

## PORT COMMISSION MEETING – August 27, 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  
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 with the addition to New Business of Item D – The Brinnon Hotel.

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

### III. CONSENT AGENDA

A. Approval of Minutes – August 13, 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. Intergovernmental Meetings:

Mr. Crockett provided background on the topic by reminding that up until 2005 Intergovernmental Meetings with the elected officials of the City of Port Townsend, Jefferson County, the Public Utility District #1 (PUD), and the Port District in attendance were held every ninety days and allowed discussion to take place between the different agencies about pertinent issues and topics with no decisions made. Senior Staff was available to provide information and answer questions if asked. As the Commission had expressed interest, at the August 27, 2008 meeting, in resuming the quarterly meetings, Mr. Crockett had prepared a draft letter for Commission signature, putting forward the idea. He advised that a copy of a Memorandum of Understanding would be included which outlined the basic rules of the meetings. As the Port was initiating the meetings Mr. Crockett offered to host the first meeting. Each hosting agency would be responsible for preparation of the meeting agenda and the meeting minutes.

The Commission agreed that they wished Mr. Crockett to pursue resumption of the Intergovernmental Meetings. Commissioner Beck who had attended past meetings stated that, in his opinion, they presented a great opportunity to talk to other elected officials about various problems.

A short discussion followed.

#### B. 2009 Budget Update:

Mr. Taylor briefly summarized the Budget process and reminded that the first Budget Workshop had been held two weeks ago and a second one scheduled for September 10<sup>th</sup>. He distributed a three page summary of the items discussed at the workshop. Additionally, he stated, there had been two staff level budget discussion meetings. As a reference document, he distributed an updated permanent moorage study of what other marinas were charging their tenants.

A short discussion followed regarding what other marinas charged and how the rates were based.

Mr. Taylor informed that based on what had been discussed at the Budget Workshop regarding looking into leasing out the fuel operation at Jefferson County International Airport, a Request for Proposals (RFPs) had been written and mailed to four potential businesses. Newspaper advertisements had also been placed. At this time, Mr. Taylor, advised, one business had expressed interest. Deadline for the RFPs was September 9, 2008 to ascertain the level of interest. The results of the RFPs would be discussed at the September 10, 2008 workshop and used to determine if it was a viable option or not.

Commissioner Thompson inquired if there had been any thought put towards putting the Boat Haven Fuel Dock up for lease.

Mr. Crockett reminded that Workshop discussion had resulted in the idea of trying some operational changes during the coming year and reassessing the situation during the 2010 budget preparation.

C. JCIA Rental House:

Mr. Pivarnik provided background on the topic and advised that Staff still believed that the cost of restoring the house would be much more than could be recouped in monthly rent. He advised that he had contacted East Jefferson Fire and Rescue and that they were very interested in using the house as a training facility burn. That process, he stated, would take about two months as all hazardous materials needed to be removed from the house before it was burned. Although the house itself would be reduced to ashes by the Fire Department, something would have to be done with the concrete foundation. He reminded at the August 27, 2008 Commission Meeting, Commissioner Collins had moved to proceed with demolition of the house but that a decision should be delayed until this meeting to allow for public input. A discussion followed which included what types of hazardous materials were present.

Commissioner Beck advised that it would give valuable experience to the fire volunteers.

**Commissioner Beck moved to direct Staff to turn the rental house at the airport over to East Jefferson Fire and Rescue for a training burn.**

There were no public comments.

Mr. Taylor advised that the house should be declared surplus before it was burned.

**Commissioner Beck amended his motion to reflect that the house be turned over to East Jefferson Fire and Rescue for a training burn pending surplus.**

A short discussion followed.

**\*\*Motion carried by unanimously vote.**

VI. NEW BUSINESS:

A. Memorandum of Agreement with the Northwest Maritime Center:

Mr. Crockett reminded that discussions had taken place over the past several months regarding the corner of Jefferson and Hudson Streets where the Rowing Club had been storing their shells since being displaced by the Maritime Center construction. He reminded that the Club had been paying to the Maritime Center a fee. The Maritime Center had expressed interest in at some point perhaps leasing that property. Mr. Crockett informed that staff had met with Stan Cummings of the Northwest Maritime Center and that the meeting had resolved a lot of issues. Mr. Crockett reviewed the seven point memorandum which had evolved from the meeting and was in need of codification if the Commission approved. He informed that the Maritime Center wanted to explore leasing the property corner (once the Rowing Club had been assigned a permanent location) since it was a critical location for the Wooden Boat Festival. The Memorandum of Agreement stated that, essentially, the Maritime Center would manage the property, the Port would receive 80% of the Rowing Club's rent and the Maritime Center would keep 20% to cover administration costs. He advised that research would be done during the next year to determine terms for leasing the property and establishing a fair market rate. Staff, he stated, recommended a year to year lease with a first right of refusal should a marine related business express interest in building on the site.

Commissioner Collins recused himself from discussion of the topic.

**Commissioner Thompson moved to direct the Executive Director to execute the Memorandum of Agreement with the Northwest Maritime Center as presented. Motion carried by unanimous vote with Commissioner Collins recusing himself from the vote.**

B. Survey Request from Army Corps of Engineers:

Mr. Pivarnik informed that the Army Corps of Engineers were interested in doing a detailed survey of the upland inlet in Port Townsend Bay by placing control points on land and thought that Boat Haven would be an ideal location at which to place the survey control points. Mr. Pivarnik expressed his concern regarding the fact that one control point would be placed next to the 300 ton travelift which he thought might prohibit future expansion of the shipyard. However, he stated, the Corps had assured

him that given ninety days notice they would move a control point. The survey control points, he informed, would be at ground level and topped with brass caps so that they could be driven over without damage. He advised that there was no compensation to the Port in allowing this proposed project, as it was purely a working with the Federal Government to get better geographical surveys. He advised that as the Army Corps of Engineers had addressed his concerns, staff recommended allowing them to proceed with the project. He informed that the permit was for twenty-five years.

A short discussion followed.

**Commissioner Beck moved to direct Staff to proceed with the survey request from the Army Corps of Engineers as presented.**

**Motion carried by unanimous vote.**

C. Approval of Warrants:

Warrant #040133 through #040166 in the amount of \$42,785.64 Payroll.

Warrant #040167 through #040171 in the amount of \$44,891.07 for Payroll Benefits and Accounts Payable.

Warrant #040172 through #040174 in the amount of \$51,699.23 Accounts Payable

Warrant #040175 through #040236 in the amount of \$250,433.69 for Accounts Payable.

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

D. Brinnon Hotel:

Mr. Pivarnik stated that he had been approached by Ian McFall who served on the Brinnon Community Center Advisory Board and advised Mr. Pivarnik that the Advisory Board was frustrated with the way in which Jefferson County (building owner) was operating the Brinnon Hotel/Community Center. The building houses, additionally, the Brinnon Community Center and Oly-Cap offices. Mr. Pivarnik advised that Mr. McFall had asked him if he thought the Port would be interested in acquiring the property and building. Jefferson County, apparently, was not interested in running the hotel or maintaining the property and wished, per Mr. McFall, to rid itself of the building. The Community Center, stated Mr. Pivarnik, had a full commercial kitchen on site and had provided the Meals on Wheels programs for community seniors. Mr. Pivarnik asked for Commission direction on whether to further pursue the issue or let it drop.

Mr. Crockett informed that a financial briefing was scheduled for Friday, August 29, 2008 and that he would attend if directed to do so by the Commission.

Mr. Crockett voiced concern over potential liability issues and the potential cost of building improvements. He informed that Port Districts were now allowed to operate hotels per State Law.

Commissioner Collins inquired if it would create new family wage jobs as he used that as a standard for new endeavors.

Commissioner Beck was interested in preserving the Meals on Wheels program for the community seniors.

A discussion followed which included the Meals on Wheels program, the building and recreation center which had been used for community meetings, the prospect of Jefferson County either declaring the building as surplus or selling it.

It was decided that Mr. Crockett should attend the Friday briefing and take a look at the building.

VII. STAFF COMMENTS:

Mr. Taylor provided an update on the on-going State Audit, which he expected to be finalized by September 3, 2008 and stated that he believed the results would be another good audit.

Commissioner Collins inquired if the Auditors would offer ideas on internal controls. Mr. Taylor informed in the affirmative and advised that there would be a couple of recommendations regarding cash handling.

Mr. Crockett informed that the Auditors had discussed with him the possibility of establishing an Ethics Policy, which he advised, had been discussed previously. A policy had not been developed because he had really not seen the need for one because, in his opinion, Port staff tended, if anything, to err on the side of over caution.

Mr. Pivarnik informed that the Port had been successful in obtaining a \$25K (75%/25% split - the Port cost being \$6K) Grant from the Washington State Parks to replace three moorage pump-outs. The grant would enable replacement of the pump-out at Point Hudson and the two at Boat Haven. It was hoped that the one at Point Hudson would be replaced before the Wooden Boat Festival.

Commissioner Collins inquired if the old pump-outs had salvage value.

Mr. Pivarnik informed that the parts would be used to repair the pump-out at the Quilcene Marina.

A brief discussion followed.

At Commissioner Beck's request, Mr. Pivarnik informed, he had researched the issue raised at the August 27, 2008 meeting regarding the old docks at Quilcene. The docks had been surplused to Doug Reeves, of Reeves Excavating who, for a fee of \$200 (a fee to load the docks onto the Shriners trailer), had given them to the Shriners to use at Lake Ballinger in Seattle for a children's picnic area. Due to permitting, he advised, the docks could not be moved from Quilcene until the end of September.

Mr. Crockett advised that a sign-up sheet was available for staffing the Port booth during the Wooden Boat Festival.

Mr. Crockett informed regarding a meeting he had attended in Quilcene with Coast Seafood and the Hood Canal Salmon Coordination group. He reminded that a lot of salmon restoration work was ongoing at the Big and Little Quilcene Rivers. As an update, he stated, work could not proceed on the Big Quil river dyke removal until the ongoing issue of maintaining good, clean, cold saltwater for Coast Seafood's production of oyster spat. Currently, a saltwater intake pipe extends 500 feet into the Bay. The ongoing issue was the fear that the sediment raised from work on the Big Quil would disturb the oyster spat, possibly destroying it. The solution was to extend the intake out to 1300 feet into cold water which would be less impacted by the sediment and to also do some test wells. He provided further information about the topic advising that it was necessary to protect Coast Seafoods as they were now the only producer of oyster spat on the West Coast. He advised that State Representative Van De Wege (assuming he was re-elected) wanted to champion this issue in the next session of the State Legislature.

Discussion followed.

#### VIII. PUBLIC COMMENTS:

Clare Candler informed that where he came from, boaters were allowed a certain amount of time to be moored and were then required to periodically move their boat to demonstrate it's seaworthiness. He recommended that the Port develop a policy establishing a time limit on the length of time a boat could stay moored without being taken out. In his opinion, he stated, such a policy would get the waiting lists moving and keep the marina in use by active boaters.

Dr Bertram Levy inquired if there was a calendar of the process for the Operating Budget and requested a copy.

Mr. Crockett briefly explained the budget process and advised that the topic would be on each meeting agenda until budget adoption the 1st meeting in November.

Dr Levy stated, in his opinion, CPI was designed to meet the increased cost of providing services and not to make additional profit.

A discussion followed about the topic that the CPI increase had been applied to other revenue items, airport hangars, Port leases, etc, and not just to the permanent moorage tenants, operating expenses had increased dramatically over the past year and that \$250K was now being put into the Boat Haven Renovation Reserve Fund.

Mr. Crockett informed that in addition to CPI for Port leases, every three years a market rate appraisal was done and that amount was reflected into the monthly property lease amount, something, he reminded was not done with moorage or hangar tenants.

Dr Levy stressed that, in his opinion, it was essential to make sure that everybody in the community had an opportunity to use the Port, and have access to the Bay, without it becoming unaffordable. He suggested that the Port look at ways in which to save money instead of going forward with projects such as the renovation of the Nurses' Quarters building at Point Hudson.

Commissioner Thompson reflected that all Port tenants (moorage tenants and lessee's) would be sharing in the Port's responsibilities (one example being the Quilcene Marina facility) along with the Jefferson County taxpayers.

IX. COMMISSIONER COMMENTS:

Commissioner Beck informed that the salmon had returned to both the Big and Little Quil Rivers and recommended that folks take the opportunity to go down and see the Salmon run as it was quite impressive.

Commissioner Collins followed up on Mr. Candler's statement of having some sort of certificate of "move ability" of a boat's seaworthiness stating that, in his opinion, it would be a good idea to have all the boats moored in the Boat Haven prove that they were physically able to leave their slip at least once a year. He asked Dr. Levy and Mr. Rossow if, in terms of the Moorage Tenants Union, if they had ideas or suggestions on the topic.

Mr. Rossow informed that the Cape George Marina had adopted a regulation that required a boat move out of the Marina a certain number of times per year under its own power, they also adopted a regulation that required a valid certificate to address the problem. In his opinion, it was a real problem and something that did need to be addressed. However, he stated, he did understand the Port's reluctance to do it as it would mean that the Port would have to act in a policing mode.

Mr. Crockett informed that Port staff had recommended such a policy numerous times in the past. He stated that he believed such a policy would be easy to administer as most boaters did use their boats and outlined his vision of how to administer the policy by having the boater go from Boat Haven to Point Hudson, receive a token of some kind, and go back to Boat Haven.

Commissioner Collins stated that, in his opinion, it would be consistent with the concept that the Port was operating a working seaport. He asked that the Moorage Tenants Union look into it and come back with recommendations or some ideas.

Dr. Bertram Levy expressed concern for the boats that were "works in progress", ones that had not moved because of ongoing work and hoped there would be safeguards in a developed policy to protect those projects. He offered that some boats were used even though they might not go out. He also suggested that a dock walk would provide a count of the number of unused vessels. He agreed that the Moorage Tenants Union would research the idea.

Mr. Crockett advised that any developed policy could incorporate provisions for exceptions.

Les Schnick stated from a personal viewpoint and not as a Marine Trades representative, that, in his opinion, he was in favor of development of a policy because moorage should be about boating and not about boat storage in the water. He stated that he was in favor of there being exceptions for special cases and cited his boat as an example.

Commissioner Thompson suggested that perhaps a regular boat haul-out would qualify the vessel as it would show some degree of activity.

A short discussion about the topic followed.

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

XI. EXECUTIVE SESSION:

The regular meeting recessed at 7:45 PM into Executive Session, which began at 7:50 PM, for discussion of two real estate matters, duration of 37 minutes, with no expected action.

XII. ADJOURNMENT:

The regular meeting reconvened at 8:17 PM and adjourned at 8:18 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