

Port District of South Whidbey Island

Minutes of the Special Port Workshop

March 8, 2007

Port Office, Freeland, Washington

Present at the meeting were:

Commissioner Lynae Slinden, Clinton

Commissioner Rolf Seitle, Langley

Commissioner Geoff Tapert, Freeland

Ed Field, Port Manager

Chuck Edwards, Port Accountant

Al Hendricks, Port Attorney

Frank J. Chmelik Esq, Chmelik Sitkin
& Davis PS

Phil Pearl, Property Acq. Consultant

Jim Patton, Exec. Dir. Port of Coupe.

CALL TO ORDER

The Special Workshop of the Port District of South Whidbey Island's Board of Commissioners was convened on March 8, 2007, at the Port office conference room at 5492 S. Harbor Avenue in Freeland, WA. Commissioner Tapert called the meeting to order at 11:30 am (delayed from the scheduled start time of 11:00 due to presenter Frank Chmelik's late arrival). The purpose of the Workshop was for Port Commissioners and staff to review and learn about the process and requirements for implementation of an Industrial Development District for the Port District, utilizing the knowledge and expertise gained by Mr. Chmelik during his service as Port Attorney for the Ports of Bellingham and Anacortes.

WORKSHOP

Frank Chmelik opened the discussion by reviewing some background information and general operational experience from the Port of Bellingham. There was some brief discussion about the current downtown revitalization effort being jointly undertaken by the City and Port during the course of their redevelopment of the old Georgia Pacific properties. There was also some introductory discussion regarding a port's airfield operations, wherein Frank said that his experience confirmed that the operation of an airfield by a public agency, such as a port, results in substantially increased requirements for security and operational control. He also noted that the Port of Bellingham's aviation operations generally show an operating loss, since the substantial facility and operational expenses typically outweigh the limited revenue from fuel sales and hangar rental. He added that the supplemental funding available from the Federal Aviation Administration (FAA) is heavily encumbered and brings with it serious long-term commitments to maintain an operational airport facility.

Frank then commenced his presentation on the history and details of Industrial Development Districts, referencing the legal criteria as established in RCW Chapter 53 and following closely to his Powerpoint presentation (**EXHIBIT A**). Frank noted that the Ports of Ilwaco and Longview had recently undertaken IDD's. He commented that Longview's experience might prove especially informative, as they experienced some significant negative public reaction which may have been related to inadequate preparation and public dissemination of a project plan, and he encouraged discussion with Longview about their recent IDD history. Among other specific points, Frank said that an entire Port District can be defined as an IDD, although it is generally more effective to identify specific areas for IDD improvement. He added that an IDD allows for acquisition, development and sale of Port properties which might otherwise not be permissible, but he noted that there are still specific regulations covering properties acquired with IDD funds.

After completion of the formal presentation around 1:00 pm, informal discussions with Frank, the Commissioners and the other attendees continued over lunch. This included some discussion of inner and outer harbor lines as established by the Dept. of Natural Resources, and how they relate to City limits, marine development and maritime commerce.

ADJOURNMENT- The Workshop was adjourned at approximately 1:30 p.m.

Approved:

Minutes prepared by:

Commissioner Geoff Tapert, Freeland

Edwin S. Field, Port Manager

Commissioner Rolf Seitle, Langley

Commissioner Lynae Slinden, Clinton

Exhibit A: "Industrial Development Districts" presentation, by Frank Chmelik and Ryan Neale, Chmelik Sitkin & Davis PS, dated 3/8/07