



## **Port of Brownsville**

Minutes of Meeting

16 November 2011

### **CALL TO ORDER**

Commissioner Allen Miller called the regular session of the meeting to order at 7:02 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 written. Motion seconded and approved unanimously.

### **APPROVAL OF CONSENT AGENDA**

Motion made to accept consent agenda. Consent agenda includes the 12 October 2011 regular meeting minutes, the 26 October 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 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: November Special Voucher numbers 27148 through 27153 for a total amount of \$3,929.29, November 2011 Special Electronic Transfer voucher number 2011-90 for a total amount of \$371.64, November 2011 General Fund voucher numbers 27154 through 27201 for a total amount of \$43,831.29 Also approved for payment was November Electronic Transfer voucher numbers 2011-91 through 2011-97 for a total amount of \$10,254.48.

Motion seconded and approved unanimously.

### **PUBLIC COMMENT FOR ITEMS NOT LISTED ON AGENDA**

Jonathon Thomas talked about the lighted boat parade hosted by the Brownsville Yacht Club. The dates are 16 and 17 December. All boat owners are invited to participate.

### **PRESENTATION TO OR BY THE BOARD**

Clay Branes presented his proposal to rent the upper level of the fire station for a motorcycle parts and repair shop. Bob Kalmbach asked what was Mr. Branes idea for painting the outside of the building. Mr. Branes stated it would be something just to indicate that a new business was in the building with curb appeal. Bob Kalmbach stated that the commissioners would have to approve the color and design prior to painting. Bob then asked if Mr. Branes expected the Port to make any changes to the building. Mr. Branes replied that he saw nothing during his tour that would require the Port to do any changes to the building. Jack Bailey asked what was Mr. Branes idea about painting inside the building, noting that the paneling is real pine wood and he would like to keep it that way. Mr. Branes agreed that the paneling is too good to paint over. He stated that he would only be painting the walls that are

sheetrock or already painted. Bob Kalmbach asked how Mr. Branes planned to protect the floors from oil and grease. Mr. Branes replied that he would protect the floor and have a splash guard for the walls. He stated he wanted to have a clean and inviting shop. He also noted that most motorcycles are clean but there will be some oil and grease that he will clean up as the shop gets dirty. Allen Miller asked what walls he would paint white and Mr. Branes clarified that he would not paint the walls white but he would paint the walls that were already white an inviting color but not the pine paneling. Bob Kalmbach complemented Mr. Branes on his proposal stating it was a very good proposal. Jack Bailey agreed it is the best proposal the commissioners had received. Mr. Clay Branes said that he has been in business before and knows what is required to start one and keep it going.

Steve Neuhouser presented his proposal to rent the upper level of the fire station for boat storage. He said he had no plans to change the building at all. He would use it to store 2 boats on trailers. He added that there may be some minor maintenance but nothing that would cause damage to the building. He said he has an existing business that he can use to lease the building. He said one of the benefits of this proposal is there would be little people traffic. Allen Miller asked how long he proposed to rent the building. Steve replied it would be for years, maybe not ten years but it would be years. Bob Kalmbach asked what he was willing to pay per month for the rent. Steve Neuhouser said he was willing to pay what was being charged to the previous tenants but he would be willing to negotiate. Steve added that it would be clean and would require no heat, that it would be used just for dry storage for 2 boats on trailers. Jack Bailey asked what size the boats would be. Steve replied they would be 18 foot to 22 foot boats. He said he would not use any part of the building and those spaces could be closed off or could be used by the Port for other purposes.

## **FINANCIAL REPORTS**

Port Accountant Dennis Bryan presented the October end of month reports.

Dennis Bryan handed out copies of the report. He stated that in October the county sent the payment of taxes that was due so there was increase in the balance but it will come down in December due to the \$100,000.00 bond payment. The balance as of the end of October was \$1,546,434.23. Dennis Bryan stated that Jerry has done a good job estimating fuel prices and the financial results are close to the budget. The results are:

### With fuel

Operating Revenue	Even to budget
Non-operating Revenue	Under budget by 3%
Operating Expenses	Under budget by 6.2%
Administrative Expenses	Under budget by 7.9%
Non-operating Expenses	Even to budget
Capital Improvements	Even to budget

### Without fuel

Operating Revenue	Over budget by 7.8%
Operating Expenses	Even to budget

Dennis noted that there has been little variation in revenue and expenses in the last 3 years. He noted that this was good considering the economy during the last 3 years. Jack Bailey said the revenue is up and the expenses are down which is what every business likes to see. Bob Kalmbach noted that most businesses would like to see these numbers. Dennis agreed that in these economic times these are good financial numbers. This Port is one of the few taxing districts that has good flexibility in the rate of taxes charged.

## **INFORMATION, STAFF AND COMMITTEE REPORTS**

- a. Managers Report – Attached. There was comment on the malfunctioning heater on a boat that was noted by the security guard, adding that all boaters should check their heaters for safety. Jack Bailey made comment on seeing the Fire Trucks that responded to the water pipe that broke. He said he appreciated their response and North Perry water response. Bob Kalmbach noted that the diesel consumption was down and said that the prices are definitely driving down the sale of diesel fuel. Carolyn Thomas asked when water to the building would be restored. Jerry Rowland said that the building had never lost water service but the permanent repair has not been complete, only the temporary pipe is in place. Jack Bailey asked what the cost was to repair the broken pipe and asphalt. Jerry replied that it was unknown at this time would be reported at the next meeting.
- b. Commissioner Report – Jack Bailey attended the Northwest Marina Boat Yard conference in LA Conner, Washington. He said there was a ton of information presented. He said the State has issued the boat yard guidelines. He said the three people who wrote the guidelines were present at the conference. Jack asked the question of what the definition was for marinas and boat yards. The reply was to just look at the definitions in the guidelines. Jack said there is still some gray area between the definitions. He added that the clean water group wants the water going into the bay cleaner than what is in there now. This includes getting copper off the boats, not painted with copper containing paint. He continued that the Coast Guard has an outreach program to assign a person to each area. So far the Port of Brownsville does not have a person assigned but it should happen soon.
- c. Standing Committee Report –None

## **PUBLIC HEARING**

Commissioner Allen Miller recessed the regular meeting and opened the public hearing at 7:50 PM. This is the second public hearing for changing the boundary lines of the commissioner districts.

- a. Redistricting - This is the second public hearing on the proposed Commissioner redistricting. The Commissioners reviewed these proposed changes during the study session on 26 October and found no objections to the proposed boundary changes. Jerry explained to the public why the boundary lines had to be changed. Jack Bailey noted that the outcome was very fair with the numbers of people in each district. He complemented Jerry Rowland on a good job. Jerry Rowland added that by approving this resolution tonight it will ensure the County receives the changes in plenty of time to incorporate them. It is under old business for adoption of the resolution to redistrict.

Commissioner Allen Miller adjourned the public hearing and reopened the regular meeting at 7:52 PM.

## **OLD BUSINESS –**

- a. Resolution 11-06 Approval of the 2012 Budget – Jerry Rowland reviewed the budget briefly and stated that the commissioners have had many meetings on the budget and it has not changed since the study session held on October 26, 2011. Bob Kalmbach made a motion to approve the 2012 budget and Jack Bailey seconded the motion. Jack Bailey noted that there were no changes in the staff wages or step promotions, and payment of health insurance. Ned Cook asked about the

previous discussions on the security personnel the Port has. Jerry Rowland said at this time no changes have been made. Motion passed unanimously.

- b. Resolution 11-08 Approval of the 2012 Tariff – Jerry Rowland said the recommended 2012 tariff has not changed since the last review. Bob Kalmbach noted that the tariff has been directly related to the budget resolution that was just passed. Therefore, he made a resolution to approve Resolution 11-08. Jack Bailey seconded the motion. Jack Bailey said that this tariff closed the gaps on having charges on services provided by the Port. Bob Kalmbach clarified that these changes were in the areas of fees for people that live outside the Port district such as use of the upper park and pavilion, and RV dump fee. It was noted that the ramp fee was changed from \$2.00 to \$5.00 for everyone. Motion carried unanimously.
- c. Resolution 11-07 Redistricting of Commissioner districts – Jerry Rowland stated that the county would like to have this filed as soon as possible. Bob Kalmbach stated that this resolution had been discussed previously and he made a motion to approve this resolution on redistricting the commissioner district boundaries. Jack Bailey added that there has been no comment from the public and seconded the motion. Jonathon Thomas asked how the districts were divided, by registered voters or population. Jerry Rowland stated it was by population as determined by the latest census. Bob Kalmbach reported that the total population is 16,857; District 1 is 5,632, District 2 is 5,609; District 3 is 5,616. Jonathon Thomas said he supports the redistricting. Motion passed unanimously.
- d. Accounting Contract - A copy of the proposed contract for CPA services from Dennis Bryan company starting 1 January 2012 and ending 31 December 2014 was provided to the commissioners. Jerry Rowland stated that any services contract under \$50,000.00 does not require competitive solicitation. That however, does not mean the Commissioners cannot solicit competition if they so desire. If the commissioners want to solicit for bids from other companies, the Port Manager needs to know if that is the direction so he can put together a scope of work and put it out for bids. Jack Bailey made a motion to approve the contract from Dennis Bryan company. Bob Kalmbach seconded the motion. Jack asked if Dennis Bryan moved to a different company if the contract moved with him. Dennis Bryan stated yes. Jack Bailey said he appreciated the excellent service provided and the money that Dennis Bryan had save the Port in the past. Motion passed unanimously.

## **NEW BUSINESS**

- a. Resolution 11-09 - Revise Personnel Policy Manual Section 10.2 Medical / Dental Benefits. Over the last several years the Commissioners have talked about having staff personnel pay for a portion of their Medical insurance. This resolution accomplishes this by having staff pay 5% of those costs starting in 2013 and increasing their portion by 5% a year until 2022 when staff personnel will be paying 50% of their Medical insurance. Jack Bailey noted that there should be a clause stating that this can be modified by the commissioners at any time, depending on the economy. Jack Bailey stated that the state and county employees are paying varying percentage of the medical payments. He stated he did disagree with going to the 50% because it would burden the employees. Bob Kalmbach stated the school district employees have to pay over 50% for their medical insurance. He said he has been advocate of the employees to pay part of the medical costs but he wanted to be shorter time period than 10 years, preferably 5 years. He added that he has watched the health care costs rise over the years to where it is now almost \$50,000.00 a year. He feels that other organizations have their employees pay part of the

medical insurance payments and he wants the Port to follow suit. Allen Miller asked why the dental insurance was not part of this proposal. Jerry Rowland replied that the employee has an option to choose medical insurance or not. The dental is mandatory and the employee has no choice. Jack Bailey added that the organizations that are requiring their employees to pay so much, such as the school districts, are in financial difficulties, but the Port is not. He stated the employees work hard and earn what they get and deserve what they get. Bob Kalmbach stated he agreed that the employees earn their wages but in the interest of the Port he doesn't want the Port to continue to carry the burden of the increased medical insurance costs. He noted that this is the first discussion of this resolution and there will be more discussion on it in future meetings. Carolyn Thomas asked how long it took for the school district to reach the over 50% of medical insurance costs being paid by the employees, wasn't it a gradual increase. Bob replied that it has increased dramatically over the last 3 years. Jack Bailey said the school districts major cost is the staff that they have, which is not the case at the Port of Brownsville. Jonathon Thomas asked how many employees there were at the Port of Brownsville. Jerry Rowland stated that there are currently 5 full time employees, with 2 of those employees having declined the medical insurance. Therefore, the medical insurance costs that are being paid by the Port at this time are for 3 employees. Dennis Bryan asked if the Port had to use the State medical plans. No but it is hard to find the same service and prices of plans because of the collective bargaining. Dennis stated that his group has negotiated with medical groups and have received a break in medical insurance payments with a higher deductible. Bob Kalmbach asked what medical plans were available to the employees through the state. Jerry Rowland said that there are various plans such as Blue Cross/Blue Shield, Group Health and a few others. Bob Kalmbach said maybe there could be an option of the Port paying various amounts on different plans based on the amount of the medical insurance payments. John Mitchell asked if the employee gets to choose the plan based on the amount. Jerry Rowland stated that the employee could choose the plan and if it was for self only or included the family. Jonathon Thomas stated he thinks the medical insurance is important to keep employees. He recommended that going with a large group that is negotiating with these medical plans. Jonathon continued that the Fire Commissioners group investigated the state medical plan and found out that there were high administrative costs. The Fire group negotiated together with other medical plans and decreased the group's administrative costs and lowered the medical plan payments significantly. He added that he was shocked at the price the port is paying for 3 employees. Bob Kalmbach suggested that maybe the WPPA can make a group negotiation with the medical plans and lower the cost rather than go through the state program. Ned Cook suggested that Jerry Rowland investigate other avenues for medical plans and see if there was other ways of cutting costs to the Port in this area. Bob Kalmbach replied that this resolution does not go into effect until 2013 to there is a whole year which can be used to look at other options. He agreed that there are other options and unanswered questions that should be explored. He suggested tabling this motion until more investigation can be done, but keep it on the agenda. Jack Bailey agreed with tabling the motion and Allen Miller said the motion is tabled.

- b. Resolution 11-10 - Revise Personnel Policy Manual Section IV Compensation Policies and Procedures. This is the first reading of this resolution. After reviewing the Pay Scale Matrix the Commissioners requested that the Port Manager look into changing the method of establishing the step increases. The Commissioners did not want to disrupt the increases due for current personnel. The current pay scale was developed in 1997. The Port Manager presented a plan to the commissioners that will modify the step increases. He read the proposed plan. Bob Kalmbach stated that he needed more time to study this proposal. Jack Bailey stated that for security the step increase would be 30 cents per hour. That isn't very much and he does not agree with this proposal. Carolyn Thomas asked what the minimum wage was and if the

employees have the opportunity to advance. Jerry Rowland stated that the minimum wage was the starting wage for temporary employees but the permanent staff is hired at a higher wage. Then the pay scale shows increases depending on the time of service. Jack Bailey reviewed the wages for a Marina Tech.

- c. Bonds – When Jim Blumenthal presented the various bond options to the Commissioners at the last meeting, the commissioners requested if there could be a phased bond plan. Jim Blumenthal stated he would send out another option by email. The third option is what the Commissioners were presented at this meeting. If the Commissioners wish to pursue having Martin Nelson and Company issue the bonds, the Port should request Jim Blumenthal return at the December Meeting and provide the resolutions required to bond. Jerry Rowland added that when you get a bond you have to obligate 85% within the first 3 years. He expressed concern over obligating 85% of 3 million which was the amount that was discussed earlier. Bob Kalmbach expressed concern of getting the permits to complete the work in the time allotted for the bonds. Marjie Rowland said that she thought Jim Blumenthal said that if the obligation is not obtained that a justification could be presented to the IRS. Jerry Rowland said he would ask the question about this and if there was a penalty if the 85% is not obtained. Dennis Bryan stated that the 1.8 million bond is for 3 years, and then you could have a second bond. Bob Kalmbach said if we wait for the second bond the interest rates may have increased so that has to be considered. Dennis Bryan agreed that the interest rates could raise overnight depending on the climate of the economy. Jerry Rowland suggested that Jim Blumenthal be invited back to the January meeting. Bob Kalmbach stated that the 1.8 million was to rebuild the infrastructure of the marina and remaining 1.2 million was for marina upgrades so he thought there would be no problem in spending 85% of the 1.8 million. It was agreed to invite Jim Blumenthal to the January meeting.

## **PUBLIC COMMENT**

None

## **EXECUTIVE SESSION**

Regular meeting was recessed and executive session was opened at 8:57 PM for 15 minutes. The items to be discussed was real estate. There may be a decision made.

Executive Session was adjourned and the regular session was reopened at 9:07 PM. The public was informed that the Commissioners were going to accept the proposal by Clay Branes to rent the upper lever of the fire station.

Commissioner Kalmbach made a motion to accept Clay Branes's proposal to rent the upper level of the fire station to operate an aftermarket motorcycle shop offering retail sales, accessories, maintenance, engine building and repair. Motion seconded by Commissioner Jack Bailey, motion passed unanimously.

**CLOSE MEETING / ADJOURN**

Bob Kalmbach made a motion to adjourn and Jack Bailey seconded. Motion passed unanimously. Meeting adjourned at 9:14PM.

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President/Commissioner

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Secretary/Commissioner

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Commissioner

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Recording Secretary