



## PORT COMMISSION OF THE PORT OF EDMONDS

### MINUTES OF REGULAR MEETING

January 28, 2019

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#### COMMISSIONERS PRESENT

Steve Johnston, President  
Jim Orvis, Vice President  
Angela Harris, Secretary  
David Preston

#### STAFF PRESENT

Bob McChesney, Executive Director  
Marla Kempf, Deputy Director  
Tina Drennan, Finance Manager  
Brittany Williams, Properties and Marketing Manager

#### COMMISSIONERS ABSENT

Bruce Faires

#### OTHERS PRESENT

Karin Noyes, Recorder

#### CALL TO ORDER

President Johnston 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 PRESTON MOVED THAT THE CONSENT AGENDA BE APPROVED TO INCLUDE THE FOLLOWING ITEMS:**

- A. APPROVAL OF AGENDA**
- B. APPROVAL OF JANUARY 14, 2019 MEETING MINUTES**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$1,605,562.98**

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

#### PUBLIC COMMENTS

There were no public comments.

#### PROPOSED OPTION AGREEMENT FOR PUGET SOUND EXPRESS (PSE)

Mr. McChesney reviewed that PSE has operated a whale watching excursion business from the Port's marina for about four years, and the general consensus is that it has been a very successful venture for both PSE and the Port. He reported that, over the past several months, Port staff has been in preliminary discussions with PSE about entering into a long-term ground lease for a vacant parcel of land on the east side of Admiral Way (across the street from

Anthony's). The property is about 20,500 square feet and is currently used for material and equipment storage to support Port maintenance and for Anthony's employee parking. The Port obtained a Shoreline Permit from the City of Edmonds to construct a 6,650 square foot marine services building.

Mr. McChesney explained that it is not yet clear how PSE will develop this concept to support their whale watching business, and the purpose of the Option Agreement is to give them exclusive rights to examine the opportunity to lease, perform necessary due diligence and negotiate terms before making a final decision to enter into a long-term lease. PSE will pay the Port \$10,000 as consideration for the Option Agreement, the terms of which will expire June 30, 2019. The payment will be non-refundable, but in the event PSE exercises the option to lease, 50% of the option consideration will be credited to rent after the lease has been authorized and signed by both parties. If a long-term lease comes to fruition, the lease valuation will be determined by a Member Appraisal Institute (MAI) qualified appraisal. He recommended the Commission authorize him to sign the Option Agreement with PSE as presented in the Staff Report.

**COMMISSIONER ORVIS MOVED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE DIRECTOR TO SIGN THE OPTION AGREEMENT FOR PUGET SOUND EXPRESS AS PRESENTED. COMMISSIONER HARRIS SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.**

### **2018 PORT OPERATIONS ANNUAL ACTIVITY SUMMARY**

Ms. Kempf presented the 2018 Port Operations Annual Activity Summary, noting that it is the final report for 2018 and is done in a different style than the quarterly reports. The summary compares 2018 activity with the previous four years to establish five-year trends. She specifically noted the following:

- For the Public Launch, the annual trend for one-ways remained consistent, but round trips declined. This is most likely due to fishing closures. Activity in 2017 and 2018 was even with round trips being a little higher in 2018.
- At Guest Moorage, the highest number of nights that boats stayed in the past five years was in 2017. In 2018, 3,325 guest boats visited the marina for a total of 4,783 nights. It should be noted that the number of group reservations is high in years when fishing projections are bad. Because there are fewer rafted fishing boats during these times, there is more space available for group reservations. Although projections for fish openings were not good in the beginning of 2018, it ended up being a pretty good fishing season, and this reduced the Port's ability to accommodate group reservations. In addition, the change in configuration of the guest moorage areas due to the conversion of the north side of J Dock and south side of K Dock to business moorage affected the group and individual reservation capabilities.
- The Port's Guest Moorage Program depends heavily on the Loan-a-Slip Program to accommodate guests during the peak season. The 5-year annual trend for Guest Moorage is good. The highest number of nights that boats stayed in the past five years was in 2017, and 989 of those nights (19%) were accommodated through the Loan-a-Slip Program. In 2018, the number of boats was up and the nights stayed were slightly down but consistent with the previous year when 902 nights (19%) were accommodated via loan-a-slips.
- The Travelift showed steady increases over the past five years, which is a good story for the Port. There were 348 Travelift to yard moves in 2018 compared to 287 in 2017. However, sling-time decreased from 266 in 2017 to 221 in 2018.
- Boatyard activity has trended upwards over the past five years. Although there was a slight decrease in stall usage days in 2017, the number of days in the yard has generally increased.
- A five-year look at the Pressure Wash Water Treatments shows that the Port staff completed an average of 152 treatments per year, and 702,000 gallons of water from the pressure wash pad was properly treated and disposed of. The Port is required to treat all of this water, including stormwater, and meet certain limits before discharging it into the sanitary sewer system. A total of 165,600 gallons of water were treated in 2018.

Commissioner Johnston observed that the current pressure wash treatment system is getting quite old. He asked if it still performing well. Ms. Kempf answered affirmatively. Mr. McChesney reminded the Commission that they recently authorized staff to move forward with renovating the washdown pad, and they have a contract out for that. However, they are faced with a problem because the lids over the vaults have deteriorated and the contractor is having a hard time finding off-the-shelf replacements. He explained that the lids are critical to the project since it is necessary for staff to have access to the vaults to clean on a near daily basis. If the lids have to be specially fabricated, the project will have to be delayed while they cure.

- The graph on Page 5 shows the results of the four treated pressure wash wastewater samples that were taken in 2018. The maximum daily effluent limit is the highest allowable daily discharge, and limits are set at parts per million (mg/L). In 2018, all limits for discharge to the sanitary sewer were met.
- The sludge from the pressure wash water that is filtered out is tested annually to verify its waste designation. The sludge from most boatyards is determined to be hazardous waste that must be disposed of accordingly. However, the Port's sludge has not been classified as either "extremely hazardous waste" or as a "dangerous waste," which means the Port can dispose of it as a solid waste.
- Boatyard samples are required as part of the Boatyard General Permit, and the Department of Ecology (DOE) has established stormwater runoff benchmarks at parts per billion (ug/L) levels for both copper and zinc. The maximum daily benchmark for copper is 147 ug/L and for zinc it is 90 ug/L. There is a seasonal average benchmark of 50 ug/L for copper and 85 ug/L for zinc. To determine whether the Port has met the seasonal average for the Boatyard General Permit, staff calculates the arithmetic average of all the daily discharge concentrations determined during the entire wet season (October-May). The daily discharge is the average measurement of the pollutant over a day. However, the outfall was not accessible during 2 storm events (May and November) and staff was unable to collect samples.
- The seasonal average for copper for October and November 2017 and January, April and May 2018 was 69.7 ug/L. Since the Port's seasonal average was above the 50 ug/L benchmark, a Level One Response was submitted to the DOE explaining steps the Port can take to get the average below 50 ug/L such as replacing the oyster shells in the filtration drain twice rather than once each year.
- The seasonal average for zinc for October and November 2017 and January, April and May 2018 was 58.3 ug/L, which is within the seasonable average benchmark and was reported to the DOE in May 2018.

Commissioner Orvis pointed out that the numbers might be higher during the dryer months when the stormwater runoff becomes more concentrated. As the winters become drier, the DOE may have to take this into consideration. Ms. Kempf commented that staff does an incredible job of keeping the yard clean, and this helps the Port's numbers.

- The Port has a program for collecting and properly disposing of hazardous waste, and the largest quantities of recycled/disposed materials are the non-contaminated oil and bilge water.

Commissioner Preston asked how the Port collects the hazardous waste materials. Ms. Kempf answered that the Port has a hazardous waste collection station and people haul their waste to that site. The Port hires a company to pump out the bilge collection station. Commissioner Preston asked if boaters sometimes pump bilge water into the Sound, and Ms. Kempf answered affirmatively, noting that bilge water is not always contaminated.

- Fuel prices were at their highest during the first part of the five-year picture, with unleaded averaging around \$4.00 per gallon and diesel averaging \$3.93 per gallon. Fuel prices did creep upward in 2018, almost reaching the 2014 price highs. Annual gallons sold in both gasoline and diesel show increases over the five-year timeframe. Diesel gallons sold more than tripled since 2014, primarily due to PSE's vessels. The high-speed nozzle that was installed recently may also be attracting larger yachts to stop in for fuel. The total gallons of fuel sold has gone from 210,546 annually in 2014 to 357,569 in 2018, which equates to a 60% increase.

- The number of moorage terminations annually is decreasing. The turnover ratio was at its highest in the last five-year timeframe during 2014 (about 30%) and reduced by 7.2% in 2018 to 21.75%. Financial occupancy will be reported in the Finance Manager's year-end report.
- Terminations in Dry Storage were at their highest in 2017 and reduced in 2018 by 7, bringing the turnover ratio down slightly to 38.2%. Financial occupancy will be reported in the Finance Manager's year-end report.
- The chart at the top of Page 11 shows the percentage of tenants who had current paperwork on file with the Port on the last day of the year. It is not intended to be an indicator of the number who did or did not have current insurance and/or registration. On the last day of 2018, insurance compliance was at 89% and registration compliance was at 82%.
- Total combined terminations for moorage and dry storage were 233 in 2018. Reasons for terminations were provided on the exit surveys or termination notices, with most indicating they were seasonal tenants. Only 2% indicated that moorage rates were a factor in their termination.
- The five-year trend shows an increase in waitlist applicants. About 67% of the in-water inventory is 32 feet and under, yet only 17 of the 130 names on the waiting list are for slips in those size categories. About 33% of in-water inventory is over 32 feet. The largest wait list is still the 50-foot open slips.
- Security staff witnessed and/or responded to a variety of unusual events beyond those that involved theft or required calls to 911. Examples of these incidents are listed in the Staff Report for the Commission's information.
- The new whale watching business in 2015 brought in more visitor vehicles and required closer patrol of south end parking lots due to park goers overflowing into tenant parking. Demand is on the rise during peak times, and 74.6% of the 751 vehicle parking violations in 2018 were one-time offenders.

#### **HARBOR SQUARE 4<sup>TH</sup> QUARTER REPORT**

Ms. Williams presented the 4<sup>th</sup> Quarter Harbor Square Report, particularly highlighting the following:

- Gross projected revenue was up 8.06% or roughly \$39,000 over the same period in 2017.
- The end of 4<sup>th</sup> Quarter 2018 found Harbor Square with an occupancy rate of 98.12%, up 4.53% from the occupancy rate of 4<sup>th</sup> Quarter 2017.
- There were no new leases in the 4<sup>th</sup> Quarter, but there were 10 lease extensions. One worth noting is a tenant that leases approximately 6,500 square feet signed a 5-year extension.
- The only tenant improvement to mention is the replacement of a large window in Building 3.
- One lease terminated in 4<sup>th</sup> Quarter. It was a month-to-month tenant renting a single office in the Building 6 collection of suites. The tenant was expanding and needed more space than what could be accommodated at Harbor Square.
- Projects during 4<sup>th</sup> Quarter included extinguisher testing, fire system confidence testing, curb repair, new speedbumps and the construction of new storage closets in the Building 4 corridor.
- There were no incidents to report in the 4<sup>th</sup> Quarter.

Commissioner Orvis asked if the new speed bumps have helped, and Ms. Williams answered affirmatively. They were much needed and she is not hearing as many traffic complaints now.

Mr. McChesney asked about the schedule for the fire alarm replacement project in Building 2. Ms. Williams answered that she did a final walk through with the contractor and is now waiting for the final drawings to come through. The project is tentatively scheduled to start the week of February 18<sup>th</sup>.

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

Mr. McChesney announced that the Public Access Plan Steering Committee will have its first meeting on January 29<sup>th</sup>. He said he is looking forward to getting the project going and hopes to have materials to present to the Commission at their February 25<sup>th</sup> retreat. Because the meeting will conflict with the Washington Public Port Association's Port Day, the Port will not be sending any representatives to Olympia. He noted that there are no major issues to discuss with legislators at this time.

Mr. McChesney reviewed that the Commission recently discussed the Port doing a structured parking feasibility study. In the course of his discussions with the City of Edmonds and Sound Transit, he learned that Sound Transit will start its own interagency feasibility study related to parking access and improvements soon, and he has been asked to serve on a steering committee. He suggested the Port postpone its study while the Sound Transit study plays out, since it will consider some of the same factors and the capacity issues will be the same.

Mr. McChesney reported that he attended the open house on the City's proposed Pedestrian Crossing Enhancement Program. He advised that the City has done a good job getting grant funding for select crosswalk improvements, that includes a signalized crosswalk on Dayton Street. The crosswalk on Admiral Way was not included in the program, but will move forward in 2019 as a locally-funded project.

Ms. Kempf reported on her attendance at the Washington Public Port Association (WPPA) and Northwest Marine Trade Association (NMTA) Joint Marina Committee meeting on January 24<sup>th</sup>. The meeting was led by Peter Schrappen, NMTA Director of Government Affairs, and Guy Glen from the Port of Ilwaco served as the committee chair. She shared the following highlights from the meeting:

- **Update on National Electric Code.** The changes will affect in-water work if Labor and Industries approval is required. Chapter 55 was updated without marina representative input. The closest representative was a recreational vehicle owner. The current law is 30 milliamps at the boat and 100 milliamps at the meter, which is proving to be difficult for some marinas. A code review panel is currently working to introduce changes to the legislation, and a representative from Bellingham Marine is on the Federal Review Committee.
- **Update on National Marine Fisheries Service Regarding Permits for Existing Facilities.** The Army Corp will sign off on the permit and send it to colleagues at National Marine Fisheries Services. Currently, existing facilities are treated like new facilities, and five marinas have had to shut down because of it. Peter Schrappen from the NMTA had set up a meeting with a representative from the National Marine Fisheries Service, but it was cancelled due to the government shutdown. He is working to reschedule the meeting, and he also met with Chris Oliver in Washington D.C. regarding this issue.
- **Copper Bottom Paint Update.** The NMTA led the upper capacity bill that kicked the can down the road to 2021. No one in the marine industry wants to ban copper in bottom paints at this time, and Washington wants to adopt the new "California Standard." A bill will be introduced next year that will get rid of high-leaching paints. Representative Chapman from Port Townsend is a prime sponsor. It was noted that about 92% of the 240,000 registered boats in Washington State are on trailers and have no bottom paint. That means the bill will primarily impact boats in marinas. Currently, the DOE is more concerned with the types of alternative chemicals being used than with copper. Some chemicals can be worse than copper. A comment was made about stormwater RX filtration, which was designed to treat copper and not zinc.
- **Derelict Vessels.** A representative from the Department of Natural Resources advised that there are internal talks going on now to ask the Federal Government for funds. Currently, when government services get rid of vessels, they turn them in to General Services Administration (GSA), and they typically sell them to the private sector. Many times, these vessels end up derelict because the buyers do not know how to maintain them. They will ask for \$5 million for 2020 to remove large vessels like the Hero. They will also increase reimbursements to all public entities. There were 35 requests in 2018, which was higher than the previous

year. They talked about the Vessel Turn In Program and a one-time proviso to increase it from \$250,000 to \$500,000. A lot of marina owners have expressed that they feel the money is all going to the large boats and the small boats end up on a waiting list. It was discussed that even if there is no funding, the Department of Natural Resources (DNR) can still help out. As soon as it becomes apparent that there is an issue, marinas are directed to post it and give a 90-day notice. If no one bids on the boat, the moorage facility has the option of gaining title to it and then is eligible to hand it in to the Vessel Turn In Program.

Commissioner Orvis asked if there was any discussion about the Coast Guard dropping off boats in marinas. Ms. Kempf said there were some general comments that the same thing is happening in other marinas, but no solutions were discussed. She learned that when a port seeks reimbursement, the DNR goes after the last registered owner in any government database and applies common sense to the rule. However, there are typically no penalties beyond monetary, and abandoning a vessel is considered a misdemeanor. In addition, jurisdictions can ticket them under Revised Code of Washington (RCW) 79.100.110 (1&2) and send them to Thurston County. The organization writing the ticket is authorized to be reimbursed first when and if a ticket is paid. It was reported that nothing will happen this legislative session related to derelict vessels, but Tracy McKendry from the Port of Seattle has volunteered to submit ideas for potential changes to existing derelict vessel legislation to be introduced in 2020. It was also noted that tribal vessels go through the tribes for their registration, and they aren't allowed to use State programs because they don't pay into them.

- **Rate Studies.** There was a brief discussion about the potential for the WPPA to work on a rate study instead of all the marinas doing their own.
- **Upcoming Events.** Career Fair (January 28<sup>th</sup>), Washington Boating Alliance Leadership Summit (January 31<sup>st</sup>), NMTA Lobby Day (February 11<sup>th</sup>), and Outdoor Recreation Economic Reception (March 14<sup>th</sup>).
- **Miscellaneous Items.** It was discussed that unless something is done with the sea lion population, salmon will not come back. Senator Cantwell passed a bill and Representative Butler has taken up the Salmon issue, as well. The tribes have provided strong backing for sea lion population control, too. She participates on the NMTA's Government Affairs Committee to stay updated on the issue. Representatives from the Port of Everett reported that they had three boat fires during the past winter, and most were traced back to electrical problems and cheap portable heaters.

Ms. Kempf reported that the Seattle Boat Show is currently in progress (January 25<sup>th</sup> through February 2<sup>nd</sup>). It was a busy weekend, and she was surprised at the attendance on Monday morning, too. The majority of the questions from visitors at the Port's booth were related to Guest Moorage. The Port is promoting the Freedom Boat Club, which also has a booth at the show. A representative from the Freedom Boat Club was on King 5 News early this morning promoting their business. They have a lot of energy behind their business expansion at the Port of Edmonds. She commended staff for doing a great job staffing the booth.

Commissioner Orvis commented that demographics are changing, as is boat access and usage. It behooves the Port to stay ahead of the curve by attracting other options, such as the Freedom Boat Club, to the marina. If the Freedom Boat Club is successful, Commissioner Preston suggested that Port staff contact other similar businesses, such as Care Free, to discuss options for locating at the Port of Edmonds, too.

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

Commissioner Preston reported on his attendance at the Edmonds Yacht Club's general membership meeting on January 22<sup>nd</sup>. The club has a lot going on right now, including leasing space to the Freedom Boat Club. He said he also plans to attend the Seattle Boat Show on either Friday or Saturday (February 1<sup>st</sup> or 2<sup>nd</sup>).

Commissioner Preston advised that the Edmonds City Council is considering the idea of doing audio recordings of their committee meetings and making them available to the public. He suggested the Commission consider audio recordings of their meetings, as well. Mr. McChesney suggested that the Commission explore this concept further when they review plans for the Commission Meeting Room remodel and audio-visual system upgrades. They currently record the meetings, but the limiting factor is that they do not have enough band width to make the audio

available on the Port's website. The Commissioners agreed to study the option further as part of the meeting room remodel. Mr. McChesney advised that he plans to present some conceptual floor plans at the Commission's retreat.

Commissioner Orvis reported on the following legislative items:

- Legislation related to campaign contributions for port commissioner races will not impact the Port because none of the races to date have come near the amount of money spent for races at other ports.
- The Local Revitalization Financing Program would allow local jurisdictions to use property taxes to fund public infrastructure development in revitalization zones. The legislation could impact the City of Edmonds, but not the Port.
- They are still working to expand broadband to the rural communities.
- The workforce training bill has been reintroduced and they are talking about expanding it to include port districts. However, a resolution that is consistent with port rules and existing training programs is required in order to utilize it. The legislation will affect the Ports of Seattle, Vancouver, and Tacoma more than any other port.
- There is a proposal to raise the limit for public works projects eligible for the Small Works Roster to \$500,000.
- Low carbon fuel standards are part of Governor Inslee's Green Program.
- Legislators are looking for new revenue for transportation, and many have indicated support for increased funding. Some have expressed that any gas tax needs to be earmarked for cars and trucks and not public transit and bicycle lanes. Others expressed more support for more funding for sidewalks, bicycle lanes and public transit.
- The Commercial Aviation Coordinating Committee has stated they are looking for \$100 million in dedicated funds and a \$.06 per gallon gas tax and a per ton carbon fee are two of the options being considered.
- It is being discussed that one way to protect the southern resident killer whales is to place regulations on whale watching boats so they must stay at least 650 back from the whales. They are also talking about requiring permits for whale watching boats. Puget Sound Express is involved in the discussions and is not terribly concerned since most of their business is for grey and humpback whales. The governor is interested in slowing down vessels and using tugs to transport merchant ships in an effort to protect whales, but this would likely add noise and slow transportation down. Increased habitat and forage fish abundance is important, and there is a long list of ideas to accomplish this goal, including a civil penalty for violating hydraulic permits. Another idea is to allow the Department of Fish and Wildlife to do inspections when they feel it is necessary and allow them to deny hydraulic permits. This could be a significant problem for ports that need to do in-water work.

Commissioner Harris reported that she will attend the State of Everett address on January 31<sup>st</sup> and the Public Access Plan Steering Committee meeting on January 29<sup>th</sup>. She is also working on tasks in preparation for the environmental discussion at the Commission's February retreat.

Commissioner Johnston advised that he is working with the Executive Director to prepare the agenda for the February 25<sup>th</sup> retreat.

### **ADJOURNMENT**

The Commission meeting was adjourned at 8:05 p.m.

Respectfully submitted,



Jim Orvis  
Port Commission Vice President