

PORT OF SKAGIT COUNTY

Regular meeting of the Port Commission

Tuesday, August 12, 2008 9:00 AM

MINUTES

PRESENT: Commission - Glenn Allen, Jerry Kaufman and Kevin Ware
Staff - Patsy Martin, Scott Peterson, Sara Young, Kristin Garcia, Karmen Hardy, Paul Stannert, and Debbie Hamilton
Others - See Attached

Changes or additions to the agenda as follows:

1. ADMIN: Marina; Abandoned Boats (7/10/81 - current) – Adopt Resolution
2. ADMIN: Meeting Schedule
3. MARINA: Swinomish Channel - Update
4. Executive Session to discuss the possible sale, purchase or lease of property the public discussion of which could affect the price and possible litigation. Executive session will last approximately 10 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 July 8, 2008 regular meeting.

Fiscal Matters

COMMISSION ACTION: The commission unanimously approved July, 2008 vouchers as presented.

Open Forum

No issues discussed during open forum.

Staff Reports

ADMIN: 2008 Budget; Budget to Actual Comparison; Second Quarter Report

Kristin Garcia provided a second quarter budget report. Information represented financial data as of June 30, 2008. She reported that overall actual revenues and expenses are meeting expectations, airport revenues exceed our projections approximately 10%, BBIP revenues exceed our projections approximately 5% and permanent moorage is slightly under what we projected, however in looking at transient moorage, revenues are up from where we were the same time last year.

A cash flow analysis has been performed for year ending 2008. Available cash at 12/31/08 is estimated to be \$1,336,265.

Discussion

MARINA: Swinomish Channel – Update

Patsy Martin gave the commissioners an update on the Swinomish Channel Dredging.

TENANT: Marina; Westport Shipyard, Inc.; Land Lease dated 7/1/08

Staff and commission discussed an invitation to Pacific Mariner/Westport Shipyards Manufacturing Facility VIP Shop Tour. The tour is to be held Thursday, August 14, 2008 at 1:00 p.m.

AIRPORT: T-Hangars Construction; Lots 19 & 20 (2008) - Information

Scott Peterson reported that Faber Brothers Construction has ordered the kits for the two T-hangar buildings to be located on Lots 19 & 20 along Runway 04/22. They expect to have the kits delivered sometime in October. Staff has selected three (3) colors for the buildings:

Walls	Almond
Roof	Classic Green
Trim	Medium Bronze

These colors are consistent with the Port's standards for new construction at the airport and staff recommends the commission approve the three (3) colors selected for the t-hangar exterior.

COMMISSION ACTION: The commission unanimously approved the three (3) colors: Almond, Classic Green and Medium Bronze for the exterior of the T-hangars.

ADMIN: Meeting Schedule September 2008

Patsy Martin reported that Kevin Ware will not be available to attend the September 16, 2008 regular commission meeting. Commission and staff discussed alternatives. The September 16, 2008 meeting has been changed to September 23, 2008.

ASSOC: EDASC; 2nd Quarter Billings and Reports (2008) – Approve Payment

Patsy Martin reported that we have received the second quarter billing from EDASC in the amount of \$7,500. The payment request was included in the voucher review and approval.

BBIP: Trails; Maintenance and Improvements (2008 – Current) - Information

Sara Young reported that staff has been working on improvements and maintenance to the trail system and introduced Clinton Paulus to review future trail considerations.

Clinton Paulus reported that the trail system at the port has undergone a few major maintenance and improvement operations. The most noticeable features on the trails are trash cans, mutt mitt stations, benches, and picnic tables that have been strategically placed to provide valuable services to trail users.

Maintenance activities include but are not limited to: mowing, trimming vegetation, maintaining trail surface, controlling of noxious weed populations, solving drainage issues, stocking the mutt mitt stations and emptying of garbage cans.

Continued maintenance and trail improvements are effective ways for the port to provide valuable services, as well as to present a positive image of itself, especially considering the port's interest in branding itself.

Discussion of adding vault toilet facilities.

COMMISSION ACTION: The commission unanimously approved the addition of two (2) vault toilet facilities in place of portable units in an amount not to exceed \$30,000.

The commission and staff also discussed the following future opportunities and considerations:

1. Construction of more internal, forested trail loops
2. Participation in regional trail planning efforts
3. Grant funding opportunities
4. Paving for handicapped and strollers

The commission was supportive of staff looking into these trail opportunities as grant funds become available.

MARINA: Monthly Occupancy Report; Month Ending July 15, 2008 - Oral

Paul Stannert reviewed the Monthly Occupancy Report, Month Ending July 15, 2008. During the July 8, 2008 meeting the commission requested staff compare the La Conner Marina with other area marinas. Paul Stannert reported making calls to other marinas to obtain their occupancy numbers:

Port of Bellingham	Full in all categories w/2 year wait list (Open no covered)
Port of Blaine	Full in all categories w/2 year wait list
Port of Edmonds	Full
Port of Everett	Occupancy rate 95%
Port of Oak Harbor	Occupancy rate 88%

Discussion of market segmentation.

The commission would like staff to investigate market segmentation for the Port. Staff will bring information back to the commission at the September 2, 2008 Work Session.

MARINA: South Basin Yard Facility (Marina Peninsula Buildings) (2008) - Oral

Scott Peterson reported that the Marina South Yard Building project has progressed through demolition & earthwork, footings & foundation, under-slab electrical & plumbing as well as concrete slabs (offices & shop). The structural concrete masonry unit walls are complete, and the exterior wall framing is in progress. The project is on schedule.

AIRPORT: T-Hangars Construction; Lots 19 & 20 (2008) - Information

Scott Peterson reported that the T-Hangar project is under way. Excavation of the unsuitable soils is complete, and the structural fill is being placed and compacted. The excellent weather is working in the port's favor as the contractor is a day or two ahead of schedule.

Scott Peterson presented a PowerPoint to the commission of both projects.

ADMIN: Request for Proposals; Lease/Operation of Crosswinds Restaurant (2008)

Scott Peterson reported that staff is working on finding a tenant to lease the former Crosswinds Restaurant.

New Business

EASEMENT: Puget Sound Energy; Marina Peninsula Underground Electrical (2008) – Approve Easement

Jerry Kaufman excused himself from the discussion/action of the Puget Sound Energy easement due to a possible conflict of interest.

Scott Peterson reported that the construction of a new building at the La Conner Marina is underway. It is Port policy to install all utilities underground. Puget Sound Energy has contracted with Potelco, Inc. to install the electrical service to the new building.

Staff recommended the port grant Puget Sound Energy an easement across port property for the installation of underground electrical service to the new marina peninsula building. This easement provides for a strip of land ten (10) feet wide from the northeasterly corner of the lot to the northeastern corner of the building.

COMMISSION ACTION: Commissioners Allen & Ware made a motion and approved an easement to Puget Sound Energy to install underground electrical service to the new Marina Peninsula Building.

ADMIN: Fiber Optic Segment Conduit Infrastructure (2008) – Award Bid

Kristin Garcia reported that staff went out for bid on the installation of fiber which will pull the fiber through the conduit. The port received four (4) bids for this project. Low bid was PowerCom, Inc. in the amount of \$115,907.76 (including sales tax).

The Port issued one addendum to the fiber construction bid documents to clarify the actual amount of aerial, conduit, and number of fiber splices.

At the bid opening held on August 5, 2008, staff noted that PowerCom, Inc. failed to return a signed acknowledgement of the addendum in their bid packet. At the conclusion of the bid opening, Kim Kleppe, the port's consultant, confirmed that prior to the bid opening, he spoke to PowerCom, Inc. to clarify the elements contained in the addendum. Staff does not take exception that a signed addendum was not received because it has been confirmed that the information was received by PowerCom, Inc.

Kim Kleppe has reviewed the bidder's qualifications and recommends awarding the bid to PowerCom, Inc. as the successful bidder.

The approved 2008 capital budget for this project is \$462,500. Total project costs to date equal \$461,806.32. The consultant's estimated range to hook-up 20 businesses is \$20,000 to \$60,000 depending on the complexity of the hook-up, therefore staff requests a budget increase of \$60,000 to supply fiber to port offices and existing tenants within the business park.

COMMISSION ACTION: The commission unanimously:

- 1. Awarded bid to PowerCom, Inc. For Fiber Optic Segment Infrastructure Construction in the amount of \$115,907.76 (including sales tax).**
- 2. Accepted a verbal and email acknowledgement of the bid addendum.**
- 3. Authorized the executive director and staff to take all steps necessary to carry out the intent of the action.**
- 4. Authorized a budget increase of \$60,000 to pursue hook-up of the fiber optic.**

BBIP: Industrial Building (2008) – Approve Construction

Scott Peterson reported that staff has been working with Carletti Architects on the construction of a new industrial building. The port would construct a building for an existing tenant freeing up space for other incubator/start-up tenants. This process was the result of the 2007 Strategic Planning and Retreat sessions with the Commission.

Staff reported that they have been in lease negotiations with Holloman Group to lease space in the new industrial building.

Staff requested Carletti Architects review construction of a concrete tilt-up to determine if other construction types may be more prudent without sacrificing the port's building standards. At the present time, there are 64 buildings within the airport and industrial park. Most are pre-engineered steel; four (4) are concrete tilt-up, three (3) pole, one (1) brick, and four (4) stick frame. Carletti responded by providing a recent article addressing different types

of construction costs. To summarize the article, concrete tilt-up is comparable to pre-engineered steel because of the increase in steel costs.

Discussion of breaking out tenant improvement expenses for the overall building project expense.

COMMISSION ACTION: The commission unanimously approved the construction of a new 13,000 square foot port building on Lots 37 & 38 in the Bayview Business and Industrial Park and directed staff to break out tenant improvement costs from the overall building project expenses.

TENANT: Airport; BT&D Construction Company, Inc. – Approve Assignment

Scott Peterson reported in July, 2003, the Port of Skagit County entered into a lease agreement with Martyn Aviation, LLC for Lot 80 of the Amended Skagit Regional Airport Binding Site Plan – Phase I, as recorded on March 4, 2003, under Auditor's File No. 200303040030.

On July 22, 2004 the Port of Skagit and Martyn Aviation, LLC entered into an Assignment to Lease with Consent Thereto assigning the Initial Lease to Bayview Executive Hangars, LLC.

Brian and Tim Hofferth and staff have met to discuss assigning the lease to BT & D Construction Company, Inc. The Port has received an Assignment of Lease and Consent Thereto which has been signed by Bayview Executive Hangars, LLC and BT & D Construction Company, Inc.

Discussed the need for the Hofferths to substantiate their authority to sign the lease assignment.

COMMISSION ACTION: The commission unanimously approved an Assignment of Lease and Consent Thereto for BT&D Construction Company, Inc., with the provision that Tim & Brian Hofferth substantiate Brian Hofferth's authority to sign the assignment, and authorized staff to take all steps necessary to carry out the intent of the action.

TENANT: BBIP; Holloman, Gary & Bonnie (dba Holloman Group, LLC); Incubator Lease dated 10/1/05 – Approve Lease

Scott Peterson reported the Port is in the preliminary design phase of a new building located on Lots 37 & 38 in the Bayview Business and Industrial Park. Staff working with the Holloman Group has agreed that the Port of Skagit would construct a 13,000 square foot facility and the Holloman Group would agree to sign a five (5) year lease with an additional five (5) year option.

The advantages to the Port in constructing this facility are; additional revenue, additional square footage inventory, and finally, additional space for our incubator program.

COMMISSION ACTION: The commission unanimously approved a new five (5) year lease for the new BBIP Industrial Building to Holloman Group, LLC, authorized the executive director to sign the lease agreement and staff to take all steps necessary to carry out the intent of the action.

TENANT: Marina; Westport Shipyard, Inc.; Land lease dated 7/1/08 – Approve Lease

Scott Peterson reported the Port of Skagit County and James and Mary Lou Caudill, entered into a lease for 780 East Pearl Jensen Way on September 15, 1992. On May 11, 1999 the Port executed an Assignment of Lease from James and Mary Lou Caudill, to Pacific Mariner, Inc.

Westport Shipyards, Inc. has purchased Pacific Mariner, Inc., and staff recommends entering into a new lease with Westport Shipyards rather than assign the old lease. Staff has negotiated a new lease that runs concurrent and under the same terms and conditions of the Westport Shipyard lease executed August 1, 2008 with one (1) exception; the three (3) year CPI adjustment shall not exceed nine percent (9%).

The commission requested staff include a CPI base of 6% as well as the CPI adjustment.

COMMISSION ACTION: The commission unanimously approved a new lease, including a CPI base of 6% for Westport Shipyard, Inc., beginning August 1, 2008 and ending September 30, 2022 and authorized the executive director and staff to take all steps necessary to carry out the intent of the action.

ADMIN: Marina; Abandoned Boats (7/10/81 - current)

Staff reported to the commission that the vessel, "Enchantress" was sinking in the La Conner Marina. Staff requested Ed Oczkewicz of LaConner Maritime pull the boat out of the water and place it on Port property. It was pulled from the water but remains in Maritime's yard. The delinquent moorage fees were paid in full, however, staff has not heard from the owner. The vessel is incurring a daily charge as it remains in the boat yard. There will be an additional expense if the boat is moved now to port property. Staff originally agreed to cover the expense of moving the boat out of the water.

Discussion. The port will not cover any storage or future moving expenses for this vessel.

ADMIN: Marina; Abandoned Boats (7/10/81 - current)

Paul Stannert reported that a vessel described as a 1940 24' sailboat of unknown make, registration number WN70112K has been secured for greater than 90 days for delinquent payment of port charges. The owner has been notified as required. The vessel has not been released to its owner as the account has not been brought current as of August 12, 2008 nor have arrangements been made for the removal of the vessel from the moorage facility.

COMMISSION ACTION: The commission unanimously adopted resolution number 08-18 authorizing the sale of an abandoned vessel, describes as a 24' sailboat of unknown make, identification number WAZ6861G.

AIRPORT: Taxiway F; Soils Investigation; Clean-Up Action Plan

Patsy Martin reported on the current status and progress of the Taxiway F Soils Investigation Clean Up Action Plan.

RECESS REGULAR MEETING

The regular meeting recessed at 11:06 a.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 10 minutes and started at 11:13 a.m. The commission expects to return from executive session by 11:23 a.m. Action may or may not be taken.

Staff made efforts to let the public know the executive session was taking longer than expected and would conclude at approximately 11:45 a.m.

The executive session ended at 11:37 a.m.

RECONVENE REGULAR MEETING

The regular meeting was reconvened at 11:38 a.m.

The commission stated it is not the purpose of the port at this time to use the standard airport lease adopted at the July 8, 2008 commission meeting to acquire property (hangars).

COMMISSION ACTION: The commission unanimously agreed that the port is not interested in purchasing the Unit Owners Association of Skagit Airport Hangar Condominium buildings at this time and authorized the commission and staff to

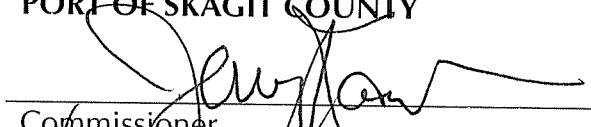
execute the standard airport lease as previously presented to the condo association;
effective July 1, 2008.

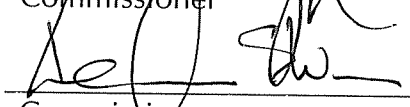
ADJOURNMENT

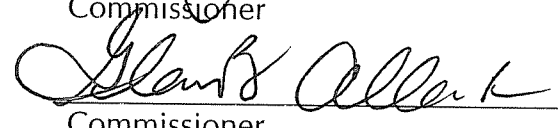
The commission adjourned the regular meeting at 11:40 a.m.

ADOPTED IN OPEN SESSION this 23rd day of September, 2008 and duly authenticated by
the signatures affixed hereto.

PORT OF SKAGIT COUNTY



Commissioner

Commissioner

Commissioner

