

PORT COMMISSION REGULAR BUSINESS MEETING – Wednesday, October 11, 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, Hanke and Hasse  
Executive Director Eron Berg  
Deputy Director Eric Toews  
Director of Finance and Administration Abigail Berg  
Operations Manager Chris Sparks  
Capital Projects Engineer David Nakagawara  
Lease and Contracts Administrator Sue Nelson  
Recorder Joanna Sanders

Via Zoom: Attorney Seth Woolsen

I. CALL TO ORDER & PLEDGE OF ALLEGIANCE (Rec. 00:00:08)

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

II. APPROVAL OF AGENDA (Rec. 00:00:57)

**The agenda was approved by unanimous consent.**

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

Jack and Elizabeth Becker provided written comments in support of a steady 3% increase in permanent moorage rates.

Sheri Smith Suryan provided written comment in support of a \$0.06 per square foot increase rather than a higher \$.08 per square foot increase on airport hangar lease rates.

Warren Leslie provided written comment on hangar lease rates of \$0.08 as too high an increase.

Richard Grandy provided written comment agreeing with Eric Taylor's concerns on land lease rates as given at the September 27 Commission meeting.

Charley Kanieski provided written comment urging a stable 3% moorage rate for tenants versus using the fluctuating CPI.

Mike Payne provided written comment with concern about the \$0.08 per sq. ft. hangar lease rate and suggesting \$.065 per year instead would equate to 10%.

John Oliveira provided written comment with concern about the 2024 budget base hangar rate of \$0.08 per square foot and asks for analysis/lease comparison with other airports.

Glen Simecek of K Hangar Association provided written comment with concern of raising his rate from \$0.059 a square foot to \$0.08. Encourages setting a limit of no more than 10% and that tenants pay a proportionate share.

Sebastian Eggert provided written comment with concern that rate adjustment feels punitive.

Tom and Linda Lemanski provided written comments with concern about the unaffordable rates at JCIA, especially until the Port deals with providing improved facilities (cover from weather, bathrooms).

Jack Becker further provided written comment in favor of a 3% increase over five years for boat haven permanent moorage.

Skip Forster provided written comment concerning that any rate increase be based on an analysis of what is customary at other similar airports in western Washington State.

David Carbaugh provided written comment with concern about the \$0.08 per square foot increase on hangar leases.

Malcolm McKinnon provided written comment that a rate increase on the hangars is unreasonable at this time.

Peggy Thuotte provided written comment with concerns about a 36% rate increase to their hangar owners.

Gary Peterson provided written comment on the hangar rates being unaffordable.

Russell Ackland provided written comment about concerns about the per square foot rate being unreasonable.

Dennis Lenton provided written comment against the \$0.08 per square foot increase and instead recommended \$0.065.

Todd Uecker provided written comment agreeing with Eric Taylor's remarks.

Todd Hansen provided a written comment in favor of \$0.065 PER square foot rate as he is concerned about the dramatic rate increase.

Bertram Levy spoke with concern about moorage rates and asked to hold rates to a 3% increase.

John Oliveira spoke about the neglect in lease management by the Port and with concern about the rate increase.

Jack Gray affirmed that 3% is a reasonable moorage rate increase and in favor of a five-year plan versus unpredictable moorage rates.

Eric Taylor spoke about the JCIA land lease rates and comparable rates of other jurisdictions averaging \$0.059 cents per square foot. He requested fair and reasonable treatment and suggested building more hangar buildings.

Elizabeth Becker agreed with the concern requesting a stable and predictable increase.

Neil Morrison agreed with the consensus of other pilots on keeping the rate at an increase of \$0.065 per square foot.

Gary Lanthrum spoke about \$0.058 per square foot rate increases and urged keeping the rates comparable with other ports.

Anne Ricker spoke in favor of Port efforts at the Herb Beck Marina in Quilcene and gave the Port a painting of Pillar Point called "Morning Bite".

Sebastian Eggert commented that the financial burden at the airport is being carried more by a smaller number of businesses and he believes the Port needs more commercial light industrial development to lighten the load on the smaller users.

Tom Lemanski has visited many airports noting this one isn't being well run. He believes a much better set up and amenities are needed for traveling pilots.

IV. SPECIAL PRESENTATION: Recognition of 5 years' employment for Chris Sparks Operations Manager (Rec. 00:37:28)

Staff and Commissioners spoke about Chris Spark's experience as a manager of the maintenance and yard department. Staff in maintenance are very happy with his leadership and allowing them to do their good work. He was recognized for his many accomplishments, accessibility, good communications, and ability to see all components.

V. CONSENT AGENDA (Rec. 00:42:10)

A. Approval of Meeting Minutes from September 27, 2023 Regular Business Meeting

B. Approval & Ratification of Warrants

Warrant #066551 in the amount of \$534.04 is declared void

Warrant #067483 in the amount of \$25,000 is ratified

Warrant #067484 in the amount of \$105.75 is ratified

Warrant #067485 through #067489 and Electronic Payment in the total amount of \$230,278.48

Warrant #067490 through #067558 in the amount of \$141,577.51

Electronic Debit in the amount of \$19,041.62

- C. Resolution 798-23 Authorizing Sale of Vessels – Life’s Dream (Johnson) and Wendy/Monocracy (McCartney)
- D. Accounts Receivable Write-off/Collection Register
- E. Resolution 799-23 Declaring Certain Items Surplus and Authorizing their Sale and/or Disposal

**The Consent Agenda was approved as written by unanimous consent.**

- VI. SECOND READING ~ none
- VII. FIRST READING ~ none
- VIII. REGULAR BUSINESS (Rec. 00:44:00)

- A. Discussion with Enduris Insurance Policy, Risk, and Coverage (Rec: 00:44:00)

Joe Davis, Director of Risk Management and Member Relations at Enduris Insurance. was present to review coverage decisions, risks, and the costs of general liability, and property insurance coverage. He provided a schedule of property items covered by Enduris and the Port’s claims history. Their insurance pool is comprised of 66 of the 75 Port Districts state-wide.

Commission: Discussion centered on questions about the value of Port property (estimated at \$61 million). Mr. Davis responded that the main concern in the marketplace is deferred maintenance, especially due to wind exposure. Enduris emphasizes having a maintenance schedule and capital funding for projects, and keeping replacement as close to full replacement value as possible.

- B. 2nd Draft of 2024 Budget with Capital Improvement Program (CIP) and Proposed Rates (Rec. 01:23:30)

Executive Director Eron Berg led a Commission discussion of the concerns about the prevailing rate on airport land leases for 2024. Adjusting the rate lower now to the recommended rate of \$.065 cents and increasing a half percent a year would be rolling back to a prior year’s prevailing rate. Some lease rates have already been adjusted. If the Commission does adjust downward, he suggested an adjustment back to the adopted rate in 2022 plus CPI (which would be a rate of \$0.073). This adjustment would mitigate the problem and yet not address the concern in the long term. It is not uncommon that different leases have varying lease rates and Staff applies rates equitably in accordance with the lease. Staff noted that across Port properties, a 9% increase is being applied as the CPI for 2023. A CPI is not applied in the same year as the market rate adjustment.

Commissioners requested an example of the impact on leases at the airport. Another suggestion was to negotiate all new leases. Staff agreed to provide a listing of all airport tenants with current rates, market rate due dates & rates, and their lease renewal date.

Turning to the budget memo, Executive Director Eron Berg noted that updates since the last memo are noted in green. He spoke against attempting to establish multi-year moorage rates. A 20-year capital improvement program is being planned in 2024 and would reflect associated costs for that period and be organized by cost center.

Commissioners discussed CPI increases for the Port’s main sectors as it relates to setting the rates for permanent moorage tenants. References were made to the handout reflecting expenses. Also discussed was the IDD budget and expanding infrastructure to bring more revenue.

- C. Point Hudson Jetty Project Update (Rec. 03:07:00)

Executive Director Eron Berg reported that Orion was able to pull creosote pilings. An outgoing barge filled with removed material was replaced with an empty barge. Another barge will arrive next with bedding stone.

- IX. STAFF COMMENTS (Rec. 03:07:25)

Executive Director Eron Berg reported he has worked with MainStreet and the Creative District on the art park at Point Hudson. Designed as an art space on City property, it will include a ramp and stairs leading to Port property. Also considered is an art wall to buffer the

Armory Building from pedestrian access. He reported a successful Boatyard BBQ event, the first of its kind. He also emailed Commission a Healthier Together report.

Deputy Director Eric Toews reminded of the Drop-In Open House on October 18 for The Short Farm Project planning process at the Tri-Area Community Center.

Director of Finance and Administration Abigail Berg reported that the Short Farm operations would be added to the 3<sup>rd</sup> draft budget as a cost center.

Operations Manager Chris Sparks expressed appreciation on behalf of staff for the Commission's support over the last five years.

Capital Projects Engineer David Nakagawara reported that consultants are working on the Sea-Level Rise project and collecting data. Staff are preparing an application for a Building Resilient Infrastructure and Communities (BRIC) grant associated with that project. Contracts have been signed for Herb Beck marina and staff are preparing a schedule for community meetings.

Lease and Contracts Administrator Sue Nelson reported she and Eric Toews met with The Department of Enterprise Services on a new five-year lease with Fish and Wildlife, which will be presented at a near-future commission meeting.

X. COMMISSIONER COMMENTS (Rec. 03:16:00)

Commissioner Hasse reported Jeff Taylor is running a storm surge monitoring project and would provide info to Dave Nakagawara. A flyer is circulating about a free beach walk for shoreline landowners by the Jefferson County Marine Resources Committee. The NODC meeting focused on childcare and the submittal of the Recompete application. Local 20/20 would like to put dates on the Port website. The Climate Action Committee (CAC) is concerned about idling cruise ships at the wharf. City Senior Planner Judy Surber is working on a three-part grant related to the sea wall. CAC wants to know if the Port is installing or has future plans to install workplace charging stations. State Parks have a new tool that assesses sea level rise at all of their properties. PUD got a grant for a micro-hydro project on the Quilcene River.

Commissioner Hanke left the meeting at 4:20 p.m.

Commissioner Petranek commented that Boatyard BBQ was captured by Chris Bricker on KPTZ's *Our Working Waterfront*. The EDC new business class begins October 16.

XI. NEXT PUBLIC WORKSHOP & REGULAR BUSINESS MEETING (Rec. 03:21:38)

Short Farm Community Drop-In Open House Wednesday, October 18 at 5:30 p.m. (Special Commission Business Meeting). Special Business Meeting Tuesday, October 24, 2023 at 5:30 p.m. Cancelled Meeting Wednesday, October 25.

XII. EXECUTIVE SESSION. There was none.

XIII. ADJOURNMENT (Rec. 03:22:35)

The meeting adjourned at 4:25 p.m., there being no further business before the Commission.

ATTEST:

  
Peter W. Hanke, Secretary

  
Pamela A. Petranek, President

  
Carol L. Hasse, Vice President