

## PORT COMMISSION MEETING – December 29, 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

Excused: Attorney - Harris  
Senior Accountant/Recorder – Hawley

### 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 C – JCIA Hangar Condo.

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

### III. CONSENT AGENDA

A. Approval of Minutes – December 10, 2008

**Commissioner Collins 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. Mobus Lease:

Mr. Pivarnik informed that Don Thorne of Key Electric had recently found a buyer for the business, Kirk Doray of Mobus Electromotive (an alternative and renewable energy company). Mr. Pivarnik advised that it was staff's belief the business would be a good addition to the Port and sought Commission approval of a one-year lease with four one-year options with Mobus Electromotive in the amount of \$1,080 a month plus all applicable taxes.

Mr. Kirk Doray informed that he had operated his business in Glen Cove since 2002 and believed the purchase of Key Electric would be a good fit for both his business and the Port.

Discussion followed regarding the business concept and proposed improvements to the building over the next several years.

Commissioner Collins advised of two administrative corrections to be made to the contract.

**Commissioner Beck moved to authorize the Executive Director to sign the lease (one year with four one year renewal options) in the amount of \$1,218.67 including Washington State Leasehold Tax with Mobus Electromotive, Inc, with noted corrections.**

**Motion carried by unanimous vote.**

#### B. JCIA Change Orders 9 & 10 to Seton Construction Contract:

Mr. Pivarnik provided historical information regarding the airport project. He advised that Change Order #9, in the amount of \$9K, was for a change to replace the guardrails along the taxiways as indicated in the original spec with more effective concrete curb stops. Change Order #10, in the amount of \$2K, was for unit cost increases due to delays caused by groundwater seeping into a trench which had required Seton Construction to postpone work and then remobilize at a later time. Mr. Pivarnik advised the FAA might pay 90% of the change order amounts.

**Commissioner Collins moved to accept the JCIA Change Order #9 in the amount of \$9,595.65 and Change Order #10 in the amount of \$2,623.00 and W.S.S.T, as presented.**

**Motion carried by unanimous vote.**

#### C. JCIA New Hangar Condo:

Mr. Crockett updated on the topic and advised that Dave Ward had three new airport hangars under construction and wished to proceed with establishment of a Hangar Condo Association. Mr. Crockett informed that there would be three separate

buildings covered under one Condo Hangar Association instead of three Associations should the Commission approve.

Discussion followed regarding the pros and cons of having one owner/one Condo Association vs. three separate Condo Associations, possibilities that might occur in the event one of the buildings was sold in the future and that the cost of insurance was less expensive for one Association.

**Commissioner Thompson moved to authorize Staff to move forward with the concept of one Hangar Condo Association for the three new airport hangars under construction by developer Dave Ward.  
Motion carried by unanimous vote.**

Further discussion followed to include that there should be lease language instructing that a new Hangar Condo Association should be formed if one or more of the hangars were sold in the future.

Mr. Pivarnik informed that the Condo Association Rules, Regulations and Charter would be recorded with the Jefferson County Auditor's Office.

## VI. NEW BUSINESS:

### A. CPI Lease Increases:

Mr. Crockett provided topic background reminding that all Port leases currently contained language stipulating a CPI rate adjustment to the monthly rent at the lease anniversary date. With the recent passage of the 2009 Operating Budget and taking into account the direction given by the Commission to adjust operating rates by 3% instead of the current higher inflation rate, Mr. Crockett suggested that the same percentage should be used to adjust the leases. CPI had been running over 5% and although it was now somewhat below that figure, a final 2008 CPI rate would not be available until mid January. Without direction from the Commission regarding a policy change, informed Mr. Crockett, the leases would be adjusted by the amount of CPI (a floating CPI average depending on the lease anniversary date) as had been done in the past. Mr. Crockett advised that, in his opinion, and in an effort to be fair and equitable, the lease adjustments should be limited to 3% for the calendar year 2009.

A lengthy discussion followed regarding the options and ways in which to administer it.

**Commissioner Beck moved to authorize Staff to adjust Port lease amounts by 3% at their anniversary date for the calendar year 2009.**

Mr. Crockett reminded that Commissioner Thompson, as a leaseholder with the Port, needed to recuse himself from the vote.

**Motion carried unanimously, with Commissioner Thompson recusing himself from voting.**

Discussion followed to include the rationale that using a calendar year would mean that each leaseholder would be given the advantage of the 3% rate increase, i.e. if a lease renewed at November 1, 2008 and had been adjusted by the rate of inflation at that time, in November 2009 the increase would be only 3%. The issue would be revisited should the amount of CPI change substantially.

Commissioner Beck inquired if the Port storage units, which had been inherited through the Sperry buildings acquisition, had been increased.

Mr. Taylor informed that the storage units rates had not been increased in 2008 or for 2009.

Les Schnick advised that it sounded like there were several leases that had been increased by the CPI amount in November and December and inquired if Staff had thought about going back retroactively and adjusting those rates.

Mr. Taylor informed that was why it had been suggested that the 3% policy be in force for the calendar year of 2009 so that all leaseholders would benefit equally.

Mr. Schnick advised that, in his opinion, the economy was not expected to rebound soon. He advised that he had talked to several Marine Trades who advised him that they had one or two upcoming projects and then nothing more or that projects had been cancelled due to lack of financing.

A thorough discussion followed about the leaseholder CPI adjustments made throughout 2008 with the suggestion of an analysis of the adjustments made during that time.

Discussion and dialogue developed between the Commission, Staff and four citizens (Les Schnick, Tim Hoffman, Peter Chaffee and Dave Ward) regarding the CPI lease adjustments with differing opinions and viewpoints on how to effectively manage and administer the leases/adjustments.

B. Approval of Warrants:

Warrant #040987 through #041015 in the amount of \$46,454.03 for Payroll  
Warrant #041016 through #041021 in the amount of \$97, 894.67 for Payroll Benefits and Accounts Payable.

Warrant #041022 in the amount of \$4,205.36 for Accounts Payable.

Warrant #041023 through #041079 in the amount of \$146,480.27 for Accounts Payable

Warrant #040719 in the amount of \$73.62 and Warrant #040829 in the amount of \$412.51 as Accounts Payable Voided Warrants

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

**Motion carried by unanimous vote.**

VII. STAFF COMMENTS:

Mr. Taylor reminded that as of 8:00 AM, Tuesday, December 30, 2008 the fuel operation at the airport would be officially turned over to Tommy Wacker, of Tailspin Tommy's.

Mr. Pivarnik informed that Caicos Corporation had been on site today establishing tide markings and that they hoped to mobilize on January 6, 2009 to begin the Point Hudson Marina dredging.

Mr. Crockett updated on the new requirements set by the Washington State Department of Ecology for the Ship Yard permit. He informed the original deadline for formal comment had been December 31 but that it had been postponed to January 30 with a workshop on January 28, 2009 due to the recent inclement weather. Mr. Crockett advised that the Port had written a letter to the Department of Ecology complaining of the limited time in which to present a formal comment after attending the workshop.

A discussion followed about the difficulties that would be encountered in trying to meet the new requirements and that Ship Yards were actually responsible for only 1% of all the copper pollution in the State.

Mr. Crockett informed that beginning January 5, 2009, there would be a passenger only ferry covering the Port Townsend/Keystone run as the regular ferry was scheduled for annual inspection and maintenance service. The operators of the passenger only ferry, Mystic Sea Charters, had requested (during the thirty day service time in Port Townsend) to be allowed to fuel (between 1500 and 2000 gallons of diesel, five to six times during the 30 day period) the ferry through the Port's cross dock fueling agreement with Pettit Oil. Mr. Crockett reminded of the Commission meeting in which it had been decided that Port trained personnel would be available during cross dock fueling in case of a fuel spill. The ferry fueling was expected to occur about 10PM at night and Staff would be given a 24-hour advance notice in order to schedule shifts. An unresolved question, stated Mr. Crockett, was whether to allow the ferry to moor at the Fuel Facility dock on those nights it took on fuel for a \$75.00 moorage fee per night. Staff, advised Mr. Crockett did not have a problem with the request and advised that he recommended moving forward with the proposal. He advised that the ferry would dock at the ferry terminal on the nights it was not taking on fuel.

Discussion followed to include speculation on the size of the ferry, maneuverability in the boat haven basin, challenges faced by weather conditions and other details of the fueling operation.

VIII. PUBLIC COMMENTS:

Rick Petrykowski of Taku Marine thanked the Port for the new roof.

IX. COMMISSIONER COMMENTS:

Commissioner Collins, inquiring about two topic memorandums, asked for an update regarding the US Coast Guard.

Mr. Crockett provided topic background and stated there had been ongoing discussion with the U. S. Coast Guard regarding the possibility of the Coast Guard, at their expense, bringing in a modular building to replace the current building which, as one of the original buildings in Boat Haven, was in need of major repair, however, with a changeover in

personnel the Coast Guard was now prompting the Port to repair the current building. Mr. Crockett advised that repair costs to the building would be prohibitive and would result in a substantial monthly rent increase.

A short discussion followed.

Mr. Crockett informed on the second topic of inquiry from Commissioner Collins that of the Clallam Tribe request for a meeting with all local governmental entities to which Commissioner Thompson had agreed to attend.

Commissioner Collins reminded of a previous discussion regarding recruiting boat projects that would demonstrate the use of non-toxic bottom paint options, paint that had a lower copper content.

Les Schnick informed on several projects in process, advised that Townsend Bay Marine had used a product made by E Paint, and was pleased with it.

Commissioner Beck stated that he would like to see a survey of how many boats in Boat Haven and Point Hudson were for sale and inquired how difficult a task it would be to do a physical count of those boats that had “for sale” signs or ones that staff knew were for sale. He suggested that the resulting survey might be indicative of the financial condition of the local economy.

Commissioner Thompson suggested a topic for the next CEO breakfast meeting might be discussion of what infrastructure projects (other than the Fire Station and the Tri Area Sewer project) were proposed for the future.

X. NEXT MEETING: Next Meeting will be held January 14, 2009 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 7:57 PM, which began at 8:03 PM for discussion of two real estate matters with expected action. At 8:10 PM, senior management left the session to allow a Commission only executive session regarding a personnel issue (no action).

XII: ADJOURNMENT:

The regular meeting reconvened at 8:18 PM and

**Commissioner Beck moved to direct the Executive Director to cease negotiation of the two real estate property acquisitions of J & S Fabrications and the Pederson property in Quilcene.**

**Motion carried by unanimous vote.**

The regular meeting adjourned at 8:19 PM there being no further business to come before the Commission.

ATTEST:

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David H. Thompson, President

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John N. Collins, Secretary

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Herbert F. Beck, Vice President