

**PORT OF ALLYN
Regular Meeting
September 3, 2019
MINUTES**

The Regular Meeting was called to order at 6:00 p.m. with the Flag Salute.

Commissioner Scott Cooper (Chair) was officially excused, but called in for the scheduled Executive Session. Present were Commissioners Judy Scott and Ted Jackson. Staff present were LeAnn Dennis, Operations Manager; Lary Coppola, Executive Director; Travis Merrill, Security Officer; and Ken Van Buskirk, Public.

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 5, 2019

Commissioner SCOTT made a MOTION to approve the minutes. SECONDED by Commissioner JACKSON. MOTION CARRIED.

ACTION

- a. Payment of GF Vouchers #190902001 to 190902021 for \$45,580.84
- b. Payment of Payroll Vouchers #190901001 to 190902012 for \$17,439.46
- c. Payment of Water Fund Vouchers #190903001 to 190903003 for \$85.46

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

COMMISSIONER REPORTS

Commissioner Scott Cooper was excused from the meeting

Commissioner Ted Jackson attended the Port meetings,

Commissioner Judy Scott attended the Port meetings, PRTPO, and Sargent Oyster House meetings.

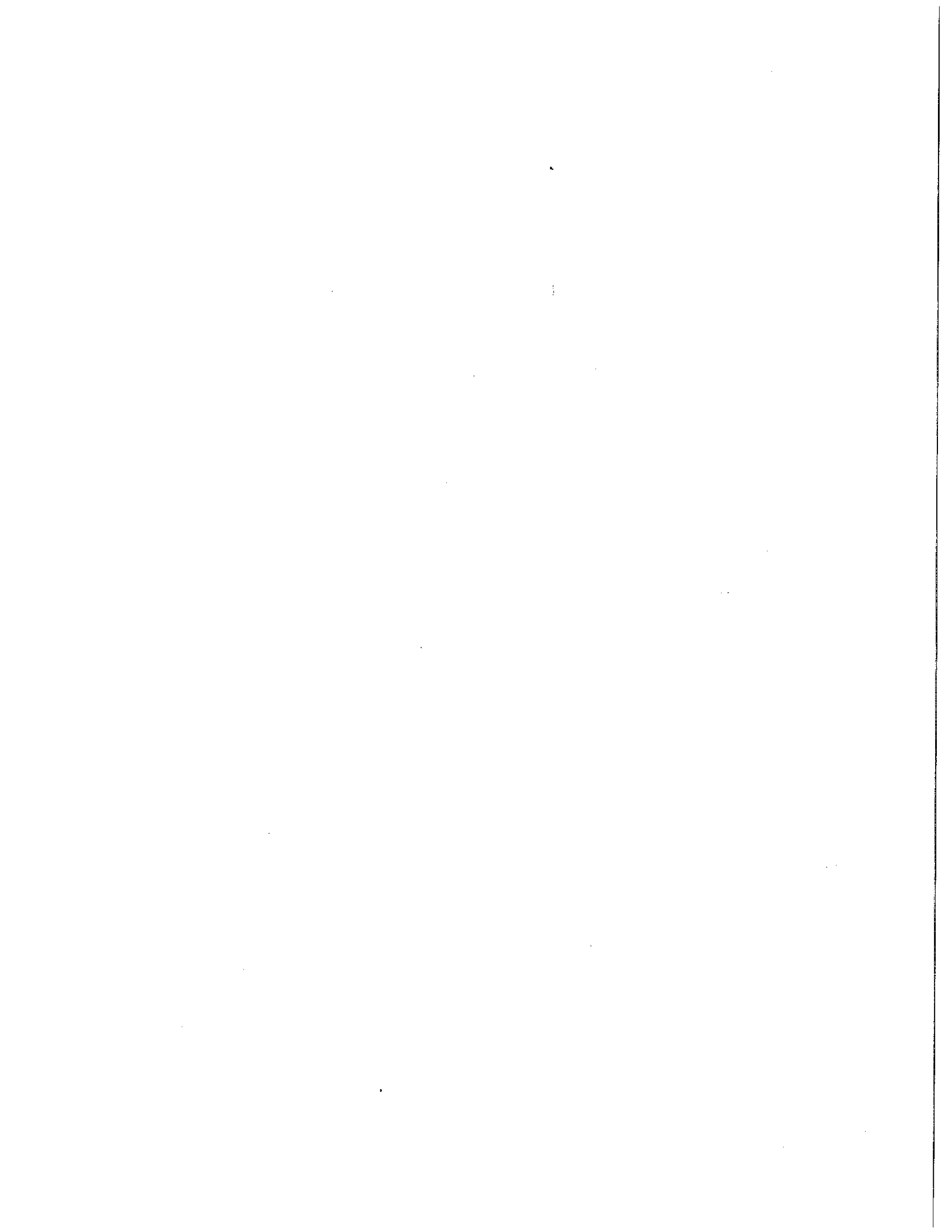
EXECUTIVE DIRECTOR REPORT* See Attached

OLD BUSINESS

- Marina Project
- Sweetwater Park
- Sargent Oyster House
- Criminalization of marina rules
- Kitsap All Ports

NEW BUSINESS

- Executive Session – Potential Litigation

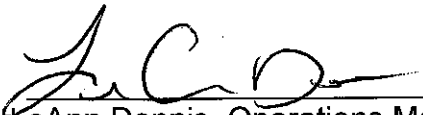


- Discussion of approval of a Purchase & Sale Agreement for the Ogren Property: This was accomplished by reading and passing Resolution 405. Commissioner SCOTT made a MOTION to approve the Resolution. SECONDED by Commissioner JACKSON. MOTION CARRIED.
- Discussion of filing an Insurance Commissioner Complaint against Enduris: The Commissioners deferred discussion pending the outcome of the claim with Enduris.
- WPPA Environmental Seminar: It was decided that the agenda didn't pertain to any of the Port's issues, and no one would go. Ms. Dennis will cancel reservations.
- Discussion of subjects for the October 25 retreat

PUBLIC COMMENT

Ken VanBuskirk once again asked about Sweet Water Park, and if the Port was doing anything about the trespassers he discussed previously. The response was until we get a deed for the property from the NMSD, legally, we could take no action.

Meeting Adjourned at 7:56 p.m. Respectfully Submitted,

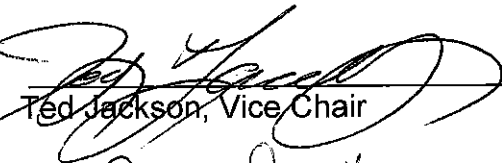


LeAnn Dennis, Operations Manager

COMMISSIONERS:



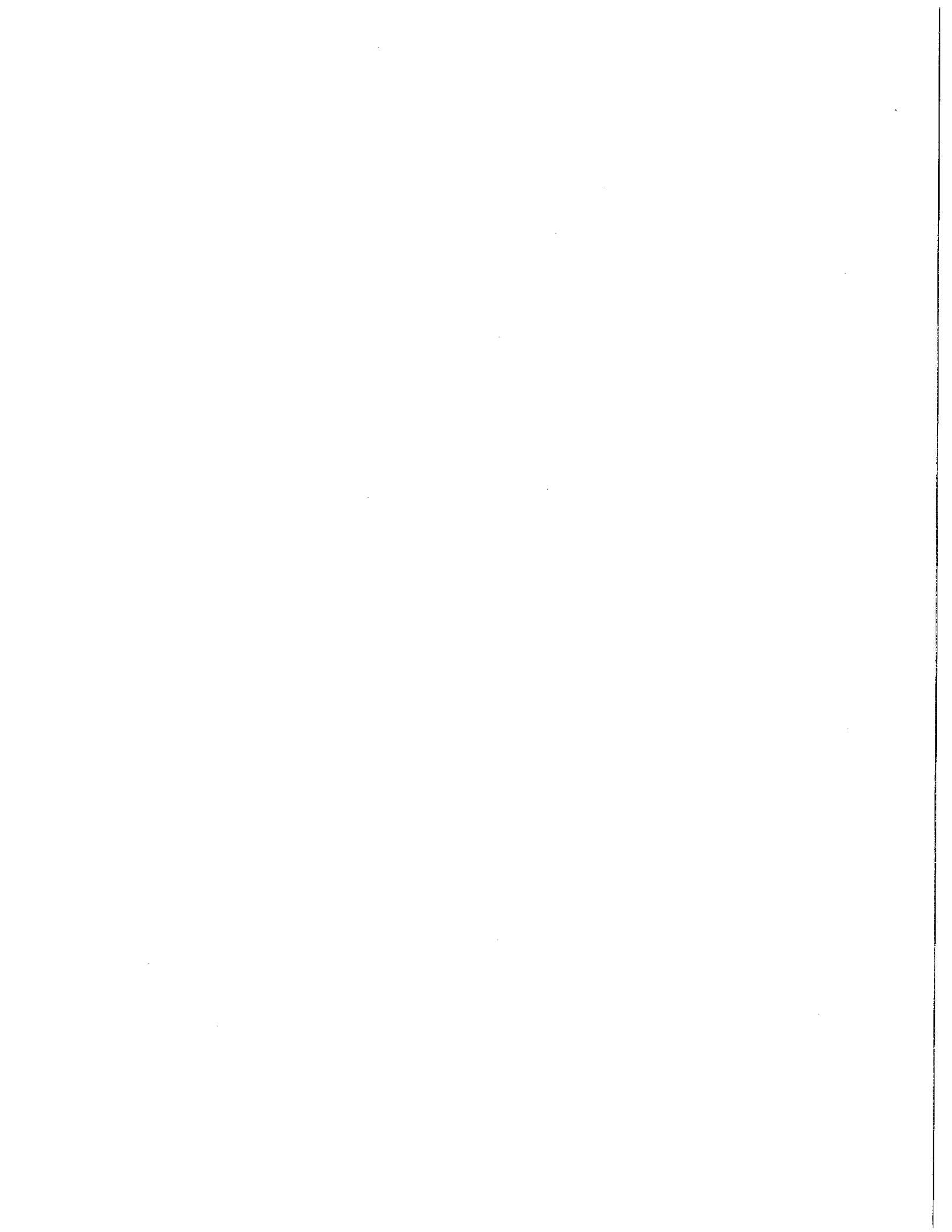
Scott Cooper, Chair



Ted Jackson, Vice Chair



Judy Scott, Commissioner



**Port of Allyn
Executive Director's Report
September 3, 2019**

Report Items:

2020 Budget: We are getting ready to start on the 2020 Budget. We will be using BIAS this year to track our 2019 costs and hopefully get an even more accurate handle on costs than we've had previously. In previous years we've managed to be pretty accurate in what we budgeted, except for a couple of smaller items – most notably mileage. We expect this year to be a little tighter, as timber tax revenue has fallen off significantly from 2018. However, we only budgeted a small amount for that in 2019, so it hasn't really impacted us.

Line of Credit: I met with the municipal finance guy at Kitsap Bank on Friday and explained what we want to do and why. He seemed very open to helping us, and he and our new regular banker are coming out here on Friday at 10 a.m. for a tour of our facilities and a list of what we are going to need to provide to them to put this together. If any of you can or want to be here as well, that would be good.

Water System Issues:

The only thing new to report on the potential new connections mentioned over the past couple of months is that it appears construction has started on one of the new homes for which we issued 14 different Water Availability Letters to Cedarland Construction a couple of months ago. Also, we issued another Water Availability Letter last week for another home that is currently under construction as well.

We haven't heard anything more from Mr. David Spandl about providing water service to the building he owns that houses North Bay Marijuana. As you may recall, I reported last month that he called and was quite combative, accusing us of *refusing* to provide service – which we haven't done. We have explained his options – both verbally and in a letter we sent. Hopefully, that is the end of this issue.

Yerac Community Utilities Proposal: Nothing new on this. Mr. Carey and I will chat some more as funding and valuation information becomes available.

Property Purchase: As reported previously, we have basically reached an agreement with the sellers. The sale will be conducted as an Eminent Domain procedure to minimize the seller's closing costs. There is a Resolution on the agenda (Resolution 405) for you to approve to move this process forward. Also, I was hoping to have the Purchase and Sale agreement in hand for approval at this meeting, but am waiting on the lawyer to finish it and get it to me.

We have also received a Milestone Report form from Kim Sellers at RCO. It basically outlines what steps we have to take from here, and in what order. They would like the property acquisition to close by September 30. Due to cash flow issues having to do with our other current projects, I have some concerns about meeting that deadline, and may be able to secure an extension.

Dock Issue: I had previously believed we were getting close to a settlement with Enduris, but now I don't believe that is the case. Enduris' strategy appears to be to just wait us out until we are desperate enough to settle on their terms.

To recap, Enduris has admitted it has some responsibility, but said it appears the Marine Floats bid was a substantial upgrade from what we had – and it is. However, permitting requirements state that we build the replacement dock to meet current code – and Tim Zech's previous bid did not – it was a simple replacement of what was there. Accounting for the majority of the difference in cost is the composite decking and grating. The grating is required by law to allow natural light into the water. The composite is used because treated wood is no longer allowed for overwater construction. Enduris' has offered us Tim Zech's bid plus \$5,000. I believe we are entitled to the entire cost plus an additional amount under our business interruption policy – in which we documented about \$9,000 in losses – not to mention attorney's costs.

I was hopeful that this would come to a conclusion soon – as our Enduris policy automatically renewed on September 1 - with a \$2,949 increase – which is an 18 percent more than 2018-2019.

Meanwhile, our legal fees have now exceeded \$10,000. The fact that Enduris has strung us out for 9 months now, and because of that, we lost the entire 2019 boating season revenue, I am seriously considering filing a complaint with the Insurance Commissioner's office once this is settled. I'd like some feedback from you all on that.

I am also researching additional insurance options, and emailed about 45 other Port directors asking for their help in identifying other potential providers. A number of them have responded with alternative providers and I've spoken with two of them. However, we are stuck with Enduris for another year, as we are required to provide notice to terminate within a specific timeframe – which the attorneys advised us not to do until our claim was settled. Supposedly, Enduris would have some incentive to settle rather than lose our business. Since this has dragged on so long, we are past that notice point. One thing I will find out is if we can cancel sometime during the current insurance year, and if so, will the remaining portion of our premium be refunded.

On the upside, the Department of Commerce has given us the go ahead to use whatever funds we don't use for the original project, to cover the necessary repairs to the dock that would have prevented us from completing the original project. So in the end, if we settle with Enduris for the total amount of the southern section replacement, and we don't go too much over our estimates for the rest of the project, we could possibly cover all the costs of the new dock with nothing out of pocket.

Copier Lease: The lease on our copier is up. We need to either buy it at market value, or get a new one on a new lease – which is our preferred option. Our goal is to try and find a machine that fits our needs, includes the technology advances that have taken place between the time when we got this machine five years ago, and what's now available, and does it for the least cost. We're trying to hold it as close to what we currently pay as possible. But getting copier salespeople off the dime has been a problem. I've asked the 2 largest dealers for written proposals, which I've yet to see.

Security Issues: We're looking into what it will take to install some kind of high-resolution wireless, remote camera system here at the park as well as the Hood Canal boat launch and marina. There are systems available that will transmit images from multiple cameras in multiple locations and store them in the cloud for any necessary law enforcement documentation.

I met with a representative from Intellisystems and did a tour of our facilities so they could evaluate our needs and give us a bid. Then when I have an amount, will go look for grant money. In the meantime, he suggested we would most likely need conduit run down the Allyn Dock for any cameras, so while the electrician was doing that for the marina project, I had him run a 1" conduit with the others he was running to accommodate any future needs we may have.

Request For Moorage: Denotta Seafoods wants to anchor their barge in the cove by the North Shore Boat Launch. I met with them to get an idea of exactly where they wanted to anchor it, and gave them a price of \$300 per month – which is what Taylor Shellfish pays us to moor at our dock here. They said they can't afford that, but asked if we'd be interested in a lesser amount if they paid 6 months up front. I said it would depend on the amount, but we'd look at it. The person I'm working with said she would let them know and get back with me with a number.

3D Building Acquisition: Nothing new to report on this. However, North Mason resources is very interested in partnering with us on this if we can put a deal together with WSDOT. I have reached out to our legislators once again about this and asked them to see if they can help us acquire this in an inter-governmental transfer. I copied you all on the email I sent them, that included a link to a detailed article explaining exactly what a Co-Working facility is. I have also included it on our CEDS request form for the EDC.

WPPA Meeting Schedules: Next up is the Environmental Seminar - September 26 and 27 at Campbell's Lodge in Chelan. I've included the agenda in your meeting packets, as we need to decide if we are sending anyone to this or not. There are some interesting topics, but some that really don't pertain to us as well. This is on the agenda for discussion and possible decision.

We have made reservations for the Commissioners and myself so we can get the rooms reserved. We can always cancel if someone can't make it, or you all decide the agenda doesn't particularly pertain to us.

I have the Pacific Coast Conference of Harbormasters and Port Directors in Everett, which is October 8 to the 11th.

After that is the Small Ports Meeting in Leavenworth, October 24th and 25th. We have made reservations for everyone, so we can do the retreat there as well. However, the hotel is booked solid for Friday night, so our options are to move to another hotel in town and all stay the night, or just leave when we're done and face the Friday night Seattle traffic.

The last meeting of the year is the Annual Meeting which is November 20 to 22, at the Hotel Murano in Tacoma. As usual, we will make reservations for everyone.

Retreat: We will need to discuss future projects, and the update to our Comprehensive Scheme, and I'd like to know if any of you have specific subjects you'd like to discuss so we can develop an agenda.

Renting Our Small Office: I've put a notice on Facebook that we'd like to rent that small office, and have had a couple of inquiries, but nothing solid yet.

Totem Pole Issue: Nothing new to report on this.

Old Business:

Transient Moorage Expansion Project: Now that the new dock is in place, we are moving ahead quickly on this.

Marine Floats had pre-wired and pre-plumbed the sections of the new dock. The electrician has the pedestals in place and will have them hooked up shortly. The PUD has changed out the transformer on the pole at the dock, and Marine Floats is going to give us a price for doing the plumbing for the Sani-sailor.

We also took delivery of the pay station last week as well. There is an upgrade to the machine that will allow us to record license numbers for annual passes, which will make issuing annual passes a lot easier for us. Don will start on the construction of the kiosk as soon as the electrician determines which conduits need to be buried in the slab. Construction of the kiosk shouldn't take any more than a week.

We are hoping to wrap up the entire project before our next meeting.

Sweetwater Park: Not much new to report on this other than taking the concerns Mr. Van Buskirk expressed to heart. I thought about buying some trail cameras that we can mount out there. The ones I've considered will capture about 1,200 images per battery charge. However, until we have a deed to the property, I'm hesitant to do that.

As far as the deed to the property is concerned, I have calls into the superintendent, but we still haven't connected directly. I did talk to her assistant when Ms. Rosenbach was on vacation and she told me she would forward this the NMSD's lawyer to get this moving. Hopefully, I'll hear something shortly so I can get this off my plate.

Oyster House: We are moving forward on this and have more forward momentum going than this project has had for the entire time I've been here. Pat McCullough has been a great help, and we have a contractor on board - Skip Parker - the same guy doing the renovation of the Betsinger's house next door. Zepher is partnering with him, acting as the general contractor, allowing him to be covered under their bond and insurance.

I had met previously with Bonnie Knight and we've had a conference call with representatives from the Department of Commerce and the Washington State Historical Society to clarify exactly which grant is paying for what.

We also met with Nicholas Vann from the Department of Archeological and Historic Preservation, along with the contractors and the engineer, to make sure everyone is on the same page about what we can and can't do, as well as what materials are permissible and what isn't.

At the state agency's insistence, I had drafted a Memorandum of Understanding to clarify our relationship with the NBHS, and sent it to the grant manager at the State Historical Society for

review. She said it looked good to her, but she wanted their attorney to sign off on it. He said he'd rather see a lease agreement between us rather than an MOU. He also sent me some boilerplate language, so I'll get that drafted and off to them this coming week.

One idea Pat McCullough came up with for the stabilization that was to call the firm that moved the building here – because they have the equipment to jack up the building and the ability to replace the rotted 12x12 beams underneath. Replacing those beams had been a stumbling block for other contractors we've talked to. They gave us a price, but since that's part of the NMHS work to do, that's up to them. It's my understanding that some used 12 x 12 beams have been located that could replace the existing ones, but I don't have enough information to say for certain.

Our part of this is to get the launch ramp removed and the pilings driven. I'm in the process of rounding up bids for that now.

Criminalization of Marina Rules: Nothing new has happened, although Commissioner Jackson has continued to work on this. Perhaps having another All-Ports meeting to press this issue in conjunction with the other Ports may get us somewhere.

All-Ports Meetings: The last meeting was July 29 at the Port of Brownsville, and was well-attended. James Thompson, the WPPA interim Executive Director was our primary guest speaker. The next meeting is on Halloween, so they may reschedule it – or not.