

PORT COMMISSION OF THE PORT OF EDMONDS
MINUTES OF REGULAR MEETING

March 25, 2013

COMMISSIONERS PRESENT

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

STAFF PRESENT

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

OTHERS PRESENT

Karin Noyes, Recorder

CALL TO ORDER

Commission President Orvis 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 MARCH 11, 2013 MEETING MINUTES**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$381,916.51**
- D. APPROVAL OF RESOLUTION NUMBER 13-02 – AUTHORIZING THE SALE OF AN ABANDONED BOAT**
- E. APPROVAL OF RESOLUTION NUMBER 13-03 – SURPLUS PROPERTY**

COMMISSIONER GOUGE SECONDED THE MOTION, AND THE MOTION CARRIED UNANIMOUSLY.

PUBLIC COMMENTS

There was no one in the audience.

ELECTRICAL UPGRADES PHASE 1 CONTRACT

Ms. Drennan reviewed that at the February 11th Commission meeting, Mr. McChesney presented the Electrical Condition Assessment prepared by Harbor Power Engineers. Phase 1 of the assessment was to prepare a bid

package to solicit bids for replacement of electrical service feeders and taps in the guest moorage areas, with alternate bids for the Fire Boat Dock and V Dock. She reported that the Port went out to bid the first week in March, with bids due by March 20th. She referred the Commission to the spreadsheet outlining the eight bids received. She explained that the base bid is for upgrading marina electrical service feeders and taps serving Guest Moorage Docks J, K, and L and the travelift lane. Alternate 1 is for replacing the electrical feeder serving the Fire Boat Dock. Alternate 2 would bring existing service on V Dock up to code, and Alternate 2A would upgrade V Dock to 200 amp service.

Ms. Drennan advised that electrical services at the Guest Moorage Docks will be disconnected for approximately two weeks while the project is done. As per the contract, work must be substantially completed within 60 days of receiving the Port's award. Staff will work with the contractor to minimize the disruption to tenants and guests.

Ms. Drennan recommended the Commission authorize the Executive Director to enter into a contract with Dalton Electric Company in the amount of \$64,622.00 plus sales tax. She advised that Mr. McChesney is scheduled to meet with representatives from Fire District 1 on March 29th to discuss the electrical service upgrade on the Fire Boat Dock (Alternate 1). If the Port and Fire District 1 can come to an agreement within the next few weeks, the Port will award Alternate 1 with a change order. She further advised that V Dock is currently used by the Sea Scouts and as overflow for Dry Storage tenants. At this time, staff is not recommending Alternates 2 and 2A. Instead, code requirements would be met by disconnecting electrical service to V Dock.

Commissioner Faires asked how the contract costs would fit in with the Port's approved 2013 Capital Budget. Ms. Drennan answered that the costs were not included in the Capital Budget.

Commissioner Orvis asked if the Port would award the Alternate 1 contract to Dalton Electric Company, as well. Ms. Drennan answered that the bid documents were written so that all the work would go to one contractor. Commissioner Orvis observed that this would make sense because the contractor would already be mobilized in the area. Mr. McChesney reiterated that staff is not proposing that the Port move forward with Alternates 2 and 2A at this time. In discussions with representatives from the Sea Scouts, staff learned that they do not often use the electrical service, and the only other use of the dock is for overflow for Dry Storage tenants.

Mr. McChesney advised that the Port currently has an Interlocal Agreement with Fire District 1 (formerly Edmonds Fire Department), and they are in the process of negotiating a new agreement. He said he informed Fire District 1 that the electrical service to the Fire Boat Dock is out of compliance and needs to be rebuilt. He further advised that the Port's expectation is that Fire District 1 would pay the costs associated with the upgrade. He reminded the Commission that the Port does not charge Fire District 1 for the dock space or the electricity they use. In exchange, Fire District 1 has agreed to spray off the breakwater during the summer season. He said he intends to address the upgrade issue as part of the Interlocal Agreement.

Commissioner Orvis asked when staff anticipates the project will start. Mr. McChesney answered that staff would like the work to be completed before Memorial Day weekend. Once the contractor starts the project, it must be completed within 10 business days. This will minimize impacts to the Port's guest moorage calendar.

COMMISSIONER GOUGE MOVED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH DALTON ELECTRIC COMPANY IN THE AMOUNT OF \$64,622.00 PLUS SALES TAX. COMMISSIONER FAIRES SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

PUBLIC LAUNCH ENGINEERING CONTRACT

Mr. McChesney recalled that this project involves overhauling the public launch and upgrading its lifting capacity. He reviewed that the Port submitted a grant application to the Washington State Recreation and Conservation Office (RCO), and the application ranked 3rd out of 27. Although the Port received verbal confirmation that their project would likely be funded, there is no certainty until the actual funds are awarded on June 30th.

Mr. McChesney explained that in anticipation of confirmation of grant funding by RCO, staff would like to proceed with the engineering design specifications ahead of time so the project is ready to go out for bid without delay as

soon as possible after the final grant has been awarded. Assuming that the grant is awarded, the engineering costs would be fully reimbursable under the terms of the grant covenant. He acknowledged there is some risk associated with this approach because the RCO may not receive full funding from the legislature. However, staff believes it is reasonable for the Port to go forward with the engineering part of the project now. If the Port does not receive grant funding in 2013, they could apply for grant funding in 2014 and the engineering work would still be applicable.

Commissioner Faires asked if the engineering costs would still be refundable if the Port has to wait until the 2014 grant cycle to obtain funding from the RCO. Mr. McChesney explained that the Port's exposure would be something less than \$12,500. The remaining portions of the \$19,500 contract (detailed fabrication and installation drawings and engineering supervision) would not be incurred until the grant is awarded and the project moves forward.

Mr. McChesney recommended the Commission authorize staff to proceed with the engineering design specifications to upgrade the public launch in anticipation of an RCO grant award in June. He further recommended that the Commission authorize him to contract with Diversified Design Inc. for the engineering services described in the proposal.

Commissioner Faires asked how long it would take the contractor to complete the project. Mr. McChesney explained that, after the grant has been awarded, the contractor will need to prepare the final design and fabricate the necessary materials. Staff does not anticipate the project will start until October, after the busy season. Commissioner Faires concluded that the Port would continue to operate the public launch with the downsized capability through the summer, but they hope to have one sling operating at a higher capacity by the summer of 2014.

Commissioner Gouge said he is in favor of moving forward with the engineering contract as proposed. The public launcher needs to be upgraded whether grant funding is available or not. He expressed concern that some Port District constituents are currently unable to launch their vessels.

COMMISSIONER FAIRES MOVED THAT THE COMMISSION APPROVE THE SCOPE OF WORK FOR ENGINEERING SERVICES BY DIVERSIFIED DESIGN TO UPGRADE THE PUBLIC LAUNCH. HE FURTHER MOVED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE DIRECTOR TO SIGN A CONTRACT IN THE AMOUNT OF \$19,500. COMMISSIONER PRESTON SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

TRAVEL RESOLUTION REVIEW – RESOLUTION NUMBER 09-03

Mr. McChesney said the purpose of this discussion is to review the Commission's current Travel Resolution Number 09-03 and consider whether it is still suitable for the Port Commission's needs. He noted that the Commission does not do an extensive amount of travel compared to many other public officials and commissioners. The issues raised recently are more incidental rather than egregious deviations from the existing policies. They have to do specifically with Item 6.B.i of the resolution, which states that if a meeting is within 50 miles of the Port, overnight stays are not authorized unless there are exceptional circumstances.

Commissioner Block advised that the Commission's current Travel Resolution (Resolution 09-03) was adopted in 2009 and superseded all previous Travel Resolutions. It provided that Commissioners would be reimbursed for overnight stays in conjunction with travel to authorized business meetings that are more than 50 miles from the Port. The resolution includes three specific exceptions to this provision. She expressed concern that although the Commission revisited the Resolution in January, it has become apparent that the Resolution is not always being adhered to. Staff has identified several examples where it was not followed, resulting in expenses of approximately \$1,500 to the Port. She specifically voiced concern about the negative public perception that could result if the Commission does not adhere to the Travel Resolution established to save funds and keep costs down. She also noted that failure to comply with the Travel Resolution could place the Port staff and other Commissioners in the untenable position of having to sign off on expense sheets that are inconsistent with the Resolution. She recommended that the Commissioners should either adhere to the provisions contained in the Resolution or change them. It is not good public policy to have rules in place that are not followed. She expressed her belief that the

three exceptions contained in Item 6.A are specific and very clear. She suggested that perhaps an additional exception could be included to allow overnight stays that are preapproved by the Commission President.

Commissioner Gouge disagreed that some Commissioners have not adhered to the Travel Resolution. He explained that Commissioners do not always know the circumstances that took place to warrant a fellow Commissioner's decision to stay or not. He said he has been a Commissioner for 14 years and this has never been an issue. He suggested the Resolution should be written in such a way that elected officials can use their best judgment. It is up to the public to decide if a Commissioner is using good judgment, not his/her fellow Commissioners and/or staff.

Commissioner Preston said it is important to have transparent rules in place to govern how public money is spent, but there should be some exceptions to address unique situations such as a late night meeting followed by an early morning meeting the next day. He commented that, oftentimes, the conversations that take place between the meetings are the most valuable to Commissioners. He said he has learned a lot from other port commissioners.

Commissioner Faires suggested that the issue could be adequately addressed by simply changing Item 6.A.i to read, "An overnight stay in a commercial lodging facility to avoid having a traveler drive back and forth for back-to-back official Port business." He felt this would make the exception consistent with the Commission's original intent.

Commissioner Gouge agreed with Commissioners Preston that Commissioners can glean a lot of valuable information from the discussions that take place amongst fellow commissioners between and after meetings. He expressed opposition to the suggestion that overnight stays should require preapproval from the Commission President.

Commissioner Orvis said he believes the Resolution should allow individual Commissioners to decide whether or not it is appropriate to stay overnight if they have a late night meeting followed by an early morning meeting the next day. The current language allows this flexibility, and Commissioners should be prepared to justify their decision to the public or anyone else who questions the expense. He said he believes this would be consistent with the Commission's intent when the Resolution was written in 2009.

Commissioner Orvis pointed out that overnight stays by Port staff require pre-approval. However, Commissioners are responsible and accountable to the public and no one else. Each Commissioner must make decisions based upon how they feel the Resolution applies to their individual situations and then be prepared to justify their decisions if questioned.

The Commission agreed that the Resolution and Commission behavior needs to be consistent. They directed staff to draft an updated Resolution using the language recommended by Commissioner Faires for Item 6.A.i.

COMMISSION MEETING SCHEDULE

Mr. McChesney announced that Stephen Clifton, City of Edmonds Community Services/Economic Development Director, has been invited to make a presentation to the Commission on April 8th regarding economic development from the City's perspective. Also on April 8th, the Commission will have a follow-up discussion of the Finance Committee's review of the Marina Services and Facilities portion of the Cash Flow Model. At the April 29th meeting, staff will present the quarterly reports, and the Finance Committee will also report on their activities. He reminded the Commission that running tandem with the Harbor Square Master Plan is the City of Edmonds Shoreline Management Program (SMP) update. He advised that the two documents must be consistent, and it might be helpful to invite a representative from the City's Planning and Development Services Department to make a presentation to the Commission regarding the SMP on April 29th. He noted that of particular interest to the Port is the 200-foot shoreline jurisdiction boundary, which would apply to the Harbor Square site regardless of whether or not the Harbor Square Master Plan is approved. Commissioner Faires clarified that the Port already has an approved Harbor Square Master Plan. While the City may come up with a supplemental master plan, it would not change the Port's approved plan.

Mr. McChesney announced that at their May 13th meeting, the Commission would recognize Jeremy Makin for his many years of service and leadership to the Sea Scout program. He also announced that the Washington Public Port Association's (WPPA) Annual Spring Meeting is scheduled for May 15th through 17th at the Skamania Lodge.

Lastly, Mr. McChesney advised that an all-staff meeting has been rescheduled to 11:45 p.m. on March 27th. He invited the Commissioners to attend and meet the new staff members.

EXECUTIVE DIRECTOR'S REPORT

Mr. McChesney advised that the Edmonds City Council essentially voted to set aside the Port's Harbor Square Master Plan and begin work on its own plan for Harbor Square. They will continue their discussions about what the plan might look like on March 27th. They have discussed the potential of wrapping the plan around the concept of incentive zoning, which would make the proposal more about zoning than the Comprehensive Plan. Commissioner Faires pointed out that the Planning Board's recommendation to the City Council included a condition that utilized the concept of incentive zoning in exchange for additional height.

Mr. McChesney summarized that the issue is out of the Port's hands now, and the City Council seems to think they have broad license and authority to do whatever they want at Harbor Square. He recommended the Port Commission send a letter to the City Council to apprise them of the fact that the Port is a separate, independent entity. The letter could also emphasize that the Harbor Square property is owned and managed by the Port of Edmonds, not the City of Edmonds.

Commissioner Orvis expressed his belief that a letter to the City Council would fall on deaf ears. Mayor Earling already has a clear understanding of the Port's position. He observed that the City Council seems to think they can do in just five meetings what it took the Port and people with expertise and resources several years to accomplish. He cautioned that sending a letter would give the City Council one more thing to shout about, and it would have very little impact on the outcome of the situation. It appears that the City Council has its own vision for Harbor Square that is totally outside the realm of reality, and trying to clarify this issue would be futile.

Commissioner Faires said it is important to note that the Port of Edmonds did its job to the best of its ability given its legal authority. The City Council has a different set of authority; and in the City Council Members' minds, they are doing the best they can. From a reality perspective, their plan will probably come to naught. While the City Council has control over zoning, they do not have control over existing development at Harbor Square. Although the Port will have no obligation to redevelop the site based on the City Council's plan, they must continue to operate the property under the constraints put forward by the City Council.

Commissioner Preston expressed frustration that some citizens and City Council Members have put tremendous effort into tearing down the plan without offering any viable solutions. He emphasized that the Port is a separate government entity from the City, and they are commissioned to do different things. Although the City Council is getting in the way of the Port's ability to accomplish their mission, sending a letter would do nothing but add more fuel to the fire.

The Commissioners discussed the need to prepare a final report to inform their constituents of the outcome of the Harbor Square Master Plan process. They discussed whether it would be appropriate to send the report to just Port District residents, or include all residents of Edmonds and Woodway. Although the earlier mailing that provided information about the proposed plan was sent to all Edmonds and Woodway residents, they agreed that the report should only be sent to Port District residents. The Commission felt this would further emphasize the fact that the City and the Port are two separate government entities. The Commission directed staff to begin preparing the report, which could be sent out as part of a general communication to let the constituents know what is happening at the Port, the capital improvements that are planned in the near future, and the current status of the Harbor Square Master Plan.

Ms. Kempf explained that approximately \$10 million of the gas taxes collected each year are supposed to go to Washington State's Boating Facilities Program, which funds RCO grants. She said she recently received notices from the Northwest Marine Trade Association (NMTA) and the Washington Public Ports Association (WPPA) informing the Port that now is the time to speak up and let it be known that the dollars need to be preserved for boating purposes. She reported that staff forwarded an email through the NMTA, and Mr. McChesney will send letters to local legislators, urging them to push for full funding of the state recreational resources account. The

correspondence will point out how important this funding is to the state's economy. Commissioner Orvis requested a copy of the letter.

Ms. Kempf reported that the Port's March boatyard promotion was a success. They typically have 12 to 17 boats in the yard during the month, and this year the calendar is booked through the end of March with people on the waiting list. Staff anticipates a total of 36 to 38 round trips on the travelift during the month. She summarized that the tenants took advantage of the promotion and have expressed appreciation. Commissioner Orvis suggested that it would be appropriate to extend the promotion into April for tenants who are on the waiting list but were unable to get space in March. The remainder of the Commission concurred.

Ms. Kempf shared positive letters the Port received from the Navy and Mukilteo Yacht Clubs, commending staff for their excellent customer service. Commissioner Preston suggested that the positive comments could be published in the next Port newsletter.

COMMISSION COMMENTS AND COMMITTEE REPORTS

Commissioner Gouge announced his plan to attend the Greater Edmonds Chamber of Commerce luncheon on March 28th.

Commissioner Gouge reported that the Willapa Harbor Port Commission recently entered into an agreement to lease a large amount of port property for a large-scale marijuana growing operation. It is anticipated the operation could bring 30 to 50 new jobs to the area.

Commissioner Block reported that she attended a reception to honor the following recipients of the Edmonds Chamber of Commerce Arts Awards:

- **Business Leadership Award** – Manya Vee Selects (now MaJe Gallery) for the Art Walk and Mural Society.
- **Creative Collaboration Award** – Rick Steves/Europe Through the Back Door, KCTS, the Cascade Symphony Orchestra, and the Edmonds Center for the Arts for "Europe: A Symphonic Journey."
- **Individual Leadership Award** – Mike Popke of Lynnwood Honda for encouraging partnerships between businesses and the arts.
- **Individual Volunteer Award** – Barbara Kindness for supporting and sustaining arts and culture.

Commissioner Block summarized that the reception was delightful, and was attended by approximately 150 people. Those in attendance particularly enjoyed the music that was provided by the Jazz Pearls. She noted that food for the event was provided by local businesses. Commissioner Preston complimented the Chamber committee that planned and executed the awards program and the reception.

Commissioner Preston reported on his attendance at the March 19th City Council Meeting, at which the City Council had an extremely energetic discussion. He said he also attended Mayor Earling's State of the City Address where he was excited to see a great cross section of people in the audience.

Commissioner Preston indicated his desire to attend the WPPA Spring Meeting.

Commissioner Faires pointed out that the salient point from the March 19th City Council meeting was the Council's formal vote to set aside the Port's Harbor Square Master Plan and do their own plan, instead.

Commissioner Faires reported on his attendance at the March Edmonds Economic Development Commission (EDC) meeting where he provided a brief status report on the Harbor Square Master Plan. He indicated that the Port would respect the City's process because it has the ultimate permitting authority. He reviewed the effort the Port made to ensure financial viability for any plan that might unfold for Harbor Square. He reported that the Port worked diligently and specifically to balance public amenities and economic incentives for development. He informed the EDC that the City Council's work on a new Harbor Square Master Plan is a City initiative and the Port would step aside. The Port Commission does not believe it is in the best interest of their constituents to spend any more money supporting the ideas that might be brought forward. At this point, the Commission does not see any economically

viable solutions on the table other than those presented in the plan they submitted to the City for consideration. He noted that some members of the EDC appeared to be surprised by his comments.

Commissioner Faires reported that he was invited to join a Washington Public Ports Association (WPPA) Committee that will focus on potentially expanding the mission of the association to provide economic development support for multi-port efforts. He said that, with the Commission's approval, he plans to attend the WPPA Spring meeting and focus on this effort. The Commission discussed how difficult it is for the small ports to meet the environmental requirements placed on them by the State. Perhaps some of the larger ports could provide helpful assistance and counsel. They agreed that Commissioner Faires' participation on the committee would be a good opportunity to move this concept forward.

Commissioner Orvis reported on his attendance at a Community Transit meeting where it was discussed that the Legislature has finally realized there is no support for using the gas tax to support transit. Instead, they are considering potential sales tax increases for this purpose. He said it was reported at the meeting that Community Transit has been able to remain financially sound by cutting service before it got into trouble. Community Transit announced that they are looking at expanding service from the Edmonds Ferry to perhaps the Mountlake Terrace Park and Ride by way of the Lynnwood Park and Ride to move commuters, but the service would only be provided during peak hours. It was discussed that the motor vehicle excise tax is not constrained by the same transportation rules that apply to the gas tax. This may be a potential source of funding for public transportation.

Commissioner Orvis announced that he would attend the Economic Alliance Snohomish County luncheon on March 26th. The topic of discussion will be the forecast of future economic realities in the nation. He noted that the Alliance has done a terrific job of bringing Snohomish County's transportation needs to the forefront and obtaining transportation funding from the legislature. He referred to a recent editorial in *THE SEATTLE TIMES* by Danny Westneat regarding job growth in Washington State. While the article said that most of the job growth is taking place in Seattle, the truth is that Snohomish County experienced the most significant job growth. He summarized that without the significant increase in aerospace and technology jobs in King and Snohomish County, Washington State's job growth would be very low.

Commissioner Block reported that she was approached by 12 to 15 individuals at the Chamber of Commerce Arts and Culture Award reception who stated that they were very unhappy about what the City Council is doing with the Harbor Square Master Plan.

ADJOURNMENT

The Commission meeting was adjourned at 8:15 p.m.

Respectfully submitted,

David Preston
Port Commission Secretary