



Port of Brownsville

Minutes of Meeting

11 January 2012

CALL TO ORDER

Commissioner Allen Miller called the regular session of the meeting to order at 7:03 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 modified. Motion seconded and approved unanimously.

ELECTION OF BOARD OFFICERS

Jack Bailey made a motion to nominate Commissioner Bob Kalmbach as Board President for 2012. Motion seconded and passed unanimously.

Bob Kalmbach made a motion to nominate Commissioner Jack Bailey as Board Secretary for 2012. Motion seconded and passed unanimously.

APPROVAL OF CONSENT AGENDA

Motion made to accept consent agenda. Consent agenda includes the 7 December 2011 regular meeting minutes, 7 December 2011 Study Session 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 have been made available to the public. Those vouchers approved for payment are included in the audited and certified list and further described as follows: December 2011 Special Voucher, numbers 27230 through 27255 for a total amount of \$62,068.22, January 2012 General Fund voucher numbers 27256 through 27308 for a total amount of \$110,791.18. Also approved for payment was December Special Electronic Transfer voucher, numbers 2011-100 and 2012-01 through 2012-02 for a total amount of \$9,259.09 and January Electronic Voucher, numbers 2012-03 through 2012-11 for a total amount of \$14,754.87. Motion seconded and approved unanimously.

PUBLIC COMMENT FOR ITEMS NOT LISTED ON AGENDA

Jonathon Thomas talked about the Lady Washington schedule for this coming year. Both Lady Washington and Hawaiian Chieftain are going in for repairs this summer and may not appear at Brownsville this year. The Port Manager has requested a visit from the tall ships during BAD the end of September, if the ships have completed their repairs. Also, the Port of Bremerton has requested a visit this year. The Tall Ships organization is trying to start a museum in Aberdeen, Washington.

Carol Thomas reported on the Christmas Light Cruise sponsored by the Brownsville Yacht Club. Many e-mails were received stating that the people on shore enjoyed the boats as they cruised by. Also, there were 15 participants for the polar plunge on January 1 at the Brownsville marina. There was a good sized audience cheering on the cold participants. She added that on Saturday January 14, 2012 there would be an open house social potluck in the Yacht Club sponsored by the Brownsville Yacht Club, open to the public. Theme is TGIS, Thank Goodness It's Saturday.

PUBLIC HEARING

Commissioner Bob Kalmbach recessed the regular meeting and opened the public hearing at 7:20 PM. Jim Blumenthal talked about the Port consideration for bonding to improve the marina structure.

Jim Blumenthal reported that now is a good time to be looking at bonding as interest rates are low and construction costs are low. He added that the Port has a AA financial rating and hopes it will maintain that rating through the bonding process. The key is to have affordable debt payment which low interest rates will help with. The Port has substantial excess general obligation debt capacity.

Jim Blumenthal stated that 10% of the bond must be committed for purchase within 6 months after bond closing. 85% of the bond proceeds plus investment interest earnings must be spent within 3 years. He recommended 2 Bond Sales; one would be repayment in 10 years of a 20 year project schedule; second option is a short term note followed by long-term debt issuance. He added that in order for the Port to maintain a AA rating there should be an audit performed. A rating may be obtained by asking for an indicative rating or a published rating. The indicative rating costs \$7,000.00. If the indicative rating comes back less than a AA rating, then the Port could make plans to improve the rating by getting the audit.

Bob Kalmbach asked where the Port was in comparison to other ports for financial rating. Jim Blumenthal stated he could research this relative to other Ports the same size and report back to the commissioners. He added that the Port could borrow a portion of the money for one year to give the Port more time to ensure the AA rating (audits, etc.). Dennis Bryan asked why the rating companies are requiring an audit. Jim Blumenthal stated that because of the present financial climate the rating companies are being very careful. Dennis asked what were the chances of getting a good rating if the audit was performed by a non-government auditor. Jim Blumenthal stated it has been done in the past. Bob Kalmbach asked if the Port had a non-government auditor perform the audit would they have to follow up with a government audit. Jim Blumenthal was unsure of the requirement for this. Jerry Rowland added that the State performs more than just a financial audit being discussed for a AA rating. The state also does a procedural audit so a State audit would be inevitable. So if the Port pays \$7,000.00 for an outside auditor they may also have to pay that same amount for a State audit. Jerry stated he recommends calling the State Auditor office and see if the Port of Brownsville is on the calendar for this year. Dennis Bryan noted that the audit fees are probably less than the interest rate increases that may occur while waiting for a State audit. Jack Bailey asked the Port Manager to ask the State if they can audit us this year. Jerry replied that he will do so but there is no guarantee they will perform the audit in a timely manner, and it is important to get this process moving to support the pile driving window for this year. Bob Kalmbach recommended that the Port Manager contact independent audit companies to see if they can audit the Port soon and the approximate cost. Dennis Bryan suggested some companies to contact. Bob Kalmbach expressed concern that the State audit would be too late so wanted the Port Manager to pursue all paths to get the audit performed quickly.

Jim Blumenthal added that once the Port requested an indicative rating they would get a reply in 45 days. He also said an independent audit would be considered an official audit. Dennis Bryan said the independent audit companies would need to know the time frame to complete the audit and the cost would be dependent on that.

Jerry Rowland said he would be absent for the next two weeks for a medical procedure and would need help putting together the bid packages for the audit companies. Dennis Bryan stated he would help with that.

Jim Blumenthal said that once the credit rating was determined it would be a 30 day process to get the funding.

Bob Kalmbach asked if the first option for the Port is 1.8 million dollar bond with no payment for 10 years, would there be any problems with making the payments. Jerry Rowland stated that shouldn't be a problem since the current bond will be paid off next year.

Jim Blumenthal noted that if the funding commitments of 10% in 6 months and 85% in 3 years is not reached, then there is an opportunity to justify the delays. Jim Blumenthal completed his presentation.

Jerry Rowland stated the initial bond plan of 1.8 million dollars would be for rebuilding the marina only, no additions or modifications. Jerry Rowland made the following report: The purpose of the bonding is to rebuild the main docks within the marina and at some point expand the marina to the North. The current docks within the marina are 20 to 35 years old. They are constructed of pressure treated wood and floated with Styrofoam logs wrapped in plastic. The electrical system is antiquated and can no longer support the electrical load being placed on it. The water lines are either galvanized steel or plastic and they are deteriorating. It is no longer cost effective, practical or more importantly safe to continue to "Band Aid" the marina back together. Not to mention that none of the docks and floats that are currently in the marina are in compliance with modern Department of Ecology regulations.

The practical approach would be to accomplish the rebuild over a period of time. This would be less of an impact than trying to do the entire marina all at once. It also means that for all intents and purpose it can be accomplished as replacement in kind. Meaning that the foot print would not exceed what we currently have. Replacement in kind can be accomplished under the Ports current nationwide permit.

Why should the Port start right now? The simple answer is interest rates are down and now is the time to take advantage of this fact. The more complex answer, is the longer we wait the older the docks become and more time and money will be expended keeping it all together year after year.

Proposed Sequence.

Reimbursement Resolution to be drafted by the bond attorney.

2012 - Remove and replace "F" dock. This will become the anchor point for the rest of the rebuild.

Estimated cost \$214,598.00

2013 - Remove and replace in sections "E" dock. Other than C-dock this is the dock and finger piers with the most issues. Estimated cost \$759,784.00.

2014 - Remove and replace in sections "D" dock. By the time this is completed it is planned that the permits for the north expansion and dredging will be approved and the next step would be to accomplish this objective. Estimated cost for D-dock \$645,402.00

Total estimated cost at this point - \$1,638,239.00

Bond the remaining at a later date - \$1,200,000.00

North Breakwater Expansion, Retrofit and marina dredging is estimated to cost \$1,798,777.00

Bob Kalmbach asked where 'C' Dock was planned. Jerry Rowland replied in 2015. Because in order to rebuild 'C' dock, 'I' dock would have to be moved for the expansion first which is not planned for until later and cannot be done until further permitting is approved. Jerry added it is important to remove the dog leg in the 'C' dock area. The other docks proposed can be done under the existing permit.

Ned Cook asked why the commissioners can't mandate removal of the boat houses during this modification and rebuild. Bob Kalmbach stated the commissioners could but there was a promise made to the boathouse owners not to pursue this for 10 years.

Jonathon Thomas stated from what he has heard at this public meeting that he is in support of going forward as fast as possible with rebuilding the marina. It would result in some benefit such as the otter problems. He also stated he supported keeping the boat houses.

Dennis Bryan stated the local economy shows that the economy is improving, people are starting to spend money, which will result in an increase of interest rates. He said he believes that we will never see the interest rates this low. Now is the time to do this. John Mitchell agreed and offered other examples of the lowest interest rates being offered. Bob Kalmbach agreed that now is the time to go forward with this rebuild. Jack Bailey stated the east coast and Midwest where he was just visiting is in a different economical climate but there are signs of economy everywhere.

Commissioner Kalmbach closed the Public Hearing and reopened the regular meeting at 8:22 PM.

FINANCIAL REPORTS

The County did not finish reconciling their reports in time to send them out prior to this meeting. Port Accountant Dennis Bryan will present the December and January end of month reports in February. Jack Bailey asked if there was any particular reason for the delay. Dennis Bryan stated it was just their internal process.

INFORMATION, STAFF AND COMMITTEE REPORTS

- a. Managers Report – Attached. . Allen Miller asked if the boat that sunk is going to leave the marina. Jerry Rowland replied that there is beginning plans to give the boat to the local firefighter training organization. Jack Bailey asked if anyone had any idea what time the car that drove over the barriers in the upper parking lot. Jerry Rowland replied that it was not known and he was looking for suggestions for improving the barricade.

Biggest announcement was that the Port will no longer sell branded Shell Fuel Products. It will now be ValvTech Products that do not have ethanol in the fuel. Bob Kalmbach asked what affect the new gas would have on the price. Jerry Rowland said it would be about 5 cents higher. Jack Bailey noted there may be some savings in the credit card fees. Ned Cook asked if the military boats would be able to use their credit cards at the fuel dock. Jerry Rowland said they would not be able to use their fleet credit cards but they have been able to contact supply to obtain a VISA card number in the past to mitigate this.

Jack Bailey requested a 2 minute recess. Meeting was recessed for 2 minutes.

- b. Commissioner Report – Jack Bailey reported on his trip back east and how the taxes were being changed based on the economy.
- c. Standing Committee Report –None

OLD BUSINESS

- a. Resolution 12-01 Modify 2012 Port Tariff . Jerry Rowland reviewed the tariff change, most of the changes were based on the new security contract that was entered into starting January 2012. John Mitchell noted that there was a line that stated the leasehold excise tax would be an integral part of the lease, concerning security. Jerry Rowland proposed a modification to eliminate that part of the lease agreement statement. Marjorie Rowland made the pen and ink change to the original resolution.
Allen Miller made a motion to approve the resolution as modified. Jack Bailey seconded and motion passed unanimously.
- b. Resolution 12-02 Revise Personnel Policy Manual Section 10.2. Jerry Rowland reviewed the plan for the personnel pay periods and pay scales. Jerry Rowland stated he would like to defer this until next meeting. Commissioners agreed to table this resolution until next meeting.
- c. Resolution 12-03 Revise personnel Policy Manual Section IV. Jerry Rowland reviewed the proposal for Port personnel paying part of the medical costs. The plan now is to start a 5% increase a year starting in 2013 until 50% is reached in 10 years. Bob Kalmbach stated he was not in total agreement with the resolution but would go along with it for now. He said he would like to change the timeline for the medical insurance to 50% in 5 years. Jack Bailey said he didn't agree with Bob's proposal since it puts a burden on the personnel that get paid the least. He is concerned that the employees will leave employment and it will be hard to get good replacement personnel. There was more discussion on how the increases would be made. Jerry Rowland said the employees said they didn't have a problem with this proposal in this resolution. Bob Kalmbach said that he would be open to reviewing this subject every year. Jack Bailey stated he did not want to debate this every year. Bob agreed and said he would not sign the resolution as written and he would like to see the resolution modified back to his original proposal of 50% in 5 years. Allen Miller made a motion to table this until next meeting. Marjie Rowland asked if there had been any follow up on previous suggestions to look into other medical plans. Jerry Rowland said he had researched it and this plan was the best. Jonathon Thomas asked Jerry Rowland if he could have their medical insurance plan people contact him for discussion on their plans. Jerry was in agreement. Jack Bailey seconded the motion. Motion passed unanimously to table this until next meeting.

NEW BUSINESS

- a. Legal Services Agreement, renewing the contract with the legal company that represents the Port of Brownsville. Jack Bailey made a motion to renew the contract for Legal Services. Allen Miller seconded the motion and it passed unanimously.
- b. Resolution 12-04 Rescind All Policy Resolutions Prior To 1994. This is to clean the slate for outdated resolutions. It is the first reading. Jonathon Thomas asked if there was a book with all of the resolutions. Jerry Rowland replied that there was and dated back to 1920. It is available to the public.
- c. Parking Lot Lighting. Jerry Rowland requested permission to upgrade the electrical lighting in the parking lot, part of a continuation of the upgrades throughout the marina. These are lower wattage and more lumen light bulbs with a PSE rebate. The bid is above the Port Manager’s limit for approval so the commissioners are requested to approve this contract. Bob Kalmbach asked if the outside dock could have a brighter light since it is hard to see the marina at night. Jerry Rowland said he is looking into something that may be brighter but not offend those people who are live-aboards. Jack Bailey said that before the lights get replaced it should be investigated if they are in compliance with the ‘Dark Skies’ requirements. The lights have to have shields and there should be no extraneous emission of light. There was discussion on where the ‘Dark Skies’ requirements are mandated. Allen Miller made a motion to approve the contract to replace the lights in the parking lot. Bob Kalmbach seconded the motion with an amendment to ensure it is approved and authorized by the county. Motion passed 2 for and 1 against.

PUBLIC COMMENT

None.

EXECUTIVE SESSION

None

CLOSE MEETING / ADJOURN

Allen Miller made a motion to adjourn and Jack Bailey seconded. Motion passed unanimously. Meeting adjourned at 9:18 PM.

President/Commissioner

Secretary/Commissioner

Commissioner

Recording Secretary