

PORT COMMISSION MEETING – February 14, 2007

The Port of Port Townsend Commission met in regular session in the Commission Chambers, Hudson Point Administration Building, 375 Hudson St, Port Townsend, WA.

Present: Commissioners – Beck, Sokol, Thompson
Executive Director – Crockett
Deputy Director - Pivarnik
Marine Facilities Director – Radon
Auditor – Taylor
Senior Accountant/Recorder – Hawley
Attorney - Harris

I. CALL TO ORDER

The meeting was called to order at 1:00 PM.

II. APPROVAL OF AGENDA

The agenda was amended with the addition to Old Business of Item D. GPS Approach for JCIA, and Item E. Admiral Ship Supply Lease. **Upon motion of Commissioner Beck, the amended agenda was unanimously approved.**

III. CONSENT AGENDA

- A. Approval of Minutes – 01/24/07
- B. Approval of Warrants
#36174 through #36200 in the amount of \$36,693.98
#36201 through #36210 in the amount of \$72,026.58
#36211 through #36289 in the amount of \$787,486.71
- C. Resolution No. 484-07 – Authorizing Sale of Abandoned Vessels
- D. Write-off Register

Upon motion of Commissioner Beck, the Consent Agenda was unanimously approved.

IV. PUBLIC COMMENTS (Not related to agenda)

Jay Brevik, President, Port Townsend Marine Trades Association, stated that progress had been made in development of the Independent Contractor Rules and Regulations (ICRR) document. He informed that the first general meeting of the newly formed organization would be held on February 15, 2007 in the Port Townsend Yacht Club and that the membership would be informed of the progress made so far.

V. OLD BUSINESS

A. Spruce Goose Lease at JCIA

Mr. Pivarnik stated that although a several issues remained unresolved, progress had been made during a meeting held last week between Andrea Raymor, Chris Cray, Mr. Crockett and himself regarding the intent of building a new Spruce Goose Restaurant on the Will's House site. He reminded that removal of the Will's House, subsequent demolition of the basement and site preparation was necessary before the new restaurant could be built. To offset costs of a new stormwater retention pond, staff recommended adoption of a \$2.00 per square foot storm water fee. The amount of impervious surface (and subsequent cost) would be determined when the actual plans were reviewed and square footage ascertained. Mr. Pivarnik requested Commission direction on whether the new restaurant should be required to pay the \$10,000 septic hook-up fee as required by current Port policy. Mr. Pivarnik continued and stated that after those issues were resolved he would draft a forty-year lease composed of a ten-year lease with three-ten year options which would allow flexibility in the event that Chris and Andrea decided to sell the restaurant in the future.

Chris Cray, co-owner of the Spruce Goose Café, stated that, in her opinion, an additional septic fee would be unfair since they were already paying for the septic fee connection to the current business and that they were moving the business to the other site that was already connected to the septic.

Staff agreed with Ms. Cray's position and recommended that no additional fee be charged for the septic connection for the new building but suggested that the Spruce Goose contractor provide the hook-up to the septic at their expense.

Discussion followed regarding the seating capacity of the new restaurant (75 people), number of bathrooms (2) and the decision on what to do with the current Spruce Goose Restaurant building after the business moved out.

Commissioner Beck stated that he thought they should only have to pay the one fee and the other Commissioners concurred.

Discussion took place regarding the fact that the stormwater was a separate issue and that a fee, possibly a reduced fee, should be charged as the restaurant needed to participate in the cost of building the new stormwater pond infrastructure required by Jefferson County in the County Stormwater Ordinance. Also discussed was whether the increased size of the restaurant would affect the existing septic system and that a meeting with Randy Marks of Jefferson County was going to be held to resolve some of the issues.

Mr. Pivarnik remarked that aside from long-term parking charges, a parking fee was not currently being charged to tenants at the airport and his recommendation was that this existing policy continue.

Discussion followed to include the two required ADA parking spaces, the building color (green) and the set back from the tarmac of the patio at 25 feet, the waiving of the septic hookup fee and that negotiations would take place regarding the impervious area to determine stormwater fees and that rent would begin when the Spruce Goose moved into the new building.

B. Change Orders No. 1-4 on Caicos Contract & Project Control Form Revision – Hudson Point Marina Reconstruction

Mr. Taylor informed that two issues were involved, #1 approval was needed on the Change Orders No. 1-4 on the Caicos Contract and #2 approval of the revised Project Control Form in the amount of \$4,082,000. He stated that the current Project Control form, approved on October 11, 2006 was for \$3,500,000 and was based on the original Caicos bid. So far, he stated, there have been four change orders on the Caicos Contract; one for clean-up in Long-term yard at PTBH in exchange for the old Hudson Point gangways, which added no cost; the second was for addition of cleats that were overlooked in the design and which resulted in an increase of \$4,255 + WSST; the third change order was for the lift pier and totaled \$323,191 + WSST; the fourth was for additional rock which was brought in and placed along the shoreline at a cost of \$17,984 + WSST resulting in change orders totaling \$374,446 including WSST, which brings the Caicos Contract to a total of \$3,021,331 including WSST. Mr. Taylor also included the amount of \$197,377 for the pile removal on the waterfront, which the Commission had approved at the December 1, 2006 meeting. He noted that the pile removal amount was not included in the Caicos contract as it had not yet been awarded.

Mr. Crockett reminded that the money needed for the pile removal was a “pass through” only and would actually be paid for by the State Department of Natural Resources (DNR).

Discussion regarding the cost of the lift pier with the cost having been negotiated to not exceed \$323,000 including time and material, and that the project might be under \$300,000.

Mr. Taylor finalized by stating that the revised Project Control Form dollar amount agreed with the dollar amount listed on the Capital Budget of \$4,082,000 if there were no additional change orders.

Commissioner Beck made a motion to approve Change Orders #1 – 4 on the Caicos contract in the total amount of \$374,446, which includes WSST. Motion carried by unanimous vote.

Commissioner Beck made a motion to approve the revised Project Control Form for Hudson Point Marina Reconstruction in the amount of \$4,082,000. Motion carried by unanimous vote.

C. 2007 Capital Budget & 5-Year Capital Plan

Mr. Crockett updated that the subject had been discussed in detail during the workshop held this morning.

Commissioner Sokol made a motion to adopt the February 9, 2007 draft version of the 2007 Capital Budget and 5-Year Capital Plan, as presented. Motion carried by unanimous vote.

D. GPS Approach – JCIA

Mr. Crockett briefed the Commission on an offer made by the FAA in which they would pay 95% of the cost of implementing a GPS Approach system at JCIA. The Port would be responsible for the remaining 5% and he advised that State Grant monies might be available to help with that portion. The FAA, he stated, was in the process of reviewing all general aviation airports like ours. The timeline for the project would be 2009 at the earliest and in order to reserve that timeframe, all necessary paperwork must be filed. Mr. Crockett informed that Mary Vargas at the FAA had stated her willingness to bring the paperwork to the FAA conference that he and Mr. Pivarnik would attend in April 2007. He asked for Commission authority to sign the paperwork at that time in order to go forward with the project.

Commissioner Beck made a motion to authorize Staff to sign paperwork necessary to implement GPS Approach at JCIA. Motion carried by unanimous vote.

Discussion followed to include the \$50,000 cost of the project of which the Port will pay 5% and that the project was listed in the 2007 Capital Budget.

E. Admiral Ship Supply Lease

Mr. Pivarnik stated that the lease was one of the new leases that had been developed with input from Mr. Harris and Attorney Mason (who represented the Sperry Building tenants). The lease was for a five year time period, at market rate and with annual CPI increases.

Steve Brown, Admiral Ship Supply, remarked that no lease was perfect and that he hoped that there would be an extension as he hoped and believed that the business would be around a lot longer than five years.

Commissioner Beck made a motion to accept the lease with Admiral Ship Supply. Motion carried by unanimous vote.

Discussion followed regarding the inherited maintenance issues for some of the Sperry Buildings, which included roof replacement and that when the weather improved, Admiral Ship Supply, the Brewery and Steelhead Marine would have roof replacement scheduled.

VI. NEW BUSINESS

A. Renewal of Skookum Janitorial Services Contract

Mr. Crockett briefed the Commission on a meeting he attended last week with Jim Westall and John Burke regarding the Skookum Janitorial Contract. Historically, he remarked, Skookum had provided janitorial services for the Administration Building, the Moorage Offices and the showers and restrooms at both Boat Haven and Hudson Point. The contract had expired September 30, 2006, and the new contract was considerably more money than anticipated. He stated that in 2000, he and Mr. Westall had reached a “gentlemen’s agreement” regarding services and the fact that, technically, the Skookum Building belonged to the Port; and Skookum does not pay rent on the building as part of their non-profit status. Mr. Crockett stated that upon researching the contract he ascertained that the agreement with Skookum was that certain services would be performed and that the Port would receive a credit of \$10,000 on those services. At the meeting he reminded Mr. Westall of that agreement and Skookum agreed to reduce the contract to under \$60,000. Since we have increased the amount of space that requires cleaning, especially in the new facility, Mr. Crockett recommended approval of the contract, which was for a time period from January 1, through December 31, 2007. He remarked that there really was no other cleaning company based locally and that to hire staff and achieve the same result would cost at least \$60,000 (including benefits).

Mr. Crockett informed that Skookum had grown into other areas and one possibility was negotiating with them to do grounds keeping for us at the airport.

Discussion followed regarding the costs and risks of hiring summer help to perform the lawn mowing at JCIA, the excellent job Skookum had been doing

and that they had honored the expired (9/30/06) contract price and continued to clean all the additional space through 12/31/06 at the old price.

Commissioner Sokol made a motion to approve the renewal of the Skookum Janitorial Contract as presented. Motion carried by unanimous vote.

Commissioner Thompson suggested that staff pursue any alternatives with other cleaning services.

Discussion followed to include that the Port would remain open to new possibilities and the unavailability of other cleaning services in the area.

B. Special Request from Yard Tenant

Mr. Radon provided background on the request by Mr. Brian Metke for a reduced yard rate as the work project on his vessel had been delayed due to the accident suffered by Barry Stephens.

Brian Metke, of Camp Sherman, Oregon, owner S/V “Singing Wind”, stated that he was actually here on a public relations mission and presented a check for \$1,000.00 (the check was given back to Mr. Metke) to instigate a fund for Barry Stephens. He informed that as a school superintendent he had dealt with school boards and commissions and that he wanted to come before the Commission and talk about the situation in which he found himself. He related that Barry Stephens had been recommended to him as someone knowledgeable and able to do the work necessary on his wooden vessel. He scheduled a two-month slot in the work yard and Mr. Stephens proceeded to begin the job, pulled the engine, etc. After Mr. Stephens had the accident, Mr. Metke was concerned that the time slot would be given to someone else and that he would be required to move his boat since the work would not be completed as scheduled. When he alerted the work yard crew and informed them that his project was going to be inactive for a period of time, he was told that “inactive” was not a status but a location in the yard. He then asked if he could move his boat to that location and was told the long-term yard was full. When he expressed concern for Mr. Stephens and his own situation he was informed by staff that all the rates were being raised because of “squatters” in the yard and that projects were being encouraged to get finished and to get out. He stated that he had wanted to speak to the Commission because, in his opinion, it was not correct for the “rank and file” to indicate that the Commission was “hard nosed and inflexible”. He stated that because of the internationally recognized artisans here, that a fund should be established for Mr. Stephens. He assured that he could afford to stay put in the active work yard all year if necessary.

Commissioner Beck informed that the Port could not accept or gift credit to anyone due to the State WACs.

Commissioner Thompson stated that the Marine Trades had accepted donations in Mr. Stephen’s behalf.

Commissioner Sokol stated that any individual so desiring would be able to establish a nonprofit type of organization for eventualities like this one, but that the Port, as a Municipal Corporation, could not.

C. Video Production Proposal

Mr. Pivarnik briefed the Commission on the DVD production proposal which was developed in an effort to improve communication (and brought about by the on-going project of the Shipyard Rules and Regulations) and based on Commissioner Beck’s idea. The DVD, he stated, would provide a library of Best Management Practices with information for everyone from a moorage tenant, to the use of the pump-outs, how to use a vacuum sander to sandblasting requirements. He envisioned that the DVD would be viewed in the Yard break-room; a written handout would be given out after viewing the DVD and customers would be required to sign that they had viewed the video. He stated that Peter Wiant was a video producer and specialized in preparing hard-core industrial and product introduction videos. Mr. Pivarnik stated that the original proposal had come in at \$16,000 but further negotiations had brought the proposal to \$9650.00 +WSST and that Mr. Wiant would provide

DVD copies at his cost. It would also be posted on the Port website so that people could view it at home.

Commissioner Beck made a motion to approve the contract with Wiant Productions for \$9,650 plus tax. Motion carried by unanimous vote.

D. Operations Reports – Month of January 2007

Mr. Radon informed that January was slightly down in monthly guest moorage and up in permanent moorage at Boat Haven. He explained that we were following the moratorium established last spring regarding limiting the number of monthly guests. In response to a question from Commissioner Sokol regarding where the boaters from Hudson Point were listed, Mr. Radon explained that most of those were in the 20' to 25' bracket and were included in the permanent moorage section. He continued by stating that nightly guest totals were at 182 as compared to 129 for January 2006 and had increased due to the lack of availability of long-term monthly guest status and associated with the haul-out activity. Although, January was one of the slower months, he stated, there was still a lot of movement with boats coming a few days before being hauled out and then staying a few days afterward. Ramp fee revenues had been fairly brisk at 8 daily and 36 annual compared to 5 daily and 34 annual during January 2006. He informed that the Wait List numbers were up slightly over last year with the 40-foot range being the most popular and therefore the longest wait list. He stated that haul outs were within two of last year at 33 compared to 35 in 2006 and that overall hoist operations were at 76 overall operations, counting reblocks and inspections on 70/75 lift, compared to 66 in January 2006. He stated that on the shipyard side, ops were up. He informed that there were a few empty slots in the yard now but the bookings were strong for later in February. Starting the first weekend in March, the Yard office would stay open 6 days a week as would the Moorage Office; the offices would begin the 7 day a week schedule in May. He noted that the Marine Trades were responsible, it seemed, for the booking numbers increase. As Hudson Point continued to be closed for construction, there was no marina activity, however there were 109 nightly RVs as compared to 121 in January, 2006 and a total of 12 winter over RVs. According to the reservations, the RV Park should be full on President's Day weekend.

VII. STAFF COMMENTS

Mr. Harris related that he had received news regarding the stormwater litigation in Grays Harbor County and it was not favorable. He would update the Commission at a later date after he had been able to review the ruling.

He stated that the legal papers regarding the Otter Crossing situation had been filed and should be served today, February 14, 2007 with the case scheduled for court on Friday, February 23, 2007.

Mr. Taylor updated the Commission on a change in account collection procedure that involved the moving of the Port past due accounts from a collection agency located in Port Townsend and which had been used for a number of years with limited results to an agency located in Poulsbo and was currently being used by the Port of Port Angeles and the Port of Bremerton. He informed that a change in the State RCW now allowed that the cost of collection could be added on top of the amount owed up to 50% of the balance up to \$100,000. The other ports related that the new agency was aggressive and Mr. Taylor hoped for better collection results. He stated that the agency would be sent the face value of the debt and that they will add an additional 50% on top of it as allowed by state stature. Additionally, he said, the wording of the Port collection letters was being changed to indicate (and give warning to the customer) that the account was facing additional costs.

Discussion followed regarding the fact that the delinquent accounts add more to other tenant's bills, that the delinquent accounts hurt the county taxpayers and that 100% collections probably would not be the final result. The Commission consensus was to go forward with the change in collection agencies and collection procedures.

Mr. Radon informed regarding the boatyard permit that had been under appeal by both the NMTA and the Puget Sound Keeper Alliance. He stated that he had testified last summer before the Pollution Control Hearings Board and that we had been waiting to

hear the outcome. He reported that the preliminary report had been released and that we had won a few of our points but that Puget Sound Keeper Alliance had won more which would, he stated, make the standards, no doubt, more onerous. He stated that we were awaiting the Department of Ecology stance on the Hearings Board's ruling. He stated that we did prevail on one, big issue; Puget Sound Keeper Alliance had been pressing for numerical effluent, a specific number that must be met at the end of the pipe. Concern had been that if that rule was in place, the third party environmental groups would have the ability to file a lawsuit directly against the boatyard operator. The Hearings Board had declined Puget Sound Keepers argument to establish a hard and fast numeric number for the discharge. Mr. Radon acknowledged that it was uncertain at this point what impact the ruling would have on us. He informed that he, Mr. Lockhart and Mr. Khile would attend the February 15, 2007 Northwest Marine Trades Association Boat Yard Workshop at which the Department of Ecology would be talking about the requirements that were already in the permit.

Commissioner Thompson stated that he understood that the DOE was supposed to help us meet the requirements.

Mr. Radon advised that one reason for the meeting was that DOE had heard before from operators who had negotiated the permit that DOE had put requirements "out there" but did not follow up with specific guidance that the boatyards really needed. He stated that there was a large amount of technical language which was not simplified into something usable. One of the reasons the DOE was leading the workshop was so that they could talk about the BMPs that boatyards were supposed to be using, talk to the groups about stormwater sampling requirements and reporting. Mr. Radon explained that DOE had heard the concern regarding the permit and that guidance was not offered on how to manage it. He stated his hope that the workshop would be the start of a new relationship with the Department of Ecology regarding the permit.

Discussion followed regarding the issue.

Mr. Pivarnik informed that the first ADA compliant gangway at Hudson Point was in place. He updated that the Port had been granted an extension to March 15, 2007 to complete in-water work. The extension was granted with the compromise in place that we would have a fish biologist (we have contracted with a retired Fish and Wildlife biologist) on site during any pile driving activity. He remarked that some of the docks had been floated in and that others would be floated in by the end of the week.

On another topic, Mr. Pivarnik informed the Commission on an effort to upgrade Boat Haven electricity. He stated that Puget Sound Energy would bring in 3-phase power to a section of the boatyard that does not currently have power and which would include Craftsman United. He stated that the Port would pay, up front, the cost of \$9500 for the transformer and then Puget Sound Energy would credit the Port up to 75% of that figure over a two year time period. He advised that the initial cost was outside the spending authority of Mr. Crockett but reminded that after the credit back from Puget the total cost would be approximately \$2000.00 and that it was for an area of the boatyard that really needed power. He stated that he would like to have other transformers installed so that all the marine trades would be provided with power. He asked for Commission approval to go forward with the project.

Commissioner Beck made a motion to authorize Staff to approve the installation of 3-phase power at PTBH. Motion carried by unanimous vote.

Mr. Pivarnik informed that during the Capital Budget workshop discussion had taken place regarding the rehab of the Nurses' Quarters at Hudson Point and that he had been in negotiations with a prospective tenant for the building who was willing to completely redo the inside of the building if the Port would rehab the exterior. He asked for Commission approval to move forward and the consensus was for him to continue to negotiate a lease based on information presented.

Mr. Crockett reminded that he was going down to Olympia on 2/15/07 to testify in front of the Washington State Legislature as part of a WPPA presentation.

Mr. Crockett stated that the Port has been invited to attend a Tsunami Workshop on February 23, 2007 at WSU. The workshop will be hosted by emergency management personnel.

VIII. PUBLIC COMMENTS

Forrest Rambo asked if the storm water impervious surface would be increased by paving the Hudson Point RV sites.

Mr. Crockett informed that it would not, as the existing compacted gravel was classified the same as if the site was paved.

Mr. Rambo suggested that the Port partner with another governmental entity such as the Department of Ecology, the Northwest Marine Trades Association or the Public Ports Association in order to produce the more expensive BMPs DVD project instead of scaling down to the lesser version. He was reluctant, he stated, to have our small community of Port Townsend, (or even all of Jefferson County) push the project forward when other agencies had far deeper pockets and we could, perhaps, in his opinion, ride on their coattails

Mr. Rambo addressed the credit given to Skookum by the Port of the rent and inquired if it was because Skookum was registered as a 501 C3 and if that was why the rent credit was not considered a gift of public funds.

Discussion followed to include that the lease had been written a number of years ago and that there were services Skookum was to provide to the Port in exchange for rent, and that Section 7, Article 8 of the Constitution of the State of Washington did have a provision for gifting a credit for the infirm and when Skookum was created that was their forte, bringing jobs to the mentally and physically challenged.

Mr. Rambo stated that he was aware of that fact, but had wanted to clarify that there was an exchange and that the rent exchange was not a gift of public funds.

Mr. Rambo brought up the waiving of the daily ramp fees for the Fishing Derby participants.

Discussion followed regarding the fact that waiving the fees was in support of the Derby sponsor, Fire District No 5 – Discovery Bay/Gardiner and that the Derby was a fundraiser for another governmental agency and that events like the derby brought revenue into the area.

IX. COMMISSIONER COMMENTS:

Commissioner Beck stated he had taken some out of town folks on a trip through the boat and shipyards and they had noticed and pointed out to him, the piles of lumber, boards and other items that were piled up around the various businesses. He remarked that the New Day Fisheries building was in need of a coat of paint and that lots of stuff was piled up in the public street there. He noted that the street was being used as a vacated street even though it had not been declared vacated by the City of Port Townsend.

Commissioner Beck informed that he had attended the Chimacum School Open House and had been impressed by a presentation made by a gentleman from Edington School Junior College on a course they offer call Materials Science Technology i.e. polymers that can be made for fiberglass, etc. He expressed his belief that the science is the next step in construction of vessels and would like to see some type of educational program set up for our area.

Discussion followed regarding Peninsula College and WSU participation and that Townsend Bay does quite a bit of composite training.

Commissioner Thompson requested staff to think about ideas for a solution to resolve the on-going Port garbage problems at Boat Haven and Hudson Point.

He announced that he might be out of town and therefore unable to attend the February 28, 2007.

Commissioner Beck stated that it would be an excused absence.

Discussion followed regarding the garbage problem, the \$300.00 fine for illegal dumping already in place and the fact that the environmental centers become loaded down with garbage.

Commissioner Sokol reminded that it was once again time for the annual Stars of the Future Kiwanis event.

X. NEXT MEETING will be held Wednesday, February 28, 2007 at 7:00 PM, in the Port Commission Chambers, 375 Hudson St, Port Townsend, WA 98368.

XI. EXECUTIVE SESSION

None

XII. ADJOURNMENT:

The regular meeting adjourned at 2:25 PM there being no further business to come before the Commission.

ATTEST:

Secretary

President

Vice President