

Port of Anacortes
Regular Commission Meeting
May 1, 2008

The Port Commission of the Port of Anacortes held its regular business meeting at 7:00 P.M. on the evening of May 1, 2008. 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 Short, Commission Vice-President Rubin, Commission Secretary Niver, Commissioner Mooney and Commissioner Hopley.

Also in attendance: Executive Director Bob Hyde, Director of Engineering Elsner; Director of Finance & Administration Johnson; Director of Operations and Facilities Hachey; Project Manager Estvold; and Administrative Coordinator Lindsey.

Others in attendance included Port legal counsel, Frank Chmelik.

CALL TO ORDER

At 7:00 P.M. Commission President Short called the regular meeting of May 1, 2008, to order and welcomed all in attendance. He announced that Commissioner Rubin wished to make a statement for the record.

Commissioner Rubin stated that he is employed by the Anacortes School District as a school bus driver. He noted that a question had been raised as to whether his employment constituted a conflict of interest in regards to the Marine Skills Center item on the agenda. Commissioner Rubin read aloud from a legal brief several pages in length from Port legal counsel, Frank Chmelik, who was also present at this meeting. In conclusion, the brief stated that, "It is our considered opinion that Commissioner Rubin is not beneficially or personally interested" in the skills center, and therefore did not have to recuse himself from voting on that agenda item.

Commissioner Short thanked Commissioner Rubin and legal counsel Chmelik for the statement.

PUBLIC COMMENT PERIOD

Commissioner Short opened the floor for public comment pertaining to items on the regular agenda.

1. *Mr. John Adams, 1917 Tweed Place, Anacortes, addressed the Commission. Mr. Adams stated he found it interesting to know how much power the LaConner School District had, but that he was tired of talking about the Parcel One property, and instead wanted to speak about proper land management. Mr. Adams criticized the Port's history of land use, including the land sold to Sun Healthcare Systems, which now is owned by the Northwest Education School District. Mr. Adams also criticized the Port's purchase of Curtis Wharf for what he believed to be an inflated price due to the fear of losing the petroleum coke shipping business. He did not support placing the Marine Skills Center on the Parcel One property, and believed fear tactics of a possible loss of the Skills Center were being employed by supporters.*

2. *Mr. Dave Malseed, 1702 Sterling Drive, Anacortes, addressed the Commission. Mr. Malseed noted he had recently stated his opinion on the placement of the Marine Skills Center in a letter to the editor printed in the Anacortes American newspaper. Mr. Malseed stressed the need for the Skills Center and noted the*

squabble was over its placement. In regards to Parcel One, he believed it to be the correct location and explained that the Center didn't need all of the 6 acre space. Mr. Malseed noted the Port has discussed plans to include a meeting place, much needed by the community. He explained that the loss of the Center, funded by the State of Washington, was not speculative as Mr. Adams had stated, since if appropriate property/location was not obtained, the Center would be relocated, most likely to Mt. Vernon.

3. Mr. Howard Bean of North Harbor Diesel, Anacortes, addressed the Commission. Mr. Bean stated the Marine Skills Center was vital and would generate a huge value to the City. He noted that marine repair businesses contributed substantial sales tax revenues to the community and the need for new young people to train and hire for marine businesses. Mr. Bean explained the Skills Center students would be able to gain hands on experience, learning from seasoned technicians here in Anacortes. He believed the Center would be invaluable to the Community.

4. Mr. Jeff Granville, owner of Granville Marine, 3201 T Avenue, Anacortes, addressed the Commission. Mr. Granville identified himself as a fourth generation native of Anacortes with a 27 year career in marine trades which began while he was in high school and took marine trades courses at the Oak Harbor campus of Skagit Valley College. Mr. Granville noted that he had put his education and training to work here in Anacortes and strongly supported the opportunity to bring the Marine Skills Center here. He described Anacortes as a boating Mecca with 80% of boaters coming from outside the community to have their boats built, repaired and moored here. Granville Marine currently has 27 employees and contributes \$2 million per year to the local economy, but has no program in place locally to draw workers from. Mr. Granville stated that the community needs to welcome the Skills Center to Anacortes where it would be in proximity of the growing marine industry, and strongly encouraged the Commission to vote in favor of placing the Center on Parcel One.

5. Mr. Richard Wright, Cap Sante Marine, Anacortes, addressed the Commission. Mr. Wright endorsed the Skills Center, noting the City would be the real winner with young people in the community obtaining progressive training to become a class of workers that make living wages, which in turn pay taxes, buy goods, and generate sales tax revenues. He supported the Skills Center as the way to do that as opposed to retail. Mr. Wright noted the marine trades industry brings new and outside people back to Anacortes again and again and favored the Skills Center as the means to support that.

6. Mr. Jerry Husted, 4707 Cherry Lane, Anacortes, owner of Nordic Tug since 1979, addressed the Commission. Mr. Husted explained although their plant is currently at Skagit County Regional Airport, Nordic wished they were here in Anacortes. He noted that having marine industry "heavy hitters" in Anacortes helps their business, which sells and launches boats here. Mr. Husted explained there are approximately 120 boat builders in Washington State, contributing the 4th largest revenue production. Nordic Tug employs 135 workers, the average age of which is 50 years old. He stressed the need for young people with marine trade skills in areas of increasing technology in the boating industry. Mr. Husted found Anacortes to be a perfect location since it would offer students a hands-on exposure to the industry. He believed the Skills Center to be a marvelous opportunity, with funds available and builders ready, and hoped to see it located in Anacortes.

7. Mr. Phillip Hill, of Anacortes, addressed the Commission. Mr. Hill identified himself as a marine technology student, who started working in a marina thirty-five years ago in San Francisco. He observed the huge leaps forward in marine technology and noted the Parcel One site in Anacortes as the only place where students would get to learn new technology near the employers and builders who could employ them. Mr. Hill stated that although he was an older student, he enjoyed learning and working with young people who want to work in the trade and make a good living wage. He explained that the men and women who began the Marine Skills program have built and expanded it, and believed it would be a direct benefit to students, builders, the Port and the City.

8. Mrs. Erika Pickett, 1112 18th Street, Anacortes, addressed the Commission. Mrs. Pickett, a member of the Anacortes City Council, agreed with the needs of people from the maritime trades and also from members of the community that the waterfront is a people place. She noted the Marine Skills Center would be a catalyst for people to be near the waterfront during the fall, winter, and early spring months when there are traditionally fewer boating activities.

9. *Mrs. Marlys Aspnes, 2715 Dundee Place, Anacortes, addressed the Commission. Mrs. Aspnes stated the Port should do what benefits the majority of City of Anacortes citizens and accept the City Council's offer to purchase Parcel One for \$4.4 million dollars. Doing so would give the Port more funds to purchase other property and pay off debts. Mrs. Aspnes believed it was folly to use Parcel One for classrooms when the City needs tax revenue. She urged the Commission to not allow the School District to influence City planning and thought students wouldn't be working on boats at the site. Mrs. Aspnes also asked Port legal counsel Chmelik if he were familiar with guidelines for knowing our ports and quoted from Chapter 42.23 of the Revised Code of Washington regarding an officer with a remote interest recusing himself.*

In response to Mrs. Aspnes, Mr. Chmelik stated that, as previously noted, Commissioner Rubin did not have a remote interest in the Skills Center. He explained the code of ethics for municipal officers in greater detail. Mr. Chmelik noted that the transaction proposed was between the Port of Anacortes and the LaConner School District – acting as lead agency of a consortium that includes the Anacortes School District – but with the legal agreement being with LaConner. Mr. Chmelik explained his legal advice was that Commissioner Rubin was not beneficially interested and therefore could participate legally in the vote regarding the Skills Center. In cases such as this, Mr. Chmelik observed he encouraged putting a statement to that effect in the record, as Commissioner Rubin had at the beginning of the meeting.

10. *Mr. Mark Nilson, 1701 10th Street, Anacortes, addressed the Commission. Mr. Nilson stated he thought the Skills Center was a wonderful idea, but didn't see why the location was a benefit to Anacortes. He referenced a Spokane manufacturer who ships boats to Mississippi and east and didn't see how the placement of the Skills Center in Mount Vernon would make a difference. Mr. Nilson thought the focus should be on the highest and best use of the Parcel One site, although he stated he did not know what that might be.*

11. *Mr. Scott Bullock, 816 34th Street, Anacortes, addressed the Commission. Mr. Bullock identified himself as a 4th generation Anacortes resident and referenced an earlier remark made about past mistakes made in land management by the Port. Mr. Bullock recalled the creation of the urban renewal area by the City of Anacortes, when people gave up their homes for the purpose of setting aside an area to attract industry and jobs. He noted that like many residents he tries to buy goods and support local businesses that promote family wage jobs. Mr. Bullock voiced support for the Skills Center which he believed would keep jobs and income in Anacortes as opposed to using Parcel One for a large retailer with lower wage jobs. He thanked the Commission for the opportunity to speak and hoped they would vote in favor of the Skills Center on Parcel One.*

12. *Mr. Brent Morrison, 1109 3rd Street, Anacortes, addressed the Commission. Mr. Morrison voiced support for locating the Marine Skills Center on Parcel One, believing the Center was well conceived. He noted that doing so fulfills a mission of the Port in regards to economic development and promotion of local business. Mr. Morrison also praised Skagit Valley College, a consortium member, as one of the best schools of its class, promoting confidence in the Skills Center programs.*

13. *Ms. Jeannie Brown, 4506 Kingsway, Anacortes, addressed the Commission. Ms. Brown noted she had sent e-mails and written a letter to the Anacortes American stating she supported a Skills Center, but not on Parcel One since she did not believe doing so would provide any tax revenue and the proposed lease would be below the 8.5% rate of return targeted by the Port. Ms. Brown noted the City had offered to purchase Parcel One for \$4.4 million dollars. It was her understanding that the Port proposed that only 60% of Parcel One be used for the Skills Center, leaving 40% available for other use. She questioned whether that 40% could be put to tax producing use, and what would occur if after it was leased to a revenue producer the Skills Center found it necessary to expand. As for the location, Ms. Brown did not feel that Parcel One was adjacent to the marine trades. She believed the City's offer of property at Sharpe's Corner elsewhere was preferable and thought it was far enough from a natural gas pipeline to alleviate concern. She urged the Commission to vote no on placing the Skills Center on Parcel One.*

14. *Mr. Michael Sweitzer, 14132 Crater Lake Road, Anacortes, addressed the Commission. Mr. Sweitzer spoke in favor of locating the Skills Center on Parcel One. He noted the purpose of an in-town location*

was to create a career path, to rub elbows and drive past the marine trades on the way to school. Mr. Sweitzer explained he had begun to propose the Center several years ago and initially wanted to place it on property owned by the MJB partnership, but MJB refused to sell. This left Parcel One as the only property that met all criteria for the Skills Center.

15. *Mr. Wallie Funk, 11633 Pointe Place, Anacortes, addressed the Commission. Mr. Funk noted it was a refreshing experience to hear young people whose parents had worked for him, return to Anacortes to work and raise families here, and believed that was what the Skills Center was all about. Mr. Funk stated the Skills Center was needed in Anacortes and that the community wanted this property to house this school. He encouraged the Commission to vote in favor of siting the school on Parcel One.*

Hearing no others with a desire to address the Commission, the floor was closed at 7:48 P.M.

CONSENT AGENDA

Commissioner Short read the items on the consent agenda: Approval of minutes for the Regular Meeting of April 3, 2008, and the Regular Meeting Work/Study Session of April 17, 2008; Vouchers: No. 4-1 through 4-172 (\$1,605,036.09); the Treasurer's Report for March 2008 totaling \$10,267,064.11; Approval of Resolution No. 1186 – Interlocal Cooperative Agreement with the Port of Skagit County for Mutual Support; and Ratifying actions taken at the Meeting of April 3, 2008.

Commissioner Short asked for a motion to approve the consent agenda items. The motion to approve was made by Commissioner Rubin with Commissioner Niver seconding the motion. Commissioner Mooney noted that he would vote to approve only the minutes of the April 17th meeting since he was physically present for that meeting only, attending the April 3rd meeting via speakerphone. Commissioner Short called for a vote on the motion, which carried unanimously.

REGULAR AGENDA

ACTION ITEMS

Authorizing an Option Period and Lease with Skagit County Technical Skills Center (SCTSC) –

Executive Director Hyde presented the item requesting Commission authorization for the Executive Director to enter into negotiations for an option period and lease of a portion of the Port's Parcel 1 property to the Skagit County Technical Skills Center (SCTSC). Copies of the presentation will be attached to the approved version of these minutes. With this being a much discussed item in the community, the minutes for this section of the meeting are noted here in greater detail.

Executive Director Hyde reviewed the timeline involved in the Center's interest in the Parcel 1 property. In 2006 the Port met with the Anacortes School District and Skagit Valley College administrators to explore the possible use of Parcel 1 for a Marine Skills Center, and subsequently endorsed siting the Center in Anacortes. In February of 2007, the Port began its Comprehensive Plan Update process with the Cap Sante Boat Haven (CSBH) and surrounding upland properties. After significant public input, the update recommended siting the Marine Skills Center on Parcel 1, as an asset to the marine complex. In April 2007, the State Legislature funded \$24.4 million dollars for two local skills centers, one a multi-disciplinary center in Mount Vernon, the other to be strictly devoted to Marine trades.

Executive Director Hyde noted that State Representative Dave Quall, a proponent of the skills centers, was present in the audience this evening.

In June 2007, Berk & Associates released a Marine Cluster Study, funded in part by the Port, which reviewed three counties and named Anacortes as the center of the regional marine cluster, and the expressed need for a marine skills center, preferably in Anacortes. The Port of Anacortes applied to be an Innovation Partnership Zone, but came up short since our proposal lacked a school/skills center component. The Port Commission subsequently endorsed the CSBH portion of the Comprehensive Plan update in November of 2007 with the Plan including a Marine Skills Center on Parcel 1. After a great deal of in-depth study by a variety of user groups, the SCTSC is requesting negotiations with the Port for what it deems the best location for the Center. Executive Director Hyde noted the Skills Center consortium reviewed eleven potential sites prior to selecting Parcel One as their top and truly workable site for the Center. Executive Director Hyde reviewed other property in the marine cluster area, showing that the majority of the acreage is privately owned and not available to the Center.

In addition to a lease to the LaConner School District for the Center, possibilities examined for the site include Port offices, additional parking to offset the need for “A” Dock users, namely excursion groups, a retail area component, a conference center which could be shared with the Center, and a storage area. The initial proposal of 4 acres for the Center was able to reduce to 2.4 with the conference center being a shared venue. Executive Director Hyde reviewed components of the proposed lease agreement for the Commission, with the end result an 8.28% rate of return, just slightly below the 8.5% rate the Port strives to achieve.

Executive Director Hyde introduced Mr. Tim Bruce, Superintendent of Schools for the LaConner School District and a board member of the SCTSC. Mr. Bruce read aloud from a letter detailing the comprehensive study and award of funding for a marine skills center, including the criteria for size, shoreline access, an proximity to marine trades activity, area for future expansion; seven needs in all. Of those available properties examined, the Port’s Parcel One is the only property that met all seven of the requirements. On behalf of the SCTSC board, Mr. Bruce thanked the Port and the Swinomish Tribe for their strong business partnerships. A copy of Mr. Bruce’s letter will be attached to the approved version of these minutes.

The Commission discussed both the pros and cons of siting the Center at Parcel 1. Commissioner Hopley referenced the needed criteria for expansion and questioned how this would take place.

Executive Director Hyde introduced Mr. Bryan Young, project manager for the Skills Center, who spoke to clarify several points. The initial feasibility study for the Center was completed over a year ago in 2006 with Skagit Valley College. Since that time the amount of space needed has changed based on intended occupancy and parking requirements. He explained that by beginning with the Port’s November 2007 Comprehensive Plan preferred alternative for the Cap Sante Boat Haven, which includes Parcel One and working backwards from that, the SCTSC board calculated that 60% of the site would be needed for the Center, leaving 40% for Port offices, parking, and two proposed buildings for retail use, with a shared use of an assembly/lecture/conference center community facility. He noted that parking could also be shared, envisioning a multi-use, multi-user site, with room for expansion internal to the leased area, proprietary to the school district and shared with the Port. Mr. Young further noted that additional favorable access to the site would be via any future development of 17th Street. That property is presently privately owned by the MJB partnership. In response to Commissioner

Hopley's inquiry, Mr. Young stated that 2.4 acres was space enough for the Skills Center needs.

Commissioner Mooney spoke in favor of the conference center as a shared facility. He noted the Center's funding included program requirements for a 120-150 person lecture facility including kitchen and bathroom facilities. Commissioner Mooney hoped the Port could partner with the SCTSC in the future to expand the size of that facility. Commissioner Niver noted that a larger facility would require additional parking, which could limit area for expansion. Mr. Young clarified Phase 1 and Phase 2 of the Center project. The conference facility is listed in the Phase 2 preliminary report with an anticipated expansion already accounted for.

Commissioner Short addressed the question of a loss of tax dollars, asking how many students would attend the Center. Mr. Bruce estimated the beginning number of students to be 120, with growth to 250 students anticipated. Commissioner Short noted that those students would likely spend money on food, fuel, and supplies while attending. He requested clarification about the estimated \$20,000 revenue from the conference facility. Executive Director Hyde noted that the Port receives approximately that amount annually from rental of the Seafarers' Memorial Park building, with the majority of use in the summer months. Likewise, the Skills Center conference facility would be available most often during the weekends and summers when classes are not in session, and the larger facility would bring increased revenue. Commissioner Short observed in addition to producing skilled taxpaying workers for family wage jobs, developing the parcel for a Skills Center could provide overflow parking for "A" Dock, and protect parking requirements. He noted the public advisory group for the Boat Haven portion of the Comprehensive Plan favored marine related activity for Parcel One, specifically a Skills Center.

Commissioner Niver observed that 60% of 6 acres is 3.6, which is 2.4 for buildings and 1.2 for parking and land for the conference facility. This calculation without the facility would result in a 6% rate of return. He also voiced concerns over who would own and manage what portion of the facility and property.

Commissioner Short called for a motion. Commissioner Rubin moved to authorize the Executive Director to negotiation an option period and lease of a portion of Parcel 1 for the Skagit County Technical Skills Center. Commissioner Mooney seconded the motion.

Discussion continued with Commissioner Niver observing that all on the Commission were in agreement that a Marine Skills Center should be located in Anacortes, the question was whether Parcel One was the best site. He reviewed the recent history of the site following the Port's environmental cleanup and the Port's desire to lease it. The City approached the Port wishing to purchase the property for a large retail site. The property at that time appraised for \$4.4 million dollars. In the interim the Port was approached about leasing the property for a skills center and once Parcel One was identified as their best option, the City of Anacortes indicated they were willing to provide the Center 6 acres near Sharpe's Corner at a lease rate of \$1 per year. He stated that at the Parcel One site, the Center would pay \$100,000 per year, with reduced options for expansion compared to the City's site. Commissioner Niver noted the City needed additional retail property and thought it would benefit the marina to have a larger retailer nearby. He favored possible sale of the property to obtain funds to finish the marina.

Commissioner Rubin noted he had received a great deal of correspondence regarding siting the Skills Center on Parcel One. He believed that in the end, the discussion came to immediate earnings and tourism versus skills/education and long-term business, and of those he favored education. Commissioner Rubin noted that the Commission had postponed a decision and

delayed the Skills Center for a year in order to go through a public comprehensive planning process, with the majority favoring Parcel One for the Skills Center with additional space for retail included. He also noted that a lot of Anacortes property was locked-up in the waterfront and might need to be looked at to possibly obtain in the future.

Commissioner Hopley believed the Commission was not in a position to decide on a vision for the City, noting the Skills Center would require a conditional use permit on Parcel One. He agreed with Commissioner Niver that the 8.28% rate of return referenced in the item was more accurately 6%, but if settling for a lower than usual rate of return was what was needed to have the Skills Center in Anacortes with Parcel One the only available site that met the SCTSC board's criteria, then the benefits were worth the difference in rate. Commissioner Hopley believed the public wanted to know that every effort was made to locate on the least costly/best valued site possible. He was glad to hear that expansion at the site would not be dependent on obtaining land to the south of Parcel One via condemnation, since eminent domain should only be used sparingly. He supported the proposal.

Commissioner Short noted that in regards to retail shops, people in Anacortes didn't want more boutique shops, they want a Fred Meyer and the Parcel One property was not large enough for a store of that size or type. He also did not favor condos or three-story buildings on the site.

Commissioner Niver reiterated that this was a discussion not about education, which all favored, but of location. He understood that a reduced retail operation, scaled to Parcel One was an option, and though there was a need for certain types of retail in Anacortes, Parcel One was not the only available location, which he also thought true of the Skills Center.

With discussion concluded, Commissioner Short read the motion once more and called for a vote, which carried 4-1 with Commissioner Niver opposed. Commissioner Short called for a brief recess. The meeting recessed at 9:03 P.M. and resumed at 9:13 P.M.

Authorization for funding the scoping phase of the Cap Sante Boat Haven 2009-2011 Project, Project #CSBH-08 –

Commissioner Short began by calling for a motion. Commissioner Mooney moved to authorize funding in the amount of \$150,000 to be spent from the General Fund, to complete a scoping document for the Cap Sante Boat Haven 209-2011 E & F Dock Replacement Project, Project #CSBH-08. Commissioner Rubin seconded the motion.

Executive Director Hyde introduced Director of Engineering Elsner who presented the item for Commission approval of funds in the amount of \$150,000 for the in-water structural and civil engineering services necessary to complete a Scoping Document for the Cap Sante Boat Haven E & F Dock replacement project. This would be the third phase of the CSBH Redevelopment Project with upgrades proposed to replace E & F Docks, refine slip configuration, dredging from Docks E to G, replacing an adjacent section of the bulkhead wall and installing landscaping, locating a new 5-ton boat hoist on the southeast corner of T Dock, widening the head of Dock P/Q and installation of a 3-5-ton boat hoist, installation of new dingy floats at Q Dock, building an activity barge for gatherings and events, and completing storm drain improvements. The scoping document will incorporate preliminary design, an estimate of probable costs and a schedule and phasing plan for the Project, which is included in the Port's 2008 Capital Improvement Program. Work on the Project will span 2009-2011.

Commissioner Short requested discussion. Commissioners Niver and Hopley questioned whether some of the items in this phase of the project had been discussed by the Commission, perceiving the hoists and activity barge as not listed individually in the 2008 Cap Sante Boat Haven project inventory. Both questioned whether procedure was followed in including these items when they were not specified in the project inventory and in the suggested motion. Commissioner Rubin questioned the need for the activity barge. He and Commissioner Mooney noted they would like to see the items scoped and figures for the items individually, but supported the project.

Executive Director Hyde noted the additional items were from the Commission approved draft preferred alternative Comprehensive Plan for the Boat Haven and from a piping/water quality component with the City.

Commissioner Hopley stated approving the funds for scoping was the second step in the process, signifying a level of approval not yet given. Commissioner Short noted that at times a need is seen by Port staff and included for approval, such as the activity barge which was a facility improvement that would bring more boaters and revenue to the marina. Commissioner Niver agreed in reference to the addition of the storm drain system, but not the activity barge. Commissioner Mooney was of the opinion that the storm drain system should be the City's responsibility.

Commissioner Short read the motion once more. Commissioner Rubin moved to amend the motion to include the items referenced in the background information of the item. The motion to amend was seconded by Commissioner Mooney. The amendment passed by a vote of 3-2 with Commissioners Hopley and Niver opposed. Commissioner Short then called for a vote on the motion as amended, which carried 3-2 with Commissioners Hopley and Niver opposed.

Approving a Request for Proposals for Development at the West Basin –

Director Elsner presented the item to the Commission, which requested Commission authorization for the Executive Director to proceed with publishing a Request for Proposals (RFP) for development of the West Basin portion of the Cap Sante Boat Haven. Director Elsner noted that Port staff published a request for letters of interest in the recently completed cleanup site and received five letters from local developers expressing an interest in building on the property. If approved, staff will be directed to write an RFP and publish it in local papers and the Daily Journal of Commerce.

In response to questions from the Commission, Director Elsner explained that proposers will be required to submit proposals that are consistent with the draft Comprehensive Plan and with zoning and local regulations, in addition of a business plan, prospective tenant mix, and a proposed lease rate, with no non-performing uses. A selection process involving a committee of Port staff, community members, City representatives, and the Marina Advisory Committee would be used, with that group's recommendations and weighted list presented to the Commission for approval.

With discussion concluded, Commissioner Short requested a motion. Commissioner Rubin moved to authorize the Executive Director to proceed with publishing a Request for Proposals for development in the West Basin of the Cap Sante Boat Haven. Commissioner Mooney seconded the motion. Commissioner Niver commented the item didn't specify who would be speaking to the Commission regarding the outcome of the evaluations of the proposals. Executive Director Hyde explained the selection committee role in the process. With discussion

concluded, Commissioner Short re-read and called for a vote on the motion, which carried unanimously.

Resolution No. 1187 – Authorizing the 2008 Fly-In at the Anacortes Airport -

Director Hachey provided the Commission with a review of item. At their regular meeting of April 17, 2008, the Commission heard a request and viewed a presentation by the Anacortes Chapter of the Washington Pilots Association for a Fly-In event at the Anacortes Airport. The Chapter held its first fly-in at the Airport in 2006 and wish to make it a bi-annual event, held in alternate years with a fly-in at the Port of Skagit County's Regional Airport.

Executive Director Hyde noted that following the lengthy briefing at the April 17th Commission meeting, staff had reviewed the fly-in with the Port's insurance agent and assured our policy covers the proposed event.

Commissioner Hopley noted that Karen Miles of the Federal Aviation Administration had made it clear that the Port would be in violation of our grant of assurances with the FAA if the Port moved to block the fly-in. Commissioner Niver stated that the a past Rules and Regulations for the Anacortes Airport document specified that activities such as a fly-in must have the permission of the Port's airport manager. In response to questions regarding the Port's level of participation, Director Hachey noted Port staff would be present to display Airport information at a Port hangar to pass out voluntary noise abatement flyers during the three hour event. Commissioner Hopley led a discussion of whether there was a significant benefit to the event being a fly-in as opposed to a drive-in open house, considering what he believed to be the added risk associated with the arrival of planes by air.

Following discussion, Commissioner Short called for a motion. Commissioner Mooney moved to adopt Resolution No. 1187, authorizing the 2008 Fly-in at the Anacortes Airport and setting the minimum insurance and liability coverage of \$10,000,000 for the event. Commissioner Rubin seconded the motion. Commissioners Hopley and Niver continued the discussion of risk and whether the Port had coverage for an off-airport accident. Commissioner Rubin stated he would support a study to help quantify risk and if needed acquire properties, noting one fly-in event every two years was not much compared to the large number of marine events hosted by the Port.

Commissioner Short re-read the motion and called for the question. The motion to authorize the fly-in carried by a vote of 3-2, with Commissioners Niver and Hopley opposed.

Curtis Wharf Catwalk Addition Project Acceptance – Project #MRT-01 –

Director Elsner reviewed the item for the Commission, requesting that they accept as complete the construction contract with IMAC, Inc. for the Curtis Wharf Catwalk Addition Project.

Commissioner Short called for a motion, Commissioner Rubin moved to accept as complete, the construction contract with IMAC, Inc., for the Curtis Wharf Catwalk Addition Project, Project #MRT-01. Commissioner Mooney seconded the motion and praised staff for completing the project on time and under budget. Hearing no other discussion, Commissioner Short called for a vote on the motion, which carried unanimously.

Authorization for Consultant Services for completion of the 2008 Comprehensive Plan, Projects #GEN-01, #GEN-02, and #GEN-05 -

Director Elsner briefed the Commission on the item which requested Commission approval of consultant contracts to provide assistance in the completion of the Port's 2008 Comprehensive Plan, including future planning for the Cap Sante Boat Haven, Guemes Channel Properties and the Anacortes Airport. The total project authorization of \$56,531 included an environmental review and SEPA checklist completion by Port staff. The amount requested was not included in the 2008 Budget, however staff has identified projects in the 2008 plan that if need be would be deferred to 2009.

Commissioner Short requested a motion. Commissioner Rubin moved to authorize funds totaling \$56,531, to be paid from the General Fund, for consultant services for completion of the Comprehensive Plan – Projects #GEN-01, #GEN-02, and #GEN-05. Commissioner Mooney seconded the motion. Hearing no discussion, Commissioner Short called for a vote on the motion, which carried unanimously.

Request for funding for design services for Dakota Creek Industries site – Environmental dredging, material management and disposal, Project #PROP-03 –

Director Elsner presented the item, requesting Commission authorization for funding for the Dakota Creek Industries Remedial Action, Project #PROP-3. The Commission has authorized Port staff to proceed with the implementation of Project Pier 1. Currently, construction activities are anticipated to be initiated in May of this year. Environmental dredging work to remove contamination from the marine environment will begin in July. Contaminated materials will be removed and disposed of using two possible techniques, using the least expensive methods where appropriate. All of the work is grant eligible and will be pursued for reimbursement.

Commissioner Mooney noted that the timeframe for Dakota Creek was tight and hoped the Port would accommodate whatever needs they might have.

With discussion concluded, Commissioner Short called for a motion. Commissioner Rubin moved to authorize funding in the amount of \$160,708, to be paid from the Environmental Fund, for design services for Dakota Creek Industries site dredged material management and disposal, Project #PROP-03. Commissioner Mooney and Niver simultaneously seconded the motion. Commissioner Short called for a vote on the motion, which carried unanimously.

Authorization for the Executive Director to execute an Option Agreement with Janicki Energy, LLC for Pier 2 –

Director Hachey presented the item, requesting authorization for the Executive Director to negotiate and execute an Option Agreement with Janicki Energy, LLC for up to five acres of land at Pier 2. He outlined the details of the proposed Option Agreement for the Commission and requested any questions. Commissioner Niver inquired whether this item was in regards to the option agreement only as opposed to a lease agreement. Director Hachey confirmed that the action was for approval of an option agreement only at this time.

There being no further questions, Commissioner Short requested a motion. Commissioner Rubin moved to authorize the Port's Executive Director to negotiate and execute an Option Agreement with Janicki Energy, LLC at Pier 2 as outlined within the action item. Commissioner Mooney seconded the motion. Commissioner Short called for a vote on the motion, which carried unanimously.

COMMUNICATIONS

Executive Director Hyde reported that the fuel float was now operational with transitioning from the old dock to the new one underway. He also noted the upcoming ribbon cuttings to be held at the Boat Haven on May 16th, one to celebrate the completion of the Cap Sante Marine Site clean-up and the completion of the esplanade public access improvements, and a second to dedicate the “Annie Curtis” orca fin sculpture by Northwest artist Gerard Tsutakawa. Also on the evening of the 16th, the Port main warehouse will host the Waterfront Festival Kickoff Dinner, with the Waterfront Festival following on May 17th and 18th. Following close to the Festival will be the Port’s hosting of the Passagemaker Magazine’s Trawlerfest, a new event for the Boat Haven, May 21st-25th. Executive Director Hyde noted that motels and hotels in Anacortes were fully booked as a result of the event.

UPCOMING MEETINGS

Executive Director Hyde reviewed the Commission’s upcoming meeting schedule. The Regular Port Commission Meeting usually scheduled for the third Thursday of the month has been cancelled as many of the Commissioner and staff will be attending the Washington Public Ports Association meeting May 14-16 in Vancouver, Washington, The next regular meeting will be held on June 5, 2008 at 7:00 P.M. in the Commission Meeting Room of the Port’s Main Warehouse building.

PUBLIC COMMENT PERIOD

Commissioner Short opened the public comment period for items not on the regular agenda. Hearing no one with a desire to further 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 Rubin. Commissioner Short called for the vote on the motion which carried unanimously and at 10:16 P.M. the meeting adjourned.

Attest:

William L. Short, Commission President

Keith Rubin, Commission Vice-President

Ray Niver, Commission Secretary

Steve Hopley, Commissioner

Pat D. Mooney, Commissioner

Julie Johnson Lindsey, Administrative Coordinator
May 1, 2008