

**AGENDA**  
**THE PORT DISTRICT OF SOUTH WHIDBEY ISLAND**  
**SPECIAL MEETING of the BOARD OF COMMISSIONERS**  
**Thursday, April 28, 2011 at 9:00 am**  
**Port Office Conference Room, 1804 Scott Rd. Freeland, WA**

1. SPECIAL MEETING

- A. Call to Order
- B. Pledge of Allegiance

2. PROJECT ACTION ISSUES – Commission & Staff Review and Direction on:

- A. South Whidbey Marina Expansion Project Design & Schedule Review Workshop
  - 1. *Review of Current Initial-phase Concepts with Design Engineer Input*
    - Breakwater Solo: 400' Breakwater with Gangway only,  
Presumably without Port Sec. Grant, Construction anticipated in 2012
    - Breakwater Solo with South Dock: 400' Breakwater w/ Gangway plus New 100' Dock,  
Intended to retain Port Sec. Grant, Construction anticipated in 2012
    - Breakwater Solo Additional Concepts: Puma proposals, 266' + 133' and 3x133' Concepts  
Intended to retain Port Sec. Grant, Construction anticipated in 2012
  - 2. *Design Support and MM&MM Monitoring Costs thru Construction from Reid Middleton & GeoEngrs.*
  - 3. *Commission Direction for Further Action*
- B. New Project Opportunities and Coordination with Comprehensive Scheme
  - 1. *Commission Review and Designation of Concepts for Possible Comp Scheme Inclusion*
    - Mukilteo Parking Concepts and Port Attorney Input
    - Commercial Kitchen
    - Surveillance Cameras at Port Boat Ramp Facilities
    - Funicular in Langley
    - Telecomm Facilities
    - Other Commission Concepts
  - 2. *Next Steps:*
    - Staff Review of Designated Concepts according to current Comp Scheme criteria
    - Staff Report to Commission with info & recommendations for Comp Scheme Amendment
    - Schedule for Public Hearing for Comp Scheme Amendment?
- C. Harbor Operations
  - 1. *Commercial Lease Issues*

3. ACTIVITIES/INVOLVEMENT REPORTS

- A. Skagit-Island Regional Transportation Policy Organization (RTPO)
  - 1. *Proposal to Designate Tech Advisory Committee Seat for Non-Voting Port*

4. UPCOMING MEETING COORDINATION - Topics for:

- A. May 10 Regular Meeting
- B. SWH Design Review (to address design & cost issues resulting from today's direction)

5. ADJOURNMENT

## PORT DISTRICT OF SOUTH WHIDBEY ISLAND

Minutes of the Special Meeting

April 28, 2011

Freeland, Washington

**Commissioners Present:** Chris Jerome (Langley), Curt Gordon (Clinton) and Geoff Tapert (Freeland)

### **Others Present:**

**Port Staff:** Ed Field (Port Manager), Dane Anderson (Port Financial Manager) and Molly MacLeod-Roberts (Port Clerk); **Others:** Gordon Weeks (Whidbey Examiner) and Tony Puma (Boatyard Inn Co-Owner)

**MEETING CALL TO ORDER:** The Special Meeting of the Port District of South Whidbey Island's Board of Commissioners was convened on Thursday, April 28, 2011, at the Port office conference room at 1804 Scott Rd. in Freeland, WA. As announced, the primary purpose of the Special Meeting was to conduct a workshop for Commission and Staff review and direction on design issues for the South Whidbey Harbor Expansion Project. Although the Meeting was of course open to the public, this Special Meeting was scheduled to enable the Commission to fully review project details with Staff and to address scoping, prioritization and direction for the designers and Staff, and public participation was not on the Agenda. Other topics on the Agenda to be addressed included designation of Commissioner priorities for possible Comp Scheme inclusion and scheduling for possible public hearing(s), Commission review of commercial lease issues at the Harbor, and a proposal to designate a seat on the Regional Transportation Planning Organization (RTPO) Technical Advisory Committee (TAC) for the non-voting Whidbey Island port district. Commissioner Jerome, President, called the Special Meeting to order at 9:00 a.m., followed by the Pledge of Allegiance.

### **PROJECT ACTION ISSUES**

#### **1. South Whidbey Marina Expansion Project Design & Schedule Review Workshop**

##### **A. Review of Current Initial Phase Concepts with Design Engineer Input**

1. Breakwater Solo: 400' Breakwater with Gangway Only (presumably without Port Security Grant and with construction anticipated in 2012): Field said there were no changes to this concept since the last discussion.

2. Breakwater Solo with South Dock: 400' Breakwater with Gangway Plus New 100' Dock (intended to retain Port Security Grant and with construction anticipated in 2012): Reid Middleton submitted a draft concept and a draft proposal (**EXHIBIT A**). The new 100-ft. extension would be 20' wide with six anchor chains, and the estimated cost is \$3.2 million. Port Operations Manager Ed Field explained that the increased cost is largely due to the fabrication of a new dock instead of re-using an existing dock.

3. Breakwater Solo Additional Concepts: Puma Proposals (**EXHIBIT B**), 266' +133' (**EXHIBIT C**) and 3x133' North and South Option (**EXHIBIT D**) Concepts (intended to retain Port Security Grant and with construction anticipated in 2012): Field noted that the proposals from Tony Puma included a fair amount of new dockage that would be attached to the breakwater. In looking at those drawings, Field explained that it occurred to him that the existing Bremerton breakwater isn't necessarily just a 400' dock – it is actually three 133' docks that are semi-permanently attached to each other. Although the intent was to use the breakwater in the 400' configuration in the final layout, Field said, "In the current mode of trying to figure out what we can affordably build, the idea of breaking them up is really interesting and

appealing.” He tossed the idea to Reid Middleton on Tuesday afternoon, and they provided some layouts (3x133’ North & South options) and some preliminary estimation. Staff roughly sketched out the 3<sup>rd</sup> option of separating the breakwater into two sections (266’ + 133’).

Field referred the Commission to their copy of the email sent by Shannon Kinsella of Reid Middleton on April 26, 2011 (**EXHIBIT E**). Kinsella expressed a few key concerns with separating the modules. On the technical side of it, Field explained that the 400’ breakwater has 14 anchor points – 5 on each of the ends and 4 on the middle section. While breaking them into 3 separate sections gives a nice layout, Kinsella is concerned about the stability of the section that has only 4 anchor points. The two transition ramps between the dock sections would be “fairly detailed to design and fairly expensive to construct.” Field agreed with Reid Middleton’s recommendation that if the modules are separated, they should not be planned for reconnection in the future. They could still be re-used as a 133’ or 266’ section, but he stressed, “We definitely need to assume they won’t be going back together again.” He said the 266’ + 133’ option would provide an enclosure and presumably retain the Port Security Grant without major new fabrication (which is where the construction cost numbers start flying).

Reid Middleton’s estimate for Breakwater Solo is \$2.3 million (including \$112,000 uplands and \$114,000 in electrical/utility work). The estimate for 3x133’ is only \$100,000 more (\$2.4 million). Breakwater Solo would not retain the Port Security Grant since it wouldn’t be usable year-round, but both the 3x133’ and the 266’ + 133’ concepts provide the possibility for enclosure and year-round use in addition to being eligible for both grants (RCEDF & Port Security Grant). Finance Manager Dane Anderson said from a financial perspective he liked the 3x133’ concept best. It is almost entirely within the Port Management Agreement area, so the Port wouldn’t have to pay the Department of Natural Resources anything, because there wouldn’t be a DNR lease (estimated at \$15,000-\$25,000/year). Anderson said the 3x133’ concept would also make it easy for him to go back to FEMA and the Coast Guard. Although the configuration is different than originally proposed, the concept allows one of the end sections for the response vessels and it is secure. Field said the more gaps in between, the more wave action that would come through, so the 266’ + 133’ concept would probably be calmer than the 3x133’ concept. Anderson said that from the financial model perspective, it’s a wash between the two. The good news about both those versions is that Anderson is fairly confident the Port could do either one without having to borrow any money (other than cash flow issues), and in fact would probably not use up all of the Port Security Grant (which would help with negotiating the reconfiguration by providing a good message to go forward).

Additional detailed discussion regarding the pros and cons of each of the proposed concepts ensued. After significant discussion, the Commission agreed to go forward with the 266’ + 133’ concept as the preferred option. Jerome summarized it as: “We can add slips to it, we can afford to do it, it may well satisfy FEMA for the Port Security Grant, it satisfies the InterLocal Agreement with the City of Langley, and it gets the breakwater in place”. Gordon pointed out that the financial model shows the Harbor goes from a deficit to a breakeven point with the 266’ + 133’ concept, and he added, “That’s huge. That’s almost \$50,000 per year that can pay for something else.” Staff was directed to move ahead with Reid Middleton on the 266’ + 133’ concept to do wave modeling and continue with additional engineering to get to the next level (30%-50%). Anderson said he would start the conversation with the Port Security Grant people on the 266’ + 133’ configuration. Gordon felt it was important to note that the Port saved at least \$700,000 by purchasing the Bremerton breakwater, and the agreed upon concept “makes the best use of what we’ve got.” Field added, “And we intend to build next year. This is all geared toward construction in the 2012 season.”

B. Proposal for Design through Bid Documents from Reid Middleton: Field reported that it had been received. Since the proposal was based on Breakwater Solo and the Commission agreed to pursue the revised 266’ x 133’ concept instead, no further discussion was held.

C. Commission Direction for Further Action: As noted earlier, the Commission agreed to proceed with the 266' + 133' concept.

## **2. New Project Opportunities and Coordination with Comprehensive Scheme**

A. Commission Review and Designation of Concepts for Possible Comp Scheme Inclusion: Anderson explained that Staff thought it would be good to lay out all of the projects that have been put on the table. There are varying degrees of effect on the Comp Scheme for these projects. At the very least, they could be included in the active projects list in the Comp Scheme. At the other end of the spectrum, there is "reviewing the Comp Scheme from the perspective of project selection criteria, etc." Staff is looking for Commission confirmation of the proposed list and any additions to the list. Staff will subsequently look at the projects relative to the Comp Scheme parameters, and prepare a Comp Scheme amendment for review by the Commission. Once the Commission has reviewed the amendment, the Port will then hold a Public Hearing based on the draft amendment. Topics on the current list are:

1. Mukilteo Parking Concepts and Port Attorney Input:
2. Commercial Kitchen:
3. Surveillance Cameras at Port Boat Ramp Facilities:
4. Funicular in Langley:
5. Telecommunications Facilities:
6. Other Commission Concepts: Jerome suggested adding the concept of improving the campground at the fairgrounds in Langley. Tapert suggested adding something regarding a business park development. Gordon suggested phrasing it as "possible property acquisition and development of a business park." The Commission agreed to add both projects to the preliminary list.

Gordon said, "If we're approving the projects and we're just inserting them into the project list, can we just approve that now?" Anderson explained that the intent is to look at the project list and then comb the Comp Scheme carefully and identify any potential conflicts with any of the projects, and then present that as a draft amendment to the Comp Scheme. Field pointed out that previously, items in the potential project list have been framed up like: "In accordance with Goal #1 and this objective, etc." He said Staff would like to frame up these proposed projects in the same way and then present it to the Commission for review. Gordon didn't think Staff should spend a lot of time on it since the Comp Scheme is due for a re-write in 2013. Jerome said, "I don't think we're talking about a lot of time. We're talking about an agenda for a public hearing, and it might give us some good initial feedback on these various concepts, and maybe help us prioritize what we should be doing in the short-term."

Anderson further explained, "The reason why Staff recommended moving in this direction is that quite honestly, we've run into some challenges with projects that are currently listed as Potential Project Initiatives. Some are kind of in conflict with the powers of the Port and the RCWs, such as the idea that the Port could upgrade an existing uplands park. This step gives Staff the opportunity to give at least a layperson's analysis of the proposed concepts and comb through the RCWs to see if we have the power to do them.

The Commission discussed the Mukilteo parking issue and Tapert and Gordon related conversations they had about the issue with different representatives from the City of Mukilteo, the Port of Everett and Senator Mary Margaret Haugen. Tapert said the Port of Everett had looked into it, specifically at the tank farm, but with all the limitations, restrictions and zoning requirements that Mukilteo has, they just

couldn't make it pencil out. One representative from the Port of Everett said that the City of Mukilteo is close to finalizing a lease with the Air Force to provide 124 parking stalls at the tank farm, using the pre-existing concrete slab next to the train station. Gordon said, "According to Anderson's research, the project that I would want to build all the way out doesn't pencil either, it's a \$2 million project and a 20-year revenue bond only pays for \$1.1 million of that. The only way it will work is if we get support, and I'm counting on that. But the upside to a piece of property with a building on it where you're just overlaying an existing parking lot is that you could sell it – if in 3 or 5 years from now we're not comfortable with the amount of support received or something else happens, we can go ahead and unload it."

Gordon continued, "This piece of property on 2<sup>nd</sup> Street (1/2 block from Arnie's) originally listed at \$675,000, but has since dropped to \$625,000." He said a real estate agent has recommended that the Port consider a purchase price of \$550,000, and said that it is quite common to do a non-binding letter of intent to get the ball rolling. Gordon said such a letter wouldn't even require a Comp Scheme change. He said the Port could literally go in there, put in some ecology blocks, overlay the parking lot and probably get 20 stalls there as soon as the sale closes. Then the idea is to go to everybody who has expressed an interest in the issue and get partners to support the project. Gordon said, "With the letter of intent, over the next year and if we have the contingencies set up right, we could get started and we'd get a lot of public benefit from it. We've got to discuss the legals and work more on the scope, but we could get started at a minimal cost and drag it out for however long until close. In the meantime, we'll get a lot of positive PR out of it and decide whether we can take the next step (which would require additional help from somewhere)."

Per Commission direction, Anderson had posed the following question to the Port Attorney: **Is it within the Port's powers to construct a parking facility outside of the Port jurisdiction to further economic development or promote tourism in port district?** In response, the Port Attorney submitted a Memorandum, dated April 26, 2011 (**EXHIBIT F**) Gordon felt the parking garage in Mukilteo would be allowed as it fell under economic development. Family wage jobs could be kept if the commute was made easier. The parking garage could also provide overnight parking for tourists. He said, "The Port already has a commuter-only lot, yet the Port Attorney isn't sure that providing a lot just for the convenience of our constituents is even within our bounds." Jerome said he read it differently: the Port Attorney's answer was actually in the context of providing a parking lot **outside** of the district. Gordon felt the answer was split into two pieces: 1) the purchase of property outside the district is okay, and 2) what you run on that property comes into question, and tourism is an allowed venture. The memorandum also refers to economic development, which is a much more broad concept to try and satisfy if ever challenged. Gordon felt it is very clear that if the Port had the money, the Port could purchase and build the parking garage for tourism, and he doesn't think it would be much of a stretch to get enough support for the Port to provide commuter benefits for economic development.

Tapert said he'd like more information about the possible lease transaction between the Air Force and Mukilteo. If possible, he would prefer that the Port avoids property acquisition costs by leasing property instead, either in partnership with Mukilteo or independently, where the Port could actually profit from it.

Gordon noted that Mukilteo had really pushed back on any parking in the downtown area, and noted that if the Port did build a parking garage, retail storefronts would be required under the conditional use permit. He reiterated that he wants to submit a non-binding Letter of Intent to get the ball rolling. He said, "Mukilteo has no motivation to solve this problem. Washington State Ferries clearly did not design for any additional parking. They have no motivation because the more car parking available, the less cars will cross and the less money they'll get in fares." Tapert said he was okay with the non-binding letter of intent, but he would like Staff to look into obtaining the correspondence between Mukilteo and the Air Force regarding the supposed lease. He added, "Even if it's true and they put in 120 stalls, they're still

going to be shy by about 180 stalls from what they removed.” Gordon noted that the long-term on the build out of the parking garage is only 60+ stalls.

Regarding Mukilteo’s code that requires ground floor, street-facing retail for all buildings (including the proposed parking garage), Anderson had asked the Port Attorney if the Port could do that. Could the Port be a landlord of a retail or commercial facility outside of the district that doesn’t necessarily directly support Port facilities? The question is still outstanding, pending direction from the Commission for the attorney to do the research to provide the answer. Anderson continued, “The answer we got to the question of whether or not we can own and operate a parking facility outside of the district was: As long as it is for tourism development.” Gordon added, “And there’s a question that it might be legal under economic development if we can set up a precedence of some kind.”

Gordon said, “I feel there is no way we would build this thing out without partners, and I don’t think Island County or anyone else can or will buy Mukilteo property for parking. But I have a feeling that if there’s a belief it’s going to happen because the Port of South Whidbey is starting it, partners just might show up, and they might show up before we even have to put any real money down.” Jerome said, “My feeling is that the partners are going to **have to** show up before we put any real money down, because otherwise we’ve locked ourselves into something we know we can’t afford.” Gordon agreed.

Jerome said he wasn’t sure the letter of intent is necessary to keep the ball rolling and added that he’s leery of making any sort of commitment that could backfire on the Port. He said, “We can’t afford the facility even if Mukilteo allows us to build it, and everything we’ve heard from Mukilteo is they don’t want it built and could tie it up for 5 years. He felt the Port could achieve the goal of stirring the pot to get something done and start a partnership by moving forward with the due diligence and without the letter of intent.

Tapert asked if the Port could even send a letter of intent if the project is not in the Comp Scheme. Gordon said although it’s not on the project list, there are several references to transportation in the Comp Scheme and that could justify it. However, it would have to be in the Comp Scheme before the Port could even put down earnest money.

Jerome said, “It seems we all agree that more due diligence is needed. The question is whether to write a letter of intent, and I am not particularly comfortable with that.” Tapert said he would like to look into getting additional details about the rumor about Mukilteo leasing the space from the Air Force for 124 stalls, etc. Gordon said he personally would like to start dealing directly with the City. He doesn’t need the letter of intent as long as he knows the Commission is in support of the concept. Tapert said he’d continue to talk with the Port of Everett. Gordon suggested Anderson should talk with the Air Force, and Gordon will meet with the Mukilteo mayor and staff sometime in the next month. Jerome said he would be much happier with that method of doing additional due diligence and presenting it to the public for inclusion in the Comp Scheme at a public hearing. Once it is in the Comp Scheme, then they could send the Letter of Intent. Field agreed, adding “That is the preferred sequence in the general process – Comp Scheme, then Letter of Intent.” The Commission agreed.

#### B. Next Steps

1. Staff Review of Designated Concepts according to current Comp Scheme criteria: Discussed and agreed upon earlier.
2. Staff Report to Commission with information and recommendations for Comp Scheme Amendment: Discussed earlier.

3. Schedule for Public Hearing for Comp Scheme Amendment: The Commission agreed to tentatively schedule the Public Hearing for Tuesday, May 24, 2011 at 7 p.m.

### **3. Harbor Operations**

**A. Commercial Lease Issues:** Anderson reported that an annual moorage berth would become available as of May 1<sup>st</sup>. According to the South Whidbey Harbor Regulations: *"When an annual moorage berth becomes available, the Commission shall prioritize consideration of proposals for commercial opportunities which enhance the recreational experience..."* At the regular April meeting, Ed Young had submitted an annual moorage proposal for his company (Whidbey Island Kayaking Company) that included a request that the Port grant WIKC annual moorage when it becomes available. Another individual with a commercial operation also expressed interest in the available berth, but had not made a proposal. In subsequent conversations with that person, Anderson explained that it became apparent that his operation wasn't really in support of recreational activities. Staff recommended that Young/WIKC should be granted the available annual moorage berth, and should be leased at the same rate the Port charges for the other annual recreational boaters, on the basis that there will not be a great amount of increased traffic to and from WIKC's boat. Staff recommended that the rate would be on a trial basis for the remainder of the calendar year, during which they would review WIKC's operation to see if it is adding traffic to the dock, etc. Staff would also look at the bigger picture of different types of commercial operations, whether it's a commercial fishing vessel, kayak rental, commercial ferry operator, etc., and start working toward a fee schedule for commercial operations based on the type of activity, the impact on harbor activity and other factors. Anderson noted that Young has indicated that he expects a rate increase, and would prefer it would be via either a "per head charge" or a percentage of revenue.

**ACTION:** A Motion was made by Tapert and seconded by Gordon to accept Whidbey Island Kayaking Company's commercial proposal and grant the next available annual moorage lease to WIKC at the same annual moorage rate (\$7.50 per ft LOA per month), with rates to be reviewed and possibly increased at the end of the year. The Motion passed unanimously.

### **ACTIVITIES/INVOLVEMENT REPORTS**

#### **1. Skagit-Island Regional Transportation Planning Organization (RTPO)**

**A. Proposal to Designated Technical Advisory Committee (TAC) Seat for Non-Voting Port:** Field explained that since Gordon now holds a voting seat on the RTPO, he has been asked to give up his seat on the TAC. Since the TAC is seeking to fill some of its at-large seats and the Port of South Whidbey alternates with the Port of Coupeville for the RTPO voting seat, Field said it would seem reasonable that the non-voting Port could serve on the TAC. Port of Coupeville Executive Director Jim Patton said he liked the idea, and if the Port of South Whidbey Commission likes it, he will run it by his Commission at their next regular meeting. Both ports could then submit a joint proposal for the TAC seat. The Commission agreed it was a good idea and directed Staff to proceed with the request.

### **UPCOMING MEETING COORDINATION**

**1. May 10 Regular Meeting:** The meeting will be to conduct the normal business. Jerome would not be able to attend. A public hearing is tentatively scheduled for May 24<sup>th</sup> at 7 p.m., and a Special Meeting might follow the hearing if needed to address harbor design issues and any other issues that arise and need to be discussed sooner than the June regular meeting.

**ADJOURNMENT:** The Special Meeting was adjourned at 11:20 a.m.

Approved:

  
Commissioner Chris Jerome, Langley

  
Commissioner Curt Gordon, Clinton

  
Commissioner Geoff Tapert, Freeland

Minutes prepared by:

  
Edwin S. Field, Port Manager

- Exhibit A: Reid Middleton Draft Concept & Opinion of Probable Construction Costs 400' B/W + 100' return
- Exhibit B: Tony Puma's Draft Concepts
- Exhibit C: Draft Concept for 266' + 133'
- Exhibit D: Draft Concepts for 3x133' N and S Options
- Exhibit E: 4/26/11 Email from Shannon Kinsella, Reid Middleton
- Exhibit F: 4/26/11 Memorandum and 4/27/11 Email from Port Attorney's office (Hendricks & Bennett)