

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

Held at Port Office Conference Room, 1804 Scott Rd, Freeland, WA  
Wednesday, August 13, 2014 at 6:00 p.m.

**AGENDA**

CALL TO ORDER and PLEDGE OF ALLEGIANCE (6:00 p.m.)

ISLAND COUNTY FAIRGROUNDS  
**Property Management Options**

ADJOURNMENT (Approximately 8:00 p.m.)

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**FAIRGROUNDS DISCUSSION FORMAT**

1. Introductory comments from Island County Commissioner Helen Price Johnson (5 minutes)
  - a. Personal priorities for the property
  - b. Short-term and long-term strategies
2. Introductory comments from Port of South Whidbey Commissioners (15 minutes)
  - a. Commissioner Curt Gordon – priorities
  - b. Commissioner Dennis Gregoire – priorities
  - c. Commissioner Ed Halloran – priorities
3. Discussion of possibilities for the Port's role (45 minutes)
  - a. Possibilities
    - i. Management
    - ii. Ownership
    - iii. Partnership
  - b. Organizational Timelines
4. What additional information is needed? (5 minutes)
5. Strategize next steps (10 minutes)

## PORT DISTRICT OF SOUTH WHIDBEY ISLAND

Minutes of the Special Meeting

August 13, 2014

Freeland, Washington

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

### **Others Present**

**Port Staff:** Molly MacLeod-Roberts (Port Clerk), Angi Mozer (Interim Executive Director), Dane Anderson (Management Consultant) and Wayne Nance (Maintenance & Operations Supervisor)

**Public:** Helen Price Johnson (Island County Commissioner), Ben Watanabe (South Whidbey Record), Walt Blackford (Puget Sound Energy), Sami Postma (Executive Assistant, Economic Development Council), Jim Sundberg (Langley City Councilmember), **Clinton residents:** Julie Hougom, Virginia Keik, Wendy Sundquist, Brian Lowey and Tony Billera; **Freeland residents:** Capt'n Blynd and Morlen Morlen Knuth

**MEETING CALL TO ORDER:** The Special Meeting of the Port District of South Whidbey Island's Board of Commissioners was convened on Wednesday, August 13, 2014, in the Port office conference room at 1804 Scott Rd. in Freeland, WA. As announced, the primary purpose of the Special Meeting was for the Commission to meet and discuss Property Management Options for the Island County Fairgrounds with a representative from the Board of Island County Commissioners. Although the Meeting was of course open to the public, it was scheduled primarily for Commission consideration, discussion and action on the specific issue listed and public participation was not on the Agenda.

Commissioner Curt Gordon, President, called the Special Meeting to order at 6:02 p.m., followed by the Pledge of Allegiance.

### ISLAND COUNTY FAIRGROUNDS

#### **Property Management Options**

1. Introductory comments from Island County Commissioner (ICC) Helen Price Johnson: Price Johnson said the Fairgrounds property is and has been a treasured public asset for generations in Island County. It has always been a struggle for the County to fund the necessary maintenance & improvements over time, and it has become increasingly difficult as County resources became very scant in 2008/2009. The County's recent investments of \$30,000 per year in capital funds for deferred maintenance at the Fairgrounds are really too little, too late. She reiterated that the property is a treasured public asset and explained that she is looking for a solution that will increase the public benefit and access to the Fairgrounds and decrease the public burden. The consultant's Strategic Plan created a way for the Fairgrounds to pay for itself, but that Plan had assumptions for agreements that were not in place (parking, etc.) and the impacts of the Plan were not within the comfort level of the community. She explained that if there isn't going to be private revenue for the property, it falls back to public revenue to make up the difference and maintain that property over time.

Price Johnson said she is talking about a long-term solution, though there may be some short-term strategies as well. The Fair Association has managed the property under a 4-year lease agreement. This summer, the Fair Association notified the County that they would no longer be able to fulfill that obligation as the costs were exceeding their ability to stay viable. The County has been in negotiations with them to create an amendment. There will be some revision in the short-term to reduce the overhead cost during the winter. The Association will continue with basic property management including repairs and collection of rents for the County for a small stipend. The County will provide additional maintenance and safety repairs. She said, *"The main emphasis right now is to make sure the public is safe in their use of the property, that we're minimizing the costs (and stop the bleeding of the costs), and to maintain the relationship with the Association while we work out longer term solutions."* Price Johnson is at tonight's meeting to discuss where the Fairgrounds might fit in with the Port's priorities.

Gordon asked if the Association has signed a new amended lease. Price Johnson said the Fair Association's original letter stated they would cease property management by October 1<sup>st</sup>, but on Monday night they met and agreed to extend that deadline through April 2015. Commissioner Ed Halloran asked what would happen in April if the Association decided to extend it again and again. Price Johnson said it is a mutually agreed upon contract amendment. The County is looking for a long-term solution, and the Association made it clear that the extension is not a long-term strategy. She added that her fellow Island County Commissioners see the Fairgrounds as having substantial benefit to the South Whidbey community and not as much for the rest of Island County. Commissioner Dennis Gregoire asked Price Johnson how she views the Fair function (2-3 week window) vs. the rest of the year at the facility. She explained, "*The Fair is an event – one of many that takes place on that property. One of my priorities is that whatever agreement is reached – the Fair is preserved. The 4-H program is a participant of that Fair, and the benefits to our community from that program and that event are huge.*" She clarified that the Fair is no longer a County fair – it is not a County function. It is now an area fair.

## 2. Introductory comments from Port of South Whidbey Commissioners

- Gordon: Starting two years ago, there was a lot of conversation about the inadequacies; the Association felt there wasn't enough money to keep the facilities going. The focus was not on an event center to provide economic development – the focus was on saving the Fair. The Landerman-Moore study (Strategic Plan) introduced the event center concept via a Public Development Authority (PDA). Gordon said the most important thing he took away from all of it is the logic of having a completely separate property management group than the Fair Association. As a Port Commissioner interested in economic development in his community and as an individual interested in retaining some of the Fair's historic culture, Gordon said, "*If we separate this into two pieces (the Fair and the property management), it is easy to justify that a local Port district that has boundaries up to Classic Road could maintain the facility and do it under the guise of just that particular boundary. There is regional benefit, especially during the Fair, and the Fair itself has a heavy Island benefit. I think it's totally appropriate to use a local tax base for that facility. When I read Landerman-Moore's recommendations about and creating a new taxing authority (PDA) and that the stewards of the property would be individuals and not a public agency like the Port of South Whidbey, it didn't make sense to me anymore. But I still support doing something. The idea of the Port entertaining the management concept is a natural for me. We have all the talent, we have a business frame of mind and we are set up to do this kind of thing. This is a natural fit for a port.*"
- Gregoire: He agreed that ports can do a lot of things, but cautioned, "*Only if the community vision, GMA (Growth Management Act), zoning and other things pave the path.*" He was impressed by the Landerman-Moore study, but it was site specific and had flaws because it was not addressed in the broader community vision, not addressed in GMA, not addressed in economic development policies, etc. The cultural, historical piece fell through the cracks in the study, and that came out during the public comment periods. Gregoire said he was concerned about the process and the framework that would be used to move ahead. He said, "*I would be very reluctant to have the Port do it unless I see a much clearer framework (much more clear direction in GMA, much more clear direction for cultural historic policies that are adopted by the community – Langley and South Whidbey). In my opinion, ports are not good at bringing the community along and building consensus. We're builders – that's what ports do.*" He suggested a third party facilitator could be brought in as the government entities and the various interest groups sit down together to identify the main goals. The Port has the skills, but ports are only successful on something like this when there is a broad community framework in place allowing them to drive forward and implement.
- Halloran: His take is a straightforward business approach. Counties don't do as well managing businesses as well as business organizations do. He agreed with Gordon that the Port is in a terrific position, adding, "*We have extraordinary staff – very talented people who work on projects that are well-defined and well-supported by grants and the like and we're successful. I think we can continue to be successful if we keep that model. Taking on the management of the fairgrounds and the facility itself is a*

*task all unto itself in my book. That is: Who's going to own it? Who's going to maintain it? Who's going to utilize it for the various activities going on there?"* The activities at the Fairgrounds need to be supported and encouraged, but they also need to be able to pay their way. He doesn't think the current model is designed to be successful.

Price Johnson noted that there are a number of activities at the Fairgrounds that create public good and community connection that might not pay for themselves, but are a high priority to maintain. As the conversation continues, she wants to make sure everyone is thinking about that, along with the historic resources of the buildings and the culture that is embodied in them. She added, *"It might not be the most cost-effective business decision, but it's what preserves what is precious about the property."*

She explained that from the County's perspective, the impetus behind the Strategic Plan was: "We're putting \$30,000 per year into the Fairgrounds property. Are we spending it on the right things, and what should be the next thing we invest in?"

Gordon said part of what draws people to Whidbey is the existing culture and the way it feels to live here. To him, it's not just his heart that wants the Fair and the Fairgrounds to exist for future generations as they have for him. It is one of the last pieces of South Whidbey culture that people enjoy and that's why they come here. That culture is also an economic development piece.

Price Johnson said she understands more information is needed regarding Langley's zoning, planning & vision within the City boundary which includes the Fairgrounds property. She indicated that there a number of ways to move forward in both the short- and long-term. After further conversation, the Port might decide to lease the property from the County and manage it by contract or direct employee. The ownership of the property can also be discussed, as well as a partnership with Langley/County/Port with each playing a role. She said, *"I'm not trying to put us in a box in any way in this conversation. I think the form should follow the function, and as we better understand the best use of everyone's talents we move in that direction."*

As a Port representative, Gregoire has been trying to start a collaborative discussion between the County, the Port, Langley and the South Whidbey Parks & Rec District (SWPRD) regarding south end facilities. He asked Price Johnson if that would be a good place to discuss the Fairgrounds property. Her understanding is that SWPRD is interested in discussing County owned park property that fits "into their wheelhouse," but the Fairgrounds is not as good of a fit for them.

Gordon said port districts typically provide infrastructure for somebody else to create economic development and local prosperity and well-being. Regarding the Fairgrounds, Gordon stated, *"Port districts are called upon to do exactly this. We're supposed to provide infrastructure – that's our job."* Regarding the options of management, ownership or partnership, his preference would be for the Port to manage the property for a trial run of one year with no strings attached. That would allow the Port to do a different analysis by talking to all of the local users of the property. Additional funding for that analysis would have to be identified and obtained. He sees it as the only solution that would allow the historical structures to remain and the Fair to continue while at the same time getting to the point where the property at least breaks even. He views it as a phased process, with ownership being a potential goal. The Strategic Plan was the first phase, and this would be the next phase. He concluded, *"Even if the Port of South Whidbey didn't end up with the facility long-term, we'd all have more information than we had and we would have a different perspective that is more neutral."* Halloran said he is actually enthusiastic about this activity, acknowledging that the evaluation and study would be hard work and it would need organization to completely evaluate the process.

Gordon said, *"The thing we need to keep doing is separating the 2 weeks of the Fair from the activities that take place the other 50 weeks of the year."* First, they need to know what the needs/must haves of

the Association are in order for it to run the Fair, and then get input from all of the other user groups as well. Does the property need another \$50,000? Another \$150,000? A \$1,000,000 facelift? Those are the kinds of things the Port would go in and study, along with grants for historical buildings, potential tenants, etc. It might take a year and it would definitely involve a lot of interaction with the locals. Price Johnson said she can see a vision for the property that would be widespread, support the local economy and agriculture, non-profits and the arts and maybe even light industry during the 11 months of the year that the Fair is not happening. She thinks some of the spaces that could be modified for year-round use. Through this process, she has learned that people love the Fairgrounds property and the community wants them to go slowly and be deliberate as changes are made, and make sure they are listened to as it goes forward.

She added, *"We don't have to determine the end goal at the beginning. We can make the path by walking, but we have to have some priorities and clear vision about where we're headed in a general sense so we are making strategic investments that make sense for the long run rather than just putting out fires."* Price Johnson agreed with the phased approach and coming up with an short-term agreement that makes sense for the Fair Association, the County and the Port while allowing time to evaluate, gather facts, and get community input.

Some significant changes are occurring at the County level. A new Commissioner will be elected in November. Property Management, which has been under General Services, is shifting to the Facilities office. A new Facilities Director has been hired and he is spending a lot of time at the Fairgrounds and gaining an understanding of that facility. That shift will create a "one-stop shop" and away from the "silo effect" by having maintenance piece and property management piece together under one roof. That transition will be complete by the end of the year. A placeholder of \$30,000 is in the 2015 capital budget for the Fairgrounds, plus County staff time and emergency repairs for maintenance from the General Fund.

If they agree to move forward, Gordon believes the Port would need to hire a separate consultant for the study/evaluation, including community meetings, etc. He noted that the Port has the ability to submit application for a Rural County Economic Development Funds grant for that type of purpose and could use that to fund the consultant. He added, *"We don't have room in next year's budget, but we could still solve this if we can come to some agreement."* Price Johnson noted that there is revenue generated through the Fairgrounds property, and it's very possible that under a different management strategy that could be enhanced without any substantial additional investment.

Price Johnson said she is very grateful that the Port is willing to have this conversation. She will be happy to get any additional information about the City's overlay zone to the Port. As the amendment to the lease agreement with the Fair Association is finalized, she will share that with the Port as well. She asked who would be the contact person for the information, and the Commission assigned Interim Executive Director Angi Mozer as the point of contact. As for the possible timeline, Price Johnson speculated that she would be gathering information through the end of the year. She would keep Mozer updated and arrange for Mozer to meet the Facilities Director Larry Van Horn. Meanwhile the Port can come up with a timeline to move forward with the planning.


Gordon reiterated, *"The Port has all the tools, including the taxing authority and staff, but we don't have the extra money to do this even on a phased basis for the next year. We've discussed that and I think there's a way to solve that – there is money available. I think the Port Commission needs to support it and we need to know where Island County and the Fair Association are. I think we can answer those questions through Mozer over the next month and then have another meeting."* Halloran suggested the Port should start by laying out the first draft of steps in the process. The Commission agreed.

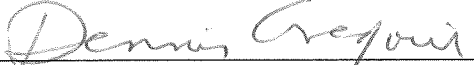
Price Johnson thanked the Port Commissioners again for their time, energy and willingness to have the conversation. She added that it would be very helpful to understand clearly what the next steps look like from the Port's perspective. She especially appreciated how each of the Commissioners articulated their appreciation of the property, and she is confident that the County and the Port can collectively be good stewards and hold the public's trust in taking care of it.


The Commission assigned Mozer and Management Consultant Dane Anderson the task of drafting the defined process prior to the next regular meeting.

ADJOURNMENT: The Special Meeting was adjourned at 7:25 p.m.

Approved:

  
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Commissioner Curt Gordon, Clinton

  
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Commissioner Dennis Gregoire, Freeland

  
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Commissioner Ed Halloran, Langley

Minutes reviewed by:

  
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Angi Mozer, Interim Executive Director