

Port of Anacortes
Regular Commission Meeting
October 15, 2009

The Port Commission of the Port of Anacortes held its regular business meeting and work/study session at 7:00 P.M. on the evening of October 15, 2009. 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 Rubin, Commission Vice-President Mooney, Commission Secretary Niver, Commissioner Hopley and Commissioner Short.

Also in attendance: Executive Director Hyde, Director of Finance & Administration Johnson, Director of Operations & Facilities Hachey, Director of Engineering Elsner, Accountant Dutton, Project Manager Estvold, Project Manager Rowe, Security Team Member Krebs, and Administrative Coordinator Lindsey.

Others in attendance included bond consultants Scott Bauer of Dashen Musselman and Lindsey Sovde of Seattle Northwest Securities.

CALL TO ORDER

At 7:02 P.M. Commission President Rubin called the regular meeting of October 15, 2009, to order and welcomed all in attendance.

PRESENTATION

Executive Director Hyde introduced Steve Krebs of the Port's security team. He read aloud a letter from the Anacortes Police Department commending Steve on his assistance in a recent police matter at the Cap Sante Boat Haven, as well as citing the department's appreciation for Steve's assistance over the years. In addition, Executive Director Hyde noted that over the weekend Steve had assisted a boater who had fallen into the water during the evening and shouted out for help. Steve was patrolling the Boat Haven and pulled the boater from the water, probably saving the man's life. Commissioner Rubin presented Steve with a certificate of appreciation on behalf of the Commission and thanked him for his consistently fine service.

PUBLIC COMMENT PERIOD

Commissioner Rubin opened the floor for public comment pertaining to items on the regular agenda. Hearing no one with a desire to address the Commission, the floor was closed.

CONSENT AGENDA

Commissioner Rubin called for any objections to the consent agenda. Hearing none, Commissioner Rubin read the titles on the consent agenda which contained two action items for consideration by the Commission:

Project Acceptance of Project Pier 1 Offsite Utilities and Pier 2 Access Relocation Project, Project #PROP-01b (a JDF Project); and Authorizing Commissioner Rubin's compensation and expenses while serving on the WPPA Legislative Committee.

The first item requested the Commission to accept, as complete, the construction contract with Interwest Construction, Inc. for the offsite utilities construction, allowing current out of date public utilities on the Dakota Creek Industries site to be abandoned. In addition to the utility work, the item also requested acceptance of the relocation of the Pier 2 access from 3rd Street and R Avenue to just east of 4th Street and R Avenue.

The second item requested authorization of Commissioner Rubin's compensation and expenses while serving on the WPPA Legislative Committee.

Commissioner Rubin called for any discussion of the items. Hearing none, he called for a motion. Commissioner Mooney moved to approve the consent agenda. Commissioner Short seconded the motion. Commissioner Rubin called for a vote on the motion, which carried 5-0.

REGULAR AGENDA

ACTION ITEMS

Authorization for Pre-Construction Elements for Wyman's Ramp Rehabilitation –

Director of Engineering Elsner briefed the Commission on this item that would authorize staff to proceed with pre-construction elements for rehabilitation of the Wyman's Ramp. Staff proposes to repair the boat ramp facility and lessen the grade of the ramp by setting concrete blocks water-ward of the ramp and/or repaving the ramp to cover the rails and holes to provide an even surface. A fenced and locked parking area would also be constructed on the property to allow fuel trucks and other large cargo to be dropped off for later pick-up by a barge. Barges would be able to access the water at lower tides and complete an increased number of trips. The adopted 2009 Capital Improvements Plan (CIP) includes a \$35,000 line item for designing the ramp improvements. The project was formerly listed as PROP-04, but has been updated to project MRT-14. The preconstruction elements will be paid out of the General Fund. The Port received a grant of \$100,000 from the Skagit County Tax Fund for the project under the Economic Development Public Facility Project category for construction improvements. Director Elsner explained that once approved, staff will move forward with design and permitting this fall, with permits in the 1st and 2nd quarter of 2010 and construction during the fish window next summer. Wyman's is one of the few commercial ramps in the area.

Executive Director Hyde noted that the Port will solicit the input of the barge operators to access what their needs are. Three barges presently use the ramp on a daily basis.

Following questions from the Commission regarding public use of the ramp and user fees, Commissioner Rubin called for a motion. Commissioner Mooney moved to authorize staff to proceed with the pre-construction elements for the Wyman's Ramp Rehabilitation Project, project #MRT-14, for a total cost of \$35,000, to be spent from the General Fund. Commissioner Short seconded the motion. Commissioner Rubin called for a vote on the motion, which carried unanimously.

Commission Letter to National Oceanic and Atmospheric Administration (NOAA) –

Commissioner Rubin asked Commissioner Hopley to read aloud the letter he had written to NOAA on behalf of the Commission. Commissioner Rubin stated that Commissioner Hopley had done a great job of stating the Commission's position clearly and well. Commissioner Niver

moved to approve the letter to NOAA regarding proposed changes to Orca regulations. Commissioner Short seconded the motion. Commissioner Rubin called for any discussion.

Commissioner Mooney believed that the letter could be stronger, noting that NOAA is proposing regulations that would effectively close the entire west side of San Juan Island to whale watching, and recreational and commercial fishing vessels from May- September each year, adversely affecting the economy. He reported that the Orca whale population in 1990 was 77, then following a downturn was back up to 85 in 2008. Commissioner Niver believed the letter was constructive and should be sent as is. Hearing no other discussion, Commissioner Rubin called for a vote on the motion, which carried 3-2 with Commissioner Mooney opposed and Commissioner Hopley voting in opposition since he believed the letter should be unanimous. Note: At the close of the meeting, Commissioner Mooney reconsidered and both he and Commissioner Hopley signed the approved letter as well.

STUDY SESSION

Bond Refinancing –

Executive Director Hyde noted that the subject of refinancing the Port's 1998 revenue bonds had been discussed briefly by the Commission in March and in September of this year. The Port's Bond counsel and advisors believe this is a good opportunity for the Port to save interest fees. Executive Director Hyde introduced Scott Bauer from Dashen Musselman and Lindsey Sovde from Seattle Northwest Securities who provided the Commission with a presentation on refinancing including options for refinancing with all Revenue bonds or with a combination of Revenue and LTGO bonds and responded to questions. Director of Finance & Administration Johnson asked the Commission to consider which option they would prefer as staff will be looking for direction on this matter in late October or early November in order to bring a resolution back to the Commission in December. He noted that an option for a larger amount of LTGO bonds was not suggested in order to preserve bond capacity since the planned future replacement of E & F Docks would require the Port to bond approximately \$7 million.

Ms. Sovde noted that interest rates the first week of October were at 42 year low, making this an optimum time to refinance debt. She reviewed yield curve, historical interest rates, and credit spreads for tax-exempt bonds. In response to questions she noted that bond ratings are unique to each issuer and that each issuer has its own credit rating. Mr. Bauer explained that the next steps would be feedback from the Commission on the options presented. Director Johnson reviewed the Port's debt service ratio and debt capacity and noted the target savings for each option. In response to questions from the Commission, he recommended that the Commission consider refinancing using a combination of revenue and LTGO bonds, but with the understanding that by doing so, the Commission would be limiting the Port's LTGO capacity. A copy of the advisors' presentation will be attached to the approved version of these minutes. Discussion followed including a number of questions from the Commission regarding all options and bond capacity. Director Johnson will follow-up on these questions and prepare additional information for the Commission to review. Commissioner Rubin thanked Mr. Bauer and Ms. Sovde for their presentation.

Small Boat Center Update –

Executive Director Hyde reported that all groups who are proponents of a small boat center had coalesced nicely into one group seeking to locate the center in the northeast sector of the north basis at Cap Sante Boat Haven. He introduced Mr. John Pope who introduced Mr. Pat Barrett

and thanked the Port Commission for their patience and cooperation in seeking to make the small boat center a reality. Mr. Pope gave a presentation of the Anacortes Small Boat Center (ASBC) groups' activities to date, noting that small boater have needs that use both the north end and the Seafarers' Memorial Park access. In forming their group, small boaters met in Charette study sessions in September and October. Mr. Barrett noted that the ASBC would like to meet with the Port regarding what is the best use for the Seafarers' Memorial Park Building, currently moved from its former site due to environmental remediation. He noted the amazing work underway at the park and acknowledged that the focus of the ASBC was on the youth of the community. Mr. Pope and Mr. Barrett stressed the need to maintain the functions of the Seafarers' Memorial Park for the City's youth sailing program and for launching small craft, such as kayaks. Mr. Pope noted that if the Port and the community agreed ASBC would be happy to use the Seafarers' building at the north end of the Boat Haven, but urged the Commission to consider what functionality would be needed at both locations. Mr. Barrett noted that the Port had received a grant when constructing Seafarers' Park and received a \$50,000 grant from Soroptimist International of Anacortes, who, along with others who contributed, would have a vested interest in the Seafarers' building. Mr. Pope and Mr. Barrett thanked the Commission for the opportunity to speak on behalf of the ASBC.

Members of the Commission posed questions regarding costs and income from the Park, citing the need to review any grant or permitting requirements associated with the Seafarers' building, and speculating whether it should be remodeled or replaced.

Executive Director Hyde noted that the Port receives funds from the City each year for the youth sailing program and that the City has communicated a baseline of what they require at the Park to maintain their youth program. He also noted that the Port will do a cost analysis in determining the best options for the Seafarers' building.

Capital Improvement Plan and Cash Flow –

Executive Director Hyde introduced Director of Engineering Elsner who presented the Commission with an overview of the Port's Capital Improvement Plan (CIP). Director Elsner explained that the CIP was minimal for 2010 in order to focus on the Scott Site project. With a General Fund availability of \$856,000 the 2010 project list was quite small and was made up of mostly maintenance and repair projects. He reviewed the Commission's ranking of the 2010 CIP projects with Wyman's Ramp repair receiving the highest rank Commission. A copy of Director Elsner's presentation showing the projects, their category, scope, budget and funding sources, will be attached to the approved version of these minutes.

In response to questions from the Commission, Director Elsner explained that the cathodic protection at the Airport would be funded by the Tax Fund as the project is regulatory driven and an environmental issue, with the Department of Ecology (DOE) requiring replacement of the older metal tanks.

At the Cap Sante Boat Haven, funds will be spent to design the replacement of E&F Docks and to make repairs to the West Basin Building.

The focus at the Marine Terminal will be the design and construction of a stormwater conveyance system for the Marine Terminal, where regulatory requirements from the DOE mean much more stringent environmental measures are needed. This project will be funded by the Tax Fund. Commissioner Niver observed that the Marine Terminal generated revenues and suggested those revenues should pay back the Tax Fund at some time. Executive Director

Hyde acknowledged Commissioner Niver and said the Port will look into that suggestion. Executive Director Hyde and Director Elsner were joined by Director of Operations & Facilities Hachey who reviewed information for the Marine Terminal.

The Port is the recipient of a \$575,000 Facility Security Improvement Grant from the Federal department of Homeland Security that will fund increasing security requirements for the Marine Terminal, one of which is having security personnel present whenever a ship is docked at Pier 2 to take on cargo, such as petroleum coke.

Director Elsner noted the Port has received a \$100,000 grant from Skagit County for repairs to Wyman's ramp. Commissioner Hopley asked Port staff to look into the ability to expand the use of the ramp to capture or stimulate additional commercial business at this facility.

For Port properties, the Port has gotten a great value from the JDF grant with projects that will continue into 2010. The Port also looks forward to the Public/private partnership with Anthony's restaurant and to new signage for the Boat Haven and Marine Terminal.

Director Elsner also provided the Commission with an update on the Scott Site project and environmental spending, noting the sediment characterization process used by the Port and its notation in the non-operating budget.

Cash Flow –

Executive Director Hyde introduced Director of Finance & Administration Johnson who reviewed Cash Flow for 2010 and projected for 2011-12, showing the assumption that the Commission will still seek to replace E & F Docks and will finance the replacement in part with the issuance of bonds. Director Johnson noted that the cash flow reflected only critical need projects and was still on target with that plan, even with declined revenues and the downturn in the economy. The Port will release its draft budget for 2010 to the public on October 26, 2009. Commissioner Rubin thanked the directors for their thorough presentations.

COMMISSION DISCUSSION

Commissioner Rubin called for any discussion by members of the Commission on topics of their choosing. He noted that from the Commission's discussion at the October 1st meeting, he had asked Administrative Coordinator Lindsey to compose a resolution stating a Commission policy on energy and resource conservation, and thanked her for great work. A copy of the proposed resolution was provided to the Commission for their input. Commissioner Rubin requested discussion from the Commission. Commissioner Niver asked how this resolution would stand with the agreement the Port and other public entities have with the Skagit Council of Governments and the Resource Conservation Manager program position they all fund. Executive Director Hyde explained the program and noted the proposed resolution was aligned with that. Commissioner Hopley wished to see a revision to more strongly state the Commission's position and to add that where practicable the Port would purchase energy saving equipment, making that the foremost statement. Commissioner Rubin will work with Coordinator Lindsey to make the change and bring the resolution back to the Commission.

COMMUNICATIONS

Commissioner Rubin announced that the Port executed a lease agreement with Anthony's restaurant yesterday. Anthony's is scheduled to open at the Boat Haven in July 2010. Executive

Director Hyde noted that Anthony's is on the schedule for the Planning Commission on November 12, and provided that meeting's outcome is successful; Anthony's will hold a groundbreaking ceremony at the Boat Haven on November 13.

Commissioner Rubin observed that it was Executive Director Hyde's birthday today and wished him well on behalf of the Commission.

UPCOMING EVENTS

Executive Director Hyde reported that Cap Sante Boat Have has been selected as the site for two new events in 2010. A boating group called Latitudes and Attitudes is planning to bring about 250 boaters for an event in August, and Jay Field is looking to hold a second salmon derby in late July for professional sport fishermen with a high entry fee.

Warehouse rentals are filling in for the holidays with bookings in November and December.

UPCOMING MEETINGS

Executive Director Hyde reviewed the Commission's upcoming meeting schedule. The next Regular Port Commission meeting will be November 5, 2009 at 7:00 P.M. That meeting will feature a Public Hearing on the Port's 2010 Budget. Members of the Commission will attend the Washington Public Ports Association annual meeting November 18-20 in Seattle, prompting the cancellation of the Regular Study Session meeting normally held the third Thursday of the month. The Commission may include a discussion of bond refinancing on the November 5th agenda, or may hold a special meeting prior to that meeting.

PUBLIC COMMENT PERIOD

Commissioner Rubin 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 Short moved to adjourn, which was seconded by Commissioner Mooney. Commissioner Rubin called for the vote on the motion which carried unanimously, and at 9:40 P.M. the meeting was adjourned.

Attest:

Keith Rubin, President

Pat D. Mooney, Vice-President

Ray Niver, Secretary

Steve Hopley, Commissioner

William L. Short, Commissioner

Julie Johnson Lindsey, Administrative Coordinator
October 15, 2009