

Port of Anacortes
Regular Commission Meeting
June 16, 2011

The Port Commission of the Port of Anacortes held its regular study session meeting at 7:00 P.M. on the evening of June 16, 2011. 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 Operations & Facilities Hachey, and Executive Assistant Lindsey.

CALL TO ORDER

At 7:00 P.M. Commission President Rubin called the regular meeting of June 16, 2011, to order and welcomed all in attendance.

PUBLIC COMMENT PERIOD

Commissioner Rubin opened the floor for public comment pertaining to items on the regular agenda. Hearing none, the floor was closed.

REGULAR AGENDA

STUDY SESSION

Capital Improvement Plan Projects Review -

Executive Director Hyde reviewed the list of non-discretionary and discretionary projects presented to the Commission at the June 2nd regular meeting, noting those non-discretionary projects which needed to be done within two years, totaling approximately \$2.75 million, and those that should be done within 3-10 years, totaling approximately \$22 million, and discretionary projects, totaling \$5.5 million. A copy of Executive Director Hyde's presentation will be attached to the approved version of these minutes.

Following a brief discussion, Executive Director Hyde reviewed the Commission's scoring of discretionary projects, with the largest combined scoring percentages going to the following:

1. Ramp Access for A Dock
2. Improvements to the Esplanade, extending along the west basin to 9th Street.
3. Central Pier Turnaround & Entry to the Boat Haven

Individually, Commissioners Hopley and Niver scored the new ramp access highest, while Commissioner Mooney scored the west basin redevelopment dredging as his first choice, Commissioner Rubin scored the central pier turnaround and entry highest, and Commissioner Short gave top priority to the activity float at the Boat Haven.

Commissioner Niver observed that if at any time the Port was able to obtain grants for any of these projects that could change their priority.

The Commission discussed their reasons for their scoring, the scoring system and graphics reaching the same results. Commissioner Hopley noted he found the list underwhelming and uninspiring and noted he would like to see projects that all of the Commissioners could score highly.

Executive Director Hyde reviewed the staff average scoring of the discretionary projects. Staff rated the Central Pier Turnaround/Entry highest, followed by the Ramp to A Dock, and the West Basin Dredging as third.

DISCUSSION ITEM

Long Range Tax Planning –

Executive Director Hyde provided the Commission with an overview of his June 2nd presentation including a listing of projects from 2006-2011 which utilized funding from the Tax Fund, a summary of capital projects, divided into the three categories of Non-discretionary projects needing to be completed within the next 2 years - estimated cost \$2.7million, followed by those Non-discretionary projects to be completed within the next 3-10 years - estimated cost \$22 million, and Discretionary projects that have been discussed and would enhance the Port but are not vital to operations. Seven projects fall into this category - estimated cost \$5.5 million.

Executive Director Hyde reviewed Port Resolution No. 1147 which specifies what tax funds can be utilized for and reviewed the Port's millage rate history and current rate of .09 percent. The Commission has maintained taxes at a fairly steady rate over the past 5-6 years at approximately \$530,000. About 5% of the Port's revenues come from taxes.

Executive Director Hyde reviewed conservative ten year revenue/expense projections, noting increases will occur with the addition of sulfur as a bulk export.

Commissioner Short inquired whether there was any indication of increased revenues from the Boat Haven. Executive Director Hyde observed that Marina revenues were expected to remain at approximately the same level as last year.

Commissioner Rubin asked the Commission for their thoughts on long range tax planning.

Commissioner Short said he had heard no complaints from constituents about Port taxes. He noted the community benefited from the free summer concert series, from an open marina, facility tours, and improvements. He believed the Port had opportunities to experience a growth situation with land prices lower and could potentially use tax funding for property acquisition. He stated that if nothing else, he would recommend leaving the tax at its present rate of \$530,000. Commissioner Mooney agreed, noting this good return to the public for a cost of approximately \$25-30 per year, giving the Port the ability to make property purchases if warranted.

Commissioner Hopley observed that his understanding of the discussion was to establish a more accurate calculation for deciding on taxation. He believed the Commission should calculate the amount of tax to be collected based on the Port's need for a tax. He suggested examining the Port's project needs and the average projected costs for those projects over a five year period as a rational basis for collection. He noted the advantage to this approach was

that it was not arbitrary and that the methodology would lend credibility to the process and the collection of taxes if needed.

Commissioner Niver observed the Port's Mission Statement includes a philosophy of self-sufficiency. He noted revenues should be creating by investing as well as operations. Although he agreed that the Tax Fund could be used for debt service, he believed that debt payments should be serviced through revenues rather than taxes. Commissioner Niver favored having a couple of years of collected taxes in the fund and then phasing it out unless needed.

Commissioner Mooney saw less value in projection of future costs as this was variable. He noted it was preferable to maintain a steady rate rather than increase and decrease taxes.

Commissioner Short noted that predictability was needed in the coming years to plan for development and acquisition. He agreed that an even yearly rate was better for tax payers. Commissioner Short observed the Port was far from fully developed and additional development of the Boat Haven and related facilities would increase business, jobs, and create income, funded in part by the Tax Fund.

Commissioner Rubin noted that with the addition of sulfur exports the Port would have increased revenues. He favored winding down tax collection and using a tax levy only as needed for projects.

Commissioner Short noted that real estate prices were at their lowest in some time and the Port should consider acquiring property in the short term and then consider reducing the tax levy in the long term.

Commissioner Mooney observed that the Tax Fund could also be used for debt service and was valuable in maintaining the Port's bond rating. He noted that once voted upon a levy is not collected until the following year, and not readily available. Commissioner Mooney further cautioned against spending projected sulfur funds before they are obtained. He saw the current tax level as not excessive.

Commissioner Niver noted that with petroleum coke and now sulfur export cargoes, the Port was presently very dependent on the refineries as a source of income.

Commissioner Hopley reiterated the need to make some projections for use of the Tax Fund over the next five years and to develop a methodology for determining taxation, and taking into consideration building a reserve. He noted the Port should be not only looking for properties but also at constructing buildings and business that would create jobs.

Commissioner Rubin suggested the Commission direct staff to develop a methodology and bring it back to the Commission for further discussion.

Commissioner Short observed that with enough funds coming in, the Port would have more ability to do as Commissioner Hopley suggested and create jobs.

Commissioner Hopley agreed, but wished to see a method for arriving at that conclusion. He supported the Port building infrastructure to create jobs and possibly even raising taxes to do so, but with a process to show the public how that number was arrived at and why.

Commissioner Niver observed that private industry created jobs without the benefit of taxation.

Commissioner Rubin requested that staff provide project and funding projections. Executive Director Hyde will have staff complete a 5 year projection and have additional information for the Commission at their July 7th meeting.

COMMISSION DISCUSSION

Dogs at Seafarers' Memorial Park –

Commissioner Short noted he had received an e-mail from a concerned citizen about dog excrement not being picked up at the Seafarers' Memorial Park and questioned if a ban on dogs at the park was something the Port should look into.

The consensus of the Commission was that this was an issue that should be referred to the Executive Director and that people should clean up after their dogs. Mutt mitts are provided at the Park for their convenience. If necessary, dogs could be restricted from some areas.

Comprehensive Plan Update -

Executive Director Hyde reviewed aerial graphs of Port properties and facilities from the 2008 Comprehensive Plan. He noted that the Commission had wanted to discuss possible updates to the Plan including a need to address connectivity at the north end of the Boat Haven, the use of the Transit Shed, and other changes, such as the renovation rather than demolishing of Warehouse No. 4.

Commissioner Rubin inquired of the Commission whether they wished to include an addendum or update to the 2008 Comprehensive Plan.

Commissioner Niver noted that the creation of the 2008 Comprehensive Plan was a thorough public process, but agreed that a need existed to re-evaluate or update some aspects of the Plan, such as the example of Warehouse No. 4. He observed that some things that were not addressed at the time of the Plan were sufficient parking at the Seafarers' Memorial Park, parking for the Small Craft Hoist, parking for the Transit Shed, its expanded usage, and that usages compatibility with surrounding businesses.

Commissioner Short believed that some updates or addendums should be made so that long range plans for parking included in the Plan would be current. Commissioner Mooney agreed.

Commissioner Hopley agreed there would be justification for reopening or amending the Comprehensive Plan and inquired if there were a process the Port would need to follow to update, yet not alter the spirit of the Plan.

Executive Director Hyde noted that outside of the Port's requirement to have a Comprehensive Plan, there was no Revised Code of Washington requirement for making general updates within the Plan of which he was aware; however more substantial changes might require a public process. Commissioner Niver noted that if the Commission were to decide to make changes that might need public input, at least those could be identified as areas in which the Plan was insufficient. Commissioner Rubin requested that Port staff provide a list of what needs to be changed from notation in the Plan, what items should be in the Plan that were not included previously, and a potential schedule of any needed public meetings.

City of Anacortes – Depot Master Plan -

Commissioner Rubin reported the City of Anacortes recently won a grant to update their Depot Master Plan. The City's Depot Arts Center is located adjacent to Port property and Commissioner Rubin thought it prudent for the Port to have a staff member involved in the update process. In response to questions from the Commission, he noted that the Depot Master Plan update had been discussed by the Anacortes Futures Group regarding the Depot's connection to downtown. Executive Director Hyde has been invited to serve on the Arts Center's board.

Commissioner Niver believed the Port/City Liaison Committee meetings would be a good place for the Port to have a voice in the Depot Master Plan process.

Commissioner Short noted the deteriorated state of Market Road which runs along the east side of the Depot and inquired who owns the road and who is responsible for its maintenance. Executive Director Hyde explained that at present the City owns the road, however, the Port and City have been working on a land swap for some time and if that goes through, the City will own the road and the Port will own the land adjacent to the east. The Port granted the City land for the W.T. Preston Museum Interpretive Center a number of years ago.

Port District 3 Representation –

Commissioner Rubin observed that, as indicated, Commissioner Hopley had not filed for re-election. In light of this, he inquired whether Commissioner Hopley would consider allowing another Commissioner to serve on the Port/City Liaison Committee in his place. He noted that in January of 2012 the Commission would appoint Committee members.

Commissioner Hopley stated that he served at the pleasure of the Commission. Commissioner Niver indicated that if Commissioner Hopley was doing a good job on the Committee his participation should not be questioned.

Commissioner Mooney was of the opinion that one of the remaining four commissioners should serve in order to have follow-through going forward. Commissioner Short believed there would be a certain advantage to having a Commission representative from within Anacortes rather than twenty-two miles outside of it, who might be more in tune with the local environment.

Commissioner Hopley addressed President Rubin and stated he would like to be replaced on the Port/City Liaison Committee effective immediately.

Commissioner Short started to make a motion to nominate Commissioner Mooney as a replacement. Commissioner Rubin stated a motion would be out of order at this time. Commissioner Niver observed that the location of a Commissioner's home should not be considered in their service to a Port Committee.

Commissioner Hopley found the comments made regarding his location outside of Anacortes to be offensive and reiterated his resignation from the Committee.

Commissioner Rubin asked Commissioner Mooney if he would be willing to serve temporarily on the Committee. Commissioner Mooney agreed to do so. Commissioner Niver felt it would be more appropriate for President Rubin to serve. Hearing no other objections, Commissioner Rubin noted that further discussion could be placed on the next meeting agenda.

COMMUNICATIONS

Community Tour – The next tour of Port projects will be held June 13th, starting at 4 p.m. at the Dakota Creek office at the corner of 4th Street & Q Avenue. The tour will include information about stormwater at the Marine Terminal.

Upcoming Transit Shed Events – The Islands Chapter of the American Red Cross will hold its Real Heroes Breakfast on June 22nd. Among those honored this year is Port Operations staff member Brad Johnson who assisted in the rescue of some youth sailors near the Boat Haven.

The Port's free Summer Concert Series – This popular series returns this year to a new location at the Seafarers' Memorial Park. Jesse Colin Young will be appearing August 6th at the Seafarers' Memorial Park. This paid concert is separate from the free Friday night concerts with tickets available at brownpapertickets.com or by calling the Snohomish Artists Guild. Also returning to the Boat Haven this summer are the Central Pier performances, two hour entertainments each Saturday and Sunday in July and August. Those interested in performing may contact Executive Assistant Lindsey at the Port's main office for more information,

UPCOMING MEETINGS

Executive Director Hyde reviewed the Commission's upcoming meeting schedule. The second regular meeting in June will include a study session regarding tax planning. The first regular meeting in July is scheduled for July 7th at 7:00 p.m. Commissioner Rubin noted the Commission might also discuss planning for the Transit Shed and zero emission vehicles. The second meeting in July will be held July 21st at 7:00 p.m.

OTHER COMMUNICATIONS

Executive Director Hyde reported that shipment of prilled sulfur was scheduled to begin at Pier 2 of the Marine Terminal in August. The "sulfur sniffers" equipment is in and is being tested with the actual sulfur product. New trucks for transporting the sulfur prills have arrived and the storage building at Marsulex on Farm to Market Road is being filled.

Commissioner Rubin reported that former Commissioner Spencer Swain passed away on June 8th. Members of the Port Commission and staff attended his memorial service earlier today. Commissioner Rubin noted Mr. Swain served his country and his community his whole life, including as a veteran of three wars, as a congressional aide to Congressman Al Swift, and as a Port Commissioner, retiring in 2001. He observed Mr. Swain's contributions to our country and community were substantial and he thought the Port should memorialize him in some way.

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 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 8:57 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
June 16, 2011