

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

Present: Commissioners Hasse, Hanke (via Zoom joined at 5.37 p.m.), and Petranek  
Executive Director Berg  
Director of Finance and Administration Berg  
Director of Capital Projects & Port Engineer Klontz  
Port Recorder Sanders  
Via Zoom: Attorney Seth Woolson

- I. CALL TO ORDER & PLEDGE OF ALLEGIANCE (Rec. 00:01:00)  
Commissioner Petranek called the meeting to order at 5:30 p.m.
- II. APPROVAL OF AGENDA (Rec. 00:01:43)  
**Agenda was approved as amended by unanimous consent.**
- III. PUBLIC COMMENTS (Rec. 00:02:00)  
Eric Taylor commented on the contractor's good work so far on the taxiway project.  
Steve Emley commented on the airport lease rates and with concerns about the increased cost for pilots maintaining aircraft.  
Kit Kittredge of Quilcene made comments in favor of predictable and affordable rates.  
Commissioner Hanke joined the meeting via Zoom at 5:37 p.m.
- IV. CONSENT AGENDA (Rec. 00:10:29)
  - A. Approval of Workshop and Regular Business Meeting Minutes from October 11, 2023
  - B. Approval & Ratification of Warrants  
Warrant #067559 through #067561 and electronic payment in the amount of \$120,522.63  
Warrant #067562 in the amount of \$1,225.33  
Warrant #067563 in the amount of #067612 in the amount of \$241,755.14  
Electronic Debit in the amount of \$37,457.72  
Electronic Debit in the amount of \$4,701.96  
Electronic Debit in the amount of \$4,385.71  
Electronic Debit in the amount in the amount of \$13,454.19
  - C. Appointment of Connie Anderson as Port Auditor effective January 1, 2024

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

- V. PUBLIC HEARING (Rec. 00:11:27)  
Commissioner Petranek opened and reviewed the procedures for the public hearing.
  - A. 2024 Rates (rate cards)
  - B. Resolution 802-23 establishing the 2024 Operating and Capital Budgets
  - C. Resolution 800-23 fixing the amount of general property tax to be levied for collection in the year 2024
  - D. Resolution 801-23 fixing the amount of IDD tax to be levied for collection in the year 2024

Director of Finance and Administration Abigail Berg presented an overview of the third draft of the 2024 budget reviewing the budget assumptions noting changes made from the second to third draft. There were questions and discussion about memorandum pg. 25, item 2 under the Capital Project budget where rather than list specific small capital projects that may total \$100,000, the projects would fall under the Executive Director's delegated purchasing authority. Under Port rates (pg. 26), Staff requested input on either enforcing its rule of placing a 25% premium on Boat Haven moorage rates for businesses or changing the rules to reflect current practice; the same applies to Point Hudson. There was no Commission objection to Eron Berg promulgating an amendment to Commission rules to conform to current practice. The next iteration of the budget would reflect a 5% increase for Northwest Administrative healthcare coverage. Staff then reviewed the organizational staffing changes

(skiff operator for the pump out boat and a financial analyst) for which an organizational chart amendment would be made.

Executive Director Eron Berg reviewed the detailed memorandum on analysis of the prevailing ground lease rate at JCIA and how the rates are applied.

Public Testimony (Rec. 01:00:00)

Eric Taylor spoke in favor of lowering the prevailing ground lease rate at JCIA to \$0.065 cents a square foot as well as a desire for standard lease rate.

Public testimony was closed (Rec: 01:07:00).

Commission Deliberation (Rec: 01:07:15): There was interest in improved marketability through selling more hangar sites and developing an eco-industrial park. Regarding rates, ideas were to do a ten-year average versus the roller coaster CPI rates or split the difference between the pilots' recommended \$0.065 cents a square foot and the Director's proposed increase of \$.073 to \$0.07 cents. Aside from the budget process, the Port might rewrite leases and set rate terms in January to be more equitable. There was Commission recognition of the negative net operating income at the airport. Staff agreed to return at the next meeting with a prevailing ground lease rate of \$0.07 cents per square foot. In addition, there was interest in reviewing lease rate terms for consistency and yet some disagreement with a 3% fixed increase versus applying CPI.

Commissioners reopened public testimony (Rec: 01:50:00)

Eric Taylor spoke about concerns with the airport tenants paying all expenses of the airport and asked the Commission to freeze rates if there is no agreement to lower them.

Commissioners Deliberation (Rec 01:29:00)

Discussion centered on diverging opinions about asking airport lease tenants to pay an increase of roughly 9% compared with holding permanent moorage rates to a 3% increase. A suggestion was to consider a lower increase or freezing the CPI for 20 to 30 foot slips for these typically are entry level or newer boat owners. There was some comfort with an increase of 4.6% and concerns about revenues not keeping pace with increased spending. Another concern was the Port adding a permanent position with temporary IDD project funding. Overall, even though we're spending more due to inflation, there was also recognition that we are doing a lot now with the various capital projects and seeking funding for these projects, much of which becomes an operating expense until the project is developed to a point of being eligible for grant funding.

Staff noted that net operating income is still healthy and available for reinvestment, even when there is no control over insurance costs and facilities and operational expenses. There was some discussion about the decision to add \$0.01 cent a square foot per year to airport lease rates over the last few years. No other budget changes were requested to be made, and the budget hearing continues to November 8.

VI. SECOND READING ~ none (Rec. 01:43:55)

VII. FIRST READING ~ none (Rec. 01:43:55)

VIII. REGULAR BUSINESS (Rec. 01:53:07)

A. Point Hudson Jetty Project Update

Director of Capital Projects & Port Engineer Klontz showed photos of the breakwater demolition which is about 90% complete. Some piling stubs have been difficult to remove. In two weeks, the beginning of piling construction would begin on the marina side adjacent to the Northwest Maritime Center.

B. Jefferson County International Airport (JCIA) A3 Taxiway Connector Project Update

Director of Capital Projects & Port Engineer Klontz showed photos and reported the laying of the foundation material for the taxiway. Temporary piping will improve drainage and he showed excavating to set the grade. So that the pilot community can have access to the runway in the daytime, the project will soon switch to night work.

IX. STAFF COMMENTS (Rec. 02:02:05)

Executive Director Berg. WPPA attendance at Small Ports Conference will be cancelled due to snow over the pass. Registration for the annual conference in Vancouver, WA is now open. Director of Capital Projects & Port Engineer Klontz commented on the great facilities work on the new moorage office with move in scheduled for mid-November.

Administrative Assistant Joanna Sanders noted the calendar of upcoming meetings is included in each Commissioner's packet and reflects events where a quorum of the Commission is expected.

X. COMMISSIONER COMMENTS (Rec. 02:04:05)

Commissioner Hanke commented on the exciting capital projects in the jetty and taxiway improvements.

Commissioner Hasse commented on her appreciation of staff's investment in time to help her understand the budget. The new moorage office is also a great improvement.

Commissioner Petranek noted the November 16 Intergovernmental Collaborative Group meeting with the Port taking the lead on the agenda. The Recompete grant package did not contain an ICG letter of support for the projects.

XI. Next Public Workshop & Regular Business Meeting (Rec. 02:10:00):

Workshop: Wednesday, November 8, 2023 at 9:30 a.m. Regular Business Meeting: Wednesday, November 8, 2023 at 1:00 p.m. at the Pavilion Building & via Zoom.


XII. EXECUTIVE SESSION (Rec. 02:10:40)

At 7:43 p.m., the Commission went into Executive Session for ten minutes pursuant to RCW42.30.110(i) on discussion with legal counsel about current and potential litigation.


At 7:55 p.m., the Commission returned to open session. No action was taken.

XIII. ADJOURNMENT (Rec. 02:10:45): meeting adjourned at 7:57 p.m., there being no further business before the Commission.

ATTEST:

  
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Peter W. Hanke, Secretary

  
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Pamela A. Petranek, President

  
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Carol L. Hasse, Vice President