

## **PORT COMMISSION MEETING – March 14, 2007**

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  
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 revised as follows: New Business, Item B. New Lease for PALCO, Inc/dba Hudson Point Café was moved to before the Public Hearing, Old Business: Item A. Ferry Reservation System was deferred to later meeting, and Item E. Hadlock Float was added to Old Business.

**Upon motion of Commissioner Beck, the revised agenda was unanimously approved.**

### III. CONSENT AGENDA

- A. Approval of Minutes – 02/28/07  
Approval of Minutes – Special Meeting of 3/09/07
- B. Approval of Warrants  
#36368 through #36395 in the amount of \$29,522.41  
#36396 through #36404 in the amount of \$49,006.90  
#36405 through #36473 in the amount of \$257,912.97
- C. Write-off Register

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

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

None

### V. NEW BUSINESS:

#### B. New Lease for PALCO, Inc/dba Hudson Point Café

Mr. Pivarnik informed that the current Otter Crossing Café owner, Heather Polizzi, had located a new owner for the Café and, therefore, wanted to terminate her lease with the Port. Mr. Pivarnik recommended that staff draft a new lease (not a lease assumption) for a five-year period with Jackie Pallistar, the proposed new owner of the restaurant. He informed that Commission approval was sought on the lease concept before drafting the final lease.

Jackie Pallistar, owner PALCO, Inc, informed that she had experience in owning and operating successful restaurants in the past. She stated that, at first, the restaurant would offer breakfast and lunch and that dinner would be offered at a later time. She stated that she would make application for a liquor license but did not anticipate providing a full lounge.

Mr. Crockett informed that staff thought it was in everyone's best interest to start fresh with a new lease rather than a lease assignment as had been the procedure in the past. He provided historical information regarding the Landfall Restaurant and what had occurred when the new tenants had defaulted on the assumed lease.

Commissioner Sokol remarked that perhaps all leases should be handled in this way in the future.

Mr. Harris asked if the current operator was up to date in her account and was told that a deposit was on file that should cover any outstanding balance owed.

**Commissioner Beck made a motion to approve the concept for the PALCO, Inc Lease. Motion carried by unanimous vote.**

### VI. PUBLIC HEARING

#### A Surplus of Tax Parcel No. 001331013, Located at JCIA

At 1:07 PM Commissioner Sokol opened the hearing and reminded attendees of the Port's public hearing procedures.

Commissioner Sokol stated that the property in question was on Highway 19 across from the airport.

Mr. Pivarnik informed that the Tax Parcel was a 2 ½ acre, triangle parcel of land located across from the Jefferson County Airport and recommended that the Commission surplus Tax Parcel #001331013 and then proceed with the land swap with Eagle Eye, Inc. Eagle Eye, Inc currently owns a similarly shaped parcel of land on the East side of Highway 19 at the end of the airport runway.

Mr. Harris suggested that some type of permanent “sign off” on noise complaint issues should be considered and suggested a one paragraph, specific covenant, which would waive any future noise claims and would be written into the exchange deed. He stressed the importance of the covenant even though the property was in the airport noise overlay area.

At 1:10 PM, Commissioner Sokol opened the hearing to public comments.

There were no public comments

At 1:11 PM, Commissioner Sokol closed the Public Hearing to Public Comment.

Commissioner Beck asked what was the monetary valuation of the timber on the Port owned parcel and was informed that it was \$12,000. He stated that the safety issues alone were important enough to justify proceeding with the property surplus and the exchange.

Commissioner Sokol stated that Eagle Eye, Inc. would compensate the Port for the timber value and for all closing costs. He agreed that safety concerns were the main reason for the exchange and remarked that the airport would be enhanced by the exchange.

**Commissioner Sokol made a motion that the Port surplus Tax parcel #001331013 located at Jefferson County International Airport as a prelude to Staff finalizing the land swap. Motion carried by unanimous vote.**

Commissioner Sokol closed the Public hearing at 1:12 PM.

## VII. OLD BUSINESS

### A. Sperry Leases:

Mr. Pivarnik briefed the Commission and asked for their concurrence on Staff moving forward with the six remaining Sperry Property Leases located in Boat Haven. He reminded that the Commission had already approved the lease for Admiral Ship Supply and the Blue Moose Café. The proposed six leases, he stated, were based on the rate charged by Sperry with the addition of the 12.84% State Leasehold Tax. He informed that at the time the Port purchased the Sperry buildings in 2006, the Commission had wished to retain the existing monthly lease rates and to refrain from charging the tenants the State Leasehold tax during 2006. As of January 1, 2007, the new, proposed leases were held at the old rate but had the addition of the Leasehold tax. Mr. Pivarnik informed that the proposed new lease rates did not reflect the appraised value and that if the appraisals had been followed, some leases would increase from .30 cents/foot to .50cents/foot and that the Port wished, instead, to ease into the market rate which might take three to four years to reach.

Discussion followed which included whether the proposed lease rates were based on square footage, that the rates charged by Mr. Sperry were very diverse, how some of the rates were based on business location, etc.

Mr. Pivarnik stated the proposed leases had differing terms.

The leases and terms for the businesses were as follows:

Taku Marine requested a two-year lease with a one three-year option beginning on 1/1/07 with a beginning lease rate of \$344 plus tax.

Peter’s Marine and Grant Seran requested a two-year lease with one three-year option beginning 1/1/07 with a beginning rate of \$967 plus tax.

Steelhead Marine requested a two-year lease with three one-year options beginning 1/1/07 with a beginning lease rate of \$1,391.99 plus tax.

Design Kraft requested a one-year lease with four one-year options beginning 1/1/07 with a beginning lease rate of \$946.01 plus tax.

Sunrise Coffee requested a one-year lease beginning 1/1/07 with a lease rate of \$322 plus tax.

PT Furniture Clinic requested a one-year lease beginning 1/1/07 at a lease rate of \$430. plus tax.

Tim Hoffman stated that no one ever liked to see the lease rate increase, but he was okay with it.

**Commissioner Beck made a motion to authorize the Executive Director to sign leases with the tenants as presented. Motion carried by unanimous vote.**

B. Jackson Street Infrastructure Contract:

Mr. Crockett informed that the Port had applied two years ago to Jefferson County under the Public Infrastructure Fund Grant process for a \$53,000 grant to help with the Jackson Street infrastructure and was collaborating with both the City and the Maritime Center. He stated that before more construction went forward in the Hudson Point Marina it was necessary to get the infrastructure project started. He explained that currently the City's water line dead-ends at Water Street and again dead-ends on Jefferson Street at the beginning of Port property by Fleet Marine. The proposed project involved installing water and sewer lines, a hydrant and looping the fire flow. The cost to the Port would be \$170,605 (\$53,000 would be in grant money to help defray those costs). Essentially, he informed, the project would be the standard public works project using the City's contractor. He stated that access would be available to the individual businesses throughout the project.

Commissioner Beck commented that the project had been discussed for three to four years. He inquired if the project was included in the 2007 Budget.

Commissioner Sokol remarked that the project was a necessary one. He noted that the Shared Costs Calculation with the City of Port Townsend was computed using a sales tax of 8.4% instead of the current 8.6%.

Mr. Taylor advised that the project was included in the 2007 Capital Budget at a cost of \$250,000. Mr. Taylor inquired as to whether or not the Port was contracting for any of the project and was informed that it was being performed through the City and that the Port would pay the City.

**Commissioner Beck made a motion to authorize the Executive Director to sign the contract paying a portion of the project based on a 44% appropriation for a cost of \$170,605, which included sales tax. Motion carried by unanimous vote.**

Commissioner Sokol inquired about cost overruns and was informed that any affect on the Port portion would necessitate returning to the Commission. The \$170,605 included a 10% contingency, which was stated in the Shared Costs Calculations at \$15,509.

C. Clark Land Office Survey Contract:

Mr. Crockett informed that as part of the AB Dock/Commercial Dock Boat Haven Marina Renovation project an area survey (including utility locates), was needed. Clark Survey, he informed, had performed many lease surveys (as well as surveys at the airport) for the Port and had historical database on file.

Mr. Pivarnik informed that an underwater survey by a different company would also be completed but later.

Commissioner Beck stressed the importance of the maintenance of the location of the monuments and control points for future use to eliminate the need to spend another \$25,000 again in a few years.

**Commissioner Sokol made a motion that the Commission authorize the Executive Director to sign a contract with Clark Survey to complete the initial survey not to exceed \$25,000. Motion carried by unanimous vote.**

D. Hadlock Float:

Commissioner Thompson reported he had noticed that half of the Hadlock float had been towed to Boat Haven and been hauled out for repair. He stated that, in his opinion, because of the condition of the float any attempted repair would be a waste of money.

Mr. Pivarnik stated that Department of Fish and Wildlife maintenance permit was very specific in requirement of repair of the float and not a rebuild.

Discussion followed which included how repairs could be attempted and how a new manufactured float could take up to a year to permit.

## VIII. NEW BUSINESS

### A. Operations Report – Month of February 2007:

Mr. Radon reported that February had been a very strong month. He reported that new monthly guest slips were not being assigned except those associated with Marine Trades projects. He reported that nightly guests were up significantly at 311 for February compared to 190 for February 2006. He noted that the ramp numbers were down just a little but he was confident that those numbers would pick up again with the shrimp and halibut season.

Discussion developed regarding the wait list and that, currently, no commercial boats were on the wait list and that there were less than a dozen home-ported commercial fishing boats in Boat Haven.

Mr. Radon informed that Yard operations/hoist operation for the month of February on the small end, the ins and outs were the same. He stated that the billable footage was down somewhat, but pointed out that the number reflected a one-day snapshot taken at the end of the month. He stated that the overall Shipyard numbers were up for the year. There were 109 boats in PTBH in February compared to 126 for the same period in 2006 but, he informed, the activity had picked up during the first two weeks in March.

In closing Mr. Radon stated that as the Hudson Point Marina remained closed there was no activity to report there, however the RVs picked up in February at 190 this year compared to 173 in the same time-period in 2006.

## IX. STAFF COMMENTS

Mr. Radon informed that Port management of the Fish N Hole fuel dock operation would begin on March 15, 2007.

Commissioner Sokol inquired if the Fish N Hole name would be retained.

Mr. Radon remarked that that had not yet been talked about.

Commission Thompson stated that the Fish N Hole had traditionally been a point of contact with the incoming public to get directions and information regarding the location of places in town. He recommended staffing the facility with a friendly, knowledgeable representative.

Mr. Radon stated his belief that any of the current moorage staff would fit that bill and that the facility would operate directly under his office. He expressed the fact that Hudson Point staff would be cross-trained as well as most of the Yard crew. He said that the Fuel dock would bring a new dimension to the Port in customer service and also in the hours of operation as the fuel dock currently operates on a seven day a week, throughout the year, schedule. He believes it will facilitate assigning moorage slips (especially during the busy summer months).

Discussion took place regarding the merchandise (ice, soda, some fishing gear) currently sold at the facility and that the person on staff there should be knowledgeable about those items as well as what gear was catching fish.

Discussion took place regarding the fact that the Visitors' Center refers a number of questions, many fishing related questions, to the Fish N Hole and the necessity for maps to be made available.

Mr. Harris asked if the Port's insurance carrier had been informed and if they had reviewed the operation as it would bring several layers of liability potential.

Commissioner Sokol suggested that notice should be sent to the Visitors' Center informing it of the change in ownership.

Commissioner Thompson noted that Mr. Thornburgh was on the AB Dock/Commercial Dock Advisory Committee.

Discussion followed to include the process currently used by Mr. Thornburgh to guard against accidents at the fuel dock; insurance issues; our experience with the airport and Quilcene; and that Mr. Thornburgh had offered to be available to offer both his expertise and to operate the fuel dock when Port Staff was not available.

Mr. Pivarnik updated that the Hudson Point Project was on track time-wise. He informed that the travel lift would be on the dock on March 15<sup>th</sup> and Fleet Marine would be allowed to haul out a few boats even though the lift pier wasn't completely finished.

Mr. Crockett informed that the Commission had been invited to "Sail Away" on May 19, 2007 at 1:00 PM as part of the annual grand Rhododendron Festival parade.

X. PUBLIC COMMENTS

None

XI. COMMISSIONER COMMENTS:

Commissioner Beck expressed concern regarding the steel piles that had been installed at the Hudson Point Marina and how to prevent electrolysis.

Mr. Pivarnik responded that the issue had been discussed with Shannon of Reid Middleton and that her suggestion was to wait five years and then send down a diver to inspect the pilings. She stated that since the pilings have an extra wall thickness and extra galvanizing, she does not foresee a problem.

Commissioner Beck expressed his hope that the assessment proved to be a correct one.

XII. NEXT MEETING will be held Wednesday, March 28, 2007 at 7:00 PM, in the Port Commission Chambers, 375 Hudson St, Port Townsend, WA 98368.

XI. EXECUTIVE SESSION

None

XII: ADJOURNMENT:

The regular meeting adjourned at 1:53 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