

**PORT COMMISSION OF THE PORT OF EDMONDS**  
**MINUTES OF REGULAR MEETING**

**May 11, 2009**

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**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  
Tina Drennan, Finance Manager

**Others Present**

Bradford Cattle, Port Attorney  
Chris Knapp, Anderson/Hunter  
Law Firm  
Bob McChesney  
Theresa Ocfemia, Student Rep.  
Karin Noyes, Recorder

**CALL TO ORDER**

Commissioner Faires called the meeting to order at 6:00 p.m. The regular session was immediately adjourned to an executive session.

**EXECUTIVE SESSION**

An executive session was conducted to review mediation strategy regarding the Blackwater Lawsuit and to review potential sale of the athletic club building to Harbor Square Athletic Club. Those present included all five Commissioners, as well as Mr. Keuss, Ms. Kempf, Ms. Drennan, Mr. Cattle, Mr. Chris Knapp, and Mr. Bob McChesney. The executive session was adjourned at 7:01 p.m. No action was taken and no announcement was made.

**REGULAR SESSION**

The regular session resumed at 7:05 p.m.

**CALL TO ORDER**

Commission President Faires called the regular meeting to order at 7:10 p.m.

**PLEDGE OF ALLEGIANCE**

All those in attendance participated in the Pledge of Allegiance to the American Flag.

## **CONSENT AGENDA**

The Commission modified the agenda by removing Item V (Special Presentation by John Hjort regarding 2009 Fishing Season).

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

- A. APPROVAL OF AGENDA AS AMENDED.**
- B. APPROVAL OF APRIL 27, 2009 COMMISSION MEETING MINUTES.**
- C. APPROVAL OF CHECK NUMBERS 5405 THROUGH 5412 IN THE AMOUNT OF \$630.97 FOR TENANT REFUNDS.**
- D. APPROVAL OF CHECK NUMBERS 67769 THROUGH 67794 INCLUDING DIRECT DEPOSITS D00391 THROUGH D00416 IN THE AMOUNT OF \$68,080.39 FOR PAYROLL.**
- E. APPROVAL OF CHECK NUMBERS 67795 THROUGH 67838 IN THE AMOUNT OF \$43,527.45 FOR ACCOUNTS PAYABLE.**
- F. APPROVAL OF CHECK NUMBERS 10933 THROUGH 10946 IN THE AMOUNT OF \$5,578.91 FOR HARBOR SQUARE ACCOUNTS PAYABLE.**
- G. APPROVAL OF UPDATED FAMILY AND MEDICAL LEAVE POLICY NUMBER 10.00.**
- H. APPROVAL OF RESOLUTION NUMBER 09-04, AUTHORIZING THE SALE OF TWO ABANDONED BOATS.**
- I. APPROVAL OF RESOLUTION NUMBER 09-05, AUTHORIZING THE SALE OF ABANDONED LOST AND FOUND PROPERTY.**

**COMMISSIONER BURKHART 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.

## **HARBOR SQUARE REDEVELOPMENT – LMN ARCHITECTS**

Mr. Keuss recalled that the Port worked in conjunction with adjoining property owners to conduct a public process and formulate a redevelopment plan for the Harbor Square Business Complex and other downtown waterfront properties. LMN Architects was hired to guide the group through the process and create proposed plans. As a result of this planning effort, a conceptual refined plan was developed for public and property owner comments. The process was concluded with a final report before the Edmonds City Council in early 2008, and no further action was taken by the Port.

Mr. Keuss reviewed that the Commission recently indicated interest in moving forward with a master plan for Harbor Square, and they conducted a few workshops to look at potential redevelopment opportunities for just the Harbor Square site. On March 30<sup>th</sup>, they directed staff to seek proposals and cost estimates from consultants to help them revise the current conceptual refined plan and complete a fiscal/economic analysis. He reminded the Commission that State guidelines allow ports to select qualified consultants from the Municipal Resource Service Center list of architects and engineers. Staff reviewed the list of consultants and their portfolios and decided to invite LMN Architects to submit a formal proposal and cost estimate. He explained that staff made this decision because LMN Architects was the architect of record throughout the original redevelopment planning process, and they have the most knowledge about the Port's programs and issues. In addition, his tenure is short with the Port, and he felt consistency of having LMN Architects on board through the next phase would be most advantageous and desirable. He also felt that LMN Architects would give the most favorable cost estimate because they have done a lot of the work up to this point. Bringing a new consultant on board would be arduous and not to the best advantage of the Port.

Mr. Keuss advised that LMN Architects was asked to coordinate the financial analysis and fiscal review as part of their work program to provide consistency throughout the project. He referred the Commission to the two proposals that were submitted by LMN Architects and Berk & Associates. He reviewed the scope of work for each of the proposals as follows:

#### **LMN Architects**

- Review the current Conceptual Refined Plan to look at phasing feasibility and other market factors.
- Work closely with Berk & Associates to develop a master plan showing locations and sizes of buildings, open spaces, pedestrian walkways, parking and street improvements in conjunction with the market analysis.
- Prepare a computer generated model at an appropriate scale to study massing and height options.
- Meet with Port staff and Commission to review their work up to this point in time. The Commission would be invited to provide input for the consultant to incorporate into a revised final master plan for Harbor Square.
- The cost of this work would not exceed \$30,000.

#### **Berk & Associates**

- Gather data and information from LMN Architects and the Port of Edmonds, as well as data on market conditions in Edmonds and surrounding areas to identify the existing conditions.
- Develop a flexible development pro forma model that allows for estimation of likely revenues to the Port resulting from new development at Harbor Square.
- Analyze the direct local tax benefits.
- Complete an assessment of the potential impact of the project on the demand for ongoing city services.
- Prepare a final memorandum and presentation of the fiscal analysis findings.
- The cost of this work would not exceed \$20,000.

Mr. Keuss recommended the Commission approve the two proposals as presented.

Commissioner Orvis recalled that the Commission previously discussed their desire for the consultant to provide baseline information about what Harbor Square is worth at this time. However, this does not appear to be included in the scope of work. Commissioner Faires agreed this is important information and the Commission should make this specific request when they meet the first time with Berk & Associates and LMN Architects. Mr. Keuss advised that if the Commission approves the two proposals, he was planning to meet with Berk & Associates, LMN Architects, and Mr. McChesney, the Port's new Executive Director, to go through the proposal to make sure all important points are covered. He suggested that some of the Commissioners could be invited to attend the initial meeting, as well, and the Commission agreed that would be appropriate.

Commissioner Burkhart expressed concern that there are elements missing from the Request for Proposals. For example, the Commission has previously discussed that they would like to end up with a product that has some formulas. This would enable the Port to change up the mixture of office, retail and residential uses and use the formula to come up with a quick cost analysis of various use allocations. She said she would like them to do the same thing related to height. She cautioned against recommending five or six-story buildings and creating uproar in the community if three or four-story buildings would work just as well. The Commission needs to have some sense of the implications of different building heights rather than just one recommendation. She said she would particularly like to know the minimum height at which redevelopment would become cost effective. Also, in addition to preparing financial projections to look at benefits to the City in terms of sales tax on construction materials, they should also look at revenues lost to the Port.

Commissioner Burkhart pointed out that Berk & Associates' scope of work includes a review of the market conditions of Edmonds and the surrounding area. She recommended that Berk & Associates make maximum use of the information that has already been gathered by LMN Architects. Mr. Keuss said his understanding is that Berk &

Associates would work closely with LMN Architects to review all of the materials they have on hand and then they would update the available data to reflect current conditions.

Commissioner Burkhart reminded Mr. Keuss that when laying out the calendar for the project, they should keep in mind that Commissioners are not always available during the months of July and August, which is the time the consultant is proposing to meet with the Commission. She suggested the timetable be adjusted to keep this in mind.

Commissioner Block observed that some of the tasks in the proposal from LMN Architects include work that has already been done such as site visits and gathering specific site information. She recalled that LMN Architects collected all of this information when they did the overall initial redevelopment plan. Commissioner Burkhart reminded the Commission that the initial redevelopment plan included redevelopment of the Harbor Square Athletic Club and Harbor Inn properties, which will not be a part of the new master plan. Again, Commissioner Block asked staff to make sure the consultants do not duplicate tasks that have already been completed. Commissioner Faires suggested that this concern could be voiced at the initial kick off meeting with the Commission, staff and consultants.

Commissioner Gouge said he was not anticipating a \$50,000 estimate for the master plan project since much of the work has already been done. He agreed with Commissioner Block that the current proposal appears to duplicate work that was done previously by LMN Architects. He also agreed with Commissioner Orvis that it will be important for the Port to know what the Harbor Square property is worth right now based on the current economic conditions and zoning regulations.

Commissioner Faires observed that based on the current zoning limitations, it would not likely be feasible to redevelop the property at this time. Commissioner Orvis said he understands that changes in zoning would make the property more valuable and redevelopment more feasible, but they must first have a clear understanding of what the property is worth now in its current location and condition.

Commissioner Orvis observed that the previous redevelopment effort failed because the group did not adequately articulate what development would be like under the existing conditions. He summarized his belief that the success of redevelopment at Harbor Square depends on the Port providing clear and accurate information about what the property is worth based on the existing conditions. Commissioner Gouge agreed that this baseline information is necessary. Before the Commission presents any proposed changes to the public, they must show how the plan would improve the existing situation and provide benefits to the community.

The Commission agreed that the scope of work should include an analysis of the present zoning conditions, with a 35-foot height limit and perhaps mixed-use development. This would enable them to establish a base line value for the property. They further agreed that the analysis should be simple because appraisals were recently done when the Port purchased the buildings.

Commissioner Gouge said that before he can support the two consultant proposals, he needs assurance that the Commission would take action and not just sit on the information that results from the effort. Commissioner Faires reminded the Commission that the Port is required to submit a master plan for the Harbor Square Property to the City for inclusion in their comprehensive plan, and this has not yet been done. Again, Commissioner Gouge said he doesn't want to spend public money if the Commission does not fully intend to move forward with the master plan. Mr. Keuss reminded the Commission that the Harbor Square Master Plan was not budgeted for in the 2009 Operating Budget, so the project would have an impact on the bottom line.

**COMMISSIONER BURKHART MOVED THE COMMISSION APPROVE THE SCOPE OF WORK AND PROPOSAL BY LMN ARCHITECTS AND BY BERK & ASSOCIATES TO UPDATE AND REFINE THE CONCEPTUAL REFINED PLAN FOR THE HARBOR SQUARE BUSINESS COMPLEX AND TO PROVIDE A REVIEW AND REPORT ON POTENTIAL REVENUES, ECONOMIC ANALYSIS OF THE REDEVELOPMENT AND POTENTIAL CITY OF EDMONDS TAX REVENUE IN AN AMOUNT NOT TO EXCEED \$50,000. COMMISSIONER ORVIS SECONDED THE MOTION.**

Commissioner Orvis said he supports the two consultant proposals because the Port is required by law to submit a master plan for inclusion in the City's Comprehensive Plan, which they have not yet done. The Commission should move forward with a plan that identifies what they think should take place at Harbor Square. However, he said he is convinced the City Council would deny any proposal to change the zoning. If that happens, he said he would be ready to let Harbor Square stay in its current form indefinitely. If they have to do the master plan, he felt it would be appropriate to make their best effort to identify the appropriate use of the property, but he would not support sloppy redevelopment of Harbor Square just because that is all the City will approve.

Commissioner Block suggested the process may result in a plan that provides flexibility rather than a single recommendation. She felt the public would not react as strongly to a master plan that identifies a range of options. It must be clear to the public that elements of the master plan would be considered individually as redevelopment proposals come forward.

Commissioner Faires said he believes the Commission has an obligation to their constituents and the community to use their best judgment and input to come up with what they see as the best solution for the property. Whether the plan is supported by the City Council or not, the Commission must identify what they believe to be the best use of the property for the benefit of the community. It is their job to make sure the master plan is done well, and then they must let the community take it from there. He observed that the community may be more interested in the Commission's ideas for redevelopment given the current economic situation.

**Jack Bevan** said he understands that the Port has an obligation to do a master plan for the Harbor Square property. However, the public is currently fearful of tall buildings. He reminded the Commission that this is an election year, and they do not know what the make up of the City Council will be in 2010. Coming up with fancy models that go beyond what the City currently allows may be a waste of time and money. He suggested the Port obtained their baseline numbers when they purchased the property, and perhaps a new appraisal would be a shortcut method for obtaining current value information.

**Edmonds City Council Member Wambolt** cautioned that the financial consultant would not be a professional appraiser. Commissioner Faires suggested that Berk & Associates may be able to predict the current financial scenario based on existing conditions. With this kind of information, they would likely be able to come up with baseline numbers. In addition, the Commission has the appraisal that was conducted a few years ago, which led them to believe it was reasonable for the Port to purchase the buildings. However, he cautioned that the Port would not likely have clear information about what the property is worth until they sign a contract with a developer.

The Commission expressed their disappointment that no cohesive plan has been created for redevelopment of the downtown waterfront properties. They discussed that the Washington State Department of Transportation is currently working on a public/private partnership with Bob Gregg for redevelopment of a significant portion of the property to the north of Dayton Street.

#### **THE MOTION CARRIED UNANIMOUSLY.**

Mr. Cattle left the meeting at 7:55 p.m.

#### **2008 COMMISSION/STAFF RETREAT FOLLOW-UP**

Mr. Keuss recalled that the Port Commission and Senior Staff Members held a program retreat in April of 2008 to discuss several topics. The discussion focused on the Port's Mission Statement and small groups were developed to discuss various topics. Staff provided a recap of the goals and objectives on October 20, 2008, with a spreadsheet showing the status of each. The purpose of tonight's discussion is to provide an update on the objectives that are still a work in progress and yet to be completed. He reviewed each one as follows:

## **Providing Outstanding Services and Facilities**

- ***Reach short-range and long-range solution to the Moorage Office situation.***

This goal has been accomplished and a new office space for the Port Operations Supervisor has been created. Staff is happy with the results.

- ***Complete upgrade to telecom system by December 2009.***

Staff has completed a few of the tasks under this objective, and they have made a commitment to come back to the Commission with a recommendation for possible changes to the system by December 2009.

- ***Use Bud's Baithouse for Guest Moorage Float at end of lease term.***

The Commission held a workshop discussion in 2008 to review this topic. They agreed to table their discussion, recognizing that the Bud's Baithouse lease does not expire until 2016. They agreed to review the alternative again when the lease expires.

- ***Increase available tenant slips.***

Staff advertised to tenants several times, asking them to notify the Port of available loan-a-slip spaces. The Deputy Director provided examples of advertisements that were used. This is an ongoing project.

## **Being a Responsible Financial Steward**

- ***Increase occupancy at Harbor Square with ads/cleaning/repairs and site visits by broker.***

Staff has made changes to their program and they now meet with the broker and property manager on a monthly basis. Staff has followed up on leads from the property manager and developed a flyer advertising the space. In addition, staff has expanded the Port's website to include Harbor Square businesses and show the vacant space that is available. Recently, staff identified a list of repairs and clean up that needed to be done in the vacant spaces. Most of the work has been completed, and they have prepared a bid proposal for replacement of the windows. This work would be completed shortly. At the next Commission meeting, staff would likely provide a status report on the condition of the windows in the occupied spaces, as well. Many of them are failing and need to be repaired and/or replaced.

- ***Be a leading agency in achieving "Green" features and programs.***

Port staff submitted grant applications to RCO on two occasions for the new restroom and laundry facility project for guest moorage. They did not receive funding, and the Commission decided not to go forward with the project at this time. Staff asked the Edmonds Yacht Club if they are planning to incorporate green elements in their building design, and Mr. Collins informed them that they were. The Port has been trying out a new product in the south and mid marina areas to collect debris from the water. This is an example of trying new and innovative technology. The system has collected a lot of sticks, but not a significant amount of garbage. Staff will likely ask the company to pick the system up soon.

- ***Have a plan for use of current Edmonds Yacht Club space and implement by September 2010.***

Staff has talked with a few individuals interested in leasing the Edmonds Yacht Club's current space if and when their new building is completed. However, they would not actively pursue these options until the club's project is moving forward. Staff received a revised agreement from Prime Pacific Bank today. The Port Attorney has not had a chance to review the language and if it was changed to address the Port's concerns. He wants to review the document in more detail before making a recommendation to the Commission.

- ***Expand the public launch program and increase the marketing program.***

Staff reviewed the marina operations staffing hours and this will be an ongoing effort. Staff also discussed the option of initiating a small vessel launch at Marina Beach Park with the Edmonds Parks, Recreation and Cultural Services Director. He indicated that this activity is already taking place at Marina Beach Park, but the City is not

interested in advertising or formalizing the program because they are concerned about inadequate parking to accommodate the additional use. They are in favor of continuing the informal program at this time.

### **Being a Responsible Environmental Steward**

- ***Upgrade recycle and pump out facilities and conduct training program for tenants and public.***

The Port hired an intern in 2008 to put together a program to upgrade the Port's recycling centers. Staff may come forward with a recommendation in the near future. Staff is currently working with Landau Associates to possibly upgrade the pump out station, which is nearly 10 years old. Tenants have expressed concern that the system is not working properly. There may be some grant opportunities to support this project.

- ***Inform staff and public of environmental issues and program.***

Educational programs have been offered to staff to discuss environmental issues and programs. In addition, the public has been informed of the Port's current environmental programs via newspaper articles, the Port newsletter, etc.

Commissioner Burkhart said she would like staff to give more priority to making decisions related to the recycling facilities. The intern completed the study last summer, which indicated that the easier it is for people to recycle, the more they will participate in the program. She anticipated that staff would have implemented a program to make recycling easier before the 2009 summer boating season. Commissioner Block agreed and said she was surprised that staff hasn't followed up on some of the suggestions made by the intern, particularly since some of them would result in a cost savings to the Port.

Mr. Keuss reported that currently an updated recycling program allows people to recycle everything into one container instead of having separate containers for each type of material. Commissioner Block pointed out that it is difficult to get recyclable items into the containers because of the chain that it is on top. Ms. Kempf explained that the Port wants to avoid situations where people put garbage into the recycling containers. She advised that part of the delay on improving the recycling and trash centers is that some kind of construction would have to be done to accommodate the new containers. Even though it may save money in the long run, they will need to expend money to redo the existing centers. In addition, the garbage company in Edmonds is no where near as far along as recycling companies in other cities. The Port must decide if they want to commingle the garbage and recycling center in the same location when the garbage company does not have the capability to service all of the uses.

Commissioner Faires suggested it would be reasonable to direct staff to provide an update to the Commission at their June 8<sup>th</sup> meeting on where they are in regards to implementing the recycling program. The remainder of the Commission concurred. Ms. Kempf said staff has expressed some hesitation about putting the trash and recycling containers together since people often end up putting trash in the recycling containers.

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

Mr. Keuss reminded the Commission that their last meeting in May has been rescheduled to May 26<sup>th</sup> at 2:00 p.m. to accommodate the Memorial Day Weekend. He noted that the agenda originally included a presentation by the Puget Sound Regional Council. However, because the agenda also includes a number of lengthy items, he suggested this presentation be postponed until the June 8<sup>th</sup> meeting. The Commission concurred. Mr. Keuss reported that at the May 26<sup>th</sup> meeting, he would provide a report on the Executive Director's 2009 goals and where they are on a variety of programs. It also appears the Edmonds Yacht Club Lease Agreement may be available for Commission review, and the Finance Director would present the 2008 Annual Financial Report.

Mr. Keuss reminded the Commission that Mr. Ford from Three Square Feet came before them at their last meeting to discuss the concept of developing a building on Port property. Mr. Ford indicated that he heard the Commission's concerns and he is investigating each one. He has not made a decision about whether or not to proceed with this proposal.

Mr. Keuss reported that staff received confirmation from the Edmonds Yacht Club that because the loan agreement has taken longer than anticipated to complete, they would be willing to postpone the start of their project until after the Waterfront Festival. This will allow additional parking space for the Port and Rotary Club to use during the event. He said he made it clear to the Edmonds Yacht Club that they did not want to delay the project if it would result in a cost, and the Club understands this concern. It was their decision to postpone construction.

Mr. Keuss reported that the North Parking Lot (north end) Landscape Project has been completed, and staff is doing some finishing touches. It is staff's plan to complete the second phase of the project in September or October.

Mr. Keuss advised that he reached an agreement with the Rotary Club regarding reimbursable expenses associated with the Waterfront Festival. He noted that the agreement for the festival required an agreement between the two parties on other expenses that were not outlined in the agreement.

Mr. Keuss announced that the Port signed an agreement with Representative Marko Liias for office space at Harbor Square. Mr. Keuss also announced that Robert McChesney, the Port's new executive director, would start work on Monday, May 18<sup>th</sup>.

Ms. Kempf reported that the Port recently advertised their vacant wet moorage and dry storage space on the Northwest Marine Trade Association's website, as well as on Craig's List. They are receiving about eight to ten calls per day regarding the vacant space in the smaller categories, and they are hoping to have the space filled soon.

#### **COMMISSIONER COMMENTS AND COMMITTEE REPORTS**

Commissioner Gouge reported that he attended the Puget Sound Regional Council Annual Meeting on May 7<sup>th</sup>, where Seattle Mayor Greg Nichols gave the welcome speech. They elected Everett Mayor Ray Stephanson as the new president to the Council. The Board passed the new biennium budget, and some great reports were made on the economy. It was noted that the economy in Seattle was the last to go into the recession and it appears to be one of the first to come out again. At the awards ceremony, the Port of Everett received an award for their Mount Baker Terminal, which saves the trains 45 minutes because they don't have to stop when 787 airplane parts are brought across the tracks.

Commissioner Gouge also reported that he attended the Edmonds City Council Meeting, where Mayor Haakenson signed a proclamation declaring May 15<sup>th</sup> Chris Keuss Day. He thanked Mr. Keuss for his service on behalf of the Commission, and he reminded them of the retirement party that is scheduled for May 15<sup>th</sup> from 5:00 to 9:00 p.m. Council Member Wambolt pointed out that some City Council Members may not be able to attend the retirement party because the Police Department's awards night is on the same night.

Commissioner Block announced that she would attend the Puget Sound Regional Council's Local Elected Official and City Administration Workshop on May 21<sup>st</sup>. The event would be targeted towards small and mid-sized governments and should be interesting for the Port because they are talking about possible funding sources.

Commissioner Orvis reported on his attendance at the South Snohomish County Cities Meeting where Tom Gathmann, Public Works Director for Mill Creek, provided a three-minute primer for surface water in western Washington. He said he learned that the Department of Ecology is working on stormwater permit requirements for cities that appear to be even more stringent than those for Ports. The permit has been delayed for two years as the Department of Ecology completes scientific work, but the new permit requirements would apply to all stormwater that goes into Puget Sound.

Commissioner Burkhart reported on her attendance at the Woodway Town Council Meeting of May 4<sup>th</sup> where Council Member Bob Schillberg announced his resignation effective immediately. The Town Council immediately

sent out postcards to their citizens informing them of the resignation and asking people to submit their resumes if they want to be considered for appointment. They will interview candidates and appoint a replacement on May 18<sup>th</sup>.

Commissioner Faires reported that he attended the Edmonds Transportation Committee meeting on May 7<sup>th</sup>, at which the Edmonds Transportation staff presented the draft Comprehensive Transportation Plan, which is being prepared for inclusion in the Comprehensive Plan. The Transportation Committee is working diligently on the plan. He informed the Committee that the Port would be starting their master plan process for Harbor Square, which could ultimately have an impact on transportation at the waterfront. The group agreed that when the Port submits their master plan, the City would review and potentially update the Comprehensive Master Plan as necessary.

Commissioner Faires announced that he would attend the Chamber of Commerce Economic Development Committee on the morning of May 13<sup>th</sup>.

Commissioner Gouge reminded the Commission that he and Commissioner Orvis would attend the Washington Public Ports Association (WPPA) Meeting on May 13 - 14 in Pasco, Washington. Mr. McChesney announced that he would attend the WPPA Meeting on behalf of the Port of Port Angeles. He noted he is currently the chair of the Trade and Economic Development Committee.

#### **ADJOURNMENT**

The meeting was adjourned at 8:30 p.m.

Respectfully submitted,

Marianne Burkhart  
Port Commission Secretary