

Friday Harbor Port District

Port Commission Meeting

San Juan Island Yacht Club

Friday May 10, 2024 at 10:00 AM

Regular Meeting Minutes

Members of the public unable to attend the meeting may email comments for presentation to the Commission during the public comment period. Please email to ToddN@PortFH.org with the subject line "Public Comment". Comments must be received 24 hours prior to the meeting.

Commissioners Present: Rich Goodhart
Graham Black
Barbara Marrett

Port Staff Present: Todd Nicholson, Executive Director
Phyllis Johnson, Port Auditor
Tami Hayes, Harbormaster
Mike Roling, IT Administrator
Amanda O'Brien, Executive Assistant

Public Present: Jill Belcovson, LWVSY
Dan Levin, Citizen

Citizen comments/requests: Citizens can make a brief comment or may ask the Commission to schedule a topic for further discussion at a future meeting.

Citizen Dan Levin requested the commission consider designating an area in the main marina near Fairweather Park as a dog park to help prevent potential health risks associated with residue from pet waste, as well as the addition of signage to encourage boatowners who have pets to use their onboard litterboxes.

Consent Agenda:

- A. Payroll & Vouchers #04734-04777 in the amount of \$977,660.31
- B. Approval of Minutes: April 26, 2024, Meeting Minutes

Commissioner Black moved to approve the Consent Agenda as a whole; Commissioner Marrett seconded. The motion was approved unanimously.

Action Items:

- A. Consider Termination of Jensen Building Leases

Executive Director Nicholson gave the combined and unanimous recommendation from

Port staff regarding the Jensen building leases as follows:

- The Port and ESI, LLC entered into two separate lease agreements at the Port, one for Jensen's Chandlery and a second for Jensen's Marine Retail/Shop on January 3, 2022. Both leases initial terms ended on January 3, 2024, and continued thereafter on a month-to-month basis.
- Section 2.2 of the Leases provides that either party can terminate this month-to-month term by providing 30 days advanced notice to the other party.

- Section 2.2 also provides that:

The Commission of the Port of Friday Harbor reserves the right to not extend the month-to-month lease if, in its sole discretion, the lessee is not providing an acceptable level of service to the public, or the Port desires to change the purpose, location or configuration of the facility.

- The Port has received communications from other port tenants and *ESI, LLC* Customers that ESI has a poor and worsening reputation here at the Port. These communications largely fall into two categories:
 - Customer complaints of poor service and unjustifiably high or surprise billing; and
 - Vendors avoiding the boatyard because of ESI's presence.
- The concerns regarding customer and vendor complaints are not the only source of cause for concern that Port staff have when considering ESI's ability to provide an acceptable level of service to the public. ESI has also:
 - Routinely violated moorage rules
 - Failed to pay the Port bills on time.
 - Communicated poorly with Port staff.
 - Informed the Commission that they will be leaving the facility in the next 30 days if not given control of the boatyard and lift.

When asked to clarify when they intended to vacate, their response came on April 22, stating: "We will notify the port in writing with ample time when we vacate."

On April 26, when asked for clarification of the timeframe for when they plan to vacate, ESI directed the Port to correspond through their attorney. This is not an allowable option for them under the lease terms.

- One of the benefits of being associated with the Port is that Customers believe that ESI must be a high-quality vendor with fair business practices because they are a Port tenant. The customer and vendor complaints received by the Port makes staff believe

that ESI is no longer providing an acceptable level of service to the public. The Port is receiving an increased level of criticism for lending our credibility to this vendor.

- Having processed all of the positive and negative community input, along with our personal experiences as boatyard operator and the lessor, we recommend the Commission determine that ESI is not providing an acceptable level of service to the public and terminate the ESI month-to-month leases as of June 30, 2024 per section 2.2 of the Lease Agreements.

Commissioner Black moved to terminate both *ESI, LLC* leases pursuant to section 2.2 of the Leases. Commissioner Marrett seconded the motion. The motion passed unanimously.

Commissioner Marrett stressed the importance of communication as well as setting a date for *ESI, LLC* to vacate in order to allow for proper transitional planning. She also emphasized ensuring current marina customers are notified.

Commissioner Black highlighted the difficulty of this decision and commissioner Marrett agreed. Commissioner Black stated that the record Executive Director Nicholson shared with the commission made it clear that *ESI, LLC* is no longer providing an acceptable level of service to the community.

B. Verne Howard Assignment of P Hangar Lease

Commissioner Marrett made a motion to assign the Vern Howard “P” Hangar Lease to *MJWKING, LLC* for the purposes of estate planning. Commissioner Black seconded that motion. The motion passed unanimously.

Discussion Items:

A. *Oystertale* – Convert Lease to Month-to-Month.

The Commission discussed the possibility of converting the *Oystertale* Restaurant Lease from a multi-year lease to a month-to-month arrangement due to uncertainties caused by numerous factors. The commission expressed support for this change, viewing it as a benefit for both the tenant and the Port. No decisions were made at this time, the commission agreed to add this topic as an action item to a future agenda.

Port Commissioner and Committee Reports:

Commissioner Marrett introduced the topic of raising the sales fee for hangars from the current 2%, which has contributed significantly to the airport’s Hangar Reconstruction Fund. The Executive Director advised the Port to seek input from legal counsel to understand how this change may impact existing leases before adding it to a future agenda.

Commissioner Black discussed the challenges and considerations of teaching sailing and launching kayaks at different Port locations. It was noted that both Jensen's and Jackson's Beach have their own advantages and disadvantages. The potential cost implications of improving these facilities was highlighted. Executive Director Nicholson suggested the possibility of fundraising to help cover the costs of rebuilding and improving the Jackson Beach Netshed building given the limited grant opportunities available this purpose. Commissioner Marrett mentioned a past successful fundraiser by Soroptimist, indicating the potential for similar community-driven efforts.

Staff Reports:

Port Auditor Phyllis Johnson discussed the operating budget and reported a status of approximately 25% through the year, with all revenue departments performing according to plan. The non-operating income, including taxes and COVID grants, was slightly above the 25% mark for being one quarter through the year. The Auditor also noted that expenses such as bond interest remediation costs were within expectations.

Harbor Master Tami Hayes gave a brief update on the new reservations system, *MOLO*, stating that it is currently up and running. Although there were some initial challenges, positive feedback has been received from the training process of summer staff.

New Business: Commissioners May Share Information or Introduce Topics for Discussion at a Future Meeting. **None.**

Adjourn: 10:40 AM

Barbara Marrett, Commissioner

Graham Black, Commissioner

Rich Goodhart, Commissioner