



PORT COMMISSION OF THE PORT OF EDMONDS

MINUTES OF REGULAR MEETING

December 14, 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

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

- A. APPROVAL OF AGENDA**
- B. APPROVAL OF NOVEMBER 30, 2015 MEETING MINUTES**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$208,991.78**
- D. APPROVAL OF WAIVER OF NOTICE OF SPECIAL MEETING**

COMMISSIONER FAIRES SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

PUBLIC COMMENTS

No one in the audience indicated a desire to address the Commission during this portion of the meeting.

ELECTION OF 2016 OFFICERS

COMMISSIONER GOUGE MOVED THAT THE COMMISSION ELECT COMMISSIONER FAIRES TO SERVE AS PRESIDENT OF THE PORT COMMISSION FOR 2016. COMMISSIONER PRESTON SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

COMMISSIONER ORVIS MOVED THAT THE COMMISSION ELECT COMMISSIONER GOUGE TO SERVE AS VICE PRESIDENT OF THE PORT COMMISSION FOR 2016. COMMISSIONER FAIRES SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

COMMISSIONER FAIRES MOVED THAT THE COMMISSION ELECT COMMISSIONER ORVIS TO SERVE AS SECRETARY OF THE COMMISSION FOR 2016. COMMISSIONER GOUGE SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

Commissioner Faires commended and thanked Commissioner Preston for his service as president of the Commission in 2015. He pointed out that serving as president is more work, and he appreciates the outstanding job Commissioner Preston did over the past year. Commissioner Orvis added that he appreciates the process that allows the Commission to get things done in an orderly fashion.

RESTROOM PROJECT CHANGE ORDER

Mr. McChesney reported that the restroom and shower building near Marina Operations and the restroom building near Dry Stack were delivered and set in place last week. However, they will not likely be operational until after the first of next year, as some site work still needs to be done. Staff is very pleased with how they look and feel they will be a great feature at the marina.

Mr. McChesney advised that there have been several change orders to the original contract specifications as required by the City of Edmonds, including Change Orders 001, 002, and 003, which were approved by the Commission on November 30th. In addition, he asked the Commission to consider the following change orders:

- **Change Order 004** in the amount of \$4,953.62 for additional compensation for the revised electrical change. The Port was required to obtain a variance from Snohomish County PUD to use the existing transformer, which required a step down transformer for the voltage.
- **Change Order 005** in the amount of \$1,139.60 for sure seal traps on the floor drains as required by the City of Edmonds Uniform Plumbing Code.
- **Change Order 006** in the amount of \$2,443.17 for additional pressure relief balls and valves as required by the City of Edmonds. Because the Port is located at a low point, the water pressure exceeds 115 pounds per square inch (PSI), and the plumbing on the inside of the new buildings is only rated at 85 or 90 PSI.
- **Change Order 007** in the amount of \$8,776.59 for additional plumbing to the buildings as required by the City of Edmonds.

Mr. McChesney advised that there may be some small additional change orders, as well. For example, the step down transfer will require a pad and bollards, and the Port will be credited for work not performed in the south end because they figured out a way to hook up electrical without digging a trench. He summarized that all four change orders listed above are necessary and do not reflect any new features. He recommended the Commission approve them as presented. He said staff is pleased with the progress that has been made to date and the quality of the new buildings, and they look forward to having the project completed and in operation the first week of January.

COMMISSIONER FAIRES MOVED THAT THE COMMISSION APPROVE CHANGE ORDER PROPOSALS 004, 005, 006, AND 007 AS PRESENTED. COMMISSIONER ORVIS SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

FUEL DOCK DISCUSSION

Ms. Kempf reviewed that at the November 9th meeting there was a discussion about whether the Port of Edmonds should consider switching from E-10 ValvTect Marine Grade gasoline to clear gasoline, and the Commission requested that staff report back at a future meeting with more information.

Ms. Kempf advised that lead was first put into gasoline in 1923, the same year the United States started investigating the harmful effects of lead. Leaded gasoline for road-use vehicles was not phased out in the United States until December of 1995, at which time the Environmental Protection Agency (EPA) issued a press release stating that, “the elimination of lead from gas is one of the great environmental achievements of all time.” She further advised that in 2008, the Port received a letter from its supplier, Associated Petroleum Products (APP), informing them that it is unlikely that APP would have access to a supply of conventional unleaded gasoline after the Renewable Fuel Standard became effective on December 1, 2008. The Port signed the letter of acknowledgement, but crossed out the sentence that would have allowed APP to deliver E-10 gasoline to the Port at any time after mid September

without further notice. It took the Port two years to make the transition, and the process involved working through contract issues of product and pricing with APP in which the Port made it clear that it would not accept straight E-10 fuel. They were able to negotiate pricing for E-10 with ValvTect additive to address known problems with using straight E-10 in boats. The equipment had to be prepared to receive the E-10 with ValvTect fuel, which required that the Port go out to bid to replace the flex lines. She recalled that fuel deliveries were delayed at times during the transition period due to limited supply and/or because the supplier's fuel did not have sufficient octane levels. Prior to the transition, Port staff educated and informed customers of the upcoming change through direct letters, newsletters, the website and gate notices. The switch was made in November 2010.

Ms. Kempf explained that ValvTect Petroleum Products is a division of RPM International, which is on the New York Stock Exchange and a Fortune 500 Company. They are the largest fuel supplier of bulk fuel additives in the United States, providing product to fuel suppliers, truck stops, national fleets, and railroads. Currently, ValvTect is the largest brand sold on the water, supplying additives to over 650 marinas in the United States. She provided a list of ValvTect Marina location in Washington State. Commissioner Preston asked if any marinas in Washington State serve E-10 fuel without the additive, and Ms. Kempf answered that the Port of Brownsville Marina originally switched to E-10 fuel without the additive. However, they were unable to sell the fuel, and eventually switched back to clear.

Commissioner Faires pointed out that E-10 causes two big problems for marine engines. It is corrosive to the fuel system elements and it absorbs moisture over time. He asked if the ValvTect additive specifically addresses both of these issues. Ms. Kempf emphasized that E-10 fuel should not be used in boats without an additive. This is particularly true for older boats, as the ethanol fuel turns the fiberglass tanks into glue and causes problems. There is no doubt E-10 cleans engines out, and when boaters first start using the product they have been advised to change their filters frequently for a while. In addition, many boat owners have to replace their hoses and lines with products that are certified for E-10 fuel. After this initial period, there should be no further problems with the fuel.

Ms. Kempf advised that today's fuels, with and without ethanol, are refined for automotive use, and less than 1% of it is used in the marina industry. Therefore, marinas are the last in the supply chain, and they have little leverage in the market for price or quality. Ethanol gas, ultra-low sulfur diesel and biofuels are problems for the marine industry and boaters, and most marinas use ValvTect additive to address the issues. Marine equipment and fuel create a unique condition: fuel can sit in a tank for months in conditions of high humidity, and boats have vented tanks that allow moist air and condensation in if the tanks are not kept full. In addition, the tanks are exposed to extreme temperature swings, as well as higher loads, speed and fuel consumption.

Ms. Kempf said there is a lot of information on the internet that indicates that ethanol fuels can be more problematic for boats and marine fuels need an additive to work properly. ValvTect additive not only prevents common problems associated with E-10, it extends the life of the fuel for up to a year or more. It also provides more benefits to engine performance than clear fuel, which is formulated to work in cars, not boats. Other benefits include extra moisture dispersant; additional corrosion inhibitor; cleans up fuel injector, intake and combustion chamber deposits; prevents fuel system deposits; reduces harmful exhaust emissions; improves power and performance; and improves fuel economy. If the Port were to serve clear fuel, with no ValvTect additive, none of these benefits would be available.

Ms. Kempf said that the Port's experience over the past five years corroborates the claim that the ValvTect additive prevents ethanol caused problems, prevents ultra-low-sulfur diesel problems, and results in fewer problems, better boating and happier customers. She advised that one customer who filed a complaint just after the Port switched to E-10 with ValvTect recently asked the Port not to change back to clear fuel. He indicated that his problems were not associated with the fuel type, and he does not want to pay the higher price for clear fuel. He said his boat runs just fine on the E-10 with additive. She said that adding ValvTect makes the fuel marine grade and differentiates from land base stations. It also allows the Port to have higher margins so the fuel dock can break even and eliminates the higher price fuel complaints which were prevalent before the switch.

Ms. Kempf reported that APP informed the Port that clear fuel is considered a "specialty" fuel in Washington State, which means that it will likely always be a higher price than E-10. She reviewed that from 2012 through 2014, clear fuel was \$0.18 per gallon higher than E-10, and in 2014 the average price difference was \$0.12 per gallon more. Since the Anacortes clear gasoline line opened on November 1, 2015, clear fuel has stayed consistently above \$0.40

per gallon higher than E-10 fuel and has increased as high as \$0.45 per gallon more. She provided two graphs to illustrate the direct correlation between price and gallons sold, noting that from 2003 through 2008, gas prices continued to inch their way up and fuel prices were at their highest when the recession hit in 2008. In 2009 prices started to come down and gallons sold increased sharply. When fuel prices went up again in 2010, the number of gallons declined. The Port did not switch to E-10 with ValvTect until November of 2010, and from 2011 through 2012 there were all time highs on fuel prices and all time lows on volumes for both gas and diesel. Fuel prices began to decrease again in 2014 through 2015. Through 3rd Quarter 2015, the Port surpassed the annual volumes of the previous five years. She concluded that when prices are high, the number of gallons sold goes down. When prices are low, the number of gallons sold increases.

Commissioner Gouge asked if the Port has conducted a survey to find out what the customers and tenants want for fuel. Mr. McChesney said they have not done a survey, but they have talked with customers and could not find any who are not in favor of keeping the E-10 with ValvTect fuel given the potential price difference. He explained that if the Port were to survey tenants about whether they favor E-10 with ValvTect or ethanol free gasoline, most would indicate a preference for ethanol free. The bigger question is whether or not they would be willing to pay the additional cost per gallon.

Ms. Kempf reviewed the profit and loss statements for the fuel program for the years 2010 through 2014, noting that 2014 was the first year that the fuel program operated in the black. She also provided a history of the fuel margin from 2003 through 2015, pointing out that 2014 was the first year the Port was able to increase its fuel margin sufficiently enough to break even before overhead while still remaining competitive with the market. Commissioner Preston asked if staff has any idea what the bottom line for the fuel program will be at the end of 2015. Mr. McChesney said he anticipates a significant improvement over 2014 numbers.

Ms. Kempf referred to a survey done by the Port of Everett relative to Puget Sound regional fuel prices, which was submitted by a tenant at the Commission's November 9th meeting. She noted that she added a star next to the facilities that are served by the Port's distributor, APP. She reviewed that in 2014, APP distributed 2,121,920 gallons of fuel to these facilities compared to 2,454,252 gallons in 2015. As per the survey, the Port's price for gas was \$3.60 per gallon on August 4, 2015 and \$3.15 on September 2, 2015, both of which were at the lower end of the market. If the Port had sold clear fuel during those weeks, the price would have been \$4.02 and \$3.57 or towards the higher end of the market.

Ms. Kempf concluded her presentation by recommending that the Port stay on course and continue to serve E-10 with ValvTect additive, continue its current market pricing strategy, continue with the goal of breakeven before overhead, upgrade the equipment as needed, and continue the tenant reward programs (pay-at-the-pump, \$0.10 per gallon discount, 24-hour fueling) and 1 free day in the boatyard for every 150 gallons in receipts.

Commissioner Preston pointed out that gas stations that distribute fuel for automobiles also use additives. Commissioner Orvis commented that no one should be putting pure gas in an engine, even if it were available for purchase. He clarified that the Port is not proposing to provide additive-free gas. All gas needs stabilizers and additives to avoid condensation in the tank, detergent to keep the injectors clean, etc. Clear gas should not be confused with pure gas, which would require an operator to have a very careful regime of putting additives in the tank every time he/she fills up.

Commissioner Faires said he spoke with five tenants, two who operate diesel-powered boats and three who operate gas-driven boats. Those who have diesel boats love the ValvTect product, and those who have gas engines voiced specific prejudice against E-10 fuel, but did not have any issues with the E-10 with ValvTect fuel. One said he knew of a tenant who had a problem when the Port initially switched to E-10 with ValvTect, but they hadn't heard of any other problems over the past few years. This information convinces him that the ValvTect fuel does not have issues, in general, as a marine application.

Commissioner Faires commented that when discussing what type of fuel tenants prefer, it should be noted that clear fuel comes with a premium price tag. When he asked the three tenants with gas-driven boats if they would be willing to pay \$0.15 to \$0.20 more per gallon for clear fuel, all three answered no. Given that they weren't having any problems with their boats, by far the most important factor to them was the price difference. On this basis, he would support the staff's recommendation to stay the course with E-10 with ValvTect.

Commissioner Preston suggested that the Port could survey the customers via the newsletter or the monthly billing statements, specifically requesting feedback as to whether or not they would be willing to pay a higher cost for clear fuel. He referred to the two graphs that illustrate the correlation between price and gallons sold and said he cannot see any indication that customers do not want E-10 with ValvTect or that they are going somewhere else to purchase fuel. He emphasized that the current product is not straight E-10 fuel, as the additive makes it a better product.

Commissioner Gouge recalled that the Port only switched to E-10 with ValvTect because they couldn't get clear fuel. Now that it is available, they need to consider a change. He said he would not use the product in his boat. He explained that the \$0.40 per gallon premium is nothing compared to the cost of a boat, particularly with the \$0.10 per gallon discount.

Commissioner Preston referred to a blog called the "Hull Truth," which talks about places all over the country that are serving E-10 fuel without ValvTect and people are going elsewhere to purchase fuel with ValvTect additive. He voiced concern that the majority of tenants would not support a significant increase in the cost of fuel.

Commissioner Gouge said he would like to hear from Port tenants before making a final decision on the matter. Commissioner Preston agreed that would be helpful and noted that staff has provided enough information to advise the public and solicit feedback. He would also like staff to provide information on what it will take to change the current system from E-10 with ValvTect to clear fuel. Also, would it be possible for the Port to change back to E-10 with ValvTect after one year if the clear fuel is not successful? Commissioner Faires cautioned against switching back after just one year if the clear fuel is not successful, since the decrease could be associated more with market trends than the type of fuel being sold.

Commissioner Gouge said he is not so concerned that switching back to clear may decrease the fuel programs ability to break even. He expressed his belief that 2016 will be a unique year, as there will not be as much opportunity for fishing, and the weather will not likely be as good as in 2015. This will translate into fewer gallons of fuel sold.

Commissioner Orvis said his research turned up a lot of information that supports the ValvTect additive, but he was unable to find data that indicates it is bad other than a few articles describing someone's bad experience. He did not hear any negative comments about ValvTect while discussing the issue with friends who own newer boats that still burn gas, either. He suggested that the main problems are associated with boats that sit for long periods of time, but the problem would be the same with conventional gas without an additive. He summarized that he has not seen any information that would warrant a change, but he supports a survey of customers to determine whether they would be willing to pay more for clear gas. However, it should also be clarified as to whether or not the clear gas would include additives or if boaters would have to put additives into the gas they purchase in order to avoid problems. He noted that each truck that comes off the rack has different additives, and the Port needs to be very clear on what they are getting when they order the clear product.

Commissioner Faires said he supports a survey, too. He would also support dispensing the type of fuel that the majority of the customers want. However, he suspects that they will not hear from the majority of the tenants who do not have a problem with the current product. Commissioner Gouge said he would interpret a lack of answer to mean that the customer is happy with the E-10 with ValvTect.

Commissioner Preston asked how much of the Port's total fuel sales could be attributed to Puget Sound Express (PSE). Mr. McChesney answered that PSE's fleet burns diesel fuel, not gas. Commissioner Preston asked what percentage of boats in the marina and dry stack have gas-powered engines, and Ms. Kempf answered that fuel sales show about 2/3 gas and 1/3 diesel.

Ms. Kempf explained that the prices she quoted for clear fuel were based on the Port's current pricing formula and includes the ValvTect additive, which costs about \$0.035 per gallon. She advised that if the Port decides to switch back to clear fuel, it could continue to be a ValvTect branded station and serve ValvTect with the clear fuel, or they could leave the ValvTect additive out of the clear fuel. She reminded the Commission that boat owners with diesel engines love the ValvTect additive.

Commissioner Gouge commented that it appears that APP delivered clear fuel to about ten marinas in Puget Sound. He suggested that staff contact them to find out what additives were included in the clear fuel they sold to other marinas. Ms. Kempf said she knows that some marinas serve clear fuel with ValvTect additive. However, the exact content of the fuel delivered to each marina can be different based on what was ordered. Commissioner Orvis summarized that the basic argument is whether or not the tenants are willing to pay \$0.40 to \$0.50 more per gallon to purchase clear fuel with an additive.

Doug Haldeman, Tenant, commented that he could answer several of the Commission's questions based on his extensive research. He advised that APP does not necessarily deliver all of the fuel at a given marina, and a different distributor may deliver the clear fuel, instead. Until the Anacortes facility opened again on November 1st, all of the clear fuel came from the Tacoma facility. According to information he received, the price is based on supply and demand and the price of clear fuel may go down now that the Anacortes facility is distributing the product, as well.

Mr. Haldeman referred to the data provided in the Staff Report and pointed out that diesel fuel sales doubled as a result of PSE, and the boats sold by Jacobsen's Marine have no fuel in them. In some cases, it is so important to a boat owner to have clear fuel that he/she will trailer the boat to another facility to purchase fuel. He emphasized that clear fuel is now the industry standard. He explained that ethanol fuel separates when moisture gets into the tank regardless of the additive, and there is no way around the problem. If new fuel is added to the contaminated fuel, the entire tank will be contaminated. Many marinas chose not to switch to E-10 because they did not want to take this gamble. He said he does not know if ValvTect is a good additive or not, as there are a number of different brands to choose from.

Mr. Haldeman said he goes to Kingston to purchase clear fuel for his boat, and he adds an additive, as well. Most of the tenants on his dock have indicated they also go to Kingston to purchase fuel because they do not want to deal with the problems associated with the E-10 fuel. When a boat remains sitting at the end of the season, any ethanol gasoline in its tank will separate and leave varnish in the small motors. He summarized that he knows a lot of boaters and he hears about the problems associated with the current product offered at the fuel dock, and he does not want anything to do with it, regardless of the additive. He observed that Jacobsen's Marine sells some very expensive boats, and the Port should offer the best fuel possible for these brand new boats. The Port has a great staff and they should be selling the best product available on the market with no chance of having a problem.

Larry Stumpf, Tenant, commented that while the staff's presentation was well done, it should be noted that the information was provided by the vendors who sell the product and should not be considered a non-biased evaluation. He said his research indicates that E-10 with ValvTect will start to separate after 90 days. He just spent \$30,000 putting new motors in his boat, and the mechanic said the damage was caused by bad gas. He also found research that indicates that no product additive will stop ethanol fuel from separating.

Mr. Stumpf further commented that the Port's cost per gallon for gas is already \$0.20 less than Kingston, and a \$0.40 increase for clear fuel would result in a price difference that is just \$0.20 more than Kingston. The price of gas should be compared to what the Port's competitors (Shilshole, Kingston and Everett) are selling their clear gas for.

Mr. Stumpf suggested that the main reason the Port has not received significant feedback from tenants is because they do not even know that a change is being considered. He said he did not know when the Port changed its fuel in 2010, and current tenants do not know that clear fuel is even an option. He questioned what would be the best line of communication to get information out to tenants. Commissioner Block pointed out that the Commission meeting agendas are published online and in the local newspaper, as well as posted in various locations. The Commission is not trying to keep the discussion secret. Mr. Stumpf did not disagree. He said he does not know the best approach for getting the information out, but the reality is that no one knows about the potential change. Ms. Kempf said she forwarded the staff presentation to the Puget Sound Anglers just last week to let them know that fuel would be a topic of discussion at the Commission's next meeting. They are the one group that usually does a good job of disseminating information. Mr. Stumpf said he is a member of Puget Sound Anglers, but unless it is fishing season, he does not visit their website on a regular basis. He said he understands that the Port can only do so much, and the responsibility to stay informed falls on the tenants.

Mr. McChesney thanked Mr. Haldeman and Mr. Stumpf for their comments, and the information they provided. The Commission and staff want to hear from customers, and they want to do the right thing. He reiterated that the staff's recommendation is to stay the course, but it appears the Commission is not completely satisfied staff has done sufficient due diligence. He suggested that a survey could be done in early 2016 to solicit feedback from customers.

Ms. Kempf explained switching back to clear fuel would require the Port to use down the existing E-10 fuel so that the tank is as empty as possible before adding the clear fuel. They would also have to re-label all of the dispensers, but the change would not be costly or difficult. She reminded them that the process of preparing the fuel dock equipment for the E-10 fuel was more costly and time consuming because they had to make sure the tank and lines were compatible. If the Port decides to switch back to E-10 at some point in the future, the cost would be minimal since the existing equipment is already compatible. However, she cautioned that switching back and forth could create confusion amongst the tenants, and she expects that staff will start to hear more complaints about pricing. She reviewed that, as of today, Kingston's gas was at \$3.19 per gallon and has been at that price since September 30. This indicates they haven't sold very much fuel or someone is not paying attention to the pricing. By contrast, the Port of Edmonds was at \$2.77 as of today.

Mr. McChesney summarized that Port staff will conduct a survey in early 2016. In the meantime, the Port will stay the course and continue to serve E-10 fuel with ValvTect. Again, he expressed appreciation for the tenants who provided information to help the Commission and staff understand the situation better.

2015 RECAP REPORT

Mr. McChesney announced that 2015 has been an excellent year at the Port, and perhaps one of the best in the Port's history. This is reflected not only in the level of activity, but the amount of work that was done by contractors and Port staff throughout the year, which included:

- The Weather Center was upgraded using an existing kiosk that was previously located on the Salish Crossing site. The structure was refurbished using in-house labor.
- The breakwater navigational lights were rebuilt with in-house labor. The lights were in a serious state of deferred maintenance and disrepair.
- The electrical issues on T Dock were addressed.
- The Port purchased and upgraded PSE's ticket office using in-house labor, and PSE later purchased the unit from the Port.
- The Dry Storage hydraulics were addressed, and the maintenance crew was able to replace the grinder pumps.
- In-house labor was also used to refurbish the Dry Storage rack bunks.
- The restroom/shower project is moving forward at this time.
- The roofs on Harbor Square Buildings 3 and 4 were replaced, and the HVAC units on Building 3 were also replaced.
- A good portion of the I Dock water line that was damaged by freezing temperatures was repaired and replaced.
- The telephone system was upgraded.
- An HVAC unit was installed on the Channel Marker space at Harbor Square.

Mr. McChesney advised that a number of the above mentioned projects were capitalized in 2015, and the rest were expensed. He also reported that a large number of yacht clubs and groups visited the marina in 2015 and a number of special events were held, as well. Staff has done a great job, and it has been a great year for the Port.

Commissioner Gouge asked if staff received any feedback from the visiting yacht clubs. He also asked the average number of boats associated with each group. Ms. Kempf said the group sizes range between 6 and 26 vessels that typically stay for two nights. The Port always sends out a follow up letter thanking them for coming to the marina, and they have received positive feedback. Some groups visit the Port on the same weekend every year.

Commissioner Gouge asked if the Port can obtain sales revenue data from Jacobsen's Marine. Mr. McChesney said this is on his list of things to do. He suggested it would be helpful to understand the incremental tax value that resulted from Jacobsen's Marine in order to assess its impact on the community in terms of economic development.

Commissioner Gouge said it would also be interesting to consider the economic impact from visiting yacht clubs, whose members visit the businesses in downtown Edmonds.

EXECUTIVE DIRECTOR'S REPORT

Mr. McChesney reported that he has been working with the City of Edmonds Public Works Director and Engineer on the existing interlocal agreement for the stormwater line that was originally signed in 1999. The agreement allows the City to use the Port's 600-foot pipe for the City's stormwater in exchange for the Port receiving a credit for their stormwater fees. The agreement has some ambiguities that they are trying to figure out, including determining how much of the Port's stormwater goes into the pipe. The Port has been working with Reid Middleton to answer these questions. After the report is available in January, staff can present a recommended course of action for the future of the pipe.

Mr. McChesney announced that the Port was able to make an additional principal payment on the Opus Bank loan of \$238,334.07. The remaining balance on the loan is \$4,710,289.

Mr. McChesney explained that the Port currently uses two systems at the fuel dock in order to offer pay-at-the-pump and discount services. The two transaction infrastructures do not talk to each other, and both are in failure mode at this time. It is likely that the Port will go out to bid in January to replace both systems at an estimated cost of about \$32,000. Commissioner Faires asked if staff anticipates that the new system will be a custom, one-off system. Mr. McChesney answered that he anticipates that there would still be two systems, but they would be designed to work better together.

Commissioner Gouge pointed out that the Port offers the only pay-at-the-pump fuel dock in Puget Sound. Mr. McChesney agreed that this feature is unique to the Port of Edmonds and provides a valued benefit to the customers. Port staff has worked hard to preserve this feature, but not without difficulty, as the system is prone to failure.

COMMISSION COMMENTS AND COMMITTEE REPORTS

The Commission asked that the meeting summary that is written by Mr. Blossey and published in My Edmonds News also include the discussion relative to ethanol versus clear fuel and specifically request customer feedback.

Commissioner President Elect Faires invited the Commissioners to submit their comments and suggestions relative to 2016 committee assignments to him as soon as possible. He agreed to present the new assignments at their first meeting in January.

Commissioner Gouge reported on his attendance at a recent Edmonds City Council meeting where the budget was the main topic of discussion. He noted that most of the individual amendments to the Mayor's proposed budget failed.

Commissioner Gouge suggested that the Commission should have a discussion in early 2016 about the concept of hiring additional staff to help cover all of the shifts so that the marina can continue to operate at full capacity.

Commissioner Faires said he recently spoke with representatives from the organization, Salish Sea Expeditions, which offers a program that involves young people in marine-related education. He suggested that the Port may be interested in becoming involved with the program, and he agreed to organize a meeting to discuss potential opportunities.

Commissioner Faires referred to the profit and loss information that was provided in the Staff Report relative to the fuel issue and suggested the information was not totally explanatory on direct and indirect costs. He advised that the Commission is more concerned about break even than about the number of gallons sold. Overhead is a very minor percentage of the total cost of operating the fuel dock, and the magnitude of fuel is less important. The Port provides the fuel dock as a service to the tenants and considers it to be a necessary part of a full-service marina. It is not something they make money on; but do it because they should.

Commissioner Gouge announced that the Edmonds City Council recently voted to sunset the Economic Development Commission (EDC). He reminded the Commission that economic development is something the Port should think about doing more of. He suggested that this discussion should occur at their next retreat in early 2016.

Commissioner Preston said he will be contacting the City to ensure that the street light at the end of Admiral Way is replaced or repaired as soon as possible. He suggested that it is irresponsible for the City not to address this public safety issue, and he has brought it to the attention of the City Council.


Commissioner Preston said the issue of “youth in boating” will be a big project for him in 2016. He said he has a list of entities he plans to pull together to discuss the issue further.

Commissioner Preston reported that he and Commissioner Gouge met with representatives from the Rotary Club to discuss the Waterfront Festival. They discussed the need for them to consider using the beach area, which would not require the City’s approval. They also discussed the need to provide alternative events that attract a variety of people. It was suggested that the festival should be more water related. Mr. McChesney pointed out that the Rotary Club has forwarded the Port an agreement for the 2016 festival, but it has not yet been executed. He suggested that the only way to accomplish what Commissioner Preston has talked about is to actually make it a condition of the agreement. He suggested that the Commission needs to have this discussion soon so that appropriate action can be taken on the agreement. The Commission briefly discussed the festival’s impact on the marina and Port tenants and agreed to have this discussion at their first meeting in January before the agreement is signed.

ADJOURNMENT

The Commission meeting was adjourned at 8:55 p.m.

Respectfully submitted,


Fred Gouge
Port Commission Secretary
(FOS)