

**ISLAND COUNTY COUNCIL OF GOVERNMENTS – REGULAR SESSION
MAY 23, 2012**

The Island County Council of Governments met in regular session on May 23, 2012 in the Commissioners' Hearing Room 102B, located at 1 NE 6th St., Coupeville. The meeting was called to order by Chair, Nancy Conard at 9:00 a.m.

The Council of Governments Minutes and recordings of meetings may be located at <http://www.islandcounty.net/commissioners/cog/2012/>

Members Present: Nancy Conard, Mayor, Town of Coupeville
Helen Price Johnson, Island County Commissioner
Kelly Emerson, Island County Commissioner
Angie Homola, Island County Commissioner
Larry Kwarsick, Mayor, City of Langley
Curt Gordon, Commissioner, South Whidbey Port District
Benye Weber, Commissioner, Coupeville Port District
Steve Powers for Scott Dudley, Mayor, City of Oak Harbor

Also Present: Louis Malzone, Freeland Water and Sewer District
Ed Field, Port of South Whidbey
Ron Nelson, Island County Economic Development Council

CALL TO ORDER

Chair Nancy Conard called the meeting to order at 9:00 a.m.

APPROVAL OF MINUTES

It was moved and seconded to approve the minutes of the April 25, 2012 Regular Session as presented. Motion carried.

SUSTAINABLE WHIDBEY COALITION

Voucher for Sustainable Whidbey Coalition was provided. Chair Conard stated that she would give a report on Sustainable Whidbey Coalition at the next meeting in June. It was moved and seconded to approve the SWC voucher. Motion carried. Commissioner Emerson abstained.

FREELAND WATER AND SEWER

Lou Malzone, Commissioner of the Freeland Water and Sewer District, gave a report on their project. He stated that the composition of the Freeland Water and Sewer District Commissioners changed in November and along with that they made a number of changes to how the water district is operating. Whidbey Water Services has replaced Edwards & Associates as the District's accounting firm. They have also hired a new legal staff of Short, Cressman and Burgess. On May 24th the District will be interviewing three engineering firms as part of a selection process to replace Davido Engineering as the District's engineer of record. The District has also centralized all authority within the Commissioners with no intermediaries authorized any longer to speak for the District.

A citizens advisory committee was created to come up with more affordable alternatives for the project and they have presented three (3) alternatives to the District.

1. To expand the Holmes Harbor Sewer District and create an outflow to Admiralty Inlet
2. To expand the Main Street Sewer District and use local properties for water infiltration
3. To expand the Main Street Sewer District or use package processing plant and construct a wetland to accept process water before flowing it into Holmes Harbor

None of these have been selected as an alternative nor are there firm budgetary numbers for these. All three of these are regulatory and engineering challenges and fall outside of the bounds of the interlocal agreement parameters as it is currently written. Therefore, the District will be looking to work with the Council of Governments and the County to redefine the parameters of the interlocal agreement before drawing down any further .09 funds. They do have three and a half million dollars available from the DOE under a Centennial Clean Water Act grant and are finalizing that contract and will continue planning a viable alternative to bring sewers to Freeland. This will allow them to let .09 funds sit for a while.

Mr. Malzone was asked if the size of the proposed system had been changed. He stated that the size of the proposed system has always been the water district boundaries which are within the 9 municipal urban growth areas. In 2005 there were five phases in the project. The first being the commercial core with this being changed in 2010 to include the whole water district. Now they are looking at downsizing it again and returning to 2005 and focusing on the commercial core where all the employment and income opportunities are. The challenge with this is that it will cost a considerable amount of money and the community will need to come forward and be willing to pay for this once the cost is defined.

Commissioner Emerson questioned when the plan strayed from the parameters of the interlocal agreement. Mr. Malzone stated that phase one was redefined from the interlocal agreement which had phase one as defined in the 2005 plan in response to the USDA coming forward with redevelopment funds and the opportunity to get a 10 million dollar grant and a 30 million dollar loan. With this funding opportunity the District moved quickly to redefine phase one but perhaps they should have come back to the Council of Governments with a request to modify the 2005 plan to the 2010 plan to have the interlocal agreement conform to what the District was doing. USDA ran out of money and funding was not available therefore the whole process came undone because of lack of funding.

PORT OF SOUTH WHIDBEY

Ed Field, Operations and Constructions Manager, for the Port of South Whidbey started his report with a brief review of the original scope and the proposed revised specific layout. The goals that they defined in 2008 before taking over the marina are still absolutely on the money for the project they have scoped. The goal all along has been to establish deep water moorage for passenger vessels, larger recreational and tour vessels, and remediation of existing environmental problems. The proposal made in August of 2008 and revised slightly in December in 2008 was to accomplish the first phase of the harbor expansion, complete installation of public commercial and emergency access for the deep water dock, and significant remediation of the environmental problems. At that time estimation of the cost of the first phase project was to be about 2.4 million and 1.2 million was requested from rural county funds. The project has gone through a public vote since then and a significant redesign of the overall scope in 2009 was submitted for overall permitting which has been in process for 2 ½ years and expectations are that it will be another 1 to 2 years before they get the major federal permits.

The redesigned first phase of the overall expansion takes the existing 400 foot breakwater which has already been purchased separating it into two different segments a 266 foot and a 133 foot segment and deploys that out with an 80 foot gangway and establishes an outer perimeter that gets them in much deeper water and length of accessible moorage to allow for bigger boats (i.e. Victoria Clipper) as well as large recreation vessel over 50-55 feet. This project along with the installation of boat ramp floats is funded completely by separate grants and permitting. The entire project is estimated to cost 2 million

dollars and will accomplish all the goals that they originally defined. They were able to identify a separate permitting path for this small project that is categorized as a replacement project because they are redeploying it from a temporary space to a semi-permanent place phase I location. That permitting was filed in November of 2011 and they have been told it may be another 1 – 2 months. If this permitting comes through expectations are to go to bid within 2-3 months and give the contractor the opportunity to complete this project in time for the 2013 boating season.

What they have now is a project that is exactly the same in overall goal and objective. It has changed in layout somewhat to be a much more technically and operationally feasible facility. It is a viable first step and they can move with a second dock installation as a second phase. With the rural county funding as well as the bond funding that was approved last month they will have the funds to do this. The Port has sold \$800,000 worth of bonds and has the money in place to match a third of the project so the other two thirds (1.2 million) comes from Rural Economic Development Funds. They expect to pay off 80% the bonds with moorage revenues.

They have also been working with FEMA for a grant that would allow them to pay for a portion of the dock that would be designated solely for moorage of a fire boat and a sheriff's rescue boat which would be paid for by the FEMA grant with a match for 25% from the fire district. They plan to proceed with the project with or without the FEMA grant.

The project is designed to make a better launch facility to get in and out of and be able to unload on to a dock year around. It will bring tourist in to town and benefit the locals who would get to use the boat launch.

CITY OF LANGLEY

Langley Mayor Larry Kwarsick reported on their project. The original project was to make improvements to Wharf Street, the park and marina facilities. The City believed the allocation of Rural Economic Development Funds would be more meaningful with this stage of marina project development if they looked at providing for pedestrian connections directly between the marina parking areas offsite. Currently there are limited opportunities existing for vehicle parking including trailers on site and very limited opportunity to do any kind of expansion of parking on the waterfront. The City along with the School District of South Whidbey and the Port are working on a proposed interlocal agreement which will start with the memorandum of understanding enabling the Port together with the City to utilize parking on school district property at the Langley Middle School which has adequate space to serve multiple purposes on the property. The South Whidbey School District and the City of Langley have agreed to the MOU and the Port is in the process of finalizes their review of the MOU. The MOU is an agreement to move forward with this project and better define the use of the upper parking area for boating facilities, who is responsible for making improvements and what improvements there will be.

Part of the City's request is to shift the allocation of the funds to a funicular incline elevator which would connect Cascades Avenue upper Langley to the waterfront. There are a couple of different opportunities to make the connection at the waterfront potentially in cooperation with private development that might occur on the waterfront and if not then directly landing the funicular on to Port property. The cost of this project is estimated at approximately \$800,000 with \$242,000 previously awarded to the City for support of the boating facility operations. The City is in the process of applying for RCO boating facility grant. The project has been determined to be eligible for this grant and the City will be seeking a little over one half million dollars through this grant project to help support this project.

The project is supported by Island Transit, the Port and the City of Langley in terms of their long range planning documents and is also incorporated into the City's capital facilities plan. Although this project would have local recreational benefits, its primary purpose will be to provide connectivity between the marina and upper Langley for tourism and tour boats.

REVIEW OF FINANCIAL STATUS OF RURAL ECONOMIC DEVELOPMENT FUNDS

Members reviewed an updated report on the financial status of the Rural Economic Development Funds. Commissioner Price Johnson reported that there is a healthy fund balance in the account. The last page of the report showed the 6 year cash projections with revenues and expenditures. In 2008 there was some concern there might be a deficit in the cash flow but because we held off on applications and because projects were pushed out for various reasons we now have adequate cash flow to meet obligations as proposed. It was suggested that since there is money available we should open up for applications. Steve Powers from the City of Oak Harbor put forward the idea that rather than using the grant application process they use an allocation process by which the member jurisdictions would know that there is a certain amount of Rural Economic Development Funds on a particular cycle i.e. annual basis. Commissioner Homola stated that this had been considered in the past but that they preferred to fund projects that rather than allocate funds. Commissioner Homola will provide members with a draft of the revised application for Rural Economic Development Funds.

DERELICT VESSELS, DEEP SEA FIRE AND SINKING

Bill Oakes, Director of Island County Public Works/Engineering, gave an update on the derelict vessel the Deep Sea fire and sinking. Beyond the initial fire there has not been a request from incident commanders for local resources, but we have taken on a liaison role. A couple of weeks ago in the middle of the night the vessel caught fire and the source is unknown. A fire fighting vessel from Camano and one from the Coast Guard responded. They suspended fire fighting when the vessel began to list and eventually sank. The Department of Ecology has contracted with a large salvage firm to come up and salvage the vessel. The Department of Natural Resources is funding the salvage. There is still 5000+ gallons of marine diesel on the vessel. The vessel continues to leak and this prevents reopening of shell fish harvest. They estimate at least 4 days of work until they can lift the vessel.

OTHER ITEMS OF MUTUAL INTEREST

Commissioner Price Johnson stated that she has been working with the EDC about getting a better handle on our Broadband infrastructure i.e. there are many dead zones and some people are dependent upon dial up. This has been a hindrance for economic development. A grant opportunity has been brought forward and the EDC is the lead agency to do a Broadband survey. Commissioner Price Johnson asked that we authorize the Chair of the Council of Governments to write a letter in support of this grant and for a commitment for a one-time additional allocation to the EDC for a maximum of \$5000 to fulfill the grant. It was moved and seconded to authorize the Chair to write a letter of support and authorize recommending additional financial support for EDC. The motion carried unanimously.

AGENDA TOPICS FOR THE NEXT MEETING

We will review the .09 application process at the next meeting and revisit agenda topics for the rest of the year. Chair Conard will present an update on the Sustainable Whidbey Coalition at the next meeting. There will be an LIO Executive Committee meeting after the CoG meeting in June. There will not be an RPTO meeting in June.

Dated this 23day of May, 2012.


Approved