

Port of Anacortes

Regular Commission Meeting December 16, 2010

The Port Commission of the Port of Anacortes held its regular meeting and work/study session at 7:00 P.M. on the evening of December 16, 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 Finance & Administration Johnson, Director of Operations & Facilities Hachey, Project Manager Darden, and Executive Assistant Lindsey.

CALL TO ORDER

At 7:01 P.M. Commission President Rubin called the regular meeting of December 16, 2010, to order and welcomed all in attendance. He announced that an executive Session would be held following the second public comment period for the purpose of considering lease, sale or purchase of real property. Anticipated duration was expected to be one half hour and action might or might not be taken.

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: Action Items: Authorization to Enter into a Service Contract with Chinook Enterprises for 2011 Grounds Maintenance Services, and Resolution No. 1231 – Authorizing the Executive Director to sell and convey Port District property items of \$10,000 or less in value after providing the Commission with an itemized listing, in accordance with RCW 53.08.090, an annual resolution. Commissioner Rubin called for any objections to the consent agenda. Hearing none, he called for a motion for approval. Commissioner Mooney moved to approve the consent agenda. Commissioner Short seconded the motion. Commissioner Rubin called for a vote on the motion, which carried unanimously.

REGULAR AGENDA

ACTION ITEMS

Amending the Executive Director Evaluation Form -

Commissioner Rubin noted the Commission had discussed the evaluation form for the Executive Director at their December 2nd meeting, with the proposed change to the first goal listed on the form presented as an amendment. The first goal presently reads: "Goal: Advance the Port's mission." The action item would amend that as follows: "Goal: Execute the Port's mission and strategic plan." Commissioner Rubin called for any objections to the change.

Hearing none, he called for a motion. Commissioner Niver moved to approve the amended Executive Director Evaluation Form. Commissioner Mooney seconded the motion. Commissioner Rubin called for a vote on the motion, which carried unanimously.

Commissioner Hopley inquired whether the present for or the amended form would be used for the 2010 evaluation. Commissioner Rubin responded that the present form would be used since the Executive Director had been operating under that goal throughout the year. Commissioner Niver noted the change in the verbiage for the first goal was primarily to clarify what was already the practice.

Authorization for Completion of the Seafarers' Memorial Park Building Foundation and Rehabilitation Project, Phase 3 of the Former Scott Paper Mill Cleanup Project, Project #ENV-01C-SW1 –

Executive Director Hyde introduced Project Manager Darden who presented the item, requesting Commission authorization for staff to proceed with the construction elements associated with the Seafarers' Memorial Park (SMP) building foundation and rehabilitation project, part of Phase 3 of the Former Scott Paper Mill Cleanup Project. Manager Darden reviewed that the SMP building had been removed from the Park site in 2009 to allow for the remedial action and excavation at the site. With the completion of the remedial action, crews are performing the final grading to prepare for the return of the building to the Park. Manager Darden noted that earlier this year, staff had briefed the Commission on the need for approximately \$86,000 Port funds for return of the building. Through the adopted 2011 Capital Improvement Plan and process this amount was increased to \$120,000 to fund the rehabilitation costs that are not included or eligible under the executed funding documents with the Department of Ecology and Kimberly Clark. The project involves constructing a new concrete slab foundation, as well as the necessary rehabilitation of the interior and exterior, including siding, trim and post replacement; interior drywall, trim and structure repairs, interior and exterior painting; interior flooring and finish work; bathroom and shower restoration; and all utility/mechanical restoration. Manager Darden explained that the Port was currently soliciting bids for the project from its Small Works Roster and hoped to have a contractor on site to begin the foundation work during the first week of January 2011, with a construction schedule of returning the building to the site the week of February 7th, rehabilitation of the building during February-April, and reopening the building to the community just prior to the 2011 Waterfront Festival in May.

In response to questions from the Commission, Manager Darden explained that the building location will be aligned with the southern edge of the Port's property and turned somewhat in order to maximize views of the Boat Haven and Mount Baker. Discussions about a possible building or buildings adjacent with the City's Parks & Recreation program have indicated that program has no funding for buildings at this time. The SMP building's southern edge placement will allow for more future expansion. A fenced storage area for the boats used in the Parks programs will be situated near the building to the south and Parks & Rec will use the southern portion of the building as they did before it was moved for the remediation.

Commissioner Short noted concern he had heard from users regarding the lack of a separate support building for the Parks and Rec program or space for such a building on the southern side of the SMP building. Addressing discussions of a possible Maritime Center near the site, Commissioner Short believed it would be better placed near the Preston Snag boat adjacent to Madrona Park. Commissioner Mooney agreed, preferring to see the SMP building placed on the southernmost part of the property. He also voiced his concern that additional funds were not

approved by the Commission to improve the building for use by the general public with separate buildings for the Parks program. Commissioner Rubin inquired what would occur if the Commission were to delay action at this time. Manager Darden responded that delaying action would definitely place constraints on meeting the project's completion date, as well as the dates approved in the Port's Consent Decree. The present design had come before the Commission at earlier meetings and the Port has invested funds in the design which is presently at 95% of completion. Commissioner Niver concurred, noting the Commission had discussed the design for the Park and SMP building several times with the consensus being the present configuration and position of the building would best meet the need for additional parking and the needs of the small boaters at the site. Commissioner Hopley agreed, recalling the Commission had discussed the position of the building in the fall along with the option for possible outbuildings or open structures to the south. He inquired of Executive Director Hyde what subsequent action he had taken to discuss the plan with users. Executive Director Hyde reported that he had met with various user groups, all of which had a variety of ideas about what they would want at the site. Among those, improved parking and an outdoor storage area were both included in the plan. While Parks and Rec would like an approximately 450 square foot building for their program use, the City has no funding for such a building at this time. Commissioner Hopley inquired to what extent the bids would be a function of the location of the building. Manager Darden explained that in the past 30 days the Port has moved forward with the reinstallation of utilities based on the planned location. Commissioner Hopley noted that the Commission had discussed and considered the building's placement at prior meetings. He moved to authorize the 2011 budget line item of \$120,000 to be spent from the Tax Fund, for the completion of the Seafarers' Memorial Park Building foundation and rehabilitation project, project #ENV-01C-SW1. Commissioner Mooney seconded the motion, noting his second had nothing to do with the final location of the building. Commissioner Hopley questioned whether the second by Commissioner Mooney was conditional, following additional clarification and discussion, Commissioner Rubin repeated and called for a vote on the motion, which carried 4-1 with Commissioner Short opposed.

Executive Director Hyde noted that he had spoken with the Anacortes Small Boat Center's John Pope that afternoon and Mr. Pope was fine with the location of the Park building. He noted the Port would continue to work with user groups, although not all requests could be met due to funding. Commissioner Niver observed that the return and refurbishment of the building was funded with Tax Fund dollars and the building should function in a manner that was best for the community and all users.

DISCUSSION ITEMS

Retreat Planning – February 2011 –

Executive Director Hyde reported that in preparation for the Commission's annual retreat, consultant Kay Haaland, a Washington State University employee and professional facilitator who teaches facilitation training would meet with members of the Commission for interviews on December 29th. Ms. Haaland works for the state and her job is to help local governments by training officials in how to have productive and constructive discussions. Commissioner Rubin has already spoken to Ms. Haaland.

Ex-Officio Chamber Board Seat -

Commissioner Rubin noted that Chamber of Commerce President Mark Bunzel had given a presentation to the Commission at their December 2nd meeting regarding the Chamber adding

several ex-officio seats to their Board, with the Port being among those. A follow-up letter from Mr. Bunzel was included in Commission packets. In it, Mr. Bunzel indicated it appeared the best representative of the Port would be Executive Director Hyde, who was already involved in the Chamber's Economic Development and Government Affairs divisions, as well as the Marine Trades groups.

Commissioner Niver observed that in the past, these were non-voting members, but that his understanding was that the seats suggested would be voting members.

Executive Director Hyde noted that the mission of the Port and that of the Chamber were very much aligned. The Port worked with former Chamber Executive Director Mitch Everton on a number of successful events in the past. Executive Director Hyde observed the Chamber makes some bid decisions at the Board level and as a major supporter of the Chamber; the Port should be included as a voting member. The Chamber's championing of a vibrant downtown was complimented by the Port's promotion of the Boat Haven as a vibrant marina, and vice-versa.

Commissioner Mooney stated he would highly encourage Executive Director Hyde to serve on the Chamber Board. This met with the consensus of all Commissioners. Commissioner Rubin looked forward to the change and in working together with the Chamber in the future.

Legislative Discussion – WPPA 2011 Legislative Committee –

Commissioner Rubin noted that as discussed at the December 2nd meeting, he had served on the Committee in the past but hadn't been available to do so during much of the past year. He noted the Commission had been provided with copies of the 2011 WPPA legislative agenda, developed by the Committee without the Port of Anacortes' input. Commissioner Niver stated he had reviewed the list and the item that he felt most directly involved the Port of Anacortes was the issue of use and protection of the Model Toxics Control Act (MTCA) funds. He observed the Port is among the few entities successfully using these funds and our input would be valuable regarding those issues. Commissioner Hopley noted that WPPA had already developed set opinions and stances on these issues in the agenda and questioned what the value of the Port's input would be at this time. Commissioner Rubin explained that the visit by Port representatives to our legislators would carry more weight than the WPPA staff alone. The Legislative Committee meets routinely to discuss on-going issues and Commissioner Rubin felt it was important to pay attention to these issues and processes.

Commissioner Hopley inquired whether a Commissioner serving on the Committee would represent the Commission as a whole, noting at there could be issues where the Commission would not be unanimous and there would be a need to determine the Commission's consensus on those issues. Commissioner Rubin agreed, noting that the person selected would need to represent the Port and Commission as a whole. He inquired whether the Port Commission wanted to have a designee serve on the Committee and what position the Commission would like that Commissioner to represent to the legislators. Following discussion of the need for representation, Commissioner Rubin volunteered to serve on the WPPA Legislative Committee, representing the Port. Commissioner Short supported this and the offer met with no objections. Commissioner Rubin asked the Commissioners to identify three items on the list of legislative priorities that you should speak to (the MTCA funds were given as an example by Commissioner Niver of an area where the Port has particular expertise) and noted further discussion could be held in January.

Need for Port Parking Policy -

Commissioner Rubin observed that on a number of occasions it had been noted that the Port has no parking policy. Executive Director Hyde reported the Port has parking at the Marina, the Seafarers' Memorial Park, the Marine Skills Center, the Marina's north end, and the new lot behind the Anthony's restaurant, making approximately 1,500 spaces in the Marina area. During high season in August, not counting festivals or counting people parking in the gravel triangle lot and using the SKAT bus, Port business and moorage users are accounting for approximately 500 of those spaces. He noted that on a given day the Port's gravel lots become full because the Port does not charge for parking, so many people park their cars there and catch the bus to the ferry or other locations rather than pay parking fees elsewhere. With the opening of Anthony's in January and with an increased number of festivals in recent years, the Port should look at developing a parking policy. The Port currently charges parking fees for those parking their vehicles and boat trailers at the Marina and charges parking fees at the Anacortes Airport, as well as short term parking leases for UPS, Fed Ex, etc.

Commissioner Rubin proposed the Commission discuss parking over the course of a couple of meetings and consider developing criteria that could be used in creating a policy. Commissioner Short suggested the discussion could be a topic for the Commission's retreat. Commissioner Niver agreed with the need to develop criteria and a policy, but suggested a special meeting for this purpose only, noting use of the 1,000 remaining spaces should be accounted for future development. Commissioner Rubin suggested a special meeting either before or after the Commission Regular meeting of January 20th. A 5:00 p.m. meeting on January 20th met with the consensus of the Commission. Commissioner Hopley hoped the Commission would distinguish between a parking policy and a plan based on that policy, noting those implemented plans would be a staff responsibility based on the policy developed by the Commission.

COMMISSION DISCUSSION

2011 Commission Officers and Committee Assignments –

Commissioner Rubin noted he had placed this item on the agenda for Commission Discussion. He noted he would be willing to serve another year as chair of the Commission and invited discussion. Commissioner Hopley supported this, noting he would like to see the Commission keep the status quo and praising the job done by Commissioner Rubin in leading the Commission.

Commissioner Mooney expressed an interest in serving as Commission President once again as well. Commissioner Short believed it was good to rotate periodically noting each member of the Commission had strengths and this helped the overall development of the Commission and the Port. He agreed that Commissioner Rubin had done a good job, particularly in regards to the Commission developing policies. He likewise noted that Commissioner Mooney had done well as President a number of years ago. Commissioner Short said he would be willing to serve as Commissioner or as Vice-President. Commissioner Niver favored maintain the present configuration of officers which he felt had achieved more consensus and run smoothly.

Regarding Committee Assignments, Commissioner Short voiced his interest in continuing to serve on the Port/City Liaison Committee and with the WPPA. Commissioner Hopley also wished to continue serving on the Port/City Liaison Committee. Commissioner Niver indicated he would be pleased to continue to serve as Commission Secretary and on the Skagit Council of Governments (SCOG) and Regional Transportation Planning Organization (RTPO) where he believed he had been very effective. He noted he had been asked by the County Commissioners and Anacortes Mayor Maxwell to serve on a five member board for considering

the re-organization of SCOG and he would like to continue in that capacity. Commissioner Hopley expressed that 2011 was likely to be his last year of service to the Commission and as such he might consider transitioning on the Port/City Liaison Committee as the Commission saw fit.

COMMUNICATIONS

EDASC, Chamber of Commerce, and SCOG Service Contract Reports -

Executive Director Hyde reported that the Port will maintain the same service contract payment levels in 2011 with the Economic Development Association of Skagit County (EDASC) and with the Skagit Council of Governments (SCOG) for their resource conservation programs. With the cancellation of the Anacortes Jazz Festival by the Chamber, the Port will reduce that contract amount for 2011 to \$10,000, while continuing its support of the Anacortes Futures Project.

Year in Review Presentation -

Executive Director Hyde provided the Commission with an overview highlighting the Port's accomplishments in 2010. He noted the Port had experienced a good year, and one of action and achievement, shown in its facilities improvements and grounded in policy. He voiced appreciation for the Commission in leading the Port forward, noting the people of Anacortes enjoy what the Port is doing and is proud of the role of the Port in the community.

Executive Director Hyde also appreciated the support of the Commission in his role. He also praised Port staff, noting the small staff of 26 with added seasonal hires in the summer accomplished a great deal. Dan Burns was honored in January as employee of the year for 2009, and the Port bid farewell to Director of Engineering Elsner and Marina Coordinator Smith. Hired recently was Dave Bost, whom Executive Director Hyde described as a "cracker jack" mechanic. The Port is still the leader in operating revenue per full time equivalent employee with a growing operating budget each year.

Among other highlighted performance indicators was the low number of request for public information, denoting the availability of information to and trust developed with the community. Jobs on Port property dipped a bit in 2010 with Dakota Creek Industries having a slight reduction in its workforce, but Executive Director Hyde noted 2011 would improve with more work for the ILWU longshoremens for sulfur export and with the opening of Anthony's restaurant.

Operating Areas:

Reporting on each of the operating areas of the Port, Executive Director Hyde began with the Marine Terminal, noting its great tenants. At Pier 2, Transpac Marinas is underway on a \$6 million dock project, Puget Sound Rope is expanding their office with a 5,000 square foot office building to be begun next year and finished in 2012. The Port's bulk tonnage for petroleum coke was down somewhat in 2010, reflecting the state of the economy. Executive Director Hyde praised the work of Director of Operations & Facilities Hachey in handling a busy terminal. The Wyman's Ramp at the terminal is being remodeled and will reopen in 2011. 2011 will also see the start of a new bulk product for the Port, prilled sulfur, from a new state of the art facility being built in Mount Vernon by the Sulex Corporation.

The Port's Transit Shed Events Center is gaining in popularity with more than 20 events already booked for 2011. During 2010, the Transit Shed expenses, which included Port labor, heat, and electricity, still outweighed revenues. Executive Director Hyde has asked Director of Finance &

Administration Johnson to review the rate structure. The community has embraced the Transit Shed as its preferred event venue.

At the Airport, commercial flights are down as are parking, tie-downs, hangar leases, and fuel sales, all of which can be attributed to the downturn in the economy.

The Cap Sante Boat Haven experienced a good year in 2010 with revenues of approximately \$5.5 million. New tenant, Anthony's Restaurant will open in January and will be a centerpiece at the Marina. Local boat broker Nordic Northwest reported its best November ever. The Nordic Plant has reopened and workers are returning.

Guest moorages are up and heading towards 12,000 boat nights as we approach year end. Boat launches continue to increase with over 3500 launches this year. Executive Director Hyde commended the work done by the marina staff at both the boat launch and the fuel dock in helping customers and visitors. The fuel dock sold more than 850,000 gallons of fuel this year, and 2 million gallons since its construction three years ago. The cost of fuel has contributed to an increase in marina expenses. The Boat Haven slip vacancies are inversely proportional to the wait list with most vacancies in the 30 foot and under slip length. The Port has a small wait list for larger slips. In 2011 there are some planned slip vacancies to accommodate the E & F Docks replacement.

Property expenses were less in 2010. The Port purchased property near the Boat Haven and Marine Terminal this year.

Port Projects:

Projects completed in 2010 were impressive in number and scope. The Marine Technology Skills Center, begun in September 2009 opened in September 2010. Anthony's, begun in November 2009 with construction now essentially complete, and will open mid-January 2011. The P/Q Dock Small Craft Hoist opened in the north end of the Boat Haven in May 2010. Two Job Development Fund Projects were completed in 2010, the "O" Avenue Beach Restoration in February and the remodeling of "T" Avenue, which included paving from 4th Street to the Wyman's Ramp area. The Wyman's Ramp project is currently underway and Executive Director Hyde expressed the Port's appreciation for a \$100,000 grant it received from Skagit County for its rehabilitation. At Pier 1 of the Marine Terminal, tenant Dakota Creek Industries opened its new \$5 million dollar pier investment which has been in nearly full time use since its completion. Working in conjunction with the Anacortes Small Boat Center, a small boat upland storage facility was constructed in the north end of the Boat Haven.

Projects in the works for 2011 include the aforementioned Puget Sound Rope office building expansion, Airport stormwater detention, Pier 2 stormwater detention and pump expansion with water from the terminal going to the City's waste water treatment plant. And the kick-off to the replacement of E & F Docks at the Boat Haven with construction beginning in October 2011 and an estimated completion date of May 2012.

Taxation:

Executive Director Hyde reported the Port will collect the same amount in taxes as it has the past two year. Tax revenue as a percentage of the operating budget continues to decline as a result, with approximately 5% of the Port's revenues coming from taxes.

Environmental:

Executive Director Hyde noted the Port is a leader in environmental efforts with its Focus Fidalgo umbrella of cleanup projects in conjunction with the State of Washington's Puget Sound

Initiative. The largest of these cleanup projects is the Former Scott Paper Mill Site, begun in June of 2009 and partnering with the Dept. of Ecology and former owners Kimberly Clark. To date the Port is wrapping up Phase 2 of an aggressively scheduled three phase project which removed 80,000 cubic yards of waste and other materials and will bring major improvements to the quality of the marine and upland environments, as well as new wave attenuators, and small craft pier. Executive Director Hyde praised the work of former Director of Engineering Elsner and the ongoing work of Project Manager Darden and Director of Finance & Administration Johnson in bringing the first two phases of the project to completion.

Events:

Port property played host to a growing number of events in 2010, among them were:

The Anacortes Salmon Derby with more than 1000 attending

The Opening Day of Boating Season Celebration

The Waterfront Festival

Trawlerfest – a multi day event

Boating group rendezvous – among these Nordic Tugs, and Latitudes and Attitudes

The Anacortes Workboat Races, championed by local artist Bill Mitchell

The Summer Concert Series – 2011 will be its 4th year

Weekend Central Pier entertainment

Veterans Day Commemoration

As well as a number of large community events and fundraisers sponsored by the Chamber of Commerce, the Anacortes Youth Sports Coalition, and the Island Hospital Foundation. Port staff and members of the Commission also participated in the annual 4th of July and Christmas parades.

In closing, Executive Director Hyde reported that the Port is made up of great employees with good attitudes. Beginning in 2010, all members of the Port staff spent two days at the Boat Haven assisting with operations there, including work at the Fuel Dock, Boat Launch, in the office and on the docks, greeting tenants and customers.

Upcoming Events –

Executive Director Hyde reviewed upcoming events.

The Transit Shed will be open for viewing the annual Boat Parade beginning at 5:00 p.m. on December 18, 2010, followed by a new event, A Celtic Christmas, Anacortes Community Christmas Concert beginning at 6:30 p.m. at the Transit Shed. The concert is free to the public with your donation to the Anacortes Food Banks, the Boys & Girls Club, or Toys for Tots. Don Wick, Executive Director of EDASC, will emcee the event.

The next Project Community Tour is scheduled for January 10th at 4:00 p.m. and will meet at the Cannery Building office for a tour of the exterior of the new Anthony's restaurant.

The State Auditor's Office wrapped up the Port's annual audit earlier this month with no findings. Commissioners Rubin and Mooney will attend the exit conference with the auditors January 6th.

UPCOMING MEETINGS

Executive Director Hyde reviewed the Commission's upcoming meeting schedule. The next Regular Commission Meeting will be on January 6, 2011. A Special Meeting will be held January 20th at 5:00 p.m. to discuss Port parking, followed by the Regular Work/Study Session Meeting at 7:00 p.m. which includes the annual meeting with the Port of Skagit County Commissioners.

PUBLIC COMMENT PERIOD

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

EXECUTIVE SESSION

Commissioner Rubin announced that the Commission would take a brief recess and then move into Executive Session for the purpose of considering lease, sale or purchase of real property. Anticipated duration was expected to be up to one half hour and action might or might not be taken. The Commission entered into Executive Session at 9:08 P.M.

At 9:19 P.M. the Commission came out of Executive Session and resumed the Regular Meeting. Commissioner Rubin noted that no action would be taken regarding the item or items discussed.

ADJOURNMENT

With no further business to come before the Commission, Commissioner Niver moved to adjourn, which was seconded by Commissioner Mooney. Commissioner Rubin called for the vote on the motion, which carried unanimously and at 9:20 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
December 16, 2010