



PORT COMMISSION OF THE PORT OF EDMONDS
MINUTES OF SPECIAL MEETING

December 10, 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
Megan Barnes, Administrative Assistant
Brian Menard, Facilities Maintenance Mgr.

OTHERS PRESENT

Amy Allison, 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.

CONSENT AGENDA

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

- A. APPROVAL OF AGENDA**
- B. APPROVAL OF NOVEMBER 25, 2013 MEETING MINUTES**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$141,801.21**
- D. APPROVAL OF WAIVER OF NOTICE OF SPECIAL MEETING**

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

Mr. McChesney introduced the Port's new Administrative Assistant, Megan Barnes, who started last week. Ms. Barnes is a recent graduate of the University of Washington and has a lot of experience in administration. He welcomed Peter Becker, with Time Value Investments, who was present to share his thoughts and ideas on an item scheduled later on the agenda. He also introduced Amy Allison, the Port Attorney filling in for Mr. Cattle.

PUBLIC COMMENTS

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

2014 ELECTION OF OFFICERS

COMMISSIONER GOUGE MOVED THAT THE COMMISSION ELECT COMMISSIONER BLOCK TO SERVE AS PRESIDENT OF THE PORT COMMISSION IN 2014. COMMISSIONER PRESTON SECONDED THE MOTION

Commissioner Gouge commented that Commissioner Block has served as Commission President in the past and did a fine job. She has a good understanding of the Port and he welcomes her to be their leader next year.

THE MOTION CARRIED UNANIMOUSLY.

COMMISSIONER GOUGE MOVED THAT THE COMMISSION ELECT COMMISSIONER PRESTON TO SERVE AS VICE PRESIDENT OF THE PORT COMMISSION IN 2014. COMMISSIONER FAIRES SECONDED THE MOTION.

Commissioner Gouge observed that Commissioner Preston served as secretary of the Commission in 2014, and is an example of good leadership.

THE MOTION CARRIED UNANIMOUSLY.

COMMISSIONER GOUGE MOVED THAT THE COMMISSION ELECT COMMISSIONER FAIRES TO SERVE AS SECRETARY OF THE PORT COMMISSION IN 2014. COMMISSIONER PRESTON SECONDED THE MOTION.

Commissioner Gouge noted that Commissioner Faives has served as secretary of the Commission previously, and he understands the duties.

THE MOTION CARRIED UNANIMOUSLY.

RESOLUTION NUMBER 13-13 – RECONFIRMING SCHEDULE AND LOCATION OF COMMISSION MEETINGS

Mr. McChesney reminded the Commission that they are required by state law to approve their 2014 meeting schedule by resolution. He acknowledged that the schedule may be adjusted later as necessary. He recommended the Commission approve Resolution Number 13-13 as presented.

Mr. McChesney noted that the Harbor Square Survey Report would be presented to the Commission at their regular meeting on January 13th. The report is a prologue to the Commission's subsequent discussions regarding the Port's Strategic Plan. The Commission tentatively scheduled a Strategic Plan Mini Retreat for the morning of January 14, 2014.

COMMISSIONER FAIRES MOVED THAT THE COMMISSION APPROVE RESOLUTION NUMBER 13-13, AFFIRMING THE SCHEDULE AND LOCATION OF THE PORT OF EDMONDS COMMISSION MEETINGS FOR 2014 AS PER ATTACHMENT A. COMMISSIONER GOUGE SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

OPUS BANK LOAN PRE-PAYMENT

Ms. Drennan reviewed that the Port borrowed \$10 million from Cascade Bank in 2006 to buy out Harbor Square Associate's interest in the Harbor Square Buildings. The loan was for 10 years at an interest rate of 7.38%, amortized over 25 years, with a balloon payment of about \$8 million due on April 1, 2016. In 2011, the Port refinanced the loan to get an interest rate of 5.25% and extend the term of the loan through 2021.

Ms. Drennan explained that the loan agreement provides the Port with an opportunity to prepay the principal with specific limitations. For the first five years, the Port may prepay up to 10% of the outstanding principal balance without penalty. If the Port chooses to prepay more than 10%, it must also pay a penalty that decreases over time (5% in the first year, 4% in the second year, 3% in the third year, 2% in the fourth year, and 1% in the fifth year). As the Port is in the third year of the loan, the prepayment penalty this year would be 3%.

Ms. Drennan advised that the maximum amount the Port could pay without penalty in 2013 is \$680,910.74. The Commission has already approved prepayments in the amount of \$312,118.68 annually, which are paid in monthly installments of \$26,009.89 with the Port's minimum required payments. She referred to Schedule 2, which was provided by Opus Bank to show the amount the Port could pay to stay within the limits and avoid prepayment penalties.

Ms. Drennan recalled that at their October 28th meeting, the Commission directed staff to review and calculate the additional principal payment the Port could pay without penalty, and staff's calculations were presented on November 12th. As directed by the Commission, the Finance Committee met on December 2nd to review the spreadsheet titled Potential Harbor Square Loan Principal Buy Down (Schedule 2). She briefly reviewed the spreadsheet and summarized that it appears feasible for the Port to make an additional principal payment of \$368,792.06 in 2013. In making this payment, the Port would save approximately \$193,000 over the next eight years.

Ms. Drennan cautioned that making principal payments is a year-to-year proposal and will depend on the financial condition of the Port at the time. If the Port performs better than budgeted and does not have costly unexpected repairs and capital project costs, it may be able to make another additional principal payment in December 2014. Port staff will review the calculation again in the 4th quarter of 2014 to determine the feasibility of making an additional principal payment.

Ms. Drennan concluded that making an additional principal payment in 2013 would meet the Port's mission of being a responsible financial steward, and she recommended the Commission approve the additional payment of \$368,792.06 in December 2013.

Mr. McChesney commented that the analysis done by Ms. Drennan is good. It demonstrates that the Port can make the additional payment this year, and that is what staff is recommending. Staff can reevaluate the situation in the fourth quarter of each subsequent year and advise the Commission about whether or not an additional prepayment is possible. He concluded that the Port is being as aggressive as possible to pay down the loan within the constraints of the financial agreement with Opus Bank.

COMMISSIONER GOUGE MOVED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE DIRECTOR TO MAKE AN ADDITIONAL PRINCIPAL PAYMENT TO OPUS BANK IN THE AMOUNT OF \$368,792.06. COMMISSIONER FAIRES SECONDED THE MOTION.

Commissioner Gouge commented that Ms. Drennan did a great job preparing the necessary information for the Commission to take action. The proposed prepayment will save the taxpayers about \$193,000 over the term of the loan. He felt the prepayment is particularly warranted given that the Port is receiving a poor return on its investments with banks.

Commissioner Faïres also thanked staff for working diligently to make sure the Port can pay down its debt instead of earning a very low interest rate on its investments. He specifically thanked Ms. Drennan for finding a way for the Port to use its funds in the public's best interest.

Commissioner Orvis recalled that it has been the Commission's intent and understanding for a number of years to prepay the Opus Bank loan as soon as possible. That is why they continue to pay at the old payment schedule that was based on a higher interest rate. Prepayments will significantly reduce the timeline of the debt.

Jack Bevan asked if the prepayment penalty would be renegotiated with Opus Bank when the current penalty expires in 2016. Commissioner Orvis answered that there would be no additional prepayment penalty placed on the loan after 2016, and the Port would have the ability to pay the loan off at any point thereafter. Mr. Bevan encouraged the Port to consider making additional prepayments in subsequent years, particularly in light of the additional revenues anticipated from the expanded Anthony's Restaurant and the new Jacobsen Marine. Commissioner Orvis agreed that is the Commission's intent, but they cannot make that decision now.

THE MOTION CARRIED UNANIMOUSLY.

RESOLUTION 13-12 – SUPERSEDING ALL PREVIOUS INVESTMENT POLICY RESOLUTIONS AND ADOPTING A PORT OF EDMONDS INVESTMENT POLICY

Ms. Drennan reviewed that the Port’s Investment Policy was adopted in 2002 and was last updated in December 2005. She advised that staff is recommending the following changes.

- Section 1, Policy – added the second paragraph beginning with “The Purpose of this Investment Policy . . .”
- Section 2, Scope – added fund types.
- Section 5, Delegation of Authority – added “and Resolution Number 11-02.”
- Section 6, Ethics and Conflicts of Interest – changed so that employees and investment officials shall disclose conflicts of interest to the Executive Director instead of the Port Commission.
- Section 7, Authorized Financial Dealers and Institutions – changed so that brokers/dealers must supply the Port with their Financial Industry Regulatory Authority (FINRA) registration instead of their National Association of Securities Dealers (NASD) certification, as the NASD no longer exists.
- Section 8, Authorized and Suitable Investments. This section was removed because it is no longer applicable or appropriate to the Port.
- Section 10, Diversification – added U.S. government agency securities to the types of investments not limited by percentage of the investment portfolio.
- Section 11, Maximum Securities – extended the maximum investment period from three (3) to five (5) years.
- Section 13, Performance Standards – removed the sentence “In order to stimulate the local economy, the Port may place an investment with a local institution at less than market rate if the rate is not less than 25 basis points below market rates.” There are no longer any banks in Edmonds who loan only to Edmonds or Snohomish County residents.
- Section 15, Investment Policy Adoption – changed the frequency of reviewing the policy from every year to every three (3) years.
- Formatting changes.

Ms. Drennan advised that the Finance Committee reviewed the changes to the Investment Policy on December 2nd, and the policy was also reviewed by Peter Becker from Time Value Investments (TVI). The Finance Committee and Port staff recommends that the Commission approve Resolution 13-12 as presented.

Commissioner Block asked for further clarification about why staff is proposing to remove Section 8, which outlines “authorized and suitable investments.” At the request of Mr. McChesney, Peter Becker, TVI, advised that two items on the list (money market funds and mutual funds) are not appropriate for public funds. Therefore, they would not be investment options the Port could consider. The third item on the list (bankers’ acceptances) is very rare, and none of TVI’s customers have used this type of investment. Commissioner Faires observed that these investment options would not provide a significant return, and the Port has more conservative options available that would provide a greater return.

COMMISSIONER GOUGE MOVED THAT THE COMMISSION APPROVE RESOLUTION NUMBER 13-12, SUPERSEDING ALL PREVIOUS INVESTMENT POLICY RESOLUTIONS AND ADOPTING A PORT OF EDMONDS INVESTMENT POLICY. COMMISSIONER FAIRES SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

APPROVAL TO OPEN A SAFEKEEPING BANK ACCOUNT WITH U.S. BANK AND BEGIN INVESTING THROUGH THE BROKERAGE FIRM TIME VALUE INVESTMENTS (TVI)

Peter Becker advised that TVI is an investment company that works with over 150 public entities in the Northwest and West coast to maximize their return on public funds investments. He explained that government agency bonds are everywhere in the public investment arena. The Port has a fair amount of money in the Local Government Investment Pool, about half of which is invested in government agency bonds; but the rate of return is very low. As currently proposed, the Port would work through TVI to invest in government bonds directly. This approach typically yields a greater rate of return. He noted that the nearby cities of Shoreline, Mountlake Terrace, Everett, Edmonds and Marysville have all opened accounts and purchased bonds from TVI. It is a well worn path and a safe, effective way for public entities to increase returns without increasing risk.

Ms. Drennan reviewed that the Port Commission asked staff to consider ways to increase the interest income on the Port's reserves, which are currently invested in savings accounts with local banks. She advised that since becoming a Certified Public Funds Investment Manager in September 2011, she has taken several investing classes at the Washington Finance Officers Association Seminars, including one taught by Peter Becker, a broker with Time Value Investments. She advised that Mr. Becker has been working with staff to brainstorm strategies to increase the yield on the Port's public investment, and he recently met with the Finance Committee on December 2nd. He recommended the Port set up an account with U.S. Bank for safekeeping and custody. When purchasing securities, the Port would wire funds to U.S. Bank. When U.S. Bank receives the securities, it would release the funds to TVI. U.S. Bank would hold the securities in the Port's name, and send the Port statements when activities occur or quarterly, whichever is greater. Upon U.S. Bank's release of funds, the securities would be under the Port's control.

Ms. Drennan reminded the Commission that they just approved the updated Investment Policy, and the next step is to open a safekeeping account as per Section 9 of the Investment Policy and then open an account with a broker. She explained that a safe keeping account is a process where there is a third party. Instead of trading money directly with TVI, the Port would work with a safe keeping company. She emphasized that the Port would retain control of the funds. As proposed, the Port would also set up an investment account with TVI, but the Port would decide where the money is invested. She emphasized that the State of Washington does not allow the Port to delegate this authority.

Commissioner Orvis summarized that, as proposed, TVI would serve as both an advisor and a broker. He asked if it would be better for the Port to invest directly rather than through a broker. Ms. Drennan pointed out that the Port does not have access to the bond market so they must work through a broker.

Jack Bevan asked what method the Port used to select the investment firm. Ms. Drennan answered that the Port was not required to bid the project. She said TVI was selected because they work with a lot of government agencies and good references were available. Commissioner Faires said the Finance Committee discussed this issue at length, and he is satisfied that because of constraints on the process and the types of investments, the Port would have received a very limited number of responses with little variation. TVI has worked successfully with the Port in the past, and they also serve numerous other jurisdictions in the Puget Sound area. He noted that the Port would not be obligated to continue working with TVI. Because the bonds would belong to the Port, it could change brokerage firms at any time. He said it makes sense to work with a company that staff is familiar with rather than spending a lengthy amount of time for a bidding process.

Mr. Bevan commented that timing will be important because the Federal Government will meet next week. If significant changes are made, interest rates could increase dramatically. Commissioner Preston pointed out that the type of investments the Port is considering would not be as susceptible to market timing issues.

Commissioner Gouge explained that, as proposed, the Port would "ladder" its bond purchases so they mature at different times. The Port would step into the process slowly and then reevaluate before moving forward. However, it is important for the Port to get started now. He emphasized that the proposal is not a get-rich scheme; the Port is simply trying to get some return on its money from sound investments.

Mr. McChesney asked Mr. Becker to speak about the types of bonds the Port would invest in. Mr. Becker explained the bulk of the bonds purchased by the Port would be government agency bonds (Fannie Mae, Freddie Mac, Federal Farm Credit Bank, and Federal Home Loan Bank). These would be general obligation bonds and not backed by mortgages. They are fully guaranteed by the U.S. Government and would pay regular interest. He noted that the Port is already investing in government agency bonds via the Local Government Investment Pool, but they are only receiving a minimal rate of return.

Commissioner Faires said the Finance Committee had a lengthy discussion with Mr. Becker to make sure they had a clear understanding of the proposal. The following three issues were of paramount importance:

1. Who would own the bonds the Port invests in? Mr. Becker made it clear that the Port would own the bonds.
2. What are the policy constraints and terms? Mr. Becker explained that the Port could purchase bonds with maturity dates of up to five years. However, the Port is proposing to utilize a laddering process that would stagger the maturity dates of the bonds it purchases.

3. What is the process for getting involved? Ms. Drennan convinced Commissioner Faires that staff understands the process well enough to administer the program with appropriate professional help. The Port's investments would be a variety of bond types and maturity dates.

Commissioner Faires said he is satisfied that the proposal would meet the Port's criteria for safety and risk. Ms. Drennan added that there is very little way the Port could get in trouble because there are only four types of investments, all of which are government agency bonds.

COMMISSIONER FAIRES MOVED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE DIRECTOR TO OPEN A SAFEKEEPING ACCOUNT WITH U.S. BANK. HE FURTHER MOVED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE DIRECTOR TO OPEN A BOKERAGE ACCOUNT WITH TIME VALUE INVESTMENTS (TVI). COMMISSIONER GOUGE SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

APPROVAL OF PURCHASE OF THE TOTAL MARINA PACKAGE

Ms. Drennan reviewed that in 2002, the Port converted its marina management system to the Marina Program, which worked well and the Port received great customer service. However, when the company was purchased by Watch Captain in 2005 the customer service was poor and then improved a bit. Watch Captain later decided to no longer maintain and service the software. At that time, they stopped producing software updates and the program was sold to Nautical Software Solutions.

Ms. Drennan explained that the Port's experience with Nautical Software Solutions has not been good. Customer service is poor, it is exceedingly difficult to contact customer service, it takes an unacceptable amount of time for customer service to return staff's phone calls, and they are often unable to resolve the issues. For example, the Marina Program has been experiencing speed issues for over two years, and Nautical Software Solutions technical support suggested that the speed issues were due to the number of accounts in the system. They recommended that Port staff archive the accounts one at a time. Four staff members spent over 60 hours archiving approximately 20,000 accounts, but there has been no change in the speed of the system. Staff also requested an upgrade for the electrical meter reading and dock-wall software and hardware over two years ago, but they have not received the upgrade and the 2005 electrical meter reading module failed in November.

Mr. McChesney said it is important to remember that when marine operations personnel are trying to process transactions and the system bogs down, it makes matters much worse from a customer interface point of view.

Ms. Drennan advised that in April and May 2013, staff looked at a couple of marina management software programs: FSM and the Total Marina Package. Staff preferred the Total Marina Package, as the software functions similar to the way the Port operates, while being on a current platform (.NET Technology). She noted that the Port of Port Townsend recently switched to the Total Marina Package, and they are happy with it. In addition, the software is written by Annette Kord, who has provided the Port with excellent customer service in the past. Ms. Kord has two other employees who are available to provide support if she is not available. Ms. Kord and Port staff have agreed to a tentative cut-over date of March 1, 2014, which means the March Financial Statements would be sent out using the new software.

Ms. Drennan said that new marina management software is identified in the 2014 Capital Budget at a cost of \$15,000. The cost of the Total Marina Package would be \$13,723 plus sales tax. She noted that the project would meet the Port's mission of providing and/or fostering quality services and facilities for tenants and the boating community. She recommended the Commission approve the purchase of the Total Marina Package from Kord Information Systems.

Commissioner Faires asked about the amortization schedule for the new software. Ms. Drennan answered that software is typically amortized over a three-year period. Commissioner Faires noted that the existing software is already fully depreciated so the purchase would be incremental to the Profit and Loss Statement.

Commissioner Orvis asked if an additional contract with Kord Information Systems would be required for training and support. Ms. Drennan said there would be an annual cost for software support of about \$1,600 per year, which is consistent with what the Port pays for their current software support. She said she does not anticipate that staff training on the new software will be necessary. Training will be more related to Port policy and procedure.

Commissioner Preston asked if the estimated cost for the Frontstream Payments Credit Card Interface would be a one-time cost or a monthly fee. Ms. Drennan said her understanding was that this would be a one-time fee, but she would request additional clarification. (Ms. Drennan researched and found this was a one-time fee).

Commissioner Preston asked if the software program would be compatible with an I-pad so staff could utilize the system while out on the docks. Ms. Drennan answered that the metal roofs at the marina disrupt the WiFi service on the docks. While staff considered this option, they chose not to pursue it at this time.

Commissioner Preston asked how the Port would back up the data that is put into the system. Ms. Drennan answered that the Port's IT technician performs an automatic back up each night. Commissioner Preston asked if staff has considered backing up in the cloud. Ms. Drennan said she has looked at it and it would be costly.

Commissioner Preston asked if staff researched the type of software that other marinas use. Ms. Drennan answered affirmatively. Many marinas use FSM Software, but Port staff preferred the Total Marina Package.

Commissioner Preston expressed concern that Kord Information Systems is owned by one person with just a few employees. If something were to happen to the owner, the Port would be left without any support for the software. She explained that there are no off-the-shelf software programs that meet the Port's needs, so any software purchase would carry the same risk. The market for marina management software is very small.

COMMISSIONER GOUGE MOVED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE DIRECTOR TO PURCHASE THE TOTAL MARINA PACKAGE SOFTWARE AND HARDWARE FROM KORD INFORMATION SYSTEMS IN THE AMOUNT OF \$13,723 PLUS SALES TAX, WITH THE PROVISIO THAT THE FRONTSTREAM PAYMENTS CREDIT CARD INTERFACE WOULD BE ELIMINATED FROM THE CONTRACT IF A MONTHLY CHARGE WOULD APPLY. COMMISSIONER FAIRES SECONDED THE MOTION.

Commissioner Preston said he recently visited the Kord Information Systems website where he saw a written statement that, as of April, the company had gotten behind with website updates. He said this statement raised some concerns about the company's ability to provide adequate support to the Port. Ms. Drennan expressed her belief that Ms. Kord has demonstrated her company's ability to provide excellent customer support.

THE MOTION CARRIED UNANIMOUSLY.

Ms. Allison left the meeting at 8:10 p.m.

YEAR-END MAINTENANCE REPORT

Mr. McChesney said he has been very pleased with the amount of production and the quality of work that Mr. Menard has been able to accomplish with facilities maintenance and marine operations staff over the past year.

Mr. Menard said that, over the past year, he has tried to expand the Port's ability to perform work in house by training staff and purchasing the necessary equipment. He noted that many of the staff had never been involved in large maintenance projects, and he is proud of what they were able to accomplish. He reviewed the list of 2013 accomplishments as follows:

- The entire back flow assembly in the administration and north parking lot was torn out and the valve for the irrigation and water systems was replaced.
- The boatyard boat stands were overhauled and repainted.
- Jam nuts were installed on the dry storage racks, which eliminated the need to torque test the nuts that hold the structure together. Mr. McChesney pointed out that this would result in a labor savings as staff would no longer be required to tighten the nuts on the dry storage stands every other year. Mr. Menard indicated that staff would spot check the jam nuts from time to time.
- The damaged dry storage bunks were replaced with new ones.
- The electrical pedestals in permanent moorage were refurbished, and the project consumed a significant amount of staff's time. They changed out several hundred plugs and addressed issues related to wire size. They also addressed issues with pedestals that were not charging customers for the electricity they were using. Commissioner Faires asked if the condition of the receptacles in the permanent moorage suggests there may be other problems. Mr. Menard explained that, in the past, the Port's approach was to replace

receptacles when they failed. Now staff conducts regular visual inspections and corrects identified problems. He commented that the electrical systems at the Port are now up to date and he does not foresee any significant problems.

- The electrical pedestals in the workyard were also refurbished and brought up to standard.
- Most fleet maintenance is now done in house, and he is trying to do more equipment maintenance on the hoist and travelift in house, as well. He is also working with the equipment operators to give them some mechanical background on the machines they operate.
- The fire dock and ramp were rebuilt. Many of the structural members were rotted out and needed to be replaced.
- Staff removed the overhead steel structure and cleaned up the appearance of the fire dock.
- The fire extinguisher boxes were refurbished and now look like new.
- The guest moorage walers, rub boards and rub edges were replaced.
- The waler, rub boards and rub edges on I dock were also replaced.
- A new computer work station was installed at the Marine Operations office.
- Staff continues to apply sealant on the permanent moorage docks.
- The thru bolts were replaced on the public launch dock. These bolts hold the dock together. The rub board and rub edges were also replaced.
- A significant number of trees along Admiral Way were trimmed, and staff is planning to trim trees at Harbor Square in 2014 as time permits.
- The Port received a surprise inspection from Labor and Industries in November. Employees were interviewed and the inspectors walked the grounds. The Port passed the inspection with no findings.
- A water main broke in front of Harbor Square Building 4. This required removal of the sidewalk in order to replace five feet of pipe.
- The irrigation line at Harbor Square was overhauled. There are a lot of issues with tree roots intermingling with the irrigation system, causing pipes to break.

Mr. Menard reviewed that projects Port staff will be involved in during 2014 include:

- The launcher will be upgraded with a new launcher and crane assembly.
- The administration building will be remodeled to give employees more office space in the back of the building.
- The lighting on the breakwater will be upgraded.
- The fuel dock dispensers will be upgraded.

Mr. McChesney commented that the list of maintenance projects is impressive. With the exception of the fuel dock and launcher projects, all of the work will be done in house by Port staff. He said this is an important step forward for the Port. He explained that when the Port has to bid projects out, it takes longer and the costs increase. Production also gets bogged down in the process. He said he is pleased with the production, quality and safety of the facilities maintenance and marine operations crews.

Commissioner Faires asked how often the Port must apply seal to the docks. Mr. Menard explained that, once applied, the product protects the docks for a period of approximately two to three years. The product the Port previously used was water based and was useless in the marine environment. The new product is a commercial-grade industrial sealer that he has used successfully on other projects. Commissioner Faires noted that the sealant should last longer on the docks that are covered. Mr. Menard agreed and said it might be beneficial to apply a double coat of sealant to the docks that are uncovered.

Commissioner Faires congratulated Mr. Menard for his efforts to train staff and make them responsible for a variety of things. He expressed his belief that this approach makes employees feel better about their jobs.

Commissioner Gouge asked how the Port could inform tenants and Port District residents of the projects accomplished by staff throughout the year to keep the Port in good repair. It is important to let customers and taxpayers know where their money is being spent. Commissioner Orvis cautioned the Port to be careful not to come across as "blowing its own horn." He explained that people come to expect a high level of service and quality facilities at the Port of Edmonds. While it would be appropriate to inform tenants and taxpayers where the Port is spending its money, they must be careful not to overstate the great things they are doing.

The Commission agreed it would be appropriate to publish an informational piece in *THE EDMONDS BEACON*. Mr. Blossy suggested that the article should identify the cost savings associated with staff doing the work in house. They also agreed to provide quarterly updates in the tenant newsletter about projects that have occurred. However, it should be done in a “news” kind of way rather than bragging. It was noted that an article in the 3rd quarter tenant newsletter included a list of projects Port staff worked on in 2013.

Mr. McChesney observed that each employee has a variable set of skills and experience that must be taken into account. From a team building standpoint, they have shown remarkable progress over the past few years. It is not all about individual skills, but how they work together as a team and they have shown great progress under Mr. Menard’s leadership.

Mr. Menard thanked the Commission for giving him what he needs to perform the jobs in house, and he anticipates future requests for tools and equipment that will enable staff to take on additional projects.

EXECUTIVE DIRECTOR’S REPORT

Mr. McChesney reported that he met recently with Greg Jacobsen, from Jacobsen Marine, who informed him that the project is still on track. They have applied for the required building permits, and he has been working with the City’s Planning and Public Works Department to address issues. The one remaining issue has to do with stormwater. Stormwater is very technical and they have not figured out what the final solution will be yet. However, he does not anticipate that this issue will hold up the project.

Mr. McChesney said he hired the services of Reid Middleton to set up corner posts to identify the Jacobsen Marine site so staff can begin moving things to the north. Mr. Jacobsen has ordered the new building, so it is now just a matter of going to the Architectural Design Board for design review in January and obtaining the necessary building permits from the City. Mr. Jacobsen indicated that the project is still on schedule.

Commissioner Gouge asked if staff has addressed potential parking issues with the Edmonds Yacht Club (EYC). Mr. McChesney advised that he has not met with EYC representatives to address this issue yet. However, he anticipates that parking would be shifted to the north. While this might be less convenient for EYC clientele, it should not be a significant hardship. He said he plans to meet with EYC representatives in the near future to discuss potential impacts to their facility.

Commissioner Faires suggested that the Port explore the option of Jacobsen Marine and the EYC sharing at least a portion of the parking space, particularly during hours when Jacobsen Marine is closed. Mr. McChesney agreed that is one option to explore when he meets with Jacobsen Marine and the EYC to discuss the issue further. He said he is confident they can work together to resolve the parking issue.

Mr. McChesney announced that the Shoreline Master Plan is scheduled for continued discussion on the City Council’s December 17th agenda. He said he will attend the meeting and pay close attention to the Council’s discussion.

Mr. McChesney advised that the Port was recently notified by the County Auditor’s Office that Commissioners Gouge, Faires and Block must take the oath of office prior to resuming their duties in 2014. He suggested that this take place at a special meeting on the afternoon of December 30th. Commissioners Faires and Block indicated they would be available on that date, but Commissioner Gouge would not. He agreed to arrange a different time for the Port Attorney to administer the oath of office.

Mr. McChesney reported that Ms. Drennan recently spoke with a representative from the Port of Everett, which recently purchased I-pads for each of its commissioners. He noted that I-pads are preferred because they are susceptible to fewer viruses. The I-pads can be set up with a connection through a cell phone company so that they do not have to be connected to in-house routers.

Commissioner Preston questioned the need for the Port to pay a monthly charge for a data plan for each of the devices when WiFi is available in their homes, at the Port administration building, etc. Some Commissioners questioned the need for individual devices and indicated they did not want one. They briefly discussed the pros and cons of having individual devices and agreed to discuss the issue again at the January 14th Strategic Plan retreat.

Ms. Kempf reported on her attendance at the Northwest Marine Trade Association's (NMTA) Marina Committee Meeting last week where an overview of the revisions to the hydraulic code was provided. She explained that the Department of Fish and Wildlife is revising the rules because they believe they are outdated. She noted that many of the changes will have an impact on marinas, including the Port of Edmonds. Public comments on the proposed revisions are due by December 13th, and there will be an additional opportunity for public comment in the spring of 2014. The rules are slated for final adoption in the summer of 2014. The NMTA has submitted comments regarding the proposed provisions. Of particular concern is that the proposed new rules could be interpreted to apply not only to new construction, but to maintenance of existing structures, as well. She said the Port could tag on to the NMTA's response, but they should also pay close attention as the issue moves forward. She advised that she has a copy of the PowerPoint presentation that was made by the Department of Fish and Wildlife at the NMTA meeting. She said she was surprised that so few marinas were represented to hear the presentation. She said she also sent an email to Gerry O'Keefe at the Washington Public Port Association (WPPA), asking him to share his thoughts on the proposed changes. She suggested this would be a great roundtable discussion topic at the upcoming spring WPPA meeting.

Mr. McChesney advised that the last meeting of 2013 will be held on December 30th at 3:00pm. It will be a special meeting, and the agenda will include approval of accounts payable and the oath of office for new Commissioners. No other items of business will be scheduled on the agenda.

Mr. McChesney invited Commissioners to attend the staff's holiday event in the new banquet room at Anthony's Restaurant on December 18th from 12:00 to 2:00 p.m.

COMMISSION COMMENTS AND COMMITTEE REPORTS

Commissioner Orvis said traffic calming in Edmonds is still a big concern, and he plans to once again ask the City Council to consider opportunities for crosswalks between Harbor Square and the waterfront.

Commissioner Block reported that she and Commissioner Gouge attended the retirement party for Bob Drewel. It was an interesting evening with high attendance. Commissioner Gouge agreed that it was a good event with a lot of representation from jurisdictions and organizations throughout Snohomish County.

Commissioner Gouge announced that Frank Yamamoto has resigned as an Edmonds City Council Member.

Commissioner Gouge thanked the staff for all their hard work throughout 2013.

Commissioner Preston suggested it would be helpful to have I-pads or laptops available at the Port's booth at the Seattle Boatshow to capture names and email addresses to create a database. He agreed to discuss this option further with staff.

Commissioner Preston referred to an article in a local newspaper, which indicated that cities estimate that utility bills could increase by as much as \$200 per month under the proposed new water quality standards. The Association of Washington Cities and Counties plans to go to battle with the Department of Ecology regarding the proposed standards.

ADJOURNMENT

The Commission meeting was adjourned at 9:05 p.m.

Respectfully submitted,

Jim Orvis
Port Commission President