

Port of Anacortes
Regular Commission Meeting
May 6, 2010

The Port Commission of the Port of Anacortes held its regular business meeting at 7:00 P.M. on the evening of May 6, 2010. 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, and Executive Assistant Lindsey.

Others in attendance included Port legal counsel Chmelik.

CALL TO ORDER

At 7:00 P.M. Commission President Rubin called the regular meeting of May 6, 2010, to order and welcomed all in attendance. Commissioner Rubin noted that following the second public comment period the Commission would enter into Executive Session to consider the lease, sale or purchase of real property, and to discuss with legal counsel litigation of potential litigation. The Executive Session was anticipated to last for one hour, and action might or might not be taken.

PUBLIC COMMENT PERIOD

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

1. Mr. Tom Glade, 210 Mansfield Court, Anacortes, addressed the Commission. Mr. Glade identified himself as a representative of Evergreen Islands and noted that group had spent a great deal of time and effort towards the adoption of a wetlands ordinance by the City of Anacortes. Mr. Glade noted maps which show wetlands at the Anacortes Airport. He asked the Port Commission to expand the wetland on the southwest corner of the runway as a detention pond, considering all options in regards to stormwater. Mr. Glade noted there are three stormwater vaults at the PACCAR facility. He also requested the Commission consider making the wetland area at the northwest end of the runway a detention pond as well.

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

CONSENT AGENDA

Commissioner Rubin read the consent agenda items: Approval of Minutes of the Regular Meeting/Executive Session of April 1, 2010, Regular Meeting Work/Study Session of April 15, 2010, and the Special Meeting/Strategic Planning Session of April 20, 2010; Approval of Vouchers No. 4-1 through 4-175 totaling (\$3,847,339.79); Approval of the March 2010 Treasurer's Report totaling \$10,133,536.27; and an action items for: Construction Authorization for West Basin Building Roofing and Siding Replacement Project, project #CSBH-

18, and Authorization for Additional Preconstruction Funding for Wyman's Ramp Rehabilitation, project #MRT-14. Commissioner Rubin called for any objections to the consent agenda. Hearing none, Commissioner Rubin called for 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

Authorization for Additional Funding for Preconstruction Elements of the T Avenue Improvement Project -

Executive Director Hyde introduced Director of Engineering Elsner who reviewed the item, which sought Commission authorization for staff to continue with pre-construction elements associated with completion of design and bidding of the T Avenue Improvements Project, Project #PROP-01E (A JDF Grant Eligible Project). Director Elsner noted that in the early design stage of the T Avenue and 4th Street Improvements Project it was noted there could be an opportunity to also improve the access to the Wyman's Ramp by paving the route from T Avenue east on 3rd Street for half a block and then north on Port property along the east side of the Randy's parking lot. This item sought \$30,000 in additional funding for the design work and scoping for the adjacent project and reconstruction above that scope originally anticipated.

Director Elsner noted that a little over \$1 million remains in the JDF fund. The engineer's estimate for the project cost is \$421,000. Director Elsner responded to questions from the Commission regarding the improvements, the routing of utilities, and the Port's partnership with Dakota Creek Industries and the City to improve the utility infrastructure and bring T Avenue to City standards including paving and parking. Commissioner Hopley inquired whether the Port would receive any sort of recognition or credit from the City for making these improvements at no cost to the City. Commissioner Niver inquired whether any of the remaining JDF funds could be used for stormwater work at the Marine Terminal. Director Elsner noted that both questions are being discussed.

Hearing no additional discussion, Commissioner Rubin called for a motion. Commissioner Mooney moved to authorize additional funding totaling \$30,000 to complete pre-construction elements associated with the T Avenue Improvements Project. All cost will be paid from the General Fund and cost recovery proceeds from the JDF grant will be applied back to the General Fund. Commissioner Hopley seconded the motion. Commissioner Rubin called for a vote on the motion, which carried unanimously.

Authorization for Consultant Services for an Outfall Pipe Replacement Design Study at Pier 2 –

Executive Director Hyde and Director of Finance & Administration Johnson briefed the Commission on this item which requested Commission approval of a consultant contract to prepare a Design Option Study for the City of Anacortes Wastewater Treatment Plant discharge pipe located under the Port's stormwater settling basin at Pier 2. The City's outfall is between 2-5 feet below the pond.

At their December 3, 2009 meeting, the Commission approved funds for design of stormwater upgrades for the northern portion of Pier 2 which includes a new deeper and wider stormwater settling basin in the location of the existing north basin. In discussions with the City, it has been

determined that when the outfall pipe is uncovered, it would be cost effective for both parties for the Port to replace the pipe at that time. The City plans to replace the entire outfall in 2014 and this action will prevent the Port's newly constructed basin from being excavated for this replacement. The requested \$18,500 is a change order in the Port's contract with Kennedy/Jenks, the consultants who are currently preparing the 100% design of the stormwater upgrades. Kennedy/Jenks will evaluate three options for consideration along with an opinion of probable cost for each option. Director Johnson explained it is the Port's intent to find the best solution and also to work on an Interlocal reciprocal agreement with the City for the cost of the hook up fee. In response to questions from the Commission, Director Johnson explained that due to increased regulatory requirements, the Port now anticipates that the costs for long term stormwater handling and treatment at Pier 2 could be as much as \$1.3 million, which does not include the hook up fee to the City's treatment facility. This is about double the original cost estimate. The cost also reflects replacing the Pier 2 pumps with new long-life state-of-the-art pumps which can handle and send as much as 200,000 gallons to the City's facility. The Port's agreement with the City is that they have the ability to temporarily shut off the feed from Pier 2 during peak stormwater events. The Port has the ability to hold up to two inches of water over the surface of the terminal. Director Johnson noted that the Port will continue to examine all cost saving measures

Hearing no additional discussion, Commissioner Rubin called for a motion. Commissioner Short moved to authorize funds to be spent from the General Fund totaling \$18,500 for consultant services for the outfall pipe replacement design study at Pier 2. Commissioner Niver seconded the motion. Commissioner Rubin called for a vote on the motion, which carried unanimously.

Authorization to Complete Phase 2 of the Airport Stormwater Management System – Project #ARP-16 –

Director Elsner reviewed the item for the Commission, requesting authorization for staff to proceed with Phase 2 of the Airport stormwater management system. This is a multi-year project identified in the 2009 Capital Improvement Plan. The Phase 1 analysis of the existing detention facilities and capacity requirements was completed last year and identified the need for additional detention volume and improved water quality treatment with potential alternative developed. The Phase 2 scope of work includes:

Determining the feasibility of direct discharge from the airport to the Guemes Channel via the existing City of Anacortes drainage system
Preparation of a Level 3 Downstream Analysis Report that describes the capacity of the existing downstream system and determines the amount of additional detention required on airport property, if any
And, if additional detention is required, the Port's consultant will then prepare a preliminary design, cost estimate and analysis for alternative detention systems.

The Federal Aviation Administration (FAA) has recommended construction of a new detention vault within or adjacent to the existing aircraft tiedown apron. The Port has received a 95% grant from the FAA to complete the engineering and design for the project, with the FAA funding \$70,480.50 and the Port funding \$3,709.50.

Director Elsner noted the concerns voiced earlier from the local environmental community. Staff would like to proceed with the FAA preferred vault system in the tiedown area. In response to questions from the Commission, Director Elsner noted it is the Port's intent to not disturb any wetlands that would require mitigation. Executive Director Hyde noted that the FAA prefers

underground vaults since open ponds attract birds, increasing the likelihood of bird strikes by aircraft.

With discussion concluded, Commissioner Rubin called for a motion. Commissioner Mooney moved to authorize funding in the amount of \$74,190 to be spent from the General Fund and from FAA-AIP Grant proceeds, to complete Phase 3 of the Airport Stormwater Management System, Project ARP-16. Commissioner Hopley seconded the motion. Commissioner Rubin called for a vote on the motion, which carried unanimously.

DISCUSSION ITEMS

Marina Rules & Regulations

Executive Director Hyde provided the Commission with a draft resolution to authorize the Executive Director to affect updates to the Port's Rules, Regulations and Charges Applying at the Cap Sante Boat Haven. The last update to the Rules document was approved by the Commission in 2000. The proposed resolution would delegate authority for updating the rules and regulations as needed to the Executive Director and his assigns. Executive Director Hyde asked for feedback from the Commission on the proposed resolution. The Commission expressed appreciation for the work done by Port staff and the Marina Advisory Committee in reviewing the rules and making recommendations. Members of the Commission also inquired about parking at the marina and briefly discussed parking permit options.

Executive Director Authority –

Executive Director Hyde reviewed proposed updates to the Executive Director Authority resolution, Resolution No. 725 which dates from 1985. As provided to the Commission at the March 18, 2010 meeting and subsequent April 1 and 15, 2010 meetings, the suggested updates propose increases to authority for effectiveness and efficiency as well as to be consistent with state law and other authorizations including the processing of small contracts. Executive Director Hyde reviewed each proposed change and the input given by the Commission to date. Discussion by the Commission centered on the cumulative amount of contracts and on the Executive Director authority in an emergency and the Revised Code of Washington guidelines for defining what constitutes an emergency. Executive Director Hyde thanked the Commission their input and noted staff would bring a final proposal to the Commission for possible adoption in May.

UPDATES

1st Quarter 2010 Financials –

Director of Finance & Administration Johnson provided the Commission with an update and noted the concerted effort by staff to provide this information as soon as possible.

Director Johnson explained that to date, operating revenues were approximately \$200,000 behind compared to last year, largely due to lower numbers of pet coke shipments at the Marine Terminal. Positive news shows operating expenses approximately \$60,000 less than last year, for an overall net operating income of \$34,000, slightly ahead of the amount budgeted to date. Non-operating figures included capital grants and JDF funds. Non-operating revenue is derived primarily from taxes and longer term debt payments. These are separate from environmental cleanup expenses for environmental cleanup at the Former Scott Paper Mill site

which made up a significant and reimbursable portion of monthly voucher lists in the first quarter. Director Johnson noted that the Department of Ecology has been an excellent partner in the cleanup effort. Overall net income for the first quarter was \$105,000 which is a little below the amount budgeted, but includes fluctuations in the environmental cleanup costs. In response to questions from the Commission, Director Johnson noted that turnaround times for environmental cost reimbursements are averaging less than 30 days from the Dept. of Ecology and 60 days from Chartis, the insurance company representing Kimberly Clark. Director Johnson was joined by Director of Operations & Facilities Hachey in discussing the current decline in pet coke shipments. Director Hachey explained there was less demand for pet coke at present since there was less aluminum being produced, a factor of the present economy. Port staff are examining all operating areas to further cut costs where possible.

Scott Site -

Director of Engineering Elsner provided the Commission with an update regarding the environmental cleanup at the former Scott Paper Mill site, including the project budget and photo and graphic exhibits. He noted the Port's contractor has done an excellent job of constructing the south wave attenuator with all final rocks placed individually. Director Elsner reviewed all areas of the cleanup and related costs. 47% of the budget, all pre-funded with Kimberly Clark/Chartis and matched correspondingly by the Dept. of Ecology, has been spent on the project to-date. Director Elsner reported that higher than projected costs were incurred for material handling at Pier 2 due to the increased amount of material that was necessary to remove, classify, sort, and dewater.

Director Elsner also reported on the Port's revenues generated by the project, with dockage, property rental, moorage, fuel and leases contributing \$262,000 to the Port to date.

On June 15th the contractor will resume work on the north attenuator and north beach area. Staff will bring an action item to the Commission for Phase 3 design authorization.

Navigation Aids at Marina Entrance -

Director of Operations Hachey reported the Port is looking to place additional navigation aids at the entrance to the Boat Haven and received approval from the City of Anacortes, however the Commander of the Army Corps of Engineers declined our request in a letter, stating that the entrance is sufficiently marked. Director Hachey noted that the Corps is looking to replace the existing 40 year old aids and the Port would request updated positioning. Commissioner Short expressed that the letter from the Corps was not appropriate considering that the Boat Haven is home to one of the largest charter fleets in the country. The Commission concurred. Staff will continue to pursue the matter.

Strategic Plan – Options for a Revised Marina Purpose Statement –

Executive Director Hyde noted that during their April 20th strategic planning session the Commission had discussed the purpose statement for the Marina and asked staff to bring forward some suggestions for revision. Executive Director Hyde briefly reviewed seven options which will be discussed by the Commission at their next session, along with a discussion of the Transit Shed, Seafarers' Memorial Park Building, and soon to be completed Marina Skills Center conference facilities use and management.

The Commission concurred with a June 21st date at 9:00 a.m. for their next planning session.

COMMISSION DISCUSSION

Commissioner Rubin called for any discussion from the Commission.

Commissioner Hopley anticipated the Commission may be asked to lease area in the Boat Haven for small boat storage and an incubator type arrangement and believed the Port should have a policy that regulates incubators and rules prior to doing so. He requested the Commission undertake a policy discussion prior to taking action. Commissioner Niver concurred. Commissioners Mooney, Rubin and Short requested that Port staff research similar programs at other Port districts to see what others are doing in regards to incubators for future discussion. Commissioners Hopley and Niver also noted a need to address parking in the Boat Haven. Commissioner Rubin suggested Executive Director Hyde provide a comprehensive parking plan for the Marina to include other possible users.

Commissioner Short requested discussion regarding whether the Port should consider changing the name of the Cap Sante Boat Haven, noting that people have a variety of names they use for the Boat Haven and that some have expressed that a 4-word name is too long. Commissioner Mooney liked the name as is. Additional discussion was not supported.

Commissioner Mooney noted he will be speaking at the morning Kiwanis Club meeting on May 11th, providing an update on the Port's waterfront cleanups, and providing the same information again in the afternoon at a Republican Women's meeting.

Commissioner Short related that he'd received communication from Jerry Heller, the Executive Director at the Port of Everett asking for his input on Everett's consideration of the move from a 3 to a 5 member Port Commission. Commissioner Short will be visiting Director Heller for further conversation.

COMMUNICATIONS

Executive Director Hyde reported on the Port/City Liaison meeting held earlier in the week. Discussion at the meeting included the approval for MJB to build a dock and ramp on their Fidalgo Bay property. Commissioner Niver understood the approval by the City included conditions for public access. Commissioner Rubin affirmed that the condition as the facility being available to the public for a nominal fee during normal business hours.

Upcoming Events –

Executive Director Hyde provided a review of upcoming events at Port facilities including the Waterfront Festival and Passagemaker Trawlerfest coming in May.

The next Project Community Tour is scheduled for May 10th at 4:00 p.m. and will meet at the Dakota Creek office at 4th & Q Avenue and will then proceed to the Scott site project area.

UPCOMING MEETINGS

Executive Director Hyde reviewed the Commission's upcoming meeting schedule.

Members of the Commission and staff will attend the Washington Public Ports Association Spring Meeting in Chelan, Washington May 12-13, 2010, and also the Waterfront Festival Kick-off Dinner May 14, 2010. The next Commission Meeting will be the Regular Commission

Meeting Work/Study Session of May 20, 2010 The first Regular Meeting in June will be June 3, 2010.

PUBLIC COMMENT PERIOD

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

Mr. Tom Glade addressed the Commission once again, noting he'd meant to say earlier that when he asked the Port for information regarding the Airport he received great assistance from Port staff, especially Bob Elsner and Brady Rowe and he appreciated it. Regarding the navigation channel at the Boat Haven, Mr. Glade noted that he would like to see rocks near the channel removed. He further noted that in Canada they have red stakes that mark rocks such as these to aid in navigation.

Hearing no others, the public comment period was closed.

EXECUTIVE SESSION

Commissioner Rubin announced that the Commission would take a brief recess before moving into Executive Session to consider lease, sale or purchase of real property and to discuss with legal counsel litigation or potential litigation. The Executive Session was expected to last for one hour and action might or might not be taken following its conclusion. The Commission recessed at 9:12 P.M. and moved into Executive Session at 9:18 P.M. At 10:44 P.M. the Commission came out of Executive Session. Commissioner Rubin called for a motion or motion regarding the matters discussed. Commissioner Niver moved to authorize the Executive Director to negotiate and execute a Purchase and Sale Agreement with the McKee Family for Parcel P56857 adjacent to the Cap Sante Boat Haven for a purchase price not to exceed \$155,000 plus applicable closing costs, taxes and transaction fees. Commissioner Niver further moved that the Commission authorize the Executive Director to execute any and all documents, including all closing documents, necessary to complete the transaction. Commissioner Mooney seconded the motion. Commissioner Rubin called for any additional discussion and hearing none, called for a vote on the motion which carried unanimously.

ADJOURNMENT

With no further business to come before the Commission, Commissioner Niver moved to adjourn, which was seconded by Commissioner Mooney. Commissioner Rubin called for the vote on the motion, which carried unanimously and at 10:46 P.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, Executive Assistant
May 6, 2010