



**Port of Brownsville**  
Minutes of Study Session Meeting  
8 September 2010

**CALL TO ORDER**

Commissioner Jack Bailey called the Study Session to order at 6:12 PM. In attendance were Commissioner Bob Kalmbach, Commissioner Allen Miller, Port Manager Jerry Rowland, Assistant Port Manager Gregg Faulkner.

**APPROVAL OF AGENDA**

Commissioner Bailey requested that items 3 and 4 be reversed. Motion made to approve agenda as modified. Motion seconded and approved unanimously.

**POSSIBLE EQUIPMENT PURCHASE**

Port Manager provided a little background. The three heaters in the Yacht Club no longer work. Gregg Faulkner and Clark Jelly researched this trying to find heaters that would fit in the existing spaces. This has turned out to be impossible. So the next option is to purchase heaters that are close. They are around \$600.00 each and would require modifying the housing to accommodate them. Labor and material to accomplish this would be between \$800.00 and \$1,000.00. This would make the total cost of replacing the existing heaters with similar type about \$1400.00 to \$1600.00.

For some time the commissioners have been looking at some way to not only heat the Yacht Club but to possibly add some air conditioning to it. This also included something for the Deli. Every system that was looked at to date has required installing some kind of vents / ducts. This was not necessarily a problem for the Yacht Club area but it is a real problem for the Deli. Because of this the Port has started looking at options. One of those options is a duct less air conditioning and heating system.

The Commissioners raised some concerns with this type of system at the last meeting that required more research and subject matter experts. Eric Mayda is one of those people and he will be here but had to return to his office to pick up some information.

Mr. John Hartman is at the meeting and he owned a HVAC business for ten years and has worked HVAC business all his life. John Hartman discussed the advantages and disadvantages of the ductless heat pump units. He explained that the heat pump takes heat from outside and brings it inside and also the reverse takes the heat from inside and puts outside, a heat transfer system. With the newest improvements the efficiency has increased immensely, putting \$1 into a heat pump you get \$3 to \$4 worth of heat. Heat pumps in this area are extremely efficient due to not having the extreme temperatures and the humidity is not too high or too low. Also, the new efficient heat pumps are better than the gas systems.

Bob Kalmbach stated he read that the duct work in a system with ducts loses heat through the ducts. Mr. Hartman explained that if the ducts are not insulated that is true, depending on the application. If they are insulated with R-38 then there would be no heat loss.

Jack Bailey asked if these ductless systems still required piping and if it was insulated copper piping. Mr. Hartman answered yes and the piping would be run to each subunit. Jack Bailey asked if this could be done in zones and Mr. Hartman replied yes.

He explained some of the units that are available today and how they can be used for zones. Jack Bailey asked if the unit could be zoned for the office area. There was some discussion on how the demands of the Yacht Club and office would be different so it may not be efficient to run both off the same unit. This would have to be designed carefully to meet both demands.

Jack Bailey discussed how the circulation of air is not adequate in the Yacht Club and the office. Mr. Hartman said the new heat pump units do have a means to bring in fresh air.

Allen Miller asked if Mr. Hartman was selling these heat pump units. He replied no, he is just a subject matter expert and lives in the Port district. He was at the meeting to give his professional advice on a good heating/cooling system for the building.

Allen Miller asked what the estimated cost was for this installation. Jerry Rowland said that Mr. Hartman has not been requested to provide that information but Mr. Eric Mayda will have that information when he speaks.

Bob Kalmbach asked if Mr. Hartman would review the proposal by Mr. Mayda and give his opinion of the design. Mr. Hartman agreed and Mr. Mayda was glad to have someone else look at the proposal.

Jerry Rowland stated the PSE representative was out and gave his opinion of the size of unit needed to get the grant that is available. He stated that this grant is only available until December 31, 2010. The recommended unit is a size larger than originally selected but it will still meet the needs of the Port spaces.

.Mark Gunkel from Silverdale Electric stated he had a contact name at the county for the grant that was mentioned. He noted that PSE is the starting point of how much the grant amount will possibly be. He added that the amount of power that is required for these heat pump units is approximately 30% of what was used before. These units are now used in many buildings such as casinos and Norm Dicks office building. Europe and Asia use these ductless systems exclusively and America is behind the times with going to the ductless systems.

Jack Bailey asked if Mr. Hartman asked if he had heard of Hot Start. Mr. Hartman stated it was available to heat up a room quickly but he recommended that it is better to plan ahead and turn it on so the room will be warm when you want it rather than put in an oversized unit that would be needed for the Hot Start. Also, timers can be installed to turn on the units as needed.

Mr. Hartman also added that there are dozens of manufacturers of the ductless heat pumps but the Mitsubishi units that are proposed for installation are dependable and have a good track record.

Allen Miller asked at what temperature the heat pumps would stop working. Mr. Hartman replied that absolute zero is when there is no heat in the air which is minus 362 degrees. Allen Miller asked how the units cope with ensuring the coils do not freeze. Mr. Hartman stated that the units defrost the coils just like a refrigerator. Allen Miller stated that there would be some efficiency lost at the colder temperatures and Mr. Hartman agreed but it would still be better than the convection resistant heaters. Jack Bailey stated that all the literature he read was the units started to lose efficiency at 17 degrees. Mr. Hartman stated the 17 degrees was a testing standard and does not mean that the unit is not efficient.

Eric Mayda continued to discuss the system that he proposed to install to cover the Yacht Club and Deli area. He stated that due to PSE analysis he had to go with a larger unit than he had originally planned.

The unit he now has proposed goes to 100% efficiency up to 5 degrees. He did not include the fresh air intake at the units so he would have to change that part of the proposal. The defrost cycles happen as part of the operation and you don't even notice that it is happening. He stated that he has in the proposal for a wall mount unit but it does not have the fresh air intake so he would have to go to a ceiling unit. Bob Kalmbach asked if this was a flush mount. He replied there would be about an inch below the ceiling with the ports for the air movement.

Bob Kalmbach asked what his plan was for the Deli area. Eric stated that they would remove the duct that was there now above the refrigerators and would mount the unit there.

Jack Bailey stated the bathrooms are heated all the time and take up a lot of power in the winter time. He asked if this could be considered in a proposal. Eric stated he could submit a proposal for that. Bob Kalmbach asked if there would be enough power in the building to expand to the bathrooms. Mark Gunkel from Silverdale Electric stated power would not be a problem because the power drawn by these units is about 1/8<sup>th</sup> what is used now. He stated these units are very easy to install electrically because there is only one circuit and one unit. The units interconnect inside.

Bob Kalmbach asked about the office area again. He asked Mr. Mayda to give a proposal of what it would cost to install a unit for the office area. He said he thought it would be more efficient to install a single unit for the office. Bob stated that the Yacht Club and Deli would have to be on a metered circuit so it would be best to have the office separate. Mr. Mayda stated he could install a 1 ton unit for the office which would be separate from the proposed 3 ton unit. Mr. Bailey also asked for a proposal for the bathrooms. Mr. Mayda was asked to provide 3 proposals: 1) for Yacht Club and Deli on metered system with overhead units, 2) one for the office, and 3) one for the restrooms. Jack Bailey stated that this type of heating would give short term savings in the grants and long term savings in power use. There was discussion on going to a much larger unit with zones for all of the areas. Mr. Mayda said it was possible but it did cost more. He would provide the proposal for all the scenarios discussed and the commissioners could choose which one they want. Bob Kalmbach stated his priority was the Deli, the Yacht Club, the Office and the bathrooms in that order.

## **RENTAL PROPERTY**

Commissioner Bailey recessed the study session at 7:30 PM for 5 minutes to reconvene at the rental house.

Commissioner reconvened the study session at 7:35 PM at the rental house. The Commissioners walked through the house to see how far the renovations have progressed.

Commissioner Bailey recessed the study session at 7:40 PM for 5 minutes to reconvene at the Yacht Club.

Commissioner Bailey reconvened the study session at 7:45 PM.

Jack Bailey stated the hardwood floors are in excellent condition and the refinishing turned out very well.

Jerry Rowland stated he had been looking at ads in the newspaper and what he discovered was that it seemed to make no difference what the location was, North Kitsap, Central Kitsap or South Kitsap, whether or not the rental units were large or small, houses, townhouses or condos, on the water or not; the price of rental was about the same which was between \$750.00 and \$900.00. If the rental price was over \$1,000.00 they did not rent as quickly and most of them are still listed for rent. If the price was \$750.00 to \$900.00 they seemed to go pretty fast.

Jerry added that he contacted several property managers trying to get a feel for how much they would rent the house for. Even though he offered to pay for their time he received the same answer. They were not interested in looking at the property unless they were going to become the listing agency. They did state, that since the Port owned the property and were not concerned about making a mortgage payment that the Port should consider keeping the monthly rent as low as was practicable. Of course they could not or would not provide him with that "practical" number.

Jerry Rowland stated that he talked to 2 real estate agents that have boats in the marina. Both of them independently came up with a figure of \$800.00 a month. Their reasons were the same, the traffic from the staff running vehicles from the maintenance building and the noise from the events that happen at the Yacht Club and the Overhead Park

Another item that the commissioners have to consider in the rent price and that other landlords don't have to consider is the state mandated lease hold excise tax. At 12.84% this number automatically adds around \$100.00 to any rent the Port charges.

Jerry Rowland stated that he suggested at the last meeting the Port charge a base fee of \$720.00. With everything added the final rent would be \$851.55.

Bob Kalmbach asked if the real estate agents knew that the leasehold excise tax had to be considered in the price. Jerry Rowland replied that they were talking a total price of \$800.00 regardless of taxes or utilities.

Bob Kalmbach asked if water and sewer are payed separately at other rentals. Jerry Rowland replied that he thought that water and sewer were part of the rent price. Jack Bailey replied he thought he knew someone that does pay water and sewer separately from the base rent price.

Jack Bailey stated that there are people in the marina that are interested in renting the house and at a premium price. He noted that one individual came into the office and inquired about the house and the office assistant told him that the Port Manager already had an individual interested in renting the house. The person that came to the office requested that the Port Manager call him. Jerry Rowland replied that he knew who that person was and he was interested for his daughter who would only be in the house for a few months and then would move. That is not the long term tenant that the Port is looking for to rent the house.

Jack Bailey added that there are a few live aboards that would like to rent the house and be living close to their boat. He suggested that the house be put up for rent and see who would be interested and have them offer a price that they would rent the house for. Then the house would be rented to the person who offered the highest rent price.

Jerry Rowland reminded the commissioners that the Fire Hall sat for 3 years because the commissioners could not come to agreement on who and what should be in the Fire Hall.

Bob Kalmbach asked what the last renters were paying. Jerry Rowland replied they were paying a base rent of \$720.00 and with Leasehold Excise Tax the total rent was about \$850.00.

Bob Kalmbach stated he has done some research on houses for rent on-line. He gave some examples of homes and most of them were in the range of \$850.00 to \$900.00. He suggested that the Port target a long term resident at that rate and with a minimum lease of 1 year, maybe 2 years. He added some tenants would not like the location.

Jack Bailey stated if the base rent was \$850.00 and then the Leasehold Excise Tax was added to that, then that would be a reasonable amount. Bob Kalmbach replied that he felt that was too high and it would be difficult to find someone that was willing to pay that price with the inconveniences of traffic and noise.

Jerry Rowland said that with a base rent of \$770.00, total price would be \$907.70 per month. If the rental price is \$750.00, then the total rent price would be \$885.40.

Jack Bailey asked how much the maintenance cost that was now being performed on the house. Jerry Rowland replied that it was about \$25,000.00. Bob Kalmbach stated that he has rented houses as a landlord before and maintenance costs are something that you pay for out of past rent. In other words the money the Port has been getting for the past years with very little maintenance costs, is what is paying for the maintenance now. As a landlord you don't look at recouping costs of maintenance out of the future rent. He said a certain amount of money was set aside from the rental price for maintenance and that was used to perform the maintenance after the tenant moved out. Allen Miller said it would take 3 years to recover the costs of what is being made now to the house. Bob Kalmbach explained again how the past rent was paying for the maintenance costs now, not the future rent.

Jack Bailey said the house should be advertised for rent. This would squelch the rumors that the house was being improved for someone that is the Port Manager's friend. Bob Kalmbach stated that Jerry Rowland has made no commitment to promise to rent the house to anyone. Jerry Rowland replied that is true. This person came to him on the day the last renters moved out and said he was interested in renting the house as soon as possible but no papers were signed and no commitment was made. Bob Kalmbach said this was just a person of interest. He asked when the maintenance would be completed on the house. Jerry Rowland replied that he thought it would be about mid October.

Jack Bailey said the perception is that the house is already rented to a friend of the Port Manager. Jerry Rowland stated he was offended by the comment. Jack Bailey said he was not making that accusation, it is just what he has heard in the deli. Bob Kalmbach stated he hoped that Jack Bailey squelched that statement when it was made. Jack Bailey stated he did say that "not to his knowledge is the house already rented".

Bob Kalmbach made a motion to allow the Port Manager to pursue getting a renter for the house at a price between \$850.00 and \$900.00. Jack Bailey said he wanted to amend that motion to add that the house rental availability be put in the October newsletter, since the house won't be ready until mid October.

Gregg Faulkner asked how the selection would be made. Bob Kalmbach stated it would depend on the prospective tenant's income and other such attributes on the application, also how long they want to rent the house. Jerry Rowland asked if there would be any restrictions such as no smoking or no pets. The commissioners agreed that there would be a no smoking restriction and a limit of one pet. Allen Miller added to have a pet deposit required in the lease agreement. Jerry Rowland stated that the pet deposit was already in the rental agreement.

The motion was clarified to look for a tenant to rent the house between \$850.00 and \$900.00 and it will be advertised in the next newsletter. Bob Kalmbach stated that the price should include Leasehold Excise Tax.

Allen Miller seconded the motion.

Recording secretary read the motion again. Motion was made to look for a tenant to rent the house between \$850.00 and \$900.00 including lease hold excise tax and it will be advertised in the next newsletter.

Motion carried unanimously.

**CLOSE MEETING / ADJOURN**

Motion made to adjourn. Motion seconded and passed unanimously.

Meeting adjourned 8:17 PM.

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President/Commissioner

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Secretary/Commissioner

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Commissioner

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Recording Secretary