



PORT COMMISSION OF THE PORT OF EDMONDS

MINUTES OF REGULAR MEETING

June 29, 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 FAIRES MOVED THAT THE CONSENT AGENDA BE APPROVED TO INCLUDE THE FOLLOWING ITEMS:

- A. APPROVAL OF AGENDA**
- B. APPROVAL OF JUNE 8, 2015 MEETING MINUTES**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$436,217.51**
- D. RESOLUTION 15-04 – APPOINTMENT OF AGENT TO RECEIVE CLAIMS**

COMMISSIONER ORVIS SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

PUBLIC COMMENTS

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

PUMP-OUT UPDATES

Mr. McChesney reviewed that, several weeks ago, a liveaboard tenant commented at a Commission meeting about the apparent inoperability of the pump-out facilities. Staff took the concern under advisement and reported at the last meeting that the issue was related to how the equipment was being operated. In light of the concern that was raised, staff felt it appropriate to provide a status report on the Port's two boat sewage pump-out and dump facilities (B Dock and I Dock). He recalled that in 2011, the pump equipment on both docks were replaced because they did not have enough pressure for their intended use. The previous pump equipment consisted of two SaniSailor Sentinel M300 pump units, which each had a 2 horsepower motor, a 30 gallon per minute capacity, and a maximum discharge pressure of 29 pounds per square inch. The pumps broke down frequently, requiring expensive

replacement parts and maintenance labor. In 2009, the Port spent over \$2,600 on replacement parts and maintenance, and the pump on B Dock became inoperable in January 2010 with repairs estimated at \$1,200.

Mr. McChesney advised that with this information, and the frequent complaints from customers regarding slow or no performance on the I Dock pump-out, staff hired Landau Associates to prepare an application for a Washington State Parks and Recreation Commission Clean Vessel Sewage Disposal Grant to upgrade and replace both pumps. The contract included a figure showing the Port and the location of the two existing pumps, as well as State Environmental Policy Act (SEPA) review and a Shoreline Master Program Permit exemption that was submitted to the City of Edmonds. The grant application was submitted on June 11, 2010. On July 1, 2010, Washington State Parks forwarded a Clean Vessel Grant Contract to the Port, awarding reimbursement not to exceed \$25,670 of all eligible activities, including but not limited to: engineering fees, project administration and coordination, equipment as identified in the scope of work, signage, permits and inspection fees, and ongoing operations and maintenance.

Mr. McChesney continued that, once grant funding was secured, Port staff moved forward with securing three bids. They accepted the lowest bid that would also provide the best equipment for the Port's particular situation and prepared a statement outlining reasons for the choice per the State's requirement. Construction was completed in May of 2011. The existing pump-outs each have 3 horsepower motors, a 20 to 45 gallon per minute capacity, and a maximum discharge pressure of 29 pounds per square inch. The pump unit for B Docks is near the top of the ramp, whereas the pump unit for the Fuel Dock (I Dock) is next to the dump station. Per the contract with Washington State Parks, a log is kept to record all maintenance performed on the pumps and the Port is reimbursed by the State. The Port is required to report out of service pumps within two working days of learning that a pump is down, and it must be repaired and fully operational within ten working days of the breakdown where the repairs cost \$500 or less. For repairs greater than \$500, the facility must be fully operational within twenty days of the breakdown and written reports for the breakdowns must be submitted to the state within two weeks describing the problems, repairs and costs. He reported that the equipment has broken down seven times since May of 2011, and all repairs were completed the same day. He referred to the incident report that was attached to the Staff Report.

Mr. McChesney concluded that signage was created and installed at each pump location, but Port staff still receives reports occasionally that a pump is not working properly. Upon follow up and/or assisting customers, staff frequently finds that when steps for proper use are followed, the pumps work properly. He noted that it can take some time for suction in the vacuum to build up sufficiently, and tenants sometimes become impatient. However, staff is satisfied with how the equipment is working. They will continue to maintain the pumps and educate customers on their proper operation. The pump-outs are an essential piece of the marina infrastructure and necessary to maintaining a clean marina.

Commissioner Faires recalled that he raised concern about the pump-out facilities at the last meeting in response to a customer complaint. Based on the staff's response, he is confident the Port is doing a good job of maintaining the equipment. Because the Port had not discussed the pump-outs as a priority for quite some time, he felt it was appropriate for staff to provide a status report.

Commissioner Orvis pointed out that the long lead to the pump on B Dock can create problems if customers are not patient. Mr. McChesney agreed that it can take a while for the vacuum to build up sufficient suction. Commissioner Preston suggested the Port publish operating instructions in the next tenant newsletter.

APPROVAL OF PURCHASE OF NEW RESTROOM BUILDINGS

Mr. McChesney announced that the City of Edmonds issued the Port a shoreline permit for the restroom project on May 28th. Although the project is now several months behind schedule, it is now ready to move forward. He explained that because the buildings are modular, the manufacturer, CXT Precast Concrete Products, Inc., must go through an engineering process and submit information to the Department of Labor and Industry (L&I). Therefore, the lead time from when the new buildings are ordered is approximately 110 days. He recommended the Commission authorize him to approve the purchase of one CXT restroom facility and one CXT restroom and shower facility in the amount of \$308,284.23. He noted that the Port would not be required to pay for the buildings until they are delivered, but CXT cannot proceed through their required process without a firm purchase.

Mr. McChesney clarified that, normally, the Port would be required to go through a bid process to purchase the buildings. However, the State of Washington Contract #00213, "Pre-Cast Concrete Vaulted Restroom and Utility buildings" allows for state agencies to purchase the prefabricated buildings from the contractor CXT Precast Concrete Products, Inc. without going through the formal bidding process.

COMMISSIONER BLOCK MOVED THAT THE COMMISSION AUTHORIZE PORT STAFF TO PURCHASE ONE CXT RESTROOM AND ONE CXT RESTROOM AND SHOWER FACILITY IN AN AMOUNT NOT TO EXCEED \$308,284.23. COMMISSIONER ORVIS SECONDED THE MOTION.

Commissioner Gouge asked if the City of Edmonds Building Official has to inspect the building design before issuing a building permit. Mr. McChesney answered that the manufacturer, CXT, will work through the L&I requirements, but a building permit will still be required. He reminded the Commission that he participated in a pre-development meeting with the City's Building Department in November of 2014, and they are primarily interested in the foundation and how the sections of the buildings will tie together. While he cannot speak for the City, the development permit application does not appear to be complicated. He noted that a public works permit will also be required for the site work (utilities, grading, etc.)

Commissioner Orvis asked if Mr. McChesney is concerned that the City will delay the permits for a lengthy period of time. If so, will the buildings remain at the manufacturer's site? Mr. McChesney explained that the purpose of the pre-development meeting with City staff was to gain a clear picture of what the building official will want to look at. In addition, he put a CXT representative in contact with the Building Official to address any unanswered concerns. While he cannot predict how the Building Department will process the application, it strikes him as imminently doable to get the permits in just a few months.

Commissioner Faires commented that he does not admire the City's permit processes, but he is not inclined to get too concerned at this time. He asked at what point the Commission should become concerned if permits have not yet been issued. Mr. McChesney said he would be concerned if the permits are not issued by October.

City Council Member Mesaros asked if there is something that could be done now to expedite the permits. Mr. McChesney suggested it would be premature to try to get in front of the permits at this stage. The Port has not yet submitted a formal application for the permits, and they should show some degree of respect for the process and move forward accordingly. He said Port staff would continue to work with City staff to get the building permit processed as quickly as possible, but the work cannot start until the engineering plans and specs have been completed.

Commissioner Orvis recalled the Port's experience with the City related to the Jacobsen's Marine project. Although a pre-development meeting was held and the Port and Jacobsen's Marine addressed the identified requirements, the City later put forward new requirements that appeared arbitrary and were not discussed as part of the pre-development meeting. This has created doubt in his mind about the efficiency of the City's process and its interest in completing permit applications.

Commissioner Gouge asked what the Commission's position will be if the City requires mitigation for the restroom project. Commissioner Block commented that as a former Planning Director for the City of Edmonds, she felt it would be ridiculous for the City to hold up the project for any reason. Commissioner Preston pointed out that the City required mitigation fees for the Jacobsen's Marine project that were unrelated to the project itself. Commissioner Orvis questioned if it would be appropriate to ask the City now if mitigation would be required for the restroom project.

Commissioner Orvis questioned if the coin-operated showers would generate enough revenue to cover the cost of the equipment and ongoing maintenance. He noted that many marinas offer free showers to their customers. Mr. McChesney suggested this is something the Commission could discuss at some point in the future and a decision does not have to be made prior to approval of the building purchase order. If the Commission decides against a coin-operated system, the equipment could be deducted from the total cost of the project.

THE MOTION CARRIED UNANIMOUSLY.

APPROVAL OF REID MIDDLETON SUPPLEMENTAL RESTROOM SERVICES

Mr. McChesney advised that in conjunction with the purchase of two new restroom buildings, which was just approved by the Commission, the Port will also need to move forward with the necessary site work. The proposed contract with Reid Middleton will include verifying site conditions, completing preparation of bid documents for site utility work, and providing assistance throughout permit and bid processes. He recommended the Commission authorize him to approve the additional services from Reid Middleton as outlined in the Staff Report.

WITH RESPECT TO THE RESTROOM BUILDINGS, COMMISSIONER ORVIS MOVED THAT THE COMMISSION AUTHORIZE PORT STAFF TO APPROVE ADDITIONAL SERVICES FROM REID MIDDLETON IN THE AMOUNT OF \$22,000. COMMISSIONER BLOCK SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

AUTHORIZATION TO CALL AND RETIRE REMAINING 1998 REVENUE AND REFUNDING BONDS

Ms. Drennan reviewed that in January 1998 the Port of Edmonds issued Revenue and Refunding Bonds in the amount of \$8,590,000 to rebuild the marina and refund the 1992 Revenue Bonds. The bond schedule shows annual principal payments from 1998 through 2014, and then \$900,000 due July 1, 2017. She reported that staff recently discovered that the fine print of the 1998 Revenue and Refunding Bonds documents say: *“Bonds maturing in 2017 are Term Bonds and, if not redeemed under the optional redemption provisions set forth above or purchased in the open market, shall be called for redemption by lot (in such manner as the Bond Registrar shall determine) at par plus accrued interest on July 1 in years and amounts as follows:*

<u>Mandatory Redemption Years</u>	<u>Mandatory Redemption Amounts</u>
2015	\$285,000
2016	\$300,000
2017 (maturity)	\$315,000

Ms. Drennan pointed out that, as per the schedule, \$285,000 will be redeemed on July 1, 2015, leaving \$615,000 outstanding. She advised that, upon confirming the details with Cynthia Weed, the Port’s Bond Counsel, she suggested that the Port refinance the 2016 and 2017 redemptions with a bank loan, as they are at 4.80%. At the same time, staff was looking at investing money long term. A 2-year treasury bond would provide the Port with an interest rate of approximately 0.62%, which would be approximately \$7,700 in interest. The estimated interest on the \$615,000 is \$44,640.

Ms. Drennan pointed out that the bond documents require that the bondholders are provided with at least 30 days but not more than 60 days notice of redemption. She recommended the Commission authorize the Executive Director to call and retire the remaining \$615,000 in 1998 Revenue and Refunding Bonds, plus accrued interest, effective August 1, 2015. She explained that the proposed action would result in a savings of approximately \$42,000.

Commissioner Faires pointed out that the Finance Committee discussed the proposal as spelled out in the Staff Report and offered unanimous support. Commissioner Gouge agreed that the Finance Committee supports the proposal and asked Ms. Drennan to bring it forward for Commission approval.

COMMISSIONER ORVIS MOVED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE DIRECTOR TO CALL AND RETIRE THE REMAINING 1998 REVENUE AND REFUNDING BONDS IN THE AMOUNT OF \$615,000, EFFECTIVE AUGUST 1, 2015. COMMISSIONER BLOCK SECONDED THE MOTION.

Commissioner Gouge asked if the Port could have taken action on the 1998 bonds sooner and if there are other bonds for which the same approach could be applied. Ms. Drennan answered that the Port could have taken action on the 1998 bonds sooner. She also answered that there are no other opportunities for similar action, with the exception of the Harbor Square loan with Opus Bank, for which the Port makes an additional principal payment each year. The bonds that were issued in 1997 were refinanced in 2005.

THE MOTION CARRIED UNANIMOUSLY.

Commissioner Orvis requested that staff provide an overview of the Port's long-term debt in August after the 1998 bonds have been paid off.

EXECUTIVE DIRECTOR'S REPORT

Mr. McChesney advised that staff is working to prepare a final report on the Waterfront Festival that recently took place at the marina. The report will identify what is and is not working well. One recurring theme each year is the opportunity cost to the Port, which is not easy to define. Staff believes the agreement with the Rotary Club fairly recaptures a good amount of the opportunity costs, but the issue could be reviewed again when the final report is presented in August.

The Commission formed a committee to review the Port's current regulations and policies related to liveboard tenants. The committee has met once to discuss ideas and a draft proposal has been prepared. He suggested the committee should meet one more time to review the draft proposal before it is presented for the Commission's review and approval. He advised that Ms. Barnes would contact committee members to set up a meeting time.

Mr. McChesney requested guidance on the July meeting dates. He recalled that, in previous years, the second Commission Meeting in July has been for accounts payable only. As he knows of no other items of business to come before the Commission in July, he suggested they also consider cancelling their first meeting in July. The Commissioners agreed to cancel their first meeting in July. They also agreed that the last meeting in July would be for accounts payable only. It was noted that, if needed, a special meeting could be scheduled to discuss any unforeseen issues.

COMMISSION COMMENTS AND COMMITTEE REPORTS

Commissioner Faires announced that the Chamber of Commerce has scheduled a candidate's forum for October 12th, and unopposed candidates will be given an opportunity to speak at the beginning of the event. He noted that the date conflicts with the Port Commission's regular meeting. If the two candidates for Port Commission would like to attend the event, he suggested the Commission could postpone their meeting start time to 7:30 p.m. The Commission agreed to maintain their regular meeting date and time.

Commissioner Orvis reported on his attendance at the Edmonds Arts Festival. He noted that the festival is the second largest arts festival in the State, and there were gorgeous items for sale. While the event lost money in 2014, it appears that the 2015 event will net \$78,000 that can be used for arts scholarships and art programs for students in the community. He observed that the shuttles were very convenient and much easier than parking closer to the event and walking. He suggested that the Arts Festival should provide more signage to promote the shuttle service that is available during the Waterfront Festival.

Commissioner Block reported that she attended the opening of the Cascadia Art Museum. Although there are no exhibits in the building at this time, it was interesting to see the layout of the space. The first exhibit will be Northwest Water Color Society: The First 75 Years. She expressed her belief that the museum will attract a lot of people and benefit the Harbor Square businesses, as well as other businesses in the downtown/waterfront area. Commissioner Orvis agreed and noted that the Edmonds Arts Festival drew a large crowd and many people visited the local restaurants and retail stores, as well.

Commissioner Gouge reported on his attendance at the June 9th Edmonds City Council Meeting, where they held a public hearing on the draft Tree Code put forward by the Edmonds Tree Board. The City Council voted to uphold the Planning Board's recommendation to defer action on the draft Tree Code until an Urban Forest Management Plan for Edmonds has been adopted. At the same meeting, the City Council voted (4-3) in favor of purchasing the Edmonds Conference Center. They also heard a report on the water line replacement projects that are taking place throughout the City and a report from the Drug and Gang Task Force. It was reported that the City will loan artwork to the Cascade Museum.

Commissioner Preston reported that he attended the Edmonds Arts Festival event where scholarships were awarded to local students. He observed that the Edmonds Arts Festival is the purest festival in the City because it does not sell beer to make money.

Regarding the Waterfront Festival, Commissioner Preston suggested it would be appropriate to have a brainstorming session with the Rotary Club to discuss things that could be done better in the future.

Commissioner Preston asked if concern related to the Port's new insurance requirements have settled down. Ms. Drennan answered that the Port sends out letters to tenants, reminding them that their insurance is about to expire and informing them of the new requirements. While many people have expressed concern, most have been able to meet the Port's new requirements. The frequency of complaints is less now. Commissioner Faires commented that, although many people have voiced concern, obtaining the required insurance is not a problem for most. He said he contacted his insurance company and upgraded his policy to meet the Port's new requirements for just \$20 per year.

Commissioner Preston requested an update on the fishing season. Ms. Kempf announced that the King Salmon fishery will open on July 16th, and the Port will alter the launcher's operating hours to start at 6:00 a.m. to accommodate customers who want to fish. The launcher will operate 13 hours per day in order to accommodate as many boats as possible.

ADJOURNMENT

The Commission meeting was adjourned at 7:50 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Fred Gouge". The signature is fluid and cursive, with the first name "Fred" being particularly prominent.

Fred Gouge
Port Commission Secretary