

PORT COMMISSION MEETING – February 24, 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 – Lake - Goodstein Law Firm (via conference telephone call)
Senior Accountant/Recorder – Hawley

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 to reflect the addition to Old Business of Item B - Puget Sound Express Lease Amendment and the additions to New Business of Item D - Resource Conservation Management Agreement and Item E – Broadband Coalition Support Letter.

Commissioner Thompson moved to approve the Agenda as amended.

Motion carried by unanimous vote.

III. CONSENT AGENDA:

A. Approval of Minutes – February 10, 2010

Commissioner Collins noted that on page 7, under Commissioner Collins comments 4th line from the bottom “...*what the Port might have an interest in was that the Association seemed*” Legislature should replace *Association*.

Commissioner Thompson 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. Kah Tai Land Trust Easement Update:

Mr. Crockett advised that the first of many meetings regarding the Kah Tai Land Trust Easement was scheduled for Monday, March 1. Meeting participants would include Port staff, the Land Trust, Commissioner Collins and Rosemary Sikes. This first, initial meeting, he informed would help to establish the formalities of what the agreement was going to look like and he expected the meeting to be very similar to a lease negotiation. Mr. Crockett briefly described the complexities involved in a Land Trust Easement.

B. Lease Amendment for Puget Sound Express:

Mr. Pivarnik reminded that during the January 13, 2010 meeting, Pete Hanke of Puget Sound Express, had talked to the Commission and had asked for possible reduction (or elimination) of Work Yard lay days fees while his high occupancy charter boat was out of the water undergoing annual maintenance. Mr. Pivarnik informed that Mr. Hanke’s lease with the Port was unique because it involved both in water and out of the water leases and informed that on a dollar for dollar basis Puget Sound Express was probably one of the Port’s largest tenants. He provided details of the proposed lease amendment, saying that it granted to Puget Sound Express the same benefits granted to commercial fishers and would, therefore, allow Mr. Hanke to pull either the “The Glacier Spirit” or “Olympus” out of the water (paying the haul-out fee) and take advantage of the free lay days for up to ninety days from July through February.

In closing, Mr. Pivarnik advised that written into the lease amendment was language allowing the provisions to change should the Commission decide (at some future time) to change the free lay day time line – which, currently, equals almost a full year.

Commissioner Collins moved to approve the Lease Amendment #1 to the Puget Sound Express Lease as presented.

Motion carried by unanimous vote.

VI. NEW BUSINESS:

A. Skookum Janitorial Contract:

Mr. Taylor advised that it was time, once again, to renew the annual Skookum Janitorial contract. Although the contract had actually expired on December 31,

there had been a lag period while Skookum assembled data for its proposal and therefore the new annual contract was for a time period of February 1, 2010 through January 31, 2011. The proposed contract was for \$5,613 per month. Mr. Taylor reminded that Skookum provided janitorial services for the Port restroom facilities as well as the administration and other offices amounting to, essentially, 60 hours per week, which provided coverage Monday through Friday and on weekends. The proposed contract also provided ½ hour of weekly cleaning of the Work Yard office. He informed that the proposed contract was 3.5% higher than the 2009 contract based on the Federal Service Contract Wage Determination for wages, which Skookum uses. The credit the Port receives to compensate for lost revenue on the Skookum building would go up proportionately to \$10,878 per year.

Commissioner Thompson moved to accept the annual contract with Skookum for janitorial services, as presented.

Motion carried by unanimous vote.

B. Cupola House:

Mr. Pivarnik introduced the proposed new tenants of the Cupola House, Pete Langley of the Port Townsend Foundry and Chris Grace offering that they were ready to present a unique concept for the space.

Pete Langley spoke to the vision he had for the Cupola House space and distributed a pamphlet to the Commissioners outlining his vision for the space. He stated that, in his opinion, despite the state of the economy he thought he would be able to bring something special and unique to the community and Point Hudson. He expressed gratitude for being able to return to Point Hudson since he started his business in the little pilothouse almost 30 years ago. He envisioned using the Cupola House space as a way in which to show the Port Townsend Foundry work and that of other craftspeople in the area and offer a product line of small boats.

Chris Grace added that in addition to the small boats, the space would hold a full display of the jewelry and other wares that Mr. Langley produces at the Foundry. He added that as many were, he was a little disappointed when the Wooden Boat Foundation moved out of the Cupola House, which had become somewhat of an iconic structure, almost a logo of the Foundation, in his opinion. He added more detail regarding his vision for the building saying that the intent was to spruce it up, clean it up and add some landscaping making it kind of focal point at the entrance of Point Hudson adding that there would be opportunities for many small craftspeople to exhibit their wares and that possibly the business could be an incubator for some of the small organizations, but keeping it simple and definitely with a marine related center.

Mr. Pivarnik offered details of the Month-to-Month Rental Agreement advising that the initial monthly rent would be \$1,000 plus all applicable taxes. The going market rate for the building, he stated was \$1,450/monthly. In addition, the tenants had agreed to provide some non-business related improvements to the building in exchange for the lower monthly rent. The improvements needed to be completed by August 30, 2010 in order for the tenant to continue to receive the reduced rent. He advised, additionally that there would be a lease amendment drawn which allowed for a 30 foot perimeter around the building for small boat storage.

Commissioner Collins remarked that from his point of view, the concept was a nice addition to Point Hudson.

After further discussion of more details concerning the concept, **Commissioner Thompson moved to authorize approval of the Cupola House Lease as presented.**

Motion carried by unanimous vote

Mr. Langley stated that they looked forward to being a good partner with the Port.

C. Approval of Warrants:

Electronic Debit for Frontier Bank in the amount of \$2,099.20 for Washington State Department of Revenue Combined Excise Tax for January, 2010

Warrant #043761 through #043785 in the amount of \$39,193.92 for Payroll

Warrant #043786 through #043789 in the amount of \$16,582.28 for Payroll Benefits

Warrant #043790 through #043844 in the amount of \$73,062.24 for Accounts Payable

Commissioner Thompson moved to approve the warrants as presented.

Motion carried by unanimous vote.

D. Resource Conservation Management Program:

Mr. Crockett provided an update on the topic advising that he and Mr. Pivarnik had attended several meetings over the course of the past few months. He had placed in the Commission boxes a briefing packet explaining the program, which contained cost estimates to the Port (and other participants) should the Commission decide to move forward. The other governmental entities involved were Jefferson County, City of Port Townsend, the Hospital, the School Districts and the Port. Puget Sound Energy had not yet decided whether to join. A spreadsheet was provided showing what each entity's individual yearly costs would be with and without PSE's participation. He advised that both he and Mr. Pivarnik had expressed concerns during the meetings regarding any real advantages of this plan to the Port since it was not just a, for example, large manufacturing plant, but was made up of different components: property leases, moorage tenants, visiting boaters and RVers. He proceeded to inform that Mr. Pivarnik had performed an audit of Port utility costs: water, sewer, storm water, fuel and propane usage, garbage and electrical usage. The results of that audit was staggering, however, Mr. Crockett advised he was not sure where, or how, the Port would be able to reduce those costs- at least in a significant enough manner especially in light of all the older buildings with poor insulation, Laundromats, public restrooms, boat washdowns, etc.

A very thorough discussion followed regarding the proposal which would fund a Resource Manager who working under the oversight of Jefferson County (either as an employee or as a consultant) would research and develop ways in which each of the entities involved might be able to economize on their utility usage, and that all other participants had agreed to draft an agreement to move forward. Should the Port opt out, the monetary share to the other entities would increase.

Mr. Crockett advised that the first year contribution amount that the Port would owe was \$4,500 (there were additional amounts for each succeeding year) and recommended approval, after weighting all aspects including the political capital aspect.

Tim Caldwell thanked all the Port's staff as well as the five other partners who had been working on the project for the past several months. He advised that there were two funding sources, one from the WSU Extension who would be administering the \$75K in grant funds to be received from the State of Washington if the Interlocal Agreement was received by the March 1 deadline. Mr. Caldwell provided additional information regarding the proposal including that Puget Sound Energy had been doing this type of RCM for many years but not usually for the types of governmental agencies covered under this Agreement.

After another extended discussion about the pros and cons of the proposal, **Commissioner Collins moved to approve the Port's participation in the Resource Conservation Program.**

Commissioner Erickson informed that he had several issues with the proposed program and stated that, for instance, most of the electrical usage in the Port was a pass through charge and with the boat business being so cyclical he did not know how one would monitor a cost savings on utilities. He advised additionally, that the Marine Trade for whom he worked was a heavy Jefferson County Landfill user. He did not see how it would be possible to monitor usage for economy. Aware that the first year cost was small, he still advised that he did not see a justification in participating in the program especially at a time when every penny counted.

Mr. Pivarnik advised that after all was said and done, the Port would only get 10% of the Resource Manager's time and he was not sure how much effectiveness 10% would have on offering ways in which to economize on utility usage.

Commissioner Thompson advised that, in his opinion, the Port cliental was environmentally conscious, maybe sometimes, to the extreme, with a strong habit to recycle and turn off lights and was generally good stewards of energy, etc.

****Motion on the floor failed by a vote of two against and one in favor of the proposal.**

E. Letter of Support for Broadband:

Mr. Crockett reminded that there had been discussions regarding the topic during previous meetings. He informed that he had received a letter from Katherine Baril in which she urgently asked for a support letter from each of the governmental entities

involved for the Broadband proposal to fund fiber and wireless Broadband service in East Jefferson County by Thursday February 25. He provided additional details and hastened to qualify that even though a letter of support of the proposal was sent, it did not mean the Port was committed to spending a sum of money, as there was a match sum of, as yet, unknown amount, on the project in the near future – there was the provision to opt out if necessary. He provided additional details.

After discussion, **Commissioner Thompson moved to authorize staff to send the letter of support for the Broadband proposal.**

Motion carried by unanimous vote.

VII. STAFF COMMENTS:

Mr. Pivarnik provided an update regarding both the Ship Yard and Passenger Ferry Grant submittals as discussed during the February 10, 2010 Commission meeting. Along with the Grant information documents, he had also provided copies to the Commissioners of a letter signed by Senator Patty Murray declaring her support for the projects. Mr. Pivarnik informed regarding the other appropriation for grant monies the one regarding a proposed passenger ferry and said that the application had been sent to Congressman Dicks as well as to Senator Murray – covering both sides of the “House” as it were. Mr. Pivarnik advised if the port was awarded the ship yard grant there would be a 20% match requirement approximately \$150K, and that there would also be a 20% match for the ferry – however those in-kind funds would come from the new marina infrastructure that was built into Point Hudson to accommodate this type of activity.

Mr. Crockett advised that it would probably be May before it was known whether the submittals had made it into the Appropriations Bill in Congress and, if approved, would most likely be October, 2010 or later, before any funding was received.

Mr. Pivarnik responded to a query by David Griswold regarding the type of trailer asked for in the Ship Yard grant, advising that it was a KMI Hydraulic Trailer that operates on land or in the water. He provided details regarding the proposed project. He stated that a DVD was available for viewing which showed the trailer in operation, should there be interest in doing so.

Mr. Crockett informed that he had placed an article written by the editor of “Nor’westing” magazine in the Commissioners boxes for their review. The article articulated concerns regarding environmental extremists and the five recent lawsuits filed by the Puget Sound Keeper Alliance against various small private yards in Western Washington.

VIII. PUBLIC COMMENTS:

David Griswold informed that the Marine Trades Association was going to sponsor an educational forum on March 23, Tuesday night at 5:15 PM at the Yacht Club on the storm water issue.

IX. COMMISSIONER COMMENTS:

Commissioner Thompson inquired regarding the progress of how the Marine Trades Survey was shaping up.

Mr. Pivarnik informed that it is now in Team Jefferson’s court and a joint meeting was planned for April 5, 2010 to discuss further developments and progress made so far. The final product was expected in approximately two months.

Commissioner Thompson asked staff if there were updates or recommendations on the Charter Boat Policy, advising that he would not be opposed to having liveboards in the charter boats businesses.

Mr. Pivarnik and Mr. Crockett assured the Commissioners that staff discussions had followed the February 10 meeting in which the topic had been broached and further advised that the charter boat operators would be asked to meet with staff (as noted in the policy – annual reviews) and provide updates on their businesses and plans. Mr. Pivarnik advised that a policy would be developed and brought back for Commission review, hopefully, by the March 10 meeting.

Commissioner Thompson advising that he had been giving the idea greater thought and meaning no disrespect to Commissioner Erickson suggested that, perhaps, Commissioner Collins might make a better Port Representative on the Jefferson County Growth Management Steering Committee meetings due to his extensive background on the subject. Both he and Commissioner Collins had supported Commissioner Erickson for the position.

Mr. Crockett offered that even though the Growth Management Steering Committee was a very critical Committee and one essential for the City and the County to update their Growth

Management Plan as necessitated by the Growth Management Act itself, it was not crucial to the Port. The Port had been offered a seat at the table, he reminded, to observe the process and offer information regarding the Port and its functions, as needed.

A discussion followed about the experience Commissioner Erickson would gain from attending the Growth Management Steering Committee meetings regarding the process and the Growth Management Act itself.

Mr. Crockett advised that after many discussions held over the past few months, a conclusion had been reached that the Growth Management Steering Committee was not the format in which to develop an economic strategy for the community and that another, separate, forum should be developed for that process. He provided additional details and suggestions. Additionally, he advised against expecting too much, too soon, from the Steering Committee.

Commissioner Collins informed that he was traveling to Blyn on Thursday, February 11 to attend the monthly Peninsula Development District meeting in which, in his opinion, the main topic on the agenda was to switch it from a “Committee” to a “Council of Governments”. Commissioner Collins commented that he had asked for a Mission Statement and had been given a 25-page document instead.

X. NEXT MEETING: Next regular meeting will be held Wednesday, March 10, 2010 at 3:30 PM followed by an evening meeting of the Strategic Planning Community Advisory Committee at 6:30 PM, in the Port Commission Chambers, 375 Hudson St, Port Townsend.

XI: ADJOURNMENT: The regular meeting adjourned at 7:49 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