



# Port of Skagit

Regular meeting of the Port Commission

Tuesday, April 12, 2011 9:00 AM

## MINUTES

PRESENT: Commission - Kevin Ware and Bill Shuler  
Staff - Patsy Martin, Scott Peterson, Kristin Garcia, Carl Molesworth, Heather Moses, Paul Mattos, Debbie Hamilton.  
Others - See Sign in Sheet

## CALL TO ORDER

Commissioner Shuler called to order the April 12, 2011 regular meeting.

**COMMISSION ACTION: The commission unanimously authorized the absence of Commissioner Jerry Kaufman.**

## Confirm or Amend Agenda

Removed MARINA: Abandoned Boats, Sale of Abandoned Vessel – Adopt Resolution

## CONSENT AGENDA – Port of Skagit

Public Communications  
March 8, 2011 Regular Meeting Minutes  
Fiscal Report

## OPEN FORUM

Commissioner Shuler opened the floor for public comment. With no public comment, the floor was closed.

## STAFF REPORTS

### ADMIN: Department of Revenue; Leasehold Tax Audit (2011) – Status Update (Oral)

Patsy Martin reported a Tenant Austerity Program was developed in 2008 by the commission and staff when the economy took a downturn. The program allowed for the tenant to renegotiate their lease based on current market conditions.

The Department of Revenue conducted a leasehold tax audit and upon review of the Tenant Austerity Program believed the port should pay the leasehold tax on the original lease rate, not the renegotiated lease rate.

Brad Furlong prepared a written legal analysis which supported why the port believed paying leasehold tax on the renegotiated rent was appropriate and presented the legal analysis to the auditor.

The Department of Revenue is presently reviewing the issue and will inform the Port of their findings. The port can appeal the department's findings.

Brad Furlong advised the commission that he is confident in the port's handling of the Tenant Austerity Program leasehold tax. The commission would like staff to move forward with an appeal if the audit findings reveal that the Port needs to pay back leasehold tax.

#### **ADMIN: Use Permits; Skagit Runners Annual Tulip Run (4/17/93-Current)**

Patsy Martin reported that Skagit Runners will conduct their 26<sup>th</sup> Annual Tulip Festival 5 mile and 2 mile runs at Skagit Regional Airport on Saturday, April 9, 2011. The Port has hosted this event annually since 1994 and it has attracted over 1,000 participants each year.

In accordance with port policy, Skagit Runners has provided a certificate of insurance naming the port as additional insured and executed a Hold Harmless Agreement. They will be responsible for coordinating parking, providing sanitary facilities and cleanup following the event. Port staff will be onsite to assist as needed.

#### **ADMIN: Use Permits; Pregnancy Choices Walk and 5K Run (2011)**

Patsy Martin reported that Pregnancy Choices will conduct their Walk for Life and 5K Friendly on Saturday, May 14, 2011. The event is a noncompetitive, 2-mile walk and 5K run benefiting Pregnancy Choices. They expect 60-100 participants and plan to use Crosswinds as the staging area.

In accordance with Port policy, Pregnancy Choices has provided a certificate of insurance naming the port as additionally insured and executed a Hold Harmless Agreement. They will be responsible for coordinating parking and cleanup following the event. Port staff will be onsite to assist as needed.

#### **MARINA: Occupancy Report March 2011 – Update**

Paul Mattos reported that the marina occupancy remained steady during the month of March.

### **MARINA: Storage Units; Security Deposits (2011) – Status Update**

Kristin Garcia reported that the Port currently collects \$10 - \$15 as a security deposit on each storage unit for the facility located in La Conner. The total amount of security deposits held for all units is approximately \$1,200. Staff has reviewed the process of collecting these deposits, accounting and reconciling the amounts and determined it is not cost-effective to process these small transactions.

Staff completed a survey of similar storage units in the area and determined others did not require a security deposit. For efficiency purposes, staff has decided to no longer require a security deposit on these units and is in the process of refunding what we currently have on hand.

### **MARINA: Use Permits; La Conner Chamber of Commerce; La Conner Classic Yacht and Car Show (2011)**

Paul Mattos introduced Marcie Plank, Executive Director of the La Conner Chamber of Commerce. The La Conner Chamber has requested the use of the south basin parking lots together with the use of F dock, at no charge, to stage the 11<sup>th</sup> annual Classic Yacht and Car show on Saturday August 13, 2011. Plank requested the port make a sponsorship contribution of \$500.

Hosting this event will continue to directly benefit the port by providing a venue that attracts boat and car enthusiasts to the La Conner Marina and the Town of La Conner from all around the Northwest.

In accordance with port policy, the La Conner Chamber of Commerce will provide a certificate of insurance naming the port as additionally insured and execute a Hold Harmless Agreement. Port staff will assist as needed.

**COMMISSION ACTION: The commission unanimously approved the use of the South Basin parking lot and F-Dock at no charge to stage the 11<sup>th</sup> Annual Classic Yacht and Car Show. The \$500.00 sponsorship has been included in the 2011 advertising budget.**

### **MARINA: Use Permits; La Conner Yacht Sales; Boat Show and Public Yard Sale (2000-Current)**

Paul Mattos introduced Art Kaplan, La Conner Yacht Sales, who was present to discuss the annual Boat Show and Public Yard Sale at the La Conner Marina. They requested the use of the south basin pay parking lot, the grass area located to the south and west of the south basin laundry room and F dock. The event will be held on Father's Day weekend, June 18-19. The Port has hosted this event since 1997.

All proceeds from the event will be dedicated to Skagit Bay Search & Rescue. Skagit Bay Search & Rescue is a non-profit organization that supports the Port operations and provides assistance to area boaters in emergency situations through the Skagit County Sheriff's Department. The event showcases the marina to local and non-local public participants.

In accordance with Port policy, the La Conner Yacht Sales will provide a certificate of insurance naming the Port as additionally insured and execute a Hold Harmless Agreement. Port staff will continue to assist as needed.

## **NEW BUSINESS**

### **EASEMENT: Port of Skagit; Vikima; Lot 52-Track J – Approve Easement**

Patsy Martin reported that the Port owns a piece of property legally described as Lot 52, which the Port currently leases to Vikima, USA, Inc. The west and south sides of Lot 52 abut Tract J, another Port owned property. Tract J is currently undeveloped and is designated a Protected Critical Area/Wetland under the Skagit WIN Phase III Wetland Management Plan which Protected Critical Area designation is also recorded in the Amended Skagit Regional Airport Binding Site Plan, Phase I.

Vikima has proposed construction of a new building on Lot 52. Skagit County Zoning Code requires minimum setbacks be maintained from structures. A portion of the setback area required for Vikima's proposed building extends onto the Tract J property. Despite the recorded Protected Critical Area designation of Tract J, Skagit County has requested the Port grant Vikima a no-build easement over the portion of Tract J as a means of ensuring the required setback area is maintained from above ground buildings, structures or junk.

Granting the requested no-build easement will allow Vikima to move forward with construction of its proposed building and will affect only a small portion of the Tract J property which is already protected from future development by its Protected Critical Area designation.

**COMMISSION ACTION: The commission unanimously approved a no-build easement over a small portion of Tract J for the benefit of Lot 52.**

### **TENANT: BBP; Holloman Group, LLC – Write-Off Bad Debt**

Kristin Garcia reported that the Holloman Group originally moved into the facility located at 11656 Knudson Rd. during May 2009. By June 2010, the account became delinquent and Holloman Group requested consideration to be accepted into the port's Tenant Austerity Program.

Subsequently, the tenant has gone out of business and the port entered into a termination agreement along with a promissory note. The promissory note addresses the balance due under the austerity program account and was negotiated at the time of the termination agreement. Neither the termination agreement, nor the promissory note gave authority to staff to write off the balance due on the original account. Port policy requires commission approval of write offs in excess of \$10,000. It was an oversight that authority for write off on the original account was not requested at the time the termination agreement was signed. In order that the port has complied with appropriate policy and met audit standards, staff is now requesting write off of the original account in the amount of \$25,988.43. The balance due in the austerity program account is being repaid in accordance with terms in the promissory note.

**COMMISSION ACTION: The commission unanimously approved Resolution 11-10 to write off debts owed by Holloman Group, LLC to the Port of Skagit County in the amount of \$25,988.43.**

## **GOOD OF THE ORDER**

### **PUB AGENCY: Washington State; Northern State Property (2011)**

Patsy Martin reported Commissioner Bill Shuler and she met with the Sedro Woolley Mayor to discuss the Port's interest in the possible purchase of the Northern State Property. There are other entities interested at this point in time as well.

#### Discussion

The commission consensus is for staff to continue pursuing the possibility of the purchase of this property and to report back to the commission.

## **EXECUTIVE SESSION**

The commission entered into executive session at 9:50 a.m. The session is expected to last approximately 30 minutes. The purpose of the executive session is to discuss the possible sale, purchase or lease of property the public discussion of which could affect the price. Action may or may not be taken following the executive session.

The commission exited the executive session at 10:20 a.m.

**COMMISSION ACTION: The commission directed port staff to work collaboratively with the City of Sedro-Woolley, Skagit County and other appropriate entities to investigate acquiring Northern State Property for the benefit of the entire community.**

## ADJOURNMENT

The commission adjourned the regular meeting at 10:21 a.m.

ADOPTED IN OPEN SESSION this 10th day of May 10, 2011 and duly authenticated by the signatures affixed hereto.

### PORT OF SKAGIT COUNTY

*Signature on File*

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Commissioner

*Signature on File*

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Commissioner

*Signature on File*

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Commissioner