



Port of Illahee – Minutes of Regular Meeting on November 14, 2018

Port of Illahee
Minutes of Regular Meeting
November 14, 2018

CALL TO ORDER

Commission Chairman James Aho called the meeting to order at 6:30 PM at the Annex, 9756 NE Ogle Road (lower level), Bremerton. Also present were Commissioner Jon Buesch; Commissioner John Burton; Administrator, Theresa Haaland; Illahee residents: Roy Barton; Sean Gray; Cathy Johnson; Bill McLaughlin; and John Parvis.

CONSENT AGENDA

Commissioner Burton moved to approve the consent agenda items: November Meeting Agenda; October 10, 2018 Regular Meeting minutes; October 22, 2018 Kitsap All Ports Meeting minutes; and checks numbering 4364 through 4376 in the amount of \$5,248.60 as outlined in the attached voucher approval; second by Commissioner Buesch; approved unanimously.

PUBLIC COMMENT – Roy Barton explained that he has been attending the Port meetings since 2012 so has a pretty good sense of the Port's business. He is concerned about the pending increase in taxes related to the 2019 Budget that is on the agenda for adoption at tonight's meeting. He was hoping for a lot of public input. He is also concerned about the pending purchase of the Illahee Store property. He hoped that the Commissioners would have determined how much it will cost to bring the building up to code and make it rentable prior to increasing Port taxes. Bill McLaughlin agreed, that sounded logical and said that he was at the meeting to learn more about the Port. Cathy Johnson explained that she had questions about the proposed 2019 Budget. Sean Gray said that he was attending the meeting to also

learn more about the Port and to see if there may be any other options other than a tax increase. Commissioner Aho explained that the Port Commissioners have the ability to raise the taxes 1% over the highest allowed levy. Taxes have been at a set amount of \$79,646 for many years now. Two new Commissioners began to serve on the Board the first of the year – Commissioners Buesch and Burton. The Commissioner duties are spread between the three. Commissioner Aho serves as the Port's Webmaster. He explained that several years ago the Commissioners wanted to provide transparency to the tax payers and also wanted to avoid any possible public records requests issues, so it was decided to post all imperative Port documents to the website. Commissioner Buesch serves as the Port's Property Manager. He explained that the Port has two rentals and is in the process of possibly purchasing the Illahee Store, which if/when finalized the Port would like to remodel the building into a community meeting area, Port office space and possibly include a coffee shop. Commissioner Burton serves as the Port's Dock Manager. He explained that he could visibly see that the Port facilities were in dire need of maintenance and repair. He began his duties by reviewing the dock survey that was performed in 2014, which can be found on the Port's website. Several of the items that were listed in the survey as needing immediate attention had not yet been repaired. This year the Port has hired a contractor, TIKAR Services, to perform necessary maintenance which included power washing the docks, replacing toe kick boards and piling hoops. The Port also entered into an Interlocal Agreement with the Port of Brownsville, so that their staff can now perform regular maintenance on Illahee's facilities at a reasonable rate. Currently, the Port of Brownsville



Port of Illahee – Minutes of Regular Meeting on November 14, 2018

has been working on the lights/electrical issues on the pier. Three out of the four tall overhead lights are now working. The deferred maintenance over the last many years has caused the Port to now play catchup in bringing the facility up to standards. All the decking on the dock needs to be replaced as it is rotting in areas, the floats need major repair and eventually, sooner rather than later, the pilings need to be replaced. All of these projects will add up to a lot of money.

Commissioner Burton said that collecting the maximum allowed in taxes is imperative at this point. He went on to explain that within the 2019 Budget \$25,000 is set for the Float Repair Project. \$10,000 is set for the Piling Repair Project, which will actually be a continual line item as it will cost a lot more than that to complete but may be completed in stages and/or hopefully with the help of a grant. \$15,000 is set for Other Projects, which is more of the day to day maintenance of the facility. Commissioner Aho added that one of the reasons he first ran as a Port Commissioner is because of the state of the facility. He said that he remembered standing on the pier and by shifting his weight it would move. The Commissioners at that time hired TIKAR Services to beef up the cross bracing, which helped to minimize the dock's movement tremendously, but there is still a lot of work to be done to ensure it remains a community asset vice a liability. Commissioner Burton added that the gangways going down to the floating docks also need repair. Where they attach to the pier is wearing down quickly and if not repaired the Port could lose the access to the floating docks. These gangways are approximately fifteen years old and TIKAR Services has been tasked with contacting the original contractor who installed them to discuss what can be done to remedy the problem.

Commissioner Burton said that the overall conditions of Port facilities need to be improved before it is too late to repair the asset but rather have to have it replaced, which would be much costlier. Ms. Johnson asked if the Port had a capital facilities plan (CFP). Commissioner Burton said that no there is not a CFP in place at this time – unfortunately he did not inherit such a document. Commissioner Aho explained that the budget basically acts as the plan. Ms. Johnson suggested a CFP be generated as it would clearly outline the needs and be available for the public to view and be made aware as to exactly why raising the taxes is so necessary. She said that personally she was not opposed to raising taxes and she was surprised the Port had gone for this long without an increase as inflation has been on the rise all these years. Mr. Barton asked about costs to upgrade the Illahee store, if it is purchased by the Port. Commissioner Buesch explained that he did receive an estimate for a new roof and it shouldn't cost more than \$15,000. He had contacted two separate commercial contractors for other estimates but unfortunately neither one got back to him about it. Commissioner Buesch added that it is hard to get estimates on a building the Port doesn't even yet own. Commissioner Aho said that the Port did have a building inspection by Ron Perkerewicz, who concluded that the building is sound with the only pressing issue being the replacement of the roof. \$40,000 is set aside in the 2019 Budget for property improvements to the store property. Mr. Barton said that he was concerned that without having actual estimates to bring the building up to code the costs will far exceed the Commissioners' expectations. He explained that the Port has already spent quite a bit of money on the property for the soil sampling



Port of Illahee – Minutes of Regular Meeting on November 14, 2018

and legal fees and there is no guarantee that the Port will end up owning the property.

Commissioner Aho explained that purchasing the store property has been being pursued for over seventeen years. Prior Commissioners were in favor of the Port acquiring the blighted storefront to the point of considering eminent domain. It was decided to first get the soil sampled to determine exactly what they were getting into. The soil sampling proved contamination and so the Port consulted with the Washington State Department of Ecology (DOE) and was told they could apply for State funding through the Pollution Liability Insurance Agency (PLIA). The Port did apply for the funding in 2018 and was ranked number sixteen out of thirty-eight applicants. The cleanup costs are estimated at \$539,000. Mr. McLaughlin asked for a rough estimate of how much the tax increase would be compared to 2018. The amount a property owner within the district will pay to the Port can be determined by dividing the County's assessed value of their property by 1,000 and multiply that figure by the Port's tax rate. For example, in 2018 the tax rate is .137966 so a property valued at \$300,000 would pay $(\$300,000 \div 1,000 = 300 \times .137966)$ \$41.40 in Port taxes; whereas, the 2019 projected levy rate is .140566 so a property valued at \$300,000 will pay $(\$300,000 \div 1,000 = 300 \times .140566)$ \$42.17. Of course, the higher the assessed value of the home the more a property owner will pay in property taxes overall.

Commissioner Aho explained that the Port of Brownsville has graciously allowed the Port of Illahee to use the meeting space, but it will be rented to a business so beginning next month Port meetings will be held upstairs at the same location, which is leased to the Kitsap Maritime Heritage

Foundation. The Foundation has graciously offered to allow the Port to hold monthly meetings in their leased space. If the Illahee store is purchased eventually this is one of the issues that will be alleviated.

REPORTS/UNFINISHED BUSINESS

Treasurer's Report

As of October 31, 2018 the General Fund totaled \$160,541.19, Investments totaled \$215,403.44 and the Balance of the Good Property Management account totaled \$197.36.

Commissioners' Reports

Website - Commissioner Aho reported that the he has received an electronic copy of the Surface Water Management Plan (SWMP) via a thumb drive, but it is such a large document he is having trouble adding it to the website. He will continue his efforts.

Rental Properties

5560 Ocean View Boulevard – the Port just reentered another one-year lease with the current tenant. Commissioner Buesch explained that possibly next year raising the rent will be considered, but at \$1875 per month it seems on the high end already. There is an alleged groundwater issue in the basement and once the wet weather is in full swing Commissioner Buesch and Mr. Barton plan to inspect it. The Kitsap Public Health District was contacted about the property and the undeveloped lot that was purchased with it. An e-mail dated September 13, 2018 from Staci McDowell the Environmental Health Specialist was received. She explains that in order to sell the parcels separately the reserve area that was designated on the undeveloped parcel would need to be moved to the parcel with the house. To do



Port of Illahee – Minutes of Regular Meeting on November 14, 2018

this the Port would need to apply for a Building Clearance Compliance and hire a septic designer to design a new reserve area on the house lot. Commissioner Aho said that he felt it was premature to hire a septic designer at this point and he questioned if the house property can even hold the reserve area since that is most likely why the two properties were required to be sold together. At this point the rental provides a positive revenue stream to the Port and although it's not huge it is income so there isn't a rush to sell the property. It was agreed to continue this item on the agenda for further discussion after the first of the year.

5500 Illahee Road – Commissioner Buesch reported that there are major issues with rot on the deck and leaks in the roof. At last month's meeting it was agreed to hire a contractor to make temporary repairs. The upstairs portion of the house is currently rented and it also provides the Port with a positive revenue stream, so it was agreed that making the minimal repairs and keeping that portion of the house rented was beneficial to the Port. Eventually the house will be demoed as the Port plans to apply for a Recreation Conservation Office (RCO) grant to create a marine park in that area, so Commissioners have no intention of putting much money into the house. Several months ago, Mr. Barton questioned why the Waste Management invoice was so high for the residence. It was determined that Waste Management had been charging the Port for two waste receptacles for many years when in fact there was only one receptacle. The Port should be receiving a \$420 credit on the next Waste Management invoice. Kuddos to Mr. Barton.

Dock/Pier

Commissioner Burton reported that TIKAR Services has replaced one piling hoop so far. He met with Tim of TIKAR at the Port facility. Tim had explained that he changed the design of the piling hoops a bit and wanted to see how the new design performs for a couple weeks prior to installing the others. Tim has also been contracted to conduct a dive to determine if the pilings can be stabilized from beneath the water. He will be asked to provide a float repair estimate, which will then be compared to the one the Port of Brownsville has already submitted. Port of Brownsville personnel continue to work on the dock lighting and Commissioner Burton plans to ask them to repair the handrail on the stairs that lead to the beach.

Illlahee Store Property/5507 Illahee Road –

Commissioner Aho reported that he has not heard anything more from PLIA, but is not concerned because the Port will remain and move up on PLIA's Loan and Grant Program list for 2019. The Port is set to close on the property at the end of this month, which will trigger the Sheriff's sale. A Notice of Trustee's Sale for what is thought to be the Krick's previous residence in Bremerton has been advertised in the Public Notice section of the Kitsap Sun for the past week or more. The store's Sheriff's sale was discussed. It is hoped that any interested bidders, besides the Port, are aware of the \$539,000 estimated cleanup costs of the property. Mr. Barton asked if the PLIA grant is offered to private citizens. It apparently is, but the process would start over and it is believed government agencies have priority.



Port of Illahee – Minutes of Regular Meeting on November 14, 2018

Budget

Commissioner Buesch moved to adopt Resolution 2018-03 Adoption of the 2019 Final Budget; second by Commissioner Burton; approved unanimously.

Commissioner Burton moved to adopt Resolution 2018-04 Levy Limit Increase; second by Commissioner Buesch; approved unanimously.

NEW BUSINESS – None

PUBLIC COMMENT – Mr. Barton suggested that an estimate for the demolition of the 5500 Illahee Road residence be ordered now instead of spending any money to fix it up. Commissioner Buesch explained that it’s just going to be some plywood and sealant, which should come to no more than a month of profit that the current rent generates. It currently creates a positive cashflow so there isn’t a rush to demolish it at this point. Commissioner Aho explained that the Port applied for an Aquatics Land Enhancement Account (ALEA) grant earlier this year in hopes to obtain funding to begin construction of a marine park. The grant requires matching funds and with the Port’s limited cashflow it was determined early on that the project would have to be phased out and grants applied for every couple years. The first phase would include demolishing the residence. Commissioner Aho applied for the grant. When he and Commissioner Buesch attended an RCO Technical Review meeting in Olympia, RCO personnel suggested the Port apply for a Water Access grant to use as matching funds to the ALEA grant. If both grants were awarded then the project wouldn’t have to be phased out. RCO personnel originally agreed that the Port could apply for the Water Access grant in 2018, but shortly thereafter, Commissioner Aho was notified

that the RCO had changed its decision in allowing the Port to compete for the Water Access grant this round. They reasoned that since the application deadline for that grant had already passed it would not be fair to the other applicants to allow the Port to compete. The Port is now gearing up for the next grant cycle which is scheduled for 2020.

EXECUTIVE SESSION

At 8:02 PM it was announced the meeting would be going into Executive Session for approximately ten minutes to discuss real estate items.


At 8:12 PM the meeting returned to Regular Session.

Commissioner Burton plans to call Attorney Bagwell to ask questions regarding the purchase of the 5507 Illahee Road property.

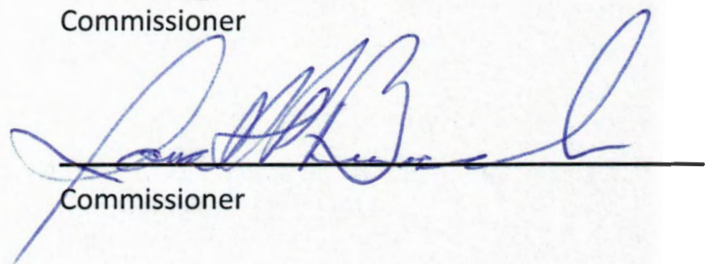
ADJOURN

At 8:14 PM Commissioner Buesch moved to adjourn; second by Commissioner Burton; approved unanimously.

Approved:



Commissioner



Commissioner



Commissioner

