

PORT COMMISSION MEETING – August 22, 2007

The Port of Port Townsend Commission met in regular session in the Port Commission Chambers, 375 Hudson Street, 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 6:30 PM.

II. APPROVAL OF AGENDA

The agenda was amended to reflect the addition to Old Business of Item E – Plan Submittal Approval for LPG Development.

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

III. CONSENT AGENDA

- A. Approval of Minutes – 8/8/07
- B. Approval of Warrants
#37582 through #37583 in the amount of \$157,067.02
#37584 through #37616 in the amount of \$39,430.46
#37617 through #37621 in the amount of \$21,314.61
#37622 through #37686 in the amount of \$241,344.36
#33037, 33204, 33929, 34448, 37173, 37523 and 37558 as VOIDS
- C. Resolution No. 492-07 Authorizing Warrant Cancellation
Resolution No. 493-07 Authorizing Sale of Abandoned Vessels
Resolution No. 494-07 Declaring Items Surplus and Authorizing Their Sale
And/or Disposal
- D. Charlie Noble Enterprises Lease Extension
- E. Sea J's Café Lease Extension

**Commissioner Beck made a motion to approve the Consent Agenda.
Commissioner Thompson excused himself from the vote because his lease,
Charlie Noble Enterprise, was involved. The motion was approved.**

IV. PUBLIC COMMENTS (Not related to agenda)

None

V. OLD BUSINESS

A. Aero Museum

Mr. Jerry Thuotte was not present for topic discussion.

B. Quilcene Moorage Rates

Mr. Crockett reminded that permanent moorage at the Herb Beck Quilcene Marina was currently billed at 80% of the rate set for permanent moorage at Boat Haven. The adjustment to the Quilcene rate will not be made until the septic drainfield and restroom facility project is completed within approximately six to eight weeks, which time the moorage rate is scheduled to increase to the full 100%. At the August 8, 2007 Commission Meeting, discussion had taken place regarding the Quilcene Harbor dredge project and a moorage tenant had queried the Commission about the possibility of retaining the 80% moorage rate until the dredging project was completed. Mr. Crockett informed that Staff did not have a problem with retaining the 80% moorage rate. He advised that it was not known when the project might be completed.

A brief discussion followed.

Commissioner Sokol made a motion to retain the Quilcene Permanent Moorage rate at the current level of 80% of that charged at Boat Haven until the harbor dredging was completed. Motion carried by unanimous vote.

C. Hudson Point Moorage

Mr. Crockett informed that several issues were involved, some of which were brought about by the re-opening of the Hudson Point Marina, the new dock layout, and other policy issues that had evolved over a period of years.

Currently, he stated, the Business Moorage rate (at both Boat Haven and Hudson Point) was set at 125% of the Permanent Moorage rate. However, at Boat Haven all business moorage was in limited access, which resulted in a rate reduction, which offset the 25% of the business rate surcharge. At Hudson Point, however, the full 125% was charged for business moorage and this rate affected: Puget Sound Express, The Wooden Boat Foundation, The Schooner “Martha” and Sea Marine.

In addition, he stated, charter businesses (for example, Puget Sound Express) were charged, on the honor system, a per passenger “head tax”.

Additionally, he reminded, the 2007 adopted rates included slip size increases at ten-foot increments to accommodate larger vessels. Those rates impacted Sea Marine for the 100 foot of center dock they used by the lift pier, the “Glacier Spirit” at 75 feet, the “Olympus” at 42 feet, the schooner “Martha” at 84 feet and the Wooden Boat Foundation at 90 feet.

He advised that after discussion with the business owners and research by contacting other Ports, he was recommending for Hudson Point (as part of the 2008 Budget process, or for immediate action) a consolidation of the slip size categories with a cap at the 53+ feet rate. He also recommended elimination of the Business Moorage rate classification at Hudson Point. He recommended keeping the passenger “head tax” and suggested that it should be applicable to all vessels carrying passengers.

Discussion followed regarding the pros and cons of reducing the slip size rates to a maximum size of 53 + feet at a rate of \$6.95 a foot.

Mr. Taylor cautioned, after clarifying that he was not in disagreement with the proposal, that a slip size category reduction would contradict the effort to achieve a square foot rate charge.

Further discussion followed to include the reduction in slip size categories, moorage rates, the dock used by Sea Marine and the reduction in moorage rates to the businesses involved.

Commissioner Sokol made a motion that Hudson Point, and only Hudson Point, business rates be calculated to reflect the 53+ foot 2007 rate, which is \$6.95 per foot as the top rate without a 25% surcharge, resulting in a “flat rate”. Entities boarding passengers and/or students would be charged a .60 cent per passenger and would include students, and that the reduced rates would be retroactive back July 1, 2007.

****Please amendments and vote on motion below**

Discussion followed which included that all four of the businesses in question would see a decrease in their monthly rate.

Commissioner Sokol amended the motion to reflect that the \$6.95 would be based on linear feet of dock.

Discussion followed which included that under the proposed scenario Puget Sound Express would be billed (when both boats were present) 117 feet at \$6.95; the Schooner “Martha” at 84 feet at \$6.95, the Wooden Boat Foundation at 90 feet at \$6.95 a foot and Sea Marine 100 feet of dock at \$6.95 a foot. Discussion also included the per passenger “head tax”.

Commissioner Sokol amended the motion to read the per passenger “head tax” would be at the going or current rate.

Discussion followed regarding making the billing change retroactive which would mean that each of the affected businesses would receive a credit on their account.

Sheri Hanke said, “Thank You” to the both Staff and the Commission for the action. She continued by stating that she hoped that the billing would be simplified and that she would get 1 statement instead of 5. She informed that they hadn’t signed the Moorage Agreements yet on either boat. She reminded that in her letter addressed to the Commission and presented to them at the August 8, 2007 meeting, she had requested compensation for the loss of business during the marina reconstruction and had provided an itemized cost list of \$20,000. She suggested that perhaps in lieu of that compensation, the passenger fees be waived 2007.

Commissioner Sokol stated that possible compensation was a totally separate issue and would need to be discussed as such as he wanted to stay with the rate structure.

Commissioner Beck agreed with that assessment and stated that any proposed compensation would be another issue.

Mr. Crockett informed, that in his opinion, the Port was not, and should not, reimburse any business, as the Marina Reconstruction was a project that was years in preparation and everyone knew that it was going to happen.

Commissioner Beck asked for a redefining of the motion.

Commissioner Sokol moved that the Hudson Point, and only Hudson Point, Business Rates be calculated to reflect the 53 plus foot, 2007 rates as the top rate and that is \$6.95 without the 25% surcharge that we have been charging businesses in the past. Entities boarding passengers and/or students would be charged the current cost per person fee and the rate scheme would be effective, retroactively, to July 1, 2007.

Commissioner Sokol stated for clarification that the charges would be: Sea Marine, 100 feet at \$6.95, Puget Sound Express, 117 feet, at \$6.95; Martha, 84 feet, at \$6.95; and Wooden Boat Foundation, 90 feet, at \$6.95.

Peter Hanke asked if he took passengers out on his small sail boat if the passenger head tax would be applicable.

Gloria Bram stated that in her opinion, it was unfair to charge passenger service businesses a “head tax” when commercial businesses, such as Sea Marine, were not charged a percentage of gross revenue. She stated that by charging a “head tax” the business (for instance the Wooden Boat Foundation, the “Martha”, Puget Sound Express) would be penalized for profitability. Since, she stated, businesses that take boats in and out of the water and repair them were not charged a fee, she stated that the “head tax” was not equitable. She asked that the Commission consider elimination of the “head tax” altogether. She remarked that perhaps an environmental charge would be applicable to passenger vehicles if they caused more of an environmental impact.

Discussion followed regarding the passenger “head tax” and the extra stress and strain to the docks caused by passenger arrivals and departures. Also discussed was that a passenger fee was common practice on most charter services.

Chris Grace stated that the “Martha” had a 6 passenger license. He wondered if the Wooden Boat Foundation would be charged for all of the kids they took out in the long boats.

A lengthy discussion followed regarding passengers vs. students.

Commissioner Sokol amended the motion and changed the wording “passengers and/or students” to “tour/charter”.

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

Mr. Crockett reviewed the policy at Hudson Point of charging transient boat moorage based on the slip or boat length whichever was greater. Mr. Crockett advised that a 40ft boat came in and if it had a reservation for a 40 slip there would be no problem, difficulties arose, he said, when a 30 foot boat came in on a Friday afternoon, without a reservation, and the only empty slip was 50 ft. The 30 ft boat would be assigned that 50 ft slip and charged the higher, 50 ft price.

Commissioner Sokol commented that it did not seem correct to him, especially if the boat was not hanging over at the end, to charge it the larger, slip rate. He considered a per foot rate to be more fair.

Commissioner Beck was in agreement with that assessment.

Mr. Taylor remarked that that was the current policy for permanent moorage at Boat Haven and that it had always been the policy.

Mr. Radon informed that the policy was clearly written on all of the rate sheets.

Discussion followed regarding the policy, the fact that Staff always tried to accommodate the various size boats and that the topic should be discussed further, perhaps at the next workshop.

Commissioner Thompson expressed concern regarding the current reservation fee.

Mr. Taylor stated that although progress had been made, there was still a lot of work to be done on the 2008 budget. He informed that he had prepared an updated permanent moorage rate schedule which was a continuation of the 3 year rate plan the Commission adopted in November, 2004. He had taken the current 2007 rates and applied the same formula and had assumed a 4% inflation for the next 3 years.

Mr. Pivarnik queried if the motion just adopted would remove the business category.

Mr. Taylor informed that a couple of items in the motion just adopted raised questions to him. He stated that the adopted 2007 rate sheets were applicable to both Hudson Point and the Boat Haven. The rates sheets for permanent moorage listed multiple brackets above 50 feet at 10-foot increments all the way up to 100+ feet. As the motion applied to Hudson Point only, he pointed out that there would be two boats at Boat Haven which would continue to be charged over \$6.95 per foot.

Mr. Crockett stated that if in the budget process the categories change, then that rate would be lower.

Mr. Taylor asked for direction whether the same format would be made applicable to Boat Haven. He reminded of the history behind the current rate sheets and explained how the proposed rates evolved. He informed that the intent of the original resolution adopted three years ago was to transfer to the Boat Haven Reserve Fund any amount of revenue generated over the annual CPI adjustment. The fund will be funded to \$152,000 at 12/31/07.

Commissioner Beck stated that the moorage rates as established in 2004 and carrying on with that formula seemed positive; he also liked the idea that as time progressed the goal of reaching a square footage charge was in sight.

Commissioner Thompson agreed.

As did Commissioner Sokol and stated that the three year rate schedule seemed to work well for both budgeting purposes and to let the moorage tenants know what their rates would be.

Discussion followed regarding the fact that County Assessor, Jack Westerman, would be present at the September 12, 2007 workshop and provide information regarding property taxes and new construction.

E. Plan Submittal Approval for LBG Development.

Mr. Pivarnik informed that LBG Development was the first hangar pad developer to return with their plans for Staff review and Commission approval before submitting those plans to Jefferson County and the FAA. The only change, he noted, was that LBG Development (who had drawn two pad sites, #1 and #3) wished to develop a box hangar on Site 3 instead of a T hangar. Staff had no problem with that change.

Commissioner Sokol wanted to know if there was going to be a restroom in each one and if the hose bib issue had been resolved.

Mr. Pivarnik responded that there would be a restroom in each of the box hangars but that there were major septic issues in designing a septic and as it was on the developers dime they were starting to wonder if restrooms were “doable” and that, yes, the hose bibs had been resolved and were going to be on the outside of the buildings.

Mr. Crockett informed that when the condo association laws or rules were developed (and should be clearly addressed in the lease) was that there could be absolutely no wash down at the hangar pad of aircraft, vehicles or anything else because of the risk to the environmental permits and oil or other pollutants getting into the stormwater. He stated that a wash down area would be provided on the tarmac.

Commissioner Beck made a motion to authorize Executive Director Crockett to sign the permits for the LBG permitting process. Motion carried by unanimous vote.

VI. NEW BUSINESS

A. September Commission Meeting Date Change

Mr. Crockett advised he and Mr. Pivarnik were scheduled to attend the Regional Airport Conference in Moscow, Idaho on September 26, 2007 and, therefore, suggested that the meeting date be changed from Wednesday, September 26 to Tuesday, September 25, 2007 at 6:30 PM.

Commission Sokol made a motion that the 2nd business meeting in September be reestablished to Tuesday, September 25, 2007 at 6:30PM and that the press be notified of the change. Motion carried by unanimous vote.

B. JCIA Fuel Disruption:

Mr. Crockett advised that a recent shortage in aviation fuel in the Northwest had required the Port to shut down the airport fuel pumps from Wednesday, August 15th to today, August 22, when a small, 5,000 gallon delivery had been made. He informed that the shortage was due, in large part, to the many forest fires in Montana, Idaho and Washington this summer. Mr. Crockett reminded that a conscious decision had been made in the past to remain independent and to buy aviation fuel on the spot market with any resulting fuel savings being passed along to the pilots. After the recent shortage, he inquired of the Commission if it wished him to seek proposals from the three available providers.

Mr. Taylor informed that a similar situation had occurred 2 years ago, although at that time, we were out of fuel for a day, not 7, and that, at that time, discussion had taken place with the Commission with whether the Port should sign a contract with one of the major fuel providers. At that time, the Port was getting most of its aviation fuel from Avfuel and they had offered a proposal. Mr. Harris, reminded Mr. Taylor, had concerns about the proposal and after researching had advised that we needed to have bids or proposals from all three aviation fuel providers: Avfuel (from whom we currently purchase the fuel), Texaco or Air BP. Signing a contract, he advised, would essentially “brand” us and the Port would be required to advertise the provider. Most likely, also, a multi-year contract would be required.

A brief discussion took place regarding the reasons for which the decision to buy on the spot market and not sign a contract in the past and that this shortage might just be a short term “blip” but that there was no real way of knowing that in advance, and that the greater concern was having fuel available.

Commissioner Sokol made a motion to direct Staff to contact the fuel suppliers and have them each present a proposal to the Port. Motion carried by unanimous vote.

VII. STAFF COMMENTS

Mr. Harris stated that he had received a response concerning the public records request he had made to the City of Port Townsend in regard to the storm water drainage issue. He informed that the City had asked for more detail on some of the requests. The City also requested a list of Port tenants.

A brief discussion followed regarding the situation and that it was finally moving forward.

Mr. Taylor requested an executive session for discussion of personnel matters.

Mr. Radon updated on the BMP video being produced by Peter Wiant. He advised that narration on the video was set to begin during the week of August 27 – 31st. Furthermore, Mr. Wiant was finishing up on the final shots in the field and that scheduling with DOE for the voice over would begin.

Mr. Crockett informed that he and Mr. Pivarnik had attended a recent meeting with the new Jefferson County Community Resource Economic Development team. They had met with three members of the team and had been briefed on the teams statement of work and goals. Mr. Crockett stated that he had been contacted by Jefferson County Department of Public Works, Al Cairns, requesting background information on the Recycling Bins and why they had had been removed from Port property. Mr. Crockett informed Mr. Cairns of the history of the bins, the relocation of them several times to different areas around the Boat Haven and the complaints received from Port tenants regarding the noise, traffic and extra trash that the bins generated. He informed Mr. Cairns that the Port was not interested in having the bins relocated at the Boat Haven again. Jefferson County’s current plan, he stated, was to locate the recycling bins up at the Castle Hill Shopping Center but before doing so, wanted one more, in writing, response from the Port. Mr. Crockett looked for Commission approval to respond to the proposed letter from Jefferson County in a firm manner, which left no room for doubt about the possibility of relocation of the recycling bins.

Commissioner Sokol stated that he wished to hold firm with the current policy and did not wish to reconsider restoring the recycle bins onto Port property.

Commissioner Beck suggested that the minutes for the meeting in which the decision to remove the recycle bins be found. He did not wish to change the decision.

Mr. Crockett informed that he would respond to the letter from Jefferson County without further input from the Commission.

Mr. Crockett informed the Marine Trades Association was in the process of development of a 4-page questionnaire to send out to various businesses and that the Port had been asked to provide a mailing list of tenants. He provided a copy of the proposed questionnaire to each Commissioner. Tenant information, he reminded, was closely guarded by the Port and he

had offered, as way of a compromise to include the questionnaire be sent out with the monthly billing statements (the Marine Trades could, perhaps, pay the additional postage) along with a cover letter which clearly stated that the questionnaire had not been developed by Port Staff.

Discussion followed regarding the questionnaire, the types of questions asked and the possibility of working with the Marine Trades to develop a questionnaire that would end up providing more meaningful and quantified information.

Commissioner Thompson suggested that Mr. Crockett contact the Marine Trades and determine if they would be willing to collaborate with the Port in a questionnaire development.

Mr. Crockett informed that he had received a voice mail from John White of the DOT Ferry System who provided an update to him regarding a recent meeting attended by residents of the City of Port Townsend and Representatives of the DOT Ferries, and, in which, various ideas had been presented and discussed. One of the ideas presented, he stated, was the possibility of putting the ferry overflow holding lanes on Sims Way along the poplars. Another idea was that the holding lanes be placed adjacent to the old lumberyard by the Port Townsend Brewery. Mr. Crockett explained that the Brewery concept would not be acceptable.

Discussion followed regarding the topic and in which the Commission agreed that ferry-holding lanes by the Port Townsend Brewery would not be acceptable.

VIII. PUBLIC COMMENTS:

John Collins stated that he had recently taken a flight with Goodwin Aviation at Jefferson County Airport and was interested in the flight pattern used on take off and landing at the airport. He stated that he had heard comments from residents living around the airport who were being impacted by the noise levels especially of planes taking off.

Discussion followed regarding the landing and take off patterns.

Chris Grace inquired as to the comment regarding the amount of debt owed by the Port and how much of that debt was Boat Haven associated. He wanted to know, also, what were the current uses of the moorage revenues generated from Boat Haven moorage customers.

Discussion followed regarding the debt, the uses of the funds and the Boat Haven Renovation project and funding for that project.

Gloria Bram reminded, concerning the Washington State Ferries and ferry holding lanes, that there was strong community opposition to removal of any oxygen producing plants in the area.

IX. COMMISSIONER COMMENTS

Commissioner Beck stated that his next goal (now that the Quilcene Septic Drainfield project was nearing completion) was to start the process for a rezone with Jefferson County to enable the Port to install 8 – 10 RV hook up sites at the Herb Beck Marina. He expressed how important he felt this task to be. He stated that he well understood the project magnitude and wanted to move forward with it.

Discussion followed regarding the current zoning (residential), the process needed to change that zoning, the next Jefferson County Comp Plan cycle which is in February, 2008 and that staff would research and start the project moving.

Mr. Harris excused himself at 8:35 PM and left the meeting.

X. NEXT MEETING: will be held Wednesday, September 12, 2007, at 1:00 PM. Workshop preceding at 9:30 AM, Port Commission Chambers, 375 Hudson Street, Port Townsend

XI. EXECUTIVE SESSION

The regular meeting adjourned into executive session at 8:36 PM, which began at 8:41 PM, for discussion of personnel matters, duration of 10 minutes with no action expected.

XII. ADJOURNMENT:

The regular meeting reconvened at 8:56 PM and adjourned at 8:57 PM there being no further business to come before the Commission.

ATTEST:

President

Secretary

Vice President