



PORT COMMISSION OF THE PORT OF EDMONDS

MINUTES OF REGULAR MEETING

January 26, 2015

COMMISSIONERS PRESENT

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

Fred Gouge, Secretary

CALL TO ORDER

Commission President Preston called the regular meeting to order at 7:00 p.m.

PLEDGE OF ALLEGIANCE

All those in attendance participated in the Pledge of Allegiance to the American Flag.

CONSENT AGENDA

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

- A. APPROVAL OF AGENDA**
- B. APPROVAL OF JANUARY 12, 2015 MEETING MINUTES**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$268,291.83**

COMMISSIONER FAIRES SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

PUBLIC COMMENTS

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

FUEL DOCK SUPPLY LINE CONTRACT WORK ACCEPTANCE

Ms. Drennan recalled that that the original project was much larger, and the one bid the Port received was \$104,000 over the Port's budgeted amount of \$186,000. The Commission rejected this bid and directed staff to refine the proposal to only address the Department of Ecology's (DOE) concerns regarding the supply lines from the bulkhead to the fuel dock. On October 16, 2014 the Port went out to bid with the revised specifications, and one responsive bid was received from 3 Kings Environmental, Inc. for \$20,105 plus tax to replace the rubber hose from the bulkhead to the dock and five feet of galvanized steel internal piping to the valve box.

Ms. Drennan reported that the work was substantially completed on December 31, 2014 and the fuel dock was back in operation after only a 2-day interruption. The total cost of the project was \$22,014.98. The project met the Port's mission statements of providing and/or fostering quality services and facilities for tenants and the boating community, being a responsible financial steward, and being a responsible environmental steward. She recommended the Commission accept the fuel dock supply line replacement contract as complete.

Commissioner Faires asked if the Port needs to follow up with the DOE relative to the project's completion. Mr. McChesney said no, but noted that the fuel supply line will be one of the things the DOE looks at as part of its annual inspection. Ms. Kempf added that she notified the DOE inspector who recommended the work be done that the project has been completed.

COMMISSIONER FAIRES MOVED THAT THE COMMISSION ACCEPT THE FUEL DOCK SUPPLY LINE REPLACEMENT CONTRACT AS COMPLETE. COMMISSIONER ORVIS SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

REQUEST FOR BUSINESS MOORAGE – PUGET SOUND EXPRESS

Ms. Kempf reviewed that in early 2013, Peter Hanke began exploring the possibility of doing high-speed wildlife excursions from the Port of Edmonds to the San Juan Islands between the months of May and September, with daily excursions departing at 10 a.m. and returning at 3 p.m. However, due to some challenges with securing the proper vessel, the proposal was withdrawn. In 2014, Mr. Hanke was successful in securing the vessel Chilkat Express, and he reopened discussions with Port staff. A test run of the vessel in October showed that it was able to maneuver nicely into the marina, stopping at the fuel dock and then taking a trial run down to the south end of the marina where turning radius was sufficient to easily rotate the vessel.

Ms. Kempf reported that Mr. Hanke and Port staff did a walk-thru of the marina to identify potential locations and options for accommodating the vessel, as well as the on-shore operations of Puget Sound Express. She referred to a letter outlining the options that were discussed, which was attached to the Staff Report. She further reported that on November 21st, she and Mr. McChesney met with Mr. Hanke in Port Townsend where his business is based. Mr. Hanke informed them that he prefers Option 1 to start, which is a 62' by 22' slip on the end of C Dock. This slip is currently unoccupied so he can move in directly. She reminded the Commission that Mr. Hanke attended their December 8th meeting and gave a presentation and overview of Puget Sound Express' current operations, as well as it's proposed and anticipated 2015 operations.

Ms. Kempf said Mr. Hanke met with Port staff again last week and signed a moorage agreement with an open date as to when he will move in. He might begin operations in April, offering gray whale tours, but the actual round trip tours to the San Juan Islands will not start until May 23rd.

Ms. Kempf advised that the fiscal impact to the Port is estimated to be \$50,000 annually, including revenues from moorage, passenger fees and parking. In addition, it is anticipated that he would purchase approximately 35,000 gallons of fuel annually. She reminded the Commission that it is the Port's mission to operate the marina in a fiscally sound manner and provide and/or foster quality services and facilities to tenants and the boating community. It is also the Port's mission to play a leadership role in ensuring that the waterfront is a vibrant, active centerpiece for the Edmonds and Woodway communities. The proposal directly supports all of these mission goals. She concluded her presentation by recommending that the Commission approve the request for business moorage.

Ms. Kempf said Mr. Hanke is also considering some short tours to get the word out about his new business, and she has had discussions with him about what the Port can do to help in this regard. She noted that Mr. McChesney, as a member of the Snohomish County Tourism Bureau, has some opportunity to get the word out. Mr. McChesney recommended the Port co-sponsor a familiarization tour and invite members of the Tourism Bureau, Port Commissioners and other dignitaries from throughout Snohomish County. He explained that the Tourism Bureau is primarily made up of hotel people in Snohomish County, and its members have often commented that they have too few activities to recommend to their guests. He expressed his belief that the excursion service would be well received.

Commissioner Faires asked if the agreement would require the lessee to pay the Port a passenger fee and parking fee for each of their guests. Ms. Kempf said the intent is that these fees would be included in the total cost of the excursion ticket. Commissioner Faires noted that the agreement does not specifically state that would be the case. Ms. Kempf explained that the letter included in the Staff Report is a proposal, and the specific details would be worked out in the final agreement once the Commission authorizes staff to move forward.

Ms. Kempf reviewed that Mr. Hanke did submit a counterproposal on the passenger fee. However, after further discussions, he agreed to accept the terms proposed by the Port. Mr. McChesney said Mr. Hanke is ready to spend hard dollars to promote his new business venture, and he provided brochures for distribution at the Boat Show. He has also engaged the services of a public relations firm to help him get the word out.

Mr. McChesney said that, in addition to the immediate benefits to the Port, this new business will bring people to Edmonds. He commented that this is economic development in action, and the Port is happy Mr. Hanke has looked to it as the location of his new business operation. Ms. Kempf added that the manager of Anthony's Home Port Restaurant has also indicated support for the new business.

COMMISSIONER ORVIS MOVED THAT THE COMMISSION APPROVE BUSINESS MOORAGE FOR PUGET SOUND EXPRESS AND AUTHORIZE THE EXECUTIVE DIRECTOR AND/OR HIS DESIGNEE TO PROCEED WITH FINALIZING AGREEMENTS. COMMISSIONER FAIRES SECONDED THE MOTION.

Commissioner Preston noted that Mr. Hanke is a very successful, long-time businessman, as well as a Port of Port Townsend Commissioner.

THE MOTION CARRIED UNANIMOUSLY.

SMALL WORKS ROSTER CONTRACTS AWARDED

Mr. McChesney said the Port is required to compile a list of the small works roster contracts awarded each year as per Revised Code of Washington (RCW) 39.04.200. He asked the Commission to accept the attached 2014 list as presented.

EXECUTIVE DIRECTOR'S REPORT

Mr. McChesney advised that the Port has been working on the new restroom/shower facility project for several months. A Shoreline Permit application was submitted to the City on December 15th, and the Port received a Letter of Completeness from the City on January 12th. Public notices were scheduled to go out today. In the meantime, the Port received a letter from the City's Planning and Engineering Departments asking for additional information. He reminded the Commission that the Port's application submittal was a voluminous package that included architectural renderings and building and site plans. In addition, Port staff met in a pre-application meeting with Planning Department staff at the beginning of November to receive feedback and solicit input on the specific information that would be required.

Mr. McChesney explained that the Port is now being asked to resubmit a site plan and complete a parking impact analysis. They must also provide information about how far back from the bulkhead the buildings would be located. He noted that this new request is more time consuming than technical, but the Port will have to pay its consultant, Reid Middleton, an additional amount to provide the information. In light of the newest request from the City, the application will not go before the Hearing Examiner for review until at least March. By the time the Port obtains the Shoreline and Building Permits, they will be into the busy season and won't be able to move forward with the site work. That means the new buildings will not be installed until late 2015 or early 2016.

Commissioner Faires asked if a Shoreline Permit only requires approval from the City or if other State agencies are involved in the process. Mr. McChesney answered that the required permits are issued by the City. However, because the buildings are modular, the manufacturer would be required to obtain permits from the State. The manufacturer's process cannot start until the Port submits a firm order, and the Port cannot submit a firm order until the necessary permits are obtained.

Commissioner Faires summarized that the Port is being asked to spend more time and financial resources to provide additional information on a project that would result in a significant amenity for the marina. Because the project will not generate any additional revenue for the Port, the additional dollars spent cannot be recovered.

Commissioner Preston asked if it would be possible to separate the buildings into separate projects. He noted that one would be placed within the same footprint as the existing building, so the permitting process could be less time consuming. Mr. McChesney agreed that one of the buildings would fit within the footprint of the existing building, but the other would be in a new location. Separating the project into two phases would require the Port to redo the application and would not really simplify the process at this point.

Commissioner Orvis observed that dealing with the City of Edmonds is often onerous. Mr. McChesney agreed that the City's processes seem to be very inflexible and rigid, and they do not seem willing to accommodate even small projects. He pointed out that, once obtained, the Shoreline Permit would be valid for five years, and the Port could choose to install the buildings in separate phases.

Commissioner Orvis pointed out that the Port is providing restrooms to support the City's Marina Beach Park since the City's only solution is to provide approximately 10 port-a-potties during the summer months. Mr. McChesney said the Port was overly optimistic when it applied for the permits, thinking that the application could be handled administratively. However, that is not the case with the City of Edmonds. Commissioner Orvis said he could understand the additional requirements if the project was more complicated and had associated negative impacts, but this project is simple and straightforward and would provide a benefit to many. He asked if Mr. McChesney anticipates the City will assess a mitigation fee for the project. Mr. McChesney said he cannot say definitively that there will be no mitigation fees associated with the project, but he does not anticipate any at this time. At the pre-application meeting, staff indicated there would not likely be mitigation fees; but they were not willing to formally commit to that decision.

Mr. McChesney expressed his belief that a mitigation fee would be a deal breaker for the project. Currently, the Port has expended over \$6,000 for consultant fees including \$2,400 for application fees. He anticipates it will cost another \$2,000 for the consultants to provide the additional information requested by the City. Commissioner Orvis recalled that the City waited until it was impossible to stop the Jacobsen Marine project before they determined that a mitigation fee would be required. Mr. McChesney advised that, ideally, the Shoreline and Building Permits would be issued simultaneously, and the new buildings would not be ordered until the permits are in hand. That means the Port could terminate the project if deemed appropriate.

Mr. McChesney announced that the City's Shoreline Master Program (SMP) was forwarded to the Department of Ecology (DOE) for review on December 17th. He reminded the Commission that the City Council approved the SMP with 100-foot setbacks against the Port's protests. The Port is now in the process of putting together appeal materials, which will be comprised of legal, scientific and economic opinion. He reported that the work is coming together nicely. When he and Commissioner Orvis spoke to a Washington Public Port Association (WPPA) representative a few weeks ago, it was thought that the 30-day comment period would start on January 17th. However, the DOE has not yet notified the Port that the comment period has started. He is reviewing the appeal material with the Port's attorney and consultant, and he is confident they can present a very effective case.

Mr. McChesney reported that, last week, he and Commissioner Preston attended the WPPA Port day and had an enjoyable and busy time meeting with all of the local legislators.

COMMISSION COMMENTS AND COMMITTEE REPORTS

Commissioner Preston reminded the Commissioners that their Personal Financial Assessment Statements (F-1) are due April 15th.

Commissioner Preston reported on a meeting he had with Edmonds City Council Member Thomas Mesaros. It was a great opportunity to get to know him better, and he was able to shed light on the Port's concerns. Council Member Mesaros agreed to check on a few items and report back. He said he is scheduled to meet with Council Member Bloom later in the week.

Commissioner Preston reported that he and Mr. McChesney attended the WPPA's Port Day on January 20th. He provided a packet of information he collected for the Commission's information and commented that the local legislators work hard for the Port. Some of the issues discussed included transportation and the need to move freight, using Model Toxic Control Act (MTCA) funds as they were originally intended, and maintaining flexibility for port industrial development district (IDD) levies. He reported that he and Mr. McChesney met with Representatives Ruth Kagi, Lillian Ortiz-Self, Strom Peterson, and Marko Lias. Representative Cindy Ryu was unavailable. They also met with Senator Maralyn Chase. While she understood that the State of Washington was dependent on trade, she questioned how much of the trade involves products from Washington State. At her request, he asked a representative from the WPPA to review a recent study on Washington State Exports and provide the additional information she is seeking. Commissioner Orvis said it is estimated that about 60% of the State's trade is from products produced in State.

Commissioner Block reported that she participated at the Port's booth at the Seattle International Boat Show last week and was pleased to see that many people are interested in what is happening at the Port of Edmonds. She felt this was a good sign.

ADJOURNMENT

The Commission meeting was adjourned at 7:40 p.m.

Respectfully submitted,



Fred Gouge
Port Commission Secretary