

AGENDA
THE PORT DISTRICT OF SOUTH WHIDBEY ISLAND
REGULAR MEETING

LOCATION: SWPRD Meeting Room, 5475 Maxwellton Rd, Langley WA

DATE: April 10, 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 **April 2012** as signed today in the amount of **\$55,368.44**.

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

1. February 2012 Financial Report (distributed on Mar. 23, 2012)

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

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

1. Possession Beach Waterfront Park
 - A. Property Lease to AT&T: Waiting for AT&T countersignature
 - B. Ramp Rebuild: RCO Planning Grant application for BFP underway (due 7/2/12)
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, **Hearing Examiner approval issued 3/30/12**, now pending Dept. of Ecology action.
 - 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: **Submitted 2/13/12**, Status update
 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 received in March
 - RCEDF Grant: ILA approved, but extended performance schedule to be submitted (Gordon)
 - Debt Financing: A+ Bond Rating rec'd! (Bond pricing to be addressed at 4/18 Spec. Mtng, tent.), Commission to review Bond Counsel engagement letter and assoc. fees.

- B. Phase 2 & Beyond: The Rest of the Story...
 - 1. *Planning Issues:*
 - School/City/Port Memo of Understanding for LMS Parking: Draft to be apprv'd and distrib.
 - 2. *Permit Status:*
 - GeoEngineers Proposal (4/10/12) for Additional Permitting Support: Commission action
 - 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,
 - 3. *Design Status:* On hold pending permit action and planning direction
 - 4. *Funding Issues:*
 - Port Security Grant (FEMA) incl. Consortium coord: FY '09 pending, FY' 12 Appl. underway
 - Boating Infrastructure Grant (RCO):Appl. Underway
- C. Harbor Operations
 - 1. *Electrical Maint. Project:* Project status update
 - 2. *On-Call Dock Attendant:* One hired and on the job, now reviewing appl's for second and...
- 3. Clinton Beach, Fishing Pier & Dock
 - A. Dock Condition Update and Reid-Middleton estimated engineering costs for initial evaluation
- 4. Port Operations
 - A. Finance Manager Position: Applications closed 4/9/12
 - 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: Possession floats DONE on Sunday April 8, Bush Pt floats on Friday April 20
- 5. 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
 - A. 2012 WPPA Spring Meeting: May 16-18 in Spokane
- 6. Puget Sound Partnership: Policy Devel./Tech Advisory Committee (ILIO): Ron
- 7. Langley Shoreline Master Plan Committee: Gregoire
- 8. Island County Shoreline Master Plan: Gregoire
- 9. RCO WWRP Water Access Committee: Ed (still, despite efforts to the contrary)
- 10. Island Co. Hazard Mitigation Plan Update:

OLD BUSINESS

NEW BUSINESS

ADJOURNMENT

PORT DISTRICT OF SOUTH WHIDBEY ISLAND

Minutes of the Regular Meeting

April 10, 2012

Langley, Washington

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

Others Present:

Port Staff: Ed Field (Port Operations Manager), Ron Rhinehart (Port Finance Manager) and Molly MacLeod-Roberts (Port Clerk); **Others:** Pete Anderson (Clinton) and Jim Larsen (Editor, South Whidbey Record)

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, April 10, 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.

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 Gordon to approve the Consent Agenda as submitted, including the authorization and acceptance of Vouchers dated April 2012 as signed today in the amount of \$55,368.44. The Motion passed unanimously.

FINANCIAL ACTION ISSUES

February 2012 Financial Report: The Commission acknowledged receipt of the February 2012 Financial Statement, which had been distributed to them previously (**EXHIBIT B**). Port Finance Manager Ron Rhinehart provided an additional Financial Analysis Summary and February 2012 Financial Forecast, along with a 2011-2012 Capital Project Expense Matrix (**EXHIBIT C**) for their review. He reported that there were no material variances and the Port is tracking right on budget.

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

ACTION ISSUES

Possession Beach Waterfront Park Update

1. Property Lease to AT&T: Earlier that day, the Port's contact at AT&T told Rhinehart that the agreement is in their Legal Department with an expected departure out of there on Thursday. No problems are foreseen; it is simply caught in their backlog. It will then go to their Business Unit, and they expect to have it signed and returned to us by the end of April, accompanied by their initial lease payment.

2. Ramp Rebuild – Recreation & Conservation Office (RCO) application for Boating Facilities Program (BFP) Planning Grant: Rhinehart reported the application is about 80% complete, with most of it entered into PRISM (RCO's online application system). A few technical documents are missing and will be done

shortly. He plans to complete the draft PowerPoint presentation (part of the RCO evaluation process) prior to his departure on May 10th, so it will be ready to go in August.

South Whidbey Harbor Update

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

A. Permit Status – Breakwater Relocation

- The City of Langley's Hearing Examiner issued approval on March 20, 2012 with the same 5 conditions that staff had recommended (**EXHIBIT D**). It is now pending Department of Ecology (DOE) action. Jerome asked, "*Do we have any idea as to when DOE might act?*" Field thought it would probably be 2-3 weeks; he'll check with Joe Callaghan at GeoEngineers.

- Callaghan is continuing to "nudge along" the US Army Corps of Engineers (USACE) on the Port's permitting. He spoke with Project Manager Lori Lull and it sounds like USACE has moved away from the idea of sending a letter requesting the Port take the breakwater out of the water, and Callaghan continues to work on getting the 6-month programmatic permit.

B. Permit Status – Boarding Floats: No update.

C. Permit Status – Construction Staging/Office and Uplands Improvements: Regarding the Critical Areas and Shoreline Exemption, Field left a message with Langley's Director of Community Planning Jeff Arango. With the Hearing Examiner approval and given that both Arango and the Examiner agreed it was a staff action, Field is hoping he will be given approval to clear the hillside now.

D. Property Issues: The proposed Port Management Agreement/Aquatics Land Lease modifications are in review with the Department of Natural Resources (DNR), and Port Program Manager Don Olmsted has provided a checklist of items to finish up their internal review. Rhinehart described it as fairly simple stuff: copies of surveys, biological studies, insurance checklist and two other DNR forms that he will compile and send off to DNR as requested.

E. Funding Issues

- **Boating Facilities Grant:** Rhinehart said the initial reimbursement from the RCO grant for the boarding floats had been received. No additional money has been spent since then, so no additional reimbursement requests have been submitted.

- **Rural County Economic Development Funds Grant:** Rhinehart said he would prepare a draft presentation for Gordon to present at the Council of Governments meeting.

- **Debt Financing:** Rhinehart reported that the Port received a Bond Rating of A+. A Special Meeting has been scheduled for April 18th to handle the remaining action items, including approval of the Bond Resolution. He explained, "*That day, I will work with the bond underwriter and we will set the pricing and then the Commission can sign/approve the Purchase Agreement so that the underwriter essentially buys the Bond from the Port and then goes out and sells it, getting us the funds by April 30th.*"

- **Bond Counsel Engagement Letter (EXHIBIT E):** Pacifica Law Group (vetted by former Finance Manager Dane Anderson) will represent the Port as counsel in connection with the issuance of the Limited Tax General Obligation Bonds 2012. Rhinehart explained that Pacifica will prepare the official statement and the bond resolution, and all the legalese behind the actual offering, and they charge a flat fee based on the size of the offering. The Letter proposes to charge \$8,000 for Pacifica's legal fees as bond counsel, including all costs.

ACTION: A Motion was made by Jerome and seconded by Gordon to approve Pacifica Law Group's Confirmation of Engagement letter dated March 29, 2012. The Motion passed unanimously, and Rhinehart signed the letter as Finance Manager.

2. Phase 2 and Beyond

A. Planning Issues

- **South Whidbey School District (SWSD)/City of Langley/Port of South Whidbey Memo of Understanding (MOU) for Langley Middle School (LMS) Parking:** Originally prepared as a draft

InterLocal Agreement, per the Port Attorney's recommendation and Commission direction provided at the Port's Special Meeting on March 29th, it has been re-drafted as a Memorandum of Understanding (**EXHIBIT F**). Field requested approval of the draft MOU, to be forwarded back to the City and to SWSD for their action.

ACTION: A Motion was made by Jerome and seconded by Gordon to approve the Memorandum of Understanding between the South Whidbey School District No. 206, the City of Langley, and the Port District of South Whidbey Island regarding the cooperative use of facilities and resources. The Motion passed unanimously, and Gordon signed as President.

B. Permit Status

- **GeoEngineers Proposal:** Field referred the Commission to their copies of the 4/10/12 Proposal from GeoEngineers for continued environmental permitting services related to the SWH Expansion Project (**EXHIBIT G**). The estimated total of \$10,000 includes \$4,125 for recently completed services (including response letters to agencies, on-site meeting with representatives from various agencies, and attendance at the public hearing with Langley's Hearing Examiner) and an estimated budget of \$5,875 for addressing comments for the Planning, Mitigation and Monitoring Plan. The proposal states that if additional future tasks are required, the budget will be identified at the appropriate time and another contract amendment proposed, and GeoEngineers will carefully monitor their expenses and provide frequent updates.

Gordon asked if the \$10,000 is included in the budget, and Rhinehart said it rolls into the \$2 million estimate. He couldn't say if it is above or below the line, but it is certainly within the contingency amount if it is above what was expected.

ACTION: A Motion was made by Jerome and seconded by Gordon to approve the 4/10/12 Proposal Addendum for Environmental Permitting Services from GeoEngineers in the amount of \$10,000. The Motion passed unanimously.

C. Funding Issues: Rhinehart said he has been working on two major grant applications. One is through FEMA – the Port Security Grant (PSG) FY 2012 and the other is through RCO – the Boating Infrastructure Grant (BIG). He went through the first iteration of collecting all the technical data and old proposals, and has reached the point of structuring the budget of it and that is where he needs Commission guidance. He explained, *"While looking at the raw numbers of taking the old applications and just plugging in G Dock, I ran into a problem with the match requirement. Both the PSG and BIG programs require a 25% match. The BIG proposal would be about \$2.4 million for the whole project, requiring a match of about \$600,000. In the first BIG iteration (the one that failed in the national competition), that \$600,000 was met by RCEDF funds and potentially part of the bond issue. The FEMA application, because it includes emergency response boats, is \$2.9 million so requires a match of \$729,000. And again, the first time we applied (for the FY 2009 PSG), the match was expected to come from those same two sources. Neither of those sources (RCEDF and the bond) are available for this second phase/G Dock application. So the question is how do we address that problem? One alternative (the simplest, sort of "bottoms up" approach) would be to plug in what we think we could comfortably take out of cash reserves, what we think the City would contribute, what we know the Sheriff's Office and Fire District will contribute and multiply up the 75% on top of that and see how much funding we could get. If we put in \$60K, the City puts in \$60K, and the Fire and Sheriff put in theirs – we end up with a pool of \$920K against a \$2.9 million project, so that doesn't work. Working it the other way around (solving for "x"), taking the \$2.9 million and sucking out the boats and the 75% financing, we'd still need about \$600K."*

Rhinehart continued, *"I then looked at the possibility of layering the two grant programs together with FEMA and RCO each paying part, and if that potentially would give us the flexibility of one program being the match for the other. Unfortunately, although it gets us some evaluation points, it doesn't count as the match. Another approach would be to argue that our Phase 1 investment counts as our match, but the answer I received from FEMA was that from a "cash match standpoint" – no, it won't. The cash match has to be spent during the grant period of performance. But in kind contributions are allowed, and FEMA has said that potentially, the Phase 1 investment, if it creates an asset that is integral to the project could be valued as our in kind contribution. I haven't heard yet from RCO if they would allow that in kind contribution."*

He concluded the Port had the following alternatives: 1) Continue to apply for both grants, arguing that Phase 1 takes care of most if not all of the Port's matching requirement. The Port would apply for \$2.9M from FEMA and \$2.4M from RCO, and hope to get at least one of them. 2) Go to each program (FEMA and RCO) and ask them to pay for one-half of G Dock, with the Port then allocating one-half of it to their program. (FEMA would use their half for maritime security with the emergency response boats and RCO would have the other half for transient boater use.) Rhinehart said going for both grants would mean asking for less money from each, which theoretically should bump the chance for success and would also get the Port a few more evaluation points. However, it would also mean that if the Port doesn't win both grants, there wouldn't be enough funding for the project. 3) "Fish" for both, hope to get at least one, take the risk of asking for more money in a national competition seemingly without any extra evaluation points.

Jerome asked if the matching funds or in kind match had to be identified in the applications, and Rhinehart said, "Yes." Jerome asked if the Port had sufficient cash reserves for that to be credible and Rhinehart said the Port does not, with the expected cash balance at year end of \$350-400K.

Gordon said the downside of using one grant against the other (each paying half) is that if the Port didn't get both; we'd get nothing. He would prefer to apply for both for the full amount(s), especially since FEMA has indicated they would potentially use our Phase 1 facility as an in kind match. He suggested that for the BIG application, Rhinehart should say the Port will come up with the cash and just give some ideas of where it might come from.

After additional discussion regarding timelines, etc., the Commission agreed that Rhinehart should continue to apply for both the FEMA PSG in the amount of \$2.9M (with Phase 1 as the in kind match) and the RCO BIG for \$2.4M individually. Rhinehart was directed to find out if RCO would consider an in kind match, and if not, find out how specific the Port has to be as to the source(s) for the cash match.

3. Harbor Operations

A. Electrical Maintenance Project: Field said that although it has taken longer than expected, the last of the repairs are finishing up.

B. On-Call Dock Attendant: The first hire started 10 days ago and is working out well; providing Assistant Harbormaster Duncan McPhee with some relief. Harbormaster Rick Brewer has requested a 4-month medical leave, so McPhee would like to hire a second Dock Attendant to help through the summer. Field said they will contact some of the previous applicants and hire from that set of applications.

Clinton Beach, Fishing Pier & Dock Update

A. Dock Condition Update and Reid Middleton Estimate: As discussed at the Special Meeting, an engineer from the Port of Everett met Gregoire and Field at the site last Friday to look at the dock. The engineer confirmed that it is a problem, noting that the Port of Everett has 4 docks like it and they haven't been able to fix any of them. They did some brainstorming and came up with some pretty good ideas. In addition to taking down the wooden superstructure, they took it a step further. Field explained that they

looked at leaving a portion of the structure up so there is a landing on platform and then use stairs down off that platform. The 30' x 20' is fairly stable, but the 10' x 80' section is considerably less stable. The group discussed the possibility that the 30' x 20' section could be better stabilized and the 10' x 80' section could be removed and sold off. The Port would first need to secure a removal permit to document that the dock was in place, because according to GeoEngineers, any change in the footprint (including removal and return of a section for repair) requires a removal permit or else when the section is returned, it's as if it is brand new and would require new mitigation.

Field also spoke to Reid Middleton about getting some assistance on the design/engineering side. He asked them about the engineering needed to determine if the gangway could be brought down directly on the floats, if a platform would be needed, what about stability after removal of the wooden structure, and what could possibly be done to at least temporarily secure the 10' x 80' section. For the initial assessment and evaluation (looking at stability conditions and getting permit documents filed), Reid Middleton estimated their cost would be \$5,000. If the Port is actually going to do remedial design work around the 2nd pile location on the 30' x 20' section, the estimate would be closer to \$10,000. Field said, *"I think if we're not doing permitting – if we're looking purely at engineering work – I think it will be a lot closer to the \$5,000 estimate. So if you could authorize an amount in that range, I will get Reid Middleton going, we'll see where that goes, and I'll get back to you as soon as possible."*

Gordon believed the heavy and deteriorating wooden structure should be removed before any time or money is spent evaluating the floats. He said, *"If there is any way you can do a Small Works Project and get that structure removed without any engineering (or very little engineering), then I think the whole project could be better evaluated and we might save some money."* Field agreed, but noted a little bit of engineering for the landing of the gangway would be needed. Gordon said, *"That's fine. I would just like you to as much as you can before spending any money on engineering, because there are things you can do under an emergency maintenance contract that might help clear the vision when you go into the next phase."* Jerome agreed, and Field said he would work on getting bids.

Port Operations Update

A. Finance Manager Position: The deadline for submittal was yesterday, but Rhinehart said, *"We received some applications, but unfortunately the candidates did not meet the basic minimal qualifications for the job. My recommendation is to continue posting on the websites of Washington Public Ports Association and Washington Finance Officers Association until the position is filled, and supplement that with at least an introductory conversation with a search firm. Secondly, we should consider splitting the position at least temporarily: Looking at the accounting, planning and forecasting elements (the truly "financial" side of it) as potentially one part-time or body (contract or permanent) and the grant chasing/administration/reporting function as something different. It should be easier to find people who have one of those skill sets than it is to find one individual who combines all of them."* Gordon said it is important to get someone in for the accounting side before Rhinehart leaves on May 10th. Port Clerk Molly MacLeod-Roberts said the job ad that was posted online through the Everett Herald would run for a total of 30 days, so she would change the ad to read "position open until filled."

The Commission agreed to add the topic to the agenda for the Special Meeting on April 18th, and Rhinehart said he would do some research on search firms, etc. and report back to the Commission.

B. Float Launch Dates: The floats at Possession were launched Sunday, April 8th and the floats at Bush Point will be launched Friday, April 20th.

New Project Opportunities

A. Mukilteo Parking Issues (Gordon): Gordon said he continues to hound all the individuals he can at the State to try to get somebody to admit that the Ferry system should be responsible for providing more parking for Whidbey Island commuters and visitors (tourists).

ACTIVITIES /INVOLVEMENT REPORTS

Economic Development Council (EDC): (Jerome) Jerome was unable to attend the most recent meeting.

Council of Governments (COG): (Gordon) Gordon said the COG had a chance to work with the Puget Sound Partnership's (PSP) Island County Local Integrating Organization (ILIO) in conjunction with the Tribes. It appears that the grants from the Department of Ecology that were applied for through the PSP's ILIO could total over \$900,000. One of the applications is for \$200,000 for a final remediation project for the Ebey's Reserve area, and another is a Tribes project to study the effect of bulkheads in the region.

Skagit-Island Regional Transportation Planning Organization (RTPO): (Gordon) Gordon will attend the Transportation Commission meeting in Mount Vernon on April 17th representing the ports of Whidbey Island in a 2½ minute presentation. He said, *"I intend to tell them our secret to economic development here is moving more people with less cars and that means we need parking in Mukilteo (so Island Transit will feel like sending us a bus on Sundays)."* It appears that there will also be another round of funding for local RTPOs, so there will be some grant money, and hopefully some enhancement as well.

Marine Resources Committee (MRC): (Gregoire) Absent; no report.

Washington Public Ports Association (WPPA): (Jerome)

A. 2012 WPPA Spring Meeting May 16-18 in Spokane: Neither Jerome nor Gordon are able to attend.

Puget Sound Partnership (Policy Development/Technical Advisory Committee)/Island County Local Integrating Organization (ILIO): (Rhinehart) Gordon said it isn't actually called Policy Development/Technical Advisory Committee and the representative isn't Rhinehart and it's not going to be Gregoire, so this item should be taken off the agenda until the Commission can appoint someone who will report to the Commission. Until that time, Gordon will cover the ILIO under the reporting for the COG.

Langley Shoreline Master Plan Committee: (Gregoire) Absent; no report.

Island County Shoreline Master Plan: (Gregoire) Absent; no report.

Recreation & Conservation Office (RCO) Washington Wildlife & Recreation Program (WWRP) Water Access Committee: Field will serve on the Committee per specific RCO request May 14-18.


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

OLD BUSINESS: There was no old business.

NEW BUSINESS: There was no new business.

ADJOURNMENT: The Meeting was adjourned at 8:48 p.m.

Approved:



Commissioner Curt Gordon, Clinton

Minutes prepared by:



Edwin S. Field, Port Operations Manager

ABSENT

~~Commissioner Dennis Gregoire, Freeland~~



Commissioner Chris Jerome, Langley

- Exhibit A: Voucher Listing
- Exhibit B: February 2012 Financial Statement
- Exhibit C: Financial Analysis Summary & Financial Forecast for February 2012 and 2011-2012 Capital Project Expense Matrix
- Exhibit D: Findings, Conclusions and Decisions from Hearing Examiner for the City of Langley
- Exhibit E: Pacifica Law Group Confirmation of Engagement Letter dated 3/29/12
- Exhibit F: Memorandum of Understanding (SWSD/City/Port) for LMS Parking
- Exhibit G: GeoEngineers' 4/10/12 Proposal Addendum for Environmental Permitting Services