

PORT COMMISSION OF THE PORT OF EDMONDS
MINUTES OF REGULAR MEETING

July 8, 2013

COMMISSIONERS PRESENT

Jim Orvis, President
Bruce Faires
Fred Gouge

STAFF PRESENT

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

COMMISSIONERS ABSENT

Mary Lou Block, Vice President
David Preston, Secretary

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 JUNE 24, 2013 MEETING MINUTES**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$1,022,391.82**
- D. APPROVAL OF K & L GATES LEGAL SERVICES**
- E. APPROVAL OF EXEMPT STAFF SALARY ADJUSTMENT**

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

PUBLIC COMMENTS

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

PRESENTATION: SEA GRANT OUTREACH BY NICOLE FAGHIN

Mr. McChesney introduced Nicole Faghin, who gave a presentation regarding the Sea Grant organization.

Nicole Faghin shared her background information with the Commission, particularly that she was an urban planner for Reid Middleton for nearly 18 years, and 12 of those years were spent working on national and international port-related projects. She joined the Sea Grant organization a year ago as a Coastal Management Specialist. She said that during her recent visit to the Port on National Marina Day, Mr. McChesney invited her to present more information about the organization to the Commission.

Ms. Faghin said the intent of the Sea Grant organization is to provide support to communities, industries and the people of Washington State through research, education and outreach. Their goal is to work in partnership with organizations to provide useful information related to maritime and the marine industry. She noted that the program's funding comes primarily from the National Oceanic and Atmospheric Administration (NOAA), and 48% of it is used to fund marina-related research at various universities in the Puget Sound area. For example, much of the scientific research related to copper bottom paint was funded by Sea Grant. She advised that the organization reviewed a total of 79 proposed projects for funding in 2014 and 2015, and most are science based. However, some are also related to social science, which deals with economic issues, how the marine environment impacts people, etc.

Commissioner Faires asked how many total grant dollars Sea Grant offers each year. Ms. Faghin explained that their grant program operates on a bi-annual basis. They received requests for about \$17 million during the last round of grant applications, and they actually funded between \$4 and \$5 million. She advised that, at any given time, Sea Grant is managing numerous research programs throughout the Puget Sound region.

Ms. Faghin advised that about 28% of Sea Grant's budget is used to fund outreach programs in communities throughout the state, such as the Clean Marina and Pump Out Programs and habitat restoration. She noted that there are 32 Sea Grant organizations throughout the United States, and each one is set up to deal with what is most important for its particular community.

Commissioner Faires pointed out that there are significantly more Sea Grant organizations located on the East Coast compared to the West Coast. He asked if this is an indication of the organization's primary focus. Ms. Faghin pointed out that, typically, there is one Sea Grant organization per state, and there are significantly fewer states along the West Coast. In addition, some of the Sea Grant organizations along the West Coast were consolidated. Commissioner Faires pointed out that there are likely more overhead costs associated with the programs on the East Coast.

Ms. Faghin advised that Sea Grant offers grants to fund educational programs for school-age children, such as the NOAA summer science camp at Magnuson Park. They also provide funding for fellowships and internships that expand students' horizons and enhance their future careers. Sea Grant also has a full communications staff to provide materials that support the education, outreach and research programs.

Ms. Faghin advised that Sea Grant offers several programs for Ports. For example, it provides a number of training workshops for port staff and for boaters. It also works with the Pacific Coast Congress (PCC) of Harbor Masters to provide workshops at annual conferences. Sea Grant has also tracked boat sales and provided other research that is helpful to marinas that are considering future changes.

Commissioner Faires noted that the Port offers a unique opportunity that allows customers who are trained to fuel their own vessels 24 hours a day. Ms. Faghin said she was not aware of this program. Ms. Kempf said the only other marina in the state that offers this program is Camas/Washougal. Commissioner Orvis pointed out that the vast majority of marine fueling stations are self-serve, but they do not allow customers to run their own bank cards and fuel during off hours.

Ms. Faghin reminded the Commission of the State's initiative to reduce pump out spillage and said Sea Grant provides a pump out education program as well as valves that reduce spillage.

Ms. Faghin said NOAA has been very involved in addressing the issues of coastal hazards and coastal resiliency. The Washington office of Sea Grant has hired three additional staff people and is developing a whole program to address these two issues. They currently have a grant to develop a coastal hazards network, which brings all parties together to discuss what research and changes may be needed to address the issues. Sea Grant's Coastal Hazards

Specialist has worked with the tribes to conduct vulnerability assessments and study potential sea level rise. The next step is coming up with ways to address and plan for the anticipated hazards. Sea Grant also has a variety of educational tools that can be used to talk to communities about hazards. Working in conjunction with the Federal Emergency Management Agency (FEMA), Sea Grant offers free training programs on flood risk reduction throughout Puget Sound. Commissioner Gouge asked if Sea Grant's research program includes tsunami warning systems and facilities planning, and Ms. Faghin answered affirmatively.

Ms. Faghin said Sea Grant also has a program that looks at soft-shore alternatives as part of their overall effort to address the health of Puget Sound. She explained that soft-shore issues are not only related to habitat protection. They must also consider the best alternatives for providing adequate protection for upland properties during significant storm events. She said she is currently working on an incentive program for homeowners on Puget Sound to encourage them to use alternatives other than bulkheads. Commissioner Faires said he thought that new bulkheads along Puget Sound are no longer permitted. Ms. Faghin said they are allowed, but it is very difficult to obtain the necessary permits.

Commissioner Gouge pointed out that while a sloped bulkhead provides more habitat protection, it also requires more upland area, which the Port does not have. Ms. Faghin expressed her opinion that there are places where a sloped bulkhead would be difficult to construct and might not make sense. However, there are other options to mitigate the impacts. The goal is to slow down or stop the loss of habitat along and in Puget Sound, and one way to do that is to prohibit new bulkheads and place significant constraints on the replacement of existing bulkheads. Commissioner Faires observed that this would be consistent with the Shoreline Master Program's goal of "no net loss."

Commissioner Gouge asked how far in advance the Port should begin planning the replacement of their existing bulkheads. He observed that the cost of the permitting process is increasing exponentially. Ms. Faghin suggested that the Port should allow up to 10 years to work through the entire process. Commissioner Orvis commented that perhaps within the next 20 years there will be sufficient research to infuse some sanity into the issue. However, at this time, neither side is willing to give an inch. While the environmental advocates have the upper hand at this time, if they continue to be unreasonable they will eventually lose all they have gained.

Ms. Faghin explained that as a result of high property values on the East Coast, ports and fishing properties were being bought out to make room for condominiums, and the public was losing access to the waterfront. This situation started a program called "working waterfronts." She noted that while Washington State has the Washington Public Ports Association (WPPA) to lobby on behalf of ports, that is not the case for most states on the East Coast. To address this issue, Sea Grant sponsored a National Working Waterfront Symposium in March that brought people from both the East and West Coasts together to talk collectively about current and future coastal land uses. Permitting and dredging were significant topics of discussion.

Ms. Faghin said Sea Grant is also funding research on tidal energy and spatial planning. At this time there is quite a bit of interest in off-shore wind and wave energy, which feeds into the need to do spatial planning for competing interests in the water. Tidal energy is the new kid on the block, and further research is needed to consider its impact on the marine environment, as well as the fishing and boating industries.

Ms. Faghin summarized that Sea Grant looks forward to continuing their work with ports in the future to research marine-related issues. Commissioner Faires asked how specific a Sea Grant funding application must be. For example, he asked if Sea Grant would consider funding a project that is specific to a single port. Ms. Faghin said Sea Grant does provide funding for very small, site-specific projects, but they avoid funding projects that could place them in adversarial situations. Commissioner Faires asked if investigation into the current status of the Edmonds Marsh and its potential for renovation would be a candidate for Sea Grant funding. Ms. Faghin agreed that best available science research for the marsh would be an appropriate candidate for funding.

Mr. McChesney asked if Sea Grant has done any work with the Puget Soundkeepers Alliance. Ms. Faghin answered no and explained that Sea Grant's approach is much different than that of the Puget Soundkeepers Alliance, which is more advocacy related.

Ms. Faghin discussed some of the various studies that are currently taking place related to water quality that will help define the concerns. This research can be used by various entities and groups to identify potential solutions for improving the current conditions.

SLING LAUNCH RENOVATION

Ms. Kempf recalled that in 2011 the Commission had an extensive discussion about whether or not the Port should continue to operate the public launch. At that time, they directed staff to provide an extensive review of the Public Launch Program. The study showed that there were a lot of spinoff revenues associated with the Public Launch Program in addition to the per launch fee. For example, approximately \$52,000 in revenue annually from guest moorage and parking can be attributed to launch customers, as up to 32% of them purchased guest moorage. There are also additional revenues associated with restaurant, fuel and bait purchases. In addition, the Port uses the public launch to move dry storage and some water moorage boats to and from their trailers.

Ms. Kempf concluded that the program review revealed the public launch does create both direct and indirect economic benefit to the community, as well as to Port operations. Based upon this fact, the Port Commission approved continuation of the launch program and expenditures for repairs. They also identified the public launch as a public amenity with costs that exceed revenues to be funded by the General Fund. At that time, staff proceeded with the necessary repairs (replacing bolts, hangers, spreader bars and shackles, rewiring some electrical connections, and installing scales on one of the two launches). The scales revealed that many boats being launched were too heavy, and the Port implemented a weight limit change from 7,800 pounds to 7,500 pounds in April of 2012. This resulted in a loss of customers, but a special rate on the travelift was created to handle the larger boats.

Ms. Kempf advised that a later engineering study revealed that the theoretical total load capacity of the launch was actually less than 5,126 pounds. Port staff presented this information to the Commission, and the Commission approved pursuit of a Recreational Conservation Organization (RCO) Grant to update one of the existing cranes and preserve the boat launch access. The total cost of the project is projected to be around \$200,000, and the RCO grant requires the Port to provide a 25% match.

Ms. Kempf reported that Port staff prepared and submitted a grant application in approximately six business days. Mr. McChesney noted that it would normally take about two months for a professional to write the grant application. Ms. Kempf advised that two presentations were made to the RCO with the final presentation taking place in September 2012. On June 25, 2013, the RCO Board approved the RCO staff's recommendation to allow the Director of RCO to award a \$150,000 grant toward renovation of the Port's public sling launch with the Port of Edmonds contributing \$50,000. She noted that the Port's project was ranked 3 of 27 projects. She advised that she attended an RCO Board Meeting on June 25th where she thanked them for funding the project and let them know how important the project is to the community and boaters.

Ms. Kempf reported that staff has been working with Diversified Design Inc. to finalize mechanical and electrical specifications for the project. This work has been finished and will be part of the reimbursable costs submitted to RCO. Commissioner Faires asked if the specification project indicates a change in the original cost estimate. Ms. Kempf answered no. She said they are awaiting the official award from the RCO Director within the next week or two. Mr. McChesney advised that they met with RCO representatives to clarify the project schedule and identify milestones. Once again, they indicated that the grant has been fully funded and is awaiting the final grant agreement.

Commissioner Faires asked if the grant process will entail any onerous administrative work on the Port's part. Mr. McChesney answered that it is a standard grant process, but they won't know the details until the actual grant contract is available for review. Ms. Kempf said it will take some time for the grant reimbursement to come through, but they anticipate that the process will be standard.

Ms. Kempf reviewed that, as outlined in the Port's presentation to the RCO, Port staff anticipates that:

- The steel structure supporting the crane and rails will remain sound for another 15 to 20 years.
- One of the two launches (the north one) will be re-rated to handle boats up to 6,000 pounds.
- The renovated launch (the south one) will provide access for boats up to 10,000 pounds.

- A life of 15 to 20 years will be placed on the improvements.

Ms. Kempf summarized that the Port has until July 31, 2015 to complete the project per RCO requirements. However, the Port's goal is to complete the improvements this winter. Once the project agreement is finalized, the Port can proceed with the bid process and award the contract. She noted that there will be a lead time on some parts and improvements will be fabricated off site. Actual on-site installation is projected to take approximately one week.

Commissioner Faires asked how many of the 27 grant submittals received funding from the RCO. Ms. Kempf answered that 21 of the 27 projects were funded.

COMMISSION DOLLAR THRESHOLD ADJUSTMENT

Ms. Drennan explained that in 2007 the State Legislature allowed for an adjustment in the Port Commissioners' compensation every five years for inflation (RCW 53.12.260). Effective July 1, 2013 the per diem amount for each Commissioner is \$114 per day with a limit of \$10,944 per year. The new monthly salary is \$254 per month.

EXECUTIVE DIRECTOR'S REPORT

Mr. McChesney announced that staff met in a pre-construction and scoping meeting with the contractor and skylight supplier for the Harbor Square Building 2 Roof Project. He reported that staff has a lot of confidence in the contractor, and there may be ways to save some money on the project. For example, because of the nature of the existing roof, it may be possible to avoid installing a vapor barrier, which could result in a cost savings of up to \$20,000. In addition, the contractor's methodology anticipates not having to lift each and every HVAC unit. It may be possible to use flashing, subject to the supplier's confirmation related to the warranty conditions. He advised that there is a lead time on the skylights, which must be fabricated. However, the contractor anticipates being on site to start the project on July 22nd. The project is on schedule to be completed by September 20th.

Commissioner Orvis asked if the tenants have been notified of the start date for the project. Mr. McChesney advised that Jan Conner, Northwest Country Management, is in the process of notifying all of the tenants, and they anticipate there will be some noise and odor impacts. However, the contractor is confident that some of the work can be done during the off hours to minimize disruptions to tenants.

Mr. McChesney reported that he met last week with Debbie Emge, City of Snohomish Economic Development Manager, to discuss the organization "Local Liquid Arts," which is trying to promote distilleries, cider makers, wine tasting rooms, etc. She was very helpful in directing the Port's efforts to focus on these types of activities as prospective tenants at Harbor Square. He further reported that he and Commissioner Orvis met with Karen Mauden, Northwest Agriculture Business Center, another group that is heavily involved with "liquid arts." She expressed her belief that distilleries, breweries and wineries are the most logical path to value added agricultural products. The Business Center is sponsoring a craft distillery seminar on July 26 and 27, which he has signed up to attend. They have also offered to allow the Port to have a small table at the seminar to engage discussion about potential tenants at Harbor Square. He explained that the businesses that are already up and running are not looking for a place to locate. The trick is finding people who already know how to do it but are trying to put together a business plan and a place to start up.

Commissioner Faires said he would be interested in approaching the issue in a systematic way by creating a marketing plan to place advertisements in appropriate publications, attend shows, etc. Commissioner Orvis suggested that the purpose of Mr. McChesney's attendance at the seminar is to learn more about how the Port can market Harbor Square for liquid art uses.

COMMISSION COMMENTS AND COMMITTEE REPORTS

Commissioner Faires reported that he represented the Port at a working session of the Edmonds Chamber of Commerce subcommittee that puts together the candidates' forum that is scheduled for September 30th. He noted that the forum will conflict with the Commission's regular meeting on September 30th. He said the focus of the subcommittee meeting was to come up with a list of questions for the moderator to ask the candidates who are

running for regional positions. The Commission discussed changing their second meeting in September to allow Port Commissioner candidates to attend the event, as well. They agreed to change the meeting to September 23rd, which is scheduled as a budget discussion.

Commissioner Faires said that on a recent visit to the Port of Poulsbo he learned that they are going through a process of investigating whether to, and if so, how, to expand their Port boundaries. He suggested it might be interesting to follow this process. Commissioner Orvis said the Port of Poulsbo needs to redo their marina and there is no money and no tax base. They proposed an expansion several years ago, but it was not supported by the citizens.

Commissioner Gouge reported on his attendance at a retirement party for Steve Johnston, Landau & Associates on June 26th. He personally thanked Mr. Johnston for the work he performed for the Port of Edmonds, particularly just prior to his retirement. He noted that Mr. Johnston has done a lot of work for the Port of Edmonds over the years, and he received accolades from the Washington Public Ports Association and other groups, as well.

Commissioner Gouge pointed out that the Finance Committee needs to meet to prepare for the Commission's upcoming budget discussions. He and Commissioner Faires agreed to forward information to staff so that a meeting could be scheduled.

Commissioner Orvis announced that Economic Alliance Snohomish County and the Edmonds Chamber of Commerce are sponsoring an after-hours event on July 10th at City Park Shelter 2 from 5:00 to 7:00 p.m. Commissioner Gouge agreed to attend the event to represent the Port.

Commissioner Orvis advised that the Commission would have a discussion about existing conditions at Harbor Square in September.

Commissioner Orvis reported that he and Commissioner Preston met with Snohomish County Council Member Brian Sullivan. He noted that no substantive issues were discussed.

ADJOURNMENT

The Commission meeting was adjourned at 8:26 p.m.

Respectfully submitted,

David Preston
Port Commission Secretary