

Port of Anacortes
Regular Commission Meeting
January 7, 2010

The Port Commission of the Port of Anacortes held its regular business meeting at 7:00 P.M. on the evening of January 7, 2010. 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 Operations & Facilities Hachey, Director of Engineering Elsner, Marina Manager Fowler, Project Manager Estvold, Operations II Burns, Marina Coordinator Smith, and Executive Assistant Lindsey.

Others in attendance included Anacortes Mayor Dean Maxwell, Skagit County Commissioner Ron Wessen, Superintendent of Schools Chris Borgen, and Chamber of Commerce Executive Director Mitch Everton.

OATHS OF OFFICE

At 7:00 P.M., prior to calling the regular meeting to order, Commission President Rubin and Executive Director Hyde introduced Anacortes Mayor Dean Maxwell and Skagit County Commissioner Ron Wessen. Mayor Maxwell Administered the Oaths of Office to re-elected Commissioners Niver, Short and Rubin.

CALL TO ORDER

At 7:02 P.M. Commission President Rubin called the regular meeting of January 7, 2010, to order and welcomed all in attendance. He thanked Mayor Maxwell for administering the Oaths of Office and thanked Commissioner Wessen, Superintendent Borgen, and Chamber of Commerce Executive Director and School Board member Everton for their attendance. Commissioner Rubin noted that following the second public comment period the Commission would enter into Executive Session to discuss a personnel matter – evaluation of public employee. The Executive Session was anticipated to last for one hour, and action might or might not be taken.

PRESENTATION - Port Employee of the Year for 2009

Executive Director Hyde introduced Operations II Dan Burns who was voted by his co-workers as 2009's Port Employee of the Year from a field of twelve nominees. Dan serves as the Trailer Boat Launch and Fuel Dock supervisor at the Cap Sante Boat Haven and was featured in the Port's January newsletter. A native of Billings, Montana, Dan came to the Pacific Northwest by way of a twenty year career in the United States Navy. After retiring from the Navy, Dan completed Washington State Reserve Law Enforcement training and was employed as a reserve deputy for both the Island County Sheriff's Department and the LaConner Police Department before coming to work for the Port, initially as a member of the Port's Security Team before moving to the Boat Haven full time. Executive Director Hyde introduced Dan's wife Leonarda, who joined him to witness his award.

Commissioner Rubin presented Dan with a plaque commemorating his honor and, on behalf of the Commission, thanked him for his outstanding service to the Port.

UPDATE – Natural Resources Defense Settlement

Executive Director Hyde introduced Director of Engineering Elsner who provided the Commission and those assembled with an update on the status of the Port's NRD Settlement agreement with the Department of Ecology and Former Scott Paper Mill site owners Kimberly Clark. Included in the settlement agreement was funding for in-water habitat work, eelgrass mitigation and beach restoration, with Kimberly Clark along with Northwest Straits funding \$500,000. A third component of the settlement agreement was for the provision of educational funding, with \$50,000 for Western Washington University (WWU), and \$50,000 to the Anacortes School District (ASD), for marine science and related programs. Director Elsner noted that the Port will be transmitting the funds to both WWU and ASD.

PUBLIC COMMENT PERIOD

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

1. *Mr. Chris Borgen, Superintendent of Schools for the Anacortes School District, addressed the Commission. Mr. Borgen thanked the Port for the wonderful gift. He thanked Executive Director Hyde, the Commission, and Director Elsner for keeping ASD in mind and noted the \$50,000 would be directed to the district's science programs and would fund science activities working with Western Washington University, the Port, and the Department of Ecology at the Scott site. On behalf of the School District and the Anacortes School Board, Mr. Borgen thanked the Port for being what he termed, a champion of education.*

2. *Mr. Mitch Everton, speaking for the Anacortes School Board, thanked the Port for the funding. He noted that the school district hadn't had a lot of great news this year and agreed with Superintendent Borgen that this was wonderful news. Mr. Everton also offered his congratulations to the three re-elected Commissioners.*

Speaking on behalf of the Anacortes Chamber of Commerce, Mr. Everton addressed the Service Contract with the Chamber, noting that in past years the annual contract had been for \$15,000, while for 2010, the Chamber was requesting \$25,000 and reviewed the differences in the 2010 proposed scope of work. Mr. Everton observed that one item, funding \$5,000 for the Anacortes Mural Project, was essentially a "pass-through" and that in past years, the Port had also provided the Chamber with free use of the main warehouse "Transit Shed" for Chamber events, and that the Chamber would now be paying the regular rate for use of the facility. The Chamber holds numerous events in the Transit Shed each year, among them the Waterfront Festival Kick-off Dinner, the Chamber Wine Festival, the Jazz Festival, and the Chamber Cheers event. These funds will come back to the Port, totaling roughly \$5,000. Mr. Everton voiced appreciation for the Commission opening the Transit Shed venue for use by the community. He believed the \$10,000 increase to the contract was fair to both the Chamber and the Port.

Commissioner Rubin thanked Mr. Borgen and Mr. Everton for their comments. Hearing no others with a desire to address the Commission, the floor was closed.

CONSENT AGENDA

Commissioner Rubin read the consent agenda items: Approval of Minutes of the Regular Meeting/Executive Session of December 3, 2009, and Regular Meeting Work/Study Session and Executive Session of December 17, 2009; Approval of Vouchers No. 12-1 through 12-172 totaling (\$3,803,265.29); Approval of the November 2009 Treasurer's Report totaling \$11,004,682.80; and an action item for: Project Acceptance for Curtis Wharf

Fire Suppression System, Project #071-03 , which accepted as complete the construction contract with Commercial Fire Protection, Inc., for the construction elements associated the installation of a dry fire sprinkler system underneath the wood-asphalt dock. Hearing no changes or objections to the consent agenda, 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.

REGULAR AGENDA

ACTION ITEMS

Executive Director Authorization to Enter into a Service Contract wit the Anacortes Chamber of Commerce for the Calendar Year 2010 -

Executive Director Hyde briefed the Commission on this item which requested authorization for the annual service contract with the Chamber of Commerce, making note of the Port's relationship with the Chamber, and Executive Director Everton who has been a part of many key initiatives for the Port, including aiding in brining Anthony's restaurant and the PassageMaker Trawlerfest boating event to the Cap Sante Boat Haven. Executive Director Hyde noted that the Chamber was now a very functional entity. In reviewing the scope of work, he reviewed the funding for two murals for the Boat Haven from local mural artist Bill Mitchell. He observed that a few years ago the Commission had approved an increase for the Chamber Contract when support for the Anacortes Salmon Derby was added, and that the 2010 contract scope calls for the addition of the Anacortes Workboat Races as an annual event.

In clarification and response to questions from the Commission as to why the Port did not contract with Mr. Mitchell directly for the murals, Executive Director Hyde explained that Mr. Mitchell prefers to retain ownership of the murals. The Port cannot pay for items it does not receive in ownership and therefore contracts with the Chamber in order to have murals for its facilities. The Port receives a quarterly report from the Chamber on services rendered and the Finance Department does not pay any Chamber invoice submitted without that report.

With questions concluded, Commissioner Rubin called for a motion. Commissioner Mooney moved to authorize the Executive Director to execute a service contract with the Anacortes Chamber of Commerce for the year 2010 in an amount not to exceed \$25,000. Commissioner Hopley seconded the motion. Commissioner Rubin called for any further discussion. Commissioner Niver voiced that this was a much better contract than in past years and noted Mr. Everton had done more to organize the Chamber than his predecessors. Hearing no other discussion, Commissioner Rubin called for a vote on the motion, which carried unanimously.

Speaking in regards to the NRD Settlement, Commissioner Hopley noted his pleasure in the Port being able to direct the funding to the School District and WWU. He wished to make it clear that although Superintendent Borgen had phrased his thank you for the "giff", that the funds were not a gift but rather an obligation the Port was required to make, and selected these two educational entities, which were well-deserving. He noted mandated payments were easier to make when going to a good cause.

Mr. Borgen thanked the Port and Commission again for their partnership with the Anacortes School District.

Election of Officers –

Commissioner Rubin opened the floor for nominations for the election of officers. Commissioner Short nominated Commissioner Rubin to serve as President. Commissioner Niver seconded the nomination. Commissioner Rubin asked for any other nominations. Commissioner Hopley moved to retain the same slate of officers as had served in 2009 for the 2010 year. Commissioner Niver seconded the motion. Hearing no other nominations, Commissioner Rubin called for a vote on the motion, which carried unanimously.

Appointment of Commission Delegates to Organizations –

Commissioner Rubin reviewed the organizations and delegations to be decided upon by the Commission. The first of these was the Port/City Liaison Committee, currently served by Commissioners Short and Hopley. Commissioner Short indicated his desire to continue on the Committee. Commissioner Hopley noted he served at the pleasure of the Commission and would serve again if asked. Commissioner Rubin asked whether any others wished to serve on this Committee, with no other nominations.

The second organization was the Skagit Council of Governments (SCOG) and Regional Transportation Planning Organization (RTPO), a division of SCOG. Commissioner Rubin noted that Commissioner Niver had served for sometime on this board. Commissioner Niver observed that he had been serving as the Port's representative to SCOG/RTPO for seven years, noting that Commissioner Hopley had served for one year as well. He stated he would like to continue to serve in this capacity. Commissioner Rubin noted that Commissioner Mooney was also interested in serving in that position. Commissioner Mooney had previously served on the SCOG Revolving Loan Fund Committee, which rotated each year with Skagit County and was not administered by SCOG in 2010. Commissioner Rubin called for discussion by the Commission. Commissioner Short nominated Commissioner Mooney to serve on SCOG/RTPO. Commissioner Mooney seconded his nomination. Both Commissioners, Mooney, and Niver, voiced their reasoning for wanting to serve on the board with Commissioner Mooney desiring more communication back to the Port and Commissioner Niver citing the effectiveness of consistent attendance and continuity. Commissioner Short supported Commissioner Mooney and Commissioner Hopley supported a nomination for Commissioner Niver.

Commissioner Rubin asked if either Commissioner wished to withdraw their name from nomination, which was not the case. He asked if the Commission would like to delay the vote and table the question of who would serve until the next meeting. Hearing no motion to table, he called for a vote on the nomination of Commissioner Mooney as SCOG/RTPO representative. The motion failed 2-3 with Commissioners Short and Mooney in favor, and Commissioners Hopley, Niver, and Rubin opposed. Commissioner Hopley moved to nominate Commissioner Niver. Commissioner Niver seconded his nomination. Commissioner Rubin then called for a vote on the nomination of Commissioner Niver as representative. The motion failed 2-3 with Commissioners Hopley and Niver in favor and Commissioners Short, Mooney, and Rubin opposed. Commissioner Rubin suggested that the same representative, Commissioner Niver continue to serve until a decision can be reached by the Commission.

The last organization delegates for consideration were for the Washington Public Ports Association (WPPA). Traditionally the Commission President and Vice President have served as the delegate and second or alternate delegate. Commissioner Mooney indicated he would like to serve as the second delegate. Commissioner Rubin called for any others, hearing none, he and Commissioner Mooney were selected as delegates to WPPA.

Project Acceptance of the Former Scott Paper Mill Cleanup Project – Phase 1, Project #ENV-01A -

Executive Director Hyde introduced Director of Engineering Elsner, who briefed the Commission on this item, requesting the Commission to accept as complete the construction contract with RAM Construction General Contractors, Inc. for the construction elements associated with Phase 1 of the Former Scott Paper Mill Cleanup project. Phase 1 elements included shallow upland remedial excavations located on the western portion of the site; various utility relocations including water, gas, electrical, and sewer including a replacement sanitary sewer lift station; installation of a temporary haul road along 17th Street to facilitate site access to and from the shoreline for Phase 2 project elements, and site restoration including pavement and landscape areas.

Director Elsner provided the Commission with a slide presentation detailing the work accomplished in Phase 1. He explained that because of the extensive sampling the Port had done, crews were able to determine where to dig as precisely as possible. Director Elsner noted that all volumes of materials for disposal from these excavations were smaller than predicted. In relocating the utilities approximately 50% of the materials were unsuitable for reuse and were disposed of. He reviewed the cost management involved in a project of this scope, noting that the Port staff is managing not only the budget for this Phase, but also for the overall totals for all Phases. Presently \$390,000 surplus in Commission approved funding will be going forward into Phase 2, roughly one third under budget overall thus far. Although there are still some element of Phase 1 to complete, all construction elements of the Phase are completed for Commission approval.

Following questions from the Commission, Commissioner Rubin called for a motion. Commissioner Mooney moved to accept, as complete, the construction contract with RAM Construction General Contractors, Inc. for Phase 1 of the Former Scott Paper Mill Cleanup Project, project #ENV-01A. Commissioner Hopley seconded the motion. Commissioner Rubin called for any discussion and hearing none, called for a vote on the motion, which carried unanimously.

COMMISSION DISCUSSION

2010 Port Day in Olympia

Commissioner Rubin called for any discussion by members of the Commission. He noted that the now annual WPPA sponsored “Port Day” at the State Capital would take place on February 1st. In 2009 the Commission authorized two commissioners to attend, along with the Executive Director, and Commissioner Rubin wished to see the Port represented again for 2010. He volunteered to attend as did Commissioner Short. Commissioner Rubin requested an action item at the next regular Commission meeting to approve expenses and overnight lodging for those attending. He noted the Port’s portable display booth will be at the Seattle Boat Show during the same time period, so the Port will not have a display at the Capital this year.

Special Commission Meeting, January 20, 2010

Commissioner Rubin reported on the Anacortes Chamber of Commerce sponsored “Meet Your Port Commissioners” night, January 20, 2010 at the Anacortes Public Library. He led a discussion regarding ideas and format for this informal meeting with the business community. This is considered a Special Meeting for the Commission and has been noticed as such.

Puget Sound Energy Green Energy Program

Commissioner Hopley reported that Puget Sound Energy (PSE) has a green energy program in which customers like the Port can elect to have some portion or all of their energy consumption come from green, renewable sources. Surcharges from the purchase of green energy go to fund these types of services. Commissioner Hopley believed the Port should volunteer for the program. He noted he would ask a representative from PSE to attend the next regular meeting to discuss and report on the program and its costs. Commissioner Hopley observed that the City of Bellingham is a member, as is Whatcom County, the Port of Coupeville, and others. He noted that he participates in the program personally; recognizing that the monetary costs are greater, but ultimately the overall costs in terms of the environment are less.

Seattle Boat Show

Commissioner Short requested that the Port's display booth at the Seattle Boat Show include a chart showing where Anacortes is located.

UPDATE – Scott Site

Director of Engineering Elsner provided an update on the current Phase of the Scott Site Clean-up Project and the economic development impact the project has made in the community. He noted that last month the Commission had heard from David Ashbach of ILWU speak about the beneficial impacts to the community and local businesses from the project. Director Elsner noted that the Port itself benefits from the project from a business standpoint. For example, Port operations benefit from billing the project for use of Pier 2, for boat moorage at the Boat Haven and barge dockage at the Marine Terminal, forklift rental, fuel sales, and property leases for the storage of the Seafarers' Park Building and Pier 2 for the area needed for the materials handling facility. The Port submits billing to the Department of Ecology and our funding partners, and then the Port receives a check. Likewise, all Port staff members who work on the Scott Site project have their hours charged to the project and these are also reimbursed to the Port, an average of \$50,000 each month in G & A labor. Director Elsner reported that through November of 2009, the Port had reported \$330,000 of internal costs billed through Ecology and Chartis received from the project.

Director Elsner observed that the external impacts of the project are even greater, noting the great many jobs generated by the project both locally and regionally, including Port staff, the many contractors and subcontractors and their employees, the ILWU workers, the employees at the quarry where the rock for the wave attenuators is coming from, the operators at the Wenatchee land fill dedicated to the project, and the truck drivers, barge operators, and so on. Director Elsner noted that this is a core piece of what we, as a port, do in terms of economic development.

Director Elsner also updated the Commission on the Department of Ecology (DOE) and their funding from the State. He noted this will be the second year in a row that the State Legislature will raid the Model Toxics Control Account (MTCA). The DOE has completed a study of the impacts that DOE funding has on local communities. As evidenced here in Anacortes, environmental cleanup funds have a greater impact than standard construction funds. Director Elsner observed that at least at the Scott Site, the Port is fully funded for the project. However, Tim Nord of DOE has requested that the Port slow down on its remaining environmental projects beyond the Scott Site.

Commissioner Hopley observed that the Scott Site project and environmental cleanup as a profit center had to be one of the most effective things a port can do. He noted this roughly \$30 million dollar project generates jobs and development, noting that the cleanup of the former Cap Sante Marine site at the Boat Haven was ultimately the catalyst for the Anthony's lease, with the second benefit being a new business and increased jobs for the community. Commissioner Hopley encouraged the Port to continue its environmental cleanup activities and to aggressively pursue the economic and environmental benefits as a win-win for all involved.

COMMUNICATIONS

Executive Director Hyde reported on the following:

The next Project Community Tour is scheduled for January 11th at 4:00 p.m. and will meet at the Dakota Creek office at 4th & Q Avenue and will then proceed to the Scott site project area.

Commissioner Rubin noted that the Port had received a nice letter from Mac Madenwald and Wendy Grey, the first recipients of the Port's new burgee, denoting long-term tenancy. The letter praised the Port, the Boat Haven and Port staff.

Executive Director Hyde reported that Anthony's was scheduled to submit their plan package to the City today and the City had indicated they would handle it with a 10-day turnaround.

UPCOMING MEETINGS

Executive Director Hyde reviewed the Commission's upcoming meeting schedule.

The next Regular Port Commission Meeting will be a Special Meeting/Commission Retreat at the Padilla Bay Breazeale Interpretive Center on January 19, 2010, followed by the Special Meeting/Meet Your Commissioners evening sponsored by the Chamber of Commerce on January 20, 2010, and the Regular Meeting Work/Study Session on January 21, 2010. The first Regular Meeting of February is February 4, 2010. Executive Director Hyde noted that a meeting is being arranged by the City to include the Port and the Chamber of Commerce board sometime in February for the purpose of discussing the Anacortes Futures Project. This will be a formal meeting, possibly the first for the three groups involved, and will most likely be held at the Anacortes City Hall.

Commissioner Rubin noted that the Commission will see a presentation from the Futures Project at their January 21st meeting, and the Commission will discuss how to move forward. Commissioner Niver observed that the Commission had not yet discussed its interest in what the Futures Project would do for the Port or a need for the Port to utilize any of the information generated thus far for Port business.

Additionally, Executive Director Hyde reported that February 16th is the tentative date for the Commission's annual joint meeting with the Port of Skagit County.

POINT OF ORDER

For purpose of clarification regarding the earlier selection of delegates to organizations, Commissioner Niver noted that some of the Commission delegates remained undetermined and the action items as a whole had not been voted upon. After a brief discussion, Commissioner Hopley moved to affirm the appointments of Commission delegates to

organizations as discussed: City/Port Liaison Committee – Commissioners Short and Hopley, Washington Public Ports Association – Commissioners Rubin and Mooney. Commissioner Short seconded the motion. Hearing no further discussion, Commissioner Rubin called for a vote on the motion, which carried unanimously. The Commission will select the delegate for SCOG/RTPO at the next regular business meeting.

PUBLIC COMMENT PERIOD

Commissioner Rubin opened the public comment period for items not on the regular agenda. He thanked County Commissioner Wessen for his attendance and was glad he was present for Director Elsner's environmental presentation. Commissioner Niver noted the County's grants for Dakota Creek Industries and the Wyman's Ramp, and Executive Director Hyde observed the County owned Guemes Ferry pays dockage at Curtis Wharf when in need of repairs.

3. *County Commissioner Ron Wessen, 7210 Water Road, Bow, WA, addressed the Commission and expressed the County's desire to work with the Port, noting that with the economic situation being what it is we all need to work together to create jobs and generate tax revenues.*

Commissioner Rubin thanked Commissioner Wessen once again. 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 a personnel matter – evaluation of public employee. The Executive Session was expected to last for one hour and that action might or might not be taken following its conclusion. The Commission recessed at 8:40 P.M. and moved into Executive Session at 8:55 P.M. At 9:57 P.M. the Commission came out of Executive Session. Commissioner Rubin announced that no action would be taken at this time regarding the personnel matter discussed.

ADJOURNMENT

With no further business to come before the Commission, Commissioner Mooney moved to adjourn, which was seconded by Commissioner Niver. Commissioner Rubin called for the vote on the motion, which carried unanimously and at 9:58 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, Executive Assistant
January 7, 2010