

## PORT COMMISSION MEETING – February 10, 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 (arrived at 3:55 PM)  
Executive Director – Crockett  
Deputy Director – Pivarnik  
Auditor – Taylor  
Attorney – Lake - Goodstein Law Firm  
Senior Accountant/Recorder – Hawley

### I. CALL TO ORDER/PLEDGE OF ALLEGIANCE:

The meeting was called to order at 3:30 PM.

### II. APPROVAL OF AGENDA:

The Agenda was amended to reflect the addition of Item E – A/B Dock Planning Process to Old Business and the additions to New Business of Item C – Re-visit Kayak Rate Charge at Point Hudson, Item D – Yard Work Schedule and Item E – Financials.

**Commissioner Thompson moved to approve the Agenda as amended.**

**Motion carried by unanimous vote.**

### III. CONSENT AGENDA:

- A. Approval of Minutes – January 27, 2010
- B. Write-off Register
- C. Operations Reports – January, 2010
- D. Approval of Minutes of the Special Meeting – February 9, 2010  
Commissioner Collins noted the need for two changes to the January 27, 2010 minutes. #1 on page 2, Boat Ramp Plan, line 11 beginning “.....Mr. Crockett explained .... But do we have the \$40 - \$50,000 available in the budget?” The entire sentence should be removed. #2 on page 7 under Commissioner Collins comments “..... it was discussed to have a prior meeting (to the Steering Committee meeting) with.....” noting that the sentence should be the Intergovernmental Committee Meeting.

Mr. Crockett informed that the January Ops Reports reflected the most active January the Port had ever experienced for transient RVs and moorage. Additionally, he noted that attendance at the Seattle Boat Show was up 9% over last year.

Commissioner Collins offered that perhaps the reason attendance was up for the Seattle Boat Show was due, in part, because both the Everett and Tacoma Boat Shows had been canceled this year.

**Commissioner Thompson moved to approve the Consent Agenda as amended.**

**Motion carried by unanimous vote.**

### IV. PUBLIC COMMENTS (Not related to agenda):

Bertram Levy made the suggestion that instead of just guessing as to why activity had dropped off, that a simple survey form asking for boater’s input be prepared and handed out to incoming transient guest boaters, etc.

Mr. Crockett advised that currently staff was working with the Marine Trades Association to develop a survey to look at a broad variety of issues.

### V. OLD BUSINESS:

#### A. Intergovernmental Memorandum of Understanding (MOU):

Commissioner Collins announced that City of Port Townsend Councilmember King was present to represent the City.

Mr. Crockett provided historical background regarding the topic, reminding that discussions had occurred during many past Commission meetings as well as with the staffs from the City and the County. As a result of all of those meetings, the Letter of Understanding (MOU) between the different governmental bodies regarding the Port’s Rezone at the Jefferson County International Airport had been developed. (The Jefferson County Board of County Commissioners had subsequently approved the Rezone.) As a final step in the process, the City of Port Townsend, he advised, held a Special Meeting on Saturday, February 6 and the City Council approved the proposed MOU through a unanimous vote of seven to zero.

**Commissioner Thompson moved to adopt the Memorandum of Understanding, as presented.**

**Please see vote below**

David King stated that in his opinion, the MOU was a great first step, admitting that, as with any document of this kind there was the desire to do additional “wordsmithing”. However, the City Council had approved the MOU, enthusiastically, with the seven to zero vote. He offered that he hoped it would lead to a period of greater collaboration between the City, the Port and the County and advised that all the governmental entities were trying to respond to their citizens’ desire for greater opportunities, greater collaboration and better and more efficient use of their tax money. In particular, he offered, he thought it was a good example of the elected officials setting policy and then giving direction to their respective staffs to implement the policy. He also encouraged continued Port participation in the Growth Management Steering Committee meetings.

**\*\*\*Motion carried by unanimous vote.**

B. 2010 Bond Financing Update and Underwriter Selection:

Mr. Crockett reminded of the presentations made on Tuesday, February 9 by two qualified Bond Underwriting firms: D.A. Davidson and Seattle-Northwest Securities Corporation stating that, in his opinion, either of the firms would perform excellently if selected. He advised that the time line to select a bond underwriter was fast approaching as the A/B Dock Renovation project needed to move forward and that the financing should be in place before the Port went to bid. He advised that he, Mr. Pivarnik, Maintenance Manager, Larry Aase and project coordinator, Tike Hillman were going to Seattle on Wednesday, February 11 to meet with PND Engineers Inc. and try to ascertain the expected cost of the renovation project.

A thorough discussion followed regarding the presentations by the two firms, details of each, advantages and disadvantages i.e. Seattle-Northwest Securities Corp. represented most of the Port districts within Washington State and was a member of the Washington Public Ports Association (WPPA). Although we had not worked with D.A. Davidson before, staff had worked with Dave Trageser on five previous bond issues. Other points were discussed.

Mr. Crockett reminded that even if a choice was made today regarding which firm to go with, we could still pull out of the process before the bonds were actually marketed if we ascertained that the Port’s long term financial prospect would not sustain such a costly expenditure. However, he stated, there would be a cost to do so, probably in the \$35K to \$40K range.

Commissioner Thompson stated that, in his opinion, David Trageser of D.A. Davidson had made a very good presentation and that he had seemed to be aware of how close the Port was to the end of its bondable capabilities; seemingly more up to speed with our particular situation and had some potential solutions to those difficulties the Port might encounter.

Commissioner Collins offered that, in his opinion, Seattle-Northwest Securities Corp. seemed tuned in to the Port’s situation, and had thought through a range of variable options of how to bundle together taxable/non-taxable and how to stake out payments.

Commissioner Erickson stated that he had liked the team approach presented by Seattle-Northwest Securities Corp. He offered that they had offered a very smooth presentation but was aware that they would be a little more expensive than D.A. Davidson would be. He offered that his choice would be Seattle-Northwest.

After further discussion, **Commissioner Collins moved to select Seattle-Northwest Securities Corporation as the Bond Underwriter for the A/B Dock Renovation project with the following points: that selection of the firm would be contingent on the fact that they would be in agreement that Alan Dashen would be serving as the Port’s Financial Advisor, and would therefore take advice from him on the Port’s behalf. #2 is that Seattle-Northwest Securities Corporation would agree that their Credit Committee would not become an issue later on in the bond issuing process. #3 Seattle-Northwest Securities would agree to allow retail sales from outside firms, i.e. Edward Jones, etc.**

**Motion carried by unanimous vote.**

C. Commercial Charter Operations at Point Hudson:

Mr. Pivarnik reminded that the Commercial Charter Operation had first been initiated at Point Hudson two years ago at which time a number of feet on center dock had been designated for commercial charter operations with the threshold of 40

charters a year. The 40-charter threshold (which was a very low number) had been with the expectation that once the business was up and running the number of charters would increase. The policy also included a per passenger fee payable to the Port. There was also the provision, that the business would be reviewed on an annual basis as the commercial charter designation was for active businesses only, not for folks who wanted to be guaranteed moorage at Point Hudson. Mr. Pivarnik advised that the program had not been very successful, and that currently the Port did not have anyone who met the 40 charters a year requirement, with the exception of Pete Hanke. He advised that there are a couple of boats on the center dock who take folks out on a sporadic basis. There does not appear to be very much marketing, and limited advertising by the charter businesses. He offered that the policy became a little more convoluted when the Commission exempted educational programs. He advised, additionally, that Commissioner Thompson wanted to review the policy to be sure that it was still valid, see if we wanted to amend it, change it, or even continue it.

Wayne Bibbins stated that he ran a commercial charter operation from the Commercial Basin in Boat Haven and did well over 40 charters a year, primarily fishing, cruising, sailing and diving excursions. He added that he had been in business for two years and was licensed and bonded. He hoped to see the program continued in Point Hudson and would like, eventually, to take advantage of the program by relocating to Point Hudson.

Kaci Cronkhite offered that there were challenges involved in advertising her charter business by putting banners, etc, on the vessel because then they had to be put up and taken back down. She suggested a central place, perhaps the Moorage office, where the charter businesses could place their business cards and brochures. She offered that since she was operational as a charter on a part-time basis, doing 40 charters a year was a bit of a challenge, but offered that her boat was accessible for tours and helped tourists with their overall Port Townsend experience.

After discussion, it was decided staff would draft some updated language, revisit the policy, and bring it back to the Commission for review.

D. A/B Dock Planning Process:

Commissioner Collins offered that he had been struck, going through the process with the Bond Underwriters and talking about permitting and all of the steps involved in the A/B Dock Renovation project, by the complexity of the endeavor and suggested that it might be very helpful to the Commissioners to have a visual time line sketched out for them to review.

Mr. Pivarnik offered that the process would begin on Thursday, February 11 when the visit to PND Engineers, Inc. in Seattle was planned; he anticipated that a they would all sit down and prepare a firm schedule for when the Port would need to go to bid, when we need a contract and when we need the money in the bank (he thought June 1) and how much money the proposed project was expected to cost.

In closing, it was offered that the proposed project time line would be available for the February 24 meeting, and might be inserted as a workshop agenda item although everyone agreed that the workshop was filling up with topics already.

Commissioner Thompson advised that another priority item and one that needed to come out of the bond financing update was the current Port's financial profile, which he believed, was going to affect our bonding capabilities.

Mr. Taylor offered that he hoped after the meeting on Thursday between staff and PND Engineers, Inc. staff would have a better Engineer's estimate of the cost for the proposed project. That estimate would be given to Seattle-Northwest Securities Corp. who could then calculate all those perimeters and then they can come back and say this will work, or this will not work.

A thorough discussion followed regarding the five year projected graph that Mr. Taylor had prepared and the gap between revenue and expenses and the downward slope of projected cash.

Mr. Pivarnik addressed Commissioner Collins inquiry of the previously discussed idea of having the docks built locally and on site, and advised that, again, there should be more information available after the Thursday meeting with PND Engineers Inc.

Bertram Levy advised that since the Port was chartered to create jobs, there would be added advantage to building the new docks on site. He also suggested revisiting the idea of separating out the two items, the A/B Dock Renovation from the 70-ton travelift rebuild stating that, perhaps, there were stop gap measures that could be taken to the haul out so that it could be done later on and therefore increase, perhaps, the salability of the A/B dock which, in his opinion, was more critical.

Mr. Pivarnik advised that there had been an engineering analysis of the 70-ton lift pier and there were options available, such as wrapping the piles, etc, that could be used to maintain it for a while longer, but at a cost of between \$50K to \$60K and knowing that it would still need to be replaced if it was a cost effective way to go about it. He advised that staff proposed moving forward with the permits, as they would be good for five years once obtained.

Commissioner Erickson offered that one way in which to make the Port financial statements more sellable, was to postpone the travelift pier replacement project since the expected cost of the project was between \$550K and \$1.5 million.

Again, after discussion, it was agreed that staff would ask of PND Engineers Inc for some ideas about ways in which to preserve the travelift pier for a few more years. Mr. Crockett stated that, in his opinion, he was not sure the A/B Dock was a more urgent project than the travelift pier, because if the travelift were to fail it would affect all of the Marine Trades businesses as well as the Port.

As a completely new consideration, Mr. Pivarnik offered that there was new technology now available, a new concept in haul outs that some other yards were using, that of a hydraulic trailer that operates in the water, pulls boats out and places them on land. Discussion followed about the concept.

## VI. NEW BUSINESS:

### A. Federal Appropriation and Grant Submittals:

Mr. Pivarnik informed that there were a couple of deadlines fast approaching on available Federal Stimulus money for two things. One was in the Federal Transportation area and the other was for small Ship Yard operations. The Ship Yard operations grant, he offered, had many constraints on it in that it was for equipment that would enhance production only and, therefore, could not be used for buildings or anything else. Staff, he offered, had come up with a couple of ideas that he believed would enhance production; one was a self-powered hydraulic trailer. He provided details of that concept which would cost approximately \$400K with Federal Grant monies paying 80% of that cost. The Port's share of the grant would be 20%.

He stated that he would be requesting two additional RX storm water systems, reminding that the Department of Ecology was funding two RX systems currently. He advised that a total of four units were needed to cover the entire Ship Yard. He advised that he was asking for two additional units at a cost \$110K each. In addition, he was asking for a vacuum excavator - a machine that would allow the contaminants to be sucked out of the storm water drain catch basin – ultimately helping with the storm water benchmark numbers. The total amount of the grant is \$700K to \$800K with a 20% Port match; the grants would be for fiscal year 2011.

The next possible grant Mr. Pivarnik wanted to address was one offered by the Department of Transportation stating that there was \$350 million (nationally) in the Federal Transportation budget this year for ferries and since Senator Patty Murray headed the Federal Transportation Committee, her staff was very interested in the idea. Mr. Pivarnik reminded that staff had met with Senator Murray's staff six weeks ago. If the Port was successful in obtaining the grant it would be for \$1 million appropriation with no Port match. He reminded that a passenger ferry was a project of great interest to the community. Port districts within Washington State are allowed to get into the ferry business; however, if it went forward, staff would recommend contracting out the service. He informed that there would be more to follow on the subject.

### B. Approval of Warrants:

Warrant #043652 through #043680 in the amount of \$40,010.63 for Payroll

Warrant #043681 through #043691 in the amount of \$54,750.17 for Payroll Benefits

Warrant #043692 through #043760 in the amount of \$51,229.05 for Accounts

Payable

**Commissioner Thompson moved to approve the warrants as presented.**

**Motion carried by unanimous vote.**

C. Kayak Storage Rates:

Commissioner Collins stated that he was aware that the Maritime Center's new building stores kayaks for \$300 a year in a secure, indoor area, unlike the Port's which is outside and costs approximately \$290 a year including Washington State Leasehold Excise Tax. He thought that reducing the rate charged might increase the number of racks rented.

Discussion followed that included history of why the kayak racks were included in the Point Hudson Renovation design, the fact that outdoor storage was less attractive than indoor, secure storage, and whether or not there would be an issue of offering the racks at a rate lower than that of the Maritime Center. Various pricing scenarios were also discussed.

**Commissioner Collins moved to reduce the amount charged for kayak rack rent to \$15.00 monthly or \$180.00 a year (without W.S.L.E.T. as it was below the \$250.00 annual threshold) without an annual discount.**

**Motion carried by unanimous vote.**

E. Yard Schedule:

Mr. Pivarnik reminded that historically March 1 the Yards began a six day a week operating schedule, however, he stated, since we had not refilled the position vacated in 2009 by an employee leaving the area the Yard was running on a very limited crew and therefore staff recommended to limit operations to five days a week not including Saturdays. He advised that, if necessary, staff could be pulled in to work in an overtime capacity if it was essential to haul a boat, but otherwise staff really felt that Saturdays would put added strain on the small, existing crew.

A very thorough discussion followed about the proposed schedule and possible ramifications with agreement reached that should activity in the Yard pick up the schedule could be revisited and revised.

David Griswold expressed concern initially about the proposed reduced schedule but added that with the accessibility of having staff available to haul out boats should it be absolutely necessary he was amenable to the idea.

Bertram Levy suggested using temporary help on an as needed basis to help with the crew shortages.

E. Financials:

Mr. Taylor presented a first draft of a five year financial projection document including a graph (showing total gross revenues, total expenses with depreciation, overall net income after expenses and cash) based on no rate increases for any revenue item other than property leases, slight increases for operating expenses and personnel costs including increases in employee benefits. The projection shows a downward slide of cash over the next five year if revenue, primarily in the Yard operations does not significantly increase. The projection did not include any capital projects or grant matches. The analysis did not include the funds set aside in the A/B Dock Renovation Reserve fund, which Mr. Taylor believes should be kept for either emergencies, project change orders or to lower the amount of the bond issue.

A very thorough discussion followed about the analysis to include the fact that the bond underwriters for the A/B Dock Renovation project will need this information for the bond issue.

Commissioner Thompson inquired of Commissioner Erickson regarding his comments that he had made regarding the Port's financial picture.

Commissioner Erickson advised that he had been supporting Commission Collins comments that perhaps the quickest way to change the projected trend was to do some serious cost cutting, which would be in two places, in his opinion, capital improvement projects and personnel.

After further discussion, Commissioner Erickson offered to bring back to either the February 24 workshop or regular meeting his ideas for discussion.

David Griswold suggested that in his opinion, what was needed was a way to attract large projects back to the Yard and to do that qualified people were needed to work on those large projects.

Commissioner Thompson reminded that the Port now has serious competition from other yards in other areas such as Kodiak, Alaska, etc.

Bertram Levy offered the suggestion to use some of the Yard space to allow people to take a “vacation” from boating for a couple of years and store their boats and suggested that staff advertise the idea in the Seattle area.

VII. STAFF COMMENTS:

Commissioner Collins explained that Attorney Bob Goodstein had passed away quite unexpectedly the weekend of February 6 and he extended sincere condolences to Attorney Lake and staff and to Attorney Goodstein’s family, as well.

Attorney Lake offered her appreciation for those comments. She advised that she had planned to attend this meeting all along as Mr. Goodstein was scheduled elsewhere. She offered that the firm was holding together; they would like to have a conversation with staff about moving forward as they felt they had the capacity to continue in the Port Attorney position. They wanted to be sure that the Port felt comfortable continuing on, as well.

Mr. Crockett informed Commissioner Erickson that he had received a letter from the Jefferson County Commissioners advising of the next scheduled meeting of the Growth Management Steering Committee meeting for April 14, 2010 at 7:00 PM in the BOCC meeting room.

The final item, was that the Port had received an invitation from Dick Bothell, Atlas Technologies at Glen Cove for an open house starting at 10:00 AM on 2/18/10 and expressed the hope that the Port staff and Commissioners as well as Jefferson County would come out and tour his new facility and equipment designed to preserve vegetables, flowers, etc.

VIII. PUBLIC COMMENTS:

Rosemary Sikes, President of the Admiralty Audubon spoke about her continuing interest in the Conservation Easement between the Port of Port Townsend and Jefferson Land Trust that is possibly going forward and with the land that is in the Kah Tai Park. She advised that she would very much like to participate in the meetings between the Port and the Jefferson Land Trust.

Discussion followed regarding whether or not Ms. Sikes should participate during the first one or two meetings since those initial meeting might be viewed on the same level as property leasehold meetings between possible tenant and the Port. Although the Commission felt comfortable allowing Ms. Sikes to observe, monitor (and perhaps participate in) the meetings, it was agreed to defer to staff’s recommendation.

Attorney Lake offered guidance by stating that the example put forward pertaining to a lease negotiation was very valid and that there might be some element in a proprietary position that the Port takes so, it might make sense to have a preliminary meeting first between the two staffs to resolve some of those issues and then allow Ms. Sikes to participate at the following meetings.

Attorney Lake offered that there were specific exemptions listed in the Open Public Records Act that stated proprietary type deliberative process are an exception to the public records, and is thereby recognition that there are certain things that are delicate in the early stages of negotiations.

The Commission offered that their preference would be to include Ms. Sikes as an observer in all of the meetings, but there was respect for staff’s leadership and managerial roles and therefore the final decision would be left to staff discretion.

IX. COMMISSIONER COMMENTS:

Commissioner Thompson stated that he would like to explore, further, perhaps at the February 24 workshop, some of Commissioner Erickson’s ideas of how to reduce expenses and improve the Port’s cash flow analysis. He inquired of Commissioner Erickson if he believed he would be able to solidify his ideas and be able to present them.

Commissioner Erickson advised that he would be able to do so.

Commissioner Collins informed that he and staff had an excellent meeting with the Marine Trades Association wherein they discussed the Marine Trade Survey, which seemed to be moving along nicely. He advised, additionally that there had been a meeting with the Moorage Tenants Union last week in which there had been a useful exchange of views about issues faced by the Port. The overriding concern of the Tenants Union, he advised, was that of keeping access to the water affordable for the community, a community concept and character that the Port needed to maintain.

He also briefed regarding the Peninsula Development District meeting he had attended in which discussion had taken place regarding converting that body, which includes a number of governmental representatives from Clallam and Jefferson Counties, moving it to a PDD, or what they called a Council of Governments. He advised that, in his opinion, it should actually be called a Regional Planning Body, a group that has some role in planning beyond just economic development.

Commissioner Thompson inquired of staff if they had approached the Tribes who used the docks down at the New Day Fisheries Pier and suggested that if they had not been approached perhaps staff should contact the Fisheries Division of those Tribes to see if there interest in those docks.

Commissioner Collins informed that he had traveled down to Brinnon to attend the Chamber of Commerce meeting supposedly held at the Community Center there only to find there were no attendees and the meeting had been canceled for non-attendance.

Mr. Crockett explained that due to the consolidation of the Chambers with the exception of Brinnon, he believed it was now a fractured organization.

Commissioner Collins also informed on the Port Association Legislative Day he had attended in Olympia stating that, in his opinion, it was such a rapidly moving target it was difficult to summarize. One thing, he stated, that the Port might have an interest in was that the Association seemed to be moving along to allow public record requests to be satisfied via internet documentation and to allow a “meet and confer” process before a formal court action was taken if someone who has taken offense by a response to a records request.

Attorney Lake confirmed that those items were ones the Law firm was tracking.

X. NEXT MEETING: Next regular meeting will be held Wednesday, February 24, 2010 at 6:30 PM (workshop at 3:30 PM) in the Port Commission Chambers, 375 Hudson St, Port Townsend.

XI: ADJOURNMENT: The regular meeting adjourned at 5:50 PM there being no further business to come before the Commission.

ATTEST:

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John N. Collins, President

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Leif W. Erickson, Secretary

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David H. Thompson, Vice President