

# PORT COMMISSION OF THE PORT OF EDMONDS

## MINUTES OF REGULAR MEETING

April 26, 2010

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### COMMISSIONERS PRESENT

Mary Lou Block, President  
Jim Orvis, Vice President  
Fred Gouge, Secretary  
Bruce Faires  
Marianne Zagorski

### 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 Block called the 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 ZAGORSKI MOVED THAT THE CONSENT AGENDA BE APPROVED TO INCLUDE THE FOLLOWING ITEMS:

- A. APPROVAL OF AGENDA AS AMENDED.
- B. APPROVAL OF APRIL 12, 2010 COMMISSION MEETING MINUTES.
- C. APPROVAL OF MARCH ELECTRONIC TRANSFERS IN THE AMOUNT OF \$240,367.19.
- D. APPROVAL OF VOIDED CHECK NUMBER 69177 IN THE AMOUNT OF \$1,500.00.
- E. APPROVAL OF CHECK NUMBERS 69558 THROUGH 69572 TO INCLUDE DIRECT DEPOSITS D00661 THROUGH D00674 IN THE AMOUNT OF \$27,288.94 FOR PAYROLL.
- F. APPROVAL OF VOIDED CHECK NUMBERS 69573 THROUGH 69574 IN THE AMOUNT OF \$0.00.
- G. APPROVAL OF CHECK NUMBER 69575 IN THE AMOUNT OF \$716.30.
- H. APPROVAL OF VOIDED CHECK NUMBER 69576 IN THE AMOUNT OF \$139.82.
- I. APPROVAL OF CHECK NUMBERS 69576 THROUGH 69625 IN THE AMOUNT OF \$231,974.22 FOR ACCOUNTS PAYABLE.
- J. APPROVAL OF CHECK NUMBER 69626 IN THE AMOUNT OF \$119.29 FOR ACCOUNTS PAYABLE.
- K. APPROVAL OF CHECK NUMBERS 11209 THROUGH 11213 IN THE AMOUNT OF \$1,511.41 FOR HARBOR SQUARE ACCOUNTS PAYABLE.
- L. APPROVAL OF CHANGES TO PERSONNEL POLICY NUMBER 15.00.

**COMMISSIONER GOUGE SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.**

### **PUBLIC COMMENTS**

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

### **GARBAGE AND RECYCLING PROGRAMS**

Mr. McChesney reviewed that the Commission has discussed the issue of garbage and recycling on numerous occasions in an effort to fine tune the Port's program to provide adequate recycling facilities and encourage people to recycle. He recalled that during the summer of 2008, the Port worked with an intern from Landau Associates to complete an assessment of the Port's recycling program and identify ways to improve, update, streamline, and/or create a more environmentally sustainable program for recycling and waste disposal. He noted that the review resulted in some recommendations that were discussed with the Commission on June 8, 2009. Based on feedback from the Commission, staff proceeded with implementation of the following aspects of the report:

- New signage was placed on existing recycle stations.
- Recycle bins were placed next to each garbage container in Port offices.
- The Port switched to high-density liners for internal garbage. The new liners break down more quickly.
- A book recycling program was initiated.
- Recycle containers for collection of mono-filament line were installed.
- The Port partnered with the Puget Soundkeepers Alliance who provided a 200-gallon bilge water disposal container that was placed near the Oil and Hazardous Waste Disposal area.
- Staff researched available grants for installing/improving recycling facilities, but found the funding was only available to non-profit organizations.
- Staff reviewed the costs outlined in the Recycling Study and found the cost savings to be overstated and the capital improvement costs to be understated. As enlightening as the report was, it was not useable in terms of reaching a higher level of efficiency. However, staff did learn a lot from the report.
- Staff forwarded a copy of the recommendations from the Recycling Study to Sound Disposal and requested recommendations from them regarding the potential for cost savings.
- Staff held a series of meetings with Sound Disposal and Makers Architects, requesting alternatives for enhancing the Port's current Garbage and Recycling Programs.

Commissioner Zagorski asked if an additional trash container was provided at the south end of the marina as a result of her earlier recommendation. Ms. Kempf answered that an additional container was put in place within a week of her request.

Commissioner Zagorski asked if the recycle container for mono-filament line is actually used. Ms. Kempf answered that it was a good idea in theory, but people put more garbage than line in the container, and they have never filled the box that goes to the recycling center. Commissioner Block noted there are programs throughout Puget Sound where divers are retrieving fishing line. She asked if this line could be disposed of in the Port's mono-filament line container. Ms. Kempf said the container is intended to be for line from sport fishing poles. Instead of throwing the line into the water, fishermen have been asked to place it in the container. She said they advertised the container in the tenant newsletter, but the idea has not caught on yet. She explained that if the fishing line is taken to the landfill, birds find it and often become tangled up. The idea is to dispose of the line correctly to prevent these situations.

Commissioner Zagorski asked if staff found less trash in the recycling bins after the additional trash container was installed at the south end of the marina. Ms. Kempf said staff tried to collect this information to determine if the situation was improved with the additional container and better signage. However, they have not been able to obtain sufficient data from Sound Disposal to reach a conclusion. Commissioner Zagorski asked if the Port is charged an

extra fee if the recycle container is contaminated with trash. Ms. Kempf answered that if the recycle container is contaminated, the materials will be marked as trash and hauled to the landfill.

Commissioner Gouge suggested the Commission consider the more radical approach of removing up to 25% of the trash cans on Port property and requiring tenants and Port visitors to haul out their own trash. This would help the Port reduce costs. Commissioner Faires suggested another option would be to cut down on the number of times the trash is hauled away.

Commissioner Block invited staff to share the recommendations submitted by Sound Disposal. Ms. Kempf said Sound Disposal is recommending the Port install 90-gallon totes in the existing garbage enclosures for all recyclable materials. Sound Disposal does not recommend removing one of the garbage dumpsters because the remaining dumpster would overflow before it is emptied. Once the totes have been installed, the containers could be monitored to determine if the situation has improved.

Ms. Kempf advised that in an effort to identify a plan that would be convenient for Port tenants and the public and fit within the Port's budget, staff met with Steve Fisher, Recycling Coordinator for the City of Edmonds, and a representative from Sound Disposal to review the options and identify the best course of action for the future. They determined that the existing recycling locations are outdated, and separation of recyclables is no longer necessary. Staff recommends the Port proceed with a one-year pilot program for the south marina consisting of fairly simple changes that would be nearly expense neutral. The pilot program would include updated signage to provide clear direction and a communication plan to inform tenants of the change. In addition, the existing cubby recycling bins would be replaced with a 90-gallon tote for all recyclable materials. The trash enclosure areas would be redesigned and cleaned up, as well.

Ms. Kempf suggested that after one year, staff could review the results of the pilot program and formulate recommendations for incorporating the program in the north marina, as well. She reminded the Commission that the Port's Master Plan identifies new garbage enclosures in the north marina, and money has been set aside in the 2012 Capital Budget for the project. She suggested that perhaps the project could be moved forward to 2011 to address issues in the north end sooner if the pilot program is successful. They could also modify the enclosures in the south marina to better accommodate the proposed new 90-gallon tote.

Ms. Kempf reminded the Commission that as part of the budget cuts in 2008 and 2009, the yard waste program was eliminated. The waste is now processed as garbage. Staff is recommending the Port establish a better way to process yard waste through composting and/or reinstating a yard waste removal program.

Commissioner Orvis noted that the proposed pilot program would make staff responsible for keeping the trash enclosure clean. He questioned how many man hours would be required to accomplish this task. Mr. McChesney agreed that this could require a significant amount of staff time, and the work would be assigned when time permits. He noted there would be no staff person specifically assigned the task of cleaning and inspecting the garbage and recycling enclosures. Staff would monitor and clean the facility to the extent possible, but he does not anticipate it would be part of their on-going work program. Commissioner Orvis observed that he has visited a number of marinas and has yet to see one where the recycling areas are pristine. Generally, the containers are contaminated with plastic bags and other items that are not recyclable. He expressed his belief that monitoring the recycling area could be a big job for staff. He invited Commissioners, staff and members of the public to share any experiences they have had where a marina or other large public facility has been successful in this regard without hiring specific staff to do the work. Ms. Kempf said she has discussed the issue with Steve Fisher from the City of Edmonds, as well as other marinas. It appears that everyone has the same challenges with educating the public on what is and is not recyclable. She said the challenge is keeping people informed of current recycling policies without making it too complicated.

Ms. Kempf referred to Commissioner Gouge's earlier recommendation that the Port reduce the number of dumpsters. She reported that the Port actually reduces the number of scheduled garbage pick ups by 50% during the winter months. However, they do not actually remove the dumpsters.

Commissioner Orvis suggested the Port start with a much simpler recycling program that accepts glass, paper and cans. This would be clear cut and easy for people to understand and participate in. The items could be comingled in the 90-gallon tote, as proposed. Perhaps it would also be helpful to put up a sign emphasizing that plastic bags are not recyclable. Commissioner Faires agreed this would be an appropriate approach. If the program is not straightforward, the Port will end up with contaminated recyclables again, and the program will be a failure. The Commission agreed to start a recycling pilot program for just a few items, as recommended by Commissioner Orvis. Staff could monitor the program to determine its success and then report back to the Commission after the summer season.

Commissioner Orvis said he would not support a program that requires tenants to take their garbage home. He felt this could lead to more problems than it would solve. He reminded the Commission that the Port markets itself as a full-service, top-quality marina, and it would be inappropriate for them to eliminate garbage service.

Mr. McChesney summarized that staff would move forward with a pilot program as discussed, starting with a hybrid recycling program as recommended by Commissioner Orvis. Ms. Kempf pointed out that the pilot program may result in the need to reconfigure the trash enclosures to better accommodate the 90-gallon totes. Using the current configuration, it will be difficult to access the back of the trash containers when the front sections are full. Commissioner Zagorski observed that people who are knowledgeable about recycling may place their plastic containers and other recyclable materials in the tote. Therefore, the Port should not consider it a failure if other recyclable items are found in the container.

#### **HARBOR SQUARE QUARTERLY REPORT**

Jan Conner was present to review the Harbor Square Quarterly Report. She reported on the following:

- The first quarter of 2010 was quite positive, given the current state of the rental market, and occupancy increased a bit.
- Revenues were not as good as they would have liked because there were no CPI or low CPI increases when renegotiating rents.
- There were four lease extensions.
- Eighteen late notices were sent out during the quarter, but most of those were due to the fact that rents became due during the holiday break, and tenants who did not return until after the holidays were late paying their rent. Notices are sent out when rents are three days past due.
- Security deposits were received from three tenants.
- The activity for showing space increased during the quarter, which resulted in two new month-to-month leases that required them to complete tenant improvements and prepare lease agreements very quickly. Not a lot of tenant improvements were needed; just basic clean up.
- Meeting room rentals were indicative of the time of year. Five of the 9 rentals required no setups as they were for the boardroom.

Commissioner Zagorski requested an update on the roof situation at Harbor Square. Ms. Conner said there are still problems with Building 2 when there is significant rainfall, and staff is working to address the issues. Mr. McChesney added that he has inspected the situation several times and worked with the roofing contractor. The contractor is finished, and they did a good, effective job of repairing the cracks and leaks they could find. In fact, they actually located and repaired more cracks than were scoped. He explained that the roof membrane is so brittle that when the roof is patched in one location, the cracks move in another direction. He expressed his belief that the problem will be ongoing, but staff, with the help of the contractor, has done a good job of learning more about how the roof behaves and what it will take to keep patching it. Staff is now prepared to do the work in house. The facility needs a new roof, but given the current economic situation, the Port's only option is to continue to patch it for the time being.

Commissioner Zagorski asked if the tenants in Building 2 are overly concerned about the situation. Mr. McChesney said that when the problem first came up last November, the tenants were concerned. However, the Port has addressed the majority of the problems, and staff will continue to deal with the issue the best they can. Ms. Conner reported that as soon as tenants see discoloration of ceiling tile they contact the Port, and Port staff has responded quickly. One tenant who had significant concerns recently renewed his lease for an additional three years. The fact that the Port has responded in a timely manner has been positive.

Commissioner Faires said that later in the meeting he would like the Commission to discuss the City of Edmonds' fiber optic capabilities and the potential for extending the service to the Harbor Square properties. Prior to Ms. Conner leaving the meeting, he asked her to share her thoughts on whether this would be an attractive feature for the Port to offer its tenants at Harbor Square. Ms. Conner answered that any time the Port can offer an improved service, it is a positive aspect. At this time, a number of tenants have signed up with Comcast for their internet needs. She recalled that a previous tenant expressed an interest in improved internet service, but the current Comcast service appears to meet the needs of the existing tenants.

### **PORT QUARTERLY REPORT**

Ms. Kempf announced that 1<sup>st</sup> Quarter of 2010 produced some encouraging statistics, some of which were a direct result of the following marketing promotions:

- **Sign up for moorage or dry storage by March 1<sup>st</sup> and pay \$20.10 for the 1<sup>st</sup> and 12<sup>th</sup> months.** This promotion resulted in 33 assignments, bringing vacancy in water moorage to 3.6% at the end of the quarter, versus 6.4% in the 4<sup>th</sup> quarter of 2009. Dry storage was down to 13.2% in the 1<sup>st</sup> quarter versus 17.5% in the 4<sup>th</sup> quarter of 2009.
- **Why Wait? Accepting credit cards for wait list sign ups at the Boat Show and until March 1<sup>st</sup>.** This resulted in one sign up at the boat show. However, the wait list continues to decline from 214 in 2006 to 134 in 2010.
- **Half price workyard days through February.** There were 43 boats in the yard in January and February 2010 versus 16 boats in the yard during the same time period in 2009. While the increase did not show up in the total revenue for the quarter because the space was offered at a 50% discount, it did encourage people to use the facility. Commissioner Orvis suggested the promotion may have helped the vendors who work in the yard. Ms. Kempf explained that the only direct benefit to the vendors was if the workyard was full and the boats had to be moved into their space. However, the vendors would particularly benefit from a reduced travel rate.
- **Passport to Puget Sound.** While it is too early to identify results of this public/private facility promotion, the Port did have one yacht club specifically state that they were cruising for one week to collect stamps in their passport books.

Ms. Kempf reviewed the 1<sup>st</sup> Quarter Report, specifically noting the following:

- The number of nights in guest moorage increased to 148, which is a large increase over the previous four years and is partially due to the fact that people are discovering the Port of Edmonds and its programs. They want to stay longer than they have in the past.
- Although fuel prices were \$1.01 higher in 2010 compared to the same time period in 2009, more gallons were sold in 2010.
- About 180 of the 558 days charged in the workyard were associated with a vessel that is taking up two spaces. Without this situation, the total number of days in the workyard would be 378, which is slightly up from normal for the 1<sup>st</sup> quarter.
- There were 43 vacancies in wet moorage prior to the boat show, and there are currently 21. Most of the vacancies are in the categories under 30 feet. Only three of the vacancies are for slips that have waiting lists.
- Dry storage vacancies have improved. The boat show promotions resulted in 16 assignments during the 1<sup>st</sup> quarter. In addition terminations were down.

- The waiting list continues to decline, but the Port still has a waiting list, which is unlike most other marinas in the area. Staff researched other facilities that offered specials at the boat show and found that the Port received quite a few more assignments from the boat show specials compared to other marina facilities in the market.

Commissioner Zagorski asked if the number of filled vacancies includes tenant transfers. Ms. Kempf answered that the number does include tenants who are moving from dry storage to wet moorage or from wet moorage to dry storage. However, it does not include tenants who are moving from one wet moorage slip to another or from one dry storage space to another.

Commissioner Faires asked if staff keeps track of the number of times a slip is turned down by people on the waiting list. He suggested this would be interesting information to provide in the next report since it provides another indicator of how deep and valid the Port's waiting list is at any given time. Ms. Kempf advised that, although it was not included in the report, staff continues to collect this statistical information. She reported that 13 people on the waiting list turned down offers for space during the 1<sup>st</sup> quarter of 2009, and there were only 7 during the same quarter of 2010. Commissioner Faires suggested this indicates that prospective tenants are not feeling the financial distress they were one year ago.

### **FINANCE QUARTERLY REPORT**

Ms. Drennan reminded the Commission that this is the last quarterly report that will be presented in this format. The 2<sup>nd</sup> Quarter 2010 Financial Statements will be presented in the format discussed in the Financial Statement Review. She referred the Commission to the 1<sup>st</sup> Quarter 2010 Financial information and specifically noted the following:

- Gross profit for the three-month period ending March 31, 2010 was \$1,403,970, which is \$55,522 or 4% less than budget.
- Net income for the quarter was \$8,166.
- Permanent moorage revenue was \$647,504 or 4% less than budget, but staff does not anticipate this will continue because more slips have been filled.
- Dry storage revenue was \$141,092 or 10% less than budget.
- Workyard revenue was \$17,042 or 28% less than budget.
- Harbor Square Property revenue was \$370,990 or 2% less than budget, which is the best it has ever been.
- On February 1<sup>st</sup> the Port discontinued billing the Edmonds Yacht Club for their building space rental in the Anthony's Restaurant Building and started billing them for parking on the east side of Admiral Way.
- Operating expenses without depreciation for the three-month period was \$835,428, which was \$55,581 or 6% less than budget.
- Repair and maintenance was \$74,184 or 19% less than budget, but staff does not expect this to continue.
- Supplies expense was \$28,901 or 2% greater than budget.
- Utilities expense was \$74,289 or 11% less than budget. Some of the electricity allocations may be off a bit, and staff would work to address the situation.
- Interest income was \$8,485 or 62% less than budget.
- Net income for the three months ending March 31, 2010 was \$8,155, which was 60% less than budget.

Commissioner Zagorski asked if the Port has paid for their portion of the Anthony's Roof Project. Ms. Drennan answered that the roof project would be capitalized, and the Port has been making payments as the work has progressed. Another large payment has been included on the Check Register the Commission approved earlier as part of the consent agenda.

Ms. Drennan referred the Commission to the 1<sup>st</sup> Quarter 2010 Investing Report and reviewed that the benchmark to determine performance levels is the one-year Treasury Bill, which was .40% as of March 31, 2010. Liquid Port funds earned between .25% and 1.25% Also as of March 31, 2010, the capital replacement reserves was at \$220,102, and interest is added to the reserve monthly.

Commissioner Zagorski observed that compared to a few years ago, the operating budget is much closer to reality.

Commissioner Orvis asked if the Port is allowed to keep money in Umpqua Bank, given that their headquarters is no longer located in Washington State. Ms. Drennan answered affirmatively and advised that the bank is already a member of the Public Deposit Protection Commission.

Commissioner Zagorski asked for a progress report on staff's efforts to lease the old Edmonds Yacht Club space. Mr. McChesney replied that staff has been talking to potential tenants. He reminded the Commission of the Port's preference to lease the space to a marine retail business. He said the space has been posted on the Port's website and various real estate sites, and staff has talked to retailers who are interested, but for various reasons they have postponed their plans to expand. He noted that the property has been listed for \$18 per square foot, but they have not received significant interest. He suggested the Port become more aggressive with their pricing and present new proposals to interested parties.

### **COMMISSION MEETING SCHEDULE**

Mr. McChesney recommended the Commission revisit the Port's Strategic and Master Plans at their June 14<sup>th</sup> meeting. At that point, they may have better information on the Harbor Square redevelopment proposal, as well. The Commission agreed to review the two plans to make sure they are up to date.

MR. CATTLE LEFT THE MEETING AT 8:15 P.M.

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

Mr. McChesney reported that Port staff has been working on the presentation for the Harbor Square Open House that is scheduled for May 5<sup>th</sup> in Building 2 at Harbor Square. Staff is planning to provide a series of storyboards that describe the Port's thoughts. The open house would not be designed to convince the public of any particular proposal or design. In fact, the Port will tell people up front that they have no preferred alternatives at this point. The goal of the open house is to share with the public what the Port has learned and suggest a way to move forward. He advised that the LMN Architect's report, which was presented to the public and Commission in late 2010, would be condensed onto storyboards that show the concepts and provide companion bullets to interpret their meaning.

Mr. McChesney recalled the Commission previously agreed that a general diagram should be prepared to show how the interests of the Port, community and developer could come together. The Commission also expressed a desire to talk a little about how redevelopment could be accomplished in a manner that protects and is compatible with the existing marsh. It has been suggested that redevelopment of Harbor Square could actually contribute to the health of the marsh. He recalled there have been various discussions about the possibility of daylighting Willow Creek, as well as other projects to improve the marsh area such as retaining native vegetation and enhancing the buffer. He displayed a pen and ink drawing prepared by Joel Patience that illustrates how the Harbor Square redevelopment project and the marsh could compliment each other. He emphasized that the drawing was not intended to be definitive, but illustrate how the two can exist side by side. He provided another illustration still in the preliminary stage, which is intended to capture a plan view of the Harbor Square and marsh sites to accentuate the pathway and buffer. He emphasized that the Port does not anticipate the buffer would increase in width, but it might increase in quality.

Mr. McChesney reported that he spoke with a representative of the Edmonds Planning Department about what can and cannot be done around urban wetlands, such as the marsh. He specifically sought information about what the City's Critical Areas Ordinance would require, and he received a clear signal from the City that what the Port is considering for redevelopment of the site would be workable, but some mitigation might be required. Again, he said the drawing is intended to show how the marsh and Harbor Square redevelopment can work together.

Commissioner Block expressed concern that in the first drawing, the marsh area should be more defined. She said it is hard to see the buffer on the drawing. Mr. McChesney agreed the artist could do a better job of delineating the wetland and its buffer. The artist attempted to prepare the drawing to scale, and he also tried to show Harbor Square as a transit-oriented development. Commissioner Faires agreed with Commissioner Block that the drawing lacks definition for the buffer area. He suggested the buffer be more clearly defined to call attention to the area. At the public meeting, participants could be invited to submit suggestions for what elements and features the buffer should contain.

Commissioner Block asked if the City's new Critical Areas Ordinance talks about what should be included in a buffer area. Mr. McChesney answered that it provides policy, but it does not get into the actual specific plantings. The Port's main concern is to make sure the existing buffer is enhanced where it can be and that it does not expand beyond what it is now and further constrain the redevelopment opportunities at Harbor Square.

Commissioner Orvis noted that the boundary of the marsh is very defined. He further noted that from the street in front of the athletic club to the Scrub-a-Pup Business, everything under the asphalt is rock rather than fill. Mr. McChesney advised that there are ways to enhance the buffer while leaving its dimensions unchanged, and there are experts in the field who make a practice of figuring out how to do this. He said he has met with Friends of the Edmonds Marsh and has made the Port's intentions clear. If they all work together, he felt they could address the issues of both parties.

Mr. McChesney announced that the City of Edmonds would conduct a scoping meeting for the Sunset Landing Proposal on May 3<sup>rd</sup>, and he plans to attend the meeting on behalf of the Port. The meeting discussion will focus on the State Environmental Policy Act (SEPA) requirements and the public will be invited to talk about what should and could be included in the Environmental Impact Statement (EIS). The information he obtains from the meeting could be helpful to the Port as they move forward with redevelopment of Harbor Square.

Commissioner Faires announced that he would attend the Edmonds City Council Meeting of April 27<sup>th</sup> to invite the City Council and the public to attend the Port's Harbor Square Redevelopment Open House on May 5<sup>th</sup>. Commissioner Zagorski said she did the same thing at the Woodway Town Council Meeting on April 19<sup>th</sup>. Council Member Buckshnis suggested Commissioner Faires notify Council President Bernheim, requesting an opportunity to make his announcement at the beginning of the City Council meeting.

Ms. Kempf reported that the Department of Ecology (DOE) released a draft boatyard permit this week, and it includes some changes to the copper levels. She said she has not had an opportunity to review the zinc requirements. She said it appears the DOE considered the Port's comments that the copper numbers were based on tests done in the Port's workyard under the best circumstances possible. However, she cautioned that it would still not be easy for the Port to achieve the new benchmarks (not limits).

Ms. Kempf recalled that the previous version of the permit would have increased the number of samples required each year from 5 to 12, but the new permit has rolled this back to 5 again. The permit refers to the results of the Small Business Economic Impact Study that was completed by the DOE, but it does not really provide any solutions that will help the Port. There is a provision in the permit that allows facilities to claim financial hardship. If the DOE supports the claim, the facility would be under a compliance schedule that would require them to meet water-based benchmarks instead of technology-based benchmarks for a certain period of time. She said she spoke with Joe Kalmar, Landau Associates, about whether the Port would qualify for the hardship provision, and they both agreed it would not be a good idea for the Port to file for financial hardship. At the end of the time period of the compliance schedule, the Port would have to meet specific limitations rather than benchmarks. However, she said they would research the issue further in the coming weeks. She reminded the Commission that the Port is hoping to receive grant funding to install the technology necessary to meet the new permit requirements. Commissioner Orvis observed that because the Port is a public entity, the DOE's governing office and the Puget Soundkeepers Alliance would likely determine that the Port does not have a financial hardship because they can always tax their district residents to pay for the technology.

Commissioner Faires asked if the Port would be required to do anything further if their samples meet the benchmarks identified in the new permit. Although the benchmark numbers are lower in the new permit, Ms. Kempf emphasized that the Port has never had numbers low enough to meet the new permit requirements. She reminded the Commission that the Port has put off doing their Level 3 Response for the previous permit, and they will be required to submit this documentation within 90 days of issuance of the new permit. She advised that once the permit is finalized, the Port will have to submit a full engineering study to the DOE and then make a decision about whether to install the new technology or not.

Ms. Kempf said representatives from the DOE anticipate the Puget Soundkeepers Alliance will not be happy with the new permit. They advised that a meeting had been scheduled on Friday with representatives from the Washington Public Port Association (WPPA), the Northwest Marine Trade Association (NMTA), the DOE and Puget Soundkeepers Alliance to review the permit. However, the Puget Soundkeepers Alliance indicated they would not be in attendance and the meeting was cancelled. She advised that there is an opportunity for the public to comment on the new permit, and she is working with Joe Kalmar, Landau Associates to prepare a letter of response by May 28<sup>th</sup>. Public hearings have been scheduled for May 24<sup>th</sup> in Lacey and May 26<sup>th</sup> in Everett, and she plans to attend the Everett hearing.

Ms. Kempf recalled that she and Commissioners Orvis and Gouge met with representatives from the Department of Ecology at the office of Senator Shin in Olympia to discuss the boatyard permit and other environmental issues. The DOE's water quality supervisor indicated that an inspector would visit the Port and issue a 100% compliance letter for the boatyard. She announced that the inspection has been scheduled for April 27<sup>th</sup>.

Commissioner Gouge commended Ms. Kempf for doing a great job of laying out the situation with the DOE. As a result, he felt the DOE now has a clear understanding of the boatyard issues. He said the Port volunteered to be a leader on environmental issues, and they agreed to be a test site for future programs. Ms. Kempf said she has prepared a thank you letter to Senator Shin's staff to thank them for arranging the meeting with the DOE.

Commissioner Orvis said the DOE representatives they met with seemed to agree with the Port's concerns, but top leadership appears to be less sympathetic to reality. Those they talked to recognized that the Puget Soundkeepers Alliance would likely sue the DOE over the new permit requirements anyway, so they decided to move forward with additional modifications. He summarized that it is very important for boatyards to keep the heat on, and the boating magazines have done a good job of bringing the issue to the boating community's attention. He recommended the Port do everything possible to ensure that the issue stays highly visible. He observed that the boatyard permit requirements are a likely precursor of what will be required of cities in the near future. The expense incurred by the Port to meet the new requirements will be nothing compared to what it will cost waterfront cities. Compliance may require wastewater treatment systems for stormwater in the future.

Commissioner Block announced that Ms. Kempf will be participating in a roundtable discussion at the WPPA Spring Meeting. She suggested that this would be a good opportunity to gauge other marinas' interest in the boatyard permit requirements. Ms. Kempf said the topic of the roundtable will be trends in the marina market. She agreed that stormwater is a huge trend. She said she would talk with Paul Sorenson, BST Consulting, to put together some bullet points to set the stage for the roundtable discussion.

#### **COMMISSIONER COMMENTS AND COMMITTEE REPORTS**

Commissioner Gouge reported on the good meeting he, Commissioner Orvis and Ms. Kempf had with representatives from the DOE. In addition to the boatyard permit, they also discussed the need to be proactive in getting copper bottom paint removed from the industry. It is important to let the Puget Soundkeepers Alliance know the Port is doing its best to phase out copper bottom paint. He summarized that Ms. Kempf did a good job of presenting the information, and he felt they made some headway in addressing the issues.

Commissioner Orvis announced that he and Ms. Kempf would attend the WPPA Marina Committee Meeting in LaConner. He also announced that he attended the Boys Scouts of America District Meeting with elected officials. They are looking for money and volunteers. It was particularly noted that the Venturing and Cruising Programs need leaders.

Commissioner Orvis reported on his attendance at the Snohomish County Economic Development Commission (EDC) Board Meeting where it was reported that they lost about \$50,000 in State funding for the biennium. It was announced that the next Snohomish County Leadership Course has been advertised. They are still working on the proposal to consolidate the EDC and the local Chambers, and they are looking for funding to pay for consultants to help them work out the details of the change. Rather than consolidation, they are now considering reorganizing the programs to coordinate the efforts of all groups. He felt this was a much more reasonable approach. It was also reported that they anticipate the Federal Aviation Administration would issue an environmental study for Paine Field by June. The County owns the building and does not want to put money into it. Some airlines have indicated a desire to front the costs in exchange for parking, and the Port of Spokane has offered to build the terminal.

Commissioner Orvis said the EDC also announced that Stevens Hospital has been reorganized and is now part of Swedish Hospital. Their new management team was present to address the EDC. They explained that when they first started looking for hospitals in the area, Stevens was not even on their list for consideration. However, they have turned their reputation around and it is now an exceptional hospital. It was reported that Swedish would lease the facility and run the hospital. They will pay the district \$600,000 per month to start, with a 3% yearly adjustment. The hospital district will remain intact, but it will not be responsible for the hospital. Instead, it will become a health district, providing ancillary services that frequently do not get done. In addition to \$600,000 per year, the hospital district would also receive 25% of the hospital's profits. While the name of the hospital would change, they plan to retain the transitional staff that was instrumental in improving the hospital's reputation.

**Jack Bevan** said he recently visited Stevens Hospital, and his wife, a surgical nurse, was in disbelief about how well things were handled there. He suggested it is important to get the word out that Stevens is now a quality facility. Commissioner Orvis agreed. He said his recent experience at the hospital was dramatically different than previous experiences.

Commissioner Zagorski reported on her attendance at the April 19<sup>th</sup> Woodway Town Council Meeting where they announced the purchase of Gator vehicles for their public works department. These vehicles have a lower gas consumption, and she suggested the Port consider this option in the future. She recalled that the Commission previously discussed the potential of obtaining federal grant funding for improved security. She reported that the Town of Woodway is looking at the possibility of installing security cameras at the entrances to their city. They shared information from a company that provides cameras that can take pictures of license plate numbers at night. The pictures are kept on file for 30 days and then deleted. The cameras are mounted on power poles.

Commissioner Zagorski reported on her attendance at the monthly meeting of the full Citizens Economic Development Commission (CEDC), which has now divided into four different subgroups to focus on making recommendations to the City Council related to tourism, land use, visioning, and technology.

Commissioner Faires announced that on April 20, the Edmonds City Council voted to purchase the old Skippers Property, and he emphasized that the Port is not involved in the transaction. He said the City Council held their first public hearing on the revised Stormwater Management Plan, which primarily deals with stormwater management associated with development and construction sites. He suggested Council Member Buckshnis keep in mind that the Port has a lot of information dealing with stormwater runoff and the new DOE requirements for boatyards. This information may be valuable if and when new permit requirements are imposed upon the City. Council Member Buckshnis said the proposed Stormwater Management Plan also talks about maintaining existing stormwater facilities. It identifies the existing facilities and talks about how they can be monitored through public education (private stormwater management.) Commissioner Faires agreed the proposed plan calls for the City to do more than they have in the past, but it still does not address anticipated future changes in the State's permit requirements.

Commissioner Faires announced that he participates on the Technology Subcommittee of the CEDC, which focuses primarily on the fiber optic capabilities that exist unique in Edmonds. The City of Edmonds has a product that was given to them and provides a significant amount of band width. They are continuing the legal steps that will give them the unique ability to sell the band width. He said that in his conversations with the City, they appear to be interested in any endeavor that helps them sell this capability. They have the option of selling the band width below market value if they choose, and there would be virtually no cost to the City to have someone hook up to their fiber. He suggested the Commission direct staff to enter into discussion with the City about a potential agreement that would allow the Port to market the capability at Harbor Square. At this time, the lines exist at the old Skippers property, and the line would have to be extended to the Harbor Square site at a cost of about \$6 to \$10 per foot. He said he estimates it would only cost about \$10,000 to run the fiber to Harbor Square and the work could be completed in a short period of time.

Commissioner Gouge expressed his belief that bringing the latest technology to the Harbor Square site should go hand-in-hand with any redevelopment plan. However, he said he does not want the Port to be in the business of maintaining the service. While it would not be necessary to run the line right now, he felt it would be appropriate to have an agreement in place with the City that would allow the connection in the future. He suggested the Commission discuss this option further as part of their upcoming review of the Port's Master Plan. Commissioner Faires said that in a conversation with Mayor Haakenson, he learned that the best approach would be for the Port to contact the City's Finance Manager. The Commission directed staff to contact the City to discuss the potential of an Interlocal Agreement.

Commissioner Gouge reported on his attendance at the recent Edmonds Transportation Committee Meeting where he learned that the City's street overlay program is currently on a 68-year cycle, which is absolutely ridiculous. Most other cities use their Real Estate Excise Tax (REET) funding for transportation infrastructure, but the City of Edmonds uses only 20% of the REET funding for transportation improvements. The rest is allocated for parks. He reported that the Transportation Committee has asked the City's Traffic Engineer to prepare information to present to the City Council with a request that they consider reallocating the REET tax to help fund the overlay program.

Commissioner Gouge announced that the post office was sold for \$2.8 million rather than the anticipated \$4.1 million. Commissioner Faires added that the Edmonds post office would move to a new site in Edmonds.

#### **ADJOURNMENT**

The meeting was adjourned at 9:10 p.m.

Respectfully submitted,

Fred Gouge  
Port Commission Secretary