

## **PORT COMMISSION MEETING – October 10, 2007**

The Port of Port Townsend Commission met in regular session in the Port Commission Chambers, 375 Hudson Street, Port Townsend, WA

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

### I. CALL TO ORDER

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

### II. APPROVAL OF AGENDA

The agenda was amended to reflect the addition to Old Business of Item D – Mats Mats Boat Ramp. **Upon motion of Commissioner Beck, the amended agenda was unanimously approved.**

### III. CONSENT AGENDA

- A. Approval of Minutes – 9/25/07
  - B. Approval of Warrants
    - #37925 through #37925 in the amount of \$17,019.76
    - #37926 through #37958 in the amount of \$39,801.06
    - #37959 through #37969 in the amount of \$257,639.34
    - #37970 through #38033 in the amount of \$177,748.36
  - C. Write-off Register
- Commissioner Beck made a motion to accept the Consent Agenda as presented. Motion carried by unanimous vote.**

### IV. PUBLIC COMMENTS (Not related to agenda)

### V. OLD BUSINESS

#### A. Jefferson County International Airport Update:

Mr. Pivarnik updated on the project and advised that it was going well.

Mr. Pivarnik advised that Commission action was sought on two topics. The first item was that Vodry Home Improvement and Northwest Hangars had asked for a six-month extension on the two-year period placed on them in which to build their hangars. Mr. Pivarnik related Staff did not foresee a problem with granting the request, especially since power was not yet available and there were still unresolved septic issues and questions. Additionally, he stated that due to all of the ground water encountered during construction, the stormwater trench had been made bigger and affected one of the projected hangar pad sites and would necessitate further engineering. The delays caused by the ground water problems had pushed the project into the rainy season.

Mr. Crockett advised that the extension, if granted, should be made available to all of the developers.

Mr. Pivarnik advised that should the extension be granted, the plan review deadline would be delayed until February or March 2008.

Discussion followed which included the reasons behind the project's delay, the proposed extension to the contractors, that monthly lease payments were scheduled to begin when the developers started moving ground and the impact the delay would have, or not have, on the 2008 proposed budget revenue projections.

**Commissioner Sokol made a motion to grant a six-month extension, from the original date, to all JCIA Hangar Contractors. Motion carried by unanimous vote.**

Mr. Pivarnik informed that other issues regarding the project were being dealt with as they came up and that, currently, progress was being made with Jefferson County regarding the fire flow issue and ways in which to resolve it.

Mr. Pivarnik stated that the second matter on which Commission action was needed was payment to Puget Sound Energy (PSE) for the design and extension to provide primary electrical power to the hangar pad sites. He reminded that the cost of this

primary power line would be reimbursed to the Port by the hangar developers as part of the \$2.50 per square foot development fees. He informed that this cost was for the initial electrical phase and that the next phase would be to route secondary conduit power to the individual buildings. He stated that Potelco's (the contractor used by Puget Sound Energy) cost for this project was \$30,124.04.

**Commissioner Thompson made a motion to authorize payment to Potelco in the amount of \$30,124.04 for the design phase of running primary electrical power to the hangar pad project.**

**Motion carried by unanimous vote.**

B. Work Yard Rate Adjustment Proposal:

Mr. Crockett provided background and explained that one scenario previously discussed had been to give a 20% Work Yard rate discount to those boat owners who used Marine Trades businesses on their project.

Mr. Taylor advised that although there appeared to be a consensus of opinion that the 2007 Work Yard rate increase had impacted both the Work Yard revenues and the Marine Trades, the concept of granting a discount to just those boat owners who used a Marine Trade to work on their project seemed to be both hard to administer and could also, in his opinion, be considered discriminatory. Mr. Taylor recommended a return to the two-tier rate structure used in 2006 and which was based on the length of time a vessel was in the Work Yard. He suggest that for stays under 30 days, the rate remain at .50 cents a foot which was a very competitive rate when compared to other yards and that the rate for stays over 30 days be reduced to .44 cents (a 12% reduction) and which might encourage longer term stays and would also benefit the Marine Trades. He advised that even with the addition of the Washington State Leasehold Tax on the long-term rate it would only increase the rate to .50 cents a foot and still provide an overall reduction in the long-term rate of .07cents/foot/day.

Mr. Crockett advised that it was important to adopt a policy that was easy to administer and one that would stand up to the scrutiny of the State Auditor.

Mr. Harris explained that he had serious concerns about giving discounts to certain classes of people. He advised that, although the Port had broad authority to set rates and charges for the services provided, the defining principle was that the charge should be a fair, equal, non-discriminatory rate for the same service to every person that used the service. He advised that a boat owner who did his own work, or who brought in a tradesperson from outside the area and who did not choose to use a local marine trade business, might find such a policy to be discriminating since, under the discussed scenario, he would not be eligible for a discount.

Discussion followed.

Commissioner Beck commented that, in his opinion, there were always boat owners who wanted to do their own repairs and that he did not want one group of people to feel that they were not getting as good a deal as another group; he wanted the rates to be fair to all users of the Port's facilities.

**Commissioner Beck made a motion to accept the recommendation of Staff to grant a reduction of 12% in the Work Yard rate for projects in the Work Yard lasting 30 days or longer and that the reduction would be available to all who used the Port's facilities and would not be limited to any set group.**

**\*\*\*See Vote on Motion Below**

Discussion followed.

Commissioner Thompson commented that, in his opinion, the reduction should be to .40 cents a foot (a 20% reduction) instead of .44 cents a foot. He advised that, in his opinion, the 2007 rate increase had severely, negatively, affected the Marine Trades businesses and that the proposed rate reduction would encourage boat owners to bring their projects back to the Work Yard and Port Townsend.

A lengthy discussion followed regarding the proposed rate reduction, the pros and cons of one rate over the other, revenue impact, the Marine Trades and the local economy.

Mr. Radon advised that from an administrative standpoint, the two-tier rate structure used in 2006 had worked very effectively and was very saleable to boat owners and, additionally, he supported a rollback in the rate charged for longer-term stays. After further discussion regarding the proposed rate reduction,

**Commissioner Beck amended his motion to read that the long-term Work Yard rate would be reduced to .42 cents a foot effective November 1, 2007.**

**\*\*Please See Vote on the Motion Below**

Additional discussion followed.

Commissioner Sokol asked if there was public comment on the motion.

Gordon Neilson, Marine Trades, referenced a customer that was in the process of deciding whether to stay in Port Townsend or take his project (which was expected to take three months to complete) to Seattle. He advised that if it was decided not to reduce the rates, the customer would be forced to take his project to Seattle. Mr. Neilson stated that the general opinion was that the Port's haul-out rate was very competitive with other yards, but that it was the long term rate that was impacting business as people were trying to rush through and complete their projects just as quickly as possible and get out of the Yard .

Forrest Rambo inquired about how the Work Yard rates compared to other facilities around the area.

Mr. Crockett informed that the rate charged by the Port was the lowest.

A short discussion followed.

Gary Rossow offered that his boat had been worked on by one of the Marine Trades businesses and he had not been charged a lay day charge for the two month stay.

Larry Eifert stated that he had been bringing his boats into the Work Yard since 1980 and that the last two go rounds he found that he was hurrying the project as much as possible so that he could get the boat back into the water and stop paying the Yard rates, as they were so expensive. He advised that he did all the work on his boat himself.

Commissioner Sokol reminded that Mr. Eifert was an example of someone who would not have benefited from the original rate discount proposal which was to give a discount only to those boat owners who used a Marine Trades business.

Discussion followed.

**\*\*Motion carried by unanimous vote.**

C. Draft 2008 Operating Budget:

Mr. Crockett provided background on the topic. He also reminded that Staff's recommendation was to defer the decision on permanent moorage rates until after the first of the year when more data would be available from PND (Planning Consultants for the AB Dock/Commercial Dock Renovation) and the new Port Commissioner would be in place.

Discussion followed which included that a motion had been made and approved at a previous meeting to continue with the permanent moorage rate formula currently in use and that actual rates were not approved until after a Public Hearing.

Commissioner Thompson stated that he would continue to espouse the rate formula currently in use and proposed for the 2008 Budget. Additionally, he suggested that an informational document be prepared and inserted with the Port monthly billings, which informed all Port patrons of the possibility that the moorage rates would have to be increased to correspond with paying for the improvements and repairs proposed for Boat Haven. He further suggested that a similar document be sent with each of the next five or six billing cycles in order to inform the tenants, which, in his opinion would be a better way to educate and prepare them for future rate increases.

Discussion followed regarding the proposed informational concept and the revenue needed to finance the Marina reconstruction.

Commissioner Sokol stated that, based on information gathered from Paul Sorensen during the morning workshop, he liked the idea of deferring the rate increase until April or May of 2008.

Discussion followed regarding the idea of involving the entire Port District, as a whole, including the taxpayers, along with the moorage tenants in a dialogue about rates and changes.

Forrest Rambo suggested that if the permanent moorage rate increase were delayed until May it would give several months in which to communicate to the public

through the additional public relations help (included in the proposed 2008 budget) either as an on-site consultant or upgrading the Port website. He advised that doing so would provide a good opportunity to take the initiative and reach out to both moorage tenants and taxpayers and solicit feedback from them.

Larry Eifert stated that he had been asked by Bertram Levy to attend the meeting. Mr. Levy, he stated, was the head of the newly formed Port Townsend Moorage Tenants Union (a group of over 60 people at the Boat Haven). Mr. Eifert read aloud a letter in which the Tenant's Union expressed frustration with past and current moorage rates (and Port policies in general) and asked that the Commission table the proposed moorage rate increases until the new Port Commissioner was in place and was given a chance to review policies.

Commissioner Thompson clarified that his suggestion had not been to postpone or table adoption of the proposed 2008 permanent moorage rates but, rather, that they be adopted for the 2008 budget. He advised that his concept was, once the rates were in place, to then gather and research the data compiled by PND and the Advisory Committee regarding the A/B Dock and Commercial Dock renovation. He stated that the information would be used to determine what the future moorage rate structure would need to be in order to pay for the renovation and repair to Boat Haven.

Discussion followed regarding the idea of a monthly (to be included with the Port billing statements) informational newsletter/questionnaire, public input and process, and the possibility of formation of a committee for discussion of future moorage ideas and concepts.

Mr. Taylor clarified that the proposed permanent moorage rate formula was not just an inflation increase, stating that it was an inflation increase for the 20-foot boats but increased incrementally with the overall length of the boat.

The consensus was that the rate structure formula currently in place and proposed for the 2008 budget was working.

Further discussion followed.

**Commissioner Sokol made a motion that the Port Commission defer any permanent moorage rates established for 2008, 2009 and 2010 until after the Marina Advisory Committee had been given time to select a preferred scenario for the Boat Haven Renovation design.**

Commissioner Thompson stated that he disagreed with that motion.

Commissioner Beck agreed with Commissioner Thompson.

Clair Candler stated that although he was not a boat owner, he was a taxpayer. He advised that the Port be careful about electing to increase property taxes because the perception was that people fortunate enough to own boats could pay their own way in regard to marina repairs or renovation.

Gary Rossow stated that he was in favor of Commissioner Sokol's motion.

Forrest Rambo agreed.

Mr. Crockett stated that although postponing increasing the moorage rates was exactly what he had advocated in his "white paper," he now believed, after listening to all of the discussion, that the worst possible choice would be to defer a rate increase for 2008. He cited the example set in the 1990's when the Port went many years without a rate increase, not even a cost of living, and then when it did raise rates it really affected the tenants who all forgot that there had been no increases for a decade.

Additional discussion followed.

Mr. Pivarnik suggested, as an alternative that the Commission adopt only the 2008 column now instead of adoption of the proposed three-year permanent moorage rate formula and then spend the next year gathering information and going through the public process.

Mr. Radon agreed and suggested that the 2008 rates be implemented in April or May of 2008. He suggested that time be spent going through the public process and awaiting the data from PND. He suggested that once all the information was compiled that the Commission might consider adoption of a five-year rate plan.

After further discussion,

**Commissioner Sokol withdrew his original motion and then made a motion that the Port Commission adopt the 2008 column of the permanent moorage rate sheet effective April 1, 2008.**

Commissioner Thompson stated that he would like the Port to continue with the formula but that it should be effective January 1, 2008.

Discussion followed.

Commissioner Beck stated that he wanted to make the rates effective the first of the year.

**Commissioner Sokol amended his motion to change the implementation date from April 1, 2008 to January 1, 2008 for a one-year increase.**

Commissioner Thompson clarified that it would be a continuation of the same formula now in use with the proposed changes for 2008.

Forrest Rambo stated that he supported the motion except for the start date and stated that, in his opinion, it should be effective the first of May because that was the start of the travel and boating season. A May 1<sup>st</sup> start date, he stated, would also allow time for the close out of the 2007 revenues and information back from the advisory groups.

Gary Rossow reiterated his belief that Staff, if the moorage rates were going to be adopted, should split out moorage on a more equitable, in his opinion, basis with five-foot increments.

Commissioner Beck stated that he was going to ask for the question

**\*\*\*Motion carried by unanimous vote**

Commissioner Sokol inquired of Mr. Taylor if he had enough information to proceed with the 2008 Draft Operating Budget.

Mr. Taylor's response was in the affirmative.

D. Mats Mats Boat Launch:

Mr. Pivarnik stated that after 16 months in permitting, the Army Corp of Engineers with concurrences from the Department of Fish and Wildlife had stated that the Port would be allowed to rebuild Mats Mats boat ramp. The question, suggested Mr. Pivarnik, was whether the Commission wanted to proceed with rebuilding the ramp (the cost of repair was included in the 2007 Capital Budget) at this time or defer it to sometime in the future, as the permit, he advised, was good for two years. He stated that the estimated project cost was \$25,000 to \$35,000. He stated that if the Commission wished Staff to move forward the project would need to be completed before the February 15, 2008 close of the fish window. He informed that the gravel that had been distributed on the ramp for a short-term repair was working but was not an optimal solution. If the project moved forward, he stated, the Port Maintenance Dept. would do much of the work.

Discussion followed.

Commissioner Beck stated he thought the Port should proceed with the project at once since it had taken so long to acquire the necessary permits and because so many citizens used that ramp.

**Commissioner Beck made a motion to authorize Staff to proceed with the Mats Mats Boat Ramp repair project.**

Commissioner Beck followed up by saying that it would be one more thing checked off the list of to be done projects.

Commissioner Sokol agreed.

Commissioner Thompson stated that since the gravel repair had helped, that the project did not appear to be a pressing matter at this time.

Discussion followed regarding the project and the Mats Mats facility.

**\*\* Motion carried by unanimous vote.**

VI. NEW BUSINESS

A. Operations Report – Month of September 2007:

Mr. Radon presented the operations report for September 2007. He advised that the Boat Haven Moorage Supervisor was in the process of assigning permanent moorage slips now that the heavy summer season was over. Nightly guest figures were 5700 year to date compared to 5200 in 2006. In the Work Yard, haul-out figures remained

steady, however, as had been the trend all year, the total billable linear feet was down although less so than earlier in the year. He advised that the trend in the Ship Yard continued to be slightly below 2006 totals. At Hudson Point, he informed, nightly moorage was at 975 this year compared to 1183 in 2006. He recommended that some type of promotional brochure be put together to take to the Seattle Boat Show and the Pacific Expo describing the Hudson Point Marina improvements. The RV nites were 1001 year to date compared to 1095 during 2006 and which continued the trend seen all year.

Discussion followed regarding the limited access moorage at Hudson Point.

**B. Bathymetric Survey Contract for Boat Haven:**

Mr. Pivarnik advised this contract was for bathymetric survey (over and above what Clark Land Company had done) using sonar to survey underneath the docks and boats for the entire Boat Haven as part of the planning process for the A/B Dock, Commercial Dock renovation. He informed that, originally, this was part of the PND contract and had been pulled out of it to avoid a cost mark-up by PND. The survey was complete, he stated, and had been part of the project control form for the Boat Haven project.

Discussion followed regarding the survey and what had been done.

**Commissioner Sokol made a motion to authorize payment to SAR Northwest in the amount of \$8,000 for the bathymetric survey for the Boat Haven. Motion carried by unanimous vote.**

**VII. STAFF COMMENTS**

Mr. Harris informed regarding an encouraging development on the stormwater front this week in which the Court of Appeals came down with a new case involving the City of Tukwila and the Tukwila School District that had similarities to our situation.

Mr. Harris asked for an executive session in which to discuss potential litigation.

Mr. Radon advised that it was time, once again, for the annual Pacific Expo to be held November 15 – 17, 2008.

He reported that a half dozen independent contractors had come in, so far, to register with the Port. He advised that the Work Yard Supervisor was in the process of contacting the local independent contractors and giving them the necessary paperwork (and providing information and answers to any questions they may have) to complete and return to the Yard office within a week's time of notification.

Mr. Crockett advised that he had attended another meeting with Jefferson County regarding the Shoreline Master Program. He informed that it was going to be a long process, with many changes, and that a second draft would probably be completed around Thanksgiving or Christmas and then it would go to the County Planning Commission in the spring of 2008.

Mr. Crockett informed on a focus group meeting he had attended in Seattle with a consultant hired by the State Recreational Conservancy Office regarding public access to the State's waterways.

**VIII. PUBLIC COMMENTS:**

Glen Paris-Stamm questioned if the 2009 Trawler Fest location had been announced. Commissioner Sokol advised that Anacortes had been selected, in part because a major sponsor of the Festival, Nordic Tugs, was home-based there.

Mr. Crockett informed that going through the process for possible selection of Port Townsend hosting the Trawler Fest had led to the proposed idea of a new festival, or symposium, of boat builders, which could be held in late May or early June. He said a similar type of event was held in Maine each year and had been successful.

Discussion about the possibility of development of that kind of event followed.

Forrest Rambo inquired if a Request For Proposal (RFP) was proposed for hiring the public relations firm or if names would be selected from the small works roster or how was the selection going to move forward.

Mr. Crockett stated that (once adopted in the 2008 Budget) it would be a formal RFP process and that, once selected, the firm (or individual) would be on a one or two year retainer.

Mr. Rambo suggested that once selected, that it be identified as marketing communications and public relations so that it was made clear that it was not one thing or the other, but rather a combination of both and would be able to provide help with brochures, booths, and advertising.

Glen Paris-Stamm inquired about the leaking water pipe in Quilcene, the cost of the system upgrade, the water meters and the location of Linger Longer Road.

Commissioner Beck provided background regarding the existing water system in Quilcene and the septic system now underway.

Mr. Pivarnik updated that Puget Sound Energy was currently in the process of engineering getting electricity to the septic and well site.

Discussion followed which included the septic system, the Class A water system and Coast Seafoods and that, according to the well log, the water rights were acquired in 1971.

Ms. Paris-Stamm, additionally, asked why the Port did not install water meters on all the slips and sited that she had observed fresh water being used in excess to wash down boats on many occasions.

A brief discussion followed regarding the cost to the Port of metering every slip.

IX. COMMISSIONER COMMENTS

Commissioner Beck presented information learned through a meeting presented by the Jefferson County Department of Health and which outlined the new septic system observation regulations passed down from the State Legislature.

Discussion followed.

Commissioner Sokol informed regarding a briefing he had attended where in J. Manning, of the Department of Ecology (DOE) had presented to the Port of Bellingham a permit allowing them to proceed with the Georgia Pacific cleanup project.

Discussion followed regarding the necessity of starting the permitting process early in project development.

X. NEXT MEETING: will be held Wednesday October 24, 2007, at 6:30 PM in the Port Commission Chambers, 375 Hudson Street, Port Townsend

XI. EXECUTIVE SESSION

The regular meeting recessed into executive session at 3:10 PM for discussion regarding a litigation matter and a personnel matter, duration of 25 minutes with no expected action.

XII. ADJOURNMENT:

The regular meeting reconvened at 3:35 PM and adjourned at 3:36 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