

## **PORT OF ANACORTES**

### **Minutes-Special Meeting**

**November 15, 2010**

The Port Commission of the Port of Anacortes held a Special Commission Meeting on November 15, 2010. The purpose of the meeting was for the Commission to attend a Chamber of Commerce sponsored "Meet Your Port Commissioners" forum. This meeting was held at the Anacortes Public Library in Anacortes, Washington. No official action was taken.

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

Also in attendance: Executive Director Hyde and Executive Assistant Lindsey.

#### CALL TO ORDER

At 5:15 P.M. Commission President Rubin called the Special Meeting to order, announced the purpose of the Special Meeting, noted no action be taken, and welcomed all in attendance. He thanked members of the public for attending and introduced Chamber of Commerce President Mark Bunzel, who acted as Moderator for the meeting. Mr. Bunzel is the owner of Fine Edge Nautical and is the Chairman for the Seattle Boat Show for 2011. Mr. Bunzel thanked Commissioner Rubin and the Commission for attending. He explained the meeting format with two minute opening remarks by each Commissioner followed by questions from the audience. He asked that there be a 15 minute limit per topic and noted the Commissioners would be available at the end of the meeting to discuss any follow-up questions. Each Commissioner would also have two minutes for closing remarks and to address what was learned and what they would take away from the meeting this evening. Mr. Bunzel encouraged anyone asking a question or making a comment to please state their name and to keep comments brief due to time restraints for the meeting room.

Commissioner Mooney began his opening remarks by noting that the business of the Port is business. To that end he saw a need for the Port to expand and to incorporate more space, especially for businesses and industry compatible with and dependent on proximity to the waterfront. He wished to see expansion of the Port into upland areas near Port docks to support increased dockage. Commissioner Mooney noted that current marine terminal tenants may need additional space for storage in the future and that new businesses looking to locate in Anacortes could also benefit from space availability. Commissioner Mooney also noted the effectiveness of the Port in working with the State of Washington in the environmental cleanup of numerous sites along Fidalgo Bay and the Guemes Channel, particularly the Former Scott Paper Mill site at and near Seafarers' Memorial Park. He explained the Port contracts and pays for businesses to do the work, submits the costs to the Department of Ecology and the Kimberly Clark Corporation (former owners of the Scott Site) who reimburse the Port. The Port breaks even on the cleanup, which employs a great many people, and benefits the environment.

Commissioner Hopley spoke in regards to the improvement of governance issues of the Port Commission. He noted when he initially ran for the Commission four years ago; he had hoped to accomplish helping the Commission to work together and to think more strategically. He believed the Commission had come a long way towards accomplishing that and to govern by discussing and setting policy. Commissioner Hopley praised the effort of Commissioner Rubin in steering the Commission towards that goal. He believed the Port Commission performed as well as any such body on setting policy and working to move forward in regards to that policy, observing it was necessary for the Commission to be consistent, predictable, and focused to continue to work well and effectively.

Commissioner Short spoke in regards to the benefit of the Cap Sante Boat Haven to the Anacortes community. In 2010 the Boat Haven has counted more than 10,000 transient boat nights. Port surveys indicate that the average amount spent in Anacortes per visit is about \$225, in addition to fuel and moorage. The Boat Haven is home to several boat brokerage firms and sales tax from boat sales benefits the community. Approximately 30,000 whale watchers also generate tourism dollars via hotel/motel stays, meals, and gifts, as well as fuel purchases. The Port also contributes to the community via the jobs and taxable income generated by environmental cleanups. Commissioner Short believed that unlike other towns, Anacortes did not suffer as greatly from the recession. He noted the Port's promotion of local business to its boating customers. The Port provided free red canvas bags to all visiting boaters this summer which included coupons from local businesses, and lists of local events and things to see and do in Anacortes. The average boater spends approximately 10% of the value of their boat each year in maintenance, most of which is performed locally. With more than 900 boats moorage at the Boat Haven, this provided a multi-million dollar source of income to the community. Lastly, Commissioner Short noted that the community benefits from public access to the water at the Boat Haven, which features docks that are open to the public, a disabled accessible esplanade, free summer concerts and entertainment, space for youth sailing programs, and access for kayaks and other small craft users.

Commissioner Rubin thanked those in the audience for attending. He noted that most Port Commission meetings are attended by people watching the Commission do the people's business. He explained that when thinking about his job as a Commissioner he asked himself why the Port of Anacortes exists, with the answer being, to do some good. Commissioner Rubin noted that State law only allows the Port to do certain things, most of which were transportation and infrastructure related. The Port strives to do things that stimulate private job creation and commerce by doing things that private enterprise won't or can't do.

Commissioner Niver expanded on the topics of transportation and environmental cleanups, noting that the recent cleanup of the Former Scott Paper Mill site has been a fantastic \$28 million dollar project in the community. Although the Port does not have those kinds of funds, the Port is able to obtain the funding needed through the Department of Ecology and the Kimberly Clark Corporation. Commissioner Niver explained that he represents the Port at the Skagit Council of Governments Regional Transportation Planning Organization (RTPO) and the ports are the only entities in the county that handle shipping and he would like to see this increase. Commissioner Niver noted that Ports are able to do things differently from cities. Ports have the ability to leverage grants to work with private industry such as the recent \$5.6 million Job Development Fund grant the Port obtained in working with Dakota Creek Industries to

build an additional pier and make improvements to the shipyard area it leases from the Port. Dakota Creek invested more than \$15 million towards the project, which will allow the shipyard to handle increased manufacturing and repair work and employ more people. This type of public/private partnership is an example of the unique functions granted to ports and allows the Port to work both with private industry and with other government agencies.

With the Commission's opening remarks concluded, Mr. Bunzel, requested questions or comments from the audience.

*1. Mr. Bruce Rolph addressed the Commission. He noted he was a relatively new resident and considered himself somewhat conservative. Mr. Rolph observed there were two restaurants on the water in Anacortes with a third one coming soon to the Cap Sante Boat Haven. He observed that commercial marine land was being gobbled up for residential development near the State Ferry landing when it could be better used as a mini mall or other shopping area. He had also heard of proposals for more residential development in the downtown area, which he saw as questionable. Mr. Rolph proposed giving small cruise ships reduced dockage fees in order to bring them and their tourism dollars to the community.*

Commissioner Niver noted that the Port has looked at Curtis Wharf as a possibility for cruise ships, but this was primarily driven by the tourists that use them, with few coming to the Anacortes area. Commissioner Niver observed that most of Mr. Rolph's questions and comments should be addressed to the City of Anacortes since the City is the body who sets zoning. He noted that years ago the City and the Port were at odds regarding a number of these issues and he had been a proponent of resolving them. The Port's job is to maintain zoning of its commercial marine and manufacturing areas and respect and inform the City of proposed changes to zoning that would negatively impact the Port.

*Mr. Rolph inquired about the future of rail in Anacortes, whether it could run to Mount Vernon, and noting he understood rail used to come into town but had been discontinued.*

Commissioner Mooney noted that the Port is limited by City zoning, but does work with the City and with the Chamber of Commerce to bring in and promote industry and tourism. He noted there was a great deal to do in Anacortes and that the City had become more of a hub for both. Commissioner Mooney voiced the need for additional space for dockside repairs for Dakota Creek.

Commissioner Rubin noted the pressure to change zoning of commercial industrial land was real and it needed to be protected. The Port has conge to the City to testify in this regards on numerous occasions. He explained there is currently pressure from some Cap Sante neighbors to change the zoning next to the shipyard. The height limitation for shipping and manufacturing is currently 50 feet. People moving into that neighborhood are afraid of losing their views, although this zoning was in place when the purchased their homes.

*Mr. Rolph again noted the residential encroachment.*

Commissioner Hopley noted the Commission held a meeting last month in order to discuss setting policy regarding land acquisitions for staff, and that protecting commercial marine property was one of the goals the Commission set with the Commission planning for 10-15% of available funds towards achieving this goal. In regards to cruise ships, although the Port makes its facilities available for them, there

aren't many smaller cruise ships which come to the area. The Port's facilities are not appropriate for larger cruise ship vessels.

Commissioner Mooney noted he'd seen the Commission go from a no growth stance to now talking about acquisition and growth. He viewed the acquiring of property as a very high priority, noting it would benefit the Port to have an inventory to accommodate potential lease customers. Commissioner Mooney observed that a benefit of a five member commission was having different viewpoints.

Commissioner Niver wished to emphasize in regards to Commissioner Hopley's comments, that the Port Commission used to be made up of individuals with individual agendas and as a result was reactionary with no plan or strategy. He noted this Commission had worked on policy and governance in order to eliminate any one individual's ability to do that and this was very important for Government to be effective and a great accomplishment for this board in particular.

Commissioner Short commented that he did not wish to see Anacortes become another Sun City which was geared primarily towards retirement age residents. He believed it was much more rewarding to live in a community where you could see ships being built, see youth sailing programs in the bay and enjoy the homecoming parade. Commissioner Short observed an impediment to growth in Anacortes was a "not in my backyard" mentality. He noted the Anacortes Airport a few years back as an example, where people purchased homes next to the airport but didn't want to see or hear airport operations or growth of airport industry there. Commissioner Short preferred to see Anacortes be an active community with all age groups. He believed it was necessary to protect zoning for manufacturing and other industrial purposes which produce family wage jobs.

*2. A gentleman who identified himself as Anthony addressed the Commission. He explained he'd moved to Anacortes about 14 months ago from the east coast. He had chosen Anacortes after getting a sense of what the City was like. Comparing Anacortes to neighboring LaConner, for example, he found Anacortes more relaxed with a home-town feel. He was impressed by the Port Commission and their desire to balance the home town view with family wage industry. He had also observed the Port working collaboratively with the City and the Chamber of Commerce. Anthony observed it was important for all to collaborate on good ideas, ones that help our city move forward but also cherry pick the best ideas. He noted that in other cities he had lived in, the port played a big role in attracting and housing businesses and believed the Port should have as its focus attracting small businesses and business development.*

Commissioner Mooney agreed that the Port has to have facilities available for small businesses to come to Anacortes. He noted businesses experiencing success on Port property, such as marine terminal tenants Dakota Creek, Puget Sound Rope, and Transpac Marinas who are in the process of building floats for shipment to Alaska.

*3. A member of the public who did not identify himself, inquired about businesses at the Airport, such as Micro AeroDynamics and San Juan Airlines.*

Commissioner Mooney explained that these and other businesses are tenants at the airport. Micro AeroDynamics builds vortex generators to increase aircraft safety; Northwest Marine Technology manufactures equipment and provides fish tagging services to better understand fish migrations and populations. San Juan Airlines

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provides flight services to the San Juan Islands for commercial and recreational passengers.

*Anthony inquired if these are public/private partnerships.*

Commissioner Mooney explained that the Port is not a banker and did not provide funding for those businesses or businesses who wish to locate here.

*Anthony inquired if someone approached the Port with a business they wished to bring to Anacortes would the Port pass that along to the City.*

Commissioner Niver observed that the Port recently did just that in bringing the Anthony's restaurant, opening early next year, to Anacortes.

Commissioner Hopley noted the Port has some property still available and that the Port is interested in attracting small businesses with property identified at the Boat Haven for commercial marine use. One problem is that the Port's properties have seen expenses increase which can pose a problem for start-up businesses. With Anthony's moving in, the Port hopes to see more expansion at the marina.

*Anthony inquired what the plan for the Wyman's marina area was.*

Commissioner Hopley explained that the Port is currently rebuilding the ramp at Wyman's for use by commercial drop frame barges and would like to see its use expanded.

Commissioner Short noted that the current building at that site is being maintained as a placeholder for having a building there. He would like to see the site improved by installing new buildings on the site for new businesses.

*Anthony noted that the Port of Skagit County has a business incubator program but the Port of Anacortes has more marine land. He explained that the Port of Seattle had contacted him at one time regarding his business needs and their duty free area. He found that Anacortes was in a unique location between Seattle and Vancouver.*

Commissioner Mooney noted that in regards to the Wyman's area, the drop frame barges carry fuel that can't go on the state ferries to the islands. The Port charges the barge operators a landing fee and will be fencing the area for added security.

Commissioner Niver observed that the Port has discussed incubators and looked at the Port of Skagit County's examples and the difficulty they have encountered. The Port of Skagit has a great deal of land but their policy in this regard has hurt them financially. The Port of Anacortes by comparison is financially stable and pretty conservative with our leases. He noted that Executive Director Hyde had recently spoken with The Washington State Department of Transportation regarding the State ferry terminal area.

Executive Director Hyde noted that State Representative Morris is looking at the possibility of locating a hotel and restaurant complex at an expanded Anacortes terminal.

Commissioner Rubin noted that the Port of Anacortes is small with 26 full time staff. The Port contributes financially to the Economic Development Association of Skagit County who works to bring businesses to Anacortes. The Port Commission establishes policy in

the form of the Port Mission Statement and Strategic Plan and directs the Executive Director to carry out those policies and do what he can to stimulate private job creation.

*4. Mrs. Cora Rolph addressed the Commission, noting that they live in District 1 in the Skyline area. She asked whether the Port owns any land in Flounder Bay or the Skyline area.*

Commissioners Niver explained that the Port owns none outside of the Anacortes Airport area which abuts Skyline. The Port owns no land near the marina or along Flounder Bay. He further explained that the Port is not meant to compete or interfere with private industry. Using the Dakota Creek partnership as an example, he explained that the Port used the Job Development Fund grant to change City infrastructure and improve drainage, water lines and streets so that Dakota Creek could in turn complete their project. Additionally, as a government agency, the Port can take lead agency status to work behind the scenes. For example, the Port did assist with permitting to help the people at Skyline with their dredging project.

*Mrs. Rolph noted that Anthony's would be a major tenant at the Boat Haven and inquired whether there were others lined up.*

Commissioner Niver noted that the area where Anthony's is being constructed was a former cleanup site and the redevelopment of that area was made possible by the Port's partnering with the state to clean the site. The Port is now able to develop the site and was doing so in accordance with the Comprehensive Plan, wanting to balance what goes into that area of the Boat Haven..

Commissioner Short observed that Anthony's has the right of first refusal on leases for land directly north of the area leased to the restaurant

*Mr. Rolph noted that the Port charges 8.5% interest rate of return on its leases and wondered whether a lesser amount, say 5% of something, would be better than 8.5% of nothing in regards to attracting businesses.*

Commissioner Hopley explained that 8.5% was the amount the Port wished to see over the long term of the lease. He wasn't aware of a situation where the Port had missed out on a deal due to that stipulation. The Commission recently gave the Executive Director additional guidance and criteria under which that policy can be deviated from for start-up business leases. The Commission has provided flexibility. Commissioner Hopley noted that the present state of leases was reflected in land values and gave as an example the Port's recent renegotiation with the State Ferries for the land where the state's terminal is situated.

Commissioner Rubin noted that the Port must walk a fine line here, since if the Port gives businesses too good a deal it can be seen as subsidizing and that such leases need to contribute to the public good.

*Mrs. Rolph noted an example could be the Marine Technical Skills Academy, which she saw as a wonderful addition to the community.*

Commissioner Hopley noted it is also important for the Port to be consistent in its policies for all of its tenants.

Commissioner Niver agreed that one thing government should do is be equal in its treatment of all. As Commissioner Rubin noted, a “good deal” in Port terms has to benefit the public good and also has to fill a role that is unique and not provided by other private business.

Executive Director Hyde observed that the Small Boats Center lease is an example of the Commission’s start-up lease policy.

Commissioner Hopley noted that Ports can build facilities and lease property and facilities. It is worth it to the Port to invest in building facilities when that includes a long-term lease at 8.5% rate of return. The Port is in the economic development business and as such can assume some risks not available for small business in order to make the right deal and achieve economic development opportunities for the community.

*Anthony noted some cities have a staggered approach to planning and economic development and this gives them a place to start. The cities can sometimes obtain development block dollars. He praised the Port Commission and Executive Director Hyde for what he termed a brilliant job.*

Commissioner Hopley noted that the State prohibits gifting of public funds and the Commission is very strict on this and that Port policies reflect this.

*Anthony observed that his last job was with the North Carolina Dept. of Commerce and what was clear to them was there was a hybrid available to bring economic engines to the area.*

*5. Kurt Opel of Anacortes addressed the Commission and inquired whether there was a plan at one time for Dakota Creek street development along Commercial Avenue at 3<sup>rd</sup> Street and if so, whether there was still a plan to clean up the sidewalk area there.*

Commissioner Hopley noted that in regards to sidewalks Mr. Opel may have been referring to the Integrated Plan for Public Access, a 1983 Port publication that actually referred to 4<sup>th</sup> Street and a plan for connectivity from the Marina to the O Avenue beach. The Port did go through that plan and increased public access, particularly the cleanup of the O Avenue beach area.

Commissioner Mooney noted the Boat Haven esplanade is set to eventually continue as per the Comprehensive Plan towards Dakota Creek and Marine Hardware. These phases are not planned at this time.

Mr. Bunzel read a submitted question which noted the Port has handled a combination of industrial development balanced with wonderful amenities that benefit the community, notably the Transit Shed.

Commissioner Mooney noted the Transit Shed is a great facility although the rough plank flooring can be hard on ladies in heels. He would like to see the planks sanded and covered with plywood or new planking, although he noted that some renters prefer it as it is.

Commissioner Rubin observed the Port’s Comprehensive Plan is full of ideas and a general framework for the Port for projects to accomplish over the next ten years. He saw exciting things coming out of the Anacortes Futures Project where the Port and City can really connect the downtown to the waterfront. Commissioner Rubin hoped the community could turn its attention out to the sea and have an outward focus.

Commissioner Niver noted that when the Port completed its Comprehensive Plan many spoke in regards to connectivity and the Port put some of that verbiage into the Plan. Regarding the Futures Project, Commissioner Niver observed that Anacortes is an old town with old town problems, including the situation with the industrial area owned primarily by MJB and the City. He believed the Futures Project was the first really solid participation between the City and MJB on future topics. He praised the success of Mr. Bunzel and Mr. Kirk Kennedy and the Chamber of Commerce in starting up the Project.

Commissioner Short spoke to some of the things the Port has provided to the community, including the Seafarers' Memorial Park area and Park Building which will be returned to the site in the spring. He hoped to see the building have increased use for multiple types of meetings and functions. The Park area has been greatly improved and will once again be the site of Parks and Recreation sailing programs. Overall this will be a first class facility. The Port will also be managing the large meeting room space at the Marine Skills Center.

Hearing no one else who wished to address the Commission, Mr. Bunzel invited the Commissioners to give a two minute wrap up.

Commissioner Niver voiced appreciation for the great forum and the opportunity for the Commission to speak back and forth with the audience which was difficult for the Commission to do during its regular meetings since they were conducting business. He noted the Commission found it difficult dealing with special interest groups and that all of the Commissioners felt very strongly about Anacortes being a small town with a special feeling for where they want to live.

Commissioner Rubin noted he had worked with these Commissioners for five years and all had served longer than he had and were very dedicated and strong willed public servants. This made their work together challenging, but also very rewarding. He hoped the Commission would allow him to continue to lead and to keep up the good work. He noted he asked himself why the Port exists – to do some good. What for, for whom and at what cost were the continuing questions and reasons for his service.

Commissioner Short stated he thought the Port has doing a good job of meeting the needs of the community and listening to what the public wants including public access an nice walkways at the Boat Haven. He noted he was pushing for growth as far as visiting boats coming to Anacortes, where in the case of boats, unlike cars, we have the capacity for more. Commissioner Short wished to see Anacortes as the number one place for visiting boaters and wished to see the Port and community maintain our manufacturing zoning and living wage jobs.

Commissioner Hopley thanked the audience for coming to tonight's forum which he would like to see expanded for a larger public exchange as the Commission doesn't really allow for questions and answers during its business meeting format, and this was intentional, but having this opportunity to speak in this type of forum occasionally was great. Going forward, Commissioner Hopley noted the return of the Seafarers' Memorial Park building to the cleaned up Park area with its new dock and configured area for small craft, and the new wave attenuators replacing the old breakwater making this a nice facility that benefited the entire City. The Port has also budgeted funds for the replacement of E&F Docks in the next year. He noted that his term as Commissioner is

over at the end of 2011 but planned for the future he hoped to see the completion of connectivity to O Avenue with a conceivable viewing platform of the shipyard, a public restroom, and a fishing pier if the Port could solve issues in that regard with the Department of Ecology.

Commissioner Mooney also voiced appreciation for those taking their time to attend this evening. He reiterated the need for the Port to expand its property footprint to provide space for business growth and development. Commissioner Mooney cited Dakota Creek as a long term tenant that had invested over \$20 million in infrastructure that might need additional space in the future. The Transit Shed, he noted, was beneficial for the community with more than 20 reservations already booked for 2011. Especially of note where the Port's series of environmental cleanups, with the third of five nearing completion. All were indicative of the good things happening at the Port. Commissioner Mooney also voiced his happiness with the Port staff noting the time taken on these and other projects was now starting to show.

Mr. Bunzel thanked the Port Commission for attending and answering questions. He observed that the Anacortes Futures Project would hold their second of three town hall meetings tomorrow night with the meeting topics being jobs and connecting to the waterfront. The third meeting will be December 16<sup>th</sup> with topics being retail and housing.

Commissioner Rubin led a round of applause for Mr. Bunzel as moderator. With no other business to discuss at this time, Commissioner Rubin called for a motion to adjourn. Commissioner Niver moved to adjourn the special meeting. Commissioner Mooney seconded the motion. Commissioner Rubin called for a vote on the motion, which carried unanimously, and the meeting was adjourned at 6:41 P.M.

**Attest:**

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Keith Rubin, President

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Pat D. Mooney, Vice President

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Ray Niver, Secretary

\_\_\_\_\_  
William L. Short, Commissioner

\_\_\_\_\_  
Steve Hopley, Commissioner

\_\_\_\_\_  
Julie Johnson Lindsey, Executive Assistant  
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