



PORT COMMISSION OF THE PORT OF EDMONDS

MINUTES OF REGULAR MEETING

December 12, 2016

COMMISSIONERS PRESENT

Bruce Faires, President
Fred Gouge, Vice President (by phone)
Jim Orvis, Secretary
Steve Johnston
David Preston

STAFF PRESENT

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

OTHERS PRESENT

Bradford Cattle, Port Attorney
Karin Noyes, Recorder

CALL TO ORDER

Commission President Faires called the 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 ORVIS MOVED THAT THE CONSENT AGENDA BE APPROVED TO INCLUDE THE FOLLOWING ITEMS:

- A. APPROVAL OF AGENDA**
- B. APPROVAL OF NOVEMBER 28, 2016 MEETING MINUTES**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$172,142.65**
- D. APPROVAL OF WAIVER OF NOTICE OF SPECIAL MEETING**

COMMISSIONER JOHNSTON SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

PUBLIC COMMENTS

There were no public comments.

PUGET SOUND EXPRESS (PSE) OPERATIONS REPORT

Mr. McChesney introduced Pete Hanke, who was present to report on PSE's whale watching tour operations in 2016. He advised that 2016 was very successful and the Port looks forward to PSE's continued operation in 2017.

Pete Hanke, PSE, agreed that 2016 was a phenomenal year for PSE, and the company grew quite a bit from 2015. In 2016, there were approximately 11,000 passengers from the Edmonds Marina and roughly 265 departures. Each departure required about 300 gallons of diesel fuel, and PSE appreciates the fuel service provided by the Port. He advised that a few changes are planned for 2017. Departures will increase to approximately 325. In 2016, there were two trips per day in July and August, and the plan is to expand this schedule into June and September, and even into the first few days of October. They also plan to run the vessel year-round, with departures on Friday,

Saturday and Sunday during the winter months. He noted that another operator has been operating year-round in Seattle, and it seems that it would also be successful in Edmonds. They are also hoping to do Christmas trips in 2017, hooking up with the Argosy Christmas Ship when possible. He summarized that they see the passenger count growing to as many as 15,000 in 2017; and with the increase in trips, they will probably use about 80,000 gallons of fuel. They are excited about the planned expansion and believe it will be a great success.

Mr. Hanke advised that the Chilkat Express is in Port Townsend receiving new interior and mechanical upgrades. They are also considering the purchase of a new boat, which would be built starting in August of 2017. They anticipate that sea trials will begin in February of 2018, and full operation will start in May of 2018.

Commissioner Gouge asked how many passengers the new vessel will accommodate, and Mr. Hanke answered that it would be certified for 149 passengers, but configured to seat about 110 comfortably inside. They are looking at a comfortable load of about 100 people. Right now, the Chilkat can accommodate 50 passengers comfortably. Commissioner Gouge asked if PSE would use both boats in 2018, and Mr. Hanke answered affirmatively, saying that it would likely operate 3 trips per day out of the Edmonds Marina.

Commissioner Johnston asked how PSE markets their tours. Mr. Hanke answered that they print a number of brochures to distribute throughout the Puget Sound area, but the majority of their advertising is done through social media and Google.

Commissioner Faires pointed out that a lot of international and national visitors come to Seattle to board cruise ships, and about 60% of these visitors want to spend some time in the Seattle area either before or after the cruise. The Commission is having discussions with the Port of Seattle and various trip planning and tourism organizations about the possibility of Edmonds becoming one place people can go. He advised that the Port would keep PSE apprised of how the discussions proceed. Mr. Hanke said his daughter is PSE's marketing and sales person for the Seattle Area, and she hits the local tourism groups often and is well known in the Seattle area. He asked that the Port keep her informed of its efforts.

Mr. Hanke concluded by stating that running tour boats from the Port of Edmonds has been a wonderful experience, and not just a wonderful idea that has worked well. The Port Commission and staff have been great to work with. Mr. McChesney commented that as far as the upcoming season is concerned, moving the Chilkat into the area that will be vacated by Bud's Bait will be a good solution if the space can be made to work operationally. It is likely that the Port will have to accommodate the larger boat in guest moorage, and he has had discussions with Mr. Hanke about this option. He does not foresee any major obstacles going forward.

Commissioner Gouge commented that tourism is a great thing that will fill the void with fishing going down. Boating is changing, and having the Chilkat at the marina has been a great win for the citizens, PSE, and the Port. They need to continue to work together to get Edmonds more on the map and become a different marina than a pleasure boating marina.

PRESENTATION BY CITY OF EDMONDS STORMWATER ENGINEER, ROBERT EDWARDS

Mr. McChesney introduced Robert Edwards, City of Edmonds Stormwater Engineer, who was present to share the City's plans for addressing stormwater via a new pump station at Dayton Street. He noted that Mr. Edwards is a long-time resident of Edmonds and South Snohomish County and is a civil engineer specializing in stormwater. He shared information about his qualifications and experience.

Robert Edwards, City of Edmonds Stormwater Engineer, provided maps that illustrate the City's existing stormwater system, as well as the proposed plan for improvements. He advised that he has worked as a stormwater engineer for the past 30 years, and has been with Edmonds for 3.5 months. He said he was given the problem of addressing flooding in the area of Dayton Street and SR-104, which affects the Port, the ferry, Arnies, Anthony's buses, trains and Harbor Square. He recently submitted a grant application to the Federal Emergency Management Agency (FEMA) for funding for the project, which has been studied at length and designs were started last year. In addition to the grant, the City obtained a loan to piece together the necessary funds for the project. FEMA has responded positively to the project, but they are still waiting for final approval.

Mr. Edwards explained that the area floods when heavy rain falls during times of high tide. The project will dovetail with several other projects, one of which is to improve the drainage out and into the marsh. He used the map to review the project, noting that there is a catch basin where the two lines cross Dayton Street, which currently drain into Harbor Square and the water has nowhere to go. The project will place a large pump station in the fishing pier parking lot, which is currently owned by both the City and the Port. An easement will be required and one parking space will be eliminated. The intent is to have minimal impact to the parking lot and street. The electrical equipment and generator will be located in green areas and the pump will be located underground.

Mr. Edwards further explained that the new pump station will pump stormwater out through the existing outfall by the pier. It will consist of two smaller pumps that will be computer controlled to share the load. The pump station will be tied into the City's current system that monitors all of the pump stations throughout the area 24 hours per day. The two lines that cross Dayton Street and flow into Harbor Square will be intercepted. The catch basin will continue to allow water to flow into Harbor Square if the water level is not very high and the flow is very low. If the water level and flow are high, the water will be directed into the pump station and then out to Puget Sound. The combination of taking water away from Dayton Street and Harbor Square should address the flooding that currently occurs. However, it is important to note that much of the surface water from Harbor Square goes into the marsh and they will start with another project next month that will daylight the outlet into the marsh and improve run off from SR-104.

Commissioner Faires asked that the City keep the Port intimately involved in the discussions. The Port Commission is truly interested in the health of the marsh and how to mitigate run off from Harbor Square. Commissioner Johnston added that the Port Commission is also concerned about runoff from other sources into the marsh. Commissioner Faires recalled that there have been extensive discussions about the future health of the marsh via an increased vegetative buffer to decrease the amount of stormwater flowing into the marsh, and the Commission wants to focus on the big problem of runoff from Harbor Square.

Mr. Edwards advised that the grant application was time consuming and required that he justify that the cost of the project would be paid back by the benefits it provides. Ms. Conner from Northwest County Management provided helpful information about the cost of more recent damage at Harbor Square as a result of flooding. Flooding has also significantly impacted buses, trains, ferries, properties at Salish Crossing, and the restaurants on Port property. The City is hoping to receive a positive response from FEMA soon.

Mr. McChesney explained that, under normal conditions, the stormwater that runs downhill is handled by the City's stormwater system and the Washington State Department of Transportation's (WSDOT) drainage ditches. It flows into a line on Dayton and then to the outflow at the Sound. However, during heavy rains, the water running downhill ends up at Harbor Square. Mr. Edwards referred the Commissioners to the GIS maps that are available on the City's website to illustrate the location of the City's stormwater system. He explained that the City's system is old, much of the current system was installed before current codes were in effect. In addition, unconstrained development was allowed to occur throughout the years.

Commissioner Faires reviewed that the Port has been working very hard to address stormwater runoff issues associated with the workyard in order to meet the Department of Ecology's (DOE) permit requirements. They know there are things happening at the state level relative to runoff into Puget Sound, and he would be interested in learning how the City of Edmonds and other municipalities might be impacted by new requirements. He pointed out that workyard permit requirements are stringent, even though the amount of water from the workyard is miniscule compared to the runoff that flows downhill from other areas of the City. Mr. Edwards said the DOE leans heavily on workyard and wrecking yards because they have a higher chance of doing damage. He has not seen anything specific about future requirements for cities, but he would like to review the Port's information associated with its permit requirements.

Commissioner Gouge pointed out that runoff from SR-104 is particularly contaminated in the fall after it has been dry all summer. He asked if the new system would filter the water before it is discharged into Puget Sound. Mr. Edwards answered that there are no plans for filtering in the immediate future, but it is a well-known problem in most cities. Commissioner Gouge suggested that the City and Port work together to come up with a solution for filtering the contaminated water. The Port would love to assist the City in this effort since the runoff flows onto Harbor Square property and then the marsh. Commissioner Faires acknowledged that the percentage of pollutants in

the runoff from uphill is relatively small compared to the workyard, but the magnitude of water from uphill is significantly larger. The Port really wants to be part of the solution. Mr. Edwards said the City tries to keep the streets as clean as possible, and street cleaning in August and September is extremely important.

Mr. Edwards agreed to participate in a tour of the Port's workyard and have a discussion with staff about how the City and Port can work together to address stormwater issues in the future.

Greg Baugh, Edmonds Yacht Club, asked when the pump station project will be completed. Mr. Edwards said the City is waiting to hear back from FEMA regarding the grant, and there may also be significant lead time for some of the necessary equipment. It is possible the project could be done in 2017. If not, it will definitely move forward in 2018. Mr. Baugh said it appears that most of the pump station will be located underground. Mr. Edwards said 90% will be underground. Mr. Baugh asked if street construction would be required for the project, and Mr. Edwards answered that some work will be done in the street to set the catch basins that will pull the water out of Harbor Square, but the project should not have a significant impact on the street. The parking lot will be impacted significantly, but they will try not to close it down completely. The City is expecting to hear from FEMA about grant funding in January, and they will have more information about the lead time required for the equipment soon, as well. The project schedule should be available in February.

AUTHORIZING PORT ATTORNEY RETAINER AGREEMENT AMENDMENT

Mr. McChesney reviewed that the Port entered into a Port Attorney Retainer Agreement with Anderson Hunger Law Firm in January of 2004, and Brad Cattle, of Anderson Hunter Law Firm, is the principal contact and serves as the Port's attorney. The current amendment to the agreement expires on December 31, 2016, and Port staff recommends extending the agreement through December 31, 2019. Mr. Cattle has requested an increase to the hourly rate from \$225 to \$240 per hour for non-retainer work and an increase in the base retainer from \$1,300 to \$1,400 per month. He recommended the Commission approve the Port Attorney Retainer Agreement 5 as presented.

Commissioner Preston asked what services would be considered non-retainer work. Mr. Cattle said this would include work that is unrelated to the Commission meetings. From time-to-time, staff consults with the attorney on matters of a legal nature, to review lease agreements, answer regulatory questions, etc.

Commissioner Preston noted there are places in the agreement where it appears that the terms "agreement" and "amendment" have been mixed up. Mr. Cattle agreed to update the agreement as appropriate. However, he pointed out that the last paragraph refers to the terms and conditions in the original agreement, which will remain in effect.

Commissioner Faires asked when the Port Attorney last received an increase, and Mr. McChesney answered that it had been six years.

COMMISSIONER ORVIS MOVED THAT THE COMMISSION APPROVE AMENDMENT NUMBER 5 TO THE PORT ATTORNEY RETAINER AGREEMENT. COMMISSIONER JOHNSTON SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

ELECTION OF 2017 OFFICERS

COMMISSIONER PRESTON NOMINATED COMMISSIONER GOUGE TO SERVE AS PRESIDENT OF THE PORT COMMISSION FOR 2017. THERE WERE NO OTHER NOMINATIONS, AND THE COMMISSION UNANIMOUSLY CONFIRMED THE APPOINTMENT.

COMMISSIONER GOUGE NOMINATED COMMISSIONER PRESTON TO SERVE AS VICE PRESIDENT OF THE PORT COMMISSION FOR 2017. THERE WERE NO OTHER NOMINATIONS, AND THE COMMISSION UNANIMOUSLY CONFIRMED THE APPOINTMENT.

COMMISSIONER ORVIS NOMINATED COMMISSIONER JOHNSON TO SERVE AS SECRETARY OF THE COMMISSION FOR 2017. THERE WERE NO OTHER NOMINATIONS, AND THE COMMISSION UNANIMOUSLY CONFIRMED THE APPOINTMENT.

Commissioner Orvis recessed the meeting at 7:42 p.m. to allow time for photographs of the Commission to be taken. The meeting resumed at 7:45 p.m.

APPROVAL OF 2017 DRY STORAGE AND TRAVELIFT RATES

Ms. Drennan reviewed that, as part of the budget approval process, the Commission typically approves moorage and dry storage rates and marina operations fees for the following year. Due to a technical glitch, the 2017 dry storage rates and the reblock/one-way travelift fees were improperly presented in the budget process. She referred to the documents attached to the Staff Report, which show the 2017 dry storage rates at a 2.8% increase from the 2016 rates and the reblock/one-way Travelift fee increased to match the sling time without a pressure wash travelift fee. She emphasized that the updates do not require budget amendments, and staff recommends the Commission approve the 2017 dry storage seasonal rates and the reblock/one-way travelift fees as presented.

To clarify for Commissioner Preston, Ms. Drennan advised that the difference between peak-season and off-season rates for dry storage is 25%.

COMMISSIONER GOUGE MOVED THAT THE COMMISSION APPROVE THE 2017 DRY STORAGE SEASONAL RATES AND THE TRAVELIFT FEES AS PRESENTED. COMMISSIONER PRESTON SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

APPROVAL OF RESOLUTION NUMBER 16-11, AUTHORIZING THE COMMITMENT OF FUNDS TO SUPPORT PHASE 2 OF THE EDMONDS WATERFRONT ACCESS STUDY

Mr. McChesney reviewed that, at the November 28th Commission Meeting, Edmonds Mayor Earling requested that the Port of Edmonds support Phase 2 of the Edmonds Waterfront Access Study with a contribution of between \$50,000 and \$75,000. The Commission agreed to contribute \$75,000, and the attached resolution documents the Commissioners' discussion of the contribution. He recommended the Commission approve Resolution Number 16-11 as presented.

Commissioner Gouge recalled that he participated in the November 28th meeting via telephone, and he was in support of the Port's contribution as proposed. He thanked Mayor Earling for his presentation, and he also thanked Commissioner Orvis for chairing the committee to help the project along.

COMMISSIONER PRESTON MOVED THAT THE COMMISSION APPROVE RESOLUTION NUMBER 16-11, AUTHORIZING THE COMMITMENT OF FUNDS TO SUPPORT PHASE 2 OF THE EDMONDS WATERFRONT ACCESS STUDY. COMMISSIONER ORVIS SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

Commissioner Faires emphasized that Mayor Earling needs a letter of support from the Port Commission as soon as possible. Mr. McChesney agreed to send out a letter on behalf of the Commission on December 13th to indicate the Commission's action and the magnitude of the Port's contribution.

EXECUTIVE DIRECTOR'S REPORT

Mr. McChesney reported that he participated in a forum on November 29th, which was co-sponsored by the Port and the City of Edmonds. The forum was titled, "Why Smart Businesses do Business in Edmonds." Bob Drewell was the keynote speaker, and the event was well attended.

Mr. McChesney also reported that he and Commissioner Preston attended a forum sponsored by students from Western Washington University who are working on the City of Edmonds' sustainability project. The focus of the forum was on recycling, and it was very informative. They learned some things the Port can consider as it retools its recycling program. Recycling is not as easy as it sounds. The fundamental challenge gets down to how the materials are sorted. The Port takes recycling seriously, and it puts out recycling bins and tries to inform and educate its customers as much as possible. The problem is it is difficult to educate everyone and it takes just one person who doesn't understand how it works to contaminate the entire bunch. Once the recycling material has any

kind of contamination, the program fails. The Port's challenge in the coming year is to work with the City to reenergize its recycling program and come up with creative solutions. Staff has tried for years to get the program to work, but they do not have enough man power to sort through the bins every day to remove contamination.

Mr. McChesney reported that he and Commissioners Faires and Orvis met with the Director of the Department of Ecology (DOE) regarding the City of Edmonds' Shoreline Master Program (SMP). The meeting went well, but they haven't heard back from the DOE yet.

Mr. McChesney reminded the Commission that their next regular meeting was rescheduled for December 27th to accommodate the holiday on December 26th. The meeting will start at 9:00 a.m. and be for accounts payable only.

Ms. Drennan reported that Bond Counselor Cynthia Weed is working on the Port's behalf to finalize the Harbor Square loan. It is anticipated that closing will take place at the Commission's first meeting in January. She also reported that the Washington Public Port Association's (WPPA) Finance Committee met on December 9th to discuss implementing a public works bid limit of \$40,000. They have outlined a procedure for moving the legislation forward and will send an email to ports requesting feedback and support through a letter from their executive director and/or commission. The committee will meet again in February.

Ms. Drennan reported that the transition to Washington Federal is in process, but probably won't be completed until the end of January.

COMMISSIONER'S COMMENTS AND COMMITTEE REPORTS

Commissioner Gouge asked that Commissioners forward their recommendations relative to committee assignments to him as soon as possible so that the assignments can be finalized at the first meeting in January. He suggested that the Commission consider creating additional committees such as an environmental committee, business development committee, economic development committee and communications committee. He also suggested the Commission hold its retreat early in 2017, and it may be appropriate to hire a facilitator to guide the Commission's discussion related to the long-term future of the marina.

Commissioner Johnston noted that ports did well in the Engineering Excellence Awards, as did their consultants. There were no Port of Edmonds projects up for nomination, but the projects at the Mid-Sound ports did quite well.

Commissioner Johnston recalled that when visiting France and Austria in 2015, he found that they use separate containers for their recyclable materials. He asked if that would be an option for the Port to consider. Ms. Kempf said the Port used to have separate containers where the openings would only fit the materials that were intended to be recycled. However, the recycling company ended up co-mingling all of the materials together anyway and suggested that the Port get rid of the separate containers. Commissioner Johnston suggested that separate containers with different openings might encourage people to do the right thing.

Commissioner Johnston reported that he met with City Council Member Neil Tibbott to discuss issues of importance to the Port in 2017.

Commissioner Orvis said he was impressed with the DOE Director that he, Commissioner Faires and Mr. McChesney met with. She had done her homework, paid close attention, and had good questions. He remains more and more convinced of the Port's position relative to the City's SMP, and she appeared to understand that the issue is more about Edmonds politics and antidevelopment. Although some are concerned about the health of the marsh, many are using the SMP as an avenue to curb development. She also appeared to understand that science was not the big factor in the City Council's decision. The Port presented its position well, and she will have to make a decision soon. There will be no more opportunity for the Port and City to discuss the issue and come up with a resolution. Commissioner Preston said he is frustrated that there has not been any discussion between the elected officials from the Port and the City. He is also frustrated that there is no clear mark in the marsh from which the setback and buffers will be measured.

Commissioner Preston advised that he received a flyer announcing the Chambers 2017 Clam Chowder Cookoff in February. He hopes the Port can offer its support, as he would like the event to be successful.

Commissioner Preston reported on his attendance at the recycling forum, and was particularly interested in the concept of recycling building materials when structures are demolished. The Western Washington University students had great insight, but they hadn't considered the business side, such as the burden of recycling for contractors. They talked about the recycling stream. The City used to separate glass from paper, which means that 90% of the glass could be recycled. When mixing glass with paper, only 60% of the glass can be recycled. He foresees that the City will go back to using separate bins at some point in the future. He summarized that total buy in will occur when recycling makes financial sense. He would like the Port to be proactive and become a leader to encourage new ways to recycle.

Commissioner Preston distributed a brochure called, "Pathways to Great Jobs in Washington State," which points out the types of career jobs, pathway jobs and entry jobs that are available in the State. He suggested the brochure could be used as a benchmark for the Commission's retreat discussion about the different types of jobs available at the Port and in Edmonds.

Commissioner Faires said he was also very impressed with the DOE Director who met with him, Commissioner Orvis and Mr. McChesney. While he does not know what the final outcome will be, he is reasonably comfortable that there is someone in charge who understands the issues and will see the matter through. The Commissioners discussed their desire to work with the City of Edmonds, Save our Marsh, and Friends of the Marsh to accept and implement the DOE Director's decision.

The Commission acknowledged the efforts of the Edmonds Yacht Club to bring in boats with holiday lights for the "Holiday on the Docks" event.

ADJOURNMENT

The Commission meeting was adjourned at 8:20 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, looping initial "J".

James Orvis
Port Commission Secretary