



PORT COMMISSION OF THE PORT OF EDMONDS

MINUTES OF REGULAR MEETING

August 29, 2016

COMMISSIONERS PRESENT

Bruce Faires, President
Fred Gouge, Vice President
Jim Orvis, Secretary
Steve Johnston
David Preston

STAFF PRESENT

Bob McChesney, Executive Director
Marla Kempf, Deputy Director
Tina Drennan, Finance Manager

OTHERS PRESENT

Bradford Cattle, Port Attorney
Karin Noyes, Recorder

CALL TO ORDER

Commission President Faires called the regular meeting to order at 6:00 p.m. The regular meeting was immediately recessed into an executive session.

EXECUTIVE SESSION

The Commission conducted an executive session to discuss with legal counsel a potential legal claim as per RCW 42.30.110(i). The discussion continued until 6:55 p.m., at which time the executive session was adjourned and the Commission reconvened the regular session at 7:00 p.m. No action was taken in executive session and there would be no announcement or action taken in regular session regarding the topic of the executive session.

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 AUGUST 8, 2016 MEETING MINUTES**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$906,250.35**
- D. APPROVAL OF RESOLUTION NUMBER 16-06 – AUTHORIZING THE SALE OF AN ABANDONED BOAT**
- E. APPROVAL OF RESOLUTION NUMBER 16-07 – AUTHORIZING THE SALE OF SURPLUS PROPERTY**

COMMISSIONER PRESTON SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

PUBLIC COMMENTS

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

PRESENTATION BY SENATOR MARALYN CHASE

Mr. McChesney introduced Senator Maralyn Chase from the 32nd District and shared details about her background and experience.

Senator Maralyn Chase said she is a passionate advocate for economic development, and she understands that ports have the responsibility and enough leeway to develop the economy in specialty areas. During her presentation, she shared the following:

- **Panama Canal Visit.** Senator Chase reported on her spring visit to the reconstructed Panama Canal, which is currently experiencing a number of difficulties. The concrete is leaking. Rather than railroad tracks, the new facility uses tug boats to pull vessels through the canal, and the new facility is not big enough to handle very large vessels. In addition, there is not a sufficient source of water to raise the water level up and down, and they have had to create a recycling operation to accomplish this task. Most of these problems are the result of corruption, poor planning, and the fact that there are no firm contracting rules. Ports on the East Coast are working hard to prepare for a large number of boats with shipping containers that come through both the Panama and Suez Canals, and she was initially worried about how ports on the west coast would compete, but that is no longer the case. She referred to work done by the Brookings Institute related to the trade flow that goes through 10 metropolitan areas. While the West Coast may lose a few ships, she is not concerned that there will be a dramatic change in exports and imports as a result of the Panama Canal.
- **Legislative Information.** Senator Chase advised that information about legislative actions relative to ports can be found in the Washington Public Port Association's legislative report. There has been no significant legislation related to ports, except that they have been further empowered to accomplish economic development. She emphasized that there will be no funding available from the legislature to support port projects.
- **Economic Development.** Senator Chase said there has been a lot of talk about the outdoor recreation economy and the value of tourism. The Edmonds Marsh is the last natural marsh on the shores of Puget Sound. Given that the community generally supports ecotourism, she suggested the Port capitalize on the marsh asset. For example, the Edmonds Marsh has been identified as the Number 1 stop on the trail for bird watching on a state map, and there is already a Bird Festival every spring. Mr. McChesney noted that the Port is one of the sponsors of the yearly Birdfest. Senator Chase pointed out that Pokeman Go is also very popular in Edmonds.
- **Snohomish County Tourism Bureau Publication, "Open Up Snohomish County."** Although the advertisements the Port placed in the publication are well done, with excellent pictures, Senator Chase voiced concern that the excitement of Edmonds is not clearly pointed out in the publication. She suggested that the publication should have mentioned and played up the wonderful waterfront activities in Edmonds such as whale watching, the ferry, waterfront parks, underwater park, etc.
- **Tourism.** Senator Chase announced that tourism is the 4th largest source of revenue for the State of Washington, yet Washington is the only state in the country that does not have a tourism office. Boeing is the largest exporter in the entire country, and there are a large number of tech jobs; and beyond that, the State looks like a third-world economy. Commissioner Faires asked if the State legislature is showing positive interest in promoting the Washington Tourism Alliance's effort to put together a private consortium to promote tourism outside of state involvement. Senator Chase voiced concern that many Legislators do not see the value that tourism can have on economic development. She explained that the Tourism Alliance is looking for a source of revenue, and the proposal is for the State to collect the revenue on their behalf. However, this may not be possible, since money collected by the State becomes state funds and cannot be given to private businesses. She suggested the Alliance needs to figure out a different way to collect money.

Commissioner Preston asked if the focus should be on both out-of-state and in-state tourism opportunities. Senator Chase expressed her belief that the State must grow its economy by bringing people in from out of state rather than continuing to circulate money that is already in the state via in-state tourism. Commissioner Faires

emphasized that, rather than costing the state money, funding tourism promotions would actually result in additional revenue.

Commissioner Johnston suggested that perhaps Rick Steves could be invited to promote Washington State. He said he is surprised that many people have not been to Edmonds even though they live close by. Senator Chase commented that this type of economy will have to be locally driven and all citizens should be asked to participate. However, she agreed that it is important for potential visitors to have a clear idea of what Edmonds offers.

Commissioner Faires commented that, as the Port has tried to become an economic engine for the Edmonds/Woodway Community, it seems that most people support progress, but change is not something they are interested in. Senator Chase said this perspective will have to change. Commissioner Gouge recalled that when the Port proposed the Harbor Square Master Plan to increase business and housing opportunities, many citizens testified against the proposal, stating that they did not want more young people and the associated traffic in Edmonds. It is up to City leaders to start thinking about tourism in a different light.

- **Taxes.** Senator Chase pointed out that Washington State has the most regressive tax system in the country. About 47.5% of the state's students are on free or reduced lunches and about 35,500 are homeless. They need to consider what can be done to spread economic development throughout the state, and tourism is a significant option to consider.

Council Member Teitzel asked if Senator Chase has any ideas for addressing the State's current regressive tax problems. Senator Chase replied that she has put forth an income tax bill and a capital gains tax bill, but she does not support additional business taxes. She pointed out that the working poor are paying 16% of their income in taxes, whereas the wealthy who live off of capital gains money are only paying about 2 to 3%. Again, she said Washington State is the worst in the country as far as unfair taxation.

- **Environment.** Commissioner Faires said the Port believes there is a difference of opinion as to what the Port Commission and community see as the Port's environmental responsibility going forward. Instead of continuing the fight, perhaps the Port should invite the community to meet with the Port Commission to explain the differing positions. For example, the Department of Ecology (DOE) has indicated that stormwater is the biggest problem at the Edmonds Marsh, but the City Council has voiced opposition to the DOE's findings and is more interested in creating a larger buffer. Senator Chase suggested that stormwater problems can be addressed by creating raingardens and using permeable soils.

Commissioner Preston pointed out that redevelopment at Harbor Square would have included raingardens and other solutions to address stormwater runoff. Mr. McChesney recalled that the City of Edmonds is in the process of updating its stormwater codes to require raingardens and other forms of stormwater control, and it is the Port's intent to comply with the updated codes when redevelopment occurs. Commissioner Johnston added that the Port has already spent over \$1 million to clean up a contaminated site, which had a significant impact on the Marsh. Commissioner Preston referred to photographs of the Edmonds Marsh, illustrating that conditions have improved significantly over time. Senator Chase commented that the Port has a track record of being good environmental stewards, and the public should be made aware of what has been done and will be done to address environmental concerns. Mr. McChesney agreed and said the intent is to act upon this concept later in the fall with a public relations exercise.

- **Education.** Senator Chase reported that the Legislature is working to address education funding. They have starved the schools for resources and there is now a situation where private companies want to take over education with charter schools. These companies estimate they can make \$100,000 per school, and they have a lot of funding support behind the concept.
- **Oligarchy.** Senator Chase voiced concern that large corporations are now selecting candidates and funding campaigns, and democracy is in jeopardy. Commissioner Orvis said that they need people to turn out to vote.

Mr. McChesney thanked Senator Chase for her time. He said the Port appreciates her support of the port industry, as well as her support of economic development and tourism.

APPROVAL OF HARBOR SQUARE ASPHALT REPAIR CONTRACT NUMBER 2016-243

Mr. McChesney reported that on June 8th a formal bid invitation was sent to appropriate Municipal Research and Services Center (MRSC) roster vendors, and staff received and reviewed six qualified bids on June 22nd. The low bidder was Rainier Asphalt Sealing LLC, for a base bid of \$17,346.69. Two change orders were added later: Change order 1 for \$2,685 plus tax for 407 square feet of removal and paving and Change Order 2 for \$512,64 plus tax for 481 feet of extruded curb. He reported that all work was completed on August 8th, ahead of schedule, and there were minimal disruptions to tenants. The cost of the project was \$20,544.32 plus sales tax of \$2,013.34 for a total cost of \$22,557.66. He recommended the Commission accept the contract as complete.

Commissioner Gouge asked how many total square feet of asphalt was replaced as part of the project, and Mr. McChesney answered that he does not have the total number. He reviewed that the project included a series of patches, including a large area by Compass Courses and another area in the main roadway that leads to Harbor Square. He reminded the Commission that the Port's strategy is to patch a little pavement at Harbor Square each year. Although the subgrade is bad and the asphalt is frail, he cannot foresee a situation where the Port does a complete grind-off and overlay.

Commissioner Preston asked if it would be possible for staff to do the extruded curb using the concrete machine that was recently purchased. Mr. McChesney answered that curb work requires a specialized machine and the most efficient way to do the work is via a contractor.

COMMISSIONER GOUGE MOVED THAT THE COMMISSION ACCEPT THE HARBOR SQUARE ASPHALT REPAIR CONTRACT 2016-243 AS COMPLETE. COMMISSIONER PRESTON SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

APPROVAL OF HARBOR SQUARE BUILDING 4 HVAC CONTRACT NUMBER 2016-244

Mr. McChesney reported that a formal bid invitation was sent to appropriate MSRC roster vendors on June 7th, and staff received and reviewed two qualified bids on June 20th. The low bidder was D.K. Systems, Inc., for a base bid of \$14,725. Work was completed on July 6th, and the tenant is now in the suite and all improvements have been completed. The cost of the project was \$14,725 plus sales tax of \$1,443.05 for a total cost of \$16,168.05. He recommended that the Commission accept the contract as complete.

COMMISSIONER PRESTON MOVED THAT THE COMMISSION ACCEPT THE HARBOR SQUARE BUILDING 4 HVAC CONTRACT 2016-244 AS COMPLETE. COMMISSIONER ORVIS SECONDED THE MOTION.

Commissioner Faires inquired about the expected life span of the new HVAC equipment, and Mr. McChesney estimated it to be between 10 and 15 years, depending on the intensity of use.

THE MOTION CARRIED UNANIMOUSLY.

STRATEGIC PLAN

Mr. McChesney reviewed that it has been the Commission's usual practice at the beginning of the budget process to review the Port's Strategic Plan to refresh their mutual understanding of its principles and goals in order to inform and guide important budget decisions. He explained that the budget is a plan that identifies resources for operations and capital projects, communicates the sources of revenue and costs of services, and allows the Commission and staff to review and prioritize repairs, improvements and other projects.

Mr. McChesney further reviewed that the Strategic Plan was last updated and approved on March 10, 2014. As currently written, it states that the Port will continue to:

- Operate the Port on behalf of the residents of the Port District.
- Be a responsible financial steward.
- Be a responsible environmental steward.

- Provide and/or foster quality services and facilities for tenants and the boating community.
- Play a leadership role in ensuring that the waterfront is a vibrant, active centerpiece for the Edmonds and Woodway communities.
- Provide for economic development.
- Communicate openly, frequently and consistently with Port District residents and tenants.

Mr. McChesney reviewed that implementation of the Strategic Plan includes:

1. Customer service (or customer satisfaction) is #1.
2. The Port of Edmonds marina brand is quality, service, value, and convenience.
3. The Port will continue its program of innovative and targeted marketing promotions.
4. The Strategic Plan for properties and real estate development is marketing, retention, and recapitalization.

Mr. McChesney advised that not only will discussions relative to the Strategic Plan help guide the budget, it is an opportunity to engage the Commission in discussions of what is working and what is not. Commissioner Faires commented that he is particularly interested in Commissioner Johnston's perspective of the plan from the standpoint of a new Commissioner.

Commissioner Johnston asked if the Strategic Plan is reviewed and updated every year. Commissioner Faires said it comes up for review on the Commission's agenda each year, but they do not necessarily make changes every year. Commissioner Johnson said that, in his experience at Landau Associates, the strategic plan was reviewed on a yearly basis, and a more significant update occurred every three years to address the changing environment.

Commissioner Johnston commented that the Strategic Plan, as currently written, provides a good framework. However, he felt that changes could be made to the communications element. Although he does not fully understand the nature of the Port's communications with the community, based on his recent encounters with City Council Members and other members of the community, it is clear that not everyone fully understands what the Port is and what it does. The Port has done a lot of good stuff, including cleaning up contaminated properties and helping to restore favorable conditions at the marsh. Since the Port acquired the property, the industrial uses have moved out, the site has been cleaned up, and the marsh has improved. He pointed out that at least two City Council Members did not know that the Port spent approximately \$1.1 million to clean up property to improve the situation at the marsh and that the Port has been addressing contamination issues for over 25 years. He suggested that the communications element should be updated to point out how important the Port is to the community.

Mr. McChesney reviewed that the strategic visioning pamphlet that was sent out earlier in the year was well received, and the intent is to follow this piece with another publication using a similar format to inform the public of what the Port does environmentally. Commissioner Johnston suggested that the Port consider having its own mini festival to emphasize the roll the Port plays in the community.

Commissioner Faires summarized that the suggestion is to update the communications element to do a better job of communicating what the Port is and what it has done and will do for the community. Commissioner Johnston agreed to work with staff to prepare draft language for the Commission's consideration.

Commissioner Gouge suggested that, in addition to updating the communications element, the Commission should also consider incorporating tourism as a component of the Strategic Plan. He observed that the community and the Port District constituents are changing, and there is a paradigm shift with people in boating that will change the Port's tenant base. Commissioner Faires summarized that the suggestion is to update the economic development element to be more specific with regard to tourism. Specifically, tourism should be identified as one of the Port's major strategies.

The Commission agreed to meet at a special meeting on September 26th at 6:00 p.m. (prior to the Commission's regular meeting) to review the Strategic Plan and Mission Statement and consider potential changes. Commissioner Orvis suggested that the review should focus on specific sections, such as the economic development and communications elements, rather than trying to revamp the entire document.

EXECUTIVE DIRECTOR'S REPORT

Mr. McChesney announced that the Port hired a new Administrative Assistant, Renae Ebel, who started last week. She is doing a fine job of learning and participating and they are happy to have her as part of the staff. Commissioner Gouge commented that her communication skills with the Commissioners have been great.

Mr. McChesney reported that he and Ms. Kempf met with the Executive Director of the Port of Port Townsend, Sam Gibboney, and had a nice exchange of thoughts and ideas. He has also had continued meetings with the City of Edmonds staff regarding the pending Shoreline Master Program (SMP).

Mr. McChesney reported that the landscaping project at the corner of SR-104 and Dayton Street ran into a snag when the Port was notified that a portion of the property was owned by the Washington State Department of Transportation (WSDOT). The Port hired Reid Middleton to conduct a survey of the property lines, and it was confirmed that the concrete pads for the marker buoys were installed on WSDOT property. Because WSDOT has a very restrictive permit for doing work in their right-of-way, the project has been placed on hold until the plans can be revised.

Mr. McChesney reported that he attended a Chamber Board Meeting, as well as a meeting of the Snohomish County Tourism Bureau. He also announced that the Finance Committee met to discuss budget and banking issues. Lastly, he attended a Chamber lunch where Terry Ryan was the keynote speaker.

COMMISSIONER'S COMMENTS AND COMMITTEE REPORTS

Commissioner Gouge reported that he and Commissioner Preston met with representatives from the Rotary Club to discuss the Waterfront Festival. They will meet again on September 1st at 9 a.m. He recalled that questions have been raised about the benefits the Waterfront Festival provides to boaters and Port District Residents compared to the impact it has on parking, access and public safety. Mr. McChesney has prepared some bullet points to guide the continued discussions. One idea is to have a community waterfront event instead that would have more waterfront activities, a kids fishing derby, and no carnival. He said he and Commissioner Preston will continue to monitor the Rotary Club's progress towards a new contract for 2017. Mr. McChesney advised that, at the very least, the footprint of the Waterfront Festival will change in 2017 because it is not permissible to use the fire lane.

Commissioner Orvis asked if there have been any discussions with the City of Edmonds about using City-owned property for the festival. Commissioner Gouge said he has left this up to the Rotary Club to contact the City.

Commissioner Gouge announced his plan to attend the Washington Public Port Association (WPPA) Small Ports seminar in Leavenworth on October 20th and 21st. Commissioner Preston indicated his plan to attend, as well.

Commissioner Gouge said he is registered to attend the Pacific Coast Congress Fall Conference in Bremerton on October 12th through 14th. Ms. Kempf advised that Ian Todd would also attend the conference on behalf of Port staff, and she plans to attend at least one day, as well.

Commissioner Gouge said he would like to tour the Brownsville Marina with Port staff at some point to view their new state of the art equipment.

Commissioner Johnston reported that he met with Council Member Tibbott to discuss various matters, particularly the marsh and the Shoreline Master Program (SMP). The meeting was very productive, and Council Member Tibbott mentioned that the Port has a report that includes aerial photographs of the site where environmental cleanup occurred. Comparing the pictures to older and more current aerial photographs can illustrate what has happened with the site over time and how the marsh has been impacted. He suggested that the photographs should be made public and provided to the City Council Members. Commissioner Faires pointed out that all Port documents are public record.

Commissioner Johnson advised that he met with Mayor Earling and select City Council Members relative to the SMP. He also announced he plan to attend the WPPA Annual Meeting on November 16th through 18th in Tacoma.

Commissioner Gouge encouraged him to attend the New Commissioner Seminar that is scheduled for the first day of the conference.

Commissioner Johnston suggested that the Commission consider rescheduling their regular meeting on October 31st, which is scheduled as a public hearing on the 2017 budget.

Commissioner Orvis announced that he would attend the WPPA Legislative Committee on September 20th in Olympia. He will also attend the Environmental Seminar on September 29th and 30th. Each attendee at the seminar has been asked to provide a short PowerPoint presentation showing innovative or environmental projects, and he asked Commissioners to share their thoughts on what his presentation should include.

Commissioner Orvis reported that he attended the Economic Alliance of Snohomish County Board Meeting where it was announced that the Alliance received a clean audit. The agenda also included a presentation by the Puget Sound Regional Council where it was reported that the region's (Snohomish, Kitsap, King and Pierce Counties) largest revenue source is information technology, followed by aerospace; and these were the only two revenue sources that exceeded the national average. As far as job growth, Snohomish County appears to be doing well. However, it only exceeded the national average in aerospace and information technology. The top employee occupations in Snohomish County are retail sales and other types of service jobs, many of which pay an average hourly rate of between \$10 and \$13. He agreed to forward the Commissioners a PowerPoint presentation that includes all the detailed information that was presented at the meeting. Commissioner Johnston said he heard that if King County were taken out of the equation, the State's unemployment rate would be about 8%. Commissioner Preston added that the unemployment rate, including those no longer looking for jobs, is about 10%.

Commissioner Orvis announced that the North Puget Sound Small Business Summit is scheduled for on November 2nd at the Lynnwood Convention Center.

Commissioner Preston advised that both he and Mr. McChesney attended the recent Facility Maker Space at Edmonds Community College. He explained that the Engineering Technology Department opens its 11,000 square foot building with state-of-the-art equipment to the local community and provides a collaborative space where ordinary people with extraordinary ideas can come together and gain access to tools and training.

Commissioner Preston reported that he attended a recent City Council Meeting where the SMP was discussed, and it appeared that the DOE representative's comments went back and forth.

Commissioner Preston reported on his attendance at a networking event hosted by the Economic Alliance of Snohomish County. He met Senator Chase at the event and invited her to attend a future Commission meeting to provide an update on legislative activities.

Commissioner Preston advised that he plans to attend a regional meeting of the Boy Scouts of America where he will work to recruit more help for the Sea Scout program. He will also have a discussion about what they can take out of current State Law that will allow the Port to continue to support the program.

ADJOURNMENT

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

Respectfully submitted,



James Orvis
Port Commission Secretary