

PORT COMMISSION MEETING – October 28, 2009

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

Present: Commissioners – Beck, Collins, Thompson
Executive Director – Crockett
Deputy Director – Pivarnik
Auditor – Taylor
Attorney – Goodstein
Senior Accountant/Recorder – Hawley

I. CALL TO ORDER/PLEDGE OF ALLEGIANCE:

The meeting was called to order at 6:30 PM.

II. APPROVAL OF AGENDA:

The Agenda was amended to reflect the addition to Old Business of Item C – Reid Middleton Contracts at the Jefferson County International Airport.

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

III. CONSENT AGENDA:

A. Approval of Minutes – October 14, 2009

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

IV. PUBLIC COMMENTS (Not related to agenda):

None

V. PUBLIC HEARING ON 2010 OPERATING BUDGET, 2010 RATES AND 2010

PROPERTY TAX LEVY:

At 6:31 PM, Commissioner Beck opened the Hearing and reminded attendees of the Port's Public Hearing procedures. He then turned the presentation over to Finance Director, Donald Taylor.

Mr. Taylor reminded that there had been advertisement of the Public Hearing in the Port Townsend Leader and the Peninsula Daily News. The Budget document was available on the Port website and hard copies of the 2010 Draft Budget were available at the Administration office and the Moorage offices, and to his knowledge, only two copies had been picked up by interested citizens.

He informed that the total Draft Budget Revenues from all sources for 2010 was \$5,385,200, down \$891K from 2009 mostly due to leasing out the Fuel Dock operation (accounted for \$834K of the difference). All the other revenues nets out to an \$8K decrease from 2009 and a \$50K decline in Non-operating revenues due, mostly, from a decrease in interest earnings.

The major assumptions in the draft Budget, he informed, was it included no proposed rate increases, planning that the Yard Incentive Program, which began July 1, 2009 haul out rates, would go back to their prior rates January 1 and the Yard rates would go back to the 42 cents a foot, the long-term rate, as of April 1, 2010. He advised that the Budget anticipated a slight increase in Work Yard traffic with the hope that the Incentive Program will entice a few projects to remain in the Yard longer. He advised that most of the levels of service were budgeted to remain much as we have been experiencing in 2008 and 2009.

The property tax is at the maximum amount that it appeared we could levy which is the 1% banked from 2009 and the 1% that we can levy for next year.

Taking the banked plus whatever we can for next year would generate about \$15K with \$12K anticipated from new construction bringing in about \$27K in additional tax money and result in a millage rate of 16 cents per \$1K of assessed value, a slight decline from 2009 as it is 16.1 cents now.

Staffing levels are based on 26.1FTEs, which, he advised, is a reduction of 4.25 FTEs or 14% from the 2009 Budget. That is deleting 1.25 positions in moorage, one in the Work Yard, one in Security, and the one that was never filled in Accounting. Staffing levels have actually gone down 19.5% from the 2008 Budget, which included 32.4 FTEs, resulting in a total staffing reduction of 6.25 FTEs since 2008.

Mr. Crockett advised that in his opinion, it would not be advisable to go any lower in staffing levels than what is proposed in the 2010 Draft Budget, saying that to go any lower would impact our ability to still function at an acceptable level and serve our tenants and customers. Additionally, he cautioned that, as recommended by the Strategic Planning

Committee, at some point there was going to need to be discussion about hiring an environmental position, especially in light on the on-going storm water issues in the Yard.

Mr. Taylor resumed by advising that \$225K in interest expense had been added to the Debt Service in 2010 as a “placeholder” or estimate of interest on the \$5.5 million as a proposed approximation of the A/B Dock project. Also included was the \$235K balloon payment for the Coast Seafoods building payable at the end of 2010.

Mr. Taylor informed that the total operating expenses are budgeted to decline by \$147K in 2010 of which \$149K comes from the staff costs reductions and that all other expenses in the aggregate are budgeted to increase by \$2K, including \$22K for the State Audit. Resulting in a proposed net income of \$173,739 compared to 2009’s budget of \$425K and compared to 2008 actual of \$345K.

Mr. Taylor touched briefly on the Cash Flow Statement stating that the forecast cash from next year’s operations would be \$181,335 to put toward capital projects.

A discussion followed regarding the proposed 2010 Draft Budget.

Commissioner Beck asked if there were any public comments on the Draft Budget, there being none, he closed the Public Hearing at 7:03 PM.

After a short discussion, Commissioner Beck moved that action on the 2010 Draft Operating Budget be postponed until the November 10, 2009 Commission Meeting. Motion carried by unanimous vote.

VI. OLD BUSINESS:

A. Airport Industrial Park Update:

Mr. Pivarnik reminded that two weeks ago the Jefferson County Planning Commission had voted five to two in approval of the Port’s rezone application for the Airport. He stated that the Planning Commission meeting last week was to formulate a document containing the vote and the Planning Commission recommendation to present to the Jefferson County Board of Commissioners. However, stated Mr. Pivarnik, the discussion became enmeshed in the Tri-Area UGA Sewer System and after four hours of deliberations, the Commission decided to table discussion of the Port’s rezone until the Jefferson County Planning Commission Meeting next week. Mr. Pivarnik stated that the sense, still, is that the Planning Commission is on board with approving the rezone and moving it forward to the BOCC. He hastened to add, however, that it was not a certainty, as the Planning Commission still retained the ability at its next meeting to reconsider the topic should one of the Planning Commissioners who voted in favor of the rezone ask that the topic be brought back up for reconsideration. At this point in time, related Mr. Pivarnik, he did not have a sense of what would happen and would keep the Commission posted as new information became available.

Mr. Crockett reminded that the County staff had recommended approval (packets had been given to the Commission) of the rezone application.

He advised that he and Mr. Pivarnik had hosted a meeting this AM which included the PUD, Jim Parker and Bill Graham, Jefferson County, Philip Morley and Al Scalf and the City of Port Townsend with David Timmons and Rick Sepler. Mr. Crockett informed that the scope of the discussion was very broad but eventually the PUD informed that it had over 700 new service taps available and that so far in 2009 only 36 new taps were issued.

He advised that he had put forward the idea that the Port would be willing (with acceptance by the Commission, of course) to prepare a Resolution which stated that the Port would not move forward with the Airport Industrial Park until 2011. One item that would need clarification was the timeline for the proposed new Fire Station at the Airport Property – if grants funds were found to proceed with the project it could begin immediately and that would need to be clarified with both the City and Jefferson County. Also discussed, was that a time limit such as 24 to 36 months needed to be stipulated.

A thorough discussion followed about the topic.

On another note, he advised that everyone received an e-mail invitation to a November 5, 2009 meeting with the Jefferson County Commissioners/Port Townsend City Council/Port of Port Townsend Commissioners, proposed draft agenda attached. The meeting was planned around the topics of Economic Development and Growth Management. He advised that there could be no discussion, whatsoever, regarding the proposed rezone.

Commissioner Collins expressed concern that the proposed Meeting Agenda indicated a more formal, lecture, type format rather than one in which discussion by the participants was allowed.

Mr. Pivarnik offered that Philip Morley of Jefferson County had made a good case to postpone this meeting as County staff thought it would be better for Port and County staff to meet together a few more times and then brief the respected elected bodies and maybe call for a formal Growth Management Steering Committee which we have a seat on and which hasn't met for 5 years, actually call that meeting, it might not be until January or February or so but, in the meantime, kind of work out all the details.

Commissioner Collins suggested that, if interested, the staff and other commissioners could attend as interested citizens but not as representatives of the Port District.

Commissioner Thompson advised that he would feel more comfortable if the meeting occurred after the Jefferson County Planning Commission had made its decision and forwarded that decision on to the Jefferson County Board of County Commissioners.

To finalize, Commissioner Collins stated that he would very much like to have a mutual discussion with both bodies about our respective growth strategies and visions but did not feel that the November 5, 2009 meeting was the agenda to have such a meeting.

Further discussion followed with the result being that Mr. Crockett would respectively decline attendance except as individual citizens.

B. Department of Ecology Economic Impact Study:

Mr. Crockett reminded that this topic had been touched upon during the October 28, 2009 Commission Meeting. He stated that the Department of Ecology had just released its Economic Impact Study relating to potential costs of implementation of the new Ecology storm water bench marks. At the last meeting, he reminded there had only been a few days for agencies to offer comments regarding the Study. Mr. Crockett had done (on behalf of the Port) and so had the Marine Trades Association. He provided historical information regarding the topic. The issue, per Mr. Crockett, was that every year the technology gets to the point that ever decreasing amounts of copper and other contaminants in storm water can be detected. The industry, he advised, was having a difficult time meeting the current set of benchmarks. He advised that new technologies were being developed to address the issue (and in fact the Port received a \$375K DOE Grant to try one of the new technologies and is moving ahead with it, but it will take a full year to determine if the technology will have a positive impact). In response to the DOE latest benchmarks released in January 2009, the Department of Ecology received over 400 comments from the Industry suggesting/complaining that DOE had failed to compile an Economic Impact Analysis. This, latest report, he said, was as a result of those comments.

Mr. Crockett provided information and details on how he had approached DOE and how the benchmarks would impact not only the Port but the surrounding local economy and the Marine Trades.

Commissioner Collins offered that we must do our very best to enforce the Best Management Practices in the Yard.

Mr. Pivarnik informed that one, major, problem was the gravel in the Yard was heavily contaminated from previous years (possibly as many as 10 – 15 years) and many projects, however Ecology had ruled against the Port's suggestion to chip seal the gravel and the cost would be prohibitive to pave the Ship Yard. He suggested that the entire situation was a "Catch 22".

Les Schnick, Marine Trades, offered that he concurred with everything Mr. Crockett had said tonight. He had also sent a comment letter to DOE. He offered additional comments and suggestions.

C. Reid Middleton – Airport Contracts:

Mr. Pivarnik provided historical information regarding the proposed project, reminding that the current beacon light at the airport needed to be relocated because it was currently hidden by trees and could not be seen. The two contracts presented tonight, stated Mr. Pivarnik, were for Reid Middleton (as required by the FAA, all airports are required to have an Engineering Firm on a five year retainer) for replacement of the beacon at the airport (scheduled to be replaced the first week in December 2009) by Ebenal General of Bellingham, WA. The contract for the design phase of the project was for \$30,486 and \$22,791 is for the construction phase. The

total of the two contracts was \$53,277. He reminded that the FAA would pay 95% of the costs because of the Grant received. The total project cost, per Mr. Pivarnik was for \$157K. Mr. Pivarnik provided information regarding the new pole, which would tilt down for easier maintenance.

Commissioner Thompson moved to authorized acceptance of the contracts, as presented.

A discussion followed.

Motion carried by unanimous vote.

VII. NEW BUSINESS:

A. WPPA Small Ports Conference Briefing:

Mr. Crockett gave a briefing on the Washington Public Ports Association annual Small Ports Conference he and Commissioner Collins had attended and which he considered to be an excellent conference. The conference, he informed, had a large turn out with 90 attendees representing 39 Port Districts. Mr. Crockett gave a briefing to the conference on the first day regarding Port planning in which he talked about the Port's Comprehensive Scheme of Harbor Improvements and the Strategic Planning process.

He advised that there was a mandatory block of training for those dealing with personal service contracts. All personnel dealing with personal contracts, he advised, are required to have the training and so, stated, Mr. Crockett, Mr. Taylor and Mr. Pivarnik have scheduled sessions. He advised that he thought it was important that Executive Assistant, Sue Nelson attend a session because of the record keeping of the interviews and maintaining the records of the bidding process. He recommended that the Commissioners take advantage of a training session, if possible, because of the valuable information they would gain.

Commissioner Collins related that due to delay on the Hood Canal Bridge, he had arrived at the Conference near the closure of Mr. Crockett's presentation (which, he regretted), however, throughout the remainder of the afternoon and the next morning there were considerable additional comments by people of their own planning experiences. Commissioner Collins offered that it made him feel good about the public process the Port had been following, and remarked that, in his opinion, it stood up very well against the other Ports.

B. Landfall Restaurant Community Stakeholders Meeting:

Mr. Pivarnik informed regarding the recent meeting of the newly formed Landfall Restaurant Community Stakeholders meeting (made up of various members of the community and neighbors to the Landfall Restaurant building) which, he advised, was an excellent, productive meeting. He advised that staff planned to convene a second meeting of the Committee for continued discussion. The Committee, he stated had put forward several good ideas and suggestions, which would be discussed in depth during the next meeting. Advising, that there was much community attachment to the Landfall, he added that at the completion of the meeting, there was the realization that the building was structurally severely below code and that before the Department of Health would reissue a permit to a potential restaurant, the structure needed to be brought up to full code at a proposed cost of between \$40K to \$50K. Ideas for potential new uses, to name just a few, included another restaurant, ranging from "high end" to "low end", a marine trades business or a mini Pike Place Market – with a fish market, fresh flowers, shops, etc.

Mr. Crockett related that a concerned citizen who had explained to him that there had been two specimen Weeping Atlas Cedar trees located by the Landfall Restaurant and informed him that one of the trees had been paved over during the recent addition of City sidewalks in the area. The remaining tree needed to be relocated. Mr. Crockett informed that the Port would be willing to help relocate the tree in February 2010 as long as all necessary permits and other information were obtained. He thought that the tree might best be moved to Chetzemoka Park, as long as the City was notified, and agreed to receiving the tree, in advance of the proposed relocation.

C. Approval of Warrants:

Warrant #043021 through #043046 in the amount of \$36,472.74 for Payroll

Warrant #043047 through #043050 in the amount of \$16,644.60 for Payroll Benefits

Warrant #043051 \$3,580.21 for Accounts Payable

Warrant #043052 through #043100 in the amount of \$119,527.42 for Accounts Payable
Electronic Debit in the amount of \$6,922.47 to Washington State Department of Revenue for September, 2009 Combined Excise Tax
**Commissioner Thompson moved to approve the warrants as presented.
Motion carried by unanimous vote.**

VIII. STAFF COMMENTS:

Mr. Pivarnik informed that the Travelift Committee had reviewed the engineer drawings on the proposed new travelift pier and gave unanimous direction for staff to move forward with the project which would involve probable relocation of the current 70/75 ton lift pier next to the current 300-ton. One advantage to the proposed plan, he stated, was that the current lift would be operational right up to the ribbon cutting for the new lift. He provided details regarding the matter advising that he would like to immediately start the permit process, reminding that once a permit was obtained it was valid for three years (and so if it was decided to postpone the project, permitting would be ready). He did caution that funding had not yet been determined. However, he felt it was important, if at all possible, to have the proposed project concurrent with the A/B Dock project in order to save mobilization fees, etc.

A thorough discussion regarding the proposed relocation, the committee, and the new pier followed.

Lastly, Mr. Pivarnik informed that he had received some very disappointing news from the Corp. of Engineers who, because they have determined that the Quilcene Tideland beach is a Sand Lance (a small fish that burrows into the sand on tideland beaches) breeding beach, had ruled that there could be no in-water work from the last week in October, 2009 through March 3, 2010, which, he stated, effectively postponed the Quilcene Harbor Dredging Project. Additionally, he stated, the Department of Fish and Wildlife restricted in-water work from February 15 to July 15 because of salmon migration, which meant that the proposed dredging of the Quilcene Harbor might not move forward until after July 15, 2010 – the busiest time of the year. He advised that the Port Marine Biologist Consultant was appealing the Army Corp of Engineers ruling with the argument that the proposed dredge project would not actually affect the beach tideland. Updates to follow.

Mr. Crockett informed that he would be out of the office November 3 and 4, 2009 to attend the annual Marina Conference at Lake Union at the Lake Washington Rowing Club, co-hosted by the Northwest Marine Trades Association. He reminded that he served as Chair of the WPPA Marina Committee.

Mr. Crockett informed of a presentation at the Maritime Center on Friday, October 30, 2009 regarding the marine industry; the outlook and industry future. He advised that he and Mr. Pivarnik planned to attend.

Mr. Pivarnik advised that Team Jefferson had invited him to represent the Port at the local Team Jefferson, EDC Meetings. He (or Mr. Crockett) had been attending the meetings, which were daytime meetings, anyway, but thought he should ask the Commission if they desired him to attend the meetings.

The Commissioners agreed that it was an excellent idea and offered their full support.

IX. PUBLIC COMMENTS:

None

X. COMMISSIONER COMMENTS:

None.

XI. NEXT MEETING: Next regular meeting will be held *Tuesday, November 10, 2009* at 1:00 PM, Workshop at 9:30 AM, in the Port Commission Chambers, 375 Hudson St, Port Townsend.

XII. ADJOURNMENT:

The regular meeting adjourned at 8:25 PM there being no further business to come before the Commission.

ATTEST:

Herbert F. Beck, President

David H. Thompson, Secretary

John N. Collins, Vice President

