

AGENDA
THE PORT DISTRICT OF SOUTH WHIDBEY ISLAND
REGULAR MEETING
LOCATION: SWPRD Meeting Room, 5475 Maxwellton Rd, Langley WA
DATE: March 13, 2012

7:15 PM – 7:30 PM WORKSHOP: Commission review of vouchers and recent correspondence

7:30 PM REGULAR MEETING CALL TO ORDER

1. Pledge of Allegiance

BUSINESS MEETING

1. Consent Agenda:
 - A. Vouchers: Vouchers dated **March 2012** as signed today in the amount of **\$61,952.53**.
2. Approval of Minutes
 - A. Minutes on file: Minutes from Regular Meeting of February 14 and Special Meeting of February 1, 2012.

FINANCIAL ACTION ISSUES - Staff Report, Public Comment, Commissioners' Discussion

1. January 2012 Financial Report (distributed on Feb. 21, 2012)

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

1. Applications for Funds
 - A. Celebrate America Port-a-Potty Sponsorship: S. Whidbey Assembly of God
 - B. Marina Historic Walkabout: Langley Main Street Assoc.
 - C. Langley Second Street Market: Langley Main Street Assoc.
 - D. Choochokam Arts Festival: Langley Chamber of Commerce
 - E. Whidbey Island Farm Tour, c/o Whidbey Island Conservation District
 - F. MayFest: Clinton Progressive Association
 - G. 2012 Tourism Brochures: Freeland Chamber of Commerce
2. Resolution No. 12-02: Establishing Agreements for Port Grant Funding per Commission direction

PROJECT ACTION ISSUES - Staff Report, Public Comment, Commissioners' Discussion

1. Possession Beach Waterfront Park
 - A. Property Lease to AT&T: Awaiting AT&T countersignature and initial rent payment
 - B. Ramp Rebuild: RCO Planning Grant application for BFP (due 7/2/12)
 - Resolution No. 12-03: Authorizing Application for BFP Grant
2. South Whidbey Harbor
 - A. Phase 1: Breakwater Relocation and Boat Ramp Floats with Uplands & Utility Improvements
 1. *Design Status*: Reid-Middleton submitted 90% Plans & Specs on 12/19/11, review in progress
 2. *Permit Status – Breakwater Relocation* – Updated:
 - City of Langley: DNS issued 3/2/12, Public comments due by 3/19/12, Public Hearing scheduled for 6:30pm on 3/22/12 at City Hall
 - USACE Permitting: JARPA *submitted* 11/18/11 c/o Joe Callaghan/GeoEngr, with SPIF and Letter *Submitted* 12/12/11 to modify NWS-2007-1672
 - Hydraulic Proj. Appvl: HPA #122970-1 for Temp Storage Mitigation *approved* by WDFW (Issued 3/4/11, revis. TBD by Geo.), New HPA for Relocation to be issued pending new SEPA
 3. *Permit Status - Boarding Floats* - No update
 - Permit Extension Request to USACE: LOP NWS-2005-396 *approved* 11/9/11, valid thru 7/31/13.
 - Master Permit Appl. to Langley; *Approved* thru 12/29/11, w/ 1-year extension *pre-approved*.
 - DOE Water Qual. Cert & CZM: Valid through 12/29/11, with one-year extension *pre-approved*
 - HPA: #122942-2 *approved* on 3/3/11, with 30% grating requirement.
 4. *Permit Status – Construction Staging/Office and Uplands Improvements*

- Crit. Areas & Shoreline Exemption: Requested by City, *submitted 2/13/12*
- 5. *Property Issues:*
 - DNR: Proposed PMA / Aquatics Land Lease modifications reviewed with DNR, awaiting approval and revised agreement
- 6. *Funding Issues*
 - Boating Facilities Grant (Floats only): Initial reimbursement request submitted 2/28/12
 - RCEDF Grant: ILA approved, but extended performance schedule to be submitted (Gordon)
 - Debt Financing: S&P preparing Bond Rating following 3/7/12 presentation
- B. Phase 2 & Beyond: The Rest of the Story...
 1. *Planning:* Port Comp Scheme & Master Planning process with Langley TBD
 2. *Permit Status:*
 - Hydraulic Proj. Appvl: HPA #118222-2 *approved* by WDFW (Issued 2/13/10, rev. 3/8/11),
 - USACE Permitting for Complete Expansion: JARPA *submitted* Aug, 2009, Formal ESA Consult. on Impact-dr. & Geo MM & MMPP (*subm.* 4/21/11) underway, *Site meeting on March 3*
 3. *Design Status:* On hold pending permit action and planning direction
 4. *Funding Issues:*
 - Port Security Grant (FEMA) incl. Consortium coord: FY 2012 Application in process
 - Boating Infrastructure Grant (RCO)
 - Resolution No. 12-04: Authorizing Application for Boating Infrastructure Grant
- C. Harbor Operations
 1. *Electrical Maint. Project:* Project status update and Commission concurrence on final Change Order
 2. *2012 Ramp Cleaning:* Wrap up on sand lance egg sampling and on-going ramp cleaning
 3. *Annual Review of Harbor Regulations:* No revisions recommended at this time
 4. *Initial Review of Summer Operations,* incl Bait & Ice Sales: NW Marine Sol'ns to continue as vendor
 5. *On-Call Dock Attendant:* Position to be posted now thru 3/26, for Interview & Hire ASAP
- 3. Port Operations
 - A. Finance Manager Position: Draft Posting for 3-week solicitation
 - B. Surveillance / Port Security Project: Pending EHP review/approval (submitted 11/16/11)
 - C. Septic System Inspections per Island Co: No update (Clinton Beach TBD)
 - D. Float Launch Dates (tent.): Possession floats on Sunday April 8 (eve), Bush Pt floats on Friday April 20
- 4. New Project Opportunities
 - A. Mukilteo Parking Issues (Gordon)

ACTIVITIES/INVOLVEMENT REPORTS

1. Economic Development Council (EDC): Jerome
2. Council of Governments (COG): Gordon
3. Skagit-Island Regional Transportation Policy Organization (RTPO): Gordon
4. Marine Resources Committee (MRC): Gregoire
5. Washington Public Ports Association (WPPA): Jerome
6. Holmes Harbor Shellfish Protection District: Gregoire
7. Puget Sound Partnership: Policy Devel./Tech Advisory Committee (ILIO): Ron
8. Langley Shoreline Master Plan Committee: Gregoire
9. Island County Shoreline Master Plan: Gregoire
10. RCO WWRP Water Access Committee: Ed (still, despite efforts to the contrary)
11. Island Co. Hazard Mitigation Plan Update:

OLD BUSINESS

1. Island Co. Comp Plan / Parks & Rec Element: "Whidbey Isl. Park District" Meeting on 3/14/12 at Coupe.

NEW BUSINESS

ADJOURNMENT

PORT DISTRICT OF SOUTH WHIDBEY ISLAND

Minutes of the Regular Meeting

March 13, 2012

Langley, Washington

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

Others Present:

Port Staff: Ed Field (Port Operations Manager), Ron Rhinehart (Port Finance Manager), and Molly MacLeod-Roberts (Port Clerk); **Others:** Jim Sundberg (Langley City Council Member), Ed Jenkins (Clinton), Phil Wright (Clinton Progressive Association), Dale Christensen (Clinton), Gretchen Schlomann & Karen Bishop (Whidbey Island Farm Tour), Sherry Jennings (Langley Chamber of Commerce), Betty Freeman (Whidbey Examiner), Janet Ploof & Fran Abel (Langley Main Street Association), Leanne Finlay (Freeland Chamber of Commerce), and Jim Larsen (South Whidbey Record).

WORKSHOP & 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, March 13, 2012, at the South Whidbey Parks & Recreation District Meeting Room at 5475 Maxwellton Rd., Langley, WA. Commissioner Curt Gordon (President) called the Regular Meeting to order at 7:30 p.m., followed by the Pledge of Allegiance.

BUSINESS MEETING

Consent Agenda

A. 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**).

B. Minutes: Minutes from the Regular Meeting of February 14 and Special Meeting of February 1, 2012.

ACTION: A Motion was made by Gregoire and seconded by Gordon to approve the Consent Agenda as submitted, including the authorization and acceptance of Vouchers dated March 2012 as signed today in the amount of \$61,952.53. The Motion passed unanimously.

FINANCIAL ACTION ISSUES

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

PUBLIC COMMENT – Items not on Agenda:

Sherry Jennings said she was very excited to be working with Assistant Harbormaster Duncan McPhee on the Dive Event (April 14th at the Harbor).

There was no additional public comment on items not on the Agenda.

Applications for Funds

A. South Whidbey Assembly of God – Application for Celebrate America (3rd of July) Port-A-Potty Sponsorship Funds (EXHIBIT C): Port Operations Manager Ed Field noted that the Port co-owns the bathrooms at Freeland Park where the event is held, and in the past the Port has paid for the Port-A-Potties so the septic system and existing bathrooms are not overwhelmed and possibly damaged by the large crowd. If approved, the \$1,010 request would be paid directly to the provider of the units.

Ed Jenkins said, *“Under the new Port guidelines...this is a great event; I attend it, but it is a local event. It doesn’t have anything written down as to how they draw people from off-island. Indeed, the mainland has tons of great firework events. It’s not something that fits under any of the Port’s criteria for funding, and I would ask that it be denied.”*

Commissioner Gregoire said that reducing cost and damage to the current system is a valid reason, and another reason is that the Port is a member of the Holmes Harbor Shellfish Protection District. If the septic system overflowed or failed, it would exacerbate the problems in Holmes Harbor. He said there is an environmental concern as well as a facilities concern.

B. Langley Main Street Association (LMSA) – Application for Marina Historic Walkabout Advertising Funds (EXHIBIT D): Janet Ploof was on hand to present the \$1,000 request for advertising. She thanked the Port for last year’s grant award for the start-up costs of the LMSA. Ploof explained that the Historic Walkabout is like a game or contest, during which people walk around with captions and try to match them to historic photos. Last year’s event was held the same day as DockStock and approximately 200 people participated. LMSA also sold raffle tickets, with the proceeds going to Good Cheer. This year, LMSA would like to advertise the event, the focus of which will be the marina (the history of Langley with its waterfront). There will also be a lecture on the history of the marina provided by Bob Waterman.

Jenkins said, *“First, the Walkabout is a moot issue. Last year, I provided the concept, the name and most of the marketing materials to Eric Levine. I have copyrighted all of that material and any iteration of walkabout, be it marina, Langley, all those things...I own the copyright name to that, so they cannot carry out the event under that name. They have to start from scratch on that unless they want to talk to me about using it. Secondly, LMSA is probably not going to be in operation by that time, because they are an illegal operation under 501(c)3. A complaint has been filed with the IRS, and the Historic Preservation has a complaint filed with them because what they’re doing by their own quotes & words (in the record and other things) is not legal under the Main Street charter.”*

C. Langley Main Street Association – Application for Second Street Market Advertising & Entertainment Funds (EXHIBIT E): Fran Abel, Chair of LMSA’s Economic Committee, was on hand to present the \$1,000 request for Second Street Market advertising & entertainment. She explained that group has a budget of \$2,500 for economic and community development, and they use it to put on a Farmer’s Market on Second Street. Abel said it did well last year for the first time, and it attracted lots of local people and visitors from off-island. It was very popular and generated some nice income for its first year in operation, but it was done without advertising. This year, they would like to advertise it, starting with the “Farmers’ Market & Farm Map.” There are 15,000 copies of the Map printed each year and distributed on the ferries as well as Visitor Centers in Seattle and Bellevue and the Boeing Tour Center. Four thousand copies stay on Whidbey Island for Chambers and businesses. LMSA would also like to advertise on Drew’s List and the South Whidbey Record to promote the Market, because it really does build community and generate economic development. Abel explained that they would like to involve the whole town and all the businesses, and so they are asking for funds for entertainment for musicians, etc. to perform on both First & Second Streets.

Gregoire said the Market supports what the Port is trying to do on the waterfront, in terms of bringing in additional boaters and visitors to South Whidbey. It's very complementary to the Port's activities.

Jenkins said, "I agree that it's a complementary item in Langley. Unfortunately, it is not permitted under the Main Street Association. It is a for-profit operation; they collect fees, they collect insurance fees – that is not allowed under the Main St. Association. They don't provide anything that tells us what they're actually going to do with the money, which the new grant proposal asks them to do specifically – ads, times, demographics, what kind of return the taxpayer is going to get for the money that we're giving out for these grants. None of that is added in there. Also, the fact that they will probably not survive the IRS inquiry, because I have listed here all the reasons here that the IRS says they cannot do what they're doing. Lastly, the Market in some ways costs Langley money. The sales tax dollars that are collected there don't necessarily go to Langley. When a Langley business collects a dollar, it goes to Langley to pay for the infrastructure, police services, etc. The majority of the Market vendors are from outside of Langley and some are from off-island, so when they report their taxes in the districts they live in, those are the communities that get the dollars. There needs to be some way to address that. It needs to be carried back under the Chamber – it needs a different structure. The Main St. is absolutely not allowed to do this and won't be able to do it, so it's voting on a moot issue. I would suggest that with both the Walkabout and the Market that you allow them to settle these potential problems with the IRS and getting the status of Main St., and if they survive that, then let them come back and ask for money at that time."

Sherry Jennings (Langley Chamber of Commerce) said, *"The Chamber oversaw the Market last year with a great committee and are doing it again this year. All the vendors are from Whidbey Island and paid the City for a business license. Also, there are no vendors that pay insurance to the Market itself; there is an umbrella policy that provides liability coverage but they need to carry their own insurance."*

D. Langley Chamber of Commerce – Application for Choochokam Arts Festival Promotion Funds (EXHIBIT F): Sherry Jennings was on hand to present the Chamber's \$2,500 promotional funding request for Choochokam. This is the Festival's 5th year under operation as a non-profit. She explained that they are trying to build awareness that the event is not only an arts festival, but has also become quite the vibrant music festival as well. While music festivals are going by the wayside, Choochokam is growing in popularity, with over 9,000 Twitter followers and over 1,000 Facebook "likes." The Festival always supports local artists and the Facebook page prominently displays local artists. This year's request is for the seed money for off-island advertising in the Seattle Weekly, on KPLU & KSER radio stations, etc., to "fill the rooms and put heads in beds" on South Whidbey for that weekend. As of today, there are over 60 applications from artists and Jennings said there will probably be over 80 artists at this year's event.

Jenkins said, "Choochokam is a great event – I love it, I go every year, it's great fun. But, we're talking about the Port, a grant and tax dollars. They did not come up with anything that was asked for on the application. Underwriting to public radio is totally different than taking out advertising spots. And the station they said they were going to advertise on - they gave no times for ads, or the likely demographics that those ads would reach. A thousand twits (sic) or nine thousand twits and a thousand friends – how does that translate into dollars and cents for the Island? They haven't shown anything like that and there are plenty of ways to measure this. Somebody states (on the Application) that there are 11-16,000 people attending this thing. I talked to the Chief of Police and as a professional he said he's never seen more than 2-3,000." Jennings interjected, "He's the one that gave us the number – Chief Bob Herzberg." Jenkins said Herzberg is no longer the Chief and he had spoken with Chief Randy Heston. He continued, *"And he's been around for many years, and the figures are nowhere near that number. The event is worthwhile, but unless they can come back with meaningful data...they have no way of tracking who comes from off-island, who stays overnight, etc. There are simple ways to do that. Just today, I found 3 places that go around and copy license plate numbers down and feed them into a mailing list data*

operation. They will feed back zip codes and tell you exactly who is attending, so you know how many are coming over and how many are driving just a few miles. So the money the Port is being asked for should **not** be granted."

E. Whidbey Island Conservation District – Application for Whidbey Island Farm Tour Advertising Funds (EXHIBIT G): Gretchen Schlomann and Karen Bishop were on hand and thanked the Port for supporting the Farm Tour last year. They presented the Port with the 2011 Farm Tour print. The Farm Tour is requesting \$1,000 to help produce the brochure, which will be distributed ferry runs from June – September. Schlomann explained it is the 7th year for the Farm Tour, the purpose of which is to promote small farming activity on Whidbey Island and to specifically bring visitors from off-island as well as exposing local residents to the activity. This year, the Farm Tour will specifically encourage weekend stay overs, by partnering with Bed & Breakfasts and the Chambers of Commerce. The event is also advertised regionally (Seattle, Bellevue & Everett areas). Schlomann said they had surveyed some of the participating farms last year, and found that 26% of the respondents said they were staying overnight for the whole weekend. She added, *"We kept track of the visitors on my farm and on Saturday it was 50/50 from off-island/local and on Sunday it was probably 60/40 with more local visitors than off-island. For the farms, the impact lasts more than just those 2 days – we have lots of people that come back throughout the year who said they came to the Farm Tour and are now bringing their relatives, friends, etc. It's hard to determine exactly how many people visited the farms since different people go to different farms and not necessarily to all the farms. Based on the information gathered from farms, we calculated roughly 3,000 visits throughout the weekend throughout the Island. Some farms had 200 visitors; some had 400-500 visitors, depending on their activities, location, etc."*

Jim Sundberg asked how many farms participated last year, and Schlomann said there were 18. This year there will be 14-16 to make it a little more manageable for people to visit all of them. Bishop explained they were trying to partner farms this year, with a host farm with other farms selling their products at the host farm rather than their own farm.

Gregoire said it's good that the Tour is now for 2 days instead of only 1 day. He was curious as to how many first time visitors are drawn to the Island by the Farm Tour. It is a very special event, because people really get to drive around the Island as they visit the farms. He said, *"Overall, I think the Farm Tour is really complementary to the whole Island's economy and exposing people to the Island."* Schlomann said, *"I don't know how many were first time from the mainland from here, but we did learn from our survey that for 70% of the respondents it was their first time doing the Farm Tour."*

Gordon noted that for all applicants, details like those would help with future Applications for Funds. The more data the Port has, the easier it is to support that it fits the Comprehensive Scheme, etc. Gregoire suggested that the WSU Island County Beach Watchers might be able to help with surveys, etc.

Jenkins said, *"These people have it going on. They should get the money. They are the first ones that actually understood the process. They took surveys, she quoted a statistic of overnight stays, they're making a real attempt to generate something that's useful and quantifiable for not only the Island, but that can be used in other areas and merchants, too. My suggestion is that they should work more closely with the Langley Chamber and share some of what they've learned on doing this with the Chamber and other groups that need to learn how to figure this out."*

F: Clinton Progressive Association – Application for Mayfest Promotion Funds (EXHIBIT H): Phil Wright and Dale Hofius (President and Treasurer of Clinton Progressive Association, respectively) were on hand to present the \$800 request to fund advertising and promotion of Mayfest. The event provides vital revenues for continuing maintenance of the historic building, which serves as a location for public events, private parties, etc., as well as an official Red Cross Emergency Shelter (the only one on the south

end of Whidbey Island). Wright said, *"We're grateful for the support you've provided in previous years, and hope you will consider providing it again."*

Gordon asked if they knew how many people attended last year. Hofius said the Hall was filled to capacity, so about 250 people were there. He added that they would try to do a better job of tracking visitors going forward.

Jenkins said, *"The Progressive Hall is a great operation – I'm a member of it, I've worked there, I've done volunteer work for them before, but they need to get grants from appropriate places. They've gotten a grant for a generator, another grant for a warming shelter – I'm all in favor of all of that. But as far as the criteria for the Port to give them taxpayer dollars...they just don't have any statistics or any information that makes it reasonable. The reality is that Clinton (try as some people might to make it something different) is just a local shopping area. The only time tourists stop there is to get gas or a bite to eat at the mini-mart or if they waiting in line for the ferry. There is nothing historic; there is nothing beautiful; there's nothing that is going to make people want to stop, park and walk around. So for the purposes of economic development and bringing off-island people, it just isn't there. It's not an appropriate grant for the Port of taxpayer dollars."*

Gregoire asked when the Clinton Progressive Association was formed and how long the Hall had been there. Wright replied, *"Over 100 years. We had our Centennial in 2010."* Gregoire said he guessed 100 years would be considered historic.

G. Freeland Chamber of Commerce – Application for 2012 Tourism Brochure Printing Funds

(EXHIBIT D): Leanne Finlay was on hand to present the Chamber's \$2,500 request to help pay for the costs of printing and distributing their brochure. She explained that the brochure was redesigned last year and it has been "flying off the ferries" ever since. Finlay said, *"We have it on all the ferries, at the Colman Dock, up at Boeing and at Paine Field."* The brochures include a map and highlights public areas, including the Port's facilities. She added, *"One of our philosophies at the Chamber is that we're not just about Freeland – we are the Greater Freeland Chamber of Commerce because we handle quite a few businesses all throughout Whidbey Island, but especially on the South End. We have member businesses in Greenbank, Bayview, Clinton & Langley. This year's distribution will be 20,000 brochures, and it benefits all of Whidbey Island."*

Jenkins said, *"This is a tough one for me, because I agree that it's a great brochure and that for the Island in general, it serves a great purpose. But they have not given any information about why the Freeland Chamber is the one doing this and why the Port should support it. Freeland is **not** a tourist destination. It is not a tourist destination in the sense that Langley would be, that Coupeville would be, and many other areas are. It's a place where somebody stops to get gas and maybe buy some food at Payless. This is something that should go ahead, but they should cooperate with other Chambers and figure out how to do it between them, or come up with a more concrete reason as to why it falls in step with the Port's new rules and regulations for qualifying for a grant. I think it needs to go ahead. I would suggest that maybe you give them a dispensation of a couple of weeks to work on it and figure it out and see if they can come up with something concrete to make it dovetail with what the Port's requirements are."*

Gordon said, *"I think we've had a great chance to go over all these items and I want you all to know that the way these grants operate is that we made it very clear in the grant application what we requested, and we also made it clear on the last page that you won't receive the grant reimbursement unless you supply information properly."* He said he appreciated Jenkins' comments and in the future, he hopes the applications do lean more toward visitors, tourism and economic development. Gordon continued, *"We want to hear how many people attended your event, how many new people showed up because of your*

event, and what you did for the businesses in your community by putting on your event. That is not going to negate anybody's application tonight. We can work with the applications as submitted. We plan to have this as a topic at our next workshop and work up some criteria and possibly tweak the application for next year."

Gordon noted that \$7,500 has been budgeted for Trade Fair/Tourism Development Sponsorships (Admin), and the current application requests total \$9,810. Another \$7,500 has been budgeted for Business Development Grants (Capital), and no applications have been submitted for that.

Since Commissioner Jerome was unable to attend the meeting, per his request Port Operations Manager Ed Field provided Jerome's emailed comments to the Board. Field said, *"His general comment was he thought all the applications were worthy and it's not that much money. He recommended funding them all – it's less than \$10,000 total. Jerome admitted it's more than half of the annual total (\$15,000 for Admin & Capital grant, but noted the Port usually gets more applications in the Spring than in the Fall. He acknowledged that some of the requests had been submitted on the old form and the old criteria, and he wanted to remind all the applicants that they won't get money next time if they don't apply using the new version, but it is okay to let it go this time."*

Regarding LMSA's proposal to have the Marina Historic Walkabout take place the same day as DockStock, Field pointed out that DockStock is an event for the boaters at South Whidbey Harbor. We don't have parking down there and it is not an Island-wide concert. It is not marketed to Island residents – it is specifically marketed to boaters. If a large crowd comes down the hill in vehicles, it would be pretty challenging for parking, and since the bands will be set up out on the pier, a large crowd of people walking down the hill would also be challenging to accommodate.

Gregoire agreed with Jerome that all the applications were worthy and the Port should approve and fund all those submitted today. Gordon said, *"I like seeing all these events, but I would be even happier if the Port was leveraging less dollars – more bang for the buck. Since we have a limited amount of funding available, as events become self-sufficient, we'll have to start weaning them off."* He indicated that he would have pared back the amounts of some of the requests, but if Gregoire and Jerome are in favor of funding them fully, he didn't have a problem with that. He reminded the applicants that reimbursement would be provided only for money spent on the specific purposes outlined in the applications.

ACTION: A Motion was made by Gregoire and seconded by Gordon to approve the requests for a total of \$9,810, allocated as follows:

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|--|---------|
| • Celebrate America/SWAG: Port-A-Potties | \$1,010 |
| • Langley Main St Association: Walkabout | \$1,000 |
| • Langley Main St Association: Second St Market | \$1,000 |
| • Langley Chamber of Commerce: Choochokam | \$2,500 |
| • Whidbey Island Conservation District: Farm Tour: | \$1,000 |
| • Clinton Progressive Association: Mayfest | \$800 |
| • Freeland Chamber of Commerce: Tourism Brochures | \$2,500 |

The Motion passed unanimously.

Gordon stated, *"I believe that all of these Applications will survive an audit and I think that's the most important thing – that we are actually following through with what the Port's mandate directs us to do."*

Jenkins said, *"I have a question. Are you awarding me the money for the Walkabout? Because I own the copyright to that."* Gordon responded, *"All I can say about that is that it remains to be seen."*

Jenkins said, *"It does. There will be an injunction filed tomorrow, and also a writ of mandamus. So you'll have to go court and justify why you're not following the mandates."* Gordon said, *"Let me repeat what I said earlier. We will not award anyone any money unless the request for reimbursement is clearly indicates that the money was used for the specific purpose outlined in the application."*

Gregoire said to Jenkins, *"I've spent 30 years in this business in terms of local government. We have a lot of discretion, and the Port has not abused its discretion. So you file whatever you have to file, but no one is going to issue with the Port's process. The documentation is here. We have considerable discretion to award the funds and we've done that. I feel very comfortable that we are on the right path and the parties will get their money, and we are going to talk about it more."*

Resolution No. 12-02 – Establishing Agreements for Port Grant Funding per Commission direction (EXHIBIT J): Gordon read aloud Resolution No. 12-02, with emphasis on the last paragraph which reads: *"...that each Applicant will undertake the economic development activities as identified in their Application for Funds, and the Port will then reimburse each Applicant with grant funds up to the stated amount upon presentation of appropriate expense documentation for those activities..."*

ACTION: A Motion was made Gregoire and seconded by Gordon to approve Resolution No. 12-02, **Establishing Agreements for Port Grant Funding In Support of Economic Development with South Whidbey Assembly of God (Celebrate America), Langley Main Street Association, Langley Chamber of Commerce, Whidbey Island Conservation District, Clinton Progressive Association, and Freeland Chamber of Commerce.** The Motion passed unanimously.

PROJECT ACTION ISSUES

Possession Beach Waterfront Park

A. Property Lease to AT&T: Port Finance Manager Ron Rhinehart said AT&T (via their subcontractor) had informed him earlier in the day that they have worked out all their organizational dynamics and are back on track and okay with the lease. They need the Port to fill out two minor pieces of paper, provide a copy of the Bylaws showing authority to sign and complete a Form W-9. They indicated we should then expect payment and the countersigned lease sometime next week and they will then proceed to Island County.

B. Ramp Rebuild – Recreation & Conservation Office (RCO) Planning Grant application for Boating Facilities Program (BFP) due 7/2/12:

- Resolution No. 12-03 – Authorizing Application for BFP Grant (**EXHIBIT K**): Rhinehart explained that in order to apply for the Planning Grant for the Possession Beach Boat Ramp Renovation, the Board must approve the RCO-formatted authorizing resolution.

ACTION: A Motion was made by Gregoire and seconded by Gordon to approve Resolution No. 12-03 authorizing the Port Finance Manager to make formal application to the Recreation and Conservation Office for grant funding assistance for the Boating Facilities Program. The Motion passed unanimously.

South Whidbey Harbor

A. Phase 1: Breakwater Relocation and Boat Ramp Floats with Uplands & Utility Improvements

1. Design Status: Reid Middleton submitted 90% Plans & Specs on 12/19/11; review in progress.

2. Permit Status – Breakwater Relocation – Updated: Field said the technical meeting at the SWH two weeks ago had been "rather disturbing" but there's been progress since then. According to Joe Callaghan of GeoEngineers, the project has been reassigned at the United States Army Corps of Engineers (USACE) from Katherine Blackwell to Lori Lull. Callaghan is encouraging Lull to issue the permit prior to issuing

the letter telling the Port to move the breakwater. Field said, *"We are looking for documentation in our files that reflects how much work we did to try to position it originally, including quotes to pull it out on dry land."* He and Rhinehart also had what was hopefully a productive visit with Uriel Ybarra (U.S. Senator Patty Murray's aide). Field described Ybarra as "almost giddy" when he found out the Port didn't want money; just a little help in getting a fair decision as quick as possible from the USACE that will allow the Port to move forward with Phase 1 while acknowledging that the big project permitting process will continue on. Ybarra thought it was a good project and he appreciated the scope that the Port is working on as far as economic development.

- City of Langley: Determination of Non-Significance (DNS) issued 3/2/12, Public Comments due by 3/19/12, and Public Hearing scheduled for 6:30 p.m. on 3/22/12 at City Hall.
 - USACE Permitting: Joint Aquatic Resource Permit Application (JARPA) submitted 11/18/11 by Joe Callaghan of GeoEngineers, with Special Project Information Form (SPIF) and Letter submitted 12/12/11 to modify NWS-2007-1672.
 - Hydraulic Project Approval (HPA): HPA #122970-1 for Temporary Storage Mitigation approved by Washington State Department of Fish & Wildlife (WDFW) - Issued 3/4/11, revision to be determined by GeoEngineers, New HPA for Relocation to be issued pending new State Environmental Policy Act (SEPA).
3. Permit Status – Boarding Floats & Uplands – No update
- Permit Extension Request to USACE: Endangered Species Act (ESA) Informal Consultation issued/OK on 10/4/11. Letter of Permission NWS-2005-396 approved 11/9/11, valid through July 31, 2013
 - Master Permit Application to City of Langley: Approved through 12/29/11, with one-year extension pre-approved.
 - Department of Ecology (DOE) Water Quality Certification and Coastal Zone Management (CZM) valid through 12/29/11 with one-year extension pre-approved.
 - HPA: #122942-2 approved on 3/3/11, with 30% grating requirement.
4. Permit Status – Construction Staging/Office and Uplands Improvements
- Critical Areas and Shoreline Exemption: Requested by City, submitted 2/13/12.
5. Property Issues
- Department of Natural Resources (DNR): Proposed Port Management Agreement (PMA) and Aquatics Land Lease modifications reviewed with DNR, awaiting approval and revised agreement. Rhinehart said the estimate for the DNR Tidelands Lease is well below the budgeted amount. Gregoire said a discussion of the PMA and shoreline management should be a topic at the Port's next workshop.
6. Funding Issues
- Boating Facilities Grant (Floats only): Initial reimbursement request submitted 2/28/12. Rhinehart said the next submittal might be in April, depending on how the Port is incurring costs.
 - Rural County Economic Development Funds (RCEDF) Grant: InterLocal Agreement (ILA) approved, but extended period performance schedule to be submitted. Gordon said Staff needed to verify with Elaine Marlowe at the County that the Port's ILA does not need modification.
 - Debt Financing: Standard & Poor's preparing Bond Rating following 3/7/12 presentation. Rating expected next week.

B. Phase 2 & Beyond: Complete Expansion Project

1. Planning: Port Comprehensive Scheme and Master Planning process with the City of Langley to be determined. At the next Port workshop, Gregoire said they needed to discuss the Shoreline Program and

the Comprehensive Scheme. He said, *"The Harbor Master Plan Update and the Port's piece of that as it relates to shoreline...we need to have a lot more detailed discussion of that."* Gordon agreed it should be on the workshop agenda, and noted they would also be discussing the Finance Manager position then.

2. Permit Status

- HPA Approval: HPA #118222-2 approved by WDFW (Issued 2/13/10, revised 3/8/11).
- USACE Permitting for Complete Expansion: JARPA submitted August 2009. Formal Endangered Species Act (ESA) Consultation on impact-driving issues and GeoEngineers' Marbled Murrelet and Marine Mammal (MM&MM) Protection Plan underway (submitted on 4/21/11). Site meeting on March 3.

3. Design Status: On hold pending permit action and planning direction.

4. Funding Issues

- Port Security Grant (FEMA) including Consortium coordination: Fiscal Year 2012 Application in process. Rhinehart is putting together a timeline and collecting information from the previous application and updating it. It's going to take a significant amount of work, and he has not yet reached out to the other members of the Consortium until he has a better understanding of the details.
- Boating Infrastructure Grant (BIG) through RCO: Rhinehart said he needed guidance as to whether the Port would be a standalone applicant or apply in conjunction with the City of Langley. The timeline on the application is early May, and that is also when Rhinehart will be resigning as Finance Manager (last day is May 10th). There will be continuing effort after the application is submitted for review and presentation that extends beyond May, but he will get it in the door and have at least a good 2nd or 3rd draft presentation ready when he leaves.

Gordon said he had an interesting conversation at a joint meeting with some members from the City of Langley and Dan Poolman (Director of Business & Operations, South Whidbey School District). They discussed working out some shared use of part of the old bus garage parking lot at Langley Middle School (LMS). Gordon said, *"The City, in an effort to live up to the ILA they have with us, is working hard trying to help find places for marina parking."* Subsequently, the City and the School District put together some ILA templates and came up with a draft 3-way ILA (between the City, Port & School District) for the Port to review. The purpose is specifically to co-use the LMS parking facilities during times when the School District doesn't need to use it. Gordon, *"What will be critical in this is that the School District will need some upgrades to that parking lot, and Rhinehart will need to figure out (and I will help facilitate all this)...if we can and what we need to plug into our grant applications to provide for those improvements. I really think the City will partner with this on this grant. I think we should ask them to – on both of the grants. I think everybody is in this together and I think we're showing that and the City is doing a fantastic job of collaborating and even taking the lead with some of these issues. And I'd like to see us all partner and go after this and try and get that G Dock next."*

Gregoire said, *"The partnership is excellent; but we have to have a broader context in which all these improvements for parking meet some need, and where exactly is that need documented in a process that's had some public review."* Gordon said he wasn't asking for approval tonight. His understanding is that the Port's current Phase 1 maxes out the parking at the Harbor and Staff confirmed that was correct. Therefore, anything beyond that (such as adding G Dock) will require more parking than the Harbor has available – period. At the Port's last workshop, the Board agreed that as soon as the Port gets approval to go to work on Phase 1 and submits the current grant applications, we'd immediately start some preliminary designs on G Dock. Gordon said, *"We've been holding the City's feet to the fire to help us with parking, and to me this is their demonstrative move to help us."* He said to Gregoire, *"If you see a required process that we're missing – I'm open*

and I'm all for doing it, but I think this is an appropriate step that the City is taking." Gregoire said, *"I agree, but the problem is we need to get this into a broader context, and we need to get with the City and indicate that it is in their interest to get it into a broader context based upon past history (when projects aren't run through a broader process and all goes to hell in a handbasket). We are improving the boat ramp at the Harbor, and I think that will increase the need for parking. That's why I think this thing is totally legit and within the context of that, I would like to identify some other trains that I don't see moving now."* Gordon asked him if he could do that identification at the next workshop, and Gregoire said he could.

Gordon said he would send an electronic version of the draft ILA to Staff and asked them to review it and get back to him, and include it on the next workshop agenda.

Resolution No. 12-04 – Authorizing Application for Boating Infrastructure Grant (EXHIBIT L): Rhinehart explained that like Resolution No. 12-03, this RCO-formatted Resolution is required in order to apply for the Development Grant for the next phase of the South Whidbey Harbor Expansion.

ACTION: A Motion was made by Gregoire and seconded by Gordon to approve Resolution No. 12-04 authorizing the Port Finance Manager to make formal application to the Recreation and Conservation Office for grant funding assistance for Boating Infrastructure Grant . The Motion passed unanimously.

C. Harbor Operations

1. Electrical Maintenance Project (EMP) – Project status update and Commissioner concurrence on final Change Order: Field said the project was wrapping up. There are 5 items in the lengthy Change Order, and he noted that once the Port is into regular project and normal construction mode, the Commission will be getting more regular updates on pending change orders. The final change order has not yet been drawn up. Field explained, *"But this one was in the works for a long time, and there really is not much choice on any of it because it is mostly safety and major deficiency issues. It is a \$12,451 Change Order, and is covered in the budget as far as the total cost. Some of it was expected to occur during the big project; most of it was expected to occur with the electrical maintenance."* He continued, *"When we looked at this proposal, we also looked at the plumbing repairs at the Harbor and the additional picnic table (requested by Jerome), and all those do work within the budget."* Gordon asked, *"In the budget, was it a reimbursable grant expense?"* Field said no – it was deferred maintenance. Gordon asked for a motion.

Gregoire asked Field, *"Historically, how have you dealt with change orders in the past?"* Field explained that basically if it was a policy issue, even if it was a small dollar amount, he would bring it before the Board. If it was a generic construction project (ran into bad materials, needed extra concrete, etc.) and it was under \$4,000, he kept the Board advised but didn't necessarily seek formal approval by the Board. Anything over \$4,000 though, Field will ask specifically for Commission approval. He said, *"This change order is \$12,000 and I admit I didn't keep the Commission as up-to-date as I should have. We've been working on this thing for so long and it's such basic safety stuff that I got focused on the bigger project – not the details. My apologies."* Gregoire thought the Board should look at it before making a motion. Field said it had been fully reviewed by Ed David (electrical engineer and principal at Harbor Power Engineers, Inc.), and he confirmed that they were good change order prices.

Gregoire reiterated that he thought they needed to see the change order, and added that the Board needs to set policy for handling change orders, based on percentage change, dollar amount, etc. Gordon said, *"Given the fact that we are about to enter into some major projects, I totally agree, but I'm also in agreement with letting the electrical contractor move on and get the EMP done before spring."* Gregoire repeated his belief that the Board needed to see the final change order prior to approval. Gordon asked

Field, *"What kind of hold-up will occur in terms of progress if we have to wait until the next meeting to see an application for a change order?"* Field responded, *"I am going to request approval right now because there are safety issues. There are also large groups coming into the Harbor in March and they will require power, which we can't provide right now. These are significant deficiencies and safety problems."*

Gordon explained that the electrical engineer had informed the Port that change orders should be anticipated once the electrical maintenance project started and they started pulling wires and finding problems. The electrical engineer has confirmed that the estimated costs for the change order are fair. Gordon suggested that if the Board approves it now, they should do so for a maximum amount and have the contractor come back if it goes over.

ACTION: A Motion was made by Gordon and seconded by Gregoire to approve the change order submitted by Whidbey Island Electric, LLC for an amount not to exceed \$13,000. The Motion passed unanimously.

Gregoire and Gordon agreed that in the next few months, the Board would need to set a change order policy for future projects.

2. 2012 Ramp Cleaning – Wrap up on sand lance egg sampling and ongoing ramp cleaning: Field said the testing period has ended and the regular ramp cleaning schedule has resumed. He has requested a written report from the company that did the testing.

3. Annual Review of Harbor Regulations: No revisions recommended at this time.

4. Initial Review of Summer Operations, including Bait & Ice Sales: Northwest Marine Solutions to continue as vendor.

5. On-Call Dock Attendant: Position to be posted now through 3/26, for interview and hire as soon as possible. Field explained that with the Harbormaster currently unavailable for work due to medical issues, the Assistant Harbormaster needs 1-2 part-time dock attendants to assist immediately. The Commissioners agreed with the need to add staffing, given Rick's unavailability.

Port Operations

A. Finance Manager Position: Draft Posting for 3-week solicitation. Gordon said, *"I'm feeling too rushed to try and wedge in our finance manager/budget director/grant writer in the next 10 weeks before Rhinehart leaves. I'd also like to see some staff in here helping him right away. In the interest of doing that, I'd like to consider paring back the job description, using it as an attachment for the permanent position only but immediately put out an RFQ (Request for Qualifications) for a finance individual to help with the grant writing. I'd like to get a short-term contract individual (rather than a salaried employee) in here, and I'd like Staff's input as to how long that term would be. And that would give us time to reformulate that job description. The contract individual could even apply for it, but I want to get someone in here right away in order to have more overlap before Rhinehart leaves. Instead of going out for the full-time position right now, I'd like to modify that to an "x" amount of months period – and you (Field) need to tell me when is the right time for that individual to turn over. Because this isn't the time. Is it 3 months from now? A year from now? Is it 9 months from now?"* Field said, *"Three or six months would put us absolutely in mid-construction and mid-budget cycle."* Gordon suggested December would probably work since the budget would be complete. He told Staff to keep in mind that the individual contractor could be phased out, therefore avoiding the "drop dead scenario."

Regarding the grants management piece of the finance manager position, Rhinehart said he would be talking with the director of the University of Washington's Grantsmanship Center on Friday. The Center offers consulting services. Although they won't write the proposal, they will help plan it, develop it, review it, and provide feedback, and he'll be talking to them about providing those services for the 3 grants the Port has underway. Rhinehart said they also offer grants management on a consulting basis: "We can help your organization establish infrastructure to manage the grants, help you interpret regulations, establish systems, etc." Rhinehart thought using such a consultant might work to help overlay the second transition. Gordon agreed and said it might also allow the Port to hire a finance person who doesn't have a heavy background in grant writing. Rhinehart said he also learned that the Center offers a 5-day intensive seminar on grant writing for \$1,200, so that was also an option.

Gordon asked Field to relate Jerome's emailed comments regarding the position. Field said, *"Basically, he (Jerome) said that in a perfect world he would prefer hiring an employee, but he's concerned about getting more candidates in the pool than we had the last time. He wants to keep options open and although the job description is okay 'as-is', he suggested adding something along the lines of: would also consider a consultant proposal for the position. Bottom line is that he wants the best person on whatever basis and with overlap with Rhinehart."*

Gregoire said his goal would be to get someone on board in an interim position so the Port can assess some of the other options. He wants a holding pattern so they don't rush into it. The key thing is to retain some of the institutional history that Rhinehart has and get someone on board so there is some overlap before he leaves.

Gordon suggested they would need to craft a short RFQ that is very focused, and then they could use it as a back page attachment to the Finance Manager job description. Rhinehart noted that they could advertise it for free on the websites of Washington Public Ports Association and the Washington Finance Officers Association, and Field suggested they advertise in the South Whidbey Record and the Everett Herald (depending on the cost). Field asked if the right candidate applied, would they still want to make the position only temporary. Gregoire and Gordon both said, "Yes."

ACTION: A Motion was made by Gregoire and seconded by Gordon to refine the Finance Manager job description as discussed and describe it as a temporary position.

Field asked if candidates would have the possibility of filling the permanent position, and the Commission agreed they would be eligible to apply for the permanent position. Gordon noted that was the case the previous Finance Manager (Dane Anderson) who worked as a consultant and then applied for the position when it was created.

The Motion passed unanimously.

B. Surveillance/Port Security Project: Pending Environmental & Historical Preservation review/approval (submitted 11/16/11). Rhinehart explained that since the cameras will be mounted to buildings, EHP must approve that no damage will be done to an historic structure, and the restroom down at the Harbor is included in that review.

Per Gordon's suggestion, Rhinehart met with Island Transit's tech manager to see their elaborate camera system. Rhinehart said it was a remarkable system and they might be able to put in a bid on designing, installing and setting up the whole system for us.

C. Septic System Inspections per Island County: Clinton Beach - To be determined.

D. Float Launch Dates (tentative): Possession floats on Sunday, April 8th (evening), Bush Pt. floats on Friday, April 20th.

New Project Opportunities

A. Mukilteo Parking Issues (Gordon): In response to Washington State Ferries' soliciting comments on the Draft Environmental Impact Statement, per Commission direction Field submitted a letter dated March 12, 2012 (**EXHIBIT M**) requesting that the State at least acknowledge that they need to provide overnight parking in Mukilteo.

Gordon said the City Administrator in Mukilteo had called him, and they are going to talk about the Paine Field option. Although he doesn't think it really fits Whidbey Island visitors and tourism, Gordon thinks it does have potential for commuters that want to keep a car on the other side that drive a longer distance to work.

ACTIVITIES /INVOLVEMENT REPORTS

Economic Development Council (EDC): (Jerome) Absent; no report.

Council of Governments (COG): (Gordon) Gordon said they reviewed the RCEDF. He said, *"It appears that if you count the \$2 million going back to the Freeland Sewer project (\$200,000 over 10 years or whatever), then all of the RCEDF (\$0.09 funds) are obligated for the next 6 years."*

Skagit-Island Regional Transportation Planning Organization (RTPO): (Gordon) The last meeting was held at the regional office, where U.S. Representative Rick Larsen spoke and said that he got 3 new ships for the Everett port. David Moseley, WSF Director spoke as well, and talked about the fact that there isn't any money to build new boats and they are still working on the capital funds. Gordon added, *"By the way, if you didn't know, Clinton/Mukilteo is now the heaviest travelled route in the WSF system and it also pays for itself."*

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

Washington Public Ports Association (WPPA): (Jerome) Absent; no report.

Holmes Harbor Shellfish Protection District (HHSPD): (Gregoire) Island County has indicated the HHSPD is no longer active. Therefore, this item will no longer be listed on the Port's agendas.

Puget Sound Partnership (Policy Development/Technical Advisory Committee)/Island County Local Integrating Organization (ILIO): (Rhinehart) No report.

Langley Shoreline Master Plan Committee: (Gregoire) No report.

Island County Shoreline Master Plan: (Gregoire) No report.

Recreation & Conservation Office (RCO) Washington Wildlife & Recreation Program (WWRP) Water Access Committee: Field will serve on the Committee per specific RCO request.

Island County Hazard Mitigation Plan Update: Nothing new to report.

OLD BUSINESS

Island County Comprehensive Plan/Parks & Recreation Element: "Whidbey Island Park District" meeting on 3/14/12 in Coupeville. South Whidbey Parks & Rec Executive Director Terri Arnold has

called this meeting and invited individuals from a number of different agencies to attend. Rhinehart will attend.

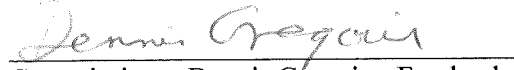
NEW BUSINESS: There was no new business.

ADJOURNMENT: The meeting was adjourned at 9:42 p.m.

Approved:



Commissioner Curt Gordon, Clinton



Commissioner Dennis Gregoire, Freeland

Minutes prepared by:



Edwin S. Field, Port Operations Manager

ABSENT

Commissioner Chris Jerome, Langley

- Exhibit A: Voucher Listing
- Exhibit B: January 2012 Financial Statement
- Exhibit C: Application for Celebrate America Port-a-Potty Sponsorship (South Whidbey Assembly of God)
- Exhibit D: Application for Marina Historic Walkabout Advertising (Langley Main Street Association)
- Exhibit E: Application for Second Street Market Advertising & Entertainment (Langley Main Street Association)
- Exhibit F: Application for Choochokam Arts Festival Promotion (Langley Chamber of Commerce)
- Exhibit G: Application for Whidbey Island Farm Tour Promotion (Whidbey Island Conservation District)
- Exhibit H: Application for Mayfest Advertising & Promotion (Clinton Progressive Association)
- Exhibit I: Application for 2012 Tourism Brochure Printing (Freeland Chamber of Commerce)
- Exhibit J: Resolution No. 12-02: Establishing Agreements for Port Grant Funding
- Exhibit K: Resolution No. 12-03: Authorizing Application for Boating Facilities Program Grant
- Exhibit L: Resolution No. 12-04: Authorizing Application for Boating Infrastructure Grant
- Exhibit M: Letter to Washington State Ferries dated 3/12/12 regarding overnight parking in Mukilteo