

Port of Anacortes

Regular Commission Meeting July 7, 2011

The Port Commission of the Port of Anacortes held its regular business meeting at 7:00 P.M. on the evening of July 7, 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, and Executive Assistant Lindsey.

CALL TO ORDER

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

PUBLIC COMMENT PERIOD

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

CONSENT AGENDA

Commissioner Rubin read the consent agenda items: Approval of Minutes of the Special Meeting of June 2, 2011, the Regular Meeting of June 2, 2011, and the Regular Meeting/Work Study Session of June 18, 2011; Approval of Vouchers No. 7-1 through 7-162 totaling (\$1,007,340.93); Approval of the June 2011 Treasurer's Report totaling \$17,071,203.96; and Action Items – Schedule for 2012 Budget Adoption using alternate dates, and Contract Acceptance for the Former Scott Paper Mill Cleanup Project – Phase 3, Project #ENV-01C & #ENV-01C-SW1. Commissioner Rubin called for any objections to the consent agenda. Hearing none, he called for a motion for approval. Commissioner Short moved to approve the consent agenda. Commissioner Mooney seconded the motion. Commissioner Rubin called for a vote on the motion, which carried unanimously.

REGULAR AGENDA

ACTION ITEMS

Lease to Others for Parking: Month-to-Month Lease Agreement – Aeronautical Services, Inc. -

Executive Director Hyde introduced Director of Operations & Facilities Hachey who reviewed the item for the Commission, seeking permission to continue the month-to-month lease agreement for Aeronautical Services, Inc. (ASI). He explained Aeronautical Services leases approximately 3,600 square feet of land at various locations throughout the Port in order to conduct freight transfer operation for United Parcel Service deliveries to the San Juan Islands. Aeronautical Services currently uses Curtis Wharf for parking to unload and distribute cargo, and parking for their service trucks and vehicles. The month-to-month agreement with

Aeronautical Services has been in place for over ten years. The Port has needed to move their base of operations several times during that period. ASI has indicated they would like a longer lease and an area to construct a loading dock, but the Port has been unable to provide a space specifically for their long term use.

The Commission discussed whether this lease agreement was within the guidelines of their recently adopted parking policy since it involved not only temporary parking but also transportation and shipment of goods as part of their business activity. As such the Commission was of a consensus that this lease agreement was within the Executive Director's authority as a business lease and not purely a parking agreement. With no action required by the Commission, the item was removed from the agenda.

Pre-construction Authorization for Pier 2 Security Improvements –

Director Hachey briefed the Commission on this item, noting the project was approved as part of the 2011 Capital Improvements Plan. The Port of Anacortes was awarded a grant from the Department of Homeland Security totaling \$575,000 for the security infrastructure project at Pier 2. This grant is 100% funded with no matching funds required from the Port. The improvements include a gate guard house with security pole lighting, cross arm gates, a back-up emergency generator, cameras, recording equipment and a console monitoring center. The gate guard house will also accommodate the federal TWIC server equipment. With release of the grant funding, the next step is for the Commission to authorize the pre-construction elements of the Pier 2 Security Improvements Project.

The pre-construction elements include: Design fees, including engineering, for a total cost of \$58,051 and also permitting and administration fees for an estimated cost of \$12,254, for a total authorization of \$70,305.

In response to questions from the Commission, Director Hachey observed that if a ship is berthed at Pier 2 the Port must provide 24 hour security. The monitors in the guard house will also tie into the Port's security network and cameras at the Boat Haven.

With discussion concluded, Commissioner Rubin called for a motion. Commissioner Short moved to authorize funding in the amount of \$70,305 to be spent from the General Fund to complete the pre-construction elements of the Pier 2 Security Improvements Project, Project # MRT-13. Commissioner Mooney seconded the motion. Commissioner Rubin called for a vote on the motion, which carried unanimously.

DISCUSSION ITEM

Taxes – Methodology for determination -

Executive Director Hyde provided the Commission with a review of non-discretionary and discretionary Capital Improvement Projects for 0-2 years and 3-10 years. Many were deferred maintenance items that were set aside during the Port's extensive environmental cleanups. Total cost of the non-discretionary items is approximately \$25 million, with discretionary projects totaling about \$5.5 million. Executive Director Hyde also reviewed the Commission's rating priority of the discretionary projects, with the highest ratings being a new ramp at the east end of A Dock, improvements to the West and North basin esplanades, and an improved entrance to the Boat Haven. These had been discussed in depth during the Commission's June 16th Regular Meeting.

Executive Director Hyde outlined a process for determining tax structuring for the next five years considering the following projected factors:

Cash Inflows

Net Operating Income	\$ 4,139,970
Add Back Depreciation	9,005,605
Add Additional E+F Dock Revenue	756,796
Add Projected Net Sulfur	4,250,000
Add Yearly Tax Assessment @ \$530,000	2,650,000
Add Commission Discretionary Operating Reserve	700,000
Add Back Environmental Fund	750,000
Add Back 2011 Construction Fund	<u>1,200,000</u>
Total	\$ 23,452,371

Cash Outflows

Subtract Environmental Commitments	\$ (2,405,992)
Subtract Debt Service over 5 Years	(9,298,813)
Subtract amounts for all Current Obligations to other funds	(1,540,638)
Subtract 5% Safety Factor (Current and Projected Revenues)	(1,047,279)
Subtract \$1.8M Each Year for Renewal of Infrastructure	<u>(9,000,000)</u>
Total	\$ (23,292,722)

Executive Director Hyde explained there were a number of variables to consider in terms of capital renewal:

Infrastructure: \$92 million
50 year replacement cycle
\$1.84 million per year needed to keep up

He further explained that the Port has been lucky with past grants for some improvements, but has not had capital renewal and facilities maintenance items as a prominent item in the budget annually. Staff recommends spending \$2.5 million for next 10 years to reduce the backlog of \$25 million in critical infrastructure renewal. The majority of these maintenance and infrastructure items are at the Marine Terminal and the Cap Sante Boat Haven. The Airport, by comparison, is in great shape and has benefited from past grants from the Federal Aviation Administration.

Commissioner Rubin thanked Executive Director Hyde and staff for the report and opened the floor for discussion and questions from the Commission. He noted the Commission needed to consider staff's recommendation and how best to attack the deferred maintenance backlog. Additionally, he noted other questions could include whether the Port wished to grow, acquire more property, do additional environmental work, stay the same size or shrink, and whether the Commission wished to accelerate the pay down of debt or take on more debt.

Commissioner Niver inquired whether the information presented included an assumption of no grant funding or added revenues as a result of continued implementation of the Comprehensive Plan. Executive Director Hyde confirmed this as correct. Commissioner Niver noted that growth in a way that would bring more profit to the Port would be favorable as opposed to growth without a direct benefit. Commissioner Mooney concurred that growth was needed.

Commissioner Hopley voiced appreciation for the presentation as well done and a great exercise and noted the Port has not examined the infrastructure needs this thoroughly in budgeting in the past. He observed that he would like to continue this as a broader discussion, as well as the related but in his view separate, discussion of taxes going forward and which projects were eligible for tax levy funding.

Commissioner Short praised staff's work on forecasting, noting it was difficult to do so up to 5 years out, especially in the current economy where it was difficult to gauge the potential impacts of state and federal budget cuts. He noted the Port was fortunate to have been able to keep on an even keel during this time, with no layoffs, bringing in commerce and tourism and with that, increasing local retail sales. Commissioner Short noted that taxes collected by the Port were used in creating jobs and providing services which benefit the community.

Commissioner Rubin inquired whether the Commission would like to see a broader or narrower scope going forward, such as specific to tax planning and/or including additional data. The consensus of the Commission was to have both a broader discussion of facilities maintenance and also to ask staff to identify any projects that are eligible for funding from the tax levy. In addition wished to see any available forecasting for grants and potential revenues from growth outlined in the Comprehensive Plan.

COMMISSION DISCUSSION

Memorials on Port Property –

Commissioner Rubin opened the floor for items of discussion by the Commission. He noted that Commissioner Short wished to speak about memorials on Port property. Commissioner Short noted the Port presently has no policy for memorials and wished to discuss memorials as beneficial in terms of assets, such as a bench, if handled properly and not at a cost to the Port. He envisioned that a person's family might contribute funds for a bench with a memorial plaque as well as provide funds for its future maintenance. Limitations and guidelines could be set by a policy with other ideas being the planting of trees or the donation of a piece of art. Items to consider would be the length of the memorial in years or indefinitely, and a memorial's location.

Commissioner Mooney observed that the Seafarers' Memorial was located on Port property in memory of those lost at sea and should continue to be maintained. Commissioner Niver observed there was a bench at the Anacortes Airport. Executive Director Hyde noted that bench was not dedicated to anyone person in particular, and was sponsored by the Quiet Birdmen. Executive Director Hyde further noted that the City of Anacortes has allowed for memorial benches and plaques and he would inquire whether they had a written policy. Commissioner Rubin requested that staff draft a policy and bring it back to the Commission for further discussion at the next meeting.

Property Acquisitions, Pier 1 Transit Shed, and Cross-Island Trail –

Commissioner Mooney addressed his wish to see the Port make property acquisition a topic of continued future discussion. He noted that several Port tenants could benefit from expanded areas in which to grow. In addition, Commissioner Mooney brought up the need for upgrades to Pier 1 with piling and dock repair and also the Transit Shed where he saw a need for flooring and improved restroom facilities. Lastly, Commissioner Mooney wanted to see the Port assist in finishing the Cross-Island Trail by providing an area along the east side of Anacopper Road for trail use.

Commissioner Niver observed these items could be part of a Comprehensive Plan discussion. In response to an inquiry from Commissioner Rubin, Commissioner Mooney affirmed he would like these items to be part of the 2012 budget discussions.

Commissioner Hopley noted that the project identification process had provided an opportunity for the Commission to place items such as this on a list for prioritization.

Executive Director Hyde observed that all of the projects mentioned by Commissioner Mooney were included in the Comprehensive Plan and staff had presented projects from the Comprehensive Plan based on priority.

Commissioner Niver reviewed that via Port Resolution No. 1226, any Commissioner can present any item to the Executive Director for consideration. Following discussion, Executive Director Hyde suggested that Commission preferred projects be added to staff's annual call for projects, usually reviewed during the first meeting in April.

COMMUNICATIONS

Community Tour – The next tour of Port projects will be held July 11th, starting at 4 p.m. at the Port's main office at 100 Commercial Avenue. The tour will include information about the Marine Terminal and the new office building being built for Port tenant Puget Sound Rope.

At the Cap Sante Boat Haven – Announcements from Town Crier, Richard Riddell, accompanied by a cannon blast from Lee Dawes of Fidalgo Artillery, can be heard each Saturday at 5 p.m. at the Central Pier. The Central Pier is also home to performances every Saturday and Sunday from 12-2:00 p.m. by a variety of talented local performers. There are still a couple of openings in the schedule. Interested performers should contact Executive Assistant Julie Johnson Lindsey at the Port's main office.

Summer Concert Series – The Port's Summer Concert Series, held in conjunction with the Snohomish Artists Guild (SAG), returns this summer to its new home at Seafarers' Memorial Park. Five concerts, one each Friday evening will be held at the Park, free of charge to the public.

On August 6th, SAG will present singer Jesse Colin Young at the Park venue. Tickets for preferred seating for this concert are available at Brown Paper Tickets .com.

Upcoming Transit Shed Events – The What the Heck Fest, an independent music festival, will be using the Transit Shed July 15th and 16th. Following that, the Anacortes Arts Festival comes in for its annual series of concerts and art displays July 29th through August 7th. They will hold a concert featuring The Paper Boys on July 22nd. For tickets, contact the Arts Festival Office.

UPCOMING MEETINGS

Executive Director Hyde reviewed the Commission's upcoming meeting schedule. The second regular meeting in July will include a study session with continued discussion of tax planning. The first regular meeting in August is scheduled for August 4th at 7:00 p.m.

PUBLIC COMMENT PERIOD

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

1. *Mrs. Claire Eberle, 9570 McGlenn Drive, LaConner, addressed the Commission. Mrs. Eberle noted that the LaConner Arts Commission oversaw memorials in LaConner with unifying elements for benches at Pioneer Park and throughout the town dedicated to individuals whose families contributed funds. She thought Commissioner Short's idea to be a good one and beneficial to Anacortes.*

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 8:31 P.M. the meeting adjourned.

Attest:

Keith Rubin, President

Pat D. Mooney, Vice-President

Ray Niver, Secretary

Steve Hopley, Commissioner

William L. Short, Commissioner

Julie Johnson Lindsey, Executive Assistant
July 7, 2011