

Port of Anacortes

Regular Commission Meeting Work/Study Session January 20, 2011

The Port Commission of the Port of Anacortes held its regular meeting and work/study session at 7:00 P.M. on the evening of January 20, 2011. This was a regularly scheduled Commission Meeting held at the Commission Meeting Room of the Main Port Warehouse Building, 1st & Commercial Avenue, Anacortes, Washington. This meeting included the Commission's annual joint meeting with the Port of Skagit County Commission and staff.

In Attendance for the Port of Anacortes: Commission President Rubin, Commission Vice-President Mooney Commission Secretary Niver, Commissioner Hopley and Commissioner Short.

Also in attendance: Executive Director Hyde, Tenant & Special Projects Administrator Pittis, Marina Manager Fowler, Project Manager Darden, Project Manager Dossen, Environmental Administrator Thoman, and Executive Assistant Lindsey.

In Attendance for the Port of Skagit County: Commissioner Ware, Commission Kaufman, and Commissioner Shuler.

Also in attendance: Executive Director Botsford-Martin, Director of Facilities & Operations Peterson, Director of Finance Garcia, Harbormaster Mattos, Manager of Planning & Environmental Services Young, Airport Supervisor Nord, Communications Manager Molesworth, and Communications Coordinator Hamilton,

CALL TO ORDER

At 7:00 P.M. Commission President Rubin called the regular meeting of January 20, 2011, to order and welcomed all in attendance. He announced that following the second public comment period, the Commission would enter into Executive Session to discuss a personnel issue – review of public employee. The Executive Session was expected to last for one half hour and action might or might not be taken.

Port of Skagit Commission President Kaufman called the Port of Skagit County Special Meeting to order and thanked the Anacortes Port Commission and staff for hosting the joint meeting.

PUBLIC COMMENT

Commissioner Rubin opened the floor for public comment pertaining to items on the regular agenda. Hearing no one with a desire to address either Commission, the floor was closed.

REGULAR AGENDA

STUDY SESSION

Updates: Port of Skagit County and Port of Anacortes

Executive Director Hyde welcomed Executive Director Botsford-Martin who briefed both Commissions on the history and recent developments at the Port of Skagit County.

Executive Director Botsford-Martin noted the Port of Skagit County's mission was jobs for their community. She presented an overview of Port of Skagit County projects and operations, including Port history and districts, the Bayview Business Park and Airport, tenants, agricultural and industrial land holdings, the LaConner Marina – excavated in 1964, and business development. Executive Director Botsford-Martin explained the Port of Skagit County and the Port of Anacortes initially had joint ownership of the Bayview Airport, which had been a satellite base to NAS Whidbey. She noted the ridge on which the Airport is sited remains an important piece of land, located outside of the flood plain.

Executive Director Martin detailed the work the Port of Skagit County is doing to improve and protect the environment, including the Skagit Win project which is on-going today.

The Port of Skagit hosts 86 tenants who employ roughly 1,000 people with payrolls of approximately \$40 million dollars. Executive Director Botsford-Martin explained it was a goal of the Port to increase the number of sustainable jobs on Port property and in Skagit County. Some 2010 highlights for the Port of Skagit included the opening of a new restaurant at the Bayview Airport, new tenant Impressions Worldwide, a printing press refurbishment business, and the move of tenant Federal Express to a remodeled building with more proximity to the flight line.

The Port of Skagit County Commission has worked to develop Airport standards. Executive Director Botsford-Martin noted the Bayview Airport has a unique niche for serving business craft aircraft. With limited land, the Port makes certain that buildings are sized appropriately to meet business development needs.

At the LaConner Marina the emphasis is on service. The Port is coordinating with the Towne of LaConner to provide gift bags from and promoting the community.

Additionally, the Port has created a new web site, a new logo, and has updated its signage..

Looking ahead to 2011, Executive Director Botsford-Martin observed the Port of Skagit as poised for the year ahead. The Port will undertake improvements to drainage and overlay for Airport Runway 10-28. This is a \$10 million dollar project, funded in part by a grant. Also at the Airport, the Port is continuing work on its Taxiway F environmental cleanup site. Executive Director Botsford-Martin thanked Port of Anacortes staff for their help and advice which enabled the Port of Skagit County to obtain a grant from the Department of Ecology for that site, a former crop-dusting business location.

The Port of Skagit is working on promoting opportunities for economic growth for tenants in areas of agriculture and food production, aerospace, marine fabrication, intelligent engineering, value-added forestry, tourism, and health care. The Port has one of the last parcels of undeveloped heavy industrial land in Skagit County, of roughly 50 acres. This limits growth along with few businesses to support industry. Executive Director Botsford-Martin noted a partial solution would be to market Skagit County as a whole, with all entities speaking with one voice about the County's attributes and reasons for locating here. The Port's goal is to help each of its existing business to grow and thrive and to grow existing sectors by expanding business clusters and create more business ready industrial properties and help businesses to expand into the export market. To that end, the Port is performing a census of buildable industrial land, updating its tenant austerity program, revamping its incubator program to focus on specific clusters, updating its leasing policies, and installing infrastructure to support business development.

Executive Director Hyde thanked Executive Director Botsford-Martin for her report, noting they meet routinely to discuss Port business and areas of mutual interest.

Executive Director Hyde provided the Port of Anacortes' update for the Commissions, noting the Port is poised for future development in 2011 and reviewed the Port's operating areas.

Executive Director Hyde explained that the Cap Sante Boat Haven is the Port's iconic facility with upwards of 950 slips. The Port welcomed Anthony's restaurant which just opened on January 15th. Anthony's is part of the Boat Haven's transformation into a great public gathering place with access to the waterfront. A survey of visiting boaters this summer revealed that the average boater spent approximately \$525 during a 2-day stay at the Boat Haven. When that number is divided by roughly 12,000 boat nights, we can note the positive economic impact the Boat Haven has on the community.

The Boat Haven's strengths are its wonderful location and appeal to boating rendezvous groups such as Passagemaker Magazine's Trawlerfest, a national boating event held in May of each year. Also noteworthy at the Boat Haven are the annual March Salmon Derby with more than 1,000 participants, the FIDO's Fuel dock, run entirely in-house, the use of golf carts to help move visitors, cargo, and staff along the esplanade, a 1.3 mile walk. Other strengths include the popular Summer Concert Series, the Waterfront Festival and Workboat Races.

Threats to success include a growing number of boats being moored on land. The Port's plan for 2011 is to increase the number of boats in the water at the Boat Haven. Executive Director Hyde noted the Port plans to increase its visibility at the Seattle Boat Show, in cruising guides advertisement, and in offering a "12 months for the price of 11" moorage program.

Executive Director Hyde reviewed performance indicators for the Anacortes Airport. Commercial Aviation flights and passenger numbers are down as are tie-downs and fuel sales.

In contrast, Guest moorage at the Boat Haven is up with more than 12,000 boat nights and over 3,600 boat launches. The economic impact is still seen in the greatly decreased waitlist and vacancies. The Port's fuel dock has sold more than 2 million gallons of fuel since opening three years ago, 831,172, of those gallons this year alone.

At the Marine Terminal, the Port has all areas filled and expects to begin shipment of prilled sulfur in July from the Marsulex plant. Sulfur will join petroleum coke, another refinery bi-product, and principal cargo at the Port's Pier 2 facility.

The Port of Anacortes' operating revenue per full time equivalent employee is among the highest for Washington ports at approximately \$300,000 per FTE. Businesses on Port properties employed 711 people in 2010, down slightly from 2009, but with increases expected in 2011 due to increased business for ship builder Dakota Creek Industries and the addition of Anthony's restaurant.

Executive Director Hyde reviewed major projects completed in 2010, including the Marine Technology Center, Anthony's, and the installation of a Small Craft Hoist near the head of P/Q Dock. At the marine terminal, 2010 saw the completion of Project Pier 1, a public/private partnership with Dakota Creek along with state and county funding, and the "O" Avenue Beach remediation.

Marine Terminal Projects begun in 2010 that are continuing into 2011 include remodeling and refurbishment of the Wyman's Ramp, and the planning, design, and construction of a new 5,000 square foot office building for tenant Puget Sound Rope.

On the environmental side, the Port of Anacortes major on-going cleanup project is the Former Scott Paper Mill Site at the Seafarers' Memorial Park. This \$30 million dollar cleanup effort was funded by the Department of Ecology and the Kimberly Clark Corporation, former owners of the property. Executive Director Hyde showed slides of the massive excavations and amounts of wood waste removed from the site. The cleanup has transformed a former marine dead zone to a great environment for sea life and people alike. The former creosoted wood pilings and breakwater were removed and replaced with stone wave attenuators and a new pier for improved access to the water. The Memorial Park is on track for re-opening in May 2011, in time for the Waterfront Festival.

In closing, Executive Director Hyde praised the leadership of the Commission and the Port's great staff for a successful year.

Each Executive Director responded to brief questions from the Commissioners, who thanked them for their presentations.

DISCUSSION ITEMS

Swinomish Channel Dredging – Port of Skagit County Report-

Executive Director Botsford-Martin explained that the Swinomish Channel silts in at a frequency that it must be dredged at least every three-five years in order to remain navigable. Last year along with the Port of Anacortes and other entities support, the Port of Skagit County applied for state and federal funding for the dredging. It appears doubtful the request for funding will be granted due to the state of the economy. The Port is also exploring funding from the Army Corps of Engineers. Executive Director Botsford-Martin thanked the Port of Anacortes for dredging the north end of the Channel as part of its environmental remediation. The south end of the Channel still needs to be dredged as do high areas throughout. She noted the Port of Skagit, the Swinomish Tribe, and the Towne of LaConner plan to join together in issuing letters of support for the dredging, and invited the Port of Anacortes to write a letter as well.

Commissioner Niver suggested Director Botsford-Martin contact the Skagit Council of Governments for their support.

Commissioner Rubin will have Executive Director Hyde place the issue on a future Commission agenda for discussion.

Commissioner Hopley noted the importance of dredging the Channel and suggested it could be pursued cooperatively by the Port of Skagit, Port of Anacortes, and the Swinomish Tribe. Commissioner Kaufman agreed, noting the Port of Skagit could not accomplish it alone. Commissioner Hopley also suggested taking the every three year dredging cost of approximately \$800,000 and dividing that up to less than \$300,000 annually. Commissioner Shuler noted the need for gathering factual information on the costs and impacts. Commissioner Ware agreed, noting one question would be the economic impact if the channel silted in to only a three foot draft and was largely impassable. Executive Director Botsford-Martin noted that Paul Sorenson of BST Associates had performed a study indicating that about 500 jobs and millions of dollars spent in local communities could be attributed to maintaining the Channel. She will

update and distribute the information. Executive Director Botsford-Martin also noted the Upper Skagit Tribe and the Swinomish Tribe were discussing and actively engaged in pursuing the issue.

Commissioner Niver inquired whether the Port of Skagit had considered imposing a taxing district with a need demonstrated for the project.

Commissioner Mooney noted that the Port of Anacortes did not have funds available in its current budget to assist with the dredging at this time.

Commissioner Shuler and Commissioner Ware noted the need for on-going funding sources, including a possible usage fee.

Commissioner Hopley believed there was widespread interest in bringing together cooperative groups such as the both Ports, the two tribes, and the Towne of LaConner. He believed it was a better position to show the collective contributions of these groups and then ask for federal funding to make up the difference. Commissioner Short agreed and noted the Port of Anacortes has a stake in the people living in Shelter Bay since they are in the Port of Anacortes' taxing district.

Executive Directors Hyde and Botsford-Martin thanked the Commissions for their discussion.

Contaminated Site Cleanup Projects – Ports of Anacortes and Skagit County –

Port of Skagit County Director of Planning & Environmental Services Young reported on the \$3 million dollar Taxiway F Cleanup at the Bayview Airport. Director Young provided some history of the cleanup site, first used in the early 1980's by a crop dusting business that used the taxiway for takeoffs. The tanks used would be rinsed and the chemicals drained off into an adjacent wetland. This continued through the year 2000 when the business closed and the Port took over the property. In 2005 the Port was named a potentially liable party (PLP) by the Department of Ecology (DOE) in order to begin cleanup efforts. After working in earnest under the DOE's voluntary cleanup program, costs for chasing trace quantities escalated and the Port left the voluntary program and requested a consent decree from DOE. Director Young met with former Port of Anacortes Director of Engineering Elsner who assisted her with obtaining the services of John Herzog of Geo Engineers and Steve Healy of Stoel Rives who are now assisting the Port of Skagit in a formal process to complete the site cleanup on a large scale. The other PLP's did not have the insurance needed so the Port of Skagit and the DOE are splitting the cleanup costs.

Commissioner Niver noted the cleanup costs for the Former Scott Paper Mill Site alone were \$30,000, not to mention the costs for the Project Pier 1 and Cap Sante Marine cleanups. Commissioner Shuler noted the Port of Skagit was a younger Port with fewer sites. Executive Director Hyde observed that he had already presented the Port of Anacortes' cleanup update.

Marina Status Reports – Ports of Anacortes and Skagit County –

Director of Facilities & Operations Peterson updated the Commissioners on the status of the LaConner Marina, noting the Port of Skagit does similar things as the Executive Director Hyde had reported for the Port of Anacortes at Cap Sante Boat Haven, including classic yacht and car show events and a hosting recent fundraiser for Skagit Search & Rescue. Director Peterson stated that the Port wants the LaConner Marina to be a premiere destination, focusing on excellent facilities and services. Moorage occupancy is growing with an increase of 12% in 2009

and an increase of 10% in 2010. The challenges continue to be vacancies in the 26-30' slips. Overtime, the Port hopes to rebuild the LaConner Marina, and will be taking over the dry storage facility located there in May. Other challenges include work needed on the aging facilities and a need to make long-term decisions and solutions. The upland facilities are the most in need of refurbishment. Director Peterson also reported that Westport Yachts had closed their production facility in August, leaving that space vacant and available for lease. The LaConner Marina also has 7,000 square feet of Marine service space available and the Port is looking at these vacancies as positive challenges. Other issues being dealt with at Port facilities are stormwater retention, erosion control, and creating a redevelopment plan for the future.

Commissioner Niver commented that all ports and terminals are experiencing increased stormwater regulations.

Executive Director Hyde reported that the replacement of E & F Docks at the Cap Sante Boat Haven will be a major project for the Port of Anacortes, beginning in September with the removal of the old docks and installation of new state of the art concrete floats with 160 new slips. The Port financed the replacement with Grow America bonds. Bidding on the project will take place this summer.

Economic Development Initiatives –

Executive Director Botsford-Martin noted there were not enough good jobs to sustain the Skagit Valley, and noted that she and Executive Director Hyde have discussed both common and county wide solutions.

Commissioner Rubin noted the Port of Anacortes was close to completion of a \$30,000 million dollar cleanup project, but thought even larger projects could be accomplished with the combined forces of both ports and possibly other entities. Commissioner Niver agreed, noting that both the EDASC and SCOG organizations often work together and could be a cooperative source. Commissioner Short observed that even locating both Ports' booths next to each other at the Seattle Boat Show might provide a larger promotion for the area.

Commissioner Niver noted the Ports could also use their abilities as Industrial Development Corporations (IDC) to aid in economic development. He observed this was often discussed but seldom pursued by those who initially approach the Port for assistance. Executive Director Botsford-Martin agreed, commenting that the Port of Skagit could be more educated on the use of IDC and how to explain it to potential customers. She noted in addition that banks are hesitant to lend funds to businesses in the present economy.

COMMISSION DISCUSSION

EDASC Economic Forecast Dinner –

Commissioner Rubin called for any items for discussion from members of the Commission. He noted the Commission has a possible conflict for its regular meeting of February 17th with the Annual EDASC Economic Forecast Dinner and meeting being the same evening. He polled the Commission regarding whether they wished to attend the Dinner or change or cancel the regular meeting. Following a brief discussion the Commission determined that Commissioners Rubin, Mooney and Hopley would be attending the Dinner, and Commissioner Short will be out of town. Therefore the regular meeting of February 17th will be cancelled.

Washington State Ferry Run –

Commissioner Rubin reported that the Washington State Ferry runs from the Anacortes terminal, and most notably the international run to Sydney, British Columbia, Canada, are under funding attack by the state legislature. He distributed information from Duane Clark of the Anacortes Ferry Advisory Committee regarding decision that would impact both port districts.

Prilled Sulfur H₂S Concentrations -

Commissioner Hopley noted that at the January 6, 2011 Commission meeting he had expressed concern over H₂S concentrations for prilled sulfur. Subsequent to that meeting he reviewed the Port's application with the Northwest Clean Air Agency and all supporting documents. He noted that the State of Washington allows two micrograms per cubic meter per day, and that number was used to arrive at the 55 parts per million calculations for determining emission concentrations. Commissioner Hopley stated he had some serious concerns with the methodology used and as requested by Commissioner Rubin, submitted written concerns for Port staff and the Commission.

COMMUNICATIONS

Executive Director Hyde reported on the following:

Upcoming Events – There are several events planned for the Transit Shed Events Center in the coming months, including the Friends of the Forest Concert on March 5th and the Anacortes Youth Sports Coalition on March 19th. There already 80 events booked for 2011 at the facility.

Local anglers may wish to plan in advance for the Anacortes Salmon Derby – March 26-27 at Cap Santa Boat Haven.

Community Tours-

The next community tour will be February 14, 2011 at 4:00 p.m. The tour will meet at the Cannery Building and will include the Scott Site Cleanup area.

UPCOMING MEETINGS

Executive Director Hyde reviewed the Commission's upcoming meeting schedule. The Commission will hold a Special Meeting/Commission Retreat on Tuesday, February 1, 2011 at the Padilla Bay Interpretive Center from 9:00 A.M. to 3:00 P.M. The Commission will hold another Special Meeting on Thursday, February 3, 2011 at 5:00 P.M. to continue discussion of a Port parking policy. The next Regular Port Commission Meeting will be February 3, 2011 at 7:00 P.M. The Commission will cancel the February 17, 2011 Regular Meeting and members of the Commission and staff will attend the EDASC Economic Forecast Dinner meeting that evening.

PUBLIC COMMENT PERIOD

Commissioner Rubin opened the public comment period for items not on the regular agenda. Hearing no one with a desire to address the Commission, the floor was closed.

EXECUTIVE SESSION

Commissioner Rubin announced that the Commission would take a brief recess and then move into Executive Session for the purpose of discussing a personnel issue – review of public employee. Anticipated duration was up to one half hour and action might or might not be taken.

Commissioner Rubin thanked the Port of Skagit County for attending. Commissioner Kaufman thanked the Port of Anacortes for hosting the annual joint meeting. He called for adjournment of the Port of Skagit Commission. Commissioner Hopley noted this might be his last opportunity to participate as a Commissioner in the joint meeting, as he does not intend to run again, and thanked the Port of Skagit as well.

The Commission entered into Executive Session at 8:44 P.M.

At 8:55 P.M. the Commission came out of Executive Session and resumed the Regular Meeting. Commissioner Rubin announced there would be no action taken regarding the matter discussed.

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 8:56 P.M. the meeting was adjourned.

Attest:

Keith Rubin, Commission President

Pat D. Mooney, Commission Vice-President

Ray Niver, Commission Secretary

Steve Hopley, Commissioner

William L. Short, Commissioner

Julie Johnson Lindsey, Executive Assistant
January 20, 2011