

Port Angeles Harbor-Works Development Authority
Board of Directors Special Meeting
Vern Burton Meeting Room, City Hall
December 15, 2009

MINUTES

Call to Order

The meeting was called to order by President Orville Campbell at 3:30 p.m.

Roll Call

Directors Present: President Orville Campbell and Directors Howard Ruddell, Jerry Hendricks, James Hallett, Bart Irwin
Staff Present: Jeff Lincoln, Elizabeth Duan
Port Representatives Present: Jeff Robb, Dave Hagiwara
City Representatives Present: Kent Myers, Nathan West
Others Present: Larry Dunn, Sonya Tetnowski, Frances Charles, Anthony Charles, Ed Johnson, Doug Sellon, Annette Nesse, Dan Gase, Dick Goodman, Paige Dickerson, Shirley Nixon, Norma Turner, Darlene Schanfeld, Steve Rodrigues, Ben Neff

Approval of Agenda

Approval of Minutes: November 2, 2009 Board of Directors Meeting

MOTION: James Hallett moved to approve the meeting minutes from the November 2nd Board of Directors Meeting. Howard Ruddell seconded the motion. The motion carried unanimously.

Board Member Comments

Jerry Hendricks thanked Bart Irwin for his service as a member of the HarborWorks Board. Howard Ruddell thanked Bart Irwin for his intellectual advice given to the Board. James Hallett mentioned he has enjoyed working with Bart Irwin, even though it was only for a brief time. Orville Campbell stated that the level of performance by the Board is where it is because of Bart Irwin.

Finance – Voucher Review

Executive Director Report

Jeff Lincoln stated that he would give his report during the work session.

Public Comment Period

Darlene Schanfeld read portions of a prepared letter for the record (letter attached). Bart Irwin reminded Darlene Schanfeld that public comments were limited to three minutes, as stated on the agenda. Darlene Schanfeld stated that she would continue. Bart Irwin objected to Darlene Schanfeld's public reading of the letter, since it was in violation of public comment restrictions.

Orville Campbell stated that the Board had received a copy of the letter. Darlene Schanfald requested that the Board prepare a response to her proposal. Orville Campbell stated that the Board would discuss the matter and determine the appropriate response. James Hallett asked how the Board handles correspondence when documents are presented. Orville Campbell stated that the Board determines the validity of the complaint, prepares a response, and concludes an action of the Board.

Jerry Hendricks stated the public records request will be handled according to procedure. Jeff Lincoln reminded the Board that Darlene Schanfald previously requested all of HarborWorks' records, which includes valuation of the Rayonier property, and the attorneys will have to determine which documents are exempt from public disclosure. They will have to spend a substantial amount of time on the request, which will be charged to HarborWorks. The requested legal billings had already been given to Darlene Schanfald. Howard Ruddell reminded the Board that responding to public records requests are a requirement of any public agency. Jerry Hendricks stated that this is the law and HarborWorks will comply.

Fred Carol of Sequim stated that the Rayonier Mill Site would make a great park and change Port Angeles into a real destination.

Work/Study Session

- **Due Diligence Status and Preliminary Results Presentation and General Board Discussion**

Jeff Lincoln gave a PowerPoint presentation which stated that the alternative uses for the Rayonier site are being investigated by marketing and real estate professionals, as well as environmental and engineering consultants. Jeff Lincoln stated he would like to bring the Board and the public up to speed on the developments and discussions held. The simple mission is to get an agreement with the City, Port, Department of Ecology, EPA, NOAA, NMFS, two tribes, the general public and Rayonier. Due diligence is underway with draft reports and preliminary results being produced. Nothing to date has been finalized or completely drafted. The challenges that HarborWorks faces right now are the market analysis, brownfield uncertainties, known archaeology issues, and Ennis Creek. The market analysis is the most troubling with the slow economy and the lack of demand for light manufacturing and marine industrial. The probability of attracting industrial to the site is low to moderate with limited financial viability; the site has been industrial in the past. The pier has more than four thousand piling and there are thousands of others throughout the site uplands. The uses currently being assessed include marine, office, hotel, conference center, and education, with retail as the lowest probability. The highest probability within the retail sector is a restaurant, and that is given a very low probability. No specific interest has been stated by public officials for residential uses on the site.

James Hallett asked what background work has led up to this assessment. Jeff Lincoln stated that individuals from CB Richard Ellis and Spinnaker Strategies have spoken with key people in the community and have also spent days on the phone with every ship and yacht builder in the state finding out what they are currently planning. There is great potential for Port Angeles to bring people here given its many attributes. One of the consultants which HarborWorks is currently using has specific expertise in the marine-port sectors of the economy and will look specifically at marine port related uses.

James Hallett asked what the possibilities are for the site, based on the research completed. Jeff Lincoln stated that a range of uses from residential to industrial are being considered and evaluated. In the short to medium future, there will likely be limited demand for the property. It will take hard work and public support to market and develop the site and to attract private, state or federal funding, as opposed to local tax dollars. Rayonier went to the marketplace to assess market potential and nothing happened. Bart Irwin asked if the analysis is economic in nature. Jeff Lincoln answered that the analysis is primarily market and economic, however that the value of site may not be solely economic and that there are other values in the site such as open space and public access to the shoreline. James Hallett asked if there are other non-economic issues being given weight as well. Jeff Lincoln stated that there is economic value in everything, including recreation.

Jerry Hendricks asked if consultants looking for potential uses might have a preconceived idea of the land value. Jeff Lincoln stated that both consultants work in commercial real estate and they have looked at the Port Angeles market. They may have to look at other areas such as Port Townsend, but they have started with Port Angeles, looking at the real estate available, average turnover, bank listings, market studies, reports, and other items. There are brownfield uncertainties, although there have been numerous reports on the uplands. There have been eleven cleanup actions on the Rayonier site; seven of those were independent actions and four were agreed orders. Jeff Lincoln noted that some say it is time to get on with the cleanup and enough sampling has been done. Although there has been a substantial amount of sampling and testing done, there is more information to be gathered. The Department of Ecology recognizes that the cleanup standards depend on the future use of the site. HarborWorks will never be certain about the extent of contamination. Financially, HarborWorks will have to cap its risk, which is part of the acquisition strategy.

There are two registered sites at Rayonier where artifacts are likely, mostly on the east side. The consultants are concerned with the source of contamination which may be coming through the site and into the harbor via Ennis Creek. This "source control" issue will have to be dealt with by DOE before a cleanup remedy can be applied to the harbor areas affected by the flow from Ennis Creek. James Hallett asked if there are mainly tribal artifacts on the site or if there may also be Rayonier artifacts. Jeff Lincoln answered that there may be artifacts from Rayonier, the Puget Sound Cooperative Colony, and Tribal uses of the site as well.

The main questions HarborWorks has right now includes how to clean up the site, how to create family-wage jobs, how to create revenue and increase economic activity without costing the public more tax dollars, and making sure the community's needs are met. HarborWorks would like to work with the existing cultural resources and allow for public access and ownership. The consultants have developed three scenarios, which are in draft form for discussion. James Hallett asked if the three scenarios are mutually exclusive. Jeff Lincoln answered that the scenarios can be "mixed and matched" with pieces of one scenario combined with others.

Scenario A is portrayed as a general commercial development. This would include mixed use industrial, maritime, office, buffer around Ennis Creek, commercial and industrial on

