

PORT COMMISSION REGULAR MEETING– January 25, 2017

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

Present: Commissioners – Tucker and Clinefelter
Executive Director – Gibboney
Auditor - Berg
Director of Operations & Business Development - Englin
Attorney – O’Malley
Minutes – Nelson
Present by Phone: Commissioner Hanke
Absent: Planning Analyst Toews

I. CALL TO ORDER/PLEDGE OF ALLEGIANCE:

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

II. APPROVAL OF AGENDA:

Ms. Gibboney proposed the additions of VII, Regular Business, Item C – CERB Grant for Point Hudson Revitalization Planning Study Resolution No. 658-17; and, XII, Executive Session for a Personnel Matter and Potential Litigation, duration of fifteen minutes with no action.

Commissioner Clinefelter added in addition, there would be a special public comment period held immediately following VI, First Reading, Item A – Proposed Rate Schedule.

Commissioner Tucker moved to approve the agenda as amended.

Commissioner Clinefelter seconded the motion.

Motion carried by unanimous vote.

Ms. Gibboney noted that Commissioner Hanke, who is out of state, is present on the conference phone.

III. CONSENT AGENDA (2:25):

A. Approval of Public Workshop Minutes – January 11, 2017

Approval of Regular Meeting Minutes – January 11, 2017

B. Approval of Warrants

Warrant #057154 through #057163 in the amount of \$12,352.50 for Payroll & Benefits
Electronic Payment in the amount of \$58,829.30 for Payroll & Benefits

Warrant #057164 through #057220 in the amount of \$322,178.35 for Accounts Payable
Electronic Debit in the amount of \$14,361.50 for WA State Dept. of Labor & Industries
4th Quarter Tax Return for October – December 2016

Electronic Debit in the amount of \$3,970.03 for WA State Dept. of Revenue, Combined
Excise Tax Return for December 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):

None

V. SECOND READING (Action Items):

A. Resolution No. 655-17 – Delegation of Authority (2:53):

Commissioner Tucker discussed the increased amounts of the Executive Director’s (ED) spending authority. He stated he would like to see immediate communication from the ED to the Commission regarding significant information and business transactions. He stated he agrees with the policy but it needs to come with some communication expectations.

Commissioner Hanke requested the ED continue to meet on a regular basis with the commissioners, separately, and possibly provide agendas for those meetings.

Commissioner Clinefelter stated he would like to move forward with the policy and resolution, with an addenda requesting the ED to inform the Commission in a timely manner regarding contracts, awards and executions.

Commissioner Tucker moved to adopt Resolution No. 655-17, Delegation of Authority Resolution and Policy, along with an addenda requesting the ED to inform the Commission in a timely manner regarding contracts, awards and executions.

Commissioner Clinefelter seconded the motion.

Motion carried by unanimous vote.

VI. FIRST READING (Discussion Only):

A. Proposed Rate Schedule for Marina, RV & Ramp Rates (6:50):

Commissioner explained the rules for public comments.

Ms. Gibboney pointed out the footnote on the rate sheet, explaining permanent moorage rates shown are inclusive of Leasehold Tax (12.84%). She informed that rates have been discussed in open meetings for many months. She reminded rate increases are driven by the financial challenges that lie ahead and current capital needs. Ms. Gibboney clarified that these increases are for moorage, RVs and ramps and other Port rates will be proposed at a later date. She reminded that capital projects identified in the next five years total \$12M. Ms. Gibboney stated that besides increases in operational revenues, staff is looking at outside organizations for other funding opportunities. She then added that we must continue to meet our debt obligations. Ms. Gibboney reported she has met with many people over the past few days concerning the rate increases and capital needs of the Port.

Mr. Englin explained the methodology in establishing the rates, which included reviewing 60+ marinas; factoring market average as a benchmark; comparisons to other marinas; relationship to costs reflected in the rates. He stated staff is searching for additional revenue opportunities and other funding sources to help fund the capital plan and to meet expenses.

Ms. Berg reported she has looked at the past seven-year's cash flow. In 2010, it totaled \$5.3M and in 2016, \$2.8M, the decrease due to capital maintenance projects, debt service and insufficient revenues. She stated the Port had no asset management plan in place in the past, and it was sorely needed. She added that staff began developing an asset management plan based on the Capital Repair & Replacement Plan (CRRP), and that plan is key to financial performance. She said at the least, the Port should be able to repair and replace assets. Ms. Berg reported available bonding capacity is \$5M, and a good percentage of those are revenue bonds, which are based on projected revenue.

Ms. Gibboney reported she has talked with tenants and community members, where they are asking for additional outreach. She suggested another meeting before the next regular commission meeting. The commission concurred and called for a Special Public Workshop on Wednesday, February 1, 2017 at 5:30 pm in the Port Commission Building. Commissioner Hanke stated this is a good jump in rates and asked if staff had rate increase projections for the year/years ahead.

Ms. Gibboney replied that as we build out the capital plan, staff will look at financial tools and partnerships. She added State and Federal dollars are an evolving target. She said that at this point, it is not possible to develop a multi-year rate plan.

Commissioner Clinefelter reminded people to remember that when comparing the proposed 2017 rates to 2016 rates, to keep in mind that 2016 rates did not include the Leasehold Excise Tax. He clarified that these increases will not take effect until April 1, 2017, and Mr. Englin added they are not retroactive.

Speakers from the audience who commented on the proposed rates: Larry Pepper, Bertram Levy, Ron Hayes, Doug Bolling, Keith Holm, Bill Putney, George Yount, Andy Okinczyc, Liz Kanieski, Pam Petranek, Gordon Neilson, Jim Heumann, Jennifer Takaki, Melinda Bryden, Jerry Johnson, Jana Allen, Kaci Cronkhite and Jake Beattie.

Commissioner Tucker stated he did not know what to expect tonight. He said he has been looking at old news clippings and many of the same issues have been discussed year after year. He discussed how back in the 80's for instance, there was more funding (federal) available to the Port but today, and this is not the case. He said he believes past commissions should not be blamed for the lack of maintenance; that they relied on money being available at the time. Now that funding opportunities are substantially less, it is up to us to figure how to maintain the Port.

Ms. Gibboney added that staff is not looking only at moorage rate increases, but it is a combination of things, and rates are an essential part of that combination.

Commissioner Hanke expressed his appreciation of all the audience comments. He stated our Port is a unique port – we do not have funding from State Ferries, no deep draft marinas. He added he does not know the solution and welcomes the public to contact him with their comments.

Commissioner Clinefelter also encouraged folks to call or email him with ideas and comments. He added that he heard folks commenting today about lost revenue opportunities at the Port, but he reassured the audience that staff is leaving no stone

unturned and is looking very hard at opportunities. He added that upgrades would be made to the Boat Haven public restrooms this year. He said staff is moving forward with corrective measures.

VII. REGULAR BUSINESS:

A. Resolution No. 657-17, Jefferson County Hazard Mitigation (1:43:46):

Ms. Gibboney asked the Commission to consider adoption of this resolution. She explained that FEMA requires an update to the Jefferson County Emergency Management plan on a six-year cycle, and that the Port has elements in the current plan (536 pages). She explained this is an effort by the County to assess what potential efforts exist in responding to disasters, and coordination of the response afterwards. She stated the Port's part in the plan include identifying capital improvements such as raising the elevations of the jetties, staffing for emergency procedures, and showing plans for continued work on the capital plan. Submission of the resolution would allow the Port to remain eligible for FEMA funding. Ms. Gibboney said she has full confidence in adoption of the plan, and would like the Port to continue to have an effective part in emergency response. Further discussion ensued on the plan.

Commissioner Clinefelter moved to adopt Resolution No. 657-17, the Jefferson County Hazard Mitigation Plan.

Commissioner Hanke seconded the motion.

Motion carried by unanimous vote.

B. December 2016 Preliminary YTD Financial Results (1:52:11):

Ms. Berg explained these figures are preliminary to the annual report, which will be completed in a few months. In summary, she stated revenues and expenses are looking good compared to prior years and in accordance with the budget. She pointed out revenues are up, but this year the Port has incurred significant bad debt, \$85K of which we may not ever see. She discussed Work in Progress and capital costs and after paying all debt, the Port's end of year cash balance is \$2.8M.

Commissioner commented he is surprised how little the income is down with the vacancies in the boat yard.

Commissioner Tucker asked about debt incurred and possible compensation on the vessel, the John Cobb

C. CERB Grant for Point Hudson Revitalization Planning Study, Resolution No. 658-17 (1:56:26):

Ms. Gibboney reported staff had a condensed workshop with Maul Foster Alonghi (MFA) on a process to move forward with Point Hudson planning. She then met with Jake Beattie of the Maritime Center and will follow-up with City Manager Dave Timmons. The grant is due Monday, and if awarded, the Port would receive \$50K from CERB and would contribute \$20K of Port money. Ms. Gibboney explained the focus is to engage stakeholders, including tenants, the NW Maritime Center and the City. She discussed the need for financial stability for Point Hudson. She will reach out to the City to discuss the possibility of in-kind contributions. Ms. Gibboney then briefed the application process and reported the CERB board will make their decision on March 16, 2017, the same day the Port makes their presentation to the board. She reported she meets with MFA in Seattle Monday to work on their scope of work.

Commissioner Hanke moved to adopt Resolution No. 658-17, CERB Grant for Point Hudson Revitalization Study.

Commissioner Tucker seconded the motion.

Motion carried by unanimous vote.

VIII. STAFF COMMENTS (2:01:31):

Ms. Gibboney discussed the workshop with MFA, who brought in a historic building renovation specialist along, which aided in the application process.

She reported repair work on the Boat Haven breakwater is complete, on time and on budget. She reported a local firm performed the project inspections.

Commissioner Clinefelter asked if any change orders were necessary. Yes, prior to the work, contractors discovered holes that grew considerably from storms since the prior inspection, resulting in a change order for more rock.

Mr. Englin reported he is closing out negotiations with the US Coast Guard on their lease. He stated the audit of fiber/WiFi capabilities in the yard should be complete on Friday. He added Point Hudson is next. Mr. Englin reported he has asked tenants to audit their business needs and to bring them forward. Staff is figuring out a plan to utilize all

assets. He discussed modeling and carrying capacity, mapping of the yard. He reported he has met with Bob Cunningham, and will meet with New Day regarding their leases. He will be working on a rate analysis for leases. Mr. Englin provided dates for the upcoming Seattle Boat Show, which the Port is a participant. He briefed on the status of the John Cobb, utility costs, and informed that a proposed yard and rate schedule would be forthcoming.

Ms. Gibboney reported staff met with Parametrix last week. She provided a briefing on the status of the response to the Administrative Order and informed that staff might ask DOE for a minor extension on the Order. She reported staff is plotting out a critical path. Ms. Gibboney informed there might be an opportunity for CERB funding, up to \$300K with a 50% match. She informed staff is working on a fact sheet for the public. She briefed on the timeline to comply with the Order.

IX. PUBLIC COMMENTS (2:19:38):

Bill Putney discussed the troubleshooting and repair he has made to the AWOS at the airport, where cold weather has caused fiber breakage. He reported airport webcams should also be in operation by the weekend.

XI. COMMISSIONER COMMENTS (2:20:50):

Commissioner Hanke thanked Mr. Putney for his work on the AWOS. He also expressed his amazement by all the comments tonight. He commended Mr. Englin, Ms. Berg and Ms. Gibboney on their work with the rates.

Commissioner Tucker discussed the recent Energy Lunch Meeting he attended.

Commissioner Clinefelter asked if staff was looking into sandblasting alternatives. He discussed dustless sandblasting and recommended that staff look into this. He explained that it eliminates the need for full enclosures and the noise issues.

Ms. Gibboney said tonight she heard from the audience they want to see diversification of the revenue stream. She reassured that staff is very well aware of the vacancies in the yard. Staff is in the planning process, mapping out properties and moving forward with planning.

Mr. Englin reported the consensus of the marine trades' is they are looking for environmentally controlled spaces. He also thanked TJ Quandt and the moorage staff for their work on the revenue surveys. Mr. Englin said he agrees with the member of the audience who suggested dry stack boat storage, but first staff needs to designate lease footprints.

Ms. Gibboney reported she met with Brian Kuh, the new Team Jefferson director. He would like to schedule time to present a report on their efforts. She noted the scope of work with Team Jefferson under revision, to include their assistance with IDD outreach. Mr. Kuh will meet with Mr. Englin next week.

XII. NEXT SPECIAL PUBLIC WORKSHOP, PUBLIC WORKSHOP & MEETING:

February 1, 2017, 5:30 PM: Special Public Workshop, Port Commission Building.

Wednesday, February 8, 2017: Regular Public Workshop at 9:30 a.m. and the Regular Meeting at 1:00 p.m. in the Port Commission Building, 333 Benedict St, Port Townsend.

XIII. EXECUTIVE SESSION:

The regular session recessed into Executive Session at 7:59 p.m. to discuss personnel and potential litigation, pursuant to RCW 42.30.110 (i) and (g), fifteen-minute duration with no action.

XIV. ADJOURNMENT:

The meeting reconvened and adjourned at 8:14 p.m. there being no further business to come before the Commission.

ATTEST:

Peter W. Hanke, President

Stephen R. Tucker, Secretary

Brad A. Clinefelter, Vice President