



Port of Illahee – Minutes of Regular Meeting on May 8, 2019

Port of Illahee
Minutes of Regular Meeting
May 8, 2019

CALL TO ORDER

Commission Chairman James Aho called the meeting to order at 6:30 PM at Seeds of Grace/Lichen Hollow, 8050 Illahee Road, Bremerton. Also present were Commissioner Jonathan Buesch; Commissioner John Burton; Administrator, Theresa Haaland; Brad Gitch of Kitsap Bank; Illahee residents: Don Jahaske and John Parvis.

CONSENT AGENDA

Commissioner Buesch moved to approve the consent agenda items: May Meeting Agenda; April 10, 2019 Regular Meeting minutes; May 8, 2019 checks numbering 4438 through 4449 totaling \$3,239.63 as outlined in the attached voucher approval; second by Commissioner Burton; approved unanimously.

PUBLIC COMMENT – Brad Gitch of Kitsap Bank explained that he was invited to tonight's meeting to discuss the Port's Kitsap Bank mortgage loan on the 5560 Ocean View property. Mr. Gitch said that he reviewed the file and read that the property was originally purchased with the thought of turning a portion of the building into Port meeting space, but those plans changed as it became a rental. The Port owes roughly \$160,000 and the loan matures on December 19, 2019. Commissioner Burton asked if the maturity date means that a balloon payment will be due at that time. Mr. Gitch said that was correct, but there are other options such as renewing it for another five years at basically the same amortization schedule. Commissioner Buesch questioned if there will be new loan

origination fees. Mr. Gitch said that typically yes there would be origination fees, but historically the Port hasn't been charged those fees, so there is a good chance that would continue. Commissioner Buesch explained to Mr. Gitch that if it is decided to renew, it would be requested the origination fee be waived and no pre-payment penalty as there has been discussion about selling the property. The loan originated in 2009 with a renewal set for every five years for a total of twenty-five years. The last time it was renewed was in 2014. Mr. Gitch said that he was attending the meeting to get an idea of the Port's goals related to the property; if the Port plans to pay it off in December or would want to renew prior to the maturity date.

Commissioner Aho explained that the Port is awaiting a sheriff sale on the old Illahee Store property. The property has major contamination issues which will cost upwards of \$500,000 to remediate, so it is more than likely the Port will acquire the property. The Port is expected to receive a grant from the Pollution Liability Insurance Agency (PLIA) for the clean-up. Once the contamination is under control the Port will focus on repair and remodel of the building. Previous Port Commissioners had the goal of turning the building into a community center/coffee shop which would include a Port office and ADA accessible meeting space. The second big ticket item for the Port is the deteriorating facilities. Much maintenance repair and possibly replacement of the dock, floats and pilings is needed. The Port-owned house adjacent to the dock is quickly deteriorating and also in need of attention, but the plan is to eventually demo it to make room for a marine park. These items are anticipated to be completed with the help of a Recreational Conservation Office (RCO) grant,



Port of Illahee – Minutes of Regular Meeting on May 8, 2019

which will be applied for during the next grant cycle. Grants generally require fifty percent matching funds, depending on the grant. It was determined that the Port can apply for two grants, one of which can be used as matching funds, which is the plan. If additional funds are needed to complete the project Commissioners would contemplate selling the 5560 Ocean View property at that time. Commissioner Buesch said it's basically a savings account and that he would be in favor of continuing on with the fifteen-year amortization as long as there is no origination fee or pre-payment penalty. Mr. Gitch took note. Commissioner Buesch reminded Mr. Gitch that Kitsap Bank isn't the only lender in the area. The Ocean View property is a rental and the current lease is through the end of the year. Commissioner Buesch requested that the next time the lease is up for renewal a clause be added, which would allow the Port to sell the property by giving the tenant a thirty or sixty-day notice. Mr. Gitch plans to provide the Port with a summary of his notes from tonight's meeting to insure he is aware of the Commissioners goals related to the property. He said that as the maturity date gets closer the Port can expect a request for financial records from Kitsap Bank, which is standard procedure.

Commissioner Aho explained that Kitsap Bank donated two properties along Illahee Road to the Illahee Preserve, which is wonderful as it will allow for a wildlife corridor between Illahee State Park and the Preserve. There is a total of nine properties that are necessary to complete the corridor. The community must raise money to acquire the additional seven properties.

Mr. Gitch explained that he resides within the Port of Brownsville boundaries, but he drives Illahee Road daily. He is very thankful for the blinking speed limit sign along Illahee Road as it keeps him more aware of his speed and surroundings.

REPORTS/UNFINISHED BUSINESS

Treasurer's Report

As of April 30, 2019; the General Fund totaled \$89,587.63, Investments totaled \$318,017.86 and the Balance of the Good Property Management account totaled \$200.15.

Commissioners' Reports

Website - Commissioner Aho is working on getting a link to the Surface Water Management Plan (SWMP).

Rental Properties

5560 Ocean View Boulevard – the backflow prevention assembly was conducted with no issues for both the 5560 Ocean View property and the "dock", which is believed to be at the 5500 Illahee Road property. Jeff Mihulka of Bremerton Backflow will be asked where the backflow prevention system is located for the dock invoice.

5500 Illahee Road – Commissioner Buesch reported that the Port of Brownsville wasn't asked to provide an estimate for the deck/roof repair. He did relay the message to the tenant from last month's Port meeting that if she wanted to complete the repairs the Port would purchase the material, but there would not be a reduction in rent. Commissioner Buesch said that he wasn't totally on board with that decision because the repair is not just for cosmetic purposes such as new paint or carpet, but he stood by the two other



Port of Illahee – Minutes of Regular Meeting on May 8, 2019

Commissioners' decision. The tenant indicated that she would be willing to complete the repair if that allowed her to continue to use the deck. Her significant other is well versed in construction, but he recently had surgery so wouldn't be able to complete the job for at least a month. Commissioner Buesch offered to meet them at Lowe's so that he could purchase the necessary material via the Port credit card. He advised the tenant that if she decided to purchase the material directly to be sure to keep all the receipts for reimbursement from the Port. Commissioner Buesch did tell the tenant that the hot tub is not to be used. She said that they haven't been using it.

Dock/Pier - Commissioner Burton provided an e-mail dated May 8, 2019 that he sent to Matt Appleton with the Port of Brownsville. The e-mail was a punch list of all of the work that Brownsville is and will be responsible to complete. The list will be periodically updated. Commissioner Burton met with Matt and his crew last month regarding the electrical issues on the dock. Currently, all of the lights are working, but the way the electrical is run isn't ideal such as the flood lights and the deck lights being on the same timer/switch. Finishing the dock lighting repairs is one item listed on the punch list, so Brownsville is aware of it. As far as Commissioner Burton is aware there are no excess usable floats another Port is disposing of and even if there were the chances of them working for Illahee and having a significant life span would be very unlikely. The gangway repair is set to begin on May 12th. Apparently, the Bellingham company that has fabricated floats for Brownsville in the past is no longer in business. Matt will be obtaining a bid for new floats from a company in Poulsbo. Replacing the pilings was listed on the

agenda. Commissioner Burton explained that the piling replacement is more of a long-term goal. Repairing the moorage floats was discussed. Commissioner Burton said that when Tim contacted the company that built the floats to determine if a different material could be used for repair he was told that using a different material would void the warranty and require the floats to be reengineered. The Commissioners questioned what type of warranty is left on the floats anyway as they are about twenty-five years old. John Parvis said that several of the state parks moorage facilities have an aluminum frame with a fiberglass grate for the decking. Unfortunately, dogs seem to hate the grated surfaces, but it is necessary as Department of Fish and Wildlife (DFW) permit regulations limit the amount of shadow that can be cast on the water. Commissioner Burton said that those regulations and more do not apply for repair, but will apply when the Port goes to put in brand new floats. Matt suggested that instead of replacing every cross-float fastener just replace every other one or even every third one as this would cut down on the costs quite a bit yet expand the life of the floats while the details of replacing them are decided and grant funding is secured. There is an area of the moorage floats that sits several inches lower than the rest. It is unknown exactly what is causing this. Tim was going to pull up the deck boards in that area and see if he can determine the problem. If it is not visible from the topside it would be beneficial to hire Tim to perform a dive and assess the dock and floats. The handrails leading down to the beach need to be repaired and are included on Brownsville's punch list as well as the sign at the head of the dock as it needs a good cleaning and the information on it needs to be updated. Commissioner Aho



Port of Illahee – Minutes of Regular Meeting on May 8, 2019

questioned if the sign should just be removed. Commissioner Burton said that he finds the sign useful and may contact the sign company the Port used in the past to see how much a new sign would cost. Mr. Parvis said that the County purchased some nice signs for a new park and they were fairly inexpensive. Replacing/repairing the supports for the sign is listed within Brownsville's punch list. Commissioner Burton said that he thinks new signs would be best. Brownsville has also been asked to power wash the deck and rails of the dock. Commissioner Burton said that it was a tremendous improvement when TIKAR did it last year and feels it should be part of annual maintenance.

Commissioner Burton said that he read in the Kitsap All Ports minutes about the tug boat that is anchored out near the Brownsville marina. He found the minutes to be a bit confusing and incorrect. The minutes state that the tugboat owner is Joe Webb, but Commissioner Burton said that Bob Williams owns and resides on it. Matt of Brownsville told Commissioner Burton that Mr. Williams was using a dinghy to get to/from shore and loading it onto his truck via Brownsville's boat ramp without paying the launch fees. Mr. Williams has been warned about using the ramp without paying. Brownsville wants Mr. Williams to move his boat from their outer water boundaries. Recently the Bainbridge Water Patrol came into Brownsville to refuel at which time Matt asked them to talk to Mr. Williams about moving his vessel as it has been anchored in the area for far too long. They did talk to him. Now there is concern that Mr. Williams may move his tugboat to Illahee. Mr. Parvis said that there are some shallow tidelands that could pose a big problem.

Commissioner Burton reported that the owner of the sailboat that randomly moored at the Port hasn't been seen since Christmastime. A neighboring property owner gave him permission to use their buoy and the boat remains tied to it. The owner of the buoy has dinghied out and verified that no one is on the boat.

Illahsee Store Property/5507 Illahee Road –

Commissioner Aho reported that Attorney Bagwell signed a Praecipe for Order of Sale along with the Order of Sale. Commissioner Burton questioned what the document meant. It wasn't known other than just a legal hoop to move one step closer to the sheriff sale. Commissioner Aho said that he checks the Kitsap Sun daily to see if the sheriff sale is listed, which it has not been yet. At this point a resolution outlining the Port's position is on hold. Commissioner Aho said that he isn't sure how much funding the Pollution Liability Insurance Agency (PLIA) will receive this year, but is confident the cleanup of the store property will be funded this year once the Port owns it. Commissioner Aho explained that during the Kitsap All Ports meeting he gave an update and history about the Illahee Store property. Commissioners from other Ports suggested that a Notice to Title be filed to include the PLIA report confirming the contamination so that if/when someone were to order a title report they would be made aware of the contamination. One problem with that is that someone interested in bidding on the property may not order a title report. Other Commissioners then suggested to post the PLIA report directly on the building because most people interested in bidding on the property would at least drive by it and if they saw literature posted on the building, they more than likely would stop and read it. Commissioner Aho



Port of Illahee – Minutes of Regular Meeting on May 8, 2019

said that he has since purchased photocopies from Costco and posted the executive summary, PLIA letter and diagrams. Commissioner Buesch was concerned that having all of the Port's PLIA information available might allow another party to easily use it to their advantage. Commissioner Aho said that he's not concerned about that and reminded everyone that the reports are all public information anyway and someone would have to start with PLIA from scratch as the grant isn't transferrable. Commissioner Burton said that while he was waiting for his work bus on the opposite side of Illahee Road from the store, he noticed all of the sheet metal covers had been moved off of the roof. He is concerned someone is accessing the inside via the roof. Commissioner Aho was aware of that and has since refastened the sheet metal covers.

Recreation Conservation Office (RCO) funding – Commissioner Aho plans to contact Kim Sellars, the Port's RCO grant manager, to discuss the Waiver of Retroactivity regarding the Illhaee Store property. If the RCO grants the waiver the funds paid for the store property can be used as matching funds on a future grant.

Small Works Policy – Commissioner Aho provided a portion of the draft resolution. He added a paragraph stating to the affect that Illahee's Small Works Roster is maintained by the Port of Silverdale and that the Port of Silverdale's small works roster procedures are recognized for use by Illahee. Commissioner Aho plans to forward the resolution to attorney Bagwell for review.

Silt buildup at docks – Commissioner Aho said that he will look for the pictures of him and former

Commissioner Deitch taking a probe to measure the silt near the moorage floats. Don Jahaske said that he brought it up because he was concerned when his boat bottomed out near the inside float. Mr. Parvis said that it is a restriction for larger vessels. He has a large vessel and just knows to always tie up to the outside float. Mr. Jahaske added that most vessels have sonar available nowadays and boaters are responsible to check the tide charts.

NEW BUSINESS

Budget vs. Actual

It was explained that last month Cathy Johnson expressed an interest in seeing the year-end 2018 Budget vs. Actual report. It was reviewed and explained that the ending balance for 2018 was much higher because the finalization of the Illahee Store purchase didn't take place in 2018 as anticipated. The 2019 Budget vs. Actual through April 30, 2019 was reviewed.

Illlahee Day has been celebrated on the first Saturday in August for the past several years. This year the first Saturday is August 3rd. Mr. Parvis said that he thought McClouds did a great job catering the celebration last year. Commissioner Buesch said that he will be out of town on the 3rd of August. It was suggested everyone check their calendars and further discuss next month.

Filing Week is next week, May 13th through the 17th. Position #3 will be on the November ballot. Commissioner Aho plans to file next week.

All Ports minutes from the April 22, 2019 meeting were attached for the Commissioners to read at their leisure. The minutes were not approved



Port of Illahee – Minutes of Regular Meeting on May 8, 2019

because there wasn't a quorum of Illahee Commissioners at the meeting.

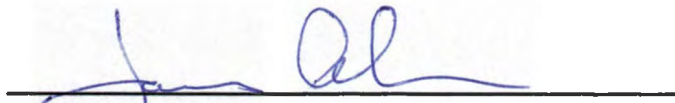
PUBLIC COMMENT – Mr. Jahaske said that the Port has a big bucket of worms with the purchase of the Illahee Store, rental properties, deferred facility maintenance, etc. - a lot going on for the Port. Commissioner Aho agreed and said that the Commissioners will continue to work on getting things solved.

EXECUTIVE SESSION – None


ADJOURN

At 8:08PM Commissioner Buesch moved to adjourn; second by Commissioner Burton; approved unanimously.


Approved:



Commissioner



Commissioner






Commissioner



Port of Illahee – Minutes of Regular Meeting on May 8, 2019

VOUCHER APPROVAL

We, the undersigned Board of Commissioners of the Port of Illahee, Kitsap County, Washington, do hereby certify that the merchandise and/or services hereinafter specified have been received and that the vouchers listed below are approved for payment in the amount of **\$3,239.63** and from the General Fund, this 8th day of May, 2019.


 Port Auditor
 
 Port Commissioner

 Port Commissioner

Number	Name	Amount
4438	JAMES AHO	384.00
4439	JOHN BURTON	256.00
4440	JONATHAN BUESCH	256.00
4441	CASCADE NATURAL GAS	5.00
4442	HONEY BUCKET	87.00
4443	PUGET SOUND ENERGY	33.79
4444	WASTE MANAGEMENT	21.51
4445	BREMERTON BACKFLOW SERVICES	90.00
4446	KITSAP BANK	1,236.34
4447	SEEDS OF GRACE	35.00
4448	KENNETH W. BAGWELL, INC., P.S.	260.00
4449	THERESA HAALAND	575.00