



2010 Work Plan

January 25, 2010

Jeffery Robb
Executive Director

Memorandum



To: Commissioners
From: Jeffery Robb, Executive Director
Date: January 11, 2010
Re: 2010 Draft Work Plan

In 2009 the Commissioners requested the Executive Director to develop a Work Plan as a tool to guide Port accomplishments. The Work Plan identified key projects and tasks consistent with the Strategic Plan (2009-2013) to be undertaken and accomplished in 2009. The plan was adopted February 2009 and quarterly reports were provided to the Commission to keep you informed of our progress, challenges and/or changes in the plan. Today you will receive the final report for the 2009 Work Plan.

While the Commissioners have not specifically requested a Work Plan for 2010, we believe this provides us with the blueprint to meet our objectives and it serves as a tool to measure our progress. The plan is a useful document that we are committed to implement and deliver in 2010.

We are providing you a draft outline (key elements) of the Work Plan for your review. We are interested in receiving your input as each Commissioner may have items they would like to include. We propose to bring a final plan to the Commission on January 25, 2010. As you review the document, the formatting has been changed to tie directly to the Strategic Plan format. The formatting ties the work item directly to a specific goal.

The Work Plan is a function of the Strategic Plan:

**Leading the Way in Economic Development, Strategic Partnership and
Environmental Stewardship.**

The Strategic Plan establishes a set of achievable Goals and Objectives, placing a high priority on leveraging Port resources with outside funding sources wherever possible. This Strategic Plan is a dynamic process that generalizes a range of realistic economic development scenarios without constraining the final range of opportunities. This Plan is subject to annual review and provides the framework for establishing the Capital Budget priorities. It is the primary driver for shaping the annual work plan by which the overall performance of the Port will be measured.

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2010 WORK PLAN

January 25, 2010

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

PROJECT 1.1: MARKET THE PORTS 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.

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

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

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

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.

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

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

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).

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.

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.

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

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.

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.

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

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.

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.

PROJECT 4.4: WORK WITH EXISTING 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.

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.

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.

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.

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.

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.

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

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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).

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.