



PORT COMMISSION OF THE PORT OF EDMONDS

MINUTES OF REGULAR MEETING

February 23, 2015

COMMISSIONERS PRESENT

David Preston, President
Bruce Faires, Vice President
Fred Gouge, Secretary
Mary Lou Block
Jim Orvis

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

Commission President Preston called the regular 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 AGENDA BE AMENDED TO ADD A “PROPOSAL TO JOIN THE CITY OF EDMONDS IN A GRANT REQUEST FOR AN ALTERNATIVES ANALYSIS AND STUDY TO ELIMINATE THE AT-GRADE RAILROAD CROSSING” UNDER “POSSIBLE ACTION.” COMMISSIONER FAIRES SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

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

- A. APPROVAL OF AGENDA, AS AMENDED**
- B. APPROVAL OF FEBRUARY 9, 2015 MEETING MINUTES**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$105,780.15**

COMMISSIONER GOUGE SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

PUBLIC COMMENTS

No one in the audience indicated a desire to address the Commission.

AUTHORIZATION TO BID: HARBOR SQUARE BUILDING 3 HVAC

Mr. McChesney explained that the Harbor Square Conditions Survey was presented to the Commission in January of 2014, identifying building 3 as a priority for capital maintenance. It specifically described the need to replace 12 rooftop HVAC units, as the original equipment dates back to when the building was constructed in the mid 1980's. The existing units are difficult to maintain, not energy efficient, and well beyond their service life. The long-term capital budget anticipated this project would commence in 2016. However, shortly after the budget was approved,

occupancy in Building 3 increased to 85%. Consequently, the urgency for roof replacement has intensified, and Port staff and the Harbor Square property manager are strongly recommending the HVAC replacement be moved up a year, for completion in 2015 in coordination with a new roof installation. He advised that, if authorized by the Commission, staff would solicit bids to bring back to the Commission for review and approval.

COMMISSIONER FAIRES MOVED THAT THE COMMISSION AUTHORIZE STAFF TO SOLICIT BIDS FROM QUALIFIED HVAC CONTRACTORS TO REPLACE THE 12 HVAC UNITS ON HARBOR SQUARE BUILDING 3. COMMISSIONER BLOCK SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

AUTHORIZATION TO BID: HARBOR SQUARE BUILDING 3 ROOF

Mr. McChesney recalled that the Commission has already authorized roof replacement on three other Harbor Square buildings (buildings 1, 2 and 5), which have been successfully completed. Staff is proposing that the same materials be used for the Building 3 roof replacement. Therefore, no consultants, engineers or detailed building permits will be required. A standard roofing permit issued by the City of Edmonds directly to the contractor will be part of the contract specifications. He provided a photograph to illustrate the deteriorated condition of the existing roof and recommended the Commission authorize staff to solicit bids from qualified roofing contractors to replace it.

Commissioner Faïres recalled that when work was done previously on Building 2, the contractor had to replace some of the underlayment that was soft. He asked if this is anticipated for the Building 3 roof, as well. Mr. McChesney said the Port has been fortunate in the previous projects that the amount of underlayment that needed to be replaced was minimal. However, it is possible that some of underlayment will need to be replaced. This additional work is addressed as a unit cost as needed in the bid documents.

COMMISSIONER ORVIS MOVED THAT THE COMMISSION AUTHORIZE STAFF TO SOLICIT BIDS FROM QUALIFIED ROOF CONTRACTORS TO REPLACE THE ROOF ON HARBOR SQUARE BUILDING 3. COMMISSIONER FAIRES SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

AUTHORIZATION TO BID: HARBOR SQUARE BUILDING 4 ROOF

Mr. McChesney reported that the roof on Building 4 currently leaks and is beyond repair. A recent visual inspection showed excessive rain water leakage all the way down to the first floor and significant damage that will only get worse if the roof isn't replaced now. In addition, the vacant space is not showable to prospective tenants in its existing condition. Although the long-term capital budget anticipated this project to commence in 2016, staff and the Harbor Square Property Manager are strongly recommending that the roof be replaced this year to avoid damage to the building and/or tenants. He noted that there may be some economy in doing the Building 3 and Building 4 roofs at the same time.

Mr. McChesney acknowledged that completing two roof projects, as well as replacing 12 HVAC units, all in one year is a large financial commitment. However, the cost of the project will not likely be less if the Port waits. He recommended the Commission authorize staff to solicit bids for qualified roofing contractors to replace the roof on Harbor Square Building 4.

He said the current plan is to solicit bids for the HVAC work on Building 3 first because the new units must be in place before the roof membrane goes on. Shortly after, staff will solicit bids for the two roof projects. The goal is to have all three projects completed before Labor Day.

COMMISSIONER BLOCK MOVED THAT THE COMMISSION AUTHORIZE STAFF TO SOLICIT BIDS FROM QUALIFIED ROOFING CONTRACTORS TO REPLACE THE ROOF ON HARBOR SQUARE BUILDING 4. COMMISSIONER GOUGE SECONDED THE MOTION.

Commissioner Orvis noted that there is money in the Capital Budget, and the work needs to go forward as soon as possible to avoid further damage. Commissioner Faïres stressed that the vacant space cannot be leased under the present conditions and the physical asset could be further damaged if the leaks are allowed to continue.

Commissioner Gouge asked about the life expectancy of the new roof. Mr. McChesney answered that the roof would have a 15 year warranty, but it would be the exact same specification and application as the 30-year roof. He said he anticipates the roofs could last as long as 2040. Commissioner Faires pointed out that the Port could pay for patching the roof in the future for the additional amount required for a 30-year warranty.

THE MOTION CARRIED UNANIMOUSLY.

PROPOSAL TO JOIN THE CITY OF EDMONDS IN A GRANT REQUEST FOR AN ALTERNATIVES ANALYSIS AND STUDY TO ELIMINATE THE AT-GRADE RAILROAD CROSSING

Commissioner Orvis recalled that, at their last meeting, the Commission discussed Mayor Earling's comments to Commissioners that the Port take part in the process of securing grant funds to develop an alternatives analysis to eliminate the at-grade railroad crossing in Edmonds. They postponed action because two Commissioners were absent. However, while in Olympia this past week, he learned that the study is on a fast track, and the money is being proposed in the budget that is currently before the Senate Committee. It was made clear to him that the Port needs to be part of the effort, and it must join now rather than waiting for an invitation at a later date. He discovered that when the funding request goes to a final vote in the Senate, having the Port on board would be a definite boon for the City of Edmonds. For many legislators, the Port Commission's support will be more important than the City Council's support because of the way they look at economic development, transportation, etc.

Commissioner Orvis proposed that the Port join with the City in developing a grant request to the State of Washington for an alternatives analysis and that \$25,000 be set aside to be used at the Port Commission's discretion at a later time if the matching funds are needed. He further recommended that the Port propose an interlocal agreement with the City of Edmonds in order to assure the Port will have equal standing when the discussions start. He said he envisions that the study discussions will include not only the City of Edmonds and Port of Edmonds, but also the Washington State Department of Transportation (WSDOT) and Burlington Northern Santa Fe (BNSF). If the Port contributes money to the study, he said it is important that the Port Commission is at the table for discussions and any decisions that are made.

Commissioner Faires said Mayor Earling has framed the request correctly by explaining that there is a long-standing problem relative to getting from one side of the railroad tracks to the other when trains are in the way. This will continue to be a problem in the future. He said he supports moving forward with an alternatives analysis to try to bring sense to the question of how to solve the problem. He recalled that the Port Commission has discussed the situation for longer than any other organization or entity in the community, and they know more about it as it pertains to transportation infrastructure. He indicated support for Mayor Earling's effort to put together a grant and form an appropriate group to develop and study the alternatives. He also agreed that the study group should include the Port, the City, WSDOT and BNSF. He expressed his belief that the alternatives analysis is the right thing to do and should be a very high priority. He stressed the importance of the study staying on track to be an analysis of alternatives on the right way to proceed and not an analysis of someone's favorite alternative or to answer the question of whether or not something needs to be done. The problem and need to address it has already been established.

COMMISSIONER BLOCK MOVED THAT THE COMMISSION JOIN WITH THE CITY OF EDMONDS ON A GRANT REQUEST TO THE STATE FOR AN ALTERNATIVES ANALYSIS AND STUDY TO ELIMINATE BURLINGTON NORTHERN SANTA FE AT-GRADE CROSSINGS. SHE FURTHER MOVED THAT THE COMMISSION SET ASIDE \$25,000 IN MATCHING FUNDS TO BE USED AT THE DISCRETION OF THE COMMISSION AND THAT THE PORT WILL JOIN WITH THE CITY IN FORMALIZING A GRANT APPLICATION, SUBJECT TO AN INTERLOCAL AGREEMENT. COMMISSIONER FAIRES SECONDED THE MOTION.

Commissioner Orvis said it is important the Port Commission be involved in the study process to help keep it on track. There are many suggestions rolling around that have already been put to bed, and the Port Commission needs to provide its knowledge because they have been through the process and already have answers to many of the questions.

Commissioner Gouge emphasized that the \$25,000 expenditure should be allocated from tax revenue, as the study will be done on behalf and for the benefit of the taxpayers.

Commissioner Preston shared that when leaving a restaurant on Port property, he saw two aid cars come to the marina. He commented that if a train had been present on the tracks, the response time would have been greater. He asked if it would be possible to radio trains when there is an emergency at the waterfront so they can stop and allow the emergency vehicles to cross. Commissioner Orvis said there is a local emergency organization that can get trains on the tracks moved if there is an emergency, but this takes time. It is not possible to radio trains to stop.

THE MOTION CARRIED UNANIMOUSLY.

Jim Blossey pointed out that the at-grade crossing has been a concern to the Port Commission since before 1990, and the concern has been raised again and again since that time. The Commission agreed that it is important to support and expend whatever energy they have to keep the study focused on finding the best solution.

TOURISM FUNDING BILL

Mr. McChesney reviewed that on February 12th he represented the Port of Edmonds, with the Snohomish County Tourism Board and the Washington Tourism Alliance (WTA), at “Tourism Day” in Olympia. The purpose was to lobby legislators to obtain their support for House Bill (HB) 1938 that proposes to establish a stable and permanent long-term funding mechanism for statewide tourism marketing. The Washington State Tourism Office was zeroed out of the budget and closed in 2011, making Washington the only state in the country without a statewide organization to promote tourism. The WTA was formed to play that role, but there is currently no funding source. HB-1938, and its companion Senate Bill (SB) 5916, would establish a fee-based funding source. He emphasized that this funding source would not be a tax. Rather, restaurants, hotels, and other tourism-related retailers would be assessed a fee that would be paid to the State and redistributed directly to the WTA on a pass-through basis. These funds could not be re-directed to other State programs or the General Fund.

Mr. McChesney shared that tourism in Snohomish County generates 10,100 jobs, \$244 million payroll, \$18 million local taxes, and \$50 million State taxes. By comparison, the State’s regional competitors spend much more promoting destination tourism. For example, British Columbia has an annual budget of \$48 million, with Alaska at \$15 million, Oregon at \$12 million, Montana at \$18 million and California at \$61 million. Last year, the statewide tourism promotion budget through WTA was only \$500,000.

Mr. McChesney reported that he met with all of the District 21 and 32 legislators, and all indicated support of the bill, subject to further review and completion of the Legislative process. In addition, the Washington Public Port Association (WPPA) has testified in support of the bill. The bill is currently before the fiscal committee before it moves to the floor for a vote. He said he is encouraged by the support from legislators.

Commissioner Orvis questioned if it would have been beneficial for the Port Commission to offer its official support sooner. Mr. McChesney said he does not believe there has been an omission on the part of the Port Commission. Commissioner Faires suggested the Port Commission adopt a resolution in support of the legislation. Mr. McChesney said a letter from the Port Commission to local legislators might be more appropriate.

COMMISSIONER FAIRES MOVED THAT THE COMMISSION DIRECT THE EXECUTIVE DIRECTOR TO DEVELOP A LETTER TO LOCAL LEGISLATORS IN OLYMPIA FAVORING THE PASSAGE OF HB-1838 AND SB-5916. THE LETTER WOULD BE SIGNED BY THE PORT COMMISSION PRESIDENT AND SENT AS SOON AS POSSIBLE. COMMISSIONER ORVIS SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

EXECUTIVE DIRECTOR’S REPORT

At the request of Mr. McChesney, the Commission agreed to schedule their annual retreat for Wednesday, April 1st, from approximately 9:00 a.m. to 2:00 p.m. Mr. McChesney advised that the primary theme of discussion at the retreat will be updates to the Cash Flow Model and the business assumptions that go into it. He also invited

Commissioners to notify him of other topics they would like to discuss at the retreat, noting that staff will begin soon to prepare a draft agenda and information pertinent to the discussion.

Mr. McChesney reported that Channel Marker is moving forward with its relocation to Harbor Square Building 2, and anticipates opening sometime in early April. He said he and Commissioner Gouge visited the site earlier in the day and found that the project is making good progress.

Commissioner Orvis requested a status report on the restroom project. Mr. McChesney reported that he has not completed the re-submittal for the shoreline permit. However, he has talked to the Planning Department staff and received new guidance on what exactly they are looking for. He explained that, relative to an updated site plan showing easements, the Port cannot find any easements on the subject property. Planning Department staff indicated it would be sufficient for the Port to add a note on the site plan that has already been submitted; but Reid Middleton cannot put a note on the site plan unless they can determine for sure there are not any easements, and this will require a title report. He said he hopes to have the re-submittal ready by the end of this week or sometime next week. Hopefully, this will be the last bit of information the City will need in order to continue its review. He summarized that the application was initially deemed complete in December, but the process actually started in November with a pre-application meeting with Planning Department staff. He commented that shoreline permits are complicated and technical and perhaps the Port was encumbered by his own unreasonable expectation for progress.

COMMISSION COMMENTS AND COMMITTEE REPORTS

Commissioner Faires reported on his attendance at the first 45 minutes of tonight's Edmonds Economic Development Commission (EDC) meeting where local developer, Doug Spee, related his history with the City of Edmonds. The presentation particularly focused on his current project on the post office site. He reported that he spent seven years working with the City to come up with a permissible plan. The plan he thought was best was supported by the Planning Department staff and the Planning Board, but was rejected by the City Council. He indicated he would not be willing to spend more than 20 minutes talking to the City Council in the future, because his presentations did little good. He further reported that the first phase of his project is currently moving forward and will include the post office and approximately 40 apartment units. He emphasized that there are no ground issues on the site.

Commissioner Faires said he provided a brief report to the EDC regarding Port activities, particularly noting the status of the legislative initiative relative to a state tourism organization. He was surprised that they had heard very little about the proposed legislation.

Commissioner Faires said he would fill in for Commissioner Orvis at the Washington Public Port Association Legislative Committee meeting on March 6th.

Commissioner Orvis reported on his attendance at the Economic Alliance Snohomish County reception for legislators in Olympia, where the Executive Director of the Alliance, Troy McClelland, made a presentation to the legislators. All of the local legislators attended the event. Transportation was the most significant issue, once again. It was noted that Snohomish County needs \$1 billion from the transportation budget, and the current proposal only identifies \$600 million. Funding for the alternatives study (\$1.5 million) for the at-grade crossing in Edmonds is still part of the budget proposal. There was also a lot of discussion at the event about taxes and how to obtain funding for transportation. One proposal is a 10% sales tax on transportation projects. In addition to transportation issues, education will also be a major topic of discussion amongst the legislators. It is likely that additional taxes will be needed to deal with both of these issues, and it appears that legislators are looking for ways to increase taxes without anyone else knowing they are doing it.

Commissioner Block provided pictures from an event she attended in 1990 as a volunteer to clean the cattails from the Edmonds Marsh. She noted that the marsh has belonged to the City of Edmonds and the Port for a long time, and a lot has transpired during that timeframe.

Commissioner Gouge reported on his attendance at the Edmonds City Council's work session on February 10th where part of the discussion focused on the Edmonds Downtown Business Improvement District (BID). The City Council discussed ways to change the rate structure, but the BID Board members indicated things were working fine

and asked the City Council to give them an opportunity, as a new organization, to work out the problems. The message was loud and clear that they did not want the City Council to get involved at this point in time. He said the City Council also discussed Yost Pool, noting that the YMCA ran the 2014 program, which resulted in a profit for the City. Also at the meeting, citizens presented a proposal asking that the new Fire Station 16 be named after Betty Mueller, a long-time Edmonds citizen, who was instrumental in the development of fire stations in Edmonds. The request will be the subject of a future public hearing. Lastly, the City Council agreed that the goal for the 2015 Comprehensive Plan update would be “zero” waste. The Council is constantly look at tax revenue, and Patrick Doherty, the City’s Community Service and Economic Development Director, provided an update on tax revenues, both with and without car sales.

Commissioner Gouge reported that he and Mr. McChesney toured Channel Marker’s new location in Building 2 at Harbor Square. He is excited that the site is being cleaned up for occupancy.

Commissioner Gouge announced that the Audit Committee would meet on February 24th at 10:00 a.m.

Commissioner Faires announced that the City of Edmonds is having an open house on the 2015 Comprehensive Plan Update, with a specific focus on transportation, on February 25th from 5:30 to 7:00 p.m. in the Brackett Room at City Hall. At the behest of the City Council, there will be an update on the SR-104 Traffic Study.

Commissioner Preston reported on his attendance at the Economic Alliance Snohomish County meeting at which John London, owner of Blue Water Organic Distillery, indicated that nearly half of their cost is in the bottles being made in the United States. He said it was interesting to hear him review his various phases of expansion, with the most recent being at the Port of Everett. He noted that while he could have gone with a bigger distributor, he has chosen for his business to remain local.

Commissioner Preston said he and Commissioner Orvis attended Mayor Earling’s State of the City Address. In addition to Mayor Earling’s comments, Diana White from the Edmonds School Board shared the School District’s short and concise Mission, which is “Where kids learn every day.” He said Rick Steves also spoke about Edmonds being a gathering place, noting there are many things in Edmonds that bring people together.

Commissioner Preston announced that he applied for the vacant City Council position and was interviewed by the City Council on February 17th.

Commissioner Preston noted that there are public relations opportunities with both the local newspaper and www.myedmondsnews.com. He encouraged Port staff to utilize these opportunities to inform the public of at least one thing each month.

Commissioner Orvis and Preston indicated their plan to attend a breakfast with Snohomish County Executive Lovick on February 25th.

ADJOURNMENT

The Commission meeting was adjourned at 7:55 p.m.

Respectfully submitted,



Fred Gouge
Port Commission Secretary