



Port of Skagit

Regular meeting of the Port Commission

Tuesday, January 19, 2010 5:00 PM

MINUTES

PRESENT: Commission - Kevin Ware, Jerry Kaufman and Bill Shuler
Staff - Patsy Martin, Scott Peterson, Kristin Garcia, Bob Nord, Paul Stannert, Karmen Hardy, Sara Young and Debbie Hamilton
Others - See sign in sheet

Changes or additions to the agenda as follows:

1. ADMIN: Lease Policy; Tenant Austerity Program
2. ADMIN: City of Mount Vernon; Interlocal Agreement; Sister City Program – Staff Report (Oral)
3. ADMIN: 2010 Budget; Authorize Budget Increase – Forklift
4. MARINA: Seattle Boat Show Promotion
5. ADMIN: Summer Meeting Schedule 2010 – Authorized Absence
6. Executive session to discuss the possible sale, purchase or lease of property the public discussion of which could affect the price. Executive session will last approximately 20 minutes. Action may or may not be taken following the executive session.

CONSENT AGENDA

Public Communications
December 15, 2009 Regular Meeting Minutes
Fiscal Report

COMMISSION ACTION: The commission unanimously approved the consent agenda.

OPEN FORUM: No public comment.

STAFF REPORTS

ASSOC: PNWA; Mission to Washington D.C. (Oral)

Patsy Martin reported that she will be addressing the FEMA flood plain matter for the region and Swinomish Channel dredging when she attends PNWA Mission to Washington D.C. She plans to use details from the Economic Impact Study and the Siltation Rate Study in her discussions with the Northwest Congressional delegation.

MARINA: Monthly Occupancy Report; Month Ending January 2010

Paul Stannert reported that occupancy at the La Conner Marina is stable. The commission reviewed and discussed the occupancy report.

NEW BUSINESS

ADMIN: Bonds, LTGO 2010 – Adopt bond Resolution 10-01

Patsy Martin reported that in 2002, Tomco Marine Group began renting a port owned facility located at 800 S. Pearle Jensen Way. Since that time, Tomco constructed a 16,000 square foot facility which was added to the north and west section of the existing facility. Tomco is interested in selling the new portion to the Port.

Kristin Garcia reported that the Port received a proposal from Skagit State Bank which would provide funding for the acquisition of this facility. The bank proposes issuing limited tax general obligation bonds at a rate of 6% amortized over 20 years, with no prepayment penalty. The total bond issuance would be \$616,100 including fees.

COMMISSION ACTION: The commission unanimously adopted Resolution No. 10-01 which adopts a resolution:

- 1) authorizing the issuance and sale of limited tax general obligation bonds in the principal amount of \$616,100 for the purpose of providing funds for the acquisition of a building at the Port's marina facility and;**
- 2) authorizing the director of finance to reserve funds each year in an amount equal to the annual increase in rent revenue. These funds will be used for redemption of the 2010 general obligation bond by the year 2016.**

ADMIN: Executive Director Authority (2010)

Patsy Martin reported that the commission adopted Resolution No. 09-02 which generally sets forth the authority delegated to the executive director on January 20, 2009. It is appropriate to review the executive director authority on an annual basis to address the needs of the port.

COMMISSION ACTION: The commission unanimously adopted Resolution No. 10-02 which generally sets forth the authority delegated to the executive director and staff.

ASSOC: Skagit Council of Governments; Puget Sound Energy Conservation Grant (2008) – Approve Conservation Plan

Sara Young provided copies of a draft Resource Conservation Management Plan to the commission for review at the January 12, 2010 work session meeting. The plan establishes a baseline energy use profile for the year 2008 and sets goals to lower energy use overall.

The plan establishes the goal of a 10% energy reduction by 2012 and sets minimum targets of 2%, 3% and 3% for each year of the 3-year start-up program to meet the minimum requirements of the SCOG-administered PSE grant.

The plan also establishes an employee incentive pool, based on savings in excess of the minimum targets for each of the first three years of the program.

COMMISSION ACTION: The commission unanimously approved the Resource Conservation Management Plan for energy and other resource conservation procedures at Port facilities.

BBIP: Industrial Building; 11656 Knudson Road (P115619) Lots 37-38 (2008-Current) – Accept Project as Complete

Bob Nord reported that in May 2009 the commission awarded a contract to Tiger Construction, LTD for the construction of a new 13,304 square foot, one-story manufacturing building at 11656 Knudson Road.

Construction started in mid June 2009 and substantial completion of construction was completed with a walk-through punch list inspection of the project on January 7, 2010.

Due to seasonal weather and temperature limitations, the contractor was unable to finish part of the exterior paint work and the landscape hydro-seeding. The cost of this work will be held from the payment until the contractor returns and completes this work in early spring.

The Port received \$350,000 in grant funding for the project from the Skagit County Economic Development Public Facilities Distressed/Rural County Sales and Use Tax Funds. The funds were used to provide infrastructure for this building project.

COMMISSION ACTION: The commission unanimously accepted as substantially complete the industrial building, 11656 Knudson Road Project (2009) in the estimated final contract amount, including change orders, of \$1,665,440 and authorized staff to accept final completion of project and to execute any necessary close out documents.

TENANT: Airport; Jaclyn Lambert; Bad Debt Write Off (2010) – Adopt Resolution

Kristin Garcia reported that staff needs commission approval on a write off of debts in the amount of \$2,529.78 for airport tenant Jaclyn Lambert. This account has been delinquent consistently since 2008 despite regular collection efforts. In November 2009, the t-hangar was abandoned and the account deemed uncollectible. It is the Port's policy to send bad debt accounts to collection.

COMMISSION ACTION: The commission unanimously adopted Resolution 10-03 which will write off debts owed to the Port of Skagit in the amount of \$2,529.78.

TENANT: Airport; Jaclyn Lambert; Surplus Contents of Hangar – Approve Surplus

Kristin Garcia reported that Jaclyn Lambert has been consistently delinquent in payment of rent and as of November 2009, the account has been deemed uncollectible. A separate resolution dated January 19, 2010 for write off said debt was presented and adopted by the commission (see action above).

In addition to the write off of debt, the t-hangar was abandoned on or about November 2009. The hangar contains personal property of Ms. Lambert. Numerous attempts to contact Ms. Lambert have been made and all attempts have failed. The cost to inventory the property, publish for an auction, and staff time to conduct an auction would not be prudent use of taxpayer dollars. Therefore, staff would like to dispose of this property in the least costly manner. The State Auditor's Office was contacted and they concurred with this assessment. The auditors suggested documenting the circumstances and bring forth a resolution to the commission declaring the items as having no value or use to the Port.

COMMISSION ACTION: The commission unanimously adopted Resolution 10-04 which will declare personal property contained within t-hangar C-01 as having no value or use to the Port.

ADMIN: 2010 Budget; Forklift – Authorize Budget Increase

Patsy Martin reported that in November 2009, the commission approved the 2010 Capital Budget. Within this budget was approval to purchase a new forklift. Staff has spent considerable time researching different types and brands of forklifts and negotiating the purchase price for a new lift.

Scott Peterson reported that early on in this process, staff recognized the high replacement cost of our existing forklift and decided to consider a negative lift as an additional option, thus meeting the premiere service required of our long term vision and strategy for the marina and dry boat facility. At the same time staff realized the value of the haul out facility the Port built in 2004 to meet the demand for larger boats and the economic impact it would have on marina related jobs in the local community. This facility would provide the opportunity to put a negative lift to work immediately providing additional revenue growth by providing access and better service to tenants and the community.

Discussion

Kristin Garcia reported that the 2010 budget contains authorization to spend \$200,000 for the purchase of a forklift. Staff and the commission have determined a negative lift forklift is the best option as it will contribute to a growth in revenues by providing access to our dry boat facility to bigger boats. The approximate cost of such a forklift is \$230,000 plus tax. In order to purchase this forklift, staff requested a budget increase of \$50,000, bringing the total expected cash outlay up to \$250,000.

COMMISSION ACTION: The commission unanimously approved a budget increase of \$50,000 for the purchase of a forklift provided the manufacturer conduct a training session for staff to meet all training requirements.

MARINA: Seattle Boat Show Promotion (2010) – Approve Promotion

Scott Peterson reported that in September 2008 the Port of Skagit initiated a campaign to bring new moorage tenants into the La Conner Marina. This campaign gave new moorage tenants free moorage for the first three (3) months provided they agreed to stay twelve (12) months.

Staff feels this campaign was extremely successful increasing our occupancy rate each month compared to the previous year.

Staff recommends bringing back last year's program as a "Seattle Boat Show Special" good for the month of February only. This would include the following:

1. Boat manufacturers, who are Port tenants, would qualify if they sell a boat and it is brought to La Conner Marina for moorage.
2. Any brokerage firm, within the Port district, sells a boat and it is brought to La Conner Marina for moorage.
3. Current moorage tenants bring a new moorage tenant to La Conner Marina.
4. There are several new tenants in January that will probably need to be added to the list.

Discussion

COMMISSION ACTION: The commission unanimously authorized staff to proceed with the Seattle Boat Show promotion to give new tenants free moorage for the first three months provided they agree to stay twelve months and include the following:

1. Boat manufacturers who are Port tenants would qualify if they sell a boat and it is brought to La Conner Marina for moorage.
2. Any brokerage firm, within the Port district, sells a boat and it is brought to La Conner Marina for moorage.
3. Current moorage tenants bring a new moorage tenant to La Conner Marina.

ADMIN: Lease Policy; Tenant Austerity Program – Approve Amendments 2010

Patsy Martin reported that Woodinville Lumber, Inc. is nearing the end of the first year in the Tenant Austerity Program. They are due to increase their payment by 1/3 in 2010. They have contacted the Port with a request to stay in the program another year as their 2010 projections are flat.

Discussion.

COMMISSION ACTION: The commission unanimously authorized Woodinville Lumber, Inc. to remain in year one of the Tenant Austerity Program through January 2011 and allow other tenants in the program to do the same if requested. The commission authorized staff to extend the first year of the Tenant Austerity Program and amend the Woodinville Lumber, Inc. lease to reflect a new lease schedule.

RECESS REGULAR MEETING

The regular meeting recessed at 10:20 a.m.

EXECUTIVE SESSION

Port of Skagit County
Regular Meeting of the Commission
January 19, 2010

The executive session began at 10:38 a.m.

Executive Session to discuss the possible sale, purchase or lease of property the public discussion of which could affect the price and potential litigation. Executive session will last approximately 20 minutes. The commission expects to return from executive session by 10:58 a.m. Action may or may not be taken following the executive session.

Executive Director stepped out of executive session at 10:58 a.m. and stated the executive session would be extended until 11:15 a.m.

The executive session ended at 11:15 a.m.

RECONVENE REGULAR MEETING

The regular meeting was reconvened at 11:16 a.m.

COMMISSION ACTION: The commission unanimously authorized the execution of the draft lease with FedEx as presented by legal counsel, subject to minor adjustments made by legal counsel and executive director.

ADMIN: Summer Meeting Schedule 2010 – Authorized Absence

Patsy Martin reported that Kevin Ware has an opportunity to participate as a lead pilot in a trip around the world. He will leave May 15, 2010 and return by the first commission meeting in August. Legal counsel has advised that the commission needs to take specific action allowing for an excused absence for this duration of time.

COMMISSION ACTION: The commission unanimously approved an excused absence for Commissioner Kevin Ware for the period May 15, 2010 to August 1, 2010.

ADMIN: City of Mount Vernon and Port of Skagit; Sister City – Staff Report (Oral)

Patsy Martin updated the commission of the opportunity to participate with the City of Mount Vernon in a Sister City program with Matsushige, Japan. The commission consensus at this time is the Port's 2010 budget will not allow for a visitation to Japan but would like to partner with the City of Mount Vernon in a sister relationship with Matsushige. The Port proposes entering into an interlocal agreement with the City of Mount Vernon to specify how the joint partnership will work and will be in contact with the City of Mount Vernon.

ADJOURNMENT

Port of Skagit County
Regular Meeting of the Commission
January 19, 2010

The commission adjourned the regular meeting at 11:33 p.m.

ADOPTED IN OPEN SESSION this 16th day of February, 2010 and duly authenticated by the signatures affixed hereto.

PORT OF SKAGIT COUNTY

Signature on file

Commissioner

Signature on file

Commissioner

Signature on file

Commissioner