

PORT COMMISSION MEETING – March 28, 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
Auditor – Taylor
Senior Accountant/Recorder – Hawley
Attorney – Harris

Absent: Marine Facilities Director - Radon

I. CALL TO ORDER

The meeting was called to order at 7:00 PM.

II. APPROVAL OF AGENDA

The Agenda was changed to reflect the addition to Old Business of: Item C – Hangar Lease and the addition to New Business of Item C - Little and Little Contract.

Upon motion of Commissioner Beck, the revised agenda was unanimously approved.

III. CONSENT AGENDA

- A. Approval of Minutes – 3/14/07
- B. Approval of Warrants
#36474 through #36498 in the amount of \$32,291.36
#36499 through #36506 in the amount of \$39,383.89
#36507 through #36560 in the amount of \$608,188.37
#36364 as a Voided Warrant in the Amount \$2,029.22

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

IV. PUBLIC COMMENTS (Not related to agenda)

None

V. OLD BUSINESS

A. Ferry Reservation System

Mr. Crockett reminded that he had attended a meeting regarding the proposed Washington State Ferry Reservation System on March 2, 2007. Representatives from the City of Port Townsend, Jefferson County, the Port Townsend Chamber of Commerce and the Economic Development Council (EDC) had also attended. Mr. Crockett informed that subsequently the Washington State Department of Transportation had dropped the Ferry Reservation System concept due to lack of funding. However, he stated, another concept to come out of the March 2nd meeting was that of linking all of the Chambers of Commerce across the North Olympic Peninsula via computer in a “ticket master” way. Such a system, he stated, would facilitate tourism related issues and that such a system would make possible the sale of event tickets at any location.

Laurie Medlicott, Chair of the Peninsula Development Authority (PDA) stated that the organization had, until recently, been one which distributed Federal monies and which had acted as a pass through of those funds to the local EDCs. She reviewed that currently Federal money would be given for a regional project only and that the concept of linking all the Chambers across the North Olympic Peninsula, a concept coined an “intellectual infrastructure” would qualify as a regional project and therefore be applicable for Federal money.

Ms. Medlicott informed that another idea discussed at the March 2nd meeting was that of moving the Port Townsend Visitor’s Center to the Haines Street Park and Ride area and using the freed up space to resolve summer Ferry traffic holding and parking overflow problems. Another idea discussed, she stated, had been that of installation of a low wattage radio system to be used for public and service announcements such as ferry run backups and as an adjunct to the AHAB system. Ms. Medlicott expressed hope that the Commission would approve Mr. Crockett voicing a positive position on the Chamber of Commerce linkage concept at the PDA meeting to be held on March 29, 2007.

Commissioner Beck stated that Mr. Crockett was his alternate on the PDA board. He informed that there had been a meeting with the RPTO, which was looking into linking all of the transportation systems in the area.

Discussion followed which included that a system had been attempted 20 years ago, the frequency needed, wattage, number of broadcasting sites, and how far the public announcement system would extend, and the pros and cons of moving the Visitors Center, etc.

Mr. Crockett then informed that there were other, more pressing problems, which dealt with the fact that the Washington State Legislature had pulled all funding for improvement projects for the Port Townsend/Keystone Ferry run except for \$500,000 to be used for replacement of one of the wing walls in Port Townsend. All the planning monies had been pulled also as well as the entire team of consultants. Therefore, he stated, no improvements would be made to the Ferry until some kind of emergency happened and then quite possibly Port Townsend would be without a ferry for the time necessary to make emergency repairs. Project money, he informed, would not be available until the next biennium, which would be in 2009 for the 2010 budget.

Commission consensus was that Mr. Crockett was given approval to support the Intellectual Infrastructure of Chamber of Commerce linkage.

B. Quilcene Aquaculture Infrastructure Project

Mr. Crockett reminded that at a previous meeting the Commission had directed Port Staff to complete and submit an application to the .08 County Public Infrastructure Fund Committee requesting \$150,000 in grant monies to support a new water intake system and scrubbers in Quilcene. The project would have direct benefit to Coast Seafood but would also benefit the entire region. Mr. Crockett stated Staff was still awaiting determination of when the topic would be heard before the entire PIF Committee. He stated that Neil Warner of the Hood Canal Salmon Enhancement Group was willing to brief the Committee on the project.

Discussion followed to include a possible negative response, and misconception of uses of the .08 Fund, by the Jefferson County Commissioners, the pros and cons of requesting half of the funds for the project this year and half next year, the fact that the project would benefit the entire region and not just Coast Seafood and that Mr. Crockett would follow up with the County to determine when the PIF Committee would be convened, etc.

C. JCIA T-Hangar Lease

Mr. Pivarnik reminded that on 3/8/2006 the Commission had approved seven T-Hangar leases (the Hangars had been relocated) at Jefferson County International Airport. He announced that, to date, only two tenants had agreed to sign a lease with the Port. However, he stated, one of the T-Hangar owners, Mr. Milton Foss, had recently sold his hangar and the new owners had approached Staff regarding the offered lease. Staff recommended offering the lease, with a remaining term of nine years, to the new owners.

Commissioner Beck made a motion to approve the T-Hangar lease at Jefferson County Airport for the remaining nine years life extension with Thomas A. and Cassandra Brotherton. Motion carried by unanimous vote.

Commissioner Sokol expressed hope that the remaining T-Hangar tenants would agree to sign the offered leases now.

VI. NEW BUSINESS

A. City Water and Sewer Rates

Mr. Crockett informed that the City of Port Townsend Public Hearing on the proposed new City Water and Sewer Rates had been canceled and rescheduled for a later time. He informed that the proposed rates would raise the water and sewer rates for governmental entities to include the Port and Fort Worden. The proposed water rate increase would be 91% and the proposed sewer rate would raise 11%. He informed that as most of the Port tenants, examples such as the Portside Deli, the Landfall Restaurant, the Blue Moose, etc, pay water and sewer and that their rates would increase significantly. All the Port leases, he stated, were triple net. He sited that businesses located off Port property would not see the same kind of rate increases, if, as proposed, a Governmental Enterprise zone was created by the City.

Discussion followed to include that a 10% City utility sales tax was going to be imposed on top of those additional fees, the fact that all Port tenants pay 12.84% Washington State Leasehold Tax of which \$168,000 + was returned to the local

community, and that if the Port and Fort Worden were to be rate re-classed then so should local churches, schools, and Jefferson County.

Mr. Crockett suggested that he draft a letter to City Manager, Dave Timmons of the City of Port Townsend, and copied to the City Council members which informed him of the facts surrounding the utility bills on Port property, showers to moorage customers, etc, and then send a copy out with the next Port lease billing statements

Mr. Harris suggested that quite possibly the City would not have the authority, and that it might be unconstitutional, to assess different rates for different property classes. (Residential, commercial or creating a separate class of governmental) and stated that the fact that a customer was a governmental entity did not justify higher rate charges.

Discussion followed regarding that the water at Hudson Point comes into the area via one pipe and once through the meter becomes a Port owned system and is maintained and repaired by the Port. Also discussed was the fact that the businesses in the Port were ones that the City had expressed desire to have located in the City, (no big franchises or large firms) but were locally owned small businesses and marine trades.

Commissioner Thompson made a motion to authorize the Executive Director to draft a letter to Dave Timmons of the City of Port Townsend addressing the proposed changes in utility rate of 91% to governmental customers Motion carried by unanimous vote.

Commissioner Beck expressed his thoughts that the letter should address the State Leasehold Tax that was paid by Port Tenants in lieu of property taxes.

Commissioner Sokol stated that also included should be the fact that Port tenants, as well as the Port itself, paid B&O taxes, sales tax and personal property taxes.

Commissioner Thompson stated that the letter should also include that our attorney has suggested that this whole scenario may be unconstitutional.

Mr. Harris reiterated that he might have used that term loosely, but that just because we were a Port District did not justify reclassification into a different, higher rate.

Discussion followed regarding that there was no relationship between a utility fund and property taxes, the fact that the Port had installed, and maintained, its own stormwater system but was still charged (as were its tenants) for stormwater fees by the City and that utility rate increases raised the cost of all services in the Port.

B. February Financials Update

Mr. Taylor informed that operating revenues for the first two months of the year were below budget by \$26,000 or 4%, but that the revenues were \$73,000, or 12 ½ %, ahead of the same time period last year. The moorage cost center was just \$4,000 over budget and \$17,000 ahead of last year. Work Yard revenues, at \$150,000, up from \$98,000 for the same time period in 2006, and indicated that even with the rate increases volume in the Yard had increased. The hoist revenue was up \$7,000 over the same period last year. Therefore, the Work Yard, as a whole, was about \$20,000 ahead of budget and \$61,000 ahead of last year. Unfortunately, he briefed, the Ship Yard was about \$5,000 below last year and about \$20,000 below budget. Hudson Point was considerably below last year, but that had been anticipated due to the closure of the Marina. He informed that fuel sales at the airport were considerably below budget and below 2006 actuals by \$5,000.

On the expenditure side, he noted, costs were about \$52,000 under budget for the first two months. Staff costs, below budget by \$37,000, was because the budget had included four new staff positions and currently only one position had been filled. He noted that the cost of fuel at the airport was down by \$11,000, which resulted from the fact that sales were down by \$15,000 and stated that the new repair and maintenance budget was \$11,000 under budget.

On the non-operating items, he stated, we were still riding the wave of good investment earnings because there were still a fair amount of the LTGO money for Hudson Point invested and, additionally, the Hazardous Spill trailer grant revenue had been recorded.

Net income, he stated, for the first two months of 2007, was \$89,055, which resulted in being ahead of budget by \$80,000 but below 2006 actuals(which were \$123,000)

by \$34,000. He reminded that 2006 had been a record year, but that we were off to a good start for 2007.

Commissioner Sokol remarked that although we were not doing as well as last year, it was still very early in the year to speculate on what would occur for the remainder of the year.

Mr. Taylor commented on all of the discussion that had taken place last fall during the budget preparation on limiting monthly guest moorage, he noted that monthly guest moorage was down \$8,500 for the first two months, but that nightly guest moorage was up \$8,300.00 which indicated, he said, that visitors were still willing to stay here even at the higher nightly guest rate.

Discussion followed regarding the budget and how the number of cost centers had increased to fourteen with the addition of the Fuel Dock Facility and that the daily price changes in gasoline and diesel prices would be monitored carefully.

C. Little and Little Contract

Mr. Pivarnik informed that the construction phase had begun for the Taxilane Project at JCIA with the approval of the permits. Staff considered it imperative that the Port have a construction manager at the airport over 50% of the time and recommended contracting with Little and Little Construction who had presented a project proposal at a cost of between \$10,000 to \$15,000 depending on how many inspections were required by the FAA over the four-month project time period. He stated that staff had been very impressed with the job done at Hudson Point and recommended that the Port contract with Little and Little for the Airport project.

Commissioner Sokol made a motion to authorize Staff to enter into an agreement with Little and Little Construction for construction management for the airport project not to exceed \$15,000. Motion carried by unanimous vote.

VII. STAFF COMMENTS

Mr. Harris stated that a final draft of a letter to the City of Port Townsend regarding the ongoing stormwater drainage issue was near completion and that, when finished, would be presented to the Commission for review during a future executive session.

Mr. Pivarnik updated on Hudson Point and announced that the project was now ahead of schedule with an anticipated June 1, 2007 re-opening date. However, he proposed an ad campaign, press release and media splash for a July 1, 2007 for the re-opening.

Discussion followed regarding the protection being put around the lift pier pilings and the fact that Fleet Marine was aware that they were operating at their own risk as the Marina was still officially closed even though the lift pier was being used to haul boats.

Mr. Pivarnik informed that two bids had been received for the Hadlock Float project. One from Topper Industries for \$40,000 and the second from Caicos Corporation for \$45,000. As the Commission had already approved \$60,000, Mr. Pivarnik stated that, even with staff costs, the project should cost \$50,000.

Mr. Pivarnik additionally informed that Seton Construction had drilled six test holes at the airport and that Jefferson County had promised to “fast track” the permit and that he hoped to have it in hand by the end of next week.

Mr. Pivarnik stated that the Quilcene septic design was still at Jefferson County.

Mr. Crockett informed that he, Mr. Taylor and Mr. Pivarnik had attended a meeting with the FAA representatives and Reid Middleton regarding how to account for the \$1.6 million in FAA grant money for the Airport Taxilane project and that the meeting had been very productive and informative.

Mr. Crockett briefed the Commission regarding a possible upcoming autumn project, (done by the Jefferson County Department of Public Works) which involved adding a 200 foot long by 15 foot wide left turn lane on Prospect Avenue so that the problems of backed up traffic awaiting vehicles making a left turn onto Highway 19 would be alleviated. He stated that further information would be provided when the project timeline was closer and that it might result in a trade of some kind between the Port and the County.

Commissioner Sokol remarked that a stop light at that intersection would probably be a better idea.

Mr. Crockett stated that a new form had been crafted in response to the suggestion regarding customer comment forms made at the last meeting by Commissioner Thompson. He

informed that current comment forms were currently available at both Boat Haven and Hudson Point moorage offices and that one dealt with a request for some type of service and the other to report damage. He suggested that the new form could be completed anonymously (although it was better if a name was included) and then put into a wooden receptacle underneath or mailed, e-mailed or accessed on the Port website. Staff would still complete the form if requested by the customer. Standard procedure, he stated, was for all office personnel to complete a complaint form for customer issues.

VIII. PUBLIC COMMENTS

Forrest Rambo stated that, in his opinion, advertising for the Hudson Point re-opening should be in June rather than delayed until July when it could become lost in the July 4th activities.

In regard to the complaint forms, he stated that having spent 25 – 30 years in the advertising and P/R business, one of the things that he had discovered was that for a customer to complete a form required an additional level of activity that made them resistant to performing the task. In his opinion, it was a good idea to have staff complete the form whenever they receive a complaint or a compliment.

Discussion followed regarding forms currently available for public use and that accidents were reported on a separate form as per insurance requirements.

Clair Candler recommended the idea of roll up ladders for use at the Hudson Point Marina since the new floats were higher out of the water than the old floats and that if someone fell into the water they might not be seen, especially at night.

IX. COMMISSIONER COMMENTS:

Commissioner Thompson remarked on the termination of the Port Townsend/Keystone Ferry project and improvements.

Discussion followed regarding how everyone was disheartened regarding the funding issues.

Commissioner Beck said that seems to be what the folks in town want.

Commissioner Sokol informed that he would like to readdress the possibility of the evening meetings starting at 6:30 PM instead of 7:00 PM and would like the topic included in the next workshop.

He inquired as to when the annual meeting in Quilcene would be held this year.

Discussion followed regarding possible dates and that the Quilcene Septic Project should be completed by then.

X. NEXT MEETING will be held Wednesday, April 11, 2007 at 1:00 PM, with a Public Workshop preceding at 9:30 AM, in the Port Commission Chambers, 375 Hudson St, Port Townsend, WA 98368.

XI. EXECUTIVE SESSION

None

XII: ADJOURNMENT:

The regular meeting adjourned at 8:35 PM there being no further business to come before the Commission.

ATTEST:

President

Secretary

Vice President