

Agenda for Special Board of Trustees Meeting, Friday October 29th via ZOOM at 6:30pm
Hat Island Special Board Meeting
3616 Colby Ave PMB 335
Everett, WA 98201
(360) 444-6611

October 29, 2021
ZOOM

Attendees:

Paula Bafaro- President	Virtual
Dan Jensen- VP	Virtual
Don Stark- Treasure	Absent
Kelly Dukes- Secretary	Virtual
Erik Smith- Trustee	Virtual
Aimee Chambers- Trustee	Virtual
Ray Stephanson – Trustee	Virtual
Kim Gleason- Island Manager	Virtual

Call Meeting to Order at 6:34pm

Approve Meeting Minutes from September 25, 2021 and October 27, 2021

Paula: First order of business, do we have a motion to approve the minutes from September 25 and Oct 27 meetings?

Dan: I make the motion

Ray: Second

Paula - yes
Dan- yes
Don- absent
Kelly- yes
Erik- yes
Aimee- yes
Ray- yes

Paula: The motion passes, and the notes are approved.

Update on neighboring municipalities between Everett and Langley

Ray: Will provide a briefing on current activities and next steps. Washington state ferry system has had difficulties staffing vessel to provide ferry service between Clinton and Mukilteo. Whidbey residence rely on the ferry system to provide access to their jobs on the mainland and many are first responders, health care workers or teachers.

Hat island Board of Trustees authorized the Island Manager, Don Stark and me to explore the possibility of providing emergency ferry service between Everett and Langley.

Guidelines:

- Could not affect the passenger service for owners to Hat Island
- Could not cause a negative cash flow to the island therefore must be self-supporting and cover all costs and contingencies.
- Any excess funds from the period of service would be applied to the principle of the ferry loan
- Explorer schedule that would allow islanders to test daily ferry service between Hat Island, Everett, and Langley.

We have reached out to parties who may be interested in such service and who has the funding to make such a partnership work.

Principles to meet, enhance the life of Hat Island residence and benefit the Island financially. Once those were met, it would be brought to the community for a vote.

We have spoken with Congressman Larson, City of Everett, Mayor of Langley, Island Transit, Port of Everett, Port of South Whidbey, and Governor Inslee's office. We received enthusiastic verbal support for the proposal. It would provide daily dedicated trips for just islanders and added income to cover our current deficit on the ferry as well as additional money to pay down the principle on the ferry loan.

Seeking input from Board and community on this preliminary research.

Kim: I prepared some FAQ's

REMEMBER...NOTHING WOULD HAPPEN WITHOUT A VOTE OF THE OWNERS!

Why would this be temporary? I've heard people talk about things being temporary but once they are in place they never go away?

The answer to that is basically that the funding that would allow us to do this would be from COVID Relief funds and funds from the American Recovery Plan Act. Hat Island has to subsidize service for its owners, we cannot and will not subsidize service for others. In addition, there is already a group working with the Mosquito Fleet to start providing service from Langley to Everett within the next two years. This would be a temporary go between to fill a need and to try more regular service out for islanders.

What about staffing? We were told we couldn't add Monday runs because of staffing.

Yes, the 2022 budget did not allow for more staffing to add runs. However, if this service goes into effect the cost of extra staffing would be covered by the communities, we are offering service to. Remember the guiding principles mentioned earlier, "... ***it must be self-supporting and cover all costs and contingencies that would be incurred during the time period it would cover.***"

Won't daily ferry service change Hat Island? I don't want Hat Island becoming Everett.

No one can promise that daily ferry service won't change some things on Hat Island but with this short-term service the island would be in charge of its own destiny and it would be run under the island's terms. What changes are we thinking may happen that would be an adverse effect to owners? What changes could be a benefit to owners?

- More regular service to allow owners who want to work on the mainland a way to get to and from the island every day.
- More regular service to allow owners to get to medical appointments on the mainland.
- Only owners and their invited guests would be allowed to disembark on Hat Island.
- More full-time owners? We are seeing more growth on the island whether we offer full time ferry service or not. We cannot be certain but it would seem likely that most of those purchasing homes would continue to be weekenders and/or summer visitors.

What about cargo?

We are already packed tight with our own passengers and cargo! How can we fit non islanders?

There will continue to be designated runs just for Hat Island residents to allow for luggage. These would be the same days, with changed sailing times. The sailings that go between Langley and Everett will not allow for luggage.

Safety

What about safety on the ferry? We don't know the people from Whidbey and Everett who could be boarding and riding on the same ferry as us?

There will continue to be designated runs just for Hat Island residents. Residents that don't want to ride with non islanders will not have to unless they want to ride on one of the commuters runs.

What about wear and tear on the ferry?

The ferry is designed for commuting. Included in the budget would be depreciation of the vessel as well as additional funds for any added repairs and maintenance and funds for back up ferry to transport islanders while those repairs are being completed.

Paula: Opened up to the community for questions.

Erik: I have a question. I thought this was for the Board too. We say temporary, what does that mean, weeks months? When would this start and stop?

Kim: We don't know that yet. We are still in the beginning stages, depends on funding and legal issues would need to be addressed. Can't image it would be longer than a year.

Erik: Oh, I thought this was us doing a short-term favor for our neighbors who temporarily lost their two ferries.

Kim: This would require hiring staff, it depends on the agreement.

Erik: So, they had to two ferries, they lost one. Is that a permanent loss? I thought we were filling a temporary need.

Kelly: As reported in the news, the Washington State system is having trouble maintaining enough staff to operate all their vessels. The Mukilteo to Clinton run is the bussies ferry run in the state. They announced that due to the staffing constraints they are going from two ferries down to one and that this is expected to last a year. There is a need for a year, whether we intend to bridge that gap is another discussion.

Ray: You are exactly right; the sailings have been reduced. Providence Hospital and the school districts are reporting that their workers are not showing up on-time for their shifts and or are not able to show up at all. WA Ferry system is affected by the COVID vaccination mandate as well as the ferry system has an aging work force, and it takes time to hire and train new workers. Puget Sound Regional Council study on passenger service projects throughout WA an increasing need for ferry service. The ferry system with moving vehicles from one place to another will not meet the demands of the region's growth, passenger service is a growing need.

I am not suggesting that Hat Island provide a permanent solution to this crisis. However, is an opportunity to provide a service for our neighbors on Whidbey, not impact Hat Island residence and provided additional income to pay down the ferry loan faster. If we can achieve all those with negotiations with local municipalities, I think this is an opportunity to consider.

Kurt Kassahn: I like the idea but have questions. I worry about added cost, are we ADA compliant? How many hours a week are we considering? Will we cut the life of our engines in half and just break even? We need to be profitable, and use proceed to pay down the ferry loan. State ferries require vaccinated staff, how do we address that?

Ray: Great questions and needs to be answered to everyone's satisfaction. We are in a state of flux as we analyze 6 month and 12 month contracts scenarios. The Port of Everett suggest that they would load the ferry at a ADA location next to Lombardi's restaurant. Providence Hospital is potentially to provide shuttle service to the hospital for their employees. Everett Transit Service has agreed to have a bus to transport people to Everett Station. Nothing is final- lots of moving pieces.

Dan: Wear and tear on the ferry: We would capture depreciation at an accelerated rate an include those costs in the budget.

Kim: I have spoken with our insurance broker. He does not believe that there would be much additional cost and is not concerned that the insurance company would object. However, they need additional information to be able to provide definitive answer. Any additional costs would be included in the financial proposal to ensure we recoup those costs.

Kim: Preliminary proposal in addition to extra staffing and depreciation, we have included: repairs, increased maintenance and what it would cost to temporarily hire a backup boat if our ferry was out of service. Included in tentative proposal is additional \$200,000 in profit to pay down the ferry loan.

General discussion: Need to make sure that all financial impacts and contingencies. Care Fund is a new program, to rehabilitate the economy due to the impacts from COVID. Major impact has been on employment. The funds to facilitate having our ferry provide emergency service would come from the Care Fund to local municipalities.

Ray: The Everett Transit just got an infusion of \$20,000,000 into their budget from the Care Fund. They are asking for community input on where to spend this money and the emergency use of our ferry to provide transportation to allow first responders to get to work is a candidate for some of those funds.

Municipalities city councils, port commissioners, boards, they all go through a similar process much like our own. There is a negotiation, legal counsel, a contract will be negotiated and then sent to a decision-making party for approval. In the case of the City of Everett, it would be the City Council, Port of Everett it is the Commissioners, they would have an opportunity much like the HICA Board of Directors would have an opportunity to weigh in and provide feedback and provide any revisions. The extra step that we would take is to put it out for the Hat Island community to review and provide input to the Board and then a vote of the community.

Paula: There is a lot to accomplish in a short amount of time.

Ray: We have requested a meeting with the City of Everett to have a meeting with the parties next week- TBD. Review service we can offer and why it is important. Are they seriously interested in financing this? Legal counsel from all the parties will be reviewing to ensure it is legally correct and lawful. Once that negotiation is complete then we can be public about this. Municipalities are very sensitive about not talking about details of negotiations before the decision-making party hears about it. It is important to keep it confidential until it is a public document which can either be supported or not supported.

Erik: When is deadline?

Ray: Deadline to complete depends on funding, and whether the funding comes from one municipality or multiple. I expect 30-60 days, if not, there is another avenue to pursue with Governor Inslee's office. The Governor has a supplemental budget mid-year, which is another avenue for funding. If we went that route the start date would likely be put 6-8 months.

Erik: Not this year then?

Ray: No, I do not think practically it would be until after the first of the year, in 2022 . Working with Langley on parking and free bus service for riders. Lots of pieces to put into place.

Erik: Is there a real possibility that we spin our wheels and then they hire, and this issue goes away?

Ray: I don't think so. Engagement with the parties shows they are interested in solving a problem that is affecting their workers.

Erik: Hypothetically the project would start yearly next year and last 6-12 months. Maybe end in 2023.

Ray- Yes. The other thing if you look at the Puget Sound Regional study which is looking at longer term solutions for passenger only service between islands in San Juans and Puget Sound.

Paula: Great opportunity to partner with our neighbors and provide a needed service while paying down our ferry loan and explore providing additional ferry service to owners on Hat Island.

Scott Holte: We are a private entity how do we fit in with inter Government entities? We would not get the money directly, so we need to enter into a contractual agreement to define. It is important for the community to understand. Additional input, there is a bridge between the Mukilteo and Everett on the Mukilteo Blvd that will be coming down next year. While it is being replaced, it will be out of service for a year and will impact how ferry riders access Everett and is a significant impact.

Kelly: It will cut off old town Mukilteo near the ferry for a year. Ferry and local traffic will have to drive up the Mukilteo speedway and travel on the Boeing freeway (highway 526) and access Everett via I5 or alternative surface streets.

Ray: Inter-local agreements, we need legal advice on how to negotiate those agreements. Our HOA legal representation likely needs to be augmented with legal expertise in inter-local agreements.

Dan: We did engage with Langley several years ago. Langley was not in a position to apply for grants and we couldn't because we are a private island. In this case we are talking about these municipalities getting the money to pay contract with Hat Island and pay us for the service.

Sharron Meadows: Submitted comments concerned about finding good staff.

Kim: Need to find good relief captains and deck hands. We have one of our back up captains ready to step in to work full time. We would need to hire an additional captain and deck hands.

Udo: This situation is different, from previous engagement with Langley. The Mayor of Langley at the time invited Mike and Scott Holte to come to Langley to explore ferry service but the situation was different.

Erik: Vessel Committee meeting yet? Kelly will have a vessel mtg as soon as back from vacation.

Sharron Meadows: Multiple ferries running most of this week.

Kim: True, but as Scott and Kelly mentioned there is longer term issues effecting the need. Hit and miss ferry service.

Kurt: I have seen two ferries running most of this week, but that does not mean that this is not a viable option.

Kim: Opportunity to explore additional service not on the island dollars.

Paula: Any further discussions? None.

I would like to ask for a motion to move into executive session to discuss legal matters regarding this same topic. Returning to open session to report if there is anything further to share.

Ray: Motioned to move into Executive session.

Dan: Second

Vote:

Paula - yes

Dan- yes
Don- absent
Kelly- yes
Erik- yes
Aimee- yes
Ray- yes
Paula: Any opposed?

Bill Townsend: Erik, you oppose. X X (expletive), you won't say anything.

Erik: No

Paula: OK, with that, it is 7:19 pm; Kim will you please move us into executive session. We will report back to the community in open session if we have anything further to report.

Executive session

Went back into open session at 7:45pm

Paula: We discussed getting additional legal support and will have another meeting for the island community when we have further information to share.

Ray: Motion to adjourn

Erik: Second

Vote:

Paula - yes
Dan- yes
Don- absent
Kelly- yes
Erik- yes
Aimee- yes
Ray- yes

Paula: Any opposed? None.

Paula: Meeting is adjourned at 4:48pm