

PORT COMMISSION MEETING– March 26, 2014

The Port of Port Townsend Commission met in regular session at the Commission Building, 333 Benedict Street, Port Townsend, WA

Present: Commissioners – Tucker, Clinefelter and Hanke
Executive Director – Crockett
Deputy Director - Pivarnik
Auditor – Khile
Attorney - Lake
Minutes – Nelson

I. CALL TO ORDER/PLEDGE OF ALLEGIANCE:

Commissioner Tucker called the meeting to order at 6:30 PM.

II. APPROVAL OF AGENDA:

The agenda was amended by adding to VII. Potential Immediate Action Items, Item A – Boating Infrastructure Grant. An Executive Session was added to discuss Litigation, pursuant to RCW 42.30.110(i), duration fifteen minutes with no action.

Commissioner Clinefelter moved to approve the Agenda as amended.

Commissioner Hanke seconded the motion.

Motion carried by unanimous vote.

III. CONSENT AGENDA (1:56):

A. Approval of Public Workshop Minutes – March 12, 2014

Approval of Meeting Minutes – March 12, 2014

B. Resolution No. 607-14 – Authorizing Sale of Abandoned Vessel

C. Approval of Warrants

Warrant #052662 through #052677 in the amount of \$57,650.87 for Payroll and Benefits

Warrant #052678 through #052702 in the amount of \$49,059.03 for Accounts Payable

Electronic Debit to Union Bank in the amount of \$3878.80 for Washington State

Combined Excise Tax for February 2014

Commissioner Hanke moved to approve the Consent Agenda as presented.

Commissioner Clinefelter seconded the motion.

Motion carried by unanimous vote.

IV. PUBLIC COMMENTS (Not related to agenda):

None

V. SECOND READING (Action Items):

A. Breakwater Engineer Contract (2:21):

Mr. Crockett announced there is no contract to present at this time.

Mr. Pivarnik explained they have been working with Coast and Harbor (C&H) on a scope of work and are trying to figure how to move forward with the project. C&H came back with a quote of \$102K for their first phase of work. Staff has asked C&H to refine the scope of work to bring down the cost, with a possible five different options (partial rebuild, replacement, phased project, etc.).

Mr. Crockett added that financial advisor Alan Daschen would be present at the April 9 workshop to provide a financial update. This should give a good idea of the Port's financial capabilities for the future. He also added if an agreement could not be made with C&H, the Port can move to the #2 selected engineering firm. In order to being applying for permits, the engineering needs to be 75% complete.

VI. FIRST READING (Discussion Only):

A. Poplar Tree Removal (8:24):

Mr. Crockett informed the Commission that staff is hiring Asplundh Tree Removal Service to remove two poplar trees off Sims Way, whose roots have been growing under Port Townsend Brewing Co. and are cracking the concrete floor. He explained that in 2013 a professional tree risk assessor was hired, who determined the trees should come down, but as a temporary measure, port staff could trench the roots. Trenching did not work, so the trees are coming down. The City issued the Port a no-cost permit. The Port will replant a non-invasive species of tree at a 2:1 ratio, as required by the City. This work will take place in mid to late April. Mr. Crockett added that in the near future, poplars growing under Sunrise Coffee's building would also need to come down. The estimated cost for removal of one tree is \$5K and possibly \$7K for removal of two.

B. Environmental Rate Discussion (13:50):

Discussions continued on environmental fees charged to moorage and yard customers, including possibly cutting the environmental fee in half to moorage customers, which would result in a revenue loss of \$23K.

Commissioner Clinefelter discussed the complexity of the environmental cost centers. He expressed his reluctance in charging the environmental fee, when it is not clear to him exactly where this fee is applied. He added environmental projects would eventually become a capital improvement, adding more questions to the surcharge.

Commissioner Tucker noted that the Commission already agreed they do not want to charge separate environmental fees. He reminded of the discussion of charging market rates using information collected in a Puget Sound-wide marina survey, currently taking place by Port staff. Mr. Crockett added the marina survey results should be ready by the next meeting, but a yard rate survey would not be complete by then.

Commissioner Hanke reconfirmed environmental costs for 2013 were \$261K.

Mr. Crockett stated he believes environmental costs will always be subsidized; the question is, at what level do we have tenants contribute to those costs?

Commissioner Hanke said he wants yard customers to know they may see an increase in environmental fees and does not want them to be blindsided.

Commissioner Clinefelter expressed his concern with the marina survey, where family incomes differ in marina locals so how can we go by rates alone.

Commissioner Tucker stated we would keep with the current square footage rate schedule for moorage but market rate fees need assessing.

Comments were heard from moorage tenant Bertram Levy.

Commissioner Clinefelter reiterated the need to show a tangible reason for charging an environmental fee.

Commissioner Tucker reminded that after a review of the marina and yard surveys, the commission and staff will work on sticking with the current square footage rate structure and come to a market rate, fees inclusive.

C. February 2014 Financials (46:07):

Ms. Khile reported the gross operating revenue for February was \$736K and the gross operating expenses were \$548K. She explained the only area showing a decrease in revenue is Quilcene. She presented a monthly report produced by new software, which may make it easier to read. Ms. Khile pointed out where she combined the two yards, but separated the 75 ton and 300 ton lifts. She also merged Commission, Executive and Accounting cost centers into one, titled "Administration". Further discussion ensued on the financials.

Commissioner Clinefelter discussed an email he sent to Mr. Crockett and Ms. Khile asking to establish a variance report that would identify variances, possible on a quarterly basis, suggested by Mr. Crockett.

D. Airport Open House (57:56):

Commissioner Clinefelter informed he met with pilot Eric Taylor regarding an airport open house.

Mr. Taylor passed out his proposal on paper. He reported the last fly in at JCIA was July of 2011 and since there is no pilot group who can sponsor a fly in, he proposes an open house, one with a "static display" of planes. Insurance costs are too high for a fly in. He asks that the Port provide two outhouses and to have a Port presence, such as a Port booth.

Discussion ensued on whether most pilots and airport businesses were on board, where Mr. Thuotte (Aero Museum) stands on this, public access to on field aircraft, what can and can't take place, insurance, etc.

Attorney Lake suggested Mr. Taylor fill out the Port's Non Profit application, which would provide a good paper trail if the Port contributes to funding the event.

Mr. Crockett stated we are waiting to hear back from the Port's insurance company on the possibility of providing insurance and staff will review the Non Profit application once received.

VII. POTENTIAL IMMEDIATE ACTION ITEMS (with unanimous Commission approval) (54:32):

A. Boating Infrastructure Grant (1:20:30):

After hearing Coast & Harbor's quote of \$102K for Phase 1, Mr. Crockett explained he would like to get a green light from the Commission to move forward and apply for the RCO's Boating Infrastructure Grant. He sits on this committee. The money is Federal money. Once the committee has graded all the applicants, those are sent on to the Feds. Mr. Crockett explained the grant is to benefit transient boating, vessels with power and more than 26' in length. Funded projects include breakwaters. The grant requires a 25% match

and the cap on each grant is \$1,455,000. The application is due May 1, 2014. He feels the Port would have a good chance at receiving some money.

Commissioner Hanke moved to authorize the Executive Director to proceed with the Boating Infrastructure grant application for the Point Hudson breakwater.

Commissioner Tucker seconded the motion.

Motion carried by unanimous vote.

VIII. STAFF COMMENTS (1:27:54):

Mr. Crockett informed he would attend the Northwest Marine Trades Association's Marina Committee meeting tomorrow in Tacoma, where the derelict vessel bill and no discharge zone are both on the agenda.

IX. PUBLIC COMMENTS:

None

X. COMMISSIONER COMMENTS (1:28:28):

Commissioner Clinefelter talked about the demolition project starting today on DNR's derelict vessel, the Chickamauga, and asked if there were any more lined up in the near future. He asked if this affected yard operations and if we had available space for this project.

Commissioner Hanke questioned why DNR uses the same yard rate schedule for derelict vessels as others when those boats pose environmental hazards, need extra clean up, etc. He asked since the Chickamauga was taking up two boat spaces, was DNR paying for two spaces? Commissioner Hanke would like to visit a DNR rate structure at a future meeting.

XI. NEXT PUBLIC WORKSHOP/MEETING: Next Public Workshop will be held Wednesday, April 9, 2014 at 9:30 AM and the Regular Meeting at 1:00 PM in the Port Commission Building, 333 Benedict St, Port Townsend.

XII. EXECUTIVE SESSION:

The regular session recessed into Executive Session, at 7:06 PM to discuss Litigation, duration of fifteen minutes with no action, pursuant to RCW 42.30.110(i).

XIII. RECONVENING/ADJOURNMENT OF REGULAR MEETING:

The meeting reconvened at 7:13 PM.

There being no further action to come before the Commission, the meeting adjourned at 7:13 PM.

ATTEST:

Peter W. Hanke, Secretary

Stephen R. Tucker, President

Brad A. Clinefelter, Vice President