

Port of Anacortes
Regular Commission Meeting
October 20, 2011

The Port Commission of the Port of Anacortes held its regular study session meeting at 7:00 P.M. on the evening of October 20, 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, and Commissioner Hopley. Commissioner Short was excused.

Also in attendance: Executive Director Hyde, Director of Finance & Administration Johnson, Director of Operations & Facilities Hachey, and Office Assistant Timmerman. and Executive Assistant Lindsey was excused.

CALL TO ORDER

At 7:02 P.M. Commission President Rubin called the regular meeting of October 20, 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

STUDY SESSION

Redistricting Maps Review -

Executive Director Hyde reviewed the information provided at the October 6, 2011 regular Commission meeting by Bob Schweitzer of Sammamish Data Systems with proposed changes to Commissioner Districts in accordance with information gathered from the 2010 Census. Executive Director Hyde noted that the Port owns a piece of property in the Fredonia area that was left out of District 3 and this will be corrected. If the Commission is in agreement regarding the redistricting plan, Port staff will schedule a public hearing on the plan.

Commissioner Niver noted he was pleased with the plan overall, but felt that all of the area in Precinct 20, specifically adding the area west of D Avenue between 26th and 30th streets should be in District 5, keeping all of those west of D in the same district in that area. He would then adjust the population difference by moving the division between District 5 and District 2 that is south of 17th Street would change. He believed this would keep neighborhoods more consistent, with D Avenue as a natural divider.

Commissioner Mooney noted that the area on the west side of Marches Point had been changed to District 4. As it had no population he felt it should stay a part of District 3 with the boundary for Districts 4 and 3 being Sharpe's Corner. Commissioner Rubin observed that Mr. Schweitzer had explained this was done to include the road as a division next to the precinct line. Executive Director Hyde agreed that Mr. Schweitzer was aligning the district with the City's boundary. Commissioner Niver explained that Mr. Schweitzer was using a meets and bounds description and noted it was a complicated process to make changes to such descriptions.

Commissioner Niver noted that at a recent Skagit Council of Governments meeting they had a guest speaker who discussed the redistricting process. He noted district entities pay additional fees for redistricting if you use other than established district lines, such as congressional district lines and precinct boundaries. At this point only Precinct 20 of the proposed plan provided to the Commission has a change in it.

Commissioner Short noted the consultant, Mr. Schweitzer did a good job, and he favored leaving the new plan as presented.

Commissioner Hopley found logic in what Commissioner Niver had proposed in regards to the area between 17th and 20th streets. He indicated he would find either plan acceptable. Commissioner Hopley suggested the Commission ask Mr. Schweitzer to return to explain the update for that area again. He noted that voters cast ballots for a person residing in their district for the primary elections, but all voters vote in the general election.

Commissioner Rubin observed that some commissioners wished to make changes, while some did not. He cautioned that there were some timelines to consider. The Commission needs to provide the Port's redistricting information to the County Auditor by Dec. 8th. Prior to that, the Port must follow public hearing guidelines prior to adoption and must publish a public hearing notice twice in the Port's paper of record, with the first notice appearing not less than 15 and not more than 20 days in advance of the public hearing.

Commissioner Rubin noted the observations or questions posed by the Commission for District 3, Precinct 20 and wrap around of Fidalgo Bay as part of District 4 would be forwarded to Mr. Schweitzer.

Executive Director Hyde noted he would invite Mr. Schweitzer back for an update on November 3rd and if the Commission was ready to move forward, the Port would start the public hearing process. A public hearing and adoption at the Commissions' December 1st meeting would comply with the timeline requirements.

Marina Marketing Presentation –

Executive Director Hyde introduced Director of Operations & Facilities Hachey provided the Commission with a presentation regarding the Port's marketing of the Cap Sante Boat Haven for 2012. Executive Director Hyde noted that the Boat Haven was doing well and was approaching 13,000 boat nights this year, a near record pace for guest nights.

Director Hachey explained the presentation today was the result of a Commissioner inquiring what incentives boaters have to choose moorage at Cap Sante Boat Haven. He provided the Commission with a rundown of the attributes of the Marina, starting with the Port's professional and highly motivated staff, all of whom have a role to play in making the Marina a desirable destination. This sets the Boat Haven apart among the Port's competitors. The Cap Sante Boat

Haven is known for its friendly, knowledgeable staff, who provide excellent customer service from the office to the boat launch to the fuel dock, for its clean restrooms and well-maintained facilities.

At the fuel dock, the Port has intentionally kept fuel prices competitive to secure business, selling higher volumes and keeping the fuel fresh and moisture free. Discounts are given for large volume sales and commercial accounts. The Port purchases and sells non-ethanol fuel, which is more desirable to boaters. The fuel dock offers dog treats for visiting canine crew members and displays their photos, a very popular feature. The Boat Haven is open 7 days per week year round. Many other marinas by comparison have only part-time operating hours, especially in the winter months. The Port's previous fuel vendor averaged sales of 300,000 gallons a year. Since the Port took over fuel sales this figure has risen substantially with more than 800,000 gallons of fuel sold during the last two years and on track to do the same this year.

In terms of moorage, the Boat Haven offers incentives in the form of a "12 for 11" plan for permanent moorage slips. Boaters who pay upfront in full for 11 months of moorage will receive their 12th month of moorage at no charge. The Port currently has 37 moorage tenants who are utilizing this plan. The benefit to the Port is having the payment in full in advance.

The Port offers a Credit Back Program which places unused slips back into the transient pool for use by visiting boaters with the permanent slip tenant receiving a partial credit back on their moorage bill. The Port also allows for month-to-month moorage which provides flexibility for boaters. The Port discounts transient rates in the off-season to encourage festival attendance by boat, charging by the boat length instead of by slip length. Customers can pay with a credit card and we pro-rate the last month of moorage. An added service this year is a slip reservation system, allowing visiting boaters to be assured of a moorage slip.

The Port's trailer boat launch provides launch and retrieval services, and can handle both roller and bunk trailers. The trailer boat launch can handle up to a 37 ft Nordic Tug. Annual passes with 10 round trips are available for frequent users at a cost savings.

Increasing awareness and visibility for the Boat Haven, the Port sponsors a 100 sq ft booth for 10 days each year at the Seattle Boat Show. Port staff, Commissioners, yacht club members and other volunteers man the booth, emphasizing moorage availability, festival and boat show promotions, rendezvous packages, and other special events. Another reason for Port attendance is in support of local Anacortes marine businesses who attend the Boat Show.

The Boat Haven has bicycles for check-out by transient boaters. These bright yellow Port bikes can be seen around town and aid in the mobility of moorage customers. All visiting boaters receive bright red reusable bags with marina and local businesses and events information. The bags are provided via a joint promotional program with North Harbor Diesel.

Highly popular with both visitors and local residents is the Port sponsored Summer Concert Series. These concerts are unique to our marina and to marinas as a whole, held at the Port's beautiful and accessible Seafarers' Memorial Park (SMP) where the newly remodeled SMP building is also available for rent and for boating rendezvous group use. While in the south end of the Boat Haven visitors and residents can take advantage of fresh seafood sales from local commercial fishermen. These "straight off the dock" sales promote the fishing industry and provide a valuable resource for the community.

The Boat Haven is home base to two whale watch excursion providers, serving more than 30,000 visitors this year. Among other amenities are the high quality Port logo clothing for sale in the Harbormaster's office, providing an advertising tool with visitor purchases.

Long term development projects at the Boat Haven include the small sailboat dock, small craft hoist, and small boat storage area in the north end. The Port has instituted a moorage tenant recognition program with burgees (boating pennants) given to tenants of 5-20+ years. The Port has given out 457 burgees, representing more than 51% of marina moorage tenants, 250 of them longer than 10 years and 101 with over 20 years tenancy in the Boat Haven.

The new SMP small boat friendly dock and building are used by the City of Anacortes Parks & Recreation Youth Sailing Program to teach and promote sailing. The Port provides uplands parking for festivals and community use. Located close to the City's center and downtown business district, the Boat Haven is ideally situated close to shopping, restaurants and recreation.

Director Hachey concluded the Port's goal is for the Cap Sante Boat Haven to be the best marina in America.

Commissioner Rubin thanked Director Hachey for the marketing presentation and asked for any questions or comments from the Commission. Commissioner Short commented regarding the small sheds used for the Port's "Little Chicago" program. He recalled the original goal was to have the sheds house artists and craftspeople to attract visitors. He was concerned to see more service oriented businesses using the sheds for non-retail items, and wished to see staff encourage retail sales. Director Hachey reported the Port purchased 6 and filled 4 of the sheds. Two at Seafarers' Memorial Park for use by a Kayak rental company and two near the Central Pier for boat detailing services.

Commissioner Mooney praised the excellent staff at marina, noting the quality of services and facilities were commented on by community. Commissioner Short concurred, noting he'd heard the Boat Haven described as better than San Diego yacht club.

Commissioner Niver questioned whether with the increased volume of fuel, was there also increased net revenue. Director Hachey explained that fuel sales were maintaining the same profit, having apparently met our local market level with 800,000+ gallons and not gaining additional profits at this time. He explained the Port would not see an increase until the number of visiting boaters rose and that was economy driven. Director Hachey noted the Port did increase fuel rates about 6 % this year.

Commissioner Hopley requested clarification on the 13,000 transient moorage nights the Port is tracking towards at the Boat Haven and how many more nights could be achieved. He questioned what could be done to attract potential additional boaters and revenues. Director Hachey observed the Boat Haven is close to capacity in the summer months. The Port is looking to target additional potential shoulder season events in spring and fall. He noted that with the institution of a new reservation system in recent months these visits could increase. Marketplace recognition will assist the Port in promoting this new system, attractive to boaters.

Commissioner Hopley appreciated the large fuel volume sales and revenues, but wanted staff to be aware that fuel dock sales placed the Port in competition with private businesses, and wished to see a balance of fair pricing with facility profit. Director Hachey explained the Port was also ensuring the Boat Haven's 900 tenants and industrial clients got the best deal

possible. He noted one side benefit from the high volume of sales was that the Port would pay off the money borrowed to pay for the fuel dock facility in the coming year, ahead of schedule, refunding the tax fund.

Commissioner Rubin noted the challenge posed by smaller boats hauling out of the marina during the winter and early spring. He inquired whether Port staff had any promotional ideas to extend the season for smaller vessels. Director Hachey observed that as the Boat Haven improves its facilities, wait lists will lengthen, people will put boats in sooner to protect their spot, and eventually demand will keep the marina full year-round. Commissioner Rubin observed that in the Boat Haven smaller slips were being replaced by larger slips, approved in the reconfiguration of the marina. He cautioned against being too exclusive to larger vessels, and making sure the Port promotes boating to all boaters.

Executive Director Hyde explained that Port staff was very cognizant of that in serving all Boat Haven tenants.

Commissioner Short noted a large percentage of people in Anacortes have smaller boats and stressed the importance of maintaining some areas for smaller boats. Commissioner Mooney observed the largest number of spaces available in the marina were small boat slips.

Port Comprehensive Plan Addendum Proposal –

Executive Director Hyde noted the Port had executed its last Comprehensive Plan in 2008. Several things have been accomplished or changed in the three years since adoption. He provided the Commission with a brief overview of the Revised Code of Washington (RCW) requirements pertaining to Port Comprehensive Plans, also known as a Comprehensive Scheme of Harbor Improvements.

RCW 53.20.010 – Adoption of harbor improvement plan:

It shall be the duty of the port commission of any port district, before creating any improvements hereunder, to adopt a comprehensive scheme of harbor improvement in the port district....

RCW 53.20.020 – Improvement to follow plans adopted:

When such general plans shall have been adopted or approved, as aforesaid, every improvement to be made by said commission shall be made substantially in accordance therewith unless and until such general plans shall have been officially changed by the port commission after a public hearing thereon, of which at least ten days' notice shall be published in a newspaper in general circulation in such port district.....

Accomplished by the Port since adoption of the 2008 Comprehensive Plan:

- Small Boat Center
- Seafarers' Park/Scott Site Cleanup
- Anthony's Restaurant
- Marine Tech Center
- E & F Dock Replacement (currently on-going)
- Wyman's Ramp
- Properties Purchase along 3rd St
- Project Pier 1

- Aircraft hangars built
- 2010 Tree Topping at north end of airport

Things that have changed since the 2008 Plan was adopted:

- We were able to renovate rather than demolish Warehouse 4 due to Dakota Creek Industries' need for woodshop space
- Jazz Festival now defunct
- Increased community use of Transit Shed
- Purchased parcel at northeast corner of marina as part of our plan for the Small Boat Center
- Puget Sound Rope Building Constructed

Questions for the Commission:

How would we like to go about making these changes or updates to the Comprehensive Plan?

Executive Director Hyde noted about 10% of the projects outlined graphically in the 2008 Plan had been completed. Makers Architecture assisted the Port in producing the 2008 Plan and graphics. He explained the Port could redo the Plan entirely using Makers or another firm if needed, or an addendum could be made to the existing Plan. He inquired whether the Commission would prefer to insert all items accomplished.

Commissioner Rubin called for input from the Commission. Commissioner Mooney noted Makers had done a great job for the Port over the years, but believed an addendum was all that was needed to update the Comprehensive Plan at this time. Commissioner Niver agreed there was no need to make changes to note things that had been accomplished. An addendum should be created to mention things that were not in the Plan and should be considered in the next Plan such as items like parking for the small boat launch and the Transit Shed, for example, which was not in the Comprehensive Plan specifically. Commissioner Niver noted that flaws or inconsistencies in the Plan should also be noted for future consideration. Commissioners Short and Hopley agreed that an addendum was all that was needed.

Commissioner Rubin likewise agreed that an addendum would be appropriate. He noted adoption of an addendum would require a public hearing to satisfy the law, with publishing requirements for such a hearing. Commissioner Niver believed accomplishment of things in the Plan or fixing flaw found in the existing Plan did not require a public hearing, however adding new items would require an addendum. Commissioner Hopley noted that adding or modifying the Plan would be an addendum process.

Commissioner Rubin noted the Commission's consensus with an addendum process. He inquired about the advice of legal counsel as to whether a public hearing would be needed to adopt an addendum. Executive Director Hyde will contact Port legal counsel Frank Chmelik. He noted Mr. Chmelik had advised, for example, that property could be purchased by the Port but should be included in a Comprehensive Plan before any improvements were made to that property. The Commission will re-examine an addendum at a future meeting in December.

COMMISSION DISCUSSION

Governance – What We Measure and Governing Strategically –

Commissioner Rubin noted that during the September 15th meeting, the Commission had discussed continuing governance and performance measures. He clarified that the purpose of this discussion was not to discuss policy governance, but rather how the Commission could do their job better as a whole. He noted the Commission needs to measure their performance and to also decide how to best decide what measurements were best for determining the success of the Port.

Commissioner Hopley cautioned against measuring for the sake of doing so, but rather deciding as a Commission what they wished to accomplish and approach that from the Port's core mission of job creation and stimulation of job creation and commerce as stated in the Port's Mission Statement. He noted the Port's October newsletter had included a graphic of the number of jobs on Port property which he considered a good measurement tool.

Commissioner Niver spoke to the concept of competing with private industry. He noted the Port can also promote private industry not necessarily on our property indirectly, such as visiting boaters at the marina who purchase items at local businesses. Commissioner Niver believed the Commission should always consider the involvement or possible involvement of private industry and use the Port's unique abilities to do what private industry could not.

Commissioner Short noted performance measures such as the revenue generated per Port employee, were beneficial. He noted the Port of Anacortes was at or towards the top in terms of revenues per fulltime employee among Washington ports. Commissioner Short found the number of transient boat nights to be another good indicator of performance with the goal being to become number one in the state for transient boat nights. He also believed measuring the revenue from shipping tonnage and wharfage at the Marine Terminal to be a good indicator for the Port. At the airport, Commissioner Short observed high fuel prices would cause little or no growth and more businesses were needed there.

Commissioner Mooney spoke regarding the need to plan for and acquire more property, citing 30 events at Transit Shed this year but no place to park. With the expansion of Puget Sound Rope more parking would be need. He noted additional space was needed at Curtis Wharf and Pier 2, observing a need for obtaining adjacent properties to make Port tenants and those doing business peripherally on Port property more viable.

Commissioner Rubin stated he had been reviewing his notes from past Commission retreats about what the Commission should measure, noting they had repeatedly come back to jobs and commerce, but not about how to measure commerce, especially of private industry and other commerce generated by businesses affiliated but not on Port property.

Commissioner Short cited last year's Boat Haven survey which revealed the average transient boater spent \$525 per boat, not including moorage, on food, entertainment, goods and fuel. Other variables could be likewise obtained from whale watch vessels patrons and whether they spent the night or dined here. He felt the Commission should ask what the community needs to increase its overall revenue. Conference facilities for 300 people, for example, could bring in more people in shoulder seasons

Commissioner Rubin inquired how best to measure commerce. He noted spin-off economic development, such as how many dollars does an airplane landing at the airport or boater staying in the marina generate in the community. He noted he would like to have a tool to measure commerce the Port may have helped to stimulate. Commissioner Hopley observed was done to some extent with the Port's survey of transient boaters. While not a standalone

value it was a means to achieving some other goal and measuring increased commerce. He saw the identification of the Port's ultimate goals as the question of strategic thinking for the Commission and believed going through that process of how to achieve those goals would be worthwhile.

Commissioner Niver noted that operating a marina in a tourist location provided a variety of things to measure, and the need to consider Port constituents first. Although it has become a popular venue, Commissioner Niver still had concerns over the Transit Shed's use in the Port's industrial area, noting it was not the best for businesses and that low rental costs might prevent others from building a facility. Discussion ensued about the role of the Transit Shed in providing public access and cost effectiveness.

Director Hachey explained that the information collected for the Boat Haven such as the close to 13,000 visiting boat nights, and 30,000+ whale watchers had made the difference for Anthony's selection of the Boat Haven for their restaurant.

Executive Director Hyde noted staff would work to provide additional surveys for the Airport, Boat Haven and Marine Terminal and continue periodic reports of jobs on Port property.

Governing Strategically –

Commissioner Rubin reviewed the Commission had discussed the need for process at past retreats. According to Wikipedia, Strategic leadership provides a vision for the growth and success of an organization. He also noted the Commission had discussed the clarification of Commission and staff roles and then worked to adopt a policy to that affect and delegating authority to the Executive Director. Commissioner Rubin polled the Commission on whether they were still of that mind in regards to strategic planning. Commissioner Niver suggested this was a topic for discussion at a Commission retreat. Commissioner Hopley spoke to the need to consensus among the Commission in regards to strategic planning, and noted the Port has properties available for lease and business development. Commissioner Mooney spoke to need for a vision in acquiring marina manufacturing property. Commissioner Short spoke to the protection of the industrial waterfront and provisions for start-up businesses. Commissioner Rubin noted that additionally at past retreats the Commission had discussed and subsequently set up a policy on property acquisition. Further discussion will take place at the Commission's next retreat in February of 2012.

WPPA Legislative Committee -

Commissioner Rubin noted the legislative committee will meet in early November. He noted the Commission's first meeting in November would be soon enough to decide if they wished to send someone to that committee.

COMMUNICATIONS

WPPA will hold a Marina Management Seminar November 9 and 10 in LaConner.

Commissioner Niver requested clarification regarding which entities were in attendance at a recent meeting in LaConner related to the dredging of the Swinomish Channel. Executive Director Hyde noted that Director of Finance & Administration Johnson had attended for the Port. Other attendees included the Swinomish Tribe, City of Anacortes, Port of Anacortes, Port

of Skagit County, Skagit County and the Town of LaConner. Another meeting will be held in late November.

The Port held a “groundbreaking” for the replacement of E & F Docks on October 13th. Executive Director Hyde reported that Culbertson Marine Construction is doing a great job of removing the old docks, making use of the good weather. The new piles are here and the new floats will be launched by Cap Sante Marine as soon as they arrive from Bellingham Marine Industries.

Community Tour – The next tour of Port projects will be held November 14th, starting 4 p.m. at the Port’s main office and continuing to the new Puget Sound Rope office, 2nd and “O” Avenue. A ribbon cutting will follow later in November.

There will be a November 2nd meeting of the Anacortes Futures Project at 5:30 p.m. at the City Council Chambers. The Project would like to employ a company called Buxton to help in information gathering and will hear a presentation from that firm.

The Port has a Request for Proposals for Stevedoring services out with a deadline of the end of December for returning proposals.

Dakota Creek Industries has been awarded a contract from the United States Navy for a \$74 million vessel, with the possibility of others to follow.

The Port’s new Stormwater System is up and running. The Port will hold a ribbon cutting in November at this new Pier 2 facility. The facility is performing well. Commissioner Niver noted the water will be re-circulated. Director Hachey affirmed this and explained the process used.

The American Tug Rendezvous will hold their event at Cap Sante Boat Haven with 50 boats in September of next year. They chose the Boat Haven after attending a boat show there earlier this year.

Executive Director Hyde reviewed upcoming events at the Transit Shed which included the Anacortes High School Homecoming Dance, the Island Chicks retail fair, the Chamber Cheers fundraiser, and the 2nd Annual Veteran’s Day Celebration.

UPCOMING MEETINGS

Executive Director Hyde reviewed the Commission’s upcoming meeting schedule including the November 2nd special meeting for the Futures Project discussion at City Hall. The first regular meeting in November is scheduled for November 3rd at 7:00 p.m. and includes a public hearing on the 2012 Budget. The Chamber of Commerce will host a special Port Commission Community Roundtable meeting on November 15th at 5:30 p.m. at the Anacortes Public Library. The second regular meeting for November will be on the 17th at 7:00 p.m.

Commissioner Hopley asked for clarification regarding the capacity for transient moorage during the summer at the Cap Sante Boat Haven. Executive Director Hyde will bring that information to the next meeting.

PUBLIC COMMENT PERIOD

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

1. *Mr. John Firlotte, 5912 Sunset Avenue, Anacortes, addressed the Commission. He noted that anyone who deals with the public knows that it can be a thankless job. Mr. Firlotte referenced the two public comment periods on the agenda and some frustration in knowing when the right time to address the Commission with comments was. He also noted the Commission had discussed a lot of things this evening repeatedly with nothing much being accomplished. He suggested the Commission ask the public, be it boaters or business owners, what they want and what their needs are and then act accordingly.*

2. *Mr. Chuck Davis, 4757 Wharf Street, Bow, addressed the Commission. Mr. Davis stated he shared Mr. Firlotte's frustration with the Port's public comment process. Regarding the collection of business information, Mr. Davis noted in his years in the maritime business he received calls from surveyors in Seattle asking if any of his business was dependent on the port of Seattle, the percentage of that business, and a rough estimate of the amount of money he would receive from that business. He believed the Port of Seattle's survey would be available for use by other ports.*

Hearing no one else with a desire to address the Commission, the public comment period was closed.

Commissioner Rubin thanked the speakers for their comments and polled the Commission on their thought regarding the public comment periods. After a brief discussion the consensus of the Commission was to make both public comment periods open for comment on items on or off the agenda.

ADJOURNMENT

With no further business to come before the Commission, Commissioner Mooney moved to adjourn, which was seconded by Commissioner Niver. Commissioner Rubin called for the vote on the motion, which carried unanimously and at 9:15 P.M. the meeting adjourned.

Attest:

Keith Rubin, President

Pat D. Mooney, Vice-President

Ray Niver, Secretary

Steve Hopley, Commissioner

William L. Short, Commissioner