

Port of Anacortes
Regular Commission Meeting
December 4, 2008

The Port Commission of the Port of Anacortes held its regular business meeting at 7:00 P.M. on the evening of December 4, 2008. This was a regularly scheduled Commission Meeting held in the Commission Meeting Room of the Port Main Warehouse Building, 1st & Commercial Avenue, Anacortes, Washington.

In Attendance: Commission President Short, Commission Vice-President Rubin, Commission Secretary Niver, Commissioner Hopley and Commissioner Mooney.

Also in attendance: Executive Director Hyde, Director of Finance & Administration Johnson; Director of Operations & Facilities Hachey, Director of Engineering Elsner, Project Manager Estvold, Marina Manager Fowler, HR Generalist & Operations Assistant Herrick, and Administrative Coordinator Lindsey.

CALL TO ORDER

At 7:00 P.M. Commission President Short called the regular meeting of December 4, 2008, to order and welcomed all in attendance.

PRESENTATION – Staff Awards

Executive Director Hyde introduced Port staff members Lindsey Herrick and Julie Johnson Lindsey, recipients of the Port's "Cost Cutter" Award in recognition for saving the Port money. Ms. Herrick was recognized for researching and reducing the cost of annual staff safety training. Ms. Lindsey was recognized for researching and reducing the cost of Port advertising. Both were presented with a certificate of appreciation. On behalf of the Commission, Commissioner Short thanked Ms. Herrick and Ms. Lindsey for their time and efforts.

PUBLIC COMMENT PERIOD

Commissioner Short opened the floor for public comment pertaining to items on the regular agenda.

1. *Mr. Jay Fields, of Anacortes, Chair of the Anacortes Salmon Derby, addressed the Commission. Mr. Fields requested that the Commission maintain the same promotional launching rates for the Salmon Derby as they have in past years. Mr. Fields noted the Derby had lost one of their lead sponsors due to the downward trend in the economy and noted any increase to costs could be detrimental to the event, now the second largest in the state, offering more cash and prizes than all others, and seen as a model for other derbies. Mr. Fields noted that all revenues are dedicated to charity. The 2009 Anacortes event will be March 28-29.*

Hearing no others with a desire to address the Commission, the floor was closed.

CONSENT AGENDA

Commissioner Short read the items on the consent agenda: Approval of Minutes for the Regular Meeting and Budget Public Hearing of November 6, 2008, and Special

Meeting/Executive Session of November 24, 2008; Vouchers: No. 11-1 through 11-159 (\$1,627,712.39); and the Treasurer's Report for October 2008 totaling \$9,590,189.08.

Commissioner Short asked for a motion to approve the consent agenda items. Commissioner Rubin moved to approve the consent agenda, with Commissioner Mooney seconding the motion.

REGULAR AGENDA

ACTION ITEMS

Resolution No. 1196 – Authorizing the Executive Director to contract for issuance and approve policies for use of a Port Purchasing Card -

Executive Director Hyde introduced Director of Finance & Administration Johnson who presented the item, seeking Commission authorization for the Executive Director to contract for issuance and approve policies for use of a Port purchasing card with approval of a spending limit not to exceed the maximum purchasing authority allowed by the Commission – currently \$10,000.

Director Johnson explained that Revised Code of Washington RCW 43.09.2855 and RCW 53.08.176 authorize local governments, including municipal corporations such as the Port, to use purchasing cards for official purchases and acquisitions, including travel. A purchasing card would be used in those instances where a purchase order is not accepted or where processing a separate check would be inefficient and costly. Presently Port staff and Commission members in these instances must place these expenses on their own personal cards and then apply for reimbursement. In accordance with RCW 43.09, any purchasing card system adopted by the Port is subject to examination by the state auditor's office and cash advances on such cards are prohibited. Director Johnson noted Finance & Administration has also developed procedures and guidelines for additional controls. The Port would have two cards obtained via a state account, kept secured in the Port safe and available only by check out from a designated card custodian who will track and reconcile any use each month.

Following a brief discussion of the authorization amount per card, Commissioner Short called for a motion. Commissioner Mooney moved to adopt Resolution No. 1196, authorizing the Executive Director to contract for issuance and approve policies for use of a Port Purchasing Card, with a spending limit of \$10,000, in accordance with RCW 43.09.2855 and 53.08.176. Commissioner Rubin seconded the motion. Commissioner Short called for a vote on the motion, which carried unanimously.

Port of Anacortes Marine Terminal Tariff No. 10 Proposed Changes –

Executive Director Hyde introduced Director of Operations & Facilities Hachey who presented the item, requesting authorization for staff to make changes to the Port of Anacortes Marine Terminal Tariff No. 10.

The Port is a member of the Pacific Northwest Marine Terminal Association (PNWMTA) which has the Federal Maritime Commission (FMC) antitrust immunity to jointly set rates and tariffs. The FMC retains the oversight responsibility for port tariffs and monitors discriminatory practices. At the fall meeting of the PNWMTA, the association decided to jointly raise the Marine Tariff rate based on the current consumer price index for the Pacific Northwest, effective

January 1, 2009. These changes in tariff rates are consistent with the projected 2009 budget and will increase the marketability and competitiveness of the Port's marine terminal. Proposed for 2009 are a 5% increase in the marine tariff and an expected 5.25% increase in the Longshore Contract for wages and benefits.

Commissioner Mooney inquired whether the fees to obtain Transportation Worker Identification Cards (TWIC) were paid for by longshoremen or by the Port. Director Hachey explained that the longshoremen paid for their cards. Hearing no further discussion, Commissioner Short called for a motion. Commissioner Rubin moved to authorize the Executive Director to take the necessary action to implement the proposed Tariff changes as generally defined with the action item. Commissioner Mooney seconded the motion. Commissioner Short called for a vote on the motion, which carried unanimously.

2009 No-charge and Promotional Moorage and Boat Launch Rates at Cap Sante Boat Haven and the Marine Terminal Facilities–

Director Hachey reviewed the item for the Commission, requesting authorization to approve the 2009 list for no-charge and promotional moorage and boat launch rates – offering no charge and promotional rate guest moorage and boat launches for designated special events. No charge moorage has traditionally been authorized for the Waterfront Festival and the Christmas Boat Parade for all guest moorage and RV parking during these events, held during off-peak times. Additionally, active duty military vessels and the S/V “Lady Washington” have been offered short-term, no charge moorage on a space available basis at Port facilities.

Director Hachey explained that in past years the Commission has authorized staff to apply a promotional rate of \$1 per boat for moorage and boat launches during community events sponsored by local organizations at the Boat Haven. This promotional rate is only available for those boats participating in the events. For 2009, staff recommends an increase in promotional rates to 75% off normal rates for moorage and boat launches. Director Hachey explained this is equivalent to a moorage rate of .25 cents per foot per night in the summer season and .17 cents per foot per night in the off-season.

Commissioner Mooney moved to authorize the Executive Director to offer special moorage and launch rates for 2009 for the promotional events identified herein, and for state and active duty military vessels. Commissioner Rubin seconded the motion.

Commissioner Rubin proposed a special rate for those participating in the Salmon Derby and moved to amend or modify the action item to provide the same rate as 2008 of \$1 per night and per launch for that boats participating in that event. Commissioner Mooney seconded amending the item. Discussion ensued regarding recovery of costs by the Port, the fact that the Salmon Derby is a charity event which also benefits the community and local economy due to the large number of participants, and that the cost of moorage and launching is part of the participants' registration fees with the Derby paying the Port, therefore an increase in rates could impact ticket costs by as much as \$20 per ticket. Commissioner Hopley noted that all of the non-profit groups may also have input regarding increases in promotional rates.

Commissioner Short pointed out that the Salmon Derby is the first event of the year at the Boat Haven. The organizers have already made some assumptions based on past costs with \$1 rates. He suggested that the same fees as 2008 be used for 2009 and then look to increase the rates for the following year. Commissioners Niver and Mooney agreed. Commissioner Hopley suggested the same reduction to the \$1 rate be applied to all non-profit events in 2009.

With discussion concluded, Commissioner Short called for a vote on amending the action item as discussed to provide the same rate of \$1 per night and per launch for participants in those non-profit events listed in the action item. The motion to amend carried unanimously. Commissioner Short called for a vote on the motion to approve the action item as amended, which carried unanimously.

Project Acceptance for 2008 Airport Improvements, Project #ARP-02 –

Director of Engineering Elsner briefed the Commission on the item, which requested the Commission accept, as complete, the construction contract with Interwest Construction, Inc. (ICI) for the 2008 Airport Improvements Project. Project elements completed under the contract included taxiway reconstruction for the pavement areas surrounding Hangars 1 and 2, reconstruction of the Airport access road, construction of a new washdown facility and alternate run-up apron, installation of a new automated vehicle gate and pedestrian gates at the main entrance to the airport operations area, and installation of an emergency back-up generator for airfield lighting.

Director Elsner explained that the Commission authorized the construction contract for this project on June 5, 2008, with additional funding authorized by the Commission on September 4, 2008 for change orders related to subgrade soil conditions encountered within the taxiway reconstruction areas. This project was largely funded by the Federal Aviation Administration (FAA). The contractor reached substantial completion in November 2008.

Director Elsner also explained that work related to the Pier 2 Access Road Paving under Project #MRT-09 was deleted from ICI's construction contract by change order, due to scheduling conflicts with the Dakota Creek Industries dredging activities concurrently taking place at Pier 2. The Pier 2 work was previously authorized with the 2008 Airport Improvements Project.

Hearing no discussion, Commissioner Short called for a motion. Commissioner Rubin moved to accept, as complete, the construction contract with Interwest Construction, Inc. for the 2008 Airport Improvements, Project #ARP-02. Commissioner Mooney seconded the motion. Commissioner Short called for a vote on the motion, which carried unanimously.

Funding Authorization for Dakota Creek Industries Interim Action Contaminated Soil Disposal, Project #PROP-03a –

This item requested Commission authorization of \$386,300 for disposal of contaminated soil from the Dakota Creek Industries (DCI) Interim Action Clean-up. Director Elsner provided the Commission with a slide presentation of the extensive clean-up work at the DCI site.

In July 2008, the Port Commission authorized staff to proceed with disposal of contaminated dredged sediments from the DCI ship basins. Port staff developed a strategy to use an area of Pier 2 for storage, material handling, and truck loading of sediment to be transported and disposed of at the Waste Management landfill in Wenatchee, WA. Assumptions for the July action item included:

- A dredging and disposal duration of seven weeks
- Staging and treatment of wet sediment for drying prior to transport according to the disposal agreement with Waste Management
- Disposal of dry sediment to the landfill on a daily basis
- Disposal of 26,640 tons of contaminated dredged sediment
- Recharacterization of approximately 8,338 tons of sediment as clean fill material

Director Elsner explained that the start of dredging was delayed by seven weeks due the newly DCI constructed vessel “Grant Candies” moorage at the entry to the ship basin. Coupled with the saturation of sediment and seasonal change from summer to fall, the results increased the difficulty of drying the sediments prior to transport. Port staff devised a method of using diatomaceous earth as a drying agent to accelerate the sediment drying process, resulting in meeting our disposal agreement with Waste Management. Port staff also revised the handling and disposing of the sediment including a strategy that salvaged the dredged rocks from the sediment for reuse as backfill south of the new open-cell sheetpile wall and reduce the disposal tonnage to the landfill, resulting in a large cost savings, even after paying for needed rental equipment.

During the sediment dredging process, an additional 5,300 tons of contaminated soil was discovered in the nearshore and upland area of the ship basin, as well as other unforeseen unsuitable materials. Although funds were saved on the initial project, additional funding to handle the additional contaminated soil and materials. Director Elsner noted that all of the expenses for this project are grant eligible and the Port will re-engage those insurers involved. When the project is complete in 2009, staff will provide the Commission with a review of the overall project.

Commissioner Short called for any discussion of the item. Commissioner Mooney complimented Director Elsner and staff on their devised methods for salvaging materials and the resulting cost savings.

Commissioner Short called for a motion. Commissioner Rubin moved to authorize the construction budget of \$386,300 to complete the DCI Interim Action Contaminated Soil Disposal Project #PROP-03a. The project will be funded from the Environmental Fund. Commissioner Mooney seconded the motion.

Commissioner Short requested any additional comments. Commissioner Hopley inquired about the re-engagement of insurers because of the unanticipated additional contaminated soils and unsuitable materials, creating increased costs. He asked whether there could be other costs as well. Director Elsner explained that the Port will also re-engage the insurers for costs incurred by our tenant.

Hearing no further discussion, Commissioner Short called for a vote on the motion, which carried unanimously.

STUDY SESSION

Third Quarter Financial Review

Director Johnson provided the Commission with a review of the Port’s 3rd quarter finances. He noted a significant increase over budgeted revenues for the period, as well as an increase in expenses, both attributable, in large part, to the Port’s operation of the fuel float at the Cap Sante Boat Haven. Net operating income has increased. Staff will do a proforma at the end of the year and anticipate returning more than \$100,000 back to the Property Sales Proceeds Fund.

Non-Operating Revenues reflect grants the Port has received as well as other third party recoveries. A copy of Director Johnson’s presentation will be attached to the approved version of these minutes.

COMMUNICATIONS

Commissioner Rubin reported that the Commission participated in a governance session earlier today, which he found quite productive. The Commission will continue to move ahead with the governance process, holding their next session on December 16, 2008.

Executive Director Hyde reported that the Port of Anacortes was named “Port of the Year” for 2008 by the Washington Public Ports Association (WPPA) at their annual meeting last month. There are 75 member ports in the WPPA. Executive Director Hyde noted that receipt of the award was a significant honor and recognition for our Port.

There are a number of upcoming events on the Port’s calendar. The Island Hospital Foundation’s Festival of Trees will be held this week, December 4-6th in the Main Port Warehouse. December 8th the Port will hold another community tour of the Project Pier 1 site. Those wishing to participate should meet Port staff at the corner of 4th & “Q” Avenue at 4:00 P.M. Also on the calendar is the annual Christmas Boat Parade, beginning and returning to the Cap Sante Boat Haven on December 19th. Port offices will be closed December 25th & 26th in observation of the Christmas holiday.

UPCOMING MEETINGS

Executive Director Hyde reviewed the Commission’s upcoming meeting schedule. The next Regular Port Commission Meeting will be a Work/Study Session on December 18, 2008, at 7:00 P.M. The first Regular Meeting in January will be on January 8, 2009 (rescheduled from the January 1st holiday) at 7:00 P.M.

PUBLIC COMMENT PERIOD

Commissioner Short opened the public comment period for items not on the regular agenda. Hearing none, the public comment period was closed.

ADJOURNMENT

With no further business to come before the Commission, Commissioner Mooney moved to adjourn, which was seconded by Commissioner Rubin. Commissioner Short called for the vote on the motion which carried unanimously and at 7:58 P.M. the meeting adjourned.

Attest:

William L. Short, Commission President

Keith Rubin, Commission Vice-President

Ray Niver, Commission Secretary

Steve Hopley, Commissioner

Pat D. Mooney, Commissioner

Julie Johnson Lindsey, Administrative Coordinator
December 4, 2008