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**Commission Meeting
1st Monthly Meeting Agenda
Wednesday, June 14, 2023, 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 Comments3-4
 - IV. Consent Agenda
 - A. Approval of Minutes from May 24, 20235-7
 - B. Approval & Ratification of Warrants8-23
 - C. Key City Fish Company, Building & Land Lease24-49
 - V. Second Reading
 - A. Resolution 792-23 Authorizing the Executive Director of the Port of Port Townsend to Apply for Federal Economic Development Administration Disaster Supplemental Grant Funding to Support Acquisition of a New Variable Width 300-Ton Mobile Travel-Lift to Sustain Boat Haven Haul Out Operations, Retain Existing Jobs in the Marine Trades Economic Sector, and Create New Job Opportunities, and Expressing its Commitment to Providing Local Grant Matching Funds.50-75
 - VI. First Reading ~ none
 - VII. Regular Business
 - A. April 2023 Year-to-Date Financials76-81
 - VIII. Commissioner Comments
 - IX. Next Meetings are
 - Intergovernmental Collaborative Group, Monday, June 25, 2023 at 5 p.m.
 - Regular Business Meeting Wednesday, June 28, 2023 at 5:30 p.m. is cancelled.
 - Workshop and Regular Business Meeting on Wednesday, July 12, 2023 at 9:30 a.m. and 1 p.m.
 - X. Executive Session
 - XI. Adjournment
- Informational Items**
- April 2023 Detailed Financials.....83-86
 - Port of Port Townsend 2022 Annual Report.....87-103

- Contract Update/Lease Brief104-110
- WPPA Letter re: Southeast Alaska Troll Fishery111-112
- Port Commission Schedule113

Joanna Sanders

From: Pam Petranek
Sent: Wednesday, May 31, 2023 5:51 AM
To: Joanna Sanders
Subject: Public Comment: New 300-ton Travelift

Joanna,
 Brooks would like this letter to be included in public comments for our next meeting,
 Pam

From: brooks townes <btboat@olympus.net>
Sent: Saturday, May 27, 2023 1:00 AM
To: Pam Petranek <Pam@portofpt.com>
Cc: Carol Hasse <Carol@portofpt.com>; Pete Hanke <phanke@portofpt.com>; Eron Berg <Eron@portofpt.com>
Subject: New 300-ton Travelift

Howdy friends,

Thoughts on the proposal to buy the new variable-width machine from one who ran 100-ton lifts in two yards back-when - for Marine ServiceCenter on Lake Union and Sanford-Wood Shipyard in Richmond, CA:

Also, I was a first-adopter & unfortunate beta-tester of a brand-new first-year front-wheel-drive car when those were rare, an expensive lesson.

Travelift engineers are pretty sharp so maybe the variable-width mechanism is fool-proof, but then somebody thought the local architects & engineers altering the design of the new "I Lean" ferrys a few years back for PT-Coupeville knew what they were doing. And Boeing... I'd let fools rush in and buy the new T-lifts for a couple years to see how they do before deciding whether to spend so much loot for one. If our old 300-ton lift is too wonky to wait, or the grant won't wait, I wonder if it'd be smarter to replace it with a new tried-and-true model.

On blocking boats close together:

In the Seattle yard with rare exceptions only yard employees worked on vessels. I could run the lift in an inch from the next boat and if the boat in my slings was particularly beamy, when I set it down there could be less than five feet between the two. That was rarely a problem because the yard or regular subs did the jobs. Workers coordinated with each other so one wasn't power sanding a bottom when a few feet away another had to topcoat a topside.

Years later a partner in Sanford-Wood, an old pal & shipmate, called in a panic - both his Travelift guys were out - so I stepped in, ran his lift, blocked and splashed boats for a couple weeks. Many customers there did their own work so I didn't dare block boats as close as I had in Seattle. A customer with two days off a week to work on the boat can't be expected to coordinate jobs with the stranger next door, and the clock's always ticking. Experience taught that yard a little more room reduced conflict. It was felt that was better business than cramming the yard full, angering customers which diminished repeat business and good word-of-mouth.

Someone with our Port reportedly said the adjustable lift wouldn't mean putting boats all *That* close but would allow more to fit - a help to our marine trades. Finding the sweet distance there sounds good should you decide to chance the adjustable lift, and maybe some extra in case the thing jams while wide before it returns.

Thanks for a careful look before leaping,

Brooks Townes
Busybody

brooks townes
p.o. box 2093
port townsend, wa 98368
360-379-1648
[*btboat@olympus.net*](mailto:btboat@olympus.net)

PORT COMMISSION REGULAR BUSINESS MEETING – Wednesday, May 24, 2023

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 Petranek and Hanke with Commissioner Hasse excused
 Executive Director Eron Berg
 Deputy Director Eric Toews
 Director of Finance and Administration Abigail Berg
 Director of Capital Projects and Port Engineer Matt Klontz
 Via Zoom: Attorney Seth Woolsen

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

Unanimous approval of excusing Commissioner Hasse from the meeting.

- II. APPROVAL OF AGENDA (Rec. 00:01:30)
The agenda was approved by unanimous consent.

- III. PUBLIC COMMENTS – GENERAL (Rec. 00:01:43)

Nicole Gauthier, Jefferson Transit General Manager, spoke about the availability of a seat for District 2 and 3 representatives on the Transit Board with applications due by June 2.

Pete Langley of the Port Townsend Foundry spoke about concerns with the travel lift purchase and the close stacking of yachts and fire concerns with wooden boats and eventual displacement serving smaller vessels.

- IV. CONSENT AGENDA (Rec. 00:07:42)
- A. Approval of Workshop & Business Meeting Minutes from May 10, 2023
 - B. Approval & Ratification of Warrants
 - Warrant #066901 in the amount of \$39,841.29
 - Warrant #066902 through #066905 and Electronic Payment in the amount of \$112,879.95
 - Warrant #066906 in the total amount of \$21,561.78
 - Warrant #066907 through #066950 in the amount of \$188,858.46
 - Electronic Debit \$553.13
 - C. Resolution 791-23 authorizing Filing an Application with the Washington State Department of Transportation, Aviation Division, Seeking Airport Aid Grant Funds to Support Construction of a Second Taxi-Way Connector at the Jefferson County International Airport, and Assuring that Local Matching Funds are Available and Authorized
 - D. Resolution 792-23 Authorizing the Executive Director of the Port of Port Townsend to Apply for Federal Economic Development Administration Disaster Supplemental Grant Funding to Support Acquisition of a New Variable Width 300-Ton Mobile Travel-Lift to Sustain Boat Haven Haul Out Operations, Retain Existing Jobs in the Marine Trades Economic Sector, and Create New Job Opportunities, and Expressing its Commitment to Providing Local Grant Matching Funds.

The Consent Agenda was approved as written by unanimous consent with the removal of Item D from the Consent Agenda to Regular Business. In addition, minutes of the May 10 workshop were revised to reflect a.m. versus p.m. when Commissioner Hanke left the meeting and meeting adjournment. Regular Meeting Minutes were revised to reflect under Item IV Special Presentation to read Hoist Operator III versus II.

V. SECOND READING ~ none

VI. FIRST READING~ none

VII. REGULAR BUSINESS (Rec. 00:10:52)

A. Water Walk and Sea Level Rise Project Update (Rec. 00:11:45)

Executive Director Eron Berg and Capital Projects and Port Engineer Matt Klontz provided an update, shared Staff's efforts to communicate with other agencies on community engagement, and led a discussion of funding needed. The decision is whether to allocate Port funds to the project.

Commissioners: Staff gave additional details, project timing, and responded to questions about the three project phases and overall funding needed. The project for the work leading up to a grant application for design and construction from Larry Scott Trail to the Water and Sims intersection would protect the yard and flats district with Phase I (and maybe Phase II) of Segment 1. The public process of Segment I would explain the phases and how agencies may collaborate. The City would take the lead for Segment 2. Commissioner Hanke expressed interest in being included in the engineering/consulting interviews. Although this project is not in the current budget, the Port Commission already authorized \$100,000 to match \$50,000 funding from Jefferson County. This is an additional request for authorization to spend up to a total of \$300,000. Discussion ensued about support by other agencies and protection of the boatyard with a walkway versus other alternatives.

Unanimous approval of motion to approve IDD reserve funds of up to \$250,000 to support this phase of the Waterwalk and Sea Level Rise project.

B. Resolution 792-23 Authorizing the Executive Director of the Port of Port Townsend to Apply for Federal Economic Development Administration Disaster Supplemental Grant Funding to Support Acquisition of a New Variable Width 300-Ton Mobile Travel-Lift to Sustain Boat Haven Haul Out Operations, Retain Existing Jobs in the Marine Trades Economic Sector, Create New Job Opportunities, and Expressing its Commitment to Providing Local Grant Matching Funds. (Rec. 00:58:50)

Executive Director Eron Berg and Deputy Director Eric Toews gave the staff report on this grant for a project that will increase jobs, the lift's variable width would allow more flexibility operationally, and expand capacity in the yard while also getting into more hard-to-reach buildings. The equipment concerns expressed earlier in public comment would be addressed operationally.

Commissioners: While there was consensus on seeking a new lift, there was a difference of opinion on seeking a variable versus regular lift. Additional time would allow Commissioners to collect more information from a wide variety of marine trades experts

on this new equipment and whether it could make a difference. Having a larger 35-foot notch was thought to offer not only flexibility, but increased capacity for the Port. Staff noted a future ask for which the marine trades would appreciate is a hydraulic trailer, so perhaps a marine 75-ton variable travel lift that is custom built to the 70-ton height.

VIII. STAFF COMMENTS (Rec. 01:26:42)

Director of Finance and Administration Abigail Berg: The 2022 annual report has been submitted to the State Auditor and this unaudited report would be published on the Port website in the next few weeks.

IX. COMMISSIONER COMMENTS (Rec. 01:27:55)

Commissioner Petranek reported on her efforts concerning the Alaska Chinook Fishery closure.

X. NEXT PUBLIC WORKSHOP & REGULAR BUSINESS MEETING (Rec. 01:28:40)

Next Meetings: Thursday, May 25 at 5 p.m. Intergovernmental Collaborative Group at Pavilion Building and via Zoom. Public Workshop and Regular Business Meeting: Wednesday, June 14, 2023 at Pavilion Building and via Zoom, with Public Workshop at 9:30 a.m. and Regular Business Meeting at 1:00 p.m.

XI. EXECUTIVE SESSION (Rec. 01:29:26)

At 7:00 p.m., the Commission went into Executive Session for 20 minutes to discuss with legal counsel current or potential litigation pursuant RCW 42.30.110(1)(i) with no expected action.

At 7:21 p.m., the Commission came back into open session.

XII. ADJOURNMENT (Rec. 01:30:18)

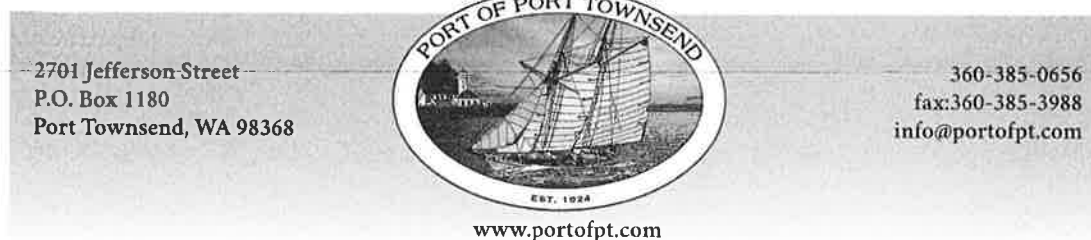
The meeting adjourned at 7:22 p.m., there being no further business before the Commission.

ATTEST:

Peter W. Hanke, Secretary

Pamela A. Petranek, President

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 **066951** generated on May 23rd, 2023 in the amount of **\$33,500.00 is ratified.**

Signed and Authenticated on this **14th** day of **June**, 2023.

For: **Accounts Payable**

Commissioner Pam Petranek

Commissioner Carol Hasse

Commissioner Pete W. Hanke

S. Abigail Berg, Director of Finance
And Administration

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
0000066951	5/23/2023	NOR098	Northwest School of Wooden Boatbuilding				
		2022-48		5/23/2023	33,500.00	0.00	33,500.00
				Report Total:	33,500.00	0.00	33,500.00

Check Entry Number: 001

2701 Jefferson Street
P.O. Box 1180
Port Townsend, WA 98368



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WARRANT/ELECTRONIC PAYMENT APPROVAL

We, the undersigned, as Commissioners and Auditing Officer of the Port of Port Townsend, in Jefferson County, Washington, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein, and that the claims are just, due and unpaid obligations against the Port of Port Townsend, that we are authorized to authenticate and certify to said claim and that payment of these claims, in Warrant No 066952 through No. 066958 generated on June 1st, 2023 in the amount of \$32,417.49 and Electronic Payment in the amount of \$213,209.51, for a total amount of \$245,627.00 is ratified.

Signed and Authenticated on this 14th day of June, 2023.

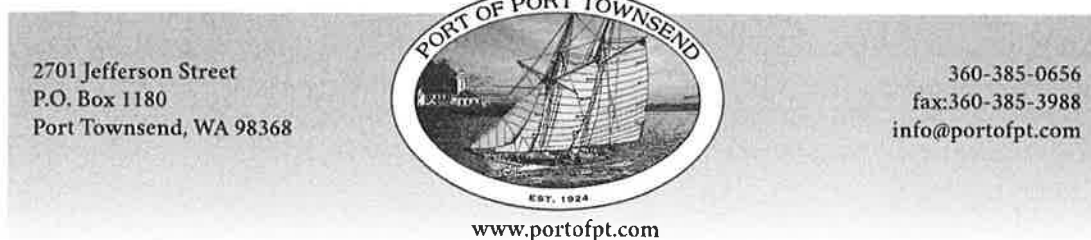
For: Payroll and Benefits

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 066959 generated on June 7th, 2023 in the amount of \$787.00 **is ratified.**

Signed and Authenticated on this 14th day of June, 2023.

For: **Accounts Payable**

Commissioner Pam Petranek

Commissioner Carol Hasse

Commissioner Pete W. Hanke

S. Abigail Berg, Director of Finance
And Administration

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
0000066959	6/7/2023	CIT010	City of Port Townsend				
			LUP23-004	6/7/2023	787.00	0.00	787.00
				Report Total:	787.00	0.00	787.00



ELECTRONIC DEBIT – Kitsap Bank

We, the undersigned, as Commissioners and Auditing Officer of the Port of Port Townsend, in Jefferson County, Washington, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein and that the claim is a just, due and unpaid obligation of the Port of Port Townsend, that we are authorized to authenticate and certify said claim, and that the Electronic Debit from the Port Checking Account held at Kitsap Bank is approved for payment in the amount of **\$9,304.31 is ratified.**

Signed and Authenticated on this **14th** day of **June**, 2023.

For: Washington State, Department of Revenue
Combined Excise Tax Return – for ***April, 2023*** in the amount of ***\$9,304.31***

Commissioner Pam Petranek

Commissioner Carol Hasse

Commissioner Pete W. Hanke

S. Abigail Berg, Director of Finance
and Administration

Washington State Department of Revenue

Your Return has been submitted and your confirmation number is **0-033-467-965**

Below is information from your Monthly Return for the period ending April 30, 2023

Filing Date	May 19, 2023
Account ID	161-000-044
Primary Name	BOAT HAVEN FUEL DOCK
Payment Method	Bank Account (ACH Debit)
Payment Effective	May 19, 2023
Total Tax	11,792.18
Total Credits	2,487.87
Total Due	9,304.31



Combined Excise Tax Return

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

Filing Period: April 30, 2023

Due Date: May 25, 2023

Filing Frequency: Monthly

Business & Occupation

Tax Classification	Gross Amount	Deductions	Taxable Amount	Tax Rate	Tax Due
Retailing	94,870.54	0.00	94,870.54	0.004710	446.84
Service and Other Activities (\$1 million or greater in prior year)	105,412.66	0.00	105,412.66	0.017500	1,844.72
Total Business & Occupation					2,291.56

State Sales and Use

Tax Classification	Gross Amount	Deductions	Taxable Amount	Tax Rate	Tax Due
Retail Sales	94,870.54	0.00	94,870.54	0.065000	6,166.59
Use Tax	349.25	0.00	349.25	0.065000	22.70
Total State Sales and Use					6,189.29

Public Utility Tax

Tax Classification	Gross Amount	Deductions	Taxable Amount	Tax Rate	Tax Due
Other Public Service Business	7,644.84	0.00	7,644.84	0.019260	147.24
Water Distribution	975.71	0.00	975.71	0.050290	49.07
Total Public Utility Tax					196.31

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

Credits	Amount
Main Street Credit	2,291.56
Main Street Credit	196.31
Total Credits	2,487.87

Local City and/or County Sales Tax

Location	Taxable Amount	Tax Rate	Tax Due
1601 - PORT TOWNSEND	94,870.54	0.026000	2,466.63
Total Local City and/or County Sales Tax			2,466.63

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

Location	Taxable Amount	Tax Rate	Tax Due
1601 - PORT TOWNSEND	349.25	0.026000	9.08
Total Local City and/or County Use Tax/Deferred Sales Tax			9.08

Transient Rental Income

Location	Income
1601 - PORT TOWNSEND	31,965.70
Total Transient Rental Income	31,965.70

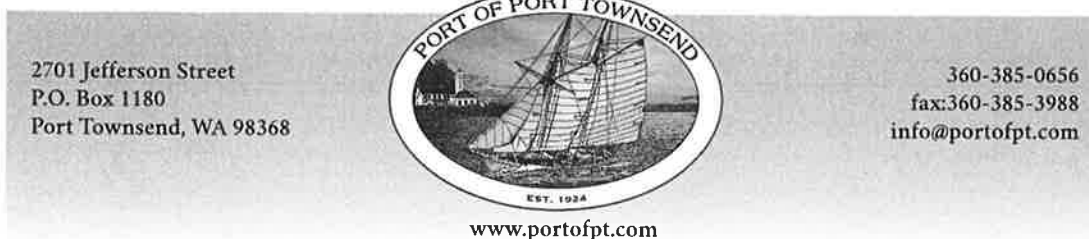
Special Hotel/Motel

Location	Taxable Amount	Tax Rate	Tax Due
1601 - PORT TOWNSEND	31,965.70	0.020000	639.31
Total Special Hotel/Motel			639.31

Total Tax	11,792.18
Total Credits	2,487.87
Subtotal	9,304.31
Total Amount Owed	9,304.31

Prepared By: Donna Frary
E-Mail Address: donna@portofpt.com
Submitted Date: 5/19/2023
Confirmation #: 0-033-467-965

Payment Type: Bank Account (ACH Debit)
Amount: \$9,304.31
Effective Date: 5/19/2023



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 066960 through No. 067034, are approved for payment in the amount of \$198,750.59 on this 14th day of June, 2023.

For: Accounts Payable

Commissioner Pam Petranek

Commissioner Carol Hasse

Commissioner Pete W. Hanke

S. Abigail Berg, Director of Finance
And Administration

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
0000066960	6/14/2023	ADL050	Adler Tank Rentals				Check Entry Number: 001
			4660173	5/31/2023	2,334.32	0.00	2,334.32
0000066961	6/14/2023	ADM002	Admiral Ship Supply Inc.				Check Entry Number: 001
			5/31/23 STATEMENT	5/31/2023	4,572.32	0.00	4,572.32
0000066962	6/14/2023	AMB001	AMB Tools & Equipment Co				Check Entry Number: 001
			T332822	3/10/2023	402.13	0.00	402.13
0000066963	6/14/2023	ARR010	Arrow Lumber Port Townsend				Check Entry Number: 001
			5/28/23 STATEMENT	5/28/2023	638.91	0.00	638.91
0000066964	6/14/2023	BER010	William Beminger				Check Entry Number: 001
			5/2023 EXPENSE	5/31/2023	54.89	0.00	54.89
0000066965	6/14/2023	CAR001	Carl's Building Supply				Check Entry Number: 001
			5/31/23 STATEMENT	5/31/2023	22,296.62	0.00	22,296.62
0000066966	6/14/2023	CAU040	Harrison Caudill				Check Entry Number: 001
			REFUND 5/27/23	5/27/2023	888.96	0.00	888.96
0000066967	6/14/2023	CED005	CED				Check Entry Number: 001
			55948-1037923	5/24/2023	388.37	0.00	388.37
			5948-1037026	5/17/2023	6,349.62	0.00	6,349.62
			5948-1037439	5/18/2023	435.31	0.00	435.31
			5948-1037589	5/24/2023	19.83	0.00	19.83
			5948-1037630	5/17/2023	140.47	0.00	140.47
			5948-1037662	5/31/2023	310.94	0.00	310.94
			5948-1037807	5/24/2023	762.96	0.00	762.96
			5948-1037990	5/24/2023	152.74	0.00	152.74
			5948-1038014	5/31/2023	199.65	0.00	199.65
			5948-1038022	5/31/2023	188.09	0.00	188.09
			5948-1038033	5/31/2023	831.34	0.00	831.34
			5948-1038090	5/31/2023	380.03	0.00	380.03
Check 0000066967 Total:					10,159.35	0.00	10,159.35
0000066968	6/14/2023	CHM030	CSD Attorneys at Law				Check Entry Number: 001
			4/2023 STATEMENT	5/18/2023	2,208.60	0.00	2,208.60
0000066969	6/14/2023	CIN020	Cintas				Check Entry Number: 001
			5160630241	5/30/2023	64.50	0.00	64.50
0000066970	6/14/2023	CIT001	City Of Port Townsend				Check Entry Number: 001
			5/2023 STATEMENTS	5/31/2023	9,674.07	0.00	9,674.07
0000066971	6/14/2023	COA050	Mott MacDonald				Check Entry Number: 001
			107620-07	5/23/2023	13,387.50	0.00	13,387.50
0000066972	6/14/2023	COD001	Code Publishing Co				Check Entry Number: 001
			GC00121410	5/19/2023	660.00	0.00	660.00
0000066973	6/14/2023	COH050	Coho Printing				Check Entry Number: 001
			002734	5/23/2023	103.65	0.00	103.65
0000066974	6/14/2023	COU035	Coultas Construction Managment Solutions, LLC				Check Entry Number: 001
			23-030405P	6/1/2023	3,510.00	0.00	3,510.00
0000066975	6/14/2023	DIC050	Nigel Dickens				Check Entry Number: 001
			REFUND 5/18/23	5/18/2023	865.45	0.00	865.45
0000066976	6/14/2023	DIR070	DirecTV				Check Entry Number: 001
			075436554X230528	5/28/2023	430.00	0.00	430.00
0000066977	6/14/2023	ECO040	EcoLube Recovery LLC				Check Entry Number: 001
			13519052523	5/25/2023	147.50	0.00	147.50
0000066978	6/14/2023	FAM001	Ferguson Enterprises #3007				Check Entry Number: 001
			1564940	5/26/2023	117.81	0.00	117.81

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
0000066979	6/14/2023	FER030	Kristian Ferrero				Check Entry Number: 001
			5/2023 EXPENSE	5/23/2023	136.76	0.00	136.76
0000066980	6/14/2023	FIS020	Fish N Hole				Check Entry Number: 001
			5604900	5/11/2023	28.78	0.00	28.78
			5611105	5/26/2023	30.16	0.00	30.16
			5611107	5/30/2023	14.50	0.00	14.50
			5611108	6/1/2023	11.02	0.00	11.02
Check 0000066980 Total:					84.46	0.00	84.46
0000066981	6/14/2023	GIR001	Giraffe Gutters				Check Entry Number: 001
			5/25/23 INV	5/25/2023	1,636.50	0.00	1,636.50
0000066982	6/14/2023	GOO002	Good Man Sanitation				Check Entry Number: 001
			5/22/23 STATEMENT	5/22/2023	2,823.49	0.00	2,823.49
0000066983	6/14/2023	GRA005	Grainger				Check Entry Number: 001
			9701727829	5/9/2023	545.63	0.00	545.63
			9722111722	5/30/2023	1,198.83	0.00	1,198.83
Check 0000066983 Total:					1,744.46	0.00	1,744.46
0000066984	6/14/2023	GRE015	Greentree Communications Co				Check Entry Number: 001
			10563	6/1/2023	392.76	0.00	392.76
0000066985	6/14/2023	GRO001	Groves & Co, Inc				Check Entry Number: 001
			20235578	5/18/2023	245.78	0.00	245.78
0000066986	6/14/2023	GUA080	Guardian Security Systems, Inc.				Check Entry Number: 001
			1363830	5/19/2023	2,574.76	0.00	2,574.76
			1369471	6/1/2023	162.01	0.00	162.01
			1369472	6/1/2023	114.56	0.00	114.56
			1369473	6/1/2023	278.21	0.00	278.21
			1369474	6/1/2023	545.50	0.00	545.50
			1369475	6/1/2023	196.38	0.00	196.38
Check 0000066986 Total:					3,871.42	0.00	3,871.42
0000066987	6/14/2023	HAD001	Hadlock Building Supply				Check Entry Number: 001
			5/25/23 STATEMENT	5/25/2023	470.44	0.00	470.44
0000066988	6/14/2023	HAN010	Pete Hanke				Check Entry Number: 001
			5/2023 EXPENSE	6/1/2023	52.40	0.00	52.40
0000066989	6/14/2023	HAS020	Carol Hasse				Check Entry Number: 001
			5/2023 EXPENSE	5/29/2023	10.87	0.00	10.87
0000066990	6/14/2023	HEN002	Henery Hardware				Check Entry Number: 001
			750473	3/28/2023	23.52	0.00	23.52
			752102	4/26/2023	82.82	0.00	82.82
			752119	4/26/2023	22.45	0.00	22.45
			752157	4/26/2023	8.25	0.00	8.25
			752231	4/27/2023	17.45	0.00	17.45
			752239	4/27/2023	257.44	0.00	257.44
			752257	4/28/2023	253.62	0.00	253.62
			752278	4/28/2023	155.86	0.00	155.86
			752281	4/28/2023	33.35	0.00	33.35
			752290	4/28/2023	15.21	0.00	15.21
			752407	5/1/2023	43.63	0.00	43.63
			752495	5/2/2023	43.62	0.00	43.62
			752590	5/4/2023	31.81	0.00	31.81
			752593	5/4/2023	91.24	0.00	91.24
			752604	5/4/2023	6.52	0.00	6.52

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
			752637	5/4/2023	33.28	0.00 33.28
			752639	5/4/2023	159.72	0.00 159.72
			752673	5/5/2023	13.72	0.00 13.72
			752731	5/5/2023	86.17	0.00 86.17
			752800	5/8/2023	19.31	0.00 19.31
			752821	5/8/2023	191.90	0.00 191.90
			752860	5/9/2023	41.43	0.00 41.43
			752861	5/9/2023	15.26	0.00 15.26
			752863	5/9/2023	26.17	0.00 26.17
			752937	5/9/2023	154.86	0.00 154.86
			752957	5/10/2023	39.25	0.00 39.25
			753004	5/10/2023	28.36	0.00 28.36
			753035	5/10/2023	19.39	0.00 19.39
			753051	5/11/2023	69.34	0.00 69.34
			753080	5/11/2023	19.63	0.00 19.63
			753094	5/11/2023	70.90	0.00 70.90
			753127	5/12/2023	23.30	0.00 23.30
			753129	5/12/2023	23.55	0.00 23.55
			753143	5/12/2023	30.29	0.00 30.29
			753146	5/12/2023	71.02	0.00 71.02
			753282	5/15/2023	8.25	0.00 8.25
			753283	5/15/2023	157.29	0.00 157.29
			753327	5/15/2023	75.43	0.00 75.43
			753360	5/16/2023	30.09	0.00 30.09
			753397	5/16/2023	90.21	0.00 90.21
			753404	5/16/2023	26.78	0.00 26.78
			753577	5/19/2023	30.54	0.00 30.54
			753590	5/19/2023	115.52	0.00 115.52
			753596	5/19/2023	25.05	0.00 25.05
			753599	5/19/2023	25.14	0.00 25.14
			753740	5/22/2023	15.25	0.00 15.25
			753855	5/23/2023	174.46	0.00 174.46
			753905	5/24/2023	10.90	0.00 10.90
			753915	5/24/2023	118.20	0.00 118.20
			753932	5/24/2023	89.44	0.00 89.44
			754021	5/25/2023	199.63	0.00 199.63
			Check 0000066990 Total:		3,415.82	0.00 3,415.82
0000066991	6/14/2023	HEN004	Port Townsend Garden Center			Check Entry Number: 001
			177400	5/9/2023	151.71	0.00 151.71
			179564	5/18/2023	152.63	0.00 152.63
			Check 0000066991 Total:		304.34	0.00 304.34
0000066992	6/14/2023	HEN006	Quilcene Henery's Hardware			Check Entry Number: 001
			5/25/23 STATEMENT	5/25/2023	319.56	0.00 319.56
0000066993	6/14/2023	HIG020	Highway Specialties LLC			Check Entry Number: 001
			0007483-IN	5/31/2023	185.47	0.00 185.47
0000066994	6/14/2023	HRA030	HRA VEBA Trust			Check Entry Number: 001
			YA20407 BB 5/23 INS	6/14/2023	812.42	0.00 812.42
			YA20407 KF 5/23 INS	6/14/2023	852.72	0.00 852.72
			Check 0000066994 Total:		1,665.14	0.00 1,665.14
0000066995	6/14/2023	JAM040	Jamestown Networks			Check Entry Number: 001

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
			7630	6/1/2023	530.00	0.00 530.00
0000066996	6/14/2023	JC0003	Jefferson County - Public Work			Check Entry Number: 001
			5/2023 STATEMENT	6/1/2023	811.41	0.00 811.41
0000066997	6/14/2023	KEN010	Kendrick Equipment			Check Entry Number: 001
			U51127	6/6/2023	5,200.71	0.00 5,200.71
			U51225	5/30/2023	463.14	0.00 463.14
			Check 0000066997 Total:		5,663.85	0.00 5,663.85
0000066998	6/14/2023	LAN001	Landau Associates			Check Entry Number: 001
			0054461	5/26/2023	862.50	0.00 862.50
0000066999	6/14/2023	LEM040	Lemay Mobile Shredding			Check Entry Number: 001
			4795894S185	6/1/2023	15.07	0.00 15.07
0000067000	6/14/2023	LES050	Les Schwab			Check Entry Number: 001
			37900553510	6/5/2023	199.52	0.00 199.52
0000067001	6/14/2023	MAL045	Mallory Paint Store			Check Entry Number: 001
			F0218238	5/25/2023	67.36	0.00 67.36
0000067002	6/14/2023	MUR002	Murrey's Disposal Co. Inc.			Check Entry Number: 001
			5/2023 STATEMENTS	6/1/2023	10,403.96	0.00 10,403.96
0000067003	6/14/2023	OLY001	Olympic Equipment Rentals Inc			Check Entry Number: 001
			331732	5/17/2023	114.50	0.00 114.50
			332629	5/25/2023	43.62	0.00 43.62
			333355	5/31/2023	94.91	0.00 94.91
			Check 0000067003 Total:		253.03	0.00 253.03
0000067004	6/14/2023	OLY002	The Home Depot Pro Institutional			Check Entry Number: 001
			745947218	5/17/2023	4,533.11	0.00 4,533.11
			745947226	5/17/2023	260.33	0.00 260.33
			747050045	5/24/2023	795.45	0.00 795.45
			Check 0000067004 Total:		5,588.89	0.00 5,588.89
0000067005	6/14/2023	OLY006	Olympic Crane LLC			Check Entry Number: 001
			2356	5/18/2023	225.00	0.00 225.00
0000067006	6/14/2023	PAC004	Pacific Office Equipment Co			Check Entry Number: 001
			6/1/23 STATEMENT	6/1/2023	395.27	0.00 395.27
0000067007	6/14/2023	PAF050	PA Far West Machine & Hydraulics, LLC			Check Entry Number: 001
			0523-4538C	5/11/2023	153.95	0.00 153.95
0000067008	6/14/2023	PET025	Petrick Lock & Safe			Check Entry Number: 001
			21420	5/17/2023	65.46	0.00 65.46
			6/5/23 WORK ORDER IN	6/5/2023	45.49	0.00 45.49
			Check 0000067008 Total:		110.95	0.00 110.95
0000067009	6/14/2023	PET065	Pam Petranek			Check Entry Number: 001
			5/2023 EXPENSE	5/31/2023	40.61	0.00 40.61
0000067010	6/14/2023	PIN010	Pinnacle Investigations Corp			Check Entry Number: 001
			84989	5/21/2023	108.00	0.00 108.00
			85157	5/29/2023	53.00	0.00 53.00
			85160	5/29/2023	36.00	0.00 36.00
			Check 0000067010 Total:		197.00	0.00 197.00
0000067011	6/14/2023	PIT000	Pitney Bowes Inc.			Check Entry Number: 001
			0016780591	5/30/2023	537.17	0.00 537.17
0000067012	6/14/2023	POR005	Port Townsend Leader			Check Entry Number: 001
			112466	5/1/2023	2,423.50	0.00 2,423.50
0000067013	6/14/2023	PRI001	The Printery			Check Entry Number: 001

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
			230166	4/27/2023	551.50	0.00 551.50
0000067014	6/14/2023	PUD001	Pud District #1			Check Entry Number: 001
			810	5/19/2023	36,227.10	0.00 36,227.10
0000067015	6/14/2023	PUD005	PUD #1 of Jefferson County			Check Entry Number: 001
			5/18/23 STATEMENT	5/18/2023	45.83	0.00 45.83
			5/25/23 STATEMENT	5/25/2023	550.00	0.00 550.00
			5/25/23 STMNTS	5/25/2023	316.73	0.00 316.73
			Check 0000067015 Total:		912.56	0.00 912.56
0000067016	6/14/2023	QUI001	Quill Corporation			Check Entry Number: 001
			32484166	5/12/2023	20.39	0.00 20.39
			32485398	5/13/2023	43.57	0.00 43.57
			32486118	5/15/2023	51.92	0.00 51.92
			32504639	5/15/2023	103.70	0.00 103.70
			Check 0000067016 Total:		219.58	0.00 219.58
0000067017	6/14/2023	QUI090	Quilcene Village Store			Check Entry Number: 001
			88766	5/12/2023	19.17	0.00 19.17
0000067018	6/14/2023	REI002	Reid Middleton Co			Check Entry Number: 001
			2305071	5/18/2023	11,387.00	0.00 11,387.00
0000067019	6/14/2023	SAF001	Safeway, Inc.			Check Entry Number: 001
			5/21/23 STATEMENT	5/21/2023	2,492.64	0.00 2,492.64
0000067020	6/14/2023	SAN035	Joanna Sanders			Check Entry Number: 001
			2/2023 EXP	6/6/2023	6.68	0.00 6.68
			3/2023 EXP	6/6/2023	54.52	0.00 54.52
			4/2023 EXP	6/6/2023	12.18	0.00 12.18
			Check 0000067020 Total:		73.38	0.00 73.38
0000067021	6/14/2023	SCH027	Craig Schreiner			Check Entry Number: 001
			REFUND 5/18/23	5/18/2023	84.50	0.00 84.50
0000067022	6/14/2023	SEC010	Security Services			Check Entry Number: 001
			129048	6/1/2023	202.30	0.00 202.30
0000067023	6/14/2023	SNE020	S-Net Communications			Check Entry Number: 001
			176158	6/1/2023	576.41	0.00 576.41
0000067024	6/14/2023	SUM040	Summit Law Group PLLC			Check Entry Number: 001
			145523	5/19/2023	1,133.00	0.00 1,133.00
0000067025	6/14/2023	SUN020	Sunrise Coffee			Check Entry Number: 001
			20230634	6/2/2023	49.25	0.00 49.25
0000067026	6/14/2023	TAR020	Tara Dunford, CPA			Check Entry Number: 001
			2350	6/2/2023	350.00	0.00 350.00
0000067027	6/14/2023	TAY010	Amy Taylor			Check Entry Number: 001
			UNIFORM EXP	5/20/2023	285.78	0.00 285.78
0000067028	6/14/2023	TWI001	Spectra Laboratories - Kitsap			Check Entry Number: 001
			23-03541	5/19/2023	152.00	0.00 152.00
			23-03657	5/24/2023	64.00	0.00 64.00
			23-03658	5/24/2023	600.00	0.00 600.00
			23-03954	6/2/2023	60.00	0.00 60.00
			23-04004	6/5/2023	852.00	0.00 852.00
			23-04022	6/5/2023	978.00	0.00 978.00
			Check 0000067028 Total:		2,706.00	0.00 2,706.00
0000067029	6/14/2023	ULI040	ULINE			Check Entry Number: 001
			163428456	5/9/2023	2,951.88	0.00 2,951.88

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
			163742326	5/17/2023	10,559.70	0.00 10,559.70
			164063758	5/19/2023	4,358.77	0.00 4,358.77
			Check 0000067029 Total:		17,870.35	0.00 17,870.35
0000067030	6/14/2023	VEN070	VenTek International			Check Entry Number: 001
			138377	6/1/2023	103.65	0.00 103.65
0000067031	6/14/2023	VER001	Verizon Wireless, Bellevue			Check Entry Number: 001
			9934994101	5/15/2023	755.44	0.00 755.44
0000067032	6/14/2023	WAV040	Wave Broadband			Check Entry Number: 001
			043328901-0010175	5/23/2023	285.02	0.00 285.02
0000067033	6/14/2023	WES006	Westbay Auto Parts, Inc.			Check Entry Number: 001
			5/25/23 STATEMENT	5/25/2023	1,276.07	0.00 1,276.07
0000067034	6/14/2023	WES060	West Marine Pro			Check Entry Number: 001
			006153	5/16/2023	41.68	0.00 41.68
			00773055	5/8/2023	2,792.92	0.00 2,792.92
			Check 0000067034 Total:		2,834.60	0.00 2,834.60
			Report Total:		198,750.59	0.00 198,750.59

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	June 14, 2023		
AGENDA ITEM	<input checked="" type="checkbox"/> Consent Agenda		
AGENDA TITLE	IV. C. Key City Fish Company, Building & Land Lease		
STAFF LEAD	Eric Toews, Deputy Director		
REQUESTED	<input type="checkbox"/> Information <input checked="" type="checkbox"/> Motion/Action <input type="checkbox"/> Discussion		
ATTACHMENTS	A. Staff Memo B. Key City Fish Co. Term Sheet C. Key City Fish Co. Lease, including Exhibits 'A' and 'B'		

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 6/14/2023
TO: Port Commission
FROM: Eric Toews, Deputy Director and Sue Nelson, Lease & Contracts Administrator
SUBJECT: Key City Fish Company – Building & Land Lease

ISSUE: Should the Commission authorize the Executive Director to execute a new Building and Land Lease Agreement with Key City Fish Company for the premises they currently occupy at 307 10th Street at Boat Haven?

BACKGROUND & DISCUSSION: Key City Fish Company (“Key City Fish”), owned by Johnpaul Davies, first became a Port tenant in 2004 when the Port acquired the Sperry Buildings. Prior to 2004, Key City Fish occupied the same building space under a lease agreement with Bill Sperry, who leased the underlying land from the Port.

In 2013, Key City Fish entered a ten (10) year lease agreement with the Port that expires on August 31, 2023. Staff has worked with Mr. Davies to develop a new term lease agreement that we believe is consistent with, and helps to implement, the Commission’s adopted lease policy. The proposed agreement would be for an initial term of five (5) years with one five (5) year option. The leased premises include the 3,000 sf of Building #7 (i.e., its entirety), together with roughly 1,180 sf of land immediately appurtenant to the building used exclusively by Key City Fish.

Key City Fish frequently works in partnership with other Boat Haven businesses such as Kimmel’s Crab Shack (New Day Fisheries), Pete’s Marine Metal, and several of our local commercial fishers. Key City has established a reputation for fresh, quality seafood and meat products, and has developed a loyal customer base in Port Townsend, Jefferson County, and the wider region.

Under Mr. Davies’ management, Key City Fish Company has been an exemplary tenant of the Port for many years. We hope to continue this mutually beneficial and cordial business relationship for the decade to come.

RECOMMENDATION: Authorize the Executive Director to execute the attached Lease Agreement with Key City Fish Company.

MOTION: None required. Approval of this item on the Consent Agenda authorizes the Executive Director to execute the attached Lease Agreement.

ATTACHMENTS

- Summary of Key Terms, consisting of two (2) pages; and
- Key City Fish Company Building & Land Lease, including Exhibits “A” (Legal Description of Premises) and “B” (Hazardous Substances Warranty & Agreement), all together consisting of twenty-two (22) pages.

PORT OF PORT TOWNSEND BOAT HAVEN BUILDING & LAND LEASE

THIS LEASE AGREEMENT made this ____ day of June 2023, by and between the PORT OF PORT TOWNSEND, a municipal corporation organized and existing under the laws of the State of Washington, Lessor, hereinafter referred to as "the Port," and **KEY CITY FISH COMPANY** a Washington profit corporation, 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. **LEASED PREMISES:** The Port hereby leases to Lessee, and Lessee hereby hires and leases from the Port, the following described premises situated in Port Townsend, Jefferson County, State of Washington:

Building #7, an approximately 3,000 square foot, comprised by approximately 476 square feet of commercial floor space and approximately 2,524 square feet of industrial floor space, along with approximately 1,180 sf¹ of land immediately appurtenant to the building, located at 307 10th Street, Port Townsend, WA at the Port's Boat Haven facility,

hereinafter referred to as "the premises." The premises are legally described and depicted on Exhibit "A" which is attached hereto and which by this reference is incorporated herein as if fully set forth herein.

2. **TERM:** The term of this Lease is five (5) years, beginning September 1, 2023, and ending at midnight, August 31, 2028, unless sooner terminated as provided in this Lease. The Lessee shall also have an option to extend the lease term by one (1) additional five (5) year term. Notification to extend the Lease to be done in writing ninety (90) days prior to the end of the initial term.
3. **RENT:**
 - a. Lessee agrees to pay as rental for the leased premises the sum of **Two Thousand Six Hundred Thirty-One Dollars and Thirty-Six Cents (\$2,631.36)** plus all applicable taxes (\$2,631.36 x 12.84% Leasehold Excise Tax (LET) = \$337.87); **\$2,631.36 + \$337.87 = \$2,969.23²**, per month.
 - b. 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.

¹ Land areas include the following: approximately 400 sf of land adjoining the NW corner of the building (i.e., the "taco stand"); approximately 380 sf of land situated along the northeast side of the building; and, approximately 400 sf appurtenant to the south wall of the building.

² Calculated as follows: Building: 476 s.f. of commercial space x \$1.20 per s.f. = \$571.20; 2,524 s.f. of industrial space x \$0.69 per s.f. = \$1,741.56; Land: 1,180 s.f. x \$0.27 per s.f. = \$318.60; \$571.20 + \$1,741.56 + \$318.60 = \$2,631.36 x 12.84% LET = \$337.87; \$2,631.36 + \$337.87 = \$2,969.23 rent per month

- c. Beginning in year three (3) and every three (3) years thereafter, the rental rate may be adjusted to the fair market rental rate then prevailing for comparable commercial and/or industrial property in the Western Washington area, bearing in mind all allowable uses of the property and all services and amenities available to the property by virtue of its location.
 - d. In no event shall any rent adjustment result in a reduction in rent from the rate paid in the prior year.
 - e. 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.
4. **LATE CHARGE:** 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.
5. **SECURITY DEPOSIT:** At inception of this Lease, Lessee shall deposit with the Port security in the amount of **Eight Thousand Nine Hundred Seven Dollars and Sixty-Eight Cents (\$8,907.68)**.^{3[1]} Lessee has an existing deposit of **Three Thousand Five Hundred Twenty-Seven Dollars and Seventy-Eight Cents (\$3,527.78)** currently on file with the Port under an agreement expiring August 31, 2023, now superseded by this Lease. Accordingly, Lessee shall deposit an additional **Five Thousand Three Hundred Seventy-Nine Dollars and Ninety Cents (\$5,379.90)** to satisfy the requirements of this Paragraph 5 (the "additional deposit"). Annually thereafter throughout the initial lease term or extended term, the amount deposited with the Port may be adjusted to ensure that an amount equivalent to three (3) months' then current rent plus LET is 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.
6. **USE OF PREMISES:** Lessee shall use the building premises for the purpose of limited seafood and meat processing, retail and wholesale sales of meat, poultry, and seafood, sales of prepared foods, and the land premises for storage of miscellaneous business-related items, outdoor dining, and such other uses as are connected with and pertinent thereto, and shall not use them for any other purpose without the prior written consent of the Port. Lessee shall use the entire premises for the conduct of said business in a first-class manner continuously during the entire term of this Lease except for temporary closures for such periods as may reasonably be necessary for repairs or redecorating or for reasons beyond Lessee's reasonable control. Lessee agrees that it will not disturb the Port or any other tenant of the Port's by making or permitting any disturbance or any unusual noise, vibration, or other condition on or in the premises.

³ Required security for all Port leases is three (3) months' rent + LHT, calculated as follows: \$2,631.36 per month x 3 = \$7,894.08; \$7,894.08 x 12.84% LHT = \$1,013.60; = \$7,894.08+ \$1,013.60 = \$8,907.68.

- 7. CONDUCT COVENANTS AND WARRANTIES:** In addition to all other covenants and warranties set forth herein, Lessee specifically represents to the Port as follows:
- a. **Quiet Conduct.** The conduct of Lessee and such others for whom Lessee is responsible shall not, in any manner, disturb the quiet enjoyment of other tenants, invitees, or visitors, in or near where the Premises are located, including common areas.
 - b. **Damage.** The conduct of Lessee and such others for whom Lessee is responsible shall not result in or cause destruction or damage to the Premises, or any part thereof including, but not limited to any and all common areas, or the property of other tenants, their invitees, and visitors.
- 8. UTILITIES:** Lessee shall be liable for, and shall pay throughout the term of this Lease, all utility services furnished to the premises, including, but not limited to light, heat, electricity, gas, water, sewerage, garbage disposal, and communications. Wi-Fi and/or fiber services are not included in the rent.
- 9. ACCEPTANCE OF PREMISES:** Lessee has examined the leased premises and accepts them in their present condition "as is" and 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 acknowledges that Lessee has fully inspected the premises and is not relying on any statement or representation made by the Port or the Port's agents with respect to the condition of the premises, and Lessee assumes the responsibility and risks of the same, including any defects or conditions that cannot be observed by casual inspection.
- 10. MAINTENANCE AND REPAIR:** Maintenance and repair of the premises shall be the sole responsibility of Lessee. Accordingly, at the expiration or sooner termination of this Agreement, Lessee shall return the premises to the Port in the same condition in which received (or, if altered by Lessee with the Port's consent, then the premises shall be returned in such altered condition), reasonable wear and tear and damage by fire or unavoidable casualty excepted. Lessee's obligation to make repairs shall not extend to any structural parts of the building, including the foundations, bearing and exterior walls, subflooring and roofs, the unexposed electrical, plumbing and sewerage systems (including those portions of the systems lying outside the premises), exterior siding, exterior doors, window frames, gutters, downspouts, and the heating, and the ventilation system serving the premises, unless such repairs are necessitated by Lessee's negligence or failure to maintain the interior. Lessee shall, at its' own expense, and at all times:
- a. Keep the premises, and the adjoining roadways and sidewalks, neat, clean and in a safe and sanitary condition;
 - b. Maintain and keep the leased premises in a good state of repair; and
 - c. Not commit waste of any kind.
- 11. FIRE EXTINGUISHERS:** Lessee shall maintain in the Premises during the entire Lease Term, not less than the minimum number of fire extinguishers required by law and Lessee shall inspect all such fire extinguishers not less frequently than once every six (6) months to assure that the same are fully charged and in good operational condition. Annually, the Lessee shall have all fire extinguishers inspected by an authorized and qualified inspector who shall certify that each such fire extinguisher complies with all applicable requirements of the National Fire Protection Association (NFPA). If any such fire extinguishers fail to obtain such certification, then within three (3) business days after such

failure such fire extinguishers shall be replaced, or repaired, or re-inspected, and a certification shall be issued certifying that all such fire extinguishers comply with all applicable requirements of the NFPA.

12. **ALTERATIONS AND IMPROVEMENTS:** Lessee shall make no alterations or improvements to or upon the premises or install any fixtures (other than trade fixtures which can be removed without injury to the premises) without first obtaining written approval from the Executive Director of the Port. When seeking the Port's approval, Lessee shall submit full plans and specifications for any proposed alterations and shall furnish proof of compliance with all applicable building codes and other regulations and shall apply for and obtain all necessary permits for such work. If the proposed improvements are estimated to cost more than \$25,000, the Port may require the posting of a completion bond as security for the completion of the improvements. Upon conclusion of the alterations, Lessee shall furnish "as-built" drawings of all improvements and alterations. The Port's approval of alterations shall also include agreement for disposition of the improvements upon termination of this Lease.

13. **INSPECTION - "FOR RENT" SIGNS:** The Port reserves the right to inspect the leased premises at any and all reasonable times throughout the term of this Lease, PROVIDED, that it shall not interfere unduly with Lessee's operations. The right of inspection reserved to the Port hereunder shall impose no obligation on the Port to make inspections to ascertain the condition of the premises and shall impose no liability upon the Port for failure to make such inspections. The Port shall have the right to place and maintain "For Rent" signs in conspicuous places on the premises for thirty (30) days prior to the expiration or sooner termination of this Lease.

14. **DAMAGE OR DESTRUCTION:**
 - a. Should the premises or the buildings or structures of which the premises are a part be damaged by fire or other casualty, and if the damage is repairable within four (4) weeks from the date of the occurrence (with the repair work and the preparations therefore to be done during regular working hours on regular work days), the premises shall be repaired with due diligence by the Port, and in the meantime the monthly minimum rental shall be abated in the same proportion that the untenable portion of the premises bears to the whole thereof, for the period from the occurrence of the damage to the completion of the repairs.
 - b. Should the premises or any buildings or structures of which the premises are a part be completely destroyed by fire or other casualty, or should they be damaged to such an extent that the damage cannot be repaired within four (4) weeks of the occurrence, the Port shall have the option to terminate this Lease on thirty (30) days' notice, effective as of any date not more than sixty (60) days after the occurrence. In the event that this paragraph shall become applicable, the Port shall advise Lessee within thirty (30) days after the happening of any such damage whether the Port has elected to continue the lease in effect or to terminate it. If the Port shall elect to continue this Lease in effect, it shall commence and prosecute with due diligence any work necessary to restore or repair the premises. If the Port shall fail to notify Lessee of its election within said thirty (30) day period, the Port shall be deemed to have elected to terminate this Lease, and the lease shall automatically terminate sixty (60) days after the occurrence of the damage. For the period from the occurrence of any damage to the premises to the date of completion of the repairs to the premises (or to the date of termination of the lease if the Port shall elect not to restore the premises), the monthly minimum rental

shall be abated in the same proportion as the untenable portion of the premises bears to the whole thereof.

- 15. INDEMNIFICATION AND HOLD HARMLESS:** Lessee agrees that it will defend (with legal counsel acceptable to the Port), indemnify and hold harmless the Port, its officers, employees, and agents from any and all demands, claims, judgments or liability for loss or damage arising as a result of accidents, injuries or other occurrences on the Premises or on the 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 Lessee; 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.
- 16. 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 15, 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.
- 17. INSURANCE:** Lessee agrees to maintain during the lease term liability insurance as set forth below, at Lessee's sole expense.
- a. Comprehensive General Liability Insurance against claims for injury or death to persons or damage to property with minimum limits of liability of \$1,000,000.00 per occurrence and \$2,000,000 in the annual aggregate. Such insurance shall include but not be limited to bodily injury liability, personal injury liability, property damage liability, broad form property damage liability, contractual liability, and products/completed operations liability. The policy of insurance required under this sub-paragraph 17(a) 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.
 - b. 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 such as but not limited to U.S. Longshoremen and Harbor Workers' Act,

Jones Act, and Federal Employers Liability section of the Washington Workers Compensation Policy and all Federal Acts Insurance shall not be less than \$1,000,000.00 for each occurrence.

- c. The Lessee agrees to supply the Port with appropriate evidence to establish that its insurance obligations have been met, and that the insurance policy or policies are not subject to cancellation without at least thirty (30) days advance written notice to the Port. The conditions set forth in subparagraphs a, b and c of this Paragraph 17 shall be met prior to inception of this Lease Agreement.
- 18. 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 18 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.
 - 19. INCREASE IN COST OF INSURANCE:** Lessee shall not use the demised premises in such a manner as to increase the existing rates of insurance applicable to the buildings or structures of which the premises are a part. If it nevertheless does so, then, at the option of the Port, the full amount of any resulting increase in premiums paid by the Port with respect to the buildings or structures of which the leased premises are a part, and to the extent allocable to the term of this Lease, may be added to the amount of rental hereinabove specified and shall be paid by Lessee to the Port upon the monthly rental day next thereafter occurring.
 - 20. HAZARDOUS SUBSTANCES WARRANTY AND AGREEMENT:** Lessee has examined the Hazardous Substances Warranty and Agreement, consisting of six (6) pages, which is attached hereto as Exhibit 'B' and which, by this reference, is incorporated herein as fully set forth herein, and acknowledges full understanding of its obligations under said Hazardous Substances Warranty and Agreement.
 - 21. TAXES:** Lessee shall be liable for, and shall pay throughout the term of this Lease, all license and excise fees and occupation taxes covering the business conducted on the premises, and all taxes on property of Lessee on the leased premises and any taxes on the leased premises or leasehold interest created by this Lease Agreement.
 - 22. COMPLIANCE WITH PORT REGULATIONS AND WITH ALL LAWS:** Lessee agrees to comply with all applicable rules and regulations of the Port pertaining to the building or other realty of which the premises are a part now in existence or hereafter promulgated for the general safety and convenience of the Port, its various tenants, invitees, licensees, and the general public. Lessee also agrees to comply with all applicable federal, state, and municipal laws, ordinances, and regulations. Lessee further agrees that all buildings, structures, or other improvements, approved by the Port, will be properly permitted by the City of Port Townsend. Any fees for any inspection of the premises during or for the lease term by any federal, state, or municipal officer and the fees for any so-called "Certificate of Occupancy" shall be paid by Lessee.
 - 23. ASSIGNMENT OR SUBLEASE:** Lessee shall not assign or transfer this Lease or any interest therein nor sublet the whole or any part of the premises, nor shall this Lease or any interest thereunder be assignable or transferable by operation of law or by any process or proceeding of any court, otherwise, without the written consent of the Port first had and obtained. If Lessee is a corporation,

Lessee further agrees that if at any time during the term of this Lease more than one-half (1/2) of the outstanding shares of any class of stock of Lessee corporation shall belong to any stockholders other than those who own more than one-half (1/2) of the outstanding shares of that class of stock at the time of the execution of this Lease or to members of their immediate families, such change in the ownership of the stock of the Lessee shall be deemed an assignment of this Lease within the meaning of this paragraph. If the Port shall give its consent to any assignment or sublease, this paragraph shall nevertheless continue in full force and effect and no further assignment or sublease shall be made without the Port's consent.

- 24. DEFAULTS:** Time is of the essence of this Lease Agreement, and in the event of the failure of Lessee to pay the rentals or other charges at the time and in the manner herein specified, or to keep any of the covenants or agreements herein set forth to be kept and performed, the Port may elect to terminate this Lease and reenter and take possession of the premises with or without process of law, PROVIDED, however, that Lessee shall be given fifteen (15) days' notice in writing stating the nature of the default in order to permit such default to be remedied by Lessee within said fifteen (15) day period. If upon such reentry there remains any personal property of Lessee or of any other person upon the leased premises, the Port may, but without the obligation so to do, remove said personal property and hold it for the owners thereof or may place the same in a public garage or warehouse, all at the expense and risk of the owners thereof, and Lessee shall reimburse the Port for any expense incurred by the Port in connection with such removal and storage. The Port shall have the right to sell such stored property, without notice to Lessee, after it has been stored for a period of thirty (30) days or more, the proceeds of such sale to be applied first to the cost of such sale, second to the payment of the charges for storage, and third to the payment of any other amounts which may then be due from Lessee to the Port, and the balance, if any, shall be paid to Lessee. Notwithstanding any such reentry, the liability of Lessee for the full rental provided for herein shall not be extinguished for the balance of the term of this Lease, and Lessee shall make good to the Port any deficiency arising from a re-letting 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 Lease Agreement.

25. TERMINATION BY PORT:

- a. In the event that the Port, at its sole discretion, shall require the use of the premises for any purpose for public or private use in connection with the operation of the business of the Port, then this Lease may be terminated by the Port by written notice delivered or mailed by the Port to the Lessee one hundred and eighty (180) or more days before the termination date specified in the notice. Lessee and the Port Executive Director will agree upon compensation to Lessee for loss of use, cost of relocation, and/or cost of improvement.
- b. In the event the term of this Lease or any extended term expires, and an indefinite month-to-month tenancy results, then the resulting tenancy may be terminated by the Port by written notice delivered or mailed by the Port to the Lessee twenty (20) or more days before termination date specified in the notice. In the event of a holdover, month-to-month tenancy, no compensation shall be owed to Lessee for loss of use, cost of relocation, and/or cost of improvement.

- 26. 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.
- 27. 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.
- 28. SIGNS:** No signs or other advertising matter, symbols, canopies, or awnings shall be attached to or painted or within the leased premises, including the windows and doors thereof, without the approval of the Executive Director of the Port first had and obtained. At the termination or sooner expiration of this Lease, all such signs, advertising matter, symbols, canopies, or awnings attached to or painted by Lessee shall be removed by Lessee at its own expense, and Lessee shall repair any damage or injury to the premises, and correct any unsightly condition, caused by the maintenance and removal of said signs, etc.
- 29. 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.
- 30. WAIVER:** The acceptance of rent by the Port for any period or periods after a default by Lessee hereunder shall not be deemed a waiver of such default unless the Port shall so intend and shall so advise Lessee in writing. No waiver by the Port of any default hereunder by Lessee shall be construed to be or act as a waiver of any subsequent default by Lessee. After any default shall have been cured by Lessee, it shall not thereafter be used by the Port as a ground for the commencement of any action under the provisions of Paragraph 24 hereof.
- 31. 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.

32. SURRENDER OF PREMISES – ATTORNEY’S FEES:

- a. At the expiration or earlier termination of the term, Lessee shall surrender to the Port the possession of the premises and all improvements. Surrender or removal of fixtures, trade fixtures and improvements shall be as directed in Paragraph 12 of this Lease on ownership of improvements at termination. Lessee shall leave the surrendered premises and any other property in broom-clean condition except as provided to the contrary in provisions of this Lease on maintenance and repair of improvements. All property that Lessee is required to surrender shall become the Port’s property at termination of this Lease. All property that Lessee is not required to surrender but that Lessee does abandon shall, at the Port’s election, become the Port’s property at termination. If Lessee fails to surrender the premises at the expiration or sooner termination of this Lease, Lessee shall defend and indemnify the Port from all liability and expense resulting from the delay or failure to surrender, including, without limitation, claims made by any succeeding tenant founded on or resulting from Lessee's failure to surrender.
- b. In the event that either party shall commence legal action to interpret or to enforce any of the provisions of this Lease, the substantially prevailing party shall be entitled to an award for all reasonable costs and attorney fees incurred in any such action. Any action brought under the terms of this Lease shall be maintained in Jefferson County, Washington.

33. 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.

34. 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.

35. LIENS AND ENCUMBRANCES: Lessee shall keep the leased premises free and clear of any liens and encumbrances arising or growing out of the use and occupancy of the said premises by Lessee. At the Port's request, Lessee shall furnish the Port with written proof of payment of any item which would or might constitute the basis for such a lien on the leased premises if not paid.

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

To Lessor:

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

To Lessee:

KEY CITY FISH COMPANY
Attn: Johnpaul Davies
PO Box 278
Port Townsend, WA 98368
Office: (360) 379-5516

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

- 37. JOINT AND SEVERAL LIABILITY:** Each and every party who signs this Lease, other than in a representative capacity, as Lessee, shall be jointly and severally liable hereunder.
- 38. "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 Lease Agreement.
- 39. CAPTIONS:** The captions in this Lease are for convenience only and do not in any way limit or amplify the provisions of this Lease.
- 40. SEVERABILITY:** 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.
- 41. NON-DISCRIMINATION SERVICES:** The Lessee agrees that it will not discriminate by segregation or otherwise against any person or persons because of race, creed, color, sex, sexual orientation, 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.
- 42. NON-DISCRIMINATION EMPLOYMENT:** The Lessee covenants and agrees that in all matters pertaining to the performance of this Lease, Lessee shall at all times conduct its business in a manner which assures fair, equal and non-discriminatory treatment of all persons without respect to race, creed or national origin and, in particular:

- a. Lessee will maintain open hiring and employment practices and will welcome applications for employment in all positions from qualified individuals who are members of racial or other minorities, and
- b. Lessee will comply strictly with all requirements of applicable federal, state, or local laws or regulations issued pursuant thereto relating to the establishment of non-discriminatory requirements in hiring and employment practices and assuring the service of all patrons or customers without discrimination as to any person's race, creed, color, sex, sexual orientation, or national origin.

43. EASEMENTS: The Parties recognize that the Port facilities are continuously being modified to improve the utilities and services used and provided by the Port. The Port or its agents shall have the right to enter the demised premises of the Lessee, and to cross over, construct, move, reconstruct, rearrange, alter, maintain, repair, and operate the sewer, water, and drainage lines, and the electrical service, and all other services required by the Port for its use. The Port is hereby granted a continuous easement or easements that the Port believes is necessary within the lease premises of the Lessee, without any additional cost to the Port for the purposes expressed hereinabove; PROVIDED however, that the Port by virtue of such use does not permanently deprive the Lessee from its beneficial use or occupancy of its leased area.

In the event that the Port does permanently deprive the Lessee from such beneficial use or occupancy, then an equitable adjustment in rent or in the cost required to modify its premises to allow the Lessee to operate its business, will be negotiated and paid by the Port to the Lessee. In the event that such entry by the Port is temporary in nature, then the Port shall reimburse the Lessee for the cost required to modify its premises for the temporary period that the Lessee is inconvenienced by such Port entry. The Port will not be responsible to the Lessee for any reduced efficiency, or loss of business occasioned by such entry.

44. ENTIRE AGREEMENT: This Lease Agreement contains all of the understandings between the parties. Each party represents that no promises, representations, or commitments have been made by the other as a basis for this Lease which have not been reduced to writing herein. No oral promises or representations shall be binding upon either party, whether made in the past or to be made in the future, unless such promises or representations are reduced to writing in the form of a modification to this Lease executed with all necessary legal formalities by the Commission of the Port of Port Townsend.

Lease Agreement dated this ____ day June 2023 as approved by the Port of Port Townsend Port Commission, on the ____ day of _____ 2023 and effective upon the receipt of a deposit and liability insurance documentation from the Lessee.

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

LESSEE – KEY CITY FISH COMPANY

Johnpaul Davies, Governing Party

ATTEST:

LESSOR - PORT OF PORT TOWNSEND

APPROVED AS TO FORM

Eron Berg, Executive Director

Port Attorney

**STATE OF WASHINGTON
COUNTY OF JEFFERSON**

I certify that I know or have satisfactory evidence that Johnpaul Davies 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

Printed Name

NOTARY PUBLIC in and for the State of Washington,
residing at Port Townsend

My commission 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 and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

Dated: _____

Signature

Printed Name

NOTARY PUBLIC in and for the State of Washington,
residing at Port Townsend

My commission expires: _____

**PORT OF PORT TOWNSEND:
Summary of Key Terms – Key City Fish Company
Boat Haven Building & Land Lease**

1. **TENANT:** Key City Fish Company, a Washington profit corporation.
2. **PREMISES:** Approximately 3,000 square feet of floor space (the entirety of building #7), comprised by approximately 476 square feet of commercial floor space and approximately 2,524 square feet of industrial floor space, together with approximately 1,180 sf¹ of immediately appurtenant land, located at 307 10th Street, Port Townsend, WA, at the Port's Boat Haven facility.
3. **TERM:** Five (5) years, beginning on September 1, 2023, and ending on August 31, 2028, along with an option to extend the lease by one (1) additional five (5) year term. Notification to extend the Lease must be provided in writing at least ninety (90) days prior to the end of the initial lease term.
4. **RENT: \$2,631.36 + \$337.87 (12.84% Leasehold Excise Tax (LET)) = \$2,969.23 per month**, calculated as follows: 476 sf of commercial space x \$1.20 per sf = \$571.20; 2,524 sf of industrial space x \$0.69 per sf = \$1,741.56; 1,180 sf of appurtenant land x \$0.27 per sf = \$318.60; \$571.20 + \$1,741.56 + \$318.60 = \$2,631.36 + LET.
5. **HOLDING OVER:** In the event Lessee allows the lease to expire without negotiating a new agreement with the Port, the tenancy will convert to holdover status on a month-to month basis, with all other provisions of the lease agreement remaining in effect, except that rent will increase to 125% of the rent due in the month preceding lease expiration.
6. **USE OF PREMISES:** Building premises for the purpose of limited seafood and meat processing, retail and wholesale sales of meat, poultry, and seafood, sales of prepared foods; land premises for storage of miscellaneous business-related items and containers, and an outdoor taco stand dining area, and such other uses which connected and pertinent thereto.
7. **SECURITY DEPOSIT:** Three months' security + Leasehold Excise Tax (\$7,894.08 + \$1,013.60 = \$8,907.68). Lessee has an existing deposit of **Three Thousand Five Hundred Twenty-Seven Dollars and Seventy-Eight Cents (\$3,527.78)** currently on file with the Port under an agreement expiring August 31, 2023, now superseded by this Lease. Accordingly, Lessee shall deposit an additional **Five Thousand Three Hundred Seventy-Nine Dollars and Ninety Cents (\$5,379.90)** to satisfy the requirements of the deposit. Annually thereafter throughout the initial lease term or extended term, the amount deposited with the Port may be adjusted to ensure that an amount equivalent to three (3) months' then current rent plus LET is maintained as security.
8. **UTILITIES:** All utilities are the responsibility of the Lessee.
9. **MAINTENANCE & REPAIR:** Lessee is responsible for maintaining and repairing all interior walls, floors, ceilings, doors, interior and exterior windows, fixtures, exposed electrical, plumbing and sewerage systems, and for repairing damage caused to any portion of Port-owned buildings, per Port-adopted policy.
10. **INSURANCE:** Per Port policy. Commercial General Liability of \$2,000,000 combined single limit; Workers Compensation Insurance of not less than \$1,000,000 per occurrence; insurance certificates naming the Port as an additional insured; proof of insurance must be provided prior to occupancy.
11. **ASSIGNMENT/SUBLEASE:** Permitted only by prior written consent of the Port.

¹ Land areas include the following: approximately 400 sf of land adjoining the NW corner of the building (i.e., the "taco stand"); approximately 380 sf of land situated along the northeast side of the building; and approximately 400 sf appurtenant to the south wall of the building.

12. DEFAULTS/TERMINATION: Time is of the essence. Failure to pay rent, or to abide by the covenants/agreements contained in the lease, may serve as a basis for termination. Lessee will be provided with fifteen (15) days' written notice to cure defaults. Port may also terminate upon one-hundred and eighty (180) days' written notice, at its sole discretion, for public or private use in connection with the operation of the business of the Port.

EXHIBIT A

**LEGAL DESCRIPTION
KEY CITY FISH COMPANY
BUILDING & LAND LEASE**

The premises identified in paragraph #1 of this Lease Agreement is located in Building #7 at the Port's Boat Haven facility, 307 10th Street, on a portion of the Railroad Addition to the City of Port Townsend, in a vacated alleyway between Blocks 1 and 2 south of vacated 10th Street, Section 10, Township 30 North, Range 1 West, W.M., as per volume 2, page 78, records of Jefferson County, Washington, together with an immediately appurtenant portion of Tax 35.

Exhibit 'A'
Key City Fish Company
2023 Building & Land Lease

Tax Parcel Viewer



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EXHIBIT "B"

HAZARDOUS SUBSTANCES WARRANTY AND AGREEMENT

RIDER TO LEASE AGREEMENT DATED: _____, 2023, BETWEEN THE PORT OF PORT TOWNSEND AND KEY CITY FISH COMPANY, a Washington profit corporation.

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.** Johnpaul Davies, 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

Johnpaul Davies, Governing Party
Key City Fish Company

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: _____
(signature)

By: Johnpaul Davies
Key City Fish Company

Date: _____

(Attachment No. 2 to Hazardous Substances Rider)**DECLARATION OF COMPLIANCE**

Johnpaul Davies, as the designated representative of Lessee primarily responsible for environmental compliance pursuant to Paragraph 12 of the Hazardous Substances Warranty and Agreement dated: _____, 2023, 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: _____
 Johnpaul Davies
 Key City Fish Company

Date: _____

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	June 14, 2023
AGENDA ITEM	<input type="checkbox"/> Consent <input type="checkbox"/> 1 st Reading <input checked="" type="checkbox"/> 2 nd Reading <input type="checkbox"/> Regular Business <input type="checkbox"/> Informational
AGENDA TITLE	V. A. Resolution 792-23 Authorizing Application for Federal Economic Development Administration Disaster Supplemental Grant Funding to Support Acquisition of a New Variable Width 300-Ton Mobile Travel-Lift to Sustain Boat Haven Haul Out Operations, Retain Existing Jobs in the Marine Trades Economic Sector, and Create New Job Opportunities, and Expressing Its Commitment to Providing Local Grant Matching Funds
STAFF LEAD	Eric Toews, Deputy Director
REQUESTED	<input type="checkbox"/> Information <input checked="" type="checkbox"/> Motion/Action <input type="checkbox"/> Discussion
ATTACHMENTS	Staff Report Resolution 792-23 Price Quotation from Kendrick Equipment

Following discussion at the May 24 meeting, this matter is back for second reading. There is no updated staff report.

Action: Move to approve Resolution 792-23 Authorizing Application for Federal Economic Development Administration Disaster Supplemental Grant Funding to Support Acquisition of a New Variable Width 300-Ton Mobile Travel-Lift to Sustain Boat Haven Haul Out Operations, Retain Existing Jobs in the Marine Trades Economic Sector, and Create New Job Opportunities, and Expressing Its Commitment to Providing Local Grant Matching Funds

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 5/24/2023
TO: Port Commission
FROM: Eric Toews, Deputy Director
SUBJECT: EDA Disaster Recovery Program Grant Authorizing Resolution No. 792-23 – 300-Ton Lift Acquisition

ISSUE: Should the Executive Director be authorized to apply for, and if awarded, to execute such documents as may be necessary with the federal Economic Development Administration to secure up to \$2,345,833 in Disaster Recovery Program monies to partially fund the acquisition of a new 300CII, variable width, Marine Travelift boat hoist to support operations at Boat Haven?

BACKGROUND & DISCUSSION: The Economic Development Administration of the U.S. Department of Commerce, administers the Economic Adjustment Assistance (EAA) Disaster Recovery Program pursuant to the Stafford Act (42 U.S.C. §5121 *et seq.*). The program helps communities and regions devise and implement long-term economic recovery strategies through a variety of non-construction and construction projects to address economic challenges in areas where a Presidential declaration of a major disaster was issued under the Stafford Act. Recently, the availability of FY 2023 EDA Disaster Supplemental Funding has announced. This specific funding opportunity is intended to address economic challenges in areas subject to declarations of natural disasters made in 2021 and 2022. Jefferson County was affected by two (2) such Presidential declarations during the relevant period (DR-4635-WA and DR-4650-WA), and is therefore, eligible to apply.

As the Commission knows, the Port provides and maintains the required infrastructure and equipment necessary for the boatyard's tenants and independent contractors that work in the yard to thrive. An essential component of this infrastructure is the Port's 300-ton Marine Travel lift. Maintaining the Port's 300-ton haul-out capacity at Boat Haven is indispensable to the marine trades, their customers, and the Port's revenues.

We presently own and operate a 27-year-old 300-ton travel-lift. Although well-maintained, it is nearing the end of its anticipated useful life as our principal heavy travel-lift. Due to its age and constant heavy use, it is requiring more frequent periods of downtime for repair and maintenance. Periods when the lift is out of service substantially disrupt our operations and adversely affect the many marine trades businesses that rely on the lift services provided by the Port. Moreover, a mechanical failure could bring an immediate halt to a substantial portion of our haul-out operations. Such a disruption would cause serious financial damage to myriad

marine trades businesses based at Boat Haven, substantially weakening our community's economy.¹

Accordingly, staff recommends that EDA Disaster Supplemental grant monies be sought to help fund the acquisition of a new 300-Ton, Variable-Width, Travel-Lift. The new lift would be added to the Port's existing inventory of travel lifts (i.e., one 70-ton lift, two 75-ton lifts, and our existing 300-ton lift) to address a point of vulnerability in the Boat Haven Boatyard operations. Importantly, the new lift offers nine (9) feet of width variability, together with all-wheel electronic steering, providing the opportunity to block vessels more closely together to maximize efficient use of space in the yard.

The Commission's adopted Capital Improvement Program anticipates the acquisition of the new 300-ton lift, and its acquisition would also be consistent with, and help to implement, the North Olympic Development Council's 2021-2025 Comprehensive Economic Development Strategy (CEDS). This project involves only capital equipment acquisition. If successful in securing funding, Kendrick Equipment would assemble the new lift on-site and provide training in both operation and maintenance to Port Yard and Maintenance staff. This is included in the overall cost cited below, as is 9.1% local sales tax.

FISCAL IMPACT: The cost of the 300CII Marine Travelift with the variable width option is \$2,687,710 (i.e., \$2,158,730 base price + \$528,980 for the variable width option) (please see quote from Kendrick Equipment, attached). Sales tax of 9.1%, or \$244,582, would also be added to bring the total cost, assembled in the Boat Haven yard, to **\$2,932,292**. Of this total, we would be requesting EDA funding of 80%, or **\$2,345,833**. The remaining 20%, or \$586,458, would be provided as Port match.

Staff has prepared a draft of Port Commission Resolution No. 792-23, authorizing application to EDA for EDA-2023-DISASTER SUPPLEMENTAL funding for this capital acquisition project. The source of matching funds is anticipated to be the Port-Wide Capital Reserves Fund. There is no submission deadline for the application. EDA will be accepting applications on an ongoing basis until all available funds have been awarded, or a new Disaster Supplemental Notice of Funding Opportunity has been published, whichever comes first. Because less than \$40 million has been allocated to our region under this program, we are highly motivated to prepare and submit this grant application as soon as possible.

MOTION: None required. Port Commission adoption of the Consent Agenda operates to approve the attached Resolution 792-23 authorizing the Executive Director to submit a grant application to the EDA's Economic Adjustment Assistance (EAA) Disaster Recovery Program seeking funding support for travel-lift acquisition.

¹ The current lift's fragility is underscored by recent Port Commission ratifications of emergency declarations to allow for rapid procurement of parts needed for unexpected repairs. In the last two years, one such declaration was needed for replacement of tires, another for parts to repair the lift's aging hydraulic system. The costs to make these repairs were \$100,000 and \$67,000, respectively.

ATTACHMENTS:

1. Resolution No. 792-23, consisting of three (3) pages; and
2. Price Quotation from Kendrick Equipment for a new 300CII Marine Travelift boat hoist, dated May 16, consisting of eighteen (18) pages.

RESOLUTION NO. 792-23

A Resolution of the Commission of the Port of Port Townsend

AUTHORIZING THE EXECUTIVE DIRECTOR OF THE PORT OF PORT TOWNSEND TO APPLY FOR FEDERAL ECONOMIC DEVELOPMENT ADMINISTRATION DISASTER SUPPLEMENTAL GRANT FUNDING TO SUPPORT ACQUISITION OF A NEW VARIABLE WIDTH 300-TON MOBILE TRAVEL-LIFT TO SUSTAIN BOAT HAVEN HAUL OUT OPERATIONS, RETAIN EXISTING JOBS IN THE MARINE TRADES ECONOMIC SECTOR, CREATE NEW JOB OPPORTUNITIES, AND EXPRESSING ITS COMMITMENT TO PROVIDING LOCAL GRANT MATCHING FUNDS.

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

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

WHEREAS, the Port of Port Townsend is also responsible for coordinating the mitigation of, preparations for, response to, and recovery from, natural disasters that affect Port infrastructure, and to establish resilient infrastructure and acquire and maintain capital equipment that will help to sustain the communities of Jefferson County in the future; and

WHEREAS, from November 13 to 15, 2021, portions of Western Washington experienced heavy rains, flooding and mudslides which resulted in a Presidential Disaster Declaration for six counties, including Jefferson County (DR-4635-WA); and

WHEREAS, from December 26, 2021, through January 15, 2022, the Puget Sound region of Western Washington experienced a series of severe winter storms with heavy snow, high straight-line winds and waves, and flooding which resulted in a Presidential Disaster Declaration for fifteen counties, including Jefferson County (DR-4650-WA); and

WHEREAS, the winter storms cited above damaged public and private property throughout Jefferson County and the region, and caused economic harm to the community; and

WHEREAS, the winter storms cited above also revealed the vulnerability of Port equipment and operations at the Port's Boat Haven facility, underscoring the need to acquire new and resilient equipment to safeguard the Port's 300-ton mobile travel-lift

operations, the hundreds of marine trades jobs dependent upon it, and to sustain and improve the economic life of the community by supporting growth in marine trade employment opportunities; and

WHEREAS, the Economic Development Administration of the U.S. Department of Commerce (EDA) administers the Economic Adjustment Assistance (EAA) Disaster Recovery Program which makes 80% matching grant funds available to help communities devise and implement long-term economic development recovery strategies in areas where a Presidential Declaration of a major disaster has been issued; and

WHEREAS, the Port of Port Townsend qualifies to apply for EAA Disaster Recovery Program grant assistance (funding opportunity number EDA-DISASTER-2023) in that:

- Jefferson County, Washington was included in major disaster Presidential declarations under the Robert T. Stafford Disaster Relief and Emergency Assistance Act as a result of storms in calendar years 2021 and 2022 (DR-4635-WA and DR-4650-WA, respectively); and
- Acquisition of new capital equipment in the form of a variable width 300-ton mobile travel-lift aligns with Investment Priorities identified by the EDA in that:
 - It facilitates economic recovery and resilience and strengthens the ability of the community to withstand future natural disasters and economic shocks; and
 - It encourages and supports job creation, business expansion, facilitates other technology and capital upgrades, and productivity growth in manufacturing at Boat Haven; and
 - Will help to attract private investment and retain and grow jobs within a designated Opportunity Zone; and
- The proposed acquisition of a variable width 300-ton mobile travel-lift is consistent with, and helps to implement the North Olympic Development Council's 2021-2025 Comprehensive Economic Development Strategy (CEDS) in that it will sustain and expand the strength of the marine trades economic sector, leading to a more diverse and resilient economy; and
- The acquisition of this capital equipment is also reflected in the Port of Port Townsend's 2023-2027 Capital Improvement Program (CIP) as equipment necessary to support the health and resilience of the Port's Boat Haven operations and Jefferson County's marine trades economic sector; and

WHEREAS, the total cost for acquisition, delivery and on-site set up of a new variable width 300-ton mobile travel lift is estimated to be \$2,932,292; and

WHEREAS, the acquisition of this equipment is eligible for EDA funding support as described hereinabove, with EDA responsible for an eighty percent (80%) share

(\$2,345,833), and the Port responsible for a twenty percent (20%) share (\$586,458), respectively; and

WHEREAS, as of April 30, 2023, the Port had reserved and unreserved cash balances in excess of the amounts necessary to meet its grant match share, and therefore, has the funds available to proceed with this capital acquisition if successful in obtaining EDA funding support;

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

1. **Application for Disaster Recovery Program Grant Assistance Confirmed:** The Commission for the Port of Port Townsend, Jefferson County, Washington, supports preparation and submission of an EDA EAA Disaster Recovery Program grant application for \$2,345,833 to assist in funding the acquisition of a variable width 300-ton mobile travel-lift to support the Port's Boat Haven haul out operations.
2. **Executive Director Authorized to Execute All Necessary Documents & Agreements:** The Port Commission authorizes its Executive Director, Eron Berg, or his designee, to sign and submit all necessary documents to both apply for, and enter into, a project agreement with the EDA, if the requested funding is awarded.
3. **Port of Port Townsend Match Commitment:** Upon consultation with the Port's Director of Finance and Administration, the Commission of the Port of Port Townsend has concluded, and hereby assures EDA, that local matching funds of up to \$586,458 are available and have been authorized for the above-referenced capital equipment acquisition.
4. **Adequacy of Process Confirmed:** The Port of Port Townsend certifies that appropriate public notice and opportunity for comment on this application has been provided, and further, that this application authorization was properly and lawfully adopted following the requirements of the Port of Port Townsend and all applicable laws.

ADOPTED this 14th day of June 2023, 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

APPROVED AS TO FORM:

Port Attorney



May 16, 2023

Dear Eron,

Kendrick Equipment USA, LLC is pleased to present this proposal to you for a new 300CII Marine Travelift boat hoist. Kendrick Equipment has been the dealer of Marine Travelift Boat Hoists in the U.S. Pacific Northwest including Alaska, Washington, Oregon, and British Columbia for over 40 years and is very proud of the relationships we've built through not only the sale of equipment but the years of service following.

The 300CII proposed is the perfect machine to fulfill all the needs of the Port of Port Townsend now and handle the growth and expansion to come. This machine will offer an immediate increase in lifting capacity as well as provide for more efficient handling of all varieties of commercial, pleasure, and wooden vessels serviced by the Port. The many new features on this machine including wireless remote control will increase safety and fuel efficiency, lower operating costs, and minimize maintenance and downtime. The now available **Variable Width Option** will better allow marinas and shipyards to safely and efficiently optimize space for service and storage.

Our machines are built to the highest quality standards and highest duty cycles so you are prepared to lift maximum capacity day in and day out for the 40+ year life expectancy of your boat hoist. There are many new 300CII features outlined in the proposal that continue to make it the quietest, most fuel efficient, and easiest to operate and maintain machine on the market. Thank you for taking the time to review this proposal, we hope to get the chance to work with you on this project.

Best Regards,

Dave Marshall
Kendrick Equipment

23722 NE 192nd Way, Woodinville, WA, 98077
PHONE: 866-744-9921 | www.kendrickequipment.com

MARINE  **TRAVELIFT®**



Port of Port Townsend

May 16, 2023

We are pleased to offer you the following quotation for **one (1) 300CII Marine Travelift.**

Features:

300 Metric Ton Capacity – 330,000 lbs.

32' Inside Clear Width – “Match Existing Pier”

34' Inside Clear Height – Extra Height Available

Beam Forward Design for Increased Vessel Clearance

Top Beam Bolting Flange

- **To allow for any future width adjustment**

Touch Operator Screen in Cab for Instrumentation, Diagnostics, and Weights

- **Remote diagnostics included to allow for support/monitoring if needed**

Full proportionate hydraulic backup operator's cab (Pilot operated valve at cab)

New CPU Package - Radio Remote Control (Incl. Option)

- **AVT – Automatic Variable Throttle**
- **Digital Weight Scales @ Cab LCD & on Transmitter**

Change in Drop Below Pier (+15 ft to suit customer's requirement)

John Deere Diesel – 4045HF Tier 4

Radio Remote Control (Incl. Option)

2 Speed Hoists, Low – 2.5'/min, High – 5.5'/min (Incl. Option)

2 Speed Travel, Low - 40'/min, High - 80'/min (Incl. Option)

Dual Hydraulic Sling Adjustment (Including Middle Set)

3% Gradeability (5.5% optional)

Sound Suppression Kit 1 (Incl. Option)

(10) LED Work/Drive Lights (Incl. Option)

Minimum Sling Spacing - 11', Max Sling Spacing – 48'

(12) Nylon Slings, 10" x 56' 4 Ply Commercial Grade (Custom lengths available)

(12) H.D. Weighted Keel Protection Pads, (24) Protective Chine Pads

(8) Lug Tires - 24" x 49", New Tubeless Industrial Tires, Heavy PLY

Greaseless Pivot Trunnion

Formed Beam Design, 316 Stainless Steel Hydraulic Tube Lines

***Zinc Enriched Prime – (Included Option – N/C)**

Price Assembled & Tested in Your Yard.....\$2,158,730

Less Trade-In of existing Marine Travelift, 300 BFM.....(TBA)

***Variable Width Option.....\$528,980**

****Variable Width Includes “Electronic All-Wheel Drive & Steering****

Includes delivery, assembly, testing, and operator and maintenance training with certifications.

Includes a 90 day follow-up machine inspection and further training as needed. Delivery 230-250

Days Approx, may be less at time of order. Customer to supply suitable crane, man-lift, and forklift for assembly.

23722 NE 192nd Way, Woodinville, WA, 98077

PHONE: 866-744-9921 | www.kendrickequipment.com

MARINE  TRAVELIFT®



**The quoted amount is subject to adjustment depending on freight/steel/rubber material costs at actual time of order.*

Lease Options: Please inquire

Includes a Marine Travelift factory technician as well as local technician to assemble, test, and train/certify personnel as well as maximum test lift as requested by customer. Also included is a 90 day follow up inspection by our local tech to ensure all pressures, torques, and functions meet factory specifications.

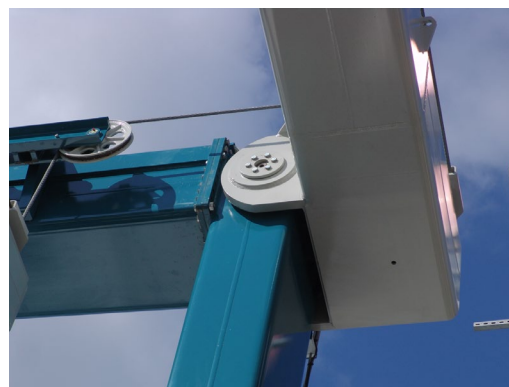
Operator's as well as maintenance certificates will be issued to all those that attend the factory training on site after the conclusion of assembly. See features sheet and brochure/specs for more information on this new 300CII.

Performance is the expectation, downtime is never an option. We understand your boat yard relies upon durable, versatile machines. Machines built to hoist your heaviest loads safely and efficiently for decades to come. After over 50 years designing, building and supporting world-class mobile boat hoists, we continue to deliver the hardworking solutions the marine industry trusts and counts on to lift and haul the full spectrum of vessels with confidence. There's a reason why there are over 4000 Marine Travelifts operating worldwide with many of them that were built 25+ years ago.

Main Structure

All steel structure of the Marine Travelift is beam formed steel which delivers higher strength than regular box welded steel beams

All of our machines comes standard with 314 stainless steel hydraulic lines with flat faced o-ring unions to reduce leaks. **The Marine Travelift structure is designed with a 40+ year service life in mind.**



Bolting Flange on Top Beam

All of the Marine Travelift top beams are designed with heavy duty bolting flanges to allow for the widening of your machine in the future. The top beam is stiffened up to accommodate this.



23722 NE 192nd Way,
PHONE: 866-744-9921 |

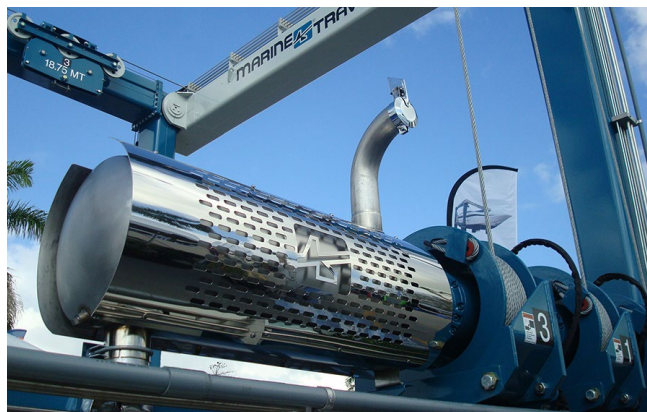
MARINE  TRAVELIFT®



Sound Suppression

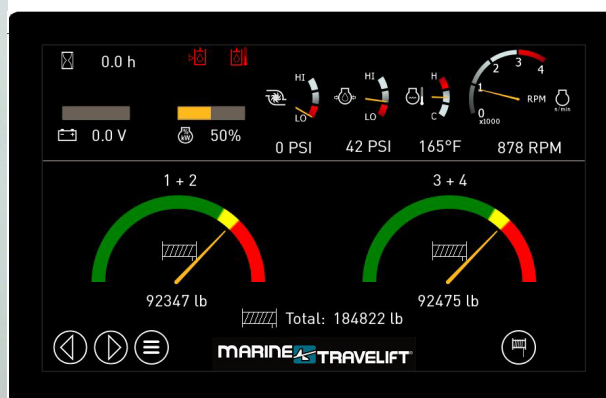
The sound suppression option eliminates the need to raise your voice on the job. An insulated engine compartment and quieter muffler aids in this.

Included is an AVT (Automatic Variable Throttle) which automatically selects the throttle level required to accomplish the hydraulic function. The throttle returns to idle after the function is complete. This saves fuel and keeps noise to a minimum.



Wireless Remote Control with CPU Package

This proportionately controlled remote system is American made and supported and is extremely easy to operate. New for this machine is a LCD screen showing vessel weights (fore & aft) as well as other instrumentation you'd normally find in the operator's compartment. The AVT (Automatic Variable Throttle) is utilized from the wireless remote as well.



Operator's Panel

The operator's compartment comes standard with fully proportionate hydraulic controls to make sure you can still operate the machine in the event of any electrical issue or loss of remote control. A pilot operated hydraulic control valve is located under the operator's panel. The levers are stroking the control valve directly.

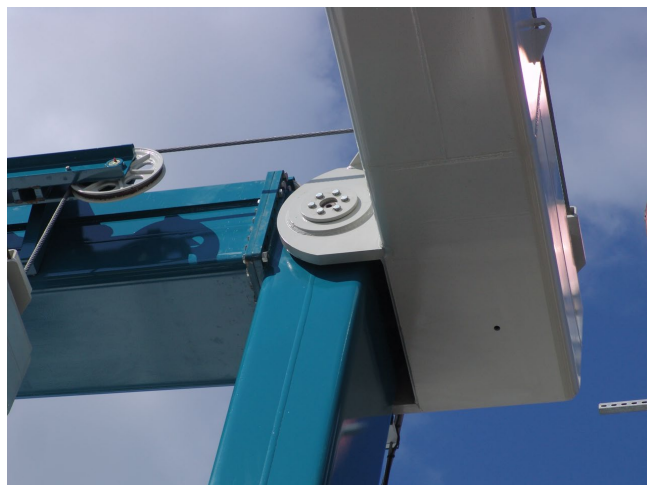


This is a touch screen operator LCD with all necessary instrumentation shown including digital weights (fore/aft) of the vessel lifted as well as hydraulic temps and pressures. Trouble shooting can be done easily from this panel. Remote service and monitoring with both the dealer and factory is available through this MD4 panel. AVT also runs via the hydraulic control levers. The new Canbus rocker switches are all weather proof to ensure years of problem free operation. Zinc enriched primer is also utilized around

the cab structure to make sure this machine looks new for years to come. The cab is designed to allow water to drain through and all controls are weather proof.

Greaseless Pivot Trunnion

The fully articulating Marine Travelift trunnion pin no longer requires regular greasing. The heavy duty nylatrol bushing ensures years of maintenance and problem free service.



All Wheel Electronic Steering

As well as our capable 2 wheel steering, we have a patented all wheel electronic steering (optional) to maximize your machine's maneuverability and precision in confined boat yard spaces. The system includes 5 steering modes.

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MARINE  **TRAVELIFT®**



Independently Controlled Lebus Grooved Hoists (with High/Low Speed)

The Marine Travelift hoists are designed and built in house with lebus groove drums to ensure even spooling of cable.

The hydraulic motors and gearboxes used on these hoists are the largest in the industry and meet the requirements of the highest duty cycles requirements and rigors of lifting commercial vessels in the U.S.

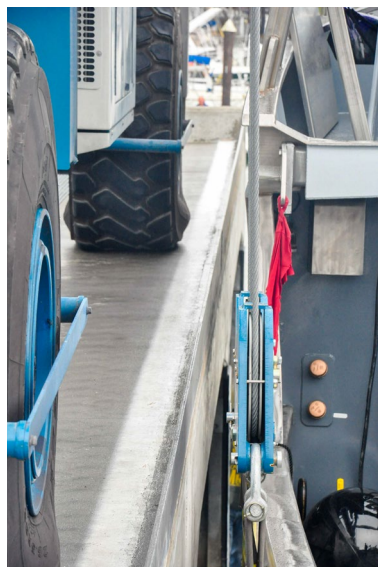


Lower Blocks

The lower blocks are designed as spreader bars so you can run the lift with 1, 2, or 3 slings on each block.

All pins are plated to resist corrosion. Sheave pins have grease zerks to make lubing easy. Block adjust between fore & aft set is maximizes to ensure there isn't a vessel you can't configure your slings to.

Anti 2-block system allows the lower block to be run up against the sliding block without any damage.



Lower blocks/sheaves are designed with a thin profile in mind. We know you want to maximize the available inside clear width inside your pier and every inch will count.

Tires are brand new heavy duty tires. No aircraft retreads.

Safety guard rails surround each wheel frame

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Slings - Keel and Chine Protection

Slings come standard with customizable length weighted keel and chine protector pads. Each use heavy duty rubber to protect both the boat and the life of the slings. Cordura wrap is found at the disconnect fingers as well as the shackle eyes to prolong life. The safe working load rating and safety factor of the Marine Travelift slings are the highest in the industry, meeting all American standards. Sling lengths can be customized to best suit your needs.



Engine Compartment

The Marine Travelift engine compartment is spacious and well laid out. The enclosure is insulated to reduce noise and constructed of fiberglass to provide a long life. Local mechanics can be trained on all engine and lift service functions including Parker IQAN system for future serviceability.



Composite Bushing Steering Linkage

Steering System is self lubricating, corrosion resistant, more forgiving to linkage pins, and better suited to operate with limited grease.

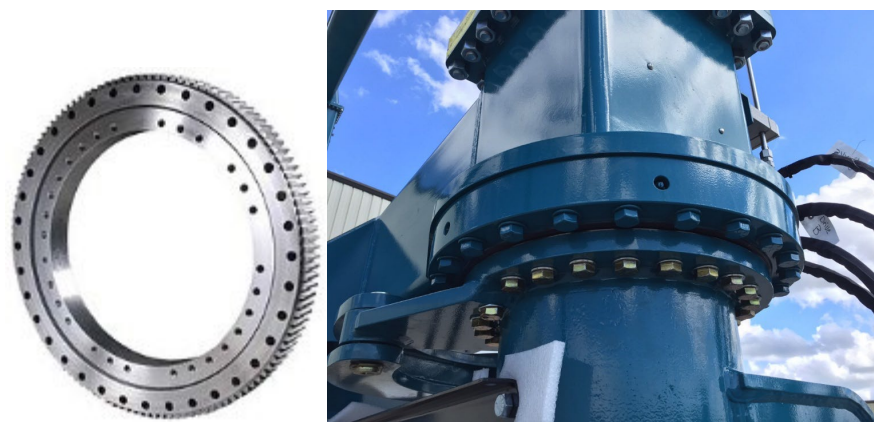
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Steering Slew Bearing (Standard)

A rotational rolling element bearing that supports a heavy, slow turning load. Direct to bearing grease points, promotes longevity and cleanliness. Sealed assembly.



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The First Variable Width Machine

The first Marine Travelift model with the Variable Width option is a 75BFMII (75 metric ton lifting capacity) and was delivered to The Marine Group Boat Works' San Jose del Cabo location in March. This model offers nine feet of width variability and can seamlessly expand and retract under full load in 60 seconds.

The most important benefit this option will offer is the opportunity to block vessels closer together in order to maximize space previously unavailable because of overall width dimensions on a standard fixed width boat hoist. This means marinas and service yards can maximize valuable service and storage space to serve more customers within their existing footprint. "The variable width machine allows us to utilize otherwise lost space with a traditional boat hoist", said Pete Horner, General Manager at the Los Cabos yard. He also added, "It's a two-fold solution for us as we can continue to grow our business in the same physical footprint and work on more boats at the same time, ultimately limiting customer downtime and maximizing profitability."

Additional Benefits of Variable Width

The Variable width option can also provide the ability to move vessels through a doorway that was previously not an option with the width of a standard machine sized to fit piers. This would eliminate the need to double handle vessels when moving them in and out of the building. The design allows for handling a wider range of vessels, providing marinas and yards more flexibility to grow into different markets.



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Whether an operator is storing boats indoors for the winter or wanting more space for hurricane storage, the width variation gives them the ability to fit more vessels in the same footprint without the use of yard trailers. This allows the yard to reduce equipment and also makes the operation more efficient when time is of the essence.

“The Variable Width Option provides the ability to handle a wider variety of hulls and without any major infrastructure changes. With the ability to vary the Boat Hoist width, you can not only lift wide vessels such as catamarans, but narrower mono hulls as well without exceeding recommended sling angles.” – Kurt Minten, Executive Vice President, Marine Travelift

About the Variable Width Option

This new option is powered by a hydraulic ram, housed within the telescoping top beam, and is assisted by Marine Travelift’s Patented All-Wheel electronic steering option. These two components are also teamed with a control loop system that includes angle sensors, a distance sensor, and wheel encoder to keep the machine square and ensure safe expansion and retraction throughout the full range of variability.

The Extension and Retraction functions can occur on either side of the machine for flexibility and maximum maneuverability. It is also designed to handle full load across the entire width spectrum and can stop anywhere within the full range of variability, with or without a vessel in the slings.

“This machine combines many familiar systems that we have successfully developed and refined over the years: the Patented All-Wheel Electronic Steering system we’ve been using on Marine



Travelift Mobile Boat Hoists and Shuttlelift Mobile Gantry Cranes, sensors/safety systems like the linear transducer and angle sensor have been utilized on our Hydro M_Drive Marina Forklifts, and the knowledge we’ve gained from building Hydraulic Transporters with a Variable Width option. We combined these to create a well-designed system that is not only efficient, but also safe – for the operator, the vessel, and the machine itself.” – Bob Johnston, Director of Customer Care, Marine Travelift.

Rigorous Factory Testing

Design goals for this Variable Width Option included Safety, Performance (speed/efficiency), and Functionality. To be certain that this option reached all three goals, Marine Travelift teams performed months of rigorous

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factory testing that included countless hours of use both with and without maximum load, on different grades, and a mock-up of the end user's existing pier infrastructure.

Personnel from Marine Travelift's in-house engineering team, Customer Care Field Service Technicians, Executive Sales, and Assembly Shop Experts all worked together closely with the team at Marine Group Boat Works to be sure all parameters were met and the machine would provide all the benefits they were counting on.

Serviceability

Making the machine easy to maintain for the customer is a key feature so serviceability was considered at every stage of the design and engineering process. Strategically placed access holes are included to be able to easily get at the hydraulic ram and it rides on tracks inside the top beam so when disconnected it can simply be rolled out for any needed service/repair. In addition, the Expand and Retract functions operate on a greaseless system using high performance composite pads instead of a lubricant that could potentially contaminate the vessel or environment below. These pads are accessible from the exterior of the beam and have a high precision clearance, to ensure no change in the machine's geometry while Expand and Retract functions are engaged.



American Built Mobile Boat Hoist



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Training/Support/Service/Warranty:

- Our operator and maintenance training follows the completion of the assembly of the machine. The owner is invited to have as many operators and technicians attend. This training typically takes approx. 8 hours but can run for 1-2 days if the customer requires more hands on training. We have supplied machines to the US Coast Guard, NASA, Boeing and other companies and have tailored training to suit. Assembly will include one factory technician (from Wisconsin) as well as one Seattle based factory authorized/trained tech to assemble. Our machines are sub-assembled and tested at the factory minimizing the assembly to two days. All operator's and techs that attend the training will receive operator's certificates that WorkSafe, L&I and OSHA have recognized.
- We strive to ensure our customers have quick access to replacement parts and service when support is needed. We offer factory certified annual inspections and service from our or Seattle based techs. These inspections are conducted on an IPAD program and provide immediate .pdf reports for owner reference. Service and technical support can also be done remotely via an electronic module on the machine allowing the Wisconsin and/or Seattle techs to tap in and view/troubleshoot issues.
- **Emergency support is available 24 hours through our office and service department. This proposal includes a 90 day follow up inspection to ensure machine pressures, torques, and functions are operating correctly.**
- Warranty - Marine Travelift Boat Hoists are supplied with 2 years or 2000 hours of service whichever occurs first.

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Safety Features:

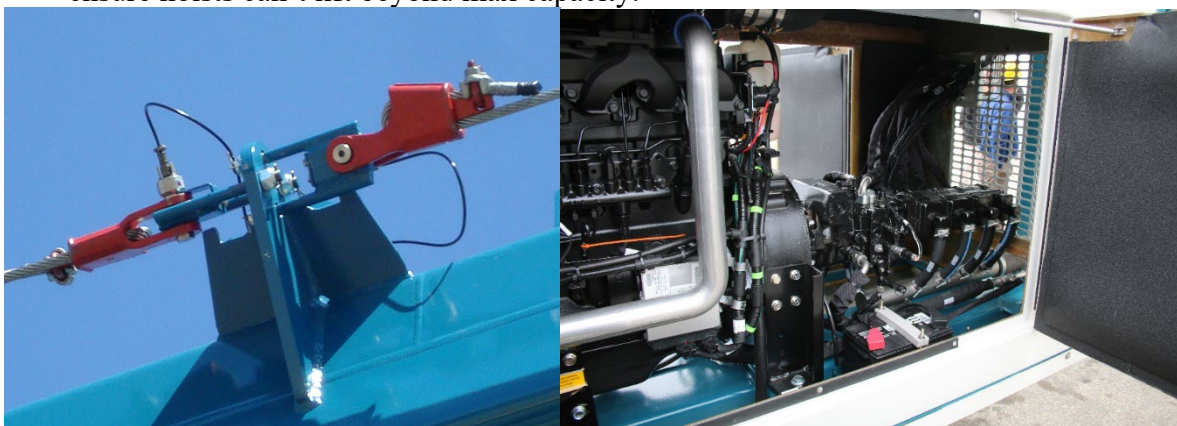
Emergency Stops/Shutoffs

- (4) Emergency stops in weather-proof boxes at each corner of the machine, one at the operator's panel, and one on the wireless remote control.



Overload Protection

- Overload alarm and cutout tied to the digital weight gauges found on both the wireless remote and the local operator's panel. (see previous cab details)
- Overload protection also provided by hoist reliefs. Reliefs set to specific pressure to also ensure hoists can't lift beyond max capacity.

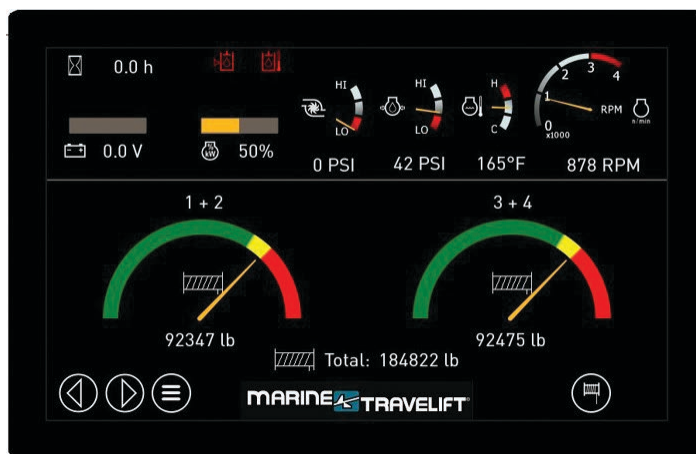


Electronic Weighing System

- Load cells transmit vessel weights (fore & aft separately/together) to both the wireless remote and in cab at the operator's panel.

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Wireless Remote Control

- Improve operational safety and maneuverability. The wireless remote control increases visibility of the boat, launching piers and surrounding area. Uses rolling frequencies between a frequency range and employing emergency shut-offs in the event of any competing frequency.

Chine and Keel Protection Pads (Standard)

- Protect slings from chafing and abrasions with rubber reinforced coverings that extend the life of your slings. **Slings have a 9.9:1 Safety Factor.**



Travel Alarm and Beacon

- Multi-direction travel alarms and beacons to warn all in the area of machine in travel.

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LED Work Lights (Optional)

- Illuminate the work and drive area with high intensity LED work lights.



Automatic Variable Throttle (AVT) and Sound Suppression (Standard Equipment)

- Reduces the noise on your jobsite by automatically returning your throttle to idle after a function is finished as well as insulates the engine compartment to lower general engine noise. See further details in specs section.

New Industrial Tires

- Air filled to allow for better cushioning of structure under load. Not liquid or foam filled that puts excess shock load on machine.

Wheel Guards (4)

Cordura Covers

- On all hydraulic hoses to prevent chafing wear and UV degradation.
- On all slings to prolong life of disconnect fingers and shackle eyes.

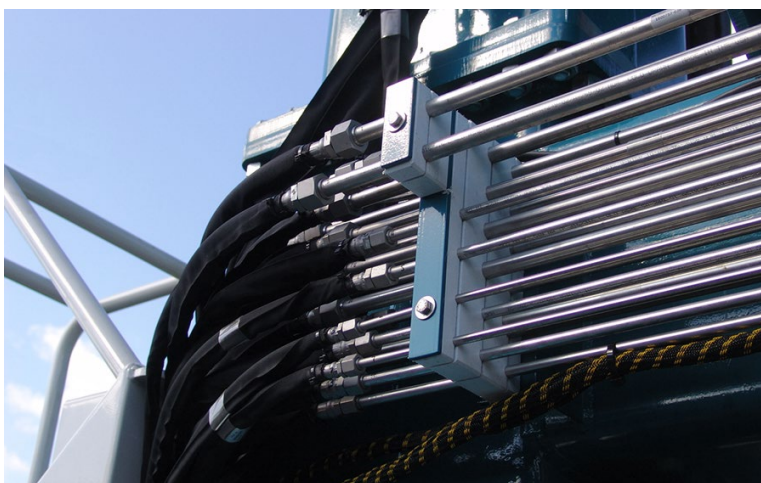
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O-Ring Seal Hydraulic Fittings on Stainless Tubes

- Prevent leaks and blowouts in the hydraulic system



Fully Articulating Pivot Trunnion

- Reduce structural stress and get maximum rotation.

Anti 2-Block System

- The lower block is designed with an Anti 2-block system. See previous specs

Hoist Counterbalance Valves

- This is a back-up measure to the hoist brakes themselves. Additional pressure is required to lower the hoists than to raise them.

Drive Service Brake (Motion Control) and Parking Brakes

High Visibility Paint Available for Anywhere on the Machine

Manufacturer History and Stability

- Marine Travelift has been producing mobile marine lifts for over 55 years.
- Marine Travelift has been producing the 200, 250 and 300 models of boat hoist since the 80's. The other various models date back to the 60's.

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- Reference list available upon request that own and operate the same machine and can speak to the quality of the Travelift as well as the level of service provided by Kendrick Equipment.

Lead Time/Erection and Commissioning

- The 300CII will be shipped within 230-250 days of receipt of deposit (depends on current production schedule). The factory's track record on deliveries is impeccable, they even specify at the time of order, the exact time trucks need to be onsite for loading. Production photos will be shared with the customer during the manufacturing process. The 300CII will ship on 8 truckloads from Wisconsin. Assembly of the boat hoist will take only 3-4 days, this includes connecting all hydraulic lines, hoses, and rigging. The 4th and 5th day are reserved for test lifting and operator/maintenance training and certification. As you can see in the below left photo all of our machines are sub-assembled at the factory and tested prior to shipping. (hydraulics, hoists, drives, sling adjust, etc.) This makes the assembly process very speedy and eliminates headaches of missing, broken, wrong parts etc and unnecessary extra assembly crane rental time. The photo on the right is of a new machine truck loaded and ready to ship.



- A factory technician (from Marine Travelift, Wisconsin) and our local factory certified tech will arrive on the Monday before the trucks arrive so that they can ensure everything is ready for Tuesday morning's assembly. The two trucks will begin unloading Tuesday morning. A crane is required for only 2 days to unload the trucks, stand the steel structure, and mount the wheels. The Thursday is dedicated to connecting hydraulic lines, hoses, and rigging. Test lifting, and operator/maintenance training is scheduled all day Friday. If the customer prefers further training, we will include that. We welcome you to call any of our customers to discuss the details of the assembly process. Also included is a 90 day follow up inspection to verify pressures, torques, and all functions of the boat hoist.

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After assembly completion, the following tests are conducted:

- Function tests with and without load include drive forward, backward, steering functions, sling adjust, wireless remote calibrations, hoist and drive speed calibrations, hydraulic pressures, service & park brakes, all safety features, etc.
- Customer is to supply a boat for test lift.
- A hard copy and electronic copy of the replacement parts book and operator's/maintenance manual are included

Best Regards,

A handwritten signature in black ink that reads 'Dave Marshall'.

Dave Marshall

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PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	June 8, 2023
AGENDA ITEM	<input type="checkbox"/> Consent <input type="checkbox"/> 1 st Reading <input type="checkbox"/> 2 nd Reading <input checked="" type="checkbox"/> Regular Business <input type="checkbox"/> Informational
AGENDA TITLE	VII. A. April 2023 Financial Report
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	<ol style="list-style-type: none"> 1. Informational Memorandum 2. Financial Report 3. Notes

PORT OF PORT TOWNSEND

INFORMATIONAL MEMO

DATE: 6/6/2023
TO: Commission, Executive Staff
FROM: Abigail Berg, Director of Finance & Administration
SUBJECT: April 2023 Financial Report

Attached is the YTD 2023 financial report of Port activities. This is a consolidated report that shows the variance between the current period as compared to the prior year and the variance to budget YTD. The following is additional information not included in the attached financial report, but key in fully understanding the Port's financial status:

<u>2023 YTD Project Expenses</u>	<u>Budget</u>	<u>Year-to-date</u>
PH Replacement of North & South Jetties	\$ 6,000,000	\$ 1,907,260
PH – Pavilion Building	0	756
JCIA – Runway Rehabilitation ^(a)	0	15,166
JCIA – 2 nd Connector Taxiway (A2) - design	90,000	36,152
JCIA – 2 nd Connector Taxiway (A2) - construction	556,000	0
BH Main Breakwater Repairs	400,000	3,286
Port-Wide Dock Renovations (City Dock/Union Wharf)	250,000	7,711
FEMA – PH Emergency Repairs	0	93,199
FEMA – BH Marina Pavement Repair ^(b)	0	40,340
FEMA – JCIA Storm Damaged Asbestos Roof	0	600
Reconstruct Old Coast Guard Building	150,000	82,523
NORTH Yard Expansion (Sims Way)	200,000	819
WEST Yard Expansion (by Shipyard)	80,000	7,010
BH Stormwater Treatment	450,000	21,531
Gardiner Launch Ramp w/Seasonal Float	110,000	17,979
Herb Beck Dredge	20,000	3,487
Clean Vessel Build – WA State Parks & Recreation	0	45,526
San Juan Grocery property assessment ^(c)	0	891
Long Term Yard Rehabilitation	0	89,166
BH Enviro/Bathroom Roofs & Painting	0	7,156
Total Capital Expenses YTD	<u>\$ 8,306,000</u>	<u>\$ 2,380,558</u>

Non-Capital use of funds

DNR – Vessel Destruction	<u>\$ 19,710</u>
--------------------------	------------------

2023 Capital Purchases or Contracted Capital Services

Equipment/Vehicle replacement (total \$175,000)		
(2) ½ Ton pick-up trucks	\$ 70,000	\$ 94,652
1 Ton pick-up truck	65,000	52,652
Dump trailer	25,000	0
Gator (PH)	15,000	0
Total Capital Purchases or Contracted Capital Services YTD	<u>\$ 175,000</u>	<u>\$ 147,304</u>

Notes to Capital Expenditures

- (a) As of early June, all three (3) FAA grant close-outs were completed for this project. This expenditure is the final payment to Reid Middleton for that work.
- (b) The Port was reimbursed in March 2023 by FEMA for 90% of the costs for this emergency repair on the Boat Haven Pavement Repair in the amount of \$65,051. Repairs commenced in 2022.
- (c) Technically, the assessment of the San Juan Grocery property is not a capital expenditure; it is a feasibility study to determine the likelihood of further development. However, it is a project being tracked.

Ending Cash Balances as of April 30	2023	2022
Reserved Cash & Investments – Other*	\$ 3,257,198	\$ 2,721,541
Reserved Cash & Investments – IDD	5,718,471	3,189,128
Unreserved Cash & Investments	1,597,002	1,714,579
Total Cash & Investments	<u>\$ 10,572,671</u>	<u>\$ 7,625,248</u>

<u>*Other Reserves detail:</u>	<u>Current balance</u>	<u>Target balance</u>
Unemployment Reserve	\$ 10,000	na
Operating Reserve (a)	1,181,716	\$ 1,623,095
Boat Haven Renovation Reserve (b)	438,851	na
Emergency Reserve	500,000	\$500,000
Port-Wide Capital Reserve (c)	<u>1,126,631</u>	na
Total Other Reserves	<u>\$ 3,259,864</u>	

- (a) The target for the Operating Reserve is 25%, or three (3) months, of operating expenses, per current budget. The above target is based on the 2023 Operating Budget. See Resolution 692-19 for more detail.
- (b) The plan for this reserve is to use it on Boat Haven Moorage projects until it is extinguished. It was replaced by the Port-Wide Capital Reserve in Resolution 693-19.
- (c) Resolution 693-19 did not set a target for this reserve.

Debt Service for the Year

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

June 1 – interest only	\$ 73,544
December 1 – principal and interest	408,544

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

July 1 – principal and interest	523,250
December 31 – interest only	<u>15,750</u>
Total Debt Service for the year	<u>\$ 1,021,088</u>

Remaining Debt for years 2024-2029

2010 LTGO Bond – principal and interest	\$ 2,847,463	payoff December 2029
2015 LTGO Bond – principal and interest	<u>1,081,800</u>	payoff July 2025
Total	<u>\$ 3,929,363*</u>	

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

2021 LTGO Line of Credit

date	draw no.	Beginning Balance	Principal paid	Interest paid	Ending Balance
Nov-22	1st draw	\$ 2,633,967	\$ 290,802	\$ 12,588	\$ 2,330,577
Dec-22	2nd draw	\$ 1,189,677	\$ 132,932	\$ 3,893	\$ 1,052,852
	totals	\$ 3,823,644	\$ 423,734	\$ 16,481	\$ 3,383,429

There have been no additional draws since December. Dept. of Commerce grant reimbursements were used to pay the January Orion Construction bill in the amount of \$1,346,260.82, and the February bill for \$332,332.03.

The 2021 LTGO LOC's required debt redemptions are due in March and September each year until the end of the bond term, March 1, 2027. This debt instrument serves as a bridge between project expenditure payments, grant reimbursements, and reconciliations with the IDD Levy Reserve. The Port plans to re-pay this debt prior to the term date in March 2027. There are no penalties for pre-payment. The interest rate on the LOC is 1.55% through March 1, 2025, and increases to 1.65% thereafter through the end of bond term.

DISCUSSION

As requested by the Commission.

FISCAL IMPACT

NA

RECOMMENDATIONS

For discussion only.

Port of Port Townsend
2023 Summary of Fund Resources & Uses with Comparison to Prior Year and Budget

	YTD Apr. 2022	YTD Apr. 2023	Variance to prior year	notes	YTD Budget 2023	Variance to Budget YTD
OPERATING REVENUES						
Boat Haven Moorage	606,866	658,106	51,240		639,430	18,676
Yard Operations	877,040	973,485	96,444		935,449	38,036
Boat Haven Properties	283,933	324,413	40,480		305,838	18,575
Pt. Hudson Marina, RV & Prop	466,722	398,893	(67,829)		413,262	(14,369)
Quilcene	51,000	61,589	10,589		55,978	5,611
Ramps	7,313	6,140	(1,174)		9,347	(3,207)
JCIA	58,400	64,041	5,642		59,668	4,373
(Incr.)/Decr. In Accounts Receivable	221,271	77,812	(143,459)		-	77,812
Total Operating Revenues	2,572,545	2,564,479	(8,067)	a	2,418,972	145,507
OPERATING EXPENDITURES						
Salaries & Wages	866,945	868,059	1,114		926,737	(58,678)
Payroll Taxes	91,147	100,685	9,539		94,752	5,933
Employee Benefits	273,267	277,650	4,383		267,762	9,888
Uniform Expense	9,640	4,051	(5,589)		5,020	(969)
Contract Services	79,520	144,785	65,265		101,830	42,955
Legal & Auditing	12,036	9,777	(2,259)		7,864	1,913
Insurance	1,458	975	(483)		-	975
Facilities & Operations	287,348	300,394	13,046		219,116	81,277
Utilities	220,420	238,842	18,423		216,260	22,582
Marketing	22,701	35,437	12,736		23,968	11,469
Economic Development	15,000	20,045	5,045		32,500	(12,455)
Travel & Training	6,610	1,958	(4,652)		6,452	(4,494)
Community Relations	259	10,149	9,890		13,500	(3,351)
Total Operating Expenditures	1,886,351	2,012,808	126,457	b	1,915,761	97,047
Net Operating Income (Expense)	686,194	551,671	(134,523)		503,211	48,460
Other Increases in Fund Resources						
Deposits & Retainage Collected	21,458	35,030	13,572		41,012	(5,982)
Taxes Collected	239,296	250,273	10,977		224,678	25,595
Capital Contributions/Grants	13,625	2,801,385	2,787,761		632,283	2,169,102
Debt Proceeds - Line of Credit	-	-	-		-	-
Interest	20,370	127,120	106,750		16,844	110,276
Property & other taxes	1,772,968	1,829,678	56,710		1,756,232	73,446
Misc Other Incr. in Fund Resources	11,452	22,862	11,409		7,893	14,969
Total Other Incr. in Fund Resources	2,079,169	5,066,349	2,987,179	c	2,678,942	2,387,407
Other Decr. In Fund Resources						
Deposits & Retainage Paid	64,497	23,509	(40,988)		14,524	8,985
Taxes Remitted	324,093	345,912	21,819		313,788	32,124
Debt Principal & Interest	-	440,215	440,215		-	440,215
Debt Mgmt, Issuance & Misc Exp	186	49,677	49,491		410	49,267
Election Expense	17,561	-	(17,561)		-	-
Total Other Decr. In Fund Resources	406,337	859,313	452,976	d	328,722	530,591
Net Incr./(Decr.) in Fund Resources	1,672,833	4,207,035	2,534,203		2,350,220	1,856,815
Net Income (Expense)	2,359,027	4,758,706	2,399,679	e	2,853,431	1,905,275

The accompanying information memo is an integral part of this statement.

Summary of Fund Resources Uses, April 2023

Port of Port Townsend
Notes to 2023 Summary of Fund Resources & Uses Report
As of April 30, 2023

- (a) Overall, Operating Revenues are less than YTD April 2022 by \$8,067. This variance is largely due to the increase in past due invoices (Decrease in Accounts Receivable -- the last line before the totals for Operating Revenues). The Yard continues to be the leader year to year, and budget comparisons, followed close behind by BH Moorage, and BH Properties. These gains are tempered by the dip in Point Hudson revenues as a result of the Jetty project. When removing the change in Accounts Receivable balances, the year-to-year variance shows an increase this year by \$135,393, or 6%, and the comparison to budget shows a more modest increase of \$67,695, or 3%.
- (b) Overall, Operating Expenses increased when compared to 2022 YTD by 7%, or \$126,457. When measuring performance against budget, Operating Expenses YTD are up by 5%, or \$97,047.
- (c) Total Other Increases in Fund Resources increased by 144%, or \$2,987,179, when compared to 2022. 82% of this increase is due to the two (2) Dept. of Commerce grant reimbursements that were received in January for the jetty project; these were expected in December. Together they totaled \$2,435,000. Another variance of note, though not as significant, is the increase in Interest income. The interest rates were increasing slowly last year during budget and should have been budgeted at higher amounts. As such, we'll continue to see large variances year to year, and when compared to budget for this line item.
- (d) Other Decreases in Fund Resources are more when compared to 2022 by 111%, or \$452,976. 97% of this increase is directly related to the redemption of 2021 LOC for \$440,215. A similar large variance is evident when comparing to the budget.
- (e) Overall, the difference in 2023 Net Income (Expense) when compared to 2022 is \$2,399,679, or a 102% increase. As previously mentioned in item (c), this variance is due to the two (2) Dept. of Commerce grant reimbursements received in January but expected in December in the amount of \$2,435,000. In addition, the payment of the 2021 LOC wasn't budgeted because we did not know how the cashflow would occur, just that it would be used as a bridge to the project's grant funding. If we remove this timing difference in 2023 for those two (2) Dept. of Commerce grant reimbursements, this is the result:

	YTD Apr. 2022	YTD Apr. 2023	Variance	notes	YTD Budget 2023	Variance
Net Income (Expense)	2,359,027	4,758,706	2,534,203	e	2,853,431	1,905,275
Less: Commerce Grants (2)	-	(2,435,000)	(2,435,000)		-	(2,435,000)
Net Income (Expense)	2,359,027	2,323,706	99,203		2,853,431	(529,725)

This shows the actual year-to-year variance as an increase in Net Income (Expense) of \$99,203, and a more significant decrease of \$529,725 when compared to YTD budget. The decrease is directly related to the debt service payment on the 2021 LOC made in March for \$440,215.

PORT OF PORT TOWNSEND

AGENDA COVER SHEET

MEETING DATE	June 14, 2023
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	Eric Toews, Deputy Director
REQUESTED	<input checked="" type="checkbox"/> Information <input type="checkbox"/> Motion/Action <input type="checkbox"/> Discussion
ATTACHMENTS	<ul style="list-style-type: none"> • April 2023 Detailed Financials • Port of Port Townsend 2022 Annual Report • Contract Update/Lease Brief • WPPA Letter re: Southeast Alaska Troll Fishery • Port Commission Schedule

Port of Port Townsend
2023 Summary of Fund Resources & Uses with Comparison to Prior Year and Budget

	YTD Apr. 2022	YTD Apr. 2023	Variance to prior year	notes	YTD Budget 2023	Variance to Budget YTD
OPERATING REVENUES						
PTBH - Permanent Moorage	430,165	450,682	20,517		449,000	1,682
PTBH - Liveaboard Fee	5,819	9,765	3,946		7,000	2,765
PTBH - Liveaboard Background	120	189	69		-	189
PTBH - Work Float/Lift Pier Use	2,511	7,476	4,965		2,506	4,970
PTBH - Monthly Guest	73,224	73,646	422		73,713	(67)
PTBH - Nightly Guest	51,354	61,184	9,830		51,596	9,588
PTBH - Electric	34,212	45,936	11,723		46,650	(714)
PTBH - Miscellaneous Revenue	4,743	3,150	(1,593)		2,049	1,101
PTBH - Showers	2,420	2,268	(152)		3,113	(845)
PTBH - Restroom Key Fobs	225	63	(162)		380	(317)
PTBH - Laundry	1,820	1,425	(395)		2,343	(918)
PTBH - Promotional Sales	108	320	212		80	240
PTBH - Port Labor	145	-	(145)		1,000	(1,000)
PTBH - Kayak Racks	-	2,003	2,003		-	2,003
Boat Haven Moorage	606,866	658,106	51,240		639,430	18,676
Yard - 70/75 Ton Hoist Revenue	98,114	112,626	14,512		96,631	15,995
Yard - 70/75 Ton Yard Revenue	330,297	457,757	127,460		402,567	55,190
Yard - 70/75 Ton Yard Enviro	25,397	25,791	394		26,155	(364)
Yard - 70/75 Ton Yard Electric	15,814	16,456	641		16,844	(389)
Yard - 70/75 Ton Yard Port Labor	3,030	3,389	359		1,600	1,789
Yard - 300 Ton Hoist Revenue	91,065	88,482	(2,583)		89,751	(1,269)
Yard - 300 Ton Yard Revenue	194,481	183,579	(10,901)		191,091	(7,512)
Yard - 300 Ton Yard Enviro Fee	7,862	8,407	545		7,600	807
Yard - 300 Ton Yard Electric	21,839	17,860	(3,980)		22,517	(4,657)
Yard - 300 Ton Yard Port Labor	3,906	2,621	(1,285)		3,139	(518)
Yard - L/T Storage	31,575	(393)	(31,968)		28,200	(28,593)
Yard - Blocking Rent	19,967	17,607	(2,360)		18,975	(1,368)
Yard - Off Port Property Tarp	-	3,124	3,124		300	2,824
Yard - Washdown Revenue	30,405	32,929	2,523		26,251	6,678
Yard - Bilge Water Revenue	2,635	2,620	(15)		2,760	(140)
Yard - Liveaboard Fee	600	-	(600)		732	(732)
Yard - Enviro Violations & Clean	-	210	210		136	74
Yard - Miscellaneous Revenue	53	421	368		200	221
Yard Operations	877,040	973,485	96,444		935,449	38,036
PTBH Prop - Lease Revenue	260,990	300,456	39,466		279,752	20,704
PTBH Prop - Fuel Dock Lease	5,124	1,761	(3,363)		4,471	(2,710)
PTBH Prop - Garbage	1,217	1,290	73		4,400	(3,110)
PTBH Prop - Water	9,385	13,777	4,393		9,392	4,385
PTBH Prop - Stormwater	3,220	3,290	69		3,343	(53)
PTBH Prop - Electric	(18)	(1,142)	(1,124)		540	(1,682)
PTBH Prop - Storage Unit Rev	4,015	4,273	258		3,940	333
PTBH Prop - Miscellaneous	-	709	709		-	709
Boat Haven Properties	283,933	324,413	40,480		305,838	18,575
Pt Hudson - Permanent Moor	51,401	39,680	(11,722)		40,278	(598)
Pt Hudson - Monthly Guest	75,381	5,421	(69,961)		34,884	(29,463)

The accompanying information memo is an integral part of this statement.

Summary of Fund Resources Uses, April 2023

	YTD Apr. 2022	YTD Apr. 2023	Variance to prior year	notes	YTD Budget 2023	Variance to Budget YTD
Pt Hudson - Nightly Guest	17,440	20,086	2,646		15,271	4,815
City Pier & Union Wharf Usage	-	1,776	1,776		-	1,776
Pt Hudson - Monthly R.V.	52,814	43,227	(9,587)		49,190	(5,963)
Pt Hudson - Nightly R.V.	74,052	89,864	15,811		70,037	19,827
Pt Hudson - Kayak Racks	6,956	4,868	(2,088)		4,102	766
Pt Hudson - Electric	12,380	2,889	(9,491)		10,567	(7,678)
Pt Hudson - Reservation Fee	9,119	12,238	3,119		12,682	(444)
Pt Hudson - Liveaboard Fee	5,481	420	(5,061)		5,731	(5,311)
Pt Hudson - Liveaboard Backg	840	495	(345)		630	(135)
Pt Hudson - Showers	1,543	1,230	(312)		848	382
Pt Hudson - Laundry	2,750	2,298	(453)		2,898	(601)
Pt Hudson - Passenger Fee	604	912	308		-	912
Pt Hudson - Miscellaneous	948	139	(808)		600	(461)
Pt Hudson - Promotional Sale	160	288	128		120	168
Pt Hudson - Building Leases	138,859	153,331	14,471		147,864	5,467
Pt Hudson - Property Utilities	14,784	14,742	(43)		15,460	(718)
Pt Hudson - Event Facility Rev	-	3,400	3,400		-	3,400
Pt Hudson - Parking	1,209	1,372	163		2,100	(728)
Pt Hudson - Keys, & Key Fobs	-	218	218		-	218
Pt. Hudson Marina, RV & T	466,722	398,893	(67,829)		413,262	(14,369)
Quilcene - Permanent Moorage	15,304	25,878	10,573		21,219	4,659
Quilcene - Monthly Moorage	-	-	-		-	-
Quilcene - Nightly Moorage	323	2,438	2,115		300	2,138
Quilcene - Showers	760	620	(140)		679	(59)
Quilcene - Electric	1,189	890	(299)		1,084	(194)
Quilcene - Kayak Rack Storage	112	-	(112)		27	(27)
Quilcene - Reservations	132	-	(132)		121	(121)
Quilcene - Recreational Ramp	1,216	1,270	54		1,871	(601)
Quilcene - Commercial Use Fe	4,030	1,800	(2,230)		2,000	(200)
Quilcene - Miscellaneous Rev	581	-	(581)		112	(112)
Quilcene - Lease Revenue	23,335	25,242	1,907		24,064	1,178
Quilcene - Water	4,017	3,137	(880)		4,276	(1,139)
Quilcene - Empty Trailer Strg	-	315	315		225	90
Quilcene	51,000	61,589	10,589		55,978	5,611
Ramp Fees	6,686	5,510	(1,176)		8,210	(2,700)
PTBH Ramp - Commercial Use	600	630	30		1,000	(370)
PTBH Ramp - Dinghy Float Re	27	-	(27)		137	(137)
Ramps	7,313	6,140	(1,174)		9,347	(3,207)
JCIA - Lease Revenue	43,221	47,079	3,858		45,188	1,891
JCIA - Hangar Revenue	13,563	15,254	1,692		13,148	2,106
JCIA - Vehicle Parking Revenue	-	160	160		-	160
JCIA - Aircraft Parking	248	944	696		220	724
JCIA - Fuel Lease Revenue	424	304	(120)		423	(119)
JCIA - Electric	844	-	(844)		559	(559)
JCIA - Miscellaneous Revenue	100	300	200		130	170
JCIA	58,400	64,041	5,642		59,668	4,373
(Incr.)/Decr. In Accounts Rece	221,271	77,812	(143,459)		-	77,812
Total Operating Revenues	2,572,545	2,564,479	(8,067)	a	2,418,972	145,507
OPERATING EXPENDITURES						

The accompanying information memo is an integral part of this statement.

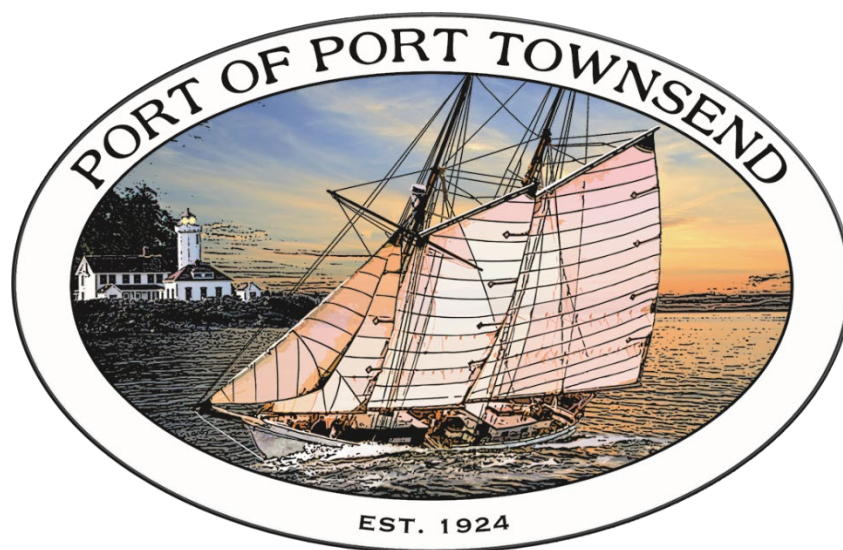
Summary of Fund Resources Uses, April 2023

	YTD Apr. 2022	YTD Apr. 2023	Variance to prior year	notes	YTD Budget 2023	Variance to Budget YTD
Salaries & Wages	866,945	868,059	1,114		926,737	(58,678)
Payroll Taxes	91,147	100,685	9,539		94,752	5,933
Employee Benefits	273,267	277,650	4,383		267,762	9,888
Uniform Expense	9,640	4,051	(5,589)		5,020	(969)
Contract Services	79,520	144,785	65,265		101,830	42,955
Legal & Auditing	12,036	9,777	(2,259)		7,864	1,913
Insurance	1,458	975	(483)		-	975
Office/Computer Supplies	14,239	4,627	(9,612)		3,610	1,017
Operating Supplies	52,319	47,167	(5,152)		30,442	16,725
Enviro Materials/Supplies	8,506	979	(7,527)		1,669	(690)
Tarp Pool Expense	7,305	12,323	5,018		8,400	3,923
Empl Recog/Relations	4,102	2,682	(1,420)		2,050	632
Postage	612	2,376	1,765		1,407	969
Janitorial Supplies	6,368	5,616	(752)		7,022	(1,406)
Fuel & Lubricants	15,793	12,551	(3,241)		12,685	(134)
Permits & Licenses	4,415	6,216	1,801		4,289	1,927
Equipment Rental	16,005	24,920	8,916		11,572	13,348
Claims & Damages	5,536	6,091	555		257	5,834
Membership & Dues	13,245	22,671	9,426		14,100	8,571
Bank Charges	54,109	39,391	(14,718)		41,054	(1,663)
Excise Tax	3,974	4,720	746		5,352	(632)
Miscellaneous Expense	884	956	72		719	237
Repair & Maintenance Suppli	79,938	107,107	27,169		74,488	32,619
Facilities & Operations	287,348	300,394	13,046		219,116	81,277
Utilities	220,420	238,842	18,423		216,260	22,582
Advertising (Legal 2018)	7,460	5,471	(1,990)		4,884	587
Marketing	14,768	23,509	8,741		16,209	7,300
Promotion	473	6,457	5,985		2,875	3,582
Marketing	22,701	35,437	12,736		23,968	11,469
Economic Development	15,000	20,045	5,045		32,500	(12,455)
Travel & Training	6,610	1,958	(4,652)		6,452	(4,494)
Community Relations	259	10,149	9,890		13,500	(3,351)
Total Operating Expenditures	1,886,351	2,012,808	126,457	b	1,915,761	97,047
Net Operating Income (Expense)	686,194	551,671	(134,523)		503,211	48,460
Other Increases in Fund Resources						
Retainage Collected	-	2,400	2,400		-	2,400
Yard Deposits Collected	1,000	4,522	3,522		13,110	(8,588)
PTBH Prop Lease Deposits Col	1,961	1,143	(818)		14,000	(12,857)
PH Prop Lease Deposits Collec	673	6,799	6,126		500	6,299
JCIA Prop Lease Deposits Collec	4,086	334	(3,752)		-	334
PH Marina/RV Deposits Collec	13,738	19,832	6,094		13,402	6,430
Deposits & Retainage Coll	21,458	35,030	13,572		41,012	(5,982)
Sales Tax Collected	24,813	27,021	2,209		23,650	3,371
Leasehold Tax Collected	213,003	221,465	8,462		199,588	21,877
Hotel/Motel Tax Collected	1,480	1,787	307		1,440	347
Taxes Collected	239,296	250,273	10,977		224,678	25,595
Grants - FAA	-	66,629	66,629		428,283	(361,654)
Grants - Dept. of Defense - FE	-	65,051	65,051		-	65,051

The accompanying information memo is an integral part of this statement.

Summary of Fund Resources Uses, April 2023

	YTD Apr. 2022	YTD Apr. 2023	Variance to prior year	notes	YTD Budget 2023	Variance to Budget YTD
Grants - Federal Indirect - De	13,625	186,147	172,522		182,000	4,147
Grants - WA State	-	2,483,559	2,483,559		22,000	2,461,559
Capital Contributions/Gran	13,625	2,801,385	2,787,761		632,283	2,169,102
Debt Proceeds - Line of Cr	-	-	-		-	-
ARRA Bond Interest Subsidy	16,476	-	(16,476)		16,000	(16,000)
Investment Interest	3,894	127,120	123,226		844	126,276
Interest	20,370	127,120	106,750		16,844	110,276
Operating Tax Levy	499,872	503,883	4,011		564,472	(60,589)
IDD Tax Levy	1,255,652	1,289,801	34,149		1,181,030	108,771
State Forest Revenues	4,280	16,234	11,954		2,500	13,734
State Timber Excise Tax	9,897	16,410	6,513		5,000	11,410
Leasehold Excise Tax	3,268	3,350	82		3,230	120
Property & other taxes	1,772,968	1,829,678	56,710		1,756,232	73,446
Finance Charges	3,144	16,337	13,193		7,633	8,704
Other Non-Operating Revenue	8,308	6,524	(1,784)		260	6,264
Misc Other Incr. in Fund R	11,452	22,862	11,409		7,893	14,969
Total Other Incr. in Fund Res	2,079,169	5,066,349	2,987,179	c	2,678,942	2,387,407
Other Decr. In Fund Resources						
Retainage Paid	1,970	-	(1,970)		-	-
Yard Deposits Refunded	61,922	-	(61,922)		12,900	(12,900)
PTBH Prop Lease Deposits Re	177	18,048	17,871		-	18,048
PH Prop Lease Dep. Returned	427	5,416	4,988		1,624	3,792
JCIA Prop Lease Dep. Refunde	-	45	45		-	45
Deposits & Retainage Paid	64,497	23,509	(40,988)		14,524	8,985
Sales Tax Remitted	16,435	18,402	1,967		14,126	4,276
Leasehold Tax Remitted	306,731	326,361	19,630		298,900	27,461
Hotel/Motel Tax Remitted	927	1,150	223		762	388
Taxes Remitted	324,093	345,912	21,819		313,788	32,124
Principal Pmt - 2021 Line of C	-	423,734	423,734		-	423,734
Interest Exp - 2021 Line of Cre	-	16,481	16,481		-	16,481
Debt Principal & Interest	-	440,215	440,215		-	440,215
Bond Management Fees	-	170	170		250	(80)
Investment Fees	186	400	214		160	240
Other Non-Oper Exp	-	49,107	49,107		-	49,107
Debt Mgmt, Issuance & Misc	186	49,677	49,491		410	49,267
Election Expense	17,561	-	(17,561)		-	-
Total Other Decr. In Fund Res	406,337	859,313	452,976	d	328,722	530,591
Net Incr./ (Decr.) in Fund Res	1,672,833	4,207,035	2,534,203		2,350,220	1,856,815
Net Income (Expense)	2,359,027	4,758,706	2,399,679	e	2,853,431	1,905,275



Annual Report

For Fiscal Year Ending December 31, 2022

(unaudited)

**PORT OF PORT TOWNSEND
2022 Annual Report**

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PORT OF PORT TOWNSEND FINANCIAL STATEMENT

For the year ended December 31, 2022

FUND RESOURCES & USES ARISING FROM CASH TRANSACTIONS

Beginning Cash & Investments

3083100	Restricted	2,184,600
3084100	Committed	2,562,964
3085100	Assigned	1,491,339

Revenues

310	Taxes	3,837,114
330	Intergovernmental Revenues	350,901
340	Charges for Goods & Services	5,869,138
361	Investment Earnings & Other Interest	120,432
362	Rents & Leases	1,680,814
369	Miscellaneous Revenues	168,700
Total Revenues		<u>\$ 12,027,099</u>

Expenditures

5460010	Airports & Ports - Salaries	2,670,601
5460020	Airports & Ports - Benefits	1,116,387
5460030	Airports & Ports - Supplies	2,308,940
5460040	Airports & Ports - Services	369,071
Total Expenditures		<u>\$ 6,464,999</u>

Excess (Deficiency) Revenues over Expenditures **\$ 5,562,100**

Other Increases in Fund Resources

3821-3822	Refundable Retainage & Deposits	52,162
3829	Immaterial Fiduciary Collections	715,863
391	General Obligation Bonds	-
3917000	Other Lines of Credit	3,823,644
398	Insurance Recoveries	-
Total Other Increases in Fund Resources		<u>\$ 4,591,669</u>

Other Decreases in Fund Resources

594 - 595	Capital Expenditures	6,176,800
591 - 593, 599	Debt Service	1,025,338
5821-5822	Refund of Retainage & Deposits	101,465
5823	Non-Fiduciary Remittance	714,381
Total Other Decreases in Fund Resources		<u>\$ 8,017,984</u>
Increase (Decrease) in Cash & Investments		<u>\$ 2,135,785</u>

Ending Cash & Investments

5083100	Restricted	4,605,621
5084100	Committed	3,249,864
5085100	Assigned	519,199
Total Ending Cash & Investments		<u>\$ 8,374,684</u>

The accompanying notes are an integral part of this statement.

PORT OF PORT TOWNSEND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

Note 1 - Summary of Significant Accounting Policies

The Port of Port Townsend was incorporated in 1924 and operates under the laws of the State of Washington applicable to a port district. The Port is a special purpose government and shares the same geographic boundaries as Jefferson County in Washington State. The Port is independent from Jefferson County government and is administered by a Board of Commissioners with three (3) members each elected by Port district voters. The county levies and collects taxes on behalf of the Port.

The Port owns and operates the Port Townsend Marine Industrial Park, the Port Townsend Boat Haven, and the Port Townsend Boat Yard. These contiguous properties provide marina and dock facilities as well as marine-related commercial business locations, and vessel haul out and services to vessels up to 300 tons. The Port also owns and operates the Jefferson County International Airport, a 300-acre general aviation facility located seven (7) miles from Port Townsend, Washington. Adjoining the airport is 25 acres which is planned for future industrial park development. The Port also owns and operates the 30-acre Point Hudson facility, located at the east end of downtown Port Townsend. This facility offers approximately 4,000 linear feet of boat moorage, 50 recreational vehicles sites, and additional marine-related and commercial property rentals. In Quilcene, the Port owns and operates a small, warm water marina with a boat ramp, and alongside it is a leased property for an oyster cultivating operation. Finally, the Port owns six (6) additional recreational and water use properties throughout Jefferson County.

Management has considered all potential component units in defining the reporting entity. These financial statements present the Port and its component unit. The component unit discussed below is included in the district's reporting entity because of the existence of its operational or financial relationship with the district.

The Industrial Development Corporation (IDC), a public corporation, is authorized to facilitate the issuance of tax-exempt non-recourse revenue bonds to finance industrial development within the corporate boundaries of the Port. Revenue bonds issued by the Corporation are payable from revenues derived because of the industrial development facilities funded by the revenue bonds. The bonds are not a liability or contingent liability of the Port or a lien on any of its properties or revenues other than industrial facilities for which they are used. There have been no IDC bond issues since 1988.

The IDC is governed by the Port's three (3) member Commission. The IDC's account balances and transactions are included as a blended unit within the Port's financial statements. Separate financial statements of the individual component unit discussed above can be obtained from the Port administrative offices at 2701 Jefferson Street, Port Townsend, WA.

The Port reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.

- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are presented using classifications that are similar to the ending balance classification in GAAP.

A. Fund Accounting

The Port maintains its accounts on the basis of funds, specifically an enterprise fund. This type of fund accounts for operations that provide goods or services to the public and are supported primarily through user charges and uses a separate set of self-balancing accounts that comprises its cash and investments, revenues, and expenditures.

B. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received, and expenditures are recognized when paid.

In accordance with state law RCW 36.40.200, Jefferson County is allowed and has opted to use an open period to recognize expenditures paid during the first twenty (20) days after the close of the fiscal year for claims incurred during the previous period. Since Jefferson County acts as the Port's treasurer, the Port is allowed and has opted to follow the county's policy of using the same twenty (20) day open period for expense recognition.

C. Cash and Investments

See Note 2, Deposits and Investments.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$10,000 and an estimated useful life of more than one (1) year. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 320 days and is payable upon separation or retirement if the employee has worked at least six (6) continuous months as a regular employee with the Port. Sick leave policy allows employees to cash out up to 50% of their accrued sick leave hours, dependent on longevity with the Port, upon termination of employment, and capped at a maximum cash out of 250 hours.

The total compensated absences balance as of December 31, 2022, was \$243,926. See Schedule 09, Schedule of Liabilities.

F. Long-Term Debt

See Note 4, Long Term Debt.

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when subject to restrictions on use imposed by external parties or due to internal commitments established by the Port Commission via resolution. When expenditures that meet such restrictions are incurred, the Port intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments consist of \$7,855,485 as of December 31, 2022. The details of the total ending restricted and committed balances are as follows:

Leasehold Excise Tax	\$ 157,322
Industrial Development District reserve	4,448,299
Port-Wide Capital reserve	1,126,631
Port Townsend Boat Haven reserve	441,517
Operating reserve	1,181,716
Emergency reserve	<u>500,000</u>
Total	<u>\$ 7,855,485</u>

Note 2 – Deposits and Investments

It is the Port's policy to invest all temporary cash surpluses.

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission. All investments are insured, registered, or held by the Port or its agent in the government's name.

The Port is a voluntary participant in the Washington State Local Government Investment Pool (LGIP), an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The pool does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at www.tre.wa.gov.

Investments and deposits by type as of December 31, 2022, are as follows:

Type of Deposit/Investment	Port's own Deposits and investments	Investments held by Port as an agent for other local governments, individuals, or private organizations.	Total
LGIP	\$ 7,724,719	\$ 0	\$ 7,724,719
General Fund (warrants) (held by Jefferson County)	485,299	0	485,299
Kitsap Bank (depository)	72,759	0	72,759
Kitsap Bank (checking)	85,000	0	85,000
U.S. Bank (I.D.C. CD)	3,662	0	3,662
U.S. Bank (Quilcene checking)	1,884	0	1,884
U.S. Bank (I.D.C checking)	1,361	0	1,361
Total	\$ 8,374,684	\$ 0	\$ 8,374,684

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the Port would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The Port's deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

All investments are insured, registered, or held by the Port or its agent in the government's name.

Note 3 - Property Tax

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed at the end of each month.

Property tax revenues are recognized when cash is received by the Jefferson County Treasurer. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The Port's regular levy for the year 2022 was \$0.15 per \$1,000 on an assessed valuation of \$7,066,975,700 for a total regular levy of \$1,071,500 as of budget adoption.

Jefferson County voters passed an Industrial Development District (IDD) Levy for the Port in the November 2019 election. The year 2019 became the "base" year for the levy with first collection in the year 2020. The IDD levy for the year 2022 was \$0.37 per \$1,000 on an assessed valuation of \$7,066,975,700 for a total of \$2,634,289 as of budget adoption.

Note 4 – Leases

During the year ended 2021, the Port adopted guidance for the presentation and disclosure of leases, as required by the BARS manual. This requirement resulted in the addition of a lease liability reported on the Schedule of Liabilities.

The Port leases a postage machine from Pitney Bowes for \$168.48 per month under an installment purchase lease. The lease began in September 2019 and will end August 2024 at which time the Port will own the machine.

The total amount paid for this lease in 2022 was \$2,021.76. As of December 31, 2022, the future lease payments are as follows:

Year ended December 31	Total
2023	\$ 2,021.76
2024	1,347.84
total	\$ 3,369.60

Note 5 – Long Term Debt

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the Port and summarizes the Port's debt transactions for the year ended December 31, 2022.

The future debt service requirements for general obligation (G.O.) bonds are as follows:

G.O. Bonds	Principal	Interest
2023	835,000	186,088
2024	865,000	155,788
2025	900,000	124,288
2026	385,000	99,838
2027-2029	1,245,000	154,350
Totals	\$4,230,000	\$720,352

2021 LTGO Line of Credit

On January 13, 2021, the Port Commission passed Res. 741-21 for a 2021 LTGO Bond evidencing a \$7,000,000 line of credit. Interest on the bond is 1.55% per annum through March 1, 2025. Subsequently, the interest increases to 1.65% per annum until the maturity date March 1, 2027. Payments on this line of credit are due semi-annually on March 1 and September 1. This debt instrument was created with the intention of using it as a bridge between payment for capital work and reimbursement from grantors. In the autumn of 2022, the Port had drawn \$3,823,644 from the line of credit to pay the contractor working on the Point Hudson Jetty replacement. The following is the detail on this outstanding debt as of December 31, 2022:

Issue	Draw date	Maturity date	rate (%)	Beginning balance	Issued	Paid	Interest paid	Ending balance
LTGO 2021	11/10/22	03/01/27	1.55	\$ -	\$2,633,967	\$ -	\$ -	\$2,633,967
LTGO 2021	12/15/22	03/01/27	1.55	-	1,189,677	-	-	1,189,677
Totals				\$ -	\$3,823,644	\$ -	\$ -	\$3,823,644

The Port plans to repay the balance by the September 1, 2023 semiannual payment date. On December 31, 2022, the unused line of credit balance available was \$3,176,356.

Note 6 – Construction in Progress

The Port had active construction projects as of December 31, 2022, which include construction, engineering, and other capital support contracts. At year end, the Port's commitments with contractors working on capital projects were as follows:

Project name	Contract work performed	spent to date	remaining commitment
Boat Haven Marina Pavement Repair	pavement repair	\$ 72,279	\$ 3,472
Boat Haven Stormwater Treatment	design engineering	6,801	203,309
Boat Haven Stormwater Treatment	Permitting	3,249	7,751
Boat Haven West Yard Expansion	design engineering	24,690	43,310
Boat Haven West Yard Expansion	Planning Study	15,200	17,354
Clean Vessel Boat Build	retro fit vessel, install pump-outs	35,000	35,000
FEMA DR4650 Boat Haven Pave/Bulkhead	Permitting/PA Support	25,584	9,576
FEMA DR4682 Point Hudson Emergency Repairs	Permitting /PA Support	1,407	33,900
Gardiner Boat Ramp Renovation	design engineering	67,362	40,138
Gardiner Boat Ramp Renovation	Permitting	26,396	50,156
Herb Beck Marina Dredge	design engineering	39,027	2,893
JCIA 2nd Connector Taxiway	design engineering	21,552	134,448
JCIA Hangar Roof Repair	roof repair	80,856	8,984
Point Hudson Jetty Replacement	construction	3,958,937	6,703,384
Point Hudson Jetty Replacement	engineering support during construction	80,672	166,708
Point Hudson Jetty Replacement	construction management	76,895	168,105
Point Hudson Jetty Replacement	environmental monitoring	177,591	6,876
	Totals	\$ 4,713,497	\$ 7,635,364

Of the remaining committed balance of \$7,635,364, 88.88% (\$6,786,922) will be paid from grant awards, with the remainder of the costs paid with cash reserves, and net operating income.

Note 7 – OPEB Plans

The Port implemented OPEB reporting in 2019. The Port is a participating employer in the state's Public Employees Benefits Board (PEBB) program, a defined benefit plan administered by the Washington State Health Care Authority. The plan provides medical, dental, and life insurance benefits for public employees and retirees and their dependents on a pay-as-you-go basis. The plan provides OPEB benefits through both explicit and implicit subsidies. The explicit subsidy is a set dollar amount that lowers the monthly premium paid by members over the age of 65 enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy annually. The implicit subsidy results from the inclusion of active and non-Medicare eligible retirees in the same pool when determining premiums. There is an implicit subsidy from active employees since the premiums paid by retirees are lower than they would have been if the retirees were insured separately. The Port had 15 active plan members and six (6) retired plan members as of measurement date June 30, 2022. As of December 31, 2022, the Port's total OPEB liability was \$1,091,577 as calculated using the alternative measurement method. The Port contributed \$18,440 to the plan for the year ended December 31, 2022.

Note 8 – Pension Plans

All Port full-time and qualifying part-time employees participate in either the PERS Plan II or PERS Plan III, which is administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans.

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

As of June 30, 2022 (the measurement date of the plans), the Port's proportionate share of the collective net pension liabilities, also reported on the Schedule 09, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$103,643	0.016911%	\$470,864
PERS 2/3	\$176,807	0.022008%	(\$816,229)

Only the net pension liabilities are reported on Schedule 09.

Note 9 – Risk Management

Port of Port Townsend is a member of the Enduris Washington (Pool). Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. The Pool was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. For the Pool's fiscal year ending August 31, 2022, there were 527 Enduris members representing a broad array of special purpose districts throughout the state.

The Enduris program provides for various forms of joint self-insurance and reinsurance coverage for its members: Liability coverage, which includes: General Liability, Automobile Liability, Public Officials' Errors and Omissions liability, Terrorism liability and Employment Practices liability; Property coverage, which includes: Building and Contents, Mobile Equipment, Boiler and Machinery, and Business Interruption/Extra Expense; Automobile Physical Damage coverage; Cyber coverage; Crime blanket coverage; Named Position coverage; and an Identity Fraud reimbursement policy. Pollution and Cyber coverage are provided on a claim made coverage form. Crime coverage is provided on a discovery form. All other coverage is provided on an occurrence coverage form.

Members are responsible for a coverage deductible or co-pay on each covered loss. Each policy year members receive a Memorandum of Coverage (MOC) outlining the specific coverage, limits, and deductibles/co-pays that are applicable to them. In certain cases, the Pool may allow members to elect to participate in the programs at limits, coverage, deductibles, and co-pays that are specific to their needs. Enduris is responsible for payment of all covered losses above the member retention, up to the Pool self-insured retention (SIR). Enduris acquires excess/reinsurance from unrelated insurance

companies to cover losses above the Pool's SIR up to the coverage maximum limit of liability. The tables below reflect the Pool's SIR, reinsurance limits and member deductibles/co-pays by coverage type.

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
Liability:				
Comprehensive General Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Automobile Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Public Officials Errors and Omissions Liability	Each Wrongful Act Member Aggregate	\$1 million	\$20 million \$20 million	\$1,000 - \$100,000
Terrorism Liability ⁽²⁾	Per Occurrence Pool Aggregate	\$500,000 \$1 million	\$0 Fully funded by Pool	\$1,000 - \$100,000
Employment Practices Liability	Per Occurrence Member Aggregate	\$1 million	\$20 million \$20 million	20% Copay ⁽³⁾

(1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible.

(2) Terrorism liability is fully funded by the Pool i.e., no excess/reinsurance is procured.

(3) Members pay a 20% co-pay of costs. By meeting established guidelines, the co-pay may be waived.

Property ⁽²⁾:

Buildings and Contents	Per Occurrence	\$250,000	\$1 billion	\$1,000 - \$250,000
Mobile Equipment	Per Occurrence	\$250,000	\$1 billion	\$1,000 - \$250,000
Boiler and Machinery ⁽³⁾	Per Occurrence	Varies	\$100 million	Varies
Business Interruption (BI)/ Extra Expense (EE) ⁽⁴⁾	Per Occurrence	\$250,000	\$100 million (BI)/ \$50 million (EE)	\$1,000 - \$250,000

Sublimit ⁽⁵⁾:

Flood	Per Occurrence	\$250,000	\$50 million (shared by Pool members)	\$1,000 - \$250,000
Earthquake	Per Occurrence	5% of indemnity, subject to \$250,000 minimum	\$10 million (shared by Pool members)	\$1,000 - \$250,000

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
Terrorism Primary	Per Occurrence	\$250,000	\$100 million per occurrence	\$1,000 - \$250,000
	Pool Aggregate		\$200 million aggregate	
Terrorism Excess	Per Occurrence	\$500,000	\$600 million/	\$0
	APIP Per Occurrence		Pool aggregate	
	APIP Aggregate		\$1.1 billion/	
			per occurrence	
			APIP program	
			\$1.4 billion/ APIP program aggregate	
Automobile Physical Damage ⁽⁶⁾		\$25,000		
	Per Occurrence	\$100,000 for Emergency Vehicles; \$250,000 for Emergency Vehicles valued >\$750,000	\$1 billion	\$250 - \$1,000
Crime Blanket ⁽⁷⁾	Per Occurrence	\$50,000	\$1 million	\$1,000
Named Position ⁽⁸⁾	Per Occurrence	\$50,000	\$1 million	\$1,000
Cyber ⁽⁹⁾	Each Claim	\$100,000	\$2 million	20% Copay
	APIP Aggregate		\$40 million	
Identity Fraud Expense Reimbursement ⁽¹⁰⁾	Member Aggregate	\$0	\$25,000	\$0

- (1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible.
- (2) Property coverage for each member is based on a detailed property schedule. Scheduled items are covered to the extent of the cost of repair or replacement pursuant to the excess/reinsurance policy terms. Under the Alliant Property Insurance Program (APIP) Reinsurance carriers cover insured losses over \$250,000 to the limit of \$1 billion except for certain types of sub-limited property losses such as flood, earthquake, and terrorism.
- (3) Boiler and Machinery self-insured retention for the Pool varies depending on motor horsepower.
- (4) Business Interruption/ Extra expense coverage is based on scheduled revenue generating locations/operations. A limited number of members schedule and the rest are limited to \$500,000 of coverage with a \$2.5 million Pool maximum for undeclared exposure. The waiting period (deductible) is typically 24 hours but there are exceptions specific to the type of exposure covered.
- (5) This sublimit list is simplified and is not all-inclusive. In addition, sub-limits are often shared or aggregated by all pool members and, in a few cases, are shared by all APIP members. Deductibles often vary by coverage sub-limit.
- (6) Auto Physical Damage coverage includes comprehensive, named perils and collision. Coverage for each member is based on a detailed vehicle schedule.
- (7) Crime Blanket coverage (also referred to as "Employee Dishonesty Coverage with Faithful Performance" of \$2,500 is provided to each member. Members may elect to "buy-up" the level of coverage from \$5,000 to \$2 million.
- (8) Named Position coverage is optional. Members may elect to schedule various employees, directors, and commissioners, with individual limits of between \$5,000 and \$1 million.

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
(9)	Cyber coverage is included under the Pool's Property program. Members are subject to a 20% co-pay per loss and the Pool's SIR is tiered between \$50,000 and \$100,000 depending on the insured/members property TIV with an 8-hour waiting period. By meeting established guidelines, the co-pay may be waived. The reinsurance maximum limit of liability is \$2 million, with various declared sub-limits.			
(10)	Identity Fraud Expense Reimbursement coverage is purchased by Enduris. Member claims do not have a deductible. There is a \$25,000 limit per member.			

Members make an annual contribution to fund the Pool. Since Enduris is a cooperative program, there is joint liability among the participating members. There were no claim settlements in excess of the insurance coverage in any of the last three policy years.

Upon joining the Pool, members are contractually obligated to remain in the Pool for a minimum of one year and must give notice 60 days before renewal in order to terminate participation. The Interlocal Governmental Agreement (formerly known as the Master Agreement) is automatically renewed each year unless provisions for withdrawal or termination are applied. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in process claims for the period they were a signatory to the Interlocal Governmental Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with the Pool who determines coverage and administers the claims.

The Pool is governed by a Board of Directors which is comprised of seven board members. The Pool's members elect the Board, and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for overseeing the business affairs of Enduris and providing policy direction to the Pool's Executive Director.

Port of Port Townsend
Schedule of Liabilities
For the Year Ended December 31, 2022

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	2010 LTGO Bond	12/1/2029	\$ 3,000,000	\$ -	\$ 320,000	\$ 2,680,000
251.11	2015 LTGO Refunding Bond	7/1/2025	2,040,000	-	490,000	1,550,000
251.11	2021 LTGO Bond (Line of Credit)	3/1/2027	-	3,823,644	-	3,823,644
Total General Obligation Debt/Liabilities:			5,040,000	3,823,644	810,000	8,053,644
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		253,262	18,724	28,060	243,926
264.40	Other Post Employment Benefits		1,073,137	18,440	-	1,091,577
264.30	Pension Liability		176,419	294,445	-	470,864
263.52	Pitney Bowes - postage machine	8/31/2024	5,391	-	2,022	3,369
Total Revenue and Other (non G.O.) Debt/Liabilities:			1,508,209	331,609	30,082	1,809,736
Total Liabilities:			6,548,209	4,155,253	840,082	9,863,380

Port of Port Townsend**Schedule of State Awards
For the Year Ended December 31, 2022**

State Agency Name	Program Title	Identification #	Amount
State Grant from Dept. of Commerce	State Grant from Dept. of Commerce	23-96522-005	\$ 1,455,000
State Grant from Dept. of Commerce	State Grant from Dept. of Commerce	22-96634-137	980,000
State Grant from Dept. of Commerce	Community Economic Revitalization Board	S22-790A0-230	16,284
		Sub-Total:	2,451,284
State Grant from Department Natural Resources	Derelict Vessel Removal Program	93-103755	7,420
State Grant from Department Natural Resources	Derelict Vessel Removal Program	93-103413	9,419
State Grant from Department Natural Resources	Derelict Vessel Removal Program	93-103152	37,632
		Sub-Total:	54,471
State Grant from Recreation and Conservation Office	Boating Facilities	20-2083	68,522
		Sub-Total:	68,522
State Grant from Military Department	Public Assistance Program	D21-270	1,638
		Sub-Total:	1,638
Total State Grants Expended:			\$ 2,575,915

Port of Port Townsend
Schedule of Federal Awards
For the Year Ended December 31, 2022

ALN #	COVID-19 Expenditures	Federal Agency Name	Federal Program Name	Pass-Through Agency Name	Other Award I.D. Number	R&D	Total	Footnote Ref.
11.307	no	Dept. of Commerce	Economic Adjustment Assistance		07-79-07724	no	841,708	
Sub-Total Economic Development Cluster:							841,708	
97.036	no	Dept. of Homeland Security	Disaster Grants - Public Assistance		678138	no	\$ 65,051	
97.036	yes	Dept. of Homeland Security	Disaster Grants - Public Assistance		D20-401	no	5,448	1
97.036	no	Dept. of Homeland Security	Disaster Grants - Public Assistance		661636	no	29,489	1
Sub-Total ALN #97.036:							\$ 99,988	
15.616	no	Dept. of the Interior	Clean Vessel Act	WA State Parks & Recreation Commission	123-244	no	\$ 26,250	
20.106	no	Dept. of Transportation	Airport Improvement Program		03-53-0134-022-2022	no	19,397	
21.027	yes	Dept. of the Treasury	Coronavirus State & Local Fiscal Recovery Funds	WA Dept. of Commerce	22-96515-004	no	10,609	
15.622	no	Dept. of the Interior	Sportsfishing & Boating Safety Act	WA Recreation & Conservation Office	14-588	no	96,318	1
Sub-Total other:							\$ 152,574	
Total Federal Grant Expenditures:							\$ 1,094,270	

Port of Port Townsend
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Note 1 – Basis of Accounting

This Schedule is prepared on the same basis of accounting as the Port's financial statements. The Port uses the cash basis of accounting and measurement focus where revenues are recognized when cash is received, and expenditures are recognized when paid. Two (2) projects were approved by FEMA's Disaster Grants – Public Assistance program in 2022, though costs were incurred in prior years. This was for award D20-401 for covid-19 prevention/sanitation supplies in the amount of \$5,448, and project #661636 for stormwater materials replacement in the amount of \$29,489. In addition, a grant was amended in 2022 that allowed the Port to reach back to prior years' expenditures for reimbursement. This was the WA Recreation & Conservation Office grant #14-588; of the total listed on the SEFA, \$29,512 was from prior years.

Note 2 – Federal De Minimis Indirect Cost Rate

The Port has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 – Program Costs

The amounts shown as federal expenditures represent only the federal grant portion of the program costs. Entire program costs, including the Port's portion, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

PORT OF PORT TOWNSEND INFORMATIONAL MEMO

DATE: June 8, 2023

TO: Commissioners

FROM: Sue Nelson, Lease & Contracts Administrator

CC: Eron Berg, Executive Director

SUBJECT: **June 14, 2023, Commission Meeting** – Commission Update: New/Amended Contracts of \$100,000 or less, Approved by Executive Director Eron Berg, per Delegation of Authority Resolution No. 786-23

Name	Dates	Description	Amount Not to Exceed:
Northwest Maritime Center	6/17/23 – 9/10/23	BH & PH Dock & RV Attendant Program	\$40,350.00

PORT OF PORT TOWNSEND

AGENDA MEMO

DATE: 6/7/2023
TO: Commission
FROM: Sue Nelson, Lease & Contracts Administrator
SUBJECT: June 14, 2023, Lease Update

ISSUE

The purpose of this memo is to keep the Commission informed about existing, planned, and potential leases.

BACKGROUND

As of the beginning of this month the Port has **40** land leases, **39** building leases, **39** rentals.

DISCUSSION

Leases expiring in 2023:

- Aurora Aircraft Fuel Concession Lease, exp 12/31/23, no options remain

New Agreements:

- WDFW, Rental Agreement for small space in Sail Loft to store a spare boat motor
- Key City Fish Co., new lease beginning Sept 1, 2023 (if approved at today's meeting)

Lease Amendments:

Exercising Options:

- Armstrong Marine (ACI), 10th Street shop, exercised last 1-yr option, exp 8/31/24. Will most likely ask for a new lease
- Best Coast Canvas, who exercised her last 1-yr option last month, asks for a new lease in 2024

Assignments/Assumptions:

Terminated/Expired Agreements:

License & Use Agreements:

- Annual payment from NWMC for Swan Hotel encroachment
- WDFW, License for 5 uses of Marina Room through 3/31/24

June Rent Increases:

- **CPI Increase (9%):** Andersen Machine, small land parcel; Fine Yacht Interiors (4% max, per agreement); Sea J's; Pete Stein & Compass Woodwork; Sands (PT Brewing); Sitewise Design
- **Market Rate Increase:** Hanson of PT; PT Fuel Dock

- **Step Increase:** The Shop Cooperative

Miscellaneous:

- Currently working with the Dept. of Enterprise Services on lease amendment terms for when the option renewal is up on April 1, 2024 for Fish & Wildlife.
- Waterline Boats/Helmsman Trawlers is searching for a larger office space at Boat Haven or Point Hudson.

ATTACHMENTS

1. 2023 Lease List

RECOMMENDATIONS

For information only.

Point Hudson - PROPERTY		JUNE 2023		
LEASE NAME	Lease Amount	Lease Expiration	NEXT CPI/STEP Incr.	REMARKS
Best Coast Canvas	1,976.94	7/31/2024*	8/1/2023	Armory Bldg. *Exercised last 1-yr option thru 7/31/24. Wants new lease
Brion Toss Yacht Rigging	887.76	8/31/2024	9/1/2023	Armory Bldg. 5-yr lease, no options.
Brooks, Cindy	37.80	Mo/Mo	7/1/2023	54 sf floor in Armory Bldg thru June to work on wherry for 70/48 race
Cashin, Andrew	195.30	Mo/Mo	5/1/2024	Renting portion of Archive Room in Main Bldg
Commanders Beach House	2,391.40	4/30/2025	5/1/2024	Assignment to D & N Dionne.
Doc's Marina Grill / TNT Restaurants LLC	3,351.24	4/30/2027	5/1/2024	Last 5-yr option 5/1/22-4/30-27. Wants new 10-yr lease.
Fortune Teller Art	374.88	Mo/Mo	8/1/2023	Office #2, Main Bldg., Point Hudson. 30 day notice for increases
GatheringPlace	N/A	7/31/2004	N/A	Southern half of duplex. Leasehold exempt - Non-profit
Hanson of Port Townsend Inc.	398.94	5/31/2024*	6/1/2024	Armory Bldg. *One 1-yr option remains: 6/22 , 6/23 , 6/24. MR applied
Hudson Point Café	1,584.53	6/30/2025*	7/1/2023	Main Bldg. *One 5-yr option available.
Hudson Point Café Office #10, Main Bldg.	276.14	Mo/Mo	7/1/2023	Main Bldg. Restaurant view office.
Hudson Point Café Office #8	248.53	Mo/Mo	7/1/2023	Main Bldg. Restaurant storage, non-view office.
Hudson Point Café	117.73			Main Bldg - common area fee-restroom cleaning/stocking
Impact Naval Architects, LLC	279.50	Mo/Mo	12/1/2023	Upstairs office, N. half PH Duplex.
Key City Public Theatre	133.80	License	N/A	June 23-25, fundraiser/dirt lot between PSE & Sail Loft. One time fee.
Marine Resources Consultants Inc.	514.44	9/30/2024*	10/1/2023	Armory Bldg. *Used last option.
Mark Kielty Design	276.14	Mo/Mo	8/1/2023	Main Bldg., small view office.
Mark Kielty Design	7.77			PH Main Bldg - common area fee-restroom cleaning/stocking
Northwest Maritime Center	1,399.03	6/30/2051	7/1/2023	Former Landfall site-plan to build 3000 sf classroom.
Northwest Maritime Center (Swan Hotel)	516.00/yr	auto renew	6/1/2024	License-encroachment. MR every 3-yrs. Port may term w/180-day notice
Puget Sound Express	1,157.40	12/31/2025	1/1/2024	No options remain.
Schooner Martha Foundation	838.11	12/31/2024*	1/1/2024	*One 5-yr option available.
SEA Green Partners d/b/a SEA Marine	2,508.25	4/30/2027*	5/1/2024	*One 5-yr option. Armory Bldg-Upstairs sail loft space.
Shanghai Restaurant	2,585.72	10/31/2026	11/1/2023	No options remain.
Shanghai Restaurant	174.90			PH Main Bldg - common area fee-restroom cleaning/stocking
Shannon Partners LLC (SEA Marine)	2,345.28	6/30/2027	7/1/2023	Ground lease for SEA Marine facility.
The Artful Sailor	554.40	11/30/2023*	12/1/2023	Armory Bldg. *One 1-yr options remain.
The Artful Sailor	468.48	Mo/Mo	3/1/2024	Armory Bldg-NW end of bldg.
U.S. Customs	3,236.16	12/20/2027	12/20/2024	Hospital Bldg. Accepted 5-yr option 12/2022 - 12/2027.
Washington Dept. of Fish & Wildlife	8,430.97	3/21/2024*	N/A	Hospital Bldg. *One 5-yr option.
Washington Dept. of Fish & Wildlife	1,512.90	Mo/Mo	11/1/2023	Cupola Annex-storage.To be rolled in 3/31/24 with main lease at opt da
Washington Dept of Fish & Wildlife	105.00	License		5x free usage of Marina Rm-verbal prior mngmnt. Formalized w license
Washington Dept of Fish & Wildlife	15.32	Mo/Mo	6/1/2024	Small storage area in Sail Loft for spare boat motor.
Whittiker, LLC	\$ 275.88	Mo/Mo	8/1/2023	Office #1, Main Bldg., Point Hudson. 30 day notice for increases

Boat Haven - PROPERTY		JUNE 2023		
LEASE NAME	Lease Amount	Lease Expiration	NEXT CPI/MR STEP Incr.	REMARKS
Admiral Ship Supply	2,027.54	1/31/2025*	2/1/2024	*One 5-yr option available.
Andersen Machine Shop	281.44	9/30/2027	10/1/2023	Land lease.
Andersen Machine Shop	64.99	Mo/Mo	6/1/2024	228 sf additional land for storage adjacent shop. 30 day notice for increases. CPI
Armstrong Consolidated LLC (Washington)A	10,079.68	Mo/Mo	1/1/2024	30-day notice for rate increases.
Armstrong Consolidated LLC (Washington)	495.39	Mo/Mo	1/1/2024	Additional space upstairs.
Armstrong Consolidated LLC (10th St)	3,140.29	8/31/2024*	9/1/2023	Assignment. * Exercised last 1-yr option, exp 8/31/24. Most likely wants new lease.
Armstrong Consolidated LLC (10th St land)	730.08	Mo/Mo	9/1/2023	Land rental-ground in front of building.
Blue Moose Café	770.44	10/31/2026*	11/1/2023	*5-yr option available. 24-mo step to market.
Crown Castle (cell tower)	17,928.21/yr	6/30/2025*	6/1/2024	*One 5-yr option remains. Pay one mo in arrears..
Crown Castle - AT&T Sub-Lease	939.12		9/1/2023	Annual lease renewal. 6.5% annual increase 9/2019-9/2022. Pay one mo in arrears.
Eagle Harbor Marine	274.59	Mo/Mo	9/1/2023	Land rental. 30-day notice for rent increases.
EDC Team Jefferson	836.03	Mo/Mo	7/1/2023	2nd floor Nomura Bldg (767 sf). 30-day notice for rent increases.
Fine Yacht Interiors	1,423.59	5/31/2025*	6/1/2024	*One 3-yr option remains. Exercised 2nd option 6/1/22-5/31/25. 4% max CPI
Flye, Todd dba On The Flye	397.08	1/31/2025	2/1/2024	Land lease-temporary structure. No options remain.
Goolden, Leo (Sampson Boat Co)	1,132.90	Mo/Mo	5/1/2024	30-day notice for increases. (M/V Tally Ho project-up to 2 yrs.)
Haven Boatworks	1,421.81	Mo/Mo	1/1/2024	Former J&S Bldg., Haines St. 30-day notice for rent increases.
Jefferson County (Commission Bldg)	1,846.38	9/30/2026	10/1/2023	5-yr. 180 day termination notice-either party.
Jeremy Johnson Photography	171.13	Mo/Mo	9/1/2023	2nd floor office #2F, Nomura Building.
Jochems Property Mgmt.	326.47	10/31/2026	1/1/2024	Land lease. CPI every two years, next 1/1/2024.
Johnson Fabrication	1,912.54	Mo/Mo	9/1/2023	New mo-mo rental.
Katz, Alan	988.26	Mo/Mo	6/1/2024	Land lease, business w/temporary shelters. Formerly Dave Thompson's space. CPI
Key City Fish Co. (10th Street-seafood mrkt)	1,927.51	8/31/2023	9/1/2023	Seafood market.
Key City Fish Co. (Haines PL-refrigeration)	852.58	11/30/2024*	12/1/2023	*Two 5-yr options available.
Kimmel's Crab Shack	2,472.02	4/30/2049	5/1/2024	Land lease.
Marine Surveys & Assessments Cooperative	1,601.70	1/31/2028*	2/1/2024	* One 5-yr option. Annual CPI/MR beg year 3 and every 3 years after.
NW Maritime Center (Marine Thrift)	665.31	1/31/2024*	2/1/2024	*One 1-yr option remains.
NW School of Wooden BoatBuilding	556.16	6/30/2026*	7/1/2023	*One 5-yr option available. 25% of prevailing rate. Amend 1 adds non-exclusive kitchen use.
Octopus Gardens Diving	1,126.40	6/30/2026	7/1/2023	24 mo. stepped rent to achieve market rate.
Olympic Boat Transport LLC	54.72	Mo/Mo	2/1/2024	Relocated crane next to Pete's Marine.
Pete Stein & Compass Woodwork	107.17	Mo/Mo	6/1/2024	40'x8' land & 7'x8' land for equipment. CPI applied
Pete's Marine Metals	1,565.40	7/31/2024*	8/1/2023	*One 1-yr option remaining.
Port Townsend Fuel Dock LLC	915.65	6/30/2024*	N/A	*One 5-yr term remains. 2% flowage fee pays rent. Market rate applied
PT Furniture Clinic	668.19	1/31/2024*	2/1/2024	*One 1-yr option remains.
PT Sailing Association	642.39	11/30/2027*	12/1/2023	*5-year, 2 week +5-year option building lease, Annual CPI; MR beg. year 3 and every 3 years.
Port Townsend Shipwrights, Inc.	8,299.11	7/31/2050	8/1/2024	MR incr 8/1/30-every 10 yrs/ann CPI. Amend 2: Adds land from Baird bldgs purchase
PT Rigging (Kulin & Vizzini)	557.35	3/31/2030	4/1/2024	Land lease.
Pt Townsend Yacht Club	295.44	2/28/2026	3/1/2027	Land lease.
Revision Marine	2,238.81	12/31/2024	1/1/2024	Bldg/Land lease.
Sail Port Townsend	208.86	Mo/Mo	5/1/2024	Seasonal use-back in Nomura Office.
Sands, Guy & Kim (PT Brewing Co.)	3,746.09	5/31/2026*	6/1/2024	*Two 5-yr options remain. Bldg & Land. CPI applied
Sands, Guy & Kim (PT Brewing Co)	162.00	Mo/Mo	10/1/2023	600 sf outdoor dining area.
Scow Bay Boats	521.34	9/30/2023*	10/1/2023	*One 3-yr option. Land lease-temporary structure.
Sea J's Café (Estate of Florence Jevne)	1,220.74	Mo/Mo	6/1/2024	Mo/Mo Building & Land agreement. CPI applied
Sitewise Design PLLC	174.65	Mo/Mo	6/1/2024	Mo/Mo building agreement for small office 2-H in Nomura Bldg.. CPI applied
Skookum Corporation	937.89	3/31/2026*	4/1/2024	Annual step increases/*one 5-yr option/renting 3,036 sf lower floor, Nomura Bldg.
Stephens Marine	56.16	Mo/Mo	2/1/2024	Temp storage of equipment. Will move to Jochems building soon.
Sunrise Coffee	1,905.19	9/30/2031*	10/1/2023	*Two 5-yr options available. Deposit balance-6 installments.
Takaki, Jennifer (Marina Café)	620.80	12/31/2026	7/1/2023	5-year lease, stepped rent to achieve MR in 18 mos. Deposit in full.
Takaki, Jennifer (Marina Café)	106.92	Mo/Mo	10/1/2023	396 sf outdoor dining ara. CPI applies.
The Shop Cooperative	5,979.83	5/31/2026*	6/1/2024	*One 5-yr option. Assigned from Pete Stein & Compass Woodwork. Step + CPI applied
Tree Ring, LLC	142.44	Mo/Mo	3/1/2024	New month/month agreement-small office (2-G) upstairs, Nomura Bldg.
University of WA - Sea Grant	244.86	Mo/Mo	4/1/2024	Office 2-E, Nomura Bldg. Tenancy begins 3/15/22-pro-rated rent.
U. S. Coast Guard	5,570.38	7/30/2024	10/1/2023	Annual leaseA29:E56 renewal & step increases. SLA 003 extends lease 10 mos thru 7/30/24.

JCIA - PROPERTY	JUNE 2023			
LEASE NAME	Lease Amount	Lease Expiration	NEXT CPI/ Step Incr.	REMARKS
A Hangar Condo Association	1,159.05	11/20/2045	12/1/2023	Land lease. Hangars 'E' & 'F'.
Aurora Aircraft Maint & Restoration	547.57	10/31/2026*	11/1/2023	*One 5-yr option remains.
Aurora Aircraft Maint & Restoration		12/31/2023	N/A	Fuel Concession. If Erickson replaces tank, one more 5-yr option available. Port is paid 2%/fuel sales for lease.
Broderson, Dennis	63.53	2/28/2016	3/1/2024	T-hangar pad LEASE
Browning, Scott & Lori	100.00/yr	ann. auto renew	8/1/2023	Periodic tree & shrub removal.
Dow Jeffery & Jorja	362.16	12/31/2028	8/1/2023	Land lease. Hangar 'D'.
Eber, Lorenz	80.00	Mo/Mo	1/1/2024	T-hangar pad, #T-404(P)
Erickson, Warren & Karen	189.28	7/26/2057	3/1/2024	Land lease. Hangar '4-B'.
G Hangar Condo Assoc.	560.44	6/9/2047	7/1/2023	Land lease.
Grandy, Richard	189.84	7/26/2057	3/1/2024	Land lease. Hangar '4-A'.
H-Hangar Corp., Inc.	520.95	6/22/2049	7/1/2023	Land lease.
Hangar C Group LLC	542.64	4/30/2053	12/1/2023	Settled 2/25/21: Amend #6: Ext. term.
Hood Canal Aviation LLC/Jim Piper	189.28	7/26/2057	3/1/2024	Land lease. Hangar '4-C'.
JEFFCO Hangar Assoc., Inc.	713.52	11/30/2041	12/1/2023	11,369 sf, hangar site 'I'.
Jeff. Co. Airport Condo Owners Assoc.	1,939.10	7/26/2057	3/1/2024	Assignment of NW Hangar's Lease for sites #7 & 8.
K-Hangar Assoc. @ JCIA	578.34	4/25/2049	5/1/2024	Land lease.
L Hangar Condo Assoc @JCIA	612.27	10/31/2048	10/1/2023	Land lease.
LBG Development, LLC	500.00 fee	4/15/2024*	N/A	Site 1-Exer. option by 4/15/24-then rent begins/50-yr lease.
LBG Development, LLC	500.00 fee	4/15/2024*	N/A	Site 3-Exer. option by 4/15/24-then rent begins/50-yr lease.
Lemanski, Tom & Linda	80.00	Mo/Mo	3/1/2024	T-hangar pad, T-405. 2023 adopted rate applied (8c/sf)
Morrison, Neil/Lark Leasing	189.85	4/30/2053	5/1/2024	Land lease. Hangar 'N-North'.
Morrison, Neil	189.85	4/30/2053	5/1/2024	Land lease. Hangar 'N-South'.
Northwest Custom Hangars, LLC(Ward)	500.00 fee	4/15/2024*	N/A	Site 2-Exer option by 4/15/24-then rent begins/50-yr lease
Port Townsend Aero Museum	430.98	7/31/2052*	5/1/2024	*One 25-yr option. Museum bldg-land lease.
Port Townsend Aero Museum	369.40	7/31/2052*	5/1/2024	*One 25-yr opt. Museum bldg-land lease (expan.).
Port Townsend Aero Museum	635.38	7/31/2052*	5/1/2024	*One-25 yr option. Maintenance bldg-land lease.
Port Townsend Aero Museum	252.64	4/30/2053	5/1/2024	M' Hangar. Separate land lease.
Port Townsend Aero Museum	80.00	Mo/Mo	5/1/2024	T-hangar pad, T-400(S).
Port Townsend Aircraft Services	293.09	6/30/2035*	7/1/2023	*Two 10-yr options.
Pratt Sr., David	80.00	Mo/Mo	3/1/2024	T-hangar pad, T-401(N). 2023 adopted rate applied (8c/sf)
Puget Sound Express-J Hangar Lease	255.81	10/1/2050	10/1/2023	Assignment-Land lease to Puget Sound Express.
Roethle, Garth	80.00		4/1/2024	Purchased T-hangar from Northup Estate. #406-M
Spruce Goose	228.63	9/30/2029*	10/1/2023	*Two 5-yr options. CPI/MR apply.
Station Prairie	610.40	4/30/2072	5/1/2024	Hangar site pad #5. Amend #1 incrsd premises. CPI applied
Station Prairie	336.00	Mo/Mo	30-day	Temporary staging area for hangar construction, site #5.
Townshend, Brendon	63.53	2/28/2026		Assigned T-hangar pad 402-O from Daniel Scheall
Wexman, Scott & Diana Levin	275.20	3/31/2053	4/1/2024	Land lease. Hangar 'O'.

QUILCENE - PROPERTY		JUNE 2023		
LEASE NAME	Lease Amount	Lease Expiration	NEXT CPI/ Step Incr.	REMARKS
Canterbury, Ray	<i>fluctuates</i>	N/A		<i>Water rights.</i>
Coast Seafoods	\$5,747.69	12/31/2039	1/1/2024	Land lease.
Coast Seafoods	<i>fluctuates</i>			<i>Water.</i>
Quilcene Harbor Yacht Club	\$ 515.00	10/31/2027*	11/1/2023	*One 5-yr option. Rent + 106/hrs in-kind labor. Non-exclusive use of deck.
Quilcene Harbor Yacht Club	<i>fluctuates</i>			<i>Water.</i>
Quilcene Village Store	\$ 120.07	Mo/Mo	9/1/2023	Rental of kayak rack & ground it sits on. Mo-to-mo agrmnt.



June 1, 2023

The Honorable Maria Cantwell
United State Senate
511 Hart Office Building
Washington, DC 20510

Senator Cantwell:

Thank you for your support of Washington public ports and the maritime industry. We are writing to ask your assistance in resolving ongoing uncertainty in the Southeast Alaska troll fishery, where many of your Washington constituents make their livelihoods. While we support the protection of endangered species, we believe this decision may disproportionately burden fishers without solving the myriad causes of Chinook salmon decline.

On May 3, a decision by a federal judge in Washington state effectively closed the Southeast Alaska troll fishery for the 2023 season, immediately throwing our fishing community into a state of uncertainty and resulting in instant economic damage to ports and port workers who have license holders as tenants, who have maritime businesses that help outfit the fishery, and whose communities rely on active maritime economies to survive. The State of Alaska has appealed the May 3rd decision to the Ninth Circuit Court of Appeals. Depending on the outcome of the appeal, we may seek assistance from your office to support the communities impacted by the appellate decision.

We understand that our orca population and the salmon they rely on face threats to survival, and respect for the marine environment and sustainability of the species our fishers harvest are key values for all ports and fishing communities in Washington. So as a judge considers the “take” provisions of the biological opinion, we want to focus here on the impact that this decision will have around our state.

At the Port of Seattle and the Port of Grays Harbor, Fisherman’s Terminal and the Westport Marina respectively have been the offseason home to SE Alaska troll fishery vessels that are part of the marine ecosystem that anchor economies that are nearly a century old.

In Port Townsend, where the port’s Boat Haven Shipyard is an outfitter for many of the SE Alaska troll fishery license holders, the May 3rd decision resulted in the immediate cancelation of equipment orders from fishing businesses. For license holders who live in that community, whether or not they are tenants at Boat Haven or customers of their tenant businesses, they still do not know whether they can travel to Alaska to fish and hence risk losing a significant contributor to their annual income. While we await an appeal, fishers who would have already departed for Alaska to await the July 1st fishing season have delayed their preparations.

In Whatcom County, more than 6,000 jobs are created or supported by the marine trades representing 7% of the total workforce. The Port of Bellingham is home to SE Alaska troll fishery permit holders, seafood processors, distributors, and transportation companies that rely on Southeast Alaska's troll fishery as a key source of revenue. The southeast troll fishery generates \$148 million annually in economic outputs for the business sectors in the northwest and beyond. Seafood Producers Cooperative (SPC) is one of those businesses. Founded in 1944, SPC has around 400 fishermen-member owners with a processing plant in Sitka, Alaska that employs 100 seasonal and resident workers, along with a sales and accounting office in Bellingham. Alaska's troll fishery comprises about 50 percent of SPC's annual production and is integral to their goal to provide the highest quality salmon to wholesale and direct-to-consumer buyers.

In each of these ports, the financial impacts are immediate without reasonable alternatives for local fisherman to rely on. These investments are planned and budgeted in advance of an upcoming season and will be felt well into the future by the ports, the local businesses, and the fishermen and their families. We anticipate working with Governor Inslee's office to seek a fishery disaster declaration.

We understand this is an ongoing legal proceeding, however we encourage you to work with our fishing industry tenants and partners to discuss the following:

- Possible emergency relief to defray the economic harm done by this decision;
- Advocate for robust funding at the NOAA Fisheries so the agency has the capacity to make informed decisions on fisheries allocations;
- Continued support and funding for hatchery production as a near-term solution for SRKW food issues; and
- Continue to support the efforts of our port members to clean up our water and restore habitat to help rebuild our Chinook stock.

Our ports are environmental stewards who rely on a sound, healthy marine ecosystem to support sustainable fisheries and their maritime-based economies. Their future is also tied to the health of these ecosystems and their ability to participate in it. We know you share these values with our members, and we look forward to your partnership on this effort.

Sincerely,



Eric Ffitch
Executive Director
Washington Public Ports Association



Heather Stebbings
Executive Director
Pacific Northwest Waterways Association

CC: Senator Patty Murray
Representative Derek Kilmer
Governor Jay Inslee

Port of Port Townsend
Upcoming Commission Meetings Calendar (Tentative Agenda Items)

Date/Time		Item/Topic	Location	Absent
Mon., June 19		Holiday – Port Offices Closed		
Mon., June 26	Spec.Mtg	Intergovernmental Collaborative Group	Pav	
Wed., June 28 5:30 pm	Meeting	CANCELLED	Pav	
Tues., July 4		Holiday – Port Offices Closed		
Wed., July 12 9:30 am	Workshop	WPPA, Governance and Management Guide – Chapter 5 Port Operations West Boatyard Expansion Alternatives	Pav.	
Wed., July 12 1 pm	Meeting	YTD Financial Report Budget Schedule and Process Surplus List Approval Capital Plan for 2024 with new & changed projects Resolution Awarding Bid for Constructing JCIA New Taxiway and Install Signs Award of Construction Contract for Taxiway A3 Review/approval of draft 2024 Budget Schedule Contract Update/Lease Brief	Pav.	
Wed., July 24- 26		WPPA Commissioners' Seminar	Alderbrook	
Wed., July 26	Meeting	CANCELLED		
Wed., Aug. 9 9:30 am	Workshop	2024 Budget – discuss potential and known issues, goals & assumptions WPPA, Governance and Management Guide – Chapter 5 Port Operations (continued)	Pav	
Wed., Aug. 9 1 pm	Meeting	YTD Financial Report IDD Quarter 2 Report Capital Projects Quarter 2 Update	Pav	
Wed., Aug 23	Meeting	CANCELLED		
Wed., Sept. 13 9:30 am	Workshop	WPPA, Governance and Management Guide – Chapter 6 Economic Development 2024 Budget - County Assessor presents recommendations for regular property tax levy and IDD tax levy	Pav	
Wed., Sept. 13 1 pm	Meeting	YTD Financial Report Contract Update/Lease Brief	Pav	
Thur., Sept. 21 5 pm	Meeting	Intergovernmental Collaborative Group	Pav	

Port of Port Townsend
Upcoming Commission Meetings Calendar (Tentative Agenda Items)

Wed., Sept. 27 5:30 pm	Meeting	1 st Draft 2024 Budget with CIP and Proposed Rates Contract Update	Pav	
Wed., Oct. 11 9:30 am	Workshop	WPPA, Governance and Management Guide – Chapter 7 Property Restoration and Reuse	Pav	
Wed., Oct. 11 1 pm	Meeting	2 nd Draft of 2024 Budget with CIP and Proposed Rates Contract Update/Lease Brief	Pav	
Wed., Oct. 25 5:30 pm	Meeting	Public Hearing Draft 2024 Operating & Capital Budget, Property Tax Levy and IDD tax levy Draft 2024 Rates	Pav	
Oct. 26-27		WPPA Commissioners' Seminar	Campbell's	
Wed., Nov. 8 9:30 am	Workshop	WPPA, Governance and Management Guide – Chapter 9 Port Purchasing and Contracting	Pav	
Wed., Nov. 8 1 pm	Meeting	2 nd Reading/Public Hearing Draft 2024 Operating and Capital Budget, rates, property tax levy and IDD tax levy (and associated resolutions) YTD Financial Report Contract Update/Lease Brief	Pav	
Wed., Nov. 16 5 pm	Meeting	Intergovernmental Collaborative Group	Pav	
Tues., Nov. 21 1 pm	Meeting	YTD Financial Report Qtr. 3 IDD Levy report Contract Update	Pav	
Dec. 6-8		WPPA Annual Meeting	Pav	
Dec. 13 9:30 am	Workshop	WPPA, Governance and Management Guide – Chapter 10 Transparency and Ethics	Pav	
Dec. 13 1 pm	Meeting	Contract Update/Lease Brief	Pav	