

PORT DISTRICT OF SOUTH WHIDBEY ISLAND

Minutes of the Regular Meeting
September 9, 2009
Freeland, Washington

Present at the meeting were:

Commissioner Rolf Seitle, Langley	Jeff VanDerford, South Whidbey Record
Commissioner Geoff Tapert, Freeland	Ed Jenkins, Clinton Resident
Ed Field, Port Manager	Curt Gordon, Clinton Resident
Dane Anderson, Financial Manager	Chris Jerome, Langley Resident
Molly MacLeod-Roberts, Port Clerk	Dean Enell, Langley Resident
Rick Brewer, Harbormaster	Jack Lynch, Clinton Resident

Absent: None

1. MEETING CALL TO ORDER:

The Regular Meeting of the Port District of South Whidbey Island's Board of Commissioners convened on September 9, 2009, at the Freeland Library Conference Room in Freeland, WA. Commissioner Tapert, President, called the Regular Meeting to order at 7:30 p.m., followed by the Pledge of Allegiance.

2. BUSINESS MEETING – THE CONSENT AGENDA:

A. Consent Agenda:

1. Minutes: Minutes from the Regular Meeting of June 10, and the Special Meeting of June 16, 2009.
2. 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 Seitle and seconded by Commissioner Tapert to accept the Consent Agenda, including authorization of Vouchers #3988 - #4016 in the amount of \$85,427.78. The Motion passed unanimously.

3. PUBLIC COMMENT – Including Items not on Agenda:

There was no public comment.

A. Applications for Funds:

1. **Welcome to Whidbey Sign Relocation:** The Commission acknowledged receipt of the Application for Funds for the project **(EXHIBIT B)**.

ACTION: A Motion was made by Commissioner Seitle and seconded by Commissioner Tapert to approve the Application for Funds for the relocation of the Welcome to Whidbey sign in the amount of \$1,500.00

Commissioner Tapert noted that he had already volunteered in the sign relocation effort, but stated that he would not be receiving any reimbursement with these funds if approved. Port Manager Ed Field noted that no organization was actually listed on the application, only a contact person. He suggested the Commission could approve it such that the Port would reimburse up to \$1,500 total to individuals as authorized by the ad-hoc committee to relocate the sign. Commissioner Tapert thought Jack Lynch, President of the Clinton Progressive Association, would have no objection to the Association being the agency for the application. The Commission agreed that would be the best method, pending Lynch's approval. Funding was directed to be drawn from the Tourism & Business Development line item as a capital expense for permanent major sign construction

The Motion passed unanimously.

(Lynch arrived later in the meeting and provided his approval for Clinton Progressive Association to coordinate the reimbursement requests and submit invoices to the Port for disbursement by the Association.)

4. ACCOUNTANT REPORT:

- A. Financial Statement:** The Commissioners acknowledged receipt of the July 2009 Financial Statement, which had been mailed to them previously **(EXHIBIT C)**.

- B. Draft Budget for 2010 (EXHIBIT D) – Initial Commission Review and Public Hearing Schedule:** Commissioner Tapert first opened up the meeting to public comment on the draft budget.

PUBLIC COMMENT:

Dean Enell, Langley Resident:

Line 12 - Trade Fair/Sponsorships: Enell asked about the \$5,000 expense in 2009, and Ed explained that was spent on advertising the 2009 Uniquely South Whidbey Trade Fair held in May.

Line 48: Langley Phil Simon Park: He noted that the budgeted amount was \$10,000 but the yearend projection is \$40,000. Commissioner Tapert explained that the original amount was a placeholder (general maintenance), but the Commission subsequently determined that they wanted to do a bigger project of a higher quality so they increased the amount accordingly. The work is nearly complete.

Line 55 – Land Acquisition & projects: Backhoe in 2010: Enell asked about the listed 2009 expense, and Ed explained that was for the transfer of the Harbor. Commissioner Seitle pointed

out that the backhoe expense should have a different line item. Ed agreed and said he would add a line item for **Major Equipment**.

Line 78 – Clinton Facilities/Maintenance: Enell asked why the line item went \$4,000 over budget. Ed explained that the wood columns and tables at Clinton Beach were refurbished in 2009.

Line 106 – Langley Marina/Wages: 2009 Seasonal Harbor Staff/2010 Asst HM: Enell asked why only \$1,600 of the \$10,000 budgeted would be expended in 2009. Harbormaster Rick Brewer explained that he was able to get a summer intern who was paid by the State of Washington rather than the Port.

Line 113 – Langley Marina/Maint. & Repair – Gen'l: Enell noted that the yearend estimate for the line item is \$15,000 over the \$5,000 budgeted. Rick explained that the fire system was not working at all when the Port took over, and there were numerous other major repairs and safety issues that the Port had to pay for that were not known at the time of transfer.

Chris Jerome, Langley Resident: Jerome presented the Commission with the written comments he had prepared (**EXHIBIT E**), which he read aloud.

Grant Funding: Jerome's statement included the following: "I would like to know how certain the grant funding is. I would like to see the grant funding used exclusively for capital expenses (construction, engineering and permits) for South Whidbey Harbor." Commissioner Seitle explained that the Port had submitted an application for the Rural County Economic Development Funds (\$.09 money) and the Island County Commissioners had awarded the Port \$1.2 million. Commissioner Tapert pointed out that Lines 50, 51 and 52 (SWH Construction, SWH Engineering & Design, and SWH Permitting) totaled \$395,000, and the grant funding would be used for those expenses. Port Financial Manager Dane Anderson added that the \$440,000 budgeted for grant funding in 2010 is a portion of the \$550,000 committed by the County in 2010. Under the RCWs (Revised Code of Washington), ports are almost unique in the applicability of \$.09 funds, as they can be used to fund a portion or all of Staff time within the Port for economic development purposes. Jerome said his preference would be that the grant funds be used for capital improvement at the marina, but he acknowledged it seems like a complex situation. Ed explained that the \$1.2 million grant is matched with \$1.2 million of Port funds. The Commission will have to discuss how much to pursue for reimbursement for Staff time, etc.

Operating Margin: Jerome said the Port had a negative operating margin of -88%, and he would like it to get closer and closer to 1 with a more ambitious target in 2010.

South Whidbey Harbor Operating Margin: He suggested that the Harbormaster could be incentivized to make a profit by tying his compensation to the operating margin of the harbor.

Ed Jenkins, Clinton Resident: Jenkins asked for an explanation of the difference between **Line 45 – Tourism & Business Dev** and **Line 115 – Advertising & Publicity**. The Commission explained that Line 115 is specific to the Langley Marina advertising & publicity expenses, whereas Line 45 is used for capital expenditures for agencies submitting an Application for Funds for use in tourism & business development. Commissioner Tapert noted an example of the capital expenditure for Tourism & Business Development was when the Port helped relocate the Visitor Center from the Chevron station in Clinton to the intersection of Langley Rd and Highway 525.

Jenkins then asked why the Welcome to Whidbey sign was being moved to Campbell Road rather than Ken's Corner. Commissioner Tapert asked the recently arrived Jack Lynch to address the issue. Lynch explained that the County started the Scenic Byway Plan about 4 years ago. The Plan called for the establishment of 3 gateway locations on Whidbey Island: Clinton, Keystone and Deception Pass. The County subsequently submitted an application (for federal money, but administered through the State) and was awarded a grant to develop the special monuments signage for those 3 locations. The grant required a match, and the Port provided \$7,000 in matching funds. Lynch explained that former Port Commissioner Lynae Slinden had indicated that a "Welcome to Clinton" feature should be part of establishing that sign. The consultants hired by the County looked at various locations and determined it should be located where the existing "Welcome to Whidbey" is currently located, and the existing sign should be moved to Campbell Road. Lynch said that was after consultation with some of the key people who had been involved with the development of the Welcome to Whidbey sign, and the location at Campbell Road was determined to have improved visibility, with less maintenance required and easier access for maintenance. Lynch said the 3 new gateway signs are scheduled for installation at the end of September/beginning of October.

There being no further public comment at that time, Commissioner Tapert moved to...

COMMISSION DISCUSSION:

Commissioner Seitle felt that the co-mingling of \$.09 funds with the total revenues of the Port could be a problem. He said he would like to sequester those funds for the actual construction of the marina expansion. Commissioner Tapert said that the money needed to be designated. Dane explained that the \$.09 money is a reimbursement-type of funding, requiring specific requests for disbursement of funds based on money already expended by the Port. The money can't be set aside in the bank, because the Port cannot access that money until they receive it from the County for reimbursement of related expenditures.

Commissioner Seitle said that Staff did an excellent job in preparing the draft preliminary budget. He added that Dane had also done a good job on the Public Works grant application, where Commissioner Seitle noted that Dane had stated funding for the project might include the possibility of councilmatic bonds. Commissioner Seitle stated that councilmatic bonds are non-voter bonds and cannot be reimbursed from property tax receipts – they must be reimbursed from the project's operating revenue. Dane said he was not familiar with that restriction and that he hadn't seen the term "councilmatic bonds" in the RCWs. Dane said he would look into it further. Commissioner Seitle said that was another reason why he thought, "...it might be better to take the \$.09 money and not use it in 2010 for reimbursement of previous expenses." Dane clarified that the \$440,000 in the 2010 budget is not intended for reimbursing previously expended dollars. It is for ongoing engineering and permitting costs, and the reimbursement component of that is that the County will distribute the money when the Port shows it has actually spent the money and paid the invoices.

Commissioner Seitle said they had previously discussed whether the Port has to provide matching funds for the \$.09 money, and he said, "We do not." Dane explained that part of the InterLocal Agreement model that the County uses refers back to the Port's grant application, which states the Port will provide matching funds. Commissioner Tapert noted that the Port needs \$3 million and the RCEDF grant is only for \$1.2 million, so the matching is really a moot issue. He stated that his understanding when he presented the RCEDF application to the Island County Council of Governments (COG) was that it was going to be a matching funds grant.

Line 6 – Parking lot fees/lease: Commissioner Tapert felt the parking rates charged by Patty’s Parking (the Port’s tenant) were too cheap, and he would like the rates raised to increase revenue a little bit. Ed noted that the parking lot lease is in the middle of its 3-year term. Commissioner Tapert felt they should negotiate the rates when the lease expires. Ed explained that the Port doesn’t set the parking rates; Patty Norman of Patty’s Parking does - the Port simply leases the parking lot to her. Commissioner Tapert suggested that when the lease is renewed, the Port could dictate the rates as a lease condition, and the Port could then generate more revenue by raising the rates. Port Clerk Molly MacLeod-Roberts clarified that the only revenue the Port receives from the parking lot is from the monthly lease payment (currently \$683.33 per month). The Port does not receive any of the revenue from parking fees – the tenant does.

Line 24 – Consultant Services: Commissioner Tapert wanted the \$7,500 budgeted for 2010 to be increased by \$12,000 for a total of \$19,500, to potentially accommodate studies regarding industrial development, innovative partnership zones, etc. Commissioner Seitle agreed to the change.

Line 21 – Finance Manager: The Commission discussed the draft Job Description for the position of Port Finance Manager **(EXHIBIT F)**. Commissioner Seitle said he didn’t see that the position as full-time. Ed said it was certainly a full-time position for the next year, with securing financing, pursuing grants, maintaining an accounting program to meet audit standards, grant accounting and tracking process, etc. Commissioner Seitle asked Dane if he could fill 40 hours a week and Dane responded, “I don’t think there’s any question about it.” Commissioner Tapert said he would like to see a monthly plan from Dane and a review of accomplishments instead of just a monthly report.

Commissioner Seitle said he had no problem with budgeting the dollar amount, but he did not want to create another full-time management position. He would like to stay with the system of reimbursing consultants as needed rather than creating a full-time job. Ed noted that if an employment agreement were proposed for Dane, it would be identical to Ed’s, including clauses such as “employment is at-will, with 30 days’ notice” and Dane would be paid for actual hours worked, not salary. Hiring Dane would not create a permanent civil service job, and in his opinion, Dane would be needed full-time in 2010. The Commission agreed to the amount budgeted but not to making Dane an employee, opting to keep him as a consultant instead.

Line 27 – Travel exp-Commissioners: Commissioner Tapert proposed reducing the budget from \$1,500 to \$1,000. Commissioner Seitle agreed to the change.

Line 34 – Per diem-Commissioners: Commissioner Tapert proposed reducing the budget from \$9,500 to \$9,000. Commissioner Seitle agreed to the change.

Line 78 – Clinton/Maintenance (general): Commissioner Tapert proposed reducing the budget from \$12,080 to \$8,000. Commissioner Seitle said \$10,000 would be acceptable, so the Commission agreed to reduce the line item to \$10,000.

Line 106 – Harbormaster Wages: Ed noted that Port Attorney Al Hendricks stated that compensation discussions could be handled in an Executive Session, but the decision must be announced in public. The Commission agreed to discuss it briefly during the regular meeting. Rick had previously provided the Commission with a Budget Breakdown for Labor

(EXHIBIT G) for the positions of Harbormaster, Assistant Harbormaster and Seasonal Harbor Staff.

Rick said his pay is based on a 40 hours/week at \$25/hour, but he works 60 hours/week so he said he is only making \$13/hour. Commissioner Tapert questioned whether people come in at odd hours now that the summer season has ended, and Rick said it is busy all the time. Commissioner Seitle said they needed to consider several things. He noted that Rick had accomplished a lot at the Harbor, but the Port had expected a lot from him. Rick said he had surpassed all the revenue estimates, but Commissioner Seitle pointed out that, "Nevertheless, the Harbor is in red ink." He added that the Commission had provided Rick with all the resources he asked for. Commissioner Seitle noted that Rick's request was a 27% increase in his compensation. Rick said that the revenue had increased 150%, but Commissioner Seitle said the Port did not really have an accurate historical record of the Harbor revenue under a full-time Harbormaster, so the revenue estimates were just a guess.

Commissioner Tapert suggested tabling the discussion for now and moving on to discuss the remaining Harbor positions, and Commissioner Seitle agreed.

Line 106 – Langley Marina/Wages: Seas. Harbor Staff/2010 Asst. HM: Commissioner Tapert questioned the need for a full-time Assistant Harbormaster at \$10/hour, working 40 hours/week all year long. He suggested cutting it in half. Commissioner Seitle said Rick's proposal is essentially for two full-time positions and it is not warranted. He was in favor of paying a higher hourly rate to get the right person for the Assistant Harbormaster position, but agreed with Commissioner Tapert that it should only be part-time. Commissioner Seitle said the Harbor needed to break even before getting into major additional costs. The Commission agreed to look into reducing the Asst. HM to half-time for an amount of \$14,000 for now, with additional discussion to follow in October.

Commissioner Tapert asked Rick about the likelihood of getting another grant for a summer intern in 2010, and Rick said it was hopeful. Rick's felt that in the summer there should be two full-time and one part-time person at the Harbor. Commissioner Seitle said Rick should look into other marinas and their staffing as a reality check. Commissioner Tapert said they would need to do additional research and have further discussions about the Harbor staffing and compensation prior to finalizing the budget, but not at this meeting. Ed encouraged the Commission to make a decision regarding the Assistant Harbormaster soon so that Rick could get some relief as scheduled. Commissioner Tapert proposed a 10% increase to the Harbormaster's compensation and a half-time Assistant Harbormaster at \$15/hour as a space holder in the budget until additional details can be researched and discussed. Commissioner Seitle agreed.

Line 114 – Langley Marina/Maint Contracts (Ramp, Etc.): Commissioner Tapert proposed reducing the budget from \$9,000 to \$8,000. Commissioner Seitle agreed to the change.

Debt Servicing: Commissioner Tapert said that if the Port does take out a loan for the marina expansion, he has calculated that the Port would have to pay nearly \$70,000/year for 20 years to service that debt. He felt the bottom line number of the 2010 budget should include a line item for that debt servicing as a placeholder. Dane said the bulk of the marina expansion expenses are not anticipated in 2010, but in 2011, and there won't be a construction loan taken out until 2011, so there will not be any debt servicing until then. Commissioner Seitle felt setting aside the debt servicing was premature.

Ed and Dane said they would make the changes to the budget as determined at this meeting, and continue to work out these and other details prior to the Preliminary Budget Hearing in October.

5. PROJECT ACTION ISSUES:

A. South Whidbey Harbor:

1. Expansion Project:

1. Design & Permit Prep – Permit status and sequence review: Ed reported that the Joint Aquatic Resources Permit Application (JARPA) has been submitted, as well as the State Environmental Policy Act (SEPA) document. The SEPA has a turnaround of 45-60 days. The JARPA will be considered as a Shoreline Substantial Development (SSD) permit by the City of Langley, and that's a 6-month process that includes notice, public comment, staff report, hearing examiner, etc. Ed said the Hydraulic Project Approval (HPA), which is also generated by the JARPA, has a 90-day turnaround so it could be out as early as November. The HPA then goes back to the Army Corps of Engineer (the Corps) as they work on their approval of the JARPA, and the Department of Ecology, Water Quality and Coastal Zone certifications.

Ed said the Port has “a reasonable hope” of seeing a permit in a year – in August 2010, if there are no complications.

2. Property Issue Update: Nothing new to report.

3. Funding Update – Approval of Small Communities in Rural Counties Grant Application: Ed noted that the Commission had emailed prior approval, but asked them to formally approve the grant application submittal for the record. The Commission provided formal verbal approval of the Small Communities in Rural Counties Grant Application as previously submitted.

4. Phil Simon Park Relocation Project:

1. Construction Update: Ed said that the hardscaping contract project is basically done except for the final punch list. Commissioner Seitle asked about the landscaping, and Dane said the cost for the plants if direct-purchased through his firm Emerge during the seasonal nursery sales, including assistance from the park designer and delivery, would be about \$1,500. Ed said that the Whidbey Watershed Stewards have volunteered their time and are coordinating labor to accomplish the plantings, and he proposed that the Port make a \$1,000 donation to their group. The Commissioners agreed to the staff recommendations.

2. Picnic Table – Proposal withdrawn by Mark Fessler: Ed referred the Commission to Fessler's letter dated August 28, 2009 (**EXHIBIT H**). Commissioner Tapert presented information from Durable Plastic Design, LLC, based in Redmond. (**EXHIBIT I**). Durable Plastic Design sells tables made of “Orcaboard” recycled plastic lumber at a cost of \$860 for a non-ADA hex table and \$819 for an ADA hex table (plus tax). He volunteered to pick up the tables himself so there would not be shipping charges, and the owner of the company said he would give the Port a 10% discretionary discount. The Commission agreed to approve the purchase of two picnic tables from Durable Plastic Design.

2. Harbor Operations:

1. Harbormaster Report (EXHIBIT J): Rick was on hand to summarize his August report.
2. Summer Intern Update: As noted in the Harbormaster Report, Rick terminated the program approximately one week early due to circumstances outside the workplace.
3. Assistant Harbormaster Job Posting: As noted earlier in the meeting, many details still need to be discussed regarding the position, so it will not be posted at this time.

B. Bush Pt. Boat Launch:

1. Transfer Status Update: Ed reported that he had spoken with Kye Iris, Lands Agent for the Washington State Department of Fish & Wildlife (WDFW), and Iris said the transfer documents are now sitting on the Attorney General's desk for signature as the final step before the Governor's signature. Iris also said that she is not sure the documents actually require the Port's signature(s).
2. Dock Condition – Report from the docks: The new gangway and dock system have been in for a week and are functioning adequately. Ed said that Marine Floats has been a very willing partner due to their dissatisfaction with the original design of the floats from WDFW, and he added that the company actually beat the not to exceed \$15,000 estimate for the recent repairs.

6. ACTIVITIES/INVOLVEMENT REPORTS:

A. Economic Development Council (EDC): Nothing new to report.

B. Council of Governments (COG): Nothing new to report.

C. Skagit-Island Regional Transportation Planning Organization (RTPO): Nothing new to report.

D. Marine Resources Committee (MRC): Nothing new to report. Need new designated representative, since Commissioner Slinden resigned. Commissioner Seitle was the assigned alternate, so he said he would attend the MRC meetings for the rest of the year.

E. Washington Public Ports Association (WPPA):

1. Trade & Economic Development Seminar, Walla Walla, Sept. 17-18:
 2. Environmental Seminar October 1-2 at Sun Mountain Lodge in Winthrop: Commissioner Tapert said he would attend.
 3. Small Ports Seminar, Leavenworth, October 22-23: Commissioner Tapert said he would attend.
 4. Northwest Marina Conference, Seattle area, November 3-4:
 5. Continuing Legal Education (specific topics TBD), Seattle, November 17:
 6. New Commissioner Seminar, Seattle, November 17:
 7. Annual Meeting, Seattle, November 18-20:
- Also: Applications for WPPA Educational Foundation Scholarship due October 5, 2009.

F. Community Trade & Economic Development (CTED): Nothing new to report.

G. Holmes Harbor Shellfish Protection District (HHSPD): Next meeting scheduled for Thursday, October 22nd, 5 p.m. at Trinity Lutheran Church in Freeland, WA.

H. Puget Sound Partnership (PSP): Nothing new to report

7. OLD BUSINESS:

Nothing discussed under Old Business.

8. NEW BUSINESS:

A. Proclamation in support of Whidbey Camano Land Trust: Ed presented the Commission with the Proclamation Recognizing the 25th Anniversary of the Whidbey Camano Land Trust **(EXHIBIT K)**.

ACTION: A Motion was made by Commissioner Seitle and seconded by Commissioner Tapert to approve the Proclamation as presented. The Motion passed unanimously.

9. ADJOURNMENT:

The meeting was adjourned at 9:50 p.m.

Approved:

Minutes prepared by:

Commissioner Geoff Tapert, Freeland

Edwin S. Field, Port Manager

Commissioner Rolf Seitle, Langley

- Exhibit A: Voucher Listing
- Exhibit B: Application for Funds for Relocation of "Welcome to Whidbey" sign
- Exhibit C: July 2009 Financial Statement
- Exhibit D: Draft Preliminary Budget 2010 and Supporting Info from 2008 and 2009
- Exhibit E: 9/9/09 Comments for the record from Chris Jerome
- Exhibit F: Draft Job Description: Port Finance Manager
- Exhibit G: Harbormaster's Budget Breakdown for Labor
- Exhibit H: 8/28/09 Letter from Mark Fessler, withdrawing his proposal for picnic tables
- Exhibit I: Information about Durable Plastic Design, LLC's picnic tables
- Exhibit J: August Harbormaster Report dated 9/9/2009
- Exhibit K: Proclamation Recognizing 25th Anniversary of Whidbey Camano Land Trust