

Port of Anacortes
Regular Commission Meeting
June 2, 2011

The Port Commission of the Port of Anacortes held its regular business meeting at 7:00 P.M. on the evening of June 2, 2011. 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, Marina Manager Fowler, Information Systems Administrator Parker, and Executive Assistant Lindsey.

CALL TO ORDER

At 7:00 P.M. Commission President Rubin called the regular meeting of June 2, 2011, to order and welcomed all in attendance.

PRESENTATION

Executive Director Hyde introduced Mr. David Ashbach and Mr. Monty Riley, representing ILWU 25, who were present for the awarding of the Bud Turner Scholarship sponsored by Anacortes Log & Bulk Stevedore, and administered by recommendation of ILWU and the Port. Executive Director Hyde then introduced scholarship recipient Miss Madison Bundy, attending with her parents Shawn and Cam Bundy of Anacortes.

Madison was presented with the scholarship certificate and check at a scholarship assembly last week. On behalf of the Port Commission and staff, Commissioner Rubin congratulated Madison on her achievements and wished her well in her future endeavors.

PUBLIC COMMENT PERIOD

Commissioner Rubin opened the floor for public comment pertaining to items on the regular agenda. Hearing none, the floor was closed.

CONSENT AGENDA

Commissioner Rubin read the consent agenda items: Approval of Minutes of the Regular Meeting of May 5, 2011, and Special Meeting/Ribbon Cutting of May 20, 2011; Approval of Vouchers No. 6-1 through 6-155 totaling (\$1,620,550.21); and Approval of the April 2011 Treasurer's Report totaling \$17,188,967.75. Commissioner Rubin called for any objections to the consent agenda. There were no objections. He called for a motion for approval. Commissioner Mooney moved to approve the consent agenda. Commissioner Niver seconded the motion. Commissioner Rubin called for a vote on the motion, which carried unanimously. Commissioner Mooney noted that \$82,000 of the voucher list was reimbursable environmental costs.

REGULAR AGENDA

Commissioner Rubin proposed moving the report from the Marina Advisory Committee up to second on the agenda so those reporting would not need to stay through the entire meeting unless they chose to. This met with the consensus of the Commission.

ACTION ITEMS

Letter of Support – Skagit County Sheriff's Office -

Executive Director Hyde introduced Sgt. Baldwin of the Skagit County Sheriff's Office who attended the meeting on behalf of Sheriff Will Reichardt. Sgt. Baldwin read a letter from the Sheriff's office, requesting the Port's support of a federal Port Security Grant Program application for obtaining an armored response vehicle. The letter noted that such a vehicle would increase the level of security for the Port, the local refineries, and also the state ferry terminal, and as such, "will provide a visible law enforcement presence for the Port", and would allow for "increased port-wide risk management, enhance domain awareness, and further [that office's] capability to prevent, detect, respond to and recover from attacks involving improvised explosive devices and other non-conventional weapons." Sgt. Baldwin noted that Chief Bowers of the Anacortes Police Department had also provided a letter of support. There is no cost to the Port of the City involved. The armored vehicle will be placed near Port facilities with a final location yet to be determined.

Commissioner Rubin called for any discussion. Hearing none, he called for a motion. Commissioner Hopley moved to authorize the Executive Director to submit a letter of support for and enter into a cooperative working agreement with the Skagit County Sheriff's office. Commissioner Niver seconded the motion. Commissioner Rubin called for a vote on the motion, which carried unanimously.

REPORT

Marina Advisory Committee –

Executive Director Hyde introduced Mr. Jay Field, Chairman of the Port's Marina Advisory Committee for the Cap Sante Boat Haven. Mr. Field reported that the Committee met irregularly (about four times last year) on an as-needed basis as there was no pressing business before the committee at this time. He believed this was a reflection of the good management and vision at the Boat Haven, where things were going well. Mr. Field noted that the Committee had been briefed on the replacement of E & F Docks scheduled for this fall. He observed there had been some congestion at the fuel dock, but this was a good problem to have and was an indicator of the Port pricing fuel at a reasonable price, bringing boaters to Anacortes. Mr. Field expressed the Committee's appreciation at their ability to have dialog with the Commission and for the Port's open, public meetings where input could be given. He believed the people of Anacortes should feel well represented.

Commissioner Rubin thanked Mr. Field for his service on the Marina Advisory Committee, and also asked him if he cared to report on the Anacortes Salmon Derby.

Mr. Field observed that the Salmon Derby has truly become a community event. Their organization was recently split off from the Fidalgo Chapter of the Puget Sound Anglers, and incorporated as a non-profit organization. This will open doors for large corporate sponsorships

and scholarships. Mr. Field reported that in the last four years the Anacortes Derby had given away over \$100,000 in scholarships for students pursuing careers in fisheries and related science. He introduced Mr. Terry Nemeth, a Public Works supervisor for the City of Anacortes, who will be taking over as event chairman for next year. Mr. Field and Mr. Nemeth stressed that the Anacortes Salmon Derby could not have this level of success without the support of the Port. Other derbies in the northwest series do not receive that same support. Mr. Field noted that the Marina staff, including Marina Manager Fowler, Asst. Manager George, Coordinators Nelson and Maher, and Operations Johnson, and Burns, all do a great job.

Mr. Nemeth presented the Commission with a plaque from the Anacortes Salmon Derby for the Port's support of the 2011 Derby. Mr. Field took this opportunity to thank Commissioner Hopley for his service to the Port and community, as he would not be running for re-election.

ACTION ITEMS

Resolution No. 1236 – Developing a Port of Anacortes Parking Policy –

Commissioner Rubin noted that the Commission had held a Special Meeting earlier today to continue discussions and made changes to the most recent draft policy to remove public access from the list of temporary uses, and to change number 4 – Parking Leased to others – to read: “Parking Leased to others, subject to Commissioner approval after review of impacts and benefits of the proposed use.”

Commissioner Hopley noted that Commissioner Niver had suggested dropping the wording, “on a space available basis” and “no more than one year”. He wished to see this further amended to retain the “on a space available basis” wording and to add “month to month” to increase availability if higher priority needs arise. Commissioner Niver agreed.

Commissioner Short noted he would have liked to see the 1,000 foot distance requirement be included, but he could live with the “month-to-month” stipulation as an alternative. Commissioner Mooney questioned who would have the authority to terminate a month-to-month lease agreement, with the consensus being that either the Commission or the Executive Director could terminate such a lease.

Commissioner Rubin restated the amended number 4 as follows: “Parking Leased to others on a space available basis, lease term on a month-to-month basis, subject to Commission approval after review of impacts and benefits of the proposed use.” He noted he liked the flexibility of this for temporary agreements. Commissioner Hopley observed that the Commission has recognized temporary parking as a lower priority use and was pleased with the month-to-month wording.

With discussion concluded, Commissioner Rubin called for a motion. Commissioner Niver moved to adopt Resolution No. 1236, developing a parking policy for the Port of Anacortes. Commissioner Mooney seconded the motion. Hearing no further discussion, Commissioner Rubin called for a vote on the motion, which carried 4-1 with Commissioner Rubin opposed.

Approval of Slate of Members for the Airport Advisory Committee -

Executive Director Hyde introduced Director of Operations & Facilities Hachey who reported that the Airport Advisory Committee had proposed three new members to replace outgoing

members. The proposed new members were Val Johnson, Tony Idczak, and Anni Brogan. The current chair of the Committee is Warren Walz.

The updated list of Committee Members would be as follows:

Port of Anacortes	John Hachey
City of Anacortes	Don Measamer
Fixed Base Operator	Clyde Carlson
Pilot	Warren Walz
Pilot	Eric Ufkes
Pilot	Anni Brogan
Non Pilot District One	Marlene Moore
Non Pilot District One	Val Johnson
Non Pilot District One	Frank Higgins
Non Pilot District One	Tony Idczak
At Large	Tom Fritzier
At Large	Richard Storwick
At Large	Al Bush

Commissioner Short noted that the work done by the Airport Advisory Board was a tremendous help, providing good quality input to the Commission. Commissioner Rubin and Commissioner Mooney agreed, noting this was true for all of the Port's advisory committees.

With discussion concluded, Commissioner Rubin called for a motion. Commissioner Short moved to accept the proposed slate of members to the Anacortes Airport Advisory Committee and the commissioning of those individuals who have volunteered to serve in that regard. Commissioner Mooney seconded the motion. Commissioner Rubin called for a vote on the motion, which carried unanimously.

UPDATE

Teleconferencing Equipment Options –

Executive Director Hyde reported that as requested by the Commission, staff had been looking into possible options for upgrading the teleconferencing equipment used by the Commission as needed, notably when a commissioner is absent and wishes to be present in a meeting via speakerphone. He introduced Information Systems Administrator Parker who briefed the Commission on three possible solutions or upgrades. The first would be a conference phone with an enhanced listening area capability – cost estimate \$1,000. The second option would be a combination conference phone with laptop. A Commissioner would use the laptop to log in via a “go to meeting” program enabling he or she to see the PowerPoint presentation and hear and be heard over the conference phone – cost estimate \$2,500. The third option would be a full teleconference set up with conference phone, laptop, and cameras to allow 2 way visual and verbal communications – cost estimate between \$7-10,000. Administrator Parker reviewed the pros and cons of each option. He noted that the second option, bringing in an internet connection, also added another level of complexity, as did the third option, which would include a need for greater band width for streaming the connection, which could be unpredictable.

In response to questions from the Commission, Administrator Parker observed that a typical hotel internet connect would probably not be sufficient. He noted the Port was the recipient of a new conference phone, purchased for the Scott Site meetings, which was designed for larger

capacity and was a large improvement over the current model used recently, with additional speaker capacity.

Commissioner Mooney noted that he would appreciate the enhanced equipment and valued the ability to attend a meeting via teleconference when he was out of town. Commissioner Short suggested the new equipment be used and evaluated the next time teleconferencing is requested prior to deciding on other upgrades. Commissioner Rubin stressed the need for effective communication for both the Commissioner who was away and for those Commissioners remaining. He noted he was skeptical based on the Commission's prior experience, but was willing to try the enhanced equipment.

Commissioner Hopley expressed that the question remained as to whether the Commission would continue to allow for attendance via any remote methods. He thought that with better equipment the Commission might find this less disruptive. He asked if meeting materials could be available via the internet. Commissioner Mooney reported that when he is away he has staff fax him all meeting materials.

Commissioner Niver observed that if the present Commissioners were more of a "rubber stamp" Commission, this would be less of an issue. He noted he'd heard complaints about the teleconferencing and didn't think there was a need for it as with five commissioners, three was a quorum.

Commissioner Rubin thanked Information Systems Administrator Parker, who will provide a synopsis of the options discussed.

STUDY SESSION

Long Range Tax Planning –

Executive Director Hyde provided the Commission with a listing of projects from 2006-2011 which utilized funding from the Tax Fund. He also presented a summary of capital projects, divided into three categories:

Non-discretionary Projects needing to be completed within the next 2 years. Estimated cost \$2.7 million.

Non-discretionary Projects needing to be completed within the next 3-10 years. Estimated cost \$22 million,

Discretionary Projects that have been discussed and would enhance the Port but are not vital to operations. Seven projects fall into this category. Estimated cost \$5.5 million.

Executive Director Hyde reviewed Port Resolution No. 1147 which specifies what tax funds can be utilized for and reviewed the Port's millage rate history. The Port's current rate is .09 percent. The Commission has maintained taxes at a fairly steady rate in recent years at approximately \$530,000. About 5% of the Port's revenues come from taxes. Executive Director Hyde noted this information is available in the Port's 2011 budget online on the Port's website.

Executive Director Hyde reviewed ten year revenue/expense projections, with revenues estimated at close to 12 million by 2020 and expenses close to 10 million by 2020. He noted the need for capital renewal and maintenance of infrastructure.

After a brief discussion, the Commission's consensus was to include this as a study session item for the June 16th Regular Meeting.

UPDATE

First Quarter Financial Report –

Director of Finance & Administration Johnson briefed the Commission on the Port's first quarter of 2011.

In response to questions from the Commission, Director Johnson noted the operating revenues were ahead of last year at the same time, with the majority of those revenues coming from the Marine Terminal. Operating expenses for the first quarter were slightly below those of last year for a total net operating income in the first quarter of approximately \$240,000.

Director Johnson also reviewed first quarter non-operating activity revenue, expenses, and capital grants, as well as environmental grants, recoveries and expenses. The Port received \$3.6 million in recoveries, with \$2.5 million in expenses. Net non-operating income was approximately \$1.4 million, ahead of the budget projections for the first quarter and ahead of last year for this time period.

Director Johnson provided the Commission with an update of the Port's working capital, significantly higher at the present time due to the Port's general obligation bonds for the replacement of E & F Docks in line for this fall. He also reviewed the Port's gross profit margin tending higher in 2011, with debt to capital ratios being .30:1 with an efficiency ratio of .91:1 through March.

REPORT

Executive Director Performance –

Commissioner Rubin noted that rather than a year-end report, on the recommendation of he and Commissioner Mooney, the Commission would now receive quarterly monitoring reports from the Executive Director.

Executive Director Hyde presented his first quarter report for 2011. He noted that all Port staff members see the ratios reported on by Director Johnson. As a reminder to the viewing audience, Executive Director Hyde observed that his evaluation is based on the goals and strategies of the Port's Strategic Plan and its long-term goals. He reviewed his work in support of those goals as follows:

Goal: Provide the Commissioners with the framework and resources necessary for good decision making.

- Performance Indicators – Implemented a battery of about 30 performance indicators, including Marina revenues as an example, and measuring all operating areas
- Weekly Update – Provides a weekly update to the Commission showing daily activities and information
- Separation of Commission work from Executive Director work – Indicating the Commission's vision and the Executive Director's execution of work in support of that vision
- Examples of good Decisions:
 - Scott Site
 - Anthony's

- Puget Sound Rope Lease
- Prilled Sulfur

Goal: Endeavor to develop and employ the Port's employees to their highest and best use.

- Employee survey – Reviewed the results of the annual employee survey which indicated that overall satisfaction is up compared to the prior year and the impressions of the employees was that the Port is moving in the right direction. The survey asks employees to rate internal and external communications, their perception of the effectiveness of Port management, their direct supervisor's management and coaching – which received very high marks, their working environment – where some issues were noted regarding the physical condition of Port offices, including heating/cooling, smells, noise and dust, personal workload and job duties, and professional job growth and training.

Executive Director Hyde noted that the Port promotes professional growth. He praised the excellent work performed by Port project managers as indicative of this growth.

Goal: Stimulate a Pro-Business Climate within the District

- Executive Director Connections:
 - > Active Board Member of :
 - Anacortes Chamber of Commerce
 - EDASC
 - Padilla Bay Foundation
 - Anacortes Futures Project Steering Committee
 - > Collaboration:
 - City - Wastewater processing and trucking Agreements
 - County - Grant for Wyman's ramp
 - County - ferry parking at marina
 - County - hosting of our streaming video archives
 - Port Commission meetings on Channel 21
 - Monthly meetings with Port of Skagit Executive Director

Executive Director Hyde reported that we are the only Port in Skagit County whose meetings are telecast.

Commissioner Niver asked if there was any news regarding the Port's request for an \$860,000 stormwater grant. Executive Director Hyde reported that the Port did not receive the grant, which was awarded to transit projects instead.

Goal: Develop and maintain active communications with the community, port customers and tenants, and principal governmental agencies

- Monthly newsletters, printed and on-line
- Annual report
- Speakers Bureau – Executive Director Hyde, Directors Johnson, Hachey, and others have spoken to a variety of groups about the Port
- Phone answered on 1st ring by a live person, promoting active communications
- Approximately 200 articles in newspapers each year – these are assessed as positive, negative, or neutral

Goal: Endeavor to develop and employ the port's properties to their highest and best use

- Comp Plan – We actually follow and work to execute our Comprehensive Plan and about 30% of the 2008 Plan has been completed
- 2012 starting Airport master plan update
- Purchase of 3rd Street properties
- Ribbon Cuttings in 2011
 - > Anthony's
 - > T Avenue Improvements
 - > Wyman's ramp
 - > Scott Site Clean up

Executive Director Hyde noted that nationally published PassageMaker Magazine has cited the floats in the Boat Haven constructed by Bellingham Marine as among the best in the world.

Goal: protect and enhance the existing environment through implementation of a pro-active environmental program of prevention, remediation and education

- Scott Site completion
- Storm water storage and treatment project at Pier 2
- Anthony's parking lot – bio-filtration system
- T Avenue - rain gardens
- Staff teaching at WWU Huxley College of the Environment, Skills Center
- Participation in Marine Resources Committee
- Padilla Bay Foundation participant

Executive Director Hyde concluded his quarterly report of these six of his fourteen goals on which he is evaluated. The Commission thanked him for his report and good work.

COMMISSION DISCUSSION

Capital Improvement Plan Scoring –

Executive Director Hyde reviewed in greater detail both non-discretionary and discretionary capital projects for the Commission. Those non-discretionary projects needing to be accomplished in the next two years, outlined by operating area, were as follows:

Airport – Update of Airport Master Plan – this is needed in order to be eligible for FAA funds when they are available. The Plan is scheduled for update in 2013.

Cap Sante Boat Haven – Emergency maintenance dredging is needed under M, N, and O Docks – permits are needed.

- 20 year old HVAC system needs replacing and has been postponed through the last several budget cycles

Marine Terminal – Cracked structural pile need replacement

- Mooring dolphin at Pier 2 needs replacement
- Cathodic protection of steel piling needs to be replaced
- Longshore building at Pier 2 needs to be moved and upgraded
- Transit Shed – fire suppression needed – both overhead and under Pier 1

- Main Port Office building needs an HVAC system installation and window replacement

Non-discretionary projects to be accomplished in three-ten years were as follows:

Port-wide – Environmental Cleanup including the log pocket mitigation site at the Marine Terminal and the former Shell Oil tank farm site behind McDonald's.

Cap Sante Boat Haven – North breakwater is at the end of its service life, approximately 53 years old

- T Dock replacement and improvements to the entry to B Dock.

Marine Terminal – Sheet pile replacement of under dock bulkhead at Pier 2

- Reposting parts of pile beneath Pier 1 and replacing pile
- Pier 1 reconstruction – replacing the exterior wooden portion of the wharf with concrete

Discretionary projects were presented to the Commission for grading. At the Airport these included parking lot improvements, largely development driven and stormwater design and construction. Executive Director Hyde noted that the latter may not be needed if the present detention ponds are cleaned out. In response to questions from the Commission, he noted that Port staff had met with the City and they had indicated they would prefer an enlarged outfall option to a potential underground vault system.

At the Boat Haven, discretionary projects included West Basin Dredging for maintenance dredging under E & F docks, Improvements of the Esplanade from the Central Pier to 9th Street, an Activity Float – 50'x42' monolithic float system popular with large boating groups, a New Entrance to the Boat Haven and Central Pier Turnaround, and a new ramp to A Dock and the Whale Watching boats.

Commissioner Niver observed there were not enough funds at present to complete the more immediate non-discretionary projects, so there would not be funds for consideration of discretionary items.

Director of Finance & Administration Johnson noted the Port performs year to year revenue projections and had developed a construction fund which would total \$1.2 million for use in the next budget cycle to proactively fund revenue projects. Taken into consideration as well are obligations to repay funds, such as the Property Sales Proceeds Fund

Commissioner Niver noted the question of whether revenues from sulfur shipments are used for the repayment of other funds at this time might be trumped by the need for completion of non-discretionary projects. Commissioner Rubin agreed that maintenance work needed to be done.

Commissioner Mooney inquired about funding for the log pocket remediation. Director Johnson responded that 50% of the project was funded at this point by a commitment from the Dept. of Ecology. No potentially liable party (PLP) letter had been issued as of yet.

Commissioner Hopley stated it was still worthwhile for the Commission to score the discretionary projects, noting the Commission had not yet considered the budget for 2012, and it would be valuable to see how these projects could dovetail with others, and their overall cost.

The Commission discussed the scoring process and was of a consensus that a weighting for cost-effectiveness should be edited back in as a consideration. Additionally, all criteria were

given an equal 25% weight. Staff will update the scoring sheets and provide the Commissioners with one for each discretionary project to score and return for tabulation.

COMMUNICATIONS

Washington Public Ports Association Meeting - Executive Director Hyde reported that members of the Commission and Port staff had attended the WPPA Spring meeting in Blaine, May 18-20. Those attending came away with good information and found attendance worthwhile.

Seafarers' Memorial Park - On May 20th the Port held a grand re-opening of the Seafarers' Memorial Park including speakers from the Port, and partners Ecology and Kimberly-Clark, and the Governor's office, followed by a ribbon cutting ceremony and community barbeque. More than 500 people were in attendance to share in the reopening. Executive Director Hyde thanked Kimberly-Clark and the Dept. of Ecology for their cooperation and assistance in seeing this cleanup project to completion, and thanked the Port's staff, consulting teams, and contractors for their skill and hard work.

The Port honored Port Partners during the annual Waterfront Festival Kick-off Dinner the evening of May 20th and the weekend Waterfront Festival enjoyed relatively good weather and was well attended.

Community Tour – The next tour of Port projects will be held June 13th, starting at 4 p.m. at the Dakota Creek office at the corner of 4th Street & Q Avenue. The tour will include information about stormwater at the Marine Terminal.

Upcoming Transit Shed Events – The Islands Chapter of the American Red Cross will hold its Real Heroes Breakfast on June 22nd. Among those honored this year is Port Operations staff member Brad Johnson who assisted in the rescue of some youth sailors near the Boat Haven.

The Port's free summer concert series returns this year to a new location at the Seafarers' Memorial Park. Jesse Colin Young will be appearing August 6th at the Seafarers' Memorial Park. This paid concert is separate from the free Friday night concerts with tickets available at brownpapertickets.com or by calling the Snohomish Artists Guild. Also returning to the Boat Haven this summer are the Central Pier performances, two hour entertainments each Saturday and Sunday in July and August. Those interested in performing may contact Executive Assistant Lindsey at the Port's main office for more information,

UPCOMING MEETINGS

Executive Director Hyde reviewed the Commission's upcoming meeting schedule. The second regular meeting in June will include a study session regarding tax planning. The first regular meeting in July is scheduled for July 7th at 7:00 p.m. Commissioner Rubin noted the Commission might also discuss planning for the Transit Shed and zero emission vehicles.

PUBLIC COMMENT PERIOD

Commissioner Rubin opened the public comment period for items not on the regular agenda.

1. *Mrs. Virginia "Bunny" Heiner, 804 K Avenue, Anacortes, addressed the Commission. Mrs. Heiner thanked the Commission and staff for being a good host over the course of the meetings in which the parking policy was discussed. She also praised Port staff for their quick response to answering the phone and pleasant manner.*

2. *Mr. Tom Glade, 210 Mansfield Court, Anacortes, addressed the Commission on behalf of Evergreen Islands. He noted that group worked hard with the Portalis development on stormwater runoff and that a pipeline was in place with a spreader tube at the end to diffuse the outfall of water. He voiced concerns that more water into the outfall from the Airport could damage trees and habitat. He encouraged the Port to handle stormwater on site at the Airport with rain gardens.*

Hearing no one else 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 Short. Commissioner Rubin called for the vote on the motion, which carried unanimously and at 9:08 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
June 2, 2011