

PORT COMMISSION MEETING – June 13, 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: the addition to Old Business of Item E – Change to 10/2/06 Special Meeting Minutes and Item F – Quilcene Marina.

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

III. CONSENT AGENDA

- A. Approval of Minutes – 5/23/07
- B. Approval of Warrants
 - #36956 through #36956 in the amount of \$121,177.88
 - #36957 through #36987 in the amount of \$38,833.62
 - #36988 through #36999 in the amount of \$77,584.84
 - #37000 through #37050 as Voids
 - #37051 through #37132 in the amount of \$166,259.51

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

IV. PUBLIC COMMENTS (Not related to agenda)

None

V. OLD BUSINESS:

A. Prospect Avenue/Easement

Mr. Crockett reminded that this topic had been discussed a few months ago and the Commission had been in favor of the project. He informed that Jefferson County Public Works had approached Staff with the concept of widening Prospect Avenue to allow for the addition of a right turn lane. This additional lane would allow easier and safer access from Prospect onto Highway 19. The Port, he said, owned the 15-foot long strip of property, which, as part of the Airport Safety zone, could not be used for any type of building. He stated that although a traffic light was considered by all to be the best resolution to safety issues, this was a second best solution and would make the intersection safer. Mr. Crockett informed that the County would like the Port to donate the easement for the project.

Commissioner Beck, after commenting on an accident that occurred at that intersection in 2006, made a motion to direct Staff to proceed with the Prospect Avenue right turn lane with Jefferson County and to approve the easement for same. ** See Motion approval below.

Commissioner Beck reiterated how important he felt the project to be.

Commissioner Sokol remarked that a stop light would have been the preferred solution but that he was in support of the project.

Commissioner Sokol called for public comment on the motion.

Forrest Rambo asked for clarification on whether there was a legal difference between donation and grant of easement (in our letter it is worded “donation” but the documents refer to it as an “easement”). He wanted assurance that the two statements meant the same thing.

Attorney Harris clarified by stating that the Port would be donating an easement and that since the easement was an interest in real property with free title; essentially, it was then a grant. As it was a permanent easement, it was, in essence, a permanent dedication of that strip of property for the specified purpose. Since the property could not be used for building, it had no real monetary value to the Port.

Mr. Crockett added that the project was in the area of being good neighbors out there as Kala point had approached us before to help them work with the State DOT to make that intersection safer.

Commissioner Sokol agreed that the proposed project was in the public interest.

****The Motion on the floor carried by unanimous vote.**

B. US Coast Guard Dock Reconstruction Bid Results

Mr. Pivarnik informed that the Coast Guard had called for an engineering study on its present dock, which was now complete, and in which the present dock was deemed condemned. He remarked that the dock had reached the point that it is now felt to be an extreme safety issue and that something needed to be accomplished immediately. He stated that bids had been solicited and that only one bidder, Caicos Corporation, had responded. Their bid of \$250,000, without WSST, was based on the fact that they had equipment already mobilized in the area. He stated that proposed project start date was in August. Mr. Pivarnik reminded that the dock services the 87-foot, steel Coast Guard cutter and that the Coast Guard had specific specifications for the dock. Caicos Corporation, he informed, had done a good engineering study and that they had contracted with PND (who was doing the Boat Haven planning) for a professional review of the engineering study to assure accuracy and that the Coast Guard specifications were met.

Commissioner Thompson inquired if the Coast Guard had specified cement docks.

Mr. Pivarnik responded in the affirmative and clarified that cement docks were the only kind that would absorb the impact of the cutter.

Commissioner Sokol inquired if the Coast Guard had reviewed the document.

Mr. Pivarnik responded that he had first wanted to get Commission approval before sending documents to the Coast Guard. He remarked that the proposed dock was being designed with the Boat Haven Reconstruction project in mind.

Discussion took place regarding the dock, the pier in Seattle that Caicos had built, the existing creosote pile removal, new steel piles, that a new gangway was part of the proposed project, that the project had been included in the 2007 Capital Budget for \$350,000 and the possibility of a second Coast Guard cutter being moored here in the future.

Commissioner Beck made a motion to direct Staff to proceed with the US Coast Guard Dock reconstruction and the bid submitted by Caicos Corporation in the amount of \$250,000 without WSST, subject to Coast Guard review and approval. ** Please see vote on motion below.

Commissioner Thompson inquired if Caicos was going to build the floats and if there would be construction oversight.

Mr. Pivarnik responded in the affirmative and stated that oversight was needed.

Discussion followed regarding the types of oversight needed, that PND might want to be involved, that the floats would be brought in on a barge and lifted in, that the proposed project was a highly technical one and that the specifications for the dock were based on the Coast Guard criteria.

Commissioner Sokol asked for public comment on the Motion.

Forrest Rambo inquired if any Federal money was available to offset the additional specifications required by the Coast Guard.

Commissioner Sokol stated that Staff had approached Homeland Security.

Mr. Crockett explained that Homeland Security was able to expedite the permit process.

Discussion followed regarding how crucial it was to be to keep the Coast Guard in Port Townsend.

****The motion on the floor carried by unanimous vote.**

C. Hudson Point Marina Update

Mr. Crockett announced that the Hudson Point Marina would be re-opening on Friday, June 15 with a fleet of Erickson sailboats arriving. He called it a “soft opening” as advertisements would appear in the next edition of Northwest Yachting, 48 North, etc and that the formal, ribbon-cutting opening was planned for July 6,

2007 with Senator Patty Murray in attendance. As Friday would have some of the lowest tides of the year, Staff planned a walkabout tour of the marina. One of the final things to be done was the electric power all the way around the facility. The local businesses would be powered on an individual basis and at times chosen as convenient for the business. Once all is complete, the power poles around the area would be removed.

Commissioner Sokol remarked on how the view corridor would improve with the removal of the power poles and overhead electrical wires.

Commissioner Beck inquired as to the light standards and future lightening system.

Mr. Pivarnik informed that the temporary plan to light the streets was to put lights on the buildings and explained the vision for 1930's types of period lighting fixtures installation once the formal esplanade was complete.

D. Jefferson County International Airport Update

Mr. Pivarnik informed that work had stopped on the Taxilane project at the Airport when substantial ground water in the work area was struck. We were, he stated, further along with the project then anticipated, and when the ground water was found, after conferring with the FAA, a conscious decision was reached to pull out the equipment and let the area dry out. He anticipated that work would resume the 2nd week in July. Seton Construction had volunteered to waive the equipment remobilization fees since they had another job during the lag time. Mr. Pivarnik informed that it was hoped that adding 26 inches of gravel would overcome the problem, but the area needed to dry out first before the gravel was put in.

On the topic of the hangar pad lottery, Mr. Pivarnik stated that Staff had worked with Attorney Harris in development of a lease, that the development standards were complete and that he would contact the five interested candidates and that the lottery would proceed on June 18th or 19th if the Commission approved.

Commissioner Sokol made a motion that we authorize Staff to send out a package to the people who have demonstrated interest in the lottery process for the hangar pad assignment and which would, hopefully, be held early next week. See below for motion vote.

Commissioner Sokol called for public comment on the motion.

Mr. Harris stated that a fair amount of time had been spent on the lease and he felt it was a good format. He stated that he thought it was very important that when the leases were negotiated with the various developers that the leases should be kept uniform amongst them. He recommended against negotiating one on one with changes for each developer since the Port would have to live with the documents for 30 – 50 years, and just for the ease of administration, they should all be the same.

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

E. Change to the October 2, 2006 Minutes:

Commissioner Thompson informed that he would like to delete a portion of the motion made at the October 2, 2006 Special Meeting which applied to the requirement by the Port that Mike Hogan, dba Ocean View Services be allowed to remain as a mobile contractor with the caveat that he had to post a \$10,000 bond and that he remain in complete compliance with Port Rules and Regulations and Best Management Practices and that if he did not comply with same that it would result in his immediate eviction of Mr. Hogan's company Ocean View Services.

Commissioner Thompson wanted to delete the "immediate eviction" condition from the motion. He stated that most contractors would be given a warning and then a chance to make amends before being evicted. Commissioner Thompson said that since that time, he had heard that Mr. Hogan had been a model tenant in the yard.

Discussion followed regarding the fact that meeting minutes were a representation of what occurred at a meeting and were a part of the public record, that a correction could be made if a section of the minutes was erroneous, and that, in this case, a new motion rescinding those stipulations would be appropriate especially in light of the fact that the new Contractor Rules and Regulations were almost complete.

Commissioner Thompson made a motion that Staff in future treats Ocean View Services like any other mobile contractor per the new rules and regulations when adopted. Motion carried by unanimous vote.

There was no public comment on the motion.

F. Quilcene Marina

Commissioner Beck asked for information regarding the enhanced drainfield at Quilcene since he had been receiving questions regarding it since the project had been going on for almost a year and nothing yet had transpired.

Mr. Crockett said that the project had stalled because of an eagle's nest located in a tree close to the drainfield. The eagles, he noted, had not been seen back in the nest for the past two years.

Mr. Pivarnik informed that a meeting was scheduled for June 18, 2007 with Fish and Wildlife in Sequim. He stated that Fish and Wildlife had sent an e-mail stating that they wanted us to move the drainfield 450 ft from the eagle's nest. He explained that there was, at most, 50 ft, since the drainfield was located on a cliff, but even moving it that much would require new perk holes to be dug, etc. He stated that it would be presented at the meeting with the fact that the drainfield cannot be moved and that it was 247 feet from the eagle's nest. Also, there have been no eagles sited using the nest for the last two years, but when Fish & Wildlife explored the area, osprey were found using the nest. Osprey are not on the endangered species list.

Mr. Crockett informed that a copy of the letter from the Jefferson County Department of Health would be provided to Fish and Wildlife which states that as so many people are off the grid in South County those showers and restrooms were badly needed.

Mr. Pivarnik further explained that the proposed drainfield was a \$200K, 250 ft wide by 500 ft long and would be a commercial, community drainfield, a very large project that would serve Coast Seafood as well. He stated that the Department of Environmental Health was ready to issue the permit as soon as the okay was received from Fish and Wildlife.

Discussion followed regarding the situation.

Commissioner Beck remarked that the second topic was permitting for dredging the Quill Harbor.

Commissioner Beck make a motion to direct Staff to go ahead and work on obtaining the permit for dredging for the mouth of the Quilcene Harbor. Motion carried by unanimous vote.

Discussion regarding the Harbor depth took place.

Mr. Crockett stated that the permit process had been started but would take some time.

VI. NEW BUSINESS

A. Operations Report – Month of May, 2007:

Mr. Radon briefed the Commission on the May operations report by stating that the permanent moorage and monthly guest moorage numbers were fairly static compared to the same period in 2006. He pointed out that the increase of nightly guests at 892 for this year compared to 476 for May, 2006 was due to the Hudson Point Marina continued closure and that a Sloop Tavern Race to the Straits Regatta that had been sponsored at the end of May with 94 boats mooring at Boat Haven for one night.

Mr. Radon continued by stating that the ramp numbers were up a bit as far as daily use and annuals were up overall year to date. He attributed the increases to a good presence of Tribal Fishing boats this season.

Mr. Crockett noted that that the wait list showed 26 more than in May, 2006.

Commissioner Sokol commented that there were 2 - 50ft commercial boats which we have not seen in a quite a while.

Mr. Radon informed that the Boat Yard exceeded 2006 numbers with 97 haul-outs last year compared to 104 this year on the 70/75 ton lift. He stated that, overall, things had been a little slow this spring but felt that was due, in large part, to the weather. Overall, there was 343 year-to-date haul-outs vs. 327 during the same period last year. He had handed out a document during the mornings workshop that provided 6 years worth of data (2002-2007) and pointed out that numbers had increased steadily since 2002 even with rate increases. 2006 he pointed out was an all time record year for the Work Yard, and he was happy to be repeating those numbers and exceeding when they could. With the rate increases and cost of fuel

and some of the other economic factors, he said, he was happy to see the numbers holding strong.

He informed that the Ship Yard was slightly down from last year.

Commissioner Thompson said that it looked like numbers were down 20% in the linear feet in the Boat Yard and 10% in the Ship Yard.

Mr. Radon agreed with that assessment and stated that those figures were based on a one-day (May 31st) snapshot of operations. He indicated that another report showed a running tally of capacity, in the Boat Yard, 125 spaces, and this report shows the daily running numbers of vessels but does not track the billable linear footage changes.

Mr. Crockett informed that one reason for the linear footage going down was that some project boats that had been in the Yard for multiple years had left after the rate increases.

In regard to Hudson Point, he said that as the Marina was still closed there were no moorage figures to report and that the number of RVs was down to 508 this year compared to 629 in 2006. It was felt that this decrease was due to the high price of fuel and, to some extent, the fact that the Marina was under construction.

Mr. Crockett said that reservations were strong for July and August.

To finalize, Mr. Radon remarked, that it appeared that we were off to a great start for June and that by June 15th the Yard will have exceeded 50 haul-outs on the small lift.

VII. STAFF COMMENTS

Mr. Harris requested an executive session for discussion of a real estate issue.

Mr. Pivarnik informed that after Staff had applied for a grant from Jefferson County the comment had been made “build it and they will come” and that two weeks after being awarded the grant, Pencove Mussels had been in touch expressing interest in relocation of some of their operations to Quilcene. After a meeting with them, he stated, there could be an increase in activity from Pencove within the next year and one-half

Mr. Crockett reported that he had been asked by the City of Port Townsend to represent the Port at a newly forming Energy Task Force Committee. He believes the Committee would explore some broad areas, everything from alternative energy sources, (the tidal energy) to what can we do as a community to cut down on the carbon footprint, etc.

He informed that he would be attending the June 20, 2007 WPPA session in Anacortes

Mr. Crockett stated that the Shipwright Co-Op wanted to expand their business and add another 20 ft section to their new building. They had proposed renting another 20 or more feet towards Boat Street. He reminded that section of the Yard had been ballasted and was being used for Marine Trades projects and might not work out for the expansion. Haven Boatworks had also made inquiry regarding leasing additional space.

Lastly, he informed on the meeting held last week with the Trawler Festival representatives stating that it had gone well and that we were in the final running. He qualified that the festival would be an annual event, if Port Townsend was selected, and, in his opinion, would be very good for the community. We should be informed by July 1st whether or not we have been selected.

VIII. PUBLIC COMMENTS

Clair Candler expressed the opinion that Hudson Point would be very full and busy this summer by boaters and RVs because, in his opinion, it was a wonderful “jumping off” place.

Forrest Rambo inquired if a chart, which showed the 300-Ton haul-out figures, could be compiled and made the suggestion that it would be nice to see such a chart especially in light of the Port’s investment.

Discussion followed regarding such a chart and that Staff could prepare one if Commission so instructed.

Stan Cummings, Northwest Maritime Center, said that he was asking for help. He stated that since he arrived in January he had been looking for an opportunity to engage the Commission in a discussion of the relationship between the non-profits and the Port. He continued that for one reason or another he had missed opportunities to begin such dialogue even while paying attention to the Port agendas and newspaper articles. He stated that he had believed the discussion on the “Martha” and the “Adventuress” would be held during the afternoon’s meeting, brought some folks with him, and then discovered that the

discussion had taken place during the workshop. He wanted to become part of the discussion and expressed hope that it would be on the agenda again in the near future.

Discussion followed regarding when and where the agenda was posted, how to obtain additional information, and how to become part of the process.

Commissioner Thompson pointed out that today's workshop agenda did not specifically state that there would be discussion concerning the non-profits. During discussion about rate structuring, it was ascertained, he said, that there was a need to establish some sort of policy to address the non-profits so that benefits, if allowed, would be given equally.

Mr. Crockett advised that he had been directed by the Commission to start a survey of other Ports to determine what written policies they had, if any. He stated that the topic would be brought back for discussion multiple times over the next 3 – 4 months.

Adam Henley suggested the Port research how historical vessels were handled in other harbors.

Mr. Crockett said private harbors had more flexibility than a public entity like the Port and that Staff was still acquiring information. He stated that he had already met with the "Adventuress" Executive Director, that another meeting would be held and that he wanted to have a meeting with the "Martha" representative. However, he stated, guidelines for what made up a true non-profit would need development.

Commission Thompson stated, in his opinion, it appeared that the Port of Grays Harbor had the best idea which was to treat the non-profits like anybody else.

Commissioner Sokol stated that there would be no ambiguity if all the cases were handled in that way.

Mr. Crockett stated that of the Ports that had so far responded to the inquiry, non-profits were handled on a case-by-case basis and it was left up to the Executive Director to decide if lower rates would be offered. So far, he advised, non-profits had been charged the same rates as everyone else.

Commissioner Beck stated that the Port had debt, in the form of bond issues that required payment, expenses for lights, security etc, just as private business and that the monies to pay for those items were derived from the revenues received from its tenants. The Port, he reminded, had a tax base of \$800,000/yearly and that property tax could be raised by only 1% each year. He remarked that the Port supported many businesses here, brought in a great many people, and did many things, but that to make up revenues that were dismissed meant that those revenues would have to be made up somewhere else or in some other way. He continued by saying that, per the Washington State Attorney General, the Port was not allowed to give gifts.

Mr. Cummings stated that he had just asked to be part of the discussion and conversation and that he did not ask for anything else, and that in return he had received only defensive comments.

Commissioner Sokol welcomed him to the process and thanked him for his comments.

IX. COMMISSIONER COMMENTS:

None

X. NEXT REGULAR MEETING will be held Wednesday, June 27, 2007, at 6:30 PM, in the Port Commission Chambers, 375 Hudson St, Port Townsend, WA 98368

XI. EXECUTIVE SESSION

The regular meeting adjourned into Executive Session at 2:11 PM for discussion regarding a real estate matter, duration of fifteen minutes with no expected action.

XII. ADJOURNMENT:

The regular meeting reconvened at 2:26 PM and adjourned at 2:26 PM there being no further business to come before the Commission.

ATTEST:

President

Secretary

Vice President

