

**THE PORT DISTRICT OF SOUTH WHIDBEY ISLAND
SPECIAL MEETING**

Held at Freeland Library Meeting Room, 5495 Harbor Avenue, Freeland WA 98249
With virtual access via Zoom Meeting Service
Monday, May 22, 2023

AGENDA

Join Zoom Meeting

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SPECIAL MEETING CALL TO ORDER and PLEDGE OF ALLEGIANCE (3:30 p.m.)

**Comprehensive Scheme of Harbor Improvements
Opportunities and Issues Briefing – Makers
Economic Analysis – BST & Associates**

Interim Executive Director signing authorities, etc.

ADJOURNMENT (Approximately 5:00 p.m.)

PORT DISTRICT OF SOUTH WHIDBEY ISLAND

Minutes of the Special Meeting

May 22, 2023

Held in Freeland, Washington
and online via Zoom Meeting Service

Commissioners Present: Jack Ng (Freeland), Curt Gordon (Clinton) and Greg Easton (Langley)

Port Staff Present: Angi Mozer (Interim Executive Director), Stan Reeves (outgoing Executive Director) and Molly MacLeod-Roberts (Port Clerk/Accountant)

MEETING CALL TO ORDER: The Special Meeting of the Port District of South Whidbey Island's Board of Commissioners was convened on Monday, May 22, 2023, in person at the meeting room of the Freeland Library at 5495 Harbor Avenue in Freeland, Washington and online via Zoom Meeting Service. As announced, the primary purpose of the Special Meeting was for the Commission to address the items on the Agenda. Although the Meeting was of course open to the public, it was scheduled primarily for Commission consideration, discussion and action on those specific issues and public participation was not on the Agenda.

Commissioner Jack Ng (President) was attending remotely and asked Commissioner Curt Gordon (Vice President) to preside over the meeting in his stead. Gordon called the Special Meeting to order at 3:30 p.m., followed by the Pledge of Allegiance.

COMMISSIONER DISCUSSION/ACTION

Comprehensive Scheme of Harbor Improvements: Julie Bassuk and Grace Arsenault from Makers Architecture & Urban Design, LLP and Paul Sorenson from BST Associates were on hand to provide an update on the first 2/3 of the project, including review of the key findings of the engagement phase. Bassuk will share what was learned from the Open House and Community Survey. Sorenson will then present the key findings from his economic analysis of the market and the Port's financial framework. Bassuk will then help lead a good discussion around issues, opportunities and potential recommendations for updates to the Comp Scheme.

The project goals are:

- 1) Update the existing document, including the addition of the Whidbey Island Fairgrounds property
- 2) Engagement with the Port Commission, Staff and the community
- 3) Identify economic trends

Bassuk explained that the next steps for Makers will be drafting recommendations for Comp Scheme update, getting the info out to the community through an Open House and another survey, presenting the feedback to the Commission and completion of the Comp Scheme update. The goals for this meeting are to give the Commission a greater understanding of the Port's financial framework and the baseline to launch the Comp Scheme update, be on the same page regarding the key issues and opportunities at each of the properties, and initial thoughts from BST and Makers regarding what recommendations might be included. She hopes to have a dynamic discussion about anything they missed or anything the Commission isn't comfortable with that should come off the table or how they might want to refine the suggestions.

Regarding outreach, Makers spoke with the Commission, heard from the public (primarily through the Open House and the survey), and some really informative interviews with a variety of stakeholders. The overall takeaways from that work are: deferred maintenance and the need for revenue generators to maintain assets appropriately, shortage of workforce housing in the Port district, need for increased commercial space for small businesses, not enough sewer infrastructure.

[Due to technical difficulties, the representatives from Makers were able to hear the discussion, but they could not be heard in the meeting room so were unable to comment further.]

- **Economic Analysis (BST Associates):** Sorenson was on hand to present their draft results to date. BST would like the Port to provide some comments back, and then BST plans to wrap up with the final in mid-June. He noted that Commissioner Greg Easton has already provided some comments about potentially adding things like a business park and commercial development to the Comp Scheme as other port districts have done. If those things are not specifically itemized in a Comp Scheme, a port district has to go out for public input and have a public meeting whether it should be added or not. Sorenson reviewed the fund balance over time and noted that about 1/3 of the Port's income is from its lines of business and 2/3 is from property taxes. Looking at expenses, it's essentially a breakeven operation where expenses are increasing at the same rate as revenues.

For capital expenditures, there were big expenditures for South Whidbey Harbor in 2013-2015, and in 2017 for Possession Beach Waterfront Park improvements. Since the Port took over the Fairgrounds in 2017, there's about \$500K in capital expenditures – about \$100K per year. With the \$200K per year from the levy increase, \$100K is for capital and \$100K for operations.

The question for the Fairgrounds and a lot of the other assets is: How much deferred maintenance is there and what is the real cost to get it to where the Port and the public are happy with it? It's a very common issue with all ports.

For the lines of business, Sorenson categorized them as Fairgrounds, Marine Access (South Whidbey Harbor, Bush Pt Boat Ramp, Possession Beach Waterfront Park, Clinton Beach Park), Ferry/Transportation Access (Humphrey Road Parking Lot, Clinton Dock Passenger-only Ferry, Mukilteo parking) and Others (workforce housing, sewer and other infrastructure improvements).

For the Fairgrounds, BST's findings are that the Port is on a very thin margin with the property, even with the \$100K allocated for operations. There's not enough money to do everything that needs to be done. Gordon thought Sorenson's recommendations to improve the RV Park and get more year-round businesses and events was spot on. Sorenson said other fairs (such as San Juan Islands) have the same problem. The Port needs to find a way to even the revenue base out for the Fairgrounds and for all of the lines of businesses to have more net income to build a buffer of reserve fund, and provide matching funds for capital improvement grants. Gordon agreed that the only way to deal with the serious deferred maintenance is through grants; the Port can't fund it with just \$100K a year. And the debt service on the current bonds will be at \$100,000 in a few years. So then there won't be any discretionary funds for matching or anything else. Easton said the Port could also go out for a bond issue if there is a really attractive project that the public approves of. Gordon noted that at Washington Public Ports Association seminar, the Port of Everett said it was very important to continually promote your port and remind the public what you have done and are doing. Other options for obtaining funds include resetting the levy or unlimited tax general obligation bonds.

Regarding the Port's boat ramps, Sorenson noted that in South Whidbey, there are 1,000 boats that are up to 26 feet in length. Since several of the County's ramps aren't open, the Port's ramps at South Whidbey Harbor, Possession Beach and Bush Pt. are used the most. It would be good to find a way to quantify the use of the boat ramps and possibly collect fees. Gordon said the usage data would also help with grant applications. Sorenson noted that WA State Recreation & Conservation Office (RCO) has grants available for transient moorage and boat ramps, up to \$1 million, and the Port might consider applying. Gordon asked if RCO would provide funding for annual moorage at the Harbor; it will not – stays are limited to 21 days. Sorenson said there really aren't grants for monthly or annual moorage.

Sorenson said the Harbor is breakeven, but the Port hasn't raised rates there for a long time. He recommends reviewing the rates annually. Most other marinas are either looking at comparables or using CPI plus 1%-2%. There are economies of scale with marinas, with operating costs leveraged off more on a dollar per slip basis if there are more slips. It would take a lot more slips for the Port to get to that spot. The transient moorage at the Harbor operates well, but 50% of it is July & August and tapers off very quickly. May to September is 90% of the use. If slips are added for transient use, it's questionable how much more use it will get. Sorenson recommended finding a way to get more monthly and annual moorage to get a basis year-round for making money whether people use it or not, and extending the permit for the SWH expansion. On an interim basis, providing buoys might be an option. Gordon wondered if building a new facility in Holmes Harbor for long term moorage would be better. Sorenson recommended holding off on building a new marina as permitting is very difficult for new marinas. He also said the Port's current monthly/annual moorage rates are on the low end and could be increased. Easton said it would be helpful for BST to provide some comparison rates at other marinas in his report.

Regarding Ferry & Transportation Assets, the Port is doing a great job of thinking outside of the box in terms of what kind of services the community needs. The census data from 2019 indicates 3,800 jobs in South Whidbey, with 900 coming from off-island, and about 4,000 jobs off-island jobs that are filled by South Whidbey residents. Tourism in 2021 was over \$100 million and 990 jobs (retail and accommodations). Gordon noted that almost 19% of Island County's population lives in the Port District of South Whidbey, and over 40% of Island County tourism revenue is in the Port District. He said tourism jobs are just above the minimum wage, which indicates a need for proportionately more of that type of labor force than other parts of the County and he would like that to be reflected in the report. Gordon would also like the report to reflect that the median age of South Whidbey has increased greatly, and workers and housing for the workers that provide services for those who are retired are needed. The report could also address the lack of rentals, the effect of seasonal homes (VRBO, B&B) and 2nd homes. Gordon was surprised to learn that there almost half of the healthcare workers in the district work off-island.

Humphrey Road Parking Lot was doing great up until COVID-19, and popped up a bit in 2022 but not as much as Sorenson expected. He's hopeful it will increase. Easton noted the reliability issues of the ferries and Gordon noted that a lot of people are still working from home and aren't going to the office full time. Sorenson said the Clinton Dock passenger-only ferry is a great project.

With its lines of business, Sorenson thinks the Port has really done a nice job of focusing on what it can do to help the economy, create/support jobs and provide access to the parks and waterfront, and found a way to develop that. Now the hard part is the capital improvement plan, and Makers has done a great job at looking at all of the opportunities, next will be prioritizing what's to be done short-term, related to need or funding and moving forward with that.

Interim Executive Director Angi Mozer explained that Makers plan for today was to help whittle down what the Commission wants to see in the Comp Scheme as priority projects. Gordon suggested scheduling another meeting with Makers. Bassuk said they would be happy to either have a meeting and discuss it, or have the Commission look at the material and provide feedback. Easton suggested the Commissioners could individually take the time to look through the slides and take notes, and then if there is a meeting it can be specifically focused on prioritization of the capital improvements they want to focus on. Bassuk agreed; that way there would be a targeted discussion of prioritization at the next meeting. Ng agreed.

Bassuk added that she had taken all of Makers/ findings and all of BST's finding and combined the recommendations to come up with the issues and opportunities. After today's meeting, one recommendation she would like to add is a Port-wide Use Study (who is using the boat ramps, camping at or renting the Fairgrounds, etc.). Easton suggested a related economic impact study would be helpful for grants.

Interim Executive Director signing authorities, etc.: A Resolution had not been prepared, so the Commission was not able to take action. Gordon is the Alternate Auditing Officer and Alternate Investment Officer and will provide his signature until Mozer's signing authority can be approved at the next regular meeting.

ADJOURNMENT: Without any further action, the Meeting was adjourned at 5:04 p.m.

Approved:

Minutes prepared and submitted by:


Commissioner Jack Ng, Freeland



Molly MacLeod-Roberts, Port Clerk/Accountant



Commissioner Curt Gordon, Clinton



Commissioner Greg Easton, Langley

Public Disclosure Statement: The foregoing Meeting Minutes, audio recording and all supporting documents presented are available at the Port of South Whidbey, 1804 Scott Rd., Suite 303, Freeland WA 98249.