

PORT OF ANACORTES

Minutes-Special Meeting

January 20, 2010

The Port Commission of the Port of Anacortes held a Special Commission Meeting on January 20, 2010. The purpose of the meeting was for the Commission to attend a Chamber of Commerce sponsored "Meet Your Port Commissioners" forum. This meeting was held at the Anacortes Public Library in Anacortes, Washington. No official action was taken.

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, Marina Operations Coordinator Smith, and Executive Assistant Lindsey.

At 5:15 P.M. Chamber of Commerce Executive Director Mitch Everton thanked everyone for attending and asked that they take their seats. Mr. Everton stated that the Port has accomplished great things for the Anacortes community in the past year. He thanked Commissioner Rubin for his initiative in holding this meeting and the Commission for attending. Mr. Everton noted the agenda for the meeting included a quick update regarding the Port's accomplishments in the past year, and explained the meeting format. He explained that as a general rule, the Commissioners, in answering questions, would be speaking for themselves and not for the Commission as a whole. Mr. Everton noted that the meeting format was informal, but encouraged anyone asking a question or making a comment to please state their name and to keep comments brief due to time restraints for the meeting space. He asked that all comments, if critical, be civil and encouraged the Commission to respond to questions or comments when able.

Noting the presence of a quorum, Port Commission President Rubin officially called the Special Meeting to order at 5:20 P.M. and announced the purpose of the Special Meeting. He noted that this was an informal seminar format to provide an opportunity for the Commission to connect to the community, and that primarily, the Commission was there to listen, and no action be taken.

Commissioner Rubin read the Port's Mission Statement summary:

In Partnership with public agencies and private business, develop and manage facilities and services which stimulate private job creation and commerce, while protecting the quality of life, need and desires of area residents.

Commissioner Rubin noted the Mission Statement summarized the Port's purpose and what the Commission considered in weighing their decisions.

Port of Anacortes Accomplishments - 2009

Commissioner Rubin reviewed Port accomplishments during the past year, some of which are on-going projects, as follows:

Economic Development

Project Pier 1 – a public/private partnership with Dakota Creek Industries
Northwest Career & Technical Academy – locating on Parcel One
Anthony's Restaurant Lease – scheduled for opening in August 2010
Washington State Ferries – 20 year lease long-term renewal
T- Bailey at the Marine Terminal for staging and shipping pipe

Grants Received

The Port has received millions of dollars in grants from Federal, State, and County programs for infrastructure, environmental and economic development work that directly benefits the Anacortes Community.

Cap Sante Boat Haven

The second busiest public marina in the state, Friday Harbor is the first; Cap Sante Boat Haven is a hub of visitor traffic and community events as well as a park and water access for the community. The Marina Citizens Advisory Committee is currently working on reviewing the Boat Haven's Rules and Regulations for recommendations to the Commission on updates.

Events

Commissioner Rubin noted the numerous events sponsored by the Port and/or held on Port property:

- Anacortes Work Boat Races (new in 2009)
- PassageMaker Trawlerfest
- Anacortes Waterfront Festival
- Boat Shows
- Nordic Tug Rendezvous (new in 2009)
- Sailing Regattas
- Summer Concert Series
- Anacortes Arts Festival
- American Cancer Society Relay for Life
- Anacortes Salmon Derby
- Latitudes & Attitudes (new for 2010)

Transit Shed Events Center available for public use with 21 events booked for 2010 already including Chamber of Commerce and Hospital Foundation fundraisers.

Marketing and Promotion

The Port is also active outside of Anacortes in promoting and marketing the Port and the Port district with attendance at the Seattle Boat Show, the Economic Development Association of Skagit County Schmooze Fair, and the Washington Public Ports Association Port Day in Olympia.

The Port website contains links to Port tenants and to the Chamber of Commerce. Companies seeking to do business with the Port can submit their qualifications online and submit bids for Port projects via the Builders' Exchange website.

Relationship with other entities

Commissioner Rubin was please to state that the Port and the City are working well together at all levels. The Port has joint meetings scheduled with the City Council, the Chamber of Commerce, and the Port of Skagit County, and is represented on the Skagit Council of Governments.

Communications

The Port endeavors to keep residents of the Port district informed via:

- Annual and Monthly Newsletters – “Inside Port of Anacortes”
- Quarterly Marina Newsletter – “The Dock Walker”
- Monthly attendance and briefing at the Skyline Beach Club
- Monthly Community Tours of Port projects
- Elected Officials Tours
- Annual Contractor Briefing on Upcoming Project work
- New brochure for the Cap Sante Boat Haven
- New, fresh ads in cruising guides
- Burgee program established for long term tenants
- Excellent rapport with the Anacortes American and Skagit Valley Herald
- Numerous Commissioners and staff members are active in local community and service organizations

Anacortes Airport

- New web cam installed
- Renovation of the Fixed Based Operations (FBO) building
- Airport Advisory Committee meets regularly and makes recommendations to the Commission
- 48° North Aviation expanded their operations and built new hangars

Port Finances

The Port just completed its 2008 audit with another clean audit from the State Auditor’s Office. The Port has had no audit findings in more than 11 years.
The Port just finished refinancing its 1998 Revenue Bonds for an \$86,000 per year savings.

Environmental Work

Commissioner Hopley reviewed the Port’s environmental projects and leadership. He noted that part of the Port’s Mission Statement is to protect the quality of life for area residents and that the Commission is committed to protecting the environment in positive ways. Unlike some entities, the Port participates freely and enthusiastically in the cleanup of our environment with a fantastic environmental team made up of Port staff, consultants and legal counsel. In recent years, this team has been able to handle some rigorous negotiations with the Department of Ecology and other principal parties and is well respected for their knowledge and accomplishments. Some major mitigation and cleanup projects include eelgrass planting in Fidalgo Bay, the “O” Avenue / Railroad Avenue cleanup and redevelopment, the environmental cleanups at Pier 1 and the

former Cap Sante Marine site where Anthony's restaurant will be located. The Port is currently in the midst of cleanup at the former Scott Paper Mill site, a \$30 million dollar project with the Kimberly Clark Corporation and the Department of Ecology, bringing jobs and funds to the community. More environmental work awaits at the Pier 2 "log pocket" and the former Shell Tank Farm. The Port continues to look for opportunities to bring our expertise to getting other sites cleaned up as well.

Commissioner Niver noted that these projects, and especially the former Scott Site project, inject a massive amount of funding into the community during an economic time when other entities are laying off workers. The Port's environmental work has actually been underway for many years with valuable partnerships built with various agencies. He noted that during the years of negotiations, the Commission could not discuss the Port's cleanup plans with the public and was pleased to see these efforts come to fruition. He believed the Port's legal team to be the best in the state in dealing with these matters.

Commissioner Rubin continued the Port's accomplishments with an update on continued projects and events at the Cap Sante Boat Haven. The new small boat hoist has been installed at the north end of the marina and will begin test launches next month. The Boat Haven is attracting boating groups who wish to host their annual events; both the Nordic Tug Rendezvous and the Latitudes and Attitudes group events are new to the Boat Haven this year.

Commissioner Rubin concluded his remarks and Mr. Everton, as moderator, requested questions or comments from the audience.

1. Mr. Brian Hennessy, owner of Anacortes Marine Electronics, addressed the Commission. He stated the most important thing for marine related small businesses was the separation and protection from encroachment, and stressed the importance of protecting zoning from changes and corners for encroachment.

Commissioner Short commented that this comment had two facets. The first being that there had been some push for the Port's Parcel One property, which includes the NCTA Marine Skills Center, to include mixed use residential. He explained that some on the Commission felt strongly that Port property should remain commercial marine and marine industrial/manufacturing in nature. He likewise noted a similar push for mixed use and residential development on the MJR property and other adjacent land outside the control of the Port. Commissioner Short saw this as a residential encroachment into marine areas. The second facet is providing access to marine areas for public use. The Cap Sante Boat Haven, he observed, is also much like a public park

Commissioner Mooney concurred, clarifying that the Port doesn't own or control a lot of the waterfront lands. The Port does own the Seafarers' Memorial Park and is cleaning up not only that area, but at the request of the State, also land and shoreline along the adjoining MJB property.

Commissioner Niver noted that the City of Anacortes was the agency people would need to speak with regarding concerns for zoning.

2. Mr. Pete Cohan inquired whether there was a consensus on that position among the Commission.

Commissioner Hopley requested clarification from Mr. Hennessy on the zoning and area he was questioning. He questioned whether Mr. Hennessy felt that the addition of Anthony's at the Boat Haven was not in keeping with zoning.

Mr. Hennessy stated he believed the Port influences possible zoning changes and that the Port's stance could influence others. He had no objections to Anthony's but wanted the Port to keep encroachment in mind when deciding on use for all property, using the Marine Skills Center as opposed to a shopping center as an example of what may be the Port's general policy. Citing the reference to job creation in the Mission Statement, Mr. Hennessy inquired what kind of jobs the Commission preferred.

Commissioner Rubin stated that the Port supports family wage jobs. Commissioner Mooney noted that the property is marine oriented and should remain so, Commissioner Niver stressed that in regards to an influence on zoning, the Port receives no better treatment than any other developer.

Mr. Everton noted he had heard of concerns that the Port was competing with private industry.

Mr. Hennessy indicated that he had heard that said in regards to the Port's installation and operation of the new fuel dock at the Boat Haven, noting that operation was handled in the past by Cap Sante Marine, but was now performed by the Port.

3. Mr. Scott Webster of Island Rentals addressed the Commission. He noted that the Port had done a phenomenal job in the marine community. He asked whether the Port was interested in being in the business of renting tables and chairs.

Commissioner Rubin responded that the Port does rent tables and chairs at the Transit Shed facility. He noted that the Transit Shed had become an events center at the request of the community. Commissioner Mooney explained that the tables and chairs owned by the Port were only for used in the warehouse, and were not available for rental outside of that venue. Commissioner Short saw no conflict so long as those items are used only on Port property and not available for rental to others for use at other locations.

Mr. Webster asked for clarification that the tables and chairs were for use at the Transit Shed only, allowing for competitive bid for users to rent from another company.

Commissioner Niver explained that for events not put on by the Port itself, it would be up to any outside event coordinator to decide where to rent tables and chairs for their event from. They could choose to rent the ones on-site belonging to the Port or from another source. He noted the Port was sensitive to competition with private industry. Commissioner Hopley agreed and didn't recall when the furniture purchase was discussed or a mention of concerns raised.

Mr. Webster thanked the Commission and Chamber for holding this forum.

4. Mr. Bud Strom addressed the Commission. Mr. Strom noted he had lived in Anacortes for all of his life and had served on the Port Commission for 16 years. He praised the work of the Commission. He explained that his father and mother had both worked in the mills and canneries that helped to build the town. Mr. Strom explained how back then workers put all of the guts and debris into the water and let it go down the channel, noting you lived to be a good neighbor. He offered that he didn't enjoy the order that came out of the pulp mill, but it was also what paid for a

lot of people's well-being and ability to live here. Mr. Strom observed that Anacortes has the best deep-water port in Puget Sound and that this blessing should not be overlooked. He urged those present not to provide mixed use and residential encroachment at the expense of the marine industry and complimented the Commission for working to maintain a balance.

5. Mr. Shane Aggergaard of Island Adventure Charters addressed the Commission. He stated he had operated his charter vessels out of many ports, including the Ports of Skagit County, Everett, and along parts of the East Coast and Hawaii, and complimented the Commission on the Boat Haven, the environmental cleanup, and for creating an improved facility where we can do business and have adequate parking. He also thanked the Port and the Chamber for their support in sending letters to NOAA regarding that agency's proposed regulations for area whales. Mr. Aggergaard noted that the addition of Anthony's would be a huge asset to the waterfront. He noted he would have to trust the engineering experts regarding the new wave attenuation system in progress at the Boat Haven. Mr. Aggergaard voiced his appreciation of the direction of the Port and the promotion of Boat Haven and local events, noting that these events attract tourists and tourist dollars. He stated that as a tourist oriented business, Island Adventure Charters generates about \$ 2 million dollars and out of that they pay sales tax and support year round employees for what is truly a seasonal business. He praised Harbormaster Dale Fowler and the Port staff at the Boat Haven as being "as good as anyone I've ever worked with top to bottom." He appreciated that he'd never had a need go unanswered, and that although he'd never paid more elsewhere for moorage; he'd never purchased cheaper fuel and thought the fuel dock was a great service.

6. Mr. Don Byrd addressed the Commission and inquired if there were any plans for the logs being excavated and dredged up from the cleanup at the Scott Site. He explained that he had an interest in the arts and thought some of the logs could be used to create art work as a centerpiece of the new roundabout at the top of Commercial Avenue.

Commissioners Mooney and Niver noted that question would need to be directed to Port staff. Commissioner Rubin thanked Mr. Byrd for his suggestion.

7. Mr. Dave Cox addressed the Commission and stated he believed the logs would have some value. He noted that in a general sense he was in favor of the shipment of prilled sulfur and inquired whether there had been any progress on plans to do so.

Port Executive Director Hyde explained that the Port was presently in the process of responding to the SEPA comments received. Mr. Everton noted that one comment the Chamber received was in regards to the de-gassing of the sulfur.

Commissioner Rubin noted that he shared the environmental concerns, but observed the prilled sulfur was an appropriate cargo for shipment over the Port's Pier 2 as it is processed in Anacortes as a bi-product of the refinery process, much the same as petroleum coke. The revenue from the shipment of the sulfur will help maintain and improve the truck route and the economy of the community.

Commissioner Mooney observed that the Port of Stockton safely handles bulk sulfur over their docks in open containers. The system at the Port would be a closed system, contained in covered trucks and conveyors and Commissioner Mooney was confident there would be little odor.

Commissioner Niver agreed, noting that the Port had conducted a test shipment and had in attendance a representative of the Clean Air Council. The test was very successful. As there no longer is a rail line through town, the sulfur would be trucked in from the

refinery in covered trucks as is petroleum coke. Commissioner Niver noted that City Councilwoman Richardson was present at the test as well.

8. Mrs. Kaylene Sevieri, co-owner of Anacortes Sevieri & Company Homes, located on Highway 20, inquired whether the concern was over a matter of smell or whether the prilled sulfur was toxic. She noted that they can occasionally smell some unpleasant odors from the refinery and wondered if it was sulfur.

Executive Director Hyde noted that sulfur is a natural substance with a fire rating of 1 which is a similar rating to palm oil or lard and doesn't light easily. It is less dusty than the petroleum coke and because of the prilling process is like popcorn in consistency. If you ground it up into dust and confined it, it's possible the sulfur could combust; however, the sulfur would naturally degas itself in 2-3 weeks at the facility before shipment in new trucks, purchased for this purpose, to Pier 2. Commissioner Short noted this was a better solution than leaving the sulfur in storage at Sierra Pacific.

9. Mr. Matt McKay addressed the Commission and noted that although the Transit Shed Events Center was not created intentionally, he was a big fan of the venue and inquired whether there were any plans to make further improvements, such as flooring.

Commissioner Short noted that he had heard some discussions about adding a layer of flooring and of improvements to restroom facilities, but no definite plans were pending at this time.

10. Mr. Pat Barrett, owner of Barrett Financial, addressed the Commission and like Mr. McKay, thanked the Commission for developing the warehouse as an events center, believing the issues with the facility were less than the benefits it provided. Speaking as a representative of the Small Boats Center, Mr. Barrett voiced appreciation to the Port staff and Commission for stepping forward and realizing that the small boat community is a vital part of the community and that Anacortes is "not just a big boat town." He expressed his excitement over the new small boat hoist and thanked the Commission for making that possible.

Commissioner Short commented that the Port has many different types of tenants and users of the Boat Haven; among them are transient boaters, moorage tenants, small and large boat owners, pedestrians, and a variety of businesses, including whale watch excursions, the fishing fleet, and numerous community events.

11. Sandy Westad, owner of New Beginnings Bible Bookstore in Anacortes addressed the Commission. Ms. Westad observed that many small boaters, some even from the east coast, have come into her store, and have related to her how much they enjoy the Boat Haven. She noted that visitors and tourists account for a large part of her business, and she thanked the Commission for all the Port is doing at the Boat Haven.

12. Mr. Mark Bunzel, speaking on behalf of the Marine Trades Group, addressed the Commission. He stated that members of the Marine Trades Group are anxious to promote their businesses and would like to see the kiosk with monitor at the top of the central pier at the Boat Haven used for promoting these businesses, and also offered to assist the Port with signage.

13. Mr. Dale Sevieri addressed the Commission, and inquired how far reaching is the Port.

Commissioner Rubin noted that the Port district includes all of Fidalgo Island, Guemes Island, Sinclair Island, Samish Island, Bayview, and down to Shelter Bay. Commissioner Mooney observed that this described the Port's taxing district. Commissioner Rubin

explained that in terms of facilities, the Port owns the Anacortes Airport, the Washington State ferry landing property, the Marine Terminals, Wyman's, and upland warehouses, and the Cap Sante Boat Haven and Parcel One to south, as well as the Seafarers' Memorial Park. Commissioner Mooney re-iterated that the Port doesn't own any property south of 17th street which is the south border of Parcel One.

14. Ms. Brenda Kovach addressed the Commission and expressed her gratitude for the free summer concerts at the Boat Haven, noting they were a great way to bring the community together. She noted that when she and her spouse had first moved to the area, they'd looked at Anacortes, but settled in Oak Harbor and now wish they had chosen Anacortes instead. Ms. Kovach noted their involvement with the Waterfront Festival and their appreciation for the work done at the Boat Haven. She urged the Commission to keep it as pristine as it is currently and noted she would hate to see hotels or high rises there.

Mr. Pat Barrett addressed the Commission once again. He noted that he was a new tenant to the Port with offices at the Boat Haven, and thanked Port staff as the best to work with.

Commissioner Mooney noted that in reference to the Port Warehouse or Transit Shed, he had promoted this idea for many years and was pleased to see this available to the community for rent.

Hearing no one else who wished to address the Commission, Commissioner Rubin thanked everyone for attending and encouraged those who had enjoyed the forum to let Mitch Everton of the Chamber know and perhaps other forums could be held in the future.

Mr. Everton thanked the Port Commission for agreeing to attend and answering questions.

With no other business to discuss at this time, Commissioner Rubin called for a motion to adjourn. Commissioner Niver moved to adjourn. Commissioner Rubin seconded the motion. Commissioner Rubin called for a vote on the motion, which carried unanimously, and the meeting was adjourned at 6:22 P.M.

Attest:

Keith Rubin, President

Pat D. Mooney, Vice President

Ray Niver, Secretary

William L. Short, Commissioner

Steve Hopley, Commissioner

Julie Johnson Lindsey, Executive Assistant
January 20, 2010