

PORT COMMISSION MEETING – February 8, 2006

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

Present: Commissioners – Beck, Sokol, Thompson
Executive Director – Crockett
Deputy Director – Pivarnik
Director of Marine Facilities – Radon
Auditor – Taylor
Attorney – Harris

I. CALL TO ORDER

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

II. APPROVAL OF AGENDA

The following items were added to the agenda:

Old Business Item D: Pt. Hudson Docks

New Business Item B: NW Maritime Center/City/Port Partnership

Upon motion of Commissioner Beck, the Agenda was unanimously approved.

III. CONSENT AGENDA

A. Approval of Minutes – 1/25/06

B. Approval of Warrants

#33848 through #33851 in the amount of \$ 543,583.82

#33852 through #33877 in the amount of \$ 32,330.89

#33878 through #33885 in the amount of \$ 43,630.92

#33886 through #33941 in the amount of \$ 47,201.28

C. Resolution No. 461-06 – Authorizing Sale of Abandoned Vessels

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

IV. PUBLIC COMMENTS (Not related to agenda)

Gloria Bram commented on advantages of fiber optic capability and offsite data storage/backup, and recommended the Port should support such upgrades. This was in response to a proposal discussed at the morning workshop.

John Hogan of Oceanview Marine Services, a Port shipyard tenant, explained his business direction and volume. He is one of the larger users of the 300-ton travel lift. He is striving for a defined lease agreement with the Port in order to better budget, and would like to compare to other such renters in the facility. Mr. Crockett responded the Port has had meetings with Mr. Hogan and progress is being made on his issues.

V. OLD BUSINESS

A. 2006 Committee Assignments

Mr. Crockett reviewed the list of committee assignments. Corrections and updates were made during the read-through. There was some discussion but all agreed to 2006 committee assignments. The list would be updated by staff.

B. Meeting with Industrial Park Tenants

Mr. Crockett described the meeting of the night before with the tenants of the newly acquired buildings. Most tenants were there. Many issues were discussed and questions answered at that meeting. Staff spent time discussing ideas for the remainder of 2006 in terms of rent rates. Leasehold tax and utility issues were discussed, along with the upcoming rent rate survey and rate negotiations. Marine-related and non-related business philosophy was covered. The leases are binding, legal contracts on the part of all parties. There is a forklift that will be sold as surplus. The Boat Haven now has 32 storage units and discussion turned now to these: who should have priority, the need for Mr. Harris to review the draft rental agreements, and other concerns. Discussion then shifted to maintenance, insurance and rental terms of the storage units and tenant spaces.

Commission President Sokol defined specific lease terms as follows: for existing tenants with leases the rates will not change for 2006 but billing will reflect a lesser rent plus leasehold excise tax; liability insurance is responsibility of tenant in amount of \$1 million; current marine-related business can have up to a five-year lease; non-

marine-related will be month-to-month; boat spaces will be at Port rates effective 1-Jan 2007. Discussion followed.

Upon motion of Commissioner Sokol, the Commission approved the terms as outlined.

Discussion followed about immediate surplus of forklift.

Upon motion of Commissioner Beck, the Commission approved the immediate surplus and sale of the forklift.

Mini storage terms and the definition of “hazardous materials” were discussed and it was decided these topics need further examination beyond today’s meeting agenda.

C. 2005 Year End Financial Update

Mr. Taylor, following up from last regular meeting discussion at the January 25th Commission meeting, reviewed Draft year-end numbers for 2005. He stated that Depreciation Expense was not yet finalized, and that there may be some adjustment to Non-Operating Debt Service items, so many numbers may change a small amount. Gross Operating Revenues exceeded budget by \$399K (11.8%) and were \$410K (12%) above 2004 actuals. Revenues from all cost centers exceeded budget and 2004 actuals.

Biggest revenue increases were seen in Work Yard and Ship Yard Operations, with Work Yard up \$215K (34%) over budget and \$175K (26%) over 2004, and Ship Yard up \$73K (24%) over budget and \$77K (26%) over 2004. Point Hudson revenues saw an increase of \$62K (9.4%) over budget and \$67K (10.3%) over 2004, coming mainly from Nightly Guest Moorage and Nightly RV’s. Overall Operating Expenses exceeded budget by only \$209K, or 6.5%, and were \$185K, or 5.5%, above 2004.

As a result, Income from Operations for 2005 was \$337K, up from \$111K in 2004.

Net Non-Operating Income was \$366K, up from \$201K in 2004. Contributing items here were increased Investment Earnings, and the gain on sale of the 60-ton Travelift, as well as reduced Debt Service Interest as a result of bond transactions completed during 2005.

Therefore, Draft Net Income for 2005 was \$703K, up from \$312K in 2004.

D. Pt. Hudson Docks

Commissioner Thompson described the replacement of a cable on the Pt. Hudson docks needing to be a priority. A temporary rope tie is now in place. Mr. Crockett said calmer weather would lead to shoring up the cable connection. Commissioner Beck indicated it is important to keep the docks in good repair for winter events such as the salmon derby.

VI. NEW BUSINESS

A. Operations Reports – Month of January 2006

Mr. Radon began his report by saying numbers are very strong. Considering the weather of January, certain figures were no surprise. Many boats are expected for the salmon derby over Presidents’ Day weekend. This year the Boat Haven is starting out with most numbers exceeding the same month last year, a record-setting year. Numerous marine trades have projects scheduled on the books. Point Hudson numbers are up somewhat from January 2005. We are off to a good start. Advance reservations are showing a strong year ahead. Discussion followed.

B. NW Maritime Center/City/Port Partnership

Mr. Crockett reported Dave Robison is returning to Washington D.C. to seek additional Federal funding for certain aspects of the Maritime Center project, in which the City and Port have the opportunity to partner. Each entity would share 1/3 of the cost of the Washington D.C. lobbying firm for a total of \$15,000 each plus traveling expenses. A parking area, boardwalk, ADA requirements, and other aspects of marina improvements were mentioned for funding opportunities from this partnership. The amount would be paid out over a year, and would give the Port “a good shot at” an excellent return on the investment. Discussion followed.

Upon motion of Commissioner Beck, the Commission unanimously approved the allocation of up to \$18,000 for the 1/3 share of lobbying firm and travel expenses.

VII. STAFF COMMENTS

Mr. Crockett indicated the staff decided to waive all Port launch ramp fees for the Discovery Bay Salmon Derby.

Upon motion of Commission Beck, the Commission approved the fee waiver.

He also indicated there was material to be reviewed regarding the Corp of Engineers and the FAA. The deadline for submitting a response is Friday the 10th of February. Staff submitted the response as of the 7th of February.

VIII. PUBLIC COMMENTS

Conrad Pirner inquired about the water meter usage being separate for the brewery in the Industrial Park.

IX. COMMISSIONER COMMENTS

Commissioner Beck commented on space availability for the moorage boaters in Pt. Hudson during the period of renovations and construction. Mr. Crockett responded. Commissioner Sokol reiterated the long-term investment will be well worth the inconvenience. Discussion followed.

X. NEXT MEETING: REGULAR MEETING: Wednesday, February 22, 2006 at 7:00PM at Tri-Area Community Center in Chimacum, WA.

XI. EXECUTIVE SESSION (if needed)

None needed.

XII. ADJOURNMENT

The regular meeting was adjourned at 3:02 PM.

Recorder: D. Kilburn

ATTEST:

President

Secretary

Vice President