



PORT COMMISSION OF THE PORT OF EDMONDS

MINUTES OF REGULAR MEETING

October 13, 2014

COMMISSIONERS PRESENT

Jim Orvis, 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

David Preston, Vice President

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 SEPTEMBER 29, 2014 MEETING MINUTES**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$257,506.66**

COMMISSIONER GOUGE SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

PUBLIC COMMENTS

No one in the audience indicated a desire to address the Commission.

2015 PRELIMINARY BUDGET

Mr. McChesney advised that staff has been working on the 2015 budget for the past few months, and they have met a few times with the Finance Committee to finalize the draft documents for the Commission's discussion. He emphasized that this is the first time the budget has been presented to the entire Commission, and there will be another work session and public hearing on October 27th.

Ms. Drennan recalled that the budget work started on August 15th, when the staff and Commission discussed the budget baseline conditions, the property tax levy, and economic development expenses. She pointed out that the

Cash Flow Model was used as the baseline for the budgeting process. She referred to the draft marina budget, rental property budget, overhead budget, capital budget, and projected cash flow schedule, all of which were attached to the Staff Report. She reported that the Finance Committee met on September 29th to discuss the preliminary budget, and their recommended changes were incorporated into the attached documents.

Ms. Drennan also emphasized that this is the first time the 2015 budgets have been presented to the Commission and the public, but the documents have been available online since October 6th. She explained that, after the workshop, the Commission may accept public comment about the budget. A formal public hearing will be held on October 27th, and updated budget packets for the hearing will be available on the Port's website no later than October 24th. She advised that the final budget is scheduled for approval on November 10th.

Ms. Drennan referred to the pie chart at the top of Page 3, which illustrates revenues from rental properties (28%), property taxes (5%), the marina (66%), and miscellaneous (1%). The pie chart at the bottom of Page 3 illustrates expenses by cost center for rental property (22%), overhead (17%) and marina (61%). She also referred to the 2015 Combined Operating Budget (Pages 4 and 5), which provides a summary of the pages that follow.

Ms. Drennan advised that the 2015 Marina Operating Budget is on Page 6, and its associated notes follow on Pages 7 through 11. The Commission and staff reviewed the 2015 Marina Operating Budget and notes as follows:

- **Note M8** – Ms. Drennan explained that Permanent Moorage Revenue is budgeted with a rate increase of Consumer Price Index (CPI) plus 1%, with a 4% vacancy. CPI is 2%, so the total rate increase would be 3%, which would result in a \$95,000 increase over 2014 projected revenue.
- **Note M9** – Ms. Drennan advised that Dry Storage Revenue is budgeted with a rate increase of CPI plus 1%, as well, with a 10% vacancy. This will result in a \$12,000 increase over 2014 projected revenues.
- **Note M15** – Ms. Drennan said Cost of Sales shows an increase over 2014 based on the Executive Director and Deputy Director's proposal that the Port start accepting credit cards for permanent and dry storage. It is estimated that 75% of the tenants would pay with a credit card, and the fee would be about 2%. Credit card statements are complicated, and each company has its own rate structure and fees. This makes it difficult to come up with a true number.

Commissioner Faires noted that the decision to allow the use of credit cards for moorage payments is estimated to increase Cost of Sales from \$15,000 in 2014 to \$82,000 in 2015. While he supports budgeting for this option, he is not comfortable moving forward with the change before they have a clear understanding of the costs and demand for the service. He suggested they seek feedback from the tenants as to whether or not this would be a true benefit, and then determine if the value would be worth the cost.

Ernie Collins, Edmonds Yacht Club, indicated that the yacht club is going through a similar investigation. Should the club decide to move forward, members would have the ability to pay their bills via credit card on the club's website. This option can reduce the amount of fees charged by the credit card companies.

Mr. McChesney suggested that the Commission consider the option at their retreat in early 2015 when they review the Cash Flow Model. He emphasized that including the funds in the budget would not obligate the Commission to implement the program if it decides it would not be feasible. The Commissioners agreed that including the option in the budget would serve as a placeholder, pending future discussion by the Commission before a final decision is made.

- **Note M24** – Ms. Drennan reviewed that Employee Benefits includes a Public Employment Retirement System (PERS) contribution of 9.21%. In addition, the Health Care Authority (HCA) increased its rates for medical care coverage by approximately 4.7%. The increase for 2014 was only .8%.
- **Note M26** – Ms. Drennan advised that insurance runs from September 2014 to August 2015, and it is anticipated next year's cost will increase from \$131,000 to \$159,000. Insurance costs increased by approximately 8% for this renewal.

Commissioner Faires requested an explanation of the significant increase in insurance rates. Ms. Drennan explained that Enduris provides property insurance, general liability, public officials errors and omission, etc.. Marina operator's liability is also done through Enduris, but provided by Alliance. The significant rate increase is partially due to the market and partially due to experience and history. There have been a few incidents over the past few years, such as the marina fire and a pipe breaking in a Harbor Square Building. In addition, the rates were increased based on the Swift inflation factor. The Port's current coverage would replace structures based on current value rather than historic costs. This is a benefit to the Port, but as the value of the Port's assets increase, the rates will likely continue to increase, as well.

Commissioner Faires asked if the Port's insurance company has recovered costs associated with the fire from the boater's insurance company. Ms. Drennan said the situation has been completed. While the judge gave an opinion that the Port and its insurance company did not agree with, the insurance company decided to settle the claim for \$60,000. The Port was reimbursed its cost, and Enduris decided not to pursue it further.

Commissioner Faires observed that when the Port first started with Enduris, their rates were significantly lower for the same coverage as their previous carrier. He asked if staff knows with sufficient certainty that Enduris still offers the best rates. Ms. Drennan answered affirmatively.

- **Note M32** – Ms. Drennan said it is anticipated that Professional Services will be greater in 2015. The Port currently has a Port Management Agreement with the State of Washington's Department of Natural Resources. In order to renew the agreement, but Port must complete a survey within the next two years. If you draw a line from the boardwalk outside of Anthony's Homeport Restaurant north and south, the property inside belongs to the Port and the property outside belongs to the State and is managed by the Port. The Port does not pay any lease fees to the State for this property because it is considered "water access." Reid Middleton conducted the previous survey, and they recently estimated it would cost \$21,000 to complete a new one. In addition to the survey costs, it is anticipated that environmental engineering services associated with the 2016 boatyard permit will cost about \$7,000.
- **Note M35** – Ms. Drennan advised that Salaries and Wages include a CPI increase of 2% and a merit pool of 1% for a combined increase of \$17,000. The merit pool was established as per the revised compensation plan that was adopted in 2013 and is subject to performance reviews. In 2013, salaries and wages were distributed as follows: marina (62%), properties (7%), overhead (28%) and capital projects (3%). 2015 salaries and wages were budgeted the same way.
- **Note M41** – Ms. Drennan explained that Interest Expenses decrease as the Port pays off its bonds, which are scheduled to mature in June and July 2017. As the Port pays down its principal, the interest also decreases.
- **Note M43** – Ms. Drennan advised that Depreciation in 2015 is estimated to be about \$1,083,000, and this includes the current projects as well as projects that may be capitalized in the near future.

Commissioner Faires recalled that the recent Audit Report indicated that some depreciation has been misallocated for a length of time. He asked how much money this misallocation involved. Mr. Drennan said it involved about \$7,000 per year. However, this misallocation's impact on the 2015 budget would be immaterial.

- **Note M44** – Ms. Drennan explained that the Government Accounting Standards Board (GASB) requires government entities the size of the Port to begin recording a liability for Other Post Employment Benefits for the 2009 calendar year. This liability is phased in over a 10-year period, and the 2013 marina liability was \$35,000. Staff estimates the same for 2015.
- **Note M46** – Ms. Drennan advised that for budget purposes, 70% of the Port's overhead costs were allocated to the marina and 30% to rental properties.

- **Note M11** – Commissioner Block requested more information about the boatyard’s downward trend. Ms. Kempf advised that staff is currently working on numbers for the 3rd quarter of 2014, which should be available at the last meeting in October. In general, activity is down, and the Commission has had previous discussions about the causes. The boatyard has traditionally been on a trend of having higher revenues every other year. Most boaters go to the yard every other year and during the recession many of them decided to delay another year. Ms. Drennan said she is not seeing an every-other-year revenue pattern at this time. The 2015 budget is based on estimated activity in 2014.

Next, Ms. Drennan referred to the 2015 Operating Budget for Rental Properties on Page 12. She also referred to the accompanying notes on Pages 13 through 15. The Commission and staff reviewed the rental property budget as follows:

- **Note P1** – Ms. Drennan advised that the 2015 budget for the Harbor Square Property is \$1,511,000, which is an increase due primarily to the new Hart Crowser lease.
- **Note P5** – Ms. Drennan reviewed that Anthony’s Homeport Restaurant took over the lease of the old Edmonds Yacht Club space in 2013. The projected revenue in 2015 is \$263,000, which is the same as the projected 2014 revenue.
- **Note P8** – Ms. Drennan explained that the Harbor Square Athletic Club’s land lease (tennis courts only) increases annually in November by CPI.
- **Note P9** – Ms. Drennan announced that the POE 2 LLC (Jacobsen’s) lease began July 15, 2014. A full year of rent will be received in 2015.
- **Note P11** – Ms. Drennan advised that the Landing Lease is adjusted every five years. The increases alternate between a cumulative CPI adjustment and a fair market value adjustment. A fair market value assessment was completed in August and identified a \$134,500 fair market rent. The property manager does not agree with this assessment and is doing his due diligence. Mr. McChesney explained the process that was used to determine fair market value, relied on an MAI appraisal by MaCauley & Associates, noting that it will be difficult for the property manager to present a challenge to the process. He believes the numbers are good.
- **Note P24** – Ms. Drennan advised that Professional Services are estimated to be \$133,000. This includes property management (Northwest Country Management) fees of 5.75% of the rental income, legal fees, and \$25,000 for legal fees associated with the Port’s potential appeal of the City of Edmonds Shoreline Management Program (SMP). Mr. McChesney reported that the City of Edmonds is in the final stages of adopting an updated SMP. The Port has notified the City that it does not agree with some elements of the proposed program, and they are prepared to challenge if necessary.
- **Note P25** – Ms. Drennan advised that the 2015 Repair and Maintenance budget would be \$98,000. She referred to Note P25 for a list of the repair and maintenance items anticipated for 2015. She reminded the Commission that a recent condition survey of the Harbor Square Properties identified the need for significant road, parking lot and sidewalk repairs, which the Port will begin to address in 2015 at an estimated cost of \$25,000.
- **Note P29** – Ms. Drennan explained that the Interest Expense is based on an amortization schedule for the 2011 Opus Bank loan with increased loan payments. She advised that the Port intends to make an additional interest payment before the end of the year, but she does not yet know the exact amount of the payment. In addition, the Port is paying additional principal on a monthly basis. The Port has the ability to pay down the principal as much as 10% each year.
- **Note P32** – Ms. Drennan advised that Depreciation Expenses are also increasing based on the capitalization of new projects.

- **Note P35** – Ms. Drennan pointed out that, as proposed, the property tax allocation to rental properties will be \$200,000, which matches the allocations for 2011, 2012, 2013 and 2014.

Ms. Drennan referred to the 2015 Operating Budget for Overhead on Page 16 and the accompanying notes on Pages 17 through 20. The Commission and Staff reviewed the notes as follows:

- **Note O8** – Ms. Drennan reviewed that two Commissioner's terms will expire at the end of 2015, and \$6,500 was allocated to cover the election expense.
- **Note O12** – Ms. Drennan reviewed the Economic Development Budget is \$18,000. Based on the Commission's previous discussion, it will be allocated as follows: Economic Alliance Snohomish County (\$5,000), Destination Port of Edmonds (\$9,500), Sea Jazz (\$2,000), Artists in Action (\$1,000), and Bird Fest (\$500).
- **Note O24** – Ms. Drennan explained that, by law, Promotional Hosting must be budgeted before it can be used, and the proposed budget allocates \$1,000 for this purpose. However, the Port anticipates very little promotional hosting in 2015.
- **Note O37** – Ms. Drennan advised that the property tax allocation (\$150,000) to overhead will be the same in 2015 as it was in 2014.

Ms. Drennan referred to the 2014 Projected Year End data, which is found on Pages 21 and 22. She explained that the numbers are based on revenues and expenses that were in the system as of September 15th. All of August revenues are estimates. The projected income with property tax carry is \$1,048,202. However, they must also take into account the principal payment on bonds, which will be considered a balance sheet transaction and not an expense. The capital items would also reduce the number for cash purposes.

Ms. Drennan referred to the 2015 Capital Budget on Page 23 and reminded the Commission that, last year, they asked her to provide both actual and budgeted amounts for the previous year's capital budget items (first two columns). She advised that the Capital Budget anticipates all capital improvements through 2019, but some of the items are placeholders to keep them on the horizon as the Commission plans for the future. When the Commissioners approve the Capital Budget on November 10th, it will be with the understanding that most of the items will need Commission approval before proceeding. She specifically noted the following projects:

- \$500,000 was allocated in 2015 for the new restroom complex
- \$50,000 was set aside in 2015 for capital maintenance projects that have not yet been identified.
- \$10,000 was allocated in 2015 for technology improvements.
- \$25,000 was set aside in 2015 for the telephone system upgrade. The Port cannot put off the telephone system upgrade for much longer. The system is over 15 years old, and it is not easily changeable.
- The Facilities Maintenance Manager has requested \$8,000 in 2015 for tractor implements. The tractor was purchased earlier this year, and he would like to purchase a sweeper tool.
- \$40,000 was set aside in 2015 for the upgrades to Weather Center structure and the computer components.
- \$5,000 was allocated to purchase a webcam in 2015.
- \$100,000 was allocated in 2015 for electrical upgrades on I Dock.
- \$35,000 was set aside in 2015 to replace the gutters on the docks.
- The Facilities Maintenance Manager recommended the Port purchase a spare hydraulic pump for the travelift, as there is a long lead time for this item if it goes down. \$6,000 was set aside in 2015 for this purpose.
- The Facilities Maintenance Manager also recommended that the 2015 Capital Budget also include a new festoon for the north launcher at a cost of \$7,500.
- The Facilities Maintenance Manager has requested that \$6,000 be allocated in 2015 to purchase a spare pump for dry storage.
- \$25,000 was set aside in 2015 for Harbor Square Capital Maintenance, \$15,000 for replacement of a few HVAC units, and \$15,000 for future tenant improvements.

- The total budget for Capital Projects in 2015 is proposed to be \$847,500.

Commissioner Faires recalled that the initial Weather Center was partially funded by the Rotary Club. He suggested that Port staff should apprise the Rotary Club of the proposed upgrade and ask if they want to be involved.

Ms. Drennan referred to the Projected Cash Flow Schedule on Page 24, which identifies Beginning Cash and Investments in 2015 of \$8,700,000. However, after subtracting the reserve amounts the Port is required to have on hand, the Beginning Available Cash will be \$707,290. As the Commission directed, approximately \$1,349,000 would be moved from the Cash to the Capital Replacement reserve, with the intent of leaving ending available cash at about \$500,000. The Ending Operating Reserve was increased from the 3 months required to 6 months. She reminded the Commission that when the marina collapsed, the reserve was used to get the Port through until reimbursements from insurance and the Federal Emergency Management Agency were available. As proposed, ending Total Cash and Investments will be approximately \$9 million.

Commissioner Faires suggested it might be worthwhile to identify which reserve items are under the Port's control and which are not. Some of the reserve amounts can be adjusted by the Port and some cannot. He felt it was important that the public understand this. The remainder of the Commission concurred.

Ms. Drennan referred to the charts illustrating 2015 Open Moorage Rates (Page 25), Covered Moorage Rates (Page 26), and Dry Storage Seasonal Rates (Page 27). She noted that, as proposed, the rates would increase by CPI (2%) plus 1%. She reminded the Commission that the Port implemented seasonal rates for dry storage a few years ago. The peak season is defined as the months of April through September, and off season is defined as the months of January through March and October through December.

Ms. Drennan advised that Page 28 illustrates the results of the moorage rate survey as of September 2014. As currently proposed, the Port's 2015 rates would be in the same range as other marinas surveyed.

Ms. Drennan pointed out that new fees for Marina Operations services are outlined on Pages 29 through 33. She reviewed the changes as follows:

- A new rate structure for the travelift was implemented in 2014, and the fees would not increase in 2015.
- The proposed budget identifies a new rate structure (winter and summer) for the boatyard in 2015.
- The Port will begin offering mast storage service for sailboats starting in 2015.
- Labor fees in the boatyard were updated to match other labor fees.
- A new rate structure for guest moorage was implemented in 2014, and the 2015 daily fee represents a \$.05 increase per foot. The monthly fee will increase by \$1.00 per foot.
- The public launch fee for a roller trailer will increase from \$25.57 to \$27.39 for a round trip and \$18.26 to \$19.17 for one way. The public launch fee for a bunk trailer will increase from \$36.53 to \$38.35 for a round trip and \$27.40 to \$28.31 for a one way. The intent of the fee increase is to recover the costs associated with upgrading the facility to handle larger vessels.
- The rate for the Caterpillar Forklift will increase from \$46.00 to \$47.50, which CPI plus 1%. The pump out fee will also increase by the same amount.
- The liveaboard fee will increase from \$73.83 to \$76.04, which represents an increase of CPI plus 1%.
- The trailer storage fee will increase from \$57.98 to \$59.72, which represents an increase of CPI plus 1%.
- The sublease and guest key deposit will increase from \$20 to \$50, and the deposit will be refunded when the key is returned.
- Impound fees will increase from \$10 to \$25.
- The installation fee for dock amenities will increase from \$21.50 to \$23.75, which is consistent with other fees.

Commissioner Gouge asked if the Port staff has ever considered offering discounts to people who purchase multiple launches at the same time. Ms. Kempf said they do not offer a discount book, but they do have a discount card where customers who purchase five launches get the sixth for free. This discount program is popular, and people who launched from the Port in prior years have increased the number of times they use the facility since the program started. Some people have requested that the port sell annual passes for the launcher, but staff has not pursued the

option. Mr. McChesney said the theory for the launch is based on the idea that the Port invested money to add value and increase its capacity, and it is fair and reasonable to increase the rates to recover the costs. They did not include the grant funding when calculating the Port's cost in the investment.

Commissioner Orvis said he has listened to numerous discussions about the launch fees being too high, but it is important to keep in mind that many people value the Port and believe it offers a great deal. For example, people who use the Edmonds Marina do not have to launch into the current. Many people appreciate that the marina is close by and easy to access and it is also close to fishing opportunities. Commissioner Faires agreed that the Port offers a great value to its launch customers.

Commissioner Faires asked how many tenants are currently paying \$15 extra for Wi-Fi service. Ms. Drennan answered that the Port no longer charges an additional fee for Wi-Fi service.

Ms. Drennan referred to Page 34, which illustrates the 2015 Pay Scale, including a 2% CPI increase. She recalled that when reviewing the 2014 budget, a Commissioner requested information about how many staff members were at each level.

No one in the audience indicated a desire to address the Commission regarding the budget. Mr. McChesney noted that the budget would be presented for a public hearing on October 27th, and no changes were requested by the Commission in preparation for the hearing.

STATE AUDIT REPORTS

Mr. McChesney reported that the State Auditor's Office recently completed its audit of the Port, and everything went well. Ms. Drennan was the lead staff person working with the auditors and providing them with information and explanations as required.

Ms. Drennan announced that the Washington State Auditor's Office completed the audit of the Port's 2012 and 2013 financial statements on September 10th. She, along with Mr. McChesney, Ms. Kempf, and Commissioners Gouge and Orvis, attended the Exit Conference on September 29th. She advised that the financial statements contained two uncorrected, immaterial misstatements regarding depreciation. In 2000, the Port extended the useful life of its docks from 30 years to 40 years and extended the useful life of parking lots from 40 to 50 years. At the time, the fixed asset and depreciation schedules were maintained by the Port's outside auditor. It appears that the changes were not recorded correctly, causing overstatements of depreciation and accumulated depreciation since the time of the change. Staff assumed the Port's fixed asset program calculates the depreciation correctly. However, as an Exit Item, the State Auditor's Office recommended that staff review and verify the calculations made by the fixed assets program annual. She said she would review and correct these errors before the 2014 annual reports are filed.

Ms. Drennan advised that the second Exit Item is regarding executive sessions, where the documentation was not adequate to demonstrate compliance with the Open Public Meetings Act. The auditors specifically noted:

- Four instances where documentation did not state that the presiding officer announced the time when the executive session would be concluded.
- Four instances where the Commissioners held an executive session before the regularly scheduled meeting.
- One instance in which the Commissioners returned from executive session early and conducted business.
- Two instances where the Commissioners entered into executive session for "real estate matters," the description of which was not sufficient to demonstrate it is an allowable purpose under the law.

Ms. Drennan said the State Auditor's Office recommended staff prepare a form and include check boxes for the allowable purposes under state law with blanks for the other information required for documentation purposes. This should help satisfy the requirements.

Commissioner Faires asked if the problem was associated with holding executive sessions prior to the meeting. Mr. Cattle said it is permissible to have executive sessions prior to the regular meeting. However, they need to advertise the earlier start time as a special meeting for the purpose of an executive session. Also, the Commission should formally commence the meeting at 6:00, and then adjourn to an executive session. In addition, when they adjourn to

an executive session for a specified period of time, they cannot call the regular meeting back to order until the specified time. The problem comes up when they go directly to an executive session without calling the meeting to order. Mr. McChesney advised that staff would review the minutes more closely to make sure all of the required documentation is included.

Ms. Drennan reported that the Port also received two management letter items: one for procurement and one for cash receipting. During the process of preparing the space for Hart Crowser, the Port hired the HVAC service contractor to replace the HVAC systems. Projects such as replacing HVAC systems are public works contracts, so the Port should have either competitively bid the project or used the small works roster. The second project that did not comply with state bid laws was the emergency declared to waive the bidding requirements and hire a contractor to perform a roof overlay for \$150,000 plus tax. As the roof had been leaking for years, it did not meet the emergency exemption requirement of being an "unforeseen circumstance." Staff will develop a plan to prevent these types of mistakes from reoccurring.

Commissioner Orvis clarified that while the roof leak constituted an emergency, the Port had known there were problems with the roof and delayed fixing them because funding was not available. While it was appropriate to declare a state of emergency, it could not be considered an unforeseen emergency, which is the requirement for waiving the competitive bid process.

Ms. Drennan said the second management letter item was under the category of cash receipting. The auditors stated that the Port does not have an approved policy or written procedures that establish adequate internal controls over cash receipting. Their specific area of concern was in regards to the lack of documentation for credit adjustments, refunds and deleted transactions. The Deputy Director and Finance Manager met on Friday, October 10th to begin to develop cash receipting policies and procedures and then staff will be trained accordingly.

Commissioner Faires expressed his belief that the auditors will find something at every audit, and the issues they raised are relatively insignificant. The Port staff should do their best to comply with the rules, but they shouldn't beat themselves up over the Auditor's comments in the report. He noted that the reason the Port gets audited every two years instead of every year is because of the quality of the reports the Finance Manager prepares and their history of following the rules.

EXECUTIVE DIRECTOR'S REPORT

Mr. McChesney advised that he has been working with the City of Edmonds to address the street light issue on Admiral Way. The lights have been out of service for quite some time, and they are hoping to have the issue resolved soon.

Mr. McChesney advised that he has been working on the Shoreline permit for the new restroom complex, with the assistance of consultant, Denny Derickson. The Facilities Maintenance Manager visited CXT Buildings in Spokane where the units are constructed and was very impressed with the manufacturing process and the quality and durability of the modular buildings. If the Shoreline permit is approved, the goal is to install the new units in February.

Mr. McChesney reported that earlier in the evening he and Commissioners Orvis and Gouge attended a private regional update with the Economic Alliance Snohomish County and Edmonds Community College. The topic of discussion was the regional economy and higher education with an emphasis on science, technology, engineering and math.

Mr. McChesney advised that he is working this week to close out the Harbor Square tenant improvement contract.

Mr. McChesney announced that Ms. Drennan has once again been commended by the Washington Finance Officers' Association for her role as a financial officer.

Ms. Kempf announced that Jacobsen's Marine is planning to open for business on Monday, October 20th. They are planning an open house on November 1st, and invitations have been sent out.

COMMISSION COMMENTS AND COMMITTEE REPORTS

Commissioner Gouge reported that he attended a great meeting at the Edmonds Community College , where a report on employment in the county was provided.

Commissioner Block reported on her attendance at a town hall meeting regarding the issue of coal and oil trains. The meeting was well attended, and there was a lot of interest and questions. The panel consisted of a number of individuals from various backgrounds, including Terry Finn, consultant for Burlington Northern Santa Fe. She provided a list of those who participated on the panel. She concluded that the discussion that took place was interesting, with speakers representing both sides of the issue.

Commissioner Block reported that she also attended the Edmonds Marsh and Shoreline Salmon Recovery Tour on Saturday, October 4th. Keeley O'Connell, a shoreline restoration ecologist, led the tour and provided great information. After the tour, she and Mr. McChesney met with students from Edmonds Woodway High School who were interested in learning more about the marsh. They spent quite a bit of time answering their questions, explaining what has transpired over the years, informing them of how the marsh works, and helping them understand what the Port is doing to maintain the quality of the marsh and environment. Mr. McChesney added that it was a good meeting. The students asked a range of questions, including what has been the Port's role in trying to restore the marsh and how they engage their mission of being environmental stewards. He and Commissioner Block explained that restoring the marsh and redevelopment at Harbor Square are not mutually exclusive events. Instead, they have to work together. Commissioner Block expressed her belief that the audience was receptive.

Commissioner Orvis announced his plan to attend the "Future Energy Conference" on November 5th in downtown Seattle where Governor Inslee will be the keynote speaker.

Commissioner Orvis reported on his attendance at the Washington Public Port Association's Environmental Seminar in Walla Walla where speakers from the Department of Ecology (DOE) were present. It was noted that former Governor Gregoire's original commitment was to reduce carbon emissions by 50% by 2020. Because Washington State gets 60% of its energy from hydro, this goal was unrealistic from the start. However, Governor Inslee is still committed to it. Also at the meeting there was some discussion about sea level rise from 20 to 48 inches by 2100. The Dean of the School of Environment at the University of Washington discussed the need to think about adaptive mitigation. The theme of the meeting is that it was unrealistic to think that carbon can be eliminated in the next 20 to 30 years. Even if the United States met that goal, it would have minimal impact given the increasing use of carbon fuels in other countries.

Commissioner Orvis advised that at the seminar, it was announced that the Port of Seattle is forming its own stormwater system and is looking at divorcing itself from the City of Seattle so they can control their own runoff. The Port of Port Townsend representative talked about using Totes under the drain pipes of their buildings that have zinc roofs. It is predicted that zinc will be a problem when the next boatyard permit comes forward, especially for those with chain-link fences. Cities will be particularly impacted by the new stormwater requirements, and they will likely be required to dramatically increase their stormwater taxes to pay for mitigation. He summarized that Governor Inslee is really focused on eliminating carbon and the DOE is pretty much running the show at this time.

ADJOURNMENT

The Commission meeting was adjourned at 8:30 p.m.

Respectfully submitted,



Bruce Faires
Port Commission Secretary