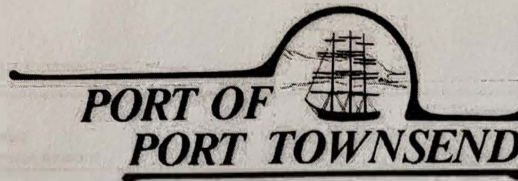
XIII. ADJOURNMENT: meeting adjourned at 5:30 p.m., there being no further business before the Commission.

ATTEST:

Pamela A. Petranek, President

Peter W. Hanke, Secretary

Carol L. Hasse, Vice President



PO Box 1180 • Port Townsend, WA 98368
Serving all of Jefferson County

Administration: (360) 385-0656


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 material has been furnished, the labor performed and the services provided, as described herein, and that this claim is a just and unpaid obligation of the Port of Port Townsend, and that this claim, in Warrants No. 065159 & 065334 in the amount of \$3,109.39 are declared void on this on this 22nd day of June, 2022.

For: **Accounts Payable**


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

Administration: (360) 385-0656


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 065364 through No. 065415, are approved for payment in the amount of \$52,444.85 on this 22nd day of June, 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: 6/22/2022

Register Number: CD-000931

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
0000065364	6/22/2022	ADM002	Admiral Ship Supply Inc.				Check Entry Number: 001
			5/31/22 STATEMENT	5/31/2022	285.74	0.00	285.74
0000065365	6/22/2022	ARR010	Arrow Lumber Port Townsend				Check Entry Number: 001
			5/28/22 STATEMENT	5/28/2022	1,149.10	0.00	1,149.10
			5/28/22 STMT JOB 1	5/28/2022	89.44	0.00	89.44
Check 0000065365 Total:					1,238.54	0.00	1,238.54
0000065366	6/22/2022	ATT010	Christopher Attwood				Check Entry Number: 001
			REFUND 6/1/22	6/1/2022	980.73	0.00	980.73
0000065367	6/22/2022	AVC050	Avcom Company				Check Entry Number: 001
			05010122.2	5/11/2022	783.34	0.00	783.34
0000065368	6/22/2022	BAN005	Bank of America				Check Entry Number: 001
			6/5/22 STATEMENT	6/5/2022	8,237.09	0.00	8,237.09
0000065369	6/22/2022	BER040	Abigail Berg				Check Entry Number: 001
			6/2022 EXPENSE	6/13/2022	746.42	0.00	746.42
0000065370	6/22/2022	BUI030	Builders Exchange of Wash.				Check Entry Number: 001
			1072160	6/8/2022	204.00	0.00	204.00
0000065371	6/22/2022	CED005	CED				Check Entry Number: 001
			5948-1020678	6/8/2022	174.56	0.00	174.56
			59481020681	6/2/2022	238.33	0.00	238.33
			59481020830	6/10/2022	462.64	0.00	462.64
			5948-1020855	6/8/2022	4.93	0.00	4.93
Check 0000065371 Total:					880.46	0.00	880.46
0000065372	6/22/2022	CEN030	CenturyLink				Check Entry Number: 001
			6/1/22 STATEMENT	6/1/2022	175.00	0.00	175.00
0000065373	6/22/2022	CHE002	Cheyenne Products, Inc				Check Entry Number: 001
			33863	3/8/2022	7,146.44	0.00	7,146.44
0000065374	6/22/2022	DAJ001	Daily Journal of Commerce				Check Entry Number: 001
			3379061	6/6/2022	1,959.60	0.00	1,959.60
0000065375	6/22/2022	DAV025	Dianne Davis				Check Entry Number: 001
			REFUND 6/3/22	6/3/2022	66.66	0.00	66.66
0000065376	6/22/2022	DLL010	D L Logos				Check Entry Number: 001
			3997	6/7/2022	139.10	0.00	139.10
0000065377	6/22/2022	FER001	Ferrellgas				Check Entry Number: 001
			5007056753	5/26/2022	457.16	0.00	457.16
0000065378	6/22/2022	FIS020	Fish N Hole				Check Entry Number: 001
			5604835	6/8/2022	42.88	0.00	42.88
0000065379	6/22/2022	GIL060	Peter Gillis				Check Entry Number: 001
			REFUND 6/2/22	6/2/2022	25.66	0.00	25.66
0000065380	6/22/2022	GUB020	Cynna Gubatayao				Check Entry Number: 001
			REFUND 6/6/22	6/6/2022	11.00	0.00	11.00
0000065381	6/22/2022	HAN040	Pete Hanke				Check Entry Number: 001
			MEETING W/MEAL	6/22/2022	45.25	0.00	45.25
0000065382	6/22/2022	HEN006	Quilcene Henery's Hardware				Check Entry Number: 001
			5/25/22 STATEMENT	5/25/2022	16.12	0.00	16.12
0000065383	6/22/2022	HIL075	Hills & Valley Catering				Check Entry Number: 001
			E06032022	6/3/2022	752.62	0.00	752.62
0000065384	6/22/2022	JAM040	Jamestown Networks				Check Entry Number: 001
			7046	6/1/2022	530.00	0.00	530.00
0000065385	6/22/2022	JC0003	Jefferson County - Public Work				Check Entry Number: 001
			5/31/22 STATEMENT	5/31/2022	975.97	0.00	975.97

Run Date: 6/14/2022 3:28:54PM

A/P Date: 6/22/2022

Page: 1
User Logon: DLF

Check Register

Journal Posting Date: 6/22/2022

Register Number: CD-000931

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
0000065386	6/22/2022	KIT001	Kitsap Tractor & Equipment				Check Entry Number: 001
			P0471201	5/8/2022	607.46	0.00	607.46
0000065387	6/22/2022	LEM040	Lemay Mobile Shredding				Check Entry Number: 001
			4748828S185	6/1/2022	14.65	0.00	14.65
0000065388	6/22/2022	MAR096	Marian Roh				Check Entry Number: 001
			220531	6/22/2022	100.00	0.00	100.00
0000065389	6/22/2022	MAS060	Michael Mashock				Check Entry Number: 001
			REFUND 6/5/22	6/5/2022	125.52	0.00	125.52
0000065390	6/22/2022	O'RE030	O'Reilly Auto Parts				Check Entry Number: 001
			3939-125838	6/9/2022	86.57	0.00	86.57
0000065391	6/22/2022	OLY001	Olympic Equipment Rentals Inc				Check Entry Number: 001
			302452	6/8/2022	30.53	0.00	30.53
0000065392	6/22/2022	OLY002	The Home Depot Pro Institutional				Check Entry Number: 001
			6850337780	5/11/2022	1,161.04	0.00	1,161.04
			687322388	5/24/2022	268.93	0.00	268.93
			688054295	5/27/2022	112.92	0.00	112.92
Check 0000065392 Total:					1,542.89	0.00	1,542.89
0000065393	6/22/2022	OLY003	Olympic Springs, Inc.				Check Entry Number: 001
			348270	5/31/2022	29.29	0.00	29.29
0000065394	6/22/2022	OLY005	Olympic Synthetic Products				Check Entry Number: 001
			339004	6/7/2022	220.91	0.00	220.91
0000065395	6/22/2022	PAC004	Pacific Office Equipment Co				Check Entry Number: 001
			6/1/22 STATEMENT	6/1/2022	937.07	0.00	937.07
0000065396	6/22/2022	PAC035	Pacific Northwest Waterways Association				Check Entry Number: 001
			6512	6/1/2022	2,610.00	0.00	2,610.00
0000065397	6/22/2022	PET025	Petrick Lock & Safe				Check Entry Number: 001
			20769	3/15/2022	144.01	0.00	144.01
			20899	6/8/2022	995.08	0.00	995.08
Check 0000065397 Total:					1,139.09	0.00	1,139.09
0000065398	6/22/2022	POR005	Port Townsend Leader				Check Entry Number: 001
			109919	6/1/2022	4,092.00	0.00	4,092.00
0000065399	6/22/2022	PUD005	PUD #1 of Jefferson County				Check Entry Number: 001
			6/3/22 STATEMENT	6/3/2022	18.92	0.00	18.92
0000065400	6/22/2022	QUI001	Quill Corporation				Check Entry Number: 001
			25606931	6/6/2022	58.01	0.00	58.01
			633/896/349/340	5/26/2022	149.69	0.00	149.69
Check 0000065400 Total:					207.70	0.00	207.70
0000065401	6/22/2022	ROD030	Rodda Paint				Check Entry Number: 001
			44170199	6/1/2022	2,400.91	0.00	2,400.91
			44170262	6/2/2022	449.39	0.00	449.39
Check 0000065401 Total:					2,850.30	0.00	2,850.30
0000065402	6/22/2022	SCH060	Mark Schaefer				Check Entry Number: 001
			REFUND 6/7/22	6/7/2022	66.66	0.00	66.66
0000065403	6/22/2022	SEC010	Security Services				Check Entry Number: 001
			122644	6/1/2022	190.85	0.00	190.85
0000065404	6/22/2022	SHO010	Shold Excavating Inc				Check Entry Number: 001
			6/8/2022	6/8/2022	112.37	0.00	112.37
0000065405	6/22/2022	SLA070	Roger Slade				Check Entry Number: 001
			REFUND 6/7/22	6/7/2022	2,509.39	0.00	2,509.39

Run Date: 6/14/2022 3:28:54PM

A/P Date: 6/22/2022

Page: 2
User Logon: DLF

Check Register

Journal Posting Date: 6/22/2022

Register Number: CD-000931

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	
0000065406	6/22/2022	TAC001	Tacoma Screw Products, Inc					Check Entry Number: 001
			140045997-00	6/7/2022	93.79	0.00	93.79	
			140045998-00	6/7/2022	166.96	0.00	166.96	
			Check 0000065406 Total:		260.75	0.00	260.75	
0000065407	6/22/2022	TAY080	Terry Taylor					Check Entry Number: 001
			UNIFORM EXP	6/6/2022	189.73	0.00	189.73	
0000065408	6/22/2022	TER030	Terrapin Architecture PC					Check Entry Number: 001
			22-214	6/2/2022	1,319.69	0.00	1,319.69	
0000065409	6/22/2022	THE020	Thermo Fluids, Inc.					Check Entry Number: 001
			89078909	5/23/2022	1,132.10	0.00	1,132.10	
0000065410	6/22/2022	TOW001	Townsend Electric					Check Entry Number: 001
			16174	6/16/2022	181.65	0.00	181.65	
0000065411	6/22/2022	ULI040	ULINE					Check Entry Number: 001
			149321686	5/24/2022	126.48	0.00	126.48	
			149321687	5/24/2022	3,907.23	0.00	3,907.23	
			Check 0000065411 Total:		4,033.71	0.00	4,033.71	
0000065412	6/22/2022	VEN070	VenTek International					Check Entry Number: 001
			132647	6/1/2022	103.65	0.00	103.65	
0000065413	6/22/2022	WAS003	Washington Public Ports Assn.					Check Entry Number: 001
			022-342	5/31/2022	1,975.00	0.00	1,975.00	
0000065414	6/22/2022	WES040	Westside Marine Inc					Check Entry Number: 001
			121232	6/7/2022	21.77	0.00	21.77	
0000065415	6/22/2022	WES060	West Marine Pro					Check Entry Number: 001
			24278	6/9/2022	34.85	0.00	34.85	
			Report Total		52,444.85	0.00	52,444.85	

Run Date: 6/14/2022 3:28:54PM

A/P Date: 6/22/2022

Page: 3

User Logon: DLF



PO Box 1180 • Port Townsend, WA 98368

Administration: (360) 385-0656
3988

Operations: (360) 385-2355


Fax: (360) 385-

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 065416 through No. 065419 generated on June 15th, 2022 in the amount of \$6,108.78 and Electronic Payment in the amount of \$112,122.64, for a total amount of \$118,231.42 is ratified.

Signed and Authenticated on this 22nd day of June, 2022.

For: Payroll and Benefits



Commissioner Pam Petranek

Commissioner Carol Hasse

Commissioner Pete W. Hanke

S. Abigail Berg, Director of Finance
And Administration

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	June 22, 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. C. G Hangar Condominium Association Lease
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"> • Informational Memo • Land Lease Agreement, including Exhibits A and B

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 6/17/2022

TO: Port Townsend Port Commission

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

SUBJECT: Replacement Land Lease Agreement – Site G Hangar Condominium at JCIA

ISSUE: Should the Commission authorize the Executive Director to enter into a replacement land lease agreement with the Site G Hangar Condominium at JCIA (the “Condo”), that early terminates and replaces a 1997 land lease between the Port and Victor and Paula Gray that was assigned to the Condo in 1998 without being properly acknowledged (i.e., notarized)?

BACKGROUND: On June of 1997, the Port and Victor and Paula Gray entered into a forty (40) year agreement for development and lease of the G-Hangar site at JCIA (the “original lease”). The original lease term commenced on June 10, 1997, and terminated on June 9, 2037. On February 11, 1998, the original lease was assigned by the Grays (assignors) to the Site G Hangar Condominium at JCIA (assignee). The Port consented, and the lease assignment was fully executed. However, the assignment was not notarized. On December 1, 2007, the original lease was amended to extend the lease term through June 9, 2047, and to adjust the rental rate.

DISCUSSION: Leases are conveyances of interests in real property by way of a contract. All Port leases are contracts outlining the respective rights and obligations of the parties relating to the real property interests being conveyed. Because leases are contracts, they must comply with the “statute of frauds” (RCW 62A.2A-201), which requires that certain types of contracts be in writing (e.g., leases for more than one-year). However, because leases also convey real property interests, they must also comply with the real property transfer requirements of Washington law (Chapter 64.04 RCW). Consequently, some leases must both be in writing and acknowledged (i.e., notarized).

With respect to G-Hangar, the original 1997 lease satisfied the requirements of both the statute of frauds, as well as Washington’s real property transfer requirements (i.e., it was notarized). However, the 1998 lease assignment failed to do so because it was not acknowledged, rendering it effective only as an oral agreement under a month-to-month tenancy. This legal flaw makes sale of the individual condominium units problematic.

To resolve this issue, staff have prepared a “replacement” lease which would terminate the existing agreement and substitute a new lease which is identical to the 1997 lease (as amended) in all material respects.¹

¹ Note: The “new” lease reflects the 2007 amendment and eliminates provisions that have been rendered obsolete by the prior occurrence of certain events and passage of time (e.g., requirements to construct the hangar by a date certain).

RECOMMENDATION: Staff recommends that the Commission authorize the Executive Director to execute the attached Replacement Land Lease with the Site G Hangar Condominium at JCIA.

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

ATTACHMENTS: Replacement Land Lease, incorporating both Exhibit “A”, Legal Description of Leased Premises, and Exhibit “B”, Hazardous Substances Warranty & Agreement, altogether consisting of 24 pages.

PORT OF PORT TOWNSEND

JEFFERSON COUNTY INTERNATIONAL AIRPORT (JCIA) AIRCRAFT HANGAR SITE "G" LAND LEASE AGREEMENT

THIS LEASE AGREEMENT made this _____ day of June 2022, by and between the **PORT OF PORT TOWNSEND**, a municipal corporation organized and existing under the laws of the State of Washington, Lessor, hereinafter referred to as "the Port," and **SITE G HANGAR CONDOMINIUM AT JCIA**, a leasehold condominium under RCW 64.34.020(27), hereinafter referred to as "Lessee,"

WITNESSETH:

That the parties hereto do mutually agree as follows:

- 1. TERMINATION OF EXISTING LEASE:** The Port and Lessee acknowledge and agree that they are parties to an Assignment of Lease dated February 11, 1998, whereby that certain Lease Agreement dated June 21, 1997, recorded under Auditor's File Number 405452 (as amended, the "Existing Lease"), was assigned by Victor O. Gray and Paula E. Gray (original Lessees and assignors) to the Site "G" Hangar Condominium at JCIA (assignee and current Lessee). Although Lessor assented to the February 11, 1998, Lease Assignment, said assignment was unacknowledged (i.e., not notarized). The parties hereto acknowledge and agree that, notwithstanding any provision set forth in the Existing Lease, the Existing Lease is currently in full force and effect, has continued in full force and effect without interruption since the date Lessee, or its predecessor in interest, initially took occupancy of the Premises under the Existing Lease, and that Lessee currently occupies the Premises pursuant to the terms thereof. In addition, notwithstanding any provision to the contrary in the Existing Lease, effective as of 11:59 p.m. (Pacific Time) on the date immediately preceding the Lease Commencement Date (the "Existing Lease Termination Date") the Existing Lease shall be terminated and of no further force or effect and the Port and Lessee's rights and obligations with respect to the Premises arising or accruing thereafter shall be as set forth in this Lease Agreement; PROVIDED, HOWEVER, that the Port and Lessee shall remain liable under the terms of the Existing Lease with respect to:
 - a. Any obligations which specifically survive the term of the Existing Lease; and
 - b. All obligations under the Existing Lease accruing prior to the Lease Termination Date related to Lessee's use, occupancy, or control of the Premises during the term of the Existing Lease, including, without limitation:
 - i. Any liability arising from hazardous materials brought onto or about the Premises or permitted or suffered to be brought onto or about the Premises by Lessee or anyone for whom Lessee may be liable; and
 - ii. Lessee's obligation to pay the Port any amounts due under the Existing Lease.
- 2. LEASED PREMISES:** The Port hereby leases to Lessee, and Lessee hereby hires and leases from the Port, the following described premises situated in Jefferson County, State of Washington:

Property Description Site "G" for Hangar at Jefferson County International Airport. See Exhibit "A" (attached), within the West Quarter Corner of Section 33, Township 30 North, Range 1 West, Willamette Meridian, Jefferson County, Washington

hereinafter called "the Premises."

3. **TERM:** This Lease shall be for a term of **Twenty-Five (25) years, beginning July 1, 2022, and ending June 30, 2047.**
4. **RENT:** Lessee agrees to pay as rental for the leased Premises the sum of **Five Hundred Sixty Dollars and Forty-Four Cents (\$560.44) per month, plus all applicable taxes.** The rent for each month shall be paid to the Port in advance on or before the first day of each and every month of the lease term and shall be payable at such place as the Port may hereinafter designate. The rental rate shall be adjusted every three years to the prevailing Port rate formally approved by the Port Commission for all comparable **Jefferson County International Airport** property. **The rental rate so determined will be adjusted annually by an amount equal to the accumulative amount found on the Consumer Price Index (CPI) for Seattle, Tacoma, and Bellevue, which is compiled by the Department of Labor, Bureau of Statistics.**
5. **DEPOSIT:** Lessee shall, upon the execution of this Lease Agreement, deposit with the Port two month's rent in the amount of **four hundred seventy-two dollars (\$472.00) plus all applicable taxes.** The lease is not effective until full deposit is made with the Port.
6. **USE OF PREMISES:** Lessee shall use the Premises as 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. It is 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. In addition to the foregoing, the 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, 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 thereof. The 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 thereof.
 - b. The Lessee shall observe and obey all laws, regulations, and rules of the Airport and the federal, state, and local government which may be applicable to its operation at the Airport. This shall include the Jefferson County International Airport (JCIA) Rules and Regulations and the Statutes and 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 Lessor concerning the management, operation, or use of Jefferson County International

Airport (JCIA). The Lessee shall keep in effect and post in a prominent place all necessary and/or required licenses or permits.

- c. The Lessee shall allow no act, trade, occupation, or business to be carried on upon said Premises, or any use made thereof in violation of applicable law or regulation, including any regulation of the Lessor.
- d. The 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 damages caused by its occupants or invitees. The Lessor shall be the sole judge of the quality of maintenance of the grounds, and upon written notice by the Lessor to the Lessee, the Lessee shall be required to perform whatever maintenance the Lessor deems reasonably required. If the maintenance is not undertaken within ten (10) days after receipt of written notice, the Lessor 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 an additional fee on the next rental due date after receipt of notice as to the amount thereof.
- e. 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 Lessor, all upon such rules and regulations as may be established by the Lessor from time to time hereafter.
- f. 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 their 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 Lessor from time-to-time hereafter, which right shall extend to the Lessee's guests and invitees.
- g. The Lessee may 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 and Layout Plan, except as approved in writing by the Lessor prior to any implementation.
- h. 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 Lessor.
- i. The Lessee hereby acknowledges for themselves, their heirs, administrators, executors, successors, and assigns that the Lessee hereby grants and conveys for the use and benefit of the public a right of way over the 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 easement grants 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. The Lease does hereby fully waive, remise, and release any right or cause of action which they may now have or which they may have in the future against the Lessor, its successors and assigns, 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.

In addition, this easement includes the continuing right in the Lessor 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 Air Regulation Part 77 which is on file in the Lessor office. The Lessee for themselves, their heirs, administrators, executors, successors, and assigns, do hereby agree that for and during the life of this Lease they 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 aforesaid airspace, and that they 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 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.

The Lessee will maintain the hangars constructed upon the Premises in safe and good repair throughout the term of the lease. The Lessor shall also maintain and repair the ramp areas to the hangars constructed upon the Premises. If for any reason, the hangar is not utilized for aeronautical purposes, the Lessee must notify the Lessor in writing as to the nature of non-aeronautical use. Such uses must be compatible with Port Policy and are subject to the express written approval by the Port's Executive Director.

The Lessee shall not use them for any other purpose without the written consent of the Port. Lessee shall use the entire Premises for the conduct of said business in a first-class manner continuously during the entire term of this Lease, with the exception of temporary closures for such periods as may reasonably be necessary for repairs or redecorating or for reasons beyond Lessee's reasonable control. Lessee agrees that it will not disturb the Port or any other tenant of the Port's by making or permitting any disturbance or any unusual noise, vibration, or other condition on or in the Premises.

- 7. UTILITIES:** 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, sewerage, garbage disposal and janitorial services. In the event that the Premises are part of a building or are part of any larger Premises to which any utility services are furnished on a consolidated or joint basis, Lessee agrees to pay to the Port its (Lessee's) pro rata share of the cost of any such utility services, and Lessee's pro rata share of any such services may be computed by the Port on any reasonable basis, and separate metering or other exact segregation of cost shall not be required.

8. **ACCEPTANCE OF PREMISES:** Lessee has examined the leased Premises and accepts them in their present condition.
9. **MAINTENANCE AND REPAIR OF FACILITIES:** Maintenance of the Premises and all improvements thereon is the responsibility of the lessee.
10. **CONDITION OF PROPERTY:** Lessee accepts the Premises "as is" without further maintenance liability on the part of Lessor. Lessee is not relying on any representations of Lessor as to condition or usability, except Lessor's right to grant a lease of the Premises.
11. **DISPOSITION OF IMPROVEMENTS AT END OF LEASE:** The parties expressly acknowledge that the Port shall have the option, in its sole and absolute discretion, to direct either that the building and other improvements on the Premises be surrendered to the Port; or, 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, providing that the same are not necessary to the operation of the building and provided 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.
12. **INSPECTION - "FOR RENT" SIGNS:** The Port reserves the right to inspect the leased Premises 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 Rent" signs in conspicuous places on the Premises for thirty (30) days prior to the expiration or sooner termination of this Lease.
13. **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: PROVIDED, that 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: and PROVIDED FURTHER, that 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.

- 14. IDEMNIFICATION:** The Port, its employees and agents shall not be liable for any injury (including death) to any persons or for damage to any property, regardless of how such injury or damage be caused, sustained, or alleged to have been sustained by the Lessee or by others as a result of any condition (including existing or future defects in the Premises) or occurrence whatsoever related in any way to the Premises and the areas adjacent thereto or related in any way to Lessee's use or occupancy of the Premises and of the areas adjacent thereto. Lessee agrees to defend and to hold and save the Port harmless from all liability or expense of litigation) in connection with any such items of actual or alleged injury or damage.
- 15. INSURANCE:** Tenant agrees to maintain during the lease term liability insurance as follows, 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.
- a. Comprehensive General 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, personal injury liability, property damage liability, broad form property damage liability, contractual liability, and products/completed operations liability.
 - b. 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.
 - c. Workers Compensation Insurance as will protect tenant's employees from claims under Washington Workers Compensation Act as well as all Federal Acts applicable to the tenant's operations at the site such as but not limited to U.S. Longshoremen and Harbor Workers' Act, Jones Act, and Federal Employers Liability section of the Washington Workers Compensation Policy and all Federal Acts Insurance shall not be less than \$1,000,000 for each occurrence.

The Lessee agrees to supply the Port with appropriate evidence to establish (1) that its insurance obligations as herein provided have been met, and (2) that the insurance policy or policies as herein required are not subject to cancellation without at least thirty (30) days advance written notice to the Port. Conditions (1) and (2) of above are to be met prior to occupancy.

- 16. WAIVER OF SUBROGATION:** Lessor 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 16 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 Lessor or Lessee.

17. **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 property of Lessee on the leased Premises and any taxes on the leased Premises or leasehold interest created by this Lease Agreement.
18. **COMPLIANCE WITH PORT REGULATIONS AND WITH ALL LAWS:** Lessee agrees to comply with all applicable rules and regulations of the Port pertaining to the building or other 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 tenants, invitees, licensees, and the general public. Lessee further agrees to comply with all applicable federal, state, 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 the City and/or County. Any fees for any inspection of the Premises during or for the lease term by any federal, state, or municipal officer and the fees for any so-called "Certificate of Occupancy" shall be paid by Lessee.
19. **HAZARDOUS SUBSTANCES WARRANTY AND AGREEMENT:** Lessee has examined the Hazardous Substance Warranty and Agreement which is attached hereto as **Exhibit "B"**, and which is fully incorporated herein by this reference. Lessee acknowledges that it fully understands and covenants that it will comply with its obligations under the Hazardous Substances Warranty and Agreement.
20. **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, otherwise, without the written consent of the Port first had and obtained. If Lessee is a corporation, Lessee further agrees that if at any time during the term of this Lease more than one-half(1/2) of the outstanding shares of any class of stock of Lessee corporation shall belong to any stockholders other than those who own more than one-half (1/2) of the outstanding shares of that class of stock 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.
21. **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 keep any of the covenants or agreements herein set forth to be kept and performed, the Port may elect to terminate this Lease and reenter and take possession of the Premises with or without process of law: PROVIDED, HOWEVER, that Lessee shall 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 herein before 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.

- 22. TERMINATION BY PORT:** In the event the Port, in its sole discretion, shall require the use of the Premises for any purpose for public or private use 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 60 or more days before the termination date specified in the notice. Compensation to Lessee for loss of use, cost of relocation and/or cost of improvement will be agreed by Lessee and the Port's Executive Director.
- 23. 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.
- 24. 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.
- 25. SIGNS:** No signs or other advertising matter, symbols, canopies, or awnings shall be attached to or painted or within 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.

- 26. 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.
- 27. 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. After any default shall have been cured by Lessee, it shall not thereafter be used by the Port as a ground for the commencement of any action under the provisions of paragraph 21 hereof.
- 28. 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.
- 29. SURRENDER OF PREMISES - ATTORNEYS' FEES:** 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. In the event that the Port shall be required to bring any action to enforce any of the provisions of this Lease, or shall be required to defend any action brought by Lessee with respect to this Lease, and if the Port shall be successful in such action, Lessee shall, in addition to all other payments required herein, pay all of the Port's actual costs in connection with such action, including such sums as the court or courts may adjudge reasonable as attorney's fees in the trial court and in any appellate courts.
- 30. HOLDING OVER:** If lessee shall, with the consent of the Port, hold over after the expiration or sooner termination of the term of this Lease, the resulting tenancy shall, unless otherwise mutually agreed, be for an indefinite period of time on a month-to-month basis. During such month-to-month tenancy, Lessee shall pay to the Port the same rate of rental as set forth herein, unless a different rate shall be agreed upon, and shall be bound by all of the additional provisions of this Lease Agreement in so far as they may be pertinent.
- 31. 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.
- 32. LIENS AND 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.

33. **NOTICES:** All notices hereunder may be delivered or mailed. If mailed, they shall be sent by certified or registered mail to the following respective addresses:

To Lessor:

THE PORT OF PORT TOWNSEND

P. O. Box 1180

Port Townsend, Washington 98368

To Lessee:

SITE G HANGAR CONDOMINIUM AT JCIA

c/o Mr. Jim Burns

Lone Star Aviation

117 Rhody Court

Chimacum, WA 98325

or to such other respective addresses as either party hereto may hereafter from time to time designate in writing. Notices sent by mail shall be deemed to have been given when properly mailed, and the postmark affixed by the United States Post Office shall be conclusive evidence of the date of mailing.

34. **JOINT AND 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.
35. **"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.
36. **CAPTIONS:** The captions in this Lease are for convenience only and do not in any way limit or amplify the provisions of this Lease.
37. **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.
38. **NON-DISCRIMINATION 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.

39. NON-DISCRIMINATION 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.

40. LABOR UNREST: Tenant agrees to join with 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.

41. 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, 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 the sewer, water, and drainage lines, and the electrical service, and all other services required by the Port for its use. The Port is hereby granted a continuous easement or easements that the Port believes is necessary within the leased Premises of the Lessee, without any additional cost to the Port for the purposes expressed herein above. PROVIDED, HOWEVER, that the Port by virtue of such use, does 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 that such entry by the Port is temporary in nature, then the Port shall reimburse the Lessee for the cost required to modify 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.

42. ASSIGNMENT AND SUBLETTING - SALE OF CONDOMINIUM UNITS.

- a. Assignment. This Lease may be assigned by the Lessee in whole only and not in part and only with the prior written consent of the Lessor, to an assignee such as a bank for security for money loaned or advanced to the Lessee for construction on the Premises or other business

purposes of the Lessee, or to an assignee other than for security purposes whose use of the Premises has been approved prior to such assignment, in writing, by the Lessor.

Subject to the provisions of paragraph 5 herein, prior to an assignment other than for security purposes, the assignee must be shown to the Lessor to be of such financial standing and responsibility at the time of such assignment as to give reasonable assurance to the Lessor of prompt payment of all rents and other amounts to be paid under this Lease, and of full compliance with all other terms, covenants, conditions and provisions of the lease. No such assignment may be made or be of any force or effect if at the time of such assignment of the Lessee is in default in any of the terms, covenants, conditions and provisions of the lease, including default in the payment of rent; PROVIDED, HOWEVER, the assignee may cure the default(s) prior to taking possession of the Premises. No such assignment for any purpose shall be of any force or effect unless the Lessor first shall in writing have consented to said assignment and has received a true copy of the proposed assignment. The Lessor may refuse to consent to such assignment for any purpose herein set forth. Such assignment shall include the then unexpired balance of the term of this Lease.

The requirements of this subsection shall not apply to the sale, transfer, lease or sublease of leasehold aircraft hangar condominium units and shall not limit the ability of the Lessee to structure the sale of units and assignment of this Lease as required to secure title insurance of condominium unit conveyance transactions. The Lessor's consent shall not be required for the sale, transfer, lease or sublease of individual leasehold aircraft hangar condominium units.

- b. Rentals. The Lessee may rent hangar space for aircraft storage or other occupancies permitted by airport rules.
- c. Sale of Condominium Units. The aircraft hangars will be organized, sold, and owned as leasehold condominium units, as defined in this paragraph 42(c). The leasehold condominium shall be occupied by units defined to mean a physical portion of the condominium designated for separate ownership. The boundaries of a unit are the interior surfaces of its perimeter walls, floor, ceilings, windows, and doors, as defined in RCW 64.34.204. The unit includes both the portions of the building so described, the air space so encompassed, the interior partitions, and other fixtures and improvements within the boundary of the unit. "Separate ownership" includes ownership of a leasehold condominium under a form of ownership expiring with the expiration of this Lease.

Unit owners shall use and occupy the units. "Unit Owner" is defined to mean a declarant or other person who owns a unit or leases a unit in a leasehold condominium under a lease that expires simultaneously with this Lease. "Unit Owner" means the vendee not the vendor, of a unit under a real estate contract.

The Lessee may market and sell leasehold condominium units to purchasers who will own said units subject to this Lease. The Lessee shall keep the Lessor apprised, on an annual basis, of a list of names and addresses of all condominium owners, although the failure to provide such a list shall not constitute a breach or default in any terms and conditions of this Lease.

- d. Default. If all or any part of the leased Premises are sublet or occupied by anybody other than the Lessee or members of a condominium association or condominium unit owners, the Lessor may, after default by the Lessee, collect rent and leasehold tax from any and all Sublessees of occupants, and apply the net amount collected to the rent reserved herein, but no such collection shall be deemed a waiver of any agreement, term, covenant or condition hereof not the acceptance by the Lessor or any Sublessee or occupant as Lessee.

44. FEDERAL AVIATION 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 (i) furnish good, prompt, and efficient service adequate to meet all the demands for its service at the Airport; (ii) furnish said service on a fair, equal and nondiscriminatory basis to all users thereof; (iii) charge a fair, reasonable and nondiscriminatory price for 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; (iv) prevent any use of the Premises which would interfere with landing or taking off of aircraft at JCIA or otherwise constitute an airport hazard; (v) 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.
- a. Use of Airspace: Lessor retains the public right of flight for the passage of aircraft in the airspace above the surface of the real property herein above 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.
- b. 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.
- c. Fire Protection: Lessee understands and agrees that Lessor provides for fire protection service to the airport through an interlocal agreement with a local volunteer fire district, East Jefferson Fire Rescue. Lessee further understands and agrees that Lessor 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 Lessor to terminate this Lease.

45. LEASEHOLD CONDOMINIUM: Lessor acknowledges that Lessee is a leasehold condominium, as that term is defined in RCW 64.34.020 (21), from and with respect to the improvements upon the Premises. Pursuant to RCW 64.34.300, a Declaration and Covenants, Conditions, Restrictions and Reservations for Site G-Hangar Condominium at JCIA (the "Declaration"), a Leasehold Condominium, was recorded under Auditor's File Number 405480 on November 11, 1997 (Vol. 592, pages 360-445 Records of Jefferson County, Washington). Accordingly, purchasers of hangar units in such condominium shall automatically be deemed sublessees.

47. CONTENTS OF CONDOMINIUM DECLARATION: The Declaration contains language substantially to the following effect for the protection of Lessor:

Land Lease

- a. Description of Lease. This Condominium is created from the buildings, improvements, easements and other rights and appurtenances constructed upon and belonging to the land described on the attached Exhibit "A". This land itself, which is owned by the Port of Port Townsend ("Lessor"), does not constitute a part of the Condominium. The declarant is Lessee under a lease of this land known as the "Land Lease". This Condominium Declaration is subject to and subordinate in all respects to the terms of the Land Lease. Upon the termination of the Land Lease, this Condominium shall also terminate, and title to the Units and Common Elements of the Condominium shall revert to and become the property of Lessor under the Land Lease, its successors and/or assigns.
- b. Expiration of Land Lease: The term of the Land Lease is twenty-five (25) years, terminating on the 30th June, 2047.
- c. No Right to Redeem Reversion: Under the Land Lease, neither the Unit Owners Association nor the Unit Owners shall have the right to redeem the reversionary interest of Lessor in all improvements upon the real property.
- d. Right to Remove Improvements: Unit Owners have no right to remove any improvement after expiration or termination of the Land Lease.
- e. Consent of Lessor: Under the Land Lease and Elsewhere in this Declaration, the consent of the Lessor to certain activities or conduct of Unit Owners and the Association is required. Where such consent is required, it must be evidenced in writing, but shall not be unreasonably withheld.
- f. Unit Owner's Association: A Unit Owners' Association shall be created and the Unit Owner's Association shall collect the proportionate rents owned on the leasehold from each unit owner. The Unit Owners' Association shall be the sole representative of the unit owners with regard to dealings with the Lessor. Failure of the Unit Owners' Association to pay rent when due and/or failure to perform any other term or condition under the Lease may result in forfeiture of the entire Lease.

48. RECORDATION OF LEASE: The parties understand that RCW 64.34.220 requires that all leases, "the expiration or termination of which may terminate the condominium", be recorded and it is agreed that all recording costs shall be paid by Lessee.

Land Lease Agreement dated this _____ day of June 2022 as authorized by the Port of Port Townsend Port Commission, on the 22nd day of June 2022 and effective upon the receipt of a deposit and insurance documentation from the Lessee.

LESSEE – SITE G HANGAR CONDOMINIUM AT JCIA

*** ***, Authorized Representative

ATTEST:

LESSOR - PORT OF PORT TOWNSEND

APPROVED AS TO FORM

Eron Berg, Executive Director

Port Attorney

**STATE OF WASHINGTON
COUNTY OF JEFFERSON**

I certify that I know or have satisfactory evidence that _____ 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 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"
Property Description - Site "G"

That portion of the U.S. Military Reservation as shown on the Port of Port Townsend Survey recorded in Volume 14 of Surveys, pages 91 and 92, records of Jefferson County, State of Washington, described as follows:

Commencing at the West Quarter Corner of Section 33, Township 30 North, Range 1 West, Willamette Meridian, Jefferson County, Washington, as shown on said Survey;

Thence North 01° 25'03" East, a distance of 2 652.37 feet to the Northwest Corner of said Section 33 as shown on said Survey;

Thence North 82° 59'50" East, a distance of 1936.82 feet to the "old point of beginning";

Thence South 18° 46'55" West, a distance of 108.00 feet; Thence South 71° 13'05" East, a distance of 50.90 feet; Thence South 18° 33'19" West, a distance of 29.23" to the TRUE POINT OF BEGINNING for this lease area, and Northeast Corner of the Condominium Building;

Thence North 71° 26'41" West, along the Northerly limits of said Condominium Building, a distance of 50.24 feet, to the Northwest Corner of said Condominium Building;

Thence South 18° 33'19" West, along the Westerly limits of said Condominium Building, distance of 60.33 feet, to an angle point in the Westerly limits of said Condominium Building;

Thence South 71° 26'41" East, along the Westerly limits of said Condominium Building, distance of 0.12 feet, to an angle point in the Westerly limits of said Condominium Building;

Thence South 18° 33'19" West, along the Westerly limits of said Condominium Building, distance of 145.30 feet, to the Southwest Corner of said Condominium Building;

Thence South 71° 26'41" East, along the Southerly limits of said Condominium Building, distance of 50.00 feet, to the Southeast Corner of said Condominium Building; Thence North 18° 33'19" East, along the Easterly limits of said Condominium Building, distance of 145.30 feet, to an angle point in the Easterly limits of said Condominium Building;

Thence South 71° 26'41" East, along the Easterly limits of said Condominium Building, distance of 0.12 feet, to an angle point in the Easterly limits of said Condominium Building;

Thence North 18° 33'19" East, along the Easterly limits of said Condominium Building, distance of 60.33 feet, to the Northeast Corner of said Condominium Building, and TRUE POINT OF BEGINNING;

All bearings and distances are relative to the Washington Coordinate System, North Zone.

Situate in the County of Jefferson, State of Washington.

EXHIBIT "B"
HAZARDOUS SUBSTANCES WARRANTY AND AGREEMENT

RIDER TO LEASE AGREEMENT DATED: _____ 2022, BETWEEN THE PORT OF PORT TOWNSEND and SITE G HANGAR CONDOMINIUM AT JCIA, a leasehold condominium under RCW 64.34.020(27).

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.** **** ***, whose cell phone number is 000-000-0000 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

**** ***, Governing Party

SITE "G" HANGAR CONDOMINIUM

21

JCIA HANGAR LAND LEASE & CONDO
JUNE 2022

PORT OF PORT TOWNSEND

Date:_____

SITE G HANGAR CONDOMINIUM AT JCIA

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: Site G Hangar Condominium at JCIA

By: _____
**** *, Governing Party

Date: _____

(Attachment No. 2 to Hazardous Substances Rider)

DECLARATION OF COMPLIANCE

_____, 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: Site G Hangar Condominium at JCIA

By: _____
***** , Governing Party

Date: _____

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	June 22, 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. April 2022 Year-to-Date Financials
STAFF LEAD	Abigail Berg, Director of Finance
REQUESTED	<input checked="" type="checkbox"/> Information <input type="checkbox"/> Motion/Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	1. Staff Information Memo 2. April Financials

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 6/16/2022
TO: Commission, Executive Staff
FROM: Abigail Berg, Director of Finance & Administration
SUBJECT: April 2022 Financial Report

Attached is the April 2022 financial report of Port activities. This is a consolidated report that shows the variance between the current period as compared to the prior year and the variance to budget year-to-date. The following is additional information not included in the attached financial report, but key in fully understanding the Port's financial status:

<u>2022 YTD Project Expenses</u>	<u>Budget</u>	<u>Year-to-date</u>
PH Replacement of North & South Jetties	\$ 6,000,000	\$ 74,224
Dock Renovations & Piling Replacement	200,000	0
BH Main Breakwater Repairs	350,000	633
PH Pavilion Bldg. Remodel (a)	148,434	34,587
FEMA – Yard Stormwater Materials Replacement (b)	0	2,482
FEMA – City Dock (b)	0	0
FEMA – JCIA Hangar Repair	80,000	2,482
Reconstruct Old Coast Guard Building	191,250	84,381
AWOS – Replace Present Weather Sensor	30,000	26,884
FEMA - BH Marina Pavement Repair (b)	0	716
NORTH west Yard Expansion (25-feet)	450,000	376
<u>DNR – Vessel Destruction (c)</u>	<u>0</u>	<u>39,151</u>
Total Capital Expenses YTD	<u>\$ 7,210,653</u>	<u>\$ 265,916</u>

2022 Capital Purchases or Contracted Capital Services

Equipment/Vehicle replacement (total \$818,000)		
Kendrick Equipment, Inc. (final on 75-Ton lift)	\$ 398,000	\$ 403,337
Northsound Auto Group, LLC (3 RAM trucks)	90,000	86,704
Auxiliary Vehicles (2 Gators for the Yard)	30,000	26,573
Hydraulic Lift Trailer (transporter)	300,000	0
Boat Haven Environmental Center Fob system (b)	0	21,535
Point Hudson Environmental Center Fob system (b)	0	13,356
Point Hudson RV Park 3 Phase Power (b)	0	19,626
<u>Land Acquisition – for SouthWEST Yard Expansion (c)</u>	<u>0</u>	<u>145,649</u>
Total Capital Purchases or Contracted Capital Services YTD	<u>\$ 818,000</u>	<u>\$ 716,780</u>

Notes:

- (a) Project budgeted for 2021 and carried over into 2022 due to supply chain back logs.
- (b) Not in the 2022 budget since the event or idea either hadn't occurred, or the certainty of the grant hadn't been determined.
- (c) Not in the 2022 "capital" budget since it is not a capital project; Vessel Destruction is a non-operating project, and South**WEST** Yard Expansion Land Acquisition was expected to close by 12/31/21 but was delayed. The vessel destruction will be reimbursed based on an agreement the Port has with DNR.

Ending Cash Balances as of April 30	2022	2021
Reserved Cash & Investments – Other*	\$ 2,721,541	\$ 1,847,700
Reserved Cash & Investments – IDD	3,189,128	\$ 1,376,498
Unreserved Cash & Investments	1,714,579	\$ 2,498,771
Total Cash & Investments	<u>\$ 7,625,248</u>	<u>\$ 5,722,969</u>

<i>*Other Reserves detail:</i>	<i>Current balance</i>	<i>Target balance</i>
Unemployment Reserve	\$ 10,000	na
Operating Reserve (a)	934,168	\$ 1,470,609
Boat Haven Renovation Reserve (b)	442,397	na
Emergency Reserve	500,000	\$500,000
Port-Wide Capital Reserve (c)	<u>834,976</u>	na
Total Other Reserves	<u>\$ 2,721,541</u>	

(a) The target for the Operating Reserve is 25%, or three (3) months, of operating expenses, per current budget. 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.

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	23,250

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>	

**Port staff hopes to extinguish all debt obligations two years early in 2027.*

DISCUSSION

As requested by Commission.

FISCAL IMPACT

NA

RECOMMENDATIONS

For discussion only.

Port of Port Townsend
Notes to 2022 Summary of Fund Resources & Uses report
As of April 30, 2022

- (a) Overall, Operating Revenues increased by 14%, or \$318,718, when compared to 2021. When compared to budget, Operating Revenues are up by 15.6%, or \$348,050. In both instances, the bulk of this increase is related to the paydown of accounts receivable balances (7%, or \$160,953 for the 2021 variance, and 5.7%, or \$126,779 for the budget variance).
- (b) Overall, Operating Expenses increased by 10.3%, or \$176,768, when compared to 2021. Measuring performance against budget, Operating Expenses YTD are just more than budget by 4.4%, or 79,452.
- (c) Total Other Increases in Fund Resources increased by 30%, or \$478,137, when compared to 2021. This is largely due to IDD levy collections. When comparing the current year to date to budget, we are under budget by 7%, or \$153,870. Again, this is related to the tax revenues which were budgeted to come in more quickly than they actually have thus far.
- (d) Other Decreases in Fund Resources are less when compared to 2021 by 29%, or \$163,237. 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, this line item is 29.4%, or \$92,212, more than budget.
- (e) Overall, the difference in 2022 Net Income (Expense) when compared to 2021 is \$783,325, or 50%. This variance is primarily due to the pay-off of the 2020 Line of Credit in January 2021 for \$251,565, the increase in Net Operating Income of \$141,951, and the increase in other fund resources of \$478,137. However, when comparing the Net Income (Expense) year to date to the budget, it is more closely aligned with a slight variance of \$22,516, or 1%.

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

	YTD April 2021	YTD April 2022	Variance to prior year	notes	YTD Budget 2022	Variance to Budget YTD
OPERATING REVENUES						
Boat Haven Moorage	595,331	606,866	11,535		626,944	(20,078)
Yard Operations	775,580	877,040	101,461		772,321	104,719
Boat Haven Properties	262,863	283,933	21,070		279,555	4,378
Pt. Hudson Marina, RV & Prop	437,755	466,722	28,967		429,834	36,888
Quilcene	54,365	51,250	(3,115)		48,838	2,412
Ramps	12,050	7,313	(4,737)		13,226	(5,913)
JCIA	52,627	58,400	5,772		54,027	4,373
(Incr.)/Decr. In Accounts Receivable	63,506	221,271	157,765		-	221,271
Total Operating Revenues	2,254,077	2,572,795	318,718	a	2,224,745	348,050
OPERATING EXPENDITURES						
Salaries & Wages	761,397	866,945	105,548		865,471	1,474
Payroll Taxes	77,749	91,147	13,398		91,004	143
Employee Benefits	277,691	273,267	(4,424)		285,471	(12,204)
Uniform Expense	3,118	9,640	6,522		3,606	6,034
Contract Services	92,627	79,520	(13,107)		93,014	(13,494)
Legal & Auditing	52,831	12,036	(40,795)		22,915	(10,880)
Insurance	99	1,458	1,359		-	1,458
Facilities & Operations	251,434	287,348	35,914		193,238	94,110
Utilities	176,674	220,420	43,746		211,273	9,147
Marketing	11,400	22,701	11,301		21,093	1,608
Economic Development	-	15,000	15,000		15,000	-
Travel & Training	717	6,610	5,893		4,314	2,296
Community Relations	3,847	259	(3,588)		500	(241)
Total Operating Expenditures	1,709,584	1,886,351	176,768	b	1,806,899	79,452
Net Operating Income (Expense)	544,494	686,444	141,951		417,846	268,598
Other Increases in Fund Resources						
Deposits & Retainage Collected	39,915	21,458	(18,457)		30,037	(8,579)
Taxes Collected	220,032	239,290	19,258		213,458	25,832
Capital Contributions/Grants	-	13,625	13,625		-	13,625
Interest	17,543	20,370	2,827		16,844	3,526
Property & other taxes	1,315,389	1,772,968	457,579		1,966,232	(193,264)
Misc Other Incr. in Fund Resources	8,147	11,452	3,305		6,463	4,989
Total Other Incr. in Fund Resources	1,601,027	2,079,164	478,137	c	2,233,034	(153,870)
Other Decr. In Fund Resources						
Deposits & Retainage Paid	5,646	64,497	58,851		8,584	55,913
Taxes Remitted	303,009	324,093	21,084		303,131	20,962
Debt Principal & Interest	251,565	-	(251,565)		-	-
Debt Mgmt, Issuance & Misc Exp	9,353	186	(9,167)		410	(224)
Election Expense	-	17,561	17,561		2,000	15,561
Total Other Decr. In Fund Resources	569,574	406,337	(163,237)	d	314,125	92,212
Net Incr./(Decr.) in Fund Resources	1,031,453	1,672,827	641,374		1,918,909	(246,082)
Net Income (Expense)	1,575,946	2,359,271	783,325	e	2,336,755	22,516

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	June 22, 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. 2023 Budget Schedule and Process
STAFF LEAD	Eron Berg, Executive Director & Abigail Berg, Director of Finance & Administration
REQUESTED	<input checked="" type="checkbox"/> Information <input checked="" type="checkbox"/> Motion/Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	1. Staff Memo 2. Draft 2023 Budget Schedule

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 6/17/2022
TO: Port Commission
FROM: Eron Berg, Executive Director & Abigail Berg, Director of Finance & Administration
SUBJECT: 2023 Budget Draft Schedule

ISSUE

Provide the Commission with the draft 2023 Budget Schedule for review and consideration.

BACKGROUND

Each year at this time the Commission is presented with a draft schedule for review and adoption of the subsequent year's operating and capital budgets. The draft 2023 Budget Schedule is to be presented at this meeting.

DISCUSSION

Are there any questions the Commission has on this schedule?

Are there any changes the Commission would like to see to this schedule?

FISCAL IMPACT

NA

RECOMMENDATION

We request the Commission adopt the 2023 Budget Schedule.

Port of Port Townsend 2023 Operating & Capital Budget Development Schedule

*	June 22, 2022	5:30	<i>Draft 2023 Budget Schedule and process discussed and approved at Commission meeting.</i>
	July 25-29, 2022	TBD	<i>Group work sessions with Operations Manager, Harbormaster, and Port Directors to discuss budget.</i>
*	August 10, 2022	9:30	<i>Workshop session - discuss issues, goals & assumptions, with review of YTD June 2022 budget to actual results. Include Operations Manager and Harbormaster to discuss proposed rates and expenses.</i>
	August 15-19, 2022	TBD	<i>Individual budget work sessions with Operations Manager, Harbormaster, and Port Directors.</i>
	August, 2022	TBD	<i>2023 Budget outlook, status, and potential issues discussed with Commissioners individually, as needed.</i>
*	September 14, 2022	9:30	<i>Workshop session - continue discussion of 2023 Budget initiatives, issues, and review revenue projections. County Assessor will attend to present recommended budgeted, general property tax levy for 2023. May include discussions of IDD levy for 2023.</i>
	September 23, 2022		<i>1st draft of budget and proposed rates posted on Port website, for September 28th Commission meeting.</i>
*	September 28, 2022	5:30	<i>1st draft of budget and proposed rates presented to Commissioners and public for review and discussion.</i>
*	October 12, 2022	1:00	<i>2nd review of draft 2023 budget, proposed rates and changes requested from 1st draft review.</i>
	October 10, 2022		<i>Advertise budget hearings in Leader & PDN, once per week for two (2) consecutive weeks, per RCW 53.35.020</i>
*	October 26, 2022	5:30	<i>1st public hearing on 2023 Budget and requisite resolutions (budget, property tax levy, IDD levy & rates).</i>
*	November 9, 2022	1:00	<i>Continued public hearing on 2023 Budget, as necessary, or adopt final 2023 Budget and requisite resolutions (budget, property tax levy, IDD levy & rates).</i>
*	November 22, 2022	1:00	<i>If 2023 Budget was not adopted previously, adopt final 2023 Budget, including requisite resolutions.</i>
	December 5, 2022		<i>Tax levy resolutions and adopted budget due to Jefferson County, per RCW 84.52.070 and SHB 1309.</i>

* ***Commission Meetings***

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	June 22, 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. Quilcene – 5-Year Capital Improvement Program
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"> • Informational Memo • We're Still Listening, Quilcene • Quilcene 5-Year Capital Improvement Program

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 6/17/2022
TO: Port Townsend Port Commission
FROM: Eron Berg, Executive Director, Eric Toews, Deputy Director, Matt Klontz, Port Engineer
SUBJECT: Herb Beck Marina, Quilcene – 5-Year Capital Improvement Program

ISSUE: Should the Commission endorse the 5-year capital investment plan supported by the Quilcene community for repairs and improvements to the Herb Beck Marina facility?

BACKGROUND/DISCUSSION: At the June 8 regular meeting, Port staff provided a status report on the “*We’re Still Listening, Quilcene*” public engagement process. Stephanie Jones provided a synopsis of the most recent community meeting (i.e., June 7th) from a citizen-participant perspective. More than two-dozen citizens attended the most recent community meeting, during which Port staff presented a proposed 5-year Capital Plan for facility repairs and improvements. The proposed plan attempted to reflect community concerns and desires voiced in the six (6) community meetings conducted since November of 2021. The plan presented by staff included planning level project cost estimates, as well as potential project timing, and was generally well-received.

Although the proposed 5-year plan presented by staff received broad support, there was not unanimity of opinion. For example, the June 7 community meeting featured a robust discussion regarding allowing general-public access to the restrooms, as well as the potential to return to facility caretaker living on-site, a service delivery model that ceased in 2018. Nevertheless, there was community support to move forward with the proposed Capital Plan as the basis for the Port Commission’s 2023 budget process.

FISCAL IMPACT: If the recommended plan is incorporated by the Commission in the 2023 Capital Budget, up to \$526,980 in renovations and capital maintenance would be programmed for the upcoming year. Anticipated projects in 2023 range from dock renovations, parking lot re-graveling, landscaping, bathroom remodeling, and a dry-site RV park, to final design and permitting the marina entrance channel dredge project.

RECOMMENDATION: Staff recommends that the Commission endorse the attached 5-year Capital Program for inclusion in the draft 2023 capital budget.

ATTACHMENTS:

1. “WE’RE STILL LISTENING, QUILCENE: A Recommended Path Forward for the Herb Beck Marina Facility (process and project narrative presented at the May 3, 2022, community meeting); and
2. Quilcene 5-Year Capital Improvement Program – Summary (cost estimate and project timing detail presented at the June 7, 2022, community meeting.



WE'RE STILL LISTENING, QUILCENE: A Recommended Path Forward for the Herb Beck Marina Facility

INTRODUCTION & PROJECT BACKGROUND

If you could shape the future of the Herb Beck Marina (HBM) and adjacent uplands, what changes would you make?"

This was the key question we asked citizens nearly one year ago when this community outreach process was initiated. The community responded—an estimated 39% of the households from the 98376 zip code participated in the “We’re Listening, Quilcene” community survey. The process provided valuable information about how the Port’s property in Quilcene is viewed and used by the local community, and how people there imagine it might be improved in the future.

In November of 2021, Port staff kicked-off a series of in-person meetings with interested citizens at the Quilcene Community Center. The objective of the effort was to further develop the community’s comments into an actionable plan for improvements to the Herb Beck Marina facility. Five meetings were held between November of 2021 and May of 2022. The meetings were informal, conversational, collaborative, and afforded an opportunity for citizens to provide critical feedback on Port management of the facility, and to brainstorm how best to maintain and improve it for future generations.

Three (3) key principles guided our conversation:

1. **Broad Community Support:** The plan for the future of the facility must be aligned with the community’s vision for the future.
2. **Mission Alignment:** Improvements and future uses must be consistent with the Port’s statutory mission and purpose (see RCW 53.08).
3. **“Triple Bottom Line” Decision-making:** Any plan for the facility’s future should appropriately factor long-term economic, environmental, and social considerations.

THE HERB BECK MARINA – EXPLORING FUTURE SCENARIOS

At the December 2021 community meeting, Port staff presented three (3) alternatives intended to help citizens weigh the tradeoffs inherent in the choices we can make about the future of the facility:

- Alternative #1 – No Significant Change - Repair & Maintain
- Alternative #2 – Modest Change – Campground & Landscape Improvements
- Alternative #3 – More Significant Change – Upland Revenue Generating Uses + Marina Reconfiguration

Early on in our discussions, it was clear that there was very limited support for any fundamental change to the character of the facility (e.g., Alternative #3). Instead, the weight of community opinion favored rehabilitating and responsibly maintaining existing infrastructure as a first step in rebuilding community trust and support. If the Port proves itself successful in demonstrating its commitment and resolve to serving south county citizens, there may be an opportunity to discuss more significant changes (e.g., marina store, “glamping” units, etc.). However, that time is not now. Hence, the focus of the recommended path forward outlined in this document is “fixing aging infrastructure first.”

Finally, future conversations should be mindful of a recurrent theme expressed repeatedly throughout this process: a heartfelt desire to maintain Quilcene’s unique rural character and identity, and to avoid changes that would depend upon drawing visitors and users to the facility from the wider region.

A RECOMMENDED PATH FORWARD FOR THE HERB BECK MARINA

Citizen feedback proved invaluable in helping to identify and prioritize the capital projects desired by the community. This alternative outlined below seeks to give voice to what the community had to say and recommends a limited scope of projects focused on the basics. The recommended path forward is essentially Alternative #1 – “No Significant Change – Repair & Maintain”, with some elements incorporated from Alternative #2 – “Modest Change – Campground & Landscape Improvements”.

Key characteristics of the recommended alternative are as follows:

- Upland Uses & Capital Projects:
 - Coast Seafoods lease would continue as the principal upland use through 2039.
 - Other upland uses remain largely unchanged (i.e., Yacht Club, Marina Office/Restrooms).
 - Projects would place emphasis on repairing and maintaining existing infrastructure:
 - Landscaping and signage improvements would be undertaken to help buffer the aesthetic impact of Coast Seafoods’ industrial use from the rest of the facility (e.g., plantings to screen and beautify, picnic tables, benches, swim beach).
 - The restrooms would be rehabilitated and made ADA accessible.
 - The parking lot would be improved and maintained through regular re-graveling.
 - A small “dry site” seasonal RV campground would be re-established south of the Marina Office (i.e., up to 8 campsites).
 - A Portland Loo and Public Beach Shower would be situated near the head of the marina, affording sanitation to facility visitors and swimmers not wishing to purchase an annual ramp pass to gain access to the main restrooms.
- In-Water/Marina:
 - Marina configuration would remain unchanged (i.e., 51-slip marina, single lane ramp).
 - Projects would focus on basic repairs and maintenance:
 - The entrance channel would be dredged to its current design depth.
 - Over the course of the next five (5) years, the existing docks would be repaired, rehabilitated (if possible), or entirely replaced.
 - Boat ramp would be repaired and modestly improved by re-surfacing, modest widening, replacement of rub boards, and paving of the pathway atop the south retaining wall.
 - An “iron ranger” would be installed adjacent to the ramp to collect fees when the marina office is unstaffed.

Notably, the alternative outlined above does not imagine improvements to accommodate a full-time caretaker or re-establish the fuel dock. The introduction of the Portland Loo and beach shower, together with retaining a live-aboard “Facility Host” are intended to address the concerns voiced over Port staffing limitations, access to public sanitation, and overall facility security. However, on busy openings and summer weekends, it is expected that the Quilcene Facility Attendant or the Facility Host would often leave the restroom door open for public use. However, absent the purchase of a ramp pass, the restrooms would not be opened to the public to be used as a principal means of sanitation.

Overall, the recommended alternative seeks to preserve the existing rural character of the facility and does not introduce any new employment or revenue generating uses. Public shoreline access would be modestly enhanced via ramp rehabilitation, benches and picnic tables, and access to public sanitation (e.g., Portland Loo/beach shower). The cost of the improvements anticipated by this alternative is expected to be significant, driven principally by periodic entrance channel dredging and progressive rehabilitation and replacement of the docks and floats, and obtaining grant funding the limited projects envisioned could prove to be a challenge.

Port staff will further refine the scope and cost of the projects outlined above, together with anticipated sources of funding and anticipated project timing, in advance of our next community meeting, tentatively set for 5:00 pm on Tuesday, June 7, 2022.

Quilcene 5-Year Capital Improvement Program - Summary

Project	Current Year			Timing Uncertain			Subtotal
	2022	2023	2024	2025	2026	2027	
Dock Renovation Program		\$ 87,380	\$ 94,380	\$ 99,100	\$ 104,060	\$ 107,180	\$ 492,100
Boat Ramp Maintenance Program	\$ 10,300		\$ 11,100		\$ 12,300		\$ 33,700
Gravel Parking Lot Resurfacing Program	\$ 10,400	\$ 11,200	\$ 11,800	\$ 12,400	\$ 12,800	\$ 13,200	\$ 71,800
Basic Landscaping & Picnic/Bench Furnishings		\$ 33,800					\$ 33,800
Remodel Existing Bathrooms		\$ 145,300					\$ 145,300
8 Dry RV Sites		\$ 169,300					\$ 169,300
Entrance channel dredged to its current design depth	\$ 40,000	\$ 80,000	\$ 639,900				\$ 759,900
Landscape Screening from Industry						\$ 533,700	\$ 533,700
Portland Loo & Outdoor Shower						\$ 361,700	\$ 361,700
Boat Ramp Concrete Slab Replacement						\$ 918,800	\$ 918,800
Marina Dock & Pile Replacement						\$ 3,515,200	\$ 3,515,200
Potable Water System Capital Improvement						\$ 1,634,300	\$ 1,634,300
Subtotal	\$ 60,700	\$ 526,980	\$ 757,180	\$ 111,500	\$ 129,160	\$ 7,084,080	\$ 8,669,600

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	June 22, 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 type="checkbox"/> Information <input type="checkbox"/> Motion/Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	<ul style="list-style-type: none"> Detailed April 2022 Year to Date Financial Report Commission Contracts Update

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

	YTD April 2021	YTD April 2022	Variance to prior year	notes	YTD Budget 2022	Variance to Budget YTD
OPERATING REVENUES						
PTBH - Permanent Moorage	403,341	430,165	26,824		423,947	6,218
PTBH - Liveaboard Fee	7,043	5,819	(1,224)		6,667	(848)
PTBH - Liveaboard Background Check	60	120	60		-	120
PTBH - Work Float/Lift Pier Usage	6,005	2,511	(3,494)		1,726	785
PTBH - Monthly Guest	68,844	73,224	4,380		93,943	(20,719)
PTBH - Nightly Guest	56,894	51,354	(5,540)		44,740	6,614
PTBH - Electric	40,860	34,212	(6,647)		44,455	(10,243)
PTBH - Miscellaneous Revenue	6,654	4,743	(1,911)		5,900	(1,157)
PTBH - Showers	2,197	2,420	222		2,536	(116)
PTBH - Restroom Key Fobs	70	225	155		881	(656)
PTBH - Laundry	1,963	1,820	(143)		2,058	(238)
PTBH - Promotional Sales	91	108	17		91	17
PTBH - Port Labor	1,310	145	(1,165)		-	145
Boat Haven Moorage	595,331	606,866	11,535		626,944	(20,078)
Yard - 70/75 Ton Hoist Revenue	96,016	98,114	2,098		87,631	10,483
Yard - 70/75 Ton Yard Revenue	279,890	330,297	50,407		276,381	53,916
Yard - 70/75 Ton Yard Enviro Fee	25,970	25,397	(573)		23,654	1,743
Yard - 70/75 Ton Yard Electric	13,848	15,814	1,967		15,544	270
Yard - 70/75 Ton Yard Port Labor	1,054	3,030	1,975		1,600	1,430
Yard - 300 Ton Hoist Revenue	86,958	91,065	4,107		88,751	2,314
Yard - 300 Ton Yard Revenue	175,862	194,481	18,619		175,901	18,580
Yard - 300 Ton Yard Enviro Fee	4,670	7,862	3,191		4,600	3,262
Yard - 300 Ton Yard Electric	20,622	21,839	1,217		21,517	322
Yard - 300 Ton Yard Port Labor	1,139	3,906	2,768		1,889	2,017
Yard - L/T Storage	27,215	31,575	4,360		27,000	4,575
Yard - Blocking Rent	16,932	19,967	3,035		19,009	958
Yard - Off Port Property Tarp Fee	861	-	(861)		700	(700)
Yard - Washdown Revenue	21,721	30,405	8,684		23,551	6,854
Yard - Bilge Water Revenue	366	2,635	2,269		2,534	101
Yard - Liveaboard Fee	1,355	600	(755)		1,204	(604)
Yard - Enviro Violations & Clean up	1,100	-	(1,100)		332	(332)
Yard - Miscellaneous Revenue	-	53	53		523	(470)
Yard Operations	775,580	877,040	101,461		772,321	104,719
PTBH Prop - Lease Revenue	243,693	260,990	17,297		257,337	3,653
PTBH Prop - Fuel Dock Lease	3,797	5,124	1,327		4,471	653
PTBH Prop - Garbage	6,545	1,217	(5,327)		8,528	(7,311)
PTBH Prop - Water	-	9,385	9,385		-	9,385
PTBH Prop - Stormwater	3,259	3,220	(39)		3,660	(440)
PTBH Prop - Electric	2,016	(18)	(2,034)		1,743	(1,761)
PTBH Prop - Storage Unit Revenue	3,454	4,015	561		3,816	199
PTBH Prop - Miscellaneous	100	-	(100)		-	-
Boat Haven Properties	262,863	283,933	21,070		279,555	4,378
Pt Hudson - Permanent Moorage	52,225	51,401	(824)		47,242	4,159
Pt Hudson - Monthly Guest	67,556	75,381	7,825		66,079	9,302
Pt Hudson - Nightly Guest	18,922	17,440	(1,481)		9,522	7,918

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

Summary of Fund Resources Uses, April 2022

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

	YTD April 2021	YTD April 2022	Variance to prior year	notes	YTD Budget 2022	Variance to Budget YTD
City Pier & Union Wharf Usage	172	-	(172)		-	-
Pt Hudson - Monthly R.V.	43,376	52,814	9,437		42,684	10,130
Pt Hudson - Nightly R.V.	71,307	74,052	2,745		67,827	6,225
Pt Hudson - Kayak Racks	4,958	6,956	1,998		5,003	1,953
Pt Hudson - Electric	13,152	12,380	(772)		13,125	(745)
Pt Hudson - Reservation Fee	6,708	9,119	2,411		12,182	(3,063)
Pt Hudson - Liveaboard Fee	5,424	5,481	57		5,343	138
Pt Hudson - Liveaboard Backgrnd Ck	120	840	720		120	720
Pt Hudson - Showers	1,664	1,543	(121)		1,048	495
Pt Hudson - Laundry	3,220	2,750	(470)		3,009	(259)
Pt Hudson - Passenger Fee	-	604	604		-	604
Pt Hudson - Miscellaneous	315	948	633		250	698
Pt Hudson - Promotional Sales	123	160	37		80	80
Pt Hudson - Building Leases	138,212	138,859	647		142,940	(4,081)
Pt Hudson - Property Utilities	9,096	14,784	5,689		12,380	2,404
Pt Hudson - Parking	1,205	1,209	4		1,000	209
Pt. Hudson Marina, RV & Prop	437,755	466,722	28,967		429,834	36,888
Quilcene - Permanent Moorage	19,371	15,304	(4,067)		15,597	(293)
Quilcene - Liveaboard Fee	1,295	-	(1,295)		-	-
Quilcene - Nightly Moorage	574	323	(250)		600	(277)
Quilcene - Showers	771	760	(11)		899	(139)
Quilcene - Electric	2,269	1,189	(1,081)		1,124	65
Quilcene - Key Fobs	-	250	250		-	250
Quilcene - Kayak Rack Storage	-	112	112		-	112
Quilcene - Reservations	121	132	11		209	(77)
Quilcene - Recreational Ramp Fees	1,957	1,216	(741)		1,997	(781)
Quilcene - Commercial Use Fees	2,200	4,030	1,830		1,000	3,030
Quilcene - Miscellaneous Revenue	224	581	357		-	581
Quilcene - Lease Revenue	21,829	23,335	1,506		23,136	199
Quilcene - Water	3,753	4,017	264		4,276	(259)
Quilcene	54,365	51,250	(3,115)		48,838	2,412
Ramp Fees	10,805	6,686	(4,119)		11,829	(5,143)
PTBH Ramp - Commercial Use Fees	1,000	600	(400)		1,000	(400)
PTBH Ramp - Dinghy Float Revenue	245	27	(218)		397	(370)
Ramps	12,050	7,313	(4,737)		13,226	(5,913)
JCIA - Lease Revenue	37,738	43,221	5,483		40,976	2,245
JCIA - Hangar Revenue	11,001	13,563	2,562		11,556	2,007
JCIA - Vehicle Parking Revenue	28	-	(28)		75	(75)
JCIA - Aircraft Parking	236	248	12		220	28
JCIA - Fuel Lease Revenue	446	424	(22)		449	(25)
JCIA - Electric	465	844	379		551	293
JCIA - Miscellaneous Revenue	2,714	100	(2,614)		200	(100)
JCIA	52,627	58,400	5,772		54,027	4,373
(Incr.)/Decr. In Accounts Receivable	63,506	221,271	157,765		-	221,271
Total Operating Revenues	2,254,077	2,572,795	318,718	a	2,224,745	348,050
OPERATING EXPENDITURES						

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

Summary of Fund Resources Uses, April 2022

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

	YTD April 2021	YTD April 2022	Variance to prior year	notes	YTD Budget 2022	Variance to Budget YTD
Salaries & Wages	761,397	866,945	105,548		865,471	1,474
Payroll Taxes	77,749	91,147	13,398		91,004	143
Employee Benefits	277,691	273,267	(4,424)		285,471	(12,204)
Uniform Expense	3,118	9,640	6,522		3,606	6,034
Contract Services	92,627	79,520	(13,107)		93,014	(13,494)
Legal & Auditing	52,831	12,036	(40,795)		22,915	(10,880)
Insurance	99	1,458	1,359		-	1,458
Computer Supplies	8,904	14,239	5,335		6,864	7,375
Operating Supplies	24,708	52,319	27,611		20,783	31,536
Enviro Materials/Supplies	36,257	8,506	(27,751)		9,050	(544)
Tarp Pool Expense	5,993	7,305	1,311		7,600	(295)
Empl Recog/Relations	1,657	4,102	2,445		1,050	3,052
Postage	2,183	612	(1,571)		1,445	(833)
Janitorial Supplies	12,609	6,368	(6,242)		8,356	(1,988)
Fuel & Lubricants	9,706	15,793	6,087		9,650	6,143
Permits & Licenses	1,639	714	(925)		3,150	(2,436)
Equipment Rental	1,813	16,005	14,191		9,780	6,225
Claims & Damages	-	5,536	5,536		757	4,779
Membership & Dues	14,892	13,245	(1,647)		29,405	(16,160)
Bank Charges	33,475	54,109	20,634		42,133	11,976
Excise Tax	6,286	3,974	(2,312)		4,648	(674)
Miscellaneous Expense	915	884	(32)		765	119
Repair & Maintenance Supplies	90,397	83,639	(6,758)		37,802	45,837
Facilities & Operations	251,434	287,348	35,914		193,238	94,110
Utilities	176,674	220,420	43,746		211,273	9,147
Advertising (Legal 2018)	969	7,460	6,491		2,488	4,972
Marketing	8,294	14,768	6,474		15,705	(937)
Promotion	2,137	473	(1,664)		2,900	(2,427)
Marketing	11,400	22,701	11,301		21,093	1,608
Economic Development	-	15,000	15,000		15,000	-
Travel & Training	717	6,610	5,893		4,314	2,296
Community Relations	3,847	259	(3,588)		500	(241)
Total Operating Expenditures	1,709,584	1,886,351	176,768	b	1,806,899	79,452
Net Operating Income (Expense)	544,494	686,444	141,951		417,846	268,598
Other Increases in Fund Resources						
Yard Deposits Collected	11,292	1,000	(10,292)		13,110	(12,110)
PTBH Prop Lease Deposits Collected	6,221	1,961	(4,260)		4,659	(2,698)
PH Prop Lease Deposits Collected	7,594	673	(6,921)		2,668	(1,995)
JCIA Prop Lease Deposits Collected	3,345	4,086	742		-	4,086
PH Marina/RV Deposits Collected	11,464	13,738	2,274		9,600	4,138
Deposits & Retainage Collected	39,915	21,458	(18,457)		30,037	(8,579)
Sales Tax Collected	22,796	24,813	2,017		19,464	5,349
Leasehold Tax Collected	195,784	212,997	17,214		192,644	20,353
Hotel/Motel Tax Collected	1,453	1,480	27		1,350	130
Taxes Collected	220,032	239,290	19,258		213,458	25,832

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

Summary of Fund Resources Uses, April 2022

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

	YTD April 2021	YTD April 2022	Variance to prior year	notes	YTD Budget 2022	Variance to Budget YTD
Grants - Fed. Indirect - RCO	-	13,625	13,625		-	13,625
Capital Contributions/Grants	-	13,625	13,625		-	13,625
ARRA Bond Interest Subsidy	16,476	16,476	-		16,000	476
Investment Interest	1,067	3,894	2,827		844	3,050
Interest	17,543	20,370	2,827		16,844	3,526
Operating Tax Levy	511,290	499,872	(11,418)		564,472	(64,600)
IDD Tax Levy	797,039	1,255,652	458,613		1,391,030	(135,378)
State Forest Revenues	45	4,280	4,235		2,500	1,780
State Timber Excise Tax	4,341	9,897	5,556		5,000	4,897
Leasehold Excise Tax	2,674	3,268	594		3,230	38
Property & other taxes	1,315,389	1,772,968	457,579		1,966,232	(193,264)
Finance Charges	4,814	3,144	(1,670)		6,203	(3,059)
Other Non-Operating Revenues	3,333	8,308	4,975		260	8,048
Misc Other Incr. in Fund Resources	8,147	11,452	3,305		6,463	4,989
Total Other Incr. in Fund Resources	1,601,027	2,079,164	478,137	c	2,233,034	(153,870)
Other Decr. In Fund Resources						
Retainage Paid	-	1,970	1,970		-	1,970
Yard Deposits Refunded	3,080	61,922	58,842		5,523	56,399
PTBH Prop Lease Deposits Returned	-	177	177		2,500	(2,323)
PH Prop Lease Deposits Returned	2,566	427	(2,138)		561	(134)
Deposits & Retainage Paid	5,646	64,497	58,851		8,584	55,913
Sales Tax Remitted	17,484	16,435	(1,049)		15,626	809
Leasehold Tax Remitted	284,609	306,731	22,122		286,555	20,176
Hotel/Motel Tax Remitted	916	927	11		950	(23)
Taxes Remitted	303,009	324,093	21,084		303,131	20,962
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	53	186	133		160	26
Debt Mgmt, Issuance & Misc Exp	9,353	186	(9,167)		410	(224)
Election Expense	-	17,561	17,561		2,000	15,561
Total Other Decr. In Fund Resources	569,574	406,337	(163,237)	d	314,125	92,212
Net Incr./ (Decr.) in Fund Resources	1,031,453	1,672,827	641,374		1,918,909	(246,082)
Net Income (Expense)	1,575,946	2,359,271	783,325	e	2,336,755	22,516

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: June 16, 2022

TO: Commissioners

FROM: Sue Nelson, Lease & Contracts Administrator

CC: Eron Berg, Executive Director

SUBJECT: **June 22, 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:
Insight Strategic Partners (legislative support)	Thru Dec 31, 2022	Amendment 1-increased by \$11K	\$50,000.00