



PORT COMMISSION OF THE PORT OF EDMONDS

MINUTES OF REGULAR MEETING

January 25, 2016

COMMISSIONERS PRESENT

Fred Gouge, Vice President (via phone)
Jim Orvis, Secretary
David Preston

STAFF PRESENT

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

OTHERS PRESENT

Bradford Cattle, Port Attorney
Karin Noyes, Recorder

COMMISSIONERS ABSENT

Bruce Faires, President (excused)
Mary Lou Block (excused)

CALL TO ORDER

Commissioner Orvis, who was invited to chair the meeting, called the regular meeting to order at 7:00 p.m. Commissioner Gouge participated in the meeting via telephone.

PLEDGE OF ALLEGIANCE

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

CONSENT AGENDA

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

- A. APPROVAL OF AGENDA**
- B. APPROVAL OF JANUARY 11, 2016 MEETING MINUTES**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$225,729.54**
- D. APPROVAL OF SERVER UPGRADES**

COMMISSIONER PRESTON SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

PUBLIC COMMENTS

No one in the audience indicated a desire to address the Commission during this portion of the meeting.

ECONOMIC ALLIANCE SNOHOMISH COUNTY (EASC) PRESENTATION

John Monroe, Chief Operations Officer, EASC, announced that Patrick Pierce is the new President and Chief Executive Officer of the EASC. Mr. Pierce came to the EASC from the Puget Sound Regional Council (PSRC), and previous to that, he was the Policy Director for the EASC. Mr. Monroe explained that the EASC focuses its efforts on advocacy, economic development, and building connections. He said the purpose of his presentation is to review 2015 activities and advise the Commission of the planned 2016 activities.

Advocacy

- EASC representatives spent a large amount of time working with local governments to develop an advocacy program and identify priorities and a legislative agenda. They presented the program, priorities and agenda to State lawmakers in Olympia and encouraged their implementation.
- The EASC advocated for transportation dollars via the State's Transportation Plan. Governor Inslee had originally allocated \$80 million. With support and encouragement from the EASC and others, the dollar amount was increased to \$670 million.
- The EASC worked with Community Transit to extend routes and buses and received permission to seek a Sound Transit 3 ballot measure that will come before the voters in November of 2016.
- Working with support from the Everett University Center and Washington State University, the EASC spent a significant amount of time on education issues, including K-12 programs and Science, Technology, Engineering and Math (STEM) programs. He participates on the advisory board for the Everett University Center. In addition to mechanical and electrical engineering degrees, the center offers degrees in analytics, software engineering and communications, and is working to incorporate an agriculture program. The center links with Edmonds and Everett Community Colleges. Although it is not intended to be a replacement for the junior colleges, it supplements the programs that are offered there.

Commissioner Orvis advised that his grandson participates in the Mountlake Terrace High School STEM Program. The students in the program know about University Center and community college programs, and they want to get as many college courses as possible done while they are still in high school.

- The EASC will have an indirect impact on Sound Transit 3, which will go to the voters in November. At issue is the route the project will take. Sound Transit will already be at the Lynnwood Transit Center, and there are alternate ideas for how it will eventually end up at the Everett Transit Center. One scenario is for Sound Transit to come up Interstate 5 and Pacific Avenue. Another scenario is to have it come up Interstate 5 and then shift to Highway 99 near 128th Street, eventually using Everett Way to reach the employment center, Paine Field and the Everett Transit Center. Although more costly, the EASC supports the latter alternative, which would serve both the employment center and Boeing before ending up at the Transit Center.

Commissioner Orvis observed that a large number of Boeing employees live in the south part of Puget Sound and commute to Everett for work. The latter option seems the natural route for Sound Transit, since it will serve the commuters going to Paine Field.

Commissioner Gouge asked if the EASC has heard anything on how the tolling on Interstate 405 has impacted people getting to Boeing and Snohomish County. Mr. Monroe answered that the PSRC has decided to wait and see what the legislature does to address the issue. He pointed out that the traffic patterns at Boeing in Everett have been significantly disrupted by the temporary shift of people to other locations. This makes it difficult to identify exactly what the data is telling about Boeing commute times. They need to understand the impacts of the relocation before making a final decision.

Commissioner Gouge noted that there will eventually be a regional airport at Paine Field, which should be part of the equation when deciding the best route for Sound Transit. Mr. Monroe agreed that commercial air service at Paine Field is just one more reason why it makes more sense for Sound Transit to provide service to the Everett Employment Center and Paine Field.

- The EASC will be working to secure funding for the Highway 2 trestle, as well as the continuation of expansion on Highway 522 and Highway 9.

Commissioner Preston commented that Highway 2 needs work beyond the trestle, as there are people who live as far out as Gold Bar and commute to Everett each day using Highway 2. In addition Highway 522 to Monroe is congested. Microsoft has provided some funding to address this problem, and they also provide bus service for their employees who live in Monroe and beyond.

Commissioner Gouge asked Mr. Monroe to share the anticipated growth projections through 2030. Mr. Monroe responded that 200,000 additional people are anticipated in Snohomish County in the next 20 years, 60,000 of which will be focused in the City of Everett. It is estimated that 103,000 jobs will be needed to accommodate the additional population. Commissioner Gouge asked where all the new people will live. Mr. Monroe answered that he is confident that housing can be provided to accommodate the needs, but the EASC is more concerned about providing enough jobs.

Economic Development

- The EASC had strong success in 2015 with regard to recruitment, retention and expansion activities, which resulted in 9 new companies (1 retail, 6 manufacturing, 1 architectural engineering, and 1 bio-tech) and 9 major expansion programs (1 bio-tech, 1 medical equipment, and 7 manufacturing). Everett received its first Fortune 500 company in 2015, and it has already started to spin off and create other companies that benefit the county's economy.
- In 2014 and 2015 the EASC took a strong look at the companies that had been recruited to the county and found that most came from Europe. Therefore, they have decided to focus their efforts via a thorough recruitment program. They have been working with a consultant who is located in Berlin, Germany, to identify specific companies to recruit, focusing beyond aerospace. They are continuing to see the Boeing Company employment go flat, if not down, as a result of more automation techniques and implementation. They have studied the real strengths in the county, which are primarily technical, and are looking at other advanced manufacturing opportunities that will utilize these same skills outside of the aerospace industry. This is a significant change from what has been done in the past. The consultant has set up face-to-face meetings between prospective companies and representatives from the EASC.

Commissioner Orvis asked if it is anticipated that the European companies will move their headquarters to Snohomish County or just their facilities. Mr. Monroe answered that they will primarily be locating facilities and not relocating their headquarters. He noted that Snohomish County has a very strong health service and health science industry with Providence Regional, Everett Clinic, and Swedish. However, the consultant noted that because Federal Drug Administration (FDA) approval is required for drugs and medical equipment, many European companies will be uninterested in relocating these types of companies to the County. On the other hand, there are clear opportunities in the field of climate mitigation and change.

Connections

- One of the responsibilities the EASC inherited from the Edmonds South Snohomish County Chamber of Commerce is connecting the private and public sectors. He noted that in 2011 the average attendance at EASC events was about 3,500, and this has grown to about 5,500. They anticipate that growth will continue.
- The EASC has partnered with the Edmonds Center for the Arts and Edmonds South Snohomish County Chamber of Commerce to improve connectivity. The Alliance sees this as a real opportunity and something that small businesses are interested in.
- To assist small businesses in the County, the Alliance offers the Procurement Technical Assistance Center (PTAC) to connect small businesses with the Departments of Defense and Energy and with state contracts, the Small Business Development Center (SBDC), and the Small Business Transportation Resource Center (SBTRC) to connect small businesses with transportation contracts.

Mr. Monroe advised that economic confidence in Snohomish County continues to grow, which is evidenced by the long-term commitment with Boeing. The Alliance tries to pay particular attention to the five new buildings that Boeing recently constructed and the people they are housing, as well as the suppliers that have come to support Boeing and what their needs are (more space and more students). The long-term commitment from Boeing also helps with EASC's diversification program.

Mr. Monroe emphasized that population growth in the next 20 years is expected to be 200,000, with 60,000 in Everett alone, and 130,000 new jobs will be needed. There is concern about the availability of existing real estate. Quite often, companies are looking for existing light industrial space, and there is not a lot available at this time. However, the Alliance has been fortunate to find some developers who are willing to do projects on speculation. There has been a steady uptick in housing starts in the County, and they continue to see residents of King County relocate to Snohomish County. Business spending is up, and a number of investors and bankers, both large and small, have indicated a positive sense of the economic conditions.

Edmonds City Council Member Teitzel asked how the Alliance interfaces with the PSRC to address Snohomish County issues. Mr. Monroe said the Alliance has a good relationship with the PSRC, and the Alliance worked with both the PSRC and the Port of Everett to develop the legislative advocacy list. The Alliance also worked with the Snohomish County Committee for Improved Transportation (SCCIT) and Snohomish County Cities to identify issues of concern for the County and then communicate the concerns to the PSRC. The PSRC has a good understanding of what is on the Alliance's advocacy list and why it is there. In addition, the Alliance's new President and Chief Executive Officer has a clear understanding of the advocacy side of business, which will be a real plus moving forward.

LIST OF SMALL WORKS ROSTER CONTRACTS AWARDED

Mr. McChesney advised that the State requires that local governments use the small works roster process to award contracts. Further it requires that local governments make available a list of the contracts awarded under that process each year. He referred to the list provided in the Staff Report, which lists the name of the contractor/vendor, the amount of the contract, a brief description of the type of work performed or items purchased, and the date it was awarded. He requested that the Commission accept the attached list for 2015. The Commission accepted the list as presented.

RESTROOM PROJECT REPORT

Mr. McChesney provided a progress report on the restroom project, which has been ongoing. He noted that completion of the project has been delayed as a result of requirements by the Snohomish County Public Utility District (PUD). As per the requirement, the Port obtained a variance from the PUD to use a step-down transformer, and proceeded accordingly. However, they later learned that a 3-phase meter base would also be required. The meter base is on order and will be shipped on February 12th, and staff expects installation to occur the following week. Hopefully, the project will be completed, energized and inspected by February 19th.

Mr. McChesney further reported that staff conducted a walk through with the contractor on January 22nd and noted some things that needed to be rectified, mostly having to do with paving that did not come out as well as expected due to weather conditions. The contractor has accepted the comments and will make the repairs. The Taos restroom facility has been energized and has water and is just about ready to go into operation. However, the restroom/shower facility near the Marine Operations Office still has issues with the grade and finished elevation, which the Port is not completely happy about. Staff has been in discussion with Reid Middleton to figure out how it is that the grades look awkward and what can be done to address the problem, if anything. From an aesthetics point of view, it does not have the street appeal that was expected.

Mr. McChesney referred the Commissioners to the project summary that was included in the Staff Report and pointed out that the original contract award price for the utilities and site work was \$75,525.00, and the 11 change orders increased the cost by \$25,524.89. The total cost of the contract is \$101,049.89. He commented that the change orders were higher than what is typical with a project of this scale, and each of them were presented previously to the Commission for approval. He noted that most of the change orders were related to requirements of both the City of Edmonds and the PUD.

Mr. McChesney summarized that the buildings are in place and the Port has agreed to pay 75% of the actual cost of the buildings pending completion of their punch list items. The total cost of the buildings was \$331,047.31, and there were no cost escalations. He estimates the total cost of the project will be close to the \$500,000 allocated in the budget.

Commissioner Orvis said he is continually amazed that after a project has been approved, the City decides to request changes. For example, they required stall revisions inside a building that had already been approved. Commissioner Gouge voiced disappointment, as well. Once plans are submitted, reviewed and approved, the City should not have the ability to place additional requirements on a project later on. He recognized that the Commission has discussed each of the change orders that were needed to address City requirements, and he is ready to move on. However, he pointed out that the same restroom models have been used in other locations in the State, and the Port ended up paying more money than what is typical because of the City's additional requirements. He said he might not have supported the project if he had known about all of the additional costs.

Mr. McChesney clarified that some of the changes are reflective of some misses by the engineer and cannot entirely be attributed to the actions of the City. However, he acknowledged that the cost of the change orders is significant. Commissioner Preston asked if there is any chance the City will require last-minute mitigation for the project, and Mr. McChesney answered no. He said that mitigation would have been a condition of the permit, and the project is well beyond that point.

I DOCK ELECTRICAL REPORT

Mr. McChesney provided a progress report on the I Dock Electrical Project, noting that a new service feeder was pulled into place and is in service, and the new service panels are in place and energized. There are new service taps to the power pedestals, as well as new service to the sewer pump out and light poles. Before January 31st, staff anticipates that new conduits will be installed and the fuel dock pumps and lighting will be rewired.

Mr. McChesney summarized that, to date, the Port has installed the panels, main feeder wires, and new disconnect on the shore side, and connected the power to the power pedestals and lighting along the dock. Everything to the shore side of the dock office is connected, but they still need to complete the power connections to the fuel pumps and the lights along the fueling station row. The base scope of the work is on track to be completed by January 29th.

Mr. McChesney reported that the electrical inspector is requiring a different shunt trip arrangement than just the main breaker on the panel. The electrical engineer is working on a solution and a change order will be forthcoming. In addition, the terminal blocks in the fuel dispensers are rusted and corroded and will need to be replaced. Staff is also having an issue getting the last conduits for the fuel dispensers from the dock office to the fuel docks because the chase way does not line up between the two floating docks. They are working to solve the problem, but it is a slow process. Lastly, staff would like to replace the J-box on the underside of the shore side walkway so that it is located on the face of the walkway. He explained that, currently, it becomes submerged in the water when the tides come in.

Mr. McChesney concluded that the project is moving along well, but he reminded the Commission that the pumps will need to be replaced soon, and staff is anticipating that this will occur in 2017.

EXECUTIVE DIRECTOR'S REPORT

Mr. McChesney reported that the Port has resolved the lighting problems on Admiral Way. The lights were energized with virtually no help from City of Edmonds crews. Port staff felt it was an important enough work to move forward without the City's support.

Commissioner Preston asked if the Port would bill the City's Public Works Department for the work, and Mr. McChesney agreed that is an option. Commissioner Gouge asked if the cost of operating the lights would be paid by the City. Mr. McChesney answered that the less costly way to energize the lights was from the Port's side. Although the Port could have installed a meter and back charged the City for the electricity, staff does not believe the draw will be enough to make meter installation a cost-effective approach. At this point, the Port does not have a

cost recovery or interlocal agreement with the City, and he does not anticipate that the operating costs will be substantial. Commissioner Orvis summarized that the City was not interested in addressing the issue so the Port had to do so in the interest of safety.

Commissioner Gouge asked if the light at the south end of Admiral Way near Marina Beach Park was also fixed, and Mr. McChesney answered that the City has plans to change out the light with LED and solar cells, but the work has not yet been done.

Commissioner Preston noted that the City pays Snohomish County \$10 for each street light. He suggested that the Port should request a rebate for the two lights that the Port replaced. Mr. McChesney commented that the Public Works Department has been quite busy in recent days addressing stormwater and flooding issues, but he would raise the issue with the Director.

Commissioner Preston said he would like the record to show that the Port demonstrated interest in the public's safety and took the initiative to fix the lights because the City was unresponsive to the Port's many requests to the City Council, Mayor and City staff. Mr. McChesney explained that the City's position is that there is no record that the light poles ever belonged to the City, and they are located on Port property rather than the City's right-of-way. Therefore, they must belong to the Port. On the other hand, the Port does not have any record of the poles being in its fixed asset inventory and the Port is not responsible for lighting the street. Commissioner Orvis noted that the difference is that the City disabled the lights in conjunction with a construction project. Mr. McChesney agreed that is one theory, and a few years ago it was reported that one of the three poles near the railroad tracks was taken out of service to accommodate a City contract process. However, the City is now saying that is not the case.

Mr. McChesney announced that Port Day, sponsored by the Washington Public Port Association (WPPA) is scheduled for January 27th, and he and Commissioner Preston will attend on behalf of the Port. They have a full schedule and will continue to advocate for funding the Washington Tourism Alliance. The bill was not approved by the legislature last year, and it is questionable whether it will make it out of committee in 2016. The Snohomish County Tourism Bureau is working with other groups to push the legislation forward to secure funding for tourism programs.

Ms. Kempf provided a packet of information outlining the Port's participation in the 2016 Seattle International Boat Show on January 29th through February 6th. She explained that the intent is to continue the promotions that were offered in 2015 in an effort to fill available space and increase activity at the Port. The promotions include: **Sign Up Before March 1, 2016** and get the 1st and 12th month of moorage for \$20.16; **Roll Back the Clock**, which offers 2006 travelift rates through the end of February 2016; and **Enter to Win Drawings** similar to those offered in 2015. She noted that they are going into the 2016 boat show with only 60 available spaces compared to last year when there were 88.

Ms. Kempf noted that promotions will also focus on tenant rewards. She explained that offering promotions only to new tenants does not sit right with loyal tenants who have moored their boats at the Port for years. The Port will be offering the following promotions: **March on In** offers 50% off Travelift service when using the workyard in the month of March and a **Marine Corrosion Seminar**, which will be free for tenants and \$20 for non-tenants. New this year, the Port will offered a joint promotional opportunity to business tenants and vendors. Current tenants can enter their name and contact information on the iPad at the Port's booth and there will be daily drawings to win a service or discount from one of the Port's current business tenants or vendors. Participants in this promotion include Puget Sound Yacht Service, Puget Sound Express, All Seasons Charters, Puget Sound Sports Fishing and Sterling Marine Services.

Commissioner Orvis said he plans to attend the boat show, and Commissioner Preston indicated he would attend on February 2nd.

COMMISSION COMMENTS AND COMMITTEE REPORTS

Commissioner Gouge asked if, as part of Port Day, Commissioner Preston and Mr. McChesney would have an opportunity to visit with Department of Ecology representatives regarding their stonewalling of the City of Edmonds Shoreline Master Program. Mr. McChesney said it is not on their schedule, and he would prefer to work with Gerry

O'Keefe and Eric Johnson from the WPPA to find out what they think would be a good outreach strategy for the Port to pursue. He said it will soon be time for the Port to move forward. Commissioner Gouge expressed his belief that the stonewalling needs to come to an end. Although the Port filed the actual appeal, the Department of Ecology is negotiating with the City without any involvement from the Port.

Commissioner Gouge reminded the Commission that the Edmonds City Council will be discussing recent amendments to the Critical Areas Ordinance (CAO) at their January 26th meeting. He suggested that a representative of the Port should be in attendance, and it was pointed out that there would be no opportunity for public comment on the subject.

Commissioner Gouge requested a progress report on the concept of changing from E-10 fuel to clear fuel at the fuel dock. Ms. Kempf reviewed that the Commission requested that staff conduct a customer survey. The survey has been prepared and will be sent out with the February 10th statements. The survey will also be available on line and emailed to people the Port has email addresses for. Commissioner Preston requested that staff forward a copy of the survey to the Commissioners before it is sent out.

Commissioner Preston suggested that the Commission should have a discussion about the Port's role in economic development at their upcoming retreat. He noted that it will be a topic of discussion at an Edmonds City Council work meeting, as well. He reported that a group of entities, in conjunction with the Chelan County Chamber of Commerce, of which he is a member, have created an economic development program. He provided flyers for the Chelan County program and suggested that perhaps the Port of Edmonds should take the initiative and provide leadership for a similar program in Edmonds.

Commissioner Preston said he looks forward to participating in Port Day in Olympia on January 27th.

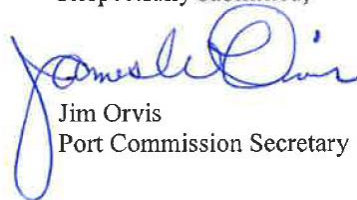
Commissioner Orvis provided a legislative report noting that the WPPA would like people to talk to legislators about the Model Toxic Control Act (MTCA) funds that the legislature has raped. It has been noted that there are a number of industrial cleanup projects that need to be done and/or completed. He further reported that there is a proposal to increase the penalties for Open Public Meeting Act violations from \$100 to \$500, and an additional \$1,000 for repeat offenders. While the Port has not had a problem with this requirement, it is something the Commissioners should be aware of because it is a personal fine rather than a fine for the organization. He concluded by announcing that he would attend the WPPA Legislative Committee Meeting on February 12th.

Commissioner Orvis announced that the Edmonds Arts Festival is scheduled for June 17th through 19th. He also announced that an open house on alternatives for waterfront access is scheduled for January 27th from 4:30 to 7:00 p.m. in the Plaza Meeting Room of the Edmonds Library Building. The event will feature a presentation of the results so far, particularly the initial assessment criteria and the various solutions that have been proposed. There are a large number of proposed solutions, and many will immediately fall by the way side because they cannot meet the assessment criteria. However, they will all be evaluated for the public to see. He invited the Commissioners to attend.

ADJOURNMENT

The Commission meeting was adjourned at 8:15 p.m.

Respectfully submitted,



Jim Orvis
Port Commission Secretary