

PORT COMMISSION OF THE PORT OF EDMONDS

MINUTES OF REGULAR MEETING

December 14, 2009

Commissioners Present

Bruce Faires, President
Mary Lou Block, Vice President
Marianne Zagorski, 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

EXECUTIVE SESSION

The Commission met in an executive session at 6:30 p.m. to discuss personnel matters. Those in attendance included Commissioner Faires, Commissioner Block, Commissioner Zagorski, Commissioner Gouge, Commissioner Orvis and Bradford Cattle. No decisions were made and no action was taken. The executive session was adjourned at 6:40 p.m.

CALL TO ORDER

Commission President Faires called the regular meeting to order at 7:00 p.m.

PLEDGE OF ALLEGIANCE

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

CONSENT AGENDA

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

- A. APPROVAL OF AGENDA AS AMENDED.**
- B. APPROVAL OF NOVEMBER 30, 2009 COMMISSION MEETING MINUTES.**
- C. APPROVAL OF NOVEMBER ELECTRONIC TRANSFERS IN THE AMOUNT OF \$202,665.31.**
- D. APPROVAL OF CHECK NUMBERS 5489 THROUGH 5510 IN THE AMOUNT OF \$1,163.97 FOR TENANT REFUNDS.**
- E. APPROVAL OF VOIDED CHECK NUMBER 68578 IN THE AMOUNT OF \$570.00 FOR ACCOUNTS PAYABLE.**

- F. APPROVAL OF CHECK NUMBERS 68886 THROUGH 68908 INCLUDING DIRECT DEPOSITS D00556 THROUGH D00567 IN THE AMOUNT OF \$44,390.15 FOR PAYROLL.
- G. APPROVAL OF CHECK NUMBERS 68909 THROUGH 68914 IN THE AMOUNT OF \$26,882.93 FOR PAYROLL.
- H. APPROVAL OF CHECK NUMBERS 68915 THROUGH 68958 IN THE AMOUNT OF \$110,297.62 FOR ACCOUNTS PAYABLE.
- I. APPROVAL OF CHECK NUMBERS 11099 THROUGH 11112 IN THE AMOUNT OF \$13,186.80 FOR HARBOR SQUARE ACCOUNTS PAYABLE.
- J. APPROVAL OF WAIVER OF NOTICE OF SPECIAL MEETING FORM.
- K. AUTHORIZATION FOR EXECUTIVE DIRECTOR TO WRITE OFF \$2,678.63 AND SEND ACCOUNT TO COLLECTIONS.
- L. APPROVAL OF SEA SCOUT SHIP RECHARTER.

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.

2010 ELECTION OF OFFICERS

COMMISSIONER ZAGORSKI MOVED THE COMMISSION ELECT COMMISSIONER BLOCK TO SERVE AS PRESIDENT OF THE PORT COMMISSION FOR 2010. COMMISSIONER GOUGE SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

COMMISSIONER GOUGE MOVED THE COMMISSION ELECT COMMISSIONER ORVIS TO SERVE AS VICE PRESIDENT OF THE PORT COMMISSION FOR 2010. COMMISSIONER BLOCK SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

COMMISSIONER ORVIS MOVED THE COMMISSION ELECT COMMISSIONER GOUGE TO SERVE AS SECRETARY OF THE PORT COMMISSION FOR 2010. COMMISSIONER BLOCK SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

RESOLUTION 09-19 – RECONFIRMING THE SCHEDULE AND LOCATION OF PORT OF EDMONDS COMMISSION MEETINGS

Commissioner Faires announced that three Commissioners were reelected to serve another term starting in 2010. They will be sworn in at a special meeting sometime the first week of January.

Mr. McChesney advised that the Commission is required to confirm their schedule and location of Commission meetings for 2010. He referred to the draft schedule and noted that the second regular meeting in May falls on Memorial Day. The Commission agreed to reschedule the May 31st meeting to May 24th to accommodate the Memorial Day Holiday.

COMMISSIONER GOUGE MOVED THE COMMISSION APPROVE RESOLUTION NUMBER 09-19 AFFIRMING THE SCHEDULE AND LOCATION OF THE PORT OF EDMONDS COMMISSION MEETINGS FOR 2010 PER ATTACHMENT A, WITH THE SECOND MEETING IN MAY BEING SCHEDULED FOR MAY 24TH. COMMISSIONER ORVIS SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

DRAFT 2010 CAPITAL BUDGET

Mr. McChesney reminded the Commission that they reviewed the draft 2010 – 2014 Capital Budget at their November 30th meeting, and they did not recommend any changes. He summarized that the 2010 Capital Budget would be \$667,000 if all items are implemented. He emphasized that before proceeding with any projects, staff would present them to the Commission again for approval.

Commissioner Orvis observed that once the actual 2009 cash flow numbers are available, the Capital Budget would be updated accordingly. Ms. Drennan agreed that the 2009 figures would be finalized in January, but the cash flow figures for the remainder of the Capital Budget years would remain as projections.

Commissioner Block reminded the Commission of their previous discussion about exploring the garbage and recycling situation further in 2010. She noted that \$10,000 has been identified in the Capital Budget to address garbage and recycling. However, it is also important the Commission do a complete review of the situation and identify where they want to go in the future before they expend money for any recycling and garbage projects. Commissioner Zagorski recalled that the \$10,000 identified in the Capital Budget was intended to address the obvious problems and the Commission agreed to review the entire program in 2010.

COMMISSIONER ZAGORSKI MOVED THE COMMISSION APPROVE THE 2010 CAPITAL BUDGET AS PRESENTED. COMMISSIONER ORVIS SECONDED THE MOTION.

Commissioner Faires emphasized that approving the Capital Budget does not result in an expenditure of funds. Each of the items identified in the budget will have to come back to the Commission for approval to proceed.

THE MOTION CARRIED UNANIMOUSLY.

Commissioner Orvis reminded the Commission that next year, the Capital Budget would be considered in conjunction with the Operating Budget so the Commission and public have a complete financial picture of the Port.

2010 COMMITTEE ASSIGNMENTS

Commissioner Faires reminded the Commissioners that they previously agreed to mark up a copy of the 2009 committee assignments and provide direction to the new Commission President regarding 2010 assignments. Commissioner Block, the 2010 Commission President, indicated she had received input from all Commissioners and would update the assignments for the Commission's review and approval on January 11th.

Commissioner Zagorski recommended that the Edmonds Citizens Economic Development Commission be added to the list of committee assignments. Commissioner Orvis said it is also important to notify the WPPA as soon as possible that the Port has a new trustee so their records can be updated accordingly.

WORKSHOP DISCUSSION – HARBOR SQUARE MASTER PLAN PROCESS

Mr. McChesney reminded the Commission that they held a special meeting on November 16th to review the final report on Harbor Square Redevelopment Scenarios prepared by LMN Architects and Berk & Associates. The report describes five potential redevelopment plans, starting from the baseline condition of a modified mixed-use development under existing zoning and four progressively aggressive mixed-use development configurations, each of which would require a new contract rezone. The report also analyzes each for economic and financial feasibility. He emphasized that the Port Commission has not made any decisions regarding a preferred scenario. They recognize that many challenges and complex issues must be addressed prior to moving forward. The next step is to design a public process that will minimize expense for consultants, artwork and analysis and maximize public input with the goal of achieving some degree of community support sufficient to obtain the necessary development entitlements under the City's Comprehensive Plan, and presumably an acceptable rezone.

Mr. McChesney recommended the Commission authorize him to make an application to the City of Edmonds for a Comprehensive Plan and rezone change. This requires no more detail than a simple letter of intent that will create a placeholder on the docket for consideration and review in 2010. The deadline for submitting the letter is December 31st. If the Port misses this deadline, they will not have an opportunity to move forward next year, and the Harbor Square Master Plan and rezone process will have to wait until 2011. He emphasized there would be very little cost and no downside for the Port to request the City consider a Comprehensive Plan change and rezone for Harbor Square in 2010. If the front end process becomes too expensive or the Port cannot obtain sufficient public support, the Commission could decide they are not ready to proceed and they can bump the Comprehensive Plan amendment to 2011 with no cost or penalty.

Mr. McChesney pointed out that the Port could use the same information that is presented to the City to update their Comprehensive Scheme of Harbor Improvements, which is required by RCW 53.20. He explained that there is not a precise or specific definition of harbor improvements, and it is his understanding that the Commissioners agree the Port's current Master Plan fits the requirements. There are no requirements for when the Comprehensive Scheme must be updated, other than ports cannot spend money on harbor improvements until the plan is approved and in place.

Mr. McChesney advised that the Harbor Square Business Complex currently has a 30% vacancy rate. While Building 2 was intended to be retail and office space, the remainder of the buildings were intended to be light industrial uses. The market has changed significantly since the buildings were originally developed, and the property will eventually have to be redefined and redeveloped. He suggested the Commission start as soon as possible to contemplate the future of the buildings, recognizing that nothing will likely change for a number of years. He reminded the Commission that rezones are technically difficult and time consuming. Commissioner Gouge agreed and said he anticipates it could take up to 10 years for the property to be fully redeveloped, even if they start now. He agreed the Port should submit their Comprehensive Plan amendment request by the end of 2009 so they can move forward in 2010.

Mr. McChesney expressed his belief that public involvement will be a key element of a successful redevelopment plan. Commissioner Zagorski said that she and Commissioner Faires also participate on the Edmonds Citizens Economic Development Commission, where they received several comments that people have found the economic data provided by the Port's consultants to be very helpful. The information illustrated what type of revenue would be generated by each of the scenarios. She suggested this become the standard for what the Port will eventually submit to the City when they are ready to submit their actual master plan and rezone application. She agreed with Commissioner Gouge that they should submit their application for a Comprehensive Plan amendment as soon as possible so they can move forward in 2010. If the Port is able to get the citizens to support a particular plan in the first six months of 2010, they should go ahead with the Comprehensive Pan amendment and rezone application in 2010. If it takes another year to accomplish this task, they can wait until 2011, but the Port should be ready to move forward. She said they might be surprised to find that the Commission and citizens have common ideas about what would be the best use of the property.

Commissioner Orvis agreed the Port should submit their application for a Comprehensive Plan amendment in 2010 as a placeholder and begin the public outreach program. However, he cautioned that public outreach should include citizens outside the bowl area. He expressed his belief that residents of the bowl area dominate the City Council disproportionately, and he does not see any serious movement on the City Council's part to address economic development. He suggested it would take considerable pressure from the community, including areas outside of the bowl, to get an economic development program moving forward. He said he believes that redevelopment of the Harbor Square site will be a multi-year project, but they need to get started as soon as possible.

Commissioner Orvis cautioned that as part of the public outreach process, the Port needs to clearly explain their limitations with regard to the Harbor Square property. For example, they need to make sure the public understands that State law does not allow ports to develop public-owned properties as public parks, farmer's markets, swimming pools, etc. Whatever redevelopment occurs on the site must be related to economic development and should be done

consistent with the City's current atmosphere and what the citizens want. The Port wants to develop something that is economically beneficial to the City, aesthetically pleasing, and something the citizens can be proud of in the future. Commissioner Zagorski agreed that the public outreach program should extend beyond the bowl area. She suggested that some of the public meetings be held in locations other than downtown Edmonds or the Port property.

Commissioner Block agreed that it is absolutely important to submit a Comprehensive Plan request to the City of Edmonds by the end of 2009 to indicate their interest in proceeding with a master plan for Harbor Square without providing a specific timeline. She observed that the citizen comments that were posted on the Port's website were well thought out and insightful. The website offers a good vehicle for collecting public input.

The Commission concurred that staff should forward a letter to the City of Edmonds, informing them that they are interested in proceeding with a Comprehensive Plan amendment related to Harbor Square in 2010.

Commissioner Faires observed that in the past the Commission has approached the Harbor Square Master Plan as a strategic issue without time pressure. Perhaps they should rethink this approach, particularly if they anticipated it will take up to 10 years to complete a redevelopment project. Perhaps there is more of a sense of urgency than originally anticipated, given the current condition of Harbor Square. He suggested that the Commission should also provide a scenario to the public that illustrates what would happen if nothing were to change at Harbor Square. It is important that the citizens clearly understand what the property would look like in 10 years if the Port does not proceed with redevelopment now. He expressed his belief that the public would be well served by the Commissioners who have been thinking about this issue for several years now. They have a clear understanding of the issues and they are prepared to move forward. Commissioner Block pointed out that moving forward with redevelopment of the Harbor Square site would result in increased economic activity in Edmonds at a time when the City needs additional revenue sources.

Commissioner Orvis announced that he viewed the last Edmonds Citizens Economic Development Commission/Planning Board Meeting on Channel 21. Three presenters from Mountlake Terrace, Bothell, and Lynnwood shared information about the processes their cities used to move forward with economic development plans. He encouraged the Commissioners to watch the meeting, as well. It was apparent that all three of the cities had tremendous support from their City Councils, and Mountlake Terrace developed an impressive public outreach program.

The Commission briefly discussed possible ideas for approaching public outreach. Commissioner Zagorski pointed out that some very specific issues must be addressed at the beginning of the process, and perhaps it would be appropriate to hold separate public meetings to address each one. For example, if they are going to include residential development as part of their proposal, a rezone would be required and possibly selling the property to a private developer. There are mixed views amongst the Commission regarding the issue of selling the property, and perhaps a public meeting could be conducted to collect public input on just that one issue.

Commissioner Orvis voiced his opinion that the information related to the Harbor Square Master Plan was not presented well at the last meeting. Perhaps they should use this same information at future public meetings, highlighting the important elements. He expressed his belief that many of those in attendance at the public meeting did not pay attention to the financial information that was provided. Commissioners Faires and Zagorski disagreed and said they have received numerous comments from the public that they appreciated having the numbers to show what is and is not feasible. Commissioner Orvis cautioned that whatever is included in the final master plan must be realistic. No developer will be interested in investing at Harbor Square if the rate of return is not sufficiently attractive.

Commissioner Orvis said he has talked to numerous individuals who are interested in leaving the Antique Mall and Harbor Square exactly the way they currently exist because there are no tall buildings and they like the way it has been for the past 30 years. However, people need to understand what that will mean for the Port and the City of Edmonds as far as projected revenues and economic development. They need to get beyond the wish list of what

people want and think more realistically about what will be best for the long-term viability of the City. They need to identify what the public is willing to accept in order to have other amenities that are desirable.

Commissioner Faires agreed and cautioned that they should not move forward with more specific options than what was presented by the consultants until they have a clear understanding of what the community will support. If they communicate the concepts well to the public, it will be easier to get them on board. Commissioner Orvis agreed that the public meetings should start with a presentation of the scenarios prepared by the consultant, along with some baseline numbers. If future redevelopment cannot pencil out, the property will not ever be redeveloped no matter how grand the plans are. Commissioner Zagorski agreed it is important to help the public clearly understand the financial and other constraints the Port is faced with. They should keep repeating this information in simple terms until the public has a clear understanding of the situation. Commissioner Faires pointed out that, in addition to the financial constraints, State law also limits what the Port can and cannot do with the property. In addition, they must keep in mind that the Port has financial obligations to meet.

Mr. McChesney summarized that the public discussions need to center on the issue of economic development, and perhaps the Commission should reframe the discussion to make their case related to the Port's fiduciary responsibilities and other requirements. He suggested they reexamine some of the prior assumptions that have somehow become insurmountable obstacles for moving forward. An open public process that allows the citizens to learn more about the Port's situation and understand their view points will allow all parties to work on the issue collaboratively to come up with something that works.

Commissioner Zagorski recalled previous direction from the Port Attorney that the Port cannot invest money outside the Port District. She asked Mr. Cattle if the Port would be allowed to partner with the City and invest outside of the Port District in the City of Edmonds. Mr. Cattle answered no. Commissioner Zagorski suggested it might be appropriate to consider the option of expanding the Port District boundaries to include the entire City of Edmonds. This may be an important enough issue that the remainder of the City might vote in favor of the expansion. If the Port were to sell at least a portion of the property for residential development, the money could be invested in other locations where there are better opportunities for economic development. Commissioner Faires agreed that perhaps if the Port were to sell some or all of the property, the money that is available for reinvestment elsewhere could be an adequate incentive to persuade voters to support an expansion of the Port District boundaries.

Commissioner Orvis reminded the Commission of the recent legislation that would have consolidated port districts in Pierce, King and Snohomish County, including the Port of Edmonds. While the legislation did not move forward in 2009, it is likely to be proposed again in 2010. He also reminded the Commission of recent legislation that would have required taller buildings and greater density for properties that are located near transportation centers. Similar legislation might resurface again in 2010. Commissioner Zagorski observed that these two proposals may create other incentives for the Port to move forward as quickly as possible with redevelopment plans for Harbor Square. If the legislation is approved in the future, the Port and City of Edmonds could lose control over the situation and the decisions would be made based on regional and state requirements.

The Commission agreed that the Executive Director and the Property Committee would meet to prepare a draft outline for the community outreach program and present it for the Commission's consideration on January 11th.

Don Hall referred to the joint Edmonds Planning Board/Citizens Economic Development Commission Meeting at which representatives from Bothell, Mountlake Terrace and Lynnwood shared their processes for moving economic development plans forward. He was impressed with the sense of urgency that carried each of their plans forward. He pointed out that these cities are economic competitors to Edmonds, and they are so much further along in their plans and programs. While the Port is at least getting ready to start something, the City is way behind. He urged the Commission to move the process along quickly before all the good opportunities are lost. He said he loves what the Port has done thus far with the Harbor Square Master Plan process.

Natalie Shippen said that while she understands the Port's mandate to make money, she has never heard such great urgency as what has been discussed since the Port purchased the Harbor Square Buildings. They have owned the property for many years, yet there was no sense of urgency to redevelop it to make more money. She questioned what has been the Port's main source of revenue in the past. Commissioner Faires answered that the restaurants and other leased spaces (Harbor Square, The Landing, Anthony's and Arnies) have been the major sources of revenue over the past 20 years. The Port has owned the Harbor Square land for many years, but they did not own the buildings. Because the Port did not have control of the buildings, there was nothing to plan for. Now that the buildings have been purchased by the Port, the Commission feels it is the right time to plan for the future, and State law mandates that they do so. The Commission is interested in identifying the highest and best use of the property going forward. He said that, as a citizen of Edmonds, he also worries about present and future city revenues, and redeveloping Harbor Square could have a positive impact. In addition, the Commission must keep in mind that the Port currently carries an \$8 million mortgage for the property and the financial reality is that it will be worth less in the future because the buildings are aging. He summarized that the issue is driven both by the current financial condition of the City of Edmonds and by the desire to find the highest and best use of the property for the benefit of the community.

Commissioner Orvis observed that the buildings are suffering from long years of neglect, and the Port has had to spend a significant amount of money to maintain them. They do not anticipate the buildings will generate a significant amount of revenue in their current state. The Commission is not talking about making huge amounts of money, but developing the property in such a way that they are able to pay off the current loans and provide some economic value to the community.

Commissioner Zagorski pointed out that Edmonds currently has a very poor ratio of jobs per population, as well as a real revenue gap that is starting to be felt in the City budget. If the Port can sell some or all of Harbor Square and increase their bonding capacity or redevelop the property in some other way to create funds that can be used for economic development in the City, jobs could be created and the City would receive additional revenue to address their budget problems.

Ms. Shippen said the Port would do well to keep in mind that Lynnwood, Bothell and Mountlake Terrace are not necessarily communities their residents are proud of. She questioned why representatives from these cities were invited to share their ideas with Edmonds. Edmonds citizens are proud of their city. Commissioner Faires said he attended the meeting where the three representatives presented their ideas. All three shared their plans for becoming a community that is more like Edmonds, including developing town centers and identities, which Edmonds already has. He said the real question that must be answered is whether or not Edmonds is doing the best it can with the community assets, and he does not believe it is. Commissioner Block emphasized that the Commission recognizes the importance of maintaining the valuable community assets, charm and character.

Council Member Wambolt cautioned that while public outreach is an important element of any public process, the Commission should not set their expectations too high. He recalled that the City Council previously decided to meet on the 5th Tuesday of each month in different areas of the City, but they found that most of the people who attended the meeting were already attending the other City Council meetings, as well. In addition, the Mayor attempted to meet with citizens in various locations throughout the City, but the program was never successful.

Commissioner Orvis said he has very little confidence that the City Council will ever be serious about any type of redevelopment. He said he has lived in many places that had small towns and wanted to keep it that way. Eventually they ended up with something they did not intend and/or want. He said he will not sit by and let the Harbor Square property become like the Antique Mall property. The City can create nice art walks, cultural corridors, etc, but places like the Antique Mall attract people and activities the community does not really want. If they do not take care of the properties, they will fall apart. Harbor Square is deteriorating and something needs to be done in the near future. But the way the City Council is currently heading, it may end up like the Antique Mall in 10 years.

Council Member Wambolt suggested the Commission review the process that was used to create a master plan and zoning for the Firdale Village Property. The whole idea is to make the property more valuable for future developers. Commissioner Faires agreed that would be appropriate.

Commissioner Faires cautioned that the Commission does not want to come across to the public as knowing what is best for Edmonds, but they are convinced that no change is not an option. The center of Edmonds is a wonderful place and other communities are envious. The Commission is not talking about destroying the character of the town; they want to enhance it. If they can get more people that live within walking distance of the area, the merchants will be better off and there will be fewer empty storefronts. The downtown would be more viable. He summarized that they are not talking about changing the good parts, but supporting the good parts and changing the parts that are not contributing what they can. Commissioner Gouge added that it would be great to expand upon the available transit opportunities to encourage young families to move to Edmonds.

Ms. Shippen said she can understand the Port's current frustration with the Edmonds City Council, although for very different reasons. A year ago, citizens filled the Council Chambers asking the City Council to consider putting a measure on the ballot to gauge the public's interest in purchasing the Safeway/Skippers property. The citizenry was actively pursuing the issue, but the City Council rebuffed their efforts. Council Member Wambolt advised that the City Council denied the request because it would have taken the property off of the tax rolls at a time when the City is struggling financially.

Ms. Shippen expressed her belief that it is pointless to approach the City Council with ideas because they do nothing. She suggested the Port Commission ask the City Council to explore options for the entire area south of Dayton, which will all be publicly owned in the near future by the City, the Port and the Department of Transportation. She noted that, at this time, no one has any plans for this valuable property. She suggested the Port approach the City Council and Department of Transportation about a possible partnership to redevelop the property.

PORT DISTRICT BOUNDARY REVIEW

Commissioner Orvis inquired if the Port would be required to review the various district boundaries as part of the 2010 census work. Mr. Cattle agreed to research the question and get back with the Commission in the near future.

EXECUTIVE DIRECTOR'S REPORT

Mr. McChesney reported that the Anthony's roof project is making good progress, weather permitting. He recalled that he also apprised the Commission at their last meeting about the serious roof problems that exist on Building 2 at Harbor Square, which is still under investigation. Staff requested a proposal from Meyer Brothers, the contractor for the Anthony's Roof Project, and they indicated it would cost about \$10,000 to repair the leaks and reflash the skylights and \$11,552 to replace the defective skylights. In the meantime, the contractor who did the repairs two years ago has verbally indicated he would take care of the situation, but staff has not heard back from him. Staff would continue to contact the original contractor in an attempt to get the roof repaired. However, if they are unable to resolve the situation, he plans to award the contract to Meyer Brothers under the emergency provision and ask the Commission to approve the contract at their next meeting as required by law.

Mr. McChesney suggested that rather than repairing and replacing the skylights at a cost of \$16,000, staff believes it would be appropriate to eliminate the skylights, cover the openings with roofing grade plywood, roof over them, and relight from inside the building. This would eliminate the problem forever. He explained that the skylights are design features that have no practical function and are a perpetual maintenance problem. If the cost of eliminating the skylights is comparable to repairing them, he will recommend they be eliminated. The Commission agreed that would be appropriate. Commissioner Block asked how staff would address the issue of relighting the building when the skylights are removed. Mr. McChesney advised this would be included as part of the contract bid. Again, he said he would continue to work to resolve the problem with the original contractor.

Mr. McChesney advised that staff has been negotiating with Sound Transit for use of Port property for Sound Transit parking. Staff proposed a higher rate of \$6.50 per space because of costs associated with accommodating the additional spaces. The rate currently paid by Sound Transit is \$5.25. They have reached a tentative agreement of \$5.50 per space per day. He summarized that staff has done a great job of reorganizing the area to accommodate the additional spaces.

Mr. McChesney reported that the Port received a draft proposal from Jack Tawney, Harbor Square Athletic Club, last week. Staff has reviewed the document and would like to meet with the Property Committee to review the pros and cons of the proposal.

COMMISSIONER COMMENTS AND COMMITTEE REPORTS

Commissioner Zagorski said she attended the last meeting of the Ferry Partnership Group that was formed to help the Washington State Department of Transportation pre-design a test reservation system. Their original thought was to test the program in Edmonds, but this has changed. It will be a complex system so they want to start on a smaller route such as Port Townsend where they already have a reservation system in place. They may go from there to slightly larger routes before they get to the larger ones, but this has not been decided yet. A draft pre-design study will be released on December 15th and available on the Department of Transportation's website. The pre-design study would be presented to the Joint Transportation Committee of the Legislature on January 15th. Washington State Ferries hopes to come out of the session with direction on how to proceed and funding to test the reservation program. She noted that David Moseley, Assistant Secretary of Transportation for Washington State Ferries sent a handwritten note to each of the group's participants.

Commissioner Zagorski reported that she attended the December 8th Woodway Town Council Meeting where they approved their 2010 Operating Budget and mentioned that Shoreline is continuing to work on annexation of Point Wells and has hired a consultant to update their Comprehensive Plan to include Point Wells.

Commissioner Block referred to the Commission minutes of November 30th in which Ms. Kempf talked about current workyard promotions. She reported that, in addition to reducing lay charges, Shilshole Marina is offering a 50% reduction in travelift charges. Their workyard is currently full. She suggested the Port consider this same type of incentive. Ms. Kempf pointed out that Sea View is much different than Edmonds because they have total control over everything in their yard and can make up the lost travelift revenue. The Port of Edmonds' yard is do-it-yourself, so they are not able to make money off of boats that are in the yard. The current travelift charges cover the cost of moving boats, so the Port would actually lose money if they reduced this charge. She said staff is working to get the word out about the Port's current workyard promotion.

Commissioner Block reminded Mr. McChesney that he previously agreed to forward a copy of the Puget Sound Regional Council's preferred alternative to each of the Commissioners. Mr. McChesney said he would make sure each Commissioner receives a copy in the near future.

Commissioner Gouge advised that he would attend the December 15th Edmonds City Council Meeting at which Council Member Wambolt would be presented a resolution honoring his service to the City for the past four years. Commissioner Gouge thanked Council Member Wambolt for his steadfast resolve to attend Commission meetings and for all he has done as a City Council Liaison to the Port. The City Council would also consider an interim zoning ordinance to allow temporary homeless shelters and encampments. A public hearing has also been scheduled on the proposed rezone for Firdale Village, which is a good model. He said he also attended the December 8th City Council Meeting at which they discussed updating the stormwater code and pay raises for City staff in 2010. At their December 1st meeting, there was a lot of discussion with the City Attorney about a case related to property on 9th Avenue that was tried earlier in Snohomish County Superior Court. Some City Council Members are interested in retrying the case.

ADJOURNMENT

The meeting was adjourned at 8:40 p.m.

Respectfully submitted,

Marianne Zagorski

Port Commission Secretary