



**AGENDA FOR
PORT OF ILLAHEE COMMISSION
Wednesday, November 9, 2022 - 6:30PM
ZOOM MEETING #715 0997 5823 / Password: Illahee**

1. CALL TO ORDER

2. CONSENT AGENDA

1. Agenda
- *2. The October 12, 2022 Regular Meeting minutes
- *3. The October 24, 2022 Kitsap All Ports Meeting minutes
- *4. Pay Bills with check numbers 4947 through 4958 totaling \$10,502.97

3. SIGNING OF DOCUMENTS

Determine when Commissioners to sign the documents

4. PUBLIC COMMENT

5. REPORTS/UNFINISHED BUSINESS

Aho/ 1. Grants/Waterfront Access Improvements

- Piccone
- Status of project permits and design
 - Any response from the Tribe to the letter that was emailed by the Port
 - Status of the new BFP Grant application for piling replacement/other funding
 - Any update on the County's filtration project

Aho/ *2. Illahee Store Project

- Piccone
- Status of the topographical survey
 - Septic design status
 - Vapor testing conducted

3. Treasurer's Report as of October 31, 2022 General Fund \$ 131,473.14 ; Investments \$ 279,155.58;
Good Property Management (GPM) Account \$ 200.00 (total: \$ 410,828.72)

4. Reports

Aho a. Website

- Anything to report?

Buesch *b. Properties

- 5560 Ocean View Boulevard/Rental
 - Tenants informed of rental increase?
- 5500 Illahee Road/Rental
 - Anything to report?
- 5507 Illahee Road/Illahee Store Property
 - Anything to report?
- Illahee Road Lot
 - Anything to report?

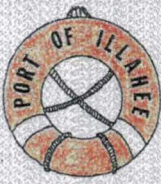
c. Dock/Pier

- Anything to report

Tabled 5. Surveillance cameras

6. NEW BUSINESS

- *1. Letter dated October 18, 2022 from Chmelik Sitkin and Davis outlining rate increase
- *2. Port currently under State Audit for January 2019 through December 2021
- *3. Department of Revenue conducted an audit of Port's Leasehold Excise Tax payments – clean audit
4. Interlocal Agreement – ZOOM account



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6. NEW BUSINESS continued

All *5. 2023 Final Budget for adoption - Resolution 2022-04 Adoption of the 2023 Final Budget; Resolution 2022-05 Levy Limit Increase; and Levy Certification

7. PUBLIC COMMENT

8. EXECUTIVE SESSION-Property negotiation or Potential litigation?

9. ADJOURN – Regular Meeting – December 14, 2022 @ 6:30PM – via ZOOM



Port of Illahee – Minutes of Regular Meeting on October 12, 2022

Port of Illahee
Minutes of Regular Meeting
October 12, 2022

The Regular Port of Illahee meeting was held virtually through the ZOOM app (meeting id# 71509975823 / Password: Illahee). Notice of the virtual meeting was posted near the kiosk at the head of the pier and on the Port's website – portofillahee.com.

CALL TO ORDER

Commission Chairman James Aho called the meeting to order at 6:30 PM. Also, in attendance were Commissioner Jonathan Buesch; Administrator Theresa Haaland; Roy Barton; Jenny Farley; Eric Hall; Jeff Rupert; Debbie Smith; Janet Soderberg; Mary Jane Tallman; and John Parvis arrived at 7:28PM.

CONSENT AGENDA

The following consent agenda items were approved: October Meeting Agenda as amended; September 14, 2022 Regular Meeting minutes; September 21, 2022 Special Meeting minutes; October 12, 2022 checks numbering 4935 through 4946 totaling \$4,606.23 as outlined in the attached Voucher Approval (motion by Buesch; second by Aho; unanimous).

SIGNING OF DOCUMENTS – Commissioners plan to stop by the Port of Silverdale office to sign documents on Monday.

PUBLIC COMMENT – None

VACANCY/APPOINTMENT OF POSITION 2 – the Agenda was amended and it was agreed this Item would be discussed after Item 8 – Public Comment.

REPORTS/UNFINISHED BUSINESS

Grants/Waterfront Access Improvements – Commissioner Aho explained that the letter to

the Suquamish Tribe Council was emailed on September 15, 2022. No reply has been received. Commissioner Aho explained that the letter was generated in response to the Tribes initial objection to the Port's dock improvements. The United States Army Corps of Engineers (USACE) is involved as one of the permitting agencies for the project. Until there is some resolution, the permit will not be issued, which is keeping the project from moving forward. Commissioner Aho went on to explain that the Port recently had an inspection of the dock completed and were informed that ten of the pilings near the land side of the pier are failing. This is a huge financial impact on the Port as to replace the ten pilings is estimated at \$600,000. John Piccone of SoundWest Engineering applied for and was successful in securing two Recreation Conservation Office (RCO) grants for the Port for the Waterfront Access Improvement project. In an effort to minimize the financial hardship to the Port to replace the failing pilings, SoundWest Engineering was tasked with applying for an additional grant that would partially cover the costs to replace the damaged pilings. That application is due November 1st. *Commissioner Buesch made a motion to approve Resolution 2022-03 Public Pier Pile Replacement Project (BFP #22-2038); second by Commissioner Aho;* Discussion: Roy Barton asked the monetary figure related to the grant as it is not outlined within the resolution. Commissioner Aho explained that there is no monetary figure in the resolution, but would be something found in the actual application. Currently, Mr. Piccone is performing measurements and calculations, which will provide the information needed to more adequately determine the actual costs for



Port of Illahee – Minutes of Regular Meeting on October 12, 2022

replacement. Mr. Barton asked if all of the dock pilings are going to be replaced. Commissioner Aho explained that for this new grant, it would just cover the ten piling that are failing. The other pilings are reportedly covered in the grant that is in place. Jeff Rupert asked if there is a “not to exceed” date, if the failing pilings are not replaced. Commissioner Aho said that was a good question and Mr. Piccone will be attending the November Port meeting to address such concerns and answer additional questions. Jenny Farley asked how the Port was unaware of the dire condition of the failing pilings until now and if there were any preventative measures that should have been taken to keep them from deteriorating. Commissioner Aho explained that a dock survey is completed every five to seven years. The damage didn't show up until the most recent survey. The rate of deterioration surprised everyone. Commissioner Aho explained that the resolution is basically just a formality showing the RCO that the Port of Illahee supports the application for the grant. *The motion carried unanimously.*

There was no update on the County's filtration project. Commissioner Aho explained to everyone that there is a Kitsap County stormwater culvert that outflows to the south of the dock. With the Port's Waterfront Access Improvement project, it was decided to approach the County about the possibility of Kitsap County Public Works installing a new stormwater filtration unit in conjunction with the Port's improvements. This would alleviate the County's need to re-dig up the area at a later date. Mr. Rupert asked if North Perry Water had ever been contacted as they do periodic

flushing in the area which flows into that drainage system. Commissioner Aho explained that North Perry Water hasn't been approached because it is a Kitsap County Public Works issue. This will continue to be monitored.

Illahee Store Project

Commissioner Aho reported that in a recent conversation with John Piccone, he learned that a septic designer has been contacted. Mr. Piccone reiterated that before the septic system design, the Port needs to determine in more detail what the building is going to be used for as this will determine the septic needs. Commissioner Aho suggested to Mr. Piccone that the maximum septic capacity needs be pursued, so that if the building occupancy changes in the future, it can accommodate just about any type of business/use. Jenny Farley confirmed that the septic system that was used when it was an actual grocery store is no longer an option. Commissioner Aho recalled the store not providing public restrooms and the owners lived right next door. So whatever restroom facility that was available at the store was probably seldom used. Ms. Farley mentioned that she knew the family that owned it and could ask for plans if that would help. Commissioner Aho said that it was just a very old system that could not be recovered. Newer construction is using compact septic systems and that is what the Port will pursue. The store property was a gas station back in the day. It houses three underground storage tanks (4,000/6,000/4,000). One of the tanks has leaked contaminating the area. Commissioner Aho explained that five or six years ago the Port applied to the Pollution Liability Insurance



Port of Illahee – Minutes of Regular Meeting on October 12, 2022

Agency (PLIA) for funding to clean up the site. The Port was successful and ranked number sixteen in the state. It is now ready for the cleanup as PLIA has selected a contractor. Currently the Port is waiting on the contractor to do what is needed. There may be an issue finding a company to drill the necessary wells. The cleanup project may be completed as early as this spring. The Department of Ecology (ECY) recently visited the site and determined that there were some contaminants still in the tanks. They were going to require the Port to do a number of things. Commissioner Aho met with them onsite and explained that the Port is not in a position to complete the task and since PLIA is going to be conducting a cleanup, it seemed inappropriate to make such requirements on the Port. It was agreed that if the Port signed off on a document agreeing not to receive any fuel for the tanks, that would be adequate. Commissioner Aho signed the necessary document. The ECY came to the realization that the Port is just awaiting the PLIA cleanup.

Treasurer's Report

As of September 30, 2022 the General Fund totaled \$98,889.18, Investments totaled \$278,774.38 and the balance of the Good Property Management (GPM) account totaled \$200.00 for a total of \$377,863.56.

Reports

Website – Commissioner Aho said that he had noticed an uptick of people looking at the Port's website, which is great. He provided the history of the creation of the website. After a Freedom of Information Act (FOIA) request several years ago, it was decided to create the website and include all Port documentation on it, so that if there are any future FOIA requests

individuals will be guided to the website. It is the Port's way of being transparent and has worked well. Mr. Rupert explained that he took some time to review the website and found the amount of information on it mindboggling in a good way. Commissioner Aho said that he had noticed on Eric Hall's Application for Appointment that he has significant IT experience and had a suggestion about a change to the website. Commissioner Aho said that he would welcome advice from Mr. Hall. Mr. Hall said that he read where the Port of Brownsville had a ransomware attack, which is concerning for any Port. He offered to provide suggestions outside of a meeting.

Commissioner Buesch reported that the Port received a letter with a final policy of title insurance. Commissioner Buesch called Land Title and confirmed that they are basically saying that they have completed all of their research on the property and according to them the store is totally the Port of Illahee's via the sheriff sale. The Port does not have to worry about if anything were to ever come up regarding the title to the store because the final title policy has been issued.

Properties

5560 Ocean View Boulevard/Rental Property – Commissioner Buesch explained that the current rent on the house is \$2,300. He had asked Good Property Management (GPM) if that was the going rate. He was told that it was low as the rate for this area for that sized home is somewhere between \$2,600 and \$3,000 per month. Several years ago, the rent was increased and the tenants decided not to sign a lease, but rather remain on a month-to-month basis. *Commissioner Buesch made a motion to increase the rent of the 5560 Ocean View*



Port of Illahee – Minutes of Regular Meeting on October 12, 2022

Boulevard property to \$2,750 effective January 1, 2023; Commissioner Aho second the motion.

Discussion: Ms. Farley asked if the current tenants have been good tenants or is the Port wanting to chase them out as a \$450 increase is steep. Commissioner Buesch explained that the Port is not wanting to chase the current tenants out, but has an obligation to charge the fair market value, which according to GPM \$2,750 falls within. The tenants have been good at paying the rent, although they continue to refuse to reimburse the Port for a plumbing bill that was determined to be their responsibility. If/when they decide to move the plumbing reimbursement will come out of their deposit. The downstairs at the property is basically set up for a separate living space, which they apparently have grown family members occupying. Mr. Rupert asked if they can be offered a six-month lease at the lower end \$2,600. Roy Barton asked if they decide to move because of the rental increase, how much would it cost the Port to renovate the house to get it rentable. He explained that since the house has been rented for the past five or six years there is sure to be some necessary maintenance to get it rentable. He said that he is aware that the Port has discussed selling the house and use the proceeds towards the piling replacement project, but keep in mind even since just this past month's meeting the interest rates have risen and prices of homes have fallen. He believes the major profit from the house passed a few months ago as we may be headed to a similar situation as 2008 when the bottom dropped in the housing market. He asked the Commissioners to consider these items before increasing the rent to that extent. He added that if he is paying \$2,700 in rent he

would want it in prime condition as it's more than a mortgage payment. Commissioner Buesch disagreed as \$2,700 is not necessarily a house payment in today's standards. He said that GPM is in the property management business and he is basing his decision on their input. Everything is increasing and the Port needs to keep up with the times. Debbie Smith asked if the house could be separated into two rentals since the downstairs sounds like it is a mother-in-law type unit. The Port may be able to charge \$2,000 for each unit. Commissioner Buesch said that may be a possibility in the future. Commissioner Aho said that in the past the current tenants wanted to know if the Port would consider selling them the property. He said that he would support the motion because it is a good business position and probably at some point the Port will be looking to sell the property. Ms. Smith said that she agreed with Mr. Barton, that now there may be a small window of time to sell it to get the most money out of it. A year from now the value may be a lot less. Commissioner Buesch mentioned that winter is slow for selling homes and thinks that listing something in the spring would be better. ***The motion carried unanimously.***

Commissioner Buesch explained that he reached out to the realtor that provided the comps a few years ago when the Port was transferring the loan balance to a bond. At that time the estimated value of the home was in the \$600,000's. The realtor informed him that today the property value would range anywhere from \$720,000 to \$769,000. He reminded everyone that a few years ago the property included the Illahee Road lot as a reserve drainfield, but he was able to get that separated and they are no longer attached.



Port of Illahee – Minutes of Regular Meeting on October 12, 2022

Freeing up the Illahee Road lot, which would probably sell for at least \$75,000. The Port is holding onto that lot until the Illahee Store septic design is finalized as there had previously been discussion about possibly using the lot as a drainfield for the store.

5500 Illahee Road/Rental Property – nothing to report.

5507 Illahee Road/Illahee Store Property – Commissioner Aho explained that there had been complaints about individuals camping out in their vehicles in the lot. Several large rocks were placed in the lot to divert vehicles from being able to park in there. The rocks have been moved a few times, but continue to be put back in place and it seems to be helping the situation.

Illahee Road Lot – nothing to report.

Dock/Pier – Commissioner Aho explained that he has been bringing the garbage receptacle up each week and keeping an eye on the dock, since the dock manager position is vacant. There was a boat moored for a little over the three-day maximum time limit, but has since left.

Surveillance cameras – tabled.

NEW BUSINESS

2023 Preliminary Budget – Commissioner Aho explained that this budget is nearly a mirror image of the 2022 Budget. Commissioner Buesch said that he thought the budget looked fine at this time and explained that it's used as a guideline with nothing set in stone. Money can be moved around, if necessary. Commissioner Aho explained that the Port has been regularly raising the tax by the allowed 1% amount for the past several years. Prior to that previous Port Commissioners kept the

taxes at a flat \$79,646 with no increase for many years, which actually put the Port behind a bit. The 1% increase doesn't even keep up with the inflation rate, but at least it is a slight increase. More recently, Port Commissioners have looked for grants to fill the gap for the Waterfront Access Improvement project and also the funding from PLIA for the contaminated soil cleanup at the store. Early on previous Port Commissioners purchased the rental properties. He agreed with Commissioner Buesch that the budget is just that a guideline. The Final Budget will be set for adoption at next month's meeting.

PUBLIC COMMENT – Mr. Barton questioned the \$700,000 loan contingency. That is the bond that is in place that can be used as a line of credit through December of 2024. There has not been a draw on the bond at this point. It is anticipated to be used once the Waterfront Access Improvement project is in full swing. Mr. Barton asked if the Real Property Rentals line item was a net amount of rental income. It was explained that no that is the gross rental income and line items 763.00 Property Lease/Rental Maintenance and 771.00 Debt Redemption would be factored in to determine the net amount of rental income. Mr. Hall suggested the Port diversify the Investment Interest revenue as it seems very low. It was explained that the Kitsap County Treasurer acts as the Port's Treasurer and the Port participates in the County's Investment Pool. Mr. Barton explained that since it is public money the Port wouldn't be able to just go and buy stock. They have experts at the County that control it making sure the government funds belonging to government agencies aren't swindled.



VACANCY/APPOINTMENT OF POSITION 2

Commissioner Aho thanked the three applicants (Jennifer R. Farley; Eric Laurence Hall; Jeffrey S. Rupert), who were all in attendance. He explained that Commissioner Buesch plans to fill Position 1 through the term which ends December 31, 2023. So, if they were one of the two applicants that were not selected tonight, please don't lose heart, just know that there will actually be two positions on the November 2023 ballot with filing in May. He explained that he had reviewed the applications and ranked each of the answers to items 5, 6, 7 and 8. Overall, every applicant looked well qualified to fill the position.

EXECUTIVE SESSION

At 7:42PM it was announced the meeting was entering Executive Session for approximately five minutes for Commissioners Aho and Buesch to discuss each of the applicants' qualifications. Commissioner Aho explained that he would leave the room and place a call to Commissioner Buesch, so that everyone may remain in the Zoom meeting. Commissioners Aho and Buesch stepped away from their Zoom screens.

At 7:48PM the meeting returned to Regular Session.

It was announced that Jeffrey S. Rupert was chosen to fill the Illahee Port District Position 2 Commissioner vacancy.

Commissioner Aho said that he is encouraged by all the applicants and sees that the future of the Port of Illahee is in good hands. He explained that he is seventy-seven years old and his Port Commissioner Position 3 is through December 2025, he just wants to get these current Port projects (waterfront access, Illahee store) in place and after that he intends

to fade away as a Port Commissioner. The interest from the applicants has encouraged him. He recalled a time when he had applied to become a Port Commissioner years ago and was turned down. He encouraged Mr. Hall and Ms. Farley to not stop trying. Commissioner Buesch added that the position is to be taken seriously when applied for, this is a job and it needs to take priority when you are appointed or elected. Commissioner Aho agreed and reiterated that there will be two positions on the November 2023 ballot and encouraged all to file in May and again thanked everyone for applying.

Commissioner Aho administered the Oath of Office to Jeffrey S. Rupert – welcome Commissioner Rupert!

Mr. Barton congratulated Commissioner Rupert and thanked all who applied. He explained that he has been attending meetings for the past twelve years – keeping his finger on the pulse of the Port. Thanks were given to all who applied.

ADJOURN

At 7:56PM the meeting adjourned (motion Buesch; second Aho; unanimous).

Approved:

Commissioner

Commissioner

Commissioner

KITSAP ALL PORTS
OCTOBER 24, 2022; 06:30 p.m. – 8:00 p.m.
MINUTES

In Attendance	Name	Port	Email
	Judy Scott	Allyn	jscott@portofallyn.com
	John Sheridan	Allyn	jsheridan@portofallyn.com
	Ted Jackson	Allyn	tjackson@portofallyn.com
	Lary Coppola	Allyn	lfc@portofallyn.com
X	James Weaver	Bremerton	jamesw@portofbremerton.org
	Cary Bozeman	Bremerton	caryb@portofbremerton.org
	Gary Anderson	Bremerton	garya@portofbremerton.org
	Axel Strakeljahn	Bremerton	axels@portofbremerton.org
	Jim Rothlin	Bremerton	jimr@portofbremerton.org
X	Matt Messing	Brownsville	mmessing@portofbrownsville.org
X	Jerry Williams	Brownsville	jwilliams@portofbrownsville.org
	Shaun Nye	Brownsville	shaun@portofbrownsville.org
	Kenneth McEwan	Brownsville	
X	Jim Aho	Illahee	illaheeportthree@gmail.com
X	Jon Buesch	Illahee	illaheeport1@gmail.com
X	Jeff Rupert	Illahee	illaheeport2@gmail.com
	Eric Cookson	Indianola	ecookson@portofindianola.com
	Jeff Henderson	Indianola	jhenderson@portofindianola.com
	Gary Walker	Indianola	gwalker@portofindianola.com
	Greg Englin	Kingston	grege@portofkingston.org
X	Steve Heacock	Kingston	steveh@portofkingston.org
	Mary McClure	Kingston	MaryMc@portofkingston.org
	Laura Gronnvoll	Kingston	laurag@portofkingston.org
X	James Strode	Manchester	strodecompany@hotmail.com
X	Bob Ballard	Manchester	manchesterrealty@wavecable.com
	Jamie Green	Poulsbo	commissioner.green@portofpoulsbo.com
X	Tom Rose	Poulsbo	commissioner.rose@portofpoulsbo.com
	Mark Singer	Poulsbo	commissioner.singer@portofpoulsbo.com
X	Eugene Madayag	Poulsbo	eugene@portofpoulsbo.com
	Carol Tripp	Poulsbo	carol.tripp@portofpoulsbo.com
X	Doug Kitchens	Silverdale	doug.portofsilverdale@wavecable.com
	Ed Scholfield	Silverdale	escholfield@wavecable.com
X	Caleb Reese	Silverdale	caleb.portofsilverdale@wavecable.com
	Brian Davison	Tracyton	tinman77@comcast.net
	William Wright	Tracyton	billwright65@gmail.com
	Ken Griffin	Tracyton	catsnilamas@comcast.net
X	Casey Guthrie	Waterman	cguthrie@portofwaterman.com
X	Jeff Reynolds	Waterman	jreynolds@portofwaterman.com
	Sheri McNeal	Waterman	smcneal@portofwaterman.com

Public in attendance, Jack Bailey and Terry Asla

Start 6:30PM

Meeting minutes next meeting Port of Allyn January 30, 2023.

Agree that it would be great to have Tim Schermetzler at next meeting

Manchester

- Soft bank armoring.
- Logs done. Certified Mitigation plan, Kitsap Conservation District original plan 700 plants
- Fish and Wildlife changed number of plants to 70, able to get plants in Bellingham
- Planted Friday Oct 21 2022 mostly Dune grass
- Had restroom tagged now locking at 6:00PM will lock at 4:00PM as it gets darker earlier.

Kingston

- Busy, Budget time.
- Marina rates.
- Suquamish Police car broken into 8:30AM stolen clips, but no stolen weapons.
- Have bird deterrent on roof that sprays water at birds if they land, works good, need to figure out freeze protection for system.

Silverdale

- Permit for dredging in front of boat ramp is a week away.
- Theresa Haaland has resigned, 28 years of service, will be missed.

Waterman

- Made it through crab season with no damage to pier.
- Maintenance contractor solved pigeon problem.

Poulsbo

- New Port Manager Eugene Madayag.
- Fire System 96% complete.
- Breakwater 50% through timeline.
 - Main floats all rehabbed.
 - Some Pilings in.
 - Sequential replacement, remove and replace in sections.
 - Hopefully open in May 2023 for Viking Festival.
- Grant to shift guest and fuel dock out 30'.
- Going to be working with Police to remove derelict boats.

Port of Bremerton

- Port Orchard, grant from DNR for P.O. Breakwater replacement which is ½ way through permitting. \$9 Million grant from DOT and Port Redevelopment fund. Followed Port of Ilwaco.
- City of Port Orchard, community center, Pump Station Project starts next month.
- City of Port Orchard, plan to raise Bay Street 3' to combat sea level rise.
- Two lots next to Port Orchard boat launch getting grants to clean up old fuel station pollution.
- Bremerton, Marina Square coming online November 2022, 2 buildings 6 stories high, parking underneath for Port.
- January Tariffs to increase.
- Pacific Coast Congress of Harbormasters and Port Managers Convention was very good.

Port of Illahee

- 2 Commissioners resigned, emergency meeting to get Jon Buesch sworn in, then appointed Jeff Rupert at next regular meeting
- Illahee store. Vacant for 22 years. Has underground storage tanks, 2-4000 gallon and 1-6000 gal tanks, waiting on PLIA grant #14 to remove.
- Dock-2 grants, Suquamish Tribe objected to permits to replace pilings and floats. Sent letter to Tribe Sept 15th.

Port of Brownsville

- Finished piling reinforcement job (12 pilings).
- Budget, Tariff work starts on 26th.
- 2 electronic pay kiosks being installed, 1 at boat ramp, 1 on breakwater, no more envelopes.
- Major revamp of Policies and Procedures including Delegation of Authority.

Public comment

- Friday October 28th, 6th annual Haunted Harbor 6-8PM Brownsville Marina.

Adjourn 7:32PM

Next Meeting, January 30, 2023

Minutes by Caleb Reese

Commissioner

Commissioner

Commissioner



Theresa Haaland <portofillahee@gmail.com>

SLR Vapor Test at Illahee Store

2 messages

Jim Aho <illaheeporthree@gmail.com>
To: Theresa Haaland <portofillahee@gmail.com>
Cc: John Piccone <jpiccone@soundwesteng.com>

Thu, Oct 27, 2022 at 10:15 AM

Theresa and John,

Yesterday I received a call from Spenser with SLR, our PLIA contractor, who needs to access the store to conduct a vapor test by drilling into the floor.

I said I would be gone most of Friday but would unlock the inner door and I gave him the padlock combinations so he can set his own schedule.

SLR is also looking at monitoring the test wells at some point but that doesn't require our presence.

If they decide they need to drill new wells we will want to be there but will cross that road when/if it occurs.

Jim

jpiccone@soundwesteng.com <jpiccone@soundwesteng.com>
To: Jim Aho <illaheeporthree@gmail.com>, Theresa Haaland <portofillahee@gmail.com>

Thu, Oct 27, 2022 at 10:38 AM

Sounds good Jim, thanks for the update!

John Piccone, P.E.

SOUNDWEST

ENGINEERING ASSOCIATES

Cell: 360.337.0029

jpiccone@soundwesteng.com

[Quoted text hidden]



Theresa Haaland <portofillahee@gmail.com>

Rental increase

Alana <alana@gpmkitsap.com>

Fri, Oct 21, 2022 at 11:53 AM

To: Theresa Haaland <portofillahee@gmail.com>

Hi Theresa,

I am in receipt of the rent increase you are wanting for the home on Ocean view, only question is, do you want me to put them on a lease?

We have not had them on a lease, as in the past they have told us not to as the idea of selling the home has been on the table.

I just need to know, because when I send the increase letter the lease is attached and they will need to sign it then.

Thank you,
Alana

Alana Bercot
Senior Property Mgr
Real Estate Broker | Director of Operations
Good Property Mgmt & Real Estate Sales
3100 NW Bucklin Hill Rd | Suite 100
Silverdale | WA | 98383
O: (360)698-2464
F: (360)698-2436
alana@gpmkitsap.com
"We are the key to your housing needs"

On 10/19/2022 4:18 PM, Jim wrote:

Pls take care of

[Quoted text hidden]



Theresa Haaland <portofillahee@gmail.com>

SAO Assessment Audit Request - Port of Illahee (MCAG 1734)

3 messages

Wolf, Andrew (SAO) <andrew.wolf@sao.wa.gov>
To: "portofillahee@gmail.com" <portofillahee@gmail.com>

Fri, Oct 28, 2022 at 5:27 PM

Dear Theresa Haaland,

We are performing the audit of the Port of Illahee for the fiscal years ending 2019, 2020 and 2021. Attached is your **Entrance Letter - Assessment**, which provides additional information about the audit process. **To assist us in a timely completion of your audit, please provide responses to the questions below by Thursday, November 3, 2022.**

Audit Questions

At this time, I have reviewed some of the materials included in your annual report and have a few questions.

- **Question 1:** Are you aware of any loss of public funds or illegal activities since the last audit?
- **Question 2:** Were there any instances of processes or procedures that were overridden?
- **Question 3:** The prior audit included a recommendation for establishing a written policy/procedure governing credit cards. What steps did the Port take to resolve this?
 - **If a policy has been established**, please provide a copy.
- **Question 4:** Does the Port have written policies/procedures governing the following activities:
 - Purchasing/procurement (e.g., authorization/thresholds)?
 - Asset management (e.g., tracking/inventory)?
 - Capital assets/capitalization thresholds?
 - **If so**, please provide a copies.
 - **If not**, please briefly describe the Port's process for each activity
- **Question 5:** Does the Port have any leases where the Port is the lessee?
 - **If so**, please briefly list those agreements (including lessor, asset leased, and term/duration)
- **Document Request 1:** Please Kitsap County Treasurer Reports, "Summary Cash Report" of all Port funds for years ended 12/31/2019 and 12/31/2020.
Note: FY2021 report attached for reference.
- **Document Request 2:** Please provide a copy of all monthly credit card statements from January 2019 – December 2021.

Audit Cost

The cost of the audit is estimated to be approximately \$2,600. The Port will not be billed until the audit has been completed and final reports have been published. The estimated cost may change if unforeseen issues arise or if significant audit issues are identified requiring additional audit work. We will promptly notify you if this is the case.

Your Government's Description

We have the following description of your government on record. We use this in the official audit report to describe your government to the public. Is there any information that you wish to add or is any of this information no longer correct? Typical information could include the date the government was created, how large the government is, services the government provides, how many homes or residents the government serves, etc.

- The Port of Illahee provides economic development of the Port and maintenance of the pier and floats commonly called "Illahee Dock" at the foot of Ocean View in Kitsap County. An elected, three-member Board of Commissioners governs the Port.

Please let me know if you have any questions or concerns. Thank you for your time and I look forward to hearing back from you shortly.



Andrew M. Wolf

Assistant State Auditor, Office of the Washington State Auditor

(564) 999-0928 | Pronouns: He, Him, His

Help us continue moving the #GoodGovernment needle. Apply at sao.wa.gov/jobs.

Disclaimer: Answers are provided for informational purposes only and are based on the specific facts and circumstances described in the request. As laws and circumstances change or additional facts are presented, our answers are subject to change.

This information does not represent prescriptive guidance, legal advice, an audit recommendation, or audit assurance. It does not relieve governments of their responsibilities to assess risks, design appropriate controls, and make management decisions.

2 attachments



Entrance Letter - Assessment.pdf

233K



December 2021 Treasurer's Report.pdf

83K

Theresa Haaland <portofillahee@gmail.com>

Mon, Oct 31, 2022 at 10:18 AM

Bcc: Port of Illahee - Buesch <illaheePortOne@gmail.com>, Port of Illahee - Aho <illaheeportthree@gmail.com>, Port of Illahee - Rupert <illaheeport2@gmail.com>

FYI - I'll be working on a reply - just wanted to let you know.

Theresa Haaland



Office of the Washington State Auditor

Pat McCarthy

Entrance Conference: Port of Illahee

The Office of the Washington State Auditor's vision is increased trust in government. Our mission is to provide citizens with independent and transparent examinations of how state and local governments use public funds, and to develop strategies that make government more efficient and effective. In accordance with RCW 43.09.260, we will perform an assessment audit of the Port's compliance with applicable state laws, regulations, policies and procedures, and safeguarding of public resources in areas representing the highest risk of fraud, loss, abuse, or noncompliance.

Audit Scope

Assessment audit for January 1, 2019 through December 31, 2021

An assessment audit assesses how local governments manage, use and safeguard public resources. It evaluates whether there is reasonable assurance the local government adhered to applicable state laws, regulations and its own policies and procedures. We will use the annual reports the Port of Illahee submitted to our Office to assess how the local government manages the risks associated with operating as well as risks associated with its government type, specifically through examination of internal controls over assets and revenues as well as compliance with state laws and the Budget, Accounting, and Reporting System (BARS) Manual. Additionally, we audit records to ensure public funds are accounted for and controls are in place to protect public resources from misappropriation and misuse. We apply these limited procedures to review compliance and accountability instead of auditing your government onsite. However, an onsite audit could be necessary in the future due to a variety of factors, including significant risk or increase in annual revenues.

We plan to evaluate the following areas at a minimum:

- Review meeting minutes for compliance with the Open Public Meetings Act.
- Inquire as to internal controls over assets, revenues, and disbursements.
- Verify that annual reports submitted to our Office were complete and filed on time under state law.
- Review the Port's annual revenues and expenditures for unusual transactions or trends.
- Corroborate financial information reported by the Port by comparing reported revenues, expenditures, and cash and investment balances to third-party sources.

Based on that review, we may select additional areas for testing.

Levels of Reporting

Findings

Findings formally address issues in an audit report. Findings report significant results of the audit, such as significant deficiencies and material weaknesses in internal controls; misappropriation; and material abuse or

non-compliance with laws, regulations or policies. You will have the opportunity to respond to a finding, and this response will be published in the audit report.

Management Letters

Management letters communicate control deficiencies, non-compliance, misappropriation, or abuse that are less significant than a finding but still important enough to be formally communicated to the governing body. Management letters are referenced, but not included, in the audit report.

Exit Items

Exit items address control deficiencies, non-compliance with laws or regulations, or errors that have an insignificant effect on the audit objectives. These issues are informally communicated to management.

Important Information

Confidential Information

Our Office is committed to protecting confidential or sensitive information. Please notify us when you give us any documents, records, files, or data containing information that is covered by confidentiality or privacy laws.

Expected Communications

During the audit, we would appreciate weekly communication with the audit contact to ensure timely completion of your audit. Please let us know if, during the audit, any events or concerns come to your attention of which we should be aware or that may delay the timeliness of the audit's completion.

Audit Dispute Process

Please contact the Audit Manager or Assistant Director to discuss any unresolved disagreements or concerns you have during the performance of our audit. At the conclusion of the audit, we will summarize the results at the exit conference. We will also discuss any significant difficulties or disagreements encountered during the audit and their resolution.

Loss Reporting

State agencies and local governments are required to immediately notify our Office in the event of a known or suspected loss of public resources or other illegal activity. These notifications can be made on our website at www.sao.wa.gov/report-a-concern/how-to-report-a-concern/fraud-program/.

Peer Reviews of the Washington State Auditor's Office

To ensure that our audits satisfy *Government Auditing Standards*, our Office receives external peer reviews every three years by the National State Auditors Association (NSAA). The most recent peer review results are available online at www.sao.wa.gov/about-sao/who-audits-the-auditor/. Our Office received a "pass" rating, which is the highest level of assurance that an external review team can give on a system of audit quality control.

Working Together to Improve Government

Audit Survey

When your report is released, you will receive an audit survey from us. We value your opinions on our audit services and hope you provide feedback.

Local Government Support Team

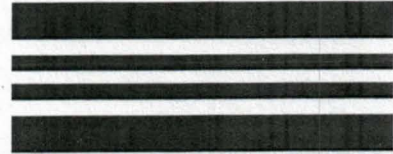
This team provides support services to local governments through the BARS Manual, annual online filing technical assistance, and training on accounting, reporting and BARS. Our website and client portal offer many resources, including a client Help Desk that answers auditing and accounting questions, updated BARS Manuals, access to resources and recorded trainings, and other accounting and reporting resources. Additionally, this team helps with the online filing of your financial statements.

The Center for Government Innovation

The Center for Government Innovation of the Office of the Washington State Auditor offers services designed to help you assist the residents you serve, at no additional cost to your government. What does this mean? They provide expert advice in areas like building a Lean culture to help local governments find ways to be more efficient, effective, and transparent. The Center also provides financial management technical advice, best practices, and resources. These can be accessed from the “Improving Government” tab of our website and can help you act on accounting standard changes, comply with regulations, protect public resources, minimize your cybersecurity risk and respond to recommendations in your audit. The Center also offers the Financial Intelligence Tool, better known as FIT, to help you assess and monitor your finances and compare your financial operations to similar local governments. You can email the Center for a personal training session to learn all the benefits using the FIT tool can provide. The Center understands that time is your most precious commodity as a public servant, and wants to help you do more with the limited hours you have. If you are interested in learning how the Center can help you maximize your effect in government, call (564) 999-0818 or send an email to Center@sao.wa.gov.



STATE OF WASHINGTON
DEPARTMENT OF REVENUE



PORT OF ILLAHE
PO BOX 2357
BREMERTON WA 98310

43

October 20, 2022
Letter ID: L0021064532
UBI: 503-001-113
Account ID: 503-001-113
Account Type: Leasehold
Audit ID: A107844
Audit Period: 01/01/19 - 06/30/22

Results of Your Recent Audit
Total Adjustment: \$0.00

Various procedures were used to reach conclusions regarding your compliance with reporting requirements. The conclusions reached were based on the auditor's understanding of records provided, explanations furnished, and other observations made.

References

The instructions in this report may address the application of the Revised Code of Washington (RCW), the Washington Administrative Code (WAC), Washington Tax Decisions (WTD), Excise Tax Advisories (ETA), and all other stated references. All authoritative references are available on the Department's website at dor.wa.gov.

Specific Written Instructions

The instructions on the following pages constitute "specific written instructions" within the meaning of RCW 82.32.090. Failure to follow the instructions may subject the taxpayer to an additional 10 percent negligence penalty.

Closing Comments

The audit and adjustments, if any, were discussed with Theresa Haaland on October 20, 2022.

Questions?

David Gebauer, Revenue Auditor (360) 534-1305
Sandra Maple, Field Audit Manager (253) 382-2166



14000021-000043-02-00000000

Results of Your Audit

Port of Illahe Registration Number 503 001 113

Your records have been audited for the period of January 1, 2019 through June 30, 2022.

No adjustments were made for this period.

The audit was conducted at the Port's accountant's office located in Silverdale, WA.

Leasehold Excise Tax

An examination has been made of the leasehold income and associated records of Port of Illahe. This audit is qualified to the extent that it pertains only to leasehold excise tax.

The purpose of the audit was to determine whether the proper leasehold excise tax was collected and remitted to the State of Washington, Department of Revenue, in accordance with the provisions of Chapter 82.29A Revised Code of Washington (RCW).

Leasehold excise tax was enacted as a method for persons having the right to use publicly owned tax-exempt property for private purposes, to share with fee simple property owners the costs of governmental services. Because the incidence of the tax cannot be on ownership of the property, it is structured as an excise tax triggered by the right for private use of public property. The tax is based on the taxable (fair market) rent of the leasehold interest, and is to be collected by the public lessor.

RCW 82.29A.030 states: "(1) There is hereby levied and shall be collected a leasehold excise tax on the act or privilege of occupying or using publicly owned real or personal property through a leasehold interest on and after January 1, 1976 . . ."

RCW 82.29A.020 defines a "leasehold interest" as "an interest in publicly owned real or personal property which exists by virtue of any lease, permit, license, or any other agreement, written or verbal, between the public owner of the property and a person who would not be exempt from property taxes if that person owned the property in fee, granting possession and use, to a degree less than fee simple ownership . . . The term "leasehold interest" shall include the rights of use or occupancy by others of property which is owned in fee or held in trust by a public corporation, commission, or authority created under RCW 35.21.730 . . ."

More Information

Copies of all authoritative references cited in this report may be downloaded from the Department's website at dor.wa.gov.

Any instructions provided in this report are binding upon both you and the Department under the facts presented. They will remain binding until the facts change; the laws change (either by statute or court decision); the applicable rules change; the Department publicly announces a change upon which a ruling is based; or you are notified in writing that a ruling is no longer valid. Copies of all authoritative references cited in this report may be downloaded from the Department's website at dor.wa.gov.

PORT OF ILLAHEE
RESOLUTION NO. 2022-04

RE: ADOPTION OF THE 2023 FINAL BUDGET

WHEREAS, the Port Commission of the Port of Illahee has reviewed the fiscal requirements of the Port District, the anticipated revenues and expenditures of the District; and

WHEREAS, the 2023 Preliminary Budget was prepared and approved as required by law.

NOW, THEREFORE, BE IT RESOLVED by the Port Commission of the Port of Illahee that the final budget of the Port of Illahee be adopted for the tax year 2023, as attached hereto.

ADOPTED by the Port Commission of the Port of Illahee, Kitsap County, Washington at the regular open public meeting thereof held on the 9th day of November 2022.

PORT OF ILLAHEE
KITSAP COUNTY, WASHINGTON

By:

Commissioner Aho

Commissioner Buesch

Commissioner Rupert

**PORT OF ILLAHEE
2023 FINAL BUDGET**

	DETAIL	TOTALS
TOTAL ESTIMATED BEGINNING BALANCE		377,000.00
REVENUES:		
670.00 NonRevenues - Loan Contingency for Improvement Projects	700,000.00	
693.00 Operating Grants Reimbursement ALEA & BFP	1,230,563.00	
695.00 Real Property Rentals	30,000.00	
699.10 Investment Interest	800.00	
699.20 Property Tax	94,500.00	
TOTAL ESTIMATED REVENUES:	2,055,863.00	2,055,863.00
TOTAL ESTIMATED FUNDS AVAILABLE:	2,432,863.00	2,432,863.00
EXPENDITURES:		
721.00 MARINA OPERATING		
721.80 Utilities	3,000.00	
721.90 Other	500.00	
723.00 MARINA MAINTENANCE		
723.30 Outside Services	2,500.00	
723.40 Supplies	1,000.00	
723.90 Other: Piling Replacement	145,000.00	
761.00 PROPERTY LEASE/RENTAL		
761.30 Outside Servies	3,000.00	
763.00 PROPERTY LEASE/RENTAL MAINTENANCE		
763.40 Supplies	500.00	
763.60 Facility Maintenance	2,000.00	
763.70 General and Administrative	500.00	
763.80 Utilities	1,500.00	
763.90 Other	4,000.00	
771.00 DEBT REDEMPTION		
771.50 Other: Note/Contracts	10,000.00	
773.00 FIXED ASSET DISBURSEMENT		
773.50 Property Improvements	350,000.00	
773.90 Other: Property Improvements	5,000.00	
774.00 WATERFRONT FACILITIES		
774.40 Waterfront Access Improvements: Upland Work	724,434.00	
774.40 Waterfront Access Improvements: Marina work	1,060,092.00	
780.00 GENERAL AND ADMINISTRATIVE		
781.10 Commissioner compensation	12,800.00	
781.20 Commissioner reimbursement	1,500.00	
781.30 Outside services	20,000.00	
781.40 Supplies	200.00	
781.60 Facility rentals	400.00	
781.70 G&A Operations	25,000.00	
789.10 Economic development	2,500.00	
790.00 NON-OPERATING EXPENSE		
799.91 Interest Expense	5,000.00	
799.92 Election Expense	5,000.00	
TOTAL ESTIMATED EXPENDITURES:	(2,385,426.00)	(2,385,426.00)
TOTAL ESTIMATED ENDING BALANCE:	47,437.00	47,437.00

Commissioner Jim Aho

Commissioner Jon Buesch

Commissioner Jeff Rupert



Ordinance / Resolution No. 2022-05
RCW 84.55.120

WHEREAS, the Port Commission of the Port of Illahee has met and considered its budget for the calendar year 2023; and,

WHEREAS, the districts actual levy amount from the previous year was \$ 92,758.00; and,

WHEREAS, the population of this district is less than 10,000; and now, therefore,

BE IT RESOLVED by the governing body of the taxing district that an increase in the regular property tax levy is hereby authorized for the levy to be collected in the 2023 tax year.

The dollar amount of the increase over the actual levy amount from the previous year shall be \$ 709.00 which is a percentage increase of .7644% from the previous year. This increase is exclusive of additional revenue resulting from new construction, improvements to property, newly constructed wind turbines, any increase in the value of state assessed property, any annexations that have occurred and refunds made.

Adopted this 9 day of November, 2022.

Three horizontal lines for signatures or dates.

If additional signatures are necessary, please attach additional page.

This form or its equivalent must be submitted to your county assessor prior to their calculation of the property tax levies. A certified budget/levy request, separate from this form is to be filed with the County Legislative Authority no later than November 30th. As required by RCW 84.52.020, that filing certifies the total amount to be levied by the regular property tax levy. The Department of Revenue provides the "Levy Certification" form (REV 64 0100) for this purpose. The form can be found at: http://dor.wa.gov/docs/forms/PropTx/Forms/LevyCertf.doc.

For tax assistance, visit http://dor.wa.gov/content/taxes/property/default.aspx or call (360) 570-5900. To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 705-6715. Teletype (TTY) users may call 1-800-451-7985.



Levy Certification

Submit this document to the county legislative authority on or before November 30 of the year preceding the year in which the levy amounts are to be collected and forward a copy to the assessor.

In accordance with RCW 84.52.020, I, James Aho,
(Name)

Commissioner, for Port of Illahee, do hereby certify to
(Title) (District Name)

the Kitsap County legislative authority that the Commissioners
(Name of County) (Commissioners, Council, Board, etc.)

of said district requests that the following levy amounts be collected in 2023 as provided in the district's
(Year of Collection)

budget, which was adopted following a public hearing held on 11/09/22:
(Date of Public Hearing)

Regular Levy: \$94,500.00
(State the total dollar amount to be levied)

Excess Levy: _____
(State the total dollar amount to be levied)

Refund Levy: \$388.00
(State the total dollar amount to be levied)

Signature: _____

Date: _____

For tax assistance or to request this document in an alternate format, visit <http://dor.wa.gov/content/taxes/property/default.aspx> or call (360) 534-1400. Teletype (TTY) users may call (360) 705-6718.

2023 TAX YEAR LEVY LIMIT CALCULATION

PORT OF ILLAHEE

District # 8815

Previous Year's Levy Including Any Refunds & Canceled Taxes Levied = 92,758

The district's resolution or ordinance must authorize any increase in terms of both the dollars and percentage over the previous year's levy. This increase is exclusive of new construction, increases in state assessed property (utilities), any annexations and refunds requested.

Highest Allowed Levy Since 1986 = 92,542 + (1%) 925.42 = 93,467.42

Differences between this amount and the previous year's levy are refunds and canceled taxes levied last year which are not included in this amount and/or any banked capacity your district may have.

1% Increase to Highest Allowed Levy = 93,467

This is the maximum allowed but may change to match what is authorized by resolution or is lawfully allowed for your district. It is exclusive of the items listed under the previous year's levy. The dollar and percent increase over the previous year's actual levy to collect this amount is \$709 and 0.7644%.

Amount due to New Construction = 196

New construction assessed value 1,710,830 X .114669 (the prior year's levy rate) = 196

$$\begin{array}{r} 92,542 \\ + 925.42 \\ - 92,758 \\ \hline 196 \end{array}$$

highest allowed + 1% = last year's levy

Amount due to Increase in Utilities = 0

This amount will be zero until the values are received from the Department of Revenue. Since this amount may be unknown when you have your budget hearings, you may want to add an amount in your budget or levy certification in order to collect any unknown amount due to an increase in utilities.

AV of Annexed Property = 0

Amount due to Annexations = 0

The amount due for annexations is set when assessed values are final in January. Districts with annexations may want to add an amount in the budget or levy certification for any increases allowed.

Current Total Assessed Value = 953,239,821

This amount may fluctuate until values are final in January.

Tax Refunds & Canceled Taxes less Supplements = 388

Please include a dollar amount for refunds and canceled taxes in your budget and or levy certification to show the district's intent to collect these amounts.

Projected Levy Rate = .098258

Maximum Levy Rate = .45

Maximum levy rates for cities are estimated until final levy rates for Fire and Library Districts are known.

ESTIMATED TOTAL LEVY LIMIT AMOUNT = 94,051