

## **PORT COMMISSION MEETING – November 25, 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  
Executive Director - Crockett  
Auditor – Taylor  
Senior Accountant/Recorder – Hawley

Excused: Deputy Director – Pivarnik  
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 include the addition to Old Business of Item C – Change Orders, Hoch Construction, Nurses Quarters Renovation.

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

### III. CONSENT AGENDA

- A. Approval of Minutes – November 12, 2008  
Attachment to November 12, 2008 Minutes  
Approval of Minutes – Public Hearing – November 12, 2008  
Attachment to November 12, 2008 Public Hearing Minutes

- 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):

Bertram Levy read a document prepared by the Moorage Tenants Union in which the Moorage Tenants offered their opinion of the Port Budget process and in which they made a proposal to the Port to allay possible personnel layoff. Dr. Levy did not leave a copy of the proposal for the record.

### V. OLD BUSINESS:

- A. Adoption of 2009 Operating Rules, 2009 Tax Levy Amount & 2009 Operating Budget

Mr. Crockett updated on the Budget process, reminded of when Budget discussion had begun and stated that the 2009 Operating Budget needed adoption at this meeting in order to comply with State Law.

Commissioner Thompson inquired of the other Commissioners their opinion of taking the 1% Property Tax Levy increase.

After discussion, Commissioner Collins informed he would be in favor of banking the 1% Property Tax Levy increase this year. The other Commissioners were in agreement with that opinion.

Commissioner Beck stated, in his opinion, the new construction revenue should be taken. After discussion, the other commissioners expressed agreement.

Mr. Taylor informed the banked Levy capacity would be approximately \$8,180.

**Commissioner Thompson moved to bank the 1% Property Tax Levy increase for 2009 but to accept the new construction revenue.**

**Motion carried by unanimous vote.**

Commissioner Collins advised that since this was his first Port Budget process he had taken the process particularly seriously. He summarized his ideas and the information he had gathered regarding use of the CPI (Consumer Price Index) and other indexes used to determine rate increase development. Stating that he was still perplexed with what sort of criteria to use in rate development, he informed that the Port's bottom line was actually a triple line (as pointed out by the Strategic Planning Citizens Advisory Committee) which included service to its customers, service to the community and service to its own financial viability. All three of those factors, he said, needed balancing and so, in his opinion, rate increases based on "what the market would bear" was not advisable. Providing additional data, he spoke to the rates charged by other Ports and to the Teamsters Labor Agreement with Port employees, which stipulated that they would receive a CPI increase in July 2009. He informed that through prudent fiscal stewardship the Port was not struggling, at this

point, to stay afloat, and had enough in reserve to pay approximately four months of operating expenses which amounted to \$1.2 million, he emphasized that he did not believe those reserves should be used to cover day to day operations. He advised that, in his opinion, there should be four different types of reserves and outlined each type. #1 enough cash to fund the everyday ebb and flow of cash flow to pay for normal operating expenses, #2 a rainy day reserve to handle emergencies, #3 a Mission opportunity reserve by which to take advantage of quick breaking opportunities and #4 a reserve for capital investments. He offered additional information, observations and reminded that an increase in rates for this year had been delayed until May of 2008.

**Commissioner Collins moved to defer, not raise at this time, any rate increases based on CPI (to go forward with the rate increases not based on CPI) and to reassess the topic in May 2009.**

Discussion followed.

**Motion failed by a vote of two votes opposed and one vote in favor.**

Commissioner Beck advised that he looked at the situation a bit differently and did not feel that deferring any rate increase until June was appropriate. He stated that, in his opinion, a 5% increase was too high and suggested an increase of 3% for all rates proposed to be raised by an amount based on CPI. Additionally he suggested no increase in Work Yard or Ship Yard lay day rates.

**Commissioner Beck moved to increase rates, except for lay days in both the Work and Ship Yard and the Long-term Yard, by 3% effective January 1, 2009 and proceeding with the other increases as noted on the 2009 Rate Fee Schedule.**

Discussion followed.

**Motion carried by a vote of two in favor and one opposed.**

Neil Liden suggested that an alternative to raising rates was to cut costs and offered the idea of closing the Fuel Dock on Sundays as he had noticed, while sailing, that only three vessels had used the Fuel dock. He stated that, in his opinion, the public would accept the idea if a simple sign informing that the facility was closed on Sundays was posted.

A discussion followed regarding the efforts made by the Port to reduce costs and items that would not be funded in 2009 and about Mr. Liden's suggestion. Also discussed was that the future of the Port running the Fuel Dock was undecided and that one possibility was to lease out the operation.

Mr. Liden inquired if the hangar rates at the airport would be increased along with the moorage rates.

Commissioner Beck informed in the affirmative.

Commissioner Collins informed that the Point Hudson RV Rates would not increase.

A discussion followed about whether or not the property leases would be adjusted by CPI as stipulated in the lease language.

A general discussion followed about the condition of the economy, rate of CPI and how it would be affected by the drastic reduction in gasoline prices. Future possible economic scenarios were also discussed.

Mr. Taylor informed that he had calculated that there would be a \$76,400 reduction in revenues, \$20K from P.T.B.H. permanent moorage, based on adjusting rates 3% instead of 5% and by not increasing either Yard lay day rates. Based on those assumptions, he reduced the amount of the transfer into the Boat Haven Renovation Reserve Fund from \$295K to \$275K.

Mr. Taylor asked that the concept was still to take the amount generated by any rate increase plus \$250K and put it into the Boat Haven Renovation Reserve fund.

There was Commission agreement on that detail.

Ed Barcott stated that he had noticed that the far end of the Boat Haven at the heavy haul out was empty and had learned that several vessels had recently left the Marina. He advised that other Ports, in the past, during winter, had offered moorage at a reduced rate and inquired if that was something the Port would consider; reducing moorage rates and allowing vessels to raft out suggesting that such a policy might induce some of the boats that had left to return to the Boat Haven. In prior years, he stated, the Port had charged less to those boats that had hauled out in winter in order

to keep businesses going. Mr. Barcott wondered if there would be consideration given to his idea suggesting that moorage could be given at half price in order to fill up the empty slips.

Commissioner Thompson advised that the vessels that had moored in the now vacant part of Boat Haven were guest moorage and not permanent moorage tenants. He offered that he would like to see the empty spaces filled also. In his opinion, he thought that it would be a good idea to award moorage to people on the wait lists to fill up some of the spots.

Mr. Crockett informed that the “Adventuress” (currently hauled out) would be returning to D dock and take up 120 feet when it reentered its permanent moorage slip. He advised there needed to be some flexibility to accommodate Marine Trades boats. One alternative, he suggested, would be to bring in some of the bigger vessels from the wait lists on a temporary basis during the remaining winter months at the permanent moorage rate which is less expensive than the monthly guest rate.

Commissioner Thompson stated he would be in favor of having as much space filled with boats, ones that are paying moorage, as possible.

Mr. Crockett advised that it would be understood that there would still be haul out work and that boats would still need a place to moor a couple of days on either side of their haul outs.

**Commissioner Collins moved to direct and authorize Port Staff to assign wait list vessels moorage into the heavy haul out area of Boat Haven at the permanent moorage rate during the winter months.**

Mr. Barcott commented it was sad to see the Port sitting idle especially since it was off season and the time when fishing vessels could take advantage of a reduced rate.

Discussion followed about other Ports in the area and how other areas were coming on line with work yards and that competition was increasing amongst the Ports for business.

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

Mr. Taylor advised that the policy would be difficult to administer.

Mr. Crockett summed it up by saying that the temporary moorage assignees would not want to leave in April and that they might not want to give up the moorage they had elsewhere until they were assured permanent moorage as doing so might mean that they would be paying double moorage rates. However, he stated, it was something to try to see if it would help the Port and the Marine Trades.

Mr. Taylor informed that the Budget Resolutions needed adoption.

**Commissioner Thompson moved to adopt Resolution No. 511-08 - Year 2009 Property Tax Levy which was presented without the 1% Property Tax Levy increase but with inclusion of the new construction taxes.**

**Motion carried by unanimous vote**

**Commissioner Thompson moved to adopt Resolution No. 512-08 – Year 2009 Operating Budget**

**Motion carried by unanimous vote.**

Mr. Taylor informed that he would bring the 2009 Operating Rates Resolution forward to the December 10, 2008 meeting, stating that until the Commissioners had discussed and given their direction, final rates had not been established.

In answer to a general question, Mr. Taylor informed that in 2009 the millage rate would be approximately 16.4 cents without the 1% Tax Levy increase.

B. JCIA Fuel Lease and Operations Contract:

Mr. Taylor reminded that Tom Wacker, DBA Tailspin Tommy’s, had been selected as the top candidate with whom to negotiate an agreement for the fuel operation at Jefferson County International Airport. Due to the complexity of the agreement in that the Port was proposing to sell some of the fuel operation electronics equipment for \$10K, lease the fuel tank and pumps and as Mr. Wacker would pay a flowage fee to the Port, Mr. Harris developed a Bill of Sale, Lease and Contract for Operations of Fuel Service Facility at JCIA to begin January 1, 2009. Mr. Taylor provided details regarding the document and advised that Mr. Wacker was in agreement with the terms which included that it was for an initial five year term with two additional five year options. If during the first fifteen years he replaced the underground tank with a

new above ground tank to Port specifications at his cost then he would be given an additional two five year options.

Discussion followed which included terms of the agreement and safeguards in case of default.

Commissioner Beck expressed concern that all requirements were met regarding the sale of the electronics equipment and inquired if the equipment should first be declared surplus and then advertised for sale.

A lengthy discussion followed to include the historical information regarding the fuel operation facility, surplus of the equipment, whether or not it had to be advertised after it had been declared surplus, fuel costs, deposit requirements (\$10K) and additional agreement details.

Further discussion followed regarding that questions, compliance with Port Rules and Regulations, environmental safety requirements, Washington State Department of Labor permitting requirements, Washington State Business License requirements and other issues.

Commissioner Collins informed he had thought it had been agreed the standard language in all Port contracts would include prohibiting against discrimination due to sexual orientation and observed the statement was not in the document.

Mr. Crockett informed Attorney Harris would correct the oversight.

**Commissioner Collins moved to approve the contract with Tommy Wacker for JCIA Fuel Facility Operations with the discussed changes and clarification of equipment surplus and sale.**

**Motion carried by unanimous vote.**

C. Change Orders for Hoch Construction – Nurses Quarters Renovation

Mr. Crockett briefed the Commission on the change orders and gave specifics.

Mr. Taylor offered additional details stating that the first four change orders total \$6,872, Change Order #5 was for \$10,661 and Change Order #6 was for \$7,080; the total Change Order amount was \$24,613.

**Commissioner Thompson moved to approve the Change Orders for Hoch Construction – Nurses Quarters Renovation totaling \$24,613 as presented.**

**Motion carried by unanimous vote.**

Mr. Crockett suggested a quick walk through of the building might be incorporated into either the December or January Commission workshop.

VI. NEW BUSINESS:

A. Approval of Warrants:

Warrant #040788 through #040816 in the amount of \$38,544.85 for Payroll

Warrant #040817 through #040822 in the amount of \$69,173.04 for Payroll Benefits and Accounts Payable.

Warrant #040823 through #040871 in the amount of \$41,587.22 for Accounts Payable.

**Commissioner Thompson moved to approve the warrants as presented.**

**Motion carried by unanimous vote.**

VII. STAFF COMMENTS:

Mr. Crockett informed Attorney Harris had forwarded an e-mail to him regarding concern expressed by a citizen regarding the display of a lighted “cross” in the Boat Haven during the holidays. Mr. Crockett advised the display was actually that of a star and was located on a crane owned by a private contractor, Mike Hogan, and did not belong to the Port. Mr. Hogan, stated Mr. Crockett, had displayed the star for a number of years. Discussion followed.

VIII. PUBLIC COMMENTS:

Bertram Levy stated he appreciated the comments made by Commissioner Collins and others. He advised that he was surprised and pleased the Commission had reconsidered the 5% rate increase, as there had been massive amounts of calculations based on that percentage. He stated, in his opinion, the Budget process did not take into consideration the Moorage Tenants stakeholders who funded many different projects for the Port, offering his belief the Moorage Tenants were not respected in terms of what they were as a community and as an asset to the Port. He expressed frustration with the Budget process, advising, in his opinion, public input was excluded from the process until two weeks before the final

decision. In conclusion, he advised and in his opinion, the public who had attended the two Public Hearings and who offered comments, felt unheard by the Commission and their comments discredited.

Commissioner Beck reminded that the Budget process had actually begun in August and that the meetings were open to the public and public comment.

Commissioner Collins remarked that the Hearings were not a time for Commission discussion but for listening to the public and in his opinion, all of the comments received from the citizens present were very worthwhile and useful.

Commissioner Thompson also spoke to how much he appreciated hearing comments from the citizens who attended the Public Hearings.

A discussion followed regarding Dr. Levy's comments and the Budget process.

Ed Barcott stated that attending a public meeting was not, for most, a pleasant task and one that was put off until Budget "crunch time" at which time it was the Port's obligation to explain to the public what was going on and what was needed. He informed that the moorage tenants paid both property taxes and moorage fees. Further dialogue ensued.

Dr. Levy advised, in his opinion, one of the first aspects of the Budget process was to establish the effect on the community when rates were raised. He suggested holding a workshop, at the beginning of the process, in which the public could participate and feel part of the process.

Commissioner Thompson suggested if it was decided such a workshop was a good idea, a cross section of the community should participate and not just one user group.

Mr. Crockett suggested that it might be advisable and beneficial to hold quarterly workshops in 2009 devoted to discussion of the Port's financial condition.

IX. COMMISSIONER COMMENTS:

Commissioner Collins informed on the session he had attended on open government, which focused on local governments in all categories and how they could better comply with the Open Public Meetings Act and the Public Records Act.

Commissioner Beck touched on the budget process and the time limits imposed by State Law.

Commissioner Thompson inquired how long it generally took his fellow Commissioners to get back to someone who had made an inquiry.

Commissioner Beck informed that it usually was within a few days. Commissioner Collins stated that he tried to return phone calls within 24 hours.

Discussion about the topic followed.

X. NEXT MEETING: Next Meeting will be held Wednesday, December 10, 2008 at 1:00 PM, Workshop at 9:30 AM, in the Port Commission Chambers, 375 Hudson Street, Port Townsend, and WA

XI. EXECUTIVE SESSION:

The regular meeting recessed into executive session at 8:10 PM, which began at 8:14 PM for discussion of two real estate matters, duration 10 minutes with no decision.

XIII: ADJOURNMENT:

The regular meeting reconvened at 8:24 PM and adjourned at 8:24 PM there being no further business to come before the Commission.

ATTEST:

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John N. Collins, Secretary

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David H. Thompson, President

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Herbert F. Beck, Vice President