

PORT COMMISSION MEETING – June 10, 2009

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

The meeting was called to order at 1:07 PM.

II. APPROVAL OF AGENDA:

**Commissioner Collins moved to approve the Agenda.
Motion carried by unanimous vote.**

III. CONSENT AGENDA:

- A. Approval of Minutes – May 27, 2009
- B. Operations Reports – May, 2009
- C. Resolution No. 519-09 – Surplus Spruce Goose Restaurant Building

**Commissioner Collins moved to approve the Consent Agenda.
Motion carried by unanimous vote.**

Mr. Crockett advised that the new lease for the Spruce Goose Restaurant ground lease would need Commission approval at a future meeting.

IV. PUBLIC COMMENTS (Not related to agenda):

None

V. OLD BUSINESS:

A. Yard Incentive:

Commissioner Beck opened the topic advising that the Commission had asked staff to develop an Incentive Program, which would help both the Port and the Marine Trades during these tough economic times.

Mr. Crockett provided historical background on the topic and reminded that there had been numerous meetings held between Port staff and members of the Marine Trades. There had also been discussion during both Commission workshops and regular meetings.

Mr. Pivarnik stated that during the course of development of the proposed Yard Incentive, many ideas had been explored and discarded before finalizing the current plan. The goal of the program was to bring more boats into the Yards and to help create more business for the Marine Trades. To attain that end goal it was clear that, #1 the Yard Incentive should be one that helped all boaters; #2 the Program should be one that was easy for staff to administer; and, #3 the marketing of the Incentive Program should carry a “wow” message in advertising it so that people would want to take advantage of the program. The “wow” factor, he said, was attained through the concept of giving 50% off the haul out rate (applicable to all lifts: the 300 ton, the 70 ton and the 75 ton) through December 31, 2009. Additionally, for the same time period, the plan offered a 20% discount in Yard lay day rates for those projects staying thirty days or longer, retroactive to the day the boat first came into the Yard.

He stated that the advertising campaign would offer to those Marine Trades that wanted to participate the opportunity to do so. The advertising campaign would include Boating Magazines, etc, but would also, through a direct postcard mail out, attempt to communicate with customers who had used the Port’s haul outs in the past 12 to 24 months advising them of the promotion and inviting them back to Port Townsend. July 1 was the proposed implementation date for both parts of the program.

One exception, noted Mr. Pivarnik, permanent moorage tenants would not be allowed to use the proposed Incentive program because they were already given free lay days. He suggested that, perhaps, those tenants should be given a choice of either the current free lay day offer, or, receiving the 50% discount in the haul out fee and paying for their lay days. He advised that staff did not recommend combining offers. Commissioner Collins stated that he liked the shape of the proposal, saying it was comprehensive and had a simplicity and clarity. He hoped the proposed Incentive

Program would stabilize Port revenues and create more business for the Marine Trades.

A lengthy, thorough discussion followed regarding various aspects of the proposed program.

Commissioner Thompson suggested that, along with the postcard mailing to prior customers (which he suggested should go back to 2006 since that was a peak year), an advertising “flyer” be prepared for distribution at the various Port offices, the dock kiosks, Community Centers and Chambers. The flyer could also be distributed out of town/area by any traveling Commissioner or Port staff.

Commissioner Beck stated he looked at the proposed Incentive Program not just as a way to get more boats into the Yards and help create jobs for the Marine Trades but as a way to get revenue into the local economy since the customers who used the facilities would most likely buy groceries, gasoline, supplies, motel rooms, etc.

Mr. Taylor suggested that staff prepare a Rate Sheet Addendum with the new discounted lay day rate to present to the Commission for review during the June 24 meeting. He suggested that, as 20% of the current lay day rate would result in a new rate of 33.6 cents per foot, per night, that the new rate should be even cents, either .33 cents or .34 cents.

A discussion followed about whether or not the discount would be applied when the boat first came in or if it would be credited when the boat was ready to leave, doing the latter, advised Mr. Taylor would distort Yard revenue on the financial statement and the customer would not receive the discount until ready to leave instead of monthly.

Commissioner Collins asked for citizen input.

David Whipple asked if there had been a customer review taken to see if the proposed incentive program was going to attract the audience the Port was trying to market. He thought that the Port should perform a test target of ten perspective customers, interviewing them to see if they would be interested in taking advantage of the promotion. He asked if the Port was trying, with the proposed program, to attract new customers, retain older customers or appealing to a different market. He suggested, in his opinion, defining the goal of the reduction was important.

Commissioner Beck responded that the one problem with going through a survey was that it took time and in his opinion, the Port needed to do something immediately to help get people working again.

Bertram Levy suggested that a flyer advertising the promotion be placed on the reader boards and at various locations on the docks to see what result direct advertising had on the program.

Chris Chase of the Shipwrights Co-Op reminded he had attended the May 26, 2009 meeting in which he had shared ways in which the Co-Op had stimulated their business. He reminded that the Co-Op had not asked for any kind of stimulus package from the Port. He inquired what the anticipated cost of the program (with the proposed 50% discount to haul out rates and the 20% reduction in lay day rates) would be to the Port and wondered if the program would cost the Port \$50K or \$60K over six or seven months to benefit one or two small shops. He also speculated about the cost of the proposed advertising campaign and wondered if a more low-key approach might be as successful. He informed that he had walked around the Yards and noted that most of the present projects were not ones that would benefit the Marine Trades in any way, as they appeared to be inactive projects.

Commissioner Beck advised that the only way to know for sure if the proposed program would stimulate business was to try it for a few months and see if Yard and Marine Trade business increased.

Mr. Taylor offered that it was his understanding the proposed discounted Yard lay day rate would not affect anyone, currently, in the Yard. In looking at May revenues, if the Program had been in effect, the hoist fees would have been reduced by \$10,500 and the lay day revenue reduced by approximately \$9K resulting in a revenue reduction of \$19K to \$20K.

Commissioner Collins reminded that the intent of the proposal was to increase the number of boats in the Yard and to help the Marine Trades and suggested that if the

number of haul outs doubled because of people taking advantage of the promotion then the end result would be revenue neutral.

Mr. Chase stated that it was his observation when he had walked around the Yard that the number of boats the Marine Trades were working on was limited and that there were, perhaps, 30 boats present that did not have a single tradesperson working on them. He asked what was the root behind the proposed Incentive Program, was it to help the Marine Trades or to get more boats into the Yard.

Mr. Crockett emphasized that the Port was seeking both.

Commissioner Thompson affirmed that the Port was trying to get boats in the empty spaces. He stated, in his opinion, the Marine Trades needed to solicit business as well.

Further discussion followed regarding the possibilities of what would happen with the proposed Incentive, that perhaps boats would stay longer since, currently, the average stay was eighteen days. Opinion was that it would be helpful if both the marine trades and the Port Yard office queried boat owners asking if they had seen the promotion and was that why they chose now to use the Port's haul out and Work Yard facilities.

Commissioner Collins moved that for the period of July 1, 2009 through December 31, 2009 all haul outs in all the lifts be reduced to half price and that for all stays of 30 or more days, in both yards, a new rate of 20% reduction to the current rate for "hard stay" costs be charged.

Commissioner Thompson recused himself from the vote, as he was a member of the Marine Trades.

Motion carried by two votes in favor and one zero vote.

Mr. Pivarnik stated that Part B of the Incentive Program had nothing to do with the Port Yards. He advised that, although details needed resolution, basically a couple of Marine Trades (it was applicable primarily to Point Hudson) had approached him stating that since they would not benefit from the discount haul outs or the lay day rate reduction was there anything the Port could do for them. Staff had developed the idea of offering to the Point Hudson and PTBH Marine Trades a special moorage rate from Monday through Thursdays for active projects and if there was space available.

A thorough discussion followed which included the amount of the proposed new rate, ways in which to administer the policy, the effect on wait list customers, etc. The consensus was to ask staff to develop a policy and bring it back to the Commission for review during the June 24 meeting.

B. Marine Exchange Lease Extension:

Mr. Pivarnik provided background on the topic and stated that Bob Ray of Marine Exchange had asked that the Port renew his lease for a ten-year term. Based on the condition of the building and the fact that Mr. Ray might be considering retirement soon, Mr. Pivarnik advised that staff recommended a year-to-year lease with Mr. Ray. He stated that if Mr. Ray did sell the business a new lease with the new owner would be negotiated based on improvements to the building.

After a short discussion, Commissioner Beck moved to authorize the Marine Exchange lease on an annual basis.

Motion carried by unanimous vote.

B. Fuel Dock Lease and Operational Agreement:

Mr. Crockett provided topic historical information stating that staff had been directed by the Commission to research, and proceed with, leasing out the Boat Haven Fuel Dock Facility. He informed that in response to advertisements, three proposals had been received and all three applicants were interviewed. Eric Elliott of Everett, WA was the successful candidate, he informed, and Mr. Elliott and his family were preparing to move to Port Townsend and assume control of the Fuel Dock July 1.

Mr. Pivarnik informed that the proposed lease was for an initial ten-year period with two five year options, monthly rent of \$650.00 plus all applicable taxes, with an annual CPI adjustment, plus a flowage fee of 2% of sales with an 8 cent per gallon minimum and 10 cent per gallon maximum.

A discussion followed which included that only two fuel types could be offered because of the limitation presented by the existing two fuel tanks at the facility, that the hours of operation could be seasonally adjusted, if desired by the tenant, with authority by the Executive Director and a few corrections to the actual lease language.

Commissioner Beck moved to go ahead with the lease, as presented, with Eric Elliott for the Fuel Dock Facility, with changes as noted.

Motion carried by unanimous vote.

VI. NEW BUSINESS:

A. Approval of Warrants:

Warrant #042087 through #042118 in the amount of \$39,162.06 for Payroll

Warrant #042119 through #042127 in the amount of \$60,545.45 for Payroll Benefits

Warrant #042128 through #042191 in the amount of \$61,541.58 for Accounts Payable

Commissioner Thompson moved to approve the warrants as presented.

Motion carried by unanimous vote.

VII. STAFF COMMENTS:

Mr. Crockett informed that he would be attending the quarterly meeting of the Washington Boating Alliance on Thursday, June 11. The meeting would be hosted by the Northwest Marine Trades Association and the purpose was to develop legislative items for the next legislative session. He advised that he would also attend the Washington Public Ports Association (WPPA) meeting, on July 24 or 25, where all the Committee Chairs would gather and begin development of the legislative agenda.

The Department of Natural Resources (DNR) had scheduled a public meeting on June 15 at 6:30 PM at the Fort Flagler Recreation Hall the topic being both legal and illegal moorage buoys in Mystery Bay. With the active commercial oyster farms located there, advised Mr. Crockett, there were issues and concerns regarding pollution, etc. He had been asked by DNR to attend the meeting because he had been a somewhat vocal critic of the unregistered buoys from an environmental standpoint.

VIII. PUBLIC COMMENTS:

George Yount stated that he appreciated the presentation offered by Port Attorney Bob Goodstein regarding the legal activities allowed Ports through the State Legislature. He informed that he had been attending (for several months) the Monday morning comment period with the Jefferson County Commissioners and offered that a number of citizens who consistently offered suggestions about what Jefferson County should be doing in terms of economic development. He had, and several others had, as well, suggested to those citizens that the real economic driver of Jefferson County was the Port of Port Townsend and that the Port had the authority to engage in it. He recommended that the Port Commissioners and Mr. Goodstein arrange a meeting with the Jefferson County Commissioners, advise them on what the Port's authority was in the area of economic development, and therefore dispel some of the ideas that citizens thought the County could do when, in fact, it did not have the authority to do what was proposed.

IX. COMMISSIONER COMMENTS:

Commissioner Collins informed that he had discussed with Jefferson County Commissioner David Sullivan, the idea of a meeting between the Port and County Commissioners. Mr. Sullivan, stated Commissioner Collins, relayed that that the BOCC was in favor of such a meeting and asked that Mr. Crockett meet with the County Administrator to work out the details.

Commissioner Beck advised that, in his opinion, if a meeting between the two sets of Commissions did materialize, the Port Executive Director and County Administrator should also be present. He was in favor, he said, of a meeting in which discussion of the economy would occur with ideas put forward for ways in which to help the community.

Mr. Crockett reminded that over the past several months the Port had hosted breakfast meetings every third Thursday with the CEOs of the County, City, PUD, School and hospital and the topic had evolved from discussion of stimulus preparedness to that of local economic development.

Commissioner Beck informed that he had had the opportunity to attend a local Farmers Market, which included a booth selling USDA locally produced beef.

X. NEXT MEETING: Next regular meeting will be held Wednesday June 24, 2009 at 6:30 PM, in the Port Commission Chambers, 375 Hudson Street, Port Townsend, WA

XI: ADJOURNMENT:

The regular meeting adjourned at 2:07 PM there being no further business to come before the Commission.

ATTEST:

David H. Thompson, Secretary

Herbert F. Beck, President

John N. Collins, Vice President