

PORT COMMISSION MEETING – July 23, 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
Deputy Director – Pivarnik
Auditor - Taylor
Senior Accountant/Recorder – Hawley

Absent: Attorney Harris

I. CALL TO ORDER

The meeting was called to order at 6:30 PM. Commissioner Collins arrived at 6:34 PM

II. APPROVAL OF AGENDA:

The agenda was revised to add Item D – Airport Rental House to Old Business. It was noted that the Approval of Warrants (in New Business) should be Item A not Item C as listed. Additions to New Business were Item B – The Commanders Beach House at Point Hudson – Exterior Painting and Item C - Crane Operations, Procedures and Policies.

Commissioner Thompson moved to approve the revised Agenda. Motion carried by unanimous vote.

III. CONSENT AGENDA

A. Approval of Minutes – July 9, 2008

Commissioner Beck 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. Seattle Boat Show:

Mr. Crockett reminded that the topic had been discussed during the July 9, 2008 meeting with a decision regarding attendance postponed until this meeting. He advised that the Port planned to attend the November Commercial Fish Expo. A brief cost analysis (as requested by the Commission) of sending one or two employees to the Seattle Boat Show with the stipulation that they stay in Seattle for the ten day period was estimated at approximately \$6,100 vs. the method used in the past of having staff and the Commissioners participate in staffing the booth which cost approximately \$5K. Mr. Crockett advised, that in his opinion, cost was not necessarily the deciding factor, more importantly, he wondered what were the benefits gained from participation in the Show and did those benefits out-weigh the time, energy and expense needed to participate. He informed that overtime pay was kept to a minimum by the way in which the booth shifts were scheduled and by using Senior Management (who do not receive overtime pay) and the Commissioners to help staff the booth.

After discussion with the Yard Supervisor and other employees, Mr. Crockett informed that most employees felt Show attendance by the Port was beneficial both to the employees and to the Port. The employees felt that the opportunity to attend the show was a benefit to them because it gave them the opportunity to meet and communicate with other Ports, vendors and Marine Trades.

Mr. Pivarnik agreed that the consensus amongst operational staff was that business was brought into the Port through attending the Seattle Boat Show and most wished to attend as they had been allowed to do in the past. However, he noted, that scheduling could be structured so that one staff member only would be in the booth most of the time; with two employees, Senior Staff or Commissioners scheduled for the busy times, i.e. Friday nights and weekends. Another cost saving technique would be mandatory carpooling.

A brief discussion followed.

Commissioner Beck was heartened to hear that the booth staff could be reduced to one person most of the time. He stated, that in his opinion, things the Port did to improve employee morale were very worthwhile.

Commissioner Collins inquired if we would lose our booth position placement seniority if we chose not to attend in 2009 and then attended in 2010.

Mr. Crockett advised that that could very well occur since we had built up seniority over the years by attending each show.

Commissioner Collins asked for Mr. Crockett's recommendation.

Mr. Crockett advised that although he was somewhat like a pendulum in his decision process, he recommended submission of the application and attendance in January using the cost saving techniques outlined above. He related that it did not require official Commission action as long as there was agreement amongst the Commission that we should plan to attend.

Both Commissioners Beck and Collins were in favor of Boat Show attendance.

Commissioner Thompson asked that scheduling the booth staffing by the Commissioners be at the busy times, such as on Friday night, Saturday and Sunday.

A short discussion followed to include that there was agreement to move forward with participation in the Seattle Boat Show.

B. Contract with Hoch Construction – Point Hudson Nurses' Quarters Building:

Mr. Taylor provided background by stating that the topic had been discussed at three Commission Meetings. He informed that the project had gone to bid and that two bids were received. He advised that in researching the minutes, however, he noted that the Commission had not officially given approval for executing a contract for the proposed project.

Commissioner Thompson moved to approve the contract with Hoch Construction for renovation of the Point Hudson Nurses Quarters Building in the amount of \$260,985.00 including W.S.S.T., as bid.

****Please see vote on the motion below.**

Funding for the project was discussed which included that there would be approximately \$132K remaining of the Bond funds which needed to be expended by November 29, 2008. This amount was after the approximate amount of \$47K in arbitrage payable to the IRS because the Port had earned more than the allowable amount of interest on the invested Bond funds.

Commissioner Beck explained that the reason for the amount payable to the IRS was that Bond regulations were in place to assure that governmental agencies did not go out for a large bond issue (asking for more than was needed for a proposed project) and then invest those funds and use the earned interest for other projects.

Commissioner Collins inquired as to the status of the lease negotiations with T's Restaurant.

Mr. Pivarnik provided an update on the building renovation, which would be primarily exterior with a few substantial upgrades, the plans also included two, and unfinished handicapped access restrooms. As a copy of the original building plans was available, he explained the building would be restored to its original exterior.

In terms of the lease negotiations with T's Restaurant, informed Mr. Pivarnik, they were ongoing with another meeting scheduled for Thursday, July 24.

There followed a discussion that included the need to renovate the building and possibilities of other uses for the building if the lease negotiations between T's and the Port stalled.

Mr. Pivarnik related that he had shown the building to the Yacht Club thinking that it might make an excellent location for their use.

Discussion followed.

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

C. Port Newsletter:

Mr. Crockett reviewed what had occurred regarding the newsletter previously and stated that he wanted to present the revised version to the Commission to ascertain if all were in agreement with the formatting and formula, as presented. He advised that Commissioner Thompson, as Commission President, was in the process of drafting an article to appear in the newsletter.

Mr. Pivarnik stated that staff had wanted to present the newsletter concept to the Commission to open a philosophical discussion on whether or not it was the type of communication they wanted as their voice to both the Port tenants and the community as a whole.

Commissioner Thompson remarked that the newsletter appeared very polished, he was uncertain, however, if distribution would include the general taxpayers and felt that it was important that they be included also.

Mr. Crockett advised that staff had envisioned distribution to local Port tenants (both moorage and property leases) and suggested that it also be distributed to the various Chambers of Commerce.

Commissioner Collins suggested that the newsletter be available as a handout at the Jefferson County Fair.

Commissioner Thompson suggested, additionally, that the newsletter be distributed to the Chimacum Grange, the Tri Area Senior Center, Hadlock Building, Carl's Building and even the Chimacum High School.

Commissioner Collins remarked that the newsletter was a nice professional looking job with the muted colors and recycled paper.

Discussion followed to include items for the next edition.

As an aside, Commissioner Collins remarked that an afternoon radio program on KUOW was called "The Conversation" and questioned if there would be a conflict with the Port newsletter name.

Discussion followed regarding that issue.

Commissioner Beck reminded that the Administrative Assistant had once kept a list of important event dates and milestones at the Port and he suggested that it might be a nice addition to future newsletters to include an item such as "on this date in 1936 the Port did or installed....".

Discussion followed with positive input regarding that idea and how it might be integrated into future newsletters.

D. Airport Rental House:

Mr. Crockett provided background and reminded that the topic had been tabled from the July 9th meeting. He informed that the current tenant had been evicted for non-payment of rent and had been given until July 31 to vacate. However, the tenant had, without Port knowledge or agreement, sublet the house to another person. Mr. Crockett advised that a neighbor had come in to talk to him recently and reviewed an incident that had taken place between the person subletting the house and the neighbor's wife and wanted the Port to evict the tenants. He recommended to the neighbor that if future incidents occurred to contact the Jefferson County Sheriff's office.

Mr. Pivarnik provided background and updated regarding the current situation. He advised that the house needed repairs and that the septic system had failed which meant that a new septic system would have to be installed (which meant going through the permitting process with Jefferson County) if the house was going to be rented in the future. Staff, stated Mr. Pivarnik, recommended that the house be torn down or used for a practice burn by the Fire Department, (if it was interested). He advised that he did not want to see the house sit vacant, as it would be an immediate magnet to the area's homeless population.

Commissioner Thompson inquired about the water tap.

Mr. Pivarnik explained that the Port owned the water tap, having purchased it from the PUD.

Mr. Pivarnik continued by stating that decisions needed to be made by the end of the month. He sought Commission direction on the matter.

After a long discussion it was agreed that Senior Staff, the Maintenance Supervisor and some or all of the Commission would inspect the house and property and decide if the house was worth keeping (since affordable housing was a worthwhile goal) and renting out again (on a month to month basis only). Also decided that the septic issue would be tabled until after the inspection of the property.

VI. NEW BUSINSS:

A. Commanders Beach House – Exterior Painting:

Mr. Crockett informed that the Commanders Beach House was badly in need of exterior painting to restore and preserve the building. Two bids had been obtained with the low bid coming in at \$13,203 with W.S.S.T. Staff recommended approval of the bid.

A lengthy discussion followed regarding the necessity of restoration and maintenance of the historical buildings at Point Hudson.

Mr. Crockett advised that he did not believe a separate motion was needed but that he wanted it noted in the minutes that the topic had been discussed and that there was agreement that the building be painted.

B. Crane Operations, Procedures and Policies:

Commissioner Beck opened the topic for discussion in regard to the crane accident that had occurred on July 21, 2008 and inquired if there was a policy which regulated crane operations on Port property. He advised that cranes were supposed to be certified and weight tested. He spoke to safety concerns and Port liability.

Commissioner Thompson advised that from the information he had gathered, the accident had been caused by a inexperienced crane operator and not by any defects in the crane itself.

Mr. Crockett advised that in a State that in most cases, and in his opinion, tended to over regulate things, that there were no crane licensing requirements other than that the crane was supposed to be maintained and be in good, safe operational condition. There are, he said, no requirements for the crane operator to be formally certified. A lengthy discussion followed regarding the accident and the operation of cranes on Port property.

Mr. Crockett advised that extra language could be added to the Port Rules and Regulations assuring that cranes operated on Port property were properly certified.

Ric Brenden stated that, in his opinion, the information he had gathered indicated that the accident was definitely caused by operator error and that the crane was operating within the 45 ton rating. He advised that the operator had extended the arm out too far and then had turned with the arm still fully extended and tipped over. He stated that, in his opinion, the Port was covered for any liability issues just by stating that the crane operator needed to follow all Federal and State operational guidelines. Further discussion followed.

C. Approval of Warrants

Warrant #39894 through #39927 in the amount of \$43,297.14 for Payroll

Warrant #39928 through #39932 in the amount of \$29,491.64 for Payroll Benefits and Accounts Payable

Warrant #39933 through #39994 in the amount of \$215,969.58 for Accounts Payable

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

VII. STAFF COMMENTS:

Mr. Taylor informed that the visit by the State Auditor had been delayed and that he was scheduled to arrive on Tuesday, July 29, 2008. Mr. Taylor advised that the Port was now running up against a deadline for the single audit on the Federal Grant the Port received and which needed to be finished and processed through Olympia and onto the Federal Government in September.

He informed that there had been changes made in the ways in which audits were conducted and the new rules stressed the need to have internal controls in place, which, he advised we do have. He stated additionally that in the past, there had been an entrance conference (with one Commissioner, usually the President, present) which spoke to the Audit expectations and scope followed by an exit conference when the Audit was finalized. Due in part to large corporate problems, the Auditor was now required to communicate with each of the Commissioners in order to certify that he has heard any concerns expressed by the Commission and, conversely, to express concerns to them.

Commissioner Collins stated that in that way there could be no deniability.

Discussion followed regarding the way in which that communication would take place at either a regular Meeting or Special Commission Meeting.

Commissioner Collins advised that it appeared that the new method would make the process more transparent to both the Commission and to the public. He suggested that he would like to see the internal controls that the Port uses in written format.

Additional discussion followed.

Mr. Taylor reminded that we were at the beginning of the Budget season and that the Budget Schedule had been approved, with the first budget workshop on August 13, 2008.

As a last item, Mr. Taylor informed that Staff Accountant, Jean French, was going out on medical leave for, hopefully, no more than six weeks with a possible resumption of some of her job duties prior to coming back to the office done at home via computer link. At present, he stated, there was no plan to hire temporary staff.

Mr. Pivarnik remarked that Maintenance Supervisor, Larry Aase had met with Caicos Corp. Project Manager on Monday, July 21st and they had reviewed the punch list and walked the Point Hudson site. Caicos actually supplied us with another punch list which had six items on it. They were informed that there was already a punch list in place and that all of the items on that list needed to be addressed. He stated that they had been given until Monday, July 28, 2008 at 5:00 PM to submit a written report on whether they agreed with our punch list, to bring forward any disputes so that they could be dealt with and when they expected to complete the punch list items.

A discussion followed about the topic.

Mr. Crockett advised that as Port Executive Director he did not intend to “sign off” on the project until Reid Middleton was satisfied that the project was completed.

Mr. Pivarnik reported that Senior Hoist Operator, Terry Khile, might also have to go out on medical leave.

Mr. Crockett asked that the Strategic Planning questionnaire be completed and returned as soon as possible so that the consultants could finalize their information.

He informed that he and Mr. Pivarnik had been invited to a Thursday (July 30th) meeting with Puget Sound Energy for a briefing on their survey and analysis of whether the PUD should take over the electrical power in Jefferson County.

VIII. PUBLIC COMMENTS:

Clare Candler advised that he had worked with cranes at his place of employment in the past and one had flipped there also. He provided background on what had occurred.

Ric Brenden stated that he would be talking with the Marine Trades regarding the idea presented at the July 9, 2008 meeting regarding Seattle Boat Show booth sharing between the Port and the Marine Trades. Regarding the newsletter, he inquired if we thought about putting copies of the newsletter in the local newspaper suggesting that it might target more of the general public. He stated that he liked the part in the newsletter that featured the different businesses.

Mr. Crockett informed that we were trying to zero in on our own tenants (moorage tenants and the Marine Trades) first. Staff thought that inserts in the newspaper might just be thrown away.

Discussion followed regarding the schedule for the Jefferson County Fair and who would be staffing the Port’s booth.

IX. COMMISSIONER COMMENTS:

Commissioner Collins informed that he had attended a Public Hearing on the Jefferson County Shoreline Management process in Port Hadlock last week. The hearing focused on Ports and oyster farming. Commissioner Collins related that he had not been aware that there were so many oyster farmers in the area. It appeared, he related, that the common concern was the regulations that Jefferson County was drafting and which duplicated the ones already in place by Washington State. It appeared to him that the Port had a vested interest in the health of that sector of the economy.

Mr. Crockett reminded that he had been part of the Committee of the Jefferson County Shoreline Management Process, which had been tasked to draft a new set of Rules and Regulations. He provided background on the topic and advised that the Port should be an advocate for sensible regulations in aquaculture.

Discussion followed about the County’s Shoreline Management update, the process, permitting and duplication of rules and regulations.

Mr. Crockett advised that the Committee was going to meet again in the future to review the draft and that there would then be an opportunity for the Port to make its point via a letter from the Commission to the Jefferson County Commissioners.

Commissioner Collins informed that one of the items discussed at the Washington Public Ports Association (WPPA) Commissioners Conference held in Bellingham last week was the desirability of communication between the Port Commission, the City and the County through a regular meeting in which representatives of each government entity met and exchanged information and ideas. Commissioner Collins related that he had spoken to David

King, City Councilmember, who liked the idea. He suggested that perhaps the topic could be raised to the Jefferson County Commissioners to see if they were in favor of the idea.

Mr. Crockett related that until two years ago there had been quarterly Intergovernmental meetings held in which the Port Commission, the County Commission, the City Council and the PUD Commission had met and shared information. He provided background on how the process took place. The meetings were open to the public. Senior Management was present to answer questions if needed.

As the Commission was in favor of resuming an informational, intergovernmental discussion group again, Mr. Crockett advised that he would draft a proposal letter, which would be signed by the Commissioners, and sent to the other governmental agencies. A short discussion followed.

Commissioner Beck stated that he had received a phone call in which the caller complained about the cluttered and disorderly condition of the bulletin board in Boat Haven. He asked if there was a policy regarding how long items (and what types of notices were allowed) were allowed to remain posted on the board.

Mr. Pivarnik informed that notices and flyers were supposed to remain on the board only for thirty days. He remarked that although he would not be in favor of censoring items, staff would try to do a better job in organizing the bulletin board.

Discussion followed about the types of items posted and that it was a valuable means of communication.

Commissioner Thompson suggested that the items be date stamped before posting so that out of date articles could be easily identified and discarded.

Mr. Crockett advised that staff would review the issue.

Commissioner Beck informed that he had attended the first Committee meeting held July 17, 2008 by the Washington State Department of Transportation regarding a year long study on accidents on the State Route 19 corridor. He reviewed information gathered at the meeting advising that one of the more interesting items was that the most accidents were rear end accidents caused by stoplights.

A short discussion followed regarding the statistics gathered by the Highway Patrol for the study which included bicycle accidents as well as other types of accidents.

Commissioner Thompson stated that an item he had found of interest garnered from the presentation by a lawyer for Bellingham during the WPPA Commissioner's Conference was the advice against having Port's attorney handle negotiations on issues because "he is your paid paranoid". Commissioner Thompson suggested that was good advice. Following through on that topic, he suggested that perhaps it was time to shift the ongoing stormwater negotiations with the City of Port Townsend from Attorney Harris to staff's control believing that we might become more aware of what is happening with the negotiation.

Mr. Pivarnik responded that he also agreed with that and in fact had spoken to Mr. Timmons regarding the issue.

Discussion followed regarding that not much progress had been made on the stormwater issue.

Commissioner Collins inquired about the ongoing discussions with the City regarding the possible land-swap for vacated road easements within the Port boundaries.

Mr. Crockett informed that he had met with City Manager Timmons and that the City had made a proposal. Mr. Crockett was in the process of crafting a broader compromise because of all the various issues involved: the unvacated streets, the Kah Tai and two storm water issues (one: the Port paying storm water fees to the City for a system the Port had installed and maintained; two: the storm water runoff which was filling up the wetland in the Ship Yard). He also wanted to re-open discussions regarding the Noise Ordinance which he believed to be a bit too restrictive for the Ship Yard.

Commissioner Thompson inquired about the recycling bins that were recently installed in the environmental kiosks and if they had been placed in all locations.

Mr. Pivarnik stated that DM Disposal had placed the small, 60-gallon trash bin style recycling containers in all of the environmental center locations but that, as had been anticipated, the whole community, not just Port patrons, were now using the containers, and therefore the containers were overflowing.

A discussion followed about the necessity of solving the problem, perhaps re-establishing the large recycling bins again, or asking Jefferson County to provide a recycling center

within City limits to make it more accessible to City residents. Discussion also involved how the topic would be a perfect one for the proposed Intergovernmental Agency meetings.

A brief discussion took place regarding the current inflation rate, the beginning of the 2009 Budget season and that Mr. Crockett might have his annual Budget “White Paper” available for the August 13, 2008 meeting in Quilcene which kicks off the budget discussions.

XI. NEXT MEETING: Next Meeting will be held Wednesday, August 13, 2008 at 1:00 PM, *Timber House Restaurant in Quilcene*, workshop at 9:30 AM

XII. EXECUTIVE SESSION:

The regular meeting recessed at 8:14 PM into Executive Session, which began at 8:19 PM, for a discussion regarding a personnel matter having to do with security issues, duration of five minutes with no expected action.

XIII. ADJOURNMENT:

The regular meeting reconvened 8:24 PM and adjourned at 8:25 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