

Port of Anacortes
Regular Commission Meeting
April 16, 2009

The Port Commission of the Port of Anacortes held its regular business meeting and work/study session at 7:00 P.M. on the evening of April 16, 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 Secretary Niver, Commissioner Hopley and Commissioner Short. Commission Vice-President Mooney was present via speakerphone.

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

CALL TO ORDER

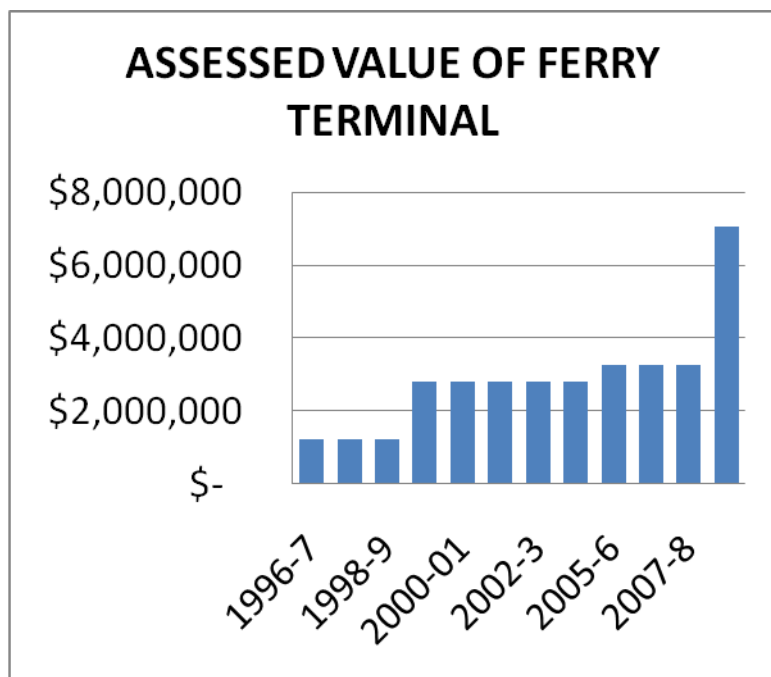
At 7:00 P.M. Commission President Rubin called the regular meeting of April 16, 2009, to order and welcomed all in attendance.

SPECIAL GUESTS

Executive Director Hyde introduced Mr. David Moseley, Chief of Ferries Assistant Secretary of the Department of Transportation Washington State Ferry System (WSF) and Mr. Tim McGuigan, Director of Legal Services, who were in attendance to address the Commission regarding the Ferry System's lease of the Port's Ship Harbor property.

Executive Director Hyde provided the Commission with a brief synopsis of the WSF lease history and present status. He noted that the WSF is a valued tenant of the Port and that the 1.7 million passengers who travel in and out of the Anacortes terminal each year are an economic engine in the region.

Executive Director Hyde explained that the Port and its taxpayers have made a significant contribution toward the ferry system and specifically the Sydney run by subsidizing the ground lease for the terminal from 1997 until the present time. This subsidy is estimated to be \$500,000 for the 2007-2008 lease period alone and over \$1 million over the past 12 years. In discussions with the Commission, the Port is considering continuing subsidy of the State Ferry system, and in deference to its taxpaying constituency and its many private tenants, may require the lease rate to be raised to market rates based upon actual value of the 35 acres leased. The Port would be amenable to the use of the Skagit County Assessors' valuation of the land, which is currently \$7.1 million. Executive Director Hyde noted that WSF had asked for time to perform an appraisal of the property in lieu of use of the assessed value. WSF's appraisal of \$4.4 million was delivered to the Port last week.



Executive Director Hyde displayed a chart showing how the increases in the Assessors' valuation of the property have occurred, with apparent adjustments every 4-5 years. He noted the WSF receives water, sewer, storm sewer, and garbage services from the City of Anacortes. As a gesture of good faith, the Port would be willing to match dollar for dollar any subsidy the City would be giving to the WSF from their utility rates.

After meeting with WSF officials, Port staff requested that WSF present their request for subsidy or reduction in the Port's usual minimum rate of return of 8.5% directly to the Commission.

Executive Director Hyde explained that the Commission would decide on appropriate lease rate at a subsequent meeting.

Commissioner Niver noted the jumps in value were typical of assessment appraisal cycles.

Executive Director Hyde once again introduced Assistant Secretary Moseley who read from a prepared statement noting that WSF was eager to come to an agreement regarding their lease and had appreciated the discussions thus far with Executive Director Hyde and Port staff.

Mr. Moseley reviewed the \$4.4 million property appraisal by Don Montgomery and David Beck of William T. Follis Realtors in Bellingham, and stressed that they were certified appraisers, and noted that such an appraisal was the industry standard for establishing a fair value of the land and the lease, which he stated would be a 7.5% rate of return, equaling \$331,500 per year. Mr. Moseley quoted from a Port memorandum stating that, "Potentially, the Port could consider some direct value to the citizens of the Port District..." in establishing a rate of return. Mr. Moseley noted the Port had made that consideration in the previous WSF lease agreement, allowing a rate of return of 7%. In light of this and the economic benefit of the ferry terminal operations to the community, Mr. Moseley requested a new lease based on the \$4.4 million appraisal and continuing the rate of return of 7%, resulting in a lease rate of \$309,400 for 2009 with appropriate annual consumer price index adjustments and adjustments to market every five years.

Mr. Mosley thanked the Commission and Executive Director Hyde for the opportunity to speak to the Commission. A copy of Mr. Moseley's prepared statement will be attached to the approved version of these minutes.

Commissioner Mooney inquired of Mr. Moseley why the WSF should pay a lesser assessed rate than the citizens of Anacortes, who pay what is assessed by the County.

Mr. Moseley responded that he believed the appraised value is the industry standard for determining fair market value. He stated that he did not know how the Skagit County Assessor determined assessed value, but noted the City of Anacortes recently enacted a wetlands ordinance, which could have some impact, although not likely enough to be the difference in the assessed and appraised value, restating that the \$4.4 million valuation was done by a certified appraiser.

Commissioner Mooney inquired about the Port having a second appraisal done. Executive Director Hyde noted that the Port did have an appraiser inspect the WSF appraisal and found no discrepancies.

Commissioner Niver observed that only state certified appraisers could conduct appraisals for the Skagit County Assessor's office.

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 read the titles of the action items on the consent agenda: Suspension of 25% Premium Moorage Rate for Frontage Slips at the Cap Sante Boat Haven, and Authorization for Consultant Services for Stormwater Permit Compliance. He requested a motion for approval.

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

REGULAR AGENDA

Action Item – Resolution No. 1200 – Change to Commission By-Laws regarding taking action on routine items -

This item requested an amendment to the Port Commission Bylaws. Commissioner Rubin reviewed proposed changes in wording to Article VI, Section B. Order of Business, in order to improve governance and meeting procedures, as proposed at the April 2, 2009 Commission meeting. Commissioner Rubin presented the proposed change as follows, noting present language for deletion and addition:

- B. Presentation by Members of the Commission: The agenda shall provide a time when any Commissioner may bring before the Commission any business that he/she feels should be deliberated upon by the Commission (Commission Discussion). These matters need not be specifically listed on the agenda, and formal action on such matters ~~may~~ **will** be deferred until a subsequent Commission meeting, except that immediate action may be taken **when urgent action is required.** ~~upon a vote of a majority of all members of the Commission.~~

Commissioner Rubin noted that a super majority or a 4-1 vote was needed to make changes in the Bylaws. He requested discussion regarding the proposed change from the Commission.

Commissioner Hopley inquired how the determination would be made as to whether “urgent” action was required, noting a need to define the term “urgent”.

Commissioner Rubin asked for input on how Commissioner Hopley might define urgent.

Commissioner Hopley suggested that a determination of whether an action was urgent might include a requirement for a request for action from the Executive Director and the unanimous approval of the board. Commissioner Niver concurred that a definition was needed. The Commission discussed the need for such a governance tool, how best to define the term “urgent” and the difference between this terminology and emergency meetings at length.

Following discussion, Commissioner Rubin suggested adding the following sentence to the end of the paragraph:

An action is urgent when requested by the Executive Director and urgency is supported by 2/3^{rds} of the Commissioners present.

This addition met with the approval of the Commission.

Hearing no further discussion, Commissioner Rubin requested a motion. Commissioner Hopley moved to rescind Resolution No. 1177 and adopt Resolution No. 1200, amending Commission Bylaws to reflect a change in Article VI, Section B. Order of Business. Commissioner Short seconded the motion. Commissioner Rubin called for a vote on the motion, which carried unanimously. Administrative Coordinator Lindsey will make the change to the Resolution as voted upon and provide it to the Commission for signatures.

COMMISSION DISCUSSION

Commissioner Rubin introduced Commissioner Niver to present the first item for Commission discussion.

Discussion Item: Decision Making Tools -

Commissioner Niver led a continuing discussion of a series of Port management articles by Thomas Dowd, focusing for this meeting on strategic planning. Commissioner Niver outlined Dowd’s views on strategic planning, which he found similar to his own. He opened up the subject of strategic planning to the Commission, all of whom expressed their views on planning and planning processes, including a discussion of ends and means, and of the role of the Mission Statement.

Discussion Item: Goal Setting: Mr. Carl Neu Article – “10 Habits of Highly Effective Governing Bodies”

Commissioner Rubin presented a handout for discussion from a policy governance piece by Carl Neu, of Colorado. Commissioner Rubin asked the Commission to examine a chart in the handout for “Effective Small Group Decision-Making.” The Commission briefly discussed what each Commissioner believed should be worked on by the Commission, including interpersonal skills, rational skills, improvements made by the Commission thus far, and the need for goal setting in something other than a regular meeting format, such as a Commission retreat, where more time could be taken for exploration and analysis of goals.

Update: Executive Director Evaluation –

Executive Director Hyde reported that at the request of Commissioners Rubin and Short, he and Administrative Coordinator Lindsey had taken the Port's Strategic Plan and synthesized it down to an evaluation form including approximately 100 goals by which the Executive Director would be evaluated. A draft of the new evaluation form was provided to Commissioner Rubin.

Commissioner Rubin noted that he and Commissioner Short would review the goals and new evaluation form, as well as those gathered from the Washington Public Ports Association and other on-line sources. The reviewed draft will be presented with any updates to the Commission at the May 7 2009 meeting.

Discussion Item: Retreat Item – Commission Goal Setting –

Commissioner Rubin led a lively discussion regarding goal setting among the Commission. Each Commissioner expressed their individual thoughts on Port goals including a need for leadership training, economic and industrial development, developing a vision for the future, public input, property acquisition, jobs creation, the need for a strategic approach to goal setting, recognizing and respecting differing philosophies, the Port's Mission Statement, and long-range planning.

The Commission will hold another meeting in the future to specifically discuss strategic ideas and goal setting.

Discussion Item: "Good of the Order"

Commissioner Hopley noted that out of discussion regarding the WSF lease, Executive Director Hyde anticipated the Commission would wish to participate in negotiation. Commissioner Hopley stated the Commission delegated authority to the Executive Director in March of this year, authorizing the Executive Director to negotiate all land leases, set the conditions of the lease, and then bring the final lease back to the Commission for possible approval.

COMMUNICATIONS

Executive Director Hyde noted that the next Project Pier 1 community tour was scheduled for May 11th. Those wishing to attend should meet outside of the Dakota Creek Industries business office on the corner of 4th Street and Q Avenue at 4:00 p.m.

Upcoming Events: PassageMaker Magazine Trawlerfest at Cap Sante Boat Haven May 4-9th. Approximately 60 boats have signed up for attendance and moorage. The 16th Annual Anacortes Waterfront Festival begins with a kick-off dinner in the Port's main warehouse on May 15th, and continues at the Boat Haven May 16-17th. A committee is forming to organize and promote the 1st Anacortes Work Boat Races, scheduled for July 18th in Guemes Channel.

UPCOMING MEETINGS

Commissioner Rubin reviewed the Commission's upcoming meeting schedule. The next Regular Port Commission meeting will be May 7, 2009 at 7:00 p.m. Members of the Commission will attend the Washington Public Ports Association Spring Meeting May 13-14, 2009 in Pasco, Washington. The next Regular Port Commission Work/Study Session will be held on May 21, 2009 at 7:00 P.M.

Commissioner Niver reported to the Commission on a recent meeting of the Skagit Council of Governments (SCOG) Board, where he serves on behalf of the Port. Commissioner Niver noted that as the Port's representative, he has voting authority, but occasionally brings matters back to the Commission for an opinion before casting the Port's vote. Commissioner Niver explained that a change has been proposed to the SCOG membership, with the Samish Indian Nation requesting to become a member. Commissioner Niver noted that the Port has a good working relationship with the Samish and he felt comfortable with a vote to approve their membership. Commissioner Rubin asked for any input for Commissioner Niver from the Commission. Hearing a mixed response from the Commission, Commissioner Rubin requested the question of membership be placed on the next regular meeting agenda. This met with the consensus of the Commission, who will consider the item on May 7th.

PUBLIC COMMENT PERIOD

Commissioner Rubin 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 Hopley moved to adjourn, which was seconded by Commissioner Short. Commissioner Rubin called for the vote on the motion which carried unanimously, and at 9:03 P.M. the meeting was 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
April 16, 2009