

Port of Anacortes
Regular Commission Meeting
August 20, 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 August 20, 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 Finance & Administration Johnson, Director of Operations & Facilities Hachey, Director of Engineering Elsner, Project Manager Estvold, Marina Manager Fowler, and Administrative Coordinator Lindsey.

Others in attendance included Port legal counsel Frank Chmelik.

CALL TO ORDER

At 7:02 P.M. Commission President Rubin called the regular meeting of August 20, 2009, to order and welcomed all in attendance. He stated that following the study session, the Commission would take a short recess and then enter into an Executive Session for the purpose of discussing a litigation matter. The Executive Session was anticipated to last for one hour and Commissioner Rubin noted that action might or might not be taken following the return to the regular meeting.

PUBLIC COMMENT PERIOD

Commissioner Rubin opened the floor for public comment pertaining to items on the regular agenda.

Mr. John Adam, 1917 Tweed Place, Anacortes, addressed the Commission. Mr. Adams read from a prepared statement and spoke in favor of the agenda item to authorize the Executive Director to negotiate and execute a lease agreement with Mad Anthony's at the Cap Sante Boat Haven. He noted that having Anthony's in place at the Boat Haven would serve as a launching pad to attract other business, and urged the Commission to vote in favor of a lease.

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

CONSENT AGENDA

Commissioner Rubin read the title of the action item on the consent agenda:

Authorization for an Existing Conditions Survey of the Port properties generally known as Randy's Restaurant and Wyman's Ramp. For the purpose of constructing the "T" Avenue Improvements and improving truck access to the Wyman's ramp. Project #PROP-01e (a JDF eligible project).

Commissioner Rubin called for any discussion of the item. Hearing none, he called for a motion. Commissioner Short moved to authorize staff to proceed with an Existing Condition Survey of the Randy's Restaurant and Wyman's Ramp areas, for a total cost of \$14,500, to be spent from the General Fund. Commissioner Mooney seconded the motion. Commissioner Rubin called for a vote on the motion, which carried unanimously.

REGULAR AGENDA

ACTION ITEM

Authorizing the Executive Director to Negotiate and Execute a Lease Agreement with Mad Anthony's –

Executive Director Hyde noted that if the Commission had not made the move to clean-up the west basin site several years ago, the opportunity for a lease with Anthony's would not have occurred. He praised the work of Director Elsner in the clean-up of the property and of Directors Johnson and Hachey, and Manager Rowe in their work with Anthony's.

Executive Director Hyde introduced Director of Operations & Facilities Hachey who briefed the Commission on the details of a lease agreement with Mad Anthony's, Inc. for property at the west basin of the Cap Sante Boat Haven. Director Hachey noted that Anthony's has had an on-going dialog with the Port for several years regarding the possibility of locating a restaurant at the Boat Haven, and is now in the final stages of negotiation for a lease as outlined in the attached action item. He reviewed the highlights of the lease, noting the proposed lease terms had been analyzed with a resultant 8.5% rate of return on investment for the Port. Anthony's will construct a 6,000 square foot restaurant with two patios, one covered, and a 100 space parking lot, which will be shared with the Port. Anthony's plans to employ 80 people year round and up to 100 people in the summer months.

In response to questions from the Commission, Director Hachey clarified the terms of the parking arrangements and corresponding rates of return. There will be a two hour parking limit for the parking area. Commissioners Hopley and Niver disputed the 8.5% rate of return as inaccurate as applied to the parking area, with Commissioner Hopley believing the value of the improvements to the property were not equal in value to the return on investment if the proposed 42,000 square foot parking area were billed at \$.88 per square foot.

Before continuing discussion, Commissioner Rubin called for a motion. Commissioner Mooney moved to authorize the Port's Executive Director to negotiate and execute a lease with Mad Anthony's, Inc., as well as any other instruments as may be necessary or appropriate to complete such lease. Commissioner Short seconded the motion.

Commissioner Rubin requested any additional discussion. Commissioner Niver expressed that what he saw as most important in regards to Anthony's coming to the Boat Haven was the ability to integrate the downtown with the Marina, noting that Anacortes is not perceived as a waterfront town, and it should be. He voiced his support for the lease, although he did not agree with all aspects of the contract and believed it could have been better negotiated.

Commissioner Short noted that he didn't think there had been one event that had raised so much of a positive response within the community as the news that Anthony's would be coming to the Boat Haven, as well as the positive benefit it would have on the Boat Haven overall.

Commissioner Mooney stated that Anthony's would be a lead business at the Boat Haven that others would follow. He suggested the Commission look into acquiring more of the adjacent properties at the Boat Haven.

Commissioner Hopley believed that having Commission input along the way would have been beneficial to achieve a better lease negotiation, as would public input. He suggested that lease agreements be made available to the public prior to meetings to allow time for comment. Commissioner Hopley believed the 8.5% rate of return to be inaccurate for the lease as negotiated, but stated he would vote in favor of it since he was precluded from voting based on the terms of the lease, which the Commission had relinquished to the Executive Director. He believed the lease negotiations had been performed in good faith.

Commissioner Rubin noted he was looking forward with excitement to the connection Anthony's would provide between the community and the Boat Haven, effectively turning the face of Anacortes towards the water. He noted no concerns for the parking agreement, observing it was a similar arrangement to the parking for the Northwest Career and Technical Academy Skills Center on Parcel 1.

In response to questions from the Commission, Executive Director Hyde noted that Port Security would police the parking area behind Anthony's as they do the B Dock parking area. The lease will also include construction of a joint garbage facility that will be shared with the Port and marina users. He noted the importance to keep the parking area, public, especially in its location near the central pier. Executive Director Hyde estimated the construction of the parking area to cost up to \$300,000 with prevailing wage considered.

Following a brief re-discussion of parking arrangements, Commissioner Rubin called for a vote on the motion, which carried unanimously.

STUDY SESSION

Review of Capital Projects -

Commissioner Rubin noted that this portion of the study session would be postponed to September.

2nd Quarter Financial Review

Director of Finance & Administration Johnson provided the Commission with a review of Port finances through the 2nd quarter of 2009, noting the Port was slightly behind budget through June of this year with reductions seen in moorage and pet coke revenues, both of which have since improved and will be reflected in the 3rd quarter report. Director Johnson noted that total operating expenses were slightly higher than 2nd quarter last year, but significantly under the amount budgeted for 2009. Operating income was slightly below that of 2nd quarter 2008, reflecting the lack of increase to moorage and leases in 2009, a decision made due to the condition of the economy. Non-operating income and expenses showed fluctuations based on activities throughout the Port, such as the Scott Site clean-up, and capital grants. Director Johnson reported that 2nd quarter net income of \$2.8 million was just a little over the amount budgeted.

In response to questions from the Commission, Director Johnson noted that with the recent payments for the remainder of the 2008 lease and the 2009 lease by the Washington State

Ferries the 3rd quarter numbers would improve. Although the Marina moorage revenue was down in the 2nd quarter, moorage numbers have improved in the 3rd quarter with transient moorage increasing and the fuel dock has remained very busy. At the Marine Terminal, the Port projects to catch up in revenues by the end of the year, with three pet coke ships arriving in August. The Port's cash balance is also up from last quarter, with last month's treasurer's report showing more than \$12 million.

Commissioner Niver noted that much of the dollar amount lost was attributable to the economy and stated he would like to see a percentage report in the future.

Director Johnson noted that the Port's summer season starts primarily in July and that staff would provide the Commission with updates to finances that resulted from the increased activity.

EXECUTIVE SESSION

Commissioner Rubin announced that the Commission would take a short recess and then enter into Executive Session to discuss a litigation matter. He noted the Executive Session could last as long as one hour and that action might or might not be taken upon the resumption of the regular meeting. He noted that the site tour on the Study Session agenda would be dependent on the amount of daylight remaining after the Executive Session, and that any additional public comment would occur prior to adjournment.

The Commission recessed at 7:48 P.M. At 7:50 P.M. the Commission entered into Executive Session. At 8:07 P.M. the Commission came out of Executive Session and resumed the regular meeting. Commissioner Rubin called for a motion regarding the litigation matter discussed. Commissioner Short moved to authorize the Executive Director to execute a contract with consultants for an amount not to exceed \$50,000 to design a connection to the City and/or Dakota Creek Industries PTOW for Pier 2 stormwater. This expenditure is from the Tax Fund. Commissioner Mooney seconded the motion. Commissioner Rubin called for a vote on the motion, which carried 4-1 with Commissioner Niver opposed.

UPCOMING MEETINGS

Commissioner Rubin reviewed the Commission's upcoming meeting schedule. The next Regular Port Commission meeting will be September 3, 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 8:32 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
August 20, 2009