

**THE PORT DISTRICT OF SOUTH WHIDBEY ISLAND
WORKSHOP and SPECIAL MEETING**
Held at Port Office Conference Room, 1804 Scott Rd, Freeland, WA
Tuesday, August 27, 2013 at 6:30 p.m.

AGENDA

WORKSHOP (6:00-6:30 PM): Informal discussion of recent correspondence and project status

SPECIAL MEETING

CALL TO ORDER and PLEDGE OF ALLEGIANCE (6:30)

SOUTH WHIDBEY HARBOR (6:30-7:00 approx.)

Phase 1 Construction Update

Graphic Concept Review

POSSESSION BEACH WATERFRONT PARK (7:00 -7:30 approx)

Boat Ramp Renovation – Review of Consultant Submittals and Short Listing for Interviews

PORT OPERATIONS (7:30-8:30 approx.)

Interagency Agreement for Surface Transportation Program – Rural (STP-R) Grant for Radar-Reader Feedback Signs along State Route 525 in Clinton

Port Comprehensive Scheme for 2013-2019: Review of “Economic Trends in the Port of South Whidbey” from BST Associates

2014 Budget Discussion

ADJOURNMENT

PORT DISTRICT OF SOUTH WHIDBEY ISLAND

Minutes of the Special Meeting

August 27, 2013

Freeland, Washington

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

Others Present

Port Staff: Ed Field (Port Operations Manager), Angi Mozer (Port Finance Manager), Molly MacLeod-Roberts (Port Clerk) and Duncan McPhee (Harbormaster) **Others:** Jim Sundberg (Langley Councilmember) and Celeste Erickson (South Whidbey Record)

MEETING CALL TO ORDER: Following a Workshop from 6:00 p.m. to 6:30 p.m. for informal Commission review of recent correspondence and status updates, the Special Meeting of the Port District of South Whidbey Island's Board of Commissioners was convened on Tuesday, August 27, 2013, in the Port office conference room at 1804 Scott Rd. in Freeland, WA. As announced, the primary purpose of the Special Meeting was for Commission and Staff review, discussion and direction on detailed issues related to Phase 1 construction, Possession Ramp Rebuild planning consultant selection, economic parameters for the Comprehensive Scheme development and other listed topics (as time permits). Although the Meeting was of course open to the public, it was scheduled primarily for Commission and Staff consideration of those specific issues and public participation was not on the Agenda.

Commissioner Gordon, President, called the Special Meeting to order at 6:35 p.m., followed by the Pledge of Allegiance.

SOUTH WHIDBEY HARBOR

Phase 1 Construction Update: Port Operations Manager Ed Field said he is waiting for Neptune Marine to provide an updated schedule for the marine construction. For the on-shore construction, the Port continues to seek City of Langley approval to proceed on the waterline installation, with more plan comments, responses and scheduling underway for a pre-construction meeting with the City on Thursday, August 29th. Jack Seipel from Reid Middleton and Mike Carlson (Mike Carlson Enterprises) will attend the meeting, but Field hopes Wayne Haefele (waterline inspection Engineer from Friday Harbor) will not have to be there. The fire line submittal to feed the new dock came in; it has been reviewed and kicked back to the contractor for revision and resubmittal. Field explained that they have proposed switching to HDPE from ductile iron where possible and that would be advantageous from an operational standpoint.

Graphic Concept Review: Jay Davenny had submitted ideas he developed for the marina project, including a marina logo and different "themed" signage for the new Harbormaster Office and dock and boat slip identification (**EXHIBIT A**). Field said that although Davenny was primarily asked to focus on signage for the building (which the Langley Design Review Board wanted to be "Langley-ized"), one of the building permit conditions was submittal of slip numbering and dock signage to the DRB as well. Field and Harbormaster Duncan McPhee both consider this a really good opportunity to come up with a unified, coherent signage system. They would also like to be more consistent with getting the Port's logo out there, including the signs at the top of Wharf Street and on the highway, using a Port-wide theme. Staff and Commission agreed they were opposed to having a separate logo for the marina and in favor of unified signage.

After additional discussion, the Commission agreed that "Ship Shape" (Concept 1) for the Harbormaster office was preferred. Commissioner Chris Jerome noted that Davenny is an artist and not an engineer. He said, *"I think we need to go to the City earlier rather than later to get agreement on the concept, and then implementation becomes an engineering issue."* Gordon suggested Field should take the "Ship Shape" concept to Jeff Arango (Langley's Director of Community Planning) first, and Arango would direct staff to take it to the DRB. For the dock and boat slip signage, Field and Duncan will make a primary and secondary recommendation to the City.

POSSESSION BEACH WATERFRONT PARK

Boat Ramp Renovation – Review of Consultant Submittals and Short Listing for Interviews: In response to the published Request for Qualifications, the Port received three submittals. Each was very different, and Jerome noted that the Port has some history with all three firms. The Commission agreed they would like to interview all three of them. The Milestone Schedule for the Recreation & Conservation Office (RCO) grant has November 15th as the deadline to award the contract. If the interviews are scheduled in late September, they could negotiate in October and award the contract at the regular November meeting. The Commission agreed to a Special Meeting on Tuesday, September 24th to conduct the consultant interviews.

PORT OPERATIONS

Interagency Agreement for Surface Transportation Program – Rural (STP-R) Grant for Radar-Reader Feedback Signs along State Route 525 in Clinton (EXHIBIT B): Gordon said if the Commission has reviewed it, he would like to hear a motion to approve the Agreement.

ACTION: A Motion was made by Jerome and seconded by Commissioner Dennis Gregoire to approve the Interagency Agreement between Island County and the Port for the Radar-Reader Feedback Signs.

Port Finance Manager Angi Mozer said the STP-R grant was written so that the Port would provide the 13.5% match for the purchase of the signs (about \$2,000) based on the estimated cost of \$15,000 for the signs. But the Interagency Agreement indicates that the Port will not only pay that grant-funded match (total \$1,858.97), but also pay an additional \$2,553.37 for the non-participating items not covered by the grant (installation, etc.) for a combined total of \$4,452.34. Exhibit A of the Agreement cites total cost not to exceed is \$4,999.99. Gordon thought the original intent was that the \$15,000 estimate (and therefore the Port's \$2,000 match) included the cost for installation. Mozer noted that Exhibit A states: "*...Agency (the Port) Agency will contribute 13.5% match of grant as well as reimburse the cost for the County installation of two radar-reader feedback signs...*" Gordon agreed they needed to straighten it out but he would like conditional approval on the match. If it becomes more than that, the Commission can discuss it at the next regular meeting.

A Motion was made by Jerome and seconded by Gregoire to amend the Motion to add the following language: "*...conditional up to the amount previously approved by the Commission (13.5% match).*" The Motion to amend passed unanimously.

Gordon called for a vote on the amended Motion. The Motion passed unanimously.

Port Comprehensive Scheme for 2013-2019 – Review of Paul Sorenson's (BST Associates) "Economic Trends in the Port of South Whidbey" (EXHIBIT C): Gregoire said it was an impressive presentation of information, but it raises a lot of questions. The population has a 100% increase during the summer months, and Gregoire believes they are coming here for certain activities: to use the Port's facilities such as boat ramps. That increase needs infrastructure to support it and three of the boat ramps (co-owned) are not functional. He believes the increased population provides the Port with opportunities, because "*...if we've got a bunch of people who want to use a boat ramp, we may very well be able to come up with a program where we get those improved and we have a program for paying for the maintenance of them.*"

Jerome said Sorenson's analysis was very helpful, and pointed out that one of the conclusions stated: "*The Port's current assets support tourism and quality of life in Island County.*" He said, "*I think there's an argument to be made that we already do enough in terms of boat ramps and recreational marine facilities. The fact that the population doubles because people like to come here to do those things would suggest that they are already well provided for on that score.*" The report also states that the Port could

consider diversifying its activities to support economic development in other sectors such as water-dependent manufacturing, water-dependent commercial, commuters (partner to provide passenger ferry moorage, develop park and ride lots, etc.), and high tech manufacturing, professional services, tele-commuters and other like services. Jerome said it's helpful that Sorenson identified those specific sectors that are supported by the data and he thinks they fit right into the Strategic Plan.

Gordon was disappointed that the report said 71% of residents commute outside of the Port District for employment and identified sources of income (retirement, employment, investment, etc.), but it wasn't clear how many of the people that live here are employed. He said if we want to cater to that commuter population (rather than try to change it), because they are our constituents we should do the things identified as future opportunities like pushing for more parking in Mukilteo, push for Island Transit to run on the weekends, and push for telecommuting. Gordon agreed with Jerome's comments, saying *"If our Comp Scheme goes the way I would like it to go, it sticks to the economic development theme. And when you start thinking about well-being and recreational opportunities, you've got a blend of park districts and port districts and there's a crossover. I was a parks commissioner, and as a port commissioner I would rather focus on economic development."*

Gregoire said park districts don't build boat ramps. He asked, *"Why did the Port invest public money at Maxwelton, Mutiny Bay and Holmes Harbor over the last 30 years?"* He said Maxwelton doesn't function at all and the other two are barely functional. Gregoire wants to use the information learned from the Possession Ramp Renovation to evaluate and assess the potential for partnerships to get those ramps functioning at a higher level of service. He argued that all six boat ramp facilities are a critical part of the lifestyle of South Whidbey and they need to function better. Jerome said no one is arguing that maintaining and improving marine access should come out of either the Strategic Plan or the Comp Scheme – the question is: What else should be in there? He doesn't think they need to specific about which bits and pieces of marine access they're going to work on. The Port is already committed and engaged in improving South Whidbey Harbor and Possession and the boat ramp at Bush Point is perfectly functional. Jerome said, *"So at the moment, I would say we've got as much marine access stuff going on as we can handle and we should commit to continuing to maintain marine access in the Comp Scheme and we don't need to do more than that."*

Mozer asked the Commissioners to forward their questions regarding the report to her so she could forward them to Paul Sorenson for response at the September 5th meeting. Sorenson specifically asked how the Commission would like the data presented at the meeting (slide by slide, focus on a dozen slides, just highlights, etc.). Jerome's preference was that Sorenson not spend time on the data, but instead spend time on what he thinks it means and his recommendations. Ideally, he would largely spend his time on Slide #42 (Future Opportunities) and provide examples of things that have worked in similar locations and why they would work here, etc. Gordon agreed.

Gregoire said the numbers in the report suggest to him that certain things need to be done to the assets we have. He claimed he has run into 15 people who are getting rid of their boats because they can't launch them at Mutiny Bay on a regular basis. He wants Sorenson to talk about what the increased summer population means to the Port's facilities and where we should be spending funds, particularly as it relates to public facilities we have already invested in.

2014 Budget Discussion: Mozer had prepared a Draft 2014 Budget including breakdowns of revenues and expenses (**EXHIBIT D**). The draft budget indicates a deficit of \$152,749 and an Estimated Ending Cash Balance of \$266,746 on 12/31/14. If the Port is going to do capital projects in 2014, Gordon said the funding will have to come from outside sources. He doesn't believe the Port can diminish its fund balance. He noted that SWH Lines 145-147 (Harbor Survey/Eval/Inspection, Breakwater Maintenance and Major Inner Harbor Maintenance) total approximately \$100,000 of the deficit. He asked why there is a \$50,000 difference between the projected Harbor revenue from the increased rate scenario of \$270,000 and the current draft budget for Harbor revenue of only \$219,000. Mozer explained that she is nervous

that the revenue won't be as high as projected in the scenario. The current revenue at the Harbor is \$140,000, and if she puts \$270,000 in the 2014 budget, she is concerned that the Port will overestimate what it can afford. Gordon suggested packaging the Survey/Eval/Inspections along with the Outside Mooring in an economic development grant application. Jerome agreed and asked if the budget would then include that grant funding as well as the expenditure. Mozer's inclination is to include the grant revenue because there is potentially a match involved.

Jerome asked about Line 61 – Consultant Services (Capital), and Mozer said the \$25,000 is dedicated to a contingency pot and/or toward the Harbor Master Plan, whereas the \$50,000 in Line 70 – Other Projects/Acquisitions is actually a consulting line for a Comp Scheme Capital Project List. Since there is \$75,000 for consulting of one kind or another, Jerome suggested that it could be trimmed a little. He asked Mozer where she believed there was room to cut. She explained those were the only areas she built in that had some flexibility, but each facility also has several line items such as Dock & Ramp, Minor Improvements, etc. that she included some money for in the event of unexpected expenses. The Commission agreed those numbers should stay.

Regarding the Harbor Master Plan, Jerome reiterated that he considers it primarily a City plan that the Port will contribute to because the Port's property is only a small portion of the Langley Waterfront. He pointed out that the Port is spending \$30,000 on the Comp Scheme and Strategic Plan, so he doesn't think the Port should spend \$25,000 for the City's Harbor Master Plan.

For the South Whidbey Harbor in 2014, if the \$100,000 in Lines 145-147 was pulled out, the Harbor could be at least revenue neutral.

Jerome said that essentially the \$150,000 deficit comes to down to the \$100,000 for SWH maintenance, inspections, survey, etc. and the \$75,000 for consultants which is discretionary. Under Capital Expenditures, Line 64 – SWH Construction in Progress includes a budget amount of \$83,718 for the Phase 1 project in 2014. Jerome noted that since that is a one-time expense, the \$150,000 is not a structural deficit. He said, *"So if you look at this as a blueprint for 2015 and 2016, it's actually not an unhealthy budget."*

Mozer provided copies of the 2014 Draft Budget Summary/Notes (**EXHIBIT E**). It provided information regarding the 2014 Planned Operating Revenue/Expenses and 2014 Planned Capital Revenue/Expenses and identified recurring revenue and expenses as well as non-recurring and discretionary expenses. Jerome suggested that by taking the \$100,000 from the SWH and putting it instead toward the items on the asset inventory, it would reduce the recurring expenses to \$650,000 and provide \$150,000 toward asset maintenance. The Commission agreed the survey of the existing facility at the Harbor is crucial and should be done as soon as possible since the outcome would determine what could/should be done in the future. Jerome noted that the bond payment and fees should be added to the list of recurring expenses listed on the Summary/Notes.

Gregoire said the Phase 1 project should be complete and the expanded Harbor operational for 2-3 years before the Port can even consider doing the Harbor Master Plan. In his opinion, there is no way \$25,000 will be spent on the Harbor Master Plan in 2014 because the Port won't be ready to do it until they have a full understanding of the expanded Harbor's operations and revenue, etc.

Gordon said he was very impressed with Mozer's preparation related to the budget, in particular the Summary/Notes she had provided in anticipation of the Commissioner's questions. The Commission agreed.

Per Gregoire's suggestion, Gordon asked that the following "Action Items" be added to the Minutes:

Field: Take Davenny's graphic concept for the Harbormaster office to the City. Schedule Possession consultant interviews for September 24th.

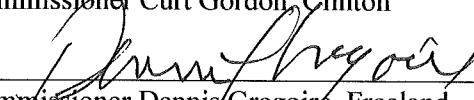
Mozer: Move \$100,000 of the SWH expenses on the Summary/Notes out of recurring expenses. Add grant revenues to offset some of those expenses and update the draft budget accordingly. Get clarification from the County on the Interagency Agreement for the radar feedback signs. Follow up with Paul Sorenson of BST Associates regarding the points brought up by the Commission during this meeting.

ADJOURNMENT: The Special Meeting was adjourned at 8:30 p.m.

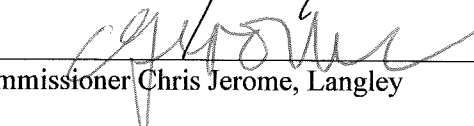
Approved:



Commissioner Curt Gordon, Clinton



Commissioner Dennis Gregoire, Freeland



Commissioner Chris Jerome, Langley

Minutes reviewed by:



Edwin S. Field, Port Operations Manager

- Exhibit A: Jay Davenny's Graphic Concepts for SWH
- Exhibit B: Interagency Agreement for STP-R Grant for Radar Feedback Signs
- Exhibit C: BST Associates' "Economic Trends in the Port of South Whidbey"
- Exhibit D: Draft 2014 Budget, including Revenue and Expenses Breakdowns
- Exhibit E: 2014 Draft Budget Summary/Notes