

PORT COMMISSION MEETING – September 24, 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 1:00 PM.

II. APPROVAL OF AGENDA:

Item D – Update on JCIA Airport Fuel Lease/Recommendations was added to Old Business. **Commissioner Thompson moved to approve the Agenda, as amended. Motion carried by unanimous vote.**

III. CONSENT AGENDA

A. Approval of Minutes – September 10, 2008

B. Resolution No. 510-08 – Authorizing Warrant Cancellation

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

IV. PUBLIC COMMENTS (Not related to agenda):

David Tarr stated that in his opinion, the Port restrooms located at Sea J's Restaurant, and which served the Commercial Dock needed renovation and repairs immediately. He sited that the toilets clogged often, that there was no hot water, no privacy screens and that there was apparently no heat in the restrooms. Also, in his opinion, the number one priority was to establish some type of controlled, secured access to the public restrooms.

Discussion followed regarding the restrooms (and the specific issues raised by Mr. Tarr) and the lease with Sea J's Restaurant.

As a side issue, in response to Commissioner Collins' inquiry, Mr. Pivarnik informed that renovation would begin in approximately three weeks on the restrooms located in the Shanghai Restaurant building at Point Hudson as all necessary permits were in place. The work he stated was going to be performed by the Port's maintenance crew.

Chelcie Liu provided two hand-outs to the Commission. One was a letter from Steve Tucker in which Mr. Tucker offered comments to be read at the September 26, 2008 A/B Dock Advisory Committee meeting and the other a map showing a proposed Boat Haven Marina Reconfiguration. Mr. Liu voiced his displeasure with the aforementioned map and with the direction the A/B Dock Renovation design project (primarily the loss of the 20 foot and 25 ft slips) was heading and the amount of time spent on the project.

Discussion followed about the topic as presented by Mr. Liu. Mr. Pivarnik advised that the map had been part of a public records request made by Bertram Levy (of the Moorage Tenants Union) and that the proposed project was still ongoing with no decisions yet made regarding the Boat Haven slip layout. Further discussion followed about the number of boat ramps with a reminder that adding an additional boat ramp would delay project permitting as it would necessitate "in water" work.

V. OLD BUSINESS:

A. Strategic Plan Update:

Mr. Crockett provided information on the first Strategic Planning Citizens Advisory Committee meeting stating that the introductory meeting had gone well with all but two of the Committee members in attendance. He reminded that there was still a vacancy for the South County representative and that Commissioner Beck needed to appoint someone to fill the position.

Commissioner Beck informed that he had spoken to several citizens about volunteering to serve on the Advisory Committee but that the cost of fuel to drive into Port Townsend to attend the meetings was the deterrent.

On that note, after discussion, Commissioner Collins moved to authorize payment of reasonable travel expenses for participants (located outside of District #1) in the Strategic Planning process. Motion carried by unanimous vote.

Commissioner Thompson (he had attended the first meeting) expressed some concern over the task of the Strategic Planning consultants and advised that, in his opinion, the process should be turned completely over to the Advisory Committee and the Committee allowed to develop the process.

Discussion followed regarding that viewpoint and that Staff had discussed with the Strategic Planning Consultants ways in which to allow the Committee to work more independently since most of the members were up to speed with the process and were, in fact, ready to move forward with some decisions.

Mr. Crockett informed that the Advisory Committee meeting “minutes” would be mailed (or e-mailed) to the Committee members prior to the next meetings in order to allow for input, changes or additions to those minutes. He advised, also, that in reality it was hoped that the Advisory Committee would develop an “action” plan of projects the Port should develop and invest in over the next ten years.

Commissioner Collins volunteered to attend the October Strategic Planning Advisory Committee meeting.

Discussion followed which included that the Strategic Planning process would make an excellent Intergovernmental Meeting Topic.

B. 2009 Budget Update:

Mr. Taylor briefly updated on what had occurred previously in the Budget process. He distributed a chart, which showed the proposed rate changes as had been discussed. He informed that the most current CPI figure from January through August 2008 was 4.82% updated as of September 15. With the prior two month CPI reading of 5.4%, he estimated that the annual CPI would be 5% by December 31. Having talked about most of the proposed rates at the last meeting, Mr. Taylor briefly touched on each rate change proposal again. A proposed CPI increase on Permanent Moorage at Boat Haven and Quilcene. No changes to Nightly Guest Moorage rates at Boat Haven but retaining the \$1.00 per foot per night summer rate at Point Hudson instead of going down to 80 cents in the “off season”. Increases to Monthly Guest Moorage would be based on the Permanent Moorage rate. There was a proposal to increase by CPI the small Lift fee and to increase the Work Yard Environmental fee by 50% to help cover the costs of the additional environmental requirements in the Work Yard. The proposal was to increase the Work Yard Long-term rate (currently 42 cents) by CPI. Staff proposed a 10% increase on short-term (of less than 30 days) stays in the Work Yard. Staff, he stated, was still in discussion about whether to implement a new Ship Yard Wash Down fee and about whether to charge \$1.35 for the first hour of wash down use in the Ship Yard or retain the current first hour of wash down use at no charge.

Commissioner Thompson expressed his opinion that there should be a charge for the Wash Down in the Ship Yard as it was, in his opinion, a great advantage.

Discussion about that point followed.

Continuing with budget proposals, Mr. Taylor advised that a CPI increase was proposed for Ship Yard lay day rates.

Mr. Crockett suggested that the Commission might want to consider putting all of the proposed CPI increases from Permanent Moorage at Boat Haven into the AB Dock Renovation Reserve Fund. In years past, the amount of revenue, over CPI, had been transferred to that fund.

A lengthy discussion followed regarding the budget, the deterrents to “stand-alone” cost centers, permanent moorage rates and how those rates would never be enough to cover the cost of the dock renovation, and how all the cost centers would be needed to establish credibility when applying for loans or going out for a bond issue.

Commissioner Beck wanted it noted for the record that he had heard comments from citizens about the Port’s budget process and he wanted to clarify that Mr. Taylor, in his position of Auditor, was responsible directly to the Commissioners in regard to the budgeting process and other Auditing tasks.

Mr. Crockett qualified that the budget process was a team effort with the Commission, Senior Management and Staff working together to develop the most effective ways in which to use Port revenues and limit expenditures. However, he advised, that Mr. Taylor needed the necessary information soon so that he could develop a draft budget to present to the Commission on October 22nd.

Commissioner Collins inquired when the Capital Improvement list (perhaps a 5-year list) was put forward and suggested that the Strategic Planning process might provide priority items for inclusion into the Capital Improvement listing.

Discussion followed that it normally was developed after adoption of the Operating Budget, sometime in late November or early December.

In conclusion, Mr. Taylor advised that the proposal was to increase the few Port owned airport hangars by CPI.

Discussion followed regarding revenue estimates.

David Tarr stated that although he was not authorized to speak on behalf of the Moorage Tenants Union, (he was sure that there would be forthcoming comments from them about the proposed rate increases), that he wanted to comment on the Budget process by stating that, in his opinion, a lot of folks in the community had been hit hard by the receding economy and hoped that the Port would keep that in mind in developing the Budget and raising rates without first “tightening its belt”. Commissioner Thompson advised that the Port had been looking at ways in which to reduce expenditures.

Commissioner Beck informed that the Marina Operations Manager Position was not going to be filled in 2009, which would result in a large cost savings.

C. Industrial Park Roofs:

Mr. Pivarnik provided background regarding the topic informing that the businesses were part of the Sperry Buildings purchased a few years ago. As an ongoing maintenance issue, he informed that three roofs had been replaced in 2007 and that Staff recommended that Taku Marine, Peter’s Marine and Key City Fish roofs be replaced this year. Olympic Steel was the lowest of three bids at a cost of \$48,587 including W.S.S.T, with some additional options.

A short discussion followed about the proposed project.

Commissioner Thompson moved to authorize the Executive Director to sign a contract with Olympic Steel in an amount not to exceed \$55K including W.S.S.T.

Motion carried by unanimous vote.

D. Airport Fuel:

Mr. Crockett informed the Commission of events that had occurred to date in the effort to lease out the fuel operation at Jefferson County International Airport. After receiving three RFP (Requests for Proposals) responses, Staff had developed a scoring matrix and believed that two of the three proposals warranted further interviews during which the two candidates could offer reasons and background regarding why they thought they should be selected to operate the Airport Fuel lease.

A brief discussion followed regarding the fuel operation and the interview process.

Commissioner Beck volunteered to take part in the process.

Mr. Crockett reminded that the selection process needed to be completely fair, objective, impartial and with no preferences given to either applicant.

VI. NEW BUSINESS:

A. Recreation and Conservation Office (RCO) Grant Eligibility:

Mr. Crockett provided topic background by informing that the Port had received a letter from the Recreation and Conservation Office, the agency responsible for grant funds to facilitate boat ramps, public restrooms, trails and parking. He reminded that he had been appointed, and was serving on, the Committee by the Washington Public Ports Association (WPPA).

Commissioner Collins inquired if the grant funding was for pump-out replacement.

Mr. Crockett informed that the Washington State Parks was the agency responsible for funds disbursement for sewage pump-outs. As an aside, he informed that the Port had recently upgraded the old sewage pump-outs with new, two located at PTBH and the third at Point Hudson. The parts and pieces of the old sewage pump-outs would not be discarded, he informed, but would be pieced together to make a new pump-out and would replace the old sewage pump-out at the Quilcene Marina.

Mr. Crockett stated, as he had mentioned to the Commission at an earlier meeting, that in order to remain grant eligible, the Port needed to update its Comprehensive Scheme of Harbor Improvements, last updated in December 2003. The current plan/scheme, he informed, expires December 2009 and an addendum would extend the scheme for another six years. He informed on the process needed to update the

Comprehensive Scheme. He suggested that it would be extremely helpful if the Strategic Plan contained a brief statement recommending updating the Port's Comprehensive Scheme.

A brief discussion followed regarding the approximate cost \$3K to \$5K and that Staff would be able to provide the paperwork for Commission approval after the Strategic Plan was completed in March or April 2009.

B. Approval of Warrants:

Warrant #040336 through #040367 in the amount of \$43,224.73 for Payroll.

Warrant #040368 through #040372 in the amount of \$35,192.18 for Payroll Benefits and Accounts Payable.

Warrant #040373 through #040445 in the amount of \$235,939.62 for Accounts Payable.

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

VII. STAFF COMMENTS:

Mr. Harris stated that Mr. Crockett had advised him that the Commission wished to move forward with a Request for Proposals (RFP) for legal services and advised that he would like to submit an RFP and hoped to work with the Commission in the future. He advised that he thought it a good idea to "test the waters" periodically.

A motion to direct Staff to proceed with legal services RFPs was not needed, advised Mr. Crockett, as long as the Commission consensus was for Staff to move forward. He stated that he would like to proceed within the next thirty days in order to have everything completed by January 1, 2009.

Discussion followed with the consensus of opinion that Staff should proceed with Requests for Proposals for Attorney Services.

Mr. Taylor informed that the State Audit was officially complete and that Commissioner Thompson had attended the Exit Conference. He stated that the Port now had fourteen years of successful audits with no findings or management letters. Two recommendations made by the Auditors were in terms of cash handling: #1 that a more secure safe (one with an internal lock box which was accessible to only one or two Staff) be installed at both Boat Haven and Point Hudson and #2 a plan in which to facilitate more timely pick up of the daily receipts from the Quilcene facility.

Commissioner Collins commended Mr. Taylor for leading the way through the State Audit.

Mr. Crockett added that Mr. Taylor and the Accounting Staff bore the brunt of the audit effort and commended them for another successful audit.

A short discussion followed.

Mr. Pivarnik stated that he had completed the Department of Natural Resources application for dredge disposal of the material to be taken from the Point Hudson marina and that after a pre-dredge meeting with DNR we should be mobilized to dredge by the end of October. He estimated that there would be about 3,000 cubic yards of material, which was approximately three dredge loads.

Discussion followed about the dredging process. Also discussed was the possibility of hiring someone with dredge experience to over see the process.

Commissioner Collins inquired about the status of the Point Hudson Marina punch list items.

Mr. Pivarnik informed that the only remaining punch list item that Reid Middleton was looking at was that of the fire hose coupling and they were hoping to have it evaluated by the end of the week. Everything else, he stated, was completed. He updated on the final details of approval of the project.

Mr. Taylor reminded that there would be an additional six to eight weeks once notification had been sent to the Department of Revenue for them to ascertain that all sales tax had been paid as well as the wage issue resolved.

Mr. Crockett reminded that he had been sitting on the Alternative Electric Committee along with the representatives from the City of Port Townsend and the Public Utility District #1 (PUD) regarding the PUD/PSE (Puget Sound Energy) report. He advised that the Committee had been asked to brief both the City Council and the Jefferson County Board of Commissioners, he recommended that the Port

Commission be included in the briefing sessions and suggested the October 8, 2008 workshop.
A short discussion followed.

Mr. Crockett informed that he had attended the RPTO Executive Council meeting held September 19, at which the head of the Washington State Ferries had provided an update on the financial situation of the Ferry system to include the fact that the Gasoline Tax that was supposed to be used for road and bridge improvements and maintenance was now being used to subsidize the Ferry System. One item of note was that the Department was going to bid for two, 64-car ferries for the Port Townsend/Keystone run with possible delivery of the first vessel by spring, 2010. Discussion about the issue followed.

Mr. Crockett informed that the last briefing he had attended was from the Department of Transportation updating on the progress of the Hood Canal Bridge closure project, which, per Mr. Crockett was running on schedule with 94% completion on all material fabrication. He provided informational details.
A short discussion followed.

Mr. Crockett advised that he would be out of the office for the next two days while attending a WPPA Environmental Committee conference in Bellingham.

David Tarr offered that the new, proposed ferries for the Port Townsend/Keystone run were going to be designed with a door that closed and meant for deeper, rougher water than the steel electric ferries.

VIII. PUBLIC COMMENTS:

Chelcie Liu advised that as the Port Authority was authorized by the State of Washington, that he believed the Public Information Act required that all governmental entities were required to have a machine readable budget and inquired if the Port's was machine readable. Discussion followed about what made up a "machine readable" document.

IX. COMMISSIONER COMMENTS:

Commissioner Thompson informed regarding the State Audit Exit Conference he had attended.

X. NEXT MEETING: Next Meeting will be held Wednesday, October 8, 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 session recessed into Executive Session at 2:58 PM which began at 3:04 PM for a short, ten minute discussion of a real estate matter, with no expected action.

XII. ADJOURNMENT:

The regular meeting adjourned at 3:14 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