



PORT COMMISSION OF THE PORT OF EDMONDS

MINUTES OF REGULAR MEETING

November 9, 2015

COMMISSIONERS PRESENT

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

STAFF PRESENT

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

OTHERS PRESENT

Bradford Cattle, Port Attorney
Karin Noyes, Recorder

CALL TO ORDER

Commission President Preston 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 FAIRES MOVED THAT THE CONSENT AGENDA BE APPROVED TO INCLUDE THE FOLLOWING ITEMS:

- A. APPROVAL OF AGENDA**
- B. APPROVAL OF OCTOBER 26, 2015 MEETING MINUTES**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$153,246.25**

COMMISSIONER GOUGE SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

PUBLIC COMMENTS

Noel Kidd, Tenant, said he was present to talk about fuel options and the negative effects of ethanol fuel. He said he knows of tenants of the Dry Storage Facility who have had to replace or rebuild their engines as a result of damage caused by ethanol fuel. He noted that of the 19 marinas in the region, only 6 dispense fuel with ethanol in it. He questioned why the Port of Edmonds made the decision to dispense ethanol fuel. Mr. McChesney advised that, later in the meeting, staff would provide an in-depth report on why the Port switched to E-10 fuel and why they feel it has been effective to date.

JACOBSEN'S MARINE OPERATIONS REPORT

Mr. McChesney introduced Greg Jacobsen and Terry McCarthy from Jacobsen's Marine, who were present to speak to the Commission about their experience at the Port over the past year and engage in a general discussion with the Commission.

Greg Jacobsen, Jacobsen's Marine, reported that it has been a busy year since Jacobsen's Marine relocated to the Port of Edmonds, and he was present to inform the Commission of how well the transition has worked and that there have been no significant problems. They set the right tone and the right deal from the start. They had a clear understanding of what they would have to pay for and there was no argument or disagreement. They spent \$40,000 in 2015 on haul out, stall usage and fuel and they have attracted some new customers to the dry storage and water moorage facilities.

Mr. Jacobsen advised that Jacobsen's Marine offers some accessory items to customers, and they will try to enhance this service over the winter to provide more of the common items that boaters need. To provide better service to boats in the dry stack and water moorage facilities, they built a custom trailer that enables the lift truck at the boatyard to lift boats from the trailer and bring them to the shop in just one move. This has worked perfectly, and customers seem to like the arrangement.

Mr. Jacobsen commented that Port staff has been great to work with over the past year. They have met and even exceeded their expectation of how good it would be to work with the Port. Although negotiations were difficult and it took some time to obtain the building permit from the City, they were able to move on and everything is wonderful now.

Commissioner Faires asked if there is anything more the Port could do to help Jacobsen's Marine serve the community even better. Mr. Jacobsen answered that, during his lunch meeting with Mr. McChesney and Ms. Kempf, he discussed potential opportunities for leasing addition space. However, he cautioned that the marine business is cyclical, regardless of the economy. While business is really good right now, they must be careful not to overextend.

Commissioner Gouge asked if the current traffic configuration has worked well for bringing boats in and out of the facility. Mr. Jacobsen responded that there have been no problems with the current circulation pattern, but they would eventually like to install their own hoist.

Commissioner Orvis said he has heard a lot of nice comments about Jacobsen's Marine. Although there is only a limited inventory, it is important to boaters that accessories are available nearby. While this is not Jacobsen's line of business, what they have provided has created good will. Mr. Jacobsen said the intent is to tweak the inventory to better serve the boaters next year.

Commissioner Faires commented that the Commission is scheduled to discuss the future of the marina's current bait business in 2016. Mr. Jacobsen said he believes Jacobsen's Marine has the ability to provide bait products if changes are made in the future.

Kent Alger, Tenant, said he has purchased a few items from Jacobsen's Marine and commended them on their great customer service. He shared an experience he had this past summer when he was working on his boat. The battery on his drill died, and he was faced with having to drive 30 minutes to his home to get another one. He explained the situation to an employee of Jacobsen's Marine, and they gladly loaned him a battery so he could finish the job. Mr. Jacobsen commented that their goal is to have good employees who support boaters. He commented that the Port has wonderful employees, as well. Commissioner Orvis observed that the new business has added a lot of life to the street.

FUEL PRICING AND OPTIONS

Mr. McChesney advised that there have been numerous discussions amongst Port staff and Port customers regarding the type of fuel that is dispensed at the fuel dock. Staff has prepared a report that describes how the Port currently dispenses fuel and outlines the core issues and questions relative to E-10 versus clear fuel.

Ms. Kempf referred the Commission to the detailed analysis provided in the Staff Report. She summarized that the Port has been selling ValvTect Marine Grade Fuels; both diesel and E-10 for five years. During this time, the Port has sold over one million gallons of fuel, of which approximately 70% was E-10 gasoline. She reminded the Commission that ValvTect Marine Gasoline is the only gasoline specifically formulated to prevent problems caused

by ethanol in the marine environment. According to their specification sheet, it stabilizes fuel for long-term storage and extends its shelf life up to a year or more.

Ms. Kempf reminded the Commission that in 2010, the Port was faced with several issues related to the operation of the fuel dock:

1. Due to federal and state standards requiring use of alternative fuels, conventional gasoline had become more limited in the state as refineries changed over to meet the new requirements.
2. The Anacortes refinery stopped manufacturing clear fuel.
3. The Ferndale refinery did not provide a sufficient octane level on its clear fuel to meet the boat's needs, and supply was sporadic.
4. U.S. Oil in Tacoma was the only supplier that offered clear fuel, and it was \$0.15 to \$0.30 more per gallon.
5. Many Port customers were expressing displeasure with the price of the Port's fuel.
6. The Port was losing money every year and not able to break even on fueling operations.

Ms. Kempf explained that in order to meet the demand and continue to provide service and the best possible price to customers, as well as reach breakeven status and fulfill the Port's mission of being a good environmental steward, the Port made a decision to transition to gasoline with 10% ethanol (E-10). To guarantee the Port could provide a high-quality product that was compatible with marine equipment, it became a Certified ValvTect Marine Grade Fuel Dock effective November 1, 2010.

Ms. Kempf reminded the Commission that, historically, the Port had been setting price based upon the cost of fuel in the ground. However, in order to narrow the gap between bottom line losses and breakeven, the pricing model was changed in 2009. The Port now prices its fuel weekly based on the Tuesday Oil Price Information Service (OPIS) price. She reviewed that in 2011, the markup was \$0.57 per gallon with no discount, and it was determined that in order to break even, including direct operating expenses, depreciation and overhead, the Port would have needed to markup its fuel by approximately \$1.04 per gallon. Given the recession environment, this did not seem like a good idea, but it was concluded that the Port could at least cover its direct operating expenses and depreciation by increasing the markup to approximately \$0.64 per gallon. In 2012, due to popular demand and further feedback regarding the price of fuel, the Port Commission restored the \$0.10 per gallon pay-at-the-pump discount for its tenants.

Ms. Kempf referred the Commission to financial information relative to the fuel dock for the years 2010 through 2014, noting that for the first time ever, the formula the Port is using (E-10 fuel, ValvTect Additive, weekly OPIS pricing and \$0.69 markup) moved the fuel dock in the direction of break even in 2014. She reviewed that, according to the Port's fuel supplier, in the timeframe since October 2013, E-10 fuel was \$0.18 less per gallon than clear fuel. In 2014, the average difference was \$0.12 per gallon higher. She summarized that by serving E-10 fuel, the Port was able to pass on savings to customers of close to \$19,000 in 2014 and breakeven before overhead.

Ms. Kempf announced that on November 1, 2015, the Anacortes refinery opened a new line for clear gasoline. However, the Port's fuel supplier does not believe that, with the additional cost of manufacturing and the low volume of sales compared to E-10, the gap between the cost of E-10 and clear fuel will shrink. She emphasized that Washington is an E-10 state and clear gasoline is now seen as a specialty fuel, which drives up the price. Staff did a price check after the Anacortes line was opened; and as of last Thursday, clear fuel was \$0.40 more per gallon than E-10. As of today, the difference was \$0.39 per gallon.

Ms. Kempf requested that the Commission provide feedback as to whether the Port should consider switching back to clear fuel if the clear fuel supply, with acceptable octane levels, could be assured.

Commissioner Faires said it was his understanding that the E-10 fuel was generally working okay, and that no serious problems had been reported. He asked if that was, in fact, the case.

Noel Kidd, Tenant, said that before the Commission makes a final decision, he would like to talk with mechanics who work on boats at the Port of Edmonds to learn from their experience. He said he knows of a few people who have had to repower their boats, and they indicated that fuel might have been at least part of the problem.

Commissioner Faires recalled that when the decision was made previously to switch to E-10 fuel, he was persuaded more by the marine specificity of the ValvTect fuel than by the idea that it would be a better value for the tenants. With the exception of a few anecdotal stories, his understanding was that there had not been any significant problems associated with the E-10 fuel. Ms. Kempf said the Port has received just two formal complaints in the past five years, and both were confirmed to be issues with boats rather than fuel. However, it is true that people need to prepare their boats for receiving ethanol fuel or problems can come up. Commissioner Faires asked if there are specific problems associated with ethanol fuel and fiberglass tanks.

Terry McCarthy, Jacobsen's Marine, said it is common knowledge that today's fuel is not the same as it was 10 or 20 years ago. It is consider an unstable fuel that has a more limited shelf life, and this has an effect on fuel systems that have been collecting varnish over the years. Ethanol is alcohol based, which is a good solvent that can break up fuel systems. However, in recent years, the problems seem to have been worked out. Ethanol gasoline was a common problem with fuel injection and carburetor systems five years ago, but each year the problems are fewer as the systems are cleaned out. However, there can be problems, particularly with small motors, if the fuel is not allowed to run dry. He said he would not recommend using E-10 fuel in proximity to fiberglass tanks because it can break them down. He voiced his opinion that the best fuel you can buy is still the best value in his opinion, and E-15 fuel is totally out of the question.

Mr. McChesney said it appears that some tenants favor clear over E-10 fuel, but he questioned how much more they were willing to pay per gallon. He noted that the price difference has been as much as \$0.40 greater.

Doug Haldeman, Tenant, advised that he has done extensive research on clear versus ethanol fuel. He submitted a chart that identifies the type and cost of both gasoline and diesel fuel at 18 marinas in the region, including the Port of Edmonds. He specifically noted the six facilities that dispense E-10 rather than clear fuel. He also submitted an information sheet relative to ethanol fuel. He said he contacted several vendors to learn of their past experiences with servicing boats at the Edmonds Marina. He noted that he did not contact Jacobsen's Marine, which just recently relocated to the Port of Edmonds. The mobile vendor, Cascade, did a tremendous amount of work in the Edmonds Marina and indicated they are still having problems with the smaller outboard engines as a result of the E-10 fuel. They indicated there were significantly more problems just after the conversion took place. However, rather than complaining to the Port about the problem, boat owners fixed their boats and then went elsewhere to purchase their fuel.

Mr. Haldeman referred to the number provided in the Staff Report to illustrate fuel sales over the past five years. Although 2009 was not included on the chart, it is important to note that total gallons sold in 2009 was 254,425 compared to 221,668 in 2010 and 190,000 in 2011. He suggested that these numbers clearly point to the fact that many customers went elsewhere to purchase their fuel. He said he now purchases most of his fuel in Kingston because he does not want to use the ethanol fuel in his vessel. He has often had to wait lengthy periods of time behind other boats from Edmonds. He suggested the change in fuel has resulted in a significant loss of profit for the Port, and the Commission should be interested in learning what can be done to bring the customers back.

Commissioner Faires emphasized that the Port does not make a profit from fuel sales. Commissioner Preston added that other factors (economy, weather, fishing season) may have played a part in the numbers of gallons sold each year, as well. Mr. Haldeman pointed out that the number of gallons sold in 2014 was just 210,000, which suggest that people are still going elsewhere to purchase their fuel. He said Everett, Shilshole and Kingston are the Port's major competitors, and all provide clear fuel. The shelf life on ethanol products is significantly less than for clear fuel. For example, the shelf life for untreated ethanol fuel is three months and a few months more if the fuel is treated. The shelf life for clear fuel is between two and three years. Shelf life is very important in the marine environment.

Regarding the price difference, Mr. Haldeman pointed out that Tesoro just went on line with clear fuel on November 1st, and it is common for the cost to be higher for a while. However, he anticipates that as the product becomes more popular, the price will fluctuate and the cost difference will be less. Regarding E-15 fuel, he pointed out that the Environmental Protection Agency (EPA) is siding with manufacturers who have indicated that most engines are not equipped to handle the higher-octane fuel. He explained that because fuel tanks are vented to the outside, a small amount of moisture can get in. When this happens, it can cause problems immediately if ethanol fuel is being used. There is no product available that will prevent water absorption by alcohol.

Commissioner Faires asked if Mr. Haldeman had any sense as to how much more tenants would be willing to pay to have access to clear fuel rather than E-10. Mr. Haldeman pointed out that customers are so concerned that they are driving to Kingston or Everett to purchase fuel. It costs him more to drive to another location than he would pay for the additional cost per gallon.

Ms. Kempf referred to the extensive information provided in the Staff Report relative to the cost difference between clear and E-10 fuel. The difference ranged from \$0.06 to \$0.46. Mr. Haldeman said he has not heard any complaints about the cost of fuel at the Port, but many have indicated that they do not want to use ethanol-based gasoline. Customers from outside the Port are also looking for clear fuel, and changing the product dispensed at the fuel dock could result in additional customers.

Ms. Kempf expressed her belief that the significant decrease in the number of gallons sold between 2009 and 2010 was a direct result of the recession. She reminded the Commission that a number of things can impact the number of gallons sold, including price, economy, weather and fishing season. When comparing the average fuel sold in the previous five years, it is important to note that both diesel and gasoline numbers declined, even though the ValvTect diesel product is considered a high marine-grade product that is popular with customers.

Commissioner Gouge said he has mixed feelings about the issue. When you consider the cost of a boat motor (\$15,000 to \$20,000), the difference in the cost of fuel is nominal compared to a service call that requires either repair or replacement. He suggested the issue is more about finding out what the customers prefer. If they are willing to pay the difference, the customers should be allowed to decide.

Commissioner Orvis recalled that when the decision was made previously to switch to the ValvTect product, the main concern was that the clear fuel was difficult to obtain. They were looking at empty tanks because there was not adequate supply. In addition, the state was pushing for E-10 fuel and the Port was under the impression that clear fuel was not going to be available in the future. He pointed out that the Obama Administration and the Department of Ecology have recently backed off on the proposal to require E-15 fuel because of backlash from manufacturers. He agreed with Commissioner Gouge that he would support switching back to clear fuel if that is the preference of the customers as long as the clear fuel supply, with acceptable octane levels, can be assured. However, he cautioned that if the state or federal government suddenly decides not to allow clear fuel, the Port could find itself in the same position they were ten years ago.

Commissioner Preston asked if it would be possible to continue to dispense ValvTect brand diesel, but switch to clear gasoline. Ms. Kemp answered affirmatively. Commissioner Preston voiced support for selling the products the customers want, as long as they are determined to be safe and cost effective.

Commissioner Faires said he would also like to hear from the customers. He emphasized that the Port provides a gas dock because they are a full-service marina not because it makes money. It is something that is needed to enhance the value of the marina to customers.

Ken Alger, Tenant, agreed with Commissioner Gouge. If the customers who use the fuel dock are looking for clear fuel, the Port should give them what they want. Regarding price, he pointed out that operating a boat is costly, and the difference in fuel price is not a significant consideration comparatively speaking. He said he recently spoke with a service technician at Three Rivers Marine in Woodinville who indicated that today's boats are having significant problems because of ethanol-based gasoline. He expressed his belief that customers would be willing to pay more for the clear fuel. He wants to know that his boat will operate properly without having problems associated with fuel. He said he has three different fuel separators for his motors, and he has to change the filters frequently because of the ValvTect fuel. He pointed out that the additional cost of clear fuel would be very similar to the tax right off that is available to boaters, yet not all boaters are even aware or make the effort to take advantage of this cost savings.

Mr. Alger said he spoke with nine other tenants who were unable to attend the meeting, and all indicated a willingness to submit written statements in support of clear fuel. He suggested the Port poll its tenants to find out what they would prefer. He concluded by pointing out that the numerous advantages of clear fuel far outweigh the added cost per gallon. He said he currently purchases about 600 gallons of fuel per month in Kingston, Everett and

Edmonds, but he would prefer to purchase all of his fuel in Edmonds. Many other tenants would like to do the same if the Port switched back to clear fuel.

Larry Stumpf, Tenant, said he hasn't purchased a drop of fuel from the Edmonds Marina since the switch to E-10 was made. Although it costs him about \$20 to go to Kingston to fill up, he will continue to do so until the Port makes a change. He said he just spent \$20,000 putting in a new motor, and he does not want to damage it by using ValvTect fuel. He said he knows of at least six other tenants on Q Dock who feel the same way. If the tenants had been notified that the issue was scheduled for discussion by the Commission there would likely have been a crowd present.

Commissioner Preston cautioned that, before making the switch, the Port must make sure that the clear fuel supply, with acceptable octane levels, can be assured. Looking at the information provided by Mr. Haldeman, it appears that most other marinas are able to get the clear fuel in sufficient supply.

Jack Bevan, Edmonds, pointed out that the fuel dock continues to lose money, which means that something else is being charged in the budget to subsidize it. The taxpayers already subsidize \$50,000 for the launcher, which does not turn a profit either. He asked where the subsidy for the fuel dock comes from. Mr. McChesney explained that the current pricing model has resulted in the fuel dock operating on a break-even basis now; and in 2014, it even made \$4,000. Port staff is quite comfortable with the current pricing model, which does not require a direct subsidy. Commissioner Faires added that one of the driving forces of the Port is to be a full-service marina. A lot of businesses have elements that are not as profitable as others, and the fuel dock and the workyard are the Port's elements that do not always stand by themselves. However, if you take the operation as a whole, these elements are necessary to serve the customers.

Mr. McChesney suggested that staff take the comments from the public and Commission under advisement and enter into discussions with the fuel supplier. More fact checking and further conversations with customers are needed, as well. He cautioned that it is not easy to toggle between E-10 and clear fuel. Staff will keep all of these issues in mind as they prepare a recommendation for the Commission's consideration.

Commissioner Gouge asked what the time frame would be for switching the fuel product over. Mr. McChesney said there will be some logistical issues to resolve, but they do not know exactly what those will be. Commissioner Orvis stressed the need to address the issue quickly, and Mr. McChesney said he is confident that staff can come back with additional information and a recommendation by the end of the year, and likely before.

RESOLUTION NUMBER 15-06 – ESTABLISHING THE AMOUNT OF TAX TO BE LEVIED

Ms. Drennan reviewed that the Commission discussed the tax levy needs on September 14th, October 12th, and October 26th, and a public hearing on the draft budget was held on October 26th. She explained that the Port may levy a property tax of approximately \$551,208 (2015 highest lawful levy) plus the estimated amount of new construction, less the estimated refunds. The Tax Levy for 2015 was set at \$400,000, and the proposed Tax Levy for 2016 is \$400,000. The proposed mil rate for 2016 is approximately \$.0921. She referred to Resolution Number 15-06, which would establish the amount of tax to be levied, and recommended the Commission approve it as presented.

COMMISSIONER GOUGE MOVED THAT THE COMMISSION APPROVE RESOLUTION NUMBER 15-06, ESTABLISHING THE AMOUNT OF TAX TO BE LEVIED IN 2016 IN THE AMOUNT OF \$400,000. COMMISSIONER ORVIS SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

Jack Bevan, Edmonds, requested information about the total assessed valuation of the Port District, and Ms. Drennan agreed to call him with the information.

RESOLUTION NUMBER 15-07 – BANKING EXCESS LEVY CAPACITY FOR 2016

Ms. Drennan referred the Commission to Resolution 15-07, which would bank the excess levy capacity for 2016. She explained that Washington State law allows the Port to bank the additional amount it could levy in an amount equal to the rate of inflation or 1%, whichever is lesser, unless the Commission determines that there is a substantial

need. For 2016, the rate of inflation is 0.251%. In order to protect the Port's ability to issue and prepay Limited General Obligation Bonds, the Port has established that there is a substantial need to bank 1% of the highest lawful levy. Banking the additional 1% will allow the total legal levy to grow without assessing the full amount. She recommended the Commission approve the resolution as presented.

COMMISSIONER ORVIS MOVED THAT THE COMMISSION APPROVE RESOLUTION 15-07, BANKING EXCESS LEVY CAPACITY FOR 2016. COMMISSIONER GOUGE SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

RESOLUTION NUMBER 15-08 – ADOPTING THE 2016 BUDGET

Ms. Drennan reviewed that the Commission discussed and reviewed the elements of the 2016 Preliminary Budget on September 14th, October 12th and October 26th, and a public hearing was conducted on October 26th. She recommended the Commission adopt Resolution 15-08, which would adopt the 2016 budget.

COMMISSIONER FAIRES MOVED THAT THE COMMISSION APPROVE RESOLUTION NUMBER 15-08, ADOPTING THE 2016 BUDGET. COMMISSIONER ORVIS SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

EXECUTIVE DIRECTOR'S REPORT

Mr. McChesney announced that he would attend the Washington Public Port Association (WPPA) General Meeting on November 18th through 20th. In particular he plans to attend the Environmental Committee Meeting, and if time permits, the Trade and Economic Development Committee Meeting, as well.

Mr. McChesney reported that staff met with the contractor of the restroom project for a pre-construction meeting, at which time they reviewed the minor changes the City has requested such as putting in two water meters and changing the pipes from ductile iron to PVC. Although the Port has not yet received the required building permit from the City, it is anticipated that City staff will complete its review by Friday, November 13th, and that a permit can be issued shortly thereafter. Staff is planning to begin site work for the project on November 16th. The buildings will be available on November 13th, but they can't be delivered until the site work has been completed. Staff is still working with the Snohomish County Public Utility District (PUD) on whether they will allow the Port to use the existing transformer at Anthony's or if a new one will need to be installed. The Port has submitted an application for a variance, and he is optimistic that it will be approved by the PUD. However, if a new transformer is required, it will result in a significant change order. He summarized that they are hoping to have the buildings in place by the first week of December.

Commissioner Faires asked when the Port staff first met with City staff regarding the restroom project, and Mr. McChesney said the first meeting was held in November of 2014. He noted that it took some time to obtain the shoreline permit, and the development permit has taken a substantial amount of time, as well. Again, he said he is hopeful that the permit will be issued on November 13th.

Commissioner Gouge asked if wet weather would prevent the site work from moving forward, and Mr. McChesney answered that the contractor is not too worried about doing the asphalt work in rainy weather, but freezing temperatures could be more of a problem when laying asphalt.

Ms. Kempf reported on her attendance at the Northwest Marina and Boatyard Conference in Bremerton on October 29th and 30th. She noted that Paul Sorenson was present to discuss current boating trends. He advised that in 2015, new boat sales were up 25% and new and used boat sales combined were up 30%. The strongest growth was in the 27 to 30-foot range, which is good for the Port since 60% of its inventory is of that size. She also attended a session on boatyard permits where the attorney who represents the Northwest Marine Trade Association provided an overview of the direction they see the permit going. She recalled that both she and Mr. McChesney previously attended boatyard permit sessions a few months ago where the general feeling was that there would be no changes. Now it appears that sample averaging will be eliminated and the zinc and copper numbers will be revised again. She said she would continue to update the Commission as she moves through the process of applying for the boatyard permits.

Commissioner Faires asked if the DOE is now discussing boatyard permit within the same context as stormwater runoff, or if the issues is still being treated separately. He noted that stormwater is a much larger issue, but the requirements are not as stringent as those imposed on boatyards. Ms. Kempf said the boatyard permit set the precedence for the stormwater permit, and some of the attention has shifted away from boatyards and towards stormwater permits.

Ms. Kempf announced that the Northwest Marine Trade Association is having its annual meeting on November 12th at 6:00 p.m. on board the vessel Skansonia, an old Washington State Ferry that has been retired and turned into an event venue on Lake Union. Interested Commissioners should contact staff to make the appropriate arrangements.

Ms. Kempf reported that an advertisement for the Port's Dry Storage Facility was published in the November issue of the Northwest Yachting Magazine, which also includes an article specifically related to dry stack storage opportunities.

COMMISSION COMMENTS AND COMMITTEE REPORTS

Commissioner Gouge announced that he would attend the WPPA Annual Meeting on November 18th through 20th. He also noted that three Commissioners would be absent from the February 9th meeting, which may require that it be rescheduled.

Commissioner Gouge recalled the Commission's recent discussion with staff relative to the Port's new insurance requirements. At their last meeting, the Commission was asked by a tenant to rethink the requirement of adding the Port as an additional insured on each tenant's individual policy. Since that time, there was a boat fire on Lake Union that damaged 11 boats and trapped live aboard tenants between the water and the fire. It was lucky that no one was injured. This is an example of why he supports the Port's new insurance requirement to protect the public's assets. He suggested the Port should encourage its tenants to not use candles on their boats, as they have proven to be a particular problem during the holiday season.

Commissioner Gouge announced that he would attend the November 10th Edmonds City Council Meeting. He also thanked staff for doing such a great job in 2015. He particularly commended Chris Osterman, who manages the Port's new website. It is very easy to find information on the site, and it is always up to date. He recognized that it is a difficult task, and he commended staff for a job well done.

Commissioner Gouge also commented that the Port of Chinook is in financial trouble, and there is a lot of finger pointing amongst its commissioners. He stressed the importance of the Commissioners staying informed about budget issues to make sure the Port remains viable for tenants and taxpayers. He thanked Ms. Drennan for her hard work in that regard.

Commissioner Orvis reported on his attendance at the WPPA Legislative Committee Meeting where he learned that the Port of Chelan attempted to use recreational facilities as a way to get revenue in the guise of tourism. This is not legal and some Commissioners may be forced to resign. He commented that, as budgets get tighter, communities are now looking to ports for funding, particularly those that have reserve funds. He reminded the Commission that Ports are allowed to form federations to do tourism projects, but the State's movement for tourism still hasn't been successful. Questions were raised about whether or not ports could form infrastructure forums where ports with larger reserves could invest in projects at other ports. It was agreed that the infrastructure committee should look into this option, which could allow ports to earn a higher rate of return by investing in funds that are guaranteed by a public agency or even the state.

Commissioner Orvis said he was surprised to learn at the committee meeting that commissioners at some ports do not have a clear understanding of where revenue comes from or how it is spent. He commended Ms. Drennan for providing clear information so Port of Edmonds Commissioners have a clear understanding of financial matters.

Commissioner Orvis announced that the Mayor's Task Force for the At Grade Crossing Analysis would meet on November 12th, at which time they will finalize plans for the open public meeting that is scheduled for November 18th from 6 to 8 p.m. in the Plaza Meeting Room of the Edmonds Library Building. He explained that a public

meeting early in the process will help people understand that no decisions have been made and nothing would be done behind closed doors. It will also provide an opportunity for citizens to learn how the process will work and how they can provide input and make their ideas known. Postcard notification was sent to all citizens of Edmonds to announce the public meeting and posters have been placed throughout the City. He said it is important for people to understand that this is not just an Edmonds project, as the legislature has invested over \$600,000 as part of the state wide transportation package.

Commissioner Preston reported on his attendance at the Northwest Marina and Boatyard Conference in Bremerton on October 29th and 30th, along with Ms. Kempf and Mr. Brown. He was particularly interested in the seminar where he learned that DC and not AC current causes a hot marina. Mr. Brown attended a second session for more in-depth information about this topic. Randy Dorn, Superintendent of Public Schools, was the kickoff speaker, and he talked about the need for more shop classes in the public schools. While at the conference, he had an opportunity to tour the Safe Boats Factory, where boats for international militaries are made. Ms. Kempf pointed out that Safe Boats opened in 1994 with 45 employees building boats in a garage, and it now has 375 employees and two plants (Bremerton and Tacoma).

Commissioner Preston asked if staff could find out how many tenants would have to complete a boat inspection in order to obtain the insurance that is now required by the Port. Ms. Drennan said she has researched this issue and learned that the inspection requirement depends on the age and length of the boat and the type of insurance. She noted that the tenant who spoke at the last Commission meeting was looking at coverage from another insurance company that did not require an inspection.

Commissioner Preston announced that he would attend the WPPA Annual Meeting on November 18th through 20th.

Commissioner Gouge reminded the Commissioners that it will be time to elect new officers at their first meeting in December.

ADJOURNMENT

The Commission meeting was adjourned at 8:40 p.m.

Respectfully submitted,



Fred Gouge
Port Commission Secretary