



PORT COMMISSION OF THE PORT OF EDMONDS

MINUTES OF SPECIAL MEETING

December 27, 2018

COMMISSIONERS PRESENT

Steve Johnston, Vice President
Jim Orvis, Secretary
Bruce Faires

STAFF PRESENT

Bob McChesney, Executive Director
Brittany Williams, Properties and Marketing Manager
Marla Kempf, Deputy Director
Rena Ebel, Administrative Assistant

COMMISSIONERS ABSENT

Angela Harris (excused)
David Preston, President (excused)

CALL TO ORDER

Vice President Johnston called the meeting to order at 9:00 a.m.

PLEDGE OF ALLEGIANCE

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

CONSENT AGENDA

A. Item B (Approval of December 10, 2018 Meeting Minutes) was pulled from the Consent Agenda.

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

B. APPROVAL OF AGENDA

C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$859,630.33

COMMISSIONER JOHNSTON SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

COMMISSIONER FAIRES MOVED TO APPROVE ITEM B OF THE CONSENT AGENDA (APPROVAL OF DECEMBER 10, 2018 MEETING MINUTES) AS AMENDED. COMMISSIONER ORVIS SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

PUBLIC COMMENTS

There were no public comments.

APPROVAL OF HARBOR SQUARE FIRE ALARM SYSTEM REPLACEMENT PROJECT NO. 2018-304

Mr. McChesney advised that the Fire District 1 Fire Marshal has notified the Port that the fire alarm system in Building 2 at Harbor Square has been found deficient and requires immediate attention. Because this low-voltage system has a lot of bits and pieces, a consultant from Harbor Power was hired to develop the specifications and be the project engineer.

Commissioner Faires requested information about the specific deficiency. Mr. McChesney responded that the main panel was found to be obsolete. The original equipment was installed in the mid-1980s. Ms. Williams added that the project will also replace the existing phone line alarm with a radio line alarm.

COMMISSIONER ORVIS MOVED THE COMMISSION AUTHORIZE THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH BRINK ELECTRIC LLC IN THE AMOUNT OF \$68,000 PLUS SALES TAX FOR THE BASE BID FOR THE HARBOR SQUARE FIRE ALARM SYSTEM REPLACEMENT CONTRACT NO. 2018-304. COMMISSIONER FAIRES SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

APPROVAL OF PRESSURE WASH PAD RESURFACING PROJECT NO. 2018-305

Mr. McChesney reviewed that a pre-bid walk-through of the project was conducted on December 11th, with five contractors in attendance. Six qualified bids were received and reviewed on December 21st. The low bidder was Glacier Peak Construction for \$66,400. Staff will work with the contractor to minimize disruption during installation, and they expect to have the work completed by February 22nd. He recommended the Commission authorize the Executive Director to award a contract to Glacier Peak Construction in the amount of \$66,400 plus sales tax for the base bid for the pressure wash pad resurfacing project (No. 2018-305).

Mr. McChesney explained that, while the vaults that were originally installed nearly 20 years ago are still good, the lids have failed. Staff has to access the vaults routinely in order to remove detritus, so it important for the lids to be in good working order. There are also some surfacing issues and a potential trip hazard that needs to be rectified.

Commissioner Johnston asked if the Port has any experience with Glacier Peak Construction, and Mr. McChesney answered no but it is a large contractor.

COMMISSIONER FAIRES MOVED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH GLACIER PEAK CONSTRUCTION IN THE AMOUNT OF \$66,400 PLUS SALES TAX FOR THE BASE BID FOR THE PRESSURE WASH PAD RESURFACING PROJECT NO. 2018-305. COMMISSIONER ORVIS SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

BUSINESS MOORAGE AUTHORIZATION

Ms. Kempf explained that Freedom Boat Club is a members-only club with 170 locations coast to coast. The company was founded in Sarasota, Florida, and has been in business since 1989. Through franchising, the club has grown to 170 locations, 2,000 boats and 18,000 members. They offer unlimited access to boats ranging in size from 20' to 25'. Recognizing that the boats are under 30 feet and could occupy available inventory at the Port of Edmonds on a year-round basis, Port staff met with Nick Hooge, owner of the Seattle and Kirkland franchises, to discuss the possibility of a franchise at the Port of Edmonds. It was determined that four slips on P Dock would best meet their needs, and due to the narrow width of P Dock slips (9 feet), it would be ideal for the slips to be side-by-side. Staff identified the best solution would be slips 19, 21, 23 and 25, but it will require the relocation of one existing tenant. The tenant has been notified and accepted the relocation.

Ms. Kempf provided a summary of how the business would operate, noting that the club buys and maintains the boats and offers free one-on-one training to its members using Coast Guard licensed instructors. The club has reached an agreement with the Edmonds Yacht Club (EYC) to rent office space at the corner looking out at the marina. Mr. Hooge accepted the Port's proposal last week and has already placed orders for four new boats to place at the Port of Edmonds effective March 1st.

Commissioner Orvis asked about the type of boats that will be purchased, and Ms. Kempf answered that they are cabin cruisers. Commissioner Orvis commented that the water is rougher out of the Port of Edmonds Marina than it is in Elliott Bay, and the majority of their customers are interested in fishing and crabbing as opposed to water skiing, etc. Ms. Kempf advised that Mr. Hooge is aware of this and the dock master will be prepared to outfit the boats accordingly. In addition to the smaller boats, Mr. Hooge has indicated he will order a 28-foot boat, as well.

Ms. Kempf summarized that the Port of Edmonds typically has vacancies in its 30' and under slips this time of year, and the Freedom Boat Company will fit well, paying moorage year-round. Mr. Hooge has also indicated that he plans to expand the businesses over time.

Ms. Kempf described the fiscal impact associated with the proposed business moorage agreement, noting that it offers the 2019 Boat Show special but adds a 20% service and facilities fee to account for additional impact on the facilities for a business moorage use of this type.

Ms. Kempf summarized that the proposed business moorage agreement would align with the Port's mission to operate in a fiscally sound manner, provide and foster quality services and facilities for tenants and the boating community, and play a leadership role in assuring that the waterfront is a vibrant, active centerpiece for the Edmonds and Woodway communities. It also compliments the Port's efforts to participate in growing boating, encouraging youth in boating, providing economic benefits to the community and developing tourism. She recommended the Commission approve the moorage agreement as presented.

Commissioner Faires asked if the EYC space would be primarily office space, or would it include accommodations for the boat club's members. Ms. Kempf said she is not sure of the details of the final lease, but there will be office space, as well as space for indoor training.

Commissioner Faires asked if staff anticipates that other boat clubs will be interested in locating at the Port of Edmonds, as well. Ms. Kempf said the proposed agreement does not include a non-compete clause. The Jacobsen's Marine lease does have a non-compete provision, and they have indicated support for the Freedom Boat Club lease. If the Port is approached by other clubs, staff would do due diligence with its existing tenants, but there is nothing in the contract that would preclude a competitor.

Mr. McChesney explained that the lease agreement came together quickly due to Mr. Hooge's desire to order new boats before the boat show when there tends to be a backlog. One constraint is the Port's requirement that the business must provide office space and have a physical presence at the marina. He reminded the Commissioners of the demographic shift in the marina industry. In many cases, people who participate in the clubs end up purchasing their own boats after a few years.

Commissioner Johnston asked how the new business would be announced to the public. Ms. Kempf answered that Ms. Williams will work with the club's sales staff to roll out the new program at the Seattle Boat Show. Ms. Williams said another reason why the agreement was put together so quickly was to allow time to prepare materials for the boat show. In addition to the boat show, she said she plans to do some introductions to the chamber and local businesses. It's likely that the club will get some members early on, most likely from other locations, who want to make Edmonds their home base.

COMMISSIONER ORVIS MOVED THAT THE COMMISSION APPROVE BUSINESS MOORAGE FOR FREEDOM BOAT CLUB AND AUTHORIZE THE EXECUTIVE DIRECTOR AND/OR HIS DESIGNEE TO PROCEED WITH FINALIZING THE MOORAGE AGREEMENT. COMMISSIONER FAIRES SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

Mr. McChesney pointed out that the business moorage agreement is a win/win situation for the EYC and Jacobsen's Marine, as well as the Port of Edmonds. Ms. Kempf added that participants typically remain members of the club for two to three years, and 40% of them go on to buy their own boats. The initiation fee is approximately \$6,500 and the 2019 monthly charge is approximately \$379 per month. However, the boat show special will most likely offer a \$5,000 initiation fee and \$349 per month.

EXECUTIVE DIRECTOR'S REPORT

Mr. McChesney advised that a survey of the lot is needed to generate a legal description before the Puget Sound Express option agreement can move forward, and he has been working with Reid Middleton to accomplish this task.

COMMISSIONER'S COMMENTS AND COMMITTEE REPORTS

Commissioner Orvis suggested that items to consider in 2019 should include putting together a scheme of improvements for Harbor Square and preparing a list of things the Port is doing or has done to improve the environment. Mr. McChesney advised that the Harbor Square Master Plan and environmental issues would be topics of discussion at the Commission's upcoming retreat.

Commissioner Orvis summarized that, as per the Port Commission's Letter of Intent relative to the Waterfront Connector Project, the Port would not pay any money until the project cannot be backed off. He noted recent attempts by members of the City Council to reduce funding for the project. In addition, Mr. McChesney pointed out that the letter of intent did not include a time limit. He suggested the Commission may want to amend the document to establish a time limit and make it clear that the Port's contribution will only happen when construction occurs. At the Commission's request, Mr. McChesney agreed to discuss the potential changes with the Port Attorney.

Commissioner Orvis said that, as part of the retreat discussion, he would like more information about what the City means when it talks about "restoring the marsh." It all depends on who you talk to and what they want individually. At some point, this needs to be clearly defined. Commissioner Johnston said the conversation appears to be collapsing down into daylighting Willow Creek. Commissioner Faires recalled that the consultant's report may narrow down the scope. Commissioner Orvis said he is perfectly willing for the Port to sit on the sidelines while the City figures it out. However, he is concerned that without any clear direction relative to the City's intent, the Port Commission will be unable to respond to pressure it receives from citizens.

Commissioner Orvis asked about the Port's liability in the event of an earthquake. He particularly voiced concern about the tilt-up buildings at Harbor Square. It was discussed that the buildings were constructed to code at the time, but it is likely that steps could be taken to address potential problems. They agreed to discuss the issue further at their upcoming retreat.

Commissioner Johnston reviewed proposed changes to the committee assignments, noting that Commissioner Faires would replace him on the Finance Committee.

Commissioner Johnston announced that he has been nominated to serve on the Orca Recovery Task Force.

ADJOURNMENT

The Commission meeting was adjourned at 9:40 a.m.

Respectfully submitted,



Jim Orvis
Port Commission Secretary