



Port of Brownsville

Minutes of Meeting

12 October 2011

CALL TO ORDER

Commissioner Allen Miller called the regular session of the meeting to order at 7:04 PM. In attendance were Commissioner Bob Kalmbach, Commissioner Jack Bailey, Port Manager Jerry Rowland, Assistant Port Manager Gregg Faulkner, Port Attorney John Mitchell and Port Accountant Dennis Bryan.

PLEDGE OF ALLEGIANCE

Commissioners led pledge of allegiance.

APPROVAL OF AGENDA

Motion made to approve agenda as written. Motion seconded and approved unanimously.

APPROVAL OF CONSENT AGENDA

Motion made to accept consent agenda. Consent agenda includes the 7 September 2011 regular meeting minutes, vouchers audited and certified by the auditing officer as required by RCW 42.24.080 and those expense reimbursement claims certified as required by RCW 42.24.090, which have been recorded on a listing and has been made available to the public. Those vouchers approved for payment are included in the audited and certified list and further described as follows: September Special Voucher numbers 27053 through 27074 for a total amount of \$37,440.44, September 2011 Special Electronic Transfer voucher numbers 2011-72 through 2011-79 for a total amount of \$13,557.02, October Special Voucher numbers 27075 through 27082 for a total amount of \$7,733.73, October General Fund voucher numbers 27083 through 27147 for a total amount of \$87,658.07. Also approved for payment was October Electronic Transfer voucher numbers 2011-80 through 2011-89 for a total amount of \$18,301.25

Motion seconded and approved unanimously.

PUBLIC COMMENT FOR ITEMS NOT LISTED ON AGENDA

Skip Nordal thanked all of the volunteers, including the Washington Youth Academy that helped with the cooking for Brownsville Appreciation Day. It went smoothly and couldn't have gone as well as it did without the volunteers.

Carolyn Thomas gave a statement of appreciation to the Port staff and Commissioners for their part during the Lady Washington and Hawaiian Chieftain visit. She noted that the crews of each boat considered the Port of Brownsville their favorite Port due to the friendly atmosphere. She distributed pictures of the boats to the Port staff and Commissioners.

PRESENTATION TO OR BY THE BOARD

Jim Blumenthal from Martin & Nelson gave a presentation to the Commissioners on the availability of the Port to get a bond for the upcoming marina improvements and expansion. He noted that the Port

still held a AA credit rating and was still in good financial shape so the ability to borrow money is strong. He stated the interest rates are the lowest they have ever been and the construction costs are stable. The interest rate to date is above 4%. He said the Port could bond 2.9 million without vote and 9 million with a vote of the public. He discussed all the types of bonds that were available to the Port. He recommended a LTGO Bond for the amount the Port was considering. He stressed that it was important to get a schedule for the project because the bond money would be dependent on that. Frank Reed asked if there was any insurance that the money would still be available if the project went longer than planned. Jim Blumenthal said there was no insurance, that is why it is important to have a schedule and to keep in touch with the bonding people and IRS of the progress of the project based on the schedule. However, if the funds are not used in 10 years then there could be a problem. There have been cases in the past when the project changed their purpose but filed reports to the IRS and were able to continue with the bonding money. Jack Bailey asked about expanding the marina in stages. He asked if the project was not complete in 3 years and needed more money to complete, would new bonds have to be rated. Jim Blumenthal said bond rating is checked every 2 years and if everything is the same, such as credit rating, then the current rating will be maintained. However, IRS wants to see there is a plan for every contingency. Jerry Rowland asked if the interest income from the bond money can be spent by the Port for the project. Jim Blumenthal replied yes but there has to be an accounting of where the interest money was spent. Jerry expanded on his question and asked if the interest money can be spent on other projects and Jim replied only if it is part of the plan in the beginning and the projects are part of that plan. Bob Kalmbach asked what if 1 million was left over and the project was complete with no plans to use the 1 million dollars. Jim replied that you can retire some years of the debt or redirect it to other capital improvement projects. He said 85% of the money has to be spent on the project it was borrowed for. Jack Bailey asked if a contractor wants money up front then would it be okay to give him that as long as it didn't exceed the 85% and Jim Blumenthal replied yes.

FINANCIAL REPORTS

Port Accountant Dennis Bryan presented the August and September end of month reports. For the end of August the report was:

With fuel		Without fuel
Operating Revenue	Even to Budget	Over by 5.2%
Non-operating Revenue	Under budget by 2.4%	
Operating Expense	Under budget by 4.5%	Over by 1.4%
Administrative Expense	Under budget by 8.7%	
Non-operating Expense	Even to Budget	
Capital Improvements	Even to Budget	

For the end of September the report was:

With fuel		Without fuel
Operating Revenue	Over Budget by 1.8%	Over Budget by 6.9%
Non-operating Revenue	Under budget by 2.6%	
Operating Expense	Under budget by 3.7%	Even to Budget
Administrative Expense	Under budget by 8.7%	
Non-Operating Expense	Even to Budget	
Capital Improvements	Even to Budget	

Jerry Rowland added that he had modified the contract for Bryan & Bryan LLC to show the new firm that Dennis now works for. There was no money amounts changed. He also pointed out that Dennis Bryan had presented a proposed new contract that will be in effect next year. He added that the contract amount was under the amount that required this going out for bids. He stressed that this was up to the commissioners if additional bids would be desired.

INFORMATION, STAFF AND COMMITTEE REPORTS

- a. Managers Report – Attached.
- b. Commissioner Report – Bob Kalmbach reported on the WPPA environmental seminar he attended in Lake Chelan. 19 Port Districts and 32 Ports attended but the environmental groups outnumbered the Ports. The Department of Ecology has put in restrictions on industrial ports concerning the measurement criteria for the water that goes into the sound. It was noted that rainwater exceeds the measurement value in these new restrictions. This is causing more expense for cleaning piers and docks and they are still not meeting the requirements. Also any construction project that exceeds 28 metric tons of carbon emitted has to be monitored from 3 miles in the air. The person emitting the product is responsible for measuring this. He reported that 440 people will emit more than 28 metric tons of carbon in one year. This is all to stop green house gas. He discussed that Port Orchard marina is having problems with passing the EPA restrictions because of the highway that runs close to the marina. EPA says that it doesn't matter about the road, the marina is still responsible to meet the requirements. Skip Nordal asked if there was going to be a requirement to have a wash down for the boats. Bob Kalmbach said that subject was not discussed but if one is installed then it will have to a filter system for the water run off. Jack Bailey said it will be required soon. He added that because the Port of Brownsville has evolutions similar to an industrial Port, they will have to meet the requirements. He noted that the Port of Townsend puts cleaner water into the sound than what is currently there but they are considered out of compliance because the samples of the bay water come back unacceptable. Bob Kalmbach stated that the goal was to get the green house gas values at the level that were in the 1990's. Skip Nordal asked if the EPA had measurements from the 1990's and Bob replied they did but the measurements were not as accurate as today's. Skip also asked if they are looking at what to do if there is another volcano eruption such as Mount St. Helens and Bob replied they have that in the works.

Jack Bailey spent time with a friend that is now a commissioner and he noted that the things his friend talked about as information that was being covered at his meetings was the same information that the Port Commissioners receive from the WPPA. He said that anyone who has doubts about the importance of the WPPA meetings should note that the information distributed is valuable. He added that he plans on attending the annual WPPA meeting, perhaps only 2 days out of the 3.

- c. Standing Committee Report – BAD - The seventh annual BAD was really Good. Between the Car Club, the sale of Hamburgers and Hot Dogs and the raffle the Port brought in a total of \$7,120.25. That's \$1,780.00 per school. The 25 cents was difficult to split so it went into the general fund. Jerry Rowland said that as in the last six BAD's he couldn't thank the volunteers enough. Without them this event would fall flat on its face and that would be bad. The Yacht Club and its members, the Peninsula Sailing Club and its members, the Car Clubs not to mention the individual car owners, the Tenants and the Constituents again came out in support of this event and made it the most successful one to date.

Jerry Rowland said there would be a follow up meeting on improvements for the next BAD. Invitations will be sent out for a meeting sometime next month.

Bob Kalmbach noted that 2 people that were missed in the thank you statements were Jerry and Marjie Rowland. They put a huge amount of time into this event, including behind the scenes that people don't see. The group gave a round of applause. Skip Nordal stated that the Port staff should also be given a round of applause for their efforts during this event. Jerry Rowland said he would meet with them the next morning and let them know their efforts were appreciated.

Commissioner Allen Miller recessed the regular meeting and opened the Public Hearing at 8:20 PM.

PUBLIC HEARING

- a. This is the second public hearing on the 2012 Budget. Resolution 11-06. Jerry Rowland stated that unless there is something specific that the Commissioners or the public wish to discuss at this meeting he was not going to go into the detail he did at the last public hearing. He requested a Study Session sometime before the next Port Meeting to talk about some issues that could affect the 2012 budget. These issues have nothing to do with the already discussed and agreed on amounts of the tariff changes. This study session will be to discuss Personnel wages and Medical Benefits. He reviewed some of the pages in the budget that were additional information such as the tax rate from the county.

Jonathon Thomas asked what the maximum tax rate was that the Port could request. Jerry Rowland replied that it was \$.45 per \$1,000 of assessed value of the property. Currently it is at \$.29 per \$1,000. Bob Kalmbach added that the rate could only be changed 1% at a time. He said that about 20 years ago the rate was at about \$.43 per \$1,000 but the Port has decreased that rate gradually to its current rate. The Port Commissioners are very sensitive to the taxpayers in the district.

Jack Bailey stated that the budgets in the past have been very good and this one looks just as good.

- b. This is the First public hearing on the proposed Commissioner redistricting. For Port Districts that are not county wide, RCW 53.16.015 states Port Districts will draw commissioner boundaries so that each district contains approximately equal population. Nowhere in the RCW does it define what "approximately equal population" really means. Attached to Resolution 11-07 is a list of all of the census zones within each of the redefined commissioner districts. Also, there is a map of the existing district lines and a map showing the proposed district lines. Jerry Rowland stated he took the census tracks provided by the County and determined the total population of the Port district from that. The total population for the Port is 16,857. Divided by the three districts that is optimally 5,619 per commissioner district. The new boundary lines as presented will bring the population of each district almost equal. District one is 5,609 which is ten less than 5,619, District two is 5,616 which is three less than 5,619 and District three is 5,632 which is thirteen more than 5,619. This is as close to equal as Jerry Rowland could get with the district lines adjusted to make sense with existing roads and boundaries.

Ned Cook asked if the new zoning had any effect on the current election. Jerry Rowland replied no.

Art Schick asked if all we use the districts for was selecting the commissioners. Jerry replied that was correct and District 1 should be getting their voting ballots soon. Bob Kalmbach added that the rezoning for commissioners does not change the tax Port district.

Jonathon Thomas asked if the Port had to have 3 Port districts. Jerry Rowland stated no. He explained that each district gets voted at different times and then all of the districts are voted on in the general election. Jack Bailey added that the 3 districts ensure that there is a distribution of representation of the whole Port district.

John Mitchell added that each district is voted on at different times based on the term of office but each commissioner represents the whole Port district so they are all voted on during the general election. Bob Kalmbach stated that it was this way because Washington State mandates it.

Jerry Rowland reminded the commissioners that the rezoning had to be into the County by December 8, 2011.

Commissioner Allen Miller adjourned the Public Hearing and reopened the regular meeting at 8:41 PM.

OLD BUSINESS –

- a. Ramp Grating – At the Commissioner’s request Gregg Faulkner contacted Topper Industries and Mantle Industries to find out what they used and recommended for grating. Topper industries told Gregg they buy their grating from Pacific Grating. Mantle told Gregg they purchased their grating from McNichols Co., and depending on the application they used either metal grating or fiberglass. However, neither company would commit to a specific brand or style. Gregg Faulkner did price the aluminum grating that Mantle uses and came up with a price tag of over \$10,000.00. Mr. Mitchell suggested that the Port check out the ramp material that the Bremerton Yacht Club installed. Gregg Faulkner and Jerry Rowland went there and checked it out. They were both impressed with the look and feel of the material. It is the same type of fiberglass material Gregg had been researching, just smaller squares. The material is only available in 4 foot wide pieces so the Port would need to have sections cut to get the required 6 foot width required on the main walkway. The total cost will be a little under \$9,000.00. Jerry Rowland requested permission to purchase this material for ramp replacement. Bob Kalmbach asked if the material would arrive so it can be installed before the ice weather comes. He added that the bid showed material being delivered from Atlanta and he was concerned it would arrive in time. Gregg Faulkner stated the company gave the impression that they could get it delivered in a short period of time. Jerry Rowland stated they do have a warehouse in Seattle and he thought the material would be coming from there but the Port would have to pay for the shipping cost from Atlanta to restock the Seattle warehouse. Bob Kalmbach asked how the snow had to be removed from this type of ramp material. John Mitchell stated it just falls through.

Bob Kalmbach made a motion for the Port to purchase the material for the ramp. Jack Bailey seconded and motion passed unanimously.

- b. Resolution 11-05 2012 Comprehensive Scheme Second Reading. Jerry Rowland thanked the members of the committee adding that it was one of the easiest committees he has been involved with for the Comp Scheme. It just needs to be signed. Jack Bailey made a motion to approve the resolution. Bob Kalmbach seconded and motion passed unanimously.
- c. Vent Hood Deli. At the last meeting the Commissioners stated they would consider installing a class 1 hood if the Deli would be willing to change their menu and/or negotiate the lease terms. Deli owner Cheryl Estep stated that she could not expand the menu at this time because she did not

have enough storage for additional food products at this time. She needed more cold food storage and dry storage. However, to plan for expansion, the class 1 hood was probably the right hood to install.

Marjie Rowland asked if the new zoning of the Port district would prohibit expansion due to not allowing a restaurant. Jerry Rowland said that this was a deli and therefore not considered a restaurant even with some expansion. He added that it may be based on the amount of seating. Bob Kalmbach asked what the seating capacity was now in the deli. Cheryl replied that it was about 24 to 30 inside and could be 24 outside but the outside area really wasn't set up to be year round. Bob asked if the deli had additional storage and a class 1 hood, would the deli be interested in expanding their menu. Cheryl replied yes. Bob then added if the Port installed a class one hood, would the deli be interested in paying the Port back over time. Cheryl said that would be something that could be negotiated and felt that was a generous offer from the Port. Bob asked if there was a plan to expand the area. Cheryl replied there are many possibilities to expand that could be discussed. Jack Bailey asked how much room the deli had in the cooler now and Cheryl replied that is was stacked all over. More cold storage would be beneficial. She did agree that it would be a waste of money to install a class 2 hood and then want to install a class 1 hood at a later date. Bob Kalmbach stated that if the Port would install the class 1 hood it would benefit the deli business which would be like donating to the deli business. John Mitchell added that this was not allowed, the Port could not donate to a private business but they could improve the building. Bob said that he was suggesting a pay back from the deli. Jack Bailey stated any improvement in the deli would also improve the Port. Cheryl stated that there was a vent there until now. It was removed when the air conditioning was installed. Jack Bailey clarified that the deli is requesting a class 1 hood be installed and Cheryl said that she felt it would be a waste of money to install a Class 2 hood. Skip Nordal said he would love to see the deli expand into a first class restaurant but he wasn't sure the existing zoning would allow that.

John Mitchell said there is nothing wrong with a landlord improving the building but there comes a time when the improvements exceed the rent received, that you have to consider a pay back of some kind. Bob Kalmbach added that the Port is a business as well and they cannot continue to lose money because of a tenants request for improvements. He felt it was time to negotiate with the deli on the costs. Jack Bailey said that it would be a change in the lease. Bob Kalmbach agreed. Cheryl stated she looked forward to discussing this even more.

Allen Miller asked if there should be a motion or how to proceed from here. Jerry Rowland said that he has no bids for a class 1 hood. The commissioners requested that either Jerry Rowland or the deli get more cost information and/or bids for installation of a Class 1 hood. This will be put on the agenda for the next meeting.

NEW BUSINESS

None

PUBLIC COMMENT

Chris Kelly apologized for pounding on the Port office door. She asked security to let her in and he said no, which was an example of the disrespect she gets from security. Jerry Miller asked why she used that door when the door to the meeting room was at the yacht club entrance. She stated other people used the office entrance that evening so she was just going back in the door she exited. She apologized for making the noise.

EXECUTIVE SESSION

Regular meeting was recessed and executive session was opened at 9:10 PM for 25 minutes. The items to be discussed were real estate and personnel. There may be a decision on the real estate but no decision will be made on the personnel issues. The public will be informed of any decisions made. At 9:35 the public was informed that an additional 10 minutes would be required.

Executive Session was adjourned and the regular session was reopened at 9:45 PM. The public was informed that no decisions had been made on the real estate or personnel issues.

CLOSE MEETING / ADJOURN

There will be a Study session on Wednesday 26 October 7:00 PM to discuss 2012 budget.

Next regular meeting will be November 16, 2011 at 7:00 PM.

Bob Kalmbach made a motion to adjourn and Jack Bailey seconded. Motion passed unanimously. Meeting adjourned at 9:58 PM.

President/Commissioner

Secretary/Commissioner

Commissioner

Recording Secretary