

Port of Anacortes
Regular Commission Meeting
& Executive Session
March 5, 2009

The Port Commission of the Port of Anacortes held its regular business meeting at 7:00 P.M. on the evening of March 5, 2009. 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 Engineering Elsner; Director of Finance & Administration Johnson; Director of Operations & Facilities Hachey; Project Manager Estvold; Project Manager Rowe; and Administrative Coordinator Lindsey.

CALL TO ORDER

At 7:00 P.M. Commission President Rubin called the regular meeting of March 5, 2009, to order and welcomed all in attendance. Commissioner Rubin announced that following the second public comment period, the Commission would take a brief recess and then enter into Executive Session for the purpose of discussing a real estate matter. He noted the Executive Session was expected to last for up to one hour and that action might or might not be taken.

PRESENTATION - Cost Cutter Award

Executive Director Hyde introduced Project Manager Brady Rowe, recipient of the Port's Cost Cutter Award for taking the cost of a chair replacement into account in his decision to instead have his office chair reupholstered. Executive Director Hyde noted this meant a substantial savings for the Port compared to the acquisition of a new chair. Commissioner Rubin thanked Brady on behalf of the Commission for being a good steward of public funds.

PUBLIC COMMENT PERIOD

Commissioner Rubin 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.

CONSENT AGENDA

Commissioner Rubin asked to remove the action item for lease execution with Barrett Financial from the consent agenda, citing a business relationship between himself and owner, Pat Barrett, and stating he wished to recuse himself from voting on the item. This met with the consensus of the Commission. Commissioner Rubin read the remaining items on the consent agenda: Approval of Minutes for the Special Meeting/Governance Session of February 5, 2009, Regular Meeting/Executive Session of February 5, 2009, Special Meeting/Public Hearing of February 18, 2009, and Regular Meeting Work/Study Session of February 19, 2009; Vouchers: No. 2-1 through 2-151 (\$1,191,296.34); and the Treasurer's Report for January 2009 totaling \$9,764,176.76, as well as an action item to approve Resolution No. 1198 – Adopting a Policy for Bidder Responsibility Criteria, Supplemental Criteria, and Appeal Procedures for Public Works Contracts.

Commissioner Rubin asked for a motion to approve the remaining consent agenda items. Commissioner Mooney moved to approve the consent agenda. Commissioner Short seconded the motion. Commissioner Rubin called for a vote on the motion, which carried unanimously.

ACTION ITEM

Authorization to Execute Lease with Barrett Financial for Westerly side of Suite I – West Basin Building -

Commissioner Rubin recused himself from participating in discussion or vote on the item and left the room. Commissioner Short inquired whether the lease rate would be the same as the prior lessee. Executive Director Hyde noted that the rate was the same. With discussion concluded, Commissioner Niver moved to authorize the Executive Director to enter into a lease with Pat Barrett of Barrett Financial, Ltd. for the Westerly half of Suite I of the West Basin Building. Commissioner Short seconded the motion. Commissioner Mooney called for a vote on the motion, which carried 4-0.

Commissioner Rubin returned to the meeting. Commissioner Hopley inquired whether there was any reason the Commission could not approve a blanket authorization to the Executive Director to enter into leases of this nature. Executive Director Hyde explained that his executive authorization for leases is for one year periods only. Discussion ensued among the Commissioners with no action taken.

Authorization for Pre-Construction & Design Elements for P/Q Pier Small Craft Launch, Project #CSBH-17-

Commissioner Rubin requested an update on an item, previously removed from the agenda earlier in the week to allow Executive Director Hyde more time for discussion with the City of Anacortes. The item requested the Commission to authorize staff to proceed with pre-construction and design elements for the P/Q Pier Small Craft Launch.

Executive Director Hyde reported on discussions with Ryan Larsen, Planning Director for the City of Anacortes, about this project providing credit for public access requirements. He related that Mr. Larsen indicated that credit could be given for impact fees, but he would have to look at whether that would be the case for advance credit public access for improvements at the Marina, noting it would be highly unusual, and asked Executive Director Hyde to send the City a letter outlining a request for consideration.

Commissioner Rubin requested discussion from the Commission.

Commissioner Mooney favored voting on the item that evening, noting that the Commission had included the hoist for P/Q as a capital improvement for public access, and believing small boaters had waited long enough for this amenity, which he saw as beneficial for all, not just small boaters.

Commissioner Short agreed that the Commission should move forward on the item, noting that upcoming environmental work in the area of Seafarers' Memorial Park would prevent small craft from using the beach for launching, creating more need for a small boat launch.

Commissioner Hopley noted that the Port has had significant discussions with the City of Anacortes over the last year regarding a development agreement for the Boat Haven, including

public access requirements. He questioned whether public access credit was a short term alternative to the development agreement in the City's view. Commissioner Hopley explained that prior discussions during Port/City liaison meetings centered on the expeditious processing, and was not so much a matter of credit, but more a matter of defining what the public access requirements would be and moving forward on those. Considering the history of what the City has requested in the past regarding the Port's trailer boat launch, with that being a requirement for public access, there was an expectation that the P/Q launch would be in line with what the City would require in meeting the Boat Haven development's public access requirements.

From talking to Mr. Larsen regarding the P/Q hoist, Executive Director Hyde believed a global development agreement was certainly something we could work on with the City, but his would require a long-term process.

Commissioner Niver, speaking in regards to the Port receiving credit for the P/Q hoist, noted the Port has specific proposals and projects as discussed and thought the Port and City would address the specific requirements for public access.

Executive Director Hyde noted the Port shows some blocks for buildings, but the type of building will make a difference to the City. For example, a boat service business differs from a restaurant or office building. The City will require more specifics than what the Port shows in the Comprehensive Plan in order to set conditions in advance via a development agreement.

Commissioner Hopley noted by comparison the Airport Development Agreement the Port has with the City for the Anacortes Airport which includes the term "aeronautical use" – encompassing a variety of uses – as analogous to the situation at the Boat Haven. That agreement includes clear language as to what the Port would do to satisfy permit requirements from the City, including mitigation. All prior responses to this concept from the City for the Boat Haven has been favorable to the P/Q hoist being considered a public access improvement and found the City's change of position disheartening.

Commissioner Niver found the process to be backwards, explaining that the Port puts together a plan for development and improvements at the Boat Haven, takes it to the City and then the City, they reject it and dictate how they want the process and improvements to be handled, causing a great deal of duplication of effort. He saw this as inefficient and asked for alternatives.

Executive Director Hyde noted differences in that City personnel had been active participants in the Port's recent Comprehensive Plan process. Compared to in 2005 the City made the permitting for the replacement of C-F Docks conditional on the installation of the trailer boat launch. The Port is now more integrated with the city and the community.

Commissioner Short objected to the City holding the Port and small boaters hostage over the matter and voiced his support to move ahead and authorize the P/Q dock hoist to launch small craft. He moved to authorize staff to proceed with the pre-construction and design elements for the P/Q Pier Small Craft Launch project, #CSBH-17, for a total cost of \$47,000 to be spent from the Tax Fund. Commissioner Mooney seconded the motion, noting there was no point in delaying for more study, and added he favored going forward with continued improvement and extension of the esplanade, approved in 2005 under the shoreline permit.

Executive Director Hyde noted the Port could continue to try to work out a development agreement with the City, but the process could take 4-6 more months.

Commissioner Niver stated he would vote in favor of the P/Q action item, and voiced his disappointment with the City regarding the process, noting that when it came time for permit hearings he would attend and speak to that affect.

Commissioner Hopley noted the Commission had unanimously passed the 2009 budget and amended it to include this “public access non-specific” project to satisfy public access, dropping the designation of P/Q to non-specific public access and changing the funding from the General Fund to the Tax Fund. Now, with moving P/Q to other than a public access project, be believed it should not be funded from the Tax Fund.

Commissioner Niver proposed to amend the motion to read, “I move that we authorize staff to proceed with the pre-construction and design elements for the P/Q Pier Small Craft Launch project, #CSBH-17, for a total cost of \$47,000 in a good faith effort to fulfill public access for Marina development, to be funded from the General Fund.”

Commissioner Rubin called for a second to the amended motion. Hearing none, the amendment died for lack of a second.

Commissioner Rubin noted he would like to see Port staff continue to work on a development agreement for the Boat Haven with the City, but did not wish to see the P/Q hoist delayed.

Commissioner Niver questioned whether the project was still eligible for funding from the Tax Fund if it was not specifically a public access fulfillment project.

With discussion concluded, Commissioner Rubin called for a vote on the original motion, which carried 4-1 with Commissioner Hopley opposed.

Strategic Issues

Commissioner Rubin presented information for Commission consideration regarding strategic issues, furthering discussion from the Commission’s March 2, 2009 retreat which focused on governance. At that meeting a list of possible discussion topics was scored by the Commissioners. The top six and their scores were:

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| 1. Commission Values and Beliefs | 17 |
| 2. Commission Roles and Responsibilities | 15 |
| 3. Commission Goal Setting | 12 |
| 4. Strategic Plan Review/Validation | 11 |
| 5. Budget Development | 5 |
| 6. Commission Self-Evaluation | 5 |

General items of agreement by the Commission included:

- We agreed that we believe that each Commissioner believes that all are acting in the best interest of the Port and the Community
- We agreed that have a role and a responsibility to give clear direction to the Executive Director. Also that before we take on an issue, we decide: (1) is this a Commission Issue? And (2) how are we going to decide?
- The Commission retreat and self-evaluation should be an annual winter event.
- Because Commission meeting time is limited, ask “Is this what we want to spend our time on?”

- For clarity, the Chair needs to close discussion with a vote or continuation if more information is needed.
- Follow our “process”. Are we within the budget?

Decision making discussion:

- The tool that that Commissioners Rubin and Hopley worked on will be further developed by Commissioner Niver. The Commission will work on this again soon.

Strategic discussion:

- What kind of Port are we? Growing or Mature? The Commission developed a graphic answer that should help guide the Executive Director.
- Should we consider changing the Strategic Plan to include Tourism? Answer: yes. The Commission will discuss this again soon.

Economy discussion:

- With the possibility of a revenue shortfall, what should we do? Ideas include: More aggressive promotion, wait and see, watch cash flow, caution, prioritize, look for opportunities to acquire property, cut back now. Staff has developed contingency plans.
- If we could find some acceptable way to help save the Sydney Ferry, would we? Answer: Yes, it is part of our mission to try to save those jobs and business activity. Action: Direct staff to look into ideas.

Legislative discussion:

- Commissioners Short and Executive Director Hyde will travel to Olympia March 24-25 to talk to state leaders about Port issues.

Meetings discussion:

- Some of our meetings become public forums rather than public meetings. Public comment periods may be limited to 30 minutes if this problem is anticipated.

Commissioner Rubin noted that the Commission would further discuss each of these items over the course of future meetings.

COMMUNICATIONS

Commissioner Short voiced concern that the Commission had given Port staff the impression that part of a restaurant lease at the Boat Haven would include terms for public access. He thought the Executive Director should make those decisions in negotiating lease agreements on behalf of the Port. Commissioner Short moved to authorize the Executive Director the authority to negotiate all terms on land leases including any terms concerning public access, these leases subject to Commission approval.

Commissioner Niver clarified that any public access that would be required by permitting by the City, with nothing to do with the Commission.

Commissioner Rubin requested a second before continuing discussion. Commissioner Mooney seconded the motion.

Commissioner Niver requested clarification as to whether anyone was talking about public access apart from anything the City would require.

Executive Director Hyde explained that whatever an architect or engineer would reasonably come up with would most certainly go through the City. At a minimum, plans would go through the City building department or possibly the Planning Commission if a conditional use.

Commissioner Short reiterated that he believed Port staff had been given the impression that the Port Commission should be negotiating public access costs as lease terms and he believed the Executive Director should have full authority to negotiate land leases and then bring those leases for approval to the Commission. Commissioner Mooney agreed, noting he thought it in the Port's best interest to have one person negotiate on the Port's behalf, and that person should be the Executive Director. He believed the Port as owners of the property should present to the City what we want and then work within the confines of the City's regulations.

Commissioner Hopley noted that if the P/Q hoist, as example, did become a public access requirement by the City, then he suggested that when the Port moves forward with development at the Boat Haven, it gives the Port the option of including public access costs in lease fees as a method of recouping those expenditures. Commissioner Mooney disagreed, noting potential tenants with businesses unrelated to small craft might object to paying any costs for the P/Q project.

Commissioner Niver inquired of the Port staff whether a potential restaurant at the Boat Haven would need to pay permitting fees. Executive Director Hyde noted that impact fees would also be required. Commissioner Niver asked whether the Port would act as lead agency in the development, which Executive Director Hyde affirmed that would be the case. Commissioner Niver noted if so, the Port would be the ones proposing public access, although the City would make a final determination.

Upon further questions from Commissioner Rubin regarding the motion, Executive Director Hyde noted he was comfortable with his current level of authority and/or with any additional authority given by the Commission. He pointed out that the economy would also be a factor for the City in their considerations, and that part of the reason given by those interested in locating to the Boat Haven was a result of public access availability at that location.

With discussion concluded, Commissioner Rubin called for a vote on the motion, which carried 3-2 with Commissioners Hopley and Niver opposed.

Commission Discussion – Values & Beliefs

Commissioner Rubin continued his presentation, opening the floor among the Commissioners for a discussion of Values & Beliefs, asking what topics the Commission would like to explore further. Topics suggested for review by the Commission included examining the Port's Mission Statement and consistency of actions with both the Mission Statement and the Strategic Plan, job creation and retention, tourism and its impacts.

Commissioner Rubin suggested that examining how tourism fits into the Port's Strategic Plan could be a function of an advisory committee, and that such a committee could involve representatives from the City and from the Chamber of Commerce. Commissioner Niver agreed this was a good idea, noting the Port should be concerned with the impacts to local residents. Commissioner Rubin stated that barring any objections he would direct Executive Director Hyde to move forward to put together an advisory committee.

Staff Communications

Director of Finance & Administration Johnson reported that the State Auditor's office had completed the Port's year 2007 audit with the Port going yet another year without an audit finding, showing clean financial statements and processes. The auditors made management recommendations regarding additional cash handling procedures and wording of notices for executive sessions.

Upcoming Events

Executive Director Hyde announced that the Port would hold a Public Works Contractors meeting on March 12th at 3:00 p.m. at the Port Main Warehouse.

The Anacortes Floating Boat Show will be held March 20th-22nd at the Cap Sante Boat Haven.

The 3rd Annual Anacortes Salmon Derby will take place March 28th-29th.

Executive Director Hyde announced that a group of local people are working to hold the 1st Annual Workboat Races in Guemes Channel on July 19th. Those with an interest in participating can contact the Port business office.

Commissioner Rubin announced that he would like to add a Special Meeting/Governance Session at 4:00 p.m. on March 19, 2009 at the Commission Meeting Room. Port staff will send notice of the meeting.

UPCOMING MEETINGS

Commissioner Rubin reviewed the Commission's upcoming meeting schedule. The next Regular Port Commission Meeting will be the Port's annual Work/Study Session meeting dedicated to Airport matters and held at the Skyline Beach Club, 6041 Sands Way, on March 19, 2009, at 7:00 P.M. The next Regular Commission Meeting held in the Commission meeting room will be April 2, 2009.

PUBLIC COMMENT PERIOD

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

1. *Mr. Pat Barrett, 11987 Marine Drive, Anacortes, addressed the Commission. Mr. Barrett thanked the Commission for the work done by the Port in the community, and thanked them for allowing his firm to become a tenant, moving into the West Basin Building on June 1st, noting that Port staff had been very accommodating. Mr. Barrett wished to speak as well for the small boating community and access to Fidalgo Bay. He read, in part, from a prepared statement in which he provided some background references to the Boat Haven and praised the Commission for hiring Bob Hyde, and the Commission and staff for accommodating the needs and desires of small boaters. Mr. Barrett also praised the Commission for moving ahead with the P/Q dock hoist and not allowing the project to be caught up in political posturing.*

2. *Mrs. Michelle Pope, 4001 Peters Lane, Anacortes, addressed the Commission. Mrs. Pope thanked the Commission for putting the P/Q dock item back on the agenda and for approving the pre-construction and design of the small craft launch this evening. She noted that the small boating community understood the need to work with the City regarding impacts.*

3. *Ms. Boshie Morris, 1618 7th Street, Anacortes, addressed the Commission. Ms. Morris asked what the small craft users could do to assist the Port with the City, suggesting gathering signatures supporting the P/Q facility as constituting public access. She noted she had reviewed the minutes of the November 2008*

Commission meeting in which the budget was adopted and noted it seemed a solution with the City should have be reached long ago.

4. Mr. John Pope, 4001 Peters Lane, Anacortes, addressed the Commission. Mr. Pope congratulated the Commission on making the pivotal move, and urged them to make certain that momentum is compounded at the end of the design period and well vetted and well integrated with the community. . He praised the Commission and Port staff for involving the community in Port projects to the benefit of both. Mr. Pope noted that public access is not just a component of the Mission Statement, and not just a permitting requirement, but really is a concept that works. Many communities around Puget Sound are successful in their promotion of public access. He characterized boating as the heart of the marina, with the Boat Haven bringing people to Anacortes. In closing, Mr. Pope thanked the Commission for the Port's cooperation and good will.

5. Ms. Beth Bell, 1514 7th Street, Anacortes, addressed the Commission. Ms. Bell thanked the Commission for approving the P/Q dock small craft launch item and encouraged them to continue to look at values and beliefs, and thinking outside the box. She also encouraged the Commissioners to continue to think and plan how best for the Port to move forward and grow, voicing concern that some may not find that important. Ms. Bell noted the small boat community was very thankful to see the hoist be approved, hoped to see the trust factor continue, and volunteered to participate on committees to help the Port.

Hearing no others with a desire to address the Commission, the public comment period was closed.

EXECUTIVE SESSION

Commissioner Rubin noted that as published on the meeting agenda, the Commission would take a brief recess and then enter into Executive Session for the purpose of discussing a real estate matter. He noted the Executive Session was expected to last for up to one hour and that action might or might not be taken.

The Commission entered into Executive Session at 8:35 P.M. At 9:10 P.M. the Commission came out of Executive Session. Commissioner Rubin stated that no action would be taken at this time regarding the real estate matter discussed.

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 9:11P.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, Administrative Coordinator
March 5, 2009

