

PORT DISTRICT OF SOUTH WHIDBEY ISLAND

Minutes of the Regular Meeting

August 10, 2010

Langley, Washington

Commissioners Present: Geoff Tapert (Freeland), Chris Jerome (Langley) and Curt Gordon (Clinton)

Others Present:

Port Staff: Ed Field (Port Manager), Dane Anderson (Port Financial Manager), and Molly MacLeod-Roberts (Port Clerk); **Clinton Residents:** Marcia Monma, Clyde Monma and Richard Engstrom

MEETING CALL TO ORDER: The Regular Meeting of the Port District of South Whidbey Island's Board of Commissioners was convened on Tuesday, August 10, 2010, at the South Whidbey Parks & Recreation District Meeting Room at 5475 Maxwellton Rd., Langley, WA. Commissioner Geoff Tapert, President, called the Regular Meeting to order at 7:30 p.m., followed by the Pledge of Allegiance.

BUSINESS MEETING:

1. Consent Agenda:

A. Minutes: Minutes from the Regular Meetings of March 9 and April 13 and the Special Meetings of March 15, April 13 and April 27, 2010.

B. Vouchers: Vouchers audited and certified by the Auditing Officer as required by RCW 42.24.080, and those expense reimbursement claims certified as required by RCW 42.24.090, have been recorded on a listing which has been made available to the Board, and have been presented to the Board for review. The vouchers so listed and presented are summarized on the attached Voucher Listing (**EXHIBIT A**).

ACTION: A Motion was made by Commissioner Gordon and seconded by Commissioner Jerome to approve the Consent Agenda as submitted, including the acceptance and authorization of Voucher #4425 (as signed on July 16, 2010) in the amount of \$1,300, and Vouchers #4426 - #4461 for a total amount of \$58,458.47. The Motion passed unanimously.

PUBLIC COMMENT – Including Items not on Agenda: There was no public comment except as noted below.

ACCOUNTANT REPORT:

1. Financial Statement: The Commissioners acknowledged receipt of the June 2010 Financial Statement, which had been mailed to them previously (**EXHIBIT B**).

PROJECT ACTION ISSUES:

1. Possession Beach Waterfront Park:

A. Commission Direction on Possession Properties:

1. Property Boundary & Survey Issues:

- Lot Combination and Unregulated Segregation (Unreg. Seg.) Process: Financial Manager Dane Anderson said that the least expensive way to break off the uplands portion of Possession was to first do a combination of 3 of the lots into one lot that is approximately 35 acres, and then separate it into 2 parcels via the Unreg. Seg. process. Port Manager Ed Field explained the two separate steps. Step 1 is to take all 3 interior parcels (excluding the buffer parcel) and combine it into one, and Step 2 is to split that one large lot down the middle to simplify the separation. Gordon said he was not in favor of going through the extra step of combining the lower lot – as far as he was concerned, there was no purpose to it. Field agreed there was no purpose to it functionally, but explained that Staff was told by Island County and surveyors, “Because the existing lower lot is less than 10 acres...and Gordon interrupted, “It’s not; it’s almost 14 acres. Basically, if includes the road, which you can do as part of the segregation, it’s large enough to do it without combining the rest.” He explained that he had spoken with Shane Thatcher of Thatcher Morrison (TMI) about the matter earlier in the day. Gordon said, “We don’t have to combine the other lots. I’d like to simplify and do the seg.” He described the area to be segregated as everything west of Possession Road, split at the shortest distance between Possession Road and the south boundary. Regarding the two proposals submitted by Thatcher & Morrison, Inc. (TMI) and Fakkema & Kingma (F&K) **(EXHIBITS C & D)**, he went on to say, “TMI came in a lot lower than F&K F&K is a good outfit and it’s worth discussion, but I’d like to do the segregation and survey the upper lot so there are clear stakes and it’s clear to any potential buyer where the corners are.”

Tapert said the Port has several options, including a boundary line adjustment, a short plat, a re-plat, or a large lot segregation. The Port could also simply provide easements across the lot as it exists now, and record that to retain the right to things like the well and access rights to the well and the lower lot, etc. He thought the large lot segregation made the most sense. Jerome agreed that they should keep it as simple as possible.

ACTION: A Motion was made by Jerome and seconded by Gordon to proceed with the segmentation of the upper portion of the Port’s property at Possession via a large lot unregulated segregation, with the split along the west side of Possession Road.

Clyde Monma asked if he correctly understood that they would make the uplands one piece that included everything above Possession Rd. and Tapert said, “Yes.”

Marcia Monma said she had a question about access to the Dorothy Cleveland Trail since it is in both the uplands and lower parcels. Gordon responded, “You have to understand that if we are segregating this property to sell it, there isn’t going to be a Dorothy Cleveland Trail unless some public body or some steward comes forward to keep it that way.” Tapert suggested that the Port could possibly provide an easement for the Trail, but “we haven’t gone there yet – we’re just talking about the way we want to proceed with the separation of the uplands.”

The Motion passed unanimously.

- Surveyors’ Proposals for Lot Combination & Unreg. Seg. Process: Gordon said he would prefer to go with TMI’s proposal, and explained it’s the easiest and least expensive since they have a history with the property at Possession and are therefore more familiar with it than F&K. If the Port goes forward with the survey, he thinks TMI could do an adequate job of finding the corners. Jerome agreed.

ACTION: A Motion was made by Gordon and seconded by Tapert to hire Thatcher & Morrison, Inc. to segregate the parcels at Possession. The Motion passed unanimously.

Tapert asked if they should get into the scope of work for TMI now. Gordon suggested that Staff call TMI and ask them to get the segregation started and provide a quote to survey the corners on the upper lot. Tapert said he would add another wrinkle, "I would want to make sure we have an easement across that upper section of the Dorothy Cleveland Trail to preserve public access to it." Gordon said he was not sure he wanted to put conditions on the property at this point. Tapert suggested that as part of their scope, TMI could show the existing trail with regards to the boundary lines of the segregated parcel. He thought it would be a disgrace if they sold off the property and the new owner did not allow public access to the Trail. Jerome said, "But if we sold it to a private party who didn't want to allow public access – there would no longer be public access." Tapert said, "But if there's an easement in place, they would have no say and would have to allow public access." Jerome agreed with Gordon's earlier comment about not putting conditions on the property and added, "There aren't encumbrances on the property at this time – I don't think we should make one."

Tapert said they could table discussion of the Trail for now but he thought it was an issue that would come up. He said by selling the property without an easement, they would be cutting off public access to the upper portion of the Trail. Gordon said, "By selling that property, that was my intent." Jerome said, "Right." Gordon went on to say the Port would no longer own it, and if the Parks Department or some other body wanted to own it and maintain it, that was fine. He stated, "It is not the mandate of the Port of South Whidbey to maintain upland parks." Tapert didn't think selling the property necessarily needed to preclude the continued use of the Trail. Gordon said that could have a great impact on the value, and Tapert acknowledged that it could. Gordon said they could discuss it again later, but reiterated that he was not in favor of putting any conditions on the property.

Staff was directed to instruct TMI to proceed with the segregation per their proposal and request that TMI provide a proposal for surveying the corners.

- Consideration of Surplus Declaration for Uplands, and Subsequent Actions: **Clyde Monma** asked if there would be a public meeting (other than this one) regarding the surplussing of the property. Tapert pointed out that nothing would be done tonight, as the parcel to be surplussed doesn't actually exist yet. Gordon asked Anderson to explain the process of declaring a property surplus. Anderson said the Port was required to give public notice regarding the discussion of property surplus at a public meeting by councilmatic vote, as long as it is not in violation of the Port's Comprehensive Scheme. Monma asked, "What does it mean to be surplus?" Anderson explained it means that the Port has deemed it not supportive of the Comprehensive Scheme, and once a property has been surplussed it can then be sold.

Tapert asked for Commission thoughts on obtaining an appraisal for the property, and Gordon thought that was a good idea and it's not too early to do it now. Jerome agreed. Staff was directed to find an appraiser for just the (future) upper lot. Jerome noted that AT&T would be going forward with the pre-application process in two days, and if they get the nod from Island County, they will be coming back to the Port asking for decisions. He said, "If we are seriously considering selling this property, we need to move forward on that track so we have an idea of whether it is worth doing and we can respond to AT&T." He said it's important to move ahead, so he suggested that they propose to address the declaration of surplus at the next regular meeting. Tapert pointed out that it may not actually be a piece of property by the next meeting if the segregation has not been completed, but they could perhaps word the discussion as, "It is our intent to surplus this proposed segregation..." Jerome explained, "I am proposing that we agree to discuss surplussing at the next meeting and might make a decision at that meeting. If the segregation isn't done yet, we can always table it."

ACTION: A Motion was made by Jerome and seconded by Tapert to state for the record that the Port Commission intends to decide on surplussing the Possession upland property at the next regular meeting of the Port District on September 14, 2010. The Motion passed unanimously.

The Commission directed Staff to inform AT&T of the action taken at this meeting.

2. Proposed Cell Tower:

- AT & T Lease Proposal – Commission direction on Lease criteria: Anderson asked, “If the intent is to sell the property, does the Port want to sell the property with a lease on it or without a lease on it?” Gordon said they needed to table any action on a lease until they figure out if they are going to sell the property. Tapert agreed, and noted that the Port doesn’t even know what the property is worth. If they have an appraisal, a proposed lease amount could then be equated to a present value. Field added that the appraisal should reflect best and highest use.
- AT&T Pre-Application - Scheduled for August 12 at Island County: Noted.

3. Alternate Possibilities or Proposals: None received.

2. South Whidbey Harbor:

A. Expansion Project:

1. Design & Permit Prep:

- City of Langley Response Received 6/21/10: Response underway. Field explained that he meet with Harbormaster Rick Brewer in the morning to prepare a parking management program for Dockstock, which will essentially be a trial run for dealing with parking at the expanded Harbor. Reid Middleton is working on the sewer & water calculations and should have them ready next week. Field said they hoped to run the Port’s response by the City staff in draft form within the next week or two.
- Boat Ramp Boarding Float Design & Permit: Extension not possible, Re-permitting underway.
- Design & Engineering thru Bid Documents – Reid Middleton and HWA proposals: Field has confirmed with Shannon Kinsella at Reid Middleton that the \$33,000 HWA proposal for geotechnical services is actually included in Reid Middleton’s \$285,000 proposal (**EXHIBIT E**). Field noted that Reid Middleton has not exceeded any of their numbers to date. Tapert said he would like to see additional details on Reid Middleton’s billing statements showing who worked on what and when, etc. Gordon suggested they could approve the proposal conditional upon Reid Middleton providing a more detailed breakdown.

ACTION: A Motion was made by Tapert and seconded by Gordon to approve Reid Middleton’s July 30, 2010 Agreement for Professional Services as submitted for a maximum amount not to exceed \$285,000, conditional upon providing itemized billings as discussed.

The Commission briefly discussed the details and sequence of the design/build portion of the project, involving Reid Middleton providing performance specs for the floats rather than designing them. The specs would then go out to bid with float manufacturers.

The Motion passed unanimously.

2. Property Issues:

- Coordination with Adjacent Properties and Tribes: Gordon reported that a meeting with John Collins (CEO, Nichols Brothers/Ice Floe) has been tentatively scheduled for the week of

August 23-27 to discuss the possibility of combining with them on Phase 2, the need for the Port to use anchoring in their DNR-leased property, etc. Gordon said they are very open to this, and Staff from both the Port and Ice Floe will be at the meeting. Anderson explained that Ice Floe is currently in negotiations with DNR to expand their lease, and if they expand 500-800 ft. out, DNR has informed us that we will need approval in the form of an easement for our anchoring. It's therefore important that we reach an agreement with them.

3. Funding Issues:

- Boating Infrastructure Grant (BIG) Application – Status Update: Anderson said the application was submitted and he doesn't expect to hear anything back until March 2011 when they are scheduled to make the decisions. He said that Washington State's Recreation & Conservation Office (RCO) is happy with the Port's application and excited about supporting it. Tapert asked about the budget cycle for BIG's funding, and Anderson said his expectation is that the funding is from the current appropriations bill.
- Port Security Grant – Status Update: Anderson reported that David Moseley of Washington State Ferries (WSF) had provided his signature for the South Whidbey Marine Resiliency Consortium, and the Commission congratulated Anderson for getting WSF on board in the Consortium. The only remaining signature needed now is that of the Port of Everett. Gordon and Tapert said they each knew individuals at the Port of Everett and would contact them. Anderson said he would forward the information to them.

B. Harbor Operations:

1. Phil Simon Park Sign: Approved as noted at July 27 Special Meeting. Field reported the sign is up, and the Simon Family is eager to schedule the rededication ceremony on a Friday afternoon. Anderson asked the Commissioners if any of them would attend to cut the ribbon, etc. Tapert thought City of Langley Mayor Paul Samuelson should cut the ribbon and the Commission agreed. Anderson said he would contact Phil Simon and schedule the ceremony.
2. Dockstock 2010: Port to issue Permit in accordance with Langley Municipal Code. Field explained it was a result of the recent passage of the Noise Ordinance, which requires a sponsoring agency to issue a permit for an event. Anderson further explained that the permit would serve to exempt the Port from the Noise Ordinance.
3. Island County Fire District #3 (ICFD#3) Cooperation: Equipment transfer and joint training (Ref. 8/6 letter). Field reported on a very productive meeting with Chief Rusty Palmer and Assistant Chief Paul Busch. ICFD#3 is "perfectly happy to take over the foam cart and presumably get it reconditioned and operational" (if feasible) and the Port will get some surplus hoses to put in the fire cabinet at the Harbor as reasonable consideration.

3. Staff & Operations:

A. Management Structure Re-organization: Field referred the Commission to the Proposed Port Organizational Chart and Job Summaries (**EXHIBIT F**) previously submitted for their review. He explained that the revised organization that created a "power sharing structure" with the Finance Manager position changing from consultant to full-time employee, and with Field continuing as Operations Manager (3/4-time employee). He explained that the structure would still provide a good check and balance system with signing off on invoices, and also improved efficiencies as the Finance Manager could become the Auditing Officer. Anderson explained that in discussions with Port Accountant Chuck Edwards, they agreed that going forward, Anderson could set up the Port books as a standalone on a single system. Then, instead of sending files over to Edwards & Associates to be converted into their system and approved and published by Edwards & Associates, we can do all of that in-house with Edwards reviewing and approving the

financial statements. Anderson added that the new system is networked so it is also much more convenient in addition to providing efficiencies and reducing the amount spent for the Port Accountant.

Gordon asked if any action on the proposed Port Organizational Chart was required now, and Tapert said they didn't need a formal motion but he thought they should provide Staff guidance as to whether they were on the right track. Anderson explained, "One of the reasons we're doing this now is because it has implications on next year's budget, and as we get into the budget process we will need to build the budget around the Organizational Chart." Tapert added that until the Port has gone through the budget process, they would not be able to accurately or effectively address the issue of benefits, etc. that have a fairly strong financial impact. He appreciated the work done by Staff on the proposal. He felt they had made good progress and were getting close, and thought they were "at about 80% in January, now we've added another 15%."

Gordon asked if the September meeting would be too late to finalize comments about job descriptions, to hammer together for the October meeting when "we're really in the meat of the budget." Field explained that typically by the October preliminary budget hearing, the budget is in a semi-final form that "...is ready for adjustment rather than ready for restructure." Anderson noted that the final budget must be approved at the November meeting for submittal to Island County by November 30th. Port Clerk Molly MacLeod-Roberts pointed out the preliminary budget must be approved at the October meeting, as required in the Revised Code of Washington. Gordon asked for Staff to send the RCW in question. (Subsequently confirmed as RCW 53.35.020.)

Regarding the budget, Gordon said, "When we started all this, it was my understanding that if we brought the Finance Manager in-house with the Port Clerk in-house we'd be able to offset some of the charges from the Port Accountant." He's hoping when it's all done "we won't see any net cost."

Jerome thought they should provide Staff with feedback on the information provided. He said, "I think it's really good and it's great that you produced this in such a short period of time." The Commission stated they agreed with the new structure as presented in the Port Organizational Chart.

Jerome said the job descriptions were good, but some minor tweaks were needed. There was a little too much similarity in the job descriptions of the Finance Manager and Operations Manager. In some cases the lead role and support role were identified, but not in every case. He would like Staff to make the lead and support roles very clear throughout the job descriptions.

In response to Jerome's question regarding the timing of going forward with this new organizational structure, Field explained that formal adoption would not take place until after the budget process, with the Finance Manager officially becoming an employee effective December 1, 2010.

Jerome asked Staff to separate out the compensation from the job description for each position. He then asked Gordon and Tapert if the Commission was in agreement that Anderson would become a full-time employee. Tapert said his understanding is that they would be creating a new position, and when taking someone who is currently on contract and making them an employee, the Port would have to go through the hiring process, including advertising the position, just as they did when hiring MacLeod-Roberts as Port Clerk. Jerome agreed and asked, "Is it our intent to create a full-time salaried position for this job description of Finance Manager?" Gordon and Tapert agreed with Jerome it was the Commission's intent to create the position as described.

Regarding the draft Annual Performance Evaluation (**EXHIBIT G**) previously submitted to the Commissioners, Jerome said it looked fine to him and asked when they wanted to start doing them. Gordon said he hadn't looked at it enough and would like to look at some other performance evaluations as well. He

wants to make sure it's a solid evaluation process that doesn't involve annual changes so that comparison from year to year is easy. Jerome suggested that it would be good to start 2011 by setting goals and objectives at the end of December/middle of January for review of those goals and objectives at the end of 2011. The Commission agreed.

B. Maintenance & Operational Wrap-up: Underway.

C. Facility Usage Log (EXHIBIT H): Now implemented at Possession, Bush Pt. and Clinton Beach. Field explained that Staff was now jotting down the facility use as they passed by, etc. in order to provide a "snapshot" of the use (time, weather, day of week, activities, etc.). Jerome said the Facility Usage Log is great. Gordon passed along a complaint he had received about the conditions at Possession Beach Waterfront Park. Field said the individual had also contacted the Port office, and Possession Manager Wayne Nance was informed. Regarding Possession, Anderson reported that the Boating Facilities Program (funded through gas taxes for transient boaters) is a target grant program for getting that boat ramp fixed. Last year, the Program's funding was taken over by the State in the budget process, leaving no funds available for the Boating Facilities Program. The Washington Public Ports Association (WPPA) is trying to prevent that from happening again this year. They have put together a proposal showing the kinds of projects the money goes toward, the kind of economic development it generates, etc. In speaking with the Executive Director of WPPA, Anderson was told, "What we really need is for people who need to use that program to be talking with their legislators." Anderson told him he would try to get one of the Port's Commissioners to meet with Representative Norma Smith at Possession on a Saturday and show them the poor condition of the ramp and the demonstrated need for funding to repair it. Gordon said he would contact Representative Smith.

4. New Project Opportunities:

A. Sustainable Economic Development and Innovative Partnership Zone (IPZ) Issues: (Tapert)

1. Potential Langley area "Green" Business Park: Tapert said he would meet with Puget Sound Energy tomorrow at 10:00 a.m. at the Langley Waste Treatment Plant to discuss options for a potential "waste to energy" facility. He also planned to meet with the President of Skagit Valley Community College around August 25 regarding the College's program on "Green Building Technology." Although he didn't have the information with him this evening, Tapert said he would forward to Staff the literature from a non-profit group he learned about that gets 2/3 of its funding from the State and Federal governments to help manufacturing in certain communities. Tapert said the group is a huge asset and their mission is completely in line with the Port's Comprehensive Scheme.

B. Ferry/Commuter Issues: (Gordon) Gordon said he has not heard anything back from David Moseley of Washington State Ferries regarding his plan. Field said Moseley had just hired a new facilities terminal operations director. Gordon thanked him for the information and said he would contact that individual.

C. Langley Middle School (LMS) Tech Center: (Gordon) Gordon said Anderson has been working with him on this item, and they have learned that there could be a conflict "because it could be there's already a business on South Whidbey providing just this sort of service."

D. United States Department of Agriculture (USDA) Rural Business Enterprise Grant (RBEG): (Gordon)

1. Commercial Kitchen, including possible partnership with Island County Fair: Gordon said this is still quite interesting and possible. Anderson has been talking with the Fairgrounds, and he explained that the commercial kitchen idea is one that came up during last year's election. The idea is that the Island is in need of a commercial food preparation facility where "mom & pop small operators, etc." can legally develop their products in a certified kitchen, or larger operators could use it as a test kitchen for products. The Fairgrounds has a certified kitchen and a full set of plans to refurbish it, but they just don't have the money to do it (estimated cost \$60,000-\$70,000). If the Port provides the funding, the Fairgrounds has agreed to

manage and operate it and they are willing to put the Port's name on it, if desired. Anderson said that's one potential option for the USDA funds that the Port could go after. Tapert said, "I like it. It's in our Comp Plan and we've talked about it for years." Gordon thought the commercial kitchen at the Fairgrounds was a better option than the Tech Center at the middle school. The Commission agreed they liked the idea.

2. Revolving Loan Program: Gordon noted that the RBEG required a match, and the Port cannot give away or loan money. Anderson said they had asked Port Attorney Al Hendricks specifically whether or not the Port could be involved in the Revolving Loan Program using these funds with a match that was not from Port funds. The idea would be that the Port would use the USDA funds in the revolving loan program and match those funds with money from the Rural County Economic Development Funds. Tapert said, "But we can't use general funds, correct?" and Anderson said that was correct. Jerome summarized, "So we can administer it, but we can't fund it basically." The Commission agreed they liked this idea as well.

Anderson explained that if the Port is going to keep the application under \$100,000, it's kind of an either/or between the commercial kitchen and loan program. Tapert asked if the Port couldn't do both since the kitchen is only \$60-\$70,000, the remaining \$30-\$40,000 could be loaned to help those small businesses that use the kitchen. Anderson agreed that was possible.

ACTION: A Motion was made by Jerome and seconded by Tapert to direct Staff to pursue the commercial kitchen proposal in combination with the USDA RBEG program. The Motion passed unanimously.

3. Other?: N/A

ACTIVITIES/INVOLVEMENT REPORTS:

1. **Economic Development Council (EDC):** (Jerome) Jerome had nothing to report. .

2. **Council of Governments (COG):** (Gordon) Gordon reported the recent meeting was all about low income and affordable housing.

3. **Skagit-Island Regional Transportation Planning Organization (RTPO):** (Gordon) Gordon said the main discussion concerned the concurrency laws and the performance of the County's consultant regarding them.

4. **Marine Resources Committee (MRC):** (Tapert) Tapert did not attend. Minutes are available on their website at <http://www.islandcountymrc.org>.

5. **Washington Public Ports Association (WPPA):** (Jerome) Nothing to report. Their website is <http://www.washingtonports.org>.

6. **Holmes Harbor Shellfish Protection District (HHSPD):** (Tapert) Nothing to report.

OLD BUSINESS:

1. **Recreation & Conservation Office (RCO) Assistance:** Field has "volunteered" to assist with Project Evaluations on August 17th, starting at 9:00 a.m. in Olympia!

NEW BUSINESS:

1. 100th Convention of the American Association of Port Authorities: Field explained that the Port of Seattle had emailed a request (**EXHIBIT I**) for the Port to participate as a co-sponsor and contribute \$1,000 for the event to be held in Seattle September 11-15, 2011. The Commission declined to participate.

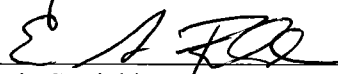
ADJOURNMENT: The meeting was adjourned at 9:26 p.m.

Approved:

 (10/12/10)


Commissioner Geoff Tapert, Freeland

Minutes prepared by:



Edwin S. Field, Port Manager


Commissioner Chris Jerome, Langley


Commissioner Curt Gordon, Clinton

- Exhibit A: Voucher Listing
- Exhibit B: June Financial Statement
- Exhibit C: Thatcher & Morrison, Inc. Proposal dated 8/4/10
- Exhibit D: Fakkema & Kingma Proposal dated 8/5/10
- Exhibit E: Reid Middleton Agreement for Professional Services dated 7/30/10
- Exhibit F: Port Organizational Chart and Job Descriptions
- Exhibit G: Draft Annual Employee Performance Evaluation
- Exhibit H: Facility Usage Log
- Exhibit I: 8/4/10 Email regarding AAPA request for \$1,000 contribution