

Port of Anacortes
Regular Commission Meeting Work/Study Session
& Executive Session
December 18, 2008

The Port Commission of the Port of Anacortes held its regular meeting and work/study session at 7:00 P.M. on the evening of December 18, 2008. This was a regularly scheduled Commission Meeting held at the Commission Meeting Room of the Main Port Warehouse building, 1st & Commercial Avenue, Anacortes, Washington.

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

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

Others in attendance included Port legal counsel, Frank Chmelik.

CALL TO ORDER

At 7:00 P.M. Commission President Short called the regular meeting of December 18, 2008, to order and welcomed all in attendance. Commissioner Short stated that following the second public comment period, the Commission would enter into an Executive Session for the purpose of discussing potential litigation matters. Commissioner Short explained the Executive Session was anticipated to last one hour and that action might or might not be taken.

PRESENTATION – Cost Cutter Award

Executive Director Hyde noted that Port Information Systems Administrator Brett Parker was the recipient of a Cost Cutter Award from the Port for his analysis and subsequent savings of Port communication costs. Executive Director Hyde explained that Brett was unable to attend this evening's meeting due to the poor weather conditions. He will receive a certificate of appreciation. Commissioner Short expressed thanks to Mr. Parker on behalf of the Commission for his money-saving efforts.

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

REGULAR AGENDA

ACTION ITEMS

Commissioner Rubin moved to approve Regular Agenda Action Items 1 – Chamber of Commerce Service Contract for 2009, 2 – Economic Development Association Service Contract for 2009, 3 – Resolution No. 1197 – Executive Director Authorization to Surplus and Sell Property of less than \$10,000 in value, and 5 – Chinook Enterprises Service Contract for 2009 as a Consent Agenda for action, noting these were all annual items addressed by the Port.

Commissioner Mooney seconded the motion. Commissioner Short called for any discussion and hearing none, called for a vote on the Consent Agenda, which carried 4-0 with Commissioner Niver absent.

Executive Director Salary Adjustment -

Commissioner Short noted this item was to authorize an increase in the salary of the Executive Director for 2009.

Commissioner Mooney moved that, having completed the annual evaluation of the Executive Director, the Commission increase the Executive Director's salary by \$2,500 with a 5% CPI for 2009. Commissioner Rubin seconded the motion. Commissioner Short called for any discussion.

Commissioner Hopley recalled discussion of the increase as proposed for action, but questioned whether the annual evaluation of the Executive Director had yet been completed by the Commission President. Commissioner Short noted that an evaluation would be done and voiced his support of the increase as acceptable. Commissioner Hopley agreed, but noted the motion had included note of the annual evaluation as having been completed. Commissioner Short asked whether the Commission would support deleting that phrase from the motion. Hearing a consensus, Commissioner Mooney recalled and restated his motion, to increase the Executive Director's salary by \$2,500 with a 5% CPI for 2009, effective January 1, 2009. Commissioner Rubin restated his second of the now restated motion. Hearing no additional discussion, Commissioner Short called for a vote on the motion, which carried 4-0.

Authorization to Release the Lease with SkipperCress Yacht Sales – West Portion of Suite "I" – West Basin Building -

Executive Director Hyde reviewed the item which requested Commission authorization to release SkipperCress Yacht Sales, Inc. from its lease of Suite "I", comprised of 848 square feet, at the Port's West Basin Building.

SkipperCress Yacht Sales and Services became an upland tenant at the Port in July of 1996, and has grown to become the largest Nordic Tug dealer in the United States, as well as the largest in-water tenant at the Cap Sante Boat Haven. Over time, the Port and SkipperCress have modified portions of the SkipperCress lease. The most recent amendment was effective September 1, 2008. At that time, the Commission approved an assignment of the Fidalgo Yacht Sales lease for Suite "A" to SkipperCress.

On October 18, 2008, James "Jim" Cress, C.E.O. of Nordic Tugs and owner of SkipperCress with wife Stephanie, passed away. Suite "I" was primarily used as a private office for Jim. Subsequently, Jeff Cress, Jim's son and Vice-President of SkipperCress, has requested that Suite "I" be released from the SkipperCress base lease.

In the spirit of cooperation and support for SkipperCress, as well as appreciation for their continued in-water and upland leases, Port staffs recommend approval of this item to the Commission. The suite is already under consideration by another tenant.

Following brief questions by the Commission, Commissioner Short called for a motion. Commissioner Hopley moved to release Suite "I" from the SkipperCress lease dated August 1, 2006, effective upon vacation of the premises. Commissioner Rubin seconded the motion.

Hearing no further discussion, Commissioner Short called for a vote on the motion, which carried 4-0.

Funding Authorization for Project Pier 1 (a Job Development Fund Project), Payment of Department of Natural Resources Open Water Disposal Fee, Project #PROP-01c –

Director of Engineering Elsner presented this item, requesting Commission authorization of funds to pay the Department of Natural Resources (DNR) \$0.45 per cubic yard for sediment disposed of in the approved DNR open water disposal site. The sediment is being dredged from the ship basins as part of Project Pier 1.

Director Elsner explained that the open water dredged material disposal permit with the DNR requires the Port to pay a \$0.45 per cubic yard disposal fee or a \$2,000 minimum, whichever is greater. The permit is based on 156,500 cubic yards of total dredged material, some of which has been disposed of in an upland facility as part of the environmental dredging project. Approximately 125,000 cubic yards of sediment needs to be disposed of at the DNR's open water site for a total cost of \$60,750. The fee is currently carried in the Job Development Fund (JDF) budgeted work under DCI On-Site Construction Support and is eligible for reimbursement by JDF.

After a brief discussion of the fees and benefits involved for open water disposal, Commissioner Short called for a motion. Commissioner Hopley moved to authorize funding in the amount of \$60,750. to be paid from the General Fund, for DNR open water disposal fees. Commissioner Rubin seconded the motion. Commissioner Short called for a vote on the motion, which carried 4-0.

Funding Authorization for Project Pier 1, "O" Avenue Beach Mitigation & Associated Upland Low Impact Development Techniques, Project #PROP-01d (a JDF Eligible Project) –

Executive Director Hyde introduced Project Manager Estvold who briefed the Commission on this item, requesting funding authorization for design and engineering of the "O" Avenue beach mitigation and associated upland low impact development techniques for storm water management.

Manager Estvold explained that as compensation for loss of in-water habitat from filling behind the new bulkhead and dredging the ship basins for Project Pier 1, mitigation was required by federal, state, and local regulatory agencies. Staff developed a mitigation plan specifically for the "O" Avenue beach area because it provides an excellent opportunity for increasing in-water acreage and making improvements to the shoreline. The mitigation plan includes removing old creosote pilings and rubble from the shoreline, removing the existing concrete bulkhead, regarding the beach slope to create more aquatic area, installing shoreline protection, and improving public access to the shoreline. This site reconstruction will enhance the overall aquatic habitat value in and along Guemes Channel.

Manager Estvold provided a slide presentation to further illustrate the project. In addition to the Project Pier 1 permit conditions requiring implementation of the mitigation plan, the Port has partnered with the Skagit Marine Resources Committee (MRC) to incorporate Low-Impact Development (LID) features for storm water management in the "O" Avenue project. Potential elements for consideration include porous paving for parking along Railroad Avenue, rain gardens, roof drain storm water collection, and riparian landscaping along the shoreline. An MRC grant will contribute \$44,000 for the LID elements. The public access requirements of the

mitigation plan will be met with a walkway along the shoreline to the beach area, as well as possible enhancements to the Lone Tree Park picnic area and a viewpoint terrace near the water.

Commissioner Short thanked Manager Estvold for this presentation and requested any discussion from the Commission.

Commissioner Hopley asked for clarification of budgeted costs and elective improvement costs. Manager Estvold noted that some are elective costs and some are required to fulfill the Project Pier 1 mitigation.

Director Elsner clarified that the shoreline improvements are federal permit requirements. As part of the permit process the Port is obligated to present a plan for mitigation. Port staff has met with community groups in developing the “O” Avenue mitigation plan and believe the recommended projects presented will need the requirements of the Planning Commission.

Manager Estvold noted that the Planning Commission would meet on January 14, 2009 and the Port hoped for a ruling on requirements at that time.

Director Elsner explained that the LID elements as presented go beyond what may be required, but present an opportunity to use JDF dollars to enhance the required elements for the environment and the public. This plan, with its combination of storm water enhancements, habitat restoration, and improved beach access would meet the entire intent of the mitigation requirements and has strong community support.

Executive Director Hyde noted that project elements would be bid piece by piece.

Commissioner Mooney raised questions regarding design/engineering, and possible public art.

Commissioner Hopley stated he would prefer that the Commission authorize the funds requested, but hold off on spending a significant amount until notified of the Planning Commission’s requirements in regards to the LID elements. He noted that if the storm water was not contaminated, he would rather see these measures implemented elsewhere where they might have a more positive impact.

Manager Estvold noted that roof waters along “O” Avenue may be okay, however redirecting street water runoff would provide a large benefit.

With discussion concluded, Commissioner Short called for a motion. Commissioner Rubin moved to authorize the funding in the amount of \$234,821 to be paid from the General Fund, for design and engineering of the required “O” Avenue beach mitigation and associated upland Low Impact Development improvements as part of Project Pier 1. Commissioner Hopley seconded the motion. Commissioner Short called for a vote on the motion, which carried 4-0.

STUDY SESSION

E & F Dock Design

Director of Engineering Elsner briefed the Commission on the scoping process and next steps with consideration of three alternatives and provided an analysis with cost estimate assumptions and gross revenue projections. He reviewed each alternative layout. A copy of

Director Elsner's presentation will be attached to the approved version of these minutes. Staff's recommendation is that the Commission consider moving forward with Alternate 1.

Commissioner Short requested data on the number of boats served in each alternative. Director Elsner noted that more detailed information would be provided to the Commission. He noted that the existing permit for E&F has expired but ESA has recommended the Port resubmit the permit application as originally prepared.

Commissioner Hopley noted he had requested the approach presented, but in considering the costs, had in mind the Commission discussing the possibility of the Port not building the new floats but consider them as condos or lease the water and have someone else build them, similar to the hangars built at the airport. He believed building the new docks could be a very marginal enterprise for the Port considering the overall cost compared to projected revenues. He encouraged an open-minded approach by the Commission to consider what was best for the Port and the public.

Commissioner Short inquired about a financing figure for bonds. Director Elsner noted this had not yet been worked out. Commissioner Hopley suggested more research be done to calculate real dollars and return rates.

Additional discussion of these points ensued among the Commission. Staff will continue to gather data and provide it for further future discussions.

Hangar Development

Director of Operations & Facilities Hachey provided the Commission with an update on hangar development at the Anacortes Airport. Property is now available for future development. The Port has three alternatives; construct buildings or additional T-Hangars, offer the available property to a private hangar developer with a straight land lease, or leave the property fallow – although the Port would have to lease the property if instructed to by the FAA. Director Hachey asked for the Commission to consider these alternatives and provide direction for staff. He noted that the Port has received interest from a potential tenant.

The Commission was in favor of leasing the land for hangar development, wishing to see the north end area leased first.

COMMUNICATIONS

Commissioner Rubin reported on the Commissions December 16th governance session with Dr. Monte Bridges. The Commission is working on ends policies with a draft coming for the Commission to view. The Commission is scheduled for one more session with Dr. Bridges on January 22, 2009.

Executive Director Hyde and Director Elsner provided the Commission with the Port's annual End of the Year Review, looking back over the Port's many accomplishments during 2008, and looking ahead to many more in 2009. Executive Director Hyde thanked the Commission for their leadership.

UPCOMING MEETINGS

Executive Director Hyde reviewed the Commission's upcoming meeting schedule. The next Commission Regular Meeting will be January 8, 2009 at 7:00 P.M. The Commission's January 15th Regular Meeting and work Study Session will include the annual joint meeting with the Port of Skagit County Commission.

PUBLIC COMMENT PERIOD

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

EXECUTIVE SESSION

Commissioner Short announced that the Commission would take a brief recess and then enter into Executive Session for the purpose of discussing a potential litigation matters. The Executive Session was anticipated to last for one hour, and he noted action might or might not be taken.

At 9:10 P.M. the Commission entered into Executive Session. At 9:53 P.M. the Commission came out of Executive Session and resumed the Regular Meeting. Commissioner Short requested a motion regarding the potential litigation matter discussed. Commissioner Hopley moved to authorize funding in the amount of \$400,000 to be paid from the Environmental Fund for the RI/FS work at the Shell Site. Commissioner Rubin seconded the motion. Hearing no further discussion, Commissioner Short called for a vote on the motion, which carried 4-0.

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 9:55 P.M. the meeting was adjourned.

Attest:

William L. Short, Commission President

Keith Rubin, Commission Vice-President

Ray Niver, Commission Secretary

Steve Hopley, Commissioner

Pat D. Mooney, Commissioner