

PORT COMMISSION OF THE PORT OF EDMONDS
MINUTES OF SPECIAL MEETING

April 3, 2009

Commissioners Present

Bruce Faires, President
Mary Lou Block, Vice President
Marianne Burkhart, Secretary
Fred Gouge
Jim Orvis

Staff Present

Chris Keuss, Executive Director
Marla Kempf, Deputy Director
Ben Bolotin, Maintenance Supervisor
Bev Borth, Executive Assistant
Kevin Danberg, Port Operations Supervisor
Jean Danek, Port Operations Staff
Tina Drennan, Finance Manager
Debbie Eckholt, Landscape Coordinator
Karin Michaud, Accounting Supervisor
Susan Wade, Moorage Coordinator
Bob Yeager, Maintenance Manager

Others Present

Bradford Cattle, Port Attorney
Karin Noyes, Recorder

CALL TO ORDER

Commission President Faires called the meeting to order at 1:00 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 ITEM:

A. APPROVAL OF AGENDA.

COMMISSIONER GOUGE SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

PUBLIC COMMENTS

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

INTERVIEWS OF FINALISTS FOR THE EXECUTIVE DIRECTOR POSITION

Commissioner Faires explained that each candidate would be interviewed for approximately 1-hour, with a 15-minute question and answer session at the end of each interview. Also, after each interview, the Commission would adjourn to an executive session to discuss candidate qualifications, and no decisions would be made. He advised that the public and staff in attendance would have an opportunity to write down questions they would like the Commission to ask the applicant. The Commission Chair would review the questions for pertinence and ask those that are appropriate.

INTERVIEW OF STEVE BURKETT

Mr. Keuss introduced Steve Burkett, who is currently a partner in a managing consulting firm and the former City Manager for the City of Shoreline. The Commission interviewed Mr. Burkett. Their questions and Mr. Burkett's responses are as follows:

Question: Commissioner Burkhart asked Mr. Burkett to share more about his experience as the City Manager for the City of Shoreline.

Response: Mr. Burkett explained that he was hired as the Shoreline City Manager in 2001, and the primary tasks the City Council wanted him to accomplish were related to several important capital improvement projects. The Highway 99 Improvement Project was critical and had been in the planning stages for quite some time. Other important projects included a bike path along the Seattle City Light right-of-way, storm drainage improvements, and business district improvements in North City. Most of these projects were accomplished during his 4½ tenure with the City of Shoreline. Some of his strengths included organization skills and community relations. Citizen and employee surveys were regularly conducted and positive comments were received.

Mr. Burkett advised that while the City Council that hired him wanted to move forward with the Highway 99 Improvement Project, others in the community were opposed to the idea. When the people who were opposed to the project retained the majority of the City Council, he was asked to resign as City Manager.

Question: Commissioner Burkhart recalled she used to read a lot about the budget difficulties in Shoreline, particularly that projects ended up costing more than originally anticipated. She asked Mr. Burkett to share insight regarding this situation. She also asked him to share his thoughts about the pedestrian crossing that was constructed over Highway 99 but does not seem to be used frequently.

Response: Mr. Burkett explained that the financial issues were also related to the political issues surrounding the Highway 99 Improvement Project. Those who opposed the project said the City was in a bad financial situation, which was not true. Shoreline's Finance Director is one of the best in the State. From the City's incorporation, their City Council has been known for establishing prudent financial policies, and there was always funding for needed capital improvements. He said he had some role in the City's financial stability, but the City Council and the Finance Director made sure Shoreline was one of the best financially managed cities in the State.

Mr. Burkett agreed there were concerns about the escalating costs of the Highway 99 Improvement Project and the high cost of maintaining the proposed landscaping. However, many of the claims were exaggerated. He agreed the project was costly, and the costs escalating over time as a result of inflation and other factors. He recalled that at one point in the project, he informed the City Council that the City would not likely receive grant funding for the two pedestrian overpasses. He recommended they be removed from the project design, but the City Council disagreed.

Question: Commissioner Burkhart asked Mr. Burkett how he responded when the City Council decided not to accept his recommendation to eliminate the overpass elements.

Response: Mr. Burkett explained that his role as City Manager was to provide information and recommendations to help the City Council make decisions. Despite the fact that the people in the community did not support the overpass elements, it was his responsibility to move forward with the project as directed by the City Council.

Question: Commissioner Burkhart asked if Mr. Burkett has had any experience working with City Councils to change zoning ordinances.

Response: Mr. Burkett said he has worked for five different cities and was involved with zoning change issues at each one. He noted that Shoreline's Comprehensive Plan was changed significantly in 1999 to recognize that Highway 99 is a unique environment. Special expectations were identified, and residential development was part of that change.

Question: Commissioner Burkhart invited Mr. Burkett to share his experience with getting approval for Comprehensive Plan changes and rezones.

Response: Mr. Burkett replied that as Shoreline City Manager, he was responsible for working with the planning staff to develop comprehensive plan and development code amendments for the planning commission to consider and recommend to the City Council for final approval. He noted that the planning commission and city council were both in favor of higher density on Highway 99. In fact, they expressed disappointment with the strip mall development that occurred as part of the Gateway Project. While they would have preferred a higher density, mixed-use type of development, the City was unable to require this of the applicant because the proposal complied with all the City's requirements.

Question: Commissioner Block asked Mr. Burkett to elaborate on his experience in real estate matters, particularly in leasing property, property management and development and redevelopment of properties.

Response: Mr. Burkett said that, primarily, his experience is related to public/private sector partnerships. He has been involved in several successful ones and has also had to pick up the pieces of some unsuccessful ones. He said he understands what the pitfalls of partnerships are. While he was city manager, Fort Collins, Colorado, he was able to successfully redevelop their downtown, and he worked on some specific projects to redevelop historic buildings while protecting the City's financial interests. He said that, as a consultant, he has worked recently for the Economic Development Board in Tacoma doing a performance audit of redevelopment at University Place. He provided a copy of the executive summary he prepared as part of this project. He summarized that he is very familiar and has had success working on public/private partnerships.

Question: Commissioner Gouge asked Mr. Burkett why he wants to be the Executive Director for the Port of Edmonds.

Response: Mr. Burkett said the job would be a great opportunity for him. He noted that he lives in Edmonds, and the Port has a very good reputation. He has done a lot of due diligence and research on the Port and their mission statement is very attractive to him in that it promotes economic development, waterfront development and marina operations. He said that in his experience working for cities, he has learned a lot about issues related to ports. He said he was impressed by the policies and procedures adopted by the Commission and the relationship between the Executive Director and the Commission.

Question: Commissioner Gouge pointed out that the Commission recently agreed to move forward with master planning for the Harbor Square Business Complex, recognizing there could be issues related to contaminated soils. He asked Mr. Burkett to share how he would handle a situation where contaminated soil is found after a redevelopment project has started.

Response: Mr. Burkett said he would first have to carefully evaluate the situation and find out how serious the problem was. This would likely involve a professional consultant to help the Port think through the options and mitigate the impacts.

Question: Commissioner Gouge asked Mr. Burkett to share how he would keep the Port out of a liability situation if the contamination required the contractor to stop work.

Response: Mr. Burkett answered that he would work closely with the Port Attorney, since one of the Port Attorney's roles is risk management. He said he has been involved with cities in acquiring property and evaluating potential environmental issues. In one case, a city purchased property to build a large development next to city hall where a dry cleaner had formerly been located. Environmental issues related to this site had to be resolved.

Question: Commissioner Burkhart asked if Mr. Burkett had experience dealing with general port management, the Washington Public Port Association, the Revised Code of Washington as it relates to ports, and the Department of Ecology.

Response: Mr. Burkett answered that he received a lot of experience in the environmental arena when dealing with the Highway 99 Improvement Project. There was a lot of opportunity for project opponents to require environmental reviews that resulted in increased costs. He noted that the City of Shoreline went to great lengths to conduct a thorough environmental review of the project. He said he is also familiar with State laws and working with the Department of Transportation on environmental issues. He said that while he does not have experience operating a marina, he has had some port experience in his current job as a consultant. He said he suspects that Port staff knows how to operate the marina. He informed the Commission that he previously took a job where he had to operate an electric utility, which he had never done before. He quickly came up to speed on the critical success factors and made sure he had good staff. He said he has researched the Washington Public Port Association and considered their legal issues, etc., but he has not been directly involved with the group.

Question: Commissioner Orvis pointed out that ports are different than cities because they expect various elements of their operations to make money or at least break even. He asked Mr. Burkett to share what he sees the differences are and how his experience and skills would transfer.

Response: Mr. Burkett said he has always tried to borrow techniques and approaches from the private sector. He concluded that the one key thing that could help would be competition. Without competition both public and private entities can become lazy and compliant. He stressed that it is important to have a prudent financial plan in place in order to perform well. He summarized that being a consultant for the past three years has provided him with additional experience and opportunities to learn and watch.

Question: Commissioner Orvis pointed out that the Port has customers instead of citizens. He asked Mr. Burkett to share what he sees the differences are.

Response: Mr. Burkett said that in his role as City Manager, he has done a lot of work developing superior customer service, which is extremely important. He has developed customer service programs to train organizations to make sure they are aware that customer service is their primary value. He has also conducted customer surveys to learn the customers perspective.

Question: Commissioner Orvis asked Mr. Burkett how he would see Harbor Square developed to its best use, given the political climate in Edmonds.

Response: Mr. Burkett said he is familiar with the work that Mr. Keuss and others did to consider the alternatives for redevelopment, conduct a public involvement process, and come up with three final options. He is aware that this effort identified a need for higher density. He recalled a training event he attended about how to get controversial

projects accomplished. He learned that in the current environment, it doesn't take very many people who are opposed to stop a project. The presenter likened it to the challenges facing an aeronautical engineer. If it weren't for gravity, it would be simple to design an airplane. The same is true for public projects. If it weren't for public opposition, it would be easy to move public projects forward. As a public servant, it is important to be aware of the issues and develop community support for whatever it is you want to do. He summarized that many communities are interested in attracting mixed-use developers in order to boost their retail tax base, but Harbor Square is a unique location with a lot of opportunities given its close proximity to the waterfront, the train station, and the ferry. However, public support for increased density would require a carefully thought out public process, and design would be a critical factor in addressing the communities concerns. He said he would be excited about proceeding with this project, which is similar to others he has done in his career.

Question: Commissioner Block pointed out that the Commissioners are very congenial and get along very well. They do not seem to have strong disagreements, but sometimes they do not see things eye to eye. She asked how Mr. Burkett would handle situations where there are differences of opinion amongst the Commissioners.

Response: Mr. Burkett said it would depend on how important the issue is. For example, if the Commission is talking about financial planning decisions, he would feel strongly about protecting the financial integrity of the Port. He said he has seen a lot of mistakes made in public organizations in terms of taking on too much debt, etc. In those areas, he would try and convince the Commission to accept his recommendation. If there are differences of opinion on policy matters within the Commission, it would be important for him to make sure the Commissioners all have a clear understanding of the problem they are trying to solve. Most policy initiatives that come up are intended to provide a solution to some problem. If you can focus on understanding the problem, it will be easier to talk about reasonable alternatives. His role would be to provide the Commission with information, both pro and con, so they have a clear understanding of all the factors.

Question: Commissioner Faires asked what Mr. Burkett would do if the Commission wanted to do something that he felt was not right or bordered on illegal or unethical.

Response: Mr. Burkett said he would be very open behind the scenes to talk individually with Commissioners to make sure they understand the issues. If the concern is related to the financial integrity of the Port, he would see that as the most important responsibility he has. He must be aggressive when advising the Commission on financial matters. In some situations, he would have to put his job on the line and advise the Commission not to move forward.

Question: Commissioner Faires pointed out that the Port has a very competent staff. He asked Mr. Burkett what process he would use to integrate himself into the staff.

Response: Mr. Burkett said anytime you come into an organization as an outsider, there are issues to deal with. His first approach would be to do a lot of listening. He said he has researched the Port and knows the staff has a long tenure, which is important and positive. They are competent and know their business, and he would not be interested in the job if that were not the case. In order to be successful as the Executive Director, you must have very competent and strong staff that have been with the organization for a long time. The same is true for the Commission. He summarized that he would meet with the staff and let them tell him the Port's strengths and weaknesses and values. Once he learns from the employees and customers, he would work with them to identify things that could be improved. He said he does not anticipate there would be a need for significant change at the Port.

Question: Commissioner Faires asked Mr. Burkett how long he would plan to stay in the position of executive director.

Response: Mr. Burkett said he would stay in the position as long as he enjoys it and is motivated by the challenge. However, realistically, he would anticipate that a five-year commitment would be responsible. He would consider the tasks the Commission wants him to accomplish, recognizing that redevelopment of the Harbor Square Property would

not be a short-term project and he would be motivated to see it through. He said economic development is also a very long-term issue for the Port, and he has experience in this area, as well. He summarized that economic development requires a long-term investment.

Question: Commissioner Gouge asked what role Mr. Burkett would expect to play in dealing with City and State permitting requirements.

Response: Mr. Burkett pointed out that cities must also obtain permits from the Army Corps of Engineers. As a consultant, he learned that one of cities' biggest challenges is the development review process, which is often disjointed and takes a great deal of time. As a consultant, he has helped cities through the process and has become familiar with how cities work.

Questions: Commissioner Orvis pointed out that the current Commission is very much involved in what goes on at the Port. He asked how Mr. Burkett would work with this situation.

Response: Mr. Burkett said he would expect this to be the case in port districts where there are only 18 employees. Because the Port Commission is a special purpose governing body, they have not been involved in land use policies, etc. He said he believes it is positive to have good communication between the employees and the Commissioners, but it shouldn't be a relationship where individual Port Commissioners are directing the operations of the Port since this could result in a dysfunctional situation.

Mr. Burkett noted that three of the Commissioners are up for reelection in the fall, and he would be interested to know which Commissioners would run for office again. He said he would like to have some idea of the makeup of the Commission he would be working with.

Mr. Burkett said he carefully reviewed the Executive Director Search Criteria, and believes he has demonstrated his skills in each area. At his previous interview, he talked quite a bit about ethical issues, and he provided specific examples of how he would address these issues. He also talked quite a lot about leadership management and employee relations. At his previous interview, he specifically spoke about his approach to employee satisfaction and the need for periodic employee surveys to gauge this element. He also previously spoke about his experience related to real estate development, strategic planning and financial planning. He said financial planning is one of his strengths, and that is why he was hired in some of the cities.

Mr. Burkett said he believes he would be a good match for the Port. One of their biggest issues in the coming years will be redevelopment of Harbor Square, and he has had experience in this arena and knows the issues and dangers associated with public/private partnerships. He reminded the Commission that he lives in Edmonds so he knows the issues in the Community, and he is somewhat familiar with the Town of Woodway, as well. He said he places a lot of emphasis on customer service, which is extremely important for a business such as a marina. He has formed relationships in Edmonds and the region that would be beneficial to him as Executive Director. For example, he knows Joni Earl, Sound Transit Executive Director, Dave Mosley, Director of Washington State Ferries, and Paula Hammond, Secretary of the Washington State Department of Transportation. In addition, he advised that in his former position at Shoreline, he was involved with the Point Wells property and got to know the property owners, Paramount Petroleum, as well as the issues surrounding the property.

Mr. Burkett summarized that he believes his financial and redevelopment knowledge would be critical as the Port moves forward with redevelopment of the Harbor Square properties. Regardless of whether the development is public or private, building relationships with the community, customers and clients would be most critical to the process. He said he has a record of success in that regard. He sees the position as an exciting opportunity, and his skill set is a good match for what the Port needs at this time.

Question: On behalf of Jack Bevan, Commissioner Faires asked Mr. Burkett to comment on whether he believes tax revenue from Port District residents is necessary to support Port operations.

Response: Mr. Burkett said he would have to be much more familiar with the operations as far as expenditures and revenue, but he knows that the tax revenue represents a very small percentage of the Port's total budget. The question he would ask is what the return on investment would be and what would the public get from their \$400,000 contribution. He summarized that looking at the facilities at the Port and what the Port adds to the community, his answer would likely be yes.

The interview ended at 2:05 p.m.

EXECUTIVE SESSION

The Commission adjourned to an executive session at 2:07 p.m. to discuss the qualifications of the candidate. The executive session was adjourned and the regular session was reconvened at 2:17 p.m.

INTERVIEW OF BOB MCCHESENEY

Mr. Keuss introduced Bob McChesney, who is currently the Executive Director for the Port of Port Angeles. Prior to that he worked for the Port of Everett. The Commission interviewed Mr. McChesney. Their questions and Mr. McChesney's responses are as follows:

Question: Commissioner Gouge pointed out that the Port has recently embarked on a master plan process for redevelopment of the Harbor Square Business Complex. He asked Mr. McChesney to share the experiences he had with redevelopment at the Port of Everett.

Response: Mr. McChesney said he was hired by the Port of Everett to move a rather large redevelopment project forward at their north marina. Over the course of many months, meetings were held to discuss the highest and best use of the property, but no action was taken. Finally, he and some of his colleagues developed a simple serviceable concept that the Commission felt was appropriate. They authorized them to move forward with development that involved a public/private partnership, with the goal of soliciting interest from the private sector. The Port of Everett Commission agreed the port would provide the infrastructure necessary for the partnership.

Question: Commissioner Gouge pointed out that Edmonds has significant issues related to building density. He asked how Mr. McChesney and his team went about obtaining community support for higher density development.

Response: Mr. McChesney said the process involved a significant amount of stakeholder input. At first the people who lived above the north marina who would be the most impacted by the project were opposed to an increase in height. They not only had to convince the neighbors, but also the City that additional height (70 feet or five stories) would be necessary in order to create enough value for redevelopment to move forward. They conducted numerous public outreach exercises, and eventually the public accepted the notion that the impacts would be marginal.

Question: Commissioner Faires asked Mr. McChesney to explain what the final convincing arguments were.

Response: Mr. McChesney said aesthetics was one factor, in that everyone agreed that the property was ready for redevelopment and that the existing industrial clutter did not reflect the property's highest and best use. Economics was also a factor, in that the developer indicated he would not be able to satisfy his investors and move the project forward without a relaxation of the current zoning. It was also important to demonstrate that the finished product would be aesthetically pleasing and only marginally intrusive and that the impacts could be mitigated through good design. The concept of providing attractive public spaces and amenities was also helpful.

Question: Commissioner Block asked Mr. McChesney to describe his role in Everett's redevelopment project.

Response: Mr. McChesney said his official position with the Port of Everett was Director of Properties and Development, and he was hired to move the development forward as the project leader. His job was to keep the team focused, on task and on schedule, and also report to the executive director and commission about program issues and challenges throughout the process.

Question: Commissioner Block asked if Mr. McChesney was involved in the public outreach program that took place as part of the rezone.

Response: Mr. McChesney answered that the Port was involved in the public process. After Maritime Trust, was selected as the developer, they were contracted to perform a feasibility study to identify issues and challenges. The project was moved forward after it was determined to be feasible under certain assumptions. Rather than paying the developer first for their service, the Port of Everett entered into a contractual arrangement where the developer was responsible for obtaining the entitlements in exchange for the exclusive right to develop the property. This approach limited the Port's exposure.

Question: Commissioner Burkhart pointed out that because the Port of Port Angeles has more areas of operation, it appears the Port of Edmonds Executive Director position would actually be a contraction rather than an expansion of responsibilities. She asked Mr. McChesney to comment regarding this change in responsibility level.

Response: Mr. McChesney said he doesn't see the position as a diminution of responsibilities. He noted that the Port of Port Angeles' rail service was discontinued in 1986, and this resulted in a change in the parameters of their cargo operations. Log exports carried the port for many years, but these dropped off significantly in 1997 and were eventually eliminated. Since that time the Port of Port Angeles has been trying to reconfigure its assets. One option was to modify their marina terminals to be more for ship repair. He agreed the Port of Port Angeles has a wide array of operating units (airports and industrial properties), but there are similarities and his skill set lends itself to redevelopment and marinas.

Question: Commissioner Burkhart recalled the issues that occurred at Hood Canal and asked if there was anyway the Port of Port Angeles could have avoided the situation.

Response: Mr. McChesney explained that the Port of Port Angeles sold 22 acres of land to the Department of Transportation (DOT) to support the bridge construction project. The DOT completed a National Environmental Policy Act review and hired an archeology consultant to conduct a survey of the site. Neither study identified a concern. However, after the project started, tribal remains were found and the project was stopped. Negotiations took place between the DOT and the tribes, but the project was abandoned and the DOT walked away from \$100 million of work. The Port of Port Angeles fared well throughout the process. However, this required that he become educated about coastal Indian tribes, and this information lent itself well to his participation in the mitigation process and settlement. While the Port was not part of the dispute, they were thought to be part of the community that understood the situation and they ended up getting some of their land and money back. While he doesn't know how to avoid a repeat of this situation in any absolute sense, the Port of Port Angeles hired an archeologist to put together a model to help the port better understand how the shoreline has changed.

Question: Commissioner Burkhart said the Commission has discussed the options of selling or leasing the Harbor Square property. She asked Mr. McChesney what he took into account when making this same type of recommendation to the Everett Port Commission regarding their options.

Response: Mr. McChesney said the land deal was completed before he was hired by the Port of Everett, but it was a result of the Port being in transition and the promise that a substantial number of jobs would be created. The Everett port staff and commission felt it would be a good investment to sell the parcel and purchase another piece of industrial property next door.

Question: Commissioner Faires said the Commission is aware of some of the travails the Port of Port Angeles went through last fall related to employee and commission relationships. He asked Mr. McChesney review what happened.

Response: Mr. McChesney explained that the details are confidential. He was asked to obtain the resignation of an employee. He summarized that there was some misinformation and miscommunications. There was the potential for the issue to cost the Port a lot of money. The long and short is that they got through it and his relationship with the commission is just fine. They reviewed the facts and gained clear information on what the situation was. They were able to avoid a lawsuit. The outcome was as good as could have been expected under the circumstances.

Question: Commissioner Orvis asked Mr. McChesney to share how he sees himself working in an organization with a smaller work force and individuals who are trained in multiple skills and work across several trades.

Response: Mr. McChesney said this is something he has been trying to cultivate at the Port of Port Angeles with the union contracts. He likes the idea of cross utilization and people being able to do different jobs. Having a work force that is interested in multi-tasking and is skilled and interested in performing well is really a positive thing.

Question: Commissioner Gouge asked Mr. McChesney how he foresees his roll in the redevelopment of Harbor Square.

Response: Mr. McChesney said his initial role would be to get up to speed with the property management issues and try to manage the asset as well as possible. At the same time, he would continue with the work that has already been done in terms of redevelopment concepts. While he cannot identify any particular action he would have done differently, when a new person comes on board, it offers a good opportunity to think about what has been learned and identify the best way to move forward. He said he is comfortable working on redevelopment projects, including public/private partnerships. He would propose the Port continue moving down that path.

Question: Commissioner Gouge asked Mr. McChesney to share his experience negotiating with local governments.

Response: Mr. McChesney said he had several experiences of this type with both the Port of Everett and the Port of Port Angeles. He said he is generally fluent with real estate terms, valuations and negotiations.

Question: Commissioner Burkhart referred to the list of skills Mr. McChesney listed in his resume. She asked him to prioritize his greatest strengths.

Response: Mr. McChesney said he has developed a good perspective and skill set in public administration. He is good at human resources and organization development simply because he had to learn these skills. He led two strategic planning exercises at the Port of Port Angeles. In addition, he is good at working with staff and getting people focused. While he is not a certified public accountant, he has a working man's knowledge of public finance. At the end of the day, he has responsibility for the budget and meeting the financial goals. He summarized that he had to be good at a lot of things at the Port of Port Angeles, and he has benefited from this learning experience.

Question: Commissioner Faires pointed out that the Port has a very competent and stable staff, and they know their jobs well. He asked how Mr. McChesney would capitalize on the qualities that exist within the present staff.

Response: Mr. McChesney responded that it is important to be a good listener and engage people. He said he would not anticipate coming to the Port with preconceived ideas. He said he intends to learn from the experience of the people who are already at the Port. Potential changes need to be discovered through this process. He would not imagine that the Port of Edmonds Commission is looking for an Executive Director to reorganize at this time. At Port Angeles, there was not enough work to do so reorganization was necessary and imperative. They were able to successfully accomplish this goal, but he doesn't anticipate this would be necessary at the Port of Edmonds.

Question: Commissioner Faires asked how much of the reorganization at Port of Port Angeles was related to reassignment and how much was fewer employees.

Response: Mr. McChesney there was some of both; two full-time positions were eliminated from a total of 38 positions. Other professional staff received new assignments. He said that although the process was difficult and challenging, he was happy with the outcome.

Question; Commissioner Faires asked if the Port Angeles Port Commission told Mr. McChesney he had to downsize staff.

Response: Mr. McChesney answered that it was a collaborative effort. The Commission left it up to him, but sent signals that reorganization was necessary.

Question: Commissioner Orvis referred to the pay range that was publicized for the Executive Director position, which is likely less than what Mr. McChesney is currently being paid by the Port of Port Angeles. He noted that, historically, there have been times when an Executive Director was chosen but was unable to come to an agreement with the Commission about pay. He asked Mr. McChesney if this would be a problem for him.

Response: Mr. McChesney said that when he submitted his application for the position, his current salary was exactly at the top of the posted range. In the meantime, he had a review and was awarded a modest adjustment. However, he said he does not believe he and the Commission would be that far apart.

Question: Commissioner Faires asked Mr. McChesney if he had any questions to ask the Commission.

Response: Mr. McChesney said he does not have any questions, but he wanted to reiterate that he has been in the port business for about 20 years, and it occurs to him that selecting an Executive Director might be the single most important decision the Commission can make, and he believes he is the man. He is qualified and experienced enough to do the job, and it would be a good opportunity with good challenges. Edmonds is a wonderful port, and he appreciates the opportunity to share and be part of the conversation. He looks forward to the Commission's decision and any further discussion. He emphasized that the Port is extremely well managed by the current Executive Director and Commission, and he would be excited to have the opportunity to work with them as they move forward with master and strategic plans for the Harbor Square properties.

Question: On behalf of Jack Bevan, Commissioner Faires asked if Mr. McChesney believes the Commission of the Port of Edmonds should tax their constituents to provide operating revenue for properties on the west side of the tracks.

Response: Mr. McChesney said that, in his experience, property taxes have been used for capital projects and debt service, but not to support Port operations, salaries or administrative overhead. He said he would not likely support using the tax levy to fund Port operations.

The interview ended at 3:02 p.m.

EXECUTIVE SESSION

The Commission adjourned to an executive session at 3:04 p.m. to discuss the qualifications of the candidate. The executive session was adjourned and the regular session was reconvened at 3:17 p.m.

INTERVIEW OF GRANT DULL

Mr. Keuss introduced Grant Dull, who is currently the Executive Director for the Lynnwood Public Facilities District. The Commission interviewed Mr. Dull. Their questions and Mr. Dull's responses are as follows:

Question: Commissioner Gouge asked Mr. Dull to share why he wants to be the Port's Executive Director.

Response: Mr. Dull said he was attracted to port districts and the way they combine private operations in a public environment. For the last five years, he has been the executive director of the Lynnwood Public Facilities District, which operates as a private business in a public environment in many ways, but it is very much constrained as a governing body. On a private basis, he has been attracted to ports all his life because of the water.

Question: Commissioner Gouge asked Mr. Dull to share the skill sets he would bring to the Port related to the redevelopment of commercial properties such as Harbor Square.

Response: Mr. Dull advised that the Lynnwood Public Facilities District is unique in that they own 13 acres of property, which includes both the Lynnwood Convention Center and about 90,000 square feet of retail property. When he started working for the district, the architect had already finished working on the convention center design, but not all the land had been acquired and construction had not been completed. He explained that the district pledged revenue from the shopping center for the bonds, but it does not have the authority to operate and develop a shopping center. Therefore, they cannot redevelop their shopping center area, but only maintain it. He said they can lease and sell property, and he is currently working to develop private/public partnerships. He advised that in order for the convention center to be successful in the long term, it needs a hotel partner and ideally, the development of the rest of the property in keeping with a convention center/hotel complex theme.

Question: Commissioner Gouge asked Mr. Dull if he has any experience working with the Department of Ecology on environmental issues.

Response: Mr. Dull pointed out that the convention center was built on what used to be a gas station, and the district worked with the gas station owner to excavate and remove the contaminated soil. However, they were unable to remove the contaminated soil from under 196th Street. They are working with Arco to further monitor the site, and concern is that the contaminated soil may leach back into the convention center site. The site is much cleaner and received a No Further Action Letter, but they are still responsible for any additional contamination that is identified in the future as the site is developed further. In addition, some of the buildings that were demolished to accommodate the project had asbestos. Dealing with environmental issues is part of any redevelopment project in the current urban environment.

Question: Commissioner Burkhart asked Mr. Dull if he had ever participated in a long-term planning process. If so, what was his role?

Response: Mr. Dull explained that the public utility district has a five-member board, appointed by the Lynnwood City Council, and he has worked with them to develop a long-range plan for the property that encompasses further development. He has also worked on the plan in such a way that it parallels the financial plan since they have \$30 million of bonds to pay off. If the property is redeveloped, they need to make sure they can make the bond payments.

Question: Commissioner Burkhart asked if Mr. Dull was ever required to negotiate with the City of Lynnwood for permits or rezone applications. Specifically, she asked if Mr. Dull has any experience working with cities to request density changes.

Response: Mr. Dull said when the convention center was constructed, he had to file a master use permit with the City and go through the SEPA and building permit processes.

Question: Commissioner Block pointed out that Mr. Dull does not have direct experience working with marinas. She asked how he would approach this aspect of the Port.

Response: Mr. Dull said that, with any new job, he would spend his initial period listening and researching and learning as much as he could before he really says very much. His understanding is that the marina is in very good hands and he is familiar with their issues over the last 10 to 15 years.

Question: Commissioner Faires said the Port is facing unique challenges given its location in Edmonds. He asked Mr. Dull what strategy he would use to address these challenges.

Response: Mr. Dull said his perception is that the community is largely cut off from the waterfront by the ferry terminal and train tracks. Access to the waterfront should be easier. Clearly, the Port needs to work not only with their constituents, but the surrounding governments in order to do anything at all with the property. He said he would spend quite a bit of time learning how people feel.

Question: Commissioner Faires pointed out that the City of Lynnwood supported the formation of the public facilities district and the convention center project, but the situation in Edmonds is much different in that there are a variety of stakeholders and viewpoints. Long-term, the Harbor Square Property needs to be redeveloped to approach its highest and best use, and the Port must figure out a way to facilitate this change. Because the City is the permitting agency, he asked Mr. Dull how he would foresee the Port should proceed into this situation.

Response: Mr. Dull said that even though the City of Lynnwood was behind development of the public facility district's property, some city council members had their doubts and there were some legitimate concerns that the community might not support the project. In order to facilitate the project's long-term financial feasibility, the lodging tax had to be extended. It was not easy getting the lodging community to support this idea. He said the best way to achieve success in such an environment is to articulate what the master plan is and then seek to understand why other people may or may not support it. It is common for two very educated and informed people to have different viewpoints, and the way to get at this situation is to seek common understanding, which requires a process and takes time.

Question: Commissioner Orvis asked Mr. Dull to share what he believes the highest and best use of the property on the east side of the railroad tracks is, given the location of the train station and ferry terminal.

Response: Mr. Dull said he walked through the Harbor Square Property and noted that even though it was a nice day, there were very few people out walking. He suggested that Harbor Square could be a very valuable resource in creating a more walkable community given the close proximity of the Edmonds Marsh.

Question: Commissioner Orvis asked how Mr. Dull envisions his ability to work with a staff that works across many job skills, works together very well, and is reasonably tight knit.

Response: Mr. Dull answered that for the past 20 years he has kept his work clothes at work. He comes to work in his jeans and tennis shoes and walks around the property. He would do the same at the Port, and this would enable him to get to know people on the ground rather than sitting behind his desk. He would work to gain an understanding of what the people who work for him deal with every day.

Question: Commissioner Faires asked Mr. Dull to share how he would deal with ethical questions such as a Commissioner wanting to do something strategic in nature that he felt was unwise, unethical or illegal.

Response: Mr. Dull said a critical part of his job in the public sector is to keep him and the people he works for out of jail. If something that extreme were to occur, he would want to make sure the Commissioners know that what they are about to do. He would also work with the Port's legal counsel. He said that, in his experience, ethical situations do not crop up over night; they evolve over time through discussions. He said he believes these types of situations can be avoided by allowing sufficient time to analyze and reflect on the issue, and he would see that as a large part of his job.

Question: Commissioner Burkhart pointed out that Mr. Dull does not have port management experience. She asked him to share how he would get up to speed in that area.

Response: Mr. Dull said he has numerous years of public sector employment, so he is very familiar with the parameters of public sector work. Whether it is a port or a city, it would still operate in a public environment and be subject to public rules and regulations. The nuances of port operations is something he doesn't have government experience with, but he has been around marinas a lot and has worked as a commercial boat builder on the water. He has a fundamental notion of when things are right or wrong. Combining that with his government background gets him a good portion of the way there. To get the rest of the way, he would look to the current Executive Director and existing staff to learn more.

Question: Commissioner Faires asked Mr. Dull to speak to his qualifications relative to financial management and financial responsibilities that public entities have and his ability to contribute to the process of managing finances.

Response: Mr. Dull said he has an MBA from the University of Washington, and during this educational period he focused on finance. He expressed his belief that a good executive director to an organization would bring the ability to look to the future, both from a strategic perspective and a financial perspective. He said he has also had experience in his current position and was instrumental in forming the first statewide meeting of public facilities districts. He emphasized that the Lynnwood Public Facilities District has been constantly vigilant and conservative. He said that when he heard the Executive Director position was open, he met with Alan Dashen to learn more about the Port's current financial position. He said he previously worked with Mr. Dashen to negotiate bonds for the public facilities district and his counsel was a major element of the district's firm financial footing.

Question: Commissioner Gouge asked Mr. Dull if he would be challenged enough to stay at the Port if they are unable to get the density necessary to allow the Harbor Square Redevelopment Project to move forward.

Response: Mr. Dull said he has learned that challenges in the public environment are cyclical. While the economy is currently in a down period, now is the time to be planning and laying the ground work for future redevelopment.

Question: Commissioner Gouge pointed out that the Port has been trying for the past 10 years to gain the community's support for a rezone of Harbor Square. If they cannot get the additional density, he asked Mr. Dull if he would be willing to stay around if there are no redevelopment opportunities. Would he be challenged enough?

Response: Mr. Dull said he thought hard before he applied for the position, and 5 years is the least amount of time he has ever spent in a job. He tends to be loyal to a fault and would be interested in the job regardless of what happens at Harbor Square.

Question: Commissioner Orvis asked if the proposed pay scale would work for Mr. Dull.

Response: Mr. Dull answered affirmatively.

Question: Commissioner Faires asked if Mr. Dull would continue to reside in Winslow and commute to Edmonds. He pointed out that the only down side is that it would take him an hour to reach the Port if an emergency came up.

Response: Mr. Dull indicated he would continue to live in Winslow and commute.

Question: On behalf of Jack Bevan, Commissioner Faires asked if Mr. Dull believes that taxes paid by the constituents should be used for operational uses at the Port, exclusive of Harbor Square.

Response: Mr. Dull said that is not a question the Commission is hiring him to answer. The Commissioners have been elected to respond directly to the constituents. His job would be to help them develop and implement a vision.

He would work hard to identify worst case scenarios, particularly in these difficult economic times because he believes it is important to understand what all the options are.

Question: Mr. Dull asked the Commission what they believe the new Executive Director's initial challenges would be.

Response: Commissioner Orvis said one of the initial challenges would be the Harbor Square property. Commissioner Burkhart pointed out that the Edmonds Yacht Club would begin construction of their new building soon, and the Executive Director would be in charge of making sure the project moves forward. In addition, the Port is faced with a potentially large law suit that would have to be managed.

Question: Commissioner Block added that another on-going challenge would be the Port's mission to be environmental stewards. She asked Mr. Dull to share how he would accomplish this goal.

Response: Mr. Dull commended the Port for the things they have done to protect the environment. He explained that Edmonds has many aspects that make it a very environmentally friendly place to live such as the waterfront, the wetlands, views, etc.

The interview ended at 4:05 p.m.

EXECUTIVE SESSION

The Commission adjourned to an executive session at 4:06 p.m. to discuss the qualifications of the candidate. The executive session was adjourned and the regular session was reconvened at 4:17 p.m.

REVIEW AND DISCUSSION OF CANDIDATES

Commissioner Gouge welcomed additional input regarding the three candidates from Commissioners Faires and Orvis, who participated on the Interview Panel. Commissioner Orvis said all three candidates were less nervous and more polished than they were in their previous interviews. As a result of the questions that were asked in the first interview, the candidates were in a better position to anticipate what questions they would be asked in the final interview before the Commission. He said the previous interview was heavily oriented towards real estate and the Interview Panel seemed to understand that the marina and the west side of the railroad tracks is already a functional organization. The big concern was potential redevelopment on the east side of Admiral Way and what happens with the City's Comprehensive Plan to address zoning issues.

Commissioner Faires said there was no great distinction between what the candidates said during the final interview versus the previous interview. All three candidates performed better in their final interview. He noted that the Interview Panel all commented that none of them felt a mistake had been made regarding the three finalists. Commissioner Block agreed that all three candidates were well qualified.

Commissioner Orvis expressed concern that the position would not be challenging long enough for Mr. Dull. He said he would like to think the new Executive Director would stay at the Port for longer than five years. He said he has concerns about Mr. McChesney because he is the only candidate who has not committed to work within the posted pay range. He expressed his belief that Mr. McChesney is the most experience of the three candidates and is likely the best negotiator, which is what he did at the Port of Everett with good results.

Commissioner Faires said he spent a lot of time over the past week thinking about Mr. Dull, and he decided that he is driven by curiosity and challenge. He has held progressive positions and has not jumped around a lot. He has taken on challenges and has stuck with them for 5 to 10 years. If it turns out that redevelopment of Harbor Square is

absolutely stymied by the City of Edmonds, he suggested Mr. Dull would either think of something else to do or he would resign and the Commission could hire someone to run the existing Port facilities for less money.

Commissioner Orvis pointed out that both Mr. McChesney and Mr. Dull have experience with environmental issues, development negotiations, public/private partnerships, and public involvement. In addition, they have both been in charge of large development projects and worked with local governments. He summarized that it really comes down to which candidate would work the best with the Commission, the staff and the community.

Commissioner Faires expressed his belief that the qualifications of each candidate appear to be equal, which makes it difficult to choose between them. Commissioner Gouge pointed out that one difference is that Mr. McChesney has years of marine related experience, but the other candidates do not. If Mr. McChesney were selected as the new Executive Director, there would be no learning curve and staff would be able to continue to do their job after the current Executive Director retires. Mr. McChesney is used to dealing with marina operations and personnel issues. Commissioner Burkhart pointed out he was also tactful and loyal when describing the situation that occurred at the Port of Port Angeles. Commissioner Orvis added that Mr. McChesney is very familiar with environmental issues related to ports.

Doug Haldeman pointed out that Mr. Keuss thoroughly knows the responsibilities of the Executive Director, yet the Commission has not solicited his opinion of the candidates. Mr. Keuss said he doesn't favor any one of the candidates over another, but the Commission should keep in mind what the requirements of the position would be. He noted that potential development on the east side of Admiral Way on the west side of the railroad tracks was never brought up during the interview process. In addition, Harbor Square would be a high priority for the Commission. He suggested they also consider which candidate would best be able to work with City of Edmonds staff, the mayor and the City Council to achieve the Port's goals over the next three to five years.

NOMINATION OF CANDIDATE FOR EXECUTIVE DIRECTOR POSITION

A straw poll was conducted of the candidates.

COMMISSIONER ORVIS MOVED THE COMMISSION OFFER THE POSITION OF PORT OF EDMONDS EXECUTIVE DIRECTOR TO ROBERT MCCHESENEY, SUBJECT TO NEGOTIATING AN ACCEPTABLE CONTRACT. HE FURTHER MOVED THAT THE COMMISSION AUTHORIZE THE PRESIDENT OF THE COMMISSION TO NEGOTIATE A CONTRACT. COMMISSIONER BURKHART SECONDED THE MOTION.

Commissioner Gouge said that while the choice is difficult, he would vote in favor of the motion. Commissioner Faires agreed that Mr. McChesney appears to be the longer-term candidate. His only concern with Mr. Dull is that he may become bored, and Mr. McChesney's marine related experience would be valuable to the Port.

Commissioner Block suggested the Commission have a discussion and reach a clear understanding of their philosophy regarding the desirability of going above the stated contract amount. Mr. Cattle suggested this discussion should take place in an executive session.

Commissioner Orvis again summarized that the level of experience between Mr. Dull and Mr. McChesney was close, and both are capable candidates. However, Mr. McChesney's has a lot of port experience related to redevelopment and the environment that would be valuable to the Port in the future. He reminded the Commission that Mr. McChesney found a way to successfully negotiate with the tribes, which is not an easy thing to do. Commissioner Burkhart agreed.

Doug Haldeman agreed with the Commission that the job might not be challenging enough for Mr. Dull. He also said he admired Mr. McChesney for finding a way to work with the tribes by researching and obtaining background information that enabled him to better negotiate.

THE MOTION WAS APPROVED UNANIMOUSLY.

EXECUTIVE SESSION

The Commission adjourned to an executive session at 4:49 to discuss the salary of the new Executive Director. The executive session was adjourned back to the regular session at 4:56.

ADJOURNMENT

The meeting was adjourned at 4:57 p.m.

Respectfully submitted,

Marianne Burkhart
Port Commission Secretary