

PORT OF SKAGIT COUNTY

Regular meeting of the Port Commission

Tuesday, March 11, 2008 5:15 PM

MINUTES

PRESENT: Commission - Glenn Allen, Jerry Kaufman and Kevin Ware
Staff - Patsy Martin, Scott Peterson, Kristin Garcia, Sara Young, Karmen Hardy, Paul Stannert, Bob Nord, Mary Jo Newbury, Colleen Powell, Debbie Hamilton and Brad Furlong
Others - See Attached

Changes or additions to the agenda as follows:

1. Agenda item: TENANT: Marina; MAK Enterprises, Inc. (fuel dock); lease dated 3/15/94; License to Access – Approve Access License will be changed to: EASEMENT: Marina; Access Easement for Marina Peninsula Building.
2. EASEMENT: Marina; Rennebohm; South Basin Bulkhead Repairs – Approve Easement, EASEMENT: Marina; Town of La Conner; 3rd Street Sewer Line – Approve Easement and EASEMENT: Marina; Town of La Conner; Peninsula Waterline – Approve Easement were dropped from the Agenda.
3. Executive Session to discuss the possible sale, purchase or lease of property the public discussion of which could affect the price. Executive session will last approximately 20 minutes. Action may or may not be taken.

Public Communications

Published articles noted by commission.

Approval of Minutes

COMMISSION ACTION: The commission unanimously approved the minutes of the February 19, 2008 regular commission meeting.

Fiscal Matters

Note: No fiscal matters on this agenda due to meeting date change. Fiscal report will be reviewed and approved at the April regular meeting.

ADMIN: Bonds; LTGO 2008 - Adopt Bond Resolution

Kristin Garcia reported that during discussion by the commission and staff at strategic planning meetings on May 29, 2007 and June 5, 2007, and in subsequent discussion, the commission instructed staff to research the possibility of issuing bonds to fund the construction of an industrial building at Bayview Business & Industrial Park (BBIP), an industrial/commercial building at the

marina, and two t-hangar facilities located at the Skagit Regional airport. On February 19, 2008, the commission approved a motion to authorize staff to proceed with the issuance of said bonds.

The commission was presented with numerous documents in order to finalize the bond issuance process. The port will be issuing limited tax general obligation bonds in three series, Series A (taxable) – for the construction of the BBIP building, Series B (AMT) – for the construction of the building at the La Conner Marina, and Series C (government) – for the construction of two t-hangars. The bond issue is expected to total \$5,155,000, which includes bond issuance fees.

The bond process occurred in two stages, the first stage was to hold a public hearing to comply with the Tax Equity and Fiscal Responsibility Act of 1982 (TERFA). The TERFA public hearing was required to allow for public comment as part of the issuance on the Series B (AMT) bonds. This hearing was conducted at 5:00 p.m. and minutes of the TERFA Public Hearing will remain attached. Appropriate notices were published to reflect the public hearing and the change in time to the regularly scheduled meeting.

Public Hearing

5:00 p.m. Open public hearing

The public hearing is to allow for public comment on the issuance of Series B (AMT) bonds for the construction of an industrial/commercial building located at the La Conner marina.

Allow public comment period

Commission questions to staff or bond counsel

5:08 p.m. Close public hearing

5:15 p.m. Open regular commission meeting

Lindsay Sovde of Seattle Northwest Securites and bond counsel Cynthia Weed were present to provide information and answer questions.

The second stage of the process is to adopt a bond resolution to authorize the issuance and sale of the bonds.

COMMISSION ACTION: The commission adopted Resolution 08-05 authorizing the issuance and sale of three series of Limited Tax General Obligation Bonds in the principal amounts of \$1,545,000, \$1,445,000, and \$2,165,000, respectively, for the purpose of providing funds for improvements to port facilities.

ADMIN: Strategic Planning (2007) – Update

Patsy Martin reported that the port held strategic planning meetings on May 29, 2007 and June 5, 2007 at Chuckanut Manor. At those meetings the commission provided staff with direction on an action agenda for 2008. Patsy reported that many of the goals and tasks assigned have been

accomplished or were in the process of being accomplished, and updated the commission on the remaining goals and tasks.

ADMIN: Use Permits; Skagit Bicycle Club Spring Trail Ride 5/10/08 – Update

Patsy Martin reported that Skagit Bicycle Club has requested they be allowed to conduct their annual Skagit Spring Classic Bike Ride on May 10, 2008.

Skagit Bicycle Club members have been using port trails since the summer of 2000. This is the 18th Annual Skagit Spring Classic. For the second year they will be having a Special Family Recreational Trail Ride. This course will be open between 11:00 am and 3:00 pm. This ride is a 10 - 12 mile course through the woods around the Skagit Regional Airport.

In accordance with port policy, Skagit Bike Club has provided a certificate of insurance naming the port as an 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 continue to assist with event planning and be onsite to afford assistance as needed.

ADMIN: Use Permits; Skagit Runners Annual Tulip Festival & Slug Run (4/17/93 – Current) – Update

Patsy Martin reported that Skagit Runners has requested they be allowed to conduct their annual Tulip Festival 5 mile and 2 mile runs at Skagit Regional Airport on Saturday, April 5, 2008.

The port has hosted this event annually since 1994. It has attracted over 1,000 participants each year.

Skagit Runners will be using the VanZyverden bulb warehouse as the starting line just outside the warehouse. The runners will be on the roads and trail system from 9:30 am to approximately 11:30 am with the majority of the route on port trails.

In accordance with port policy, Skagit Runners has provided a certificate of insurance naming the port as an 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 continue to assist with event planning and be onsite to afford assistance as needed.

ASSOC: EDASC Economic Forecast Meeting (2008) – Event Report (Oral)

Staff and commission discussed the 2008 EDASC Economic Forecast Meeting. The reports indicate that this region may weather the recession better than the rest of the country, and any recession may be over in 6 months.

ASSOC: PNWA Mission to Washington D.C. (2008) – Event Report (Oral)

Patsy Martin reported on her recent trip to Washington D.C. with PNWA and stated it was a good session. She believed they had focused discussions with legislators; however, Washington D.C. appears to be focused on the presidential election right now.

ASSOC: EDASC Schmooze Fair (2008)

Patsy Martin reported that it is time for the annual Economic Development Association of Skagit County's Schmooze Fair. The event is scheduled for Thursday, April 17, 2008, at the VanZyverden bulb warehouse and will run from 4 pm to 8:30 p.m.

This year's booth was designed for the Seattle Boat Show and highlights the La Conner Marina.

Patsy invited each of the commissioners to attend and assist at the port booth.

COMM: Consider Change of Meeting Dates; July & August (Oral)

Patsy Martin reported that Commissioner Ware has work commitments in the months of July and August. She requested direction as to whether the commission would like to excuse Commissioner Ware from the July and August regular meetings or prefer to reschedule the meetings to a date he is available to attend.

It was the consensus of the commission to cancel the July 1, 2008 work session and to reschedule the regular meeting to July 8, 2008 at 9:00 a.m. and cancel the August 5, 2008 work session and reschedule the regular meeting to August 12, 2008 at 9:00 a.m.

Debbie Hamilton will provide calendar revisions to the commissioners, staff and post notices regarding the meeting changes.

ADMIN: Assignment of Contracts; DEA to Precision Approach Engineering – Authorize Assignment

Patsy Martin reported that over the past several months the port has entered into engineering contracts with David Evans and Associates (DEA) through their Bellingham, Seattle and Corvallis offices. The port currently has six projects with DEA. The projects range from paving at the La Conner Marina and Bayview Business & Industrial Park to airport projects such as Lot 72 and the relocation of the airport beacon.

In January, DEA decided to divest itself of the airport engineering division. They desired to make a smooth transition and at the same time enable the existing airport engineering group to continue business. Thus, DEA helped the airport engineering group form a new company called *Precision Approach Engineering*. As a result, the port will need to assign the consulting services contracts currently held by DEA to Precision Approach Engineering. In the future, the port anticipates working with both Precision Approach Engineering and DEA on aviation and non-aviation projects respectively.

COMMISSION ACTION: The commission unanimously authorized staff to assign all in-progress consulting services contracts with David Evans and Associates to Precision Approach Engineering.

ADMIN: Communication Plan (2008) – Approve Plan

Patsy Martin reported that at the May 29 and June 5, 2007 strategic planning meetings held at Chuckanut Manor, the commission directed staff to improve community communications. As a

result, staff is developing a communication plan. Debbie Hamilton, the communication coordinator, has been working on the plan and improving communications with the surrounding community. Staff recommended adopting this plan with the understanding that it is a living document and will need to be updated as circumstances dictate.

As directed by the commission staff is proceeding with a branding strategy process. This process will enable the port to better understand current community perceptions about the port and also identify attitudes, feelings and perceptions staff would like the community to have about the port. This will lead to the development of key messages to be made to port constituents and will be included in port communications and training of port staff and commissioners.

After researching staff-led initiatives to a branding strategy process staff recommended Duane Knapp of BrandStrategy.

Port staff expects the branding strategy process to take approximately 12 months. Port staff expects the branding strategy process to cost approximately \$60,000.

In the interim, this communication plan dated March 1, 2008 will guide the port's communications both internally and externally.

COMMISSION ACTION: The commission unanimously adopted Resolution Number 08-06 which will approve the communication plan dated March 1, 2008 and authorized staff to execute necessary agreements with BrandStrategy at a cost not to exceed \$60,000 to complete a branding strategy process.

COMM: POA/POS Joint Resolution (2008) – Adopt Resolution

Patsy Martin reported that the commissioners of the Port of Skagit County and the commissioners of the Port of Anacortes held a joint special meeting on January 22, 2008. The purpose of the special meeting was to discuss port district boundaries and mutual cooperation between the ports. Patsy reported the Port of Skagit County Board of Commissioners and the Port of Anacortes Board of Commissioners agreed that the public expects respective governmental entities to work collectively and cooperatively in the citizens' best interests and in the interest of mutual cooperation.

COMMISSION ACTION: The commission unanimously approved Resolution 08-07 which will commit the Port of Skagit County to work cooperatively and proactively with the Port of Anacortes on issues of mutual concern.

BBIP: Chinook Enterprises; Landscaping (2004 – Present) – Approve Contract

Scott Peterson reported that staff met with Chinook Enterprises to discuss grounds maintenance and mowing needs for 2008. In the past Chinook has provided pruning services, weed control along with applying new bark every other year around the port administration building. This year it is time to re-bark the flower beds. The added cost this year is \$4,000 for this service.

Staff also discussed the need for Chinook to provide grounds maintenance at the TTM building. The TTM building is approaching full occupancy and staff feels it is important to keep the facilities clean and well groomed. The added cost for this service is \$2,100.00 plus sales tax for the ten

(10) month period. These costs will be assessed to the tenants, of the TTM buildings, as part of the Common Area Maintenance charges.

In addition, the contract with Chinook Enterprises' provides for mowing Port properties from Peterson Road, north to Josh Wilson Road. With Chinook Enterprises assuming more grounds maintenance, staff feels Port maintenance can concentrate on other port needs such as airport maintenance and building maintenance. The cost associated with providing this mowing service is \$13,500.00.

Scott Peterson also reported that in August 2005 the Commission gave staff the authority to address the landscaping needs at the La Conner Marina. In 2006 staff approached Chinook Enterprises to assist the port in completing these goals. Since then, with the help of Chinook Enterprises the port has made a significant improvement in the appearance of the marina. Staff feels that continued cooperation with Chinook is important. Staff feels that it is cost effective to contract with Chinook Enterprises to oversee the landscaping plans and grounds maintenance for 2008. This will allow port maintenance personnel to focus on other port needs.

Chinook Enterprises' contract is broken into two (2) different parts. Part 1 is for \$16,416.00 plus sales tax to re-bark with approximately 400 yards of bark. Part 2 is for \$2,758.40 per month for weekly maintenance of the grounds and turf areas around the marina. This would be for eight (8) months for a total of \$22,067.20 plus sales tax. The total contract for Part 1 & Part 2 is 38,483.20 plus sales tax.

COMMISSION ACTION: The commission unanimously authorized staff to proceed with a two (2) contracts with Chinook Enterprises. One at the La Conner Marina (8 month contract) and the other at Bayview Business and Industrial Park (10 month contract) for landscaping services not to exceed the total \$38,483.20 plus sales tax.

MARINA: Moorage in Exchange for Public Services (2008) – Approve Moorage

Patsy Martin reported that the port has for many years granted Skagit County Sheriff's Office one moorage slip for the sheriff's boat and a second moorage slip for Skagit Bay Search & Rescue free of charge at the La Conner Marina. The port did this in exchange for sheriff and search and rescue services provided to Port customers, tenants and constituents. Patsy updated the commission on the Town of La Conner's purchase of a fire boat. The town has requested the same arrangement, free moorage in exchange for fire services. Staff believes this is a responsible and appropriate request. The port is very appreciative of Skagit County's police services and La Conner Fire Department's fire services.

COMMISSION ACTION: The commission unanimously authorized the free use of a moorage slip for Skagit County sheriff's boat, Skagit Bay search and rescue boat and to the Town of La Conner for their fire boat.

PUB AGEN: City of Burlington, City of Mount Vernon, Port of Skagit County; Interlocal Agreement; Ownership, Maintenance and Operation of Fiber Optic Facilities (2008) – Approve Interlocal Agreement

Patsy Martin reported that the Port of Skagit County has been interested in providing high speed fiber optic services at the Bayview Business and Industrial Park (BBIP) and Skagit Regional Airport for several years. For many years port tenants were forced to use dial-up services or pay for fairly expensive T-1 lines. Approximately three years ago Verizon provided DSL service at BBIP that assisted many tenants. However, several tenants still need the higher speed service to transmit significant amounts of data. Therefore, as the commission is aware, staff along with the City of Mount Vernon, City of Burlington and Skagit County applied for a grant from Skagit County's Economic Development Facilities Distressed/Rural County Sales and Use Tax. On February 13, 2008, the committee voted to provide \$300,000 of grant funding for that project. That \$300,000 combined with \$150,000 match from the port and \$6,250 match from Skagit County and City of Burlington provides \$462,500 for the project. The port entered into an interlocal agreement with the City of Mount Vernon in December 2007 for the development of the design and engineering required to extend the fiber services from Mount Vernon to the port. The engineering work is approximately three-quarters complete. The projects should be ready to bid in May, 2008.

Due to the complexities of providing high speed fiber services all parties involved felt it imperative to jointly agree on how these services will be provided. As a group, an interlocal agreement was drafted that lays out ownership, maintenance and operation of the fiber optic facilities and Avon Allen Road. The port will own the fiber system from the pump station located on Peterson and Avon Allen Roads west to and throughout the port property and anywhere further the port so chooses.

The Skagit County Commissioners have not yet approved the allocation of grant funds and the City of Mount Vernon and the City of Burlington have not reviewed the interlocal agreement for approval. Since the entities are not ready to proceed with the agreement staff will bring the interlocal agreement for review and approval at a future meeting.

EASEMENT: Marina; Access Easement for Marina Peninsula Building

Sara Young reported that the port is currently preparing to construct a new commercial/industrial building on the strip of land known as the "peninsula" located between the north and south basins of the La Conner Marina. As a condition of the building permit approval, the Town of La Conner and Skagit County requested that an access easement be recorded over the access road that runs along the north edge of the proposed new building site to assure continued access to the lot located west of the proposed building. The port will be both the grantor and grantee of the access easement. Staff recommended the commission approve establishing an access easement over the access road located along the north edge of the marina peninsula.

COMMISSION ACTION: The commission unanimously approved establishing an access easement over the access road located along the north edge of the marina peninsula and authorized staff to carry out the intent of this action.

RECESS REGULAR MEETING

The regular meeting recessed at 6:20 p.m.

EXECUTIVE SESSION

An executive session was held to discuss the possible sale, purchase or lease of property the public discussion of which could affect the price. The executive session is expected to be 20 minutes and started at 6:30 p.m. The commission expects to return from executive session by 6:50 p.m. Brad Furlong, port attorney was present.

The executive session ended at 6:52 p.m.

RECONVENE REGULAR MEETING

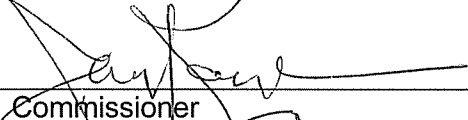
The regular meeting was reconvened at 6:53 p.m.

ADJOURNMENT

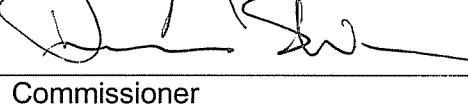
The commission adjourned the regular meeting at 6:54 p.m.

ADOPTED IN OPEN SESSION this 15th day of April, 2008 and duly authenticated by the signatures affixed hereto.

PORT OF SKAGIT COUNTY



Commissioner



Commissioner



Commissioner

