

PORT COMMISSION MEETING – December 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
Auditor – Taylor
Attorney – Harris
Absent: Operations Manager – Radon

I. CALL TO ORDER:

The meeting was called to order at 9:00 AM.

II. APPROVAL OF AGENDA:

Upon motion of Commissioner Sokol, the Agenda was unanimously approved with the change to address New Business item “Graving Yard” ahead of Old Business.

III. CONSENT AGENDA:

- A. Approval of Minutes – December 15, 2004
- B. Approval of Warrants:
 - #31468 through #31489 in the amount of \$27,312.34
 - #31490 through #31494 in the amount of \$16,393.69
 - #31495 through #31541 in the amount of \$51,479.76
 - #30554, #30736, #31182 as Voids
- C. Port Townsend Sails Lease

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

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

V. NEW BUSINESS:

A. Graving Yard

Mr. Crockett reviewed an idea from Port Townsend resident Jack Caldwell, first offered to the Port and sent to The Leader, prompting an editorial. He was suggesting that should the graving yard not happen in Port Angeles, the Port of Port Townsend might pursue the project, which would appear to also serve the Port’s future need for expansion. Mr. Crockett has contacted the individual about this intriguing proposal and many other citizens have come forward asking the Port to give this matter consideration. He made available copies of a letter from the Washington Department of Transportation (DOT) the Port had received on December 23 announcing to all Port districts throughout Puget Sound that smaller Ports would be considered in a new competition for the graving project and also suggesting that dividing the work up is a possibility.

While the criteria of access to rail would not be met, Port Townsend does offer great proximity to Hood Canal Bridge. Due to the use of special, quick-setting cement, a batch plant of roughly one acre would need to be very close to the manufacturing site, a need that could be addressed through a partnership with the Mill, which is already zoned heavy industrial. Mr. Crockett has met with Mill representatives, who are interested in working with the Port and might have additional land available. He has also contacted the offices of Jim Buck and Norm Dicks, who are both supportive of the project staying on the Peninsula. The deadline to submit a packet is January 10, with a final decision possibly on two site alternatives by the end of January. With the deteriorating condition of the bridge, the pontoon and anchor manufacturing is rapidly becoming a crisis.

Mr. Crockett asserted that partnering with the Mill would open up a lot of options for the Port. Referring to a map that outlined the 21.8 acres designated for an expanded marina as part of the harbor improvements adopted in 2004, he

suggested that the Port could allow a graving yard in that same space. While a graving yard would need to be deeper than the planned marina, environmental impacts of either project would be at the surface of the tidelands. A project of this magnitude could help resolve many issues: the City-owned railroad trestle would be removed, clearing the way for marina expansion and the State could transfer ownership of their adjacent tidelands to the Port through a property management agreement (PMA). There are some issues with the uplands 2.2 acres, ballasted shipyard, there is also a wetland. If State funds could be used to pump storm water up to Hill Street right-of-way into the Kah Tai catchment basin, the resulting ballasted area could be used for the graving project and later for marine trades in the Port's expanded shipyard. Additional mitigation might be through adjacent wetlands. Regarding parking for the project's workforce, the Park-and-Ride (which the Port helped finance) has 200+ spaces. Also, even though the 400' barges would likely not go through the "government cut" at Indian Island, our location is still 50% closer to the bridge than Port Angeles.

He proposed Staff begin working out details to arrive at a two alternative Plan – 1) the Port be primary site in additional stages with the batch plant facility sited on Mill property, and 2) Port Townsend Paper as the primary site with the Port as the supporting site for additional storage. He stressed that the overarching mission is to keep the jobs on the Olympic Peninsula. The Port did not have the lumberyard property available when DOT first considered our site.

Mr. Crockett agreed to schedule more meetings with the County, the City, the Chamber, EDC and elected officials. He has been in touch with the Department of Ecology's permitting center and would meet with Battelle this afternoon. Given the looming deadline, he urged that there be a combined effort to finalize a proposal.

Chuck Madison of Port Townsend Paper expressed his interest in submitting a joint proposal with the Port as the primary contact. Mr. Crockett noted the Mill's 600' deepwater dock could be useful in staging the delivery to the bridge site and that the Port's 300-ton travel lift could be an asset.

Commissioner Beck, noting that he had lived through the previous collapse of the bridge, urged going forward because the economic health and welfare of the Olympic Peninsula are at stake.

Keith Marzan spoke in favor of pursuing this opportunity. He presented signatures he gathered from 35 friends and neighbors who are in support of this project and mentioned that businesses such as Central Welding Supply also expressed support. He also offered the Port the benefit of his experience in Northern California with land use planning, banking, economics and mitigation from his time with the California State Highway commission.

Gloria Bram said she sees this as a wonderful opportunity. It would go a long way to mitigate downtime during Hood Canal bridge closure. It would also do a lot for the local economy.

Jim Hagan of Port Townsend commended the Port for acting quickly. As a resident, he would be proud and gratified to see Jefferson County step up to turn this crisis into an opportunity. He suggested that proximity to a Union Hall might also be positive. Mr. Crockett added that he has been trying to contact the union in Port Angeles to ensure them that this is not a fight against Port Angeles, but an effort to keep the project in the vicinity.

Tyler Ahlgren from Port Angeles commended the Port for its efforts to keep the jobs on the Peninsula.

Tim Caldwell, General Manager of the Port Townsend Chamber, agreed that the bridge needs to be repaired sooner than later and said that he had always felt that Jefferson County could be involved. Mr. Crockett recognized the challenge of giving briefings over the holidays, but said the Port would attempt to put together a report and make contact with each of the governing entities.

County Commissioner-Elect David Sullivan said he was present to hear more about the project and expressed his willingness to work with the Port

Daniel Neville, partner in Haven Boatworks, cautioned that while the project sounds as though it could have a positive impact in Jefferson County, it might adversely affect his particular business, which would be in close proximity to the area being considered. While his business does not compare to the scope of the graving, it currently supports many local families. Mr. Crockett agreed to look at this potential impact closely. Commissioner Beck and Mr. Crockett assured that the goal would be to not negatively impact existing businesses/Port tenants. Commissioner Sokol acknowledged the concern and suggested that there might even be spin-off work for various businesses.

Christina Pivarnik, outgoing President of the Port Townsend Chamber, echoed Tim Caldwell's remarks and confirmed that the Chamber is supportive.

Daren Konopaski of the Operating Engineers, Local #302, said that while Port Angeles was their first choice the Port's looks like a good second. He would advise the Port to do a quick history lesson. Mr. Crockett agreed on the need to contact the Historical Society and the Tribes. His understanding is that both the Mill and Boat Haven areas are mostly filled in tidelands and unlikely to have been a settlement.

Andrew May, President of Port Angeles Business Assn. and Vice President of the Port Angeles Chamber said although neither of these Boards have had a chance to vote in support for Port Townsend, he felt he needed to come to this meeting. He has fielded many calls from Port Angeles residents who are concerned for their economic situation, their homes and their jobs – but he never dreamed the work could have stayed here on the Peninsula. Since the workers in Port Angeles could easily commute to Port Townsend, all share in support of this project coming to Port Townsend. He believes there would also be support from the State. Mr. Crockett expressed his thanks and asked for letters of support.

Dan Titterness, current County Commissioner, said he would be happy to support in whatever way he can.

Ted Bowman with Fred Hill Materials – which has a facility in Port Angeles – said they were extremely disappointed to have the Port Angeles project stopped. As a family business, FHM would like to participate in the Port's effort to keep the jobs on the Peninsula.

Commissioner Pirner expressed appreciation for comments and wholeheartedly supports the Mill and Port positions.

Commissioner Sokol also expressed appreciation for the Port Angeles presence today in support of the opportunity to keep economic impact here to benefit everyone on the Olympic Peninsula. He has concerns about the structural integrity of the Hood Canal Bridge and is supportive, whether the Mill or the Port is the primary site.

Commissioner Beck said the Hood Canal Bridge has been a top priority of the Peninsula Regional Transportation Planning Organization (PRTPO). With the North Peninsula's population between 90 and 100K people, he would be very concerned about the impact a bridge failure would have on transportation and Highway 101. He showed a booklet from 1997 describing the damage on and the need to rebuild the Hood Canal Bridge.

Commissioner Sokol moved to direct Staff to proceed with gathering a proposal to meet the Washington Department of Transportation deadline and continue working with Port Townsend Paper, City and County governments, and local organizations, toward meeting the January 10 deadline. The motion carried by a unanimous vote.

[Mr. Crockett later reviewed the foregoing for the Director of Building and Community Development, Al Scalf, who arrived at the meeting following the discussion of this topic. Mr. Scalf agreed to run two permitting scenarios, one as an emergency and one under the normal permit process.]

VI. OLD BUSINESS:

A. Union Contract – Teamsters Local #589

Mr. Crockett noted it is now time to renew the three-year contract. Employees voted unanimously to accept the terms of the contract. Staff is recommending the Commission also accept the contract and presented copies for their signatures. The biggest change was the removal of the cap of 500 hrs. on the accumulation of sick leave and assigning a monetary value to as many as 500 banked hours, scaled to the individual's years of service.

Commissioner Beck moved to accept the three-year contract. The motion carried by a unanimous vote.

B. Point Hudson Beach Trail

Mr. Crockett has sensed angst among Rotary that things aren't moving quickly enough. While the Port could do much of the trail cutting with its own equipment, it can't begin without the permit. Mr. Pivarnik suggested Larry Aase of the Port might pursue a permit that would be independent of the marina renovation project. Optimistically, the Port could be in a position to use the Rotary's assistance in summer 2005; in the meantime Rotary's efforts could be focused on an information kiosk. While the Port is committed to a beach trail project it has no money for the design of such a kiosk. Staff and the Commission expressed interest in Rotary taking the lead through this process.

Commissioner Sokol moved to direct Staff to pursue a permit for constructing the Point Hudson beach trail. The motion carried by a unanimous vote.

VII. NEW BUSINESS: (Continued)

B. Project Control Form – Point Hudson Marina Final Design, and Transfer of Funds – Point Hudson Renovation Reserve

Mr. Taylor reviewed that while the Commission had approved the Reid Middleton contract in August, Staff is now presenting a Project Control Form for Commission approval, which he reminded is exclusive of permitting & construction costs. In light of a recent newspaper article asserting that the Port would use this same \$300K (plus whatever debt is needed) to construct the marina he asked for clarification that the Port would draw down the Renovation Reserve Fund rather than the General Fund to pay for the initial design and permitting costs. The Commission concurred.

Commissioner Beck moved to approve the Point Hudson Marina Final Design Project Control Form. The motion carried by a unanimous vote.

Commissioner Sokol moved to authorize the transfer of funds from the Point Hudson Renovation Reserve Fund to the General Fund for reimbursement of costs associated with the Point Hudson Final Design Project, on an "as incurred" basis. The motion carried by a unanimous vote.

C. FBO at Jefferson County International Airport

Noting that the agenda packet contained a letter of intent, Mr. Pivarnik reported on meetings with the potential fixed based operator, Barry Shandre, and his contractor, Dave Ward. The Shandre family has agreed in concept to pay fair market value for the land. They propose to build a 5-6,000 sq. foot building and would like a long-term lease. They would also take over the fuel concession and would pay the Port a flowage fee. To allow for this construction, existing T-hangars would be relocated. While the individual hangar owners would be responsible for moving their buildings, the Port would incur some costs in re-grading and pouring pads on the new T-hanger sites. It is expected to cost \$300K to construct the building, which would be about 115 feet wide (from within 30' of the Wills House to the drainage ditch) and 40-50' deep with room for expansion in that direction. Mr. Shandre wants to begin construction in May and begin

operations in July. Staff said the FAA has to approve new structures as well as relocation of individual T-hangars.

VIII. STAFF COMMENTS:

Mr. Pivarnik:

He noted the nice addition of the sidewalk next to the Pygmy Kayak building, which improves public access.

IX. PUBLIC COMMENT:

Gloria Bram:

Given the increasing challenges of entering onto Highway 19 from Prospect Avenue, she requested Port assistance in asking the Department of Transportation to relocate its speed limit signs to extend the 40 mph zone to a point 300 yards north of the airport. Mr. Crockett offered a contact name at Department of Transportation.

X. COMMISSIONER COMMENTS:

Commissioner Pirner:

He would prefer the Mill site as the primary site for the graving yard project.

Commissioner Sokol:

He complimented Staff on its quick organization and response and willingness to pursue the graving yard opportunity.

Commissioner Beck:

He feels the bridge project is reaching emergency.

XI. EXECUTIVE SESSION:

At 10:46 AM, the Commission recessed into Executive Session with the Executive Director only for 30 minutes to discuss a personnel issue, with an expected decision.

XII. ACTION ITEM:

The meeting was reopened at 11:14 AM. **Commissioner Beck moved to approve 2005 annual salary levels for Executive Director at \$79,000 and Finance Director at \$68,210. The motion carried by a unanimous vote.**

XIII. NEXT MEETING:

Wednesday, January 12, 2005 at 1:00 PM at the Point Hudson Marina Room, Port Townsend, WA with the workshop beginning at 9:30 AM.

XIV. ADJOURNMENT:

The meeting was adjourned at 11:15 AM, there being no further business to come before the Commission.

ATTEST:

President

Secretary

Vice President