



PORT COMMISSION OF THE PORT OF EDMONDS

MINUTES OF REGULAR MEETING

December 10, 2018

COMMISSIONERS PRESENT

David Preston, President
Steve Johnston, Vice President
Jim Orvis, Secretary
Bruce Faires
Angela Harris

STAFF PRESENT

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

OTHERS PRESENT

Karin Noyes, Recorder

CALL TO ORDER

President Preston 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**
- B. APPROVAL OF NOVEMBER 27, 2018 MEETING MINUTES**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$728,791.50**

COMMISSIONER JOHNSTON SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

PUBLIC COMMENTS

There were no public comments.

PAID FAMILY AND MEDICAL LEAVE INSURANCE PREMIUMS

Ms. Drennan advised that she and Ms. Michaud attended a class on the new Paid Family and Medical Leave Insurance Program, which is to be required by the State of Washington. She reviewed that starting in 2018, employers in the state were required to provide employees with 1 hour of sick pay for every 40 hours of work. This new program is different but also oriented towards sick leave, and it is not optional. Effective January 1, 2019, employers in the State of Washington will be required to pay into a statewide insurance program that will help employees take paid time off

for their own medical conditions, bonding with a child, caring for family members, and certain military-related events. The intent is that employers and employees would pay in for the first year, but would not be eligible for reimbursement until the following year (January 1, 2020).

Ms. Drennan explained that the program will offer up to 12 weeks of partial wage replacement with a weekly minimum of \$100 and a weekly maximum of \$1,000. The benefit will be determined by earned wages, the state median income and other factors. The program will be managed by the state's Employment Security Department. As per the program, employers with 50 employees or more will be required to remit 0.4% of the employees' pay, and employers with less than 50 employees will be required to remit only the share that may be deducted from the employee's pay, which is 63% of 0.4% or 0.252% of their pay. It is anticipated that most employers will be paying the 0.252% of the employees' pay and not deducting it from their employees' paychecks, as it will reduce the administrative burden in calculating and collecting the amount. For the Port of Edmonds, 0.252% of the employee pay would equate to approximately \$5,500 in 2019.

Ms. Drennan emphasized that the program would not allow an employee to collect sick pay from both his/her employer and the program at the same time, and she anticipates that most Port employees will utilize the Port's benefit first and only collect from the State program when the Port's benefit has been exhausted. She reminded them that the Port's sick pay benefit must be accrued and maxes out at 1,000 hours. The state plan is portable so employees who leave the Port could still receive the benefit as part of a new job.

Ms. Drennan said the Port could opt out of the program and offer its own program, instead. However, her cost analysis indicates that it would take the Port between 71 and 82 years to recover the cost for most employees. She recommended against that option.

Ms. Drennan advised that this new program would assist with the Port Commission's recent decision to offer family medical leave. As the program is considered an employee benefit, staff is asking that the Commission authorize payment of the employees' share.

Commissioner Preston asked for additional clarification about the 0.252% contribution. Ms. Drennan explained that the total amount employers with 50+ employees must remit to the state is 0.4%, but the employees' share will be 0.252%. She pointed out that Commissioners will be required to pay into the program, as well.

Commissioner Preston said he has attended several webinars on the new program and read a number of articles. He also learned a lot at the Washington Public Port Association's annual meeting. Ms. Drennan stated that employers could decide to pay the employee's portion rather than deducting it from their paychecks. Commissioner Preston said his understanding is that employers with fewer than 50 employees are not required to pay the employer portion of the premium, but the employee's portion would still be required.

Commissioner Faires asked if the program is expected to be stable the way it is currently written or if stability will be determined on a year-by-year basis. Ms. Drennan said this question has not been answered yet, as the state is still trying to iron out all the details. Commissioner Orvis summarized that the intent is to bank the money collected from employers and employees throughout 2019 while they figure out the details of how the program will work.

Commissioner Faires asked if the program would be statewide, with everyone paying the same percentage per employee, or would the premiums eventually be determined on an individual basis (company by company or entity by entity). Ms. Drennan said the intent is to determine future premiums on an individual company or entity basis, which will give employers an incentive to treat their employees well by providing good benefits.

COMMISSIONER ORVIS MOVED THAT THE COMMISSION AUTHORIZE PORT PAYMENT OF THE EMPLOYEES' SHARE OF THE WASHINGTON PAID FAMILY AND MEDICAL LEAVE TAXES. COMMISSIONER JOHNSTON SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

2019 ELECTION OF OFFICERS

COMMISSIONER FAIRES MOVED THAT THE COMMISSION ELECT COMMISSIONER JOHNSTON TO SERVE AS PRESIDENT OF THE PORT COMMISSION FOR 2019. COMMISSIONER HARRIS SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

COMMISSIONER FAIRES MOVED THAT THE COMMISSION ELECT COMMISSIONER ORVIS TO SERVE AS VICE PRESIDENT OF THE PORT COMMISSION FOR 2019. COMMISSIONER JOHNSTON SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

COMMISSIONER JOHNSTON MOVED THAT THE COMMISSION ELECT COMMISSIONER HARRIS TO SERVE AS SECRETARY OF THE PORT COMMISSION FOR 2019. COMMISSIONER FAIRES SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

APPROVAL OF 2019 TRAVELIFT RATES

Mr. McChesney explained that, as part of the budget approval process, the Commission typically approves Marina Operations fees for the following year. Due to a calculation glitch, the 2019 24-foot Travelift rates were improperly presented in the budget process. He referred to the document that was attached to the Staff Report, which shows the rates calculated correctly based on the new 2019 per-foot rates. He noted that the update does not require a budget amendment. He recommended the Commission formally approve the 2019 Travelift rates as presented.

COMMISSIONER ORVIS MOVED THAT THE COMMISSION APPROVE THE 2019 TRAVELIFT RATES AS PRESENTED. COMMISSIONER FAIRES SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

2019 COMMISSION MEETING SCHEDULE

Mr. McChesney referred to the 2019 Commission Meeting Schedule, which anticipates what the meeting days will be for the coming year. He explained that there are occasions where a meeting will need to be rescheduled or a special meeting will need to be held. The meeting schedule can be updated as changes occur. The proposed schedule is presented to the Commission for approval as a guide.

Commissioner Johnston asked if staff will have enough time to prepare for the special retreat meeting that is currently scheduled for February 12th. Mr. McChesney suggested the Commission consider postponing the retreat to a later date. He explained that some preparation work is needed that will require more time, specifically the Public Access Plan. He advised that he, Commissioner Harris and Ms. Williams met with the consultant, Makers, to develop a scope of work that they expect to have finalized by the end of the month, but it will take a month or two for the consultant to gather the information needed to present to the Commission. He reminded the Commission that the retreat discussions would be heavily focused on facilities, including long-range facilities planning as it pertains to sea level rise.

Commissioner Orvis cautioned against postponing the retreat and pointed out that the Commission could have more than one retreat, if necessary. There are a number of things the Commissioners want to discuss at the retreat, and perhaps they would be better served by having a retreat in February, followed by a later retreat to discuss facilities and the Public Access Plan. He said he doesn't want to have so many items on the agenda that they have no time for follow up discussions after each of the staff presentations.

The Commissioners agreed to stay on schedule with the February 12th retreat, recognizing that another retreat, possibly at a regular Commission Meeting, could be scheduled at a later date.

2019 COMMITTEE ASSIGNMENTS

Mr. McChesney recalled that, every year, the Commissioners express their interests for committee assignments to the incoming Commission President for the new year. The committee assignments are typically approved at the last meeting in December.

Commissioners were invited to submit their comments and preferences for committee assignments to Commissioner Johnston. Commissioner Johnston and Commissioner Preston would meet to discuss the assignments and present them for approval at the next meeting.

EXECUTIVE DIRECTOR'S REPORT

Mr. McChesney reported that Makers' site visit went well, and he is excited to work with them on the Public Access Plan project.

Mr. McChesney pointed out that the last meeting of the year falls on December 31st. He suggested that the meeting be rescheduled to Thursday, December 27th at 9 a.m. In addition to approval of Accounts Payable, the agenda will include two action items: repaving the Travelift lane and putting new lids on the vaults and renovating the fire alarm system in Harbor Square Building 2. The Commission would also finalize the committee assignments at that meeting.

Mr. McChesney reported that he and Ms. Kempf and Ms. Williams met with representatives from Freedom Boat Club to discuss fractional boating opportunities. They are still working on the details, but the business seems to be a good fit for the Edmonds Marina and consistent with the port's business model and plans. Staff will keep the Commission informed as the process moves forward. It is a time-sensitive situation for Freedom Boat Club so they can get their marketing materials for the Seattle Boat Show, as well as a schedule for the boats they need to purchase to make the program work. This will be a terrific opportunity for the customer, the community and the Port and is consistent with boating industry trends.

Ms. Kempf explained that Freedom Boat Club is a membership club. People pay an initial fee to become a member and then a monthly fee. They have 170 locations throughout the United States and they also have one location in Canada and one location in France. Members are allowed to use boats in any of the locations. They have been in the Seattle area for two years and have grown to 16 boats and 150 members during that time frame. Currently, Freedom Boat Club has operations at Elliot Bay, Yarrow Bay, Tacoma, Olympia and Bremerton. They are a rapidly expanding business with very positive projections. The Freedom Boat program is a great opportunity to get more people involved in boating since a certain percentage of their members eventually become boat owners.

Mr. McChesney summarized that the boats would be less than 30 feet in length, and Freedom Boats has also expressed interest in leasing office space from the Edmonds Yacht Club. Ms. Kempf added that there is good synergy between Freedom Boat Club and the Edmonds Yacht Club.

Commissioner Faires asked if a different agreement would be needed for the Freedom Boat lease. Ms. Kempf answered affirmatively and said the lease and moorage rates would need to recognize the additional impact that Freedom Boat Club would have on Port services and facilities. Commissioner Preston added that the insurance requirements would also need to be different. Ms. Kempf said they are still working out the details of the lease.

Ms. Drennan announced that the State Auditor's Exit Conference will be next week, and Commissioners Orvis and Johnston will attend. Other Commissioners will receive an invitation, as well, but their attendance would violate the Open Meetings Law unless it is advertised as a special meeting. She said she would provide a report at the first meeting in January.

Ms. Kempf reminded the Commissioners of the employee recognition party on December 12th. She also reminded them that the Christmas Ship will be in the marina that evening, as well, and staff will be handing out hot cider and treats in the public plaza area. A local band will also be playing in the plaza during the event, and Puget Sound Express will be conducting an open house on their new vessel and serving hot chocolate to visitors. Commissioner Johnston reported that he has heard positive comments that this year's light display is one of the best. Mr. McChesney reminded the Commission that Holiday on the Docks is sponsored by the Edmonds Yacht Club, with assistance from the Port staff. Because they anticipate a crowd on December 12th, Commissioner Orvis cautioned staff to be vigilant to make sure people stay safe. Ms. Kempf advised that the Sea Scouts will help direct traffic and make sure the restrooms are well stocked.

COMMISSIONER'S COMMENTS AND COMMITTEE REPORTS

Commissioner Harris reported that she met with the consultant from Makers, along with Mr. McChesney and Ms. Williams, to discuss the scope of work for the Public Access Plan. She noted that she would attend Environmental and Communications Committee meetings later in the week.

Commissioner Johnston announced that he plans to attend the Port employee recognition party on Wednesday, December 12th. He also plans to attend Environmental Committee meeting and Finance Committee meeting on December 18th. He reported on his attendance at the Washington Public Port Association (WPPA) annual meeting in Bellevue on December 5th through 7th. The event was rich in content with valuable presentations:

- There is a lot of movement towards stabilizing the Model Toxic Control Act (MTCA) Program and earmarking the funds, via new legislation, for environmental clean up only.
- Both legislative chambers are expected to propose a modest gas tax increase and possibly a carbon tax, as well.
- There is concern that prevailing wages on the west side of the state are dictating high costs across the state, and they are discussing how to make it more equitable.
- There is some discussion about setting campaign contribution limits for port commissioners. Currently, only the Ports of Tacoma and Seattle have limits. He was amazed to hear that a small port commissioner spent over \$25,000 to get reelected this year.
- Businesses are being chased away from the state because of the way the Department of Ecology currently addresses greenhouse gases as an element of the State Environmental Policy Act (SEPA) review.
- The Orca Recovery Task Force agrees the impact of removing Snake River Dams would be minimal. While they are not in favor of that approach, they will study it further. The four dams with the highest fish passage (up to 96%) are Snake River dams, so removing them would not do a lot to save salmon.
- Constraints on shipping operations are being looked at as one option, and some members of the task force are suggestion they cease all vessel traffic in Puget Sound while recovery takes place.
- Hatchery funding will be increased.

Commissioner Johnston announced that Eric Johnston, Executive Director of WPPA, has invited him to submit papers to serve on the Orca Recovery Task Force, and he has agreed to submit his application. He advised that the whale watching businesses have been very vocal lately about the impacts that orca and salmon recovery could have on them. Because only about 15% to 20% of the whale sightings are orcas, it is anticipated that whale watching will remain a viable business even if they are not allowed to view orcas.

Commissioner Orvis reported on his attendance at the Economic Alliance of Snohomish County's board meeting where they discussed priorities for 2019. Significant priorities include:

- Transportation related infrastructure is important to Snohomish County, including the trestle on Highway 2, Sound Transit 2 and 3, express bus service and transit lanes on Interstates 5 and 405.
- Freight mobility is very important given that Everett is the biggest export customs region in the nation.
- There are a number of safety issues that need to be addressed at railroad crossings. There are a number of situations in Marysville and Arlington where trains tracks cross the street. The Edmonds Connector Project is also worthy of note in an effort to leverage funding.
- About 90% of workers in Snohomish County need a college degree or some kind of certificate, and Washington State only produces about 31%. The vast majority of the industrial jobs in the County require some sort of certificate, as well.
- They are expecting 200,000 more people and 300,000 more jobs in Snohomish County by 2040. Providing housing to accommodate this growth is a big concern.

Commissioner Orvis reported that he attended the Anderson Hunter holiday party.

Commissioner Preston also reported on his attendance at the WPPA Annual Meeting. In one session, Kathy Pittis, Port of Anacortes Commissioner and member of the Orca Recovery Task Force, talked about hydrology issues associated with dams in the United States and Canada. Someone commented that fish return in Alaska was down in

areas where there are no dams. He said he has more questions now than he did going into the meeting. It appears that the task force is really only looking at one solution even though a whale biologist has said that removing the dams would have no significant impact on salmon. He learned that resident killer whales eat chum salmon and not just chinook. He said a representative from the Washington State Department of Fish and Wildlife had some good comments, and perhaps it would be worthwhile to invite her to speak to the Commission. It was noted that hatchery production has received very little financial support over the past few years.

Commissioner Preston advised that, at the marina session, Mark Bunzell, Waggoner Guide, made a presentation called Adding "Soul" to Your Marina. He asked the question of whether your marina had soul or just amenities. He learned how one marina has recycled boats and displayed parts on walls as a form of art. He also learned about a program at the Port of Olympia where an area has been set aside for boat owners to deconstruct and get rid of their own boats. The program is an attempt to deal with derelict boats in a less costly way. He said he had a discussion with Kathy Pittis about the idea of creating a Whale Action Group that address all types of whales and not just orcas.

ADJOURNMENT

The Commission meeting was adjourned at 8:10 p.m.

Respectfully submitted,



Jim Orvis
Port Commission Secretary