

PORT COMMISSION MEETING – March 23, 2005

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
Deputy Director – Pivarnik
Operations Manager – Radon
Auditor – Taylor
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 additions, and minor reordering of items:

- VII. Old Business
 - B. Industrial Land Banks
 - C. Graving Yard Letter
 - D. PUD Well Location at the Airport

III. CONSENT AGENDA:

- A. Approval of Minutes – March 9, 2005
- B. Approval of Warrants:
 - #31972 through #31993 in the amount of \$28,358.83
 - #31994 through #31996 in the amount of \$13,212.26
 - #31997 through #32053 in the amount of \$130,054.68
- C. Lease for Discovery Bay Enterprises / Pacific Coast Shellfish Growers

Upon motion of Commissioner Pirner, the Consent Agenda was unanimously approved as written.

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

V. NEW BUSINESS:

- A. Galmukoff Lease Assignment

Mr. Pivarnik reported that Mr. Harris has been working with Mike Galmukoff on impacts to the Galmukoff Marine lease due to the stock sale of Galmukoff Marine to the Wentworths.

Mr. Harris explained that although the lease would still be with Galmukoff Marine, Inc. because of the sale of more than one half of the stock, this would constitute an assignment for purposes of requiring the Port's consent. He further explained that Mr. Galmukoff and Mr. Wentworth would be signing a document, which clarifies Galmukoff Marine Inc. is in fact the operating company that owns all of the assets. Mr. Harris has prepared a Port document consenting to the transfer of the stock and requires that the Wentworths personally guarantee the lease. The transfer was expected to occur April 1st.

Mr. Galmukoff thanked the Port for supporting his business, which started as a job from the back of his van to an employer of twenty. The Commission wished the Wentworths success and thanked Mr. Galmukoff for being such a good tenant.

Commissioner Sokol moved to authorize Mr. Harris the Port Attorney and the Executive Director to sign documents to complete the transfer of the lease from Mr. Galmukoff to Mr. Wentworth. The motion carried by a unanimous vote.

VI. OLD BUSINESS:

A. FBO at Jefferson County Airport: Fuel Contract

Mr. Pivarnik reviewed that Staff has been working with a prospective fixed-based operator (FBO) for the airport who wanted to build a \$300K building and lease the fuel operation from the Port. Staff requested direction on how best to advertise a request for bids for the fuel concession, given the Commission's request that it be tied to a lease arrangement signifying a substantial investment in airport operations other than the fuel operation. Options are to do a thorough advertisement, award the fuel operation to Tail Spin Tommy, award it to the new FBO, or leave the operation the way it is with the Port retaining that operation and revisiting the idea at some point in the future.

Mr. Crockett noted that in the last two days, the FAA had given final approval for the hangar layout. Although the FAA is providing funding for a significant portion of the project, it is on a cost reimbursement basis. From a cash flow standpoint, if the Port gives up the cash flow from the fuel operation, it would not have funding to get hangar construction started.

Mr. Taylor said that while not opposed to giving up the fuel, he recommended first holding discussions of the pros/cons and performing a financial analysis before making a decision. Mr. Radon agreed that more homework and consultation with other airports is needed regarding what we would be asking of an FBO.

Commissioners concurred that the Port should take a more deliberate approach, quantifying the factors before making a decision. They thanked Tommy Wacker for the information he prepared.

Port Staff recognized the need to express appreciation for the offer from the FBO.

B. Industrial Land Banks

Mr. Crockett noted the BOCC had unanimously approved moving forward with the process of designating an Industrial Land Bank and committed \$25K to the project. In meeting with other government Staff, they discussed a way ahead on the land bank and some examples from other communities are available, but the amount required is unknown, as are the steps required to establish the regulations. He understands that a formal master plan is also required. While the County has primary responsibility for the project, the Port would like to better understand more of the details before providing any matching funding, including the expected return on investment. He noted that the EDC Director and President would be attending the next Commission workshop and the Commission might provide further direction at the regular Commission meeting that day.

Commissioners Beck and Pirner suggested that the Port provide \$25K in funding for an inventory of industrial land and inventory of potential industrial land with the stipulation that no funds would be contributed until it is clearer how the funding would be used.

Commissioner Sokol objected to the Port's contributing to an "inventory and analysis" of the land. Tomorrow an EDC committee would consider the process of developing an inventory of industrial land. He believes there is not much industrial land to inventory and that there is some confusion about the zoning categories of industrial and light industrial. His concern is that the City would first investigate existing sites before considering potential sites.

Mark Jochems, President of Jefferson County EDC agreed that a searchable asset database is needed. The City has a lot of industrial sites, but many are topographically challenged. Glen Cove also has a total of about 16-20 acres for which there are also issues, such as small parcel size and infrastructure needs. He said he believes about \$100K would cover the creation of the asset database and analysis, and some funding (approximately \$50K) should be available from CTED. He stressed the importance of the Commission giving this further consideration at the work session and agreed to provide them with information about the potential for funding.

Commissioner Pirner moved that the Port commit \$25K to the industrial land bank project pending more information. During discussion, Commissioner Sokol expressed reluctance that there is the political will to see this project through. The motion carried, with a vote in opposition by Commissioner Sokol.

C. Graving Yard Letter.

Mr. Crockett reviewed that the BOCC had asked the County Administrator John Fischbach to work with the Port on drafting a letter to the Washington State Department of Transportation reiterating the community's interest in having a graving yard sited here. They also want to point out that none of the other sites would serve the long-term needs of the state.

Commissioner Sokol moved to direct the Executive Director to work with the County Administrator to co-draft a letter to the Washington State Department of Transportation in support of the Mill as a graving yard site. The motion carried by a unanimous vote.

D. PUD Well Location at the Airport

Mr. Pivarnik noted that the PUD provided the Port their plan for an additional well at the airport. State regulations require the wells to be no closer than 300 feet apart. Port Staff has concerns about the two well's proximity to each other and about being compensated for the additional land being used, which is part of the potential industrial land bank. During discussion, it was suggested that since the new hangars would call for extended fire flow system, the Port might want to assign a monetary value for such work in exchange for the acre of land being used for the well.

The Commission agreed with Port Staff moving forward but negotiating an equal value exchange for the land.

V. NEW BUSINESS: (Continued)

A. Port Townsend TV (PTTV)

Mr. Crockett reported on Staff's investigations into becoming a member of PTTV in order to access video recording and production services. The Port might consider producing a documentary explaining the Point Hudson marina project, could video document other special presentations, as well as televise regular Commission meetings. PTTV has offered a reduced membership fee of \$500 per year. Commissioner Sokol agreed that PTTV is a good way to disseminate information.

B. Metropolitan Park District

Mr. Crockett reminded that the Commission had previously authorized his participation on a Metro Parks District task force. He has now received an invitation to join a task force of CEOs that own recreational facilities (including the County, City, and schools) in the County to discuss the feasibility of creating a Metro district. Although the City looked into forming a parks district last year, they recognized the need to encompass East Jefferson County to generate enough revenues from such an effort. They would meet on March 29 to discuss a list of questions.

Some discussion ensued about the existing level of service and a desire for an explanation of the need for the tax.

VII. STAFF COMMENTS:

Mr. Taylor:

The last payment on the 3-yr contract with Bud Rodgers for the 24 acres at the airport was approved in tonight's warrants.

As was previously authorized, the Port has financed \$185K to cover a portion of the \$285K capital costs of purchasing the 75-ton travel lift. The Port has a new 10-year debt at the rate of 4.06%, through the State Treasurer's Local Program.

The Port is proceeding with the revenue bond refunding and the Commission would need to sign closing documents for the closing to be held a week from today. The net effect is that on the remaining eleven and a half years of the bonds, the Port cut its interest from 6.14% to 4.41% resulting in a present value savings of \$227K.

Mr. Radon:

The 75-ton is earning its keep. Bookings are going well but are slowing a bit.

The Port had received several letters, including two from Jim Maupin, the Port Hadlock Yacht Club Commodore raising concerns over the Port's auction practices. After expressing confidence in the Port's policies, Mr. Radon offered to review with and solicit changes from the Commission on its auction method. He noted most of the vessels the Port deals with are impounded for lack of payment rather than abandoned.

Mr. Pivarnik:

The Point Hudson Marina Plan design would allow an extension of the slip length based on a dredge plan that was submitted to the Corps of Engineers last week by Landau Associates. Reid Middleton is still pressing forward with their design phase, but there is uncertainty about the time needed to obtain the necessary permits, which could delay construction.

He showed a hangar layout plan, which he described as the result of excellent negotiations between Reid Middleton and the FAA. Pending Commission approval (possibly at the 2nd meeting in April), the FAA would approve it and would fund storm water and all taxiways, but not electrical, fire flow, or aprons. The Port is calculating the development costs to be borne by the developers. Once this plan is approved by the Commission there would be a joint meeting of the eight parties interested in hangar construction. The Port is considering developing 12 to 24 of the 65 units themselves, some of which would be rentals, and some of which may be sold.

Mr. Crockett:

The Port of Port Angeles director would be meeting with Staff on various issues.

He and Mr. Pivarnik had attended an East Jefferson Rotary meeting where they gave a briefing on the airport. The Port hopes to do more such presentations.

The Commission received a communication from Eric Johnson of the WPPA, stating that the WPPA, Western States Petroleum Assn., Washington Environment Council, People for Puget Sound, Washington State Assn. of Counties, and Assn. of Cities are upset with the Governor's cutting one-third of the toxic waste clean up funds, which is undercutting the citizen initiative to clean up toxic sites. Mr. Crockett recommended the Commission join in making comments regarding this serious action. Commissioners agreed to the need to take a strong position against this with all legislators.

VIII. PUBLIC COMMENT:

Tommy Wacker:

He expressed displeasure about the Port's considering giving the \$30K annual fuel contract to someone new despite his previously expressed interest. He didn't object when the Port decided to keep the operation after the previous private operator left. He thought this revenue might be a way to mend some of the hard feelings by the boat people who felt they were subsidizing the airport. Having struggled for years to continue to provide services, invest in his hangar, and make many improvements to the facilities in general over 23 years, he never asked the Port for anything. While he does not mind the competition and is appreciative of the Port who has been good to him, he is deeply hurt the Port would consider giving this business to someone who has not invested in the area. He enjoys working with the people at the airport. He suggested the Port investigate the FBO at the Avian Flight Center in Bremerton.

Leo Landry:

He might also want the fuel concession , as he is about to make a large capital expenditure in the new hangars.

Jim Hagan:

The initial effort for a Metro District issue was to address current inadequacies in the City. He cautioned that with the authorization of a P & R taxing district, the needs and emergency funding issues could grow over time and recommended serious discussion beforehand.

IX. COMMISSIONER COMMENTS:

Commissioner Sokol:

When he informed the Ft. Worden Advisory Committee that Port Staff had installed a tsunami sign at Ft. Worden beach, much discussion ensued about tsunami preparedness. He congratulated the Port for taking the initiative on this issue. The Ft. Worden Advisory Committee has been working on a vision and mission for Ft. Worden.

He urged the Commission to issue a statement of political will on this industrial bank concept. He would attend the EDC committee meeting tomorrow where they would be developing an inventory and questioned the need to hire to have this done.

He would be away for about two weeks.

Commissioner Pirner:

He suggested that road and utilities only be provided up to the property line of the land bank in the event a larger parcel is needed.

X. NEXT MEETING:

Wednesday, April 13, 2005 at 1:00 PM in the Point Hudson Marina Room, Port Townsend, Washington, with a workshop beginning at 9:30 AM.

XI. EXECUTIVE SESSION: None

XII. ADJOURNMENT:

The meeting was adjourned at 9:00 PM, there being no further business to come before the Commission.

ATTEST:

President

Secretary

Vice President