

## PORT COMMISSION SPECIAL MEETING– September 27, 2016

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 – Gibboney  
Auditor – Berg  
Director of Planning, Properties & Environmental – Toews  
Attorney – O’Malley  
Minutes – Nelson

### I. CALL TO ORDER/PLEDGE OF ALLEGIANCE:

Commissioner Hanke called the meeting to order at 5:30 p.m.

### II. APPROVAL OF AGENDA:

Mr. Toews proposed moving Item VII. Potential Action, A. US Coast Guard Lease to VI. First Reading, B. The Executive Session listed would have a ten-minute duration with no action.

**Commissioner Tucker moved to approve the Agenda as amended.**

**Commissioner Clinefelter seconded the motion.**

**Motion carried by unanimous vote.**

### III. CONSENT AGENDA (1:33):

A. Approval of Public Workshop Minutes – September 14, 2016

Approval of Meeting Minutes – September 14, 2016

B. Approval of Warrants

Warrant #056671 through #056680 in the amount of \$13,968.38 for Payroll & Benefits

Electronic Payment in the amount of \$64,267.73 for Payroll & Benefits

Warrant #056681 through #056722 in the amount of \$50,828.05 for Accounts Payable

Electronic Debit in the amount of \$12,251.42 for WA State Dep. Of Revenue Combined

Excise Tax Return for August 2016

**Commissioner Tucker 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) (1:14):

Gabriel Sky asked for Commission support of North Dakota’s Standing Rock Sioux Tribe’s peaceful opposition of a crude oil pipeline, by adopting a resolution in support of the tribe. He also presented a petition for signatures.

Connie Gallant discussed a petition (copy provided to the commission) generated by her and signed by folks opposing a sale of the Port’s Quilcene properties. (Based on Ms. Gallant’s conclusion from the August 24, 2016 commission meeting held in Quilcene, that the Port was selling its Quilcene properties.)

Deborah Henry commented on the Quilcene Marina.

Jessica Ray discussed business potential at the Quilcene Marina and creating economic prosperity.

Commissioner Hanke reported that resulting from public comments on the rumored sale of the Port’s Quilcene properties at this morning’s workshop, he stated the Port has no immediate plans to do anything with the properties at Quilcene. He explained the commission is concerned with all Port properties and it is their responsibility to make those properties profitable. He discussed the recent session he held as District 3 Commissioner at the Gearhead Deli, and the August 24, 2016 Commission Workshop and Meeting held at the Timberhouse Restaurant in Quilcene.

Ann Ricker discussed the Coast Seafoods lease, and the noise and excessive lighting resulting from Coast’s operations; the “Quilcene harbormaster”; and, a questionnaire she developed regarding use of the marina and its surrounding area, which has 302 signatures. (She did not provide the questionnaire.)

### V. SECOND READING (Action Items):

### VI. FIRST READING (Discussion Only):

A. Shanghai Lease (17:43):

Mr. Toews explained the Shanghai Restaurant, who has been a Port tenant for around thirty years, has an expired lease and has been renting on a month-to-month basis for

some time. The owner's son, Jason Loung, has taken over the business and is requesting security with a long-term lease so that he can move forward with improvements to the restaurant. The proposed lease is for a five-year period, with one five-year option at the rate of \$0.71/sq. ft. Mr. Loung is requesting that the Port install additional heating; provide seagull mitigation (as installed on the roofs at Doc's Restaurant and the former Port Administration Building); and, some minor electrical improvements. Mr. Loung plans to repaint walls, install floor coverings and remodel the entryway and back room. Mr. Toews explained this is a first reading.

B. US Coast Guard Lease (23:17):

Mr. Toews informed the Coast Guard has had a lease with the Port for thirty + years, through GSA (Government Services Administration). He stated the lease expires September 30, 2016. Last week he received a draft lease for the Coast Guard from GSA and after review and discussions with the commissioners separately, this was moved to First Reading. He added the lease will be presented as a Second Reading at the October 26, 2016 commission meeting. He explained the Coast Guard leases an 11,500 square foot area of the spit plus a building under 4000 square feet. They have been leasing at the standard ground rate at Boat Haven of \$0.25/sq. ft. and \$0.50/sq. ft. for the building. Mr. Toews added they also lease 200' of linear moorage at the end of the spit. He explained the lease would roll into a month-to-month tenancy until a new lease has been approved. Commissioner Tucker asked about their rate. Mr. Toews answered GSA is paying a lower than market rate and this is an example to restate the need for a leasing policy to be a Port priority, which he explained, staff plans on having one developed during the first quarter of 2017.

VII. POTENTIAL IMMEDIATE ACTION ITEMS):

A. Revised Budget Schedule (28:48):

Ms. Berg explained that Commissioner Hanke will be out of town for the November 9, 2016 commission meeting so the date of the adoption of the 2017 budget has been moved to November 22, 2017.

**Commissioner Tucker moved to act on this with immediate action.**

**Commissioner Clinefelter seconded the motion.**

**Motion carried by unanimous vote.**

**Commissioner Tucker moved to adopt the revised budget schedule as presented.**

**Commissioner Clinefelter seconded the motion.**

**Motion carried by unanimous vote.**

VIII. OTHER BUSINESS:

A. Draft 2017 Budget (30:24):

Ms. Berg explained she met with each department head where they shared ideas on efficiencies, cost cutting, and additional revenue ideas. She reported rate increases were not figured into the budget, with the exception of a 2% CPI, which is reflected in most of the revenues. She added that land and building leases reflect a 1% increase, and described the reasoning for that.

Ms. Berg then discussed additional water and electric utility fees that could be captured on leases; employee salaries, wages, taxes, benefits, a 2% CPI increase and the (second) one-third salary increase – a result of the 2015 Ross salary survey.

She also discussed insurance costs.

Commissioner Hanke asked about legal expenses.

Ms. Berg discussed fees due to the County next year for the two commission positions that will be up for election next year.

She also discussed travel and training expenses, contract services and marketing budget.

Ms. Berg turned the floor over to Ms. Gibboney who reported on the Capital Budget. Ms. Gibboney thanked staff for their hard work on the budget, particularly Ms. Berg.

New for 2017:

Point Hudson temporary parking at the former Landfall site, estimated for twenty-five slots. Looking at \$10K in revenue for the first year. (Temporary parking spot until a decision is made on what to do with this site.)

Boat Haven parking: The "frontage area" including parts of Washington Street and in front of administration building. The plan is to sell annual passes to moorage tenants, charge hourly rates in some spaces and allow a certain number of free parking for visitors. Ms. Gibboney reported she would hope to see both parking plans in place July 1 of 2017.

Ms. Gibboney discussed installing water meters, but staff is in the preliminary stages of this planning.

New also are ramp and wharfage fees for commercial customers, again, in preliminary planning stages. Staff is looking at a coin operated wash down, either by the gallon or by time.

Ms. Gibboney requests feedback from the commission on expenses, such as salaries and wages. She sees the need to hire an FTE for communications and marketing, thinking of possibly an intern.

Ms. Gibboney discussed Boat Haven stormwater improvements, being the number one priority; Point Hudson south jetty a project for 2017/18; and in 2018 the runway rehab at the airport. Staff is also looking to remedy the creosote odors at the Fish & Wildlife/Customs building at Point Hudson. She reported one tenant, whose lease expires in 2018, is considering whether to renew if nothing has been done to remedy.

Commissioner asked if Jefferson County remains on the same prevailing wage pay scale as Seattle. This brought up discussion on prevailing wage.

Ms. Berg discussed cash flow, operating revenues for 2017 and ideas to decrease operating expenses. She reported she is working on a five-year projection of the budget.

Ms. Gibboney and the commission discussed the 3% marine trade heavy haulout surcharge, hearing comment from Dave Griswold of the PT Shipwrights Co-op.

Ms. Gibboney asked the commission for feedback.

Commissioner Clinefelter asked why Boat Haven moorage customers are not charged a reservation fee. He also brought up the Port's waitlist and a suggestion made by a customer. Both Commissioners Clinefelter and Tucker agreed that a new waitlist policy needs to be developed.

Commissioner Hanke commented that the date of 2020 for the C/D dock was a bit too aggressive – too soon and unknown how it would be funded. He suggested pushing that out to a later date.

Commissioner Clinefelter brought up electrical charges to boatyard & shipyard customers.

Commissioner Tucker commented on the C/D docks and wondered if reconfiguring could add more slips, due to freed up space when the Travelift pier was relocated

Mr. Toews reminded the budget includes rehab, not replacement of C/D docks.

Commissioner Clinefelter commented on the deteriorating pilings at the Port Hadlock boat ramp and suggested with the NW School of Wooden Boat Building relying on that dock, possibly consider some type of partnership in the repair.

Commissioner Tucker commented on the decreased cash flow. Ms. Berg stated she will have better numbers once she completes the August actuals.

Ms. Gibboney requested direction from the commission on commercial ramp and wharfage fees, and for direction on whether to increase rates over the CPI.

Commissioners Tucker and Clinefelter agreed the need to implement those commercial fees soon.

Commissioner Tucker added he would like to see a rate fee structure developed to bring predictability.

Commissioner Clinefelter discussed City Pier and Union Wharf and the high costs to maintain them.

Ms. Gibboney reported she can meet individually with the commissioners on budget input.

#### IX. STAFF COMMENTS (1:35:40):

Ms. Gibboney discussed a recent labor/management meeting; an NODC workshop on CEDS; a Jefferson Land Trust fund raiser for Chimacum Corners that she attended in her private time; and a Port Townsend Moorage Tenants Union meeting where she discussed with tenants looking to expand their businesses. She stated that staff needs to look at a fair and equitable process in reviewing proposals. Ms. Gibboney reported some staff would be attending the NMTA Marina & Boatyard conference in October. She reported an offer was accepted for the role of the newly formed Director of Operations and Business Development position. Final details are still being worked on and she should be notifying the commission soon. Ms. Gibboney announced the Invitation to Bid on the Boat Haven Breakwater project was sent out and posted. Bid opening is scheduled for October 12, 2016.

Mr. Toews reported on a productive meeting with Parametrix and Port staff on September 19. He expects to have the preliminary engineers report sometime in October.

He reported that Mr. Landry (Patrol One vessel) filed an appeal September 26, 2016 on the Port's ejection order. The commission will conduct a Special Hearing at the October 12, 2016 commission meeting.

Mr. Toews reported the custody timeline of the 37' Owens Craft vessel and boat house, which the Port removed some time ago from the Mats Mats dock.

He then provided an update on the pumping of the fuel tanks and bilge water tanks on the abandoned John Cobb vessel. The large reduction of weight from the vessel may allow it to be hauled out on the 300-ton lift for surveying.

Ms. Berg stated she continues to work on the budget. She expects to have the month-end for August by the next meeting. She is working on tightening up the cash flow projections. She reported she is developing semi-monthly departmental financial reports.

X. PUBLIC COMMENTS:

XI. COMMISSIONER COMMENTS (1:52:50):

Commissioner Hanke reported on a meeting he and Ms. Gibboney had with City Mayor Stinson and City Manager Timmons. He said it was a very productive meeting and they were met with open arms. He stated the City recognizes the need to cooperate with the Port on the Point Hudson property. He added there are more Port/City meetings to come. Ms. Gibboney added she and Mr. Timmons are working on an agenda and schedule for a future joint meeting.

Commissioner Tucker reported on the NODC meeting he attended on CEDS and the recent energy lunch.

Commissioner Clinefelter asked how the commission can move forward with the IDD (Industrial Development District) and at what rate to move forward. He suggested enlisting Team Jefferson in this process and to possibly increase the Port's contribution to Team Jefferson.

Ms. Gibboney reported she and Commissioner Tucker would be attending Team Jefferson's "5 Things" summit on October 5 where discussions will occur on local government contributions to EDC/Team Jefferson. She added she would explore ways to develop more of a focus on deliverables in their contract.

XII. NEXT PUBLIC WORKSHOP/REGULAR MEETING:

Wednesday, October 12, 2016: Workshop at 9:30 a.m. and the meeting at 1:00 p.m., in the Port Commission Building, 333 Benedict St, Port Townsend.

XIII. EXECUTIVE SESSION:

A. Potential Litigation:

The regular session recessed into Executive Session at 7:35 p.m. to discuss potential litigation, pursuant to RCW 42.30.110 (i), duration of ten minutes with no action. At 7:48 p.m. Ms. Nelson announced to any awaiting public the session was extended five minutes.

XIV. RECONVENING AND ADJOURNMENT OF REGULAR MEETING:

The meeting reconvened and adjourned at 7:53 p.m. there being no further business to come before the Commission.

ATTEST:

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Brad A. Clinefelter, Secretary

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Peter W. Hanke, President

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Stephen R. Tucker, Vice President