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**Port of Port Townsend
1st Monthly Regular Meeting Agenda & Special Hearing
Wednesday, October 12, 2016, 1:00 p.m.
Port Commission Building
333 Benedict Street, Port Townsend, WA**

- I. Call to Order / Pledge of Allegiance
- II. Approval of Agenda
- III. Consent Agenda
 - A. Approval of Public Workshop Minutes –September 27, 2016.....1-2
 - Approval of Meeting Minutes – September 27, 2016.....3-6
 - B. Operations Reports – September 2016.....7-9
 - C. Approval of Warrants
- IV. Employee Recognition
- V. Special Hearing:.....10-13
- VI. Public Comments (not related to Agenda)
- VII. Second Reading (action items)
 - A. Shanghai Lease.....14-27
 - B. Draft 2017 Budget.....28-37
- VIII. First Reading (discussion only)
- IX. Potential Immediate Action Items (unanimous Commission approval required)
- X. Other Business
 - A. August 2016 YTD Financial Results.....38-44
- XI. Staff Comments
- XII. Public Comments
- XIII. Commissioner Comments
- XIV. **Next Public Workshop/Regular Meeting & 2017 Budget Public Hearing Date:
Wednesday, October 26, 2016 – workshop at 3:00 p.m., meeting and public hearing at 5:30 p.m.,
Port Commission Building, 333 Benedict Street, Port Townsend, WA.**
- XV. Executive Session:
- XVI. Adjournment

PORT COMMISSION PUBLIC WORKSHOP – September 27, 2016

The Port of Port Townsend Commission met for the Public Workshop session in the Port 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
Minutes – Nelson

I. CALL TO ORDER:

Commissioner Tucker called the Workshop to order at 3:04 p.m. (Commission President Hanke arrived at 3:23 p.m.)

II. AGENDA:

Refer to attached workshop agenda for items discussed.

Public Comments led to an open discussion on Quilcene properties.

IV. ADJOURNMENT:

The Workshop adjourned at 4:12 p.m.

ATTEST:

Peter W. Hanke, President

Brad A. Clinefelter, Secretary

Stephen R. Tucker, Vice President

**Port of Port Townsend
Public Workshop
Tuesday, September 27, 2016, 3:00 p.m.
Commission Building
333 Benedict Street, Port Townsend, WA**

AGENDA

- **2017 Commission Retreats and Work Plan**

Note: This is a Public Port Commission Workshop. Workshops are for information sharing only and no decisions will be made during the session. Public input may be taken at the Commissions' discretion.

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:

Peter W. Hanke, President

Brad A. Clinefelter, Secretary

Stephen R. Tucker, Vice President

BOATHAVEN OPERATIONS REPORT/MOORAGE

MONTH: SEPT 2016

DATE: 10/6/2016

MONTHLY PERMS: 371

MONTHLY GUESTS: 24

# OF SLIPS BY SIZE	OCCUPIED	empty	% occ.
25' <u>34</u>	<u>32</u>	3	94%
27' <u>11</u>	<u>10</u>	1	91%
30' <u>105</u>	<u>102</u>	4	97%
35' <u>24</u>	<u>24</u>	0	100%
40' <u>44</u>	<u>43</u>	1	98%
45' <u>41</u>	<u>40</u>	1	98%
50' <u>32</u>	<u>31</u>	1	97%
OVER 52' <u>7</u>	<u>7</u>	0	100%
TOTAL: <u>298</u>	<u>287</u>	11	AVG: 97%

LINEAR SPACE/FT	OCCUPIED	% OCCUPIED
LIMITED ACC. <u>1455</u>	<u>1455</u>	100%
TOTAL: <u>3806</u>	<u>3806</u>	AVG: 100%

	CURR	PREV MO	YTD
NIGHTLY GUESTS:	927	623	4142
CREDIT SYSTEM:	33	48	303
TEMP TIE UP:	23	50	182
FREE NIGHTS:	2	0	2
PTYC:	21	43	192
RAMP/DAILY:	142	213	1115
RAMP/ANNUAL:	9	17	401
RAMP NOT PAID:	4	5	62

WAIT LISTS	
25' PLEA:	<u>24</u>
27' PLEA:	<u>0</u>
30' PLEA:	<u>62</u>
35' PLEA:	<u>35</u>
40' PLEA:	<u>45</u>
45' PLEA:	<u>23</u>
50' PLEA:	<u>26</u>
OVER 52':	<u>9</u>
OVERWID	<u>0</u>
30' COMM.	<u>0</u>
40' COMM.	<u>0</u>
50' COMM.	<u>0</u>

TOTAL OCCUPANCY %: 98%

Port of Port Townsend

POINT HUDSON MARINA & RV PARK

MONTHLY OCCUPANCY REPORT

2016

& 5 YEAR COMPARISON

MARINA NIGHTLY GUEST NIGHTS											
	2012		2013		2014		2015		2016		
	MNTH.	CUM.	MNTH.	CUM.	MNTH.	CUM.	MNTH.	CUM.	MNTH.	CUM.	
JAN	28	28	58	58	53	53	83	83	70	70	JAN
FEB	96	124	80	138	57	110	104	187	92	162	FEB
MAR	73	197	95	233	77	187	101	288	56	218	MAR
APRIL	240	437	159	392	209	396	163	451	235	453	APRIL
MAY	541	978	605	997	585	981	619	1070	594	1047	MAY
JUNE	749	1727	606	1603	520	1501	537	1607	706	1753	JUNE
JULY	1035	2762	1089	2692	993	2494	1018	2625	1015	2768	JULY
AUG	1178	3940	1188	3880	996	3490	1033	3658	1026	3794	AUG
SEPT	831	4771	899	4779	778	4268	958	4616	950	4744	SEPT
OCT	175	4946	214	4993	120	4388	221	4837	0		OCT
NOV	86	5032	138	5131	114	4502	73	4910	0		NOV
DEC	65	5097	64	5195	52	4554	60	4970	0		DEC

RV NIGHTLY GUEST NIGHTS											
	2012		2013		2014		2015		2016		
	MNTH.	CUM.	MNTH.	CUM.	MNTH.	CUM.	MNTH.	CUM.	MNTH.	CUM.	
JAN	176	176	180	180	285	285	304	304	286	286	JAN
FEB	221	397	261	441	150	435	291	595	281	567	FEB
MAR	229	626	359	800	249	684	244	839	392	959	MAR
APRIL	445	1071	209	1009	546	1230	652	1491	634	1593	APRIL
MAY	638	1709	637	1646	706	1936	955	2446	806	2399	MAY
JUNE	645	2354	910	2556	1015	2951	1036	3482	963	3362	JUNE
JULY	1247	3601	1275	3831	1169	4120	1202	4684	1256	4618	JULY
AUG	1300	4901	1293	5124	1228	5348	1287	5971	1276	5894	AUG
SEPT	1076	5977	1079	6203	1120	6468	1072	7043	1137	7031	SEPT
OCT	580	6557	694	6897	796	7264	771	7814	0		OCT
NOV	290	6847	352	7249	432	7696	403	8217	0		NOV
DEC	246	7093	165	7414	269	7965	269	8486	0		DEC

PERMANENT & SEASONAL TENANT SUMMARY				
	AVAIL/GOAL	OCUPIED	%	
LTD ACCESS MOORAGE	40 SLIPS	40 40	100%	
COMMERCIAL MOORAGE	850 FEET	817 817	96%	
SEASONAL MOORAGE	32 SLIPS	0 0	0%	
SEASONAL RV'S	10 SITES	0 0	0%	
UNDESIRABLE	3 SLIPS	4 4	133%	

STORAGE OPERATIONS REPORT									DATE:	10/6/2016
	SEP 2013	SEP 2014	SEP 2015	SEP 2016	2013 YEAR TO DATE	2014 YEAR TO DATE	2015 YEAR TO DATE	2016 YEAR TO DATE	REMARKS	
HAUL-OUT										
BOAT YARD - OUT	80	74	71	65	616	635	639	589		
BOAT YARD - IN	75	68	62	70	590	642	624	537		
67% RE-BLOCK	6	7	7	8	48	49	44	76		
40% INSPECTION	3	6	7	3	29	30	22	34		
OTHER	0	1	0	1	17	32	33	26		
SUB TOTAL	140	164	147	147	1242	1215	1362	1262		
SHIP - OUT	15	12	13	13	124	105	101	107		
SHIP - IN	8	8	10	13	110	111	95	103		
SHIP - RE-BLOCK	1	2	1	2	10	2	7	6		
SHIP - INSPECTION	1	0	0	0	1	5	2	4		
SHIP - OTHER	0	0	0	1	2	5	2	3		
SUB TOTAL	25	22	23	29	244	229	209	223		
TOTAL	178	141	171	176	1544	1627	1569	1485		
STORAGE										
PTBH - START	78	68	70	71						
PTBH - END	76	71	78	60						
PTBH-O.P.P.	21	23	21	16						
SHIP-START	9	13	13	16						
SHIP-END	14	16	16	15						
SHIP-O.P.P.	2	1	1	2						
Longterm (Boats)	20	20	27	20						
						OFF PORT PROPERTY				
						GOLD STAR - 13				
						STEPHENS - 0				
						FLY - 1				
						HAVEN - 1				
						PT CO-OP - SHIP - 1				
						PT CO-OP - SMALL - 19				
						CRAFTMAN - 0				
						STEELHEAD - 1				
						CUNNINGHAM - SHIP - 1				
JCIA OPERATIONS REPORT										
HANGERS	13	13	13	12						
TIE DN - PAVED	2	2	2	1						
TIE DN - GRASS	0	0	0	1						
TIE DN - NIGHTLY	5	13	10	11						
W/L - HANGERS	0	0	0	0						

PORT OF PORT TOWNSEND
A Commission Guide to Conducting Quasi-Judicial Appeal Hearings

I. Purpose and General Information

The Rules, Regulations and Procedures of the Port of Port Townsend outline two specific instances in which decisions made by the Port's Executive Director may be appealed: 1) appeals of the decision of the Executive Director to remove, eject, or otherwise deprive a person of further use of the Port areas and its facilities under §1.03.060; and 2) appeals of the Executive Director to terminate an individual's work privilege in either the shipyard or boatyard under §5.06.060. In appeal hearings of this nature, the Commission acts in a "quasi-judicial" capacity. This means that the Commission holds an evidentiary hearing and makes its decision based solely upon the written evidence and oral arguments presented. Unlike legislative hearings which the Commission more frequently conducts, quasi-judicial decisions must be based solely on the evidence presented and may not be based upon the opinions of the individual Commissioners. Put differently, quasi-judicial hearings require the Commission to 1) find facts and 2) exercise discretion in applying the Port's Rules, Regulations and Procedures to specific factual situations.

What follows is intended to provide flexible guidance for the conduct of quasi-judicial appeal hearings. While the guidance is based on Washington law, it is not designed to create any additional rights or obligations and does not provide any procedural rights to any person. The failure of Commission or any other Port staff to adhere to this suggested guidance does not affect the validity of any hearing, action taken or decision made. To the extent there is conflict or any discrepancy between these recommended procedures and Washington statutory or case law, such law would prevail.

II. Who May Appear at Commission Quasi-Judicial Appeal Hearings

Only the aggrieved party may represent themselves or be represented by an attorney. All appellants are strongly advised to have an attorney represent them. Appellants that are corporations ("corporate appellants") should be represented by an attorney. If a non-corporate appellant desires to have a non-attorney act as his or her representative, the appellant should notify the Port's attorney advising the Port Commission who will then advise the Port Commission that it must vote on whether to allow the representation. The request may be denied. Accordingly, appellants or their attorney should always be present at the hearing.

III. Prior to the Appeal Hearing

To the extent feasible, all exhibits and evidence to be relied on during the hearing should be submitted electronically to the Port's Public Records Officer at least five (5) days before the hearing date. By receiving exhibits and evidence no later than the

deadline described above, the Port is able to post such exhibits with the hearing agenda. Failure to provide evidence or exhibits by the date and time specified means the appellant is responsible for providing a sufficient number of copies of such exhibits at the hearing and may result in the hearing being continued.

If prior to the hearing an appellant has questions about the process, he or she may contact Port staff for more information. However, it is inappropriate for anyone to contact any member of the Commission concerning the appeal.

Prior to the hearing the Staff Representative, applicant or other person may suggest time limits for testimony and agreement on other procedural issues, and agreement may be reached on such matters. The applicant may also request a continuance prior to the hearing by contacting the Staff Representative.

IV. Responsibilities of the Commission Chair

The Commission Chair presides over the hearing (the “Presiding Officer”). The Chair must recognize speakers and members of the Commission before they may be heard. The Chair may rule on any objections or requests from participants in the hearing regarding the procedure of the hearing or evidence presented. The Chair may rule on the admissibility of evidence with or without an objection from a participant. The Chair should allow every speaker to be heard, but may limit and/or cut off evidence or testimony that is irrelevant, repetitive, incompetent, inflammatory, or hearsay. The Chair may place reasonable and equitable limitations on the presentation of evidence, arguments, and cross-examination of witnesses so that the matter at hand is heard without undue delay.

The Chair may impose additional requirements and take actions as necessary or desirable to facilitate the fair and efficient conduct of the hearing and other agenda items. Additional requirements or actions may include requiring witnesses to sign up in advance of the hearing, allocating reasonable time for each side to present their testimony and evidence, limiting the overall time for the hearing, and delaying a hearing to a later point in the agenda or continuing the hearing to a later meeting.

V. Responsibilities of the Commission as a Quasi-Judicial Appeals Body

Members of the Commission must make their decision solely on the written and oral evidence presented and cannot consider information obtained through independent research or undisclosed *ex parte* communications. Commissioners should disclose any specialized knowledge they may have that is relevant to the case.

Commissioners should refrain from *ex parte* communications about upcoming or ongoing cases with any parties or other members of the Commission, and at the commencement of the hearing, Commissioners must disclose any intentional or

inadvertent *ex parte* communications. Commissioners may seek and receive general, technical information pertaining to the case from Port staff or legal counsel prior to the hearing, but Port staff should provide the information to all during the hearing before the entire Commission.

VI. Responsibilities of Appellants

In addition to other responsibilities of the appellant, appellants shall observe time limits imposed on those testifying unless the Chair grants additional time for good cause shown. Appellants shall avoid all hearsay evidence. Hearsay evidence is testimony that the appellant does not know of through his or her own personal knowledge, including that which someone else told the appellant and the use or introduction of signed petitions and letters. Appellants shall focus their testimony on the applicable criteria of the Port's Rules, Regulations & Procedures.

VII. Conduct of the Appeal Hearing

This section discusses the general format for a quasi-judicial hearing. Section VIII provides details about the burden of proof. The order of business for each hearing should be as follows:

- a. All persons, including Port legal counsel and/or staff who intend to present evidence must be sworn in. The Chair may state something along the lines of: *"Do you swear or affirm that the testimony you are about to give will be truthful?"*
- b. The Chair shall call the case as advertised on the agenda. The Chair may state something along the lines of: *"This matter requires the Commission to conduct a quasi-judicial appeal hearing, which means the Commission must find facts and base its decision upon the application of the standards and criteria in the Port's Rules, Regulations & Procedures and the competent, substantial and material evidence received during this hearing. All testimony must be competent and not repetitious. Speculative opinions do not constitute competent evidence."*
- c. If the appellant is to be represented by anyone other than a licensed attorney, the appellant shall request the consent of the Commission for such representation. *See*, Section II, above.
- d. Members of the Commission should disclose the following: i) *Ex parte* communications; ii) specialized knowledge they have relevant to the case; iii) whether they have a fixed opinion that is not susceptible to change based on what they learn at the hearing; whether they have a close familial, business or other relationship with the appellant or other affected person; iv) whether they have a financial interest in the outcome of the case; and iv) any other information relevant to determining whether a conflict of interest exists.

If necessary, the Commission will vote on recusal of members at this time. A Commissioner shall not participate in the hearing if the Commissioner has a fixed opinion prior to the hearing that is not susceptible to change; has engaged in undisclosed *ex parte* communications; has a close familial, business or other

associational relationship with the appellant or an affected person; or has a financial interest in the outcome of the matter.

The applicant or other affected person (having been sworn in) shall present any objections they may have to a member's participation. If an objection is made to the participation of a member based on personal bias or other ground for disqualification, the Hearing Body shall determine the matter as part of the record.

e. The Chair then opens the hearing.

f. Port legal counsel presents the Port's argument.

g. The appellant shall then present the arguments and evidence in support of his/her case. The appellant shall address applicable criteria of the Port's Rules, Regulations and Procedures. Members of the Commission may ask questions for clarification.

h. Unless the Chair continues the hearing to the next regularly scheduled regular meeting of the Commission or to a publicly stated date, time and location, the Chair shall close the hearing to further testimony and argument. The Commission shall then publicly discuss the case without further input. Members of the Commission, however, may seek clarification or ask questions of persons previously sworn on any piece of evidence presented. The hearing shall be closed after Commission's deliberations are complete.

i. Unless the hearing has been continued, the Commission shall render a decision on the matter, or, if it so chooses, recess the case to the next regularly scheduled meeting of the Commission or to a publicly stated date, time and location. The appeal shall be decided by vote of a majority of the Commissioners.

k. Any motion to rescind a decision of the Executive Director to either eject a person from Port areas or to terminate work privileges that does not receive the required majority means the appeal has been denied. Best practice is to approve a formal motion denying an appeal and then make findings of fact and conclusions to support that decision.

VIII. Burden of Proof for Appeals of Decisions of the Port Executive Director

Appeals of a decision of the Executive Director to eject a person from Port areas or to terminate a work privilege are judged according to a "clearly erroneous" standard. Thus, the Commission shall not reverse or modify an administrative decision of the Executive Director unless it finds that the Director clearly erred in the application or interpretation of the terms of the Port's Rules, Regulations and Procedures, or related policies adopted by the Port, or that the Director exceeded his or her authority and acted in an arbitrary and capricious manner.

XII. Reconsideration

Commission decisions on appeals of administrative decisions of the Executive Director should be final, and cases decided by the Commission should not be reopened following a decision of the Commission.

PORT OF PORT TOWNSEND

MEETING OF: **October 12, 2016**

AGENDA ITEM: **VII. Second Reading**
 A. Shanghai Lease

BACKGROUND:

This is a second reading. Attached lease originally presented at September 27, 2016 Commission Meeting.

Executive Director's Recommendation:

For commission approval.

PORT OF PORT TOWNSEND LAND & BUILDING LEASE

THIS LEASE AGREEMENT made this 7th day of October 2016, by and between the PORT OF PORT TOWNSEND, a municipal corporation organized and existing under the laws of the State of Washington, Lessor, hereinafter referred to as "the Port," and Shanghai Chinese Restaurant, Inc. a Washington for profit corporation, hereinafter referred to as "Lessee,"

WITNESSETH:

That the parties hereto do mutually agree as follows:

1. **LEASED PREMISES:** The Port hereby leases to Lessee, and Lessee hereby hires and leases from the Port, the following described real property located at the Port's Point Hudson facility in Port Townsend, Jefferson County, Washington:

A restaurant facility consisting of approximately 2,975 square feet, located in the center portion of the "Main Building" located at 265 Hudson Street, Port Townsend, WA,

hereinafter referred to as "the premises."

2. **TERM:** The term of this Lease is five (5) years, beginning November 1st, 2016 and ending at midnight, October 31st, 2021, unless sooner terminated as provided in this Lease. The Lessee shall also have an option to extend the lease term by one (1) additional five (5) year term. Notification to extend the Lease will be done in writing 90 days prior to end of the initial lease term.
3. **RENT:** Lessee agrees to pay as rental for the leased premises the sum of **Two Thousand One Hundred and Twelve Dollars and Twenty-Five Cents (\$2,112.25)** plus all applicable taxes. The rent for each month shall be paid to the Port in advance on or before the first day of each and every month of the lease term, and shall be payable at such place as the Port may hereinafter designate. The rental rate may be adjusted every three (3) years to the prevailing fair market rental rate then prevailing for comparable commercial and/or industrial property in the Western Washington area, bearing in mind all allowable uses of the property and all services and amenities available to the property by virtue of its location. In the event that the parties are unable to reach agreement on the fair market rate adjustment, the rate shall be determined by arbitration before a single arbitrator who shall be jointly selected by the parties or by the Jefferson County Court. The rental rate beginning in year two and annually throughout the term of the lease will be adjusted by an amount equal to the accumulative amount found on the

Consumer Price Index for all urban consumers (CPI-U) for Seattle-Tacoma-Bremerton, which is compiled by the Department of Labor, Bureau of Statistics. In no event shall any rent adjustment result in a reduction in rent from the rate paid in the prior year.

4. **LATE CHARGE:** In the event that any installment of rent remains unpaid more than twenty (20) days after it is due, then Lessee shall also be obliged to pay a "late charge" as per the Port of Port Townsend Rate Schedule then in effect.
5. **SECURITY DEPOSIT:** Upon the execution of this Lease, Lessee shall deposit with the Port two (2) month's rent plus applicable taxes in the amount of **Four Thousand Seven Hundred Sixty-Six Dollars and Ninety-Two Cents (\$4,766.92)** in order to guarantee performance under this Lease. The deposit shall be held by the Port as security for Lessee's faithful performance of all of their obligations under this Lease. Any interest earned on amounts deposited shall be retained by the Port. The deposit shall be returned to Lessee upon termination of this Lease, less any charges owing to the Port or expenses incurred by the Port in repairing damage caused by Lessee or restoring the leased premises to the condition required upon termination of this Lease.
6. **USE OF PREMISES:** Lessee shall use the premises for the purpose of a restaurant operation and shall not use them for any other purpose without the prior written consent of the Port. Lessee shall use the entire premises for the conduct of said business continuously during the entire term of this Lease, with the exception of temporary closures for such periods as may reasonably be necessary for repairs or for reasons beyond Lessee's reasonable control. Lessee agrees that it will not disturb the Port or any other tenant of the Port's by making or permitting any disturbance or any unusual noise, vibration or other condition on or in the premises.
7. **UTILITIES:** Lessee shall be liable for, and shall pay throughout the term of this Lease, all utility services furnished to the premises, including, but not limited to, light, heat, electricity, gas, water, sewerage, garbage disposal.
8. **ACCEPTANCE OF PREMISES – "AS IS" – NO WARRANTIES:** Lessee has examined the leased premises and accepts them in their present condition, with the exception of the following improvements, which the Port agrees to install at its own expense within the first two (2) months of occupancy by Lessee:
 - a. Electric wall-mounted heaters (with fans);
 - b. Either parallel wires or plastic or metal spikes on roof high points to deter seagulls from perching; and
 - c. An additional electrical circuit and outlet(s) in the entryway of the premises.The Port makes no representations or warranties with respect to the condition of the premises. Lessee acknowledges that Lessee has fully inspected the

premises and is not relying on any statement or representation made by the Port or the Port's agents with respect to the condition of the premises, and Lessee assumes the responsibility and risks of the same, including any defects or conditions that cannot be observed by casual inspection.

9. **MAINTENANCE AND REPAIR:** At the expiration or sooner termination of this Lease, Lessee shall return the premises to the Port in the same condition in which received (or, if altered by Lessee with the Port's consent, then the premises shall be returned in such altered condition), reasonable wear and tear and damage by fire or unavoidable casualty excepted. Lessee shall, at it's own expense, and at all times:
 - a. Keep the premises, and the adjoining roadways and walkways, neat, clean and in a safe and sanitary condition;
 - b. Maintain and keep the leased premises in a good state of repair; and
 - c. Not commit waste of any kind.

10. **ALTERATIONS AND IMPROVEMENTS:** Lessee shall make no alterations or improvements to or upon the premises or install any fixtures (other than trade fixtures which can be removed without injury to the premises) without first obtaining written approval from the Executive Director of the Port. Such written approval shall also include agreement for disposition of the improvements upon termination of this Lease.

11. **INSPECTION - "FOR RENT" SIGNS:** The Port reserves the right to inspect the leased premises at any and all reasonable times throughout the term of this Lease, PROVIDED, that it shall not interfere unduly with Lessee's operations. The right of inspection reserved to the Port hereunder shall impose no obligation on the Port to make inspections to ascertain the condition of the premises, and shall impose no liability upon the Port for failure to make such inspections. The Port shall have the right to place and maintain "For Rent" signs in conspicuous places on the premises for thirty (30) days prior to the expiration or sooner termination of this Lease.

12. **DAMAGE, DESTRUCTION OR HAZARDOUS CONDITION:**
 - a. Should the premises or the buildings or structures of which the premises are a part be damaged by fire or other casualty, and if the damage is repairable within four (4) weeks from the date of the occurrence (with the repair work and the preparations therefore to be done during regular working hours on regular work days), the premises shall be repaired with due diligence by the Port, and in the meantime the monthly minimum rental shall be abated in the same proportion that the untenable portion of the premises bears to the whole thereof, for the period from the occurrence of the damage to the completion of the repairs.

- b. Should the premises or any buildings or structures of which the premises are a part be completely destroyed by fire or other casualty, or should they be damaged to such an extent that the damage cannot be repaired within four (4) weeks of the occurrence, the Port shall have the option to terminate this Lease on thirty (30) days' notice, effective as of any date not more than sixty (60) days' after the occurrence. In the event that this paragraph shall become applicable, the Port shall advise Lessee within thirty (30) days after the occurrence of any such damage whether the Port has elected to continue the lease in effect or to terminate it. If the Port shall elect to continue this Lease in effect, it shall commence and prosecute with due diligence any work necessary to restore or repair the premises. If the Port shall fail to notify Lessee of its election within said thirty (30) day period, the Port shall be deemed to have elected to terminate this Lease, and the lease shall automatically terminate sixty (60) days after the occurrence of the damage. For the period from the occurrence of any damage to the premises to the date of completion of the repairs to the premises (or to the date of termination of the lease if the Port shall elect not to restore the premises), the monthly minimum rental shall be abated in the same proportion as the untenable portion of the premises bears to the whole thereof.

13. **INDEMNIFICATION AND HOLD HARMLESS:** The Port, its employees and agents shall not be liable for any injury (including death) to any persons or for damage to any property, regardless of how such injury or damage be caused, sustained, or alleged to have been sustained by the Lessee or by others as a result of any condition (including existing or future defects in the premises) or occurrence whatsoever related in any way to the premises and the areas adjacent thereto or related in any way to Lessee's use or occupancy of the premises and of the areas adjacent thereto. Lessee agrees to defend and to hold and save the Port harmless from all liability or expense of litigation in connection with any such items of actual or alleged injury or damage.
14. **INSURANCE:** Lessee agrees to maintain during the lease term liability insurance as set forth below, at Lessee's sole expense. All such insurance shall name the Port of Port Townsend as an additional insured, and shall be with insurance companies acceptable to the Port.
 - a. Comprehensive General Liability Insurance against claims for injury or death to persons or damage to property with minimum limits of liability of \$1,000,000.00 combined single limit for each occurrence. Such insurance shall include but not be limited to bodily injury liability, personal injury liability, property damage liability, broad form property damage liability, contractual liability, and products/completed operations liability.
 - b. Comprehensive Business Automobile Liability Insurance against claims for injury or death to persons or damage to property with minimum limits of

liability of \$1,000,000.00 combined single limit for each occurrence. Such insurance shall include but not be limited to bodily injury liability, property damage liability, hired car liability, and non-owned auto liability.

- c. Workers Compensation Insurance as will protect tenant's employees from claims under Washington Workers' Compensation Act, as well as any Federal Acts applicable to the tenant's operations at the site, shall not be less than \$1,000,000.00 for each occurrence.

The Lessee agrees to supply the Port with appropriate evidence to establish that its insurance obligations have been met, and that the insurance policy or policies are not subject to cancellation without at least thirty (30) days advance written notice to the Port. The conditions set forth in subparagraphs a, b and c of this Paragraph 14 shall be met prior to occupancy.

15. **WAIVER OF SUBROGATION:** The Port and Lessee hereby mutually release each other from liability and waive all right of recovery against each other for any loss from perils insured against under their respective fire insurance contracts, including any extended coverage endorsements thereto, PROVIDED, that this Paragraph 15 shall be inapplicable if it would have the effect, but only to the extent that it would have the effect, of invalidating any insurance coverage of the Port or Lessee.
16. **INCREASE IN COST OF INSURANCE:** Lessee shall not use the demised premises in such a manner as to increase the existing rates of insurance applicable to the buildings or structures of which the premises are a part. If it nevertheless does so, then, at the option of the Port, the full amount of any resulting increase in premiums paid by the Port with respect to the buildings or structures of which the leased premises are a part, and to the extent allocable to the term of this Lease, may be added to the amount of rental hereinabove specified and shall be paid by Lessee to the Port upon the monthly rental day next thereafter occurring.
17. **TAXES:** Lessee shall be liable for, and shall pay throughout the term of this Lease, all license and excise fees and occupation taxes covering the business conducted on the premises, and all taxes on property of Lessee on the leased premises and any taxes on the leased premises or leasehold interest created by this Lease Agreement.
18. **COMPLIANCE WITH PORT REGULATIONS AND WITH ALL LAWS:** Lessee agrees to comply with all applicable rules and regulations of the Port pertaining to the building or other realty of which the premises are a part now in existence or hereafter promulgated for the general safety and convenience of the Port, its various tenants, invitees, licensees and the general public. Lessee also agrees to comply with all applicable federal, state, and municipal laws, ordinances, and

regulations. Lessee further agrees that it will obtain proper permits from the City of Port Townsend for all building improvements approved by the Port. Any fees for any inspection of the premises during or for the lease term by any federal, state or municipal officer and the fees for any so-called "Certificate of Occupancy" shall be paid by Lessee.

- 19. ASSIGNMENT OR SUBLEASE:** Lessee shall not assign or transfer this Lease or any interest therein nor sublet the whole or any part of the premises, nor shall this Lease or any interest thereunder be assignable or transferable by operation of law or by any process or proceeding of any court, otherwise, without the written consent of the Port first had and obtained. If Lessee is a corporation(s), Lessee further agrees that if at any time during the term of this Lease more than one-half (1/2) of the outstanding shares of any class of stock of Lessee's corporation shall belong to any stockholders other than those who own more than one-half (1/2) of the outstanding shares of that class of stock at the time of the execution of this Lease or to members of their immediate families, such change in the ownership of the stock of the Lessee shall be deemed an assignment of this Lease within the meaning of this paragraph. If the Port shall give its consent to any assignment or sublease, this paragraph shall nevertheless continue in full force and effect and no further assignment or sublease shall be made without the Port's consent. The Port's consent will not unreasonably be withheld.
- 20. DEFAULTS:** Time is of the essence of this Lease Agreement, and in the event of the failure of Lessee to pay the rentals or other charges at the time and in the manner herein specified, or to keep any of the covenants or agreements herein set forth to be kept and performed, the Port may elect to terminate this Lease and reenter and take possession of the premises with or without process of law, PROVIDED, however, that Lessee shall be given fifteen (15) days' notice in writing stating the nature of the default in order to permit such default to be remedied by Lessee within said fifteen (15) day period. If upon such reentry there remains any personal property of Lessee or of any other person upon the leased premises, the Port may, but without the obligation so to do, remove said personal property and hold it for the owners thereof or may place the same in a public garage or warehouse, all at the expense and risk of the owners thereof, and Lessee shall reimburse the Port for any expense incurred by the Port in connection with such removal and storage. The Port shall have the right to sell such stored property, without notice to Lessee, after it has been stored for a period of thirty (30) days or more, the proceeds of such sale to be applied first to the cost of such sale, second to the payment of the charges for storage, and third to the payment of any other amounts which may then be due from Lessee to the Port, and the balance, if any, shall be paid to Lessee. Notwithstanding any such reentry, the liability of Lessee for the full rental provided for herein shall not be extinguished for the balance of the term of this Lease, and Lessee shall make good to the Port any deficiency arising from a re-letting of the leased premises at

a lesser rental than that hereinbefore agreed upon. Lessee shall pay such deficiency each month as the amount thereof is ascertained by the Port. Any failure by the owners, officers, or principals of Lessee to pay rentals, storage fees, moorage or any other charges owed to the Port under separate contract shall constitute a default under provisions of this Lease Agreement.

21. **TERMINATION BY PORT:** In the event that the Port, at its sole discretion, shall require the use of the premises for any purpose for public or private use in connection with the operation of the business of the Port, then this Lease may be terminated by the Port by written notice delivered or mailed by the Port to the Lessee **sixty (60)** or more days before the termination date specified in the notice. Lessee and the Port Executive Director will agree compensation to Lessee for loss of use, cost of relocation, and/or cost of improvement. In the event that the parties are unable to reach agreement on the compensation to Lessee, the amount shall be determined by arbitration before a single arbitrator who shall be jointly selected by the parties or by the Jefferson County Court if the parties cannot agree.
22. **TERMINATION FOR GOVERNMENT USE:** In the event that the United States Government or any agency or instrumentality thereof shall, by condemnation or otherwise, take title, possession or the right to possession of the premises or any part thereof, the Port may, at its option, terminate this Lease as of the date of such taking, and, if Lessee is not in default under any of the provisions of this Lease on said date, any rental prepaid by Lessee shall, to the extent allocable to any period subsequent to the effective date of the termination, be promptly refunded to Lessee.
23. **TERMINATION BECAUSE OF COURT DECREE:** In the event that any court having jurisdiction in the matter shall render a decision which has become final and which will prevent the performance by the Port of any of its obligations under this Lease, then either party hereto may terminate this Lease by written notice, and all rights and obligations hereunder (with the exception of any undischarged rights and obligations that accrued prior to the effective date of termination) shall thereupon terminate. If Lessee is not in default under any of the provisions of this Lease on the effective date of such termination, any rental prepaid by Lessee shall, to the extent allocable to any period subsequent to the effective date of the termination, be promptly refunded to Lessee.
24. **SIGNS:** No signs or other advertising matter, symbols, canopies or awnings shall be attached to or painted or within the leased premises, including the windows and doors thereof, without the approval of the Executive Director of the Port first had and obtained. At the termination or sooner expiration of this Lease, all such signs, advertising matter, symbols, canopies or awnings attached to or painted by Lessee shall be removed by Lessee at its own expense, and Lessee shall repair

any damage or injury to the premises, and correct any unsightly condition, caused by the maintenance and removal of said signs, etc.

25. **INSOLVENCY:** If Lessee shall file a petition in bankruptcy, or if Lessee shall be adjudged bankrupt or insolvent by any court, or if a receiver of the property of Lessee shall be appointed in any proceeding brought by or against Lessee, or if Lessee shall make an assignment for the benefit of creditors, or if any proceedings shall be commenced to foreclose any mortgage or any other lien on Lessee's interest in the premises or on any personal property kept or maintained on the premises by Lessee, the Port may at its option, terminate this Lease.
26. **WAIVER:** The acceptance of rental by the Port for any period or periods after a default by Lessee hereunder shall not be deemed a waiver of such default unless the Port shall so intend and shall so advise Lessee in writing. No waiver by the Port of any default hereunder by Lessee shall be construed to be, or act as, a waiver of any subsequent default by Lessee. After any default shall have been cured by Lessee, it shall not thereafter be used by the Port as a ground for the commencement of any action under the provisions of Paragraph 20 hereof.
27. **PROMOTION OF PORT COMMERCE:** Lessee agrees that throughout the term of this Lease it will, insofar as practicable, promote and aid the movement of passengers and freight through facilities within the territorial limits of the Port. Lessee further agrees that all incoming shipments of commodities that it may be able to control or direct shall be made through facilities within the territorial limits of the Port if there will be no resulting cost or time disadvantage to Lessee.
28. **SURRENDER OF PREMISES - ATTORNEYS' FEES:** At the expiration or sooner termination of this Lease, Lessee shall promptly vacate the premises or re-negotiate a lease for the premises with the Port. In the event that the Port shall be required to bring any action to enforce any of the provisions of this Lease, or shall be required to defend any action brought by Lessee with respect to this Lease, and if the Port shall be successful in such action, Lessee shall, in addition to all other payments required herein, pay all of the Port's actual costs in connection with such action, including such sums as the court or courts may adjudge reasonable as attorney's fees in the trial court and in any appellate courts.
29. **HOLDING OVER:** If Lessee shall, with the consent of the Port, hold over after the expiration or sooner termination of the term of this Lease, the resulting tenancy shall, unless otherwise mutually agreed, be for an indefinite period of time on a month-to-month basis. During such month-to-month tenancy, Lessee shall pay to the Port the same rate of rental as set forth herein, unless a different rate shall be agreed upon, and shall be bound by all of the additional provisions of this Lease Agreement in so far as they may be pertinent.

30. **ADVANCES BY PORT FOR LESSEE:** If Lessee shall fail to do anything required to be done by it under the terms of this Lease, except to pay rent, the Port may, at its sole option, do such act or thing on behalf of Lessee, and upon notification to Lessee of the cost thereof to the Port, Lessee shall promptly pay the Port the amount of that cost.
31. **LIENS AND ENCUMBRANCES:** Lessee shall keep the leased premises free and clear of any liens and encumbrances arising or growing out of the use and occupancy of the said premises by Lessee. At the Port's request, Lessee shall furnish the Port with written proof of payment of any item that would or might constitute the basis for such a lien on the leased premises if not paid.
32. **NOTICES:** All notices hereunder may be delivered or mailed. If mailed, they shall be sent by certified or registered mail to the following respective addresses:
- To Lessor:
THE PORT OF PORT TOWNSEND
P.O. Box 1180
Port Townsend, Washington 98368
- To Lessee:
Mr. Jason Luong
265 Hudson Street
Port Townsend, WA 98368
- or to such other respective addresses as the parties hereto may hereafter from time to time designate in writing. Notices sent by mail shall be deemed to have been given when properly mailed, and the postmark affixed by the United States Post Office shall be conclusive evidence of the date of mailing.
33. **JOINT AND SEVERAL LIABILITY:** Each and every party who signs this Lease, other than in a representative capacity, as Lessee, shall be jointly and severally liable hereunder.
34. **"LESSEES" INCLUDES LESSEE, ETC.:** It is understood and agreed that for convenience the word "Lessees" and verbs and pronouns in the plural number and neuter gender are uniformly used throughout this Lease, regardless of the number, gender or fact of incorporation of the party who is, or of the parties who are, the actual Lessees or Lessee under this Lease Agreement.
35. **CAPTIONS:** The captions in this Lease are for convenience only and do not in any way limit or amplify the provisions of this Lease.

36. **SEVERABILITY:** If any term or provision of this Lease Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and shall continue in full force and effect.
37. **NON-DISCRIMINATION SERVICES:** The Lessee agrees that it will not discriminate by segregation or otherwise against any person or persons because of race, creed, color, sex, sexual orientation, or national origin in furnishing, or by refusing to furnish, to such person, or persons, the use of the facility herein provided, including any and all services, privileges, accommodations, and activities provided thereby.

It is agreed that the Lessee's noncompliance with the provisions of this clause shall constitute a material breach of this Lease. In the event of such noncompliance, the Port may take appropriate action to enforce compliance, may terminate this Lease, or may pursue such other remedies as may be provided by law.

38. **NON-DISCRIMINATION EMPLOYMENT:** The Lessee covenants and agrees that in all matters pertaining to the performance of this Lease, Lessee shall at all times conduct its business in a manner which assures fair, equal and non-discriminatory treatment of all persons without respect to race, creed or national origin and, in particular:
- a. Lessee will maintain open hiring and employment practices and will welcome applications for employment in all positions from qualified individuals who are members of racial or other minorities, and
 - b. Lessee will comply strictly with all requirements of applicable federal, state or local laws or regulations issued pursuant thereto relating to the establishment of non-discriminatory requirements in hiring and employment practices and assuring the service of all patrons or customers without discrimination as to any person's race, creed, color, sex, sexual orientation, or national origin.
39. **EASEMENTS:** The Parties recognize that the Port facilities are continuously being modified to improve the utilities and services used and provided by the Port. The Port or its agents shall have the right to enter the demised premises of the Lessee, and to cross over, construct, move, reconstruct, rearrange, alter, maintain, repair and operate the sewer, water, and drainage lines, and the electrical service, and all other services required by the Port for its use. The Port is hereby granted a continuous easement or easements that the Port believes is necessary within the lease premises of the Lessee, without any additional cost to the Port for the purposes expressed hereinabove; PROVIDED however, that the

Port by virtue of such use does not permanently deprive the Lessee from its beneficial use or occupancy of their leased area.

In the event that the Port does permanently deprive the Lessee from such beneficial use or occupancy, then an equitable adjustment in rent or in the cost required to modify its premises to allow the Lessee to operate its business, will be negotiated and paid by the Port to the Lessee. In the event that such entry by the Port is temporary in nature, then the Port shall reimburse the Lessee for the cost required to modify its premises for the temporary period that the Lessee is inconvenienced by such Port entry. The Port will not be responsible to the Lessee for any reduced efficiency, or loss of business occasioned by such entry.

Lease Agreement dated this 7th day of October 2016 is hereby approved by the Port of Port Townsend, on this 5th day of October 2016 and effective upon the receipt of a deposit and liability insurance documentation from the Lessee.

LESSEE

Jason Luong
Shanghai Chinese Restaurant, LLC

ATTEST:

PORT OF PORT TOWNSEND

APPROVED AS TO FORM

Sam Gibboney, Executive Director

Port Attorney

STATE OF WASHINGTON

COUNTY OF JEFFERSON

I certify that I know or have satisfactory evidence that JASON LUONG signed this instrument and that he is authorized to execute the instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

Dated: _____

Signature of
Notary Public: _____

My Appointment Expires: _____

**STATE OF WASHINGTON
COUNTY OF JEFFERSON**

I certify that I know or have satisfactory evidence that SAM GIBBONEY signed this instrument and that she is authorized to execute the instrument as Executive Director of the Port of Port Townsend and acknowledged it to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____

Signature of
Notary Public: _____

My Appointment Expires: _____

PORT OF PORT TOWNSEND

MEETING OF: **October 12, 2016**

AGENDA ITEM: **X. Other Business**
 A. YTD August Financials

BACKGROUND:

This is the second draft of the 2017 Port Budget. Included are assumptions that were made when developing this as well as cash flow projections through 2020.

Executive Director's Recommendation:

For review and recommendations from Commission.

Port of Port Townsend
 Consolidated Budget of Statement of Revenue & Expense
 2017 Budget with Comparison to Prior Years

2nd DRAFT BUDGET 10-12-16

Revenues	2014 Actual	2015 Actual	2016 Budget	2017 Budget
PTBH - Permanent Moorage	915,821	952,981	1,032,000	1,052,640
PTBH - Ship Moorage	22,516	3,465	-	-
PTBH - Liveaboard Fee	15,645	16,020	18,000	18,360
PTBH - Work Float/Lift Pier Usage	2,604	2,399	18,000	11,000
PTBH - Monthly Guest	136,405	165,602	159,500	168,690
PTBH - Nightly Guest	171,594	194,049	231,600	247,962
PTBH - Electric	74,802	86,630	80,000	86,000
PTBH - Parking	-	-	-	10,500
PTBH - Miscellaneous Revenue	8,612	10,527	10,000	10,000
PTBH - Showers	21,175	21,105	20,000	20,000
PTBH - Laundry	6,268	4,447	6,000	6,000
Total Moorage Revenue	1,375,441	1,457,226	1,575,100	1,631,152
Yard - Liveaboard Fee	1,715	140	500	510
Yard - Miscellaneous Revenue	19,385	7,575	15,000	15,300
Yard - 70/75 Ton Hoist Revenue	226,435	272,748	270,639	281,000
Yard - 300 Ton Hoist Revenue	100,237	129,292	186,735	190,470
Yard - Washdown Revenue	61,139	69,845	75,000	76,500
Yard - Bilge Water Revenue	2,292	7,016	12,000	12,240
Yard - Work Yard Revenue	498,910	531,201	600,000	600,000
Yard - Ship Yard Revenue	370,282	342,936	360,080	367,282
Yard - L/T Storage	61,254	62,279	70,322	71,728
Yard - Electric	30,076	18,471	25,000	25,500
Yard - Blocking Rent	12,795	13,771	16,000	22,320
Yard - Off Port Property Tarp Fee	35,887	320	-	3,000
Marine Trades 3% Revenue	94,064	115,922	81,800	83,436
Total Work Yard Revenue	1,514,470	1,571,515	1,713,076	1,749,286
Pt Hudson - Building Lease Revenue	371,863	374,695	400,000	404,000
Pt Hudson - Property Utility Reimb	-	-	-	19,020
Pt Hudson - Landfall parking	-	-	-	10,500
Pt Hudson - Permanent Moorage	102,679	118,636	124,277	126,763
Pt Hudson - Electric	18,122	29,506	22,000	22,440
Pt Hudson - Liveaboard Fee	3,665	4,060	4,300	4,386
Pt Hudson - Monthly Guest	65,108	87,589	70,000	72,828
Pt Hudson - Nightly Guest	200,743	230,157	235,350	240,057
City Pier & Union Wharf Usage	7,063	6,778	10,000	10,200
Pt Hudson - Monthly R.V.	23,900	28,838	27,100	34,600
Pt Hudson - Nightly R.V.	248,948	300,069	290,126	315,725
Pt Hudson - Kayak Racks	6,319	9,021	6,000	8,000
Pt Hudson - Reservation Fee	31,227	33,348	26,000	26,520
Pt Hudson - Showers	7,628	8,467	8,000	8,000
Pt Hudson - Laundry	8,748	8,318	7,500	7,500
Pt Hudson - Passenger Fee	4,784	3,815	4,000	4,590
Pt Hudson - Electric	18,122	29,506	22,000	22,440
Pt Hudson - Miscellaneous Rev	2,683	3,345	2,500	2,550
Pt Hudson - Event Facility Rev	2,826	5,277	5,000	5,100
Total Point Hudson Marina & RV Park	1,124,427	1,281,425	1,264,153	1,345,218

Port of Port Townsend
 Consolidated Budget of Statement of Revenue & Expense
 2017 Budget with Comparison to Prior Years

2nd DRAFT BUDGET 10-12-16

	2014 Actual	2015 Actual	2016 Budget	2017 Budget
Environmental - Clean Up Revenue	9,868	-	-	-
Environmental - Point Hudson	6,080	-	-	-
Environmental - Moorage	38,203	-	-	-
Environmental - Quilcene	2,220	-	-	-
Environmental - Work Yard	73,590	-	-	-
Environmental - Ship Yard	19,389	-	-	-
Environmental - Stormwater Fee	8,342	-	-	-
Total Environmental Revenue	157,692	-	-	-
PTBH Prop - Lease Revenue	470,637	486,146	509,600	514,696
PTBH Prop - Parking	-	-	-	10,500
PTBH Prop - Storage Unit Revenue	5,850	5,096	5,000	5,000
PTBH Prop - Fuel Dock Lease	20,356	20,889	20,400	20,400
PTBH Prop - Electric	13,777	14,311	14,000	14,806
PTBH Prop - Stormwater Fees	-	7,485	8,200	8,200
PTBH Prop - Miscellaneous	24	3	-	-
Total PTBH Property Revenue	510,644	533,928	557,200	573,602
Quilcene - Permanent Moorage	34,276	29,616	33,150	33,150
Quilcene - Nightly Moorage	2,632	4,314	2,600	2,600
Quilcene - Nightly R.V.	1,304	1,243	1,200	1,200
Quilcene - Electric	1,799	1,043	2,000	2,000
Quilcene - Showers	2,300	2,310	2,500	2,500
Quilcene - Fuel Sales	26,683	20,456	28,000	24,000
Quilcene - Lease Revenue	56,445	56,894	59,160	59,752
Quilcene - Recreational Ramp Fees	-	-	-	3,040
Quilcene - Commercial Use Fees	-	-	-	65,000
Quilcene - Rental Property Revenue	6,000	6,000	6,000	6,000
Quilcene - Water	6,968	6,749	7,000	7,000
Quilcene - Miscellaneous Revenue	-	-	200	200
Total Quilcene Revenue	138,406	128,625	141,810	206,442
Ramp Fees	31,438	34,400	53,899	46,859
PTBH - Commercial Use Fees	-	-	-	4,000
PTBH - Washdown fees	-	-	-	500
Dinghy Float Revenue	870	840	1,350	2,600
Total Ramp Revenue	32,308	35,240	55,249	53,959
JCIA - Lease Revenue	102,733	103,917	105,264	106,317
JCIA - Hangar Revenue	23,562	22,314	22,404	22,404
JCIA - Vehicle Parking Revenue	705	720	750	750
JCIA - Aircraft Parking	891	582	1,000	1,000
JCIA - Fuel Lease Revenue	3,008	3,194	3,500	3,500
JCIA - Electric	-	-	-	-
JCIA - Miscellaneous Revenue	-	-	100	100
Total JCIA Revenue	130,899	130,727	133,018	134,071
Total Operating Revenue	4,984,287	5,138,685	5,439,606	5,693,729

Port of Port Townsend
Consolidated Budget of Statement of Revenue & Expense
2017 Budget with Comparison to Prior Years

2nd DRAFT BUDGET 10-12-16

	2014 Actual	2015 Actual	2016 Budget	2017 Budget
Operating Expenses				
Salaries & Wages	1,649,998	1,691,079	1,877,504	1,969,153
Payroll Taxes	177,891	177,053	221,100	228,192
Employee Benefits	537,404	594,030	670,101	739,740
Uniform Expense	8,478	9,072	9,908	9,185
Contract Services	249,713	303,668	201,310	201,310
Consulting Services	-	-	-	145,000
Legal & Auditing	145,169	45,694	81,600	97,000
Operating Supplies	184,289	172,326	154,854	172,654
Cost of Fuel Sold - Quilcene	24,055	18,060	20,000	12,000
Moorage Credit System - PTBH	44,223	53,581	40,000	54,000
Travel & Training	27,025	33,466	25,100	30,000
Insurance	184,124	190,346	189,175	199,500
Claims & Damages	66,000	-	7,000	7,000
Advertising	38,991	28,524	48,050	48,050
Promotion	4,476	6,627	5,000	6,400
Membership & Dues	13,463	12,935	14,670	13,070
Community Relations	6,959	1,374	4,000	4,000
Bank Charges	61,296	55,898	53,320	67,340
Utilities	532,241	473,673	530,347	554,180
Excise Tax	20,844	21,163	23,125	23,325
Bad Debt	44,815	14,477	19,200	19,200
Miscellaneous Expense	222	325	4,200	4,200
Repair & Maintenance Supplies	226,734	172,509	245,520	245,520
Economic Development	25,000	25,000	25,000	25,000
Operating Expenses w/o Depreciation	4,273,408	4,100,881	4,470,084	4,875,019
Income from Operations w/o Depreciation	710,879	1,037,804	969,522	818,710
Depreciation Expense	1,487,232	1,527,500	1,548,147	1,519,032
Income (Loss) from Operations with Depreciation	(776,353)	(489,696)	(578,625)	(700,322)

Non-Operating Revenue

Port of Port Townsend
 Consolidated Budget of Statement of Revenue & Expense
 2017 Budget with Comparison to Prior Years

2nd DRAFT BUDGET 10-12-16

	2014 Actual	2015 Actual	2016 Budget	2017 Budget
Grants - FAA	209,681	18,364	-	112,500
Other Capital Grants	65,539	207,991	223,740	56,250
ARRA Bond Interest Subsidy				32,000
Investment Interest	11,357	3,327	4,200	6,000
Operating Tax Levy	900,279	922,286	948,000	965,000
State Forest Revenues	37,644	51,141	25,000	18,000
State Timber Excise Tax	47,048	52,469	39,000	30,000
Insurance Recovery	58,930	10,847	-	-
Leasehold Excise Tax	5,035	7,253	7,000	7,000
Finance Charges	18,393	17,287	14,000	16,200
Other Non-Operating Revenues	1,937	9,912	-	-
Total Non-Operating Revenue	1,355,844	1,300,878	1,260,940	1,242,950
Non-Operating Expenses				
Interest Expense - Local Fund	591	-	-	-
Interest Expense - CERB Loan	9,625	5,959	5,500	2,750
Interest Expense - 2005 Rev Ref Bond	76,703	61,875	-	-
Interest Expense - 2005 LTGO Bond	179,246	2,299	-	-
Interest Expense - 2006 LTGO Refund Bond	31,989	21,689	17,532	9,000
Interest Expense - 2010 LTGO Bond	194,389	225,672	226,836	217,638
Interest Expense - 2015 LTGO Refund Bond	-	63,260	130,651	117,678
Interest Expense - 2013 Revenue Bond	17,754	17,754	17,754	22,273
Bond Management Fees	1,553	5,259	1,200	2,760
Bond Issue Costs	-	67,338	-	152,000
Investment Fees	102	106	1,000	180
Election Expense	-	6,398	-	17,340
Total Non-Operating Expenses	511,952	477,608	400,473	541,619
Net Non-Operating Income(Expense)	843,892	823,270	860,467	701,332
Net Income(Loss)	67,539	333,574	281,842	1,010

2017 Draft Operating Budget Assumptions – 2nd DRAFT

As has been discussed at the prior Commissioners' meetings and workshops, we implemented the following changes for the 2017 Port Operating budget:

REVENUES

1. No rate increases have been determined yet, however, we assumed at a minimum there would be an across the board revenue increase by the current CPI, which is approximately 2% (*the first half of 2016 is at 2.2% according to the Bureau of Labor Statistics as of August*).
2. The CPI mentioned in item 1 did not include leases since those receive CPI increases based on the anniversary date of the lease. As such, we've added a 1% CPI increase to the lease revenue line items in an attempt to capture some of what will be increased in 2017.
3. The Monthly Guest revenues at Boat Haven were increased \$6,000 (after making the CPI increase mention in item 1) due to increased occupancy for 2016.
4. Moorage staff recommended utilizing event parking for overflow RV campers at Point Hudson, which increased those revenues by \$5,000, which is conservative.
5. Moorage staff also recommended using the front row of the loop at Point Hudson during the months of November and December to add RV spaces for rent. It is estimated conservatively at \$4,000, but could go as high as \$6,600.
6. We increased the budgeted Kayak revenues by \$2,000 based on the actual usage in 2016, which was more than anticipated.
7. Even though Bilge Water Revenues are down from the 2016 budgeted amount, are keeping that amount for 2017 as the Yard will be more aggressively managing all incoming bilges.
8. Yard staff also recommended we increase Blocking Rent revenues by approximately \$2,000 due to 2016 actuals as well as approximately \$4,000 in rate increases.
9. We identified approximately \$18,000 in leasees' water and electric utility revenues that could be captured by the Port were lease compliance enforced. This was at Point Hudson, Boat Haven, and JCIA.
10. We moved the Quilcene Ramp fees out of the "Ramps" profit center into Quilcene. As such, Quilcene's total budgeted revenues increased by approximately \$3,000 and Ramps decreased by that same amount. Ramp revenues were also slightly reduced

because the 2016 YTD revenues fall well below where anticipated. However, some of the 2016 performance it likely directly related to the Boat Ramp work and as such, we only reduced that line time an additional \$4,000 (after the Quilcene reduction).

11. During the last meeting on 9-24-16, the Commission indicated we should move forward on Commercial Use Fees at both PTBH and Quilcene. As such, we have added these revenue line items for both locations.

EXPENSES

12. All employee pay was increased from their current pay by a 2% CPI as of January 1, 2017, in accordance with union contract and Port policy. In addition, we increased employee pay in accordance with the salary survey conducted in 2015. For the 2016 budget, it was agreed the Port would split those survey increases in 1/3 and apply those increases annually as budget allowed.
13. To the personnel related line items, we added one (1) FTE for the communications intern recommended in the last Commission meeting. The fully loaded cost is estimated to total \$60,000 for the year.
14. The Port portion of PERS contributions typically increases every two years therefore last year's increase to 11.18% is still in effect through June 30, 2017. The prior three increases have averaged 0.0195%. We anticipate a potential such increase effective July 1, 2017 and included that in the budget starting July 1, 2017. This increased Employee Benefit costs by approximately \$19,000.
15. The Port received notice on healthcare insurance premiums effective January 1, 2017. There will be increases of approximately \$20,000 to the Employee Benefits line item based on our current staffing. This was built into the budget in the 1st Draft.
16. The WA State Labor and Industries Department is proposing an average 0.7% increase to fees for 2017, however, we won't know the final rates until sometime in early December. This cost is based on hours only and we expect any increase to be nominal. Nothing has been added to the budget in this regard.
17. Port insurance coverage is from September 1 – August 31 annually. Actual insurance premiums for Port property, general liability, marina, etc. coverage increased by 1% when comparing 2015-2016 to 2016-2017 coverage periods, however, the 2016 budget didn't accurately estimate the amounts. We adjusted the budget for the 2017 premiums reflecting the 2016-2017 year term with an additional 1% for the potential increase September 1, 2017.
18. The Port has two Commissioners that will be up for election in November, 2017. As such we have added the election costs the Port will be responsible to pay to the

Jefferson County Auditor. The County Auditor has notified all junior taxing districts of a change in election cost sharing to be implemented effective January 1, 2017. Ms. Berg will be attending a meeting on this topic on October 10, 2017 at which time more detail will be provided to the Port on the 2017 estimated election costs. For this draft we have used an estimate are based on prior history plus 2%, for a total of \$17,340.

19. We anticipate getting staff more training which may also necessitate more travel. As such, we've increased this line item to \$30,000.
20. We've added \$145,000 in Consulting Services fees for a Point Hudson Market Analysis (\$60,000), Boat Haven Marina Diagnosis & Plan (\$20,000), Boat Haven Branding materials (\$30,000), and an Engineer to provide design, permitting and construction management for small scale capital projects and planning support for larger capital projects, technical assistance to Port staff and peer review of designs and reports prepared by other professional service consultants (\$35,000).
21. We reviewed comments from Moorage and Yard staff and increased Operating Supplies as follows:
 - a. Moorage – approximately \$2,000 increase for dock carts and signage at both PTBH and Point Hudson,
 - b. Yard – approximately \$9,800 for various supplies, tools and equipment that are needed but aren't necessarily annually recurring costs.

Projections for Operating Revenue & Expense Performance without Depreciation

DETAILS: The following assumptions were made for these projections:

- 1.) The 2016 Budgeted Revenues were reduced by 5% (~\$270,000) due to our current expectation that 100% budget will not be achieved,
- 2.) 2016 Budgeted Expenses remain as budgeted, though those may also fall below budget,
- 3.) 2017 Budgeted Revenues and Expenses are as presented in the 2nd Draft of the 2017 Budget,
- 4.) 2018-2020 have increases in Revenue each year of 5% and increases in Expenses each year of 3%. These percentage increases are based on the Port's most recent historical six (6) year average (2009-2015 actual performance). The historical 6 year average of Revenues is a 4% increase and we increased that by 1% based on re-capturing some revenues and creating others. We also anticipate creating additional new revenues over the next few years that will contribute to this 1% projected. The historical 6 year average of Expenses is a 4.4% increase. We would plan to mitigate those to 3% annually.

	2016 budget	2017 budget	2018 budget	2019 budget	2020 budget
Revenues	5,146,726	5,693,729	6,263,102	6,889,412	7,578,353
Expenses w/o Depr	4,470,917	4,875,019	5,118,770	5,374,708	5,643,444
Net Income w/o Depr	675,809	818,710	1,144,332	1,514,704	1,934,909
Revenue incr yr to yr		547,003	569,373	626,310	688,941
Exp incr yr to yr		404,102	243,751	255,938	268,735

Projected Cashflow for 2017 through 2020

	2017 Budgeted Cashflow	2018 Budgeted Cashflow	2019 Budgeted Cashflow	2020 Budgeted Cashflow
Estimated Ending Cash, 2016	2,722,401	2,587,856	2,630,204	3,858,816
Operating Revenues	5,606,769	6,263,102	6,889,412	7,578,353
Operating Expenses (w/o depreciation)	(4,707,119)	(5,118,770)	(5,374,708)	(5,643,444)
Non-Operating (net)	685,431	3,062,568	1,208,267	678,251
Debt service - principle	(1,094,026)	(1,192,052)	(914,859)	(960,899)
Issuance of Bond Debt	1,060,000	979,000	1,029,000	2,203,000
Capital expenses (paid from Grants)	(168,750)	(2,479,500)	(579,500)	-
Capital expenses (paid from Operating)	(297,250)	(193,000)	-	-
Capital expenses (paid from Reserves)	(159,600)	(300,000)	-	-
Capital expenses (paid from Bonds)	(1,060,000)	(979,000)	(1,029,000)	(2,203,000)
Increase/(Decrease in cash)	(134,545)	42,348	1,228,612	1,652,261
Estimated Ending Cash, 2017	2,587,856	2,630,204	3,858,816	5,511,077

Assumptions:

1. The Estimated Ending Cash for 2016 was calculated based on the actual 2015 ending cash, the YTD operational results through August 31, 2016 and adjusted for known and budgeted revenues and expenses through the 2016 year end.
2. Operating Revenues budgeted for 2016 were reduced to 95% of budget based on current activity and expected performance through year end.
3. Non-Operating (net) is based on 2017 projections, with adjustments made in accordance with projections made for the Capital Expenses in the 2016 Capital Budget, such as issuance of new bond debt.
4. Capital Expenses are based on the Capital Budget for 2017 - 2020 and their projected funding sources.
5. Issuance of new Bond debt (both Revenue and GO bonds) are the principle amounts projected from the Capital Budget for 2017.
6. Debt Service principle was estimated on the new debt assuming amortization over a 20 year period at 3% interest with semi-annual payments. Those interest payments were included in the Non-Operating (net) figures for each year.

PORT OF PORT TOWNSEND

MEETING OF: **October 12, 2016**

AGENDA ITEM: **X. Other Business**
 A. August 2016 YTD Financial Results

BACKGROUND:

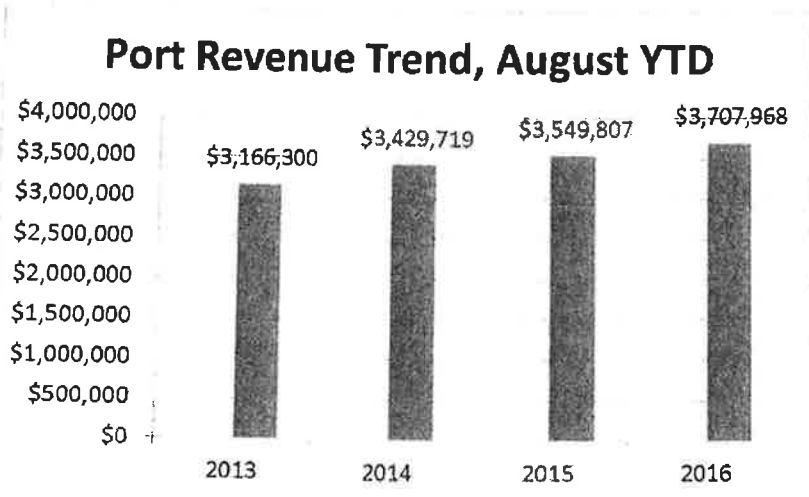
Presented are the August 2016 year to date financial results of Port operations.

Executive Director's Recommendation:

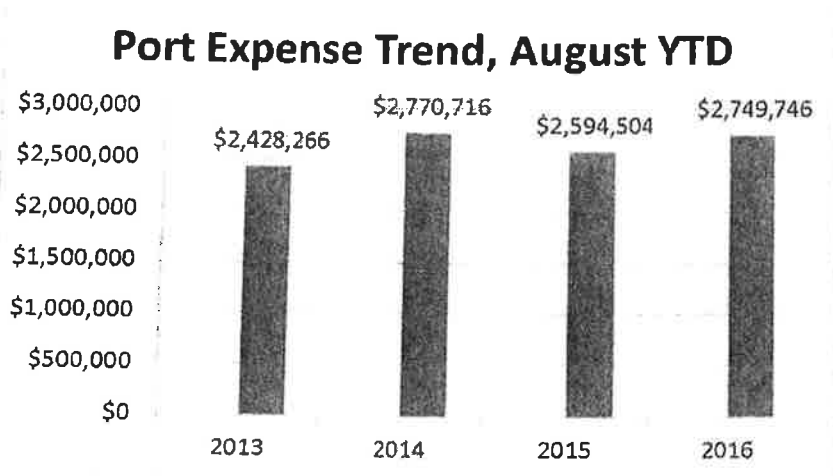
For discussion.

MEMORANDUM

Date: October 6, 2016
To: Commission & Directors
From: Abigail Berg
Subject: Port financial highlights, YTD August 2016



YTD Operating Revenues are up \$158,161 (or 4.5%) compared to 2015, and are 68.4% of budget (when we're at 67% of budget in the year). This is similar to July's YTD operating revenues, being approximately 1% over the percentage we are through the year.



YTD 2016 Operating expenses are \$155,242 (or 6%) more than 2015, though 67% through the year, expenses are 62% of budget (without depreciation). In addition, the operating expenses variance from 2015 improved from July to August by \$48,318.

We have a net loss from operations of \$(62,483) after depreciation which improved by approximately \$100,000 compared to July YTD. However the overall net income is \$535,393 after non-operating revenues and expenses are included. This is \$246,358 more than 2015 YTD and at 67% through the year, we are at 69% of budget.

YTD, the Port expended \$295,508 in WIP costs, which do not show on the Statement of Revenue and Expense, and reduce the amount of the overall increase from Net Income to \$239,885.

YTD, the Port has paid \$395,000 of the \$625,000 total principle debt service for 2016. During the same period, \$275,985 of the \$398,280 total interest debt service has been paid for 2016. The Bond *principal* payments are not reflected in the year to date non-operating results but do result in a reduction in cash.

Cash and investment balances at August 31, 2016 were \$2,674,198, of which \$937,850 were reserves.

Port of Port Townsend
Consolidated Statement of Revenue & Expense
For the Period Ended August 31, 2016

	Actual thru Aug. 31, 2015	Actual thru Aug. 31, 2016	Variance between YTD year to year	Annual Budget	% of Actual to Budget at 67% of year	Budget Remaining from Actual Results	Remarks
Revenues							
PTBH - Permanent Moorage	641,865	674,105	32,240	1,032,000	65.3%	357,895	
PTBH - Ship Moorage	3,465	0	(3,465)	0	0.0%	0	2016 monthly or nightly
PTBH - Liveaboard Fee	10,000	12,880	2,880	18,000	71.6%	5,120	
Work Float/Lift Pier Usage	1,117	9,676	8,559	18,000	53.8%	8,325	
PTBH - Monthly Guest	104,666	122,700	18,034	159,500	76.9%	36,800	
PTBH - Nightly Guest	142,191	179,033	36,842	231,600	77.3%	52,567	
PTBH - Electric	56,733	59,811	3,077	80,000	74.8%	20,189	
							\$10,642 water reim City of
PTBH - Miscellaneous Revenue	7,436	17,133	9,696	10,000	171.3%	(7,133)	PT
PTBH - Environmental Clean-up	135	0	(135)	0	0.0%	0	
PTBH - Showers	14,000	14,185	185	20,000	70.9%	5,815	
PTBH - Laundry	3,029	3,673	644	6,000	61.2%	2,327	
Total Moorage Revenue	984,638	1,093,195	108,558	1,575,100	69.4%	481,905	
Yard - Liveaboard Fee	140	560	420	500	112.0%	(60)	
Yard - Miscellaneous Revenue	4,685	3,520	(1,165)	15,000	23.5%	11,481	
Yard - Environmental Clean-up	14,251	4,014	(10,237)	0	0.0%	(4,014)	
Yard - BMP infractions	0	2,700	2,700	0	0.0%	(2,700)	
Yard - 70/75 Ton Hoist Revenue	203,089	208,955	5,866	270,639	77.2%	61,684	
Yard - 300 Ton Hoist Revenue	91,071	108,598	17,527	186,735	58.2%	78,137	
Yard - Washdown Revenue	50,667	53,949	3,281	75,000	71.9%	21,051	
Yard - Bilge Water Revenue	6,002	2,929	(3,073)	12,000	24.4%	9,071	
Yard - Work Yard Revenue	376,830	328,572	(48,257)	600,000	54.8%	271,428	
Yard - Ship Yard Revenue	234,802	261,211	26,410	360,080	72.5%	98,869	
Yard - L/T Storage	41,050	38,215	(2,835)	70,322	54.3%	32,107	
Yard - Electric	12,171	15,813	3,642	25,000	63.3%	9,187	
Yard - Blocking Rent	9,228	13,313	4,085	16,000	83.2%	2,687	
Yard - Tarp Pool Fee	265	0	(265)	0	0.0%	0	
Marine Trades 3% Revenue	74,741	57,258	(17,483)	81,800	70.0%	24,542	
Total Work Yard Revenue	1,118,990	1,099,607	(19,383)	1,713,076	64.2%	613,469	
PTBH Prop - Lease Revenue	338,499	335,904	(2,595)	509,600	65.9%	173,696	
PTBH Prop - Storage Unit Revenue	3,404	3,302	(103)	5,000	66.0%	1,698	
PTBH Prop - Fuel Dock Lease	15,047	14,132	(915)	20,400	69.3%	6,268	
PTBH Prop - Electric	14,467	8,716	(5,751)	22,200	39.3%	13,484	
PTBH Prop - Other Utilities	0	5,451	5,451	0	0.0%	(5,451)	
Total PTBH Property Revenue	371,417	367,505	(9,363)	557,200	66.0%	189,695	

Port of Port Townsend
Consolidated Statement of Revenue & Expense
For the Period Ended August 31, 2016

	Actual thru Aug. 31, 2015	Actual thru Aug. 31, 2016	Variance between YTD year to year	Annual Budget	% of Actual to Budget at 67% of year	Budget Remaining from Actual Results	Remarks
Pt Hudson Prop - Building Leases	249,876	250,498	622	400,000	62.6%	149,502	
Pt Hudson Prop - Utility Reim	0	7,631	7,631	0	0.0%	(7,631)	
Pt Hudson - Permanent Moorage	80,754	83,347	2,593	124,277	67.1%	40,930	
Pt Hudson - Liveaboard Fee	2,240	1,820	(420)	4,300	42.3%	2,480	
Pt Hudson - Monthly Guest	49,760	55,381	5,621	70,000	79.1%	14,619	
PT HUDSON - UTILITY REIMBURSE	0	16,623	16,623	0	0.0%	(16,623)	
Pt Hudson - Nightly Guest	174,787	181,169	6,382	235,350	77.0%	54,181	
Pt Hudson - Wharf Usage	3,052	5,225	2,173	10,000	52.2%	4,776	
Pt Hudson - Monthly R.V.	17,863	20,025	2,163	27,100	73.9%	7,075	
Pt Hudson - Nightly R.V.	214,050	240,598	26,548	290,126	82.9%	49,528	
Pt Hudson - Kayak Racks	5,930	7,164	1,234	6,000	119.4%	(1,164)	
Pt Hudson - Reservation Fee	26,124	24,542	(1,582)	26,000	94.4%	1,458	
Pt Hudson - Showers	5,973	6,553	580	8,000	81.9%	1,447	
Pt Hudson - Laundry	5,209	6,213	1,004	7,500	82.8%	1,288	
Pt Hudson - Passenger Fee	2,791	2,854	63	4,000	71.3%	1,146	
Pt Hudson - Electric	20,403	20,741	339	22,000	94.3%	1,259	
Pt Hudson - Miscellaneous Revenu	2,938	3,139	202	2,500	125.6%	(639)	
Pt Hudson - Event Facility Revenue	4,186	3,837	(349)	5,000	76.7%	1,163	
Total Pt Hudson	865,935	937,360	71,425	1,242,153	75.5%	304,793	
Quilcene - Permanent Moorage	21,965	21,657	(308)	33,150	65.3%	11,493	
Quilcene - Nightly Moorage	4,017	3,082	(935)	2,600	118.5%	(482)	
Quilcene - Nightly R.V.	946	905	(41)	1,200	75.4%	295	
Quilcene - Electric	703	712	9	2,000	35.6%	1,288	
Quilcene - Showers	1,470	1,452	(18)	2,500	58.1%	1,048	
Quilcene - Fuel Sales	14,808	9,381	(5,427)	28,000	33.5%	18,619	
Quilcene - Ramp fees	0	2,477	2,477	0	0.0%	(2,477)	prev under "Ramps"
Quilcene - Lease Revenue	37,928	38,630	701	59,160	65.3%	20,530	
Quilcene - Rental Property Revenu	4,000	4,000	0	6,000	66.7%	2,000	
Quilcene - Water	4,529	4,875	346	7,000	69.6%	2,125	
Quilcene - Miscellaneous Revenue	0	0	0	200	0.0%	200	
Total Quilcene Revenue	90,367	87,171	(3,196)	141,810	61.5%	54,639	
Ramp Fees	30,926	31,588	662	53,899	58.6%	22,311	moved Quil to Quil
Dinghy Float Revenue	825	829	4	1,350	61.4%	521	
Total Ramp Revenue	31,751	32,417	666	55,249	58.7%	22,832	
JCIA - Miscellaneous Revenue	0	1,716	1,716	100	1716.5%	(1,616)	
JCIA - Lease Revenue	69,120	70,149	1,030	105,264	66.6%	35,115	
JCIA - Hangar Revenue	14,592	15,891	1,299	22,404	70.9%	6,513	
JCIA - Vehicle Parking Revenue	180	360	180	750	48.0%	390	
JCIA - Aircraft Parking	472	695	223	1,000	69.5%	305	
JCIA - Commercial Landing Fee	0	0	0	0	0.0%	0	
JCIA - Fuel Lease Revenue	2,346	1,901	(445)	3,500	54.3%	1,599	
Total JCIA Revenue	86,710	90,713	4,004	133,018	68.2%	42,305	
Total Operating Revenue	3,549,807	3,707,968	152,710	5,417,606	68.4%	1,709,638	

Port of Port Townsend
Consolidated Statement of Revenue & Expense
For the Period Ended August 31, 2016

	Actual thru Aug. 31, 2015	Actual thru Aug. 31, 2016	Variance between YTD year to year	Annual Budget	% of Actual to Budget at 67% of year	Budget Remaining from Actual Results	Remarks
Operating Expenses							
Salaries & Wages	1,109,906	1,116,511	6,605	1,877,504	59.5%	760,993	
Payroll Taxes	111,897	125,892	13,995	221,100	56.9%	95,208	
Employee Benefits	389,095	406,757	17,662	670,101	60.7%	263,343	
Uniform Expense	4,137	4,430	294	9,908	44.7%	5,478	
Contract Services	144,036	174,178	30,142	201,310	86.5%	27,132	<i>Boat Demolitions ~\$30k, not Patrol I</i>
Legal & Auditing	27,125	62,658	35,532	81,600	76.8%	18,942	<i>primarily Patrol I</i>
Operating Supplies	116,935	103,499	(13,436)	154,854	66.8%	51,355	
Cost of Fuel Sold - Quilcene	13,459	9,069	(4,391)	20,000	45.3%	10,931	
Moorage Credit System - PTBH	36,310	40,095	3,785	40,000	100.2%	(95)	<i>expected to vary</i>
Travel	12,894	10,156	(2,738)	17,100	59.4%	6,944	
Training	7,162	5,781	(1,381)	8,000	72.3%	2,219	<i>retreat Strtgc Plan</i>
Insurance	125,134	130,464	5,330	189,175	69.0%	58,712	
Claims & Damages	0	4,816	4,816	7,000	68.8%	2,184	
Advertising	16,742	37,222	20,480	48,050	77.5%	10,828	<i>Exec. Dir. Recruitment</i>
Promotion	5,269	4,098	(1,171)	5,000	82.0%	902	
Membership & Dues	12,340	11,267	(1,073)	14,670	76.8%	3,403	<i>WPPA dues pd in Jan.</i>
Community Relations	1,173	0	(1,173)	4,000	0.0%	4,000	
Bank Charges	37,112	40,445	3,333	53,320	75.9%	12,875	<i>incr in customer chrgs</i>
Utilities	264,409	315,837	51,428	530,347	59.6%	214,510	
Excise Tax	15,005	15,978	974	23,125	69.1%	7,147	
Bad Debt	19,291	1,838	(17,454)	19,200	9.6%	17,362	
Miscellaneous Expense	0	950	950	4,200	22.6%	3,250	
Repair & Maintenance	100,074	102,806	2,731	245,520	41.9%	142,714	
Economic Development	25,000	25,000	0	25,000	100.0%	0	
Operating Expenses w/o Depr	2,594,504	2,749,746	155,242	4,470,084	61.5%	1,720,338	
Income from Operations w/o Depr	955,303	958,223	(2,532)	947,522	101.1%	(10,701)	
Depreciation Expense	1,009,483	1,020,705	11,223	1,032,102	98.9%	527,442	
Income (Loss) from Oper w/Depr	(54,179)	(62,483)	(8,303)	(84,580)	73.9%	(538,142)	

Port of Port Townsend
Consolidated Statement of Revenue & Expense
For the Period Ended August 31, 2016

	Actual thru Aug. 31, 2015	Actual thru Aug. 31, 2016	Variance between YTD year to year	Annual Budget	% of Actual to Budget at 67% of year	Budget Remaining from Actual Results	Remarks
Non-Operating Revenue							
Grant - FAA	18,364	38,907	20,543	0	0.0%	(38,907)	
Misc. Grant Revenue	0	5,986	5,986	0	0.0%	(5,986)	<i>Quil WW Study-County</i>
Capital Contributions - Non-Oper	0	83,111	83,111	223,740	37.1%	140,629	<i>timing of Boat Ramp proj</i>
ARRA Bond Interest Subsidy Pmt	0	16,283	16,283	0	0.0%	(16,283)	
Investment Interest	2,686	4,581	1,895	4,200	109.1%	(381)	
Operating Tax Levy	615,076	622,804	7,729	948,000	65.7%	325,196	
State Forest Revenues	39,125	28,931	(10,194)	25,000	115.7%	(3,931)	<i>expected to vary</i>
State Timber Excise Tax	42,016	27,929	(14,087)	39,000	71.6%	11,071	<i>expected to vary</i>
Leasehold Excise Tax	5,469	5,532	63	7,000	79.0%	1,468	
Finance Charges	9,842	13,742	3,900	14,000	98.2%	258	
Other Non-Operating Revenues	1	276	275	0	0.0%	(276)	
Cash Over/(Short)	(27)	(138)	(111)	0	0.0%	138	
Total Non-Operating Revenue	732,550	852,944	120,394	1,260,940	67.6%	407,996	
Non-Operating Expenses							
Interest Exp - CERB Loan	6,188	3,665	(2,522)	5,500	66.6%	1,835	
Interest Exp - 2005 Rev Ref Bond	23,964	0	(23,964)	0	0.0%	0	
Interest Exp - 2005 LTGO Bond	92,937	0	(92,937)	0	0.0%	0	
Interest Exp - 2006 LTGO Ref Bond	18,726	13,941	(4,785)	17,532	79.5%	3,591	
Interest Exp - 2010 LTGO Bond	143,563	145,440	1,877	226,836	64.1%	81,396	
Interest Exp - 2013 Revenue Bond	13,316	11,836	(1,480)	17,754	66.7%	5,918	
Interest Exp - 2015 LTGO Ref Bond	22,975	74,280	51,304	130,651	56.9%	56,371	
Bond Management Fees	260	0	(260)	1,200	0.0%	1,200	
Bond Issue Costs	67,338	0	(67,338)	0	0.0%	0	
Investment Fees	69	205	137	1,000	20.5%	795	
Other Non-Operating Expense	0	5,701	5,701	0	0.0%	(5,701)	<i>Quil WW Study-County</i>
Total Non-Operating Expenses	389,336	255,068	(134,268)	400,473	63.7%	145,405	
Total Non-Operating Income(Expense)	343,215	597,876	254,661	860,467	69.5%	262,591	
Net Income(Loss)	289,035	535,393	246,358	775,887	69.0%	(275,551)	



P.O. Box 1180 • Port Townsend, Washington 98368-4624

Administration: (360) 385-0656

Operations: (360) 385-2355

Fax: (360) 385-3988

WARRANT/ELECTRONIC PAYMENT APPROVAL

We, the undersigned, as Commissioners and Auditing Officer of the Port of Port Townsend, in Jefferson County, Washington, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein, and that the claims are just due and unpaid obligation against the Port of Port Townsend, that we are authorized to authenticate and certify to said claim and that these claims, in Warrant No 056721 through No. 056736 in the amount of \$51,658.96 and Electronic Payment in the amount of \$87,779.53, are approved for payment for a total amount of \$139,438.49 on this 12th day of October, 2016.

For: **Payroll and Benefits**

Commissioner Pete W. Hanke

Commissioner Stephen R. Tucker

Commissioner Brad A. Clinefelter

S. Abigail Berg, Director of Finance
And Administration

Manual Check and Payment Register
 Journal Posting Date: 10/3/2016
 Register Number: MC-000097

Port of Port Townsend (PTA)

Bank: K KITSAP BANK

Check Number/ Invoice Number	Check Date Invoice Date	Vendor Number	Invoice Amount	Discount	Distribution Amount	Check Amount
W00097 Check Comment: 9/2016 CKW0009701	10/3/2016	AFL010	AFLAC			572.70
	10/3/2016 G/L Account: 213-6200-00		572.70 EMPLOYEE DEDUCTION - INSURANCE	0.00	572.70	
W00098 Check Comment: DRS DC 9/30/16 CKW0009801	10/3/2016	WA0302	State of Washington			1,115.00
	10/3/2016 G/L Account: 213-5500-00		1,115.00 EE DEFERRED COMP PAYABLE	0.00	1,115.00	
W00099 Check Comment: DRS 9/2016 CKW0009901	10/3/2016	WA1801	State of Washington			27,416.28
	10/3/2016 G/L Account: 213-5400-00 G/L Account: 213-5450-00 G/L Account: 781-2400-30		27,416.28 PERS PLAN II PAYABLE PERS PLAN III PAYABLE EE BENEFITS - HCA / DRS	0.00	7,368.59 2,983.30 17,064.39	
	Check W00099 Total:		27,416.28	0.00	27,416.28	27,416.28
W00100 Check Comment: 9/30/2016 PR Taxes CKW0010001	10/3/2016	INT030	Internal Revenue Service			18,943.41
	10/3/2016 G/L Account: 213-6000-00		18,943.41 PAYROLL TAXES PAYABLE	0.00	18,943.41	
	Bank K Total:		48,047.39	0.00	48,047.39	48,047.39
	Report Total:		48,047.39	0.00	48,047.39	48,047.39

Bank Code: W - WARRANTS PAYABLE							
Check Number	Check Date	Vendor	Invoice Number	Invoice Date	Invoice Amount	Discount Applied	Payment Amount
056732	10/3/2016	NOR020	Northwest Administrators, Inc.				
			9/30/16 NWA	10/3/2016	19,825.50	0.00	19,825.50
056733	10/3/2016	PEJ001	Peninsula Credit Union				
			09/30/2016	10/3/2016	250.00	0.00	250.00
056734	10/3/2016	SPE010	James Speer				
			09/30/2016	10/3/2016	250.00	0.00	250.00
056735	10/3/2016	TEA001	Teamsters Local 589				
			9/30/2016 S	10/3/2016	1,311.00	0.00	1,311.00
056736	10/3/2016	WA0801	State of Washington				
			HCA 9/2016	10/3/2016	15,278.11	0.00	15,278.11
				Report Total:	36,914.61	0.00	36,914.61

Check Entry Number: 001
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 Check Entry Number: 001



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WARRANT APPROVAL

We, the undersigned, as Commissioners and Auditing Officer of the Port of Port Townsend, in Jefferson County, Washington, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein, and that the claims is a just, due and unpaid obligation of the Port of Port Townsend, that I am authorized to authenticate and certify to said claim and that these claims, in Warrant No 056737 through No. 056790, are approved for payment in the amount of \$89,613.26 on this 12th day of October, 2016.

For: **Accounts Payable**

Commissioner Pete W. Hanke

Commissioner Stephen R. Tucker

Commissioner Brad A. Clinefelter

S. Abigail Berg, Director of Finance
And Administration

Bank Code: W - WARRANTS PAYABLE

Check Number	Check Date	Vendor	Invoice Number	Invoice Date	Invoice Amount	Discount Applied	Payment Amount
056737	10/12/2016	A+E001	A+ Equipment Rentals, Inc				
			43261-1	9/29/2016	19.62	0.00	19.62
							Check Entry Number: 001
056738	10/12/2016	ADM002	Admiral Ship Supply Inc.				
			09/30/2016 S	9/30/2016	62.57	0.00	62.57
							Check Entry Number: 001
056739	10/12/2016	ARR010	Arrow Lumber Port Townsend				
			09/28/2016 S	9/28/2016	219.28	0.00	219.28
							Check Entry Number: 001
056740	10/12/2016	BLA050	Mike Blanchard				
			09/26/2016	9/26/2016	103.75	0.00	103.75
							Check Entry Number: 001
056741	10/12/2016	CAI040	AI Cairns				
			09/30/2016	9/30/2016	108.22	0.00	108.22
							Check Entry Number: 001
056742	10/12/2016	CAR001	Carl's Building Supply				
			09/30/2016	9/30/2016	250.96	0.00	250.96
							Check Entry Number: 001
056743	10/12/2016	CEN040	CENTURYLINK				
			1388186455	9/19/2016	5,476.24	0.00	5,476.24
							Check Entry Number: 001
056744	10/12/2016	CHY001	Chyna Sea Ventures, LTD				
			160083-A	9/21/2016	700.00	0.00	700.00
							Check Entry Number: 001
056745	10/12/2016	CIT001	City Of Port Townsend				
			09/30/2016 S	9/30/2016	12,476.86	0.00	12,476.86
							Check Entry Number: 001
056746	10/12/2016	CLI070	Brad Clinefelter				
			09/30/2016	9/30/2016	120.96	0.00	120.96
							Check Entry Number: 001
056747	10/12/2016	COO050	Cooper Fuel & Auto Repair				
			117502	9/28/2016	150.13	0.00	150.13
							Check Entry Number: 001
056748	10/12/2016	DLL010	D L Logos				
			1677	9/23/2016	70.85	0.00	70.85
							Check Entry Number: 001
056749	10/12/2016	EIS060	Paul Eisenhardt				
			09/23/2016	9/23/2016	238.08	0.00	238.08
							Check Entry Number: 001
056750	10/12/2016	FAM001	Ferguson Enterprises #3007				
			09/30/2016 S	9/30/2016	572.95	0.00	572.95
							Check Entry Number: 001
056751	10/12/2016	FER001	Ferrellgas				
			09/26/2016 S	9/26/2016	309.29	0.00	309.29
							Check Entry Number: 001
056752	10/12/2016	GIB020	Sam Gibboney				
			09/30/2016	9/30/2016	586.76	0.00	586.76
							Check Entry Number: 001
056753	10/12/2016	GOO002	Good Man Inc.				
			88000	10/1/2016	561.96	0.00	561.96
							Check Entry Number: 001
056754	10/12/2016	GOO020	Goodstein Law Group				
			1201609	10/4/2016	6,116.72	0.00	6,116.72
							Check Entry Number: 001
056755	10/12/2016	HAD001	Hadlock Building Supply				
			09/25/2016	9/25/2016	348.04	0.00	348.04
							Check Entry Number: 001
056756	10/12/2016	HEN002	Henery Hardware				
			581016	8/26/2016	11.97	0.00	11.97
			581058	8/26/2016	35.90	0.00	35.90
			581253	8/29/2016	16.97	0.00	16.97
			581338	8/30/2016	9.80	0.00	9.80
			581343	8/30/2016	10.85	0.00	10.85
			581389	8/30/2016	99.02	0.00	99.02
			581524	8/31/2016	93.72	0.00	93.72
			581560	9/1/2016	11.31	0.00	11.31
			581623	9/1/2016	46.23	0.00	46.23
			581945	9/6/2016	28.73	0.00	28.73
			582022	9/7/2016	27.64	0.00	27.64
			582051	9/7/2016	5.00	0.00	5.00
			582068	9/7/2016	19.61	0.00	19.61
			582078	9/7/2016	19.51	0.00	19.51
			582215	9/9/2016	17.18	0.00	17.18
			582230	9/9/2016	20.01	0.00	20.01
			582271	9/9/2016	18.52	0.00	18.52
			582398	9/12/2016	25.06	0.00	25.06
			582476	9/13/2016	30.49	0.00	30.49
			582529	9/13/2016	34.86	0.00	34.86
			582604	9/14/2016	138.38	0.00	138.38
			582666	9/14/2016	47.93	0.00	47.93
			582892	9/17/2016	18.52	0.00	18.52
			583087	9/20/2016	37.04	0.00	37.04
			583238	9/21/2016	14.37	0.00	14.37
			583343	9/22/2016	20.01	0.00	20.01
			583477	9/23/2016	6.54	0.00	6.54
							Check Entry Number: 001
							Check 056756 Total:
					865.17	0.00	865.17
056757	10/12/2016	HEN006	Quilcene Henery's Hardware				
			09/25/2016 S	9/25/2016	50.06	0.00	50.06
							Check Entry Number: 001
056758	10/12/2016	JAC010	JACO Analytical, Inc				
			E6IN13	9/23/2016	22.00	0.00	22.00
							Check Entry Number: 001
056759	10/12/2016	JC0003	Jefferson County - Public Work				
			09/30/2016 S	9/30/2016	747.40	0.00	747.40
							Check Entry Number: 001
056760	10/12/2016	JC1006	Jefferson County Fire				
			2016-01	10/1/2016	1,000.00	0.00	1,000.00
							Check Entry Number: 001
056761	10/12/2016	KIT001	Kitsap Tractor & Equipment				
			156303	9/29/2016	83.63	0.00	83.63
							Check Entry Number: 001
056762	10/12/2016	LAE040	Jim Laeger				
			10/04/2016	10/4/2016	83.77	0.00	83.77
							Check Entry Number: 001
056763	10/12/2016	LAN010	Landnum's Flotation Tires, Inc				
			20811	9/22/2016	1,381.00	0.00	1,381.00
							Check Entry Number: 001
056764	10/12/2016	LES050	Les Schwab				
			09/30/2016	9/30/2016	10,430.83	0.00	10,430.83
							Check Entry Number: 001
056765	10/12/2016	MAR017	Marine Assist				
							Check Entry Number: 001

Bank Code: W - WARRANTS PAYABLE

Check Number	Check Date	Vendor	Invoice Number	Invoice Date	Invoice Amount	Discount Applied	Payment Amount
056766	10/12/2016	MIC020	09/27/2016 Andrew Micks	9/27/2016	562.50	0.00	562.50
056767	10/12/2016	MIC030	10/3/2016 Eric Michaels	10/3/2016	182.06	0.00	182.06
056768	10/12/2016	NEL001	08/24/2016 Sue Nelson	8/26/2016	284.27	0.00	284.27
056769	10/12/2016	OES001	09/30/2016 OESD 114	9/30/2016	24.67	0.00	24.67
056770	10/12/2016	OLY002	1617000046 SupplyWorks	9/27/2016	2,090.00	0.00	2,090.00
			376395760	8/24/2016	25.72	0.00	25.72
			376395778	8/24/2016	302.63	0.00	302.63
			376395786	8/24/2016	176.10	0.00	176.10
			377048202	8/31/2016	437.48	0.00	437.48
			377048210	8/31/2016	495.56	0.00	495.56
			377609920	9/7/2016	461.26	0.00	461.26
			377609938	9/7/2016	516.49	0.00	516.49
			378336366	9/14/2016	332.59	0.00	332.59
			378336374	9/14/2016	176.10	0.00	176.10
			379018575	9/21/2016	794.95	0.00	794.95
			379018583	9/21/2016	222.19	0.00	222.19
			Check 056770 Total:		3,941.07	0.00	3,941.07
056771	10/12/2016	OLY004	Olympic Art and Office				
056772	10/12/2016	PAC004	09/28/2016 S Pacific Office Equipment Co	9/28/2016	39.48	0.00	39.48
056773	10/12/2016	PAR060	10/01/2016 Parametrix	10/1/2016	333.45	0.00	333.45
056774	10/12/2016	PEN030	01-77611 Peninsula Paint Co.	9/12/2016	10,156.14	0.00	10,156.14
056775	10/12/2016	POR005	F0133405 Port Townsend Leader	9/30/2016	52.71	0.00	52.71
056776	10/12/2016	PUD001	09/28/2016 S Pud District #1	9/28/2016	157.26	0.00	157.26
			09/23/2016 S	9/23/2016	308.49	0.00	308.49
			09/23/2016.2	9/23/2016	450.00	0.00	450.00
			Check 056776 Total:		758.49	0.00	758.49
056777	10/12/2016	QUI001	Quill Corporation				
056778	10/12/2016	SAF001	8858220 Safeway, Inc.	9/2/2016	160.93	0.00	160.93
056779	10/12/2016	SEA010	10/01/2016 Sea-Run Consulting	10/1/2016	955.07	0.00	955.07
			16-17	7/23/2016	8,704.62	0.00	8,704.62
			1619	10/3/2016	8,340.00	0.00	8,340.00
			Check 056779 Total:		17,044.62	0.00	17,044.62
056780	10/12/2016	SEC010	Security Services				
056781	10/12/2016	SNO030	94962 Laura Snodgrass	10/1/2016	173.50	0.00	173.50
056782	10/12/2016	SPE001	09/30/2016 SOS Printing	9/30/2016	51.42	0.00	51.42
056783	10/12/2016	THE020	55257 Thermo Fluids, Inc.	9/28/2016	11.45	0.00	11.45
056784	10/12/2016	TUC050	71482207 Stephen Tucker	9/21/2016	225.00	0.00	225.00
056785	10/12/2016	TWI001	09/30/2016 Spectra Laboratories - Kitsap	9/30/2016	517.94	0.00	517.94
056786	10/12/2016	ULI040	16-07047 ULINE	9/28/2016	69.00	0.00	69.00
			80352772	9/20/2016	375.23	0.00	375.23
			80472761	9/23/2016	73.65	0.00	73.65
			80638603	9/29/2016	1,406.10	0.00	1,406.10
			80638604	9/29/2016	4,612.42	0.00	4,612.42
			Check 056786 Total:		6,467.40	0.00	6,467.40
056787	10/12/2016	UPS020	The UPS Store				
056788	10/12/2016	WAS017	09/30/2016 S Marc Horton - Washington Project Consultants	9/30/2016	3.50	0.00	3.50
056789	10/12/2016	WAV010	093016-8 Wave Broadband	10/3/2016	1,187.50	0.00	1,187.50
056790	10/12/2016	WES006	09/21/2016 S Westbay Auto Parts, Inc.	9/21/2016	672.75	0.00	672.75
			09/25/2016 S	9/25/2016	333.98	0.00	333.98
			Report Total:		89,613.26	0.00	89,613.26



P.O. Box 1180 • Port Townsend, Washington 98368-4624

Administration: (360) 385-0656

Operations: (360) 385-2355

Fax: (360) 385-3988

ELECTRONIC DEBIT – Kitsap Bank

We, the undersigned, as Commissioners and Auditing Officer of the Port of Port Townsend, in Jefferson County, Washington, do hereby certify under penalty of perjury that the obligation described below is a just and unpaid obligation of the Port of Port Townsend, and that the Electronic Debit from the Port Checking Account held at Kitsap Bank is approved for payment in the amount of \$17,076.19 on this 12th day of October, 2016.

For: Washington State Department of Labor & Industries
3rd Quarter Tax Return for July - September, 2016 in the amount of
\$17,076.19

Commissioner Pete W. Hanke

Commissioner Stephen R. Tucker

Commissioner Brad A. Clinefelter

S. Abigail Berg, Director of Finance
and Administration



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PORT OF PORT TOWNSEND - Q3/2016 Quarterly Report Confirmation Page

Confirmation #:	4537992
Received on:	10/5/2016
Submitted by:	Donna Frary
Account ID:	061,069-00
Account Manager:	LINDA ALGUIRE 360-902-4678

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Submit Date: 10/5/2016
Confirmation Number: 4537992

Quarterly Report

3rd Quarter: July 1, 2016 - September 30, 2016

Due Date: 10/31/2016

PORT OF PORT TOWNSEND
PO BOX 1180
PORT TOWNSEND, WA 98368

WA UBI: 161 000 044
L&I Account ID: 061,069-00
Phone Number: 360-385-2355 Ext. 0

Account Manager: LINDA ALGUIRE 360-902-4678

Class	Nature of Work	Payroll	Hours	Rate	Amount
4201-02	Port Districts Incl Salesmen	\$328,248.00	11,547	1.4237	\$16,439.46
5306-07	Counties/Tax Dist Adm/CI Offc	\$132,682.00	3,315	0.1858	\$615.93
6901-00	Volunteers-Excl Law Enf Offc	\$0.00	335	0.0621	\$20.80
Total of Prelums					\$17,076.19
Grand Total					\$17,076.19

Preparer's Information

Preparer: Donna Frary
DayTime Phone: 360-379-5217
Email: donna@portofpt.com

Payment Information

Method of Payment: EFT
Bank routing information: 125102906
Bank account information: XXXXXXXXXXXX5811
Bank account Type: BusinessChecking
Payment Amount: \$17076.19
Scheduled Payment Date: 10/5/2016

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