

PORT COMMISSION OF THE PORT OF EDMONDS

MINUTES OF REGULAR MEETING

September 14, 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
Theresa Ocfemia, Student Rep.
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

The Commission pulled Item B (Approval of August 31, 2009 Commission Meeting Minutes) from the consent agenda.

COMMISSIONER BURKHART MOVED THAT THE REMAINDER OF THE CONSENT AGENDA BE APPROVED TO INCLUDE THE FOLLOWING ITEMS:

- A. APPROVAL OF AGENDA AS AMENDED.**
- C. APPROVAL OF CHECK NUMBERS 5441 THROUGH 5450 IN THE AMOUNT OF \$1,291.10 FOR TENANT REFUNDS.**
- D. APPROVAL OF CHECK NUMBERS 68428 THROUGH 68457 INCLUDING DIRECT DEPOSITS D00491 THROUGH D00501 IN THE AMOUNT OF \$47,793.51 FOR PAYROLL.**
- E. APPROVAL OF CHECK NUMBERS 68458 THROUGH 68462 IN THE AMOUNT OF \$27,729.20 FOR PAYROLL.**
- F. APPROVAL OF CHECK NUMBERS 68463 THROUGH 68507 IN THE AMOUNT OF \$157,305.75 FOR ACCOUNTS PAYABLE.**
- G. APPROVAL OF CHECK NUMBER 68508 IN THE AMOUNT OF \$1,367.01 FOR ACCOUNTS PAYABLE.**

H. APPROVAL OF CHECK NUMBERS 10037 THROUGH 11042 IN THE AMOUNT OF \$4,164.91 FOR HARBOR SQUARE ACCOUNTS PAYABLE.

COMMISSIONER ORVIS SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

APPROVAL OF AUGUST 31, 2009 COMMISSION MEETING SCHEDULE (Item B on the Consent Agenda)

COMMISSIONER ORVIS MOVED THE COMMISSION APPROVE THE MINUTES OF AUGUST 31, 2009 AS AMENDED. COMMISSIONER GOUGE SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

PUBLIC COMMENTS

Dick Potter, Edmonds Yacht Club (EYC), reported that the EYC has decided to drop its attempt to raise the height of the lighthouse feature on the new building. He explained that they do not have time to work on the issue now. He expressed appreciation for the Commission and City Council's support. He advised that the building would be designed so that the taller lighthouse feature could be added to the building relatively easily if and when the City's codes are changed to allow the greater height.

Mr. Potter advised that changing the code to allow a greater height for architectural or iconic features requires a lengthy process, starting with a comprehensive plan change. He explained that 2010 proposed amendments to the comprehensive plan must be submitted to the City by December 31, 2009. The Comprehensive Plan would not be amended until later in 2010, which means the zoning code could not be changed until 2011. While he can understand the process, he is disturbed about the length of time it takes for the City to approve amendments.

Mr. Potter recalled that the City amended their zoning code for the downtown zones in 2006, and the new code language allows 5 feet of additional height for iconic or architectural features. However, this provision was not extended to the waterfront zone. Had the building been located five blocks towards downtown, they could have added the lighthouse feature as originally proposed. He encouraged the Port to work closely with the City to recognize that the waterfront is a vital part of the downtown bowl. Had this been done, the lighthouse would have been allowed the greater height.

Mr. Potter observed that of the 39 acres in the commercial waterfront zone, 70% is owned by the Port and 25% by the City of Edmonds. That means that 95% of the property is publicly owned. Only 6 lots are privately owned, and three of them already have buildings that exceed 35 feet in height. He encouraged the Port to continue to pursue the height issue as they submit their updated master plan proposal in 2010.

Commissioner Faires thanked Mr. Potter and the EYC for their efforts to change the code to allow a greater height for the lighthouse feature. Even though their efforts were on behalf of the EYC, the change would also have benefited the Port and the community.

Commissioner Burkhart said that when the City Council redid their zoning regulations for the downtown properties in 2006, she did not know about the provision to allow additional height for architectural features. Mr. Potter said the provision allows for up to 5% of the roof area to be an additional 5 feet in height. Commissioner Faires agreed with Mr. Potter that this provision should also apply to the waterfront commercial zone, and the Commission should discuss the best method for moving the concept forward. Commissioner Orvis expressed his belief that, given the current political structure of the City, the City Council probably would not have approved the greater height regardless of what the code says. He observed that the City Council has been known to change their minds.

Gary Ostlund, Woodway, said he is a Port tenant and a resident of the Port District, and he was present to comment on the 2010 moorage rates. He recalled that in years past, the Commission has used the Seattle area year-

to-year consumer price index (CPI) as the basis for raising moorage rates, and this year the CPI is -.4%. Inflation has been next to zero, unemployment is at an all-time high, and the recession has hit everyone. Cities, states and the country are in financial crisis, and even social security checks will be reduced in 2010. It appears that no rate increase would be the fair thing to do, and perhaps even a rate decrease might be appropriate.

Mr. Ostlund expressed his belief that the public hearings held for the budget process are good. However, while several people spoke at last year's final public hearing, their input to the Commission was not effective as the vote was held just a few minutes later. The impression was made that the Commission had already made up their minds and the last public hearing was of no value. There should be time after the last public hearing for the Commission to evaluate the input from the public before making a final decision.

Mr. Ostlund observed that when the Port District was formed, the boundaries seemed reasonable and adequate to support the Port's needs. During the past 30 years, the Port has become a valuable asset to the region, and people come from all around to enjoy the facilities. The tax base, as represented by the current Port District boundaries, is not reflective of those who use the facilities. He suggested they expand the district boundaries. Commissioner Faires advised that residents who live outside of the Port District would have to approve a boundary change, and this is not likely to happen. In addition, because the Port has used Federal funding for projects, they cannot limit the use of the facilities for Port District residents only.

Commissioner Block suggested it would be appropriate for the Commission to accept testimony at the last public hearing and then take some time to consider the comments before making a decision. Commissioner Faires concurred. Commissioner Orvis reminded the Commission that the last public hearing is not required. The Port Commission made the decision to conduct an extra public hearing in case something spectacular came up. The Commission may have given the impression that they were disregarding public comment, but it is important to note that all the required public hearings have already been held before the last hearing after which the Commission makes a decision.

Mr. Ostlund said that in his discussions with other tenants, many have the impression the Commission doesn't really listen to the public hearing input and that rate increases are inevitable. While it is difficult to get people to attend the Commission meetings, most all of the tenants have indicated that a rate increase in 2010 would be inappropriate.

Ms. Drennan advised that, based on the current schedule, a special meeting would be required in order for the Commission to postpone their final decision until the meeting after the final public hearing. The budget must be submitted to Snohomish County by December 1st, and a draft budget would not be available for public hearings until the first meeting in October.

Commissioner Orvis pointed out that the Commission would specifically discuss the 2010 rates at a meeting prior to preparation of the draft operating budget, and it would be helpful for the tenants to attend the workshop discussion and provide comments as early in the process as possible.

Mr. Ostlund said he receives the Port Commission Meeting minutes on line, and questioned who pays for the Port's website, the tenants or the taxpayers. He expressed his belief that the issue is about more than rates. Harbor Square is a big unknown to the tenants, and they feel they are encumbered with this debt and the cost center concept is getting away. From the Shoreline out, they feel they are paying their own way. If this is not true, he asked that the Port not surprise the tenants at the last public hearing by not allowing them to make meaningful comments. If operating costs are increasing significantly, the Port should notify the tenants of the situation via the newsletter. Tenants have the suspicion that their fees are being used to subsidize the bond issue and other Port loans.

Commissioner Block observed that if tenants attended the Port Commission meetings periodically, they would learn more information about the Port's current situation. Commissioner Faires added that moorage rates are, in fact, paying both principal and interest on the bonds because the bonds were used to replace the marina. The Commission

worked hard to create a program in which moorage rates pay for the operating and capital costs associated with providing the moorage service and not other public functions. Within a couple of percentage points, he said he believes this statement to be true.

Mr. Potter observed that the Port Commission meets on the second and last Monday of every month, and the public is always invited to share their comments. He said he has been attending Commission meetings for years and knows that they really do respond to the public comments that are made during the meetings. He reminded the Commission that there was no rate increase one year because the tenants attended meetings well before the budget hearings to express their viewpoints. He summarized that the best way to affect change is to share their comments early rather than waiting until the final budget hearings. Commissioner Burkhart added that in the case referenced by Mr. Potter, a rate increase was unjustified because there was excess money beyond what was needed.

Mr. Ostlund advised that the Town of Woodway uses a “zero budget” process. They start with zero and their budget needs are based on category and department; they do not build on last year’s budget. This method has served them well, and he questioned if the Port’s budget process is similar. Commissioner Faires answered that the Port has a predictable and continuous business operation, which does not recognize the difference between December 31st and January 1st. He also stated that, by and large, the taxes that are collected from Port District residents are allocated for Harbor Square. While the situation at Harbor Square is not ideal at this time, he said he believes the expenditures are warranted. He expressed his belief that arguments regarding the smaller portions of the tax revenue are related to principle rather than magnitude of dollars. He summarized that the Port Commission tries to have a clear understanding of where the money is used relative to its public benefit, and he believes there is no part of the money that goes to subsidize marina operations at the Port.

SECURITY TRUCK BID

Mr. McChesney reviewed that over the past two years, the security truck has been in for numerous repairs. The most recent diagnosis given by the mechanic showed that engine replacement would be the best option at a cost of \$5,686. The new engine would have a three-year, 100,000 mile parts and labor warranty. In addition, he reported there have been numerous issues with the ignition on the vehicle, which has 60,000 miles on it. Although the miles seem low to retire a vehicle, the miles the vehicle has driven are hard miles. The security truck starts approximately 30 times each day. Although staff takes the truck on the freeway occasionally, it is not enough to make up for the stop and go driving that is inherent to its use.

Mr. McChesney reported that for the past month, the Security Officers have been utilizing other vehicles such as the courtesy van and most recently the Marina Operations truck while the Security and Maintenance Supervisors have researched various options to determine what type of new vehicle would best serve the needs of the Security Officers. Although this has worked on a temporary basis, it is very inconvenient during overlapping shift times when Marina Operations Staff need the vehicles for courtesy shuttles and responding to vessel requests for assistance and/or problems on various docks. He referred the Commission to the research documentation and recommended the Commission authorize staff to move forward with purchasing a new Ford F150 truck from Bickford Motors (lowest bid of \$15,541) at a cost not to exceed \$18,000. He noted that his recommendation is consistent with the specifications outlined by the Maintenance and Security Supervisors.

Commissioner Gouge asked if the existing truck would be sold. Mr. McChesney said they would remove the new tires and other items and then surplus the vehicle for sale.

Commissioner Orvis questioned if \$18,000 would be sufficient to cover the base cost of the truck plus all of the tax and licensing fees. Mr. McChesney agreed it would be close and suggested perhaps the approved amount should be increased to \$19,000.

Commissioner Faires said that while it is clear in the Staff Report that Bickford Ford is the low bidder, the motion does not specify the truck would be purchased from them. Mr. McChesney clarified that it is staff's intent to purchase the vehicle from Bickford Ford, who is the lowest bidder based on the specifications.

Commissioner Block recalled that at an earlier meeting the Commission asked staff to research other replacement options such as electric or hybrid vehicles. Ms. Drennan advised that there are no full-sized electric trucks. Ford does not make a hybrid truck, and a Chevrolet or GMC hybrid truck would cost approximately \$38,000. Mr. McChesney summarized that while it is possible to purchase a hybrid vehicle, the issue comes down to cost and staff's confidence level based on what the vehicle would be used for. Staff does not believe a hybrid vehicle would be a cost effective or practical option. He emphasized that staff believes a full-sized truck is essential to meet the staff's needs, particularly since security staff does more than patrol the docks. They also perform maintenance tasks that require the capacity of a larger vehicle. Staff also found that smaller trucks generally cost more than the basic F150 because of the types of equipment that comes standard.

COMMISSIONER BURKHART MOVED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE DIRECTOR OR HIS DESIGNEE TO PURCHASE A NEW FORD F150 TRUCK FOR THE PORT OF EDMONDS SECURITY DEPARTMENT FROM BICKFORD FORD IN AN AMOUNT NOT TO EXCEED \$19,000 INCLUDING TAX AND LICENSE. COMMISSIONER ORVIS SECONDED THE MOTION.

Commissioner Burkhart agreed that the Commission initially discussed the idea of purchasing an electric or hybrid vehicle, but her concerns were answered satisfactorily by staff. She expressed disappointment that the industry has not got to the point where the Commission's wishes could be met. She said she supports the purchase as recommended by staff.

Commissioner Faires said he recently read a report about police vehicles, which travel at a higher average rate of speed and are generally retired after 70,000 to 80,000 miles because of the way they are run (starting and stopping a lot). He said he is confident with staff's observation that the truck is worn out and needs to be replaced.

Council Member Wambolt pointed out that the Ford F150 truck is the country's most popular vehicle.

THE MOTION CARRIED UNANIMOUSLY.

ANIMAL DERMATOLOGY SERVICES LEASE

Mr. McChesney reported that Dr. Mundel (dba Animal Dermatology Services) was introduced to the Harbor Square property over a month ago by the Port's Broker, Colliers Inc. Since that time, Port staff has engaged in negotiations through the Broker, Property Manager and Dr. Mundel for space in Building 2 (Suite A-8, 1,327.5 square feet). The monthly base contract rent would be \$1,764.87 plus a leasehold tax of \$226.58 for a total all inclusive rate of \$1,991.25. The lease would become effective October 1, 2009, and would include annual Consumer Price Index (CPI) base rate escalators, as well as percentage share of increased operation expenses of 4.57%. Security would be in the form of one month's rent, or as might be otherwise approved by the Commission as per Revised Code of Washington (RCW) 53.08.085.

Mr. McChesney advised that the Property Manager and staff have checked the local references and reviewed the financials and determined the tenant to be reliable and solvent in financial matters. He reminded the Commission that they have directed staff to aggressively market Harbor Square and to increase occupancy at lease rates competitive in the marketplace, and the proposed lease would result in annual lease revenue of \$23,895.00 gross and \$21,176.04 net of leasehold excise tax. He noted that the Port Attorney has reviewed the lease. Because Dr. Mundel would be the sole proprietor, the Port Attorney recommended that his wife also sign the lease, and Dr. Mundel agreed. He recommended the Commission approve the lease to Dr. Mundel, dba Animal Dermatology Services, as presented, including lease security.

Commissioner Burkhart questioned why the lease is being presented to the Commission for approval. She noted that, typically, leases are reviewed by the Property Committee. Mr. McChesney explained that the limit to his delegation of authority provided by the Commission only allows him to sign leases that are on a month-to-month basis. Anything beyond that requires prior Commission approval. While this can be changed at any point by the Commission, the current established policy is that the Commission wants to retain some ability to approve or disapprove leases that are longer term.

Commissioner Burkhart inquired how the proposed use would impact surrounding tenants and what authority the Port would have to deal with situations that arise. Mr. McChesney explained that Dr. Mundel would see about 9 to 12 pets per day, but they would not gather in a waiting room at the same time. Staff spoke with existing nearby tenants, and none of them identified any substantive concerns. Their hesitancy had to do with the fact that access to the suite comes from inside the building, and they were concerned about pets leaving a mess. However, Dr. Mundel has assured the Port that this happens only seldom and he is fully capable of taking care of the situations. He noted that Dr. Mundel is one of only two pet dermatologist specialists in the area, and feels comfortable recommending the lease to the Commission.

Commissioner Block asked how the new lease would affect the current level of occupancy at Harbor Square. Mr. McChesney said he has not calculated occupancy, but he suspects it would raise to above 70%, and the required tenant improvements would be minimal.

Commissioner Faires inquired about the suitability of the proposed space for the tenant. He questioned if the lease would allow the Port to take action if the tenant does create a nuisance. Mr. McChesney said this issue would be best addressed by the rules and regulations that go along with leases and apply to all tenants. He said he talked with the Property Manager about how to best approach this issue, and they considered adding language to the lease agreement that says the Port would be able to back charge the tenant if they have to clean up a mess. But instead they decided to rely on Rules and Regulations. He referred the Commission to Exhibit C (Harbor Square Business Park Rules and Regulations), which are part and parcel to the lease. If a lessee is in violation of the rules and regulations and is non responsive, the lease would be in jeopardy. He specifically noted Item 10, which states that tenants shall not make noises, cause disturbances, or create odors that may be offensive to other tenants of the building. Mr. Cattle added that consistent failure to meet the rules and regulations would constitute a breach of lease. If the inconsistencies and breach of lease became sufficiently repetitive, it would constitute a reason to terminate the lease. Commissioner Faires agreed this would adequately address his concerns.

Commissioner Block inquired if the proposed lease security is standard. Mr. McChesney answered that the RCW provides for a lease bond or any other type of security that is acceptable to the Commission. Mr. Cattle suggested the draft motion be changed to indicate that the lease security is acceptable at this time. If circumstances change, the Commission would have the discretion to alter the security and require more.

COMMISSIONER BLOCK MOVED THE COMMISSION APPROVE AND AUTHORIZE THE EXECUTIVE DIRECTOR TO SIGN THE LEASE WITH DR. ALAN MUNDEL DBA ANIMAL DERMATOLOGY SERVICES FOR A TERM OF FIVE (5) YEARS COMMENCING OCTOBER 1, 2009. SHE FURTHER MOVED THAT A LEASE SECURITY OF ONE MONTH'S RENT IS ACCEPTABLE FOR THE PRESENT TIME. COMMISSIONER ORVIS SECONDED THE MOTION.

Commissioner Faires commended Mr. McChesney for getting the lease on the table; it definitely demonstrates his strength in real estate issues.

THE MOTION CARRIED UNANIMOUSLY.

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

2010 DRAFT BUDGET – ECONOMIC DEVELOPMENT

Mr. McChesney reminded the Commission that economic development is fundamental to the Port's mandate, and at this time, the Port's economic development program is primarily focused on Harbor Square and the Destination Port of Edmonds Program.

Ms. Drennan referred to the Economic Development Summary that was included in the Staff Report and outlines the Port's economic development expenditures from 2007 through proposed 2010. She reviewed that the 2009 economic development budget was set at \$30,000, with \$3,000 being allocated to the Snohomish County Economic Development Council, and \$23,000 to the Destination Port of Edmonds Program. The remaining \$4,000 is still unallocated. Staff proposes the same allocation for 2010. Commissioner Orvis inquired if the unallocated \$4,000 would be carried over to 2010. Ms. Drennan said it would not carry over because it is an operating expense. Commissioner Orvis agreed but observed that the Port still has \$4,000 that has not been spent in 2009, which could be allocated for another use in 2010.

Commissioner Faires reminded the Commission that their informal policy has been to allocate approximately 1% of the total operating budget for economic development. Ms. Drennan noted that the proposed \$30,000 would equal about .5% of the total operating budget. Commissioner Block noted the budget does not allocate funds for the boat show. Ms. Drennan said this cost is included as part of the Destination Port of Edmonds Program.

Commissioner Gouge reminded the Commission that the Port's mission is economic development—creating jobs and infrastructure, etc. The Port actually spends more money on economic development than what the budget indicates. This line item really only represents the portion of funding that is allocated for community programs and projects. He suggested the line item be renamed and made a subset of the larger economic development budget. He further suggested that in light of the current economic climate, the Port should make more of an effort to stimulate the economy. Perhaps they need to add more money to this line item to help get something started in Edmonds. Commissioner Faires agreed the Commission could discuss this idea at a future work session.

Commissioner Orvis reminded the Commission that they will be discussing marina rates in the near future. In light of the current economic situation, he suggested the Port would not be in a position to accomplish a lot of spectacular things because they reduced the rates last year. At this time, the Port has to cover marina maintenance costs with money not generated by the marina. He said that while he has expressed opposition to providing funding to the Snohomish County Economic Development Council in the past, he recognizes that they do some good things for the County. He reminded the Commission that State law limits the Port as to how far they can go to partner with other entities and perhaps they should have a workshop discussion to clarify this issue. If the Port is confined within Edmonds, Harbor Square is really the limit at this time. Given the current political climate in the City of Edmonds, there is not a lot of interest in economic development at the waterfront, and the Port is really on their own. He summarized that he is not really excited about stepping out beyond the Port boundaries until Harbor Square is further established.

Commissioner Burkhart agreed with Commissioner Orvis that the Port's major economic development focus should be Harbor Square. They are currently working on a master plan and upgrades to increase occupancy, and both of these programs are costly. The Port does not need to entertain new programs at this time; they need to continue to work on Harbor Square and get some pay off.

Commissioner Faires agreed and said that is where the Port's economic development money has been focused for the past few years. He observed that the Commission has already learned that if the zoning is changed to allow a mixture of uses, including a significant amount of residential, the Port will have to sell some of the property because residential uses and long-term leases are not compatible. This could result in a significant amount of money, and the Commission will need to decide what to do with it. He reminded the Commission that the Port can develop properties outside of the Port District for Port purposes. As the situation at Harbor Square improves in the long-term, the Commission will have to make some major decisions. In the short term, they should continue their current program.

Once again, Commissioner Gouge suggested it might be appropriate to change the name of this line item. Commissioner Orvis observed that the Commission and others already understand that a significant amount of the Port's economic development dollars are used to support Harbor Square. The remaining economic development budget is small in comparison to the total operating budget. He said he does not see any reason to change the name at this time, and the majority of the Commission concurred.

The Commission discussed whether or not it would be appropriate to reduce funding in the economic development budget. They agreed to discuss the issue at a future meeting once the draft operating budget has been presented to the Commission and they have a clear understanding of what adjustments need to be made.

2010 DRAFT BUDGET – PROPERTY TAX LEVY

Mr. McChesney recalled that in the past, the Commission has shown a great deal of concern and had numerous conversations regarding the tax levy. He referred to the documents prepared by staff and noted that the 2009 millage rate was approximately \$.08698. However, based on the assumption that property values have decreased by approximately 8.4%, a 2010 tax levy of \$400,000 would equate to a millage rate of approximately \$.09454.

Ms. Drennan briefly reviewed the tax levy history table, which shows the assessed property values, actual tax levy amounts and actual tax levy rates for the years 1985 through estimated 2010. She also referred the Commission to three charts showing Port District assessed values, tax levy amounts and tax levy rates from 1985 to estimated 2010. The last page of the staff report outlines the annual tax amount for homeowners based on a \$300,000, \$400,000 and \$500,000 tax levy.

Commissioner Burkhart commented that the information provided by staff is good to have, but she suggested the draft budget identify a \$400,000 tax levy amount for purposes of Commission discussion. She reminded the Commission that 2010 will be the third year of a three-year program to improve Harbor Square, and the Commission won't know what the appropriate tax levy should be until the draft Harbor Square budget is available on September 28th.

Commissioner Faires expressed his belief that the tax rate should be the last decision made by the Commission as part of their budget process. He further expressed his belief that taxes should be the last place the Commission looks for money. When the Commission has done their job and exhausted all possibilities, the taxes should only be used for strategic and capital activities such as Harbor Square. Short of being unable to maintain their public assets adequately, he would not support a tax levy that uses tax revenue to maintain assets on the west side of the tracks.

Council Member Wambolt pointed out that the assessed value of properties in Edmonds has changed again and all of the values that were distributed via the mail were changed on the internet some time ago. The County found the assessments were too high. Commissioner Faires pointed out that the Port's tax levy is typically based on a specific amount rather than an actual millage rate. Ms. Drennan said the Port would not receive the official assessed values until just before the budget is approved. The Port uses the numbers as a discussion point, but the actual resolution will identify an amount of taxes to be collected and not the millage rate.

Commissioner Gouge inquired if the Port's maximum taxing ability would be lost if Mr. Eyman's initiative is approved by the voters. Ms. Drennan said her understanding is that the Port would lose their banked capacity. Commissioner Orvis pointed out that as per Mr. Eyman's initiative, the City's combined tax revenue could not exceed 101% of the previous year. This would not be a problem for the Port, which only collects property taxes. Council Member Wambolt added that the base year would be 2009, which was a depressed year.

Commissioner Orvis pointed out that the Commission would be discussing marina rates on October 12th, and that is the time where tenant and public comments would be helpful.

Gary Ostlund, Edmonds, expressed his belief that the Port would be well served by keeping a clear line between the Harbor Square and Marina Operations budgets. Commissioner Orvis pointed out that the two budgets are separate, and about \$250,000 of the tax revenue is allocated to Harbor Square. In addition, most people do not clearly understand that revenue from other rental properties such as Anthonys, Arnies, and the Edmonds Yacht Club have also been used at Harbor Square and to defray marina expenses. However, there are separate budgets for each one.

At the request of Mr. Ostlund, Ms. Drennan explained that tax revenue comes to the Port monthly as property owners pay their taxes, but the major payments are received in April and May and October and November.

EXECUTIVE DIRECTOR'S REPORT

Mr. McChesney reported that Harbor Square landscaping bids were due on September 8th, but no bids were received. Staff believes the lack of bids was a result with how they prepared the bid specifications. They tried to be specific and detailed, which made the contracting community less than enthusiastic to bid the project. Staff initially thought that being more precise and detailed would help the contractors, but it may have scared them away. In addition, the contractor would have been responsible for maintaining the existing irrigation system, and this may have caused some concern. The amount of labor and materials required to meet the specifications would have required a significant upfront cost, as well. He advised that an ad hoc landscape team met to review the plan and prepare a general description of the property and the grounds keeping involved and then put it out as a Request for Proposals.

Mr. McChesney announced that the Property Committee met with LMN Architects and Berk Associates to discuss the Harbor Square Master Plan and there are several potential development scenarios and phasing plans on the table. The focus of the meeting was to discuss financial expectations and financing conditions and deliverables for the first phase of the project. The consulting team will prepare a final report to present to the Commission at a special meeting in October. Commissioner Gouge suggested the special meeting be scheduled for an evening so that more members of the public can attend. Mr. McChesney advised that staff would schedule the special meeting and extend invitations to the public.

Mr. McChesney reported that he received the plans and specifications for the Anthony's roof project, which is out for bid. Bid opening is scheduled for September 23rd. Project coordination with Anthony's has been excellent. If all goes well, staff would approach the Commission for approval of the contract by September 28th, with completion of the project by the end of October.

Mr. McChesney reported that he attended the Chambers After Hours Reception that was co sponsored by the Port and Anthony's. He further reported that he would be out of the office on September 16th, 17th, and 18th to attend the Washington Public Ports Association (WPPA) Trade & Economic Development Seminar.

Ms. Kempf reported that last weekend was a banner weekend at the Port. They had the Edmonds Coho Derby, the Lady Washington was moored in guest moorage, and there was an event at the Edmonds Yacht Club. There were 190 launches over the weekend as compared to 111 at the same time last year. They sold 189 parking passes as opposed to 144 at the same time last year. There were the same amount of boats in guest moorage and dry storage had 327 moves over the weekend. It was an incredibly busy weekend with no accidents or incidents. She commended staff for doing a great job throughout the weekend. She read a letter from the Coho Derby sponsors complimenting staff for the professional manner in which they did their job and for the support they offered to the derby participants. She noted that the Port only needs 102 more launches this season to exceed last year's number. That means third quarter activity is way ahead, which is good news.

Commissioner Faires asked if staff received any negative comments about the launcher and parking rates. Ms. Kempf answered that staff always receives complaints. She reminded the Commission that the launcher activity has increased as a result of good weather and fishing. The Commission has been able to hold the rates on the launcher, and they recently learned that Mukilteo's ramp was closed. That means the only other options are Shilshole and Everett, and the Port's rates are comparable. She reminded the Commission that the Port always loses money on the public

launcher, and the Commission has made the decision in the past to offer the service to the public. She suggested the Commission have a more detailed discussion about launch rates at a future meeting.

Ms. Kempf announced that the Best Western Harbor Inn has joined the Destination Port of Edmonds Program, and they are offering a 20% discount on rooms at the Inn.

Ms. Kempf announced that Bob Yeager and Kevin Danberg would attend the Pacific Coast Congress of Harbormasters & Port Manager's Conference on October 6th through 9th at the Port of Bremerton. She further announced that she and Commissioner Orvis are planning to attend the Northwest Marina Conference on November 3rd and 4th at the Lake Washington Rowing Club.

COMMISSIONER COMMENTS AND COMMITTEE REPORTS

Commissioner Gouge reported on his attendance at the Edmonds City Council Meeting. Because of a power outage, the meeting was adjourned early. The main topic of discussion was supposed to have been the Regional Fire District concept, which has now been scheduled on their September 15th agenda. A discussion regarding Snohomish County tourism has also been scheduled on their September 15th agenda.

Commissioner Gouge announced that he would attend the South Snohomish County Cities dinner meeting on September 24th with Commissioner Orvis.

Commissioner Block announced that she attended the Puget Sound Regional Council's Transportation Policies Board Meeting and found it was particularly important because they are talking about how to proceed with the alternatives in the 2040 Transportation Plan. Since the Port responded to the request for comments on the Draft Environmental Impact Statement, she felt it would be appropriate to attend and see where things are going. She said it was reported that \$14 million of the stimulus package dollars have been returned to the region because the bids came in so low there was extra money that can be used to fund projects further down on the list.

Commissioner Block reported that the Transportation Policies Board is scheduled to recommend a draft plan in November for the Executive Board's approval in December. It will be released for public review in February or March, and the Board will make a recommendation on a final plan that will be subject to adoption by the general assembly in April or May of 2010. She noted the alternatives have been available for public review and comment for a while, and 2,034 individual comments were received in addition to 966 form emails. Letters were received from cities, counties, state, regional and federal agencies, business and community organizations and 201 individuals. There was a strong preference from all of the different categories of responders for Alternative 5, which was the Port's preferred alternative, as well. Alternative 5 was most dependant on alternative means of transportation and went the furthest to reduce carbon footprint and affects on the environment. There was some favoritism expressed by the City of Edmonds and others that Alternative 4 would not be as extensive as Alternative 5 and would not require tolling on all roads. Some cities were concerned about the impacts Alternative 5 would have on their communities.

Commissioner Block advised that the Transportation Policies Board would begin their work on the preliminary preferred alternative and do modeling throughout the month of September. She noted that Snohomish County Council Member Mike Cooper strongly expressed his concern about the potential award of money to Mukilteo rather than Edmonds for ferry improvements. He expressed his belief that Edmonds is in a better position and further along in their planning. In addition, there is more ferry traffic at the Edmonds terminal. She suggested the Commission may want to invite Council Member Cooper to a future meeting. Commissioner Orvis noted that Council Member Cooper would be present at the South Snohomish County Cities Dinner Meeting.

Commissioner Block reported on her attendance at the Chamber After Hours Event, which was well attended. Three people talked to her about the possibility of the Port allocating a few spaces for recreational vehicle parking, without offering utility services. This would be a revenue generating opportunity, and people in the surrounding communities would appreciate having a place to park for a few nights at the Port. Mr. McChesney said it is not uncommon for

ports to offer this service. Ms. Kempf noted the Port does allow recreational vehicle parking, but only in association with a water activity such as a group who has reserved space in guest moorage. She reported that only a few people have taken advantage of the program. Commissioner Block suggested that once the budget work has been completed, the Commission could hold a workshop discussion to consider expanding the use to allow recreational vehicle parking for activities that are not water related. The remainder of the Commission agreed.

Commissioner Block announced that the 3-Day Breast Cancer Walk went through the Town of Woodway, and the town did a lot of decorating, etc. to welcome the event participants. She said the Town of Woodway received a letter from the event organizers saying how nice it was to find the welcoming signs, etc. as they passed through.

Commissioner Orvis said he spoke with the Lady Washington Captain's wife, and she was enthusiastic in her praise about the excellent service they received from the Port staff throughout the weekend.

Commissioner Orvis observed that eventually the City and Port will have to meet and discuss what will happen when the double track is installed by Burlington Northern Santa Fe (BNSF). Although the City has plenty of other issues on their plate right now, this is an important issue, as well. The City and Port should be laying out plans before BNSF decides to move forward. Commissioner Burkhart recalled that last February the Commission agreed to meet with BNSF and the City to discuss the issue. Mr. McChesney reported that he met with the City of Edmonds as part of his orientation, and perhaps it is time for another meeting with both BNSF and the City. Commissioner Orvis noted that the Port already knows the location of the fence, but they do not know how the City will change the street to accommodate the project. Council Member Wambolt indicated the City already has some details related to the project. For example, they know that it will cost the City \$500,000 and they will not receive any assistance from BNSF. The Commission asked staff to follow up with the City and BNSF regarding the issue.

Commissioner Burkhart reported that she attended the Woodway Town Council Meeting on September 8th where they continued to deal with the County Council on the Point Wells issue. Because the Town of Woodway is located within the Port District, she suggested it would be incumbent on those who attend the South Snohomish County Cities Meeting to discuss the Town of Woodway's three main issues as follows: Maximum density of 800 units, maximum height of 65 feet, and an interlocal agreement between the Town of Woodway and Shoreline.

Commissioner Faires reported that he would not be able to attend the Economic Development Committee meeting on September 16th, but Commissioner Burkhart would attend on behalf of the Commission. He also reported that the Property Committee met with LMN Architects and Berk Associates to discuss the Harbor Square Master Plan activities, which are coming along well. A report would be provided to the Commission in October.

Commissioner Faires said that because the EYC has decided to drop their request for additional height for the lighthouse feature, the issue reasonably becomes a City/Port issue to consider the best approach for changing the Comprehensive Plan and zoning code to allow a greater height for iconic or architectural features in the Commercial Waterfront Zone. This would be similar to what is already allowed in the downtown zones. He reminded the Commission of their program to update the Harbor Square Master Plan and suggested it would make sense to approach both issues at the same time.

Commissioner Gouge clarified that the Port would submit their updated master plan as a comprehensive plan amendment in 2010. Commissioner Faires agreed but noted that the Port must notify the City of the proposed amendment by December 31, 2009. Commissioner Block noted that this requirement is similar to other jurisdictions because of the time required to take the necessary steps in the comprehensive plan amendment process. The Commission directed the Executive Director to contact the City of Edmonds (Rob Chave) to obtain clear information about when and what the Port must submit for their comprehensive plan amendment in 2010. The Commission was particularly interested in learning how detailed the master plan submittal must be. It was noted that the City's comprehensive plan is general in nature, and perhaps the Port's master plan submittal could be general, as well. They agreed it would be helpful to have feedback from City staff prior to the consultants' presentation in October.

Commissioner Orvis cautioned against the Port spending large amounts of money to create a master plan for submission to the City. He expressed concern that the plan would not be implemented given the current political climate in Edmonds.

Ms. Ocfemia reported that she had a busy but good summer. She advised that she is heavily involved with the Edmonds Woodway High School ASB, which keeps her very busy.

ADJOURNMENT

The meeting was adjourned at 9:00 p.m.

Respectfully submitted,

Marianne Burkhart
Port Commission Secretary