

PORT COMMISSION OF THE PORT OF EDMONDS
MINUTES OF REGULAR MEETING

April 29, 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

Bradford Cattle, Port Attorney
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.

EXECUTIVE SESSION

Commissioner Orvis announced that the Commission held an Executive Session from 6:00 to 6:50 p.m. to review the performance of a public employee and to discuss the terms of a potential lease, discussion of which in public could disadvantage the Port. No announcements were made and no actions were taken at the conclusion of the Executive Session.

CONSENT AGENDA

Item B (Approval of April 8, 2013 Meeting Minutes) was pulled from the agenda.

COMMISSIONER FAIRES MOVED THAT THE REMAINDER OF THE CONSENT AGENDA BE APPROVED TO INCLUDE THE FOLLOWING ITEMS:

- A. APPROVAL OF AGENDA**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$417,379.31**
- D. APPROVAL OF REVISED MISSION STATEMENT**
- E. APPROVAL OF DALTON ELECTRIC CHANGE ORDER #1 – ELECTRICAL UPGRADES PHASE 1**
- F. APPROVAL OF MARINA PROGRAM SERVER**
- G. AUTHORIZATION FOR EXECUTIVE DIRECTOR TO WRITE OFF \$3,024.74 AND SEND ACCOUNT TO COLLECTIONS**

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

APPROVAL OF APRIL 8, 2013 MEETING MINUTES (Item B on the Consent Agenda)

COMMISSIONER FAIRES MOVED THAT THE COMMISSION APPROVE THE MINUTES OF APRIL 8, 2013 AS AMENDED. COMMISSIONER GOUGE SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

PUBLIC COMMENTS

No one in the audience indicated a desire to address the Commission during this portion of the meeting.

SHORELINE MASTER PROGRAM, KERNEN LIEN, CITY OF EDMONDS

Kernen Lien, Senior Planner, City of Edmonds, said he was invited by the Port Commission to give a presentation on the Shoreline Master Program (SMP) Update. He advised that the Shoreline Management Act (SMA), which was adopted in 1971, establishes the concept of preferred uses of Shoreline areas. "Preferred uses" include single-family residences, ports, shoreline recreational uses, water dependent industrial and commercial developments, and other developments that provide public access opportunities. The SMA is intended to protect shoreline natural resources, and all allowed uses are required to mitigate adverse environmental impacts to the maximum extent feasible and preserve the natural character and aesthetics of the shoreline.

Mr. Lien explained that the SMA requires each city and county with "shoreslines of the state" to prepare and adopt a SMP that is based on state laws and rules but is tailored to the specific geographic, economic and environmental needs of the community. All SMP's must include a public access element making provisions for public access to publicly-owned areas and a recreational element for the preservation and enlargement of recreational opportunities.

Commissioner Faires asked if the baseline for the environmental protection element of the SMP is based on conditions that existed in 1971 when the SMA was adopted. Mr. Lien said the SMP was developed based on the concept of "no net loss" of current conditions. The Shoreline Inventory and Characterization Study provided in the SMP update establishes the baseline for determining "no net loss."

Mr. Lien advised that in 2003 the Washington State Department of Ecology (DOE) provided updated SMP Guidelines (WAC 173-26). This document provides state standards that local governments must follow in drafting their SMP updates. While most jurisdictions had older SMPs, the City of Edmonds had actually updated its SMP in 2000. However, they are still required to update the document again to ensure its compliance with the new state guidelines. He explained that the City's SMP is made up of the following documents:

- The **Shoreline Inventory and Characterization Study** describes the shoreline areas within the City of Edmonds.
- The **Shoreline Restoration Plan** identifies areas where improvements and restoration can occur to improve the environment.
- The **Development Regulations** are contained in the Edmonds Community Development Code (ECDC) Title 24. This section provides policies, regulations and standards for shoreline uses, as well as administrative provisions.
- The **Cumulative Impact Study** analyzes how the policies, regulations and standards contained in the SMP will result in "no net loss."

Mr. Lien advised that a draft version of the documents listed above are available on the City's website. He said the City has been working on the SMP update since 2006, when a technical advisory committee was formed and a consultant was hired to complete the Shoreline Inventory and Characterization Study and the Shoreline Restoration Plan. He said he was assigned to be the project manager for the SMP update in 2009 and has worked to create the proposed language in ECDC 24 and complete the Cumulative Impact Study. He said that the SMP must be approved by the DOE, and he worked closely with them when developing the regulations. The City received

preliminary approval from the DOE before taking the draft SMP update to the Planning Board and City Council for review.

Commissioner Faires asked if the baseline would be adjusted beyond existing conditions if a new plan represents something that would be environmentally superior. Once again, Mr. Lien said that the DOE's standard is "no net loss" from existing conditions. The City must update its SMP every seven years. Significant restoration projects will be recognized when the SMP is updated again. However, because the state does not want to discourage restoration projects, the SMA includes a provision that allows restoration projects without expanding the shoreline jurisdiction.

Mr. Lien explained that the shoreline jurisdiction in Edmonds includes all marine waters, streams and rivers greater than 20 cubic feet per second (the City has none), lakes that are 20 acres or greater (Lake Ballinger), upland areas within 200 feet of the shoreline, and associated wetlands. He advised that the bulk of the SMP contains the policies and regulations that guide development in the shoreline areas.

Mr. Lien reviewed that the Introduction Section (Part 1) describes the relationship between the SMP and other City plans. He explained that the SMP is an adopted element in the Edmonds Comprehensive Plan. It also works in tandem with the Edmonds Community Development Code (ECDC). All uses, developments and activities must comply with the ECDC and SMP. Where there is a conflict, the SMP prevails.

Mr. Lien referred to the Shoreline Environment Section (Part III), which outlines the various shoreline environments proposed in the draft SMP update. Environment designations are analogous to zoning designation for areas under SMA jurisdiction. The intent of each of the environments is to encourage uses that will protect or enhance the current or desired character of a shoreline. The draft SMP update identifies three residential environments, three commercial environments, one railroad environment, one natural environment, one conservancy environment, and two aquatic environments. With the exception of the Urban Mixed Use III Environment, all the environments were reviewed by the technical advisory committee.

Mr. Lien explained that the purpose of the urban mixed-use environments is to provide for high-intensity, water-oriented commercial, transportation and industrial uses while protecting existing ecological functions and restoring ecological functions in areas that have been previously degraded. The Urban Mixed Use I Environment applies to properties located north of the fishing pier to Brackett's Landing South. The Urban Mixed Use II Environment applies to the ferry terminal and from Marina Beach Park to the fishing pier. The Urban Mixed Use III Environment applies to the upland areas around the Edmonds Marsh and the commercial areas north of the ferry terminal.

Mr. Lien advised that, under the current SMP, the Edmonds Marsh is identified as an associated wetland, which means it is located adjacent to and connected to the shoreline, but it is not the shoreline itself. Currently, the shoreline jurisdiction ends at the wetland boundary. He said that although he worked closely with the DOE throughout the update work, it was not until late in the process that they notified the City that the Edmonds Marsh must be classified as a shoreline because it is tidally influenced. That means the shoreline jurisdiction must extend 200 feet from the edge of the marsh into Harbor Square. Commissioner Block pointed out that the DOE knew that the marsh was tidally influenced back in 1971 when it was designated as an associated wetland. Mr. Lien agreed and shared a map identifying the marsh boundaries in 1870, 1944, 1964, 2002 and 2006. He also provided a map that delineates the marsh boundaries based on a survey done by the Washington State Department of Transportation when reviewing the Edmonds Crossing Project.

Mr. Lien explained that the DOE initially wanted to designate the entire marsh as a shoreline, but only the portion with salt water influence meets the definition. Therefore, the City and the DOE came to an agreement that only that portion of the marsh identified in the 2006 boundaries would be considered "shoreline." He noted that, previously, Admiral Way was the extent of the shoreline jurisdiction. With a portion of the marsh now being classified as a shoreline, the shoreline jurisdiction would extend into Harbor Square and east of Admiral Way. He said that because he knew the Port was working on its Harbor Square Master Plan, he notified them of the DOE's decision regarding the marsh as soon as he learned about it. In addition, City staff proposed the new Urban Mixed Use III Environment, which was applied to the commercial areas north of the ferry terminal and the upland areas around the Edmonds Marsh (Harbor Square).

Commissioner Block pointed out that the DOE conducted a salinity study in 1971 when the SMA was adopted and determined that the Edmonds Marsh was an associated wetland. Mr. Lien said that salinity studies have been conducted since 1971, as well. All have confirmed that the marsh should be designated as an associated wetland. He noted that it was classified as an associated wetland as late as 2000, but perhaps the rules have changed to warrant the reclassification.

Mr. Lien said the City Council has had four workshop discussions regarding the draft SMP update, and a public hearing is scheduled for June 4th. He said he assumes the City Council will revisit the proposed new Urban Mixed Use III Environment given the Port's recent withdrawal of their application to amend the City's Comprehensive Plan to incorporate their Harbor Square Master Plan. However, no changes can be made until after the public hearing. He said one City Council Member has talked about expanding the setbacks from the edge of the marsh. While the shoreline jurisdiction extends 200 feet beyond the ordinary high-water mark, it is not intended to be a buffer or setback. However, any development within the area must comply with the SMP.

Next, Mr. Lien clarified the differences between shoreline jurisdictions, buffers and setbacks. He explained that "shoreline jurisdiction" includes the shorelines and 200 feet from the ordinary high water mark (OHWM) of shorelines. "Shore setback" means the minimum distance between a structure or use and the shoreline OHWM. "Buffer" means the area adjacent to a critical area and/or shoreline that is required for the continued maintenance, function and/or structural stability of the critical area and/or shoreline. He noted that buffer widths may vary depending on the relative quality and sensitivity of the area being protected. Unlike zoning or shore setbacks, buffer areas must be left undisturbed or may need to be enhanced to support natural processes, functions and values.

Mr. Lien referred to Part VIII (Administrative—Shoreline Permits) of the SMP update and pointed out that properties located within a shoreline jurisdiction must go through an extra review process. He explained that the current SMP requires a Substantial Development Permit for all projects that cost more than \$6,416. At this time, all Substantial Development Permits are decided by the Hearing Examiner, and it is an onerous and lengthy process. The draft SMP update proposes that Substantial Development Permits would be a staff decision unless:

- One or more persons requests a hearing.
- A State Environmental Policy Act (SEPA) Determination of Significant is issued.
- The permit requires a shoreline variance or conditional use.
- The project requires a public hearing for other City of Edmonds permits.

Mr. Lien noted that activities such as normal maintenance and repair and construction or modification of navigational aids are exempt from the Substantial Development Permit requirement. He referred to ECDC 24.40.080, which spells out the allowed uses within shoreline jurisdictions, as well as the required permits. He also referred to 24.40.090, which outlines the setback and height requirements in each of the environments. He specifically noted that the proposed setback for the Urban Mixed Use III Environment is currently 50 feet from the OHWM, and the setback for the Urban Mixed Use II Environment would be 15 feet from the sea wall. He briefly reviewed the other setback requirements proposed for the Urban Mixed Use I, II and III Environments.

Mr. Lien emphasized that the SMP rules within shoreline jurisdictions, and the Critical Areas Ordinance (CAO) applies to properties outside of the shoreline jurisdiction. The DOE has provided the following options for integrating the City's CAO into the SMP:

1. Copy specific sections of the CAO into the SMP.
2. Reference a specific CAO addition, noting which CAO provisions will not apply to the SMP.
3. Include portions of the CAO as an appendix to the SMP.

Mr. Lien said the City has chosen to use a combination of Options 2 and 3. At the direction of the DOE, the wetland regulations proposed in the SMP update are based on the DOE's document titled, "Guidance for Small Cities." He referred to ECDC 23.50.220.C.3, which states that allowed activities are permitted alterations to structures within critical areas and/or buffers. He also referred to ECDC 23.50.020.E, which permits alterations to legally constructed structures within a wetland or wetland buffer that do not increase the footprint of development or impervious surface or increase the impact to a wetland or wetland buffer. He said, since 2005, City Staff has interpreted these two provisions to mean that development within the critical area buffers would be allowed as long as the footprint is

not expanded into the critical area buffers. This interpretation was incorporated into the draft SMP update, as well, and the City received a letter from the DOE supporting the interpretation, particularly as it relates to the Harbor Square property. However, a City Council Member and the City Attorney have suggested that this interpretation of the CAO goes too far. He said the City Council will have to make a policy decision regarding this issue.

Again, Mr. Lien reminded the Commission that the purpose of the SMA and the SMP is “no net loss” of current ecological functions. He explained that the DOE recognizes that a number of urban jurisdictions are developed to the edge of the shoreline, and establishing setbacks rather than additional buffers in these areas complies with the SMA. Commissioner Faires said it is important to distinguish between buffers and setbacks. He asked if a buffer would preclude structures. Mr. Lien answered affirmatively. Commissioner Faires summarized that a buffer is more stringent than a setback. To clarify the issue further, Mr. Lien provided images to illustrate the boundaries of the current and proposed new shoreline jurisdictions, buffers and setbacks.

Commissioner Block requested more information about the DOE’s Guidance for Small Cities, which the City incorporated into its SMP update. Mr. Lien said the DOE published some best available science documents in 2004, and the Guidance for Small Cities was an outgrowth of these documents. The City has incorporated this guide book into the SMP update, but it has not been included in the CAO, which was last updated in 2003.

Commissioner Faires observed that the CAO’s affect on Harbor Square would be more stringent than the SMPs rules and regulations relative to the shoreline jurisdiction. Mr. Lien explained that the staff’s current interpretation of the CAO and the current draft SMP would allow activities within the wetland buffers, as long as the existing footprint is not expanded. The DOE has submitted a letter of preliminary approval of the Urban Mixed Use III Environment, with a 25-foot setback from the edge of the marsh, but the Planning Board recommended that the setback be increased to 50 feet. The Port agreed with the change.

Commissioner Orvis asked what the City Attorney’s position on the Urban Mixed Use III Environment is. Mr. Lien said he does not believe the CAO goes as far as to allow development in setbacks as long as it does not expand the existing footprint. He said the City Attorney’s position would apply to the setbacks and buffers around Lake Ballinger, as well.

Commissioner Faires asked if the Port would be prohibited from redeveloping the building in the southeast corner of Harbor Square in its current footprint if the SMP is changed to address the City Attorney’s concern. Mr. Lien answered affirmatively. Again, he said the City Council will need to make this policy decision. Mr. Cattle pointed out that the existing building would also become non-conforming. He asked about the City’s limitations for expanding non-conforming uses. Mr. Lien answered that, as per the City’s current interpretation, a non-conforming use can be expanded, as long as the footprint is not expanded into the critical area. For example, an additional story could be added on top of the existing building. He said the code also has a provision that allows non-conforming structures to be reconstructed if they are damaged or destroyed by fire or a natural disaster. However, the structure would have to be replaced within the specific time frame identified in the code.

Mr. McChesney asked if Mr. Lien anticipates the City Council will eliminate or amend the proposed new Urban Mixed Use III Environment. Mr. Lien said they may eliminate or alter the residential component, but he does not believe they will eliminate the entire environment. He noted that the draft SMP update identifies a 35-foot height limit for the Urban Mixed Use III Environment, with a footnote that height would be determined by the zoning. This provision would eliminate the need to amend the SMP if and when zoning changes occur to allow greater height.

Speaking as a resident of Edmonds, Commissioner Faires said it would seem that as soon as the City takes the step that is restrictive relative to further development within the community and it is codified in the SMP, the City will no longer have the option to change in the future. Mr. Lien said that is not necessarily the case. He explained that, as per the SMP, all development within the shoreline jurisdiction must comply with the SMPs mandate of “no net loss” of current ecological function, but that does not mean the SMP cannot be amended at some point in the future based on changes in the community’s vision as outlined in the Comprehensive Plan. He reminded the Commission that the City’s SMP and Comprehensive Plan must be consistent. Commissioner Faires summarized that the SMP can be changed in the future to reflect the vision of the City, and amendments can include less constraining buffers that are consistent with the City’s Comprehensive Plan.

Mr. Lien explained that the Comprehensive Plan is supposed to be the City's 20-year vision. The SMP is updated every seven years, and the Comprehensive Plan every ten years. When the SMP is updated, the City reviews the Comprehensive Plan and the types of uses envisioned for each of the environments. The SMP can be amended to match up with the vision identified in the Comprehensive Plan, as long as it meets the requirement of "no net loss." Commissioner Faires concluded that "no net loss" and the Comprehensive Plan control the evolution of the SMP.

2013 EDMONDS ARTS FESTIVAL

Mr. McChesney reviewed that last year, the Port provided use of the vacant gravel parking lot to help support van transportation to and from the annual Edmonds Arts Festival (EAF). In exchange, the Port was shown as an event sponsor. This year, the EAF has suggested that the Port might want to consider a higher level of sponsorship. He informed the EAF that the Port Commission may be amenable, but indicated the Port would need something of value in exchange. He referred to the proposal from the EAF, which stipulates that the Port's contribution of \$1,000, which would be used specifically to fund and be recognized as the sole sponsor of the Student Art Exhibit Awards. In exchange for the Port's sponsorship, the EAF would commit to arrange, schedule and provide the necessary logistics for an "Artists-in-Action" program at the Port's plaza on Sundays from June 9th through August 25th. Mr. McChesney suggested that this program would complement the Sea Jazz Program. It would add to the atmosphere and increase the Port's exposure.

Mr. McChesney said he has had discussions with representatives of the EAF and he is confident they can provide a strong program. He recommended the Commission approve the Edmonds Arts Board of Directors' proposal for a Summer Arts Program at the Marina and authorize \$1,000.00 to sponsor the 2013 Edmonds Art Festival.

Commissioner Faires said he has participated in what started out as nebulous discussions about having an "artists in action" program at the Port, particularly in conjunction with the Sea Jazz Program. He said he is impressed with the EAF's detailed proposal, and he was excited to learn that the Port's contribution will be used to support arts awards and scholarships. He said he supports the EAF's proposal as presented.

Commissioner Preston asked if the intent is to have just one artist each Sunday. Commissioner Faires referred to the schedule and noted that numerous artists are scheduled on each day. It was noted that additional artists could participate, as well. Commissioner Orvis expressed his belief that the proposal fits the Port's vision for summer use of the boardwalk and plaza area.

COMMISSIONER FAIRES MOVED THAT THE COMMISSION APPROVE THE EDMONDS ARTS FESTIVAL SUMMER ARTS PROGRAM AT THE MARINA FOR 2013. HE FURTHER MOVED THAT THE COMMISSION AUTHORIZE A \$1,000.00 SCHOLARSHIP TO THE EDMONDS ARTS FESTIVAL. COMMISSIONER BLOCK SECONDED THE MOTION.

Jack Bevan said that, as past president of the EAF, he knows that they are not hurting for money. They give a lot of scholarships, and they have definitely accomplished a lot. It would be wonderful for the EAF to provide an "artist in action" program at the Port, but the Port needs to watch their dollars. There are many other activities and programs the Port will want to support throughout the year that are just as important to the community.

Commissioner Faires said the Commission's thought was not only to support the arts, but to provide an additional public amenity for the Port District residents. He recalled that part of the Port's mission is to make the Port property more useful and attractive to the citizens.

THE MOTION CARRIED UNANIMOUSLY.

SLING LAUNCH RENOVATION GRANT (12-1818) – CERTIFICATION OF APPLICANT/SPONSOR MATCH

Mr. McChesney recalled that Port staff prepared and submitted a Recreation and Conservation Office (RCO) grant application in 2012 for funding to renovate and increase the capacity of the sling launcher. The application required an authorizing resolution from the Commission, which was approved after an appropriate public process. He

referred to the Certification of Applicant/Sponsor Match document, which is required by the RCO to show proof that the Port has cash on hand, available and dedicated to the project. The document must be submitted to the RCO by May 17th. Projects without proof of available matching funds may be declared ineligible and passed over for other projects with a match in place.

Mr. McChesney noted that the project meets the Port's mission of providing and/or fostering quality services and facilities for tenants and the boating community. He recommended the Commission approve the Certification of Applicant/Sponsor Match in the amount of \$50,000.

Commissioner Faires asked if the Port's matching contribution would be capitalized. Ms. Drennan answered that the entire project would become a capitalized asset. Commissioner Faires asked what the Port anticipates its contribution will be. Mr. McChesney answered that the Port anticipates a contribution of \$50,000, which is 25% of the anticipated project cost of \$200,000. He reminded the Commission that they already authorized the match, but the RCO requires the confirmation document. The Port anticipates that the grant will be awarded by the end of June, subject to appropriation.

COMMISSIONER FAIRES MOVED THAT THE COMMISSION APPROVE THE CERTIFICATION OF APPLICANT/SPONSOR MATCH IN THE AMOUNT OF \$50,000. COMMISSIONER BLOCK SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

1ST QUARTER 2013 HARBOR SQUARE REPORT

Jan Conner, Northwest Property Management, provided a brief summary of the 1st Quarter 2013 Harbor Square Report. She reminded the Commission that the 1st quarter of each year is typically slow. She specifically pointed out that:

- A number of late notices were sent out.
- Revenue is slightly lower than it was in the 1st quarter of 2012. The biggest impact was the loss of the restaurant lease. Although they picked up other leases, there was a loss in total monthly revenue. Occupancy was also impacted by the loss of the restaurant.
- Receivables at the end of March were in a credit position because of prepaid rent from two tenants.
- One security deposit was received in January from a new tenant in Building 1.
- Leasing activity increased during the 1st quarter, and they have a cross section of prospective tenants viewing the available spaces. She will continue to work with prospective tenants.
- There was one lease extension in the 1st quarter, and tenant improvements were done related to a new lease in Building 1.
- An end of lease was negotiated with Smart Guard. Payment of back rent was negotiated, as well.
- A sink hole occurred at the east entrance to Harbor Square. Port staff had put a number of patches in this area. Upon inspection, the City found and repaired a leak in a large culvert. The City also cleaned the storm drains in the parking areas, and they will schedule storm drain cleaning in the roadways in April or May.
- The roofing contract for Building 2 was cancelled due to non performance. They are currently waiting for new specifications to go out to bid. The target date for posting the project is May 1st, with work to be completed during the summer months.
- They received a public records request related to Building 4.
- The incandescent light bulbs throughout all buildings were replaced with LED lights via a grant from the Public Utility District.

Commissioner Orvis asked how soon staff anticipates the specifications for the roof project on Building 2 will be ready to go out to bid. Mr. McChesney answered that the specifications are due on April 30th. Once the specifications have been received, Ms. Drennan will prepare the bid package. The goal is to have the roof completed by the end of June or first part of July.

1ST QUARTER 2013 MARINA REPORT

Ms. Kempf presented the 1st Quarter 2013 Marina Report, noting that activity during the quarter was quite good. She referred to the first page of the report, which focuses on the promotions the Port did in conjunction with the Seattle Boat Show. She said one promotion offered 1st and 12th month rent of \$20.13 for new tenants who signed up for water moorage, dry storage, recreational vehicle or trailer storage space by March 1st. The promotion resulted in 45 assignments (40 in water moorage and 5 in dry storage) for a total of \$16,217.24 in deposits. She said the tenant reward promotion, which offered 50% off haul-out for the month of March, was also very popular. There were 38 hauls from pressure wash to yard during the month of March compared to just 17 in 2012. She noted that 35 of the customers were tenants who qualified for the discount.

Ms. Kempf reported that public launch numbers were up by about 48% during the 1st quarter of 2013 compared to the same time period in 2012. The number of boats in guest moorage increased by about 30%. Stall usage in the boatyard was at 485 during the 1st quarter of 2013, compared to 458 in the 1st quarter of 2012. She suggested that at least part of the increased activity could be related to lower fuel prices. The price of diesel fuel during the 1st quarter of 2013 was \$.43 lower than in 2012, and unleaded fuel was \$.57 lower. Although the number of gallons sold did not significantly increase, staff believes that prices did have an effect on activity levels.

Ms. Kempf advised that financial occupancy for water moorage was at 88% for the quarter, and financial occupancy for dry storage during the same time period was 79%. The latest numbers for occupancy show they are quite far ahead of where they normally are at this time of year in both water moorage and dry storage. There are currently 42 vacancies in dry storage, but there are 15 holds and 7 of the spaces have already been assigned. There are currently 12 open water moorage slips, most in the covered categories and all are under 30 feet.

Ms. Kempf noted that the report provides an overview of the boat show, including the comments that were received from visitors to the Port's booth. She advised that staff and Commissioners contributed 285 hours towards planning and booth coverage.

1ST QUARTER 2013 FINANCIAL STATEMENTS

Ms. Drennan reviewed the 1st Quarter 2013 Financial Statements, specifically noting the following:

- Gross profit for the three-month period ending March 31, 2013 was \$1,399,647 or 3.5% less than budget. Net income for the same period was \$118,736.
- Permanent moorage revenue was \$670,223 or 5% less than budget, and dry storage revenue was \$119,822 or 14% less than budget.
- Harbor Square property revenue was \$377,739 or 2% greater than budget.
- Bond issuance expenses were written off as a prior period adjustment in December 2012 as per the Governmental Accounting Standards Board Statement 65, which determined that bond expenses should have been written off as a period of expense when the bonds were issued.
- Net miscellaneous included grants for the pump out operation expenses and a PUD Grant for LED light bulbs.
- Net income for the 1st quarter was \$118,736, which was \$52,565 greater than budget.
- Marina revenues were \$964,655, or \$54,826 less than budget.
- Marina operating expenses before depreciation and overhead were \$439,925 or \$49,450 less than budget.
- Net marina operating income was \$30,902 or \$39,559 greater than budget.
- Rental property revenues were \$491,339, or about \$8,000 greater than budget.
- Rental property operating expenses before depreciation and overhead were \$162,927 or about \$3,500 greater than budget.
- Net rental property operating revenue was \$83,011 or \$15,184 greater than budget.

Ms. Drennan noted that several graphs were added to the report this quarter. She asked the Commissioners to provide feedback on whether or not the information contained in the graphs is helpful. They agreed that staff should continue to provide the graphs, and the Commission can discuss potential changes when they begin budget discussions later in the year.

COMMISSIONER MEETING SCHEDULE

Mr. McChesney announced that at their May 13th meeting, the Commission will recognize Jeremy Makin for his service to the Edmonds Sea Scout program. The presentation will be followed by a brief social event, and he anticipates that several members from the Sea Scout troop will be in attendance.

Although scheduled on the May 13th agenda, Mr. McChesney suggested it would be premature for staff to present a resolution to surplus and sale the existing Hoist forklift before the Port has purchased a new machine. He said that, at a future meeting, the Commission will discuss the problems with the current machine and the process for securing new equipment. Mr. McChesney said that, also on May 13th, Ms. Kempf would provide an update on the boatyard general permit requirements. He said he would also present a draft Interlocal Agreement with Fire District 1 for the Commission's review and approval.

Mr. McChesney reminded the Commission that the Washington Public Ports Association (WPPA) Finance Seminar is scheduled for June 19th through 21st at the Alderbrook Resort.

EXECUTIVE DIRECTOR'S REPORT

Mr. McChesney reported that Anthony's Restaurant has started their remodel project, and the construction trailer was positioned on April 26th. They expect to have the necessary permits in the next few weeks. They plan to start the demolition work inside the building soon, which will involve the removal of a wall between the Beach Café and the old Edmonds Yacht Club space. He said Anthony's intends to submit drawings to the Port within the next few weeks, and staff will work with them to address concerns related to the fine details of the project.

Mr. McChesney announced that the power to the guest moorage docks was turned off two weeks before schedule as the result of an electrical failure incident. Staff has done a great job of coordinating with boaters who are booked to use the facility.

COMMISSION COMMENTS AND COMMITTEE REPORTS

Commissioner Preston reported on his attendance at the Puget Sound Regional Council's (PSRC) annual meeting in downtown Seattle. He said it was fun to interact with so many people he did not know before. Commissioner Preston also reported that he has been working on the concept of having Edmonds and Leavenworth become sister cities. He reviewed the numerous similarities between the two cities. He said he has discussed the idea with some Edmonds City Council members, as well as representatives from Leavenworth.

Commissioner Block also reported on her attendance at the PSRC's annual meeting, where she was able to reconnect with many people she used to work with. She said she enjoyed visiting and learning about the Vision 2040 awards. She referred to a brochure, which lists the awards that were given this year. She noted that there were many interesting projects, and some of the award recipients were in attendance at the meeting.

Commissioner Block said she had a discussion with Kevin Garrett, a member of the Edmonds Economic Development Commission (EDC) regarding ways to enhance the Port's website and make it more useful. For example, it would be helpful to expand the calendar to include more than just the current and upcoming month. He also noted that many events are not identified on the calendar. The Port's events could also be advertised in the CRAZE brochure, which is published by the City of Edmonds. In addition, the website could provide links to various City information. She suggested that the Commission invite Mr. Garrett to attend a future meeting to share his thoughts on the matter.

Commissioner Block referred to the City of Edmonds Strategic Action Plan, which as recently adopted by the City Council. The plan contains a lot of information. If all of the projects identified in the plan are implemented, it will really enhance the opportunities for activities in Edmonds. She noted that several items in the plan reference redevelopment at Harbor Square. She said is still unclear about how the City will implement the plan.

Commissioner Faires reported that the Strategic Action Plan was discussed at the Edmonds Economic Development Commission (EDC) meeting on April 17th. He said it is important to keep in mind that the Strategic Action Plan was done by a consultant, and nearly all of the input into the plan (projects, priorities, etc.) was derived from the approximately 2,500 surveys that were completed by citizens of Edmonds. He noted that the City Council adopted the plan by a vote of 6-1. He provided a copy of the plan to each of the Commissioners and suggested they have a work session to talk about the plan, particularly the nine items where the Port is identified as a primary or major contributor. It will be important to figure out to what extent the action plan pertains to the Port and the Port District residents. Again, he emphasized that the information in the plan came from citizen input. He invited the Commissioners to review the plan. He said he would continue to review the document and provide more information about the items that specifically involve the Port.

Commissioner Faires said that also at the April 17th EDC meeting, he reported on the Port Commission's recent decision to withdraw their application for an amendment to the City's Comprehensive Plan to incorporate the Harbor Square Master Plan. He specifically noted the impact the action will have on at least three of the high-priority items identified in the Edmonds Strategic Action Plan. He said that, at this time, it is not clear how these impacts will be addressed.

Commissioner Gouge said he finds it interesting that diversifying housing options on the waterfront and in employment/transit centers was identified in the Strategic Action Plan as a low to moderate priority. Commissioner Faires said there are three items that pertain to either the waterfront east of the tracks or the Harbor Square property, and these were generally identified as high priorities. In fact, the highest priority in the Strategic Action Plan is fundamentally related to redevelopment at Harbor Square.

Commissioner Orvis expressed his belief that the Strategic Action Plan is "smoke and mirrors" and has absolutely nothing to do with reality and where those who have control of the City want to go. If the rest of the citizens feel the projects in the Strategic Action Plan are important, they need to make their voices heard rather than just answering questionnaires. The citizens have not elected a City Council that will do anything meaningful with the information provided in the plan. The plan is just another effort by the City Council to cover what is really important.

Commissioner Faires said that, at some point, the crisis will get bad enough and the citizens of Edmonds will figure out that it is not going as most would prefer. The Strategic Action Plan offers a way to directly point out that the City Council is not going in the direction the citizens said they want to go. He said the EDC supports the Strategic Action Plan and has indicated their willingness to jump in and do something when the City Council takes actions that are contrary to the plan. Commissioner Orvis said he will believe it when he sees some action that is actually real beyond the City Council Members simply verbalizing a plan to make themselves look good. Commissioner Faires pointed out that at the last two elections, two or three of the City Council Members were elected by a slim margin. He summarized his belief that they do not need to convince a lot of people that change is needed.

Commissioner Orvis said he attended the State of the Navy Station address that was given at a recent Economic Alliance Snohomish County meeting. There was really nothing new to report, except the Commanding Officer has been reassigned. He also provided a brief legislative report that included the following items:

- The derelict boat legislation was approved and a study group was formed to look at how the legislation will impact marinas.
- Legislation was approved that made it illegal to smoke marijuana while driving a boat.
- The legislature did away with the Economic Development and Tourism Commissions. Now they are discussing how to have a statewide economic development program, which he thought was the role of the Department of Commerce.
- Legislation related the Public Records Act was passed without any significant discussion about the hardships the act causes for small jurisdictions.
- A utility tax on cargo may go into effect, which would have a very negative impact on ports.

ADJOURNMENT

The Commission meeting was adjourned at 8:50 p.m.

Respectfully submitted,

David Preston
Port Commission Secretary