



## PORT COMMISSION OF THE PORT OF EDMONDS

### MINUTES OF REGULAR MEETING

January 14, 2019

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#### COMMISSIONERS PRESENT

Jim Orvis, Vice President  
Angela Harris, Secretary  
Bruce Faires  
David Preston

#### STAFF PRESENT

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

#### OTHERS PRESENT

Bradford Cattle, Port Attorney

#### COMMISSIONERS ABSENT

Steve Johnston, President (excused)

#### CALL TO ORDER

Vice President Orvis 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 FAIRES MOVED THAT THE CONSENT AGENDA BE APPROVED TO INCLUDE THE FOLLOWING ITEMS:**

- A. APPROVAL OF AGENDA**
- B. APPROVAL OF DECEMBER 27, 2018 MEETING MINUTES**
- C. APPROVAL OF PAYMENTS IN THE AMOUNT OF \$256,419.62**
- D. RESOLUTION NO. 19-01, RECONFIRMING SCHEDULE AND LOCATION OF PORT COMMISSION MEETINGS**
- E. RESOLUTION NO. 19-02, AUTHORIZING THE SALE OF ONE ABANDONED BOAT AND ONE ABANDONED TRAILER**

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

#### PUBLIC COMMENTS

There were no public comments.

## **PRESENTATION – OUR OCEAN AND YOU – ANNIE CRAWLEY AND DIVE TEAM MEMBERS**

Ms. Williams introduced Annie Crawley, sharing her background and expertise.

**Annie Crawley, Dive into Your Imagination**, announced that the next dive cleanup at the Port is scheduled for June 1<sup>st</sup>. She also announced that she just received word from the publisher that the book with the working title, “Planet Ocean,” was approved. She is the photographer, and the work is being written in conjunction with author, Patty Newman. The book will focus on three areas, including the Pacific Northwest. The intent is to bring awareness to the issues facing oceans and ocean health (pollution, sustainability, and climate change). Photos from cleanups at the Port will be used.

Mr. McChesney noted that Ms. Crawley and her team of divers have already provided cleanup at the Port on three separate occasions. He said the Port appreciates all of her efforts and planning. Ms. Crawley explained that the first dive was a school project by a Meadowdale High School student. All three dives have been successful, and the lives of everyone who participated were changed. It is a great opportunity to educate the public and raise awareness on issues related to ocean pollution. The program is not being done in other marinas, and she thanked the Port for being leaders in the community. She announced that Representative Strom Peterson will be proposing a bill in the next day or two that will ban plastic bags in the state. She reminded the Port of their recent 30-day challenge to reduce single-use plastics and noted that it will take political and corporate support in order for the effort to be truly successful.

**Elise Foot Puchalski, a member of the dive team**, said her family has had a boat in the Edmonds marina for ten years, and she has been exploring the ocean since that time. She shared details about her experiences since she started diving last summer. She said she was surprised to see all the trash that was in the water, much of which was obviously accidental but some that was put there on purpose. After the last dive at the Port, people were surprised with the amount of trash that was collected. It is important to make the public aware of the problem and how it impacts the climate. She shared that she has spoken with a variety of people about the need to reduce the use of plastics, especially single-use plastic.

Ms. Crawley advised that they were unable to remove some of the trash that was found during the last dive because they didn’t have lift bags to remove the heavier items like batteries. She noted that the Port’s recent newsletters have encouraged tenants to be more ocean minded and really care about the environment and ocean. The communications aspect of their work is so important to the dive program. She advised that over 20 divers (3 instructors/dive masters and 19 kids/teens) participated in the last event. A number of people provided support for the activities on land, as well. She thanked the Port for all of its efforts to protect the environment and the habitat in Puget Sound and said she looks forward to partnering them with future activities and programs.

Commissioner Faires asked Ms. Crawley to share her thoughts on rational steps the Port could take relative to global warming, the environment, marine habitat, etc. Ms. Crawley answered that she learned a lot about this subject in her Climate Reality Leadership Course. She pointed out that major impacts of sea level rise in the Puget Sound area will not occur for decades, and the more immediate impact is the changing ocean chemistry. As the fish population continues to decline, there will be fewer opportunities for recreational boaters to fish and this will result in economic impacts to the Port. Commercial fishing will also be impacted. She said she disagrees with recent findings that noise pollution from whale watching boats is impacting the orca population. She expressed her belief that the most significant impact to orcas is the lack of salmon, and the salmon are being significantly impacted by changing ocean chemistry. She suggested the Commission could invite acidification specialist Meg Chadsey, Washington Sea Grant, University of Washington, to speak more about this complicated topic. She expressed her belief that programs related to sustainability and ocean pollution have been successful, but climate change and sea level rise are more difficult for the public to understand. However, she believes the community can make a difference individually, corporately and politically, and the Port can help by offering education and programs to facilitate change. There are a lot of solutions, and the key is to work now to address the problems.

Commissioner Orvis commented that addressing the pollution that goes into the sound via stormwater would result in great gains. However, it will be costly, and there is resistance from both the taxpayers and the City of Edmonds. Ms. Crawley agreed that stormwater runoff is a significant source of pollution in Puget Sound. In addition to improved

government and commercial practices, the solution will require individual residents to improve their practices, too. Commissioner Faires observed that it is difficult to get people to change.

Commissioner Preston suggested the Port do another 30-day single-use plastic challenge. He commented that the program raised significant awareness the first month or two, but then interest dropped off. Ms. Williams reported that she, Ms. Kempf, Mr. McChesney and Ms. Crawley met in December to come up with a 2019 plan for partnering to furthering the goals of each organization. In addition to the cleanup dives, they are working on a spring campaign to get the word out and challenge the tenants and community to make little changes.

Commissioner Preston asked if there would be more than two cleanups in 2019. Ms. Williams answered that in addition to the June 1<sup>st</sup> cleanup dive, they will work to schedule a fall date. Ms. Crawley agreed there may be opportunities to do more dives, perhaps even quarterly. She commented that it is up to the Port to decide how willing it is to become a voice and on what level.

Commissioner Harris noted that climate change is one of the topics of discussion at the upcoming Commission retreat. As a member of the Environmental Committee she is working on research to share with the Commission. Ms. Crawley agreed to provide her with some great local resources.

Commissioner Preston asked if Commissioner Johnston's appointment to the Governor's Task Force on the Southern Resident Killer Whales has been finalized. Mr. McChesney answered that it has not been finalized yet, but he has submitted his application. Commissioner Preston reported that, at the last Washington Public Port Association (WPPA) meeting, they talked about a larger task force that will address all types rather than focusing solely on orcas.

Commissioner Orvis summarized that the City of Edmonds has already banned plastic bags and is currently working to ban plastic and non-recyclable food containers. These steps are important, but the bigger problems, such as stormwater runoff, tend to get left behind because they are expensive. It is much easier to make a rule that someone else pays for than it is to pay for it yourself. This tendency will need to be overcome. Ms. Crawley urged the Commissioners to not underestimate the power of individual voices and stories that connect people to the oceans.

### **2019 COMMITTEE ASSIGNMENTS**

Mr. McChesney presented the 2019 committee assignments, which were finalized by President Johnston. Commissioner Faires pointed out that the Washington Public Port Association Trustee should be the Commission President. The remainder of the Commissioners agreed that is what has been done in the past.

**COMMISSIONER FAIRES MOVED TO ACCEPT THE 2019 COMMITTEE ASSIGNMENTS FOR THE PORT OF EDMONDS AS MODIFIED (COMMISSIONER JOHNSTON BEING THE 2019 WPPA TRUSTEE). COMMISSIONER PRESTON SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.**

### **PUBLIC ACCESS PLAN 2018-307 CONTRACT**

Mr. McChesney reviewed that the Commission has discussed initiation of the Public Access Plan on a number of occasions. He referred to the briefing provided in the Staff Report and summarized that staff asked Makers to be the consultant to put together a public access plan that will update and recommend changes to the existing promenade and some of its features (light standards, gates, rails, landscaping, garbage/recycling). A steering committee will be formed to help guide the process, and Commissioner Harris will be the Commission lead. Staff expects to provide some presentation materials at the retreat, but he does not expect that the plan will be finalized by then. He recommended the Commission formally approve the contract with Makers in the amount of \$32,510.

**COMMISSIONER FAIRES MOVED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH MAKERS ARCHITECTS AND URBAN DESIGN IN THE AMOUNT OF \$32,510 PLUS SALES TAX FOR THE PUBLIC ACCESS PLAN 2018-307 CONTRACT. COMMISSIONER HARRIS SECONDED THE MOTION,**

Commissioner Preston asked how many stakeholders would participate in the steering committee. Mr. McChesney answered that the committee will include Greg Bough and Chris Olsen (Edmonds Yacht Club), Guy Schoonmanker (tenant), Ross Demick (community at large), Carrie Hite (City of Edmonds) and Dean Nichols (Port District Resident). Commissioner Preston suggested that the Port also invite the Port's commercial tenants to participate. Commissioner Harris said that following the initial committee meeting, the intent is to solicit input from tenants and visitors of the Port.

#### **THE MOTION CARRIED UNANIMOUSLY.**

#### **PROFESSIONAL SURVEYING SERVICES FOR VACANT PARCEL**

Mr. McChesney reviewed that the Port received a Shoreline Permit just over a year ago to move forward with a building on the property that would be intended for marine retail or marina service uses. Since that time, the Port has worked to develop a marketing plan. One of the most likely tenants for the property might be Puget Sound Express (PSE). Port staff has had discussions with them, but a legal description is required before moving forward with an option agreement or lease. He recommended the Commission authorize staff to move forward with a contract with Reid Middleton to perform the necessary survey work as outlined in the Staff Report.

Commissioner Faies asked if the contract could be affected by a potential PSE agreement. Mr. McChesney said it is largely being driven by recent discussions with PSE, but it is not directly linked to the PSE agreement. A legal description is needed regardless of who the property is leased to, and the legal description would be the same.

**COMMISSIONER PRESTON MOVED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH REID MIDDLETON IN THE AMOUNT OF \$6,000 PLUS SALES TAX FOR THE VACANT LOT SURVEY SERVICE CONTRACT. COMMISSIONER FAIRES SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.**

#### **STATE AUDIT REPORTS FOR 2016 AND 2017**

Ms. Drennan reported that the State Auditor's Office completed its audit of the Port of Edmonds 2016 and 2017 Financial Statements, as well as the Accountability Audit Report on December 31, 2018. She clarified that the Accountability Audit Report looks at whether or not the Port is in compliance with State laws and its own policies. She clarified that Commissioners Orvis and Johnston, as well as she and Mr. McChesney, participated in the Exit Conference on December 18, 2018. At that time, the auditors reviewed and reconciled the previous audit's Management Letter regarding purchasing, commending the Port on getting two pieces of legislation passed to enable the Port to complete public works projects more efficiently.

Ms. Drennan advised that the auditor recommended the following:

- 1. Journal Entry Secondary Review.** The auditor's office recommended that journal entries receive a secondary review. Currently, she prepares and posts journal entries and reconcile the journal entry posted to the general ledger to the journal entry documentation she prepares. She also reconciles the asset and liability accounts monthly, and Mr. McChesney reviews the journal entries. However, Mr. McChesney is not an accountant and may not be able to determine if the general ledger accounts are correct, the amounts are correct, or if the journal entry is correct. The State Auditor did not find any issues but wanted to make the Commissioners aware that not having an accountant or Certified Public Accountant (CPA) review the journal entries is a risk.

Commissioner Orvis observed that, according to any auditor, you need to have a second CPA review in order to ensure absolute perfection and no chance of anything going wrong. However, he expressed his belief that the risk of anything significant getting by both Ms. Drennan and Mr. McChesney is miniscule. The auditor's recommendation has no bearing upon the quality of work that is being done or the safety of the Port's financial status. Ms. Drennan concluded that this may be a situation where the Commissioners state that they understand it is a risk and agree to accept the risk. Commissioner Orvis agreed that it is important for the Commissioners to acknowledge and accept the risk as described by Ms. Drennan.

2. **Governmental Accounting Standards Board (GASB) 72 Implementation.** The auditor noted that she missed a chart in the year-end financial statements. In order to meet the requirement describing how investments are valued, she included a statement that said, “the market value of fair value is reported to the Port by U.S. Bank, the Port’s third-party safekeeping bank.” The auditors recommended she include specific language and a chart. While she can add the language and chart next time, she felt her added explanation was more relevant to the layman than the auditors’ language. Commissioner Orvis said the auditors acknowledged that the language is meaningless to the Commissioners but is a GASB requirement.
3. **Uncorrected Misstatements.** The Auditors reported six misstatements in the financial statements, but she disagrees with most of them. For example, she did not include the chart and language that was discussed in Item 2 in either 2016 or 2017, but she will make sure to include them in all future financial statements. There were three misstatements associated with capital assets. The State Auditor’s Office changed the guidance on capital assets in 3<sup>rd</sup> quarter 2017. While she was able to adjust some capital assets in 2017, the Port’s financial statements included three uncorrected misstatements because she did not make the corrections sooner. She disagreed with the auditors’ opinion. Also, there was a minor typo in the Management Discussion and Analysis. She summarized that there were no material misstatements in the financial statements, and the Washington State Auditor’s Office believes that the financial statements fairly present the financial positions of the Port at the end of 2016 and 2017.

Commissioner Orvis summarized that the audit was exceptionally clean, and the auditors agreed. They were very pleased with the help they received from Port staff. They noted that there is a new GASB rule coming forward that they do not yet understand, and they may need Ms. Drennan’s help. He said he also learned from the auditors that a lease is a liability rather than an asset. Ms. Drennan reminded the Commission that the auditor’s office is requiring implementation of the Other Post Employment Benefits, GASB statement No. 75 in 2018, which will have a major impact on the Port’s liabilities. She said she is on the State Auditor’s Office Work Group for the lease GASB statement issue, and the requirement will be most painful for government agencies that have a lot of leases, which are typically ports.

Commissioner Orvis commended and thanked Ms. Drennan for her good work that enables the Port to avoid the financial accounting problems that many other government agencies have. Ms. Drennan advised that the audit reports are available on the Port’s website, as well as the State Auditor’s Office website.

#### **LIST OF SMALL WORKS ROSTER CONTRACTS AWARDED**

Mr. McChesney referred to the list of Small Works Roster Contracts that were awarded by the Port in 2018, which was attached to the Staff Report. He noted that the report is a requirement of Revised Code of Washington (RCW) 39.04.200. He recommended the Commission accept the List of 2018 Small Works Roster Contracts Awarded.

**COMMISSIONER FAIRES MOVED THAT THE COMMISSION ACCEPT THE LIST OF 2018 SMALL WORKS ROSTER CONTRACTS AWARDED. COMMISSIONER HARRIS SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.**

#### **EXECUTIVE DIRECTOR’S REPORT**

Mr. McChesney announced that Port Day in Olympia will be January 29<sup>th</sup>. This annual event is sponsored by the Washington Public Port Association (WPPA) and gives Commissioners an opportunity to meet with State legislators to discuss issues of concern. While the Port is not concerned about any major legislative initiatives, they are concerned about the Governor’s Task Force on the Southern Resident Killer Whales. Commissioner Johnston has been nominated to be the WPPA’s representative on the task force. Staff is working to make appointments with local legislators. Commissioners Harris and Orvis tentatively agreed to attend the event with Mr. McChesney.

Mr. McChesney reconfirmed that the annual retreat is scheduled for February 25<sup>th</sup>, and staff is working to prepare an agenda and get the materials ready.

Mr. McChesney announced that the Seattle Boat Show is January 25<sup>th</sup> through February 2<sup>nd</sup>. Ms. Williams advised that staff has everything nearly ready to go. The show will include the classic Friday and Saturday night events, and

the big talk this year is how the viaduct closure will impact attendance. The advertising provides transportation and parking information. People who purchase their tickets online can park for free in the parking garage near Safeco Field. About 10 staff members will work the booth, which will feature drawings and free items to hand out. It provides a good opportunity for staff to chat with tenants and people who are interested in what the Port has to offer. They will provide "Visit Edmonds" information for boaters who want to visit and stay in guest moorage. The Freedom Boat Club will be located close to the Port's booth, and the Port will include something on its backdrop to announce that Freedom Boat Club is now at Edmonds. She will meet with representatives from the Freedom Boat Club this week to finalize what they will be doing at the show to attract customers to their Edmonds location.

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

Commissioner Preston voiced appreciation for Ms. Crawley's presentation related to the ocean environment. He said he would like the Port to duplicate its previous single-use plastics challenge.

Commissioner Preston reported that he attended the January 11<sup>th</sup> Edmonds Yacht Club (EYC) meeting where they talked about the economic benefit of having the Freedom Boat Club lease space in their building, as well as the positive impact the business will have on encouraging future boat ownership. The EYC's will be discussing the option of altering its membership rules to allow Freedom Boat Club members to join. Currently, membership requires boat ownership.

At the request of Commissioner Preston, Ms. Williams provided a recap of the Communications Committee's recent meeting. She reported that the plan is to do a late spring mailer that is more information heavy about projects the Port has been working on. They plan to share some test pilot projects, environmental projects, and facilities projects. Another postcard-style mailer would be sent out later in the year to share the holiday events, introduce staff, etc.

Commissioner Preston announced that the new Sea Scout Skipper is Janelle Cass. She has a daughter in the program and they are boat owners and tenants of the Port. The program is taking steps forward, and they are ready to hand off to the EYC to become the charter organization within the next few weeks.

Commissioner Harris reported that she is currently working with the committee on the Public Access Plan and gathering information on climate change in preparation for the upcoming retreat.

Commissioner Harris agreed to attend a City of Edmonds meeting regarding the pedestrian crossing enhancements on January 24<sup>th</sup> at 6:00 p.m. Mr. McChesney said his understanding is that the City intends to move forward with the crosswalk on Admiral Way in 2019.

Commissioner Orvis invited Commissioners to share their thoughts at the next meeting on issues that should be discussed with local legislators at the Port Day in Olympia.

Commissioner Orvis reminded Commissioners that their Public Disclosure Commission disclosures are due April 1<sup>st</sup>. They can be updated and submitted online.

### **ADJOURNMENT**

The Commission meeting was adjourned at 8:10 p.m.

Respectfully submitted,



Angela Harris  
Port Commission Secretary