

PORT COMMISSION MEETING – November 8, 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 1:00 PM, Commissioner Thompson arrived at 1:02PM

II. APPROVAL OF AGENDA

Upon motion of Commissioner Beck agenda was unanimously approved.

III. CONSENT AGENDA

- A. Approval of Minutes – 10/25/06
- B. Approval of Warrants
 - #35601 through #35627 in the amount of \$34,527.02
 - #35628 through #35635 in the amount of \$37,805.69
 - #35636 through #35694 in the amount of \$72,868.69
- C. Resolution No. 476-06 – Authorizing Sale of Abandoned Vessel

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

IV. PUBLIC COMMENTS (Not related to agenda) None

V. PUBLIC HEARING ON 2007 OPERATING BUDGET & 2007 RATES AND 2007 PROPERTY TAX LEVY AND POSSIBLE ADOPTION OF BUDGET RESOLUTIONS

At 1:10 PM, Commissioner Sokol opened the hearing and reminded attendees of the Port's public hearing procedures.

Mr. Taylor reviewed the power point presentation of the Proposed 2007 Operating Budget. This Budget is essentially the same as the 2007 Draft presented two weeks ago. (Copies of the draft budget have been available to the public) with the addition of graphs to show a historical perspective on revenues and expenses for the past six years. Mr. Taylor noted that information would be added to the Budget introduction to clarify how the 2007 rates were developed. He noted that of the 30-page document, pages 3 through 5 contain the consolidated Budget and that page 6 summarizes all of the cost centers. The Budget layout is essentially the same as the one used for the last five years with the exception that Quilcene is now a separate cost center. The 2007 Budget proposes \$5,796,960 in overall revenues and expenditures, which is an increase of \$1,032,000, or 21% from the 2006 Budget, and this is in part due to the purchase of the Industrial Park in January 2006 and the assumption of the Quilcene operation in May 2006. Revenue increases are proposed for all cost centers with key points being a progressive rate structure for monthly guests, a 5% increase to Yard haul-outs, a 38% increase in Work Yard rates with anticipation that service levels will be at 95% of this year. RV rates will increase by \$5.00 a night and a new reservation fee of \$7.00 will be added. The Quilcene Permanent moorage rates will be same as Boat Haven. There will be a CPI on JCIA hangers. The 2007 Draft Budget does take the full 1% Property Tax Levy and new construction as allowed. As stated previously during the Draft Budget presentation, the 1% Tax Levy will be transferred into the Boat Haven Reconstruction Fund.

On the expenditure side, staffing levels have been increased by four permanent positions with the addition of an environmental/safety co-coordinator, two security/watchman positions, one hoist operator. Also funded will be the re-creation of the JCIA summer temporary position for grounds maintenance. Staff costs, including benefits will increase to \$327,000. Supplies are increased with the addition of outfitting the new staffing positions, fuel costs and postage and the change in dollar

amount for capitalizing asset purchases, which had been \$500.00 and is now increased to \$1,000.00. Contract services should see a decrease in 2007. The maintenance budget is more than doubled in 2007 to try to tackle some of the deferred maintenance projects. Debt service is proposed to decrease. The Boat Haven Renovation Fund is at \$80,000.

Overall, stated Mr. Taylor, as he reviewed the Cash Flow graph, the 2007 Proposed Budget shows projected cash to be \$843,205, which can be used for capital projects or put into reserves.

Commissioner Sokol opened the public hearing to public comments. There was no public testimony.

Commissioner Sokol closed the hearing at 1:35PM

Commissioner Sokol moved to adopt Resolution No.477-06 - Year 2007 Operating Rates. Motion carried by unanimous vote.

Mr. Taylor noted that a footnote will be added to the rate sheets stating that the Quilcene permanent moorage rates will become effective after it is determined that the facility is fully up and running and that the docks and restrooms have been repaired, until then the rates would remain at 80% of the 2007 Boat Haven Rates. A footnote will also be added to the reservation fee at Hudson Point stating that it will not be charged for boats until it is known for sure when the facility will reopen.

Commissioner Beck moved to adopt Resolution No. 478-06 – Year 2007 Property Tax Levy as written. Motion carried by unanimous vote.

Commissioner Thompson moved to adopt Resolution No. 479-06 – Year 2007 Operating Budget. Motion carried by unanimous vote.

VI. OLD BUSINESS

A. Aero Museum Lease

Mr. Crockett provided a copy of a letter dated November 7, 2006, received from Port Townsend Aero Museum, Jerry Thuotte to the Commission. In the letter, Mr. Thuotte requested that his previous request for a land lease/option on the ground immediately west of the new museum (east of the existing FBO property) be reinstated and asked that the Commission direct staff to move forward in the land lease negotiations without further delay.

Mr. Crockett noted that the Aero Museum lease option had been before the Commission a few months ago, but that negotiations with Mr. Thuotte had been put on hold because the owners of the Spruce Goose Restaurant had expressed interest in the site. A number of issues are currently in need of resolution stated Mr. Crockett, including whether or not the Will's house should be surplus through a Public Hearing and then sold, either through auction or bid, and removed from the site. Alternatively, should the Port move the building to another location at the airport and convert it to a small emergency management and archive storage facility; difficulties are the expenses of moving the building and of bringing the old, cedar house up to current Jefferson County Code. All the scenarios present different sets of problems, but one problem consistent with each is the removal of the remaining foundation once the house, itself, is removed. Also in question is whether or not the Spruce Goose owners have made an actual commitment to the Will's House site.

Discussion followed which included the fact that the Will's House just doesn't "fit" any longer, the costs of removal, moving costs, demolition costs, value, etc.

Attorney Harris cautioned that the Port should make every effort to get full value for the Will's House.

Commissioner Beck moved to direct Port Staff to start the procedure to set up a public hearing to surplus the Wills House as soon as possible.

Mr. Thuotte presented his request, and referenced the letter he had written to the Commission, for reinstatement of the Aero Museum land lease option for the project which would be used to construct a single story, 1200 square foot paint and fabric facility and after completion of that unit, the process would begin for a 9000 square foot shop building with classrooms.

Mr. Thuotte reiterated that “time is of the essence” because it has been learned in the past that delays can kill a project and costs keep increasing. He does not think the Port will get any one else to go onto the site and build at their own expense.

Commissioner Beck stated his belief in the importance of Mr. Thuotte’s project.

Commissioner Sokol remarked on the importance, especially in light of recent flooding and storm damage, that the Port establish an emergency management building.

Mr. Crockett reminded that negotiated leases with both the Spruce Goose and the Aero Museum need to be accomplished.

Commissioner Thompson inquired as to the availability of getting FAA funding for an emergency management/restaurant combination.

Discussion followed regarding the fact that FAA monies would not be available but that there was a possibility of obtaining Homeland Security funding.

The motion on the floor by Commissioner Beck to direct Port Staff to start the procedure to set up a public hearing to surplus the Wills House as soon as possible carried by unanimous vote.

Mr. Crockett asked direction from the Commission regarding moving ahead with negotiating a lease with the Aero Museum.

Commissioner Beck moved to direct Staff to begin lease negotiations with Jerry Thuotte of the Port Townsend Aero Museum and to negotiate with the owners of the Spruce Goose for the Will’s House site. Motion was amended to direct Port Staff to begin lease negotiations with the Aero Museum as a separate issue.

Discussion followed regarding what ifs, etc, if negotiations with the Spruce Goose owners fail, if they decide they do not want the Wills House site but would prefer the Aero Museum site, the cost of demolition of the Wills House once it is surplus, what if no one will buy it and remove it, etc.

The amended motion on the floor carried by unanimous vote.

A brief discussion followed regarding the increase in airport activity due to the Aero Museum’s proposed building and the unlikelihood that the site would be viable for a restaurant site as the view is limited.

B. Boat Haven Project:

Mr. Crockett reported that six Engineering Firm proposals had been received for the A/B Dock, Commercial Dock reconfiguration and were being reviewed and scored. He hoped to be able to schedule interviews with the top four firms on December 12, 2006.

At 2:03 PM, Commissioner Beck excused himself and left the meeting.

C. Resolution No. 480-06 – Establishing Rules and Procedures for Handling Public Records of the Port

Mr. Crockett stated that because of the changes made to the Public Records Rules in July 2006, the Port needed to make the necessary changes.

Attorney Harris informed that the presented rules were based on the model rules presented by the State Attorney General’s Office.

Commissioner Sokol made a motion to adopt Resolution No. 480-06 – Establishing Rules and Procedures for Handling Public Records of the Port.

Discussion followed to include indexing, the Port having opted out of any additional indexing requirements other than those already in existence, the naming of the Administrative Assistant as the Public Records Officer, and the placement of the rules and necessary forms on the Port webpage. Additional discussion concerning the

complexity of the rules took place with concern voiced that public records would be more difficult for the public to acquire, clarification of items that are not public, the time line for requests and the charges for public records requests and appeals of public records request denials.

The above motion carried by unanimous vote.

VII. NEW BUSINESS

A. Operations Reports – Month of October, 2006

Mr. Radon reported that although permanent moorage in the Boat Haven was static for October, the year had been a good one overall. Boat Haven staff was in the process of assigning permanent moorage slips to waiting list customers. Year-to-date nightly guests for Boat Haven totaled 5,600 compared to 4,900 thru October of 2005. Ramp fees, especially for daily ramps are up. All of the ramps are doing well, even Mats Mats, which needs repair. The Work Yard did very well in October. A few spaces are now available. The Shipyard had a total of 16 haul-outs for October compared to 5 in 2005.

The “Western Wind” went to auction when the owner informed Port staff the day prior to the scheduled auction that payment would not be forthcoming. Although there were no bidders at the auction, Mr. Radon was confident that the Port would receive at the least the write off amount of \$22,000 on the vessel during the sealed bid part of the process; the deadline for which is Monday, November 20, 2006 at 4:30 PM. He stated that three people have expressed interest in the vessel.

Discussion followed to include whether or not the “Western Wind” had been advertised on the Port webpage, the fact that Washington State’s approval of the use of E-bay for advertising Auction Boats.

Mr. Radon concluded the October Operations report by stating the numbers for nightly guests at Hudson Point were strong right up until the marina was closed for reconstruction. The RVs continue strong.

At 2:25 PM, Commissioner Beck rejoined the meeting.

B. Hudson Point Marina Project Manager Contact – Little & Little

Mr. Pivarnik provided background and stated that Bob Little of Little and Little Construction would be our representative and would report to the Commission providing progress reports on the Hudson Point Marina project. Little and Little Construction had been selected based on reputation and the fact that it had teamed with Caicos Corporation on previous projects.

Commissioner Sokol moved to authorize the Executive Director to execute the Professional Services Agreement with Little & Little Construction for Construction Management Services up to a maximum amount of \$35,000. Motion carried by unanimous vote.

C. Jet Fuel Sales at JCIA

Mr. Pivarnik stated that Port Townsend Aircraft Services, Barry Shandre, had expressed interest in assuming control of the aviation fuel sales at JCIA and although discussion between PT Aircraft Services and the Port had occurred, that change was unlikely. However, recently Mr. Shandre had presented to staff the concept of selling jet fuel from a mobile truck at the airport by PT Aircraft Services. Currently jet fuel is not available at the airport. Mr. Shandre’s belief is that the idea would be beneficial to both the local community and the Port, as it would serve the small turbo jets, small business jets and the helicopters that visit the airport. One of the main issues is whether or not the Department of Ecology would allow this type of operation at the airport. Many questions would need resolution before going forward such as location of the truck, Port charges, and flowage fees. Staff belief is that flowage fees, at least, should be charged. Staff had informed Mr. Shandre that no negotiation would begin without Commission direction. If the Commission approved the concept, staff would begin negotiation and return with a proposal for review. Mr. Crockett added that having jet fuel available locally would aid the emergency efforts of the Coast Guard helicopters, which currently have to return to the Port Angeles base to refuel and therefore wastes valuable time.

Attorney Harris stated that we needed to make sure that we have an insurance indemnity and that the Port be named as additionally insured.

Discussion followed regarding fuel containment, truck location, where and how the truck would be filled, how it would bring in business to the airport and that the small, 2 passenger jets are the wave of the future.

Commissioner Beck moved to direct staff to negotiate with Port Townsend Aircraft Services for jet fuel sales at the airport. Motion carried by unanimous vote.

VIII STAFF COMMENTS

Attorney Harris stated that no decision has been reached yet in the Gray's Harbor stormwater drainage case and therefore he believes it is time to finalize our position concerning the stormwater issue with the City of Port Townsend. He will summarize the Port's position and then review with the Commission on how best to proceed.

Mr. Radon briefed the Commission on the five vandalism and theft reports logged so far this year in Boat Haven. Of the five reports, only one actual police report had been filed for stolen electronics from the vessel "Peregrine" which had suffered two robberies back to back. One of the theft reports was from a boat owner who reported that his 8-foot dinghy was missing from his slip. The dinghy was discovered three weeks later in another location and there was no way to determine whether the dinghy had ever actually left the Marina. Mr. Radon stated that twenty reports were issued in the Work Yard, ten of which occurred in the Long Term Yard. The reported missing articles were small, easily transportable, miscellaneous items and most all had been left unattended and were noted as missing when the vessel moved from the Long Term Yard back into the water.

Mr. Crockett reminded that the majority of the thefts had occurred during early summer of this year when there also occurred a number of break-ins throughout the community including one at Hudson Point where an office computer was stolen from a Port Tenant. All the items taken appear to be ones that could easily be converted into cash.

Discussion followed to include the number of reports from the Long-Term Yard, the need for added security especially late nights and weekends, the insufficient lighting in that area and in general and the discovery that someone had cut a large hole in the fence in that area. The hole, which has since been repaired, had not been found until recently because it was located behind an assortment of stacked camels.

Mr. Radon announced that the Pacific Marine Expo begins Thursday, November 16 and continues through Saturday, November 18, 2006 with the Yards and Moorage staff providing most of the booth coverage.

Mr. Crockett reported that comments on the City of Port Townsend Shoreline Master Program had been received from the Department of Ecology and that there was a workshop on November 9 with the City's Planning Commission. Mr. Crockett will review the DOE document.

Mr. Crockett briefed the Commission on a letter received from US Customs and Border Protection requesting that the Port provide a Customs Facility at JCIA. The facility, which could be about 200 square feet, would be used to process individuals crossing the border. Without a local facility, individuals would be required to travel to Port Angeles for customs processing. Mr. Crockett cautioned that the Port was at risk of losing its International Airport status unless a customs facility was provided.

Mr. Crockett announced that WPPA was updating the Port Directory for 2007 and that volunteers were needed for the Trustee and Alternate positions for 2007. He briefly described the required duties. Commissioner Beck volunteered to be the Trustee and Commissioner Thompson volunteered to be the Alternate. Discussion followed.

IX. PUBLIC COMMENTS

Clair Candler remarked that having a good restaurant at the airport seemed necessary to him. He also thought the availability of jet fuel was a necessity if the Port was going to have an International Airport.

Gloria Bram remarked that she believes the lease for the Aero Museum is a good project and asked if there was another, logical space for the Spruce Goose to locate at the airport, as it definitely needs to expand. She inquired as to whether or not there would be public hearings on the Boat Haven project. As a resident very close to the airport, she believes it might be a good idea to post decibel levels.

Discussion followed which included the desire expressed by the Spruce Goose owners to remain open for business while the new restaurant is constructed. The fact that the Boat Haven project for engineering proposals does not require a public hearing, but that public hearings would be conducted in future when the Boat Haven Reconstruction Project began and that posting decibel levels for airport air traffic would be considered.

X. COMMISSIONER COMMENTS

Commissioner Beck thanked Mr. Taylor for all his hard work in putting together the budget and stated that it was very much appreciated. Commissioner Sokol and Thompson also expressed appreciation to Mr. Taylor and Staff.

Mr. Crockett announced the completion of the biannual State Audit. Commissioner Sokol had attended the exit conference held on October 30, 2006. The audit outcome was clean with no findings.

Mr. Taylor remarked that this is the sixth audit for the Port without an audit finding.

A brief discussion followed to include the fact that this year's State Auditor was new to the Port, that the six audits span twelve years and overall support for Staff for doing a good job.

Commissioner Sokol stated that he would be out of town from November 13, 2006 to November 22, 2006.

X. NEXT MEETING: Regular Meeting on Wednesday, November 29, 2006 at 1:00 PM in the Commission Chambers, Port Administration Building, 375 Hudson Street, Hudson Point.

XI. EXECUTIVE SESSION

At 2:55 PM, Mr. Crockett requested an Executive Session to discuss ongoing legal issue and a real estate issue, duration of twenty minutes with possible action.

The meeting reconvened at 3:15 PM, no action was needed from the Executive Session.

The regular meeting adjourned at 3:16 PM there being no further business to come before the Commission.

ATTEST:

President

Secretary

Vice President