

PORT COMMISSION SPECIAL MEETING/WORKSHOP – April 10, 2008

A SPECIAL meeting/workshop of the Port of Port Townsend Commission held in the Commission Chambers at the Port Administration Office, 375 Hudson Street.

Present: Commissioners – Thompson, Beck, Collins
Executive Director – Crockett
Deputy Director – Pivarnik
Attorney - Harris
Senior Accountant/Recorder – Hawley
Absent: Marine Facilities Director - Radon
Auditor – Taylor

I. Call to Order:

The meeting was called to order at 9:00 AM.

II. Approval of Agenda:

A Single topic Special Meeting relating to the P.T. Aero Museum Lease.

III. Public Comments Not Related to the Agenda:

None

IV. P.T. Aero Museum Lease:

Commissioner Thompson informed that the meeting had been called to allow the Commission, Mr. and Mrs. Thuotte and Staff to reach a resolution involving the proposed ground lease of the proposed two new P.T. Aero Museum ancillary buildings at the Jefferson County International Airport.

Mr. Thuotte provided history of both the Aero Museum mission and purpose and the proposed lease.

After a very long, involved discussion (with input from both Mark Grant and Bill Leavitt) regarding the parking lots, background into the septic facility, sewer connection and stormwater retention pond, ground water and possible solutions to all, Mr. Thuotte made the following offer. He agreed to pay 48 cents a foot per year for the footprint of the buildings (at 9288 square feet for both buildings), he would build the parking lot, pave it, stripe it, install lighting and pay all electricity charges, and make it publicly accessible (not for his exclusive use). He agreed to pay \$15,000 toward the storm water pond costs, which would be paid once the buildings were completed. He wanted an amendment to the existing lease, which meant it would be for 50 years with a 25-year extension. He sought an 18-month option with payments starting 18 months after the lease was signed. He did not want to pay for any septic charges as he was only installing two restrooms and would use the system they had already installed in the Aero Museum and which cost him \$25,307. The lease amendment would include 3-year cost of living adjustments. Finally, he would pay a \$1K fee for the lease option which would be forfeited if the lease option was not executed but would become part of the payments if it was exercised.

Mr. Harris inquired if some resolution had been reached regarding the 60 feet of space between and separating the buildings, which essentially took land from the inventory of land the Port had available to lease.

Commissioner Thompson informed that land would become public access.

A lengthy discussion followed regarding the land separating the buildings and about the stormwater retention pond

Moving forward to the septic system issue, Mr. Pivarnik informed that when the septic system was installed it was envisioned that three FBO size buildings would be built on the proposed sites (for a total of 5 buildings plus the Port each contributing \$10K) and each of the buildings would contribute to the septic system which had cost the Port \$60K. If Mr. Thuotte only paid for one connection fee it would leave the remaining \$10K for the Port to absorb.

A very long discussion followed.

Commissioner Collins reflected that Commissioner Beck had pointed out that the constitution prohibited granting of public funds but that the law did give some leeway to justify the terms based on how it served the mission of the airport.

Mr. Harris responded that the Port would have to be getting back something of value. Mr. Crockett affirmed that it must have tangible value.

Commissioner Collins stated the benefit might not have to be monitorial, but could be of an intangible nature.

Mr. Harris counseled that we needed to look ahead to several possible inquires about any of the costs that the Port had agreed to absorb or any discounts it had agreed to give. #1, he stated, was the question of the State Auditor who might scrutinize all of this and especially if a situation was entered into, where a different rate was charged to one tenant then was charged to other tenants. He advised that the State Auditor could very well ask the questions "why was that done" and "what did the Port get in exchange for it". He advised that any such deviation in rates or allowance made to one tenant over another tenant should be well documented in the lease and that some value would be received in exchange.

Further discussion followed.

Mr. Thuotte provided background and information regarding the youth training programs offered by the Aero Museum.

Commissioner Collins stated, that in his opinion, the job training for youth offered a large benefit to the community.

Commissioner Thompson agreed that the educational aspect was considerably understated.

Commissioner Collins advised that it appeared that the Port was being asked to justify the lease terms based on the benefits to its mission in exchange for the \$10K additional septic connection.

A short discussion followed about other possible building sites and why the new septic system had been needed.

Peggy Thuotte stated that it was her understanding that at least 8% of that cost was due to whatever had been done for the Spruce Goose (who had decided to offer dinner meals) and which included the pump system.

Further discussion about the septic followed.

Mr. Harris advised that if the costs were not recovered then those costs would have to be passed along either in the way of rate increases to users of Port services or as tax increases to taxpayers. He agreed that there were benefits offered by the programs provided by Mr. Thuotte's program, but that it did not, necessarily, put revenue in the Port coffers or justify that, in fact, the Port would be subsidizing the program. He reminded that all taxpayers in Jefferson County paid taxes for the Port District, even those who did not use any Port services.

A fairly heated discussion followed.

Mr. Crockett stated that he would like to see the Aero Museum and the Port partner in order to make justification to the public for the proposal if, in fact, the Aero Museum did not pay the \$10K for the second septic hookup fee.

Commissioner Thompson advised that, in his opinion there was definitely something of value that was contributed to justify the Port mitigating and contributing the cost of the septic.

Mr. Harris agreed that the program benefited the community but questioned whether it benefited the Port monetarily.

Further discussion followed.

Dennis Broderon stated that he thought the Museum was a good addition to the airport and gathered from the meeting that Mr. Thuotte was planning to construct two new buildings. He wondered if Mr. Thuotte wanted a special rate for those buildings. He stated that he thought it was okay if a special rate had been given to the Museum, but did not think a special rate should be given for the maintenance shop or restoration shop. He advised the airport was a very small community and rumors spread quickly about such things.

Mr. Pivarnik stated that it seemed to him that the Commission was predisposed to mitigate some of the issues surrounding the septic factor. He made a suggestion that if Mr. Leavitt was inclined to work with the Port there might be a way in which to resolve the situation because the Port needed approximately \$30K in groundwork done for some of the wetland issues; the Port had to enhance a wetland on the West side of the airport. He said he would almost be willing to say "okay, Jerry, if you can get Bill to do \$25K of dirt work then I will get rid of the storm water fee and your septic fee" and he felt that could be justified to the State Auditor.

Mr. Leavitt stated that he was always "helping out" and doing things on a reciprocal basis, etc, and agreed to sit down with Mr. Pivarnik to work something out regarding that proposal. Commissioner Collins stated that it appeared that there was an area of agreement.

Mr. Thuotte said everything sounded good to him; however, he thought there was still contention over the septic issues that had not been settled.

Commissioner Beck stated that there had been an offer just made by Mr. Pivarnik.

Mr. Thuotte stated that he would really appreciate it if Mr. Pivarnik and Mr. Leavitt could get together to resolve the septic hookup issue through some type of "pass-through" which would allow resolution of the storm water and septic fees.

Discussion followed about permitting and if there was an immediate deadline, which apparently there was not.

Mr. Harris inquired of Mr. Thuotte if all of the necessary permitting had been completed, was he ready to move forward or was the project contingent on approval of permits?

Mr. Thuotte responded that applications and fees had been paid to the County but that they had not yet received the permits.

Mr. Harris stated that the lease would be contingent on securing of permits.

Mr. Thuotte stated that what he wanted was an 18 month option followed at the end of the 18 months by a lease amendment. He agreed to begin paying after 18 months whether construction was started or not.

Mr. Pivarnik informed the proposed project had FAA approval.

V. Staff Comments:

None

VII. Commissioner Comments:

None

VIII. Next Meeting: is Wednesday, April 23, 2008 at 6:30 PM, Port Commission Chambers, 375 Hudson Street, Port Townsend, WA.

IX. Executive Session:

None

X. Adjournment:

The special meeting/workshop adjourned at 10:47 AM there being no further business to come before the Commission.

ATTEST:

David H. Thompson, President

John N. Collins, Secretary

Herbert F. Beck, Vice President