



PORT COMMISSION OF THE PORT OF EDMONDS

MINUTES OF REGULAR MEETING

June 13, 2016

COMMISSIONERS PRESENT

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

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 7:00 p.m.

PLEDGE OF ALLEGIANCE

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

CONSENT AGENDA

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

- A. APPROVAL OF AGENDA**
- B. APPROVAL OF MAY 31, 2016 MEETING MINUTES**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$194,006.43**
- D. APPROVAL OF HARBOR SQUARE BUILDING 4 THREE-YEAR LEASE**
- E. APPROVAL OF HARBOR SQUARE BOUNDARY LINE SURVEY SERVICES (REID MIDDLETON)**
- F. AUTHORIZATION FOR THE EXECUTIVE DIRECTOR TO WRITE OFF \$1,081.03 AND SEND ACCOUNT TO COLLECTIONS**

COMMISSIONER GOUGE 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.

SOUND EXPERIENCE PRESENTATION

Mr. McChesney introduced Catherine Collins, Executive Director of Sound Experience, who was present to talk about the educational experiences offered to youth on the vessel, Adventuress. He advised that Ms. Collins has been the Executive Director of Sound Experience since 2006 and has an MBA and more than two decades experience in nonprofit fundraising and management. In recent years, she raised nearly \$1 million in capital funds for Adventuress' restoration from federal, state and private funders. She has also worked for national youth

development/service organizations, including Outward Bound and City Year and spent a decade building local economics with ACCION USA (a subsidiary of worldwide microfinance leader ACCION International). She is a native of Massachusetts and grew up sailing Cape Cod waters. Her passion for environmental education aboard ships was influenced by her experience in 1993 as a volunteer educator aboard the Clearwater on New York's Hudson River. Mr. McChesney emphasized that the Port Commission is passionate about getting youth on the water, and this is part of a great trend in the Puget Sound Region.

Catherine Collins, Executive Director, Sound Experience, said the Adventuress is one of just two ships still sailing the west coast that are on the National Historical Landmark Register, which is the highest level of significance in the country. She was built in 1913 in Maine for a wealthy gentleman from Chicago, John Borden, who intended to sail to Alaska to secure a Bowhead Whale specimen for the American Museum of Natural History. On board was Roy Chapman Andrews, the museum's naturalist, who would later discover fossilized dinosaur eggs in Mongolia and serve as the inspiration for Hollywood's Indiana Jones. Borden's efforts failed, and he sold the vessel to the San Francisco Bar Pilots Association, where she was used as a workboat for 35 years to transfer pilots to and from cargo vessels. During World War II, she was a United States Coast Guard vessel, guarding San Francisco Bay. The Adventuress was brought to Seattle in 1953 and went through a number of owners to eventually end up in the care of a non-profit sailing organization called Youth Adventures.

Ms. Collins advised that, today, the Adventuress is operated by the non-profit organization, Sound Experience, for a variety of educational opportunities. She joined Sound Experience in 2006 with the goal of undertaking an extensive fundraising effort to restore the vessel. She provided before and after pictures of the vessel to illustrate the restoration work that has been done to date. She advised that the projects have been funded by private donations and grant funding from the National Park Service's Save America's Treasures Fund, Washington State's Heritage Capital Projects Funds, National Trust for Historic Preservation's Partners in Preservation Program, M.J. Murdock Charitable Trust and other leading Northwest Foundations.

Ms. Collins advised that the upcoming restoration project to restore the deck and replace the engine will be funded by a grant from the National Park Services' Maritime Heritage Resources Program. She noted that Sound Experience is the only entity in Washington State that received grant funding from this program, although six or seven had applied. Commissioner Faires asked about the types of programs that are typically funded by this program, and Ms. Collins agreed to send the Port Commission a link that identifies the grant recipients for the past two years. It is likely that Sound Experience's project scored high because they were able to offer a match of \$200,000 from private donations. The grant funding and private donations enabled Sound Experience to apply for a Washington State Heritage Capital Projects Fund Grant, as well.

Ms. Collins said it is one thing to restore a historic ship and another to have it relevant to today. The goal is to get youth interested in boating and maritime activities, and it is important to combine resources to accomplish the task. She shared examples of youth who participated in Sound Experience opportunities and later became employed in environmental and maritime careers. She observed that the Port Commission's goal of inspiring youth to participate in boating complements Sound Experience's mission to educate, inspire, and empower an inclusive community to make a difference for the future of the marine environment.

Ms. Collins described some of the programs offered by Sound Experience and noted that they are working with several ports to offer their programs to a variety of people. She emphasized that Ports can have a significant influence on the success of their program. For example, they work with the Port of Seattle to provide an intern program that funnels youth into maritime resources and the maritime industry. The Port of Port Townsend has provided support for the youth program that is offered at their marina, and Shilshole Bay and the Port of Anacortes allow the Adventuress to dock at no cost for school programs, which are subsidized by Sound Experience. Although she acknowledged that the Edmonds Marina is not large enough to accommodate the Adventuress, the Port of Edmonds has a lot of youth who might be interested in participating in the program, and the Port could help Sound Experience reach out to them.

Ms. Collins presented a video to illustrate the programs that are offered on the Adventuress. She concluded that she believes the Port and Sound Experience has the ability to work together to get kids from the Edmonds community onto the boats.

Jonathan Ward, Development Chair, Sound Experience, emphasized his belief that the Port has the ability to help Sound Experience get youth from the community onto the water.

Commissioner Gouge asked Mr. Ward and Ms. Collins what the Port could do partner with Sound Experience. He noted that the dynamics of the Port are changing, and the Port already sponsors the Sea Scout Program and is working with Salish Sea Expeditions to potentially operate a program from the marina in coming years. He suggested that if the Adventuress cannot get into the harbor, perhaps it could at least pass by for people to see.

Ms. Collins suggested that Edmonds Port Commissioners could get together with commissioners from other ports to offer support to organizations that encourage youth in boating. Although it may not be possible for the Port to offer funding to the entities, they could offer moorage and other services that support their programs. For example, the Port of Seattle produced a video for Sound Experience when it came into the marina with youth from Port Townsend. Ports could also designate representatives to work together on a committee that promotes youth boating. It would be amazing if there were leadership and commitment from all ports in the region to determine how to get more kids involved. At this time, Sound Experience only reaches about 1% of the region's youth. Perhaps there could be one big day each year where all ports get together to do special events that encourage participation in maritime activities. Leadership from the ports would be an extraordinary thing.

Mr. Ward pointed out that many youth have been inspired and motivated by the Adventuress' programs, and they will be welcoming more youth this summer. He is also a huge supporter of the Sea Scout Program. He commented that some ports are concerned that they cannot provide support to the youth programs, but the attitude is changing given that it is possible to demonstrate the public value of the programs. Ms. Collins agreed and said resources exist and leadership is emerging in a way that she would like to see sky rocket.

Commissioner Preston asked if it would be possible to sail the Adventuress past Edmonds this summer at a time when other youth programs are in progress. Ms. Collins said it might be possible, but it would be easier to do during the shoulder season since the vessel is booked heavily during July and August.

At the request of Mr. McChesney, Ms. Collins explained that Sound Experience offers two main programs. The one-day programs for school age youth are intended to get kids out on the water to engage them in learning about the environment and sailing a boat. They also have multi-day programs for teens that are more in depth. While they do subsidize their programs, they are still too costly for most public school groups. Their 2016 operating budget is about \$800,000, and that is on top of the capital budget. They cannot charge the total cost per trip, which is about \$1,200 for 45 kids.

Commissioner Faires said that for the past few years, the Port Commission and staff have been working to figure out a way to get youth more involved in maritime activities and using Port resources to further their education. They have had some modest success, but much more needs to be done. Sound Experience offers great programs, and he questioned what the Port can do now to encourage participation by more of the area's youth. Ms. Collins answered that because the Adventuress cannot dock at the Edmonds Marina, the programs are not marketed directly to the youth in the Edmonds community. However, the programs are available from the Port of Everett, which isn't far away. It was suggested that perhaps the vessel could anchor outside of the marina and the Port could transport youth from the marina to the vessel.

Commissioner Faires pointed out that the Port has a liaison relationship with the Edmonds School District, and they could work to foster a cooperative effort. Ms. Collins agreed that would be helpful and said she could provide a presentation of their programs to the school district. Commissioner Faires suggested this would be the first step in coming up with an approach for getting information out to area youth. Ms. Collins said she hopes that both the Port and the school district will see quality in Sound Experience's efforts. It is important to work together on what is important for kids and how to get them involved. Perhaps it would be helpful to assemble information about where youth can find maritime opportunities and learn more about the jobs they can pursue. Commissioner Faires summarized that geography is not an issue. Finding a way to move forward so that kids from Edmonds can participate in the programs next year should be the Port's goal. Perhaps they could start by sponsoring a pilot program for 25 students to go out on a three-day cruise. The students could return and report their experiences to other youth groups in an effort to encourage more participation in following years.

Jim Blossy reminded the Commission that the Edmonds Public Schools Foundation may be able to offer funding support, and he agreed to forward contact information to Mr. McChesney.

Mr. McChesney said the presentation was inspiring, and he looks forward to future cooperation between the Port and Sound Experience.

Council Member Teitzel pointed out that there is a working commercial dock at the Point Wells site. He questioned if this dock could be used by Sound Experience for loading and unloading the Adventuress. Mr. Ward agreed that the dock would likely work, and the proximity to land access would allow people to drive to the pier. He said he would also work with staff to determine whether or not the vessel could enter the marina, as well as other options for ferrying students out to the boat while anchored outside the marina.

COMMISSION REIMBURSEMENT POLICY

Mr. McChesney reviewed that Revised Code of Washington (RCW) 53.12.260 provides that Port Commissioners will be paid a monthly salary of \$200 and a per diem amount of \$90, up to a maximum of \$8,640, all adjusted for inflation. The RCW specifically states that:

“Each commissioner of a port district shall receive ninety dollars, as adjusted for inflation... per day or portion thereof spent (a) in actual attendance at official meetings of the port district commission or (b) in performance of other official services and duties on behalf of the district.

Mr. McChesney reviewed that the RCWs are silent with regard to Commission compensation for the performance of other official services and duties on behalf of the Port District, but Port Resolution Number 92-9 was established in 1992 to define those necessary guidelines. However, with the passage of time, parts of the resolution appear to have become functionally obsolete. For example, staff sometimes finds themselves in an awkward position when reviewing Commissioner per diem compensation requests if the documentation appears to deviate from the established policy. Updating the resolution would provide transparency and clarity to avoid confusion. With a new Commissioner on board, staff would like some guidance from the Commission, and draft Resolution Number 16-05 was prepared as a starting point for the discussion.

Mr. McChesney advised that, in the draft resolution, staff removed the section that requires that the Audit Committee meet every six months to review the Commissioners’ compensation submittals and expense reimbursement requests as it is redundant. The current process includes the following:

1. Commissioner fills out an Official Meeting Reimbursement Form or Expense Reimbursement Form.
2. Another Commissioner, typically the Commission President, reviews and signs off on that form.
3. The documentation is submitted to staff and is reviewed by the Office Manager or Accounting/IT Technician.
4. The Office Manager or Accounting/IT Technician submits the documentation to the Finance Manager, who performs the duty of the Port Auditor for review and approval.
5. If the Finance Manager does not agree that the meeting or expense meets the guidelines of Resolution Number 92-9, she submits it to the Executive Director for approval. The compensation or expense reimbursement is then paid or not paid.
6. The Audit Committee meets periodically to review the Official Meeting Reimbursements and Expense Reimbursements.

Mr. McChesney summarized that staff believes the Audit Committee review is redundant and occurs too long after the Commissioner has been paid to be an effective internal control. Therefore, staff recommends that the requirement be eliminated. He referred the Board to draft Resolution Number 16-05 and said the proposed changes are intended to be housekeeping modifications but they are important from an accountability and consistency point of view, as well.

Commissioner Gouge noted that Commissioners have never been required to obtain approval from the Commission President. Up to this point, Commissioners have simply sought review by another Commissioner, and not necessarily the Commission President. He felt that the resolution should be modified to be consistent with the way

the requests are currently being handled. Further, Commissioner Gouge suggested that if a Commissioner's signature is on the documents that are provided to the Port, there is no need for staff to sign off on the forms, as well. It is up to the public officials to know the policy and approve or disapprove the reimbursement requests. However, he said he would support a periodic review by the Audit Committee.

Commissioner Johnston asked if the proposed changes are intended to clean up the procedure or if there is a specific issue that staff is trying to solve. Mr. McChesney answered that there is no case of breach of policy, or abuse of privilege by any Commissioner, but there are some ambiguities in the current resolution. For example, when reviewing reimbursement requests, staff must go by the resolution. However, the resolution is ambiguous about what an official meeting is. Commissioner Johnston asked if the Commission's role has expanded beyond the list of meetings and activities identified in Resolution Number 92-9. Again, Mr. McChesney replied that there have been no breaches, and the changes have been proposed for housekeeping reasons.

Commissioner Orvis said that while attending Washington Public Port Association Legal Meetings, he learned that it is important for ports to review their procedures and guidelines routinely to make sure they are still relevant. He said he has no problem with delineating the list of what qualifies as an official port meeting, but having the Audit or Finance Committees review the reimbursement requests every six months is not required or necessary. If the Audit Committee only reviews the reimbursement requests for the auditor's benefit, it is a waste of time since the review would not take place until up to six months after the fact. He summarized that a counter signature is already required and that should be all that is required. Guidelines are in place, and if an elected official chooses to abuse the system, they need to be ready to stand accountable. All of the information is available on the public record. He cautioned against having so many rules that it is not possible to follow them all.

Mr. McChesney asked if the Commission is in general agreement with Commissioner Gouge's suggestion that the application forms for reimbursement do not need to go through the staff, as long as they are signed by a fellow Commissioner. The Commissioners answered affirmatively. However, Ms. Drennan cautioned that state law may require that the Port Auditor review and verify the forms prior to payment. A different section of the RCW discusses these requirements. Mr. Cattle agreed to look up the legal ramifications of the proposed changes and report back.

Commissioner Preston suggested that an Item I be added to Section 2 of the draft resolution to read, "When attending a meeting relating to issues of interest to the Port of Edmonds." Ms. Drennan pointed that Item G was reworded to be more vague to cover other meetings relating to issues of interest to the Port. Mr. McChesney agreed that an Item I could be added, as suggested by Commissioner Preston, to speak to meetings that are not specifically referenced in the resolution. However, he cautioned that it could lead to confusion if the policy is too vague.

Commissioner Faires recalled that when he first became a Commissioner, the Executive Director at the time emphasized that he did not work for him or the Port staff. He worked for and was responsible for the people who elected him. Allowing discretion assumes that individual Commissioners, as elected officials, will act responsibly. He expressed his belief that the Audit Committee's function in the process is simply a rubber stamp and he agreed that it is not necessary. However, he disagreed with Commissioner Gouge in that he would prefer that the reimbursement forms be signed by the acting president of the Commission. He reminded the Commissioners that the president changes each year, so there would be a different person in charge of reviewing the expense reports every year.

Commissioner Faires recommended that the policy should be changed to include some grayness. As elected officials, the Commissioners need to be able to decide if something is or is not potentially Port business, and there needs to be some prerogative in discretion to allow them to explore. He further recommended that the policy be altered to make the Commission President responsible for reviewing and signing off on reimbursement requests. If there are questions during the process, they can be handled as they occur. He emphasized that the process must be consistent with State law and comply with the Port's policy, and there needs to be an appropriate level of "check and balance" in place to make sure that happens.

The Commissioners had a brief discussion about the types of meetings that might be considered Port business or in the interest of the Port. Mr. Cattle suggested that if a request does not fit squarely in the described policies, perhaps the Port could require the Commissioner to provide some justification that will help the Commission President

determine if a request is reimbursable or not. Another option would be to obtain preapproval if a Commissioner knows in advance of a meeting. Commissioner Faires said he does not support a preapproval requirement. He reminded the Commissioners that they work for the citizens who elected them. He agreed that it would be a good idea for Commissioners to talk with other Commissioners if they plan to attend meeting that are out of the ordinary, but pre-approval should not be required.

If approval from the Commission President is required and the president changes on a yearly basis, Commissioner Johnston asked if there is some risk if a current president denies certain types of meetings that were approved by a previous president. Mr. Cattle said he does not believe there will be that level of scrutiny. The auditor's review will be based on the issue at hand and not how previous Commission Presidents decided.

Commissioner Orvis cautioned about the danger of writing specific rules for every nit. There comes a time when reasonable rules must apply. The rules may vary by individual situations, but if questions come up about a particular request, the Commissioner could submit an explanation. The proposed resolution lays the policy out, and the Commission must deal with integrity and common sense rather than writing numerous rigid rules.

Mr. McChesney summarized that the Commission is comfortable with allowing staff to redraft Resolution Number 16-5. He invited Commissioners to review the document again and submit their additional comments and suggestions so that it can be finalized for the Commission's review and approval on June 27th.

EXECUTIVE DIRECTOR'S REPORT

Mr. McChesney reported that the Waterfront Festival was successful given the usual chaos that occurs during the event. The Commission may want to speak to the Waterfront Festival Committee about changes to the site layout, but generally speaking, it was a good event. Port staff continues to have concerns about access for tenants and customers, but they have been able to make it work. They will be reviewing this issue with the committee in the months ahead. He said he did not observe any deficiencies or difficulties in the way the event was organized. From the Port's point of view, they are mostly concerned with the disruptions and limited access.

Mr. McChesney announced that Reid Middleton has completed the Harbor Square survey to determine exactly where the property boundaries are located relative to the Edmonds Marsh. The consultant will provide a drawing and the survey team will place visible markers at 200-foot intervals to mark the boundaries. It will be to the benefit of the City and the Port to have a clear understanding of where the boundary lines are.

Commissioner Orvis asked if the survey would allow the Port to move forward and find out where the mean high water mark is located. Mr. McChesney answered that the boundary line survey is one tool for accomplishing this task, but a full wetland delineation will be needed to find out exactly where the buffer starts and ends. He said he suspects that by the time the Port solves the Shoreline Master Program conundrum with the City, it is likely that a wetland delineation will have to be completed, hopefully in conjunction with the City. He cautioned that wetland delineations can be costly. Commissioner Gouge pointed out that the wetland delineation that was done in 2003 for the Brightwater project could be used as a starting point. Mr. McChesney agreed but noted that the 2003 study does not specifically address the buffer issue and where the marsh impacts the Port's property. Commissioner Gouge agreed to forward a link for the 2003 study to the staff and Commissioners.

Mr. McChesney reported that staff is working with Reid Middleton to develop a scope of work and budget to begin the shoreline permit process for the vacant property south of the workyard. They are contemplating a future marine-related use.

Mr. McChesney advised that staff is still in discussions with the Department of Ecology and the City's Development Services staff on how to resolve concerns related to the City of Edmonds' Shoreline Master Program.

Mr. McChesney requested that the Commission conduct a brief Executive Session at the conclusion of the meeting.

COMMISSIONER'S COMMENTS AND COMMITTEE REPORTS

Commissioner Johnston announced that he would attend the Edmonds Arts Festival as a citizen. He also reported that he attended the Port's staff barbecue where he had an opportunity to meet the Port staff. He said he was very impressed and thrilled to learn that there was so much longevity amongst staff.

Commissioner Orvis said he also plans to attend the Edmonds Arts Festival June 17th through 19th. He noted that the festival is one of the best in the country and the second largest in the Northwest. Commissioner Faires noted that the Port helps sponsor the event; and in exchange, the Edmonds Arts Festival Foundation coordinates the Port's Artist in Action Program, which is a great use of the waterfront and a benefit to the Port District constituents.

Commissioner Preston reported on his attendance at the June 7th Edmonds City Council Meeting where Amy Spain from the Snohomish County Tourism Bureau talked about sports tourism. City Council Member Johnson mentioned that tourism is economic development. The City Council also voted to no longer take notes of their executive sessions. It was pointed out that there are 39 counties, 79 ports and 100s of cities in Washington State, and only two take notes of executive sessions. During the presentation on the Waterfront Access Study, it was reported that there were 40 fire boat calls in the past year due to emergencies. Ms. Drennan expressed her belief that the number was probably low, depending on what is defined as an emergency. Commissioner Orvis advised that Fire District 1 has a reasonably low confidence level in its record keeping because things are done under intense pressure at the start. The reports that were provided for the access study are "squishy."

Commissioner Preston advised that the Cascadia Rising event made him think about how well the Port is prepared for earthquakes. For example, does staff know how to shut off the fuel lines at the main tank. Ms. Drennan answered that all Operations and Security staff know exactly where the fuel shut off valves are located. Commissioner Preston said he would share other information he learned with staff.

Commissioner Preston reported that he recently met with Council Member Tibbott to discuss Port related issues, and he plans to meet with other City Council Members in the coming weeks.

Commissioner Preston reported that he attended the Waterfront Festival, and he believes there is some room for logistical improvements. He said he is looking forward to having a discussion with the Rotary Club within the next 30 days to review the final numbers and identify and address specific problems.

Commissioner Faires reported on his attendance at the May meeting of the Edmonds Citizens Economic Development Commission (CEDC) where Darrell Haug and Stephen Clifton made presentations to the group that included spreadsheets that were done when the Port proposed its master plan for Harbor Square to identify the financial impact redevelopment would have for the City of Edmonds. When confronted with the question of why the City Council did not approve the Port's request to include the Harbor Square Master Plan in the Comprehensive Plan, it was interesting to find that the group really did wonder why the plan was not adopted. At their next meeting, the CEDC will refine their list of opportunities and priorities that they see in the community for Economic Development. He said he thinks this new group is reenergized and invigorated to identify and promote material and meaningful opportunities.

Commissioner Orvis announced that a parking garage in Edmonds is included as part of the Sound Transit (ST) 3 proposal, and the access study is looking at ways to get cars to and from the ferry terminal. One option being considered is to move the ferry terminal and put the garage at Harbor Square. He voiced concern that the City may end up with something it does not want, and he does not think that a garage is the best use for the Harbor Square property. However, it appears that the City does not care what is developed on the site as long as it is under 35 feet tall. If ST-3 moves forward, the City will have to make decisions on what they want to happen there. At this time, they do not have any plans in place. Commissioner Faires concurred that locating a parking garage at Harbor Square would be an economic disaster for the City and would not contribute to its financial well-being.

EXECUTIVE SESSION

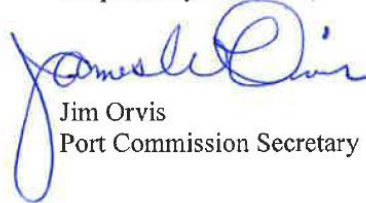
Commissioner Faires adjourned the regular meeting to an executive session at 8:35 p.m. for the purpose of obtaining legal advice on a possible appeal of a pending regulatory matter per RCW 42.30.110(i). The Executive Session

would start at 8:40 p.m. and conclude at 8:50 p.m. At that point, the Commission would return to its regular meeting and adjourn the meeting. There would be no announcements or action taken.

ADJOURNMENT

The regular meeting was reconvened and subsequently adjourned at 8:50 p.m.

Respectfully submitted,



Jim Orvis
Port Commission Secretary