

PORT COMMISSION MEETING – February 25, 2004

The Port of Port Townsend Commission met in regular session at the Tri-Area Community Center, Chimacum, WA.

Present: Commissioners – Beck, Pirner and Sokol
Executive Director – Crockett
Auditor – Taylor
Operations Manager – Radon
Facilities Manager – Pivarnik
Attorney – Harris

I. CALL TO ORDER: The meeting was called to order at 7:00 PM.

II. APPROVAL OF AGENDA:

Upon motion of Commissioner Sokol, the Agenda was unanimously approved with the following changes:

Items added:

- VI. New Business
 - E. Overview of New Lease for Galmukoff Marine
 - F. Northwest School of Wooden Boatbuilding Grant
 - G. City of Port Townsend Mapping Photography

III. CONSENT AGENDA:

- A. Approval of Minutes – February 11, 2004
- B. Approval of Warrants:
 - #29646 through #29668 in the amount of \$25,441.64
 - #29669 through #29673 in the amount of \$26,808.14
 - #29674 through #29725 in the amount of \$74,773.17
- C. Write-off Register
- D. Resolution No. 412-04 – Authorizing Sale of Abandoned Vessel
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Upon motion of Commissioner Sokol, the Consent Agenda was unanimously approved.

IV. PUBLIC COMMENTS (not related to Agenda):

Bill Garrett of the Jeffco Hangar Association:

Provided the Commissioners and Staff with a written summary of where he believes negotiations stand on their hangar ground lease. He requested a written reply at the Port's first opportunity.

Mary McQuillan:

Came to express appreciation for the hospitality the Port Commission and other community members offered the Tribes' dugout canoes last summer and to ask for the Port's permission and help on the next journey, scheduled for August 7. It is uncertain at this time whether the canoes would be stopping in Port Townsend, but if so, there would not be as many.

V. OLD BUSINESS:

A. Insurance Requirement for Marina Tenants

Detailed background and research on this subject was provided in the agenda packet. Mr. Radon explained his research into the topic on the requirement of insurance. Of the 38 ports surveyed, 80% require insurance and support the Port's position of requiring their tenants to have insurance. The Port has inquired about costs associated with obtaining liability insurance, such as surveying. When Commissioner Sokol asked whether a survey, etc. would be required for only liability coverage, Staff responded that some insurers might hesitate to provide liability coverage alone, but the decision to carry additional insurance would be up to the boat owner.

Commissioner Sokol, noting that we are the only marina in Jefferson County that does not require coverage, recommended that Staff present more information at the workshop, including a time period for implementation. The Port could then consider adopting a resolution implementing a requirement at the next regular meeting.

Referring to marina fires in Seattle, Mr. Harris said \$300K liability coverage from the responsible vessel owner would have been inadequate to cover damage to other vessels. In addition to liability coverage, the Port might want to consider requiring proof that each vessel is insured for its value in the case of a fire.

Commissioner Sokol suggested investigating a requirement to name the Port as an additional insured and considering exercising random checks of vessels for insurance coverage.

Commissioner Pirner provided an article from AAA magazine that stated seven out of ten individuals do not buy insurance for boat or personal watercraft.

Commissioner Sokol moved that Staff bring back to the next meeting a recommendation and mechanism to adopt a mandatory liability insurance program. The motion carried by a unanimous vote.

VI. NEW BUSINESS:

A. Port Rules and Regulations

Mr. Crockett noted the Commission and Port Staff received a copy of the current Port Rules and Regulations in order to do a comprehensive update of the manual to more accurately reflect current operations. Rather than making frequent updates when there are changes to the rate schedule and other rules and regulations, the manual might instead refer to those separate documents. A new draft would be available for review and possible adoption at an upcoming meeting. Commissioner input is welcome.

B. Updated Point Hudson Lease Rates from GVA Kidder Matthews

Mr. Pivarnik noted the Commission had recently approved a new rate structure, which is consistent with its desire to reappraise properties every three years. It also contracted with GVA Kidder Matthews to update Point Hudson appraisals and within a week should have a survey of the fair market price based on the condition of the building and the location. Some preliminary information is available, but the analysis needs some minor revisions before being finalized. Using a table of the rental survey by tenant, Mr. Pivarnik outlined some of policy decisions and rate adjustments that need to be made. Looking at comparative properties across most categories, Point Hudson is on the low side on the basis of the condition of the buildings, but on the high side on the basis of location. Long-term leases would be unlikely unless a tenant is willing to pay market rate. The Port would also need to consider capital improvements made or willing to be made.

If a tenant were unwilling to sign a long-term lease, the Port might consider providing a month-to-month lease, including CPI, until such time as there is a tenant willing to make leasehold improvements and pay market rate in exchange for a long-term lease. A question was whether the Port should also provide first right of refusal to an existing tenant. Mr. Pivarnik agreed to begin talking with tenants about the lease negotiations process, but would like direction at the next meeting about how to proceed.

A gentlemen visiting from the Port of Portland noted that they are now divesting themselves of all residential property.

Mr. Harris disagreed that a tenant should get special consideration if they have made leasehold improvements. The Port should benefit from improvements made during the term of the lease. When the lease ends, so do the tenant's rights to the property and the improvements.

C. Projected Control Form – Commercial Dock Repair

Mr. Taylor reviewed the proposed contract with Bellingham Marine, contained in the packet, for the manufacture and installation of floats to replace those damaged in January when the dock got hung up on a submerged log. Also, if there is no objection by the Commission, Staff would reintroduce the Project Control Form, which give the Port a tool for tracking long-term costs on projects.

Commissioner Sokol suggested that when we identify a project and use a Project Control Form, that they be fairly narrow in scope to prevent project control forms from continuing, for example, six years. Mr. Taylor clarified that the purpose of the form is to track not just performance but changes in contracts and increases in project costs. A benefit of the form is to require Staff to do more planning before the start of a project, to consider the total cost. This could be helpful in developing a five-year capital plan.

Commissioner Sokol moved to approve the Project Control Form for Commercial Dock repair in the amount of \$31,096 and contract with Bellingham Marine, Inc. for dock construction and installation, in the amount of \$24,629 plus tax. The motion carried by unanimous vote.

D. Overview of New Lease for Galmukoff Building

Mr. Pivarnik reviewed the background of Galmukoff's interest in leasing the recently vacated space in their current building. Staff provided the Commission with a draft lease that would consolidate four leases into one lease document, and allow Galmukoff to sublease Anchor Canvas and Montgomery Maritime for a total monthly rent of over \$7K a month. An additional meter would be installed to allow the Portside Deli to pay their own electricity and Galmukoff to be responsible for electricity in the remainder of the building. He asked the Commissioners to review the draft lease and provide comments.

E. Northwest School of Wooden Boatbuilding Grant

Mr. Pivarnik disclosed that he is on the Board of the school. In meeting today with Elizabeth Becker, who is a contractor writing grants for the school, the school expressed continued interest in pursuing the development of the lower half of the five acres for boat trailer parking. The school is asking for Commission support, as a government sponsor, for two IAC grant proposals – one from the Boating Facilities Program and the other from the Wildlife and Recreation Program for trail development from the Kively Center down to the boat launch. The school would provide all matching funds and the Port would administer the grants. In response to a question from Mr. Crockett, the Commission did not feel that sponsoring this grant would preclude the Port from partnering with the County on the Irondale Beach ramp.

Commissioner Pirner moved to partner with the Northwest School of Wooden Boatbuilding as a sponsor on the IAC grants for the amounts listed with the caveat that the school should expect to cover the Port's costs of administering the grant. The motion carried by unanimous vote.

F. City of Port Townsend Mapping Photography

Mr. Pivarnik explained an offer from the City to participate in their aerial GPS mapping of the ground of the City's water system from the airport to Point Hudson. They asked if the Port would like photos of airport and Point Hudson properties, which Staff thought might be useful during its sub-area planning at the airport. The Commission did not feel it was necessary to expend such funds at this time.

VII. STAFF COMMENTS:

Mr. Radon:

The Everett Boat Show starts next week. He provided the Commissioners with show information and the Staff schedule.

Mr. Pivarnik:

He and the Office Administrator sat through two training sessions on updating the website. Agendas are now posted on the website, as are Pictures of the Week.

Mr. Crockett:

He received an email requesting the Port's participation on a statewide policy board to study nearshore protection, restoration and habitat. One large and one medium-size port were invited to participate in this year-long process, which will involve about six meetings. A copy of the request would be given to the Commissioners.

Pat Jones of the Washington Public Ports Association (WPPA) sent a letter to Ports containing an analysis of one of Tim Eyman's latest initiatives – I-864 – which would negatively impact Port revenues.

At Commissioner Pirner's request, he provided a report on percentage of space utilization at Point Hudson by categories (marina, boatyard, restaurants, marine trade, office, etc.) for use in tomorrow's consultant interviews.

VIII. PUBLIC COMMENT:

Gloria Bram:

Regarding the issue of insurance, she suggested that transients that stay for more than one night be required to have a rider on their policy listing the Port as an additional insured. Staff noted that it would be challenging to get this information ahead of time.

Commented that the Port will likely get comments about the market rate adjustments, especially from "the little guy." During lease negotiations, the Port should consider the amount of business the Wooden Boat Foundation brings into the Port and what tradeoff could be given. Mr. Pivarnik noted that while it is not well known, the Port already does a lot for the Foundation.

IX. COMMISSIONER COMMENTS:

Commissioner Pirner:

Regarding insurance, he asked whether the Port could ask for proof of insurance as car rental companies do. Staff said our nightly guest registration form could be easily modified to ask if boat is insured. A member of the audience noted that most boat owners, if insured, carry proof of insurance on board. Staff suggested that this might be a topic to discuss at the Public Ports meeting to be hosted in Port Townsend.

X. NEXT MEETING:

Wednesday, March 10, 2004 at 1:00 PM at the Point Hudson Marina Room, Port Townsend, WA. A workshop would begin at 9:30 AM.

XI. EXECUTIVE SESSION:

At 8:22 PM, the Commission recessed into Executive Session for 20 minutes to discuss a real estate issue, with no expected decision.

XII. ADJOURNMENT:

The meeting was adjourned at 8:50 PM, there being no further business to come before the Commission.

ATTEST:

President

Secretary

Vice President

