



PORT COMMISSION OF THE PORT OF EDMONDS

MINUTES OF REGULAR MEETING

November 14, 2016

COMMISSIONERS PRESENT

Bruce Faires, President
Fred Gouge, Vice President
Jim Orvis, Secretary
Steve Johnston
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 7:00 p.m.

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 OCTOBER 31, 2016 MEETING MINUTES**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$180,469.56**
- D. APPROVAL OF HARBOR SQUARE BUILDING 4 LEASE**

COMMISSIONER PRESTON SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

PUBLIC COMMENTS

Susan Schaeffer, Edmonds, said she is a long-time resident of the City of Edmonds. She advised that she, and four other people, were present in the audience to act as representatives of Save Our Marsh, a group of concerned Edmonds citizens whose goal is to do everything possible to protect and restore the Edmonds marsh, one of the few salt water marshes still remaining in the urban areas of Puget Sound. The group's goal is to prevent the encroachment of development on the marsh, to restore the marsh to its highest function using the best and most current available science in all decisions and actions, and to improve water access and quality to enable the return of native fish.

Ms. Schaeffer explained that restoration of the marsh will attract local and non-local visitors for wildlife viewing, photography, scientific programs on marsh functions and restoration, and educational programs. She expressed her belief that the City of Edmonds will forever reap the benefits of restoring the marsh to a healthy state. She said the group looks forward to collaborating with the Port to find the best way to preserve and restore this unique gem in the middle of the City. The group includes educators, fisheries biologists, sustainable building advisors, bird and invertebrate experts, and people with expertise in finding grant opportunities. She offered the Port the group's cooperation and expertise to help them in their efforts to make the marsh an oasis of nature for generations to come. They look forward to working with the Port on this vital civic project.

Marjorie Fields, Edmonds, said she is both a taxpayer and voter for the Port of Edmonds, and she also represents the Washington Chapter of the Sierra Club. She commented that the club is concerned about the health of the Edmonds Marsh as an important part of the health of Puget Sound. She said she was pleased to see that the Port's mission includes being a responsible environmental steward, with a desire to promote and enhance environmental programs and to be aware of environmental impacts. The local group, Save Our Marsh, and the Sierra Club stand ready to assist the Port in carrying out those mission statements.

Marty Jones, Edmonds, said she has been a resident of Edmonds for 27 years and was present to share information about the historical and cultural significance of the Edmonds Marsh to Northwest Native tribes. She provided copies of an article that was published in *THE EDMONDS BEACON* on November 3rd, which describes how the Coast Salish peoples have used Puget Sound shorelines, including Edmonds, for thousands of years for fishing and harvesting. She also provided a map that was drawn by two Snoqualmie Tribal Chiefs in 1986, when one of them was 98 years old. It shows that Edmonds was the site of a Native fishing village and clam digging site. It's important that any decisions or actions on the Edmonds Marsh respect and include these Native cultural traditions, as well as protection of the environment.

Jack Bevan, Edmonds, reminded the Commissioners that the taxpayers are responsible for paying off the bonds that are supporting Harbor Square. He said he is familiar with and loves all of the parks in Edmonds, including the Edmonds Marsh, but he worries about the proposal to increase the setbacks for the Harbor Square property because it would make the current development non-conforming. This will have an impact on the property owners, the taxpayers.

Commissioner Faires said he will be meeting with Joe Scordino from Save Our Marsh on November 22nd. At that time, he will invite the group to make a presentation to the Commission relative the group's perspective on the future of the environment, the community and the marsh.

APPROVAL OF RESOLUTION NUMBER 16-08, ESTABLISHING THE AMOUNT OF TAX TO BE LEVIED

Mr. McChesney reviewed that Port Staff and the Commission have been working on the 2017 Budget for the past three months. Two weeks ago, the Commission held a public hearing, and they are now ready to go forward with formal approval.

Ms. Drennan advised that the Commission reviewed the 2017 Tax Levy needs on September 12th, October 10th and October 31st. She explained that the Port may levy a property tax of approximately \$559,567, the 2016 highest lawful levy, plus the estimated amount on new construction, less the estimated refunds. The Tax Levy for 2016 was set at \$400,000, and the proposed Tax Levy for 2017 is \$400,000. The proposed mil rate for 2017 is approximately \$.0817. Once approved by the Commission, Resolution Number 16-08 will be sent to Snohomish County so they can collect the taxes.

COMMISSIONER JOHNSTON MOVED THAT THE COMMISSION APPROVE RESOLUTION NUMBER 16-08, ESTABLISHING THE AMOUNT OF TAX TO BE LEVIED IN 2017 IN THE AMOUNT OF \$400,000. COMMISSIONER PRESTON SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

APPROVAL OF RESOLUTION NUMBER 16-09, BANKING EXCESS LEVY CAPACITY FOR 2017

Ms. Drennan explained that Washington State 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 2017, the rate of inflation is 0.953%. 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. Resolution 16-09, once approved, will be sent to the County for their records.

COMMISSIONER JOHNSTON MOVED THAT THE COMMISSION APPROVE RESOLUTION 16-09, BANKING EXCESS LEVY CAPACITY FOR 2017. COMMISSIONER ORVIS SECONDED THE MOTION.

Commissioner Gouge commented that he and Commissioner Faires have been Commissioners for 17 years, and they take the tax levy seriously. The Port of Edmonds is one of the few ports in the state that does not use taxpayer dollars to operate the marina. Rather, tax dollars are used to pay Commissioner salaries, the public launch, flower program, boardwalk, etc. The boaters are required to pay their fair share, and the rental properties generate revenues that benefit the general public. Port staff uses the tax dollars wisely for the public benefit. Commissioner Faires added that the Port has not raised the amount it collects in taxes (\$400,000) for 15 years. He expressed his belief that it is appropriate to use tax revenues to pay for activities and facilities at the Port that would not be available if the marina were privately owned. He reminded the Commission that tax dollars paid for the marina to be built, and tax dollars are used for capital improvements and maintenance. Commissioner Preston pointed out that tax revenue constitutes only about 6% of the Port's operating budget.

Council Member Johnson pointed out that the City of Edmonds can bank excess levy capacity, as well, but only for a limited amount of time. She asked if the Port's ability is also limited, given that it has banked its capacity for 17 years. Ms. Drennan said the Port has been banking its excess levy capacity since 1985. Ports are allowed to cumulate the increases and the levy capacity continues to grow. Commissioner Orvis recalled that the Port staff recently contacted the County to confirm the Port's ability to bank excess levy capacity.

THE MOTION CARRIED UNANIMOUSLY.

APPROVAL OF RESOLUTION NUMBER 16-10, ADOPTING THE 2017 BUDGET

Ms. Drennan reviewed that the Commission and staff reviewed and discussed elements of the 2017 Preliminary Budget on September 12th, October 10th and October 31st. Their last review was on October 31st, which is when the public hearing was also held. No changes were made to the budget as a result of the October 31, 2016 Commission meeting. She recommended the Commission approve Resolution No. 16-10 as presented.

Commissioner Gouge noted that, although the public was specifically invited to submit written comments following the public hearing, he only heard from one individual, and his comments were related to the proposed moorage rate increase. Commissioner Faires explained that moorage rates have been a contentious issue in past years. Until a few years ago, the Port's philosophy was that the in-water moorage slips should pay for themselves in terms of operating revenue and necessary capital replacement. More recently, the Port changed its philosophy somewhat and put in place an expectation that moorage rates would go up based on the Consumer Price Index (CPI) plus 1%. The new approach has been much less contentious.

COMMISSIONER GOUGE MOVED THAT THE COMMISSION APPROVE RESOLUTION NUMBER 16-10, ADOPTING THE 2017 BUDGET. COMMISSIONER PRESTON SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

The Commission took a short recess from 7:20 to 7:25 p.m. to allow time to sign the resolution documents.

APPROVAL OF GUTTER REPLACEMENT BID NUMBER 2016-255

Mr. McChesney recalled that, during a routine inspection, staff identified repairs needed for the dock gutters and budgeted for gutter replacement. A more recent inspection revealed that an entire section of C Dock had worsened and will need to be replaced, in addition to a small portion of G Dock. Specifications were prepared by PND, with

an engineer's base estimate at \$31,000 plus tax. Staff published a formal request for bids on October 26, 2016, with bids due on November 10, 2016. Two qualified bids were received, and the low bidder was Serene Gutter systems, Inc. for \$31,801.50 plus tax. The other bid was from Northshore Sheet Metal, Inc. for a base bid of \$55,772.00. He reminded the Commission that \$45,000 was allocated in the 2017 budget for gutter repair, and the total cost of the project will be \$34,918.05. He recommended the Commission authorize him to enter into a contract with Serene Gutter Systems, Inc. as per contract No. 2016-255.

Mr. McChesney explained that the gutters on the covered moorage are internal and susceptible to corrosion. When the gutters fill, they drip onto the boats below, and Port staff has been receiving complaints from tenants. It is likely that more gutter replacement will be required in the future.

Commissioner Preston asked if anything could be done to prevent the corrosion from happening in the future. Mr. McChesney said there are coatings, but the Port must be careful. For example, galvanization can cause problems with zinc. He said he does not know of an engineering solution that would prolong the life of the gutters.

Commissioner Johnston asked if the Port has a schedule in place for gutter replacement. Mr. McChesney said the plan is to replace the gutters on an as-needed basis. He explained that it is difficult to know when a gutter is becoming defective until it starts to leak onto the boats below. They have a limited life in the saltwater environment, and the gutters at the south end of the marina are more susceptible.

Commissioner Gouge asked if Port staff has researched the possibility of using another material such as plastic or fiberglass for the gutters. Mr. McChesney explained that the gutters and roofs were designed as a single unit, and the way they are tied into the roof limits what can be used for replacement. That is why the Port needed to seek input from the original design engineer.

COMMISSIONER ORVIS MOVED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH SERENE GUTTER SYSTEMS, INC., IN THE AMOUNT OF \$31,801.50 PLUS SALES TAX FOR THE BASE BID FOR THE GUTTER REPLACEMENT CONTRACT 2016-255. COMMISSIONER JOHNSTON SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

APPROVAL OF CONTRACT ADDENDUM TO COCKER-FENNESSY

Mr. McChesney advised that, at their regular meeting of September 26th, the Commission authorized a communications contract with Cocker-Fennessy in the amount not to exceed \$10,000. The contract contemplated production of a mailer to all the residents of Edmonds and Woodway. The purpose was to inform and engage the general public and Port stakeholders about the many ways the Port has contributed to environmental stewardship "Past, Present and Future." The initial contract anticipated the Port would manage the printing and distribution, but this turns out to be impractical. The time imperative for getting the mailer out makes it more cost effective to have Cocker-Fennessy provide this service as an extension of their base production contract. He recommended the commission approve the addendum to Cocker-Fennessy's contract for printing and mailing services in the amount of \$13,210.50.

Commissioner Preston expressed his belief that the publication is long overdue. Other government entities have been providing this type of information to constituents for a number of years. Commissioner Orvis said it was clear from discussions at the Washington Public Port Association (WPPA) Meeting that other ports are doing publications, as well. There are numerous taxing districts that collect revenue from taxpayers, but people have no idea how the money is being used. This is not right.

COMMISSIONER ORVIS MOVED THAT THE COMMISSION APPROVE THE CONTRACT ADDENDUM TO COCKER-FENNESSY FOR PRINTING AND MAILING THE COMMUNICATIONS BROCHURE IN THE AMOUNT OF \$13,210.50. COMMISSIONER PRESTON SECONDED THE MOTION.

Commissioner Gouge said he is glad that the brochure will be sent to all residents of Edmonds, and not just those living within the boundaries of the Port District. These people benefit from the Port facilities, and it is important for them to know that Port District Residents are paying taxes to support the amenities.

Jim Blossy recalled that, for many years, the Port published the *PORT REPORTER* on a quarterly basis, and it was mailed out to everyone living in the Port District. The intent of the publication was to inform the public about what was going on at the Port. He encouraged the Port to continue to provide this information to the public.

Commissioner Faires recalled that the Port's Mission Statement calls for "communicating consistently and openly with the public." He explained that, in previous years, the Port Commission has weighed this mission against the cost of the publication. He suggested that the Commission erred on the side of not communicating sufficiently to allow the owners (taxpayers) to understand what the Port is about and what they have spent the tax revenue on.

THE MOTION CARRIED UNANIMOUSLY.

3RD QUARTER 2016 FINANCIAL STATEMENTS

Ms. Drennan referred to the graphs that were provided on the first two pages of the 3rd Quarter Financial Statements. The first graph compares revenues to expenses for the years 2012 through 2016, and the 2nd graph illustrates net income for the periods ending September 30th for 2012 through 2016. She noted the trend upwards. The third graph compares budget to actuals for the period ending September 30th. She noted that revenues were very close to budget, and expenses were less than budget. Gross profit for the nine-month period ending September 30th was \$5,507,867, which was \$275,147 or 5.2% greater than budget. Net income for the same period was \$1,597,805. She specifically highlighted the following:

Marina Operations Revenue Actual to Budget

- Net fuel sales was \$166,933, which is \$59,933 or about 56% greater than budget.
- Launcher revenue was \$66,339, which is \$22,661 or 25% less than budget. This was the result of a greatly diminished fishing season.
- Miscellaneous revenue was \$78,320, which is \$20,570 or about 36% greater than budget.
- Permanent moorage revenue was \$2,405,172, which is \$11,172 or .47% greater than budget.
- Dry storage revenue was \$501,166, which is \$31,834 or about 6% less than budget. This line item was also impacted by the fish closures.
- Parking revenue was \$39,424, which is \$12,424 or about 46% greater than budget.
- Travelift revenue was \$100,570, which is \$23,570 or about 31% greater than budget.
- Workyard revenue was \$77,423, which is \$33,173 or about 75% greater than budget.
- Late fee revenue was \$31,096, which is \$16,096 or about 107% greater than budget. This was primarily due to the increase in late fees from \$10 or 1%, whichever is greater to \$50 or 1%, whichever is greater.

Rental Properties Revenue Actual to Budget

- Harbor Square Property revenue was \$1,288,895, which is \$67,145 or 5.59% greater than budget.
- Anthony's revenue was \$215,646, which is \$13,574 or about 6% less than budget. Commissioner Gouge suggested that this decrease could be attributed to the fish closure. Fish closures have an impact across the marina.

Ms. Drennan advised that operating expenses without depreciation for the nine-month period were \$2,791,642, which is \$133,008 or 4.5% less than budget. She specifically highlighted the following:

Operating Expenses Actual to Budget

- Employee benefits were \$408,098, which is \$20,152 or 4.71% less than budget. Much of this difference is due to timing. The first payroll in October included 13 days in September.
- The Master Business Plan was \$56,051, which is \$52,301 greater than budget.
- Office expenses were \$42,151, which is \$10,349 or about 20% less than budget.
- Payroll tax expenses were \$134,096, which is \$17,404 or 11.49% less than budget.
- Repair and maintenance expenses were \$149,124, which is \$29,376 or about 16.5% less than budget.

- Salaries and Wages were \$1,175,854, which is \$54,521 or 4.43% less than budget.
- Supplies expenses were \$121,965, which is \$18,285 or about 13% less than budget.
- Utilities were \$269,152, which is \$21,848 or about 7.5% less than budget.
- Depreciation was \$1,258,382 which is \$61,618 or about 5% less than budget. She explained that, when she budgets, she looks at the depreciation schedules for one month, multiplies by 12 for the next year, then adds what is coming on line. She does not account for assets that have reached the end of their depreciable life.

Non-Operating Items – Actual to Budget

- Interest Income was \$49,470, which is \$19,095 or about 63% greater than budget.

Ms. Drennan advised that net income for the nine months ending September 30th was \$1,597,805, which is \$417,110 or 35% greater than budget.

Marina Actual to Budget

Ms. Drennan said Ms. Kempf asked her to share the following numbers for water moorage and dry storage occupancy, since they were not yet available when she presented her quarterly report at the last meeting.

- Occupancy in water moorage according to financials for the period ending September 30th was 98%, which is about as close as you can get to full. It was actually budgeted at 97% occupancy.
- Occupancy in dry storage according to financials for the period ending September 30th was 86%, and total occupancy of 89% was budgeted.

Ms. Drennan advised that net income for the marina was \$1,001,396, which was \$337,146 or about 51% greater than budget.

Rental Property Actual to Budget

Operating revenue for rental properties was \$1,766,031 which is \$54,186 or about 3% greater than budget, and operating expenses before depreciation and overhead were \$491,780, which is \$27,005 or about 6% greater than budget. Net income for rental properties was \$596,410, which is \$86,215 or about 17% greater than budget.

Investing Summary

Ms. Drennan reviewed the investing summary, noting that the Port has been investing for longer terms since December of 2013. The Port currently has 10 long-term investments, with the first maturing in October of 2016. In August, the Federal National Mortgage Association bond of \$500,000, with a coupon rate of 1.82%, was called. The Port purchased the bond on March 9, 2016. Over the life of the bond, the Port earned interest of \$2,211 and realized a gain of \$2,339. To replace the called bond, the Port purchased a Federal Farm Credit Bank bond of \$500,000, with a coupon rate of 1.44% that matures on August 16, 2021. In September, the Federal Farm Credit Bank Bond of \$500,000, with a coupon rate of 1.86% was called. The Port purchased the bond on September 23, 2015. Over the life of the bond, the Port earned interest of \$5,973. The Port earned interest of \$49,471 for the year-to-date, which is 20% more than interest earned in 2015 to date. The Capital Replacement Reserve is currently \$5,206,640, with a part of the reserve in Opus Bank and part invested long term. The Port has \$4,991,909 remaining in outstanding debt, and \$970,391 of that is due within one year.

Ms. Drennan announced that the Port released its request for banking services on October 12th, and proposals were due on November 2nd. Requests for proposals were sent to eight banks in downtown Edmonds and three banks within 3 miles of the Port. Nine responses were received, and the proposals were reviewed and ranked based on the requirements in the request for banking services. Port staff recommends that the Port move its primary banking services to Washington Federal for the following reasons:

- **Location.** Washington Federal has a branch in downtown Edmonds.
- **Accessibility.** Washington Federal has a parking lot with 15-20 spaces and two drive-up windows.
- **Response to Proposal.** Washington Federal's proposal clearly and completely responded to the Port's request for proposals, modeling their response after the Port's proposal.

- **Ability to Work with Lockbox Company.** Washington Federal has the ability to accept X9 image cash letter files from the Port's lockbox company, AFTS, at a cost that is less than the current courier process.
- **Online Services.** Washington Federal provides customers with access to completing ACH transfers, wire transfers, and stop payments on line.
- **Payroll Direct Deposit.** The Port will be able to continue its payroll direct deposit program with Washington Federal.
- **New Services.** Port staff is interested in adding positive pay and Automated Clearing House (ACH) payments, and Washington Federal offers these services.
- **Fees.** Washington Federal's fees are competitive.
- **Security and Disaster Recovery.** Washington Federal completely and satisfactorily answered the Port's questions on security and disaster recovery.
- **Implementation Plan and Training.** Washington Federal's implementation plan and training are acceptable to the Port of Edmonds.

Commissioner Orvis reported that the staff findings were reviewed by the Finance Committee, and there seems to be no comparison. Commissioner Preston added that Washington Federal responded to the Port's request for information about its implementation plan and training with a three-page document. Another bank indicated that their plan was in accordance with the FDIC, but could not tell what it was. Ms. Drennan added that one example of security that Washington Federal offers is automatic call back verification when transfers are made.

Ms. Drennan concluded her report by advising that the Port issued a Request for Proposals for the Harbor Square Loan on October 26th, and proposals are due November 16th. Staff will review and proposals and work with the Finance Committee to bring a recommendation to the Commission at their December 12th meeting or before.

Commissioner Gouge asked how much money the Port will be able to pay down the Harbor Square loan at the end of 2016. Ms. Drennan reminded the Commission that the Port would not pay additional down on the loan until it has been refinanced. She said she does not know how much money will be available to pay down the loan at this time.

Commissioner Gouge advised that he has corporate accounts with Washington Federal. He asked if this would constitute a conflict of interest. Mr. Cattle answered no.

3RD QUARTER HARBOR SQUARE REPORT

Jan Conner, Northwest Country Management, presented the 3rd Quarter Harbor Square Report, noting that revenues for the period ending September 30th were \$443,592.57, which is \$44,915.21 or 11.27% greater than the same time period in 2015. Occupancy was at 87.39% at the end of September, and occupancy will increase to 90.47% during the last quarter of 2016 due to the new lease the Commission just approved.

Ms. Conner advised that space was shown on a number of occasions, and she responded to some general inquiries about space. They continue to maintain the existing occupants, which is evidenced by the seven lease extensions that were signed during the quarter. The conference room was rented 11 times, resulting in \$1,065 net revenue.

Commissioner Preston asked if people in the community know that the conference room space is available for rent. Ms. Conner said they do not promote the space because it is not really intended to be meeting space. She is hoping to get the space in Building 2 listed soon.

Commissioner Faires asked how Harbor Square is doing relative to the general climate in the community. Commissioner Gouge commented that there is more available office space in Edmonds than ever before, and the Port is doing very well to have such a high occupancy rate. Mr. McChesney added that Harbor Square is basically full and parking is becoming a challenge. He commended Ms. Conner on her ability to juggle all the variables. It is great to be at 90% occupancy. Ms. Conner said an effort has been made to make sure people are not parking at Harbor Square when they should not be.

Jack Bevan, Edmonds, also complemented Ms. Conner from a taxpayer's perspective. There have been some tough years, and they are now getting to the point where Harbor Square will generate enough money to take care of its mortgage instead of requiring taxpayer support. When the bond is redone, the taxpayers would love to see their taxes reduced. While it is not a very large portion of their total tax bill, his request is based on principle.

EXECUTIVE DIRECTOR'S REPORT

Mr. McChesney reported that the United States Coast Guard conducted an inspection of the marina last week, particularly the Port's spill containment and fire protection system. The Port received an A+ report, and the inspectors were impressed with the Marina Operations staff's readiness. From his comments, it was clear that not every port is as diligent.

Mr. McChesney reported that he met with Phil Williams, City of Edmonds Public Works Director, regarding the City's project to install a pump station at Dayton Street. It is anticipated that the new pump station will go a long way to alleviate the flooding that occurs from time to time. The pump station will be located below ground, but the generator and control panel will be located in the parking lot that is jointly owned by the City and the Port. He invited Mr. Williams to make a presentation to the Commission at their first meeting in December to talk about how the City's stormwater scheme works.

Mr. McChesney announced that the Port has agreed to work with the City on a one-day seminar sponsored by the City titled, "Why Do Smart Businesses Choose Edmonds." The event is scheduled for November 29th in the Plaza Room of the Edmonds Library Building. The Port made a \$500 contribution to support the seminar.

Mr. McChesney announced that he would attend the annual Washington Public Port Association (WPPA) Fall Conference on Wednesday and Thursday.

COMMISSIONER'S COMMENTS AND COMMITTEE REPORTS

Commissioner Gouge announced that he would also attend the WPPA Fall Conference this week.

Commissioner Gouge said it has been brought to his attention by several people that people on Segways are using the promenade. Mr. McChesney advised that there are signs posted to prohibit wheeled vehicles on the boardwalk, but they are allowed on the City sidewalks, and this may be creating some confusion. He said he would contact the owners of the Segway business to make sure they understand the rules. Staff will also work to enforce the policy. The Commissioners agreed that it is dangerous for wheeled vehicles to be on the boardwalk, and they support enforcement of the rule.

Commissioner Gouge said he has also received complaints that tenants are letting their dogs run on the docks. He reminded the Commission that dogs are supposed to be on a leash when on Port property. Commissioner Preston commented that some pet owners do not understand that some people are afraid of dogs. Mr. McChesney indicated that staff would make more effort to enforce the policy.

Commissioner Johnston announced that he would attend the Continuing Legal Education Program, as well as the WPPA Fall Conference on Wednesday.

Commissioner Johnston recalled that he participated in the October 31st meeting via phone. While he was able to hear the Commissioners and staff, he was unable to hear the public who spoke from the podium. Mr. McChesney advised that the 2017 budget includes funding to upgrade the telecommunication system, which should help resolve the issues.

Commissioner Orvis reported on his attendance at the WPPA Legislative Committee Meeting on November 9th. Eric Johnson, Executive Director of the WPPA, projected that this will be the most consequential session in memory. The State has been living beyond its budget and cannot continue to do so. They must deal with education and they are draining funds from other accounts. One proposal is to tax services. Sound Transit 3 basically killed any other opportunities for tax revenues, but that doesn't mean the State won't be forced to increase property taxes. In addition, he reported the following:

- Levy Equalization has been promoted for school funding, and the concept would take revenue from rich districts and give it to poorer districts to balance out the budgets.
- State law allows the Legislature to take the taxing capacity for special purpose districts and the only exemption is ports.
- Port Maritime Day is scheduled for January 31st. This year Port day will be combined with maritime organizations.
- The WPPA Transportation Committee met and discussed that the freight rail crossing study has been completed and the report was out this week. They narrowed the nearly 2,000 proposals down to just 300 that will be discussed by the Transportation Committee at their next meeting. At least one senator is calling for a study about where the next airport should be located, and Paine Field will likely be at the top of the list.
- Legislation to modernize broadband authority is moving forward, but will not impact the Port of Edmonds. The cable providers and public utility districts do not want competition, but the intent of the legislation is to give ports the ability to put in infrastructure and then contract the service out to the retail providers so they can get broadband out to the rural counties. Using this approach, Whatcom County now has the best internet service in the State.
- There are efforts to preserve the Model Toxic Control Act (MTCA) funds. The problem is that the legislature committed a lot of the money when oil was \$100 a barrel, and now they have a \$70 million hole in the fund and the price of oil is down. They do not really know how to fix the problem.
- Port worker training legislation is being changed to add language that requires the training to be port related.
- A bill is moving forward to protect industrial lands. In Vancouver, Seattle, Tacoma and Bellingham, there is a tremendous amount of pressure to allow residential development on industrial lands. Withstanding that pressure is becoming difficult.
- No changes are proposed to the Public Records Act. There appears to be a real scandal brewing in Kitsap County.
- Nothing is happening on tourism at this point.
- He raised the issue of on-call contracting. It would be helpful for the people on the Finance Committee to get together to provide a united front to the WPPA. The WPPA's Executive Director does not seem interested in moving any legislation forward to address the concerns. The WPPA is convinced that the new State Auditor will talk to the Attorney General and work out the problems.
- The WPPA Legislative Committee has a limited agenda, as they believe the Legislature will be tied in knots over funding, particularly for education.

Commissioner Preston announced that the Sea Scouts have re-chartered, and he has advised them to get rid of one of their boats as soon as possible. Currently, they are losing out on opportunities for other boats to be donated because they can only have a maximum of two vessels. He advised that Mike Jones, from the Edmonds Yacht Club, has agreed to take on a more active role in the program, and this will allow the scouts to tap into the club's resources. He said he plans to attend some of their meetings, and he believes there is potential for the program to grow substantially.

Commissioner Preston announced that he would attend the WPPA Fall Conference on Wednesday and Thursday. Commissioner Faires indicated he would attend the entire conference, and will attend the business meeting on Friday morning as a representative of the Port.

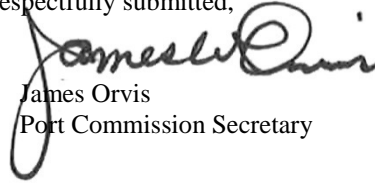
EXECUTIVE SESSION

Commissioner Faires announced that there would be no executive session.

ADJOURNMENT

The Commission meeting was adjourned at 8:25 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James Orvis". The signature is written in a cursive style with a large initial "J" and a distinct "Orvis" at the end.

James Orvis
Port Commission Secretary