



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

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Minutes of Regular Meeting
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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



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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 pilings 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.

Illahhee 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



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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*



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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.



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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!

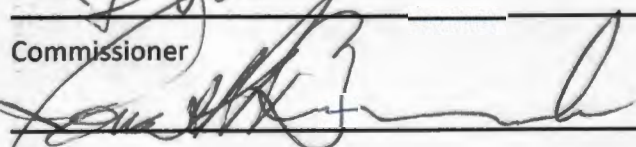
Mr. Barton congratulated Commissioner Rupert and thanked all who applied. He explained that he has been attending meetings for the past twelve years – keeping his finger on the pulse of the Port. Thanks were given to all who applied.

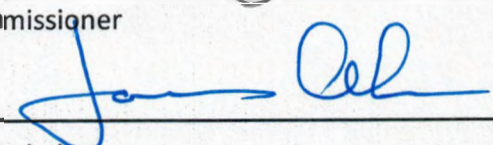
ADJOURN

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

Approved:



Commissioner


Commissioner


Commissioner



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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 \$4,806.23 and from the General Fund, this 12th day of October, 2022.

Port Auditor

Port Commissioner

Port Commissioner

Number	Name	Amount
4935	JAMES AHO	256.00
4936	JONATHAN BLIESCH	256.00
4937	CASCADE NATURAL GAS	5.00
4938	HONEY BUCKET	112.95
4939	NORTH FERRY AVENUE WATER DISTRICT	111.28
4940	PUGET SOUND ENERGY	30.68
4941	WASTE MANAGEMENT	24.24
4942	US BANK	410.33
4943	TIKAR SERVICES, LLC	681.49
4944	CHMELIK SITON & DAVIS	750.00
4945	WASHINGTON STATE DEPARTMENT OF REVENUE	1,213.38
4946	PORT OF SILVERDALE	875.00