

PORT COMMISSION MEETING – October 8, 2008

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

Present: Commissioners – Thompson, Beck, Collins
Deputy Director – Pivarnik
Auditor – Taylor
Attorney Harris
Senior Accountant/Recorder – Hawley

Excused: Executive Director - Crockett

I. CALL TO ORDER

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

II. APPROVAL OF AGENDA:

The agenda was amended to include the addition of Item D – Airport Fuel Interviews Update to Old Business and Item B – Fuel Truck/Cross-Dock Fueling – Proposed Rates to New Business.

Commissioner Thompson moved to approve the Agenda, as amended. Motion carried by unanimous vote.

III. CONSENT AGENDA

- A. Approval of Minutes – September 24, 2008
- B. Write-off Register

Commissioner Thompson moved to approve the Consent Agenda, as presented. Motion carried by unanimous vote.

IV. PUBLIC COMMENTS (Not related to agenda):

None

V. OLD BUSINESS:

A. Strategic Plan Update:

As an update to the Commission, Mr. Pivarnik informed that Staff had met with the Strategic Plan consultants and that they were in the process of developing a strategic vision sheet/outline and other materials to be used during the October 15, 2008 meeting with the Strategic Planning Community Advisory Committee. The task of the Committee for the next meeting was to develop a Strategic Vision and an updated Port Mission Statement. Commissioner Collins was scheduled to attend the meeting.

Commissioner Beck informed that he now had a qualified individual to fill the vacant South County position on the Strategic Plan Citizens Advisory Committee.

Mr. Pivarnik noted that only two citizens sitting on the Committee had taken part in the recent tour of the Boat Haven facility. He expressed the hope that there would be more participation in future tours of the Port's facilities in order to aid the Committee members in their task of the Strategic Plan development.

B. 2009 Budget Update:

Mr. Taylor updated the Commission on Budget process so far informing that the 2009 Draft Budget would be presented at the October 22, 2008 Commission meeting.

Discussion followed about the proposed new fee for the Ship Yard Washdown.

Gary Rossow thanked the Commission and Staff for following through with the transfers to the Boat Haven Renovation Reserve Fund saying that, in his opinion; those transfers were very important to the moorage tenants and showed a resolve by the Port to address the A/B Dock renovation.

He stated that he represented the Moorage Tenants Union and advised the he was going to reiterate that it was felt amongst the Moorage Tenants Union members that using the CPI index as the sole justification for rate increases was inappropriate and that the local community economy should be taken into account. He advised, in his opinion, that comparison to other marinas should be centered on those in Western Puget Sound (examples: Port of Port Angeles, John Wayne Marina in Sequim, Kingston and so forth) and not based on the rates charged by marinas on the Eastern side of Puget Sound (Edmonds, Everett or Bellingham). Although he stated that, in his opinion, there probably should be some sort of rate increase, although unsure of the amount, he did not believe the Port should use the CPI as a crutch advising that the only place that figure was truly relevant was in raises to Port employees under

union contract. Additionally, he stated, the Moorage Tenants Union members agreed that reduction in staff costs and other expenditures should be addressed first before moorage rate increases were included in 2009 Budget.

A lengthy discussion followed about proposed 2009 rates for services provided, the local economy figures, income coming into Jefferson County from sources other than wages, relating expenses to revenues in each cost center and the Port's overall way in which the Port Budget was prepared.

Tamara Conway stated that she had been a moorage tenant for fifteen years and informed that during that time her moorage rates had doubled and stated she had received nothing from those moorage rate increases aside from a place to moor her boat. She asked to be informed on where the revenue generated from the moorage rate increases had gone over the years since the A/B Dock had not, as yet, been renovated or improved.

Discussion followed to address Ms. Conway's comments.

Ms. Conway inquired if the Moorage tenants had paid for the new Port Administration building in Point Hudson.

Mr. Pivarnik informed that the renovation of the Port Administration building had been part of the Point Hudson Renovation project and that the building included a new restroom/laundry facility, which eliminated the requirement for a stand-alone facility. He advised that the building was generating income as there was office space leased out to various tenants. In addition, he explained, the old Port Administration building was generating revenue as it, too, was leased out to tenants.

Commissioner Thompson noted that the Port Conference room (in the Administration Building) served to meet the Community's needs for meeting space and was used by many different organizations within the City.

Commissioner Beck provided background regarding the various projects completed by the Port in the past; listing the 300-ton heavy haul out facility, the storm drainage system and that new environmental regulations required compliance and therefore increased costs as examples. He advised that the Port expenditures for lumber, nails, steel and other supplies cost the same to the Port as to the community and that all of those costs for supplies, fuel, etc, were increasing in cost.

Further discussion involved the anticipated A/B Dock renovation project.

Mr. Harris advised that, in his opinion, to declare that the revenue generated by any particular cost center should only cover staffing and other costs associated to that particular Port operation was unrealistic, as some of the facilities did not generate any income. He further advised that as a Countywide Port District, the Port was fiscally responsible to all of the taxpayers in Jefferson County, even those who did not directly benefit from the Port but were required to pay property taxes to the District. He informed that other marinas in the general area might not have the same costs as the Port and that the argument could be made that as long as there was a waiting list, and therefore a demand for moorage slips and the services, that the market could really justify higher rates than those proposed.

Further discussion followed about the proposed 2009 Budget and touched on the fact that there were no plans to fill the Operations Manager position which had reduced Senior Management by 25%.

C. T's Restaurant Lease:

Mr. Pivarnik informed that negotiations were on-going in development of a lease with T's Restaurant for the Single Attendants building in Point Hudson. Mr. Pivarnik explained that the lease was different from other Port leases in that it was for the building shell only and that the tenant was proposing to complete the interior space to accommodate the restaurant. Mr. Pivarnik informed that the only remaining unresolved point was that of the amount of CPI the Port would increase the lease each year after the first three years. The first three years (with a four to five month period of zero rent to allow time to construct the interior improvements) was proposed to be \$1500.00 a month with a lease term of twenty years. Mr. Pivarnik informed that T's had made a counter offer of a cap of 7.5% CPI/year.

Mr. Harris briefed the Commission on several of the proposed lease points.

Mr. Pivarnik reiterated that the initial lease amount for three years would cover the Port costs and that T's was making a major investment in the building. He reminded that the Community, as a whole, had indicated that it wished the Port to restore the buildings in Point Hudson and it seemed a priority to restore that building (which was in terrible condition) to one that was usable and that would become a performing asset for the Port.

Commissioner Collins suggested offering to T's the option of using a rolling CPI amount based on the average of the previous three year period.

After additional discussion, Mr. Pivarnik advised that he would bring Commissioner Collin's suggestion back to T's.

D. Airport Fuel Operations Interviews Update:

Mr. Pivarnik updated the Commission on the results of the interviews held with two of the three applicants interested in leasing the Jefferson County International Airport fuel operation. He reminded that Port Townsend Aircraft Services and Tailspin Tommy's had been selected for interviews and each had made a presentation to Senior Staff, Commissioner Beck and Maintenance Supervisor, Larry Aase in which they outlined their qualifications. He advised that, in Staff's opinion, either of the applicants would do an excellent job.

Discussion followed regarding the various components of the proposed facility leasing, the Port fuel monitoring computer system, the underground fuel tank (it would probably need replacement in ten years), ways in which to assure that fuel would be available to pilots should either company run into financial difficulties and that both operators had agreed to run the facility 24/7. A negotiated amount of flowage fee was still undecided. Various ways in which to pay for the new underground fuel tank, when it was needed, were also discussed.

VI. NEW BUSINESS:

A. Approval of Warrants:

Warrant #040446 in the amount of \$2,000.00 for Accounts Payable.
Warrant #040447 through #040482 in the amount of \$46,878.20 for Payroll.
Warrant #040483 through #040491 in the amount of \$62,530.74 for Payroll Benefits.
Warrant #040492 through #040556 in the amount of \$87,013.47 for Accounts Payable

Commissioner Thompson moved to approve the warrants as presented. Motion carried by unanimous vote.

B. Fuel Truck Delivery Proposed Rates:

Mr. Pivarnik explained that the concept was for the Port to assume the monitoring of the cross-dock vessel fueling at Boat Haven and for the Port to assume oversight and provide the spill response team required by the Department of Ecology. He provided informational background on the topic, explained that there were five Port employees trained in Emergency Response, that the Port had the necessary boom materials and a special spill trailer available on site. He advised the concept included a fee structure of \$100 charged for fueling 1,000 gallons to 2,400 gallons and \$250 for 5,000 gallons to 10,000 gallons. The proposed fees, he advised, would be less than those currently charged by the NRC response team of \$432. Mr. Pivarnik advised that still under discussion was whether to charge a separate fee or to incorporate the charge into the price per gallon of fuel.

After discussion there was Commission consensus that adding the cost into each gallon of fuel was the better way to charge and therefore:

Commissioner Collins moved to direct and support Staff to take over monitoring the spill response operation for cross-dock fueling, instead of contracting it out to NRC, and with the details of how to go about it still to be resolved.

Please see below for vote.

Ric Brenden inquired why the Port was thinking of adding on a fee to the boat owner when nothing extra was being done to aid the cross-dock fueling, especially in light of the fact that the boat owner would be charged time and materials if a spill occurred. He also wanted assurances that the fee would tie back to the Fuel Dock facility.

Discussion followed regarding the fueling issue, emergency response requirement times, employee training and that the fee would only apply to in-water fueling and

not the those vessels fueled in the Work or Ship yards and what would happen in the event of a catastrophic spill.

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

VII. STAFF COMMENTS:

Mr. Pivarnik asked for direction from the Commission about whether they wanted the October 22 meeting changed to a day meeting since Mr. Crockett and Commissioner Collins (and possibly Commissioner Thompson) were going to the Washington Public Ports Association Small Ports Conference in Leavenworth beginning Thursday, October 23. After a brief discussion, direction was given to retain the normal start time for the second Commission meeting of the month. (6:30 PM)

VIII. PUBLIC COMMENTS:

None

IX. COMMISSIONER COMMENTS:

Commissioner Beck briefed the Commission on a meeting he had attended regarding the Keyport Torpedo Range Extension. He provided background on the topic and explained that extending the area, as proposed, and operating it 24/7 would seriously impact boaters going into or out of the Quilcene Marina, as when a test was going on boaters were not allowed to move about but had to halt for three hours and wait until the torpedo testing was completed. He stated that he was not against the extension but was against its operation procedure on a 24/7 basis and had made the comment, for the record, that he would like to see it enforced with Friday, Saturday and Sunday clear (enforced on Monday through Thursday) to allow boaters to be free to move about and enjoy the Quilcene Bay. He noted that, in his opinion, such extensive stoppage would seriously hurt the Quilcene economy. He provided a topic informational handout for reference.

A very thorough discussion followed about the topic including the time line for Commissioner comments regarding the proposal after which,

Commissioner Beck moved to direct Staff to draft a letter with comments about the proposal to extend the Keyport Torpedo Range and offering suggestions to same. Motion carried by unanimous vote.

Commissioner Thompson briefed the Commission on what had occurred during the first A/B Dock Renovation Community Advisory Committee meeting.

Commissioner Collins inquired if there was some way to enable small boats to launch at Point Hudson by the Sea Marine lift pier.

Mr. Pivarnik responded with the information that Staff had been in discussion with Matt Elder of Sea Marine to install a jib arm on the far side of the haul out pier to allow small boats, up to 5000 pounds to launch there. He also reminded that there would be new ramp at the end of Monroe Street (City of Port Townsend property) installed as part of the Maritime Center project. Trailer parking was still an issue to be resolved.

X. NEXT MEETING: Next Meeting will be held Wednesday, October 22, 2008 at 6:30 PM, in the Port Commission Chambers, 375 Hudson Street, Port Townsend, and WA

XI. EXECUTIVE SESSION:

None

XII. ADJOURNMENT:

The regular meeting adjourned at 2:58 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