



Port of Brownsville
Minutes of Meeting
16 November 2010

CALL TO ORDER

Commissioner Jack Bailey called the regular session of the meeting to order at 7:01 PM. In attendance were Commissioner Allen Miller, Commissioner Bob Kalmbach, 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 minutes for the October 19, 2010 regular meeting, 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: October special voucher numbers 26445 through 26448 for a total amount of \$5,249.00; November special voucher numbers 26449 through 26455 for a total amount of \$11,291.04; November 2010 General Fund voucher numbers 26456 through 26502 for a total amount of \$44,938.24. Also approved for payment was November special Electronic Transfer voucher number 2010-90 for a total amount of \$221.32 and November Electronic Transfer voucher numbers 2010-91 through 2010-98 for a total amount of \$9,869.50 Motion seconded and approved unanimously.

PUBLIC COMMENT FOR ITEMS NOT LISTED ON AGENDA

Ed Wurden requested to talk to the commissioners on the business of the Port. He complimented the Port for being in good financial shape. He added that the Port Manager was lucky to work at this Port since he had the money to repair any thing that required it. Some Ports do not have that money to do this. He stated he did not want to refer to boaters and taxpayers as separate groups since boaters pay taxes as well so he will now refer to these groups as boaters and non-boaters. He went on to say that the budget is a framework for the spending of the Port but the Port can do things that are not in the budget such as the case of the Fire Hall and other properties the Port has purchased. He gave other examples of things that were done that were not in the budget but the Port was able to do them. He continued commenting on the reason the Port can do things that are not in the budget is because the Port spends less money than the income they receive from both boaters and non-boaters. He then stated that those organizations that have gone by the law are now in financial difficulties. He noted that the Port is the only government entity he knows that is not in financial difficulties. So following the laws in place are not always the smart thing to do. He said the commissioners are now proposing to follow a law of using the CPI automatically every year to raise the boaters fees, even if it is a miniscule amount. He challenged the commissioners to consider rather than raise the boaters fees by 1.1%, decrease the

expense of the Port by 1.1%. He asked Jack Bailey to consider that when he is up for re-election next year that he can say that he didn't raise taxes or fees and the Port is in good financial condition. He noted the nation is against more taxes as witnessed by the recent vote replacing a large amount of congressmen.

He then had to leave for another meeting.

Jack Bailey noted that Bill Bailey is one of the people that has a large interest in the Port, having put in a lot of sweat equity while he was Port Manager.

PRESENTATION TO OR BY THE BOARD

Jack Bailey reported that Central Kitsap Superintendent, Greg Lynch, mentioned Jonathon Thomas and the Lavengro at the last school board meeting. He stated that Jonathon and the Lavengro program had made a big impression on Mr. Lynch.

Jonathon Thomas pointed out to everyone a British magazine called "Classic Boats". The latest issue has an article on Americans Are Special to the United Kingdom and on page 52 there is the windjammer section and on page 55 there is an item on the Lavengro. The author had met the Lavengro crew during the Tacoma event. Jonathon Thomas left a copy with the Port Manager and it will be available to anyone to read in the Port office.

There was a meeting with the advertising group on Thursday which included the Lavengro website.

On Veteran's Day Jonathon Thomas had Steven Bower come on board the Lavengro for a tour.

FINANCIAL REPORTS

Port Accountant Dennis Bryan provided the end of month reports for October. At the end of the month the balance was \$1,383,164.65. The net income for October was \$12,047.68 and for year to date \$98,768.30.

With fuel costs in the report

Operating Revenue	Even to Budget
Non-operating Revenue	Under Budget by 6.4%
Operating Expenses	Under Budget by 5.7%
Administrative Expenses	Over budget by 3.7%
Non-operating Expenses	Even to Budget
Capital Improvement	Even to Budget
Bond Principal	Even to Budget

Without fuel costs

The only items that changed were:

Operating Revenue	Over by 11.2%
Operating Expenses	Over by 2.2%

Dennis Bryan noted the expenses from 2010 are 1.1% less than 2009 so the Port is doing what Mr. Wurden suggested in his presentation to the commissioners.

As of today the Port has available cash of \$1,396,034.40. He noted that the Port is in good financial shape. Jack Bailey stated that one of the reasons that the Port is in good financial shape was due to the refinancing of the Bonds. Dennis replied that he didn't think it was going to be as good a deal as it turned out to be and the Port received a "AA" rating.

Jonathon Thomas asked what it cost to run the Port for 1 year. Dennis replied that the Port's operating expenses for one year is \$603,873.00 and Administrative Expenses is \$201,563.00 which brings the expenses over \$800,000.00 for a year. The Port Manager added that if you add Capital Improvement expenses the amount will be over \$1,000,000.00 for one year.

Steve Neuhauser asked what the Port was up to so far this year for expenses. Dennis replied that it is about \$34,000.00 over budget. Bob Kalmbach added that the increase in administrative expenses this year was due to the increase in insurance costs.

Steve Neuhauser asked what the breakdown is for employee or administrative expenses. Jack Bailey stated that would be discussed in detail during the budget discussion under Old Business.

Jerry Rowland added that also the administrative expenses increase this year because the Port added one more full time employee.

Dennis Bryan stated there also was a law change about how much the commissioners could receive for their duties. This did increase administrative costs as well.

Jack Bailey stated that the new law that requires the Port to give Part Time employees full benefits is also adding to the administrative costs.

INFORMATION, STAFF AND COMMITTEE REPORTS

- a. Managers Report – Attached.
- b. Commissioners Report – Jack Bailey reported that he attended the Central Kitsap School Board meeting with Jerry Rowland, Marjie Rowland and Cassandra Rowland, and the Port was presented a plaque for their donations from BAD. He added that he felt there will be more involvement from the school district in the future, including the Art Show.
Jack added he will be attending the WPPA meeting the next day. He also stated that he was glad that Gregg Faulkner had learned about the archiving of the history of the Port.
Jack Bailey stated that the Navy recently launched one of their vessels and when pulling back out of the water the truck went too far on the ramp and went past the concrete which resulted in big holes being dug in the sand at the end of the ramp. This is something that will have to be looked at soon for repair. Port Manager agreed it is an item that needs repairing.
- c. Standing Committee Report – BAD VI – Marjie Rowland reported on the final meeting for BAD VI which reviewed the event and what to change for next year. The items that needed focus for next year were the music, the condiments, expanding the Art Show, the Public Announcing System and the involvement in the Car Show. The next meeting for BAD VII will probably be in May or June. Jonathon Thomas reported that there is no city that will host the Tall Ships Challenge 2011 which may result in the Lady Washington and the Hawaiian Chieftain being at the Port during BAD VII. This will be a good attraction for BAD VII. Jonathon has requested that the Tall Ships consider this date.

PUBLIC HEARING- At 7:42 PM the regular session of the meeting was suspended and the Public Hearing for the discussion of the proposed budget for 2011 opened.

The Port Manager submitted 4 scenarios for the budget. He presented a power point presentation that included all 4 scenarios; 1) No step increase and No COLA for all employees, 2) Step increase and COLA for all employees but the Port Manager, 3) Step increase for all employees including the Port Manager and COLA for all except the Port Manager, 4) Step increase and COLA increase for all employees. COLA was calculated using 1.0157% inflation rate which is based on a COLA rate from 2 years ago, the only one that is totally completely calculated. The Port Manager stated that all the budgets do not reflect any increases in utilities that are being proposed at this time.

His presentation included the total net income that is projected for 2011 with each scenario. The goal for the Port has always been that the revenue exceeds the expenses in the budget.

The Port Manager stated that tariffs were changed only in the area of use of Port facilities. Those that wanted to use the Upper Park, Pavilion or Fire Hall will pay \$25 if they are out of the Port district. Those inside the Port district still can use these facilities for free. He added that if the boaters fee was increased by the CPI the additional income would amount to \$5,840.16.

Bob Kalmbach asked if the figures that were presented included the boaters fees being increased. The Port Manager stated they do not show any boaters rate increase.

Diane Bailey asked if the CPI rate increase was automatic every year. Jerry Rowland replied that this is what the commissioners were going to discuss this evening. The way the tariff reads now is that the commissioners have the option to increase the Port fees per the CPI. It is not automatic, but that is what the commissioners are going to discuss, making it automatic.

Jack Bailey corrected Jerry Rowland stating that the discussion would be to have it be an automatic rate increase based on CPI but the commissioners have the right to cancel that rate increase.

Bob Kalmbach asked Jack Bailey if the tariff doesn't already state that the commissioners have the option. Jack Bailey replied that the way it is stated now is not exactly what was intended, that the rate increase would be based on CPI every year because the Ports expenses are also tied to that same COLA rate, so the fees should be tied to it as well, unless the commissioners decide to revoke the rate increase.

Jack Bailey went on to explain that using the CPI every year would create little raises every year instead of one big raise to do some big projects in the Port. He added that most Ports have gone to this practice.

Bill Bailey stated that the average boater is not getting the COLA rate to their income and since the Port is in good financial shape why should there be an increase at all, especially if the increase is only going to increase the Port income by about \$6,000.00. He said it may not be major this year but it will be over time if it is automatic.

Bill Bailey continued saying that the Port should look at the other side of the financial picture which is reducing costs, such as the docks which could be extended to last another ten years if maintained properly. This would decrease the expenses to the Port and therefore no rate increase would be needed.

Jack Bailey agreed with Bill Bailey and stated that if the other commissioners think it is not necessary to increase the rate fee at this time he would be agreeable with that. He was just trying to prepare the Port financial situation for the major repairs that the Port will be facing in the future.

Diane Bailey asked how much the live aboards are paying for power. Jerry Rowland replied that they are charged an additional \$50 a month for the power usage. Diane replied that this was not enough. That the live aboards use much more in power cost than that. Jerry Rowland replied that he agreed with her and he would look at his calculations compared to the increase in power costs over the last few years.

Jerry Rowland stated that using meters were discussed before but at the time they were thought to be too costly to install.

Bob Kalmbach said this should be something that is discussed further when the tariff is brought up again next year in June.

Jonathon Thomas asked if the power point presentation on the budget that was presented included a tariff increase. The Port Manager replied that there were no tariff increases in the budgets presented. Jonathon Thomas asked about reserve funds that are not designated for any expense. This was in the accountants report. Jerry Rowland stated this was just something that was required to show on the report. Jonathon asked if there was another account that was reserved. Jack Bailey said there was no separate account, it was all general funds. Dennis Bryan stated that there was a checking and a savings portion of the same account but no separate account for separate purposes. Jonathon Thomas then asked how much tax revenue is given to the Port. Bob Kalmbach stated the projected amount at this time was \$353,770.00.

Jack Bailey stated the main issue on the budgets presented was the step increase and COLA. He felt that the Port has a good staff and it is hard to get good people so he believed the whole staff should get the step increase and COLA.

Bob Kalmbach stated he wanted to review the pay scale that was established in 1999 during the June tariff review.

Allen Miller stated that all the employees should be treated the same so the Port Manager should get what he deserves concerning step increase and COLA.

Jack Bailey asked Allen Miller what he thought about the proposed tariff. He replied that it is complicated but he was inclined to go along with what was being discussed.

Bob Kalmbach said he was against using the CPI automatically for boaters rate fees. He said he didn't think the Port needed the money now and he wanted to leave the wording in the tariff the way it was, that the commissioners had the option of using the CPI.

Jonathon Thomas asked where the commissioners were on the agenda. Was the public hearing just for the budget? Jack Bailey replied that it was for the budget and the tariff. Jonathon asked what the propose increase was if the CPI was used. The Port Manager replied that the increase would be 1.057% which equates to 2 cents more per foot.

Bob Kalmbach replied that the issue is that the CPI increase will be automatic and every year there will be an increase in moorage rates, year after year. If the Port is automatically going to raise the tariff then

the taxes should be used as well, but he didn't see any need for either at this time. Jonathon Thomas asked if the tariff change was made could it be changed again in the future. Jack Bailey stated it could be changed any time and the commissioners would always have the option of not having an increase. Jack Bailey went on to explain that the improvements needed in the Port in the future need to be funded somewhere and it is better to make incremental changes to the tariff each year than one big increase to pay for the refitting of the Port infrastructure. Jonathon Thomas stated that his employer was not going to give him a raise this year and the Port was proposing to increase rates every year, with putting approximately \$134,000.00 in the bank this year. He stated he was irritated at this proposal of increasing cost. Jack Bailey stated that it is a minor amount over a period of time. Jonathon said over a period of time the rate increase would be substantial. Jonathon then asked what the PE ratio is the Port must have so they can borrow funds. Dennis Bryan stated the PE ratio doesn't really apply for the Port but it would be the same as net income to gross revenue which the Port is at 1%. The Port Manager stated that the Port had to maintain a 1.35% or lower to qualify for revenue bonds. The Port does not have any revenue bonds at this time, only GEO bonds. Dennis stated he probably needed to get with the Port Manager to give a presentation on how the Port can get the funding for the future improvements and what the Port has to do to get that funding. Jonathon then stated that from that statement by Dennis Bryan, the Port has no plan for future funding and because of that he is against the tariff increase at this time.

Bob Kalmbach stated that the commissioners needed to get together with the Port Manager and lay out a timeline for the future renovations and a proposal for funding sources. He added that in 2013 the Port would have all the bonds paid off which would add another \$100,000.00 to the income of the marina. A Master Plan needs to be developed. He said it would be nice to rebuild the docks the way they were in the past but it could not be done because the regulators would not allow it. He said soon the State would mandate the improvements and then the Port would have to come up with the funding quickly.

Jonathon again stated that until the Port can show him a funding and spending plan for the future modifications he did not support the tariff increase.

Allen Miller stated the County gives the Port \$300,000.00 a year from property taxes and that needs to be taken into consideration. He agreed with Jonathon's statement that the public was owed a breakdown. However, he didn't think that the taxpayers should be burdened with a large amount of the Port's income. He said the Port did need to expand and renew based on the waiting list the Port has, and this Port has lower rates than other marinas. He said the rates are something the Port should evaluate based on what other Ports are charging.

Bob Kalmbach stated that this Port has always been a working mans marina and he hoped it stayed that way forever. For that reason the Port needs to keep its rates affordable.

Jack Bailey adjourned the Public Hearing and reopened the regular commissioner's meeting at 8:41 PM.

OLD BUSINESS

- a. Modification of DNR Lease Lines – The PMA is signed, sealed, delivered and recorded with Kitsap County as of November 3, 2010. The lease lines are officially modified to 190 feet further to the North and 500 feet further to the East. Jack Bailey added that these new lease lines are the future and is part of the reason he supports incremental rate increases to fund the expansion of the marina.

- b. Rental House – There has been only one application submitted. With the Commissioners concurrence the Port Manager requested authorization to enter into a one year lease with this individual for the amount agreed on. Commissioners concurred with pursuing the lease. The Port Manager said the new tenant will move in on 1 December 2010.
- c. Resolution 10-05; 2011 Budget – The Port is not asking for any property tax increase to the Port. This resolution is only for the amount of property tax requested from Kitsap County. Bob Kalmbach made a motion to accept the Budget proposal that all the employees get a step increase and a COLA as stated in the budget. Motion seconded by Allen Miller and passed unanimously.
- d. Resolution 10-06; 2011 Tariff – The resolution does not include a moorage rate increase. The only change is item 30 which states that those that want to use the Upper Park, Pavilion or Fire Hall will pay \$25 if they are out of the Port district. Those inside the Port district still can use these facilities for free. Bob Kalmbach stated that the tariff should state that the tariff will be reviewed in June of every year. For this reason he wanted to defer this resolution until next meeting. Jack Bailey requested to pen and ink the resolution so it can be voted on tonight. Jerry Rowland stated that the tariff does not have to be passed tonight, it can wait until next meeting. John Mitchell asked why the paragraph on the review of CPI is even in the tariff. It restricted the commissioners to only increase by the CPI. He said the rest of the tariff defines what all the tariffs will be. Jerry Rowland said that the paragraph does not have to be in the tariff. Bob Kalmbach requested more time to think about the tariff. Jerry Rowland stated he would rewrite the paragraph and send it to the commissioners for study. The resolution was deferred until the next meeting in December.

NEW BUSINESS

- a. Resolution 10-07 modify Personnel Policy Manual (first reading). This modification allows the Port to close on six federal holidays instead of the current three. None of these port closures will be during the summer season. As an example, on this past Veterans day the Port had one fuel dock sale and one propane sale. The state legislature has also declared the day after Thanksgiving as a holiday. If the Port has a yacht club in for that four day period there would be someone here Wednesday and then back on Saturday. Bob Kalmbach asked if the Port is bound by State Law for these mandated holidays by the State. Jerry Rowland answered no. Bob then asked if there were any new holidays being added for the employees to get off and receive holiday pay. Jerry Rowland answered no. Bob asked what days the employees get off as holidays now. Jerry Rowland stated that the personnel policy manual states they will get 9 paid holidays a year. He said for some reason the State RCW states that the day after Thanksgiving is also considered a holiday. Jerry Rowland stated again that this resolution would add 3 additional holidays that will be closed. Jerry Rowland said this resolution can be deferred to the January 2011 agenda. Jack Bailey proposed to do so. Motion deferred.
- b. Resolution 10-08 Establishing Procedures to award Public Works Contracts. RCW's 53.08.120 and 39.04.155 requires that the Port establish these procedures. It covers how, when and more importantly the dollar amounts involved with the Small Works Roster and Public Works Contracts. It also establishes the Port's local limit as authorized by the Commissioners. Jerry Rowland stated that this resolution can be deferred until January 2011 agenda. Jack Bailey stated that this will be deferred until January 2011 agenda.

PUBLIC COMMENT

Jonathon Thomas announced that he is the co-chair of the Bremerton Yacht Club Christmas boat Parade. He said he had the permit signed by the Coast Guard. He said that the boats will be touring on December 10 and December 11 and will start at 6:30 PM. This boat parade is open to all who want to join.

EXECUTIVE SESSION

The regular meeting was suspended and the executive session was open at 9:15 PM. The executive session is concerning personnel and will not exceed 10 minutes. There will be no action taken.

The executive session was adjourned and the regular session was reconvened at 9:25 PM. Jack Bailey announced that there was no action taken but there was agreement to keep the Port Manager for another year.

CLOSE MEETING / ADJOURN

Jerry Rowland announced that there is a new link established by the WPPA for the history of Ports in Washington. It is historylink.org. He encouraged everyone to review this webpage.

Motion made to adjourn. Motion seconded and passed unanimously.

Meeting adjourned 9:26 PM.

President/Commissioner

Secretary/Commissioner

Commissioner

Recording Secretary