

PORT COMMISSION MEETING – January 22, 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 addition:

- V. Old Business
 - A. Follow up Joint City/Port Meeting

III. CONSENT AGENDA:

- A. Approval of Minutes – January 8, 2003
Approval of Minutes – Joint Special Meeting – January 13, 2003
- B. Approval of Warrants
 - #27335 through #27335 in the amount of \$1,500.00
 - #27336 through #27336 in the amount of \$11,000.00
 - #27337 through #27359 in the amount of \$52,513.59
 - #27360 through #27388 in the amount of \$34,238.65
 - #27389 through #27411 in the amount of \$27,115.86
 - #27412 through #27416 in the amount of \$34,398.38
- C. Resolution #389-03 - Authorizing the Sale of Abandoned Vessel
- D. Write-off Register

Mr. Harris noted a correction to the Minutes of the January 8, 2003 meeting. On page 5, paragraph 5, the word “economic” should be “uneconomic.” **Upon motion of Commissioner Pirner, the consent agenda was unanimously approved as corrected.**

IV. PUBLIC COMMENTS: (not related to Agenda) -- None

V. OLD BUSINESS:

- A. Account Terms/Collection Procedures

Mr. Taylor reported that the Commission and Staff have discussed several times over the previous year shortening the “grace period” from the last day of the month to the 20th. The purpose of such a policy change would be to reduce bad debt expense by expediting collection proceedings. This policy revision would necessitate rewriting all agreements, which contain the 30-day payment provision, but would allow Staff the opportunity to update other aspects of tenant files.

Commissioner Beck moved to approve a policy change shortening the due date (grace period) to the 20th of the month. Staff would then formalize new Agreements and initiate plans for implementation. The motion carried by unanimous vote.

- B. Fort Worden Parking Fee

Mr. Crockett noted that Tim Caldwell first presented the idea of the Port contributing funds toward offsetting Fort Worden parking fees at a Port workshop. Port Staff subsequently researched the legality of contributing up to \$2000 toward parking fees at Ft. Worden with no direct services in return and found that it cannot donate money. Therefore, the Executive Director’s recommendation was that the Port not make a donation.

Mr. Caldwell, representing the Fort Worden Advisory Committee, reported that when this topic was addressed at last night's Council meeting, it was the City attorney's opinion that a donation made from one government agency to another would not be considered a gift of public funds. Noting that the Port is involved in a number of trade shows, Caldwell, speaking as a Staff member of the Chamber, said the Chamber would be willing to compensate the Port for its donation by providing staffing at one of the Port's trade shows. Mr. Crockett appreciated the gesture but noted that the offer would be made problematic by the level of professional expertise required of the staff in the booth.

Mr. Taylor agreed that the RCW does not prohibit a contribution from one government agency to another. Mr. Harris and the Commissioners expressed concern that any donation be reasonably related to the Port's mission and under its statutory authority. Reminding that Ft. Worden is a significant economic engine in the community, Mr. Caldwell asserted that this fee would negatively impact business in Port Townsend and that a contribution of \$2K by the Port would be both statutorily appropriate and proportionate to those made by the City, County and Chamber.

Mr. Crockett said he did not see the economic development connection, since users of Centrum, the Marine Science Center, and the Port's beach there have already been exempted. The remaining users (of trailheads and campgrounds) will not themselves be significant economic drivers.

Mr. Harris sees the parking fees as a revenue-raising device for the whole State parks system resulting from the State's budget crisis, not a funding or budget problem with the Ft. Worden facility, which is already a relatively self-supporting facility.

Mr. Caldwell talked about the parking fees' negative impacts on the local economy and contrasted this to the potential of our ability to market Port Townsend as having the only State park without a fee. He added that the effort underway would merely buy time before going to Olympia to find a better way to address the shortfall of support for these facilities.

Commissioner Sokol expressed his belief that, since most of the economic drivers at the Fort are already exempt from the fee, any drop in attendance at the Park resulting from the fees would be in the low end of the 20%-50% range mentioned by Mr. Caldwell. The economic impact to the community will be small. Mr. Caldwell said he see this as one-time mitigation, with the goal of continuing to have a "free park." The topic died for lack of motion.

C. Moorage Credit System

Mr. Radon reviewed the workings of the credit system and how it could be made more equitable to both the tenants and the Port by taking advantage of the Port's new marina software.

Commissioner Pirner suggested allowing use of the credit system for up to 90 days, after which slip-holders would not receive credit while the Port continues to hold their slip.

Staff noted that boaters now pay full rate while they are gone. It was noted that the theory of the credit system is to hold that right for the boater. If the slip is rented in their absence, the slip-holder receives a rebate of up to 50% of their monthly rate. Mr. Radon said he believes this would make the policy more workable. But the tenant must give notification of slip vacation.

Commissioner Sokol moved that, given advanced notice of a marina absence of 7 days or more, a moorage patron would be eligible for a credit of 1/60th of the monthly rate every day their slip is assigned by the Port, up to a maximum of 90 days. Absences of over 90 days would be managed on a case-by-case basis. The motion carried by unanimous vote.

D. Follow Up Joint City/Port Meeting

Mr. Crockett reported on the meeting between the City Manager and Port Attorney and Staff, at which they reviewed their 1994 joint resolution calling for Point Hudson to be self-sustaining. Port staff reiterated their commitment that

Point Hudson would not be restored or supported either by taking revenues generated at other Port areas or by increasing taxes strictly for that purpose. The discussion involved looking into the use of a Public Development Authority (PDA) as a means for the City and Port to step back from the issue. His preliminary search of the MRSC website found RCWs that describe a PDA as a public corporation that can only be created by a general purpose government, not special purpose agency such as the Port district. Readings on the issue of whether a City/County would be liable for debts incurred by the PDA indicate that any liabilities incurred would be satisfied exclusively by the assets and property controlled by the PDA. He saw in this the potential for the public to lose control of this public property if the PDA were to get into financial trouble.

Mr. Harris cautioned that the Port would give over control of the property to a diverse PDA board. He further explained that while it may be a vehicle to obtain inexpensive loans it would still have to have a financially feasible business plan and stand on its own feet economically. Responding to a question by Commissioner Pirner, Mr. Harris said he believes it may be possible for the RVs and moorage to remain under Port control while a PDA manages the buildings.

Commissioner Beck expressed concern over what collateral the PDA would put up for the loans. Mr. Crockett pointed out that while a PDA may be able to secure loans at lower interest rates than the Port, it would not otherwise be able to do anything the Port cannot currently do. He offered a scenario in which the City forms a PDA, acquires loans at the lower rates, and then offers to buy the uplands from the Port. This would leave the facility under public ownership and the marina under the Port's operation.

Noting that the discussion had moved far from the topic of the demolition ordinance process, Commissioner Sokol reminded that the original 30-day stand-down period to establish the process was misconstrued as time to solve the problem. This period was then expanded to 90 days to solve the problem. Even though the Port recognized that the problem would not be solved for years, its intent was to become vested under the existing ordinance. It would take 2-3 years to do any demolition once permits are in hand. However, with the City committees proceeding with their review of the new ordinance, which they could adopt after the 90 days is expired, the Port feels it is unlikely it could obtain permits and become vested under the existing ordinance. Although City/Port Staffs could continue to meet to discuss other common issues, such as storm water, parking and Kah Tai, there does not appear to be a need for the Commission and Council to meet on demolition issues, nor a need for the Port to apply for demolition at this time. We should say the Port has more substantive projects on which to give Staff time rather than demolition prevention. However, there remains an open invitation, for the Historic Preservation Commission to tour Point Hudson structures.

Commissioners Beck and Pirner reiterated their concern about the health hazards in the structures.

Bill Miller said whether or not the buildings need to come down, he believes that most people want to ensure deliberation on this issue.

Commissioner Sokol moved to authorize Staff to draft a letter to the City to release the City Staff and Council from their obligation to meet with the Port with regard to demolition and the demolition ordinance, while at the same time the Port resolves not to apply for any demolition permits in the ensuing 90 days (as specified at the joint meeting). The Commission remains willing to meet with the Council at any time to continue discussions on many issues. Mr. Crockett noted that a caveat might be that in an emergency, such as a physically unsafe structure. The motion carried by unanimous vote.

Re: Draft of MOA by the Port Attorney, Mr. Harris noted that by having these discussions and making temporary agreements, we are not admitting that the City has any authority to regulate what we do at Point Hudson.

VI. NEW BUSINESS:

A. Resolution #393-03 – Updating Commission Meeting Procedures

Mr. Crockett reviewed that the Commission had previously expressed support for Commissioner Sokol's proposal that workshops and regular Port meetings be separate. Commissioner Beck commented that he would prefer 9:30 start time. Staff agreed to revise the resolution accordingly.

Commissioner Beck moved to adopt resolution 393-03 as proposed, with a change in the workshop time from 9:00 to 9:30. The motion carried by unanimous vote.

B. Economic Impact Study

Mr. Crockett explained that it has been 10 years since the EDC did an economic impact study and discussed the value of such information to the Port. He believes the Port, as a member, should commission the EDC to conduct another economic impact survey. If the Commission wishes, he would invite Ann Avery to the next workshop to discuss survey plans in more details and her capabilities. Staff agreed to schedule this discussion for the February 12th workshop.

C. Letter of Support for Historical Society Rezone

Mr. Crockett reported receiving a call from real estate agent Jill Buhler whose client, the Jefferson County Historical Society, is looking for space in which to relocate their archives. They are interested in the Airport Baptist Church property, a 1.5-2.0 acre parcel just south of Courtesy Ford that recently came on the market at about \$150K. While a church is authorized on this residentially zoned property, a museum or archives would not be. Since churches -- and other significant gathering places -- are considered incompatible with airports they are seeking a rezoning. To help with their rezoning request, she is asking for the Port's support in the form of a letter stating that the Port would have no objections to the Society siting their archives near the airport.

Commissioner Beck moved that the Port write a letter to the County in support of this rezone action as a more appropriate activity. The motion carried by unanimous vote. Mr. Crockett noted that the Port would also be requesting some zoning changes in the future.

D. Fire Department Training

Mr. Pivarnik reviewed the Port Townsend Fire Department's request to use the Point Hudson Hotel for a two-day joint exercise with Fire District 6. Use of the facility for the search-and-rescue practice would not restrict access to any businesses or leave any residue.

Commission moved to support Staff's recommendation for the Port to allow the Port Townsend Fire Department to use the Hotel structure for this training. The motion carried by unanimous vote.

E. Point Hudson Leases

Mr. Crockett reviewed that it is nearing time to renew leases and mentioned several options and issues to consider before continuing with one-year leases: the inclusion of liability and hold harmless clauses, the ability to terminate a lease without cost to the taxpayer should extensive renovation be required, and possible month-to-month leases. Mr. Harris suggested the option of month-to-month, with 6-mo. termination period. Mr. Crockett said that he is hesitant to do multiple year leases until this process is complete, but added that the Port could also be looking at status quo for 2-3 years. He also noted that the recently accomplished thorough Washington Engineering structural survey spoke of environmental issues, but not in detail. Air quality tests in Otter Crossing and the Hotel gave readings above normal but they offered no health assessment from these numbers.

Commissioner Beck suggested there be a thorough environmental survey due to concerns about the Port's liability. Mr. Crockett agreed, as is covered in his write-up. He does not know what the costs for this would be, but he feels the Port

should issue an RFP for a study. It was suggested that such a study consider such things as the tidal flushing of the area. Mr. Crockett agreed Staff would research the options for discussion on February 12th.

Heather Polizzi of Otter Crossing asked how soon the study would be done. Staff warned that results might not be available until August or September. Mr. Pivarnik acknowledged that Polizzi has written a great letter about desired lease improvements but added that he does not see any tenants proposing major (\$20-\$30K) capital improvements that would constitute long-term lease. Polizzi responded that the \$10K she is considering spending on a much needed new range hood is a lot of money to her and something she cannot do without a long-term lease. Businesses at the Point are left with very few options.

Commissioners recognized the significance of a \$10K capital investment and agreed that business owners would be running a risk to make any investments in these buildings. They also believe businesses would want to be sure the space was safe before making any improvements. They asked if a year lease with lots of caveats is better than a month-to-month lease.

Mr. Harris said a one-year lease could include a right of termination with a 6-mo. prior notice, as mentioned previously. In response to a question whether the lease could state that if space were available, the tenant would have the option to move, he said it could be done, but assigning priority might be difficult. Any period of time could be set in the lease. The Port just wants to reserve a right of termination without any liability.

Staff and Commissioners commented that the lease issues could be reassessed once the environmental survey is complete. Mr. Harris noted that the Port could also specify that the equipment could be removed if the lease had to be terminated. Ms. Polizzi noted that a lot of the expense is installation. When they bought this business it was with the assumption that a long-term lease could be arranged with the Port. She understands there have been many surprises for the Port related Point Hudson. It appears the Port is expecting the buildings to be condemned.

Commissioners said it is their desire to be upfront about the potential hazards. Mr. Crockett said it appears there are buildings on the armory/sail loft side that do not have creosote and asbestos problem. He suggested the Port go with one-year leases with appropriate clauses, so that should survey results indicate the need to vacate the buildings, the Port could terminate on short notice. The tenant could also terminate with short notice. Mr. Harris suggested the Port could also give a six-month's lease afterwards, the lease would be terminable on 90-days notice, which provides nine months.

Commissioner Beck moved to direct Staff to issue a Request for Proposals for an environmental/health survey of Point Hudson buildings from the Cupola House to the Point – all structures that include creosote or asbestos -- as soon as possible. The motion carried by unanimous vote.

Commissioner Pirner moved to direct Staff to move forward with negotiating leases on a one-year basis, but with a caveat that the Port has a right to terminate with a 90-day notice, or earlier in the event the building is declared a health hazard. The motion carried by unanimous vote.

F. December 2002 Financial Update

Mr. Taylor distributed and reviewed preliminary financial statements through December 31, 2002. Revenue goals were exceeded by about \$30K, although Staff is still awaiting a final determination from the State Department of Revenue on the sales tax issue with transient RVs. Operating expenses were under budget by about \$9K. Once the year is finalized and cash flow and capital expenditures, which were greater than anticipated, are finished, final statements will be available. Shipyard revenues were approximately \$10K more than budgeted and Point Hudson produced \$9K more than budgeted.

VIII. STAFF COMMENTS:

Mr. Radon:

Re: recycle bins. He had met with John Burke of Skookum to discuss the rough schematic of the fenced area, which is out to bid. He noted that Skookum is reluctant to move forward until it is notified on Feb. 11th whether or not they are the County's chosen recycler. He clarified that the Port's contract is with Skookum, even though the County would be responsible for the fencing. Mr. Crockett urged continued contact with the County regarding their selection of a recycler.

Parking fee signs are in place at the Boat Haven launch ramp and the outer facilities (Hadlock, Gardiner and Mats Mats) will be posted soon. Staff has already sold half a dozen annual passes for launch facility parking.

He thanked Commissioners for their assistance in staffing the Seattle Boat show booth, which is going well. There is good feedback about the Port. Commissioners commented they like booth improvements; Radon said the Port is acquiring a more durable version of the logo. Commissioner Pirner said he would like Staff to pursue having a "Port Townsend section" under the Port's name and invite Port Townsend Sails, Brian Toss Rigging, and Galmukoff, etc. to share it.

Mr. Pivarnik:

He reported purchasing an excellent used workboat for \$9K, which allows the Port to perform repairs.

Reported that the Port has put in permits to the City for upgrades to RV sites. Jeff Randall of the City believes the Port would be required to specify in detail its upgrades, which could delay renovation of Point sites. There was speculation that the City might be viewing the work as being beyond the scope of maintenance and repair.

Mr. Crockett:

He reviewed the agenda for the next intergovernmental meeting on January 28: Jefferson County - countywide infrastructure and intergovernmental cooperation; PUD - Health Board membership; City of Port Townsend - parks districts; and Port - jobs.

The next Airport Master Plan meeting will be Friday, January 25. Also, there will be a public hearing on the UDC noise overlay changes at 7 PM on February 5 at the Shold Business Park.

VIII. PUBLIC COMMENT: -- None

IX. COMMISSIONER COMMENTS:

Commissioner Beck:

It has been interesting to hear public comments about the condition of buildings at Point Hudson.

Commissioner Sokol:

Kiwanis and Stars of Tomorrow have again solicited Port. Commissioners were invited to purchase an ad. Commissioner Sokol personally contributed \$30.

X. NEXT MEETING:

Wednesday, February 12, 2003, at 1:30 PM – Point Hudson Marina Room, Port Townsend, WA. Workshop begins at 9:30 AM.

XI. EXECUTIVE SESSION:

At 9:30 PM, the Commission went into executive session for 10 minutes to discuss legal issues and real estate issues with an expected decision on the legal topic.

The regular meeting reconvened at 9:50 PM.

Commissioner Sokol moved to authorize the Executive Director to make an offer of \$15K to Jana Allen to settle the easement issue at Point Hudson. The motion carried by unanimous vote.

Commissioner Sokol moved to amend the previously adopted Resolution #393-03, changing the start time of the regular meeting from 1:30 PM to 2:30 PM in order to accommodate recorder Joanna Sanders' schedule. The motion was carried by unanimous vote.

XII. ADJOURNMENT:

The meeting was adjourned at 10:00 PM, there being no further business to come before the Commission.

ATTEST:

President

Secretary

Vice President