

PORT COMMISSION MEETING – February 12, 2003

The Port of Port Townsend Commission met in Regular Session at the Point Hudson Marina Room, Port Townsend, WA.

Present: Commissioners – Beck, Pirner and Sokol
Executive Director – Crockett
Auditor – Taylor
Operations Manager – Radon
Attorney – Harris

Absent: Facilities Manager – Pivarnik

I. CALL TO ORDER / PLEDGE OF ALLEGIANCE:

II. APPROVAL OF AGENDA:

Upon motion of Commissioner Pirner, the agenda was unanimously approved with the following additions:

- V. Old Business
 - D. Proposed City Purchase of Kah Tai
 - E. Quilcene Boat Ramp

Pursuant to RCW 42.30.110(1)(a), the New Business item “Port Security Committees” would be moved into Executive Session.

III. CONSENT AGENDA:

- A. Approval of Minutes – 1/22/03
- B. Approval of Warrants
 - #27417 through #27421 in the amount of \$87,436.27
 - #27422 through #27447 in the amount of \$32,849.03
 - #27448 through #27455 in the amount of \$50,181.88
 - #27456 through #27531 in the amount of \$52,185.28
- C. Write-off Register

Upon motion of Commissioner Pirner, the Consent Agenda was unanimously approved.

IV. PUBLIC COMMENTS: (not related to Agenda)

Tamara Conway:

She expressed appreciation for the Port’s new custodial services and requested that tenants be notified of the cleaning schedule. She asked why, if there are potential health issues in this room, the Port was not meeting at the Yacht Club.

V. OLD BUSINESS:

- A. Boat Show Wrap-up

Mr. Radon reported on various show booth improvements and the increased traffic at the Port’s booth at this year’s Boat Show. There were 388 entries in the free drawing, up from 234 last year and 280 the year before. The four prizes awarded were two free haulouts (a 300- and a 60/70-ton) and two nights of free moorage at each Point Hudson and the Boat Haven.

Commissioners spoke about the advantage of having had the rate sheet available in the booth and urged that there be more promotion of moorage. They noted that the rate sheet did not mention moorage reservations at Point Hudson.

Tamara Conway suggested that a way to generate local interest in the Boat Show might be to hold a boat photo contest with winning photos to be displayed in the Port’s booth.

B. Rates for the Quilcene Water System

Mr. Radon reviewed that in September 2002, the Commission considered modifying its rate structure to be in line with that of the Jefferson County PUD No.1, or \$20 per connection per month for water service and a usage fee of \$.334 per 100 gallons. Before implementing this change, the Commission directed Staff to finish the water system repair project and monitor water use and report back to the Commission. The metered water use for Coast Seafood and Canterbury as of 1/31/03 were 159,600 and 1,488 gallons, respectively. Under the new rate structure, these customers would pay \$613 and \$130, respectively, instead of \$120 and \$60. Company representatives were not surprised with their measured water use and further recognized that their water use is at a seasonal low and would be much higher during peak periods. Staff noted that only non-Port properties are metered and they are aware of the need to investigate system leaks.

Staff noted another landslide occurred at the Quilcene property in the last three weeks. Mr. Harris noted that Port Staff might want to investigate if a possible exemption may exist in the Port's general liability policy for operating a water system. Mr. Radon reviewed the State Department of Health water quality monitoring and notification procedures.

Commissioner Beck moved to adopt the following water rates: \$20 per connection, per month for water service and a usage fee of \$.334 per 100 gallons of water. The motion carried by unanimous vote.

C. Public Development Authority (PDA) – Point Hudson

Mr. Crockett noted that the Commission recently discussed the concept of forming a Public Development Authority to oversee the future development of Point Hudson. He reviewed some of the research on PDAs that Staff had contributed to the agenda packet, including the fact that while counties and cities (as General Purpose Governments) can create a PDA, Ports (which are Special Purpose Governments) cannot. Other information distributed was the municipal code from the City of Bellingham and from Municipal Research Services Center "PDAs: Are We Getting Our Monies Worth?" and "Efficient and Effective Uses of Public Corporations/PDAs." He noted an editorial in *The Leader* pointed to a PDA as a solution to problems at Point Hudson. City Manager Timmons and Dave Robison have also expressed interest in further discussion of a PDA. Mr. Crockett, noting that he does not yet see the advantage of going with a PDA, offered the following initial observations/issues/concerns:

- 1) Any PDA would have to have an associated timeline.
- 2) The Board needs to be made up of volunteers but there should be no elected officials.
- 3) If the PDA falters (and there are many failures), who would resume control?
- 4) When would the PDA sunset?
- 5) The PDA needs a well-defined mission statement.
- 6) A PDA must be run like a business.
- 7) Meetings are open to public, but are not Open Public Meetings as defined in RCW.
- 8) PDAs are expected to cover costs and be self-sustaining,
- 9) PDAs have no power to levy taxes, but other jurisdictions can do so on behalf of PDA.
- 10) Port Townsend would need to develop PDA code.
- 11) Perhaps the County should be the general government forming the PDA so that County residents would still be represented.
- 12) What is the mechanism to dissolve the PDA.
- 13) How does one government form a PDA with another government's property?
- 14) Board formation and makeup could be a problem,
- 15) Lack of qualified volunteers (although PDAs can have a paid director).
- 16) Point Hudson is Port – not City – property so a mechanism would be needed to transfer ownership. The price would need to be at market rate.
- 17) When assets become the collateral, the property is at risk of being owned by a bank if there is a default on a bank loan.

- 18) Port would need to approve the PDA business plan before proceeding.
- 19) There should also be no changes to the PDA charter without Port approval.
- 20) What is it that a PDA can do that the Port can't do already?

Mr. Harris commented that given today's financial climate, he is unsure a PDA is as attractive a vehicle as it used to be – i.e., as a vehicle to get financing at low, municipal bond rate. He talked about how the Pike Place PDA was formed, which was mainly to finance acquisition and redevelopment.

Referring to the current structural concerns, Commissioner Pirner pointed out that problems would exist no matter who has control of the buildings. The PDA might have more difficulty with such issues.

Commissioner Beck commented that he does not see the advantages of giving another organization control over this property. He sees it would take significant time and money to create a PDA and he believes the Port should manage this facility directly. Although some problems have surfaced under their stewardship, the Port is learning and has done a fantastic job of operating Point Hudson.

Referring to the MRSC web page, Commissioner Sokol indicated that PDAs are set up “to improve administration of authorized federal grants and programs, improve governmental efficiency and services, participate in and implement federally-assisted programs.” The Port is already doing this and has been responsible in its dealings with contracts, grants, loans, etc. He also noted “it is best used for unusual endeavors, which for a variety of reasons the parent municipality would not want to undertake itself.” Although Ports cannot form a PDA, they are the same as and have more flexibility than a PDA. He believes that the Port would have more accountability to the public than would a PDA and that there would be more control over the administration through an elected body. A PDA would be subject to basically the same requirements as any governmental agency – public disclosure, municipal accounting, conflict of interest, etc. If the Port were to give up the operation of the property to someone else, it would have to be certain through bonding or another measure that if a problem developed with the PDA and it were dissolved that the bonding would protect the Port's constituents from any financial obligations or loss of the property. While he agrees that the City and Port need to cooperate, he does not yet see how the Port and Port constituents would be protected from any financial obligations under the PDA. He agrees the County might be in a better position to provide oversight than the City.

During further discussion, concern was raised about the PDA making improvements to the buildings and because of having to get market rate for leases, ultimately creating untenable situation.

Mr. Crockett noted that he would suggest having more conversations with the City about why they think a PDA would work.

Chris Kluck said he has heard that PDAs provides a valuable firewall, insulating electeds from the dealings of awarding of large construction contracts. Mr. Harris said the Port would not necessarily escape liability if it were signing loans. Mr. Kluck also noted that PDAs tend to be more attractive to philanthropy endeavors.

D. Kah Tai Proposed City Purchase

Referring to the “City Talks Kah Tai” article in last week's *Leader*, Mr. Crockett said the City is investigating and surveying the entire Kah Tai with an eye toward creating a plan to buy or purchase easements that could enable the creation of a comprehensive park for the area. Noting that the article offered unrealistic estimates of the property's worth, he then read his draft letter to City Manager Timmons acknowledging the City's research, stating facts about the property, and noting that such published inaccuracies need to be corrected. He said that the Port has estimated that just over 19 acres, currently designated as Park/Open Space, can be developed. Under the 1982 lease, once the lease expires in 2012, the City does not have an option to purchase. Rather, a 1985 lease gives the City the option to purchase the underwater portion and ten feet of upland (approximately 2

acres). Although the Port's Comprehensive Scheme acknowledges the possibility of selling this property, in the interest of all County residents, the Port would have to expect to receive the market value, which is currently estimated at \$8.2 - \$10M. He also pointed out that the City needs to seek Port Commission approval in order to begin planning. He believes this letter restating the facts needs to be sent.

Commissioner Sokol noted that the Port and City should cooperate on any possible planning and added that he is not opposed to selling the property.

There was Commission support for the Executive Director sending the letter as drafted to City Manager Timmons.

E. Quilcene Boat Ramp

Commissioner Beck spoke of his conversations with contracted property manager Ken Dressler about the need to collect boat ramp/parking fees and sell yearly passes for same, during which the subject of reimbursement or a commission was raised. During shrimp season, there would be approximately 150 individuals a day using the facility. Mr. Radon said an agent's fee has been discussed, but nothing has been decided. Staff recognized there would be an advantage to him encouraging patrons to purchase passes.

Commissioner Beck moved to direct Staff to institute an arrangement as part of the agreement with Ken Dressler for managing the Quilcene marina, that compensates him with \$1 of each \$5 fee and \$5 of each yearly parking pass he sells. This motion carried by unanimous vote.

VI. NEW BUSINESS:

A. Operations Report – Month of January

Mr. Radon noted that moorage remains constant and Staff has been working aggressively on the waiting list. He noted that the 25-ft. slips are already filling up, with 20-ft. slips close behind. He noted that January was a good haulout month, with the 70-ton lift showing about a 50% increase over last year. The overall number of boats stored in the yard is down. Shipyard activity is down slightly but is expected to pick up in March. Activity at Point Hudson remains consistent with the previous month.

Commissioner Pirner noted that the Boat Haven has more transient business than Point Hudson. Staff suggested that this is due to yard activities and proximity of services such as fuel dock and shopping. Mr. Crockett noted that he frequently hears complaints from transient boaters about the lack of bus service at odd hours.

B. Fort Worden Beach – 2003 Paddle-In

Mr. Crockett said the organizers of the Journey 2003 event recently requested use of the beach at Ft. Worden for the night of July 24th. He informed them that the Port only owns a portion of the beach, and that access to parking, sanicans, etc. would have to be coordinated with Ft. Worden. Staff recommended that this request be granted.

Commissioner Pirner moved to approve the use of the Port's beach at Fort Worden for Journey 2003. The motion carried by unanimous vote.

C. Experimental Aircraft Association (EAA) – Young Eagle Program

Mr. Crockett reported receiving a call from the EAA Young Eagle Program in Sequim asking to hold an educational event at JCIA on May 3rd, with a Sunday rain day in reserve. While this particular program has not been held at JCIA before, Staff does not have any objection as long as the group agrees to provide insurance, sanicans, trash clean up etc., similar to the Annual Fly-In.

Linda Swisher commented that attendance would depend on the number of youth groups to which the offer is extended.

Commissioner Sokol moved to approve the EAA request to host a Young Eagle Day at Jefferson County International Airport, pending proof of

insurance and other arrangements similar to the JCIA Annual Fly-In. The motion carried by unanimous vote.

VII. STAFF COMMENTS:

Mr. Radon:

He noted that the last boathouse at the end of A Dock is now gone.

The *Western Wind* sold at Federal Government auction to a gentleman from Los Angeles.

Staff will take the Coast Guard Auxiliary boating safety class next week.

In preparation for the upcoming season, charter businesses and passenger services were given notice of the Port's policy on passenger fees and reporting.

John Nessel, who moors his charter vessel in the commercial fishing basin, asked if the active commercial fishing moorage rates could apply to him, to which Staff replied that an active fishing license was required. Mr. Crockett noted that since the *Mary Beth* also moors in that basin, the Port might be able to improve signage to help to direct the public to these commercial charter vessels.

Mr. Crockett:

He and Mr. Taylor will visit the Port of Bremerton on Thursday of next week to discuss leasehold tax issues at the WPPA Marina and Finance Joint Committee meeting.

VIII. PUBLIC COMMENT:

William Miller:

He questioned the need for restricting discussion of Port Security issues to Executive Session and challenged the Port's acceptance of the Coast Guard's recent security ruling. He sees no reason to keep these matters from the public. Mr. Crockett noted that as of Monday afternoon, pursuant to the Coast Guard, this topic has been deemed classified as a matter of national security. The Commission said Mr. Miller's concern might be more appropriately addressed to the Coast Guard directly. Mr. Crockett noted the Port's intent to cooperate with the Coast Guard while carrying out its responsibility to the community.

IX. COMMISSIONER COMMENTS:

Commissioner Pirner:

He reported on his attendance at the EDC retreat last Saturday and reviewed topics outlined in the Economic Work Plan, which he will provide to other Commissioners. They are completing work toward funding a feasibility study for a Jefferson County incubator and business center, continuing to respond to requests by the Port for projects, and working with the State Development Commission (SDC) and other countywide business organizations to deliver outreach programs in anticipation of the 2006 closure of the Hood Canal Bridge. The EDC is excited about conducting the marine trades economic impact study.

X. NEXT MEETING:

A Special Meeting would be held in the Port Administrative Offices on Wednesday, February 19, 2003 at 9:30 AM to discuss the Memorandum of Agreement with the City related to the Noise Ordinance.

The next Regular Meeting will be held Wednesday, February 26, 2003 at 7:00 PM at the Tri-Area Community Center, Chimacum, WA.

XI. EXECUTIVE SESSION:

At 4:00 PM, the Regular Meeting recessed into Executive Session for approximately 30 minutes to discuss real estate and Port security issues with no expected decisions.

XII. ADJOURNMENT:

The meeting was adjourned at 4:38 PM, there being no further business to come before the Commission.

ATTEST:

President

Secretary

Vice President