

**Port of Anacortes**  
**Regular Commission Meeting**  
**March 17, 2011**

The Port Commission of the Port of Anacortes held its regular business meeting and work/study session at 7:00 P.M. on the evening of March 17, 2011. This was a regularly scheduled Commission Meeting held in the Commission Meeting Room of the Port Main Warehouse Building, 1<sup>st</sup> & Commercial Avenue, Anacortes, Washington.

In Attendance: Commission President Rubin, Commission Secretary Niver, Commissioner Hopley and Commissioner Short. Commission Vice-President Mooney was present via speakerphone.

Also in attendance: Executive Director Hyde, Director of Finance & Administration Johnson, Director of Operations & Facilities Hachey, Project Manager Dossen, and Executive Assistant Lindsey.

CALL TO ORDER

At 7:08 P.M. Commission President Rubin called the regular meeting of March 17, 2011, to order immediately following the annual meeting of the Industrial Development Corporation of the Port of Anacortes, and welcomed all in attendance. Commissioner Rubin noted that Commissioner Mooney was present via speakerphone and confirmed that he could hear and be heard.

PUBLIC COMMENT PERIOD

Commissioner Rubin opened the floor for public comment pertaining to items on the regular agenda or otherwise. Hearing no one with a desire to address the Commission the floor was closed.

REGULAR AGENDA

ACTION ITEM

Construction Authorization for Pier 2 Stormwater Management System Project, Project #MRT-12 -

This item requested Commission authorization for staff to proceed with construction elements associated with the Pier 2 Stormwater Management System, a partially funded Jobs Development Fund (JDF) Grant project.

Executive Director Hyde reviewed the item for the Commission, noting that increased environmental regulations by the Department of Ecology and the Port's Industrial Stormwater General Permit, as well as a possible lawsuit two years ago from ReSources, a watchdog group, over outfall and discharge here and at marine terminals around the state, had prompted the need for changes to the management of stormwater and process water at Pier 2. Pier 2 comprises approximately 15 acres of concrete hardstand. At present the outfall is plugged so that no discharge is presently leaving the Pier. The Port has developed an Interlocal Agreement with the City of Anacortes to send the stormwater and process water to the City's waste water

treatment plant, located across 4<sup>th</sup> Street from Pier 2. Staff will bring this Interlocal Agreement to the Commission at its next meeting, following its legal review. Executive Director Hyde explained staff is asking for approval of the contract at this time, but will wait to award it until the Interlocal Agreement is completed and approved.

Project Manager Dossen reviewed the project scope for the Commission. The project entails demolition of the existing stormwater detention pond, construction of a new, larger settling pond with specialized pumps, piping, vaults, and electronic control systems, installation of three new manholes, construction of a secondary containment system, and routing the water to the City of Anacortes Waste Water Treatment Plant.

Bids were solicited through the Port's public works bid process on January 7, 2011 with the bid opening held February 14, 2011. Eight contractors bid on the project with Strider Construction Co., Inc. of Bellingham submitting the lowest responsive and responsible bid of \$1,758,000. All bids came in above the Engineer's estimate, primarily because the burden was placed on the contractor to design and install the retention pond shoring system and to construct the new detention pond as designed. The new system will allow for more retention in the pond and also on the Pier itself. Manager Dossen reviewed the total costs for the project with permitting, construction, construction allowance for change orders, construction oversight, and project administration, totals \$2,176,000. Approximately \$500,000 will be reimbursed to the Port from a Job Development Fund (JDF) grant from the Washington State Department of Commerce. The remainder will come from the Port's General Fund, Environmental Fund, and Property Sales Proceeds Fund.

In response to questions from the Commission, Executive Director Hyde noted that the Port did submit requests for stormwater grants, but was not selected. The alternative to the project and the Interlocal Agreement would be for the Port to build its own treatment facility at a higher cost. Director Johnson explained the Port had estimated one third of the costs would come from each of the JDF Funds, the Environmental Fund, and the General Fund. However, one third of the costs were not available from the JDF Fund, and the Environmental Fund was still dedicated to the former Scott Paper Mill site cleanup. The Tax Fund was used for the design portion of the project.

Commissioner Hopley asked for clarification regarding the intention to repay Port Funds from revenues received from shipments of prilled sulfur at Pier 2, for which the Port did not yet have a final agreement. Director Johnson affirmed that the Port's contract for sulfur was projected to be for five years with a 2 year termination clause. Commissioner Hopley believed the language in the action item should be tighter to include a repayment schedule for the Property Sales Proceeds Fund. Commissioner Rubin polled the rest of the Commission on the topic of including language for Fund repayment. In discussion, Director Hachey explained there would be sufficient proceeds from the sulfur contract to repay the Fund in approximately two years. The majority consensus of the Commission was for repayment of Port Funds to be a priority, and that sulfur revenues would go into the Property Sales Proceeds Fund unless the Commission approved otherwise, but language to that effect was not needed in the action item for construction approval.

Hearing no further discussion, Commissioner Rubin called for a motion. Commissioner Short moved to. Commissioner Mooney seconded the motion. Commissioner Hopley offered a point of clarification to Executive Director Hyde's earlier mention of the claim from ReSources, noting the Port was not found to be a polluter, rather had not maintained sufficient paperwork on all occasions for readings taken. He explained the Port did not go to court and was not penalized

for violations. Levels of zinc and copper could come to the Pier from many sources, including tires or other industrial uses. With discussion concluded, Commissioner Rubin called for a vote on the motion, which carried unanimously.

### DISCUSSION ITEM

#### Real Estate Policy -

Executive Director Hyde reviewed the survey of Port property performed by Director Hachey, noting the survey was very close to the Commission's desired designations. Of the Port's 308 acres, approximately 54% are designated for economic development (the Commission wanted 55%), 3% for public access (the Commission wanted 20%), 28% buffers (the Commission wanted 15%), and 8% for protection of waterfront (the Commission wanted 7%). The Boat Haven properties were counted under economic development, with Seafarers' Memorial Park categorized as primarily public access, along with the "O" Avenue beach area. Staff will have maps for the Commission at the next regular meeting.

Commissioner Rubin asked for Commission input regarding the draft policy. Commissioner Short believed the draft pretty well summed up the Commission's discussions and pointed out where the Port should put its emphasis. Commissioner Hopley wondered if it would be beneficial to staff for the policy to be any more specific. Commissioner Rubin noted that during the last discussion regarding the policy, the Commission wanted to ensure that lack of property that was ready to develop would not factor in any new business planning to locate here. Some property may need several years of preparation to be ready for use by a tenant, especially if an environmental cleanup is involved. The Commission agreed a statement to this effect should be added in the draft policy resolution and saw no other needed changes. Commissioner Rubin thanked Port staff for their work in compiling the property inventory.

### UPDATE

#### Transit Shed Events Center –

Commissioner Rubin noted that following the Commission's last meeting discussion, staff was asked to review several items regarding the Transit Shed and related costs.

Executive Director Hyde explained that the Transit Shed has become a community icon and the preferred location for events. In the past, use was limited to primarily Port sponsored events with either minimal or no fees charged. At present, the Transit Shed has seen rapidly increasing use, leased most weekends and holidays with an established fees schedule, coordinated by Port staff. The Port allows people to decorate the facility as safety allows, and much of the charm of the facility is its ambiance as an aging warehouse.

The pros of Transit Shed use are that it fills a community need, connects the community to the working waterfront, keeps large scale events and gatherings here in Anacortes, and stimulates economic development, benefiting rental firms, caterers, and so on. The cons of its use are that events may be disrupted on occasion by industrial noise or fumes, the Port may need to make improvements to the facility, use of the facility by others entails added Port staff costs, and its possible impact to Port marine terminal tenants such as Dakota Creek Industries and others. Under the current fee schedule the average event pays the Port about \$1,500. The Port has already made some upgrades, including carpeting, and a switch from propane heat to natural

gas. Those renting the facility must carry insurance for their event naming the Port as additionally insured for \$1 million dollars.

Regardless of the continued use, the Port will still need to install a fire suppression system and perform piling repairs at a cost of \$150,000 for each. If the Port is to continue event use at the facility for the long-term, then bathroom upgrades and expansion could cost an additional \$160,000. City of Anacortes parking code calls for 10 stalls per 1,000 net square feet. The Transit Shed is 7,500 square feet so under the City code, 75 parking stalls or spaces is required. Executive Director Hyde reported there are 132 stalls within one block of the Transit Shed. Transit Shed revenues in 2009 were \$23,000, and in 2010, \$32,300 was generated. In neither case was a profit made by the Port. He reported the Port is purchasing two port-a-potties for permanent event use outside the Transit Shed. They will remain locked when no events are taking place.

Executive Director Hyde compared the costs to upgrade the Transit Shed facility with the costs of building a new facility. If the Port were to construct a new facility on property already owned by the Port, the cost with parking lot would be approximately \$3,250,000. If the Port were to purchase sufficient property for a new facility plus parking, those costs would rise to \$6,562,500 at a cost of \$25.00 per square foot. If the Port assumed use at 40 days per year, the daily fee would have to be \$8,000 in order to achieve an 8.5% rate of return.

Commissioner Rubin thanked Executive Director Hyde for the report and invited further discussion from the Commission.

Commissioner Short believed that facility upgrades to the Transit Shed represented funds well spent for what it provides to the community. Commissioner Hopley noted there was still a need to include discussion of other potential water dependent uses, noting it would be nearly impossible to obtain a permit to construct an over-water facility today, and the Transit Shed was intended for water dependant use and was interested in having a representative from the Department of Natural Resources attend a meeting to explain the reasons for limited use. Commissioner Mooney related that people liked the facility in its rustic form, but he still wished to see the floor covered or modified due to trip hazards of the plank flooring. He believed the facility served a community need. Commissioner Niver noted the insufficiency of the City parking code, noting 500 people were likely to generate more than 75 cars. Commissioner Rubin asked whether the Port has quantified the effects of the Transit Shed's use on marine terminal tenants. Executive Director Hyde noted most events were held on weekends with little impact, however the annual Anacortes Arts Festival which runs throughout the week does impact operations for the Port and its tenants. Commissioner Rubin stated he would like to have staff provide information on the costs involved in the impacts and also what an industrial business use of the Transit Shed would be and what value the square footage would have in that type of instance. Commissioner Hopley noted that upgrades to the pier posed a dilemma, so if the use for the community was determined to be temporary and was supplanted by business use, how much should the Port spend on upgrades.

Commissioner Rubin introduced Chamber of Commerce Executive Director Stephanie Hamilton whom he had asked to attend to speak regarding the Transit Shed. The Chamber hosts many events at the facility.

Director Hamilton addressed the Commission, beginning by thanking the Port of its continued support of the Waterfront Festival. She explained that the Chamber's two main events at the Transit Shed, the Wine Festival, and Oktoberfest, are tourist generating events, designed to

bring people here from out of town and to have them drive through our downtown core to get the Transit Shed. Anacortes, she observed, does not have an events center, and even if one could be constructed it would most likely hold 250 people, and that would not be large enough. The Chamber sees the potential for partnerships with the Port and the Northwest Education School District for use of the Seafarers' Memorial Park building, the NWESD facility, and the Marine Tech Center meeting space. Director Hamilton observed that other facilities that are rented for higher fees also have restroom and kitchen facilities with regulated heat. She noted she liked the Transit Shed for what it is and people found it a great place for Chamber events.

In response to questions from the Commission, Executive Director Hyde noted the Port's tent facility on Pier 2 was roughly five times the size of the Transit Shed in square footage. He further noted that tenant Dakota Creek Industries was working to obtain some fairly significant military contracts that might require increased security and could impact Transit Shed use.

Commissioner Hopley noted the primary comment he heard from users was the lack of restrooms. He wondered if the City would consider a public restroom nearby. Executive Director Hyde reported that How It Works had installed such a restroom on their property near 4<sup>th</sup> Street and "O" Avenue, but the several blocks distance was too far to expect people to go to use the restroom.

#### COMMISSION DISCUSSION

Commissioner Short reported on the Washington Public Ports Centennial. He noted that he and Commissioner Rubin, Executive Director Hyde, and Executive Assistant Lindsey, had met with several legislators to discuss issues of importance to ports and to the Port of Anacortes. Commissioner Short related that the State does not have much funding to share. He expressed that certain areas should be examined for saving funds, such as elimination of a state ferry design group. Commissioner Short believed the cost of ferries could be greatly reduced if the state would allow manufactures to do the design from the state's list of specifications.

Commissioner Rubin reported he had recently become aware that SSA, a private shipping company, was looking to build a private shipping terminal at Cherry Point and planned to ship coal to Asia. SSA could expect two years for permitting and two years for construction before opening. He thought if they could ship coal, they could potentially ship petroleum coke as well and encouraged the Port to be watchful of that competition. He asked the Commission if they had any objection with staff looking into the matter. Commissioner Short noted that rail capacity could be an issue. Executive Director Hyde noted that the Port competes every day with the ports of Everett and Bellingham.

He related that in Olympia the Port met with all legislators for the 40<sup>th</sup> and 10<sup>th</sup> districts and talked with them about Port priorities including the preservation of the Model Toxics Control Act funds that are intended for use in environmental cleanups, the state ferry system, prevailing wage issues, and the information presented by Executive Director Hyde regarding the rebuilding of Pier 1. Commissioner Rubin noted that legislators led the Port to believe there may be some transportation funds available in the capitol budget and staff will keep working on this project. He noted that Governor Gregoire had spoken at the reception honoring the Port Centennial and was a large supporter of ports.

Commissioner Niver reported that James Mastin of the Skagit Council of Governments was also promoting the redevelopment of Pier 1.

## COMMUNICATIONS

Executive Director Hyde reported on the Port's two March 11<sup>th</sup> ribbon cuttings for completed projects, the "T" Avenue Improvements project, funded in part by a Job Development Fund (JDF) grant from the State of Washington Dept. of Commerce Community Economic Revitalization Board (CERB), and the Wyman's Ramp Rehabilitation project, funded in part by a tax fund grant from Skagit County. He thanked the Commission for their support of these projects and authorization of funds. Commissioner Rubin thanked the agencies that had helped to fund the projects.

As noted earlier, Port staff attended the Washington Public Ports Centennial March 14<sup>th</sup> in Olympia along with Commissioners Rubin and Short. Among those legislators visited by the Port was Representative Kristine Lytton of Anacortes.

Executive Director Hyde was pleased to announce that the Port received a Boating Infrastructure Grant (BIG) of close to \$1.5 million dollars towards the replacement of E & F Docks at Cap Sante Boat Haven. The Port was one of only 11 grantees in 8 states to receive this federal grant money. Executive Director Hyde thanked Engineering Office Manager and Contract Grants Administrator Switalski, the Port's Finance department, and Landscape architect Dean Koontz for their work in securing the grant.

Coming in April, Port staff will bring the Interlocal Agreement with the City of Anacortes for Pier 2 stormwater and process water to the Commission. Key points of the Agreement are that the Port will buy capacity at the Waste Water Treatment Plant in the amount of \$639,000. This will be paid over a ten year period, paying for treatment on a gallon for gallon basis at a rate of approximately \$30,000 per year. The City will control the pumps by telemetry. The City may shut off our pumps if their system is overwhelmed during high rainfall events. The Port's stormwater improvements at Pier 2 are designed to hold our stormwater until the Plant can accommodate it.

Executive Director Hyde reported that congratulations were in order to the Port as the 5<sup>th</sup> highest in reduction of energy consumption among area public entities.

## UPCOMING EVENTS

Executive Director Hyde reviewed upcoming events. The Spring Boat Show will be held March 18-20 at Cap Sante Boat Haven, the Youth Sports Coalition Auction will take place in the Transit Shed March 18<sup>th</sup>, and the Anacortes Salmon Derby will return to the Boat Haven on March 26-27 with 1,100 fishermen competing.

## UPCOMING MEETINGS

Executive Director Hyde reviewed the Commission's upcoming meeting schedule. The next Regular Commission Meeting will be on April 7, 2011 at 7:00 p.m. at the Commission Meeting Room. The April 21<sup>st</sup> meeting will be held at the Skyline Beach Club. The Commission holds one meeting each year in Skyline during which the agenda usually centers on the Anacortes Airport.

Commissioner Rubin noted he hoped staff would have updates to the parking policy for the Commission to review on April 7<sup>th</sup>.

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 Short moved to adjourn, which was seconded by Commissioner Niver. Commissioner Rubin called for the vote on the motion, which carried unanimously and at 8:44 P.M. the meeting adjourned.

**Attest:**

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Keith Rubin, President

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Pat D. Mooney, Vice-President

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Ray Niver, Secretary

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Steve Hopley, Commissioner

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William L. Short, Commissioner

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Julie Johnson Lindsey, Executive Assistant  
March 17, 2011