

PORT COMMISSION MEETING – November 29, 2004

The Port of Port Townsend Commission met in regular session at the Point Hudson Marina Room, Port Townsend, WA.

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

I. CALL TO ORDER:

The meeting was called to order at 1:00 PM.

II. APPROVAL OF AGENDA:

Upon motion of Commissioner Sokol, the Agenda was unanimously.

III. CONSENT AGENDA:

- A. Approval of Minutes – November 10, 2004
Approval of Special Meeting Minutes – November 22, 2004
- B. Approval of Warrants:
 - #31277 through #31298 in the amount of \$27,665.06
 - #31299 through #31303 in the amount of \$18,002.04
 - #31304 through #31362 in the amount of \$58,267.74
- C. Write-off Register

Commissioner Sokol moved to approve the Minutes of the November 22, 2004 Special Meeting minutes with a correction to Page 6. In paragraph two, it should state that the Port paid down a \$500K line of credit rather than \$50K. The motion carried by a unanimous vote.

Upon motion of Commissioner Sokol, the Consent Agenda was unanimously approved.

IV. PUBLIC COMMENTS (NOT RELATED TO AGENDA): None

V. OLD BUSINESS:

- A. Adoption of 2005 Operating Rates

Mr. Crockett reviewed the need for an approved budget by December 6. Three resolutions are proposed. Staff's recommendation is that the Commission pass the attached resolutions. He noted the packet contained a breakdown of the options being considered, including that suggested by Commissioner Beck outlining the 3-year phase-in at the 50% level. Mr. Taylor clarified that it would be logical to adopt the Progressive Moorage Rate Plan resolution before the budget, since the budget is based on those assumptions. There was agreement to therefore address the resolutions in the order 1, 3, and then 2.

- 1. Resolution No. 430-04 – Year 2005 Operating Rates
- 2. Resolution No. 432-04 – Year 2005 Operating Budget
- 3. Resolution No. 433-04 – Adopting Progressive Moorage Rate Plan

Acknowledging much public testimony, Commissioners agreed on the need to move forward with the Progressive Moorage Rate plan but to go with 50% of the original proposal.

Commissioner Sokol moved to adopt Resolution #430-04, Adopting the 2005 Operating Rates, using rate structure established on page 21 of the Agenda Packet, which reflects a 3-Year Progressive Moorage Rate Plan at 50% of the original proposal.

Forest Aldrich:

The Port of Edmonds, which has a progressive rate schedule, also has a policy regarding larger boats that are often gone for long periods of time.

Compared to the Port's, their policy on leaseholder slip charges is more liberal and does a lot to modify the hit larger boat owners take. If he were out for one day, the Port would remunerate the boat owner for one day's pro-rated moorage. This policy is also reinforced by a six-month sub-lease program, allowing anyone absent for a period of 6 months, the option to sublet without any additional charge. He believes this would address the huge difference in this new rate structure and urged the Commission to take this policy revision into consideration. Port Staff noted this would have significant budget implications.

Dave Thompson:

It seems that the Port is getting public input at the wrong end of the process. Suggested that money paid to consultants like Reid Middleton might be better spent – and the Commission might get more ideas by – surveying the public, perhaps through a project by a high school classes. Mr. Crockett explained that the Port did not receive a response when soliciting the Port Townsend High School's interest in a business case study of Point Hudson.

Bertram Levy:

As a 30-yr slip owner, while it is true the Port has a monopoly on water access in this town, it cannot act in a vacuum without impacting the entire town. There is no other institution that raises its rates 50% in 3 years. He does not think the Port understands the impact to the community of raising the rates so high. It is challenging for working people to attend meetings and thereby enjoy due process. Those on a fixed income are also denied access to the water. When passing the dry haulout storage on his way to the lumberyard he is reminded of the public's perception that although it may have been fulfilling its mandate of maximizing revenues, the Port's handling of that property has left the town impoverished by the elimination of an irreplaceable lumberyard. Raising rates on the Wooden Boat Foundation – which is itself on the edge of bankruptcy – is not in the best interest of the community. The impacts would be devastating. While it would improve profits, it would negatively impact lower income and working class users. While it is legitimate to want to fix the docks – which haven't yet been fixed in 30 years – the rate increase will drive people out of the marina. He urged the Commission to go slower and consider the ramifications of their decision. On the current path, the Port is creating an adversarial relationship with tenants. Most tenants have had to spend significant sums to establish insurance. If you also raise rates, it will further bind the adversarial relationship.

Ed Barcott:

Thanked the Port for reconsidering the rate structure and hoped the Port holds the line. A meeting during the day is a challenge for most which is evidenced by every meeting on this subject being attended by a different audience. He hoped that the Port would realize that more money is not the answer.

Tike Hillman:

The other communities and marinas to which Port Townsend is being compared, have different socio-economic situations: higher employment, higher income per capita, lower unemployment and fewer families living below the poverty level. We should be considering conditions in our Port district, not the general Puget Sound. What he is hearing is that the floats need replacing and the marina needs expanding but because the money was used in other projects, we need to raise rates to begin creating a fund. He urged Port Commission to set this poorly conceived plan aside until it can be reexamined at the January retreat and to get the Port District residents to understand the Commissioners are their representatives

Patricia Brighton:

She asked if there is an alternative budget plan that could be submitted December 6 that does not reflect these alternatives. Staff concurred there is a budget with a flat rate.

Commissioner Pirner, said he was told in his initial Port management for new Commissioners seminar to 1) leave the Port in better shape than when your term started and 2) make all decisions for the long-term benefit of the Port. Although he would not be running for reelection, he expressed confidence that this Commission's decisions have been made in accordance with those two goals. Port Districts have both commercial revenue-producing goals like leasing facilities and operating marinas, airports, as well as public or politically-oriented roles like providing jobs and enhancing the local economy. He believes the Port District should make a profit or create retained earnings. The political bottom line calls for creating jobs and activities that support the local economy, which normally require a subsidy like the heavy haulout. The financial bottom line calls for profit or at least self-sufficiency. That is net profit after depreciation, but before the inclusion of tax revenue. The proposed budget for 2005 is \$4.2 million including tax revenue of \$691,500, leaving net revenue of roughly \$3.5 from Port operations. The biggest challenge is to refrain from using tax revenue to pay the operating expenses that are capable of being self-supported or profitable like marinas and industrial facilities. Using tax revenues for operating expenses for these activities needlessly limits the Port Districts ability to participate in the political bottom line that creates jobs and enhances the local economy. Profit, or more specifically retained earnings, is not a dirty word but is necessary for the Port to grow and prosper.

Bertram Levy:

Acknowledged the Port's mandate to make a profit, but asked how much is enough. Commissioner Pirner reiterated the Port's goal of self-sufficiency and said that the establishment of a reserve fund is a step in that direction.

Commissioner Sokol explained that the Commission had spoken with a consultant (BST Associates), who – at no cost – returned a proposal for even higher rates. The Port has held meetings at a variety of times and venues to facilitate broad public comment and participation. While he understands there is a lower per capita income in Jefferson County, the Port cannot do everything. There must be political will of the general purpose, permitting governments. As a County-wide Municipal Corporation, the Port's mission is to responsibly develop properties and facilities, encourage job creation, private investment, local economic stability and diversity and to better the quality of lives for the citizens throughout Jefferson County. The Port's authority comes from RCW Section 53. Commissioner Beck acknowledged the public's concerns by returning with two additional rate options, which are significantly less. Policy changes can be considered throughout the year.

Forest Aldrich:

Even more than in other boating communities, this Port supports many who could not otherwise afford moorage rates. While it is hard to argue against a reserve fund, such a fund should be built over a longer period of time. He asked whether this cost had been broken down to square feet. Commissioners noted that under a square foot structure, smaller boats would pay more. Commissioner Pirner then reviewed that under the full proposal, the sq. foot structure would be 45.5 cents for 20 ft., 31.9 cents for 50 ft. compared to a current rate of 45 cents and 27 cents for 50-foot slips. Mr. Taylor cautioned these rates were never developed on a square footage, but the square footage rates would decrease for larger boats.

The motion to adopt Resolution #430-04 adopting the 2005 Operating Rates carried by a unanimous vote.

Commissioner Pirner moved to adopt Resolution #433-04, Adopting Progressive Moorage Rate Plan (3-yr plan, which is 50% of the original proposal), using rate structure established on page 31 of the agenda packet.

Commissioner Sokol made further points about the importance of a Boat Haven Reserve fund and how the previous Port operations worked on the line of credit. Point Hudson improvements are possible because of seed money from its reserve fund.

Dave Thompson:

It seems that the Port waits until the decision point before collecting public comment. Mr. Radon noted that, in fact, the travelift expansion project recommendations had been made by the consensus of a 20-person advisory committee. Commissioner Sokol noted the Port's agendas and minutes are posted on the Port's website one or two days after approval, so even if attendance is a challenge, there is an opportunity through the minutes or meeting with Staff to be informed.

The motion carried by a unanimous vote.

Commissioner Beck moved to adopt Resolution #432-04 – Year 2005 Operational Budget. Commissioner Sokol noted that it would be adjusted as necessary to reflect the accepted rate structure. The motion carried by a unanimous vote.

B. Mandatory Insurance – Update

Mr. Radon reported that 280 tenants have provided proof of liability insurance, and 15 residents turned in proof but need additional information, leaving 24 tenants without insurance. One is a commercial fisherman. Three notices with timelines were given to tenants and the goal is to have 100% compliance by January 1.

VI. NEW BUSINESS:

A. Washington State Auditor's Report – Exit Briefing

Mr. Crockett provided a letter from State Auditor Brian Sonntag congratulating the Port on its audit. Commissioner Sokol attended the exit briefing. Mr. Crockett credited Mr. Taylor for taking the lead and ensuring the Port is a good steward of taxpayer money. The Commission concurred that congratulations are in order for the Executive Director and Port Staff.

VII. STAFF COMMENTS:

Ms. Winters:

The Commission's meeting with the BOCC today from 2-5 would include a public hearing on airport Comp. Plan amendments. Mr. Crockett noted that he and Mr. Pivarnik would attend.

Mr. Radon:

The Waiting List breaks down as 120 Jefferson County residents and 85 from out of county. Staff noted that it might be interesting to have a further breakdown, including those who are planning to relocate to the area. It appears that over 25% of the list are vessels in the 40 ft. range. Staff would try to continue to refine this information and make it available.

Mr. Pivarnik:

He provided a drawing of the Point Hudson marina but cautioned the 21-member advisory committee, including tenants and users, has not yet seen this revised version. He noted the possibilities of adding more linear moorage and gaining more space during events such as Wooden Boat. An update would be given at the next advisory committee meeting. An effort would be made to put forward a solid concept before the first Port meeting in January.

Mr. Crockett:

Staff, including the Port attorney, met with representatives of the EDC, the County Administrator and County planning staff, City Administrator Timmons, and two members of the Dept. of Community Trade and Economic Development (CTED) to discuss getting Port and perhaps private lands south of the airport designated as a light industrial land bank for future economic development. Stressing that political will is needed in order for this to occur, he is scheduled to meet on December 10 with incoming Commissioners Sullivan and Johnson to not only give them an overview of Port responsibilities, authorities and activities, but talk about the land bank as an opportunity for governments to cooperate. Ms. Winters raised the question of whether the Port needs to accomplish by the sunset period its Comp. Plan review and environmental review and analysis.

Considerable staff energy would be involved, especially with the CTED approach. She urged the Commissioners to seek legislative assistance in extending the 2007 deadline. Mr. Crockett noted that the state industrial land bank might be an ideal use of the 0.08 sales tax reimbursement that comes to the County.

For future consideration, he circulated an email he had just received from a Port business regarding the insurance, licenses, and state UBI numbers for the local marine trades and the need to ensure that “tailgaters” comply with the same laws.

The statewide Port conference begins Wednesday morning where he would be giving a report on Marina Committee meetings of this year.

VIII. PUBLIC COMMENT:

Tike Hillman:

He corrected that the Committee for the heavy lift would have liked 34 feet but settled on 32 feet due to associated costs.

Dave Thompson:

Regarding tailgaters, he said that when there are a lot of projects to do, the better and faster they are done, the better the Port’s reputation in general. Mr. Crockett agreed that many “tailgaters” are very qualified and noted that all the Port asks is for them to have legitimate licenses and appropriate insurance like everyone else.

Gloria Bram:

As a former Board member of the DASH program (disability awareness), she thanked Mr. Crockett for coming to their last meeting. His presentation was very favorably received. She appreciated the Port’s efforts for their awareness and interest in meeting the needs of people with disabilities.

IX. COMMISSIONER COMMENTS:

Commissioner Sokol:

In attending an EDC retreat, whose agenda was pretty ambitious, it all came down, as we have been talking about, to having the “political will” to move forward. A few attendees brought up negatives about any kind of growth, while others were excited about changes in Tri-Area. At the end, there was interest in using future meetings to cover topics that there was not time to address.

Commissioner Beck:

A topic of interest at the recent Peninsula Regional Transportation Planning Organization (PRTPO) meeting was the postponement of Hood Canal Bridge renovations to 2007. Mr. Crockett, while acknowledging the tribal concerns, said he has his own concerns about any postponement of bridge repairs.

X. NEXT MEETING:

Wednesday, December 15, 2004 at 1:00 PM at the Point Hudson Marina Room, Port Townsend, WA.

XI. ADJOURNMENT:

The meeting was adjourned at 2:27 PM, there being no further business to come before the Commission.

ATTEST:

President

Secretary

Vice President