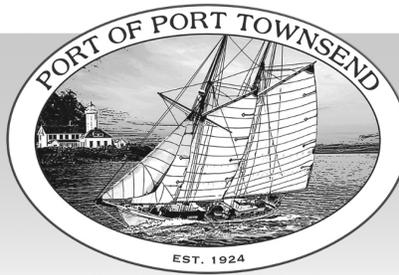


2701 Jefferson Street
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Port Townsend, WA 98368



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**Commission Meeting
1st Monthly Meeting Agenda
Wednesday, October 12, 2022, 1:00 p.m.**

**Point Hudson Pavilion Building, 355 Hudson Street, Port Townsend, & via Zoom
<https://zoom.us/> – or call (253) 215-8782 – and use Webinar ID: 862 6904 3651, Password:
911887**

- I. Call to Order & Pledge of Allegiance
- II. Approval of Agenda
- III. Public Comments
- IV. Consent Agenda
 - A. Approval of Regular Business Meeting Minutes from September 12 & 28, 2022. 3-9
 - B. Approval & Ratification of Warrants 10-25
 - C. NW Hangars/Jefferson County Airport Condo Owners' Association Lease Amendment & Assignment 26-45
 - D. JCIA Hangar Site #2, Land Lease Option & Lease Agreement – Northwest Custom Hangars, LLC 46-65
 - E. JCIA Hangar Sites #1 & #3 Land Lease Options & Lease Agreements – LBG Development, LLC 66-134
 - F. Resolution 776-22 Authorizing Warrant Cancellation 135-137
 - G. Resolution 775-22 Authorizing the Port of Port Townsend to File Applications with the Washington State Recreation and Conservation Office, Seeking Boating Facilities Program (BFP) Grant Funding as Provided in Chapter 79a.25 RCW and Title 286 WAC to Support Replacement of the Herb Beck Marina Boat Launch Ramp 138-144
- V. Second Reading ~ none
- VI. First Reading ~ none
- VII. Regular Business
 - A. 2nd Draft of 2023 Budget, Capital Improvement Program (CIP) and Proposed Rates 145-180
 - B. Point Hudson Planning 181-247
 - C. Point Hudson Jetty Project Update
- VIII. Staff Comments

IX. Commissioner Comments

X. Next Meeting of the Commission:

Regular Business Meeting: Wednesday, October 26, 2022; 5:30 p.m., at the Pavilion Building & via Zoom

XI. Executive Session ~ None

XII. Adjournment

Informational Items

- Port Contracts Update.....248-249

SPECIAL JOINT MEETING OF THE PORT TOWNSEND CITY COUNCIL, PORT OF
PORT TOWNSEND COMMISSION, AND JEFFERSON COUNTY PUBLIC UTILITY
DISTRICT COMMISSION

MINUTES

Monday, September 12, 2022

The City, Port, and Jefferson County PUD met in a special business meeting at the Point Hudson Pavilion Building, 355 Hudson Street, Port Townsend, and also online via Zoom.

Port Townsend City Council and staff: Mayor/Councilmember David Faber, Deputy Mayor/Councilmember Amy Howard, Councilmember Owen Rowe, Councilmember Ben Thomas, Councilmember Libby Wennstrom, and Councilmember Monica MickHager (via zoom). Councilmember Aislinn Diamanti excused. Staff present: Public Works Director Steve King and City Manager John Mauro.

Jefferson County Public Utility District (PUD) No. 1 Board of Commissioners and staff: Commissioner/President Kenneth Collins President (via zoom), Commissioner/Secretary Dan Toepper, and Commissioner/Vice President Jeff Randall. Staff present: Broadband and Communications Director Will O'Donnell and General Manager Kevin Streett.

Port of Port Townsend Commission and staff: Commissioner/Vice President Carol Hasse and Commissioner/Secretary Pete Hanke. Commissioner/President Pam Petranek excused. Staff present: Director of Capital Projects & Port Engineer Matt Klontz and Executive Director Eron Berg. And Port Recorder Sanders

- I. CALL TO ORDER & PLEDGE OF ALLEGIANCE (Rec. 00:10:24)
Commissioner Hasse called the meeting to order at 1:00 p.m.
- II. SPECIAL BUSINESS ITEM (Rec. 00:15:15)
 - A. Memorandum of Understanding for Collaborating on Projects Along the Sims Gateway Corridor

Matt Klontz and Steve King gave staff report and presentation. They supplied a project overview, review of partnerships, and community concerns that began the year of learning. Also explained was the work of the stakeholder group as well as differences in agency authority and purpose. The publishing of materials, videos and public comment was hosted by the City. Following a review of the background, timeline and limits of the project, the range of alternatives was presented and documented in the staff memos. Options were “no expansion,” “partial expansion,” and “full expansion.”

Steve King reviewed the plans related to Sims Way, including a City Comprehensive Plan Amendment and amendment to the Gateway Plan. He noted the project principles in those plans and differentiated between the guidance documents and the Port Townsend Municipal Code for requirements.

Matt Klontz reviewed boatyard considerations and key principles as well as the aesthetic considerations. There would be a movement away from columnar tree forms to parkway tree forms.

Mr. King reported on the stormwater and soil conditions. Regarding tree replacement on the Kah Tai side of Sims Way, the recommendation is that over time (20 years), trees would be removed based on their condition, and to help the neighboring trees survive. Also covered were other planting considerations and species choice. SCJ Alliance presented the preferred alternative concept.

Clarifying questions were addressed by staff. (00:55:00) on the following topics: maintaining a gap in the boatyard fence for access, releasing the list of tree varieties as well as their height and expected tree sail, whether thinning could be extended to the boatyard side, ADA access on boatyard side and plan for compact or pervious surface, whether existence of heavy metals in the soil is part of the design consideration, which power line was the source of the tingling, new issues that could arise with SEPA, risks and tradeoffs for the alternative power route. In explaining rural distressed county funding to Jefferson County, staff noted if the boatyard is not expanded, the Public Infrastructure Funds (PIF) could not be used, and the PUD would need to bear the costs of undergrounding utilities.

Added comments: This process, including the Parks Board recommendation, has reached several milestones addressing public safety concerns, gathering public comment, and planning for improved reliability in infrastructure. Although there are outstanding questions and more options to be considered, agreeing to the MOU now would allow further partnering and moving forward with SEPA.

Public Comment:

David Goldman, representing the Gateway Poplar Alliance, asked to pursue the focus on the undergrounding of the high voltage lines without tree removal.

Robey Robichaux asked about the score of the Seahawk Bronco game.

Jackie Breslawski was interested in when the trees list would be available for public access. An added concern was about a permeable ADA sidewalk or path.

Jim Burke noted that in the partial expansion choice the boatyard space would continue to be compromised. It appears the preferred option would be for a full boatyard expansion.

Written public comment was supplied as follows (and included in the published agenda packet):

Mike Loriz spoke in support of expanding the Boat Haven and undergrounding electrical service over saving the polars.

Debra Bouchard/James Roberts gave detailed comments in opposition to using Public Infrastructure Funds, as well as City, County, and PUD funding in this way, particularly for any work on the north side of Sims Way.

Peninsula Trails Coalition spoke of support for shared use paths both bordering and connecting to Sims Way.

Port Staff responded to questions about the economic benefit, including job generation with the Boat Haven expansion to the Port's property line. A distinct difference between the preferred option and the PIF grant application was that the PIF grant included removing poplar trees on one side.

Discussion During Deliberation: Poplar tree roots have been a long-time issue and it is exciting to work toward an intentional plan for Sims Way. Responding to a question, PUD noted the power line has not been engineered nor the vault location determined. There was a desire for continued public comment and engagement through design, including stakeholder participation in some form. There was recognition of the aesthetic concerns and community values around the loss of the tree façade. Also noted was the effort given to explain public infrastructure toward economic development for community safety, resilience of the power, and expansion of the boatyard. Public comments have been heard and the needs have at times been difficult to balance. Doing nothing is not an alternative because of safety, age of the trees, and conflict with the boatyard. Whether the partial or full expansion alternative is chosen, it was noted that an easement would need to be recrafted and the end design may not look like the renderings of today. The Port said it could grant an easement for utilities where needed to serve mutual benefit. It was mentioned that between now and a year from now, the public is likely to see the PUD, at a minimum, trimming the trees before storm season.

Port: Pete Hanke moved to go ahead with the Memorandum of Understanding. Carol Hasse seconded. Unanimously approved.

City: Motion to approve the MOU and authorize the City Manager to execute all documents necessary to carry out the City's responsibilities as listed in the MOU, including consultant and construction contracts. (Moved by Libby Wennstrom, Seconded by Amy Howard). Unanimously approved.

PUD: Motion that the Board approve the MOU and authorize the General Manager to execute the MOU and any other necessary documents. (Moved by Jeff Randall, seconded by Dan Toepper). Unanimously approved.

III. ADJOURNMENT (Rec. 02:17:45): the City, Port, and PUD meetings were adjourned at 8:37 p.m., there being no further business.

Port of Port Townsend

ATTEST:

Peter W. Hanke, Secretary

Pamela A. Petranek, President

Carol L. Hasse, Vice President

City of Port Townsend

David Faber, Mayor
City of Port Townsend

Attest:

Approved as to form:

Alyssa Rodrigues, City Clerk

Heidi Greenwood, City Attorney

Jefferson County PUD

Approved:

Commissioner Dan Toepper, Secretary

Date _____

Attest:

Commissioner Kenneth Collins, President

Date _____

Commissioner Jeff Randall, Vice President

Date _____

PORT COMMISSION REGULAR BUSINESS MEETING – Wednesday, September 28, 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 (absent)
 Director of Finance & Administration Berg
 Director of Capital Projects & Port Engineer Klontz
 Port Recorder Sanders

I. CALL TO ORDER & PLEDGE OF ALLEGIANCE (Rec. 00:00:00)
Commissioner Petranek called the meeting to order at 5:31 p.m.

II. APPROVAL OF AGENDA (Rec. 00:01:20)
 An Executive Session was added pursuant to RCW 42.30.110(b) to consider the selection of a site or the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price.

III. PUBLIC COMMENTS (Rec. 00:02:00)

Written public comment was included in the agenda packet as follows:

Tom Thiersch spoke with concern about a late Commission meeting reminder email.

IV. CONSENT AGENDA (Rec. 00:05:32)

A. Approval of Workshop & Regular Business Meeting Minutes from August 10 and September 14, 2022.

B. Approval & Ratification of Warrants

Warrant #065751 – #065754 in the amount of \$6,072.72 and Electronic Payment in the amount of \$106,610.16 for Payroll & Benefits for a total amount of \$112,682.88.

Warrant #065750 in the amount of \$13,676.62

Warrant #065755 through #065800 in the amount of \$122,768.52

Warrant #065312 in the amount of \$424.50 is declared void

C. JCIA Land Lease Assignment and Amendment: David Holt to Puget Sound Express, Inc.

D. Authorization of Professional Services Agreement with Tom Coultas for Resident Engineering

E. Quilcene Harbor Yacht Club – Herb Beck Marina Building Lease

Commissioner Petranek moved to accept the Consent Agenda as written with the removal of item D from the Consent Agenda to now be Item C under Regular Business and with the words “second reading” stricken from Item E; motion passed unanimously with Commissioner Hanke abstaining from the vote on Item C with the disclosure that he is a party on the lease.

V. SECOND READING ~ none

VI. FIRST READING ~ none

VII. REGULAR BUSINESS (Rec. 00:13:57)

A. FIRST DRAFT OF THE 2023 BUDGET WITH CAPITAL IMPROVEMENT PROGRAM (CIP) AND PROPOSED RATES (Rec. 00:14:13)

Finance Director Berg gave the budget briefing from the detailed informational memorandum provided in the agenda packet on issues, goals, and assumptions.

Commissioners: Ms. Berg responded to questions about operating expenditures, including staffing changes. Proposed are the addition of 2 FTEs, in maintenance for capital projects and making the part-time position in the accounting office full-time, plus a reclassification of an existing customer service representative position to assistant harbor master. In a discussion of ramp revenues and capital projects, there was a desire to see the expanded budget detail. Executive Director Berg provided explanations of customer services and exceedingly busy yard office, noting the yard may need to consider discontinuing long-term boat storage and instead keeping it solely for building and repairs. He also spoke about the importance of investing in design work so that projects are ready when funding becomes available.

Commissioner questions and discussion centered on comparison of rates with other marinas and whether we might move to different rates for permanent versus guest moorage. Some discussion ensued about options for the 75-ton wash down bottleneck. It was felt that a policy might be needed and/or that the harbormaster and operations manager could provide recommendations, possibly including incentivizing an annual washdown. The following were suggested for making up the budget shortfall in the short term: cutting expenditures, increasing RV rates, increasing tie down fees to \$10, higher hangar fees (offsetting improvements to roofs/doors), a parking plan and incentives for using the Park and Ride. Staff noted that operating expenditures reflect 5% increase Port wide and an effort for equity across those impacted by rate increases. There was Commission support for eliminating the “leave of absence” practice for the moorage wait list.

Director of Capital Projects and Port Engineer Klontz (Rec. 01:41:30) gave an overview of the Capital Improvement Program (CIP) for 2023-2027 across Port facilities. There was Commission interest in a narrative format of the CIP. An October 13 meeting would be held in Quilcene to discuss the RCO boat launch facility grant application for Herb Beck Marina. Highlighted were recent clean-up efforts by Aubri Rollins, the Quilcene Facility Attendant.

B. POINT HUDSON JETTY PROJECT UPDATE (Rec. 02:01:15)

Director of Capital Projects and Port Engineer Klontz gave a project update, including piling removal, shipment of the steel piles, and start of the construction of the habitat nursery. The contractor is ahead of schedule on the demolition phase.

C. AUTHORIZATION OF PROFESSIONAL SERVICES AGREEMENT WITH TOM COULTAS FOR RESIDENT ENGINEERING (Rec.02:08:54)

Director of Capital Projects and Port Engineer Klontz gave the staff report on the need for the work of a resident engineer with marine construction background. Staff responded to questions about the desire for in-house project management for knowledge of the

structure being built. With in-house engineering, there would need to be additional staff from an assistant and drafts person.

Commissioner Petranek moved to authorize the Port's Executive Director to enter into an agreement with Tom Coultas Construction Management for the resident engineering services supporting the construction of the Point Hudson Breakwater project. Unanimously approved.

VIII. STAFF COMMENTS (Rec. 02:19:10)

Executive Director Berg: EDC Director Cindy Brooks would make a presentation at the next Commission meeting regarding extending the third-party contract with the local jurisdictions to provide funding for EDC to keep core staff.

IX. COMMISSIONER COMMENTS (Rec. 02:22:00)

Commissioner Hasse. Marine Resources Committee is working on getting the Department of Natural Resources and Northwest Straits Commission assistance on a vessel turn-in program. She noted there is a recycling program for wooden boats.

Commissioner Petranek reported the last *Working Waterfront* program featured Pete Langley. It was exciting to see the topsides of the local working boats against the mountain backdrops while fishing in Alaska.

X. Next Public Workshop & Regular Business Meeting (Rec. 2, 02:25:35): Wednesday, October 12, 2022, Workshop at 9:30 a.m. & Meeting at 1:00 p.m., at Pavilion Building & via Zoom.

XI. EXECUTIVE SESSION (Rec. 02:25:54)

At 7:56 p.m., the Commission went into Executive Session pursuant to RCW 42.30.110(b) to consider the selection of a site or the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price.

At 8:15 p.m., the Commission returned to open session.

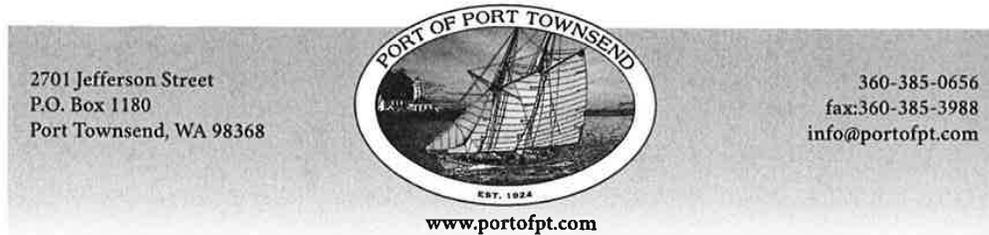
XII. ADJOURNMENT: meeting adjourned at 8:15 p.m., there being no further business before the Commission.

ATTEST:

Pamela A. Petranek, President

Peter W. Hanke, Secretary

Carol L. Hasse, Vice President



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 065801 generated on September 29th, 2022 in the amount of \$35,000.00 is ratified.

Signed and Authenticated on this 12th day of October, 2022.

For: **Accounts Payable**

Commissioner Pam Petranek

Commissioner Carol Hasse

Commissioner Pete W. Hanke

S. Abigail Berg, Director of Finance
And Administration

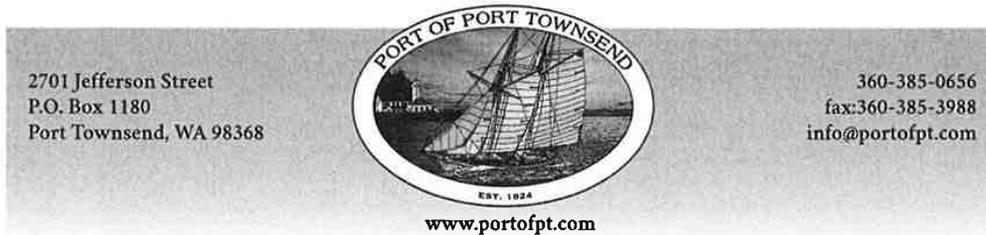
Check Register
Journal Posting Date: 9/29/2022
Register Number: CD-000947

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
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			CLEAN VESSEL BOAT BL	9/29/2022	35,000.00	0.00	35,000.00
Report Total:					<u>35,000.00</u>	<u>0.00</u>	<u>35,000.00</u>

Check Entry Number: 001



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 065802 through No. 065808 generated on September 30th, 2022 in the amount of \$28,564.20 and Electronic Payment in the amount of \$196,809.61, for a total amount of \$225,373.81 is ratified.

Signed and Authenticated on this 12th day of October, 2022.

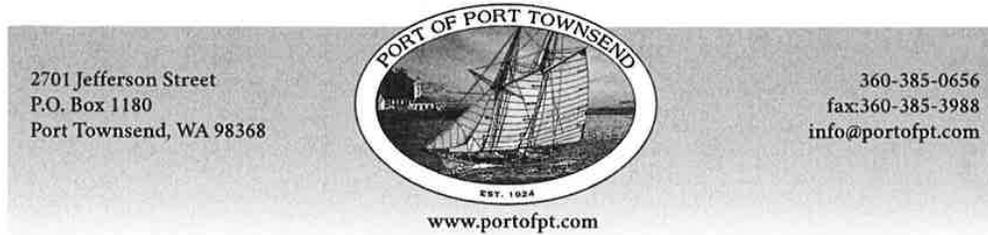
For: Payroll and Benefits

Commissioner Pam Petranek

Commissioner Carol Hasse

Commissioner Pete W. Hanke

S. Abigail Berg, Director of Finance
And Administration



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 065809 through No. 065865, are approved for payment in the amount of \$231,720.43 on this 12th day of October, 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: 10/12/2022
Register Number: CD-000949

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
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			82103	9/28/2022	111.83	0.00	111.83
0000065810	10/12/2022	A1C050	A-1 Coupling				Check Entry Number: 001
			J94566-001	9/9/2022	2,492.74	0.00	2,492.74
0000065811	10/12/2022	ADL050	Adler Tank Rentals				Check Entry Number: 001
			4617410	9/30/2022	2,259.02	0.00	2,259.02
0000065812	10/12/2022	ARR010	Arrow Lumber Port Townsend				Check Entry Number: 001
			9/28/22 STATEMENT	9/28/2022	4,350.85	0.00	4,350.85
0000065813	10/12/2022	BER010	William Beminger				Check Entry Number: 001
			9/2022 EXPENSE	9/30/2022	4.75	0.00	4.75
0000065814	10/12/2022	BOL070	Vincent Bolstrom				Check Entry Number: 001
			REFUND 10/1/22	10/1/2022	214.50	0.00	214.50
0000065815	10/12/2022	CAR001	Carl's Building Supply				Check Entry Number: 001
			9/30/2022 STATEMENT	9/30/2022	1,290.92	0.00	1,290.92
0000065816	10/12/2022	CED005	GED				Check Entry Number: 001
			5948-1026006	9/28/2022	320.26	0.00	320.26
0000065817	10/12/2022	CIT001	City Of Port Townsend				Check Entry Number: 001
			9/2022 STATEMENTS	9/30/2022	14,512.76	0.00	14,512.76
0000065818	10/12/2022	COO050	Cooper Fuel				Check Entry Number: 001
			10.3.2022 STATEMENT	10/3/2022	2,382.59	0.00	2,382.59
0000065819	10/12/2022	COU035	Coultas Construction Management Solutions, LLC				Check Entry Number: 001
			22-008P	8/31/2022	13,260.00	0.00	13,260.00
			22-009P	9/30/2022	16,445.00	0.00	16,445.00
			Check 0000065819 Total:		29,705.00	0.00	29,705.00
0000065820	10/12/2022	COW020	Cowling and Co. LLC				Check Entry Number: 001
			725	8/30/2022	1,790.80	0.00	1,790.80
			726	8/30/2022	2,385.60	0.00	2,385.60
			727	8/30/2022	3,887.40	0.00	3,887.40
			728	8/30/2022	15,199.40	0.00	15,199.40
			Check 0000065820 Total:		23,263.20	0.00	23,263.20
0000065821	10/12/2022	DIR070	DirecTV				Check Entry Number: 001
			0000590911-001	10/5/2022	1,029.90	0.00	1,029.90
			075436554X220928	9/28/2022	430.75	0.00	430.75
			Check 0000065821 Total:		1,460.65	0.00	1,460.65
0000065822	10/12/2022	FAR080	Farwest Steel Corporation				Check Entry Number: 001
			1921012	9/21/2022	472.25	0.00	472.25
0000065823	10/12/2022	FER001	Ferrellgas				Check Entry Number: 001
			5007288545	9/26/2022	406.33	0.00	406.33
0000065824	10/12/2022	GUA080	Guardian Security Systems, Inc.				Check Entry Number: 001
			1292124	10/1/2022	162.01	0.00	162.01
			1292125	10/1/2022	114.56	0.00	114.56
			1292126	10/1/2022	130.92	0.00	130.92
			1292127	10/1/2022	218.20	0.00	218.20
			Check 0000065824 Total:		625.69	0.00	625.69
0000065825	10/12/2022	HAD001	Hadlock Building Supply				Check Entry Number: 001
			9/25/22 STATEMENT	9/25/2022	545.19	0.00	545.19
0000065826	10/12/2022	HAN010	Pete Hanke				Check Entry Number: 001
			9/2022 EXPENSE	9/30/2022	62.50	0.00	62.50
0000065827	10/12/2022	HEN002	Henery Hardware				Check Entry Number: 001

Check Register
 Journal Posting Date: 10/12/2022
 Register Number: CD-000949

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
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			738650	8/29/2022	127.59	0.00	127.59
			738682	8/29/2022	20.72	0.00	20.72
			738728	8/30/2022	11.99	0.00	11.99
			738731	8/30/2022	83.96	0.00	83.96
			738740	8/30/2022	99.89	0.00	99.89
			738761	8/30/2022	49.61	0.00	49.61
			738793	8/31/2022	45.57	0.00	45.57
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			738811	8/31/2022	4.78	0.00	4.78
			738885	9/1/2022	61.05	0.00	61.05
			738903	9/2/2022	300.00	0.00	300.00
			738985	9/3/2022	18.71	0.00	18.71
			739082	9/6/2022	31.73	0.00	31.73
			739085	9/6/2022	87.26	0.00	87.26
			739091	9/6/2022	24.74	0.00	24.74
			739165	9/7/2022	14.38	0.00	14.38
			739399	9/12/2022	58.89	0.00	58.89
			739442	9/12/2022	48.37	0.00	48.37
			739475	9/13/2022	85.08	0.00	85.08
			739484	9/13/2022	19.63	0.00	19.63
			739491	9/13/2022	16.35	0.00	16.35
			739554	9/14/2022	11.06	0.00	11.06
			739568	9/14/2022	26.82	0.00	26.82
			739576	9/14/2022	6.19	0.00	6.19
			739607	9/15/2022	26.16	0.00	26.16
			739614	9/15/2022	39.91	0.00	39.91
			739629	9/15/2022	57.56	0.00	57.56
			739636	9/15/2022	137.42	0.00	137.42
			739641	9/15/2022	23.98	0.00	23.98
			739656	9/15/2022	95.41	0.00	95.41
			739678	9/16/2022	22.43	0.00	22.43
			739803	9/19/2022	34.90	0.00	34.90
			739853	9/20/2022	4.79	0.00	4.79
			739877	9/20/2022	74.14	0.00	74.14
			739966	9/21/2022	13.08	0.00	13.08
			739976	9/21/2022	146.18	0.00	146.18
			740043	9/22/2022	4.35	0.00	4.35
			740077	9/23/2022	21.36	0.00	21.36
			740079	9/23/2022	9.37	0.00	9.37
			740106	9/23/2022	10.90	0.00	10.90
			740111	9/23/2022	131.33	0.00	131.33
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0000065828	10/12/2022	HEN006	Quilcene Henery's Hardware				Check Entry Number: 001
			9/25/22 STATEMENT	9/25/2022	269.46	0.00	269.46
0000065829	10/12/2022	HOL050	David Holt				Check Entry Number: 001

Run Date: 10/6/2022 3:06:25PM
 A/P Date: 10/12/2022

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Check Register
Journal Posting Date: 10/12/2022
Register Number: CD-000949

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
			DEPOSIT REFUND	9/29/2022	394.94	0.00	394.94
0000065830	10/12/2022	HRA030	HRA VEBA Trust				Check Entry Number: 001
			YA20407 10/22	10/12/2022	725.68	0.00	725.68
0000065831	10/12/2022	JAM040	Jamestown Networks				Check Entry Number: 001
			7246	10/1/2022	530.00	0.00	530.00
0000065832	10/12/2022	LEM040	Lemay Mobile Shredding				Check Entry Number: 001
			476544S185	10/1/2022	14.07	0.00	14.07
0000065833	10/12/2022	LES050	Les Schwab				Check Entry Number: 001
			37900519643	9/29/2022	118.82	0.00	118.82
0000065834	10/12/2022	MER050	Merriman Municipal Consulting, LLC				Check Entry Number: 001
			2022-08	10/1/2022	1,225.00	0.00	1,225.00
0000065835	10/12/2022	MUR002	Murrey's Disposal Co. Inc.				Check Entry Number: 001
			9/22 STATMENTS	9/30/2022	9,627.28	0.00	9,627.28
0000065836	10/12/2022	NOR096	Northwest Maritime Center				Check Entry Number: 001
			6/2022	10/12/2022	690.00	0.00	690.00
			7/2022	10/12/2022	11,452.80	0.00	11,452.80
			8/2022	10/12/2022	12,090.60	0.00	12,090.60
			8/2022-9/2022	10/12/2022	4,015.80	0.00	4,015.80
			Check 0000065836 Total:		28,249.20	0.00	28,249.20
0000065837	10/12/2022	O'RE030	O'Reilly Auto Parts				Check Entry Number: 001
			3939-137857	9/20/2022	425.48	0.00	425.48
0000065838	10/12/2022	OLY002	The Home Depot Pro Institutional				Check Entry Number: 001
			704701838	8/31/2022	1,124.30	0.00	1,124.30
			704701846	8/31/2022	1,155.87	0.00	1,155.87
			705692614	9/7/2022	493.18	0.00	493.18
			707924213	9/20/2022	577.41	0.00	577.41
			708186408	9/21/2022	109.81	0.00	109.81
			Check 0000065838 Total:		3,460.57	0.00	3,460.57
0000065839	10/12/2022	OLY035	Olympic Peninsula Communications, LLC				Check Entry Number: 001
			26	10/3/2022	1,500.00	0.00	1,500.00
0000065840	10/12/2022	OLY085	OlyCAP				Check Entry Number: 001
			10/13/2022	10/12/2022	35.00	0.00	35.00
0000065841	10/12/2022	PAC004	Pacific Office Equipment Co				Check Entry Number: 001
			10/1/2022 STATEMENT	10/1/2022	676.18	0.00	676.18
0000065842	10/12/2022	PEN003	Peninsula Daily News				Check Entry Number: 001
			10/22 RENEWAL	9/22/2022	150.80	0.00	150.80
0000065843	10/12/2022	PEN030	Peninsula Paint Co.				Check Entry Number: 001
			F0211338	9/21/2022	219.55	0.00	219.55
0000065844	10/12/2022	PEN060	Peninsula Pest Control, Inc				Check Entry Number: 001
			63045	9/30/2022	92.74	0.00	92.74
			63053	9/30/2022	545.50	0.00	545.50
			Check 0000065844 Total:		638.24	0.00	638.24
0000065845	10/12/2022	PET025	Petrick Lock & Safe				Check Entry Number: 001
			21040	9/28/2022	269.56	0.00	269.56
0000065846	10/12/2022	PIN010	Pinnacle Investigations Corp				Check Entry Number: 001
			81490	10/1/2022	105.00	0.00	105.00
0000065847	10/12/2022	POR005	Port Townsend Leader				Check Entry Number: 001
			2022 RENEWAL	9/21/2022	70.00	0.00	70.00
0000065848	10/12/2022	POR085	Port Townsend Foundry LLC				Check Entry Number: 001
			6094	9/26/2022	4,418.55	0.00	4,418.55

Run Date: 10/6/2022 3:06:25PM
A/P Date: 10/12/2022

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Check Register
Journal Posting Date: 10/12/2022
Register Number: CD-000949

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
0000065849	10/12/2022	PUD005	PUD #1 of Jefferson County				Check Entry Number: 001
			9/19/22 STMNT	9/19/2022	39.80	0.00	39.80
			9/26/22 STATEMENTS	9/26/2022	305.97	0.00	305.97
			9/26/22 STMNT	9/26/2022	550.00	0.00	550.00
			Check 0000065849 Total:		895.77	0.00	895.77
0000065850	10/12/2022	ROD030	Rodda Paint				Check Entry Number: 001
			44173020	9/23/2022	164.94	0.00	164.94
0000065851	10/12/2022	ROL010	Audra Rollins				Check Entry Number: 001
			9/2022 EXPENSE	9/30/2022	33.75	0.00	33.75
0000065852	10/12/2022	SAF001	Safeway, Inc.				Check Entry Number: 001
			9/21/22 STATEMENT	9/21/2022	2,753.30	0.00	2,753.30
0000065853	10/12/2022	SAN035	Joanna Sanders				Check Entry Number: 001
			9/22 POSTAGE	9/30/2022	23.15	0.00	23.15
0000065854	10/12/2022	SHO010	Shold Excavating Inc				Check Entry Number: 001
			9/8/2022	9/8/2022	180.02	0.00	180.02
0000065855	10/12/2022	SNE020	S-Net Communications				Check Entry Number: 001
			147188	10/1/2022	610.94	0.00	610.94
0000065856	10/12/2022	SUN020	Sunrise Coffee				Check Entry Number: 001
			20221178	9/30/2022	29.76	0.00	29.76
0000065857	10/12/2022	TAY040	Justin Taylor				Check Entry Number: 001
			9/22 EXPENSE	9/30/2022	27.22	0.00	27.22
0000065858	10/12/2022	TER030	Terrapin Architecture PC				Check Entry Number: 001
			22-302	9/8/2022	487.50	0.00	487.50
0000065859	10/12/2022	TWI001	Spectra Laboratories - Kitsap				Check Entry Number: 001
			22-05319	8/18/2022	87.00	0.00	87.00
			22-06218	9/26/2022	87.00	0.00	87.00
			Check 0000065859 Total:		174.00	0.00	174.00
0000065860	10/12/2022	VER001	Verizon Wireless, Bellevue				Check Entry Number: 001
			9915917384	9/15/2022	560.50	0.00	560.50
0000065861	10/12/2022	VIR060	Virtower				Check Entry Number: 001
			1593	10/1/2022	500.00	0.00	500.00
0000065862	10/12/2022	WA0503	State of Washington-Dept.of				Check Entry Number: 001
			FY 2023	10/3/2022	1,087.00	0.00	1,087.00
			FY2023	9/23/2022	1,976.00	0.00	1,976.00
			Check 0000065862 Total:		3,063.00	0.00	3,063.00
0000065863	10/12/2022	WAL080	Walker Specialty Construction Inc.				Check Entry Number: 001
			R8014/1	9/21/2022	80,856.00	0.00	80,856.00
0000065864	10/12/2022	WAV040	Wave Broadband				Check Entry Number: 001
			043328901-0009731	9/23/2022	154.72	0.00	154.72
0000065865	10/12/2022	WES006	Westbay Auto Parts, Inc.				Check Entry Number: 001
			9/25/22 STATEMENT	9/25/2022	1,105.13	0.00	1,105.13
			Report Total:		231,720.43	0.00	231,720.43



ELECTRONIC DEBIT – Kitsap Bank

We, the undersigned, as Commissioners and Auditing Officer of the Port of Port Townsend, in Jefferson County, Washington, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein and that the claim is a just, due and unpaid obligation of the Port of Port Townsend, that we are authorized to authenticate and certify said claim, and that the Electronic Debit from the Port Checking Account held at Kitsap Bank is approved for payment in the amount of **\$17,403.66 is ratified.**

Signed and Authenticated on this **12th** day of **October**, **2022**.

For: Washington State, Department of Revenue
Combined Excise Tax Return – for ***August, 2022*** in the amount of ***\$17,403.66.***

Commissioner Pam Petranek

Commissioner Carol Hasse

Commissioner Pete W. Hanke

S. Abigail Berg, Director of Finance
and Administration

Washington State Department of Revenue

Your Return has been submitted and your confirmation number is **0-028-934-017**

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

Filing Date	September 26, 2022
Account ID	161-000-044
Primary Name	BOAT HAVEN FUEL DOCK
Payment Method	ACH Debit/E-Check
Payment Effective	September 26, 2022
Total Tax	17,403.66
Total Due	17,403.66



Combined Excise Tax Return

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

Filing Period: August 31, 2022

Due Date: September 26, 2022

Filing Frequency: Monthly

Business & Occupation

Tax Classification	Gross Amount	Deductions	Taxable Amount	Tax Rate	Tax Due
Retailing	133,205.97	0.00	133,205.97	0.004710	627.40
Service and Other Activities (\$1 million or greater in prior year)	181,497.53	0.00	181,497.53	0.017500	3,176.21
Total Business & Occupation					3,803.61

State Sales and Use

Tax Classification	Gross Amount	Deductions	Taxable Amount	Tax Rate	Tax Due
Retail Sales	133,205.97	0.00	133,205.97	0.065000	8,658.39
Total State Sales and Use					8,658.39

Public Utility Tax

Tax Classification	Gross Amount	Deductions	Taxable Amount	Tax Rate	Tax Due
Water Distribution	362.29	0.00	362.29	0.050290	18.22
Other Public Service Business	8,208.40	0.00	8,208.40	0.019260	158.09
Total Public Utility Tax					176.31

Deductions

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

Local City and/or County Sales Tax

Location	Taxable Amount	Tax Rate	Tax Due
1601 - PORT TOWNSEND	133,205.97	0.026000	3,463.36
Total Local City and/or County Sales Tax			3,463.36

Transient Rental Income

Location	Income
1601 - PORT TOWNSEND	65,099.35
Total Transient Rental Income	65,099.35

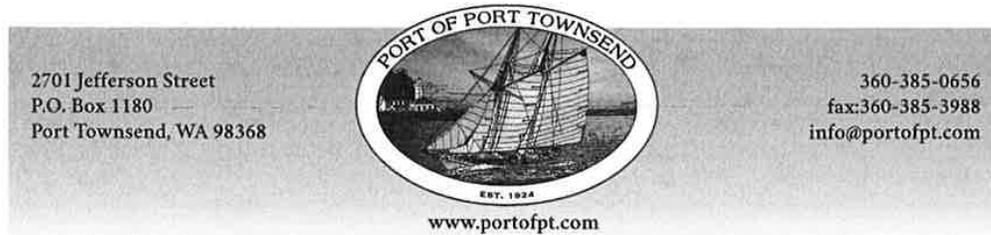
Special Hotel/Motel

Location	Taxable Amount	Tax Rate	Tax Due
1601 - PORT TOWNSEND	65,099.35	0.020000	1,301.99
	Total Special Hotel/Motel		1,301.99

Total Tax	17,403.66
Subtotal	17,403.66
Total Amount Owed	17,403.66

Prepared By:	Donna Frary
E-Mail Address:	donna@portofpt.com
Submitted Date:	9/26/2022
Confirmation #:	0-028-934-017

Payment Type:	ACH Debit/E-Check
Amount:	\$17,403.66
Effective Date:	9/26/2022



ELECTRONIC DEBIT – Kitsap Bank

We, the undersigned, as Commissioners and Auditing Officer of the Port of Port Townsend, in Jefferson County, Washington, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein and that the claim is a just, due and unpaid obligation of the Port of Port Townsend, that we are authorized to authenticate and certify said claim, and that the Electronic Debit from the Port Checking Account held at Kitsap Bank is approved for payment in the amount of **\$3,126.77 is ratified.**

Signed and Authenticated on this 12th day of October, 2022.

For: Washington State, Employment Security Department for
WA State Paid Family Medical Leave – for Qtr 3, 2022 in the amount of
\$3,126.77

Commissioner Pam Petranek

Commissioner Carol Hasse

Commissioner Pete W. Hanke

S. Abigail Berg, Director of Finance
And Administration

Donna Frary

From: do_not_reply@esd.wa.gov
Sent: Tuesday, October 4, 2022 1:52 PM
To: Donna Frary
Subject: Payment Confirmation

Thank you for your recent payment to Paid Family & Medical Leave.

Payment Application: Paid Family & Medical Leave Payment Status: Payment completed successfully.
Confirmation Number: 22100439542512
Payment Date: 10/04/2022

Billing Address: Port of Port Townsend
PO Box 1180
Port Townsend, WA 98368
3603795217

Account Number: x5811
Routing Number: 125102906
Account Type: Checking

Payment Amount: 3126.77 USD
Total Amount: 3126.77 USD

DO NOT REPLY DIRECTLY TO THIS EMAIL.



ELECTRONIC DEBIT – Kitsap Bank

We, the undersigned, as Commissioners and Auditing Officer of the Port of Port Townsend, in Jefferson County, Washington, do hereby certify under penalty of perjury that the obligation described below is a just and unpaid obligation of the Port of Port Townsend, and that the Electronic Debit from the Port Checking Account held at Kitsap Bank is approved for payment in the amount of **\$27,402.59 is ratified.**

Signed and Authenticated on this **12th** day of **October, 2022.**

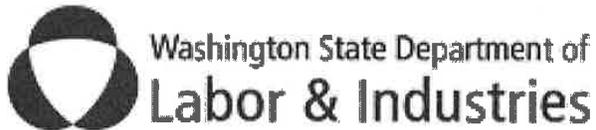
For: Washington State Department of Labor & Industries
3rd Quarter Tax Return for July - September, 2022 in the amount of
\$27,402.59

Commissioner Pam Petranek

Commissioner Carol Hasse

Commissioner Pete W. Hanke

S. Abigail Berg, Director of Finance
And Administration



Quarterly Report
 Submit Date: 10/4/2022
 Confirmation Number: 9063034

Quarterly Report

PORT OF PORT TOWNSEND
 PO BOX 1180
 PORT TOWNSEND, WA 98368

WA UBI: 161000044
 L&I Account ID: 061,069-00
 Phone Number: 3603852355 Ext: 0

Account Manager: KEITH CURTISS
 3rd Quarter: 7/1/2022 - 9/30/2022

Volunteer Reporting

Class Code	Nature of Work	Number of New Volunteers Reported			
6901-00	Volunteers-Excl Law Enf Offc	1			

Class Code	Nature of Work	Gross Payroll	Worker Hours	Rate Per Hour	Amount Owed
4201-02	Port Districts Incl Salesmen	\$455,082.00	12,977	2.0342	\$26,397.81
5306-07	Counties/Tax Dist Adm/CI Offc	\$237,876.00	3,926	0.2518	\$988.57
6901-00	Volunteers-Excl Law Enf Offc	\$0.00	210	0.0772	\$16.21
Total of Premiums:					\$27,402.59
Grand Total:					\$27,402.59

Preparer's Information

Preparer: Donna Frary
 Daytime Phone: 360-379-5217
 Email: donna@portoft.com

Payment Information

Method of Payment: eCheck
 Payment Amount: \$27,402.59
 Bank Routing Information: 125102906
 Bank Account Information: XXXXXXXXXXXXX5811
 Bank Account Type: BusinessChecking
 Scheduled Payment Date: 10/4/2022

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	October 12, 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. NW Hangars/Jefferson County Airport Condo Owners' Association Lease Amendment & Assignment
STAFF LEAD	Eric Toews, Deputy Director
REQUESTED	<input type="checkbox"/> Information <input checked="" type="checkbox"/> Motion/Action <input type="checkbox"/> Discussion
ATTACHMENTS	<ul style="list-style-type: none"> • Info Memo • Lease Assignment to Jefferson County Airport Owners' Condo Association • Exhibit 'A', 7/27/2007 Original Lease for Hangar Sites #2, 7 and 8

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 10/12/2022
TO: Port Commission
FROM: Eric Toews, Deputy Director & Sue Nelson, Lease & Contracts Administrator
SUBJECT: Lease Amendment & Assignment - NW Hangars, LLC/Jefferson County Airport Condo Owners' Association

ISSUE: Should the Commission authorize the Executive Director to execute a Lease Amendment & Assignment from NW Hangars, LLC, to Jefferson County Airport Condo Owners' Association as presented?

BACKGROUND & DISCUSSION: On July 27, 2007, the Port entered into three separate lease agreements with NW Hangars, LLC, for JCIA hangar pad sites #2, 7 and 8. Development proceeded, and hangars were constructed on sites #7 and 8. In 2009, a new lease was entered into between the parties which terminated the three separate leases and created one unified lease agreement for the three sites. This new "integrated" lease was recorded under Auditor's File Number 540416 in February of 2009. Unfortunately, this recorded lease, as well as all extant copies of the lease in the Port's files, omitted inclusion of two entire pages of the lease (pp. 12 and 13) which contained key lease provisions. This appears to have been a clerical error which occurred at the time of recording.

As a result of this error, standard lease paragraphs concerning assignment and sublease, defaults, termination by the Port, termination for government use, and termination because of court decree, were not included in the agreement. The effect of these errors and omissions was to entirely confuse and complicate the status of the agreement. Specifically, it was unclear whether NW Hangars, LLC remained the Lessee under the agreement, or whether an assignment had occurred to the Jefferson County Airport Condo Owner's Association. Moreover, development never occurred on pad site #2, which would have been a material violation of the lease had the "defaults" language not been omitted.

The Lease Amendment and Assignment before the Commission seeks to conclusively resolve these errors and omissions. The attached three-party agreement, which requires the assent of the Port, NW Hangars, as well as the Condo Association, would accomplish the following:

- Modify the leased premises to exclude hangar pad site #2;
- Amend extant lease language rendered obsolete by the passage of time or prior occurrence of events relating to rent, the deposit on file with the Port, and hangar construction (which occurred long ago on site #7 and 8);
- Amend the extant lease to incorporate lease language that was inadvertently omitted in the lease recorded in 2009; and
- Unambiguously assign the lease to the Jefferson County Airport Condo Owners' Association.

Staff have worked through these issues at considerable length with the Port’s General Counsel, NW Hangars LLC (John and Terry Vodry and Dave Ward), as well as the Condo Association. We believe the document presented, if executed, will resolve the lingering legal “cloud” over the status of the agreement, and provides a sound framework for an ongoing landlord/tenant relationship between the Port and Condo Owners’ Association.

RECOMMENDATION: Authorize the Executive Director to execute the Amendment & Assignment of NW Hangars, LLC, to Jefferson County Airport Condo Owners’ Association, substantially in the form presented.

MOTION: None required. Approval of this item on the Consent Agenda authorizes the Executive Director to execute the Lease Amendment & Assignment with NW Hangars, LLC, and Jefferson County Airport Condo Owners’ Association. The form of the agreement will be in all material respects identical to the draft presented to the Commission under this agenda item.

ATTACHMENTS: NW Hangars, LLC / Jefferson County Airport Condo Owners’ Association Lease Amendment & Assignment, including Exhibit “A”

**AMENDMENT #1 & ASSIGNMENT OF
AIRCRAFT HANGAR GROUND LEASE
JEFFERSON COUNTY INTERNATIONAL AIRPORT**

THIS AMENDMENT #1 AND ASSIGNMENT TO AIRCRAFT HANGAR GROUND LEASE (the "Amendment and Assignment") is made as of **October, 2022** by and between NW HANGARS, LLC, a Washington Limited Liability Company ("Lessee" or "Assignor"), the JEFFERSON COUNTY AIRPORT CONDO OWNERS' ASSOCIATION, an Owners' Association formed under the Condominium Act (Chapter 64.34 RCW) ("Assignee"), and the PORT OF PORT TOWNSEND, a Washington Municipal Corporation ("Lessor" or "Port").

WHEREAS, The Port and Lessee entered into that certain Aircraft Hangar Ground Lease, retroactively dated July 27, 2007, and recorded on February 6, 2009, under Auditor's File Number 540416 for Hangar Sites #2, 7 and 8 (the "Premises") located at the Jefferson County International Airport (JCIA), Port Townsend, Washington, which is attached hereto as Exhibit "A" and incorporated herein by this reference (the "Lease"); and

WHEREAS, the Parties are agreed that the Lease should be amended to remove Hangar Site #2 from the leased Premises, amend obsolete language concerning rent, adjust the amount of the deposit on file with the Port, and correct erroneous hangar site references throughout the Lease; and

WHEREAS, the Parties are further agreed that the Lease should also incorporate new provisions concerning assignment and sublease, defaults, termination by the Port, termination for government use, and termination because of court decree, all or a portion of which were inadvertently or erroneously omitted from the Lease; and

WHEREAS, upon such amendment, Assignor desires to assign its interest in the Lease to Assignee and Assignee desires to assume Assignor's obligations under the Lease; and

WHEREAS, the Port wishes to grant formal written consent for Assignor to assign its interest in the Lease to Assignee,

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. RECITALS INCORPORATED. The foregoing recitals are hereby incorporated into and made a part of this First Amendment and Assignment, including all defined terms referenced therein, with the same force and effect as if the same were herein repeated fully and at length. Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to such terms in the Lease.

2. **AMENDMENT OF PARAGRAPH 1.** Paragraph 1, "LEASED PREMISES", of the Lease is hereby deleted in its entirety and the following is inserted in its place and stead:

1. LEASED PREMISES: The Port hereby leases to Lessee, and Lessee hereby hires and leases from the Port, certain real property (hereinafter "the Premises") situated in Jefferson County, State of Washington, graphically depicted in Exhibit "A" which is attached hereto and incorporated herein by this reference, and which is described as follows:

An approximately 17,875 square foot (325' x 55') parcel of land identified as Hangar Site #7, and an approximately 15,000 square foot (300' x 50') parcel of land identified as Hangar Site #8, located at the Jefferson County International Airport (JCIA).

The Port hereby warrants that it has good and marketable title to the Premises and has full right and authority to execute this Ground Lease and to demise the Premises. The improvements located on the Premises are the property of Lessee until the expiration or sooner termination of this Lease.

3. **AMENDMENT OF PARAGRAPH 3.** Paragraph 3, "RENT", of the Lease is hereby deleted in its entirety and the following is inserted in its place and stead:

3. RENT: Lessee agrees to pay as rental for the Premises the sum of **One Thousand Seven Hundred and Seventy-Eight Dollars and Ninety-Nine Cents (\$1,778.99)** 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. Beginning on **March 1, 2024**, and every three (3) years thereafter, the rental rate may be adjusted to the then prevailing rate established by the Port Commission for airport land leases. The rental rate beginning on **March 1, 2023** and annually throughout the term of the Lease will be adjusted by an amount equal to the accumulative amount found on the Consumer Price Index for all urban consumers (CPI-U) for Seattle-Tacoma-Bellevue, which is compiled by the Department of Labor, Bureau of Statistics. In no event shall any rent adjustment result in a reduction in rent from the rate paid in the prior year. In the event that any installment of rent remains unpaid more than twenty (20) days after it is due, then Lessee shall also be obliged to pay a "late charge" as per the Port of Port Townsend Rate Schedule then in effect.

4. **AMENDMENT OF PARAGRAPH 4.** Paragraph 4, "DEPOSIT", of the Lease is hereby deleted in its entirety and the following is inserted in its place and stead:

4. DEPOSIT: Lessee shall deposit or has deposited with the Port security in the amount of **Four Thousand Fourteen Dollars and Eighty-Two Cents (\$4,014.82)**.¹ Annually throughout the lease term the amount deposited with the Port shall be adjusted to ensure that an amount equivalent to two (2) months' then current rent plus applicable taxes maintained as security. The deposit shall be held by the Port as security for Lessee's faithful performance of all its obligations under this Lease. Any interest earned on amounts deposited shall be retained by the Port. The deposit shall be returned to Lessee upon termination of this Lease, less any charges owing to the Port or expenses incurred by the Port in repairing damage caused by Lessee or restoring the leased premises to the condition required upon termination of this Lease.

5. AMENDMENT OF PARAGRAPH 5. Paragraph 5, "USE OF PREMISES" of the Lease is hereby deleted in its entirety and the following is inserted in its place and stead:

5. USE OF PREMISES – OPERATING STANDARDS: 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 on-board aircraft tanks and a small supply of lubricants for use in the hangar-based aircraft. In addition to the foregoing use restrictions, Lessee shall meet or exceed the following Operating Standards:

a. Lessee shall pay all costs and expenses associated and in connection with the use of the Premises and the rights and privileges therein granted, including, but not limited to the following: leasehold and other taxes; permit fees; license fees; and assessments lawfully levied or assessed upon the Premises or property at any time situated therein and thereon. Lessee may, however, at its sole expense and cost, contest any tax, fee, or assessment, but shall in no event allow the same to become a lien on the Premises or the improvements thereon.

b. The Lessee shall observe and obey all laws, regulations, and rules of the JCIA and the federal, state, and local government, which may be applicable to its operation at JCIA. This shall include the JCIA Rules and Regulations and all statutes and Port Resolutions now in effect or as may be promulgated or revised in the future from time to time. The Lessee specifically acknowledges that it shall abide by and be subject to all rules and regulations which are now, or may from time to time, be formulated by the Port concerning the management, operation, or use of the JCIA.

¹ Security deposit calculated as follows: \$1,778.99 per month rent x 2 = \$3,557.98; \$3,557.98 x 12.84% LHT = \$456.84; \$3,557.98 + \$456.84 = \$4,014.98.

- The Lessee shall keep in effect and post in a prominent place all necessary and/or required licenses or permits.
- c. Lessee agrees to and shall keep the Leased Premises clean and in good order, condition, and repair. The Lessee shall, at its sole cost and expense, maintain the grounds of the Premises in good order and repair and in good and safe condition and shall repair all damage caused by its occupants or invitees. The Port shall be the sole judge of the quality of maintenance of the grounds, and upon written notice by the Port to the Lessee, the Lessee shall be required to perform whatever maintenance the Port deems reasonably required. If the maintenance is not undertaken within ten (10) days after receipt of written notice, the Port shall have the right to enter upon the Premises and perform such maintenance, the cost of which shall be charged to and be borne by the Lessee and paid by the Lessee as additional rent on the next rental due date after receipt of notice as to the amount thereof.
- d. The Lessee shall be entitled, in common with others so authorized, to the use of all facilities and improvements of a public nature which now are or may hereafter be connected with or appurtenant to the JCIA, including the use of landing areas, runways, taxiways, navigational aids, terminal facilities, and aircraft parking areas designated by the Port, all upon such rules and regulations as may be established by the Port from time-to-time hereafter.
- e. The Lessee shall have the reasonable right of ingress and egress to and from the Premises and to the public areas of the JCIA in the carrying on of its activities as herein provided for, subject, however, to such rules and regulations pertaining to the use and operation of the JCIA as may be established by the Port from time-to-time hereafter, which right shall extend to the Lessee's guests and invitees.
- f. The Lessee shall not use Premises for any purpose other than those which are specifically authorized by this Lease, and which are in accordance with the Airport Master Plan and Airport Layout Plan, except as approved in writing by the Port prior to any implementation.
- g. No improvement, including landscaping or terrain alteration, shall be erected, placed, or effected on the Premises or outside the Premises, and no alterations shall be made in the improvements and facilities constructed on the Premises without the prior written approval of the Port.
- h. Lessee agrees that it will not disturb the Port or any other Lessee of the Port by making or permitting any disturbance or any unusual noise, vibration, fumes, or other condition on or in the Premises.

6. DELETION OF PARAGRAPH 8. Paragraph 8, "IMPROVEMENTS TO PREMISES", of the Lease is hereby deleted in its entirety.

7. RENUMBERING OF PARAGRAPH 9. Paragraph 9, "UTILITIES", of the Lease is hereby renumbered as Paragraph 8.

8. AMENDMENT OF PARAGRAPH 10. Paragraph 10, "ACCEPTANCE OF PREMISES", of the Lease is hereby deleted in its entirety and the following is inserted in its place and stead as Paragraph 9.

9. ACCEPTANCE OF PREMISES: Lessee has examined the premises and accepts them in their present condition, "as is", without further maintenance liability on the part of the Port. The Port makes no representations or warranties with respect to the condition, suitability, zoning restrictions, or usability, except the Port's right to grant a lease of the premises. Lessee further understands and agrees that it shall be solely responsible for maintenance and repair of aprons and access ramps linking each hangar unit to adjoining asphalt taxiways in accordance with standards required by the Port.

9. RENUMBERING OF PARAGRAPHS 11 TO 20. Paragraphs 11, "MAINTENANCE AND REPAIR OF FACILITIES", through Paragraph 20, "HAZARDOUS SUBSTANCES WARRANTY AND AGREEMENT" are hereby renumbered as Paragraphs 10 through 19, respectively.

10. AMENDMENT TO ADD NEW PARAGRAPHS 20 TO 24. The Lease is hereby amended by adding the following new Paragraphs 20 through 24.

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, without the written consent of the Port first had and obtained. If Lessee is a corporation, limited liability company or partnership, Lessee further agrees that if at any time during the term of this lease more than one-half (1/2) of the outstanding shares or ownership interests of Lessee shall belong to any persons other than those who own such ownership interests at the time of the execution of this lease or to members of their immediate families, such change in the ownership of the stock of the Lessee shall be deemed an assignment of this lease within the meaning of this paragraph. If the Port shall give its consent to any assignment or sublease, this paragraph shall nevertheless continue in full force and effect and no further assignment 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 comply with any of the covenants or agreements herein set forth, the Port may elect to terminate this lease and reenter and take possession of the Premises and all buildings and other improvements located thereon, with or without process of law, provided that Lessee shall first be given fifteen (15) days' notice in writing stating the nature of the default in order to permit such default to be remedied by Lessee within said fifteen (15) day period. If upon such reentry there remains any personal property of lessee or of any other person upon the leased Premises, the Port may, but without the obligation so to do, remove said personal property and hold it for the owners thereof or may place the same in a public garage or warehouse, all at the expense and risk of the owners thereof, and Lessee shall reimburse the Port for any expense incurred by the Port in connection with such removal and storage. The Port shall have the right to sell such stored property, without notice to Lessee, after it has been stored for a period of thirty (30) days or more the proceeds of such sale to be applied first to the cost of such sale, second to the payment of the charges for storage, and third to the payment of any other amounts which may then be due from Lessee to the Port, and the balance, if any, shall be paid to Lessee. Notwithstanding any such reentry, the liability of Lessee for the full rental provided for herein shall not be extinguished for the balance of the term of this lease, and Lessee shall make good to the Port any deficiency arising from a reletting of the leased Premises at a lesser rental than that hereinbefore agreed upon. Lessee shall pay such deficiency each month as the amount thereof is ascertained by the Port. Any failure by the owners, officers, or principals of Lessee to pay rentals, storage fees, moorage or any other charges owed to the Port under separate contract shall constitute default under provisions of this agreement.
- 22. TERMINATION BY PORT:** Nothing in this lease shall be deemed to be a waiver of the Port's power of eminent domain. In the event that the Port, at its sole discretion, shall require the use of the Premises for any purpose in connection with the operation of the business of the Port, then this lease may be terminated by the Port by written notice delivered or mailed by the Port to the Lessee at least 90 days before the termination date specified in the notice. In the event of such a termination the Port shall be obligated to compensate the Lessee for the termination of Lessee's leasehold interest in the same manner as in the case of an exercise of the Port's eminent domain power.
- 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.

11. RENUMBERING OF PARAGRAPHS 27 TO 35. Paragraphs 27, "SIGNS", through Paragraph 35, "LIENS AND ENCUMBRANCES", are hereby renumbered as Paragraphs 25 through 33, respectively.

12. RENUMBERING AND AMENDMENT OF PARAGRAPH 36. Paragraph 36, "NOTICES", of the Lease is hereby deleted in its entirety and the following is inserted in its place and stead as Paragraph 34.

34. 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
c/o Lease & Contracts Administrator
P.O. Box 1180
Port Townsend, WA 98368

To Lessee:

JEFFERSON COUNTY AIRPORT CONDO OWNERS' ASSOCIATION
c/o John Vodry
3416 E. Quilcene Road
Quilcene, WA 98376

or to such other respective addresses as either party 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.

13. RENUMBERING OF PARAGRAPHS 37 TO 46. Paragraphs 37, "JOINT AND SEVERAL LIABILITY", through Paragraph 46, "FEDERAL AVIATION ADMINISTRATION REQUIREMENTS", are hereby renumbered as Paragraphs 35 through 44, respectively.

14. DELETION OF PARAGRAPH 47. Paragraph 47, "DEVELOPMENT FEE", of the Lease is hereby deleted in its entirety.

15. RENUMBERING OF PARAGRAPH 48. Paragraph 48, "STORMWATER CHARGES", is hereby renumbered as Paragraph 46.

16. ASSIGNMENT OF LEASE. Assignor does hereby transfer, assign, convey and deliver to Assignee its entire right, title and interest in the Lease and the Premises as amended by this instrument.

17. ASSUMPTION OF OBLIGATIONS: Assignee does hereby accept this assignment and, for the benefit of Assignor and Lessor, expressly assumes and agrees to hereafter perform all the terms, covenants, conditions, and obligations of Assignor under the Lease, which accrue from and after the date hereof. Assignee has been furnished with copies of the Lease (Exhibit "A"), has reviewed the terms of the same, and understands all of the terms of the Lease, as amended by this instrument.

18. INDEMNITY: Assignor agrees to save, indemnify, defend, and hold Assignee harmless from and on account of any claims, demands, actions, losses, expenses, and liabilities of Assignee under the Lease on account of or arising out of any obligations and liabilities of the Assignee thereunder, arising prior to the date hereof.

Assignee agrees to save, indemnify, defend, and hold Assignor harmless from and on account of any claims, demands, actions, losses, expenses, and liabilities of Assignor under the Lease on account of or arising out of the obligations and liabilities so assumed and arising after the date hereof.

19. LESSOR ACKNOWLEDGEMENT: By executing this Amendment and Assignment, Lessor expressly acknowledges the following:

- a. That all rents, royalties, penalties, assessments, taxes, and charges of any kind owing to Lessor arising out of the Lease have been timely paid, that no such rents, royalties, penalties, assessments, taxes, or charges that have accrued to date hereof are unpaid, and that to the best of Lessor's knowledge there are no rents, penalties, assessments, taxes, or charges of any kind contemplated by Lessor to be imposed on or after the date hereof that are not specified in the Lease;
- b. That Assignor is no longer in default or violation of any provision of the Lease;
- c. That the Lease, as amended by this instrument, is in effect in accordance with its terms; and
- d. That the Lease, as amended by this instrument, is enforceable in accordance with its terms.

20. SUCCESSORS AND ASSIGNS: This Agreement shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

All other terms and conditions of the Lease shall remain unchanged and in effect.

This Amendment and Assignment of Ground Lease is authorized by the Port of Port Townsend Port Commission on the 12th day of October 2022, executed by the parties this ___ day of October 2022, and effective upon the receipt of a deposit and liability insurance documentation from the Assignee.

ASSIGNOR:

NW HANGARS, LLC

John L. Vodry, Member

Terri L. Vodry, Member

David E. Ward, Member

ASSIGNEE:

JEFFERSON COUNTY AIRPORT CONDO OWNERS' ASSOCIATION

Robert A. Bogash, President

LESSOR/LANDLORD:

THE PORT OF PORT TOWNSEND, A WASHINGTON STATE MUNICIPAL CORPORATION

Eron Berg, Executive Director

APPROVED AS TO FORM:

Eric Toews, Port Attorney

STATE OF WASHINGTON

COUNTY OF JEFFERSON

I certify that I know or have satisfactory evidence that John L. Vodry signed this instrument and that he is authorized to execute the instrument as a Managing Member of NW Hangars, LLC 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: _____

STATE OF WASHINGTON

COUNTY OF JEFFERSON

I certify that I know or have satisfactory evidence that Terri L. Vodry signed this instrument and that he is authorized to execute the instrument as a Managing Member of NW Hangars, LLC 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: _____

STATE OF WASHINGTON

COUNTY OF JEFFERSON

I certify that I know or have satisfactory evidence that David E. Ward signed this instrument and that he is authorized to execute the instrument as a **Managing Member of NW Hangars, LLC** 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: _____

STATE OF WASHINGTON

COUNTY OF JEFFERSON

I certify that I know or have satisfactory evidence that Robert A. Bogash signed this instrument and that he is authorized to execute the instrument as President of the Jefferson County Airport Condo Owners Association 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: _____

STATE OF WASHINGTON

COUNTY OF JEFFERSON

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

Dated: _____

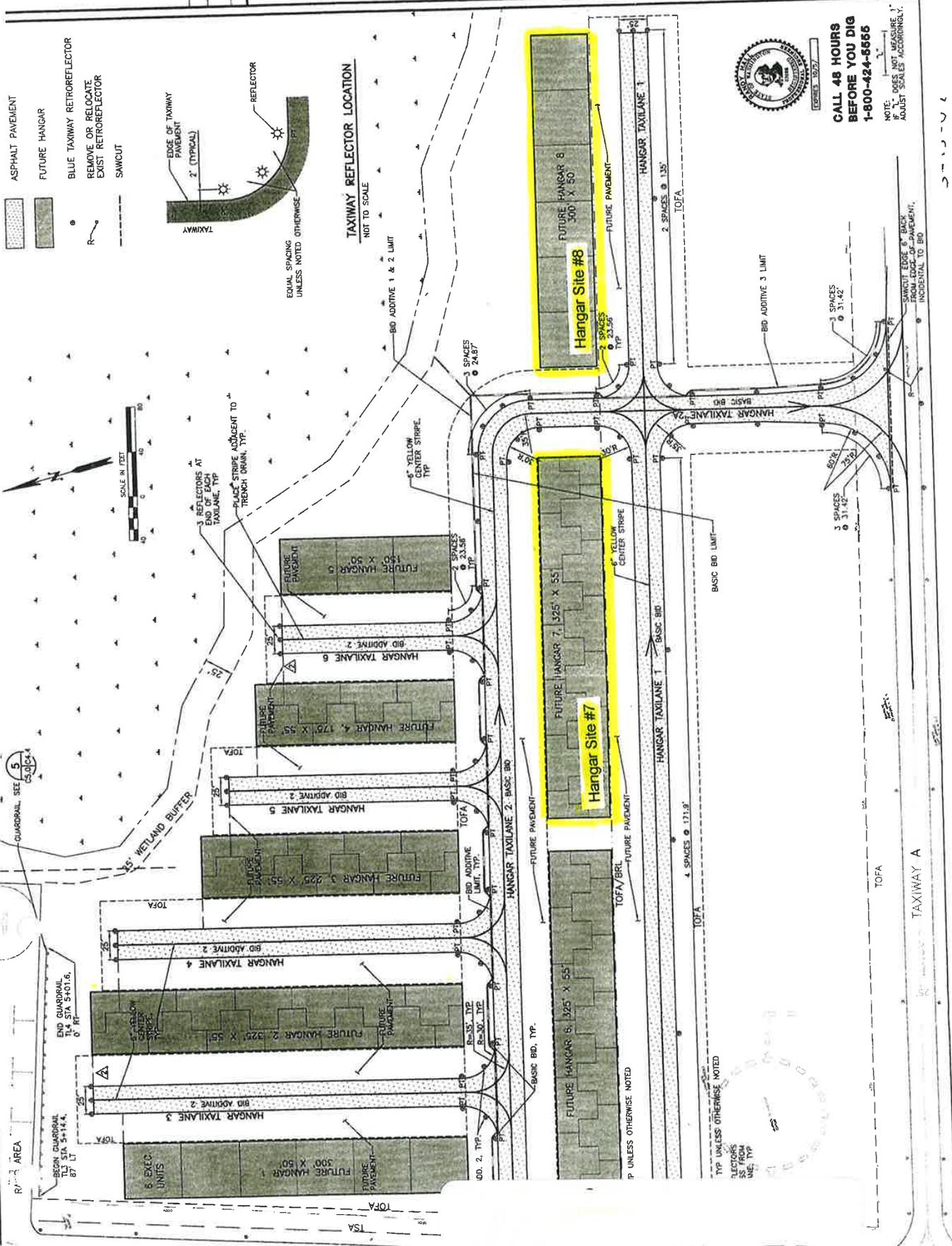
Signature of

Notary Public: _____

My Appointment Expires: _____

Exhibit 'A'
 Sites #7 & 8, Jefferson Co. Airport Condo Owners' Assoc.

PORT OF PORTLAND
 JEFFERSON COUNTY INTL
 TAXILANE CONSTRUCTION & HA
 PAVING, STRIP
 AS SHD
 DATE: 06/21/2017
 BY: [Signature]
 CHECKED: [Signature]
 SCALE: 1" = 40'
 DATE: JUNE 21, 2017
 TIME: 2:30 PM



CALL 48 HOURS BEFORE YOU DIG
 1-800-424-5555



NOTE: IF ANY NOT MEASURE, ADJUST SCALES ACCORDINGLY.

INCIDENTAL TO BID

TAXIWAY A



PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	October 12, 2022
AGENDA ITEM	<input checked="" 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	IV. D. JCIA Hangar Site #2, Land Lease Option & Lease Agreement – Northwest Custom Hangars, LLC
STAFF LEAD	Eric Toews, Deputy Director
REQUESTED	<input type="checkbox"/> Information <input checked="" type="checkbox"/> Motion/Action <input type="checkbox"/> Discussion
ATTACHMENTS	<ul style="list-style-type: none"> • Info Memo • Term Sheet • Northwest Custom Hangars Lease, Site #2

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 10/12/2022
TO: Port Commission
FROM: Eric Toews, Deputy Director & Sue Nelson, Lease & Contracts Administrator
SUBJECT: Lease Amendment & Assignment - NW Hangars, LLC/Jefferson County Airport Condo Owners' Association

ISSUE: Should the Commission authorize the Executive Director to execute a Lease Amendment & Assignment from NW Hangars, LLC, to Jefferson County Airport Condo Owners' Association as presented?

BACKGROUND & DISCUSSION: On July 27, 2007, the Port entered into three separate lease agreements with NW Hangars, LLC, for JCIA hangar pad sites #2, 7 and 8. Development proceeded, and hangars were constructed on sites #7 and 8. In 2009, a new lease was entered into between the parties which terminated the three separate leases and created one unified lease agreement for the three sites. This new "integrated" lease was recorded under Auditor's File Number 540416 in February of 2009. Unfortunately, this recorded lease, as well as all extant copies of the lease in the Port's files, omitted inclusion of two entire pages of the lease (pp. 12 and 13) which contained key lease provisions. This appears to have been a clerical error which occurred at the time of recording.

As a result of this error, standard lease paragraphs concerning assignment and sublease, defaults, termination by the Port, termination for government use, and termination because of court decree, were not included in the agreement. The effect of these errors and omissions was to entirely confuse and complicate the status of the agreement. Specifically, it was unclear whether NW Hangars, LLC remained the Lessee under the agreement, or whether an assignment had occurred to the Jefferson County Airport Condo Owner's Association. Moreover, development never occurred on pad site #2, which would have been a material violation of the lease had the "defaults" language not been omitted.

The Lease Amendment and Assignment before the Commission seeks to conclusively resolve these errors and omissions. The attached three-party agreement, which requires the assent of the Port, NW Hangars, as well as the Condo Association, would accomplish the following:

- Modify the leased premises to exclude hangar pad site #2;
- Amend extant lease language rendered obsolete by the passage of time or prior occurrence of events relating to rent, the deposit on file with the Port, and hangar construction (which occurred long ago on site #7 and 8);
- Amend the extant lease to incorporate lease language that was inadvertently omitted in the lease recorded in 2009; and
- Unambiguously assign the lease to the Jefferson County Airport Condo Owners' Association.

Staff have worked through these issues at considerable length with the Port's General Counsel, NW Hangars LLC (John and Terry Vodry and Dave Ward), as well as the Condo Association. We believe the document presented, if executed, will resolve the lingering legal "cloud" over the status of the agreement, and provides a sound framework for an ongoing landlord/tenant relationship between the Port and Condo Owners' Association.

RECOMMENDATION: Authorize the Executive Director to execute the Amendment & Assignment of NW Hangars, LLC, to Jefferson County Airport Condo Owners' Association, substantially in the form presented.

MOTION: None required. Approval of this item on the Consent Agenda authorizes the Executive Director to execute the Lease Amendment & Assignment with NW Hangars, LLC, and Jefferson County Airport Condo Owners' Association. The form of the agreement will be in all material respects identical to the draft presented to the Commission under this agenda item.

ATTACHMENTS: NW Hangars, LLC / Jefferson County Airport Condo Owners' Association Lease Amendment & Assignment, including Exhibit "A"

**AMENDMENT #1 & ASSIGNMENT OF
AIRCRAFT HANGAR GROUND LEASE
JEFFERSON COUNTY INTERNATIONAL AIRPORT**

THIS AMENDMENT #1 AND ASSIGNMENT TO AIRCRAFT HANGAR GROUND LEASE (the "Amendment and Assignment") is made as of **October, 2022** by and between NW HANGARS, LLC, a Washington Limited Liability Company ("Lessee" or "Assignor"), the JEFFERSON COUNTY AIRPORT CONDO OWNERS' ASSOCIATION, an Owners' Association formed under the Condominium Act (Chapter 64.34 RCW) ("Assignee"), and the PORT OF PORT TOWNSEND, a Washington Municipal Corporation ("Lessor" or "Port").

WHEREAS, The Port and Lessee entered into that certain Aircraft Hangar Ground Lease, retroactively dated July 27, 2007, and recorded on February 6, 2009, under Auditor's File Number 540416 for Hangar Sites #2, 7 and 8 (the "Premises") located at the Jefferson County International Airport (JCIA), Port Townsend, Washington, which is attached hereto as Exhibit "A" and incorporated herein by this reference (the "Lease"); and

WHEREAS, the Parties are agreed that the Lease should be amended to remove Hangar Site #2 from the leased Premises, amend obsolete language concerning rent, adjust the amount of the deposit on file with the Port, and correct erroneous hangar site references throughout the Lease; and

WHEREAS, the Parties are further agreed that the Lease should also incorporate new provisions concerning assignment and sublease, defaults, termination by the Port, termination for government use, and termination because of court decree, all or a portion of which were inadvertently or erroneously omitted from the Lease; and

WHEREAS, upon such amendment, Assignor desires to assign its interest in the Lease to Assignee and Assignee desires to assume Assignor's obligations under the Lease; and

WHEREAS, the Port wishes to grant formal written consent for Assignor to assign its interest in the Lease to Assignee,

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. RECITALS INCORPORATED. The foregoing recitals are hereby incorporated into and made a part of this First Amendment and Assignment, including all defined terms referenced therein, with the same force and effect as if the same were herein repeated fully and at length. Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to such terms in the Lease.

2. **AMENDMENT OF PARAGRAPH 1.** Paragraph 1, "LEASED PREMISES", of the Lease is hereby deleted in its entirety and the following is inserted in its place and stead:

1. LEASED PREMISES: The Port hereby leases to Lessee, and Lessee hereby hires and leases from the Port, certain real property (hereinafter "the Premises") situated in Jefferson County, State of Washington, graphically depicted in Exhibit "A" which is attached hereto and incorporated herein by this reference, and which is described as follows:

An approximately 17,875 square foot (325' x 55') parcel of land identified as Hangar Site #7, and an approximately 15,000 square foot (300' x 50') parcel of land identified as Hangar Site #8, located at the Jefferson County International Airport (JCIA).

The Port hereby warrants that it has good and marketable title to the Premises and has full right and authority to execute this Ground Lease and to demise the Premises. The improvements located on the Premises are the property of Lessee until the expiration or sooner termination of this Lease.

3. **AMENDMENT OF PARAGRAPH 3.** Paragraph 3, "RENT", of the Lease is hereby deleted in its entirety and the following is inserted in its place and stead:

3. RENT: Lessee agrees to pay as rental for the Premises the sum of **One Thousand Seven Hundred and Seventy-Eight Dollars and Ninety-Nine Cents (\$1,778.99)** 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. Beginning on **March 1, 2024**, and every three (3) years thereafter, the rental rate may be adjusted to the then prevailing rate established by the Port Commission for airport land leases. The rental rate beginning on **March 1, 2023** and annually throughout the term of the Lease will be adjusted by an amount equal to the accumulative amount found on the Consumer Price Index for all urban consumers (CPI-U) for Seattle-Tacoma-Bellevue, which is compiled by the Department of Labor, Bureau of Statistics. In no event shall any rent adjustment result in a reduction in rent from the rate paid in the prior year. In the event that any installment of rent remains unpaid more than twenty (20) days after it is due, then Lessee shall also be obliged to pay a "late charge" as per the Port of Port Townsend Rate Schedule then in effect.

4. **AMENDMENT OF PARAGRAPH 4.** Paragraph 4, "DEPOSIT", of the Lease is hereby deleted in its entirety and the following is inserted in its place and stead:

4. DEPOSIT: Lessee shall deposit or has deposited with the Port security in the amount of **Four Thousand Fourteen Dollars and Eighty-Two Cents (\$4,014.82).**¹ Annually throughout the lease term the amount deposited with the Port shall be adjusted to ensure that an amount equivalent to two (2) months' then current rent plus applicable taxes maintained as security. The deposit shall be held by the Port as security for Lessee's faithful performance of all its obligations under this Lease. Any interest earned on amounts deposited shall be retained by the Port. The deposit shall be returned to Lessee upon termination of this Lease, less any charges owing to the Port or expenses incurred by the Port in repairing damage caused by Lessee or restoring the leased premises to the condition required upon termination of this Lease.

5. AMENDMENT OF PARAGRAPH 5. Paragraph 5, "USE OF PREMISES" of the Lease is hereby deleted in its entirety and the following is inserted in its place and stead:

5. USE OF PREMISES – OPERATING STANDARDS: 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 on-board aircraft tanks and a small supply of lubricants for use in the hangar-based aircraft. In addition to the foregoing use restrictions, Lessee shall meet or exceed the following Operating Standards:

a. Lessee shall pay all costs and expenses associated and in connection with the use of the Premises and the rights and privileges therein granted, including, but not limited to the following: leasehold and other taxes; permit fees; license fees; and assessments lawfully levied or assessed upon the Premises or property at any time situated therein and thereon. Lessee may, however, at its sole expense and cost, contest any tax, fee, or assessment, but shall in no event allow the same to become a lien on the Premises or the improvements thereon.

b. The Lessee shall observe and obey all laws, regulations, and rules of the JCIA and the federal, state, and local government, which may be applicable to its operation at JCIA. This shall include the JCIA Rules and Regulations and all statutes and Port Resolutions now in effect or as may be promulgated or revised in the future from time to time. The Lessee specifically acknowledges that it shall abide by and be subject to all rules and regulations which are now, or may from time to time, be formulated by the Port concerning the management, operation, or use of the JCIA.

¹ Security deposit calculated as follows: \$1,778.99 per month rent x 2 = \$3,557.98; \$3,557.98 x 12.84% LHT = \$456.84; \$3,557.98 + \$456.84 = \$4,014.98.

- The Lessee shall keep in effect and post in a prominent place all necessary and/or required licenses or permits.
- c. Lessee agrees to and shall keep the Leased Premises clean and in good order, condition, and repair. The Lessee shall, at its sole cost and expense, maintain the grounds of the Premises in good order and repair and in good and safe condition and shall repair all damage caused by its occupants or invitees. The Port shall be the sole judge of the quality of maintenance of the grounds, and upon written notice by the Port to the Lessee, the Lessee shall be required to perform whatever maintenance the Port deems reasonably required. If the maintenance is not undertaken within ten (10) days after receipt of written notice, the Port shall have the right to enter upon the Premises and perform such maintenance, the cost of which shall be charged to and be borne by the Lessee and paid by the Lessee as additional rent on the next rental due date after receipt of notice as to the amount thereof.
- d. The Lessee shall be entitled, in common with others so authorized, to the use of all facilities and improvements of a public nature which now are or may hereafter be connected with or appurtenant to the JCIA, including the use of landing areas, runways, taxiways, navigational aids, terminal facilities, and aircraft parking areas designated by the Port, all upon such rules and regulations as may be established by the Port from time-to-time hereafter.
- e. The Lessee shall have the reasonable right of ingress and egress to and from the Premises and to the public areas of the JCIA in the carrying on of its activities as herein provided for, subject, however, to such rules and regulations pertaining to the use and operation of the JCIA as may be established by the Port from time-to-time hereafter, which right shall extend to the Lessee's guests and invitees.
- f. The Lessee shall not use Premises for any purpose other than those which are specifically authorized by this Lease, and which are in accordance with the Airport Master Plan and Airport Layout Plan, except as approved in writing by the Port prior to any implementation.
- g. No improvement, including landscaping or terrain alteration, shall be erected, placed, or effected on the Premises or outside the Premises, and no alterations shall be made in the improvements and facilities constructed on the Premises without the prior written approval of the Port.
- h. Lessee agrees that it will not disturb the Port or any other Lessee of the Port by making or permitting any disturbance or any unusual noise, vibration, fumes, or other condition on or in the Premises.

6. DELETION OF PARAGRAPH 8. Paragraph 8, "IMPROVEMENTS TO PREMISES", of the Lease is hereby deleted in its entirety.

7. RENUMBERING OF PARAGRAPH 9. Paragraph 9, "UTILITIES", of the Lease is hereby renumbered as Paragraph 8.

8. AMENDMENT OF PARAGRAPH 10. Paragraph 10, "ACCEPTANCE OF PREMISES", of the Lease is hereby deleted in its entirety and the following is inserted in its place and stead as Paragraph 9.

9. ACCEPTANCE OF PREMISES: Lessee has examined the premises and accepts them in their present condition, "as is", without further maintenance liability on the part of the Port. The Port makes no representations or warranties with respect to the condition, suitability, zoning restrictions, or usability, except the Port's right to grant a lease of the premises. Lessee further understands and agrees that it shall be solely responsible for maintenance and repair of aprons and access ramps linking each hangar unit to adjoining asphalt taxiways in accordance with standards required by the Port.

9. RENUMBERING OF PARAGRAPHS 11 TO 20. Paragraphs 11, "MAINTENANCE AND REPAIR OF FACILITIES", through Paragraph 20, "HAZARDOUS SUBSTANCES WARRANTY AND AGREEMENT" are hereby renumbered as Paragraphs 10 through 19, respectively.

10. AMENDMENT TO ADD NEW PARAGRAPHS 20 TO 24. The Lease is hereby amended by adding the following new Paragraphs 20 through 24.

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, without the written consent of the Port first had and obtained. If Lessee is a corporation, limited liability company or partnership, Lessee further agrees that if at any time during the term of this lease more than one-half (1/2) of the outstanding shares or ownership interests of Lessee shall belong to any persons other than those who own such ownership interests at the time of the execution of this lease or to members of their immediate families, such change in the ownership of the stock of the Lessee shall be deemed an assignment of this lease within the meaning of this paragraph. If the Port shall give its consent to any assignment or sublease, this paragraph shall nevertheless continue in full force and effect and no further assignment 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 comply with any of the covenants or agreements herein set forth, the Port may elect to terminate this lease and reenter and take possession of the Premises and all buildings and other improvements located thereon, with or without process of law, provided that Lessee shall first be given fifteen (15) days' notice in writing stating the nature of the default in order to permit such default to be remedied by Lessee within said fifteen (15) day period. If upon such reentry there remains any personal property of lessee or of any other person upon the leased Premises, the Port may, but without the obligation so to do, remove said personal property and hold it for the owners thereof or may place the same in a public garage or warehouse, all at the expense and risk of the owners thereof, and Lessee shall reimburse the Port for any expense incurred by the Port in connection with such removal and storage. The Port shall have the right to sell such stored property, without notice to Lessee, after it has been stored for a period of thirty (30) days or more the proceeds of such sale to be applied first to the cost of such sale, second to the payment of the charges for storage, and third to the payment of any other amounts which may then be due from Lessee to the Port, and the balance, if any, shall be paid to Lessee. Notwithstanding any such reentry, the liability of Lessee for the full rental provided for herein shall not be extinguished for the balance of the term of this lease, and Lessee shall make good to the Port any deficiency arising from a reletting of the leased Premises at a lesser rental than that hereinbefore agreed upon. Lessee shall pay such deficiency each month as the amount thereof is ascertained by the Port. Any failure by the owners, officers, or principals of Lessee to pay rentals, storage fees, moorage or any other charges owed to the Port under separate contract shall constitute default under provisions of this agreement.
- 22. TERMINATION BY PORT:** Nothing in this lease shall be deemed to be a waiver of the Port's power of eminent domain. In the event that the Port, at its sole discretion, shall require the use of the Premises for any purpose in connection with the operation of the business of the Port, then this lease may be terminated by the Port by written notice delivered or mailed by the Port to the Lessee at least 90 days before the termination date specified in the notice. In the event of such a termination the Port shall be obligated to compensate the Lessee for the termination of Lessee's leasehold interest in the same manner as in the case of an exercise of the Port's eminent domain power.
- 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.

11. RENUMBERING OF PARAGRAPHS 27 TO 35. Paragraphs 27, "SIGNS", through Paragraph 35, "LIENS AND ENCUMBRANCES", are hereby renumbered as Paragraphs 25 through 33, respectively.

12. RENUMBERING AND AMENDMENT OF PARAGRAPH 36. Paragraph 36, "NOTICES", of the Lease is hereby deleted in its entirety and the following is inserted in its place and stead as Paragraph 34.

34. 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
c/o Lease & Contracts Administrator
P.O. Box 1180
Port Townsend, WA 98368

To Lessee:

JEFFERSON COUNTY AIRPORT CONDO OWNERS' ASSOCIATION
c/o John Vodry
3416 E. Quilcene Road
Quilcene, WA 98376

or to such other respective addresses as either party 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.

13. RENUMBERING OF PARAGRAPHS 37 TO 46. Paragraphs 37, "JOINT AND SEVERAL LIABILITY", through Paragraph 46, "FEDERAL AVIATION ADMINISTRATION REQUIREMENTS", are hereby renumbered as Paragraphs 35 through 44, respectively.

14. DELETION OF PARAGRAPH 47. Paragraph 47, "DEVELOPMENT FEE", of the Lease is hereby deleted in its entirety.

15. RENUMBERING OF PARAGRAPH 48. Paragraph 48, "STORMWATER CHARGES", is hereby renumbered as Paragraph 46.

16. ASSIGNMENT OF LEASE. Assignor does hereby transfer, assign, convey and deliver to Assignee its entire right, title and interest in the Lease and the Premises as amended by this instrument.

17. ASSUMPTION OF OBLIGATIONS: Assignee does hereby accept this assignment and, for the benefit of Assignor and Lessor, expressly assumes and agrees to hereafter perform all the terms, covenants, conditions, and obligations of Assignor under the Lease, which accrue from and after the date hereof. Assignee has been furnished with copies of the Lease (Exhibit "A"), has reviewed the terms of the same, and understands all of the terms of the Lease, as amended by this instrument.

18. INDEMNITY: Assignor agrees to save, indemnify, defend, and hold Assignee harmless from and on account of any claims, demands, actions, losses, expenses, and liabilities of Assignee under the Lease on account of or arising out of any obligations and liabilities of the Assignee thereunder, arising prior to the date hereof.

Assignee agrees to save, indemnify, defend, and hold Assignor harmless from and on account of any claims, demands, actions, losses, expenses, and liabilities of Assignor under the Lease on account of or arising out of the obligations and liabilities so assumed and arising after the date hereof.

19. LESSOR ACKNOWLEDGEMENT: By executing this Amendment and Assignment, Lessor expressly acknowledges the following:

- a. That all rents, royalties, penalties, assessments, taxes, and charges of any kind owing to Lessor arising out of the Lease have been timely paid, that no such rents, royalties, penalties, assessments, taxes, or charges that have accrued to date hereof are unpaid, and that to the best of Lessor's knowledge there are no rents, penalties, assessments, taxes, or charges of any kind contemplated by Lessor to be imposed on or after the date hereof that are not specified in the Lease;
- b. That Assignor is no longer in default or violation of any provision of the Lease;
- c. That the Lease, as amended by this instrument, is in effect in accordance with its terms; and
- d. That the Lease, as amended by this instrument, is enforceable in accordance with its terms.

20. SUCCESSORS AND ASSIGNS: This Agreement shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

All other terms and conditions of the Lease shall remain unchanged and in effect.

This Amendment and Assignment of Ground Lease is authorized by the Port of Port Townsend Port Commission on the 12th day of October 2022, executed by the parties this ___ day of October 2022, and effective upon the receipt of a deposit and liability insurance documentation from the Assignee.

ASSIGNOR:

NW HANGARS, LLC

John L. Vodry, Member

Terri L. Vodry, Member

David E. Ward, Member

ASSIGNEE:

JEFFERSON COUNTY AIRPORT CONDO OWNERS' ASSOCIATION

Robert A. Bogash, President

LESSOR/LANDLORD:

THE PORT OF PORT TOWNSEND, A WASHINGTON STATE MUNICIPAL CORPORATION

Eron Berg, Executive Director

APPROVED AS TO FORM:

Eric Toews, Port Attorney

STATE OF WASHINGTON

COUNTY OF JEFFERSON

I certify that I know or have satisfactory evidence that John L. Vodry signed this instrument and that he is authorized to execute the instrument as a Managing Member of NW Hangars, LLC 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: _____

STATE OF WASHINGTON

COUNTY OF JEFFERSON

I certify that I know or have satisfactory evidence that Terri L. Vodry signed this instrument and that he is authorized to execute the instrument as a Managing Member of NW Hangars, LLC 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: _____

STATE OF WASHINGTON

COUNTY OF JEFFERSON

I certify that I know or have satisfactory evidence that David E. Ward signed this instrument and that he is authorized to execute the instrument as a **Managing Member of NW Hangars, LLC** 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: _____

STATE OF WASHINGTON

COUNTY OF JEFFERSON

I certify that I know or have satisfactory evidence that Robert A. Bogash signed this instrument and that he is authorized to execute the instrument as President of the Jefferson County Airport Condo Owners Association 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: _____

STATE OF WASHINGTON

COUNTY OF JEFFERSON

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

Dated: _____

Signature of

Notary Public: _____

My Appointment Expires: _____



PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	October 12, 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. E. JCIA Hangar Sites #1 & #3 Land Lease Options & Lease Agreements – LBG Development, LLC
STAFF LEAD	Eric Toews, Deputy Director
REQUESTED	<input type="checkbox"/> Information <input checked="" type="checkbox"/> Motion/Action <input type="checkbox"/> Discussion
ATTACHMENTS	<ul style="list-style-type: none"> • LBG Development Term Sheet • LBG Development Staff Memo • LBG Development Land Lease Option & Lease Agreement, JCIA Hangar Site #1, including Exhibits 'A' and 'B' • LBG Development Land Lease Option & Lease Agreement, JCIA Hangar Site #3, including Exhibits 'A' and 'B'

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 10/12/2022

TO: Port Commission

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

SUBJECT: Lease: LBG Development, LLC – JCIA Hangar Sites #1 and #3

ISSUE: Should the Commission authorize the Executive Director to execute Land Lease Option & Lease Agreements substantially in the form presented with LBG Development, LLC, for JCIA hangar pad sites #1 and #3?

BACKGROUND & DISCUSSION: The adopted Airport Layout Plan (ALP) depicts a number of hangar pads at the Jefferson County International Airport (JCIA) that have yet to have hangars constructed upon them. These hangar pads, which were developed in the mid-2000s, are situated to the northeast of Taxiway B. A total of eight (8) sites were readied for hangar construction.

In April of 2007, the Port adopted and published design and construction standards for aircraft hangar development. In May of 2007 the Port Commission directed staff to move forward with a lottery system to enter into lease agreements for seven (7) of the (8) hangar sites, holding back the southwestern-most site, future hangar site #6 for the Port. The notion was that the lottery process would be used to award all seven (7) sites, and then the Port would enter into long-term ground lease agreements with each lottery winner that would result in aircraft hangar construction. This process resulted in agreements being executed for hangar sites 1-4 and 7-8.

An infrastructure development charge equivalent to \$2.50 per square feet was required as a pre-condition to execution of the long-term ground lease agreements. However, only three (3) of the hangar pads that were leased in 2007 were actually developed: two (2) by NW Hangars on sites #7 and #8; and one (1) on site #4 by Rhody Drive Development. Earlier this year, Prairie Station LLC (Bruce Seton), entered into a long-term lease for site #5.

LBG Development, LLC, paid the infrastructure development fees and was awarded sites #1 and #3. Accordingly, on July 27, 2007, the Port and LBG executed fifty (50) year lease agreements for these sites. Monthly rents were due concurrent with the commencement of construction, but in no case later than August 1, 2008. Although hangar plans were prepared, permitting and hangar construction did not occur, and the Port never received rents.

Port staff are eager to eliminate any ambiguity as to the status of these 2007 leases, and to spur development and use of infrastructure that was installed nearly 17 years ago (e.g., pad sites, stormwater facilities, taxilanes, etc.). Earlier this year, Port staff approached Mr. Mike Biggs of LBG Development to discuss how best to resolve the lingering legal “cloud” over sites #1 and

#3. Two options presented themselves: 1) either declare the 2007 leases in default and formally terminate both; or 2) in recognition of LBG's prior investment (i.e., the infrastructure development fees), provide one final opportunity to LBG to enter into new Land Lease Option and Lease Agreements that would either result in the construction of new hangars and rents flowing to the Port, or termination of any further right by LBG to lease these premises. The parties agreed to pursue the second alternative.

Accordingly, the proposed lease agreements with LBG for sites #1 and #3 would formally terminate the July 2007 lease agreements and provide LBG, upon payment of a \$500.00 fee for each lease, with an 18-month window of time in which to determine whether market demand warrants exercising the option(s). A new 50-year lease and monthly rents would commence at the time the option(s) is (are) exercised. However, if the option(s) is (are) not exercised, the agreement would terminate and LBG would have no further right to the hangar pad site(s).

Port staff believe the draft Option and Lease Agreements presented for sites #1 and #3 are consistent with, and help to implement the Airport Master Plan, would resolve any lingering legal ambiguity concerning the status of these sites, and are likely to lead to hangar development that will contribute to the vitality of the JCIA and county as a whole.

RECOMMENDATION: Authorize the Executive Director to execute the Land Lease Option and Lease Agreements with the LBG Development, LLC, substantially in the form presented.

MOTION: None required. Approval of this item on the Consent Agenda authorizes the Executive Director to execute the leases with LBG Development, LLC. The agreements will be identical in all material respects to the drafts presented to the Commission under this agenda item.

ATTACHMENTS

- Summary of Key Terms – Sites #1 and #3; and
- LBG Development, LLC, JCIA Site #1 Lease, including attached Exhibits "A," and "B"
- LBG Development, LLC, JCIA Site #3 Lease, including attached Exhibits "A" and "B"

**PORT OF PORT TOWNSEND:
Summary of Key Terms – JCIA Hangar Site #1
Land Lease Option & Lease Agreement
LBG Development, LLC**

1. **LESSEE:** LBG Development, LLC, a Washington limited liability company.
2. **TERMINATION OF EXISTING LEASE:** The July 27, 2007, Aircraft Hangar Ground Lease Agreement between the Port and LBG Development, LLC, is terminated and of no further force or effect.
3. **OPTION:** Upon execution of the agreement and payment of a \$500.00 fee, the Lessee is granted an exclusive and irrevocable 18-month option to lease the premises. The option must be exercised in writing, on or before April 15, 2024. If exercised, the 50-year ground lease and monthly rent will commence. In the event the option is not exercised in writing within the option period, Lessee will have no further right to lease the premises.
4. **PREMISES:** Hangar Site #1, an approximately 15,000 square foot (300' x 50') building site at Jefferson County International Airport (JCIA).
5. **TERM:** Fifty (50) years, commencing on the date the Option is exercised (the "Lease Commencement Date").
6. **RENT:** Rent in the amount of One Thousand Two Hundred and Two Dollars and Fifteen Cents (\$1,202.15)¹ plus all applicable taxes due upon exercise of the option (the "Lease Commencement Date"). CPI-U adjustments annually, beginning in year two (2); base rate to be adjusted every three (3) years to the then prevailing rate established by the Port Commission.
7. **DEPOSIT:** Three (3) months' security \$3,606.45 + LET \$463.08 (\$4,069.53) due upon delivery of Option Notice to the Port.²
8. **USE OF PREMISES:** Construction and operation of an aircraft hangar building, which may contain facilities for the storage, repair, and maintenance of aircraft.

¹ Calculated as follows: 2022 Commission adopted prevailing rate of \$0.07 per sf x 15,000 sf = \$1,050.00 rent in October 2022; \$1,050 x 7.00% (future inflation adjustment for the first 12 months of the Option Period) = \$73.50; \$1,050 + \$73.50 = \$1,123.50; \$1,123.50 x 7.00% (future inflation adjustment for months 13-18 of the Option Period) = \$78.65; \$1,123.50 + \$78.65 = \$1,202.15; \$1,202.15 x 12.84% Leasehold Excise Tax (LET) = \$154.36; \$1,202.15 + \$154.36 = \$1,356.51.

² Consistent with Port policy, security in an amount of not less than three (3) months' rent together with applicable Washington state leasehold excise tax is required for all leases greater than one (1) year in length. As applied, the calculation is \$1,356.51 x 3 = \$4,069.53.

- 9. IMPROVEMENTS TO PREMISES:** No later than ninety (90) days after Lease Commencement Date, Lessee shall submit hangar construction final plans and specs for Port approval. Lessee is required to obtain a survey prior to the commencement of any construction on the Premises. Applications for permits must be submitted within fifteen (15) days after Port's approval of plans and specs. Construction must commence within sixty (60) days of permit issuance and be completed within eighteen (18) months.
- 10. UTILITIES:** All utilities are the responsibility of the Lessee, including stormwater utility charges.
- 11. MAINTENANCE & REPAIR:** Lessee shall maintain the Premises and improvements thereon in a good condition and state of repair.
- 12. DISPOSITION OF IMPROVEMENTS AT END OF LEASE:** Port shall have the option to direct that the building and improvements be surrendered to the Port, or removed by Lessee, at Lessee's expense, within sixty (60) days following the expiration of the Lease.
- 13. INSURANCE:** Per Port policy. Commercial General Liability of \$2,000,000 combined single limit and \$4,000,000 in the annual aggregate; Workers Compensation Insurance of not less than \$1,000,000 per occurrence; insurance certificates naming the Port as an additional insured.
- 14. ASSIGNMENT/SUBLEASE:** Permitted only by prior written consent of the Port.
- 15. DEFAULTS/TERMINATION:** Time is of the essence. Failure to pay rent, or to abide by the covenants/agreements contained in the agreement, may serve as a basis for termination. Tenant will be provided with fifteen (15) days' written notice to cure defaults.

PORT OF PORT TOWNSEND

AIRCRAFT HANGAR SITE #1 LAND LEASE OPTION & LAND LEASE AGREEMENT JEFFERSON COUNTY INTERNATIONAL AIRPORT (JCIA)

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

WITNESSETH:

FOR AND IN CONSIDERATION of the mutual promises, covenants, and conditions hereinafter set forth, the parties agree as follows:

1. **TERMINATION OF EXISTING LEASE:** The Port and Lessee acknowledge and agree that they are parties to that certain Aircraft Hangar Ground Lease Agreement for Hangar Site #1 dated July 27, 2007 (the "Existing Lease"). The parties hereto acknowledge and agree that effective as of the date of this Option and Land Lease Agreement, the Existing Lease is terminated in its entirety and of no further force or effect.
2. **THE OPTION:**
 - a. Grant of Option - Fee. For the sum of five hundred dollars (\$500.00) (the "Option Fee") to be paid to the Port by Lessee upon execution of this Agreement and in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Port hereby grants to Lessee the exclusive and irrevocable right and option to lease the Premises (as described below) on the terms and conditions set forth below (the "Option").
 - b. Term of Option. The term of the Option shall commence on Friday, October 14, 2022, and shall continue in full force and effect until Monday, April 15, 2024 (the "Option Period"). If Lessee desires to exercise the Option, it shall do so by written notice thereof to the Port within the Option Period (the "Option Notice"), time being of the essence with respect to giving the Option Notice. In the event Lessee fails to deliver the Option Notice to the Port during the Option Period in accordance with the terms hereof, the Option set forth herein shall terminate and be of no further force or effect and Lessee shall have no further right to lease the Premises.
 - c. Exercise of the Option. No later than 4:30 p.m. on Monday, April 15, 2024, Lessee shall have the right, in its sole and absolute discretion, to exercise the Option by giving the Port written notice of such exercise in accordance with the Notice provision set forth in paragraph 42, below.
 - d. Access to Premises During Option Period. During the Option Period, the Port shall permit Lessee and its authorized agents and representatives to enter upon the Premises (as described below) at reasonable times during normal business hours to inspect the Premises and perform surveys. Lessee shall bear all costs associated with its due diligence inquiry during the Option Period.

e. Lease Commencement Date. Upon Lessee's exercise of the Option, the terms of this Agreement relating to the Premises (the "Lease") that follows shall take effect. The date that the Option Notice is delivered shall be considered the "Lease Commencement Date".

3. **PREMISES:** Upon Lessee's exercise of the Option, the Port shall lease to Lessee and Lessee shall Lease from the Port, the following described real property situated in Jefferson County, State of Washington:

Hangar Site #1, an approximately 15,000 square foot (300' x 50') building site at the Jefferson County International Airport (JCIA), that is identified on the map figure set forth in Exhibit "A" which is attached hereto and incorporated herein by this reference.

Hereinafter, the above-described property shall be called "the Premises" or "the Leased Premises". Consistent with paragraph 11(c), below, the Lessee shall obtain a survey and legal description to establish, and field mark, the exact location and bounds of the Leased Premises prior to the commencement of construction. Said survey shall thereafter be attached hereto and incorporated within Exhibit "A".

4. **TERM OF LEASE:** The term of this Lease shall be for a period of fifty (50) years, commencing on the Lease Commencement Date as set forth in paragraph 2(e), above.
5. **RENT:** Commencing on the Lease Commencement Date and continuing each month thereafter, Lessee agrees to pay as rental for the Leased Premises the sum of **One Thousand Two Hundred and Two Dollars and Fifteen Cents (\$1,202.15)**¹ 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. Beginning in year three (3) and every three (3) years thereafter, the rental rate may be adjusted to the then prevailing rate established by the Port Commission for airport land leases. The rental rate beginning in year two (2) and annually throughout the term of the lease will be adjusted by an amount equal to the accumulative amount found on the Consumer Price Index for all urban consumers (CPI-U) for Seattle-Tacoma-Bellevue, which is compiled by the Department of Labor, Bureau of Statistics. In no event shall any rent adjustment result in a reduction in rent from the rate paid in the prior year.
6. **DEPOSIT:** Lessee shall, concurrent with the delivery of the Option Notice set forth in paragraph 1(e) of this Agreement, deposit with the Port the amount of **\$4,069.53**.² The Lease shall not be effective until full deposit is made with the Port. This deposit shall be held by the Port as security for all of Lessee's obligations hereunder and shall be refunded to Lessee upon termination of this Lease provided Lessee has faithfully performed all obligations hereunder and paid all sums owing to the Port.

¹ Calculated as follows: 2022 Commission adopted prevailing rate of \$0.07 per sf x 15,000 sf = \$1,050.00 rent in October 2022; \$1,050 x 7.00% (future inflation adjustment for the first 12 months of the Option Period) = \$73.50; \$1,050 + \$73.50 = \$1,123.50; 1,123.50 x 7.00% (future inflation adjustment for months 13-18 of the Option Period) = \$78.65; \$1,123.50 + \$78.65 = \$1,202.15; \$1,202.15 x 12.84% Leasehold Excise Tax (LET) = \$154.36; \$1,202.15 + \$154.36 = \$1,356.51.

² Consistent with Port policy, security in an amount of not less than three (3) months' rent together with applicable Washington state leasehold excise tax is required for all leases greater than one (1) year in length. As applied, the calculation is \$1,356.51 x 3 = \$4,069.53.

- 7. USE OF PREMISES:** Lessee shall use the Premises for the construction and operation of an aircraft hangar building, which may contain facilities for the storage, repair, and maintenance of aircraft. No other uses of the Premises shall be allowed without the Port's express written consent. The parties acknowledge that Lessee's agreement to construct an aircraft hangar on the Premises is an express bargained-for covenant of this Lease following exercise of the Option, and the failure of Lessee to construct such an improvement or the failure to utilize the building for such purposes, or to later cease such use, or conducting other activities on the Leased Premises without first obtaining a Lease modification with the Port's written approval of such other activities, shall constitute an event of default under the terms of this Lease and grounds for termination. It is further understood and agreed the Premises will not be used to store, distribute, sell, or otherwise handle fuels, lubricants or other flammable or hazardous materials, except fuels and lubricants in on-board aircraft tanks and a small supply of lubricants for use in the hangar-based aircraft.
- 8. OPERATING STANDARDS:** In addition to the foregoing use restrictions, Lessee shall meet or exceed the following Operating Standards:
- a. The Lessee shall pay all costs and expenses associated and in connection with the use of the Premises and the rights and privileges therein granted, including, but not limited to the following: leasehold and other taxes; permit fees; license fees; and assessments lawfully levied or assessed upon the Premises or property at any time situated therein and thereon. Lessee may, however, at its sole expense and cost, contest any tax, fee, or assessment, but shall in no event allow the same to become a lien on the Premises or the improvements thereon.
 - b. The Lessee shall observe and obey all laws, regulations, and rules of the JCIA and the federal, state, and local government, which may be applicable to its operation at JCIA. This shall include the JCIA Rules and Regulations and all statutes and Port Resolutions now in effect or as may be promulgated or revised in the future from time to time. The Lessee specifically acknowledges that it shall abide by and be subject to all rules and regulations which are now, or may from time to time, be formulated by the Port concerning the management, operation, or use of the JCIA. The Lessee shall keep in effect and post in a prominent place all necessary and/or required licenses or permits.
 - c. Consistent with paragraph 14, below, Lessee agrees to and shall keep the Leased Premises clean and in good order, condition, and repair. The Lessee shall, at its sole cost and expense, maintain the grounds of the Premises in good order and repair and in good and safe condition and shall repair all damage caused by its occupants or invitees. The Port shall be the sole judge of the quality of maintenance of the grounds, and upon written notice by the Port to the Lessee; the Lessee shall be required to perform whatever maintenance the Port deems reasonably required. If the maintenance is not undertaken within ten (10) days after receipt of written notice, the Port shall have the right to enter upon the Premises and perform such maintenance, the cost of which shall be charged to and be borne by the Lessee and paid by the Lessee as additional rent on the next rental due date after receipt of notice as to the amount thereof.
 - d. The Lessee shall be entitled, in common with others so authorized, to the use of all facilities and improvements of a public nature which now are or may hereafter be connected with or appurtenant to the Airport, including the use of landing areas, runways, taxiways, navigational aids, terminal facilities, and aircraft parking areas designated by the Port, all upon such rules and regulations as may be established by the Port from time-to-time hereafter.

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

- 9. RESERVATION OF AVIGATION EASEMENT:** The Port hereby reserves for itself, its successors, and assigns, and for the use and benefit of the public, an easement and right of way over and around the Leased Premises for the unobstructed passage of all aircraft ("aircraft" being defined for the purpose of this instrument as any contrivance now known or hereafter invented, used or designated for navigation of or flight in the air), by whomsoever owned and operated, in all air space above the surface of the Premises, to an infinite height above the Premises. In addition, this reservation reserves the right to cause in all airspace above the Premises such noise, vibrations, fumes, dust, fuel particles, and all other effects that may be caused by the current or future operation of aircraft landings at, or taking off from, or operating at or on JCIA. Lessee does hereby fully waive, remise, and release any right or cause of action which it may now have or which it may have in the future against the Port, its successors and assigns, or against other users of the JCIA, due to such noise, vibrations, fumes, dust, fuel particles, and all other effects that may be caused by the operation of aircraft landings at, or taking off from or operating at or on said JCIA. Lessee acknowledges that none of the foregoing activities shall constitute grounds for Lessee to claim that the Port has violated this lease or that Lessee has been deprived of quiet possession of the Leased Premises.
- 10. RESTRICTION ON USE OF AIRSPACE:** The Port reserves a continuing right to prevent the erection of or growth upon the Premises of any building, structure, tree, or other object extending into the airspace which would constitute a violation of Air Regulation Part 77 which is on file in the Port's office. The Lessee, for itself, its heirs, administrators, executors, successors, and assigns, does hereby agree that for and during the life of this Lease it will not hereafter erect, permit the erection of, or permit or suffer to remain upon the Premises any building, structure, tree or other object extending into the aforesaid airspace, and that it shall not hereafter use or permit or suffer the use of the Premises in such a manner as to create electrical interference with radio communications between any installation upon JCIA and aircraft, or to make it difficult for flyers to distinguish between airport lights and others, or as to impair visibility in the vicinity of the airport or as otherwise to endanger the landing, taking off or maneuvering of aircraft.
- 11. IMPROVEMENTS TO PREMISES:** Lessee acknowledges that it is an express condition and part of the consideration of this lease that Lessee will construct an aircraft hangar on the Premises in accordance

with the specifications and schedule contemplated by this paragraph, and that the hangar will revert to and become the property of the Port upon the expiration or the earlier termination of this lease. Lessee agrees to proceed with the construction in accordance with the following terms and schedule.

- a. Plans and Specifications. Lessee shall, not later than ninety (90) days after the Lease Commencement Date, prepare final plans and specifications for the hangar building to be constructed on the Premises, and shall submit such plans and specifications to the Port for approval. The building shall be designed and constructed in accordance with all applicable building codes, using good workmanship and quality materials. All buildings and ramps to be constructed shall meet the design recommendations as specified in FAA Advisory Circular 150/5300-13B. Lessee's design for buildings and related aprons and ramps shall also conform in all respects to the development standards promulgated by the Port for such hangars unless the Lessee obtains specific written approval from the Port Director for any variances. Such standards shall include, without limitation, specifications regarding construction materials, design, color, utilities, safety, fire emergency equipment, elevations, and location. Lessee shall also be responsible for preparing and submitting an FAA Form 7460-1 to the FAA, to obtain express written permission from the FAA to build upon the Leased Premises, and to respond to any FAA inquiries regarding the FAA's permission and approval of the proposed construction.
- b. Financing. All funds utilized to construct the improvements on the Premises shall be obtained by Lessee, and the Port shall not be required to pay any costs of the construction. Lessee shall have the right at any time and from time to time to subject the leasehold estate and any or all improvements thereon to one or more mortgages or deeds of trust (hereinafter "mortgages"), provided, however, that such encumbrances may only be created for the purpose of obtaining financing for improvements made upon the Premises. The mortgage documents must be reviewed and approved by the Port and shall provide that any proceeds from fire or extended coverage insurance shall be used for repair or rebuilding of the leasehold improvements and not to repay part of the outstanding mortgage. The mortgage documents shall contain provisions requiring that any notices of default under the note and mortgage be sent to the Port as well as to Lessee and that the Port shall have the right to cure any default if Lessee fails to do so. The Port shall have thirty (30) days in which to cure any mortgage default after the time for Lessee to cure it has expired. Neither the Port's right to cure any default, nor the exercise of such a right, shall constitute an assumption of liability under the note or mortgage, nor shall it bind the Port to cure any future defaults. If any default is non-curable, it shall not be grounds for foreclosure of the mortgage if the Port, or Lessee in possession of the Premises, promptly performs all other provisions of the note and mortgage. No permitted mortgage shall grant a security interest in any real or personal property other than the interests specifically created by this lease. No mortgage or note permitted by this lease shall secure more than one indebtedness or contain any cross-default provisions relating to other properties owned or debts owed by Lessee. The Port's right to review and approve all mortgage documents shall also extend to any redocumentation or refinancing undertaken by Lessee. The parties agree that the Port shall not under any circumstance be required to subordinate its fee interest in the Premises to the lien of any mortgage on Lessee's leasehold interest.
- c. Survey. Lessee shall, at its own expense, obtain a survey from a licensed land surveyor, for the purposes of fully establishing and marking the exact location and bounds of the Leased Premises within the JCIA property. Prior to the commencement of any construction on the Premises by Lessee, said survey shall be submitted to the Port for review and approval and shall thereafter be

attached to this Lease and incorporated within Exhibit "A".

- d. State Environmental Policy Act (SEPA) Review. Lessee shall be responsible for preparation of any SEPA checklists or Environmental Impact Statements and supporting reports and analyses which may be required as a part of Lessee's applications for permits. Jefferson County is anticipated to exercise lead agency authority for review of Lessee's submittals, and the Port shall not be required to pay any costs associated therewith. Lessee shall assume the cost of appropriate mitigations for any adverse environmental impacts identified in the SEPA documents which may be reasonably required as a result of Lessee's improvements on the Premises.
- e. Construction. No construction activities shall be undertaken until all applicable permits have been obtained. Lessee shall apply for permits for construction within fifteen (15) days after the Port's approval of the plans and specifications and shall commence construction within sixty (60) days after the issuance of all permits. Prior to the commencement of construction, Lessee shall furnish to the Port a copy of the construction contract and shall furnish proof that the contractor has posted a construction completion and performance bond in the full value of the construction contract, naming both Lessee and the Port as beneficiaries of that bond. The form, sufficiency and the surety of the bond shall be approved by the Port prior to commencement of construction.
- f. Completion of Construction. Construction of the hangar shall be completed not later than eighteen (18) months after the commencement of construction. Lessee agrees to comply with the foregoing schedule and acknowledges that failure to proceed with and complete construction in accordance with the foregoing schedule shall be a default under this lease and shall constitute grounds for the Port to terminate this lease.
- g. Protection of the Port Against Mechanic's and Materialmen's Liens and Other Costs or Claims. Lessee shall pay or cause to be paid the total cost and expense of all works of improvement, as that phrase is defined in the applicable Washington mechanic's and materialmen's liens statutes in effect at the time when the work commences. No such payment shall be construed as rent. Lessee shall not suffer or permit to be enforced against the Premises or any part of it, any mechanic's, materialmen's, contractor's, subcontractor's, engineer's, or architect's lien arising from any work on the improvement, however it may arise. However, Lessee may, in good faith and at Lessee's own expense, contest the validity of any such asserted lien, claim or demand, provided Lessee has furnished a bond acceptable to the Port, sufficient to fully pay the asserted lien, claim or demand. Lessee shall defend and indemnify the Port against all liability and loss of any type arising out of work performed on the Premises by Lessee, together with reasonable attorney's fees and all costs and expenses incurred by the Port in negotiating, settling, defending, or otherwise protecting against such claims. All contracts with the general contractor and subcontractors for work performed on the Premises shall contain a specific acknowledgment by the general contractor and subcontractors that work on the Premises is performed at the request of Lessee only and that Lessee is the holder of only a leasehold interest in the Premises. Such contracts shall contain specific waivers in form acceptable to the Port, by which the general contractor and subcontractors specifically waive the right to assert any lien claim against the Port's fee interest in the Premises. In the event that a final judgment has been rendered against Lessee by a court of competent jurisdiction for the foreclosure of a mechanic's, materialmen's, contractor's, or subcontractor's lien claim, and if Lessee fails to stay the execution of the judgment by lawful means or to pay the judgment, the Port shall have the right, but not the duty, to pay or otherwise discharge, stay or prevent the execution of any such judgment or lien or both. Lessee shall reimburse the Port for all

sums paid by the Port under this paragraph, together with all of the Port's reasonable attorney's fees and costs, plus interest on those sums, fees and costs at the rate of twelve percent (12%) per annum from the date of payment until the date of reimbursement.

12. UTILITIES:

- a. Charges for Utilities – Generally. Lessee shall be liable for, and shall pay throughout the term of this lease, all charges for all utility services furnished to the Premises, including, but not limited to, light, heat, electricity, gas, water, stormwater, sewerage, garbage disposal, telephone and communications services, and janitorial services. The Port shall have no responsibility for the delivery of utility services to the Premises and shall not be responsible for the interruption of any utility service unless caused by the Port's negligence.
- b. Stormwater Charges. The Port has undertaken improvements to the JCIA facility, including installation of stormwater conveyance and detention facilities. These improvements benefit the Lessee and the Premises. In consideration of the Port's ongoing obligation to repair and maintain these improvements, Lessee expressly agrees that it shall be obligated to pay stormwater fees as established by the Port, consistent with subparagraph #12(a), above. The Port may compute the stormwater management fee by any reasonable method which ensures that the Port is fairly reimbursed for expenses related to the maintenance, improvement, enlargement, or replacement of stormwater facilities that benefit the Premises. Charges will be equitably allocated among tenants based on the impervious surface area upon the Premises together with the impervious surface area of Lessee constructed access ramps linking each hangar unit to the adjoining asphalt taxiway.

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

14. MAINTENANCE & REPAIR OF IMPROVEMENTS & ADJOINING AREAS:

- a. Maintenance and Repair - Generally. Throughout the term of this Lease, Lessee shall, at Lessee's sole cost and expense, maintain the Premises and all improvements thereon in a good condition and state of repair. Accordingly, and in accordance with all applicable laws, rules, ordinances, orders and regulations, Lessee shall at its own expense and at all times:
 - i. Keep the Premises and the adjoining access ramps and aprons, in a neat, clean, and safe condition;
 - ii. Keep the exterior of all buildings clean and presentable;
 - iii. Periodically paint the exterior of the buildings as necessary to present an

- attractive appearance;
- iv. Not commit waste of any kind;
- v. Replace all cracked or broken glass in the Premises;
- vi. Keep the electrical system and other mechanical systems installed in the building in a good state of repair;
- vii. Protect all pipes and drains so that they will not freeze or become clogged; and
- viii. Make all necessary repairs to the roof (structure or covering) and foundation of the building and structure and exterior walls thereof.

b. Repair, Restoration or Replacement in the Event of Damage or Destruction. Lessee shall promptly and diligently repair, restore, and replace as required to maintain and comply with the requirements set forth above, or to remedy all damage to or destruction of all or any part of the improvements upon the Leased Premises from any causes whatsoever. The completed work of maintenance, compliance, repair, restoration, or replacement shall be equal in value, quality and use to the condition of the improvements before the casualty giving rise to the work, except as expressly provided to the contrary in this Lease. The Port shall not be required to furnish any services or facilities or to make any repairs of any kind on or in the Premises.

- 15. DISPOSITION OF IMPROVEMENTS AT END OF LEASE:** At the expiration or earlier termination of this Lease, the Port shall have the option, in its sole and absolute discretion, to direct either: a) that the building and other improvements on the Premises be surrendered to the Port; or b) that the Lessee remove the building and other improvements from the Premises. If the Port directs surrender of the building and other improvements, all mechanical, electrical and HVAC systems in the building shall also remain and be surrendered to the Port, but Lessee shall have the right to remove all personal property and trade fixtures, which may have been placed upon the Premises by Lessee during the period of this Lease, provided that the same are not necessary to the operation of the building and provided further that 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 of 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.
- 16. INSPECTION - "FOR RENT" SIGNS:** The Port reserves the right to inspect the Leased Premises, including the interior of all buildings, at any and all reasonable times throughout the term of this Lease: provided, that it shall not interfere unduly with Lessee's operations. The right of inspection reserved to the Port hereunder shall impose no obligation on the Port to make inspections to ascertain the condition of the Premises and shall impose no liability upon the Port for failure to make such inspections. The Port shall have the right to place and maintain "For Rent" signs in conspicuous places on the Premises for ninety (90) days prior to the expiration or sooner termination of this Lease.
- 17. POSSESSION:** If the Port shall be unable for any reason to deliver possession of the Premises, or any portion thereof, at the time of the commencement of the term of this Lease, the Port shall not be liable for any damage caused thereby to Lessee, nor shall this Lease thereby become void or voidable, nor

shall the term specified herein be in any way extended but, in such event, Lessee shall not be liable for any rent until such time as the Port can deliver possession. If Lessee shall, in the interim, take possession of any portion of the Premises, it shall pay as rental the full rental specified herein reduced pro rata for the portion of the Premises not available for possession by Lessee. If the Port shall be unable to deliver possession of the Premises at the commencement of the term of this Lease, Lessee shall have the option to terminate this Lease by at least thirty (30) days' written notice, unless the Port shall deliver possession of the Premises prior to the effective date of termination specified in such notice. If Lessee shall, with the Port's consent, take possession of all or any part of the Premises prior to the commencement of the term of this Lease, all of the terms and conditions of this Lease shall immediately become applicable.

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

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

- 19. NOTICES OF CLAIMS OR CAUSES OF ACTION:** In the event any action or proceeding is brought against the Port or Lessee for which a party seeks indemnification pursuant to the indemnification provision set forth in paragraph 18, above, the party seeking indemnification shall give the other party written notice within thirty (30) days of being served or otherwise being put on notice of such a claim or cause of action. The party receiving a demand for indemnification shall accept or reject the tender of the defense of a claim or cause of action by written notice to the other party within sixty (60) days of its receipt of the demand for indemnification. If a party accepts the defense of the tendered claim or cause of action it shall also notify the other party of the identity of the law firm and lawyer which has been retained to represent the Port and/or the Lessee in responding to the claim or cause of action.
- 20. LIMITED WAIVER OF IMMUNITY UNDER WASHINGTON STATE INDUSTRIAL INSURANCE ACT, TITLE 51 RCW AND OTHER SIMILAR INDUSTRIAL INSURANCE SCHEMES:** For purposes of the indemnification provision set forth in paragraph 17, above, and only to the extent of claims against Lessee by the Port under such indemnification provision, Lessee specifically waives any immunity it may be granted under the Washington State Industrial Insurance Act, Title 51 RCW, The United States Longshore and Harbor Workers Compensation Act, 33 USC §901-950, or any other similar workers' compensation schemes. The indemnification obligation under this lease shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable to or for any third party under workers' compensation acts, disability benefit acts, or other employee benefit acts. The foregoing provision was specifically negotiated and agreed upon by the parties hereto.

- 21. INSURANCE:** Lessee agrees to maintain insurance as specified below, throughout the entire lease term and all extensions thereof, at Lessee's sole expense. All such insurance shall name the Port of Port Townsend as an additional insured and shall be with insurance companies acceptable to the Port.
- a. Fire and Extended Coverage. Throughout the lease term, at Lessee's sole cost and expense, Lessee shall keep or cause to be kept insured, for the mutual benefit of the Port and Lessee, all improvements located on or appurtenant to the Premises against loss or damage by fire and such other risks as are now or hereafter included in an extended coverage endorsement in common use for commercial structures, including vandalism and malicious mischief. The amount of insurance shall be sufficient to prevent either the Port or Lessee from becoming a co-insurer under the provisions of the policy, but in no event shall the amount be less than the full value of the then actual replacement cost of the improvements on the Premises (herein called "full insurable value"). The Port shall not be required to carry any insurance coverage on the Premises. If any dispute arises regarding the amount of insurance necessary to comply with the terms of this paragraph, the Port may, not more often than once every twenty-four (24) months, request the carrier of the insurance then in force to determine the full insurable value as defined in this provision, and the resulting determination shall be conclusive between the parties for the purpose of this paragraph. Lessee may include the holder of any mortgage on the leasehold as a loss payee. The Port shall, at Lessee's cost and expense, cooperate fully with Lessee to obtain the largest possible recovery in the event of any insurance claim, and all policies of fire and extended coverage insurance required by this Lease shall provide that the proceeds shall be payable to Lessee as follows:
 - i. Insurance proceeds shall be paid first to make all necessary repairs to restore the improvements to their condition prior to the insured casualty. Payments of insurance proceeds for repair, restoration or reconstruction of the improvements shall be held in a trust account approved by the Port and be disbursed monthly on architect's certificates until the work is completed and accepted.
 - ii. Any insurance proceeds remaining after complying with the provisions of this Lease relating to maintenance, repair and reconstruction of improvements shall be the Lessee's sole property.
 - b. Builder's Risk Coverage. Before commencement of any construction or demolition or other work on the Premises, Lessee shall procure, and shall maintain in force until completion and acceptance of the work, "all risk" builder's risk insurance including vandalism and malicious mischief, in form and with a company reasonably acceptable to the Port, covering improvements in place and all material and equipment at the job site furnished under contract, but excluding contractor's, subcontractor's, and construction manager's tools and equipment and property owned by contractors' or subcontractors' employees, with limits equal to the value of the project.
 - c. Comprehensive General Liability Insurance. Comprehensive General Commercial Liability Insurance against claims for injury or death to persons or damage to property with minimum limits of liability of \$2,000,000 per occurrence and \$4,000,000 in the annual aggregate. Such insurance shall include but not be limited to bodily injury liability, personal injury liability, property damage liability, broad form property damage liability, contractual liability, and products/completed operations liability. If the Lessee maintains higher insurance limits than the minimums required herein, the Port shall be insured for the full available limits of Commercial General and/or Excess or Umbrella liability maintained by the Lessee, irrespective of whether such limits maintained by the Lessee are greater than those required by this Lease or whether any certificate of insurance furnished to

the Port evidences the lower limits of liability set forth above. The policy of insurance required under this subparagraph shall:

- i. Be written as a primary policy; and
- ii. Expressly provide that the defense and indemnification of the Port as an “additional insured” will not be affected by any act or omission by Lessee which might otherwise result in a forfeiture of said insurance; and
- iii. Contain a separation of insureds provision such that the policy applies separately to each insured that is the subject of a claim or suit; and
- iv. Not contain a crossclaim, cross-suit, or other exclusion that eliminates coverage by one insured against another; and
- v. Provide for coverage for damage to the Port’s property caused by the Lessee.

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

- d. Automobile Liability Insurance. If an active business other than mere aircraft storage is conducted on the Premises, Lessee shall maintain Comprehensive Automobile Liability Insurance against claims for injury or death to persons or damage to property with minimum limits of liability of \$1,000,000 combined single limit for each occurrence. Such insurance shall include but not be limited to bodily injury liability, property damage liability, hired car liability, and non-owned auto liability.
- e. Worker’s Compensation. If Lessee maintains employees on the Premises, Workers Compensation Insurance as will protect Lessee's employees from claims under Washington Workers Compensation Act as well as all Federal Acts applicable to the Lessee's operations at the site, with coverage of not less than \$1,000,000 for each occurrence.
- f. Insurance Policy Form, Content and Insurer. All insurance required by express provisions of this Lease shall be carried only in responsible insurance companies licensed to do business in the State of Washington. All such policies shall be non-assessable and shall contain language, to the extent obtainable, to the effect that:
 - i. Any loss shall be payable notwithstanding any act or negligence of the Port that might otherwise result in a forfeiture of the insurance; and
 - ii. The insurer waives the right of subrogation against the Port and against the Port’s agents and representatives; and
 - iii. The policies are primary and noncontributing with any insurance that may be carried by the Port; and
 - iv. They cannot be cancelled or materially changed except after thirty (30) days' notice by the insurer to the Port.

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

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

- 22. WAIVER OF SUBROGATION:** The Port and Lessee hereby mutually release each other from liability and waive all right of recovery against each other for any loss from perils insured against under their respective fire insurance contracts, including any extended coverage endorsements thereto, provided: that this paragraph shall be inapplicable if it would have the effect, but only to the extent that it would have the effect, of invalidating any insurance coverage of the Port or Lessee.
- 23. TAXES:** Lessee shall be liable for, and shall pay throughout the term of this Lease, all license and excise fees and occupation taxes covering the business conducted on the Premises, and all taxes on the improvements built upon and personal property maintained on the Leased Premises. Lessee acknowledges that, because the Port is a municipality, Lessee must pay the Washington State Leasehold Tax on all rentals paid to the Port and Lessee also agrees to pay any other tax that may be levied at any time in the future on rents or leasehold interests.
- 24. COMPLIANCE WITH PORT REGULATIONS & WITH ALL LAWS:** Lessee agrees to comply with all applicable rules and regulations of the Port pertaining to the realty of which the Premises are a part, now in existence or hereafter promulgated, for the general safety and convenience of the Port, its various Lessees, invitees, licensees, and the general public. Lessee further agrees to comply with all applicable federal, state, county, and municipal laws, ordinances, and regulations. Lessee further agrees that all buildings, structures, or other improvements, approved by the Port, will be properly permitted by Jefferson County. Any fees for any inspection of the Premises during the lease term by any federal, state or municipal officer and the fees for any "Certificate of Occupancy" shall be paid by Lessee.
- 25. HAZARDOUS SUBSTANCES WARRANTY & AGREEMENT:** Lessee has examined the Hazardous Substance Warranty and Agreement which is attached hereto as **Exhibit "B"** and which by this reference is fully incorporated herein. Lessee acknowledges that it fully understands and covenants that it will comply with all its obligations under the Hazardous Substances Warranty and Agreement.
- 26. ASSIGNMENT OR SUBLEASE:** Lessee shall not assign or transfer this Lease or any interest therein, nor sublet the whole or any part of the Premises, nor shall this Lease or any interest thereunder be assignable or transferable by operation of law or by any process or proceeding of any court, without the written consent of the Port first had and obtained. If Lessee is a corporation, limited liability company or partnership, Lessee further agrees that if at any time during the term of this Lease more than one-half (1/2) of the outstanding shares or ownership interests of Lessee shall belong to any persons other than those who own such ownership interests at the time of the execution of this Lease or to members of their

immediate families, such change in the ownership of the stock of the Lessee shall be deemed an assignment of this Lease within the meaning of this paragraph. If the Port shall give its consent to any assignment or sublease, this paragraph shall nevertheless continue in full force and effect and no further assignment or sublease shall be made without the Port's consent.

- 27. CONDOMINIUM OWNERSHIP:** Notwithstanding the foregoing prohibition against assignment of this Lease, the Port agrees that a leasehold condominium may be created to own the leasehold improvements on the Premises, subject to the terms of this lease, and that the leasehold condominium units so created may be sold to individual hangar owners, provided that:
- a. At the time the condominium declaration is recorded, the buildings to be constructed on the Premises have been fully completed and a certificate of occupancy has been issued and this Lease is in a full state of compliance.
 - b. The condominium declaration and related plans and survey are submitted to the Port for its review and approval prior to recording and are found acceptable to the Port and its legal counsel.
 - c. The declaration and plans and survey are filed and recorded in Jefferson County in the manner required by law.
 - d. A condominium owners' association is lawfully formed and incorporated as a Washington State corporation and signs documents acceptable to the Port by which the corporation assumes all of the Lessee's obligations under this Lease. The association will designate a single person with whom the Port may communicate regarding all matters. The Port shall not be required to deal with individual condominium unit owners regarding collection of rentals or the enforcement of other Lessee obligations under this Lease.
 - e. The condominium declaration specifically recites that it is subject to the terms of this Lease and contains provisions by which the condominium association has the authority to levy and collect contributions from the condominium owners to pay all rents and other obligations of the Lessee under this Lease, and to impose liens upon the condominium units to secure such payments.
 - f. The condominium declaration specifically recites that in the event of a conflict between the terms of this Lease and the condominium declaration, that the provisions of this Lease shall prevail.
- 28. DEFAULTS:** Time is of the essence of this Agreement, and in the event of the failure of Lessee to pay the rentals or other charges at the time and in the manner herein specified, or to comply with any of the covenants or agreements herein set forth, the Port may elect to terminate this Lease and reenter and take possession of the Premises and all buildings and other improvements located thereon, with or without process of law, provided that Lessee shall first be given fifteen (15) days' notice in writing stating the nature of the default in order to permit such default to be remedied by Lessee within said fifteen (15) day period. If upon such reentry there remains any personal property of lessee or of any other person upon the Leased Premises, the Port may, but without the obligation so to do, remove said personal property and hold it for the owners thereof or may place the same in a public garage or warehouse, all at the expense and risk of the owners thereof, and Lessee shall reimburse the Port for any expense incurred by the Port in connection with such removal and storage. The Port shall have the right to sell such stored property, without notice to Lessee, after it has been stored for a period of thirty (30) days or more, the proceeds of such sale to be applied first to the

cost of such sale, second to the payment of the charges for storage, and third to the payment of any other amounts which may then be due from Lessee to the Port, and the balance, if any, shall be paid to Lessee. Notwithstanding any such reentry, the liability of Lessee for the full rental provided for herein shall not be extinguished for the balance of the term of this Lease, and Lessee shall make good to the Port any deficiency arising from a reletting of the Leased Premises at a lesser rental than that hereinbefore agreed upon. Lessee shall pay such deficiency each month as the amount thereof is ascertained by the Port. Any failure by the owners, officers, or principals of Lessee to pay rentals, storage fees, moorage or any other charges owed to the Port under separate contract shall constitute default under provisions of this Agreement.

- 29. TERMINATION BY PORT:** Nothing in this Lease shall be deemed to be a waiver of the Port's power of eminent domain. In the event the Port, in its sole discretion, shall require the use of the Premises for any purpose in connection with the operation of the business of the Port, then this Lease may be terminated by the Port by written notice delivered or mailed by the Port to the Lessee at least 90 days before the termination date specified in the notice. In the event of such a termination the Port shall be obligated to compensate the Lessee for the termination of Lessee's leasehold interest in the same manner as in the case of an exercise of the Port's eminent domain power.
- 30. 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.
- 31. 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.
- 32. SIGNS:** No signs or other advertising matter, symbols, canopies or awnings shall be attached to or painted on the buildings on the Leased Premises, including the windows and doors thereof, without the approval of the Executive Director of the Port first had and obtained. At the termination or sooner expiration of this lease, all such signs, advertising matter, symbols, canopies or awnings attached to or painted by Lessee shall be removed by Lessee at its own expense, and Lessee shall repair any damage or injury to the Premises, and correct any unsightly condition, caused by the maintenance and removal of said signs, etc.
- 33. 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.

- 34. 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.
- 35. 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.
- 36. SURRENDER OF PREMISES:** At the expiration or sooner termination of this Lease, Lessee shall promptly surrender possession of the Premises to the Port and shall deliver to the Port all keys that it may have to any and all parts of the Premises.
- 37. ATTORNEYS FEES:** In the event that either party shall commence any legal action to enforce or interpret this lease, the prevailing party in any such action shall be entitled to an award of all reasonable attorneys' fees and other litigation costs incurred in connection with such action, including costs incurred in the trial court and in any appellate courts.
- 38. HOLDING OVER:** Any holding over by the Lessee after the expiration of this Lease shall be construed as a tenancy at sufferance (unless such occupancy is with the written consent of the Port) in which event the Lessee will be a tenant from month-to-month, upon the same terms and conditions of this Lease, except at a rent for such holdover period of 125% of the rental rate in effect for the month preceding such holdover. Acceptance by the Port of rent after such termination shall not constitute a renewal.
- 39. ADVANCES BY PORT FOR LESSEE:** If Lessee shall fail to do anything required to be done by it under the terms of this Lease, except to pay rent, the Port may, at its sole option, do such act or thing on behalf of Lessee, and upon notification to Lessee of the cost thereof to the Port, Lessee shall promptly pay the Port the amount of that cost, together with interest at the rate of 12% per annum from the date of the Port's payment.
- 40. LIENS & ENCUMBRANCES:** Lessee shall keep the Leased Premises free and clear of any liens and encumbrances arising or growing out of the use and occupancy of the said Premises by Lessee. At the Port's request, Lessee shall furnish the Port with written proof of payment of any item which would or might constitute the basis for such a lien on the Leased Premises if not paid.
- 41. NOTICES:** All notices, demands, requests, consents, approvals, and other instruments required or permitted to be given pursuant to this Agreement shall be in writing, signed by the notifying party, or officer, agent, or attorney of the notifying party, and shall be deemed to have been effective upon delivery if served personally, including, but not limited to delivery by messenger, overnight courier service or overnight express mail, or upon postmark affixed by the United States Post Office if sent by registered or certified mail, postage prepaid, return receipt requested, and addressed as follows:

To the Port (Lessor):

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

To Lessee:

LBG Development, LLC
 Attn: Mike Biggs
 4040 Wheaton Way, Suite 202
 Bremerton, WA 98310

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

- 42. JOINT & SEVERAL LIABILITY:** Each and every party who signs this Lease, other than in a representative capacity, as Lessee, shall be jointly and severally liable hereunder.
- 43. "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.
- 44. NO AGENCY GRANTED HEREBY:** Lessee is not to be considered, nor in any manner designated as the agent or attorney-in-fact of the Port, and this Lease does not grant to Lessee any authority to act as the Port's agent for any purpose. Any consent granted by the Port for the making of improvements to the Premises or for any other purpose shall not be construed as making the Lessee the agent of the Port, nor shall such consent make the cost of labor and/or materials used in improving the Premises lien-able against the fee estate of the Port.
- 45. CAPTIONS:** The captions in this Lease are for convenience only and do not in any way limit or amplify the provisions of this Lease.
- 46. 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.
- 47. NON-DISCRIMINATION IN SERVICES:** The Lessee agrees that it will not discriminate by segregation or otherwise against any person or persons because of race, creed, color, sex or national origin in furnishing, or by refusing to furnish, to such person, or persons, the use of the facility herein provided, including any and all services, privileges, accommodations, and activities provided thereby. It is agreed that the Lessee's noncompliance with the provisions of this clause shall constitute a material breach of

this Lease. In the event of such noncompliance, the Port may take appropriate action to enforce compliance, may terminate this lease, or may pursue such other remedies as may be provided by law.

- 48. NON-DISCRIMINATION IN EMPLOYMENT:** The Lessee covenants and agrees that in all matters pertaining to the performance of this Lease, Lessee shall at all times conduct its business in a manner which assures fair, equal and non-discriminatory treatment of all persons without respect to race, creed or national origin and, in particular:
- a. Lessee will maintain open hiring and employment practices and will welcome applications for employment in all positions from qualified individuals who are members of racial or other minorities; and
 - b. Lessee will comply strictly with all requirements of applicable federal, state, or local laws or regulations issued pursuant thereto relating to the establishment of non-discriminatory requirements in hiring and employment practices and assuring the service of all patrons or customers without discrimination as to any person's race, creed, color or national origin.
- 49. LABOR UNREST:** Lessee agrees to join with the Port and use its best efforts in avoiding labor unrest, or in the event of a wildcat strike or other labor difficulty, to use its good offices in negotiating and bringing to a swift and satisfactory conclusion any kind of labor dispute that may affect the interests of the Port.
- 50. EASEMENTS:** The Parties recognize that the Port facilities are continuously being modified to improve the utilities and services used and provided by the Port. The Port, and/or its agents shall have the right to enter the demised Premises of the Lessee, and to cross over, construct, move, reconstruct, rearrange, alter, maintain, repair, and operate all utility lines, electrical services, and all other services required by the Port for its use. The Port is hereby granted a continuous easement or easements within the Leased Premises to the extent the Port reasonably believes to be necessary, without any additional cost to the Port, for the purposes expressed hereinabove, provided, however: that the Port by virtue of such use shall not permanently deprive the Lessee from its beneficial use or occupancy of its Leased Premises. In the event the Port does permanently deprive the Lessee from such beneficial use or occupancy, then an equitable adjustment in rent, or in the cost required to modify its Premises to allow the Lessee to operate its business, will be negotiated and paid by the Port to the Lessee. In the event such entry by the Port is temporary in nature, then the Port shall reimburse the Lessee for the cost required modifying its Premises for the temporary period that the Lessee is inconvenienced by such Port entry. The Port will not be responsible to the Lessee for any reduced efficiency, or loss of business occasioned by such entry.
- 51. FEDERAL AVIATION ADMINISTRATION REQUIREMENTS:** Lessee agrees that its use of the Premises will be accomplished in accordance with the following covenants:
- a. Level of Service - Compliance with Requirements. Lessee agrees to:
 - 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 of each unit of sale or service, provided: that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers;

- 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.
- b. Use of Airspace: The Port retains the public right of flight for the passage of aircraft in the airspace above the surface of the real property hereinabove described, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in said airspace, and for use of said airspace for landing on, taking off from or operating on JCIA.
- c. Minority Businesses. Lessee understands that it is the policy of the U.S. Department of Transportation that minority business enterprises as defined in 49 CFR, Part 23, shall have the maximum opportunity to participate in the performance of this Lease as defined in 49 CFR, Section 23.5, and that this Agreement is subject to 49 CFR, Part 23, as applicable. Lessee hereby assures that no person shall be excluded from participation in, denied the benefits of, or otherwise be discriminated against in connection with 49 CFR, Part 23, on the grounds of race, color, national origin, or sex.
- d. Fire Protection. Lessee understands and agrees that the Port provides for fire protection service to the airport through an interlocal agreement with a local volunteer fire district, Jefferson County Fire Protection District No. 1 (East Jefferson Fire-Rescue). Lessee further understands and agrees that the Port has no duty under this Lease to provide fire protection for Lessee's building, property or equipment located on or upon the Premises. It is agreed that fire protection service shall be provided to the Premises by the local volunteer fire district, and Lessee agrees to pay any service charges that may be imposed by said fire district. Lessee understands that it is Lessee's responsibility and duty to include the value of its buildings, property and equipment to appropriate County authorities for personal property tax purposes through which fire district service charges are paid. Failure of Lessee to list accurately its improvements or promptly to pay its fire district service charges when due shall be a breach of this Lease and shall be grounds for the Port to terminate this Lease.
- e. Inventory of Aircraft. Lessee understands and agrees that the Port shall have the right to enter upon the hangars located upon the Leased Premises for the purpose of inventorying all aircraft housed in the hangars, to record their tail numbers and to obtain, upon request, copies of all registration papers. Lessee understands and agrees that the Port may be required, from time to time, to communicate such information to the FAA and other Federal, State and local law enforcement agencies, and Lessee agrees that such information will be freely made available to the Port and may be communicated by the Port to proper authorities.
- f. Compliance with all FAA Regulations. Lessee agrees to comply with any and all regulations imposed by the FAA and other agencies which govern activities at airports. Any violation of such regulations will constitute a default under this Lease.

52. DATE OF AGREEMENT: The parties acknowledge that certain obligations of the Lessee are to be performed within certain specified periods of time which are determined by reference to the date of

execution of this Agreement. The parties therefore agree that wherever the term “this Agreement” or words of similar import are used herein, they shall mean the date upon which this Agreement has been duly executed by the Port and Lessee, whichever is the latter to so execute this Agreement. The parties further agree to specify the date on which this Agreement has been executed in the space provided below and warrant and represent to the other that such a date is in fact the date on which each duly executed this Agreement.

Land Lease Option and Land Lease Agreement dated this _____ day of October 2022 as authorized by the Port of Port Townsend Port Commission, on the 12th day of October 2022. Land Lease Option effective the 14th day of October 2022; Land Lease effective upon concurrent delivery of the Option Notice set forth herein, together with receipt of deposit and liability insurance documentation from the Lessee.

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

LESSEE

Michael Biggs, Managing Member
LBG Development, LLC

ATTEST:

PORT OF PORT TOWNSEND (LESSOR)

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 Michael Biggs signed this instrument and that he is authorized to execute the instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

Dated: _____

Signature of
Notary Public: _____

My Appointment Expires: _____

**STATE OF WASHINGTON
COUNTY OF JEFFERSON**

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

Dated: _____

Signature of
Notary Public: _____

My Appointment Expires: _____

EXHIBIT "A":

Hangar Site #1 – Leased Premises

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

EXHIBIT "B":

Hazardous Substances Warranty & Agreement

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

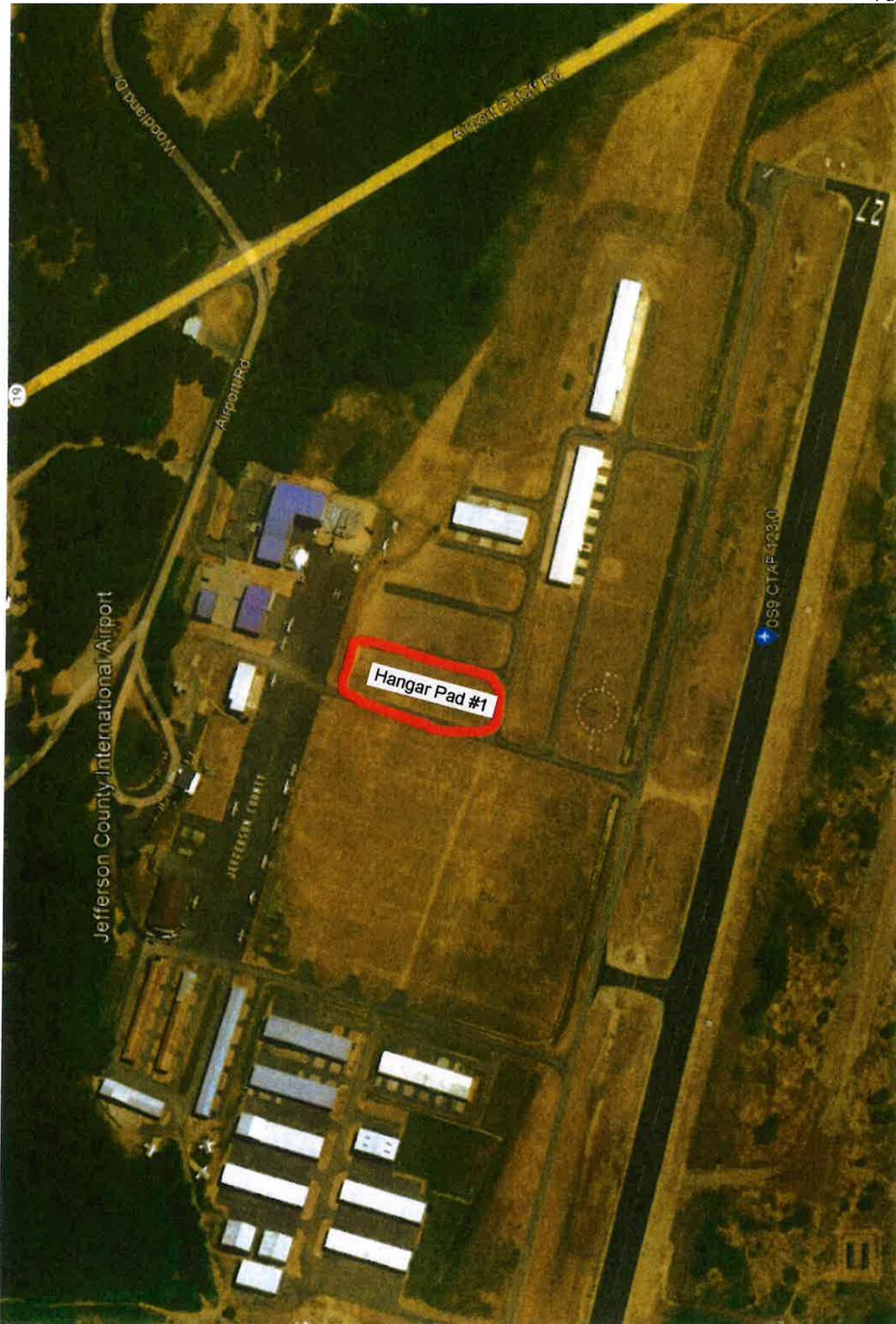


EXHIBIT "B"
HAZARDOUS SUBSTANCES WARRANTY AND AGREEMENT

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

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

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

2. **STORAGE AND USE OF HAZARDOUS SUBSTANCES.** Lessee agrees at all times to restrict its storage and use of substances identified in Paragraph 1 to the inside of the permanent building(s) at the premises, and specifically to those locations within such buildings(s) having concrete flooring or such other impermeable flooring as Lessor may in its sole discretion approve in writing upon request by Lessee.

3. **HANDLING AND DISPOSAL.** The Lessee agrees to use said substances identified in paragraph 2 only on areas which have impermeable surfaces and or other means for preventing accidental contact by such substances with the soils upon the leasehold or its surrounding area.

4. **RELEASES OF HAZARDOUS SUBSTANCES PROHIBITED.** Lessee shall not release, dispose of, or permit a release of, any of the substances described or identified in paragraph 1 onto the premises or into the environment surrounding the premises.

5. **REGULATORY COMPLIANCE.** Lessee warrants and agrees that, during the term of this lease and any extensions thereof, it will take all steps necessary to comply with all applicable federal, state and local requirements for the containment, storage, use and disposal of any and all hazardous or toxic substances at the premises, including but not limited to obtaining and maintaining all necessary federal, state and local permits or licenses, and obtaining any required federal or state hazardous waste generator or transporter identification numbers. Lessee shall provide to Lessor a copy of each such existing permit, license, and identification number before occupancy, and shall provide a

copy of any such permit, license, and identification number which Lessee may obtain in the future within seven days of receipt by Lessee.

6. **DISPOSAL OF HAZARDOUS WASTES.** In the event Lessee has occasion or need to dispose of hazardous or toxic substances or wastes, and unless otherwise agreed in writing, Lessee shall retain an independent hazardous waste disposal firm to dispose of any and all such substances at an off-site facility which has been properly approved, licensed and authorized to accept such substances. Lessee shall ensure that the disposal firm is properly licensed and in good standing with the applicable regulatory authorities for such work, and that it has all required transporter identification numbers.

7. **LESSEE'S WARRANTY OF NO CONTAMINATION.** Except as may be disclosed in Attachment No. 1 hereto, Lessee warrants and represents (1) that it has not released any toxic or hazardous substances onto the premises or into the environment in connection with its activities at the premises, (2) that it has inspected the premises and is not aware of any indication that a release of any hazardous substances has ever occurred at the premises, including prior to Lessee's occupancy, (3) that it has never been formally accused or cited, at the premises or elsewhere, for any violation of environmental laws, regulations or any hazardous waste-related governmental permit, and (4) that no claims or litigation have ever been pending against it by any person or governmental agency involving any use, storage, release or disposal of hazardous or toxic waste. If any such releases, formal accusations, citations, claims or litigation against Lessee arise during the term of this lease or any extension thereof, then Lessee shall notify Lessor in writing within seven (7) days of such event, and shall provide Lessor with a copy of each document reflecting such event.

8. **INDEMNIFICATION AND HOLD HARMLESS.** Lessee shall indemnify and hold Lessor harmless with respect to any and all direct or indirect expenses, losses of damages, including all consequential damages, Attorney's fees, and litigation-related expenses and costs, incurred by Lessor which result from (1) Lessee's breach of provision of this Rider, (2) claims, actions, suites, proceedings, judgments, fines or remedial orders (including orders to clean up contamination at the premises) which arise because of Lessee's breach of this Rider, (3) Lessee's violation of environment laws or regulations, or (4) Lessee's release of a toxic or hazardous substance onto the premises or into the surrounding environment. This provision shall apply regardless of whether Lessee has been negligent or at fault for such breach, violation, or release. This obligation by the Lessee shall survive the expiration or termination of the lease agreement and the sale of the property. If Lessor so requests, Lessee shall accept the tender of defense of, and shall retain counsel of Lessor's selection and at Lessee's expense to defend, any third-party claim asserted against Lessor in connection with alleged conduct by Lessee which, if true, would be in breach of the provision of this Rider.

9. **NOTIFICATION TO LESSOR OF CHANGES IN OPERATION.** Lessee agrees to notify Lessor in writing at least seven (7) days in advance of any previously undisclosed action which the Lessee plans to take which poses a material risk of a release of hazardous substance into the environment, including but not limited to material changes in Lessee's methods of hazardous waste disposal, material increases in the volume of Lessee's hazardous waste disposal, or material changes in the nature of any hazardous wastes which Lessee anticipates it will generate.
10. **COPIES OF ENVIRONMENTAL CORRESPONDENCE.** Lessee agrees to provide Lessor with copies of all past and future correspondence to or from the Washington Department of Ecology, the U.S. Environmental Protection Agency, and any other government agency which has had or may have contact with Lessee regarding environmental concerns pertaining to the premises.
11. **NOTIFICATION OF SPILLS OR RELEASES.** Lessee shall comply with all notification requirements under the applicable federal, state and local environmental statutes and regulations, including but not limited to the timely notification of the appropriate government authorities of any spills or releases of toxic or hazardous substances into the environment or onto the premises. Lessee shall notify Lessor within 24 hours of discovery of any such spills or releases and shall provide copies of all correspondence and documents related to such spills or releases to Lessor with seven days after receipt or creation, as the case may be.
12. **LESSOR'S REMEDY FOR BREACH OR VIOLATION.** In the event Lessee permits a release of a hazardous substance to occur at or near the premises, or breaches any provision of this Rider, Lessor shall be entitled (1) to terminate the lease agreement immediately, (2) to require Lessee to cease all operation which pose a risk of releasing a hazardous substance into the environment, and (3) to require Lessee to begin an immediate cleanup of any and all contamination at the premises to the extent necessary to achieve full compliance with the applicable environmental laws and regulations. Lessor shall be entitled to obtain immediate injunctive relief from a court of competent jurisdiction to enforce this provision. These remedies shall be in addition to, and not in substitution for, any other remedies available to Lessor under applicable law.
13. **ANNUAL DECLARATION OF COMPLIANCE.** Within ten (10) days of receipt of a written request by Lessor, Lessee shall provide to lessor a declaration of Lessee's compliance or non-compliance with the applicable environmental laws and regulations and with the provisions of this Rider, in the form set forth in Attachment No. 2. Lessor anticipates that it will request such a declaration annually, approximately on the anniversary date of this Rider.

14. **INSPECTION OF PREMISES.** Lessee agrees to permit and cooperate with any on-site inspections and testing requested by Lessor, including inspections and testing conducted by consultants or engineers hired by Lessor to evaluate Lessee's compliance with the applicable environmental requirements and the provisions of this Rider. Lessor shall provide Lessee within 24 hours advance notice of Lessor's intent to conduct such inspection or testing.

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

16. **ADDITIONAL PROVISIONS.**

LESSOR:

LESSEE:

Eron Berg, Executive Director
Port of Port Townsend

Michael Biggs, Managing Member
Johnson Fabrication, LLC

Date: _____

Date: _____

(Attachment No. 1 to Hazardous Substances Rider)

DISCLOSURE BY LESSEE

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

- 1. Release(s) of Hazardous Substances by Lessee:
(If none, initial here: _____)
- 2. Indication(s) of Contamination at Premises:
(If none, initial here: _____)
- 3. Lessee Violation(s) of Environmental Regulations:
(If none, initial here: _____)
- 4. Environmental Claims or Litigation Against Lessee:
(If none, initial here: _____)

Lessee: **LBG DEVELOPMENT, LLC**

By: _____
Michael Biggs, Managing Member

Date: _____

(Attachment No. 2 to Hazardous Substances Rider)

DECLARATION OF COMPLIANCE

Michael Johnson, 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: company

By: _____
Michael Biggs, Managing Member
LBG Development, LLC

Date: _____

**PORT OF PORT TOWNSEND:
Summary of Key Terms – JCIA Hangar Site #3
Land Lease Option & Lease Agreement
LBG Development, LLC**

1. **LESSEE:** LBG Development, LLC, a Washington limited liability company.
2. **TERMINATION OF EXISTING LEASE:** The July 27, 2007, Aircraft Hangar Ground Lease Agreement between the Port and LBG Development, LLC, is terminated and of no further force or effect.
3. **OPTION:** Upon execution of the agreement and payment of a \$500.00 fee, the Lessee is granted an exclusive and irrevocable 18-month option to lease the premises. The option must be exercised in writing, on or before April 15, 2024. If exercised, the 50-year ground lease and monthly rent will commence. In the event the option is not exercised in writing within the option period, Lessee will have no further right to lease the premises.
4. **PREMISES:** Hangar Site #3, an approximately 12,375 square foot (225' x 55') building site at Jefferson County International Airport (JCIA).
5. **TERM:** Fifty (50) years, commencing on the date the Option is exercised (the "Lease Commencement Date").
6. **RENT:** Rent in the amount of Nine Hundred Ninety-One Dollars and Seventy-Seven Cents (\$991.77)¹ plus all applicable taxes due upon exercise of the option (the "Lease Commencement Date"). CPI-U adjustments annually, beginning in year two (2); base rate to be adjusted every three (3) years to the then prevailing rate established by the Port Commission.
7. **DEPOSIT:** Three (3) months' security \$2,975.31 + LET \$382.03 (\$3,357.33) due upon delivery of Option Notice to the Port.²
8. **USE OF PREMISES:** Construction and operation of an aircraft hangar building, which may contain facilities for the storage, repair, and maintenance of aircraft.

¹ Calculated as follows: 2022 Commission adopted prevailing rate of \$0.07 per sf x 12,375 sf = \$866.25 rent in October 2022; \$866.25 x 7.00% (future inflation adjustment for the first 12 months of the Option Period) = \$60.64; \$866.25 + \$60.64 = \$926.89; \$926.89 x 7.00% (future inflation adjustment for months 13-18 of the Option Period) = \$64.88; \$926.89 + \$64.88 = \$991.77; \$991.77 x 12.84% Leasehold Excise Tax (LET) = \$127.34; \$991.77 + \$127.34 = \$1,119.11

² Consistent with Port policy, security in an amount of not less than three (3) months' rent together with applicable Washington state leasehold excise tax is required for all leases greater than one (1) year in length. As applied, the calculation is \$1,119.11 x 3 = \$3,357.33.

- 9. IMPROVEMENTS TO PREMISES:** No later than ninety (90) days after Lease Commencement Date, Lessee shall submit hangar construction final plans and specs for Port approval. Lessee is required to obtain a survey prior to the commencement of any construction on the Premises. Applications for permits must be submitted within fifteen (15) days after Port's approval of plans and specs. Construction must commence within sixty (60) days of permit issuance and be completed within eighteen (18) months.
- 10. UTILITIES:** All utilities are the responsibility of the Lessee, including stormwater utility charges.
- 11. MAINTENANCE & REPAIR:** Lessee shall maintain the Premises and improvements thereon in a good condition and state of repair.
- 12. DISPOSITION OF IMPROVEMENTS AT END OF LEASE:** Port shall have the option to direct that the building and improvements be surrendered to the Port, or removed by Lessee, at Lessee's expense, within sixty (60) days following the expiration of the Lease.
- 13. INSURANCE:** Per Port policy. Commercial General Liability of \$2,000,000 combined single limit and \$4,000,000 in the annual aggregate; Workers Compensation Insurance of not less than \$1,000,000 per occurrence; insurance certificates naming the Port as an additional insured.
- 14. ASSIGNMENT/SUBLEASE:** Permitted only by prior written consent of the Port.
- 15. DEFAULTS/TERMINATION:** Time is of the essence. Failure to pay rent, or to abide by the covenants/agreements contained in the agreement, may serve as a basis for termination. Tenant will be provided with fifteen (15) days' written notice to cure defaults.

PORT OF PORT TOWNSEND

AIRCRAFT HANGAR SITE #3 LAND LEASE OPTION & LAND LEASE AGREEMENT JEFFERSON COUNTY INTERNATIONAL AIRPORT (JCIA)

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

WITNESSETH:

FOR AND IN CONSIDERATION of the mutual promises, covenants, and conditions hereinafter set forth, the parties agree as follows:

1. **TERMINATION OF EXISTING LEASE:** The Port and Lessee acknowledge and agree that they are parties to that certain Aircraft Hangar Ground Lease Agreement for Hangar Site #3 dated July 27, 2007 (the "Existing Lease"). The parties hereto acknowledge and agree that effective as of the date of this Option and Land Lease Agreement, the Existing Lease is terminated in its entirety and of no further force or effect.
2. **THE OPTION:**
 - a. Grant of Option - Fee. For the sum of five hundred dollars (\$500.00) (the "Option Fee") to be paid to the Port by Lessee upon execution of this Agreement and in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Port hereby grants to Lessee the exclusive and irrevocable right and option to lease the Premises (as described below) on the terms and conditions set forth below (the "Option").
 - b. Term of Option. The term of the Option shall commence on Friday, October 14, 2022, and shall continue in full force and effect until Monday, April 15, 2024 (the "Option Period"). If Lessee desires to exercise the Option, it shall do so by written notice thereof to the Port within the Option Period (the "Option Notice"), time being of the essence with respect to giving the Option Notice. In the event Lessee fails to deliver the Option Notice to the Port during the Option Period in accordance with the terms hereof, the Option set forth herein shall terminate and be of no further force or effect and Lessee shall have no further right to lease the Premises.
 - c. Exercise of the Option. No later than 4:30 p.m. on Monday, April 15, 2024, Lessee shall have the right, in its sole and absolute discretion, to exercise the Option by giving the Port written notice of such exercise in accordance with the Notice provision set forth in paragraph 42, below.
 - d. Access to Premises During Option Period. During the Option Period, the Port shall permit Lessee and its authorized agents and representatives to enter upon the Premises (as described below) at reasonable times during normal business hours to inspect the Premises and perform surveys. Lessee shall bear all costs associated with its due diligence inquiry during the Option Period.

e. Lease Commencement Date. Upon Lessee's exercise of the Option, the terms of this Agreement relating to the Premises (the "Lease") that follows shall take effect. The date that the Option Notice is delivered shall be considered the "Lease Commencement Date".

3. PREMISES: Upon Lessee's exercise of the Option, the Port shall lease to Lessee and Lessee shall Lease from the Port, the following described real property situated in Jefferson County, State of Washington:

Hangar Site #3, an approximately 12,375 square foot (225' x 55') building site at the Jefferson County International Airport (JCIA), that is identified on the map figure set forth in Exhibit "A" which is attached hereto and incorporated herein by this reference.

Hereinafter, the above-described property shall be called "the Premises" or "the Leased Premises". Consistent with paragraph 11(c), below, the Lessee shall obtain a survey and legal description to establish, and field mark, the exact location and bounds of the Leased Premises prior to the commencement of construction. Said survey shall thereafter be attached hereto and incorporated within Exhibit "A".

- 4. TERM OF LEASE:** The term of this Lease shall be for a period of fifty (50) years, commencing on the Lease Commencement Date as set forth in paragraph 2(e), above.
- 5. RENT:** Commencing on the Lease Commencement Date and continuing each month thereafter, Lessee agrees to pay as rental for the Leased Premises the sum of **Nine Hundred Ninety-One Dollars and Seventy-Seven Cents (\$991.77)**¹ 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. Beginning in year three (3) and every three (3) years thereafter, the rental rate may be adjusted to the then prevailing rate established by the Port Commission for airport land leases. The rental rate beginning in year two (2) and annually throughout the term of the lease will be adjusted by an amount equal to the accumulative amount found on the Consumer Price Index for all urban consumers (CPI-U) for Seattle-Tacoma-Bellevue, which is compiled by the Department of Labor, Bureau of Statistics. In no event shall any rent adjustment result in a reduction in rent from the rate paid in the prior year.
- 6. DEPOSIT:** Lessee shall, concurrent with the delivery of the Option Notice set forth in paragraph 1(e) of this Agreement, deposit with the Port the amount of **\$3,357.33**.² The Lease shall not be effective until full deposit is made with the Port. This deposit shall be held by the Port as security for all of Lessee's obligations hereunder and shall be refunded to Lessee upon termination of this Lease provided Lessee has faithfully performed all obligations hereunder and paid all sums owing to the Port.

¹ Calculated as follows: 2022 Commission adopted prevailing rate of \$0.07 per sf x 12,375 sf = \$866.25 rent in September 2022; \$866.25 x 7.00% (future inflation adjustment for the first 12 months of the Option Period) = \$60.64; \$866.25 + \$60.64 = \$926.89; \$926.89 x 7.00% (future inflation adjustment for months 13-18 of the Option Period) = \$64.88; \$926.89 + \$64.88 = \$991.77; \$991.77 x 12.84% Leasehold Excise Tax (LET) = \$127.34; \$991.77 + \$ = \$1,119.11.

² Consistent with Port policy, security in an amount of not less than three (3) months' rent together with applicable Washington state leasehold excise tax is required for all leases greater than one (1) year in length. As applied, the calculation is \$1,119.11 x 3 = \$3,357.33.

- 7. USE OF PREMISES:** Lessee shall use the Premises for the construction and operation of an aircraft hangar building, which may contain facilities for the storage, repair, and maintenance of aircraft. No other uses of the Premises shall be allowed without the Port's express written consent. The parties acknowledge that Lessee's agreement to construct an aircraft hangar on the Premises is an express bargained-for covenant of this Lease following exercise of the Option, and the failure of Lessee to construct such an improvement or the failure to utilize the building for such purposes, or to later cease such use, or conducting other activities on the Leased Premises without first obtaining a Lease modification with the Port's written approval of such other activities, shall constitute an event of default under the terms of this Lease and grounds for termination. It is further understood and agreed the Premises will not be used to store, distribute, sell, or otherwise handle fuels, lubricants or other flammable or hazardous materials, except fuels and lubricants in on-board aircraft tanks and a small supply of lubricants for use in the hangar-based aircraft.
- 8. OPERATING STANDARDS:** In addition to the foregoing use restrictions, Lessee shall meet or exceed the following Operating Standards:
- a. The Lessee shall pay all costs and expenses associated and in connection with the use of the Premises and the rights and privileges therein granted, including, but not limited to the following: leasehold and other taxes; permit fees; license fees; and assessments lawfully levied or assessed upon the Premises or property at any time situated therein and thereon. Lessee may, however, at its sole expense and cost, contest any tax, fee, or assessment, but shall in no event allow the same to become a lien on the Premises or the improvements thereon.
 - b. The Lessee shall observe and obey all laws, regulations, and rules of the JCIA and the federal, state, and local government, which may be applicable to its operation at JCIA. This shall include the JCIA Rules and Regulations and all statutes and Port Resolutions now in effect or as may be promulgated or revised in the future from time to time. The Lessee specifically acknowledges that it shall abide by and be subject to all rules and regulations which are now, or may from time to time, be formulated by the Port concerning the management, operation, or use of the JCIA. The Lessee shall keep in effect and post in a prominent place all necessary and/or required licenses or permits.
 - c. Consistent with paragraph 14, below, Lessee agrees to and shall keep the Leased Premises clean and in good order, condition, and repair. The Lessee shall, at its sole cost and expense, maintain the grounds of the Premises in good order and repair and in good and safe condition and shall repair all damage caused by its occupants or invitees. The Port shall be the sole judge of the quality of maintenance of the grounds, and upon written notice by the Port to the Lessee; the Lessee shall be required to perform whatever maintenance the Port deems reasonably required. If the maintenance is not undertaken within ten (10) days after receipt of written notice, the Port shall have the right to enter upon the Premises and perform such maintenance, the cost of which shall be charged to and be borne by the Lessee and paid by the Lessee as additional rent on the next rental due date after receipt of notice as to the amount thereof.
 - d. The Lessee shall be entitled, in common with others so authorized, to the use of all facilities and improvements of a public nature which now are or may hereafter be connected with or appurtenant to the Airport, including the use of landing areas, runways, taxiways, navigational aids, terminal facilities, and aircraft parking areas designated by the Port, all upon such rules and regulations as may be established by the Port from time-to-time hereafter.

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

- 9. RESERVATION OF AVIGATION EASEMENT:** The Port hereby reserves for itself, its successors, and assigns, and for the use and benefit of the public, an easement and right of way over and around the Leased Premises for the unobstructed passage of all aircraft ("aircraft" being defined for the purpose of this instrument as any contrivance now known or hereafter invented, used or designated for navigation of or flight in the air), by whomsoever owned and operated, in all air space above the surface of the Premises, to an infinite height above the Premises. In addition, this reservation reserves the right to cause in all airspace above the Premises such noise, vibrations, fumes, dust, fuel particles, and all other effects that may be caused by the current or future operation of aircraft landings at, or taking off from, or operating at or on JCIA. Lessee does hereby fully waive, remise, and release any right or cause of action which it may now have or which it may have in the future against the Port, its successors and assigns, or against other users of the JCIA, due to such noise, vibrations, fumes, dust, fuel particles, and all other effects that may be caused by the operation of aircraft landings at, or taking off from or operating at or on said JCIA. Lessee acknowledges that none of the foregoing activities shall constitute grounds for Lessee to claim that the Port has violated this lease or that Lessee has been deprived of quiet possession of the Leased Premises.
- 10. RESTRICTION ON USE OF AIRSPACE:** The Port reserves a continuing right to prevent the erection of or growth upon the Premises of any building, structure, tree, or other object extending into the airspace which would constitute a violation of Air Regulation Part 77 which is on file in the Port's office. The Lessee, for itself, its heirs, administrators, executors, successors, and assigns, does hereby agree that for and during the life of this Lease it will not hereafter erect, permit the erection of, or permit or suffer to remain upon the Premises any building, structure, tree or other object extending into the aforesaid airspace, and that it shall not hereafter use or permit or suffer the use of the Premises in such a manner as to create electrical interference with radio communications between any installation upon JCIA and aircraft, or to make it difficult for flyers to distinguish between airport lights and others, or as to impair visibility in the vicinity of the airport or as otherwise to endanger the landing, taking off or maneuvering of aircraft.
- 11. IMPROVEMENTS TO PREMISES:** Lessee acknowledges that it is an express condition and part of the consideration of this lease that Lessee will construct an aircraft hangar on the Premises in accordance

with the specifications and schedule contemplated by this paragraph, and that the hangar will revert to and become the property of the Port upon the expiration or the earlier termination of this lease. Lessee agrees to proceed with the construction in accordance with the following terms and schedule.

- a. Plans and Specifications. Lessee shall, not later than ninety (90) days after the Lease Commencement Date, prepare final plans and specifications for the hangar building to be constructed on the Premises, and shall submit such plans and specifications to the Port for approval. The building shall be designed and constructed in accordance with all applicable building codes, using good workmanship and quality materials. All buildings and ramps to be constructed shall meet the design recommendations as specified in FAA Advisory Circular 150/5300-13B. Lessee's design for buildings and related aprons and ramps shall also conform in all respects to the development standards promulgated by the Port for such hangars unless the Lessee obtains specific written approval from the Port Director for any variances. Such standards shall include, without limitation, specifications regarding construction materials, design, color, utilities, safety, fire emergency equipment, elevations, and location. Lessee shall also be responsible for preparing and submitting an FAA Form 7460-1 to the FAA, to obtain express written permission from the FAA to build upon the Leased Premises, and to respond to any FAA inquiries regarding the FAA's permission and approval of the proposed construction.
- b. Financing. All funds utilized to construct the improvements on the Premises shall be obtained by Lessee, and the Port shall not be required to pay any costs of the construction. Lessee shall have the right at any time and from time to time to subject the leasehold estate and any or all improvements thereon to one or more mortgages or deeds of trust (hereinafter "mortgages"), provided, however, that such encumbrances may only be created for the purpose of obtaining financing for improvements made upon the Premises. The mortgage documents must be reviewed and approved by the Port and shall provide that any proceeds from fire or extended coverage insurance shall be used for repair or rebuilding of the leasehold improvements and not to repay part of the outstanding mortgage. The mortgage documents shall contain provisions requiring that any notices of default under the note and mortgage be sent to the Port as well as to Lessee and that the Port shall have the right to cure any default if Lessee fails to do so. The Port shall have thirty (30) days in which to cure any mortgage default after the time for Lessee to cure it has expired. Neither the Port's right to cure any default, nor the exercise of such a right, shall constitute an assumption of liability under the note or mortgage, nor shall it bind the Port to cure any future defaults. If any default is non-curable, it shall not be grounds for foreclosure of the mortgage if the Port, or Lessee in possession of the Premises, promptly performs all other provisions of the note and mortgage. No permitted mortgage shall grant a security interest in any real or personal property other than the interests specifically created by this lease. No mortgage or note permitted by this lease shall secure more than one indebtedness or contain any cross-default provisions relating to other properties owned or debts owed by Lessee. The Port's right to review and approve all mortgage documents shall also extend to any redocumentation or refinancing undertaken by Lessee. The parties agree that the Port shall not under any circumstance be required to subordinate its fee interest in the Premises to the lien of any mortgage on Lessee's leasehold interest.
- c. Survey. Lessee shall, at its own expense, obtain a survey from a licensed land surveyor, for the purposes of fully establishing and marking the exact location and bounds of the Leased Premises within the JCIA property. Prior to the commencement of any construction on the Premises by Lessee, said survey shall be submitted to the Port for review and approval and shall thereafter be

attached to this Lease and incorporated within Exhibit "A".

- d. State Environmental Policy Act (SEPA) Review. Lessee shall be responsible for preparation of any SEPA checklists or Environmental Impact Statements and supporting reports and analyses which may be required as a part of Lessee's applications for permits. Jefferson County is anticipated to exercise lead agency authority for review of Lessee's submittals, and the Port shall not be required to pay any costs associated therewith. Lessee shall assume the cost of appropriate mitigations for any adverse environmental impacts identified in the SEPA documents which may be reasonably required as a result of Lessee's improvements on the Premises.
- e. Construction. No construction activities shall be undertaken until all applicable permits have been obtained. Lessee shall apply for permits for construction within fifteen (15) days after the Port's approval of the plans and specifications and shall commence construction within sixty (60) days after the issuance of all permits. Prior to the commencement of construction, Lessee shall furnish to the Port a copy of the construction contract and shall furnish proof that the contractor has posted a construction completion and performance bond in the full value of the construction contract, naming both Lessee and the Port as beneficiaries of that bond. The form, sufficiency and the surety of the bond shall be approved by the Port prior to commencement of construction.
- f. Completion of Construction. Construction of the hangar shall be completed not later than eighteen (18) months after the commencement of construction. Lessee agrees to comply with the foregoing schedule and acknowledges that failure to proceed with and complete construction in accordance with the foregoing schedule shall be a default under this lease and shall constitute grounds for the Port to terminate this lease.
- g. Protection of the Port Against Mechanic's and Materialmen's Liens and Other Costs or Claims. Lessee shall pay or cause to be paid the total cost and expense of all works of improvement, as that phrase is defined in the applicable Washington mechanic's and materialmen's liens statutes in effect at the time when the work commences. No such payment shall be construed as rent. Lessee shall not suffer or permit to be enforced against the Premises or any part of it, any mechanic's, materialmen's, contractor's, subcontractor's, engineer's, or architect's lien arising from any work on the improvement, however it may arise. However, Lessee may, in good faith and at Lessee's own expense, contest the validity of any such asserted lien, claim or demand, provided Lessee has furnished a bond acceptable to the Port, sufficient to fully pay the asserted lien, claim or demand. Lessee shall defend and indemnify the Port against all liability and loss of any type arising out of work performed on the Premises by Lessee, together with reasonable attorney's fees and all costs and expenses incurred by the Port in negotiating, settling, defending, or otherwise protecting against such claims. All contracts with the general contractor and subcontractors for work performed on the Premises shall contain a specific acknowledgment by the general contractor and subcontractors that work on the Premises is performed at the request of Lessee only and that Lessee is the holder of only a leasehold interest in the Premises. Such contracts shall contain specific waivers in form acceptable to the Port, by which the general contractor and subcontractors specifically waive the right to assert any lien claim against the Port's fee interest in the Premises. In the event that a final judgment has been rendered against Lessee by a court of competent jurisdiction for the foreclosure of a mechanic's, materialmen's, contractor's, or subcontractor's lien claim, and if Lessee fails to stay the execution of the judgment by lawful means or to pay the judgment, the Port shall have the right, but not the duty, to pay or otherwise discharge, stay or prevent the execution of any such judgment or lien or both. Lessee shall reimburse the Port for all

sums paid by the Port under this paragraph, together with all of the Port's reasonable attorney's fees and costs, plus interest on those sums, fees and costs at the rate of twelve percent (12%) per annum from the date of payment until the date of reimbursement.

12. UTILITIES:

- a. Charges for Utilities – Generally. Lessee shall be liable for, and shall pay throughout the term of this lease, all charges for all utility services furnished to the Premises, including, but not limited to, light, heat, electricity, gas, water, stormwater, sewerage, garbage disposal, telephone and communications services, and janitorial services. The Port shall have no responsibility for the delivery of utility services to the Premises and shall not be responsible for the interruption of any utility service unless caused by the Port's negligence.
- b. Stormwater Charges. The Port has undertaken improvements to the JCIA facility, including installation of stormwater conveyance and detention facilities. These improvements benefit the Lessee and the Premises. In consideration of the Port's ongoing obligation to repair and maintain these improvements, Lessee expressly agrees that it shall be obligated to pay stormwater fees as established by the Port, consistent with subparagraph #12(a), above. The Port may compute the stormwater management fee by any reasonable method which ensures that the Port is fairly reimbursed for expenses related to the maintenance, improvement, enlargement, or replacement of stormwater facilities that benefit the Premises. Charges will be equitably allocated among tenants based on the impervious surface area upon the Premises together with the impervious surface area of Lessee constructed access ramps linking each hangar unit to the adjoining asphalt taxiway.

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

14. MAINTENANCE & REPAIR OF IMPROVEMENTS & ADJOINING AREAS:

- a. Maintenance and Repair - Generally. Throughout the term of this Lease, Lessee shall, at Lessee's sole cost and expense, maintain the Premises and all improvements thereon in a good condition and state of repair. Accordingly, and in accordance with all applicable laws, rules, ordinances, orders and regulations, Lessee shall at its own expense and at all times:
 - i. Keep the Premises and the adjoining access ramps and aprons, in a neat, clean, and safe condition;
 - ii. Keep the exterior of all buildings clean and presentable;
 - iii. Periodically paint the exterior of the buildings as necessary to present an

- attractive appearance;
- iv. Not commit waste of any kind;
- v. Replace all cracked or broken glass in the Premises;
- vi. Keep the electrical system and other mechanical systems installed in the building in a good state of repair;
- vii. Protect all pipes and drains so that they will not freeze or become clogged; and
- viii. Make all necessary repairs to the roof (structure or covering) and foundation of the building and structure and exterior walls thereof.

- b. Repair, Restoration or Replacement in the Event of Damage or Destruction. Lessee shall promptly and diligently repair, restore, and replace as required to maintain and comply with the requirements set forth above, or to remedy all damage to or destruction of all or any part of the improvements upon the Leased Premises from any causes whatsoever. The completed work of maintenance, compliance, repair, restoration, or replacement shall be equal in value, quality and use to the condition of the improvements before the casualty giving rise to the work, except as expressly provided to the contrary in this Lease. The Port shall not be required to furnish any services or facilities or to make any repairs of any kind on or in the Premises.

- 15. DISPOSITION OF IMPROVEMENTS AT END OF LEASE:** At the expiration or earlier termination of this Lease, the Port shall have the option, in its sole and absolute discretion, to direct either: a) that the building and other improvements on the Premises be surrendered to the Port; or b) that the Lessee remove the building and other improvements from the Premises. If the Port directs surrender of the building and other improvements, all mechanical, electrical and HVAC systems in the building shall also remain and be surrendered to the Port, but Lessee shall have the right to remove all personal property and trade fixtures, which may have been placed upon the Premises by Lessee during the period of this Lease, provided that the same are not necessary to the operation of the building and provided further that 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 of 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.
- 16. INSPECTION - "FOR RENT" SIGNS:** The Port reserves the right to inspect the Leased Premises, including the interior of all buildings, at any and all reasonable times throughout the term of this Lease: provided, that it shall not interfere unduly with Lessee's operations. The right of inspection reserved to the Port hereunder shall impose no obligation on the Port to make inspections to ascertain the condition of the Premises and shall impose no liability upon the Port for failure to make such inspections. The Port shall have the right to place and maintain "For Rent" signs in conspicuous places on the Premises for ninety (90) days prior to the expiration or sooner termination of this Lease.
- 17. POSSESSION:** If the Port shall be unable for any reason to deliver possession of the Premises, or any portion thereof, at the time of the commencement of the term of this Lease, the Port shall not be liable for any damage caused thereby to Lessee, nor shall this Lease thereby become void or voidable, nor

shall the term specified herein be in any way extended but, in such event, Lessee shall not be liable for any rent until such time as the Port can deliver possession. If Lessee shall, in the interim, take possession of any portion of the Premises, it shall pay as rental the full rental specified herein reduced pro rata for the portion of the Premises not available for possession by Lessee. If the Port shall be unable to deliver possession of the Premises at the commencement of the term of this Lease, Lessee shall have the option to terminate this Lease by at least thirty (30) days' written notice, unless the Port shall deliver possession of the Premises prior to the effective date of termination specified in such notice. If Lessee shall, with the Port's consent, take possession of all or any part of the Premises prior to the commencement of the term of this Lease, all of the terms and conditions of this Lease shall immediately become applicable.

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

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

- 19. NOTICES OF CLAIMS OR CAUSES OF ACTION:** In the event any action or proceeding is brought against the Port or Lessee for which a party seeks indemnification pursuant to the indemnification provision set forth in paragraph 18, above, the party seeking indemnification shall give the other party written notice within thirty (30) days of being served or otherwise being put on notice of such a claim or cause of action. The party receiving a demand for indemnification shall accept or reject the tender of the defense of a claim or cause of action by written notice to the other party within sixty (60) days of its receipt of the demand for indemnification. If a party accepts the defense of the tendered claim or cause of action it shall also notify the other party of the identity of the law firm and lawyer which has been retained to represent the Port and/or the Lessee in responding to the claim or cause of action.
- 20. LIMITED WAIVER OF IMMUNITY UNDER WASHINGTON STATE INDUSTRIAL INSURANCE ACT, TITLE 51 RCW AND OTHER SIMILAR INDUSTRIAL INSURANCE SCHEMES:** For purposes of the indemnification provision set forth in paragraph 17, above, and only to the extent of claims against Lessee by the Port under such indemnification provision, Lessee specifically waives any immunity it may be granted under the Washington State Industrial Insurance Act, Title 51 RCW, The United States Longshore and Harbor Workers Compensation Act, 33 USC §901-950, or any other similar workers' compensation schemes. The indemnification obligation under this lease shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable to or for any third party under workers' compensation acts, disability benefit acts, or other employee benefit acts. The foregoing provision was specifically negotiated and agreed upon by the parties hereto.

- 21. INSURANCE:** Lessee agrees to maintain insurance as specified below, throughout the entire lease term and all extensions thereof, at Lessee's sole expense. All such insurance shall name the Port of Port Townsend as an additional insured and shall be with insurance companies acceptable to the Port.
- a. Fire and Extended Coverage. Throughout the lease term, at Lessee's sole cost and expense, Lessee shall keep or cause to be kept insured, for the mutual benefit of the Port and Lessee, all improvements located on or appurtenant to the Premises against loss or damage by fire and such other risks as are now or hereafter included in an extended coverage endorsement in common use for commercial structures, including vandalism and malicious mischief. The amount of insurance shall be sufficient to prevent either the Port or Lessee from becoming a co-insurer under the provisions of the policy, but in no event shall the amount be less than the full value of the then actual replacement cost of the improvements on the Premises (herein called "full insurable value"). The Port shall not be required to carry any insurance coverage on the Premises. If any dispute arises regarding the amount of insurance necessary to comply with the terms of this paragraph, the Port may, not more often than once every twenty-four (24) months, request the carrier of the insurance then in force to determine the full insurable value as defined in this provision, and the resulting determination shall be conclusive between the parties for the purpose of this paragraph. Lessee may include the holder of any mortgage on the leasehold as a loss payee. The Port shall, at Lessee's cost and expense, cooperate fully with Lessee to obtain the largest possible recovery in the event of any insurance claim, and all policies of fire and extended coverage insurance required by this Lease shall provide that the proceeds shall be payable to Lessee as follows:
- i. Insurance proceeds shall be paid first to make all necessary repairs to restore the improvements to their condition prior to the insured casualty. Payments of insurance proceeds for repair, restoration or reconstruction of the improvements shall be held in a trust account approved by the Port and be disbursed monthly on architect's certificates until the work is completed and accepted.
 - ii. Any insurance proceeds remaining after complying with the provisions of this Lease relating to maintenance, repair and reconstruction of improvements shall be the Lessee's sole property.
- b. Builder's Risk Coverage. Before commencement of any construction or demolition or other work on the Premises, Lessee shall procure, and shall maintain in force until completion and acceptance of the work, "all risk" builder's risk insurance including vandalism and malicious mischief, in form and with a company reasonably acceptable to the Port, covering improvements in place and all material and equipment at the job site furnished under contract, but excluding contractor's, subcontractor's, and construction manager's tools and equipment and property owned by contractors' or subcontractors' employees, with limits equal to the value of the project.
- c. Comprehensive General Liability Insurance. Comprehensive General Commercial Liability Insurance against claims for injury or death to persons or damage to property with minimum limits of liability of \$2,000,000 per occurrence and \$4,000,000 in the annual aggregate. Such insurance shall include but not be limited to bodily injury liability, personal injury liability, property damage liability, broad form property damage liability, contractual liability, and products/completed operations liability. If the Lessee maintains higher insurance limits than the minimums required herein, the Port shall be insured for the full available limits of Commercial General and/or Excess or Umbrella liability maintained by the Lessee, irrespective of whether such limits maintained by the Lessee are greater than those required by this Lease or whether any certificate of insurance furnished to

the Port evidences the lower limits of liability set forth above. The policy of insurance required under this subparagraph shall:

- i. Be written as a primary policy; and
- ii. Expressly provide that the defense and indemnification of the Port as an “additional insured” will not be affected by any act or omission by Lessee which might otherwise result in a forfeiture of said insurance; and
- iii. Contain a separation of insureds provision such that the policy applies separately to each insured that is the subject of a claim or suit; and
- iv. Not contain a crossclaim, cross-suit, or other exclusion that eliminates coverage by one insured against another; and
- v. Provide for coverage for damage to the Port’s property caused by the Lessee.

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

- d. Automobile Liability Insurance. If an active business other than mere aircraft storage is conducted on the Premises, Lessee shall maintain Comprehensive Automobile Liability Insurance against claims for injury or death to persons or damage to property with minimum limits of liability of \$1,000,000 combined single limit for each occurrence. Such insurance shall include but not be limited to bodily injury liability, property damage liability, hired car liability, and non-owned auto liability.
- e. Worker’s Compensation. If Lessee maintains employees on the Premises, Workers Compensation Insurance as will protect Lessee's employees from claims under Washington Workers Compensation Act as well as all Federal Acts applicable to the Lessee's operations at the site, with coverage of not less than \$1,000,000 for each occurrence.
- f. Insurance Policy Form, Content and Insurer. All insurance required by express provisions of this Lease shall be carried only in responsible insurance companies licensed to do business in the State of Washington. All such policies shall be non-assessable and shall contain language, to the extent obtainable, to the effect that:
 - i. Any loss shall be payable notwithstanding any act or negligence of the Port that might otherwise result in a forfeiture of the insurance; and
 - ii. The insurer waives the right of subrogation against the Port and against the Port’s agents and representatives; and
 - iii. The policies are primary and noncontributing with any insurance that may be carried by the Port; and
 - iv. They cannot be cancelled or materially changed except after thirty (30) days' notice by the insurer to the Port.

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

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

- 22. WAIVER OF SUBROGATION:** The Port and Lessee hereby mutually release each other from liability and waive all right of recovery against each other for any loss from perils insured against under their respective fire insurance contracts, including any extended coverage endorsements thereto, provided: that this paragraph shall be inapplicable if it would have the effect, but only to the extent that it would have the effect, of invalidating any insurance coverage of the Port or Lessee.
- 23. TAXES:** Lessee shall be liable for, and shall pay throughout the term of this Lease, all license and excise fees and occupation taxes covering the business conducted on the Premises, and all taxes on the improvements built upon and personal property maintained on the Leased Premises. Lessee acknowledges that, because the Port is a municipality, Lessee must pay the Washington State Leasehold Tax on all rentals paid to the Port and Lessee also agrees to pay any other tax that may be levied at any time in the future on rents or leasehold interests.
- 24. COMPLIANCE WITH PORT REGULATIONS & WITH ALL LAWS:** Lessee agrees to comply with all applicable rules and regulations of the Port pertaining to the realty of which the Premises are a part, now in existence or hereafter promulgated, for the general safety and convenience of the Port, its various Lessees, invitees, licensees, and the general public. Lessee further agrees to comply with all applicable federal, state, county, and municipal laws, ordinances, and regulations. Lessee further agrees that all buildings, structures, or other improvements, approved by the Port, will be properly permitted by Jefferson County. Any fees for any inspection of the Premises during the lease term by any federal, state or municipal officer and the fees for any "Certificate of Occupancy" shall be paid by Lessee.
- 25. HAZARDOUS SUBSTANCES WARRANTY & AGREEMENT:** Lessee has examined the Hazardous Substance Warranty and Agreement which is attached hereto as **Exhibit "B"** and which by this reference is fully incorporated herein. Lessee acknowledges that it fully understands and covenants that it will comply with all its obligations under the Hazardous Substances Warranty and Agreement.
- 26. ASSIGNMENT OR SUBLEASE:** Lessee shall not assign or transfer this Lease or any interest therein, nor sublet the whole or any part of the Premises, nor shall this Lease or any interest thereunder be assignable or transferable by operation of law or by any process or proceeding of any court, without the written consent of the Port first had and obtained. If Lessee is a corporation, limited liability company or partnership, Lessee further agrees that if at any time during the term of this Lease more than one-half (1/2) of the outstanding shares or ownership interests of Lessee shall belong to any persons other than those who own such ownership interests at the time of the execution of this Lease or to members of their

immediate families, such change in the ownership of the stock of the Lessee shall be deemed an assignment of this Lease within the meaning of this paragraph. If the Port shall give its consent to any assignment or sublease, this paragraph shall nevertheless continue in full force and effect and no further assignment or sublease shall be made without the Port's consent.

- 27. CONDOMINIUM OWNERSHIP:** Notwithstanding the foregoing prohibition against assignment of this Lease, the Port agrees that a leasehold condominium may be created to own the leasehold improvements on the Premises, subject to the terms of this lease, and that the leasehold condominium units so created may be sold to individual hangar owners, provided that:
- a. At the time the condominium declaration is recorded, the buildings to be constructed on the Premises have been fully completed and a certificate of occupancy has been issued and this Lease is in a full state of compliance.
 - b. The condominium declaration and related plans and survey are submitted to the Port for its review and approval prior to recording and are found acceptable to the Port and its legal counsel.
 - c. The declaration and plans and survey are filed and recorded in Jefferson County in the manner required by law.
 - d. A condominium owners' association is lawfully formed and incorporated as a Washington State corporation and signs documents acceptable to the Port by which the corporation assumes all of the Lessee's obligations under this Lease. The association will designate a single person with whom the Port may communicate regarding all matters. The Port shall not be required to deal with individual condominium unit owners regarding collection of rentals or the enforcement of other Lessee obligations under this Lease.
 - e. The condominium declaration specifically recites that it is subject to the terms of this Lease and contains provisions by which the condominium association has the authority to levy and collect contributions from the condominium owners to pay all rents and other obligations of the Lessee under this Lease, and to impose liens upon the condominium units to secure such payments.
 - f. The condominium declaration specifically recites that in the event of a conflict between the terms of this Lease and the condominium declaration, that the provisions of this Lease shall prevail.
- 28. DEFAULTS:** Time is of the essence of this Agreement, and in the event of the failure of Lessee to pay the rentals or other charges at the time and in the manner herein specified, or to comply with any of the covenants or agreements herein set forth, the Port may elect to terminate this Lease and reenter and take possession of the Premises and all buildings and other improvements located thereon, with or without process of law, provided that Lessee shall first be given fifteen (15) days' notice in writing stating the nature of the default in order to permit such default to be remedied by Lessee within said fifteen (15) day period. If upon such reentry there remains any personal property of lessee or of any other person upon the Leased Premises, the Port may, but without the obligation so to do, remove said personal property and hold it for the owners thereof or may place the same in a public garage or warehouse, all at the expense and risk of the owners thereof, and Lessee shall reimburse the Port for any expense incurred by the Port in connection with such removal and storage. The Port shall have the right to sell such stored property, without notice to Lessee, after it has been stored for a period of thirty (30) days or more, the proceeds of such sale to be applied first to the

cost of such sale, second to the payment of the charges for storage, and third to the payment of any other amounts which may then be due from Lessee to the Port, and the balance, if any, shall be paid to Lessee. Notwithstanding any such reentry, the liability of Lessee for the full rental provided for herein shall not be extinguished for the balance of the term of this Lease, and Lessee shall make good to the Port any deficiency arising from a reletting of the Leased Premises at a lesser rental than that hereinbefore agreed upon. Lessee shall pay such deficiency each month as the amount thereof is ascertained by the Port. Any failure by the owners, officers, or principals of Lessee to pay rentals, storage fees, moorage or any other charges owed to the Port under separate contract shall constitute default under provisions of this Agreement.

- 29. TERMINATION BY PORT:** Nothing in this Lease shall be deemed to be a waiver of the Port's power of eminent domain. In the event the Port, in its sole discretion, shall require the use of the Premises for any purpose in connection with the operation of the business of the Port, then this Lease may be terminated by the Port by written notice delivered or mailed by the Port to the Lessee at least 90 days before the termination date specified in the notice. In the event of such a termination the Port shall be obligated to compensate the Lessee for the termination of Lessee's leasehold interest in the same manner as in the case of an exercise of the Port's eminent domain power.
- 30. 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.
- 31. 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.
- 32. SIGNS:** No signs or other advertising matter, symbols, canopies or awnings shall be attached to or painted on the buildings on the Leased Premises, including the windows and doors thereof, without the approval of the Executive Director of the Port first had and obtained. At the termination or sooner expiration of this lease, all such signs, advertising matter, symbols, canopies or awnings attached to or painted by Lessee shall be removed by Lessee at its own expense, and Lessee shall repair any damage or injury to the Premises, and correct any unsightly condition, caused by the maintenance and removal of said signs, etc.
- 33. 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.

- 34. 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.
- 35. 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.
- 36. SURRENDER OF PREMISES:** At the expiration or sooner termination of this Lease, Lessee shall promptly surrender possession of the Premises to the Port and shall deliver to the Port all keys that it may have to any and all parts of the Premises.
- 37. ATTORNEYS FEES:** In the event that either party shall commence any legal action to enforce or interpret this lease, the prevailing party in any such action shall be entitled to an award of all reasonable attorneys' fees and other litigation costs incurred in connection with such action, including costs incurred in the trial court and in any appellate courts.
- 38. HOLDING OVER:** Any holding over by the Lessee after the expiration of this Lease shall be construed as a tenancy at sufferance (unless such occupancy is with the written consent of the Port) in which event the Lessee will be a tenant from month-to-month, upon the same terms and conditions of this Lease, except at a rent for such holdover period of 125% of the rental rate in effect for the month preceding such holdover. Acceptance by the Port of rent after such termination shall not constitute a renewal.
- 39. ADVANCES BY PORT FOR LESSEE:** If Lessee shall fail to do anything required to be done by it under the terms of this Lease, except to pay rent, the Port may, at its sole option, do such act or thing on behalf of Lessee, and upon notification to Lessee of the cost thereof to the Port, Lessee shall promptly pay the Port the amount of that cost, together with interest at the rate of 12% per annum from the date of the Port's payment.
- 40. LIENS & ENCUMBRANCES:** Lessee shall keep the Leased Premises free and clear of any liens and encumbrances arising or growing out of the use and occupancy of the said Premises by Lessee. At the Port's request, Lessee shall furnish the Port with written proof of payment of any item which would or might constitute the basis for such a lien on the Leased Premises if not paid.
- 41. NOTICES:** All notices, demands, requests, consents, approvals, and other instruments required or permitted to be given pursuant to this Agreement shall be in writing, signed by the notifying party, or officer, agent, or attorney of the notifying party, and shall be deemed to have been effective upon delivery if served personally, including, but not limited to delivery by messenger, overnight courier service or overnight express mail, or upon postmark affixed by the United States Post Office if sent by registered or certified mail, postage prepaid, return receipt requested, and addressed as follows:

To the Port (Lessor):

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

To Lessee:

LBG Development, LLC
 Attn: Mike Biggs
 4040 Wheaton Way, Suite 202
 Bremerton, WA 98310

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

- 42. JOINT & SEVERAL LIABILITY:** Each and every party who signs this Lease, other than in a representative capacity, as Lessee, shall be jointly and severally liable hereunder.
- 43. "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.
- 44. NO AGENCY GRANTED HEREBY:** Lessee is not to be considered, nor in any manner designated as the agent or attorney-in-fact of the Port, and this Lease does not grant to Lessee any authority to act as the Port's agent for any purpose. Any consent granted by the Port for the making of improvements to the Premises or for any other purpose shall not be construed as making the Lessee the agent of the Port, nor shall such consent make the cost of labor and/or materials used in improving the Premises lien-able against the fee estate of the Port.
- 45. CAPTIONS:** The captions in this Lease are for convenience only and do not in any way limit or amplify the provisions of this Lease.
- 46. 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.
- 47. NON-DISCRIMINATION IN SERVICES:** The Lessee agrees that it will not discriminate by segregation or otherwise against any person or persons because of race, creed, color, sex or national origin in furnishing, or by refusing to furnish, to such person, or persons, the use of the facility herein provided, including any and all services, privileges, accommodations, and activities provided thereby. It is agreed that the Lessee's noncompliance with the provisions of this clause shall constitute a material breach of

this Lease. In the event of such noncompliance, the Port may take appropriate action to enforce compliance, may terminate this lease, or may pursue such other remedies as may be provided by law.

- 48. NON-DISCRIMINATION IN EMPLOYMENT:** The Lessee covenants and agrees that in all matters pertaining to the performance of this Lease, Lessee shall at all times conduct its business in a manner which assures fair, equal and non-discriminatory treatment of all persons without respect to race, creed or national origin and, in particular:
- a. Lessee will maintain open hiring and employment practices and will welcome applications for employment in all positions from qualified individuals who are members of racial or other minorities; and
 - b. Lessee will comply strictly with all requirements of applicable federal, state, or local laws or regulations issued pursuant thereto relating to the establishment of non-discriminatory requirements in hiring and employment practices and assuring the service of all patrons or customers without discrimination as to any person's race, creed, color or national origin.
- 49. LABOR UNREST:** Lessee agrees to join with the Port and use its best efforts in avoiding labor unrest, or in the event of a wildcat strike or other labor difficulty, to use its good offices in negotiating and bringing to a swift and satisfactory conclusion any kind of labor dispute that may affect the interests of the Port.
- 50. EASEMENTS:** The Parties recognize that the Port facilities are continuously being modified to improve the utilities and services used and provided by the Port. The Port, and/or its agents shall have the right to enter the demised Premises of the Lessee, and to cross over, construct, move, reconstruct, rearrange, alter, maintain, repair, and operate all utility lines, electrical services, and all other services required by the Port for its use. The Port is hereby granted a continuous easement or easements within the Leased Premises to the extent the Port reasonably believes to be necessary, without any additional cost to the Port, for the purposes expressed hereinabove, provided, however: that the Port by virtue of such use shall not permanently deprive the Lessee from its beneficial use or occupancy of its Leased Premises. In the event the Port does permanently deprive the Lessee from such beneficial use or occupancy, then an equitable adjustment in rent, or in the cost required to modify its Premises to allow the Lessee to operate its business, will be negotiated and paid by the Port to the Lessee. In the event such entry by the Port is temporary in nature, then the Port shall reimburse the Lessee for the cost required modifying its Premises for the temporary period that the Lessee is inconvenienced by such Port entry. The Port will not be responsible to the Lessee for any reduced efficiency, or loss of business occasioned by such entry.
- 51. FEDERAL AVIATION ADMINISTRATION REQUIREMENTS:** Lessee agrees that its use of the Premises will be accomplished in accordance with the following covenants:
- a. Level of Service - Compliance with Requirements. Lessee agrees to:
 - 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 of each unit of sale or service, provided: that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers;

- 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.
- b. Use of Airspace: The Port retains the public right of flight for the passage of aircraft in the airspace above the surface of the real property hereinabove described, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in said airspace, and for use of said airspace for landing on, taking off from or operating on JCIA.
- c. Minority Businesses. Lessee understands that it is the policy of the U.S. Department of Transportation that minority business enterprises as defined in 49 CFR, Part 23, shall have the maximum opportunity to participate in the performance of this Lease as defined in 49 CFR, Section 23.5, and that this Agreement is subject to 49 CFR, Part 23, as applicable. Lessee hereby assures that no person shall be excluded from participation in, denied the benefits of, or otherwise be discriminated against in connection with 49 CFR, Part 23, on the grounds of race, color, national origin, or sex.
- d. Fire Protection. Lessee understands and agrees that the Port provides for fire protection service to the airport through an interlocal agreement with a local volunteer fire district, Jefferson County Fire Protection District No. 1 (East Jefferson Fire-Rescue). Lessee further understands and agrees that the Port has no duty under this Lease to provide fire protection for Lessee's building, property or equipment located on or upon the Premises. It is agreed that fire protection service shall be provided to the Premises by the local volunteer fire district, and Lessee agrees to pay any service charges that may be imposed by said fire district. Lessee understands that it is Lessee's responsibility and duty to include the value of its buildings, property and equipment to appropriate County authorities for personal property tax purposes through which fire district service charges are paid. Failure of Lessee to list accurately its improvements or promptly to pay its fire district service charges when due shall be a breach of this Lease and shall be grounds for the Port to terminate this Lease.
- e. Inventory of Aircraft. Lessee understands and agrees that the Port shall have the right to enter upon the hangars located upon the Leased Premises for the purpose of inventorying all aircraft housed in the hangars, to record their tail numbers and to obtain, upon request, copies of all registration papers. Lessee understands and agrees that the Port may be required, from time to time, to communicate such information to the FAA and other Federal, State and local law enforcement agencies, and Lessee agrees that such information will be freely made available to the Port and may be communicated by the Port to proper authorities.
- f. Compliance with all FAA Regulations. Lessee agrees to comply with any and all regulations imposed by the FAA and other agencies which govern activities at airports. Any violation of such regulations will constitute a default under this Lease.

52. DATE OF AGREEMENT: The parties acknowledge that certain obligations of the Lessee are to be performed within certain specified periods of time which are determined by reference to the date of

execution of this Agreement. The parties therefore agree that wherever the term “this Agreement” or words of similar import are used herein, they shall mean the date upon which this Agreement has been duly executed by the Port and Lessee, whichever is the latter to so execute this Agreement. The parties further agree to specify the date on which this Agreement has been executed in the space provided below and warrant and represent to the other that such a date is in fact the date on which each duly executed this Agreement.

Land Lease Option and Land Lease Agreement dated this _____ day of October 2022 as authorized by the Port of Port Townsend Port Commission, on the 12th day of October 2022. Land Lease Option effective the 14th day of October 2022; Land Lease effective upon concurrent delivery of the Option Notice set forth herein, together with receipt of deposit and liability insurance documentation from the Lessee.

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

LESSEE

Michael Biggs, Managing Member
LBG Development, LLC

ATTEST:

PORT OF PORT TOWNSEND (LESSOR)

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 Michael Biggs signed this instrument and that he is authorized to execute the instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

Dated: _____

Signature of
Notary Public: _____

My Appointment Expires: _____

**STATE OF WASHINGTON
COUNTY OF JEFFERSON**

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

Dated: _____

Signature of
Notary Public: _____

My Appointment Expires: _____

EXHIBIT "A":

Hangar Site #3 – Leased Premises

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

EXHIBIT "B":

Hazardous Substances Warranty & Agreement

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



EXHIBIT "B"
HAZARDOUS SUBSTANCES WARRANTY AND AGREEMENT

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

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

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

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

copy of any such permit, license, and identification number which Lessee may obtain in the future within seven days of receipt by Lessee.

6. **DISPOSAL OF HAZARDOUS WASTES.** In the event Lessee has occasion or need to dispose of hazardous or toxic substances or wastes, and unless otherwise agreed in writing, Lessee shall retain an independent hazardous waste disposal firm to dispose of any and all such substances at an off-site facility which has been properly approved, licensed and authorized to accept such substances. Lessee shall ensure that the disposal firm is properly licensed and in good standing with the applicable regulatory authorities for such work, and that it has all required transporter identification numbers.

7. **LESSEE'S WARRANTY OF NO CONTAMINATION.** Except as may be disclosed in Attachment No. 1 hereto, Lessee warrants and represents (1) that it has not released any toxic or hazardous substances onto the premises or into the environment in connection with its activities at the premises, (2) that it has inspected the premises and is not aware of any indication that a release of any hazardous substances has ever occurred at the premises, including prior to Lessee's occupancy, (3) that it has never been formally accused or cited, at the premises or elsewhere, for any violation of environmental laws, regulations or any hazardous waste-related governmental permit, and (4) that no claims or litigation have ever been pending against it by any person or governmental agency involving any use, storage, release or disposal of hazardous or toxic waste. If any such releases, formal accusations, citations, claims or litigation against Lessee arise during the term of this lease or any extension thereof, then Lessee shall notify Lessor in writing within seven (7) days of such event, and shall provide Lessor with a copy of each document reflecting such event.

8. **INDEMNIFICATION AND HOLD HARMLESS.** Lessee shall indemnify and hold Lessor harmless with respect to any and all direct or indirect expenses, losses of damages, including all consequential damages, Attorney's fees, and litigation-related expenses and costs, incurred by Lessor which result from (1) Lessee's breach of provision of this Rider, (2) claims, actions, suites, proceedings, judgments, fines or remedial orders (including orders to clean up contamination at the premises) which arise because of Lessee's breach of this Rider, (3) Lessee's violation of environment laws or regulations, or (4) Lessee's release of a toxic or hazardous substance onto the premises or into the surrounding environment. This provision shall apply regardless of whether Lessee has been negligent or at fault for such breach, violation, or release. This obligation by the Lessee shall survive the expiration or termination of the lease agreement and the sale of the property. If Lessor so requests, Lessee shall accept the tender of defense of, and shall retain counsel of Lessor's selection and at Lessee's expense to defend, any third-party claim asserted against Lessor in connection with alleged conduct by Lessee which, if true, would be in breach of the provision of this Rider.

9. **NOTIFICATION TO LESSOR OF CHANGES IN OPERATION.** Lessee agrees to notify Lessor in writing at least seven (7) days in advance of any previously undisclosed action which the Lessee plans to take which poses a material risk of a release of hazardous substance into the environment, including but not limited to material changes in Lessee's methods of hazardous waste disposal, material increases in the volume of Lessee's hazardous waste disposal, or material changes in the nature of any hazardous wastes which Lessee anticipates it will generate.
10. **COPIES OF ENVIRONMENTAL CORRESPONDENCE.** Lessee agrees to provide Lessor with copies of all past and future correspondence to or from the Washington Department of Ecology, the U.S. Environmental Protection Agency, and any other government agency which has had or may have contact with Lessee regarding environmental concerns pertaining to the premises.
11. **NOTIFICATION OF SPILLS OR RELEASES.** Lessee shall comply with all notification requirements under the applicable federal, state and local environmental statutes and regulations, including but not limited to the timely notification of the appropriate government authorities of any spills or releases of toxic or hazardous substances into the environment or onto the premises. Lessee shall notify Lessor within 24 hours of discovery of any such spills or releases and shall provide copies of all correspondence and documents related to such spills or releases to Lessor with seven days after receipt or creation, as the case may be.
12. **LESSOR'S REMEDY FOR BREACH OR VIOLATION.** In the event Lessee permits a release of a hazardous substance to occur at or near the premises, or breaches any provision of this Rider, Lessor shall be entitled (1) to terminate the lease agreement immediately, (2) to require Lessee to cease all operation which pose a risk of releasing a hazardous substance into the environment, and (3) to require Lessee to begin an immediate cleanup of any and all contamination at the premises to the extent necessary to achieve full compliance with the applicable environmental laws and regulations. Lessor shall be entitled to obtain immediate injunctive relief from a court of competent jurisdiction to enforce this provision. These remedies shall be in addition to, and not in substitution for, any other remedies available to Lessor under applicable law.
13. **ANNUAL DECLARATION OF COMPLIANCE.** Within ten (10) days of receipt of a written request by Lessor, Lessee shall provide to lessor a declaration of Lessee's compliance or non-compliance with the applicable environmental laws and regulations and with the provisions of this Rider, in the form set forth in Attachment No. 2. Lessor anticipates that it will request such a declaration annually, approximately on the anniversary date of this Rider.

14. **INSPECTION OF PREMISES.** Lessee agrees to permit and cooperate with any on-site inspections and testing requested by Lessor, including inspections and testing conducted by consultants or engineers hired by Lessor to evaluate Lessee's compliance with the applicable environmental requirements and the provisions of this Rider. Lessor shall provide Lessee within 24 hours advance notice of Lessor's intent to conduct such inspection or testing.

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

16. **ADDITIONAL PROVISIONS.**

LESSOR:

LESSEE:

Eron Berg, Executive Director
Port of Port Townsend

Michael Biggs, Managing Member
Johnson Fabrication, LLC

Date: _____

Date: _____

(Attachment No. 1 to Hazardous Substances Rider)

DISCLOSURE BY LESSEE

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

- 1. Release(s) of Hazardous Substances by Lessee:
(If none, initial here: _____)
- 2. Indication(s) of Contamination at Premises:
(If none, initial here: _____)
- 3. Lessee Violation(s) of Environmental Regulations:
(If none, initial here: _____)
- 4. Environmental Claims or Litigation Against Lessee:
(If none, initial here: _____)

Lessee: **LBG DEVELOPMENT, LLC**

By: _____
Michael Biggs, Managing Member

Date: _____

(Attachment No. 2 to Hazardous Substances Rider)

DECLARATION OF COMPLIANCE

Michael Johnson, 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: company

By: _____
Michael Biggs, Managing Member
LBG Development, LLC

Date: _____

PORT OF PORT TOWNSEND AGENDA COVER SHEET

MEETING DATE	October 12, 2022
AGENDA ITEM	<input checked="" 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	IV.F. Resolution 776-22 Authorizing Warrant Cancellation
STAFF LEAD	Abigail Berg, Director of Finance and Administration
REQUESTED	<input checked="" type="checkbox"/> Information <input checked="" type="checkbox"/> Motion/Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	Resolution 776-22 Authorizing Warrant Cancellation

RESOLUTION NO. 776-22**A Resolution of the Commission of the Port of Port Townsend
Authorizing Warrant Cancellations**

WHEREAS, the Port of Port Townsend issued the following warrants:

<u>Warrant #</u>	<u>Dated</u>	<u>Amount</u>	<u>Issued To:</u>
062213	5/13/2020	11.00	Jennifer Nelson
062935	10/14/2020	8.00	Reed Henderson
062954	10/14/2020	7.50	Ted Nelson
062969	10/14/2020	24.00	David Pluard
063033	10/28/2020	66.00	David Schutte
063646	4/14/2021	17.01	Shelly Truman
063887	06/23/2021	42.37	El Prescadero Loco

WHEREAS, the aforementioned warrants have been lost or destroyed and have not been presented for payment; AND

WHEREAS, RCW 36.22.100 requires that any warrant not presented within one year of issue be canceled by the passage of a resolution of the governing body;

NOW, THEREFORE BE IT RESOLVED: that since the aforementioned warrants have not been presented for payment; said warrants are canceled as of this date.

ADOPTED this 12th day of October 2022 by the Commission of the Port of Port Townsend and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the Seal of the Commission duly affixed.

ATTEST:

Pete W. Hanke, Secretary

Pam A. Petranek, President

Carol L. Hasse, Vice President

APPROVED AS TO FORM:

Port Attorney

PORT OF PORT TOWNSEND AGENDA COVER SHEET

MEETING DATE	October 12, 2022
AGENDA ITEM	<input checked="" 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	IV. G. Resolution 775-22 Authorizing the Port of Port Townsend to File Applications with the Washington State Recreation and Conservation Office, Seeking Boating Facilities Program (BFP) Grant Funding as Provided in Chapter 79a.25 RCW and Title 286 WAC to Support Replacement of the Herb Beck Marina Boat Launch Ramp
STAFF LEAD	Eric Toews, Deputy Director
REQUESTED	<input type="checkbox"/> Information <input checked="" type="checkbox"/> Motion/Action <input type="checkbox"/> Discussion
ATTACHMENTS	A. Resolution

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 10/7/2022
TO: Port Townsend Port Commission
FROM: Eric Toews, Deputy Director
SUBJECT: RCO Boating Facilities Program (BFP) Grant Authorizing Resolution No. 775-22

ISSUE: Should the Executive Director and Deputy Director be authorized to execute and file such agreements as may be needed with the Washington State Recreation and Conservation Office (RCO) to secure Boating Facilities Program (BFP) funding to support the Herb Beck Marina Boat Launch Replacement Project?

BACKGROUND & DISCUSSION: On June 7, 2022, Port staff held the sixth in a series of meetings with the Quilcene community intended to help identify and prioritize repairs and improvements to the Herb Beck Marina facility. Community input at the June 7 meeting helped to clarify projects to be reflected in a 5-year capital improvement plan for the facility and provided necessary guidance with respect to grant funding priorities. Among the identified projects are boat launch improvements, parking lot renovations, and rehabilitation of the existing public restroom facilities. A Boating Facilities Grant (BFP) opportunity is presently available that could help to fund a new launch facility, together with parking and restroom improvements.

Staff has prepared a draft of Port Commission Resolution No. 775-22 (attached) which would authorize the Executive Director or Deputy Director to execute and file all documents necessary to secure grant funding assistance from RCO for this effort. The verbatim language and form of the resolution is mandated by the Washington State Attorney General's Office.

Staff will be meeting with interested citizens in Quilcene on Thursday, October 13, 2022, to describe the grant opportunity and confirm that the project envisioned is aligned with community needs and expectations. The project would encompass the following:

- Replacement of the existing deteriorated ramp with a new ramp that is wider, less steep, and which is served by an ADA-accessible gangway and boarding float. The new parallel handling float would facilitate vessel launching and retrieval on the side adjacent to the ramp, and up to four (4) new transient recreational moorage slips on the north (marina) side of the float.
- Additionally, upland elements of the project will feature parking improvements (i.e., gravel resurfacing, signage, curb stops) and a comprehensive restroom renovation. These upland parking and restroom improvements will also be ADA-compliant, ensuring safe facility use by persons with disabilities.

In sum, the project is intended to sustain and improve public recreational boating access to the waters of Quilcene and Dabob Bays and the north Hood Canal area more broadly.

The preliminary cost estimate for this project is up to \$1,500,000. The Port would be seeking \$1,000,000 in funding through the BFP grant program up to (66%), with a match of \$500,000 (33%). In addition to this ramp replacement project, but not within the scope of the Port's grant funding request, maintenance dredging of the marina entrance channel would also be proceeding in parallel.

A grant application for this project must be submitted to RCO by no later than Tuesday, November 1, 2022.¹ Following technical review by RCO, projects are reviewed in February of next year, ranked in April, and the Funding Board announces grant awards in June of 2023.

FISCAL IMPACT: As outlined above, the fiscal impact of this project is up to \$500,000 in direct Port match (i.e., 33% of the anticipated total project cost of \$1,500,000). Outside the scope of this grant request, the Port will also be proceeding with entrance channel maintenance dredging. Dredging is anticipated to require up to a further \$500,000.

RECOMMENDATION: Approve the attached Resolution 775-22 authorizing the Executive Director and Deputy Director to execute and file such documents as may be necessary to secure RCO grant funding assistance to support the Herb Beck Marina Boat Ramp Replacement Project.

ATTACHMENTS: One (1) attachment is included: draft Port Commission Resolution No. 775-22. Please also note that a sample RCO Grant Agreement is hyperlinked within the Resolution to enable convenient review.

¹ Note: Following application submittal, Recreation and Conservation Office staff conduct initial technical review, with a further formal completion deadline of January 14, 2023.

RESOLUTION NO. 775-22**A Resolution of the Commission of the Port of Port Townsend****AUTHORIZING THE PORT OF PORT TOWNSEND TO FILE APPLICATIONS WITH THE WASHINGTON STATE RECREATION AND CONSERVATION OFFICE, SEEKING BOATING FACILITIES PROGRAM (BFP) GRANT FUNDING AS PROVIDED IN CHAPTER 79A.25 RCW AND TITLE 286 WAC TO SUPPORT REPLACEMENT OF THE HERB BECK MARINA BOAT LAUNCH RAMP.**

Project Number and Name: 22-2095 DEV, HERB BECK MARINA BOAT LAUNCH REPLACEMENT PROJECT

This resolution authorizes the Executive Director or Deputy Director of the Port of Port Townsend to act as the representative/agent on behalf of our organization and to legally bind our organization with respect to the above-referenced Project for which we seek grant funding assistance managed through the Recreation and Conservation Office (“RCO” or “Office”).

WHEREAS, grant assistance is requested by our organization to aid in financing the cost of the Project referenced above;

NOW, THEREFORE, BE IT RESOLVED that:

Section 1. Our organization intends to apply for funding assistance managed by the Office for the above “Project.”

Section 2. Our organization authorizes the following persons or persons holding specified titles/positions (and subsequent holders of those titles/positions) to execute the following documents binding our organization on the above project:

Grant Document	Name of Signatory or Title of Person Authorized to Sign
Grant application (submission thereof)	Eron Berg, Executive Director of the Port of Port Townsend OR Eric Toews, Deputy Director of the Port of Port Townsend
Project contact (day-to-day administering of the grant and communicating with the RCO)	Eric Toews, Deputy Director of the Port of Port Townsend
Agreement amendments	Eron Berg, Executive Director OR Eric Toews, Deputy Director

<p>Authorizing property and real estate documents (Notice of Grant, Deed of Right or Assignment of Rights if applicable). These are items that are typically recorded on the property with the county.</p>	<p>Eron Berg, Executive Director OR Eric Toews, Deputy Director</p>
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The above persons are considered “authorized representatives/agents” for purposes of the documents indicated. The Port shall comply with a request from the RCO to provide documentation of persons who may be authorized to execute documents related to the grant.

Section 3. Our organization has reviewed the sample RCO Grant Agreement on the Recreation and Conservation Office’s WEB SITE at:

<https://rco.wa.gov/wp-content/uploads/2019/06/SampleProjAgreement.pdf>.

We understand and acknowledge that if offered an agreement to sign in the future, it will contain an indemnification and legal venue stipulation and other terms and conditions substantially in the form contained in the sample Agreement and that such terms and conditions of any signed Agreement shall be legally binding on the sponsor if our representative/agent enters into an Agreement on our behalf. The Office reserves the right to revise the Agreement prior to execution.

Section 4. Our organization acknowledges and warrants, after conferring with its legal counsel, that its authorized representatives/agents have full legal authority to act and sign on behalf of the organization for their assigned role/document.

Section 5. Grant assistance is contingent on a signed Agreement. Entering into any Agreement with the Office is purely voluntary on our part.

Section 6. Our organization understands that grant policies and requirements vary depending on the grant program applied to, the grant program and source of funding in the Agreement, the characteristics of the project, and the characteristics of our organization.

Section 7. Our organization further understands that prior to our authorized representatives/agents executing any of the documents listed above, the RCO may make revisions to its sample Agreement and that such revisions could include the indemnification and the legal venue stipulation. Our organization accepts the legal obligation that we shall, prior to execution of the Agreement(s), confer with our authorized representatives/agents as to any revisions to the project Agreement from

that of the sample Agreement. We also acknowledge and accept that if our authorized representatives/agents execute the Agreements with any such revisions, all terms and conditions of the executed Agreement shall be conclusively deemed to be executed with our authorization.

Section 8. Any grant assistance received will be used for only direct eligible and allowable costs that are reasonable and necessary to implement the projects referenced above.

Section 9. If match is required for the grant, we understand our organization must certify the availability of match at least one month before funding approval. In addition, our organization understands it is responsible for supporting all non-cash matching share commitments to these projects should they not materialize.

Section 10. Our organization acknowledges that if it receives grant funds managed by the Office, the Office will pay us on only a reimbursement basis. We understand reimbursement basis means that we will only request payment from the Office after we incur grant eligible and allowable costs and pay them. The Office may also determine an amount of retainage and hold that amount until all project deliverables, grant reports, or other responsibilities are complete.

Section 11. Our organization acknowledges that any property owned by our organization that is developed, renovated, enhanced, or restored with grant assistance must be dedicated for the purpose of the grant in perpetuity unless otherwise allowed by grant program policy, or Office in writing and per the Agreement or an amendment thereto.

Section 12. Our organization acknowledges that any property not owned by our organization that is developed, renovated, enhanced, or restored with grant assistance must be dedicated for the purpose of the grant as required by grant program policies unless otherwise provided for per the Agreement or an amendment thereto.

Section 13. This resolution is deemed to be part of the formal grant application to the Office.

Section 14. Our organization warrants and certifies that this resolution was properly and lawfully adopted following the requirements of our organization and applicable laws and policies and that our organization has full legal authority to commit our organization to the warranties, certifications, promises and obligations set forth herein.

ADOPTED this 12th day of October 2022, by the Commission of the Port of Port Townsend and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the Seal of the Commission duly affixed.

ATTEST:

Pamela A. Petranek, President

Carol L. Hasse, Vice President

Peter W. Hanke, Secretary

On file at:
The Port of Port Townsend Administration Building
2701 Jefferson Street
Port Townsend, WA 98368

Washington State Attorney General’s Office

APPROVED AS TO FORM:

Assistant Attorney General

Date: February 13, 2020

Port Attorney

Date: October 12, 2022

PORT OF PORT TOWNSEND AGENDA COVER SHEET

MEETING DATE	October 12, 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. 2nd Draft of 2023 Budget with Capital Improvement Program (CIP) and Proposed Rates
STAFF LEAD	Abigail Berg, Director of Finance and Administration
REQUESTED	<input checked="" type="checkbox"/> Information <input type="checkbox"/> Motion/Action <input checked="" type="checkbox"/> Discussion
ATTACHMENTS	<ul style="list-style-type: none">• Info Memo• Operating Budget• CIP, Cash Flow• Rate Cards

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 10/12/2022

TO: Port Commission

FROM: Abigail Berg, Director of Finance & Administration & Eron Berg, Executive Director

SUBJECT: 2nd Draft of 2023 Budget with Capital Improvement Program (CIP), Cashflow, and Proposed Rates

*Note: Changes to the 1st Draft Informational Memo are noted in **green bold lettering**.*

ISSUE

What direction does the Commission have following its second review of the 2023 Budget, including assumptions, the 5 Year CIP, **Cashflow**, and the proposed 2023 Rate Cards.

BACKGROUND

The Commission adopted the 2023 Budget schedule on June 22, 2022, which included a subsequent workshop to discuss potential issues, goals, and assumptions to consider when developing the budget. The approved schedule included the 1st Draft of the 2023 Budget to be presented at this meeting. Underlying assumptions and key objectives were discussed at the last two Commission meetings.

DISCUSSION

2023 Budget Assumptions – 2ND DRAFT

This coming year's budget is being developed following the COVID-19 pandemic and related governmental interventions with the backdrop of global uncertainty and a rapidly changing energy, climate, and economic environment. The pandemic resulted in an immediate drop in port revenue followed by a surprisingly strong boomerang of increased business and demand for port services. As we look to 2023, we begin with the longest moorage waitlists in port history, two years of unprecedented yard activity, at times so full as to limit lift access and the need to turn customers away, as well as continued 100% occupancy of leased properties. Our recommendation to the Commission for the 2023 budget is to continue to maintain a conservative approach, assume no significant changes in course but be alert for mid-year course adjustments and be prepared to move with alacrity, if needed.

Staff's primary focus for 2023 is to continue to build the projects that are in the queue for construction phase work while simultaneously planning, designing, permitting, and funding projects for 2024, 2025 and 2026. Your port staff team is known for saying, "That's a great idea, let's do it!". While we will undoubtedly continue with that motto, we do need to temper our appetite with the reality of managing an increased volume of projects, increased complexity in planning and permitting those projects and limited staff time. Our primary objectives for operations in the coming year are to continue to improve customer service, improve processes that better serve our tenants and customers all while maintaining our steady path to a higher level of service across the board. In both cases, it is our clear intent to spend more money, investing in capital projects to

carry port facilities to future generations and in operations to improve the port's level of service. We remain laser focused on generational viability of these remarkable and unique port facilities that are essential to the culture of this place.

OPERATING BUDGET

The attached is a newly formatted budget which was built to easily allow escalators (percentage increases) for projection purposes. The revenues are similar to prior budgeted formats, though the expenditures are presented based on their account codes in the accounting system. Also new is a two (2) year projection (2023 and 2024) and doesn't include any variance columns; these can be added if the Commission would like. The revenue and expenditure escalators used for 2023 are 5%, but for 2024 they are 5.4%, and 6.3%, respectively for revenues and expenditures. These are the updated 10-year averages of the Port.

The 2nd Draft 2023 budget was prepared in the previously used format, projecting out for only one year, and having a variance column for comparative purposes. Also included in this draft are the 2023 budgets by location.

OPERATING REVENUES:

1. As discussed at the last Commission meeting, we've implemented a 5% increase on most revenues port wide despite a CPI of 10.1%. More detailed discussion is included with the Rate Cards later in this memo.
2. The good news is we're moving forward on the Point Hudson Jetty replacement; however, this will impact operating revenues for Point Hudson. These revenues will be impacted not just as we roll into the fall and winter of 2022, but in early 2023 as the 1st phase is completed and in mid-September 2023 as the 2nd phase commences.
3. The Point Hudson revenues most impacted will be Moorage, however, the RV revenues will also be affected. These Point Hudson revenues could be offset by Back 40 parking, if a plan is approved to lease some parts of that area and/or implementing parking fees that aren't just for special events.
4. Recently the commission decided to cease the small boat yard discount as of March 31, 2022. As we move into the coming season for boat repairs, we can anticipate an increase in revenues for vessels stored while being worked on. Initially, we thought this may result in not having a full yard, however, the current projections are that both yards will be full

within the next few weeks (300T yard projected at capacity on 9/30 and the 75T yard following in mid-October).

5. At this juncture, there are no other significant operating revenues initiatives or changes we foresee.
6. **There were a few minor Operating Revenues adjustments which increased the total by \$12,453 overall.**

OPERATING EXPENSES:

1. A 5% increase has been built into the operating expenditure budget port wide (note that the 10-year average annual increase in operating expenses is 6.3%).
2. In accordance with the 2022 budget, the Port has staffed up for the various initiatives important to our Commission, the community, and our customers. These include an added CSR position, an additional Custodial position, and part-time Accounting position. For 2023, we'd like to continue this by hiring two (2) additional FTEs for primarily capital work in the Maintenance department, making the part-time Accounting position full time and creating a new position of Assistant Harbormaster within our current moorage/yard FTE count.
3. **There were some minor adjustments to compensation, overall reducing it once we reviewed the detail on YTD capital work, and projected capital work performed by port staff; this amounted to an overall reduction of \$7,383. This reduction also impacted taxes and benefits.**
4. As mentioned above, we can anticipate increased costs across the board for regular, and recurring operating costs, as well as capital costs. Much of this can be expected due to the increased cost of energy, construction materials, operating supplies, shipping materials, and travel costs for contractors. The port is also experiencing larger than typical increases in costs for insurance and other services.
5. **Preparing the individual department budgets, presents the opportunity to do more in-depth review of projected costs. Overall, expenses were reduced from the 1st Draft by approximately \$67,000.**

CAPITAL PROJECTS:

The draft updated capital program is attached and includes the estimated projects and costs for 2023 to 2027 as well as the anticipated funding of those projects. There's a small variance of between \$5,000 and \$25,000 in years 2023-2025 for costs compared to funding which will be reconciled in the next draft presented October 12th.

It should be noted that this ambitious, 5-year CIP presents almost \$50 million dollars' worth of capital expenditures. Of this amount, we estimate that 69%, or more than two thirds, of those projects are funded by grants, the IDD, and net operating income. In addition, 93% of the yet

unfunded portion of those projects, \$13,750,000, is several years out, and we're actively pursuing grants.

EQUIPMENT/VEHICLES:

These are part of the CIP and include two (2) more ½ ton pick-up trucks, a 1-ton pick-up truck, a dump trailer, and another gator with an enclosed cab for Point Hudson Moorage staff. In addition, we are researching the possibility of moving to card-based access system for showers, and laundry thereby eliminating the use of quarters which is time consuming to manage (and uses antiquated equipment that is increasingly a challenge to maintain).

5-YEAR CASHFLOW

The cashflow for 2023 and beyond is based on the following:

1. Projected ending cash for 2022 as of YTD July activity and the remaining budget for the year. Ending cash includes both reserved and unreserved cash and investments.
2. Projected ending cash for 2023 is based on the estimated beginning cash mentioned in item 1, and the budgeted activity (inflows and outflows) for the year overall.
3. Ending reserve balances are calculated based on the budgeted activity for each year, which may include reserve funding and draws, where applicable. Funding includes IDD receipts, and the internal funding of the Por-wide Capital reserve and Operating Reserve. Draws are only identified in the capital related reserves.
4. Additional details on the assumptions made in the cashflow are included in the notes following the cashflow.

PORT RATES

In the packet are the comparative rate cards for all Port locations that show the current rates alongside the proposed 2023 rates. Even with the record CPI increases over the last year, the Commissions' first choice was to go with a lower CPI rate increase of 5%, rather than 7.5% or 10.1%. Most rates were increased by that amount, though there are some exceptions due to the use of cash drops for parking, for instance, or marina temporary tie up fees. On the rate cards we've highlighted new rates in blue and rates that were removed in red. The following are the changes by location:

BOAT HAVEN

1. During the 2022 budget development, the Port planned a consistent 3% annual increase for permanent moorage tenants for three (3) years, instead of the 5% CPI increase applied to most other revenues. Due to the significant increase in the CPI in the last year (10.1%), the recommendation is that permanent moorage tenants also pay the 5% CPI increase as proposed with most other Port rates for 2023. The attached rate card reflects this increase.
2. Temporary Tie Ups were kept at the same rate as the prior year.

3. The “annual” has been removed from the Background Check Fee.
4. Added to this card is a “Storage Only” section, similar to Point Hudson, for kayaks, dory on docks, and the recently added wherry parking, which is only at Boat Haven.
5. **In accordance with Commission recommendation at the September 28th meeting, the year-round nightly moorage rate was increased by 10%, instead of 5%.**

YARD:

1. We’re proposing an additional \$150.00 charge to the Roundtrip Rate for Hang Overnight. This is to account for the additional sling time beyond normal inspection and is an approximate 1-hour delay in lift charges. This is for both yards.
2. We’d like to suggest a discussion regarding the “Owner Wash Down” option in the 75 Ton yard, specifically eliminating the do-it-yourself washdown. This change would allow staff to move vessels more quickly and efficiently since they’re accustomed to this process and complete the job more quickly. In turn, this allows vessels to be hauled out, and splashed more efficiently, thereby increasing customer satisfaction. This is not suggested for the 300 Ton yard because those larger vessels take longer to wash down, and they can only haul about 2-3 per day, whereas in the smaller yard with 3 Travelifts, we have the ability to haul a larger volume. **In the 2nd Draft, we removed this proposal.**
3. As per Commission decision for the 75 Ton yard, the seasonal discount rate has been removed as of March 31, 2022, and the rate is the same as the current monthly rates.
4. Maintaining the same fee for Covered Storage because the usage doesn’t appear to be as frequent as initially contemplated. A second year at the same rate provides the opportunity to market the option.
5. We’ve removed the “Non-Working Long-term” storage rates. Due to the shortage of vessel repair options in the Puget Sound, our yards are busier than ever, and we’ve plans to start using this area for working repair.
6. Under “Other Fees”, the Storage Boxes were removed since there hasn’t been time for these to be built.
7. Bilge Water fees were moved from the Miscellaneous Rates & Fees card to the Yard and increased to reflect the cost more accurately.
8. **Also, under “Other Fees”, we added a new rate, for Emergency Hoist in the amount of \$500.00 per foot. The amount of the charge was determined by calculating the potential disposal cost of the vessel based on labor hours, equipment hours, tipping cost per ton, and hazardous waste removal. When applied, it would cover the hoist, environmental fees, labor hours to haul and up to a “to be determined” amount of storage (what is residual). This is instead of requiring a “deposit” from a vessel in distress that is likely to become derelict and more apt to be paid by an insurance company, whereas deposits are not.**
9. Off Port Property Tarp fees were adjusted to be in alignment with the size availability and the cost.

POINT HUDSON

1. Temporary Tie Up charges were maintained at the same rate, as previously noted.

2. The “annual” was removed from Live-aboard Background Check Fees.
3. Under “RV Park – Winter Guest Monthly”, the timeframe for the winter was adjusted from Oct. 1 to April 30 (not June 1), and states “back row loop”, not back row only.
4. Similar to item 3 for Point Hudson, the timeframe was changed from Nov. 1 to March 31 (not April 1), and to “front row loop”, not front row.
5. “Event Parking – Back 40 Lot” was changed to “Parking – Back 40”.
6. Flagged for discussion is for whether we add a “Boat on Trailer” option in the Back 40, and what that monthly cost might be.
7. The “Landfall Site” Parking was changed from a timeframe of April 1 – September 30, to year-round. Parking usage in general at Point Hudson will be on your agenda for discussion on October 12th.

HERB BECK MARINA

1. In the top portion of this rate card, under the Commission approval date, is language that was changed to align with Point Hudson and Boat Haven Marinas. Currently the charge for moorage in Quilcene is only based on the overall length of the vessel. The change would be to “Moorage Rate is based on overall length, or slip length, whichever is greater.”
2. Temporary Tie Up was increased, but not at the other marinas’ rates since Quilcene is already 50% less than the others.
3. In another effort to be in alignment with the other marinas, we’ve flagged for discussion adding “Guest Monthly” moorage at Quilcene. This would allow us to rent out permanent moorage tenant slips and let them be part of a credit system. This will only work if we have the language change sited in item 1, and include a rate based on the CURRENT permanent rate at Quilcene with a 30% mark-up as listed in the attached rate card.

JCIA

1. There were no significant, new, or removed charges from this rate card. Tie downs were maintained for overnight, and other rates were increased 5% and, in some cases, rounded.
2. **Per the Commission recommendation, we increased the Overnight Tie Down rate to \$10.00.**

UNION WHARF, CITY DOCK & EVENT FACILITIES

1. For rental of the Marina Room, we removed the hourly fee and Damage & Cleaning Deposit fees, and the daily rate is maintained. Even though Damage & Cleaning is standard practice for facility rentals, there’s been little need to use these fees at this location, and the room may transition to exclusively leased space in 2023.
2. The Pavilion rental fees were maintained since the facility is just now nearing readiness for such use. Added to these is the option for RV and Yacht Club user groups renting more than half of the marina or RV park, they can rent the Pavilion at 50% of the regular rental rates.
3. Staff propose to continue to allow intergovernmental use of the Pavilion at no charge, as approved by the Executive Director.

MISCELLANEOUS RATES & FEES

1. Bilge Water charges were removed and properly included on the Yard Rate Card.
2. There's some discussion of increasing the Miscellaneous Storage (with agreement) fees, as \$0.27/sq. foot is very low.
3. Wherry Parking – Boat Haven was added to this rate card.

RECOMMENDATION

Please provide any feedback on the 2nd draft budget, CIP, Cashflow, and Rate Cards for inclusion in the 3rd draft which will be presented for your consideration on October 26th.

Port of Port Townsend
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2nd DRAFT - 10/12/22

	2020 Actual	2021 Actual	2022 Budget	2022 Budget to Actual YTD July	2023 Budget	2022 YTD-2023 Bdgt Variance
OPERATING REVENUES						
PTBH - Permanent Moorage	1,225,793	1,215,832	1,254,909	1,256,207	1,319,017	62,810
PTBH - Monthly Guest	271,741	228,447	302,807	282,810	296,951	14,141
PTBH - Nightly Guest	218,016	290,585	283,925	276,407	290,227	13,820
PTBH - Electric	101,228	51,772	112,075	100,192	105,202	5,010
PTBH - Liveaboard Fee	27,091	21,209	23,605	21,336	22,403	1,067
PTBH - Liveaboard Background Ck Fee	60	60	-	240	252	12
PTBH - Work Float/Lift Pier Usage	1,996	15,698	5,189	7,164	7,522	358
PTBH - Miscellaneous Revenue	17,761	25,140	17,700	12,218	12,829	611
PTBH - Showers	8,617	9,228	10,102	9,308	9,773	465
PTBH - Laundry	6,137	7,511	7,423	7,246	7,608	362
PTBH - Kayak Racks	-	54	-	227	238	11
PTBH - Key Fobs	370	195	5,000	2,629	2,760	131
PTBH - Promotional Sales	155	257	329	284	298	14
PTBH - Port Labor	980	1,639	272	87	91	4
Boat Haven Moorage	1,879,943	1,867,627	2,023,336	1,976,355	2,075,171	98,816
Yard - 70/75 Ton Yard Revenue	663,833	934,644	813,676	968,776	1,017,215	48,439
Yard - 70/75 Ton Hoist Revenue	296,273	337,016	325,772	344,811	362,052	17,241
Yard - 300 Ton Yard Revenue	408,561	455,530	463,719	482,573	506,702	24,129
Yard - 300 Ton Hoist Revenue	189,524	204,905	216,555	214,252	224,965	10,713
Yard - Washdown Revenue	76,018	78,798	85,707	95,305	100,070	4,765
Yard - Bilge Water Revenue	3,469	3,750	5,374	5,714	6,000	286
Yard - L/T Storage	80,219	75,812	81,005	80,572	84,601	4,029
Yard - Blocking Rent	39,163	46,197	49,507	53,974	56,673	2,699
Yard - 70/75 Ton Electric	36,263	36,990	43,694	45,295	47,560	2,265
Yard - 300 Ton Electric	45,237	26,589	51,984	51,276	53,840	2,564
Yard - Off Port Property Tarp Fee	4,160	1,009	1,476	776	815	39
Yard - Liveaboard Fee	2,486	2,811	3,604	2,100	2,205	105
Yard - Miscellaneous Revenue	5,873	1,200	1,629	668	701	33
Yard - 70/75 Ton Port Labor	9,323	6,769	4,606	9,121	9,577	456
Yard - 300 Ton Port Labor	4,665	2,486	3,668	6,601	6,931	330
Yard - 70/75 Ton Enviro Fee	57,478	74,481	70,279	75,048	78,800	3,752
Yard - 300 Ton Enviro Fee	18,071	15,909	14,016	18,545	19,472	927
Yard - Enviro Clean-Up Fee	3,977	900	1,000	392	412	20
Yard Operations	1,944,593	2,305,796	2,237,271	2,455,799	2,578,591	122,792
Pt Hudson - Building Lease Revenue	398,703	422,218	428,819	428,595	443,596	15,001
Pt Hudson - Parking	3,143	19,267	17,700	17,189	18,048	859
Pt Hudson - Event Facility Rev	(260)	949	3,000	3,500	3,675	175
Pt Hudson - Janitorial	35,030	35,643	35,938	41,950	15,781	(26,169)
Pt Hudson - Water, Sewer, Stormwater	-	-	-	-	30,602	30,602
Pt Hudson - Permanent Moorage	146,202	157,330	124,142	126,997	133,347	6,350
Pt Hudson - Liveaboard Fee	7,494	8,743	8,656	8,694	9,129	435
Pt Hudson - Liveaboard Backgrnd Ck Fee	2,700	2,700	180	900	945	45
Pt Hudson - Monthly Guest	131,248	126,449	72,954	92,788	97,427	4,639
Pt Hudson - Nightly Guest	200,031	247,981	172,727	189,130	198,587	9,457
City Pier & Union Wharf Usage	3,111	16,920	7,006	4,948	5,195	247
Pt Hudson - Monthly R.V.	83,365	72,824	49,041	64,249	67,461	3,212
Pt Hudson - Nightly R.V.	271,691	280,920	295,418	347,219	364,580	17,361
Pt Hudson - Kayak Racks	15,463	19,571	12,401	15,300	16,065	765
Pt Hudson - Reservation Fee	35,802	49,058	36,365	33,597	35,277	1,680
Pt Hudson - Showers	6,302	6,677	5,504	5,729	6,015	286
Pt Hudson - Laundry	9,948	10,626	7,727	7,253	7,616	363

Port of Port Townsend
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2nd DRAFT - 10/12/22

	2020 Actual	2021 Actual	2022 Budget	2022 Budget to Actual YTD July	2023 Budget	2022 YTD-2023 Bdgt Variance
Pt Hudson - Passenger Fee	2,538	19,544	13,334	13,874	14,568	694
Union Wharf - Cruise Ship Garbage	-	2,085	700	1,209	1,269	60
Pt Hudson - Promotional Sales	562	538	660	1,154	1,212	58
Pt Hudson - Miscellaneous Rev	5,616	2,923	950	2,822	3,188	366
Pt Hudson - Enviro Clean-up	212	-	214	214	-	(214)
Pt Hudson - Electric	38,958	31,673	22,294	19,907	20,902	995
Point Hudson Marina/RV/Prop.	1,397,859	1,534,636	1,315,730	1,427,218	1,494,485	67,267
PTBH Prop - Lease Revenue	647,462	746,964	778,733	810,876	839,257	28,381
PTBH Prop - Fuel Dock Lease	21,037	20,239	20,514	19,553	20,531	978
PTBH Prop - Electric	2,897	2,819	4,833	1,546	1,623	77
PTBH Prop - Garbage	25,545	28,141	26,340	13,442	14,114	672
PTBH Prop - Water	-	-	-	26,837	28,179	1,342
PTBH Prop - Stormwater Fees	11,593	9,727	10,984	10,169	10,667	498
PTBH Prop - Storage Unit Revenue	9,020	11,196	11,443	11,820	11,820	-
PTBH Prop - Miscellaneous	696	623	411	786	825	39
Boat Haven Properties	718,251	819,708	853,258	895,029	927,016	31,987
Quilcene - Lease Revenue	63,896	65,936	69,400	69,751	72,192	2,441
Quilcene - Permanent Moorage	59,882	67,051	56,684	60,422	63,443	3,021
Quilcene - Liveaboard Fee	3,667	2,590	-	-	-	-
Quilcene - Liveaboard Background Ck Fee	120	-	-	-	-	-
Quilcene - Nightly Moorage	2,473	1,876	2,678	1,607	1,687	80
Quilcene - Showers	3,125	2,521	3,126	2,678	2,812	134
Quilcene - Fobs	-	-	-	300	315	15
Quilcene - Reservations	182	352	495	264	277	13
Quilcene - Miscellaneous Revenue	32	240	77	641	673	32
Quilcene - Water	13,378	12,835	12,830	12,307	12,922	615
Quilcene - Electric	4,061	3,971	3,955	3,505	3,680	175
Quilcene - Recreational Ramp Fees	10,379	11,300	11,518	10,393	10,913	520
Quilcene - Commercial Use Fees	1,616	2,200	2,200	5,430	5,702	272
Quilcene - Empty Trailer Parking	-	1,196	972	709	744	35
Quilcene - Kayak Racks	-	189	-	197	207	10
Quilcene - Fuel Sales	4,291	-	-	-	-	-
Quilcene Herb Beck Marina	167,103	172,256	163,935	168,204	175,567	7,363
JCIA - Lease Revenue	110,365	120,582	122,934	129,105	135,560	6,455
JCIA - Hangar Revenue	32,176	34,414	35,780	37,570	39,449	1,879
JCIA - Fuel Lease Revenue	1,622	2,159	1,725	1,618	1,699	81
JCIA - Electric	1,587	1,570	1,378	1,663	1,746	83
JCIA - Vehicle Parking Revenue	856	736	434	1,011	1,062	51
JCIA - Aircraft Parking	1,919	1,402	882	1,048	1,100	52
JCIA - Miscellaneous Revenue	-	6,133	1,000	600	630	30
Jefferson County Intl Airport	148,526	166,996	164,133	172,615	181,246	8,631
Ramp Fees	47,069	42,901	51,594	43,075	45,229	2,154
PTBH - Commercial Use Fees	4,383	8,682	5,500	5,315	5,581	266
Dinghy Float Revenue	1,216	854	1,177	1,483	1,557	74
Ramp Use	52,668	52,437	58,271	49,873	52,367	2,494
Total Operating Revenues	\$ 6,308,943	\$ 6,919,456	\$ 6,815,934	\$ 7,145,093	\$ 7,484,443	\$ 339,350

OPERATING EXPENDITURES

Salaries & Wages	2,233,287	2,339,530	2,647,856	2,630,930	2,897,790	266,860
Payroll Taxes	234,500	234,924	285,968	281,298	306,334	25,036
Employee Benefits	821,474	811,661	907,613	870,040	832,286	(37,754)
Uniform Expense	8,868	9,283	10,715	17,280	14,100	(3,180)
Contract Services	270,900	278,143	303,906	277,911	311,276	33,365

Port of Port Townsend
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2nd DRAFT - 10/12/22

	2020 Actual	2021 Actual	2022 Budget	2022 Budget to Actual YTD July	2023 Budget	2022 YTD-2023 Bdgt Variance
Consulting Services	23,500	-	-	-	-	-
Legal fees	47,475	51,480	40,000	46,044	42,786	(3,258)
Audit	5,598	32,403	9,580	6,798	17,838	11,040
Insurance	313,259	365,552	410,000	411,458	429,974	18,516
Computer Supplies	10,890	19,169	11,000	19,333	16,271	(3,062)
Operating supplies	61,969	79,899	88,200	117,994	78,914	(39,080)
Enviro - materials/supplies	50,885	10,612	14,867	14,215	14,821	606
Tarp Pool Expense	23,283	26,682	26,333	30,121	31,627	1,506
Exec - Emp Recog/Relations	284	2,297	3,725	8,835	9,277	442
Postage	5,926	5,996	5,500	5,348	5,720	372
Janitorial supplies	23,523	21,111	30,000	25,289	28,144	2,855
Fuel & Lubricants	26,461	39,279	28,461	46,925	51,629	4,704
Permits & Licenses	4,301	6,487	5,500	7,382	7,413	31
Equipment Rental	1,722	32,106	29,340	52,580	35,810	(16,770)
Claims & Damages	-	1,136	1,515	9,092	500	(8,592)
Membership & Dues	15,749	36,385	34,816	35,043	34,816	(227)
Bank Charges	93,984	134,942	125,500	150,341	157,859	7,518
Excise Tax	25,665	30,955	17,525	19,370	30,338	10,968
Miscellaneous Expense	19,522	3,870	2,500	1,925	2,153	228
Repair & Maintenance Supplies	166,095	220,289	130,000	259,962	263,090	3,128
Facilities & Operations	530,260	671,215	554,782	803,755	768,382	(35,373)
Utilities	543,402	605,456	575,389	610,038	651,244	41,206
Advertising (legal)*	4,830	6,234	5,267	11,465	6,812	(4,653)
Marketing	39,535	43,541	49,126	46,409	48,776	2,367
Promotion	2,275	2,832	13,500	4,735	13,877	9,142
Marketing & Advertising	46,640	52,608	67,893	62,609	69,465	6,856
Economic Development	-	15,000	30,000	30,000	40,000	10,000
Travel & Training	12,174	15,387	31,771	33,660	35,214	1,554
Cost of Goods - Fuel	2,035	-	-	-	-	-
Community Relations	6,896	3,997	6,965	6,002	56,304	50,302
Total Operating Expenditures	\$ 5,100,268	\$ 5,486,640	\$ 5,882,438	\$ 6,087,823	\$ 6,472,993	\$ 385,170
NET OPERATING INCOME	\$ 1,208,675	\$ 1,432,816	\$ 933,496	\$ 1,057,270	\$ 1,011,450	(197,225)
OTHER INCREASES IN FUND RESOURCES						
Retainage Collected	3,906	1,970	-	3,472	3,903	431
Yard Dep. Collected	22,877	56,317	22,220	5,110	38,900	33,790
PTBH Prop Lease Dep. Collected	22,379	36,135	18,000	22,384	15,000	(7,384)
PH Prop Lease Dep. Collected	11,129	11,087	8,000	12,188	5,000	(7,188)
JCIA Lease Dep. Collected	-	-	1,800	4,086	2,000	(2,086)
PH Marina/RV Dep. Collected	32,639	7,488	30,620	16,528	15,451	(1,077)
Deposits & Retainage Collected	92,930	112,997	80,640	63,768	80,254	16,486
Sales Tax Collected	69,813	93,434	76,663	95,188	78,663	(16,525)
Leasehold Tax Collected	519,948	571,241	577,930	600,351	605,351	5,000
Hotel/Motel Tax Collected	5,569	9,151	7,030	6,694	6,994	300
Taxes Collected	595,331	673,826	661,623	702,233	691,008	(11,225)
Grants - FAA	3,320,747	344,779	81,000	449,860	671,000	221,140
Grants - COVID related	-	-	-	32,000	-	(32,000)
Capital Contributions - Non-Operating	-	-	2,048,500	-	-	-
Grants - WA State	11,367	68,198	970,000	2,579,512	796,045	(1,783,467)
Grant - DOC - EDA Pt. Hudson Jetties	-	-	3,000,000	-	2,925,000	2,925,000
Grant - WSDOT - JCIA	8,014	105	4,500	-	32,277	32,277
Grant - Jefferson County	150,000	-	-	-	40,000	40,000

Port of Port Townsend
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2nd DRAFT - 10/12/22

				2022 Budget to		2022 YTD-2023
	2020 Actual	2021 Actual	2022 Budget	Actual YTD July	2023 Budget	Bdgt Variance
Capital Contributions/Grants	3,490,128	413,082	6,104,000	3,061,372	4,464,322	1,402,950
ARRA Bond Interest Subsidy	16,441	49,427	32,000	32,476	32,476	-
Investment Interest	9,543	3,432	2,530	24,583	28,685	4,102
Interest	25,983	52,859	34,530	57,059	61,161	4,102
Debt Proceeds-20/21 LOC	1,650,000	-	-	-	-	(1,650,000)
Operating Tax Levy	1,023,601	1,046,794	1,071,500	1,072,367	1,100,000	27,633
IDD Tax Levy	868,941	1,674,137	2,634,289	2,658,798	2,634,289	(24,509)
State Forest Revenues	58,938	4,629	10,000	8,385	10,000	1,615
State Timber Excise Tax	31,294	28,755	24,000	34,622	31,000	(3,622)
Leasehold Excise Tax	9,636	10,203	9,072	10,174	9,772	(402)
Property & other taxes	1,992,409	2,764,518	3,748,861	3,784,346	3,785,061	715
Insurance Recovery	115,761	-	-	-	-	(115,761)
Finance Charges	9,051	19,893	19,053	42,595	35,053	26,002
Other Non-Operating Revenues	5,339	37,322	1,000	24,489	20,500	15,161
Misc. Incr. in Fund Resources	130,152	57,215	20,053	67,084	55,553	(74,599)
Total Incr. in Other Fund Resources	\$ 7,976,933	\$ 4,074,496	\$ 10,649,707	\$ 7,735,862	\$ 9,137,359	\$ 1,160,426
OTHER DECREASES IN FUND RESOURCES						
Retainage Paid	-	3,906	1,000	1,970	3,903	1,933
Yard Deposits Refunded	21,000	3,080	20,000	65,922	38,900	(27,022)
PTBH Prop Lease Dep. Returned	5,287	14,937	10,000	26,187	7,398	(18,789)
PH Prop Lease Dep. Returned	7,783	2,886	2,061	2,566	4,963	2,397
PH Deposits Refunded	31,636	1,411	-	-	-	-
Deposits & Retainage Paid	65,706	26,221	33,061	96,645	55,164	(41,481)
Sales Tax Remitted	70,521	97,440	74,882	89,679	75,882	(13,797)
Leasehold Tax Remitted	494,882	568,624	570,822	601,556	599,822	(1,734)
Hotel/Motel Tax Remitted	5,689	9,274	7,030	6,839	6,994	155
Taxes Remitted	571,092	675,339	652,734	698,074	682,698	(15,376)
Bond Principal Repaid - LOC	1,400,000	250,000	-	-	-	-
Bond Interest Repaid - LOC	9,093	1,565	-	-	-	-
Bond Principal - 2010 LTGO	295,000	310,000	320,000	320,000	335,000	15,000
Interest Expense - 2010 LTGO Bond	187,238	175,438	161,488	161,488	147,088	(14,400)
Bond Principal - 2015 LTGO	460,000	475,000	490,000	490,000	500,000	10,000
Interest Expense - 2015 LTGO Refund Bond	82,350	68,325	53,850	53,850	39,000	(14,850)
Bond Principal & Interest	2,433,680	1,280,328	1,025,338	1,025,338	1,021,088	(4,250)
Bond Management Fees	1,098	1,014	1,000	741	1,000	259
Bond Issue Costs	9,500	9,300	-	-	-	-
Investment Fees	340	188	475	681	750	69
Other Decr. In Fund Resources	-	49,800	-	42,288	13,000	(29,288)
Bond Mgmt, Issuance, Investment	10,938	60,302	1,475	43,710	14,750	(28,960)
Capital Project Expenses	4,491,246	1,847,887	11,771,985	5,984,936	10,094,000	4,109,064
Election Expense	15,674	14,698	2,000	17,561	15,500	(2,061)
Total Other Decr. In Fund Resources	\$ 7,588,336	\$ 3,904,774	\$ 13,486,593	\$ 7,866,264	\$ 11,883,200	\$ 4,294,864
Net Other Incr./Decr. In Fund Resources	\$ 388,597	\$ 169,722	\$ (2,836,886)	\$ (130,402)	\$ (2,745,841)	\$ (3,134,438)
Net Income/(Loss)	\$ 1,597,271	\$ 1,602,538	\$ (1,903,390)	\$ 926,868	\$ (1,734,391)	\$ (3,331,663)

Port of Port Townsend
BOAT HAVEN MOORAGE
 2023 Budget with Comparison to Prior Years

2nd DRAFT - 10/12/22

	2020 Actual	2021 Actual	2022 Budget	2022 Budget to Actual YTD July	2023 Budget	2022 YTD-2023 Bdgt Variance
OPERATING REVENUES						
PTBH - Permanent Moorage	1,225,793	1,215,832	1,254,909	1,256,207	1,319,017	62,810
PTBH - Monthly Guest	271,741	228,447	302,807	282,810	296,951	14,141
PTBH - Nightly Guest	218,016	290,585	283,925	276,407	290,227	13,820
PTBH - Electric	101,228	51,772	112,075	100,192	105,202	5,010
PTBH - Liveaboard Fee	27,091	21,209	23,605	21,336	22,403	1,067
PTBH - Work Float/Lift Pier Usage	60	60	-	240	252	12
PTBH - Miscellaneous Revenue	1,996	15,698	5,189	7,164	7,522	358
PTBH - Showers	17,761	25,140	17,700	12,218	12,829	611
PTBH - Laundry	8,617	9,228	10,102	9,308	9,773	465
PTBH - Key Fobs	6,137	7,511	7,423	7,246	7,608	362
PTBH - Promotional Sales	-	54	-	227	238	11
PTBH - Port Labor	370	195	5,000	2,629	2,760	131
PTBH - Ship Moorage	155	257	329	284	298	14
PTBH - Parking	980	1,639	272	87	91	4
Total Operating Revenues	\$ 1,879,943	\$ 1,867,627	\$ 2,023,336	\$ 1,976,355	\$ 2,075,171	\$ 195,228
OPERATING EXPENSES						
Moorage Salaries & Wages	140,162	166,054	233,254	217,435	194,494	(22,941)
Moorage Payroll Taxes	17,043	18,247	25,245	25,764	20,422	(5,342)
Moorage Employee Benefits	51,450	57,888	82,231	73,481	55,861	(17,620)
Uniform Expense	801	668	1,200	1,096	1,200	104
Maint Salaries & Wages	48,729	28,808	32,998	29,863	34,412	4,549
Maint Payroll Taxes	5,974	3,295	3,564	3,446	3,716	270
Maint Employee Benefits	16,879	10,093	11,608	9,784	9,884	100
Enviro Salaries & Wages	776	1,939	1,000	1,244	1,000	(244)
Enviro Payroll Taxes	98	230	108	146	105	(41)
Enviro Employee Benefits	716	663	381	410	284	(126)
Contract Services	14,743	8,951	21,004	17,472	18,346	874
Insurance	80,436	93,338	102,672	102,806	107,946	5,140
Facilities & Operations	94,667	98,011	81,730	98,350	102,388	4,038
Utilities	155,265	178,494	175,326	171,369	184,726	13,357
Marketing & Advertising	9,478	12,784	17,051	13,636	16,084	2,448
Travel & Training	675	4,137	800	1,133	1,190	57
2010 LTGO Bond Princ & Int pmts (8	400,258	402,914	399,635	399,635	400,133	498
General & Administrative	395,451	403,904	475,272	406,193	506,009	99,816
Total Operating Expenses	\$ 1,433,600	\$ 1,490,415	\$ 1,665,079	\$ 1,573,263	\$ 1,658,200	\$ 84,937
NET OPERATING INCOME	\$ 446,343	\$ 377,211	\$ 358,257	\$ 403,092	\$ 416,971	\$ 110,291

Port of Port Townsend
70/75 TON & 300 TON YARDS
 2023 Budget with Comparison to Prior Years

2nd DRAFT - 10/12/22

	2020 Actual	2021 Actual	2022 Budget	2022 Budget to Actual YTD July	2023 Budget	2022 YTD-2023 Bdgt Variance
OPERATING REVENUES						
Yard - 70/75 Ton Yard Revenue	663,833	934,644	813,676	968,776	1,017,215	48,439
Yard - 70/75 Ton Hoist Revenue	296,273	337,016	325,772	344,811	362,052	17,241
Yard - 300 Ton Yard Revenue	408,561	455,530	463,719	482,573	506,702	24,129
Yard - 300 Ton Hoist Revenue	189,524	204,905	216,555	214,252	224,965	10,713
Yard - Washdown Revenue	76,018	78,798	85,707	95,305	100,070	4,765
Yard - Bilge Water Revenue	3,469	3,750	5,374	5,714	6,000	286
Yard - L/T Storage	80,219	75,812	81,005	80,572	84,601	4,029
Yard - Blocking Rent	39,163	46,197	49,507	53,974	56,673	2,699
Yard - 70/75 Ton Electric	36,263	36,990	43,694	45,295	47,560	2,265
Yard - 300 Ton Electric	45,237	26,589	51,984	51,276	53,840	2,564
Yard - Off Port Property Tarp Fee	4,160	1,009	1,476	776	815	39
Yard - Liveaboard Fee	2,486	2,811	3,604	2,100	2,205	105
Yard - Miscellaneous Revenue	5,873	1,200	1,629	668	701	33
Yard - 70/75 Ton Port Labor	9,323	6,769	4,606	9,121	9,577	456
Yard - 300 Ton Port Labor	4,665	2,486	3,668	6,601	6,931	330
Yard - Enviro Fee 70/75 Ton Yard	57,478	74,481	70,279	75,048	78,800	3,752
Yard - Enviro Fee 300 Ton Yard	18,071	15,909	14,016	18,545	19,472	927
Yard - Enviro Clean-Up Fee	3,977	900	1,000	392	412	20
Total Operating Revenues	\$ 1,944,593	\$ 2,305,796	\$ 2,237,271	\$ 2,455,799	\$ 2,578,591	\$ 122,792
OPERATING EXPENSES						
Yard Salaries & Wages	526,706	554,648	618,696	622,717	648,893	26,176
Yard Payroll Taxes	65,254	62,789	65,418	72,014	68,134	(3,880)
Yard Employee Benefits	202,859	197,397	203,479	204,500	186,371	(18,129)
Uniform Expense	4,145	4,281	4,065	6,333	6,650	317
Maint Salaries & Wages	75,167	60,119	72,266	86,341	103,235	16,894
Maint Payroll Taxes	9,467	6,847	7,805	10,111	11,149	1,038
Maint Employee Benefits	27,629	21,038	25,422	27,822	29,651	1,829
Enviro Salaries & Wages	21,747	23,444	27,066	28,370	26,188	(2,182)
Enviro Payroll Taxes	2,756	2,804	2,923	3,500	2,750	(750)
Enviro Employee Benefits	7,865	8,197	9,492	9,214	7,522	(1,692)
Contract Services	24,125	26,597	43,307	37,581	43,373	5,792
Insurance	74,684	86,891	95,579	96,743	101,580	4,837
Facilities & Operations	170,743	242,832	237,632	362,761	390,847	28,086
Utilities	121,533	130,829	121,862	133,914	142,377	8,463
Marketing & Advertising	8,690	12,048		16,943	14,979	(1,964)
Travel & Training	2,947	483	2,000	1,811	1,902	91
2010 LTGO Bond Princ & Int pmts (17%)	81,980	82,524	81,853	81,853	81,955	102
General & Administrative	410,659	493,391	525,524	556,510	628,763	72,253
Total Operating Expenses	\$ 1,838,956	\$ 2,017,157	\$ 2,144,389	\$ 2,359,038	\$ 2,496,319	\$ 137,281
NET OPERATING INCOME	\$ 105,636	\$ 288,639	\$ 92,882	\$ 96,761	\$ 82,272	\$ 183,003

Port of Port Townsend
POINT HUDSON
 2023 Budget with Comparison to Prior Years

2nd DRAFT - 10/12/22

	2020 Actual	2021 Actual	2022 Budget	2022 Budget to Actual YTD July	2023 Budget	2022 YTD-2023 Bdgt Variance
OPERATING REVENUES						
Pt Hudson - Building Lease Revenue	398,703	422,218	428,819	428,595	443,596	15,001
Pt Hudson - Parking	3,143	19,267	17,700	17,189	18,048	859
Pt Hudson - Event Facility Rev	(260)	949	3,000	3,500	3,675	175
Pt Hudson - Janitorial	35,030	35,643	35,938	41,950	15,781	(26,169)
Pt Hudson - Water, Sewer, Storm	-	-	-	-	30,602	30,602
Pt Hudson - Permanent Moorage	146,202	157,330	124,142	126,997	133,347	6,350
Pt Hudson - Liveaboard Fee	7,494	8,743	8,656	8,694	9,129	435
Pt Hudson - Liveaboard Backgrnd Ck Fe	2,700	2,700	180	900	945	45
Pt Hudson - Monthly Guest	131,248	126,449	72,954	92,788	97,427	4,639
Pt Hudson - Nightly Guest	200,031	247,981	172,727	189,130	198,587	9,457
City Pier & Union Wharf Usage	3,111	16,920	7,006	4,948	5,195	247
Pt Hudson - Monthly R.V.	83,365	72,824	49,041	64,249	67,461	3,212
Pt Hudson - Nightly R.V.	271,691	280,920	295,418	347,219	364,580	17,361
Pt Hudson - Kayak Racks	15,463	19,571	12,401	15,300	16,065	765
Pt Hudson - Reservation Fee	35,802	49,058	36,365	33,597	35,277	1,680
Pt Hudson - Showers	6,302	6,677	5,504	5,729	6,015	286
Pt Hudson - Laundry	9,948	10,626	7,727	7,253	7,616	363
Pt Hudson - Passenger Fee	2,538	19,544	13,334	13,874	14,568	694
Union Wharf - Cruise Ship Garbage	-	2,085	700	1,209	1,269	60
Pt Hudson - Promotional Sales	562	538	660	1,154	1,212	58
Pt Hudson - Miscellaneous Rev	5,616	2,923	950	2,822	3,188	366
Pt Hudson - Enviro Clean-up	212	-	214	214	-	(214)
Pt Hudson - Electric	38,958	31,673	22,294	19,907	20,902	995
Total Operating Revenues	\$ 1,397,859	\$ 1,534,636	\$ 1,315,730	\$ 1,427,218	\$ 1,494,485	\$ 67,267
OPERATING EXPENSES						
Point Hudson Salaries & Wages	171,514	156,701	191,455	198,745	221,585	22,840
Point Hudson Payroll Taxes	19,944	18,921	20,677	22,712	23,267	555
Point Hudson Employee Benefits	60,459	54,690	67,351	60,196	63,642	3,446
Uniform Expense	421	300	800	1,112	800	(312)
Maint Salaries & Wages	117,553	110,051	125,661	111,683	137,647	25,964
Maint Payroll Taxes	15,535	13,444	13,571	13,828	14,866	1,038
Maint Employee Benefits	44,305	38,533	44,206	37,449	39,534	2,085
Enviro Salaries & Wages	2,785	1,070	5,222	4,070	4,872	802
Enviro Payroll Taxes	332	127	564	496	512	16
Enviro Employee Benefits	1,023	364	1,837	1,385	1,399	14
Contract Services	14,177	31,038	14,578	14,765	15,503	738
Insurance	63,761	56,117	75,672	75,672	79,456	3,784
Facilities & Operations	78,609	104,324	81,506	98,896	85,436	(13,460)
Utilities	181,382	200,350	181,545	202,210	212,714	10,504
Marketing & Advertising	17,796	12,537	17,120	15,083	15,837	754
Travel & Training	160	389	600	500	525	25
2015 LTGO Principal & Int pmts	542,350	543,325	551,200	551,200	546,500	(4,700)
General & Administrative	298,461	355,950	309,058	327,439	364,415	36,976
Total Operating Expenses	\$ 1,630,567	\$ 1,698,230	\$ 1,702,623	\$ 1,737,441	\$ 1,828,510	\$ 91,069
NET OPERATING INCOME	\$ (232,708)	\$ (163,594)	\$ (386,893)	\$ (310,223)	\$ (334,025)	\$ (23,802)

Port of Port Townsend
BOAT HAVEN PROPERTIES
 2023 Budget with Comparison to Prior Years

2nd DRAFT - 10/12/22

	2020 Actual	2021 Actual	2022 Budget	2022 Budget to Actual YTD July	2023 Budget	2022 YTD-2023 Bdgt Variance
OPERATING REVENUES						
PTBH Prop - Lease Revenue	647,462	746,964	778,733	810,876	839,257	28,381
PTBH Prop - Fuel Dock Lease	21,037	20,239	20,514	19,553	20,531	978
PTBH Prop - Electric	2,897	2,819	4,833	1,546	1,623	77
PTBH Prop - Garbage	25,545	28,141	26,340	13,442	14,114	672
PTBH Prop - Water	-	-	-	26,837	28,179	672
PTBH Prop - Stormwater	11,593	9,727	10,984	10,169	10,667	498
PTBH Prop - Storage Unit Revenue	9,020	11,196	11,443	11,820	11,820	-
PTBH Prop - Miscellaneous	696	623	411	786	825	39
Total Operating Revenues	\$ 718,251	\$ 819,708	\$ 853,258	\$ 895,029	\$ 927,016	\$ 107,308
OPERATING EXPENSES						
PTBH Property Salaries & Wages	57,623	60,929	63,836	63,540	72,085	8,545
PTBH Property Payroll Taxes	5,230	5,399	6,894	6,104	7,569	1,465
PTBH Property Employee Benefits	21,052	21,300	22,457	20,702	20,704	2
Maint Salaries & Wages	45,437	72,403	83,239	77,731	96,353	18,622
Maint Payroll Taxes	5,653	10,574	8,990	9,899	10,406	507
Maint Employee Benefits	16,225	25,632	29,282	26,173	27,674	1,501
Enviro Salaries & Wages	19,111	22,714	24,150	23,538	22,534	(1,004)
Enviro Payroll Taxes	2,426	2,716	2,608	2,839	2,366	(473)
Enviro Employee Benefits	7,156	7,977	8,496	7,369	6,472	(897)
Contract Services	3,107	1,167	10,236	5,500	5,775	275
Insurance	14,814	26,061	28,667	28,667	30,100	1,433
Facilities & Operations	17,296	23,273	17,560	42,808	32,848	(9,960)
Utilities	33,137	43,136	38,948	46,052	48,708	2,656
Marketing & Advertising	-	43	200	148	155	7
Travel/Training	-	80	150	114	120	6
General & Administrative	159,266	172,622	200,426	195,722	226,043	30,321
Total Operating Expenses	\$ 407,532	\$ 495,946	\$ 545,989	\$ 556,792	\$ 609,912	\$ 53,000
NET OPERATING INCOME	\$ 310,718	\$ 323,762	\$ 307,269	\$ 338,237	\$ 317,104	\$ 54,308

Port of Port Townsend
QUILCENE
 2023 Budget with Comparison to Prior Years

2nd DRAFT - 10/12/22

	2020 Actual	2021 Actual	2022 Budget	2022 Budget to Actual YTD July	2023 Budget	2022 YTD-2023 Bdgt Variance
OPERATING REVENUES						
Quilcene - Lease Revenue	63,896	65,936	69,400	69,751	72,192	2,441
Quilcene - Permanent Moorage	59,882	67,051	56,684	60,422	63,443	3,021
Quilcene - Liveaboard Fee	3,667	2,590	-	-	-	-
Quilcene - Liveaboard Background Ck	120	-	-	-	-	-
Quilcene - Nightly Moorage	2,473	1,876	2,678	1,607	1,687	80
Quilcene - Showers	3,125	2,521	3,126	2,678	2,812	134
Quilcene - Reservations	182	352	-	264	277	13
Quilcene - Miscellaneous Revenue	32	240	495	641	673	32
Quilcene - Water	13,378	12,835	77	12,307	12,922	615
Quilcene - Electric	4,061	3,971	12,830	3,505	3,680	175
Quilcene - Recreational Ramp Fees	10,379	11,300	3,955	10,393	10,913	520
Quilcene - Commercial Use Fees	1,616	2,200	11,518	5,430	5,702	272
Quilcene - Empty Trailer Parking	-	1,196	2,200	709	744	35
Quilcene - Fuel Sales	4,291	-	972	-	-	-
Total Operating Revenues	\$ 167,103	\$ 172,067	\$ 163,935	\$ 167,707	\$ 175,045	\$ 7,338
OPERATING EXPENSES						
Quilcene Salaries & Wages	33,991	29,327	43,136	38,844	56,742	17,898
Quilcene Payroll Taxes	4,029	3,267	4,659	4,287	5,958	1,671
Quilcene Employee Benefits	13,143	10,284	15,175	12,803	16,297	3,494
Quilcene Uniforms	-	66	300	150	300	150
Maint Salaries & Wages	20,309	16,743	21,220	15,538	20,647	5,109
Maint Payroll Taxes	2,427	1,961	2,292	1,956	2,230	274
Maint Employee Benefits	7,322	5,819	7,465	5,070	5,930	860
Enviro Salaries & Wages	283	743	-	560	-	(560)
Enviro Payroll Taxes	36	89	-	75	-	(75)
Enviro Employee Benefits	96	263	-	171	-	(171)
Contract Services	6,657	8,843	10,300	8,492	8,917	425
Insurance	6,980	8,309	9,141	8,852	9,295	443
Facilities & Operations	26,617	30,304	12,961	20,632	16,808	(3,824)
Utilities	11,291	14,512	13,189	12,900	13,741	645
Marketing & Advertising	-	1,425	1,200	3,574	1,400	(2,174)
Travel & Training	481	400	150	136	325	189
Cost of Fuel Sold	2,035	-	-	-	-	-
General & Administrative	38,104	36,275	39,024	35,544	42,810	7,266
Total Operating Expenses	\$ 173,800	\$ 168,630	\$ 180,212	\$ 169,584	\$ 201,400	\$ 31,620
NET OPERATING INCOME	\$ (6,697)	\$ 3,437	\$ (16,277)	\$ (1,877)	\$ (26,355)	\$ (24,282)

Port of Port Townsend
BOAT RAMPS
 2023 Budget with Comparison to Prior Years

2nd DRAFT - 10/12/22

	2020 Actual	2021 Actual	2022 budget	2022 Budget to Actual YTD July	2023 Budget	2022 YTD-2023 Bdgt Variance
OPERATING REVENUES						
Ramp Fees	47,069	42,901	51,594	43,075	45,229	2,154
PTBH - Commercial Use Fees	4,383	8,682	5,500	5,315	5,581	266
Dinghy Float Revenue	1,216	854	1,177	1,483	1,557	74
Total Operating Revenues	\$ 52,668	\$ 52,437	\$ 58,271	\$ 49,873	\$ 52,367	\$ 2,494
OPERATING EXPENSES						
Ramps Salaries & Wages	3,560	2,767	4,500	2,310	4,500	2,190
Ramps Payroll Taxes	497	363	486	266	473	207
Ramps Employee Benefits	1,416	984	1,583	796	1,292	496
Maint Salaries & Wages	7,648	9,545	12,403	8,240	6,882	(1,358)
Maint Payroll Taxes	958	1,107	1,339	954	743	(211)
Maint Employee Benefits	2,704	3,341	4,363	2,764	1,977	(787)
Enviro Salaries & Wages	3,058	610	3,916	2,728	2,654	(74)
Enviro Payroll Taxes	388	73	423	326	279	(47)
Enviro Employee Benefits	1,185	210	1,378	899	766	(133)
Contract Services	1,534	3,241	1,545	2,390	2,510	120
Insurance	3,082	5,705	6,276	6,276	6,590	314
Facilities & Operations	4,077	10,456	5,249	3,687	4,071	384
Utilities	3,146	2,448	4,017	5,057	5,261	204
Marketing & Advertising	1,960	1,700	-	200	210	10
General & Administrative	11,071	11,043	13,688	12,481	12,769	288
Total Operating Expenses	\$ 46,283	\$ 53,592	\$ 61,166	\$ 49,374	\$ 50,977	\$ 1,603
NET OPERATING INCOME	\$ 6,385	\$ (1,155)	\$ (2,895)	\$ 499	\$ 1,390	\$ 891

Port of Port Townsend
JEFFERSON COUNTY INTERNATIONAL AIRPORT
 2023 Budget with Comparison to Prior Years

2nd DRAFT - 10/12/22

	2020 Actual	2021 Actual	2022 Budget	2022 Budget to Actual YTD July	2023 Budget	2022 YTD-2023 Bdgt Variance
OPERATING REVENUES						
JCIA - Lease Revenue	110,365	120,582	122,934	129,105	135,560	6,455
JCIA - Hangar Revenue	32,176	34,414	35,780	37,570	39,449	1,879
JCIA - Fuel Lease Revenue	1,622	2,159	1,725	1,618	1,699	81
JCIA - Electric	1,587	1,570	1,378	1,663	1,746	83
JCIA - Vehicle Parking Revenue	856	736	434	1,011	1,062	51
JCIA - Aircraft Parking	1,919	1,402	882	1,048	1,100	52
JCIA - Miscellaneous Revenue	-	6,133	1,000	600	630	30
Total Operating Revenues	\$ 148,526	\$ 166,996	\$ 164,133	\$ 172,615	\$ 181,246	\$ 8,631
OPERATING EXPENSES						
JCIA Salaries & Wages	9,843	9,603	6,993	10,487	8,565	(1,922)
JCIA Payroll Taxes	1,169	1,228	755	1,207	899	(308)
JCIA Employee Benefits	3,512	3,356	2,460	3,351	2,460	(891)
Maint Salaries & Wages	71,629	47,294	66,422	47,548	55,059	7,511
Maint Payroll Taxes	8,748	5,381	7,174	4,782	5,946	1,164
Maint Employee Benefits	27,439	16,517	23,366	15,414	15,815	401
Enviro Salaries & Wages	3,176	1,538	3,916	3,444	3,654	210
Enviro Payroll Taxes	403	183	423	421	384	(37)
Enviro Employee Benefits	1,227	529	1,378	1,131	1,050	(81)
Contract Services	11,926	19,084	21,368	19,698	20,683	985
Insurance	41,993	34,164	37,580	37,580	39,459	1,879
Facilities & Operations	21,208	18,743	15,245	12,139	11,875	(264)
Utilities	18,829	16,414	19,600	17,593	18,472	879
Marketing & Advertising	64	-	2,888	2,450	2,573	98
General & Administrative	33,156	35,168	38,554	34,823	44,195	9,372
Total Operating Expenses	\$ 254,321	\$ 209,201	\$ 248,122	\$ 212,068	\$ 231,089	\$ 18,996
NET OPERATING INCOME	\$ (105,795)	\$ (42,206)	\$ (83,989)	\$ (39,453)	\$ (49,843)	\$ (10,365)

Port of Port Townsend
MAINTENANCE - GENERAL
2023 Budget with Comparison to Prior Years

2nd DRAFT - 10/12/22

	2020 Actual	2021 Actual	2022 Budget	2022 Budget to Actual YTD July	2023 Budget	2022 YTD-2023 Bdgt Variance
OPERATING EXPENSES						
Salaries & Wages	165,523	187,865	178,943	190,341	234,000	43,659
Payroll Taxes	15,309	17,370	19,326	19,740	25,272	5,532
Employee Benefits	59,201	57,706	62,949	64,087	67,208	3,121
Uniform Expense	3,365	3,968	4,350	8,589	5,150	(3,439)
Contract Services	448	909	859	1,690	859	(831)
Insurance	11,598	26,565	29,876	30,412	29,876	(536)
Facilities & Operations	44,654	75,729	43,630	89,500	52,572	(36,928)
Utilities	6,553	6,661	7,050	7,381	9,534	2,357
Advertising (legal)	-	544	300	300	300	-
Travel & Training	-	162	400	815	400	(415)
Total Operating Expenses	306,651	377,478	347,683	412,855	425,171	12,520

5 Year Capital Improvement Program
years 2023-2027
as of October 7, 2022

	note	2023 estimate	2024 estimate	2025 estimate	2026 estimate	2027 estimate	Total 5 year estimate
JEFFERSON COUNTY INTERNATIONAL AIRPORT (JCIA)							
Airport Terminal	a	133,000	-	-	-		133,000
Fuel System Improvement			-	-	-		-
<i>Phase 1 Design</i>		100,000	-	-	-	-	100,000
<i>Phase 2 Construction</i>		-	561,000	-	-	-	561,000
Renovate Port Owned Hangars	a	-	-	-	-	222,000	222,000
Connector Taxiway A2 and Sign Improvements							
<i>Phase 1 Design</i>		90,000	-	-	-	-	90,000
<i>Phase 2 Construction</i>		556,000	-	-	-	-	556,000
Airport Master Plan Update		-	333,000	-	-	-	333,000
Airport Wide Rehabilitate Apron, Taxiways, and Taxilanes (Crack/Slurry Seal)		-	-	556,000	-	-	556,000
Shift/Widen Parallel Taxiway							
<i>Phase 1 Environmental Assessment</i>		-	-	-	333,000	-	333,000
<i>Phase 2 Design</i>		-	-	-	-	167,000	167,000
<i>Phase 3 Construction (2028 - \$6.1M)</i>		-	-	-	-	-	-
Maintenance Storage Building/County Building relocate	a	-	200,000	-	-		200,000
JCIA Stormwater Management	a	25,000	25,000	25,000	25,000	25,000	125,000
BOAT HAVEN							
BH Main Breakwater Repairs - Construction		400,000	-	-	-	-	400,000
BH Stormwater Treatment Compliance Upgrade		450,000	2,200,000	-	-	-	2,650,000
Moorage/Yard Office	a	150,000	-	-	-	-	150,000
70/75 Ton & 300 Ton Yard Electrical Upgrades		-	-	100,000	100,000	100,000	300,000
Northwest Boat Yard Expansion (along Sims Way)		200,000	800,000	-	-	-	1,000,000
Southwest Boat Yard Expansion and Structures (near shipyard)		80,000	50,000	50,000	400,000	10,000,000	10,580,000
Sperry Buildings Capital Maintenance (estimated 2 buildings/year)	a	50,000	50,000	75,000	-	-	175,000
BH Building/Facility Preservation	a	25,000	25,000	25,000	100,000	100,000	275,000
BH Linear Dock Replacement							
<i>Design</i>		125,000	275,000	125,000	-	-	525,000
<i>Construction</i>		-	-	1,000,000	1,200,000	-	2,200,000
BH Navigation Channel Marina Dredging		25,000	25,000	25,000	550,000	-	625,000
POINT HUDSON							
PH Building/Facility Preservation (incl. roof replacements)		450,000	450,000	450,000	450,000	450,000	2,250,000
Replacement of North & South Jetties							
<i>Construction</i>		6,000,000	3,000,000	-	-	-	9,000,000
PH-RV Park Restoration	a	200,000	250,000	-	-	-	450,000
PH Cantilevered Esplanade		-	-	-	350,000	3,000,000	3,350,000
PH Pavement Preservation (Grind & Overlay)		-	-	-	500,000	-	500,000
QUILCENE							
Quilcene Marina Dredging		20,000	80,000	650,000	-	-	750,000
Quilcene Ramp Upgrade		25,000	275,000	950,000	-	-	1,250,000

5 Year Capital Improvement Program
years 2023-2027
as of October 7, 2022

	note	2023 estimate	2024 estimate	2025 estimate	2026 estimate	2027 estimate	Total 5 year estimate
Quilcene Bathroom Remodel	a	-	20,000	180,000	-	-	200,000
OTHER CAPITAL							-
San Juan Property(s) Clean-up Assessment		100,000	-	-	-	-	100,000
Gardiner Launch Ramp w/Seasonal Float		110,000	800,000	-	-	-	910,000
Mats Mats Bay Boat Ramp Rehabilitate		30,000	-	-	-	300,000	330,000
Port Wide - Piling Replacement		150,000	150,000	150,000	150,000	150,000	750,000
Port Wide - Dock Rennovations	a	250,000	250,000	250,000	250,000	250,000	1,250,000
Port Wide - Yard/Parking/RV Resurfacing	a	75,000	75,000	75,000	75,000	75,000	375,000
Port Wide - Small Capital Projects	a	100,000	100,000	100,000	100,000	100,000	500,000
Port Equipment/Vehicle Replacement		175,000	200,000	170,000	175,000	2,680,000	3,400,000
Total Estimated Project Expenses		10,094,000	10,194,000	4,956,000	4,758,000	17,619,000	47,621,000
FUNDING SOURCES							
GRANTS -- Secured							
US Fish/RCO - PH North & South Jetties Replacement - Construction		(150,000)	(100,000)	-	-	-	(250,000)
Fed EDA - PH North & South Jetties Replacement - Construction		(2,925,000)	(1,450,000)	-	-	-	(4,375,000)
State Commerce - PH North & South Jetties Replcmt - Construction - ALL 2022		-	-	-	-	-	-
Fed/State - Stormwater Treatment Compliance Upgrade		(338,045)	(1,650,455)	-	-	-	(1,988,500)
FAA NPE - Connector Taxiway A2 and Sign Improvement		-	-	-	-	-	-
<i>Phase 1 Design (FAA NPE fund)</i>		(81,000)	-	-	-	-	(81,000)
<i>Phase 1 Design (WSDOT funds)</i>		(4,500)	-	-	-	-	(4,500)
<i>Phase 2 Construction (FAA NPE fund)</i>		(150,000)	-	-	-	-	(150,000)
<i>Phase 2 Construction (FAA ST/DI fund)</i>		(350,000)	-	-	-	-	(350,000)
<i>Phase 2 Construction (WSDOT fund)</i>		(27,777)	-	-	-	-	(27,777)
Fuel System Improvement		-	-	-	-	-	-
<i>Phase 1 Design (FAA BIL Funds)</i>		(90,000)	-	-	-	-	(90,000)
<i>Phase 2 Construction (FAA BIL Funds)</i>		-	(505,000)	-	-	-	(505,000)
FAA NPE - Airport Master Plan Update		-	(300,000)	-	-	-	(300,000)
FAA NPE - Airport Wide Rehabilitate Apron, Taxiways, and Taxilanes (Crack/Slurry Seal)		-	-	(528,200)	-	-	(528,200)
Shift/Widen Parallel Taxiway		-	-	-	-	-	-
<i>Phase 1 Enviromental Assessment (FAA NPE funds)</i>		-	-	-	(300,000)	-	(300,000)
<i>Phase 2 Design (FAA NPE funds)</i>		-	-	-	-	(150,000)	(150,000)
<i>Phase 3 Construction (2028 - \$5.5M)</i>		-	-	-	-	-	-
Jefferson County PIF Grant - Northwest Boat Yard Expansion (along Sims Way)		(40,000)	(350,000)	-	-	-	(390,000)
CERB grant - Southwest Boat Yard Expansion and Structures		(80,000)	-	-	-	-	(80,000)
Ecology - San Juan Property(s) Clean-up Assessment		(100,000)	-	-	-	-	(100,000)
RCO -Gardiner Launch Ramp		(88,000)	(451,877)	-	-	-	(539,877)

5 Year Capital Improvement Program
years 2023-2027
as of October 7, 2022

note	2023 estimate	2024 estimate	2025 estimate	2026 estimate	2027 estimate	Total 5 year estimate
RCO - BH Linear Dock Replacement	(40,000)	(88,000)	(360,000)	(384,487)		(872,487)
Renovate Port Owned Hangars (FAA BIL Funds)	-	-	-	-	(200,000)	(200,000)
TOTAL PROJECTED GRANT FUNDS USE	(4,464,322)	(4,895,332)	(888,200)	(684,487)	(350,000)	(11,282,341)
PORT WIDE CAPITAL RESERVE						-
PH Building Preservation (including roofs)	-	-	-	-		-
BOAT HAVEN RESERVE						-
BH Main Breakwater Repairs - Construction	(400,000)	-	-	-		(400,000)
IDD LEVY RESERVE						-
PH North & South Jetties Replacement						-
<i>Construction</i>	(2,925,000)	(1,450,000)	-	-		(4,375,000)
Fuel System Improvement	-	-	-	-		-
<i>Phase 1 Design (match to FAA BIL funds)</i>	(10,000)	-	-	-		(10,000)
<i>Phase 2 Construction (Match to FAA BIL funds)</i>	-	(56,000)	-	-		(56,000)
Port Wide - Piling Replacement	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(750,000)
Sperry Buildings Capital Maintenance (estimated 2 buildings/year)	(50,000)	(50,000)	(75,000)	-	-	(175,000)
70/75 Ton & 300 Ton Yard Electrical Upgrades	-	-	(100,000)	(100,000)	(100,000)	(300,000)
Northwest Boat Yard Expansion (along Sims Way)	(100,000)	(450,000)	-	-	-	(550,000)
BH Stormwater Treatment Compliance Upgrade	(111,955)	(549,545)	-	-	-	(661,500)
BH Linear Dock Replacement	(85,000)	(187,000)	(765,000)	(815,513)	-	(1,852,513)
BH Navigation Channel Marina Dredging	(25,000)	(25,000)	(25,000)	(550,000)	-	(625,000)
Moorage/Yard Office	(150,000)	-	-	-	-	(150,000)
Maintenance Storage Building/County Building relocate	-	(200,000)	-	-	-	(200,000)
Mats Mats Bay Boat Ramp Rehabilitate	(30,000)	-	-	-	(300,000)	(330,000)
Quilcene Ramp Upgrade (<i>match to unsecured RCO funds</i>)	-	-	(250,000)	-	-	(250,000)
Quilcene Bathroom Remodel (<i>match to unsecured RCO funds</i>)	-	(20,000)	(180,000)	-	-	(200,000)
Quilcene Marina Dredging (<i>match to unsecured RCO funds</i>)	(20,000)	(80,000)	(650,000)	-	-	(750,000)
PH Building Preservation (including roofs)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(2,250,000)
PH Pavement Preservation (Grind & Overlay)	-	-	-	(500,000)	-	(500,000)
Renovate Port Owned Hangars (<i>match to FAA BIL Funds</i>)	-	-	-	-	(22,000)	(22,000)
TOTAL PROJECTED IDD LEVY FUNDS USE	(4,106,955)	(3,667,545)	(2,645,000)	(2,565,513)	(1,022,000)	(14,007,013)
NET OPERATING INCOME (NOI)						-
FAA NPE - Connector Taxiway A2 and Sign Improvement						-
<i>Phase 1 Design (match to FAA NPE fund)</i>	(4,500)	-	-	-	-	(4,500)
<i>Phase 2 Construction (match to FAA NPE fund)</i>	(28,223)	-	-	-	-	(28,223)
Airport Master Plan Update (<i>match to FAA NPE funds</i>)	-	(33,000)	-	-	-	(33,000)
Airport Wide Rehabilitate Apron, Taxiways, and Taxilanes (<i>match to FAA NPE funds</i>)	-	-	(27,777)	-	-	(27,777)
JCIA Airport Terminal	(133,000)	-	-	-	-	(133,000)
Shift/Widen Parallel Taxiway	-	-	-	-	-	-
<i>Phase 1 Environmental Assessment (match to FAA NPE funds)</i>	-	-	-	(33,000)	-	(33,000)
<i>Phase 2 Design (match to FAA NPE funds)</i>	-	-	-	-	(17,000)	(17,000)

5 Year Capital Improvement Program
years 2023-2027
as of October 7, 2022

note	2023 estimate	2024 estimate	2025 estimate	2026 estimate	2027 estimate	Total 5 year estimate
<i>Phase 3 Construction (2028 - \$610K)</i>						
	-	-	-	-	-	-
Port Wide - Dock Renovations	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(1,250,000)
Port Wide - Yard/Parking/RV Resurfacing	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(375,000)
70/75 Ton & 300 Ton Yard Expansion Southwest	-	-	-	-	-	-
PH-RV Park Restoration	(200,000)	(250,000)	-	-	-	(450,000)
BH Building/Facility Preservation	(25,000)	(25,000)	(25,000)	(100,000)	(100,000)	(275,000)
BH Navigation Channel Marina Dredging	(25,000)	(25,000)	(25,000)	-	-	(75,000)
Gardiner Launch Ramp w/Seasonal Float	(22,000)	(348,123)	-	-	-	(370,123)
Southwest Boat Yard Expansion and Structures (near shipyard)	(40,000)	(50,000)	(50,000)	-	-	(140,000)
JCIA Stormwater Management	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(125,000)
Port Wide Small Capital Projects	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(500,000)
Port Equipment/Vehicle Replacement	(175,000)	(200,000)	(170,000)	(175,000)	(2,680,000)	(3,400,000)
TOTAL PROJECTED NOI FUNDS USE	(1,102,723)	(1,381,123)	(747,777)	(758,000)	(3,247,000)	(7,236,623)
Total Funding Sources Secured	(10,074,000)	(9,944,000)	(4,280,977)	(4,008,000)	(4,619,000)	(32,925,977)
Unsecured Anticipated Grants and other funding						
	-	-	-	-	-	-
Quilcene Ramp Upgrade (<i>pursuing BFP RCO funds</i>)	(25,000)	(275,000)	(700,000)	-	-	(1,000,000)
PH Cantilevered Esplanade	-	-	-	(350,000)	(3,000,000)	(3,350,000)
Southwest Boat Yard Expansion and Structures (near shipyard)	-	-	-	(400,000)	(10,000,000)	(10,400,000)
Total Unsecured Anticipated Grants	(25,000)	(275,000)	(700,000)	(750,000)	(13,000,000)	(14,750,000)
Total Funding Sources Secured & Unsecured	(10,099,000)	(10,219,000)	(4,980,977)	(4,758,000)	(17,619,000)	(47,675,977)

5 Year Capital Improvement Plan Notes:

a.) Port maintenance staff will be involved in the project.

5 YEAR PROJECTED CASHFLOW

	note	2023 Projection	2024 Projection	2025 Projection	2026 Projection	2027 Projection
Revenues - Operations	a	7,484,443	7,888,603	8,314,587	8,763,575	9,236,808
Revenues - General Property Tax Levy	b	1,100,000	1,111,000	1,122,110	1,133,331	1,144,664
Revenues - IDD Tax Levy	b	2,634,289	2,634,289	2,634,289	2,634,289	1,263,879
Revenues - Other Increases in Fund Resources	c	5,402,594	8,490,346	1,754,186	1,550,473	1,215,986
Total INFLOW		16,621,326	20,124,238	13,825,172	14,081,668	12,861,338
Expenses - Operations	d	6,472,993	6,880,792	7,314,281	7,775,081	8,264,911
Expenses - Bond Principal & Interest	e	1,021,088	1,020,788	1,024,288	484,838	476,256
Expenses - Capital Projects (secured funding)	f	10,074,000	9,944,000	4,280,977	4,008,000	4,619,000
Expenses - Other Decreases in Fund Resources	g	703,055	717,117	731,459	746,088	761,010
Total OUTFLOW		18,271,136	18,562,696	13,351,005	13,014,007	14,121,177
Net INFLOW / OUTFLOW -- Change in Cash Balance		(1,649,810)	1,561,542	474,167	1,067,661	(1,259,839)
Projected Beginning Year Cash		9,522,770	7,872,960	9,434,501	9,908,669	10,976,330

**5 Year Capital Improvement Program
years 2023-2027
as of October 7, 2022**

	note	2023 estimate	2024 estimate	2025 estimate	2026 estimate	2027 estimate	Total 5 year estimate
Total Ending Year Cash & Investments		7,872,960	9,434,501	9,908,669	10,976,330	9,716,490	
Total Ending Cash Reserves		6,576,921	5,853,219	6,200,880	6,634,856	7,249,193	
Total Unreserved Cash		1,296,038	3,581,283	3,707,788	4,341,474	2,467,298	
RESERVE BALANCES							
IDD Levy Reserve	h	2,904,651	1,871,395	1,860,684	1,929,460	2,171,339	
Port Wide Capital Reserve	i	1,501,626	1,751,626	2,001,626	2,251,626	2,501,626	
Boat Haven Renovation	j	42,396	-	-	-	-	
Operating Reserve	k	1,618,248	1,720,198	1,828,570	1,943,770	2,066,228	
Emergency Reserve	l	500,000	500,000	500,000	500,000	500,000	
Unemployment Reserve		10,000	10,000	10,000	10,000	10,000	

5 Year Projected Cashflow Notes:

- a.) Revenues - Operating were increased each year by 5.4% after 2023, based on averaging the Port's 10 year historical activity.
- b.) Revenues - General Property Tax Levy was increased annually by 1.0% as allowed by statute (actual may vary due to changes in the AV and new construction estimates calculated annually by County Assessor). The IDD levy is held at the proposed 2022 level to support significant capital projects over the next several years.
- c.) Revenues - Other Increases in Fund Resources in all periods, are based on the previous years similar regular recurring revenues less prior year projected grants and adding the current year's projected grants, per the 5 Year Capital Improvement Program.
- d.) Expenses - Operating is increased annually at 6.3% after 2023, based on averaging the Port's 10 year historical activity. Given the current economic uncertainty, these numbers may increase.
- e.) Expenses - Bond Principal & Interest is based on bond amortization schedules of current debt. Due to the uncertainty of grant reimbursement timing, the Port obtained a \$7 million Line of Credit in 2021 as a bridge.
- f.) Expenses - Capital Projects is shown separately from the "Other" category so it can be easily identified to match the 5 Year Capital Improvement Plan as projected.
- g.) Expenses - Other Decreases in Fund Resources start with 2023 budget. Subsequent years are based on non-capital costs that are known, regular and recurring increased annually by 2%, based on the Port's 10 year historical average, in addition to projected capital costs for that year.
- h.) In November 2019, Jefferson County voters approved the Industrial Development District Levy for the Port's use in county wide Port projects. This reserve is a restricted reserve.
- i.) In January 2019, the Commission passed Res. 693-19, establishing the Port-Wide Capital Reserve. It currently extends only through 2023 to be funded \$250,000 per year. Here we have extended that through 2027, however, an update or revision to the resolution would be required.
- j.) With the Boat Haven centric projects planned for 2023, this reserve will be close to being exhausted.
- k.) In January 2019, the Port commission approved a minimum cash reserve for operations to ensure the long term sustainability of the Port. The target is 25% of annual operating expenses. With progressive savings, we anticipate that this reserve will be fully funded by 2022, instead of 2024, with small annual increases to keep up with the target as operations expenses increase.
- l.) In November 2020, the Port commission passed resolution 730-20 to fund an Emergency Fund for \$500,000.

Port of Port Townsend 2022 Rate Schedule - FINAL		
BOAT HAVEN 360.385.6211		
Service Rates – Effective January 1, 2022 Approved by Port Commission on 11/10/2021		
MOORAGE RATE IS BASED ON OVERALL LENGTH OR SLIP LENGTH, WHICHEVER IS GREATER.		
2022 Rates		
YEAR-ROUND NIGHTLY MOORAGE		
Vessels Under 18' Wide	\$ 1.43	/ft/nt
Over Wide Vessels (18' +)	\$ 1.96	/ft/nt
TEMPORARY TIE-UP		
	under 35'	over 35'
up to 4 hours	\$ 15.00	\$25.00
PERMANENT MOORAGE (Assumes annual increases of 3% for 2023 and 2024)		
25' slip	\$ 234.66	/mo*
27' slip	\$ 260.00	/mo*
30' slip	\$ 293.87	/mo*
34' slip	\$ 333.04	/mo*
35' slip	\$ 359.12	/mo*
40' slip	\$ 411.31	/mo*
42' slip	\$ 432.17	/mo*
45' slip	\$ 489.63	/mo*
50' slip	\$ 544.59	/mo*
Linear Rate Under 25'	\$ 9.38	/ft/mo*
Linear rate 51'+	\$ 11.73	/ft/mo*
<i>Note: Receive 5% discount on annual permanent tenancy if total year is prepaid in cash or check before Jan. 15, 2022.</i>		
ACTIVE COMMERCIAL FISHING		
Up to 70'	\$ 7.89	/ft/mo*
71'+	\$ 8.98	/ft/mo*
OTHER MOORAGE		
Limited Access	\$ 7.81	/ft/mo*
Undesirable	\$ 6.77	/ft/mo*
Business	same as perm. rate	/ft/mo*
Overwide Vessels (18'+ wide)	length + 1/2 beam x estab. rate*	
FEES		
Liveaboard Fee	\$ 100.00	/month*
Annual Background Check Fee	\$ 60.00	

Port of Port Townsend 2023 Rate Schedule - 2nd DRAFT			
BOAT HAVEN			
360.385.6211			
Service Rates – Effective January 1, 2023			
Approved by Port Commission on xx/xx/2022			
MOORAGE RATE IS BASED ON OVERALL LENGTH			
OR SLIP LENGTH, WHICHEVER IS GREATER.			
5.0%			
new or additions to current removed or proposed removal			
2023 Rates			increase
YEAR-ROUND NIGHTLY MOORAGE			
Vessels Under 18' Wide	\$ 1.57	/ft/nt	\$ 0.14
Over Wide Vessels (18' +)	\$ 2.16	/ft/nt	\$ 0.20
TEMPORARY TIE-UP			
	under 35'	over 35'	
up to 4 hours	\$ 15.00	\$ 25.00	\$ - \$ -
PERMANENT MOORAGE			
25' slip	\$ 246.39	/mo*	\$ 11.73
27' slip	\$ 273.00	/mo*	\$ 13.00
30' slip	\$ 308.57	/mo*	\$ 14.69
34' slip	\$ 349.69	/mo*	\$ 16.65
35' slip	\$ 377.08	/mo*	\$ 17.96
40' slip	\$ 431.88	/mo*	\$ 20.57
42' slip	\$ 453.78	/mo*	\$ 21.61
45' slip	\$ 514.11	/mo*	\$ 24.48
50' slip	\$ 571.82	/mo*	\$ 27.23
Linear Rate Under 25'	\$ 9.85	/ft/mo*	\$ 0.47
Linear rate 51'+	\$ 12.32	/ft/mo*	\$ 0.59
<i>Note: Receive 5% discount on annual permanent tenancy if total year is prepaid in cash or check on or before Jan. 16, 2023. Must be received by then.</i>			
ACTIVE COMMERCIAL FISHING			
Up to 70'	\$ 8.28	/ft/mo*	\$ 0.39
71'+	\$ 9.43	/ft/mo*	\$ 0.45
OTHER MOORAGE			
Limited Access	\$ 8.20	/ft/mo*	\$ 0.39
Undesirable	\$ 7.11	/ft/mo*	\$ 0.34
Business	same as perm. rate	/ft/mo*	
Overwide Vessels (18'+ wide)	length + 1/2 beam x estab. rate*		
FEES			
Live-aboard Fee	\$ 105.00	/month*	\$ 5.00
Live-aboard Background Check Fee	\$ 63.00		\$ 3.00

*12.84% WA State Leasehold Excise Tax (LHT) assessed in addition to Port charges for stays of 30 days or more. If stay exceeds 30 days, the LHT will be added to the first 29 days.

**Subject to 9% WA State Sales Tax

Port of Port Townsend 2022 Rate Schedule - FINAL	
BOAT HAVEN 360.385.6211	
Service Rates – Effective January 1, 2022 Approved by Port Commission on 11/10/2021	
MOORAGE RATE IS BASED ON OVERALL LENGTH OR SLIP LENGTH, WHICHEVER IS GREATER.	
2022 Rates	
ELECTRICAL FEES	
Nightly Electric - under 55'	\$ 6.00
Nightly Electric - over 55'	\$ 12.00
Electric Connect Fee	\$ 30.00
Metered Electric/Base Fee	\$ 11.00 /mo + KWHs used
Electric Charges @	\$ 0.1029 per KWH
<i>(subject to change with utility increases)</i>	
Non-metered Electrical	\$ 1.64 ft/mo
WINTER GUEST MONTHLY, based on availability (Oct. 1 – Apr. 30:)	
25' slip	\$ 276.73 /month*
27' slip	\$ 305.88 /month*
30' slip	\$ 345.88 /month*
34' slip	\$ 391.99 /month*
35' slip	\$ 420.20 /month*
40' slip	\$ 483.40 /month*
42' slip	\$ 507.59 /month*
45' slip	\$ 572.75 /month*
50' slip	\$ 664.60 /month*
Linear Rate Under 25'	\$ 11.06 /ft/mo*
Linear Rate 51'+	\$ 14.35 /ft/mo*
SUMMER GUEST MONTHLY, based on availability (May 1 – Sept. 30:)	
25' slip	\$ 337.10 /month*
27' slip	\$ 371.38 /month*
30' slip	\$ 420.09 /month*
34' slip	\$ 476.21 /month*
35' slip	\$ 512.61 /month*
40' slip	\$ 585.98 /month*
42' slip	\$ 615.64 /month*
45' slip	\$ 698.69 /month*
50' slip	\$ 776.88 /month*
Linear Rate Under 25'	\$ 13.48 /ft/mo*
Linear Rate 51'+	\$ 17.35 /ft/mo*
STORAGE ONLY	
Kayak or rowing shell storage	\$ 29.77 /mo*
Top rack kayak storage	\$ 22.05 /mo*
Dory on dock	\$ 71.66 /mo*
Wherry parking	\$ 45.00 /mo*
<i>Also see Miscellaneous Rates and Fees for other fees that apply.</i>	
<small>*12.84% WA State Leasehold Excise Tax (LHT) assessed in addition to Port charges for stays of 30 days or more. If stay exceeds 30 days, the LHT will be added to the first 29 days.</small>	

Port of Port Townsend 2023 Rate Schedule - 2nd DRAFT		5.0%
BOAT HAVEN 360.385.6211		
Service Rates – Effective January 1, 2023 Approved by Port Commission on xx/xx/2022		
MOORAGE RATE IS BASED ON OVERALL LENGTH OR SLIP LENGTH, WHICHEVER IS GREATER.		new or additions to current removed or proposed removal
2023 Rates		increase
ELECTRICAL FEES		
Nightly Electric - under 55'	\$ 6.00	\$ -
Nightly Electric - over 55'	\$ 12.00	\$ -
Electric Connect Fee	\$ 31.50	\$ 1.50
Metered Electric/Base Fee	\$ 11.00 /mo + KWHs used	\$ -
Electric Charges @	\$ 0.1029 per KWH	\$ -
<i>(subject to change with utility increases) - INCR. EFF. 7/5/2023 TO \$0.1082</i>		
Non-metered Electrical	\$ 1.72 ft/mo	\$ 0.08
WINTER GUEST MONTHLY, based on availability (Oct. 1 – Apr. 30:)		
25' slip	\$ 290.56 /month*	\$ 13.84
27' slip	\$ 321.17 /month*	\$ 15.29
30' slip	\$ 363.18 /month*	\$ 17.29
34' slip	\$ 411.59 /month*	\$ 19.60
35' slip	\$ 441.21 /month*	\$ 21.01
40' slip	\$ 507.57 /month*	\$ 24.17
42' slip	\$ 532.97 /month*	\$ 25.38
45' slip	\$ 601.39 /month*	\$ 28.64
50' slip	\$ 697.83 /month*	\$ 33.23
Linear Rate Under 25'	\$ 11.61 /ft/mo*	\$ 0.55
Linear Rate 51'+	\$ 15.07 /ft/mo*	\$ 0.72
SUMMER GUEST MONTHLY, based on availability (May 1 – Sept. 30:)		
25' slip	\$ 353.96 /month*	\$ 16.86
27' slip	\$ 389.95 /month*	\$ 18.57
30' slip	\$ 441.09 /month*	\$ 21.00
34' slip	\$ 500.02 /month*	\$ 23.81
35' slip	\$ 538.24 /month*	\$ 25.63
40' slip	\$ 615.28 /month*	\$ 29.30
42' slip	\$ 646.42 /month*	\$ 30.78
45' slip	\$ 733.62 /month*	\$ 34.93
50' slip	\$ 815.72 /month*	\$ 38.84
Linear Rate Under 25'	\$ 14.15 /ft/mo*	\$ 0.67
Linear Rate 51'+	\$ 18.22 /ft/mo*	\$ 0.87
STORAGE ONLY		
Kayak or rowing shell storage	\$ 29.77 /mo*	
Top rack kayak storage	\$ 22.05 /mo*	
Dory on dock	\$ 71.66 /mo*	
Wherry parking	\$ 45.00 /mo*	
<i>Also see Miscellaneous Rates and Fees for other fees that apply.</i>		
<small>*12.84% WA State Leasehold Excise Tax (LHT) assessed in addition to Port charges for stays of 30 days or more. If stay exceeds 30 days, the LHT will be added to the first 29 days.</small>		

*12.84% WA State Leasehold Excise Tax (LHT) assessed in addition to Port charges for stays of 30 days or more. If stay exceeds 30 days, the LHT will be added to the first 29 days.

**Subject to 9% WA State Sales Tax

Port of Port Townsend	
2022 Rate Schedule - FINAL	
YARD RATES	
360.385.6211	
Service Rates – Effective January 1, 2022	
Approved by Port Commission on 11/10/2021	
	2022 Rates
70/75 TON LIFTS	
31' or less	\$ 9.83 /ft**
32'-41'	\$ 10.92 /ft**
42'-51'	\$ 12.02 /ft**
52'-61'	\$ 13.11 /ft**
62'+	\$ 15.29 /ft**
Minimum Hoist	\$ 231.00 **
Off-Port Blocking (subject to Tarp Fee)	\$ 2.42 /ft/mo*, **
One-way Haul Out	75% RT or Min. Hoist**
One-way Launch	50% RT or Min. Hoist**
Re-block Fee	75% RT or Min. Hoist**
Inspections	Roundtrip Rate**
Hang Overnight	Roundtrip Rate
Owner Wash Down	\$ 2.42 /ft/30 minutes**
If Port staff does the washdown, above rate is taxed** and hourly labor rate added. (See Port Labor rate**)	
Environmental Fee	\$ 0.79 /ft/haul/mo or min. \$21
Delay of Lift	\$ 71.40 /half hour
Labor Rate	\$ 72.45 /person/hour **
Overtime Rate & Call-in Labor Rate	\$ 109.20 /person/hour **
70/75 TON REPAIR STORAGE	
Daily	\$ 0.82 /ft/day
Monthly	\$ 0.66 /ft/day*
Covered Storage	
70' Covered Shed	\$ 75.00 /day*
Electrical Rate:	\$ 5.00 /day
Non-working Long-term	
3-month minimum, no power	\$ 8.74 /ft/mo*
6-month minimum, no power	\$ 7.11 /ft/mo*
Trailer Vessel (storage only)	\$ 7.11 /ft/mo*
Electrical Rate:	\$ 1.60 /day
(applicable year-round)	\$ 31.82 /mo*
300 TON TRAVEL LIFT	
70' or less	\$ 19.51 /ft**
71'-89'	\$ 21.00 /ft**
90' or over	\$ 25.95 /ft**
Minimum Hoist	\$ 873.85 *
Off-Port Blocking (subject to Tarp Fee)	\$ 3.15 /ft/mo*, **
Trimaran hulls	150% RT or minimum**
One-way Haul Out/Reblock	75% RT or minimum**
Inspections	Roundtrip Rate**
Hang Overnight	Roundtrip Rate
Owner Wash Down	\$ 3.47 /ft/hr
If Port staff do the washdown, above rate is taxed** and hourly labor rate added. (See Port Labor rate**)	
Delay of Lift	\$ 71.40 /half hour
Labor Rate	\$ 72.45 /person/hour**
Overtime & Call-in Labor Rate	\$ 109.20 /person/hour**
300 TON REPAIR YARD	
Daily	\$ 1.25 /ft/day
Monthly	\$ 1.01 /ft/day*
300 TON ELECTRIC	

Port of Port Townsend		5.0%
2023 Rate Schedule - 1st DRAFT		
YARD RATES		
360.385.6211		
Service Rates – Effective January 1, 2023		new or additions to current
Approved by Port Commission on xx/xx/2022		removed or proposed removal
	2023 Rates	increase
70/75 TON LIFTS		
31' or less	\$ 10.32 /ft**	\$ 0.49
32'-41'	\$ 11.47 /ft**	\$ 0.55
42'-51'	\$ 12.62 /ft**	\$ 0.60
52'-61'	\$ 13.76 /ft**	\$ 0.66
62'+	\$ 16.06 /ft**	\$ 0.76
Minimum Hoist	\$ 242.55 **	\$ 11.55
Off-Port Blocking (subject to Tarp Fee)	\$ 2.54 /ft/mo*, **	\$ 0.12
One-way Haul Out	75% RT or Min. Hoist**	
One-way Launch	50% RT or Min. Hoist**	
Re-block Fee	75% RT or Min. Hoist**	
Inspections	Roundtrip Rate**	
Hang Overnight	Roundtrip Rate + \$150.00	\$ 150.00
Owner Wash Down	\$ 2.54 /ft/30 minutes**	\$ 0.12
If Port staff does the washdown, above rate is taxed** and hourly labor rate added. (See Port Labor rate**)		
Environmental Fee	\$ 0.83 /ft/haul/mo or min. \$21	\$ 0.04
Delay of Lift	\$ 74.97 /half hour	\$ 3.57
Labor Rate	\$ 76.07 /person/hour **	\$ 3.62
Overtime Rate & Call-in Labor Rate	\$ 114.66 /person/hour **	\$ 5.46
70/75 TON REPAIR STORAGE		
Daily	\$ 0.82 /ft/day	NO CHANGE
Monthly	\$ 0.66 /ft/day*	NO CHANGE
Covered Storage		
70' Covered Shed	\$ 75.00 /day*	\$ -
Electrical Rate:	\$ 5.25 /day	\$ 0.25
Removed Non-working Long-term		
Electrical Rate:	\$ 1.68 /day	\$ 0.08
(applicable year-round)	\$ 33.41 /mo*	\$ 1.59
300 TON TRAVEL LIFT		
70' or less	\$ 20.49 /ft**	\$ 0.98
71'-89'	\$ 22.05 /ft**	\$ 1.05
90' or over	\$ 27.25 /ft**	\$ 1.30
Minimum Hoist	\$ 917.54 *	\$ 43.69
Off-Port Blocking (subject to Tarp Fee)	\$ 3.31 /ft/mo*, **	\$ 0.16
Trimaran hulls	150% RT or minimum**	
One-way Haul Out/Reblock	75% RT or minimum**	
Inspections	Roundtrip Rate**	
Hang Overnight	Roundtrip Rate + \$150.00	\$ 150.00
Owner Wash Down	\$ 3.64 /ft/hr	\$ 0.17
If Port staff do washdown, above rate is taxed** and hourly labor rate added. (See Port Labor rate**)		
Delay of Lift	\$ 74.97 /half hour	\$ 3.57
Labor Rate	\$ 76.07 /person/hour**	\$ 3.62
Overtime & Call-in Labor Rate	\$ 114.66 /person/hour**	\$ 5.46
300 TON REPAIR YARD		
Daily	\$ 1.31 /ft/day	\$ 0.06
Monthly	\$ 1.06 /ft/day*	\$ 0.05
300 TON ELECTRIC		

*12.84% WA State Leasehold Excise Tax (LHT) assessed in addition to Port charges for stays of 30 days or more. If stay exceeds 30 days, the LHT will be added to the first 29 days.

**Subject to 9.1% WA State Sales Tax

Port of Port Townsend	
2022 Rate Schedule - FINAL	
YARD RATES	
360.385.6211	
Service Rates – Effective January 1, 2022	
Approved by Port Commission on 11/10/2021	
Metered Electric	\$ 5.00 /day + KWH
KWH (subject to utility increases)	\$ 0.1029
INCR. EFF. 7/5/2023 TO \$0.1082	
OTHER STORAGE	
Misc. Storage	\$ 0.93 /sq ft/mo*
Mast Storage	\$ 0.82 /sq ft/mo*
Storage Box Rental	\$ 26.25 /week*, **
<i>(flat fee plus tax, no prorations) Subject to LHT if rented for 30 days or more.</i>	
TARP FEES (Off Port Property)	
20 x 20	\$ 28.35
20 x 30	\$ 38.85
20 x 40	\$ 49.35
26 x 40	\$ 66.15
30 x 40	\$ 76.65
30 x 60	\$ 110.25
40 x 60	\$ 149.10
* 12.84% WA State Leasehold Excise Tax (LHT) assessed in addition to Port charges for stays of 30 days or more. If stay exceeds 30 days, the LHT will be added to the first 29 days.	
** Subject to WA State Sales Tax of 9.1%	

Port of Port Townsend		5.0%
2023 Rate Schedule - 1st DRAFT		
YARD RATES		
360.385.6211		
Service Rates – Effective January 1, 2023		new or additions to current
Approved by Port Commission on xx/xx/2022		removed or proposed removal
Metered Electric	\$ 5.00 /day + KWH	\$ -
KWH (subject to utility increases)	\$ 0.1029	
INCR. EFF. 7/5/2023 TO \$0.1082		
OTHER FEES		
Misc. Storage	\$ 0.98 /sq ft/mo*	\$ 0.05
Mast Storage	\$ 0.86 /sq ft/mo*	\$ 0.04
removed "Storage Boxes"		
Bilge Water	\$ 1.25 /gallon	
Emergency Hoist Rate	\$ 500.00 /foot	
TARP FEES (Off Port Property)		
16 x 20	\$ 26.40	\$ (1.95)
20 x 30	\$ 40.79	\$ 1.94
20 x 40	\$ 51.82	\$ 2.47
30 x 40	\$ 80.48	
30 x 50	\$ 115.76	\$ 3.83
40 x 60	\$ 156.56	\$ 5.51
		\$ 7.46
* 12.84% WA State Leasehold Excise Tax (LHT) assessed in addition to Port charges for stays of 30 days or more. If stay exceeds 30 days, the LHT will be added to the first 29 days.		
** Subject to WA State Sales Tax of 9.1%		

*12.84% WA State Leasehold Excise Tax (LHT) assessed in addition to Port charges for stays of 30 days or more. If stay exceeds 30 days, the LHT will be added to the first 29 days.

**Subject to 9.1% WA State Sales Tax

Port of Port Townsend

2022 Rate Schedule - FINAL

POINT HUDSON

360.385.2828

Service Rates – Effective January 1, 2022

Approved by Port Commission on 11/10/2021

MOORAGE RATE IS BASED ON OVERALL LENGTH OR SLIP LENGTH, WHICHEVER IS GREATER.

2022 Rates

YEAR-ROUND NIGHTLY MOORAGE

Vessels under 18' in width	\$ 1.43 /ft/nt
Overwide Vessels (18'+)	\$ 1.96 /ft/nt

TEMPORARY TIE-UP (up to 4 hours)

Boats under 35'	\$ 15.00
Boats over 35'	\$ 25.00

WINTER MONTHLY MOORAGE (October 1 – April 30)

25' slip	\$ 276.73 /mo*
27' slip	\$ 305.88 /mo*
30' slip	\$ 345.88 /mo*
35' slip	\$ 420.20 /mo*
40' slip	\$ 483.40 /mo*
45' slip	\$ 572.75 /mo*
50' slip	\$ 664.60 /mo*
Linear Rate Under 25'	\$ 11.06 /ft/mo*
Linear Rate 51'+	\$ 14.35 /ft/mo*

LIMITED ACCESS MOORAGE \$ 8.31 /ft/mo*

UNDESIRABLE MOORAGE \$ 6.77 /ft/mo*

BUSINESS MOORAGE same as Boat Haven permanent rate /ft/mo*

STORAGE ONLY

Kayak or rowing shell storage	\$ 28.35 /mo*
Top rack kayak storage	\$ 21.00 /mo*
Dory on dock	\$ 68.25 /mo*

FEES

Reservation Fee	\$ 11.00 /reservation
Live-aboard Fee	\$ 100.00 /mo*
Annual Live-aboard Background Check Fee	\$ 60.00
Commercial Vessel Passenger Fee - See Miscellaneous Rates	

*12.84% WA State Leasehold Excise Tax (LHT) assessed in addition to Port charges for stays of 30 days or more. If stay exceeds 30 days, the LHT will be added to the first 29 days.

1. Sales Tax of 9.1% and Hotel/Motel Tax of 2%

Port of Port Townsend

2023 Rate Schedule - 1st DRAFT

POINT HUDSON

360.385.2828

Service Rates – Effective January 1, 2023

Approved by Port Commission on xx/xx/2022

MOORAGE RATE IS BASED ON OVERALL LENGTH OR SLIP LENGTH, WHICHEVER IS GREATER.

5.0%

new or additions to current removed or proposed removal

2023 Rates

increase

YEAR-ROUND NIGHTLY MOORAGE

Vessels under 18' in width	\$ 1.57 /ft/nt	\$ 0.14
Overwide Vessels (18'+)	\$ 2.16 /ft/nt	\$ 0.20

TEMPORARY TIE-UP (up to 4 hours)

Boats under 35'	\$ 15.00	\$ -
Boats over 35'	\$ 25.00	\$ -

WINTER MONTHLY MOORAGE (October 1 – April 30)

25' slip	\$ 290.56 /mo*	\$ 13.84
27' slip	\$ 321.17 /mo*	\$ 15.29
30' slip	\$ 363.18 /mo*	\$ 17.29
35' slip	\$ 441.21 /mo*	\$ 21.01
40' slip	\$ 507.57 /mo*	\$ 24.17
45' slip	\$ 601.39 /mo*	\$ 28.64
50' slip	\$ 697.83 /mo*	\$ 33.23
Linear Rate Under 25'	\$ 11.61 /ft/mo*	\$ 0.55
Linear Rate 51'+	\$ 15.07 /ft/mo*	\$ 0.72

LIMITED ACCESS MOORAGE \$ 8.73 /ft/mo*

UNDESIRABLE MOORAGE \$ 7.10 /ft/mo*

BUSINESS MOORAGE same as Boat Haven permanent rate /ft/mo*

STORAGE ONLY

Kayak or rowing shell storage	\$ 29.77 /mo*	\$ 1.42
Top rack kayak storage	\$ 22.05 /mo*	\$ 1.05
Dory on dock	\$ 71.66 /mo*	\$ 3.41

FEES

Reservation Fee	\$ 11.55 /reservation	\$ 0.55
Live-aboard Fee	\$ 105.00 /mo*	\$ 5.00
Live-aboard Background Check Fee	\$ 63.00	\$ 3.00
Commercial Vessel Passenger Fee - See Miscellaneous Rates		

*12.84% WA State Leasehold Excise Tax (LHT) assessed in addition to Port charges for stays of 30 days or more. If stay exceeds 30 days, the LHT will be added to the first 29 days.

1. Sales Tax of 9.1% and Hotel/Motel Tax of 2%

Port of Port Townsend

2022 Rate Schedule - FINAL

POINT HUDSON

360.385.2828

Service Rates – Effective January 1, 2022

Approved by Port Commission on 11/10/2021

MOORAGE RATE IS BASED ON OVERALL LENGTH
OR SLIP LENGTH, WHICHEVER IS GREATER.

2022 Rates

ELECTRICAL FEES

Nightly Electric	\$	6.00
Nightly Electric over 55'	\$	12.00
Electric Connect Fee	\$	30.00
Electric Base Fee + KWHs Used	\$	11.00 /mo
Electric Charges @	\$	0.1029 /KWH
<i>(subject to change w/utility rate increases)</i>		
Non-metered Electrical	\$	1.64 /ft/mo

RV PARK - SUMMER (May 1 – September 30)

Nightly – Premium Waterfront	\$67.00 - \$77.00 /night ¹
Nightly - Hookup	\$56.00 - \$66.00 /night ¹

RV PARK – WINTER (October 1 – April 30)

Nightly – Premium Waterfront	\$45.65 - \$55.65 /night ¹
Nightly - Hookup	\$40.30 - \$48.30 /night ¹

RV PARK – WINTER GUEST MONTHLY

Oct. 1 to June 1, back row only	\$	666.00 /month*
Nov. 1 to Apr. 1, front row	\$	756.00 /month*

RV PARK – YEAR ROUND

Back Row	\$	48.30 /night ¹
Dry Camp	\$	34.65 /night ¹
Extra Vehicle in RV Space	\$	6.50 /night
RV Holding Tank Dump Fee	\$	13.00

EVENT PARKING - "Back 40 Lot"

Daily:	\$	7.00 /day
Weekly:	\$	33.00 /week
Monthly:	\$	75.00 /month*

"Landfall Site" Parking (next to Puget Sound Express):

Daily (April 1–September 30):	\$	10.00 /day
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*12.84% WA State Leasehold Excise Tax (LHT) assessed in addition to Port charges for stays of 30 days or more. If stay exceeds 30 days, the LHT will be added to the first 29 days.

1. Sales Tax of 9.1% and Hotel/Motel Tax of 2%

Port of Port Townsend

2023 Rate Schedule - 1st DRAFT

POINT HUDSON

360.385.2828

Service Rates – Effective January 1, 2023

Approved by Port Commission on xx/xx/2022

MOORAGE RATE IS BASED ON OVERALL LENGTH
OR SLIP LENGTH, WHICHEVER IS GREATER.

5.0%

new or additions to current
removed or proposed removal

2023 Rates

increase

ELECTRICAL FEES

Nightly Electric	\$	6.00	\$	-
Nightly Electric over 55'	\$	12.00	\$	-
Electric Connect Fee	\$	31.50	\$	1.50
Electric Base Fee + KWHs Used	\$	11.00 /mo	\$	-
Electric Charges @	\$	0.1029 /KWH		
<i>(subject to change w/utility rate increases) INCR. EFF. 7/5/2023 TO \$0.1082</i>				
Non-metered Electrical	\$	1.72 /ft/mo	\$	0.08

RV PARK - SUMMER (May 1 – September 30)

Nightly – Premium Waterfront (range) ¹	\$70.35	\$80.85	\$3.35	\$3.85
Nightly - Hookup (range) ¹	\$58.80	\$69.30	\$2.80	\$3.30

RV PARK – WINTER (October 1 – April 30)

Nightly – Premium Waterfront (range) ¹	\$47.93	\$58.43	\$2.28	\$2.78
Nightly - Hookup (range) ¹	\$42.32	\$50.71	\$2.02	\$2.41

RV PARK – WINTER GUEST MONTHLY

Oct. 1 to April 30, back row loop	\$	699.30 /month*	\$	33.30
Nov. 1 to March 31, front row loop	\$	793.80 /month*	\$	37.80

RV PARK – YEAR ROUND

Back Row	\$	50.72 /night ¹	\$	2.42
Dry Camp	\$	36.38 /night ¹	\$	1.73
Extra Vehicle in RV Space	\$	6.83 /night	\$	0.33
RV Holding Tank Dump Fee	\$	13.00	\$	-

PARKING - BACK 40

Daily	\$	7.35 /day	\$	0.35
Weekly	\$	34.65 /week	\$	1.65
Monthly	\$	78.75 /month*	\$	3.75

Boat on Trailer - flag for discussion

"Landfall Site" Parking (next to Puget Sound Express):

Daily year-round	\$	11.00 /day	\$	1.00
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*12.84% WA State Leasehold Excise Tax (LHT) assessed in addition to Port charges for stays of 30 days or more. If stay exceeds 30 days, the LHT will be added to the first 29 days.

1. Sales Tax of 9.1% and Hotel/Motel Tax of 2%

Port of Port Townsend	
2022 Rate Schedule - FINAL	
HERB BECK MARINA - QUILCENE	
360.765.3131 or 360.385.6211	
Service Rates – Effective January 1, 2022	
Approved by Port Commission on 11/10/2021	
	2022 Rates
NIGHTLY MOORAGE	\$ 0.90 ft/nt
TEMPORARY TIE-UP	\$ 6.00
	\$ 12.00 over 35'
PERMANENT MOORAGE	6 month Minimum
Up to 26 ft.	\$ 7.19 ft/mo*
27-29 ft.	\$ 7.75 ft/mo*
30-34 ft.	\$ 8.29 ft/mo*
35-39 ft.	\$ 8.87 ft/mo*
40-50 ft.	\$ 9.97 ft/mo*
Limited Access – Up to 18'	\$ 4.99 ft/mo*
GUEST MONTHLY – NOT IMPLEMENTED IN 2022	1-month minimum – 6-month max
Up to 26 ft.	\$ 11.06 ft/mo*
27-29 ft.	\$ 11.33 ft/mo*
30-34 ft.	\$ 11.53 ft/mo*
35-39 ft.	\$ 12.00 ft/mo*
40-50 ft.	\$ 12.73 ft/mo*
ELECTRICAL FEES	
Nightly Electric	\$ 6.00
over 55'	\$ 12.00
Connect Fee	\$ 30.00
Base Electric Fee	\$ 11.00 /mo
Metered Electric @	\$ 0.1029 per KWH
<i>(subject to change with utility rate increase)</i>	
WATER FEES	
Residential	
Base	\$ 34.80
Useage - Tier I (0-5,000 gal.) per 100 gallons	\$ 0.29 per gallon
Useage - Tier II (5,001-10,000 gal.), per 100 gal.	\$ 0.40 per gallon
Commercial	
Base	\$ 34.80
Useage - per 100 gallons	\$ 0.40 per gallon
<i>(subject to change with utility rate increase)</i>	
LAUNCH RAMP	
Launch ramp fee	\$ 15.00 per day**
<i>(Daily Launch pass includes 1 day of boat trailer parking)</i>	
Annual Ramp Pass (Rolling Calendar)	\$ 100.00 per year**
**Free with verified DVA determination	
STORAGE	
Empty Boat Trailer	
Daily	\$ 7.00
Weekly	\$ 33.00
Monthly	\$ 75.00
Kayak/ Rowing Shell*	\$ 28.35
Top Rack Kayak/ Rowing Shell*	\$ 21.00
* 12.84% WA State Leasehold Excise Tax (LHT) assessed in addition to Port charges for stays of 30 days or more. If stay exceeds 30 days, the LHT will be added to the first 29 days.	
** Subject to WA State Sales Tax of 9.1%	

Port of Port Townsend		
2022 Rate Schedule - 1st DRAFT		
HERB BECK MARINA - QUILCENE		
360.765.3131 or 360.385.6211		
Service Rates – Effective January 1, 2023		
Approved by Port Commission on xx/xx/2022		
MOORAGE RATE IS BASED ON OVERALL LENGTH OR SLIP LENGTH, WHICHEVER IS GREATER.		
5.0%		
new or additions to current		
removed or proposed removal		
Change, to align w/BH & PH		
	2023 Rates	increase
NIGHTLY MOORAGE	\$ 1.00 ft/nt	\$ 0.10
TEMPORARY TIE-UP	\$ 7.00	\$ 1.00
	\$ 13.00 over 35'	\$ 1.00
PERMANENT MOORAGE	6 month Minimum	
Up to 26 ft.	\$ 7.55 ft/mo*	\$ 0.36
27-29 ft.	\$ 8.14 ft/mo*	\$ 0.39
30-34 ft.	\$ 8.70 ft/mo*	\$ 0.41
35-39 ft.	\$ 9.31 ft/mo*	\$ 0.44
40-50 ft.	\$ 10.47 ft/mo*	\$ 0.50
Limited Access – Up to 18'	\$ 5.24 ft/mo*	\$ 0.25
GUEST MONTHLY - for discussion	1 mo. min. - 6 month max	
Up to 26 ft.	\$ 9.35 ft/mo*	
27-29 ft.	\$ 10.08 ft/mo*	
30-34 ft.	\$ 10.78 ft/mo*	
35-39 ft.	\$ 11.53 ft/mo*	
40-50 ft.	\$ 12.96 ft/mo*	
ELECTRICAL FEES		
Nightly Electric	\$ 6.00	\$ -
over 55'	\$ 12.00	\$ -
Connect Fee	\$ 31.50	\$ 1.50
Base Electric Fee	\$ 11.00 /mo	\$ -
Metered Electric @	\$ 0.1029 per KWH	
<i>(subject to change with utility rate increase) INCR. EFF. 7/5/2023 TO \$0.1082</i>		
WATER FEES		
Residential		
Base	\$ 40.83	\$ 6.03
Useage - Tier I (0-5,000 gal.)	\$ 0.36 /100 gallons	\$ 0.07
Useage - Tier II (5,001-10,000 gal.)	\$ 0.50 /100 gallons	\$ 0.10
Commercial		
Base	\$ 40.83	\$ 6.03
Useage	\$ 0.50 /100 gallons	\$ 0.10
<i>(subject to change with utility rate increase)</i>		
LAUNCH RAMP		
Launch ramp fee	\$ 15.00 per day**	\$ -
<i>(Daily Launch pass includes 1 day of boat trailer parking)</i>		
Annual Ramp Pass (Rolling Calendar)	\$ 105.00 per year**	\$ 5.00
**Free with verified DVA determination		
STORAGE		
Empty Boat Trailer		
Daily	\$ 7.35	\$ 0.35
Weekly	\$ 34.65	\$ 1.65
Monthly	\$ 78.75	\$ 3.75
Kayak/ Rowing Shell*	\$ 29.77	\$ 1.42
Top Rack Kayak/ Rowing Shell*	\$ 22.05	\$ 1.05
* 12.84% WA State Leasehold Excise Tax (LHT) assessed in addition to Port charges for stays of 30 days or more. If stay exceeds 30 days, the LHT will be added to the first 29 days.		
** Subject to WA State Sales Tax of 9.1%		

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**Subject to 9.1% WA State Sales Tax

Port of Port Townsend

2022 Rate Schedule - FINAL

JEFFERSON COUNTY
INTERNATIONAL AIRPORT

360.385.6211

Service Rates – Effective January 1, 2022
Approved by Port Commission on 11/10/2021

	2022 Rates
Prevailing Ground Lease Rate	\$ 0.07 /sq ft/mo*
TIE-DOWNS	
Overnight	\$ 6.00
Monthly Grass	\$ 45.15 *
Annual Grass (<i>must pay in advance</i>)	\$ 462.00 *
Monthly Paved	\$ 61.95 *
Monthly Hangar	\$ 250.00 *
Commercial Landing Fee /1000 # of max loaded gross weight	\$ 0.33
VEHICLE PARKING	
Weekly (7 or more days) (rate includes WA State Sales Tax)	\$ 33.00 1.
Monthly (rate includes Leasehold Tax)	\$ 75.00 *
Annual	\$ 400.00 *

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1. Subject to WA State Sales Tax of 9.1%

Port of Port Townsend

2023 Rate Schedule - 1st DRAFT

JEFFERSON COUNTY
INTERNATIONAL AIRPORT

360.385.6211

Service Rates – Effective January 1, 2023
Approved by Port Commission on xx/xx/2022

5.0%

new or additions to current
removed or proposed removal

	2023 Rates	increase
Prevailing Ground Lease Rate	\$ 0.08 /sq ft/mo*	\$ 0.01
TIE-DOWNS		
Overnight	\$ 10.00	\$ 4.00
Monthly Grass	\$ 47.00 *	\$ 1.85
Annual Grass (<i>must pay in advance</i>)	\$ 485.00 *	\$ 23.00
Monthly Paved	\$ 65.00 *	\$ 3.05
Monthly Hangar	\$ 263.00 *	\$ 13.00
Commercial Landing Fee /1000 # of max loaded gross weight	\$ 0.34	\$ 0.02
VEHICLE PARKING		
Weekly (7 or more days) (rate includes WA State Sales Tax)	\$ 35.00 1.	\$ 2.00
Monthly (rate includes Leasehold Tax)	\$ 80.00 *	\$ 5.00
Annual	\$ 420.00 *	\$ 20.00

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1. Subject to WA State Sales Tax of 9.1%

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**Subject to 9% WA State Sales Tax.

Port of Port Townsend

2022 Rate Schedule - FINAL

UNION WHARF,
CITY DOCK &
EVENT FACILITIES,

360-385-2828 or 360-385-6211

Service Rates – Effective January 1, 2022
Approved by Port Commission on 11/10/2021

2022 Rates

NIGHTLY MOORAGE (3 night maximum stay)

Vessels up to 35'	\$ 30.00 /night
Vessels 35'-79'	\$ 45.00 /night
Vessels over 80' (Union Wharf only, advanced notice required)	\$ 1.96 /ft/nt

TEMPORARY TIE-UP (up to 4 hours)

Under 35' length	\$ 10.00
Over 35' length	\$ 20.00

COMMERCIAL VESSEL PASSENGER FEES - See Miscellaneous Rates

EVENT FACILITIES RENTAL – UNION WHARF & CITY DOCK

Daily Rental Fee ¹	\$ 328.65 /day
-------------------------------	----------------

EVENT FACILITIES -POINT HUDSON MARINA ROOM

Daily ¹ Rental Fee	\$ 150.00 /day
Hourly Rental Fee (2-hour min.)	\$ 26.50 /hour
Damage & Cleaning Deposit (refundable)	\$ 50.00

EVENT FACILITIES - Point Hudson Pavillion

5 Hour Rental	\$ 500.00
Full Day 8am-11pm	\$ 1,000.00
Damage & Cleaning Deposit (refundable)	\$ 500.00

¹ 8:00 a.m. to 11:00 p.m.

Port of Port Townsend

2023 Rate Schedule - 1st DRAFT

UNION WHARF,
CITY DOCK &
EVENT FACILITIES,

360-385-2828 or 360-385-6211

Service Rates – Effective January 1, 2023
Approved by Port Commission on xx/xx/2022

####

new or additions to current

removed or proposed removal

2023 Rates

increase

NIGHTLY MOORAGE (3 night maximum stay)

Vessels up to 35'	\$ 31.00 /night	\$ 1.00
Vessels 35'-79'	\$ 47.00 /night	\$ 2.00
Vessels over 80' (Union Wharf only, advanced notice required)	\$ 2.10 /ft/nt	\$ 0.14

TEMPORARY TIE-UP (up to 4 hours)

Under 35' length	\$ 10.00	\$ -
Over 35' length	\$ 20.00	\$ -

COMMERCIAL VESSEL PASSENGER FEES - See Miscellaneous Rates

EVENT FACILITIES RENTAL – UNION WHARF & CITY DOCK

Daily Rental Fee ¹	\$ 345.00 /day	\$ 16.35
-------------------------------	----------------	----------

EVENT FACILITIES -POINT HUDSON MARINA ROOM

Daily ¹ Rental Fee	\$ 150.00 /day	\$ -
Hourly Rental Fee (2-hour min.)		
Damage & Cleaning Deposit (refundable)		

EVENT FACILITIES - Point Hudson Pavillion

5 Hour Rental	\$ 500.00	\$ -
Full Day 8am-11pm	\$ 1,000.00	\$ -
Damage & Cleaning Deposit (refundable)	\$ 500.00	\$ -

(All Pavilion rental rates for RV & Yacht groups 50%)

¹ 8:00 a.m. to 11:00 p.m.

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**Subject to 9% WA State Sales Tax.

Port of Port Townsend 2022 Rate Schedule - FINAL		Port of Port Townsend 2023 Rate Schedule - 1st DRAFT		5.0%		new or additions to current removed or proposed removal	
MISCELLANEOUS RATES & FEES		MISCELLANEOUS RATES & FEES					
Service Rates – Effective January 1, 2022		Service Rates – Effective January 1, 2023					
Approved by Port Commission on 11/10/2021		Approved by Port Commission on xx/xx/2022					
PORT LABOR RATES & FEES		PORT LABOR RATES & FEES				increase	
Port Labor Rate	\$ 72.45 /hr/person	Port Labor Rate	\$ 76.07 /hr/person			\$	3.62
Overtime Labor Rate	\$ 109.20 /hr/person	Overtime Labor Rate	\$ 114.66 /hr/person			\$	5.46
Docking Fee	\$ 1.96 /ft/day	Docking Fee	\$ 2.06 /ft/day			\$	0.10
Relocate Vessel by Hand	\$ 81.90	Relocate Vessel by Hand	\$ 86.00			\$	4.10
Relocate Vessel w/ Port Skiff	\$ 164.85	Relocate Vessel w/ Port Skiff	\$ 173.09			\$	8.24
Emergency Pumps	\$ 137.55	Emergency Pumps	\$ 144.43			\$	6.88
Bail Skiff Fee	\$ 55.65	Bail Skiff Fee	\$ 58.43			\$	2.78
Bilge Water	\$ 0.82 /gallon	Bilge Water - MOVED TO YARD CARD					
MISCELLANEOUS RATES & FEES		MISCELLANEOUS RATES & FEES					
Miscellaneous Storage (with agreement)	\$ 0.26 /sq ft*	Miscellaneous Storage (with agreement)	\$ 0.27 /sq ft*			\$	0.01
Mini Storage Units	\$ 1.11 /sq ft/mo*	Mini Storage Units	\$ 1.17 /sq ft/mo*			\$	0.06
Food Truck Rate (may be subject to tax)	\$ 37.80 /day	Food Truck Rate (may be subject to tax)	\$ 39.69 /day			\$	1.89
Commercial Vessel Pass. Fee (payable monthly in season)	\$ 1.16 /person	Commercial Vessel Pass. Fee (payable monthly in season)	\$ 1.21 /person			\$	0.06
Kayak or Rowing Shell	\$ 28.35 /mo*	Kayak or Rowing Shell	\$ 29.77 /mo*			\$	1.42
Top rack kayak or rowing shell	\$ 21.00 /mo*	Top rack kayak or rowing shell	\$ 22.05 /mo*			\$	1.05
		Wherry Parking - Boat Haven	\$ 45.00 /mo*				
WORK FLOAT MOORAGE/LIFT PIER ACCESS (Reserve with Yard Office)		WORK FLOAT MOORAGE/LIFT PIER ACCESS (Reserve with Yard Office)					
Daily Rate, includes Top Side Access	\$ 2.26 /ft/day, \$50 min	Daily Rate, includes Top Side Access	\$ 2.37 /ft/day, \$50 min			\$	0.11
Lift Pier Access/Top Side Usage	\$ 52.50 2 hours	Lift Pier Access/Top Side Usage	\$ 55.13 2 hours			\$	2.63
LAUNCH RAMP		LAUNCH RAMP					
Daily Pass (includes 1 day of boat trailer parking)	\$ 15.00	Daily Pass (includes 1 day of boat trailer parking)	\$ 15.00			\$	-
Annual Pass (Rolling Calendar) (free with DAV determination)	\$ 100.00 /year	Annual Pass (Rolling Calendar) (free with DAV determination)	\$ 105.00 /year			\$	5.00
COMMERCIAL TRUCK FEE		COMMERCIAL TRUCK FEE					
Daily	\$ 200.00 **	Daily	\$ 210.00 **			\$	10.00
Monthly	\$ 600.00 **	Monthly	\$ 630.00 **			\$	30.00
Annual (Rolling Calendar)	\$ 1,515.00 **	Annual (Rolling Calendar)	\$ 1,590.00 **			\$	75.00
PORT HADLOCK DOCK-DINGHY/SKIFF TIE-UP		PORT HADLOCK DOCK-DINGHY/SKIFF TIE-UP					
	Monthly Annual		Monthly Annual				
Dock	\$ 27.30 \$ 158.55	Dock	\$ 28.67 \$ 166.48			\$	1.37 \$ 7.93
Beach	\$ 22.05 \$ 98.70	Beach	\$ 23.15 \$ 103.64			\$	1.10 \$ 4.94

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Port of Port Townsend			
2022 Rate Schedule - FINAL			
MISCELLANEOUS RATES & FEES			
Service Rates – Effective January 1, 2022			
Approved by Port Commission on 11/10/2021			
	1st Offense	2nd Offense	3rd Offense
VIOLATION FEES			
Best Management Practices	\$ 200.00	\$ 500.00	\$1,000.00
Chain-up Fee	\$ 150.00	\$ 250.00	\$ 400.00
Impound Fee	\$ 200.00	\$ 300.00	\$ 500.00
Non-payment of Parking	\$ 30.00	\$ 100.00	
Illegal Garbage Dump	\$ 355.00	/occurrence	
Late Payment	\$ 25.00	min. or 5%	
NSF Check	\$ 50.00	/occurrence	
WAIT LIST FEES			
Sign-up Fee	\$ 100.00		
Renewal Fee or Pass Fee	\$ 50.00		
Leave of Absence	\$ 100.00		
GOODS & AMENITIES			
Fax – first page	\$ 3.00		
Fax-Each additional page	\$ 1.50		
Notary Service	\$ 12.00		
Laundry Soap	\$ 1.00	/ea**	
Dryer Sheets	\$ 1.00	/ea**	
	Wash	Dry	
Laundry	\$ 2.75	\$ 2.00	
	90 sec.	3 mins.	
Showers	25c	50c	
RESTROOM/LAUNDRY KEY FOBS (tenants only)			
1st Fob issued	\$ 10.00		
2nd Fob issued (max. of 2)	\$ 25.00	each	
Replacement Fob	\$ 25.00	each	
LEASE & LICENSE FEES			
Lease Assignment Review & Approval	\$ 275.00		
Use License preparation fee	\$ 100.00		
Use License	varies by location, space & duration		

* 12.84% WA State Leasehold Excise Tax (LHT) assessed in addition to Port charges for

** Subject to WA State Sales Tax of 9.1%

Port of Port Townsend			
2023 Rate Schedule - 1st DRAFT			
MISCELLANEOUS RATES & FEES			
Service Rates – Effective January 1, 2023			
Approved by Port Commission on xx/xx/2022			
	1st Offense	2nd Offense	3rd Offense
VIOLATION FEES			
Best Management Practices	\$ 210.00	\$ 525.00	\$ 1,050.00
Chain-up Fee	\$ 157.50	\$ 262.50	\$ 420.00
Impound Fee	\$ 210.00	\$ 315.00	\$ 525.00
Non-payment of Parking	\$ 31.50	\$ 105.00	
Illegal Garbage Dump	\$ 375.00	/occurrence	
Late Payment	\$ 25.00	min. or 5%	
NSF Check	\$ 50.00	/occurrence	
WAIT LIST FEES			
Sign-up Fee	\$ 100.00		
Renewal Fee or Pass Fee	\$ 50.00		
Removed "Leave of Absence"			
GOODS & AMENITIES			
Notary Service	\$ 13.00		\$ 1.00
Laundry Soap	\$ 1.00	/ea**	
Dryer Sheets	\$ 1.00	/ea**	
	Wash	Dry	
Laundry	\$ 2.75	\$ 2.00	
	90 sec.	3 mins.	
Showers	25c	50c	
RESTROOM/LAUNDRY KEYS & FOBS (tenants only)			
1st Fob issued	\$ 10.50		\$ 0.50
2nd Fob issued (max. of 2)	\$ 26.25	each	
Replacement Fob	\$ 26.25	each	
Replacement, Additional bldg. keys			
	\$ 26.25	each	
LEASE & LICENSE FEES			
Lease Assignment Review & Approval	\$ 288.75		
Use License preparation fee	\$ 105.00		
Use License (varies by location, space, & time)			
Pay or Vacate Legal Notices			
	\$ 250.00		

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PORT OF PORT TOWNSEND AGENDA COVER SHEET

MEETING DATE	October 12, 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. Point Hudson Planning
STAFF LEAD	Eron Berg, Executive Director
REQUESTED	<input checked="" type="checkbox"/> Information <input checked="" type="checkbox"/> Motion/Action <input type="checkbox"/> Discussion
ATTACHMENTS	<ol style="list-style-type: none">1. Information Memo2. Point Hudson Master Plan (1994)3. Point Hudson Preservation Plan (2020)4. Draft Back 40 Plan5. Draft Port SEA Marine Letter of Intent

PORT OF PORT TOWNSEND

AGENDA MEMO

DATE: 10/12/2022
TO: Commission
FROM: Eron Berg, Executive Director & Eric Toews, Deputy Director
SUBJECT: Point Hudson Planning

ISSUES: A number of issues regarding Point Hudson have previously been discussed with the Commission that require resolution, including the following:

1. Should the Commission approve the previously presented “Back 40 Plan” thereby enabling land leases and rental agreements to be developed that would ensure adequate compensation for the use of this publicly-owned space?
2. Should the Commission authorize staff to prepare a comprehensive Parking Management Plan for Point Hudson that seeks to balance the needs of businesses and visitors?
3. Does the Commission desire that the Duplex Building be used for transient accommodation and/or marine trades workforce housing?
4. Should the Commission direct staff to work with WDFW to potentially expand their leased premises to include all or a portion of the north wing of the Main Building, including the Marina Room?
5. Should Port staff finalize a Letter of Intent (LOI) with SEA Marine that would guide negotiations for a new long-term lease and expanded boat yard premises?

BACKGROUND

These questions highlighted above have either been discussed with commissioners individually or with the Commission as a whole over the past year. Point Hudson is a truly remarkable place within the Maritime Washington National Heritage Area and Port Townsend’s National Landmark Historic District. In many respects, it is our region’s “front door” to the Salish Sea, and inhabits a special place in the hearts of many. Point Hudson is also one of a very few places in our region where the physical form of nearly 100-year old development remains largely intact.

Given Point Hudson’s significance to the community and region, it is no surprise that it has been the subject of numerous planning processes over the years, including a draft master plan in 1994 that was later largely incorporated within the City’s Plan and Code (1996-97) and Shoreline Master Program (SMP) Update (2007). Most recently, the Port Commission adopted the Point Hudson Preservation Plan in 2020 that can be summarized as: “Keep what we have.”

DISCUSSION

Overall, Port staff recommendations concerning Point Hudson have sought to “keep what we have.” They have focused on restoring and maintaining the facility, and to preserve what the community cherishes about this special place. Staff recommendations have focused on finding ways to support

existing tenants while simultaneously increasing revenues to enable reinvestment, ensuring that future generations will be able to use and enjoy this extraordinary place.

1. **Back 40 Plan & Uses:** Earlier this year, staff prepared a proposed Back 40 Plan (attached) for Commission consideration. The Plan attempted to support existing tenants and users at Point Hudson and was intended to provide a pathway to move ahead with new lease and rental agreements that are consistent with and help to implement the plan, and which ensure adequate compensation for exclusive use of this scarce publicly-owned space. Staff believes that the Back 40 Plan represents a solid basis for proceeding. Does the Commission agree? Or, would the Commission like to see the Back 40 used differently?

2. **Comprehensive Parking Management Plan:** The Commission has received public comment regarding the free use of Port property for parking (“subsidized parking areas”). At the same time, the Commission has received requests for more leased, reserved and paid parking areas. Currently, parking at Point Hudson generally falls in four categories as follows:
 - Paid parking by users directly. This occurs at the former Landfall site, seasonally and is estimated to generate \$12,000 in revenue in 2022 (representing six months of paid use), as well as in the Back 40 for special event use.
 - Exclusive use parking for tenants. This is more limited at Point Hudson, but both WDFW and the USCBP have exclusive use, leased parking that they pay to use.
 - “Carnival parking.” Most of the available parking, including in the areas around the Armory Building, the corner lot in front of the Duplex, open space in the Back 40, and parking all along the Point are used by anyone without fee.
 - Commandeered parking. These are areas where tenants have effectively asserted exclusive use and control over Port property for their own use, even if not defined as part of their leased premises. Examples include areas around the Commanders Beach House, the South side of the Duplex, some spaces by the Armory, Schooner Martha’s shop, the grassy areas by Doc’s and the area between PSE and the Armory.

As demand for exclusive use of parking increases, it may be time for the Commission to consider utilizing more of the available parking as paid parking, using either a “fee for parking permit” system or via inclusion in leased premises. Staff believe that substantial additional revenue can be generated through paid parking at Point Hudson – all of which can be reinvested in the Port’s rather aggressive capital program to keep and maintain the buildings and infrastructure in good repair. Does the Commission agree that staff should further develop this Parking Plan concept and delineate distinct “use for fee” areas?

3. **Duplex Building Future Uses:** The Duplex has been wholly underutilized for decades. In the past it was a home for people, including marine tradespeople. More recently, it has served as the principal location for the Gatheringplace as well as limited office uses. The Gatheringplace use is inconsistent with the Port’s mission and Washington State law. They have been fundraising and actively seeking to relocate. Once vacant, staff would like to invest in updating the Duplex to address its aged electrical and plumbing systems as well as air quality issues. However, before beginning that work, it will be essential to know what the planned future use of the Duplex will be. Two possible uses are: 1) substantial remodeling of the interior to make them suitable as marine trades shops; or 2) restoration of the interiors for future use consistent with the original construction (e.g., as guest residential quarters). Remodel and reuse for marine trades use is consistent with the City’s Plan and Code. Paradoxically, restoration of the building for its intended original residential use (like many of

the buildings at Fort Worden), would require amending the City's Plan and Code. Does the Commission agree with staff that the Port should pursue City Plan and Code amendments to allow future use of the Duplex for either or both transient accommodation or workforce housing?

4. **WDFW Expanded Premises:** Staff have been working with WDFW for roughly a year to shift their current area of occupancy in the Back 40 to accommodate SEA Marine's desired expansion. To make this happen, we are working on renting them the Cupola House Annex and on reorganizing and relocating their exclusive use parking area. WDFW (and Washington State generally) desires to have EV charging available for its fleet. This is the principal reason ~~reasons~~ staff has proposed using the back fence line for their parking area. Separately, WDFW would like expanded office space use. One option would be to rent them all or a portion of the north wing of the Main Building, including the Marina Room. As a point of information, the Marina Room was rented 20 times between January 1 and September 15, 2022 for total revenue of about \$2,000. With the addition of the Pavilion Building as a rental available for group and event use, updating and leasing a portion of the Main Building, including the Marina Room, to WDFW appears to be a viable pathway to support the needs of an existing tenant, increase Port revenues, and help fund improvements to a historic station building. Does the Commission agree with staff that the Port should continue to work with WDFW to potentially expand their leased premises to include all or a portion of the north wing of the Main Building, including the Marina Room?

5. **SEA Marine LOI:** As noted in the Back 40 Plan discussion, and again in the WDFW expanded premises section, staff have been working with SEA Marine to expand their boat yard premises within the context of a new long-term lease (see Draft LOI, attached). Does the Commission wish staff to proceed with lease negotiations within the framework of an LOI?

FISCAL IMPACT

N/A (at this time)

ATTACHMENTS

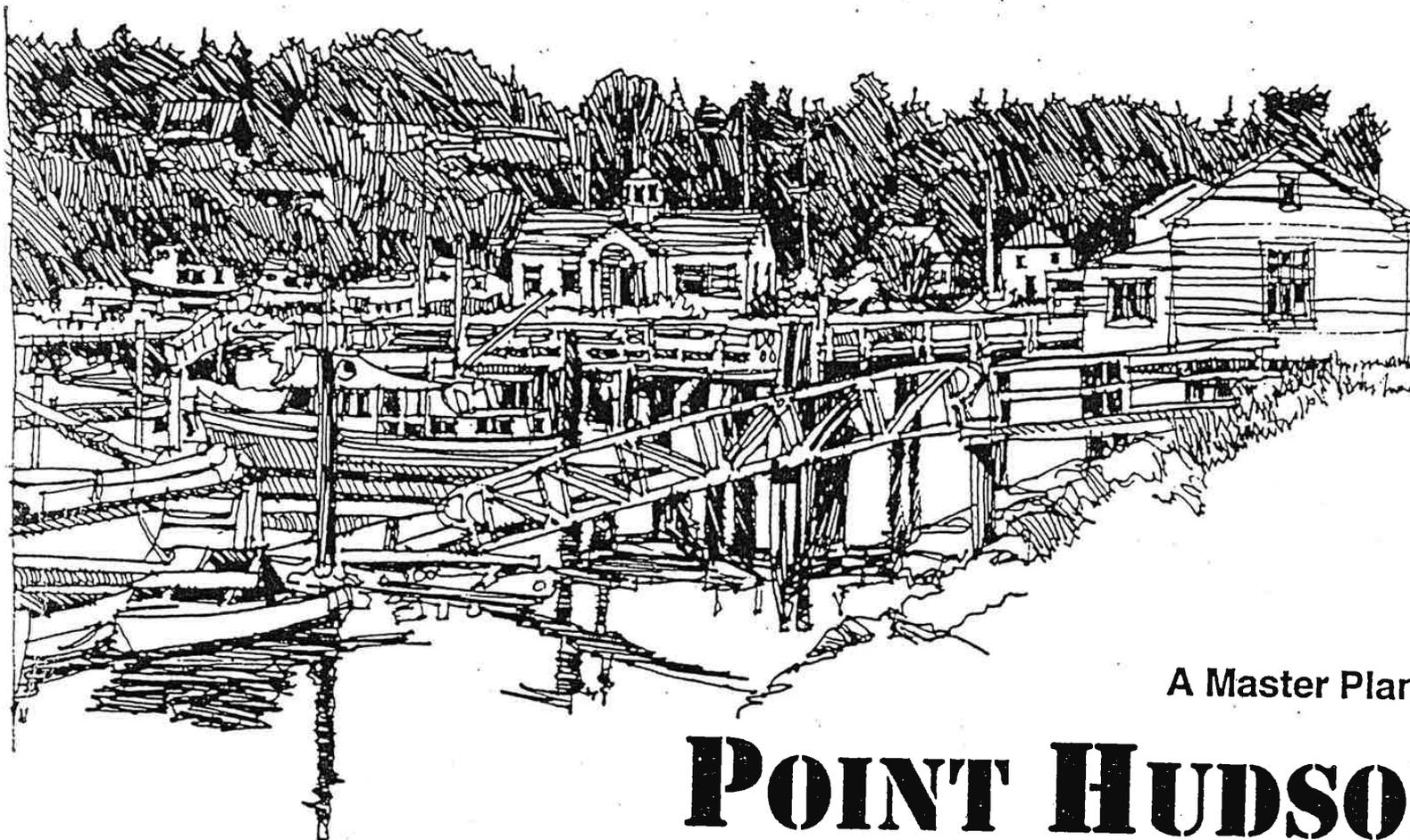
1. Point Hudson Master Plan (1994)
2. Point Hudson Preservation Plan (2020)
3. Draft Back 40 Plan
4. Draft Port-SEA Marine LOI

RECOMMENDATIONS

1. Direct staff to implement the Back 40 Plan as previously presented.
2. Direct staff to further develop a Point Hudson Comprehensive Parking Plan to clearly delineate distinct "use for fee" versus unpaid public parking areas.
3. Authorize staff to work with the City to advance Plan and Code amendments that would allow future use of the Duplex for transient accommodation and/or workforce housing.
4. Authorize staff to work with WDFW to expand their leased premises to include all or a portion of the north wing of the Main Building, including the Marina Room.
5. Authorize the Executive Director to execute the LOI with SEA Marine substantially in the form presented.

*A zoning to industrial
with regulated
see structure?
city liability?*

Point Hudson Advisory Committee with MAKERS architecture & urban design



A Master Plan for

POINT HUDSON

Phase III: Managing a Public Resource
Final Report - December 1994

POINT HUDSON MASTER PLAN

Phase III: Managing a Public Resource

December 1994

Acknowledgments

Point Hudson Advisory Committee

- *Tod Wakefield*
- *Quentin Goodrich*
- *Dyrk Lansdon*
- *Holly Mayshark*
- *Sue Sidle*
- *Mahlon Gane*
- *Jack McAnally*
- *Brent Shirley*
- *Lowell Bogart*
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- *Richard Symms*
- *John Pryor*
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- *Niki R. Clark*
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- *Nadine Jonietz*

City of Port Townsend Project Manager

- *David Robison*

Project Coordinator

- *Mium Rubin-Crump*

Consultant Team

- *MAKERS architecture & urban design*
- *BST Associates*
- *Peratrovich, Nottingham, & Drage, Inc.*

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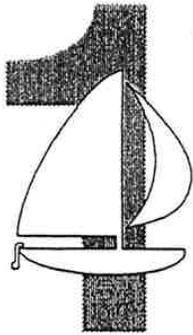
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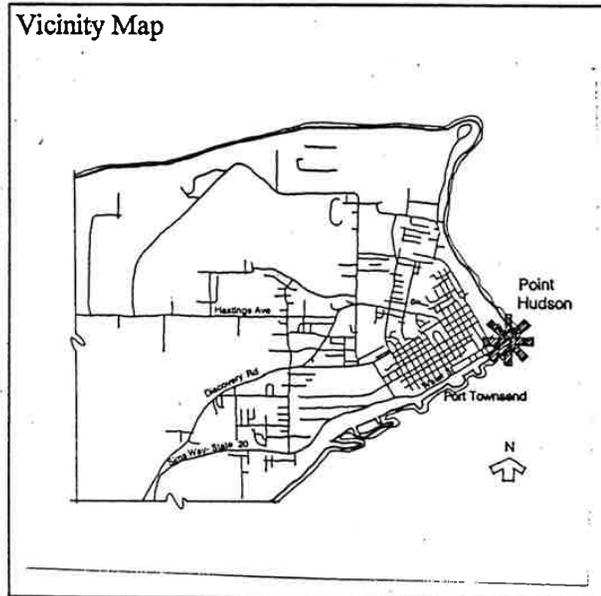


INTRODUCTION

Background

Point Hudson lies at the end of the Water Street forming the southeastern edge of Port Townsend, a town of approximately 8,000 citizens on Quimper Peninsula in Jefferson County. The site, which has commanding views of Mount Rainier, Mount Baker and the Olympic Range, has played an important role in the history of Port Townsend.

Vicinity Map



Although the area was discovered in 1792 by Captain George Vancouver, the town of Port Townsend was not settled until some time later. Most of the historic buildings on Water Street were built during the economic boom of the 1890's which was fueled in part by the anticipated selection of Port Townsend as a terminus for the Union Pacific Railroad. When this event did not occur, the town went through a period of severe economic decline with many banks and businesses closing and residents moving away. Since then, the town has experienced other cycles of economic prosperity and decline. In more recent times the decline of the logging and fishing industries has been somewhat offset by the growth of the tourist and boating industries.

The area now known as Point Hudson was at one time a sand spit which had formed at the end of a tidal lagoon. Until the early 1900s nomadic Indian tribes often camped on the spit, drawn by the abundance of shellfish and other seafood. The site underwent a dramatic physical transformation between 1860 and 1890 as the lagoon was gradually filled. A succession of uses was located at the site, including: a Catholic mission, a shipyard, a sawmill, and an icehouse. Due to its strategic location at the entrance to Puget Sound, Point Hudson was chosen in the 1850s as the location for the U.S. Customs

CHAPTER 1: INTRODUCTION

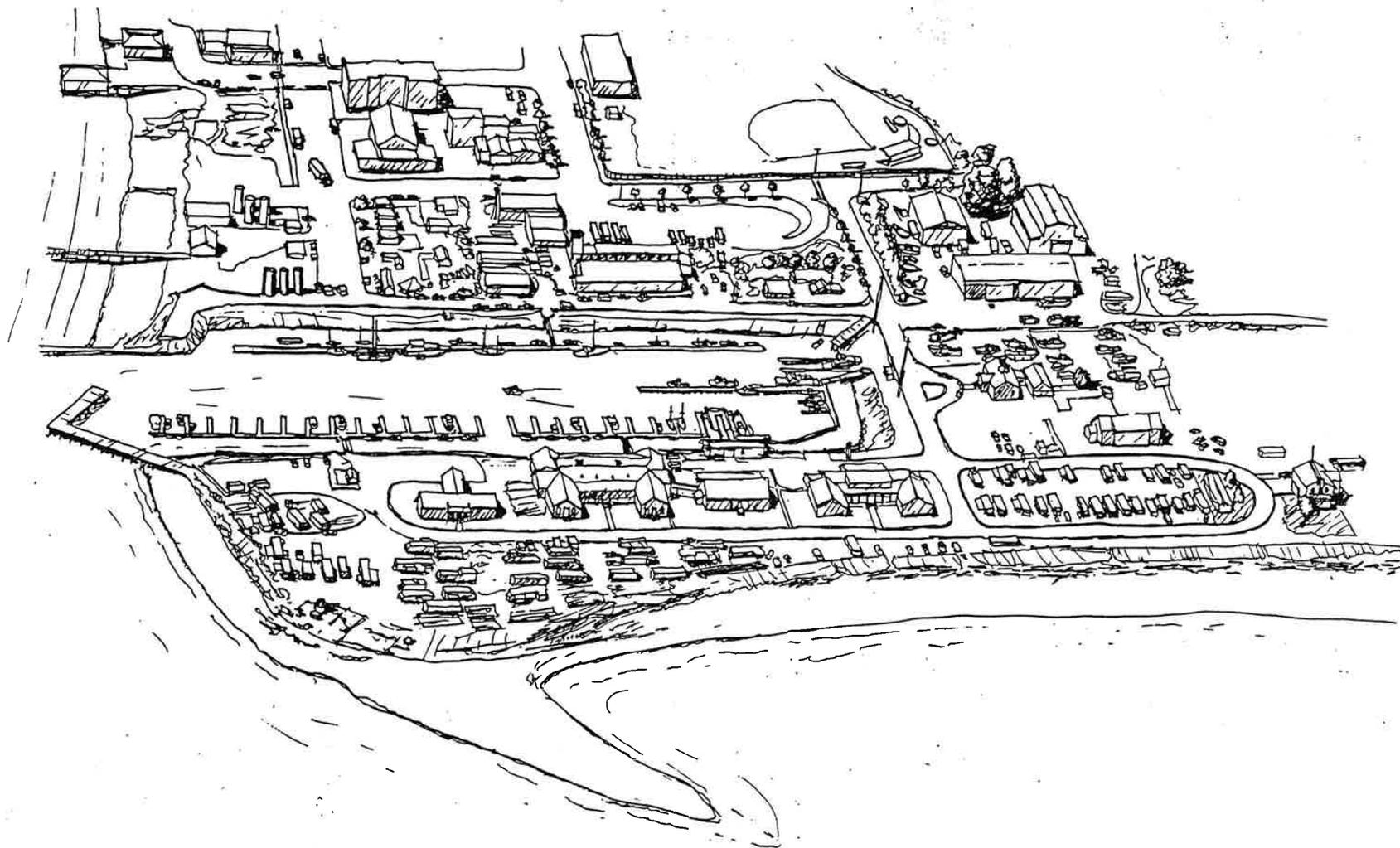


Figure I-1. Aerial View of Point Hudson

Headquarters for Puget Sound and served in this capacity until 1913 when operations were moved to Seattle. In the 1930's the federal government built a quarantine station at Point Hudson and the area was dredged for a marina. In 1939 the Coast Guard used the property for a time to train recruits.

The Port of Port Townsend acquired the property in the 1950's and since 1962 the Point Hudson Company, a subsidiary of the Rowley Corporation, has maintained and operated the property on a long term lease which will expire in 2002. In 1991, the Point Hudson Advisory Committee (PHAC) was formed and a series of planning studies undertaken jointly by the city, the port, the Point Hudson Company and local residents to determine goals and a vision for Point Hudson in the year 2002 and beyond. This report describes the third phase of this process; the various other phases of the planning process as outlined by the Committee are described below.

The current leaseholder, the Point Hudson Company, is currently examining possible options of selling their lease prior to the termination date. This has given fresh impetus to the planning effort, as the future envisioned for Point Hudson by the Advisory Committee and other residents may be closer than expected.

Point Hudson Goals and Planning Process

In the summer of 1992, PHAC issued a report at the end of the first planning phase outlining a four phase planning process and describing the results of the findings of Phase I, which was an inventory of existing conditions at Point Hudson. In Phase II, the committee evaluated potential uses at Point Hudson and developed several conceptual plan alternatives, including a "Preferred Alternative". The committee also developed the following set of goals to guide the planning process and future development at Point Hudson:

- **Point Hudson must be financially self supporting;**
- **Protect small scale nature;**
- **Provide a high degree of public access/use;**
- **Preserve the historic character;**
- **Encourage marine trades and water oriented uses; and**
- **Maintain property in Port/public ownership.**

During Phase II, several public workshops were held throughout the county (Quilcene, Tri-Area, City of Port Townsend) by members of the PHAC to present the goals and plan alternatives to county

CHAPTER 1: INTRODUCTION

residents. A survey sent to residents by the PHAC at this time for input on the Point Hudson goals indicated a high degree of public satisfaction with the intent of the goals (over 200 surveys were received and evaluated).

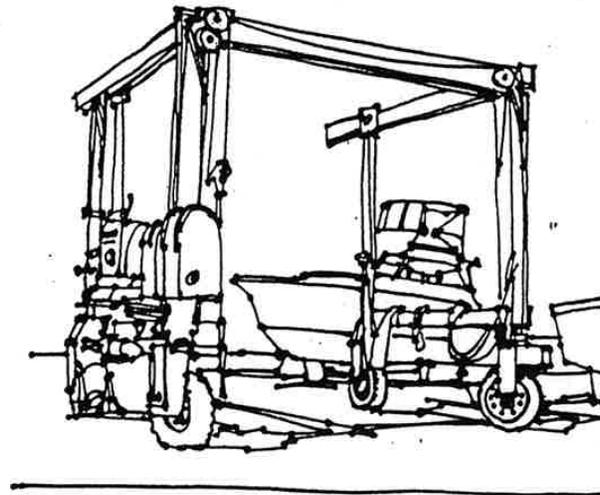
During Phase II, PHAC also undertook a survey of Point Hudson users and guests to better determine the user group at Point Hudson.

Phase III

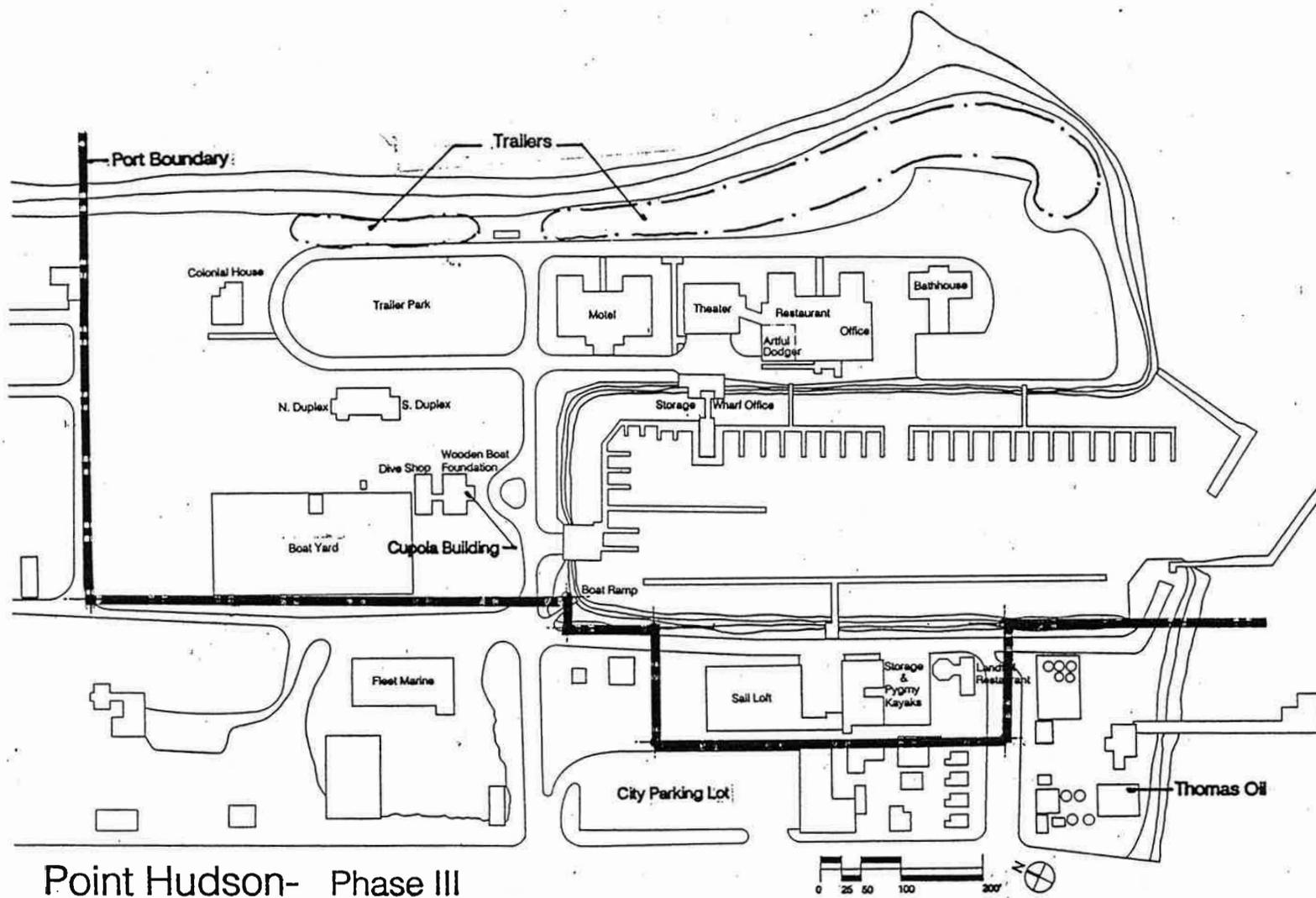
This report presents the results of Phase III. The purpose of the third phase of the planning process is "to translate the concept and goals of earlier phases into a course of action for managing Point Hudson as a valuable public resource." Part of this process was to refine the preferred alternative and develop a viable economic strategy which would protect the character of Point Hudson.

With the preferred concept and existing goals to guide the process, the consultant team held a series of meetings with business owners and stakeholders at Point Hudson to outline a feasible economic strategy. An economic "baseline" was established for Point Hudson to evaluate several alternatives which were variations of the Phase II preferred concept. Because financial information was unavailable from the Rowley Company, this baseline estimate was taken from current market rates.

The consultant team held regular meetings with the Advisory Committee to present their findings and get input and direction from the committee. Once the "preferred alternative" was refined, development guidelines and recommendations for regulatory revisions were developed along with recommendations for management approaches and development strategies. This report describes and presents those findings.



PHASE III: MANAGING A PUBLIC RESOURCE



Point Hudson- Phase III

Figure I-2. Point Hudson - Existing Conditions



MASTER PLAN CONCEPT

Economic Strategy

The key to a successful master plan for Point Hudson is encouraging a mix of fiscally viable uses which produce enough revenue to support the costs required to redevelop, maintain, and operate the facility. The master plan concept must be based on an economic strategy that balances the sum of revenues and costs for all proposed uses and facilities. As part of the economic analysis, BST Associates conducted a market survey to estimate current and future market demand and lease rates for various types of space. Since Rowley Company's current income figures for the existing lease are not available, the market study's figures were used to estimate current baseline income. Those estimates are presented in Table II-1 below.

It is apparent that whatever the current revenues and expenditures, the current lessee has been able to maintain a profit. The following assumptions were used to guide the preparation of the market study:

- Leasehold taxes must be paid on true property values.
- The boat basin will require substantial capital improvements.
- A public operating entity generally incurs greater operating costs.

Table II-1. Estimated 1994 Annual Revenue-Baseline

Element	Estimated Annual Income
Marine (moorage, travelift, dock, etc.)	\$201,853
Boat Construction (full service, maritime-oriented trades, dry storage, etc.)	78,814
Commercial (restaurant, motel, retail, office, assembly, etc.)	310,384
Educational and Public	8,387
Trailers	205,120
Total	\$804,558

Also, the project goals translate into the following physical directions which may constrain the revenues and increase costs.

1. Remove the trailers from the north and east portions of the site.
2. Substantially invest in the marine structures; including breakwater, floats, ramps, and utilities.
3. Nurture marine-oriented industries and trades by maintaining affordable rents.
4. Achieve a high level of maintenance to protect resources and showcase Port Townsend's maritime history, industries, activities, and culture.

 CHAPTER 2: MASTER PLAN CONCEPT

5. Retain the small scale character. Do not encourage large new commercial facilities.
6. Increase opportunities for educational, public, and non-profit uses.

Thus, the challenge is to identify ways to maintain the facility's economic viability even though several changing conditions and project goals will tend to decrease the ratio of revenues to expenditures. Accordingly, the master plan concept was developed by evaluating the fiscal impacts of various use and capital improvements options through a pro forma model.

This analysis indicated that the most viable development strategy is based on the following principles:

1. *Incremental, evolutionary changes in land and shoreline uses, starting with current use patterns.*
2. *Retaining long-term opportunities for water-oriented uses, such as increasing marine-oriented uses, educational institutions and public areas.*
3. *Coordinating long-term planning with the downtown, particularly in the areas of parking, pedestrian circulation, visitor access (transient moorage), and achieving a broad spectrum of uses, activities, and attractions.*
4. *Coordinating boating facilities and marine-oriented activities with Boat Haven to maximize opportunities for the recreational and commercial boating community.*

5. *Recognizing that Point Hudson is a unique site within the northwest and is a potential gateway into downtown Port Townsend.*

Use Concept

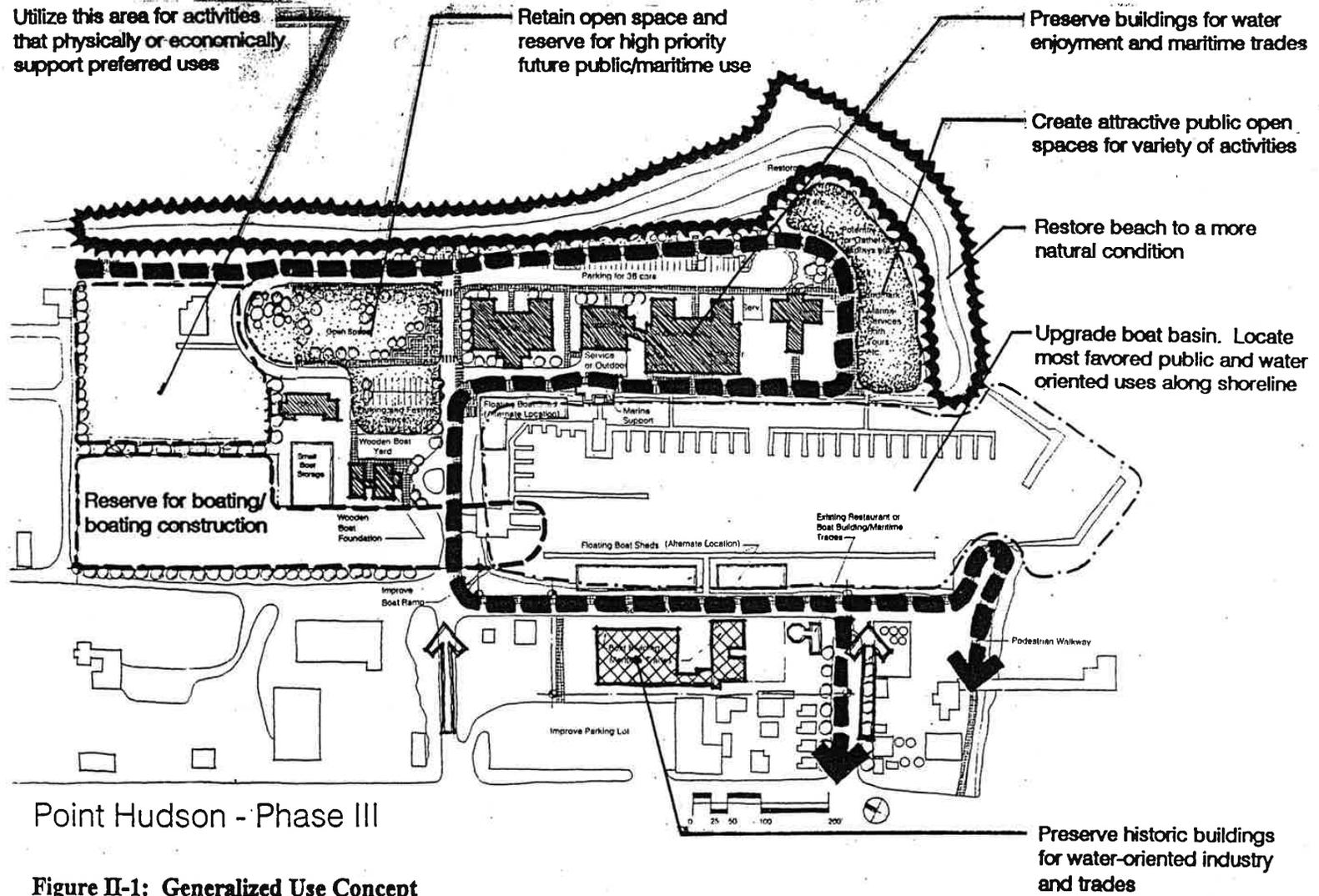
The master plan's basic use concept, as illustrated in Figure II-1 and II-2, forms the basis of the use guidelines and its economic strategy. It features the following actions:

1. Improve boat basin with new or repaired docks, floats, and breakwater. Provide moorage with lights and utilities. Retain travelift/dock capability and hand-held boat launch. Build new floating boat sheds so long as they do not block views. Moorage will be retained predominantly for transient (visitors and repair/refit activities). When docks and floats are upgraded, study other float configurations. It may be that the long single slip on the south side is needed to accommodate larger vessels and repair activities.
2. Remove trailers from the parade grounds and the northeast beaches. Beach area should be enhanced with native vegetation and retained as open space. Parade ground should also be retained as open space of a more formal character with landscaping, benches, lighting, and perhaps a small paved plaza area with other amenities as needed.

 PHASE III: MANAGING A PUBLIC RESOURCE

3. Maintain current commercial uses in the old Coast Guard buildings east of the boat basin. Some internal reconfiguring of areas may be desirable to provide more space for marine-oriented trades and a more efficient layout. The old theater could be used for a variety of public and private events, educational activities, and marina services.
4. Provide open space near the Cupula Building (Wooden Boat Foundation). The old parade field could provide a formal area for festivals and events. The field due east of the Cupula Building could be retained for parking and special events. The areas immediately to the north and east should provide the potential for expansion. The area north of the boat basin and west of the Cupula Building also offers short and long-term options that can be exercised as the need or opportunity arises (see section on long-term development options).
5. Provide for the expansion of upland boat storage and repair. The long-term need for boat construction facilities is uncertain at this time. However, with the expansion of Boat Haven for larger boats and the local efforts to position Port Townsend as a regional center for boat construction and marine-oriented trades, it appears wise to retain the few remaining, near-water industrial sites for marine-oriented activities. The area indicated could be developed to provide temporary shed space for "tailgaters," as well as permanent boat repair and/or storage, depending on the need. Direct access to the travelift and the Fleet Marine boat repair yard is a plus. The vacant land at the north end of the site should be utilized for marine oriented uses as a first priority. However, other revenue generating uses may be considered if necessary to financially support Point Hudson's other marine oriented activities (see Use Matrix: Figure III-1).
6. Retain current boat repair and marine-oriented trade activities along the western edge of the boat basin. These activities are located in historic buildings and provide an important position in the spectrum of local marine-oriented services. It is assumed that the Landfall restaurant is retained.
7. Provide a variety of open spaces including an enhanced naturalized beach along the western shoreline, a formal grounds for festivities and events near the Cupula Building and a large open area at the point south of the commercial buildings. Link uses and open spaces with pedestrian walkways to connect open spaces and uses to parking.
8. Provide minimal parking on site. To offset parking limitations, locate parking to efficiently serve several activities and provide easy pedestrian access from off-site lots. Provide access from city lot west of Sail Loft Building.

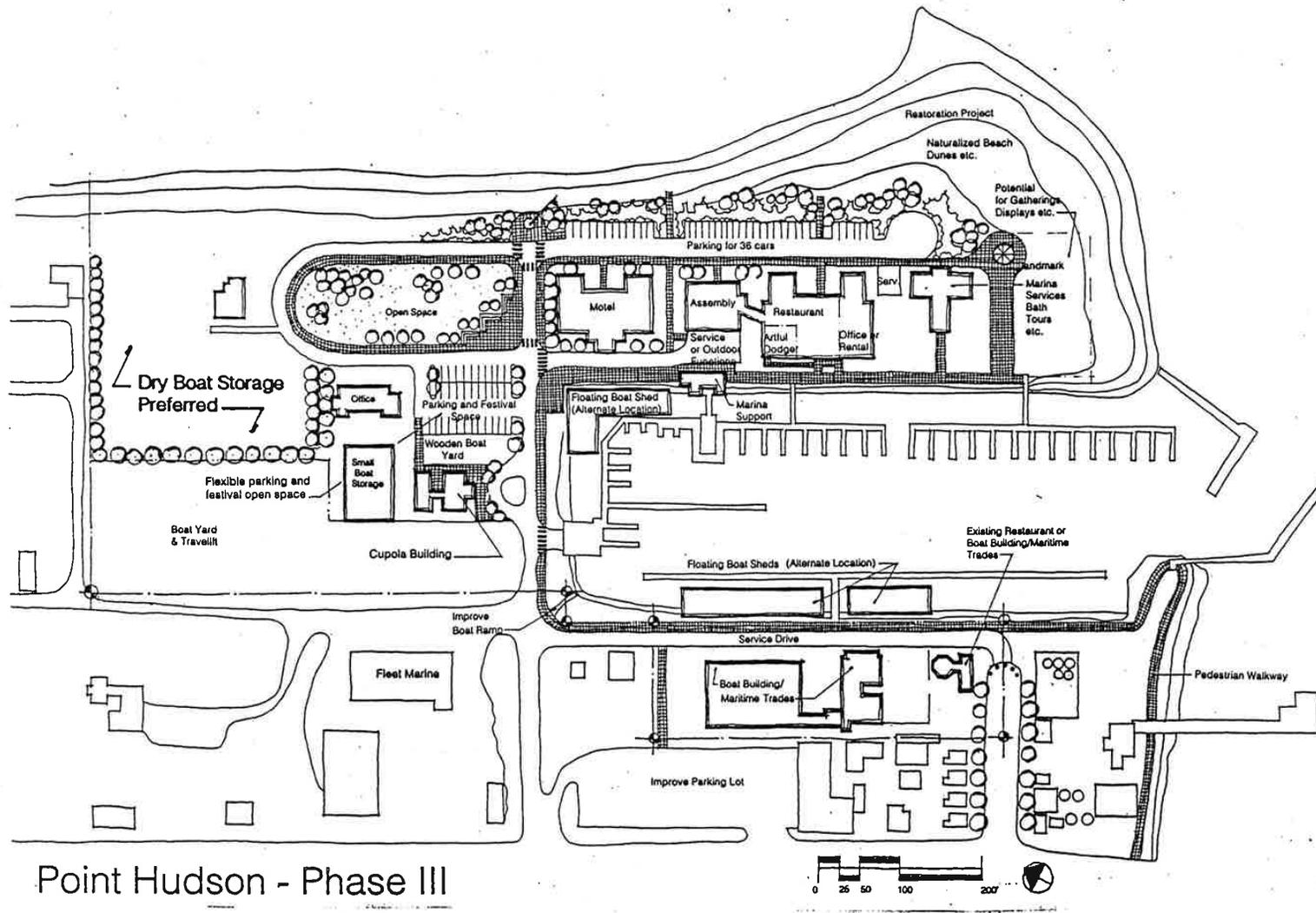
CHAPTER 2: MASTER PLAN CONCEPT



Point Hudson - Phase III

Figure II-1: Generalized Use Concept

PHASE III: MANAGING A PUBLIC RESOURCE



Point Hudson - Phase III

Figure II-2: Concept Plan Illustrating Specific Use and Design Recommendations

CHAPTER 2: MASTER PLAN CONCEPT

Design Concept

The design concept is based on three fundamental principles:

- protect and enhance current building stock
- maintain the small scale, work-a-day qualities of the site
- provide an organized pedestrian-oriented setting with a variety of supporting and connected open spaces.

The primary elements in the design concept are listed below and illustrated in Figure II-2.

1. Maintain key views including the view eastward from the end of Water Street, views across and along the boat basin and the view corridor along Jefferson Street.
2. Enhance or develop a pedestrian walkway around the boat basin. Improve connections between buildings and the boat basin as part of the walkway. The walkway must be handi-capped accessible and illuminated at night but need not feature expensive pavements or ornamental fixtures. Connect to "Waterwalk" trail in both directions.
3. Retain historic character of existing buildings. Non-registered buildings may be modified within the building renovation guidelines. New buildings adjacent to the boat basin must adhere to new building design guidelines that compliment the historic structures.
4. Prevent new buildings or parking from encroaching any further onto the western beach. Undertake a beach restoration project.
5. Limit automobile access to Jackson Street between Water Street and Jefferson Street and utilize it primarily as a service drive.
6. Incorporate a range of plant materials. Generally speaking, lawn and small shrubs near the old buildings around the boat basin. Native plants are most appropriate near the beach and some ornamentals (perhaps annual flower beds) may be used to enhance special areas as focal points.
7. The open space south of the commercial buildings may be an appropriate location for a landmark feature such as a tower, flagpole, or gazebo to accentuate the view axis down Water



PHASE III: MANAGING A PUBLIC RESOURCE

Street. This feature could also be an entrance gateway to Port Townsend for visiting boaters.

Economic Analysis

The overriding questions of Phase III work is, "Will it work: will the proposed uses produce enough revenues to support capital and operating expenditures?" The answer to this question is not simple. It requires assumptions and estimates regarding rental prices and occupancy rates for the proposed uses, other income sources, and improvement maintenance, operating costs, taxes, and other expenses. To test the economic viability of various options, the team projected income analyses for several alternatives. Table II-2 outlines the concept's (the preferred alternative's) projected revenues and expenditures for a typical year. The notes below explain key assumptions made during the analysis. Detailed costs and revenue analyses for individual uses within the larger categories are to be found in a packet of background information available at City Hall. The fifth line, "*Add'l Dry Boat Storage (preferred) or Trailers,*" illustrates projected costs and revenues for a dry boat storage yard with no repair facilities. This assumes that there will be an increasing demand for dry boat storage at current Boat Haven rates. This assumption appears defensible given current trends, the growing need for more environmentally responsive repair space and the evolving changes at Boat Haven. As a contingency if there is not sufficient demand for marine uses, a trailer court could

be developed that would generate about the same net income. See note #10 on Table II-2.

As the table indicates, if all assumptions are correct (or if deviations are off-setting), the project will net approximately \$110,000 per year. While unforeseen market fluctuations or costs could change this picture, the analysis suggests that the project is within the envelope of feasibility. Furthermore, there are options for increasing revenues. One option would be to continue to allow trailers on the parade field as an interim measure. This would provide approximately 34 additional spaces and could potentially generate approximately \$97,000 additional annual income.

Renovating the current restaurant building and enclosing the porches could allow approximately 3,000 sf for marine-oriented uses and approximately 2,600 sf for an expanded, upgraded restaurant. At projected rates, the expanded facilities could bring in an additional \$8,000 for the trades area and \$17,000 for the restaurant space, assuming an additional \$7,300 in leasehold taxes. The above modifications to the basic use concept could net approximately an additional \$115,000 annually. These options are detailed in the background information packet available at City Hall.

CHAPTER 2: MASTER PLAN CONCEPT

Table II-2. Point Hudson Masterplan Revenue/Expenditure Analysis for the Preferred Site Alternative (Concept)

Use ¹	Annual Revenue ²	Annual Costs		Income
		Improvements ³	Operating ⁴	
Marina (moorage, travelift launch, office)	\$201,853	\$186,611 ⁵	\$100,000	(\$ 84,758)
Boat Construction (full service, marine-oriented trades day storage, dry boat shed)	\$148,308 ⁷	\$ 61,047 ⁶	--	\$ 87,261
Commercial (restaurant, hotel, assembly, retail office) ⁸	\$115,367	\$ 66,048 ⁶	--	\$ 49,319
Education (Wooden Boat Foundation, US Coast Guard, marine science center, etc.) ⁹	\$ 8,387	\$ 6,188 ⁶	--	\$ 2,199
Add'l Dry Boat Storage (preferred) or Trailers ¹⁰	\$131,000	\$ 3,750 ⁶	\$ 5,000	\$122,250
Parks and Open Space ¹¹	\$ 0	\$ 10,000	--	(\$ 10,000)
Leasehold Tax (12.84%)			--	(\$ 55,822)
Total				\$110,449

Notes to Table 2.

1. Refer to Background Information Packet*, Table 1A for facility description and income assumptions.
2. Refer to Background Information Packet*, Table 1B for revenue calculations and assumptions. This assumes no grants or outside revenue sources.
3. Refer to Background Information Packet*, Table 1C for costs of improvements.
4. Facility management costs assigned to marina operation. Other activities account for utilities and personnel costs within the revenue rates.
5. Marina capital costs include debt service for dock, breakwater, site improvements, utilities, etc..
6. Costs for boat construction, commercial, and educational facilities do not include debt service because improvements are incremental and funded on a pay-as-you-go basis.
7. Assumes only minimal rent increases.
8. Assumes only minor changes to existing operations.
9. Assumes only minor expansion to Wooden Boat facilities and no other educational or public facilities.
10. Entry includes uses on 63,000 SF of vacant land at N. end of site, Marine uses preferred. Trailers will produce approximately \$143,000 per year if demand for marine uses is insufficient.
11. Assumes only minor incremental site improvements. Substantial improvements funded through other sources (e.g., grants or joint agreements with Parks Department) or with profits from operations.

* Available at City Hall

Long-Term Options

It appears that the design concept based on a gradual evolution of current water-oriented activities can be financially self-supporting. But what if new opportunities emerge in the longer term future? For example, what if the Marine Science Center or US Coast Guard (or other water-oriented use) wish to move to the site? What if marine-oriented trades and boating activities require more space?

Fortunately, the concept includes enough flexibility to allow a wide variety of future options. The northeast portions of the site from the old parade grounds to the boat yard include a good deal of land area for appropriate activities. Figure II-3 illustrates one potential option for accommodating increased public, educational, and boating activities. Under this scenario, new educational and public uses would be located in a campus or "quadrangle" configuration around open space that relates to the beach and the boat basin. The quadrangle could be developed over a long period, adding relocated Coast Guard structures from the north part of the

site along with new buildings that conform to the building design guidelines as new uses emerge.

Similarly, boating facilities, including increased storage, repair yards, sheds, and auxiliary offices, could be added to the north and west. Figure II-3 illustrates the maximum parking potential. However, marine-oriented uses should take priority if there is a demand for boat repair yards, dry boat storage or similar activities.



CHAPTER 2: MASTER PLAN CONCEPT

Long Term Options

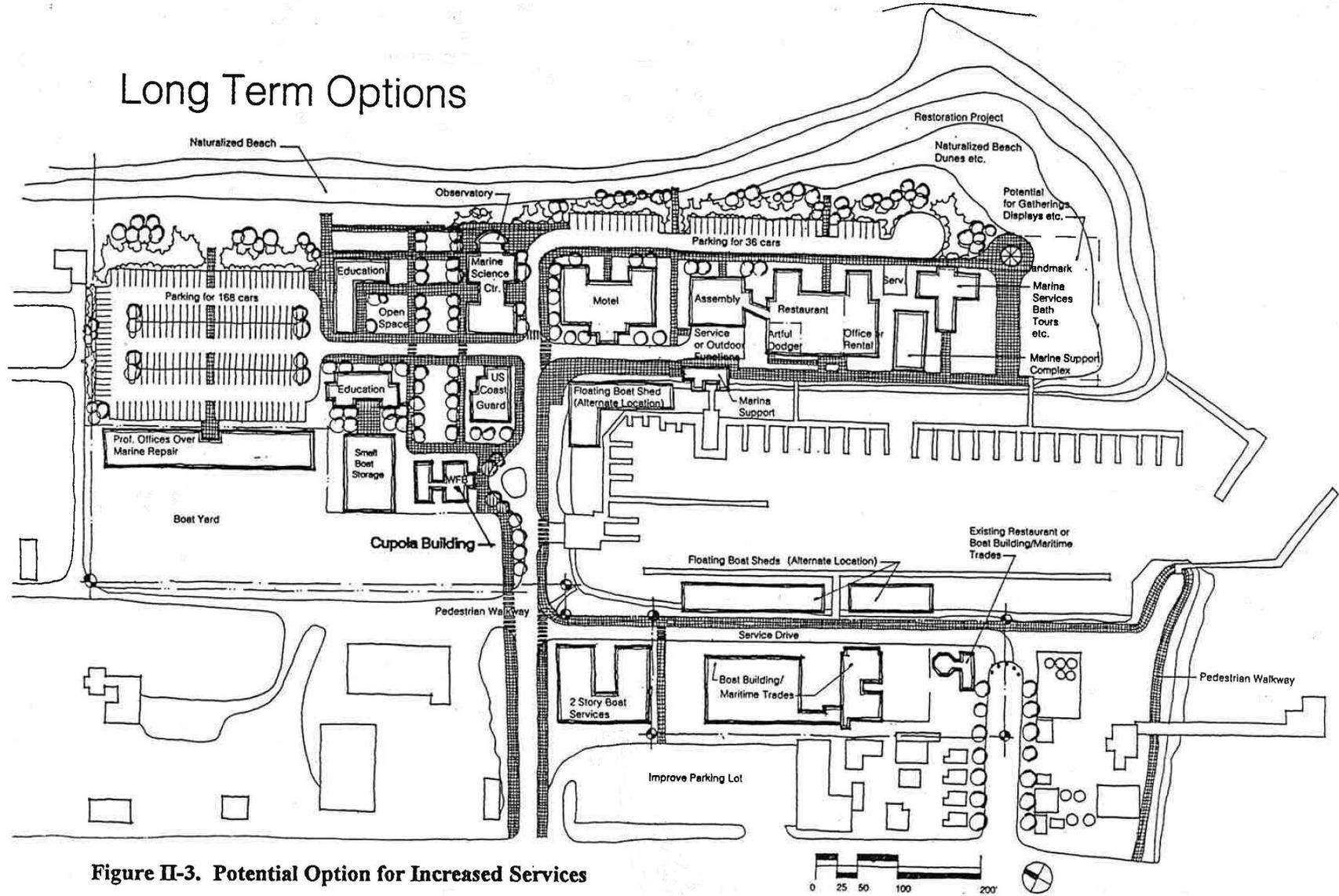
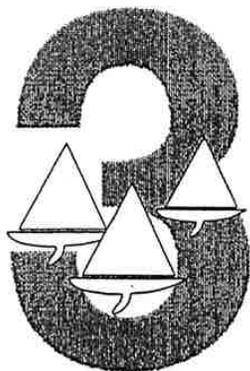


Figure II-3. Potential Option for Increased Services



IMPLEMENTATION

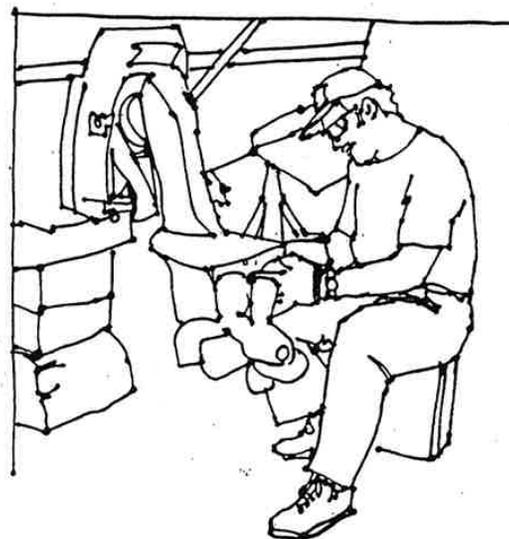
As indicated in the previous section, the original goals and concept developed by the committee in Phase II appears feasible and allows for a number of future options. But what will it take to make the plan happen? What are the actions necessary to implement the plan?

There are 5 key elements to achieving the community's goals for Point Hudson. They are:

1. **Design Guidelines** that direct new uses, activities buildings, and site improvements toward the direction established by the development concept.
2. **Recommendations for Regulating Controls** (e.g., zoning and shoreline master program) to enforce the development guidelines.
3. **On-Site Capital Improvements** to support the desired uses and activities and to unify and enhance the site's visual qualities.
4. **Facility Management Options** to ensure that the master plan's objectives are pursued by all development partners including the City, the Port, facility operations, lessees, and tenants.
5. **Complimentary Off-Site Actions** recommended to the City, Port, and local community to compliment and support Point Hudson activities.

This Section presents these five elements as recommendations for an integrated action program.

It is also important that the implementation phase recognize the need for flexibility in allowing Point Hudson to slowly evolve in response to changing needs and demands in the marine-oriented uses.



Design Guidelines

Enforceable development guidelines directing activities and design quality are essential to achieving an integrated mix of water-oriented and public uses, protecting the site's historic, small scale character, and ensuring public access. However, a uniform set of guidelines would not recognize the diversity of conditions and opportunities found on the site. Therefore, the site is divided into 9 district "parcels", each with separate use standards and design guidelines. Figure III-1 illustrates the parcel boundaries and Tables III-1 and III-2 indicate the use and design standards that apply to each "parcel". (Note that the term "parcel" does not necessarily indicate a recommendation for property division or lease boundary.)

Use Requirements

Table III-1 indicates which uses are permitted (P), permitted as a conditional use (C), and prohibited (X). The "P", "C", and "X" classifications are intended to correspond to those of the Port Townsend Shoreline Master Program (SMP).

Definitions

Water-dependent use: A use or a portion of a use that cannot exist in any other location and requires a location on the shoreline and is dependent on the water by reason of the intrinsic nature of its operation.

Water-related use: A use or portion of a use which is not intrinsically dependent on a waterfront location, but whose

operation cannot occur economically without a shoreline location. These activities demonstrate a logical, functional connection to a waterfront location.

Water-enjoyment use: A recreational use such as a park, pier, or other use facilitating public access as a primary character of the use; or, a use that provides for passive and active interaction of a large number of people with the shoreline for leisure and enjoyment as a general character of the use and which, through location, design, and operation, assure the public's ability to interact with the shoreline. In order to qualify as a water-enjoyment use, the use must be open to the public and most if not all of the shoreline oriented space in the facility must be devoted to the specific aspects of the use that foster shoreline interaction.

Water-oriented use: A use or a portion of a use which is either a water-dependent, water-related, or water-enjoyment use, or any combination thereof.

Non-water-oriented use: Upland uses which have little or no relationship to the shoreline. All uses which do not meet the definition of water-dependent, water-related, or water-enjoyment are classified as non-water-oriented uses.

Examples of Uses

Water-dependent uses

- In-water boat storage: docks, slips, and other facilities at which boats are berthed.
- On-land boat storage: boat building, repair, servicing, and dry docking.
- Hand-launch boat sites for kayaks, dinghies, canoes, and wind-surfers.
- Passenger ferry terminals.
- Fuel storage and fueling facilities for marine craft.

PHASE III: MANAGING A PUBLIC RESOURCE

Water-Related Uses

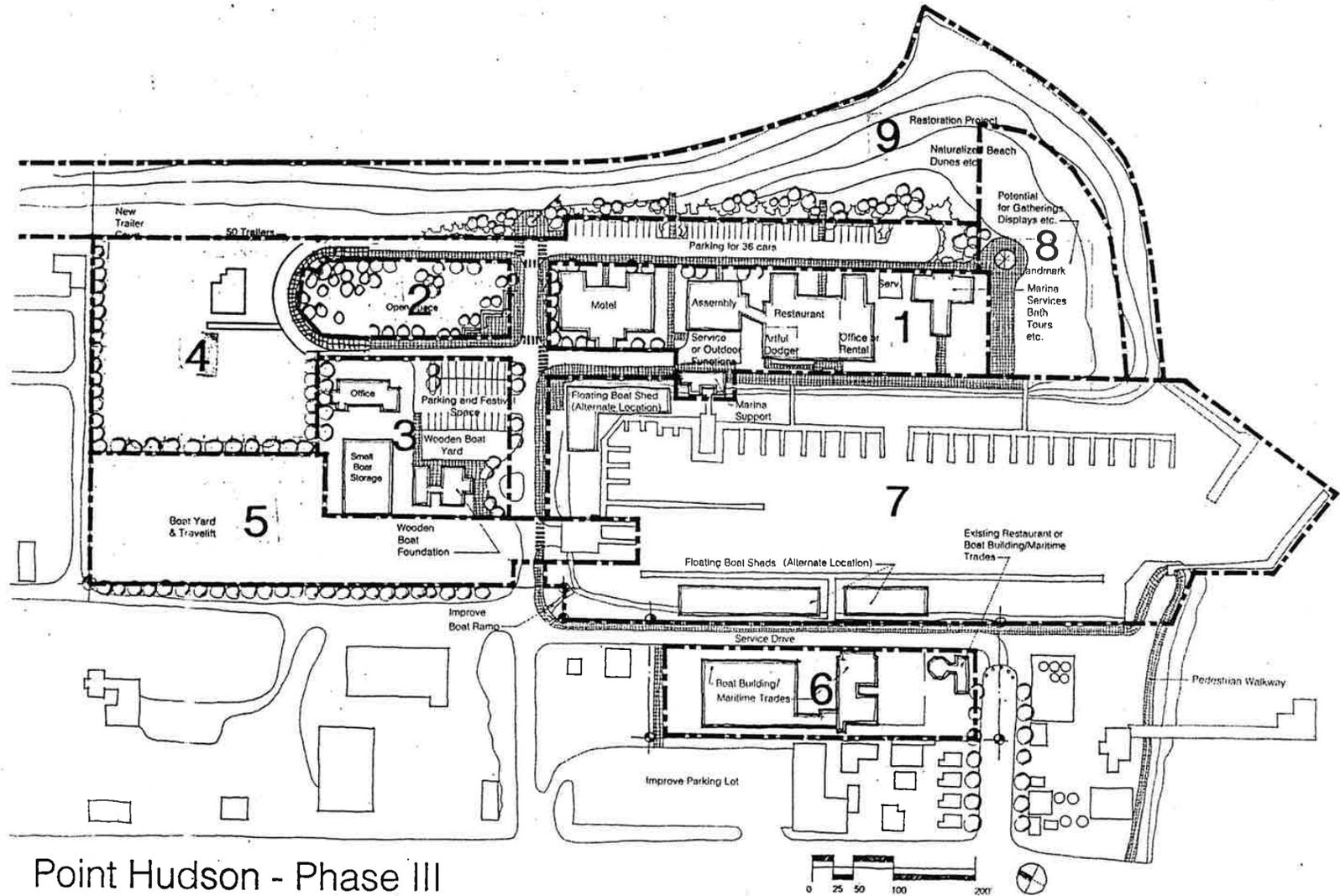
- Marine fabrication, including: sail and canvas accessory manufacture; spar and rigging construction; marine-oriented carpentry; construction of boats; and blacksmithing, block-making, and casting.
- Marine-related services. Functions necessary to serve in-water and on-land boat storage and working boatyards, including, but not limited to: boat dealers and brokers; boat rentals and charters; marine parts, supplies, and accessories; and diving rentals, classes, and merchandise.
- Marine transportation and water taxi.
- Utility lines serving waterfront uses.

Water-Enjoyment Uses

- Public ecological and scientific reserves.
- Public waterfront parks.
- Public use beaches.
- Aquariums available to the public.
- Yacht, sailing, kayak club offices, and member services.
- Marine-oriented or natural history museums.
- Boat building schools or those oriented to marine trades.
- Restaurants available to the public as part of a mixed-use.

- Retail businesses housed in mixed-use projects designed to take advantage of a waterfront location, protect views of the water, enhance pedestrian traffic, and which display and sell merchandise oriented to marine uses, including, but not limited to: marine hardware; fishing tackle; marine chandleries; boat furniture; marine maps, books, magazines, and/or catalogues; and marine-oriented provisions and clothing.
- General marine services that are also part of mixed use projects that offer office and research functions contributing to marine activities including, but not limited to: marine research and environmental services; marine-oriented associations; marine-oriented laboratories and experimental facilities; specialized professional services to the marine trades; marine photography, printmaking, and chartmaking; marine documentation; and marine transportation operations.

CHAPTER 3: IMPLEMENTATION



Point Hudson - Phase III
 Figure III-1 Development Guideline Parcels

PHASE III: MANAGING A PUBLIC RESOURCE

Table III-1. Point Hudson Shoreline Use Matrix.

Use	Parcel								
	1	2	3	4	5	6	7	8	9
1. Water-dependent boating (moorage, haul-out, etc.)	P	C ⁽¹⁾	P	P	P	P	P	X	X
2. Water-related boating (dry storage, boat repair, boat construction trades, etc., marine administration, etc.)	P	C ⁽¹⁾	P	P	P	P	P	X	X
3. Water-dependent, water-related, and water-enjoyment commercial (includes marine-oriented retail businesses, restaurant, resorts, and general marine-oriented services)	P	C ⁽²⁾	C ^(1,2)	C ⁽¹⁾	P ⁽⁶⁾	C ⁽⁶⁾	X	X	X
4. Non-water oriented commercial (includes non-marine-oriented related offices)	C ⁽²⁾	X	X	C ^(1,2)	X	X	X	X	X
5. Water-oriented public and educational (includes museums, schools, activity areas, US Coast Guard facilities)	P	P ⁽¹⁾	P	P	C ⁽⁶⁾	C ⁽⁶⁾	C ⁽⁷⁾	C ⁽⁷⁾	C ⁽⁷⁾
6. Beach restoration	NA	P	NA	P	NA	NA	P	P	P
7. Public open space recreational structures (e.g., picnic shelters, amphitheaters, park structures, etc.)	P	P	P	P	P	P	P	P	X
8. Trailer courts	X	C ⁽³⁾	X	C ^(3,4)	X	X	X	X	X
9. Permanent residential units	X ⁽⁸⁾	X	X	X	X	X	X	X	X
10. Accessory Parking ⁽⁴⁾	X	C ⁽¹⁾	C ⁽⁵⁾	P	C	P	X	X	X

Legend:

P = Permitted Use

C = Conditional Use (see notes for special requirements)

X = Prohibited Use

Footnotes Indicated on Matrix

1. May be permitted as a conditional use provided it conforms to a City approved development plan for parcels 2 and 3 that retains substantial open space oriented to the shoreline and to any surrounding structures.
2. As part of a mixed-use building which includes a substantial portion of water-oriented uses.
3. May be permitted as a conditional use provided the City determines that resulting revenues are needed to support operations of water dependent uses.
4. Subject to screening from neighboring properties (see Design Guidelines).
5. Provided parking area is configured to save as multi-use open space festival, outdoor display, and similar activities.
6. May be permitted provided use is compatible with industrial activities and supports marine-oriented activities. New water enjoyment activities are not permitted. Existing restaurants are permitted.
7. Interpretive signage and displays only.
8. A caretaker or manager residence for an approved use may be allowed.

PHASE III: MANAGING A PUBLIC RESOURCE

Table III-2. Applicable Design Guidelines by Parcel

Applicable Design Guidelines	Parcel								
	1	2	3	4	5	6	7	8	9
Building Design (Type A, B, or C)	A	A	A	A or B	C	B	NA	A	NA
Height above grade (see definition) ⁽¹⁾	30'	30'	30'	30'	40' ⁽²⁾	40' ⁽²⁾	2' ⁽³⁾	25'	0
Landscape (type X, Y, or Z)	X	X or Y	X or Y	X, Y, or Z	X	X	X	Y	Z
Visible Chain-Link Fencing Permitted	N	N	N	Y	Y	N	N	N	N
Open Storage of Building Materials, Boats, etc., Permitted	N	N	N	Y	Y	Y	N	N	N

Notes:

1. **Height:** A measurement from average grade level to the highest point of a structure. Television antennas, chimneys, and similar appurtenances are not used in calculating height, except where they obstruct the view of a substantial number of residences, or where the Port Townsend Master Program provides otherwise.
2. Towers of up to 100 square-feet may exceed the height limit by 10 feet provided that not building shall exceed a total of 50 feet.
3. The height of floating structures (e.g., boat houses) shall not extend more than 2 feet above the average grade at the top of bank nearest the structure at mean higher high tide.

The chart also indicates maximum permitted heights for each parcel and whether or not open storage and chain-link security fencing is permitted.

Design Guidelines

Two categories of design guidelines are proposed for Point Hudson: (1) general design guidelines that apply to the entire site, and (2) parcel-specific design guidelines that vary for parcel to parcel. General design guidelines include requirements for parking and service area screening, signage, and view protection and are presented later in this section. The Design Guideline Matrix below indicates which design guidelines apply to each parcel. There are three sets of building design guidelines, each with a different emphasis:

- **Type A** preserves the small-scale, wood frame character of the US Coast Guard structures through relatively comprehensive design standards.
- **Type B** allows larger wood frame structures in keeping with the character of the Sail Loft building.
- **Type C** is intended for the marine-oriented industrial areas away from the boat basin and allows metal-sided, industrial buildings but control colors and finish of the building shell.

Similarly, there are three sets of landscape/site design guidelines.

- **Type X** emphasizes the vernacular, utilitarian quantities found near the boat basin.

- **Type Y** encourages some special landscaping features for more park-like uses and character.
- **Type Z** indicates native plant materials and minimal human-made elements.

Building Design Guidelines

The guidelines below apply to new and existing buildings. They are intended to preserve and enhance the existing character of Point Hudson. Because the existing buildings form a unified grouping with a consistent character, the guidelines are relative prescriptive. However, the City may allow deviations from the guidelines if the proposal meets the Point Hudson goal statements and represents a unique situation or opportunity (for example, a glass pavilion to display wooden boats or picture windows to allow the public to view marine-oriented trades).

Type A: US Coast Guard Building Character*General*

Emphasize the small-scale historical character of vernacular military structures. Building location and orientation should create a unified ensemble of structures with convenient access from building to building.

Roof Form

Gable roof, approximately 4 in 12 slope. Dormers and clerestories permitted. Gable or shed roofs permitted on porches and additions. No visible mechanical equipment except small vents.

Materials

Walls are to be wood clapboard siding 6 inches wide. Roofs are to be asphalt shingles (metal standing seam roof acceptable if operator institutes program to replace all roofs in the parcel in similar manner.

Windows

Single or double hung with multi-paned fenestration similar to existing.

Doors

Wood with or without glass. If glass, small-paned glass is preferred.

Architectural Features

Wood railing with rectangular rails. Porch posts shall be cylindrical columns or square posts with stripped-down classical detailing. No awnings.

Additions

Must match existing materials, details, and architectural character. Porches may be enclosed with glazing provided small paned fenestration is used. Architectural detailing must be consistent with original building.

Colors

Select from City of Port Townsend approved samples: Building walls: white; roof: slate gray (dark); foundations: medium gray; architectural trim (window trim, door frames, railing, etc., porch columns, etc.): light, medium, and/or dark gray; window sash and mullions: light gray.

CHAPTER 3: IMPLEMENTATION

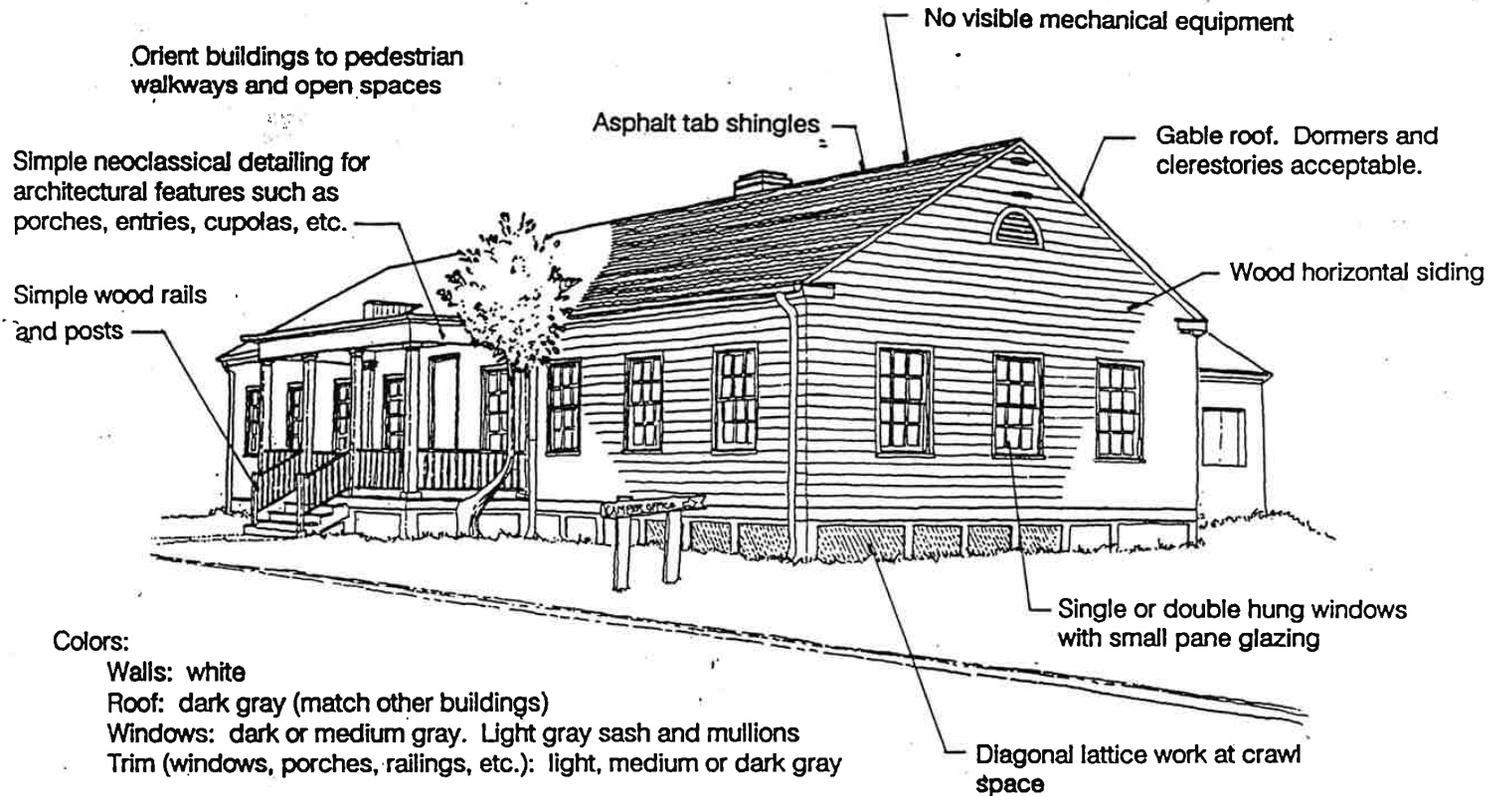


Figure III-2. Type A: US Coast Guard Character Building Design Guidelines

Type B: Historic Industrial Building Character*General*

Emphasize the wood frame vernacular architectural characteristics similar to Type A, except that buildings may be larger and oriented to the shoreline or outdoor work areas. Building elements and equipment that support boat building activities such as large doors, hoists, towers, ramps, and clerestories are encouraged. The Sail Loft building offers a good model for new and renovated Type B structures.

Roof Form

Gable hopped and/or shed roof forms. Towers, sheds, lofts, clerestories, dormers, and similar features permitted. Roof slope may vary from building to building, but should be consistent within each individual building. No visible mechanical equipment except vents.

Materials

Walls should be wood clapboard or drop siding. Roofs should be asphalt tab shingles. Metal standing beam roofs (dark gray matte finish) are acceptable.

Windows

Single or double hung with wood trim. Small paned fenestration preferred. Trim around windows should be at least 4 inches wide.

Doors

Wood. Sliding doors acceptable.

Architectural Features

Wood trim and railings. Simple bull-nosed woodwork. Classical details, coving, etc. is unnecessary. Trim around windows, doors, porches, etc. should be at least 4 inches wide.

Additions

Must match existing materials and architectural character. Shed roofs are acceptable.

Colors

Select from City of Port Townsend approved samples: building walls: white; roof: slate gray (dark); foundations and crawl space lattice: medium gray; architectural trim: light, medium, and/or dark gray.

CHAPTER 3: IMPLEMENTATION

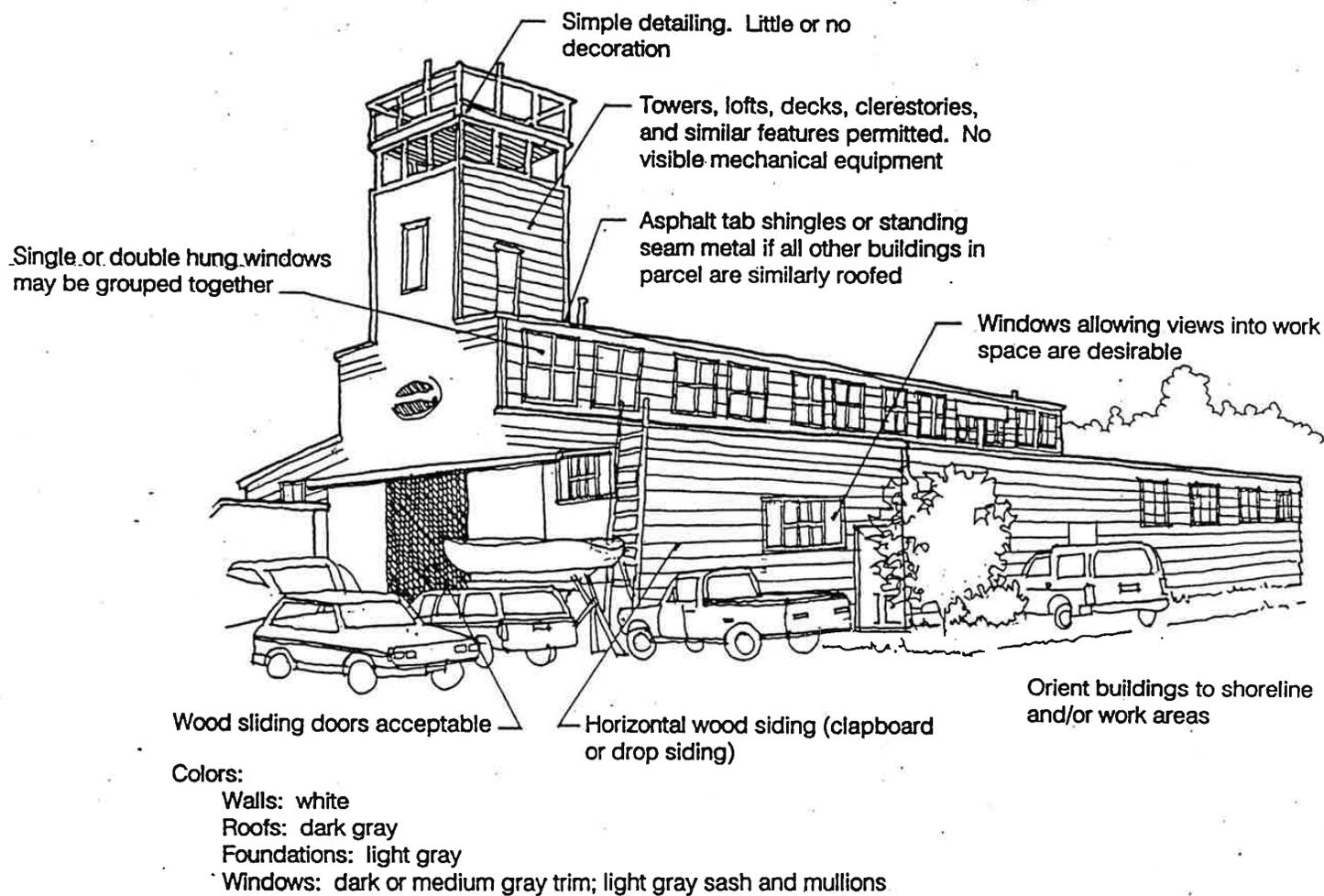


Figure III-3. Type B Historic Industrial Building Design Guidelines

Type C: Maritime Industrial Buildings*General*

Even though these buildings will be located in less visible areas and their size, materials, and industrial character are different from historic structures, they should reflect the general building forms and building colors found throughout the site. Type C structures may include temporary or prefabricated buildings and sheds.

Roof Form

Gable or shed. Flat roofs may be permitted provided the City finds that a functional or economic justification for such a roof can be made.

Materials

Walls are to be metal or wood siding.

Roofs

Asphalt tab roof or pre-finished metal.

Windows

Wood or metal.

Doors

Wood or metal. Sliding and roll-up doors acceptable.

Architectural Features

Trim railings and other features are encouraged, but not required.

Colors

Match colors selected for Type A and B structures as much as possible. Manufacturer's standard colors are acceptable, provided building walls are white. Color scheme includes: building walls: white; roofs: dark gray; other features: dark, medium, or light gray.

CHAPTER 3: IMPLEMENTATION

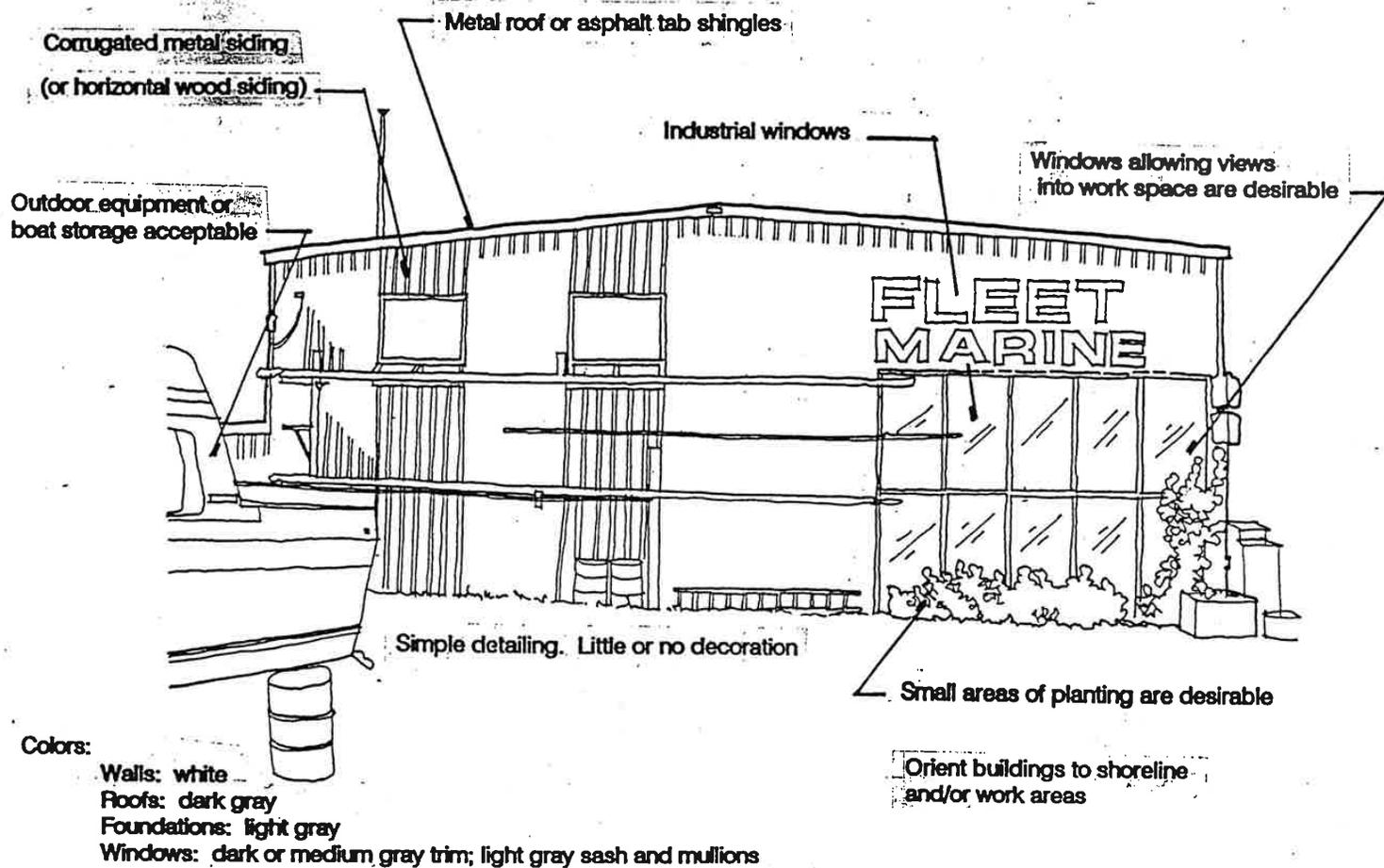


Figure III-4: Type C Marine-Oriented Industrial Buildings

Site Design and Landscape Guidelines

The three classifications of site design guidelines below are intended to apply to the specific parcels within Point Hudson to create a diverse, but unified spectrum of site design qualities that support the various buildings and activities found there. As in the case of the building design guidelines, the City may find that there are special conditions or opportunities where it may be advisable to diverge from the guidelines. For example, even though utilitarian site fixtures are recommended for the restaurant building area, there may be the opportunity for outdoor seating that could benefit from special paving, lighting, and furniture.

CHAPTER 3: IMPLEMENTATION

Type X: Maritime Utilitarian Features*General*

Emphasize general working qualities. Site design should increase connection of buildings and activities to the shoreline and organize buildings and spaces into functional groupings.

Paving

Pedestrian areas should be standard concrete with 2 pounds of lamp block per cubic yard of concrete. Broom finish. Esplanade along shoreline should be at least 8 feet wide. Vehicle area paving in parcels 1, 2, 3, and 7 should be asphalt with concrete curbs and controlled drainage where possible. Parcels 4, 5, and 6 may feature gravel parking and storage areas if environmental regulations are met. The City may allow the incremental improvement of pavements to occur over time.

Plant Materials

A very spare, formal landscape character, emphasizing lawn. Space between buildings is preferred. Limited use of trees or small shrubs and/or annual flower beds located symmetrically around buildings or pathways to frame views or open spaces are encouraged. Trees and shrubs should be selected from City approved list of hardy, easily-pruned species. Restrict species to not more than two types of trees and shrubs per each complex of buildings. Tree species should not grow over 35 feet tall and feature a compact form.

Lights and Utilities

Wood light poles. Utilitarian site lighting (standard high pressure sodium fixtures or shaded pedestrian lights bracketed from wood poles or buildings (see sketch)). Underground utility wires where feasible. Desirable lighting levels: 0.5 foot candles, 2 foot candles at building entries at heavily-used pedestrian areas. Light fixtures should not extend above height limit for the given parcel.

Pedestrian Elements

Seating and trash receptacles should be single, durable, and conveniently located. Decorative or historical styles are discouraged. Simple wood hand rails with steel supports are recommended where needed for safety. Finishes for site features should be galvanized or painted medium to dark gray.

PHASE III: MANAGING A PUBLIC RESOURCE

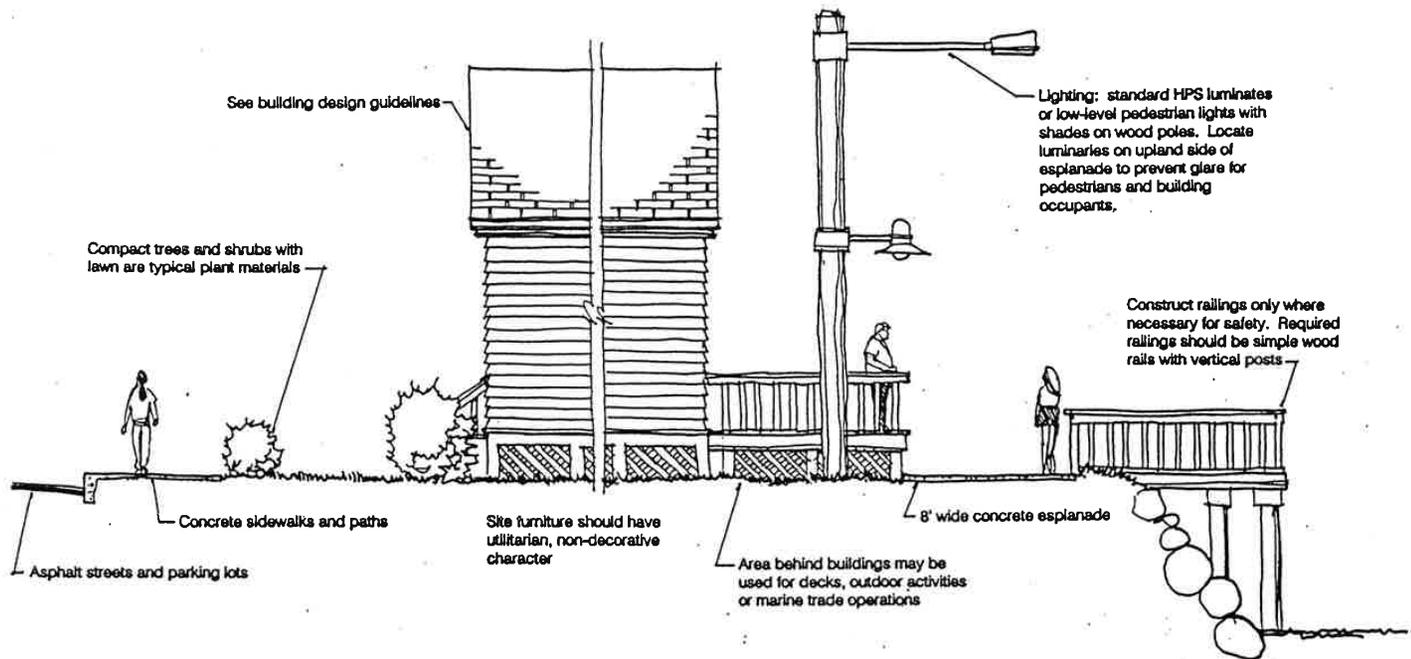


Figure III-5. Type X Maritime Utilitarian Site Design Guidelines

CHAPTER 3: IMPLEMENTATION

Type Y: Public Open Spaces*General*

Type Y landscaping is intended for active open spaces such as the parade field and southeast corner of the point. The site design of Type Y spaces should be compatible with Type X features but may include elements that produce a more park-like setting. The site design should accommodate those activities such as parking, public festivals, assembly, etc. That are projected.

Paving

Same as Type X except that special or unit paving may be desirable at focal points where special emphasis is desired.

Lights and Utilities

Architectural area lighting such as light bollards, globes, or special fixtures may be appropriate. Lights may be mounted on metal or concrete poles. All utilities should be underground.

Plant Materials

Formal and/or informal plantings of lawn, ground cover, trees, shrubs, and ornamental annuals. Plantings should preserve key view corridors.

Pedestrian Environment

Same as for Type X, however other features such as artwork, raised planter beds, historical markers, fountains, play structures, gazebos, plaza areas, etc. are encouraged.

Materials such as brick and sand-blasted concrete are permitted so long as they do not detract from Point Hudson's overall character. The basic fixture colors and furnishes should be the same as for Type X except that additional colors may be utilized for special features or as an accent.

PHASE III: MANAGING A PUBLIC RESOURCE

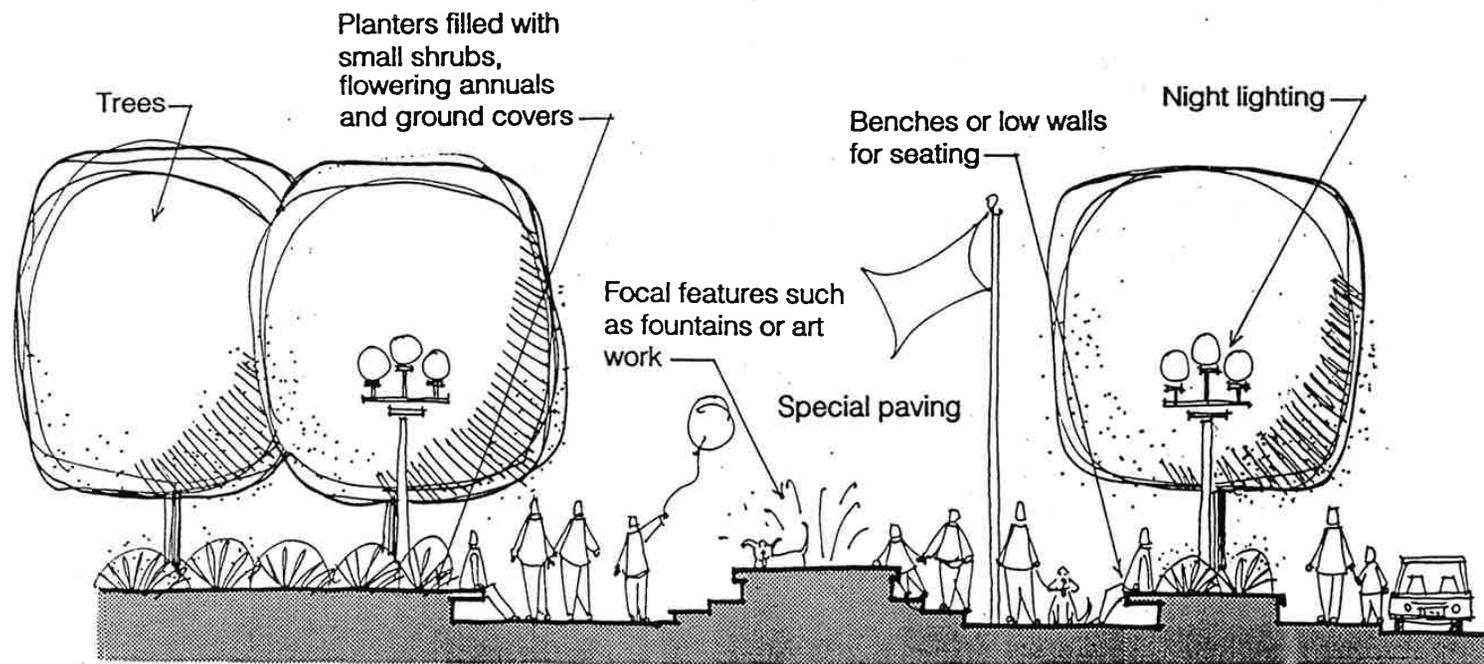


Figure III-6. Type Y Public Open Space Site Design Guidelines

CHAPTER 3: IMPLEMENTATION

Type Z: Naturalized Beach Areas*General*

The intent of this type is the restoration of shoreline areas to their natural condition. Any Type Z improvements undertaken should be done in conjunction with a shoreline ecologist because they will involve working with geohydraulic forces, native vegetation management, and wildlife habitat creation.

Paving

No vehicular paving. Minimal pedestrian trails where necessary consisting of boardwalk or asphalt path to encourage visitors not to destroy vegetation.

Lighting and Utilities

None.

Plant Materials

Native plants normally found in similar shoreline conditions.

Pedestrian Elements

Minimum necessary to protect beach ecology. Interpretive displays are encouraged.

PHASE III: MANAGING A PUBLIC RESOURCE

Buffer this area and screen parking from view with shore pines and native shrubs

Enhance this area of beach with dune grasses and native plants

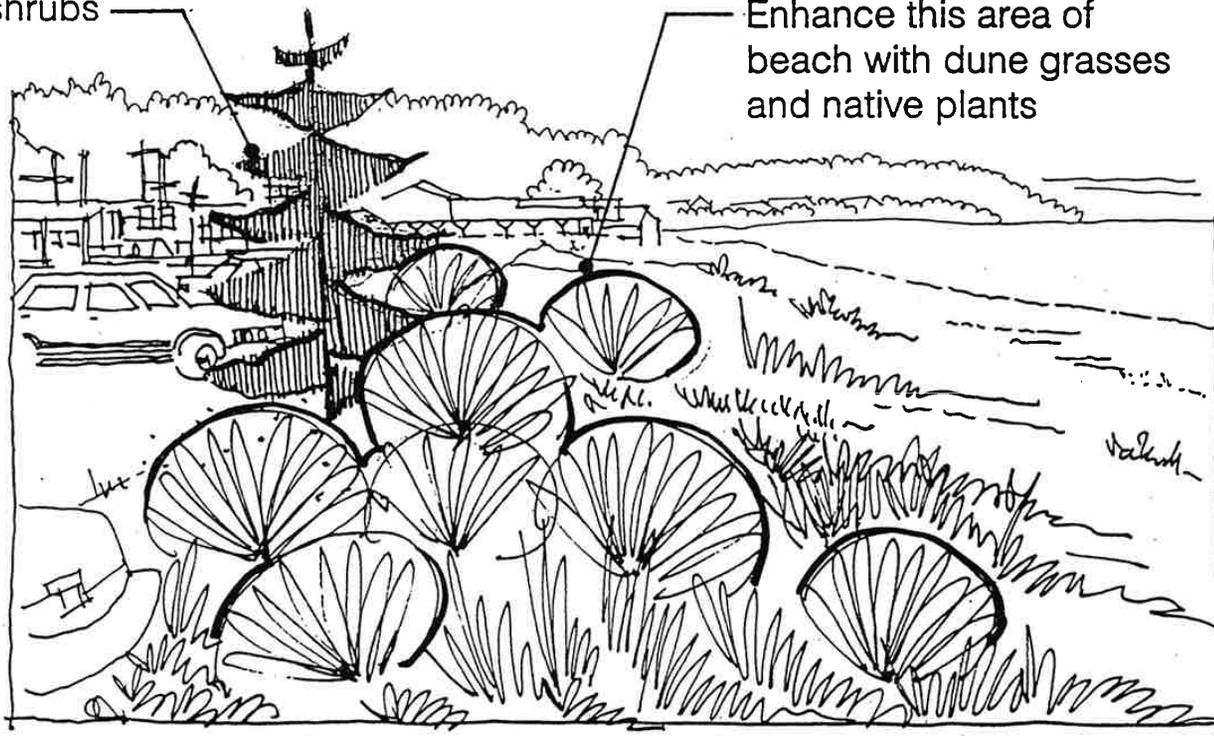


Figure III-7. Type Z Naturalized Beach Site Design Guidelines

General Site Design Guidelines

Parking Area Screening

All parking lots shall be screened from the shoreline and from principal pedestrian pathways by a planting screen at least 5 feet wide with shrubs planted in a pattern that will form a continuous screen at least 3 feet high within 3 years.

Boat Yard, Storage Area, and Trailer Park Screening

All parking lots, trailer parks, storage areas, and boat building/repair areas in parcels 4 and 5 shall be screened from residential properties and from active pedestrian areas within Point Hudson (see Figure III-8). Exception: the City may eliminate the need for screening of marine oriented uses if it determines that such activities add a positive visual quality to the site and neighboring properties. The buffering shall consist of a planting strip at least 10 feet wide planted with a double row of evergreen trees at least 5 feet high which will grow to at least 15

feet high within 10 years. The City may require a particular species that will grow to a greater or lesser height to optimize views from residences and public areas. All service areas, dumpsters, mechanical equipment areas, and similar facilities shall be screened from view with vegetation or located away from pedestrian areas and open spaces.

View Protection

The principal view corridors and view sheds identified in Figure III-9 shall not be diminished unless the City determines a greater public benefit will result. Identified views may be enhanced. For example, a landmark structure such as a gazebo, light tower, or flagpole might be constructed at the on axis with the view corridor down Water Street.

Signs

The City of Port Townsend Sign Ordinance shall apply to Port Hudson except that the City may modify sign requirements to better fit the site's design character.

PHASE III: MANAGING A PUBLIC RESOURCE

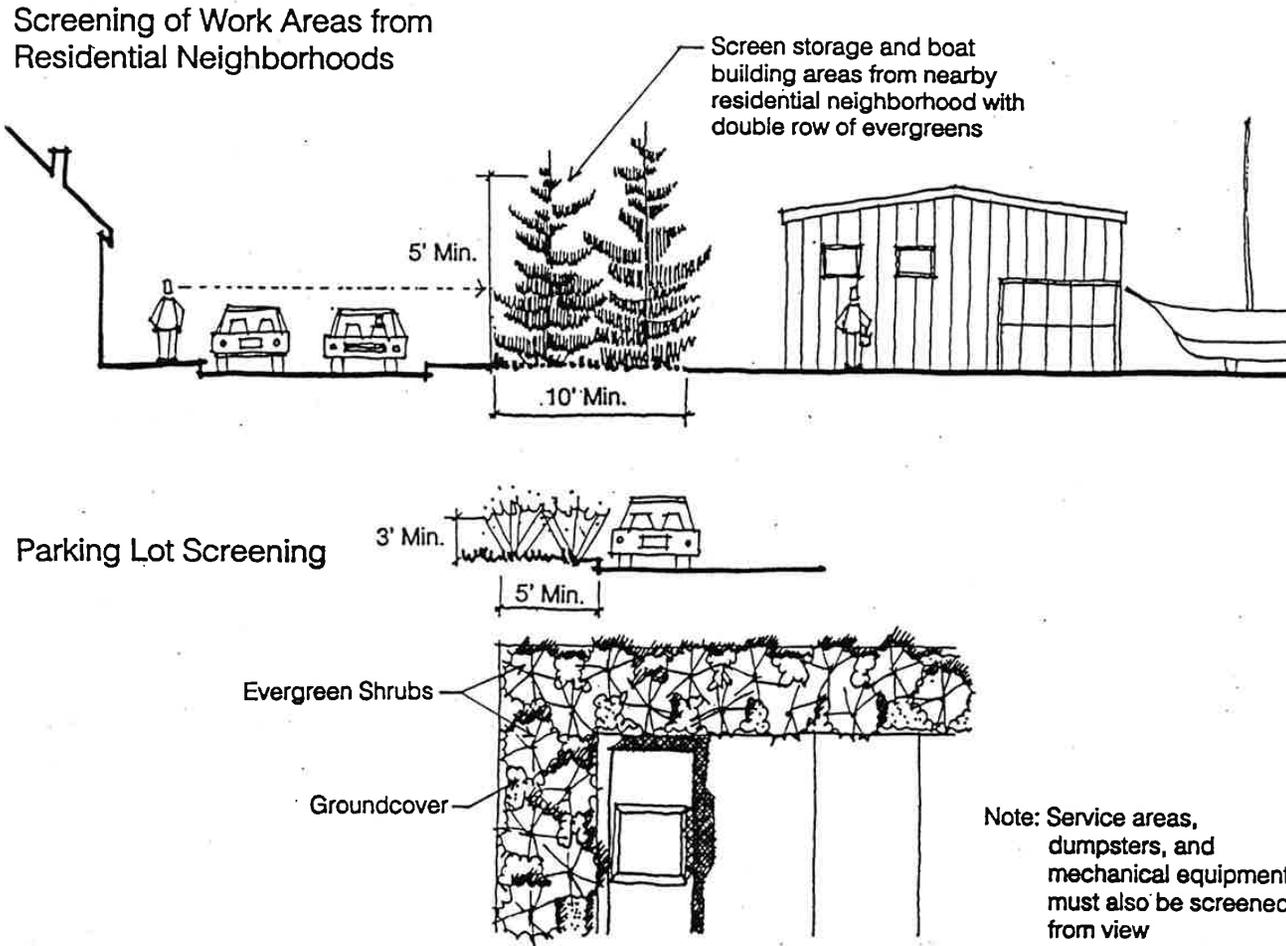
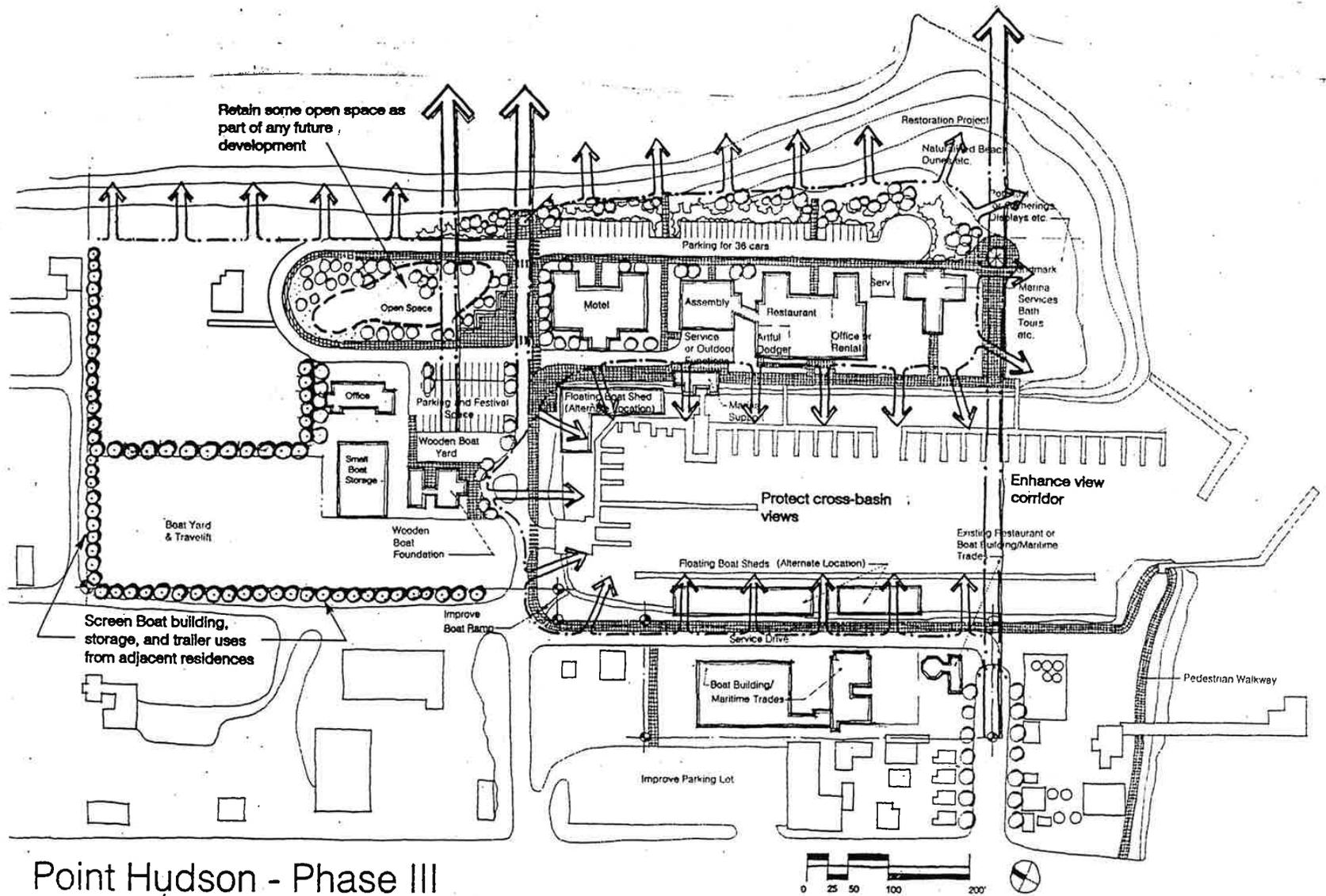


Figure III-8. Screening Requirements

CHAPTER 3: IMPLEMENTATION



Point Hudson - Phase III

Capital Improvements

Except for the boat basin and breakwater improvements, the success of this master plan does not depend on an extensive capital site improvement program. Nor is there much money allocated toward improvements to non-income producing parcels and common grounds, roads, and utilities. Capital improvements to the boat basin, boat yard, and vacant north lot are included as costs for those particular uses. It is envisioned that part of the \$100,000 for operating costs allocated per year would go to general maintenance of common facilities. The design guidelines are aimed at reducing site improvement costs by emphasizing utilitarian and standard site elements and landscaping treatments. However, the ultimate goals for Point Hudson depend upon substantial investment to public access paths, roadways, utilities, and open spaces over time. Some of the funds for these efforts can come from rent income, but this amount should be augmented from other sources. Table III-3 lists the development strategies and potential funding sources for each of the primary capital improvement items. The list at right outlines the programs in Table III-3. The Port, the operating entity (leasee, if applicable), and the City should work together to combine and secure funds for an incremental capital investment program. Phasing of each item will be on the basis of priority and available funding.

Potential Capital Improvement Funding Programs

City Contribution (City). This category includes a variety of City sources for those public facilities benefitting the Port Townsend community, such as parks and open spaces.

Aquatic Land Enhancement Account Grants (ALEA). Washington Department of Natural Resources. Funding for water dependent public access/recreation projects. Local match of 25% is required with a maximum grant of \$75,000 per project.

Costal Zone Management Grants (CZM). Washington Department of Ecology. Emphasis on improvements to local shoreline master programs and specific shoreline project planning.

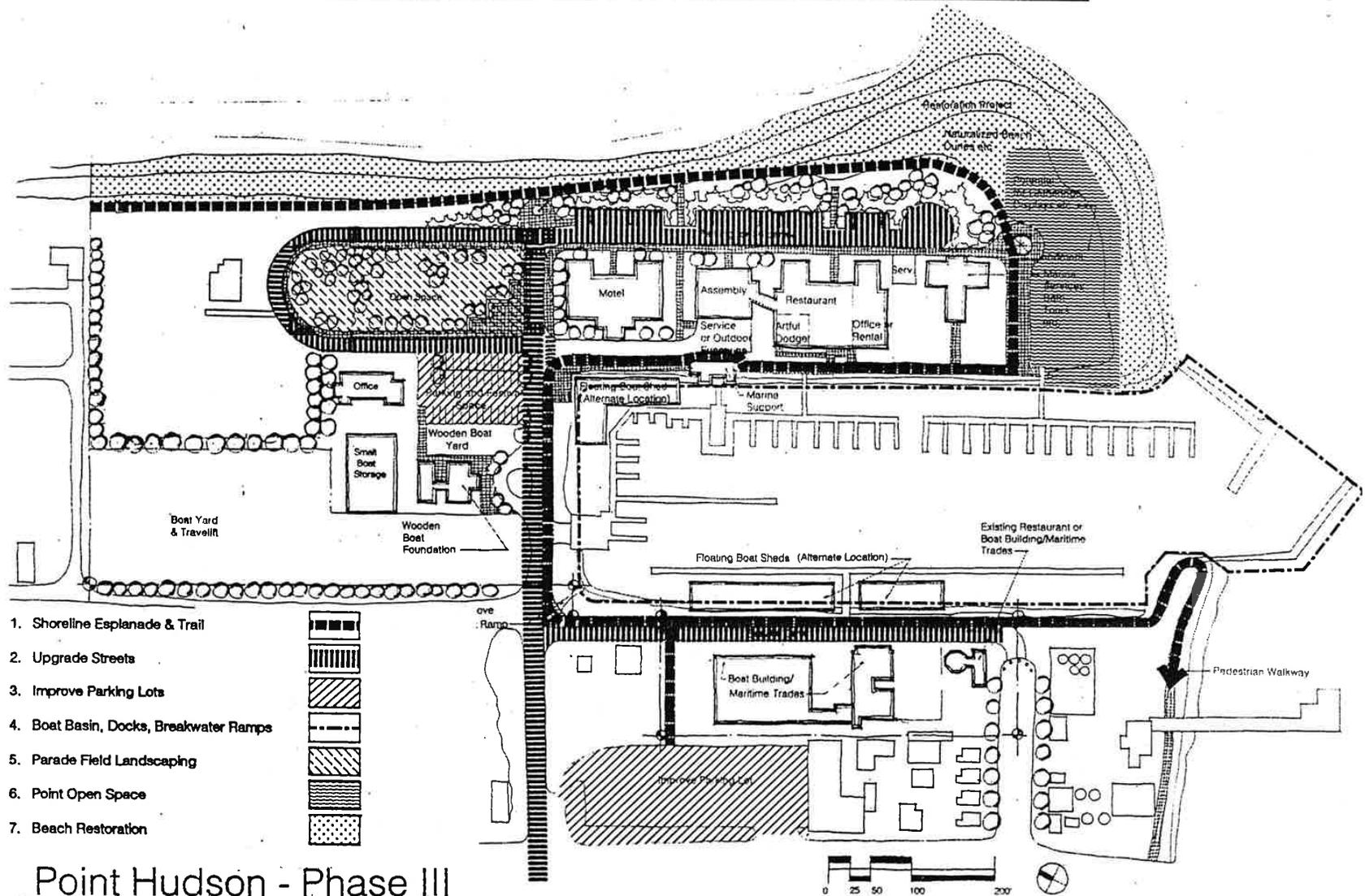
Community Development Block Grants (CDBG). Washington Department of Community Development. Maximum grant awarded in a one-year period is \$500,000. Local match is not required, though thorough search for outside funds must be demonstrated. This source is commonly targeted to housing but may be suited for economic development projects.

Community Development Finance Loan Programs (CDFP). Washington Department of Community Development. Available to help businesses secure needed financing. This program focuses on business expansion, such as may occur in the Point Hudson area. Loans are available for real estate, new construction, renovation, major leasehold improvements, machinery, equipment and working capital. The City should help businesses access this funding.

Community Economic Revitalization Board Grants and Loans (CERB). Washington Department of Trade and Economic Development. Revolving grants and loans to support infrastructure improvements that will affect long-term employments. Eligible projects include sewer, water and access roads. No matching requirement exists, although this source considered a last resort alternative by the funding agency.

Outdoor Recreation Grant-In-Aid Grants (IAC). Washington Interagency Committee for Outdoor Recreation. Assistance to acquire, develop and renovate outdoor recreation facilities. Support aquatic lands access areas among other issues pertinent to the Urban Waterfront Plan. Funding is on a variable match basis, depending upon project type.

CHAPTER 3: IMPLEMENTATION



Point Hudson - Phase III
 Figure III-10. Capital Improvement Elements

PHASE III: MANAGING A PUBLIC RESOURCE

Table III-3. Capital Improvements Plan

Capital Improvement Item	Priority/Development Strategy	Potential Funding Sources						
		A	B	C	D	E	F	G
		City (1)	ALEA	CZM	CDBG	CDFP	CERB	IAC (3)
1. Shoreline Water-walk and Pedestrian Trail	High priority for pedestrian access from town: construct segment between Water and Jefferson Streets and along Jefferson Street as soon as possible. Tie other sections to building improvements.	*	*	*(2)				*
2. Upgrade Streets	High priority for section between Water and Jefferson Streets. Convert into a limited access drive. Incremental improvements over time.				*	*	*	
3. Improve Parking Lots	Improve as demand requires. Two sites: (1) multi-purpose space near Wooden Boats, and (2) City lot. Connect City lot to Point Hudson.					*	*	
4. Boat Basin, Docks, Breakwater Ramps	Accomplish when necessary. Upgrade utilities. This has been included in financial analysis.				*	*	*	*
5. Parade Field Landscaping	When funds are available and trailers removed. Ultimately this may be part of marine-oriented trades/education campus.	*		*(2)	*			*
6. Point Open Space	This highly visible open space is unique in western Washington and should be enhanced. It could be the public anchor attraction bringing people to the site. High priority for matching fund acquisition and incorporation into the City's park planning.	*	*	*(2)	*			*
7. Beach Restoration	It may not take much physical work to accomplish this and it would definitely change the character of the site. Obtaining CAM planning grant to study should be a high priority.	*	*	*(2)	*			*
8. Utilities	Utility systems should not require much expansion. However, maintenance and environmental regulations could incur costs that are now unknown. An engineering assessment should be undertaken prior to lease re-negotiations.				*	*	*	

(1) Includes a variety of sources including parks development of maintenance funds, bonds for special public projects and joint public/private L.I.D. projects.

(2) Could fund planning and design.

(3) Especially relevant for boating facilities and open space.

Management Options

The current lease agreement's expiration in 2002 offers the opportunity to redirect Point Hudson's management structure. Several options are available. Among them are:

1. Port re-negotiates a master lease for the entire site similar to current operations.
2. The Port operates the facility including marina and leases individual buildings to tenants and/or operates some businesses itself.
3. The Port leases at minimal cost to a non-profit entity who manages the site under the guidance of an oversight committee with City, Port, and citizen representatives.
4. The Port renegotiates the lease prior to 2002.

Other sub-strategies are also possible. The advantages and disadvantages of each options are listed in Table III-4.

Management Objectives

Whatever management/operating strategy evolves from these options, the agreement should conform to the following objectives:

1. *Retain Point Hudson in Public Ownership.*
This is a fundamental goal of the masterplan.
2. *Provide for Long-Term Flexibility.*
While the masterplan is oriented toward preservation of existing assets, new opportunities will emerge and the Point will evolve gracefully over time to accommodate more marine-oriented, water-oriented public, and educational uses.
3. *Allow Operating Adjustments to Ensure Positive Cash Flow.*
The economic analysis shows a rather narrow profit margin and there can be unexpected costs. Operating flexibility and efficiency will be key.
4. *Provide Maritime Tenants with Longer-Term Leases with Greater Rent Stability.*
Current month-to-month leases greatly hamper their business practices and ability to invest.
5. *Retain Some Degree of Port, City, Public, and Maritime Community Involvement in the Decision-Making Process.*
This may be done through an oversight committee tied to the lease operation or through a Port and City-enabled special review district. Public input and decision-making authority is a different issues that must be carefully considered.

PHASE III: MANAGING A PUBLIC RESOURCE

Table III-4. Advantages and Disadvantages of Management Structures

Management Structure	Advantages	Disadvantages
Master lease to private operator/manager	<ul style="list-style-type: none"> ■ Private enterprise can provide most efficient management 	<ul style="list-style-type: none"> ■ Less control by public and Port on site development ■ Less ability to procure grants and low interest loans ■ Requires that the facility project a profit to justify risk
Port operates facility and rents to tenants	<ul style="list-style-type: none"> ■ More able to provide long-term investment ■ Better able to procure grants ■ Able to coordinate marine-oriented use development with Boat Haven ■ Some control by public could be attained through oversight committee ■ Bonding capacity 	<ul style="list-style-type: none"> ■ Less efficient management due to public administrative requirements and wage controls
Port leases to non-profit organization which answers to Port, City, citizens, and tenant group representative	<ul style="list-style-type: none"> ■ Responsive to a variety of concerns ■ Able to procure grants ■ Does not require profit motive. 	<ul style="list-style-type: none"> ■ Consensus decision making can be cumbersome ■ No bonding capacity and limited financial resources

Complimentary Off-Site Actions

Point Hudson is a cornerstone in the City's Urban Waterfront Plan and is integrally related to its surrounding properties. Therefore, several City-sponsored actions are recommended to support this master plan's on-site improvement efforts, to improve the fit between Point Hudson and its neighbors and to facilitate Point Hudson's key role in the City's waterfront development. They are:

1. Assure that land uses and shoreline development adjacent to Point Hudson are compatible with marine-oriented uses.
2. Study the general economic performance of local marine-oriented trades and services on a periodic basis to ensure this key economic sector receives necessary support to prosper. Undertake a marine-oriented industries economic development strategy.
3. Pursue an aggressive parking/traffic strategy for Point Hudson. The master plan depends on off-site parking and/or better shuttle/transit service to provide easy access to Point Hudson.

Note: The committee was not in unanimous agreement to make any off-site recommendations. A majority vote (7 in favor and 5 opposed) endorsed the above off-site recommendations.

PHASE III: MANAGING A PUBLIC RESOURCE

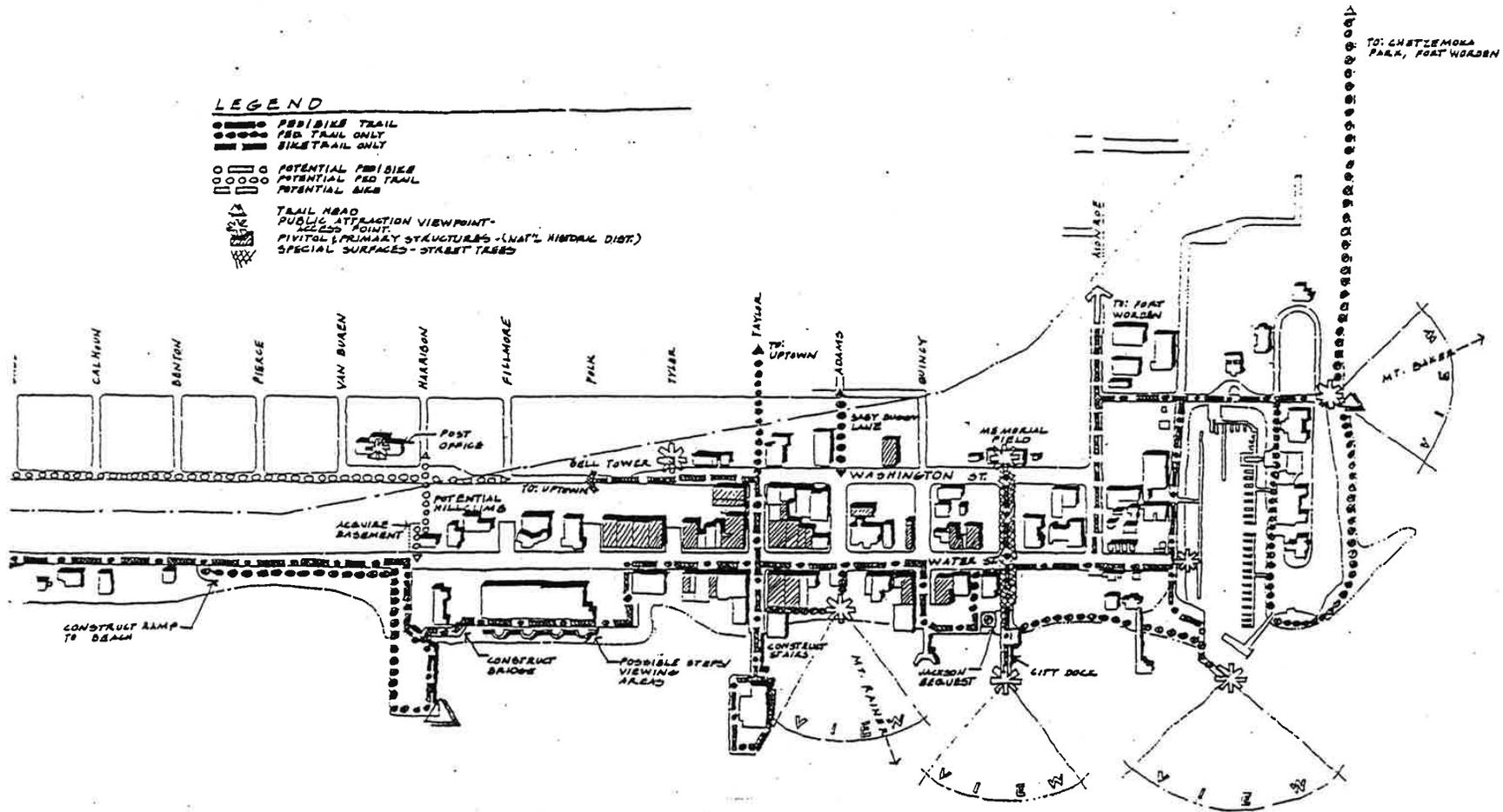
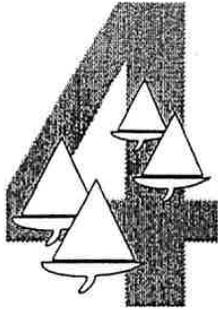


Figure III-11. Portions of "Waterwalk" Concept Plan from *Port Townsend Urban Waterfront Plan*.



THE FUTURE OF POINT HUDSON

The vision that has directed the Point Hudson Advisory Committee's efforts over the past two years has not only been about collections of buildings, activities, and amenities. Rather, it is the deeper appreciation of Point Hudson's unique potential to fulfill multifaceted role within the local and regional community. If this Master Plan is successful, Point Hudson will be:

- **The Downtown's Water Connection**
 Though Port Townsend has a number of shoreline access features, none will match Point Hudson's expansive views, natural beaches, gathering spaces, and variety of water-oriented educational, recreational, and commercial activities.
- **A Window onto the Maritime Trades**
 Other communities have developed marine-oriented museums with displays and exhibits. Point Hudson can offer visitors a glimpse into the real world of marine-oriented trades. Today, the observant visitor strolling through the site can watch state-of-the-art boat building activities. With a little effort, Point Hudson can offer an integrated picture of the marine-oriented crafts and a greater appreciation of the activities and people working there.
- **A Gateway for the Boating Community**
 Transient moorage and a strategic location on the Strait of Juan de Fuca make Point Hudson a popular port-of-call for boaters. High quality services and good downtown connections will enhance Port Townsend's identity and best tap this economic opportunity.
- **A Critical Niche in Port Townsend's Spectrum of Maritime Activities**
 As Port Townsend seeks to expand the international reputation of its marine-oriented industries, Point Hudson will become an increasingly important component in Port Townsend's spectrum of boating facilities. It is an ideal place to showcase local boat building capabilities, provide space for small craft work and incubator businesses, and associate the trade's identity with Port Townsend's downtown.
- **A Historical Legacy**
 Point Hudson, which has played a vital role in the City's history, offers a unique opportunity for both residents and visitors of the area to experience the marine-oriented heritage of the area. It is also a legacy for future generations.

CHAPTER 4: VISION

WINDOW TO MARITIME TRADES:

Enhance opportunities for visitors to gain greater appreciation of maritime trades.

A CRITICAL NICHE IN PORT TOWNSEND'S MARITIME ACTIVITIES:

Optimize the use of the site to provide for special maritime trade needs and showcase local maritime activities.

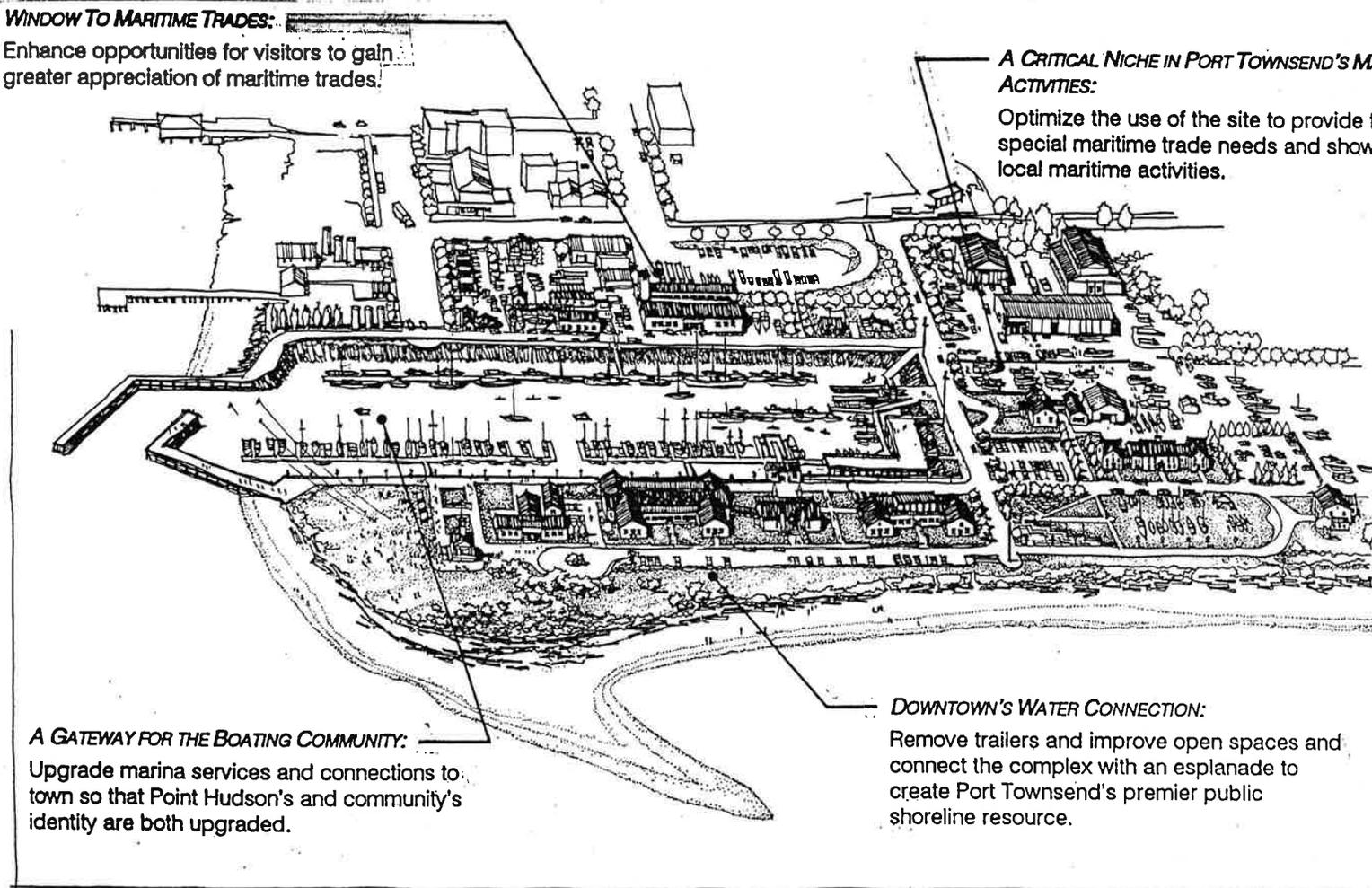
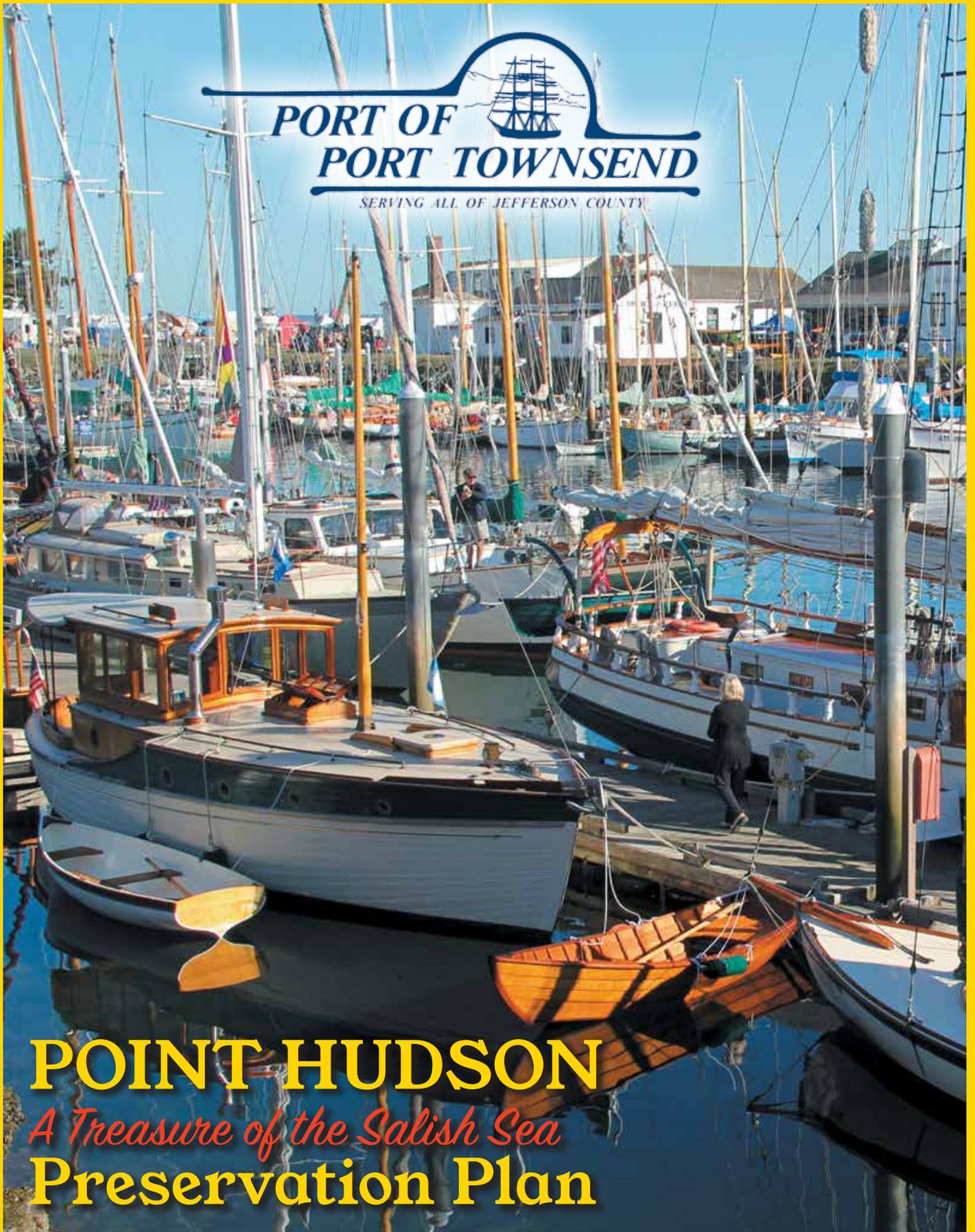


Figure IV-1. Point Hudson: A View of the Future



POINT HUDSON
A Treasure of the Salish Sea
Preservation Plan

Port Townsend, Washington



A December 2018 windstorm swept over jetties and into the Point Hudson Marina. Photo by Ron Moller



Rowers pull together in front of the Cupola House during a recent Wooden Boat Festival. Photo by Jan Davis



“We’re all pulling together to preserve Point Hudson.”

**Michelle Sandoval,
Mayor,
City of Port Townsend**

A Legacy at Risk

The area we know as Point Hudson was once a tidal lagoon. When Capt. George Vancouver's longboats slid onto the beach in May of 1792, it was home to the S'Klallam people. Between 1860 and 1890 the lagoon was filled and white settlers used the area as a Catholic mission, a shipyard, a sawmill and an icehouse. In the 1930s, the U.S. government built an immigration and quarantine center which later became a Coast Guard station. Those buildings still line the harbor. Even as the S'Klallam and the first white pioneers found respite at Point Hudson, it still welcomes boaters and visitors from near and far. But today, Point Hudson's historic legacy is at risk. The 80-year-old overlapping jetties that protect the marina from waves and winds are failing. The piles have worn away, the basalt rocks have disintegrated, and the cable-ties have rusted. There is little to stop storm winds and waves from sweeping through the boat basin. After almost a century, the wooden buildings need help too.

Crossroads of Opportunity

A Salish Sea without a vibrant Point Hudson Marina would be much diminished. This publicly owned marina and its boater services lie at the crossroads of the busy boating lanes between Seattle, the San Juans and Victoria, B.C. It offers refuge where Admiralty Inlet and the Strait of Juan de Fuca intersect. It offers over 50 transient slips for boats up to 70 feet. More than 5,000 vessels use Point Hudson each year. They find power, showers, laundry and all the delights of Port Townsend's bustling historic commercial district. Point Hudson is an economic engine, with 155 direct jobs that pay an average of \$50,000 per year, and another 127 indirect jobs. The tenant businesses at Point Hudson, most of them marine-focused, generate over \$22 million in annual revenues. Among those tenants are U.S. Customs and the Washington State Department of Fish and Wildlife. The marina hosts the annual Wooden Boat Festival, put on by the adjacent Northwest Maritime Center. Just over a mile southwest is the Port of Port Townsend Boat Haven Marina and work yard, with three haul outs, a fuel dock and 400 highly skilled marine trades workers.

Saving a Special Place

The Port of Port Townsend cherishes Point Hudson as a treasure entrusted to current and future generations, and has made rebuilding the jetties at the marina entrance a top priority. Looking ahead, the Port seeks to also rehabilitate the historic buildings at the Point, energizing the district so it can serve the boaters and visitors of tomorrow. The rebirth of Point Hudson will also support economic growth through tenant marine trades and a myriad of other businesses.



The quarantine station in 1932.



Port Townsend & Pt. Hudson. Map courtesy USGS



Towing a boat at Point Hudson. Photo by Jan Davis



Point Hudson is still an active working waterfront.

Photo by Kaci Cronkhite

“We are determined to save and renew Point Hudson so it continues its central role in both the life of this community and in the maritime world for generations to come.”

Port Commission President Pete Hanke



Phase 1: Jetties

Phase 2: Buildings

Phase 3: Infrastructure Upgrades throughout Point Hudson

Plan for Rehabilitation

Our plan has three basic phases:

- 1. Rebuild Point Hudson’s jetties, starting with the South Jetty (it takes the brunt of weather) and then the North Jetty. \$14.7 million.
- 2. Restore the historic buildings. \$TBD
- 3. Renovate utilities and infrastructure. \$TBD

We’re in this together. Full speed ahead!



G:\Capital Projects\Point Hudson SEA Marine parking\AutoCAD\Parking_Layout - Option 6.dwg, 3/8/2022 1:17 PM, MATTHEW KLONITZ





PORT OF TOWNSEND
SERVING ALL OF JEFFERSON COUNTY

DATE: 1/22/2018	SCALE: NOTED	DRAWN: MK	CHECKED: DW	APPROVED: DG
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CONTRACT DOCUMENTS	100318	DATE	APPD
REVISION			
No.	0		



MATTHEW D. KLONITZ
REGISTERED PROFESSIONAL ENGINEER
WASHINGTON STATE

POINT OF PORT TOWNSEND
JEFFERSON COUNTY WASHINGTON

Point Hudson "Back 40"
Concept Layout

SHEET:	
OF:	6
JOB NO.:	

PARKING LAYOUT - OPTION 6

DRAFT
LETTER OF INTENT (LOI):
Between the Port of Port Townsend & SEA Marine for
a Land Lease at Point Hudson

October 7, 2022

1. The Port of Port Townsend (“Port”) is a Washington port district, municipal corporation, and owner of the marina and associated uplands at Point Hudson.
2. Sea Green Partners, LLC, d/b/a SEA Marine, is a Washington limited liability company that operates a full-service boat yard at Point Hudson. SEA Marine currently occupies leasehold premises at the northwest corner of the Port’s Point Hudson property, immediately north of Jefferson Street, and east of Jackson Street, together with land owned in fee by Shannon Partners, LLC, adjacent and to the west of the Port’s property (APN 989709301). DRAFT
3. SEA Marine desires to lease and improve Port-owned land immediately adjacent to its currently leased premises to expand its boat yard operations. A drawing of the specific areas subject to this Letter of Intent (LOI) is contained in Exhibit “A” attached hereto (the “Property”).
4. This “LOI” is intended to outline the general terms of the understanding between the parties regarding the future development and long-term lease of the Property (the “Project”). The general terms of the understanding are stated as follows:
 - a. The Port agrees in principle to the development and long-term lease (e.g., 30 years) of the Property by SEA Marine.
 - b. SEA Marine intends to conduct a due diligence inquiry regarding the development of the Property and may elect to terminate this LOI at any time.
 - c. SEA Marine will raise all funds necessary to develop the Property, including but not necessarily limited to site investigations, planning, design, permitting, and construction.
 - d. The development plans and specifications for the Property, and all material changes thereto, will be subject to review and approval by the Executive Director as consistent with Port’s development guidelines and policies with respect to the Property, prior to SEA Marine seeking permits or entitlements from the City of Port Townsend, and before any building materials

have been ordered by, or delivered to, SEA Marine or under SEA Marine's authority.

e. Prior to submitting development applications, SEA Marine will deliver to the Port for the Port's review and approval two (2) sets of preliminary construction plans and specifications prepared by an engineer licensed to practice as such in the State of Washington, including the following:

- i. Preliminary grading and drainage plan;
- ii. Stormwater management and treatment plan;
- iii. Engineered site plan with survey;
- iv. Utility locations and power upgrade plan (if needed);
- v. Proposed water and wastewater service connections (if any);
- vi. Proposed locations of ingress and egress to and from public thoroughfares (if any);
- v. Proposed locations of travel ways and vessel storage areas within the reconfigured boat yard; and
- vii. Proposed facility lighting design (if any).

The preliminary construction plans and specifications should be of sufficient detail to enable potential contractors and subcontractors to make reasonably accurate bid estimates and to enable the Port to make an informed judgment about the layout, engineering design, and quality of proposed improvements to Port property.

f. SEA Marine agrees that its development plans and specifications will reflect a modified and expanded boat yard premises comprising approximately 72,750 square feet of land at Point Hudson (i.e., 42,000 sf of existing leased premises, plus an additional 26,750 sf of boat yard space together with the 4,000 sf Travel-Lift Dock).¹ A drawing of the specific areas to be included within the expanded leasehold premises, together with licensed use of the Travel-Lift Way across vacated Jefferson Street (i.e., connecting the expanded boat yard with the Travel-Lift Dock), is set forth on Exhibit "A" attached hereto (the "Property"). These areas are described generally as follows:

- i. The area presently leased from the Port under that certain Point Hudson Land Lease between the Port of Port Townsend and the G2B Partnership ("G2B"), dated July 1, 2002, and assigned by G2B, with the Port's consent, to Shannon Partners, LLC, on August 31, 2006²;
- ii. Approximately 8,970 square feet (195' x 46') of additional space immediately adjacent and north of the currently leased premises;
- iii. Approximately 17,780 square feet (70' x 254') of additional space immediately adjacent and east of the currently leased premises;

¹ At the time of this writing, the precise dimensions and area are still being negotiated between the parties.

² Paragraph #21 of the original lease indicates that transfer of more than ½ of the ownership interest of Lessee "shall be deemed an assignment"; it appears that a de facto assignment (not formally authorized by the Port) may have occurred between Shannon Partners, LLC and Sea Green Partners, LLC, at a prior date.

- iv. The approximately 4,000 square foot (100' x 40') Travel Lift Dock at the northwest corner of the Point Hudson Marina; and
- v. Licensed (i.e., non-exclusive) use of that portion of vacated Jefferson Street lying between the boat yard and the Travel Lift Dock.

g. The Port reserves the right, in its sole discretion, to approve or disapprove the preliminary plans and specifications. The Port will not unreasonably withhold approval of preliminary plans and specifications but will have the right to withhold approval if it finds that the improvements are not harmonious with the improvements constructed in the immediate vicinity or do not incorporate adequate safeguards to treat stormwater or protect the adjacent marine environment.

h. SEA Marine understands and agrees that it must procure and deliver to the Port, prior to the commencement of construction, evidence of compliance with all then applicable codes, ordinances, regulations, and requirements for permits and approvals, including, but not limited to the following:

- i. Documentation in writing from the Washington State Department of Ecology of continuing coverage under the Boatyard General Permit for the proposed (expanded) boat yard premises;
 - ii. A Clearing and Grading Permit;
 - iii. An Engineered Stormwater Plan;
 - iv. Zoning and land use approvals;
 - v. Environmental (e.g., and State Environmental Policy Act, RCW 43.21C) determinations (if applicable);
 - vi. Flood Development Permit and Habitat Assessment (if applicable);
 - vii. A building permit (if applicable); and
 - viii. Any other approvals from various governmental agencies and bodies having jurisdiction over the Property.

i. After procuring and delivering to the Port all required permit approvals, but prior to commencing site improvement activities, the Port will grant a new ground lease to SEA Marine to reflect the new (expanded) premises, required rent, and associated security deposit. The parties agree that SEA Marine will own all improvements it constructs on the Property through the expiration or sooner termination of such long-term ground lease, and that the Port will retain a reversionary interest in the improvements.

j. SEA Marine agrees that it will maintain and operate the facilities and improvements constructed on the Property continuously and in a first-class manner through the term of its ground lease with the Port.

5. This LOI does not contain all essential terms of the agreement to be entered into by the parties regarding the Property (e.g., the future ground lease between the Port and SEA Marine). The parties shall not be bound to any development

agreement or other agreement, nor to any particular terms of any such agreements, and the parties will have no liability to one another with respect to such agreements or any particular terms thereof, unless and until final definitive written agreements containing all essential terms of the transaction are negotiated and approved by the parties' respective governing bodies and signed by the parties.

6. For the duration of this LOI (as defined in paragraph 7, below) the parties will engage in exclusive negotiations with one another regarding the development of the Property; PROVIDED, that the parties are permitted to also have discussions with governmental and other regulatory agencies and lending institutions regarding the development of the Property. The parties will work diligently to fulfill the general terms of the understanding outlined herein, and to complete the negotiation of a long-term Lease Agreement for the Property by February 28, 2023.

7. The duration of this LOI shall begin on the date signed by both parties, and shall end on the earliest of the following:

- a. The date that the Port and SEA Marine enter into final long-term Lease Agreement for the Property; or
- b. The date either party withdraws; or
- c. February 28, 2023.

The duration of this LOI may be extended for additional periods by written agreement of the parties.

8. During the time that the parties are negotiating a final long-term Lease Agreement and supporting documents, SEA Marine will commit substantial resources to evaluate, design and plan the boat yard expansion project, including but not limited to engineering and stormwater design, and environmental review. The Port will also be committing resources to the project, including, but not limited to, review and approval of conceptual designs and specifications and other materials provided by SEA Marine, negotiation with the SEA Marine regarding key terms of a new long-term ground lease (e.g., rent), and support of the Project. If this LOI terminates and SEA Marine does not develop the Property, then SEA Marine will convey and assign to the Port all of its ownership interest in, and all other right, title, and interest of SEA Marine in and to, all reports, studies, designs, plans, permits, and other documents resulting from those efforts, and all other documents and information related to the investigation and development of the Property; PROVIDED, HOWEVER, that SEA Marine shall not be required to provide or convey or assign to the Port any document or information to the extent protected by attorney work product or attorney/client privilege; and PROVIDED FURTHER, that such assignment shall not preclude SEA Marine's use of any part or all of such documents or information.

9. This LOI contains the entire understanding of the Parties with respect to its subject matter and supersedes any and all other written or oral understandings. No

amendment, change, or modification of this LOI shall be valid, unless in writing and signed by the parties hereto.

10. The Parties agree that no failure or delay by either party in exercising any right, power or privilege hereunder will operate as a waiver thereof, nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power, or privilege hereunder. No waiver of any provision of this LOI shall be valid unless in writing and signed by the party charged with the waiver.

11. If any provision of this LOI is found to violate any statute, regulation, rule, order or decree of any governmental authority, court, agency or exchange, such invalidity shall not be deemed to affect any other provision hereof or the validity of the remainder of this LOI, and such invalid provision shall be deemed deleted herefrom to the minimum extent necessary to cure such violation.

12. This LOI shall be construed and interpreted in accordance with and shall be governed and enforced in all respects according to the laws of the State of Washington, without regard to conflict of law principles, and venue of any action or proceeding regarding this LOI shall be in Jefferson County, Washington.

13. This LOI does not confer any rights or benefits on any person or entity other than the undersigned Parties and may not be assigned.

14. This LOI and any subsequent amendments may be signed in counterparts. Electronic transmission of any signed original document, and retransmission of any signed electronic transmission shall be the same as delivery of an original document.

LOI dated this _____th day of October 2023, and effective upon the signature of the parties.

**SEA GREEN PARTNERS
A Washington State Limited Liability Company**

BY:

AND BY:

Patrick Shannon, Governing Party

Christopher Bakken, Governing Party

PORT OF PORT TOWNSEND
A Washington State Municipal Corporation

Eron Berg, Executive Director
APPROVED AS TO FORM

Port Attorney

DRAFT

PORT OF PORT TOWNSEND AGENDA COVER SHEET

MEETING DATE	October 12, 2022
AGENDA ITEM	<input type="checkbox"/> Consent <input type="checkbox"/> 1 st Reading <input type="checkbox"/> 2 nd Reading <input type="checkbox"/> Regular Business <input checked="" type="checkbox"/> Informational
AGENDA TITLE	Informational Items
STAFF LEAD	Eron Berg, Executive Director
REQUESTED	<input checked="" type="checkbox"/> Information <input type="checkbox"/> Motion/Action <input type="checkbox"/> Discussion
ATTACHMENTS	<ul style="list-style-type: none">• Port Contracts Update

PORT OF PORT TOWNSEND INFORMATIONAL MEMO

DATE: October 6, 2022

TO: Commissioners

FROM: Sue Nelson, Lease & Contracts Administrator

CC: Eron Berg, Executive Director

SUBJECT: **October 12, 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:
CP Communications	10/3/22 – 9/30/23	Consulting & photography	\$20,000.00