



## PORT COMMISSION OF THE PORT OF EDMONDS

### MINUTES OF REGULAR MEETING

March 30, 2015

#### COMMISSIONERS PRESENT

David Preston, President  
Bruce Faires, Vice President  
Mary Lou Block  
Fred Gouge, Secretary  
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 CONSENT AGENDA BE APPROVED TO INCLUDE THE FOLLOWING ITEMS:**

- A. APPROVAL OF AGENDA**
- B. APPROVAL OF MARCH 9, 2015 MEETING MINUTES**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$197,153.48**
- D. AUTHORIZATION FOR THE EXECUTIVE DIRECTOR TO WRITE OFF \$3,487.37 AND SEND ACCOUNT TO COLLECTION**

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

#### PUBLIC COMMENTS

**Tom Mesaros, Edmonds City Council Member**, announced that he had the good fortune to be asked to serve as the City Council's liaison to the Port of Edmonds Commission. Due to conflicts in his schedule in January and February, this is the first meeting he has attended. He has cleared his schedule and should be available at future meetings throughout the year. He said he looks forward to learning about the Port and how the two agencies can work together. The Commission will find him receptive to good ideas and respectful even though they may not agree with the City's ideas. He said it was a pleasure to get to know Mr. McChesney through various community activities they have both been involved in, and he looks forward to getting to know the Commissioners, as well.

**Jack Bevan, Edmonds**, said he is happy to see that the Port is cooperating with the City by providing \$25,000 in funding for a study relative to alternatives for providing access over the tracks to the waterfront. However, he recalled that several million dollars were spent on the Edmonds Crossing Project that never moved forward. He stressed the importance of at least one Commissioner attending each meeting and demanding that the Port get

something in return for its contribution. He also suggested that the City could get a good start on the project by seeking input from the University of Washington's School of Engineering.

Commissioner Faires agreed it is important that the Port has a seat at the table when discussions relative to the alternatives study move forward. He clarified that the \$25,000 contribution from the Port would be combined with the City's \$100,000 contribution to leverage grant funding to pay for the alternatives study. There are a number of options for addressing the issue; some have merit and some do not. The objective is to find the best alternative and identify a way to move forward. He emphasized that this is a critical issue for the Port, the City and the community. Commissioner Orvis added that the Commission approved the \$25,000 contribution with the stipulation that the Port Commission be assured a place at the table when the study moves forward.

Mr. Bevan reminded the Commission that grant funding should not be considered free money, and it is time to get some results. Commissioner Faires recalled that over the 16 years he has served as a Port Commissioner, the Commission has had repeated discussions about the need to address access to the waterfront when trains are involved. He summarized that the Port has been involved in this issue for a long time, and it is near and dear to its heart. He agreed that it is important for the Commission to be involved in the study as it moves forward. Commissioner Orvis recalled that the Port presented a proposal as part of the Edmonds Crossing planning process, but it was not included in the final plan because it did not get through the City officials. This time, the Port Commission purchased a place at the table. If nothing moves forward, it won't be because the Port did not promote it.

#### **COMMISSION AND STAFF WORKSHOP: "2015 – LOOKING FORWARD" AGENDA TOPICS**

Mr. McChesney reminded the Commission that a Commission/Staff Workshop is scheduled for April 1<sup>st</sup> from 9:00 a.m. to 2:00 p.m. The workshop is typically called a retreat. However, because the word "retreat" has the connotation of moving backwards, staff is proposing that the event be called "Commission/Staff Workshop: 2015 – Looking Forward." Staff believes this title will capture the notion that the Port is looking ahead, which is what the Cash Flow Model is intended to do. He emphasized that the meeting will be open to the public.

Mr. McChesney advised that the meeting will start with a brief introduction, using the Marketing Plan as a good way to warm up and generate some focus around the specific activities. The Cash Flow Model will be the main topic of discussion. They are currently in year 4 of a 5-year plan, and the meeting will offer a good opportunity for the Commission and staff to review the assumptions and make sure they are still guiding the Port in the right direction. Part of this discussion will include examining the various operating centers (fuel dock, travelift, boatyard, public launch, etc.) to make sure they are working the way the Commission wants them to.

Mr. McChesney explained that while the Cash Flow Model is driven by several things, the goal is to provide funding for future capital replacement. At the meeting, the Commission will review the assumptions, recognizing that the further out you go, the more opaque it gets. They know that numerous capital projects will need to be financed at some point. For example, what they discovered at T Dock gave them pause to think that a plan for electrical upgrades was needed. They asked Harbor Power to come up with a plan, which was included in the materials provided by staff for the upcoming workshop. The plan identifies things the Port can do and must do relative to the electrical infrastructure and is a good illustration of how the Port needs to address capital projects in the future. While the Port does not want to be overly aggressive and fix things that are not broken, they must recognize that the infrastructure has a finite life. The Port's strategy is to extend the life of the existing infrastructure via programmed maintenance, recognizing that at some point in the future it will have to be replaced. He emphasized that issues with the electrical infrastructure are not just a problem from a physical standpoint, but from a customer service standpoint, as well. For example, larger vessels require 50-amp service, and the Port would like to address that as part of the update.

Mr. McChesney said lunch would be served to the Commissioners and staff during a working lunch session where various staff members would be invited to provide brief reports on their recent activities. The intent of the reports is to provide information and generate discussion. After the working lunch session, the Commission would spend some time discussing development options for the Port properties located on the west side of the BNSF tracks. He noted the recent development of Jacobsen's Marine, and explained that future development of the remaining parcels

could result in a loss of surge parking. He noted that during busy times and certain events, a certain amount of surge parking is needed.

Mr. McChesney said the last topic of the workshop will be a general discussion about the Port's Strategic Plan. He pointed out that, on her own initiative, Megan Barnes consolidated the current Strategic Plan into an informational pamphlet that is quite well-done and professional looking.

Mr. McChesney invited the Commissioners to provide feedback on the agenda, as he outlined above. Commissioner Orvis stressed the importance of placing time constraints on each of the discussions so they can get through all of the agenda. Commissioner Gouge said he would like to have time at the end of the workshop to wrap up all of the discussions and identify specific action items. He would also like to provide an opportunity at the end for public comment, but cautioned that it should not become a question and answer session. He encouraged members of the public to submit questions in writing for the Commission and staff to respond to.

### **HYDROSTATIC TESTING OF FIRE LINES CONTRACT**

Mr. McChesney explained that the Port is required by the National Fire Protection Authority to periodically test the fire lines and submit the results to the Fire Department. The hydrostatic test involves filling the fire lines on the docks with water and ensuring there are no leaks and the system can withstand the required pressure over time as outlined in the code. The Port last conducted a test in 2008 and no issues were found. The Port currently has 58 standpipes and 14 hookups throughout the marina that all need to be tested.

Mr. McChesney reported that on March 2<sup>nd</sup>, the Port sent out over 100 quote requests to vendors on the Municipal Research and Services Center (MRSC) roster list, and staff hosted a project meeting and walk through on March 12<sup>th</sup>. Four quotes were received on Monday, March 23<sup>rd</sup> and the low amount was quoted by Viking Automatic Sprinkler Company for \$3,916 plus tax. He explained that because the quote amount is within the spending authority of the Executive Director to approve, no formal action is required by the Commission.

### **PROJECT REPORTS**

Mr. McChesney reported that staff has been very busy moving a number of projects forward. He specifically reported on the following projects:

- The Port ordered a Tuff Shed to support the Puget Sound Express operations. The cost of the shed was \$6,627.16, but some finish work will be required by staff such as building a pad and hooking up electricity. The total cost of the project will likely be around \$8,000. The Port will charge Puget Sound Express rent for the shed, amortized over a five year period (about \$435 per month). The shed will be an essential upland support facility that provides a place for Puget Sound Express to do its business and greet its customers. No permit would be required because the shed is considered "portable." He, Ms. Kempf and Mr. Menard visited the Tuff Shed representative in Marysville several weeks ago and selected a building that would best suit the needs of the Port and the tenant and would also be strong enough to be lifted and moved by forklift to a new location if necessary. The building will be delivered by truck on April 20<sup>th</sup>. Puget Sound Express has already started offering mini cruises to view gray whales. Ms. Kempf noted that there have been seven trips thus far, and their main operations will start on May 23<sup>rd</sup>. She said their website is advertising the two-hour trips by appointment only, indicating that a minimum of 15-passengers is needed to schedule a tour.
- In an attempt to improve the Weather Center, staff went through several design iterations working with the existing structure. However, before staff started implementation of the plan, it came to the Port's attention that the kiosk at the old Antique Mall site was available. The Port actually paid for and constructed the kiosk, so they were offered the first right of refusal. Port staff inspected the kiosk and agreed to move it to Port property. Since that time, staff has done an excellent job upgrading the building to house the new Weather Center. The building has been wired for electricity and lighting has been installed. A television will be installed on the inside of the building and an electronic reader board on the outside. Staff should be commended for their creative and cost effective approach to reuse the kiosk. The Weather Center budget was \$40,000, and it is anticipated that the final cost will be below that amount. The center should be operational within the next few weeks.

Commissioner Faires asked if staff has contacted the Rotary Club relative to the changes to the Weather Center. Mr. McChesney answered that he notified the Rotary Club via an email that the Port was in the process of overhauling the Weather City. He specifically invited them to provide feedback, but none was received.

- The Port is currently out to bid for the Harbor Square Building 3 HVAC project, and will soon be out to bid for the Harbor Square Buildings 3 and 4 roof project. The Port would like to get all three projects done by Labor Day.
- Maintenance staff, led by Mr. Menard, completely overhauled the electrical system and lighting on the Breakwater, which takes a beating from the weather. The project included the installation of new conduit and energy-efficient LED lights. The project is about 90% complete, and he recently inspected it at night. The lights were clear and sharp as he approached the marina from the water side. The entire project has been done by Port staff, and he is happy with the results.
- The electrical repairs on T Dock have been completed. As part of this work, they were able to identify the fault, and this caused them to want to take a closer look at the feeder. Commissioner Preston asked how long the stray current was present before it was discovered. Mr. McChesney answered that it would be impossible to determine a specific timeframe, but there was chafing across the bottom of the dock so it was likely present for quite some time.
- A new phone system was recently installed in all Port offices, and it is working great.

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

Mr. McChesney reported that he personally resubmitted the Port's application for a Shoreline Permit for the restroom project on Friday, March 27<sup>th</sup>. City staff will complete their review of the application and likely schedule a hearing before the Hearing Examiner sometime in May. He noted that there is no time pressure because the Port will not be able to start the project until the winter months of 2015/2016.

Mr. McChesney announced that the City of Edmonds' Shoreline Master Program has been submitted to the Department of Ecology (DOE) for review, and the comment period ended on March 27<sup>th</sup>. The City is now waiting for the DOE to comment and make a determination. Commissioner Faires asked if all of the comments would be available for public view. Mr. McChesney expressed his belief that all of the comments would be considered public information and available to anyone upon request. At this point, the public comment period has closed, and he believes the best approach is to allow the DOE to conduct its review before requesting any specific information. The Port would carefully review the DOE's report when it becomes available, and obtain any additional public information it deems appropriate.

Ms. Drennan reported that the State Auditor's Office conducted an audit of the Port's Department of Retirement Systems procedures in mid February, and she just received their report indicating that the Port's information was fairly stated and there were no issues. She agreed to forward a copy of the final report to each Commissioner. Mr. McChesney and the Commissioners commended her on a clean audit.

#### **COMMISSION COMMENTS AND COMMITTEE REPORTS**

Commissioner Gouge announced that he would provide a three-minute report to the Edmonds City Council in April regarding the status of the Harbor Square Business Complex since the Port pulled its proposed Harbor Square Master Plan application. Commissioner Orvis referenced a recent article on [www.myedmondsnews.com](http://www.myedmondsnews.com) about the large amount of space that is unrented at Harbor Square and commented that the numbers are inaccurate. Commissioner Gouge agreed to include information about the Port's newest tenants in his report.

Commissioner Faires reported on his attendance at the March 18<sup>th</sup> Edmonds Economic Development Commission (EDC) meeting where he provided an update on tourism activities, including the Washington State Tourism Alliance's bill relative to generating funds for tourism that is currently moving through the house and senate. He noted that both the City and the Port participate in the organization, but the City is not currently sending a

representative to the meetings. He commented that tourism is a major point of emphasis for the Port and needs to become a more significant priority for the City of Edmonds, as well. Also at the EDC meeting, he reported on the new whale watching charter company, Puget Sound Express, that is now operating out of the Port of Edmonds. They were unaware of this new business, but he was able to point out the economic benefits it could provide to the City.

Commissioner Faires reminded all Commissioners that they must file their F-1 Report by April 15<sup>th</sup>.

Commissioner Faires reported that the subject of Industrial Development District (IDD) levies came up at the recent Washington Public Port Association (WPPA) Legislative Committee meeting he attended. It was reported that the Port of Edmonds had done an IDD Levy, which is not the case. He asked Mr. McChesney to contact the WPPA to correct this misinformation.

Commissioner Orvis reported on his attendance at the Economic Alliance Snohomish County Economic Review at the Convention Center in Lynnwood. Steve Lerch, the Executive Director of the Washington State Economic and Revenue Forecast Council (ERFC), and Dr. William Connolly, a nationally recognized predictor of the economy, talked about the economy. It was noted that employment figures for King and Snohomish County are higher than other counties in the State, and most of the growth is driven by new business in Snohomish County and the expansion of Amazon in King County. Income levels are growing the greatest in King County as a result of the tech industry. They both anticipate slow growth over the next few years, driven not so much by the United States but by slower activity in China. The prices of oil will likely stay down, as there is currently so much oil that it is being stored off-shore in tankers. Although drilling has been significantly reduced, the United States has a glut of oil. The United States is fast becoming the world's most prolific oil producer; and combined with Canada, North America has plenty of oil. It is now a global market and the United States' inability to export oil because of laws will have a significant impact on the United States and European economies.

Commissioner Orvis said he participated in a whale watching tour and had a great time. He predicted that Puget Sound Express would be very successful operating out of the Port of Edmonds. Their staff was personable and the tour was well-managed.

Commissioner Faires reported that, also at the March 18<sup>th</sup> EDC meeting, Farrell Fleming, Executive Director of the Senior Center, provided a briefing on the status of planning for a new senior center facility. They are embarking on a fundraising campaign to raise \$10 million, and they hope to open the building in May of 2018. The plan represents a significant change over what is there now, and it can be viewed at the Senior Center. Commissioner Orvis questioned the wisdom of building a new senior center on the waterfront given the anticipated double track that will come in the future. Commissioner Faires said he raised this question, but it was not addressed. Commissioner Orvis referred to a recent article he read relative to major railroad lines in the United States. The article noted that significant upgrades have been made to all the rail lines since 2000 except the northern Burlington Northern Santa Fe route. Although the double track project has been postponed for several years, he anticipates it will move forward in the not too distant future, particularly as the number of coal trains increase. Commissioner Faires agreed that the concern is real and needs to be addressed.

**Jack Bevan, Edmonds**, recalled that several years ago, former Mayor Fahey asked him to study the senior center and provide a minority report. He encouraged the Commissioners to review his report. Commissioner Faires said it was clear from the discussion at the most recent meeting that the issue of where to put the new senior center has been put to bed. Although some have suggested that it be moved away from the waterfront, that option is not currently being considered.

Commissioner Preston said he also participated in a whale watching tour, which he enjoyed. He also reported that he had a great meeting with Council Member Buckshnis a few weeks ago. In addition, he attended a seminar regarding risk management that was sponsored by the MRSC. Lastly, he said he attended a Boy Scouts of America Breakfast in Everett where Robert Gates was the keynote speaker.

Commissioner Preston reported that at a recent Chamber of Commerce meeting a public relations representative for Sound Transit commented that the University of Washington Station would be completed early. However, he pointed out that Sound Transit promised the public in 1996 that the station would be completed in less than 10 years.

Therefore, the project is nearly 10 years behind schedule. He felt it was important for Sound Transit to be transparent and for the public to have a clear understanding of what was promised and what was delivered.

Commissioner Preston provided an article prepared by the MSRC relative to the government workforce and what can be learned from the culture of Apple. He encouraged the Commissioners to review the article prior to the workshop on April 1<sup>st</sup>.

**ADJOURNMENT**

The Commission meeting was adjourned at 7:52 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Fred Gouge".

Fred Gouge  
Port Commission Secretary