

Port Angeles HarborWorks Development Authority
Board of Directors Regular Meeting
Vern Burton Meeting Room, City Hall
February 1, 2010

MINUTES

Call to Order

The meeting was called to order by President Orville Campbell at 3:31 p.m.

Roll Call

Directors Present: President Orville Campbell and Directors Howard Ruddell, Jerry
Hendricks, James Hallett

Staff Present: Jeff Lincoln, Elizabeth Duan

Port Representatives

Present: Bill James

City Representatives

Present: Kent Myers

Others Present: Kaj Ahlburg (awaiting confirmation by the City Council as the Port's
nominee), Sally Fisher, Darlene Schanfald, Doug Sellon, Larry Dunn, Susannah Spock

Approval of Agenda

Orville Campbell mentioned he had a recent discussion with Kent Myers, Jeff Lincoln, and Jerry Hendricks and that it was decided that there is a need for closer communication between the City, Port, and HarborWorks. There is also a need for the HarborWorks Board to maintain closer contact with the City Council and Port Commission to help communication flow in a more timely fashion regarding the concerns of each entity. Orville Campbell asked if Howard Ruddell would fill the role of representing the HarborWorks Board at the City Council meetings and the Port Commission meetings. Howard Ruddell suggested that two members serve this role in the event that one has another obligation arise. James Hallett agreed to fill the second role. Orville Campbell suggested that this goal regarding closer communication be stated at the next City Council and Port Commission meetings.

Jerry Hendricks stated that he also has communication plans for further discussion by the Board at a later point in the meeting.

Approval of Minutes: January 4, 2010 Board of Directors Meeting

MOTION: James Hallett moved to approve the meeting minutes from the January 4th Board of Directors Meeting. Howard Ruddell seconded the motion. The motion carried unanimously.

Board Member Comments

Jerry Hendricks asked if the minutes are being placed on the website once they are approved. Jeff Lincoln answered that the minutes are posted on the website once they are approved and signed. Jerry Hendricks stated that he had comments regarding the draft report for further discussion by the Board at a later point in the agenda.

Finance – Voucher Review

Executive Director Report

Jeff Lincoln reported that the three alternatives for the Rayonier site were announced at the public meeting on January 11, 2010. Another coordination meeting between HarborWorks, Department of Ecology, Lower Elwha Klallam Tribe, Jamestown S'Klallam Tribe, Department of Natural Resources, City of Port Angeles, and the Port of Port Angeles occurred on January 13, 2010 to discuss the progress on the project. The CSO project is proceeding with the City of Port Angeles. HarborWorks had discussions with Department of Ecology staff in Lacey on January 19, 2010 to discuss the agreed order and the timing of the process. The Department of Ecology released a proposed agreed order and will be holding a public meeting in Port Angeles on February 10th at the Senior Center beginning at 6:30 pm. The Due Diligence draft reports are coming in and will be on the HarborWorks website within the week. The financial information that HarborWorks will use for negotiations with Rayonier will not be released to the public. The archaeological assessment has to be edited before it can be released. The report includes many key evaluations concerning conditions of the site. Rayonier staff will be in Washington this week and will be engaged in discussions with different entities, including HarborWorks. The Port of Port Angeles informed HarborWorks of their plans for the site, which has created what HarborWorks is referring to as Alternative D.

James Hallett asked what information from the Due Diligence draft report is considered sensitive as well as the reason for the sensitivity of the information. Jeff Lincoln answered that the two issues with the draft report are the archaeological information that cannot be released by law and the financial information that will be the basis of the negotiations with Rayonier.

Jeff Lincoln stated that pursuing a park on the site is not a productive use of resources. HarborWorks can stop all work being done on the project and estimate the cost of a park on the site, but that is not an alternative that HarborWorks was formed to pursue. Jerry Hendricks stated that he understands the interests of the Port and that they could not participate if the site is going to be a park. He realizes that development of the site will require public access and that will continue to be an issue. James Hallett reminded the Board that waterfront access can be found in all of the current alternatives. He asked what the Board's response to feedback should be on the idea of turning the site into a park and what reasons should be expressed for not turning the site into a park. Orville Campbell stated that elements of the HarborWorks charter and mission are for remediation and development of the site. The response of the Board should be that the park can be created, but that creating a park or returning the site to the way it was does not comply with our charter and mission. Orville Campbell stated that he is not suggesting that HarborWorks prepare a cost estimate, but that he is only suggesting a response be made by the Board. Kaj Ahlburg stated that development planning is a public process, including educating the public and having a consensus to support the development option. The public needs to see the jobs and tax base options versus the park option.

Orville Campbell asked if a preliminary analysis of the park option could be completed. Jeff Lincoln answered that the analysis could be done, but that it would not be without cost to HarborWorks. There is approximately \$14,000 that is not obligated in the HarborWorks budget, not including the cost of negotiations with Rayonier, which will push HarborWorks over its budget. A park is not an inconsequential option. James Hallett asked, if instead of doing an in-depth analysis analyzing the cost, is there enough existing information to give a response. Jeff Lincoln stated that if the park alternative is pursued, that the City will need to be engaged at that point to evaluate the feasibility. City Manager Kent Myers spoke up that a response would not require an in-depth analysis and every alternative that HarborWorks has presented has green space. During the land use process, HarborWorks could tweak the green space to include more than was originally planned. He reminded the public that HarborWorks was created to produce jobs and development for the community. The City cannot afford to maintain park facilities on the Rayonier site. Cost-reducing measures are already being undertaken within the City's Parks & Recreation Department and the City cannot afford to take on another park without some sort of economic development on the site. He suggested that there should be no in-depth analysis at this time. Orville Campbell stated a satisfactory response needs to be prepared in regards to turning the site into a park as well as the idea of returning the site to its original state.

Public Comment Period

Susannah Spock from Port Angeles stated that she would like to see a children's museum on the site. She mentioned that she believes this would provide long-term economic benefits to the community. There are many businesses already failing in Port Angeles and she asked the Board how industry can be rationalized on this piece of prime waterfront real estate.

Voucher Approval

Motion: Jerry Hendricks moved to approve vouchers 187-202 for a total amount of \$34,912.45. James Hallett seconded the motion. The motion carried unanimously.

Work/Study Session

Budget

Jeff Lincoln stated that he would like to give some background on the budget for the two new Board members, James Hallett and Kaj Ahlburg (awaiting confirmation of his selection by the City Council). The HarborWorks budget was estimated prior to Jeff Lincoln's arrival in June 2009. On July 6, 2009, the HarborWorks budget was approved by the Board for the remainder of 2009 and 2010. The budget identified \$100,000 out of the total budget of \$736,000 to be obligated as reserve funds. At the end of 2009, including accruals and obligations, HarborWorks spent \$651,400. HarborWorks is currently into its contingency of \$100,000 since the due diligence process has been accelerated. The process was not accelerated by HarborWorks, as the original schedule that BergerABAM produced did not anticipate the due diligence study to be complete until the end of May 2010. The consultants schedule is already 90% complete and the results of the study have been produced. HarborWorks paid more to the consultants than expected in 2009 without going over the budget, which means that HarborWorks will spend less than anticipated in 2010. The 2010 budget, which was approved in July 2009, anticipated that HarborWorks would spend \$825,900. The budget for 2010 is now projected at \$747,413.

