

Findings Memorandum
Port of Coupeville
Industrial Development District
April 4, 2021

Introduction

The Port of Coupeville, like all Washington port authorities, has the statutory ability to create industrial development districts and levy an additional property tax to fund needed capital improvements to develop or further redevelop marginal lands. Marginal lands, as defined in RCW 53.25.030, are those properties that are encumbered by one or more of these conditions:

- (1) An economic dislocation, deterioration, or disuse resulting from faulty planning.
- (2) The subdividing and sale of lots of irregular form and shape and inadequate size for proper usefulness and development.
- (3) The laying out of lots in disregard of the contours and other physical characteristics of the ground and surrounding conditions.
- (4) The existence of inadequate streets, open spaces, and utilities.
- (5) The existence of lots or other areas which are subject to being submerged by water.
- (6) By a prevalence of depreciated values, impaired investments, and social and economic maladjustment to such an extent that the capacity to pay taxes is reduced and tax receipts are inadequate for the cost of public services rendered.
- (7) In some parts of marginal lands, a growing or total lack of proper utilization of areas, resulting in a stagnant and unproductive condition of land potentially useful and valuable for contributing to the public health, safety, and welfare.
- (8) In other parts of marginal lands, a loss of population and reduction of proper utilization of the area, resulting in its further deterioration and added costs to the taxpayer for the creation of new public facilities and services elsewhere.
- (9) Property of an assessed valuation of insufficient amount to permit the establishment of a local improvement district for the construction and installation of streets, walks, sewers, water, and other utilities.
- (10) Lands within an industrial area which are not devoted to industrial use, but which are necessary to industrial development within the industrial area.

Since the inception of Washington port authorities, by legislative action in the Port Act of 1911, ports have been afforded broad powers among other authorities to develop and operate industrial and commercial property; provide needed utilities and traditional infrastructure; develop pollution control facilities; build and operate docks, harbors, and marinas; undertake general economic development activities; promote and accommodate tourism; and develop open space and parks. The creation of an industrial development district and the use of an additional tax levy to address the needs within the district are within the broad powers afforded all Washington ports.

This *Findings Memorandum* provides an overview of the need for improvements to marginal lands within the proposed industrial district (IDD). The IDD is proposed to be co-terminus with the current Port of Coupeville district boundaries. The Port faces more than \$6.7mm in projected capital improvements to preserve its assets in support of the local economy. In addition, there are conditions identified by the community throughout the proposed IDD that are negatively impacting the local economy and employment base.

The Port's 2021 projected earned revenues are \$266,000 and the Port's current general tax levy rate of \$.1497/\$1,000 of assessed value generates \$416,170 to operate the Port's facilities.

The Port's available funding from its earned revenues and general tax levy is not adequate to meet the significant capital needs to maintain and improve existing Port assets much less address inadequate conditions district wide to support a healthy economy and job base.

Port of Coupeville Properties

➤ Coupeville Wharf & 24 Front Street

From the Port's Comprehensive Scheme of Harbor Improvements:

The historic Coupeville Wharf is the only public moorage on Penn Cove and a major tourist draw and economic hub for the City of Coupeville. This essential recreational facility attracts scuba divers, kayakers, sailors, and more. In addition to transient moorage, the wharf features a fuel dock and a building that houses shops, cafes, and public restrooms.

The Wharf has deferred maintenance issues, including a damaged roof, [buckling walls, failed siding,] weathered piles, caps and supporting structure that must be replaced. Identifying funding to fully address the roof and piles is a high priority for the Port.

There is a small public space in the area where the Wharf meets the sidewalk of Coupeville's Front Street. It is currently basic in terms of design and function and could serve as an asset to Front Street and the Wharf if redesigned into a better public space. [This property includes the existing commercial building at 24 Front Street.]

Access to the beach is limited from Front Street, and there is an opportunity to expand access by repairing and upgrading the existing stairs off the Wharf. The current marina and gas facilities provide

important revenue streams at the Wharf, and expanding these facilities is one long term possibility to attract more tourist, recreation, and boat traffic.

(The wharf space is zoned for commercial use. Moorage floats are available on a first-come, first-served basis on the east side of the wharf, and a second float provides marine fueling service off the north side.)

Vision for the Wharf: The Wharf is rehabilitated in a manner that is true to Coupeville's history while also supporting its future potential and value as a local industry and recreational asset.

Port Goals for the Wharf:

A. Rehabilitate and preserve the Wharf's historic character and economic viability.

B. Promote the Wharf as a tourist and recreational destination.

C. Ensure that the wharf serves local residents, tourists, and industry.

Current Wharf (Pier) & 24 Front Street Condition Assessment

The current Coupeville structure was constructed in the early 1900's and has served a variety of operational needs for the island economy. It currently functions as a tourist pier providing access to the waterfront, as well as having a small visitor marina with moorage slips. The structure was last improved in 1985.

The building today looks much as it did when it was first built. Grain towers built in the 1940s were removed in the mid-1980. Windows were added in the south, east, and north elevations as well, as the Port rehabilitated the building to accommodate commercial shops. As it was in the first decades of the 20th century, it is today one of the most important landmarks in the downtown Coupeville commercial district.

The following describes the conditions of the wharf, 24 Front Street building, and moorage facilities. These summary conditions are based on previous engineering reports conducted for the Port; facility inspections by the Port; and assessments by Port contractors.

- The piles and caps in the wharf are in fair to good condition with 41 piles rated less than 90% structurally effective, and in need of repair or replacement. The piles and caps of the causeway were found to be in good to very good condition.
- A two-phase repair program has been developed to first repair or replace the underperforming piles and caps and, second, to repair or replace the less damaged structural components in the near future years.
- With sea level rise the underlying pier structure is subject to damage and flooding.
- Until the causeway piles are replaced, live load and especially vehicle weight restrictions have been put into place to avoid further damage.
- The lateral stiffness of the wharf is less than desired.
- The existing bull rail and wharf decking are in need of repair.
- Wharf safety improvements include updates to the existing fire suppression system.
- Visitor moorage upgrades include float and buoy replacement.

- Wharf building windows, doors, siding, and roofing components have been identified for replacement.
- The super structure building should have additional sheathing installed on the interior and the exterior as well as tie down strapping to support shear capacity.
- Further investigation of the connection system between the wharf and building is warranted.
- Structural support for 24 Front Street, as well as windows and doors are required.
- Heating systems are at the end of their useful life.

➤ **Greenbank Farm**

From the Port's Comprehensive Scheme of Harbor Improvements:

Greenbank Farm provides a critical link to Central Whidbey Island's agricultural history. Once the largest loganberry farm in the nation, the Farm was saved from development in 1997 by a partnership between conservation organizations, Island County, and the Port of Coupeville. The Port of Coupeville assumed ownership and operation of the Farm in 1997.

Land use on site is dictated by conservation easements and "Special Review District" Zoning. Development is only permitted on a small portion of the property. Certain areas are preserved in exchange for permitting more intensive development in other areas.

The Farm has deferred maintenance issues to be addressed, including replacing the roofs of several structures. The farmland itself is underutilized, with land available for agricultural expansion.

In 2009 the Port and community completed the Greenbank Farm Master Plan after an extensive public engagement effort. Among other agricultural improvements the Master Plan recommended the development of a new multi-use building for an indoor farmers market, environmental and agricultural education center, and administrative offices.

Vision for the Farm: The Greenbank Farm is a multiuse property that attracts different user groups and provides an attractive location for events throughout the year.

Port Goals:

A. Increase the amount of economic activity occurring at the Farm.

B. Maintain flexibility in terms of the types of uses and economic activity at the Farm.

C. Preserve the Farm's historic, rural, and agricultural character.

D. Implement good stewardship practices on the land

E. Promote agricultural activities while conserving natural resources and demonstrating sustainable practices.

Greenbank Farm Assessment:

The Greenbank Farm was initially developed in 1904 as a dairy farm but changed private ownership and, by 1970, was the largest loganberry farm in the United States. In 1997 it was acquired for public purposes. The sites structures are iconic historic facilities, and the site reflects the community's commitment to conservation, both of which are integral to the community's strong tourism and trade economy.

The following describes the conditions of the Greenbank Farm and surrounds. This assessment is based on staff inspections of the facilities; contractor evaluations; and previous studies:

- Roofing and siding systems are in various states of deterioration and need to be replaced.
- Irrigation and aeration systems to support the agricultural investment are failing and need to be replaced.
- Electrical and plumbing systems must be upgraded.
- New wastewater septic system is needed as the existing system is failing.
- Parking lot and security lighting is inadequate.
- Painting and exterior protection following structural repairs will be required.
- There are agricultural expansion possibilities on the property as identified in the 2013 Natural Resource Evaluation study. This may include permaculture program.
- Replacement of perimeter and interior fencing.

Regional Conditions Impacting the Economy

Regional land use, infrastructure, transportation, and regulatory environment are some of the conditions in Island County that impact the health of the economy and availability of jobs within the Port of Coupeville district.

Island County encompasses both Whidbey Island and Camano Island. Whidbey Island consists of four geographic areas: North Whidbey; Central Whidbey; South Whidbey; and Camano Island. Whidbey Island is the 5th longest island in the contiguous U.S.—45 miles long with 148 miles of shoreline.

Per capita income in the County is 10% higher than the US average but 6% lower than Washington state with the median household income 9% lower than Washington state. There has been a 280% increase of off island commuting for work for the period ending in 2017. There has been a recent 2% increase in overall employment over 2019 levels.

The Port of Coupeville lies within Central Whidbey Island. There are just over 10,000 residents in the Port District, as reported in the Ports 2018 Comprehensive Scheme of Harbor Improvements, which represents approximately 15% of the County's population. Central Whidbey has the second highest percentage of families below the poverty level in the County.

Historic preservation is valued in Island County and can have significant economic benefits. It can generate a wide range of economic benefits including those associated with the rehabilitation and adaptive reuse of historic buildings and heritage tourism.

The State of Washington estimates that over 27 construction jobs are generated for every \$1million in historic preservation investment and \$1 of taxes are created for every \$10 spent on capital improvements.

Tourism, traditional and that attracted by historic preservation, is significant for an island community. Tourism related travel was down in 2020 likely due to the international pandemic. In Island County travel related spending totaled \$205.6 million in 2020, a 17.8 percent decrease from 2019.

Long Term Economic Development Planning

The Town of Coupeville and Island County have both developed and approved comprehensive plans that identify economic development goals that are relevant to the creation of the Port's proposed Industrial Development District. These comprehensive plans are the regulatory vehicle that guides the development of a community and reflects its needs and vision for the future. Comprehensive plans, like those adopted by Island County and the City of Coupeville, are based on extensive community input.

Island County Comprehensive Plan 2016

From Island County's Comprehensive Plan:

Overall, the lack of diversified economic structure makes the County dependent on a few employers. As a result, the reliance on off-island employment opportunities can stress transportation accessibility to the mainland. The scale, type, and intensity of economic development must be compatible with Island County's basic assets, as well as regional differences.

To comply with the GMA requirements and calculate a population projection, Island County undertook a rigorous examination of the County demographic characteristics, economic conditions, and past growth trends, as well as data from the State of Washington and the U.S. Census Bureau.

In the year 2036, Island County is projected to have a population of 87,917. The 2010 census determined that Island County had a population of 78,506; so, this represents a total projected increase of 9,411 over a 26-year period. However, the plan projects a decline in Central Whidbey Island population from 16% in 2010 to a projected percentage of 13% in 2036.

While Island County has previously experienced periods of rapid growth, the growth rate has decreased in every period since 1980. The median age of Island County residents is higher than the state as a whole and is increasing at a faster rate. This increase in the median age will limit future population growth resulting from natural growth.

Relevant Economic Development County Comprehensive Plan Goals:

- 1. Encourage diverse economic development consistent with adopted comprehensive plans.**

2. Identify Island County's archaeological resources, and to protect and preserve the cultural, historical, social, educational, and scientific value of these resources in a manner that respects their cultural significance.

The identified issues facing the County's economy include:

- Developing suitable business and commercial development sites.
- Supporting telecommunications technology adaptations that will support advances in workplace function.
- The development of "living wage" employment opportunities is actively encouraged to reduce off island commuting and provide career opportunities.
- There is a need to encourage a diverse range of economic activities within appropriate areas of Island County.
- One of the issues that needs to be addressed is the definition of appropriate small scale and tourism uses that should be allowed to expand or locate in the rural area of Island County.
- Encourage and support efforts to enhance the profitability of agriculture and forestry operations with value added and specialty products and cooperative marketing programs.
- The lack of major employment centers has created a unique dispersal pattern of small commercial centers which, if properly planned, can add to the unique character of the island community.
- Approximately 70% of land within Island County is unincorporated, that may lack employment based zoning or adequate infrastructure to support job growth.
- The lack of affordable housing and workforce housing has made it difficult to attract living wage workers.

Town of Coupeville Comprehensive Plan 2012

From Coupeville's Comprehensive Plan:

The Town of Coupeville recognizes its role as the historic commercial heart of Central Whidbey Island. Collectively, businesses through the years have proven to be a significant source of property and sales tax for the Town. These revenues have, in turn, lessened the burden on residential taxpayers while providing important community services. The Town envisions a business community that provides appealing business locations, needed goods and services and significant sales tax returns.

Relevant Economic Development Town Comprehensive Plan Goals:

- 1. To recognize and enhance positive community qualities by integrating Coupeville's commercial areas and uses with overall Town character.**

2. Emphasize Coupeville’s historic character, activities, and beautiful natural setting in order to enhance our appeal as a tourist destination. (Coordinate with the Coupeville Port District and the Central Whidbey Chamber of Commerce to enhance marine recreation, transportation and transient moorage opportunities)

Issues identified by the Town as Comp Plan policies addressing the economy include:

- Encourage the clustering of commercial development in existing commercial areas, particularly in the Front Street area and the historic downtown core.
- Recognize that industrial uses are generally not compatible with the existing development pattern in the Town, however this does not preclude consideration of potential proposals for small-scale light industrial development.
- Coordinate new development with the provision of adequate services and facilities, such as water, sanitary sewer, parks, transportation, and schools. New development should occur only when and where adequate facilities exist or will be provided.
- Improve tourism support facilities including consistent and compatible signage, parking areas and restrooms.

Findings

The following findings are advanced to the Port of Coupeville Commission for their consideration in establishing that there are marginal lands within the proposed industrial development district. The proposed industrial development district is co-terminus with the Port’s district boundaries.

These findings, presented in the table that follows, were compiled from a host of previous Port facility assessment reports, engineering analysis and studies conducted by local government and agencies charged with local economic development. (Those reference documents are listed below.)

Marginal Lands Criteria RCW 53.25.030	Consideration or Condition	Wharf	GB Farm	Regional
(1) Faulty Planning				
	One of the issues that needs to be addressed is the definition of appropriate small scale and tourism uses that should be allowed to expand or locate in the rural area of Island County.			☑
	There is a need to encourage a diverse range of economic activities within appropriate areas of Island County.			☑

				<input checked="" type="checkbox"/>
	The development of “living wage” employment opportunities is actively encouraged to reduce off island commuting and provide career opportunities.			<input checked="" type="checkbox"/>
	A two-phase repair program has been developed to first repair or replace the underperforming wharf piles and caps and, second, to repair or replace the less damaged structural components in the near future.	<input checked="" type="checkbox"/>		
	Until the causeway piles are replaced, live load and especially vehicle weight restrictions have been put into place to avoid further damage	<input checked="" type="checkbox"/>		
	The lateral stiffness of the wharf is less than desired.	<input checked="" type="checkbox"/>		
	The existing bull rail and wharf decking are in need of repair.	<input checked="" type="checkbox"/>		
	Wharf safety improvements include updates to the existing fire suppression system.	<input checked="" type="checkbox"/>		
	Visitor moorage upgrades include float and buoy replacement.	<input checked="" type="checkbox"/>		
	Wharf building windows, doors, siding, and roofing components have been identified for replacement.	<input checked="" type="checkbox"/>		
	The super structure wharf building should have additional sheathing installed on the interior and the exterior as well as tie down strapping to support shear capacity.	<input checked="" type="checkbox"/>		
	Further investigation of the connection system between the wharf and building is warranted.	<input checked="" type="checkbox"/>		
	Structural support for 24 Front Street, as well as windows and doors are required.	<input checked="" type="checkbox"/>		
	Heating systems at the wharf building are at the end of their useful life.	<input checked="" type="checkbox"/>		
	Barn and outbuilding roofing and siding systems are in various states of deterioration and need to be replaced.		<input checked="" type="checkbox"/>	
	Farm irrigation and aeration systems to support the agricultural investment are failing and need to be replaced.		<input checked="" type="checkbox"/>	
	Barn and outbuilding electrical and plumbing systems must be upgraded.		<input checked="" type="checkbox"/>	
	New wastewater septic system is needed as the existing system is failing. (Farm)		<input checked="" type="checkbox"/>	
	Farm parking lot and security lighting is inadequate.		<input checked="" type="checkbox"/>	
	Barn and outbuilding painting and exterior protection following structural repairs will be required.		<input checked="" type="checkbox"/>	

	There are agricultural expansion possibilities on the Farm property as identified in the 2013 Natural Resource Evaluation study.		<input checked="" type="checkbox"/>	
	Replacement of perimeter and interior fencing.		<input checked="" type="checkbox"/>	
(4) Inadequate utilities				
	Supporting telecommunications technology adaptations that will support advances in workplace function.			<input checked="" type="checkbox"/>
	Coordinate new development with the provision of adequate services and facilities, such as water, sanitary sewer, parks, transportation, and schools. New development should occur only when and where adequate facilities exist or will be provided			<input checked="" type="checkbox"/>
(5) Submerged underwater				
	With sea level rise the underlying pier (wharf) structure is subject to damage and flooding	<input checked="" type="checkbox"/>		
(7) Lack of proper utilization				
	Encourage and support efforts to enhance the profitability of agriculture and forestry operations with value added and specialty products and cooperative marketing programs.		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Improve tourism support facilities including consistent and compatible signage, parking areas and restrooms.	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
	The lack of major employment centers has created a unique dispersal pattern of small commercial centers which, if properly planned, can add to the unique character of the island community.			<input checked="" type="checkbox"/>
	Approximately 70% of land within Island County is unincorporated, that may lack employment based zoning or adequate infrastructure to support job growth.			<input checked="" type="checkbox"/>
	Developing suitable business and commercial development sites.		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Encourage the clustering of commercial development in existing commercial areas, particularly in the Front Street area and the historic downtown core.	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
	Recognize that industrial uses are generally not compatible with the existing development pattern in the Town, however this does not preclude consideration of potential proposals for small-scale light industrial development.			<input checked="" type="checkbox"/>
	New multi-use building for an indoor farmers market, environmental and agricultural education center, and administrative offices		<input checked="" type="checkbox"/>	

Conclusion

There are a host of conditions that support the determination that there are marginal lands within the Port of Coupeville District. Unless these conditions are addressed through the creation of an Industrial Development District, with improvements funded by an industrial development levy, they will continue to negatively impact the economic wellbeing of the community.

This *Findings Memorandum* has preliminarily identified conditions that would characterize the existence of marginal lands within the District that meet the following criteria captured in RCW 53.25.030:

- (1) An economic dislocation, deterioration, or disuse resulting from faulty planning.
- (4) The existence of inadequate streets, open spaces, and utilities.
- (5) The existence of lots or other areas which are subject to being submerged by water.
- (7) In some parts of marginal lands, a growing or total lack of proper utilization of areas, resulting in a stagnant and unproductive condition of land potentially useful and valuable for contributing to the public health, safety, and welfare.

The final determination to create an Industrial Development District and levy an additional tax to generate capital funds is ultimately the decision of the Port of Coupeville Board of Commissioners following statutorily required public hearings on the matter and the consideration of public input.

References

1. Background (EDC) Island County Profile January 2021
2. Island County Comp Plan 2016
3. Town of Coupeville Comp Plan 2012
4. Washington Department of Archaeology and Historic Preservation
5. Dean Runyon Report 2021
6. Echelon Engineering, Inc.; Inspection and Assessment of Coupeville Pier; Port of Coupeville, Wa. 2015
7. Port of Coupeville Comprehensive Scheme of harbor Improvements 2018
8. Swenson Say Faget: Coupeville Wharf Building – Preliminary Evaluation; 2019

