

PORT COMMISSION OF THE PORT OF EDMONDS

MINUTES OF REGULAR MEETING

June 28, 2010

COMMISSIONERS PRESENT

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

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 Block 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 FAIRES MOVED THAT THE CONSENT AGENDA BE APPROVED TO INCLUDE THE FOLLOWING ITEMS:

- A. APPROVAL OF AGENDA AS AMENDED.**
- B. APPROVAL OF JUNE 14, 2010 COMMISSION MEETING MINUTES.**
- C. APPROVAL OF MAY ELECTRONIC TRANSFERS IN THE AMOUNT OF \$565,988.39.**
- D. APPROVAL OF CHECK NUMBERS 69904 THROUGH 69926 INCLUDING DIRECT DEPOSITS IN THE AMOUNT OF \$41,455.11 FOR PAYROLL.**
- E. APPROVAL OF CHECK NUMBERS 69927 THROUGH 69933 IN THE AMOUNT OF \$1,880.90 FOR PAYROLL.**
- F. APPROVAL OF CHECK NUMBERS 69934 THROUGH 69975 IN THE AMOUNT OF \$134,934.78 FOR ACCOUNTS PAYABLE.**
- G. APPROVAL OF CHECK NUMBERS 11260 THROUGH 11268 IN THE AMOUNT OF \$5,004.10 FOR HARBOR SQUARE ACCOUNTS PAYABLE.**
- H. AUTHORIZATION FOR EXECUTIVE DIRECTOR TO WRITE OFF \$4,736.39.**
- I. APPROVAL OF D.K. SYSTEMS HVAC MAINTENANCE CONTRACT – CHANGE ORDER 1.**
- J. APPROVAL OF RESOLUTION NUMBER 10-06, APPROVING EMERGENCY REPAIR OF THE NORTH PUBLIC LAUNCHER AND WAIVING COMPETITIVE BIDDING.**

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.

BLACKWATER SETTLEMENT

Mr. McChesney recalled that this matter is being brought before the Commission to settle a claim against the Port by Blackwater Marine LLC for additional work performed as a subcontractor to Triton Marine Construction, the general contractor for the Mid-Marina Breakwater Project. He explained that there were many issues in the dispute, and there have been many expert witnesses on behalf of all parties. A lawsuit was filed against the Port by Blackwater Marine LLC in 2007 to recover alleged costs. The Port filed an answer denying the claim and asserting counter-claims for faulty workmanship and unfinished work. Both parties also asserted claims against the coatings supplier, ICI-Devoe Paint Company. The legal dispute went to mediation in June 2009 and again in March 2010. In May 2010 the parties negotiated a Settlement Agreement to avoid a jury trial. He advised that the fiscal impact of the Settlement Agreement to the Port is \$62,500 plus sales tax. He recommended the Commission approve the Settlement Agreement as presented and authorize him to sign it and disburse the funding as agreed to therein in the amount of \$62,500 plus applicable sales tax. Such action would allow the Port to consider the matter unambiguously settled, with no further action required.

Commissioner Zagorski referred to Term 1.4 on Page 2 of the Settlement Agreement, and requested clarification about the warranty. Mr. McChesney advised that, typically, there is a two-year warranty for contractor work, but this time period has expired. Commissioner Zagorski also referred to Term 1.2 on Page 1 of the Settlement Agreement and requested more information about the contract retainage the Port would pay. Mr. Cattle explained that this money was placed in an interest bearing account. As per the agreement, the Port would release the retainage, as well as the interest that accrued.

Commissioner Zagorski said she noted a white substance on the west side of the north end of the breakwater. She questioned if this is a sign of paint peeling from the surface. Mr. McChesney said he has not observed any problems in this area, but he noted there have been a lot birds in the area recently, and the substance may be a result of bird activity. He said once the Settlement Agreement is approved, Port staff would conduct a conditions survey on the breakwater.

COMMISSIONER FAIRES MOVED THE PORT COMMISSION APPROVE THE SETTLEMENT AND RELEASE AGREEMENT RESOLVING THE BLACKWATER MARINE LLC LITIGATION. OTHER THAN THE AMOUNTS REMAINING DUE UNDER THE ORIGINAL CONTRACT TO TRITON MARINE CONSTRUCTION (PROJECT RETAINAGE OF \$148,778.00 PLUS APPLICABLE SALES TAX AND UNPAID CONTRACT BALANCE ON THE PROJECT OF \$21,268.01 PLUS APPLICABLE SALES TAX), THE PORT'S PORTION OF THE LITIGATION SETTLEMENT WITH BLACKWATER MARINE LLC WILL BE \$62,500 PLUS APPLICABLE SALES TAX. HE FURTHER MOVED THE COMMISSION AUTHORIZE THE EXECUTIVE DIRECTOR TO SIGN THE SETTLEMENT AGREEMENT AND DISPURSE FUNDING AS AGREED. COMMISSIONER GOUGE SECONDED THE MOTION.

Jack Bevan requested more information about the settlement to satisfy questions that have been raised by the public. Mr. Cattle advised that the impact to the Port of the Settlement Agreement is \$62,500. The Port will also release the project retainage of \$148,778 (plus the interest that was accumulated in the interest-bearing account) to Triton Marine Construction, which they would be required to pay anyway. In addition, two other parties that were also part of the lawsuit are contributing money to the Settlement Agreement. For the public's information, he read Term 1.1 on

Page 1 of the Settlement Agreement, which indicates that ICI-Devoe Paint Company and BergerABAM would both contribute \$300,000. The remaining balance of \$62,500 plus tax would be paid by the Port.

Mr. Cattle further explained that the Settlement Agreement would save a month-long jury trial. Commissioner Faires added that the Port was comfortable with its legal position going into the trial, but they did not want to spend a month in court to get to a positive outcome and then have to pay the associated court costs, which were estimated to exceed \$120,000. He said the Commission believes the Settlement Agreement is the appropriate action to take at this time. Mr. Bevan asked if Blackwater would have been required to pay the Port's court costs if the Port prevailed at the trial. Mr. Cattle explained that he does not believe the Port would be able to claim court costs.

Commissioner Orvis explained that the Port did all the right things when they hired the contractor, and then they were sued because of contractor errors. He emphasized that, as per the Settlement Agreement, the project engineer (BergerABAM) and the paint company would be responsible for the largest part of the monetary amount. He also noted that Blackwater did not receive near what they originally asked for. He explained that the way the current law is written, it is virtually impossible for the Port to receive court costs back from the opposing party unless they can prove that they, alone, were responsible for the problem. Mr. Cattle said that under the circumstances of the situation, the Port would not have the basis for a claim. Therefore, the goal was to minimize the Port's damages. He summarized that none of the parties would walk away unscathed.

Commissioner Faires expressed frustration that even though the Port did nothing wrong, it became clear that given the cost of continuing litigation, there was almost nothing to gain and much to lose by pursuing the matter in court. The Commission believes the appropriate action is to approve the Settlement Agreement. Commissioner Orvis added his observation that in jury trials where a huge amount of technical information is presented, it is very difficult for any of the parties to gain a clear victory. He pointed out that unless a public entity is willing to go to court to prove that the low bidder is incapable of doing the job, they are required to accept the low bid. Frequently, this results in situations where contractors have the reputation of submitting low bids and then making their money back on change orders.

THE MOTION CARRIED UNANIMOUSLY.

PURCHASE OF MARINE FORKLIFT

Ms. Drennan advised that the 2010 Capital Budget includes \$275,000 for marine forklift replacement. The current Clark Forklift is over 13 years old and is requiring increased repair and maintenance. It is also fully depreciated. She reported that the Deputy Director, Finance Manager, and Dry Storage Supervisor put together specifications for the marine forklift bid (attached to Staff Report), and the Port went out to bid on April 30th. The bids were due on June 3rd and the Port received six. Toyota Lift Northwest was the low bidder at \$199,720 plus sales tax (see bid documents attached to Staff Report). Staff reviewed the bid and test drove a Hoist marine forklift. They believe that this forklift and Toyota Lift Northwest's service coverage and capacity will meet the Port's needs. She noted that the forklift would be delivered approximately 11 to 13 weeks after receipt of order.

Ms. Drennan summarized that approval of the bid would meet the Port's mission statement by providing and/or fostering quality services and facilities for tenants and the boating community. She said staff recommends the Commission authorize the Executive Director to enter into a contract with Toyota Tsusho Material Handling, doing business as Toyota Lift Northwest, to purchase a Hoist Neptune M200 Marine Forklift that meets the Port's specifications in the amount of \$199,720 plus sales tax.

Duncan Plymate, Toyota Lift Northwest, advised that, as part of the proposal, Toyota Lift Northwest has offered to market and sell the current forklift, and they currently have an interested party. They need to complete an inspection of the unit and forward details to the interested party, and they will continue to explore all options at the Commission's discretion. Commissioner Gouge asked if this approach would meet State requirements for surplus equipment. Mr. Cattle answered that the Port could likely declare the equipment surplus and pursue the sale as

proposed, but he would check to clarify the specific requirements. Commissioner Faires asked Mr. Plymate to share his best estimate of the value of the existing Clark Forklift. Mr. Plymate said his best guess is that the forklift would sell for \$20,000 to \$25,000.

Commissioner Faires inquired about the depreciation schedule for the new forklift, and Ms. Drennan answered that the depreciation schedule would be between seven and ten years. Commissioner Orvis asked staff's best estimate for how long the new forklift would last if it is used and maintained properly. Mr. McChesney said he feels the Port can get at least 10 years out of the new equipment if it is cared for properly, but its life expectancy also depends on how much it is used. He noted the Port has skilled operators and a much-improved maintenance program. Mr. Plymate said that looking at similar equipment, seven years is considered the average life; but good maintenance and proper use should expand the life of the equipment up to three years. However, the equipment will eventually reach a point where maintenance costs make it more feasible to replace the equipment.

COMMISSIONER ORVIS MOVED THE COMMISSION AUTHORIZE THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH TOYOTA TSUSHO MATERIAL HANDLING, DOING BUSINESS AS TOYOTA LIFT NORTHWEST, TO PURCHASE A HOIST NEPTUNE M200 MARINE FORKLIFT THAT MEETS THE PORT'S SPECIFICATIONS IN THE AMOUNT OF \$199,7920 PLUS SALES TAX. COMMISSIONER FAIRES SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

HARBOR SQUARE REDEVELOPMENT UPDATE

Mr. McChesney recalled that the Harbor Square Redevelopment Program started with a public meeting November 2009 at which LMN Architects and Burke Associates presented a feasibility study and discussed various options for redevelopment. Since that time, the Commission and staff have had several discussions, and the issue has been presented in the following public forums: May 5th open house at Harbor Square, display at the Waterfront Festival, June 21st open house at the former Edmonds Yacht Club space, and a staff presentation to the Noon-Time Rotary Club. He pointed out that Edmonds City Council Member Buckschnis attended and supported all of the public events. He reminded the Commission that, up to this point, the program has consisted of public outreach to provide information to the public and solicit their comments and ideas. The Port did not attempt to sell any particular redevelopment concept. There seems to be a general consensus that they have made some good progress over the last few months, and everyone seems to be encouraged there is a way forward

Mr. McChesney advised that the Port is now at the point where it is time to contemplate the next steps for moving the program forward. The Commission has indicated to the public that Phase 2 of the program would start in the fall with a second round of public meetings. He suggested the Port prepare to move forward with a process to modify the Port's existing Master Plan to include Harbor Square, which would involve a SEPA review at some level. That means the Port should take the project to the next level and conduct a view shed analysis and prepare architectural renderings in anticipation of eventually obtaining a Development Agreement from the City. He suggested the Commission appoint a steering committee to help move the Master Plan process forward. The steering committee could consist of the Commission's Planning Committee Members, as well as other community members as appointed by the Commission.

Commissioner Gouge reported that the Finance Committee discussed potential funding for the Master Plan work, and they agreed it is important to keep the project moving forward. He asked if staff has received any additional public comments on their website. Mr. McChesney answered no. He recalled that the Port made a concerted effort to invite the citizens to attend the public meetings and submit feedback, and he is not sure how to account for the lack of response. Commissioner Zagorski expressed her belief that it may be difficult for citizens to respond until there is more information about the Port's preferred alternative. Mr. McChesney agreed that, to this point, the Port has only discussed what is feasible and plausible, but no potential scenario has been presented. He summarized his belief that the citizens appear to be more comfortable with redevelopment than they were previously. He noted that no one has expressed firm opposition to additional height of up to five stories, particularly when the idea has been discussed in

the context of economic and community development. The Port has stressed that if the citizens are willing to give up a little, they will receive a lot of public benefit in return.

Commissioner Gouge suggested that the community may be waiting for the Port Commission to take a leadership role and give direction for where they want to go. Commissioner Block added that sometimes people are reluctant to comment before they know what is being proposed, and the Port does not have a firm proposal at this time.

Commissioner Faires suggested it is the Commission's responsibility to figure out how they want to move the program forward. He suggested it would help the process along if the Commission and staff prepared an outline of what the Master Plan and subsequent Comprehensive Plan amendments should look like and how specific they should be. It is important to include all of the necessary information in the Master Plan without providing so much information that there is very little flexibility for future developers. Commissioner Block recommended the City staff be invited to participate in this discussion, and it might also be necessary to have professional assistance.

Commissioner Orvis agreed that they need to start the next phase of the program having made some progress. On the other hand, he said he does not want to create firm plans at this time. He observed that the Port has progressed thus far because they have been nonthreatening. They have had good turn out at their public meetings, but they have an equal number of people who will likely react negatively once they see specific plans. He said he does not believe the Commission is capable of outlining what should be in the preferred alternative by September. The Property Committee should work with the Executive Director and City staff to identify what the Master Plan and subsequent Comprehensive Plan change should include, but he cautioned against preparing specific language prior to starting the next round of public meetings. He reminded the Commission that they also promised the public some type of view shed analysis prior to the next public meeting.

Mr. McChesney said that during the second phase of the program, certain questions such as height, the potential tradeoffs for public open space and access, protection of the marsh and its buffers, etc. would be considered. They should also complete the view shed analysis and some conceptual perspective drawings that clearly illustrate how the project could look.

Commissioner Zagorski agreed that the Comprehensive Plan is not the place to tie down all the details related to the Harbor Square Redevelopment Program. She suggested that during the next phase, the Port could offer some specific designs for roads and circulation throughout the site and solicit public feedback on which options they prefer. They could also present the view shed analysis for four and five-story buildings and ask the public to give specific feedback about how the buildings should be massed on the site. She suggested the Commission identify three public meeting dates for the fall and then direct staff to send out a mass mailing to all residents of the Port District to announce the meeting dates. The dates should also be advertised in the tenant newsletter and in the articles that are published in the local newspapers.

Commissioner Faires expressed concern that as soon as the word "height" is used, people tend to panic. While it is likely the Port will ultimately request a rezone that will include additional height, the conversation should be about density and not height. It has been identified that in order for a redevelopment program to meet the test of being economically feasible, a certain amount of residential and commercial space must be allowed. This space can be provided in three-story buildings that sprawl over the entire site, or it can consist of taller buildings that allow for more public open space, etc. He summarized that it is important to have discussions about economic viability, economic return to the community and density at the same time they discuss height. Commissioner Block said it would be helpful to provide photographs of successful developments to illustrate how this concept could be accomplished to the benefit of the community.

Commissioner Orvis said that while it would be worthwhile to send a notice to all Port District residents, it is also important to keep in mind that the Edmonds City Council will make the ultimate decision, and this will include input from residents of Edmonds who are not part of the Port District. It will be important to gain the support of

people in the City well beyond the Port District boundaries. They should continue to place advertisements in the local newspapers, on the Port's website, Edmonds News, etc.

Mr. McChesney said he would not be comfortable identifying specific dates for the fall public meetings before the Commission has identified a scope of work and funding and a steering committee has been formed. Once these issues have been addressed, the public meetings could be scheduled and advertised in various ways. The Commission agreed that would be appropriate. Mr. McChesney summarized that over the next several weeks, staff would work with the Property Committee to perfect the scope of work and budget and present a proposal for the Commission's consideration on August 9th. At that time, the Commission could discuss a schedule for moving forward starting in September, as well as the formation of the steering committee.

Jack Bevan reminded the Commission that the public did not originally want the Port to purchase the Harbor Square Buildings, and when the economy turns around, they should sell the property to a private developer. Commissioner Gouge said the Commission's goal is to change the City's Comprehensive Plan and rezone the property so it is attractive to potential private developers. Mr. Bevan suggested the Port let a developer do the work rather than spending public money. Commissioner Faires expressed his belief that it should have been the City's responsibility to create a master plan for the area between the Edmonds Marsh and the Ferry Terminal, but that did not happen for a lot of reasons. The current zoning holds back redevelopment of the area. The Port's objective is not to create an empire, but to work with the City to sort out the zoning that describes the highest and best use for the property so that it is attractive to a private developer to construct something that will benefit the entire community.

Mr. Bevan recalled that taxpayers are currently supporting the Harbor Square Business Complex, and he expressed his belief that public money should not be used to create a master plan for the property. Commissioner Orvis observed that no one would likely want to purchase the property for development based on the current zoning limitations. Mr. Bevan questioned how much money the Commission plans to spend to get the property ready to sell to a private developer. Commissioner Faires suggested the cost would be approximately \$100,000, but the community benefit would be substantial.

Commissioner Zagorski said that from the comments she has heard, the community wants the Port to come up with something that will hold the developer accountable. If Mr. Bevan knows people who feel otherwise, she suggested he invite them to attend the Commission meetings and provide their input. Commissioner Orvis expressed his belief that the master plan process must go forward without a lot of upfront money from the Port until the public has offered their clear support. He noted that there are people in the community who will let the Port spend money to create a master plan only to oppose the project once it has been presented to the community. He summarized that now is the time for the public to provide their input on what should happen at Harbor Square, and they need to move beyond the idea of doing nothing.

City Council Member Buckschnis suggested the Port include the Harbor Inn and the Harbor Square Athletic Club as part of their overall Master Plan scheme. She also suggested that visual cues are an important part of public meetings. For example, erecting a four to five-story piece of plywood at Harbor Square for a week would likely capture the public's attention. She said design sizzle is also important. If 330 residential units are necessary in order for a mixed-use project to pencil out, perhaps 100 of the units could be limited to 1,000 square feet or less in size. If the Port wants to pursue the concept of a five-story height limit, the top story should be designated as a plaza, with perhaps a restaurant that is stepped back. She expressed her belief that four stories might be possible, but she is not confident the community would accept a five-story height limit. She summarized that once the Port starts providing concrete information and visual cues, the citizens who are concerned about height might start to comment. The Port should emphasize their desire to protect the marsh and its buffer, as well as the need to encourage transit-oriented development. These concepts need to be made more visual in order to solicit public feedback.

Paul Veztinski said he enjoys the direction the Commission is heading with the Harbor Square Redevelopment Program, and he commended them for their efforts. He said that he is leaning towards recommending the Port sell the property to a private developer, as recommended by Mr. Bevan. However, he has not made up his mind yet. He

asked if the Port has created a timeline for when they would like to troll for developers to purchase and/or redevelop the property. He suggested a timeline may help speed the process forward. He said he also likes the concept of using plywood to illustrate the impact of a four or five-story building.

Commissioner Faires said the Commission has discussed that they would like to work with the City to complete a Development Agreement by the end of 2011 so they are in a position to troll for developers when the economy improves. Commissioner Block added that it is timely to do planning when the economy is down so that properties are ready for redevelopment when the economy improves.

OBSERVATIONS FROM TOUR OF MILL CREEK TOWN CENTER AND THE LIVE/WORK ARTIST DEVELOPMENT IN EVERETT

Commissioner Zagorski explained that the artist development in Everett had artist studios on the ground floor, with three stories of residential space on top. The residential units were very unusual and focused on the types of amenities that artists need for live/work situations. They were different than traditional living units in many ways, but the development was stunning and will bring interesting people into downtown Everett to live and work. The development will likely have a positive impact on the City of Everett's efforts to change its image to become more attractive to middle class citizens. She said that while visiting the site, they learned that a long-standing arts organization lead the effort to develop the project, and someone else also contributed a significant amount of money. None of these opportunities exist for the Harbor Square site. Commissioner Block added that a national arts organization constructed the housing element of the project, and the display space was sponsored by the Arts Council of Everett.

Commissioner Zagorski observed that the Mill Creek Town Center project was completely different than the Everett project, and is more applicable to Harbor Square. For example, instead of black top where streets cross, they used raised pavers to slow people down to make pedestrian crossings safer. The Commission also learned the value of forming a steering committee. It was recommended that the Port start their Master Plan by designing the road system. It is also important to allow enough height to make redevelopment feasible, which is something Mill Creek did not do at first.

Commissioner Faires observed that one stark difference between the Mill Creek project and Harbor Square is that they started with a blank sheet of paper and a community who wanted development. Edmonds is at the other extreme. Many members of the community like the City just the way it is, and they will not support change. He said he also noticed that in Mill Creek there was a close working relationship amongst the City staff, the City Council, the community guidance group and the developer, and this enabled them to sort out the various issues such as height. He summarized that this type of relationship and implicit trust that everyone is working towards the same goal is what the Port and City should work towards for the benefit of the entire community.

Commissioner Orvis said Mill Creek used a process in which the City Council created a clear vision so they knew where they wanted to go and were willing to work towards implementation. They did a beautiful job. He noted that rather than creating very specific development criteria, they created solid guidelines that led developers to create an eclectic, attractive and successful community. The Commission must remember that this same climate does not currently exist in Edmonds. Therefore, they must work from the other direction to get close to the place where they can find a developer or groups of developers who can build something attractive. He noted that some members of the public have complained that if additional commercial space is developed at Harbor Square, it will detract from the existing businesses in downtown Edmonds, but Mill Creek found that was not the case. The new commercial space actually attracted more people to support the existing businesses. He summarized that the key is to get the City Council interested enough in redevelopment to create a vision for the City, and the Commission's job is to develop community pressure to form that kind of City Council.

Commissioner Gouge observed that an artist-type development was proposed several years ago for Port property by a group called FACE. The Port had signed a lease agreement with the group, but they were unable to get the necessary

funding to move the project forward. The Everett facility is unique because it provides subsidized housing. They are also implementing green building techniques by providing elements such as rooftop gardens, which is something the Port could consider for Harbor Square, as well. He said he would not be opposed to an artist development, but it would require financial support. He said he foresees that Harbor Square would eventually develop similar to the Mill Creek Town Center, with various anchor tenants. He noted that just last year, the Mill Creek development brought in \$90,000 in sales tax revenue, and the businesses in the area experienced bigger numbers than the previous year in spite of the poor economy. He agreed that it is important to start by creating a roadway plan to identify the appropriate traffic flow.

Commissioner Block noted that the Mill Creek Town Center Project is similar to Harbor Square in that it has a creek that borders the property and provides a real amenity similar to the Edmonds Marsh. The City of Mill Creek has worked hard to protect this area and make it an integral part of the development. It shows that it is possible to do the same with the Edmonds Marsh. She said Bill Trimm, Mill Creeks' Community Development Director, explained that rather than creating firm and fast rules for development, they developed guidelines. The built-in flexibility allowed changes to occur as the project moved forward, and this is something the Port should seek to instill into the Harbor Square Master Plan.

Commissioner Block suggested that as the Port moves into the next phase of the program in the fall, it would be helpful to provide photographs to illustrate the types of development elements that have been successful in similar locations. Commissioner Faires agreed, but said it is also good to note the differences. For example, Mill Creek wanted to create a downtown, and the Port's goal is to support the downtown that already exists. He noted that the Greater Edmonds Chamber of Commerce and the Downtown Edmonds Merchant's Association have indicated their support for redeveloping the entire strip of land between Skippers and the Edmonds Marsh, and they strongly support residential space at Harbor Square. They do not see future redevelopment of these properties as competition, but as more people on the streets to support their businesses. Commissioner Zagorski noted that one member of the Downtown Edmonds Merchant's Association suggested that new commercial property at Harbor Square may encourage landlords in the downtown area to improve their buildings.

Mr. Cattle left the meeting at 8:25 p.m.

COMMISSION MEETING SCHEDULE

Mr. McChesney advised that a special meeting may be necessary to move the Harbor Square Redevelopment Program forward in a timely manner, particularly given the Commissioner's summer schedules. He advised that the July 12th meeting agenda would include a presentation by the Cascade Land Conservancy regarding the "transfer of development rights" concept and sustainable communities. It would also include a discussion about the budget schedule. The July 26th meeting will be for accounts payable approval only.

EXECUTIVE DIRECTOR'S REPORT

Mr. McChesney announced that the Port signed a lease for space at Harbor Square with the American Brewing Company. They will take 1,632 square feet of warehouse space in Building 4. The lease agreement is for three years and three months, with two, two-year options to extend. They will also take about 1,854 square feet of the Comcast space as a sublease. When the Comcast lease expires in 2012, they will become the primary tenant of the space. The company is positive and they like the space. They plan to have a beer garden and tasting room out back.

Jack Bevan asked how the new lease would change the occupancy rate for Harbor Square. Mr. McChesney answered that the lease would improve the occupancy rate to about 74%. He said the company anticipates it will take approximately three months to obtain all of the required permits, etc., but the City of Edmonds has been very supportive. Commissioner Block asked when the Commission would review the company's proposal for signs. Mr. McChesney said they are proposing a sign on Dayton Avenue, and the Port has agreed to the location, as long as it meets the City's code requirements. However, they have not provided a sign design.

Mr. McChesney reported that the Finance Committee met last week to review the 2010 Capital Budget. They anticipated some adjustments, which will be brought before the Commission in August.

Mr. McChesney announced that the Snohomish County Committee for Improved Transportation (SCCIT) has invited the Port to provide a representative to be an ex-officio, non-voting member of the Board of Trustees. He requested feedback from the Commission regarding the Port's future participation. Commissioner Block said SCCIT has done a lot of work with lobbying the Legislature. Commissioner Faires requested more information about what they do. However, he said he is generally in favor of the Port becoming more involved in transportation groups. Mr. McChesney agreed to provide additional information, and the Commission agreed it would be worthwhile for the Port to participate in the group.

Ms. Kempf reminded the Commission that in May of 2009, Captain Dudley came before them with a request for moorage to start the NaviLynx Transportation System between Port Townsend and the Port of Edmonds. This project is still Captain Dudley's desire, but he has not been successful to date. Therefore, Slip N-24 has remained empty. Staff wrote a letter to Captain Dudley asking him to provide the Port with business statements to show that he is still planning to use the slip, but he has been unable to provide the requested information. While he has paid his moorage fee each month, there are people on the waiting list who could actively use the space now. Captain Dudley questioned if there is another way for the Port to allow him to load and unload passengers without paying the monthly moorage fee. With some minor tweaks to the Port's policies, the Port can allow vessels to use the guest moorage dock for businesses purposes such as loading and unloading passengers, but he would be required to pay the guest moorage fee each time. She summarized that staff would proceed to terminate the moorage agreement and offer the slip to someone on the waiting list.

COMMISSIONER COMMENTS AND COMMITTEE REPORTS

Commissioner Gouge reported that the Finance Committee met to discuss the capital budget. There is money that was not spent, and they are proposing to move it to another project. The Executive Director will bring back a revised budget for the Commission's consideration. A schedule for the 2011 Operating Budget will be presented at the next meeting, as well. Commissioner Faires noted that, in the past, citizens have complained that they have not been invited to participate in the early stages of the operating budget process. He asked what the Commission could do to make information available to the public earlier in the process. Commissioner Gouge said that, typically, the budget meetings are advertised in the local newspapers and in the tenant newsletters. As soon as the schedule has been finalized, it could be published for the public's information.

Commissioner Gouge said he participates on the Edmonds Citizens Advisory Committee for Transportation. They recently appeared before the Edmonds Transportation Benefit District Board to discuss the option of placing a proposal to raise the Transportation Benefit District tax on the November ballot. The Board did not make a decision, but they invited the committee back for further discussion. They are awaiting information from Stephen Clifton before they meet again. Commissioner Block pointed out that SCCIT was instrumental in passing legislation to create Transportation Benefit Districts.

Commissioner Orvis said he has heard comments that when the Port made their showers free, they significantly reduced the gray water going into the marina. A lot of people will use the stand up shower instead of the showers on their boats if it is free.

On behalf of the Edmonds Citizens Economic Development Commission (CEDC), Commissioner Zagorski announced that Mike Carter, CEP of Stevens Hospital, and Cal Knight, CEO of Swedish Hospital, will be attending the August 3rd Edmonds City Council Meeting to present an update on the Stevens/Swedish affiliation and the hospital district. The meeting will serve as an opportunity for Stevens and Swedish representatives to communicate directly with the City Council and indirectly with Edmonds' residents as a whole for those who watch Edmonds City Council meetings on the City's government channel. She further announced that Dan Dixon, Vice President of

External Affairs for Swedish has accepted an invitation to meet with the CEDC on July 21st. It is possible that Mike Carter may also attend the meeting. The primary purpose of the joint meeting is to provide the CEDC an opportunity to hear about any preliminary or future plans for Stevens Hospital, specifically as they relate to economic development.

Commissioner Zagorski announced that at the last CEDC meeting, there was discussion about the Destination Port of Edmonds Program. Don Hall, Owner of Garden Gear, reported that he has received a lot of customers via the program. Frances Chapin, Edmonds Cultural Services Director, said she has also received positive comments about the program from boaters in Seattle.

Commissioner Zagorski reported that also at the last CEDC meeting, the Planning Board liaison announced that the Planning Board would recommend to the City Council that they expedite the 100-year flood plain study to assist with redevelopment of the waterfront.

Commissioner Block announced that the pump out stations are fully operational at this time. She commended staff for getting the facilities up and running, and she suggested that this be advertised in the next tenant newsletter.

Commissioner Faires reported that at the last CEDC meeting, positive comments were made about the Port's Destination Port of Edmonds Program. People are hearing that it works. He said he observed that it has taken the Port five years for the program to become part of the downtown/waterfront culture. It is important to remember that economic development programs need time to be successful. He further reported that the CEDC's Technology Committee met to discuss the City's current broadband and fiber optics capabilities. The effort has stalled because the Finance Director has other things on his plate and did not have time to prepare the traditional business plan. The committee spoke with Mr. Clifton and Mayor Haakenson about a strategy for having a stable revenue producing enterprise in place three years from now and they discussed opportunities that need to happen soon. The committee will meet with Mayor Haakenson and City staff to create prototypes for using the dark fiber that has been made available to the City. In addition, they have collected information from Whitman County that will help them develop their program. Hopefully, the result of tomorrow's meeting will be a process for moving forward.

EXECUTIVE SESSION

The regular meeting was adjourned to an executive session at 8:55 p.m. to discuss personnel issues. No action was taken and no decisions were made. Those in attendance were Mary Lou Block, Jim Orvis, Fred Gouge, Bruce Faires and Marianne Zagorski. The executive session concluded at 9:03 p.m.

ADJOURNMENT

The regular meeting was reconvened and subsequently adjourned at 9:03 p.m.

Respectfully submitted,

Fred Gouge
Port Commission Secretary