

PORT DISTRICT OF SOUTH WHIDBEY ISLAND
Minutes of the Public Hearing for the 2007 Preliminary Budget
October 11, 2006
Freeland, Washington

Present at the meeting were:

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

Jeff VanDerford, South Whidbey Record
Jim Recuperero, Langley City Council
Jason Henry, The Berger Partnership
Mathew Swett, Taproot Design
Dennis Gregoire, Comp Plan Facilitator
Mikkel Hustad, Comp Plan Facilitator
Walt Blackford, City of Langley
V.E. Moore, City of Langley
Bruce Brereton, POSW Webmaster
Don McArthur, S.W. Yacht Club
Eric D. Daigneault, Chilkat Cruises & Tours
John C. Martin, Clinton Resident
Ralph Nakamura, Langley Resident
Chuck Brengle, Freeland Resident
Robert Davis, Freeland Resident
Terry G. Minton, Clinton Resident
Gary Wanzer, Freeland Resident
RA Grund, Freeland Resident
Samantha Hocco, Freeland Resident
Cliff Bjork, Freeland Resident

Absent: None

1. MEETING CALL TO ORDER:

The Public Hearing for the 2007 Preliminary Budget of the Port District of South Whidbey Island was convened by the Board of Commissioners on October 11, 2006, at the community meeting room at Trinity Lutheran Church, Woodard and Hwy 525, Freeland, WA. Commissioner Slinden, President, called the Hearing to order at 7:00 pm., followed by the Pledge of Allegiance.

2. PUBLIC HEARING FOR 2007 PRELIMINARY BUDGET:

Commissioner Slinden opened the Hearing by soliciting comments from the attendees regarding the 2007 Preliminary Budget **(EXHIBIT A)**

Bruce Brereton asked if the 2006 actuals had come close to budget, and if the 2007 Budget will come close. Commissioner Slinden said that aside from some capital purchases that have not been done at this time, the 2006 actual budget had come close to the planned budget and they anticipate the 2007 budget will come close as well.

Lions Club: (Re-ordered for clarity) Robert Davis, a member of the Lions Club, noted that an irrigation system was being installed at the Freeland Park. Davis stated that according to

Floyd Benson, Lions Club Parks Committee Chair, the Port of South Whidbey agreed to pay \$4,498.78 toward the irrigation system at the park, which would be the final payment from the Port. The \$4,498.78 was the remaining amount from the money originally pledged by the Port for the construction of the picnic shelter at the park. Also, Terri Arnold, Island County Parks, has said that she would be going before the Board of Island County Commissioners in October to gain approval for the Parks Department to match the Port's \$4,498.78 contribution. The two contributions together total \$8,997.56. However, the estimate from All Wet Sprinklers totals \$12,921.00, leaving a shortfall of \$3,924.00. Arnold suggested that the Lions pay the \$3,924.00. Davis reported that last year's combination of high tides, heavy rainfall and high winds all combined to damage the Park's landscaping. He added that the non-functioning floodgate failed to keep the salt water from the park and so trees and shrubs were damaged as a result. Also, summer was warmer and dryer than normal, which caused additional harm to the landscaping. The cost of replacing trees and shrubs with salt and drought resistant varieties has been estimated at \$1,500.00, with an additional \$500-\$800 spent restoring the berms. He continued that the Lions have been asked to share the cost of the irrigation system in the amount of \$3,924.00, but this cost is problematic given the cost of restoring the landscaping to the previous levels. Commissioner Tapert asked Ed if Terri Arnold was budgeting any more money for the Freeland Park, and Ed said that he was only aware of the match to the Port's contribution of \$4,498.78. He noted that he met with Dan Bobinac of All Wet Sprinklers, who has completed the first phase of the irrigation at the Park. Dan has submitted an invoice to the Port for \$4,090, included in the current vouchers. Ed has been advised by Teri that once the first invoice has been paid, Parks will direct Dan to begin work on the second phase of the irrigation project and to send his bill to the Parks Department, which will be final contribution from Island County Parks for the irrigation project. Commissioner Tapert asked what percentage of the park is owned by the Port, and Ed said that the Port owns 25%. Commissioner Slinden said that the Port had agreed to allow the Lions to use the left-over funding from the picnic shelter project towards the irrigation project at the park. She said it would be hard to justify allocating additional funds to the project when the Port had agreed to a sum early on with the Lions. Commissioner Seitle said that \$12,000 seemed high for the installation of an irrigation system. Commissioner Tapert agreed. Commissioner Slinden noted that the irrigation system is a lot more elaborate than initially proposed, and has now become a full-park project. She said that the initial request was for irrigation for the new vegetation only, and she did not recall being approached by the Lions about a full irrigation system. Davis said that the Lions had never received a proposal to present to their Board for approval, so did not have the opportunity to negotiate the final amount. Commissioner Slinden asked Davis for a description of the project. Davis said that all of the landscaping the Lions have put in would be irrigated and the irrigation system would run through all of the berms from the restrooms around to the parking area. The Lions might also irrigate the lawn area at the park. Commissioner Slinden asked if irrigating the lawn was part of the additional cost. Davis said that the piping had to be replaced because of backflow issues so that and the lawn irrigation had contributed to the additional overall cost of the irrigation system. Commissioner Tapert said that the Port does not have any maintenance responsibilities at the park because the Lions take care of it. He thought it would be reasonable to provide an additional \$3,000 to the Lions to help with irrigation and landscaping costs. Davis said that the Lions have always agreed to replace landscaping as it deteriorates so they are not asking for money for the landscaping. They are asking for additional funding from the Port to help pay for the new irrigation system at the park. Ed said that the tidegate at the park is off site and something that the Port has no control over. There would be major tideland and permitting issues involved in making any changes to the tidegate and the Port does not want to get involved with that. The Commission agreed to modify the budget to include \$3,000 for Landscape/Irrigation at Freeland Park.

3. COMMISSIONERS' COMMENTS ON 2007 PRELIMINARY BUDGET:

Banked Excess Levy Capacity: Commissioner Tapert said that he had been researching different options for increased revenue for the Port and had come across a term called "Banking Excess Levy Capacity." Commissioner Slinden said that the Port had researched the possibility of accessing banked levy capacity and had also met with a firm to discuss possible alternative revenue sources. Commissioner Seitle said that this was something that was possible in the past prior to one of the Eyman initiatives. Commissioner Tapert said that he had spoken with Cynthia Weed with Preston Gates & Ellis who said that since the Port was formed prior to 1985, there is the opportunity that whatever was not utilized in the past up to the Port's limit could now be used without exceeding the 1% limit. Commissioner Seitle said that the Eyman initiative has been declared unconstitutional and inappropriate but the legislature passed it anyway, so it is now in the law. Commissioner Slinden said that the financial firm they had met with discounted the availability of trying to go back and gather any of the percentages from past years. Commissioner Seitle said that he would like to invite the firm back to research the banked excess levy capacity and other possible revenue sources. Commissioner Tapert said that Cynthia is an expert in forming Industrial Development Districts. Commissioner Slinden said that the Commission should decide what direction they are going before looking into these alternative revenue sources. Commissioner Seitle said that it would fall under the category of revenue enhancement for the Port to be able to earn revenue outside of the property tax levy. Commissioner Tapert said that if the Port wants an Industrial Development District, they would have to identify a receiving area and plan what can be done in that area during the Comprehensive Planning process. Commissioner Seitle said that if the Port had a project that would produce revenue they could apply for revenue bonds, which could be secured by the revenue and also backed by the taxing power of the district. Commissioner Slinden did not see a reason to go looking for specific financing until the Port has identified what projects would need that type of financing. However, she was not opposed to a meeting with Preston Gates & Ellis. Jon Martin said, "I can speak from past experience as a Snohomish County Assessor that the assessor can tell you exactly what the Port's capacity is on going back on today's laws." Commissioner Slinden said that the Port Commission had asked the Island County Assessor about that but chose to meet with a consultant because they did not feel that they received a complete answer.

2006 Carry Over: Commissioner Seitle asked Ed Field why the \$115,000 commitment that the Port made to WDFW was not in the 2007 Preliminary Budget. Ed said that he had received the invoice from WDFW and it would likely be paid in 2006. Commissioner Seitle asked if paying that invoice in would reduce the 2006 ending cash. Ed said that the projected ending cash does not include paying the invoice from WDFW or the \$115,000 grant funding that the Port will likely receive from the IAC, so it should be a wash. Commissioner Seitle asked if the estimated 2007 beginning cash is \$1.1 million. Ed said that is a good estimate. Commissioner Slinden pointed out that as of 8/31/06, the Port had approximately \$1 million in the bank. Commissioner Seitle asked if that included the Port's commitments to Langley and Bush Point. Ed said that the \$1 million ending cash as of 8/31/06 did not include any of the commitments; it is the approximate cash on hand. Commissioner Slinden pointed out that the ending cash as of 8/31/06 also did not include all of the property tax revenue that would be received by the Port in 2006. Commissioner Seitle said that he wanted the 2007 Preliminary Budget to reflect the carry over from 2006 correctly, and the 2006 commitments should be deducted from the 2007 Budget. Commissioner Slinden asked if the amount that the Port has committed to pay to WDFW had been excluded from the Preliminary Budget. Ed said that the Bush Point commitment and the IAC grant would not be included in the

2007 Budget. Commissioner Slinden asked if the WDFW commitment had been deducted and the IAC grant money had been included when Ed calculated the estimated 2006 ending cash. Ed said that \$1.1 million is his best guess at the Port's estimated ending cash in 12/31/06. Commissioner Slinden asked what the Port's beginning cash was in 2006, and Ed said that the Port's 2006 beginning cash was \$1.168 million. Commissioner Seitle said that at the actual cash at the end of 2006 should reflect the Port's commitments made in 2006 and therefore would affect the carry over into 2007, which would also affect the Port's reserves. Ed said that there is no carry over from 2006 to 2007. Commissioner Slinden said that Bush Point does not have any capital expenditures in 2006 and the commitment to WDFW would be paid in 2006 so there would not be a carry over into 2007. Commissioner Seitle said that if the beginning cash is \$1.1 million and the 2006 carry over does not reflect the \$200,000 commitment to Langley or the \$115,000 commitment to WDFW then the number is off. Ed said that the \$1.1 million reflects the payment to WDFW, the payment from IAC and the Port's property tax revenue, but it does not reflect any major payments to Langley because it is not likely that the Port will be making any major payments to Langley in 2006. Commissioner Seitle asked if the \$115,000 commitment to WDFW had been included in the 2006 Budget. Ed said that it had not been included in the 2006 Budget because it was an unanticipated expense that was incurred after the 2006 Budget had been finalized. After further discussion, the Commission instructed Ed to research the issue further and send them an email with the details.

Port of Bremerton Floats: Ed reported that a counter offer of \$290,000 had been received from the Port of Bremerton (EXHIBIT B), and that potential float costs should be reflected in the Budget. Commissioner Seitle presented a prepared a potential cost estimate to move the Port of Bremerton floats to a temporary moorage in Holmes Harbor, and then from Holmes Harbor to a permanent installation in Langley, including design, permitting and bidding (EXHIBIT C). The total cost involved was estimated at \$795,000. Commissioner Slinden pointed out that some of the costs listed on the schedule would probably not be incurred in 2007. Commissioner Tapert noted that the first portion of Commissioner Seitle's estimate (through "Engineering Services Breakwater", = \$395,000) reflected reasonable near-term float-related costs, while the remaining items were related to as-yet-undetermined marina improvements. He therefore suggested changing the 2007 budget line item for Land Acquisition & other projects from \$250,000 to \$400,000. After further discussion, the Commission agreed to change the 2007 budget line item from \$250,000 for "Land Acquisition & other projects" to \$400,000 for "Bremerton Acquisition including relocation and engineering".

Final Adoption: Commissioner Seitle asked if there would be another opportunity to make changes to the 2007 Budget before it is adopted. Ed said that the final Budget adoption would take place at the November 8, 2006 Port meeting, and if there are any changes that need to be made prior to that meeting, the Port could call a Special Meeting.

ACTION: A Motion was made by Commissioner Seitle and seconded by Commissioner Tapert to approve the 2006 Preliminary Budget as discussed and revised herein. The motion passed unanimously.

4. ADJOURNMENT: The Preliminary Budget Hearing was adjourned at 7:35 p.m.

Approved:

Minutes prepared by:

Commissioner Lynae Slinden, Clinton

Edwin S. Field, Port Manager

Commissioner Rolf Seitle, Langley

Commissioner Geoff Tapert, Freeland

Exhibit A: 2007 Preliminary Budget
Exhibit B: Letter from the Port of Bremerton re: Float Offer (\$290,000), dated 10/11/06
Exhibit C: Potential Cost Schedule Langley Harbor Improvement, Seitle, rec'd 10/11/06