

THE PORT DISTRICT OF SOUTH WHIDBEY ISLAND
REGULAR MEETING

Meeting held at South Whidbey Parks & Rec District, 5475 Maxwellton Rd, Langley WA
Tuesday, October 9, 2012 at 7:30 p.m.

AGENDA**

WORKSHOP (7:15 – 7:30 P.M.): Commission review of vouchers and recent correspondence

REGULAR MEETING CALL TO ORDER and PLEDGE OF ALLEGIANCE

CONSENT AGENDA

Approval of Current Vouchers (dated October 2012) in the amount of \$62,709.46

PUBLIC COMMENT – Items not on Agenda: Please limit comments to 5 minutes

ACTION ISSUES (Part 1)

Possession Beach Waterfront Park Update

1. Ramp Rebuild – Report from RCO Presentation on Sep. 25 and BFP Schedule
2. Property Lease to AT&T

South Whidbey Harbor Update

1. Boat Ramp Boarding Floats
 - A. Construction Issues
 - Mike Carlson Enterprises (MCE) underway
 - Tentative Construction Milestone Dates
 - Reid Middleton Construction Admin Services (ref. 9/8/12 RM proposal)
 2. Phase 1: Breakwater Relocation with Uplands & Utility Improvements
 - A. Permit Issues
 - City of Langley: Light Pole Variance issue and other pending City permits
 - Corps of Engineers: Update
 - WDFW: Mitigation HPA #122970-2 extended, Phase 1 HPA #118222-2 being re-issued
 - WDOE: Coastal Zone Consistency (CZM) approved 9/13/12
 - B. Design Issues
 - Tentative Bid and Construction Scheduling
 - C. Property Issues
 - DNR: Port Management Agreement (PMA) & Aquatics Land Lease modification update
 - Lots 20 & 21: West side boundary location investigation by escrow & title companies
 - Boatyard Inn Project
 - D. Funding Issues
 - Port Security Grant (FEMA), including Consortium coordination
 - E. Construction Issues
3. Phase 2 and Beyond
 - A. Permit Issues
4. Harbor Operations
 - A. Harbor Staffing

New Project Opportunities

1. Mukilteo Parking Issues
 - A. Rural Mobility Grant: Application with the City of Langley
2. Clinton Traffic Calming Issues
 - A. RTPO Grant
3. Mutiny Bay Property Donation

FINANCIAL ACTION ISSUES

August 2012 Financial Report (distributed Sep. 26, 2012)

EXECUTIVE SESSION (___ minutes, review of employee performance)

ACTION ISSUES (Part 2)

Port Operations

1. Float Removals TENTATIVELY scheduled for **Sat. Oct. 13 at Bush Pt** and **Sun. Oct. 14 at Possession**
2. TENTATIVE October 30 Special Meeting Topics: Budget, Phase 1 permits & schedule
3. Port Comprehensive Scheme for 2013-2019: Initial process discussion
4. Port Budget for 2013: Discussion of Draft

ACTIVITIES/INVOLVEMENT REPORTS

Economic Development Council (EDC): Jerome

Council of Governments (COG): Gordon

Skagit-Island Regional Transportation Policy Organization (RTPO): Gordon

Marine Resources Committee (MRC): Gregoire

Washington Public Ports Association (WPPA): Jerome

1. Environmental Seminar at La Conner: Thurs. Oct. 11 (full day) and Friday Oct. 12 (half day)
2. Small Ports Seminar at Leavenworth: Thurs. Oct. 25 (full day) and Friday Oct. 26 (half day)
3. Annual Meeting (Nov. 28-30) and Continuing Legal Education (Nov. 27) in Seattle

Puget Sound Partnership:

Langley Shoreline Master Plan Committee: Gregoire

Island County Shoreline Master Plan: Gregoire

OLD BUSINESS

NEW BUSINESS

Sustainable Whidbey Coalition: Commission invitation to Fall Forum on Oct. 25

ADJOURNMENT

PORT DISTRICT OF SOUTH WHIDBEY ISLAND

Minutes of the Regular Meeting

October 9, 2012

Langley, Washington

Commissioners Present: Curt Gordon (Clinton), Dennis Gregoire (Freeland) and Chris Jerome (Langley)

Others Present:

Port Staff: Ed Field (Port Operations Manager), Angi Mozer (Port Finance Manager) and Molly MacLeod-Roberts (Port Clerk), Duncan McPhee (Assistant Harbormaster); **Others:** Larry Kwarsick (Langley Mayor), Jim Sundberg (Langley City Councilmember), Justin Burnett (South Whidbey Record) and **Clinton Residents:** Marcia Monma and Doug Struthers

MEETING CALL TO ORDER: Following a Workshop from 7:15 p.m. to 7:30 p.m. for informal Commission review of vouchers and recent correspondence, the Regular Meeting of the Port District of South Whidbey Island's Board of Commissioners was convened on Tuesday, October 9, 2012, at the South Whidbey Parks & Recreation District Meeting Room at 5475 Maxwellton Rd., Langley, Washington. Commissioner Curt Gordon (President) called the Regular Meeting to order at 7:30 p.m., followed by the Pledge of Allegiance.

CONSENT AGENDA

Approval of Current Vouchers: Vouchers audited and certified by the Auditing Officer as required by RCW 42.24.080, and those expense reimbursement claims certified as required by RCW 42.24.090, have been recorded on a listing which has been made available to the Board, and have been presented to the Board for review. The vouchers so listed and presented are summarized on the attached Voucher Listing (EXHIBIT A).

ACTION: A Motion was made by Commissioner Chris Jerome and seconded by Commissioner Dennis Gregoire to approve the Consent Agenda as submitted, including the authorization and acceptance of Vouchers dated October 2012 as signed today in the amount of \$62,709.46. The Motion passed unanimously.

PUBLIC COMMENT – Items not on Agenda: There was no public comment.

ACTION ISSUES (Part 1)

Possession Beach Waterfront Park Update

1. Ramp Rebuild – Report from Recreation & Conservation Office (RCO) Presentation on September 25th and Boating Facilities Program (BFP) schedule: Port Operations Manager Ed Field and Port Finance Manager Angi Mozer said the presentation went well and they are “cautiously optimistic.” The rankings of the 31 grant applications should be published by the end of October. Since the money won't be allocated until the spring, the Port won't know how far down the list will go before there isn't funding. Field said, *“If we're in the top quarter of the rankings, we're very hopeful that we will get funded, but if we're in the bottom quarter...we're not.”*

2. Property Lease to AT&T/Cingular: Mozer reported that she had revised the lease per Commission direction at the Special Meeting on September 26, 2012, and sent it back to AT&T/Cingular yesterday. There has not been a response yet.

Marcia Monma of Clinton said, *“It's important to highlight that the cell tower that was built last August between Rolling Hills and Hilltop Road – AT&T put a lease on that back in 1989. It took 22 years before they built that cell tower. So, the point I'm making is: Is it right? Is it fair? Are you even allowed to go into a contract that could lock up taxpayers' property for 22 years?”* Jerome responded, *“I looked at that*

issue in the lease. We have the option to cancel the lease if we need the property for something else. So basically it is not locked up if we have another purpose for the property. That's how I read the lease."

Doug Struthers of Clinton said, *"Is a statement objecting to the cell tower that is in the Minutes the same thing as sending an email to the Port?"* Gordon said, *"I don't think it makes any difference."* Struthers said, *"Correct me if I'm wrong, but I understand that AT&T may require you to build the road before they will enter into the agreement."* Jerome explained that AT&T would build the road – not the Port. Struthers continued, *"The question really is leading to though, is whatever the costs are for you guys to negotiate this lease and be prepared for entering into an agreement that is for a term of 25 or 30 years...which is it?"* Mozer explained it is actually a 5-year lease, with the option of 4 renewal terms of 5 years each. Struthers said, *"What I'm really wondering is...is the offer that Clyde and Marcia Monma made still on the table? And have you done an analysis of the benefit of making the sale as opposed to the cash flow, considering that the ultimate cost of negotiating the lease and everything and that it may be that the cash flow from that may be delayed five years. Is the Monma's offer still on the table and what is the analysis difference between receiving the money from the sale of the property as opposed to the cash flow from leasing it for the cell tower? Is it still advantageous to do the lease or is it advantageous to accept the offer and sell the property?"* Jerome responded, *"The discounted cash flow analysis we've done suggests that the lease payments over time are worth more than the offer that was made on the property. I think that I, as a commissioner, consider also that one of the Port's functions or permitted activities is to promote rural communication, so I think there is an intangible benefit to the tower as well. So I think there is both an intangible and a financial benefit to having the cell tower, relative to the offer."* As to whether the Monma's offer was still on the table, Jerome noted that the Port had rejected that offer around the time it was made. Gordon agreed that the Monma's offer had been officially rejected, so it would have to be resubmitted to be reconsidered. He continued, *"I think the analysis done at the time by (former Port Finance Manager) Dane Anderson indicated that the full price offer made by another party could have nearly covered the lease payments, and the Monma's offer was considerably less than full price. There is one other important factor to me and that is long-term stewardship. Part of the convincing argument that you and others made is that the Port would be the best owner of the property to maintain the trail, etc. And this does both, so that was part of the decision as well."*

South Whidbey Harbor Update

1. Boat Ramp Boarding Floats

A. Construction Issues

- **Mike Carlson Enterprises (MCE) underway and Tentative Construction Milestone Dates:** MCE is well underway on the project. Field referred to the MCE/Neptune Marine General Construction Schedule (**EXHIBIT B**). He said they are going into fabrication now and hope to complete it by the end of this month, with installation planned for the first 3 weeks of November and final completion scheduled for the end of November.
- **Proposal from Reid Middleton for Construction Administration Assistance:** Field referred the Board to their copies of the Reid Middleton proposal dated 7/8/11 (**EXHIBIT C**). He noted that the Board had previously approved Reid Middleton's services through bidding (Tasks 001-003), but not into the construction phase (Task 004). He requested approval of Reid Middleton's estimate of \$8,274 for construction administration services.

ACTION: A Motion was made by Gregoire and seconded by Jerome to approve Reid Middleton's proposal for Construction Administration services for the Langley Boat Ramp Floats project, estimated at \$8,274. The Motion passed unanimously.

2. Phase 1: Breakwater Relocation with Uplands & Utility Improvements

A. Permit Issues

- **City of Langley – Light Pole Variance issue and other pending City permits:** Field said there are four components of the permit process in Langley (Building, Water & Public Works, Zoning and

Engineering). They were submitted September 6 for review along with a request for amount of fees due. He contacted the City last week to check the status. The Public Works component is moving along, but he has not heard anything from Planning or Building permit, so he doesn't know the status or the amount of the permit fees. Gordon asked if that holds up Reid Middleton's work. Field explained that the plans are at 90-95%. The permit from the U.S. Army Corps of Engineers is "still hanging," but he spoke with Joe Callaghan of Geo Engineers today and it is due any time – there is no reason it can't be issued now. Field said, *"Once we have the permit comments from the City and the Corps stuff, we'll do one final scrub on the plans and specs to make sure they match up with the permits. With those in hand, at that point, we would have enough to go to bid."* If the Port has all the permits by mid- to late October, then a bid set could go out in the last week of November (with a 3-week bid period).

Regarding the permit status with the City, Field said, *"All the permits are moving ahead, but we are apparently in conflict with the Langley Shoreline Code on the lighting height for the breakwater."* (The code limits the lights in the marina to 3' and the Port wants to replace the existing 12'-14' poles with in-kind poles that have better efficiency, etc.) The City's Planning Director (Jeff Arango) has said the Port has to go through a variance process, which involves going back through the Hearing Examiner and the Department of Ecology. It's a 2-4 month process and approximately \$4,600 in fees. Field said, *"We think we have very strong operational, engineering and functional reasons to go with our proposed heights. I think it's worth proceeding with that process so we can replace the lights as they should be replaced. If we don't, we'll have to rewire the entire breakwater."* Although the project can still go forward, the Port would have to pull the lights out of the bid, which would end up costing more as a separate bid contract later. He said, *"I think it's worth going through the (variance) process, but obviously it's a Commission decision because of the cost."*

Regarding the 3' height limit, Gordon spoke with Jack Lynch (who was a member of the Shoreline Master Plan Committee back when that code was inserted). Lynch said he didn't know why it was put in there; it might have been so the lights wouldn't bother anyone up on Edgecliff. He didn't think they had any data – they were just putting numbers in. Gordon added that he had visited the new Anacortes marina and noticed that the lights there, including those on the interior docks, are all 14' tall. Gregoire thought there must be a marine industry standard, but Field said it tends to be somewhat localized. Our electrical engineer's analysis of the existing structure, its condition, and how it is put together for visibility pushed us to for the taller lights. Gordon pointed out that the City's Design Review Board had agreed that they were okay with the concept; they just didn't want to issue something that was against City code. They took no objection.

Jerome asked if the lighting issue is holding up one of the City's permits. Field replied, *"It shouldn't. I assume that if we work it out with the Planning Director to exclude this issue from the rest of the building permit process than the rest of the permitting could move along."* **Mayor Larry Kwarsick** added, *"There would be no reason to hold up the permits. In fact, I don't see why the permits couldn't just be conditioned upon the approval of the variance."* He suggested the Port could do a bid alternative for the lighting, but Field said that would be a huge change. Kwarsick said, *"It's hard to imagine that you won't get the variance approved, and the reason (as you stated) is that there's just no basis in the shoreline code for the restriction. You are certainly going to have the support of the City. There is just no rational basis that we can determine for the 3' bollard lighting – it's not the industry standard."* He said the variance process is the only route per the city code.

Jerome said to Kwarsick, *"We submitted the permit applications to the City on September 6th, and we've had no response yet. And we were told it would take a month. Today is October 9th. So it would be great if we could get this done in a timely fashion. Every time we turn around there's something else. We talked about getting some in-water construction done before another year is gone, and that window is disappearing. It's very, very frustrating. I really want to see this project moving, and we need the City to respond to these permit applications in a timely fashion."* Kwarsick said, *"These things are generally*

not one-sided. You have my commitment that tomorrow morning I will find out what's happening. I have a slightly different approach or take or understanding, but none of that matters. What matters is for us to work together to get this permit out the door – that's what matters." Jerome said he would really appreciate that.

Field confirmed that what is really needed as soon as possible are the City's comments, so they can be forwarded to Reid Middleton. The Commission agreed that if the variance process is the only way to deal with the lighting issue then they should go ahead and begin that process.

- **U.S. Army Corps of Engineers (Corps):** No update. Gregoire asked Field to formally request the Record of Decision on the project – he wants it in the Port's records because it is a useful document for understanding the Corps' process.
- **Washington State Department of Fish & Wildlife (WDFW):** Mitigation HPA #122970-2 extended, Phase 1 HPA #118222-2 being re-issued.
- **Washington State Department of Ecology (WDOE) Coastal Zone Management Consistency:** Approved September 13, 2012.

B. Design Issues

- **Tentative Bid and Construction Scheduling:** Discussed earlier.

C. Property Issues

- **Port Management Agreement (PMA) and Aquatics Land Lease modifications with Department of Natural Resources (DNR) update:** The Port received approval on the draft PMA and Lease modifications. Fakkema Kingma/Harmsen is working on those now, so we should have an offer document back from DNR shortly.
- **Lots 20 & 21:** West side boundary location still being investigated by the escrow & title companies.
- **Boatyard Inn Project:** Still awaiting the examples of air rights easements from RCO.

D. Funding Issues

- **Port Security Grant (FEMA), including Consortium coordination:** Mozer said there was no update from FEMA. She is working on putting together the Port's in-kind match documentation. Then fiduciary agent emailed all of the FY09 grant recipients to inform them that the current extension has not been renewed, and all current projects are therefore on hold.

3. Phase 2 and Beyond: Field reported that the permits are still moving; GeoEngineers responded to some questions from the Corps in the last couple of weeks. There is still discussion as to how many monitors are needed on Camano Island for impact pile driving, etc.

4. Harbor Operations

A. Harbor Staffing: Per Commission direction at the Special Meeting on September 26th, Field had prepared a draft Job Description for the Harbormaster position (**EXHIBIT D**). The ¾-time salaried/exempt position would have an initial annual compensation range of \$31,000 - \$34,000 (\$19.87 - \$21.79/hour). He recommended the Assistant Harbormaster should be retained at full-time and supplemental staffing with dockhands as needed. He added, *"If we don't get a qualified individual to apply, then we don't hire, but we rethink structure instead."* After a brief discussion, the Commission agreed to strike the last two sentences of the Job Description (regarding future compensation reflecting revenues and moorage of the Harbormaster's personal vessel).

ACTION: A Motion was made by Gregoire and seconded by Jerome to approve the revised Harbor structure as presented and authorize advertisement of the position with the Job Description (as amended). The Motion passed unanimously.

New Project Opportunities

1. Mukilteo Parking Issues

A. Rural Mobility Grant – Application with the City of Langley: Mayor Larry Kwarsick was on hand to present the draft 2013-2015 Regional Mobility Grant (**EXHIBIT E**) and ask the Port for support and partnership in the proposed grant project. He noted that the application must be submitted the following day (October 10, 2012). The project would include the purchase of property and the construction of a Park & Ride Facility in Mukilteo for commuters and tourists using the Washington State Ferry Mukilteo/Clinton System. Travelers would utilize the existing Island Transit bus routes Monday through Saturday to access all of Whidbey Island. The Port of South Whidbey would purchase the property with funds from the grant, and own and operate the Park & Ride Facility. The City of Langley would purchase a shuttle van and be responsible for the operation of the demonstration Sunday bus shuttle service. The total cost of the project is \$3,107,798 and a 20% match is required. The Port's matching contribution would be \$607,000 and the City's would be \$14,560.

Jerome agreed that the project was needed and would be beneficial to the community, but he expressed the following concerns regarding the Port's involvement with it:

- His recollection from previous discussions on the issue is that the Port can own and operate a parking lot in Mukilteo if the Port of Everett allows us to, but it cannot be used for commuter parking. Gordon noted that the Port of Everett has agreed to allow the Port of South Whidbey to have a parking facility and they didn't put conditions on what type. It was the Port's previous attorney that questioned whether or not commuter parking was tied tightly enough to economic development – it was more of a service and less of promoting economic development. Mozer had consulted the Port's current attorney (Brad Cattle of Anderson Hunter) and she read the following aloud from his email: *"A commuter parking facility for which the Port charges a fee appears to be within the port purposes under RCW 53.08.020 and 0.40. It is both commercial and it handles motor vehicle traffic."*

Jerome continued, *"But part of the previous attorney's opinion must have hinged on the fact that it was not in our district, because we operate a commuter parking lot within our district. What did our previous attorney think was different about it being out of district, and why does our current attorney think that's not a legitimate concern?"* Mozer said she didn't know the answer to that, but she provided the following opinion from the previous attorney: *"The Port could own and operate the parking facility if it is related to tourism. It is my belief that the Commissioners of the Port would need to make a finding that a parking facility out of district would be used to promote tourism in the Port district."* Jerome said he doesn't want the Port to sign up for something that is not legal for the Port to do.

The other issue of concern to Jerome is that the City of Mukilteo's zoning code would require retail space as part of the parking facility. He asked if the Port is allowed to operate/lease a retail facility that is not in the Port district. He explained, *"Because my experience on this Commission is that if it is not explicitly permitted by the regulation, then it is forbidden for us to do."* Mozer said she had asked Cattle if it is legal for the Port to operate a commercial-retail facility in another Port district, and his response made it sound like a zoning question: *"The zoning question is one that the City will have to answer in terms of whether the parking facility can be a stand-alone parking facility as opposed to one that supports a commercial facility."* The Commission agreed that the zoning is clear – Mukilteo requires that storefronts must have retail spaces.

The current port attorney also stated: *"If the property to be acquired by the Port District is outside of the Port District, per RCW 53.08.240, it needs to be acquired in conjunction with another Port District."* Mozer explained, *"So the Port of Everett needs to provide their consent, but we also need an InterLocal Agreement with another port (Everett or another one) that says 'these are our roles.' The other port's role can be nominal; it can be participation by name only, but there needs to be two ports that sign into an agreement of some type to purchase the property."*

Gregoire said the concept was intriguing, but he believed the Port needed to do an economic development evaluation of the tourism and commuter flow on the Island to get some hard numbers, feedback and data. He spoke about his years working with the Port of Everett and said, *"My experience is telling me that in the future, the money is not going to be available for these big projects. We need to figure out a different way of doing what we think we need to do."* Regarding concurrency, he said, *"The level of service issue is a political issue, not a reality and I don't want it to be the driver for spending money because we can change that."* Gregoire asked how much more the Port would have to borrow and leverage to do this project, and said the bottom line for him is that a more thorough economic analysis of tourism, etc. is needed. The concept and ideas are good in terms of stimulating a discussion of where we go in the future, but he thinks we need a new paradigm on dealing with these issues because we don't have a good understanding of the problems.

Mozar presented an updated spreadsheet on the proposed parking facility **(EXHIBIT F)**. The spreadsheet was originally prepared by former Port Finance Manager Dane Anderson, and Mozar modified it to include the grant. Jerome said, *"My concern is that this grant obligates us to go out and get \$500,000 of revenue bonds, and if I understand revenue bonds correctly – they are supposed to be paid out of the proceeds from this parking lot. What happens if the revenue from the parking lot doesn't pay the bonds?"* Gordon said the Port would be on the hook for it. Jerome noted that the Port already has an \$850,000 bond to expand the Harbor, and this would be another \$500,000 of debt. Since the Port's total yearly operating budget is only about \$500,000, he said, *"So we can go under water very quickly if we're not careful. I want to be sure what we're getting into financially with this project."*

At the request of the Commission, Mozar walked them through the spreadsheet details. The Port would need a revenue bond of \$621,560 and the annual debt service would be \$46,617 per year. The assumptions include 65 parking stalls (32 daily/hourly stalls with occupancy of 21.4% and 33 monthly stalls with 90% occupancy). Cost per day is \$10 and cost per month is \$150. For the 6,600 sq. ft. of retail space, the spreadsheet assumes 50% occupancy at a rate of \$28 per sq. ft. Revenue would begin in Year 4 and is estimated at \$170,889, with \$92,400 from retail leases and \$78,489 from parking. Expenditures are estimated at \$84,959, resulting in Net Income of \$85,929 per year. Based on those assumptions, Mozar explained that the facility would be profitable in Year 5 and the revenue bond could be paid off early Year 11 or Year 12.

Jerome said, *"So there are 65 parking stalls in this garage – how many do we have at the Humphrey Road lot and what is the annual revenue from it?"* Staff said there are about 200 stalls and the 2012 revenue will be about \$40,000. Jerome explained, *"Where I'm going with this is our only experience with parking lots is the Humphrey Road lot, which has more than twice as many parking stalls as this and makes half the revenue that we're projecting for this."* Gordon noted that the current rate for the parking lot right next to the Mukilteo ferry is \$140 per month. Jerome said, *"Parking lot revenue – okay, I'm fine with that – it sounds okay. Retail revenue of \$92,000? I have no way to know if that's realistic – it seems like a heck of a lot of money to get out of that location, several blocks from the ferry. It's not exactly a high traffic area."*

Gordon asked Kwarsick, *"If you submit this grant tomorrow (and we're obviously not prepared), as you go into the process...two questions come to mind: How long is it going to take before we'll have to decide whether we want to be obligated and know better as to whether we're in line? And can we make any kind of minor changes to the request?"* Based on his experience, Kwarsick's opinion was that by the beginning of December, we'll know if we're in the running. He said, *"So the concern over obligation will either intensify or vanish then. But if we should be fortunate enough to obtain the grant, you are under no obligation (and neither is the City) to actually sign the grant contract. I believe we still have the opportunity to refine it, and I think it is still possible to seek out other potential partnerships during this grant period. If we come to the table with \$2.5 million and start talking to the City of Mukilteo, the port district, etc. – we have money and the resources."* Gordon agreed, and noted that one of the items

factored in the spreadsheet is the 25% tax on parking revenue imposed by the City of Mukilteo. He suggested the Port and City could apply for the grant, but the first partner they would need to go to would be Mukilteo, and ask them to waive the tax until the structure is paid off.

Gregoire said he was okay with submitting the grant application as long as it doesn't "lock us in," noting that it would provide the opportunity for more discussion.

Gordon said, *"So under obligations, there are none. Under costs, I think we need to nail them down better because I think construction will actually be lower."* He continued, *"If you can get \$2.5 million from a source that really understands the need and the purpose, for the sake of economic development and transportation, there is no ethical or logical reason to me not to pursue that. Because in the long run, that's going to bring money home to our constituents and that's what we're here for."*

ACTION: A Motion was made by Gregoire and seconded by Jerome to proceed with submittal of the Regional Mobility Grant application for the Park & Ride Facility with Sunday Bus Service Demonstration Project in partnership with the City of Langley. The Motion passed unanimously.

Kwarsick thanked the Port Commission and said for municipalities and districts, *"Partnerships are essential. In the future, the only way we're going to find solutions for our problems is through partnerships."* Gordon added, *"We that serve the same constituents owe it to the public to continue to be partners."*

2. Clinton Traffic Calming Issues

A. Regional Transportation Planning Organization (RTPO) Grant: Gordon said that it sounds like Island County will order all six electronic speed signs (2 each for Langley, Coupeville and Clinton). Since the grant comes through the Washington State Department of Transportation, they will assist with the installations.

3. Mutiny Bay Property Donation: Gregoire said the Robinson family wants to transfer their ownership into public ownership as soon as possible. He is scheduled to have a discussion with the Island County Commissioners to address their concerns in taking it on, and hopes to provide an update at the Port's special meeting at the end of the month.

FINANCIAL ACTION ISSUES

August 2012 Financial Report: The Commission acknowledged receipt of the August 2012 Financial Statement, which had been distributed to them previously (**EXHIBIT G**).

EXECUTIVE SESSION: Gordon noted that the Operations Manager and Port Clerk had both requested pay increases and the Finance Manager had proposed extending the current arrangement of working an estimated 32 hours per week (hourly compensation of \$35 without benefits) until spring of 2013. He said the Commission would need to determine the compensation amounts to be included in the 2013 budget. He reiterated that he is not in favor of inflationary increases, but he fully supports merit increases. Gordon felt that Port Clerk Molly MacLeod-Roberts wage request of \$22/hour should be approved based on her performance and exceeding the required criteria. Prior to discussing compensation for Field and Mozer, Gordon proposed that the Commission hold an Executive Session for the purpose of performance evaluations of the Port Managers.

The Board of Commissioners went into Executive Session at 9:25 p.m. for an expected duration of 10 minutes to review the performance of employees. The Board came out of Executive Session at 9:35 p.m.

After a brief discussion, the Commission approved the following compensations for the 2013 budget:

1) the Port Clerk's request for rate increase to \$22.00 per hour, 2) the Operations Manager's request for a

5% increase to \$36.75 per hour, and 3) the Finance Manager's request to continue working under the current agreement, with the intention of transitioning to a full time salaried position in the spring.

ACTION ISSUES (Part 2)

Port Operations Updates

1. Float Removals at Bush Pt and Possession: Tentatively scheduled for Saturday, October 13 and Sunday, October 14, respectively.

2. Tentative October 30 Special Meeting Topics: Budget, Phase 1 permits and schedule. The primary focus of the meeting will be the budget, as the Preliminary Budget must be published prior to the public hearing on November 13, 2012

3. Port Comprehensive Scheme for 2013-2019 – Initial process discussion: Jerome said his understanding of the 2007-2013 comp scheme process was that a consulting firm was hired to at least initiate the process. He said, *"Given all that's going on and the amount of Staff time that might be available for such an undertaking that might be the way to go. So I wanted to throw out that possibility and if everybody agrees we could at least get on the path of finding someone who might be able to do that for us. It has to happen next year, and if we're going to task somebody with it, I'd like to get that process started."*

Gregoire said he would provide the Commission with some documents that lay out the steps of the Comp Scheme process. Jerome said he was less concerned with the process itself as he is about trying to identify someone who can help the Port with it. Gordon said the Port could hire a part-time staffer or hire an outside consultant. Gregoire had worked on the current Comp Scheme, and he noted that the Port had combined the Strategic Plan with the Comprehensive Scheme. He explained that a strategic plan identifies the goals and objectives and is mainly words, whereas the Comp Scheme is about facilities and includes maps, photos, etc. He said they could be combined or separate, and suggested that the strategic plan could be done in-house. Jerome's sense is that the best thing to do would be to hire a consultant that can help the Port with the process and figure out how to get it done. He doesn't see the Port hiring one consultant to do a strategic plan and then another to do the comprehensive scheme. He would really like the Commission to identify that person and get them going as soon as possible. Jerome asked if the Port could solicit proposals from potential consultants, and Gordon said they could issue a Request for Proposals (RFP) for a firm to complete a strategic plan and comprehensive scheme for the Port in the early spring. The Commission directed Field to draft an RFP for the Commission's review.

4. Port Budget for 2013 – Discussion of Draft: Mozer said there are about 15 line items that she would specifically like to discuss with the Commission. Gordon asked her to highlight those line items and send it out to the Commission so they can review them and be prepared to discuss them at the special meeting on October 30, 2012.

ACTIVITIES/INVOLVEMENT REPORTS

Economic Development Council (EDC): (Jerome) No report. Jerome is not able to attend the EDC meetings, so Gordon said he would try to attend and asked the Port Clerk to send the schedule.

Council of Governments (COG): (Gordon) Gordon said the COG had a great report from the Island County Housing and the Island County Mental Health group. He said it was pretty amazing, heart wrenching and very educational.

Skagit-Island Regional Transportation Planning Organization (RTPO): (Gordon) The traffic calming grants were a big part of the recent meeting. Gordon said the organization is still not all in unison as to where they stand on the concurrency issue. There are 3 potential options: 1) leave it as it is, 2) ask the State to modify it, and 3) throw the whole thing out.

Marine Resources Committee (MRC): (Gregoire) No report.

Washington Public Ports Association (WPPA): (Jerome)

1. Environmental Seminar in La Conner Thursday, Oct. 11 (full day) and Friday, Oct. 12 (half-day)
2. Small Ports Seminar in Leavenworth Thursday, Oct. 25 (full day) and Friday, Oct. 26 (half-day)
3. Annual Meeting in Seattle Nov. 28-30 and Continuing Legal Education Nov. 27

Puget Sound Partnership (PSP): No report.

Langley Shoreline Master Plan Committee: (Gregoire) Gregoire said the City is behind schedule on getting the draft Plan done.

Island County Shoreline Master Plan: (Gregoire) Gregoire presented copies of a letter to the Island County Commissioners (**EXHIBIT H**) congratulating them on the development of a final draft of the Update to the Shoreline Master Program. The letter also included the Port's request for an Environmental Designation to be applied to Port property at Bush Point and Possession Beach Waterfront Park, and expressed some additional concerns.

OLD BUSINESS: There was no old business.

NEW BUSINESS

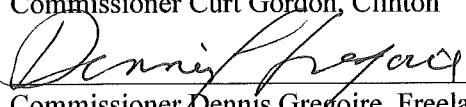
Sustainable Whidbey Coalition: Commission invitation to Fall Forum on October 25. The Commission agreed it would be good to have a seat at the table, and Gregoire said he might attend.

ADJOURNMENT: The Meeting was adjourned at 10:10 p.m.


Approved:



Commissioner Curt Gordon, Clinton



Commissioner Dennis Gregoire, Freeland



Commissioner Chris Jerome, Langley

Minutes prepared by:



Edwin S. Field, Port Operations Manager

- Exhibit A: Voucher Listing
Exhibit B: MCE/Neptune Marine General Construction Schedule
Exhibit C: Reid Middleton proposal dated 7/8/11
Exhibit D: Draft Job Description for the Harbormaster position
Exhibit E: Draft 2013-2015 Regional Mobility Grant
Exhibit F: Updated spreadsheet on the proposed parking facility
Exhibit G: August 2012 Financial Statement
Exhibit H: Gregoire's Letter to Island County Commissioners regarding Shoreline Master Plan Update