

**AGENDA**  
**THE PORT DISTRICT OF SOUTH WHIDBEY ISLAND**  
**SPECIAL MEETING of the BOARD OF COMMISSIONERS**  
**Monday, February 4, 2008 at 9:30 am**  
**Port Office Conference Room, Freeland, WA**

1. SPECIAL MEETING
  - A. Call to Order
  - B. Pledge of Allegiance
  
2. PUBLIC COMMENT – Including items not on agenda.
  
3. PROJECT ACTION ISSUES – Staff Report, Public Comment, Commissioners’ Discussion
  - A. Design Review Workshop for South Whidbey Marina Project
    1. Design Details and Public Input
    2. Phasing Opportunities
    3. Project Funding
  
  - B. Breakwater
    1. Mitigation Agreement as approved by WDFW: Commission Action
  
  - C.
  
4. EXECUTIVE SESSION (if necessary)
  
5. ADJOURNMENT

**PORT DISTRICT OF SOUTH WHIDBEY ISLAND**

Minutes of the Special Meeting

February 4, 2008

Freeland, Washington

**Present at the meeting were:**

Commissioner Lynae Slinden, Clinton

Commissioner Rolf Seitle, Langley

Commissioner Geoff Tapert, Freeland

Ed Field, Port Manager

Dane Anderson Port Financial Coordinator

Chuck Edwards, Port Accountant

Molly MacLeod-Roberts, Port Clerk

Greg York, Art Anderson Associates

Jeff VanDerford, South Whidbey Record

Jim Recupero, Langley City Council

**Absent:** None

**1. MEETING CALL TO ORDER:**

The Special meeting of the Port District of South Whidbey Island's Board of Commissioners was convened on February 4, 2008, at the Port office in Freeland, WA. As announced, the purpose of the Special Meeting was to conduct a design review workshop. Commissioner Seitle, President, called the meeting to order at 9:35 a.m., followed by the Pledge of Allegiance.

**2. PUBLIC COMMENT – Including Items not on Agenda:**

There was no public comment.

**3. PROJECT ACTION ISSUES – Staff Report, Public Comment, Commissioner's Discussion:**

**A. Design Review for South Whidbey Marina Project:**

1. Design Details, Public Input and Phasing Issues: Commissioner Seitle said the public meeting on January 23<sup>rd</sup> reminded him of the public meeting held several years ago on the first Master Plan: everyone seems to be in favor, a lot of people shared their opinions, and there was really no complaint about anything except the question of funding. He said that Greg York of Art Anderson Associates did an outstanding job with respect to conceptual design. However, Commissioner Seitle said he had reluctantly come to the conclusion that the upland plan was not too realistic based on the size of the available land area. The amount of usable property to be transferred to the Port from the City of Langley is roughly 75 ft. x 180 ft. and there are two easements within that area for the benefit of the properties to the south. The developer with the option to purchase the Drake property has said they need 22,000 sq. ft. of residential space to make it a financially practical situation. Commissioner Seitle thinks that the Commission needs to regroup with respect to the

upland area layout. He said, "We just don't have enough upland area to do what's on this Plan." He said it might be time to look into the possibility of more property acquisition. Commissioner Seitle said he would like to stop doing any planning work on the uplands and concentrate on permitting for the water area, beginning with getting the exact boundaries of the aquatic lands to be leased from the Department of Natural Resource (DNR). He would like to see a phased plan that consisted of first getting the breakwater in the proper place and look into connecting it either to the existing marina or to the shore so it could be used for additional moorage immediately. The second item would be to get the boat ramp done, and Commissioner Seitle said he would like to see the grant for that reinstated. Port Manager Ed Field said that the grant is not going to happen; it is "off the books" and the cash has been reallocated. It can be pursued again, but there are encumbrances associated with that grant that make it undesirable.

Commissioner Seitle said the Port needs to come up with a new schedule of activities for Art Anderson Associates (AAA). Ed suggested coming up with a phasing concept with Phase 1 involving breakwater positioning, ramp work and access to the breakwater only, so that the current uplands facilities would be adequate to support it. Commissioner Slinden said the acquisition of the Drake property should be put in the background, and the first phase should be the reconstruction of the boat ramp, a temporary fix for the parking lot and the landscaping of Phil Simon Park. The positioning and anchoring of the north breakwater is also extremely important as is operating the existing slips at the marina.

Commissioner Tapert agreed with Commissioner Slinden. He noted that at the public meeting, many people questioned whether the pods would be used. He is in favor of immediately permitting the permanent location of the breakwater based on the Plan, preferably by connecting it to the existing stockade. In the next phase, the breakwater could provide substitute moorage during demolition and construction rather than outlying pods. He suggested keeping the pods in the Plan and permitting, but for a much later phase. Regarding the uplands, Commissioner Tapert agreed that there are too many questions to move forward on any specific plans. He said they might want to consider moving the historic Drake building and using it as a Port office.

Commissioner Seitle and Commissioner Slinden agreed thought the developer should be told that a land swap is unlikely due to lack of speed in changing zoning ordinances to allow for land use and the setback requirements from the toe of the bluff. Both those things will take longer to change and there's no guarantee they will change, and both are necessary for that exchange to be of value to the Port. Ed agreed. Commissioner Seitle said that AAA's upland plan had very good ideas, specifically the parking plan along the bluff and the relocation of the access road toward the bluff. Ed noted that if the Drake property is not in play, it becomes very difficult to get more parking there.

Commissioner Seitle asked if the other Commissioners agreed to limit the design work to what is needed for the in water portion. Greg York of AAA said, "The reality is: to develop a marina, you have to have upland." Commissioner Slinden said the Port has upland, and parking and restrooms for it. She asked if there's something else needed on the uplands portion. York explained that if the marina section is phased, the uplands must keep step proportionately. He said if the uplands can be kept as "a blank slate" then the Port could cautiously proceed with phasing the marina, but the concern is that if the resolution of the uplands is deferred too long, the marina could potentially come to a grinding halt. Phase 1 is easy, but Phase 2 would increase berths and would be dependent

on the uplands being in step. Commissioner Seitle said that's why he suggests that acquiring additional property is a bigger priority than anything else. He agreed with Commissioner Slinden that the boat ramp, some improvement to Phil Simon Park and getting rid of the potholes are the first items to be done on the uplands.

York said the concern with doing a major re-working of the boat ramp right now is that as long as the existing stockade is in place, the major sediment problem doesn't go away. That will render the boat ramp unusable for much of the time. Commissioner Seitle said the Port would just have to continue cleaning the ramp.

The Commission discussed the timing of the removal of the old wharf, mitigation for removal of that creosote, and possible assistance from Puget Sound Partnership. York said the Port could still permit the entire plan, including mitigation, and then do phases for completion. Commissioner Slinden asked how far the Port was from at least getting a Joint Aquatic Resource Permit Application (JARPA) filed, and Ed said they were at 5% design and needed to be at 25% design to apply for a JARPA.

Ed said York's design would need to be reworked to address the issue of exposure to the northeast and to make the breakwater accessible without removing the existing stockade. Ed suggested that York develop a revised concept drawing that allows for the possibility of phasing as discussed today.

Commissioner Tapert suggested that Phase 1 could be permitted separately. Ed said that if only Phase I is submitted for permitting, it will be kicked back. The first non-project environmental review (SEPA) needs to show "the whole shooting match envelope" which would constitute full build-out, otherwise the permitting agencies will reject the application as being only piecemeal and not truly comprehensive. Total detail is not required, but total scope is. Commissioner Seitle said they would still have to get to 25% design in order to prepare the actual project permits. York agreed.

Ed summarized the proposed first phase: do another iteration on the concept design which would allow for early access to the breakwater in its permanent location, position the breakwater, improve the boat ramp and Phil Simon Park, and identify a new dive zone and a non-motorized area for kayakers. Commissioner Slinden suggested adding the removal of the old wharf. She said she was told there is only one more year of funding available for creosote removal. Commissioner Tapert agreed. Ed added that to the list. Commissioner Slinden said that moving the sign for Phil Simon Park is critical.

Ed noted that public input reflected major concerns about the northeastern exposure of the proposed marina layout and he shared that concern. Rick Hill had talked to him about the Nor'easter that hit Langley two years ago. Ed asked if the east and north breakwaters could be moved to cut down the exposure, and York said the eastern breakwater could easily be moved slightly north. Commissioner Tapert asked if another breakwater could be added, and York said that comes down to a risk vs. cost issue.

York explained that 100' is the absolute minimum for the opening to the marina. AAA's design set the opening at 125' because the intention is to get larger vessels (ferries, charter boats, etc.) inside the marina. The 100' opening is based on two 40' foot vessels passing each other. Commissioner Seitle asked York for his response to public input that larger boats wouldn't have enough maneuvering room and should be put on the outside instead. York said there is enough room because they would come in and simply back out. The

problem with mooring them on the outside is that they are exposed to the wave action, and it would be very difficult to provide ADA accessibility.

Commissioner Slinden said it sounds like they have the first phase encapsulated as far as what the Commission wants to see happen, and the next phases are all dependent on what comes out of all the input they get and AAA's reworking of the design concept. The action the Port needs to take now is to have discussions with the potential owner of Drake's Landing and the owners of property upland from the abandoned wharf.

Commissioner Seitle said he would like to transmit the following message to the City of Langley: Whatever political problems exist now with respect to the Critical Area Ordinance issue, the Port is not involved in that at all. Commissioner Slinden said she would like to endorse that message. City Councilman Jim Recupero said that the City of Langley is "on board." He suggested that since the City and the Port are in a partnership, a meeting of the entire City Council, the City Planner and the Port Commission should be held to discuss things and get input, and to be proactive rather than reactive with City is on board. Ed said after the next iteration of design concept is complete, the Port would have a better feel for the marine side but the uplands side would still be wide open. That would be a good time to have such a meeting. Recupero agreed and said that before any final decisions are made, the City would want to provide input.

Commissioner Slinden explained it is not a matter of exclusion; it is a matter of presenting to the City what is "doable" for the Port and asking the City to participate in that. The Port has to consider its abilities and capabilities before approaching the City. Commissioner Seitle said he favored a meeting with all of the City Council and the Port Commission. Recupero said that would have a tremendous effect. Commissioner Slinden asked if he thought it would be all right to do that after they receive the next set of input and the latest iteration of the plan for the marina. Recupero said, "Sure." Commissioner Slinden said that the Master Plan that was originally drafted in 2004 did incorporate input from everybody, and this is a kind of modification of that to figure out what is doable. That is why it is the Port's project – because the Port has to do it and the Port has to pay for it. She said the Port is just doing the fine-tuning, and that it does need to go back and have the endorsement of both the City and the Port.

Recupero said that Commissioner Seitle had said there was no comment on the Proposed Master Plan Update. Recupero said the size of the marina is a concern and the pods are a concern and the City wants to have some input. Commissioner Slinden asked if it would be acceptable to the City for a joint meeting to take place once the latest iteration is complete, and Recupero said it was and he would inform the Council.

2. Project Funding: Port Financial Coordinator Dane Anderson presented a Draft of the financing and business plan for the South Whidbey Marina (**EXHIBIT A**). Dane explained that he approached the situation from the perspective of: Is the whole project doable with the Port's existing code-given resources (with the powers given to the Port District through the Revised Code of Washington (RCW)). The Draft is based on a 3-phase project, with a lot of money spent in the first couple of years, and a lot of money paid back in the next 20 years. Ed added that it is based on the full build-out, anticipating 2011-2012. Dane went through the public-entity type of Profit and Loss Statement, which is cash-based and not running on accrual. He explained that throughout the models there is an expected yearly increase assumed in the moorage rate of 2.5% per year. Dane said those are pretty conservative Cost Of Living Allowance (COLA) increases.

Ed emphasized that Dane had put all this together to establish a framework so they could analyze any different phasing or build-out scenario. Ed said they had to start somewhere, so Dane has put together the Industrial Development District (IDD) and a couple of loans, laying it out 20 years and paying for it all in one big build-out. Although not exactly a “worst case scenario,” it is an “outer envelope type” scenario.

Dane concluded that the concept is doable financially, with minimal grant funding, with an IDD levy, and with two 20-year Notes at 5% guaranteed by the USDA. Commissioner Seitle asked if the Notes were there to “front end” the IDD revenue, and Dane confirmed that, explaining that the Port would borrow the money and pay it back with IDD money and marina revenue. Commissioner Tapert said the impression he got from Community, Trade and Economic Development (CTED) was that IDDs were essentially meant to help create jobs. He is concerned because the marina’s focus is more recreational, and he would like to get an opinion from the Port’s attorney before using an IDD to fund it. Ed suggested authorizing attorneys Al Hendricks and Frank Chmelik to “go on the clock” and investigate current conditions.

**ACTION: A Motion was made by Commissioner Seitle and seconded by Commissioner Tapert to contact Port Attorney Al Hendricks and Bellingham Attorney Frank Chmelik to research information regarding IDDs. The Motion passed unanimously.**

Ed said that staff had wanted to lay out the big picture/big envelope for the marina and show that it is conceivable and feasible. He thinks the action of looking into the IDD is critical.

Commissioner Seitle questioned how much the IDD would bring in, and Port Accountant Chuck Edwards said it would be a total of \$12 million. Ed said if the Port chose to do a reduced scope first phase, depending on timing of the implementation of IDD funding, it is quite possible the Port could do the construction with IDD money and without loans. The downside would be significantly less revenue between Phase 1 and Phase 2. Edwards said the good thing about the model Dane presented is that the Port can now throw different assumptions about amount of IDDs, or the timing of spending and borrowing money and see what the bottom line is in a relatively straightforward process that could be done quickly. Edwards said that building the model was critical, and Dane had done a great job. The Commissioners agreed and thanked Dane for his work.

Commissioner Slinden said a key element of the IDD is that the Commission needs to bear in mind that it will not necessarily be 100% dedicated for this project. The Port will look at other places to put some of that money, and other sources to obtain revenue. She doesn’t think an IDD should go 100% into the marina facility. Commissioner Tapert said he would like to look into acquiring industrial property and building it with an IDD in relatively short order so that it would generate revenue. He believed that if the Port leveraged CTED money, they could actually generate more revenue for money invested. That revenue could then help subsidize the construction capital costs of the marina. Ed said that if the scope and cost of Phase 1 goes down, that could free up money for an alternate industrial use and that may be the revenue stream that kicks in for Phase 2 down the road. Commissioner Slinden said there are other potential projects, such as opening the estuary at Possession Park, in a whole other realm of meeting the Port’s mission statement. She thinks the Port needs to allocate some of the funds to non-industrial and non-commercial uses. Commissioner Seitle said that is what the Port District has

traditionally done since it was first formed – all of the tax revenue has gone into non-income producing activities.

Commissioner Tapert said that what he liked about the upland developments of industrial properties is that the permitting issues are relatively quick and well defined. According to CTED, the buildings are rented out before they are even built, so revenue could be generated in a 2-3 year window. Dane said the challenges with industrial development on Whidbey Island are significant: the biggest is finding people willing to start new business in a commercial zone on the island. Commissioner Tapert feels that there are businesses that need bigger space but can't afford to buy their own property, and they would rent warehouses if they were available. Dane noted that hangar/warehouse space is vacant and available at the airport right now.

Commissioner Tapert asked Dane what the cost per thousand would be if the Port sought a vote by the people for a 20-year general obligation bond just to fund the marina. Edwards said that number could be easily calculated now that the model has been built and he encouraged the Commission to provide several options they want them to look at and Dane and he can generate the numbers.

Commissioner Slinden asked how long it would take to put together a levy, with time for public awareness and support for it. Commissioner Tapert said that the Parks District took 6 months to a year for their levy. He noted that a vote is dependent not just on the majority, but it is also based on the number of people who voted in the last general election so the timing would need to be strategically considered. He said if the Port could move forward on Phase 1, they could then go to a vote by the people for the rest. Ed thought the first step is to get the design iteration done and get a number on a new Phase 1. The Commission agreed. Commissioner Slinden asked how long that would take, and York said that it could be completed in time for the Port's next regular meeting on March 12, 2008.

Dane encouraged the Commission to ask him any questions as they looked through the model. He noted Recupero's earlier comment that there was concern about the size and the number of slips in the marina. Dane explained that in order for the marina to be a break-even entity, it has to have a certain size and a certain economy of scale. The proposed layout is right at the bottom of that scale and anything less would make it very difficult to break even. Dane also pointed out that the model did not include either the bigger economic impact numbers associated with visitors to the marina or the revenue generated from transient activity, which he is now researching..

## **B. Breakwater:**

1. Mitigation Agreement as approved by Washington State Department of Fish and Wildlife (WDFW) (EXHIBIT B): Commissioner Seitle asked if they had to take action on that today. Ed said they could postpone it until the regular meeting if they wanted to. Commissioner Tapert said it wasn't committing to anything other than to study it. Ed said it was also a commitment to mitigate for the breakwater based on the result of the study, and that mitigation could be done with the overall project or by itself. Commissioner Tapert asked if the Port mitigates it by removing the abandoned wharf, will the breakwater have to be re-evaluated and possibly re-mitigated if/when it is moved again. Ed said yes, according to the biologist from WDFW. He recommended signing the Agreement and said it would get the Port past the violation scenario. Commissioner Slinden asked Ed to find out if mitigation performed by the Port but funded by another entity would count for the

Port or not, and Ed said he would look into that as it is absolutely critical to know the answer.

**ACTION: A Motion was made by Commissioner Tapert and seconded by Commissioner Slinden to execute the Mitigation Agreement as approved by Washington State Department of Fish and Wildlife. The Motion passed unanimously.**

**4. EXECUTIVE SESSION:**

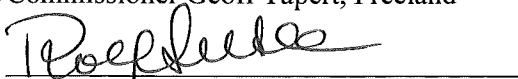
There was no Executive Session.


**5. ADJOURNMENT:**

The meeting was adjourned at 12:00 p.m.

Approved:

  
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Commissioner Geoff Tapert, Freeland

  
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Commissioner Rolf Seitle, Langley

  
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Commissioner Lynae Slinden, Clinton

Minutes prepared by:

  
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Edwin S. Field, Port Manager

Exhibit A: Financial Business Plan Model

Exhibit B: "Mitigation Agreement ...", WDFW signed 1/23/08