

## PORT COMMISSION MEETING – April 27, 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 – Winters

### 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:**

- V. Old Business
  - D: Airport Update
- VI. New Business
  - B: Executive Director's Employment Contract

### III. CONSENT AGENDA:

- A. Approval of Minutes – April 13, 2005
- B. Approval of Warrants:
  - #32161 through #32183 in the amount of \$29,149.28
  - #32184 through #32187 in the amount of \$14,377.82
  - #32188 through #32193 in the amount of \$16,034.27
  - #32194 through #32225 in the amount of \$110,687.88
- C. Write-off Register

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

### IV. PUBLIC COMMENTS (Not Related to Agenda):

#### Gloria Bram:

She asked about the Army Corps of Engineer's instruction that the Port "give accommodation to commercial fisherman." Mr. Crockett noted the Corps had authorized a different rate to the commercial fisherman, but the Port determines the rate and has held it steady for the past three years. The commercial fishers for a while did receive a reduced rate for managing their slips themselves but it had reverted to the Port some time ago. Only "active fishermen" receive that reduced rate.

#### Bill Burson:

Speaking as an airport user who is also interested in having a business there, he commented that the facility is well managed. In contrast to his experience in Alaska, where most of the airport leaseholds are businesses, 90% of the Port's leaseholds appear to be for private hangars, with few for business. He would like to see the airport become more like the marina, hosting more "cottage industry" businesses. The car traffic layout is currently set up for aircraft storage and not conducive to business activities. Mr. Crockett noted that the possibility of marketing the Port in this way had just been discussed at today's workshop. It was noted that the Port could currently accommodate aviation-related businesses and there is further potential for businesses with future hangar expansion on the south

side. Mr. Pivarnik acknowledged that many opportunities do exist just beyond the resolution of some limiting septic issues.

V. OLD BUSINESS:

A. Quilcene Gravel Pit

Mr. Crockett circulated photographs of the problems resulting from gravel removal, dangerous vertical or overhung gravel walls. Mr. Radon provided history about how this facility was originally managed through a DNR permit. In 1993, the Port elected to forego a new, standardized permit for this operation due to associated costs and because no pending projects or large-scale opportunities were imminent. The Port is now reaching its limit of 3-1/2 acres of the allowed “casual mining.” Staff is looking for guidance from the Commission, but recognizes the need to fix the slope so it is safe. It previously cost about \$2,500 to achieve an appropriate slope, which has not been recouped by revenues (roughly \$2,000 total from a State beach project).

Commissioner Beck said he spoke with local individuals who use material for septic drain fields and to control erosion and do not want to lose this supply. Mr. Radon expressed frustration that the Port had previously hired those same individuals to “fix” the precarious situation they had helped to create.

Commissioner Pirner suggested measuring and establishing the acreage.

Ms. Winters asked whether the Port had any contract with these users that would require them to maintain it in safe condition. Mr. Radon responded that the only arrangement is a revenue sharing on gravel sales with the operator of the Quilcene marina. Ms. Winters suggested that before approaching these users about their responsibilities to re-slope the pit the Port document in a letter its expectations for these individuals to continue to operate under the Port’s permit and list the potential hazards. Mr. Crockett agreed and suggested that if the Port wanted to continue extracting from this site, it be put out to bid and then sign a contract with a single operator. The Commission concurred and expressed a sense of urgency about addressing this hazardous condition.

B. Metropolitan Parks District

Mr. Crockett shared that the Port hosted a meeting earlier in April with City, County, YMCA and School District representatives, etc. to talk about some of the issues and ways to form a parks district. There was general agreement that while it is too late to get on the ballot this year they should continue to collect more information and meet again in a few weeks.

C. Industrial Land Bank

Mr. Crockett reported that he and Ms. Winters had met this afternoon with consultant Eric Toews to discuss remaining issues and tasks to be accomplished, milestones and deadlines. By the next Port meeting, they would document what sort of planning they see happening, looking backward from a realization date of 2007, in a letter to share the County and EDC. Ms. Winters added that the letter clarifying the Port’s position should include what we feel is appropriate County planning and what a potential site owner would want to be involved with, the industries to be targeted (in working with the County), and what the Port’s responsibilities would be as a property owner. The Port relies on the City and County political will on this issue.

Mark Jochems said CTED is anxious to see a proposal come to fruition and would provide matching funding. Tamer Kirac, having recently met with Dick Larmer, reported that RCW 19.03 – the CTED bill – apparently has \$50M attached for basically 100% matching grants available to agencies throughout the State, as well as \$8.5 million to the Port of Bellingham. He expects there will be increased support from the State for economic development activities.

Commissioner Sokol noted contentiousness of this measure comes from the City’s attitude on industrial land banks being that you have to develop the City’s property first.

Mr. Crockett suggested identifying the two parcels under the Comp Plan process and then pledging to not develop those until the City is 80% developed. Ms. Winters agreed that this is a point to be negotiated.

Mark Jochems noted that the asset database and analysis is preliminary to all of this. Until the need for more commercial light industrial land can be proven, the Port and City can all talk about it and nothing would ever get done. Ms. Winters asked if CTED is interested in seeing these dollars spent specifically on industrial land bank planning. Mark Jochems said CTED is obligated to support that effort.

D. Airport Update

Mr. Crockett reported that calls with the FAA and Reid Middleton have caused the Port to analyze their cash flow projections. Essentially, the Port feels there is enough demand to call for full buildout of the taxiway complex and associated infrastructure, but the Port needs to get a better handle on the amount of debt it will need to carry until next year or the year after when reimbursement funds are available. While the Port can charge development fees, they have not yet told the developers that it would cost \$17-19K to start building on a certain pad. He recommended focusing on this at the workshop in two weeks. The Port needs to carry the debt or borrow in a short-term loan an estimated \$300K, and may still have to cancel a few projects.

Mr. Pivarnik said the project is about two weeks behind due to environmental issues related to stormwater. The FAA will not sign off on this issue until the County signs off, but the project is now estimated to cost \$1 million, up from the initial price tag of \$600K. Even though the FAA only has \$486K for the Port this year, and less support in subsequent years, he agreed that the demand compels the Port to proceed with full buildout. Mr. Crockett reminded that revenues would begin to flow as soon as ground is broken for the new pads.

VI. NEW BUSINESS:

A. First Quarter Financial Update

Mr. Taylor reported that the \$91K increase in revenues over the first quarter in 2004 is as a result of the work yard being \$38K ahead of budget. Revenues are exceeding budget in every cost center with the exception of Point Hudson, which is off slightly. The Port exceeded its operating expense budget by about \$79K, much of which was attributable to the breakwater repair and under budgeting on utilities mostly due to the high volume of RV winter-overs. Point Hudson revenues are up about \$17K. Income from Operations is \$36K behind budget, but non-operating revenues are \$65K ahead of budget, including \$38K realized from the sale of the 60-ton lift and \$4K from the County as a result of property foreclosures. Net income for the first 3 months is \$29K ahead of budget and \$81K ahead of the same period last year.

B. Executive Director Employment Contracts

Commissioner Sokol noted that Mr. Crockett was hired as the Port's General Manager six years ago (on April Fool's Day). Due to his significant positive impact on the Port, the Commission later elevated Mr. Crockett's title to that of Executive Director. During a February 9, 2005 Executive Session, Commissioner Sokol had requested the updating of Mr. Crockett's employment contract to include a severance package, should he be dismissed without cause.

The prepared document has been reviewed by the Port attorney and incorporates the Executive Director's suggestions. While most of the changes were of a "housekeeping" nature, the new contract does reflect the previous organizational change, raise, and added benefits. Commissioner Sokol noted that the Port had surveyed the Director's salaries and duties of the WPPA's Class A ports and confirmed it is common to have a severance package with a year of salaries and benefits. The Commissioners wanted Mr. Crockett to know that although the revised contract still contains an "at will" clause this update is an effort to provide him with the Port's renewed commitment and a greater sense of security. They

talked about the complexity of finding a good Executive Director and expressed pleasure with Mr. Crockett's work.

Ms. Winters said it is important that the Port do what it can to attract and retain its competent high-level employees, especially in light of the considerable movement within the port industry and the attractive salaries being offered elsewhere. She also felt that the improved termination language would benefit both parties. The Commissioners also thanked Ms. Winters for her work on this contract.

Mr. Crockett acknowledged that Washington's Port industry is taking off and that Port Directors from outside of the state are being sought. He modestly accepted the Commissioners' kudos and said he is happy to be with the Port of Port Townsend.

**Commissioner Sokol moved to adopt Resolution Number 444-05, amending the contract for the Port Executive Director. The motion carried by a unanimous vote.**

## VII. STAFF COMMENTS:

### Mr. Crockett:

He provided a City shoreline master program update. Now that City Staff has had some time to consider the consultant's draft, the Shoreline Advisory Committee will reconvene on May 5. The consultant would give an overview of the draft Shoreline Master Plan after which the committee members will have about 30 days to review and provide comments. Certain stakeholders will be given specific questions to answer. He described the subsequent timeline as follows: sometime in June there would be a follow-up meeting where he would submit comments; in late June, the draft would go to the Planning Commission; public hearings would occur in July–August so that Council can consider them in time to meet their December deadline; the approved document will then be sent to Ecology. Ms. Winters felt the meeting was useful and that the planners had listened to the Port's concerns and appreciated the Port's operations packet. The meeting also helped the Port clarify its own position. Mr. Crockett suggested including this on the agenda for the next workshop and requested Ms. Winter's attendance.

About one-third of the aggregate has been spread on the Rotary Beach Trail with the considerable help of the City's vibrating roller. Mr. Crockett expressed concern, however, that although it could be finished with one more full day, the City's own schedule might preclude them loaning the roller again for several weeks. The rental alternative would be quite costly and not as efficient a machine. Fortunately, Larry Aase and the maintenance crew have rigged the dump truck to provide a more precise distribution of the aggregate, reducing the amount of raking needed. Another full-day work party might finish the job.

He received several briefings at another Land Use Planning and Economic Development Advisory Panel (LUPEDAP) meeting. He distributed a handout of an economic profile of Jefferson County by Tamer Kirac and highlighted that, using year 2000 dollars as a reference, the average wage in 1970 was \$26,528 (92.9% of US and 89.4% of WA) compared to 2004's average wage of \$24,411 (60.9% of US and 57.2% of WA). He contrasted that flat-to-declining income to the current the median home price of \$241,892.

## VIII. PUBLIC COMMENT:

### Gloria Bram:

Stated that it had been a pleasure to work with Mr. Crockett over the past 4-1/2 years. Regarding his salary, she reminded him that "We are all here because we are not all there™."

She registered her displeasure with the condition of the gravel pit and personally feels the current contractors should have a fixed period of time to fence, re-grade or get out so that the Port could then take it upon itself to fence it and put it out to bid, leaving whomever gets the bid to reimburse the Port for fencing.

IX. COMMISSIONER COMMENTS:

Commissioner Pirner:

In attending the Public Infrastructure Fund meeting this week, they asked County Administrator John Fischbach to come back with a proposal for bonding the funds.

Commissioner Sokol:

We did a great job on the Rotary trail.

An agenda item at the Joint Growth Management Steering Committee (JGMSC) meeting was updating the countywide planning policies. He questioned whether there is a reason for the committee to continue to exist as a recommending body to the BOCC. The Growth Management Act was set up to be a ground-up operation and the counties were the umbrellas under which the UGAs planned, currently. The City adopted their Comprehensive Plan two years ahead of the County and turned things upside down with the City having a say over what goes on in the County on issues such as the industrial land bank. He also mentioned that it is easy for elected officials to make special requests of Staff before there is a commitment of “political will” to move forward with industrial land banks. He hopes Port Staff feel they get policy direction on what their job is. Ms. Winters reminded that in this case the City is a subset of the County and that the JGMSC’s purpose would be to look at county-wide planning policies as a common goal.

Commissioner Beck:

He asked if there has been a cleaning of the Hadlock ramp. Mr. Radon said a cleaning has not yet been scheduled, but noted the need to remove the very large float/dock someone had abandoned there, which is hindering use.

The U.S. Forest Service intends to surplus their five-acre property in the business area of Quilcene.

X. NEXT MEETING:

Wednesday, May 11, 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:

At 8:42 p.m. the Commission recessed into Executive Session for 20 minutes to discuss a real estate issue with a possible decision.

XII. REGULAR SESSION (Reconvened):

The regular meeting was reconvened at 9:05 PM.

A discussion of the proposal from the Sea Quest Academy for the Point Hudson motel building was held. Concerns were expressed regarding the incompatibility of having a residential school in the midst of a mostly recreational facility. Also the fact that we cannot do diligence on Sea Quest, as they have no existing operations, was a concern. It was decided that the issue will be put on the agenda of the May 11<sup>th</sup> regular Commission meeting, for a formal decision.

A discussion was then held, regarding the possibility of moving the Port Administrative and Accounting staff, to the Point Hudson motel building. By making this move, we will demonstrate the Port’s commitment to the preservation, our desire to save the building, and to once again make it a viable resource. The current Port Administration Office is a highly rentable building and could become a good source of revenue. The next step would be to hire an architect to do some preliminary feasibility work of the motel building.

Motion by Commissioner Beck to authorize Port Staff to continue to research the potential of renovating the motel building, and authorizing the execution of an

architectural feasibility/design contract, not to exceed \$10,000. **Motion carried by unanimous vote.**

XIII. ADJOURNMENT:

The meeting was adjourned at 9:20 PM, there being no further business to come before the Commission.

ATTEST:

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President

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Secretary

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Vice President