

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

Held at South Whidbey Parks & Rec District, 5475 Maxwellton Rd, Langley WA
Tuesday, July 8, 2014 at 7:30 p.m.

AGENDA

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

REGULAR MEETING CALL TO ORDER and PLEDGE OF ALLEGIANCE

Consent Agenda

Approval of July 2014 Vouchers in the amount of **\$73,277.03** and approval of Minutes from the Special Meeting of February 25 and Regular Meeting of March 11, 2014.

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

FINANCIAL UPDATE

May 2014 Financial Statement and Finance Manager Report

STATUS REPORTS

South Whidbey Harbor

Phase 1 Project

- Retainage Release
- Signage

Outside Mooring – Engineering

Harbor Operations

- Offsite Parking at Langley Middle School
- Harbormaster Report

Possession Beach Waterfront Park

Boat Ramp Renovation Project

Dave Mackie Park

Port Operations

Maintenance & Operations Supervisor Report

ACTIVITIES/INVOLVEMENT REPORTS

Gordon: Council of Governments (COG), Skagit-Island Regional Transportation Policy Organization (RTPO) Technical Advisory Committee (TAC), Washington Public Ports Association (WPPA) and Clinton Community Council (CCC)

Gregoire: Economic Development Council (EDC), Langley Shoreline Master Plan (SMP) Committee and Island County SMP Committee

Halloran: Marine Resources Committee (MRC) and City of Langley Council Meetings

OLD BUSINESS

Island County Fairgrounds

NEW BUSINESS

ADJOURNMENT

PORT DISTRICT OF SOUTH WHIDBEY ISLAND

Minutes of the Regular Meeting

July 8, 2014

Langley, Washington

Commissioners Present: Curt Gordon (Clinton), Dennis Gregoire (Freeland) and Ed Halloran (Langley)

Others Present

Port Staff: Molly MacLeod-Roberts (Port Clerk), Dane Anderson (Management Consultant), Duncan McPhee (Harbormaster) and Wayne Nance (Maintenance & Operations Supervisor). Angi Mozer (Port Finance Manager) arrived at 7:55 p.m. **Public:** Jim Sundberg (Langley City Councilmember) and Laura Nance (Clinton resident)

MEETING CALL TO ORDER: Following a Workshop from 7:15 p.m. to 7:30 p.m. for informal Commission review and discussion of vouchers and recent correspondence, the Regular Meeting of the Port District of South Whidbey Island's Board of Commissioners was convened on Tuesday, July 8, 2014, 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 Special Meeting of February 25 and the Regular Meeting of March 11, 2014.

ACTION: A Motion was made by Commissioner Dennis Gregoire and seconded by Commissioner Ed Halloran to approve the Consent Agenda as presented, including the authorization and acceptance of Vouchers dated July 2014 as signed today in the amount of \$73,277.03. The Motion passed unanimously.

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

FINANCIAL UPDATE

May 2014 Financial Statement and Finance Manager Report: The Commission acknowledged receipt of the May 2014 Financial Statement (**EXHIBIT B**) which was distributed previously. Management Consultant Dane Anderson read aloud Port Finance Manager Angi Mozer's report which indicated the Port received \$166,000 in tax, operating and grant revenue and incurred \$57,000 in operating and capital expenses during May 2014. Ending cash balance at 5/31/14 was \$585,000. The South Whidbey Harbor revenue for May includes the entire annual moorage payment (\$3,643) for the South Whidbey Fire/EMS boat. The Port also received the 75% grant reimbursement for the surveillance cameras from FEMA/Marine Exchange in May.

STATUS REPORTS

South Whidbey Harbor

Phase 1 Project

- **Retainage Release:** Anderson reported all documentation has been submitted (affidavits for wages paid, etc.) to the three agencies. He said, "So they are in process and I expect to get the go ahead to release the retainage (about \$79,000) within the next three weeks. The one outstanding issue (about \$900

in unpaid moorage by a subcontractor) has been resolved with the moorage being paid.” Gordon said, “Excellent – good job. I appreciate that you were able to come in and sort all that out for us.”

- Signage: Anderson reported Symbols & Signs continues to work on the signs and showed a first draft sign for the base of the wharf. Artist Callahan McVay is also providing input. Gregoire didn't like the lettering, and Anderson explained it is definitely a work in process.

Outside Mooring - Engineering: The Request for Qualifications/Proposal for the project was published. Earlier in the day, Anderson and Harbormaster Duncan McPhee met at the Harbor with two engineering firms that were not familiar with the site and interested in submitting a proposal. Anderson spoke with Reid Middleton about the project as well, to get some of the as-builts of the original drawings of the 400' breakwater which they originally designed. The Port is also getting some of the calculations and environmental conditions Reid Middleton used to size the pilings to get the maximum lateral and vertical loads on the existing facility so that information will be available to the interested engineering firms. The firms also have the wind & wave study conducted by Coast & Harbor Engineering. Anderson said at least 3 and possibly 4 firms plan to submit proposals by the deadline of August 4th. Gordon and Anderson will review the proposals and make a recommendation for award at the regular August meeting.

Harbor Operations

- Offsite Parking at Langley Middle School (LMS): Nothing to report; Anderson has not received a return call from Dan Poolman, South Whidbey School District's Superintendent of Business & Operations.
- Harbormaster Report: Harbormaster Duncan McPhee was on hand to read aloud his monthly update (**EXHIBIT C**). He commented positively on the Port's personnel reorganization and the addition of Dane Anderson's expertise during this transitional period. He looks forward to working closely with Mozer and Maintenance & Operations Supervisor Wayne Nance. He reported the new docks are functioning well and have been very well accepted by guests. Harbor Staff are regularly reserving space for 40'-60' vessels, and he feels the revenue projections will easily be met if not exceeded. Five groups/yacht clubs have visited the Harbor this year. The Tacoma Yacht Club will have an estimated 20 boats in the Harbor later in the month, and 3 more yacht clubs are scheduled to visit before the end of the year and another in January 2015. McPhee provided a lengthy list of completed as well as a list of ongoing projects.

Possession Beach Waterfront Park

Boat Ramp Renovation Project: Joel Darnell (Senior Coastal Engineer at Coast & Harbor Engineering) had emailed the following summary of permit status:

Island County:

- State Environmental Protection Act (SEPA) Checklist underway – draft by July 16, final by July 18
- Shoreline Conditional Use Permit Application underway - estimated completion for submittal: July 25
- Biological Site Assessment being prepared by Grette Associates, in parallel with Biological Evaluation to support County permit. Estimated completion for submittal: July 25.
- Coastal Geologic Analysis Report underway. Draft on July 11, complete July 18 for submittal with Island County Conditional Use Permit.

Federal and State:

Draft Joint Aquatics Resources Permit Application (JARPA) received from Grette Associates June 30th; making edits. Estimated completion for submittal: July 25.

Biological Evaluation draft expected on July 11, estimated completion: July 25.

Washington State Department of Fish and Wildlife (WDFW) will receive the JARPA package via online submittal for use in developing the Hydraulic Project Approval (HPA); no separate application is needed. WDFW clock for issuance of HPA begins once SEPA determination is issued by Island County.

Overall, the permitting materials are behind target by about five days, and Darnell is working to accelerate things.

At a previous meeting, the Commission committed to hold a second public conversation about the design. Anderson had reviewed the existing Conditional Use Permit, and the Alternative 3 design option selected by the Commission is well within the conditions of that permit – the setbacks, buffers, everything. He does not expect any problems from the County related to that Conditional Use Permit. The Commission agreed to hold a second meeting for public comment on Tuesday, August 19th. Gregoire suggested the public input could then be included with the package submitted to the County. Halloran said a representative from Coast & Harbor Engineering should be on hand at the special meeting to present the design and answer questions. The Commission agreed.

Dave Mackie Park: Nothing new to discuss; item left on the Agenda for the regular August meeting.

Port Operations

Maintenance & Operations Supervisor Report: Wayne Nance was on hand to present his Report (**EXHIBIT D**). The celebration ceremony for the new ferry (Tokitae) went very well, with ferry workers, bus drivers and others saying **Clinton Beach Park** was cleaner than it's been in a long time. Crabbing is open and the pier and enclosure are being heavily used. Usage at **Bush Pt.** was light during the last month; expecting an increase as the silver salmon season begins. The ramp is very slippery and he will pressure wash/clean it at low tide. The boarding floats will need repairs during the off season; he will get an estimate from Greenbank Metalworks for that work. Projects at the **South Whidbey Harbor** include ordering and installing a wind turbine cap in the utility closet to increase ventilation, build and deliver two picnic benches for the new docks. He removed two remaining clump weights from the expansion project and brought them to Possession to block vehicles from driving on the gravel path. **Possession Beach Waterfont Park** is busy with crabbing and fishing open. Nance has purchased lumber to build new garbage can enclosures and three picnic tables. He will provide a temporary fix for the one of the steel end caps on the dock – to be removed and repaired during the off season. Replacing cable pile wraps on the last set of pilings is a high priority on his list.

Nance said he has been asked boaters and other visitors to Possession for their thoughts on the boat ramp renovation project. He said, *"They're all really supportive and think it's great. They're very excited about it and like the idea of moving the floats to the south side."* He will post the diagram of Alternative 3 along with a notice of the Special Meeting on August 19th at the Park.

ACTIVITIES/INVOLVEMENT REPORTS

Gordon: Council of Governments (COG) and Skagit-Island Regional Transportation Policy Organization – Technical Advisory Committee (RTPO-TAC), Washington Public Ports Association (WPPA), and Clinton Community Council (CCC):

COG and RTPO-TAC: Meetings cancelled; no report.

WPPA: No activity to report.

CCC: The group hopes to submit an application for Rural County Economic Development Funds for a pilot program that would be food-based, featuring a farmer's market, pocket restaurant, etc. in one Clinton building that is currently vacant.

Gregoire: Economic Development Council (EDC), Langley Shoreline Master Plan (SMP) Committee and Island County SMP Committee:

EDC: Gregoire said he is still "hammering on them" to get into the economic policies for GMA (Growth Management Act). The EDC is drafting a contract that spells out what they are going to do for Island County in economic development.

SMP Committees: No activity to report.

The next joint meeting with representatives from Island County, South Whidbey Parks & Rec District and the Port will take place in September and Gregoire will attend on behalf of the Port.

Halloran: Marine Resources Committee (MRC) and City of Langley Council Meetings

MRC: Blaine Reeves from Washington State Dept. of Natural Resources will provide a presentation at the August 5th meeting on the ghost shrimp report and other issues. The MRC has been working on and reviewing the Northwest Straits Initiative Strategic Plan. Gregoire asked if there is any reference in it to the Shoreline Master Plan and Halloran said he didn't have the most recent version yet. At the joint meeting with Water Resources Advisory Committee, they found some leftover money from one of the contracts. After some great discussion, they voted unanimously to spend the money on equipment – a GPS unit and a laser leveler.

Langley: The July 7th meeting was cancelled.

OLD BUSINESS

Island County Fairgrounds: At the Special Meeting on June 25th, the Commission agreed the Port needed to define the process it would have to follow in order to take on ownership and/or management of the Fairgrounds property. Subsequently, Gordon, Mozer & Anderson met and drafted a Business Plan Outline for South Whidbey Business Park (**EXHIBIT E**). The outline included headings for Executive Summary, History and Cultural Significance, Market Need, Port Mission Statement, Solution Offering, Intellectual Property, Competition, Marketing/Sales Plan, Human Resources Plan, Facilities Plan, Financial Plan and Pro-Forma Financials.

Gregoire thought it looked too specific and they needed to look at other options. The Fairgrounds are one option, but there are many other opportunities out there (vacant commercial buildings in other locations, etc.) The draft Outline is a good stimulus for discussion, but it is very specific and there are some due diligence steps that need to be laid out parallel with some opportunities. Other ports have gone through the same thing, so there are models available and he has asked four of those ports to send copies of the studies and the 10 steps they've gone through as part of their due diligence.

As discussed at the June 25th Meeting, Halloran said the Commission would need to hold a second Special Meeting to discuss the Fairgrounds. Parking in Langley is such an issue that it needs its own heading on the outline.

Gordon said, *"This process will not occur without a lot of negotiation. We owe it to our own constituents within our Port district to do all of our homework long before we go into that negotiation process with the County."* He noted that Island County has had obligations to make changes and upgrades to the Fairgrounds facility that have been deferred for many, many years. To him, this piece is the very first step. The Port needs to figure out what the basics are and what is even doable, and then go out and survey the public, including the various interest groups. Gordon continued, *"Only after all that will we actually be prepared to sit down with the County and say: We can't afford to do this to our constituents unless you give us 'this'. And it is worth noting that there is a distinct difference between the user group of a Fair and the potential user groups of this property as a business park or an event center. I believe it is quite justifiable that our Port District and our District alone funds and stands behind the management of this year-round facility, because I think South Whidbey receives 90% of that benefit. The economic development potential is there."* The Port has an opportunity to use County funds to investigate (through RCEDF), and then negotiate with the County to make it advantageous to the Port.

Gregoire said, *"We can't start any of this in the next 6 months, in my opinion. We need to dialogue, and we have a format – the South Whidbey Parks & Rec, the County, Langley and the Port are currently sitting down and talking about existing facilities. We are talking about what everything each entity has on South Whidbey – the Fairgrounds is part of that. We have a tentative framework for those discussions and we need to have that move for at least six months. The County has to resolve the issue of setting up a*

process for how the Fair functions. That's their role – not ours. They need to figure out how the Fair continues and it's going to take them 6 months or more to figure that out. Once they do, then there's something left over."

Gordon said he was not in favor of the multi-agency approach for the Fairgrounds. He noted that Landerman-Moore's Fairgrounds Strategic Plan did a good job of informing the community that there could be two separate entities: The Fair Association and a property management group. Currently, the Fair Association is acting as property manager and they don't really want to do that. That Plan also heightened awareness that the Fairgrounds property has the potential for economic development opportunities. Gordon said, *Using outside funds from RCEDF, the Port can do a better job for the next phase of that study. The Port will look at it completely differently than the Parks District and the County will. I think that's why Island County Commissioner Jill Johnson came to the Port; because if anyone can do a year-round, breakeven or better facility – it's going to be the Port."*

Gregoire reiterated his belief that the Port can't do anything at all until the County figures out how to keep the Fair going and that will take more than six months. Gordon disagreed, noting that the Fair could become a tenant of the facility that is managed by a property management group. Gregoire insisted that according to two of the Island County Commissioners, the County had to figure out the Fair's future before anything else could be done. Halloran and Gordon disagreed with him.

Gregoire said Island County Commissioner Helen Price Johnson should attend the next special meeting, and the Commission agreed. Gordon said, *"I think you will see that Helen Price Johnson does not want the County to remain in the property management business either."* Gregoire stated, *"I disagree with you. I disagree with you."*

Regarding Landerman-Moore's study, Gordon explained that his expectation was that the Economic Development Council would have made recommendations and presented the results to Island County. Instead, the EDC walked away with no conclusions. Anderson said the starting point of the whole study seemed to be the facility itself. It was not the market needs that the facility meets. The way the Business Plan Outline is constructed is very intentional. It starts with market need and potential customers and it builds from that. It doesn't really have much to do with the facilities; that will need to be discussed *as it supports the customer needs*. He said, *"If the Port wants to be involved with the Fairgrounds property – that resource - on a breakeven basis, that is where it needs to start. Because that's what's going to determine whether it can be self-supporting."*

Again, Gregoire reiterated his belief that it is the responsibility of the County to deal with the Fair – not the Port. The County needs to set up the system for the Fair to continue at those facilities. Gordon responded, *"I think Island County will not let go of that property unless somebody is in a position to permanently allow the Fair to occur every year going forward. That's their mission. Now, if they can do that and get out from under all the financial obligations, they'd be very happy. I just think there isn't anyone better to research all these opportunities than us. We don't have to sign on to take it over – I just think we are definitely the best entity to look into it."* Gregoire asked, *"When do you want to start spending money and resources to do all this?"* Gordon expected to apply for an RCEDF grant to conduct the research in October grant cycle. It would be a very well defined grant request to look into the opportunities to maintain an ongoing Fairgrounds facility (as a business park, event center, etc.) that is self-sustaining.

Gregoire said, *"Let's have a workshop and get Helen (Price Johnson) down here and find out what they are doing to keep the Fair going."* Anderson said, *"They are trying to get somebody to manage the Fairgrounds other than the Fair. That's what they're doing. They are researching options to figure out how they can get the white elephant that is the Fairgrounds off their back."* In the business outline, the Fair is a market need and the Fair Association is an existing customer. The outline is a starting point to

figure out whether or not the Port wants to take on the management of the facility. Gregoire repeated again that it is the County's responsibility to deal with the Fair – not the Port. Anderson said the County doesn't know how to deal with that, so they are looking for options on how to deal with that better. The outline is nothing more than a study that says this is a facility that serves a market need, and one of those needs is the Fair, and there may or may not be other market needs. He continued, *"But until we flesh this out and we understand the revenue, the expense, the access issues, the zoning issues, the facilities issues, down through the pro-forma cash flow – we don't know whether we want to be involved in it."* Gregoire interjected, *"That's miles down the road."* Anderson said it's not – it's the next step and Gordon strongly agreed. Gordon added, *"There are things that Island County can learn from the Port's study of the Fairgrounds. There's a very good chance we would never take this over, but in the process of our investigative work we might find out and be able to deliver to the County helpful information about what is needed."* Gregoire said Gordon's and Anderson's interpretation of what the County is trying to do with the Fair is incorrect.

The Commission agreed to look into scheduling an additional Special Meeting on the Fairgrounds issue with Island County Commissioner Helen Price Johnson present.

NEW BUSINESS: The Commission received an email from Langley resident Larry Cheek, dated 6/30/14 (**EXHIBIT F**) asking the Port to create a moderate weekly slip rental rate that would fall somewhere in between the daily and monthly rates to allow him and others to moor in Langley for short term periods during the boating season. He currently pays \$160/month to keep his 22' boat in Oak Harbor Marina, and would like to pay \$100 per week to moor at the South Whidbey Harbor for 3-4 weeks during the summer. Staff was directed to look into it and provide Cheek with a response.

[For the record, the current rate for one week of overnight moorage for a boat that size totals \$177.10 and the monthly rate totals \$285.48]


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

Approved:



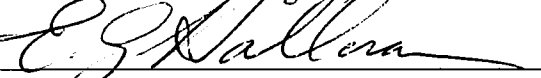
Commissioner Curt Gordon, Clinton

Minutes reviewed by:



Angi Mozer, Interim Executive Director

Commissioner Dennis Gregoire, Freeland



Commissioner Ed Halloran, Langley

- Exhibit A: Voucher Listing
- Exhibit B: May 2014 Financial Statement
- Exhibit C: Harbormaster Report
- Exhibit D: Maintenance & Operations Supervisor Report
- Exhibit E: Business Plan Outline for South Whidbey Business Park at the Fairgrounds
- Exhibit F: 6/30/14 Email from Larry Cheek