

## PORT COMMISSION MEETING – February 26, 2003

The Port of Port Townsend Commission met in regular session at the Tri-Area Community Center, Chimacum, WA.

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

### 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:**

- VI. New Business
  - E. March 12 Public Workshop Agenda

### III. CONSENT AGENDA:

- A. Approval of Minutes – 2/12/03  
Approval of Minutes – Special Meeting of 2/19/03
- B. Approval of Warrants
  - #27532 through #27554 in the amount of \$25,011.53
  - #27555 through #27557 in the amount of \$11,501.53
  - #27558 through #27600 in the amount of \$44,421.82
  - #26048 and #26672 as VOIDED warrants

Mr. Taylor noted a change to Page 8 of the February 19 Special Meeting minutes. It should be corrected that the meeting adjourned at 10:30 AM.

**Upon motion of Commissioner Beck, the Consent Agenda was unanimously approved as amended.**

### IV. PUBLIC COMMENTS: (not related to Agenda)

Jim Maupin, Rear Commodore of Port Hadlock Yacht Club:

He offered the Port a donation of three dingy docks (each approximately 15x40 ft.), two of which are in good condition. He requested assistance in moving the docks from their current location at the Alcohol Plant to the Boat Haven and hauling out for inspection. The Yacht Club would be retiring the other float, possibly scavenging parts for the other floats. Mr. Pivarnik and Mr. Radon said they examined the floats and might propose permitting the docks as part of an upcoming dock replacement project at Point Hudson, where they could be used for dingy or kayak raft floats for on-water storage. With Commissioner support, Staff agreed to further examine the floats and determine their usefulness. Chris Kluck voiced his support for the idea of providing improved small boat access to the water.

### V. OLD BUSINESS:

- A. Noise Memorandum of Agreement (MOA) Update

Mr. Crockett distributed a February 20 draft of the MOA, which includes one of the City Attorney's recommended recitals as the Commission agreed. He then distributed suggested MOA additions, as approved by the Land Use Committee, as follows:

1. Addition of a sentence related to data gathering and complaints. The Port said that while this may be a duplication of effort, it could agree to this addition.
2. Holidays would be treated the same as Sundays (no enforcement from 8-6:00). Staff noted that weekends and holidays are a busy day for workers on

their boats, but 8am–6pm would be a reasonable period and would not preclude work from being done. Staff would recommend agreeing to this, but noted that legal holidays would need to be codified consistent with the State’s.

3. Include two more of the recitals presented by the City Attorney. These related to manufacturing development and marine industry.
4. Music emanating from the shipyard. Staff is not interested in regulating music in the shipyard and would therefore not recommend this addition. The Land Use Committee agreed.

Staff recommended concurring with the first three recitals, after which the Land Use Committee would also recommend approval to the full Council. He said a final draft with these changes should be available for Commission review by the next meeting, including the City’s list of proposed holidays, even though it was recognized that this would likely not impact business activity.

## VI. NEW BUSINESS:

### A. Wooden Boat Foundation Sponsorship

Mr. Crockett noted that the packet contained the Foundation’s Sponsorship proposal for the 2003 Wooden Boat Festival. Staff distributed a summary of in-kind support currently provided to the Foundation in exchange for marketing efforts and promotion services for the Port, the estimated value of which is \$18K.

Chris Kluck of the Wooden Boat Foundation explained the concept of Port sponsorship of the Foundation, which he stressed would not displace Port revenue or have any direct cash cost. He suggested advertising and promotion opportunities for the Port consideration, including Wooden Boat Wednesdays as was covered in today’s newspaper.

Mr. Radon recognized the quality community programs provided by the Foundation, which create future Port customers. He clarified that these services are shown in market rate values. Commissioner Beck asked about the possibility of community sailing programs at Quilcene. Mr. Kluck reviewed programs that are currently available to Quilcene youth and he expressed interest in discussing other ideas with him. Commissioners urged Staff to continue looking for opportunities to partner with the Foundation, recognizing that many organizations look to the Port for support, but cannot always come up with in-kind solutions.

### B. Jeffco Hangar Port Policy Adjustment

Mr. Pivarnik reported on the challenges of finding an equitable solution with respect to this 1991 ground lease, which was up for a market rate adjustment December 1, 2002 and which needs to be brought up to market rate (\$.38-\$.48/sq. ft.) in line with other hangar leases negotiated since the Shorett Kidder appraisal. Another factor complicating negotiations is a section of the lease that says, “The adjusted rate will be proposed by the lessor based upon the airport unpaved tie-down rates, consumer price index and other related information.” Hangar spokesman Bill Garrett contends that his research of unpaved tie-down rates indicates that they should be paying \$.30, up from the \$.23 (\$216/mo.) currently paid. Arbitration may be necessary if agreement cannot be reached. It was noted that while G Hangar is the only unit below \$.40, its rate would soon be adjusted.

Mr. Garrett recited the tie-down rates of many of the region’s airports and pointed out that JCIA’s rate is second only to Renton Municipal and that most of the airports on the list offer paved tie downs rather than grass. He reviewed his formula for arriving at his suggested rate of \$.30 per sq. ft. (grass tie-downs would be worth 75% of the value of the paved tie-downs, consumer price index [CPI] increases of 3%/year). He also noted that they graded and prepared their site and created their own taxiways. The FAA provided runways and lights, which the State Aeronautics Dept. installed using pilot registration fees.

Citing lease language that says, “if the lessee does not agree with lessor’s proposal, then the lessee may submit an appraisal,” Mr. Harris said Mr. Garrett’s proposal was not based on an appraisal. He further observed that they are not

leasing just tie down space, but the ground on which the building sits. The lease states that the Port can look at tie down rates, CPI, and other related information, including the market appraisal.

Bob Caton asked Staff to clarify the basis of other hangar rates, which Staff noted is the ground area of the building only. He also noted that unlike other hangars, the Jeffco hangar was required to install a sprinkler system. He noted the Port has yet to resurface the taxiways.

Staff and the Commission noted that other hangar owners are paying a market rate that is based on what is now a two-year old formal appraisal. In order to be equitable this must also be factored into the rate calculation. Commissioners and Staff supported Mr. Pivarnik negotiating a lease rate of \$.38, with CPI increases from this point forward. Staff said the Port might need to reevaluate our market position in five years. The County Auditor suggested reevaluating every four years. Mr. Pivarnik agreed to continue discussions with Bill Garrett, who agreed to present this rate to other association members. If this rate is rejected, there was Commission and Staff support for suggesting Jeffco produce a formal appraisal.

C. Shanghai Lease

Mr. Pivarnik reviewed his recommendation to renew the Shanghai lease with a 2% CPI adjustment and a \$250 per month increase in utilities (electricity, water, garbage and gas) pro-rated, based on the last nine month's utility bills for that building. Mr. Taylor noted that the utilities in this lease would be subject to leasehold tax of 12.84%. There was some interest in putting tenants on meters so that their actual usage could be documented and allocated appropriately instead of estimated. Mr. Pivarnik noted that when the Port negotiated this lease, they were percentage leases – they would pay an additional rent of 6% of sales above a certain amount in gross sales. It does not appear Shanghai would exceed that figure. He noted that he would also like to work with the Port Attorney on crafting an addendum to the leases that refers to the environmental survey to be done.

**Commissioner Sokol moved to authorize the Executive Director to execute an amendment to the Shanghai lease, dated February 27, 2003, extending the term of the lease one year at a rate of \$1,379 per month, plus \$815 for utilities. The motion carried by unanimous vote.**

D. January 2003 Financial Update

Mr. Taylor reviewed the draft financials for the month of January 2003, which now includes a bar representing straight-lined budget figures rather than the seasonally-adjusted budget. This should allow an additional comparison of actual to budget. Revenues were down by about \$11K; roughly \$4K in the work yard, \$4K in the shipyard and \$3K in property leases. Property lease revenues are budgeted evenly over the year. Expenses were just \$2K over the budget. The income from operations was \$13K behind what was anticipated. Non-operating income was \$3.5K higher than budgeted, due primarily to timber taxes, timing of which cannot be anticipated. The bottom line net income came in \$9K below budget and \$7K below last year's actual. He noted that this includes \$38K in Point Hudson revenue.

Keith Swisher said he was surprised that fuel sales revenue is already nearly \$7K compared with about \$6K a year ago. Mr. Taylor pointed out that the price is also \$.05 per gallon higher than last year. Staff noted the cost of the next fuel shipment is uncertain.

E. March 12 Public Workshop Agenda

Mr. Crockett said that because the Port needs to get started with the in-water permits required for dock replacement, Mr. Radon would be giving an overview of the process. City Attorney Watts also contacted the Port about continuing discussion of the Public Development Authority (PDA) idea. Crockett does not object to the City presenting their ideas on PDAs. He recognized that while the

City does not yet have a municipal code authorizing the PDA, this workshop might provide an opportunity for the Port to air its concerns.

Commissioner Pirner agreed that a discussion with the City might give the Port the opportunity to present its case against PDAs, and move on to discussing the Port's ideas for the buildings at Point Hudson.

Commissioner Beck was not interested in putting PDAs on the workshop agenda.

Commissioner Sokol was also not interested in the Port taking up this issue at the next workshop. He noted that although the idea of a PDA was formally raised during a discussion of the demolition ordinance, he believes the concept had previously been discussed around the community before being brought to the Commission. At the last regular meeting, the Port had a lengthy discussion of the authorities/capabilities of PDAs versus Ports. He recognized the difference in how Washington ports are structured compared to those in other states. He believes the Port and City should each focus on their own issues and business and that the next body City Staff should engage in this discussion should be City Council to learn their interest in pursuing a PDA.

Mr. Crockett noted that at the last Land Use Committee meeting, Council member Fenn raised the topic of PDAs and asked City Attorney Watts whether it was within their purview to start discussing PDAs, to which Mr. Watts suggested it be taken to the whole council.

#### VII. STAFF COMMENTS:

##### Mr. Taylor:

The Port recently wrapped up the \$30K grant for the Northwest School of Wooden Boatbuilding, for which it acted as the pass-through agency. All contracts for which the Port was obligated have now been paid.

The airport liability insurance policy is up for renewal on April 1<sup>st</sup>.

At the second meeting in January, the Commission authorized a change in the grace period on its tenant accounts. Tenants will soon be notified of the need to fill out new tenancy agreements.

##### Mr. Pivarnik:

There are new restrooms in the Armory building. Carol Hasse of Port Townsend Sails is pleased. There has been a lot of excavating in the RV spaces at Point Hudson in order to complete site upgrades.

He has drafted the RFP on the environmental study, which would be sent to the eight firms on the small works roster. It should be finalized by June.

##### Mr. Radon:

He noted the Commission authorized an agent's fee for Ken Dressler to collect launch ramp fees. Dressler feels 50% would be more equitable than 20%, so Staff will meet with him tomorrow. Fifty season passes have been sold to date of which Dressler sold ten.

##### Mr. Crockett:

Tomorrow he will attend an architectural review of the Northwest Maritime Center. A briefing to the Commission would be forthcoming. Obviously, much of what happens at Point Hudson would be tied to how the Maritime Center is developed.

#### VIII. PUBLIC COMMENT:

##### Keith Swisher:

Asked about plans for runway sealing. Mr. Pivarnik noted that a contractor has examined the project in order to create an estimate.

William Miller:

He learned from the Coast Guard that he is eligible to serve on the Port Security Committee. With experience in the security field, he expressed interest in working with the Port.

IX. COMMISSIONER COMMENTS:

Commissioner Beck:

He noted having received comments in Quilcene about adding the boat launch ramp fees and the desire for more cleaning of the ramp and repairing boat cleats. Staff reported on the cleaning efforts and noted that they would be bringing in some of the dock equipment for repairs.

Commissioner Pirner:

He reported on his attendance at the Tri-Area Chamber of Commerce where he heard comments from Irondale resident Tom Peckman about plane noise. It may be due to the temporary flight restrictions around Indian Island or pilots flying low. He urged Mr. Peckman to contact Linda Swisher of the Jefferson County Pilots Association. Mr. Pivarnik also reported a yellow bi-plane doing barrel rolls and touch-and-go's. Bill Garrett said it sounds like aerobatics in the airway.

Commissioner Sokol:

He noted that he would be having hand surgery soon.

X. NEXT MEETING:

Wednesday, March 12, 2003 at 9:30 AM at the Point Hudson Marina Room, Port Townsend, WA, with the regular meeting beginning at 2:30 PM.

XI. EXECUTIVE SESSION: None

XII. ADJOURNMENT:

The meeting was adjourned at 8:41 PM, there being no further business to come before the Commission.

ATTEST:

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President

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Secretary

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Vice President