

PORT COMMISSION MEETING – January 9, 2008

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

Present: Commissioners – Thompson, Beck, Collins
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 with the addition to Old Business of Item C- Reconvene Boat Haven Advisory Committee and the additions to New Business of Item C – Strategic Planning Process and Item D. – Boat Haven Renovation Reserve Fund Question.

After a brief discussion regarding the Boat Haven Advisory Committee, **Commissioner Beck moved to approve the agenda as amended. Motion carried by unanimous vote.**

III. ELECTION OF OFFICERS:

Commissioner Beck moved to nominate David Thompson as Commission President for 2008. Motion carried by unanimous vote.

Commissioner Thompson nominated Commissioner Beck to serve as Commission Vice-President for 2008. Motion carried by unanimous vote.

Commissioner Collins was elected Commission Secretary.

IV. CONSENT AGENDA

A. Approval of Minutes – 12/27/07

B. Approval of Warrants

#38569 through #38598 in the amount of \$39,155.96

#38599 through #38606 in the amount of \$32,688.13

#38607 through #38635 in the amount of \$33,756.94

#38636 through #38643 in the amount of \$28,751.78

#38555 as a VOID

C. Resolution No. 501-08-Authorizing Sale/Disposal of Items Abandoned & Surplus

Commissioner Beck moved to accept the Consent Agenda as written.

****Please see below for vote**

Per Commissioner Collin's request, Mr. Crockett briefly explained the Consent Agenda and the items it usually contained.

Mr. Taylor stated that approval of the warrants (payments by the Port for accounts payable and payroll) had been included in the Consent Agenda for some time.

However, he said, listing the warrants in this way required that accounts payable data be processed seven to nine days in advance of a meeting in order to have the information ready for the Commission Packet (which was compiled on the Friday before the next meeting). He informed that Staff would prefer that warrant approval be removed from the Consent Agenda and included, in future, under New Business.

The warrant register, he informed, would be made available to the Commissioners at least 24 hours in advance of the meeting.

A brief discussion followed regarding the pros and cons of both methods.

Commissioner Collins suggested following Mr. Taylor's suggestion to move approval of the warrants to New Business stating that the topic could be revisited in the future if it did not work effectively.

It was determined that the other items normally contained in the Consent Agenda would continue to be included.

Commissioner Collins moved that future warrants be listed under New Business. Motion carried by unanimous vote.

****The Motion on the floor to approve the current Consent Agenda carried by unanimous vote.**

V. PUBLIC COMMENTS (Not related to agenda)

Rosemary Sikes, (on the behalf of the Board of Admiralty Audubon Society) read a prepared statement in which the Port Commissioners were asked to include in the 2008 work agenda a process to work toward permanent preservation of the Port land in the Kah Tai Lagoon

Nature Park as a Park and to authorize Port Staff to prepare a joint resolution between the City of Port Townsend and the Port (with input from the Audubon Society) for permanent preservation of the 15 acres of Port land in the Kah Tai Lagoon Nature Park as a Park. She stated that since the lease with the City of Port Townsend expired in 2012, timing was crucial and that there was a great deal of public support behind keeping the Lagoon a park.

Discussion followed regarding the Kah Tai Lagoon lease with the City of Port Townsend and that the lease was listed on the strategic planning list prepared by Mr. Crockett. Mr. Crockett had initiated dialogue with the City of Port Townsend regarding the Lagoon through a letter from him to the City in 2002. The issue, it was agreed, was very complicated and involved. Discussion also included application for grant funding and a possible land swap with the City. Future needs were discussed also as the Port land in the Lagoon belonged to all Jefferson County residents and not just to those residing within the City limits, and as such, the Port had a duty to obtain the best possible solution to the issue.

Karen Nelsen, Chair of the Board Directors administrating local government television station, PTTV, channels 97 and 98 informed that the City of Port Townsend had appointed her, in a volunteer capacity, to represent the community's interests. She noted that she and her husband had collaborated with the Port and the Peninsula Daily News in the preparation of two films about the Port. One film was about the inauguration of the Hudson Point Marina and the other an overview of those areas in which the Port was involved and contained an interview with Mr. Crockett. She offered that PTTV was willing to facilitate communication between the Port and the community and to broaden public relations.

A brief discussion followed regarding the communities within Jefferson County receiving broadcasts of PTTV through Broadstripe Cable, the possibility of a brief interview in which to inform community citizens about the airport project and the possibility of televising future Commission meetings.

Ron Sikes spoke in favor of the statement read by Rosemary Sikes. He emphasized that there was broad public support for keeping the Kah Tai Lagoon green space. He stated that, in his opinion, a better outcome would be achieved if the Port, the City and the public worked together during the next four years.

Jim Todd spoke in support of keeping the Kah Tai Lagoon in its current state. He stated that in his opinion, there was an opportunity to secure the natural area for the wildlife and also there was the opportunity present with the Kah Tai Lagoon to establish a public open space/park along the lines of Central Park in New York City or of the Balboa Park in San Diego.

VI. RECESS TO A MEETING OF THE INDUSTRIAL DEVELOPMENT CORPORATION OF THE PORT OF PORT TOWNSEND:

At 1:09 PM, Commissioner Thompson recessed the regular meeting into a meeting of the Industrial Development Corporation. The regular meeting reconvened at 1:15 PM.

VII. OLD BUSINESS:

A. Renovation of Nurses' Quarters at Hudson Point:

Mr. Pivarnik provided history on the topic. He reminded that the owners of T's Restaurant had approached the Port regarding development and leasing of the 3200 square foot Nurses' Quarters building in Hudson Point for a future restaurant. The Commission, he informed, had directed Staff to determine whether the proposed project was a feasible one. He stated that it was now time to decide whether to move forward with the Port's part of the building renovation. An informal quote had been obtained from the construction company that had restored the Port Administration building, and it stated that the estimated cost to secure and restore the building exterior and install necessary infrastructure was \$200,000. However, he advised with the addition of architect and engineering fees and permitting, the cost would more likely be \$300,000. T's Restaurant would then have to spend approximately \$250,000 to finish out the building's interior to their specifications.

Mr. Pivarnik stated that Mr. Harris had met with the T's attorney and that there appeared to be the financial where-with-all and interest on owners' part to pursue the project.

Discussion followed regarding what the Port was prepared to do to the building, i.e.: window replacement, new roof, exterior paint and updated electrical and that those items would need to be finished before the building could be leased to anyone.

Commissioner Beck expressed concern about what would happen if the restaurant business fell through and no one else wanted the building after the Port had invested funds into the refurbishing.

Mr. Pivarnik responded that one of the reasons he liked the idea of public/private partnership was that it would make it harder for T's to walk away from a project requiring such a large investment on their part.

Mr. Harris clarified that the only expenses incurred by the Port would be for the infrastructure, repairs to the building's exterior shell, a new roof and plumbing and that those types of repairs would be necessary before the building could be leased to anyone.

Mr. Crockett reminded that renovation of the Nurses' Quarters building had been included in the 2007 Capital Budget for \$150,000.

Mr. Pivarnik informed that the other twist to the use of the building was that the Port Townsend City Shoreline Master Program dictated that building use had to be, and a restaurant would fall under the category, "water enjoyment". If it was decided to dedicate the building to office spaces, then 75% of the offices in that building had to be marine related.

Discussion followed which included that it would be beneficial to have a strategic plan in place before a decision was made, the immediacy of the situation in that the restaurant owners were anxious to move forward, the fact that their restaurant was locally based and the legal ramifications would be if it was decided to halt the process. Also discussed was the perceived parking issues and that additional parking spaces could be made if necessary.

Commissioner Thompson inquired if the project would have to go out for bid.

Mr. Crockett responded in the affirmative for the actual construction.

Commissioner Beck moved that Staff be directed to move forward with the renovation of the Nurses' Quarters at Hudson Point as described on page seven of the commission packet.

****Please see below for amended motion.**

Mr. Taylor informed, as an additional consideration point and as an update, per the bond covenants for the \$5,000,000 in LTGO bonds for the Hudson Point Marina Renovation project the Port issued in 2005, the monies received needed to be substantially expended within a 36-month period. He advised that as of November 30, 2007, we had passed the first 24th month bond date and that approximately \$188,000 remained. He stated that the bond monies had generated interest income, which in part, explained the remaining funds. However, he advised, the Port needed to expend the remaining funds before November 30, 2008 to abide with the bond covenants. The covenants also stated that the monies would be used for Hudson Point Marina Renovation and associated uplands improvements. Buildings were not specifically called out but the expenditures needed to be somewhat tied to the Marina. He further explained that the Port had hired a CPA firm to provide a thorough reconciliation of the bond proceeds and other details.

Mr. Taylor advised that the other missing piece was that until the Marina project was accepted and completed, the Port may have other chances to expend the bond money.

Discussion followed on whether there were other priorities at Hudson Point for which the funds could be used.

Commissioner Beck advised that there would be a few added employment opportunities which then resolved into a discussion about whether T's was going to move to the new location or operate both locations; something which had not yet been decided.

Mr. Harris cautioned that if repair to the building was not done soon, it would only deteriorate more rapidly and make it impossible to rent without additional expense.

Mr. Crockett responded that most of the buildings along Hudson Street were fundamentally "sound" and that the exterior shell and windows were the deteriorating parts in need of renovation.

Commissioner Collins inquired if there was a Staff recommendation.

Mr. Crockett advised that, in his opinion, the Port should go forward with the proposed project. His opinion was that T's would be a reliable tenant, however he

did not believe that the Port should commit, at this point, to signing a lease with them as there was so much work yet to be done.

Mr. Pivarnik suggested that Commissioner Beck's motion on the floor be amended to state that staff was directed to go out for bid on doing the exterior renovation of the Nurses Quarters building.

Commissioner Beck amended his motion to that of directing Staff to go forward and solicit bids for exterior renovation of the Nurses Quarters building.

*****Please see below for vote.**

Forrest Rambo expressed concern that the Point Hudson Master Plan which had been developed in the mid 1990s through a three-year public process and which addressed uses for all of the building at Hudson Point and wondered how the restaurant idea tied in with that plan and was it consistent with the uses suggested in the plan.

Mr. Crockett informed that the 1994 Point Hudson Plan had never been adopted.

Mr. Rambo stated, that in his opinion, even though the plan had not been adopted it still involved a public process and community interest in what took place in Hudson Point.

Mr. Crockett, in response to Mr. Rambo's original question, informed that as part of the Shoreline Master Program the City conducted 2 ½ years ago, the Nurses Quarters building had been specifically looked at as being a restaurant and incorporated into the total 13,000 square feet of restaurant space at the Hudson Point facility. The Shanghai, Landfall, at that time, Otter Crossing were all incorporated into the total square footage and there was enough space remaining to turn another building into a restaurant.

Mr. Rambo expressed concern that the building had not been properly advertised and made available to other potential tenants, as it appeared, to him, that T's had approached the Port.

Mr. Harris responded that as the Port was not selling the building it was under no obligation to market spaces that were available for lease; that anyone interested in renting one of the buildings could come forward with a proposal to do so.

Mr. Rambo restated his concerns.

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

B. Change Orders #6 & #7, JCIA Seton Construction:

Mr. Pivarnik informed that Change Order #6 was for a safety issue fix on an existing taxiway at the airport. He explained that through erosion, a section of culvert had been lost and it had weakened the asphalt, which then chipped off on one of the corners. The problem caused some pilots to run off the taxiway because from their vantage point in the air, the chipped out part of the taxiway could not be seen. He advised that when the asphalt paving trucks were mobilized at the airport for the paving of the taxiways three months ago, it was determined, at that time, to take advantage of the trucks on site, and fix the safety problem rather than waiting for a serious accident to happen. Change Order #6 was for \$7,546.02 and was for re-grading, new culvert and asphaltting that corner.

Commissioner Collins queried if Staff was essentially seeking approval of the change order as a matter of process since the work had already been done.

Mr. Crockett advised that indeed, that was the case, and that Staff had hoped the cost would stay below his spending limit of \$5,000.

Mr. Collins stated that just as a matter of process, having to approve something after the fact was not very elegant, but he could understand that the need to move expeditiously was valuable. He asked if a process could be developed to avoid future situations like this one.

Mr. Crockett informed that there were a couple of ways in which to handle situations like this and one would be to increase his spending authority which had been set at \$5,000 since 1999 to \$10,000 or \$15,000

Discussion followed.

Commissioner Collins moved to approve Change Order #6 for culvert installation and paving at a cost of \$7,546.02 including W.S.S.T.

****The motion to approve Change Order #6 carried by unanimous vote.**

Mr. Pivarnik informed that Change Order #7 (not FAA eligible) was for fire protection and electrical primary for the new airport hangars. The costs would be included in the infrastructure charge to the hangar developers of \$2.50 a square foot. He provided background by stating that the original design was for two fire hydrants to service those hangars but when the water flow was tested out of the hydrants, it was determined that there was not enough water volume to satisfy the IBC (International Building Code) requirements. This meant that each of the 10 hangars to each unit would have to be individually fire walled and would add additional expenses to the developer costs. County Fire Marshal, Tom Aumock, suggested that a way to resolve, or fix, the problem was to find a way to loop the system, tie it back up to the highway to increase the pressure. Therefore, Change Order #7 for \$56,732.60. Part of that amount was to incorporate the way in which to increase the fire flow by looping the system and other charges were for PSE to bring in primary electrical service (PSE would provide the transformer), the cost of trenching, digging in the conduit and all of the juncture boxes. He advised that this was probably the last piece of infrastructure needed at the new site.

Discussion followed regarding the Developer's Infrastructure Fund.

Commissioner Collins moved to approve Change Order #7 in the amount of \$56,732.00 with W.S.S.T. Motion carried by unanimous vote.

VIII. NEW BUSINESS:

Commissioner Collins requested an addition to New Business to increase the Executive Director's spending limit.

Commissioner Thompson moved to increase Executive Director Crockett's spending limit to \$10,000. Motion carried by unanimous vote.

A. Operations Reports – Month of December 2007:

Mr. Radon reported that the report was for year-end as well as December 2007. Nightly guests for December 2007 were 110 compared to 153 for December 2006. Year to date figures were 6195 in 2007 compared to 6002 in 2006. Daily ramp fees, he informed, were 1202 for the year compared to 1055 for 2006.

A brief discussion followed regarding the ramp fees, charges, collections and that no fees were collected for the Hadlock or Gardiner ramp.

The annual ramp fees stood at 341 for year-end 2007 compared to 365 at year-end 2006.

A brief discussion followed regarding the wait list and the way in which permanent slips were assigned.

Commissioner Thompson remarked that it appeared that 3 or 4 - 30 foot permanent slips could be assigned.

Mr. Radon advised that the Moorage office staff was in the process of doing just that and briefly explained the process.

Continuing on to the Work Yard operations, Mr. Radon explained that there were 820 "outs" during 2007 vs. 846 in 2006; and 804 "ins" compared to 836 at year-end 2006. Cumulatively all Yard operations, hoist, re-blocks and inspections totaled 1801 at year end 2007 compared to 1889 at year-end 2006.

Proceeding to the Ship Yard, he advised that December had been a very slow month and that there had not been a single "out" compared to 2 in December 2006. Overall operations for the Ship Yard during 2007 were 228 compared to 253 during 2006.

Total billable linear feet for the Work Yard during December was 3271 compared to 4930 in December 2006, which again, he stated, reflected that projects were not staying as long in the Yard.

Moving forward to the Hudson Point operations, he advised that it was difficult to do an actual comparison to last year since the Marina had been closed until mid summer 2007. Nightly guest totals for December were 56 and a year to date figure of 4288.

He informed that there were 23 monthly guests for winter overs.

The RVs stood at 11 winter overs.

Discussion followed regarding the operation reports, whether the information provided should be continued in the New Business section, moved to the Consent Agenda or removed entirely and the information put into the Commissioner boxes. The consensus was that, at least for the time being, the operations report should continue in the current style and that it contained valuable information.

Bertram Levy stated that, in his opinion, the operations report data was very useful to the public and encouraged that the report be continued.

Forrest Rambo stated that in his opinion, it would be beneficial to have the operations report tethered to the monthly financial report.

Mr. Taylor related that in the past, he had presented to the Commission monthly financial reports during the first part of the year up to the budget process. When the budget process began, he advised, discussion about the financials occurred during almost every workshop. At present, he stated, a quarterly financial report was given to the Commission. He informed that a financial report was prepared each month and was available to those interested.

Discussion followed regarding if the Commission wanted more or less financial information.

B. Quimper Credit Union ATM:

Mr. Pivarnik informed that the Quimper Credit Union had contacted Staff with a proposal asking to be allowed to install an ATM machine centrally located in Boat Haven so that it would be easily accessible to the community and transient boaters. The location chosen for the ATM was next to the pay box beside the moorage office at Boat Haven facing the flagpole.

Mr. Pivarnik clarified that this venture should not be viewed as an exclusive with Quimper and that if Bank of America or one of the other banks expressed the desire to install an ATM on Port property, those ideas would be entertained, also. He stated that all the improvements to the site, building the closet to hold the machine, installing the windscreens, infrastructure, camera security and permitting would be at the Credit Union's expense.

Mr. Pivarnik advised that Staff thought this was a good service to offer to both Port patrons and the community at large. He said that a firm price had not yet been set, however \$60.00 to \$70.00 a month seemed reasonable. He asked if this project was something the Commissioners thought Staff should pursue.

Commissioner Beck stated that he thought it would be a good service.

Commissioner Thompson stated that he thought Staff should move forward with the project.

Commissioner Collins agreed.

Forrest Rambo expressed his concerns over the appearance of fairness and inquired if Staff had initiated contact with other financial institutions in the community.

Mr. Harris clarified that there was no exclusivity to the project. The Port, he stated, would be willing to offer all financial organizations the chance to install an ATM. There was, he advised, no exclusive contract, if there had been, then it would have been necessary to follow a formal procedure of obtaining proposals. However, Quimper had approached the Port and was willing to pay the market rate for the space as determined by the yearly appraisal study.

Commissioner Collins moved to authorize Staff to move forward with the Quimper Credit Union ATM cash machine proposed project.

Motion carried by unanimous vote.

C. Strategic Planning Process:

Commissioner Collins moved to direct Staff to contact one, or several, locally based individuals with expertise for the topic and come back with some proposal ideas about the process; no commitment at this time.

****Please see below for vote.**

Mr. Crockett informed that during the morning workshop, discussion had occurred regarding starting a Strategic Planning Process to deal with a whole plethora of issues. He advised that the process would be a lengthy one, easily 6 months or more, and that formal direction had been needed by the Commission.

There followed discussion regarding the Port's Comprehensive Scheme and when the next update was needed.

Commissioner Thompson asked if there was a way to combine the upgrade of the Comprehensive Plan with the Strategic Plan.

Discussion followed regarding that it would be a good idea to incorporate both.

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

Commissioner Collins reminded that the topic regarding the Advisory Committee for the Boat Haven Renovation Project had been discussed during the morning workshop. It was felt that the Boat Haven Advisory Committee should convene without the consultants present.

Mr. Crockett advised that a motion was unnecessary as he believed Staff understood the direction given to it by the Commission and would arrange for another meeting of the Advisory Committee.

Commissioner Thompson commented that, in his opinion, the Advisory Committee needed to come forward with ideas of how to go about the A/B Dock, Commercial Dock Renovation and how to incorporate the design, overall project needs and revenues to pay for the proposed project.

Discussion followed about the proposed project.

Commissioner Collins suggested that the Port hold a one time Public Meeting to allow those interested citizens an opportunity to come forward and present their ideas (no decisions) on rate structures.

Discussion followed regarding that type of special meeting, scheduling and that an evening meeting would be best to allow more citizens to attend.

Commissioner Collins moved to direct Staff to schedule a Special Meeting of the Port of Port Townsend with the intent of hearing public comment and ideas on the moorage rate structure. Motion carried by unanimous vote.

D. Boat Haven Renovation Reserve Fund Question:

Mr. Taylor asked for Commission direction regarding the Boat Haven Reserve Fund (started in 2005 by Resolution, which he read, the fund at December 31, 2007 had a balance of \$159,000 and as authorized by the Commission. He advised that during 2007, there had been consultant fees and some staff time for the PTBH Renovation Project and wished to know if the Commission wanted him to use the reserve fund to offset the beginning expenses or absorb those costs out of current operations and preserve the Renovation Reserve for construction or something else.

A short discussion followed with the consensus being to leave the Renovation Reserve Fund line item on the Balance Sheet to demonstrate that the Port was serious three years ago when it was said that everything from moorage rate increases above inflation was going to be set aside strictly for use for the Boat Haven.

IX. STAFF COMMENTS:

Mr. Pivarnik updated that Caicos Corp. was on site and had been working for the last three weeks on the Hudson Point Marina punch list items. He advised that Reid Middleton was scheduled for January 17 to do a “walk through” of the project. Clark Survey, he stated, was here and was doing the bathymetric survey. He expressed the hope that the project would be wrapped up by month’s end.

Mr. Crockett advised that an Executive Session was needed for discussion of a real estate issue update with no decision expected.

Mr. Crockett informed that he had received inquires, both verbal and by e-mail, regarding why the Port was not stepping in to save the Port Townsend to Seattle ferry run and suggesting that the Port purchase the Snohomish Ferry from the State and operate it. He informed that such an endeavor would cost, approximately \$10,000,000 the first year and perhaps \$5,000,000, at the current fuel prices, each year after that, with operating costs of \$13,700 per day. He stated that the Snohomish was too big; it would not fit into either Marina or the Ship Yard.

X. PUBLIC COMMENTS:

Forrest Rambo inquired if the Best Management Practices Video was finished and expressed concern that as part of the requirement of the Independent Contractor Rules, it was not yet available to those contractors.

Mr. Radon informed that it was not yet completed but should be very soon and stated that the video was just one of the components, that there were Best Management Practices hand-outs and that staff was spending more time with each individual hauling out their boat.

Mr. Rambo stated that he was happy to see the Commission and Staff thinking about long-term strategy and hoped that the momentum continued and that future decisions would be driven by that kind of vision.

Jim McIntyre, newly elected Port Commissioner of the Port of Port Angeles, introduced himself. He advised that there was the possibility that there were issues that the Ports had in common and that he hoped we could work together. He stated that he had just wanted to offer a hand of friendship and partnership.

XI. COMMISSIONER COMMENTS:

Commissioner Collins stated that he was very pleased to be on the Board. He stated that he was glad to see that Mr. Rambo was still actively involved.

Commissioner Collins advised that he had been impressed by a letter received from the Department of Homeland Security complimenting Port Staff's reaction to a spill in December. He advised that his intent was to bring the topic forward for the public's attention and to recognize the Staff member responsible and compliment them on their resolution of the problem.

Mr. Crockett informed that Chuck Fauls, from the Boat Haven, was the Staff member at the scene of the spill and who expedited dealing with it.

Mr. Collins asked if there was any formal sort of commendation that could be given to Mr. Fauls to recognize of his efforts.

Mr. Crockett informed that a copy of the letter from Homeland Security had already been put into Mr. Fauls' personnel file and that he, Mr. Crockett, was also going to write a letter to Mr. Fauls complimenting him on the job done.

Mr. Collins wished to formally express a "thank-you" to Mr. Fauls.

Commissioner Beck updated on the most recent WRIA 17 meeting he had attended. He brought to the Commission's attention the pending new developments and issues regarding the Puget Sound Partnership and the many environmental impacts it was having on landowners.

A lengthy discussion followed regarding the topic.

X. NEXT MEETING: will be held Wednesday, January 23, 2008 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 3:30 PM for discussion regarding a real estate issue, duration of twenty minutes with no expected action.

XII: ADJOURNMENT:

The regular meeting reconvened at 3:48 PM and adjourned at 3:49 PM there being no further business to come before the commission.

ATTEST:

David H. Thompson, President

John N. Collins, Secretary

Herbert F. Beck, Vice President