

PORT COMMISSION MEETING – April 13, 2005

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 1:03 PM.

II. APPROVAL OF AGENDA:

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

III. CONSENT AGENDA:

- A. Approval of Minutes – March 23, 2005
- B. Approval of Warrants:
 - #32054 through #32078 in the amount of \$31,549.55
 - #32079 through #32086 in the amount of \$30,768.08
 - #32087 through #32160 in the amount of \$83,191.51
- C. Resolution No. 443-05 – Authorizing the Sale of Abandoned Vessel
- C. Write-off Register

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

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

V. OLD BUSINESS:

A. JCIA Hangar Development

Mr. Crockett presented the FAA's approval of the airport layout including eight hangar pads to provide 65 new units. Mary Vargas of the FAA had asked if there is immediate demand for all 65 units this year or whether demand could be satisfied by phasing in this development using 2005–07 funding. He reviewed the components involved and which agencies would be responsible for their costs and then explored possible combinations of steps. Reid Middleton had raised concerns about the approach of stopping and starting the building, grading and stormwater construction projects. Mr. Pivarnik had held informal discussions with representatives of the three contractors desiring to build, all of whom said they would be willing to sign checks for immediate construction of all units. The Port also remains interested in building one or two of the hangars itself. Mr. Crockett then reviewed that the Commission received layouts of the proposed hangar developments and their associated costs, preliminary lease options and deposits. He asked to clarify whether to do 24- or 36-month options and when the option would commence relative to construction. While the Port's cost was estimated at \$1/sq. ft., Reid Middleton would be supplying more exact numbers in the next two months. He also noted that there are currently 13 requests on the waiting list for hangar rental.

Mr. Pivarnik mentioned considering how the demand could be skewed by possible lateral movements from old to new hangars. Mr. Crockett said the Commission would need to address the policy issues of equity/fairness with the contractors, permitting owner-built hangars and how to remain flexible with the JCIA Master Plan. While more hangars are anticipated in the more distant future,

the FAA has said that this development must be completed before any further construction is funded. Staff believed the development layout displayed to be the most efficient way to develop the available resources.

Mr. Pivarnik noted that he had spoken with contractors about a 36-month option and believed it would be important to balance those that are ready to build with those who might want options to develop. Long-term options should be let only if there is no other demand. He also called for Reid Middleton to work on design standards.

Responding to a question from Commissioner Sokol, Mr. Pivarnik said he did not foresee a conflict between the timings of the hangar and taxiway developments. Mr. Crockett reviewed the level of demand for more hangars and expressed his confidence that 75% occupancy could be achieved in three years and full occupancy reached in four.

Some discussion ensued about how to fairly address those who have been asking for years about building additional hangars. There was interest in setting a minimum and maximum option price and opening it up for bids. Commissioner Sokol suggested requiring a bond be posted as an expression of commitment.

Mr. Taylor suggested that without having advertised specific ground rates or knowing development costs, the Port would need to calculate the new lease rates so as to cover the Port's financing of the development. Mr. Crockett suggested that contracted parties should start paying rent as soon as construction begins and added that he would be comfortable telling the FAA there is sufficient interest for a full build-out.

The Commission recognized the importance of keeping momentum. Staff proposed returning with some recommendations on fairness and these associated issues in a few weeks.

Regarding fairness, Ms. Winters reminded that those with long-standing interest helped bring about this process and enabled the Port to secure FAA funding. Staff noted it would be important to list these interested parties as well as to quantify how much the Port would have to finance.

Mr. Pivarnik noted the PUD's willingness to help the Port with fire flow in exchange for drilling another well at the airport.

VI. NEW BUSINESS:

A. Operations Report – Year End / Month of March 2005

Mr. Radon reported a continued upward trend in the nightly marina guest totals, due mostly to the increase in haulout activities. Ramp revenues are down slightly over the same period last year; the boatyard operation also had a good month. The 70/75-ton numbers are going to be skewed slightly due to the coming on-line of the 75-ton. A new total was added to the reports to reflect all hoist activity. The daily workyard, storage and shipyard billable lineal footage are all up significantly over last year. He believes they have surpassed all-time revenue highs. Point Hudson operations: nightly guest totals are up in the marina and RV park over the same period last year. Staff is ready to hire summer help, to begin the first of May. Reservations for Point Hudson and Boat Haven marinas are very good.

For comparison, Commissioner Pirner pointed out that while there were no days over 80% last year we've had a 90% occupancy day already in March; and at the first of March, there was a 45% day in the shipyard, up from last year's 30%. Mr. Radon agreed there have been high occupancy numbers, but added that the increase of the average size vessel looking for space from 36 to 40+ has left a few vacancies.

B. Local Toxics Control Account

Mr. Crockett reported that at the last meeting the Port had received a WPPA request to comment on the Governor's proposal to redirect \$25M (40%) of the funding from the Local Toxic Control Account. The Port has since received a courtesy response from Senator Hargrove to the Port's co-comment with a

spectrum of other organizations. He also noted the receipt of the enclosed letter from the Port of Bellingham requesting that we consider contributing \$1K to a fund to pay for lobbying on this issue.

Some discussion ensued about the Port's vested interest in the continuance of this fund and the importance of this issue. **Commissioner Pirner moved to contribute \$500 toward the services of a lobbyist to educate lawmakers of the significance of this decision to use the Model Toxic Control Account funds to help balance the budget or divert funds for other needs. The motion carried by a unanimous vote.**

C. 2005 Rhododendron Parade Entry

Mr. Crockett confirmed the Commission's interest in participating in this year's Rhody Festival Parade on Saturday, May 21. It was also noted that we are commemorating the Port's 80 years of operation.

D. Hood Canal Bridge Three-Day Closure

Mr. Crockett reported having received a survey soliciting input on preference for a weekday or weekend Hood Canal bridge closure. He and Commissioner Beck received a briefing from DOT at a meeting last Thursday on this proposed 3-day interruption. It was noted that both choices have economic and social impacts. Mr. Crockett offered that spreading the inconvenience with a combination of day and weekday closures might be best. While the Port Townsend and Port Angeles Chambers attended the briefing and advocated weekday closure to preserve weekend tourism, Mr. Crockett pointed to the significant impact of blocking the 1,800 citizens from Jefferson County who cross the hood Canal Bridge on any given weekday to earn a living. Commissioner Sokol suggested special convenience/economy ticketing for Mukilteo-Port Townsend ferry passage and providing status reports of road construction and transportation alternatives. Mr. Pivarnik reminded that there exists \$75K in LTAC funds to market Hood Canal closure mitigation but the uncertainty of the event has stalled that marketing plan.

Jack Harmon faulted DOT for not having planned on running passenger ferries for the three-day closures and mentioned that Joint Marketing is putting a letter to DOT to urge the deployment of passenger ferries.

There was general support for urging both the marine trades and the tourism industry to begin using terms such as "detour" and "temporary" for the interruption rather than the more permanent-sounding "closure." While the Commission took no formal action, Staff would consider posting such information in the marine trades' bills.

VII. STAFF COMMENTS:

Ms. Winters:

An Order of Dismissal has been issued on *Dorgan vs. Jefferson County*. Ms. Winters filed a stipulated settlement to dismiss the Port's suit against the County related to this matter. Port and Legal Staff were thanked for their efforts.

She had also spoken with Eric Toews about how any zoning code changes on the Harriman's restaurant would be addressed.

Mr. Radon:

Tomorrow he would attend a boatyard committee meeting with NW Marine Trades and Ecology regarding re-permitting for the boatyard, using tighter stormwater sampling criteria.

A news release was circulated about the Jefferson County Department of Emergency Management's planned observance of National Disaster Month. On April 21st, between 9:45–10:15 am, there will be both an earthquake drill and a testing of the AHAB tsunami warning system's siren and voice capabilities. Notices will be posted.

Staff has been considering discussing at the next meeting the issues of landslides; pictures were displayed of the Quilcene gravel pit. Staff has been working with Ken Dressler toward allowing movement of smaller volumes of gravel. The Port does not have a mining permit, but is close to the threshold of needing one, which

would require reengineering of the slope. Noting that the Port's potential earnings might be outweighed by significant safety and liability concerns, Mr. Crockett suggested the Port consider having someone else operate this facility, adding that a fence might also be needed to limit public access. The Commission would soon have to make a decision about grading this area. Mr. Radon proposed removing the peninsula of land next to Coast Oyster, saying that Staff would work on a plan to present at the next meeting.

Mr. Pivarnik:

Permits in hand, Staff has begun working on the Rotary Beach Trail. He suggested a photo-op of the groundbreaking, with all three Commissioners.

The portion of the flat roof that blew off the Point Hudson Hotel is being replaced this week. Larry Aase was complemented for his fine management of the project's permitting.

Mr. Crockett:

The Port will be hosting a meeting of School District, County, Port, and City CEOs this Friday to discuss a Metropolitan Parks District and the possibility of working together to provide citizens a better recreational experience.

VIII. PUBLIC COMMENT:

Gloria Bram:

She suggested how to offer access to new pads at the airport: interested parties would pay a fee for the privilege of participating in a lottery; each entry buys a chance for a one-year option. She disagreed with the proposed 36-month options, saying that that should require purchasing three individual options. Mr. Crockett reviewed the complications of a lottery procedure, given the varying interests of the bidders but said that the matter bears additional consideration. She also proposed a clause in the contract that prohibits reselling of an option, to which there was some agreement.

IX. COMMISSIONER COMMENTS: None

X. NEXT MEETING:

Wednesday, April 27, 2005 at 7:00 PM Regular Commission Meeting at the Tri-Area Community Center, Chimacum, Washington.

XI. EXECUTIVE SESSION: None

XII. ADJOURNMENT:

The meeting was adjourned at 2:40 PM, there being no further business to come before the Commission.

ATTEST:

President

Secretary

Vice President