

Port of Anacortes
Regular Commission Meeting
June 5, 2008

The Port Commission of the Port of Anacortes held its regular business meeting at 7:00 P.M. on the evening of June 5, 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 Engineering Elsner; Director of Finance & Administration Johnson; Director of Operations and Facilities Hachey; Project Manager Estvold; Project Manager Dossen; and Administrative Coordinator Lindsey.

CALL TO ORDER

At 7:00 P.M. Commission President Short called the regular meeting of June 5, 2008, to order and welcomed all in attendance.

EMPLOYEE SERVICE AWARD

5 Year Service Award – Jenkins Dossen

Executive Director Hyde introduced Jenkins Dossen, Port Project Manager who has been working extensively on the redevelopment of the Cap Sante Boat Haven, and particularly on the environmental clean-up of the former Cap Sante Marine site. Executive Director Hyde praised Jenkins' professional abilities, great attention to detail, and positive attitude. He congratulated Jenkins on 5 years of service to the Port and presented him with a plaque signifying the same.

On behalf of the Commission, Commissioner Short thanked Jenkins for his service to the Port.

PUBLIC COMMENT PERIOD

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

1. *Mrs. Courtney Orrock, 4215 Marine Heights Way, Anacortes, addressed the Commission. Mrs. Orrock identified herself as the chair of the Island Hospital Gala chair and requested that the Commission consider opening the Port Main Warehouse for rental. She noted the facility's unique size and proximity to the downtown area as desirable features and stated that rental of the facility could be an additional revenue stream for the Port. Mrs. Orrock explained that other ports had done similar rentals with their facilities, giving as an example the Port of Bellingham's Fairhaven Terminal building, now seen as an event destination. She believed rental of the Main Warehouse would also generate additional revenue for the hospitality industry in terms of catering and the like. Mrs. Orrock acknowledged that the Warehouse was part of a working waterfront and that should the Commission decide to rent the facility the Port would need to manage use so as not to affect Port tenants. She thanked the Commission for their consideration.*

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

CONSENT AGENDA

Commissioner Short read the items on the consent agenda: Approval of Minutes for the Special/Executive Session of May 1, 2008, and the Regular Meeting of May 1, 2008; Vouchers: No. 5-1 through 5-142 (\$1,362,923.91); the Treasurer's Report for April 2008 totaling \$9,664,907.10; and Approval of Resolution No. 1188 – Increases to Petty Cash Funds, superseding all prior resolutions regarding the same.

Commissioner Short asked for a motion to approve the consent agenda items. Commissioner Rubin moved to approve the consent agenda, with Commissioner Niver seconding the motion. Commissioner Short called for a vote on the motion, which carried unanimously.

REGULAR AGENDA

ACTION ITEMS

Construction Authorization for 2008 Airport Improvements Project - #ARP-02 and Pier 2 Access Road Paving Project - #MRT-09 –

Executive Director Hyde introduced Director Elsner who reviewed the item for the Commission. The item requested Commission authorization for staff to proceed with the construction phase of the 2008 Airport Improvements Project #ARP-02 and the Pier 2 Access Road Paving Project #MRT-09.

Director Elsner explained that since both construction projects involved paving, staff had combined the work related to the Pier 2 Access Road Paving, which was also included in the final construction documents for the 2008 Airport Improvements, in an effort to obtain more favorable bid prices. The Airport Improvements project elements include: Taxilane Reconstruction to replace failed pavement, Airport Access Road Paving, a Washdown Facility/Alternate Run-Up Apron, an Automated Weather Observing System (AWOS), and an Emergency Lighting System. Pre-construction elements were authorized by the Commission in August of 2007, with a design update to the Commission by staff in March of 2008 identifying design changes for the final construction documents. With the exception of a portion of the taxilane reconstruction areas, all are grant eligible under the Federal Aviation Administration (FAA) Airport Improvement Program (AIP) with 95% funding from that agency for eligible expenses.

The work at Pier 2 will repair damaged asphalt in the inbound lane to support ongoing operations for the coke delivery trucks. The Pier 2 work is identified in the project inventory and included in the adopted 2009 Capital Improvement Plan. A copy of Director Elsner's presentation will be attached to the approved version of these minutes.

Commissioner Short called for discussion. Commissioner Mooney asked for clarification of the area to be paved, noting the cost was quite reasonable. Director Elsner reviewed the paved areas for the Commission.

Hearing no other discussion, Commissioner Short called for a motion. Commissioner Mooney moved to authorize funding in the amount of \$1,524,062, to be spent from the General Fund and from FAA-AIP and WS-DOT Aviation Grant proceeds, to complete the construction

elements associated with the 2008 Airport Improvements Project – #ARP-02 and the Pier 2 Access Road Paving Project - #MRT-09. Commissioner Rubin seconded the motion. Commissioner Short reread the motion and called for a vote, which carried 4-1 with Commissioner Niver opposed.

Commissioner Niver stated the Commission had been briefed on the taxilane, but that he was not able to determine until today what the dimensions were. He believed the action represented a change to the taxilane, which he found basic to the Airport Layout Plan (ALP).

Executive Director Hyde noted that the current development of hangars at the Airport was approved in the ALP and that the plan would be updated once development was complete.

Additional discussion ensued with topics concerning the proximity of the aircraft prop wash to public parking areas, noise reductions, and safety improvements.

Commissioner Rubin requested additional information from the staff as to why the just approved improvements were best for the Airport.

Director Hachey explained that the taxilane, formerly known as taxiway C, had been used for a long period by United Parcel Service as an access road only since it was very narrow and restrictive. Repaving would improve the taxilane while keeping it within the seventy-nine foot width in the ALP. He noted that removing and then moving the gate would improve the alignment and replacing the gate with the same security card type as in use for Pier 2 would improve safety and security due to more controlled access. Director Hachey further explained that these features had been planned for when the leases for hangar development were approved.

Commission discussion continued with reference to impacts to hangar space, design issues, flexibility, and future access, noting that this was the only access to the Rockwell property or properties east of the Airport.

Commission Endorsement of the Preferred Alternative for the Guemes Channel Properties and the Anacortes Airport Comprehensive Plan –

Executive Director Hyde introduced Project Manager Estvold who presented the item for Commission approval of the preferred alternatives for the Guemes Channel Properties and Anacortes Airport portions of the Comprehensive Plan. Manager Estvold reviewed the Comprehensive Plan development for both areas, included public forums to solicit input from Port tenants, neighbors, user groups, commercial marine users, and the general public. The Commission endorsed the Comprehensive Plan preferred alternative for the Cap Sante Boat Haven earlier this year. Manager Estvold noted that this item was not requesting approval of the finished Comprehensive Plan at this time, rather just seeking endorsement as was done with the Cap Sante Boat Haven portion of the Plan. He requested and responded to comments from the Commission regarding the Guemes Channel Properties portion of the Plan. Topics of discussion included the possible future relocation of Port administrative offices and possible future uses of the present offices at Pier 1, a potential fabrication building at the Dakota Creek Industries site, future demolition of Warehouse 4, public access, revenue production from the possible expanded use of Warehouse 10, and property acquisition.

Manager Estvold requested any questions regarding the Airport portion of the Plan. Topics included Comprehensive Plan priorities, the Port's development agreement with the City of

Anacortes, the eastern portion of the Airport, the addition of a portion of the cross-island trail system, and the current status of hangar leases,

Manager Estvold noted that the three areas would be combined into one Plan and staff would begin the environmental review process and then hold a hearing for public comment. Commissioner Short called for any further discussion. Commissioner Rubin inquired whether final adoption was planned for September. Manager Estvold acknowledged that as the current timeline for Commission consideration. Commissioner Niver stated that he understood the purpose of the Comprehensive Plan to be the review and plan for capital projects.

Hearing no further discussion, Commissioner Short called for a motion. Commissioner Rubin moved to endorse the Guemes Channel Properties and the Anacortes Airport Comprehensive Plan Preferred Alternative. Commissioner Mooney seconded the motion. Commissioner Short called for a vote on the motion, which carried by a vote of 4 in favor and 1 abstention from Commissioner Hopley.

Funding Authorization for Project Pier 1 Design, Construction Oversight and Utility Work –

Director Elsner presented the item to the Commission, which requested authorization of funds for Phase 1 onsite construction management and engineering/design of offsite utilities and Pier 2 access realignment as part of Project Pier 1. He provided the Commission with background information regarding the shipyard redevelopment including items identified in the Port's 2000 Comprehensive Plan; the 2001 development agreement with Dakota Creek Industries that established the basis for a public-private partnership to redevelop the shipyard, piers, and upland areas; as well as the 2003 supplemental impact statement (SEIS) and completion of required federal, state, and local permit conditions including successful eelgrass mitigation in Fidalgo Bay.

Director Elsner explained that this request was the first funding authorization for the Job Development Fund (JDF) Grant project elements. Several of the elements will necessitate relocation of public infrastructure in cooperation with the City of Anacortes Public Works department. The proposed work consists of onsite construction management and support (including biological and archeological monitoring, pre-construction eelgrass survey, and project management), and offsite utilities and Pier 2 access road alignment. All of the work will be paid from JDF grant money. If not implemented, the Port would lose the grant. The total project authorization requested by the Commission is \$590,986.

Director Elsner provided an overview of the key project elements and mitigation sites, as well as the timeline for the project. Manager Estvold presented an overview of project components. A copy of Director Elsner's and Manager Estvold's presentations will be attached to the approved version of these minutes. Questions and comments from the Commission included leasing, budget allocations, and amounts to be spent by Dakota Creek Industries and obtained from grants, as well as public access, parking, and sewer relocation

Commissioner Short requested any further discussion from the Commission. Commissioner Hopley inquired about phase 1 construction and mitigation sites. Director Elsner clarified the status of the log pocket in regards to mitigation. He noted all work must be completed by 2010.

With discussion concluded, Commissioner Short requested a motion. Commissioner Mooney moved to authorize funding in the amount of \$590,986 to be paid from the General Fund, for Phase 1 onsite construction management and engineering/design of offsite utilities and Pier 2

access realignment as part of Project Pier 1. Commissioner Rubin seconded the motion. Commissioner Short called for a vote on the motion, which carried unanimously.

Authorizing the Executive Director to Execute an Interlocal Agreement with the City of Anacortes for Stormwater Utility Relocation and Maintenance as part of Project Pier 1 -

Director Elsner provided the Commission with a review of the item, which proposes to relocate an existing storm drain line from under the current Dakota Creek Industries (DCI) rail transfer system. The new location if the line will be on the east side of the DCI site in an area designated as utility corridor that will result in restricted access for repairs and maintenance by the City of Anacortes. The City has requested that the Port take ownership of this line and assume responsibility for repair and maintenance. The Port will in turn pass the repair and maintenance requirement on to DCI as part of the shipyard lease agreement. The storm drain line will run from the middle of “Q” Avenue between 4th and 5th Streets to 3rd Street, east on 3rd Street to “R” Avenue, then north to the new shipyard water treatment facility and to the outfall in Guemes Channel. Construction of the new storm drain line will be monitored by the Port. A drawing of the relocation will be attached to the approved version of these minutes.

Director Elsner noted that this was the draft base agreement the Port would be working from and the Port would also request a partial reduction in storm water fees. Any agreement with the shipyard will be addressed with Dakota Creek Industries as needed.

Following a brief discussion of the outfall system by the Commission, Commissioner Short called for a motion. Commissioner Mooney moved to authorize the Executive Director to execute an Interlocal Agreement with the City of Anacortes for storm water utility relocation and maintenance as part of Project Pier 1. Commissioner Rubin seconded the motion. Commissioner Short called or a vote on the motion, which carried unanimously.

DISCUSSION ITEM – Warehouse Use Policy

Executive Director Hyde reviewed a draft Warehouse Use Policy for expanding the use of the Port’s Main Warehouse Building to include increased public and community events. The Main Warehouse Building is the only venue in Anacortes capable of holding more than 300 people. Currently, the Port Commission has approved use of the warehouse for certain community and Port sponsored events. The Port is routinely approached by other individuals and groups wishing to use the warehouse for both public and private benefit.

Executive Director Hyde outlined discussion points which included: Current uses, interest by other organizations – both profit, and non-profit, and individuals, impacts to the Marine Terminal and particularly to tenant Dakota Creek Industries, fire protection – the Warehouse does not have a fires suppression system, possible purchase of tables and chairs for events by the Port, parking, scheduling – including blackout dates established in dialog with Port tenants, and how expanded use would or wouldn’t impact the Port’s Port Management Agreement (PMA) with the Department of Natural Resources. The Commission discussed the quality of future tables and chairs, the proposed fee structure, and appropriateness of use. A copy of the presentation will be attached to the approved version of these minutes.

STUDY ITEM – Revisions to Marina Moorage Rate Structure –

Executive Director Hyde introduced Director of Operations & Facilities Hachey who presented information regarding the Port’s goal of bringing parity to moorage rates at the Cap Sante Boat

Haven. Director Hachey noted that the Port had multiple rate structures at the Boat Haven, most arrived at by different valuations and means. He presented the Commission with a recommendation for phasing out multiple rates, emphasizing this item was for information only at this time. A summary of Director Hachey's presentation will be attached to these minutes.

COMMUNICATIONS

2008 First Quarter Financial Review -

Director of Finance & Administration Johnson who provided a review of the first quarter of 2008 financials for the Commission, a copy of which will be attached to these minutes.

Executive Director Hyde reported on the success of the annual Waterfront Festival and the Port's first bestowing of Port Partner Awards to Port legal counsel Frank Chmelik of Chmelik, Sitkin and Davis; to John Herzog representing Geo Engineers, and to Jay Field and the Fidalgo Chapter of the Puget Sound Anglers for their creation of the Anacortes Salmon Derby.

Executive Director Hyde also reported that the Commission would participate in a governance seminar on July 14th here in the Commission meeting room.

UPCOMING MEETINGS

Executive Director Hyde reviewed the Commission's upcoming meeting schedule. The next Regular Port Commission Meeting will be a Work/Study Session on June 19, 2008, beginning with a walking tour of the Cap Sante Boat Haven at 7:00 P.M. and continuing at 8:00 P.M. in the Commission Meeting Room. The first regular meeting in July may be cancelled.

PUBLIC COMMENT PERIOD

Commissioner Short opened the public comment period for items not on the regular agenda. Hearing none, the public comment period 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 9:51P.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

Julie Johnson Lindsey, Administrative Coordinator
June 5, 2008