



## **PORT COMMISSION OF THE PORT OF EDMONDS MINUTES OF SPECIAL MEETING**

**May 30, 2017**

### **COMMISSIONERS PRESENT**

Fred Gouge, President  
David Preston, Vice President  
Steve Johnston, Secretary  
Jim Orvis

### **STAFF PRESENT**

Bob McChesney, Executive Director  
Marla Kempf, Deputy Director  
Tina Drennan, Finance Manager  
Brittany Williams, Manager of  
Properties and Marketing

### **OTHERS PRESENT**

Bradford Cattle, Port Attorney  
Karin Noyes, Recorder

### **COMMISSIONERS ABSENT**

Bruce Faures

### **CALL TO ORDER**

Commission President Gouge called the special meeting to order at 6:00 p.m.

### **EXECUTIVE SESSION**

Commissioner Gouge announced that the Commission would recess into an executive session pursuant to RCW 42.30.110(1)(g) to evaluate the qualifications of an applicant or to review the performance of a public employee. However, subject to RCW 42.30.140(4), discussion by a governing body of salaries, wages, and other conditions of employment to be generally applied within the agency shall occur in a meeting open to the public and when a governing body elects to take final action hiring, setting the salary of an individual employee or class of employees, or discharging or disciplining an employee, that action shall be taken in a meeting open to the public. He advised that the Executive Session would last approximately 60 minutes, at which time the Commission would resume the public portion of the meeting. He further advised that no action would be taken after the Executive Session. The Executive Session was adjourned at 6:50 p.m., and the business portion of the special meeting was reconvened 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 MAY 8, 2017 MEETING MINUTES**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$483,676.19**
- D. AUTHORIZATION FOR EXECUTIVE DIRECTOR TO WRITE OFF \$1,443.24**

**COMMISSIONER JOHNSTON SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.**

## **PUBLIC COMMENTS**

**Darrell Haug, Port District Resident**, said that although he serves on the Edmonds Economic Development Commission (EDC), he was present to speak as a private citizen and taxpayer. He recalled that he spoke at a previous Commission meeting about the Port's unique ability to carry on public conversations and lead the way on a number of good discussions for the community. He suggested it is time for the Commission to "think outside the docks." The last time he spoke, he pointed out that there was no direct way for the public to communicate with Commissioners, and this was resolved by obtaining the email addresses of each Commissioner via a public records request. He also asked some basic questions about the Port's Financial Reports, such as where the tax dollars are displayed in the record and whether or not the marina and Harbor Square are self-supporting. He was led to understand that when the final 2016 Financial Report was released to the public, his questions would be answered; but that was not the case. There was no mention of taxes in the table of contents. Taxes were not mentioned until Page 10 as a receivable for \$9,000. The notes that were provided as part of the report identify a tax levy of \$400,000, but Page 12 said the actual amount levied was \$407,000. On page 18, the spreadsheet shows taxes as \$405,000. He summarized that the Port's financial reports use a technique called "single fund" so there is no way to determine from the report if the marina and Harbor Square are paying for themselves. It would be great to see the operational costs for each one listed separately in the report.

Mr. Haug recalled that, at the last meeting, he also talked about ideas for economic development, and he submitted additional ideas via an email to the Port Commission. He briefly reviewed his ideas as follows:

- Edmonds has a fiber optic network that has a great capacity to provide network access. The Port could partner with the City and perhaps provide the antennae to cover WIFI in the downtown area.
- Edmonds needs more parking, particularly with the new Edmonds Waterfront Center that will be located at the Senior Center site. The Port could play a role and lead the discussions about how to create additional parking.
- The Port could engage high school students to help understand how to develop Harbor Square and how to protect the marsh. Their ideas would be from a different point of view than the standard citizens.
- The EDC has announced it will look at affordable housing and the concept of cost development feasibility. The Port is being invited to participate in the development feasibility portion of it because it already has working data showing what development costs are in the downtown sector.
- The EDC is also going to begin discussions about moving the Boys and Girls Club, City Hall and Police and Fire Stations to another location, and this would open the opportunity to revitalize the area for uses that are more than just public services. For example, City Hall could be converted into a hotel. The building that houses the Police Department and the City Council Chambers could be converted to a parking area to serve other uses in the downtown. The Boys and Girls Club could be relocated to free up additional space, as well.
- The Port could provide interesting ways to create dialogue and lead a variety of discussions about economic development opportunities.

## **PRESENTATION BY FARRELL FLEMING REGARDING THE NEW EDMONDS WATERFRONT CENTER**

Mr. McChesney reviewed that the Port Commission has heard quite a lot over the past two years about the concept and proposal to build a new senior center, which has now been conceptualized as a community center. The plans are very close to fruition, and Farrell Fleming, Senior Center Executive Director, is present to brief the Commission on the progress that has been made, as well as the future of the project.

**Farrell Fleming, Executive Director, Edmonds Senior Center**, recalled that he last provided an update on the project to the Commission nearly two years ago, and a lot of progress has been made since that time. He shared a promotional video that was created to raise public awareness of the project. He introduced Daniel Johnson, Campaign Manager, and John Osterhaug, a leader in the effort, who were present in the audience.

Mr. Fleming advised that, since his last presentation to the Commission, the project was renamed to "Edmonds Waterfront Center." He said the process of naming the facility was not easy, but they are happy with the end result. The intent is to provide a center that can benefit all populations of Edmonds. The center will have world-class audio

and visual capabilities, and the proposed plan includes a small auditorium (250 to 300 people) that is about half the size of the facility located in the Edmonds Center for the Arts. The goal of the project remains the same: to build an extraordinary facility that engages a variety of programs. The intent is that the facility would primarily be used by the senior population between the hours of 8 a.m. and 4 p.m. From 4 p.m. to closing, the significant programming will be done by the Parks, Recreation and Cultural Services Department. The programs that are already offered at the Senior Center will be enhanced at the new center, including the Health and Wellness Clinic.

Mr. Fleming commented that the Senior Center is a 501(c)(3), non-profit organization, and the City currently owns the building and land where it is located. The Senior Center came on site in 1967, and the City acquired the property in 1975 by providing local dollars to match a Housing and Urban Development (HUD) Grant. This allowed the city to own the building with the idea of it remaining a senior center for 20 years. The model going forward is that the non-profit senior center would raise the funds for the project, and then construct, own and maintain the building via a ground lease with the City.

Mr. Fleming shared several pictures to illustrate the proposed design of the new building, as well as the site layout and the layout of each floor. He noted that the project would include a banquet room, which could be rented out on weekends and evenings to provide revenue to the center. The project also includes a number of meeting rooms, which could be rented out to community groups.

Mr. Fleming advised that the Senior Center's project has led the City of Edmonds to take a strong look at the possibility of extending the walkway around the Ebb Tide Condominiums, and the City is currently in negotiations with the property owners. The grant and permit process will include consideration of not only the waterfront center, but the space between the center and the water. He noted that moving the building back from the water's edge will eliminate many of the permitting concerns. The space between the building and the water could host a variety of activities, such as a small launch for self-powered boats. The City has hired John Barker to be the landscape architect for the project, and he has designed all of the projects from Olympic Beach to Brackett's Landing North.

**Daniel Johnson, Campaign Manager, Senior Center Project**, said they have been working with an estimated project cost of \$11 million, and they are now in the process of selecting contractors that will enable them to get a firm bid. He briefly reviewed that the funding sources, which include an initial grant from the State for \$1.25 million and \$500,000 from the City of Edmonds. Rick Steves initially committed \$500,000 to the project in 2015, but he later increased the amount to \$2 million, with an option to increase the amount to \$3 million if the funding goals are met. The Hazel Miller Foundation has pledged \$300,000, and the C.K. Birkenfeld Memorial Trust has offered a grant of \$350,000. However, he commented that the epicenter for the funding campaign lies in the Board Members and their friends and family, and reaching the anticipated goal will require both large and small gifts. On the government funding side, there is a \$2.25 million state grant pending through the Building Communities Fund, and they are very optimistic that it will receive final approval soon. Rather than judging the success of a campaign by a numeric milestone, the real success comes when a campaign moves from being about a building to being about a cause. The path to the goal will require the help of community members, via both large and small gifts. He challenged the Commissioners to think about what the Port might do to support the project, such as offering meeting space to allow the Senior Center programs to continue during construction. He also challenged them to consider the opportunity to individually invest in the project as community members. He concluded that it is a legacy project that will benefit the community for years to come.

Mr. Fleming recalled that when he met with the Commission two years ago, the intent was to start construction of the project in 2017, but this has been delayed by a year if all goes well and grant funding from the State is approved, as well as some from the Verdant Health Commission. The Senior Center has promised to continue all of its current programs during the construction period. Some of the groups can meet in individual homes, but the larger programs will need meeting space. The Senior Center will continue to do what needs to be done to ensure that the robust programming continues. He said he would be more than happy to discuss options for using space on Port property.

Mr. Fleming advised that a ground lease between the Senior Center and the City of Edmonds has been drawn, but some changes are still needed to include some vital elements that were not part of the project when the initial lease was drawn up. Once the lease is exercised, the Senior Center will have authority to demolish the existing building and start construction on the new one.

Mr. Fleming commented that many of the questions that the Commission raised two years ago became part of the Senior Center's work program, such as a detailed business plan.

Commissioner Orvis commented that the Senior Center's mission is dramatically different than it was two years ago. However, he voiced concern that the project still carries baggage from the initial proposal. Although the name of the project has been changed, many people do not yet understand how the programming will be different. For example, how will the Senior Center address the idea that the facility will be reserved for senior programs until 4 p.m. each day, even in the summer. Many people have voiced concern about how the new center will impact the already difficult parking situation at the waterfront, as well. Mr. Fleming responded that the Senior Center would love to work with the Port and City to come up with creative solutions for the anticipated parking problems, recognizing that the new center will further tax the situation. At this time, the current parking is shared equally between the park and Senior Center, and this will continue to be the case. The programs that are offered inside the building during the working hours (8 a.m. to 4 p.m.) will serve primarily the senior population. However, they are determined that the new concept is not merely a name change. He noted that the makeup of the Board has changed in recent months to include a number of young people who are supportive of the vision of the facility being an asset to the entire community and not just the senior population.

Mr. Johnson commented that the great fear of the seniors who use the current facility is that they will be forgotten when the new facility is constructed. The Senior Center is committed to making sure the programs they all love will be offered and even expanded. In addition, the project will include a number of gathering places that can be utilized by the public at all times. In the evening hours, the Parks, Recreation and Cultural Services Department will take charge of the programming, which will include a number of intergenerational programs. Commissioner Orvis suggested that this should be part of the basic message that is sent out to the public via articles, etc. Mr. Fleming agreed that they could do a better job of this.

Commissioner Gouge pointed out that the Edmonds Yacht Club leases a portion of its space on evenings and weekends for special events, and the Port has worked out an agreement that allows for shared parking during times when parking is in high demand. He suggested that the parking problem near the new project needs to be addressed via an interlocal agreement between the Port, the City and the Senior Center. Mr. Fleming advised that a parking study was done by students at Edmonds Community College last fall, and the data will be helpful moving forward. He noted that the Port has been generous to accommodate parking during the Senior Center's annual health fair. Commissioner Gouge commented that Port property is publicly owned by the Port District Residents, and they need to work something out in order for the new facility to be successful. He suggested that representatives from the Senior Center, the Port and the City should meet within the next few months to begin to work out the parking details.

#### **VACANT PARCEL PLANNING CONTRACT AMENDMENT**

Mr. McChesney explained that the vacant parcel is located across the street from Anthony's Restaurant and is currently being used for employee parking for Anthony's and Port lay down. He reviewed that on January 9<sup>th</sup>, the Commission approved a contract with Jackson Main Architects to provide planning and architectural services necessary to obtain a Shoreline Permit from the City of Edmonds. The original contract amount was \$50,435, and the scope of work anticipated conceptual design, site layout, landscaping, traffic study, site civil engineering and stormwater analysis. All of these items were determined to be requirements during a pre-application meeting with City staff. However, upon further review with the City's Planning Department, it was determined that the Shoreline Permit application also requires two additional elements: a Geotech soils and seismic report and a critical areas report. Landau Associates will be providing the additional analysis under contract with Jackson Main, and the Shoreline Permit application cannot be processed without these reports.

Mr. McChesney advised that the project is now about six weeks behind the original schedule, but the idea is to obtain a shoreline permit for the parcel so the Port can go forward with marketing it to find suitable tenants. Jackson Main is asking for an additional \$17,710 to fund the two reports, and he recommended the Commission authorize the additional work and approve the contract change as presented.

Although he acknowledged he is somewhat cynical, Commissioner Orvis suggested that the Port should warn Mr. Fleming and the Senior Center Board that these are moving targets and City seems to invent things as they go along.

Mr. McChesney explained that the purpose of the pre-application meeting is to identify all of the items that are required for the permit application. Port staff met with the different City department heads and learned what was needed, but when the application reached another level of review, the City ended up asking for additional information. He noted that the reports will be needed for the building permit application, anyway, so the Port may as well get them done. Commissioner Orvis commented that one would think the City would have a better understanding of what is required up front. Their work seems sloppy and adds cost and time to the application process.

Commissioner Johnston said he would normally vote in support of the proposed contract change. However, he is still getting paid by Landau Associates so he would recuse himself from taking action.

**COMMISSIONER ORVIS MOVED THAT THE COMMISSION APPROVE THE CONTRACT CHANGE BY JACKSON MAIN ARCHITECTS FOR SHORELINE PERMIT PLANNING AS REQUIRED BY THE CITY OF EDMONDS IN THE AMOUNT OF \$17,710. COMMISSIONER PRESTON SECONDED THE MOTION, WHICH CARRIED 3-0, WITH COMMISSIONER JOHNSON RECUSING HIMSELF.**

### 1<sup>ST</sup> QUARTER 2017 FINANCIAL STATEMENTS

Ms. Drennan presented the 1<sup>st</sup> Quarter 2017 Financial Statements, noting that the graph on the first page shows the revenues and expenses for the past five years. The revenues are trending upwards and expenses have remained relatively the same. The graph at the top of Page 2 shows net income trends for the past five years. Net income is trending upwards and remained about the same in 2016 and 2017. The graph at the bottom of Page 2 shows actuals to budget for the 1<sup>st</sup> quarter of 2017. The actuals are slightly less than budget for both revenues and expenses. Commissioner Orvis pointed out that many of the budget items are divided equally amongst the 12 months of the year. As they progress through the summer, he anticipates that the actuals will come in closer to budget amounts. Ms. Drennan clarified that some revenues are allocated based on anticipated activity, but expenses are not.

Ms. Drennan advised that actual revenues were approximately \$33,000 less than budget, and actual expenses were approximately \$128,000 less than budget. Gross profit for the 3-month period ending March 31<sup>st</sup> was \$1,684,386, which was approximately \$31,000 or 2% less than budget. Net income for the same period was \$413,375. She specifically highlighted the following:

#### Marina Operations Revenue Actual to Budget

- Net Fuel Sales Revenue was \$15,790, which was about \$10,000 greater than budget.
- Guest Moorage Revenue was \$14,272 or approximately \$10,000 less than budget.
- Permanent Moorage Revenue was \$774,226 or approximately \$41,000 less than budget.
- Dry Storage Revenue was \$123,630 or about \$11,000 less than budget.

Commissioner Gouge asked if the significant decrease in Guest Moorage Revenue was a result of fewer yacht clubs coming to the Port. Ms. Drennan answered that is primarily due to the Port's recent changes to policy that resulted in substantially fewer tribal boats coming to the marina.

#### Financial Occupancy at the End of 1<sup>st</sup> Quarter

- Financial Occupancy in Moorage was estimated to be 96% for 2017, and the actual occupancy was 91% for the first quarter.
- Financial Occupancy for Dry Storage was estimated to be 90% for 2017, and the actual occupancy was 77% for the first quarter. This is likely caused by people not using the shoulder seasons.

Commissioner Preston asked why the Port budgets financial occupancy of 90% for dry storage when they are nowhere close to that high. Ms. Drennan advised that the 90% is intended to be a yearly estimate, and it is anticipated that the numbers will be much higher during the busy season. However, she is not sure how fishing closures will impact this number.

#### Rental Properties Revenue Actual to Budget

- Actual revenue for Harbor Square Property was \$479,533, which was about 3.36% greater than budget.

Ms. Drennan advised that operating expenses before depreciation for the 3-month period were \$935,382, which was approximately \$92,000 or 9% less than budget. She specifically highlighted the following:

Operating Expenses Actual to Budget

- Economic Development and Tourism was \$3,287 or approximately \$11,000 less than budget.
- Employee Benefits were \$136,814 or approximately \$10,000 less than budget. This is primarily a timing difference. However, it is important to note that the percentage the Port is required to pay into the Public Employees Retirement System (PERS) will increase from 11.8% to 12.79%. The amount employees are required to pay will increase from 6.12% to 7.38%.
- Payroll Taxes were \$35,125 or about \$13,875 less than budget, and this is primarily related to a timing difference.
- Salaries and Wages were \$334,159 or about \$89,000 less than budget due to a timing difference.
- Utilities were \$120,273 or about \$24,523 greater than budget, likely due to utilities being allocated evenly over each of the 12 months.
- Depreciation was \$406,185 or about \$20,065 less than budget. As the Port begins to add the capital budget to the schedule, this difference will decrease.

Ms. Drennan summarized that net income for the three months ending March 31<sup>st</sup> was \$413,375, which was approximately \$95,000 or 30% greater than budget.

Ms. Drennan referred to the graph on the top of Page 4, which shows the 1<sup>st</sup> quarter marina revenues and expenses for the past five years. The graph at the bottom of the page shows net income for the 1<sup>st</sup> quarter of the past five years. She noted that there are no clear trends. She also referred to the graph at the top of Page 5, which shows marina actual to budget for the 1<sup>st</sup> quarter. Operating Revenues were about 5% less than budget and Operating Expenses before depreciation and overhead were about 12% less than budget. Net income was \$186,674 or about 60% greater than budget. Lastly, she referred to the graph at the bottom of Page 5, which shows 1<sup>st</sup> quarter revenues and expenses for rental properties for the past five years. She also referred to the graphs on Page 6, which show net income for rental properties for the past five years, as well as actual to budget for rental properties. She summarized that Operating Revenues were \$622,796 or about 2.5% greater than budget and Operating Expenses before depreciation and overhead were \$193,578 or about 7% greater than budget. Net income was \$226,700 or about 17% greater than budget.

Commissioner Gouge observed that Harbor Square is basically full, which means that the only way the revenue will increase will be through what is built into the current leases. Mr. McChesney agreed that is a fairly accurate statement. As leases turn over, there will likely be a 2 to 3% increase. He commented that staff has done a great job of getting the space full. Ms. Drennan pointed out that about 30 HVAC units still need to be replaced at Harbor Square.

Ms. Drennan reviewed the investing summary, noting that the Port has been investing for longer terms since December of 2013. She summarized that the Port has 11 long-term investments, with the first maturing in November 2017. They have set up a laddering program so the bonds mature on a fairly regular basis. In January 2017, the Port opened a certificate of deposit with Opus Bank at .9%, and these funds were restricted as part of the Harbor Square debt service reserve. As part of the loan refinancing, the Port agreed to maintain a debt service reserve of six months of bond/loan payments, and the Port is no longer required to keep 60% of the principal balance in Opus Bank. She advised that no bonds were called or matured in the 1<sup>st</sup> quarter of 2017, and the average liquid interest rate earned by the Port was .6%. The Port earned 1.1% in the long-term investments, for an average of .77%. The Port earned interest of \$22,965 in the 1<sup>st</sup> quarter of 2017, which was 75% greater than the 1<sup>st</sup> quarter of last year. The Capital Replacement Reserve is currently at \$6,647,695, with part of the reserve in Opus Bank and part invested long term. The Port is in the process of investing \$1 million of capital reserve for a longer term, as per its Investment Policy. The Port has \$4,550,972 remaining in outstanding debt, and \$2,069,215 of that is due within one year. The final payment on the Port's 2005 LTGO and Refunding Bond is due June 1<sup>st</sup>. With that payment, the Port will have paid off the bond of \$3,925,000.

Ms. Drennan reminded the Commission that two major banking changes occurred in the 1<sup>st</sup> quarter of 2017. First, the Port proceeded with changing its primary bank from Bank of Washington to Washington Federal. All banking functions previously performed by the Bank of Washington have been moved over and the Port is adding new features to its banking functions. For example, Port staff set up positive pay when we transferred over to Washington Federal. This is a safety feature whereby Port staff uploads the check number, date, payee, and amount into the system and checks will not be paid unless all of the items match up. Port staff has also completed setting up X9 file transfers from the Port's lockbox company to Washington Federal. This allows the check information to be transmitted from the lockbox company to the bank electronically. Previously, the checks had to be manually delivered to the bank for processing. Lastly, in the next several months, the Port will work on setting up Automated Clearing House (ACH) payments for accounts payable vendors, which will allow the Port to pay without having to issue an actual check.

Ms. Drennan recalled that the Board also refinanced its Opus Bank bond/loan during the 1<sup>st</sup> quarter of 2017, increasing the monthly payments, shortening the life of the bond/loan, removing the balloon payment, and saving the taxpayers \$620,000. Commissioner Orvis asked if there would be any advantage to the Port paying off the revenue bond early. Ms. Drennan explained that the Port has maxed out its ability to pay early. She recalled that when the Port decided to refinance the bond, they had a few options. Three years was the most aggressive option and also saves the most money, but it also has a penalty associated with early payoff. She emphasized that the Commission's decision was to stay the course and not make additional payments that require them to dig into the reserves.

Commissioner Johnston asked why Hazardous Waste Expenses were so much greater than budget. Ms. Drennan said this expense included two items: one is the cost for hauling hazardous materials from boats that are pressure washed. The other is for cleaning the storm drains. Mr. McChesney advised that all of the storm drains west of the railroad tracks have been vacuored out, and staff will begin working on the Harbor Square storm drains soon.

#### **EXECUTIVE DIRECTOR'S REPORT**

Mr. McChesney reported that the Economic Development Committee met a week ago and discussed potential ideas to move forward, including continuing to look for near vicinity opportunities. Other ideas include looking at potential parking solutions and opportunities for creating additional tourism passenger capacity. He reminded the Commission that the Port received a grant from the Port of Seattle to work together to increase tourism capacity.

Mr. McChesney advised that the Communications Committee met last week and plans to stay the course with the Communications Plan. Ms. Williams is working to implement the plan, but it was decided that the special event that was planned for August will be postponed a year to correspond with the Port's 70<sup>th</sup> Anniversary.

Mr. McChesney reported that the Port co-sponsored an after-hours networking event with the Economic Alliance of Snohomish County (EASC) and the Snohomish County Tourism Bureau. About 60 people attended, including he and Commissioner Preston.

Mr. McChesney advised that he and Ms. Kempf attended the Bell Street Pier 66 re-opening where the Norwegian Cruise Line will put its mega ship. Because the Port is cooperating with the Port of Seattle to improve tourism opportunities, they were invited to attend the event.

Mr. McChesney announced that an all-staff meeting was held last week to introduce the new and seasonal employees. The seasonal staff will start soon and be up to full complement for the summer months. One of the eight seasonal workers is already on board and assigned to landscaping.

## **COMMISSIONER'S COMMENTS AND COMMITTEE REPORTS**

Commissioner Preston reported on his attendance at the Washington Public Port Association's (WPPA) Spring Meeting a few weeks ago. He commented that it seems like the meeting gets better every year in terms of information and events. He also reported that the Communications Committee met with Ms. Williams to talk about getting Facebook and Instagram accounts going for the Port. He said he attended the EASC meeting and felt that Amy Spain, Executive Director of the EASC, has done a phenomenal job with organizing the Alliance.

Commissioner Preston stressed the need for a crosswalk across Admiral Way near Arnies. He commented that if the City can drop one overnight on Sunset Avenue, it should be able to put one near Arnies in the next three months. He said it was like a shooting gallery last weekend between people and cars. Council Member Teitzel agreed to ask questions about this idea. Ms. Kempf reported that there was an accident on Admiral Way at 7 p.m. on Saturday evening, but no pedestrians were involved. Passengers from both cars were taken to the hospital.

Commissioner Preston voiced a desire to add informational signs along the boardwalk to educate people on the history of Edmonds.

Commissioner Orvis reported on his attendance at the EASC's annual meeting with Commissioner Johnston. He distributed copies of the report that was handed out at the meeting. He said it was a good event with a lot of interesting information. Awards were handed out, and one was given to Washington State University (WSU) for its spectacular work on Washington State University Northwest (WSUNW). He noted that Elson Floyd, President of WSU's College of Medicine and Ray Stevenson, Mayor of Everett, both did a tremendous amount of work on this project, and 76 students graduated from the programs this year. At the meeting, it was noted that University of Washington Bothell was #7 in the nation for value, and WSUNW is now going to get the doctors coming out of medical school in Spokane to do their residency in Everett. They expect the program to grow and they have now moved into a new facility. It is a tremendous asset to the community to have programs offered by Western Washington University, Central Washington University, University of Washington and Washington State University all within 15 miles of the Port district.

Commissioner Orvis reported that a subgroup of the EASC attended the Paris Air Show, which resulted in three to four companies moving to Snohomish County from Europe. In addition, it has been confirmed that Alaska Airlines will begin operating flights from Paine Field next year, and opportunities for transcontinental flights are also being considered. The EASC is also working on non-aviation efforts for the County, recognizing that aerospace cannot carry the economy forever.

Commissioner Orvis announced that composite recycling is getting to be a big business, and the Innovation Center that the EASC established is intended to help inventors market their products. Following the EASC Board Meeting, he attended a presentation by the president of the University of Washington where it was noted that the university is #1 in the world in innovation. However, many of its graduates go to other states to establish businesses because it is too difficult in Washington State. The University of Washington is also #3 in research behind MIT and Stanford. He summarized that the EASC is doing great work, and Patrick Pierce is a good CEO. They are now diving deep into the tourism business because the State is not going to do anything in that regard.

Commissioner Orvis reported on his attendance at the WPPA Spring Meeting, particularly sharing information relative to the legislative report:

- A recent Supreme Court decision (Whatcom County vs. Hirst, Futurewise, et al.) supported the Department of Ecology's (DOE) rule that no longer allowed people in Whatcom County to drill for water on their own properties. Legislation is now being pushed forward that would undo the Supreme Court's decision, but it is mixed up with all of the budget discussions.
- Legislation was passed related to the Public Records Act, which allows a public entity to charge for the cost of responding electronically to requests and allows them to disallow a request for all records.

Commissioner Johnston reported that he was involved with a number of committee activities, which have been spoken about previously (EASC, Communications, and Economic Development). At the Communications and Public Outreach Committee meeting, they talked about putting out a fly sheet that identifies how many people work



at the Port of Edmonds. This would include not only Port employees, but employees of the various Port tenants. He said he anticipates the data will show that there are more employees on Port property than at Westgate, and that the Port is second only to downtown Edmonds.

Commissioner Johnston said he learned at the WPPA Meeting that funding for the Model Toxic Control Act (MTCA) will not increase, but he noted that the Port does not need the funds this year, either. With low fuel prices and low tax revenue in the State, there will not likely be a lot of money for cleanup. He also pointed out that Washington State is one of the few states in the nation without a Tourism Bureau. While there were two bills up for vote that would have established benefits and taxing for a tourism bureau, they are now dormant. The WPPA was very supportive of the legislation. Lastly, he noted that there is a new law that allows law enforcement to impound vessels when drivers are under the influence. The status of this legislation is not clear, but it looks like it will pass.

Commissioner Johnston advised that Brian Butler, Senior Hydrologist and Geologist for Landau Associates, was very instrumental in providing testimony to the Department of Ecology regarding a proposed regulation that would prohibit excavated materials from being redeposited on site unless they are cleaner than the background materials. That would have made it impossible to do construction projects since the materials would have been classified as dangerous waste that could not be used anywhere else on the site. The requirement is no longer valid.

Commissioner Gouge reported on his attendance at the WPPA Conference where he participated in some of the legal seminars. He said he was particularly interested in a discussion about the Coast Guard bringing derelict boats into marinas and leaving them for the marinas to take care of. He learned that ports and marinas have the ability to refuse to accept the vessels. He said the WPPA plans to write a letter to the Coast Guard to clarify this issue. He encouraged the Port staff to learn more about this rule so that it can be enforced at the Edmonds Marina. Ms. Kempf reported that the Coast Guard recently dumped a derelict boat in the marina. The situation occurred in the middle of the night when the security staff was patrolling Harbor Square. The person on the boat when security arrived quickly left by bicycle. The boat was left at the fuel dock and was full of hazardous waste. She explained that the Coast Guard brought the boat to the marina because it was in a dangerous situation with high winds, etc. However, the Coast Guard is supposed to notify a marina before dropping off a boat, and that did not happen. The DOE has removed some, but not all, of the hazardous waste aboard the boat, and the boat was then hauled out of the water. Staff has spent an extensive amount of time trying to locate the owner, but their attempts have been unsuccessful. Commissioner Johnston cautioned that the problem could involve cars, as well as boats. Commissioner Orvis pointed out that the DOE has a program to pay for disposal of derelict boats, but it is mostly used for large fishing boats. Ms. Drennan advised that the program does not have sufficient funding, and they only pay 90% of the cost of removal. It is also difficult to get someone to come and destroy the boat so it can be disposed of.

Commissioner Gouge said he learned at the WPPA meeting that the DOE is also pushing for a new rule that would require State Environmental Policy Act (SEPA) review of any lease. In addition, he participated in a roundtable discussion on the Satsop Business Park in Grays Harbor County. He explained that Grays Harbor was devastated by the economy, but it has re-energized itself via the new business park where major companies such as Overstock.com and a huge marijuana facility employ a large number of people. They are giving tours of the business park this summer, and they have also released radio ads and news stories to advertise the park, which has lifted a lot of people out of poverty.

Commissioner Gouge reported that he also attended a taxation and bonding seminar where Cynthia Weed and Alan Dashen were the presenters. The purpose of the seminar was to get ports up to speed on what they can and cannot do as far as bonding and taxing. While at the WPPA Conference, he also spoke with representatives from Sound Earth Strategies, which deals primarily with stormwater issues. He talked about options for getting the water from SR-104 treated before it ends up at the Port. He encouraged them to contact the City of Edmonds to discuss options.

Commissioner Gouge announced that he would attend the Puget Sound Regional Council (PSRC) Meeting in downtown Seattle on May 31<sup>st</sup>. He said he has also had discussions with representatives from the Department of Fish and Wildlife regarding the 2017 fishing season. He noted that there will be no fishing in Area 9, but there will be limited fishing available in Area 10. He provided materials that contain more information about the fishing season and suggested that Port staff make the information available via its website, as well as other locations so that fishermen are well-informed. He asked if it would be possible to put a marker on Port property to identify the boundary line between Areas 9 and 10. He noted that people often cross the line unintentionally and end up getting

ticketed. Mr. McChesney agreed that would be possible, and it was also suggested that the Port provide coordinates for the two fishing areas so that people can use their GPS for guidance.

Commissioner Gouge observed that there are no action items scheduled on the Commission's June 10<sup>th</sup> agenda. He suggested that the meeting be cancelled, and the remainder of the Commissioners agreed. It was also noted that there would only be one meeting in July.

Commissioner Preston reminded the Commissioners that the Arts Festival is coming up, and he has agreed to present the awards at the youth art contest. It was also noted that the Waterfront Festival is June 2<sup>nd</sup> through 4<sup>th</sup>, and Commissioner Orvis and Mr. McChesney indicated they would attend the opening event on behalf of the Port.

### **ADJOURNMENT**

The Commission meeting was adjourned at 8:47 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'SJ', followed by a long horizontal flourish that extends to the right.

Steve Johnston  
Port Commission Secretary