

Port of Anacortes
Regular Commission Meeting
August 18, 2011

The Port Commission of the Port of Anacortes held its regular study session meeting at 7:00 P.M. on the evening of August 18, 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 Finance & Administration Johnson, 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 August 18, 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.

CONSENT AGENDA

There were no items on the consent agenda.

REGULAR AGENDA

Washington Public Ports Association (WPPA) Building Purchase –

Executive Director Hyde noted the Commission had brought this item forward from its August 4th meeting, during which members of the Commission had questions regarding the WPPA's proposed purchase of the building in which they have leased space for many years, close to the State Capitol in Olympia. Those questions were passed on to WPPA Executive Director Eric Johnson, with responses and a proforma provided to the Commissioners. WPPA will use its cash reserve funds for the down payment on the building and member ports will be assessed a one-time fee to help replenish the organization's reserve fund. The assessment for the Port of Anacortes would be \$9,600. WPPA will pay property taxes for the building.

Following a brief discussion in which members of the Commission expressed an interest encouraging the assessment be paid back sooner than the future sale of the building, addressed questions of liability, debt service, and building management, Commissioner Rubin called for a motion. Commissioner Mooney moved to authorize the Port's WPPA Trustee or alternate representative to vote in favor of the building purchase as recommended by the WPPA Executive Committee. Commissioner Short seconded the motion. Commissioner Rubin called for a vote on the motion, which carried 4-1 with Commissioner Niver opposed. As Commissioner Rubin is unable to attend, Commissioner Short, as the Commission's alternate

representative to WPPA will serve as the Port Commission's representative and attend the meeting tomorrow in Olympia to record the Port's vote of support.

STUDY SESSION

Executive Director Monitoring Report -

Executive Director Hyde provided the Commission with his continued monitoring report, begun earlier in the year, on the progress made during the year using the goals and strategies of the Port's Strategic Plan.

Goal: Establish and meet financial performance targets to minimize losses:

- ⊙ Established effective budget
- ⊙ Consistent and concise quarterly financial updates to the Commission w/ annual ratios for comparison
- ⊙ Consistently clean financial, single and accountability audits

Executive Director Hyde noted that hiring Chris Johnson, a former state auditor, as Director of Finance & Administration was a great move for the Port.

Goal: Determine and attain the best use of Marine Terminal facilities, properties, and income:

- ⊙ New sulfur contract
- ⊙ New long term agreement with Puget Sound Rope
- ⊙ New Wyman Ramp and added 4th commercial user of the ramp
- ⊙ New stormwater treatment system at Pier 2

Executive Director Hyde observed the Port has operated a pollution-free terminal for many years.

Goal: Determine and attain the best use of Marine Terminal facilities, properties, and income:

- ⊙ Established a Marine Terminal Advisory Committee
- ⊙ Transpac Marinas lease of tent structure
- ⊙ DCI lease of extra space for laydown area

Goal: Maintain a high level of profitable Marine Terminal activities:

- ⊙ New Sulfur contract
- ⊙ Initiated the process for a new pet coke contract
- ⊙ Initiated the process for an RFP for a bulk operator at Pier 2

These items will commence within the next six months.

Goal: Maintain the safety and quality of Airport facilities and operations:

- ⊙ Added backup generators for all airfield lighting
- ⊙ Initiated a wildlife assessment plan at no cost to the Port

Commissioner Niver commented he'd heard from a citizen that the Port has Unicom equipment that is not in use. He voiced some concerns over the Port being in a liable situation.

Goal: Maintain the Airport's community business potential:

- ⊙ Continue to work with San Juan Airlines to remain viable in a down economic climate

Goal: Establish fair and equitable prices and policies for marina services which give preference to district residents whenever possible:

- ⊙ Continued aggressive pricing strategy for the fuel dock
- ⊙ Continue to offer high volume customer discounts for current marina customers

- ⊙ 37 customers signed up for the “ 12 for 11” program in first year

Execute the Port’s mission and strategic plan:

- ⊙ Executed a \$30 million program last year –Great job to Port staff and consultants
- ⊙ Ribbon Cuttings this year:
 - > Anthony’s
 - > Wyman’s Ramp
 - > T Avenue
 - > Seafarers’ Park/Scott Site Cleanup
 - > Continue to purchase properties at assessed value that are within the Port’s Comprehensive Plan (3rd and U)
- ⊙ Guest moorage up by over 60%
- ⊙ Rejuvenated capital renewal plan for next 10 years
- ⊙ 30 events at Transit Shed for 2011
- ⊙ Received one of only 11 national grants for E&F dock replacement
- ⊙ Stormwater solution for Pier 2 – strategic and unique

In response to comments by the Commission, Executive Director Hyde noted that the Port received \$500,000 in Job Development Funds toward the total \$2.5 million stormwater project. This large investment included a good partnership with the City of Anacortes.

Commissioner Short congratulated Executive Director Hyde and staff on overall operations and on the improvements at the Boat Haven, giving visitors a very positive experience, excellent customer service, entertainment at the top of the central pier, free concerts in the summer, the town crier and cannon salute. All of which he had heard good feedback from. Commissioner Mooney agreed, noting he’d heard all positive comments about the Boat Haven and the improvements to Seafarers’ Memorial Park. Commissioner Niver observed that one of the criteria of the Port’s Mission Statement and strategic plan is the protection of quality of life, with the Seafarers’ Memorial Park as an example. Commissioner Hopley looked forward to seeing the 60% increase in guest moorage reflected in the quarterly financial report. Executive Director Hyde noted the increase from July would be reflected in the 3rd Quarter financial report.

2nd Quarter Financial Review –

Executive Director Hyde introduced Director of Finance & Administration Johnson who provided the Commission with an overview of the Port’s second quarter.

Total operating revenues through June 30, 2011 equal just under \$5 million. The Boat Haven and especially fuel sales were strong in the second quarter, with Marine Terminal revenues down slightly with fewer pet coke operations so far this year. Pet coke shipments are expected to pick up in the third and fourth quarters. Operating revenues are up slightly over this time last year with net income above projections

Director Johnson explained the majority of Non-operating expenses were related to the costs of the Port’s bond financing. He also reported on environmental grants and recoveries for expenses the Port has incurred. The Port is approximately \$200,000 below projections for non-operating income. The Port’s working capital includes funding from bonds. Director Johnson noted this balance will start to decline as funds are paid out for procurement and installation of the new E&F Docks.

Additionally the Port’s debt to capital ratio remains constant and the efficiency ratio shows a level rate. Tax revenues as a percentage of operating revenues also remain constant at 5%.

COMMISSION DISCUSSION

Commissioner Rubin noted the Commission had posed some questions when working on financial forecasting during a past meeting, such as growth. He inquired whether the Commission wished to revisit that discussion. Commissioner Mooney was in favor of doing so. Commissioner Niver observed that with \$25 million in non-discretionary projects already identified, the discussion was pretty much complete. Commissioner Short was in favor of continuing discussions and consider having the Port build a structure to house smaller businesses at the Boat Haven. Commissioner Hopley also wished to continue discussion and with it some definitions of what the Port Commission wished to grow, the bottom line, jobs, etc. He noted among the Port's mission was the stimulation of private job creation and commerce and this would need to be maintained for growth to occur. He felt it would be valuable to examine the total number of private jobs generated by the Port and Port tenants. Executive Director Hyde reported that Port staff was collecting these numbers already.

Commissioner Mooney reiterated a desire to see the Port continue to increase its property inventory to have more availability for future tenants. Commissioner Niver wished to see growth in revenues and development of areas within the Comprehensive Plan.

The Commission was of a consensus to continue discussions at a future meeting.

COMMUNICATIONS

Executive Director Hyde updated the Commission on the following:

Community Tour – The next tour of Port projects will be held September 12th, starting at 4 p.m. meeting at the new building being built by the Port for Puget Sound Rope, 2nd and "O" Avenue.

Entertainment - The last concert for the season in the Port's popular free Summer Concert is this coming Friday. An estimated 800-900 people turned out last week for the concert featuring Neil Diamond tribute band, Cherry Cherry. Also continuing at the Boat Haven this summer are the Central Pier performances, two hour entertainments each Saturday and Sunday in July and August.

Events & Festivals - Upcoming Transit Shed Events – The Port will host the 3rd Annual Anacortes Workboat Races & Pirate Faire next week, including a kick-off dinner to benefit the Seafarers Memorial Fund on Friday evening, a full day of events including the workboat races, a chowder challenge and pirate contests on Saturday, and a memorial service at the Memorial itself on Sunday afternoon at 3 p.m., marking the 35th anniversary of the memorial.

Senatorial Visit – Executive Director Hyde reported that Senator Mary Margaret Haugen tour Port facilities yesterday, including Pier 1, Dakota Creek Industries, Pier 2, the new stormwater system, the Boat Haven, and Seafarers' Memorial Park. Senator Haugen was very impressed with the Port's level of activity and very pleased over the private sector jobs on Port property. Commissioner Niver noted the Port also showed her how ports can leverage funds to complete large scale projects such as the Former Scott Site cleanup.

Projects – The Puget Sound Rope building is coming along well. The Port will be going out to bid on the next phase of the E & F Docks replacement the last week of August. Executive Director Hyde noted that the Boat Haven has a national reputation for using what are referred to as "Bellingham Floats" – these are made by Bellingham Marine.

Upcoming Events – Fidalgo Bay Days will return to the Seafarers’ Memorial Park on September 17th. This is a great community and family event.

UPCOMING MEETINGS

Executive Director Hyde reviewed the Commission’s upcoming meeting schedule. The first regular meeting in September is scheduled for September 1st at 7:00 p.m. The second meeting for September will be September 15th at 7:00 p.m.

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 Mooney moved to adjourn, which was seconded by Commissioner Short. Commissioner Rubin called for the vote on the motion, which carried unanimously and at 7:59 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
August 18, 2011