



## PORT COMMISSION OF THE PORT OF EDMONDS

### MINUTES OF REGULAR MEETING

November 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 GOUGE MOVED THAT THE CONSENT AGENDA BE APPROVED TO INCLUDE THE FOLLOWING ITEMS:**

- A. APPROVAL OF AGENDA**
- B. APPROVAL OF NOVEMBER 12, 2013 MEETING MINUTES AS AMENDED.**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$237,235.26**
- D. AUTHORIZATION FOR EXECUTIVE DIRECTOR TO WRITE OFF \$2,102.14 AND SEND ACCOUNT TO COLLECTIONS**

**COMMISSIONER FAIRES SECONDED THE MOTION, AND THE MOTION CARRIED UNANIMOUSLY.**

#### PUBLIC COMMENTS

**Edmonds City Council Member Joan Bloom** pointed out that she is also a resident of the Port District. She reminded the Commission of her previous offer to announce Port activities and events at City Council Meetings. Mr. McChesney agreed to forward her an announcement for the "Holiday on the Docks" event, which is sponsored by the Edmonds Yacht Club. **Ernie Collins, Edmonds Yacht Club Liaison**, advised that they are expecting that as many as 22 boats will be decorated with holiday lights and moored in the Port's Guest Moorage area. The boats will start moving in this coming weekend. The Commission discussed whether or not it would be appropriate to also announce the upcoming visit of the Argosy Christmas Ship, which will dock in Edmonds on December 10<sup>th</sup>. Ms.

Kempf agreed to provide additional information to Council Member Bloom regarding other upcoming events in December.

#### **PROJECT REPORT: PUBLIC LAUNCH**

Mr. McChesney reviewed that the Port operates two sling launches that were installed in approximately 1992. In 2012, the Port installed scales, which revealed that many boats being launched exceeded the launcher's original design specifications. At that time, the Port implemented a weight limit of 7,500 pounds, and this resulted in a loss of customers since many of the newer boats were over capacity. He reminded the Commission that the Port prepared and submitted a grant application to the Recreation and Conservation Office (RCO) in 2012 for funding to renovate and increase the capacity of the sling launcher, and the RCO Board awarded the Port a grant of \$150,000 on June 25<sup>th</sup>. The Port's estimated contribution was \$50,000.

Mr. McChesney advised that the sling launch renovation project went out to bid on September 12<sup>th</sup>, and the due date for bids was October 22<sup>nd</sup>. The Port received three qualified bids, and the Commission authorized the Executive Director to award the contract to IMAC on October 28<sup>th</sup> at a cost of \$197,152.47 plus sales tax and \$10,322.77 plus sales tax if the Port is required to upgrade the electrical power feeder to the service panel. He reported that IMAC submitted its contract paperwork the Port on November 19<sup>th</sup>. He concluded that the Port's cost for the project was increased to \$110,000 in the 2014 Capital Budget, which includes staff time.

Mr. McChesney reported that Brian Menard, Facilities Maintenance Manager, met with the project manager from IMAC on November 20<sup>th</sup>, and IMAC has ordered the steel and other parts for the hoist. Fabrication will occur offsite in the next three months, with on-site installation anticipated in February of 2014. He summarized that the contractor is confident that the launcher will need to be shut down for only three to five days for installation. He said it is important to note that the launcher upgrade was a key factor in getting Jacobsen Marine to locate at the Port.

#### **PROJECT REPORT: FUEL DOCK**

Ms. Drennan reviewed that the Port's current fuel dock equipment, including the dispensers and fuel supply lines from the tanks to the dispensers, were installed in approximately 1999. The dispensers are deteriorating from the saltwater environment. In addition, the Department of Ecology (DOE) inspectors have expressed concern about the deteriorated condition of the fuel supply lines and have strongly encouraged the Port to replace them. She recalled that on October 28<sup>th</sup>, the Commission approved a contract with PND Engineers for consulting work as needed.

Ms. Drennan advised that in order to obtain information about the appropriate products for the fuel dock, staff issued a Request for Information on October 25<sup>th</sup>, with information due on November 7<sup>th</sup>. The Port received a response from Mascott Equipment, who has installed the Port's most recent fuel dock equipment purchase of the Ruby point-of-sale system, the Gasboy self-fueling system, and the TS-550 evo fuel monitoring system. She further advised that, on November 21<sup>st</sup>, staff meet to discuss the recommendations from Mascott Equipment, which included a list of items the Port needs to replace in order to upgrade the system. During its review, staff identified additional questions they would like Mascott Equipment to answer before the project goes out to bid. These questions include:

- Where are the pumps located?
- Can the Port increase the flow speed on the fuel dock? If so, would it be economical?
- Will the recommended dispensers work with a credit card system if the Port wants to install one in the future?

Ms. Drennan reported that, thus far, staff has not required any assistance from PND, but they would like to keep the consulting contract open in case engineering questions come up during the bid process or construction. Staff will continue to work on getting questions answered during the next few weeks so that the bid specifications can be completed. However, from a project management and work flow perspective, staff may recommend postponing releasing the bid package until July or August, subject to further review.

Commissioner Gouge questioned the Port's cost for operating a credit card system at the fuel dock. Mr. McChesney said he does not have a definitive answer to this question, but the issue will be considered as part of staff's review of the entire fuel dock operation in early 2014. He explained that the dock-and-pay program allows people who have

been trained and issued a card to purchase fuel whenever they want, and it entitles participants in the program to a 10 cent per gallon discount, which has been budgeted for. It also allows customers to purchase fuel on their account, which means it is not paid for until participants receive their next bill, and then they have 30 days to pay for the fuel. From a cash-flow point of view, staff is concerned about the significant period of time between when the fuel is purchased and when it is paid for.

Commissioner Faires said it would be interesting to know the average flow of money that is pushed out 45 days and beyond. Mr. McChesney explained that, in some situations, accounts stretch out beyond 30 days and the Port can be left with a sizeable amount of fuel sales that must go out to collection. He suggested that perhaps the Port's current business practices can be refined to align not only with what the customers expect, but the Port's responsibility to be good stewards of the facility. A review of the entire program in conjunction with the upgrade project would be timely.

Commissioner Orvis pointed out that, typically, diesel fuel hoses are green; but the Port's current diesel fuel hoses are red. He expressed concern that this could lead to customer confusion. Ms. Kempf advised that the DOE issued their findings after inspecting the fuel dock, and indicated that marine fuel dispensers are red. The Commission agreed that there needs to be some way to differentiate between the two types of fuel, and Mr. McChesney agreed that there should be a fairly straightforward way to remedy the concern.

Mr. McChesney explained that the schedule for the fuel dock upgrade will be driven by other projects in the queue. If the project cannot be done in early 2014, staff plans to postpone it until after the busy season. That means the project would not go out for bid until July of 2014, and a contract could be awarded in August so that work could commence in the fall.

#### **EXECUTIVE DIRECTOR'S REPORT**

Mr. McChesney reported that the Jacobsen's Marine project is moving forward on schedule. Mr. Jacobsen reported via email that the permit application process with the City of Edmonds is moving forward, and the building has been ordered. While he has not receive confirmation from the City of Edmonds that the application has been received, the project is scheduled to go before the Architectural Design Board for a public hearing in December. It is anticipated that the building permit and design review can move forward concurrently. He summarized that the building has a 3-month lead time, and if the permits are issued on time, Jacobsen's Marine should begin construction of their new building in February as scheduled. He said he appreciates the help that Mr. Jacobsen has received from the City staff to process his application.

Mr. McChesney advised that staff interviewed eight candidates for the vacant Administrative Assistant position and offered the job to Megan Barnes, who is very qualified for the position. Her start date is December 2<sup>nd</sup>, and she will be introduced to the Commission at their December 10<sup>th</sup> meeting.

Mr. McChesney reminded the Commission that their first meeting in December was rescheduled from December 9<sup>th</sup> to December 10<sup>th</sup>. He noted that there are currently a lot of items on the agenda for that meeting, including a year-end maintenance report from the Facilities Maintenance Manager, a presentation on the Harbor Square Conditions Survey, and a report from the Finance Committee regarding investment strategies and policies and paying down the Port's debt principal on the Harbor Square loan as soon as possible. Because he anticipates that all three items will involve lengthy discussions, he recommended that the presentation on the Harbor Square Conditions Survey be postponed until the first meeting in January. He reminded the Commission that the survey is a prologue to the Commission's Strategic Plan discussion in early 2014. The Commission agreed that would be appropriate. They also agreed to review their 2014 calendar on December 10<sup>th</sup>.

Ms. Kempf reported that the Roche Harbor Yacht Club will be visiting the marina on Thanksgiving weekend, and the boats that are participating in the "Holiday on the Docks" event will start moving into the Guest Moorage area on Sunday. She summarized that the Guest Moorage area will be full throughout the month of December.

Ms. Kempf announced that the Seattle Boat Show is scheduled for January 24<sup>th</sup> through February 2<sup>nd</sup>. However, the Northwest Marine Trade Association has indicated that the schedule may be altered if the Seahawks are in the playoffs and Super Bowl.

## COMMISSION COMMENTS AND COMMITTEE REPORTS

Commissioner Gouge announced that he and Commissioner Block would attend the retirement event in honor of Bob Drewel on December 9<sup>th</sup>. Commissioner Block said she looks forward to attending the event and the opportunity to officially say goodbye to Mr. Drewel.

Commissioner Preston reported on his attendance at the annual Washington Public Port Association (WPPA) Conference in Tacoma where he attended a session titled, "Is There a Farmer's Market in Your Future?" He learned that farmer's markets are different than public markets. Farmer's markets are associated with the Farmer's Market Association of Washington State and typically feature locally grown fruits and vegetables. He suggested that a market in Edmonds would be classified a public market that has more than just produce. At the session, the manager for the Olympia Farmer's Market advised that the City of Olympia constructed the building and the Port leases it from the City. It was also noted that the Wenatchee Farmer's Market was funded with \$1.4 million in grant funding that the City of Wenatchee to the Port of Chelan County. In both cases, the cities and the ports worked together to move the projects forward.

Commissioner Faires announced that he also attended the annual WPPA Conference and reported on the following:

- He attended the WPPA Trade and Economic Development Committee meeting where he made a report on port economic development activities.
- The Washington Tourism Alliance discussed the concept of coming up with a process to replace the tourism promotion funding that the State used to provide. The WPPA has created a task force to study this idea further, and he has been asked to participate. In the next legislative session, they plan to put forward a proposal whereby tourism related activities would be assessed a certain amount to fund a tourism promotion program. While the State would collect the money, it would be turned over to the Tourism Alliance for program implementation.
- There is currently an effort underway that would result in a common branding program for all gateway ports in the Pacific Northwest.
- He attended a session regarding the EB5 Program, which provides tax and/or economic incentives to foreign nationals who invest in the United States. In exchange for their investment, they receive a certain number of visas. The program has been in existence for about 35 years, but it was recently revised. Ports have not utilized the program in past years. However, after a lengthy discussion, it was concluded that ports can put together districts where they can attract foreign investment for specific projects. They are currently putting together a program to implement the opportunity over the next six months.
- The legislative report focused primarily on transportation, which is the biggest issue related to economic growth. The statement was made that school funding has the attention and priority of the legislature, as well. In addition, stormwater and prevailing wage issues are still being discussed.
- Paul Sorensen and Jim Orvis made presentations at the marina conference. Mr. Sorensen reported that boatyard revenue has been declining for the past few years, but commercial utilization of boatyards is a growth industry.
- He attended a presentation where it was emphasized that commissioners have a significant personal liability because they do not have port-dedicated computers.

Commissioner Orvis advised that he also attended the WPPA Conference. He particularly enjoyed the lunch speaker, Frank Blethen, from the Seattle Times. Mr. Blethen stated that although Boeing is doing well, the economy is extra fragile because Boeing is vulnerable. He pointed out that Boeing, Microsoft, Costco and Amazon have all relocated significant resources outside of Washington State. Mr. Blethen also commented on how the sports arenas in Seattle impact the agriculture industry's ability to move products. He explained that the state's economy is tied to the Ports of Seattle and Tacoma. The thought of increasing the number of stadiums at the expense of blue collar jobs and the infrastructure that is needed is very hazardous to the state's economic health. He stressed that ports need to be more vocal about what they are doing and why. A recent economic impact study of the maritime industry in Washington State indicated that about \$30 billion in jobs (direct or incidental) are associated with maritime activities.

While at the WPPA Conference, Commissioner Orvis said he attended the Environmental Committee where they discussed expansion of the DOE's authority, specifically with respect to coal trains. The States of Montana and North Dakota have indicated their plans to sue Washington State if the DOE's authority is expanded. Legal experts have made it clear that the DOE's SEPA authority would not allow them to further regulate coal trains but not other types of freight. Most think that the DOE has overstepped, and the issue will end up in court. However, the Shoreline Hearings Board seems to have determined that the DOE can do whatever it pleases. With the same token, the no-discharge request has been forwarded to the Federal Government even though no one has any idea how the DOE intends to enforce the new requirements when they haven't been able to enforce the existing rules.

Commissioner Orvis said the Environmental Committee also discussed the issue of climate change. Emphasis now is on prevention and mitigation, which will require significant amounts of tax revenue. In addition, the committee discussed stormwater requirements, which exceed what is technically possible. A benchmark that is impossible to meet still opens ports up to lawsuits, which are now becoming a cottage industry. Large ports and cities are now getting interested in the issue because it is impacting them. They are discussing how to obtain funding to figure out ways to reduce stormwater litigation. He distributed a flier with information about the Washington Stormwater Center, which is operated jointly by the University of Washington, Washington State University and the DOE.

Commissioner Orvis said the Environmental Committee also discussed the Columbia River Treaty and pointed out that one reason dams cannot be removed is because of flood control for Portland and the Upper Willamette Valley. They particularly noted the potential economic disaster of a major flood, which could increase as the climate warms.

While at the WPPA Conference, Commissioner Orvis said he attended a session related to computer security and the Open Public Records Act. While the Port of Edmonds has not had any issues to date, other ports have. He suggested the Commission discuss this issue further with staff at a future meeting. Council Member Bloom pointed out that the City of Edmonds provides I-pads for each City Council Member. The I-pad is only used for city business. The Commission agreed to consider the issue further.

Commissioner Orvis reminded the Commission that they would elect 2014 officers at their December 10<sup>th</sup> meeting.

Commissioner Gouge expressed concern about fire safety on the docks during the winter months. He asked Mr. Collins to speak with the Edmonds Yacht Club membership about fire safety, particularly as it relates to electrical connections for heaters and holiday lights. Mr. Collins agreed to raise the issue at their next membership meeting. He also pointed out that the yacht club recently offered safety instruction to its members, which included safety measures for holiday lights. Mr. McChesney reminded the Commission that the Port recently upgraded the electrical system on the Guest Moorage docks. However, there have been issues with cords, and staff has informed tenants of the need to check them. Commissioner Gouge suggested that the Port put an announcement regarding electrical safety in the next tenant newsletter.

#### **ADJOURNMENT**

The Commission meeting was adjourned at 8:00 p.m.

Respectfully submitted,



David Preston  
Port Commission Secretary