

**PORT COMMISSION OF THE PORT OF EDMONDS**  
**MINUTES OF REGULAR MEETING**

**May 24, 2010**

---

---

**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**

Chris Knapp, Port Attorney  
Karin Noyes, Recorder

**OTHERS ABSENT**

Bradford Cattle, Port Attorney

**CALL TO ORDER**

Commission President Block called the regular meeting to order at 6:30 p.m.

**EXECUTIVE SESSION**

The Commission met in an executive session at 6:30 p.m. to discuss pending litigation with the Port Attorney. No decisions were made and no action was taken. Those in attendance were Chris Knapp, Mary Lou Block, Jim Orvis, Fred Gouge, Bruce Faires, Marianne Zagorski, Bob McChesney, Marla Kempf and Tina Drennan. The executive session was adjourned at 6:55 p.m.

The meeting reconvened at 7:00 p.m.

**PLEDGE OF ALLEGIANCE**

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

**CONSENT AGENDA**

Item B (Approval of May 10, 2010 Commission Meeting Minutes) was pulled from the agenda.

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

- A. APPROVAL OF AGENDA.**
- C. APPROVAL OF APRIL ELECTRONIC TRANSFERS IN THE AMOUNT OF \$160,607.99.**

- D. APPROVAL OF VOIDED CHECK NUMBER 69354 IN THE AMOUNT OF \$2,404.19 FOR ACCOUNTS PAYABLE.
- E. APPROVAL OF VOIDED CHECK NUMBER 69655 IN THE AMOUNT OF \$252.00 FOR ACCOUNTS PAYABLE.
- F. APPROVAL OF VOIDED CHECK NUMBER 69680 IN THE AMOUNT OF \$255.74 FOR ACCOUNTS PAYABLE.
- G. APPROVAL OF VOIDED CHECK NUMBER 69883 IN THE AMOUNT OF \$1,368.75 FOR ACCOUNTS PAYABLE.
- H. APPROVAL OF VOIDED CHECK NUMBERS 69705 THROUGH 69718 INCLUDING DIRECT DEPOSITS D00692 THROUGH D00706 FOR PAYROLL IN THE AMOUNT OF \$0.00.
- I. APPROVAL OF CHECK NUMBERS 69719 THROUGH 69732 INCLUDING DIRECT DEPOSITS D00707 THROUGH D00721 IN THE AMOUNT OF \$36,634.98 FOR PAYROLL.
- J. APPROVAL OF CHECK NUMBERS 69733 THROUGH 69736 IN THE AMOUNT OF \$408.20 FOR ACCOUNTS PAYABLE.
- K. APPROVAL OF CHECK NUMBERS 69735 THROUGH 39736 IN THE AMOUNT OF \$152.35 FOR PAYROLL.
- L. APPROVAL OF CHECK NUMBER 69737 IN THE AMOUNT OF \$2,404.19 FOR ACCOUNTS PAYABLE.
- M. APPROVAL OF CHECK NUMBERS 69738 THROUGH 69798 IN THE AMOUNT OF \$126,333.08 FOR ACCOUNTS PAYABLE.
- N. APPROVAL OF CHECK NUMBERS 11227 THROUGH 11228 IN THE AMOUNT OF \$1,452.75 FOR HARBOR SQUARE ACCOUNTS PAYABLE.
- O. APPROVAL OF CHECK NUMBERS 11229 THROUGH 11242 IN THE AMOUNT OF \$20,368.05 FOR HARBOR SQUARE ACCOUNTS PAYABLE.
- P. APPROVAL OF OLIVER'S LANDSCAPE MAINTENANCE CONTRACT – CHANGE ORDER NUMBER 1.

COMMISSIONER FAIRES SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

**APPROVAL OF MAY 10, 2010 COMMISSION MEETING MINUTES (ITEM B ON THE CONSENT AGENDA)**

COMMISSIONER ZAGORSKI MOVED TO APPROVE THE MINUTES OF MAY 10, 2010 AS AMENDED. COMMISSIONER ORVIS SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

**PUBLIC COMMENTS**

**Paul Vezetinski, Edmonds**, asked that the Friends of the Edmonds Marsh share their thoughts on whether they believe the marsh should be made more user friendly or if this would cause damage to the marsh. In addition, he asked who owns the land where the Harbor Square Buildings are currently located and who owns the new Edmonds Yacht Club Building. He noted that although the Port is trying to revitalize Harbor Square, he does not see any large “for lease” signs on the property. He asked who manages the property for the Port. Mr. McChesney answered that the Port has hired a management company to oversee Harbor Square, and he is responsible for management of the company. He advised that the Port owns the Harbor Square Business Complex land and buildings. The Port owns the land where the new Edmonds Yacht Club building is located. The club owns the building.

Mr. Vezetinski asked if the berm or easement that is located to the east of the Harbor Square Buildings is part of the Marsh. Mr. McChesney answered affirmatively and added that most of the property is currently owned by the City and the Washington State Department of Transportation (WSDOT). Mr. Vezetinski suggested the City consider trading this portion of the marsh so that the entire property could be developed into something that would draw

people from the ferry terminal to Harbor Square. Commissioner Block recalled the Port previously attempted to place signage in this area, but the previous owner of Harbor Square objected to the proposal.

Mr. McChesney invited Mr. Vezetinski to meet with him sometime during the week to discuss his ideas and address his concerns.

Mr. Vezetinski suggested that each of the individual Commissioners publish a weekly letter or comment on the Port's webpage. This would be one way to help the community get to know the Commissioners and their ideas. Commissioner Faires recalled that the Commission previously discussed this issue and decided it would be appropriate for the Executive Director to act as the voice of the Port. They felt it would be better to have one person assume this role rather than having all five Commissioners comment to the public on various aspects of Port activities. Mr. Vezetinski reminded the Commissioners that they are elected officials, and as such, they have a responsibility to let their constituents know what they are thinking on a regular basis. Commissioner Block observed that the best opportunity for the constituents to learn what is going on at the Port is to attend the Commission meetings. Commissioner Zagorski added that the Executive Director also publishes an article in the local newspapers every other week.

Mr. Vezetinski said he is interested in getting more people involved, and one way to do this is for the Commission to be more forthright. Commissioner Block observed that Commissioners do not all agree on every issue, and having one person speak on behalf of the Port Commission provides cohesive information about the direction they are heading. Commissioner Block explained that the Port Commissioners play a different role than the Edmonds City Council Members, and that is why the Executive Director is the voice for the Port. While Commissioners must pay attention to what is going on, it can make the Executive Director's job difficult when individual Commissioners pronounce their positions to the public. In addition, their comments can end up being counterproductive. The same would be true if the City were to change to a city manager type of government. She advised that the Commissioners talk to the tenants and the public, but they do not make individual promises or pronouncements. Again, Commissioner Block suggested the best way for the public to approach the Commission is to attend their meetings. Commissioner Gouge emphasized that the Port Commissioners participate on numerous committees and organizations within the community and the region, and they talk to citizens on a regular basis. However, the best discussions take place at the open forum Commission meetings. Commissioner Faires added that he is proud of the progress the Port has made over the last decade. They have focused their energy on developing the right consensus to move projects forward, and they believe their current process works well.

**City Council Member Buckshnis, Edmonds**, advised that she has been appointed to serve on the Water Resource Inventory Area 8 (WRIA 8) Management Committee, which meets monthly. When she began serving on the committee in March, daylighting Willow Creek was on the committee's 10-year plan, and they are attempting to move the project up to the 3-year plan. She said she has enlisted the help of Friends of the Edmonds Marsh, and she would like the Port to get involved, as well. Commissioner Gouge said it would be great if all of the public agencies in the area could have the same goal. City Council Member Buckshnis agreed and said that when a meeting date has been set for all stakeholders, she would notify the Port and invite them to attend.

**Jack Bevan, Edmonds**, pointed out that the tall ships will visit the Port as part of the Waterfront Festival. He suggested it would behoove the Port to offer a prize to the local student who takes the best pictures of the ships and the Port facility. The Commission agreed and invited staff to pursue the idea further.

**Keeley O'Connell, Edmonds**, announced that a Beach Expo is scheduled for June 26<sup>th</sup> and would be sponsored by the Beach Watcher and Beach Naturalist Groups. In conjunction with this event, Friends of the Edmonds Marsh is trying to put together another volunteer group to remove invasive species from the marsh.

#### **SPECIAL PRESENTATION – KEELEY O'CONNELL, FRIENDS OF THE EDMONDS MARSH**

**Keeley O'Connell, Friends of the Edmonds Marsh**, advised that she is a restoration ecologist with People for Puget Sound. She lives in Edmonds and started working two years ago with the citizen group, Friends of the Edmonds Marsh. Their mission is to expand and restore functional estuarine habitat within the Edmonds Marsh and protect the remaining wildlife habitat by engaging the community to preserve, steward and enjoy the City's most natural asset. Their goals include the following:

- Inform the community of the existence and importance of the Edmonds Marsh and foster stewardship by getting people involved in taking care of the marsh so they have a sense of ownership and responsibility for this important asset. Edmonds was recently certified as a Backyard Habitat Community.
- Become an advocate in the effort to daylight Willow Creek to provide more natural tidal flow and energy within the marsh and improve its function by restoring the native species and plants and changing the way water is conveyed through the system.
- Identify and engage primary stakeholders. At this time, Friends of the Edmonds Marsh is seeking support and feedback from the Port Commission. The Port Commission could offer support by providing support letters that can accompany grant applications. In addition, the Port could integrate a future restoration plan into their stormwater management plan for the adjacent Harbor Square property.
- Scope, fund and contract a marsh enhancement/daylighting feasibility study that builds upon existing studies. They have obtained the support of the property owner, the City of Edmonds, to move forward with finding funding for a feasibility study. It is important to understand the system before considering possible options for restoration. Stormwater management and flooding are big concerns, particularly at Harbor Square, and a feasibility study would allow them to answer the question of how the marsh functions and help them identify feasible restoration options.

Commissioner Faires asked if incorporating the future restoration plan into the stormwater management plan for Harbor Square would translate into permeable surface, etc. Ms. O'Connell said that permeable surfaces are one way to address the issue, but the larger goal is to deal with stormwater on site and minimize the flow of stormwater from adjacent properties into the marsh. The marsh is currently a highly functional habitat, but the functionality could be significantly improved if they eliminate stormwater runoff from adjacent properties into the marsh.

Commissioner Faires asked if there are problems with the current mixture of salt and fresh water. Ms. O'Connell agreed this can be a problem, and they need to study the stormwater situation more given the Marsh's location in an urban environment. Commissioner Gouge pointed out that the Port's stormwater runoff from Harbor Square goes to the City's system. Mr. McChesney said that, in theory, the Harbor Square stormwater is designed to go to the City's system. However, in reality, during storm events, the City's system gets overwhelmed and cannot contain all of the stormwater. Ms. O'Connell pointed out that stormwater is a problem throughout Puget Sound in every urban environment. Mr. McChesney advised that the City is currently working on a long-range plan to address stormwater issues in the area, and the Port is working in conjunction with the City to address particular issues associated with Harbor Square.

Ms. O'Connell pointed out that the Port's current master plan addresses the concept of recreational improvements to the marsh and dealing with pedestrian access to connect the different recreational resources in the community. Commissioner Faires asked if Friends of the Edmonds Marsh has reached a consensus about what these improvements would look like. Ms. O'Connell said the group is of common mind that they need to understand the issues better. She expressed her belief that it would be difficult to have a pathway all the way around the marsh because of the riparian area that is currently located to the east of the marsh. However, all their members believe it is important to find a way for the community to have access to the marsh so they can learn to cherish the habitat that exists in the area.

Ms. O'Connell said Friends of the Edmonds Marsh are hoping to encourage environmental stewardship. She noted that People for Puget Sound is currently working with other ports in the area to develop stewardship programs, and the Edmonds Marsh represents an opportunity for all the different players in the community to get behind the idea of

encouraging stewardship. This project will tie in well with access issues and how the public interacts with the marsh.

Commissioner Faires commented that as the Harbor Square Redevelopment project proceeds in some form, he anticipates mitigation would be required. He suggested it would be reasonable to focus this mitigation on the marsh. Ms. O'Connell concurred, particularly since the marsh is a very near adjacent property. She said Friends of the Edmonds Marsh is against development that would further encroach on the marsh, and she noted that current State Regulations would make it difficult to fill in portions of the marsh and its buffer. Mr. McChesney emphasized that the Port has no plan to move the existing marsh buffer or fill or change the boundary of the marsh in any way. They do not intend to compromise the functionality of the marsh. Ms. O'Connell said they understand the Port's position, but they are unclear about their intent for the riparian area buffer. They recommend that this buffer be maintained throughout construction and that protection of the buffer be built into the Port's development plan for the Harbor Square site. The buffer area should not get smaller or be damaged, and they advocate that it actually be improved by removing invasive species, etc. Mr. McChesney stated that this position would not be inconsistent with recent discussions the Port has had with Friends of the Edmonds Marsh, and the Commission has integrated this goal into their thinking. The Commission has a clear understanding of the importance of this buffer area.

Ms. O'Connell provided an aerial photograph of the marsh, which is currently 23.2 acres in size. She described the existing conditions of both the marsh and the riparian area. She pointed out that recent restoration near the hatchery helped slow the creek down to reduce the erosion rate and allow the sediment to fall out. This was an important improvement since sediments can smother salmon eggs. She described the current flow of Shellabarger and Willow Creeks through the marsh, along the tracks, over the tracks, and out to the Sound. She noted that the water flows through 1,400 feet of pipe before it reaches the outfall area in Puget Sound. Because the pipe prevents salmon from coming through, there is no evidence of spawning in the system. Commissioner Gouge pointed out there is a gate across the pipe. Ms. O'Connell advised that the gate was installed to address the flooding problems at the Safeway and Harbor Square sites. It remains closed throughout the winter, which means there is no salt water coming into the system or fresh water leaving. Eliminating the saltwater aspect for several months of the year has a significant impact on the winter bird habitat. In addition, reducing the amount of saltwater in the system also results in more invasive species.

Ms. O'Connell reviewed that there is great potential for public outreach and education. They currently have a boardwalk at the marsh that provides excellent signage and a view corridor. There are also wonderful community pieces such as the Willow Creek Hatchery and the Community Demonstration Wildlife Garden where the community can gain an understanding of how to vegetate their properties using native species. She summarized that there are multiple partnerships and community opportunities in Edmonds.

Ms. O'Connell provided a historic overlay prepared by the University of Washington River History Project, to illustrate what the marsh looked like in the past. She noted that in the 1940's the marsh was nearly 40 acres in size. It extended all the way to Brackett's Landing and was protected by a sand berm. She explained that the current marsh is a remnant of a barrier estuary and is a uniquely rich habitat that is an ecological and economic asset to the City. It is very low lying and low energy. She said that less than 20% of historical tidal wetlands in Puget Sound remain intact. Nearly 100% of barrier estuaries, like Edmonds Marsh, have been completely lost in central Puget Sound because they are usually easy areas to fill to accommodate development.

Commissioner Block advised that she worked for the City's Planning Department right after the marsh was determined to be a wetland. The determination set the stage for preserving and protecting the area. She recalled that when the Unocal property was subdivided, she worked with them to donate the marsh area to the City. She said she could provide a lot of historic information regarding the marsh.

Ms. O'Connell provided photographs to illustrate the conditions of the marsh in 1947, 1967, 1976 and 1989. She particularly noted the impact caused by diverting the creeks into piped watercourses. She explained that one of the major reasons for daylighting Willow Creek is to encourage salmon. She explained that the only salmon that would

use the system for spawning would be Coho, but all young salmon would be able to use the system if it were improved. She advised that small salmon hug the shoreline for safety and that is where the resources they recognize as food can be found. They stay on the shorelines and are completely at the whim of the tides. A fully restored system could be particularly important for Chinook salmon. Because this species is on the endangered species list, there may be funding available for a project of this type.

Ms. O'Connell advised that marshes such as the Edmonds Marsh produce an extremely large amount of the basic building blocks for the Puget Sound food web. She provided graphs showing the declining trend of species of importance in Puget Sound. She said it is important to have recovery of these important species, and funding is currently available for projects of this type.

Commissioner Faires requested information about the cost of daylighting Willow Creek. Ms. O'Connell said they do not have cost estimates, but she anticipates it would cost about \$2 million to complete the project. However, this cost includes Sound Transit's piece, which is building the trestles over the railroad tracks.

Ms. O'Connell reviewed that the benefits of restoration include improvements in water quality, better stormwater control, climate change preparedness (flood control), carbon sequestration, and improved opportunities for education and volunteerism.

Commissioner Faires asked who would write the grant applications. Ms. O'Connell answered that Friends of the Edmonds Marsh has asked People for Puget Sound, a group that has the capacity, background and knowledge and is doing similar projects, to help them write and manage the grants. This decision was made jointly by the City of Edmonds and Friends of the Edmonds Marsh.

Ms. O'Connell provided a diagram of an economic model, which can help communities identify the services a functioning ecosystem can provide to human users of the system for free (i.e. air, stormwater management, flood control, carbon sequestration). It can also help communities identify the value an ecosystem has on educational, recreational and ecotourism opportunities (bringing people into the area to see the unique feature).

Ms. O'Connell provided a schematic drawing outlining what Friends of the Edmonds Marsh believes would be the best case scenario. The draft was put together based on knowledge of how the system has functioned in the past, as well, as the current constraints. It identifies a channel system being created on a piece of property that is currently owned by Chevron, with an option for WSDOT to purchase it when the clean up is completed in 2011. She emphasized that this property is not currently available. The schematic drawings identify an example boardwalk system that ties into the Point Edwards Condominiums and the access road that currently exists in the area. It shows the creek going under the railroad tracks in a different configuration than shown in the Edmonds Crossing proposal.

Ms. O'Connell announced that Friends of the Edmonds Marsh met with representatives of Sound Transit who provided documentation that there would be a 33-foot trestle bridge installed over the railroad tracks. Unfortunately, due to the slope, the existing track must be moved a small distance. She noted that the most difficult aspect of daylighting the creek has been working with Burlington Northern Santa Fe, but they have now indicated they will allow the project to occur. Their plan is to install the second track in the fall and/or winter, which will be a huge piece of the project's cost estimate.

Ms. O'Connell stated that the first step in the process is to identify funding sources for the project. Council Member Buckshnis has worked with the WRIA 8 Committee to move the daylighting project from the 10-year plan to the 3-year plan, which means they can apply for grant funding next year. They also have identified grants they can apply for now. She asked that the Port offer their support for the grant applications for funding to move forward with a feasibility study. Once the funding has been secured, the next step will be to bid the project and hire a consultant. They anticipate construction of the project could start in approximately 3 years. Once Friends of the Edmonds Marsh have identified the grants they want to apply for, they will notify the stakeholders and formally request support letters.

Commissioner Faires asked how specific the stakeholder letters must be. Would they be general enough that the Commission could simply direct staff to write a letter of support or does the Commission need to take formal action and provide more specific comments? Ms. O'Connell answered that the letters should be general to support a feasibility study and could outline the Port's goals for the marsh, as adjacent property owners. She explained that grantors like to see strong support not only from the property owners submitting the applications, but from adjacent property owners, as well. Commissioner Block asked that Friends of the Edmonds Marsh provide written information about what should be included in the support letters.

The Commission agreed to support the efforts of the City and Friends of the Edmonds Marsh in obtaining grant dollars to fund a feasibility study for the marsh. They directed the Executive Director to collect information and move forward with a support letter upon request. Mr. McChesney summarized that Port staff looks forward to working with Friends of the Edmonds Marsh in the future. He noted the Port has been supportive in the past, and the group can rely on them to be good partners in the future. Ms. O'Connell stated that Friends of the Edmonds Marsh is a strong group, and she is confident they can facilitate real improvements at the Marsh.

### **WINTER MAINTENANCE REPORT**

Mr. McChesney referred the Commission to the written report of maintenance activities that occurred during the winter months. He explained that Port staff has been very busy over the winter to complete a full menu of maintenance projects. Many of them were usual and scheduled, but some were not. All of them have been incorporated into the Port's recently formulated Maintenance Plan. He reported that staff has been increasingly attentive to maintenance priorities, with special emphasis to preventative capital maintenance. For example, they have inspected all the brackets and bolts on the dry storage racks to prevent the potential for future structural weakness. In addition, the dock sealing program has been underway, and Docks A/B and C/D were completed last year. They are also planning to do Dock E/F and more as time and weather permit. He summarized that they are trying to complete upgrades to the weather center in conjunction with the Edmonds Homeschool Resource Center. In addition, staff will continue to perform ongoing roof repairs on Building 2 at Harbor Square, and they recently entered into a contract for landscaping maintenance at Harbor Square.

Commissioner Zagorski recalled that the Commission previously discussed putting off the dock sealing project until next year. Mr. McChesney agreed that was the discussion, but in subsequent discussions with the maintenance staff it became apparent that the best solution would be to perform the work incrementally each year. Now that staff has a clear understanding of how to do the work, it will become part of the Port's annual maintenance program.

### **UPDATE ON LAUNCHER REPAIRS STATUS**

Ms. Kempf reported that the Minuteman north launcher was disassembled and taken to Everett Engineering's machine shop to be re-fabricated and overhauled. It was reinstalled last Friday, and Everett Engineering is now in the process of tweaking and finalizing the repairs. Once the north launcher is working properly, Everett Engineering will start repairs on the south launcher in its current location. That means they will be on site to address any problems that come up with the north launcher.

Commissioner Block recalled the Commission's previous discussion about on-going maintenance of the two launchers. Mr. McChesney advised that the contractor made improvements to the program for lubricating the machines, which will save staff a significant amount of time. The maintenance program was updated to include lubrication and daily wash downs. Commissioner Orvis suggested that the contract to repair the south launcher should be modified to also improve staff's ability to lubricate the machine. Mr. McChesney said this was not part of the contract, but he agreed it would be an appropriate step. The remainder of the Commission concurred. Ms. Kempf emphasized that service would not switch from the south launcher to the north launcher until staff is sure the north launcher is working properly.

### **2009 ANNUAL REPORT**

Ms. Drennan reviewed that staff presented the draft 2009 year-end financial statements to the Commission on February 22<sup>nd</sup>. Since that time, staff completed its review of Harbor Square revenues and accounts receivable, and as a result, accounts receivable was increased, leasehold taxes payable was increased and revenue was decreased. In addition, a prior-period adjustment corrected revenues that should have been recorded in the previous year.

Ms. Drennan referred to the Statement of Cash Flows, which shows the sources and uses of cash in 2009, and specifically noted the following:

- Operating activities provided net cash of \$2,579,880. It is important to note that organizations should regularly produce positive cash flow from operations, as this is the daily activity of the organization.
- Non-capital financing activities provided net cash of \$412,144, and these activities include proceeds from property tax income, FEMA reimbursement from the 2007 storm, election costs, and the increase in customer deposits.
- Capital and related financing activities used net cash of \$2,266,253, and included the purchases and construction of capital assets and principal and interest paid on debt.
- Cash flows from investing activities include the maturity and purchase of the bond reserve certificate of deposit and interest from the Port's investments.
- Total cash increased in 2009 by \$801,061.

Ms. Drennan advised that the draft statements were updated in the format required by the State of Washington and they reviewed by the Finance Committee. They will be submitted to the State Auditor's Office in the next few days. She explained that the State requires that governing bodies have a clear understanding of what is going on with their budget, and the report is her method for demonstrating that she informed the Commission prior to submitting the budget to the State Auditor's Office. She advised that the 2009 Annual Report would be available on the Port's website after it has been submitted to the State Auditor's Office.

Commissioner Orvis suggested that for those who are not accountants, the verbiage provided by Ms. Drennan is extremely helpful. He said that while at the WPPA Spring Meeting, Nestor Newman, Regional Director for the State Auditor's Office, informed him that Ms. Drennan did great work for the Port and they are lucky to have her. Commissioner Faures agreed and noted that the finance reports have improved significantly over the past several years to become much more user friendly documents.

### **2008 REVISED ANNUAL REPORT**

Ms. Drennan reminded the Commission that staff presented the 2008 Annual Report on May 26, 2009. She recalled that at that time, the Governmental Standards Accounting Board (GASB) (Statement 49, Pollution Remediation Obligation) required staff to increase the environmental remediation liability from \$175,000 shown on the books to the average of the expected outcomes, which was \$612,500. Staff recorded the corresponding journal entry as a current period expense. However, in September of 2009 staff attended a presentation on GASB Statement 49 and found that because the liability occurred prior to 2009 and the increase in liability was due to a change in accounting principle, the change could be recorded as a prior period adjustment and should not affect 2008's expenses. She explained that because the Port's 2008 financial statements will be audited in late 2010, the State Auditor's Office recommended that staff make this change now.

### **COMMISSION MEETING SCHEDULE**

Mr. McChesney suggested that as a prologue to upcoming budget discussions and continued work on the Harbor Square Redevelopment Project, it would be appropriate for the Commission to revisit the Port's adopted Master and Strategic Plans. He noted this review is scheduled to take place at the Commission's June 14<sup>th</sup> meeting. He reminded the Commission that they have traditionally only held one meeting in July to accommodate the summer vacation schedule. The July 26<sup>th</sup> meeting is scheduled for approval of Accounts Payable only. Commissioner Gouge

announced that the Finance Committee would meet on June 25<sup>th</sup> to review staff's proposed schedule for the budget process.

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

Mr. McChesney reported that he met with Stephen Clifton and Rob Chave at the City of Edmonds on May 17<sup>th</sup> to follow up on the Port's May 5<sup>th</sup> open house regarding Harbor Square redevelopment. It was reaffirmed that the general tone of the open house was positive and informative, and the limited feedback they received was characterized as mildly encouraging but hardly conclusive. They recognized there is much left to do, and they discussed how to move the process forward. They agreed that it is critical that there be an open, expansive and thorough public process. However there were questions about how to integrate that into an established entitlement process that has a predictable outcome. City staff recommended they fold the public process in with the State Environmental Policy Act (SEPA) process. Rather than moving forward with a project for Harbor Square, they need to first amend the Port's master plan with what they think they want to do at Harbor Square. This will require a non-project SEPA review.

Mr. McChesney said other open questions are when and how the master plan amendments and SEPA reviews will be done and whether or not the Port should hire a professional consultant to help them launch the master plan amendments forward. He pointed out that it is still possible, but not necessary, to move the master plan amendment forward this year. Timing will depend on the budget and the Commission's comfort level that they are prepared to move forward. As part of their public outreach program, he suggested Port staff set up a kiosk in Building 2 at Harbor Square. The kiosk could provide information and artwork to illustrate conceptual designs and invite the public to submit their comments and ideas. He suggested the Commission hold a workshop discussion regarding this issue on June 14<sup>th</sup>, since they will already be reviewing the Master and Strategic Plans at that time. The Commission agreed that would be appropriate.

Commissioner Faires said he spoke with quite a few people who attended the open house, and all the comments he received were positive. However, people expressed dismay that there were not enough citizens in attendance. He reminded the Commission that they previously discussed the need to hold a second open house towards the end of June. He suggested the Commission start immediately to figure out how to entice more people to attend and share their thoughts.

**Council Member Buckshnis** suggested it might be helpful for the individual Commissioners to meet with the public in small intimate groups where people will be more likely to share their comments and ideas.

**Thayer Cueter, Edmonds**, said she is a sponsor of the Arts Festival, and she agreed to distribute flyers during the festival to announce the next open house for the Harbor Square Redevelopment Project. She also suggested the Port publish an article in the local newspapers.

**Paul Vezetinski, Edmonds**, said it is very important that the Port hold another public meeting soon, and he recommended it be held at Harbor Square. He suggested the meeting be arranged at the opposite end of the hallway to avoid noise issues associated with the restaurant tenant. He pointed out that the whole idea is to get people interested in Harbor Square, so it is important to keep drawing people to the facility. He asked if Mr. McChesney was able to obtain the models that were prepared a few years ago by high school students. Mr. McChesney answered that the models are being stored in Council Member Bernheim's office, and he has agreed to let the Port borrow them for the public meeting.

Commissioner Faires said that at the next public meeting, the Port should be looking for ways to show progress and change from the previous meetings. For example, they should convey lists of the features/values and issues/concerns that have been raised at previous public meetings. Perhaps those in attendance could be asked to rank the items on the two lists. He summarized that is important to show that progress is being made and that the Commission is listening to the public.

Ms. Cueter recalled that at the May 5<sup>th</sup> open house a member of the audience suggested that the four schematic drawings should be posted on the Port's website and the public could be invited to respond and provide comments. Mr. McChesney advised that the four drawings have been posted on the Port's website, but no one from the community has contributed comments.

**Keeley O'Connell, Edmonds**, suggested the Port set up a booth at the Edmonds Summer Market to distribute information to the public and solicit comments. The booth could be staffed by Port Commissioners. She further suggested the Port consider setting up booths at the Waterfront Festival and Arts Festival. The Commission agreed that these activities would provide good opportunities for the Port to get the word out to the community and solicit feedback.

The Commission scheduled the next public open house for June 21<sup>st</sup>.

Ms. Kempf reminded the Commission that the Waterfront Festival is scheduled for June 4<sup>th</sup> through 6<sup>th</sup>. The Rotary Club will begin the process of setting up the festival the day after Memorial Day. The tall ships Lady Washington and Hawaiian Chieftain are scheduled to arrive at the Port at 2:00 p.m. on June 3<sup>rd</sup>. In addition, the festival will feature 13 classic yachts and 4 off-shore boats. They anticipate a great water display. Commissioner Gouge suggested the Port advertise the arrival of the tall ships in the local newspapers. Ms. Kempf pointed out that the tall ships will stay at the Port until June 14, and they will be conducting adventure and battle sails throughout their stay. They have also planned some education programs for the local school children, and they will offer free tours of the ships at various times throughout the festival.

Ms. Kempf reminded the Commission that the public meeting for the Boatyard Permit is scheduled for May 26<sup>th</sup> in Everett, and she plans to attend. She said she does not believe it is necessary for a Commissioner to attend the meeting. Staff has prepared a response letter to submit prior to the public meeting, and the WPPA also prepared a response letter, as well. She said she does not plan on speaking at the meeting.

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

Commissioner Faires reported on his attendance at the WPPA Spring Meeting. He attended the legislative session where it was reported that the prevailing wage legislation is being pushed by construction unions. If approved, it would go a long way towards putting ports out of business. Anyone who leases a building or land from a public entity would be required to pay prevailing wages for any work that is done on the site. This would make ports non-competitive. While the legislation did not pass this year, it will likely reappear during the next session. The legislature will be looking for a way to give the unions something that will not impact ports and like entities so significantly. He said it was also announced that the Legislature has reversed their previous position and has taken steps to revitalize the Model Toxic Control Act (MTCA) program.

Commissioner Faires said he also attended a session dealing with emergency preparedness. While he knows the Port has an emergency plan in place, he suggested they review it to make sure it is up to date and that everyone knows what they are supposed to do.

Commissioner Faires said he also learned that the Port of Whitman County started a program of dragging their dark fiber all over the county, and over the past 10 years they have been able to sign up numerous large and medium sized businesses to lease the dark fiber from them. They have learned how to set up contracts so that maintenance is the responsibility of the lessee and not the port. He reminded the Commission that the City of Edmonds is considering a similar program, and he asked them to forward information that would be helpful to the City in the future.

Commissioner Zagorski reported on her attendance at the Citizens Economic Development Commission (CEDC) meeting. She advised that they have formed four subcommittees: strategic planning and vision, land use, fiber optics, and tourism. She noted that she participates on the strategic planning and vision subcommittee and Commissioner Faires participates on the fiber optics subcommittee. At the last meeting, the fiber optics

subcommittee reported that the City is working on a program to use their current fiber optic opportunity, and the City's Finance Director has agreed to provide more details about the program. The subcommittee is convinced there is compelling evidence that this type of program will be good for the City and will bring in business and improved revenues. At the meeting, Mr. Clifton also mentioned that he and some other City staff have met with Swedish Hospital directors to discuss the future of Stevens Hospital. They indicated that Swedish Hospital plans to invest \$100 million into the existing facility, particularly in the area of technology. They may be a good customer for the City's fiber optics, and it is likely the hospital will become a center for attracting a lot of other health care related businesses to the surrounding area.

Commissioner Zagorski reported that one of the primary property owners at Five Corners spoke from the audience, stating that he has wanted to redevelop his property for a number of years but is waiting for the City Council to figure out what the zoning will be. He said he is interested in rezoning his property so it can be redeveloped into something other than a one-story strip mall with a large parking lot and a few small businesses.

Commissioner Gouge asked when the CEDC would make their next presentation to the City Council. Commissioner Faires said they are scheduled to provide a report before the end of the year. Commissioner Zagorski said the CEDC's goal is to lay out plans for the City Council to consider regarding the four areas of focus. Commissioner Gouge expressed concern that it will take a year or two after neighborhood plans have been approved for redevelopment to actually occur. He suggested the CEDC considering moving up their report to the City Council. Commissioner Faires reminded the Commission that the CEDC will no longer exist at the end of the year. He expressed his belief that because economic development is an ongoing need in the community and the CEDC has come to understand the problems reasonably well, it would be ridiculous to disband the Commission at the end of the year. He suggested the Commission be made permanent. Commissioner Orvis suggested that is something the CEDC should recommend to the City Council, but they should not wait until the end of the year to do so.

Commissioner Orvis pointed out that because the Port of Whitman County moved forward with their fiber optic program, the University of Washington and University of Idaho are now technology centers and all of the small cities in eastern Washington will be ahead of those in the Puget Sound when it comes to fiber optics.

Commissioner Orvis reported on his attendance at the WPPA Environmental Committee where John Calhoun, a Commissioner at the Port of Port Angeles and a member of the Puget Sound Partnership's Ecosystem Coordination Board, described the proposed new dioxin policy, which talks about dredge materials and dioxins that will restore Puget Sound to absolute purity. The policy would likely stop clean up efforts because of significant cost associated with the requirement that everything be placed upland rather than into the Sound. The program will essentially grind to a halt due to lack of funding.

Commissioner Orvis said it was also discussed that ports are seen as natural mechanisms for clean up since they have access to taxpayer funding. He reported that the Federal Emergency Management Agency's (FEMA) new flood plan ordinance will be full of unrealistic goals and inconsistencies. It calls for zero toxic materials anywhere within a flood plain. Mr. Calhoun was very frank that the Puget Sound Partnership was made up of individuals who are members of environmental groups and the tribes, and many of them believe the goals are attainable even if they require the de-industrialization of Puget Sound.

Commissioner Orvis reported that Mr. Calhoun has prepared a paper regarding the Puget Sound Partnership's desire to implement some type of green ports project. The WPPA has stepped up to try and put a program together. They would like to create the program themselves rather than waiting for another entity to tell them what the policy will be. He noted that the green ports policy must be applicable statewide, which will be difficult because ports in the State are diverse. They must consider what they all have in common and establish a program and goals that are attainable. Between now and the fall meeting, the WPPA will determine whether or not it will be feasible to create a green ports program. He noted that it is difficult to get the ports in the eastern part of the State to support the idea because the proposal is being driven by the Puget Sound Partnership. The WPPA is working to convince them that all ports must work together.

Commissioner Orvis also reported on his attendance at the Legislative Committee meeting where, aside from budget issues, stormwater was the main topic of discussion. It was reported that cities, counties and environmental groups have been pushing for a tax increase for the past two years. The money would be placed in the general fund for two years, and then it would be dispersed to the cities to work on stormwater issues. However, people are not optimistic the money will ever come back to the cities. He said they also discussed two projects they will work on this summer: prevailing wage legislation and a requirement of the Community Economic Redevelopment Board (CERB) that grant recipients pay the medium wage in the county. This requirement makes it hard for new businesses to be competitive so it would be difficult to start an incubator business. It was reported that some of the MTCA funding would be put back into the environmental clean up fund.

Commissioner Orvis said he also attended a session on Washington State Innovative Partnership Zones, which included research by the University of Washington on how to spread the technology around. Groups with research facilities will be eligible for grant funding. Commissioner Faires pointed out that there is currently no funding to support the grant program.

Commissioner Orvis reported that he attended the Snohomish County Economic Development Commission Meeting where they discussed ideas for revising the organization, which is now called Concentus. They met with a consultant and representatives from all the Chambers of Commerce involved in the group. They will come back in the fall to talk more about how to get an overall economic development organization for the entire county.

Commissioner Gouge reported on his attendance at the Edmonds Citizens Transportation Committee meeting where the road overlay program was discussed. The committee created a table to present to the City Council to support their request for a \$20 Transportation Benefit District (TBD) tax, which would result in \$5 million to fund the overlay project. The table was prepared to illustrate the projects that could be accomplished based on the amount the citizens agree to tax themselves. The committee's goal is to raise public awareness. It is important to make the citizens aware of what needs to be done. The table will identify specific target dates for when the citizens could expect projects to be accomplished.

Commissioner Block reported on her attendance at the Puget Sound Regional Council's general meeting on May 20<sup>th</sup> in downtown Seattle. City Council Member Wilson was present to represent the City of Edmonds. Representatives from each jurisdiction voted on the budget and the 2040 Transportation Plan. She reported that the budget, which reflected no increase in dues, was approved unanimously. They have chosen to freeze salaries and cut staff over the past two years instead. She further reported that the Transportation 2040 Plan was adopted, as well. Mayor McGinn voted in opposition, even though the Seattle City Council voted in favor of the plan. The representative from the City of Port Orchard voted in opposition, as well. She advised that one unique feature of the plan is that it talks about the health benefits of walking, bicycling, etc., which no other areas in the country are focusing on at this time. The plan also calls for a reduction in greenhouse gases and an evolution of transportation funding from the traditional gas tax to tolls and other user fees. The gas tax is getting less prevalent because people are driving vehicles that use less fuel and using other forms of transportation and fuel. She summarized that the main thrust of the plan is to coordinate with the Vision 2040 land use plan that was adopted some time ago.

**Thayer Cueter, Edmonds**, pointed out that the Edmonds Bicycle Group held their second annual Bike to Work Day on May 22<sup>nd</sup>, and they had twice as many participants as last year. The event was sponsored by PCC and Starbucks. She noted that the group meets every month in the Frances Anderson Center. Ms. Kempf announced that three of the Port's five security officers have been certified and trained to ride bikes during their shifts.

## **ADJOURNMENT**

The meeting was adjourned at 9:32 p.m.

Respectfully submitted,

Fred Gouge  
Port Commission Secretary