

Port of Anacortes
Regular Commission Meeting
December 3, 2009

The Port Commission of the Port of Anacortes held its regular business meeting at 7:00 P.M. on the evening of December 3, 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, Project Manager Estvold, Accountant Dutton, HR Generalist and Operations Assistant Herrick, and Administrative Coordinator Lindsey.

Others in attendance included Susan Musselman of DashenMusselman and Deanna Gregory of K&L Gates.

CALL TO ORDER

At 7:00 P.M. Commission President Rubin called the regular meeting of December 3, 2009, to order and welcomed all in attendance. He noted that following the second public comment period the Commission would enter into Executive Session to discuss real estate matters. The Executive Session was anticipated to last for one hour, and action might or might not be taken.

PRESENTATION

Cost Cutter Awards: Executive Director Hyde introduced HR Generalist and Operations Assistant Lindsey Herrick and Accountant Molly Dutton, whose combined work on the 2009 budget document was estimated to have saved the Port \$3,300 in outside costs and 120 hours of staff time compared to prior years. Commissioner Rubin presented both with a Cost Cutter mug and certificate and thanked them for their service to the Port. Commissioner Hopley concurred, noting that it had been a default in the past for the Port to use more outside services. He was pleased to see this work done in house, and believed the default for the Port should be to do as much in house as possible.

PUBLIC COMMENT PERIOD

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

CONSENT AGENDA

Commissioner Rubin called for any objections to the consent agenda. He noted that as he had a professional relationship with Barrett Financial, he would recuse himself from voting on that item of the agenda. Hearing no other changes or objections, Commissioner Rubin read the consent agenda items: Approval of Minutes of the Regular Meeting and Public Hearing of November 5, 2009, and Special Meeting/Groundbreaking of November 13, 2009; Approval of Vouchers No. 11-1 through 11-192 totaling (\$3,498,464.53); Approval of the October 2009

Treasurer's Report totaling \$11,256,357.12; and action items for: 2010 No-charge and Promotional Moorage and Boat Launch Rates for Designated Events – a list of which was provided with the item, and Authorization to Extend Lease Terms with Barrett Financial, Ltd. for the westerly half of Suite "I" of the West Basin Building. Commissioner Rubin called for a motion for approval. Commissioner Short moved to approve the consent agenda. Commissioner Mooney seconded the motion. Commissioner Rubin called for a vote on the motion, which carried unanimously, with Commissioner Rubin recused on the Barrett Financial item.

REGULAR AGENDA

ACTION ITEMS

Authorization for Pre-Construction Services for Pier 2 North Stormwater Conveyance and Treatment, Project MRT-11 -

Executive Director Hyde briefed the Commission on this item which requested authorization for consultant services for 100% engineering design of the Pier 2 North stormwater conveyance and treatment solution, including design and installation of a temporary construction stormwater management system to be used during renovation of the settling pond, equipment procurement assistance, and bidding assistance.

The Port has negotiated with Kennedy Jenks, an engineering consulting firm and the Port's current stormwater consultant for a full design to eliminate discharge of stormwater and wash water for Pier 2 North. To ensure compliance with the Industrial Stormwater General Permit for Pier 2 North, and to meet the terms of the settlement agreement with RE Sources, the Port must implement treatment of stormwater and wash water from the coke-loading area of Pier 2 to eliminate discharge of this water into the Guemes Channel. Originally scheduled for start in 2010, staff is seeking to begin the project now in order to come into compliance sooner. Based on Kennedy Jenks' technical report on potential treatment alternatives, staff has determined that routing stormwater and process wash water from the coke loading operations to the City of Anacortes's sanitary sewer system is the best treatment solution. The Port has a memorandum of understanding with the City for treating the wash water as waste water and currently pumps water to the City from the Pier 2 materials handling area. The City will be able to control the pumping using telemetry. The Port will expand the retention pond and install other specialized equipment to trap sediment. Funding for the project will come from the Tax Fund.

In response to questions from the Commission, Executive Director Hyde noted that the Port is still seeking a final written agreement with the City and this action is predicated on that. If a final agreement with the City is not worked out, the Port would look into building its own treatment facility. The cost for design of the project as presented today is about a third of the estimated costs of the overall project.

With discussion concluded, Commissioner Rubin called for a motion. Commissioner Mooney moved to authorize the Executive Director to execute a Consultant Service Agreement for Engineering Design of Pier 2 stormwater treatment not to exceed \$278,000. Commissioner Short seconded the motion. Commissioner Rubin called for a vote on the motion, which carried unanimously.

Resolutions No. 1209A and 1209B – Bond Refunding –

Executive Director Hyde introduced Director of Finance & Administration Johnson, bond consultant Susan Musselman of DashenMusselman, and Deanna Gregory of K&L Gates, the Port's bond counsel firm, who summarized the resolutions for the Commission.

The Port has two series 1998 Revenue Bonds, A and B series. The resolutions before the Commission would refund all of the 1998 bonds and the proceeds of the new bond issues, approximately \$7,505,000, will pay them off. Executive Director Hyde and Director Johnson were present for the sale earlier today with the new bonds receiving A3 and BAA1 ratings. Refinancing was split into two issues to take advantage of the rating of the LTGO bonds. Net value to the Port is a savings of approximately \$675,000, just under 9% of par value of the bonds, equating to an annual savings of \$86,000 per year. The True Interest Cost (TIC) is 3.41% plus issuance with the All In Cost (AIC) including refinancing being 3.57%. Seattle Northwest Securities served as the underwriter for the bonds.

The results of the sale today are two resolutions for Commission approval, Resolution No. 1209A Revenue Bonds, and Resolution No. 1209B LTGO Bonds. These are fixed rate bonds, the bonds are tax exempt, with the proceeds placed into an escrow fund until the final call date.

Commissioner Rubin called or any questions for Director Johnson or discussion from the Commission. In response to questions, Director Johnson noted that these bonds are consistent with the maturities the Port previously had, with a cash flow savings each year. The action item references a \$700,000 amount which is currently in restrictive reserve. This is a self-restrictive reserve fund. Several members of the Commission commented on the savings to the Port and the positive outcome of taking this action.

Commissioner Rubin inquired whether one motion or two motions for adoption should be made. Director Johnson advised in favor of two motions. Commissioner Rubin called for the motions. Commissioner Hopley moved to adopt Resolution No. 1209A - Revenue Refunding Bonds, 2009. Commissioner Mooney seconded the motion. Hearing no further discussion, Commissioner Rubin called for a vote on the motion, which carried unanimously. Commissioner Hopley moved to adopt Resolution No. 1209B – Limited Tax General Obligation Bonds, 2009. Commissioner Short seconded the motion. Hearing no further discussion, Commissioner Rubin called for a vote on the motion, which carried unanimously.

Resolution No. 1210 – Authorizing Broadcast of Port Commission Meetings on Skagit County Channel 21 and Streaming Video –

Executive Director Hyde reviewed the item for the Commission, requesting authority to enter into a contract with Skagit County for the broadcast of Port Commission Meetings on their government access Channel 21 and via their web-based streaming video. He noted the Port had been working for over a year to establish this agreement with the County, which had approached him initially about making this service available to the Port. The fee quoted by the County for this service is \$700 per month, and is similar to the service used by the Port currently for playback of Commission meetings on Channel 10 in Anacortes. Channel 21 serves the South Fidalgo Island, Bayview, and Samish Island areas of the Port district not covered by Channel 10.

Commissioner Rubin called for any questions or discussion by the Commission.

Commissioner Hopley noted that although the action item notes Channel 21 as a Comcast channel, as the government access channel is in Anacortes, in Bayview and Samish Island the

access channel is seen on Wave cable. He believed streaming video had a lot of utility, but didn't think there would be as much interest in or use of viewing the meetings on Channel 21, and encouraged staff to explore whether only streaming video could be arranged at a savings.

With discussion concluded, Commissioner Rubin called for a motion. Commissioner Short moved to approve Resolution No. 1210, authorizing the Executive Director to enter into a contract with Skagit County Government for a total amount not to exceed \$8,500 annually, for the broadcast of Commission meetings and Port information via Government Access Channel 21 and via web-based streaming video. Commissioner Mooney seconded the motion. Commissioner Rubin called for a vote on the motion, which carried unanimously.

Authorizing the Executive Director to Execute Contracts for the Former Scott Site Paper Mill Cleanup Project, Phase 2 – Project #ENV-01B -

Executive Director Hyde introduced Director of Engineering Elsner, who briefed the Commission on this item, requesting Executive Director authorization to execute the necessary contracts to efficiently implement the Scott Site Cleanup Project. Director Elsner explained that on July 16th of this year, the Commission had authorized a budget delegation of \$20,886,570 to complete the construction elements associated with the Former Scott Paper Mill Cleanup Project. Based on this budget authorization, the construction contract with Pacific Pile & Marin was executed, as were multiple engineering contracts for construction management services and purchase orders for materials and equipment. In moving into Phase 2 of the project, the need to enter into service contracts to efficiently manage the Pier 2 Material Handling Facility brought concern from the staff that ambiguity existed between the July 16th delegation and the 1985 Resolution No. 725 which limits the Executive Director authority for service contracts to those valued at less than \$40,000. This action sought to clarify the July 16th authorization by delegating to the Executive Director the necessary authority to execute all service contracts, material procurement, and professional service contracts that fall within the Project's budgeted guideline in order to efficiently implement the Scott Site Cleanup.

In response to questions from the Commission, Director Elsner noted this had come forward when a contract for the cleanup exceeded the \$40,000 amount. The authorization sought by this item was limited to Phase 2 of the Scott Site Cleanup project.

Hearing no further discussion, Commissioner Rubin called for a motion. Commissioner Short moved to delegate to the Executive Director the authority to execute the necessary service, material procurement, and professional service contracts to efficiently manage the authorized construction budget for Phase 2 of the Former Scott Paper Mill Cleanup Project. Commissioner Niver seconded the motion. Commissioner Rubin called for a vote on the motion, which carried unanimously.

STUDY SESSION

Third Quarter Budget Review

Director of Finance & Administration Johnson provided the Commission with a review of the Port's third quarter finances.

Operating Revenues: Operating revenues at \$7.6 million were lower than the \$8.1 million from the previous year. Director Johnson cited several causes for the lower third quarter revenues, including a slow down in the shipment of petroleum coke from the Marine Terminal due in part

to problems with impurities in the coke earlier this year. The Boat Haven has also experienced approximately \$100,000 lower revenues in moorage, partially due to no 2009 increase to moorage rates.

Operating Expenses: Expenses have been kept low and noted that the stevedoring contract with the Port and the refinery was in its third year and would be brought up to date at the end of the year. The Port also had higher expenses for fuel in 2009 compared to 2008, with fuel sales and revenues up at the fuel dock which sold \$226,000 in fuel so far this year. Director Johnson noted that Director of Operations Hachey has done a good job of making the fuel dock at the Boat Haven a great attraction for boaters.

Net Operating Income: Net income was a little below budget but not off by a significant amount.

Non-Operating: Director Johnson reviewed grants and recoveries versus expenses, including the high volume of environmental activity the Port has underway.

Net Income to Date: Director Johnson reported that these numbers were a little below budget but not significantly off from 2008.

COMMISSION DISCUSSION

Commissioner Rubin called for any discussion by members of the Commission. He noted that he had begun planning for the Commission's annual winter retreat and would like to set a date and have input for topics of discussion. The consensus of the Commission was for a January 19th, 2010 date. Port staff will determine a location.

Commissioner Short reported that a moorage tenant at the Boat Haven had voiced concern over the condition of a number of untended boats at E Dock. Commissioner Short inquired whether the Port has a policy to address this or if one should be created. Executive Director Hyde noted that Port staff pays particular attention to these vessels and do a great of calling an owner if their boat is in trouble or if they fall behind in their moorage payments.

Commissioner Rubin observed that it was time for the annual evaluation of the Executive Director and suggested an Executive Session at the end of the next regular meeting on December 17th to have the review.

Commissioner Rubin also observed that the Commission would elect officers at their first meeting of the new year on January 7th, 2010 and that he would like to begin that discussion now in preparations for that meeting. Commissioner Rubin noted that he would be in favor of maintaining the same officers for 2010 and asked for any discussion by the Commission. Commissioners Short and Hopley both voiced agreement with this idea.

Commissioner Rubin inquired about the status of prilled sulfur shipments by the Marine Terminal and thought there could be an opportunity to re-examine the 2010 budget to include this next year. Executive Director Hyde noted that sulfur shipments are still in the planning stages with the earliest optimistic shipments occurring in the spring. Commissioner Hopley noted there would be plenty of time to consider the financial impacts prior to the next budget planning session. Commissioner Niver agreed, observing the Commission should consider real numbers once they are available.

COMMUNICATIONS

Scott Site Update

Director of Engineering Elsner provided the Commission with an update and slide presentation on the Former Scott Paper Mill site cleanup. Phase One has been completed, including utility modifications and upland preparations for shoreline dredging. All parking areas and roads have been reconnected. Upland excavation on Port property will begin in the spring. Crews are continuing with in-water dredging and moving material from the Scott Site through the Pier 2 handling facility with debris, mostly wood waste that cannot be disposed of in-water being trucked to an eastern Washington disposal site. Director Elsner noted the economic impacts of the project are many for Anacortes, with an estimated 25 truck drivers spending each Tuesday and Thursday nights in local motels, buying local fuel, and eating at local restaurants. Workers have begun construction of the attenuator breakwater with a 100 foot test section underway. The Port is pursuing discussions with Kimberly Clark in regards to the high amounts of wood waste, noting Port staff and consultants had determined there would be a large amount of wood waste, contrary to Kimberly Clark's position. The Port has documented all additional costs and has agreements in place to negotiate cost recovery.

Executive Director Hyde reported on the following:

The Port Warehouse Transit Shed is currently being prepared for the Island Hospital Foundation's annual Celebration of Trees, held December 4-6.

The next Project community tour is scheduled for December 14th at 4:00 p.m. and will tour the Dakota Creek and Scott site projects.

The Transit Shed will be open for those wishing to be inside and out of the wind for viewing the annual Christmas Boat Parade. The parade will be departing the Cap Sante Boat Haven at approximately 5:30 p.m. on December 19th.

Commissioner Rubin noted that he and Commissioner Mooney would attend the Port's exit conference with the State Auditor's office on December 9th. Director of Finance & Administration Johnson noted that the Port anticipated no findings.

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 17, 2009, at 7:00 P.M. Agenda items will include annual service contract renewals for 2010.

PUBLIC COMMENT PERIOD

Commissioner Rubin opened the public comment period for items not on the regular agenda. Hearing no one with a desire to address the Commission, the public comment period was closed.

EXECUTIVE SESSION

Commissioner Rubin announced that the Commission would take a ten minute recess before

moving into Executive Session to discuss real estate matters. The Executive Session was expected to last for one hour and that action might or might not be taken following. The Commission recessed at 8:35 P.M. and moved into Executive Session at 8:45 P.M. At 9:06 P.M. the Commission came out of Executive Session. Commissioner Rubin announced that no action would be taken at this time regarding the real estate matters discussed.

ADJOURNMENT

With no further business to come before the Commission, Commissioner Mooney moved to adjourn, which was seconded by Commissioner Short. Commissioner Rubin called for the vote on the motion, which carried unanimously and at 9:07 P.M. the meeting 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
December 3, 2009