

## PORT COMMISSION OF THE PORT OF EDMONDS

### MINUTES OF REGULAR MEETING

March 31, 2014

#### COMMISSIONERS PRESENT

David Preston, Vice President  
Bruce Faires, Secretary  
Mary Lou Block  
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

#### COMMISSIONERS ABSENT

Jim Orvis, President

#### CALL TO ORDER

Vice President Preston 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 MARCH 10, 2014 MEETING MINUTES**
- C. APPROVAL OF MARCH 17, 2014 MEETING MINUTES AS AMENDED**
- D. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$230,694.76**

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

#### PUBLIC COMMENTS

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

#### REQUEST FOR BUSINESS MOORAGE – JACOBSEN'S MARINE

Mr. McChesney reviewed that on October 24, 2013, the Commission approved a lease with POE 2 LLC (commonly known as Jacobsen's Marine) and further authorized the Executive Director to fully execute and sign the lease. Since that time, forward progress has been made towards finalizing plans for a new building and relocation of Jacobsen's Marine to the Port of Edmonds. He referred to Section 2 of the lease agreement, which outlines dock space provisions. Section 2.2 specifically states that "Lessee may lease from the Port up to 200 lineal feet of dock space for Lessee's use, at a location in the Port's marina, that the Port will designate and may, from time-to-time, relocate, at its reasonable discretion. The cost of the dock space shall be in addition to the Lessee's rent and shall be

based on the dock rate schedule in effect and as adjusted by the Port and shall be by separate agreement between the Parties.”

Mr. McChesney reported that Port staff conducted a walk through with Jacobsen’s Marine on February 4<sup>th</sup> to identify potential locations and options for accommodating the dock space lease provision. A letter outlining the options was sent to Jacobsen’s Marine on February 12<sup>th</sup>, and Jacobsen’s Marine choose Option A (1) #1 to start, which is a 40’ by 15.5’ slip at M-5 and a 50’ x 15.5’ slip at N-4. Both slips are close to the site where Jacobsen’s Marine will be located and provide good visibility to support their business purposes. Assignment of the slips will also support the Port’s purposes to be a responsible financial steward. He noted that because both a 40’ and 50’ foot slip were available at the same time, there were viable options for the Port to relocate existing tenants. In addition, all persons on the 50’ waiting list had exercised their option to pass up an offer of moorage and were ineligible to be considered for moorage. By placing Jacobsen’s Marine in Slips N-4 and M-5, the Port will maximize its financial occupancy.

Mr. McChesney reviewed the fiscal impacts associated with the Jacobsen’s Marine lease as follows:

- The moorage agreement would include 90 feet of dock space that will lease for \$972.30 per month or \$11,668.68 per year, not including future rate increases or expansion up to a maximum of 200’ of dock space.
- The land lease for the building will result in \$4,140 per month or \$49,680 per year.
- The warehouse space will lease for \$2,698.44 per month or \$32,381.28 per year.

Mr. McChesney summarized that the Port’s Strategic Plan and Westside Master Plan support the moorage agreement, and it is the Port’s mission to operate the facility in a fiscally sound manner, provide and/or foster quality services and facilities for tenants and the boating community, and play a leadership role in ensuring that the waterfront is a vibrant, active centerpiece for the Edmonds and Woodway communities. He recommended the Commission approve the request for business moorage as presented.

Commissioner Faires asked if the moorage agreement would include the entire dock, including the additional 40 feet between M-5 and N-4. Mr. McChesney said the moorage agreement only involves the 40’ and 50’ slips at this time. However, there is potential to expand the space to include the entire dock, minus about 25 feet that is needed in the middle to allow boats in adjacent slips sufficient room to maneuver. Jacobsen’s Marine plans to use the slips to support its service and sales operations, and they will manage the boats that use the space.

Commissioner Gouge asked if Jacobsen’s Marine would be charged an overhang fee if they decide to use the additional dock space beyond the amount identified in the moorage agreement. Mr. McChesney answered affirmatively.

**COMMISSIONER FAIRES MOVED THAT THE COMMISSION APPROVE BUSINESS MOORAGE FOR JACOBSEN’S MARINE AND AUTHORIZE THE EXECUTIVE DIRECTOR AND/OR HIS DESIGNEE TO PROCEED WITH FINALIZING MOORAGE AGREEMENTS. COMMISSIONER GOUGE SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.**

#### **APPROVAL OF REVISED REGULATION 15: PARKING**

Mr. McChesney referred the Commission to proposed revisions to the Parking Regulations (Chapter 15), which were last updated in 2003. He advised that the updates include the designation of parking areas, the issuance of parking permits, parking enforcement and adding a section for recreational vehicle parking. He noted that parking management comes up frequently, particularly during the summer months, and it is important to have clear, enforceable regulations in place. He said that from time to time, the Port has had to put notices on vehicles that are parked improperly; and on a few occasions, cars have been towed. Staff is very judicious about parking enforcement, but they have to have credibility that the parking regulations will be enforced. He recommended the Commission approve the proposed revisions to Regulation 15 as proposed.

Commissioner Block pointed out that the word “for” should be deleted from Section 15.3.C.a. Commissioner Preston noted that the word “the” should be inserted between “if” and “purpose” in Section 15.3.A.a. Mr. McChesney agreed to correct these scrivener’s errors.

Commissioner Preston referred to Section 15.3.A.b and asked if the Port could accept VISA or MasterCard as payment for parking permits. Mr. McChesney answered that the Port does not currently have the capability to accept credit cards as payment.

Commissioner Preston asked if the Port strictly enforces Section 15.3.A.c, which requires tenants to provide current boat registration and insurance before obtaining a permanent parking permit. Ms. Kempf answered affirmatively.

Commissioner Preston asked if parking for liveboard tenants is also addressed in Chapter 15. Ms. Kempf answered that a reference to the parking section would be provided in the section related to liveboard tenants. To provide clarity, she agreed to also add a reference to the liveboard section in the parking section.

Commissioner Preston asked if the update would still allow people to park anywhere in non-permit stalls for up to three hours. If so, is this opportunity clear to restaurant patrons? Ms. Kempf answered that the three-hour policy for non-permit stalls would remain the same, and the parking lots are signed to provide clarity. She explained that the 3-hour policy was originally intended to address situations where people using the ferry parked for extended hours in Port parking areas. It is not the Port’s intent to be strict with the three-hour limit for patrons that are visiting restaurants and other Port tenants. However, it is important to have provisions in place to ensure that parking is available to both tenants and patrons of the Port.

Mr. McChesney advised that parking is not usually a problem, but parking management guidelines must be in place so staff has a clear understanding of the policies and so the regulations have credibility. He reminded the Commission that when the Edmonds Yacht Club has large events, it is difficult to direct people to the appropriate parking locations. Keeping the lots striped and signed helps, but no amount of verbiage in the regulations will cover all situations. The regulations provide a tool for Port staff to enforce the regulations when needed. It has helped to rope off the permit parking areas during major events, and staff tries to engage violators in positive ways to encourage them to adjust their behavior. Ms. Kempf added that the Edmonds Yacht Club is required to have a security or contact person available at each event to make sure people are directed to the appropriate parking locations.

**COMMISSIONER GOUGE MOVED THAT THE COMMISSION APPROVE THE REVISIONS TO PORT REGULATION 15: PARKING, WITH THE COMMENTS MADE AND THE SCRIVENER’S ERRORS CORRECTED. COMMISSIONER FAIRES SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.**

**APPROVAL OF REVISED REGULATION 18: COMMERCIAL WORK ON PORT PROPERTY**

Mr. McChesney advised that, currently, the Port requires all commercial vendors to have insurance coverage in the amount of \$500,000 minimum. However, vendors named as incidental businesses (boat cleaning, detailing, canvas/sail repairs, and carpet cleaning, etc.) are not required to provide the Port with a copy of their insurance naming the Port as additionally insured. They are not required to fill out a hold harmless agreement, either. The proposed changes to Regulation 18 would require all commercial vendors, including those previously named as incidental businesses, to have a minimum of \$1 million insurance coverage.

Mr. McChesney advised that the proposed change meets the Port’s mission to provide a high level of customer service consistent with the values of the clients and ensure the Port facilities are attractive, safe, clean, user friendly and readily accessible. In addition, the change meets the Port’s mission to foster and provide quality services and facilities for tenants and the boating community. He recommended the Commission approve the revisions to Regulation 18 as proposed.

Commissioner Faïres suggested the Commission table their decision until they have more information about how the proposed change would impact incidental businesses in the marina. He does not want to eliminate a tenant’s ability to have these services performed.

Mr. Cattle agreed that the Commission could postpone their decision until further information is available, but the real question to ask is not whether insurance should be required, but how costly the insurance would be. He commented that businesses that perform work at the marina should have insurance coverage so the Port is not liable for situations they might create.

Ms. Kempf pointed out that 80% of the vendors on the Port's list already have at least \$1 million in coverage, so the proposed change would not have a significant impact on them. She pointed out that some people who provide various boat detailing services may not be associated with legitimate businesses, and the change could have a significant impact on these individuals. However, there are plenty of legitimate companies that provide this service that already have the required coverage.

The Commission agreed that there should be a standard requirement for all vendors. However, they agreed to table their decision to allow staff to provide more information and ideas. It was suggested that the proposed change be announced in the next tenant newsletter, with an invitation for tenants to comment.

### **EMERGENCY REPAIRS OF BROKEN MARINA WATERLINES AND PIPES WORK ACCEPTANCE**

Mr. McChesney reminded the Commission of the sudden hard freeze that occurred the week of February 3<sup>rd</sup>, which caused damage to the Port's waterlines. On February 10<sup>th</sup>, the Commission approved Resolution 14-01, declaring an emergency and allowing the Port to waive competitive bidding requirements for repairing the broken waterlines and pipes, and a contract was awarded to Bering Industrial Contractor's, Inc. on February 11<sup>th</sup> for \$15,900 plus sales tax. Work began on February 20<sup>th</sup> and was completed on February 27<sup>th</sup>. The work was accepted by the Facilities Maintenance Manager on February 27<sup>th</sup>, and staff is now seeking Commission acceptance of the contract as complete.

Commissioner Faires asked if the Executive Director is confident that the new policy and procedures will preclude this problem in the future. Mr. McChesney advised that staff is in the process of rewriting the policies and procedures, and he is confident that staff will do everything they can to make sure the procedures are well understood to avoid future problems to the extent possible.

Commissioner Gouge asked how long it takes staff to prepare for a freeze. Mr. McChesney answered that it takes approximately 1.5 days to prepare for a freeze, as the water must be blown out of each individual line. The project is labor intensive, and it requires the Port to make a judgment call each time a freeze is anticipated.

**COMMISSIONER GOUGE MOVED THAT THE COMMISSION ACCEPT THE EMERGENCY REPAIRS OF BROKEN MARINA WATERLINES AND PIPES CONTRACT AS COMPLETED. COMMISSIONER PRESTON SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.**

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

Mr. McChesney apologized for cancelling the public launch dedication ceremony that was scheduled for earlier in the evening. He explained that due to unresolved technical and engineering issues, Port staff was unable to accept the project as complete at the end of last week, and the ceremony had to be postponed. At this time, they are waiting for completion and acceptance by the engineer. Staff feels confident they will have a public launch that meets the contract specifications before they accept the project as complete. They will be consulting with the Engineer and contractor throughout the week to make sure the project meets the quality standard the Port has every right to expect.

Mr. McChesney reported that the City of Edmonds is just finishing up their staff review of the Jacobsen's Marine application, and they anticipate a building permit will be issued by the end of the week. The Port has prepared the site, but it will likely be two weeks before the project gets started.

Mr. McChesney announced that he would meet with representatives from Hart Crowser on Wednesday to get their project started.

Mr. McChesney said he is planning to attend the Washington Public Port Association's (WPPA) spring meeting on May 14<sup>th</sup> through 16<sup>th</sup> at the Heathman Lodge in Vancouver.

Ms. Kempf advised that she was contacted by the Government Relations Director at the Northwest Marine Trade Association (NMTA), asking the Port to consider supporting a veto action to Governor Inslee pertaining to Section 501 of the derelict vessel bill that was recently approved by the Legislature. He expressed concern that it would be difficult for marinas to comply with the new requirements, which he felt were unreasonable.

Ms. Kempf said she reviewed Section 501 to identify potential impacts to the Port. She explained that the majority of the requirements are administrative (collecting registration and insurance information) and things the Port already does. However, it would be more difficult for the Port to comply with the requirement of knowing the home port of all vessels in the marina since home ports change all the time. She said she discussed the issue with Mr. McChesney, Jerry O'Keefe from WPPA, and Larry Crockett, Executive Director for the Port of Port Townsend. They agreed that the concerns were not significant enough to warrant their participation in the veto request.

Ms. Kempf reported that the NMTA forwarded a letter to Governor Inslee, requesting that he veto Section 501 of the bill. The letter expressed concern that the Department of Natural Resources (DNR) Derelict Vessel Removal Program is already funded by a \$3 fee that is paid by recreational boaters. It was pointed out that, although they participated in stakeholder meetings, they were not consulted on or made aware of the requirements contained in Section 501. They felt it was inappropriate for marina managers to act as quasi—DNR agents. She noted that although the veto request was supported by both the NMTA and the Port of Seattle, the WPPA has chosen not to participate.

Commissioner Preston requested more information about the purported changes that occurred late in the process. Ms. Kempf said that when stakeholders met to discuss the legislation, they were excited that it would require commercial vessels to pay into the derelict vessel fund along with recreational boaters. However, Section 501 was added in a later rendition of the legislation to require ports to collect insurance and registration information, keep identification numbers on file, and make sure that boaters that are not registered in Washington State know what the laws are. She suggested that some people are reading too much into the requirements, since most are consistent with the Port's current practices. The remaining requirements will only present a slight burden to the Port. She said the Legislature has indicated a willingness to reconsider portions of the bill during the next legislative session.

Mr. McChesney added that, from the Port's point of view, they do not want to get out in front of the issue. Instead, they will rely on direction from the WPPA's Marina and Legislative Committee. The Commission concurred with this approach.

Ms. Kempf said the Port recently received a request from a Meadowdale High School student, explaining his desire to organize a dive to clean up a section of Puget Sound for his senior project. After visiting several sites, he determined that the Port of Edmonds Marina would be the best location. He is working with Annie Crawley, a local woman who has a real passion for cleaning up the ocean and actually makes presentations to children, teaching them about what garbage does to the ocean. Ms. Crawley is also involved in the Sunset Beach Camp, where over 350 students were able to scuba dive last summer. She is now working with the student to organize the dive and provide the necessary liability coverage. The most likely location for the dive is in the north marina near V Dock. They are hoping to schedule the event on April 12<sup>th</sup>, and the Port has agreed to provide a dumpster for the garbage they collect. Ms. Crawley has created a news release, which will be published in local newspapers tomorrow.

Commissioner Faires asked if the dive event would be limited to just a small location in the north marina. Ms. Kempf said she has asked that the dive be limited to six individuals in the water at any given time, and that they keep to a specific area. For example, the divers would not be allowed under boats. She said Ms. Crawley is planning a preliminary dive next week to make sure the area they have chosen will create enough interest and be fruitful enough to be a good project.

Commissioner Faires asked if the dive could result in the Port incurring significant clean up costs if significant debris is discovered in the water. He said he is sure dive companies have a good idea of what is in the water, and perhaps it would be appropriate to ask them to contribute to the project. Ms. Kempf agreed to contact divers and gauge their interest in participating.

Commissioner Preston said the City of Mountlake Terrace has a list of potential Eagle Scout Projects, as well as a program to provide funding assistance. He suggested that the Port consider a similar program for both Eagle Scout and Senior Projects.

Ms. Kempf advised that Port staff is in the process of updating the most recent Organizational Chart to include the new hires and most recent changes. She noted that Security Officer, Al Zurlo recently retired. The position has been advertised, but only a few applications were received. Current security staff will fill the vacant position until someone new is hired. She also announced that Fred Bonallo has announced his resignation effective June 15<sup>th</sup>.

Ms. Kempf announced that she would attend the Pacific Coast Congress (PCC) Meeting in Newport, Oregon, on April 9<sup>th</sup> through 11<sup>th</sup>. She noted that this year, the PCC is celebrating its 40<sup>th</sup> Anniversary.

### **COMMISSION COMMENTS AND COMMITTEE REPORTS**

Commissioner Faires announced his plan to attend the WPPA Spring Meeting, principally to attend the committee meetings on Wednesday.

Commissioner Block reported on her attendance at the recent Edmonds City/Chamber Arts and Culture Committee meeting, where the annual awards were presented. She agreed to provide a list of the award recipients at the next meeting.

Commissioner Gouge reported on his attendance at the Economic Alliance of Snohomish County Sea Corps Evening at the Everett Golf and Country Club where the discussion centered on how to promote available real estate space at ports in Snohomish County.

Commissioner Gouge said Mayor Earling invited him to attend the Edmonds School District's Annual Breakfast Fundraiser on March 21<sup>st</sup>. It was a great event where students who benefited from the funding shared their success stories. He noted that the event raised over \$60,000.

Commissioner Gouge announced his plan to attend the April 1<sup>st</sup> Edmonds City Council Meeting where the topics of discussion will focus on rules for marijuana businesses and the Sunset Avenue Walkway Project.

Commissioner Gouge said he plans to attend an anniversary event at the Everett Naval Station on April 16<sup>th</sup> from 12:00 to 1:30 p.m. He noted that security clearance is required to get on base. He also announced that he would attend the WPPA Finance Seminar.

Commissioner Faires reminded the Commission that the Port's fundamental purpose is to maximize the economic well being of the Port District and its residents. He expressed concern that the Port's new lease with Hart Crowser simply relocated a business from one location within the Port District to the Harbor Square site. He suggested that the Port's thinking in the future should include the concept that it would be better to bring in a business from outside the community to expand the economic base rather than simply shuffling businesses around.

Commissioner Gouge said he and Mr. McChesney met with a potential tenant who owns a business on 76<sup>th</sup> Avenue right now and was looking for 15,000 square feet of space. He expressed concern that the Port does not have the ability to shuffle existing tenants around to provide large spaces for lease at Harbor Square. In addition, it is difficult for some potential tenants to meet the Port's criteria. In order to entice larger tenants, the Port must consider rebuilding Harbor Square building-by-building. He said the Hart Crowser lease is a win for the tenant, the Port and the community because it allows for Building 1 to be brought up to Class A standards. Commissioner Block pointed out that the Hart Crowser lease also includes lab space, which opens a new thought process for other companies that are looking for space.

Commissioner Preston reported on his attendance at the Economic Alliance of Snohomish County Forecast Luncheon, where the key economist admitted that economists do not do a very good job of predicting recessions. It seems they want to perpetually forecast good news. It was also discussed that, in the political realm, the best way to keep spending down is to have no party in power. When parties are in gridlock, less overspending occurs. It was

noted that before the recession, the Caterpillar Company had a strategy for reducing spending by 40% year after year, and this enabled them to respond to the recession quickly. He suggested the Port consider having an emergency plan in place, as well.

Commissioner Preston said that, at the last City Council meeting, he made a public announcement about the public launch ribbon cutting ceremony, which was later cancelled. He suggested the Port take advantage of opportunities to announce Port events at City Council meetings, which are broadcast to the public.

**ADJOURNMENT**

The Commission meeting was adjourned at 8:25 p.m.

Respectfully submitted,

A handwritten signature in black ink that reads "BFaires". The initials "BF" are written in a stylized, overlapping manner, followed by the name "Faires" in a cursive script.

Bruce Faires  
Port Commission Secretary