

PORT COMMISSION MEETING – September 24, 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 – Winters

I. CALL TO ORDER: The meeting was called to order at 7:00 PM.

II. APPROVAL OF AGENDA:

Upon motion of Commissioner Pirner, the Agenda was unanimously approved as amended as follows:

Items added:

- V. Old Business
 - C. Demolition Letter
 - D. Landfall Restaurant Lease
- VI. New Business
 - A. Re-designation of the Point Hudson Zone by the City

III. CONSENT AGENDA:

- A. Approval of Minutes – September 10, 2003
- B. Approval of Warrants:
 - #28759 through #28783 in the amount of \$28,119.34
 - #28784 through #28787 in the amount of \$27,319.95
 - #28788 through #28842 in the amount of \$31,728.71
 - #28152 as Voided Warrant
- C. Write-off Register

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

IV. OLD BUSINESS:

- B. Quincy Street Dock Lease

Mr. Harris explained his proposal for renovating the Quincy Street dock as a continuation of the public access deck around the Cannery Building – creating a common area and extending restaurant seating. In line with the Port and City’s vision of increasing public access to the waterfront, he circulated drawings of the Cannery Building, including the public access deck and dock area and showed renderings from the City’s 1990 Urban Waterfront Plan. The plan shows a vibrant center for the public, including a farmer’s market, theatre group, and a temporary stall, all of which is similar to his vision for a public/private partnership to enliven this beautiful area. He talked about other organizations with whom he has talked about this project, including the EDC, Chamber, Farmer’s Market and Shakespearian theatre group.

Ms. Winters suggested the Port investigate whether it owns the tidelands on which the dock is sitting. Staff noted this was formerly the State ferry terminal, before the City took responsibility for the dock and deeded the parcel to Port.

Commissioners recognized that a lease with the Port would require further work and there was support for Staff continuing to work with Kevin Harris. Staff believes a lease might be ready by the Commission’s second meeting in October.

Gloria Bram asked whether public restrooms would be included in these plans, to which Mr. Harris said they are not currently, due to space constraints. Port staff talked about vandalism and maintenance issues associated with restrooms and mentioned there are two nearby restrooms – at the police station and Memorial

Field. There was some question whether there might be access to the restroom portion of the Pope Marine Building.

V. PUBLIC COMMENTS (not related to Agenda):

Ann Avery, EDC

She presented a Draft Report on the Economic Impact of the Port of Port Townsend and the Maritime Industries of Jefferson County, 2003. Phase I involved surveying businesses directly or peripherally engaged in the marine trades or marine industry activities in the County. Phase II would be a pleasure craft and recreational vehicle survey to measure the economic impact of those activities. There was a 39% response rate (97 surveys returned out of 250). The response rate from non-marine related businesses were too low to report. Highlights were as follows: the average full-time employment count, not including part time or seasonal employees, was six and two thirds employees with an average payroll of \$220K per year. The hourly wage for skilled workers is \$18.45 per hour, which is in keeping with the state average, with the wage range being \$9.05 - \$53/hr. For unskilled workers, the average wage was \$11.89/hr. Comparing this figure to labor market information from the State and US Census, the average hourly rate in the County, per capita, is \$10.85. The most significant conclusion, then, is that the skill level required for marine industry and marine-related positions is higher and represents a greater level of opportunity for the employment base. She reviewed highlights in the following areas:

Workforce – In general, people are either happy or unhappy with the quality of the workforce, which reflects that educational and training opportunities exist.

Facilities – While almost everybody agrees that their businesses benefit from being on or near the waterfront, a surprising number of businesses (45%) did not feel they needed to be located on the waterfront. While 78% said their facilities were adequate, 45% indicated a need to expand or relocate within the County, but were not specific. Port Staff were interest in receiving the percentage of businesses on Port property versus non-Port property.

Revenue – Over 63% reported annual gross revenues of between \$100K and \$500K per year, 23% reported between \$500K-\$1M, and less than 1.4% reported \$1M or more per year.

Expenses – Two-thirds of businesses reported annual expenses of \$50K to \$500K per year, 18% reported \$500K to \$1M, and less than 1% reported \$1M or more.

Marketing – Just over one third spend less than \$1K/year on advertising, nearly 60% reported spending up to an in excess of \$10K/year, but the type of advertising was not solicited. Port Staff talked about the potential for linking from the Port's website to other marine-related businesses.

Market – For commercial marine businesses, 50% said less than one quarter of their business comes from the commercial market, the recreational marine market was reported to be contributing 75-100% of their business. Less than one third reported 25-75% of their business coming from commercial marine and the same number report that much business coming from recreational. While there is expanded opportunity for commercial, recreational activities are clearly significant. Staff indicated interest in seeing comparative data from 5 and 10 years ago.

Sales – One third reported increases in sales, one third reported stable sales, and one third reported decreasing sales.

Potential Demand/Growth – Ann reported using regional multiplier indicators software to compute the multiplier (that factor by which you can anticipate increased revenues and job creation in the geographic area), which for Jefferson County is 2.75. This means that for every increase in demand for marine related services of \$100K, that translates into approximately \$275K going into the general community. Therefore, if you bring 3 new jobs and the demand for those jobs is \$1M, this could mean \$2.75 million or roughly 27 additional non-marine related jobs.

In summarizing, she indicated that with 462 full-time employees, marine trades would be the largest private employer, in aggregate, in the County. There is opportunity for growth in these industries as well as for educational opportunities for the industries – and with a multiplier of 2.75, these are industries we want to enhance and grow.

Kevin Harris asked about opportunities for businesses to pool resources and market as a group. Mr. Crockett explained the benefits of sharing booth space at the Seattle Boat Show. He also noted that on October 29, the Port would be host another marine trades cluster meeting, the purpose of which would be to present this report back to the marine trades and the community as well as to provide a Comprehensive Plan update and discuss marina expansion ideas. Ann suggested that she and Kathleen prepare some survey information to illustrate the impacts/effects of marketing. Organizing a promotion seminar geared toward manufacturing was also suggested. Ann is hoping to present these results to the City and County. Staff suggested that survey highlights might also be included in the next Port newsletter

V. OLD BUSINESS (Continued):

A. Comprehensive Scheme Update

Mr. Crockett noted that publishing of the legal notice for the Environmental Impact Statement in today's *Leader* initiates another 30-day comment period, to be followed by a formal public hearing. This document will be available on the website, in public libraries and be sent to state agencies. The City was given an opportunity to preview the document in advance of the release. Anyone may purchase a copy of this document for \$17.

C. Demolition Ordinance

Mr. Crockett noted that prior to the meeting Staff had provided the Commission with a draft letter of concern/comment regarding the Demolition Ordinance. The finished document would be sent to both the Port Townsend City Council and the City Planning Commission. Staff solicited comments from the Commission before finalizing the letter.

Ms. Winters proposed revising the letter to include a sentence that the Port is not conceding that the buildings are historic, but clarifying in the last paragraph that the Port would not seek demolition permits for any "historic" building without further planning and City/Port discussions. Staff noted that the Port must have a pre-application consultation with the City as a part of submitting any demo permit.

D. Landfall Restaurant Lease

Mr. Crockett reported on his attendance at bankruptcy hearings regarding the most recent operators/lease assignees of The Landfall restaurant – Colony/Lovorn. He reviewed some of the complications associated with the lease, which was negotiated with the former operators, the Harrimans, who hold responsibility for the delinquent payments. The Harrimans have been allowed to reoccupy and reopen the restaurant and have been given 15 days to cure back rent or vacate the premises. They were responsive to this notice and have made the lease payment for September as well as a payment toward the balance owed. They have asked the Port to give them until December 31, 2003 to pay the remaining debt of \$5,985.05 and to waive the late fees, which total \$470. Given the challenges of this structure, the Harrimans want to eventually transfer to a land lease, which would allow them to build a completely new structure. An amendment to the current lease, which currently extends to 2012, might be the best solution until there is an actual plan to build. It was noted that other complications are that the building is in manufacturing zone, which limits a restaurant to 1,500 feet. The Port could either void the lease if the entire payment is not made within 15 days, or amend the lease to allow for future negotiations. Port Staff recommends providing the extension until December 31, 2003 and negotiating a lease amendment.

The Commission declined to set a precedent by waiving the late fees, but

expressed interest in working with the Harrimans to extend the terms of the their payment. The Commission and Staff further discussed how an agreement or lease amendment would be structured to allow the necessary capital improvements to the Landfall. Staff assumes that the Harrimans would keep the lease current between now and December 31, 2003, while their attorney crafts a lease amendment.

Commissioner Pirner moved to authorize the Executive Director to enter into negotiations with the Harrimans, owners of the Landfall Restaurant, amending the current lease to allow the Harrimans up to 12/31/03 to address rent and back charges, provided that they come up with an acceptable amended lease dealing with capital improvements by that time. The motion carried by unanimous vote.

VI. NEW BUSINESS:

A. Redesignation of the Point Hudson by the City

Mr. Crockett reported that a Point Hudson neighbor called the Port with concerns over the City's submittal of their own Comprehensive Plan amendment to redesignate the parking lot that holds the temporary skateboard park from the Point Hudson district to the Civic District, in order to allow for the construction there of a permanent skateboard park. More information would be requested by Staff since the Port, as an adjacent property owner, was not notified of this proposal, which could go before the City Council as soon as Monday, October 6. Staff said that if this action is confirmed, a letter to the City might be needed expressing the Port's concern that with the development of the Northwest Maritime Center and improvements at Point Hudson, traffic – and need for parking – could be expected to increase. Once more information is obtained, Staff would communicate with the Commission.

VIII. STAFF COMMENTS:

Mr. Radon:

As of this week, all facilities would shift to winter hours. The winter camp host at Point Hudson is in place and Staff is exploring the possibility for a winter dock host at the Boat Haven, possibly from the live-aboard list. Commissioner Pirner proposed that weekend staffing might allow the Port to capture additional revenues.

Mardella tendered her resignation and will be missed.

He participated, as an ex-officio member, on the City's Shoreline Master Planning effort. Phase II is now complete, with all shorelines having a provisional designation. Point Hudson Marina/Marine Trades District were treated as a block, as was the Boat Haven/Marine Trades and last evening there was a vote to extend the latter to include the Harborside and the Deleo Building next to it, Mahina Yachts, the Port's two pieces of property, and the West Marine retail store. For each of the districts there is a matrix that lists the designation (natural, conservancy, shoreline residential, etc.). He believes this information would be helpful for the Commissioners and Port Attorney. Phase II would involve working on the management policies for these designations and would be a time for heavy Port involvement. Mr. Crockett noted that the City has until 2005 to complete the Plan. He is giving regular briefings on the Comprehensive Scheme. He suggested that this item be a future workshop topic and that the Port should send the City its comments on Phase II.

Mr. Pivarnik:

This week, a power outage at Dock Street Yachts caused Staff to look for a circuit breaker but instead discover a hot-wired connection to the Shanghai Restaurant. From a property management point a view, the Port needs to begin to address these issues or not give tenants long-term leases without proper utilities. An initial estimate to update just the electricity in that building alone – with no improvements to plumbing and heating – is \$75K. Thursday, he and Hansen Electric would do a complete energy audit of the buildings on the Point. If people

want long-term leases, they are going to have to pay rates that reflect these infrastructure improvements.

Mr. Crocket:

Tomorrow at 10:00 the County will host the next Intergovernmental Meeting, which would include a presentation on the Growth Management Act.

Pat Jones of WPPA is soliciting nominations for the Port of the Year.

Forest Shomer notified the Port that on October 2, volunteers would be setting plants along the new Sims Way sidewalk. The plants are being provided by the Department of Transportation and the Port was offered California myrtle plants for the Port fence line. Staff replied a suitable spot for these plants might be between the poplars and said they have the equipment to drill the holes. There was no Commission objection.

Nancy Borino asked to speak with the Port about the Visitor Center/Transit Relocation. Staff suggested the first meeting in October.

IX. PUBLIC COMMENT:

Gloria Bram:

After hearing the many comments about the work done at Point Hudson without permits or out of code, she wonders whether the Port has any legal recourse against the former managers or the City permitting department to recapture some of these costs. She believes it is unfair for the Port to bear this expense. Ms. Winters said she would need to investigate whether any work done breached the lease, but observed that it might be difficult to trace when the changes were made. She added that it would not have been the City's job to track the work being done by the operator.

X. COMMISSIONER COMMENTS:

Commissioner Pirner:

He understands that IAC grant application requirements are easing and that available funding would increase from \$750K to a \$1M. There would be an IAC meeting on October 13 at the Mount Vernon Fire District station. He believes Staff should attend to express the Port's views about the percentage of moorage that has to be transient-related in order to qualify for funds. Having reviewed this packet, Mr. Radon confirmed that the process appears to be more lenient and streamlined and said he would be able to attend the meeting. Mr. Crockett suggested that once the Comprehensive Scheme is adopted, the Port should meet with IAC and inquire what projects or joint boat ramp projects could be proposed.

Commissioner Beck:

He was impressed with the economic survey data, which reflected that for each job created, it would create almost three more jobs in the community.

He counted 16 people fishing for salmon in the creek next to his house. Quilcene had their parade and fair last Saturday and there was great participation and interest in the cross-cut sawing competition.

Commissioner Sokol:

It appears the Growth Management Appeal negotiations between the Port and County Staff could continue to drag out with the County proposing there is a connection to Port's proposed amendments to the County Comprehensive Plan or the Master Plan.

XI. NEXT MEETING:

Wednesday, October 8, 2003, at 1:00 PM – Point Hudson Marina Room, Port Townsend, WA. Workshop begins at 9:30 AM.

XII. EXECUTIVE SESSION:

At 9:30 PM, the Commission recessed into Executive Session for 20 minutes to discuss a legal issue with expected decision.

XIII. ADJOURNMENT:

The meeting was adjourned at 10:20 PM, there being no further business to come before the Commission.

ATTEST:

President

Secretary

Vice President