

Port of Anacortes

Regular Commission Meeting And Public Hearing – 2009 Budget November 6, 2008

The Port Commission of the Port of Anacortes held its regular business meeting at 7:00 P.M. on the evening of November 6, 2008. 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 Short, Commission Vice-President Rubin, Commission Secretary Niver, Commissioner Hopley and Commissioner Mooney.

Also in attendance: Executive Director Hyde, Director of Finance & Administration Johnson; Director of Operations & Facilities Hachey, Director of Engineering Elsner, Project Manager Estvold, Environmental Administrator Thoman, Marina Manager Fowler, Project Assistant Rowe, Operations IV Krause, and Administrative Coordinator Lindsey.

CALL TO ORDER

At 7:02 P.M. Commission President Short called the regular meeting of November 6, 2008, to order and welcomed all in attendance. He noted that the Commission had a full agenda this evening and would begin with a guest speaker.

Executive Director Hyde introduced Mr. Steve Rodrigues, representing the Kalakala Alliance Foundation. Mr. Rodrigues addressed the Commission and gave a PowerPoint presentation regarding the former ferry Kalakala, which he hoped to see restored for its historic and design values. Mr. Rodrigues noted this was his first public presentation regarding the Kalakala and thanked the Commission for what he deemed the honor and privilege of addressing those assembled. Mr. Rodrigues explained that the Foundation is seeking a rural community in the northern Puget Sound area to retire the vessel for restoration and future reuse. He wished to return to speak to the Commission at a work session in which he could propose and discuss the Foundation's full plan for the Kalakala.

On behalf of the Commission, Executive Director Hyde thanked Mr. Rodrigues for his presentation. The Commission also thanked Mr. Rodrigues for his passion for the Kalakala, but noted the Port had neither the property nor funds to provide a home for the vessel. They encouraged him to explore private property owners and contributors.

PUBLIC HEARING – 2009 BUDGET

Commissioner Short called on Executive Director Hyde to begin the Public Hearing with the Port staff's presentation on 2009 Budget. He noted that following the staff presentation, the Commission would open the floor for public comment on the 2009 Budget.

Executive Director Hyde introduced Director of Finance & Administration Johnson and Director of Engineering Elsner who provided the Commission with a brief presentation on updates made to the preliminary budget since the Commission's last budget study session discussions. A copy of the presentations will be attached to the approved version of these minutes.

Director Johnson reviewed changes in the assumptions from the preliminary budget:

1. Washington State Ferries property lease budgeted for \$450,000 for 2009 and future years
2. Permanent moorage budgeted at 5% rather than 10%
3. Added lease revenues in the amount of \$45,600 for the Marine Skills Center for years after 2009
4. Added lease revenues for the West Basin in the amount of \$60,000 for years after 2009
5. Reduced comprehensive plan project funding for Port-wide efforts in years 2010, 2011, and 2012

Director Johnson presented the revised operating revenues and expenses and general and administrative revenues and expenses and total net income as follows:

Operating Revenues		Operating Expenses	
Airport	\$ 278,724	Airport	\$ 76,473
Property Rentals	\$1,355,469	Property Rentals	\$ 220,664
Marine Terminal	\$3,202,009	Marine Terminal	\$1,935,428
<u>Cap Sante BH</u>	<u>\$5,753,415</u>	<u>Cap Sante BH</u>	<u>\$2,768,352</u>
Total	\$10,589,617	Total	\$5,000,917

Operating Revenues	\$10,689,617
Operating Expenses	(\$ 5,000,917)
G & A	(\$1,977,715)
Operations	(\$ 863,688)
Depreciation	<u>(\$1,935,267)</u>

Net Operating Income	\$812,030
Capital Grant	\$2,945,700
Net Non-Op Income	<u>\$1,445,775</u>

Net Income \$5,203,505

Commissioner Niver inquired about G & A designation, noting that no wages are shown relative to Airport operations. Director Johnson explained in terms of Airport projects, most staff hours are part of capitalized labor. He further noted that G & A is allocated over various business units of the Port.

Commissioner Short noted that anticipated income from increased slip size after the future replacement of docks E and F at the Boat Haven had not been included in budget projections. Director Johnson explained that Director Elsner and the Port's Engineering department were working on specifications for the replacement project, but that information is not yet complete. The proposed budget is based on what is currently known.

Commissioner Short thanked Director Johnson for his presentation and introduced Director Elsner who provided an overview of the proposed capital spending and capital projects for 2009.

Commissioner Hopley noted the budget indicated the proposed levy amount of \$530,000 for the Tax Fund was designated to be transferred to the Environmental Fund. Director Elsner explained that the greatest monetary expenditures would be for environmental cleanup,

primarily at the former Scott Paper mill site, which is anticipated to cost more than \$13 Million dollars. This information was reviewed with the Commission at the October 16, 2008 Study Session.

Executive Director Hyde thanked Directors Johnson and Elsner for the update. Commissioner Short requested any discussion from the Commission.

Commissioner Niver noted that funds already existed in the Environmental Fund and questioned the need to transfer monies from the Tax Fund to the Environmental Fund as projected for 2009-2013. He pointed out that environmental spending is an approved use of the Tax Fund without a need for transfers. Director Elsner explained the reasoning behind the proposed transfers, noting that one element not depicted in the cash flow report was that the Port must first spend the funds for environmental cleanup at the former Scott Paper mill site and then be reimbursed by the Dept. of Ecology. The typical wait for reimbursement is 40-60 days, during which time more expenditures may be necessary.

Commissioner Mooney noted that although the Tax Fund can be used for environmental cleanup he would encourage its use for property acquisitions to grow and expand the Port with economic growth aiding Port tenants. Commissioner Hopley agreed with not restricting the use of the Tax Fund to environmental issues over the next five years as projected in the cash flow presentation.

Executive Director Hyde explained that the cash flow is a projection based on current information. The Scott Site cleanup is a large environmental project that will require the Port to pay out funds before receiving reimbursement as described by Director Elsner. The purpose of pre-planning the use of tax levy dollars for the Environmental Fund, as reviewed in prior budget discussions, was to allow the Port to meet project funding obligations without having to bring each project item back to the Commission for individual approval. He noted the decision on the use of the Tax Fund was at the discretion of the Commission.

PUBLIC HEARING – 2009 BUDGET

Commissioner Short invited those who wished to speak regarding the 2009 Budget to come forward to the podium as they were called.

1. *Mr. John Pope, 4001 Peter's Lane, Anacortes, addressed the Commission. Mr Pope wished to make the Commission aware of the many efforts made in regards to small boating in the community. He noted that most of the audience in attendance were members of the Anacortes Small Boat Center, a 501 C-3 umbrella organization for other groups such as the Old Anacortes Rowing Society (OARS), the Anacortes Community Maritime Center (ACMA), Anacortes Yacht Club (AYA), the Samish Nation, and the Anacortes Youth Sailing program, all with the goal of promoting small boat access in Anacortes. Mr. Pope stated the Small Boat Center hoped to work with the Commission to get people into the water and increase public access to the water.*
2. *Ms. Boshie Morris, 1618 7th Street, Anacortes, addressed the Commission. Ms. Morris noted it was difficult to see details about the Seafarers' Memorial Park and Park building in the 2009 budget. She questioned where funding was in the budget to rebuild the building and restore the park as a result of environmental cleanup planned for the Park area. Ms. Morris voiced concern that after the thirty years it had taken to make the area into a marine park, the post-cleanup could result in something less. Regarding the Boat Haven, Ms. Morris noted the decrease in moorage rates from the 10% proposed in earlier discussions to 5%. She wished to see more dinghy docks in the Boat Haven, and wished to know the statistics for usage of the facility based on vessel size and owner location.*

3. *Mr. Jim Laurel, 3918 Bay Lane, Anacortes, addressed the Commission. Mr. Laurel introduced himself as a board member for OARS and provided the Commission with a handout regarding that group's information, noting OARS has 108 dues paying members, 3 five-person wooden rowing boats, and 2 single seat rowing craft. He reported that during September 2007-September 2008, OARS had 840 rowing events based out of the Boat Haven, which, in terms of people represents 4200 hours on the water. Mr. Laurel hoped this was an indicator to the Commission of the level of interest and involvement in small boating in the community.*
4. *Mr. Pat Barrett, 11987 Marine Drive, Anacortes, addressed the Commission. Mr. Barrett noted the Commission should consider building up the Port Tax Fund for capital improvements, and namely those that would benefit small boaters as opposed to benefiting larger boats, which he believed were mostly owned by those living outside the community.*
5. *Mr. David Jackson, 3406 K Avenue, Anacortes, addressed the Commission. Mr. Jackson identified himself as the current President of OARS. He praised Port staff for making access to the Seafarers' Memorial Park easier, noting the OARS hosted Pacific Challenge event would be the last at that location until the environmental work is completed. He thanked Marina Manager Fowler for offering use of other Boar Haven facilities as needed for the event. Mr. Jackson explained that the Seafarers' Memorial Park was conceived in 1984 and was what he termed a trade-off for the vacation of 17th Street. He noted the Park received plenty of community support and labor in its construction and asked the Commission to remember that it should be returned to its park status after the cleanup is complete.*
6. *Mr. Scott Bullock, 816 34th Street, Anacortes, addressed the Commission. Mr. Bullock noted the changing economy and that the Port needed to think ahead in conjecturing that those with larger boats may be downsizing. He supported the Port's consideration of acquisition of property, noting he was sorry to hear the Port had sold water-related property in the past. Mr. Bullock praised the current Commission as the most approachable he had seen in some time, and for fulfilling the Port's Mission Statement. As President of the Anacortes Community Maritime Center and a board member of the Small Boat Center, Mr. Bullock was excited to see small boating amenities, such as a hoist, in the capital plan and budget. He encouraged the Commission to check out other communities, such as Port Townsend and Seattle, where small boating has brought in tourism to the benefit of those communities.*

Commissioner Short called for any others who wished to comment on the 2009 Budget. Hearing no others, the Public Hearing was closed at 8:14 P.M.

ACTION ITEMS

Resolution No. 1192 – Certifying the 2008 Tax Levy for collection in 2009 to be \$530,000

This resolution requested Commission authorization and certification of a tax levy for collection in 2009 in the amount of \$530,000. This is approximately \$730,000 less than the amount the Port is authorized to collect under Washington State law.

Commissioner Short called for a motion.

Commissioner Hopley moved to adopt Resolution No. 1192 authorizing and certifying a tax levy for collection in the year 2009 in the amount of \$530,000 pursuant to Referendum 47 (RCW 84.55.120). Commissioner Rubin seconded the motion.

Commissioner Short called for any discussion.

Commissioner Rubin inquired of Director Johnson whether at that amount the Port's bond coverage ratios were in order. Director Johnson affirmed that to be the case, and in follow-up to additional questions from Commissioner Rubin, confirmed that the Port's minimum bond coverage ratio is approximately 1.25 with the Port budget for 2009 providing 1.6. Executive Director Hyde noted that the Port had just received the evaluation from Skagit County, which virtually stayed the same from last year, at .084 per \$1,000 assessed value. Commissioner Short noted that the net result was no increase in taxes.

Commissioner Mooney inquired whether this .084 rate was among the lowest for port districts.

Director Johnson noted the Port of Anacortes is among the lowest three among all Washington Class A ports in terms of millage rate and the amount we collect in taxes.

Commissioner Hopley was pleased to see the levy for 2009 stay at the \$530,000 amount, believing this actually would represent a small drop in overall taxes for district residents compared to last year.

With discussion concluded, Commissioner Short called for a vote on the motion, which carried unanimously.

Resolution No. 1193 – Protecting Levy Capacity

This item requested Commission approval of Resolution No. 1193, which protects the Port's future levy capacity. For 2009, the Port Commission has chosen to levy a tax that is substantially less than the levy capacity. In order to have the ability to levy up to the capacity plus the limit factor of 1% in the future, the Commission would need to approve a resolution each year to do so.

Commissioner Mooney moved to adopt Resolution No. 1193 that authorizes an increase in the limit factor for maximum levy capacity pursuant to Section 204 of Referendum 47 (RCW 84.55.0101). Commissioner Rubin seconded the motion. Commissioner Short called for any discussion, and hearing none, called for a vote on the motion, which carried unanimously.

Resolution No. 1194 – Establishing the 2009 Final Budget

This item requested Commission adoption of the final Port budget for 2009.

Commissioner Hopley requested discussion prior to making a motion. He thanked Executive Director Hyde and Director Johnson for revising the revenue projections and cash flow to show what he deemed more realistic numbers based on the current economic reality. He believed the end document was a better reflection of significant issues and figures. He did note some concerns, such as cash flow projections showing the General Fund Port getting as low as \$12,000 at one point in 2013. He stated this underscores the need to examine the Port's financial future, among the biggest expenditures being \$8.5 million dollars to replace E & F docks at the Boat Haven. The Port's current projection is to borrow \$7.5 million to complete the project which will maintain a revenue stream but not substantially increase income. Commissioner Hopley anticipated further discussions of this and other projects in 2009.

Commissioner Hopley also wished to address the issue of public access, noting extensive discussions and public access improvements made by the Port last spring, with \$1.5 million spent at the Boat Haven to upgrade the esplanade, and looked and saw future moneys in our

budget for additional future upgrades. He noted that public access improvements were a requirement by the City of Anacortes for the Port's shoreline permit. The Commission requested additional input from the community and, as heard this evening, the community has requested to have increased public access not just near the water, but access into the water. Commissioner Hopley noted that with this community input he and Commissioner Rubin had been working to offer a redefined view of public access to the City, which was generally amenable to discussions of what public access is.

Executive Director Hyde noted that he had met with City Planning Director Ryan Larsen, who was committed to working on this as part of this work plan in 2009 as well as working on a development agreement with the Port.

Commissioner Hopley noted the P Dock Hoist should fall under public access and help to fulfill the Port's public access requirements. He noted that categorizing a hoist in this manner would allow the Port to use the Tax Fund rather than the General Fund and gives the Port a clear avenue to recoup its investment since there would be no revenue generated by such a hoist. As a public access requirement project there could be a possibility for reimbursement. He saw a need for the Commission to also have some distance between themselves and those who would benefit from the hoist facility.

With that stated, Commissioner Hopley moved to amend the proposed 2009 Final Budget as follows –

Page 33: 2009 Project #CSBH-17. Change project title to "Non-Specified Public Access", change the project type to public access, and change the project source to Port Tax Fund.

Pages 39-41: Delete all the \$530,000 transfers from the tax fund to the environmental fund.

Commissioner Niver seconded the motion, but offered a revision to the proposed amendment wording of "Non-Specific Pubic Access" offering instead, "Public Access Requirements for Boat Haven Improvements." This was agreeable to Commissioner Hopley, the author of the amendment.

Commissioner Short called for a vote on the amendment, which carried 4-1 with Commissioner Rubin opposed. Commissioner Rubin stated his vote against the amendment was due to uncertainty whether this action created further changes in the budget document.

With the 2009 Budget amended, Commissioner Rubin moved to adopt Resolution No. 1194, establishing the 2009 final budget as amended. Commissioner Mooney seconded the motion.

Commissioner Short called for any further comment, and inquired of Director Johnson whether deleting the transfer of the projected \$530,000 from the Tax Fund to the Environmental Fund each year would create any ill effect. Director Johnson explained that the result would be the possible need for staff to bring additional approval requests to the Commission.

With discussion concluded, Commissioner Short called for a vote on the motion to adopt Resolution No. 1194, establishing the 2009 final budget as amended. The motion carried unanimously.

CONSENT AGENDA

Commissioner Short read the items on the consent agenda: Approval of Minutes for the Special Joint meeting/Site Tour of September 26, 2008, the Special Meeting/Executive Session of October 2, 2008, the Regular Meeting of October 2, 2008, the Regular Meeting Work/Study Session & Executive Session of October 16, 2008, and the Special Meeting/Executive Session of October 31, 2008; Vouchers: No. 10-1 through 10-180 (\$3,144,382.38); and the Treasurer's Report for September 2008 totaling \$10,325,536.05.

Commissioner Short asked for a motion to approve the consent agenda items. Commissioner Rubin moved to approve the consent agenda, with Commissioner Hopley seconding the motion. Commissioner Short called for a vote on the motion to approve the consent agenda, which carried unanimously. Commissioner Mooney stated he was restricting his vote to exclude the minutes of October 31, 2008 since he was absent from that meeting.

PUBLIC COMMENT PERIOD

Commissioner Short opened the floor for public comment pertaining to items on the regular agenda.

1. *Mr. Lyndon Greene, 1905 Penn Street, Anacortes, addressed the Commission. Mr. Greene thanked the Commission for the opportunity to speak. He noted he had submitted written comments regarding the Comprehensive Plan. He wished to discuss the Small Boat Center contained within the Plan. He noted many Pacific Northwest communities have small boat centers and small boating programs. Mr. Greene cited Port Townsend's Northwest Marine Center, now under construction, which has raised \$10.8 million dollars from over 1,500 donors. Mr. Greene noted that Anacortes was behind the curve in developing a small boat center and access to the water, especially disappointing considering Anacortes' potential with an ideal location and embayment for small boats and other small water craft. On behalf of the small boating community he requested the opportunity to bring a small boating center to Anacortes. Mr. Greene stated that center supporters realize they would need to raise funds and work to make the center a reality, but that support was needed from the Port in regards to having a site for the center.*

Hearing no others with a desire to address the Commission, the floor was closed.

REGULAR AGENDA

ACTION ITEMS

Resolution No. 1195, Adoption of the 2008 Comprehensive Plan

Executive Director Hyde called on Director Elsner to provide a brief review of the Plan.

Director Elsner explained that the Port has worked through all Comprehensive Plan documents over the past year, had submitted them for public review, and had completed the SEPA review period. Director Elsner explained that the Port has opened up the comment period for 30 days and reviewed some key dates. The Determination of Non Significance (DNS) was executed on September 11, 2008 and the SEPA Comment period closed on October 10, 2008. All testimony heard at the October 2, 2008 Public Hearing and written testimony received as well as agency comments received during the comment period are included in the final Plan documentation. Director Elsner noted this Plan had a 20 year vision. He presented a look back at the Port's Comprehensive Plans since its inception in 1926, with commendation for Project Assistant

Brady Rowe who researched and compiled the historical presentation. A copy of the presentation will be attached to the approved version of these minutes.

Director Elsner noted that thirty community meetings were held over a period of 1 and ½ years regarding the Comprehensive Plan with multiple revisions as input was received from the community, and state and local officials and groups, including the City of Anacortes, the Chamber of Commerce, and the small boating community.

Highlights of the 2008 Comprehensive Plan include:

- Support for a small boater facility
- Protect Seafarers' Memorial Park and Building for community use
- Improve small boat launching on P/Q Dock
- Clarify the focus of the waterfront loop; to bring the public to the water

- The City and the Port will collaborate to develop the pedestrian connection between downtown and the Boat Haven
- Evaluate potential traffic and pedestrian issues as projects along Q Avenue develop
- Evaluate potential land acquisition opportunities

The 2008 Plan also includes icons to denote public access, environmental, and economic development issues. Director Elsner noted the Plan establishes a vision and plan for Port properties, functions as a tool for the Port and the community, and supports City Comprehensive Plan goals and policies. In closing, Director Elsner gave credit to Executive Director Hyde, Project Manager Marc Estvold, and all of the community members who contributed their time and efforts to the Plan.

Executive Director Hyde also thanked consulting firm, Makers Architectural, those present this evening, and the many people throughout the community for their expertise and input.

Commissioner Short called for a motion. Commissioner Mooney moved to approve Resolution No. 1195, thereby adopting the 2008 Comprehensive Plan. Commissioner Rubin seconded the motion. Commissioner Short called for any discussion.

Commissioner Rubin noted the high degree of public involvement and input regarding the 2008 Comprehensive Plan, and voiced appreciation to all contributors. Hearing no further discussion, Commissioner Short called for a vote on the motion, which carried unanimously.

Authorizing for Additional Funding for Tug Removal -

This item requested Commission approval of an amendment to the Interagency Agreement with the Department of Ecology, authorizing additional funds for completing the removal of the derelict tugboat Enchantress, Project #GEN-07. This project is being 100% reimbursed by Ecology and the Department of Natural Resources.

Director Elsner presented the item, which requested an additional funding request of \$89,100 to mobilize a 200-ton crane to remove the engine block, which weighed nearly twice as much as anticipated, and for the disposal of significantly more debris at a hazardous waste landfill than originally estimated.

Commissioner Mooney noted this item was a classic example of staff needing funds expediently in order to complete a project for reimbursement. He moved to authorize the amendment to the Ecology Interagency Agreement and additional funds of \$89,100 to be spent from the General Fund, but reimbursed by Ecology, to complete the Tugboat Salvage Project, Project #GEN-07. Commissioner Niver seconded the motion.

Commissioner Hopley inquired the Port had received any reimbursement thus far from Ecology. Director Elsner explained that the Port would submit one billing to Ecology upon the completion of the project.

Hearing no other discussion, Commissioner Short called for a vote on the motion, which carried unanimously.

Project Acceptance for Curtis Wharf Abutment Wall Repair Project, Project #MRT-05

Director Elsner briefed this item for the Commission which requested the Commission to accept, as complete, the construction contract with Culbertson Marine Construction for repair of the Curtis Wharf Abutment Wall. He presented slides showing the before and after of the project site, repaired to prevent undermining and settlement of the adjacent seafood warehouse, as well as prolong the life of the Wharf and maintain existing services for moorage of vessels.

Executive Director Hyde noted that local contractor Culbertson Marine Construction performed the repairs.

Commissioner Mooney inquired whether the area repaired was an old portion of the Wharf and not in an area of new construction. Director Elsner confirmed that as the case.

With discussion concluded, Commissioner Short called for a motion. Commissioner Rubin moved to accept, as complete, the construction contract with Culbertson Marine Construction for repair of the Curtis Wharf abutment wall, Project #MRT-05. Commissioner Mooney seconded the motion. Commissioner Short called for a vote on the motion, which carried unanimously.

Ratifying votes taken by the Commission at the October 16, 2008 Regular Meeting –

Executive Director Hyde noted that although Commissioner Mooney's participation at the October 16, 2008 Commission meeting via speaker phone was allowed as attendance by law, Port legal counsel recommended that when such form of participation occurred, the Commission ratify all votes at the following regular meeting.

Commissioner Short called for a motion. Commissioner Rubin moved to ratify all votes taken at the October 16, 2008 regular Commission meeting. Commissioner Mooney seconded the motion. Commissioner Short called for a vote on the motion, which carried unanimously.

COMMUNICATIONS

Executive Director Hyde reported on upcoming events. The Port is conducting tours of the Pier 1 Project for the community. The next tour is scheduled for November 10th at 4:00 p.m. beginning at the Dakota Creek Industries office at 4th and Q Avenue.

The Port will be closed for the Veteran's Day holiday on November 11, 2008. And the Chamber of Commerce will be using the Port Main Warehouse, also historically known as The Transit Shed, for their Chamber Cheers event on November 15, 2008.

Executive Director Hyde also reminded viewers that the Port produces a monthly newsletter. To receive a copy either by mail or e-mail, contact Administrative Coordinator Julie Johnson Lindsey.

COMMISSION COMMUNICATIONS

Commissioner Rubin noted that on December 4, 2008, the Commission will meet prior to their regular meeting to review governance sessions held with Dr. Monte Bridges and the draft policies developed from those sessions. On December 16, 2008, the Commission will have their next session with Dr. Bridges to review and the policies discussed and decide whether to move ahead with implementation.

UPCOMING MEETINGS

Executive Director Hyde reviewed the Commission's upcoming meeting schedule. The regular Port Commission meeting of November 20, 2008 has been cancelled since members of the Commission and staff will be attending the Washington Public Ports Association Annual Meeting in Tacoma. The next regular meeting will be held December 4, 2008 at 7:00 p.m.

PUBLIC COMMENT PERIOD

Commissioner Short opened the public comment period for items not on the regular agenda. Hearing none, the floor was closed.

ADJOURNMENT

With no further business to come before the Commission, Commissioner Rubin moved to adjourn, which was seconded by Commissioner Mooney. Commissioner Short called for the vote on the motion which carried unanimously and at 9:10 P.M. the meeting adjourned.

Attest:

William L. Short, Commission President

Keith Rubin, Commission Vice-President

Ray Niver, Commission Secretary

Steve Hopley, Commissioner

Pat D. Mooney, Commissioner