Meeting called to order at 9:05 a.m. by Vice Chair Yonkman

ROLL CALL

Wayne Havens, Mike Joselyn, Scott Yonkman, Mitchell Howard, Val Hillers, Anna-Marie Sibon, Mahmoud Abdel-Monem, William Lippens

Staff Present: Robert Pederson – Planning Director, Anthony Boscolo – Long Range Planner, Troy Davis – Long Range Planner

ITEMS FROM THE PUBLIC

None

APPROVAL OF MINUTES

March 8, 2011
Commissioner Howard moved to approve, Commissioner Sibon seconded with a correction; where the minutes state she cited an example from Snohomish County, it should read Pierce County. Minutes were approved unanimously as corrected.

March 22, 2011
Commissioner Joselyn moved to approve, Commissioner Howard seconded, motion carried unanimously.

DIRECTOR’S UPDATE

Director Pederson advised the Commission of the Board of County Commissioners adoption of the Freeland Sub Area Plan. He noted there were ongoing discussions related to the sewer in Freeland that were still very much in play for that process. The cost
related to the sewer remains a concern to the community. The Freeland Water & Sewer District has pulled back from forming a LID at this time. Further research, discussion and outreach to the property owners in the area will need to be done.

Commissioner Joselyn asked what happens to the Subarea Plan without a sewer.

Mr. Pederson stated if one thinks of a Subarea Plan as being an aspiration for the future of Freeland, the Plan becomes a placeholder until there is a Capital Facilities Plan that identifies how the sewer will be funded in the six year planning horizon, as required under GMA State law. That aspect of the Freeland Subarea Plan is still unfinished, but the Plan is there and available to move forward once the sewer is funded.

From a planning perspective it is important to keep moving forward with the elements of the Subarea Plan, as well as working on the Development Regulations. As a Non Municipal Urban Growth Area, ultimately a method of providing infrastructure of sewer to that urban area for future growth and development must be determined. Therefore the planning effort must continue to move forward to be ready once the issue is decided.

The finishing pieces of the Freeland Subarea Plan; the Capital Facilities Element with the financing plan, housekeeping amendments to the overall Comprehensive Plan that reference Freeland, the development regulations, and updates in conjunction with the Regional Transportation Plan will all come back to the Planning Commission.

Mr. Pederson further advised the Commission that the next joint work session with the Board of Island County Commissioners, Town Council, and Mayor for the design guidelines & process for Ebey’s Reserve would be April 28, 2011 from 1:00 – 4:00 p.m. It is envisioned that it will be the last joint work session that will then lead to the second and final joint public meeting.

A final joint work session will be held after that public meeting to make any final edits to the unified code and the design manual. It will then be taken to the formal public hearings before the Town Council and the Board of Island County Commissioners for adoption.

Director Pederson also advised the Commission of the Board of County Commissioners’ final legislative action on CPA 155/04, which was the unfinished business from the 2005 Population Projection and expansion of the Oak Harbor UGA. The decision tracked with the Planning Commission’s recommendation from November of last year.

NEW BUSINESS –

• DRA 018/11 – An amendment to Island County Code Chapter 16.19, to clarify the appeal process for Type I decisions when SEPA review is required.

Vice Chair Yonkman opened the public hearing on the matter.
Long Range Planner Troy Davis provided background information on the need for the change. An inconsistency was discovered in the appeal processes when SEPA is involved in a Type I application. A Type I application can only be appealed by the applicant, whereas SEPA, which is a Type II decision and can be appealed by anyone who is considered an aggrieved party.

State law requires any government action that involves SEPA be combined with the government action as though it were one action and can be appealed according to Code, which in Island County would be any aggrieved person.

This Code amendment will clarify this inconsistency by making sure they are combined and processed as a Type II application, which brings the Island County Code into compliance with State law as well as with the Superior Court decision on the application that brought this inconsistency to light.

Commissioner Sibon stated it appeared to be a straight forward amendment.

Mr. Pederson added that the Superior Court decision of Judge Hancock called for the Code to be amended.

Commissioner Hillers stated it seemed to also be a fair way to handle this issue.

Vice Chair called for public comment.

There was none.

Director Pederson asked the Planning Commission to continue the public hearing to their next meeting in order to have final Code Reviser review done prior to moving the item on to the Board of Island County Commissioners.

Vice Chair Yonkman called for a motion

Commissioner Joselyn moved to continue this agenda item to the next meeting, Commissioner Havens seconded, motion carried unanimously.

- **DRA 053/11** – An amendment to Island County Code Chapter 17.03 to change the definition of Impervious Surface to be consistent with the definition of Impervious Surface as found in Chapter 11.03 of the Island County Code.

Vice Chair Yonkman opened the public hearing.

Mr. Davis provided background on this amendment. It is also a simple amendment, ensuring the Code is consistent throughout by making sure the definitions are the same.
Commissioner Lippens recommended a change to the definition of impervious surface. He read his suggested change into the record:

“Impervious surface means a surface area that prevents or impedes infiltration of water into the soil mantle; or retards the infiltration of water into the soil mantle such that it causes the water to run off the surface in greater quantities or at a greater rate of flow than under natural conditions.”

Discussion by the Commissioners followed on the subject and all agreed the change should be made to this definition.

Vice Chair Yonkman called for public comment.

Wayne Morrison, South Whidbey

He recommended caution as to the definition in relation to the fact that anytime someone does logging or land clearing it has a natural tendency to shed materials. Anytime work on a site is done, removing vegetation of any kind will change the surface water runoff dynamics. There are requirements relative to managing onsite water disposal etc. He recommended caution so that the definition doesn’t become too onerous.

Commissioner Havens commented on gravel roads, discussing the many different types and the need for discretion. Crushed rock with enough binder becomes impervious.

Commissioner Lippens stated he had never seen a permanent gravel road that doesn’t eventually become impervious.

Commissioner Hillers moved to continue the public hearing on this item to the next meeting, Commissioner Joselyn seconded, motion carried unanimously.

- Presentation on economic trends by the Island County Economic Development Council

Ron Nelson, Director of Island County EDC

Mr. Nelson stated he wanted to take the Planning Commission through what he would call the 10,000 foot level view of the island economy over the last five years and then talk about some things coming up in the future that might impact the planning process.

One of the things to keep in mind when presenting data is that as you dig down closer and closer to a small area, minor fluctuations become magnified for that reason the state economists lump Island County, San Juan County, and Skagit County all together. The data he would be providing was specific to Island County.
Quarter 3 2010 was down 28% from quarter 3 2006
Quarter 3 2010 was down $2M from the year prior
Highest point: 3rd quarter of 2007 at $117M
Low point: 2nd quarter 2010 at $75M

Coupeville’s 3rd quarter of 2010 was off 10% from quarter 3 of 2006
Highest quarter: 2nd quarter 2007 $14.7M
Lowest quarter: 1st quarter 2009 at $7.6M

He stated each area has a different time when they peak and a different time when it hits the bottom, which is a fluctuation of how their economy is based.
Langley’s 3rd quarter of 2010 was off 5% from quarter 3 of 2006
Highest quarter: 3rd quarter 2008 $13.6M
Lowest quarter: 1st quarter 2010 at $6.6M

Oak Harbor's 3rd quarter of 2010 was off 10% from quarter 3 of 2006
Highest quarter: 3rd quarter 2007 $93.3M
Lowest quarter: 1st quarter 2010 at $69.2M
Looking at all areas on one chart shows relative sales per area.

The quarterly average taxable retail sales from the 3rd quarter of 2006 shows:

- Unic Is Co Average = $96,452,251, 48%
- Coupeville Average = $10,519,005, 5%
- Langley Average = $9,077,447, 5%
- Oak Harbor Average = $83,202,773, 42%

**Total Taxable Retail Sales by NAICS**

Unincorporated Island County

<table>
<thead>
<tr>
<th>Industry</th>
<th>NAICS</th>
<th>Avg 5 Yr Qtrly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Building Construction</td>
<td>2361</td>
<td>$20,703,441.47</td>
</tr>
<tr>
<td>Home Centers</td>
<td>4441</td>
<td>$7,962,809.53</td>
</tr>
<tr>
<td>Wired Telecommunications Carriers</td>
<td>5171</td>
<td>$4,281,578.24</td>
</tr>
<tr>
<td>Electrical Contractors and Other Wiring Installation Contractors</td>
<td>2382</td>
<td>$3,700,070.00</td>
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<tr>
<td>Supermarkets and Other Grocery (except Convenience) Stores</td>
<td>4451</td>
<td>$3,670,491.18</td>
</tr>
<tr>
<td>Site Preparation Contractors</td>
<td>2389</td>
<td>$3,406,275.35</td>
</tr>
<tr>
<td>Drywall and Insulation Contractors</td>
<td>2383</td>
<td>$3,122,440.00</td>
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<tr>
<td>Investigation and Security Services</td>
<td>5616</td>
<td>$2,942,097.53</td>
</tr>
<tr>
<td>Pet and Pet Supplies Stores</td>
<td>4549</td>
<td>$2,641,341.53</td>
</tr>
<tr>
<td>Fuel Dealers</td>
<td>4543</td>
<td>$2,569,516.29</td>
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</tbody>
</table>

**NAICS – North American Industry Code System**

- Used by government to classify businesses
- Word of caution: The Department of Revenue will not release data for less than 3 businesses in an area, which means not all retail sales is viewable

Note that in the top 10, 6 of the categories relate to building
For Coupeville, a predominantly tourist town, 4 of the top 10 relate to building

Langley is the least impacted by building with only 2 of the top 10 related to construction

Mr. Nelson stated these slides show just how much of our economy is based on construction related activities, which has a direct impact when it comes to taxable retail sales to the tax revenue.

When talking about a building recovery, the 2010 Washington State Labor Market and Economic Analysis Report states only 6 of the 49 occupations in the construction occupation group are expected to grow in the next 10 years.

He stated the state economists say you cannot expect building to return to the same level as 2008 until at least 2018.
Total Taxable Retail Sales by NAICS

<table>
<thead>
<tr>
<th>Industry</th>
<th>NAICS</th>
<th>Avg 5 Yr Qtrly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other General Merchandise Stores</td>
<td>4529</td>
<td>$12,352,917.76</td>
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<tr>
<td>Home Centers</td>
<td>4441</td>
<td>$7,739,518.06</td>
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<tr>
<td>New Car Dealers</td>
<td>4411</td>
<td>$5,203,643.06</td>
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<tr>
<td>Limited-Service Eating Places</td>
<td>7222</td>
<td>$4,299,642.12</td>
</tr>
<tr>
<td>Full-Service Restaurants</td>
<td>7221</td>
<td>$4,265,741.53</td>
</tr>
<tr>
<td>Residential Building Construction</td>
<td>2361</td>
<td>$3,516,584.41</td>
</tr>
<tr>
<td>Automotive Parts and Accessories Stores</td>
<td>4413</td>
<td>$3,165,921.18</td>
</tr>
<tr>
<td>Supermarkets and Other Grocery (except Convenience Stores)</td>
<td>4451</td>
<td>$3,113,100.76</td>
</tr>
<tr>
<td>Industrial Building Construction</td>
<td>2362</td>
<td>$2,532,988.12</td>
</tr>
<tr>
<td>Pet and Pet Supplies Stores</td>
<td>4539</td>
<td>$1,898,358.18</td>
</tr>
</tbody>
</table>

Only 3 of the top 10 relate to building for Oak Harbor, with the city being the only one where building is not number one. This supports the idea that the city is a primary retail hub for the island.

Building recovery
2010 WA St Labor Market and Economic Analysis Report (page 25, para. 2)
Only six of the 49 occupations in the construction occupation group are expected to grow in the next 10 years

Observations

- Population and planning
  - 1986 – 25% over age 50
  - 2025 – 47% over age 50
- Probabilities
  - Increase in service based economy
  - Impact to tax base
  - Schools

The County could be heading into a Service based economy
Low wage jobs to support fixed income retirement community
House maintenance, lawn services, elderly care services, which may cause Income polarization:
Higher income retirees with lower income wage earners supporting them
Increase in affordable housing required with decrease in mid-level housing?
Increase in poverty?
Impact to tax base
Less building as retirees press for isolationist policies?
Fewer middle class jobs due to isolationist policies?
Decrease in student population continues, except for Oak Harbor
NAS Whidbey is a stabilizing factor
Increase in tax revenue request by other schools to offset student loss

It looks like the Cherry Point shipping port in Bellingham will become a reality with 900 new jobs
Considered huge success
NAS Whidbey:
10,000 jobs – little community reaction over possible loss of P-3s (1,200 jobs)
Buxton analysis – loss of P-3 equals loss of $1,200 per year, per person in the county
Planning and community policies need to actively embrace Navy needs if the county desires stabilizing factor and economic driver of base to continue
Boeing:
Tanker contract = 11,000 WA St jobs (source: Everett Herald, http://www.heraldnet.com/article/20110306/BIZ/703069935)
Active planning efforts to attract these workers could stabilize south island aging population
Support Curt Gordon and Port of South Whidbey’s parking efforts
Established businesses
Support Nichols Brothers, IDEX (Upchurch), Waste Management, P&L, Washington Iron Works, Pet Mobility and Rehabilitation Center and other businesses providing stable employment that exports off-island
Commissioner Sibon asked how the County in general could try to attract more large industrial type business in locations that are already established for commercial use.

Mr. Nelson responded that the idea of having a living wage low impact type of employment is a great idea for the island. He personally thought the ideal was call centers and things like that, or something like Upchurch which creates a very technical product that doesn’t require a large footprint or a lot of moving of product to create it.

There is a 70 acre industrial park zoned, ready to go off of Oak Harbor Rd. The developer will build to suit. The things that are difficult for Island County is that most of the businesses looking for a new location want to be close to the I-5 corridor or an interstate corridor of some type and they want to be close to a port or an airport.

Island County needs to decide what type of business they want and then actively market towards that, putting resources towards attract that business.

Commissioner Hillers asked if the base would shrink if the NASWI replacement plane does not come to Whidbey.

Commissioner Lippens stated he hoped the base would stay the same without expanding. He felt having a single industry be so much of the economy was worrisome.

Mr. Nelson replied to both comments by saying the current proposal put forward by the Department of Navy is that the P3 will eventually phase out and that the P8 right now is scheduled to go to Kohonoli Hawaii and Jacksonville Florida, with none earmarked for NASWI. The direct loss would be 1,200 – 2,000 potential jobs.

He further stated the community needs to send their comments to Rick Larsen or our Senators to let them know they want those aircraft here. It does have a large impact on the decision process.

Commissioner Howard asked how the citizens of Island County could draw the kind of business that would establish more than minimum wage employment on the island, other than saying it is lovely up here, you would want to live here.

Mr. Nelson commented that Commerce has stated not to use quality of life as a particular factor when trying to attract a business because everyone says they have a great quality of life, whether they do or not. Again, the difficulties for Island County are that most of the leads want to be close to the I-5 corridor or some interstate corridor. They want to be close to a port or an airport. A data center has been suggested, but they need lots of water for cooling, around 200,000 gallons a day and they do not employ a lot of people, they just have a lot of machines.
The answer to attracting businesses is marketing, getting the word out that we want to attract businesses. As a county we have to decide what we want and then actively market towards that and then putting resources towards attracting that.

He further touched on the following points:
- Proper zoning is important; if it is all Rural you cannot attract businesses.
- Camano is hindered by water and power availability.
- Planning must be planned for the future and risks must be taken.

Mr. Nelson ended by saying for the record he is not anti-tourism, he is pro diversification.

**Trends for Island County Population Projections**

Director Pederson provided a brief presentation to the Commission related to projections and trends for Island County Population Projections.

Mr. Pederson stated that Island County’s population is still growing, but the rate of growth is declining. The projections have continued to go down each time they are looked at.
The following slides provided statistics for Building Permit Trends.
Findings of Fact for DRA 042/11

**Recess** – to allow the Planning Commission to review the Findings of Fact for DRA 042/11 – Clean Water Utility amendment to the Hearing Examiner duties.

Vice Chair reconvened the meeting and called for discussion on this agenda item. Hearing none he called for a motion.

*Commissioner Hillers moved to approve the Findings of Fact for DRA 042/11, Commissioner Sibon seconded, motion carried unanimously.*

Meeting adjourned at 10:52 a.m.

Respectfully submitted,

Paula Bradshaw