

PORT OF BROWNSVILLE

9790 Ogle Rd • NE Bremerton, WA 98311
Office: 360-692-5498 • FAX 360-698-8023

Commissioners:

Shaun Nye
Jack Bailey
Fred Perkins

December 12, 2018

CALL TO ORDER

Commissioner Jack Bailey called the regular session of the meeting to order at 6:04 PM. In attendance were Commissioner Shaun Nye, Commissioner Fred Perkins, Port Manager Matt Appleton, Port Attorney John Mitchell and Port Accountant Dennis Bryan.

PLEDGE OF ALLEGIANCE

Commissioners led pledge of allegiance.

APPROVAL OF AGENDA

Commissioner Fred Perkins proposed to add 9c under Old Business Kitsap Maritime Heritage Foundation contracts and under 10b under New Business for CPA Contract. Commissioner Fred Perkins moved to approve the agenda as amended. Commissioner Shaun Nye seconded the motion. The amendment and motion passed unanimously.

APPROVAL OF CONSENT AGENDA

Consent agenda includes the Meeting Minutes for November 14, 2018, December 3, 2018 Special Meeting, and 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 2018 General Fund voucher numbers 41992 through 42042 for a total amount of \$70,126.22. Also approved for payment was December 2018 Electronic Transfer voucher numbers 2018-98 through 2018-103 for a total amount of \$12,107.16.

Motion made by Commissioner Shaun Nye to approve consent agenda as written. Motion was seconded by Commissioner Fred Perkins. Motion was approved unanimously.

PUBLIC COMMENT FOR ITEMS NOT LISTED ON AGENDA

None

PRESENTATIONS TO OR BY THE BOARD

None

FINANCIAL REPORTS

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Port Accountant Dennis Bryan stated at the end of October 31, 2018, the balance was \$1,567,237.34. He stated balance would decrease in the next few months due to project expenses and bond payments in December. Financial report is available upon request.

Commissioner Fred Perkins had questions on the non-operating revenues. Dennis explained in detail from the larger detailed report.

INFORMATION, STAFF AND COMMITTEE REPORTS

- a. Manager Report – Attached. Matt Appleton added that a boat going to A dock getting fuel ran into another sail boat. He fell in the water but staff pulled him out.
- b. Maintenance Report – Attached. Brownsville – Report indicated preparation for winter. No reports for Keyport or Illahee or Waterman
- c. Commissioners Report –
Commissioner Fred Perkins had no report.
Commissioner Shaun Nye reported on the Central Kitsap School Board meeting that he attended to deliver the checks to the 4 elementary schools from the proceeds of Brownsville Appreciation Day. He stated he planned on meeting with the schools to get more participation.
Commissioner Jack Bailey said he attended the launching of the fast foot ferry system at Kingston. He stated Pierce County is looking at doing the same thing.
Commissioner Jack Bailey attended the WPPA Annual meeting and the marinas committee meeting, and the environmental committee meeting. He said the environment committee was scary because scientists are saying warming is accelerating. He added China and others are affected by tariffs. So Washington State cherries rotted on boats waiting and there is concern is how long an orchard can be sustained with no market. They are losing money now. It was noted that Washington State is hit hard due to tariff changes. Commissioner Jack Bailey attended 2 round tables, one on disaster preparedness. He said Port of Brownsville is not prepared as demonstrated when the floating mine was discovered just outside the marina and everyone had to be evacuated. This scenario will be required for earthquake or other disasters. There needs to be a plan for recovery after the disaster. A PA system for announcements is a start but who will respond and coordinate is also needed.
Commissioner Fred Perkins noted that the mine in the water taught Port of Brownsville a lesson on how hard it is to evacuate the marina. Commissioner Shaun Nye questioned if the Port has a plan for food availability and Commissioner Jack Bailey answered no. Commissioner Jack Bailey said there is a Kitsap County disaster plan on their web site on the internet. Also a generator is needed for the fuel pumps to make sure water transportation is still available. Matt Appleton stated that there is a generator purchase and installation in the Comprehensive Scheme but it is expensive.
Commissioner Jack Bailey said the other round table discussion he attended was on Cyber Security and how it is easy to get your information. He gave the Marriott chain as an example of people getting calls for deals and their information was hacked after staying at a Marriott hotel.
- d. Committee Reports - None

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OLD BUSINESS

- a. Boat Compliance list – Matt Appleton said there are 3 new boats added to the list. Commissioner Jack Bailey asked about the boat on the breakwater that was abandoned if it was flooding. Matt Appleton said the staff checks it every day and it is only rainwater that is being pumped out. Commissioner Jack Bailey stated the Port needs to get rid of it. Commissioner Fred Perkins asked if Matt had contacted Department of Ecology. Matt Appleton said he has not but he has contacted the derelict boat program. He added that the boat does not belong to the Port until December 26 and the owner has 30 days to reclaim the property. Commissioner Jack Bailey said the State has money but it won't be available in time. Matt Appleton added that he was told if he wanted to leave the boat in place until July there would possible be derelict boat program funding available then. Commissioner Fred Perkins stated the concern is the oil in the bilge getting out in the open water. Commissioner Shaun Nye asked if the Port is liable if the oil does get into the open water. Matt Appleton stated after December 26 it is and that is why he has been working with the Department of Ecology to allow the boat be moved to Port property where the staff can take the boat apart.
- b. Boat Launch – Matt Appleton completion is waiting for the low tide to finish the last items left on the punch list. He added that the RCO Grant money has been coming into the Port. Commissioner Jack Bailey stated the Port has until the end of 2019 to utilize the entire amount of the RCO grant.
- c. Added for the contracts/leases for the Kitsap Maritime Heritage Foundation for the Office/Shop space they are using at the Port annex and the moorage space for their vessel. Matt Appleton said the contracts are as the Commissioners requested and have been reviewed by the Port Attorney. Both parties of the contracts have agreed to the terms. Commissioner Shaun Nye to give the Port Manager the authority to enter execute the leases between the Port and Kitsap Maritime Heritage Foundation. Commissioner Fred Perkins seconded the motion and it passed unanimously.

NEW BUSINESS

- a. Resolution 18-11 Purchase of Property. Commissioner Jack Bailey stated the owner came to the Port and offered about 5 acres that is next to Port property. The negotiations for the purchase of this property have gone very well and the price is reasonable. Commissioner Fred Perkins made a motion to have the Chair of the Board of Commissioners to execute such documents are shall be required to transfer ownership of real property legally described on Exhibit A of the resolution from Patricia Perron to the Port of Brownsville. Commissioner Shaun Nye seconded the motion. Commissioner added to his motion to waive the second reading. Commissioner Jack Bailey stated this is time sensitive. Commissioner Shaun Nye seconded the addition to the motion. Port Attorney added that the Port is responsible for all closing costs and taxes. Ed Wurden asked what the price was and Commissioner Jack Bailey said it is \$165,000. Ed Wurden asked how that will be paid. Commissioner Jack Bailey stated from the Port savings account. Ned Cook asked where the property was located and Commissioner Jack Bailey said it was due north of the Port property on Brownsville Highway. Commissioner Jack Bailey stated the Port is looking for other properties that are adjacent to the Port. Ed Wurden brought up that a gully goes through the middle of this property. Commissioner Jack Bailey said that this was known and was a good mitigating factor for the price. Motion passed unanimously.

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b. Added item for CPA Contract – Commissioner Shaun Nye made a motion to not renew the contract. Commissioner Fred Perkins seconded that motion and stated that the last 2 audits resulted in findings and a lot of time spent between the auditors, the Port and CPA firm. He added that there was an audit started this year in September and was expected to last 2 to 3 weeks but it is now on hold due to information not supplied to the auditors. He stated that it is his opinion that the current CPA firm does not have the time to give the Port for these audits. He proposed an independent review and make sure the Port finances are in order before deciding to renew this contract. Commissioner Jack Bailey stated he had been with the Port through many audits and finance negotiations and that the institutional knowledge of the Port which is experience of the individuals in the organization was very important for bonding. During the last bonding it was determined that with the staff, accountant and attorney the Port had over 100 years of institutional knowledge. Commissioner Bailey said that after a financial WPPA meeting it was reported that all of the Ports are having problems with State audits due to the fact that ports do business differently than other types of businesses. The State Auditor representative at that meeting asked for port's help to train her staff on how to perform audits on ports. Commissioner Jack Bailey added that the scheduling of the audit should be done by the Port not the State. Commissioner Jack Bailey said the Port was supposed to notify the Stated Auditors office that Dennis Bryan was this Ports point of contact. He said this was not done. He added that the State Auditors will only talk to the designated point of contact. Commissioner Bailey said during filing of the different schedules you cannot get help unless you are the designated point of contact, which is a fact. He added that when a report is amended there should be a review by the auditors and that is not happening so there is a communication problem between management, state auditors and CPA.

Dennis Bryan made remarks about the last 2 audits and how the findings happened. Then he discussed this current audit which he did not have advanced notice of. He did let the audit team know when he was available and they did converse at that time. He heard nothing else until the Port meeting in October when he was informed about the audit team leaving. He sent an email to the audit team asking for details and when they gave him that information he corrected that. He did ask for help in filing the reports and the answer from the auditors was they don't do that even though their meetings say they will. He said he sent the report to the auditors for review and they did reply that it was fine. Dennis Bryan addressed the time devoted to the Port from Commissioner Fred Perkins statements. He said he has met the contract requirements. There were some meetings that were scheduled without contacting him and he was not available but yet one of the meetings went on without him. Dennis Bryan added that the Port needs to have an outside CPA, that the staff is not knowledgeable enough to handle the Port finances and reports.

There was more discussion on the contract, past audits and Port financial public liability.

Dennis Bryan stated the commissioners were relying on information from other sources than him and his firm discontinues services with the Port as of December 31, 2018. Dennis left the meeting.

Matt Appleton stated that the audits have had problems because of performance issues.

Commissioner Jack Bailey called for vote on the motion. Motion passed 2 for and 1 opposed.

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PUBLIC COMMENT

Ed Wurden asked for clarification about the price of the property just purchased by the Port and Matt Appleton replied \$165,000.

Commissioner Jack Bailey apologized to Commissioner Shaun Nye for not allowing him to state his opinion on the issue of the CPA contract.

EXECUTIVE SESSION – Jack Bailey canceled the Executive Session.

a. Legal	None	RCW 42/3-/11-(1) (I)
b. Real Estate	None	RCW 42.30.110(1) (b-c)
c. Personnel	Yes	RCW 42.30.110(1) (f-h)

CLOSE MEETING / ADJOURN

Commissioners changed the January meeting to January 16, 2019 at 6 PM.

Meeting was adjourned at 7:46 PM.

President / Commissioner

Secretary / Commissioner

Commissioner

Recording Secretary