



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

Administration: (360) 385-0656

Operations: (360) 385-2355

Fax: (360) 385-3988

**Port of Port Townsend
1st Monthly Meeting Agenda
Wednesday, July 13, 2016, 1:00 PM
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 – June 22, 2016.....1-2
 - Approval of Meeting Minutes –June 22, 2016.....3-5
 - B. Operations Reports – June 2016.....6-8
 - C. Approval of Warrants
- IV. Public Comments (not related to Agenda)
- V. Second Reading
- VI. First Reading
 - A. Johnson Fabrication, LLC Lease.....9-30
 - B. Draft Budget Schedule.....31-32
- VII. Potential Immediate Action Items
- VIII. Other Business
- IX. Staff Comments
- X. Public Comments
- XI. Commissioner Comments
- XII. **Next Public Workshop/Regular Meeting:** Wednesday, July 27, 2016: Workshop at 3:00 pm,
Meeting at 5:30 pm, Commission Building, 333 Benedict Street, Port Townsend, WA
- XIII. Executive Session (if called):
- XIV. Adjournment

PORT COMMISSION SPECIAL PUBLIC WORKSHOP – June 22, 2016

The Port of Port Townsend Commission met for the Public Workshop session in the Commission Building, 333 Benedict Street, Port Townsend, WA.

Present: Commissioners Tucker, Clinefelter and Hanke
(Commissioner Hanke excused at 4:00 for personal matter)
Executive Director – Gibboney
Auditor – Berg
Director of Planning, Properties & Environmental - Toews
Minutes – Nelson

I. CALL TO ORDER:

The Special Workshop was called to order at 3:00 pm.

II. AGENDA:

Refer to attached workshop agenda for items discussed.

IV. ADJOURNMENT:

The Workshop reconvened and adjourned at 4:45 pm.

ATTEST:

Peter W. Hanke, President

Brad A. Clinefelter, Secretary

Stephen R. Tucker, Vice President

**Port of Port Townsend
Public Workshop
Wednesday, June 22, 2016, 3:00 pm
Commission Building
333 Benedict Street
Port Townsend, WA**

AGENDA

➤ **Clarification of Expectations and Priorities:**

Executive Director Gibboney will discuss expectations and priorities with the commissioners.

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 REGULAR MEETING– June 22, 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 – Goodstein
Minutes – Nelson

I. CALL TO ORDER/PLEDGE OF ALLEGIANCE:

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

II. APPROVAL OF AGENDA:

Ms. Gibboney proposed an addition to the agenda, Executive Session, Item A – To Evaluate the Performance of a Public Employee, fifteen minutes, no action required.

Commissioner Tucker moved to approve the Agenda as amended.

Commissioner Clinefelter seconded the motion.

Motion carried by unanimous vote.

III. CONSENT AGENDA (0:54):

A. Approval of Public Workshop Minutes – June 8, 2016

Approval of Meeting Minutes – June 8, 2016

B. Approval of Warrants

Warrant #056288 through #056295 in the amount of \$11,964.24 for Payroll & Benefits

Electronic Payment in the amount of \$55,365.10 for Payroll & Benefits

Warrant #056296 through #056331 in the amount of \$57,159.14 for Accounts Payable

Commissioner Tucker moved to approve the Consent Agenda as presented.

Commissioner Hanke seconded the motion.

Motion carried by unanimous vote.

IV. PUBLIC COMMENTS (Not related to agenda):

None

V. SECOND READING (Action Items):

VI. FIRST READING (Discussion Only):

VII. POTENTIAL IMMEDIATE ACTION ITEMS):

A. Acceptance of the Port Townsend Boat Haven Boat Ramp Expansion Project Work (1:24):

Ms. Berg reported that commission approval is required for closeout of the boat ramp project. Once signed off, she will forward to L&I, ESD and DOR, and if contractor is in compliance with all three State agencies, the Port can release retainage funds to Neptune Marine. Commissioner Tucker expressed his reasons why he is not ready to take a vote on this. He explained he wants to wait until after July 4, when there is a -2.6 or -2.8 tide so that he can inspect the ramp.

Mr. Toews explained the “As Built” (project specs) were submitted, reviewed and signed off by the engineer, MC Squared and that the work was completed consistent with the design.

A lengthy discussion ensued.

The commission was unable to come to a unanimous decision to vote on the project acceptance.

Mr. Toews informed that RCO would perform a final inspection of the boat ramp on June 29.

B. BIG Authorizing Resolution No. 647-16 (13:36):

Commissioner Tucker moved to approve Immediate Action on the BIG Resolution.

Commissioner Clinefelter seconded the motion.

Motion carried by unanimous vote.

Commissioner Clinefelter moved to adopt Resolution No. 647-16 as presented.

Commissioner Tucker seconded the motion.

Motion carried by unanimous vote.

VIII. OTHER BUSINESS:

A. September 28, 2016 Commission Meeting (14:08):

Commissioner Tucker stated this meeting conflicts with the WPPA Environmental Conference in Winthrop and requested a date or time change.

Commissioner Hanke recommended keeping it an evening meeting.

Commissioner Hanke moved to change the meeting date from September 28 to Tuesday, September 27, 2016 at 5:30 pm.

Commissioner Clinefelter seconded the motion

Motion carried by unanimous vote.

IX. STAFF COMMENTS (16:14):

Ms. Gibboney discussed a recent meeting with Reid Middleton on the airport runway project. Scope of work and FAA submittals were reviewed. She explained the Port would be responsible for 10% (the FAA funds 90%), which 5% of that would be pursued through a WSDOT grant. Ms. Gibboney stated the shed runway is the preferred type but if the FAA requires the crown runway, costs will be substantially more. She discussed the runway width.

Ms. Gibboney reported she is researching proposed leases at JCIA, keeping in accordance with the Airport Master Plan.

Ms. Gibboney then announced the expected Administrative Order on the Boat Yard Stormwater Permit from DOE was received. She discussed the schedule laid out by DOE. Discussion ensued on details of the order, costs and the ability to meet the set deadlines.

Mr. Toews discussed an “early win” involving intergovernmental coordination and maintaining good relations. He informed that the County increased the days open to the public at the MRW facility from one day a week to two. This was able to happen due to a more financially secure solid waste fund and help and planning from Port Environmental Officer, Al Cairns (“...a feather in Al’s cap for good work.”)

Mr. Toews announced he is moving ahead with pre-app consultation on the Point Hudson breakwater, working on the Shoreline Permit and the SEPA with the City, who is the lead agency. He has a meeting scheduled with the City on Friday, adding the grant deadline is July 15, 2016. He explained the grant process with RCO in further detail.

Ms. Berg reported on the WPPA Financial Conference she recently attended. Among items discussed were internal controls, CERB loan assistance and a presentation on a GIS program. She added that for \$2500/year, the Port would have access to mapping out (low-level) tenant properties, water meters, electrical, etc. Also on the agenda were the Employer Human Resources law and upcoming changes in GASB (Government Accounting Standards Board) pronouncements. She said she is continuing to work on the annual report. Ms. Berg reported the two new cash drawers are being installed (one at each moorage office) to allow for better accountability.

Attorney Goodstein discussed the second “Landry” lawsuit where Mr. Goodstein will file a Motion to Dismiss on Friday. He reported that Mr. Landry had filed a third lawsuit, which includes a previous owner of Goldstar Marine.

X. PUBLIC COMMENTS (40:12):

Bill Putney asked if the subject of IFR striping at the airport was discussed with Reid Middleton, which would run concurrent with the runway resurfacing. He also discussed runway obstructions (trees).

Melinda Bryden asked Ms. Berg if month to date financials would soon be presented at the meetings. She then asked the commission/staff if any negotiations have been held on collaborating with the City to help underwrite the project cost. Mr. Toews reported he and Ms. Gibboney plan to open conversations with the City and the community to help partner in closing the funding gap.

XI. COMMISSIONER COMMENTS (43:32):

Commissioner Tucker briefed on the recent Energy Lunch meeting he attended, where agricultural sustainability was on the agenda. He also mentioned the Sea Level Rise meeting he attended a few weeks back.

Commissioner Clinefelter asked for an update on the abandoned (former) NOAA vessel. Mr. Toews reported an Amended Notice of Intent to Obtain Custody on July 5 was filed. He added the current owner has been in discussions with several interested prospective buyers. Ms. Gibboney added this something that needs to be included in policies and procedures in keeping with a safe harbor.

Commissioner Hanke reported he attended the End of School Party at the Herb Beck Marina in Quilcene, commenting that it was well done and well attended.

XII. NEXT PUBLIC WORKSHOP/MEETING: Wednesday, July 13, 2016. Workshop at 9:30 am, meeting at 1:00 pm in the Port Commission Building, 333 Benedict St, Port Townsend.

XIII. EXECUTIVE SESSION:

The regular session recessed into Executive Session at 6:18 pm (start time 6:21 pm) to discuss a personnel matter, pursuant to RCW 42.30.110 (g), duration of fifteen minutes with no action.

XIV. RECONVENING AND ADJOURNMENT OF REGULAR MEETING:

The meeting reconvened and adjourned at 6:37 pm, there being no further business to come before the Commission.

ATTEST:

Brad A. Clinefelter, Secretary

Peter W. Hanke, President

Stephen R. Tucker, Vice President

BOATHAVEN OPERATIONS REPORT/MOORAGE

MONTH: JUNE 2016

DATE: 7/7/2016

MONTHLY PERMS: 375

MONTHLY GUESTS: 25

# OF SLIPS BY SIZE	OCCUPIED	empty	% occ.
25' 34	32	2	94%
27' 11	10	1	91%
30' 105	102	3	97%
35' 24	24	0	100%
40' 44	43	1	98%
45' 41	40	1	98%
50' 32	31	1	97%
OVER 52' 7	7	0	100%
TOTAL: 298	290	9	AVG: 97%

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

	CURR	PREV MO	YTD
NIGHTLY GUESTS:	477	548	1833
CREDIT SYSTEM:	37	40	174
TEMP TIE UP:	18	15	53
FREE NIGHTS:	0	0	0
PTYC:	36	20	83
RAMP/DAILY:	100	263	524
RAMP/ANNUAL:	48	49	299
RAMP NOT PAID:	13	10	38

WAIT LISTS	
25' PLEA:	23
27' PLEA:	0
30' PLEA:	58
35' PLEA:	35
40' PLEA:	45
45' PLEA:	22
50' PLEA:	24
OVER 52':	9
OVERWID	0
30' COMM.	0
40' COMM.	0
50' COMM.	0

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	0		JULY
AUG	1178	3940	1188	3880	996	3490	1033	3658	0		AUG
SEPT	831	4771	899	4779	778	4268	958	4616	0		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	0		JULY
AUG	1300	4901	1293	5124	1228	5348	1287	5971	0		AUG
SEPT	1076	5977	1079	6203	1120	6468	1072	7043	0		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	39 39	98%	
COMMERCIAL MOORAGE	850 FEET	817 817	96%	
SEASONAL MOORAGE	32 SLIPS	0 0	0%	
SEASONAL RV'S	10 SITES	2 2	20%	
UNDESIRABLE	3 SLIPS	7 7	233%	

PORT OF PORT TOWNSEND

MEETING OF: July 13, 2016

AGENDA ITEM: VI. First Reading
A. Johnson Fabrication, LLC, Lease

BACKGROUND:

Michael Johnson, owner of Johnson Fabrication, LLC, has been working with Port staff to outline the terms and conditions of a new lease for his business located at the Port Townsend Boat Haven in the "C&S/Law/Johnson" building (formerly the "J&S" building) located at 810 Haines Place at the Boat Haven. Mr. Johnson's business focuses on marine composite fabrication, repair and maintenance.

Mr. Johnson presently occupies 750 square feet of building space under a one-year lease that will expire on July 31st. The portion of the building leased by Johnson Fabrication has a seriously compromised roof structure and will likely require renovation or reconstruction within the next five to ten years. The December 2015 draft of the Port's Capital Repair & Replacement Plan identified this roof replacement as a "Priority 1" project.

Due to the condition of the roof, this space is currently leased at 41¢ per square foot, below the market rate of 67¢ per square foot paid by other tenants in portions of the building where the roof has been repaired or replaced (e.g., Lance Warren). The central terms of the proposed lease are as follows:

- Premises (Paragraph 1): 750 square feet of building space located at 810 Haines Place;
- Term (Paragraph 2): 5 years (due to the condition of the roof, no options for extending the initial lease term are proposed);
- Rent (Paragraph 3): 41¢ per square foot, or \$307.50 per month; in the event the Port renovates or replaces the roof structure, the monthly rent will escalate to 67¢ per square foot, or \$502.50 per month;
- Damage, Destruction or Hazardous Condition (Paragraph 12(c)): Language has been incorporated which would permit the Port, upon consultation with a structural engineer, to early terminate the lease if it concludes that all or a portion of the premises would constitute a hazard to the Lessee and its employees.

In all other respects, the terms and conditions of the Port's standard lease agreement apply, including the Port's standard Hazardous Substances Warranty and Agreement.

In staff's judgment, the proposed terms and conditions enable Johnson Fabrication, LLC, to continue to fill its important marine trades niche at the Boat Haven, and aides the Port in supporting the local economy while serving the long-term fiduciary interests owed by to the taxpayers of Jefferson County.

EXECUTIVE DIRECTOR'S RECOMMENDATION:

Authorize Executive Director to approve the new five (5) year lease with Johnson Fabrication, LLC.

PORT OF PORT TOWNSEND BUILDING LEASE

THIS LEASE AGREEMENT made this 1st day of August 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 Michael Johnson, doing business as (dba) JOHNSON FABRICATION LLC, a Washington Limited Liability 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, certain real property (hereinafter "the premises") located in Jefferson County, Washington, more particularly delineated in Exhibit "A" which is attached hereto and incorporated herein by this reference, and which is briefly described as follows:

750 square feet of a 1,500 building space located at 810 Haines Place, Port Townsend, WA in the Port's Boat Haven Facility.
2. **TERM:** The term of this Lease is five (5) years, beginning August 1, 2016 and ending at midnight, July 31st, 2021 unless sooner terminated as provided in this Lease.
3. **RENT:**
 - a. Lessee agrees to pay as rental for the leased premises the sum of **Three Hundred Seven Dollars and Fifty Cents (\$307.50)** plus all applicable taxes.¹
 - b. In the event the roof structure of the leased premises is substantially renovated or replaced by Lessor during the term of the Lease, the rental rate shall be adjusted to the sum of **Five Hundred and Two Dollars and Fifty Cents (\$502.50)** plus all applicable taxes beginning on August 1 of the year following roof renovations or replacement.
 - c. The rental rate beginning in year two (2) and annually throughout the term of this Lease will be adjusted by an amount equal to the percentage change over the prior year found on the Consumer Price Index for all urban

¹ Due to the seriously deteriorated condition of the roof structure on this space, the rent has been established at \$307.50 per month (i.e., 41¢ per square foot). In the event that the Port substantially renovates or replaces the roof structure for the premises, the market rent for this space will be increased to \$502.50 per month (i.e., 67¢ per square foot).

consumers (CPI-U) for Seattle-Tacoma-Bremerton, which is compiled by the Department of Labor, Bureau of Statistics.

- d. In no event shall any rent adjustment under Subparagraphs (b) or (c) of this Paragraph 3 result in a reduction in rent from the rate paid in the prior year.
 - e. 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 the main office of the Port or at such place as the Port may hereafter designate.
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 month's rent in the amount of **Six Hundred and Fifteen Dollars and Zero Cents (\$615.00)** plus all applicable taxes in order to guarantee performance under this Lease. This Lease shall not be effective until full deposit of the required amount is made with the Port. In the event the rental amount is increased pursuant to Paragraph 3(b), above, the amount of such security deposit shall be increased in the same proportion as the annual rental is increased above the rent charged at the inception of the lease term. The deposit shall be held by the Port as security for Lessee's faithful performance of all of their obligations under this Lease. The Port shall retain any interest earned on amounts deposited. 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 marine fabrication, repair and maintenance 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. 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 sidewalks, 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 happening 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.
- c. Should the Port, upon its own initiative and following consultation with a structural engineer, conclude that the condition of all or a portion of the premises constitutes a hazard to the Lessee and its employees, guests and invitees and that the cost of remedying such hazardous condition is prohibitive, which shall be within the Port's sole discretion to determine, the Port shall have the option to terminate this Lease on one-hundred and twenty (120) days' notice. In the event that this paragraph shall become applicable, the Port shall immediately advise Lessee upon receipt of written findings from a structural engineer regarding the existence of a hazardous condition and the Port's decision to terminate this Lease. For the period from the time of the engineer's finding of the existence of a hazardous condition to the date of termination of the Lease, the monthly minimum rental shall be abated in the same proportion as the untenable portion of the premises bears to the whole thereof. Lessee shall not be entitled to any damages or compensation for business interruption or loss of revenue for early termination of the Lease under this provision.

- 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 all Federal Acts applicable to the tenant's operations at the site such as but not limited to U.S. Longshoremen and Harborworkers Act, Jones Act, and Federal Employers Liability section of the Washington Workers Compensation Policy and all Federal Acts Insurance 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. **HAZARDOUS SUBSTANCES WARRANTY AND AGREEMENT:** Lessee has examined the Hazardous Substance Warranty and Agreement (Exhibit "B"), consisting of six (6) pages, which is attached hereto and which by this reference is incorporated herein as fully set forth herein, and acknowledges full understanding of its obligations under said Hazardous Substances Warranty and Agreement.
18. **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.
19. **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 all buildings, structures or other improvements, approved by the Port, will be properly permitted by the City of Port Townsend. 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.
20. **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.

- 21. 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 default under provisions of this Lease Agreement.
- 22. 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.
- 23. 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.

- 24. 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.
- 25. 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.
- 26. 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.
- 27. 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 21 hereof.

28. **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.
29. **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.
30. **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.
31. **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.
32. **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 which would or might constitute the basis for such a lien on the leased premises if not paid.
33. **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:
Michael Johnson
JOHNSON FABRICATION, LLC
4606 Magnolia 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.

34. **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.
35. **"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.
36. **CAPTIONS:** The captions in this Lease are for convenience only and do not in any way limit or amplify the provisions of this Lease.
37. **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.
38. **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.

39. **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.

40. **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 1st day of August 2016 is hereby approved by the Port of Port Townsend, on this 1st day of August 2014 and effective upon the receipt of a deposit and liability insurance documentation from the Lessee.

LESSEE

Michael Johnson
JOHNSON FABRICATION, 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 Michael Johnson 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: _____

EXHIBIT "B"
HAZARDOUS SUBSTANCES WARRANTY AND AGREEMENT

RIDER TO LEASE AGREEMENT DATED: AUGUST 1 2016, BETWEEN THE PORT OF PORT TOWNSEND and MICHAEL JOHNSON, DBA JOHNSON FABRICATION LLC ("LESSEE").

IT IS HEREBY AGREED THAT THE LEASE AGREEMENT IDENTIFIED ABOVE SHALL BE SUPPLEMENTED AND MODIFIED AS FOLLOWS:

1. **HAZARDOUS SUBSTANCES ON PREMISES.** Without the express written permission of the Port, Lessee shall not store, use or have present on or adjacent to the premises any Hazardous Substances. Hazardous Substances means a reportable quantity of any hazardous, toxic, dangerous or extremely dangerous substance, material, vapor, or waste, pollutant, or pollution, which is or becomes regulated by the United States Government, the State of Washington, or any local governmental authority applicable to the leased property. The term includes, without limitation, any substance containing constituents of the foregoing.

Except that Lessee may store, use, or have present on the premises the following:

2. **STORAGE AND USE OF HAZARDOUS SUBSTANCES.** Lessee agrees at all times to restrict its storage and use of substances identified in Paragraph 1 to the inside of the permanent building(s) at the premises, and specifically to those locations within such buildings(s) having concrete flooring or such other impermeable flooring as the Port may, in its sole discretion, approve in writing upon request by Lessee.
3. **HANDLING AND DISPOSAL.** The Lessee agrees to use said substances identified in Paragraph 2 only on areas which have impermeable surfaces and other means for preventing accidental contact by such substances with the soils upon the leasehold or its surrounding area.
4. **RELEASES OF HAZARDOUS SUBSTANCES PROHIBITED.** Lessee, its officers, employees, contractors, agents, licensees, invitees, and assigns, shall not Release, dispose of, or permit a Release of any Hazardous Substances onto the premises or into the environment surrounding the premises, whether said Release is caused by intentional or unintentional acts, omissions, negligence, or otherwise. As used in

this Lease, the term "Release" shall be defined as provided in 42 U.S.C. 9601 and RCW 70.105D.020. In the event a conflict exists between the two definitions, the broader definition shall apply. For purposes of this lease, the term Release shall also include a threatened Release.

5. **REGULATORY COMPLIANCE.** Lessee warrants and agrees that, during the term of this Lease and any extensions thereof, it will take all steps necessary to comply with all applicable federal, state and local requirements, including without limitation laws, rules, regulations, ordinances, permits and permit requirements, orders, decrees, and other governmental requirements regarding the proper and lawful generation, use, sale, transportation, storage, treatment and disposal of Hazardous Substances, (hereinafter "Laws"), on or in any manner which affects the premises. Lessee shall, at its sole cost and expense, comply with all Laws. Lessee shall obtain any required federal or state hazardous waste generator or transporter identification numbers. Lessee shall provide to the Port a copy of each such existing permit, license, and identification number before occupancy, and shall provide a copy of any such permit, license, and identification number which Lessee may obtain in the future within seven (7) days of receipt by Lessee.

6. **DISPOSAL OF HAZARDOUS WASTES.** In the event Lessee has occasion or need to dispose of Hazardous Substances or wastes, and unless otherwise agreed in writing, Lessee shall retain an independent hazardous waste disposal firm to dispose of any and all such substances at an off-site facility which has been properly approved, licensed and authorized to accept such substances. Lessee shall ensure that the disposal firm is properly licensed and in good standing with the applicable regulatory authorities for such work, and that it has all required transporter identification numbers.

7. **LESSEE'S WARRANTY OF NO CONTAMINATION.** Except as may be disclosed in Attachment No. 1 hereto, Lessee warrants and represents that it has (1) inspected the premises and is not aware of any indication that a Release of any Hazardous Substances has ever occurred at the premises, including prior to Lessee's occupancy, (2) that it has never been formally accused or cited, at the premises or elsewhere, for any violation of environmental laws, regulations or any hazardous waste-related governmental permit, and (3) that no claims or litigation have ever been pending against it by any person or governmental agency involving any use, storage, Release or disposal of Hazardous Substances. If any such Releases, formal accusations, citations, claims or litigation against Lessee arise during the term of this lease or any extension thereof, then Lessee shall notify the Port in writing within seven (7) days of such event, and shall provide the Port with a copy of each document reflecting such event.

8. **INDEMNIFICATION AND HOLD HARMLESS.** Lessee shall indemnify and hold the Port harmless with respect to any and all direct or indirect expenses, losses of

damages, including all consequential damages, Attorney's fees, and litigation-related expenses and costs, incurred by the Port which result from (1) Lessee's breach of provision of this Rider, (2) claims, actions, suites, proceedings, judgments, fines or remedial orders (including orders to clean up contamination at the premises) which arise because of Lessee's breach of this Rider, (3) Lessee's violation of environment laws or regulations, or (4) Lessee's Release of Hazardous Substance onto the premises or into the surrounding environment. This obligation shall include, but shall not be limited to, environmental response and remedial costs, other cleanup costs, environmental consultants' fees, attorneys' fees, fines and penalties, laboratory testing fees, claims by third parties and governmental authorities for death, personal injuries, property damage, business disruption, lost profits, natural resource damages and any other costs for environmental assessments, monitoring, government compliance, or otherwise related to a Release or threatened Release of Hazardous Substances. This obligation by the Lessee shall survive the expiration or termination of this Lease Agreement and the sale of the property. If the Port so requests, Lessee shall accept the tender of defense of, and shall retain counsel of the Port's selection and at Lessee's expense to defend any third party claim asserted against the Port in connection with alleged conduct by Lessee which, if true, would be in breach of the provision of this Rider. Lessee shall have no obligation under this Paragraph 8, if Lessee can establish that the Release or threatened of Release of a Hazardous Substance and the damages resulting therefrom were caused solely by:

- a. An act of God;
- b. An act of war;
- c. An act or omission of a third party other than (i) an employee or agent of the Lessee, or (ii) any person whose act or omission occurs in connection with a contractual relationship existing, directly or indirectly, with the Lessee, if the Lessee establishes by a preponderance of the evidence that Lessee (a) exercised due care with respect to the Hazardous Substance concerned, taking into consideration the characteristics of such Hazardous Substance, in light of all relevant facts and circumstances, and (b) took reasonable precautions against foreseeable acts or omissions of any such third party and the foreseeable consequences of such acts or omissions;
or
- d. Any combination of the foregoing paragraphs.

9. **NOTIFICATION TO THE PORT OF CHANGES IN OPERATION.** Lessee agrees to notify the Port in writing at least seven (7) days in advance of any previously undisclosed action which the Lessee plans to take which poses a material risk of a Release or threatened Release of Hazardous Substances into the environment, including but not limited to material changes in Lessee's methods of hazardous waste disposal, material increases in the volume of Lessee's hazardous waste

disposal, or material changes in the nature of any hazardous wastes which Lessee anticipates it will generate.

10. **COPIES OF ENVIRONMENTAL CORRESPONDENCE.** Lessee agrees to provide the Port with copies of all past and future correspondence to or from the Washington Department of Ecology, the U.S. Environmental Protection Agency, and any other government agency which has had or may have contact with Lessee regarding environmental concerns pertaining to the premises.
11. **NOTIFICATION OF SPILLS OR RELEASES.** Lessee shall comply with all notification requirements under the applicable federal, state and local environmental statutes and regulations, including but not limited to the timely notification of the appropriate government authorities of any spills or Releases of Hazardous Substances into the environment or onto the premises. Lessee shall notify the Port within 24 hours of discovery of any such spills or Releases, and shall provide copies of all correspondence and documents related to such spills or Releases to the Port with seven (7) days after receipt or creation, as the case may be.
12. **PORT'S REMEDY FOR BREACH OR VIOLATION.** In the event Lessee permits a Release of a Hazardous Substance to occur at or near the premises, or breaches any provision of this Rider, the Port shall be entitled (1) to terminate this Lease Agreement immediately, (2) to require Lessee to cease all operation which pose a risk or threat of releasing a Hazardous Substance into the environment, and (3) to require Lessee to begin an immediate cleanup of any and all contamination at the premises to the extent necessary to achieve full compliance with the applicable environmental laws and regulations. The Port shall be entitled to obtain immediate injunctive relief from a court of competent jurisdiction to enforce this provision. These remedies shall be in addition to, and not in substitution for, any other remedies available to the Port under applicable law.
13. **ANNUAL DECLARATION OF COMPLIANCE.** Within ten (10) days of receipt of a written request by the Port, Lessee shall provide to lessor a declaration of Lessee's compliance or non-compliance with the applicable environmental laws and regulations and with the provisions of this Rider, in the form set forth in Attachment No. 2. The Port anticipates that it will request such a declaration annually, approximately on the anniversary date of this Rider.
14. **INSPECTION OF PREMISES.** Lessee agrees to permit and cooperate with any on-site inspections and testing requested by the Port, including inspections and testing conducted by consultants or engineers hired by the Port to evaluate Lessee's compliance with the applicable environmental requirements and the provisions of this Rider. The Port shall provide Lessee within 24 hours advance notice of the Port's intent to conduct such inspection or testing.

15. DESIGNATED REPRESENTATIVE RESPONSIBLE FOR COMPLIANCE.

_____ whose work telephone number is _____ and whose home telephone number is _____ shall be the Lessee's designated representative who shall be primarily responsible (1) for Lessee's compliance with the provision of this Rider, (2) for handling contact with the Port pertaining to environmental compliance, and (3) for signing on behalf of Lessee the annual declaration of compliance pursuant to Paragraph 12 above. Lessee shall promptly notify the Port of any changes in the identity or telephone numbers of the designated representative.

16. ADDITIONAL PROVISIONS.

PORT OF PORT TOWNSEND:

LESSEE:

Sam Gibboney

Michael Johnson

Title: Executive Director

Title: Owner, Johnson Fabrication LLC

Date: _____

Date: _____

(Attachment No. 1 to Hazardous Substances Rider)

DISCLOSURE BY LESSEE

The Lessee makes the following disclosure pursuant to Paragraph 7 of the Hazardous Substances Warranty and Agreement (Attach Additional page(s) if necessary):

1. Release(s) of Hazardous Substances by Lessee:
(If none, initial here: _____)
2. Indication(s) of Contamination at Premises:
(If none, initial here: _____)
3. Lessee Violation(s) of Environmental Regulations:
(If none, initial here: _____)
4. Environmental Claims or Litigation Against Lessee:
(If none, initial here: _____)

Lessee: MICHAEL JOHNSON, DBA JOHNSON FABRICATION LLC

By: _____ / _____
(Printed Name) (Signature)

Title: _____ /Date: _____

(Attachment No. 2 to Hazardous Substances Rider)

DECLARATION OF COMPLIANCE

_____, as the designated representative of Lessee primarily responsible for environmental compliance pursuant to Paragraph 13 of the Hazardous Substances Warranty and Agreement dated: _____, hereby declares and represents as follows on behalf of Lessee:

1. I have read, and am familiar with, Lessee's obligations and representations as set forth in the Hazardous Substances Warranty and Agreement applicable to Lessee.
2. I am not aware of, and do not believe there have been any violations by Lessee of any of the provisions in the Hazardous Substances Warranty and Agreement, or of any requirements imposed on Lessee by federal, state or local environment laws and regulations.
3. I have no reason to believe, and do not believe, that any of the representations in Paragraph 7 of the Hazardous Substances Warranty and Agreement are inaccurate as of the date indicated below.
4. Lessee has not stored, used or had present on or adjacent to the premises any Hazardous Substances except those that have been disclosed in writing to lessor.
5. Lessee has not Released, disposed of, or permitted the Release of any Hazardous Substances onto the premises or into the environment surrounding the premises, except as has been disclosed in writing to Lessor.

Lessee: MICHAEL JOHNSON, DBA JOHNSON FABRICATION LLC

By: _____
Signature

Title: _____/Date: _____

PORT OF PORT TOWNSEND

MEETING OF: July 13, 2016

AGENDA ITEM: VI. First Reading
B. 2017 DRAFT Operating & Capital Budget
Development Schedule

BACKGROUND:

To be presented.

Executive Director's Recommendation:

For discussion.

**Port of Port Townsend
2017 Operating & Capital Budget Development Schedule**

DRAFT

*	July 13, 2016	1:00	<i>Draft 2016 Budget schedule and budget process discussed at Commission workshop.</i>
*	July 27, 2016	5:30	<i>Revised budget schedule reviewed & approved by Commission.</i>
*	August 10, 2016	9:30	<i>Workshop session - discuss issues, goals & assumptions, and review preliminary 2016 mid-year operating results.</i>
	August 15-18, 2016	TBD	<i>Individual work sessions with department managers and Port Directors.</i>
*	August 24, 2016	3:00	<i>Workshop session - budget for possible discussion</i>
	August 30, 2016	9:00	<i>Group work session with department managers and Port Directors to discuss budget - as needed.</i>
*	September 7, 2016	9:30	<i>Workshop session - continue discussion of 2017 Budget issues, and review revenue projections. Will ask for County Assessor to attend this session.</i>
*	September 28, 2016	5:30	<i>1st draft of Budget and cash flow presented to Commissioners and public.</i>
	September 28, 2016		<i>1st draft of Budget posted on Port web site, for public comment.</i>
*	October 12, 2016	1:00	<i>2nd review of draft 2017 Budget and Cash Flow projection.</i>
	October 12-26, 2016		<i>Advertise budget hearings in Leader & PDN per RCW 53.35.020</i>
*	October 26, 2016	5:30	<i>1st public hearing and public comment period on 2017 Budget</i>
*	November 9, 2015	1:00	<i>2nd public hearing and public comment period on 2017 Budget - if needed. Adoption of budget.</i>
	November 30, 2015		<i>Tax levy resolutions due to Jefferson County, per RCW.</i>

* Commission Meetings All work shops & meetings held in the Commission Room