



## PORT COMMISSION OF THE PORT OF EDMONDS

### MINUTES OF REGULAR MEETING

March 13, 2017

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#### **COMMISSIONERS PRESENT**

Fred Gouge, President  
David Preston, Vice President  
Bruce Faires  
Jim Orvis

#### **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**

Steve Johnston, Secretary

#### **CALL TO ORDER**

Commission President Gouge 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 ORVIS MOVED THAT THE CONSENT AGENDA BE APPROVED TO INCLUDE THE FOLLOWING ITEMS:**

- A. APPROVAL OF AGENDA**
- B. APPROVAL OF MARCH 1, 2017 MEETING MINUTES**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$202,873.78**
- D. APPROVAL OF RESOLUTION NUMBER 17-04, DECLARE BOAT SURPLUS AND SELL AT AUCTION**

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

#### **PUBLIC COMMENTS**

There were no public comments.

## **APPROVAL OF CONTRACT NUMBER 2016-230, FUEL DOCK SALES EQUIPMENT REPLACEMENT**

Mr. McChesney reviewed that the fuel dock sales equipment (Ruby and Pay-at-the-Pump systems) was antiquated and no longer supported by software or hardware repairs and was slated for replacement. The Commission was briefed on December 14, 2015 about the urgent need to go out to bid and replace the sales equipment. On January 15, 2016 a formal bid invitation was advertised and staff received and reviewed one qualified bid on February 2, 2016. The sole bidder was Mascott Equipment Company for \$54,780 plus sales tax for a total of \$59,984.10. The Port budgeted \$166,000 in the 2016 Capital Budget for fuel dock updates.

Mr. McChesney reported that work was substantially completed in March of 2017, and the package includes training and troubleshooting support for one year. Staff has been issuing new cards to tenants and serving customers since mid-January 2017 with the new equipment. He recommended the Commission approve the contract as complete. He explained that it took quite some time to complete the project because of technical issues. The two transaction systems are not designed to speak to each other, and it took extra time to get the new equipment to conform to the Port's needs.

Ms. Drennan advised that the Ruby system, which allows point-of-sales, was the least costly and the more efficient to install. The pay-at-the-pump system, which allows tenants to self-fuel and receive a \$.10 discount, was much more difficult to install. They are currently in the process of getting software installed that will allow staff to handle fuel cards, change fuel prices, etc.

Mr. McChesney reviewed that the initial installation was scheduled for May of 2016, but one of the systems was delivered without enough data port access. Ms. Drennan explained that the prior Ruby system could connect to other types of systems, but the new system only had one port. It was necessary to wait for the company to create hardware and then install software that was compatible with the pay-at-the-pump system.

Commissioner Faires recognized that the project's cost would be capitalized, and he asked what the amortization schedule would be. Ms. Drennan answered five years.

Commissioner Preston asked if it would be better for the Port to provide staff to operate the fuel dock and offer the \$.10 discount without having to use software. Mr. McChesney explained that the idea behind the dock-and-pay and pay-at-the-pump systems was so the Port did not have to man the fuel dock at all times, and customer benefits are important, as well. However, it is also important for the Commissioners to understand how much cost is involved in keeping the discount. The Port just spent a lot of money on the apparatus. This cost, along with the staff time that was required to implement the new systems, nullifies the cost savings of having the pay-at-the pump system.

Mr. McChesney reviewed that the current programs are workable and something the Port has done for a number of years. Until the Commission decides it is not cost effective to continue, the programs will remain part of the Port's marina package. Commissioner Orvis pointed out that if the Port were to eliminate the pay-at-the-pump system, the fuel dock operating hours would have to be limited, and tenants would no longer have the ability to purchase fuel on a 24/7 basis. Limiting fuel dock hours could have a significant impact during the fishing season. The problems associated with having a manned fuel dock go way beyond the costs. Not only would tenants be at the mercy of staff who may be working in other locations, the turn-over time at the fuel dock would likely become longer, as well.

Mr. McChesney agreed there are pros and cons associated with either option, but it is important to understand that the true costs go beyond the \$.10 discount. When the improvements are capitalized, the costs must be recovered in some way so the fuel markup margin must be increased. On the other hand, customers have grown accustomed to having the service, and it is part of the services that are offered by the Port. Ms. Drennan explained that, in order to bill out the transactions, someone has to manually enter them into the accounting software so that credit cards can be billed.

Commissioner Faires recalled that, several years ago, the Commission had a lengthy discussion about the customer service benefits of the program and its ramifications. It was determined that the Port would never make the program pay for itself under the present scheme, but it is something that a full-service marina makes available to its customers. They looked at the varying costs, both direct and indirect, and decided not to change the policy of

providing the benefit to customers. He has not seen any information that would cause him to change the current position.

Commissioner Preston asked how many tenants use the dock-and-pay system, and Ms. Drennan answered that between 50% and 60% of the tenants take advantage of the opportunity. Commissioner Preston asked if the Port of Edmonds is the only marina on Puget Sound that allows tenants to pump their own fuel, and Ms. Drennan answered that she believes that to be the case. Commissioner Gouge suggested that the Commission needs to review the program as part of its 2018 budget process.

**COMMISSIONER FAIRES MOVED THAT THE COMMISSION ACCEPT THE CONTRACT 2016-230 WITH MASCOTT EQUIPMENT COMPANY IN THE AMOUNT OF \$53,490 PLUS SALES TAX FOR THE FUEL DOCK SALES EQUIPMENT REPLACEMENT AS COMPLETE. COMMISSIONER PRESTON SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.**

### **PRESENTATION ON VACANT PARCEL DEVELOPMENT – SHAWN RAFFERTY, JACKSON MAIN ARCHITECTURE**

Mr. McChesney introduced Shawn Rafferty, Jackson Main Architecture, who was hired by the Port to assist with preliminary design work for a vacant parcel. He noted that Jackson Main Architecture was the main architect for the Jacobsen's Marine Building, as well. The ultimate goal of the project is to obtain a shoreline permit so that site development can move forward.

**Shawn Rafferty, Jackson Main Architecture**, said his firm was hired to do a Substantial Shoreline Development Permit and bring the project through the design review process with the City of Edmonds, which both take about four to six months to complete. He said he recently met with Commissioner Orvis and Port staff to discuss the type of development the Port envisions for the site, and the goal was to lay out the building size to give the most leasable space. He said he also met with a potential client and received good feedback as to what people might be looking for. This particular person was not looking for the largest building. Because the building height is limited by City code to 30 feet and sailboat masts are typically much taller, a sailboat sales business would need space to display its product outside.

Mr. McChesney reminded the Commission of the non-compete provision that is part of Jacobsen's current lease with the Port.

Mr. Rafferty said another goal was to keep the cost of the new building reasonable. He explained that the Jacobsen's Marine Building is metal, and the intent is to use the same concept and similar colors for the new building. The building in the preliminary site design represents the maximum footprint allowed given the City's requirement of one parking space per 300 square feet of building. Commissioner Gouge pointed out that there is ample parking elsewhere on Port property to serve the new building. Mr. Rafferty agreed that shared, off-site parking is a possibility, but it requires a different type of permit and/or variance. Mr. McChesney clarified that for purposes of the Substantial Shoreline Development Permit, the site plan must meet the parking requirement, without using shared parking.

Mr. Rafferty said he spoke to staff a lot about the need to maintain access for the travelift to move boats around the site. As proposed, the building would be located at the front of the property, with multiple doors. The site would maintain a 30-foot drive aisle to accommodate the travelift. It is also possible that the roadway could connect to the workyard via a gate. Parking would be located behind the building to allow for maximum building frontage. As suggested by the prospective tenant, and outdoor display area would be located at the front of the property, as well.

Commissioner Faies pointed out that the building height is restricted to 30 feet based on the City's current land use regulations. That means the new building will not accommodate large sailboats with tall masts. Commissioner Orvis clarified that the prospective tenant was not looking to bring sailboats inside the building. The building will be used for materials, storage, etc., but the sailboats will be displayed outside. He commented that rarely will you find a building that is tall enough to accommodate a sailboat mast. Commissioner Faies agreed that the new building would not be particularly useful for sailboat storage.

Mr. McChesney suggested that the architect consider switching the locations of the outdoor display/parking area and the building. This would provide better access for the travelift. Mr. Rafferty agreed that would be possible, but the building would have less presence given the current location of the Edmonds Yacht Sales trailer. Mr. McChesney noted that the trailer is movable and could be relocated. Mr. Rafferty also pointed out that the change would also require cars to drive behind the building to reach the parking lot behind the display area. This may be an issue if there is a lot of operations going on behind the building. The access must come from the south end, since the workyard is located to the north of the subject property. Mr. McChesney suggested that the parking could be angled to provide better access and eliminate the need for 90 degree turns.

Commissioner Faires asked how much flexibility would be built into the design and how much change would be allowed after the permit has been issued. Mr. Rafferty answered that there would likely be quite a lot of flexibility with the site plan, but the building design will be locked in after design review and permit issuance. Commissioner Faires asked if the process would have to start at the beginning if the Port decides to make significant changes. Mr. Rafferty said the Port would likely have to start at "square 2" rather than the beginning. He reviewed that, the permit application for the Jacobsen's Marine Building was processed previously and then put on hold. When they got back to the project, the City honored the Substantial Shoreline Development Permit, but the applicant had to go through the design review process again.

Mr. Rafferty advised that the materials for the new building would be similar to those used for the Jacobsen's Marine Building. He recalled that, when reviewing the Jacobsen's Marine Building, the Architectural Design Board asked for a brick base, which was incorporated into the new building's design, as well. In addition, the building would be divided into spaces that would accommodate a signature tenant and multiple smaller tenants. This will give the building more overall flexibility.

Commissioner Faires recalled that any business that locates in the new building must be marine-related or water-dependent. He asked if this would include businesses such as a marine insurance provider. Mr. McChesney answered affirmatively. However, there is also flexibility for such uses as restaurants, etc. He said the intent is to focus the design to accommodate water-dependent and water-related uses, and then take advantage of the flexibility when marketing the property. Mr. Rafferty pointed out that a mezzanine could be added inside the building up to 50% of the floor area size without having to add an elevator. He advised that a 2,500 square foot mezzanine was calculated into the parking requirement. While the mezzanine does not have to be mentioned in the design review, the parking must be accounted for in the Substantial Shoreline Development Permit.

Commissioner Faires asked about the land-use regulations that apply to the properties on the east side of Lake Union where marine-related businesses are currently moving out. Is a 30-foot height limit consistent or can the buildings be taller? Mr. Rafferty said he is not sure. However, he pointed out that it is not economically feasible to construct buildings that are tall enough to accommodate large sailboats.

Commissioner Preston asked if staff anticipates that the taller sailboat masts will raise concerns in the community relative to height and view. Mr. McChesney agreed this is a fair question given the controversy that arose from a flagpole on Port property. The Commission had a brief discussion about whether or not the building would be allowed an additional two feet in height, similar to what was allowed for the new Senior Center Building. Council Member Teitzel pointed out that the additional height the Senior Center was allowed was intended to address issues relative to sea level rise. The same concept may also apply to the Port's new building.

Mr. McChesney pointed out that mechanical equipment on top of the building must be included in the height calculation. Mr. Rafferty clarified that there would be no mechanical equipment on the rooftop. The proposed building would be pre-engineered and would not be designed to carry a lot of weight on the roof. In addition, rooftop equipment requires screening, which is something they want to avoid. All mechanical equipment will be located inside or to the side of the proposed new building.

Commissioner Gouge asked what the cost per square foot of building would be. Mr. Rafferty advised that, using numbers identified by the contractor for the Jacobsen's Marine Building, the estimated cost of site development is \$300,000 and the estimated cost for the building is between \$600,000 and \$700,000. Commissioner Gouge asked if the design would also address the City's landscaping requirements, and Mr. Rafferty answered affirmatively.

Commissioner Faires commented that the proposed design is intended to be speculative, but the Commission is confident the Port will be able to find tenants if the building is constructed. They want to maintain as much flexibility as possible for future tenants. Mr. McChesney commented that the Port is approaching the project incrementally. The intent is to get the project entitled first, and hopefully someone else will take over from there. However, he can also envision a circumstance where the Commission will authorize the Port staff to do the site work and make the pad ready. It is also possible the Commission will decide to go the full distance and make an investment into the building if they have a credible tenant ready to go.

Commissioner Gouge asked about the timeline for getting the site ready. In addition to the Substantial Shoreline Development Permit, Mr. Rafferty advised that a Building Permit will also be required from the City of Edmonds. Most cities will allow an applicant to phase the Building Permit into site work and building. From a design perspective, the preliminary building design, utility plan and site plan will already be done as required for the Substantial Shoreline Development Permit. Obtaining the Building Permit will be a matter of finalizing these documents. Permit times can run from eight to twelve weeks. However, he cautioned that the Jacobsen's Marine's permit took 10 months to process. Construction can start as soon as a Building Permit has been issued. Mr. McChesney summarized that the Port has a fair amount of work ahead to market the new property, as well.

Mr. McChesney referred to Paragraph 2.4 of the lease, which prohibits the port from leasing or renting any property to another entity or person that engages in the repair, service or sale of marine outboard engines or the sale of motor vessels less than 30 feet in length.

Mr. McChesney indicated he would meet with Mr. Rafferty on March 14<sup>th</sup> to update the proposed plan based on the Commission's discussion.

### **RETREAT SUMMARY**

Mr. McChesney reported that the Commission held its annual retreat on March 1<sup>st</sup> and a number of issues were discussed. He particularly reviewed the following action items:

- **Dry Stack Operations.** The good news is that, although it could be better and the business model is probably not the best that it could be, the dry stack operation is not failing. The facility is currently operating in the black. The intent is to review it each year during the budget process. Ms. Drennan advised that dry storage revenues cover operating costs, depreciation and overhead and also contribute to the bottom line, so there is really no urgency to its evaluation at this time.
- **Communications.** The Communications Committee has met to create a Communications Strategy that includes the following three actions:
  1. Send out the much-delayed mailer in April that focuses on environmental issues. Staff has retrieved the source files from Cocker Fennessey and is actively working to rebuild the piece so it can be mailed out in April.
  2. Sponsor some type of waterfront event towards the end of July to invite the public down to the marina. Staff is currently working on this project.
  3. Send out another mailer near the first week of September that focuses on the Port's responsibilities relative to economic development.

Mr. McChesney advised that Ms. Kempf also presented a draft Communications Plan at the retreat for the Commission's review.

### **PRELIMINARY 2016 YEAR-END FINANCIAL STATEMENTS**

Ms. Drennan presented the Preliminary 2016 Year End Financial Statements, noting that all major transactions that staff is aware of have been recorded. She advised that staff will be preparing the final statements in the Budgeting, Accounting and Reporting System (BARS) format in the next couple of months. They are due to the State by May 30, 2017. She explained that occasionally during that process, staff finds other transactions that need to be recorded. The Commission will be notified of any changes when the final statements are presented.

Ms. Drennan referred to the graph on Page 2 of the report, which shows revenues and expenses for the periods 2012 through 2016. There was a slight trend of revenues increasing and expenses staying about the same. The other graph on Page 2 illustrates that net income increased each year. The graph on Page 3 shows budget to actual. Actual revenues were about the same as budget, and actual expenses were a little below budget. Gross profit (revenues less cost of goods sold) for the 12-month period ending December 31, 2016 was \$7,122,437 or 2.3% greater than budget. Net income for the same period was \$1,741,720. She made the following observations:

#### Marina Operations Revenue Actual to Budget

- Fuel sales net revenue was \$181,578, or approximately \$62,000 greater than budget. This is primarily due to low fuel prices. As fuel prices stay low, the net revenue increases.
- Launcher revenue was \$73,356 or approximately \$32,000 less than budget. This was discussed at an earlier meeting as part of the Marine Operations Report. The lower number is primarily a result of the fishing closures.
- Miscellaneous revenue was \$89,447 or about \$12,477 greater than budget. Miscellaneous revenue includes work boat calls, pumping out boats, waterfront festival activity, and other services the Port provides that are not listed on their own.
- Guest moorage revenue was \$149,205 or \$10,705 greater than budget.
- Permanent moorage was \$3,157,149 or \$34,851 lower than budget. The 2016 budget identified 97% financial occupancy, and the financial occupancy was actually 96%.
- Revenue from passenger fees was \$11,796, but these fees were not budgeted in 2016.
- Dry Storage revenue was \$624,903 or about \$55,000 less than budget. Financial occupancy was budgeted at 89%, and the actual occupancy was 84%. Commissioner Gouge asked if these numbers were taken into account when the 2017 budget was adopted. He suggested it might be appropriate to adjust the budget once there is clear information about the fishing season. Ms. Drennan said the information could be used to inform the 2018 budget, but she cautioned against amending the 2017 budget. Adjusting the budget would cause it to lose value as a financial tool.
- Parking revenue was \$48,393 or \$12,393 or about 34% greater than budget.
- Travelift revenue was \$117,343 or about \$23,000 greater than budget.
- Workyard revenue was \$89,196 or about \$30,000 greater than budget.
- Late fee revenue was \$40,386 or about \$20,000 greater than budget.

#### Rental Properties Revenue Actual to Budget

- The Harbor Square property generated revenue of \$1,734,929 or about 6% greater than budget.
- Anthony's generated revenue of \$272,426 or about \$14,000 less than budget. The Commission discussed how much of this decrease could be attributed to fishing closures. While it was agreed that fishing had some impact, it was not responsible for the majority of the decrease. It was pointed out that, as per Anthony's lease agreement with the Port for the old Edmonds Yacht Club space, the banquet room was exempt from the percentage rent. Ms. Drennan pointed out that the 2016 budget was based off of 2015 actuals, which were higher than the previous year.

Ms. Drennan advised that operating expenses without depreciation for the 12-month period were \$3,868,115, which is \$92,085 or about 2.3% less than budget. She specifically noted the following:

#### Operating Expenses Actual to Budget

- Claims and damages were \$20,427 or about \$14,500 greater than budget.
- Employee benefits were \$588,121 or about \$37,879 less than budget. It is getting exceedingly difficult to budget for employee benefits because the numbers are based on a variety of factors and federal accounting requirements. Commissioner Preston asked that, in the future, the financial reports should identify the actual amount the Port spends on employee benefits, not including the amount that must be budgeted for liability requirements. Mr. McChesney suggested that the issue could be discussed further as part of the 2018 budget discussions.
- Master Business Plan expenses were \$76,275 or about \$71,275 greater than budget.
- Office expenses were \$53,730 or about \$16,000 less than budget.
- Payroll taxes were \$167,072 or about \$35,000 less than budget.

- Repair and maintenance expenses were \$206,297 or about \$32,000 less than budget.
- Salaries and wage expenses were \$1,654,521 or about \$14,000 greater than budget.
- Supplies expenses were \$161,678 or approximately \$25,000 less than budget.
- Utilities expenses were \$358,684 or about \$29,000 less than budget.
- Depreciation expenses were \$1,665,146 or about \$95,000 less than budget.

Non-Operating Items – Expenses/(Revenues) Actual to Budget

- Interest expense was \$287,202 or about \$18,000 less than budget. This is a direct result of the Port paying more on the Harbor Square loan than was required. The principal is decreasing faster than the original plan.
- Interest income was \$69,607 or about \$29,000 greater than budget because of the Port's effort to do long-term investing.
- There was a net loss on investments of about \$42,000. However, because the Port is intending to hold the investments through to maturity, the loss on investment will be zero over the life of the bonds. The State requires the Port to report this number, but in fact, they will not experience a loss if the bonds are kept until full maturity. Commissioner Gouge asked if the Port is in a position to invest at a higher interest rate if bond rates change in the future. Ms. Drennan answered that the Port intends to stick with its plan rather than trying to bet on the market.

Ms. Drennan advised that net income for the 12 months ending December 31, 2016 was \$1,741,820 or \$363,520 greater than budget. The primary reasons for the difference are as follows:

- Marina gross profit exceeded budget by approximately \$64,000.
- Rental property revenue exceeded budget by approximately \$96,000.
- Operating expenses were approximately \$186,000 less than budget.
- Net non-operating expenses and revenues were approximately \$17,000 greater than budget.

Ms. Drennan referred to the graph at the bottom of Page 4 of the report, which compares marina revenues and expenses for the years 2012 through 2016. As shown on the graph, revenues are generally trending upward, and expenses are staying about the same. She also reviewed the graph at the top of Page 5, which compares marina net income for the years 2012 through 2016, noting that revenues are trending upward. The graph at the bottom of Page 5 (marina budget to actual) shows that revenues were slightly below budget, but expenses were also below budget. She specifically noted that:

- Operating revenues were \$5,408,373 or \$154,627 less than budget.
- Operating expenses were \$2,847,017 or \$250,483 less than budget.
- Net income was \$975,926 or \$252,926 greater than budget.

Ms. Drennan explained that the primary reasons for the differences from budget are as follows:

- Gross profit exceeded budgeted gross profit by approximately \$56,000.
- Operating expenses before depreciation were approximately \$31,000 less than budget.
- Depreciation was approximately \$73,000 less than budget.
- Overhead allocation was approximately \$75,000 less than budget.

Ms. Drennan referred to the graph at the top of Page 6, which compares revenues and expenses for rental properties for the years 2012 through 2016. The graph at the bottom of Page 6 show net income for the same years. She reviewed that:

- Operating revenues were \$2,357,082 or \$95,582 greater than budget.
- Operating expenses before depreciation and overhead were \$674,711 or about \$51,000 greater than budget.
- Net income was \$765,894 or \$110,594 greater than budget.

Ms. Drennan explained that the primary reasons for the differences from budget are as follows:

- Revenues exceeded budgeted net revenues by approximately \$96,000.
- Operating expenses before depreciation were approximately \$51,000 greater than budget.
- Overhead allocation was approximately \$33,000 less than budget.

Ms. Drennan concluded her report by stating that the Port's 2016 Capital budget was \$521,000, and actual purchases were \$215,893. She also noted that the fuel dock update was completed in the 1<sup>st</sup> quarter of 2017. She reviewed the Investing Summary, reminding the Commission that the Port began investing funds for longer terms in December of 2013. The Port has 10 long-term investments, with the first maturing in November of 2017. The Port earned interest of \$69,607 in 2016, which was 72% greater than budget. The Capital Replacement Reserve is currently \$5,054,739, with a part of the reserve in Opus Bank and part invested long term. The Port also has \$4,825,887 remaining in outstanding debt, and \$2,125,190 of that is due within one year.

Commissioner Faires asked when the Cash Flow Analysis for 2016 would be available. Ms. Drennan said it would be included in the final statement.

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

Mr. McChesney reported that he, Commissioner Orvis and Ms. Kempf met with the architect and a representative from Signature Yachts to review ideas for preliminary building design. Good insight was provided that was very helpful. Staff will continue to work with Signature Yachts to see how much, if any, of the new building they want to occupy.

Mr. McChesney reported on his attendance at the Stormwater Conference in Tacoma last week with Commissioner Orvis. He learned some good ideas about regulations and different technologies for dealing with stormwater. Stormwater is a big problem, and each year there is something new to address.

Port staff is continuing to move forward with the recruitment process for the new Property Management/Communications/Tourism Promotion position. As of Friday, about 110 applications had been received. This week, they will work with the consultant to down size the number of applications.

The Port is still waiting to hear from the Port of Seattle regarding its grant application for tourism promotion. The application was submitted prior to the deadline, and he is optimistic it will be well-received. He noted that he received help from Patrick Doherty, Edmonds Economic Development Director, and Amy Spain, Snohomish County Tourism Bureau. The requested grant amount is \$10,000, and a \$5,000 match is required.

### **COMMISSIONER'S COMMENTS AND COMMITTEE REPORTS**

Commissioner Faires announced that he would attend the March 15<sup>th</sup> Edmonds Economic Development Commission (EDC) meeting as the Port's liaison. He hopes he will learn more about when the Port will have an opportunity to speak to the EDC about how port powers are different than those of the City when it comes to economic development.

Commissioner Faires said he has had a number of conversations with residents of the community relative to the Edmonds Marsh and the City's proposed new buffers that are intended to protect the environment. Many were surprised when he reminded them that ports operate under a different set of constraints and obligations than other government entities. He said he advised them that State regulations allow ports to be the local advocate for transportation infrastructure and economic vitality. He said it is important to remind people that the Port Commission is charged with representing the economic development perspective on any proposal that comes before the City. The Commission's job is to balance the environment impacts at the marsh versus the economic vitality of the community.

The Commission had a brief discussion about whether or not any Commissioners and staff would be attending the Pacific Coast Congress (PCC) Spring Meeting. Commissioner Gouge said he reviewed the agenda for the meeting



and did not feel that the items were particularly pertinent to the Port of Edmonds. He expressed his belief that the agenda did not warrant attendance by a Port representative.

Commissioner Preston recalled that, a while back, he mentioned the idea of having bilge socks available to boaters. He asked if there is anywhere close by where boaters can purchase them. Ms. Kempf answered that the Port sells oil pads and there are oil spill containers located throughout the boatyard that include socks for emergency cleanup. Socks are provided at the dry storage area, as well, and pads are sold at the fuel dock. Commissioner Preston said it was suggested at a recent Northwest Marine Trade Association (NMTA) meeting that marinas offer them to boat owners. He noted an article in *THE SEATTLE TIMES* about the West Point Treatment Plant that is spewing wastewater into Puget Sound. He said he is appalled at the lack of attention the issue is receiving from the media and government officials, particularly given the stringent requirements that private companies and marinas are required to meet.

Commissioner Preston reported that he recently met with the new owner of the American Brewing Company, who has voiced a desire to work with the Port on a special event during the summer. The new owner is proposing a number of changes for the business that will include more retail space and the manufacturing equipment will be moved elsewhere. The new owner wants to be more active in the community.

Commissioner Orvis reported that he attended the Stormwater Conference. He said he learned a lot from the vendors, and he was impressed with the new technology that is now available. He was particularly interested in technology that could be used at Harbor Square, such as pervious pavement.

Commissioner Orvis reported on his attendance at the Washington Public Port Association's (WPPA) Legislative Committee meeting where he learned the following:

- The economic forecast will be out this Wednesday.
- Fifth generation wireless, which is currently competing with cable companies, will require a transmitting tower every 1,000 feet.
- A preemption bill would allow the State to overrule city and county governments in a number of new ways.
- Broadband authority would not impact the Port.
- There is a bill to narrow the use of Model Toxic Control Act (MTCA) funds and put a surcharge on hazardous materials. However, there will be no guarantee that the funds will not be used for other purposes. The WPPA does not support this legislation.
- The Community Economic Revitalization Board (CERB) has lost its funding and projects are not receiving the money that was previously awarded.
- Port worker training legislation is not going anywhere.
- The real identification legislation went out of the senate with strong support, but is facing problems in the house.
- Legislation to fund tourism has stalled because the sponsors cannot get their act together. What is really being pushed is a department within the Department of Commerce, which is really small and weak at this time. A lot of tourism money is currently being diverted to other places and many legislators do not want this to change.
- Some honest effort is being put into reforming the Public Records Act.
- The issue of on-call contracts has still not been resolved. However, public utility districts have proposed a bill that affects only them. Ms. Drennan commented that the proposed legislation would not really get the ports where they want to be because it is unit based. Commissioner Orvis commented that Commissioners need to talk to their local legislators and solicit their support because the WPPA is not really interested in taking the project on. Ms. Drennan reported that she has about 18 letters from other ports who are interested in resolving the situation. She has also been working with someone from the State Auditor's Office, and learned that it may not be a problem after all. She will meet with them again next week to learn their final decision. The State Auditor's Office understands the problem, particularly for smaller agencies with unique equipment.
- The WPPA opposes legislation related to construction contracts. There are currently house and senate bills that would void as unenforceable any clause in a construction contract that purports to waiving the contractor's right to damages or equitability adjustment for failure to remit claim materials during the time

period. Basically, the legislation would protect contractors from having claims for change orders denied because they didn't go through the contract requirements.

- There is a prevailing wage bill that will significantly impact rural economies because it will require that prevailing wage be dictated by union bargaining contracts.

Commissioner Gouge thanked the Commissioners and staff for a successful retreat. The meeting was very beneficial and input was great. However, he is discouraged that only one member of the public and Council Member Teitzel attended. He commented that people are always saying they want to learn more about the Port and what it does, and the best way to do that is to attend their meetings, listen to the discussions and provide input. He emphasized that the retreat agenda, as well as all Port Commission meeting agendas, are advertised and the public is always invited to attend. He questioned what else the Commission could do to get people more involved in the public process. While he felt it was important to make every effort to communicate with the public, Commissioner Orvis commented that people are busy and will not typically get involved until they learn that an issue might impact them. The Port is currently being well run and the waterfront is being taken care of, so people are generally not interested in attending the meetings. People tend to come to the meetings only when they have a concern. Commissioner Gouge said he hopes that the communication piece that is sent out in April will help stir up some interest.

Commissioner Gouge announced that he would attend the March 21<sup>st</sup> City Council Meeting where the City Council will conduct a public hearing on the Shoreline Master Program. He said he and Commissioner Orvis will also attend the State of the County address by County Executive Dave Somers.

All of the Commissioners indicated a desire to attend the WPPA Spring Conference at Suncadia on May 17<sup>th</sup> and 18<sup>th</sup>, and Mr. McChesney encouraged them to contact Ms. Ebel as soon as possible so that appropriate arrangements can be made.

#### **ADJOURNMENT**

The Commission meeting was adjourned at 8:50 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'S. Johnston', with a long horizontal flourish extending to the right.

Steve Johnston  
Port Commission Secretary