

Port of Anacortes
Regular Commission Meeting
September 1, 2011

The Port Commission of the Port of Anacortes held its regular business meeting at 7:00 P.M. on the evening of September 1, 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, Marina Manager Fowler, and Executive Assistant Lindsey.

CALL TO ORDER

At 7:00 P.M. Commission President Rubin called the regular meeting of September 1, 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

Commissioner Rubin read the consent agenda items: Approval of Minutes of the Regular Meeting/Executive Session of August 4, 2011, and the Regular Meeting/Work Study Session of August 18, 2011; Approval of Vouchers No. 9-1 through 9-124 totaling (\$2,101,933.64); and Approval of the July 2011 Treasurer's Report totaling \$17,186,340.81. Commissioner Rubin called for any objections to the consent agenda. Hearing none, he called for a motion for approval. Commissioner Mooney moved to approve the consent agenda. Commissioner Short seconded the motion. Commissioner Rubin called for a vote on the motion, which carried unanimously.

REGULAR AGENDA

DISCUSSION ITEMS

Comprehensive Plan Updates –

Executive Director Hyde observed it had been three years since the Commission's adoption of the 2008 Comprehensive Plan. The Comprehensive Plan is available for viewing on the Port's website and meets the Chapter 53.20 of the Revised Code of Washington's requirements for the Port to have a General Scheme of Harbor Improvements. Executive Director Hyde noted the Plan served as a tool for the Port and the community with a 20 year vision including references to the Port's Strategic Plan, along with "big picture" recommendations, and vision for targeted land use for Port properties. Executive Director Hyde noted some items in the Plan were aligned with the City of Anacortes' goals, policies and plans as well, including the improvement of Anacortes' image as a

marine-oriented city, protection and enhancement of marine views, balanced land uses and continued and improved interaction with other agencies. Additionally, the Port supports the City's goals of increasing retail sales, encouraging marina-related business activity, enhancing the marina to downtown connection & circulation, and focusing pedestrian-oriented retail emphasis in the Central Business District and the Boat Haven.

Examples in the Commercial Marine zone included preserving area for commercial enterprise, encouraging marine, commercial and tourist developments, recognizing water and water-view-dependent uses, with limited residential uses while enhancing physical and visual access to the shoreline. At the Port's Cap Sante Boat Haven, these include the esplanade, central pier, orca fin art piece, the trailer boat launch and community space and public access. The Commercial Marine zone also supports manufacturing and shipping, moorage and navigation, cargo handling and storage, fish processing, and ship/boat construction and repair.

Other goals outlined in the Plan include support for manufacturing and maintenance of essential public facilities, such as the Anacortes Airport, consistent with the Port and City's Development Agreement and Subarea Plan.

The 2008 Comprehensive Plan was the end result of a Commission supported community led process with more than thirty meetings over a twenty-one month period, with 150 attendees taking part. Organized around the Port's four principle operating areas, the Plan highlights economic development, environmental stewardship, and public access, while observing that project designs, funding & timing will depend on numerous factors such as market demand, financial feasibility, grant availability, and design considerations.

Planning priorities at the Cap Sante Boat Haven noted it the Plan included engaging the community, creating and illustrating a clear vision, maximizing limited in-water area, balancing services, amenities, job creation and revenues for the uplands, as well as strengthening the physical and visual connection between downtown and the waterfront. Some of the future plans for the Boat Haven have already been or are being implemented, such as reconfiguration of docks to maximize in-water area, working with small boaters and the City to develop a small boat center in the North Basin, enhancing pedestrian connections & open space, accommodating marine-related commercial development and educational facilities on Parcel 1, and continuing to pursue clean-up projects & integrate small boat facilities at Seafarers' Memorial Park.

For the Port's Guemes Channel properties, Comprehensive Plan priorities included engaging the community, creating a flexible plan that balances public access and industrial uses, maintaining deep-water moorage, piers, and upland facilities to support maritime customers & tenants, recognizing the continued importance of ship building and repair as core components of Anacortes' economy, protecting existing manufacturing and shipping uses from encroachment by non-compatible uses, and being a good neighbor. Projects already completed at the Marine Terminals include Project Pier 1 in conjuncture with Dakota Creek Industries, raising the roof at Warehouse 10 in order to accommodate tenant Puget Sound Rope, installing a fire suppression system at Curtis Wharf and locating a new crab warehouse on that site as well.

At the Anacortes Airport, the Plan calls for maintaining and enhancing airport facilities, supporting appropriate business opportunities, and promoting a healthy relationship with the community. Executive Director Hyde noted the Plan points out this is a public use airport and an essential public facility purchased with FAA Grants, that must remain available for public use for aeronautical purposes and must adhere to FAA safety, operations & access regulations.

Projects completed at the Airport include improvements to surfaces, installation of airport fencing, tree management, and screening berm installation.

Future plans at the Airport will be based on the Airport Layout Plan (ALP), approved by the Port Commission in 2007, will be consistent with the City & Port Development Agreement, and consistent with 2005 Subarea Plan.

At Ship Harbor, the Port holds a long-term lease with the Washington State Ferry system. The Port sold a portion of property at Ship Harbor to Gilbane, a development group, and donated a wetland area to the City.

In closing, Executive Director Hyde provided a matrix of the Port's near, medium and long-term goals, and completed projects included in the Comprehensive Plan (roughly 11% overall are already complete), along with information on the remaining projects to be completed and estimated costs as follows:

<u>COMP PLAN PROJECTS</u>	<u>YEARS</u>	<u>\$\$ TOTAL</u>	<u>COMPLETED SO FAR</u>	<u>% COMPLETE</u>
NEAR TERM	2008-12	\$15,632,000	\$10,165,000	65%
MEDIUM TERM	2013-17	\$1,313,000	\$534,000	41%
LONG TERM	2018-+++	\$78,549,000	-	
TBD PROJECTS		\$864,000	-	0%
TIMING- OPP DRIVEN		\$417,000	-	0%
TOTAL		\$101,350,000	\$10,699,000	11%

Commissioner Niver noted the Commission had recently gone through a discussion of non-discretionary projects and questioned whether they were included. Executive Director Hyde confirmed those non-discretionary projects were included in the Comprehensive Plan.

Commissioner Niver further noted the Commission had recently identified some updates that are needed that were not reflected in the Plan. Commissioner Hopley observed that in their discussions regarding the Port's tax levy, most of the projects identified were for maintenance items and as such might not be noted in the Plan. Executive Director Hyde explained that approximately \$24 million would need to be allotted over the next ten years to complete necessary

maintenance projects. Commissioner Hopley inquired whether the Commission would have a discussion of any process needed to make changes or updates to the Comprehensive Plan, agreeing with Commissioner Niver that several items such as expanded use of the Transit Shed, the retention rather than destruction of Warehouse 4, and the purchase of a piece of property adjacent to the northwest corner of the Boat Haven, were not included in the Comprehensive Plan. Commissioner Niver noted the new office building for Puget Sound Rope was also an addition. Commissioner Rubin requested that further discussions of the Comprehensive Plan continue at a future meeting. Executive Director Hyde and staff will include information on the Comprehensive Plan for the Commission's meetings in October.

Capital Improvement Plan –

Executive Director Hyde provided the Commission with a draft summary of the 2012 Capital Improvement Plan (CIP) as it applied to the Port's operating areas. A copy of the Draft CIP showing projects by cost center, noting any carry-over from prior years, the project budget, and funding sources for new projects will be attached to the approved version of these minutes.

At the Anacortes Airport, staff anticipates preliminary work towards the 2014 Airport Master Plan with no grant funding expected.

At the Cap Sante Boat Haven, the E & F Docks replacement project will carry over into 2012, scoping will begin for the replacement of the north breakwater, the West Basin Building will see installation of a new HVAC system, scoping will commence for the A Dock access ramp, and scoping and dredge spoils characterization will begin for M, N, & O docks at the Boat Haven.

At the Marine Terminal, Security Improvements for Pier 2 will carry forward to 2012. Funding for this project comes in part from a grant from the Department of Homeland Security. Several CIP items for the Main Port Office (MPO) building in the Transit Shed on Pier 1 include installation of a fire suppression system, pile replacement, coping for the eventual replacement of the wooden portions of Pier 1, and phase one of remodeling improvements to the MPO. Also planned at the Marine Terminal is cathodic protection for piling dolphins and zinc coating for the dolphins, as well as replacement of the long shore workers' building at Pier 2.

No CIP projects for property rentals are planned for 2012.

Port wide, an additional security grant will fund cameras and lighting for the marina and marine terminal facilities.

Executive Director Hyde responded to questions from the Commission. Commissioner Hopley inquired whether the Port expected to find any dioxin during the dredge scoping. Executive Director Hyde noted the Port would test for dioxin, which largely was a result of outfall deposits and as such was, in the Port's opinion, the responsibility of the State of Washington.

Commissioner Short inquired how long it had taken for the north end area of the Boat Haven to silt in. Marina Manager Fowler explained the original dredging in preparation for the north end docks was approximately 25-26 years ago. He further explained that the currents come into the Boat Haven moving counter-clockwise and go out clockwise with the tide bringing in silt. In the past 10 years the silting has been much more dramatic as the area becomes shallower. Commissioner Niver noted the Port at one time had a permit to do maintenance dredging and inquired whether that permit had expired. Director of Finance & Administration Johnson confirmed that to be the case, noting the cost for scoping and dredge testing in the north end would be

approximately \$50,000. Executive Director Hyde explained the state no longer issued maintenance dredging permits due to the dioxin issue. The Port would be allowed to do core characterization, which could remove up to 4,000 yards of material.

Growth/Forecasting –

Commissioner Rubin reviewed questions he had posed for further consideration by the Commission at their meeting of July 7, 2011, including whether the Commission wanted to see growth for the Port, how to best attack deferred repairs, and whether the Commission wished to see accelerated pay down of debt, as well as prioritizing these items.

Commissioner Niver noted that the taxes collected by the Port were almost insignificant in dealing with Port maintenance. He agreed with Commissioner Short's observation that with interest rates at a very low level, accelerated paying down of debt should be a low priority.

Commissioner Mooney spoke in support of growth and the need to look at future items. He envisioned a need for property and parking to attract new businesses. Commissioner Mooney also observed that repairs should be prioritized and agreed that accelerated debt repayment was of lower priority. He advised that those facilities in most need of repair be prioritized, and that the Port should purchase property to be prepared for business opportunities.

Commissioner Short noted he had been to other northwest marinas that had come to a point of zero growth either because of capacity or because of a lack of amenities or customer service. By contrast, he noted that other boaters praise Cap Sante Boat Haven as offering great customer service, amenities, and location.

In regards to the Boat Haven, Commissioner Niver observed a growing number of dry storage facilities and their competition for the Boat Haven. He noted the Comprehensive Plan specifies several areas of development and hoped these would be revenue producing.

Commissioner Rubin posed how the Commission measured the success of the Port.

Commissioner Hopley observed it was important to not just be in maintenance mode, but rather to be dynamic and growing. He believed the Commission should focus on the Port's core mission of economic development and job creation, and should review this quarterly. Commissioner Hopley was confident that Director of Finance & Administration Johnson was keeping the Commission informed on opportunities for debt reduction, as the Port had done recently in selecting bond financing. In regards to deferred maintenance repairs, he preferred to push items back as long as possible to get all useful life from facilities, such as dock replacement.

Further discussion ensued, with the Commission touching briefly on its connections with the Anacortes Chamber of Commerce, the Economic Development Association of Skagit County, and the Anacortes Futures Project, as well as current lease facilities and the need for planned development. The Commission was of a consensus that additional in-depth discussion on growth and development and the enhancement of operational services and private enterprise would be a potential topic for the next Commission retreat, date to be determined.

COMMISSION DISCUSSION

Commission Calendar –

Commissioner Rubin reviewed updates to the Commission's annual meeting calendar, including a possible Commission retreat in February; suggesting the Commission nominate a Commissioner to serve as a representative for the Washington Public Ports Association (WPPA) Legislative Committee in March; and noting the annual call for projects in April. He noted April was also one of three times of the year when the Commission could work on governance education and discussions, and also hear a quarterly monitoring report from the Executive Director to coincide with quarterly financial reports. In May, the Commission will discuss possible updates to annual moorage rates; and in June, continue annual discussions of long-range planning and taxes. Added to the calendar for September were legislative issue updates and reports. In November, the Commission calendar includes a special meeting for a Chamber of Commerce hosted community roundtable with the Commissioners. December concludes the Commission calendar with the annual Executive Director evaluation, along with a review of annual reduced and promotional moorage events.

Commissioner Rubin asked for Commission feedback on the idea of a community roundtable meeting in November. The Commission was of a consensus that this should be done annually. Commissioner Rubin will work with Port and Chamber staff to schedule a roundtable meeting.

Activity Float –

Commissioner Short provided the Commission with photos and a report on how others marinas he had visited provide activity float facilities for small groups using triangular float pieces. He noted another possible option for larger groups would be to have a building or other area for uplands use by the public and visiting boaters.

Transit Shed Floor –

Commissioner Mooney noted he had an informal verbal estimate of approximately \$25,000 for covering the Transit Shed planking with flooring to level the surface.

COMMUNICATIONS

WPPA Report – Commissioner Short attended the special trustees meeting on behalf of the Port on August 19th. He reported on the WPPA Olympia building purchase, which was approved by 100% of the trustees. Ports will be accessed a fee to help fund the purchase. The building is seen as a big asset for WPPA which has been a long-term tenant there.

City Request - Executive Director Hyde reported that the City had written to the Port to ask Commission consideration in support of the Tethys project. Tethys is proposing to build a water bottling plant in Anacortes. Commissioner Rubin noted he would consider discussing the matter at the next regular meeting and asked for input from the Commission. Commissioner Niver observed the project was not a Port issue. Commissioner Mooney thought more information was needed. Commissioner Hopley thought a Port discussion would duplicate the City's process. Executive Director Hyde observed the City's request would likely be a topic of discussion at the monthly Port/City Liaison Committee meeting next week.

E & F Dock Bidding – Executive Director Hyde reported the Port had received eight bid for the replacement of E & F Docks at the Boat Haven. The apparent low responsive and responsible bidder was Culbertson Marine Construction of Anacortes at \$1,442,694.44, including Washington State sales tax. The engineer's estimate for the project was \$2 million.

Workboat Races - The Port sponsored 3rd Annual Anacortes Workboat Races and Pirate Faire took place August 27th at Pier 1. This event continues to grow in popularity and attendance, celebrating the working waterfront. The event was expanded this year to include merchant vendors, more entertainers, historic displays, a pirate bar and beer garden, and an evening concert. Donations obtained at the event will benefit the Seafarers' Memorial Fund. A kick-off dinner to benefit the Fund was held on August 26th at the Elks Lodge. A memorial service honoring the 35th anniversary of the memorial and those remembered on it was held on August 28th. The Seafarers' Memorial is located on Port property at the Seafarers' Memorial Park.

Community Tour – The next tour of Port projects will be held September 12th, starting at 4 p.m. at the Port's main office at 100 Commercial Avenue. The tour will include office building under construction for Puget Sound Rope.

Also at the Cap Sante Boat Haven – Announcements from Town Crier, Richard Riddell, accompanied by a cannon blast from Lee Dawes of Fidalgo Artillery, can be heard each Saturday at 5 p.m. at the Central Pier. The Central Pier performances, featuring talented local performers, concludes this weekend, having run every Saturday and Sunday from 12-2:00 p.m.

The Port's Transit Shed is booked for several weddings over the next few months.

UPCOMING MEETINGS

Executive Director Hyde reviewed the Commission's upcoming meeting schedule. The second regular meeting in September will be September 15th. The first regular meeting in October is scheduled for October 6th 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 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 9:01 P.M. the meeting adjourned.

Attest:

Keith Rubin, President

Pat D. Mooney, Vice-President

Ray Niver, Secretary

Steve Hopley, Commissioner

William L. Short, Commissioner