



PORT COMMISSION OF THE PORT OF EDMONDS
MINUTES OF REGULAR MEETING

October 29, 2018

COMMISSIONERS PRESENT

David Preston, President
Steve Johnston, Vice President (by phone)
Jim Orvis, Secretary
Bruce Faires
Angela Harris

STAFF PRESENT

Bob McChesney, Executive Director
Marla Kempf, Deputy Director
Tina Drennan, Finance Manager

OTHERS PRESENT

Bradford Cattle, Port Attorney
Karin Noyes, Recorder

CALL TO ORDER

President Preston called the meeting to order at 7:00 p.m.

PLEDGE OF ALLEGIANCE

All those in attendance participated in the Pledge of Allegiance to the American Flag.

CONSENT AGENDA

COMMISSIONER ORVIS MOVED THAT THE CONSENT AGENDA BE APPROVED TO INCLUDE THE FOLLOWING ITEMS:

- A. APPROVAL OF AGENDA**
- B. APPROVAL OF OCTOBER 8, 2018 MEETING MINUTES**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$774,518.78**
- D. APPROVAL OF RESOLUTION NO. 18-05, DECLARING VAN SURPLUS AND AUTHORIZING SALE AND/OR DISPOSAL**

COMMISSIONER FAIRES SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

PUBLIC COMMENTS

Jack Bevan, Edmonds, reviewed that, at their last meeting, a gentleman discussed ways the Port could beautify the promenade. Mr. Bevan recalled that he helped put together the City of Edmonds' flower basket program. Currently, people pay a yearly fee to purchase the baskets, and many do so to honor a loved one. The baskets are usually sold out each year. He suggested the Port establish a similar program for flower baskets along the promenade. He acknowledged there would be some initial costs to install the poles from which the baskets would hang, as well as a drip system to keep them watered. However, the costs would be minimal going forward, as the baskets would be sold each year.

PUBLIC HEARING ON 2019 PRELIMINARY BUDGET

Ms. Drennan reviewed that the Commission accepted public comments at the budget workshop on October 8th, and the budget packet has been available on the Port's website since Thursday, October 25th. Changes since the last meeting include: correcting a typo in Note M7 on Page 9; updating the Washington Public Port Association dues (Page 24) to reflect the actual cost of \$13,978; correcting a typo on Note O32 on Page 26; and increasing the Ending Environmental Reserve (Page 28) from \$622,000 to \$1,009,500 (\$1 million plus interest). She advised that formal notice of the public hearing was made in the appropriate publications and notification was also posted in the appropriate locations. Staff will be recommending the Commission approve the final budget on November 13th, and the Port does not intend to have another public hearing before the final budget approval. The budget is to be delivered to the Snohomish County Treasurer by November 30th.

Jack Bevan, Edmonds, said he is a Port District resident and taxpayer. He commented that Ms. Drennan does an impressive job of preparing the budget so it is easy to follow and understand. He referred to the top chart on Page 45, which shows that the assessed valuation of the Port District has increased by about 16% per year for the past five years. The owners of the Port (taxpayers) have experienced significant tax increases recently, and this has had a significant impact on those living on a fixed income. He recalled that the Commission recently heard from a bond expert that maintaining the Port's taxing ability is important in order to retain its bonding capacity. However, he disagreed and expressed his belief that an asset as large as the Port should be able to operate without tax revenue, particularly after the Harbor Square bonds are paid off in 2020. At that time, he recommended that the tax rate be dropped to zero, which would be a good time to enlarge the Port District boundaries to include all of Edmonds.

Dean Nichols, Woodway, said he is also a Port District resident, as well as a Port tenant and former Port Commissioner. He said he has been amazed at how many people use the walkway along the waterfront (promenade). As a boater, he has been to a lot of marinas in the United States and abroad and has seen some first-class facilities with places along the waterfront for people to enjoy. However, the current conditions along the Port's promenade are less than ideal, and there are a number of things the Port could do to improve its aesthetic appeal. For example, the garbage cans, which often smell in the summer months and are unsightly, could be moved further away, and the chain link gates at the end of each dock could be replaced with something more attractive. He asked that they allocate funding to start the process of reworking the promenade in 2019 and then make a multi-year commitment to transform it into a first-class facility.

Mr. McChesney advised that the Commissioners appear to generally support improvements to the promenade. He recommended it would be best to start by creating a public access plan that addresses aesthetic improvements such as gates, rails, garbage receptacles, etc. He expressed his belief that there are sufficient funds in the budget currently to get that process started in 2019. He summarized that, while the promenade is quite functional as it is, it is showing its age and could be improved.

Commissioner Orvis suggested the Commission set aside \$100,000 from either the Capital Reserve or Operating Reserve to get the project started. There are a number of things that could be done sooner rather than later. Mr. McChesney emphasized his belief that the first step should be to develop a plan through a public process and with the help of a consultant. The plan could use a phased approach that could be factored into the budget going forward. Commissioner Faires agreed that a public process is necessary, and he suggested the Port put together a taskforce to work with a consultant to prepare a plan for the improvements. The taskforce could consist of residents of the Port District, tenants, staff and Commissioners. While some good ideas have already been suggested, he would like them to have the stamp of public approval and planning before the Port spends money to implement them. He said he would support a budget amount that allows this process to take place in 2019.

Commissioner Faires pointed out that in 2020, the Harbor Square loan would be paid off and the \$170k of property taxes could be used for other things. The question is should the Port lower or eliminate taxes or should they spend that money on public amenities that do not currently exist. Given recent input from the bond consultant, he is not sure what the right answer is. However, he supports allocating funding to get started on a plan. Funding decisions relative to implementing the plan can be made at the Commission and staff level.

Commissioner Preston pointed out that the Port's millage rate has gone down every year for quite some time, as tax revenue has been capped at \$400,000. One option for funding promenade improvements would be to maintain the

2018 millage rate going forward, which would result in additional revenue as property values increase. However, he agreed the Commission could also consider eliminating the Port tax once the Harbor Square loan is paid off. He said he loves the idea put forward by Mr. Bevan relative to establishing a flower basket program, which would be revenue neutral after an initial investment.

Commissioner Preston noted that, as discussed by the Communications Committee, the most popular things on the Port's website are the cameras and weather center. He suggested the Commission also consider providing cameras looking eastward over the marsh. He commented that cameras provide a number of benefits, and he would like the Port to have a program of adding at least one camera per year or linking with other businesses on Port property that have cameras.

Commissioner Orvis said he would support allocating \$100,000 for aesthetic improvements along the promenade, but the Commission needs to have a more substantial discussion before agreeing to add more cameras or establishing a citizens committee. This type of discussion would best occur as part of a Commission retreat in early 2019. While he is not opposed to setting money aside for promenade improvements, this is not the right time or place to decide exactly what they want to do.

Commissioner Harris said she likes the ideas that have been put forward, but the Commission needs more time to consider the best approach and it will be important to solicit more public input, as well. However, she cautioned against making the process long and drawn out. She agreed that the Commission should have a discussion in early 2019 regarding ideas, priorities and funding options for moving the project forward. She pointed out that, regardless of whether or not money is set aside in the 2019 budget for this specific purpose, the Commission has the ability to reallocate funds if necessary.

Mr. McChesney suggested that the Commission needs to have a retreat in early 2019 to talk about facilities, cameras, public access, new buildings, etc. All of these projects will need funding and additional direction as to what the priorities should be. However, the promenade improvements could start at any time as far as forming a committee and hiring a consultant. He said it is common for ports to have public access plans, but the Commission will need to establish a process and hire a consultant to assist in the project. He commented that rather than detailed drawings, the public access plan could provide artful concepts, narrative descriptions and preliminary cost estimates. He anticipates a phased approach to implementing the plan over a multi-year timeframe. He pointed out that replacing the gates would be costly and should also include upgrading to electronic locks, which most first-class marinas have.

Commissioner Preston asked about the dates for the 2019 Seattle Boat Show, and Ms. Kempf answered that the boat show starts on January 25th. Commissioner Preston suggested the Port could move forward with some preliminary work to collect public ideas before hiring a consultant. He commented that it will take a consultant a period of time to become familiar with the Port. Mr. McChesney cautioned against the Port trying to create a taskforce without the help of a consultant. There are excellent consultants and planners who are skilled at facilitating public outreach and incorporating the ideas into the design concepts to create meaningful deliverables. Moving forward without a consultant could result in confusion and having to do work over again.

Commissioner Faires asked it if would be better to establish a budget line item for the public access plan or if funds could be pulled out of the general budget later as needed. Mr. McChesney answered that it is not too late to create a specific line item for this project, and Ms. Drennan said she would prefer a separate line item.

Commissioner Orvis suggested that funding be set aside to not only establish a taskforce, hire a consultant and prepare a public access plan, but also to begin implementation in 2019. Mr. McChesney commented that preparing the public access plan will not be too costly, but some of the individual components of implementation will be spendy. He said he is not sure the plan will be ready for implementation before the end of 2019. He cautioned that the Commission should be very deliberate about getting a meaningful plan in place first. Commissioner Orvis suggested that perhaps the Port could start by implementing some of the smaller ideas, with the understanding that larger components (moving garbage enclosures, replacing gates, etc.) will require additional funding beyond 2019.

Commissioner Johnston voiced support for moving ahead with the smaller, low-hanging improvements in 2019. However, he agreed with Mr. McChesney that the Commission should start by having a workshop discussion and then moving forward to hire a consultant and start the public outreach process. However, the Port must be clear that the

taskforce and public outreach would be an advisory process and not all ideas will be accepted as part of the plan. Once the public access plan is in place, the Port can earmark funding for implementation over the next three years.

Commissioner Johnston said he would like historic markers that portray the history of the Port and the waterfront area to be installed along the waterfront. This idea, as well as some others, could be implemented right away while the public access plan is in progress. Commissioner Preston noted that the 2019 budget already identifies some funding for historic markers, and another program that could be implemented in 2019 is a flower basket program, as suggested by Mr. Bevan.

COMMISSIONER FAIRES MOVED THAT THE COMMISSION ADD “PUBLIC ACCESS” TO THE 2019 BUDGET IN THE AMOUNT OF \$100,000. COMMISSIONER ORVIS SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

Mr. Bevan cautioned against the Port spending a lot of money to hire a consultant to assist with a public access plan. He suggested that perhaps a college student could perform this work as part of a school project.

Mr. Nichols expressed his belief that hiring a consultant to assist with the public access plan would be money well spent, but the scope of work needs to be clearly defined and the hard deliverables set out. The public can come up with ideas, but many may not be practical or cost effective. He thinks the Commission is making a good step forward by setting aside money to begin the planning effort and start smaller projects as appropriate.

ACCEPTANCE OF ASPHALT CONTRACT NO. 2018-298 AS COMPLETE

Mr. McChesney reviewed that the Commission directed staff to contract with Northwest Asphalt, Inc. on July 30th after formal bidding took place and a low bidder was selected. Work began on the project on September 21st and was completed that same day. The budget amount for Harbor Square asphalt repair was \$50,000, but the actual cost was much lower. He explained that because the project was considered public road construction under Rule 171, it was exempt from sales tax on the totality of the project. Instead, the Port was only required to pay use tax on the materials. This saved the Port several thousand dollars. He recommended the Commission approve the contract with Northwest Asphalt, Inc. in the amount of \$28,667 plus use tax for the Harbor Square Asphalt Repair Contract 2018-298 as complete.

COMMISSIONER FAIRES MOVED THAT THE COMMISSION ACCEPT CONTRACT 2018-298 WITH NORTHWEST ASPHALT, INC. IN THE AMOUNT OF \$28,667 PLUS USE TAX FOR THE HARBOR SQUARE ASPHALT REPAIR 2018 CONTRACT. COMMISSIONER HARRIS SECONDED THE MOTION.

Commissioner Faires noted that the project came in considerably below budget. He asked if the scope of work completed was consistent with what was planned. Mr. McChesney answered affirmatively.

THE MOTION CARRIED UNANIMOUSLY.

MARINA OPERATIONS 3RD QUARTER ACTIVITY REPORT

Ms. Kempf presented the 3rd Quarter Activity Report, highlighting the following:

- The number of round-trip launches was up by 4% over 3rd Quarter 2017. The numbers were particularly low in 2016 when there was no fishing season. There was a total of 1,956 launches in 3rd Quarter 2018.
- 2020 boats visited Guest Moorage in 2018 and stayed for a total of 3,024 nights. The number of groups visiting was up in 2017 and 2018 because the Guest Moorage areas were opened up to group reservations due to early reports that fishing activity and opportunity would be limited. The intent was to maximize the use of the Guest Moorage to accommodate as many boats as possible. Due to the high number of guest boaters, it was challenging when groups took up large amounts of space. Depending on the fishing season for 2019, Port staff may implement procedures that limit that group reservations to five boats during July, August and September.

- Fuel prices were up by 18% on unleaded and 9% on diesel compared to 3rd quarter 2017. Total gallons pumped increased by 7%, but gasoline decreased by 1% and diesel increased by 9%. In total, 203,361 gallons of fuel were sold during 3rd Quarter 2018.
- Travelift and Boatyard activity was up by 184 days or 39% compared to 3rd Quarter 2017.
- The Water Moorage turnover ratio decreased from 6.04% in 3rd Quarter 2017 to 5.13% in 2018. This was likely due to good fishing in Area 10. The turnover ratio in Dry Storage also decreased from 14.2% in 2017 to 8.6% in 2018.
- New dock protocols were offered in dry storage this year and received very positive feedback from customers.
- Dry storage began opening at 5 a.m. for King season (July 16th through August 16th), and total moves for the 30-day season was 2,533. Between the hours of 5 a.m. and 7 a.m., a total of 452 moves were made, which is 18% of the total moves. This works out to an average of 6 to 7 moves per hour.
- Water, lights and a gate were installed on A Dock per customer requests, and these changes have also garnered positive feedback from customers.
- Pay-per-move was introduced for the 21'11" and under category of boats, and there was one sign up during the 3rd Quarter.
- Total boat handling moves by the forklifts in 3rd Quarter 2018 was 6,449, which is about 19% more than 3rd Quarter 2017.
- About 46% of the tenants who signed up at the boat show remained at the end of the 3rd Quarter.

Commissioner Faies observed that the wait list increased from 60 in 2014 to 134 in 2018. He suggested the increase has a lot to do with the economy, but it is also a result of the perception and reality that the Port of Edmonds is a quality marina. Port staff has done an excellent job of improving the facilities and offering quality service year-round, and he recognized and thanked them for their hard work. Commissioner Johnston also congratulated staff for successfully implementing the new dock protocols for Dry Storage. He noted that the Port has received a number of comments from customers regarding the exceptional service provided by staff.

EXECUTIVE DIRECTOR'S REPORT

Mr. McChesney reported that he continues to work with Puget Sound Express to complete a 5-year Facilities and Service Agreement. A shed has already been moved and they are in discussions relative to the gangway ramp. PSE appears to be interested in a vacant parcel for a potential new building, as well. He said he is optimistic that the agreement will be finalized soon.

Mr. McChesney announced that he will meet with Sound Transit representatives on November 2nd to have a preliminary discussion about parking issues. There seems to be a recurring theme around the community that parking is a problem and the Port understands this to be true along the waterfront, particularly during the summer months. The Port has discussed doing a feasibility study of potential ways to address the problem, and they would like to engage both Sound Transit and the City of Edmonds in a collaborative process to come up with practical solutions.

Mr. McChesney advised that it is time to start planning for the 2019 Commission Retreat. In the past, the primary focus of the retreats has been on the Cash Flow Model. In 2019, he suggested the Commission broaden the discussion and talk about facility needs. He said he would like to start planning the retreat with that focus in mind, and he invited the Commissioners to share their thoughts and ideas for potential agenda topics, as well.

Ms. Kempf reported that she, along with Kelby Brown and Brittany Williams, attended the Northwest Marine Trade Association's (NMTA) Marina and Boatyard Conference on October 25th and 26th in Blaine. Eric Johnson from the WPPA welcomed everyone and talked about some of the legislative issues that the WPPA is working on. Hillary Franz, Commissioner of Public Lands, was the lunch speaker, and she talked about how all-consuming the fires in Washington State have been. She announced that the state has spent \$1 billion over the past five years fighting fires. Next year, they will start a program of treating areas to help prevent the problem from getting worse. She recognized that derelict boats are a big problem for marinas, and she requested that marinas submit their stories to illustrate the cost of taking care of derelict boats that are pulled into their facilities. It was also discussed how the aluminum tariff could impact boat sales and Paul Sorenson provided a presentation relative to boating trends.

COMMISSIONER'S COMMENTS AND COMMITTEE REPORTS

Commissioner Faies recalled that the Port staff and Commission have worked diligently for many years to come up with a long-term financial forecast for the Port that includes replacement of the capital facilities. He commented that, at this point, the Port has successfully developed a process and format with substantial help and guidance from Ms. Drennan. The long-range forecast impacts the budget on an annual basis in terms of what the Port can afford and what the moorage rates need to be. In the interest of continuing to improve, he suggested the Commission needs to focus on some of the assumptions that go into the long-range financial forecast without changing the process or format. If the assumptions are right, the Commission can make better decisions going forward. He recommended that the Finance Committee and Commission work to improve the long-range financial forecast in 2019.

Commissioner Johnston reported on his attendance at the Economic Alliance of Snohomish County (EASC) Public Officials Reception and tour of the new Paine Field terminal. The terminal is a wonderful facility that will be a great benefit to the community. He said he also attended the Washington Public Port Association's (WPPA) Small Ports Conference on October 17th and 18th in Leavenworth where there was a lot of discussion on rural port issues. It was interesting to learn that many of the problems that ports are currently facing are the same and working on solutions together. He said he also plans to attend the WPPA Winter Conference on December 5th through 7th in Bellevue.

Commissioner Orvis said he also attended the EASC's Public Officials Reception, as well as the Board meeting that took place prior to the reception. He advised that the Federal Aviation Administration (FAA) is currently accepting public comments relative to Paine Field at the Lynnwood Convention Center. He expects the FAA will approve the additional flights as proposed and that operations will start in early January. He commented that the Paine Field terminal is a beautiful facility and an asset to the community.

Commissioner Orvis announced that Puget Sound Energy (PSE) is currently soliciting public comments on its new Liquefied Natural Gas (LNG) facility at the Port of Tacoma. The new facility will provide LNG for natural gas customers and maritime transportation needs, including fueling TOTE Maritime Alaska vessels. Allowing large vessels to convert to natural gas will have a significant impact on the environment. He explained that the United Nation's Environmental Commission is starting to pressure the shipping industry to convert to low-sulfur fuel, but alternative fuels are not readily available because of opposition to LNG plants.

Commissioner Orvis referred to Snohomish County's ballot measure to replace its outdated radio system that is used by first responders. The current system is obsolete and its manufacturer, Motorola, has indicated it would stop supporting the equipment after 2020. Some parts are already out of production and have to be purchased on eBay. The ballot measure would increase the sales tax rate in Snohomish County by 0.1%.

Commissioner Orvis said he also attended the WPPA Small Ports Conference where Bob Maruska, Assistant Director of Engineering at the Port of Seattle, commented on two new laws, which both were put forward by the Port of Edmonds and the WPPA. One established authorization to allow for unit pricing and the other modified the public works contracting laws to establish a bid threshold of \$40,000 under which ports would not have to obtain bids.

Commissioner Orvis said he provided public comment at a recent City Council meeting relative to the preferred alternative for the Waterfront Connector Project, which was approved by a vote of 4-3. He said he also attended the Waterfront Community Center Fundraiser Breakfast where it was announced that \$12 million of the needed \$16 million has been secured for the project.

Commissioner Orvis suggested it may be time to update the Harbor Square Master Plan to accurately reflect the Port's intent. He reviewed that the current master plan was rejected by the City Council, and the Port currently has no plan to redevelop Harbor Square. The master plan needs to be updated to reflect the Port's intent to maintain and upgrade the current development to make it attractive for the tenants and to continue to market it for commercial uses. Perhaps a statement could also be added about the Port's intent to be good environmental stewards.

Commissioner Preston said he attended the WPPA Small Port Seminar, too. He said it was great to talk with other commissioners to learn about their challenge and how they solved them. He also reported that the Sea Scouts are continuing to work to make the Edmonds Yacht Club its chartering organization instead of the Port. He expects that

the change will be completed by the end of 2019. He noted that Mike Jones has been a catalyst for making this change happen, and he believes the Edmonds Yacht Club and Sea Scouts will be a great fit.

Commissioner Preston commented that the Paine Field terminal is amazing, and he anticipates it will become busy quite quickly. He also said he had a conversation at the Small Ports Seminar with a Seattle Port Commissioner who mentioned that the removal of Snake River dams will not likely have an impact on non-resident orcas, which he felt were on their way out and would not survive. Recent DNA tests on orcas found that two males have been breeding the pod for over 30 years, and this inbreeding may be causing implosion of the pod. The pod in Canada is thriving. Mr. McChesney reported that a taskforce has been put together to discuss remedies to make the southern resident killer whale population thrive again. He noted that this is no small issue for the Port, given its impact on the whale watching excursion operators. The Port should keep an eye on the issue and offer support when appropriate. He suggested that education will play a significant role in improving habitat and survival rates, and there is no better platform for educating the public than a well-run whale watching boat.

Commissioner Preston proposed that the Commission's 2019 retreat be scheduled for February 12th.

ADJOURNMENT

The Commission meeting was adjourned at 8:25 p.m.

Respectfully submitted,



Jim Orvis
Port Commission Secretary