



PORT COMMISSION OF THE PORT OF EDMONDS

MINUTES OF REGULAR MEETING

April 25, 2016

COMMISSIONERS PRESENT

Bruce Faires, President
Fred Gouge, Vice President
Jim Orvis, Secretary
David Preston

STAFF PRESENT

Bob McChesney, Executive Director
Tina Drennan, Finance Manager

OTHERS PRESENT

Bradford Cattle, Port Attorney
Karin Noyes, Recorder

CALL TO ORDER

Commission President Faires called the regular meeting to order at 6:00 p.m. The regular meeting was immediately recessed into an executive session.

EXECUTIVE SESSION

The Commission conducted an executive session to discuss matters pertaining to real estate negotiations, as per RCW 42.30.110(1)©. The discussion continued until 6:50 p.m., at which time the executive session was adjourned and the Commission reconvened the regular session at 7:00 p.m. No announcement or action resulted from the executive session.

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 APRIL 11, 2016 MEETING MINUTES**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$124,646.09**
- D. APPROVAL OF NO CHARGE GUEST MOORAGE FOR CLASSIC YACHTS AT 2016 WATERFRONT FESTIVAL**
- E. RESOLUTION NUMBER 16-04 – AUTHORIZING THE SALE OF AN ABANDONED BOAT**

COMMISSIONER PRESTON SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

PUBLIC COMMENTS

Scott James, Edmonds Noon Rotary Club, explained that the Rotary club attempts to make its presence known by doing things in the community. He announced that they are organizing a waterfront cleanup project on Saturday, May 14th, at 10 a.m. Participants will meet at Brackett's Landing and work their way south picking up debris from

the beach as far as they can. He noted that the more volunteers, the more they can accomplish; and he extended an invitation to the Commissioners and citizens of the community to join them.

Mr. James recalled that the Rotary Club also sponsors the Waterfront Festival. Representatives from the Rotary Club would like to meet with Commissioners during the festival to solicit feedback. They are interested in improving the relationship, which will allow them to address the issues.

Doug Haldeman, Tenant, provided an update on the fishing season. He explained that Snohomish County has three clubs involved in the North of Falcon Process, which determines the fishing season for the year: the Coastal Conservation Association (CCA), Puget Sound Anglers (PSA), and Trout Unlimited Laebugten Chapter. He announced that PSA has already cancelled the Edmonds and Everett Coho Derbies this year due to lack of Coho coming back to the Sound this year. However, the fishing season has not been settled yet, and the meetings will continue on April 27th, with the assistance of a mediator from the National Marine Fisheries Service (NMFS). At this point, two tribes (Muckleshoot and Puyallup) out of twenty in Puget Sound want there to be no sport fishing at all in 2016. The other tribes are willing to listen, but it only takes one tribe to say no.

Mr. Haldeman said the Department of Fish and Wildlife (DFW) is trying its best to resolve the situation. However, they are faced with political opposition because the tribes have donated a significant amount of money to support the campaigns of elected officials, and they are asking for something back. In the past, the National Oceanic and Atmospheric Administration (NOAA) has asked them to back off, but the seasons have gotten shorter over time. During the last two years, the tribes have taken about 80% of the harvestable Chinook and the season was shut down early. Representatives from the PSA, CCA and Trout Unlimited have advised that they would rather have no season than a very short season where the tribes are allowed to catch the majority of the fish.

Mr. Haldeman said the DFW's job is to determine how many fish will be coming back and what the harvestable number should be. The tribes have biologists working on a plan, as well. However, the plan that was presented at the last meeting made no sense. He summarized that he doesn't know what will happen at the next meeting, but he isn't optimistic. Again, he said they would rather have no season than an even shorter season than what was offered last year. He reminded them that the agreement with the tribes is that the harvest would be split 50/50, but that has not been the case for a number of years. Commissioner Orvis said he recently read that NOAA and the NMFS has agreed to accept different proposals from both the State and the tribes. However, it is clear that the tribes' proposal will have priority approval. Mr. Haldeman agreed that the tribes have a way of getting through the approval process faster than the DFW. To date, the DFW has presented three different plans, and none have been approved by all the tribes.

Commissioner Orvis asked what could be expected if the tribes are allowed to harvest 100% of the available fish, which is what would happen if no sport fishing is allowed. Mr. Haldeman said he would expect people would be marching on Olympia. He reminded them that this is an election year, and a lot of licenses have already been sold. The sport fishery representatives support conservation. If there are not enough fish, then there should be no season for anyone. However, they do not want to see the tribes use nets in the rivers, either.

Greg Bough, Edmonds Yacht Club, said he understands that the disapproval of just one tribe can kill an agreement. He also understands there is a propensity for the Puyallup and Muckleshoot Tribes to resist, regardless of what is proposed. The current law allows them to retain the upper hand in the negotiations, which means they will have to be catered to if any agreement is to be reached. At this time, they are saying no to sport fishing, but they would maintain full privilege to do whatever they want without restrictions. Mr. Haldeman said it is hoped that the other tribes will get together and apply pressure on the two dissenting tribes.

Commissioner Faires asked who makes the final decision, and Mr. Haldeman answered that NOAA does. Commissioner Faires asked if NOAA could determine that there should be no fishing season for anyone, including the tribes. Mr. Haldeman advised that last year, the fish were much smaller than usual because the rivers were so warm. He explained that in order to spawn, fish need free-flowing waters and cold temperatures. When the water warms up, the eggs get fungus on them and die. The fish must wait for the water temperature to be right before they enter, and this occurred late last year because the rivers were low. Future fish counts will be noticeably smaller as a result of these conditions, as even the hatcheries only got a fraction of the eggs they normally get. An additional problem in Edmonds is that the hatchery pens cannot be set at the fishing dock while construction work is taking

place. He expressed his belief that the Port will be significantly impacted by the reduction in fish number and size. Commissioner Orvis asked if the net pens could be relocated to another area, and Mr. Haldeman answered no.

Ernie Collins, Edmonds Yacht Club, informed the Commissioners that the club is looking into the possibility of installing a yard arm near the club access, probably on the street side in a grassed-in area. He has talked with the Port's Executive Director and will continue to keep the Port and Commission informed of the proposal. City approval is needed, as well.

STAFF ISSUES

Mr. McChesney reminded the Commissioners that Milt Johnson (Dry Storage Supervisor) will retire on April 30th. Ben Shebly has been moved to Dry Storage, creating a vacancy in the Port Operations Assistant, and Port staff is currently recruiting for this position. He also reported that Marla Kempf, Deputy Director, is on extended leave and is anticipated to return in July. Karin Michaud (Office Manager) is filling in at the Marina Operations Office during this absence. He further reported that Port staff is currently recruiting for 8 full-time seasonal marina attendant positions. Lastly, Daniel Vaughn (part-time Port Security Officer) has given notice, and Port staff will soon be recruiting for this position.

SEASONAL MAINTENANCE

Mr. McChesney referred to the written list of Spring and Summer maintenance projects, which was attached to the Staff Report. He specifically noted the projects on the list that would not likely get done this year as follows:

- The intent was to construct a mobile stage for Sea Jazz. However, due to cost considerations and lack of resources, this will not likely be done in 2016.
- It was determined that replacing the current key entries with electronic security gate locks would be more complicated and costlier than anticipated. Commissioner Faires recalled that this concept was introduced several years ago, and a survey at the time indicated that tenants did not want to pay for the change. Mr. McChesney said he suspects the tenant feedback would be the same now, as the project would likely cost more than \$100,000 to implement. He said the Commission could discuss the concept further as part of the 2017 budget discussions.
- The roof gutters on the south marina will not likely be replaced in 2016. The project will likely occur in 2017, instead.

Mr. McChesney reported that Maintenance staff have done a great job of keeping up with the rolling stock and mechanical equipment. There have been issues with the hydraulic launchers at Dry Stack, but they have now been overhauled and are working fine. The festoon system on the north launcher was also replaced with in-house labor, and dock sealing and parking lot striping work are still on a 2016 work list. In addition, the restroom facilities were completed last week, and the City issued a Certificate of Occupancy last Friday. They are now open and working well.

Mr. McChesney advised that projects at Harbor Square include improvements at the corner of SR-104 and Dayton Street, which will start in May using in-house labor. In addition, staff will complete asphalt and parking lot repairs, as well as sidewalk and curb repairs. Light tree trimming will also be done.

COMMISSIONER RECRUITMENT

Mr. McChesney announced that the deadline for submitting applications for the vacant Commission position is May 13th at 2:00 p.m. Although only one application packet has been requested from the Port's administrative office, the document is also available on line. They will not know the number of candidates until May 13th. He noted that the opening was published in *THE EVERETT HERALD*, *EDMONDS BEACON*, *MY EDMONDS NEWS*, and on the Port's website.

FUEL DISCUSSION

Mr. McChesney reviewed that there has been an ongoing discussion with the Commission for quite some time about whether the Port should consider switching from E-10 ValvTect Marine Grade Fuel to non-ethanol fuel. He recalled that Doug Haldeman shared his extensive research and perspective with the staff and Commission a few months ago, and the staff presented its recommendation on several occasions. He reminded the Commission that the Port has been serving ValvTect Marine Grade Fuels, both diesel and gasoline, for the past five years, and it seems to be working. When the change was made in 2010, it had a dramatic effect on the financial performance of the fuel dock. It is now up to the Commission to decide what they want to do.

COMMISSIONER GOUGE MOVED THAT THE COMMISSION DIRECT PORT STAFF TO SWITCH THE PORT'S FUEL DOCK TO NON-ETHANOL FUEL AND SOLICIT BIDS FOR A NEW FUEL CONTRACT TO INCLUDE THIS CHANGE. COMMISSIONER ORVIS SECONDED THE MOTION.

Commissioner Preston said he reviewed the survey results differently than his fellow Commissioners. Many of the respondents indicated they would be willing to pay more per gallon for non-ethanol fuel, but it is important to note that only 130 of the 271 respondents indicated they would be willing to pay \$0.35 to \$0.50 more per gallon, and only 71 of those were Port tenants. Eighty-seven respondents indicated they would pay somewhere between \$0.05 and \$0.35 more per gallon for non-ethanol gas, and 54 said they would not be willing to pay more. As of this week, the price difference between E-10 ValvTect Marine Grade Fuel and non-ethanol fuel was about \$0.35. That means that 71 tenants would be willing to pay what the Port needs to charge to switch to non-ethanol fuel and 141 tenants would not. This represents an almost 2:1 ratio.

Commissioner Preston voiced concern that if the Port switches to non-ethanol fuel, their prices would be significantly greater than what is charged at Everett and Kingston, and perhaps tenants will travel to these other locations for cheaper fuel. He suggested the Port should continue to offer E-10 with ValvTect, recognizing that a certain percentage of tenants will go elsewhere for fuel regardless of which type is dispensed.

Commissioner Gouge expressed his belief that paying \$0.35 to \$0.50 more per gallon of fuel is nothing compared to the cost of replacing or repairing a \$25,000 boat engine. He noted that most marinas offer non-ethanol fuel, and people have come to realize that E-10 ValvTect Marine Grade Fuel is not good for their boats. In his research, he has found that the ethanol is bad for boats regardless of the additive; and this is particularly true with smaller engines. He felt it would be unconscionable to continue to serve fuel with ethanol at the fuel dock. While he agreed there will be a price point difference, he questioned if boaters would save enough money to warrant going all the way to Everett or Shilshole to purchase fuel. He summarized that there is no reason to put what he believes is bad fuel into a boat, and he will vote to switch back to non-ethanol.

Commissioner Preston pointed out that Yarrow Bay Marina in Kirkland also dispenses E-10 with ValvTect, and there are some very nice boats moored there. He visited the Evinrude and Mercury websites, which indicated that E-10 fuel is okay, but not E-15. In addition, a representative from Jacobsens Marine has indicated that while E-10 can cause problems for smaller motors, the larger ones are fine. He was advised that boat owners who have switched to E-10 fuel have flushed their systems, and it is no longer a problem. He felt the Port should continue to offer E-10 ValvTect Marine Grade Fuel as a lower cost option in the market place.

Commissioner Orvis said he also spoke with representatives from Jacobsen's, and none indicated that E-10 fuel was not a problem. However, they did indicate it is less of a problem, but it is much worse in older boats with carburetors. Nearly all marinas offer non-ethanol fuel and that is what most boaters are using. There are problems when E-10 fuel is introduced into the system, and he would support changing back to non-ethanol fuel.

Commissioner Faires agreed that the survey results could be interpreted in different ways, but there are other considerations. He suggested that if the Port decides that changing to non-ethanol fuel was a big mistake, it can change back in a year or two. He said he would support the motion, as well.

THE MOTION CARRIED 3-1, WITH COMMISSIONER PRESTON VOTING IN OPPOSITION.

Mr. McChesney commented that it would take some time to bid the fuel contract and make the conversion. The Commissioners suggested that the timeline for the changes should be advertised on the Port's website.

Ernie Collins, Edmonds Yacht Club, questioned why the Port anticipates that its price for clear fuel would be so much more than other marinas. Commissioner Faires answered that the Port charges for the true cost of the fuel plus a markup, and other marinas do not. He acknowledged that the financial picture at the fuel dock could deteriorate as a result of the change.

EXECUTIVE DIRECTOR'S REPORT

Mr. McChesney announced that the restroom project has been completed. He recalled that several weeks ago, the Commission approved Change Order 12, to address a situation where the grade elevations at the Cheyenne facility did not conform to the rest of the parking lot. However, the curb the engineer designed as part of Change Order 12 to rectify the situation was crooked and didn't match the grade, either. Addressing this new problem required another change order, but the engineering consultant has accepted full responsibility and agreed to reimburse the Port for the full cost of the work.

COMMISSIONER PRESTON MOVED THAT THE COMMISSION APPROVE CHANGE ORDER 13 IN THE AMOUNT OF \$3,537.63 TO CORRECT A FLAWED CURB DESIGN AT THE RESTROOM FACILITY. COMMISSIONER ORVIS SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

Commissioner Faires commended the engineering consultant, Reid Middleton, for standing by their work and correcting the mistake at no additional charge to the Port. Mr. McChesney concluded that the project is complete and staff is pleased with the work.

Mr. McChesney reported on his attendance at an all-day retreat of the Snohomish County Tourism Board where the topic of discussion focused on working with millennials. He also advised that he is moving forward with a Memorandum of Understanding with Salish Sea Expeditions to establish a youth in boating program in September. The intent is to inspire youth from the local school district to learn more about boating.

COMMISSIONER'S COMMENTS AND COMMITTEE REPORTS

Commissioner Gouge asked Council Member Teitzel if the City Council took action on all of the amendments that were put forward relative to the Critical Areas Ordinance. Council Member Teitzel said the amendments that were discussed and approved by the City Council will be incorporated into the draft Critical Areas Ordinance that will come before the City Council for final approval on May 3rd as part of the Consent Agenda. The amendments that were not discussed and/or acted upon will not be included. Commissioner Gouge commented that the process of approving the Critical Areas Ordinance has been long, and he thanked Commissioner Faires for speaking on behalf of the Port at the last City Council Meeting. He also thanked Port Counsel for preparing an excellent letter to inform the City Council of the Port's position. Mr. McChesney said he recently spoke with a representative from the City who indicated that the amendments the Port was primarily objecting to have been resolved favorably. He thanked both the City Council and City Staff for their efforts to resolve the outstanding issues.

Commissioner Faires asked how the Shoreline Master Program and Critical Areas Ordinance relate to each other. Council Member Teitzel answered that the Critical Areas Ordinance will inform the Shoreline Master Program. He reminded them that the Shoreline Master Program has not been formally adopted, and it may need to be modified to comply with the Critical Areas Ordinance. He advised that the City Council will resume its review of the Shoreline Master Program shortly.

Commissioner Orvis announced that the Harbor Inn was recently honored with the Champion Best Western Rewards Award, which recognizes hotels that demonstrate extraordinary support of Best Western's guest loyalty program, as well as meet quality and design standards and other membership requirements. Harbor Inn is just one of five hotels in the nation that has received the award twice.

Commissioner Orvis reported on his attendance at the Military Affairs meeting sponsored by the Economic Alliance of Snohomish County (EASC). The topic of discussion focused on the potential of one of the destroyers being commissioned. However, this is only a remote possibility given that the ship was built in Pascagoula, Mississippi and the marine it was named after is from Charleston, South Carolina. While the orders for commissioning a ship in Everett are slim to none, there are four new destroyers coming in the next year that will bring in 1,000 additional sailors.

Commissioner Orvis reported that the Finance Committee met recently to discuss the following:

- The banking service requirements have been difficult in that transferring money from the lock box company to the bank requires couriers and the bank hasn't been running their couriers as frequently as they are supposed to. That means the Port is not getting its deposits done daily. The Finance Committee agreed the Port should put out a banking Request for Proposals.
- The Finance Committee discussed the idea of hiring a private CPA firm to do the financial statement audit rather than the state auditor. Not only could this be less costly, it would also allow the Port to schedule the audit when it is convenient. Ms. Drennan noted that the CPA firm must be certified to conduct audits, and the Port would choose a firm that has experience with other government audits similar to the Port.
- The Port's 2015 Annual Financial Report and Statement of Review has been completed and is out for Finance Committee review.
- The Finance Committee directed staff to explore other insurance options.

Commissioner Preston reported that the most recent edition of *SCOUTING MAGAZINE* featured the Sea Scout Program, and specifically a vessel in the Seattle area. He further reported that the Edmonds Sea Scouts will be having an open house on Saturday, April 30th from 10:00 a.m. to 1:00 p.m. on V Dock. They are focusing their efforts on recruiting more youth, both male and female, which is consistent with the Port's goal of promoting youth in boating. The Commissioners thanked Commissioner Preston for his timely energy and leadership behind the Sea Scout Program. Ms. Drennan asked him to check on the status of the Sea Scout's paperwork.

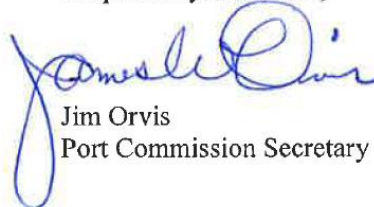
Commissioner Faires reported on his attendance at the Edmonds Citizens Economic Development Commission (CEDC) where it was agreed that the first step would be to figure out exactly what they would like to accomplish in the next three years. He said he views this as a step in the right direction. Commissioner Gouge asked if the CEDC has established a short or long-term vision. He commented that economic development involves more than the City's budget. It also involves coming up with plans and getting the City Council to listen and accept them.

Commissioner Faires observed that several groups have tried unsuccessfully to define the financial future of the community over the past several years. Recently, the City Council specifically directed the Finance Director to work on bringing forward a financial picture of the City going forward (a long-range financial plan). While he does not know the anticipated delivery date, the plan will provide important guidance as the CEDC establishes goals and decides where to place its efforts.

ADJOURNMENT

The Commission meeting was adjourned at 8:07 p.m.

Respectfully submitted,



Jim Orvis
Port Commission Secretary