

Port of Anacortes
Regular Commission Meeting
July 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 July 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 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, and Administrative Coordinator Lindsey.

Others in attendance included Port legal counsel Frank Chmelik.

CALL TO ORDER

At 7:01 P.M. Commission President Rubin called the regular meeting of July 16, 2009, to order and welcomed all in attendance.

SPECIAL GUESTS

Executive Director Hyde introduced Bill and Randy Welch, of Welch Construction, the contractors who performed the relocation of soil and replanting of grass at the Cap Sante Boat Haven in conjunction with preparations for the P/Q Dock hoist. Executive Director Hyde was joined by the Commission in thanking Welch Construction on a job well done, noting the new grassy area has already become very popular with local residents.

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:

Schedule for 2010 Budget Adoption – Use of Alternate Dates. Traditionally the Port has published the budget for the coming year in November rather than September in order to include as much current data as possible. In accordance with the Revised Code of Washington this is allowable via action from the Commission.

Authorizing the Executive Director to Surplus Assets in regards to the Port's decommissioned Pumpout Barge. Prior interest in purchase of the barge by Washington State Parks and Recreation with an "in kind" match did not come to fruition. Since the value of the barge exceeds \$10,000, Commission authorization is needed for the Executive Director to seek another buyer.

Construction Authorization for 2009 Airport Improvement Project, Project #ARP-16. The Commission authorized staff to proceed with pre-construction elements for the Airport Improvements Project in February 2009. This item authorized staff to proceed with the installation of apron lighting, the only construction element of the project requiring construction.

Commissioner Rubin inquired if there were any objections to the consent agenda and, hearing none, requested a motion for approval. Commissioner Short moved to approve the consent agenda. Commissioner Mooney seconded the motion. Commissioner Rubin called for a vote on the motion, which carried unanimously.

REGULAR AGENDA

ACTION ITEMS

Funding Authorization for Construction Elements of the “O” Avenue Mitigation Site (a JDF eligible project) –

Executive Director Hyde introduced Project Manager Estvold who reviewed the item for the Commission noting the “O” Avenue site was identified to provide compensation for ecological functions impacted by Project Pier 1 and is a requirement of the Port’s permits. The “O” Avenue site shoreline improvements will include removing old creosote pilings and rubble from the shoreline, removing the existing concrete bulkhead, regarding parts of the beach to create more aquatic area, installing shoreline protection (rip rap) and creating public access to the beach. The project will also include pavement improvements to “O” Avenue between Railroad Avenue and 2nd Street, a view point terrace at the west end of the “O” Avenue beach, enhancements to Lone Tree Park, a gravity sewer to the Port’s main warehouse in lieu of the existing pump system, and undergrounding the overhead power lines at the end of Commercial Avenue to provide clear overhead access to Pier 1.

Manager Estvold explained that in addition to the required mitigation elements, the Port has partnered with the Skagit Marine Resources Committee (MRC) to incorporate Low-Impact Development (LID) features at the “O Avenue site. MRC has provided grant funding for the design and implementation of the LID features, including porous paving for parking along the warehouse, roof drain storm water collection and rain gardens, riparian landscaping along the shoreline, and interpretive signage. The remainder of the Port’s expenditures for the project will be paid with grant money from the Job Development Fund (JDF).

Manager Estvold responded to questions from the Commission, including an explanation of the storm sewer outfall, noting that Dakota Creek Industries paid for the outfall installed at the shipyard and the JDF fund grant will pay for the “O” Avenue outfall, both of which are storm sewer outfalls and not sanitary sewer outfalls. Other questions were posed by the Commission in regards to the siding of Warehouse #4, Port property near Pier 2, and the installation of a sanitary sewer line from 3rd Street and “Q” Avenue to Commercial, which will be turned over to the City of Anacortes.

Following a brief discussion by the Commission, Commissioner Rubin called for a motion. Commissioner Hopley moved to authorize a construction budget in the amount of \$1,250,427.32 to be spent from the General Fund, for construction elements of the “O” Avenue mitigation site. Commissioner Short seconded the motion. Commissioner Rubin called for a vote on the motion, which carried unanimously.

Construction Authorization for former Scott Paper Mill Cleanup Project – Phase 2, Project #ENV-01B -

Director Elsner presented this item for the Commission, which requested Commission authorization of funds for the construction elements associated with Phase 2, of the former Scott Paper Mill Cleanup Project. The Port has been working collaboratively with the Department of Ecology (DOE) and the Kimberly Clark Corporation (KC) to implement the cleanup and mitigation at the former Scott site. Director Elsner reviewed that the project is separated into three construction phases. Phase 2 construction included shoreline and upland remedial excavation and offshore contaminated sediments dredging, construction of a new breakwater and replacement small craft facility, demolition of the existing timber breakwater, shoreline restoration and aquatic mitigation. A copy of Director Elsner's presentation will be attached to the approved version of these minutes.

Director Elsner introduced Port legal counsel Frank Chmelik, who provided an update to the Commission on work underway with KC and insurance company AIU to finalize funding documents for the remaining project elements of Phase 2 and Phase 3. The funding documents are anticipated to be in place prior to August 10, 2009.

Final construction documents for Phase 2 were solicited through the public works bid process on June 3, 2009 and the bid opening was held on July 9, 2009. Pacific Pile and Marine, L.P. of Seattle, WA submitted the lowest responsive and responsible bidder.

Director Elsner noted that there is a possibility that some of the excavated debris could float, in which debris containing case pieces larger than 2 foot square in size would not be eligible for open water disposal and would have to be disposed of at an inland site. Director Elsner and counsel Chmelik explained there is a regulation that allows this debris material to be screened in a different fashion. The Port had opposed open water disposal for all Scott site debris with Kimberly Clark but were unsuccessful in restricting all materials to inland disposal.

Director Elsner and counsel Chmelik responded to questions from the Commission regarding this conditioned project authorization, since the contracts will not be executed until the funding agreement has been executed. Director Elsner provided the Commission with a Phase 2 construction authorization summary, a copy of which will be attached to the approved version of these minutes. Director Elsner also reviewed the process of how funds are spent and then reimbursed to the Port. He noted that most submittals for reimbursement sent to the DOE are received by the Port in less than seven days. He credited Port Engineering Office Manager and Contract Grants Administrator Teri Switalski with developing a professional relationship with DOE and for the timely submittal of receipts. DOE has transmitted \$6.2 million dollars to the Port's account, with a supplemental budget by DOE of \$4 million dollars over 2010.

Director Elsner also pointed out that the Port has negotiated more than one million dollars in staff salaries and other costs with AIU for the project. Counsel Chmelik noted that if the Port were not involved, Kimberly Clark would have had to hire a construction management team of their own to manage and coordinate the project, which would have been much more costly. Director Elsner and counsel Chmelik responded to additional questions regarding the construction contingency for this action's authorization, noting this was a very conservative contingency.

Hearing no further questions, Commissioner Rubin called for a motion. Commissioner Short moved to authorize funding in the amount of \$20,886,570 to complete the construction

elements associated with the former Scott Paper Mill Cleanup Project – Phase 2, Project #ENV-01B. All costs will be paid from the Environmental Fund and cost recovery proceeds will be applied back to the Environmental Fund. Construction contracts will not be executed until the funding agreement has been executed. Commissioner Mooney seconded the motion. Commissioner Rubin called for any further discussion, and hearing none called for a vote on the motion, which carried unanimously.

STUDY SESSION

Scott Site Cleanup Update -

Director Elsner provided an update to the Commission on the former Scott Paper Mill site cleanup. Of the four remediation areas opened up in Phase 1, three of the four are completed and closed, with one remaining. Director Elsner estimated the project will be at 30% of contingency. Work on utilities will begin next week.

Capital Improvement Plan Review

Marine Terminal - Executive Director Hyde provided an update to the Commission. He noted that the Port may need to do some additional storm water work at the Marine Terminal and this could be a project for 2010. In addition, the Port has received a \$100,000 grant from Skagit County for improvements to the ramp at the Port's Wyman's property. Executive Director Hyde presented the Commission with a planned Project Inventory list and a Call for Projects list that includes projects that have not yet been budgeted.

Executive Director Hyde also reported that Director Elsner and a portion of the engineering department have relocated over to the Scott project site for the duration of the project.

Tax Levy

Director of Finance & Administration Johnson reported that the finance department began meeting yesterday with staff to review budget procedures. Finance has been working to simply the budget process. Director Johnson provided the Commission with a review of the Port's tax levy compared to other ports and the 2009 budget tax collection amount.

In response to questions from the Commission, Director Johnson affirmed that staff will recommend no increase in the tax levy collected for 2010. As mentioned earlier by Executive Director Hyde, increasingly stringent storm water regulations may require the Port to fund changes in collection and distribution. The Tax Fund would be a possible source for the project while ongoing costs may need to be addressed in tenant lease renewals.

In other news, Director Johnson informed the Commission that a lease agreement has been reached with the Washington State Ferries (WSF) at 8.5%, the Port's stated rate of return. WSF will send the Port a check for prior fees owed and for the lease for 2010, with the new lease rate being \$375,000 per year.

COMMISSION DISCUSSION

Commissioner Mooney wished to know if there had been any reduction to the parking rate for the Anacortes Airport. Commissioner Niver noted that the setting of parking rates had been delegated to the Executive Director. Executive Director Hyde reported that the Port leases a

portion of the parking area nearest the FBO building to tenant San Juan Airlines. He noted activity at the Airport was low. A new counter system has been installed to track all take-offs electronically.

Commissioner Short discussed the idea of adding a second story to the Seafarers' Memorial Park Building when it is reinstalled after the Scott site project is completed. He also favored locating a small boat facility near the Anacortes Yacht Club. Commissioners Rubin and Mooney also voiced interest in seeing the Seafarers' Memorial Park Building expanded. Executive Director Hyde will have staff bring back cost options for further study by the Commission.

COMMUNICATIONS

Executive Director Hyde reported on the Port's participation in the July 4th parade. The Port's entry included the electric golf cart used to travel between the fuel dock and the boat launch during this busy season, as well as a 26' Nordic Tug, provided by Port tenant Skipper Cress Yacht Sales. The Port also promoted the 1st Annual Anacortes Workboat Races, complete with pirates, for the parade. The Workboat Races will be held on July 18th in the Guemes Channel, starting at Pier 1. Fifteen boats have signed up to participate.

The Cap Sante Boat Haven will host the tall ships Lady Washington and Hawaiian Chieftain during the months of July and August.

On August 10, 2009 the Port will host its next Project Pier 1 tour beginning at 4:00 p.m. in front of the Dakota Creek Industries business office at 4th & Q Avenue. Dakota Creek is scheduled to launch the new Candies vessel on August 8th.

Executive Director Hyde announced that the Cap Sante Boat Haven free summer concert series will begin on July 24th and run through August 14th. Tickets will be sold for the August 21st and 22nd Blues, Brews, and Barbeques event for those wishing to eat, drink and listen from a close vantage point.

UPCOMING MEETINGS

Commissioner Rubin reviewed the Commission's upcoming meeting schedule. The Commission will hold a Special Meeting tomorrow, July 17, 2009 from 10:00 a.m. to 12:00 noon in order to tour the "pickle plant" at Pleasant Valley Farms. The next Regular Port Commission meeting will be August 6, 2009 at 7:00 p.m.

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 Short moved to adjourn, which was seconded by Commissioner Mooney. Commissioner Rubin called for the vote on the motion which carried unanimously, and at 8:49 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
July 16, 2009