

**THE PORT DISTRICT OF SOUTH WHIDBEY ISLAND
REGULAR MEETING**

Meeting held at South Whidbey Parks & Rec District, 5475 Maxwellton Rd, Langley WA
Tuesday, June 11, 2013 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

BUSINESS MEETING

Consent Agenda

1. Approval of Current Vouchers (dated June 2013) in the amount of \$108,937.82
2. Approval of Minutes from the Regular Meeting of February 12 and Special Meeting of February 26, 2013

FINANCIAL UPDATE

April 2013 Financial Statement

2012 Annual Report

Finance Manager Update

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

ACTION ISSUES

South Whidbey Harbor Update

1. Phase 1 Project: Breakwater Relocation with Uplands & Utility Improvements
 - A. Construction Issues
 - Progress to date
 - Pending cost issues
 - B. Funding Issues
 - Cash flow projection for Phase 1
2. Overall Permit (submitted 2009): Advance Mitigation status update
3. Boat Ramp Boarding Floats
 - A. Base contract complete, State approval just received for close-out
 - B. RCO funding: additional project possibilities
4. Harbor Operations
 - A. Mystic Sea operations: *Returning for 2014!*
 - B. Summer Operations: Draft Float Plane Policy
 - C. Outside Mooring: Design/evaluation underway by RM
 - D. Offsite Parking at LMS (ref. Memo of Understanding w/City & School District)

Port Operations

1. Port Comprehensive Scheme for 2013-2019
2. *Humphrey Road Parking Lot re-striped on Sunday May 19!*
3. Humphrey Road Parking Lot Fees
4. PSGP Marine Surveillance Camera Project
5. July Meeting Schedule

New Project Opportunities

1. Mukilteo Parking Issues
 - A. Port letter of support for WSDOT TIGER Grant Application for Mukilteo Multimodal Terminal
 - B. Final EIS received (available at Port office)

ACTIVITIES/INVOLVEMENT REPORTS

Economic Development Council (EDC): Gordon

Council of Governments (COG): Gordon

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

1. Proposal to Port of Coupeville for Annual Rotation of Policy Board and TAC positions

Marine Resources Committee (MRC): Gregoire

Washington Public Ports Association (WPPA): Jerome

1. Spring Meeting at Skamania Lodge, Stevenson on May 15-17; Report from Gordon

Langley Shoreline Master Plan Committee: Gregoire

Island County Shoreline Master Plan: Gregoire

OLD BUSINESS

NEW BUSINESS

ADJOURNMENT

PORT DISTRICT OF SOUTH WHIDBEY ISLAND

Minutes of the Regular Meeting

June 11, 2013

Langley, Washington

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

Others Present:

Port Staff: Ed Field (Port Operations Manager), Angi Mozer (Port Finance Manager) and Molly MacLeod-Roberts (Port Clerk); **Others:** Jim Sundberg (Langley City Councilmember)

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, June 11, 2013, 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 7:32 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**).

Approval of Minutes: Minutes from the Regular Meeting of February 12 and Special Meeting of February 26, 2013.

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 June 2013 as signed today in the amount of \$108,937.82. *The Motion passed unanimously.*

FINANCIAL UPDATE

April 2013 Financial Statement, 2012 Annual Report and Finance Manager Report: The Commission acknowledged receipt of the April 2013 Financial Statement (**EXHIBIT B**) and the 2012 Annual Report (**EXHIBIT C**), which had been distributed to them previously. Port Finance Manager Angi Mozer said the Port received \$236,000 in tax, operating and grant revenue and incurred \$76,000 in operating and capital expenses during April 2013. Ending cash balance at 4/30/13 was \$1,085,000, consisting of \$500,000 in the Bond Fund and \$585,000 in the General Operating Fund.

PUBLIC COMMENT – Items not on Agenda: There was none.

STATUS REPORTS

South Whidbey Harbor Update

Phase 1 Project

• **Construction**

Progress to date: Port Operations Manager Ed Field reported the gangway platform is being installed. During work on the existing raised pier structure, observations have indicated that the structural timbers are actually very sound and in better condition than they thought, but the connectors may be in worse shape than they thought. Although it doesn't change this project, Field said it does give some indication that the clock is ticking on the life span of the existing stockade. The floating breakwater has been stripped of everything but the last few concrete weights, it has been pressure washed, and they have

started the inspection process (looking at cracks, corroded bolts, etc.). Neptune Marine is looking into the best way to treat the cracks, including use of SIKKA sealant adhesive.

When the breakwater was originally moored at the Harbor 4½ years ago, there were “bumper logs” placed between the breakwater and the existing stockade. One of them became waterlogged, sank, and is now stuck in the mud. Because that log is chained to another one, the other one is now sitting on top of the sunken log. Field has therefore given Neptune Marine emergency direction to remove it.

Pending cost issues: Jack Seipel of Reid Middleton has good expertise dealing with coatings on anchor ropes as a result of doing a lot of work in Alaska. Field explained that as they are working through the submittals and the sequence on the cabling, ropes, chains, clump weights, etc., Seipel realized that the way he had it in the bid package, if there is slack on one side from current or waves, there is the possibility that some of the rope could come down and chafe on the bottom or the clump weight hardware. As a result, Seipel reconfigured the design and added more chains so there’s less possibility of the rope chafing. Because that redesign brought more chain and less rope, there is a cost increase and more labor involved in making up the sequence. Field said it is “value added” and noted that the cost started at \$28,000 and after working with Seipel on the details, the number is down to \$20,350. He continued, *“\$13,000 of that is chain link and heavy chain materials that are actually product at the same unit price as they are in the regular bid. The labor is ½ hour per crew hour to assemble it (working on the barge to assemble before putting it overboard). It would still have been a \$20,000 item in the bid – we are not paying a change order premium.”*

Gordon said it is still a \$20,000 increase and it’s because Seipel didn’t design it right in the first place. Field argued that it’s because he improved his design. Gordon disagreed; this redesign is not an add-on option – it was something Reid Middleton missed in the bid documents and it will cost the Port an additional \$20,000. Jerome summarized that it’s not costing more because of the change, it’s costing more because it should have been in the original bid documents. Gordon noted that if there is 25% or more change in the unit price, the Port has the right to renegotiate that unit price. Field didn’t do that and Gordon said that was fine but “you keep that in your pocket” for the next time. Field said the quantities are spread between different items, and the individual items are in the schedule values. The Port also has an \$8,400 credit coming for using chain made in China instead of chain made in the U.S. (meets the same quality standard).

Regarding potential cost issues, Field stated, *“I am very open with the contractor and I want to be very open with the Commission: When there is a potential cost issue, I will put it on the table and let it get identified. That doesn’t mean I’m going to pay it. It means it keeps him happy that he’s not getting brushed under the rug, and if I’ve got one I get it on the table, too. So it’s not a question of ‘is this up or down?’ – it’s there; it gets evaluated.”*

Continuing with his report, Field said the specs called for the manholes to be galvanized, but because they are so massive the galvanizing won’t stick and isn’t necessary, so that will be a credit the Port can get back. On the other side, there were also hatch covers that were to be galvanized, but since they were more than 60% corroded they will have to be remanufactured.

The Port received the City of Langley’s comments on the water line yesterday, and Field said they were informal but fairly comprehensive and he believes approval from the City should come fairly quickly.

Gordon asked how much has been spent on the project so far, and Mozer said about \$200,000. Gordon said, *“So we’re already 5% over.”* Field said there will be more cost issues early than late since they are in the discovery stage. He asked the Commission how closely they want to hear about numbers, because the best way for the project to stay on schedule and get good numbers that aren’t change order premium is to get the contractor quick responses.

Noting that Mozer's cash flow projections for the project have a 10% contingency built in, Jerome suggested breaking out that 10% and showing each month whether the Port is +/- on that 10%. That would provide a monthly update without the Commission having to micro-manage it. The Commission also agreed that they would probably have two meetings per month for the next several months so there would be additional opportunities to discuss changes and cost issues as needed.

Regarding the water line, Field said Mike Carlson Enterprises (MCE) had also reviewed the City's comments. They basically need to clean up the drawings and do some staking out in the field, but there were no deal breakers and it looks like everything is doable. Based on where the project is on the calendar right now, the water line work will probably start in September (after Labor Day), which will avoid negatively impacting parking and Harbor operations during the high season.

Jerome said he had heard that at the Council's recent meeting, one of the councilmembers indicated they had not seen any drawings of Phase 1. Councilmember Jim Sundberg said the small drawing on the railing at the Harbor is pretty hard to decipher, and if the Port could find a way to post a large drawing down there near the construction site, it would be really good P.R. Gordon suggested Mozer take the simplest version of the Phase 1, have it enlarged, and give the City a couple of copies of it for City Hall.

- **Funding**

Cash flow projection for Phase 1: Mozer made a presentation to the Island County Council of Governments (COG) at the end of May on where the Port is with the project, specifically related to the Rural County Economic Development Funds (RCEDF) grant. It went very well and they were happy with the project. She let them know the Port would submit invoices for reimbursement over the next few months and they will likely receive the final invoice for that grant in September. They said they were excited to hear that as they are ready to pay out the funds.

Mozer had prepared spreadsheets of the Predicted SWH Construction Project Cash Flow Scenario with a 1-month RCEDF turnaround time and with a 2-month RCEDF turnaround time (**EXHIBIT D**). The Port will likely invoice the Bond Fund in July to make sure the General Fund has the amount needed to pay MCE's August invoice (between \$350,000 and \$400,000). Then in August, the Port might invoice the remainder of the Bond Fund to make sure there is enough for the September invoice from MCE, which could be \$500,000 plus. Mozer said she will provide as much information as possible prior to the meetings so the Commission has a good understanding of what is going on. In the future, Jerome said he would like the spreadsheets to show which numbers are actual and which are projected and Mozer said she would do that. Gordon said Mozer is doing a great job and she made a good presentation at the COG meeting.

Overall Permit: The Commission agreed to give direction to Joe Callaghan of GeoEngineers to explore the possibility of Advanced Mitigation (mitigation banking).

Boat Ramp Boarding Floats

- **Base contract complete; State approval just received for close-out.**
- **Recreation and Conservation Office (RCO) funding; additional project possibilities:** There is still \$100,000 remaining in the grant fund for the project, with a 25% match requirement (\$25K) that expires at the end of the calendar year. Mozer had contacted the RCO grant agent regarding the Commission's suggested uses for those funds and reported the following conclusions: 1) Removal of old decking from Hein dock: Not applicable; work is not directly related to the project, 2) Offsite parking: Only if the Port owns the property and it would be encumbered forever, and 3) Kayak displacement caused from floats: Not applicable; must be directly related to recreational boating (funds come from boat gas tax). Gordon suggested Mozer look into the possibility of getting a gas tank (fuel barge?).

Harbor Operations

- Mystic Sea Operations: The Mystic Sea plans to return in 2014, pending details.
- Draft Float Plane Policy (**EXHIBIT E**): Field recommended approval in order to promote the safe and efficient use and operation of Port facilities. Jerome said it looked fine, but strongly recommended the City should be notified of the policy and the reasons for it. Gordon agreed, and Field said he would email it to Planning Director Jeff Arango the following morning.

ACTION: A Motion was made by Jerome and seconded by Gordon to approve the Policy regarding Float Plane Use of Port of South Whidbey Docks including South Whidbey Harbor as presented. The Motion passed unanimously.

- Outside Mooring: Design/evaluation underway by Reid Middleton.
- Offsite Parking at Langley Middle School: Mozer spoke with Dan Poolman, Asst. Superintendent for Business at South Whidbey School District. He is willing to sit down with the Port and the City to discuss an InterLocal Agreement (ILA). Mozer will contact Mayor Fred McCarthy and try to work out a meeting sometime in July between all three parties.

Port Operations

- Port Comprehensive Scheme for 2013-2019: Mozer said Makers has all the information needed to prepare the Port’s draft Strategic Plan and a draft Comprehensive Scheme Project List. They are now trying to get input from an economic development perspective from BST Associates. Makers provided the Port with a draft scope of work, and Mozer said the Port has a couple of options with that scope. The Port can go with that scope as presented or have staff work with Island County planners and the Economic Development Council to do some of the data mining and provide that information to Paul Sorenson of BST Associates for more detailed analysis of target markets and possibly specific opportunities that he might recommend to the Port and analyze our financials.

Gordon questioned the likelihood of getting County staff to help mine information, since there are only two planners there and they are trying to do the County’s Comp Plan. He suggested Mozer should call Island County Planner Brad Johnson and bluntly ask if the County would be able to work with us on the data mining or not. Jerome suggested they find out how much more (beyond the current \$5,000 allotted amount) it would cost for Sorenson to get the additional information instead. Gordon agreed and added that he didn’t think the County would be able to do anything given the current workload there. Mozer was directed to get the cost estimate as discussed.

- Humphrey Road Parking Lot: The parking lot was re-striped on Sunday, May 19th
- Humphrey Road Parking Lot Fees: Mozer had prepared a spreadsheet (**EXHIBIT F**) showing the stats and breakdown for the daily and parking permit revenue, as well as the following:

Potential Daily Parking fee scenarios

Current Rates		Scenario #1		Scenario #2		Scenario #3		Robertson's Parking	
Time (hrs)	Fee	Time (hrs)	Fee	Time (hrs)	Fee	Time (hrs)	Fee	Time (hrs)	Fee
0 - 6	\$1	0 - 6	\$2	0 - 4	\$1	0 - 3	\$1	0 - 2	\$2
6 - 12	\$2	6 - 12	\$3	4 - 8	\$2	3 - 6	\$2	2 - 4	\$3
12 - 24	\$3	12 - 24	\$4	8 - 12	\$3	6 - 12	\$3	4 - 8	\$4
2012 Revenue	\$24,211			12 - 24	\$4	12 - 24	\$4	8 - 12	\$5
Projected 2014 Revenue*		\$32,359		\$32,526		\$35,550		12 - 18	\$6
								18 - 24	\$8

Potential Monthly Parking fee scenarios

Current Rates		Scenario #1		Scenario #2	
Time	Fee	Time	Fee	Time	Fee
Monthly	\$40	Monthly	\$45	Monthly	\$50
Quarterly	\$80	Quarterly	\$90	Quarterly	\$100

2012

Revenue* \$14,822.10

Projected 2014 Revenue*

\$15,738

\$16,395

The Projected 2014 Revenue for the Daily Parking Fee Scenarios assumes a 10% reduction in revenue due to reduced customer based as a result of raising prices. For the Monthly/Quarterly Parking Fee Scenarios, the Projected 2014 Revenue assumes a 4% reduction for Scenario #1 and a 10% reduction for Scenario #2.

ACTION: A Motion was made by Jerome and seconded by Gordon to approve Scenario 3 for the Daily Parking Fees and Scenario #2 for the Monthly/Quarterly Parking Fees. The Motion passed unanimously.

The Commission agreed that in order to provide 30-day notice to all parking customers, the new rates for the daily parking fees would go in effect August 1st and the rates for the quarterly parking fees would increase effective October 1st.

- Port Security Grant (PSG) Program – Marine Surveillance Camera Project: Mozer had met with the Port’s fiduciary agent regarding the financial monitoring and the Port just needs to document accounting procedures and establish an inventory (required for government-funded property). The Port must retain the data from the cameras for 31 days, but can write over it after that, and the webcam must be available on the Port’s website. Jerome asked if the Port is responsible for maintenance of the servers, and Mozer said yes, but since it is electronic equipment it will likely be only for four years (in general, the government sees it as obsolete after that). Jerome suggested the Port should look into getting a maintenance contract for the servers and also determine the monthly fee for the connection. Mozer said she would do it.

- July Meeting Schedule: July 9th: Commissioner Dennis Gregoire will not be present at the regular meeting on July 9th. Jerome will be flying in from out of state at 6:30 p.m. and will not be able to get to the meeting in time for the usual start at 7:30 p.m. The July meeting will therefore be scheduled to convene at 8:00 p.m. July 22nd: Open House and Special Meeting with Makers regarding the Comp Scheme. Open House 4-6 p.m., Workshop/Dinner 6-6:30 p.m.; followed by Special Meeting at 6:30 p.m. July 30th: Workshop from 6-6:30 p.m. followed by Special Meeting at 6:30 p.m. to discuss remainder of agenda items not addressed during the abbreviated regular meeting on July 9th as well as Phase 1 construction updates and other topics as needed.

New Project Opportunities

- Mukilteo Parking Issues

Port Letter of Support for Washington State Department of Transportation TIGER (Transportation Investment Generating Economic Recovery) Grant Application for Mukilteo Multimodal Terminal (**EXHIBIT G**): Field provided copies of the letter he submitted on the Port’s behalf on May 29, 2013.

Final Environmental Impact Statement received (on file and available at the Port office).

ACTIVITIES/INVOLVEMENT REPORTS

Gordon: Economic Development Council (EDC), Council of Governments (COG) and Skagit-Island Regional Transportation Policy Organization (RTPO), and Clinton Community Council (CCC)
EDC: No report.

COG: Gordon said Mozer did a great job presenting the Port's project at the May meeting. The COG will reopen for RCEDF applications on October 1st.

RTPO: Gordon reported they continue to work on concurrency issues. Currently, the Ports of Coupeville and South Whidbey have an agreement to rotate positions on RTPO's Policy Board and the Technical Advisory Committee (TAC) every two years. Gordon believed that rotating them annually would enable representatives of both ports to stay more current and it would be easier to keep track of, and he had directed Field to draft a letter to the Port of Coupeville requesting the change beginning January 2014. Gordon had signed the letter (**EXHIBIT H**) and it was mailed May 31, 2013. Field noted that the Port of Coupeville's regular meeting would be held the following day, so they would probably respond by the end of the week.

CCC: No report.

Jerome: Washington Public Ports Association (WPPA): No report. Gordon attended the Spring Meeting at Skamania Lodge in Stevenson May 15-17. One of the things he learned at the Meeting was that the State Department of Ecology has formed a group called "Washington Coast Marine Spatial Planning" and they are actually working on "zoning" the ocean. He spoke with Commissioner Tom Stiger from the Port of Everett, and Stiger had discussed co-parking facilities with Brad Cattle of Anderson Hunter (attorney for both ports) and his comments were fairly positive. Gordon also spoke with Don Olmsted from the Department of Natural Resources regarding the possibility of long term leases at the South Whidbey Harbor and he seemed open to discuss the issue. One of the speakers at the WPPA Meeting suggested that ports should invite Governor Jay Inslee to see their port, and Gordon thought that was a good idea. He said the meeting was worthwhile.

Gregoire: Marine Resources Committee (MRC), Langley Shoreline Master Plan (SMP) Committee and Island County SMP Committee: Since Gregoire was absent, there were no reports.

OLD BUSINESS: There was none.

NEW BUSINESS: There was none.

ADJOURNMENT: The Meeting was adjourned at 9:30 p.m.

Approved:



Commissioner Curt Gordon, Clinton

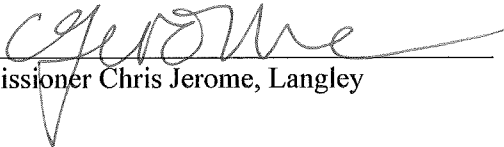
Minutes reviewed by:



Edwin S. Field, Port Operations Manager

ABSENT

Commissioner Dennis Gregoire, Freeland



Commissioner Chris Jerome, Langley

- Exhibit A: Voucher Listing
- Exhibit B: April 2013 Financial Statement
- Exhibit C: 2012 Annual Report
- Exhibit D: 6/10/13 Predicted SWH Construction Project Cash Flow Scenarios
- Exhibit E: Draft Policy regarding Float Plane Use of Port docks, including SWH
- Exhibit F: Draft 2012 Humphrey Road Parking Lot Stats and Parking Fee Scenarios
- Exhibit G: 5/29/13 Letter to US DOT support for TIGER Grant Application for Multimodal Ferry Terminal
- Exhibit H: 5/31/13 Letter to Port of Coupeville proposing annual rotation of RTPO Board & TAC positions