

PORT COMMISSION REGULAR BUSINESS MEETING – Wednesday, October 12, 2022

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

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

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

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

II. APPROVAL OF AGENDA (Rec. 00:01:14)

Commissioner Petranek moved to discuss questions about Item C. (NW Hangars/Jefferson County Airport Condo) under approval of the Consent Agenda. **Agenda was approved as amended by unanimous consent.**

III. PUBLIC COMMENTS (Rec. 00:03:00)

Jeff Kelety spoke from the written comments provided in the packet in support of adhering to permanent moorage rates of 3% CPI increase.

Scott Walker spoke about his concerns with haulout charges for two one-way lifts to trailer. He and the Transportation Lab are happy to assist with the parking issues that have resulted from an increase in employees of local businesses at the marina.

Sarah Hanke of Puget Sound Express requested a parking plan review and spoke about the need for Back 40 parking.

Bertram Levy spoke about the permanent moorage rates and asked to codify a predictable 3% annual rate increase even if a surcharge is needed if the economy does not turn around.

IV. CONSENT AGENDA (Rec. 00:02:34)

A. Approval of Regular Business Meeting Minutes from September 12 and 28, 2022

B. Approval & Ratification of Warrants

Warrant #065801 in the amount of \$35,000.00

Warrant #065802 through #065808 and Electronic Payment in the total amount of \$225,373.81

Warrant #065809 through #065865 in the amount of \$231,720.43

Electronic Payment in the amount of \$17,403.66

Electronic Payment in the amount of \$3,126.77

Electronic Payment in the amount of \$27,402.59

C. NW Hangars/Jefferson County Airport Condo Owners' Association Lease Amendment & Assignment

D. JCIA Hangar Site #2, Land Lease Option & Lease Agreement – Northwest Custom Hangars, LLC

E. JCIA Hangar Sites #1 & #3 Land Lease Options & Lease Agreements – LBG Development, LLC

F. Resolution 776-22 Authorizing Warrant Cancellation

G. Resolution 775-22 Authorizing the Port of Port Townsend to File Applications with the Washington State Recreation and Conservation Office, Seeking Boating Facilities Program (BFP) Grant Funding as Provided in Chapter 79A.25 RCW and Title 286 WAC to Support Replacement of the Herb Beck Marina Boat Launch Ramp

Commissioner Hanke moved to approve the Consent Agenda as written. During discussion of the motion, there were questions and explanation by Staff about long-term leases at the airport, which are associated with tenant improvements (related to Item C. NW

Hangars/Jefferson County Airport Condo Owners' Association Lease Amendment & Assignment). **Motion was approved by unanimous consent.**

V. SECOND READING ~ none (Rec. 00:27:50)

VI. FIRST READING ~ none (Rec. 00:27:50)

VII. REGULAR BUSINESS (Rec. 00:28:00)

A. 2nd Draft of 2023 Budget, Capital Improvement Program (CIP) and Proposed Rates (Rec.

Executive Director Berg referred to the budget memorandum noting the minor changes made since the last meeting that are highlighted in green. Under Port rates, the nightly moorage rate was increased, a new Yard rate added under "Other Fees" for emergency hoists), and the overnight tie down rate is now \$10. Staff requested additional input.

Commissioners: Discussion ensued about insurance coverage on derelict vessels and emergency haulout of salvaged vessels. There were concerns about Port assumption of the risk and liability versus the vessel owner's responsibility and options for requiring the posting of a bond, to reduce derelict vessels from being stored in the boatyard. Salvage and after-hours haulout might be two different cost categories. A future discussion with the Department of Natural Resources may be warranted regarding derelict and abandoned vessels.

Referring to the proposed port-wide rate increase of 5%, Executive Director Berg indicated that because the rates have not been a steady 3% for the last ten years, it would be difficult to raise permanent moorage rates by only 3% given the current rate of inflation. Noteworthy was the 20% increase in revenues since 2020 that correlate to salary and wage increases to accomplish the volume of work. Staff also addressed questions about per hour rate for equipment to hoist boats to trailers versus to blocks.

Commissioners spoke about the pros and cons of rate increases. There was some support for holding the permanent moorage rate at 3% and honoring the Port's word to the moorage tenant community. With expenses increasing, there was concern that the Port would be deferring a larger rate increase to future years. Suggestions were to increase RV rates (although they may currently be at market rate) and consider instituting a program for low-income discount for permanent moorage rates. There was a request for staff to follow up with commercial crabbers about concerns on the cost of ramp fees and box truck parking fee. Staff had concerns about the administration of a low application program for the poor and infirmed for moorage similar to what cities do with utilities. Other suggested changes were to add to rates emergency versus salvage rates and increase the font size for wash down rates and to add a convenience fee for credit card use. Adding more storage areas for wherries and boats on trailers. The public hearing on the 2023 budget is scheduled for October 26.

Regarding the five-year capital improvement program (CIP), there was a request and brief discussion for removing the \$3 million cantilevered esplanade in the interior of Point Hudson on Jackson Street and instead using the funding as a placeholder for other foot traffic access for the public. The concern about the project was the cost and ongoing maintenance expense.

B. Point Hudson Planning (Rec. 01:21:52)

Executive Director Berg led a discussion of issues and possible resolutions from his memorandum regarding developing a plan for Point Hudson related to a pay-to-use parking plan, uses for the duplex, and possible expanded or new leases with Sea Marine, and Washington State Department of Fish and Wildlife (WDFW). Although a full redevelopment plan is not being proposed, policy-related decisions are needed to keep and maintain uses as well as existing tenants and customers.

Deputy Director Toews noted that changes to transient accommodation and workforce housing in the duplex building would require City plan and code amendments.

Commissioner Hanke disclosed that he is interested in leasing space in the Back 40 for Puget Sound Express and would recuse himself from any decisions on that matter.

Commissioners Hasse and Petranek recognized the need for Puget Sound Express (PSE) parking and questioned whether PSE might incentivize customers to use the Park and Ride in exchange for a reduced fare. In support of marine trades, there was some agreement for leasing space to PSE as well as concern about tying us to a lease for exclusive parking. There was a desire for more flexibility in use, more water-dependent uses, and looking at broader solutions for the community. Discussion ensued regarding differences in charging for parking at Point Hudson and Boat Haven and whether a comprehensive parking strategy and policies are needed for charging tenants for parking. There was also interest in working with other jurisdictions, namely the City, on their parking plans because of the close proximity and keeping options open.

Referring to the categories of parking that might be part of developing a comprehensive parking management plan, Staff noted there is likely room for the lease tenants wanting space and these spaces need to be coordinated and planned to avoid conflict. Currently only the event parking is generating revenue. A SEA Marine expansion is dependent on expanding the WDFW Lease. In the City Comprehensive Planning, developed in the late 1990s, the City chose to exempt all areas within the national landmark district from off-street parking and loading requirements.

There was further discussion and interest in being able to move forward with lease obligations while also developing a parking plan for Point Hudson knowing that some of those principles might apply to circumstances at the Boat Haven.

Commissioner Hanke moved to authorize staff to prepare a comprehensive Parking Management Plan for Point Hudson that seeks to balance the needs of businesses and visitors. During discussion of the motion, staff noted they would plan to present a rough parking layout for further discussion and refinement. **Motion carried with Commissioner Petranek abstaining. (Rec 02:07:20)**

Discussion shifted to the Duplex Building Future Uses for transient accommodations and/or workforce housing. There was support for moving forward and creating revenue opportunities. (02:15:20)

Commissioner Petranek moved that the Commission desires that the Duplex Building be used for transient accommodation and/or marine trades workforce housing. Motion was approved by unanimous consent.

The Commission next considered the WDFW lease. Staff plans to return to the Commission a draft agreement expanding their leased space as well as a scope of work for improvements. Parking would also be part of that lease amendment. Staff responded to questions about space improvements and limitations on the amount of space a tenant could occupy only applies to square footage for restroom use. There was interest in the lease obligations as well as pre-covid building use for the marina room. (02:18:00)

Commissioner Hanke moved to proceed with item #4 (directing staff to work with WDFW to potentially expand their leased premises to include all or a portion of the north wing of the Main Building, including the Marina Room). Motion was approved by unanimous consent.

Staff gave a briefing to the Commission on its work with SEA Marine on a new long-term lease with expanded boat yard premises. There was discussion of the conceptual layout of the Back 40 and a draft letter of intent on page 241-243 of the packet. The size of the area referenced in the lease is still subject to flexibility as the 20 feet in question is dependent on work with WDFW. (02:33:05)

Commission discussion included an expressed concern by Commissioner Hanke about agreements in process with SEA Marine and WDFW for parking of boats and cars while Puget Sound Express has a long-standing request to enter into a lease for parking in the Back 40. It was recognized that a comprehensive plan for parking at Point Hudson is forthcoming and there has been some priority for the boatyard space over cars. Staff

reiterated that the Port would continue to work on adjustments to the final lease. Two thirds of the back forty plan is what is being authorized with these actions.

Public Comment (02:41:07):

Pat Shannon of SEA Marine spoke about their space needs for boat storage.

Sarah Hanke of Puget Sound Express spoke about their desire to work together in discussions of lease space in the Back 40.

Staff noted that the Port is looking to utilize parking that is currently in existence as parking. The desire was to achieve a common understanding and consensus from the Commission on how best to move forward with the leases.

Commissioner Petranek moved to authorize staff to finalize a Letter of Intent (LOI) with SEA Marine that would guide negotiations for a new long-term lease and expanded boat yard premises. During discussion, it was noted that this action would allow other negotiations to follow, including working toward leasing space for Puget Sound Express. There was a desire for recognition that expanding the boat yard would have ecologic impacts in the Back 40 due to the changes required by SEA Marine. **Motion was approved by unanimous consent.**

C. Point Hudson Jetty Project Update (02:59:25)

Director of Capital Projects & Port Engineer Klontz reported that the steel pile will be delivered this Sunday to Puyallup ahead of schedule. Work continues on rock removal for the foundation to be followed by the template for installing the piling. U.S. Senator Maria Cantwell toured the project last week and participated in a roundtable discussion.

VIII. STAFF COMMENTS (Rec. 03:03:46)

Executive Director Berg reported on his spatial lesson at Blue Heron Middle School with a build-your-own-boatyard model.

Port Recorder Sanders reported continued work on rolling out the new Port logo.

Deputy Director Toews reported on his work on the Quilcene grant application.

Director of Capital Projects & Port Engineer Klontz reported that the Port Townsend School District would be recognizing the Port and other Boat Haven businesses on October 20 for their participation in the tour of the Port Townsend Senior Class on possible career opportunities in the marine trades.

IX. COMMISSIONER COMMENTS (Rec. 00:36:53)

Commissioner Hasse spoke about the honor having participated in the roundtable with Senator Maria Cantwell.

Commissioner Hanke commended staff member Eric Toews for the work being done at the Quilcene marina to improve that important asset.

Commissioner Petranek announced she was a guest on the Working Waterfront program on Friday with Chris Bricker. She has attended meetings on strategic planning for the EDC and feels good about Cindy Brook's leadership.

X. Next Public Workshop & Regular Business Meeting (Rec. 00:40:03):

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

XI. EXECUTIVE SESSION ~ none

XII. ADJOURNMENT (Rec. 03:18:00): meeting adjourned at 4:17 p.m., there being no further business before the Commission.

ATTEST:



Peter W. Hanke, Secretary



Pamela A. Petranek, President



Carol L. Hasse, Vice President