

2010 WORK PLAN

Adopted January 25, 2010

Fourth Quarter Update – December 17, 2010

GOAL 1 MARKET TO INCREASE THE PORT'S MARINE FACILITY BUSINESS AND EXPLORE NEW ENTERPRISE OPPORTUNITIES

PROJECT 1.1: MARKET THE PORT'S MARINE TERMINAL AND CARGO HANDLING CAPABILITIES TO EXPAND CURRENT USE AND EXPLORE FUTURE PUBLIC/PRIVATE PARTNERSHIPS

Executive Summary: The Port operates marine terminals which provide modern, efficient and cost competitive facilities. A variety of uses ranges from the important top-side repair activities to other new and exciting opportunities such as support for the US Navy and cruise ships as well as traditional and historic wood products cargo loading. Continued dialogs with existing customers will continue to ensure that their needs are met and that the Port is looking to the future for anticipated improvements in the years ahead. In addition, the Port needs to continue to maintain and upgrade current facilities within the availability of capital funds.

Action Elements/Milestones:

- Continue meeting with US Navy, ATC, Polar, US Coast Guard, NOAA and others that utilize the Port's terminal to ensure scheduled usage and discuss future needs. This activity will take place throughout the year on an ongoing basis and will include travel as necessary to decision makers locations throughout the region.
- Continue to seek grant funds through general infrastructure grant programs, job enhancement programs and homeland security programs to assist in making necessary improvements to ensure long term viability.
- Conduct an update of cargo movements of products inbound and outbound through meetings with manufacturers, stakeholders and possible users of a potential barge service. Based on preliminary interest, additional operating feasibility and capital investment analysis may take place.

Finance: \$300,000 budgeted in 2010 for Terminal 5 improvements.

Grants: Will be applied for as appropriate.

Long Range Financial Needs:

- Enhance ship dockage facilities: \$5,000,000
- Tumwater Creek Bridge: \$800,000
- Security improvements (25% grant match): \$205,000
- Ongoing dock repairs: \$1,800,000
- Waterfront property purchase: \$1,000,000
- Terminal 6 improvements: \$470,000
- Terminal warehouse improvements: \$420,000

Economic Impact:

- Preservation of jobs
- Additional jobs
- New business

Variables and/or Constraints:

- As stated previously, permits are near completion for Terminal 5 site work.
- Market conditions and demand will dictate the level of cargo activities.
- Grant programs have various lead times for both application and award.

First Quarter Update 4/12/2010:

- Applied for Round 8 Security Grants for additional security cameras and access controls.
- Met with US Navy (Bangor) regarding long-term berthage and use of facilities.
- Met with Nippon Paper and Pacific Terminal regarding current and possible expanded barge service. Pacific Terminals currently services Nippon with weekly covered barge (bulk) service.
- Held meeting with Timber Stakeholders to discuss market projections and log storage needs.

Second Quarter Update 6/28/2010:

- Made pre-application for Round 10 Security Grants.
- Arranged meeting between Pen Ply, Nippon and Pacific Terminal to discuss barging operations and potential. Currently Pen Ply does not produce enough volume to participate in a regularly scheduled barging program. Other mills in the area are not at full capacity based on market conditions.
- Commitment for log storage lease with the Department of Natural Resources to be discussed at the June 28 Commission meeting.

Third Quarter Update 9/27/2010:

- Met with Interfor regarding barge loading and discussed collaborating with Nippon and Pacific Terminal. Interfor and Pen-Ply have both had direct conversations with Pacific Terminal. Nippon continues to review facilities requirements. Market conditions continue to be a challenge in committing long-term movement via barge.
- Discussed inbound log barge movement with Interfor and how Canadian logs can be packaged to utilize Port facilities. Interfor is exploring opportunities for inbound logs to remain salt water free. Interfor toured all Port Terminals (T3, T5, and T7).
- Coordinated tour of Polar Vessel with local governmental entities including the cities of Port Angeles and Sequim, along with Clallam County.

- Continued dialogue with the US Navy in regards to utilization of Terminal 7.
- Continued dialogue with Cruise the West to explore additional cruise ship calls.
- Signed MTM lease with Harbor Offshore for effluent pipe construction.
- Made facilities available for several marine construction projects including importing.
- Ballast material and construction equipment.
- Met with BP Shipping regarding future additional tanker repair work.
- Submitted Round 9 Security Grant for security infrastructure improvements at Terminal 7. This will allow for the berthing of 33 CFR 104 vessels. Infrastructure improvements include cameras, electrical improvements, fencing, automated access control gates and lighting. Total grant application budget is \$395,118.00.

Fourth Quarter Update 12/17/2010:

- Coordinated a barge loading operation that combined Interfor lumber and Nippon directory paper for trial shipment to Pacific terminals in Seattle.
- Met with customers and stevedore company to discuss long-term viability of log export markets. Provided loading services for export cargoes from both the Port's Terminal #7 and Pen Ply log yard.
- Met with customers to discuss log loading machine requirements for possible future purchase/lease/rent.
- Visited US Navy operations and logistics personnel to look at facility requirements and discuss future berthing opportunities at Port facilities.
- Attended Cruise the West/Northwest Cruise Ship Association Annual meeting to discuss future cruise ship activities in Port Angeles. Met to consider membership in Cruise the West and discussed potential value with local community (Chamber of Commerce, Tourist Bureau, Downtown Association etc)

PROJECT 1.2: IMPROVE TERMINAL 5 FACILITIES

Executive Summary: Build tie road between Terminal 7 and Terminal 5, redeck Terminal 5, cut steel round piles at coffer dam, and start engineering on Terminal 5 storm water. This will put the Port in position to increase the Port's Marine Facility Business and enhance new enterprise opportunities.

Action Elements/Milestones:

- June 2010 Complete permitting
- June 2010 Start engineering on storm water
- July 2010 Clearing and grading tie road
- July 2010 Redeck Terminal 5
- August 2010 Remove steel round piles from coffer dam

Finance: 2010 Strategic Project Budgeted \$300,000

Long Range Financial Needs:

- 2011 Terminal 5 Fender System - \$500,000
- 2012 Terminal 5 Storm Water System - \$250,000

- 2013 Terminal 5 Pier Utilities - \$350,000

Economic Impact:

- Additional jobs
- New business

Variables and/or Constraints: Permitting

First Quarter 4/12/2010 Update

- Working with USACE to complete permitting. Updated Biological Assessment completed in February.
- Working with Berger Abam and preliminary engineering for barge operations and possible cargo dock.

Second Quarter Update 6/28/2010:

- Review by federal agencies complete. Awaiting final approval.

Third Quarter Update 9/27/2010:

- USACE permit in hand along with City Shoreline permit and clearing and grading permit.
- Reviewed long-term plans for Terminal 5 in numerous staff sessions and made presentation to the Commission on August 23.
- Met with Lower Elwha Tribe members and Archeologist on site of Terminal 5 to discuss plans for grading site.
- Initiated prep work of cutting sheet pile to below grade, moving fence, surveying property lines and removing other steel pipe in order to begin site grading.
- Anticipate ground work during the fourth quarter subject to weather and site conditions.

Fourth Quarter Update 12/17/2010:

- Surveyed and re-established property boundaries.
- Removed fence and in process of relocation to property line.
- Started cutting steel pipe and sheet pile.
- Due to weather conditions, ground work will be delayed..

PROJECT 1.3: **TERMINAL 3 FENDER SYSTEM REPAIR PROJECT**

Executive Summary: Contract awarded to American Construction in late 2009 to repair the existing fender system on Terminal 3. When completed, this project will allow the Port to increase their existing Marine Facility Business and explore new enterprise opportunities.

Action Elements/Milestones:

- January 2010 begin repair work
- February 2010 complete repair work

Finance: 2009 Capital Project Budgeted \$254,900

Long Range Financial Needs: None

Economic Impact:

- Preservation of jobs
- New business

Variables and/or Constraints: None identified

First Quarter Update 4/12/2010:

- Project completed on 2/28/2010 with the exception of installation of the permanent UHMW fender pile rub panels.
- Terminal 3 fully functional.
- Permitting and design started March 2010 for installation of 18 more pile in 2011 to finish the fender system repairs.

Second Quarter Update 6/28/2010:

PROJECT COMPLETED 6/14/2010.

- Permitting and design continuing for installation of 18 more pile in 2011 to finish the fender system repairs.

Third Quarter Update 9/27/2010:

- Permitting completed. Project pending approval of 2011 Budget.

Fourth Quarter Update 12/17/2010:

- Executed Work Contract to Berger ABAM to begin engineering services for T-3 Fender System Repair Phase 2.

PROJECT 1.4: CRUISE VESSEL EVENT PLANNING WITH LOCAL CIVIC LEAGUE OFFICIALS

Executive Summary: The Port of Port Angeles will again see cruise vessels calling in 2010. The Holland America cruise vessels *Zuiderdam* and *Statendam* will both call on May 7th and May 15th respectively.

Action Elements/Milestones:

- February through May 2010: Attend and participate in planning meetings with the Port Angeles Business Association, Chamber of Commerce and the Olympic Peninsula Visitors Bureau for the purpose of planning and organizing events in anticipation of two cruise vessel calls in May of 2010.

Finance: 2010 Strategic Project – N/A

Long Range Financial Needs: Future investments may include a gangway system and canopy tents.

Economic Impact:

- Additional jobs
- New business

- Supports our local businesses

Variables and/or Constraints: None identified

First Quarter Update 4/12/2010

- Met on several occasions with local group including Visitors Bureau, Downtown Association and Chamber of Commerce to coordinate upcoming cruise activities. Discussions include reminders of security protocol, transportation coordination and vendor concessions.
- Purchased a used passenger gangway (\$8,000.00) in support of two cruise vessel operations scheduled for 2010. Uncertainty of gangway availability caused us to make this investment. Anticipated payback will be approximately 3 years depending on number of vessel operations.

Second Quarter Update 6/28/2010:

- Two cruise ships called on Port Angeles on May 7 and May 15. Both ship calls had positive success and review by agents, cruise ship line, Port Angeles downtown businesses and numerous volunteers.
- Met with the City of Port Angeles, Port Angeles Chamber of Commerce and Olympic Peninsula Visitors Bureau to discuss long-term cruise ship marketing and capital improvement requirements.
- Staff had discussions with Cruise The West, an organization that markets cruise ship itineraries to cruise lines. Cruise The West represents several large and small West Coast Ports.

Third Quarter Update 9/27/2010:

- Two cruise vessels scheduled for 2012.

Fourth Quarter Update 12/17/2010:

- [Attended Cruise the West/ Northwest Cruise Ship Association annual meeting.](#)
- [Met with Community interests to discuss future cruise ship marketing efforts.](#)

PROJECT 1.5: FUTURE CARGO ACTIVITY (LOGS)

Executive Summary: The Port of Port Angeles anticipates the resumption of outbound export log cargo activity at the Port’s marine terminal facilities. It has been ten years since the Port has had a log cargo ship load at our terminal facilities. It is anticipated that the first vessel will arrive at Terminal 3 to load approximately 2.0 MMBF of logs bound for Korea.

Action Elements/Milestones:

- Work with Stevedores and ILWU Local 27 to coordinate efforts to ensure a successful loading operation.

Finance: 2010 Strategic Project – See Item 5. (Rehabilitation of marine terminal infrastructure including man-ladders and walking sticks)

Long Range Financial Needs: Depending upon the long-term viability of loading logs aboard ships, the purchase of log stackers to facilitate X-Dock loading will need to be considered.

In addition, the rehabilitation of the Tumwater Truck Bridge may be beneficial to allow the transport of loaded trucks to facilitate X-Dock loading of logs.

Economic Impact:

- Additional waterfront jobs
- New business
- Increased revenues to the Port (Departments 11 and 21)

Variables and/or Constraints: None identified.

First Quarter Update 4/12/2010

- First log ship M/V Koombana Bay loaded 2,000 MBF of Hemlock logs March 8-10.
- Purchased additional walking stick material and built complete set of walking sticks.
- Met with M&R to discuss long-term market potential and possible additional infrastructure needs.
- Next log ship ETA is April 11.

Second Quarter Update 6/28/2010:

- Three cargo vessel calls occurred on the following dates and loaded logs destined for Korea:

| | | |
|---------------------|---------|----------------------|
| <i>Koombana Bay</i> | 3-8-10 | 2,077,420 MBF |
| <i>Sunny Royal</i> | 4-11-10 | 2,479,430 MBF |
| <i>POS Leader</i> | 5-16-10 | <u>1,877,420 MBF</u> |
| | | |
| TOTAL | | 6, 434,270 MBF |

- A fourth vessel is due June 21 to load approximately 1.5 MMBF of logs destined for Korea. Port staff continues to investigate ways to facilitate the X-dock loading of logs.

Third Quarter Update 9/27/2010:

- Ex Dock loading from Pen-Ply occurred August 25-27. Port provided log loading machines and shovel for loading along with Port crews to assist.
- Met with several customers to discuss future log loading activities both ex water and ex dock. Additional log debarking facilities are being built in a private log yard to facilitate future China cargo loading.
- Met with Stevedore Company (SSA) to better understand how to improve the operation.
- To date the Port has received six (6) cargo vessel calls. The following vessels called on the Port of Port Angeles and loaded the listed volume of logs destined for both Korea and China.

| | | | |
|---------------------|---------|---------------|-------|
| <i>Koombana Bay</i> | 3-8-10 | 2,077,420 MBF | Korea |
| <i>Sunny Royal</i> | 4-11-10 | 2,479,430 MBF | Korea |
| <i>POS Leader</i> | 5-16-10 | 1,877,420 MBF | Korea |
| <i>Sun Ruby</i> | 6-21-10 | 1,489,700 MBF | Korea |

| | | | |
|----------------------|---------|-----------------------|-------|
| <i>Mt. Rainier</i> | 7-24-10 | 1,698,660 MBF | Korea |
| * <i>STX Harmony</i> | 8-28-10 | <u>2,716,650 MBF</u> | China |
| Total | | 12,339,280 MBF | |

* The *STX Harmony* was successfully loaded X-dock.

Two more cargo vessel calls are anticipated in late October or early November.

Fourth Quarter Update 12/17/2010:

- Met with Stevedore company and log customers on numerous occasions to discuss market viability of log exports. Reviewed handling, loading and other operational concerns in anticipation of ongoing activity.
- Discussed berth reservation and coordination of vessel schedules with customers and ship agents.
- To date the Port has received six (8) cargo vessel calls. The following vessels called on the Port of Port Angeles and loaded the following volume of logs destined for both Korea and China:

| | | | |
|-----------------------|-----------------|-----------------------|-------------|
| <i>Koombana Bay</i> | 3-8-10 | 2,077,420 MBF | Korea |
| <i>Sunny Royal</i> | 4-11-10 | 2,479,430 MBF | Korea |
| <i>POS Leader</i> | 5-16-10 | 1,877,420 MBF | Korea |
| <i>Sun Ruby</i> | 6-21-10 | 1,489,700 MBF | Korea |
| <i>Mt. Rainier</i> | 7-24-10 | 1,698,660 MBF | Korea |
| <i>STX Harmony</i> | 8-28-10 | <u>2,716,650 MBF</u> | China |
| <i>Santiago Basin</i> | 11-9-10 | 2,609,700 MBF | China |
| <i>Portland Bay</i> | 11-15-10 | 4,544,770 MBF | China/Korea |
| Total | 12-31-10 | 19,493,750 MBF | |

No additional cargo vessels anticipated in 2010.

PROJECT 1.6: AMENDMENT TO THE PORT'S FACILITY SECURITY PLAN

Executive Summary: The Port of Port Angeles is required to execute and maintain a Facilities Security Plan (FSP). The plan is required to be revised and resubmitted to the U.S. Coast Guard for approval.

Action Elements/Milestones:

- April 2010 – Execute a Facility Security Assessment of all MTSA 105 marine terminal facilities.
- May through June 2010 - Amend FSP.
- July 2010- Submit amended Plan to the U.S. Coast Guard for review and approval.

Finance: 2010 Strategic Project: If consulting services are required, \$5000.00 has been budgeted under Outside Services in the Port's Marine Terminal Operations Budget.

Long Range Financial Needs: Additional security measures may be required by the United States Coast Guard that could require additional capital improvements or increased operational expenses.

Economic Impact: To ensure that the Port's marine terminal facilities remain compliant with Federal regulations and that current ongoing economic activity can occur without interruption.

Variables and/or Constraints: U.S. Coast Guard security regulations

First Quarter Update: 4/24/10

- Preliminary work has begun on revising the Port's FSP. Consulting services will not be required. Working in conjunction with the Port's of Tacoma, Olympia and Everett through the audit process allowing access to these Ports recently revised Facility Security Plans.
- The target date for initial submittal of the amended FSP remains July 2010. Contingent upon the Port being successful in securing Round 8 monies the new security infrastructure assets, (access control and video equipment) included in the amended FSP.

Second Quarter Update 6/28/2010:

- The Port's Facility Security Plan was revised and submitted to Sector Puget Sound for review and approval on April 21. Upon the first phase of the review process Coast Guard Sector Puget Sound has identified areas within the FSP that will require further revisions and once those revisions are completed the FSP will be resubmitted for final review and approval..
- The Port's Marine Terminal Manager executed the Facility Security Assessment (FSA) and revised the FSP in accordance with finding of the assessment therefore negating the need for consulting services.
- Upon final approval the FSP will be valid for an additional 5-year period.

Third Quarter Update 9/27/2010:

- Currently awaiting the final approval of the FSP. The Coast Guard has asked for further revisions which were made and the FSP was re-submitted for further review.

Fourth Quarter Update 12/17/10:

The Port's Facility Security Plan was approved by the U.S. Coast Guard on October 7, 2010. The plan will remain valid for five (5) years from the date of the approval letter.

GOAL 2 MANAGE THE PORT'S MARINA ASSETS TO ADDRESS EMERGING MARKETS AND DISCOVER NEW INVESTMENT OPPORTUNITIES AND PARTNERSHIPS

PROJECT 2.1: MARKET EAST BOAT HAVEN PROPERTIES

Executive Summary: Through various planning efforts, the area adjacent to the Port Angeles Boat haven has been identified as possible commercial/marine trades expansion areas. With the re-location of the Port's log handling facilities to Terminals 5/7, that area can now be marketed for a variety of opportunities. Depending on the opportunities that development, additional infrastructure improvements may be necessary.

Action Elements/Milestones:

- Port staff along with Boat Haven staff to identify business opportunities, meeting with users and stakeholders – March 2010.
- New Lease of former mechanical maintenance will commence in February and March 2010.
- Meet with Port Angeles City Planning to discuss next steps – April 2010.

Finance: Budgeted None have been budgeted at this time; however, some funds may be necessary (\$5,000.00) in order to develop conceptual plans.

Long Range Financial Needs: Unknown at this time; however, may involve additional storm water improvements such as sewer and site development.

Economic Impact: Attract new businesses and create additional jobs.

Variables and/or Constraints:

- Depending on possible uses, permitting and construction timeframes and costs yet to be determined.
- Unpredictable market demands.
- Full Environmental Impact Study – (probable but not anticipated at this time).

First Quarter Update 4/12/2010:

- Meetings were held by staff with individual tenants: Olympic Coast Sea Food, Way Point Electronics, Fisherman's Wharf Café, High Tide Sea Foods, and Straits Marine. Pending scheduling, meetings to be held with Platypus Marine and Westport.
- Short-term recommendations:
 - Primary: Continue current use as upland storage for small boats.
- Long- term: Deferred to Central Water Front Master Plan, with primary emphasis on expansion of marine industrial; i.e., yacht and commercial boat construction and repair.
- Entered into new lease with Straits Marine located in the Port's former mechanical maintenance shop March 1, 2010. Term of lease is month to month.

Second Quarter Update 6/28/2010:

- May 18, 2010 met with City Planning Staff regarding the Port providing Recreational Vehicle Parking at the Port Angeles Boat Harbor.
- City bound by Shore Line Management Act and currently only able to issue permits on a temporary basis limited to time period durations specific to event only activities.
- City reviewing their policies and seeking to provide the Port with further options regarding Recreational Vehicle Parking.
- Port Staff scheduled to meet again with City Planning Staff during the months of July/August to provide further updates on the Port's Central Waterfront Plan. Purpose of meeting will be to address impacts resulting from Washington State Storm Water Requirements for Boat Yards. Anticipated release date for DOE report, July 2010.
- Port staff has held a number of internal planning meetings to identify the optimum use of this property. This process will continue through the third quarter of this year to identify capital improvements for the 2011 budget.

Third Quarter Update 9/27/2010:

- No permanent solutions have yet been established regarding Recreational Vehicle parking; however, conversations between Port Staff and City Planning continue regarding possible options for a compatible location.

Fourth Quarter Update 12/17/2010:

- In late April 2010 the protected/year-round East Boat Launch at the Port Angeles Boat Haven was closed because the timber supports of the structure are in poor condition. The Port Commission decided not to renovate the East Boat Launch due to tidal/operational restrictions at this ramp. To replace the year round access no longer available at the East Boat Launch the Port Commission directed Port staff to explore the possibility of designing and implementing an all weather float system and wave barrier at the West Boat Launch. Funding for engineering and planning may be available through the RCO Boating Facilities Program Grants (BFP).
- Future potential recreational vehicle parking now better served if able to be placed adjacent a consolidating year boat ramp access at the west end of the marina.
 - RFQ for engineering/design and permitting advertised on 12/10/2010 & 12/17/2010
 - BFP Grant application due 1/10/2011. In process.
 - Consultant selection March 2011.
 - BFP Grants awarded June 2011.
 - Complete design alternatives permit drawings July 2011.

PROJECT 2.2: MARKET MARINAS AS CRUISE DESTINATIONS AND CONFERENCES OPPORTUNITIES

Executive Summary: Our marinas offer outstanding opportunities as cruise destinations and can accommodate modest conferences. With the assistance of the Yacht Clubs, Power Squadron and the Chambers of Commerce we will coordinate a joint meeting to identify events we can attract for additional use of our facilities. An example of this is the Metal Boat Society held a conference at Red Lion in 2009 with moorage at City Dock. They will be returning in 2010 and may need moorage at the Port Angeles Boat Haven as the event grows. Working with the Yacht Clubs we

will target sailing regattas and destination cruise events that support on and off season utilization of our facilities. For 2011, the Port will budget for booth space at the Seattle Boat Show as part of our annual marina marketing program.

Action Elements/Milestones:

- New Marina brochure in use in January 2010
- February: Reserve booth at Seattle Boat Show 2011
- March: Joint meeting to discuss and indentify opportunities
- August: Metal Boat Society Conference in Port Angeles

Finance: The cost of Boat Show Booth to be included in 2011 budget (to be determined). Some sponsorship funding to support these start up events.

Long Range Financial Needs: Additional marketing materials and booth exhibits may be necessary.

Economic Impact: Successful marking of our facilities will increase moorage and facility use. The indirect benefits will include increased tourism dollars to support our community and community exposure.

Variables and/or Constraints: None identified.

First Quarter Update 4-12-10:

- Marina brochure completed and distributed
- Marina staff attended Seattle Boat Show. Met with event organizers. Arranging for booth space for 2011.
- Preliminary meetings held among Marina staff to discuss various promotional venues mailers – advertisement options – booth presentations and discounts.
- Submitted advertisement for the spring edition of the Metal Boat Quarterly for both Port Angeles Boat Haven and John Wayne Marinas.

Second Quarter Update 6/28/2010:

- Advertised in Portland Yacht Club – targeting large vessel community traveling north into Puget Sound.
- Advertised in Northwest Boat Travel magazine 2010 through 2011 and will be providing updated advertising literature for future ads in magazine.
- Port will be participating in the 2010 Metal Boat Festival to be held in Port Angeles August 20, 21 and 22.

Third Quarter Update 9/27/2010:

- Port Staff currently coordinating with the Northwest Marine Trades Association in the registration and placement of a Port display booth during the upcoming Seattle Boat Show. This is an annual event held each January at the Quest Field Event Center and provides an excellent opportunity for the marketing of our harbor facilities and local marine trade businesses. Personnel from both the Port and local marine trades will be at the booth during the event.
- Port Staff participated at the Metal Boat Festival held in Port Angeles on August 20-22 to market our marinas and our boat repair facilities.

Fourth Quarter Update 12/17/2010:

- Port staff in conjunction with Platypus Marine, Inc., will be manning a booth at the Northwest Marine Trades Seattle Boat Show at Quest Field January 21 to the 30, 2011.

PROJECT 2.3: MARINE WAY/TRAVEL LIFT SHEET PILE

Executive Summary: Replace the waler on existing sheet pile at the Travel Lift haul out and enclose with new sheet pile and waler where the marine ways was taken out in 2009. This will allow the Port to manage the marina assets by creating more laydown area for Boat Yard Operations.

Action Elements/Milestones:

- January or June 2010 – procure sheet pile.
- January or July 2010 – award small works contract for sheet pile driving.
- March 2010 – Port crews to construct deadmans to tie back walers.
- February or August 2010 – project complete.

Finance: 2009 Capital Project Budgeted \$200,000

Long Range Financial Needs:

- 2011 Storm Water System - \$200,000

Economic Impact

- Preservation of jobs
- New business

Variables and/or Constraints: Permits are in hand to accomplish the first phase of project that will construct the sheet pile wall and deadmans. Engineering and permitting for the storm water system is pending. Grant funding may be available for the storm water system.

First Quarter Update 4/12/2010:

- Contractor completed installation of sheet pile and walers 2/17/2010.
- Port crew will install the deadman and cable tie backs for the travel lift area during boat yard slack time either second or third quarter 2010. Construction of deadman and cable tie backs for the old marine rail ways pends completion of engineering for the storm water system in the boat yard.

Second Quarter Update 6/28/2010:

- Port Maintenance Crew started installing the deadman and cable tie back for the travel lift area the week of June 21, 2010. Will finish that task by the first full week of July 2010.
- Construction of deadman and cable tie backs for the old marine railways depends on completion of engineering for the storm water system in the boat yard.

Third Quarter Update 9/27/2010:

- Port Maintenance Crew completed travel lift area 7/6/2010 and opened it for Boat Yard use.

- Started second phase of filling in the old marine railways area and installed the deadman with cable tie backs.
- Started work on installing the storm water system with concurrence of the engineering firm.
- Second phase is planned to be complete by the middle of the fourth quarter.

Fourth Quarter Update 12/17/2010:

- Second phase was completed 11/6/2010 and opened it for Boat Yard use.
- Installation of the storm water system completed for the new pavement area, however, final connection of the existing catch basins in the yard is delayed until weather conditions permit construction.

GOAL 3 MANAGE AIRPORT OPERATIONS EFFICIENTLY AND PLAN WITH PARTNERS FOR FUTURE DEVELOPMENT

PROJECT: 3.1: ESTABLISH NEW GLOBAL POSITIONING APPROACH PROCEDURE FOR RUNWAY 26

Executive Summary: The purpose of this project is to expand all weather capability to aircraft requiring access into Fairchild International Airport and improve airline operational costs and efficiencies.

Action Elements/Milestones:

- Federal Aviation Administration (FAA) concurrence regarding Lateral Precision Vertical Guidance Approach Procedures (LPV) for runway 26 – February 2010.
- Identify obstructions to be removed East of Runway 26 – February 2010.
- Access impacts associated with obstruction removal – March 2010.
- Partnership with City of Port Angeles and FAA in implementation of an Environmental Assessment – April 2010.
- Prepare and implement a Master Plan for redevelopment of Lincoln Park – 2011.
- Remove all necessary obstructions. – 2011 – 2012.

Finance: 2010 Budgeted Projects

- FAA \$475,000
- Port of Port Angeles \$25,000
- Estimated total budget amount \$500,000

Long Range Financial Needs:

- FAA \$3,325,000
- Port of Port Angeles \$175,000 is estimated budget total (\$3,500,000 total)

Economic Impact: Enhance and retain current and future commercial viability of the Airport and continued economic assistance to airline.

Variable and/or Constraints:

- Public process (estimated 2 years)
- Level of available funding for Lincoln Park Master Plan
- Environmental Impact Study (probable but not anticipated)
- Approval by FAA Environmental Division

First Quarter Update 4-12-10:

- FAA is currently reviewing supporting documents. Further action pending FAA concurrence of LPV Instrument Approach Feasibility Analysis for Runway 26.

Second Quarter Update 6/28/2010:

- Port and FAA scheduled to meet with City of Port Angeles to establish next steps forward in initiating a two phase approach for the clearing of all tree obstructions and implementation of a Lincoln Park Redevelopment Plan.
- Anticipate issuance of first FAA Grant February 2011 for the development of “Lincoln Park Redevelopment Plan”, second FAA grant 2012 /2013 to include Environmental Assessment, Avigation Easement and Tree Obstruction Removal in Lincoln Park.

Third Quarter Update 9/27/2010:

- August 12, 2010 received from WSDOT – Aviation Division Grant matching fund in the amount of \$37,500.00 for removal of approximately 45 trees within Lincoln Park.
- Met with City Park Board September 16, 2010 and received approval for the removal trees necessary for implementation of Phase II GPS Instrument Approach (LPV) for Runway 26.
- August 21, 2010, addressed Port Angeles City Council and received approval for the removal of approximately 45 trees in Lincoln Park regarding the implementation of Phase II GPS Instrument Approach for Runway 26.

Fourth Quarter Update 12/17/2010:

- On August 26, 2010, the Port received notice from FAA Division of Flight Standards confirming the number of trees (39) that would require removal in order to implement an improved instrument approach for Runway 26 at William R. Fairchild International Airport. During the initial survey it was discovered that a substantial increase in the number of trees had been identified as obstruction hazards, with current estimate approximately five times what the FAA had originally been able to identify. As a result, Port staff concluded that rather than impose recent findings on the City Council and local citizens that the tree obstruction issue in Lincoln Park would be better served if addressed in its entirety through a formal master planning process currently scheduled to commence in the Spring of 2011.
- Selection of a consultant for the master planning portion of Lincoln Park scheduled for January 2011.

PROJECT: 3.2: FINALIZE AIRPORT MASTER PLAN UPDATE

Executive Summary: FAA requires airports to update their Airport Master Plans every seven to ten years. The last Master Plan update for Fairchild International Airport was completed in 1988 and revised 1997. Master Plan updates typically are represented in an incremental format of 5-10-15-20 years. In special cases such as with this Master Plan where more comprehensive airspace analysis is required, an additional 50-year projection is required. This work started in 2009 and is 90% complete.

Action Elements/Milestones:

- Airport inventory - completed
- Demand forecasts - completed
- Market and trend analysis - completed
- Facility requirements - completed
- Alternatives analysis - completed
- Runway length analysis - completed
- Airport Layout Plan for general and commercial operations – completed
- Environmental review (SEPA only) – completed
- Air space analysis - February 2010
- Property map identifying Federal and non-Federal acquisitions – February 2010
- Approved by Commission – March-April 2010

Finance: 2010 Budgeted Project:

- FAA \$332,500
- Port of Port Angeles \$17,500
- Total Budget Amount \$350,000

Long Range Financial Needs: None anticipated other than as identified in FIA Project Element (3.1) 2010.

Economic Impact: An approved updated Airport Master Plan is mandatory before any Capital Improvement or change in operational classification can be authorized by the FAA.

Variable and/or Constraints: FAA approval.

First Quarter Update 4/12/10:

- FAA has completed their review of the documents and further action is pending subject to air space analysis and FAA decision regarding an LPV Instrument Approach to Runway 26. The project has been delayed due in part to concerns of Lincoln Park trees.
- Exhibit “A” Property map scheduled for completion April 2010.

Second Quarter Update 6/28/2010:

- Airport Layout Plan; all drawings to be completed and submitted to FAA for final review July 2010.

- Financial Implementation Plan; task 90% complete and to be delivered to FAA for final review July 2010.
- Documents and Final Report to Port Commission scheduled for September 2010

Third Quarter Update 9/27/2010:

- Airport Layout Plan; all drawings and studies have been completed and submitted to FAA for final review. Review process anticipated to take approximately 90 to 120 day before FAA will be able to give final approval of the Airport Master Plan. Staff anticipates bringing a finalized Airport Master Plan before the Commission for approval and adoption on or before February 1, 2011. The FAA process and timeline for this project continues to move slower than anticipated.

Fourth Quarter Update 12/17/2010:

- FAA now reporting that the final review of the William R. Fairchild, Airport Master plan and Airport Layout Plan to be complete by end of February and ready for commission acceptance and adoption March 2011.

PROJECT: 3.3: EXPAND GENERAL AND CORPORATE AVIATION FACILITIES

Executive Summary: Both general and corporate aviation activities are on the rise and staging of itinerate aircraft are routinely becoming more limited. Consistent with the updated Airport Master Plan, and in order to maintain proper ingress and egress to and from Fixed Based Operations, additional ramp and hangar storage area will need to be developed.

Action Elements/Milestones:

- Award Engineering Services Consultant Contract - February 2010
- Scope project - February 2010
- Submit grant pre-application - February 2010
- Design - June 2010
- Bid construction - June 2010
- Notice to proceed - June 2010
- Complete construction 60 calendar days by (mid-September/October 2010)

Finance: 2010 Budgeted Project:

- FAA \$950,000.00
- Port of Port Angeles \$50,000.00
- Estimated total budget amount \$1,000,000.00

Long Range Financial Needs: Expand aircraft ramp, auto parking and upgrade vehicle access road.

Economic Impact: Expand number of corporate based aircraft, increase employment opportunities, generate additional user fees and further enhance future commercial development activities.

Variable and/or Constraints: Timing of funding availability.

First Quarter Update 4/12/10:

- FAA has taken the position environmental review must be accomplished before they will issue a design and construction grant.
- FAA has determined that the 2010 General Aviation Facility Expansion project be “Design Only”.
- Project scope completed waiting FAA final approval.
- Design extended to September 2010.
- Bid construction November 2010.
- Notice to proceed April or May 2011.
- Complete construction Phase I June or July 2011.
- Projected budget remains unchanged.

Second Quarter Update 6/28/2010:

- Project Scope completed May 2010
- Final design February 2011
- Bid construction March 2011
- Notice to proceed (unchanged) May 2011
- Complete construction Phase 1 (unchanged) July 2011
- Project budget revised

Third Quarter Update 9/27/2010:

- September 2, 2010, entered into contract with WH Pacific for Phase I - Preliminary Design and Engineering for expansion of General Aviation Corporate facilities. Final Design - Phase II, to commence November 2010 and completed by mid-January 2011. At present staff anticipates project ready for construction bid by late February or early March.
- Port applied for and received FAA grant funding as follows:

| | |
|----------------------------|---------------------|
| • FAA Funded at 95% | \$304,236.00 |
| Port Funded at 5% | \$ 16,012.45 |
| Non-Eligible Costs | \$ 12,932.00 |
| <u>Port Share</u> | <u>\$ 28,944.45</u> |
| Total Contract of Services | \$226,859.00 |

Fourth Quarter Update 12/17/2010:

- Construction cost estimates scheduled to be completed December 20, 2010. Four and possibly five construction options will be considered and evaluated based on projected FAA funding 2012 through 2014.
- Review and acceptance of project for 2011 and 2012 to be evaluated prior to scheduled completion of Phase II final design February 2011.

PROJECT: 3.4: **REDUCE OPERATING OVERHEAD UTILITIES, RUNWAYS / TAXIWAYS AND IMPROVE SAFETY OPERATIONS.**

Executive Summary: William R. Fairchild Int'l Airport employs a fully activated pilot controlled runway and taxiway lighting system for runway 8/26. Presently upon sunset, the entire airport runway and taxiway system remains lit, operating continuously throughout the night. Aircraft activity past the hour of sunset and through to sunrise historically remains very limited. Operating runway/taxiways lighted continuously during night hours in conjunction with a pilot activated lighting control system would be better served and more cost efficient if system were to convert to pilot control only.

Runway 13/31 poses a different problem in that trees located on public property at the north end of runway 13/31 have grown in size as to present an obstruction hazard to aircraft. Runway 8/26 remains available both day and night and would serve as the preferred alternate. Access to runway 13/31 after sunset is neither needed nor is it required; for reasons of safety, lighting of runway 13/31 will discontinue.

Action Elements/Milestones:

- March - Convert runway 8/26 runway and taxiway lighting system to pilot activated only.
- March - Turn off lighting system for runway 13/31 and disconnect electrical power meter.

Finance: 2010 Budgeted Project: Not required.

Long Range Financial Needs: None anticipated.

Economic Impact: Estimated decrease in runway/taxiway electrical consumption by approximately 15%.

Variable and/or Constraints: None anticipated

First Quarter Update 4/12/10:

- Runway lighting successfully converted to pilot On Demand Only March 1, 2010.
- Runway 13/31 no longer lighted. Now operational during day light hours only.
- **PROJECT COMPLETED.**

GOAL 4 CREATE NEW OPPORTUNITIES FOR INDUSTRIAL PROPERTY DEVELOPMENT AND AGGRESSIVELY MARKET PROPERTIES

PROJECT 4.1 and 4.2: **NEW MARKETING POSITION & MARKETING PLAN**

Executive Summary: Our 2010 budget provided for the addition of a new marketing position that will also be responsible for property management. The Marketing/Property Manager will work closely with our existing tenants and major businesses in Clallam County to support job retention and business expansion. A marketing plan will be developed with input from the Cities, County, EDC, Chambers, Business Association and other stakeholders for a coordinated approach to marketing our community to enhance economic growth. The marketing plan will identify the highest probable target market with the goal of bring in new businesses into Clallam County. We will work closely with the EDC to insure we do not have a duplication of effort and to develop business leads and financing options.

Action Elements/Milestones:

February: Fill position
April: Develop Marketing Plan
May-Dec: Marketing outreach targeted businesses
July: Second Quarter Marketing Report
October: Third Quarter Marketing Report
January 2011: Fourth Quarter Marketing Report

Finance: This position is funded in our 2010 budget under Economic Development & Marketing. Budgeted to fund position, travel, supplies and promotional hosting.

Long Range Financial Needs: Will depend on the marketing plan. Review at budget development annually.

Economic Impact:

Aggressive marketing will produce positive economic impact in all three forms listed below. However, we understand the current economic climate may take a year or more to begin recovery. It is time to establish new business contacts and position the Port for future business opportunities.

- Preservation of jobs
- Additional jobs
- New business

Variables and/or Constraints: The economic conditions could worsen both at a State level and National level making it even more challenging.

First Quarter Update 4/12/2010:

- Recruited Sue Barr of Open Hydro of Dublin Ireland to have Tidal Energy and Economic Development seminar meeting at the Battelle, Sequim labs. All day meeting was sponsored and attended by senior level Battelle management, Port and others to evaluate future of alternative energy companies on the Olympic Peninsula and also to support of the Innovation Partner Zone (IPZ). Also had separate meetings with Battelle management to review community outreach program and evaluate energy technical proposal for Olympic Peninsula. Open Hydro is presently working with Snohomish County PUD in pursuing a pilot tidal energy plant in Admiralty Inlet.
- Have had two separate site meetings and one tour of Port facilities with “Out of Area Company” regarding relocation to Ports Industrial Park. Would require a new 25,000 square foot building to be built.

- Had meeting with California firm and tour of Port Industrial Park looking at possible relocation to Port Angeles. Firm provides equipment to manufacture energy saving devices. Will need around 15,000 square of manufacturing space to support the company's facility needs.
Met in Olympia with Department of Commerce's Karen Pemerl, the new Business Solutions Manager, regarding business contacts and to establish relationship on companies that may talk about relocating. Ms Pemerl works with all the new small business within the state and also existing ones that need state information.
- Met with and went to lunch with several port tenants to discuss possible new business develops and expansions.
- Developing new Port advertizing media documents and evaluating port web page redesign and marina advertising placement.

Second Quarter Update 6/28/2010:

- Have had separate site meetings and plant tours of composite manufacturing facilities in north of Seattle areas. Main objectives of the meetings were to establish industry contacts, evaluate the production process and gain knowledge of emerging composite needs and future product demand. Also explained the benefits of the Port's Industrial Parks and the composite manufacturing expertise, labor force, composite training at the college that we have in aerospace, boat building and most important the existing composite synergy already in place. One main theme that was discovered is that more items are being made out of composites so strictly looking at aerospace and boat building companies may be too focused.
- Had meeting with several Port tenants to discuss possible new business development and expansions. Also coordinated a meeting with two Port tenants to see if RFP project bidding can be a shared resource and possible notification process.
- Attended an EDC/Battelle sponsored renewable energy seminar that focused on wave and tidal, as a possibility for our region. It was titled "Technology and Renewable Energy - Economic Development Strategies for Growing Business on the North Olympic Peninsula". The speakers were senior management from Battelle's Technology Partnership Practice. They discussed renewable energy projects in other parts of the United States and what they are doing to capitalize on this energy source to provide economic development to rural areas. Battelle is an important strategic partner in the recruitment and attracting alternative energy related companies to the local area.
- At the request of the Washington State Department of Commerce, provided an extensive proposal (project Keystone) for a major building project (50,000 sq.ft. building) to support a request to accommodate a foreign manufacturer of wind turbines. This company was evaluating a location in the northwest but based on the present economic climate has delayed the project.
- We continue to expand support and presence with the federal General Services Administration (GSA) by finalizing negotiations with the Department of Homeland Security U.S. Customs and Border Protection for additional lease options at the Airport O Street location. Also provided additional information to GSA on Port facilities and potential development areas for other federal agencies that GSA manages leases for.
- Presently evaluating results of the Economic Summit and input from separate meetings we had with stakeholders such as the City, College, Chamber and tenants regarding Port marketing focus. Based on most input the areas of composite manufacturing and alternative energy research and manufacturing appear to be the favored industries.

Additional emphasis on tourism was also a recurring theme. Also had Port advertising media selection meeting to identify the most cost-effective media to achieve the required coverage and number of exposures to a target audience in area such as composite manufacturing and alternative energy research and manufacturing.

- Month of July will be finalizing marketing strategy as well as 3rd quarter site visits to additional composite companies and alternative energy research firms.

Third Quarter Update 9/27/2010:

- As reported in the staff marketing report last month, we conducted separate site meetings and plant tours of composite manufacturing facilities in southwest Washington and the most recent trips were to Spokane and Northern Idaho. As with previous trips, the main objective of the site and plant tours is to establish industry contacts, evaluate the production process and gain knowledge of emerging composite needs and future product demand.
- We also recently met with the Washington State Department of Commerce's small business development manager to gain further knowledge of the needs of small companies in Washington State as well as obtain industry information. We received contact information with the Department of Commerce's interface for Washington Manufacturing companies and will meet them in the next several weeks to gain further contacts. Future trips are planned to Central Washington to set up meeting with other manufacturing companies.
- Working with our Public Relations Staff and continue to refine the Port marketing material by tracking publications and advertising media that is being used and what messages are being transmitted. Objective is to consolidate and develop a common message and to identify if present ads and publications are providing value. We are in the process of developing the fall edition of the Port Pilot.
- We are continuing to renegotiate leases of several Port tenants and looking at the highest and best use of the Port properties that are being utilized.
- Continue to work with our Staff and EDC on identifying the future use of the proposed composite campus at the AIP and what potential businesses can benefit from these new buildings.
- Finalized the lease and completing the improvements to support the expansion of the Dockside Grill into their new waiting area and wine shop. This new space will provide the Dockside Grill with a comfortable place to allow their guests to wait for lunch or dinner but also will create a wine shop and tasting room.
- Submitted a proposal to the federal General Services Administration (GSA) for Future Immigration and Customs Enforcement (ICE) facility needs in the airport area. Used the vacant 800 sq foot office and out building at the AIP for a potential site.

Fourth Quarter Update 12 /17/2010:

- Meeting in Seattle with Bill King, Manager, Aerospace and Marine contact for Dept. of Commerce in the Seattle office. Bill is a major recruiter in this area and main point of contact both in the United States and Internationally. Bill visited the Olympic Peninsula and we provided him with a tour of the Battelle labs to discuss alternative energy, John Wayne Marina, Westport Shipyards and ACTI to review both hot and cold composite manufacturing.

- Met in Kent with the Robbins Company who is bidding on the Alaskan Way Viaduct. Port staff had a meeting with this company previously in Port Angeles to tour water front property for a possible assemble area and barging for the project.
- Met again with Karen Permerl, Washington State Department of Commerce's small business development manager for Dept of Commerce and set up meeting with her to meet at the Dockside grill with Steve Little and his wife. She interviewed them for information on WA State licensing for liquor and food service and concerns they may have. Between Bill and Karen, Dept of Commerce is getting a lot of positive exposure to the Port Facilities.
- The Dockside grill has now opened the new Pelican Room and it is becoming an immediate success. The new space will allow this Port tenant to expand his operation and bring more people down to enjoy the Port's facilities.
- Working with GSA to support additional development for Homeland Security Border Patrol Marine/Air Operations at the 1908 "O" Street building. The previous agreement provided for the option for them to expand their operation when required. At the present time they continue to do major upgrades and improvements to this Port facility.
- Have had several meetings with Battelle Labs in Sequim to discuss economic development and how the Port can work with them to develop jobs and infrastructure at the Sequim Lab.
- Developing work scope, leasing cost analysis and lease criteria for the composite campus development and lease discussions with ACTI.
- Finalized the Port Pilot and also started development of a Composite Manufacturing Campus brochure.
- Had a meeting with Brice Barrett, Executive Director of the Pacific Northwest Defense Coalition that is advocate of the aerospace in the Northwest and Composite Manufacturing. We have planed several meetings the first quarter of 2011 to work with him to develop additional marketing strategies for the composite campus.
- Continue to work on several lease agreements, negotiations and issues.
- Had several discussions with World Building Systems President Jeff Schoner, with headquarters in New Mexico regarding potential manufacturing sites for a west coast facility and shipping to the Pacific Rim from Port Angeles. He is in a due diligence process for the next year and will be getting back to us.
- Developing lease and conducting site visits at Sekiu Airport for Fire Department # 5 at Clallam Bay.

PROJECT 4.3: WORK WITH HARBOR WORKS ON RAYONIER SITE

Executive Summary: In 2008, the Port Commission, jointly with the City of Port Angeles formed the Harbor Works Public Development Authority. The Port allocated \$500,000 loan to fund the new organization in 2009. The work scope as anticipated by Harbor Works anticipates several decision points in mid/late 2010 as to the Port's interest in acquiring, managing and/or leasing some portions of the property.

Action Elements/Milestones:

- Completion of market analysis of potential uses in first quarter of 2010
- Completion of environmental due diligence in first quarter of 2010.
- Completion of agreed order between Rayonier and Washington State Department of Ecology in February 2010.

- Completion of Ennis Creek Estuary preliminary design mid-2010.
- Completion of City of Port Angeles Combined Sewer Overflow (CSO) project in July 2010.
- Harbor Works board decision on possible acquisition in 3rd quarter 2010.

Finance: \$500,000 loan provided for in Port 2009 budget

Grants: Harbor Works has received a \$250,000 planning grant from WADOE

Long Range Financial Needs: Preliminary estimates unknown. Will require Commission action subject to determination of due diligence work for further funding.

Economic Impact:

- Preservation of jobs
- Additional jobs
- New business

Variables and/or Constraints;

- Department of Ecology and Rayonier have yet to complete Interim Agreed Order. Once signed, a final cleanup plan and final Agreed Order is anticipated to take three (3) years to complete.
- Long-term funding.
- Ongoing discussions with partners and tribes regarding the development scenarios on the property.
- Uncertain costs for property acquisition and clean up.

First Quarter Update 4/12/2010:

- Developed action plan for Port due diligence, including discussions with Department of Archeology and Historic Preservation (DAHP), Department of Natural Resources regarding their role in the possible development of the Rayonier site.
- Worked with Harbor Works Executive Director and Board to provide Port's preferred alternative for site development (Alternative D).
- Worked with Harbor Works consultants to provide input to the Market Feasibility Study and other due diligence components.
- Regularly attended Harbor Works meetings and Public Outreach sessions.

Second Quarter Update 6/28/2010:

- Provided assistance to ensure timely completion of Harbor Works annual report.
- Held bi-weekly meeting with stakeholders for the purpose of Government to Government collaboration.
- Continued implementation of Port due diligence plan.
- Attended Harbor Works workshops and Olympic Environmental Council workshops.

Third Quarter Update 9/27/2010:

- HarborWorks was unable to negotiate an agreement with Rayonier to the property cleanup and purchase of land. The Board of Directors moved to dissolve the public development authority on September 2, 2010.

- The Port will remain actively involved with the City, County, Tribes, DOE and Rayonier to insure this property is cleaned up and returned to productive use.

Fourth Quarter Update 12/17/2010:

- Staff attended audit review with the City of Port Angeles and Washington State Auditor. HarborWorks received a clean audit.
- Staff hosted a meeting with Clallam County, City of Port Angeles and both tribes to discuss a strategic plan to advance the development of the Rayonier property to enhance the economic conditions in Clallam County. Jamestown Tribe was represented but the Lower Elwha's were unable to participate. Additional meetings will be held to develop a consensus strategic plan.
- DOE representatives met with Port Staff to discuss both the Rayonier properties and the harbor wide cleanup.
- Rayonier representatives met with Port Staff to discuss their efforts to clean up the property.

**PROJECT 4.4: WORK WITH EXISITING TENANTS ON EXPANSION
PLANS THAT CREATE ECONOMIC OPPORTUNITIES**

Executive Summary: Several existing Port tenants have expressed their interest in possible expansion plans. In an effort to assist the tenants and ensure that their plans are successful in Clallam County, the Port will take a leadership role in assisting with engineering, building modifications, grant funding, State and Federal capital appropriations.

Action Elements/Milestones:

- Black Ball: Begin permitting/preliminary engineering for dock reconstruction and terminal building replacement in the first quarter of 2010. Funding/grant requests will continue to be pursued throughout the year. Lease discussions will commence in the first quarter of 2010.
- ACTI: Preliminary construction costs, for a 25,000 square feet building expansion, are being generated by engineering consultant and building contractor, to be complete in first quarter 2010. Funding/grant requests will continue throughout the year. Lease discussions will be conducted through the first and second quarter of 2010. Construction for new facilities could possibly begin in third quarter of 2010.
- Magna Force/Rite Brothers/Other: Ongoing meetings and discussions regarding expansion timetables and possible construction will continue throughout the year.

Finance: Our 2010 budget includes \$300,000 for Black Ball dock and terminal improvements for engineering and permitting. Our 2010 budget includes \$615,000 for ACTI building engineering and permitting.

Grants:

- TIGER grant will be announced in late February.
- Additional grants will be pursued.
- EDA grant applications will be completed first quarter of 2010.

Other: The Port will submit appropriation request to our Senators and to our Congressman in February for ACTI and Black Ball projects.

Long Range Financial Needs:

- Black Ball Cost estimates: \$7,000,000 (Port share)
- ACTI cost estimates: \$6,000,000

Economic Impact:

- Preservation of jobs: Black Ball currently has 125 employees
- Additional jobs: ACTI will create 100 +/- additional jobs
- Expansion of existing business

Variables and/or Constraints:

- Expansion plans for both Black Ball and ACTI are subject to final lease negotiations, financing and confirmation of their respective business plans.
- Magna Force, Rite Brothers plans are incumbent on business opportunities that may be confirmed in 2010.

First Quarter Update 4/12/2010

- TIGER grant was not awarded.
- Met on several occasions with Black Ball to outline terminal repair project. Advertised for engineering services (ended 3/19). Three separate appropriation requests made for the Black Ball project as the number 1 priority of the Port.
- Met on several occasions with ACTI to discuss long-range building needs. Engineering was commenced to provide preliminary cost estimates for a specific expansion scenario. Six separate appropriation requests made on behalf of ACTI project.
- Worked with Straits Marine Industries to expand operations to the former Port Mechanical Maintenance facility.
- Completed successful re-opening of Pen-Ply Mill.

Second Quarter Update 6/28/2010:

- Contracted the services of MC Squared, M.W. Hillman, and Sea Run Consulting for design, permitting and engineering of the Black Ball Ferry Terminal Improvements.
- The Appropriation request for the Black Ball Committee has advanced in the initial round of the approval process of the Federal Budget. The request is currently in the Subcommittee of the Transportation, Housing and Urban Development Committee.
- Worked with Reid Middleton and J&J construction to prepare a cost estimate for ACTI's initial expansion request based on expanded F-35 work.
- Contracted for professional services with Zenovic & Associates for design and engineering for Industrial Park expansion, to build a "Composite Manufacturing Campus". The new facilities could house ACTI in one of three potential buildings with its newly revamped expansion plans.
- Met with the City of Port Angeles regarding infrastructure and storm water improvements necessary for Industrial Park expansion.
- Currently reviewing TIGER II grant opportunities.
- Agreed to extend current lease with Department of Homeland Security, Customs and Border Protection.

- Port Staff have held a number of internal planning meetings to identify the optimum use of this property.
- This process will continue through the third quarter of this year to identify capital improvements for the 2011 budget.

Third Quarter Update 9/27/2010:

- Met on numerous occasions with planning/engineering team for Black Ball Ferry Terminal Improvements. Renamed the project as the International Ferry Terminal to better fit under grant and appropriation requests.
- Permit package for the International Ferry Terminal will be submitted by the end of the quarter. Timelines and possible construction schedule established (earliest in fall of 2011).
- Completed and submitted Tiger II application.
- Completed preliminary site layout and preliminary cost estimates (Zenovic) for the ACTI expansion. Renamed the project Composite Manufacturing Campus to better align with grant and appropriation requests as well as new marketing efforts.
- Reviewed possible site layout in numerous meetings with ACTI.
- Completed and submitted second EDA grant application for infrastructure development of Composite Manufacturing Campus.

Fourth Quarter Update 12/17/2010:

- Finalized letter of intent with ACTI for future expansion at the Airport Industrial park.
- Revising and updating Site Infrastructure construction drawings (Zenovic) for improvements associated with the Composite Manufacturing Campus.
- Decision made to hold off construction activities in 2011 for International Ferry Terminal, moving the schedule for construction into 2012.
- Tiger II was not funded.

PROJECT 4.5: PRIORITIZE WATERFRONT/TERMINAL DEVELOPMENT SCENARIOS

Executive Summary: The Port has completed several planning exercises that dealt with its ownership along the Port Angeles waterfront. In conjunction with project 1.1 Marketing the Port's Marine Terminal and Cargo Handling Capabilities, this project will further identify and solidify the Port's long-term vision for uses and facilities. In identifying opportunities from the marketing efforts, the Port will use this information to begin developing the business cases for future commitment of capital dollars.

Action Elements/Milestones:

- The marketing effort will be ongoing throughout the year.
- As opportunities crystallize, staff will work in various meetings to consolidate information to reach consensus of possible priorities.
- Depending on priorities, additional market information and/or analysis may be required to test some of the concepts.

Finance: No planning/consultant funds are currently allocated in the 2010 budget. Individual capital projects include some planning elements as part of their cost estimates.

Grants: Some grant programs allow for planning funds.

Other: Activity will be ongoing and primarily accomplished initially by staff.

Long Range Financial Needs: Estimates will be develop as the project moves forward.

Economic Impact:

- Preservation of jobs
- Additional jobs
- New business

Variables and/or Constraints: Prioritization will be dependent on market variations and opportunities that may arise from the marketing efforts and/or world wide economy.

First Quarter Update 4/12/2010:

- Held stakeholders meeting with timber companies to discuss long-term needs.
- Met with stevedores, suppliers and customers regarding infrastructure needs for cargo movement.
- Obtained additional engineering analysis of Tumwater Creek Bridge for truck load bearing capacity only.
- Met with US Navy, Cruise ship representatives and top-side repair stakeholders to review long-term needs.

Second Quarter Update 6/28/2010:

- Reviewed terminal expansion plans in light of possible cruise ship/cargo handling/lay berth opportunities.
- Initiated discussion with several current tenants about re-location and expansion needs at Terminal #7.
- Port staff has held a number of internal planning meetings to identify the optimum use of this property. This process will continue through the third quarter of this year to identify capital improvements for the 2011 budget.

Third Quarter Update 9/27/2010:

- Staff presented consensus priorities to the Commission at the August 23 meeting.
- Capital budget priorities will reflect consensus staff discussions.

Fourth Quarter Update 12/17/2010:

- Project completed with presentation to Commission in third quarter.
- 2011 Capital budget reflects priorities.

PROJECT 4.6: MONITOR GRANT PROGRAMS, APPROPRIATIONS AND OTHER FUNDING SOURCES FOR ECONOMIC BENEFIT

Executive Summary: The Port has tremendous capital needs and limited funds. The Capital Improvement Plan as identified in the 2010 budget lists over \$44 million in possible capital improvements. With the Port's current bonding capacity as well as reserves falling far short of that total, outside funding will be required as the Port moves forward into the future.

Grant/low interest loans programs vary by agency and function. Federal, state and local programs each have designated priority such as economic development/job enhancement, environmental improvement, transportation, security, and public access to name just a few. The Port is eligible for many of the programs and has recently made application for several grants. Partnerships being important, the Port will seek joint applications where applicable with its partners such as the City of Port Angeles, Clallam County, Tribes and CCEDC.

Action Elements/Milestones:

- Each grant program has separate schedules and deadlines for applications throughout the year.
- Ongoing conversations with possible partners from both public sector and private sector will take place.

Finance: Some grants will have matching requirements. No match has been currently identified or earmarked in the 2010 budget.

Long Range Financial Needs: The Port has identified at least \$44 million.

Economic Impact:

- Preservation of jobs
- Additional jobs
- New business

Variables and/or Constraints:

- Grants and appropriations are competitive.
- Grants can have as much as a 2-year window to complete and/or be approved.
- Most programs require applicant match.

First Quarter Update 4/12/2010:

- Attended Recreation Conservation Office Grant symposium to review grant opportunities for waterfront projects. Considering joint City/Port request.
- Made nine different appropriation requests (ACTI and Black Ball)
- Grant request for Boatyard Improvements through USDOT (MARAD)
- Security grant request through Department of Homeland Security.
- Met with PDD to discuss region wide projects. EDA grant request will be made once priorities are set.
- Applied for and received \$85,000 from Clallam County Opportunity fund for Pen-Ply Improvements
- Completed preliminary steps for issuance of Build America Bond Program.

Second Quarter Update 6/28/2010:

- Made pre-application for Round 10 of Department of Homeland Security Grants.
- Reviewing TIGER II grant program. Pre-application due in July, final application in August.

Third Quarter Update 9/27/2010:

- Completed and submitted Tiger II for International Ferry Terminal project.
- Completed and submitted second EDA grant for Composite Manufacturing Campus.
- Completed applications to Peninsula Development District (PDD) for Composite Manufacturing Campus and International Ferry Terminal.
- Submitted application for Round 9 of Department of Homeland Security Grant.
- Revised application for Round 8 of Department of Homeland Security Grant and met with Fiduciary agent to discuss project.
- Received confirmation from Congressmen Norm Dicks of \$1 million appropriation request for International Ferry Terminal project.

Fourth Quarter Update 12/17/2010:

- Tiger II not funded
- Staff attended Recreation Conservation Office grant seminar
- Preliminary Letter of Intent submitted for West Boat Launch Ramp Improvement project with Recreation Conservation Office. Application to cover partial costs of engineering. Project is part of 2011 capital project budget.

GOAL 5 BE AN ACKNOWLEDGED LEADER IN ENVIRONMENTAL PLANNING AND PROGRAMS, INCLUDING SITE REMEDIATION, MITIGATION AND HABITAT RESTORATION

PROJECT 5.1: ENGAGE IN ALTERNATIVE ENERGY DEVELOPMENT OPPORTUNITIES

Executive Summary: Alternative energy projects are a key focus at a National and State level. We will work closely with Nippon Paper to assist them with the start up of a co-generation biomass facility as they progress from concept to implementation. The Port may not have a financial interest in the project but we will provide support as needed. Additional opportunities may include the use of solar power as we develop additional industrial buildings at the North Industrial Park. We will work closely with Pacific Northwest National Laboratory as they develop alternative energy projects and technology. Continue to support LevX Magna Force Technology as they identify markets for their alternative energy transportation system. Where opportunities are identified, we will actively engage to support these new businesses development opportunities.

Action Elements/Milestones:

- Actively seek opportunities throughout the year.

Finance: None identified.

Long Range Financial Needs: None identified.

Economic Impact:

Both Nippon and Pacific Northwest National Laboratory may produce economic impacts that will result in growth in all three areas identified.

- Preservation of jobs
- Additional jobs
- New business

Variables and/or Constraints: None identified.

First Quarter Update 4/12/2010:

- Met with Nippon representatives and discussed potential debarking operation working closely with other private businesses as well. Nippon remains interested in the bark for biomass fuel source.
- On 3/29/2010 staff met with Pacific Northwest National Laboratory and representatives of Open Hydro (a tidal energy company) to discuss the alternative energy in our region. Tidal energy is viable in our region subject to permitting and political support. Staff will continue to monitor and facilitate as appropriate.

Second Quarter Update 6/28/2010:

- Staff met with Pacific Northwest National Laboratory and City of Sequim representatives on June 21 to discuss infrastructure development needs and financing funding options. Project development will include site development for alternative energy campus for research and development companies.
- Held a number of meetings with Nippon in support of their proposed co-generation facilities. Support of the project may be through the Port Industrial Development Corporation.
- Met with local business leaders, City of Port Angeles and firm interested in manufacturing an energy conservation product. Showed lease space to potential tenant.

Third Quarter Update 9/27/2010:

- Staff met with WDFW to discuss long-term maintenance and stream protection along Tumwater Creek and Valley Creek.
- In October Staff will attend the WPPA Environmental Committee and will present an overview of HarborWorks and redevelopment of Rayonier properties.
- Attended Planning Commission meeting public hearing to support Nippon's co-generation project.
- Continued discussion with Nippon on bond funding options to support the construction of their co-generation project.

Fourth Quarter Update 12/17/2010:

- Staff attended the appeal hearing for Nippon's co-generations project.
- Met with Pacific Northwest National Laboratory representatives and continued the discussion of infrastructure improvements for the alternative energy campus. We have indicated our commitment to support this project and they are working on their business plan and due diligence.
- Staff attended the American Society of Foresters bio-fuel tour in support of the use of bio-fuels for alternative energy.

PROJECT 5.2: UPDATE PORT STORM WATER MANAGEMENT SYSTEMS TO CONTINUE COMPLIANCE WITH CURRENT WASHINGTON STATE DEPARTMENT OF ECOLOGY STORM WATER PERMITS

Executive Summary: The update of the Port Storm Water Management Systems will foster quality environmental stewardship in the Port District and continue the Port's compliance with State regulations and permits. The system update is a dynamic and ongoing process that includes: Storm Water Pollution Prevention Plan (SWPPP) updates, permit modifications, and change in design, construction, operation, and maintenance at Port Facilities to minimize pollutants in storm water.

Action Elements/Milestones:

- December 15, 2009 – Review *Evaluation of Port of Port of Angeles Storm Water Pollution Prevention Plans and Compliance Guidance* prepared by Hart Crowser for the Port.
- January 15, 2010 – Port staff will attend the WPPA Environmental Technical Committee Meeting, to discuss general storm water issues and boatyard storm water treatment.
- February, 2010 – Port staff will update SWPPP documents for Port Facilities regulated under State Industrial and Boatyard storm water permits.
- 2010 & 2011 – Port staff will develop capital improvement scenarios related to storm water compliance.

Finance:

- \$100,000 is budgeted for boat yard storm water improvements in the 2010 Budget.
- \$250,000 is proposed for the Marine Terminal Wash Down Facility in 2011 as part of the 2010 Five-Year Improvement Plan.
- \$1,370,000 is proposed for Logyard Drainage & Paving in the 2010 Five-Year Improvement Plan.
- \$150,000 is proposed for a Logyard vacuum sweeper in 2011 as part of the 2010 Five-Year Improvement Plan.

Grants: State Ecology grants for storm water are available depending on Federal funding.

Long Range Financial Needs: \$100,000+ for boatyard storm water improvements to meet proposed permit benchmarks.

Economic Impact:

- Preservation of jobs

Variables and/or Constraints: Capital improvements depend on grant funding awards and future demand for industrial water front property in the vicinity of the Port Angeles Harbor.

First Quarter Update 4/12/2010:

- Completed Audit of Port facilities for compliance under new Industrial Storm Water permit guidelines.

- Presented outcome of the audit to the Commission at March 8 Commission meeting and outlined further needed steps.
- Proceeding with first step engineering analysis to review Boat Yard Improvements and other storm water infrastructure improvements to ensure compliance with new regulations.

Second Quarter Update 6/28/2010:

- Updated Storm water Pollution Prevention Plans and implemented vacuum sweeping program at Port Facilities to meet requirements of January 2010 Industrial Storm water Permit.
- Updated Boatyard and Marine Terminal tenant/customer Best Management Practices manuals.
- Port staff attended the Department of Ecology sponsored Boatyard Storm water Draft Permit workshop/public hearing.
- Engaged Hart Crowser to complete engineering analysis for possible Boatyard and Marine Terminal storm water infrastructure improvements to ensure compliance with new regulations.

Third Quarter Update 9/27/2010:

- Staff reviewed initial analysis by Hart Crowser and provided input to the engineered solution for the Boat Yard.
- Met with manufacturers of stormwater treatment equipment recommended by Hart Crowser in anticipation of purchasing necessary equipment to meet DOE regulations.
- Completed preliminary plans for site work/grading to accommodate new stormwater treatment equipment.

Fourth Quarter Update 12/17/2010:

- Marine Terminal Level 3 Response Report submitted to Ecology in November 2010. The actions detailed in the report will be implemented in Winter/Spring 2011.
- Boat Yard Engineering Report completed and under review by Port Staff, will be submitted to Ecology, December 2010. Port crew retrofitted west end of Boat Yard for possible storm water treatment options.
- Port Staff attended Clallam County Storm Water Work Group monthly meetings to participate in the development of a County Storm Water Management Plan.

PROJECT 5.3: CONTINUE TO SEEK NEW ENVIRONMENTALLY FRIENDLY PROJECTS AND INITIATIVES

Executive Summary: The Port will continue to seek new environmentally friendly projects and initiatives to provide the potential for green jobs and foster quality environmental stewardship in the Port District. This process involves the continuing education of Port staff through the attendance of environmental seminars and WPPA committee programs. The continued cooperation with State, County and City agencies will also lead to environmentally friendly projects/initiative opportunities for the Port and stakeholders.

Action Elements/Milestones:

- January 15, 2010 – Port staff will attend the WPPA Environmental Technical Committee Meeting.

- 2010 – Port staff will attend various environmental/green job seminars as they become available.

Finance: A portion of the \$50,000 as budgeted for Travel & Training in the 2010 Budget under Administration and General.

Long Range Financial Needs: None identified.

Economic Impact:

- Preservation of jobs
- Additional jobs
- New business

Variables and/or Constraints: Port staff time.

First Quarter Update 4/12/2010:

- Port staff attended a Washington State Ecology Department training seminar detailing storm water permit compliance and implementation on 1-26-2010, located in Sequim, WA.

Second Quarter Update 6/28/2010:

- Due to the ever-changing availability of battery recycling handling/management firms on the North Olympic Peninsula, Port staff implemented a battery (Universal Waste) recycling pilot program for the Administration Building through Call2Recycle. The program may be expanded Port wide if pilot program is determined to be a success.

Third Quarter Update 9/27/2010:

- Staff met with WDFW to discuss long term stream maintenance permit for Tumwater and Valley creeks.

Fourth Quarter Update 12/17/2010:

- Staff met with the City of Port Angeles and WDFW to discuss Tumwater Creek restoration options on a water front scale and watershed scale.

PROJECT 5.4: **APPLY FOR AND MONITOR NECESSARY PERMITS FOR PORT DEVELOPMENT PROJECTS**

Executive Summary: Capital improvements and development requires permits from Federal, State agencies and local government (City of Port Angeles & Clallam County). Local municipality and County permits are required to cover local building codes and meet the requirements of the Shoreline Management Act. Federal and State permits are usually required when impacts to navigable waters or fish and wildlife habitat are anticipated. Development activities waterward of the mean higher high water (MHHW) for tidal waters are regulated by the U.S. Army Corps of Engineers (USACE or Corps), Washington State Department of Ecology (WSDOE), and the Washington State Department of Fish and Wildlife (WDFW). In addition, the National Oceanographic and Atmospheric Administration (NOAA Fisheries) and U.S. Fish and Wildlife Service (USFWS) must concur that any project requiring Federal approvals (a USACE permit, for example) is consistent with the Endangered Species Act (ESA). Port staff shall apply for and

manage the required permits to develop properties and facilities for the long-term benefit of Port stakeholders.

Action Elements/Milestones:

- Monthly, 2010 – Port staff will review and maintain current permits.
- 2010 – Port staff will apply for the appropriate permits as required by facilities and property development.

Finance: Permitting cost is budgeted into the 2010 Capital Improvement Budget.

Long Range Financial Needs: None identified.

Economic Impact:

- Preservation of jobs
- Additional jobs
- New business

Variables and/or Constraints: Port staff time

First Quarter Update 4/12/2010:

- Applying for nationwide permits for Terminals #1, 3, 5 and 7 for ongoing maintenance of up to 18 piling per year.

Second Quarter Update 6/28/2010:

- Permits applications for pile replacement at Terminals 1, 3, 4, 5, 7, and the log booming ground submitted to the Corps, Washington Department of Fish and Wildlife, City of Port Angeles and Washington State Department of Ecology. Currently the City of Port Angeles Shoreline Permit Exemption and State Fish and Wildlife Hydraulic Project Approval are approved and in-hand. Corps/NMFS/USFWS Endangered Species Act informal consultation is currently underway.

Third Quarter Update 9/27/2010:

- Permits (HPA, Shoreline, USACE) in hand for piling replacement at Terminals 1, 3, 4, 5, 7 and log booming facilities.
- Permits (Shoreline, USACE, Clearing and Grading, Construction Stormwater) in hand for the Development of the access road between Terminal 7 and Terminal 5.
- Completed SEPA reports for International Ferry Terminal and Composite Manufacturing Campus.
- Submitted applications to USACE, DOE, and WDFW for International Ferry Terminal.

Fourth Quarter Update 12/17/2010:

- Staff is currently modifying the Tumwater Creek Bridge Permit Drawings for submittal to WDFW and USACE in January 2011.
- Staff has prepared a C&G Permit Application and Construction Storm Water Permit Application for the proposed Composite Manufacturing Campus improvements. These applications will be finalized and submitted to the City of PA and Ecology in January 2011.

PROJECT 5.5: AMEND COMPREHENSIVE SCHEME OF HARBOR IMPROVEMENTS

Executive Summary: Port staff shall amend the Port of Port Angeles Comprehensive Scheme of Harbor Improvements as stated in RCW 53.20.020. RCW 53.20.020 states that “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”.

Action Elements/Milestones:

- Monthly, 2010 – Port staff will review and amend the Port of Port Angeles Comprehensive Scheme of Harbor Improvements as required under the Revised Code of Washington.

Finance: Shall require approximately 40+ hours of staff time.

Long Range Financial Needs: None identified.

Economic Impact: Supports:

- Preservation of jobs
- Additional jobs
- New business

Variables and/or Constraints: None identified.

First Quarter Update 4/12/2010:

- No action required.

Second Quarter Update 6/28/2010:

- No action required.

Third Quarter Update 9/27/2010:

- No action required.

Fourth Quarter Update 12/17/2010:

- Staff amended the Comp Scheme Appendix A to reflect tenant and lease changes, which occurred in 2010. A Public Hearing presenting the proposed changes was conducted on 12/13/2010.

PROJECT 5.6: PARTICIPATE IN THE CITY OF PORT ANGELES’S SHORELINE MASTER PROGRAM AND HARBOR RESOURCE MANAGEMENT PLAN UPDATE PROCESS

Executive Summary: The Port shall work with the City of Port Angeles, DNR, US Coast Guard and the Lower Elwha Klallam Tribe (Committee) to update the Harbor Resource Management Plan to meet current stakeholder goals and update the City's Shoreline Master Program to meet the State guidelines and stakeholder goals.

Action Elements/Milestones:

- Monthly 2010 – Port staff will attend committee meetings and provide available Port resources to the update process.

Finance: Approximately 40+ hours of staff time.

Long Range Financial Needs: None identified.

Economic Impact: Supports:

- Preservation of jobs
- Additional jobs
- New business

Variables and/or Constraints: None identified.

First Quarter Update 4/12/2010:

- Attend regularly scheduled meeting of the Shoreline Master Plan Planning Group. The Group includes the City of Port Angeles, Clallam County, Department of Natural Resources, Lower Elwha S' Klallam Tribe and WS Dept of Ecology.
- Shoreline master planning is being done in conjunction with a Harbor-wide Master Plan update.

Second Quarter Update 6/28/2010:

- Port staff attended regularly scheduled meeting of the Shoreline Master Plan/Harbor Resource Planning Committee. The Group includes the City of Port Angeles, Clallam County, Department of Natural Resources, Lower Elwha S' Klallam Tribe and WA Dept of Ecology.
- Shoreline Master Planning is being done in conjunction of a Harbor-wide Master Plan update.
- Port staff attended City of Port Angeles Planning Commission/Harbor-wide visioning meeting (Public Participation Kick-Off).
- Port staff participated in selection process of the consultant that will prepare the updated Shoreline Master Plan and Harbor-wide Master Plan.
- Port staff participated in selection process of consultant to complete City of Port Angeles Waterfront and Transportation Improvement Plan.

Third Quarter Update 9/27/2010:

- Port Staff continues to be involved with City of Port Angeles Shoreline Master Plan Program, the Way Finding/Traffic Update/Waterfront Development project, Clallam County Shoreline Master Plan Program and City of Sequim's Shoreline Master Plan Program.
- Staff participation in numerous public forums, stakeholder meetings and City Council meetings for SMP.

Fourth Quarter Update 12/17/2010:

- Port Staff continues to be involved with City of Port Angeles Shoreline Master Plan Program, the Way Finding/Traffic Update/Waterfront Development project, Clallam County Shoreline Master Plan Program and City of Sequim's Shoreline Master Plan Program.
- Staff reviewed and commented on SMP planning documents.
- Staff participation in numerous public forums, stakeholder meetings and City Council meetings for SMP.

PROJECT 5.7: MONITOR ENVIRONMENTAL AND LEGISLATIVE ISSUES THAT EFFECT THE PORT'S CURRENT AND FUTURE OPERATIONS

Executive Summary: There continue to be ongoing environmental and political issues that may impact the Port' and/or its tenants and customers operating efficiencies. The issues have a broad range and may include regulatory changes, budgetary constraints and political decisions. The impediments may come from Federal, State or local level. Some examples include:

1. Shoreline master planning
2. Homeland Security restrictions
3. US Coast Guard regulations
4. Environmental Agency regulations (i.e. ballast water, storm water)
5. Timber harvest volume and/or forest practice regulations

Action Elements/Milestones:

- Continue dialog with State legislators and Federal delegation to be mindful of new impacts that may be being considered.
- Continue to meet with and communicate with industry groups such as WPPA, NOTAC, NWMTA and others to keep up with current issues. Staff regularly participates in many such groups who meet on a regular basis.

Finance: Staff time to participate in meetings and seminars.

Long Range Financial Needs: Predominately staff time. Long term commitment/support to training and allowances for attendance at appropriate seminars and meetings is necessary.

Economic Impact:

- Preservation of jobs
- Additional jobs
- New business

Variables and/or Constraints: Depending on issues, each may have a specific timeline for implementation and/or public comment.

First Quarter Update 4/12/2010:

- Staff met with State Representatives Kessler and Van De Wege and Senator Hargrove in Olympia to request support for DNR bill for biomass.
- Staff monitors the WPPA legislative reports daily and when appropriate provides input to our representatives.
- Staff is actively involved with the Forest Practice Board and attended meetings.

Second Quarter Update 6/28/2010:

- Staff attended meeting regarding Wild Olympics Campaign and Water Resource Management.
- Resolution No. 10-997 signed at the June 14 Commission meeting in opposition over the Wild Olympics Campaign. This campaign if implemented would further restrict access to timber natural resources.
- Staff attended seminar on Water Rights Law in Washington.
- Continued participation with NOTAC, NWMTA, WPPA Environmental Committee, and Forest Practice Board.
- The Executive Director was appointed as the Aviation Committee Chair at the WPPA conference earlier this year. Attended a meeting in Olympia with Washington State Department of Transportation Aviation Division, Washington Public Ports Association and Washington Airport Management Association to discuss the legislative action and land use planning at airports.

Third Quarter Update 9/27/2010:

- Staff continues to monitor issues surrounding Wild Olympics Campaign, meeting with stakeholder and legislative representatives.
- Staff attended several workshops/seminars/meetings regarding Industrial and Boat Yard Stormwater regulations.
- Staff continues to work with Washington State Department of Transportation Aviation Division, Washington Airport Management Association and Washington Public Ports Association on legislative action items and land use planning at airports. As a group we are evaluating how to proceed most effectively.

Fourth Quarter Update 12/17/2010:

- Staff attended WPPA Legislative Committee meeting in Olympia in preparation of the 2011 legislative session.
- Staff participated in additional meetings on the Wild Olympics Campaign and noted the Port's position of no net loss of timber resources.
- Staff met with State Representative Van De Wege and Representative Elect Tharinger to discuss key issue that could impact the Port's mission of economic development.
- Executive Director participated in a meeting with the Washington Airport Management Association to discuss legislative actions for the 2011 session.
- Held a number of meetings with Senator Murray and Congressman Dick's staffers to discuss support of Port economic development projects.

GOAL 6 BECOME A VISIBLE AGENT FOR ECONOMIC PROGRESS IN THE PORT DISTRICT; INFORM AND ENGAGE THE COMMUNITY ABOUT PLANS AND PROGRAMS

PROJECT 6.1: ENHANCE THE PORT'S IMAGE TO THE LOCAL COMMUNITY AND CITIZENS OF THE PORT DISTRICT

Executive Summary: The Port desires to inform stakeholders, customers and the community about its various projects and ongoing activities of interest. In partnership with community groups, service clubs, tribes, business interests and other governmental entities, the Port views effective and consistent communications as essential for long term success.

Action Elements/Milestones:

- Participate at local events to inform the public about the Port's mission.
- Continue to publish the Port Pilot quarterly and expand the current mailing lists and email contact list.
- Coordinate speaking engagements/appearances for the Commission and Executive Director to enhance the Port's public image.
- Write consistent and effective news releases, highlighting the Port's ongoing accomplishments.

Finance: Ongoing advertising and publication of the Port Pilot is included in the Ports 2010 operating budget. The anticipated expenditure is \$20,000. Advertising in local media and special publications is also included in the 2010 budget and is anticipated to cost \$20,000.

Long Range Financial Needs: Ongoing public outreach is expected to cost in the range of \$40,000 annually and commitment of staff time and allocation of work scope.

Economic Impact:

- Preservation of jobs
- Additional jobs
- New business

Variables and/or Constraints: Variables are subject to timing of local events and printing schedules of publications/magazines that the Port may advertise in.

First Quarter Update 4/12/2010:

- Participated in the 2010 KONP Home Show in late February.
- Coordinated and sent out the winter Port Pilot. The PR list has been expanded to 200 people to email press releases and mail Port Pilots to.
- Working with the Sequim Bay Yacht Club to put on a 25th Anniversary for the John Wayne Marina.
- Written and distributed 5 press releases to local news agencies and the PR list as well as posted them on Port's website.

- Staff has made presentations to local groups including Rotary Clubs, Kiwanis, Sequim Bay Yacht Club, Clallam Pilots Association and KONP Radio.

Second Quarter Update 6/28/2010:

- Coordinated and sent out the Spring Port Pilot. The PR list has been expanded to 500 people to email press releases and mail Port Pilots to. Also developed a list of local agencies/businesses to stock Pilots in their brochure racks and waiting rooms.
- Working with the Sequim Bay Yacht Club to put on a 25th Anniversary for the John Wayne Marina.
- Wrote and distributed two press releases to local news agencies and the PR list. Staff continues to make presentations to local groups at Clallam Bay, Forks, Sequim and Port Angeles.

Third Quarter Update 9/27/2010:

- Planned and organized the Port's participation in the Clallam County Fair in August 2010.
- Planned and organized the John Wayne Marina 25th Anniversary celebration.
- Wrote and distributed one press release to local media and 500+ public relations list.
- Developing an advertising plan to spend advertising dollars smarter in the community.
- Developing content for the fall 2010 Port Pilot.
- Planning Clallam County United Way campaign for Port staff.
- Staff made public presentations to Power Squadron, Kiwanis noon club and Port Angeles Realtors.
- Coordinated tour of Polar Enterprise tanker with City of Port Angeles, City of Sequim, and Clallam County public officials to highlight this important economic line of business.

Fourth Quarter Update 12/17/2010:

- Wrote and distributed one press release to local, regional, national media and 500+ public relations list.
- Assisted in orchestrating the press conference on 12/8/10.
- Revised current in-county advertisements to educate the public on what the Port is and does.
- Coordinated article in Northwest Boat Travel regarding John Wayne Marina's 25th Anniversary.
- Developed and produced the fall 2010 Port Pilot.
- Concluded the 2011 Port United Way Campaign which resulted in 39% donations than 2010.
- Sent out 225 holiday cards to tenants, ports, customers and Clallam County agencies/officials.
- Executive Director interviewed on KONP radio to discuss Port's development plans for expansion of the Composites Manufacturing Campus.
- Staff made presentations to local organizations to emphasize the Port's mission of economic development.

PROJECT 6.2: EFFECTIVELY COMMUNICATE THE PORT'S MISSION AND GOALS

Executive Summary: In addition to the local community and enhancing the Port's image, ongoing communications as part of the Port's overall marketing plan, continual updating of promotional materials and communication methods will be ongoing. Recognizing that communications and marketing are a "team effort", all Port employees are encouraged to be informed and a messenger of the Port's Mission, Goals and Strategic Plan.

Action Elements/Milestones:

- Participate in WPPA's Port day in Olympia on February 1, 2010.
- Update the Port's website initially in the first quarter of 2010 and regularly maintain the site with current accomplishments and programs.
- Coordinate with Port marketing efforts to produce effective and attractive promotional material as needed.
- Effective 1/1/10, staff time has been allocated for Public Relations duties and responsibilities.

Finance: Funding is allocated in the Port's 2010 operating budget.

Long Range Financial Needs: Website updates and promotional materials will vary in cost. The initial website updates should cost no more than \$2,000. Promotional material costs will depend largely upon the complexity and amount printed.

Economic Impact:

- Preservation of jobs
- Additional jobs
- New business

Variables and/or Constraints: None identified.

First Quarter Update 4/12/2010:

- Created an "on-mission" visual display used at the February 1 Port Day in Olympia.
- Participated in Port Day in Olympia.
- Actively working with Blue Tux to update and consolidate the Port's website to be current, accurate and easy to update. New software may make the website more user-friendly and easier to maintain.
- Coordinated the content and production of the new Marina brochure. The hardcopy was available in January and the online version is on the website.
- Worked with KONP to produce 10 thirty-second radio commercials for the Port. The commercials aired during the week of March 15th through 19th.
- Purchased "marketing promotional material" for PR events as well as furnished all staff members with a Port name tag and logoed shirt for PR events.

Second Quarter Update 6/28/2010:

- Completed first phase of website update which was editing content. Updating pictures and tenants (Phase 2) is underway.
- Purchased marketing promotional material for PR events.
- Preparing for the Port booth at the Clallam County Fair in August 2010.
- Pre-registered for 2011 KONP Home Show.

Third Quarter Update 9/27/2010:

- Completed the website update with new pictures and tailored content.
- Working on updating the Port's core competencies brochure with current pictures and content.
- Beginning the planning process for participating in the 2011 Seattle Boat Show.
- Coordinated tour of Polar Enterprise tanker with City of Port Angeles, City of Sequim, Clallam County public officials to highlight this important economic line of business.

Fourth Quarter Update 12/17/2010:

- Continue to keep the Port website up to date.
- Began exploring new hosting and format possibilities for the website.
- Completed Port competencies brochure update.
- Planning for the 2011 Seattle Boat Show.

GOAL 7 FULLY UTILIZE THE PORT'S RESOURCES AND INVESTMENTS TO ACHIEVE THE HIGHEST POSSIBLE NET RETURNS AND STRATEGIC CAPITAL PROGRAMS

PROJECT 7.1: APPLY FOR RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS AND RECOVERY ZONE FACILITY (ARRA) BONDS

Executive Summary: Examine potential of using ARRA bonds to finance property development.

Action Elements/Milestones:

- Washington State Department of Commerce has revised initial project information form submittal to April 1, 2010; ARRA bonds must be issued by end of 2010.

Finance: Repayment of ARRA bond debt service was not anticipated in 2010 Budget; debt service anticipated to be funded from lease/agreement receipts.

Long Range Financial Needs: Allocated ARRA bonds for Clallam County presently listed at approximately \$2,000,000. It is unlikely that any major development will be fully funded from these loans. Additional sources of funds would include grants, Port bond issuances, or reduction in reserves.

Economic Impact: Property development would likely result in preservation or creation of jobs within the Port district.

Variables and/or Constraints: Bonds must be issued in calendar year 2010; this limitation implies that planning for development project would need to be reasonably underway within the last quarter of 2010.

First Quarter Update 4/12/2010:

- Application to Department of Commerce for partial bond funding of Blackball renovations will be submitted by April 1, 2010.

Second Quarter Update 6/28/2010:

- Application to Department of Commerce for partial bond funding of Blackball renovations was submitted in March 2010.

Third Quarter Update 9/27/2010:

- Met with Department of Commerce July 29.
- Met with Department of Commerce and Bond Counsel August 6 regarding financing of Blackball and ACTI projects.
- Discussion with Port Commission scheduled for September 27.
- Application for increased reallocation due October 15.

Fourth Quarter Update 12/17/2010:

- Received increased reallocation from Department of Commerce in November 2010
- Multiple meetings with Bond Counsel, Department of Commerce, Bond Underwriter, and Financial Advisor in preparation for December bond issuance
- December 8, 2010 bond pricing on \$4,000,000 issue
- Preparation of bond closing documents for December 13, 2010 bond closing

PROJECT 7.2: SEEK ALTERNATIVE FINANCING SOURCES

Executive Summary: Coordinate with other Port divisions in pursuing economic development funding sources emphasizing debt issuance alternatives (grant applications already mentioned in other sections)

Action Elements/Milestones: First goal in 2010 will be applications for ARRA bond funding – covered in # 1 Project.

Finance: Repayment of ARRA bond debt service was not anticipated in 2010 Budget; debt service anticipated to be funded from lease/agreement receipts

Long Range Financial Needs: Allocated ARRA bonds for Clallam County presently listed at approximately \$2,000,000. It is unlikely that any major development will be fully funded from these loans. Additional sources of funds would include grants, Port bond issuances, or reduction in reserves.

Economic Impact: Property development would likely result in preservation or creation of jobs within the Port district.

Variables and/or Constraints: ARRA bonds must be issued in calendar year 2010; this limitation implies that planning for development project would need to be reasonably underway within the last quarter of 2010.

First Quarter Update 4/12/2010:

- Application to Department of Commerce for partial bond funding of Blackball renovations will be submitted by April 1, 2010

Second Quarter Update 6/28/2010:

- Application to Department of Commerce for partial bond funding of Blackball renovations was submitted in March 2010; application approved.

Third Quarter Update 9/27/2010:

- Met with Department of Commerce July 29.
- Met with Department of Commerce and Bond Counsel August 6 regarding financing of Blackball and ACTI projects.
- Discussion with Port Commission scheduled for September 27.
- Application for increased reallocation due October 15.

Fourth Quarter Update 12/17/2010:

- Received increased reallocation from Department of Commerce in November 2010
- Multiple meetings with Bond Counsel, Department of Commerce, Bond Underwriter, and Financial Advisor in preparation for December bond issuance
- December 8, 2010 bond pricing on \$4,000,000 issue
- Preparation of bond closing documents for December 13, 2010 bond closing

PROJECT 7.3: REVIEW CAPITAL PROJECT INVESTMENT POLICIES

Executive Summary: The process of reviewing financial policies began in November 2009 with review of Port's Investment Policy. A draft of Resolution #987 (Investment Policy) was discussed during a Commission Workshop on November 23, 2009. Staff was directed to bring Resolution #987 back to the Commission in 2010 for consideration.

Action Elements/Milestones:

- Staff proposes to bring Resolution # 987 to commission in February for introduction and possible adoption.
- The second stage of the financial policies review will also begin in February with a presentation of Capital Project Planning and Evaluation; Jeff Smith will again be making the presentation.
- The third stage of financial policies review will focus on overall Port long-term Plan of Finance policies; it is anticipated that this presentation will be made during the second quarter of 2010.
- The last stage of the review process will be an analysis of the Port's debt policies.

Finance: Costs associated with presentations were budgeted in 2010 and were contained in personal services contract approved by commission at November 9, 2009 meeting. According to the contract, the costs for all four stages must not exceed \$11,100 plus travel expenses.

Long Range Financial Needs: Long-term effects should be: (a) Port receipts and expenditures from financial activities should show a net increase in return and (b) a more efficient plan for financing economic development projects.

Economic Impact: More efficient planning for economic development projects.

Variables and/or Constraints: Because this is a four stage process, several variables and constraints will be introduced at each stage.

First Quarter Update 4/12/2010:

- New investment policy, Resolution No. 10-987 adopted.
- Additional Commission presentations relating to investments and capital investments made in April.

Second Quarter Update 6/28/2010:

- Capital planning policy workshop conducted April 12, 2010
- Capital planning policy workshop conducted April 12, 2010
- Capital policy resolution and procedures scheduled for presentation July 12, 2010.

Third Quarter Update 9/27/2010:

- Capital policy resolution and procedures accepted for introduction by Commission on July 12, 2010.
- Revised Capital policy resolution with additional analysis, language changes, and updates for current economic environment including scheduled for presentation in October 2010.

Fourth Quarter Update 12/17/2010:

- Presented Commission with expanded investment strategy for use in month of December 2010 to take advantage of temporary market conditions

PROJECT 7.4: DEVELOP A PORT-WIDE EMERGENCY MANAGEMENT PLAN

Executive Summary: The development of a Port-wide Emergency Management Plan (Plan) is one of many efforts to prepare the Port of Port Angeles for emergencies. The plan shall assist in the Port's preparation, mitigation against, response to and recovery from an emergency or disaster event. The plan shall encompass all Port operations and facilities. The current Airport Emergency Plan (14 CFR 139.325), Marine Terminal Emergency Action Plan, and Employee Emergency and Fire Prevention Plan (WAC 296-24-567) will be included into the plan through appendices or direct incorporation. The Clallam County Comprehensive Emergency Management Plan shall be tied to the plan through County staff support, to meet emergency demands when available Port resources are exceeded.

Action Elements/Milestones:

- January 2010 - Meet with County Emergency Management staff to discuss Port-wide Emergency Management Plan.
- February/March 2010 - Port staff will research Federal and State emergency response plan guidance (Spill Prevention Control and Countermeasure Plans, Pollution Prevent Plans, Hazmat Emergency Plans, and etc.).
- June-July 2010 - Port admin staff will work with Port facilities/operations staff to develop Port-wide Emergency Management Plan, through local operations knowledge.
- October-November 2010 - Port staff will draft Port-wide Emergency Management Plan for Commission review and approval. Plan implementation and training shall be developed as part of the plan.

Finance: Approximately 60+ hours of staff time

Economic Impact: Preservation of jobs due to appropriate and swift emergency response and a quicker economic recovery following a major event.

Variables and/or Constraints: None identified.

First Quarter Update 4/12/2010:

- Port staff met with the County Emergency Management staff in January 2010 to discuss the scope of a Port-wide Emergency Management Plan (EMP). A draft Port EMP outline was developed and hazards identified in February 2010.
- Port staff participated in PACIFEX Earthquake Exercise in March 2010. EMP development is an ongoing process.

Second Quarter Update 6/28/2010:

- Port staff is in process of developing a Port Emergency Operations Plan based on combining the Emergency Management Group (EMG)/Emergency Operations Group (EOG) systems under the control and direction of the Port Emergency Operation Center (EOC). The draft plan is on target for October 2010 completion.

Third Quarter Update 9/27/2010:

- Port staff is in the process of developing a Port Emergency Operations Plan. Section 1 – Basic Plan; Section 2 – Port EOC Organization; Section 3 – EOC Checklists; Appendix A – EOC Forms; Appendix B – Damage Assessment; and Appendix C – Port Facility List, are completed.
- Section 4 – Emergency Standard Operating Procedures and Appendix D – Resources, are in process. The draft plan is on target for October 2010 completion.
- Staff participated with Clallam County EOC and Ecology Spill Response seminar.

Fourth Quarter Update 12/17/2010:

- Draft Emergency Operations Plan (EOP) submitted for Port Staff review in November 2010.
- Staff comments are currently being reviewed and will be implemented into a revised streamlined EOP in the 1st Quarter 2011.
- Staff participated in the Peninsula Responders Emergency Program October 2010 Table Top Exercise.

PROJECT 7.5: UPDATE COMPUTER SYSTEM SERVER SOFTWARE AND/OR HARDWARE (EXACT SERVER CONFIGURATION WILL DEPEND ON PLANS FOR EARLY 2011 INSTALLATION OF NEW SYSTEM SOFTWARE)

Executive Summary: Buy five new servers to replace existing Dell servers (acquired in 2003). Purchase and install updated software on those servers (including Windows Server 2008, Exchange Server 2010 and a new antivirus program).

Action Elements/Milestones: In the October – December 2010 timeframe

- Determine exact hardware and software requirements.
- Place order.
- Install new equipment.

Finance: Estimated \$40-\$50k cost (including outside labor to configure and install new equipment) to come from 2010 A&G operating budget.

Long Range Financial Needs: Budget \$25-\$35k in 2011 to upgrade 19 desktop PCs and five laptop computers to new Windows 7 operating system and Office 2007 (or Office 2010) software programs. Main accounting software program (Microsoft Dynamics SL/Solomon) upgrade for \$15-\$20k probably more than five years out.

Economic Impact: Mostly a cost-of-doing-business expense. Improved productivity; improved reliability (less down time; fewer maintenance calls); increased compatibility with software used by vendors and customers (FAA, engineering firms, surveyors, etc.).

Variables and/or Constraints: Full upgrades are not absolutely required in 2010 but moving toward long term requirements; estimated cost of full upgrade not fully budgeted in 2010 A&G budget (will need to economize in other A&G areas); need to coordinate with CPI Computers and Shannon & Associates to do the installation.

First Quarter Update 4/12/2010:

- Several PC's replaced; expanded memories installed in several PC's; analysis of servers begun.

Second Quarter Update 6/28/2010:

- Met with Solomon (accounting software) consultant; plan is to replace 2 servers (Solomon and File Server) and related software in 4th quarter.

Third Quarter Update 9/27/2010:

- Coordinate with IT and Solomon consultants in October to purchase and install the following by year end: 1) three servers (File, Mail and Solomon) and related software; 2) three PCs and one laptop (replace remaining 2003-vintage equipment) and related software; and 3) one tape backup machine. Replaced servers and tape machine will be moved to the Airport as part of the Port's Emergency Planning to have server/computer capability outside the Port Administration building.

Fourth Quarter Update 12/17/2010:

- Staff decided our existing five-server setup can be reduced to three by combining the domain controller and antivirus on one server and eliminating the mail server completely by going to a Microsoft hosted exchange/email server “in the cloud”; monthly cost for hosted exchange – with archiving – is \$7.67 per email address x 20 = \$153.40 per month.
- Three servers and one hard-drive (not tape) backup machine purchased and delivered; IT and Solomon consultants on schedule to have new servers, backup machine and hosted exchange/email server up and running by the end of the year.
- Port received a serviceable PC from Harbor Works this quarter; purchase of two (not three) PCs and one laptop delayed until Q1 2011 to coincide with purchase and install of Windows 7 operating system and 2010 Windows Office suite on all PCs (included in 2011 Budget under Admin major maintenance).
- Transfer of old servers and tape backup machine to Airport as part of Port’s Emergency Planning will not occur until Q1 2011.

PROJECT 7.6: RESOLVE CONTINUING PHONE SYSTEM DEFICIENCIES

Executive Summary: In 2010 Capital Project Budget an estimate of \$40,000 to replace the phone system was made. This project did not receive a prioritization high enough to qualify for 2010 funding. Staff has been analyzing alternative solutions to this issue.

Action Elements/Milestones:

- Staff has been negotiating with communications provider to revitalize phone system in a manner that will reduce both capital costs and phone system operating expenses.
- Current analysis indicates that investing smaller amount of capital in phone system (\$10,000) can generate savings in operating phone system costs (\$1,700 savings per month). This will enable Port to break even on capital expenditures in 6 months.
- New leased system could be installed within several months after contract is signed. Staff proposes that contract negotiations begin in February thus planning on new system being operational by June 30th.

Finance: Budget estimates in 2010 of phone system costs were: \$ 0 in Capital Projects and \$38,000 in operating expenses. With new system, 2010 Actual costs should be: \$10,000 in Capital Project and \$18,000 in operating expenses – total of \$28,000.

Long Range Financial Needs: With new system, total costs per year should be \$18,000. In addition, Port will now have state of the art leased equipment and provider will be responsible for maintenance and upgrades.

Economic Impact: Most important element of phone system renovation will be improved communications with current and potential tenants as well as Port partners.

Variables and/or Constraints: Details of new system need to be negotiated as well as actual payments to provider. Length of contract will also be important part of agreement.

First Quarter Update 4/12/2010:

- System analysis completed; installation begun April 1; testing currently underway; completion date expected to be June 30.

Second Quarter Update 6/28/2010:

- All components installed and operating as of June 1, except 2 remote sites (banding shack and mechanic shop) and fax lines. Completion of these remaining sites will occur in July.

Third Quarter Update 9/27/2010:

- PROJECT COMPLETED IN JULY 2010. Completion of project revealed significant issues with utility lines servicing JWM – internal phone system does operate well.
- Analysis of utility line alternatives continuing at JWM.
- The new system will provide an annual savings of \$18,000.00 in operational cost.

Fourth Quarter Update 12/17/2010;

- System complete and fully functional

PROJECT 7.7: REVIEW PERSONAL SERVICES CONTRACTS TO IDENTIFY OPPORTUNITIES TO IMPROVE SERVICES RECEIVED AND/OR REDUCE EXPENSES

Executive Summary: Port has many service contracts; staff will analyze those personal service contracts which could be improved either in terms of service or cost

Action Elements/Milestones:

- In first quarter of 2010, staff would first prepare a listing of all contracts in order to identify those agreements/contracts which are personal services contracts. Some of these contracts are already under long-term agreements.
- The remaining personal service contracts would be examined during the second quarter of 2010 to determine where an RFP process might be productive.
- During remainder of 2010 a number of RFP processes could be undertaken.

Finance: It is anticipated that Port staff would accomplish all steps necessary to systematically review all personal services contracts to identify service improvement or cost reduction opportunities.

Long Range Financial Needs: Because Port staff will accomplish all necessary steps in process, no long-term financial obligations will be required.

Economic Impact: There could be cost reductions in personal services payments; level of reductions will be determined in RFP processes.

Variables and/or Constraints: Entire review will be accomplished by existing staff; actual dates of milestones will be partly dependent on staff's existing workloads (i.e., preparation of financial statements and related audits and budget preparation).

First Quarter Update 4/12/2010:

- Completed analysis presented to Commission March 8.
- **PROJECT COMPLETED**

GOAL 8 MAJOR MAINTENANCE PROJECTS**PROJECT 8.1: MAJOR MAINTENANCE PROJECTS**

Executive Summary: In an effort to preserve the Port's assets, major maintenance projects are annually undertaken by small works contracts and/or Facility Maintenance crews. This allows the Port to fully market its facilities for new business opportunities and retain current tenant businesses.

Action Elements/Milestones:

- Rehabilitate Terminal 3 man ladders and walking sticks – February 2010.
- Conduct marine survey of Terminal 1 piling – May 2010.
- Repair Port Angeles Boat Haven Work pier piling – April 2010.
- Rebuild John Wayne Marina garbage enclosures – July 2010.
- Seal coat Port Angeles Boat Yard – September 2010.
- Repair and seal coat Administration Parking lot – September 2010.
- Rebuild Fork Lift 1 – May 2010.
- Install supplemental floatation at West PABH Floats – 2010 year project.

Finance: 2010 Budgeted Projects (except T-3 man ladders and walking sticks)

- Budgeted - \$141,500
- Other – Log ship fees over the year to offset costs in repairing man ladders and walking sticks.

Long Range Financial Needs: \$150,000 to \$200,000 needed annually to maintain the Port's assets.

Economic Impact:

- Preservation of jobs
- Additional jobs
- New business

Variables and/or Constraints: Funding and permitting as needed. Higher priorities sometimes will delay major maintenance projects for a year.

First Quarter Update 4/12/2010:

- Terminal 3 man ladders rehabilitated and walking sticks built. Completed 2/26/2010.

- Proposals being submitted by contractors for Terminal 1 piling inspection under the Warehouse/Office Building during March 2010. Terminal 1 Headline Mooring Dolphin inspected in February 2010 for recommendations on repairs in 2011.
- Obtaining cost quotes for repair of Port Angeles Boat Haven Work Pier piling during March 2010.
- All bolts and fittings have been tightened or replaced during the first quarter in preparation for placement of supplementation floatation on the West Float at Port Angeles Boat Haven during the second and third quarter of this year.
- Unplanned First Quarter Major Maintenance Repair Projects: Installed 480 3 Phase power to 731 Marine Drive Building leased by Straits Marine; began repairs, land grading, and painting of the 2032 O Street Building for marketing/leasing; and repaired Letourneau 1's main generator and drive box unit with remanufactured parts.

Second Quarter Update 6/28/2010:

- Enhanced the cruise ship gangway to industry standards. Completed 5/5/2010.
- Commenced installing supplementation floatation on the West Floats at Port Angeles Boat Haven 5/25/2010. Will continue through the third and fourth quarters of 2010.
- Contractor completed piling surveys of Terminal 1 Warehouse/Office Building and Port Angeles Boat Haven East Boat Launch structure. Compiling work list for future projects.
- Rebuild of Fork Lift 1 pushed back to the third quarter due to current work load.
- Repair of Port Angeles Boat Haven Work Pier piling is pending quotes from contractors.
- Unplanned Second Quarter Major Maintenance Repair Projects: Repaired washed out area on the Port Angeles Boat Haven West Boat Launch facility and removed airspace obstructions between the 10-50 building and FIA airfield.

Third Quarter Update 9/27/2010:

- Supplementation floatation on the West Float at Port Angeles Boat Haven is 90% complete. Project will be complete by the beginning of the fourth quarter. Maintenance items pending include conduit replacement in places, repotting electrical connections, and replacing rusted cleat bolts. These items will be addressed under normal maintenance.
- Rebuild of Fork Lift 1 pushed to the fourth quarter due to work load.
- Seal coating of Administration Parking Lot and Boat Yard pushed to the fourth quarter due to work load. Items proposed for 2011 Budget if it cannot be completed in 2010.
- Repair of Port Angeles Boat Haven Work Pier piling (1) is scheduled to be done in the fourth quarter. Item proposed for 2011 Budget if it cannot be completed in 2010.
- Unplanned Third Quarter Major Maintenance Repair Projects: Overhauled Log Stacker Wagner 2 for log ship during August which involved major welding on critical support components. Restriped the Fairchild International Airport parking lots and curbs. Made temporary repairs to the Headline Dolphin at Terminal 1. Prepared room at John Wayne Marina for new tenant.
- Inspection of Tumwater Creek Bridge revealed major structural problems with the stringers and pile caps. Bridge is currently restricted to passenger vehicles only. Investigating temporary replacement bridge structures. Permitting will be necessary to place a temporary bridge.

Fourth Quarter Update 12/17/2010:

- Executed Work Contract to Berger ABAM to begin engineering services for T-1 Warehouse Bulkhead Repair/Replacement.
- In negotiations with Four Season Engineering to modify engineering and permit drawings for Tumwater Creek Bridge Replacement Project at a scaled down version.
- Supplementation floatation on the West Floats at Port Angeles Boat Haven completed.
- Fork Lift 1 Rebuilt.
- Unplanned Fourth Quarter Major Maintenance Repair Projects:
 - Repairs ongoing to Letourneau 1 engine replacement – new engine will arrive late January 2011.
 - Repaired Wagner Log Stacker 2 planetary gear
 - Replaced #2 Cat 980 radiator.
 - Installed new boat sewage pump out pump at John Wayne Marina with State Grant Monies.
 - Constructed new tenant storage space at John Wayne Marina.
- Snow removal and log ship operations during the Fourth Quarter were augmented by facility maintenance personnel that impacted ongoing projects and preventative maintenance programs.