

PORT COMMISSION MEETING – July 8, 2009

The Port of Port Townsend Commission met in regular session at the Timber House Restaurant, 295534 Highway 101, Quilcene, 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 1:00 PM.

II. APPROVAL OF AGENDA:

The agenda was amended to reflect the addition to Old Business of Item D – Goodstein Law Office Legal Services Contract and Item E – Kah Tai/Strategic Plan Update. Additions to New Business were Item G – Temporary Tie-Up Policy (Boat Haven) and Item H – Coast Guard Building Relocation Update.

Commissioner Collins moved to approve the Agenda, as amended.

Motion carried by unanimous vote.

III. CONSENT AGENDA:

- A. Approval of Minutes – June 24, 2009
- B. Operations Reports – June, 2009
- C. Port Townsend Shipwrights Co-Op Lease

The Consent Agenda was amended to reflect the removal of Item C – Port Townsend Shipwrights Co-Op Lease (the topic was tabled until a future meeting). Item B – June 2009 Operations Reports was removed from the Consent Agenda and added for discussion, to New Business – Item I.

Commissioner Collins moved to approve the Consent Agenda, as amended.

Motion carried by unanimous vote.

IV. PUBLIC COMMENTS (Not related to agenda):

None

V. OLD BUSINESS:

A. Yard Incentive Program Review:

Mr. Crockett gave an update on the Yard Incentive programs, reminding that they had begun July 1, 2009. He advised that the advertising campaign was just getting started with one of the first ads appearing in Nor'westing magazine on July 15. Additional ads in other publications were planned and the Port would offer to interested marine trade businesses a chance to participate in the advertising and partner with the Port. The direct postcard mailing to Port customers who had used the haul out facilities in the past (dating back to 1/1/2006), had been delayed due to a complication of extracting data from the Marina Management Software System, however, it was anticipated the issue could be resolved shortly.

Discussion followed and the Commission expressed interest in keeping track of how much business the Incentive Program (and particularly the postcard direct mailing) brought into the Port. Commissioner Collins suggested that some kind of Port token (a Port mug, pen or pencil) be given to those customers who advised staff they were using the service because of the advertisement of the incentive programs. All agreed that staff should keep track of the number of participating customers.

B. Point Hudson Road Construction:

Mr. Crockett informed that the City of Port Townsend was scheduled to begin (on July 16) digging up Water Street from Monroe to Jackson as part of the Northwest Maritime Center construction project. During the six-week project, Water Street would be closed to traffic. The Port and the City had discussed alternative routes and ways in which to give access to customers and the public to the Port tenants whose businesses were impacted by the street closure. One proposal both entities agreed upon, was to change Jackson Street (for the duration of the road construction project only) from a one-way street, into a two way street. One issue that still needed resolution was how to resolve the fact that Jackson Street narrowed in front of the Pilot's House, owned by Jana Allen. The Port's road easement for Jackson Street became one lane in front of her privately owned property and Ms. Allen owned the other half of the roadway easement, which she used for guest vehicle parking.

In a letter received from the City Attorney, stated Mr. Crockett, the City was proposing to pay Ms. Allen rent for the use of her portion of Jackson Street during the road construction project. The letter also stated that Ms Allen had requested from the Port two parking spaces somewhere else on Port property to replace the two spaces she was “giving up. Additionally Ms. Allen wanted the Port to commit that it would not use the fact that she was giving up her half of the street for the stated period of time, in any future land use issue in which the Port might want to, under eminent domain, condemn her half of the street and make it a public right-of-way.

Mr. Crockett advised that he did not feel comfortable signing the letter without first informing the Commission and seeking legal advice from Mr. Goodstein.

Mr. Goodstein informed that there were several issues involved; and questioned if Ms. Allen’s concern was that by allowing the use of the street, she was, in some way, giving up some defense she would have in some future land use claim or eminent domain claim from the Port. If that was the case, he stated, he did not find that worrisome, as the Port would maintain its eminent domain rights regardless. He outlined that in order for a compelling case for eminent domain to be made, first the Port would have to show public need and necessity and then a fair market value for the property would have to be paid to the property owner. He advised that if the wording in the letter from the City were changed to reflect that it would not be used in a land use claim or in a condemnation claim, the Port, in his opinion, would be fine. However, he noted, the perceived problem seemed to be broader than listed above in the sense if there were to be an accident or incident which occurred as a result of the road project, the requests by Ms. Allen, could be interpreted to be a much broader form of release. He advised that his recommendation would be to make a one or two word change to reflect that the issue being discussed was about land use considerations and then, in his opinion, the Port would be protected.

Mr. Crockett advised that he had not yet seen the Agreement between the City and Ms. Allen as referenced in the City Attorney’s letter and was uncomfortable signing a document sight unseen.

Mr. Goodstein agreed with Mr. Crockett and advised that he would contact the City Attorney and view the document and recommend the proposed language changes.

Discussion followed about the scope of the project.

Commissioner Collins moved to authorize Executive Director Crockett to sign the letter to the City of Port Townsend in which the Port understood that the City was renting from Jana Allen her one half street easement, directly in front of her property on Jackson Street, for the City Improvement Project and that the Port agreed it would not fight the City Agreement with Ms. Allen in any future land use issue.

Motion carried by unanimous vote.

C. Quilcene Dredging Update:

Mr. Pivarnik provided historical information advising that the project scope was for dredging the mouth of the Herb Beck Marina to remove 4,000 cubic yards of sediment material. He provided additional details and advised that the project engineer had advised doing the harbor dredging would keep the harbor sediment free for seven, perhaps ten years. The dredge material disposal, per the Department of Ecology and Fish and Wildlife would be off Protection Island with an anticipated additional cost of \$20K. Mr. Pivarnik stated that he anticipated receiving the necessary permits by November and if the permitting was received in time, the weeklong project could be scheduled, equipment mobilized and completed before the close of the fish window February 15, 2010. The anticipated cost of the dredging project, he stated, was \$170K.

J. D. Gallant, Quilcene resident, stated that in his opinion, the proposed Harbor dredging project was extremely important for the Port to do. He stated in his opinion, the present condition of the Harbor was making it dangerous for boaters to get in and out of the Marina. He advised that in addition to the safety concerns, the Harbor, in its present condition, was not being cleaned properly as the encroaching sediment sandbar acted like a “sill” to the harbor’s entrance. He added that in his opinion, there were important commercial considerations for the Quilcene community that the Commission also needed to think about regarding the proposed dredging project.

Commissioner Beck stated that in his opinion, it was very important to move forward with the proposed project as it affected the economic activity of the shellfish industry as well as the recreational boating community in Quilcene.

Commissioner Collins inquired of Mr. Pivarnik what would be the final date to make the “go, no go” decision to proceed (or not proceed) with the dredging before closure of the fish window in February.

Mr. Pivarnik responded that the Commission should decide by the second meeting in September so that everything would be in place to begin the project as soon as the permits were issued.

D. Goodstein Law Office Legal Services Agreement:

Mr. Crockett provided information regarding the proposed contract with Mr. Goodstein for legal services to the Port. He stated that the contract had been modified to include twelve hours per month of legal services provided at the base price of \$2,400 a month; and any additional hours would be billed at a higher rate. The contract was for a twelve-month period, backdated to April 1, 2009. He provided additional details and information.

After discussion, **Commissioner Collins moved to change the C.P.I. range presented in the Goodstein Law Office contract from 3% to 5% to 2% to 5%.**

Discussion followed with Commissioner Thompson stating that he was in favor of the C.P.I. listed in the contract of 3% to 5%.

Motion on the floor failed by a vote of one vote in favor and two opposed.

Commissioner Thompson moved to accept the C.P.I. as listed in the contract with Goodstein Law Office in a range of 3% to 5%.

Motion carried by a vote of two in favor and one opposed.

Commissioner Collins moved approval of the contract for legal service with Goodstein Law Office as modified with a change in number of base hours from ten to twelve as presented.

After a brief discussion, **the Motion carried by unanimous vote.**

E. Updates: Strategic Plan:

Mr. Crockett provided an historical overview of the Strategic Plan process and briefed regarding the three public meetings on the Plan held in Port Townsend, Port Ludlow and Quilcene. Of the three public meetings, he stated, only nine members of the community attended the meetings and it was the one held in Port Townsend. The focus was on how the Kah Tai figured in the Strategic Plan. No citizens attended the other two public meetings. As no formal minutes were taken of the meetings, Mr. Crockett asked that the nine participating citizens either write or e-mail the Port expressing their concerns about the Kah Tai. The bigger issue, he stated, seemed to be that the Strategic Plan did not specifically call out the Kah Tai, (although the Plan also did not call out Mats Mats or Gardiner Ramps) as a specific parcel in the plan. He advised one solution, perhaps, would be to add language regarding the Kah Tai to the Strategic Plan document acknowledging it as a separate action. Doing so, he said might be important especially as the Port was currently having a dialogue with the City of Port Townsend regarding the Kah Tai as well as other complicated factors regarding storm water issues and vacated streets located in the Port.

Mr. Pivarnik cautioned that the Commission needed to keep in mind that the document that would be presented to them at the July 22 meeting was not the Port’s document but, rather, the Citizens Advisory Committee’s document (which had not been brought to the surface) as it was based on the recommendations of the Citizens Advisory Committee.

Commissioner Beck stated, that as he understood it, that there should be some mention of the Kah Tai in the Strategic Plan so that the topic was not forgotten and was in a more secure situation.

Commissioner Collins stated that it had been his remembrance that the Citizens Advisory Committee would reconvene after the public hearings, and he inquired if that was still the case.

Mr. Crockett advised that due to the lack of public response (except for the nine individuals) that the Committee was not scheduled to reconvene.

Commissioner Collins inquired as to the status of the negotiations with the City of Port Townsend regarding the land swap issue.

Mr. Crockett provided background regarding the wetland issue adjacent to the Port Ship Yard, the recent Wetland Mitigation Study just completed, the Kah Tai issue (the lease with the City expires in 2012) and reminded that City Manager Timmons had been on an extended vacation and had just returned to Port Townsend.

Commissioner Collins inquired if staff was going to move forward on the topic and expressed concern that after four months the Port was no further along on resolution of the issues. He cautioned that he did not want to give the impression to the public that we were not moving forward.

A very long conversation followed with dialogue between the Commission and staff after which, Mr. Crockett advised that he would contact Mr. Timmons and try to move the process forward but advised, in his opinion, the process was not likely to move quickly as there were many pieces of the puzzle to sort out.

VI. NEW BUSINESS:

A. NOAA Letter of Support:

Mr. Crockett provided topic background stating that the Port of Port Angeles was in the final running to become the new home location to NOAA for the Marine Operations Center – Pacific (MOC-P). After talking with a Port of Port Angeles Commissioner, the idea that a letter of support from the Port of Port Townsend Commission in which encouragement for selection of Port Angeles was expressed might be beneficial. Therefore, he stated, two support letters were presented for Commissioner approval: one to Jane Lubchenco, Under Secretary of Commerce for Oceans and Atmosphere and NOAA Administration and the other to Gary Locke, Secretary, U.S. Department of Commerce.

Discussion followed about the letters, possible wordsmithing changes and the timeline for sending the letters.

Commissioner Collins moved approval of the two letters of support as presented. Motion carried by unanimous vote.

B. 70-ton Lift Pier Replacement:

Mr. Pivarnik reminded that the Commission had directed staff to investigate with PND, the designer for A/B Dock, the rehabilitation of the 70-ton lift pier. Preliminary numbers indicated that the cost would be close to \$1 million to repair the lift pier and that it would include considerable down time affecting both the Port and the marine trades. While walking around the facility with the PND engineer, Mr. Pivarnik suggested that they look at the 300-ton travelift and he disclosed his ongoing idea of adding another “leg” to the 300-ton pier, which would allow operation of both lifts from the one pier. After analysis, the PND engineer thought the idea was viable and would save approximately \$500K from the cost of repairing the 70-ton.

Mr. Pivarnik provided additional details and information.

There followed a thorough dialogue between the Commission and staff regarding the proposed idea with agreement that staff continue researching the idea.

Chris Brignoli, Port Townsend Shipwrights Co. Op, informed that there were certain times of the year when the 70 ton lift pier was used heavily by the Marine trades and that there was need for crane access so, he stated, the pier would be missed if it was no longer available.

Mr. Pivarnik responded that the details still needed resolution and crane access would be one of those details.

A lengthy discussion followed.

C. 2009 Jefferson County Fair:

Mr. Crockett informed that it was time to decide about whether or not to participate in the annual Jefferson County Fair held in August.

Commissioner Collins informed that he would be unable to attend the event and participate in manning the Port booth because he was going to be out of town the weekend of the Fair.

Mr. Pivarnik offered that he thought it would be worthwhile to have a booth at the Fair especially in light of completion of the Port Strategic Plan and it would be an opportunity to inform Jefferson County residents about the Plan and the Port District.

After a short discussion, the decision was made to participate in the Jefferson County Fair.

D. 2010 Seattle Boat Show:

Mr. Crockett advised that it was decision time, once again, about whether or not to participate in the annual Seattle Boat Show held in Qwest Field from January 28 to February 6, 2010. He stated that the Yard crew believed it was worthwhile for the Port to participate in the event.

After a short discussion about the event, there was agreement for the Port to participate in the annual Seattle Boat Show.

E. Airport Beacon Contract:

Mr. Crockett provided historical background on the topic advising that the Port had been awarded a grant from the FAA in the amount of \$123K for relocation of the beacon at the Jefferson County International Airport. Although there had been a lot of interest, stated, Mr. Crockett, only two bids had been submitted and the low bidder was Ebenal General of Bellingham, WA in an amount of \$86,438 including W.S.S.T.

Discussion about the topic followed which included that the Port's anticipated portion of the cost of relocation would be \$25K to \$30K, that the relocation had been necessitated by the growth of the surrounding trees, which prevented the beacon light from being seen from certain directions, which made the project imperative. Also discussed was that the new beacon would be installed on a pole that would bend allowing for easier maintenance and bulb replacement.

Commissioner Collins moved to award the JCIA Beacon Relocation Contract to Ebenal General, as presented.

Motion carried by unanimous vote.

F. Approval of Warrants and Voided Warrant:

Warrant #042276 through #042307 in the amount of \$39,917.91 for Payroll

Warrant #042308 through #042316 in the amount of \$59,802.61 for Payroll Benefits

Warrant #042317 for \$2,445.00 for Payroll Benefits.

Warrant #042318 through #042379 in the amount of \$121,740.03 for Accounts Payable

Warrant #042314 in the amount of \$2,470.00 voided Payroll Benefits

Commissioner Thompson moved to approve the warrants as presented.

Motion carried by unanimous vote.

G. Temporary Tie-Up Policy:

Mr. Pivarnik informed that staff had been in discussion with the trailer boat ramp users at Boat Haven, with the idea of including them in the incentive programs being offered to the Yard and Marine Trades. He stated that the issue with the trailer boaters was that, especially during crabbing season, they had to launch their boats go out, set their traps, return, pull their boats from the water and then six hours later repeat the process to retrieve their crab pots. There was already a policy in place, he advised, that allowed boaters to register with the moorage office and temporarily stay in Boat Haven for four hours. He advised that staff suggested that holders of Port annual boat ramp passes be allowed to pay \$5.00 to the moorage office, be directed to a available slip and stay in that slip for up to twelve hours. He provided additional details of the proposed plan stating that he anticipated the incentive going through December 31.

Mr. Taylor advised that, in his opinion, the idea was in direct contradiction to what had been discussed during the morning workshop regarding trying to be more efficient and perhaps reducing services to cut expenses, stating that it was going to take staff time to monitor the slips to be certain the boaters were leaving after twelve hours.

A short discussion followed.

Commissioner Beck moved to approve the amendment to the temporary tie up policy as presented, for the duration of 2009.

Motion carried by unanimous vote.

H. Coast Guard Building Relocation:

Mr. Crockett reminded that the U.S. Coast Guard was in the process of moving forward with the idea of construction of a new facility on Benedict Spit. The current Port owned building, although the infrastructure (the heating system, etc) was not in the greatest shape, the building, itself, was still structurally sound and needed to be removed from the site.

Mr. Pivarnik informed that there were two options available, #1 was to demo the building, which would require City of Port Townsend permits and since it was assumed the building would be classified “historic” as it was originally from Fort Worden, demolition would involve many issues. Option #2 was to move the building to another site with the idea of a “repurpose”. Staff, stated Mr. Pivarnik, had long entertained the idea, to streamline Port efficiency, of combining the Yard and Moorage offices into one building. He offered details of the proposed idea, which, he stated, would probably cost around \$100K by the time the building was moved, foundation and utilities. The old moorage office, he offered, could be leased out.

Although no action was necessary, stated Mr. Crockett, the consensus was to move forward and get more information regarding the costs to move the building, etc.

I. June Operations Reports:

Commissioner Collins informed that as it was the half-year mark he thought it might be appropriate to review the operations report.

Review of the various reports followed, as contained in the meeting packet.

VII. STAFF COMMENTS:

Mr. Crockett informed that he would be attending the annual Public Port Directors Conference sponsored by WPPA, on Thursday July 9 and Friday, July 10, being held this year in Port Ludlow.

He stated that on Tuesday, July 14, 2009 he would be in Olympia to attend a meeting regarding the boat ramp funding (monies received from boaters fuel tax) in which the Legislature had swept all \$9 million that had been set aside for grants during the budget crises. He stated there were other grant monies, such as the Boating Infrastructure Grant funds, which are Federal funds and decisions needed to be made on which projects to award those funds.

Thirdly, he informed that the proposed Fly In at the Jefferson County International Airport once sponsored by the Experimental Aircraft Association which had since disbanded, and which was currently proposed by a group of pilots had an issue with providing insurance for the event. The Pilots Association, he stated, did not, or could not afford, to purchase the \$2 million dollar liability insurance policy (naming the Port as additionally insured) and staff had looked at obtaining insurance under the Port’s insurance umbrella. However, he stated the Port’s insurance provider was unwilling to cover the event because it, as a typical Fly-In, would be somewhat unregulated with the pilots coming in from various locations and the event open to the general public who would be walking around and on the airport taxiways and tarmacs. He advised the Port had, during past events, supported the Fly-In with placement of sanicans, etc, (which the Port was willing to do again, should the issue of insurance be resolved) but stated that the Port really could not allow the event without an insurance policy in place to cover any accident or other mishap. He informed that the Pilots Association was moving forward with advertising but that the Port was not condoning the event.

Commissioner Collins inquired what the liability would be if the Port did not officially recognize the Fly-In.

Mr. Goodstein responded that the liability would be the same as that for general airport operations.

VIII. PUBLIC COMMENTS:

J.D. Gallant, Quilcene resident, urged the Commission to take action in favor of moving forward with the Quilcene Marina Harbor Dredging Project, stating that in his opinion, if the removal of the sandbar was delayed another year it would really hurt Quilcene and the marina stating that the Harbor was dangerous as it now was and it was economically unsound to leave it in the present condition. He informed that boaters have a four hour window, currently, working with the tides to get in and out of the Marina.

Commissioner Beck offered that he agreed with Mr. Gallant’s assessment.

IX. COMMISSIONER COMMENTS:

Commissioner Collins stated that it would be most helpful to him to be able to see the overall picture/strategy by which the Port dealt with the property leases and suggested that it might be very informative to discuss the topic during a workshop session.

Mr. Crockett provided some historical information regarding some of the property leases and suggested that a workshop session in which the monthly Lease Digest was reviewed might be very helpful.

Mr. Pivarnik offered to high light on a survey map of Point Hudson and Boat Haven all the property leases, indication of tenants and the term of their lease and have it available for Commission review during the proposed workshop.

Discussion about the topic followed which included how lease terms were developed, applicable RCW requirements and limits, leasing to non-marine trade businesses, acquisition of additional properties and development of a formal Lease Policy.

Mr. Goodstein offered that sometimes it was informative to bring in a commercial real estate broker who would offer insights into the current real estate market and suggest, possibly, some constructive things about what the Commission and staff should be considering presently in today's market place.

X. NEXT MEETING: Next regular meeting will be held Wednesday July 22, 2009 at 6:30 PM, in the Port Commission Chambers, 375 Hudson St, Port Townsend.

XII: ADJOURNMENT:

The regular meeting adjourned at 3:21 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