

PORT COMMISSION OF THE PORT OF EDMONDS
MINUTES OF REGULAR MEETING

June 29, 2009

Commissioners Present

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

Staff Present

Bob McChesney, Executive Director
Marla Kempf, Deputy Director
Tina Drennan, Finance Manager

Others Present

Bradford Cattle, Port Attorney
Karin Noyes, Recorder

CALL TO ORDER

Commission President Faires called the 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 BURKHART MOVED THAT THE CONSENT AGENDA BE APPROVED TO INCLUDE THE FOLLOWING ITEMS:

- A. APPROVAL OF AGENDA AS AMENDED.**
- B. APPROVAL OF JUNE 8, 2009 COMMISSION MEETING MINUTES.**
- C. APPROVAL OF MAY ELECTRONIC TRANSFERS IN AN AMOUNT OF \$271,379.11.**
- D. APPROVAL OF CHECK NUMBERS 5417 THROUGH 5418 IN THE AMOUNT OF \$258.47 FOR TENANT REFUNDS.**
- E. APPROVAL OF CHECK NUMBERS 68012 THROUGH 68040 IN THE AMOUNT OF \$44,737.73 FOR PAYROLL.**
- F. APPROVAL OF CHECK NUMBER 68011 IN THE AMOUNT OF \$24.75 FOR ACCOUNTS PAYABLE.**
- G. APPROVAL OF CHECK NUMBERS 10972 THROUGH 10981 IN THE AMOUNT OF \$35,474.61 FOR HARBOR SQUARE ACCOUNTS PAYABLE.**
- H. APPROVAL OF VOIDED CHECKS FOR ACCOUNTS PAYABLE NUMBER 67965 IN THE AMOUNT OF \$688.91 AND 67966 IN THE AMOUNT OF \$26.33.**
- I. APPROVAL OF RESOLUTION NUMBER 09-10 RECONFIRMING THE SCHEDULE AND LOCATION OF PORT OF EDMONDS COMMISSION MEETINGS.**

COMMISSIONER ORVIS 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.

SPECIAL PRESENTATION BY BOB DeWALD – EMPLOYER SUPPORT OF THE GUARD AND RESERVE

Mr. McChesney introduced Bob DeWald, a Port industry colleague who is now retired from the Port of Tacoma where he served as Senior Director of Real Estate and Industrial Development and Deputy Executive Director. In his retirement, he has worked as a volunteer Employer Outreach Director with the Employer Support of the Guard and Reserve (ESGR). He advised that Mr. DeWald would make a presentation on the ESGR Program and solicit a resolution of support for an important program that recognizes the valuable service of our men and women of the National Guard and Military Reserves. Mr. McChesney emphasized that endorsing the program would require no obligation or financial commitment beyond a simple statement of support to be accommodative to the future employment needs of these patriotic service persons. When their country has called, they have willingly served, and the Port should recognize their service and pledge to help them upon their return to civilian life.

Bob DeWald explained that the ESGR is a totally volunteer organization that is part of the Department of Defense. The organization represents all 50 states and U.S. possessions. At this point in time, they are extremely busy. Never in the history of the country have so many Reserve and Guard been called up multiple times, and this has represented a major disruption for both those who serve and their employers. The organization's goal is to support, educate and inform employers of their obligations to those who serve and to work with those who serve both when they are deployed and when they return. It is important to smooth their transition back into civilian life and to let them know they are appreciated.

Mr. DeWald referred to the Federal Uniformed Services Employment and Reemployment Rights Act (USERRA), which sets forth laws regarding employers and their obligation to those who serve in the armed forces. As long as those who serve receive an honorable discharge, they are entitled to get their jobs back. However, due to the poor economy, many of the jobs have been eliminated while they were away. ESGR is working with other organizations to create awareness of available jobs, training opportunities, etc. While he recognized the Port does not have any Guard or Reserve employees, it is still important for them to be aware of the laws in the event they do employ one of these individuals.

Mr. DeWald advised that he provided a packet of information to Mr. McChesney, which includes a DVD that spells out the USERRA Law and what an employers' obligations are. Other great resources are also provided in the packet. He thanked the Commission for allowing him to provide a brief explanation of the ESGR organization. He referred the Commission to a document titled, "Statement of Support for the Guard and Reserve." He asked that the Commission formally accept the statement and display it in a prominent place on Port property. He read the statement into the record.

Commissioner Gouge asked what percentage of the Washington Reserve and National Guard Members have been unable to find a job when they return home. Mr. DeWald said he does not have this statistical information, but many of them are choosing to reenlist because their jobs have been eliminated. Commissioner Gouge asked how the port industry could advertise available job opportunities to these individuals. He suggested that perhaps this could be a function of the Washington Public Ports Association (WPPA). Mr. DeWald agreed to contact the WPPA and ask them to contact various military bases in the State to let them know of jobs that are available in the port industry.

Commissioner Burkhart applauded Mr. DeWald for his volunteer service. The ESGR is a wonderful program. She summarized that beyond what the law requires, it is important for employers to do the right thing and support individuals who serve our country.

COMMISSIONER GOUGE MOVED THE COMMISSION ADOPT THE “STATEMENT OF SUPPORT FOR THE GUARD AND RESERVE” AS PRESENTED. COMMISSIONER ORVIS SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

COMMISSIONER BURKHART MOVED THAT PORT STAFF MAKE EVERY REASONABLE EFFORT TO INFORM MEMBERS OF THE RESERVE AND GUARD WHO ARE RETURNING FROM ACTIVE DUTY OF JOB OPPORTUNITIES THAT ARE AVAILABLE AT THE PORT OF EDMONDS. COMMISSIONER BLOCK SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

Commissioner Block asked Mr. DeWald to provide Port staff with suggestions for where to send job notices. Commissioner Faires clarified that the previous motion would not give members of the Reserve and/or Guard preference in hiring. However, it would require the Port to make every reasonable effort to notify those who serve of job openings.

SPECIAL PRESENTATION BY STEPHEN CLIFTON – CITY OF EDMONDS COMMUNITY SERVICES AND ECONOMIC DEVELOPMENT QUARTERLY REPORT

Mr. McChesney introduced Stephen Clifton, Edmonds Community Services and Economic Development Director, who was present to provide an update to the Commission related to community services and economic development.

Stephen Clifton, Edmonds Community Services and Economic Development Director, referred to the documents he presented to the City Council at their February 28, 2009 retreat. The packet included the following:

- Past Economic Development Activities (activities that have taken place since 1984/1985)
- Economic Development 2008 (excerpts taken from 2008 quarterly reports to identify projects staff worked on in 2008)
- Economic Development Strategies: Programs, Projects and Opportunities (presented to the City Council in February 2009)
- February 18, 2009 Staff Update (presented to the City Council on February 28th)

Mr. Clifton advised that he recently provided an update to the Edmonds Planning Board regarding Washington State Ferries (WSF) long-range plan and how it relates to the Sound Transit (ST) Edmonds Station Project. He explained that when the updated long-range plan was published in January, he noted it identified an amount of just \$26 million for Edmonds ferry terminal improvements and maintenance, and no money was earmarked for the Edmonds Crossing Project. Subsequent telephone calls to the Washington State Department of Transportation (WSDOT) and ST confirmed that the number was correct, which meant the Edmonds Crossing Project would no longer be funded in the near term.

Mr. Clifton reminded the Commission that the environmental review process for the Edmonds Crossing Project was completed, and a decision was issued in 2005. They have been working on the final design and permit phase with the hope the project could be completed in 2012 if funding were available. Because the new budget only identified \$26 million through 2030, the updated plan would have a significant impact on the Edmonds Station Project. He recalled that the Edmonds Station is located between Dayton and Main Streets and the intent was to build an interim facility that could be used until the Edmonds Crossing Project was completed, then the physical amenities would be relocated to the new site. The interim station would have provided fewer amenities than those called out on the plan that was approved by the Architectural Design Board and City Council in 2002.

Mr. Clifton explained that because there is no funding for the Edmonds Crossing Project at this time, staff recommended it would be prudent for the City Council to consider asking Sound Transit to build a permanent station as per the previously approved 2002 design plans. The City Council concurred with staff's recommendation, and Sound Transit was contacted. Recently, their Finance Committee approved a modification to KPFF's contract to allow them to modify the design plans that were submitted and approved in 2008 to be consistent with those that were previously approved in 2002. He noted one of the main differences between the 2008 and 2002 plans is that the 2002 plan includes a Community Transit Bus Station on the east side of the tracks at James and Main Streets. The station would be more permanent and provide more amenities.

Commissioner Faires inquired if changing back to the 2002 design plan would require Sound Transit to go back to all of the stakeholders for additional approval. Mr. Clifton answered that changing the plan will not necessarily require reapproval of the stakeholders, but it will be important for Sound Transit to keep all of the project partners in the loop. He noted the 2002 design plan would likely result in fewer environmental impacts than the latter alternative.

Commissioner Block asked if the minimal building design would include all of the functions but just reduce the scope and/or magnitude of the project or would some of the functions that were originally anticipated be eliminated? Mr. Clifton answered that these decisions have not yet been made.

Mr. Clifton announced that WSF recently announced to the City Council their plans to explore a reservation system, using the Edmonds/Kingston route as a pilot program. A Committee would be formed consisting of members from both sides of Puget Sound, as well as representatives from the Port of Edmonds (Commissioner Burkhart) and City of Edmonds. If it is determined that a reservation system is implementable, a lot less vehicle storage would be required. This would likely eliminate the queuing that currently takes place along SR 104. Instead, riders would purchase their tickets ahead of time and then arrive within 15 minutes of the ferry's departure. WSF anticipates they would need to hold a certain portion of the ferry for emergency situations, etc. Commissioner Block inquired if this would eliminate the queuing on Pine Street, and Mr. Clifton answered that it could.

Mr. Clifton referred the Commission to the document titled, "Economic Development Strategies: Programs, Projects and Opportunities," which was put together for the City Council to illustrate some of the opportunities and activities related to economic development. He explained that he serves as both the Community Services Director and the Economic Development Director. In addition, he helps to fill the vacant Development Services Director position. Therefore, he only works on economic development as he has time. He noted that a lot of projects were completed in 2008 and a lot of progress was made. He specifically highlighted the following:

Promoting and sustaining a vibrant cultural community.

- Edmonds residents and business owners take pride in what the community stands for, and they enjoy the neighborhood centers, waterfront, environment, etc. In addition, they celebrate the arts, and the City's goal is to continue to promote and sustain this culture.
- In 2009 the City printed and distributed the "Community Calendar of Events" to remind the residents and visitors about what is going on in Edmonds. The calendar would be updated twice a year.
- In March of 2009, Francis Chapin met with the Snohomish County Tourism Bureau to discuss an arts and culture brochure that would be paid for with grant funding. She provided images and language that would be used in the brochure.
- Cindy Cruz, Francis Chapin, and he have worked hard to place ads in numerous publications. In addition, they worked with the Community Trade and Economic Development (CTED) Office to update the "Experience Washington" website. They are also experimenting with advertising all of the Edmonds festival dates on QFC bags using the theme, "There's No Place Like Home." He noted that Washington State is first in the nation for in-state tourism, and people are staying closer to home due to the economy. He further noted that Lodging Tax revenue increased in 2009 compared to 2008, even though the economy is down. While it is difficult to measure why people visit, they hope their advertising and promotion efforts are paying off.

- Staff is in the process of updating the City's website, and he is focusing on creating a link that will be more user friendly for people who want to visit Edmonds.
- At one time, he proposed a marketing strategy in conjunction with the Chamber of Commerce. Unfortunately, the City's advertising budget was cut significantly and they no longer have the ability to advertise in a more discretionary way outside of what the lodging tax revenue supports.
- Edmonds was featured in two regional magazines at no charge to the City.
- Staff and the Chamber of Commerce Marketing Committee have discussed ideas for identifying a brand for the City.

Business Retention, Expansion and Recruitment.

- He serves as the liaison to the business community, and he also serves on the Chamber's Economic Development Committee.
- He attends the Downtown Edmonds Merchant's Association (DEMA) Meeting each month. They have been working on business education. It has been determined that the number one reason businesses fail is that they do not understand their net income each and every day. DEMA has discussed the importance of educating the business owners about accounting, marketing and personnel issues. While the City cannot promote a specific business, they can promote a program, a geographic area and/or the City as a whole.
- There has been mention of a downtown business improvement area, and he is serving on a Chamber committee that is working on the issue. The intent would be to promote the downtown businesses and work on marketing.

Development and Redevelopment.

- He reminded the Commission of recent amendments to the City's Comprehensive Plan to promote and encourage redevelopment on Highway 99 and in the Firdale Village and Five Corners Neighborhood Centers. He noted that the zoning has not been changed to implement the new Comprehensive Plan language for the two neighborhood centers.
- The City Council recently adopted the 4th Avenue Cultural Corridor Plan, and the plan's goal is to create a cultural corridor that connects the Edmonds Center for the Performing Arts to the downtown businesses.

Waterfront Acquisition, Maintenance and Preservation.

- The Port plays a large role in waterfront culture, and it is important to keep in mind that all visitors to the waterfront bring the potential for additional tax revenue. It is very important to take care of the shoreline and keep it open to the public as much as possible.

Amenities.

- The City recently installed 14 new benches in the downtown area.
- They are currently working on placing wayfinding signs throughout the downtown to direct people to the public parking areas.
- The existing flower poles would be replaced with more functional poles.

Transportation and Transit Opportunities.

- Community Transit would provide three additional stations on Highway 99 to implement their SWIFT (rapid transit) program.
- The Legislature approved \$200,000 to fund a Washington State Ferries study for the property south of Skippers and north of James Street. Bob Gregg has secured the Skippers property and is in communications with WSF as is the City. However, they haven't identified a process for examining opportunities for a public/private partnership for the area.

Economic Development.

- The City Council recently adopted Ordinance 2757, which calls for the creation of a Citizens Economic Development Commission. Applications for participation on the commission are being accepted through June 23rd, and each of the City Council Members would select two individuals to serve. The Mayor would select three.

Commissioner Gouge recalled that there used to be a trolley that served the downtown Edmonds area, and this concept is popular in many communities that are similar to Edmonds. He questioned if it would be possible to obtain funding to operate a trolley during the spring and summer months to move people from the Frances Anderson Center to various locations in the downtown and waterfront. He suggested that perhaps the City and the Port could partner in this effort. Mr. Clifton noted there has been some discussion in the past regarding a trolley, Community Transit offered to explore the concept further as part of the Edmonds Crossing Project. However, in the absence of the Edmonds Crossing Project in the near term, perhaps it would be appropriate for the City and Port to take on the task.

Commissioner Orvis recalled that last spring, the Cascade Land Conservancy Group pressed for legislation that would have mandated urban village type development in areas surrounding transit facilities. While this legislation was not successful, the concept is still a significant part of their future agenda. He suggested this is still an option for the downtown waterfront property unless the City finds something more useful to do with the property in the meantime. Mr. Clifton said House Bill 1490 would have required a certain density within a quarter mile radius of any high-capacity transit facility, and the Edmonds Station would have met that criteria. City staff worked hard to make sure the legislation was not approved, and they will continue to monitor the situation. Commissioner Orvis summarized that it would be to the City's advantage to find something useful for the property before future legislation is proposed that mandates certain densities and uses.

Commissioner Burkhart referred to the 2002 Plan for the Edmonds Station Project and said she really likes the area that was set aside for bus access. She recalled that one thing that prevents people from crossing the ferry on foot and then taking public transportation is that there are not enough good connections. She suggested Community Transit be invited to participate in the final design phase to consider possible new bus routes and schedule so the buses can be more fully utilized. Mr. Clifton said Sound Transit has met with Community Transit to discuss how buses would be routed post construction of the 2002 Edmonds Station Plan. He noted that Community Transit was particularly in favor of the 2002 plan because it would require fewer railroad crossings and eliminates the conflict between the buses and trains.

Commissioner Gouge asked when the City would fix the sidewalks at Harbor Square. He noted that the current situation represents a significant safety hazard for the public. Mr. Clifton said he recently attended the Sound Transit Financial Committee Meeting where he reviewed their schedule. They anticipate commencing construction of the Edmonds Station in the first quarter of 2010. They plan to make some improvements to the platform, but the main platform on either side of the rail lines would not be constructed until the second line has been added. Although Burlington Northern Santa Fe (BNSF) will begin some grading and installation work south of Dayton in early 2010, they have delayed the addition of the second track until 2011 or 2012.

Jack Bevan asked if the design of the Edmonds Station includes two overpasses. Mr. Clifton said no overpasses would be provided as part of the Edmonds Station Project. He noted that Proposition 1, which was recently approved by voters, identifies between \$23 and \$26 million for future Edmonds Station Improvements, and he is hoping they can tap into some of this money to provide a parking structure at some point in the future since the existing parking lot is already filling up. He suggested that the concept of an overpass could be considered as part of a parking garage project in the future.

DRY STORAGE HYDRAULIC LAUNCHER ON-CALL REPAIR AND MAINTENANCE CONTRACT

Ms. Drennan recalled that on May 18, 2008, the Commission authorized the Executive Director to enter into a contract with Everett Hydraulics for on-call repair and maintenance of the dry stack storage hydraulic launchers. One of the requirements of the contract was that the contractor provide the Port with performance and payment bonds to guarantee satisfactory performance of the contract and to protect the Port in case the contractor does not pay its employees and vendors. Everett Hydraulics failed to provide these bonds, and the Executive Director terminated the contract and requested new bids in February 2009. The Port received one bid from Northwest Legend Construction, and the Commission authorized the Executive Director to enter into a contract on March 9, 2009. However, on June

1, 2009, Northwest Legend Construction notified the Port that they were unable to provide the required bonds, and the contract was subsequently terminated.

Ms. Drennan advised that Port staff has been working with the Port Attorney to resolve the situation. They contacted Brown's Mobile Repair, Inc., a vendor who already works on the travelift. They found that he has the skills to work on the launchers, but neither his company nor the Port's travelift company has a contractor's license. Staff convinced him to obtain a contractor's license. They believe his bid rates are reasonable and that he should be able to provide the required performance and payment bonds to complete the contract. She recommended the Commission authorize the Executive Director to enter into a contract with Brown's Mobile Repair as proposed in the staff report.

Commissioner Orvis asked about the anticipated life expectancy of the existing launchers. Ms. Drennan answered that staff does not believe the launchers are at the end of their life expectancy, but the Port has not been doing regular maintenance on them for the past two years. Ms. Kempf added that a lot of maintenance work needs to be done that has been piling up over the years. Staff believes once this work has been done, the launchers will operate fine for a while. She noted they are both about 10 years old.

Commissioner Gouge observed that when the Commission considers the dry stack cost center as part of the 2010 Operating Budget review, they should incorporate the cost of repairing the launchers. Ms. Drennan agreed that would be appropriate.

COMMISSIONER BURKHART MOVED THE COMMISSION AUTHORIZE THE EXECUTIVE DIRECTOR TO ENTER INTO A SERVICE CONTRACT WITH BROWN'S MOBILE REPAIR, INC. FOR ON-CALL REPAIR AND MAINTENANCE OF THE DRY STORAGE HYDRAULIC LAUNCHERS IN AN AMOUNT NOT TO EXCEED FIFTY THOUSAND DOLLARS (\$50,000) PER YEAR. COMMISSIONER ORVIS SECONDED THE MOTION.

Commissioner Burkhardt commended staff for taking a creative approach towards solving the problem.

THE MOTION CARRIED UNANIMOUSLY.

EDMONDS YACHT CLUB – BUILDING DESIGN CHANGE

Mr. McChesney reviewed that for several years the Port has been working with the Edmonds Yacht Club (EYC) to construct a new building on Port Property. The approved design is two stories and within the City of Edmonds height limitation for the area. City zoning for the property is Commercial Waterfront (CW) Shoreline Mater Plan land use designation is Urban Mixed-Use. Both allow a maximum building height of 30 feet. Mr. McChesney pointed out that an important design feature of the new building is a false lighthouse that is intended to reflect the proximity and history of Edmonds as a maritime port and a city by the sea. Recently, the EYC and their contractor have tentatively proposed a design change that would raise the lighthouse feature an additional 8 feet above what has been approved and permitted under current zoning. He explained that the proposed change is intended to enhance the lighthouse design feature as an attractive icon to identify the Edmonds waterfront. The design change would appear to be minimal and technically immaterial to the intent of the project.

Mr. McChesney advised that the design was approved by the Commission and the City, including the Architectural Design Board and Hearing Examiner, and a permit was issued on March 9, 2009. A ground lease was signed December 8, 2006 and amended May 26, 2009 to conform with financing. Construction began on approximately June 10, 2009. He emphasized there would be no physical impact to the Port, and the design change would meet the mission of the Port by providing facilities and development opportunities that promote economic development and financial stewardship.

Mr. McChesney introduced Dick Potter, representing Halvorson Construction and the EYC, who would update the Commission on construction progress and make a brief presentation of the proposed design change. Subject to that

discussion, staff recommends the Commission acknowledge the design change proposal and consider approval as presented under the terms and conditions of the lease, particularly:

- Paragraph 10.1.1 – “The Port shall have the right to review and approve the final exterior building design.”
- Paragraph 10.1.4 – “Lessee shall be responsible for adherence to all local ordinances, codes and regulations.”

Mr. McChesney further explained that if the design change were to be approved by the Commission, it would be subject to further review and approval by the City of Edmonds as may be required.

Dick Potter introduced Wally Croasdill, the EYC’s new Commodore, and Ernie Collins, the EYC’s Project Manager, who was present to provide a status report on the project.

Ernie Collins reported that the asphalt has been ground up on the subject site, but no more physical progress has been made. He noted that progress was delayed a few days as a result of a technical problem. They found that the fire line that surrounds the property has a shut off at Arnie’s Restaurant. If they shut it down to cut it off, they could have put Arnie’s out of commission for a time. They worked with the City of Edmonds and contributed a \$5,000 shut off valve that was installed today without incident. They are now ready to get rolling with underground utility work. While they were two weeks behind schedule when they started, they are now only about one week behind. They still plan to occupy the building by January 2010 or sooner. Mr. Collins thanked Port staff for their cooperation, particularly Bob Yeager, who helped them resolve the issue surrounding the utilities. He said the City staff has been very supportive, as well.

Mr. Potter explained that the prospect of raising the lighthouse first came up during the Architectural Design Board (ADB) review. A comment was made that it is too bad the feature could not be more prominent and taller than the rest of the building. He advised that, at that time, the EYC’s priority was to keep the permit process moving forward, and they knew that any conversation about height would have interrupted the process. However, as they considered the option further, they approached the architects to find out what the lighthouse feature would look like with additional height. They were amazed at the difference the additional height would make, but then they met with people who are involved in politics in Edmonds and were told that height is a major issue. He recalled Mr. Clifton’s comments about the artistic part of Edmonds and the need to draw people to Edmonds and suggested the proposed change would be consistent with this goal.

Mr. Potter explained that he was not present to represent Halvorson Construction. While he works for them and is the senior project manager for the project, Halvorson has no part in the current proposal. As project manager, he said he has an opportunity to influence how the construction proceeds, and he has the ability to slow down portions of the project to give the EYC time to work on getting City support for the proposed change.

Mr. Potter said the EYC was recently informed of a provision in the City’s building code for the BD zones that allows for architectural features such as towers, turrets, etc. to extend up to five feet above the building height and cover up to 5% of the roof area. The EYC believes this would be a reasonable provision to apply to the waterfront zone, as well, and that is the approach they plan to take. He explained that the modified lighthouse would extend 7.5 feet above the maximum height allowed in the zone (30 feet) and would cover approximately 7.5% of the proposed roof area. He noted that the lightning rod that was originally proposed for the building was eliminated because it would have extended beyond the 30-foot height limit, as well. He encouraged the Commission to accept the proposed change and to help them in their effort to obtain approval from the City of Edmonds.

COMMISSIONER BURKHART MOVED THE COMMISSION ACKNOWLEDGE THE PROPOSED DESIGN CHANGE TO THE NEW EDMONDS YACHT CLUB BUILDING AS BENEFICIAL TO THE EDMONDS WATERFRONT, WHICH SAID DESIGN CHANGE WILL NOT ALTER THE FUNCTIONALITY OF THE BUILDINGS, NOR ENCUMBER PUBLIC ACCESS, AND IS CONSISTENT WITH THE INTENT OF THE UNDERLYING GROUND LEASE. SHE FURTHER MOVED THE COMMISSION APPROVE THE DESIGN CHANGE SUBJECT TO FURTHER REVIEW AND

**APPROVAL BY THE CITY OF EDMONDS AS MAY BE REQUIRED. COMMISSIONER ORVIS
SECONDED THE MOTION.**

Commissioner Burkhart observed that the Commission's priority is to have the best and most attractive waterfront possible for the benefit of the citizens of the Port District. She expressed her belief that the taller lighthouse feature would be significantly more attractive. While she recognized that some Edmonds citizens are opposed to even a few inches of additional height in the downtown and waterfront areas, she recommended the Commission support the EYC's attempt to obtain an exception to the height limit because it would result in a significant benefit to the community.

Commissioner Gouge requested further information about the process for changing the Edmonds Community Development Code. Mr. Potter said he is not clear as to what the process would be. He reported that he was scheduled to make a presentation before the City Council last week, but the item was pulled from the agenda at the last meeting for political reasons. He cautioned that the EYC only has a limited amount of time to obtain approval of the design change. He said he has talked with several City Council Members personally and on the telephone, and none of them have indicated they thought the proposal was a terrible idea. He summarized that the EYC has only a small window of opportunity that is measured in weeks, not years, so it is important to quickly gain an understanding of what they must do in order to instigate the change.

Mr. Potter said he hopes to develop a groundswell of support from people in the community who are in favor of the proposed change. He noted that the Commercial Waterfront zone runs from the ferry dock to the Woodway city limits and from the railroad tracks west to the water. He said City staff has expressed concern that if the City were to grant the EYC an exception, other property owners in the Commercial Waterfront zone would want the additional height, as well. However, he said it is important to note that the majority of the property is publicly owned by either the Port or the City. There are only six privately controlled lots, and one is developed as a 6-story building. Some of the other buildings that currently exist in the zone also appear to exceed the 30-foot height limit. Therefore, the possibility that other property owners would take radical advantage of the code change is minimal from a practical standpoint.

Mr. Collins reviewed some of the history behind the EYC's proposal to change the design. He recalled that the EYC was originally told by the City staff that they would not be allowed to exceed the 30-foot height limit unless they obtained a variance. However, when they asked for a variance to the height restriction during their preliminary design phase, they were told the City has never approved a variance to allow additional height. Therefore, the plans were prepared as per City code. When they were submitted to the Architectural Design Board for review, he joked about being disappointed that they were not allowed a greater height for the lighthouse feature since it would make it more attractive. Two of the ADB members informed them that property owners at the corner of Fifth and Main are working with the City to change the code to increase the height limit for a very specific area. It was suggested the EYC combine their efforts with these other property owners; but unfortunately, the Fifth and Main proposal was withdrawn. He said the issue came up again when the project was presented to the Hearing Examiner. The Hearing Examiner's report suggested that it would be worthwhile to pursue opportunities to allow additional height for the lighthouse feature.

Mr. Collins summarized that the EYC has been told that the correct approach would be to present the proposal to the City Council as an artistic improvement that provides additional modulation to the building design. He noted that both the ADB and the Hearing Examiner liked the appearance of the proposed building, including the taller lighthouse feature. They have worked with the art community who also feels that raising the height of the lighthouse would make a dramatic improvement to the building. He said the EYC's intent is to work with the City Council and solicit support from the public to obtain permission to change the design.

Commissioner Block agreed that the design of the building is much more attractive with the taller lighthouse feature. Even if the City Council were to agree, they would have to identify the appropriate process for modifying City code to allow the change to occur. She emphasized that the zoning code is very specific about what is and is not allowed, and

the variance criteria is also specific and would not apply in this case. However, the City Council does have the ability to change the code.

Commissioner Orvis said he would vote in favor of the motion because it is the right thing to do. He pointed out that while community discussions have labeled Edmonds as a “quaint downtown” and an “attractive community that is sympathetic to the arts,” the buildings in the downtown look like short, squatty structures that are drab and dull. He said it is clear that the additional 8 feet would make the project more aesthetically pleasing. He noted that in this case, there would be no financial gain to the developers or property owners. The benefit would be for the community. He said he is not concerned that allowing a greater height for the lighthouse feature would set precedence for other property owners in the zone to ask for additional height, as well. He suggested the community must be diligent enough to make decisions that are in the best interest of the community, and the current code already allows additional height for architectural features in the adjacent BD zones.

Commissioner Faires suggested that the Commission’s role in the process remain fairly narrow. While the Port and the EYC have a contractual relationship, the EYC’s proposal to change the code to allow additional height is an entirely different process and the Port has no obligation to participate. Commissioner Orvis agreed that the Port’s role should be to approve the change in the design, but it is the EYC’s responsibility to approach the City and figure out the best approach. Commissioner Block noted that any change in the code would involve a public process.

Roger Hertrich said he welcomes the EYC’s attempt to change the height restrictions in the Commercial Waterfront zone because elections are coming up soon. He said he welcomes the chance to discuss building heights at the City Council level so that City Council candidates are forced to identify where they stand on the issue prior to the election.

THE MOTION CARRIED UNANIMOUSLY.

The Commission further discussed their role in the EYC’s attempt to approach the City Council with a request to change the zoning code to allow a greater height for the lighthouse feature. Commissioner Faires reminded the Commission that they have been working diligently to update their Master Plan, particularly as it pertains to the Harbor Square Property. He suggested they incorporate their discussions related to the height limit of the Commercial Waterfront Zone into their future Master Plan discussions. Commissioner Orvis cautioned that if the Port were to pursue an overall change to the building height in the Commercial Waterfront zone, it could complicate the EYC’s attempt to gain approval for just the lighthouse to extend beyond the height limit. Commissioner Faires agreed that the proposed change is narrow in application and has aesthetic appeal. He suggested the EYC should attempt to gain support for this one change without adding other issues to the discussion.

Mr. Cattle agreed that a broader approach might raise more concern amongst the City Council Members. While the idea of a more broad change is well taken, it would take a longer discussion with the City Council to get any widespread changes adopted. The EYC’s issue is narrow and would likely receive more support than a more broad change. However, he cautioned that in order to approve the proposed change, the City Council would have to adopt an ordinance to change the existing code, and this typically takes a substantial amount of time. He suggested the EYC get their best case together and present it to the City Council as soon as possible. The concept of a broader, district-wide approach is a discussion the Commission should have in due course. The Commission agreed that the broader discussion should take place as part of their Master Plan work.

Mr. Collins thanked the Commission for offering their support of the proposed change. Commissioner Gouge asked that the EYC keep the Commission informed of their progress.

PUGET SOUND REGIONAL COUNCIL (PSRC) 2040 PLAN DRAFT ENVIRONMENTAL IMPACT STATEMENT (EIS)

Mr. McChesney recalled that at their last meeting, Sean Ardussi from the PSRC gave a power point presentation that summarized several important elements of the PSRC’s Transportation 2040 Plan and the Draft Environmental Impact

Statement (DEIS) that was released in May and is currently out for public comment. He noted that comments on the DEIS must be received in writing by July 13, 2009, and the final Environmental Impact Statement (EIS) is scheduled to be available in the Fall of 2009 for additional comments through early 2010.

Mr. McChesney further recalled that after Mr. Ardussi's presentation, the Commission raised several discussion points they wanted to revisit for the purpose of formulating a formal response. For example:

- Commissioner Gouge pointed out that the commuter rail and Sound Transit programs have the most impact on the Port of Edmonds. He observed that Alternative 1 calls out 11 ferry routes, yet Washington State Ferries (WSF) recently announced that funding for additional ferries has been pushed out at least 12 years.
- Commissioner Gouge reflected that a second railroad track would be added through Port property in the near future and suggested it would be difficult to move people from the ferry to the Sound Transit station without disrupting the freight rail line, particularly since there is no funding available in the near future. He questioned the best way to encourage the PSRC to address the need to get people from the ferry system to their final destination. Mr. Ardussi suggested the Port Commission send a written comment letter to the PSRC.
- Commissioner Orvis observed that the Draft Transportation 2040 Plan also addresses airports and correlated that to the Washington State Long-Term Air Transportation Study (LATS), which indicated all of the regional airports would be at capacity by 2030. He suggested it would be important to start now if the goal is to expand regional air capacity by 2040.

Mr. McChesney reminded the Commission of their decision to formulate a response letter to address all of the Commissioners' issues of concern. The purpose of tonight's discussion is to receive additional input and finalize the response so it can be submitted before the July 13th deadline.

Commissioner Gouge said he had a recent discussion with Stephen Clifton, Edmonds Community Services Director, who indicated the City was also preparing a response to the DEIS. He suggested the Port contact the City staff member who is responsible for preparing their response so the two responses can be consistent and identify what is best for Edmonds.

Commissioner Gouge said that in his discussion with Mr. Clifton, he recalled that the Edmonds Crossing Project would have provided access over the railroad tracks. Because this project no longer has funding in the near term, the PSRC should consider other opportunities to provide emergency access over the tracks and allocate money to address the issue.

Commissioner Block referred to excerpt from the City of Edmonds response to the Edmonds Crossing Preliminary Final EIS, which was completed some time ago and addresses the ferry situation as well as other situations in the City of Edmonds. She recalled that Mr. Clifton suggested this language be incorporated into the new EIS to address the City's concerns.

Commissioner Burkhart questioned whether it would be appropriate to address issues related to bus routes as part of the Port's response to the DEIS. Commissioner Block explained that because it is a programmatic DEIS, it is intended to identify all problems associated with the plan, and not just environmental issues. Commissioner Orvis agreed the DEIS goes well beyond the physical environment and would be the Commission's only opportunity to comment. Commissioner Block suggested the Commission focus on just those issues that are unique to the Port.

Commissioner Orvis explained that the reason the airport study did not include a recommendation was because it is still in draft format. It is not part of the DEIS because it has not yet been approved.

The Commission agreed that although the Port's response would be submitted separately, it should parallel and be consistent with the City of Edmonds' response. Commissioners Block and Gouge indicated they would meet with Mr. Clifton the next morning for further discussion. The Commission further agreed that the Executive Director be authorized to sign the response and forward it to the PSRC.

Mr. McChesney recalled that Commissioner Orvis previously raised concern that the transportation element of the plan talks about stations between Everett and Seattle without mentioning the Edmonds Station. This is an oversight that should be corrected.

Commissioner Faires pointed out that emergency vehicle access over the tracks was not part of the final Edmonds Crossing Plan even though it was recommended by the Port. Commissioner Block said Mr. Clifton believes there should be one or two bicycle/pedestrian crossings over the tracks, and this could include an emergency access, as well.

Commissioner Burkhart asked that the following concerns be included in the Port's response to the DEIS:

- The Plan is designed to reduce single-occupancy vehicles as much as possible. If the PSRC will implement their proposed plan and provide good and easy bus connections, more people would ride the bus. They need to identify the ridership, the distances traveled, and how to make good connections.
- The plan should not be implemented at any cost. For example, the cost of the North Sounder would be outrageously subsidized. The PSRC needs to study the comparative costs of the different options and take the information into account when making future decisions.
- It seems ridiculous to wait until a plan is fully designed to implement some of the most obvious concepts. The PSRC should move forward to implement the most obvious things now without waiting for an entire plan to be developed.

COMMISSION MEETING SCHEDULE

Mr. McChesney announced that a short business meeting only has been scheduled for July 27th to approve the check register.

Commissioner Gouge noted there was nothing scheduled on the agenda for the August 31st meeting. Mr. McChesney suggested the agenda would include some preliminary discussions related to the 2010 Operating Budget. Commissioner Gouge recalled that the Finance Committee was asked to meet and consider the best process for moving forward with the 2010 Operating Budget discussions.

EXECUTIVE DIRECTOR COMMENTS

Mr. McChesney reported on the following items:

- It has been very busy at the Port over the last few weeks. On one day they had a water rescue by the Edmonds Fire Department that included a helicopter airlift from the marina parking lot. Later that night a person was found floating off the outer breakwater and was rescued. A few days later the Edmonds Fire Boat was dispatched again; this time to rescue a diver in trouble at the dive park. He reported that staff did a great job of keeping everyone well informed and providing support when needed, especially during the airlift, which required some intense ground coordination.

Commissioner Faires questioned how the Port staff was able to move all of the cars to accommodate the helicopter landing in the parking lot. Ms. Kempf explained that it just so happened that the lot was open enough to accommodate the landing. Had the lot been full, they would have had to find someplace else to land. Commissioner Faires suggested the Commission have a discussion at some point in the future about a process the Port could have in place to ensure this capability is maintained.

- Harbor Square landscaping has captured a fair amount of attention lately. It seems a bit less than what the Port would like to achieve for the type of facility it is. Earlier in the month, he did a walk about with staff to take a closer look at things, and there are some areas that need improvement.

The City has been maintaining the area at the corner of SR-104 and Dayton under a permit from the Washington State Department of Transportation (WSDOT), but maintenance has not occurred this year because of the City's own budget crisis. They had to lay off a number of seasonal landscape workers, and this property was not a high priority. However, it's an important property for Harbor Square because the entrance defines the entire property. Port staff has been working with the City of Edmonds and WSDOT to obtain a new permit that would allow the Port to take over landscaping in this area, and the permit was obtained last week.

Staff has concluded that the Port does not have enough manpower to maintain all of the Harbor Square landscaping. While it has not been neglected, it is often last on the list so it looks a little unkempt. Staff doesn't want to hire any more people, and they are recommending the best alternative would be to develop a scope of work to contract the work out. He explained the Port's budget is under pressure, it is important to keep in mind that landscaping is a maintenance cost that would typically be passed on to the tenants through common area maintenance (CAM) charges. Therefore, the costs would theoretically be budget neutral, and the Property Manager has indicated her projected annual landscaping CAM charge is \$29,000.

Staff is in the process of developing a new site plan and scope of work that details the standard and quality of appearance the Port expects. They will bid it out and come back to the Commission for approval. Meanwhile, he said he would continue his individual walk throughs with Commissioners upon request.

- LMN Architects has assembled all of the baseline information on the Harbor Square site, including marketing data. They have also met with City staff to review terms and conditions of the 1980 Contract Rezone and current zoning standards. They and Burke & Associates are completing two development scenarios, including financial modeling that will address the current value of property and projected financial returns. Staff is working to schedule a progress meeting with LMN Architects, Burke & Associates, and the Property Committee this week.
- One of the Port's trucks (2002 Ford F-150 with 63,347 miles and a book value of \$5,000) was in the shop last week for routine repairs. The original estimate was about \$640 to repair the intake gasket, but the mechanic later called with a revised estimate of \$3,287.85. Staff asked how much it would cost for a rebuilt engine and that estimate came back at \$5,634.87. The Port has already spent almost \$4,000 on repairs to this vehicle over its life, and it is probably at the stage where ongoing maintenance costs will exceed its value. Staff recommends they purchase a new vehicle, and there appears to be money in the capital budget. He directed staff to repair the old truck as per the original estimate, get it running as best they can, and drive it for a few more months until they can purchase a new vehicle.

Commissioner Orvis recalled the Commission's earlier discussion about becoming a "green" Port. He questioned if the Port really needs another large truck. Commissioner Gouge suggested the Port consider taking advantage of the Federal Government's "Junker" bill that pays \$4,500 towards the purchase of a more fuel efficient vehicle. Commissioner Block reminded the Commission that they also previously discussed the option of purchasing vehicles that are electric or operate on alternative fuels. Mr. McChesney agreed to consider the various options and come back to the Commission with a recommendation for the best replacement plan.

- A Finance Committee Meeting is scheduled for June 30th at 10 a.m. to review the 2009 budget and the process for the 2010 budget.
- The Executive Director would attend the WPPA's annual Executive Director's Seminar in Port Ludlow July 8th and 9th.

Ms. Kempf reported that the new fuel system has been successfully installed at the fuel dock. While it was originally anticipated that the dock would be closed for two days to accommodate the project, it was actually closed for 3.5 days. So far the system is working properly and customers seem to think it is easy to use. Staff has trained 107 people so far, and they will continue their training classes on Mondays, Wednesdays and Fridays at 11:00 a.m., 2:00

p.m. and 6:00 p.m. and Saturdays at 1:00 p.m. She noted that tenants would not be able to charge to their account unless they have a card. Because of the transition period and all of the paperwork and potential for customer dissatisfaction that could result during the transition, staff has decided to sell the fuel at 10 cents less to everyone for at least the first month. While there were a few changes to the contract, the total cost of the project should be close to the \$50,000 budget. Staff is happy with the new program and it has been easy to use so far.

Ms. Kempf reminded the Commission that the Port participates with the Edmonds School District in a program that allows the students in the Work Adjustment Program to help stuff the Destination Port of Edmonds bags. They do a great job, and the partnership is a fantastic opportunity. She and Mr. Danberg attended the end-of-the-year luncheon where the program participants thanked everyone who provides work for the kids at the school. The Port received a plaque to commemorate their participation in the program.

Ms. Drennan advised that Lindsay Sovde from Seattle Northwest Securities, would be present at the July 13th meeting to discuss whether or not the Port would be able to save money by refinancing their Cascade Bank loan by issuing bonds. She would also address the issue of whether or not the Port could save money by refinancing their 1998 revenue bonds.

COMMISSIONER COMMENTS AND COMMITTEE REPORTS

Commissioner Gouge reported on his attendance at the last Edmonds City Council Meeting where Mr. Clifton provided a report. The EYC's presentation was removed from the agenda by a vote of 5-2. The 4th Avenue Cultural Corridor Plan has been approved and the City is waiting for funding for implementation.

Commissioner Block reported that she and Commissioner Gouge met with staff to discuss issues related to the PSRC's DEIS. She noted that both she and Commissioner Gouge participate on the PSRC's Transportation Committee. She said they also talked about Sound Transit's current plans for renovating the Edmonds Station, and the drawings provided by Mr. Clifton provided good information.

Commissioner Block indicated she may be able to attend the WPPA Public Relations Seminar on August 7th at SeaTac where the topic of discussion will focus on ways to sell the Port to prospective tenants, the public and crucial customers. The Commission agreed it would be worthwhile for a Commissioner to attend the seminar on behalf of the Port, and Commissioner Block agreed to notify staff of her plans to attend as soon as possible.

Commissioner Orvis announced that the Enduris Board is having their elections, and Position 5 is open. He further reported that Enduris will be offering training regarding the Public Records Act. He said he has been using the Port's server, and it is easy to do. He encouraged other Commissioners to do the same since it allows the Port to keep a record of all the emails the Commissioners send and receive.

Commissioner Burkhart reported on her attendance at the Woodway Town Council Meeting on June 22nd where it was announced that Snohomish County would conduct a public hearing on the docketed 13 changes to their Comprehensive Plan related to Point Wells. The public hearing is scheduled for July 8th from 1:30 to 6:30 p.m. The proposed changes deal with recognizing the Point Wells site as an Urban Center. There is nothing in the proposed amendments that would prevent the property from being developed as a marina at some point in the future. She indicated that Mr. McChesney would attend the public hearing on behalf of the Port.

Commissioner Faires announced that the Property Committee met on June 10th to discuss lease opportunities at Harbor Square. He reported that some progress has been made.

ADJOURNMENT

The meeting was adjourned at 9:32 p.m.

Respectfully submitted,

Marianne Burkhart
Port Commission Secretary