

PORT DISTRICT OF SOUTH WHIDBEY ISLAND
Minutes of the Public Hearing for the 2011 Preliminary Budget
October 12, 2010
Langley, Washington

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

Others Present:

Port Staff: Ed Field (Port Manager), Dane Anderson (Port Finance Manager), and Molly MacLeod-Roberts (Port Clerk); **Clinton Residents:** Catherine & Tony Billera, Dough Struthers, Clyde & Marcia Monma and Vivian Smith; and Larry Cort (Director of Community Planning for the City of Langley), Bob Boehm (Greenbank Resident) and Don McArthur (South Whidbey Yacht Club).

MEETING CALL TO ORDER: The Public Hearing for the 2011 Preliminary Budget of the Port District of South Whidbey Island was convened by the Board of Commissioners on Tuesday, October 12, 2010, in the South Whidbey Parks & Recreation District Meeting Room at 5475 Maxwellton Rd., Langley, WA. Commissioner Geoff Tapert (President) was absent, so Commissioner Chris Jerome (Vice President) called the Hearing to order at 7:00 p.m., followed by the Pledge of Allegiance.

STAFF COMMENTS & COMMISSION DISCUSSION FOR 2011 PRELIMINARY BUDGET: Port Finance Manager Dane Anderson referred the Board to the 2011 Preliminary Budget as published (**EXHIBIT A**) and also their copies of the improved draft Preliminary Budget for 2011, Revision #2 (**EXHIBIT B**). He noted it is the 3rd version of the budget that the Commission has seen, and includes a revision last week to add **Line 19 – Grant Funding-Port Security Grant-Surveillance: \$31,870** under Receipts and **Line 70 – Port Security Surveillance Cameras: \$42,493** under Capital Disbursements (because there is a 25% match requirement). He explained that the Port had submitted two Investment Justifications for the Dept. of Homeland Security's Port Security Grant Program. The big one was for the harbor expansion and the smaller one was for security cameras at South Whidbey Harbor, Bush Point and Possession Beach Waterfront Park. Last week, Anderson was told that both had received preliminary approval. The Area Marine Security Committee reviewed both Investment Justifications and approved both, and subsequently the Captain of the Port (head of the Coast Guard for Puget Sound) accepted the Area Marine Security Committee's recommendations and has agreed to send them on to FEMA for administrative review, the final step. The fiduciary agent told Anderson, "They (FEMA) never turn any of mine down." She is very confident that they will go through.

Port Manager Ed Field noted the biggest difference between the original Preliminary Budget and the two revisions is the breakdown of all the grant funding per program rather than consolidating it into one line item (as done in previous budgets). Anderson explained that in the 2011 Budget, we are recognizing all the potential grant revenue for the project that will extend past 2011 and into 2012, with the exception of \$400,000 of the \$1.4 million Port Security Grant, which he is holding back for 2012 when it is more likely to be expended and subsequently reimbursed.

Field noted that he previously emailed salary adjustment justifications to the Board members. Gordon requested that when Field draws up the employee job descriptions, he'd like him to place a cap on annual increases. He suggested the Port could give merit raises up to X% and COLA (Cost of Living Allowance) based on X. Gordon felt doing so would set a standard and an expectation. He explained that it seemed to

him that percentage-wise, the recommended percentage increases in the 2011 didn't matter nearly as much as adjusting the salary amounts. Field agreed. Gordon reiterated that now that the Port staff has grown, it's important to set it up so that employees can have an expectation that they can have an X% increase if they meet all their expectations and a cost of living increase that matches CPI, etc. Field said that would be a really good procedure to roll in with the annual evaluations being prepared for 2011 implementation starting in January, and Gordon agreed.

Gordon did not have any additional comments or questions regarding the budget. Jerome noted that Tapert had submitted an email comment as follows: *"Last year, the commission authorized \$10,000 for consultant fees with the intent these fees would be used for IPZ (Innovative Partnership Zone) planning. Apparently this \$10,000 was used for marina consultant fees instead. This year, under **Line 35 – Consultant Services**, we have budgeted \$5,000 for Consultant Fees. I would like the entry description to be modified to "IPZ Consultant Fees" and would like to bump up the amount by \$15,000 to a total of \$20,000, which would recover the \$10,000 from last year and combine it with \$10,000 for this year. Adding the pledge from PSE (Puget Sound Energy) for \$2,000 would allow us to engage in planning for a total amount of \$22,000."* Staff did not recall that the \$10,000 in the 2010 budget was specifically targeted for IPZ last year; they believed it was basically a placeholder for anything that might come up requiring the payment of consultant fees. Anderson explained that in the past, the money budgeted has been used for things like the unexpected engineering analysis for the Clinton dock, the maintenance and operations wrap-up permitting, etc.

During additional discussion, it was noted that the money for the maintenance & operations wrap-up (blanket permit) was inadvertently not included in the draft 2011 Budget. Field said it would be prudent to budget \$20,000 for it, but he'd like to think they could get it done for \$10,000-\$15,000 or even less based on what they heard from the Army Corps of Engineers today. Jerome said that means **Line 35 – Consultant Services** needs to be increased anyway, plus Tapert is proposing a specific amount in pursuit of specific projects. Jerome said, "I think it makes sense to have more money in this line item because we do seem to have recurrent needs for consulting of one kind or another." Gordon thought Tapert wanted specific IPZ funding earmarked, and he has obtained a \$2,000 pledge from PSE. He suggested that a new line item, separate from Consultant Services could be created, because he was uncomfortable with "loading the consultant category." Jerome expressed his concern, "We've got a pretty good cash flow story as it is, but now it's starting to get a bit wobbly. We were pretty much cash flow neutral in the budget, except for the investment in the commercial kitchen if the Port is successful in its grant application." He viewed the commercial kitchen as a legitimate reason to dip into the reserve and Gordon said all 3 commissioners agreed.

Gordon reiterated that he would like a new line item and Jerome agreed. Jerome said he was opposed to earmarking it specifically for an IPZ because an IPZ per se might not be an appropriate vehicle and Gordon agreed with him. Anderson said staff would come up with a name such as green business project or "Economic Development Project Funding" and it would be Line 72 under Capital Expenditures.

Anderson wanted to make sure that the Commission was aware that the Port has match requirements for the commercial kitchen (\$25,000) and for the surveillance cameras (a little over \$10,000). It was noted.

Gordon said he would be comfortable placing \$10,000 in the budget for the new line item for economic development project funding, and Jerome thought that was appropriate. He added, "I think Tapert's proposed \$20,000 is a bit much given the other issues." Anderson said he would place \$10,000 in the new line item as discussed. Regarding **Line 35 – Consultant Services**, Field requested the Board budget \$10,000 or \$15,000 for the M&O permitting discussed earlier. The Board agreed that **Line 35 – Consultant Services** should be changed to \$10,000.

PUBLIC COMMENTS FOR 2011 PRELIMINARY BUDGET: Jerome opened up the meeting for public comment. No one wished to speak.

COMMISSION DISCUSSION FOR 2011 PRELIMINARY BUDGET: There was no further discussion.

ACTION: A Motion was made by Gordon and seconded by Jerome to approve the 2011 Preliminary Budget as discussed and revised herein. The Motion passed unanimously.

ADJOURNMENT: The public hearing was closed at 7:27 p.m.

Approved:

Not present
Commissioner Geoff Tapert, Freeland


Commissioner Chris Jerome, Langley


Commissioner Curt Gordon, Clinton

Minutes prepared by:


Edwin S. Field, Port Manager

- Exhibit A: Preliminary Budget for 2011 (as posted and advertised)
- Exhibit B: Preliminary Budget for 2011 (Rev. #2)