

PORT DISTRICT OF SOUTH WHIDBEY ISLAND

Minutes of the Special Meeting

July 26, 2006

Freeland, Washington

Present at the meeting were:

Commissioner Rolf Seitle, Langley
Commissioner Lynae Slinden, Clinton
Commissioner Geoff Tapert, Freeland
Ed Field, Port Manager
Port Accountant Chuck Edwards
Amber O'Brien, Port Clerk

Jeff Van Derford, South Whidbey Record
Jim Recupero, Langley City Council
Nicole Faghin, Reid Middleton
Willy Ahn, Reid Middleton
Paul Sorenson, BST Associates

Absent: None

1. MEETING CALL TO ORDER:

The Special Meeting of the Port District of South Whidbey Island's Board of Commissioners was convened July 26, 2006, in the conference room at the Port office at 5492 S. Harbor Avenue in Freeland, WA. Commissioner Slinden, President, called the meeting to order at 8:35 am. The purpose of the Special Meeting was to review the preliminary results of the Langley Fuel Facility feasibility study being conducted by Reid Middleton and BST Associates.

2. LANGLEY FUEL FACILITY FEASIBILITY:

Nicole Faghin and Willy Ahn of Reid Middleton and Paul Sorensen of BST Associates were on hand to give a presentation on their Langley Fuel Facility feasibility study. Nicole began the presentation by reviewing the scope of work and range of issues related to a marina/expansion and implementation of a fuel facility. The first step was to look at some of the feasible possibilities for a fueling operation at the existing Langley Marina. Faghin said that today's presentation is an interim step to allow the Port to review the information found so far with respect to three things relating to a fuel facility: physical location, construction costs and economic viability. This is not a formal report nor formal presentation, but an interim step in the feasibility study process. They would like to receive direction from the Board of Commissioners on if/how to proceed with the study.

- A. Physical Location and Construction Costs:** Willy Ahn passed out copies of existing bathymetric survey data showing the Langley Harbor in 1985 (Exhibit A). The underwater topography showed that much of a potential site features water depths shallower than a minus ten, which is hard to put a fuel float in. He then distributed copies of his sketches for possible fuel facility and tank siting options (Exhibit B). He noted that he had analyzed two possible locations for the fuel facility, with tanks either land-based or float-based, and had also looked at an option as previously suggested by PND Engineers. He provided the following discussion about each Option:

Option 1: The first option includes two possible locations for the boat fueling floats, with the tanks to be situated in the uplands, presumably near the dock in the parking lot or

restroom area. This option would include a double-wall fuel line that would run underneath the walkway and would then be connected to a 60' x 12' fuel float. The dimensions could be adjusted to be smaller, but a 12' wide fuel float would house a dispenser in the middle so people could walk past it down either side of the float without disturbance. Commissioner Slinden asked what the advantages of a smaller float would be. Ahn said that a smaller float could save the Port money, and the permitting could be easier due to less over-water coverage. At Location #1 (at southeast corner of existing harbor, southeast of Location #2), an additional 4' x 60' connection float, additional pilings and longer fuel lines would be necessary, which are all factors that would increase the cost of the fuel facility at this location. The bigger complication at Location #2 is the ADA accessibility and additional pilings that would be necessary due to the elevation factor. Commissioner Seitle questioned why ADA accessibility would be necessary if there would be no public access to the float. Commissioner Slinden said that it would be an advantage to people using the facility to be able to get on shore from the fuel facility. Commissioner Tapert said that if the finger pier is at the level of the floating docks and is constructed to be ADA compliant, the existing ramp at the marina would need to be upgraded as well, because it is not currently ADA compliant many times during the day. Commissioner Seitle said it would be a lengthy walk from the finger piers to the shore and felt a walkway would not be necessary. Faghin said that Commissioner Seitle's comments would be noted. Ahn said that the upland tank and float options would require an intermediate pump due to the lengthy fuel lines, to prevent any head loss, and an electric detection/alarming system. The cost for the Option 1 fuel facility was estimated to be between \$566,000 and \$568,000.

Option 2: Ahn stated that costs for barge-based tanks would be significantly higher due to additional engineering fees and permitting as well as more expensive floats and tank, resulting in estimates in the range of \$729,000 to \$747,000. The utilities for the detection system would be more expensive as well. The advantage is that there would be no complications or costs from siting the fuel tanks in the uplands, now being upgraded under the City's Ramp and Park Improvement project. The disadvantages are the environmental and permitting issues. Commissioner Seitle asked if both options required a leak detection system. Faghin said that because of the potential for spill when replenishing fuel, a leak detection system would be necessary. Ed Field asked if this option would require filling the tanks by barge or would there be a fill site on the land, and Ahn replied that there would be a fill site on the land. Ahn compared Option 1 to Port Orchard's fuel facility, with Option two more comparable to Poulsbo's concept. Poulsbo has a barge like structure with concrete decking on top to protect the utility line. The bottom of the tank is lined with a "U" shaped concrete bottom deck, which was noted to be a very expensive option. Ahn recommended a floating "break water" concept, which would be a box shaped concrete structure modified for fuel piping and/or tanks. As a general rule of thumb, Ahn noted that typical costs are \$50/sf for a regular concrete float and \$175/sf for a fuel float with a tank. Commissioner Seitle suggested the possibility of a fuel float with integral storage similar to a sanitary barge. It would have double walls because it would have both an inner and outer container with sensors in case of a spill. Commissioner Seitle said that another possibility would be to connect via the existing bulkhead instead of driving additional piles. Ahn said that they had not excluded that idea as an option. Commissioner Seitle said that the main problem with the upland float and tank option is that the Port does not own the real estate where they would be constructed.

Option 3: Ahn presented Option 3 as a recycled float concept, noting that the Port of Bremerton may be selling a quantity of 16'-wide breakwater float. He said that Don Laford with URS Construction Services is providing construction management services for Kitsap Transit work, including acting as construction manager for the Port of Bremerton's marina

expansion project. That Port will be looking to relocate the 16' wide breakwater floats in 2007. Ahn had estimated the cost to tow the float to Langley at approximately \$40,000 per float. The total cost for Option 3 was estimated at \$611,000 to \$613,000. Ed pointed out that the Option 3 concept would allow more transient moorage space. Commissioner Slinden asked about the condition of the float and if Ahn knew the age of the float. Ahn said that the float was in good condition with no visible rust and the concrete is in good shape. The float was built in the mid to late 1980's, and floats normally have a life span of 20-25 years. The existing float sidewall is 6" thick instead of the standard 10" thickness used on modern floats, so some modifications may be needed depending on use.

Commissioner Tapert mentioned that WSDOT has previously sold segments of Hood Canal Floating Bridge as surplus. Ahn said that the Port of Bremerton floats were in much better condition, and were sized more appropriately for the anticipated use and location in Langley. Faghin said that one caution with recycled floats is the unknown costs associated with the retrofit process. Commissioner Seitle said that former construction barges were available as surplus in San Francisco, with their own "spud-pile" anchoring system to allow the barge to be positioned like a crane barge. Commissioner Slinden asked if the access points on all options could be ADA accessible. Ahn said that any of the three options could be modified to include ADA accessibility. Faghin said that they had researched four other possible locations for the fuel facility, which were determined unfavorable. Ahn asked what type of fire protection system existed at the Langley Marina. Commissioner Seitle said that the Marina has a wharf hydrant but no foam at the present facilities. Ahn said that the cost of fire prevention systems had not been included in the cost estimates of the various Options. Commissioner Tapert asked if the possibility of a sewage dump had been considered. Ahn said that they had considered that option. Commissioner Tapert asked if they had considered some sort of buoyancy inside the floats, which would prevent the fuel tanks from sinking in case of a leak. Ahn said that final design and engineering would address all of the stability issues. Faghin said that the permitting process related to fueling operations is very strict, and the Port will not qualify without following the standard best management practices, standards, restrictions, precautions, oversight etc. These issues have been taken into considerations on all of the fuel facility options. Commissioner Tapert said that in his opinion, Option 1 was the more favorable option because it is more convenient for incoming and outgoing boaters. He said that it may be a possibility to have boaters moor along the existing marina wall, however it would seem preferable to have two sides of service so that if it is too rough on one side, the other may provide some shelter to boaters. Ahn said that Option 1 is more protected against the prevailing wind. Commissioner Seitle said in neither Option #1 or #2 it would be feasible to moor boats on both sides of a float, since the prevailing winds are all from the South or Southeast, so it would be nearly impossible to moor on the South side of the float. Commissioner Seitle's comments were noted. Commissioner Slinden said that the original Marina was almost in the same location as Option 2 and could be researched historically to determine some of the advantages or disadvantages of this location. Commissioner Seitle mentioned that the original fuel float, owned by Barney Hein, was located in the same location as the PND option. The float was exposed to heavy wave action but never sunk.

PND Option: The Option suggested much earlier by the Boatyard Inn's engineer PND had been included as a possible option for a fueling facility. Ahn noted that a breakwater would be essential to this option. The estimated cost for the PND option was \$2.2 million. There was no further discussion regarding this option.

- B. Economics:** Paul Sorensen of BST Associates presented this information, noting that they had researched both the potential demand for product and the cost to operate a fuel facility

by looking at the type of market Langley would serve. He said that there are currently several boats using the existing transient moorage and additional boats anchored in the adjacent waters. A fuel facility in Langley would provide a better option to boaters from South Whidbey and Camano along with visiting boaters that are on their way to the San Juan Islands or Anacortes. To determine the product base, they researched the average amount of fuel consumed by local and visiting boaters per year, utilizing statewide research for the Inter Agency Committee for Outdoor Recreation (IAC). He noted that they had analyzed fuel facilities in Oak Harbor, Everett, Edmonds, Anacortes, Port Orchard, Poulsbo, Elliott Bay Marina and the Point Defiance Park in Tacoma. This was done to get a sense of how much fuel is sold in those locations and the type of fuel sold (including bio diesel) to determine how much of the sales are local as opposed to visiting boaters. He said that Oak Harbor sells approximately 100,000 gallons of gas and diesel each year, split half diesel and half gas. Everett, Edmonds and Anacortes sell between 300,000-500,000 gallons of fuel each year. Most of their sales are diesel due to the size of boats they serve. BST determined that the fuel sales in Langley would be between 25,000-50,000 gallons per year, split evenly between gas and diesel. In order to offer biodiesel as well as regular diesel, the fuel facility would need to be equipped with an additional biodiesel tank and header system. Sorensen advised against the idea of selling biodiesel at the Langley facility as the demand for it is low and the costs involved are high. However, this is something that could be revisited in the future.

To determine the price to sell fuel, Sorensen said that most public Ports figure out the cost of fuel and then add a margin on top of it. He said the typical margin is between \$0.25 and \$0.30 cents. The revenue from that margin is used to cover all of the costs associated with running a fuel facility including labor, insurance, utilities, maintenance & repair etc. Based on a \$0.30/gallon margin, if the fuel facility in Langley sold 50,000 gallons of fuel, the revenue would be approximately \$15,000 per year. It can therefore be seen that it would be very difficult to run a profitable fuel facility with such low fuel sales. Based on BST's research, the labor costs associated with running a fuel facility could be \$50,000 per year, or even close to \$100,000, depending on how many hours of service is offered. Also, the maintenance and repair costs of a fuel facility could be up to \$20,000 per year. Sorensen said that the key to operating a successful marina is to have labor for fuel sales utilized in combination with other services such as boat repair shops and operation of transient moorage. He indicated that the real key would be for the Port to have a partnership and land use agreement with City of Langley. With that partnership, there would be a basis for a potentially successful fuel facility in Langley. It was noted that another key for attracting people to a fuel facility in Langley would be competitive pricing. Commissioner Tapert pointed out that the Port is already at a disadvantage because of the cost to transport fuel to Langley. Ahn recommended that the Port look into a General Services Agreement (GSA) contract with fuel vendors to purchase fuel at wholesale prices. The State of Washington uses these vendors and as a public agency, the Port could purchase fuel at the same prices offered to the State. This may resolve any cost disadvantages for the Port. However, the fuel facility would need to have the capability of taking a full tanker and trailer load of fuel (10K gallons) at one time in order to qualify for wholesale prices. Commissioner Seitle asked if Sorensen knew what the wholesale price for fuel under a GSA contract would be. Sorensen said that the Oak Harbor Marina is under a GSA contract and they sell fuel at \$3.20 per gallon for gas and \$2.90 for Diesel. Commissioner Seitle said that it does not seem financially feasible for the Port to have a fuel facility based on the information from Sorensen. He suggested exploring the possibility of a partnership with Nichols Brothers Boat Builders (NBBB), who currently either go to Everett to fill their vessels or have fuel brought in by tanker truck. The amount of fuel NBBB would use could help offset the costs

of running the facility. Sorensen said that a potential partnership with NBBB should be explored.

Commissioner Slinden said that one of the main reasons the Port is considering building a fuel facility is to attract people to the City of Langley, which is also why it is so important for the facility to have ADA accessibility. Commissioner Tapert suggested researching the benefits of going with a longer pier because it could be used for multiple functions. Commissioner Slinden suggested the possibility of putting in an extended float for larger boats without a fuel facility, which would attract tourism without the costs and complications associated with a fueling operation. She asked what the cost associated with that would be. Ahn roughly estimated that the cost of towing a float to Langley, including installation could be approximately \$100,000. Commissioner Seitle said that if the Port decides against a fuel facility they would have to do another marina expansion study. Commissioner Slinden said that the amount of profit the Port would receive from a fuel facility is so marginal that it might be worth looking at an extended pier option. This would accomplish the Ports goal to attract people and help build economic development for the City of Langley. Faghin said that the moorage revenue potential for a transient-moorage-only float had not yet been researched. Sorenson said that past studies have shown up to 15,000 transient boaters per year moor at the Oak Harbor, Everett, Edmonds and Anacortes Marina's. Ed asked if it would be possible to evaluate the number of transient boaters that would moor at an extended pier in Langley if it did not have a fuel facility. Sorenson said that the possibility could be evaluated and they could also look at the economic impact it could have on the City. The Port could conduct a survey to find out how many people would be interested in an extended pier. The Port could also conduct a marketing campaign where the Port and the City could work together to attract boaters. Jim Recupero, City of Langley councilperson, said that in a conversation with Monte Hughes, owner of the Mystic Sea Whale Watching vessel, Hughes had expressed interest in using Langley as a base for his vessel. This would attract many off-season boaters to the City. Also, in a recent conversation with Marty Bear of Aqua Express, Bear said that there is an opportunity to attract small cruise ships to Langley if there is a place for them to moor their vessels.

Faghin suggested the possibility of a floatplane terminal. Commissioner Seitle said that the State of Washington Department of Aviation has grant money available to assist with the building a floatplane terminal. Commissioner Slinden said that the Port should conduct a survey to see what the response is from the citizens of Langley before discussing that possibility.

Jeff Van Derford asked if the Port of Coupeville's Marina had been considered in any of the surveys. Sorenson said that they had not surveyed the Port of Coupeville Marina at this point. Faghin asked what the current occupancy of the Langley Marina was. Recupero said it was overfilled throughout the summer. Commissioner Slinden suggested the possibility of a "wet moorage" operation so you could attract more boaters when the Marina is full. Faghin said that the Port of Bainbridge has been considering a "wet moorage" operation. Commissioner Seitle said that the Port would have to check with the Department of Natural Resources (DNR) regarding the "wet moorage" regulations. Commissioner Slinden asked Jeff Van Derford about the permitting impacts likely to be imposed via the new shoreline regulations. Van Derford said that a fuel dock would be a real concern but a regular floating dock would be a lesser concern. The professional whale watching people he has spoken with have said that the new critical habitat, which covers most of Puget Sound, would have a large impact on anyone who wants to build a pier and it will be handled on a case by case basis. Commissioner Slinden said that she would like more research done on the feasibility of Option 3 without a fuel facility. Commissioner Seitle said that this would be different

than the study the Port agreed to complete, constituting a marina expansion study as opposed to a fuel facility study. Commissioner Slinden acknowledged the fact that the study would be going in a different direction than originally planned, but noted that the purpose of the study was to get an answer about the feasibility of a fuel facility in Langley. Based on the information presented, she said that it appears that a fuel facility is not readily feasible, but there are still potential benefits to be explored regarding an extended pier to help attract boaters and improve economic development for the City of Langley. Commissioner Seitle said that a discussion about changing the scope of the feasibility study should be discussed in a workshop at a later date. Commissioner Tapert said he would like to immediately look into whatever the best situation would be to better utilize and improve this facility. He said that the fueling facility is something that still needs to be looked at long term, but that the Port could start by evaluating a phased plan, as the Port will need a preferred location and size for a facility that could offer a combination of uses including cruise ships, floatplanes, sewage dump, diesel/gas etc. Commissioner Tapert said that he liked the dimensions of Option 3 because it would allow multiple uses. He would like to plan for as many elements as possible to help improve the foot traffic and potential viability of any new facility. Commissioner Slinden said she was partial to the near-shore site because accessibility would be easier. Commissioner Seitle said that the resolution from the City gave the Port rights only to a fuel facility. Commissioner Slinden said that based on the Port's current Comprehensive Plan, the Langley Boat Harbor Master Plan, and her understanding of the general consensus of the community of Langley, the Port should try to enhance and expand tourism in the City of Langley as soon as possible. Commissioner Seitle said that the only question on the table is to either continue with the fuel facility study or choose not to spend additional funding on it based on the economic data from BST Associates. Commissioner Slinden said that the fuel facility option has not been eliminated but would be included and addressed further in the next phase of the study. Commissioner Seitle was not interested in continuing to spend money without having a clear definition of what the study is about. Sorenson said that the original financially feasibility study was done based on running a fuel facility by itself. Faghin said that the fuel operation combined with a partnership with the City of Langley and additional transient moorage would be a very good way to move forward with the feasibility study. She asked the Commission for direction on how to proceed with the study.

ACTION: A Motion was made by Commissioner Slinden and seconded by Commissioner Tapert to authorize an expanded study to include additional sources of revenue such as a floating dock extension, transient moorage expansion, wet moorage and any other potential uses that can be created by an extended pier.

Commissioner Seitle said that he could not agree to a motion that is so vague. He was still not in favor of changing the scope of the study with out additional cost information. Commissioner Tapert said that in summary, what the Port is proposing is a change in scope to study the feasibility of a larger facility that would accommodate larger vessels and additional transient moorage.

ACTION: Commissioner Slinden amended her previous motion to include only the preparation and submittal of a proposal to address that modified and expanded scope of proposed work by Reid Middleton and BST Associates.

Ahn recommended that the Port contact the Port of Bremerton regarding the available breakwater floats as soon as possible, as there are other people interested in it. Ed said that he would contact the Port of Bremerton regarding the float. Faghin said that she would like to clarify the scope of work that the Port would like them to study. She said that there are

many unknowns regarding a marina that will need to be researched including the condition of the existing marina, the environmental impacts, the relationship with the Port and the City of Langley and permitting issues. Commissioner Slinden said that if Reid Middleton provides a modified study, the Port would then have enough information to begin discussing it with the City of Langley. Faghin summarized what she felt the Port was asking for from Reid Middleton and BST Associates: An expanded study to look at the option of installing 150' to 200' of transient-moorage float in either of the two locations, and to look at the potential demand, revenue and economic impact for expanded transient moorage and tour operators use. Commissioner Seitle said that he would like the Port to create a work statement before moving forward, in order to better clarify the scope of work before voting on the motion. Commissioner Slinden asked for a vote on the motion, noting that Commissioner Seitle has the option to vote against the motion. Commissioner Tapert said that his understanding of the motion is that the Port is not authorizing the consultants at this point to move forward without a written statement, but just to submit the proposal. Commissioner Slinden concurred, and said that the written proposal from Reid Middleton could be submitted for approval at the next Port meeting. The Commissioners concurred.

The Motion passed unanimously.


3. ADJOURNMENT:

The meeting was adjourned at 10:15 am.

Approved:


Commissioner Lynae Slinden, Clinton


Commissioner Rolf Seitle, Langley


Commissioner Geoff Tapert, Freeland

Minutes prepared by:


Edwin S. Field, Port Manager

Exhibits:

A - Bathymetric Survey of Langley Marina (from Layton & Sell, 1985)
B - Fuel Facility & Tank Siting Options (from Reid Middleton)