

PORT COMMISSION MEETING – July 22, 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
Attorney - Goodstein
Senior Accountant/Recorder – Hawley

Excused: Auditor – Taylor

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 with the additions to Old Business of – Item B – Peninsula Development District Grant for Airport Industrial Park and Item C – Shipwrights Co-Op Lease.

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

III. CONSENT AGENDA:

- A. Approval of Minutes – July 08, 2009
- B. Resolution No. 522-09 – Authorize Sale of Abandoned Vessels

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

IV. PUBLIC COMMENTS (Not related to agenda):

Les Schnick stated that he had missed the July 8 meeting and wondered if there was anything new regarding the possible Travelift dock rebuild.

Mr. Pivarnik informed that staff was in the process of forming a Committee made up of different Marine Trade business members. Their task (among other things) would be to decide whether the idea of adding a third leg to the 300-ton travelift pier was a viable option. He advised that the Port was seeking counsel with the permitting agencies for the A/B Dock Renovation project to see at what point a decision would have to be made to determine if the proposed travelift dock project could be included, as staff did not want to stall, in any manner, the A/B Dock permitting process. Best-case scenario, he said, was to build the new travelift dock concurrently with the A/B Dock Renovation. Discussion about the topic followed.

Les Schnick referenced a letter written by Joni Blanchard in which she suggested that the Port broaden the scope of the Yard Incentive Programs to include those customers in the Yards before the July 1 start date. Mr. Schnick, Marine Trades Association Chairman, inquired if staff had any comments or suggestions about Ms. Blanchard's ideas.

Mr. Crockett reminded that there had been extensive discussion regarding when to start the Yard Incentive Programs and that it had been decided to follow the "sale" idea and to start all the programs July 1 noting that if a customer had arrived prior to that date, they would not qualify for the program. However, saying that, he advised that it was never too late to revisit the decision.

Commissioner Thompson stated that, in his opinion, the decision to maintain July 1 as the Incentive Program initiation date for the "sale" was still a valid one and added that it would be difficult for staff to administer if some projects that were here prior to the July 1 date were also allowed a discount.

Bertram Levy advised he wished clarification on a couple of issues that he understood had been discussed during the July 8, 2009 meeting, which he had not been able to attend. He understood that there had been discussion regarding the possible delaying of the A/B Dock Renovation project and possible liability if that happened.

The other item, he said, was that there had been discussion amongst the Moorage Tenants about the fact that high wind in Boat Haven was not as dangerous as surge because of the strong breakwater. He suggested that a solution might be to designate A/B dock limited access moorage and then ask moorage tenants to waive the liability issues.

Mr. Crockett stated that the discussion, as he remembered it, had been from a purely budgetary standpoint as the funding for the A/B Dock Renovation project, the lift pier dock project and the Quilcene Marina Dredging Project all added up financially. He advised that discussion had also taken place about the timing involved in going out for bonds to fund the

A/B Dock Renovation Project as there were still so many unknowns about what was going to happen to the economy during the remainder of 2009 and early 2010. He added that he thought Mr. Pivarnik had discussed the liability issue in connection with the 70-ton lift pier dock.

Commissioner Beck remarked that there had been discussion of many different scenarios, but that no decisions had been reached. He stated that he understood, concerning liability, if an engineering firm or consultant had noted a potential problem and it was not resolved, the Commissioners, as he understood it, might become personally liable.

Mr. Goodstein advised that the Commission could absorb some risk in doing that.

Commissioner Collins suggested that the debt service for each of the proposed projects should be incorporated into the 2010 Operating Budget.

V. OLD BUSINESS:

A. Draft Strategic Plan Presentation:

Mr. Crockett introduced the topic, provided background and introduced Cascadia Planning Services Consultants, Eric Toews and Dave Robison. He informed that quite a few members of the Strategic Plan Community Advisory Committee members were present. He stated that it was imperative to remember, although he and Mr. Pivarnik had alternated in the attendance of the Committee meetings, that there was no staff input and that the Draft resulted from the efforts of the Committee. Since it was a very comprehensive document with an attachment, he suggested that the subject could be the main topic of discussion during the August 12, 2009 Workshop. After workshop discussion, if all Commissioner issues, suggestions and comments were resolved, he suggested the Commission might want to consider holding the Public Hearing of the Strategic Plan during the first meeting in September. Adoption of the Plan would be by Resolution.

Eric Toews briefed regarding the Strategic Plan and addressed how the Consulting team foresaw the Strategic Plan being used by the Commission. He advised that the Plan was intended to be a framework for decision making and in particular to help guide budget decisions. He elaborated by providing additional information.

The meeting was opened to comments from the Strategic Plan Community Advisory Committee members.

Les Schnick stated that he had attended the first public meeting held last year at the Port Townsend Yacht Club. He stated that he was very impressed with the members of the community who became participants in the process and who formed the Community Advisory Committee, especially in regard to their experience levels, expertise and commitment to the goal. He noted, in his opinion, the Committee would not have been able to reach the kind of quality of product they had without the guidance and steering of the Consulting team, as the group came from diverse backgrounds and could easily have become bogged down in much lower level topics and perhaps missed the needed focus on the “big picture”. He offered his compliments to Cascadia Planning for their professionalism and vision and thanked Mr. Crockett, Mr. Pivarnik and the Commission for having the good insight to hire a consultant in the first place to guide the Committee through the process to the end product.

Commissioner Thompson stated that there was also the good fortune of having people serve on the Community Advisory Committee who were well acquainted with the Port’s operations.

Commissioner Collins offered that he had often sat in on the Committee meetings, but his role had been to observe and not actively participate. He stated that he remained confused by the distinction between the matrix implementation steps and the main body of the Draft Plan, which outlined the seven kinds of goals that gave strategic direction. The matrix, he noted, seemed almost to be a stand-alone document and not directly or clearly linked to the seven directions and inquired how the Committee saw the two related and which of the two the Commission should be most guided by as it looked forward to carrying out the Strategic Plan.

Dave Robison offered clarification and information.

Kaci Cronkhite stated that she wanted to say “thank you” to staff and the Commission for investing in the Plan and for involving as many stakeholders as participated. She offered that the experience had been a wonderful one for her. She offered that it was informative to have folks from Quilcene, the airport, the

environmental group and all the different stakeholders involved in the same group. She noted that looking back over the period the Committee had met, that the country had gone through a pretty good shake up and she thought that some of the transitions made within the Committee had reflected those events, which brought up issues of money and accountability. Some members of the Committee, she related, had been involved in Strategic Planning processes with other companies and had seen the task completed and then watched as no action was taken on the final product. Those members, she stated, really wanted to push for a punch list kind of thing, which would give a quick at a glance kind of reason for all the time invested by the different members in the process. She advised that she was more satisfied with the “bigger picture”, the document as a whole, as opposed to feeling too invested in the matrix or punch list. She advised that the punch list, in her opinion, did feel random and she had not always been sure of where the ideas came up but as they were not close to her area she did not feel compelled to comment on them, however, she did feel that it was a little micromanaging for the Committee. Overall, however, she stated the process had been a wonderful one in which to participate and she felt as though the group really listened to each other and she thought the process showed the change in the way the Port related to the community and constituents.

Bertram Levy stated that he thought it had been a very interesting process in which to participate. He advised that, in his opinion, all the stakeholders felt very strongly about the areas they each represented, so much so that they were willing to put in the time required for homework and the meetings. There had been, he offered, much discussion and thought given to the task and each participant had been required to compromise because no one got exactly what they wanted. However, everyone had, somehow, been able to accommodate each member’s views so that the final document was one that all the Committee members could live with. The process, he added, underscored the contradiction to the public meetings where citizens really did not care about what the Port did. He advised that this group of stakeholders, who made up the Community Advisory Committee, was really the community the Port was serving because they were the ones that felt so strongly about various issues. He advised that in his opinion the general community, in general, was not very interested in what went on.

He advised, additionally, that a lot of time had been spent in developing the Mission Statement which he thought of as the rudder that would guide the Port. The new Mission Statement, he advised was different from the old one (which emphasized the Port as an economic engine) in that it was as much about service to the community as the economy. He stated that the new Mission Statement said, “the Port is to serve the citizens of Jefferson County by maintaining and developing properties and facilities and encourages sustainable economic growth” but continues with “that you must always maintain and provide access to Port properties and services and protect the community for which you are its stewards”. In his opinion, the new Mission Statement was the most important thing to come out of the process as it noted a shift in the Port’s responsibility from satisfying economic demands to looking at the community as whole.

Commissioner Thompson reminded that the Port served 28,000 taxpayers throughout Jefferson County.

Bertram Levy responded that there had only been nine citizens to attend the Strategic Planning public meetings, and those nine were in Port Townsend and offered concerns over the specific issue of Kah Tai, the remaining citizens of Jefferson County did not appear to care about the Port or the process. He advised that the people who cared were those present tonight and who had attended the Committee meetings.

Larry Aase stated that he agreed with everything that had been said so far. He said at the beginning of the process everyone had their particular issue to resolve and as time went on they listened to each other more and learned how to work together to produce the final product. He stated that at the beginning of the process he was frustrated with the “us vs. them” mentality, but saw that dissipate over the course of the work and he thought that some of those issues had been resolved through the process. He stated, in his opinion, the Port and the public were not as far apart as it was thought and the process was very helpful in bringing different viewpoints together to move forward.

Joe Baisch stated that it would be interesting to watch the Port agendas (as they would be the evaluations of the work that had gone into the Plan) over the next several months to see how the Port dealt with and handled some of the directions listed within the Strategic Plan. He stated that he was particularly interested in watching the Sustainable Economic Development portion of the Plan and how the Port would collaborate and partner with all the different entities in the community and, most especially, how the Port developed efforts to take strong leadership in economic development issues. He stated that he hoped there could be focus placed on the Marine Trades with development of training and educational programs. He expressed his appreciation for having been selected to serve on the Committee.

Commissioner Collins remarked that he would like, at the end of each Commission meeting, to be able to say that almost everything that had been decided or discussed during the meeting was concurrent with those seven directions (not the punch list) listed in the Strategic Plan and that attention had not been allowed to shift away from that goal.

Les Schnick stated that, in his opinion, the punch list was definitely secondary to the main body of the Draft Strategic Plan, the broad ideas; and those were what the Committee would like the Port and the Community to be. The punch list, he stated, could be considered a moving target and he would not care if it were changed at the next meeting, but he would feel badly if the Port abandoned the Strategic Plan core document as it, in his opinion, represented a lot of wisdom from many people and was a very meaningful piece of work.

David Hero stated that he enjoyed working with a terrific group of people. He stated that he would have thought with such a group with so many diverse interests that there would have been more friction and arguments but it seemed that the group respectfully listened and everyone was willing to compromise. He thought, in his opinion, the most important part of the document was the concept of the triple bottom line. Economics, he stated, should be the driver of the organization but that it had to be equally balanced with the social benefits to the community and, at least, the lack of negative impact on the environment. He thought that the document attempted to take the operation of the Port from being a business model to being a more human model. In his opinion, he stated that he did not think that the majority of the 28,000 Jefferson County taxpayers really cared a lot about the specific business things happening in the Port. He thought that by the Port being open in the way in which it made decisions that everyone would understand how the Port and those decisions impacted them specifically in their home life, social life and economic life. He thought that it would offer the opportunity to get more public involvement and public pride in what the Port was doing and thought it would ultimately be good for the whole region.

Bertram Levy informed that there were about 2000 owners of boats on trailers in the community who felt very passionate about being able to continue to put their boats into the water but did not feel as passionate about participating in the process to communicate that strong need to the Commission.

Discussion regarding the boat ramps followed with Mr. Crockett informing that another committee had been formed to speak to that dynamic group of citizens.

Commissioner Collins informed that he was very conscious that as the Commission deliberated and moved towards adoption of the Strategic Plan that it really was the Commission's Plan and stated that he was mindful of what the role of the Commission was in running the Port. He stated that the Commission's role was not to run operations or tell staff how to do their job but, rather, was to set broad direction and policy and therefore, he was concerned about a couple of items in the Draft Plan, which seemed to him to transcend the Commission's appropriate role.

A very thorough dialogue followed between the Consultants, Commission and Staff.

The Commission made note of their appreciation to the Committee members for their diligent hard work in development of the Strategic Plan.

B. Peninsula Development District Grant:

Mr. Crockett informed of the Port Townsend Chamber Meeting, he, Mr. Pivarnik and Commissioner Collins had attended Monday, July 20 in which the speaker, Susan Bauer, the Director of the Peninsula Development District provided a short briefing on the Port's proposed ECO Park (Light Industrial Park) out at the airport.

Mr. Crockett reminded that Port staff had been working with Ms. Bauer to put together an application to the EDA (Economic Development Administration) which was the Federal “arm” that passed grant money down to the local community from the Federal Department of Commerce. The application, he stated, was 98% complete. Still in need of clarification, he advised, was what the Port’s matching funds would be for the grant, stating that it would probably be in the \$50K range. Mr. Crockett sought Commission direction on whether to proceed with submitting the application.

Discussion followed which included that it seemed the ECO Park was a good fit for the airport.

Mr. Pivarnik stated that one major hurdle yet to be overcome was that the Port was awaiting word from Jefferson County on if it would entertain a rezone of the property. He stated that it would have been advantageous if the Comp Plan Amendment had been completed prior to when the grant was submitted, but the decision from the County was not expected until December.

In response to Commissioner Collins query about what action was needed, Mr. Crockett advised that staff was going to proceed with the application unless the Commission said “no, don’t move forward”, he offered that he had wanted to update and inform the Commission.

C. Shipwright’s Co-Op Lease:

Mr. Pivarnik reminded that there had been discussion regarding the topic during previous meetings and provided historical background advising that, originally, the lease had been made up of many different parts with varying expiration dates, etc. He advised that the one substantive change to ~~the~~ this latest edition of the lease was that it provided a CPI cap on annual lease increases of 6%. The term of the lease was 25 years. He informed that the beginning lease amount was \$1,775.00 a month plus all applicable taxes. He offered that the entire lease parcel had been recently surveyed. Staff, he said, recommended adoption of the lease.

Discussion followed regarding the proposed lease. Mr. Goodstein offered information regarding caps in general but did not have a problem with the Shipwright Co-Op lease cap of 6%.

Commissioner Collins moved to approve the lease with the Shipwrights Co-Op as presented.

Commissioner Thompson recused himself from the vote. **Motion carried unanimously.**

VI. NEW BUSINESS:

A. Cape Flattery Discount:

Mr. Pivarnik stated that he had asked current owner of the “Cape Flattery”, Vincent Iour Blanc to attend the meeting and to present his request (and contest staff’s decision to deny the request) for the 20% discount granted to active projects in the Port Ship Yard for stays of over 90 days. However, Mr. Iour Blanc was not present.

Mr. Pivarnik provided topic background regarding the vessel, reminding that the Department of Natural Resources had rescued the boat when it was sinking in Mystery Bay and towed it to the Port where it has been for the past three years. The current owner had purchased the boat from DNR a year ago and was working on the project. Mr. Pivarnik informed that the Port continued to bill DNR (as stipulated by DNR to avoid the vessel going into the water prematurely) and as a State Agency, the Port did not collect State Leasehold Tax or late fees or penalties from DNR. He advised if Mr. Iour Blanc wanted to transfer the account into his name, a \$25,000 derelict deposit or bond would be required.

Mr. Crockett advised that no action was needed on the part of the Commission.

Commissioner Thompson offered that Mr. Iour Blanc had broached the subject with him and that he had suggested to Mr. Iour Blanc that the Port’s tenant was DNR, that he really was not our tenant and if he wanted a further discount he should talk with DNR and see if they wanted to apply for the 20% Ship Yard discount.

B. Pleasant Harbor Boat Ramp:

Mr. Crockett informed that he had attended a meeting on July 14 in Olympia of the Boaters Forum reminding that he was on the Recreational Conservation Office Grant Committee. After the meeting, he had the opportunity to speak with a representative

from the Department of Fish and Wildlife who informed that the Department had approximately 100 boat ramps scattered throughout the State, primarily in Eastern Washington. However, one of the newly constructed ramps was at the Pleasant Harbor Marina in Brinnon, WA. Fish and Wildlife, evidently, had been in discussion with Washington State Parks to determine if it would be willing to assume operational control of that ramp. After the meeting, informed Mr. Crockett, he had talked with the Fish and Wildlife representative about whether the Department would entertain an offer for the Brinnon ramp from the local Port District. He reminded that the Port Commission was extremely aware that it collected property tax revenue from Brinnon citizens but did not have any facilities located there. In closing, he advised that additional information was needed but sought Commission direction about whether or not the consensus was for him to continue researching the topic.

Additionally, he advised, Fish and Wildlife wanted to know if the Port would be interested in approximately ten other properties located within Jefferson County:

Discussion followed about those properties.

Mr. Crockett advised that once the Strategic Plan was adopted the topic would be one in which the Committee could be brought back together and given the task of research and deciding whether the idea was one that would fit in with the definitions of the Strategic Plan.

Commissioner Beck moved to authorize Executive Director Crockett to research the topic as presented.

Bertram Levy inquired if the Port envisioned charging people to use the ramp.

Mr. Crockett advised that yes there would be a charge, and that the Port's annual ramp pass would cover use of all Port owned ramps.

Joe Baisch stated that he would encourage the Port to look into acquiring the property and boat ramp stating that, in his opinion, it was a great piece of property, the boat ramp had been well built and there was plentiful parking.

****Motion on the table carried by unanimous vote.**

C. CPI Adjustment on Property Leases:

Mr. Crockett provided history on the topic and reminded that at the time of the Budget adoption, the CPI was running at 5% and it was anticipated that it might go even higher. At the December 20, 2008 Commission Meeting, in an attempt to provide some financial relief to tenants, a cap was placed at 3%; however, currently CPI was running 2.12%. He informed regarding the way CPI was calculated and applied to the property leases and offered his recommendation that the property leases should still be adjusted by CPI but that the increase should be no more than 3%.

Discussion followed about how leases have varying anniversary dates, which meant that some leases, had already been adjusted by the 3% and the intent behind the action taken in December, etc.

Commissioner Collins moved that the CPI applied to property leases renewed this year would be renewed at no more than 3% CPI.

Bertram Levy speaking on behalf of the Moorage Tenants, stated, that in his opinion, the moorage tenants should be offered a similar reduction since permanent moorage rates had been increased 3% for 2009.

A thorough discussion followed regarding the amount of CPI, the difference between Port Property leases and moorage agreements and rates.

Motion on the floor carried by unanimous vote.

D. Approval of Warrants and Voided Warrant:

Warrant #042380 through #042408 in the amount of \$39,857.56 for Payroll
Warrant #042409 through #042414 in the amount of \$27,962.90 for Payroll Benefits
Warrant #042415 through #042475 in the amount of \$166,137.91 for Accounts Payable

Commissioner Thompson moved to approve the warrants as presented.

Motion carried by unanimous vote.

VII. STAFF COMMENTS:

Mr. Crockett provided an update on the City of Port Townsend road project which had been discussed during the July 8 Commission meeting. He advised that he, working with Mr. Goodstein, had drafted a letter regarding the Jana Allen property road easement and had been informed by City Attorney, John Watts, that the letter was not needed at present as the project had been delayed until after the Wooden Boat Festival.

Commissioner Thompson noted that the current City of Port Townsend road project on Monroe Street, made it impossible for customers to get to the Landfall Restaurant and that the Restaurant was losing income as a result.

Mr. Pivarnik responded that all Port leases had provisions addressing temporary closures. He advised that he had communicated that fact to the Restaurant owners.

In addition, stated Mr. Pivarnik, a gravel foot path had been installed by removing all the brush and blackberries so that the Landfall could be accessed, on foot, by going down the new sidewalk by Joe Finnie's and reaching the Landfall from behind.

Further discussion followed regarding the fact that part of Monroe Street was closed to all traffic, at present, and ideas on how to alleviate the situation.

Mr. Crockett informed that the Port would have a booth at the Jefferson County Fair held August 14-16.

Commissioner Collins informed that he would be out of town that weekend.

Mr. Crockett reminded that he was meeting with the other WPPA Committee Chairs on July 31, 2009 to begin setting the WPPA 2010 Legislative Agenda. He advised he would be out of the office on that day.

Commissioner Collins inquired if one of the items of interest would be renewed funding of the Municipal Research Service Center.

Mr. Crockett informed regarding the topic, advising that yes it would be discussed by WPPA. He advised that the State Legislature had cut funding for MRSC (Municipal Research Service Center) during the recent budget crisis. The funding cut had eliminated Special Purpose Districts, such as the Port, from using the very useful service. One idea being discussed was asking each District for a fee to fund the service.

Mr. Crockett queried the Commission about whether or not they would be interested in a briefing on the current bond market by Lindsay Sovde, of Seattle Northwest Securities Corp. The Commission agreed that it would be very informative to make the subject a workshop topic, especially in light of the proposed A/B Dock Renovation.

Lastly, Mr. Crockett informed that he would be out of the office July 23 and 24, 2009.

VIII. PUBLIC COMMENTS:

None

IX. COMMISSIONER COMMENTS:

Commissioner Thompson observed that as he reviewed the Action Sheet in the draft Strategic Plan he estimated that it would cost approximately \$860K to fund the proposed studies and programs included in Draft. He noted that the Draft contained approximately \$65 million in proposed projects.

Mr. Crockett reminded that the Boat Haven Marina Expansion, for instance, was a project that the Port would need to partner and would be completed by, the Army Corp of Engineers and if the Corp was not ready to move forward with it, or if the project stalled, the Port would still be held accountable since the project was listed in the Strategic Plan Matrix. On the other side, some of the projects listed in the Draft were ones the Port was already working on.

Commissioner Collins reiterated his opinion that the Matrix should be de-linked from the larger Strategic Plan.

Further Discussion followed.

X. NEXT MEETING: Next regular meeting will be held Wednesday August 12, 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 8:30 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