

**PORT DISTRICT OF SOUTH WHIDBEY ISLAND**  
Minutes of the Special Meeting  
September 29, 2006  
Freeland, Washington

**Present at the meeting were:**

Commissioner Rolf Seitle, Langley	Al Hendricks, Port Attorney
Commissioner Lynae Slinden, Clinton	Paul Schell
Commissioner Geoff Tapert, Freeland	Matt Nichols
Ed Field, Port Manager	
Amber O'Brien, Port Clerk	

**Absent:** None

**1. MEETING CALL TO ORDER:**

This Special Meeting of the Port District of South Whidbey Island's Board of Commissioners was convened September 29, 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 8:30 am. The purpose of the Special Meeting was to discuss the acquisition of the Port of Bremerton breakwater floats for use in Langley.

**2. MEETING FORMAT REVIEW:**

With respect to the need for conducting the meeting in Executive Session, Commissioner Slinden asked Port Attorney Al Hendricks if the 400'-long breakwater float would be considered "real property" or "personal property". Hendricks said that this is a very close question. He cited a quote from a case in 1909 that said "There is a wilderness of authority on fixtures and a hopeless conflict of decision." Hendricks was concerned that because the float is bolted down to the surface of the earth, it could be considered an annex to the real estate, adding that two people could argue two different ways on this issue and it would be impossible to predict the outcome of the argument. One of the things that concerned him as to whether it is "real property" or not is that you can detach the float and move it. For example, if you move a house off of "real property" it becomes "personal property." When the float is moved, it would become personal property at that point but then it is arguable whether or not it becomes "real property" after it is re-attached. Hendricks was also concerned that the laws on executive session and open meetings are to be liberally construed in favor of an open meeting, and based on those two issues, he recommended that the meeting be an open meeting. Commissioner Slinden said that the meeting notice indicated that it would be conducted as an executive session meeting. Ed Field said that he left a message yesterday (9/28/06) for Jeff VanderFord, reporter for the South Whidbey Record, and spoke to him this morning to inform him that the Commission would discuss whether or not the meeting would be an open meeting. Ed continued that VanderFord had called this morning to let Ed know that he would be unable to attend the meeting, but Ed noted that Jeff specifically stated that the newspaper was fully aware that this meeting is taking place and that it may be an open meeting as opposed to an executive session. VanderFord requested that Ed call him after the meeting to give him a report on the outcome, and added that he may also call the Commissioners for an interview. The Commissioners agreed that the meeting would remain an open meeting and they would not go into executive session.

## 2. BREMERTON BREAKWATER FLOAT DISCUSSION

Ed Field reported that he and Commissioner Tapert visited with Marine Facilities Director Steve Slaton at the Port of Bremerton last Friday (9/22/2006) to view the floats. They were given a copy of the PND Inc. Assessment Report dated October 14, 2005 and the attached Echelon Engineering, Inc. Inspection report dated October 10, 2005. **(EXHIBIT A)** The floats are approximately 15 years old and according to the reports are still in fairly good condition. The intent is to sell the floats "as-is," which includes small light poles, water piping, cleats and a small railing on one side. Sections C, D and E of the original construction (which also included Sections A and B) are for sale. Ed said Bremerton's intent is to unbolt Section C from Section B and disconnect the eight anchors so it can be towed as a 400' section in good weather. The dock appeared to be well maintained, showing only minimal "wear and tear." Water samples from the open cavities at the ends of the float had been obtained and sent to a testing lab for analysis during the 2005 inspection, and the test results showed the water to be a mix of salt water and fresh water. It did not appear that the cavities have any major leakage problems. Commissioner Slinden asked if the Port of Bremerton had maintenance cost estimates. Ed did not have maintenance cost estimates but said that the Port of Bremerton would be happy to give the Port of South Whidbey the maintenance procedure/operations manual. The current inspections are performed on a monthly basis. Ed said that because of the utility connections and how the floats are bolted together, he and Tapert agreed that it would be easier to reuse the floats in either the present 400' form or possibly broken into two straight sections. It would be very difficult and costly to engineer new sections to "joint" the float or make it curve. Commissioner Slinden asked what the lifetime of the floats is. Ed said that it appeared they had at least ten years of lifetime left, but if floats are regularly inspected every five years and well maintained, the lifetime could be extended several years. Commissioner Tapert said that the life span of a concrete structure is typically fifty years, so he would guess that the floats would last another 20-25 years and if maintained correctly, the lifespan would be indefinite.

Ed said that the current construction price for floats similar to the Port of Bremerton floats (without fuel capabilities) would be approximately \$150/sf. Based on that equation, a 16' wide by 400' long float would cost approximately \$960,000. Slaton said that the Port of Bremerton would like to see at least 25% to 33% of the construction cost back as resale value, which translates into approximately \$250-\$325,000. In preliminary discussions, Slaton reported that the Port of Bremerton Commissioners favored a "Port to Port" sale, because it would not have to be an open market public bid sale. Slaton also mentioned that they might be willing to consider financing the float over a three-year period with interest. Ed suggested that the Port of South Whidbey might offer to purchase the floats at the lower price of \$250,000 if they pay cash up front, but if it is financed over a few years, it would probably be into the higher price range. Commissioner Slinden said that the South Whidbey Record article indicated that this was a "fuel" float. Commissioner Tapert said that was a mistake on the part of the reporter. Tapert said that in the initial discussion with the reporter, he had indicated that the Port of South Whidbey had been looking at a fuel dock study for Langley and that the Port of Bremerton had a float available, which could be partially used as a fuel dock, and the reporter misstated this information in the paper. Commissioner Seitle said that the reporter apparently did not understand what was being talked about and thought it was related to the fuel dock issue. Ed said that the Port of Bremerton float could be retrofitted with fueling capabilities, but it would be very problematic to retrofit into the existing structure.

Commissioner Slinden asked how much it would cost to move the floats. Matt Nichols said that it would cost approximately \$10,000 to move the floats. Commissioner Seitle said that the inspection reports indicated that the anchor chains are showing signs of corrosion and they would need to be cleaned and refurbished. Commissioner Tapert said that it was his understanding that the chains would be disconnected from the anchors, and the anchors would then remain in place while the chains will travel with the floats. Ed did not recall exactly what was said, but noted that the new structure at the Port of Bremerton would have a different anchoring system. Nichols said that the anchors bury themselves into the earth and the new structure in Bremerton would probably tie in quite nicely to the existing anchors. Also, while the Port of Bremerton would most likely give the Port of South Whidbey the chains, he recommended that new chains or cables be purchased.

Commissioner Slinden asked what the total cost including moving the float would be, and also what the Port plans to do with the float once it is purchased. The City of Langley has stated that they are trying to diversify from tourism as the driving force for economic development, so the Port Commission will need to consider that issue when deciding what use the floats will serve in Langley. Paul Schell said that it is his understanding that the City was not moving away from tourism, rather they just do not want to be solely dependent on it. Schell believed that the local community would love to have a gas dock and additional moorage available at the Langley Marina. Commissioner Slinden said that the Port had received a report from Reid Middleton that showed minimal revenue from a fuel dock facility in Langley, even with additional moorage. Schell said that the Marina needs common management and common ownership. Nichols asked if the Commission had discussed the purchase of the Marina from Langley, and added that it would make sense for the Port of South Whidbey to purchase the floats from the Port of Bremerton, especially if they were to take over the Langley Marina. Nichols and Schell were supportive of the project and offered their help to the Port. Nichols said that he has a "legal" mooring buoy in Holmes Harbor and offered to store the floats in 200' sections at that location. He is certified with the State Department of Natural Resources and pays rent yearly so the floats could be stored without having to first obtain permits. Commissioner Slinden said that the Port had received a letter earlier today stating that the City of Langley would like to turn the Marina over to the Port, but an actual purchase price was not indicated. She said that the Commission will need to determine 1) that there is someone who can make use of the floats and 2) whether or not the Port wants to start discussions with the City of Langley. She emphasized that the only decision today should be whether or not to make an offer to purchase the Port of Bremerton floats. If the Port of Bremerton comes back with a positive response, the Port Commission can report that at the regular Port meeting on October 11, 2006 and ask for public input on the potential purchase of the Langley Marina.

Commissioner Seitle said that this is an outstanding opportunity. He said that the purchase of the floats would have to be tied into the purchase of the Langley Marina because the Port does not have anywhere else to use them. He recommended that the Port of South Whidbey make an offer to the Port of Bremerton that would be contingent on the successful negotiations with the City of Langley for acquisition of the Marina. Schell said that although he does not represent the City of Langley, he has had conversations with Walt Blackford and Neil Colburn regarding the transfer of the Marina from the City to the Port. There would have to be a cash transaction involved because it is valuable waterfront real estate, and Schell guessed that the City would ask approximately \$500,000 for the property. He said that it does not make sense for the City to own the Marina when they do not have the resources to maintain it. Commissioner Seitle said that the Port could not afford to buy the Marina without an increase in the levy. Schell urged the Port to consider pursuing the purchase of the floats and stated that it is a "once in a lifetime opportunity." Schell also

mentioned that designs for the Marina Store and Boat Yard Inn expansion were finished, and he would be applying for a JARPA permit for the Store soon. He emphasized that the overall economic benefit to South Whidbey Island in having a facility such as this in Langley would be significant and is the type of project that a Port should be doing. Nichols said that he was planning to do some type of development near the Langley Marina as well, and suggested the possibility of having a Port office in that location. Commissioner Seitle was concerned with the payments that would be involved with the transfer of the Langley Marina to the Port. The Port has a joint constituency with Langley, and if the Port decides to buy the Marina, they would be asking the taxpayers to pay twice for the facility. Schell said that the Port could consider the option of revenue bonds to purchase the Marina. Commissioner Slinden said that the Commission should stay focused today on making the decision of whether or not to purchase the floats, and the Commission can discuss the purchase of the Marina at the next regular Port meeting. Nichols drew a diagram on the white board showing a few options that he and his engineers had come up for potential uses for the floats in Langley. The floats could be attached to the existing commercial dock that Nichols owns and a fence could be installed to separate the commercial portion from the public portion. There could be a fueling station installed at the end of the commercial portion of the float. If the commercial dock was connected to the 400' float, it would also create a breakwater. Commissioner Slinden was concerned that the Port would deplete its operating reserves by purchasing both the Port of Bremerton floats and the Langley Marina. Schell said, "As a taxpayer, this is the kind of mission that a Port does. It will help create jobs and help us keep the jobs that we have." Nichols said that the Port would be able to generate revenue with a project like this. Commissioner Slinden said that the Port is working to develop a new Comprehensive plan and should obtain public input before making a decision to purchase the Langley Marina. Schell pointed out that this type of project is in the Port's existing Comprehensive Plan. Commissioner Seitle said that he is in favor of going ahead with this type of project. The Port has three options, the first is to make an offer to the Port of Bremerton using an "option to buy" method, the second would be to purchase the floats contingent on other events taking place and the third option would be to take a chance and purchase the floats and hope that everything will work out. He was in favor of taking that chance, especially if Nichols would buy the floats from the Port if they cannot come to an agreement with the City of Langley. Commissioner Slinden said that the Port also had the option to make an offer on terms. Commissioner Seitle said that as long as the Port has enough money to purchase the floats, there is no reason to pay an additional amount by paying on terms. Commissioner Seitle asked Nichols if the Port would generate increased marine business in Langley with this project. Nichols believes that this type of improved Marina facility has the potential to increase the marine business activity in Langley, especially yachting activities. "If you build the facility, they will come," he said. Commissioner Seitle asked if the City of Langley would have zoning or use permit objections to a project like this. Commissioner Slinden said that the City of Langley would handle those issues. Schell mentioned that a floatplane dock would also be a positive addition to the activities at the Langley Marina. Commissioner Slinden recommended that the Port make an "out right" cash offer to the Port of Bremerton. Nichols said that he would store the floats free of charge at his Holmes Harbor facility. He might tie up a couple of his boats to the floats while they are stored at his facility. He also recommended that the Port obtain liability insurance for the floats while stored at his facility. Commissioner Tapert was in favor of purchasing the floats. He agreed with Schell that this is a once in a lifetime opportunity but he wanted to get the best deal possible for the Port. He suggested two options on a purchase: the Port could offer a cash purchase and obtain the floats for the lower price of \$250,000, or offer two payments of \$150,000 with the first payment to be made in 2007 and the second in 2008. The two-payment plan would fit the Port of Bremerton's construction schedule because they would like to be finished at the end of

2008. Ed recommended that the Port ask for “right of first refusal” when making an offer to the Port of Bremerton. Nichols said that is a good idea because if the Port does not buy the floats, he might buy them himself. Schell recommended that the Commission authorize Ed to negotiate a purchase price with the Port of Bremerton. The Commission could establish a “not to exceed amount” for the negotiations. Hendricks said that because this is an open meeting the Port must make a decision on the amount they would offer to the Port of Bremerton for the purchase of the floats.

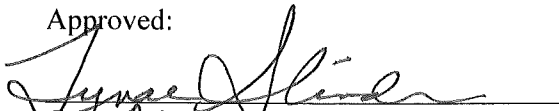
**ACTION: A Motion was made by Commissioner Seitle and seconded by Commissioner Tapert to offer the Port of Bremerton \$250,000 to acquire the float sections as described in the reports and also observed by Port Manager Ed Field and Commissioner Tapert. The Port will remove the floats consistent with Port of Bremerton’s schedule. The motion was amended to include that the Port Manager Ed Field is authorized to discuss with the Port of Bremerton other terms and conditions that may apply within the context of the discussion. The Motion passed unanimously.**

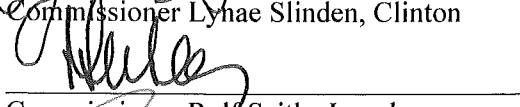
Nichols mentioned that his company (Nichols Brothers Boat Builders) had recently installed a dock in Kingston. They installed four large steel pilings and a ramp system leading to the dock, which Nichols said was not very difficult to accomplish, with the entire project completed in only nine months. Schell said that he owns approximately 250’ of tidelands in between the Boat Yard and Nichols Brothers pier and would be happy to “gift” those tidelands to the Port if they end up purchasing the Marina. The Port could also extend the Nichols pier for potential commercial use, which would create jobs. The Port could also potentially lease that portion of the dock to Nichols for commercial use, which would generate revenue. Nichols said that small cruise ships would utilize a facility in Langley as well. After further discussion, the Commission instructed Port Attorney Al Hendricks to write an offer letter to the Port of Bremerton. Commissioner Slinden will sign the letter.


**4. ADJOURNMENT:**

The meeting was adjourned at 9:30 am.

Approved:

  
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Commissioner Lynae Slinden, Clinton

  
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Commissioner Rolf Seitle, Langley

  
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Commissioner Geoff Tapert, Freeland

Minutes prepared by:


  
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Edwin S. Field, Port Manager

Exhibit: A – “Bremerton Marina Breakwater Condition Assessment Report”, PND Inc, dated 10/14/05, including “Port of Bremerton Marina – Inspection of Concrete Breakwater”, Echelon Engineering dated 10/10/05