

PORT COMMISSION MEETING – October 25, 2006

The Port of Port Townsend Commission met in regular session in the Commission Chambers, Hudson Point Administration Building, 375 Hudson St, Port Townsend, WA.

Present: Commissioners – Beck, Sokol, Thompson
Executive Director – Crockett
Deputy Director – Pivarnik
Marine Facilities Director – Radon
Auditor – Taylor
Attorney – Harris
Senior Accountant/Recorder - Hawley

I. CALL TO ORDER

The meeting was called to order at 7:00 PM.

II. APPROVAL OF AGENDA

Upon motion of Commissioner Beck agenda was unanimously approved.

III. CONSENT AGENDA

- A. Approval of Minutes – 10/11/06
- B. Approval of Warrants
 - #35516 through #35538 in the amount of \$28,592.30
 - #35539 through #35539 in the amount of \$592.55
 - #35540 through #35544 in the amount of \$20,372.50
 - #35545 through #35546 in the amount of \$3,414.53
 - #35547 through #35600 in the amount of \$147,241.31
 - #34645 in the amount of \$2,528.77 as a Void
- C. Write-off Register

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

IV. PUBLIC COMMENTS (Not related to agenda)

Gary Rosso expressed concern over the work stoppage by the Washington State Department of Transportation, Department of Ferries, on the ferry terminal expansion. A letter written by the City of Port Townsend to the Governor's office, he stated, caused the stoppage. He believes strongly that the terminals need replacement and that the project has countywide impact. He recommended that the Port write a letter of support for the project to the Governor and other representatives. He would like to see the Port take a lead role in the ferry terminal expansion.

Commissioner Sokol informed of the active role the Port had taken in the project since the first Ferry briefing. A letter of support had been written at the start of the project, Mr. Crockett stated. Discussion followed. Commissioner Thompson provided information on the citizen groups formed, in reaction to the Ferry System's handling of the project, from various areas including San Juan Island, Whidbey Island, Bainbridge Island, Vashon Island and which included three City of Port Townsend Councilmembers. He sited an example of how, without consulting the Port, Ferry expansion planning had proposed a holding and bike lane to sit on a sand filter drainage area site owned by the Port. It is Commissioner Thompson's belief that the project is on hold because of concerns voiced by several communities.

V. OLD BUSINESS

- A. Presentation of Draft 2007 Operating Budget.

Mr. Taylor noted that all rate sheets, which have grown in recent years in both number and length, show the proposed 2007 rates. The layout of the budget is essentially the same as the one used for the past five years, the only exception is that Quilcene and Boat Ramps are now separate cost centers. Depreciation amounts will increase in 2007 with the addition of approximately \$7,000,000 in new assets. Projected revenues from all sources increased over the 2006 budget by \$1,070,640 to \$4,822,960 due, in part, to the addition of the Sperry Properties and Quilcene and rate increases in moorage, yards and RVs.

On the expenditure side, staffing levels have been increased with the addition of an environmental/safety co-coordinator (non-union) two security/watchman

positions (union), one hoist operator (union) and the re-creation of one summer temporary grounds maintenance position at JCIA (non-union). Staff costs with benefits will increase by \$313,000 for a total of 29 FTEs. Projected increase in expenditures for 2007 over the 2006 budget is \$576,717 for a projected net income from operations and after depreciation of \$526,708. Projected net income after non-operating revenue and expenses is \$688,229.

A brief discussion took place regarding the bad debt projection of \$25,000, Mr. Taylor stated that with the proposed increase in yard rates a number of projects might be left behind, currently there are 6 boats due to be destroyed. All such accounts are sent to collection, but the Port only receives 50% of what is collected. However, he noted, with the derelict deposit changes adopted at the last meeting losses should be limited.

Discussion followed regarding the property tax levy as the proposed 2007 budget takes the 1% Tax Levy increase and new construction. The 1% Levy monies will be directed into the Boat Haven Renovation Reserve fund, which has been in effect for three years and is funded at \$80,000 for 2007. Mr. Taylor stated that investment earnings would drop to \$75,000 next year as we begin using the LTGO Bond Funds on the marina.

B. Independent Contractor Rules.

Mr. Crockett announced that the Independent Contractor rules were still under development and that he envisioned beginning first with an entry set of rules and developing the rules further after discussions with the Marine Trades Association took place. He sought Commission direction as to whether or not liveaboards in the Yards and project time limits should be included in the rules.

Discussion followed regarding the Mike Hogan situation which had brought about the necessity for pursuing this issue, updating the Port rules and regulations, liability insurance and business license requirements, independent contractors who are covered under the insurance of the Marine Trade company for whom they are working, boat-owners and independent contractors, and the definition of an independent contractor (an individual who primarily works alone). Further discussion followed regarding the fact that so far, there has been no financial claims against the Port but that the liability insurance requirement is a safeguard to both the Port and the contractor, program administration, and the “what ifs” involved in the event of a lawsuit involving the Port should someone be hurt or killed.

Gordon Nielson, Port Townsend Marine Trades Association stated that the track record between the Port and Marine Trades businesses outside of the recent incident had been good. Historically, the Marine Trades, he stated, have been a viable part of this community and have an incredible record of revenue generation for Port Townsend. He stated his hope that the rules adopted are not so limiting as to make it prohibitive for the independent contractor to do business.

Discussion followed which included the Commissions’ belief that liability insurance is a necessity, the requirement for being fair and equitable to everyone and that no decision would be made at this meeting.

Discussion followed regarding: the establishment of a time period in which a project should reach completion, with extensions granted, if necessary, boats that have had no work done in years, relocation of those boats to other, less desirable, spaces and liveaboards in the Yard. Consensus was that staff would bring back proposals to the Commission at the next workshop and meeting.

VI. NEW BUSINESS

A Airport – Wills House

Commissioner Beck had requested the addition of this item because he felt that the land on which the Will’s House is located is too valuable to continue in its current use. Mr. Crockett provided background stating that the building called

“The Will’s House” had been moved to its present location in 1990 from the area where the PUD wells are now situated. At that time, the Port had invested approximately \$48,000 in a foundation, moving the building and utility hookups. Currently, one half of the building is rented to an attorney for \$250.00 a month, and in the past, the other half of the building was used by the Pilots Association, rent free, in exchange for grounds maintenance. Since the Port has received multiple requests for new structures and since land on the tarmac is in such demand the question is whether or not the Will’s House should be surplus, through a public hearing, and then removed, relocated or demolished, in order to allow the construction of another, financially more viable, business and one that would provide a better financial return on the Port’s investment.

Cindy Cook stated that as of January 1, 2007, the pilots would meet at the new FBO building.

Discussion followed between staff and the Commission to include: the recent appraisal of \$100,000+ for the building, the fact that as a solid cedar “house” it is limited in ways to be remodeled, relocation of the building to a residentially zoned area, the limits on the Port as a residential landlord, the location’s accessibility to the new septic system and the investment return. Mr. Harris cautioned that if surplus goes forward, a commercially viable sales price would need to be ascertained, and possibly arrived at through an auction; one having a minimum bid. Mr. Pivarnik reminded that a plan, such as obtaining a commitment from the Spruce Goose restaurant for the site, should be in place before the building is surplus and moved.

Further discussion involved the current Spruce Goose restaurant building maintenance costs and issues. The question was asked about what was envisioned in place of the Will’s House and the current Spruce Goose site and discussion about a small, passenger only, terminal, or a small aircraft parts store, followed. Mr. Pivarnik stated that the Port is in jeopardy of losing its international airport status, per Homeland Security, due to lack of a customs screening building.

Mr. Crockett stated that staff would prepare four or five options for the Will’s House and present to the Commission at the next Workshop.

Mr. Crockett suggested the possibility of moving the Will’s House to the old trailer pad located by Tommy Wacker’s business. A water line and utility hookups still existed, and with the addition of a cement slab, the Will’s House might be relocated there and used as a backup emergency building and storage of archival records.

B. Sea J’s Café Lease Negotiations –

Mr. Pivarnik provided background by stating that although the land lease expiration is in July, 2007, Florence Jevne owner of Sea J’s Restaurant, has requested a commitment from the Port for another lease at this time so that building improvements she intends to make will be worthwhile to her. Mr. Pivarnik strongly recommended against the Port entering into another long term lease and, instead, suggested a short term, three year, lease. There are a number of issues involved in the decision to include the restaurant restrooms, the building disrepair and other maintenance issues. During the last lease negotiation, a number of repair projects to bring the building up to code, had been outlined, but to date, few of those projects have been completed. Also to be considered in the lease commitment is that the renovation of the A/B and Commercial docks is scheduled to begin in a few years and the appearance of that area of the Boat Haven will change substantially.

Discussion followed between staff and the Commission regarding the fact that the building had been surplus in years past and the lease is a land lease only, the needed building repairs, the restrooms, (they are the original Port restrooms), the common wall shared by Sea Js and the Yacht Club, and the failure to complete repair to items listed during the prior lease negotiation. The Commission consensus was that the plan for the A/B Dock and

Commercial basin renovation should be overviewed first before another lease commitment and that further talks are necessary.

VII. STAFF COMMENTS

Attorney Harris stated that a draft of the Public Records Disclosure Rules, (modeled after the Attorney Generals Model Rules) as well as the Resolution for Adoption of the Rules had been provided for staff review. A Public Hearing may be necessary, he stated, before adoption. He reiterated that the Port will have to decide whether or not to opt out of the indexing requirement. Mr. Taylor reminded that we have already opted out of that requirement in our current resolution. The current resolution will be rescinded with adoption of the new resolution.

A discussion followed regarding the accessibility of our records and whether or not indexing would be of benefit to the Port.

Mr. Radon remarked that the Port is having a very good year in the Yards and recommended that now was a good time to drive through the Ship Yard as it has never been fuller.

Mr. Pivarnik announced that the Quilcene Project is advancing with the addition of a new 20 foot, graveled road to access the Port well and the new septic drainfield. The septic design is near completion and should be submitted to Jefferson County next week and installation of the docks should commence on or around November 1st. The area, he stated, will look very different in a few weeks. In response to Commissioner Beck's question, the Coast Seafoods spit will be removed.

Mr. Crockett stated that he was leaving Thursday, October 26, 2006 for Leavenworth to attend a Port conference. On November 1 and 2, 2006 he and Mr. Radon will be attending a NMTA conference in Alderbrook.

VIII. PUBLIC COMMENTS

None.

IX. COMMISSIONER COMMENTS

Commissioner Beck commented on the recent WIRA 17 meeting he attended in which he requested that the Port be included on the Steering Committee (which is composed of various groups in the county and three members of the City of Port Townsend), and that he had encountered opposition to that request. Currently, Commissioner Beck stated, 10 to 15 citizens attend each of these meetings.

Discussion followed regarding the Port designation as a "non-governmental agency" by the Steering Committee, the Port as a water system operator, Coast Seafood oyster business that uses water and WIRAs in other areas.

X. NEXT MEETING: Regular Meeting on Wednesday, November 8, 2006 at 1:00 PM with a Workshop preceding at 9:30 AM in the Commission Chambers, Port Administration Building, 375 Hudson Street, Hudson Point.

XI. EXECUTIVE SESSION (if needed)

Commissioner Sokol called for a Commissioner only executive session at 9:02 PM, duration of twelve minutes, to discuss a personnel matter with action expected.

The regular meeting reconvened at 9.14 PM.

Commissioner Sokol made a motion to establish 2007 salary levels of \$90,000 for Executive Director, Larry Crockett, and \$77,600 each for Deputy Director Pivarnik, Director of Marine Facilities Radon and Director of Finance Taylor. Motion carried by unanimous vote.

XII. ADJOURNMENT

The regular meeting adjourned at 9:17 PM there being no further business to come before the Commission.

ATTEST:

President

Secretary

Vice President