

**PORT OF ALLYN
Special Meeting
September 5, 2018
MINUTES**

Meeting was called to order at 6:05 p.m. with the Flag Salute

Present were Commissioners Judy Scott (Chair); Scott Cooper (excused absence) and Commissioner Ted Jackson. Staff present were LeAnn Dennis, Operations Manager; Lary Coppola, Executive Director; Public present were Kaye Massie, Bonnie Knight and Ken Van Buskirk.

CONSENT ITEMS

All matters listed under Consent Items have been distributed to each member of the Commissioner for reading.

- a. Minutes of Regular Meeting August 6, 2018

Commissioner JACKSON made a MOTION to accept Consent item a. **SECONDED** by Commissioner Scott **MOTION CARRIED**.

ACTION

- a. Payment of GF Vouchers #180902001 to 180902020 for \$7,937.16
- b. Payment of Payroll Vouchers #180901002 to 180901012 for \$15,302.76
- c. Payment of Water Fund Vouchers #180903001 to 180903002 for \$82.02

Commissioner JACKSON made a MOTION to accept Action items a, b, & c. **SECONDED** by Commissioner SCOTT. **MOTION CARRIED**.

COMMISSIONER REPORT

Commissioner Scott Cooper – Excused Absence

Commissioner Ted Jackson – Attended August Port Meeting

Commissioner Judy Scott – Met with Nicholas Vann from the State Department of Archeology and Historical Preservation, along with Bill Rehe, Mike Ross, Lary Coppola and Walter Galitski to get questions answered about historical aspects of the Oyster House project. Attended the North Mason Community Voice meeting where NMSD Superintendent Dana Rosenbach spoke.

SECURITY REPORT

Travis Merrill reported there is a car that has broken down at the North Shore Dock parking lot, but the owner is working on it and will have it removed shortly. Activity still busy in the Park and that Labor Day weekend went well.

EXECUTIVE DIRECTOR REPORT

*SEE ATTACHED

OLD BUSINESS

- **Contained in the ED report verbatim**

NEW BUSINESS

Preliminary Budget Special Meeting/Public Hearing was set for September 27, at 6 p.m.

Draft Preliminary Budget discussion: The Executive Director went through the draft 2019 Budget but there was not much discussion as Commissioner Cooper was absent. Commissioner Scott asked about the line item for Gazebo Bricks being zero, and was told there are more to sell, but due to the engraving cost, it was recommended to wait one more year and try to maximize the number sold before paying for the engraving. Commissioner Jackson suggested starting to market them early, perhaps in January.

Commissioner Scott asked if there would be less trips to Spokane for BIAS training. The answer was yes, but what was budgeted was the annual training "rally." When asked, the Executive Director explained the extra revenue for water comes from a proposed rate increase and anticipated connection fees, since a number of people have inquired about the fees to hook up if they purchase property.

A discussion about a number of different budget items ensued, but then began to focus on the Capital Budget and the Oyster House. Commissioner Scott questioned why \$14,000 was budgeted in 2018 and only \$5,000 in 2019. The Executive Director explained that the North Bay Historical Society has received a grant of \$160,000, the Port will be submitting a \$200,000 Capital Budget request to the legislature, and gave his thoughts about why it may not be possible to spend as much as is budgeted in 2019. This is primarily due to the fact there are too many unanswered questions about basic costs, coupled with scheduling what work needs to be done, and specific timeframes for that work.

The Executive Director concluded that the Port has done well managing its funds and is on or under budget for most items, with only a few exceptions.

Commissioner Jackson asked why there was no increase in Attorney Fees, and recommended increasing that line item by \$1,000. The Executive Director said he make that adjustment, but is hoping to not have as many attorney fees in 2019.

Commissioner Scott said she'd like to discuss the budget more with Commissioner Cooper present at our next meeting.

Commissioner Scott and the Executive Director also discussed lobbyists. The Director offered to set up another meeting with them, and said the Commissioners should voice their concerns directly to them so they can answer. Commissioner Jackson's thought, based upon his experience, is that good lobbyists are worth their weight in gold. It was agreed that the Resolution to increase the Executive Director's one-time spending authority to hire the lobbyists will wait for Commissioner Cooper's presence and another presentation by Gorden Thomas Honeywell.

It was agreed to release the check for NW Water System for their work on the Water System Plan update.

It was agreed to cancel the reservations at Skamania Lodge for the WPPA Environmental Seminar as it conflicts the Port's September 27, budget meeting, and there wasn't anything on the agenda that seemingly applied to our Port..

The Commissioners directed the Executive Director to secure an appraisal for the Ogren property. The Director noted that RCO has grant cycle coming up that could potentially fund the purchase. Commissioner Jackson asked why we approached the Ogrens in 2016, and former Executive Director Bonnie Knight stated that the Port has wanted to purchase that property for years if and when the Ogrens elected to sell it. He then asked what we would use it for, and the answer was that there are many options available to us, but parking for tow vehicles and boat trailers was the primary objective.

PUBLIC COMMENT

Ken VanBuskirk wasn't sure about what property was being discussed, and said he was glad Commissioner Jackson asked and it was clarified. He also suggested that allowing the fire department to burn it down might be a less expensive way to accomplish the demolition. He thanked the Commissioners for posting his submission of public and agency comments about the Gravel Pit Project on our website. He noted that the Hood Canal Environmental Council was celebrating its 50th anniversary and he handed out a copy of their newsletter, noting that the Port of Silverdale was also involved in the organization.

Bonnie Knight stated she has been working with Mike Ross to figure out what work can be done on the Oyster House floor by volunteers. She mentioned the old bowling alley in Shelton is being torn down, and since it was built in the same time period as the Oyster House, perhaps some of the materials can be repurposed for the Oyster House floor.

She also mentioned that the grant money the North Bay Historical Society has been awarded for the Oyster House won't be available until July 2019 so it would be good if Port can advance the funds as needed and be reimbursed when the money becomes available.

She added that Rex Wallingford has already volunteered to remove old launch ramp and has the equipment to do it, but Commissioner Scott said she thought he will need additional equipment. Commissioner Jackson asked where to find the artist rendition of the Oyster House, and said he is going to get some of the brochures to put at places and hand out.

GOOD OF THE ORDER

Ken Van Buskirk asked if the Port can put the preliminary budget up on the website.

The Chamber and the North Mason Community Voice will hold a joint Candidate Forum on September 24, at 7 p.m. at the Hub.

Meeting Adjourned at 7:15 pm.

Respectfully Submitted,



LeAnn Dennis, Operations Manager

COMMISSIONERS:



Judy Scott, Chair

Scott Cooper, Vice Chair

Ted Jackson, Commissioner

**Port of Allyn
Executive Director's Report
August 6, 2018**

Report Items:

Water System Issues: I spoke with Doug Piehl from NWWWS last week, and he said the State hasn't asked for any additional information, so at this point, he is waiting to receive the approval letter. That will make our plan good for 10 years. There's nothing more to report on this until we receive the letter. I have released the \$7,500 check we have been holding for the work NWWWS originally did for us on the plan. We still owe them \$2,500 for the additional work we agreed upon.

Creating and Signing Our Own Warrants: I had a meeting with the Mason County Treasurer last month and she told me it's not a problem with them for us to write our own checks as long as we adhere to certain procedures they require.

At her request, the change will take place on January 1, 2019. That will also work well with BIAS, and give us time to get all the inevitable kinks worked out of that process.

We need to set up a separate bank account to handle this, get checks printed, and some other things. Kitsap Bank has sent me all the required paperwork and I will need for you all to decide who will be the eligible signer on the account besides myself and LeAnn. Since this won't take effect until January 1 of next year, you may want to decide who will be next year's Board Chair and designate that person as the signer.

We also need a Resolution for the change and a policy and procedure written, which will be on next month's agenda for approval.

Ogren Property: We received a letter from Denise Ogren responding to our letter of August 16, 2016 requesting the first right of refusal to purchase, should they decide to sell their property. They have offered it to us for \$500,000, and the offer is good until November 1.

State law requires that we pay fair market value, which would be determined by a licensed appraiser. In some instances, both buyer and seller engage separate appraisers, and if there is a substantial difference of opinion between them of what constitutes fair market value, a negotiated settlement is possible. I'd also like to point out that should we negotiate directly with them, that they would not be subject to paying a real estate commission, which is usually seven (7) percent of the sale price.

I have enclosed her letter, my response, and our original letter, in your meeting packet.

2019 Budget Process: On tonight's agenda is a revised draft copy of the 2019 Budget for your review. We originally thought about having a public hearing with this tonight, but decided against it until you all weigh in on what you may want to see changed. We will need a Special Meeting later this month for a Public Hearing, and I'd like to adopt the final draft at the October meeting after a second Public Hearing.

Some things need explanations, and I'll attempt to be a bit proactive here and explain what I anticipate your questions might be. What we did here was give you the 2018 budget numbers as well as the YTD budget vs. actual numbers and their percentage of this year's budget for comparison. As you can see we're on track with the 2018 budget on just about every item except for a few unanticipated expenses.

The overall expense budget is up by a little over \$16,000, but that does include \$24,000 for the lobbyists if you choose to hire them, \$5,000 for the Oyster House in the Capital Budget, \$5,000 more for January to April expenses than in 2019, and a more than \$2,000 increase from Enduris. However, on the plus side, revenue is up by an almost like amount.

In looking at 2018 expenses, there is a significant amount of one-time expenses that were not budgeted for – like a \$26,000 truck and over \$8,000 in grading and new rock for all our parking lots. There was also quite a bit more travel than we budgeted for, with the majority of that being mileage and hotels for BIAS training — which is incorporated in the 2019 budget.

As you can see, payroll is up by just over \$9,500. While that sounds like a lot, a lot is included in that, including raises for staff as well as state-mandated increases for yourselves. I had discussed the staff increases in advance with Commissioner Scott, so I hope the rest of you will concur on the amounts.

Based on the amount of meetings each of you attend, it's obvious from the YTD numbers that Commissioner Scott by far attends many more meetings outside the regular Port meetings, which is why her overall compensation is budgeted somewhat higher than the other two Commissioners.

Also included in the payroll total are significant increases for mileage for everyone over last year. This is one place we did miss the mark in 2018 — although much of that was unbudgeted travel to Spokane for BIAS training. The mileage numbers for 2019 are also based on both YTD figures, as well as WPPA's 2019 meeting schedules that require travel. For example, the Spring Meeting will be held in Spokane this year. According to Mapquest, the one-way mileage is 323 miles from here to the Davenport Hotel, meaning that for each attendee, the round-trip cost for mileage is \$352.07. We have budgeted for three people for that meeting. The Environmental Seminar will be held in Chelan. The Round-trip mileage cost for that is \$245.26 per person. We have budgeted for two people. The Small Ports Seminar in Leavenworth — which everyone usually attends — is 179 miles, or \$195.11 per person. WPPA hasn't set a location for the Commissioner's Seminar yet, so we budgeted mileage for all three of you to Spokane — that being the worse case scenario. This is perhaps the largest percentage and dollar increase over last year's numbers — but perhaps the most realistic mileage numbers ever.

Also facilities maintenance numbers are significantly up from last year and from what was budgeted. The bulk of that — over \$8,000 — was for the grading and rock for all our parking lots. This was an expense that wasn't budgeted at all last year, but was needed. We spent more for higher quality rock with the expectation of only needing to grade it in 2019.

I also checked with BIAS about the amount of our annual fee. They told me to anticipate a five percent increase over what we paid this year, so that cost is in this budget as well.

On the revenue side, we won't have revenue numbers for property tax revenue until later in the year, so we did the same as we did last year — added one percent to the number for this year. That number will undoubtedly be higher than we budgeted, which is a good thing, and provides us with some cushion.

The same thing with the Timber Tax revenue. We budgeted \$11,000 in 2018 but the number has been significantly higher — and the year isn't out yet, which means there could possibly be even more yet to come. As I've done every year, I prefer to budget revenue very conservatively and receive more than we anticipate, and expenses liberally so we always have a cushion, rather than the other way around.

As part of our budgeting process, we have also included a moderate rate increase — \$1,000 overall — in anticipated additional revenue for the water system beginning in January, which as you know is an enterprise fund. I will present new rate recommendations at the next meeting. Currently, the Water Fund is in the black — which it was not before the increase last year. However, any unexpected repairs will have to come from our General Fund reserves because we have almost no reserves in the Water Fund itself. I'd like us to start building a reserve for those eventualities. Those kind of things aren't "ifs" but "whens" and we need to be prepared. Also, this is the next to last year for the system paying back the IDD loan.

We've also had our pay station on the North Shore reprogrammed to include the credit card discounts we pay — which average about 3.5 percent per transaction. We have absorbed these costs since installing the machine, but since we've obtained public acceptance of the pay station, I see no reason to continue doing that. This will boost revenue there as well as in Allyn when we install the machine here, as our merchant fees will all be covered. However, we didn't budget any of that as additional revenue. Also, we anticipate an amount of additional moorage revenue in Allyn once the marina project is finished, but didn't account for any of that in our revenue calculations either.

One thing I'd like to point out is that while our Cash Carryover is a healthy \$79,303.60, if we hadn't purchased the truck — which was \$26,323.42, budgeted \$24,000 for the lobbyists, and added \$5,000 over last year to our January to April expenses, our Cash Carryover would be \$134,627.26 — which is up \$32,337.26 over our 2018 total of \$102,290.

BIAS and our 2019 Budget: We are still finding anomalies in our BIAS programming. I anticipate we'll have them all corrected and programmed the way we need before year's end. This budget process has been a good thing as it's helping us discover what and where exactly those anomalies are, so we know what was either hidden, mis-categorized or we simply didn't understand how or why BIAS set them up like they did — so they can be corrected for 2019.

Grant Funding: You can see from the Capital Budget that we have included significant amounts of grant funding for the Oyster House – but didn't include the \$160,000 the North Bay Historical Society has obtained, as we felt that might create an issue with the State Auditor. We did include money for the possible acquisition of the Ogren Property, asking for the maximum they have said they want, but the final number will hinge on the eventual appraised price.

Lobbyist: After our last meeting, I contacted Gordon Thomas Honeywell as you all directed and asked them to come back and do a presentation to answer any additional questions you may have concerning what they will do for us.

I had originally scheduled them to be here tonight, but since Commissioner Cooper isn't here, it seems kind of pointless, since he was the one with the most questions for them. Once we schedule the budget meeting for later this month, I'll arrange for them to be here. I have however, included their previously negotiated cost in the draft budget.

I also talked to Kathleen Barrantes again as you all directed, and haven't received the fee schedule for searching for grants, developing funding strategies, and writing grants and other materials she promised to send. We talked about the Oyster House again, and she asked me to send her some information that we still don't yet have relating to specific costs, but I told her we were close to getting those costs together and would send them when I had them.

If you decide to move forward, what I will need is approval to sign a contract as the annual amount will exceed my spending authority. You tabled the Resolution to cover that last month until a final decision is made, but we will have it on the agenda again if and when you need it.

Dock Issues: We has a small electrical fire on the dock a couple of weeks ago. It seems that the flexible conduit feeding the pump-out unit was held in place by a piece of tie wire under the gangway – and had been like that for a number of years. Over the years, the constant tidal action caused the tie wire to eventually wear through the flexible conduit and then wear through the insulation of the wire inside the flex, which then caused it to short out. That caused the fire.

There wasn't any major damage, and the pump-out vendor will replace the wiring. There was some other damage they were scheduled to come and fix that took place at Allyn Days, smashing a PVC conduit along the dock. I will insist they get a permit, and put a junction box on the top of the dock itself, with a disconnect switch, and redo the installation running to the pump-out unit according to the National Electric Code.

While walking the floating dock with the engineer, I noticed some of the planking and bull rails need replacing. Also there is no water connection for the firehose box, no hose in it, nor is it permanently attached to the dock. Don is going to work on the bull rails when they do the electrical repair to the pump-out, as that's where the line needs to be repaired. The firehose issue is one we'll resolve as part of the other project, as well as the planks. Several of the planks need to be taken up to run electrical conduit and water lines, so it makes sense to wait on the plank replacement until the project is underway.

Parking at the North Shore: We had previously discussed the potential of widening the space across from the North Shore Boat Launch for trailer parking. I have asked Olsen & Associates to come out and mark the property corners for us so we can get some idea of how much room we have to work with, and of how much dirt we'll need to move, to see if this is a feasible idea or not. The surveyor was working out there today.

Wedding Shows: Rather than run the ad in the wedding magazine as we have for the past three years – at a cost of approximately \$1,200 – to try and market the Gazebo, we have elected not to do that this year, but to have a booth in a couple of wedding shows instead. We are developing some marketing materials – brochure, banner for the booth, etc. and will still save money over the cost of an ad. The ad paid for itself, but that was about it. We need our marketing efforts to be more productive than that.

The shows we're considering are in January and February in either Olympia or Puyallup. We're also looking to see if there are any in Kitsap County we can be a part of. Cost of booth space runs between \$250 to \$700, depending upon the size and location in the show.

IT Issues: We had an ongoing problem scanning from our copier to our computers. We had worked with both Charles and with Kelly Imaging trying to solve it, but it seemed to be somewhat intermittent, which made it hard to track down. Turns out it originated with a Windows 10 security update, and continued on and off for a couple of months. However, an additional Windows update, and Kelley working on it via remote, has seemed to solve the problem.

I am also going to set all of your iPads up with a VPN – Virtual Private Network. I am setting our Laptops and the Port phone up as well. What a VPN does is make your devices invisible to hackers – which is a very real problem in places with public Wi-Fi and/or open networks – places like hotels.

Also, we were forced to purchase a copy of QuickBooks 2018 to be able to access files from 2015 that Dave Myers needed. Kind of felt like dealing with Ransomware...

Enduris Issues: We recently received our 2019 invoice from Enduris. It is approximately 15 percent higher than last year. They did warn us there would be an increase in a letter we received in April. In checking with them, we have liability insurance for the Oyster House since we own it and it's on our property. However, we had no coverage for the building itself should something happen to it – like if it caught fire, or even collapsed upon itself. I did ask Enduris to cover it, and expect we will get a bump in our premiums for it. But I believe it's just prudent to cover it. I have added \$500 to the Enduris budget item as the anticipated extra cost.

iFiber Radio: I was recently asked if we would be willing to do regular monthly updates on KMAS radio. Naturally, I agreed. I went down there and did an on-air interview on August 28, giving them an update on the marina project as well as a couple of other things. If any of you want to do this, they would welcome that, and it could be done via telephone. Commissioner Scott and myself did this when I first came here, but we haven't done anything since then. As you know, the Port of Shelton won the WPPA Innovation Award for doing the same exact thing with them.

Vacation Schedules: LeAnn is planning a vacation from September 13 to 22. I still have 5 days left of vacation time, 7 days of unused sick time this year and 12 accumulated from last year. I will be using two days of one of those on September 12 and 13, and two more on September 19 and 20.

WPPA Meeting Schedules: The Fall Environmental Meeting is September 27 & 28 at Skamania Lodge. The Small Ports Seminar is October 18 & 19 in Leavenworth, and the Annual Meeting is December 5th through the 7th at the Hyatt Regency in Bellevue. We need to know who is planning on going to what meetings so we can get reservations made.

Old Business:

Marina Expansion Project: The Art Anderson contract has been signed all around and I received a copy of the preliminary design on Friday, so we should be ready to send this out to bid shortly.

I also met with Denny Klein, the engineer from Art Anderson and Associates that wrote the engineering drawings for this project, another engineer from their office, Bill Rehe, as well as Mike Dahman and another fellow from the PUD, looking at what needs to be done to bring the required amount of power to the dock, get some cost estimates for that, as well as schedule the work. I have an application for the PUD that I had planned on having completed by now, but I still need some questions answered before I can finish it. And quite frankly, working on the budget has slowed all that down.

However, that isn't the only delay we're dealing with. As I reported last month, according to an Executive Order issued by the Governor, we had to send the tribes a letter telling them they have a 30-day window to comment on the project and specify if there are any cultural artifacts at the site. I sent those letters to the Squaxin and Skokomish tribes, and received an inquiry from the Squaxins about the amount of trenching needed. I responded to that, and although the tribe responded after the 30-day deadline, the state Department of Archeology and Historic Preservation (DAHP) has decided they want an Archeological Survey done on the area where we are going to be digging the trench for the power and water conduits.

I tried convincing them that particular 30 square feet of ground has been dug up, recovered, and paved over at least twice over the years, but to no avail. They still want the survey done.

We wondered if a similar survey had been done for the boat ramp rebuild project in 2002, and if so, could we use that. We found some records of who the consultant was, and I contacted them. They did a partial survey but the DAHP wants a complete new one. Bill Rehe had given me some names of people who do this and I've connected with one of them who is already working on it yesterday. None of the others seemed to be able to begin the work before the end of October — or later.

Bill Rehe also suggested we have the survey done on the entire park, so if we have additional projects — like the Oyster House - which in all likelihood will require one as well — it's already done. This won't cost a lot more in the overall scheme of things, and like the Programmatic Shorelines Permit that will cover all our facilities for the next five years, this works the same way. There is some minimal additional cost for this, but it will save us money and time in the long run. We will also have to do a one-time SEPA report for the old launch ramp removal, but it too will cover the entire park and all our facilities.

We do have money allocated in the project for permitting, and this approach may actually cost slightly less than I originally estimated, so in the end, over time we will save some money doing it this way. Also, the electrical and plumbing contractors will be pulling their own permits for their portion of the job, not us.

Sweetwater Park: Joe Brogan rewrote the transfer letter, I approved it, and sent it off to Kim Sellers at RCO and copied Dan Rosenbach and Mendy Harlow on it. I spoke with Dana at the EDC event here and she thanked me for getting that done.

I also attended the grant presentation at RCO with Mendy. I thought she did a good job presenting it and that it went pretty well. There were lots of questions from the review panel, which I thought was a good sign. Our grant manager, Kim Sellers, did as well. Now we just have to wait to learn what has been decided.

Oyster House: Lots of progress to report this month. Commissioner Scott, myself, Mike Ross the Contractor, Walter Galitski, and Bonnie Knight all met with Nicholas Vann from the Department of Archeology and Historical Preservation on August 23, to get clarifications and answers we needed to move forward. It was a very productive meeting, and just about all of the questions we needed answered were addressed.

Mike Ross is working on design elements and a scope of work; Bill Rehe on Permitting issues; Bonnie Knight on fundraising and grant applications; and myself on coordinating whatever else is needed between everyone and Commissioner Scott.

Bonnie Knight did secure a historical grant of \$160,000, so we can once again begin moving forward with things that cost money now that we'll have some. The Port may need to front some of that money and be reimbursed by the Historical Society out the grant proceeds.

We also have the building permit for the rebuild of the floor structure in hand. Additionally, we got a bid from Nickel Brothers on the cost of moving the building to its final location. That cost is \$29,300, plus tax, and some insurance costs. All totaled it will be around \$32,000 — which is significantly less than what I was quoted over the phone before they came out and looked at it.

One slowdown is that the contractor, Walter Galitski, has withdrawn from the project. He has some health issues and is looking to wrap up all his projects and retire. Bonnie was going to ask Frank Merrill for a bid on the remaining floor structural work, and I'm going to tap the Kitsap Building Association — of which we're members — for some additional names of qualified contractors who are on the MRSC Small Works Roster.

One concern to still be resolved is who exactly is going to manage this project. If the Port does it, all work must be done at prevailing wage. I asked for, and got, an opinion from the State Auditor on this. If the Historical Society manages the project, they can use volunteers, in-kind donations, and the lowest bidder — except on work funded with government money. The problem is, the Port is eligible for grants the Historical Society isn't, so us raising the money could be faster and easier. But with the Port managing it, and doing the work, it will also cost significantly more.

At this point, we are working to try and get some solid figures together so we know how much money this project is going to need — assuming prevailing wage rates — so we can begin looking for grants and submit a capital budget request. Both Representative Griffey and Senator Sheldon

have said they will advocate for this in the Capital Budget once we have some solid numbers. I also met with the head of the Senate Ways and Means Committee last week, and she told me to let her know what we needed when the time comes.

Criminalization of Marina Rules: Commissioner Jackson and I have been trying to resolve this with the Sheriff's Office about this for some time now. Sheriff Salisbury has said to put our request together in written form and he would review it. I will have that complete early next week. Commissioner Jackson and myself will then get together and set up a meeting with the Sheriff, so we can hopefully put this to rest once and for all.

Kitsap All-Ports Association: The next meeting is in October.