

Port of Anacortes
Regular Commission Meeting
July 1, 2010

The Port Commission of the Port of Anacortes held its regular business meeting at 7:00 P.M. on the evening of July 1, 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, and Commissioner Hopley. Commissioner Short was excused.

Also in attendance: Executive Director Hyde, Director of Finance & Administration Johnson, Director of Operations & Facilities Hachey, Director of Engineering Elsner, Marina Manager Fowler, and Executive Assistant Lindsey.

CALL TO ORDER

At 7:03 P.M. Commission President Rubin called the regular meeting of July 1, 2010, to order and welcomed all in attendance.

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 read the consent agenda items: Approval of Minutes of the Regular Meeting of June 3, 2010, Special Meeting of June 7, 2010, Regular Meeting Work/Study Session of June 17, 2010 and Special Meeting of June 21, 2010; Approval of Vouchers No. 6-1 through 6-157 totaling (\$1,825,465.67); Approval of the May 2010 Treasurer's Report totaling \$10,343,096.59; and an action item: Schedule for 2011 Budget Adoption – using alternate dates. Commissioner Rubin called for any objections to the consent agenda. Hearing none, Commissioner Rubin called for a motion for approval. Commissioner Hopley moved to approve the consent agenda. Commissioner Mooney seconded the motion. Commissioner Rubin called for a vote on the motion, which carried 4-0 with Commissioner Short absent.

REGULAR AGENDA

NEXT STEPS

Proposed Resolution No. 1221 – Establishment of a Start-up Business Policy -

Executive Director Hyde introduced the proposed resolution, establishing a Business Start-up Lease Policy and delegating administrative authority to the Executive Director for leases to Start-up businesses. He noted the Commission had discussed such a policy at their meeting of June 7, 2010 and reviewed the proposed criteria such a policy would include. Executive Director Hyde also reviewed current lease guidelines and the setting of rates per the Commission action

of March 5, 2009 and per Resolution No. 733, adopted November 14, 1985, which stated a requirement of an 8.5% rate of return.

Commissioner Rubin noted the Commission's discussion of June 7, 2010 regarding both a catch-up and start-up lease, and noted the Commission was of a consensus that a catch-up type of lease plan was within the Executive Director's authority with an end result of 8.5% return, although nothing was written specifically about such a type of lease. Commissioner Rubin observed that a catch-up and a start-up lease were basically two separate items of discussion with the item before the Commission at this time being the start-up lease policy and related criteria. He noted the Commission may wish to review Resolution No. 733 at a future date to consider and update to that policy or combination of all items into a single, inclusive resolution. Discussion from the Commission ensued with members of the Commission determining that proposed Resolution No. 1221 did not need a great deal of further discussion, however, the Commission was interested in having staff draft a single resolution at a future date that would address and combine all present policy directives into a single document.

Commissioner Rubin inquired as to whether staff had had any further discussions with the Anacortes Small Boat Center (ASBC) group regarding a lease. Executive Director Hyde noted that the ASBC had discussed a catch-up lease over a fifteen year period, but decided the risk was too great for their group at this time and had elected to wait to see the outcome of any start-up policy consideration by the Commission.

Commissioner Niver requested a special session to further review the matter and to discuss start-up ground rules with Port staff. Commissioner Rubin agreed and requested a date for a special meeting. A date of July 8, 2010 at 9:00 a.m. was agreed upon.

Commissioner Hopley suggested the Commission set up a sub-committee of two Commissioners to review the current documents and discuss lease policy with Port staff prior to the special meeting. Commissioners Hopley and Mooney volunteered to serve as a sub-committee. The sub-committee and staff agreed that if questions deemed to be of a legal nature arose during discussion; Port legal counsel would be contacted for review prior to the special meeting.

UPDATES

Seafarers' Memorial Park Building –

Director Elsner briefed the Commission on the Seafarers' Memorial Park building status, noting prior discussions from the Commission regarding the possible remodel of that building. He reviewed that under the terms of the Port's agreement with Kimberly Clark and the Dept. of Ecology, the building would be replaced as it existed prior to its move to accommodate the environmental cleanup of the Park, at no charge to the Port. A second story as suggested by members of the Commission would not be funded under the agreement. Director Elsner reviewed the status of remediation areas 8, 9 and 5, all of which abut or involve the building's former location. He noted staff had been working on a slightly alternate relocation of the building to benefit users including additional single digit parking spaces and view corridors, as well as making better use of the overall Park area. In talking with the Northwest Education School District Office, they have indicated a willingness to allow a setback for improved parking and fire lane accessibility. As a possible alternative to a second story for the building, staff has considered including footprints of shed structures for a small boat facility, vendors, and uses by the City Parks and Recreation Dept. and other groups.

Director Elsner reiterated that the project was constrained as to how the Port could spend the funding in the agreement's Endorsement 16 which restricts spending for the building as follows:

Relocation and monthly storage of the building to the lot behind McDonald's	\$130,000
Foundation replacement	\$ 75,000
Electrical and utility hook-ups	\$ 4,000
Building rehabilitation	\$100,000

Director Elsner responded to questions from the Commission. He explained there was a total of \$179,000 (the last three amounts listed) of committed funds for the restoration of the building. He noted it was possible funds could remain out of the Phase 2 budget but noted that would be determined once Phase 3 of the cleanup project is complete as these funds may be used during Phase 3. Director Elsner stated the staff's recommendation was to relocate the building on the Park property to maximize function, maintain it as a single story, and explore options for additional support structures. He noted that the Port was still 4-5 weeks away from starting design on Phase 3, leaving time for decisions to be made.

Commissioner Niver noted there had always been a certain commitment for use of the building by the small boating community and clarified that the concept presented by Director Elsner would look at building separate spaces or structures for this use. He further noted that doing so could allow for removal of the dividing wall in the center of the existing building that creates two spaces, combining them into one large space.

Commissioners Mooney and Hopley both supported spending the funds that would be needed for additional structures on a second story for the existing building.

Executive Director Hyde observed that the Port currently has no funding in place for either the second story or any additional structures. Commissioner Hopley requested comparison costs for both options and the consideration of these costs in reviewing the 2011 Capital Improvement Plan for possible funding to determine the most cost effective approach and/or feasibility. Executive Director Hyde noted that Port staff would research the options presented and bring further information to the Commission at a later date.

Proposed Resolutions No. 1223 - Changes to the Strategic Plan and 1224 – Changes to the Port's Mission Statement –

Executive Director Hyde noted that as discussed at the special Commission meeting of June 21, 2010, staff had drafted Commission recommendations for updating the Purpose Statements for Port facilities contained in the Strategic Plan and updating Tenet No. 6 of the Port's Mission Statement. He explained the proposed changes as follows:

Resolution No. 1223:

Change to Marine Terminal Purpose Statement:

OLD: The purpose of the Marine Terminal is to develop profitable business activities through the orderly and efficient movement of cargo and passengers to and from the water.

NEW: The purpose of the Marine Terminal is to develop primarily water dependent business activities and the orderly and efficient movement of cargo and passengers to and from the water.

Change to Marina Purpose Statement:

OLD: The purpose of the Marina is to provide quality facilities and maximum user service while maintaining safe, profitable, and efficient operations.

NEW: The purpose of the Cap Sante Boat Haven is to stimulate private job creation and commerce through an economically vibrant waterfront destination for recreational and commercial boaters, businesses, and tourism, with community services and facilities that connect Anacortes to its waterfront, while contributing to the Port's overall profitability.

Resolution No. 1224:

OLD: Tenet No. 6 of the Port's Mission Statement – "Concentrate on developments for which the Port is uniquely qualified, primarily marine related activities and transportation."

NEW: "Concentrate on developments for which the Port is uniquely qualified, primarily marine related activities, transportation, and environmental cleanups."

Commissioner Rubin noted that the Commission had held a series of special meetings to discuss the Port's long-term strategic plan that Port staff uses as a guideline, noting the current plan was adopted in the 1990's.

Commissioner Hopley also wished to correct an error in wording that appears in Tenet No. 9 which reads: "Quality of life means an appropriate balance among economical, social, and environmental elements." He recommended changing the word "economical" to "economic". Tenet No. 9 would then read "Quality of life means an appropriate balance among economic, social, and environmental elements." This met with the consensus of the Commission. Commissioner Rubin noted that both Resolutions would be considered for adoption at the next regular meeting.

Scott Site Update –

Director Elsner provided the Commission with an update of work completed and in progress at the Former Scott Paper Mill Site. Active work areas include the northern attenuator, beach area, and removal of the old breakwater. He noted that the wood waste level at the park is 15-20 feet thick and although this area was classified as clean without contaminants, it was structurally unstable and required excavation. The wood materials will be recycled for use. Once excavation to native material is complete, the Port will refill the excavation with rock. On the beach side, the contractor is continuing placement of cap material. The Port's permit requires that the site be returned to the same elevation it started with. The first of the piling for the fixed pier is now underway.

At Remedial Area (RA) 5, crews have encountered the most contaminates thus far with petroleum found 14-18 feet below the surface. Crews have had to dig farther horizontally and vertically than originally determined in order to find non-contaminated soils. This area corresponds to what was mapped as a large tailings pond. Crews this morning uncovered a machine shop with 5-6 layers of heavy oil dumped there over time. The final excavation will take crews into Seafarers' Way and the Port is coordinating with the City to complete this section last.

An estimated worst case scenario for costs with very little reuse of materials would create an excavation budget negative of approximately \$2 million. Director Elsner and Director of Finance & Administration Johnson meet weekly with Chartis, the insurance company representing Kimberly Clark. Engineers for Chartis will be here July 13th to tour the site. Port staff will bring an additional update to the Commission at their July 15th regular meeting.

In response to questions from the Commission, Director Elsner noted that all due care was being taken in regards to both the Seafarers' Memorial and the Lady of the Sea statue.

DISCUSSION ITEM

Policy Discussion – Citizen Proposals –

Commissioner Rubin led a discussion of whether the Commission wished to develop a policy regarding the hearing of citizen proposals. He noted the Commission had touched briefly on the subject at the June 17, 2010 meeting in regards to persons addressing the Commission with a proposal they wish to see discussed or enacted. Commissioner Rubin believed there should be a policy for guidelines regarding such proposals. Commissioners Mooney and Niver were of the opinion that all such proposals should be coordinated through Port staff, which would then determine options before bringing these to the Commission for examination.

Commissioner Hopley clarified that the Commission was not considering the interruption of citizens addressing the Commission, but in the case of those bringing proposals once they finished speaking would be referred to Port staff. Commissioner Rubin wished to see a written procedure developed and noted he would work with Executive Director Hyde to bring back a draft for a future meeting.

COMMISSION DISCUSSION

Commissioner Rubin called for any discussion from the Commission. He requested an update regarding the Port's permit application to the Northwest Clean Air Agency in regards to the shipment of prilled sulfur. Executive Director Hyde noted the permit was pending. The construction of Marsulex new storage facility has been delayed by permitting with the latest update indicating that construction of the building at their March Point facility will begin in October.

COMMUNICATIONS

Executive Director Hyde presented a sample of bags given to all transient boaters this summer at the Cap Sante Boat Haven. The bags are provided by North Harbor Diesel in promotion of the marine trades and contain an information sheet about the Boat Haven and local events, updated weekly by Marina Manager Fowler and Executive Assistant Lindsey, a map of downtown Anacortes, tied charts, a ferry schedule, a full color map of the Boat Haven – created by the Chamber of Commerce, and Anacortes guidebook, and soon a coupon book from the Chamber with discounts at local merchants. The bags are made of recycled materials.

Executive Director Hyde noted that staff will bring an action item to the July 15th regular meeting regarding non-necessary items for surplus. A list has been provided to the Commission.

Upcoming Events –

Executive Director Hyde provided a review of upcoming events at Port facilities including the Port's participation in the upcoming 4th of July Parade, and a visit on July 9th by the American Society of Civil Engineers to the Scott Site.

Executive Director Hyde will be a featured speaker at the Washington Public Ports Association (WPPA) Executive Director Seminar July 15-16th presenting on the topic of governance issues.

Other local events involving the Port include the What the Heck Fest – held July 16-17th in the Transit Shed, the 2nd Annual Anacortes Workboat Races July 17th at Pier 1, and the first of several Anacortes Arts Festival concerts in the Transit Shed beginning July 23rd featuring Jr. Cadillac.

July 23rd is also the date of the first of four free consecutive Friday night concerts held at the north end of the Boat Haven. There are free performances each Saturday and Sunday on the Central Pier of the Boat Haven from noon-2:00 p.m. through the month of August. Executive Director Hyde commended Executive Assistant Lindsey for coordinating the Central Pier entertainment.

The WPPA will also host a Commissioner Seminar July 25-27th. Three members of the Commission will be attending.

The next Project Community Tour is scheduled for July 12th at 4:00 p.m. and will meet at the Dakota Creek office at 4th & Q Avenue.

UPCOMING MEETINGS

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

The next Commission Meeting will be the Special Meeting of July 8, 2010 during which the Commission will discuss lease policy. The next Regular Commission Work/Study Session Meeting will be on July 15, 2010, and the first Regular Meeting in August will be held on the 5th.

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.

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 4-0 and at 8:31 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
July 1, 2010