

PORT DISTRICT OF SOUTH WHIDBEY ISLAND

Minutes of the Special Workshop Meeting

March 4, 2010

Freeland, Washington

Present at the meeting were:

Commissioner Geoff Tapert, Freeland
Commissioner Chris Jerome, Langley
Commissioner Curt Gordon, Clinton
Ed Field, Port Manager
Dane Anderson Port Financial Manager

Sherry Jennings, Langley Chamber of Commerce

Absent: None

1. MEETING CALL TO ORDER:

The Special Workshop Meeting of the Port District of South Whidbey Island's Board of Commissioners was convened on March 4, 2010, at the Port office located at 5492 S. Harbor Ave. in Freeland, WA. As announced, the purpose of the Special Workshop Meeting was for Commissioners to review possible economic development initiatives and their prioritization based on Comprehensive Scheme criteria, Commissioner areas of focus and concern, and resource management. Commissioner Tapert, President, called the meeting to order at 2:00 p.m., followed by the Pledge of Allegiance.

2. COMMISSION DISCUSSION OF POSSIBLE ECONOMIC DEVELOPMENT INITIATIVES:

NOTE: All topics addressed in the Commission's Workshop Meeting were included on the Agenda issued prior to the Meeting, but the Commission elected to re-order the Workshop discussion as follows:

Innovation Partnership Zones: Commissioner Tapert started the discussion with a presentation on sustainability and Innovation Partnership Zones (IPZs) which is included as (EXHIBIT A), and he also distributed copies of his previous Draft Proposal for an Innovation Partnership Zone (EXHIBIT B). Commissioner Jerome noted that recent updates from Washington Public Ports Association have indicated that IPZ funding in this tough economic year is unclear. He continued that since the Port is relatively small with limited funding, partnering is good, and he would like to see progress toward such economic development opportunities after the Harbor expansion project. With respect to a possible timeline, Commissioner Tapert said he would like to see something going for payout in about five years. He emphasized that, as a government agency, the Port should use its powers to identify partners for joint pursuit of funding. Commissioner Jerome indicated that he would like to first identify one or two strong industrial partners. In response to Commissioner Gordon's question about the advantages of an IPZ, Commissioner Tapert said that the Port could develop funding from a Local Improvement District (LID) for a properly zoned project site, and that other funding may also be applicable. He noted examples in Bothell and Grays Harbor, and said that "you don't need actual facilities to be in place, but you do need plans for them."

Dane noted the three criteria identified in the enabling legislation SHB 1091 from 2007: 1) Research capacity as in the form of a university, community college or national laboratory engaged in commercially-valuable research, 2) Dense proximity of globally competitive firms in a related research-based industry, and 3) Training capacity in or near the Zone. There was some discussion as to how Grays Harbor apparently used a limited amount of qualifying criteria and still reached the IPZ designation. There was also discussion about whether a Sustainability IPZ would be more eligible for “green” development grants, and how an LID might be implemented for IPZ development.

Commissioner Gordon asked how applicable partners would be identified, and Commissioner Tapert indicated that one approach would be to first obtain options on appealing parcels and then attract potential corporate partners, while another approach would be to find possible partners first and then develop and sell off completed projects (similar to a Planned Residential Development). Dane questioned whether there are Port powers in place which would enable the Port to engage in such development and resale (exclusive of surplus situations), and also noted that with the limited 4-year term of the IPZ, there are *substantial* reporting requirements. Commissioner Tapert responded that establishment of an IPZ would not seem mandatory, but he would strongly favor economic development which is directly related to sustainability. Commissioner Gordon noted that it would seem essential to identify *both firms and property locations* simultaneously – at least one pair! He emphasized that there is property available, and the main focus needs to be on an appropriate corporate partner. Commissioner Tapert said that he would not expect any companies to partner with the Port without suitable property in hand, so should property or partner parameters be the initial area of discussion? Commissioner Gordon responded that he was not ready to commit any funds until the overall financial status is better established, and inquired as to whether the IPZ designation was essential or just helpful in developing jobs. Commissioner Tapert said that the IPZ designation was not critical, but the overall effort to develop an industrial job base was. Commissioner Jerome agreed that the IPZ would seem to be a helpful framework, but emphasized that he concurred with the need to first identify an industrial partner. Commissioner Tapert noted the need for real incubator space: buildings to allow existing companies to grow. Commissioner Gordon concurred with the primary importance of identifying industrial partner(s) first, but agreed with proceeding toward a Resolution to address enhanced economic development efforts which might include an IPZ. He asked if there was Commission interest in that, and Commissioner Tapert volunteered to draft one.

Comprehensive Scheme Priorities: With respect to Comp Scheme provisions regarding such economic development approaches, there was discussion that the Comp Scheme should be reviewed for consideration of a limited mid-term rework. Commissioner Gordon said that he would favor an in-house review and rework, in anticipation of also conducting the next full Comp Scheme development in-house.

In response to questions about the status of possible property transfers between the Port and Washington State Parks, Dane briefed the Commission on his recent discussions with Bill Koss, Parks Manager of Planning & Research. The Commission had asked Dane to inquire as to whether Parks would be willing to consider “trading” the Bush Pt boat ramp (which could be incorporated into the nearby South Whidbey State Park) for the Possession Point State Park (near the Port’s Possession Beach facility, and subject of a concessionaire proposal from Whidbey Island Sea Kayaking). Dane said that he had discussed that possible trade and other possible property transfers which could improve efficiencies for both agencies, and that Mr. Koss was going to check with his senior management and facility personnel about initial feasibility and suitability of the possibilities.

Commission Areas of Focus and Concern: With respect to “big picture” priorities, Commissioner Gordon said he favored economic development in connection with marine access, but was not interested in helping other agencies build parks. Commissioner Jerome indicated that his first priority was definitely the South Whidbey Harbor expansion project, followed by other economic development

efforts. There was some general discussion about the three facilities in which the Port has a 25% ownership with Island County: Dave Mackie (Maxwelton) Park, Freeland Park, and Mutiny Bay Boat Launch (which also includes about 14 adjoining and undeveloped lots). Ed reviewed the overall history of the Port's involvement in acquisition and development, which generally consisted of the Port's assistance in funding major construction, in exchange for a 25 % ownership share *and* the County's commitment to ongoing facility maintenance at each site. There was some continuing discussion about the various difficulties involved in charging fees for boat ramp use.

Commissioner Tapert indicated that he would like to maintain the possibility of developing and selling off residential lots on the upper hilltop area at Possession. Commissioner Gordon responded that he would prefer to successfully accomplish less controversial projects and economic development efforts as a precursor to achieving voter approval of a much needed levy lift. The Commission discussed perception issues which will be critical to address in an effort to get voter approval of a levy lift, and also discussed whether additional workshops would be needed to facilitate Commission discussion of those issues.

Business Park and Incubator Space Possibilities: With respect to the proposed acquisition of the Asli Arts Building, Commissioner Gordon indicated that he may have knowledge of a prospective tenant who might rent the entire building, and if it could be fully rented, would the payments be sufficient to cover the purchase cost? Commissioner Tapert said he favored investing in such a project, but expressed concern that the Port could end up "in the red" if a single major tenant bailed out. For approximation purposes, an estimated \$100/month in rental income was suggested as guideline amount to cover \$10,000 in financed purchase. Commissioner Tapert suggested a partial ownership approach, but Commissioner Gordon responded that he would oppose partial ownership and would favor "all or nothing." The Commission continued with discussion of theoretical vs. realistic bonding limits: maximum payment amounts, reasonable balance between bonded projects and other Port efforts, flexibility for future projects and unexpected situations, what could the Port afford and still do the rest of its business, etc. Pending final evaluation of maximum bonding capacity and project & operational needs, the Commission expressed general concurrence with the concept of investing in building space. However, Ed recommended strongly against locating the Port office at the Asli Arts Building if the Commission elects to proceed with that specific purchase (due to the very poor road access), and Commissioner Gordon concurred.

With respect to next steps, Commissioner Gordon recommended appraisal to determine actual value, and Dane suggested that a business plan should also be an early priority. There was discussion as to whether a purchase agreement should be negotiated before appraisal. The Commission directed Ed to research the appraisal requirements for such a possible purchase.

Transportation Initiatives: Commissioner Jerome said that he had two goals for his current community coordination efforts regarding transportation initiatives: 1) Start a dialogue with Island Transit (IT, specifically Director Martha Rose), and 2) Convince the rest of South Whidbey that the Harbor contributes significantly to the overall south-end economy. He reviewed the general results of his initial coordination meeting with IT, the City of Langley and the local Chambers of Commerce. Although IT has offered a surplus bus which could be used for an in-town or similar circulator route, Commissioner Jerome noted that Port Attorney Al Hendricks has recently advised that the Port cannot be a transit operator, although it can develop transit facilities. Commissioner Jerome said that he would be discussing that issue with the group at their next meeting on March 15. Commissioner Gordon recommended that IT again be strongly encouraged to expand services for weekend and evening Harbor-area circulation needs. The Commission continued to discuss other alternatives, such as golf carts, electric cars, etc. Commissioner Jerome noted that this was not a problem for just the Port, but for the entire community, and that the Port needs to stay involved even if we can't be an operator.

Commissioner Gordon concurred with the need for Commissioner Jerome to continue Port encouragement and effort, but cautioned against any firm commitment without full Commission understanding and approval. Commissioner Jerome added that Martha Rose had told him that IT's priorities, after completion of their upcoming maintenance base project, would be "Langley loop" circulation service and night & weekend service.

Ferry Parking: Commissioner Gordon said that he had participated in a 3-hour meeting with Mukilteo City officials to address commuter parking issues, and was advised that Mukilteo will soon be taking the vast majority of overnight parking areas for their Lighthouse Park expansion project. Commissioner Gordon noted that a lack of parking in Mukilteo would severely impact both Island-based commuters as well as prospective visitors to the Island. He said that while a parking facility as previously proposed at the old tank farm could serve both commuters and visitors, there are substantial tribal complications. On the Whidbey side of the ferry, Commissioner Gordon said he was looking into some system of utilizing the Park & Ride Lot for temporary holding when there are big lines, which could enable folks to leave their cars and visit Clinton businesses rather than just waiting bored in their cars. The Commissioners discussed similar situations and solutions for big lines, and also discussed general issues associated with passenger ferry implementation.

Prioritization and the Next Steps: Ed noted that he would check on appraisal requirements for property purchase. The Commissioners all said that they would consider and check on possible tenants. Commissioner Tapert said that he would prepare a first draft of a Resolution to reflect the Commission's expanding efforts toward economic development, which *could* include an IPZ program. The Commission also discussed a possible revisiting of the Comprehensive Scheme this summer, as a mid-point review and initial step toward the next Scheme.

3. ADJOURNMENT:

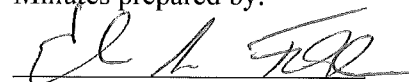
The meeting was adjourned at 4:55 p.m.

Approved:



Commissioner Geoff Tapert, Freeland

Minutes prepared by:



Edwin S. Field, Port Manager

Commissioner Chris Jerome, Langley



Commissioner Curt Gordon, Clinton

Exhibit A: Tapert presentation on sustainability and Innovation Partnership Zones
Exhibit B: Draft Proposal for an Innovative Partnership Zone