

PORT COMMISSION MEETING – January 13, 2010

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

Present: Commissioners – Collins, Thompson, Erickson
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 1:00 PM.

Commissioner Collins advised that he was serving as Chair until the election of new officers for 2010.

II. APPROVAL OF AGENDA:

Commissioner Collins suggested that New Business Item F – Rat Island Rowing & Sculling Club Lease be moved to after the first Public Comment Period so that the participants could leave after their topic was discussed.

Commissioner Thompson moved to approve the Agenda as amended.

Motion carried by unanimous vote.

III. ELECTION OF OFFICERS:

Commissioner Thompson moved to nominate Commissioner Collins to serve as President for 2010,

Commissioner Collins nominated Commissioner Thompson to be Vice-President for 2010 and for Commissioner Erickson to serve as Secretary.

Motions carried by unanimous vote.

IV. CONSENT AGENDA:

A. Approval of Minutes – December 28, 2009

B. Operations Reports – December, 2009

Commissioner Thompson moved to approve the Consent Agenda as presented.

Motion carried by unanimous vote.

V. PUBLIC COMMENTS (Not related to agenda):

Chelsea Liu reminded that he had brought the topic of a small trailerable boat hoist to the Commission's attention in December. He stressed how important, in his opinion, having a small boat hoist was especially because in the proposed Boat Haven A/B Dock Renovation project most of the 20 to 25 foot slips were eliminated. He reiterated the reasons why, in his opinion, a small boat hoist was so important to the small boater/trailer boat community in Jefferson County.

Discussion followed about the idea, including that the A/B Dock Renovation project bond would probably be in the \$6 million range, the difficulties of trying to partner with Sea Marine for a small hoist at Point Hudson in the current financial climate and the lack of boat launch ramps in the community. More importantly, before any additional projects were undertaken, a Capital Budget needed development. All agreed that the idea of the small hoist at Point Hudson should be placed on the discussion list of possible future projects.

Pete Hanke of Puget Sound Express and owner of the "Glacier Spirit" and "Olympus" asked for Commission consideration in a reduction of Work Yard charges for the "Olympus" currently undergoing annual maintenance. He related the difficulties encountered in working on the vessel due to its unique construction, advising that it usually is out of the water for two to three months each winter. He informed that he paid for a commercial moorage space as well as the dry storage rate for the vessel and also made building lease payments and, therefore, asked the Commission to consider allowing the vessel to be in dry storage with no fee. He informed that he had been in business, and at the Port, for twenty-five years and during this time has contributed a great deal to the local community.

Mr. Pivarnik advised that he and Mr. Hanke had been having discussions about this issue for the past few months with no resolution because the uniqueness of his situation.

Agreement was that staff would develop ideas and bring them back for Commission review.

Rosemary Sikes stated that her reason for attending the meeting was the recent Letter of Intent to Make Waves presented during the December 28 meeting and her concerns regarding the Letter. Of main concern to her, she stated, was that the Letter went forward first before a Conservation Easement Agreement to protect the remainder of the Kah Tai into perpetuity was prepared. She was very concerned that the remainder of the Kah Tai

should be protected from future development. She advised that she had spoken to a number of people who, because of a lack of a Conservation Easement Agreement were ready to move forward to block the Make Waves project. She stated that, in her opinion, it was unfortunate that the two documents did not move forward at the same time. She also voiced concerns about some of the language used in the Letter of Intent. She was also concerned that the Port had not thoroughly discussed the proposed project in depth with the City of Port Townsend who would need to be involved in the permitting process.

Mr. Crockett explained that there was no rush to get something done immediately, that there would be many months with many meetings and a great deal of opportunity for the public to express their opinions. He also advised that the Port had not yet heard back from the Jefferson Land Trust if they would be willing to take on the project. He advised that the City of Port Townsend had been made aware of the Port's intentions towards Make Waves and the Kah Tai.

Mr. Pivarnik informed that one of the goals with the Letter of Intent was to allow Make Waves to begin fundraising, but in no way was it to be interpreted as a Development Agreement.

VI. RECESS TO A MEETING OF THE INDUSTRIAL DEVELOPMENT CORPORATION OF THE PORT OF PORT TOWNSEND:

The regular meeting recessed into the annual Industrial Development Corporation meeting at 1:23 PM and reconvened into the regular meeting at 1:29 PM.

NEW BUSINESS:

F. Rat Island Rowing and Sculling Club Lease

Commissioner Collins excused himself from the topic discussion, as he was an Officer of the Rowing Club.

Mr. Pivarnik informed that he had been negotiating a lease with the Rat Island Rowing and Sculling Club since the Northwest Maritime Center had moved most of their boats out of Point Hudson. He advised that he had worked with the Club to identify a 2,500 square foot area in "the south 40" between Sea Marine and the duplexes, for rowing shells and other storage. At the market rate of .4 cents, a square foot the monthly lease amount would be approximately \$100 plus Washington State Leasehold Tax, with a term of five years with one-year options. He advised that the .4 cents a square foot had been determined to be a fair rate due to the lack of infrastructure in the proposed area.

After discussion, **Commissioner Erickson moved to approve the lease for the Rowing Club as presented.**

Motion carried by unanimous vote. Commissioner Collins recused himself from the vote.

VII. OLD BUSINESS:

A. Coast Guard Building and the HPC:

Mr. Pivarnik informed that he had actually tried to pull this item from the Agenda because the situation regarding the Coast Guard Building had changed so radically from the time he added it for meeting discussion. He acknowledged the City of Port Townsend staff and their hard work to help reach a resolution of the issue. He advised that City staff had called a special meeting between City staff, Port staff and the Port's Architect in which they advised that they had found a solution to the situation. It was a solution that would allow the Port to move the Coast Guard Building to the area around by the maintenance shop, put it on a post and pier foundation with full occupancy rights and avoid the requirement to label the building "historic" with all the strings that come along with that designation.

Mr. Crockett provided additional details regarding events that took place before the special meeting with the City. He informed that he had received a letter from the Historic Preservation Committee (HPC) asking that the Port submit a letter to the City and to the HPC asking that the building be declared "historic" something he did not want/and could not do since the building was more than fifty years old and in terrible shape.

Mr. Pivarnik clarified that the IBC was specific in that it stated that the only way a building could be put onto a post and pier foundation within the City limits was if it had been declared "historic"; otherwise, it would require a full perimeter foundation. Putting a full foundation under the relocated building would cost approximately \$12K, he stated. In conclusion, he advised that Architect Richard Berg had agreed to

provide an engineer stamp on drawings for the post and pier foundation stating they met with all shear wall and other regulations thereby saving the Port around \$10K and the City and HPC were willing to accept that engineering stamp.

Mr. Crockett advised that the old Coast Guard building was scheduled to be moved to its new location during the first week of February.

B. Landfall Restaurant Demolition Permit Process:

Mr. Crockett provided an update on the topic reminding that there had been a number of stakeholder meetings and that the consensus was that the Port needed to get on with the next phase, whether it be demolition or moving the building. Per what he had learned from the Historic Preservation Committee, there were actually two structures located on the site, one part was of 1940's vintage and called the "Heavy Equipment Maintenance Shack" on old military layouts, and the other part, the rotunda, was constructed in the 1980's without a permit. He advised that the HPC would most likely agree to demolition of the rotunda but not to the other, historic, section. He added that the building was in terrible shape, without any type of foundation, etc, and he hoped that if the Port was not allowed to demolish (if that was the final Commission decision) that it at least be allowed to rotate or move the building on the site so that some other, usable structure be allowed there. An even better solution would be if the Port was allowed to move the building from the site, put it in the "back 40" and re-purpose it. He sought Commission direction to start the process.

Mr. Pivarnik added that, in his opinion, it would be wise to begin the process with the submission of the Demolition Permit and let the City then explain what the process would be.

Commissioner Collins voiced his opinion that he thought the site needed to be cleared, either by demolition or by relocation, but cleared enough to begin the public process to determine what should be built on the land.

Discussion followed with all in favor of beginning the process for a demolition permit.

Mr. Pivarnik noted that the Landfall Restaurant sign had been stolen from the site this past week, he advised that it was a great sign and he would have liked to have it for the Port archives.

Commissioner Erickson moved to authorize staff to proceed with the demolition permit process procedure for the Landfall Restaurant.

Motion carried by unanimous vote.

Mr. Pivarnik advised that there was one other item that needed discussion and that was the fact that there were still three years left on the building lease. Under advisement of Port Attorney Goodstein, the Port could not proceed with demolition until the issue was resolved and one idea developed was to prepare a Quit Claim Deed that would terminate the lease. The document would also voice that the Port did not intend to pursue payment of the delinquent lease charges from either Mr. and Mrs. Harriman or the Browns. He reminded that the Harriman's had sub-let the restaurant to the Browns who had defaulted owing approximately \$8K in back lease payments.

Discussion followed about whether or not forgiving the back, unpaid rent would be considered a gifting of public funds.

Mr. Crockett advised that preparation of the Quit Claim Deed would allow the Port possession of the kitchen and other equipment with the possibility of selling it to recoup some of the unpaid fees.

Mr. Goodstein advised that, as had been discussed at previous meeting, the notion of a gift of public funds or running of public credit brings into it the element of donated intent and so, he advised, it would be wise for the Commission at some point, should it decide to proceed, to indicate the business rationale- basically what had just been discussed, for why the Commission chose to do this and that it is not a donation as there is a business purpose for doing it and one that makes some sense, that of clearing the way for a way in which to generate revenue from that building site.

VIII. NEW BUSINESS:

A. Resolution No. 530-10 – Adoption of Personal Services Contracting Policy:

Mr. Crockett provided details regarding the resolution adding that the law requiring a Personal Services Contracting Policy was only applicable to Ports. In response to Commissioner Collin's inquiry, Mr. Taylor informed that the Policy did not apply to engineering or architectural professional services. Additionally, Mr. Pivarnik informed that the Policy would apply to the Port Newsletter contract as well as Cascadia Community Planning Consultants. Discussion developed regarding the details of the proposed Policy. Commissioner Collins stated that the Policy did commit the Port to development of an Ethics Policy and wondered if there was anything else that needed to be done pursuant to that, any other policies. Further discussion followed regarding development and adoption of a detailed Code of Ethics and Mr. Goodstein offered his help in development of the proper verbiage for that Policy. Agreement was reached to bring the topic back for a Workshop topic.

**Commissioner Thompson moved to approve Resolution 530-10 thus adopting the Personal Services Contracting Policy.
Motion carried by unanimous vote.**

B. Resolution No. 531-10 – Re-adoption of 2010 Operating Rate Sheets:

Commissioner Thompson advised that he wanted to recommend that the Liveaboard Fee in the Work Yard be reduced from \$185 a month to \$55 a month as was charged in water. Discussion followed about why the rate had increased to the current level and that the Port might want the liveaboard fee tied to active projects in the Work yard or have time limits.

Mr. Crockett informed that the Commission had the right to change Port rates at any time throughout the year. Another discussion developed regarding the advantages of adding another footnote to the already crowded Rate Sheets disclaiming that the permanent moorage rates, at Boat Haven, were intended to be by dock size not boat size. After dialogue, it was decided to not add any additional foot notes.

**Commissioner Thompson moved to approve Resolution No. 531-10 thus re-adopting all rates and fees for 2010, with the amendment to reduce the Work Yard Liveaboard fee to \$55 a month.
Motion carried by unanimous vote.**

C. Boatyard Committee Meeting Briefing:

Mr. Crockett informed regarding the meeting he had attended of the Boatyard Committee hosted by the Northwest Marine Trades Association over in Lake Union. He reminded that there had been discussion previously about Puget Soundkeeper Alliance and their lawsuit with the Dept. of Ecology over storm water standards. Activity over the past eighteen months had been limited, but with a change in leadership of the Puget Soundkeeper Alliance with new Board members, activity has begun again with five private boatyards within Washington State receiving "Intent to Sue" letters from the law firm of Smith and Lowney. He provided additional information regarding the content of the letters. Mr. Crockett advised that our stormwater consultants, Landau Associates had traveled down to Olympia to check the records that the Department of Ecology had received from the Port. His recommendation was to ask Landau Associates to make a return trip to Olympia to verify all the Port's paperwork was correctly filed with DOE and provide a reconciliation of what the Port has on record as having filed and what DOE has in their records. Also important was to be certain that the Port's SWPP (Storm Water Pollution Plan) was complete and up to date.

The other item of note gained from the meeting was that the Department of Ecology had decided not to take action on the comment letters of the Economic Impact Study or on the new stormwater copper standards until after the Legislative Session ended in sixty days.

D. Green Ports Committee Meeting Briefing:

Mr. Crockett provided an update on the topic informing that it was now titled Evergreen Port Initiative and would include Eastern Washington Ports as well as the Ports located on the Western side of the State. He reminded that the topic had first been discussed during the WPPA Environmental Seminar last fall and there was motion forward with adopting it as a Port Initiative during the annual WPPA meeting

in November 2009. He provided additional background and details and advised that it was an ongoing project.

As an aside, but related to the topic, Mr. Pivarnik reported that the Port had just received the Enviro Star rating.

E. Brion Toss Lease Extension:

Mr. Pivarnik informed that Brion Toss had been in the same building for twenty-six years and was seeking a five year, standard, lease extension, with additional one-year options.

Commissioner Thompson inquired if staff had been successful in getting electrical power to the building as had been discussed in early 2009.

Mr. Pivarnik responded that due to the complexity of the electrical issues surrounding the Sail Loft Building, staff had not yet been able to obtain a successful bid. He suggested that the task should probably be broken down into smaller components so that electricians would be likely to bid on the project. He also suggested that Chris Hanson should be called in to kind of clarify the electrical problems.

After a discussion of the task and problems involved, Mr. Crockett advised that the project would be re-energized.

Commissioner Erickson moved to approve the Brion Toss Lease Extension for a term of five years with one-year options, as presented.

Motion carried by unanimous vote.

G. Commission Meeting Schedule:

A very thorough discussion took place between staff and the Commission regarding alternative times to convene the twice-monthly Commission Meetings.

Rosemary Sikes stated that, in her opinion, it would be advantageous to her if the meetings were held later, or earlier, in the day than the present 1:00 PM as that time, in the middle of the day, made it the hardest time to attend the meeting.

Commissioner Collins moved to direct staff to schedule the first Commission Meeting of the month (the 2nd Wednesday) to begin at 3:30 PM with no Commission Workshop. The second monthly meeting (4th Wednesday) would begin at 6:30 PM with a Commission Workshop beginning at 3:30 PM.

Motion carried by unanimous vote.

At Mr. Crockett's suggestion, the meeting time change would go into effect beginning with the February 10, 2010 meeting. All were in agreement that there could be additional changes if the meeting time change did not work out. He advised that a Resolution would be brought back for Commission approval.

Commissioner Collins also expressed interest in having input on the Commission Agenda for both the regular meetings and the workshops. He inquired of Mr. Goodstein whether or not he could correspond with his fellow Commissioners to gain their ideas on agenda items.

Mr. Goodstein informed (using the Battleground School Board Case as an example) that it would be an illegality for the Commission to have "de-facto" public meetings by email or by telephone. However, he stated, there was nothing that prevented one Commissioner from sending a memo to another Commissioner as long it did not create a "polling event" where the Commissioner was asking for an opinion or taking action from the other Commissioners. In his experience, the President of the Commission most often set the agenda and if the other Commissioners wanted to add or delete items, they would convey their wishes through the Executive Director. He advised that he thought it would be ill advised for one Commissioner to phone another on Monday morning, for example, and ask that Commissioner if they had any ideas for upcoming meeting agenda topics, advising that from the point of view of the public such action was suspect.

Agreement was reached, after discussion that Commissioner Collins would meet with Mr. Crockett with suggestions or ideas for discussion topics and then Mr. Crockett would email a draft agenda to the other Commissioners asking for their input.

There followed a discussion about whether or not it was okay for one Commissioner to ask another Commissioner for his opinion regarding a matter.

Mr. Goodstein informed that any conversation held between themselves, now that they were elected Commissioners, could be viewed, at least by some members of the public, as talking about Port business, which is illegal, and that, certainly, asking an opinion of another Commissioner is, in fact, talking about Port business and therefore represented a problem. He recommended avoidance of conversations of Port matters altogether, and remarked that even if a Commissioner was seen having a cup of coffee with another Commissioner, some members of the public would view it as a discussion of and about Port business.

Additionally, Mr. Goodstein recommended a short presentation by his office that would provide additional guidelines about the subject.

Rosemary Sikes asked that the Port Commission Workshop Agenda be put on the Port website as well as the regular meeting agendas.

Agreement was that to the extent possible, staff would comply.

H. Jefferson County Growth Management Steering Committee:

Mr. Crockett explained that this was the first meeting of the Steering Committee since 2005 and was scheduled for Thursday January 14, in the Jefferson County Courthouse in the BOCC meeting room. He advised that as the Port had one seat on the Steering Committee, one Commissioner should be selected as the primary attendee and one selected as a back up Alternate. He provided background regarding the Steering Committee and its function explaining that the Growth Management Act (GMA) dictated it as an Advisory Panel to help Cities and Counties update their Comp Plans. The Port's presence was because it is the only governmental entity empowered as a driver for economic development within the County. This first meeting, he informed, would provide background and information regarding the Steering Committee and its functions.

Commissioner Erickson informed that he would be willing to serve as the Port representative.

After a short discussion, **Commissioner Thompson moved to elect Commissioner Erickson as Port Representative for the Jefferson County Growth Management Steering Committee and to elect Commissioner Collins as Alternate.**

Motion carried by unanimous vote.

Mr. Crockett informed of another Committee position opening, on the Peninsula Development District Board, which met monthly. It did not require Commission appointment since Commissioner Collins had expressed an interest in that Committee and Mr. Crockett advised that he would notify the Board that Commissioner Collins would serve as primary and that he would remain the Alternate. He would still attend the Resource Conservation Board, which met immediately following the Peninsula Development District Board each month.

In regard to additional Committee positions, Mr. Crockett advised that he would ask staff to go through the Committee lists and verify which ones actually needed to have an elected official serve, there were also a few committees that he would recommend no further participation for various reasons.

Commissioner Thompson informed that he had been asked by WPPA to serve on the 2010 Port Centennial Committee.

I. Approval of Warrants and Voided Warrant:

Warrant #043301 in the amount of (\$16,293.96) as a Void

Warrant #043478 in the amount of \$16,293.96 for Payroll Benefits

Warrant #043479 through #043507 in the amount of \$43,194.11 for Payroll

Warrant #043508 through #043518 in the amount of \$55,844.37 for Payroll Benefits

Warrant #043519 through #043565 in the amount of \$37,926.44 for Accounts

Payable

Commissioner Thompson moved to approve the warrants as presented.

Motion carried by unanimous vote.

IX. STAFF COMMENTS:

Mr. Taylor sought Commission direction regarding whether or not to proceed with the Investment Banker selection process for the proposed A/B Dock Renovation project. He reminded that there had been previous discussions (as early as May 2009) regarding the Bond process and that, due to one thing or another, the process had been postponed. He advised that if the A/B Project was still on track, as Mr. Pivarnik had indicated, then the Port needed to start the process for a bond issue in the next six weeks for the project to begin this spring, as funding needed to be in place before finalization of a Construction Agreement.

Now was the time to choose between two firms: D.A. Davidson Co. and Seattle Northwest Securities. Originally, he reminded it was suggested that Senior Staff and Commissioner Collins travel to Seattle to visit with the two firms, however, firm representatives were willing to travel to Port Townsend should the Commission decide that was the better alternative.

A very thorough dialogue followed between staff and the Commission regarding the proposed bond issue, ways in which to pay for it (delay, perhaps of the proposed 70-ton hoist replacement) and the current Port rate structure for all services. The consensus of opinion was that a detailed analysis needed to be done of the Port's financial status with development of a five year cash analysis which included various scenarios and "what if" situations as well as the current capital projects in development but in the meantime to move forward with the selection of a financial firm to handle the bond issue. Agreement was unanimous to ask the firm representatives to come to Port Townsend and make a presentation to the Commission during a Special Meeting so that the public could be present to hear first hand what was said.

Mr. Goodstein advised that both firms were well known in the Port community and both equally capable and it was a matter of personal preference as to which firm to choose. As far as the question raised by Commissioner Collins of what could the Commission do, he stated that it really came down to the appetite for and a policy discussion/decision on, taking on more debt. The only restriction, he advised was that the Port had to maintain certain debt coverage ratios.

Also discussed was the necessity of having an emergency fund in reserve to safeguard against natural disasters.

Mr. Pivarnik stated that it was time to begin preparation of the next issue (1st Quarter 2010) of the Port newsletter, "The Conversation", and asked for direction from the Commission about whether or not they wanted to proceed. He reminded that the Port had produced quarterly newsletters for Port tenants and one community newsletter in 2009. The Community issue, he stated, had been the most expensive.

Discussion followed about ways in which to reduce expenses, (the Newsletter had cost approximately \$20K to prepare and mail in 2009) whether or not four issues were too many, if only two were needed and one Community issue and other alternative mailing methods. Agreement was reached to move forward with the first quarter 2010 issue and then bring the topic back to the Commission for further discussion.

Mr. Pivarnik informed that another issue that developed this week was that of the proposed GPS Approach system at the airport, advising that the FAA had notified him that the proposed project might not be doable because of the hilly terrain around the airport. The original plan was for a Grant of \$132K with a Port match. The FAA advised that a feasibility study first be completed; such a study would cost approximately \$25K. Agreement was to move forward with the feasibility for the GPS Approach System.

Mr. Crockett informed regarding a meeting with Senator Murray's staff, held in the Port conference room, he and Commissioner Collins had attended saying that in his opinion, such meetings were helpful.

He reminded that last year during the Legislative Session in Olympia the first Port Day had been held, advising that the Port had not attended. Another Port Day was scheduled for this year on February 1 and as that date was right in the middle of the Seattle Boat Show staff would not be able to attend. However, he was informing the Commission in case one of them wished to attend the event. He advised that it was an event in which the Port Industry, as a whole, could make its case regarding the importance of Ports to Washington State and the Legislature, as a whole.

Additionally he informed that the State Legislature began its 2010 session on Monday, January 11. The 60-day session would, no doubt, he added, have its share of turmoil since the \$2.6 billion deficit might turn into \$3+ billion by the end of the session. He advised there would be more to follow with the Washington Public Ports Association providing updates daily.

X. PUBLIC COMMENTS:

Rosemary Sikes advised that she had found the meeting to be very interesting.

XI. COMMISSIONER COMMENTS:

Commissioner Thompson stated that he was enthusiastic about visiting the Port's prospective rates and future paying off the bond issues that were pending and offered that he would like to see that come together.

Commissioners Collins and Thompson formally welcomed Commissioner Erickson to the Port Board of Commissioners.

Commissioner Erickson informed that he had met with City of Port Townsend Mayor, Michelle Sandoval, last week and that they had a good conversation in which she had expressed her ideas regarding the mission of government which, in her opinion, was to provide infrastructure for the people with which to be successful. He advised that she had expressed her main reason for objecting to the Port's rezone at the airport was procedural. She advised, additionally, the City had not been consulted in the decision at Kah Tai. Commissioner Erickson advised, that in his opinion, he thought that the relationship between the Port and the City, at least with the Mayor, would begin moving in a more positive direction.

Mr. Crockett advised that one thing learned through the re-zone process was that communication between the Port and the City Council members needed to be on a more formal basis. He advised that he would begin to address letters, which needed to be seen by the Council, to the Council and would no longer assume that they would be passed along through City Staff. He expressed optimism that future venues and projects would lead to more open and direct communication between all the players.

Commissioner Collins related that he, also, had met with Mayor Sandoval and shared that they had a conversation covering many issues from when the Port regained control of Point Hudson in March 2002 to the present. He also believed that communication and relationships between the City and the Port would improve in future endeavors.

A very thorough, detailed discussion followed regarding the Airport Rezone, surrounding issues, and the Letter of Intent to Make Waves.

Commissioner Collins reiterated that it was time to be proactive and to push the envelope on what could be done in Jefferson County rather than putting up barriers about what can not be done.

XII. NEXT MEETING: Next regular meeting will be held Wednesday, January 27, 2010 at 6:30 PM in the Port Commission Chambers, 375 Hudson St, Port Townsend.

XIII. ADJOURNMENT:

The regular meeting adjourned at 3:48 PM there being no further business to come before the Commission.

ATTEST:

John N. Collins, President

Leif W. Erickson, Secretary

David H. Thompson, Vice President